



City of Rockport, Texas

Annual Comprehensive Financial Report

For the Year Ended September 30, 2021



CITY OF ROCKPORT, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE FISCAL YEAR ENDED

SEPTEMBER 30, 2021

Prepared By

Katie Griffin, Director of Finance



CITY OF ROCKPORT, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021
TABLE OF CONTENTS

	<u>Page</u>
INTRODUCTORY SECTION	
Letter of Transmittal	1-7
Certificate of Achievement for Excellence in Financial Reporting	8
List of Principal Officials	9
Organizational Chart	10
FINANCIAL SECTION	
INDEPENDENT AUDITOR'S REPORT	11-13
MANAGEMENT'S DISCUSSION AND ANALYSIS	14-22
BASIC FINANCIAL STATEMENTS	
Government-wide Financial Statements:	
Statement of Net Position	23
Statement of Activities	24-25
Fund Financial Statements:	
<i>Governmental Funds Financial Statements</i>	
Balance Sheet	26
Reconciliation of the Balance Sheet of Governmental Funds to the Government-wide Statement of Net Position	27
Statement of Revenues, Expenditures and Changes in Fund Balances	28
Reconciliation of the Statement of Revenues, Expenditures and Change in Fund Balances of Governmental Funds to the Statement of Activities	29
Statement of Revenues, Expenditures and Changes in Fund Balances - Budget and Actual - General Fund	30
<i>Proprietary Funds Financial Statements</i>	
Statements of Net Position	31-32
Statements of Revenues, Expenditures and Changes in Net Position	33-34
Statements of Cash Flows	35-38
Notes to Financial Statements	39-65
REQUIRED SUPPLEMENTARY INFORMATION	
Schedule of Changes in Net Pension Liability and Related Ratios	66
Schedule of Contributions	67
Schedule of Changes in Total OPEB Liability and Related Ratios - Death Benefits	68
Schedule of Changes in Total OPEB Liability and Related Ratios - Medical OPEB	69

CITY OF ROCKPORT, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021
TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
COMBINING STATEMENTS AND SUPPLEMENTARY SCHEDULES SECTION	
<i>Nonmajor Governmental Funds</i>	
Combining Balance Sheets	70-72
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	73-75
<i>Budgetary Comparisons - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual</i>	
Utility Bill Surcharge Fund	76
City/County Dispatch Fund	77
Hotel/Motel Tax Fund	78
Municipal Court Security & Technology Fund	79
Debt Service Fund	80
STATISTICAL SECTION	
<i>Financial Trends:</i>	
Net Position by Component - Table 1	81-82
Expenses, Program Revenues, and Net (Expense) / Revenue - Table 2	83-84
General Revenues and Total Change in Net Position - Table 3	85-86
Fund Balances of Governmental Funds - Table 4	87-88
Changes in Fund Balances of Governmental Funds - Table 5	89-90
<i>Revenue Capacity:</i>	
Tax Revenues by Source, Governmental Funds - Table 6	91
Assessed Value and Estimated Actual Value of Taxable Property - Table 7	92-93
Direct and Overlapping Property Tax Rates - Table 8	94
Principal Property Tax Payers - Table 9	95
Property Tax Levies and Collections - Table 10	96
<i>Debt Capacity:</i>	
Ratios of Outstanding Debt by Type - Table 11	97
Ratios of General Bonded Debt Outstanding - Table 12	98
Direct and Overlapping Governmental Activities Debt - Table 13	99
Legal Debt Margin Information - Table 14	100-101
Pledged Revenue Coverage - Table 15	102
<i>Demographic and Economic Information:</i>	
Demographic and Economic Statistics - Table 16	103-104
Principal Employers - Table 17	105

CITY OF ROCKPORT, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021
TABLE OF CONTENTS - CONTINUED

	<u>Page</u>
<i>Operating Information:</i>	
Full Time Equivalent City Government Employees by Function/Program - <i>Table 18</i>	106-107
Operating Indicators by Function/Program - <i>Table 19</i>	108-109
Capital Asset Statistics by Function/Program - <i>Table 20</i>	110-111
 FEDERAL AND STATE FINANCIAL ASSISTANCE	
Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	112-113
Independent Auditor's Report on Compliance for Each Major Program and on Internal Control over Compliance Required by the Uniform Guidance	114-115
Schedule of Expenditures of Federal, State, and Other Awards	116
Notes on Accounting Policies for Federal Awards	117
Schedule of Findings and Questioned Costs	118-119
Summary Status of Prior Year Findings	120

CITY of ROCKPORT, TEXAS



INTRODUCTORY SECTION



June 15, 2022

The Honorable Mayor, City Council and City Manager
City of Rockport, Texas

The Annual Comprehensive Financial Report of the City of Rockport, Texas for the year ended September 30, 2021, is submitted. This report was prepared in accordance with generally accepted accounting principles on a basis consistent with the prior year. The preparation of the annual financial report and all financial information in the report is the responsibility of the City. The scope of the independent auditor's examination is to render an opinion on the financial information in the Annual Financial Report. Complete details concerning the City's fiscal year activities and related costs are presented in the enclosed narratives and financial statements.

This Letter of Transmittal and the Management's Discussion and Analysis are management's opportunity to communicate aspects of the overall financial condition, details of which are frequently obscured or submerged in financial statements, schedules, and/or tables. The attached organizational chart provides a pictograph of the lines of authority and responsibility within the system.

INDEPENDENT AUDIT

The Charter of the City of Rockport requires that the City Council appoint certified public accountants, who will be responsible to the Council, to perform an independent audit of all funds and group of accounts of the City on an annual basis. The firm of Park Fowler & Co was selected by the Council to perform this function. Generally accepted auditing standards and the standards set forth in the General Accounting Office's Government Auditing Standards were used by the auditors in conducting the engagement. The auditors' report on the basic financial statements and combining and individual fund statements and schedules is included in the financial section of this report.

MANAGEMENT RESPONSIBILITY

The report is published to provide to the City Council, to our citizens, and to representatives of financial institutions and other interested persons, detailed information concerning the financial condition of the City government. To that end, the report has been prepared in accordance with generally accepted accounting principles as prescribed by the Governmental Accounting Standards Board (GASB).

The City's accounting system has been designed to provide reasonable, but not absolute, assurance regarding:

- The safeguarding of assets against loss from unauthorized use or disposition, and
- The reliability of financial records for preparing financial statements and maintaining accountability of assets.

The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgment by management. All internal control evaluations occur within the above framework.

GOVERNING BODY

The City of Rockport was incorporated on May 29, 1871 under the laws of the State of Texas and adopted the Council-Manager form of government on April 12, 1983. The City Council is composed of the Mayor and four council members. The City Council and Mayor are responsible for enacting ordinances, resolutions, and regulations governing the City, appointing members of various statutory and advisory boards and the City Manager, City Secretary, City Attorney, Municipal Judge and Alternate Municipal Judge. As chief administrative officer, the City Manager is responsible for enforcement of laws and ordinances and appoints and supervises the heads of departments of the City Organization.

FINANCIAL ADMINISTRATION

The Department of Finance operates under the direction of the Director of Finance, who is appointed by the City Manager, with the consensus of the City Council. Activities of the Department of Finance are control of custody and disbursement of City funds. Other activities of the department include risk management, payroll, treasury management, purchasing, computer management and the preparation of the annual budget and interim and annual financial reports.

