



CITY OF SOUTH PADRE ISLAND, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2024

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For the Fiscal Year Ended
September 30, 2024

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

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March 19, 2025

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

We are pleased to submit to you the Annual Comprehensive Financial Report for the City of South Padre Island (City), Texas for the fiscal year that ended September 30, 2024. This report was prepared from the books and records of the City of South Padre Island, Texas and includes the financial activities of the primary government and its component unit. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The goal of the independent audit, conducted by Carr, Riggs & Ingram, LLC, was to provide reasonable assurance that the financial statements of the City for the fiscal year ending September 30, 2024 were free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditors' report is included in this document.

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

PROFILE OF THE CITY

Known as the Tropical Tip of Texas, the City is a tourist oriented resort community. The white sandy beach of South Padre Island is known throughout the United States and is ranked as one of Texas' top beaches. The City occupies approximately 2.5 square miles and serves a full-time residential population of approximately 2,852.

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

MAJOR INITIATIVES

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

Infrastructure

In 2017, the City embraced a comprehensive approach to assessing all City streets through the Master Thoroughfare Plan. This plan was finalized in October 2018 and included Laguna Boulevard as the top priority. The initial 2019 concept was to improve lanes, drainage, and all intersections while incorporating low-impact development to make the City more resilient. In 2020, preliminary engineering commenced with in-house staff. This would be the City's first major improvement that has been designed in-house, saving approximately \$478,000 on the project design with a total construction cost of approximately \$6,500,000. Multiple workshops and open houses were held throughout the design process. Construction of the reconstruction of Laguna Boulevard began on February 25, 2022. During the fiscal year, progress was made on installing the storm water drainage system and the widening of Laguna Boulevard was finalized between West Retama to West Corral. Very little is pending for full completion of the project, which is anticipated to be completed by early March 2025.

In early 2023, the City continued improving additional streets and finalized the design of three side streets, Phase 1, including the remainder of East Mars Lane, Laguna Circle South, and West Morningside. The plan was also done in-house, saving approximately \$110,000 on design with a total construction cost of approximately \$1,200,000. Construction of these streets commenced in late July 2023, with East Mars Lane completing the three streets in May 2024. Construction plans for Phase 2 were done in-house with savings of approximately \$125,000. They were completed in November 2023, which included East Bahama Street, E Retama Street, and West Lantana Street, with an approximate construction cost of \$1,300,000. East Bahama Street was substantially completed in October 2024, and the remaining two streets are estimated to be completed by July 2025.

Shoreline, Boat Ramp, and Wind and Water Sports Park

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

During the 2023-2024 fiscal year, the Shoreline Department continued work on many ongoing projects. The dune restoration project that is partially funded through both the National Fish and Wildlife Fund (\$200,000 in grant funds) as well as through the Coastal Management Program (\$200,000 in grant funds) started in October 2023. Vegetation was planted along a mile stretch of beach along with the placement of sand fencing. The project has shown to be extremely successful over the past year through monthly monitoring showing the accumulation of sand as well as dune growth. This ongoing project is crucial to maintaining a sustainable dune system to protect against tidal surges. The City was honored to receive the Robert L. Wiegel Award from the American Shore and Beach Preservation Association at the national conference in August 2024. This award is given in recognition to a coastal project that has stood the test of time and has shown positive environmental, social, or recreational benefits. The City's efforts on dune restoration and beach renourishment has proved successful in providing all those benefits.

Another grant that started in October 2023 included improvements at Neptune Circle (\$330,000 in grant funds). Throughout the year, the City worked with the General Land Office and our engineering firm to provide final designs for the project. Solicitation for the construction portion of the project was completed at the end of the fiscal year.

Improvements to this beach access will include additional amenities as well as transforming the access to be ADA-accessible.

A grand opening for Sea Island Circle Beach Access improvements occurred in April 2024, which was partially funded through the CMP's Cycle 26 (\$200,000 in grant funds). Permanent restrooms, changing rooms, and a rinse station were constructed at this access point.

Access amenity improvements at Fantasy Circle continued through 2024, which is partially funded by CMP's Cycle 27 and 28 (\$360,000 in grant funds). Construction on the access began in 2024, which will include a pedestrian dune walkover, wooden emergency driveover, permeable paver parking lot, a permanent restroom, and rinse stations.

The City is responsible for the maintenance dredging of Tompkins Channel, the recreational boating channel along the bayside of South Padre Island. Dredging began at the beginning of 2024.

Ongoing engineering and permitting for the City's future boat ramp occurred during the 2023-2024 fiscal year. This project is partially funded through the Texas Parks and Wildlife Department (TPWD) Boating Access Grant (engineering and permitting) as well as the RESTORE Act (land acquisition and construction). This project will not only provide a new boat ramp for the public's use but will also be the first City ramp that will have dedicated truck/trailer parking spots. Final designs and permits were received in 2023. Additional construction funding was requested through the RESTORE Act in 2024.

The South Padre Island Wind and Water Sports Venue is still underway. The project is awaiting permit approval from the USACE, the United States Fish and Wildlife Service (USFWS), and a GLO lease. This project is a component of the Venue Tax Project approved by voters in 2016. The park will provide a dedicated access point for wind and water sports athletes and will decrease the damage to the wetlands that currently occur. The design includes parking areas and a launch area to access the lower Laguna Madre. HDR Engineering was hired by the City in 2024 to take on the permitting of the project. The City purchased a tract of land on the north side of South Padre Island, in hopes to utilize it as mitigation land for the project.

Convention Center and Tourism

Visit South Padre Island continues to drive tourism and economic growth through dynamic sales and marketing strategies. This year, the sales team achieved record success, actualizing 38,435 room nights—an impressive 38.65% year-over-year increase. The destination supported 27 special events, generating a significant economic impact. Notable events included Chrome in the Sand Festival (6,500 attendees, \$604,515 economic impact), SPI Crawfish Festival (3,000 attendees, \$300,990 economic impact), and the 2nd Annual Tacos & Tequila Fest (10,000 attendees, \$770,489 economic impact).

Visit South Padre Island also established major marketing partnerships with the San Antonio Spurs and the McAllen Holiday Parade. Our destination was recognized with three Texas Travel Awards: Best Food Festival (Tacos & Tequila Fest), Best Views (Sunset at the Entertainment District), and Best Outdoor Activity (Black Dragon Cruises). Additionally, South Padre Island was featured as one of the top 10 travel destinations for spring break.

On the horizon, the expansion of the South Padre Island Convention Center is set to double its current 33,000 square feet of rentable space. The feasibility study by Johnson Consulting outlined the expansion's potential to attract larger conventions, youth sporting events, and tradeshows. Fulton Construction has been selected as the CMAR to provide pre-construction services and finalize the project cost for the next phase.

Finance

The City has been awarded with the Triple Crown medallion by the Government Finance Officers Association (GFOA). This award recognizes governments who have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting, the Popular Financial Reporting Award, and the Distinguished Budget Presentation Award. The City is one of only 356 governments that received this special designation.

The City was awarded the GFOA's Certificate of Achievement for Excellence in Finance for the 34th consecutive year for its 2023 fiscal year's Annual Comprehensive Financial Report. The City was also awarded the GFOA's Distinguished Budget Presentation Award for the 13th consecutive year for the 2024 fiscal year's budget document and the GFOA Popular Annual Financial Report for the 4th consecutive year.

During the course of fiscal year 2023-24, the Finance Department worked closely with financial advisors to issue the Series 2024 Tax Notes for \$2,345,000. The proceeds of the tax notes were used to purchase new fire trucks which are expected to be delivered within the next 24 months. The issuance of these notes was required to raise the necessary capital to purchase this critical equipment for ensuring public safety and efficient emergency response.

The launch of a new short term rental program that requires property owners to obtain licenses has proven to be highly successful in increasing compliance and occupancy tax collections. This program has streamlined the process of identifying and registering short-term rentals, making it easier to monitor their activity. At the end of the fiscal year, the city had 2,425 active licenses.

Administrative Services

The Administrative Services department achieved Silver recognition in 2023 by Lexipol, the nation's leading provider of policy, training and wellness support for first responders and public servants. The City of South Padre Island was recognized for excellence in consistent and effective online training management. The Lexipol Connect program tracks performance on metrics which include training hours assigned and completions tracked, personnel engagement, and external training activities logged.

Public Safety

During the fiscal year, the Police Department purchased equipment, including weapons, vests, and body cameras for approximately \$70,000. In addition, the Police Department updated its fleet by purchasing and upfitting four new Chevrolet Tahoes for approximately \$287,800.

The department received a total reimbursement of \$75,585 from the Homeland Security Grant Program for operations related to Operation Stonegarden. This program provides funding to enhance cooperation and coordination among state, local, tribal, territorial, and federal law enforcement agencies to jointly enhance security along the U.S. land and water borders. In addition, the department received \$65,899 in funding to be allocated to the Local Border Security Program. The purpose of the program is to sustain interagency law enforcement operations and enhance local law enforcement patrols to facilitate directed actions to deter and interdict criminal activity.

The Fire Department spent a total of approximately \$37,000 on fire hydrant repairs funded with funds earned from the American Rescue Plan. Furthermore, the department was awarded funding from the Texas Intrastate Fire Mutual Aid System Grant program in the amount of \$4,500 for training expenses and the Trauma Regional Advisory Council - V grant of \$5,557 for medical supplies.

In addition, The Fire Department purchased a new Honda Pioneer for over \$22,000 for the Beach Patrol Division. The Fire Department hosted an EMT class for SPI Ocean Rescue Lifeguards. Eight lifeguards attended and graduated, with seven of them passing the National Registry of Emergency Medical Technicians exam to become certified EMTs.

Economic Development

In 2024, the South Padre Island Economic Development Corporation (EDC) continued working with Edgewater Resources on the preliminary engineering for the Sea Ranch Marina expansion. The EDC is part of a new city ad hoc committee to look at possibly developing the marina on land within the city limits if the county does not want to move forward with the project on their property at the Sea Ranch Marina.

The EDC supported the Friends of RGV Reef artificial reef project for a seventh year. The funding in 2024 was used to assist in the deployment of material to expand the reef. The Fish Aggregating devices the EDC partnered with Visit South Padre Island, the Texas International Fishing Tournament, and Friends of RGV Reef to purchase, were on hold for permitting, but have been given the green light by the National Oceanic and Atmospheric Administration to be placed in the Gulf of Mexico in January 2025. The EDC continues to support projects that solidify South Padre Island as a world-class fishing destination. The EDC contributed to Fishing's Future ICAN initiative for the third year. The ICAN is a specially equipped boat to provide families with mobility disabilities with an opportunity to get out on the water and fish. Funding from the EDC in 2024 provided a new engine for the ICAN boat and also supported programming expenses.

The Art Business Incubator ("ABI") welcomed a new class of five artists in 2024 including artists from Mexico City, Arkansas, and the Rio Grande Valley. This public-private partnership to establish South Padre Island as an arts destination has exceeded expectations. The ABI is a project of the EDC and an angel investor. In 2024, two more art galleries opened on the Island to bring the total to 11 galleries. The gallery owners get together and host events throughout the year, including First Friday art walks, Art Fests, and individual themed art shows. All the studios and galleries provide classes and workshops for the locals and tourists.

In 2024, the EDC awarded a Façade Improvement Grant to Casa Mariposa Venue and Villas. This is an incentive program that allows businesses to apply for a 50/50 grant to improve the appearance of their storefronts. The EDC will contribute up to \$25,000 for their 50% match.

The EDC provides capital funding for businesses through another grant program: Sand Dollars for Success. Sand Dollars for Success is a business plan competition where a maximum of \$10,000 for new businesses/startups and \$25,000 for existing businesses can be awarded. In 2024, the EDC Sand Dollars for Success grants were awarded to eleven businesses, including the SPI Wine Bar, Upper Deck Hotel, Los Pescadores Coffee and Outfitters, Meridian and Muse art gallery, The Art Lounge, Sommer Sculpt, Jenuine Cello, Laguna Madre Yoga Center, Charmed SPI, SPI Surf Shuttle, and Island Pet Pantry .

Tax Increment Reinvestment Zone (TIRZ)

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

The Zone presently has 285 accounts and the base year is 2011. Total tax accounts include those accounts that were originally part of the Zone when it was created in 2011 and new accounts annexed into the Zone in 2016. The City contributes incremental revenue to the Zone at 100% of its tax rate. The County contributes 75% of its Maintenance and Operations (M&O) tax rate. During fiscal year 2023-2024, TIRZ funds were allocated for infrastructure expenditures related to engineering of crosswalks to enhance safety on Padre Blvd. The TIRZ fund balance on September 30, 2024 was \$749,700.

Transit

During the 2023-2024 fiscal year, the Transit Department made significant investments in both staff development and infrastructure improvements to enhance service delivery and long-term sustainability. Key achievements included leadership training for the department's administrative team, all completing the Texas Transit Leadership Institute Certification, funded by Texas Department of Transportation (TxDOT) scholarships. The department also prioritized the maintenance and longevity of critical infrastructure, investing in an overhaul of the Multimodal A/C Scroll Chiller System and the Emergency Facility Generator. This \$47,500 project, completed in February 2024, was fully funded by grants, ensuring no local match was required. Another significant investment was the purchase of eight infotainment digital monitors and remote software, improving customer communication and public engagement. This \$86,991 project, completed in May 2024, was also 100% grant-funded. Throughout the fiscal year, the department relied on TxDOT funding, receiving a total of approximately \$850,000 in federal funds and \$712,000 in state funds

to support ongoing transit services. As a result, Island Metro provided transit services to 449,898 passengers, underscoring the department's commitment to improving transportation options for the community.

Parks

The City of South Padre Island is committed to growing the parks system on the Island to bring a variety of recreational activities to residents and visitors. The Parks Department currently maintains six parks and hosts several community events.

Phase III of the John L. Tompkins project was completed in April 2024. This project is part of a Texas Parks and Wildlife Small Community Recreational Grant for constructing a 6,100 sq. ft. pavilion over the basketball court and installation of solar lighting throughout the park.

At Pickleball Park the existing 4 courts have been painted and a nonslip surface has been applied. Pickleball rules signage and paddle racks have been installed at the request of the players. There are plans for additional amenities in the future.

Environmental Health Services

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

Over 109,055 pounds of recyclable materials were collected in 2024. Successful programs maintained by the Environmental Health Services Department include the following: weekly recycling, Annual Recycle Land Event, The "I Love SPI" Campaign, Composter Loan Program, Annual E-Waste Event, Utility Easement Enforcement Program, Anti-litter Beach Program, Phone Book Recycling, and beach cleanup.

Historical Museum of South Padre Island

The Economic Development Administration awarded the City of South Padre Island, Texas, a \$1.5 million grant in July 2022 to construct the Historical Museum of South Padre Island. This grant is funded by the American Rescue Plan. The project will support the local tourism industry by attracting new visitors to the City and its businesses through this new local attraction on South Padre Island. Keller Construction was awarded the bid, and construction is in progress. During the fiscal year, the City expended approximately \$622,000 towards the SPI Historical Museum project.

FACTORS AFFECTING FINANCIAL CONDITION

Local Economy

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

During 2024, the Texas economy continues to expand. Second to California, Texas yields 9.3% of U.S. GDP. Texas' large and diverse workforce encompasses 15.4 million workers. Notably, Texas' job growth (2.3%) continues to

outpace the nation's (1.5%). Texas growth is expected to continue but at a slower pace. Risks to consider include weather conditions, energy prices (oil & natural gas), labor markets, domestic policy, interest rates, and inflation.

Despite increased interest rates, declining manufacturing production, and recession fears, Texas continues to experience job growth. The unemployment rate, as of September 2024, for Texas and the Rio Grande Valley area are 4.1% and 5.4%, respectively. Furthermore, Texas job growth has risen to an annualized 4.1%. During the year, job gains were noted across most sectors. Texas continues to experience a robust employment expansion with significant gains in construction (6.1% growth). Texas initial unemployment claims ticked up but remain low. The Texas labor market seems to be stabilizing after experiencing strong growth in the past couple of years. The Dallas Fed's Texas employment forecast predicts a 2024 employment growth rate of 2.2%. As of September 2024, the average hourly earnings was at a noteworthy rate of \$33.34. However, businesses continue experiencing difficulty finding skilled workers in openings ranging from entry-level to upper-level management positions.

Since Texas' inflation peaked in mid-2022, inflation has trended down but remained elevated. Texas Consumer Price Index growth slowed from 3.9% in June to 2.5% in August. Texas businesses' selling prices year to date have eased from 3.2% in May to 3% in September. Although wage growth is slowing, wages are rising faster than prices.

During 2024, the service industry, which accounts for over 73% of the private sector, made up the bulk of the Texas economy. Hurricane Beryl and the subsequent power outages contributed to disruption in production. Revenue growth was steered by professional and business services. Leisure and hospitality reported widespread revenue declines this summer, which was significantly impacted by inclement weather.

Texas accounts for 22% of U.S. exports, making it the top exporting state. Texas' combination of strategic location, vast ports of entry, the largest United States (U.S.) rail and road infrastructure, immense multilingual workforce, and concentration of financial and corporate resources continues to make Texas an international trade leader. The Texas economy remains most vulnerable to tariffs, energy price volatility, and changes in trade policies. These issues increase trade uncertainty, especially with Mexico, and may obstruct economic growth. Mexico currently receives 27% of Texas' exports, making Mexico Texas' top trading partner. In addition, the Texas-Mexico border ports process over 50% of Texas' exports.

The LNG industry has had a noteworthy impact on the Texas economy. Texas received a record-breaking \$27.3 billion in state & local taxes and royalties. This revenue stream is vital for Texas' economic strength and energy initiatives. In addition, the industry has provided jobs in construction and other various sectors, further contributing to local economies.

SpaceX has also had a major impact on Texas' workforce, revenue, and tourism. In 2024, SpaceX created 3,400 direct full-time jobs and 21,400 indirect jobs. The company generated several hundred millions in income and taxes for local businesses. In addition, it generated billions of dollars in local and state government capital income and indirect business taxes. Test flights draw millions of visitors, which significantly impact's the Island' sales tax and hotel occupancy tax revenue, among other revenue streams. Furthermore, SpaceX plans to invest in tourism and infrastructure by building a \$15 million shopping center, \$100 million office facility, and a state of the art public safety complex.

Although in 2022, the Texas housing market was fueled by economic growth and high migration to the state, the housing market has slowed and stabilized. From 2022 to 2023, approximately 315,000 people migrated to Texas. Since peaking in early 2022, home sales have decreased in Texas and inventories have increased. During 2024, Texan median home prices declined from record highs, averaging between \$301,000 and \$433,000.

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

South Padre Island continues to establish itself as a premier visitor destination, with its unique setting, pristine beach environment, and abundant water and outdoor activities. As the area gains more recognition as a year-round vacation

retreat, there will be a growing need to preserve, improve, and add to the amenities and attractions sought by the rising tide of tourists.

Long Term Financial Planning

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

The City has a strong financial position with an AA+ general obligation bond ratings through Standard & Poor's, which is a reflection of strong financial practices. The excellent bond rating allows the City to issue bonds for major projects at an advantageous interest rate.

POLICIES AND PRACTICES

Internal Control

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

Federal and State Single Audit

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

As part of the City's single audit, tests are made to determine the adequacy of the internal control structure, including that portion related to federal and state financial assistance programs, as well as to determine that the City has complied with applicable laws and regulations. The results of the City's single audit for the fiscal year that ended September 30, 2024 identified no material weaknesses of the internal control or violations of applicable laws and regulations of federal or state grant awards.

OTHER INFORMATION

Independent Audit

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

Awards

The City has been awarded with the Triple Crown medallion by the Government Finance Officer's Association (GFOA). This award recognizes governments who have received the GFOA's Certificate of Achievement for Excellence in Financial Reporting, the Popular Financial Reporting Award, and the Distinguished Budget Presentation Award. The City is one of only 356 governments that received this special designation.

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of South Padre Island for its Annual Comprehensive Financial Report for the fiscal year that ended September 30, 2023. This was the 34th consecutive year the City has achieved this prestigious award. To be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized Annual Comprehensive Financial Report. This report must satisfy both generally accepted accounting principles and applicable legal requirements. A Certificate of Achievement is valid for a period of one year only. We believe that our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement Program's requirements. We are submitting it to the GFOA to determine its eligibility for another certificate.

Additionally, the City of South Padre Island was awarded the Distinguished Budget Presentation Award for the Fiscal Year beginning October 1, 2023. This was the 13th consecutive year the City has achieved this prestigious award. To receive the award, the Finance Department had to satisfy nationally recognized guidelines for effective budget presentation. The budget is ranked on how well it serves as a policy document, a financial plan, an operations guide, and a communications device. All four categories must be rated proficient. Additionally, fourteen mandatory criteria must be met.

Acknowledgments

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

Sincerely,



William Randall Smith, City Manager



Rodrigo Gimenez, Chief Financial Officer

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Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of South Padre Island
Texas**

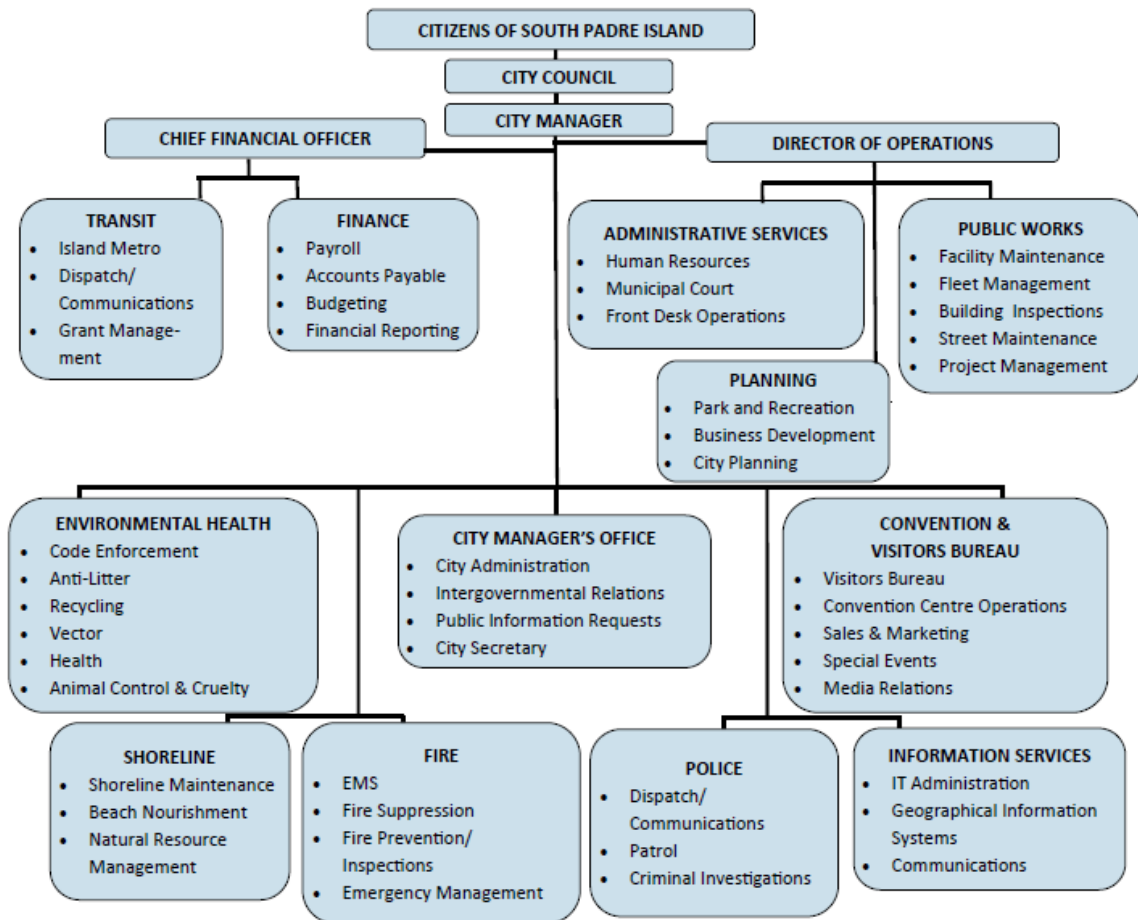
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Morill

Executive Director/CEO

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City of South Padre Island, Texas
List of Principal Officials
September 30, 2024

ELECTED OFFICIALS

NAME	TITLE
PATRICK MCNULTY	MAYOR
REES LANGSTON	MAYOR PRO-TEM, PLACE 4
JOE RICCO	COUNCIL MEMBER, PLACE 3
KEN MEDDERS, JR.	COUNCIL MEMBER, PLACE 1
KERRY SCHWARTZ	COUNCIL MEMBER, PLACE 2
LISA GRAVES	COUNCIL MEMBER, PLACE 5

APPOINTED OFFICIALS

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

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CARR, RIGGS & INGRAM, L.L.C.

