

CITY OF CASTROVILLE, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2024**





CITY OF CASTROVILLE
 ANNUAL FINANCIAL REPORT
 FOR THE YEAR ENDED SEPTEMBER 30, 2024

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CITY OF CASTROVILLE
PRINCIPAL OFFICERS
AS OF SEPTEMBER 30, 2024

CITY OFFICIALS

MAYOR

DARRIN SCHROEDER

MAYOR PRO-TEM

PHIL KING

CITY COUNCIL

SHEENA MARTINEZ

PAUL CAREY

DAVID MERZ

HERB DYER

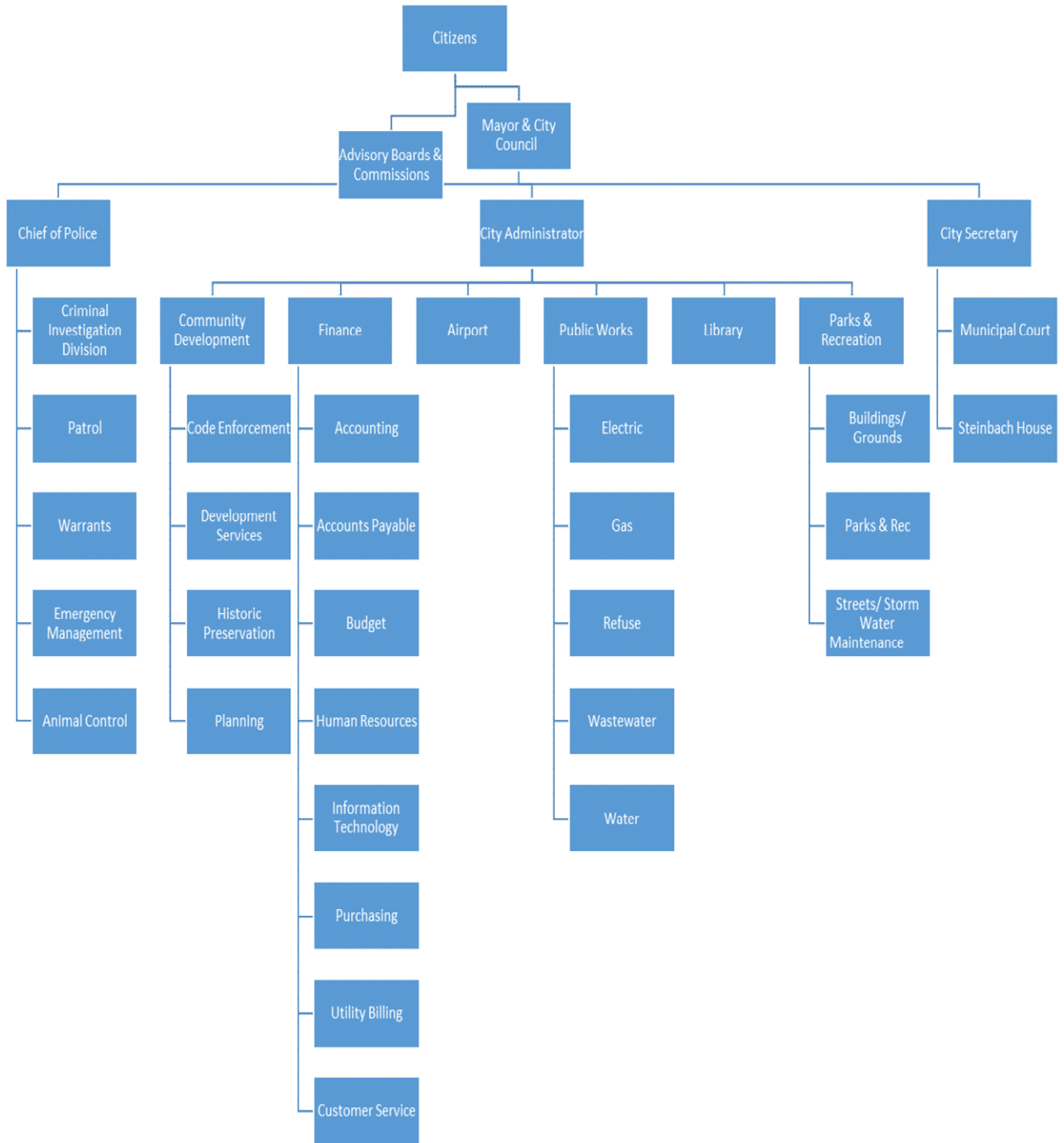
CITY ADMINISTRATOR

R. SCOTT DIXON

ATTORNEY

DENTON, NAVARRO, RODRIGUEZ, BERNAL, SANTEE & ZECH, P.C.

CITY OF CASTROVILLE
ORGANIZATIONAL CHART





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Castroville, as of and for the year ended September 30, 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 accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Castroville, as of September 30, 2024, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of Castroville 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

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of Castroville's 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 GAAS 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 GAAS 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 City of Castroville's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about City of Castroville's ability to continue as a going concern for a reasonable period of time.

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

Required Supplementary Information

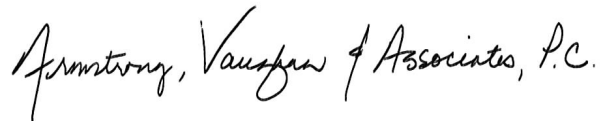
Accounting principles generally accepted in the United States of America require that management's discussion and analysis, budgetary comparison information, and schedule of changes – net pension liability and related ratios as well as Total OPEB liability and related ratios as identified in the Table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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Castroville's basic financial statements. The supplementary information (as identified in the table of contents) is 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated March 4, 2025 on our consideration of City of Castroville'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 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 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 Castroville's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

March 4, 2025

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Castroville’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2024. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

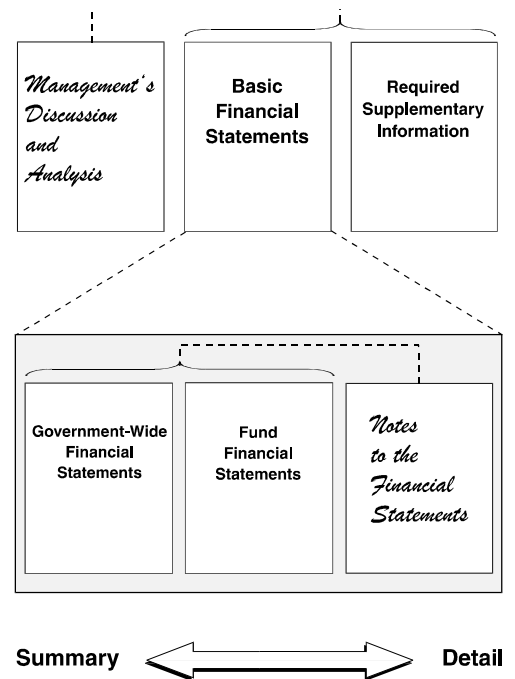
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$32.1 million (total net position) at September 30, 2024. Of this amount, \$10.2 million (unrestricted net position) may be used to meet the City’s ongoing obligations to citizens and creditors.
- During the year, the City’s total net position increased by \$390 thousand.
- As of September 30, 2024, the City’s governmental funds reported a combined ending fund balance of \$7.9 million, an increase of \$520 thousand from the prior year primarily due to the issuance of new certificates for upcoming drainage projects in excess of current year capital outlay spending.
- The City issued \$1.5 million of debt during the year ended September 30, 2024 for upcoming drainage improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

Figure A-2. Major Features of the City's Government-wide and Fund Financial Statements			
<i>Type of Statements</i>	Fund Statements		
	Government-wide	Governmental Funds	Proprietary Funds
<i>Scope</i>	Entire City's government (except fiduciary funds) and the City's component units	The activities of the city that are not proprietary or fiduciary	Activities the City operates similar to private businesses: water and sewer
<i>Required financial statements</i>	• Statement of net position	• Balance Sheet	• Statement of net position
	• Statement of activities	• Statement of revenues, expenditures & changes in fund balances	• Statement of revenues, expenses & changes in net position • Statement of cash flows
<i>Accounting basis and measurement focus</i>	Accrual accounting and economic resources focus	Modified accrual accounting and current financial resources focus	Accrual accounting and economic resources focus
<i>Type of asset/liability information</i>	All assets and liabilities, both financial and capital, short-term and long-term	Only assets expected to be used up and liabilities that come due during the year or soon thereafter; no capital assets included	All assets and liabilities, both financial and capital, and short-term and long-term
<i>Type of inflow/outflow information</i>	All revenues and expenses during year, regardless of when cash is received or paid	Revenues for which cash is received during or soon after the end of the year; expenditures when goods or services have been received and payment is due during the year or soon thereafter.	All revenues and expenses during year, regardless of when cash is received or paid

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

Government-Wide Statements

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

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

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

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the City include general administration, public safety, public works and park maintenance. The business-type activities of the City include a Utility fund and an Airport fund.

The government-wide financial statements can be found on pages 14-17 of this report.

Fund Financial Statements

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

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

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

The City maintains individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report.

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

The basic governmental fund financial statements can be found beginning on page 18 of this report.

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

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

Notes to the basic financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 27 of this report.

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

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$32.1 million at the close of fiscal year 2024.

By far the largest portion of the City’s net position (57%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table provides a summary of the City’s net assets at September 30, 2024 (See Table A-1).

Table A-1
City's Net Position

	Governmental Activities		Business-Type Activities		Total		Total Percentage Change 2024 - 2023
	2024	2023	2024	2023	2024	2023	
<i>Assets:</i>							
Current and Other Assets	\$ 6,362,565	\$ 5,913,674	\$ 9,478,876	\$ 9,121,725	\$ 15,841,441	\$ 15,035,399	5.4
Restricted Assets	1,875,996	1,923,156	4,377,727	7,418,803	6,253,723	9,341,959	(33.1)
Capital Assets (net)	5,131,671	4,441,162	37,444,354	36,325,593	42,576,025	40,766,755	4.4
<i>Total Assets</i>	<u>13,370,232</u>	<u>12,277,992</u>	<u>51,300,957</u>	<u>52,866,121</u>	<u>64,671,189</u>	<u>65,144,113</u>	(0.7)
<i>Deferred Outflows of Resources</i>	<u>265,961</u>	<u>360,536</u>	<u>213,596</u>	<u>338,878</u>	<u>479,557</u>	<u>699,414</u>	(31.4)
<i>Liabilities:</i>							
Current Liabilities	402,918	511,757	1,474,893	2,385,993	1,877,811	2,897,750	(35.2)
Long-Term Liabilities	7,093,938	6,024,425	23,127,927	24,204,335	30,221,865	30,228,760	(0.0)
<i>Total Liabilities</i>	<u>7,496,856</u>	<u>6,536,182</u>	<u>24,602,820</u>	<u>26,590,328</u>	<u>32,099,676</u>	<u>33,126,510</u>	(3.1)
<i>Deferred Inflows of Resources</i>	<u>43,931</u>	<u>28,790</u>	<u>904,300</u>	<u>975,526</u>	<u>948,231</u>	<u>1,004,316</u>	(5.6)
<i>Net Position:</i>							
Net Investment in							
Capital Assets	576,933	783,309	17,905,089	18,107,975	18,482,022	18,891,284	(2.2)
Restricted	1,330,560	666,430	2,131,294	1,750,600	3,461,854	2,417,030	43.2
Unrestricted	4,187,913	4,623,817	5,971,050	5,780,570	10,158,963	10,404,387	(2.4)
<i>Total Net Position</i>	<u>\$ 6,095,406</u>	<u>\$ 6,073,556</u>	<u>\$ 26,007,433</u>	<u>\$ 25,639,145</u>	<u>\$ 32,102,839</u>	<u>\$ 31,712,701</u>	1.2

An additional portion of the City’s net position \$3.5 million (11%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$10.2 million (32%) may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position: The City's net position increased \$390 thousand. (See Table A-2.)