CITY OF ROCKPORT AND ITS SERVICES

Services provided by the City under the general governmental functions include police, street maintenance, public improvements, planning and zoning, engineering, traffic control, parks operation and maintenance, code enforcement, building permits, floodplain management, building, plumbing, electrical inspections and general and administrative services. A private firm provides solid waste collection and disposal services under a contract with the City. In addition, water, natural gas, and sewer, and the community aquatic park services are provided under an Enterprise Fund concept, with user charges set by the City Council to ensure adequate coverage of operating expenses and payments on outstanding debt.

The Community Aquatic Park is considered to be a blended component unit of the City. The City acts as the "managing partner" of the County wide governmental "joint venture" consisting of the City of Rockport, Aransas County, and the Town of Fulton. Policy is set by a Swimming Pool Operations committee which consists of a voting member from each city and the county, plus a citizen member of the City Parks Board and the Director of Parks and Leisure Services.

The City of Rockport and Aransas County entered into an Interlocal Agreement creating the City/County Communications Center, combining dispatch services. The agreement created a Dispatching Services Board consisting of one representative from each entity and the Dispatch Administrator.

Additional Interlocal Agreements between the City of Rockport and Aransas County help to eliminate the duplication of services and help reduce costs for both entities. These include Animal Control Services, Jail and Detention Services, Road Construction and Maintenance within the city limits of Rockport, Septic System Inspections, Sanitation Services and Tax Collection.

The Aransas County and City of Rockport Public Safety Center completed a joint law enforcement office building housing the Rockport Police Department and the Aransas County Sheriff's Office. This is another example of the City and County joining together to save taxpayers' dollars. Created by an Interlocal Agreement, the venture is a 50/50 split between the City of Rockport and Aransas County for all maintenance and expenses related to the Public Safety Center.

On May 30, 2008, the City purchased Aransas Natural Gas Company, a privately owned natural gas company located in Rockport. The Natural Gas Division provides service to Rockport, the Town of Fulton, and Aransas County as far north as Lamar.

BUDGETING

In accordance with the City Charter, on or before the first regular scheduled meeting in August, the City Manager submits to the City Council a proposed budget and budget message for the fiscal year commencing the following October 1. The proposed budget shall contain the budget message prepared by the City Manager, detailing estimates of all revenue and expenditures, debt requirements, and a draft of the budget ordinance. The City Council shall review the proposed budget and make any appropriate changes prior to publishing the final budget.

The budget message explains the budget in fiscal terms and in terms of the work submitted with the budget. It outlines the proposed financial programs of the City for the ensuing fiscal year, the capital program, and capital projects for the budget year. The budget message will describe the important features of the budget and indicate any major changes from the current year in financial policies, expenditures and revenues including the reasons for such changes.

The budget shall provide a complete financial plan of all City funds and activities and shall be in such form as the City Manager deems desirable or the City Council may require. The detailed line item budget is presented for administrative control. It shall be arranged to depict proposed expenditures and the means of financing them for the upcoming year, along with comparative figures for actual and budget income and expenditures for the preceding fiscal year; budgeted and estimated income and expenditures for the current fiscal year; and actual income and expenditures of the current year projected to year estimates for the current year.

The budget is legally enacted through passage of an ordinance on or before September 27th. This ordinance adopts the City's budget at fund level and constitutes appropriation of the amounts specified therein as expenses from funds indicated and constitutes a levy of property tax therein proposed. The City's Code of Ordinances allows the city manager to transfer all or part of unencumbered appropriated balances among programs in a department withing a single fund. Please refer to Note 1 E. in Notes to the Financial Statements for more detail on budgets and budgetary accounting.

GENERAL INFORMATION

The City of Rockport is the county seat for Aransas County and is located 30 miles northeast of Corpus Christi. There are approximately 20.3 square miles of land within the City's corporate boundary.

ECONOMIC TRENDS

Ranked in the 100 Best Small Art Towns of America and recognized among the top retirement spots in the nation by America's Best Places to Retire, Rockport is a wonderful place to live and visit alike. Gulfscapes Magazine's "Reader's Choice Best Gulf Coast Towns" listed Rockport number four in the top ten. In 2011 Rockport was highlighted as a coastal dream town by Coastal Living Magazine. Better Homes and Gardens in its April 2007 issue listed Rockport-Fulton the number five destination as a "long weekend hotspot" for spring migration bird watching and more recently number 2 on their rankings of the "Top 10 Artists Colonies." Texas Meetings and Events list Rockport-Fulton as a great Gulf Coast getaway for a business meeting, board meeting, etc. In 2013, Rockport was featured as one of the "Best Places to Live and Visit." According to the "Today in America " television show. In 2014 Rockport was ranked seventh and eighth, respectively, in Budget Travel's "America's Coolest Small Towns" listing and Where to Retire's "Top 8 Places to Retire." In 2015, CNN listed Rockport number 11 on its list of "America's Best Little Beach Towns." More recently, in 2020 and 2021 USA Today placed it number four and three, respectively, on their "10 Best Coastal Small Towns" and Texas Highways put Rockport number six on its recommendation of "Texas Top 40" travel destinations.

Rockport is a unique community made up largely of second homes. Rockport is a destination point for tourists and seasonal visitors. Permanent residents in Rockport currently total approximately 10,790, rebounding from pre-Hurricane Harvey population of just under 10,000, but the City has physical and human infrastructure to accommodate a regular population of 20,000 and over 35,000 during special events and holidays.

Property values in the City of Rockport increased from \$538,391,491 in 2000 to \$1,319,449,457 in 2017. The devastation of Hurricane Harvey resulted in a negative impact on the City's appraised property values resulting in a decrease of approximately 13% to \$1,145,624,691 in 2018. Property values have rebounded to \$1,400,701,107 for FY2021, surpassing pre-hurricane values.

Building permits increased from 1,989 in 2017 to 2,397 in 2018 largely due to the recovery building from Hurricane Harvey. The number of building permits in 2019 decreased to 1,997 as post-storm recovery building slowed and slightly increasing in 2021 to 2,535 permits.

Sales tax revenues increased from \$2,459,617 in 2017 to \$3,019,444 in 2018, as a result of post-storm recovery spending associated with Hurricane Harvey. In 2019, the sales tax revenues decreased to \$2,780,574 following a decline in post-storm spending. The sales tax revenues of 2020 remained almost constant due to the Covid-19 Pandemic resulting in a 2% increase of \$58,042 totaling \$2,838,616. However, in 2021, sales tax revenues increased to \$3,239,904.

Hotel Occupancy taxes decreased significantly from \$866,970 in 2017 to \$479,754 in 2018 as a direct result of the impact of Hurricane Harvey. Following recovery efforts, all but one major hotel has returned to full operations in 2019 resulting in an increase in Hotel Occupancy taxes to \$713,075. The final major hotel returned to full operations in 2020. Despite Covid-19 statewide travel restrictions, hotel occupancy tax revenues for 2020 totaled \$903,198, exceeding pre-Hurricane Harvey levels and increasing in 2021 to \$1,154,562.

The aftereffects of Hurricane Harvey and Covid-19 will continue to be a heavy influence on the local economy and the City's recovery efforts will continue to impact the organization's operations. Each of which will require thoughtful and deliberate consideration by the City Council, together with City staff, for development and commitment to a successful recovery and future growth of the community.

MAJOR INITIATIVES

As a forward-focused city working to improve the quality of life for our citizens and provide opportunities for growth in the business sector, the City of Rockport is always looking to improve infrastructure and reduce our operating costs. These were the impelling causes for two major capital improvement projects. First, a \$2.5 million major rehabilitation of the Waste Water Treatment Plant to provide adequate capacity for the future growth of the City. Next, a city-wide Energy Enhancement project to modernize facility, street and sports lighting equipment, and provide automatic read utility meters for both the water and natural gas services is an important initiative for the Council and city staff. This project will not only save on energy and labor costs in the future, it will help to reduce the City's carbon footprint.