Carr, Riggs & Ingram, L.L.C.
402 East Tyler Avenue
Harlingen, TX 78550

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956.428.7520 (fax)
CRLadv.com

INDEPENDENT AUDITOR’S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of South Padre Island, Texas as of and for the year ended September 30, 2024 and the related notes to the financial statements, which collectively comprise the City’s basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of South Padre Island, Texas, as of September 30, 2024 and the respective changes in financial position, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

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Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis and the required supplementary information on pages 25 through 35 and 88 through 98 be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 19, 2025, on our consideration of the City of South Padre Island's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of South Padre Island's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of South Padre Island's internal control over financial reporting and compliance.

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

Harlingen, Texas

March 19, 2025

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

As management of the City of South Padre Island (the City), we offer readers of the City's financial statements this narrative overview and analysis as of September 30, 2024. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages 1-9 of this report.

Financial Highlights

- The assets and deferred outflows of the City of South Padre Island exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$102,993,153 (net position). Of this amount, \$14,289,680 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- Total net position for the City of South Padre Island increased by \$6,419,974 during the fiscal year from the results of current year activities.
- As of the close of the current fiscal year, the City of South Padre Island governmental funds reported combined ending fund balances of \$75,430,378. Approximately 16% of this amount, \$11,955,950 is available for spending at the government's discretion (unassigned fund balance). This unassigned fund balance exceeds the General Fund's required six month reserve (\$7,835,576 for 2024) established by the City Charter.
- At the end of the current fiscal year 79%, \$59,466,160, of the governmental funds fund balance was restricted, 2%, \$1,624,276, was assigned, and approximately 3%, \$2,383,992 was non-spendable.
- The City of South Padre Island's total bonded debt increased by \$625,000 during the current fiscal year. This is the net effect of bond payments made during the current year and the issuance of a Series 2024 Tax Notes for \$2.345 million.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City of South Padre Island's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains required supplementary information and other supplementary information in addition to the basic financial statements, including information on individual funds.

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

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

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

condition of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City of South Padre Island include general government, public safety, public works, shoreline, transportation, community service, and convention and visitors bureau. There are no business-type activities of the City of South Padre Island.

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

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

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

Because the focus of governmental fund level statements is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. In addition to the governmental fund balance sheet and the statement of revenues, expenditures, and changes in fund balance, separate statements are provided that reconcile between the government-wide and fund level statements.

The City of South Padre Island maintains 26 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, the Hotel Motel Fund, the Venue Project Fund all of which are considered to be major funds. Data for the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-

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

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

Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact.

The spendable fund balances include restricted, committed, assigned and unassigned based upon the hierarchy of spending constraints. **Restricted:** fund balances that are constrained by external parties, constitutional provisions or enabling legislation; **Committed:** fund balances that contain self-imposed constraints of the government from its highest level of decision making authority (the city council); **Assigned:** fund balances that contained self-imposed constraints of the government to be used for a particular purpose (the City manager has the authority to assign funds for specific purposes); and **Unassigned:** fund balance of the general fund that has not been constrained for any particular purpose.

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

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

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

Government-wide Financial Analysis

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

<i>September 30,</i>	Total Governmental Activities 2024	Total Governmental Activities 2023
Assets		
Current and other assets	\$ 79,062,485	\$ 75,832,001
Capital and non-current assets	50,352,002	46,932,560
Total assets	129,414,487	122,764,561
Deferred Outflows of Resources		
Deferred outflows related to pension	3,043,658	4,836,571
Deferred outflows related to OPEB	112,717	124,042
Deferred amount on refunding	23,354	46,710
Total deferred outflows of resources	3,179,729	5,007,323
Liabilities		
Current liabilities	2,994,865	3,493,748
Non-current liabilities	25,962,916	27,184,351
Total liabilities	28,957,781	30,678,099
Deferred Inflows of Resources		
Deferred inflows related to leases	171,835	-
Deferred inflows related to pension	280,880	277,429
Deferred inflows related to OPEB	177,502	227,935
Deferred inflows on bond refunding	13,065	15,242
Total deferred inflows of resources	643,282	520,606
Net Position		
Net investment in capital assets	30,861,234	30,014,420
Restricted	57,842,239	53,988,251
Unrestricted	14,289,680	12,570,508
Total net position	\$ 102,993,153	\$ 96,573,179

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

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of South Padre Island, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$102,993,153 at the close of the most recent fiscal year.

A large portion of the City's net position (30%) reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Changes in Net Position. Governmental activities increased the City's net position by \$6,419,974 from the beginning net position of \$96,573,179, as a result of current year activities. Total revenues increased approximately \$695,000. This is primarily the result of an increase in interest of approximately \$1.3 million, an increase in property tax of approximately \$562,000 and an increase on operating and capital grants and contributions of \$324,000 coupled with a decrease in hotel motel tax of \$1.5 million.

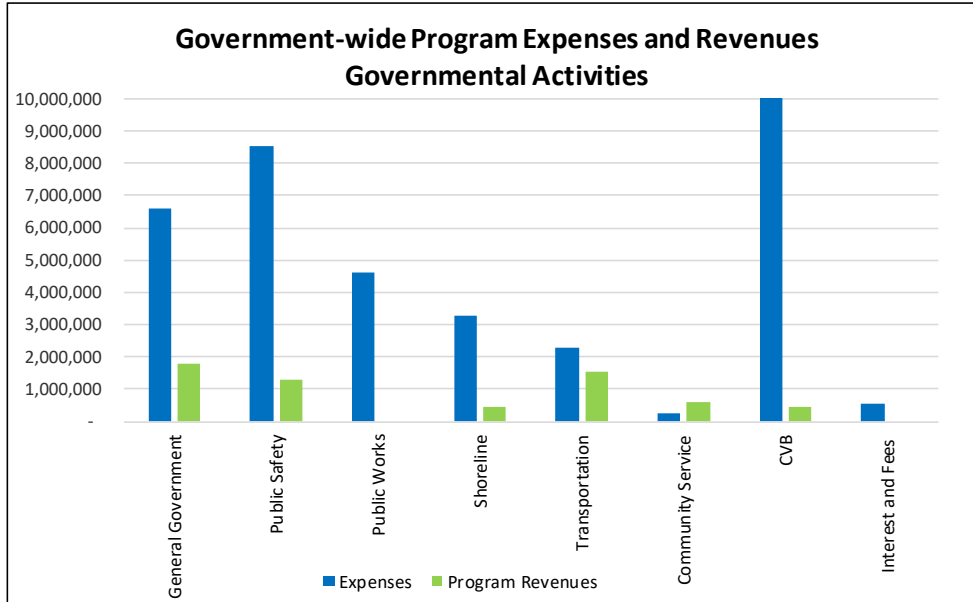
City of South Padre Island, Texas Management's Discussion and Analysis

Expenses during the fiscal period increased by approximately \$5.6 million or 18%. This increase in expenses is related to General Government, Public Works, Shoreline, and Convention and Visitors Bureau.

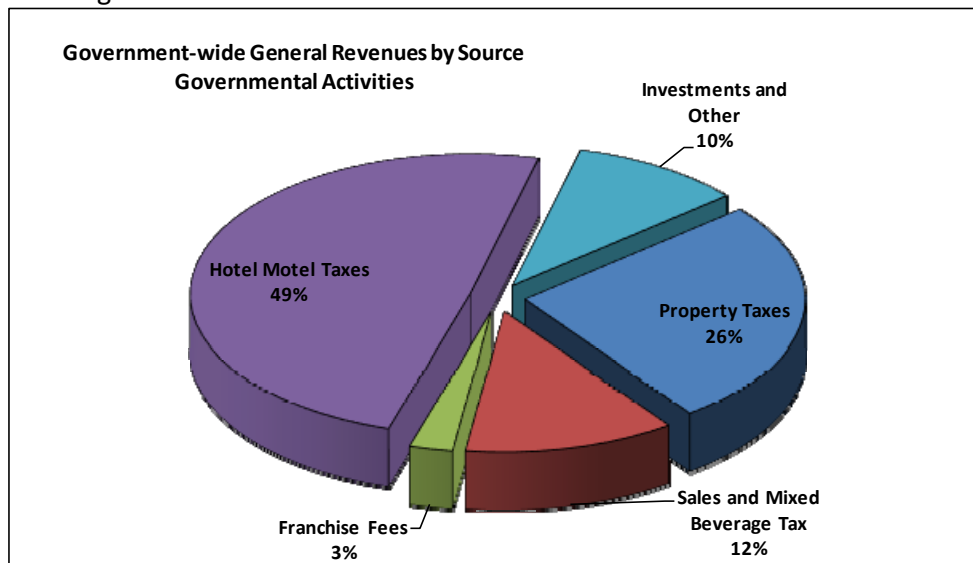
	Total Governmental Activities 2024	Total Governmental Activities 2023
<i>For the year ended September 30,</i>		
Revenues		
Program revenues		
Charges for Services	\$ 3,038,344	\$ 2,722,367
Operating Grants and Contributions	2,195,336	1,968,745
Capital Grants and Contributions	847,062	749,531
General revenues		
Property Tax	9,623,253	9,060,930
Sales Tax	3,959,340	4,226,070
Franchise Tax	922,094	958,246
Hotel Motel Tax	14,313,480	15,534,794
Hotel Motel Beach Maintenance Tax	3,846,591	4,168,093
Mixed Beverage Tax	537,524	543,783
Interest	3,044,234	1,680,748
Miscellaneous	627,339	646,025
Total revenues	42,954,597	42,259,332
Expenses		
Program expenses		
General Government	6,618,643	4,969,391
Public Safety	8,521,713	8,262,976
Public Works	4,620,496	4,170,966
Shoreline	3,284,959	1,618,331
Transportation	2,265,914	2,306,392
Community Service	265,956	257,219
Convention and Visitors Bureau	10,388,344	8,896,692
Interest on Long-Term Debt	568,598	458,574
Total expenses	36,534,623	30,940,541
Increase in Net Position	6,419,974	11,318,791
Beginning Net Position	96,573,179	85,254,388
Ending Net Position	\$ 102,993,153	\$ 96,573,179

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

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



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



Financial Analysis of the Government's Funds

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

Governmental funds. The focus of the City of South Padre Island's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is

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

useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, the City of South Padre Island's governmental funds reported combined ending fund balances of \$75,430,378 an increase of \$3,491,252 in comparison with the prior year. Approximately 16%, or \$11,955,950 constitutes unassigned fund balance, which is available for spending at the government's discretion. The General Fund six month reserve required by the City charter amounts to \$7,835,576 and is contained within the unassigned fund balance of the General Fund. The restricted funds are 79% or \$59,466,160 of the total fund balance. This portion is the amount of the fund that is subject to externally enforceable legal restrictions such as imposed by creditors, grantors, laws or regulations or imposed by law through constitutional provisions or enabling legislation. The assigned funds are 2% or \$1,624,276 of the total fund balance, this portion is a self-imposed restriction on funds by the city manager, as authorized by city council. Approximately 3% or \$2,383,992 of the fund balance is nonspendable; in this case all of the \$2,383,992 consists of prepaid expenses.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$11,955,950 while total fund balance reached \$12,270,976. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 78% of total General Fund expenditures, while total fund balance represents 80% of that same amount.

The fund balance of the City's General Fund increased by \$606,681 during the current fiscal year.

Revenues increased by \$634,499 which is mainly attributed to increases in property tax and interest revenues of approximately \$281,756 or 4% and \$278,869 or 89%, respectively. In comparison with last year, the total actual expenditures increased by \$1,524,612. The increase is primarily due to a \$420,000 public safety personnel adjustment, a one-time \$62,000 fire equipment repair, the purchase of land for \$350,000, additions to fleet personnel for \$110,000, and increases in IT equipment and service contracts which amounted to \$100,000. Interest revenues for the Hotel Motel fund increased by approximately 81% or \$419,691 compared to last fiscal year. This increase is offset by a decrease in Hotel Occupancy Tax Revenue. The Hotel Motel Fund expenditures increased by \$1,689,865 due primarily to increases in sales and administration expenses, including the addition of two new positions, marketing expenses, related to media placements and production/content development which totaled an increase of approximately \$627,000, and capital outlay related to the SPI Museum which resulted in an increase of \$420,280.

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

General Fund Budgetary Highlights

The original budget of the General Fund was amended by ordinance several time during fiscal year 2023-2024. The majority of adjustments this fiscal year were due to large projects. City Council approved funding for the lease of a backhoe for \$21,534, the City's portion of the Causeway lighting for

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

\$30,000, and land acquisition in the amount of \$350,000. Furthermore, adjustments for the funding of \$198,925 for public safety (spring break activity), \$75,000 for fleet repairs, and \$206,853 for the purchase of and outfitting of police units were approved. Amendments related to information technology include \$34,095 for a Watch Guard server, \$20,532 for a network audit, and \$59,267 for Police Department server maintenance. Additionally, some smaller amendments were approved related to animal services, appraisal fees, resident stipend, training, equipment, vehicle maintenance, special election, medical providers for special events, and medical supplies. Furthermore, amendments were approved related to capital outlay expenditures related to ongoing projects, which began in prior years. Noteworthy amendments for ongoing projects include \$167,000 for the Flood Risk Management Project and \$333,000 for the Second Causeway Study.

General Fund Budget Variances

During the fiscal year, revenues experienced a substantial increase, surpassing last year's collections by \$803,731. This increase can be primarily attributed to three key factors: an increase in building permit activity; a significant amount of seized funds were awarded to the City by Homeland Security; and a notable rise in interest income, driven by investments with higher rates of return.

Expenditures for the fiscal period were lower than budget by \$1,480,435, primarily attributed to ongoing projects that were carried over into the new fiscal year.

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

Capital Asset and Debt Administration

Capital Assets. The City’s investment in capital assets for its governmental activities as of September 30, 2024 amounts to \$50,352,002 (net of accumulated depreciation/amortization). This investment in capital assets includes land, buildings, equipment, streets, right-to-use leased assets and construction in progress. Additional information on capital assets can be found in Note 8. Capital asset balances are as follows:

<i>September 30,</i>	2024	2023
Land	\$ 3,435,232	\$ 3,084,077
Construction in progress	9,100,011	6,166,811
Buildings	16,319,799	16,332,117
Improvements	11,129,987	11,254,045
Furniture and equipment	3,436,578	3,712,224
Infrastructure	6,686,263	6,093,781
Right-to-use leased assets	244,132	289,505
Total capital assets	\$ 50,352,002	\$ 46,932,560

Long-term debt. At the end of the current fiscal year, the City had total bonded debt outstanding of \$19,350,000 for its governmental activities. The table below reflects the outstanding debt at the fiscal year end. Additional information can be found in Note 11. The City’s outstanding general obligation bonds underlying rating is “AA+/Stable” by Standard and Poor’s Rating Service and Aa2 Moody’s rating.

<i>September 30,</i>	Total Governmental Activities 2024	Total Governmental Activities 2023
General Obligation Bonds, Tax Revenue Bonds and Tax Anticipation Notes	\$ 19,350,000	\$ 18,725,000
Total long-term debt	\$ 19,350,000	\$ 18,725,000

The City of South Padre Island’s total bonded debt increased by \$625,000 during the current fiscal year. This change is the result of the issuance of a new Series 2024 Tax Note for \$2,345,000 in the year netted with bond payments of \$1,720,000.

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

Economic Factors and Next Year's Budgets and Rates

All of these factors were considered in preparing the City's budget for the 2024-2025 fiscal year.

Certified property tax values for the City showed an increase in approved net taxable values of approximately \$89 million, or 2% from the preceding year. The City Council adopted a tax rate of \$0.232159 cents per hundred valuation which is split between \$0.185658 for maintenance and operations and \$0.046501 for the debt service fund for the retirement of general obligation bonds and tax notes.

Requests for Information

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Office of the Chief Financial Officer, 4601 Padre Blvd., South Padre Island, Texas 78597.

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BASIC FINANCIAL STATEMENTS



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City of South Padre Island, Texas Statement of Net Position

<i>September 30, 2024</i>	Primary Governmental	Component
	Governmental Activities	Unit
Assets		
Cash and cash equivalents	\$ 31,005,827	\$ 2,145,376
Cash and cash equivalents- restricted	662,991	430,066
Investments	41,335,981	-
Investments- restricted	-	692,352
Receivables, net	2,739,731	130,630
Leases receivable	178,316	-
Due from other governments	755,647	-
Prepaid expenses	2,383,992	374,075
Capital assets, net		
Non-depreciable assets	12,535,243	657,236
Depreciable assets	37,572,627	4,483,054
Right-to-use leased assets	244,132	-
Total assets	129,414,487	8,912,789
Deferred Outflows of Resources		
Deferred outflows related to pension	3,043,658	26,403
Deferred outflows related to OPEB	112,717	978
Deferred amount on refunding	23,354	65,436
Total deferred outflows of resources	3,179,729	92,817
Liabilities		
Accounts payable	2,407,447	-
Interest payable	179,591	24,074
Other liabilities	319,171	2,764
Unearned revenues	88,656	-
Non-current liabilities		
Due within one year	2,756,423	368,782
Due in more than one year	19,195,323	1,181,347
Net pension liability	3,550,078	30,795
OPEB liability	461,092	3,999
Total Liabilities	28,957,781	1,611,761
Deferred Inflows of Resources		
Deferred inflows related to leases	171,835	-
Deferred inflows related to pension	280,880	2,438
Deferred inflows related to OPEB	177,502	1,540
Deferred charge on bond refunding	13,065	-
Total deferred inflows of resources	643,282	3,978
Net Position		
Net investment in capital assets	30,861,234	3,655,597
Restricted		
Debt service	1,070,700	830,272
Tourism	43,326,447	-
Beach maintenance	11,221,186	-
Transportation	810,656	-
Cultural and recreation	256,680	-
General government	1,156,570	-
Unrestricted	14,289,680	2,903,998
Total net position	\$ 102,993,153	\$ 7,389,867

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

City of South Padre Island, Texas
Statement of Activities

For the year ended September 30, 2024

Functions/Programs	Expenses	Charges for Services	Program Revenues	
			Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental activities				
General government	\$ 6,618,643	\$ 1,307,408	\$ 468,592	-
Public safety	8,521,713	1,297,008	-	-
Public works	4,620,496	-	-	-
Shoreline	3,284,959	-	211,665	216,089
Transportation	2,265,914	-	1,515,079	47,500
Community service	265,956	4,350	-	583,473
Convention and visitors bureau	10,388,344	429,578	-	-
Interest on long-term debt	568,598	-	-	-
Total primary government	\$ 36,534,623	\$ 3,038,344	\$ 2,195,336	\$ 847,062
Component Unit				
Economic development services	808,526	-	-	-
Interest expense	46,127	-	-	-
Total component unit	\$ 854,653	\$ -	\$ -	\$ -

General revenues

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Sales taxes

 Franchise taxes

 Hotel motel taxes

 Hotel motel beach maintenance taxes

 Mixed beverage taxes

Interest revenue

Miscellaneous

Total general revenues

Change in net position

Net position, beginning of year

Net position, end of year

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

City of South Padre Island, Texas
Statement of Activities

Net (Expense) Revenue and Changes in Net Position	
Primary Government	
Governmental Activities	Component Unit
\$ (4,842,643)	\$ -
(7,224,705)	-
(4,620,496)	-
(2,857,205)	-
(703,335)	-
321,867	-
(9,958,766)	-
(568,598)	-
<u>(30,453,881)</u>	<u>-</u>
-	(808,526)
-	(46,127)
<u>-</u>	<u>(854,653)</u>
7,697,918	-
1,925,335	-
3,959,340	1,319,780
922,094	-
14,313,480	-
3,846,591	-
537,524	-
3,044,234	25,977
627,339	52,800
<u>36,873,855</u>	<u>1,398,557</u>
6,419,974	543,904
<u>96,573,179</u>	<u>6,845,963</u>
<u>\$ 102,993,153</u>	<u>\$ 7,389,867</u>

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

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City of South Padre Island, Texas
Balance Sheet
Governmental Funds