Table A-2
Changes in City's Net Position

	Governmental Activities		Business-Type Activities		Total		Percentage Change
	2024	2023	2024	2023	2024	2023	2024 - 2023
<i>Program Revenues:</i>							
Charges for Services	\$ 1,001,547	\$ 764,819	\$ 9,655,692	\$ 8,426,165	\$ 10,657,239	\$ 9,190,984	16.0
Operating Grants and Contributions	147,984	39,006	49,397	41,267	197,381	80,273	145.9
Capital Grants and Contributions	-	-	155,490	1,421,483	155,490	1,421,483	(89.1)
<i>General Revenues:</i>							
Taxes	4,091,911	3,622,163	-	-	4,091,911	3,622,163	13.0
Interest Earnings	296,254	151,885	488,790	291,194	785,044	443,079	77.2
Miscellaneous	744,310	497,959	-	-	744,310	497,959	49.5
TOTAL REVENUES	6,282,006	5,075,832	10,349,369	10,180,109	16,631,375	15,255,941	9.0
<i>Program Expenditures:</i>							
General Administration	2,495,516	1,666,921	-	-	2,495,516	1,666,921	49.7
Public Safety	2,132,759	1,908,218	-	-	2,132,759	1,908,218	11.8
Public Transportation	628,547	732,157	-	-	628,547	732,157	(14.2)
Culture and Recreation	1,257,800	1,069,212	-	-	1,257,800	1,069,212	17.6
Interest in Debt	181,121	213,008	-	-	181,121	213,008	(15.0)
Utility	-	-	8,542,202	7,947,415	8,542,202	7,947,415	7.5
Airport	-	-	1,003,292	870,037	1,003,292	870,037	15.3
TOTAL EXPENSES	6,695,743	5,589,516	9,545,494	8,817,452	16,241,237	14,406,968	12.7
Increase (Decrease) in Net Position before Transfers	(413,737)	(513,684)	803,875	1,362,657	390,138	848,973	(54.0)
Transfers	435,587	356,387	(435,587)	(356,387)	-	-	0.0
Increase (Decrease) in Net Position after Transfers	\$ 21,850	\$ (157,297)	\$ 368,288	\$ 1,006,270	\$ 390,138	\$ 848,973	(54.0)

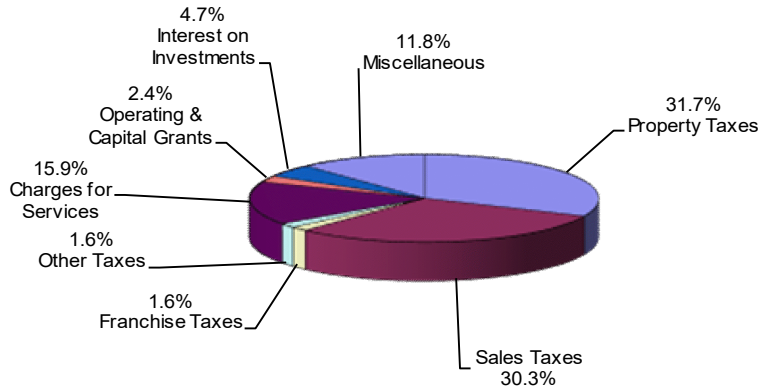
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities for fiscal year 2024.

Governmental Activities

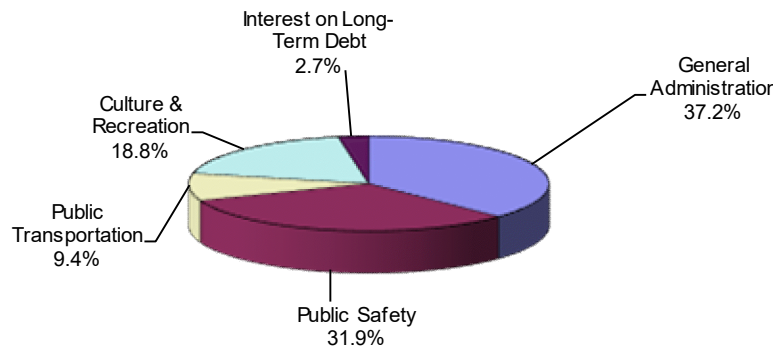
- Ad Valorem taxes increased \$349 thousand from the previous year.
- Sales tax increased \$121 thousand over the previous year.
- Governmental program expenses increased \$1.1 million from the previous year which was primarily in General Administration.

Governmental activities showed an excess of expenses over revenues of \$414 thousand before transfers from business-type activities. The business-type activities transferred \$436 thousand to governmental activities resulting in an increase in net position of \$22 thousand.

2024 Governmental Revenues



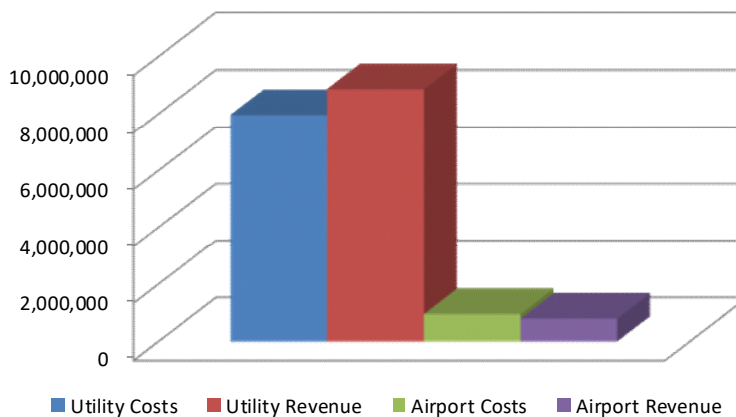
2024 Governmental Function Expenses



Business-Type Activities

Business-type activities increased the City’s net position by \$368 thousand after transfers to governmental activities of \$436 thousand. This increase is partially attributed to increases in interest and investment earnings but came primarily from charges for services for utilities and airport in excess of the decreases in grants and capital contributions.

Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$7.9 million. Of this total amount, \$3.4 million is restricted by constraints imposed by external providers such as grantors and enabling legislation and for capital projects, \$365 thousand is committed and reported in special revenue funds, and \$4.1 million is unassigned in the governmental funds. The unassigned fund balance is the amount available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$4.1 million. The City's general fund balance showed a decrease of \$4 thousand during the year. This is attributed to higher transfers from the Utility Fund than the previous to support admin costs recorded in the General Fund.

Proprietary funds

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

The unrestricted net position of the Utility Fund at the end of the year amounted to \$5.2 million. The increase in net position was \$197 thousand. This increase is attributable to capital contributions.

Unrestricted net position of the Airport Fund at the end of the year amounted to \$751 thousand. The increase in net position was \$171 thousand. This increase is attributable to transfers in from the utility fund for the use of water rights at the airport.

Other factors concerning the finances of these two funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

There were two budget amendments during the year that had no impact on total revenues but did increase total expenditures as the City was utilizing use of prior fund balance. The general fund revenues were over budget by \$1.2 million as a result of increased sales tax revenue, license and permits, and ad valorem tax revenue. The general fund expenditures were under budget by \$649 thousand as the final approved budget included the City's portion of grant expenditures related to the Regional Community Center construction that had not begun as of year-end.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2024, the City had invested \$42.6 million in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles, and infrastructure (See Table A-3.). This amount represents a net increase (including additions and deductions) of \$1.8 million from last year. The increase is due to completion of projects during the current year including River Bluff Improvements, street and sewer line improvements, and Alsatian Oaks Well Improvements. More detailed information about the City's capital assets is presented in the notes to the financial statements.

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

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2024	2023	2024	2023	2024	2023	Change
Land	\$ 179	\$ 179	\$ 2,229	\$ 2,229	\$ 2,408	\$ 2,408	0.0
Construction in Progress	638	984	2,795	6,511	3,433	7,495	(54.2)
Water Rights	-	-	176	176	176	176	0.0
Buildings and Improvements	1,479	1,470	7,970	7,970	9,449	9,440	0.1
Vehicles and Equipment	1,487	1,319	2,828	2,828	4,315	4,147	4.1
Infrastructure	3,524	2,370	33,935	27,963	37,459	30,333	23.5
Totals at Historical Cost	7,307	6,322	49,933	47,677	57,240	53,999	6.0
Total Accumulated Depreciation	(2,176)	(1,881)	(12,489)	(11,351)	(14,665)	(13,232)	10.8
Net Capital Assets	\$ 5,131	\$ 4,441	\$ 37,444	\$ 36,326	\$ 42,575	\$ 40,767	4.4

Long Term Debt

At year-end the City had \$27.9 million in bonds and notes outstanding as shown in Table A-4. More detailed information about the City's debt is presented in the notes to the financial statements. The City's S&P rating was upgraded to AA Stable.

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

	Governmental		Business-Type		Total		Total
	Activities		Activities				Percentage
	2024	2023	2024	2023	2024	2023	Change
Bonds Payable	\$ 6,038	\$ 4,848	\$ 9,182	\$ 9,418	\$ 15,220	\$ 14,266	6.7
Notes Payable	-	-	1,094	1,114	1,094	1,114	(1.8)
TWDB Bonds Payable	-	-	11,540	12,185	11,540	12,185	(5.3)
Total Long-Term Debt	\$ 6,038	\$ 4,848	\$ 21,816	\$ 22,717	\$ 27,854	\$ 27,565	1.0

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

- The General Fund budgeted revenues and other financing sources of transfers in of \$4,771,040 for fiscal year 2025 which is an increase of 19.5% of fiscal year 2024 final budgeted revenues and other financing sources. The General Fund budgeted expenditures and other financing uses of transfers out of \$4,752,701 for fiscal year 2025 which is a decrease of 19.1% from fiscal year 2024 final budgeted expenditures and other financing uses.
- Total ad valorem rates remained unchanged from fiscal year 2024 at 0.5233 per \$100 valuation.
- The population of the City is estimated to be 3,141.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Administrative Services Department, 1209 Fiorella, Castroville, Texas, 78009. Telephone No. (830) 931-4070.