After a brief delay, both the Waste Water Treatment Plant rehabilitation project and the City-wide Energy Enhancement project are underway. The WWTP project broke ground in early 2019 and is scheduled to be completed by late 2023. The lighting and facility improvements have been completed on the Energy Enhancement project. The installation of the automatic read utility meters and associated infrastructure began in late 2018 and was completed early 2021.

On August 25, 2017, Hurricane Harvey, a Category 4 hurricane, made direct landfall on the City of Rockport, with the eye passing through the town and tornados skipping through neighborhoods and randomly destroying structures. The devastation to the entire area of the Coastal Bend was dramatic and the impact on our future operations and growth cannot be fully known for some time. However, the citizens and businesses of Rockport have worked very hard to clean up, fix up and rebuild the city; as a result, additional capital improvement projects are underway. The Key Allegro Bridge replacement began in late 2020 and scheduled for completion in August 2022, as a part of the Texas Department of Transportation Bridge Program with the City relocating utilities attached to the retiring bridge. In addition to Key Allegro Bridge replacement, the City is also constructing a new City Hall to replace the one destroyed by Hurricane Harvey. The \$18.8M City Hall is currently in the pre-construction stage with construction set to begin in May of 2022 with scheduled completion in September 2023.

BUDGET AS COMPARED TO ACTUAL

Budget as Compared to Actual

The General Fund Revenues and Expenditures are budgeted based on historical information, the current economic climate of the City and inflationary trends. For a detailed comparison of actual General Fund revenues and expenditures with budget amounts, see "Statement of Revenues, Expenditures and Changes in Fund Balances Budget (GAAP Basis) and Actual in the financial section of this report (Exhibit 5-A). Budget as compared to actual for other funds are in the financial section of this.

FIDUCIARY FUNDS

The City had no fiduciary funds at September 30, 2021.

PROPRIETARY FUNDS

The Proprietary Funds are those funds that are self-supporting. The Proprietary Funds of the City include the Utility Fund, Sanitation Fund, Natural Gas Fund, and Community Aquatic Park Fund. The Utility System Fund operates with revenues generated by the sale of water and wastewater services. The Natural Gas Fund operates with revenues generated by the sale of natural gas. The Sanitation Fund is used to record all revenues and expenditures for the Solid Waste contract. The Community Aquatic Park Fund accounts for all revenues and expenditures for the community aquatic park.

AD VALOREM TAXES

State statutes require the value of the property as of January 1 of each year be used as the basis for calculating ad valorem tax for the ensuing fiscal year. The adjusted taxable value of property in the City at January 1, 2020 was \$1,455,330,475 and was taxed at \$0.421311 per one hundred dollars of assessed value resulting in an adjusted tax roll (taxes receivable) of \$7,146,442.

Collections

Current taxes of \$7,034,301 (representing 98.79% of the adjusted tax roll) were collected during fiscal year 2020-2021. The collection rate was comparable to the preceding fiscal year. Current tax collections have exceeded 97% in each of the last ten years.

Allocation of Ad Valorem Taxes

Fiscal Year Tax Year	2015-16 2015	2016-17 2016	2017-18 2017	2018-19 2018	2019-20 2019	2020-21 2020
General Fund	.219047	.233912	.239805	.248198	.248157	.241668
Debt Service Fund	.145811	.155371	.145835	.203765	.171928	.179643
Total	.364858	.389283	.385640	.451963	.420085	.421311

The revenue to be received from current tax collections is distributed between the General Fund and the Debt Service Fund according to the rates for allocation set when the budget ordinances are adopted. Allocation of property tax revenues by purpose for fiscal year 2021 and the preceding five years is given in the following table. The amounts in the table are per one hundred dollars of assessed value.

AWARDS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its comprehensive annual financial report for the year ended September 30, 2020. This is the eighteenth year that the City has applied for and received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual financial report. This report satisfies both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Programs' requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

In addition, the City also received the GFOA's Award for Distinguished Budget Presentation for its annual appropriated budget since October 1, 2002. The budget for October 1, 2020 received the eighteenth consecutive prestigious award for the City. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document is judged on proficiency in several categories including policy documentation, financial planning and organization.

ACKNOWLEDGEMENTS

The preparation of this report on a timely basis could not have been accomplished without the efficient and dedicated services of the entire staff of the Finance Department, the City Manager, the entire City staff, and the City Council for their interest and support in planning and conducting the financial operation of the City in a responsible and progressive manner.

Respectfully submitted,

A handwritten signature in blue ink, appearing to read 'Katie Griffin', is written over a light blue horizontal line.

Katie Griffin, CGFO
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Rockport
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY of ROCKPORT, TEXAS



City of Rockport, Texas
List of Principal Officials
September 30, 2021

Elected Officials

Name	Office
Patrick R. (Pat) Rios	Mayor
J. D. Villa	Mayor Pro-Tem
Brad Brundrett	Council Member
Andrea Hattman	Council Member
Katy Jackson	Council Member

Appointed Officials

Name	Position
Richard Morton	Interim City Manager
Teresa Valdez	City Secretary
Katie Griffin	Director of Finance
Mike Donoho	Director of Public Works & Building/Development
Rick Martinez	Director of Parks & Leisure Services
Greg Stevens	Chief of Police