<i>September 30, 2024</i>	General Fund	Hotel Motel Fund	Venue Project Fund	Other Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,885,871	\$ 11,819,023	\$ 3,036,516	\$ 14,264,417	\$ 31,005,827
Cash and cash equivalents - restricted	-	-	-	662,991	662,991
Investments	12,123,125	9,583,389	12,327,430	7,302,037	41,335,981
Receivables, net					
Property taxes	132,345	-	-	31,706	164,051
Accounts	1,216,698	941,170	172,291	245,521	2,575,680
Due from other governments	-	-	-	755,647	755,647
Leases receivable	-	150,434	-	27,882	178,316
Due from other funds	800	-	-	-	800
Prepaid items	57,923	10,153	-	2,315,916	2,383,992
Total assets	\$ 15,416,762	\$ 22,504,169	\$ 15,536,237	\$ 25,606,117	\$ 79,063,285
Liabilities, Deferred Inflows of Resources, and Fund Balances					
Liabilities					
Accounts payable	\$ 2,202,389	\$ 111,917	\$ -	\$ 93,143	\$ 2,407,449
Due to other funds	-	800	-	-	800
Other liabilities	319,171	-	-	-	319,171
Unearned revenues	-	-	-	88,656	88,656
Total liabilities	2,521,560	112,717	-	181,799	2,816,076
Deferred inflows of resources					
Unavailable revenue - property taxes	89,178	-	-	20,771	109,949
Unavailable revenue - other	535,048	144,793	-	27,041	706,882
Total deferred inflows of resources	624,226	144,793	-	47,812	816,831
Fund balances					
Nonspendable	57,923	10,153	-	2,315,916	2,383,992
Restricted	257,103	22,236,506	15,536,237	21,436,314	59,466,160
Assigned	-	-	-	1,624,276	1,624,276
Unassigned	11,955,950	-	-	-	11,955,950
Total fund balances	12,270,976	22,246,659	15,536,237	25,376,506	75,430,378
Total liabilities, deferred inflows of resources, and fund balances	\$ 15,416,762	\$ 22,504,169	\$ 15,536,237	\$ 25,606,117	\$ 79,063,285

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

City of South Padre Island, Texas

Reconciliation of the Balance Sheet of the Governmental Funds to the Statement of Net Position

September 30, 2024

Fund balances of governmental funds	\$ 75,430,378
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.	50,107,870
Right-to-use leased assets of \$479,696 net of accumulated amortization of \$235,564 are not financial resources, and therefore are not reported as assets in governmental funds.	244,132
Some liabilities, including bonds payable (\$19,350,000) and premiums of (\$1,062,828), are not due in the current period and, therefore, are not reported in the funds.	(20,412,828)
Lease liabilities are not due and payable in the current period and therefore are not reported as liabilities in the governmental funds.	(226,101)
Deferred outflows and inflows of resources related to amounts deferred on refundings of long term debt and are not reported in the funds.	10,290
Liabilities for compensated absences are not due in the current period and therefore are not reported in the funds.	(1,312,817)
Certain amounts receivable for property taxes \$109,949 and other receivables \$535,048 which do not represent current financial resources are deferred in the funds.	644,997
Liabilities for accrued interest on long-term debt are not due in the current period and therefore are not reported in the funds.	(179,591)
Included in the statement of net position non-current liabilities is the recognition of the City's net pension liability required by GASB 68 in the amount of (\$3,550,078), a deferred resource inflow in the amount of (\$280,880), and a deferred resource outflow in the amount of \$3,043,658. This resulted in a decrease in net position of (\$787,300).	(787,300)
Included in the non-current liabilities is the recognition of the City's OPEB liability required by GASB 75 in the amount of (\$461,092), a deferred resource inflow in the amount of (\$177,502) and a deferred resource outflow in the amount of \$112,717. This resulted in a decrease in net position by (\$525,877).	(525,877)
Net position of governmental activities	\$ 102,993,153

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

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

<i>For the year ended September 30, 2024</i>	General Fund	Hotel Motel Fund	Venue Project Fund	Other Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 7,410,867	\$ -	\$ -	\$ 2,199,515	\$ 9,610,382
Nonproperty taxes	5,418,958	9,256,162	2,865,069	6,038,841	23,579,030
Fees and services	1,293,174	10,001	-	433,928	1,737,103
Fines and forfeitures	522,347	-	-	15,290	537,637
Licenses and permits	853,661	-	-	4,485	858,146
Intergovernmental	253,021	458,473	-	2,115,334	2,826,828
Interest revenue	591,280	939,900	733,756	779,299	3,044,235
Miscellaneous	129,473	370,631	-	188,242	688,346
Total revenues	16,472,781	11,035,167	3,598,825	11,774,934	42,881,707
Expenditures					
Current					
General government	4,384,852	-	1,482,516	181,220	6,048,588
Public safety	7,340,090	-	-	528,430	7,868,520
Public works	2,809,694	-	-	-	2,809,694
Shoreline	-	-	-	3,186,107	3,186,107
Transportation	-	-	-	1,849,714	1,849,714
Community service	-	-	-	124,891	124,891
Convention and visitors bureau	-	7,924,128	-	1,737,058	9,661,186
Capital outlay	763,414	587,073	41,926	6,336,416	7,728,829
Debt service					
General obligation bonds	-	-	-	575,000	575,000
Tax anticipation notes	-	-	-	935,000	935,000
Venue tax revenue bonds	-	-	-	210,000	210,000
Leases	62,943	1,041	-	14,661	78,645
Interest	1,999	90	-	737,787	739,876
Administrative charges	-	-	-	5,550	5,550
Total expenditures	15,362,992	8,512,332	1,524,442	16,421,834	41,821,600
Excess (deficiency) of revenues over (under) expenditures	1,109,789	2,522,835	2,074,383	(4,646,900)	1,060,107
Other Financing Sources (Uses)					
Sale of capital assets	5,540	-	-	53,507	59,047
Leases issued	-	-	-	27,098	27,098
Issuance of debt	-	-	-	2,345,000	2,345,000
Transfers in	47,455	-	-	2,254,724	2,302,179
Transfers out	(556,103)	(50,000)	(556,043)	(1,140,033)	(2,302,179)
Net other financing sources (uses)	(503,108)	(50,000)	(556,043)	3,540,296	2,431,145
Net change in fund balances	606,681	2,472,835	1,518,340	(1,106,604)	3,491,252
Fund balance, beginning of year	11,664,295	19,773,824	14,017,897	26,483,110	71,939,126
Fund balance, end of year	\$ 12,270,976	\$ 22,246,659	\$ 15,536,237	\$ 25,376,506	\$ 75,430,378

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

City of South Padre Island, Texas

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

For the year ended September 30, 2024

Net change in fund balances - total governmental funds	\$ 3,491,252
Amounts reported for governmental activities in the statement of activities are different because:	
Governmental funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The effect of removing capital outlays \$7,701,731 and including depreciation (\$4,180,084), in the current period is to increase net position.	3,521,647
New right-to-use of \$27,098, and its related lease liability of (\$27,098), principal payments related to lease liabilities of \$78,645 and the amortization of right-to-use assets of (\$72,471) were reported in the statement of activities.	6,174
In the statement of activities, only the gain (loss) on the sale of assets is reported, whereas in the funds, the proceeds from the sale increase financial resources. Thus, the change in net position differs from the change in fund balance by the book value of the assets sold.	(56,831)
Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.	1,720,000
The issuance of debt is recorded as other financing sources, but in the governmental activities the issuance of debt is recorded as a long term liability. The effect of removing the bond proceeds of (\$2,345,000) from the statement of activities results in a decrease in the change in net position.	(2,345,000)
The increase in compensated absences payable of (\$133,192) during the year is reported as a increase to expenditures in the statement of activities but not in the governmental funds. The amortization of bond premiums \$202,405 reduces interest expense in the statement of activities and the interest accrual of (\$4,397) increase interest expense and it is not due in the current period. The amortization of debt refunding related deferred outflows of resources of (\$23,357) and debt refunding related deferred inflows of \$2,177 offset expenses in the statement of activities but not in the governmental funds. The net effect of including the amortization of deferred outflows and inflows of resources, bond premiums, accrued interest, and the change in compensated absences is to increase net position.	43,636
Some revenues and expenses reported in the statement of activities do not provide or require the use of current financial resources and therefore are not reported as revenues or expenditures in governmental funds. The change in the balance of deferred inflows related to property taxes and other receivables was \$70,677. Recognition of this amount in the statement of activities results in a increase in the change in net position.	70,677
GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/23 caused the change in the ending net position to increase in the amount of \$1,122,312. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$999,433). The City's reported TMRS net pension expense had to be recorded. The change in pension expense decreased the change in net position by (\$144,529). The result of these changes is to decrease net position.	(21,650)
GASB 75 requires that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/23 caused the change in the ending net position to increase in the amount of \$25,899. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling (\$23,987). The City's reported TMRS OPEB expense had to be recorded. The OPEB expense decreased net position by (\$11,843). The result of these changes is to decrease the change in net position.	(9,931)
Change in net position of governmental activities	\$ 6,419,974

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

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

Reporting Entity

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

Discretely Presented Component Unit

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

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

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

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

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Government-Wide and Fund Financial Statements

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

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

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

Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are presented using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, without regard to the timing of the related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Restricted resources will be used before unrestricted resources when all requirements to relieve the restriction have been met.

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

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

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

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

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

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

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

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

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

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Measurement Focus, Basis of Accounting and Basis of Presentation (continued)

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

Recently Issued and Implemented Accounting Pronouncements

In 2024, the City implemented GASB Statement No. 100, *Accounting Changes and Error Corrections*. This Statement establishes accounting and financial reporting requirements for (a) accounting changes and (b) the correction of an error in previously issued financial statements (error correction). This Statement defines accounting changes as changes in accounting principles, changes in accounting estimates, and changes to or within the financial reporting entity and describes the transactions or other events that constitute those changes. This Statement prescribes the accounting and financial reporting for (1) each type of accounting change and (2) error corrections. This Statement requires that (a) changes in accounting principles and error corrections be reported retroactively by restating prior periods, (b) changes to or within the financial reporting entity be reported by adjusting beginning balances of the current period, and (c) changes in accounting estimates be reported prospectively by recognizing the change in the current period. This Statement requires disclosure in notes to financial statements of descriptive information about accounting changes and error corrections, such as their nature. In addition, information about the quantitative effects on beginning balances of each accounting change and error correction should be disclosed by reporting unit in a tabular format to reconcile beginning balances as previously reported to beginning balances as restated. Furthermore, this Statement addresses how information that is affected by a change in accounting principle or error correction should be presented in required supplementary information (RSI) and supplementary information (SI). The requirements of this Statement are effective for accounting changes and error corrections made in fiscal years beginning after June 15, 2023, and all reporting periods thereafter. This Statement was adopted in the current year, resulting in no material effect.

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

- Statement No. 101, *Compensated Absences*
- Statement No. 102, *Certain Risk Disclosures*
- Statement No. 103, *Financial Reporting Model Improvements*

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Recently Issued and Implemented Accounting Pronouncements (Continued)

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

Statement No. 102, *Certain Risk Disclosures*, the objective of this Statement is to provide users of government financial statements with essential information about risks related to a government's vulnerabilities due to certain concentrations or constraints. The requirements of this Statement are effective for fiscal years beginning after June 15, 2024, and all reporting periods thereafter. The City is evaluating the requirements of GASB No. 102 and the impact on reporting for future years.

Statement No. 103, *Financial Reporting Model Improvements*, the objective of this Statement is to improve key components of the financial reporting model to enhance its effectiveness in providing information that is essential for decision making and assessing a government's accountability. The requirements of this Statement are effective for fiscal years beginning after June 15, 2025, and all reporting periods thereafter. The City is evaluating the requirements of GASB No. 103 and the impact on reporting for future years.

Assets, Deferred Outflows, Liabilities, Deferred Inflows, and Net Position or Fund Balance

a. Cash and Cash Equivalents

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

b. Investments

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

d. Prepaid Items

Expenditures made to third party vendors for goods and services that will benefit periods beyond September 30, 2024 are recorded as prepaid items, in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

e. Lease Receivable

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

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

f. Capital Assets

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

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

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

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

g. Compensated Absences

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

City employees are granted varying amounts of vacation and sick leave. In the event of termination or retirement, an employee is reimbursed up to 30 days of accumulated vacation and up to 90 days of accumulated sick leave. Sick leave earned after October 1, 1997 will be reimbursed at 50 percent of the earned sick leave. Sick leave accumulated before October 1, 1997 will be reimbursed at 100 percent of the earned sick leave at the employee’s base hourly rate as of October 1, 2023.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

h. Long-Term Obligations

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

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

i. Leases

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

j. Pensions

For purposes of measuring the net pension liability (asset), pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

k. Other Post-Employment Benefits (OPEB)

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

l. Bond Discounts/Issue Costs

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

m. Comparative Data

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

n. Estimates

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

o. Interfund Transfers

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

p. Fund Balance Reporting

GASB 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, provides for two major types of fund balances, which are nonspendable and spendable. Nonspendable fund balances are balances that cannot be spent because they are not expected to be converted to cash or they are legally or contractually required to remain intact. Examples of this classification are prepaid items and inventories.

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

In addition to the nonspendable fund balance, GASB Statement No. 54 has provided a hierarchy of spendable fund balances, based on a hierarchy of spending constraints.

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

Committed fund balance – The committed fund balance classification contains self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the City Council Members. Committed amounts cannot be released without formal action from the council.

Assigned fund balance – Amounts that contain self-imposed constraints of the government to be used for specific purposes but do not meet the criteria to be classified as committed. The responsibility to assign funds rests with the City Manager, as authorized by City Council. City policy delegates this authority for the sole purpose of reporting these amounts in the annual financial statements.

Unassigned fund balance – Unassigned fund balance of the general fund that is not constrained for any particular purpose. General fund is the only fund that reports a positive unassigned fund balance amount. In other governmental funds other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City charter requires establishment of an operating reserve in the General Fund of no less than six months of operating expenditures, to be used for emergency appropriations. The estimated required fund balance to meet this at September 30, 2024 is \$7,835,576. Since the City's unassigned fund balance exceeds this amount at September 30, 2024, no additional appropriation is needed at this time in order to comply with this policy.

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

q. Net Position

The City's net position is classified as follows:

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

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

City of South Padre Island, Texas Notes to Financial Statements

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

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

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

r. Deferred Outflows and Inflows of Resources

In addition to assets, the statements 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then.

The City has three (3) items that qualify for reporting as deferred outflows of resources, the deferred amount on refunding, the deferred outflows related to pension, and the deferred outflows related to OPEB, each reported in the government-wide. The deferred amount on refunding results from debt refinancing, whereby the reacquisition price of the funding debt instruments exceeds their net carrying amount. The deferred amount on refunding is amortized over the shorter of the life of the refunded or refunding debt. The deferred outflows related to pensions and OPEB are an aggregate of items related to pensions and other post-employment benefits as calculated in accordance with GASB Codification (GASBC) Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred outflows related to pensions and OPEB will be recognized as either pension or OPEB expense or a reduction in the net pension liability or OPEB liability in future reporting years.

In addition to liabilities, the statements of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has three (3) items that qualify for reporting as deferred inflows of resources. The deferred inflows related to pensions and OPEB are an aggregate of items related to pensions as calculated in accordance with GASBC Section P20: *Pension Activities – Reporting for Benefits Provided through Trusts That Meet Specified Criteria*. The deferred inflows related to pensions and OPEB will be recognized as a reduction to pension or OPEB expense in future reporting years. The deferred inflows related to leases are associated with amounts owed to the City, as lessor, by entities leasing the City’s capital assets. The deferred inflow related to charges on bond refunding are amortized over the lesser life of the refunded bonds or refunding debt.

Unavailable revenue, which arises only under a modified accrual basis of accounting, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, EMS and leases. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

Subsequent Events

Management has evaluated subsequent events through the date that the financial statements were available to be issued, March 19, 2025 and determined there were no events that occurred that required disclosure. No subsequent events occurring after this date have been evaluated for inclusion in these financial statements.

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY

Budgetary Information

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

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

During fiscal year 2024, various transfers of appropriations were made for the Governmental Funds. The original and final amended budget are presented in the Required Supplementary Information for the General Fund and major Special Revenue Funds (Hotel Motel and Venue Project Funds), that have adopted a budget.

At year-end, outstanding encumbrances represent material purchase commitments for goods and services which were ordered, budgeted, and appropriated, but had not been received or completed at year end. At September 30, 2024, there were no significant encumbrances at year end.

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 2: STEWARDSHIP, COMPLIANCE AND ACCOUNTABILITY (Continued)

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

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

Expenditures over Appropriations

None noted.

NOTE 3: DEPOSITS AND INVESTMENTS

It is the City’s policy for deposits plus accrued interest thereon to be 102% secured by collateral valued at fair value (with exception of deposits secured with irrevocable letters of credit at 100% of the principal and anticipated accrued interest), less the amount of the Federal Deposit Insurance Corporation insurance. During the year ended September 30, 2024 the City’s cash deposits were covered by federal deposit insurance or were secured by collateral held by the City’s agent in the City’s name pursuant to the City’s investment policy and its depository agreement.

Deposits and investments with investment maturities, including accrued interest, as of September 30, 2024 are as follows:

	Value	Maturity (in years) 1 or less
Primary Government		
Cash equivalents		
Money market accounts	\$ 15,676,424	\$ 15,676,424
Investments		
TexPool	12,317,373	12,317,373
Texas Term	134,675	134,675
Certificates of deposit	28,883,933	23,546,149
Total primary government	\$ 57,012,405	\$ 51,674,621
Component Unit		
TexPool	\$ 26,131	\$ 26,131
Certificates of deposit	666,221	666,221
Total component unit	\$ 692,352	\$ 692,352

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

A reconciliation of cash and investment follows:

	Primary Governmental Activities	Component Units	Total
Cash and cash equivalents			
Cash and cash equivalents	\$ 31,005,827	\$ 2,145,376	\$ 33,151,203
Cash - restricted	662,991	430,066	1,093,057
Total cash and cash equivalents	31,668,818	2,575,442	34,244,260
Investments			
TexPool	12,317,373	26,131	12,343,504
Texas Term	134,675	-	134,675
Certificates of deposit	28,883,933	666,221	29,550,154
Total Investments	41,335,981	692,352	42,028,332
Total cash and investments	\$ 73,004,799	\$ 3,267,794	\$ 76,272,593

As of September 30, 2024, the City's investments in certificates of deposit are valued at cost plus accrued interest.

See Note 11 for components of cash restrictions.

Interest Rate Risk

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

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Description	Rate	Amount	Maturity
Primary Government			
East West Bank CD	5.56%	\$ 4,212,609	October 28, 2024
BOK Financial CD	5.20%	3,648,660	December 12, 2024
BOK Financial CD	5.25%	2,027,807	June 26, 2025
East West Bank CD	5.24%	1,015,916	June 13, 2025
Veritex	5.12%	2,059,345	March 5, 2025
Bank Ozk CD	5.45%	4,227,187	March 27, 2025
American National Bank	5.10%	6,354,625	August 15, 2025
BOK Financial CD	4.80%	305,497	May 14, 2026
BOK Financial CD	4.63%	1,026,742	March 5, 2026
BOK Financial CD	4.80%	967,408	May 14, 2026
BOK Financial CD	4.80%	3,038,137	June 25, 2026
Total primary government		\$ 28,883,933	
Component Unit			
East West Bank CD	5.56%	\$ 248,393	October 31, 2024
First Community Bank CD	5.00%	169,328	November 5, 2024
Nexbank CD	5.01%	248,500	June 2, 2026
Total component unit		\$ 666,221	

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

Credit Risk

As of September 30, 2024 the investments in TexPool and Texas Term investment risk pools were rated AAAM and AA Af by Standard and Poor’s, respectively. The City’s investment policy limits authorized investments to certain Texas government investments pools, obligations of or guaranteed by the U. S. and State of Texas and their agencies thereof, certificates of deposit of Texas banks and fully collateralized repurchase agreements.

NOTE 3: DEPOSITS AND INVESTMENTS (Continued)

Public Funds Investment Pools

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

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

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

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

NOTE 4: PROPERTY TAXES

The assessed value for the tax roll as of January 1, 2023 upon which the 2023 levy was based, was \$4,193,503,150. State statutes require that all assessments be made on one hundred percent (100%) of fair market value.

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 4: PROPERTY TAXES (Continued)

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

The City is permitted by the Municipal Finance Law of Texas to levy taxes up to \$1.50 per \$100 of assessed valuation for general governmental services other than the payment of principal and interest on long-term debt and in unlimited amounts for the payment of principal and interest on long-term debt. The combined tax rate to finance general governmental service and the payment of principal and interest on long-term debt for the year ended September 30, 2024 was \$.232159 per \$100.

The City Charter provides for taxes to become due on October 1st of the year of levy and shall be paid by January 31st of the following year. Liens for unpaid taxes go into effect on July 1st as the taxes become delinquent. Current tax collections for the year ended September 30, 2024 were 99 percent of the tax levy.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 5: RECEIVABLES

Receivables at September 30, 2024, consist of the following:

	Primary Government					Component Unit
	General Fund	Hotel Motel Fund	Venue Project Fund	Other Governmental Funds	Total Governmental Funds	
Receivables						
Property taxes	\$ 139,310	\$ -	\$ -	\$ 33,375	\$ 172,685	\$ 130,630
Accounts Receivable	1,665,414	941,170	172,291	245,521	3,024,396	-
Total receivables	1,804,724	941,170	172,291	278,896	3,197,081	130,630
Allowance for uncollectibles						
Property taxes	(6,965)	-	-	(1,669)	(8,634)	-
Accounts receivable	(448,716)	-	-	-	(448,716)	-
Total allowance for uncollectibles	(455,681)	-	-	(1,669)	(457,350)	-
Total receivables, net	\$ 1,349,043	\$ 941,170	\$ 172,291	\$ 277,227	\$ 2,739,731	\$ 130,630

NOTE 6: DUE FROM OTHER GOVERNMENTS

Due from other governments at September 30, 2024 consist of the following:

	Primary Government	
	Other Governmental Funds	Total Governmental Funds
Texas State Comptroller - Occupancy Tax	\$ 590,948	\$ 590,948
State of Texas - Department of Transportation	164,699	164,699
Total due from other governments	\$ 755,647	\$ 755,647

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 7: LEASES RECEIVABLE

Leases - Lessor

The City accounts for leases in accordance with GASB Statement No. 87, *Leases*. The City has the below non-cancelable agreements, which expire between in different years.

On January 2023, the City entered into a lease agreement with SPI Surf Shuttle. Under the lease, SPI Surf Shuttle pays the City \$270 per month for 5 years in exchange for office space in the Transit building. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 3.94%. Lease receivable balance at September 30, 2024 is \$9,369.

On June 2024, The City entered into a lease agreement with CDM Lifestyle Concepts, LLC. Under the lease, the CDM Lifestyle Concepts, LLC pays the City \$550 per month for 3 years in exchange for office space in the Transit building. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.69%. Lease receivable balance at September 30, 2024 is \$18,514.

On February 2024, The City entered into a lease agreement with South Padre Island Historical Foundation. Under the lease, the Foundations pays the City different annual amounts for 20 years in exchange for a building, parking areas and landscaped areas surrounding the building. The lease receivable is measured as the present value of the future minimum rent payments expected to be received during the lease term at a discount rate of 4.25%. Lease receivable balance at September 30, 2024 is \$150,433.

In the fiscal year 2024, the City recognized \$11,934 of lease revenue and \$807 of interest revenue under the lease.