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF CASTROVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 6,075,625	\$ 6,683,609	\$ 12,759,234
Receivables (net of allowances for uncollectibles)			
Ad Valorem Taxes	14,814	-	14,814
Sales & Mixed Beverage Taxes	312,888	-	312,888
Lease	-	876,989	876,989
Other	115,978	1,149,448	1,265,426
Inventory	-	612,090	612,090
Internal Balances	(156,740)	156,740	-
Restricted Assets:			
Cash and Cash Equivalents	1,875,996	3,385,613	5,261,609
Cash Held in Escrow	-	992,114	992,114
Capital Assets:			
Land	179,144	2,229,120	2,408,264
Construction in Progress	638,365	2,795,086	3,433,451
Water Rights	-	176,126	176,126
Building and Improvements	1,479,336	7,970,353	9,449,689
Vehicles and Equipment	1,486,749	2,827,873	4,314,622
Infrastructure	3,524,457	33,934,910	37,459,367
Accumulated Depreciation	(2,176,380)	(12,489,114)	(14,665,494)
TOTAL ASSETS	13,370,232	51,300,957	64,671,189
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	7,033	1,745	8,778
Deferred Pension Related Outflows	250,931	205,308	456,239
Deferred OPEB Related Outflows	7,997	6,543	14,540
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 265,961	\$ 213,596	\$ 479,557

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION (CONTINUED)
SEPTEMBER 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 178,636	\$ 1,079,638	\$ 1,258,274
Accrued Expenses	151,671	14,615	166,286
Unearned Revenue	39,580	4,422	44,002
Accrued Interest Payable	33,031	89,382	122,413
Customer Deposits	-	286,836	286,836
<i>Noncurrent Liabilities:</i>			
Due within One Year	313,500	1,077,500	1,391,000
Due in more than One Year	6,168,062	21,597,408	27,765,470
Compensated Absences	124,165	53,572	177,737
Net Pension Liability	378,505	309,686	688,191
Total OPEB Liability	109,706	89,761	199,467
TOTAL LIABILITIES	7,496,856	24,602,820	32,099,676
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	25,305	20,705	46,010
Deferred OPEB Related Inflows	18,626	15,239	33,865
Deferred Inflows - Leases	-	868,356	868,356
TOTAL DEFERRED INFLOWS OF RESOURCES	43,931	904,300	948,231
NET POSITION			
Net Investment in Capital Assets	576,933	17,905,089	18,482,022
Restricted	1,330,560	2,131,294	3,461,854
Unrestricted	4,187,913	5,971,050	10,158,963
TOTAL NET POSITION	\$ 6,095,406	\$ 26,007,433	\$ 32,102,839

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
<i>Governmental Activities:</i>				
General Administration	\$ 2,495,516	\$ 440,841	\$ -	\$ -
Public Safety	2,132,759	178,433	103,626	-
Public Transportation	628,547	105,048	-	-
Culture and Recreation	1,257,800	277,225	44,358	-
Interest on Long-term Debt	181,121	-	-	-
<i>Total Governmental Activities</i>	<u>6,695,743</u>	<u>1,001,547</u>	<u>147,984</u>	<u>-</u>
<i>Business-Type Activities</i>				
Utility	8,542,202	8,885,678	-	155,490
Airport	1,003,292	770,014	49,397	-
<i>Total Business-Type Activities</i>	<u>9,545,494</u>	<u>9,655,692</u>	<u>49,397</u>	<u>155,490</u>
Total Primary Government	<u><u>\$ 16,241,237</u></u>	<u><u>\$ 10,657,239</u></u>	<u><u>\$ 197,381</u></u>	<u><u>\$ 155,490</u></u>
General Revenues:				
Taxes				
Ad Valorem Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
Net Position at Beginning of Year				
Net Position at End of Year				

See accompanying notes to basic financial statements.

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (2,054,675)	\$ -	\$ (2,054,675)
(1,850,700)	-	(1,850,700)
(523,499)	-	(523,499)
(936,217)	-	(936,217)
(181,121)	-	(181,121)
<u>(5,546,212)</u>	<u>-</u>	<u>(5,546,212)</u>
-	498,966	498,966
<u>-</u>	<u>(183,881)</u>	<u>(183,881)</u>
<u>-</u>	<u>315,085</u>	<u>315,085</u>
<u>(5,546,212)</u>	<u>315,085</u>	<u>(5,231,127)</u>
1,991,262	-	1,991,262
1,899,356	-	1,899,356
98,423	-	98,423
102,870	-	102,870
296,254	488,790	785,044
744,310	-	744,310
<u>5,132,475</u>	<u>488,790</u>	<u>5,621,265</u>
<u>435,587</u>	<u>(435,587)</u>	<u>-</u>
21,850	368,288	390,138
<u>6,073,556</u>	<u>25,639,145</u>	<u>31,712,701</u>
<u>\$ 6,095,406</u>	<u>\$ 26,007,433</u>	<u>\$ 32,102,839</u>

CITY OF CASTROVILLE
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	<u>Major Fund General Fund</u>	<u>Major Fund Capital Projects Fund</u>	<u>Major Fund Drainage Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 4,211,225	\$ -	\$ 381,500	\$ 1,482,900	\$ 6,075,625
Receivables (net of allowance):					
Property Taxes	10,431	-	-	4,383	14,814
Sales & Mixed Beverage Taxes	312,888	-	-	-	312,888
Other Receivables	15,884	-	-	100,094	115,978
Due from Other Funds	331,450	160,814	16,927	-	509,191
Restricted Assets:					
Cash and Cash Equivalents	-	411,113	1,464,883	-	1,875,996
TOTAL ASSETS	\$ 4,881,878	\$ 571,927	\$ 1,863,310	\$ 1,587,377	\$ 8,904,492
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES, AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ 134,777	\$ -	\$ 43,859	\$ -	\$ 178,636
Accrued Expenditures	151,671	-	-	-	151,671
Due to Other Funds	-	6,000	-	659,931	665,931
Unearned Revenue	2,500	-	-	37,080	39,580
<i>Total Liabilities</i>	<u>288,948</u>	<u>6,000</u>	<u>43,859</u>	<u>697,011</u>	<u>1,035,818</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Revenue - Property Tax	10,431	-	-	4,383	14,814
<i>Total Deferred Inflows of Resources</i>	<u>10,431</u>	<u>-</u>	<u>-</u>	<u>4,383</u>	<u>14,814</u>
<i>Fund Balances:</i>					
Restricted	483,963	565,927	1,464,883	875,245	3,390,018
Committed	-	-	354,568	10,738	365,306
Unassigned	4,098,536	-	-	-	4,098,536
<i>Total Fund Balances</i>	<u>4,582,499</u>	<u>565,927</u>	<u>1,819,451</u>	<u>885,983</u>	<u>7,853,860</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCES	\$ 4,881,878	\$ 571,927	\$ 1,863,310	\$ 1,587,377	\$ 8,904,492

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 7,853,860
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.		5,131,671
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		14,814
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.		
Compensated Absences	(124,165)	
Deferred Charge on Refunding	7,033	
Bonds Payable	(6,038,000)	
Premiums on Bonds	<u>(443,562)</u>	(6,598,694)
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Net Pension Liability	(378,505)	
Pension Related Deferred Outflows	250,931	
Pension Related Deferred Inflows	<u>(25,305)</u>	(152,879)
Total OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Total OPEB Liability	(109,706)	
OPEB Related Deferred Outflows	7,997	
OPEB Related Deferred Inflows	<u>(18,626)</u>	(120,335)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(33,031)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 6,095,406</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	Major Fund General Fund	Major Fund Capital Projects Fund	Major Fund Drainage Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Ad Valorem Taxes	\$ 1,407,149	\$ -	\$ -	\$ 585,883	\$ 1,993,032
Sales Taxes	1,899,356	-	-	-	1,899,356
Franchise Fees	98,423	-	-	-	98,423
Other Taxes	7,341	-	-	95,529	102,870
Licenses and Permits	434,726	-	-	-	434,726
Charges for Services	283,340	-	105,049	9,734	398,123
Fines and Forfeitures	168,699	-	-	-	168,699
Intergovernmental Revenue	145,471	-	-	2,513	147,984
Interest Income	207,533	43,173	11,170	34,378	296,254
Miscellaneous	28,913	-	-	715,397	744,310
TOTAL REVENUES	4,680,951	43,173	116,219	1,443,434	6,283,777
EXPENDITURES					
<i>Current:</i>					
General Administration	1,300,005	-	51	723,307	2,023,363
Public Safety	2,065,387	-	-	4,828	2,070,215
Public Transportation	442,658	-	-	-	442,658
Culture and Recreation	1,318,174	-	-	104,324	1,422,498
<i>Capital Outlay</i>	-	1,187,596	43,857	-	1,231,453
<i>Debt Service:</i>					
Principal	-	-	-	309,500	309,500
Interest and Fiscal Charges	-	-	-	155,034	155,034
Bond Issuance Costs	-	-	45,000	-	45,000
TOTAL EXPENDITURES	5,126,224	1,187,596	88,908	1,296,993	7,699,721
Excess (Deficiency) of Revenues Over (Under) Expenditures	(445,273)	(1,144,423)	27,311	146,441	(1,415,944)
OTHER FINANCING SOURCES (USES)					
Transfers In	441,444	-	11,069	55,345	507,858
Transfers Out	-	-	(55,345)	(16,926)	(72,271)
Issuance of Debt	-	-	1,500,000	-	1,500,000
TOTAL OTHER FINANCING SOURCES (USES)	441,444	-	1,455,724	38,419	1,935,587
Net Change in Fund Balance	(3,829)	(1,144,423)	1,483,035	184,860	519,643
Fund Balances at Beginning of Year	4,586,328	1,710,350	336,416	701,123	7,334,217
Fund Balances at End of Year	\$ 4,582,499	\$ 565,927	\$ 1,819,451	\$ 885,983	\$ 7,853,860

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
RECONCILIATION OF THE STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2024

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS		\$ 519,643
<p>Amounts reported for governmental activities in the Statement of Activities are different because:</p>		
<p>Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays.</p>		690,509
<p>Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.</p>		(1,770)
<p>The issuance of long-term debt (e.g. bonds, leases,) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.</p>		
Principal Repayments on Bonds	309,500	
Proceeds of New Debt	(1,500,000)	
Amortization of Deferred Charges & Premiums	26,216	(1,164,284)
<p>Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that the contributions exceeded the actuarially determined pension expense.</p>		(6,741)
<p>Governmental funds report required contributions to other post-employment benefits as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined OPEB expense exceeded contributions.</p>		(6,380)
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>		
Change in Compensated Absences	(1,824)	
Change in Accrued Interest	(7,303)	(9,127)
CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES		\$ 21,850

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION – PROPRIETARY FUND
SEPTEMBER 30, 2024

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
ASSETS			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 5,911,445	\$ 772,164	\$ 6,683,609
Leases Receivable	-	876,989	876,989
Other Receivables (net of allowance)	945,955	203,493	1,149,448
Due from Other Funds	404,981	-	404,981
Inventory	560,584	51,506	612,090
<i>Total Current Assets</i>	7,822,965	1,904,152	9,727,117
 <i>Restricted Assets:</i>			
Cash and Cash Equivalents	3,385,613	-	3,385,613
Cash Held in Escrow	992,114	-	992,114
<i>Total Restricted Assets</i>	4,377,727	-	4,377,727
 <i>Non-Current Assets:</i>			
Capital Assets, Net of Accumulated			
Depreciation	28,289,760	9,154,594	37,444,354
<i>Total Non-Current Assets</i>	28,289,760	9,154,594	37,444,354
TOTAL ASSETS	40,490,452	11,058,746	51,549,198
 DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	1,745	1,745
Deferred Pension Related Outflows	196,183	9,125	205,308
Deferred OPEB Related Outflows	6,252	291	6,543
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 202,435	\$ 11,161	\$ 213,596