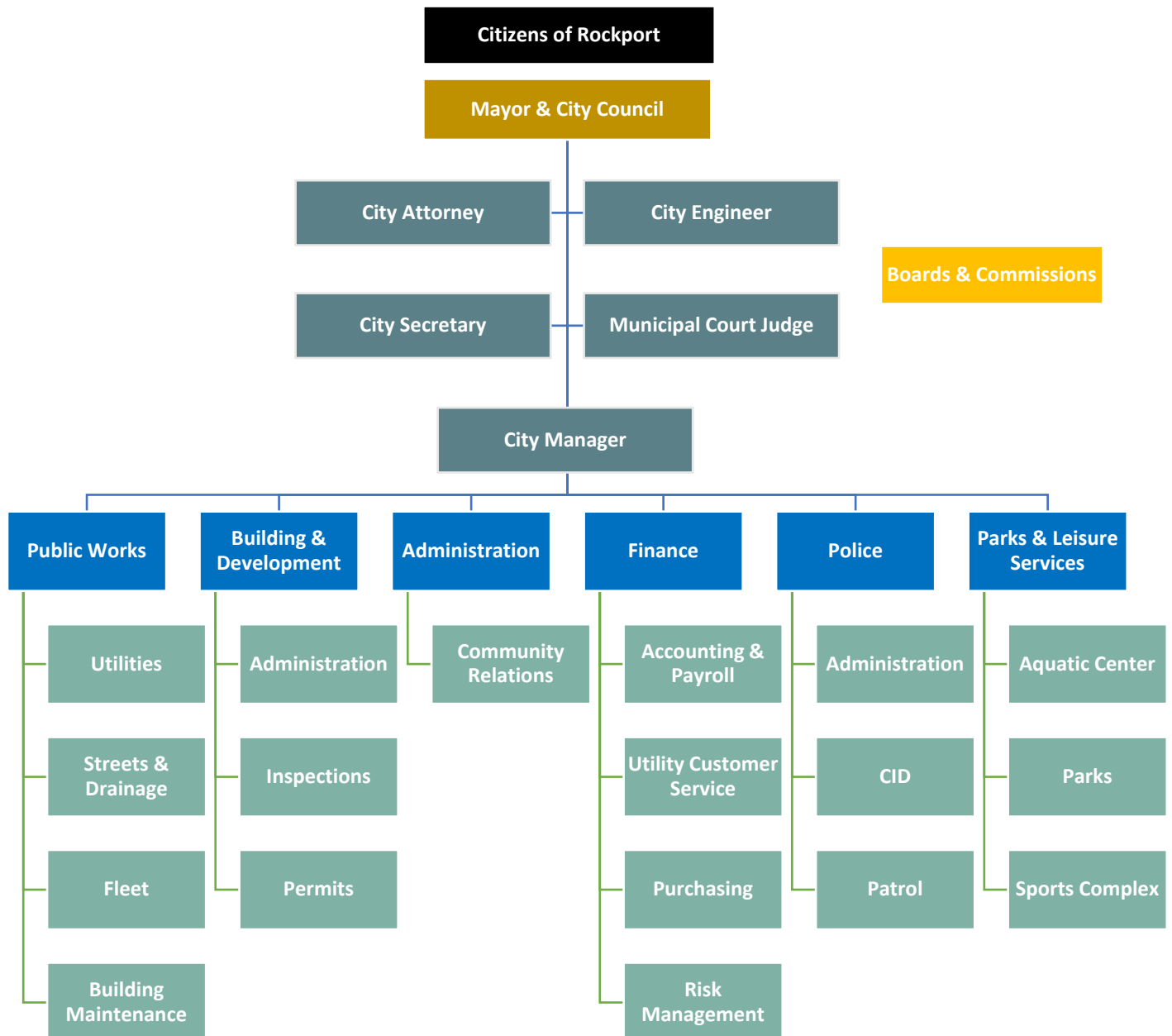
CITY of ROCKPORT, TEXAS



City of Rockport, Texas

Organizational Chart

September 30, 2021



CITY of ROCKPORT, TEXAS



FINANCIAL SECTION



PARK FOWLER & CO.

Certified Public Accountants & Management Consultants
A Professional Limited Liability Company

MANAGING PARTNER:
Ronald H. Park, CPA

IN-OFFICE COUNCIL:
Daniel T.A. Cotts, JD, LLM

ASSOCIATES:
Clara A. Moreno, CPA
Marc D. Kennedy, CPA
P. Andrew Hall, CPA
Pamela De La Pena, CPA

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and Members of the City Council
City of Rockport, Texas

Report on the Audit of the Financial Statements

Opinions

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

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

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of 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 Rockport, Texas ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, the schedule of changes in net pension liability and related ratios – Texas Municipal Retirement System, the schedule of contributions - Texas Municipal Retirement System and the funding status – other postemployment benefits on pages 16-24, and 68-71, respectively, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2022, on our consideration of the City of Rockport, Texas 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 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 the City of Rockport, Texas internal control over financial reporting and compliance.

Park Fowler & CO., PLLC

Park Fowler & Co., PLLC
Corpus Christi, Texas
June 15, 2022

MANAGEMENT'S DISCUSSION AND ANALYSIS

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

Our discussion and analysis of the City's financial performance provides an overview of the City's financial activities for the fiscal year ended September 30, 2021. Please read it in conjunction with the City's financial statements, which follow this section.

Financial Highlights

- The City's total net position increased by \$5,239,996 for the year, which is a change of 11.55%. The governmental activities increase was \$2,787,730 and the business-type activities showed an increase of \$2,452,266.
- The overall expenses for governmental activities increased by \$825,518 from 2020, which was mainly due to increases in personnel costs and materials and supplies.
- The overall expenses for business-type activities increased by \$744,888. These increases are primarily due to the increase costs associated with purchase of water and natural gas as well as increased maintenance costs for utility infrastructures.
- The assets and deferred outflows of the City of Rockport exceeded its liabilities and deferred inflows at the close of 2021 by \$50,623,936 (net position). The unrestricted net position was \$1,974,561 while net investment in capital assets was \$46,489,600 and restricted net position was \$2,159,775.
- The General fund reported an unassigned fund balance of \$4,411,681 or, 44.36% of total general Fund expenditures.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of four components: 1) government-wide financial statements, 2) fund financial statements 3) notes to the financial statements and 4) required supplementary information which includes this management's discussion and analysis and multi-year changes in net pension and OPEB liability and pension funding progress on the City's pension plan and retiree health plans. In addition to the basic financial statements, this report also contains other supplementary information as listed in the Table of Contents.

Government-wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business. The Statement of Net Position presents information on all the City's assets, deferred outflows, liabilities, and deferred inflows, 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 fiscal year. All changes in net position are reported when 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 compensated absences).

Both of the government-wide financial statements distinguish between functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from 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 government and administration, public safety, public works, cultural and recreation and tourism. The business-type activities of the City include water and sewer, natural gas, sanitation and the Community Aquatic Center operations. The government-wide financial statements can be found on pages 25-27 of this report.

CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

Fund Financial Statements

A fund is a self-balancing set of 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. All the funds of the City can be divided into two categories governmental funds and proprietary funds.

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 current sources and uses of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Non-financial assets such as governmental land, buildings and equipment, and long-term liabilities such as bonds payable or long-term liabilities that will not be paid with current assets are excluded. 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 funds balance sheet and the governmental funds 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 18 governmental funds. Information is presented separately in the Governmental Funds Balance Sheet and in the Governmental Funds Statement of Revenues, Expenditures, and Changes in Fund Balances for the General Fund and Debt Service Fund. Data from the other 15 funds are combined into a single, aggregated presentation. The basic governmental funds financial statements can be found on pages 28-31.

Proprietary Funds

The City maintains one type of proprietary funds. 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 System, Natural Gas System, Sanitation, and the Community Aquatic Park.

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 Water & Sewer Fund, Natural Gas Fund, Sanitation Fund and Community Aquatic Center Fund, since they are major funds of the City. The basic proprietary fund financial statements can be found on pages 33-40 of this report.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 41-68.

Other Information

In addition to the basic financial statements and accompanying notes, the basic financial statements contain required supplementary information including this discussion and analysis and information concerning the City's progress in funding its obligations to provide pension and retiree health benefits to its employees. The required supplementary information can be found on page 69-72.

Condensed Financial Information

Condensed financial information is presented in the following tables in a comparative format which allows for the analysis of current and prior year information.

CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

Government-wide Financial Analysis

City's Net Position

The City's governmental activities showed an increase in net position of \$2,787,340. The major changes during the year were in the categories of current and other assets which increased by \$4,340,340, capital assets increased by \$1,158,606 and other liabilities increased by \$2,275,722.

The City's business-type activities showed an increase in net position of \$2,452,266. The major changes during the year were in the categories of current and other assets which increased by \$2,441,359, capital assets decreased by \$1,249,710, and other liabilities decreased by \$1,372,380.

The largest portion of the City's net position \$46,489,600 (92.39%) reflects its net investments in capital assets (e.g., land, building, equipment, improvements, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide service to citizens; consequently, these assets are not available for future spending, and with exception of business type assets, do not generate direct revenue for the City. They do represent, however, an obligation on the part of the City to maintain these assets into the future. 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.

An additional portion of the City's net positions \$2,159,775 (4.27%) represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position is \$1,974,561. The Table 1 illustrates the comparative detail of changes in net position of the City.