The following is a schedule by years of minimum future revenues from non-cancelable agreements as of September 30, 2024:

For the Years Ending September 30,	Principal	Interest	Total Future Minimum Lease Payments
2025	\$ 7,462	\$ 7,378	\$ 14,840
2026	7,805	7,035	14,840
2027	5,950	6,690	12,640
2028	805	6,584	7,389
2029	1,775	6,646	8,421
2030-2034	24,034	30,966	55,000
2035-2039	56,813	23,188	80,001
2040-2044	73,672	7,828	81,500
Total	\$ 178,316	\$ 96,315	\$ 274,631

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 8: CAPITAL ASSETS

The governmental activities capital asset activity for the year ended September 30, 2024 is as follows:

<i>For the year ended September 30, 2024</i>	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets, not being depreciated					
Land	\$ 3,084,077	\$ 351,155	\$ -	\$ -	\$ 3,435,232
Constuction in progress	6,166,811	4,940,899	(2,007,699)	-	9,100,011
Capital assets, not being depreciated	9,250,888	5,292,054	(2,007,699)	-	12,535,243
Capital assets, being depreciated					
Buildings	43,588,463	1,482,720	(163,611)	-	44,907,572
Improvements	18,537,344	198,728	779,879	-	19,515,951
Furniture and equipment	11,324,877	691,848	117,990	425,869	11,708,846
Infrastructure	17,564,831	36,381	1,273,441	-	18,874,653
Capital assets, being depreciated	91,015,515	2,409,677	2,007,699	425,869	95,007,022
Less accumulated depreciation					
Buildings	(27,256,346)	(1,331,427)	-	-	(28,587,773)
Improvements	(7,283,299)	(1,102,665)	-	-	(8,385,964)
Furniture and equipment	(7,612,653)	(1,028,652)	-	369,037	(8,272,268)
Infrastructure	(11,471,050)	(717,340)	-	-	(12,188,390)
Total accumulated depreciation	(53,623,348)	(4,180,084)	-	369,037	(57,434,395)
Total capital assets being depreciated, net	37,392,167	(1,770,407)	2,007,699	(56,832)	37,572,627
Capital assets, being amortized					
Right-to-use leased assets					
Furniture and equipment	452,598	27,098	-	-	479,696
Less accumulated amortization	(163,093)	(72,471)	-	-	(235,564)
Total capital assets being amortized, net	289,505	(45,373)	-	-	244,132
Governmental activities capital assets, net	\$46,932,560	\$ 3,476,274	\$ -	\$ (56,832)	\$ 50,352,002

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 8: CAPITAL ASSETS (Continued)

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

<i>For the year ended September 30, 2024</i>	Depreciation	Amortization
General government	\$ 387,212	\$ 41,726
Community service	140,873	-
Convention and Visitor Bureau	714,034	9,069
Public works	1,793,741	12,993
Public safety	637,569	-
Shoreline	97,355	-
Transportation	409,300	8,683
Total depreciation and amortization expense- governmental activities	\$ 4,180,084	\$ 72,471

Component Unit

The capital asset activity for the Economic Development Corporation for the year ended September 20, 2024 is as follows:

<i>For the year ended September 30, 2024</i>	Beginning Balance	Additions	Transfers	Retirements	Ending Balance
Capital assets, not being depreciated					
Land	\$ 657,236	\$ -	\$ -	\$ -	\$ 657,236
Capital assets, not being depreciated	657,236	-	-	-	657,236
Capital assets, being depreciated					
Buildings	6,599,015	-	-	-	6,599,015
Improvements	375,000	-	-	-	375,000
Furniture and equipment	24,950	-	-	-	24,950
Capital assets, being depreciated	6,998,965	-	-	-	6,998,965
Less accumulated depreciation					
Buildings	(2,091,118)	(136,949)	-	-	(2,228,067)
Improvements	(249,699)	(25,485)	-	-	(275,184)
Furniture and equipment	(10,310)	(2,350)	-	-	(12,660)
Total accumulated depreciation	(2,351,127)	(164,784)	-	-	(2,515,911)
Total capital assets being depreciated, net	4,647,838	(164,784)	-	-	4,483,054
Component unit capital assets, net	\$ 5,305,074	\$ (164,784)	\$ -	\$ -	\$ 5,140,290

City of South Padre Island, Texas Notes to Financial Statements

NOTE 9: DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

Governmental funds report deferred inflows of resources in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds defer revenue recognition in connection with resources that have been earned, but not yet received. At the end of the current fiscal year, governmental funds reported \$109,949 of unavailable revenue related to property taxes receivable, \$535,048 related to EMS receivables, and \$171,834 of unavailable lease revenues.

In governmental activities, deferred outflows of resources consist of \$23,354 of deferred charges on refundings of long-term debt and \$3,043,658 and \$112,717 of deferred outflows related to pension and OPEB, respectively. Deferred inflows related to a deferred charge on bond refunding of \$13,065, deferred inflows related to leases of \$171,835 and deferred inflows related to pension and OPEB are \$280,880 and \$177,502, respectively at September 30, 2024. In the component unit deferred outflows of resources consist of \$65,436 of deferred charges on refundings of long-term debt and \$26,403 and \$978 of deferred outflows related to pension and OPEB, respectively. Deferred inflows related to pension and OPEB are \$2,438 and \$1,540 at September 30, 2024 for the component unit.

NOTE 10: UNEARNED REVENUE

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

For the year ended September 30, 2024, \$88,656 of unearned revenues are reported in the government funds and in the statement of net position for amounts received for in advance. The entire amount is related to funds advanced for a governmental grant, but for which the expenditures and other conditions allowing revenue to be recognized have not yet occurred.

NOTE 11: LONG-TERM DEBT

Primary Government

General Obligation Bonds

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

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 11: LONG-TERM DEBT (Continued)

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

	Beginning Balance October 1, 2023	Additions	Reductions	Ending Balance September 30, 2024	Due In One Year
Primary Government					
Series 2012 General Obligation Refunding Bonds	\$ 695,000	\$ -	\$ (345,000)	\$ 350,000	\$ 350,000
Series 2017 Venue Hotel Occupancy Tax Revenue Bonds	7,925,000	-	(210,000)	7,715,000	215,000
Series 2020 General Obligation Refunding Bonds	2,060,000	-	(230,000)	1,830,000	240,000
Series 2021 Tax Anticipation Notes	4,255,000	-	(795,000)	3,460,000	825,000
Series 2023 Tax Notes	3,790,000	-	(140,000)	3,650,000	150,000
Series 2024 Tax Notes	-	2,345,000	-	2,345,000	-
Total primary government	\$ 18,725,000	\$ 2,345,000	\$ (1,720,000)	\$ 19,350,000	\$ 1,780,000

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

For the Years Ending September 30,	Principal	Interest	Total
2025	\$ 1,780,000	\$ 735,715	\$ 2,515,715
2026	1,940,000	662,925	2,602,925
2027	2,015,000	588,906	2,603,906
2028	2,080,000	516,528	2,596,528
2029	2,205,000	428,733	2,633,733
2030-2034	4,145,000	1,276,392	5,421,392
2035-2039	1,700,000	841,175	2,541,175
2040-2044	2,065,000	470,050	2,535,050
2045-2049	1,420,000	100,625	1,520,625
Total	19,350,000	5,621,049	24,971,049
Current portion	1,780,000	735,715	2,515,715
Payable after one year	\$ 17,570,000	\$ 4,885,334	\$ 22,455,334

City of South Padre Island, Texas Notes to Financial Statements

NOTE 11: LONG-TERM DEBT (Continued)

During June of 2017, the City issued Series 2017 Venue Hotel Occupancy Tax Revenue Bonds for \$9,085,000 primarily to finance the cost of future infrastructure of the City approved at the election held on November 8, 2016. The bonds are collateralized by the pledged venue hotel occupancy tax revenues of the City and will be repaid over 30 years with final maturity in fiscal year end 2047. Principal is due annually and interest payments at the rate of 2%-4%, are due on February 1 and August 1 of each fiscal year.

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

In July 2023, the City issued Series 2023 Tax Notes for \$3,790,000 primarily to finance the cost related to street, sidewalk, median and related drainage improvements and pay costs of issuance of the Notes. The tax notes are collateralized by the pledged tax revenues of the City and will be repaid over 7 years with final maturity in fiscal year end 2030. Principal is due annually and interest payments are due on February 15 and August 15 of each year commencing February 15, 2024, until stated maturity.

In July 2024, the City issued Series 2024 Tax Notes for \$2,345,000 primarily to finance the purchase of vehicles and equipment for the City's Fire Department. The tax notes are collateralized by the pledged tax revenues of the City and will be repaid over 7 years with final maturity in fiscal year end 2031. Principal is due annually and interest payments are due on February 15 and August 15 of each year commencing February 15, 2025, until stated maturity.

Advance Refundings

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

The advance refunding was undertaken to reduce the City's interest payments. The advance refunding resulted in an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$201,901, and a gross savings of \$223,738. At September 30, 2022, the defeased portion of the 2005 Series General Obligation bonds has been fully paid.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 11: LONG-TERM DEBT (Continued)

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

The advance refunding was undertaken to reduce the City’s interest payments. The advance refunding resulted in an economic gain (difference between the present value of the debt service payment of the refunded and refunding bonds) of \$298,490, and a gross savings of \$140,000. At September 30, 2024, the defeased portion of the 2011 Series General Obligation bonds had a balance of \$2,000,000.

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

Component Unit

	Beginning Balance		Reductions	Ending Balance	
	October 1, 2023	Additions		September 30, 2024	Due In One Year
2016 Series, Sales Tax Revenue Refunding Bond	\$ 1,815,000	\$ -	\$ (340,000)	\$ 1,475,000	\$ 350,000

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

For the Years Ending September 30,	Principal	Interest	Total
2025	\$ 350,000	\$ 42,900	\$ 392,900
2026	360,000	32,250	392,250
2027	375,000	21,225	396,225
2028	390,000	7,800	397,800
Total	1,475,000	104,175	1,579,175
Current portion	350,000	42,900	392,900
Payable after one year	\$ 1,125,000	\$ 61,275	\$ 1,186,275

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 11: LONG-TERM DEBT (Continued)

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

The following table summarizes the restricted cash and cash equivalents related to long-term debt as of September 30, 2024:

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

Cash and cash equivalents of \$416,184 and \$13,882 are restricted for the EDC Debt Service Reserve and EDC Debt Service Fund, respectively. In addition, the EDC Debt Service Fund reported \$26,131 in restricted investments.

Leases – Lessee

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

Lease liabilities at September 30, 2024 are as follows:

Agreements with Xerox Financial Services for copy machines for different departments of the City; monthly payments ranges from \$28 - \$833; lease liability measured using a range of discount rate from 0.49% - 4.62% due in 2027.	\$	83,323
Agreements with Quadient, Inc for mail machine; monthly payments of \$230; lease liability measured using discount rate of 0.93%.		2,287
Agreement with State of Texas for a state highway asset; yearly payment of \$7,500; lease liability measured using a discount rate of 2.04%, due in 2047.		136,944
Agreement with CCH Industrial Capital for a case tractor loader backhoe; monthly payments of \$1,795; lease liability measured using a discount rate 7.1% due in November 2024.		3,547
<u>Total lease liabilities</u>	<u>\$</u>	<u>226,101</u>

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 11: LONG-TERM DEBT (Continued)

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2024 were as follows:

For the Years Ending September 30,	Principal	Interest	Total
2025	\$ 64,022	\$ 4,115	\$ 68,137
2026	33,359	3,058	36,417
2027	6,084	2,597	8,681
2028	5,008	2,492	7,500
2029	5,110	2,390	7,500
2030-2034	27,157	10,343	37,500
2035-2039	30,042	7,458	37,500
2040-2044	33,234	4,266	37,500
2045-2049	22,085	888	22,973
Total	\$ 226,101	\$ 37,607	\$ 263,708

Changes in Long-term Liabilities for Governmental Activities

During the year ended September 30, 2024, the following changes occurred in liabilities reported as non-current liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Bonds and tax notes payable	\$ 18,725,000	\$ 2,345,000	\$ (1,720,000)	\$ 19,350,000	\$ 1,780,000
Premium on bond issuances	1,265,233	-	(202,405)	1,062,828	172,344
Total bonds payable	19,990,233	2,345,000	(1,922,405)	20,412,828	1,952,344
Compensated absences*	1,179,625	1,000,455	(867,263)	1,312,817	740,057
Lease liabilities	277,648	27,098	(78,645)	226,101	64,022
Net pension liability	5,324,792	5,463,092	(7,237,806)	3,550,078	-
OPEB liability	412,219	60,534	(11,661)	461,092	-
Primary government long-term liabilities	\$ 27,184,517	\$ 8,896,179	\$ (10,117,780)	\$ 25,962,916	\$ 2,756,423

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

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 11: LONG-TERM DEBT (Continued)

Changes in Long-term Liabilities for Component Unit

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Component Unit					
Bonds payable					
Sales Tax Revenue Refunding					
Bond, Series 2016	\$ 1,815,000	\$ -	\$ (340,000)	\$ 1,475,000	\$ 350,000
Premium on bond issuance	93,911	-	(18,782)	75,129	18,782
Total bonds payable	1,908,911	-	(358,782)	1,550,129	368,782
Net pension liability	48,358	47,373	(64,936)	30,795	-
OPEB liability	3,576	525	(102)	3,999	-
Component unit long-term liabilities	\$ 1,960,845	\$ 47,898	\$ (423,820)	\$ 1,584,923	\$ 368,782

NOTE 12: TRANSFERS

Transfers between governmental funds at September 30, 2024 consisted of the following:

Transfers Out Funds	Transfer In Funds		
	General Fund	Other Governmental Funds	Total
General Fund	\$ -	\$ 556,103	\$ 556,103
Hotel Motel Fund	-	50,000	50,000
Venue Project Fund	47,455	508,588	556,043
Other Governmental Funds	-	1,140,033	1,140,033
Total transfers	\$ 47,455	\$ 2,254,724	\$ 2,302,179

Transfer into the General Fund of \$47,455 includes \$47,455 from the Venue Project Fund to reimburse for operating expenditures. Transfers into other governmental from the General Fund of \$556,103 includes \$143,243 for capital projects and operating expenditures on the Parks and Recreation Fund, \$225,000 for building maintenance expenditures on the Capital Replacement Fund, \$160,745 for City's local contribution to the Transportation department and \$27,115 for operating expenditures on the Beach Maintenance Fund. Transfers of \$50,000 and \$508,588 into other governmental funds, consist of \$50,000 to the Transportation Fund for the Hotel Motel Fund's local contribution and \$508,588 to the Venue Debt Service Fund from the Venue Project Fund to pay for venue tax debt services. Transfers into other governmental funds for \$1,140,033 includes \$883,564 made into the Beach Access Fund for improvements and \$256,469 into the Laguna Blvd. Reconstruction Fund for reimbursement of capital expenditures from local funds.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 12: TRANSFERS (Continued)

Transfers between Component Unit funds at September 30, 2024 consisted of the following:

	Transfer In Funds		
Transfer Out Funds	EDC Debt Service Fund	BNC Facility Maintenance	Total
Economic Development Corporation	\$ 398,150	\$ 75,000	\$ 473,150

Transfers among component unit funds were made for debt service payments and for the Birding and Nature Center facility maintenance.

NOTE 13: COMMITMENTS AND CONTINGENT LIABILITIES

1. *Litigation*

The City is party to various legal proceedings generally incidental to its operations. For the fiscal year ending September 30, 2024, the City does have ongoing litigation. Although the ultimate outcome of these proceedings are not presently certain, in the opinion of City management, the resolution of these matters will not have a material adverse effect on the financial condition of the City. As such, no accrual is considered necessary.

2. *Grant Programs*

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

3. *Construction Commitments*

The City has remaining construction commitments to Bryant Industrial Services LLC of \$328,513 related to the Fantasy Circle construction project and \$317,702 related to the Tompkins Channel dredging project. In addition, a construction commitment of \$1,442,006 to Keller Construction LLC remains at year-end related to the SPI Museum construction project. Furthermore, a construction commitment of \$760,289 to RBM Contractors LLC related to the Phase II Side Street construction project remains at year-end.

NOTE 14: RISK MANAGEMENT

The City is exposed to various uncertainties for losses related to intentional and unintentional torts; theft of, damage to and destruction of real and personal property; errors and omissions; catastrophes, medical and dental claims by employees; employee illnesses and injuries and pollution claims for which the City carries commercial insurance coverage. There have been no significant reductions in insurance coverage from the previous year. No negotiated settlements or jury awards have exceeded policy limits in any of the past three years. The City is a member of an intergovernmental risk pool. The risk pool is an interlocal non-assessable agency with present unreserved resources in excess of \$330,000,000 (as of September 30, 2024, the most recently audited financial statements completed for the risk pool). Reinsurance is provided by several A and A++ rated companies in amounts ranging from \$10,000,000 to \$100,000,000 depending on the type of insurance coverage. The City must promptly pay contributions to the risk pool as outlined by the coverage contracts, comply with underwriting standards and implement loss control recommendations deemed necessary by a risk pool representative due to an eminent high risk of loss situation. City management is not aware of any pending or alleged claims that could exceed the policy limits of the present insurance coverage.

NOTE 15: DEFINED BENEFIT PENSION PLANS

The City provides pension benefits for all of its eligible employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

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

A. Plan Description

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

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

B. Benefits Provided

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

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

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to but not yet receiving benefits	123
Active employees	<u>176</u>
	396

C. Contributions

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

Employees for the City of South Padre Island were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of South Padre Island were 12.50% and 13.00% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$1,460,404, and were equal to the required contributions.

D. Net Pension Liability

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

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS as of December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	45.00%
Core Fixed Income	6.00%	11.00%
Non-Core Fixed Income	20.00%	25.00%
Other Public & Private markets	12.00%	17.00%
Real Estate	12.00%	17.00%
Hedge funds	5.00%	10.00%
Private Equity	10.00%	15.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

Net Pension Liability

	Primary Government Increase (Decrease)			Component Unit Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) - (b)
Balance at December 31, 2022	\$ 47,899,985	\$ 42,573,044	\$ 5,324,792	\$ 415,513	\$ 369,304	\$ 48,358
Changes for the year						
Service cost	1,881,682	-	1,883,831	16,323	-	16,323
Interest	3,234,652	-	3,234,652	28,060	-	28,060
Difference between expected/actual experience	313,044	-	313,044	2,716	-	2,716
Contributions - employer	(241,226)	1,325,127	(1,566,353)	(2,093)	11,497	(13,590)
Contributions - employee	-	742,072	(742,072)	-	6,437	(6,437)
Net investment income	-	4,929,381	(4,929,381)	-	42,760	(44,909)
Benefit payments, including refunds of employee contributions	(1,840,113)	(1,840,113)	-	(15,962)	(15,962)	-
Administrative expenses	-	(31,347)	31,347	-	(272)	272
Other additions	-	(218)	218	-	(2)	2
Net changes	3,348,041	5,124,903	(1,774,713)	29,044	44,457	(17,564)
Balance at December 31, 2023	\$ 51,248,026	\$ 47,697,946	\$ 3,550,078	\$ 444,557	\$ 413,763	\$ 30,795

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Primary government's net pension liability (asset)	\$ 11,371,873	\$ 3,550,078	\$ (2,810,623)
Component unit's net pension liability (asset)	98,646	30,795	(24,381)
City's net pension liability (asset)	\$ 11,470,519	\$ 3,580,873	\$ (2,835,004)

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 15: DEFINED BENEFIT PENSION PLANS (Continued)

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

For the year ended September 30, 2024 the City and the EDC recognized combined pension expense in the amounts of \$1,447,845 and \$12,559, respectively. At September 30, 2024 the City and the EDC reported combined deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience, net of current year amortization	\$ 773,680	\$ 99,216	\$ 6,711	\$ 862
Changes in actuarial assumptions	2,457	181,664	21	1,576
Differences between projected and actual investment earnings, net of current year amortization	1,145,210	-	9,934	-
Contributions subsequent to the measurement date	1,122,312	-	9,736	-
Total	\$ 3,043,658	\$ 280,880	\$ 26,403	\$ 2,438

The \$1,122,312 and \$9,736 in the City and the EDC reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ending September 30,	Primary Government	Component Unit	Total
2025	\$ 551,650	\$ 4,785	\$ 556,435
2026	565,846	4,908	570,754
2027	933,224	8,095	941,319
2028	(410,253)	(3,559)	(413,812)
2029	-	-	-
Total	\$ 1,640,467	\$ 14,229	\$ 1,654,696

NOTE 16: OTHER POST EMPLOYMENT BENEFITS

Plan Description and Benefits

The City also participates in a single-employer, defined benefit group-term life insurance known as the Supplemental Death Benefits Fund (SDBF) administered by the Texas Municipal Retirement System (TMRS). This is a voluntary program in which the City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The death benefit for active employees provides a lump-sum payment approximately equal to the employee’s annual salary (calculated based on the employee’s actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (“OPEB”) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	35
Active employees	<u>176</u>
	280

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees’ entire careers.

Employees for the City of South Padre Island were required to contribute 0.03% of their annual gross earnings during the fiscal year. The contribution rates for the City of South Padre Island were 0.30% and 0.30% in calendar year 2024 and 2023, respectively. The City’s contributions to the SDBF for the year ended September 30, 2024 were \$34,005, and were equal to the required contributions.

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (Continued)

Actuarial assumptions:

The Total OPEB Liability in the December 31, 2024 actuarial valuation was determined using the following actuarial assumptions:

Valuation date:	12/31/2023
Inflation	.50%
Salary Increases	3.60% to 11.85%, including inflation
Discount rate*	3.77%
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and Female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index's "20-year Municipal GO AA Index" rate as of December 31, 2023.

Actuarial assumptions- continued:

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

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (Continued)

Total OPEB Liability

The City's Total OPEB Liability was measured as of December 31, 2023, and was determined by an actuarial valuation as of that date.

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

	Increase (Decrease)	
	Total OPEB Liability	
	Primary Government	Component Unit
Balance at December 31, 2022	\$ 412,219	\$ 3,576
Changes for the year:		
Service cost	19,081	166
Interest	16,845	146
Difference between expected/actual experience	518	4
Changes of assumptions	24,090	209
Benefit payments, including refunds of employee contributions	(11,661)	(102)
Net changes	48,874	422
Balance at December 31, 2023	\$ 461,092	\$ 3,999

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 3.77%, as well as what the City's total OPEB liability would have been if it were calculated using a discount rate that is 1 percentage point lower (2.77%) or 1 percentage point higher (4.77%) than the current rate.