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
SEPTEMBER 30, 2024

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 1,048,080	\$ 31,558	\$ 1,079,638
Accrued Expenses	10,148	4,467	14,615
Due to Other Funds	22,984	225,257	248,241
Unearned Revenue	-	4,422	4,422
Customer Deposits	286,836	-	286,836
Accrued Interest Payable	85,185	4,197	89,382
Current Portion of Long Term Debt	1,040,000	37,500	1,077,500
<i>Total Current Liabilities</i>	<u>2,493,233</u>	<u>307,401</u>	<u>2,800,634</u>
<i>Non-Current Liabilities:</i>			
Compensated Absences	48,940	4,632	53,572
Net Pension Liability	295,922	13,764	309,686
Total OPEB Liability	85,771	3,990	89,761
Long-Term Debt (Net of Current Portion)	20,506,064	1,091,344	21,597,408
<i>Total Non-Current Liabilities</i>	<u>20,936,697</u>	<u>1,113,730</u>	<u>22,050,427</u>
TOTAL LIABILITIES	<u>23,429,930</u>	<u>1,421,131</u>	<u>24,851,061</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	19,784	921	20,705
Deferred OPEB Related Inflows	14,562	677	15,239
Deferred Inflows - Leases	-	868,356	868,356
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>34,346</u>	<u>869,954</u>	<u>904,300</u>
NET POSITION			
Net Investment in Capital Assets	9,877,594	8,027,495	17,905,089
Restricted	2,131,294	-	2,131,294
Unrestricted	5,219,723	751,327	5,971,050
TOTAL NET POSITION	<u>\$ 17,228,611</u>	<u>\$ 8,778,822</u>	<u>\$ 26,007,433</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
OPERATING REVENUES			
Charges for Services	\$ 8,763,118	\$ 762,490	\$ 9,525,608
Fines and Forfeitures	69,926	726	70,652
Operating Grants	41,830	49,397	91,227
Miscellaneous Revenues	10,804	6,798	17,602
TOTAL OPERATING REVENUES	<u>8,885,678</u>	<u>819,411</u>	<u>9,705,089</u>
OPERATING EXPENSES			
Personnel Services	2,115,500	138,293	2,253,793
Supplies	50,857	4,677	55,534
Other Services and Charges	2,240,963	554,467	2,795,430
Electric Purchases	2,172,195	-	2,172,195
Gas Purchases	185,943	-	185,943
Sanitation Services	362,190	-	362,190
Depreciation and Amortization	856,011	281,454	1,137,465
TOTAL OPERATING EXPENSES	<u>7,983,659</u>	<u>978,891</u>	<u>8,962,550</u>
OPERATING INCOME (LOSS)	<u>902,019</u>	<u>(159,480)</u>	<u>742,539</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	475,437	13,353	488,790
Interest and Fiscal Charges	(558,543)	(24,401)	(582,944)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>(83,106)</u>	<u>(11,048)</u>	<u>(94,154)</u>
Net Income (Loss) Before Transfers and Capital Contributions	818,913	(170,528)	648,385
Transfers and Capital Contributions:			
Capital Grants & Contributions	155,490	-	155,490
Transfers In	-	347,326	347,326
Transfers Out	(776,913)	(6,000)	(782,913)
Total Transfers and Capital Contributions	<u>(621,423)</u>	<u>341,326</u>	<u>(280,097)</u>
CHANGE IN NET POSITION	197,490	170,798	368,288
NET POSITION AT BEGINNING OF YEAR	<u>17,031,121</u>	<u>8,608,024</u>	<u>25,639,145</u>
NET POSITION AT END OF YEAR	<u>\$ 17,228,611</u>	<u>\$ 8,778,822</u>	<u>\$ 26,007,433</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF CASH FLOWS - PROPRIETARY FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 9,289,455	\$ 812,124	\$ 10,101,579
Cash Paid to Employee Wages & Benefits	(2,182,744)	(127,538)	(2,310,282)
Cash Paid to Suppliers for Goods and Services	(5,877,207)	(532,020)	(6,409,227)
Net Cash Provided (Used) by Operating Activities	<u>1,229,504</u>	<u>152,566</u>	<u>1,382,070</u>
Cash Flows From Noncapital Financing Activities:			
Interfund Payables	(203,380)	347	(203,033)
Transfer (to) from Other Funds	(776,913)	341,326	(435,587)
Net Cash Provided (Used) by Noncapital Financing Activities	<u>(980,293)</u>	<u>341,673</u>	<u>(638,620)</u>
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(2,100,736)	-	(2,100,736)
Retirement of Long-Term Debt	(865,000)	(35,500)	(900,500)
Interest and Fiscal Charges Paid	(614,458)	(25,098)	(639,556)
Net Cash Provided (Used) by Capital and Related Financing Activities	<u>(3,580,194)</u>	<u>(60,598)</u>	<u>(3,640,792)</u>
Cash Flows From Investing Activities:			
Investment Interest Received	475,437	13,353	488,790
Net Cash Provided (Used) by Investing Activities	<u>475,437</u>	<u>13,353</u>	<u>488,790</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(2,855,546)	446,994	(2,408,552)
Cash and Investments at Beginning of Year:			
Cash and Investments	5,725,915	325,170	6,051,085
Restricted Cash and Investments	7,418,803	-	7,418,803
	<u>13,144,718</u>	<u>325,170</u>	<u>13,469,888</u>
Cash and Investments at End of Year:			
Cash and Investments	5,911,445	772,164	6,683,609
Restricted Cash and Investments	4,377,727	-	4,377,727
	<u>\$ 10,289,172</u>	<u>\$ 772,164</u>	<u>\$ 11,061,336</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
Reconciliation of Operating Income to Net Cash			
Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 902,019	\$ (159,480)	\$ 742,539
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	856,011	281,454	1,137,465
(Increase) Decrease in Operating Assets:			
Leases Receivable	-	78,126	78,126
Accounts Receivable	381,174	(1,482)	379,692
Inventory	25,008	(4,420)	20,588
Increase (Decrease) in Current Liabilities:			
Accounts Payable	(890,067)	31,544	(858,523)
Accrued Expenses	(41,288)	2,588	(38,700)
Unearned Revenue	-	(4,422)	(4,422)
Customer Deposits	22,603	-	22,603
Compensated Absences	5,235	3,332	8,567
Net Pension Liability and Related			
Deferred Inflows and Outflows	(18,019)	2,695	(15,324)
Total OPEB Liability and Related			
Deferred Inflows and Outflows	(13,172)	2,140	(11,032)
Deferred Inflows - Leases	-	(79,509)	(79,509)
Total Adjustments to Reconcile Operating Activities	327,485	312,046	639,531
Net Cash Provided (Used) by Operating Activities	\$ 1,229,504	\$ 152,566	\$ 1,382,070

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS
SEPTEMBER 30, 2024

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. REPORTING ENTITY

Component Units

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

Blended Component Units

During the year ended September 30, 2022, the City established the Castroville Economic Development Corporation, an entity legally separate from the City, to act on behalf of the City for promotion, development and enhancement of economic prosperity within the City of Castroville. The EDC is governed by a seven-member board appointed by the City Council. This governing board is substantially the same as the primary government and management of the primary government has operational responsibility for the component unit. The Corporation had no financial transactions during the year.

Discretely Presented Component Units. As of September 30, 2024, the City had no component units that would require a discrete presentation in the financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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

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

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

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

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

Governmental fund level financial statements are reported using current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenue to be available if collected within 60 days of the end of the current fiscal period.

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

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

The City reports the following major governmental funds:

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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

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

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

Capital Projects Fund is used to account for bond proceeds dedicated for various general capital projects in the City.

Drainage Fund is used to account for bond proceeds and customer charges dedicated for drainage projects in the City.

Nonmajor funds include special revenue funds and debt service funds.

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

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

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

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

The City reports the following major proprietary funds:

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

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

4. CASH AND CASH EQUIVALENTS

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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

5. INVESTMENTS

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

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

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

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2023 and past due after January 31, 2024. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Revenues for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts and billable services for the City's water utilities, sewer services, and solid waste management. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts. The allowances for uncollectible property taxes and utility customer accounts as of September 30, 2024 are \$16,822 and \$39,601, respectively.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

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

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

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

8. INVENTORY

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

9. RESTRICTED ASSETS

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

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

10. CAPITAL ASSETS

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

The Costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Interest has not been capitalized during the construction period on property plant and equipment.

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

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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

11. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

12. UNEARNED REVENUE

Unearned revenues arise when assets are recognized before revenue recognition criteria have been satisfied. Grant and reimbursement revenues received in advance of expenses/expenditures are reflected as unearned revenue.

13. COMPENSATED ABSENCES

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

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

14. LONG-TERM OBLIGATIONS

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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

14. LONG-TERM OBLIGATIONS (Continued)

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

15. PENSIONS

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

16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

For purposes of measuring the OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the Total OPEB Liability of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' Total OPEB Liability have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms.

17. FUND EQUITY

Fund balances in governmental funds are classified as follows:

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

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

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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

17. FUND EQUITY (Continued)

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

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

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

18. NET POSITION

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

19. INTERFUND TRANSACTIONS

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

20. OPERATING REVENUES AND EXPENSES

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

21. USE OF ESTIMATES

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE B -- DEPOSITS AND INVESTMENTS

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

1. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2024, the carrying amount of the City's deposits were fully collateralized by a combination of federal deposit insurance (FDIC) and securities pledged by the City's depository.

2. Investments

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

The Public Funds Investment Act ("Act") requires an annual audit of investment practices. The Act requires that the Council review the investment policy at least annually, investment officers obtain minimum investment training, and investment officers sign quarterly investment reports submitted to Council. Audit procedures in this area, conducted as part of the basic financial statements, disclosed that the City had adhered to all requirements of the investment policy for the year ended September 30, 2024. Additionally, investment practices of the City were in accordance with local policies.

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

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

3. Analysis of Specific Deposit and Investment Risks

GASB Statement No. 40 requires a determination as to whether the City was exposed to the following specific investment risks at year end and if so, the reporting of certain related disclosures. The City has reviewed its risk exposure and does not believe it is exposed to significant credit risk, custodial credit risk, or concentration of credit risk.

4. Investment Accounting Policy

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

5. Cash Held in Escrow

The amount of funds approved by the Texas Water Development Board but not yet drawn down by the City is held in escrow by the Texas Water Development Board in the City's name. The amount held in escrow as of September 30, 2024 was \$992,114.

NOTE C -- PROPERTY TAX CALENDAR

The City's property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Medina County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2023, upon which the fiscal 2024 levy was based, was \$335,374,914 (i.e., market value less exemptions). The estimated market value was \$487,022,557, making the taxable value 68.9% of the estimated market value.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE C -- PROPERTY TAX CALENDAR (Continued)

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2024, was \$0.523300 per \$100 of assessed value, which means that the City has a tax margin of \$1.9767 for each \$100 value and could increase its annual tax levy by approximately \$6,629,356 based upon the present assessed valuation before the limit is reached. However, the City generally may not increase the maintenance and operations portion of the property tax rate (that funds the General Fund) more than 3.5% annually (based on a three-year average) without an election.