Table 1 – Summary of Net Positions

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and Other Assets	\$ 31,661,544	\$ 27,321,204	\$ 14,280,151	\$ 11,838,792	\$ 45,941,695	\$ 39,159,996
Capital Assets, Net	32,354,541	31,195,935	40,519,799	41,769,509	72,874,340	72,965,444
Total Assets	64,016,085	58,517,139	54,799,950	53,608,301	118,816,035	112,125,440
Deferred Outflows	1,749,419	1,830,910	713,579	824,864	2,462,998	2,655,774
Long-Term Liabilities	37,244,297	37,027,249	22,088,477	22,059,078	59,332,774	59,086,327
Other Liabilities	6,158,891	3,883,169	3,053,704	4,426,084	9,212,595	8,309,253
Total Liabilities	43,403,188	40,910,418	25,142,181	26,485,162	68,545,369	67,395,580
Deferred Inflows	1,579,427	1,442,472	530,301	559,222	2,109,728	2,001,694
Net Position:						
Net Investment in Capital Assets	22,756,047	19,840,363	23,733,553	23,269,406	46,489,600	43,109,769
Restricted	2,159,775	1,773,707	-	-	2,159,775	1,773,707
Unrestricted	(4,132,933)	(3,618,911)	6,107,494	4,119,375	1,974,561	500,464
Total Net Position	\$ 20,782,889	\$ 17,995,159	\$ 29,841,047	\$ 27,388,781	\$ 50,623,936	\$ 45,383,940

CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

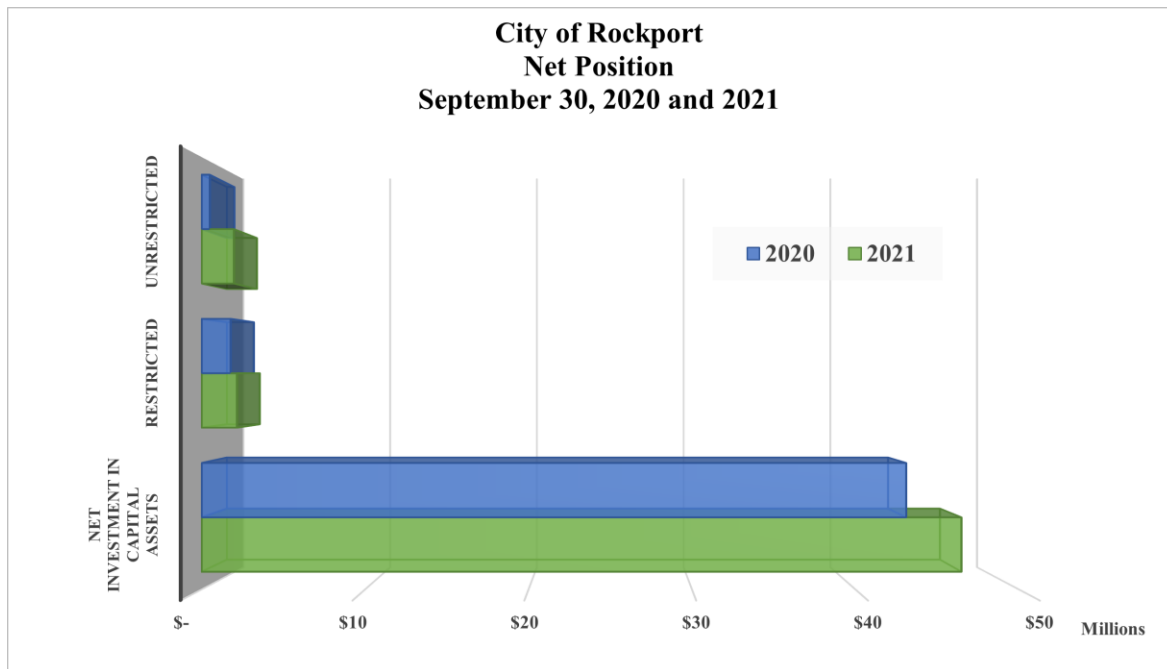


Table 2 – Changes in Net Positions

	Governmental Activities		Business-type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Total Revenues	\$ 16,189,727	\$ 14,407,040	\$ 17,776,794	\$ 16,833,251	\$ 33,966,521	\$ 31,240,291
Total Expenses	(14,579,605)	(13,754,087)	(14,146,920)	(13,402,032)	(28,726,525)	(27,156,119)
Change Before Transfers	1,610,122	652,953	3,629,874	3,431,219	5,239,996	4,084,172
Transfers	1,177,608	703,911	(1,177,608)	(703,911)	-	-
Change in Net Position	2,787,730	1,356,864	2,452,266	2,727,308	5,239,996	4,084,172
Net Position - Beginning	17,995,159	16,638,295	27,388,781	24,661,473	45,383,940	41,299,768
Net Position - Ending	\$ 20,782,889	\$ 17,995,159	\$ 29,841,047	\$ 27,388,781	\$ 50,623,936	\$ 45,383,940

CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

The specific changes in revenues and expenses are shown in the tables that follow:

Table 3 – Statement of Activities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Revenues						
Program Revenues:						
Fees, Fines and						
Charges for Services	\$ 912,217	\$ 720,779	\$ 17,604,597	\$ 16,747,573	\$ 18,516,814	\$ 17,468,352
Operating Grants and						
Contributions	1,407,524	1,316,744	51,411	48,083	1,458,935	1,364,827
Capital Grants and						
Contributions	594,805	606,653	-	-	594,805	606,653
General Revenues:						
Property Taxes	7,195,781	6,563,714	-	-	7,195,781	6,563,714
Sales Tax	3,239,904	2,857,039	-	-	3,239,904	2,857,039
Franchise and Other Taxes	1,085,069	1,096,677	-	-	1,085,069	1,096,677
Hotel Occupancy Taxes	1,233,252	914,803	-	-	1,233,252	914,803
Investment Earnings	16,491	49,313	6,451	30,785	22,942	80,098
Other Revenues	270,081	281,318	114,335	6,810	384,416	288,128
Other Revenue - TMRS	234,603	-	-	-	234,603	-
Total Revenues	<u>\$ 16,189,727</u>	<u>\$ 14,407,040</u>	<u>\$ 17,776,794</u>	<u>\$ 16,833,251</u>	<u>\$ 33,966,521</u>	<u>\$ 31,240,291</u>
Expenses						
General Government	\$ 3,716,764	\$ 3,972,684	\$ -	\$ -	\$ 3,716,764	\$ 3,972,684
Public Safety	5,651,595	5,276,575	-	-	5,651,595	5,276,575
Public Works	2,139,632	1,505,912	-	-	2,139,632	1,505,912
Culture and Recreation	1,410,908	1,457,207	-	-	1,410,908	1,457,207
Tourism	722,799	708,391	-	-	722,799	708,391
Interest and Fees on Debt	937,907	833,318	-	-	937,907	833,318
Water and Sewer	-	-	9,359,609	8,922,626	9,359,609	8,922,626
Natural Gas	-	-	1,849,671	1,895,018	1,849,671	1,895,018
Sanitation	-	-	2,437,819	2,152,087	2,437,819	2,152,087
Community Aquatic Center	-	-	499,821	432,301	499,821	432,301
Total Expenses	<u>\$ 14,579,605</u>	<u>\$ 13,754,087</u>	<u>\$ 14,146,920</u>	<u>\$ 13,402,032</u>	<u>\$ 28,726,525</u>	<u>\$ 27,156,119</u>