	1% Decrease in Discount Rate (2.77%)	Discount Rate (3.77%)	1% Increase in Discount Rate (4.77%)
Primary government's total OPEB liability	\$ 557,398	\$ 461,092	\$ 386,767
Component unit's total OPEB liability	4,835	3,999	3,355
City's total OPEB liability	\$ 562,233	\$ 465,091	\$ 390,122

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 16: OTHER POST EMPLOYMENT BENEFITS (Continued)

OPEB Expense and Deferred Outflows of Resources Related to OPEBs

For the year ended September 30, 2024 the City and the EDC recognized combined OPEB expense in the amounts of \$33,713 and \$292, respectively. At September 30, 2024 the City and the EDC reported combined deferred outflows of related to OPEB from the following sources:

	Primary Government		Component Unit	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience (net of current year amortization)	\$ 3,266	\$ 18,825	\$ 28	\$ 163
Changes in actuarial assumptions	83,552	158,678	725	1,376
Contributions subsequent to the measurement date	25,899	-	225	-
Total	\$ 112,717	\$ 177,502	\$ 978	\$ 1,540

The \$25,899 and \$225 in the City and EDC which are reported as deferred outflows of resources related to OPEBs resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2025. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ending September 30,	City	EDC	Total
2025	\$ (16,092)	\$ (140)	\$ (16,232)
2026	(15,386)	(133)	(15,519)
2027	(29,505)	(256)	(29,761)
2028	(33,271)	(289)	(33,560)
2029	3,570	31	3,601
Thereafter	-	-	-
Total	\$ (90,684)	\$ (787)	\$ (91,471)

City of South Padre Island, Texas
Notes to Financial Statements

NOTE 17: FUND BALANCE REPORTING

Nonspendable – These funds were used for prepaid items.

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

Committed – Fund balances that contain self-imposed constraints of the government from its highest level of decision making authority. The responsibility to commit funds rests with the City Council Members.

Assigned – These funds contain self-imposed constraints of the government to be used for specific purposes but do not meet the criteria to be classified as committed.

Unassigned – The unassigned fund balance has no constraints.

September 30, 2024	General Fund	Hotel Motel Fund	Venue Project Fund	Other Governmental Funds	Total Governmental Funds
Fund Balances					
Nonspendable					
Prepaid	\$ 57,923	\$ 10,153	\$ -	\$ 2,315,916	\$ 2,383,992
Assigned					
Capital projects	-	-	-	1,624,276	1,624,276
Restricted					
Debt service	-	-	-	1,070,701	1,070,701
Capital projects	-	-	-	1,717,121	1,717,121
Hotel/motel tax	-	22,236,506	15,536,237	5,511,326	43,284,069
Beach nourishment	-	-	-	6,678,551	6,678,551
Transportation	-	-	-	764,334	764,334
Other federal grants	-	-	-	63,851	63,851
Beach maintenance	-	-	-	4,538,136	4,538,136
Municipal court	-	-	-	85,915	85,915
Criminal justice	257,103	-	-	-	257,103
Parks and recreation	-	-	-	256,679	256,679
TIRZ	-	-	-	749,700	749,700
Unassigned	11,955,950	-	-	-	11,955,950
Total fund balances	\$ 12,270,976	\$ 22,246,659	\$ 15,536,237	\$ 25,376,506	\$ 75,430,378

NOTE 18: NET INVESTMENT IN CAPITAL ASSETS

Net investment in capital assets computation at September 30, 2024 is as follows:

September 30, 2024	Governmental Activities	Component Unit
Net investment in capital assets		
Capital assets, net of accumulated depreciation	\$ 50,352,002	\$ 5,140,290
Deferred outflows and inflows of resources - deferred charges on refunding	10,289	65,436
Less: related liabilities (bonds, net of premium, and lease liabilities)	(20,638,929)	(1,550,129)
Less: retainage/accounts payable	(603,763)	-
Plus: Unspent bond proceeds	1,741,635	-
Net investment in capital assets	\$ 30,861,234	\$ 3,655,597



REQUIRED SUPPLEMENTARY INFORMATION



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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 7,506,605	\$ 7,506,605	\$ 7,410,867	\$ (95,738)
Nonproperty taxes	5,651,840	5,651,840	5,418,958	(232,882)
Fees and services	1,038,592	1,237,517	1,293,174	55,657
Fines and forfeitures	300,000	300,000	522,347	222,347
Licenses and permits	570,000	570,000	853,661	283,661
Intergovernmental	190,685	203,842	253,021	49,179
Interest revenue	150,000	150,000	591,280	441,280
Miscellaneous	43,150	49,246	129,473	80,227
Total revenues	15,450,872	15,669,050	16,472,781	803,731
Expenditures				
Current				
General government				
City council	26,000	26,000	8,473	17,527
City administration	811,697	825,109	789,954	35,155
Finance	573,608	577,150	561,373	15,777
Planning	104,472	104,472	97,824	6,648
Human resources	368,204	368,204	338,950	29,254
Information services	803,070	900,097	760,245	139,852
Environmental health services	558,123	558,543	506,790	51,753
General services	1,297,000	1,301,854	1,194,081	107,773
Special projects	127,500	463,000	127,162	335,838
Total general government	4,669,674	5,124,429	4,384,852	739,577
Public safety				
Municipal court	357,308	357,308	324,237	33,071
Police	3,858,628	4,106,961	3,858,821	248,140
Fire	3,137,968	3,202,237	3,145,497	56,740
Emergency management	19,870	19,870	11,535	8,335
Total public safety	7,373,774	7,686,376	7,340,090	346,286
Public works				
Building maintenance	210,644	237,677	208,628	29,049
Inspections	411,668	411,668	369,478	42,190
Fleet management	588,601	749,321	710,419	38,902
Public works	1,568,080	1,787,766	1,521,169	266,597
Total public works	2,778,993	3,186,432	2,809,694	376,738
Capital outlay	130,335	824,655	763,414	61,241

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Debt service				
Leases	-	20,485	62,943	(42,458)
Interest and fees	-	1,050	1,999	(949)
Total debt service	-	21,535	64,942	(43,407)
Total expenditures	14,952,776	16,843,427	15,362,992	1,480,435
Excess (deficiency) of revenues over (under) expenditures	498,096	(1,174,377)	1,109,789	2,284,166
Other Financing Sources (Uses)				
Sale of fixed asset	-	-	5,540	5,540
Leases	-	-	-	-
Transfers in	47,455	47,455	47,455	-
Transfers out	(429,643)	(429,643)	(556,103)	(126,460)
Total other financing sources (uses)	(382,188)	(382,188)	(503,108)	(120,920)
Net change in fund balance	115,908	(1,556,565)	606,681	2,163,246
Fund balance, beginning of the year	11,664,295	11,664,295	11,664,295	-
Fund balance, end of year	\$ 11,780,203	\$ 10,107,730	\$ 12,270,976	\$ 2,163,246

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Nonproperty taxes	\$ 10,326,904	\$ 10,326,904	\$ 9,256,162	\$ (1,070,742)
Fees and services	-	-	10,001	10,001
Intergovernmental	-	-	458,473	458,473
Interest revenue	100,000	100,000	939,900	839,900
Miscellaneous and program revenues	20,000	20,000	370,631	350,631
Total revenues	10,446,904	10,446,904	11,035,167	588,263
Expenditures				
Current				
Convention and visitors bureau				
Visitors bureau	157,813	157,813	132,346	25,467
Sales and marketing	2,134,615	2,471,720	2,177,849	293,871
Events marketing	1,125,414	1,324,339	1,187,699	136,640
Marketing	4,100,000	4,383,000	4,391,037	(8,037)
SPI Historical Museum	41,000	41,000	35,197	5,803
Total convention and visitors bureau	7,558,842	8,377,872	7,924,128	453,744
Capital outlay	-	1,727,818	587,073	1,140,745
Debt service				
Leases	-	-	1,041	(1,041)
Interest and fees	-	-	90	(90)
Total debt service	-	-	1,131	(1,131)
Total expenditures	7,558,842	10,105,690	8,512,332	1,593,358
Excess (deficiency) of revenues over (under) expenditures	2,888,062	341,214	2,522,835	2,181,621
Other Financing Uses				
Leases	-	-	-	-
Transfers out	(50,000)	(50,000)	(50,000)	-
Total other financing uses	(50,000)	(50,000)	(50,000)	-
Net change in fund balance	2,838,062	291,214	2,472,835	2,181,621
Fund balance, beginning of the year	19,773,824	19,773,824	19,773,824	-
Fund balance, end of year	\$ 22,611,886	\$ 20,065,038	\$ 22,246,659	\$ 2,181,621

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Nonproperty taxes	\$ 3,193,187	\$ 3,193,187	\$ 2,865,069	\$ (328,118)
Interest Revenue	-	-	733,756	733,756
Total revenues	3,193,187	3,193,187	3,598,825	405,638
Expenditures				
Current				
General government	80,501	2,084,201	1,482,516	601,685
Total general government	80,501	2,084,201	1,482,516	601,685
Capital outlay	-	194,298	41,926	152,372
Total expenditures	80,501	2,278,499	1,524,442	754,057
Excess (deficiency) of revenues over (under) expenditures	3,112,686	914,688	2,074,383	1,159,695
Other Financing Uses				
Transfers in	-	-	-	-
Transfers out	(556,043)	(556,043)	(556,043)	-
Total other financing uses	(556,043)	(556,043)	(556,043)	-
Net change in fund balance	2,556,643	358,645	1,518,340	1,159,695
Fund balance, beginning of the year	14,017,897	14,017,897	14,017,897	-
Fund balance, end of year	\$ 16,574,540	\$ 14,376,542	\$ 15,536,237	\$ 1,159,695

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

<i>For the year ended September 30,</i>	2024	2023	2022	2021
Total Pension Liability				
Service cost	\$ 1,898,005	\$ 1,742,282	\$ 1,643,568	\$ 1,521,237
Interest	3,262,711	3,026,702	2,785,073	2,652,250
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	315,760	526,180	875,139	(641,926)
Changes of assumptions	(243,319)	-	-	-
Benefit payments, including refunds of employee contributions	(1,856,075)	(1,897,106)	(1,649,799)	(1,600,165)
Net change in total pension liability	3,377,082	3,398,058	3,653,981	1,931,396
Total pension liability – beginning	48,315,498	44,917,440	41,263,459	39,332,063
Total pension liability – ending (a)	51,692,580	48,315,498	44,917,440	41,263,459
Plan Fiduciary Net Position				
Contributions – employer	1,336,623	1,194,166	1,146,306	1,149,332
Contributions – employee	748,509	682,483	639,375	620,880
Net investment income	4,972,141	(3,384,790)	5,334,984	2,875,853
Benefit payments, including refunds of employee contributions	(1,856,075)	(1,897,106)	(1,649,799)	(1,600,165)
Administrative expense	(31,619)	(29,273)	(24,668)	(18,600)
Other	(220)	34,931	170	(726)
Net change in plan fiduciary net position	5,169,359	(3,399,589)	5,446,368	3,026,574
Plan fiduciary net position – beginning	42,942,348	46,341,937	40,895,574	37,869,000
Plan fiduciary net position – ending (b)	48,111,707	42,942,348	46,341,942	40,895,574
Net pension liability (asset) – ending (a) – (b)	\$ 3,580,873	\$ 5,373,150	\$ (1,424,502)	\$ 367,885
Plan fiduciary net position as a percentage of total pension liability	93.07%	88.88%	103.17%	99.11%
Covered payroll	\$ 10,692,987	\$ 9,749,758	\$ 9,120,802	\$ 8,570,348
Net pension liability as a percentage of covered payroll	33.49%	55.11%	-15.62%	4.29%

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

2020	2019	2018	2017	2016	2015
\$ 1,492,650	\$ 1,581,818	\$ 1,501,734	\$ 1,362,970	\$ 1,328,713	\$ 1,221,450
2,487,708	2,318,640	2,150,831	1,991,081	1,904,228	1,754,638
-	-	-	-	-	-
(210,211)	(37,697)	(4,413)	20,476	(254,650)	(172,667)
157,458	-	-	-	136,482	-
<u>(1,408,294)</u>	<u>(1,218,630)</u>	<u>(1,185,643)</u>	<u>(968,845)</u>	<u>(706,482)</u>	<u>(733,635)</u>
2,519,311	2,644,131	2,462,509	2,405,682	2,408,291	2,069,786
<u>36,812,752</u>	<u>34,168,621</u>	<u>31,706,112</u>	<u>29,300,430</u>	<u>26,892,139</u>	<u>24,822,353</u>
39,332,063	36,812,752	34,168,621	31,706,112	29,300,430	26,892,139
1,052,685	1,123,142	1,035,135	950,341	941,947	920,340
574,728	610,404	580,140	533,900	521,648	516,630
5,047,207	(992,608)	3,983,187	1,788,988	37,906	1,352,871
(1,408,294)	(1,218,630)	(1,185,643)	(968,845)	(706,482)	(733,635)
(28,506)	(19,180)	(20,642)	(20,192)	(23,085)	(14,122)
<u>(856)</u>	<u>(1,002)</u>	<u>(1,046)</u>	<u>(1,088)</u>	<u>(1,140)</u>	<u>(1,161)</u>
5,236,964	(497,874)	4,391,131	2,283,104	770,794	2,040,923
<u>32,632,036</u>	<u>33,129,910</u>	<u>28,738,779</u>	<u>26,455,675</u>	<u>25,684,881</u>	<u>23,643,958</u>
37,869,000	32,632,036	33,129,910	28,738,779	26,455,675	25,684,881
<u>\$ 1,463,063</u>	<u>\$ 4,180,716</u>	<u>\$ 1,038,711</u>	<u>\$ 2,967,333</u>	<u>\$ 2,844,755</u>	<u>\$ 1,207,258</u>
96.28%	88.64%	96.96%	90.64%	90.29%	95.51%
<u>\$ 8,210,394</u>	<u>\$ 8,720,053</u>	<u>\$ 8,287,714</u>	<u>\$ 7,627,140</u>	<u>\$ 7,452,122</u>	<u>\$ 7,380,428</u>
17.82%	47.94%	12.53%	38.90%	38.17%	16.36%

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

<i>For the year ended September 30,</i>	2024	2023	2022
Actuarially determined contribution	\$ 1,460,404	\$ 1,299,385	\$ 1,209,849
Contributions in relation to actuarially determined contribution	(1,460,404)	(1,299,385)	(1,209,849)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered payroll	\$ 11,334,910	\$ 10,442,572	\$ 9,816,586
Contributions as a percentage of covered payroll	12.88%	12.44%	12.32%

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

2021	2020	2019	2018	2017	2016	2015
\$ 1,098,815	\$ 1,122,805	\$ 1,093,602	\$ 1,097,022	\$ 1,009,664	\$ 952,539	\$ 926,892
(1,098,815)	(1,122,805)	(1,093,602)	(1,097,022)	(1,009,664)	(952,539)	(926,892)
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 8,694,174</u>	<u>\$ 8,703,739</u>	<u>\$ 8,523,629</u>	<u>\$ 8,587,911</u>	<u>\$ 7,980,143</u>	<u>\$ 7,614,798</u>	<u>\$ 7,359,671</u>
12.63%	12.90%	12.83%	12.77%	12.65%	12.51%	12.59%

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

<i>For the year ended September 30,</i>	2024	2023	2022	2021	2020	2019	2018
Total OPEB Liability							
Service cost	\$ 19,246	\$ 35,099	\$ 41,044	\$ 26,568	\$ 16,421	\$ 21,800	\$ 17,404
Interest	16,991	11,848	11,556	12,504	13,773	12,051	11,515
Changes of benefit terms		-	-	-	-	-	-
Difference between expected and actual experience	522	(17,149)	3,485	(143)	(27,878)	6,790	-
Change of assumptions	24,299	(235,470)	21,953	82,758	79,011	(28,237)	30,878
Benefit payments, including refunds of employee contributions	(11,762)	(9,750)	(8,209)	(3,428)	(2,463)	(2,616)	(2,486)
Net change in total OPEB liability	49,296	(215,422)	69,829	118,259	78,864	9,788	57,311
Total OPEB liability - beginning	415,795	631,217	561,388	443,129	364,265	354,477	297,166
Total OPEB liability - ending	\$ 465,091	\$ 415,795	\$ 631,217	\$ 561,388	\$ 443,129	\$ 364,265	\$ 354,477
Covered-employee payroll	\$ 10,691,747	\$ 9,760,446	\$ 9,120,802	\$ 8,570,348	\$ 8,210,394	\$ 8,720,053	\$ 8,287,714
Total OPEB Liability as a percentage of covered-employee payroll	4.35%	4.26%	6.92%	6.55%	5.40%	4.18%	4.28%

Notes to Schedule:

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

City of South Padre Island, Texas
Notes to Schedule of Contributions
For Agent Multiple Employer Pension Plan
Texas Municipal Retirement System
For the Year Ended September 30, 2024

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years (longest amortization ladder)
Asset Valuation Method	10 Year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience – based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post retirement: 2019 Municipal Retirees of Texas Mortality Tables. Males rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

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

City of South Padre Island, Texas
Notes to the Required Supplementary Information
For the Year Ended September 30, 2024

Stewardship, compliance, and accountability

1. Budgetary information

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

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

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

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

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

2. Expenditures over Appropriations

None noted.



OTHER SUPPLEMENTARY INFORMATION



City of South Padre Island, Texas

Non-Major Governmental Fund Statements and Schedules

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

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

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

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

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

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

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

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

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

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

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

Capital project fund: **Bay Access Fund** was established to account for project to improve access to the Laguna Madre bay.

Capital project fund: **Laguna Blvd Reconstruction Fund** is used to account for the reconstruction of the Laguna Boulevard (Blvd).

Capital project fund: **Side Streets Project Fund** is used to account for projects to improve streets of the City.

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

Capital project fund: **Fire Department Equipment Fund** is used to account for the purchase of equipment for the Fire Department.

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

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

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

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

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

	Special Revenue Funds			
	Convention Center Fund	Municipal Court Technology Fund	Municipal Court Security Grant Fund	Transportation Grant Fund
<i>September 30, 2024</i>				
Assets				
Cash and cash equivalents	\$ 3,347,275	\$ 22,766	\$ 63,149	\$ 598,794
Cash and cash equivalents - restricted	-	-	-	-
Investments	2,123,612	-	-	-
Receivables, net				
Taxes	-	-	-	-
Accounts	131,912	-	-	-
Due from other governments	-	-	-	164,699
Leases receivables	-	-	-	27,882
Prepaid items	32,222	-	-	46,323
Total assets	\$ 5,635,021	\$ 22,766	\$ 63,149	\$ 837,698
Liabilities, Deferred Inflows of Resources and Fund balances				
Liabilities				
Accounts payable	\$ 2,817	\$ -	\$ -	\$ -
Unearned revenues	88,656	-	-	-
Total liabilities	91,473	-	-	-
Deferred inflows of resources				
Unavailable revenue - property taxes	-	-	-	-
Unavailable revenue - other	-	-	-	27,041
Total deferred inflows of resources	-	-	-	27,041
Fund balances				
Nonspendable	32,222	-	-	46,323
Restricted	5,511,326	22,766	63,149	764,334
Assigned	-	-	-	-
Total fund balances	5,543,548	22,766	63,149	810,657
Total liabilities, deferred inflows of resources and fund balances	\$ 5,635,021	\$ 22,766	\$ 63,149	\$ 837,698

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

Special Revenue Funds						
Coronavirus Relief Fund	Parks and Recreation Fund	TIRZ Fund	Beach Maintenance Fund	Beach Nourishment Fund	Total Nonmajor Special Revenue Funds	
\$ 63,851	\$ 256,679	\$ 749,700	\$ 1,367,546	\$ 4,102,524	\$ 10,572,284	
-	-	-	-	-	-	
-	-	-	2,645,453	2,532,972	7,302,037	
-	-	-	-	-	-	
-	-	-	-	43,055	174,967	
-	-	-	590,948	-	755,647	
-	-	-	-	-	27,882	
-	-	-	4,500	-	83,045	
\$ 63,851	\$ 256,679	\$ 749,700	\$ 4,608,447	\$ 6,678,551	\$ 18,915,862	
\$ -	\$ -	\$ -	\$ 65,811	\$ -	\$ 68,628	
-	-	-	-	-	88,656	
-	-	-	65,811	-	157,284	
-	-	-	-	-	-	
-	-	-	-	-	27,041	
-	-	-	-	-	27,041	
-	-	-	4,500	-	83,045	
63,851	256,679	749,700	4,538,136	6,678,551	18,648,492	
-	-	-	-	-	-	
63,851	256,679	749,700	4,542,636	6,678,551	18,731,537	
\$ 63,851	\$ 256,679	\$ 749,700	\$ 4,608,447	\$ 6,678,551	\$ 18,915,862	

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

	Capital Projects Funds		
	Capital Replacement Fund	Beach Access Fund	Bay Access Fund
<i>September 30, 2024</i>			
Assets			
Cash and cash equivalents	\$ 619,602	\$ 868,593	\$ 67,986
Cash and cash equivalents - restricted	-	-	-
Investments	-	-	-
Receivables, net			
Taxes	-	-	-
Accounts	-	68,095	-
Due from other governments	-	-	-
Leases receivables	-	-	-
Prepaid items	-	-	-
Total assets	\$ 619,602	\$ 936,688	\$ 67,986
Liabilities, Deferred Inflows of Resources and Fund balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenues	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources			
Unavailable revenue - property taxes	-	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	-	-	-
Fund balances			
Nonspendable	-	-	-
Restricted	-	-	-
Assigned	619,602	936,688	67,986
Total fund balances	619,602	936,688	67,986
Total liabilities, deferred inflows of resources and fund balances	\$ 619,602	\$ 936,688	\$ 67,986

City of South Padre Island, Texas

Combining Balance Sheets – Nonmajor Governmental Funds (Continued)

Capital Projects Funds				
Laguna Blvd. Reconstruction Fund	Side Streets Project Fund	Fire Dept. Equipment Fund		Total Nonmajor Capital Projects Funds
\$ 332,401	\$ 1,337,572	71,663		\$ 3,297,817
-	-	-		-
-	-	-		-
-	-	-		-
-	-	-		68,095
-	-	-		-
-	-	-		-
-	-	2,232,871		2,232,871
\$ 332,401	\$ 1,337,572	\$ 2,304,534		\$ 5,598,783
\$ -	24,515	\$ -		\$ 24,515
-	-	-		-
-	24,515	-		24,515
-	-	-		-
-	-	-		-
-	-	-		-
-	-	-		-
-	-	-		-
-	-	-		-
-	-	-		-
-	-	2,232,871		2,232,871
332,401	1,313,057	71,663		1,717,121
-	-	-		-
-	-	-		1,624,276
332,401	1,313,057	2,304,534		5,574,268
\$ 332,401	\$ 1,337,572	\$ 2,304,534		\$ 5,598,783