NOTE D -- LEASES

The City has several ground lease agreements with various owners at the airport. The leases have fixed payments but are subject to increase with consumer price index at various intervals.

	Commercial 1	Commercial 2	Commercial 3	Commercial 4	Executive	Farm Land
Current Term Ends	11/30/2041	4/1/2045	2/28/2040	1/19/2041	9/30/2050	12/12/2025
Extension Options End	11/30/2051	4/1/2045	2/28/2050	1/19/2041	9/30/2050	12/12/2025
Total Payments During Year:						
Reduction of Receivable	\$ 13,545	\$ 3,296	\$ 15,703	\$ 4,292	\$ 4,589	\$ 36,701
Interest Payment	5,751	104	5,897	131	211	415
Variable and Other Payments	-	-	-	-	-	-
	<u>\$ 19,296</u>	<u>\$ 3,400</u>	<u>\$ 21,600</u>	<u>\$ 4,423</u>	<u>\$ 4,800</u>	<u>\$ 37,116</u>
Total Lease Revenue During Year:						
Lease Revenue	\$ 15,893	\$ 2,753	\$ 16,627	\$ 2,897	\$ 4,682	\$ 36,656
Interest Revenue	5,751	104	5,897	131	211	415
	<u>\$ 21,644</u>	<u>\$ 2,857</u>	<u>\$ 22,524</u>	<u>\$ 3,028</u>	<u>\$ 4,893</u>	<u>\$ 37,071</u>

NOTE E -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2024 are as follows:

	General Fund	Nonmajor Governmental Funds	Utility Fund	Airport Fund
Franchise Fees	\$ 12,092	\$ -	\$ -	\$ -
Occupancy Tax	-	23,093	-	-
Developer Contributions	-	77,001	-	-
Customer Receivables, Net of Allowance for Uncollectibles	3,792	-	904,125	3,493
Grant Funds	-	-	41,830	200,000
Total Other Receivables	<u>\$ 15,884</u>	<u>\$ 100,094</u>	<u>\$ 945,955</u>	<u>\$ 203,493</u>

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE F -- INTERFUND RECEIVABLE/PAYABLE AND TRANSFERS

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, and service debt. As of September 30, 2024, the following balances were due between funds:

Receivable Fund	Payable Fund	Amount	Reason
General Fund	Capital Projects Fund	\$ 6,000	Reimbursement for Costs
General Fund	Nonmajor Governmental Fund	107,108	Reimbursement for Costs
General Fund	Utility Fund	6,057	Reimbursement for Costs
General Fund	Airport Fund	212,285	Reimbursement for Costs
Capital Projects Fund	Nonmajor Governmental Fund	160,814	Reimbursement for Costs
Drainage Fund	Utility Fund	16,927	Reimbursement for Costs
Utility Fund	Airport Fund	12,972	Reimbursement for Costs
Utility Fund	Nonmajor Governmental Fund	392,009	Reimbursement for Costs
		<u>\$ 914,172</u>	

Transfers during the year ended September 30, 2024, were as follows:

Transfer In	Transfers Out	Amount	Purpose
General Fund	Utility Fund	\$ 435,444	In support of admin costs
General Fund	Airport Fund	6,000	Supplement Funding
Drainage Fund	Utility Fund	11,069	In support of debt service
Nonmajor Governmental Fund	Drainage Fund	55,345	In support of debt service
Airport Fund	Utility Fund	330,400	In support of water rights
Airport Fund	Nonmajor Governmental Fund	16,926	In support of debt service
		<u>\$ 855,184</u>	

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2024, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2023	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2024
Land	\$ 179,144	\$ -	\$ -	\$ 179,144
Construction in Progress	983,967	818,555	(1,164,157)	638,365
Buildings and Improvements	1,469,936	-	9,400	1,479,336
Vehicles and Equipment	1,319,681	167,068	-	1,486,749
Infrastructure	2,369,700	-	1,154,757	3,524,457
	<u>6,322,428</u>	<u>985,623</u>	<u>-</u>	<u>7,308,051</u>
Less Accumulated Depreciation				
Buildings and Improvements	(407,246)	(63,500)	-	(470,746)
Vehicles and Equipment	(740,773)	(172,940)	-	(913,713)
Infrastructure	(733,247)	(58,674)	-	(791,921)
	<u>(1,881,266)</u>	<u>(295,114)</u>	<u>-</u>	<u>(2,176,380)</u>
Governmental Capital Assets, Net	<u>\$ 4,441,162</u>	<u>\$ 690,509</u>	<u>\$ -</u>	<u>\$ 5,131,671</u>
<i>Business-Type Activities</i>	Balance 10/1/2023	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2024
Land	\$ 2,229,120	\$ -	\$ -	\$ 2,229,120
Construction in Progress	6,510,653	2,305,626	(6,021,193)	2,795,086
Water Rights	176,126	-	-	176,126
Buildings and Improvements	7,970,353	-	-	7,970,353
Vehicles and Equipment	2,827,873	-	-	2,827,873
Infrastructure	27,963,117	-	5,971,793	33,934,910
	<u>47,677,242</u>	<u>2,305,626</u>	<u>(49,400)</u>	<u>49,933,468</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,559,377)	(165,365)	-	(2,724,742)
Vehicles and Equipment	(1,238,327)	(253,386)	-	(1,491,713)
Infrastructure	(7,553,945)	(718,714)	-	(8,272,659)
	<u>(11,351,649)</u>	<u>(1,137,465)</u>	<u>-</u>	<u>(12,489,114)</u>
Business-Type Capital Assets, Net	<u>\$ 36,325,593</u>	<u>\$ 1,168,161</u>	<u>\$ (49,400)</u>	<u>\$ 37,444,354</u>

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

NOTE G -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions as follows:

<u>Governmental Activities:</u>	
General Administration	\$ 10,256
Public Safety	81,135
Public Transportation	130,909
Culture and Recreation	<u>72,814</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 295,114</u></u>
 <u>Business-Type Activities:</u>	
Utility	\$ 856,011
Airport	<u>281,454</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 1,137,465</u></u>

NOTE H -- LONG-TERM DEBT

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

Public Borrowings

A summary of the general obligation debt is as follows:

<u>Issue Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
General Obligation Refunding Bonds:			
2012 Series \$ 2,020,000	2026	2.0 - 3.0%	<u>\$ 165,000</u>
Certificates of Obligation:			
2022 Series \$ 9,285,000	2042	2.0 - 5.0%	<u>\$ 8,820,000</u>
Certificates of Obligation:			
2023 Series \$ 4,735,000	2043	4.0 - 5.0%	<u>\$ 4,735,000</u>

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

The City issued Certificates of Obligation, Series 2022 on February 9, 2022 in the amount of \$9,285,000 for various general and utility related capital projects as identified in the city's capital improvement plan.

The City issued Certificates of Obligation, Series 2023 on February 14, 2023 in the amount of \$4,735,000 for various utility related capital projects as identified in the city's capital improvement plan.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE H -- LONG-TERM DEBT (Continued)

Private Placement Note Agreements

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

The City obtained a note agreement with the US Department of Agriculture for the purpose of construction and hanger improvements for \$1,180,000. As of September 30, 2024, the City had only drawn \$1,134,000 of the available funds. The note is due and payable over forty years at an interest rate of 2.125%. The notes were privately placed with USDA and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

The City issued Certificates of Obligation, Series 2024 on July 31, 2024 in the amount of \$1,500,000 for drainage related capital projects as identified in the city’s capital improvement plan. The certificates are due and payable over twenty years at an interest rate of 4.0%. The certificates were privately placed with TXN Bank in Hondo, Texas and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

Changes in Long-Term Debt

	Balance 10/01/23	Additions	Reductions	Balance 9/30/2024	Due Within One Year
<i>Governmental Activities:</i>					
2012 Refunding Bonds	\$ 197,500	\$ -	\$ (64,500)	\$ 133,000	\$ 68,500
2012 Premium on Bonds	17,182	-	(5,727)	11,455	-
2022 Certificates of Obligation	4,650,000	-	(245,000)	4,405,000	195,000
2022 Premium on Certificates	456,113	-	(24,006)	432,107	-
2024 Certificates of Obligation	-	1,500,000	-	1,500,000	50,000
<i>Total Governmental Activities</i>	<u>5,320,795</u>	<u>1,500,000</u>	<u>(339,233)</u>	<u>6,481,562</u>	<u>313,500</u>
<i>Business-Type Activities:</i>					
2012 Refunding Bonds	47,500	-	(15,500)	32,000	16,500
2012 Premium on Bonds	4,265	-	(1,421)	2,844	-
USDA Loan	1,114,000	-	(20,000)	1,094,000	21,000
TWDB - DWSRF - Construction	2,240,000	-	(175,000)	2,065,000	175,000
TWDB - CWSRF - Construction	1,875,000	-	(150,000)	1,725,000	150,000
Series 2015 Revenue Bonds	6,845,000	-	(275,000)	6,570,000	275,000
TWDB - CWSRF - Additional	1,225,000	-	(45,000)	1,180,000	45,000
2022 Certificates of Obligation	4,635,000	-	(220,000)	4,415,000	235,000
2022 Premium on Certificates	456,113	-	(24,006)	432,107	-
2023 Certificates of Obligation	4,735,000	-	-	4,735,000	160,000
2023 Premium on Certificates	423,957	-	-	423,957	-
<i>Total Business-Type Activities</i>	<u>23,600,835</u>	<u>-</u>	<u>(925,927)</u>	<u>22,674,908</u>	<u>1,077,500</u>
Total Primary Government	<u>\$ 28,921,630</u>	<u>\$ 1,500,000</u>	<u>\$ (1,265,160)</u>	<u>\$ 29,156,470</u>	<u>\$ 1,391,000</u>

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE H -- LONG-TERM DEBT (Continued)

The total deferred charges remaining on the refunding is \$8,778 as of September 30, 2024 and is shown on the Statement of Net Position as a deferred outflow of resources.