Governmental Activities

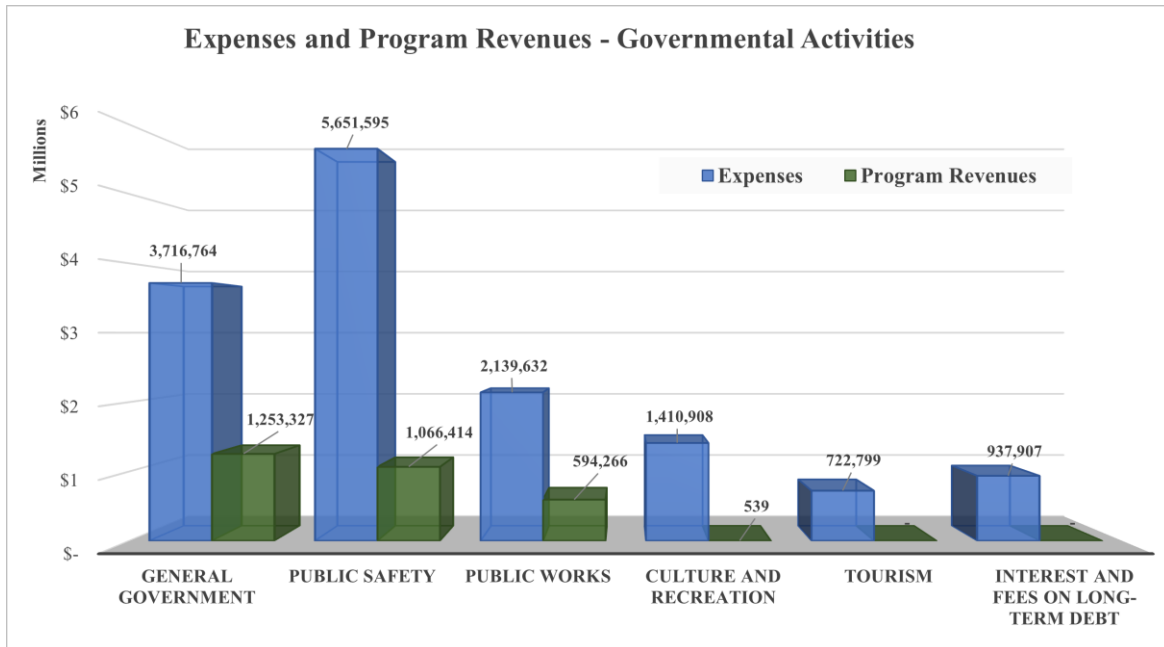
Governmental activities include the functions of general government, tourism, cultural and recreations, public safety and public works. Payment of interest on long-term debt is also considered a governmental activity and it is considered a class of activity but not a function of government. These are the basic services and cost centers any city provides to its citizens.

As shown in Table 3, Total Revenue increased by \$1,782,687. This increase is due to an increase in property tax, sales and use tax and other revenues.

Total Expenses increased by \$825,518, this is due to increased personnel costs and costs associated with materials and supplies.

The chart below presents the City's major expenses by function, as well as the associated program revenues for governmental activities.

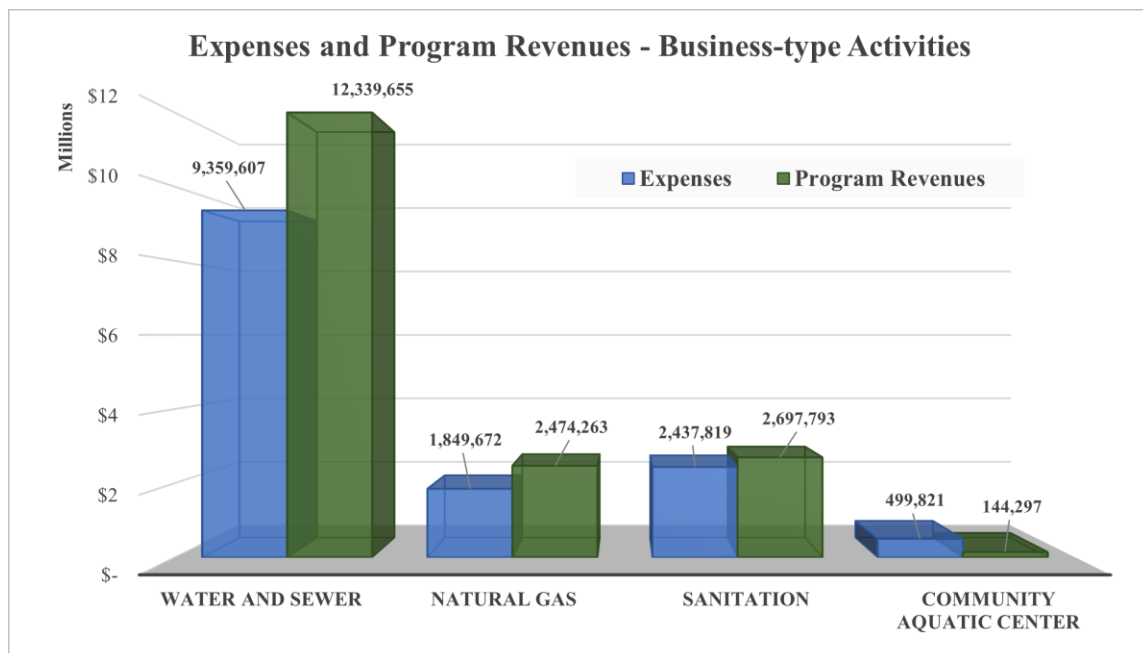
CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021



Business-Type Activities

As shown in Table 3, Total revenues increased by \$943,543 due mainly to increased water, wastewater, and natural gas sales revenue.

The chart below presents the City's expenses and program revenues for the business-type activities.



CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

Financial Analysis of the Governmental Funds

The focus of the City 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, 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 balance of \$25,737,921, a decrease of \$304,394 compared to the prior year.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the general fund was \$4,411,681. This fund balance is the amount available without constraints from outside of the City to fund the City's normal operations. The fund balance increased \$367,140. Total revenues exceeded budgeted revenues as sales and use taxes increased and proceeds from FEMA associated with Hurricane Harvey continued to be received. Expenditures were less than budgeted due to reductions in operational capital projects, facility maintenance and training.

Capital Assets

The City's investment in capital assets for its governmental and business-type activities as of September 30, 2021, amounts to \$72,874,340 (net of accumulated depreciation). This investment in capital assets includes land, building, improvements, machinery, equipment, infrastructure, and construction in progress. Governmental activity capital assets increased by \$1,158,606 as a result of \$2,417,839 of additions offset by \$1,071,100 of depreciation and net retirements of \$188,133. Business-type activity capital assets decreased by \$1,249,711 as a result of \$864,048 additions less \$1,709,283 of depreciation.

Major capital asset additions during 2021 include the following:

- Key Allegro Bridge – Land Purchases - \$262,138, Construction - \$230,000, and Utility Relocation - \$310,843
- Concho Street Drainage - \$136,000 (partial project completion)
- City Hall – Architecture and Design - \$554,122
- Vehicles, Machinery, and Equipment – \$305,608
- Drainage Improvement – Grant Funded - \$594,266
- Park Improvements - \$54,487
- Water System Improvements - \$160,525
- Sewer System Improvements - \$125,272
- Natural Gas System Improvements - \$125,272

Additional information on the City's capital assets can be found in Note 3 of the financial statements.