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

	Debt Service Funds		
	Debt Service Fund	Venue Debt Service Fund	Venue Seasonal Reserve
<i>September 30, 2024</i>			
Assets			
Cash and cash equivalents	\$ 393,640	\$ 676	\$ -
Cash and cash equivalents - restricted	-	-	132,419
Investments	-	-	-
Receivables, net			
Taxes	31,706	-	-
Accounts	2,459	-	-
Due from other governments	-	-	-
Leases receivables	-	-	-
Prepaid items	-	-	-
Total assets	\$ 427,805	\$ 676	\$ 132,419
Liabilities, Deferred Inflows of Resources and Fund balances			
Liabilities			
Accounts payable	\$ -	\$ -	\$ -
Unearned revenues	-	-	-
Total liabilities	-	-	-
Deferred inflows of resources			
Unavailable revenue - property taxes	20,771	-	-
Unavailable revenue - other	-	-	-
Total deferred inflows of resources	20,771	-	-
Fund balances			
Nonspendable	-	-	-
Restricted	407,034	676	132,419
Assigned	-	-	-
Total fund balances	407,034	676	132,419
Total liabilities, deferred inflows of resources and fund balances	\$ 427,805	\$ 676	\$ 132,419

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

<u>Debt Service Funds</u>		
Venue Debt Service Reserve	Total Nonmajor Debt Service Funds	Total Nonmajor Governmental Funds
\$ -	\$ 394,316	\$ 14,264,417
530,572	662,991	662,991
-	-	7,302,037
-	31,706	31,706
-	2,459	245,521
-	-	755,647
-	-	27,882
-	-	2,315,916
<hr/>		
\$ 530,572	\$ 1,091,472	\$ 25,606,117
<hr/>		
\$ -	\$ -	\$ 93,143
-	-	88,656
<hr/>		
-	-	181,799
-	20,771	20,771
-	-	27,041
<hr/>		
-	20,771	47,812
-	-	2,315,916
530,572	1,070,701	21,436,314
-	-	1,624,276
<hr/>		
530,572	1,070,701	25,376,506
<hr/>		
\$ 530,572	\$ 1,091,472	\$ 25,606,117
<hr/>		

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

	Special Revenue Funds			
	Convention Center Fund	Municipal Court Technology Fund	Municipal Court Security Fund	Transportation Grant Fund
<i>For the year ended September 30, 2024</i>				
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Nonproperty taxes	2,192,249	-	-	-
Fees and services	429,578	-	-	-
Fines and forfeitures	-	6,975	8,315	-
Licenses and permits	-	-	-	-
Intergovernmental	-	-	-	1,562,579
Interest revenue	231,376	-	-	-
Miscellaneous	15,700	-	-	156,408
Total revenues	2,868,903	6,975	8,315	1,718,987
Expenditures				
Current				
General government	-	-	-	-
Public safety	-	1,276	3,608	-
Shoreline	-	-	-	-
Transportation	-	-	-	1,849,714
Community service	-	-	-	-
Convention and visitors bureau	1,737,058	-	-	-
Capital outlay	1,324,934	-	24,991	47,500
Debt service				
Principal				
General obligation bonds	-	-	-	-
Tax anticipation notes	-	-	-	-
Venue tax revenue bonds	-	-	-	-
Leases	7,108	-	-	6,417
Interest	872	-	-	2,910
Administrative charges	-	-	-	-
Total expenditures	3,069,972	1,276	28,599	1,906,541
Excess (deficiency) of revenues over (under) expenditures	(201,069)	5,699	(20,284)	(187,554)
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Leases issued	27,098	-	-	-
Proceeds from issuance of debt	-	-	-	-
Transfers in	-	-	-	210,745
Transfers (out)	-	-	-	-
Total other financing sources (uses)	27,098	-	-	210,745
Net change in fund balances	(173,971)	5,699	(20,284)	23,191
Fund balance, beginning of year	5,717,519	17,067	83,433	787,466
Fund balance, end of year	\$ 5,543,548	\$ 22,766	\$ 63,149	\$ 810,657

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

Special Revenue Funds					Total
Coronavirus Relief Fund	Parks and Recreation Fund	TIRZ Fund	Beach Maintenance Fund	Beach Nourishment Fund	Nonmajor Special Revenue Funds
\$ -	\$ -	\$ 277,272	\$ -	\$ -	\$ 277,272
-	-	-	3,131,066	715,526	6,038,841
-	4,350	-	-	-	433,928
-	-	-	-	-	15,290
-	-	-	4,485	-	4,485
-	125,000	-	-	211,665	1,899,244
-	-	-	204,100	257,614	693,090
-	10,000	-	6,134	-	188,242
-	139,350	277,272	3,345,785	1,184,805	9,550,392
20,000	-	-	113,705	-	133,705
-	-	-	523,546	-	528,430
-	-	-	2,779,107	407,000	3,186,107
-	-	-	-	-	1,849,714
-	124,891	-	-	-	124,891
-	-	-	-	-	1,737,058
127,607	85,064	-	251,301	-	1,861,397
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	1,136	-	14,661
-	-	-	82	-	3,864
-	-	-	-	-	-
147,607	209,955	-	3,668,877	407,000	9,439,827
(147,607)	(70,605)	277,272	(323,092)	777,805	110,565
-	-	-	53,507	-	53,507
-	-	-	-	-	27,098
-	-	-	-	-	-
-	143,243	-	27,115	-	381,103
-	-	-	(883,564)	-	(883,564)
-	143,243	-	(802,942)	-	(421,856)
(147,607)	72,638	277,272	(1,126,034)	777,805	(311,291)
211,458	184,041	472,428	5,668,670	5,900,746	19,042,828
\$ 63,851	\$ 256,679	\$ 749,700	\$ 4,542,636	\$ 6,678,551	\$ 18,731,537

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

	Capital Projects Funds		
	Capital Replacement Fund	Beach Access Fund	Bay Access Fund
<i>For the year ended September 30, 2024</i>			
Revenues			
Property taxes	\$ -	\$ -	\$ -
Nonproperty taxes	-	-	-
Fees and services	-	-	-
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	184,297	31,793
Interest revenue	-	-	-
Miscellaneous	-	-	-
Total revenues	-	184,297	31,793
Expenditures			
Current			
General government	47,515	-	-
Public safety	-	-	-
Shoreline	-	-	-
Transportation	-	-	-
Community service	-	-	-
Convention and visitors bureau	-	-	-
Capital outlay	112,394	1,221,680	42,390
Debt service			
Principal			
General obligation bonds	-	-	-
Tax anticipation notes	-	-	-
Venue tax revenue bonds	-	-	-
Leases	-	-	-
Interest	-	-	-
Administrative charges	-	-	-
Total expenditures	159,909	1,221,680	42,390
Excess (deficiency) of revenues over (under) expenditures	(159,909)	(1,037,383)	(10,597)
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Leases issued	-	-	-
Proceeds from issuance of debt	-	-	-
Transfers in	225,000	883,564	-
Transfers (out)	-	-	-
Total other financing sources (uses)	225,000	883,564	-
Net change in fund balances	65,091	(153,819)	(10,597)
Fund balance, beginning of year	554,511	1,090,507	78,583
Fund balance, end of year	\$ 619,602	\$ 936,688	\$ 67,986

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

Capital Projects Funds			
Laguna Blvd. Reconstruction Fund	Side Streets Project Fund	Fire Dept. Equipment Fund	Total Nonmajor Capital Projects Funds
\$ -	\$ -	\$ -	\$ -
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	216,090
39,520	46,689	-	86,209
-	-	-	-
39,520	46,689	-	302,299
-	-	-	47,515
-	-	-	-
-	-	-	-
-	-	-	-
-	-	-	-
1,554,781	1,543,774	-	4,475,019
-	-	-	-
-	-	-	-
-	-	-	-
-	-	40,466	40,466
-	-	-	-
1,554,781	1,543,774	40,466	4,563,000
(1,515,261)	(1,497,085)	(40,466)	(4,260,701)
-	-	-	-
-	-	-	-
-	-	2,345,000	2,345,000
256,469	-	-	1,365,033
-	(256,469)	-	(256,469)
256,469	(256,469)	2,345,000	3,453,564
(1,258,792)	(1,753,554)	2,304,534	(807,137)
1,591,193	3,066,611	-	6,381,405
\$ 332,401	\$ 1,313,057	\$ 2,304,534	\$ 5,574,268

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

	Debt Service Funds		
	Debt Service Fund	Venue Debt Service Fund	Venue Seasonal Reserve
<i>For the year ended September 30, 2024</i>			
Revenues			
Property taxes	\$ 1,922,243	\$ -	\$ -
Nonproperty taxes	-	-	-
Fees and services	-	-	-
Fines and forfeitures	-	-	-
Licenses and permits	-	-	-
Intergovernmental	-	-	-
Interest revenue	-	-	-
Miscellaneous	-	-	-
Total revenues	1,922,243	-	-
Expenditures			
Current			
General government	-	-	-
Public safety	-	-	-
Shoreline	-	-	-
Transportation	-	-	-
Community service	-	-	-
Convention and visitors bureau	-	-	-
Capital outlay	-	-	-
Debt service			
Principal			
General obligation bonds	575,000	-	-
Tax anticipation notes	935,000	-	-
Venue tax revenue bonds	-	210,000	-
Leases	-	-	-
Interest	395,869	297,588	-
Administrative charges	4,725	825	-
Total expenditures	1,910,594	508,413	-
Excess (deficiency) of revenues over (under) expenditures	11,649	(508,413)	-
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Leases issued	-	-	-
Proceeds from issuance of debt	-	-	-
Transfers in	-	508,588	-
Transfers (out)	-	-	-
Total other financing sources (uses)	-	508,588	-
Net change in fund balances	11,649	175	-
Fund balance, beginning of year	395,385	501	132,419
Fund balance, end of year	\$ 407,034	\$ 676	\$ 132,419

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

<u>Debt Service Funds</u>			
Venue Debt Service Reserve		Total Debt Service Funds	Total Non Major Governmental Funds
\$ -	\$	1,922,243	\$ 2,199,515
-		-	6,038,841
-		-	433,928
-		-	15,290
-		-	4,485
-		-	2,115,334
-		-	779,299
-		-	188,242
-		1,922,243	11,774,934
-		-	181,220
-		-	528,430
-		-	3,186,107
-		-	1,849,714
-		-	124,891
-		-	1,737,058
-		-	6,336,416
-		575,000	575,000
-		935,000	935,000
-		210,000	210,000
-		-	14,661
-		693,457	737,787
-		5,550	5,550
-		2,419,007	16,421,834
-		(496,764)	(4,646,900)
-		-	53,507
-		-	27,098
-		-	2,345,000
-		508,588	2,254,724
-		-	(1,140,033)
-		508,588	3,540,296
-		11,824	(1,106,604)
530,572		1,058,877	26,483,110
\$ 530,572	\$	1,070,701	\$ 25,376,506

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Nonproperty taxes	\$ 2,445,846	\$ 2,445,846	\$ 2,192,249	\$ (253,597)
Fees and services	336,000	336,000	429,578	93,578
Interest revenue	25,000	25,000	231,376	206,376
Miscellaneous	-	-	15,700	15,700
Total revenues	2,806,846	2,806,846	2,868,903	62,057
Expenditures				
Current				
Convention and visitors bureau	1,692,814	1,795,414	1,737,058	58,356
Capital outlay	43,318	1,277,517	1,324,934	(47,417)
Debt service				
Leases principal	-	-	7,108	(7,108)
Leases interest	-	-	872	(872)
Total expenditures	1,736,132	3,072,931	3,069,972	2,959
Excess (deficiency) of revenues over (under) expenditures	1,070,714	(266,085)	(201,069)	65,016
Other Financing Sources (Uses)				
Lease proceeds	-	-	27,098	27,098
Total other financing sources (uses)	-	-	27,098	27,098
Net change in fund balance	1,070,714	(266,085)	(173,971)	92,114
Fund balance, beginning of the year	5,717,519	5,717,519	5,717,519	-
Fund balance, end of year	\$ 6,788,233	\$ 5,451,434	\$ 5,543,548	\$ 92,114

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 3,500	\$ 3,500	\$ 6,975	\$ 3,475
Total revenues	3,500	3,500	6,975	3,475
Expenditures				
Current				
Public safety	5,911	5,911	1,276	4,635
Total expenditures	5,911	5,911	1,276	4,635
Net change in fund balance	(2,411)	(2,411)	5,699	8,110
Fund balance, beginning of the year	17,067	17,067	17,067	-
Fund balance, end of year	\$ 14,656	\$ 14,656	\$ 22,766	\$ 8,110

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 5,000	\$ 5,000	\$ 8,315	\$ 3,315
Total revenues	5,000	5,000	8,315	3,315
Expenditures				
Current				
Public safety	9,693	7,693	3,608	4,085
Capital Outlay	-	22,000	24,991	(2,991)
Total expenditures	9,693	29,693	28,599	1,094
Net change in fund balance	(4,693)	(24,693)	(20,284)	4,409
Fund balance, beginning of the year	83,433	83,433	83,433	-
Fund balance, end of year	\$ 78,740	\$ 58,740	\$ 63,149	\$ 4,409

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 1,757,937	\$ 1,757,937	\$ 1,562,579	\$ (195,358)
Miscellaneous	191,239	191,239	156,408	(34,831)
Total revenues	1,949,176	1,949,176	1,718,987	(230,189)
Expenditures				
Current				
Transportation	2,096,886	2,136,377	1,849,714	286,663
Capital outlay	86,991	47,500	47,500	-
Debt service				
Leases principal	-	-	6,417	(6,417)
Leases interest	-	-	2,910	(2,910)
Total expenditures	2,183,877	2,183,877	1,906,541	277,336
Excess (deficiency) of revenues over (under) expenditures	(234,701)	(234,701)	(187,554)	47,147
Other Financing Sources				
Lease proceeds	-	-	-	-
Transfers in	231,400	231,400	210,745	(20,655)
Total other financing sources	231,400	231,400	210,745	(20,655)
Net change in fund balance	(3,301)	(3,301)	23,191	26,492
Fund balance, beginning of the year	787,466	787,466	787,466	-
Fund balance, end of year	\$ 784,165	\$ 784,165	\$ 810,657	\$ 26,492

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current				
General government	-	22,938	20,000	2,938
Capital outlay	-	290,873	127,607	163,266
Total expenditures	-	313,811	147,607	166,204
Net change in fund balance	-	(313,811)	(147,607)	166,204
Fund balance, beginning of the year	211,458	211,458	211,458	-
Fund balance, end of year	\$ 211,458	\$ (102,353)	\$ 63,851	\$ 166,204

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fees and services	\$ 3,750	\$ 3,750	\$ 4,350	\$ 600
Intergovernmental	-	-	125,000	125,000
Miscellaneous	-	-	10,000	10,000
Total revenues	3,750	3,750	139,350	135,600
Expenditures				
Current				
Community service	132,258	132,258	124,891	7,367
Capital outlay	10,000	198,186	85,064	113,122
Total expenditures	142,258	330,444	209,955	120,489
Excess (deficiency) of revenues over (under) expenditures	(138,508)	(326,694)	(70,605)	256,089
Other Financing Sources				
Transfers in	143,243	143,243	143,243	-
Total other financing sources	143,243	143,243	143,243	-
Net change in fund balance	4,735	(183,451)	72,638	256,089
Fund balance, beginning of the year	184,041	184,041	184,041	-
Fund balance, end of year	\$ 188,776	\$ 590	\$ 256,679	\$ 256,089

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 354,200	\$ 354,200	\$ 277,272	\$ (76,928)
Total revenues	354,200	354,200	277,272	(76,928)
Expenditures				
Current				
General government	-	60,175	-	60,175
Total expenditures	-	60,175	-	60,175
Net change in fund balance	354,200	294,025	277,272	(16,753)
Fund balance, beginning of the year	472,428	472,428	472,428	-
Fund balance, end of year	\$ 826,628	\$ 766,453	\$ 749,700	\$ (16,753)

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Nonproperty taxes	\$ 3,193,187	\$ 3,193,187	\$ 3,131,066	\$ (62,121)
Licenses and permits	3,500	3,500	4,485	985
Intergovernmental	-	690,000	-	(690,000)
Interest revenue	-	-	204,100	204,100
Miscellaneous	-	3,150	6,134	2,984
Total revenues	3,196,687	3,889,837	3,345,785	(544,052)
Expenditures				
Current				
General government	110,597	113,597	113,705	(108)
Public safety	554,191	565,914	523,546	42,368
Shoreline	1,393,491	3,303,605	2,779,107	524,498
Capital outlay	115,000	312,272	251,301	60,971
Debt service				
Leases principal	-	-	1,136	(1,136)
Leases interest	-	-	82	(82)
Total expenditures	2,173,279	4,295,388	3,668,877	626,511
Excess (deficiency) of revenues over (under) expenditures	1,023,408	(405,551)	(323,092)	82,459
Other Financing Sources (Uses)				
Sale of capital assets	-	-	53,507	53,507
Transfers in	-	-	27,115	27,115
Transfers out	-	(883,564)	(883,564)	-
Total other financing sources (uses)	-	(883,564)	(802,942)	80,622
Net change in fund balance	1,023,408	(1,289,115)	(1,126,034)	163,081
Fund balance, beginning of the year	5,668,670	5,668,670	5,668,670	-
Fund balance, end of year	\$ 6,692,078	\$ 4,379,555	\$ 4,542,636	\$ 163,081

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Nonproperty taxes	\$ 798,296	\$ 798,296	\$ 715,526	\$ (82,770)
Interest revenue	-	-	257,614	257,614
Total revenues	1,198,296	1,348,296	1,184,805	(163,491)
Expenditures				
Current				
Shoreline	422,000	722,000	407,000	315,000
Total expenditures	422,000	722,000	407,000	315,000
Net change in fund balance	776,296	626,296	777,805	151,509
Fund balance, beginning of the year	5,900,746	5,900,746	5,900,746	-
Fund balance, end of year	\$ 6,677,042	\$ 6,527,042	\$ 6,678,551	\$ 151,509

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous and program revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current				
General government	\$ 95,283	\$ 146,413	\$ 47,515	\$ 98,898
Capital outlay	79,877	453,014	112,394	340,620
Total expenditures	175,160	599,427	159,909	439,518
Excess (deficiency) of revenues over (under) expenditures	(175,160)	(599,427)	(159,909)	439,518
Other Financing Sources				
Transfers in	225,000	225,000	225,000	-
Total other financing sources	225,000	225,000	225,000	-
Net change in fund balance	49,840	(374,427)	65,091	439,518
Fund balance, beginning of the year	554,511	554,511	554,511	-
Fund balance, end of year	\$ 604,351	\$ 180,084	\$ 619,602	\$ 439,518

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 330,000	\$ 330,000	\$ 184,297	\$ (145,703)
Miscellaneous and program revenues	-	-	-	-
Total revenues	330,000	330,000	184,297	-
Expenditures				
Capital outlay	30,000	1,650,226	1,221,680	428,546
Total expenditures	30,000	1,650,226	1,221,680	428,546
Excess (deficiency) of revenues over (under) expenditures	300,000	(1,320,226)	(1,037,383)	428,546
Other Financing Sources				
Transfers in	-	883,564	883,564	-
Total other financing sources	-	883,564	883,564	-
Net change in fund balance	300,000	(436,662)	(153,819)	428,546
Fund balance, beginning of the year	1,090,507	1,090,507	1,090,507	-
Fund balance, end of year	\$ 1,390,507	\$ 653,845	\$ 936,688	\$ 282,843

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ -	\$ -	\$ 31,793	\$ 31,793
Total revenues	-	-	31,793	-
Expenditures				
Current				
Capital outlay	-	51,890	42,390	9,500
Total expenditures	-	51,890	42,390	9,500
Net change in fund balance	-	(51,890)	(10,597)	9,500
Fund balance, beginning of the year	78,583	78,583	78,583	-
Fund balance, end of year	\$ 78,583	\$ 26,693	\$ 67,986	\$ 41,293

City of South Padre Island, Texas
Budgetary Comparison Schedule – Laguna Blvd Reconstruction Fund

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Interest revenue	\$ -	\$ -	\$ 39,520	\$ 39,520
Total revenues	-	-	39,520	39,520
Expenditures				
Capital outlay	-	2,086,028	1,554,781	531,247
Total expenditures	-	2,086,028	1,554,781	531,247
Excess (deficiency) of revenues over (under) expenditures	-	(2,086,028)	(1,515,261)	570,767
Other Financing Sources				
Transfers in	-	256,469	256,469	-
Total other financing sources	-	256,469	256,469	-
Net change in fund balance	-	(1,829,559)	(1,258,792)	570,767
Fund balance, beginning of the year	1,591,193	1,591,193	1,591,193	-
Fund balance, end of year	\$ 1,591,193	\$ (238,366)	\$ 332,401	\$ 570,767

City of South Padre Island, Texas
Budgetary Comparison Schedule – Side Streets Project Fund

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Interest revenue	\$ -	\$ -	\$ 46,689	\$ 46,689
Total revenues	-	-	46,689	46,689
Expenditures				
Current				
Shoreline	-	-	-	-
Capital outlay	-	2,340,511	1,543,774	796,737
Total expenditures	-	2,340,511	1,543,774	796,737
Excess (deficiency) of revenues over (under) expenditures	-	(2,340,511)	(1,497,085)	843,426
Other Financing Sources (Use)				
Transfers out	-	(256,469)	(256,469)	-
Total other financing sources (Use)	-	(256,469)	(256,469)	-
Net change in fund balance	-	(2,596,980)	(1,753,554)	843,426
Fund balance, beginning of the year	3,066,611	3,066,611	3,066,611	-
Fund balance, end of year	\$ 3,066,611	\$ 469,631	\$ 1,313,057	\$ 843,426

City of South Padre Island, Texas
Budgetary Comparison Schedule – Fire Dept. Equipment Fund

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Current				
General government	-	-	-	-
Debt service				
Interest	-	-	40,466	(40,466)
Total expenditures	-	-	40,466	(40,466)
Excess (deficiency) of revenues over (under) expenditures	-	-	(40,466)	(40,466)
Other Financing Sources (Uses)				
Proceeds from issuance of debt	-	-	2,345,000	2,345,000
Total other financing sources (uses)	-	-	2,345,000	2,345,000
Net change in fund balance	-	-	2,304,534	2,304,534
Fund balance, beginning of the year	-	-	-	-
Fund balance, end of year	\$ -	\$ -	\$ 2,304,534	\$ 2,304,534

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	\$ 1,903,026	\$ 1,903,026	\$ 1,922,243	\$ 19,217
Total revenues	1,903,026	1,903,026	1,922,243	19,217
Expenditures				
Debt service				
Principal - bonds				
General obligation bonds	545,000	545,000	575,000	(30,000)
Tax anticipation notes	965,000	965,000	935,000	30,000
Interest	395,870	395,870	395,869	1
Administrative charges	4,000	4,000	4,725	(725)
Total expenditures	1,909,870	1,909,870	1,910,594	(724)
Net change in fund balance	(6,844)	(6,844)	11,649	18,493
Fund balance, beginning of the year	395,385	395,385	395,385	-
Fund balance, end of year	\$ 388,541	\$ 388,541	\$ 407,034	\$ 18,493