Annual requirements to amortize all bonded debt outstanding as of September 30, 2024 are as follows:

Year Ending September 30,	Governmental Activities				
	Public Offerings		Private Placement		Total
	Principal	Interest	Principal	Interest	
2025	\$ 263,500	\$ 140,183	\$ 50,000	\$ 59,000	\$ 512,683
2026	274,500	128,378	55,000	58,000	515,878
2027	225,000	115,944	55,000	55,800	451,744
2028	235,000	104,694	55,000	53,600	448,294
2029	245,000	92,944	60,000	51,400	449,344
2030 - 2034	1,150,000	333,919	330,000	219,600	2,033,519
2035 - 2039	1,310,000	170,372	405,000	147,600	2,032,972
2040 - 2044	835,000	36,644	490,000	60,200	1,421,844
	<u>\$ 4,538,000</u>	<u>\$ 1,123,078</u>	<u>\$ 1,500,000</u>	<u>\$ 705,200</u>	<u>\$ 7,866,278</u>

Year Ending September 30,	Business-Type Activities				
	Public Offerings		Private Placement		Total
	Principal	Interest	Principal	Interest	
2025	\$ 411,500	\$ 354,191	\$ 666,000	\$ 182,103	\$ 1,613,794
2026	430,500	333,947	671,000	176,999	1,612,446
2027	435,000	312,731	676,000	170,943	1,594,674
2028	460,000	290,981	682,000	164,027	1,597,008
2029	480,000	267,981	692,000	156,313	1,596,294
2030 - 2034	2,245,000	1,075,956	3,614,000	641,676	7,576,632
2035 - 2039	2,630,000	624,256	2,357,000	396,593	6,007,849
2040 - 2044	2,090,000	170,588	2,147,000	222,664	4,630,252
2045 - 2049	-	-	703,000	72,096	775,096
2050 - 2054	-	-	182,000	42,564	224,564
2055 - 2059	-	-	201,000	22,440	223,440
2060 - 2061	-	-	43,000	2,869	45,869
	<u>\$ 9,182,000</u>	<u>\$ 3,430,631</u>	<u>\$ 12,634,000</u>	<u>\$ 2,251,287</u>	<u>\$ 27,497,918</u>

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

The City participates as one of 919 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, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

At the December 31 valuations and measurement dates, the following employees were covered by the benefit terms:

	2022	2023
Inactive employees or beneficiaries currently receiving benefits	45	47
Inactive employees entitled to but not yet receiving benefits	61	70
Active employees	53	50
	159	167

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 1 to 1, 1.5 to 1, or 2 to 1, 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.

For the year ending September 30, 2024, employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.67% and 8.47% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the year ended September 30, 2024 were \$290,306, and the City contribution was \$1,029 greater than the required contribution.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

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.

Actuarial Assumptions

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

Inflation	2.50% per year
Salary Increases	2.75% per year
Investment Rate of Return*	6.75%

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

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are 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 the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to 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 CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	6.70%
Core Fixed Income	6.00%	4.70%
Non-Core Fixed Income	20.00%	8.00%
Other Public and Private Markets	12.00%	8.00%
Real Estate	12.00%	7.60%
Hedge Funds	5.00%	6.40%
Private Equity	10.00%	11.60%
	<u>100.00%</u>	

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.

Discount Rate Sensitivity Analysis

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 1,832,485	\$ 688,191	\$ (237,150)

Pension Plan Fiduciary Net Position

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2023:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2022	\$ 7,483,285	\$ 6,516,636	\$ 966,649
Changes for the year:			
Service Cost	378,009	-	378,009
Interest	505,512	-	505,512
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	105,975	-	105,975
Changes of Assumptions	(79,111)	-	(79,111)
Contributions - Employer	-	280,396	(280,396)
Contributions - Employee	-	159,497	(159,497)
Net Investment Income	-	753,781	(753,781)
Benefit Payments, Including Refunds of Employee Contributions	(366,460)	(366,460)	-
Administrative Expense	-	(4,798)	4,798
Other Changes	-	(33)	33
Net Changes	<u>543,925</u>	<u>822,383</u>	<u>(278,458)</u>
Balance at December 31, 2023	<u>\$ 8,027,210</u>	<u>\$ 7,339,019</u>	<u>\$ 688,191</u>

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

For the year ended September 30, 2024, the City recognized a pension expense of \$281,941. Also, as of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 67,323	\$ -
Changes in Actuarial Assumptions	-	46,010
Differences between Projected and Actual Investment Earnings	173,971	-
Contributions Subsequent to the Measurement Date	214,945	-
	<u>\$ 456,239</u>	<u>\$ 46,010</u>

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions (Continued)

Deferred outflows of resources in the amount of \$214,945 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,		
2024	\$	63,632
2025		60,657
2026		133,776
2027		<u>(62,781)</u>
	\$	<u><u>195,284</u></u>

NOTE J -- OTHER POST EMPLOYMENT BENEFIT (OPEB)

The City also participates in the cost sharing, multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) and known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year, to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's annual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. Membership in the plan at December 31, 2023, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	28
Inactive Employees Entitled to but Not Yet Receiving Benefits	16
Active Employees	<u>50</u>
	<u><u>94</u></u>

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

For the Calendar Year Ended December 31,	Total SBDF Contribution Rate	Retiree Portion of SDBF Contribution Rate
2022	0.39%	0.23%
2023	0.58%	0.26%
2024	0.51%	0.25%

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

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

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

These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	3.77% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. 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 the future mortality improvements subject to the floor.

The City's Total OPEB Liability (TOL), based on the actuarial factors, as of December 31, 2023 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2022	\$ 173,135
Changes for the year:	
Service Cost	8,294
Interest	7,012
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	9,307
Changes of Assumptions or Other Inputs	10,013
Benefit Payments	(8,294)
Net Changes	26,332
Balance at December 31, 2023	\$ 199,467

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

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

The following presents the TOL of the City, calculated using the discount rate of 3.77% as well as what the City's TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.05%) and 1-percentage point higher (5.05%) than the current rate:

	Discount Rate 2.77%	Discount Rate 3.77%	Discount Rate 4.77%
Total OPEB Liability	\$ 234,797	\$ 199,467	\$ 171,911

For the year ended September 30, 2024, the City recognized OPEB expense of \$3,845. Also as of September 30, 2024, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 8,195	\$ -
Changes in Actuarial Assumptions	-	33,865
Contributions Subsequent to the Measurement Date	6,345	-
	\$ 14,540	\$ 33,865

Deferred outflows of resources in the amount of \$6,345 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year Ended December 31,	
2024	\$ (13,757)
2025	(13,597)
2026	1,684
2027	-
	\$ (25,670)

NOTE K -- DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or any unforeseen emergency. The City makes an employer match contribution of 100% up to 2% contributed by the employee. Total contributions made for the year ended September 30, 2024 were \$71,739 and \$74,384 for employee and employer contributions, respectively.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE L -- FUND BALANCE

The City reported fund balance designations at September 30, 2024 as follows:

Fund Balance Designation	Major Fund	Major Fund	Major Fund	Nonmajor	Total
	General Fund	Capital Projects	Drainage Fund	Governmental Funds	Governmental Funds
Restricted for:					
Tax Increment Reinvestment Zone	\$ 18,997	\$ -	\$ -	\$ -	\$ 18,997
Community Center	464,966	-	-	-	464,966
Capital Projects	-	565,927	1,464,883	-	2,030,810
Debt Service	-	-	-	571,131	571,131
Tourism	-	-	-	205,501	205,501
Park Donations	-	-	-	13,771	13,771
Library	-	-	-	1,893	1,893
Police Training and Operations	-	-	-	13,825	13,825
Court Security & Technology	-	-	-	69,124	69,124
Total Restricted Fund Balance	<u>483,963</u>	<u>565,927</u>	<u>1,464,883</u>	<u>875,245</u>	<u>3,390,018</u>
Committed for:					
Drainage Projects	-	-	354,568	-	354,568
Facilities Maintenance	-	-	-	10,738	10,738
Total Committed Fund Balance	-	-	<u>354,568</u>	<u>10,738</u>	<u>365,306</u>
Unassigned	<u>4,098,536</u>	-	-	-	<u>4,098,536</u>
Total Fund Balance	<u>\$ 4,582,499</u>	<u>\$ 565,927</u>	<u>\$ 1,819,451</u>	<u>\$ 885,983</u>	<u>\$ 7,853,860</u>

NOTE M -- RESTRICTED NET POSITION

The City reported restricted net position at September 30, 2024 as follows:

Net Position Restricted for:	Governmental	Business-type	Total
	Activities	Activities	Restricted Net Position
Debt Service	\$ 542,483	\$ -	\$ 542,483
Tax Increment Reinvestment Zone	18,997	-	18,997
Community Center	464,966	-	464,966
Tourism	205,501	-	205,501
Park Donations	13,771	-	13,771
Library	1,893	-	1,893
Police Training and Operations	13,825	-	13,825
Court Security & Technology	69,124	-	69,124
Water Acquisition	-	449,656	449,656
Capital Improvements - Impact Fees	-	1,681,638	1,681,638
Total Restricted Net Position	<u>\$ 1,330,560</u>	<u>\$ 2,131,294</u>	<u>\$ 3,461,854</u>

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2024

NOTE N -- COMMITMENTS AND CONTINGENCIES

Litigation

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

Construction Commitments

The City has entered into construction and engineering contracts for the following projects. Estimated future commitments associated with these contracts as of September 30, 2024 are as follows:

Commitment	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Engineering Fees	\$ 2,442,540	\$ 1,512,455	\$ 930,085
Community Center Security	174,557	48,320	126,237
Smart Meter Program	2,401,087	2,293,038	108,049
	<u>\$ 5,018,184</u>	<u>\$ 3,853,813</u>	<u>\$ 1,164,371</u>

Chapter 380 Economic Development Agreement

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

During the year ended September 30, 2019, the City approved an economic development agreement between the City and the Hwy 90 Castroville Partners, LTD. The agreement allows the City to reimburse the Developer in the form of ad valorem tax grants an amount not to exceed \$23,596,331 upon the Developer’s performing certain obligations as defined in the agreement. The ad valorem tax grants represent 100% of city ad valorem property taxes levied for purposes other than payment of debt service and up to 100% of city sales and hotel occupancy taxes as imposed and collected within a proposed development. As of September 30, 2024 there has been no taxes paid yet, therefore, the City has made no payments during the previous and current fiscal year.

Tax Increment Reinvestment Zones

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

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2024

NOTE N -- COMMITMENTS AND CONTINGENCIES (Continued)

Tax Increment Reinvestment Zones (Continued)

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to the property tax base are being used to finance Zone improvements. The total projected cost is a combined amount of \$35 million. Project costs of the developer will be funded up to 100% of the tax increment generated by the entities of the Zone. The City of Castroville has committed up to \$17.5 million of the total \$35 million. The Zone has a statutory termination date of December 31, 2051. As of September 30, 2024, the TIRZ has collected taxes from the taxing entities in the amount of \$18,991 (net of administrative reimbursements), however, the City has made no payments to the Zone in the current fiscal year.

The City is a principal in the Tax Increment Reinvestment Zone Number Two, pursuant to chapter 311 of the Texas Tax Code. Under the terms of the Zone agreement, the City of Castroville is funding infrastructure improvements through tax increment financing to the Downtown Commercial District project.

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to the property tax and sales tax bases are being used to finance Zone improvements. The total projected cost has not been determined at this time. The Zone has a statutory termination date of January 31, 2052. The City shall deposit, upon receipt, 75% of all ad valorem tax collections derived from its levy of ad valorem for purposes other than establishing and funding an interest and sinking fund on an annual basis against the incremental assessed value of real property located within the Zone and 20% of the incremental sales tax revenues. As of September 30, 2024, the TIRZ has not collected any taxes from the taxing entities (net of administrative reimbursements), therefore, the City has made no payments to the Zone in the current fiscal year.