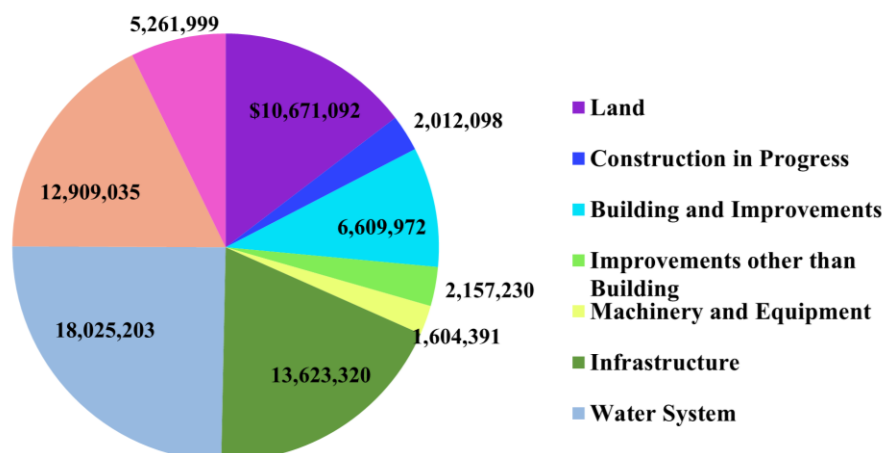
The following capital asset information is presented net of depreciation:

Table 4 – Capital Assets at Year-End, Net of Accumulated Depreciation

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Land	\$ 10,456,139	\$ 10,194,001	\$ 214,953	\$ 214,953	\$ 10,671,092	\$ 10,408,954
Construction in Progress	2,012,098	685,852	-	93,633	2,012,098	779,485
Building and Improvements	2,891,189	3,016,878	3,718,783	3,888,895	6,609,972	6,905,773
Improvements other than Building	2,157,230	2,283,303	-	-	2,157,230	2,283,303
Machinery and Equipment	1,214,565	1,107,380	389,826	328,289	1,604,391	1,435,669
Infrastructure	13,623,320	13,908,521	-	-	13,623,320	13,908,521
Water System	-	-	18,025,203	18,539,258	18,025,203	18,539,258
Sewer System	-	-	12,909,035	13,296,302	12,909,035	13,296,302
Natural Gas System	-	-	5,261,999	5,408,180	5,261,999	5,408,180
Total Capital Assets, Net	<u>\$ 32,354,541</u>	<u>\$ 31,195,935</u>	<u>\$ 40,519,799</u>	<u>\$ 41,769,510</u>	<u>\$ 72,874,340</u>	<u>\$ 72,965,445</u>

CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

Capital Assets, Net



See Note 3 – Capital Assets, for more detailed information on capital asset activity.

Debt Administration

At the end of the current fiscal year, the City had a total bonded debt of \$37,380,000, a decrease of \$3,230,000 over the prior year. Of this amount, \$16,475,000 are general obligation bond, \$6,900,000 are certificates of obligation and \$14,005,000 backed by the full faith and credit of the government. Additionally, there were \$8,241,269 in an Energy Conservation Bond and \$313,649 in capital leases. Additional information on the City's long-term debt can be found in Note 5 of the financial statements.

The following is a summary of outstanding debt:

Table 5 – Long-Term Liabilities

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
General Obligations	\$ 8,503,473	\$ 9,863,227	\$ 7,971,527	\$ 9,146,773	\$16,475,000	\$19,010,000
Certificates of Obligation	4,275,000	4,500,000	2,625,000	2,775,000	6,900,000	7,275,000
Tax Notes	14,005,000	14,505,000	-	-	14,005,000	14,505,000
Energy Conservation Bond	1,247,728	1,305,042	6,993,541	7,314,789	8,241,269	8,619,831
Premium on Bonds	799,584	985,791	505,979	647,865	1,305,563	1,633,656
Capital Leases	313,649	413,528	-	-	313,649	413,528
Compensated Absences	660,742	590,347	217,122	252,673	877,864	843,020
Pension Liability	3,241,543	3,961,824	1,111,128	1,352,887	4,352,671	5,314,711
OPEB Liability	4,197,578	3,485,382	2,664,180	2,424,890	6,861,758	5,910,272
Total Long-Term Liabilities	<u>\$37,244,297</u>	<u>\$39,610,141</u>	<u>\$22,088,477</u>	<u>\$23,914,877</u>	<u>\$59,332,774</u>	<u>\$63,525,018</u>

The City's debt decreased by \$4,012,244 or approximately 6.46%. The key factors to the net change are as follows:

- Debt payments of \$2,328,275 in governmental activities bonds and \$1,788,380 in business-type bonds were made.
- Compensated absences increased by \$34,844.
- Net change in Pension obligation of \$962,040.
- Net change in OPEB obligation of \$951,486.

See Note 4 – Long-Term Liabilities, for more detailed information on long-term debt activity.

CITY OF ROCKPORT, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
September 30, 2021

Economic Factors and Next Year's Budgets and Rates

The 2021-2022 budget will raise more revenue from property taxes than last year's budget by an amount of \$480,469, which is an 8.53% increase from the prior year's budget. The property tax revenue to be raised from new property added to the tax roll this year is \$275,128.

This financial report is designed to inform the citizens, taxpayers and customers of the City of Rockport as well as its investors and creditors about the City 's finances and to provide accountability for the public support that it receives. If you have any questions about the report or need additional financial information, contact the Director of Finance at the City of Rockport, 2751 State Highway 35 Bypass, Rockport, Texas 78382.

CITY of ROCKPORT, TEXAS



BASIC FINANCIAL STATEMENTS

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
STATEMENT OF NET POSITION
September 30, 2021

	Primary Government		
	Governmental	Business-type	
	Activities	Activities	Total
ASSETS			
Cash and Cash Equivalents (Note 2)	\$ 6,215,110	\$ 10,469,929	\$ 16,685,039
Investments (Note 2)	1,958,000	978,000	2,936,000
Receivables (Net of Allowance for Uncollectible)	3,164,462	1,519,310	4,683,772
Internal balances	28,428	(28,428)	-
Inventories	89,277	253,667	342,944
Restricted cash and Investments	20,206,267	1,087,673	21,293,940
Capital assets			
Land and Construction in Progress	12,468,237	214,953	12,683,190
Other Capital Assets, Net of Accumulated Depreciation	19,886,304	40,304,846	60,191,150
TOTAL ASSETS	64,016,085	54,799,950	118,816,035
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows of resources	1,749,419	713,579	2,462,998
LIABILITIES			
Obligations in Excess of Cash	2,970,294	222,925	3,193,219
Accounts Payable	805,089	937,725	1,742,814
Contractor's Retainage	513,150	-	513,150
Accrued Expenses	123,768	45,874	169,642
Accrued Interest	146,629	128,318	274,947
Deposits	-	1,718,862	1,718,862
Unearned Revenue	1,549,127	-	1,549,127
Unclaimed Property	50,834	-	50,834
Noncurrent liabilities:			
Due within one year	2,706,311	1,739,461	4,445,772
Due in more than one year	34,537,986	20,349,016	54,887,002
TOTAL LIABILITIES	43,403,188	25,142,181	68,545,369
DEFERRED INFLOW OF RESOURCES			
Deferred inflows of resources	1,579,427	530,301	2,109,728
NET POSITION			
Net Investment in Capital Assets	22,756,047	23,733,553	46,489,600
Restricted for:			
Tourism	1,595,888	-	1,595,888
Public Safety	252,924	-	252,924
Public Access TV	278,761	-	278,761
Security and Technology	18,542	-	18,542
Specified by Donors	11,384	-	11,384
Key Allegro Property Improvements	-	-	-
Child Safety	2,276	-	2,276
Unrestricted	(4,132,933)	6,107,494	1,974,561
TOTAL NET POSITION	\$ 20,782,889	\$ 29,841,047	\$ 50,623,936