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

<i>For the year ended September 30, 2024</i>	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Miscellaneous and program revenues	\$ -	\$ -	\$ -	\$ -
Total revenues	-	-	-	-
Expenditures				
Debt service				
Principal - bonds				
Venue tax revenue bonds	\$ 210,000	\$ 210,000	\$ 210,000	\$ -
Interest	297,588	297,588	297,588	-
Administrative charges	1,000	1,000	825	175
Total expenditures	508,588	508,588	508,413	175
Excess (deficiency) of revenues over (under) expenditures	(508,588)	(508,588)	(508,413)	175
Other Financing Sources				
Transfers in	508,588	508,588	508,588	-
Total other financing sources	508,588	508,588	508,588	-
Net change in fund balance	-	-	175	175
Fund balance, beginning of the year	501	501	501	-
Fund balance, end of year	\$ 501	\$ 501	\$ 676	\$ 175

City of South Padre Island, Texas Component Unit

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

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

<i>September 30, 2024</i>	Economic Development Corporation General Fund	EDC Debt Service Reserve Fund	EDC Debt Service Fund	BNC Facility Maintenance	Total Component Unit
Assets					
Cash and cash equivalents	\$ 1,817,054	\$ -	\$ -	\$ 328,322	\$ 2,145,376
Cash and cash equivalents - restricted	-	416,184	13,882	-	430,066
Investments - restricted	666,221	-	26,131	-	692,352
Receivables	130,630	-	-	-	130,630
Prepaid items	-	-	374,076	-	374,076
Total assets	\$ 2,613,905	\$ 416,184	\$ 414,089	\$ 328,322	\$ 3,772,500
Liabilities and Fund Balances					
Liabilities					
Other liabilities	\$ 2,764	\$ -	\$ -	\$ -	\$ 2,764
Total liabilities	2,764	-	-	-	2,764
Fund Balances					
Nonspendable	-	-	374,076	-	374,076
Restricted	-	416,184	40,013	-	456,197
Unassigned	2,611,141	-	-	328,322	2,939,463
Total fund balances	2,611,141	416,184	414,089	328,322	3,769,736
Total liabilities and fund balances	\$ 2,613,905	\$ 416,184	\$ 414,089	\$ 328,322	\$ 3,772,500

City of South Padre Island, Texas
South Padre Island Economic Development Corporation
Reconciliation of the Combining Balance Sheet of the
Component Unit to the Statement of Net Position

September 30, 2024

Fund balances of the component unit funds	\$ 3,769,736
<p>Amounts reported for governmental type activities in the statement of net position are different because:</p>	
<p>Capital assets used in governmental type activities are not financial resources and therefore are not reported in the funds.</p>	5,140,290
<p>Long term liabilities, including bonds payable, and premiums are not due in the current period and therefore not reported in the funds.</p>	(1,550,129)
<p>Deferred outflows of resources related to amounts deferred on refundings of long term debt and are not reported in the funds.</p>	65,435
<p>Liabilities for accrued interest on long-term debt are not due in the current period and therefore are not reported in the funds.</p>	(24,074)
<p>Included in the statement of net position non-current liabilities is the recognition of the EDC's portion of net pension liability required by GASB 68 in the amount of \$(30,795), a deferred resource inflow in the amount of (\$2,438), and a deferred resource outflow in the amount of \$26,403. This resulted in a decrease in net position.</p>	(6,830)
<p>Included in the noncurrent liabilities is the recognition of the EDC's portion of the OPEB liability required by GASB 75 in the amount of \$(3,999), a deferred resource inflow in the amount of (\$1,540) and a deferred resource outflow in the amount of \$978. This resulted in a decrease in net position.</p>	(4,561)
<p>Net position of governmental type activities</p>	\$ 7,389,867

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

<i>For the year ended September 30, 2024</i>	Economic Development Corporation General Fund	EDC Debt Service Reserve Fund	EDC Debt Service Fund	BNC Facility Maintenance	Total Component Unit
Revenues					
Sales taxes	\$ 1,319,780	\$ -	\$ -	\$ -	\$ 1,319,780
Interest revenue	24,623	-	-	-	24,623
Miscellaneous and program revenues	52,800	-	1,354	-	54,154
Total revenues	1,397,203	-	1,354	-	1,398,557
Expenditures					
Current					
Community service	639,192	-	-	4,798	643,990
Debt service					
Principal retirement	-	-	340,000	-	340,000
Interest expense	-	-	51,950	-	51,950
Total expenditures	639,192	-	391,950	4,798	1,035,940
Excess (deficiency) of revenues over (under) expenditures	758,011	-	(390,596)	(4,798)	362,617
Other Financing Sources (Uses)					
Transfers out	(473,150)	-	-	-	(473,150)
Transfers in	-	-	398,150	75,000	473,150
Total other financing sources (uses)	(473,150)	-	398,150	75,000	-
Net change in fund balances	284,861	-	7,554	70,202	362,617
Fund balance, beginning of year	2,326,280	416,184	406,535	258,120	3,407,119
Fund balance, end of year	\$ 2,611,141	\$ 416,184	\$ 414,089	\$ 328,322	\$ 3,769,736

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

For the year ended September 30, 2024

Net change in fund balances - total component unit funds	\$	362,617
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Amounts reported for governmental type activities in the statement of activities are different because:

Governmental type funds report capital outlay as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The current year depreciation of \$(164,784) reduces the change in net position.		(164,784)
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The amortization of bond premiums \$18,782 reduces interest expense in the statement of activities, and amortization of debt refunding related deferred outflows of resources of (\$16,359) is an expenditure in the statement of activities but not in the governmental funds. The net effect of including the amortization of deferred outflows of resources and bond premium is to increase net position.		2,423
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Repayment of bond principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position.		340,000
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The change in accrued interest on long-term debt provides decreases in long-term liabilities in the statement of net position.		3,400
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GASB 68 requires that certain expenditures be de-expended and recorded as deferred resource outflows. Contributions made after the measurement date of 12/31/23 caused the change in the ending net position to increase in the amount of \$9,736. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(9,077). The City's reported TMRS net pension expense had to be recorded. The pension expense decreased the change in net position by \$(535). The result of these changes is to increase net position.		124
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The implementation of GASB 75 required that certain expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of 12/31/23 caused the change in the ending net position to increase in the amount of \$225. Contributions made before the measurement date but after the previous measurement date were reversed from deferred resource outflows and recorded as a current year expense. This caused a decrease in the change in net position totaling \$(218). The City's reported TMRS OPEB expense had to be recorded. The OPEB expense increased net position by \$117. The result of these changes is to increase net position.		124
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Change in net position of governmental activities	\$	543,904
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STATISITCAL SECTION



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City of South Padre Island, Texas Statistical Section

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

CONTENTS

Financial Trends **Schedules 1-4**

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

Revenue Capacity **Schedules 5-9**

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

Debt Capacity **Schedules 10-13**

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

Demographic and Economic Information **Schedule 14**

This schedule offers demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.

Operating Information **Schedules 15-18**

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

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

	2015	2016	2017***	2018
Governmental activities				
Net investment in capital assets	\$ 16,920,738	\$ 19,810,801	\$ 22,437,085	\$ 25,616,028
Restricted	13,800,147	14,397,545	15,101,328	17,386,999
Unrestricted	7,484,310	5,485,644	5,092,044	4,958,764
Total governmental activities net position	\$ 38,205,195	\$ 39,693,990	\$ 42,630,457	\$ 47,961,791

Source: Statement of Net Position

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

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

2019	2020	2021	2022	2023	2024
\$ 28,045,389	\$ 27,214,217	\$ 29,334,470	\$ 29,909,022	\$ 30,014,420	\$ 30,861,234
19,918,111	23,949,542	34,978,234	45,288,791	53,988,251	57,842,239
5,798,172	6,121,659	7,856,051	10,056,575	12,570,508	14,289,680
<u>\$ 53,761,672</u>	<u>\$ 57,285,418</u>	<u>\$ 72,168,755</u>	<u>\$ 85,254,388</u>	<u>\$ 96,573,179</u>	<u>\$ 102,993,153</u>

	2015	2016	2017	2018
Expenses				
Governmental activities:				
General government	\$ 3,549,479	\$ 3,693,337	\$ 4,194,171	\$ 4,073,602
Public safety	5,534,493	5,871,489	6,041,026	6,363,761
Public works/Shoreline	3,033,574	3,287,013	3,476,918	4,215,756
Transportation	1,639,747	1,698,124	1,813,049	1,794,636
Community service	47,101	1,519,768	136,945	197,944
Convention and visitors bureau	5,833,410	7,083,205	8,158,210	9,379,337
Interest on long-term debt	382,782	434,901	804,150	581,354
Total primary governmental activities expenses	20,020,586	23,587,837	24,624,469	26,606,390
Program Revenues				
Governmental activities:				
Charges for services:				
General government	453,066	472,715	747,718	660,501
Public safety	878,790	1,188,668	1,228,417	1,778,641
Public works/Shoreline	44,853	45,623	-	-
Transportation	-	-	-	-
Community service	-	-	-	22,092
Convention and visitors bureau	249,927	256,369	301,620	312,444
Operating grants and contributions	2,160,260	1,765,405	1,655,530	3,003,264
Capital grants and contributions	662,306	893,030	561,717	802,184
Total governmental activities program revenues	4,449,202	4,621,810	4,495,002	6,579,126
Net (Expense)/Revenue				
Total primary government net expense	(15,571,384)	(18,966,027)	(20,129,467)	(20,027,264)
General Revenues				
Property taxes	6,551,645	7,075,139	7,604,876	7,904,409
Sales & mixed beverage taxes	2,663,089	2,650,546	2,775,551	2,896,023
Franchise taxes	862,253	886,363	882,469	885,011
Hotel motel taxes	7,160,795	7,360,083	9,291,508	10,340,024
Hotel motel beach mtn. taxes	2,171,319	2,217,195	2,388,471	2,619,316
Unrestricted investment earnings	31,952	82,464	180,490	536,833
Gain/(loss) on disposal of capital assets	58	48,779	114,022	42,253
Insurance recoveries	-	-	-	-
Miscellaneous	247,131	128,478	113,282	134,729
Total general revenues	19,688,242	20,449,047	23,350,669	25,358,598
Changes in Net Position				
Total governmental activities	\$ 4,116,858	\$ 1,483,020	\$ 3,221,202	\$ 5,331,334

Source: Statement of Activities

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

2019	2020	2021	2022	2023	2024
\$ 4,034,629	\$ 4,264,772.00	\$ 3,820,322	\$ 4,416,084	\$ 4,969,391	\$ 6,618,643
6,965,278	6,463,558	6,479,131	6,863,803	8,262,976	8,521,713
4,405,207	4,432,491	4,961,458	5,896,940	5,789,297	7,905,455
1,866,276	1,874,534	2,053,720	2,160,980	2,306,392	2,265,914
183,225	232,617	254,806	230,803	257,219	265,956
10,041,264	7,355,929	6,486,339	8,715,267	8,896,692	10,388,344
566,295	571,314	623,733	430,554	458,574	568,598
28,062,174	25,195,215	24,679,509	28,714,431	30,940,541	36,534,623
728,337	697,980	764,398	512,218	1,083,608	1,307,408
1,436,732	1,028,708	1,029,886	1,419,581	1,212,744	1,297,008
-	-	-	-	-	-
-	-	-	-	-	-
7,902	3,550	4,625	5,475	6,400	4,350
277,784	175,473	148,016	333,073	419,615	429,578
1,589,941	1,868,133	1,937,021	3,444,973	1,968,745	2,195,336
3,519,537	271,409	1,530,421	1,591,435	749,531	847,062
7,560,233	4,045,253	5,414,367	7,306,755	5,440,643	6,080,742
(20,501,941)	(21,149,962)	(19,265,142)	(21,407,676)	(25,499,898)	(30,453,881)
8,040,930	8,301,537	8,270,550	8,288,587	9,060,930	9,623,253
3,091,023	2,890,117	4,420,081	4,521,155	4,769,853	4,496,864
886,318	856,673	871,066	922,027	958,246	922,094
10,650,064	9,330,334	15,895,542	15,988,214	15,534,794	14,313,480
2,741,917	2,725,754	4,247,074	4,333,632	4,168,093	3,846,591
802,814	461,092	93,774	184,970	1,680,748	3,044,234
(9,839)	5,690	97,517	-	-	-
-	-	252,874	-	-	-
98,595	102,511	-	254,727	646,025	627,339
26,301,822	24,673,708	34,148,478	34,493,312	36,818,689	36,873,855
\$ 5,799,881	\$ 3,523,746	\$ 14,883,336	\$ 13,085,636	\$ 11,318,791	\$ 6,419,974

	2015	2016	2017	2018
General Fund				
Post GASB 54				
Nonspendable	\$ 56,321	\$ 58,086	\$ 57,138	\$ 65,310
Restricted	-	113,072	93,690	19,450
Committed	-	-	-	-
Unassigned	6,835,686	6,685,288	7,225,128	7,547,484
Total post GASB 54	\$ 6,892,007	\$ 6,856,446	\$ 7,375,956	\$ 7,632,244

All Other Governmental Funds				
Post GASB 54				
Nonspendable	\$ 1,504,355	\$ 37,490	\$ 45,835	\$ 43,963
Restricted:				
Debt service	386,436	413,573	1,162,706	1,068,295
Capital projects	3,603,413	6,362,226	12,596,025	10,498,218
Hotel/motel tax	5,986,315	6,630,832	7,374,465	7,706,319
Beach nourishment	1,416,745	1,872,911	2,292,912	2,719,847
Transportation	320,366	231,280	179,071	80,739
Beach maintenance	2,050,584	2,260,996	1,808,674	2,608,336
Municipal court	72,385	61,026	69,279	74,372
Parks and recreation	3,117	3,884	8,085	27,935
TIRZ	-	-	-	-
Criminal justice	3,644	3,644	3,644	-
Venue project	-	-	980,080	2,626,997
Coronavirus relief	-	-	-	-
Assigned	-	-	-	-
Unassigned	21,923	-	-	-
Total post GASB 54	\$ 15,369,283	\$ 17,877,862	\$ 26,520,776	\$ 27,455,021

Source: Statement of Net Position

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

2019	2020	2021	2022	2023	2024
\$ 64,963	\$ 64,153	\$ 64,940	\$ 70,811	\$ 59,045	\$ 57,923
19,450	34,409	28,250	112,664	94,821	257,103
8,700	-	-	-	-	-
8,263,718	8,489,898	9,717,957	10,560,730	11,510,429	11,955,950
<u>\$ 8,356,831</u>	<u>\$ 8,588,460</u>	<u>\$ 9,811,147</u>	<u>\$ 10,744,205</u>	<u>\$ 11,664,295</u>	<u>\$ 12,270,976</u>

\$ 81,333	\$ 77,997	\$ 83,693	\$ 95,443	\$ 106,994	\$ 2,326,069
1,066,073	1,053,709	1,063,431	1,029,328	1,058,877	1,070,701
13,541,383	10,918,288	15,431,371	2,682,499	4,657,804	1,717,121
7,553,277	8,981,673	16,206,318	21,232,451	25,435,194	27,747,832
3,232,805	3,618,397	3,165,617	5,023,150	5,900,746	6,678,551
74,242	198,637	259,532	528,821	741,049	764,334
2,885,300	3,208,995	4,559,811	5,160,007	5,664,242	4,538,136
77,995	76,631	80,678	88,308	100,500	85,915
181,925	162,050	184,360	146,833	184,041	256,679
187,222	226,822	265,065	286,914	472,428	749,700
-	-	-	-	-	-
-	-	-	10,915,106	14,017,897	15,536,237
-	-	15,028	7,035	211,458	63,851
-	-	-	1,743,218	1,723,601	1,624,276
-	-	-	-	-	-
<u>\$ 28,881,555</u>	<u>\$ 28,523,199</u>	<u>\$ 41,314,904</u>	<u>\$ 48,939,113</u>	<u>\$ 60,274,831</u>	<u>\$ 63,159,402</u>

	2015	2016	2017	2018
REVENUES				
Property taxes	\$ 6,606,286	\$ 7,103,497	\$ 7,611,725	\$ 7,878,646
Nonproperty taxes	12,857,456	13,114,187	15,337,999	16,740,374
Fees and services	970,681	1,007,064	1,256,654	1,774,567
Fines and forfeitures	447,666	627,825	577,801	465,341
Licenses and permits	257,990	264,933	447,276	214,353
Intergovernmental	2,772,565	2,654,058	2,167,247	3,767,948
Interest	-	-	-	-
Miscellaneous and program revenues	329,088	259,646	343,772	709,063
Total revenues	24,241,732	25,031,210	27,742,474	31,550,292
EXPENDITURES				
General	3,184,592	3,308,828	3,744,505	3,668,683
Public safety	5,042,426	5,173,137	5,301,832	6,007,725
Public works & shoreline	2,360,877	2,402,321	2,594,156	2,971,163
Transportation	1,491,095	1,513,709	1,667,605	1,620,754
Community service	50,810	1,456,385	77,028	73,096
Convention and visitors bureau	4,975,850	5,867,540	6,912,159	8,186,446
SPI Museum	-	-	-	-
Debt service				
Principal retirement	750,543	1,083,087	1,619,609	1,766,610
Interest	275,741	372,256	401,337	675,625
Bond issue costs	103,079	89,736	323,462	-
Administrative charges	4,245	4,337	4,748	33,159
Capital outlay	5,690,771	5,586,040	5,513,541	5,401,123
Total expenditures	23,930,029	26,857,376	28,159,982	30,404,384
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES				
	311,703	(1,826,166)	(417,508)	1,145,908
Other financing sources (uses)				
Sale of capital assets	38,068	54,420	144,037	44,625
Lease Proceeds	-	144,335	-	-
Proceeds from issuance of bonds	2,905,000	3,890,000	9,085,000	-
Premium on issuance of bonds	202,263	210,429	350,895	-
Uses of debt refunding	-	-	-	-
Transfers out	(4,075,166)	(957,804)	(2,717,149)	(1,400,077)
Transfers in	4,075,166	957,804	2,717,149	1,400,077
Total other financing sources and (uses)	3,145,331	4,299,184	9,579,932	44,625
Net change in fund balances	\$ 3,457,034	\$ 2,473,018	\$ 9,162,424	\$ 1,190,533
Debt service as a percentage of noncapital expenditures	5.63%	6.84%	8.92%	9.77%

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

	2019	2020	2021	2022	2023	2024
\$	8,042,818	\$ 8,304,547	\$ 8,347,932	\$ 8,294,794	\$ 9,077,022	\$ 9,610,382
	17,369,323	15,802,878	25,383,521	25,765,026	25,430,986	23,579,030
	1,872,971	1,242,535	1,354,175	1,536,975	1,654,281	1,737,103
	390,923	232,682	350,361	400,630	341,785	537,637
	233,392	216,544	332,694	512,218	683,285	858,146
	5,059,478	2,089,542	3,417,442	3,419,689	3,905,827	2,826,828
	-	-	-	184,972	1,680,748	3,044,235
	948,184	613,603	396,649	555,892	693,961	688,346
	33,917,089	28,502,331	39,582,774	40,670,196	43,467,895	42,881,707
	3,614,808	3,918,869	3,522,109	4,209,810	4,276,646	6,048,588
	6,277,545	5,987,220	6,356,671	6,764,074	7,377,699	7,868,520
	3,118,237	3,159,552	3,615,910	4,056,594	3,871,014	5,995,801
	1,504,305	1,572,096	1,794,194	1,824,700	1,843,547	1,849,714
	64,598	115,306	94,746	98,041	128,242	124,891
	8,779,956	6,128,030	5,341,205	32,066	8,249,800	9,661,186
	-	-	27,542	8,041,648	-	-
	1,620,000	1,793,060	1,781,495	1,742,847	1,745,437	1,798,645
	142,804	581,340	483,453	597,635	543,196	739,876
	624,982	-	188,821	-	-	-
	12,125	3,500	3,499	4,249	2,750	5,550
	6,053,344	5,479,644	7,687,883	4,815,112	7,351,319	7,728,829
	31,812,704	28,738,617	30,897,528	32,186,776	35,389,650	41,821,600
	2,104,385	(236,286)	8,685,246	8,483,420	8,078,245	1,060,107
	46,736	18,607	126,480	70,585	46,713	59,047
	-	90,952	-	-	20,832	27,098
	-	-	6,890,000	3,263	3,790,000	2,345,000
	-	-	768,535	-	320,019	-
	-	-	(2,455,869)	-	-	-
	(1,500,314)	1,791,872	1,136,944	2,666,240	3,961,536	2,302,179
	1,500,314	(1,791,872)	(1,136,944)	(2,666,240)	(3,961,536)	(2,302,179)
	46,736	109,559	5,329,146	73,848	4,177,564	2,431,145
\$	2,151,121	\$ (126,727)	\$ 14,014,392	\$ 8,557,268	\$ 12,255,809	\$ 3,491,252
	6.84%	10.21%	9.76%	8.55%	8.16%	7.45%

City of South Padre Island, Texas
Schedule 5 – Assessed Value and
Actual Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended September 30,	Net Taxable Assessed Value		Less: Exempt Property & Homestead Cap	Total Taxable Assessed Value	Total Direct Tax Rate
	Real Property	Personal Property			
2015	\$ 2,574,041,045	\$ 32,621,783	\$ 90,276,002	\$ 2,516,386,826	0.262750
2016	2,535,461,500	34,181,366	91,123,668	2,478,519,198	0.285640
2017	2,553,862,437	33,883,054	91,934,403	2,495,811,088	0.305640
2018	2,579,281,031	35,135,283	90,801,714	2,523,614,600	0.315640
2019	2,613,444,214	39,663,066	94,519,162	2,558,588,118	0.315640
2020	2,707,741,919	34,551,698	97,017,507	2,645,276,110	0.315640
2021	2,578,066,179	36,207,138	102,167,898	2,512,105,419	0.313740
2022	2,721,796,263	36,792,988	102,874,275	2,655,714,976	0.313740
2023	3,250,219,105	38,735,320	155,338,926	3,133,615,499	0.289143
2024	4,416,571,376	41,570,722	264,638,948	4,193,503,150	0.232159

Source: Cameron County Appraisal District.

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

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

Fiscal Period	City of South Padre Island Direct Rates			Laguna Madre Water District	Point Isabel ISD	Cameron County	Texas Southmost College District	South Texas ISD
	Maintenance & Operations Rate	Debt Service	Total Direct					
2015	0.235468	0.027286	0.262754	0.039260	1.081634	0.399291	0.164094	0.049200
2016	0.239110	0.046530	0.285640	0.044643	1.081634	0.399291	0.164094	0.049200
2017	0.239110	0.066530	0.305640	0.045020	1.081634	0.407743	0.158224	0.049200
2018	0.249640	0.066000	0.315640	0.043860	1.081634	0.410803	0.162407	0.049200
2019	0.250245	0.065395	0.315640	0.040101	1.080657	0.416893	0.162407	0.049200
2020	0.252024	0.063616	0.315640	0.038821	1.021900	0.436893	0.162407	0.049200
2021	0.251760	0.061980	0.313740	0.039918	1.009000	0.436893	0.162407	0.049200
2022	0.252182	0.061558	0.313740	0.038201	1.009000	0.436893	0.154635	0.049200
2023	0.233333	0.055810	0.289143	0.069300	0.905420	0.436893	0.144916	0.049200
2024	0.185021	0.047138	0.232159	0.056389	0.825000	0.431893	0.119767	0.049200

Source: Cameron County Appraisal District.