Public Improvement District

During the previous year ended September 30, 2023, the City approved a resolution establishing the Heights of Castroville Public Improvement District (PID). The estimated total costs of the authorized improvements is \$6,000,000 including issuance and other financing fees, which costs shall be paid by assessments levied on the property within the district. The costs of the authorized improvements will be apportioned between the District and the City as allowed by the Act. The City will not be obligated to provide any funds to finance the authorized improvements, other than from assessments levied on the property. As of September 30, 2024, the PID has not collected any taxes from the taxing entities (net of administrative reimbursements), therefore, the City has made no payments to the District in the current fiscal year.

NOTE O -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$6,000,000. Annual contributions for the year ended September 30, 2024 were \$191,334 for property and casualty and workers compensation coverage.

REQUIRED SUPPLEMENTARY INFORMATION

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

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



CITY OF CASTROVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)

	Budget Amounts		Actual Amounts	Variance	2023
	Original	Final		Favorable (Unfavorable)	
REVENUES					
Ad Valorem Taxes	\$ 1,197,888	\$ 1,197,888	\$ 1,407,149	\$ 209,261	\$ 1,239,996
Sales Taxes	1,468,158	1,468,158	1,899,356	431,198	1,777,872
Franchise Fees	41,500	41,500	98,423	56,923	98,666
Other Taxes	6,000	6,000	7,341	1,341	5,712
Licenses and Permits	140,000	140,000	434,726	294,726	160,812
Charges for Services	350,950	350,950	283,340	(67,610)	341,263
Fines and Forfeitures	187,230	187,230	168,699	(18,531)	151,984
Intergovernmental Revenue	-	-	145,471	145,471	40,562
Interest Income	20,000	20,000	207,533	187,533	91,329
Miscellaneous	33,100	33,100	28,913	(4,187)	211,995
TOTAL REVENUES	3,444,826	3,444,826	4,680,951	1,236,125	4,120,191
EXPENDITURES					
<i>Current:</i>					
General Administration					
City Administration	130,218	273,618	256,677	16,941	312,808
Finance	194,637	240,637	232,027	8,610	227,001
City Council	69,591	69,591	70,048	(457)	113,319
City Secretary	101,276	102,776	102,181	595	93,224
Information Technology	150,000	300,000	291,645	8,355	177,178
Economic Development	12,100	12,300	1,679	10,621	-
Tourism and Business Development	142,987	142,987	118,203	24,784	1,234
Non-Departmental	150,200	226,700	227,545	(845)	161,765
Public Safety					
Animal Control	163,837	184,837	184,794	43	68,870
Community Development	213,101	369,401	380,570	(11,169)	352,995
Emergency Management	6,000	18,900	18,843	57	6,207
Municipal Court	122,352	137,352	133,213	4,139	116,786
Police Department	1,186,110	1,326,110	1,347,967	(21,857)	1,291,598
Public Transportation					
Streets	484,944	484,944	442,658	42,286	639,503
Culture and Recreation					
Library	280,876	310,876	307,122	3,754	282,918
Parks	394,629	1,248,981	748,976	500,005	455,403
RV Park	35,750	35,750	32,711	3,039	110,409
Pool	166,773	289,773	229,365	60,408	186,839
<i>Capital Outlay</i>	-	-	-	-	124,537
TOTAL EXPENDITURES	4,005,381	5,775,533	5,126,224	649,309	4,722,594
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (560,555)	\$ (2,330,707)	\$ (445,273)	\$ 1,885,434	\$ (602,403)

CITY OF CASTROVILLE
REQUIRED SUPPLEMENTARY INFORMATION
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)

	Budget Amounts		Actual Amounts	Variance	2023
	Original	Final		Favorable (Unfavorable)	
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 451,444	\$ 451,444	\$ 441,444	\$ (10,000)	\$ 368,776
Transfers Out	-	-	-	-	(140,000)
TOTAL OTHER FINANCING SOURCES (USES)	<u>451,444</u>	<u>451,444</u>	<u>441,444</u>	<u>(10,000)</u>	<u>228,776</u>
Net Change in Fund Balance	(109,111)	(1,879,263)	(3,829)	1,875,434	(373,627)
Fund Balance - Beginning of Year	<u>4,586,328</u>	<u>4,586,328</u>	4,586,328	-	4,959,955
Fund Balance - End of Year	<u>\$ 4,477,217</u>	<u>\$ 2,707,065</u>	\$ 4,582,499	<u>\$ 1,875,434</u>	<u>\$ 4,586,328</u>

CITY OF CASTROVILLE
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
SEPTEMBER 30, 2024

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

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

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

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

	Total Pension Liability		
	2014	2015	2016
Service Cost	\$ 162,880	\$ 193,289	\$ 222,617
Interest (on the Total Pension Liability)	314,941	330,968	334,854
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(47,315)	(112,683)	29,527
Changes of Assumptions	-	52,240	-
Benefit Payments, Including Refunds of Employee			
Contributions	(185,781)	(247,734)	(243,830)
Net Change in Total Pension Liability	244,725	216,080	343,168
Total Pension Liability - Beginning	4,510,607	4,755,332	4,971,412
Total Pension Liability - Ending	<u>\$ 4,755,332</u>	<u>\$ 4,971,412</u>	<u>\$ 5,314,580</u>
	Plan Fiduciary Net Position		
	2014	2015	2016
Contributions - Employer	\$ 116,470	\$ 140,635	\$ 166,452
Contributions - Employee	73,753	80,739	91,865
Net Investment Income	235,951	6,437	293,031
Benefit Payments, Including Refunds of Employee			
Contributions	(185,781)	(247,734)	(243,830)
Administrative Expense	(2,464)	(3,920)	(3,311)
Other	(203)	(195)	(178)
Net Change in Plan Fiduciary Net Position	237,726	(24,038)	304,029
Plan Fiduciary Net Position - Beginning	4,124,874	4,362,600	4,338,562
Plan Fiduciary Net Position - Ending	<u>\$ 4,362,600</u>	<u>\$ 4,338,562</u>	<u>\$ 4,642,591</u>
Net Pension Liability - Ending	\$ 392,732	\$ 632,850	\$ 671,989
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.74%	87.27%	87.36%
Covered Payroll	\$ 1,475,068	\$ 1,614,779	\$ 1,796,745
Net Pension Liability as a Percentage of Covered Payroll	26.62%	39.19%	37.40%

Total Pension Liability						
2017	2018	2019	2020	2021	2022	2023
\$ 226,467	\$ 226,730	\$ 218,311	\$ 272,583	\$ 306,544	\$ 342,327	\$ 378,009
355,826	365,524	382,332	405,256	437,109	471,709	505,512
-	-	-	-	-	-	-
(117,537)	(30,664)	(6,066)	94,419	100,023	35,638	105,975
-	-	13,239	-	-	-	(79,111)
(312,626)	(329,800)	(286,952)	(303,731)	(330,940)	(367,016)	(366,460)
152,130	231,790	320,864	468,527	512,736	482,658	543,925
5,314,580	5,466,710	5,698,500	6,019,364	6,487,891	7,000,627	7,483,285
<u>\$ 5,466,710</u>	<u>\$ 5,698,500</u>	<u>\$ 6,019,364</u>	<u>\$ 6,487,891</u>	<u>\$ 7,000,627</u>	<u>\$ 7,483,285</u>	<u>\$ 8,027,210</u>

Total Pension Liability						
2017	2018	2019	2020	2021	2022	2023
\$ 167,071	\$ 165,825	\$ 161,592	\$ 206,198	\$ 227,993	\$ 254,058	\$ 280,396
91,097	89,830	89,179	113,671	127,514	141,458	159,497
643,319	(156,558)	771,784	434,291	804,181	(510,447)	753,781
(312,626)	(329,800)	(286,952)	(303,731)	(330,940)	(367,016)	(366,460)
(3,335)	(3,027)	(4,363)	(2,812)	(3,723)	(4,420)	(4,798)
(167)	(159)	(129)	(110)	25	5,274	(33)
585,359	(233,889)	731,111	447,507	825,050	(481,093)	822,383
4,642,591	5,227,950	4,994,061	5,725,172	6,172,679	6,997,729	6,516,636
<u>\$ 5,227,950</u>	<u>\$ 4,994,061</u>	<u>\$ 5,725,172</u>	<u>\$ 6,172,679</u>	<u>\$ 6,997,729</u>	<u>\$ 6,516,636</u>	<u>\$ 7,339,019</u>

\$ 238,760	\$ 704,439	\$ 294,192	\$ 315,212	\$ 2,898	\$ 966,649	\$ 688,191
95.63%	87.64%	95.11%	95.14%	99.96%	87.08%	91.43%
\$ 1,821,939	\$ 1,796,595	\$ 1,783,584	\$ 2,273,423	\$ 2,550,286	\$ 2,829,152	\$ 3,189,947
13.10%	39.21%	16.49%	13.87%	0.11%	34.17%	21.57%

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

Schedule of Contributions:

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Actuarially Determined Contribution	\$ 139,842	\$ 156,977	\$ 168,611	\$ 166,662	\$ 155,635
Contribution in Relation to the Actuarially Determined Contribution	<u>139,842</u>	<u>156,977</u>	<u>168,611</u>	<u>166,662</u>	<u>155,635</u>
Contribution Deficiency (Excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
 Covered Payroll	 \$ 1,643,667	 \$ 1,744,669	 \$ 1,843,395	 \$ 1,808,304	 \$ 1,710,410
 Contributions as a Percentage of Covered Payroll	 8.51%	 9.00%	 9.15%	 9.22%	 9.10%

Schedule of Contributions:

	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
Actuarially Determined Contribution	\$ 186,857	\$ 212,701	\$ 231,332	\$ 272,091	\$ 289,277
Contribution in Relation to the Actuarially Determined Contribution	<u>192,144</u>	<u>222,125</u>	<u>241,941</u>	<u>278,087</u>	<u>290,306</u>
Contribution Deficiency (Excess)	<u>\$ (5,287)</u>	<u>\$ (9,424)</u>	<u>\$ (10,609)</u>	<u>\$ (5,996)</u>	<u>\$ (1,029)</u>
 Covered Payroll	 \$ 2,120,912	 \$ 2,480,318	 \$ 2,702,559	 \$ 3,149,471	 \$ 3,395,810
 Contributions as a Percentage of Covered Payroll	 8.81%	 8.58%	 8.56%	 8.64%	 8.52%

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31 and become effective in January, thirteen (13) months later.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	22 Years
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. Post-retirement 2019
Mortality	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). Pre-retirement: PUB(10) mortality tables, with 110% of the Public Safety table used for males and 100% of the 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:

Notes There were no benefit changes during the year

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

	Total OPEB Liability						
	2017	2018	2019	2020	2021	2022	2023
Service Cost	\$ 8,563	\$ 9,342	\$ 8,561	\$ 20,915	\$ 22,953	\$ 23,482	\$ 8,294
Interest (on the Total OPEB Liability)	4,259	4,413	5,393	4,975	4,342	4,364	7,012
Changes of Benefit Terms	-	-	-	-	-	-	-
Differences Between Expected and Actual Experience	-	9,802	(9,208)	(13,670)	(7,550)	5,953	9,307
Changes of Assumptions	9,414	(9,423)	26,488	27,656	6,904	(82,869)	10,013
Benefit Payments, Including Refunds of Employee Contributions	(2,004)	(1,976)	(1,427)	(2,273)	(7,141)	(6,507)	(8,294)
Net Change in Total OPEB Liability	20,232	12,158	29,807	37,603	19,508	(55,577)	26,332
Total OPEB Liability - Beginning	109,404	129,636	141,794	171,601	209,204	228,712	173,135
Total OPEB Liability - Ending	<u>\$ 129,636</u>	<u>\$ 141,794</u>	<u>\$ 171,601</u>	<u>\$ 209,204</u>	<u>\$ 228,712</u>	<u>\$ 173,135</u>	<u>\$ 199,467</u>
Covered Payroll	\$ 1,821,939	\$ 1,796,595	\$ 1,783,584	\$ 2,273,423	\$ 2,550,286	\$ 2,829,152	\$ 3,189,947
Total OPEB Liability as a Percentage of Covered Payroll	7.12%	7.89%	9.62%	9.20%	8.97%	6.12%	6.25%

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

NOTES TO SCHEDULE OF CHANGES

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

Methods and Assumptions Used to Determine Contribution Rate

Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	3.77% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. 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 the future mortality improvements subject to the floor.