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

Taxpayer	2024			2015		
	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation	Taxable Assessed Valuation	Rank	Percentage of Total Assessed Valuation
Hosp Soutx Marg LLC	\$ 37,038,790	1	0.88%			
Modern Resort Lodging LLC	33,319,903	2	0.79%			
Affiliated Hospitality LLC	27,600,000	3	0.66%	6,689,867	10	0.26%
S P I Management Co.	22,392,677	4	0.53%			
Innjoy Hospitality LLC	21,822,000	5	0.52%			
SPI Oleander Ltd.	18,950,000	6	0.45%			
SPI La Copa Ltd.	18,200,000	7	0.43%			
Peninsula Island Resort & Spa LLC	12,888,831	8	0.31%	8,224,739	5	0.32%
ICS Management Company	12,482,773	9	0.30%	8,093,443	6	0.31%
AGORA USA LP	11,299,078	10	0.27%	10,738,595	2	0.42%
SPI Beach Water Resort Waterpark LLC				10,882,174	1	0.42%
Bahia Mar Tower LLC				9,591,971	3	0.37%
Sapphire VP LP (ID 526932)				9,000,000	4	0.35%
Los Corales Inc.				7,332,010	7	0.28%
Shores Development Inc.				7,079,339	8	0.27%
First National Bank				7,047,737	9	0.27%
Total	\$ 215,994,052		5.14%	\$ 84,679,875		3.27%

Source: Cameron County Appraisal District

City of South Padre Island, Texas
Schedule 8 – Property Tax Levies and Collections
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Roll Year	Taxes Levied for the Fiscal Year		Percentage of Levy	Collections in Subsequent Years	Percentage of Levy	
		Amount	Amount		Amount	Amount	
2015	2014	\$ 6,569,334	\$ 6,450,296	98.19%	\$ 116,715	\$ 6,567,011	99.96%
2016	2015	7,113,610	6,984,635	98.19%	126,056	7,110,691	99.96%
2017	2016	7,632,203	7,509,760	98.40%	120,648	7,630,408	99.98%
2018	2017	7,899,157	7,771,172	98.38%	125,801	7,896,973	99.97%
2019	2018	8,013,234	7,875,949	98.29%	133,753	8,009,702	99.96%
2020	2019	8,268,785	8,126,021	98.27%	138,021	8,264,042	99.94%
2021	2020	8,279,080	8,181,503	98.82%	91,943	8,273,446	99.93%
2022	2021	8,378,307	8,291,238	98.96%	79,140	8,370,378	99.91%
2023	2022	9,059,985	8,973,404	99.04%	72,661	9,046,065	99.85%
2024	2023	9,670,126	9,554,325	98.80%	-	9,554,325	98.80%

Source: Cameron County Appraisal District.

City of South Padre Island, Texas
Schedule 9 – Tax Revenues by Source – Governmental Funds
Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)

Fiscal Year	Property Taxes	General Fund Sales & Mixed Beverage Tax	Franchise Tax	Local and State Hotel Motel Tax	Total
2015	\$ 6,606,289	\$ 2,663,089	\$ 862,253	\$ 9,330,569	\$ 19,462,200
2016	7,092,759	2,650,546	886,363	9,573,651	20,203,319
2017	7,611,724	2,775,551	882,470	11,679,982	22,949,727
2018	7,838,984	2,896,022	885,012	12,954,687	24,574,705
2019	7,988,046	3,091,023	886,319	13,385,392	25,350,780
2020	8,263,742	2,890,117	856,672	12,056,086	24,066,617
2021	8,308,887	4,420,081	871,065	20,120,597	33,720,630
2022	8,245,621	4,521,154	922,027	20,321,847	34,010,649
2023	8,967,272	4,769,854	958,246	19,702,887	34,398,259
2024	9,472,005	4,496,864	922,094	18,160,071	33,051,034

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

Fiscal Year	Governmental Activities					Total Primary Government	Percentage of Personal Income	Per Capita ¹
	General Obligation Bonds	Tax Anticipation Notes	Venue Hotel Occupancy Tax Revenue Bonds	Bond Premiums	Leases			
2015	\$ 6,600,000	\$ 2,905,000	\$ -	\$ 453,172	\$ 957,451	\$ 10,915,623	4.20%	\$ 1,850
2016	6,165,000	6,445,000	-	597,147	797,924	14,005,071	13.01%	4,849
2017	5,715,000	5,530,000	9,085,000	905,487	543,315	21,778,802	12.72%	7,541
2018	5,255,000	4,595,000	8,900,000	823,354	355,698	19,929,052	16.16%	6,901
2019	4,775,000	3,640,000	8,715,000	741,221	212,894	18,084,115	12.91%	6,332
2020	4,275,000	2,660,000	8,525,000	659,088	180,786	16,299,874	9.93%	5,784
2021	3,625,000	6,270,000	8,330,000	1,259,390	114,291	19,598,681	11.94%	6,955
2022	3,300,000	5,175,000	8,130,000	1,086,872	332,255	18,024,127	16.13%	8,430
2023	2,755,000	8,045,000	7,925,000	1,265,233	277,648	20,267,881	16.07%	8,474
2024	2,180,000	9,455,000	7,715,000	1,062,828	226,101	20,638,929	10.74%	7,237

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

¹ See Schedule 14 for personal income and population data.

City of South Padre Island, Texas
Schedule 11 – Ratio of General Bonded
Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Bond Premiums	Debt Service Restricted Fund Balance	Net Bonded Debt	Percentage of Actual Taxable Value of Property ¹	Per Capita ²
2015	\$ 6,600,000	\$ 453,172	\$ 343,578	\$ 6,709,594	0.27%	\$ 1,119
2016	6,165,000	597,147	361,774	6,400,373	0.26%	2,135
2017	5,715,000	905,487	1,192,158	5,428,329	0.22%	1,979
2018	5,255,000	823,354	1,104,146	4,974,208	0.20%	1,820
2019	4,775,000	741,221	1,102,379	4,413,842	0.17%	1,672
2020	4,275,000	659,088	955,068	3,979,020	0.15%	1,517
2021	3,625,000	1,259,390	923,255	3,961,135	0.16%	1,286
2022	3,300,000	1,086,872	1,029,328	3,357,544	0.13%	1,543
2023	2,755,000	1,265,233	1,058,877	2,961,356	0.09%	1,155
2024	2,180,000	1,062,828	1,070,701	2,172,127	0.05%	764

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

¹ See Schedule 5 for property value data.

² See Schedule 14 for population data.

City of South Padre Island, Texas
Schedule 12 – Direct and Overlapping
Governmental Activities Debt

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Cameron County	\$ 229,410,000	11.75%	\$ 27,598,023
Point Isabel Independent School District	40,030,000	61.32%	24,186,126
Laguna Madre Water District	54,965,000	72.89%	40,344,310
Texas Southmost College District	1,780,500	17.53%	3,174,632
Subtotal, overlapping debt			95,303,091
*City direct debt		20,638,929	100.00%
Total direct and overlapping debt			\$ 115,942,020

Methodology for Deriving Overlapping Percentages:

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

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

Source: The Municipal Advisory Council of Texas

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

Fiscal Year	Gross Revenue (1)	Operating Expenditures (2)	Net Revenue Available For Debt Service
2015	\$ 2,919,053	\$ 1,106,674	\$ 1,812,379
2016	1,979,972	1,253,283	726,689
2017	2,027,589	1,649,159	378,430
2018	2,104,637	1,223,284	881,353
2019	1,764,521	1,336,602	427,919
2020	1,288,892	1,221,266	67,626
2021	2,291,952	1,125,227	1,166,725
2022	2,689,359	1,484,935	1,204,424
2023	3,171,545	1,597,002	1,574,543
2024	2,896,001	1,759,738	1,136,263

(1) Convention Center Fund revenues, including interest.

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

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

Year	Estimated Population ¹	Personal Income	Per Capita Personal Income ²	Median Age ²	School Enrollment ³	Unemployment Rate ⁴
2015	5,900	\$ 260,048,400	\$ 44,076	60	2,518	6.6%
2016	2,888	107,650,200	37,275	58.7	2,463	7.5%
2017	2,888	171,215,080	59,285	60.5	2,396	5.5%
2018	2,888	123,303,160	42,695	60	2,314	5.7%
2019	2,856	140,098,224	49,054	59	2,132	5.2%
2020	2,818	164,106,230	58,235	58.1	2,011	10.9%
2021	2,818	164,106,230	58,235	58.1	1,928	7.3%
2022	2,138	111,763,950	52,275	58.5	1,891	5.8%
2023	2,386	125,849,570	52,745	58.5	1,857	5.1%
2024	2,852	192,130,684	67,367	59	1,772	5.2%

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

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

³ Point Isabel Independent School District provided school enrollment data.

⁴ Source: Texas Workforce Commission was used to obtain unemployment rates. Note: Information is for the entire Cameron County, as no data is available for the City only.

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

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City of South Padre Island, Texas
Schedule 15 – Full-Time Equivalent City Government
Employees by Functions/Department
Last Ten Fiscal Years

Fund/Department	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Fund										
City Administration	4.25	4.25	5	5	5	5	4.8	4.8	4.8	4.9
Finance	4.9	4.9	5	6	6	6	5.8	5.8	5.8	5.74
Planning *	2	2	3	2	2	2	1.1	1.1	1.1	1.1
Technology	2.95	2.8	3	3	3	3	3	3	3	3
Human Resources	3	3	3	3	3	3	3.4	3.4	3.4	3.36
Municipal Court	2	3	3	3	3	4	4	4	4	4
Police	37.95	37.75	36.75	37.75	37.75	36.75	36.75	37.75	37.75	38.75
Fire	26.75	26	26.75	26.75	26.75	27.75	27.75	27.75	27.75	27.75
Environmental Health Serv.	5.85	5.85	5.85	5.85	5.85	5.85	5.77	5.77	5.77	5.77
Fleet Management	2	2	2	2	2	2	2	2	2	3
Building Maintenance	3	3	3	2	2	2	2	2	2	2
Inspections	3	3	3	3	3	3	4	4	4	5
Public Works	18.85	17.85	19.85	19.85	19.85	19.85	19.75	20.75	20.75	20.75
Hotel Motel Fund										
Visitor's Bureau	3	3	3	3	3	3	2	2	2	2
Sales & Administration	9.5	9.5	10	10	11	11	11	11	11	9
Special Events	1	0.5	-	1	1	1	1	1	1	2
Convention Centre										
Convention Centre	11.2	10.35	11	10	10	10	10	10	10	11
Parks and Recreation										
Parks and Recreation	-	-	-	1	1	1	1	1	1	1
Transportation										
Island Metro	16.2	14.2	14	14	14	19	21	22	22	22
Metro Connect	3	4	7	7	7	0	0	0	0	-
Shoreline**										
Police/Beach Patrol	0.05	0.05	-	0.25	0.25	0.25	0.25	0.25	0.25	0.25
Fire/Beach Patrol	0.25	-	-	1.25	1.25	1.25	1.25	1.25	1.25	1.25
Environmental Health Serv.	0.15	-	-	0.15	0.15	0.15	0.23	0.23	0.23	0.23
Public Works	0.15	-	-	0.15	0.15	0.15	0.15	0.15	0.15	0.15
Beach Maintenance	6	7	7.6	7	8	9	8	9	9	10
Bay Access	-	-	1.2	1	1	0	0	0	0	-
Total Operating Budget FTE's	167	164	173	175	177	176	176	180	180	184

Source: City of South Padre Island Annual Budget

Note: Full-time budgeted positions are shown.

*Formerly Development Services

**Formerly Beach Maintenance

Function	2015	2016	2017	2018
Police				
Physical arrests	1,246	1,403	1,367	1,430
Parking violations	793	647	420	217
Traffic violations	245	242	434	562
Number of commissioned police officers	28	27	27	30
Number of employees - police officers & civilians	38	37	37	40
Fire				
Number of calls answered	2,105	2,410	2,348	2,536
EMS calls	1,543	1,542	1,102	1,876
Inspections	166	76	162	194
Number of firefighters	25	25	26	27
Number of employees - firefighters & civilians	26	26	27	28
Streets				
Street resurfacing (square yards)	8,891	32,314	2,559	12,807
Sidewalk construction (square yards)	1,540	3,523	8,942	3,880

Source: City Departments

City of South Padre Island, Texas
Schedule 16 – Operating Indicators by Function
Last Ten Fiscal Years

2019	2020	2021	2022	2023	2024
1,109	1095	1,255	1,112	1,108	963
2,544	216	164	291	418	405
588	651	1,232	963	1,842	2,197
29	46	37	38	33	29
39	56	47	50	44	38
2,490	2667	3015	2801	2960	2693
1,814	1598	1744	1587	1742	1724
96	46	82	44	36	27
28	26	28	28	28	28
29	27	29	29	29	29
19,724	-	-	-	18,399	7,260
6,144	-	-	-	531	1,411

City of South Padre Island, Texas
Schedule 17 – Capital Asset Statistics by
Function/Program
Last Ten Fiscal Years

Function/Program	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police Stations	1	1	1	1	1	1	1	1	1	1
Fire Stations	1	1	1	1	1	1	1	1	1	1
Planning*										
Streets (miles)	47.39	47.39	47.39	47.39	47.39	47.39	47.39	47.39	47.39	47.39
City Area (acres)	1,905	2,371	2,371	2,371	2,371	2,371	2,371	2,371	2,371	2,371
Parks and Recreation										
Playground	2	2	3	3	3	3	3	3	3	3
Parks	3	3	5	5	5	5	5	5	5	5
Municipal Beach (miles)	5	5	5	5	5	5	5	5	5	5
Beach Accesses (developed)	15	15	18	21	22	22	22	22	23	23
Beach Accesses (undeveloped)	9	9	8	6	6	6	6	6	5	5
Transportation										
Transit - Minibuses	11	10	11	8	8	7	12	8	8	8

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

Source: City Departments

*Formerly Development Services

City of South Padre Island, Texas Schedule 18 – Miscellaneous Statistical Data

Date of incorporation: 1973

Fiscal year begins: October 1st

Number of budgeted City employees: 184

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

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

Source: City Staff

Source: www.weatherbase.com

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REPORTS ON INTERNAL CONTROL AND COMPLIANCE MATTERS



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of South Padre Island, Texas, as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of South Padre Island, Texas’ basic financial statements, and have issued our report thereon dated March 19, 2025.

Report on Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered City of South Padre Island, Texas’ internal control over financial reporting (internal control) as a basis for designing audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of City of South Padre Island, Texas’ internal control. Accordingly, we do not express an opinion on the effectiveness of City of South Padre Island, Texas’ internal control.

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

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

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Report on Compliance and Other Matters

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

Purpose of this Report

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

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

Harlingen, Texas

March 19, 2025

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

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

Report on Compliance for Each Major Federal and State Program

Opinion on Each Major Federal and State Program

We have audited City of South Padre Island, Texas’ compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* and the Texas Grant Management Standards that could have a direct and material effect on each of City of South Padre Island, Texas’ major federal and state programs for the year ended September 30, 2024. City of South Padre Island, Texas’ major federal and state programs are identified in the summary of auditor’s results section of the accompanying schedule of findings and questioned costs.

In our opinion, City of South Padre Island, Texas complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal and state programs for the year ended September 30, 2024.

Basis for Opinion on Each Major Federal and State Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and the Texas Grant Management Standards. Our responsibilities under those standards, the Uniform Guidance and the Texas Grant Management Standards are further described in the Auditor’s Responsibilities for the Audit of Compliance section of our report.

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

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Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

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

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

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

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

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Report on Internal Control over Compliance

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

Our consideration of internal control over compliance was for the limited purpose described in the Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

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

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

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

Harlingen, Texas

March 19, 2025

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

Section I - Summary of Auditor's Results

Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

* Material weaknesses identified? _____ yes X no

* Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Noncompliance material to financial statements noted? _____ yes X no

Federal and State Awards

Type of auditor's report issued on compliance for major programs: Unmodified

Internal control over major programs:

* Material weaknesses identified? _____ yes X no

* Significant deficiencies identified that are not considered to be material weaknesses? _____ yes X none reported

Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516 (a) (Uniform Guidance) or the Texas Grant Management Standards of the State of Texas? _____ yes X no

Identification of major programs:

Assistance Listing Number(s)

Name of Federal/State Program or Cluster

11.307
TXDOT

Economic Development Cluster
State Grants for Rural Areas Transit
Program

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

Auditee qualified as low-risk auditee for federal grants? X yes _____ no

Auditee qualified as low-risk auditee for state grants? X yes _____ no

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

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

A. Significant Deficiencies in Internal Control

None reported.

B. Compliance Findings

None reported.

Section III – Federal and State Award Findings and Questioned Costs

None reported.

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

PROGRAM DESCRIPTION

Not applicable

DESCRIPTION

There were no findings reported in the prior year.

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

For the year ended September 30, 2024

FEDERAL GRANTOR/ PASS-THROUGH GRANTOR/ PROGRAM OR CLUSTER TITLE	Federal Assistance Number	Pass-through Entity Identifying Number	Federal Expenditures	Provided to Subrecipients
U.S. Department of Commerce				
Passed through Economic Development Administration				
*Economic Adjustment Assistance	11.307	08-79-05624	\$ 458,473	\$ -
Total Economic Development Cluster			458,473	-
Total passed through Economic Development Administration			458,473	-
Passed through Texas General Land Office				
Coastal Zone Management Administration Awards	11.419	NO. 20-265-000-C502	121,665	
Coastal Zone Management Administration Awards	11.419	NO. 22-045-018-D115	27,250	-
Coastal Zone Management Administration Awards	11.419	NO. 23-020-011-D605	84,700	-
Coastal Zone Management Administration Awards	11.419	NO. 24-022-011-E020	18,253	-
Coastal Zone Management Administration Awards	11.419	NO. 24-099-014-E662	54,094	-
Total passed through Texas General Land Office			305,962	-
Passed through National Fish and Wildlife Foundation				
Office for Coastal Management	11.473	0318.20.068687	90,000	-
Total passed through National Fish and Wildlife Foundation			90,000	-
Total U.S. Department of Commerce			854,435	-
U.S Department of Interior				
Passed through Texas Parks and Wildlife				
*Sport Fish Restoration Program	15.605	FD-TXF317-B-1	31,793	-
Total Fish and Wildlife Cluster			31,793	-
Total passed through Texas Parks and Wildlife			31,793	-
Total U.S Department of Interior			31,793	-
U.S Department of Transportation				
Passed through Texas Department of Transportation				
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPT 2303 (29) 051 22	17,087	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPT 2402 (21) 108_23	735,962	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	BFF 2302 (21) 050-22	50,151	-
Formula Grants for Rural Areas and Tribal Transit Program	20.509	RPT 2502 (21) 076 25	47,192	-
Total Formula Grants for Rural Areas and Tribal Transit Program			850,392	-
Total Passed through Texas Department of Transportation			850,392	-
Total U.S Department of Transportation			850,392	-
U.S. Department of the Treasury				
Equitable Sharing	21.016	CE-EQSH202023010003530100	215,570	-
Total U.S. Department of the Treasury			215,570	-
U.S. Department of Health and Human Services				
Passed through Food and Drug Administration				
Food and Drug Administration Research	93.103	G-BDEV1-202208-02438	4,994	-
Total Passed through Food and Drug Administration			4,994	-
Total U.S. Department of Health and Human Services			4,994	-
U.S. Department of Homeland Security				
Passed through Texas Office of Governor - Homeland Security Grants Division				
Homeland Security Grant Program	97.067	EMW-2022-SS-00021	52,527	-
Homeland Security Grant Program	97.067	EMW-2023-SS-00025	50,519	-
Total passed through Texas Office of Governor - Homeland Security Grants Division			103,046	-
Total U.S Department of Homeland Security			103,046	-
Total Expenditures of Federal Awards			\$ 2,060,230	\$ -

*Clustered programs

The accompanying notes are an integral part of this schedule.

City of South Padre Island, Texas
Notes on Accounting Policies for Federal and State Awards
For the Year Ended September 30, 2024

NOTE 1 – GENERAL

The accompanying Schedule of Expenditures of Federal Awards and Schedule of Expenditures of State Awards presents the activity of all federal and state award programs of City of South Padre Island, Texas, for the year ended September 30, 2024. The reporting entity consists of the primary government, organizations for which the primary government is financially accountable, and other organizations for which the primary government is not accountable, but for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

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

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

NOTE 2 – MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

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

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

NOTE 3 – SUB-RECIPIENTS

During the year ended September 30, 2024, the City had no sub-recipients for either Federal or State grants.

City of South Padre Island, Texas
Notes on Accounting Policies for Federal and State Awards
For the Year Ended September 30, 2024

NOTE 4 – FEDERAL LOANS AND LOAN GUARANTEES

During the year ended September 30, 2024, the City had no outstanding federal loans payable or loan guarantees.

NOTE 5 – FEDERALLY FUNDED INSURANCE

During the year ended September 30, 2024, the City had no federally funded insurance.

NOTE 6 – NONCASH AWARDS

During the year ended September 30, 2024, the City did not receive any non-cash federal awards.

NOTE 7 – INDIRECT COST RATE

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

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

For the year ended September 30, 2024

Name of Agency or Department Program Title	Program ID	Grant I.D. No.	Total Awards Expended
Texas Department of Transportation			
Rural State Program	51218012123	RUR 2301 (21)	\$ 76,714
Rural State Program	51218022124	RUR 2402 (21)	595,226
Rural State Program	51218022125	RUR 2502 (21)	40,247
Total Texas Department of Transportation			712,187
Texas General Land Office			
Beach Maintenance Reimbursement		21-034-006-E061	62,495
Total General Land Office			62,495
Texas Office of the Governor - CJD			
Local Border Security Program (LBSP)	3305407	2024-BL-ST-0016	65,899
Total Texas Office of the Governor - HSGD			65,899
Texas Parks and Wildlife			
Recreation Grant		PGA 54-000237	125,000
Total Texas Parks and Wildlife			125,000
Texas A&M Forest Service			
TIFMAS (Texas Intrastate Fire Mutual Aid System) Grant Assistance Program	TX Senate Bill 1011	Training Reimbursements	4,500
Lower Rio Grande Valley Regional Advisory Council on Service Area V			
		TRAC-V	5,557
Total			10,057
Total Expenditures of State Awards			\$ 975,638

City of South Padre Island, Texas
Exit Conference

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

Randy Smith, City Manager

Rodrigo Gimenez, Chief Financial Officer

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