SUPPLEMENTARY INFORMATION

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

Such statements and schedule include:

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

CITY OF CASTROVILLE
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2024 AND 2023

	2024	2023
ASSETS		
Cash and Cash Equivalents	\$ 4,211,225	\$ 3,963,507
Receivables (net of allowances for uncollectibles):		
Property Taxes	10,431	12,586
Sales & Mixed Beverage Taxes	312,888	284,923
Other Receivables	15,884	11,787
Due from Other Funds	331,450	519,454
 TOTAL ASSETS	\$ 4,881,878	\$ 4,792,257
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 134,777	\$ 103,272
Accrued Expenditures	151,671	78,641
Due to Other Funds	-	6,430
Unearned Revenue	2,500	5,000
<i>Total Liabilities</i>	288,948	193,343
 <i>Deferred Inflows of Resources:</i>		
Unavailable Revenue - Property Tax	10,431	12,586
<i>Total Deferred Inflows of Resources</i>	10,431	12,586
 <i>Fund Balances:</i>		
Restricted	483,963	-
Unassigned	4,098,536	4,586,328
<i>Total Fund Balances</i>	4,582,499	4,586,328
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURECES, & FUND BALANCES	\$ 4,881,878	\$ 4,792,257

CITY OF CASTROVILLE
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
BUDGET AND ACTUAL – DEBT SERVICE FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024
(WITH COMPARATIVE ACTUAL TOTALS FOR 2023)

	Budget Amounts		Actual Amounts	Variance	2023
	Original	Final		Favorable (Unfavorable)	
REVENUES					
Ad Valorem Taxes	\$ 120,400	\$ 120,400	\$ 585,883	\$ 465,483	\$ 396,985
Interest Income	1,200	1,200	33,790	32,590	7,462
TOTAL REVENUES	<u>121,600</u>	<u>121,600</u>	<u>619,673</u>	<u>498,073</u>	<u>404,447</u>
EXPENDITURES					
<i>Debt Service:</i>					
Principal	170,000	170,000	309,500	(139,500)	137,000
Interest	248,086	248,086	155,034	93,052	245,471
TOTAL EXPENDITURES	<u>418,086</u>	<u>418,086</u>	<u>464,534</u>	<u>(46,448)</u>	<u>382,471</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(296,486)</u>	<u>(296,486)</u>	<u>155,139</u>	<u>451,625</u>	<u>21,976</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	123,500	123,500	55,345	(68,155)	115,132
Transfers Out	-	-	(16,926)	(16,926)	(35,415)
TOTAL OTHER FINANCING SOURCES (USES)	<u>123,500</u>	<u>123,500</u>	<u>38,419</u>	<u>(85,081)</u>	<u>79,717</u>
Net Change in Fund Balance	(172,986)	(172,986)	193,558	366,544	101,693
Fund Balance - Beginning of Year	<u>377,573</u>	<u>377,573</u>	<u>377,573</u>	-	<u>275,880</u>
Fund Balance - End of Year	<u>\$ 204,587</u>	<u>\$ 204,587</u>	<u>\$ 571,131</u>	<u>\$ 366,544</u>	<u>\$ 377,573</u>

CITY OF CASTROVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2024

	SPECIAL REVENUE				
	Hotel Occupancy Fund	Special Parks Projects Fund	Alsatian House Fund	Biry House Fund	Library Memorial Fund
ASSETS					
Cash and Cash Equivalents	\$ 185,954	\$ 63,771	\$ 9,116	\$ 1,622	\$ 1,893
Receivables (net of allowances for uncollectibles):					
Property Taxes	-	-	-	-	-
Other Receivables	23,093	-	-	-	-
TOTAL ASSETS	<u>\$ 209,047</u>	<u>\$ 63,771</u>	<u>\$ 9,116</u>	<u>\$ 1,622</u>	<u>\$ 1,893</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to Other Funds	3,546	50,000	-	-	-
Unearned Revenue	-	-	-	-	-
<i>Total Liabilities</i>	<u>3,546</u>	<u>50,000</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Revenues	-	-	-	-	-
<i>Total Deferred Inflows of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>					
Restricted	205,501	13,771	-	-	1,893
Committed	-	-	9,116	1,622	-
<i>Total Fund Balances</i>	<u>205,501</u>	<u>13,771</u>	<u>9,116</u>	<u>1,622</u>	<u>1,893</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 209,047</u>	<u>\$ 63,771</u>	<u>\$ 9,116</u>	<u>\$ 1,622</u>	<u>\$ 1,893</u>

SPECIAL REVENUE

DEA Forfeiture Fund	Police Dept. Training Fund	Court Security Fund	Court Technology Fund	Development Fund	Debt Service Funds	Total Non Major Funds
\$ 2,584	\$ 11,241	\$ 49,211	\$ 19,913	\$ 360,062	\$ 777,533	\$ 1,482,900
-	-	-	-	-	4,383	4,383
-	-	-	-	77,001	-	100,094
<u>\$ 2,584</u>	<u>\$ 11,241</u>	<u>\$ 49,211</u>	<u>\$ 19,913</u>	<u>\$ 437,063</u>	<u>\$ 781,916</u>	<u>\$ 1,587,377</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	399,983	206,402	659,931
-	-	-	-	37,080	-	37,080
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>437,063</u>	<u>206,402</u>	<u>697,011</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,383</u>	<u>4,383</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>4,383</u>	<u>4,383</u>
2,584	11,241	49,211	19,913	-	571,131	875,245
-	-	-	-	-	-	10,738
<u>2,584</u>	<u>11,241</u>	<u>49,211</u>	<u>19,913</u>	<u>-</u>	<u>571,131</u>	<u>885,983</u>
<u>\$ 2,584</u>	<u>\$ 11,241</u>	<u>\$ 49,211</u>	<u>\$ 19,913</u>	<u>\$ 437,063</u>	<u>\$ 781,916</u>	<u>\$ 1,587,377</u>

CITY OF CASTROVILLE
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2024

	SPECIAL REVENUE				
	Hotel Occupancy Fund	Special Parks Projects Fund	Alsatian House Fund	Biry House Fund	Library Memorial Fund
	<u> </u>	<u> </u>	<u> </u>	<u> </u>	<u> </u>
REVENUES					
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	95,529	-	-	-	-
Charges for Services	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-
Interest Income	386	-	29	-	5
Miscellaneous	-	91,860	1,523	2,500	-
TOTAL REVENUES	<u>95,915</u>	<u>91,860</u>	<u>1,552</u>	<u>2,500</u>	<u>5</u>
EXPENDITURES					
<i>Current:</i>					
General Administration					
City Administration	97,792	-	5,098	1,179	-
Public Safety					
Municipal Court	-	-	-	-	-
Culture and Recreation					
Parks	-	104,324	-	-	-
<i>Debt Service:</i>					
Principal	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
TOTAL EXPENDITURES	<u>97,792</u>	<u>104,324</u>	<u>5,098</u>	<u>1,179</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,877)</u>	<u>(12,464)</u>	<u>(3,546)</u>	<u>1,321</u>	<u>5</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	-	-	-
Transfers Out	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(1,877)	(12,464)	(3,546)	1,321	5
Fund Balances at Beginning of Year	207,378	26,235	12,662	301	1,888
Fund Balances at End of Year	<u>\$ 205,501</u>	<u>\$ 13,771</u>	<u>\$ 9,116</u>	<u>\$ 1,622</u>	<u>\$ 1,893</u>

SPECIAL REVENUE

DEA Forfeiture Fund	Police Dept. Training Fund	Court Security Fund	Court Technology Fund	Development Fund	Debt Service Funds	Total Non Major Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 585,883	\$ 585,883
-	-	-	-	-	-	95,529
-	-	5,130	4,604	-	-	9,734
-	2,513	-	-	-	-	2,513
6	-	115	47	-	33,790	34,378
276	-	-	-	619,238	-	715,397
<u>282</u>	<u>2,513</u>	<u>5,245</u>	<u>4,651</u>	<u>619,238</u>	<u>619,673</u>	<u>1,443,434</u>
-	-	-	-	619,238	-	723,307
-	-	1,043	3,785	-	-	4,828
-	-	-	-	-	-	104,324
-	-	-	-	-	309,500	309,500
-	-	-	-	-	155,034	155,034
<u>-</u>	<u>-</u>	<u>1,043</u>	<u>3,785</u>	<u>619,238</u>	<u>464,534</u>	<u>1,296,993</u>
<u>282</u>	<u>2,513</u>	<u>4,202</u>	<u>866</u>	<u>-</u>	<u>155,139</u>	<u>146,441</u>
-	-	-	-	-	55,345	55,345
-	-	-	-	-	(16,926)	(16,926)
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>38,419</u>	<u>38,419</u>
282	2,513	4,202	866	-	193,558	184,860
<u>2,302</u>	<u>8,728</u>	<u>45,009</u>	<u>19,047</u>	<u>-</u>	<u>377,573</u>	<u>701,123</u>
<u>\$ 2,584</u>	<u>\$ 11,241</u>	<u>\$ 49,211</u>	<u>\$ 19,913</u>	<u>\$ -</u>	<u>\$ 571,131</u>	<u>\$ 885,983</u>



COMPLIANCE SECTION



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the City Council and management
City of Castroville

We have audited, 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, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Castroville as of and for the year ended September 30, 2024, and the related notes to the financial statements, which collectively comprise City of Castroville's basic financial statements, and have issued our report thereon dated March 4, 2025.

Report on Internal Control over Financial Reporting

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

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

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

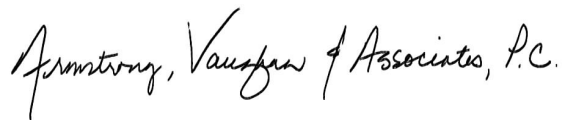
Report on Compliance and Other Matters

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

We noted certain matters that we have reported to management of City of Castroville in a separate letter dated March 4, 2025.

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.



Armstrong, Vaughan & Associates, P.C.

March 4, 2025