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Fees, Fines and Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government:				
Governmental Activities:				
General Government	\$ 3,716,764	\$ 803,733	\$ 449,594	\$ -
Public Safety	5,651,595	108,484	957,930	-
Public Works	2,139,632	-	-	594,266
Culture and Recreation	1,410,908	-	-	539
Tourism	722,799	-	-	-
Interest and Fees on Long-Term Debt	937,907	-	-	-
Total Governmental Activities	14,579,605	912,217	1,407,524	594,805
Business-Type Activities:				
Water and Sewer	9,359,609	12,339,655	-	-
Natural Gas	1,849,671	2,474,263	-	-
Sanitation	2,437,819	2,697,793	-	-
Community Aquatic Center	499,821	92,886	51,411	-
Total Business-Type Activities	14,146,920	17,604,597	51,411	-
Total Primary Government	\$ 28,726,525	\$ 18,516,814	\$ 1,458,935	\$ 594,805
		General Revenues:		
		Property Taxes, Levied for General Purposes		
		Property Taxes, Levied for Debt Service		
		Sales Taxes		
		Franchise and Other Taxes		
		Hotel Occupancy Taxes		
		Unrestricted Investment Earnings		
		TMRS		
		Other Revenues		
		Transfers		
		Total general revenues and special items		
		Change in net position		
		Net position--beginning		
		Net position--ending		

The accompanying notes are an integral part of these financial statements.

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-type Activities	Total
\$ (2,463,437)	\$ -	\$ (2,463,437)
(4,585,181)	-	(4,585,181)
(1,545,366)	-	(1,545,366)
(1,410,369)	-	(1,410,369)
(722,799)	-	(722,799)
(937,907)	-	(937,907)
<u>(11,665,059)</u>	<u>-</u>	<u>(11,665,059)</u>
-	2,980,046	2,980,046
-	624,592	624,592
-	259,974	259,974
<u>-</u>	<u>(355,524)</u>	<u>(355,524)</u>
<u>-</u>	<u>3,509,088</u>	<u>3,509,088</u>
(11,665,059)	3,509,088	(8,155,971)
4,130,202	-	4,130,202
3,065,579	-	3,065,579
3,239,904	-	3,239,904
1,085,069	-	1,085,069
1,233,252	-	1,233,252
16,491	6,451	22,942
234,603	-	234,603
270,081	114,335	384,416
<u>1,177,608</u>	<u>(1,177,608)</u>	<u>-</u>
<u>14,452,789</u>	<u>(1,056,822)</u>	<u>13,395,967</u>
2,787,730	2,452,266	5,239,996
<u>17,995,159</u>	<u>27,388,781</u>	<u>45,383,940</u>
<u>\$ 20,782,889</u>	<u>\$ 29,841,047</u>	<u>\$ 50,623,936</u>

The accompanying notes are an integral part of these financial statements.

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2021

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Cash and Cash Equivalents	\$ 2,317,079	\$ 902,405	\$ -	\$ 2,995,626	\$ 6,215,110
Investments	1,958,000	-	-	-	1,958,000
Receivables (net):					
Property Taxes	88,569	59,290	-	-	147,859
Other Taxes	580,178	-	-	-	580,178
Accounts	266,299	-	-	391,658	657,957
Intergovernmental	1,002,564	-	-	764,612	1,767,176
Due from Other Funds	588	141,337	-	1,260,623	1,402,548
Inventories	42,989	-	-	-	42,989
Restricted Cash and Investments	-	-	20,206,267	-	20,206,267
Total Assets	<u>\$ 6,256,266</u>	<u>\$ 1,103,032</u>	<u>\$ 20,206,267</u>	<u>\$ 5,412,519</u>	<u>\$ 32,978,084</u>
LIABILITIES					
Obligations in Excess of Cash	\$ -	\$ -	\$ -	\$ 2,830,539	\$ 2,830,539
Accounts Payable	172,569	-	-	631,439	804,008
Contractor's Retainage	-	-	513,150	-	513,150
Accrued Expenditures	103,497	-	-	14,888	118,385
Due to Other Funds (Note 7)	-	-	1,373,531	589	1,374,120
Unearned Revenue	1,474,696	59,290	-	15,141	1,549,127
Unclaimed Property	50,834	-	-	-	50,834
Total Liabilities	<u>1,801,596</u>	<u>59,290</u>	<u>1,886,681</u>	<u>3,492,596</u>	<u>7,240,163</u>
FUND BALANCE					
Nonspendable	42,989	-	-	-	42,989
Restricted					
Capital Projects	-	-	18,319,586	-	18,319,586
Tourism	-	-	-	1,595,888	1,595,888
Public Safety	-	-	-	252,924	252,924
Public Access TV	-	-	-	278,761	278,761
Security and Technology	-	-	-	18,542	18,542
Specified by Donors	-	-	-	11,384	11,384
Key Allegro Property Improvements	-	-	-	-	-
Child Safety	-	-	-	2,276	2,276
Committed	-	1,043,742	-	-	1,043,742
Assigned	-	-	-	1,020,771	1,020,771
Unassigned	4,411,681	-	-	(1,260,623)	3,151,058
Total Fund Balance	<u>4,454,670</u>	<u>1,043,742</u>	<u>18,319,586</u>	<u>1,919,923</u>	<u>25,737,921</u>
Total Liabilities and Fund Balance	<u>\$ 6,256,266</u>	<u>\$ 1,103,032</u>	<u>\$ 20,206,267</u>	<u>\$ 5,412,519</u>	<u>\$ 32,978,084</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS
TO THE GOVERNMENT-WIDE STATEMENT OF NET POSITION
September 30, 2021

Total Fund Balances - Total Governmental Funds	\$ 25,737,921
--	---------------

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

Capital assets used in governmental activities are not current financial resources and therefore are reported in the governmental funds. The cost of assets in governmental activities and the accumulated depreciation are as follows:

Capital Assets		
(Excluding Internal Service of \$129,166)	\$ 43,469,671	
Accumulated Depreciation		
(Excluding Internal Service of \$66,644)	<u>(11,177,652)</u>	32,292,019

Deferred Outflows and Inflows are not reported in governmental funds as follows:

Deferred Loss on Bond Refunding	\$ 286,650	
Deferred Outflows Related to Pensions		
(Excluding Internal Service \$27,716)	751,661	
Deferred Outflows Related to OPEB		
(Excluding Internal Service \$27,847)	655,545	
Deferred Inflows Related to Pensions		
(Excluding Internal Service \$39,677)	(1,036,722)	
Deferred Inflows Related to OPEB		
(Excluding Internal Service \$17,714)	<u>(485,314)</u>	171,820

Some liabilities are not due and payable in the current period and therefore are not reported in funds.

A detail of these liabilities follows:

Long-Term Debt	\$ (29,144,434)	
Net Pension Liability		
(Excluding Internal Service \$116,192)	(3,125,351)	
OPEB Liability		
(Excluding Internal Service \$216,637)	(3,980,941)	
Accumulated Compensated Absences		
(Excluding Internal Service \$28,708)	(632,034)	
Accrued Interest	<u>(146,629)</u>	(37,029,389)

Internal service funds are used by management to charge cost of fleet management to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities of net position.

Net Position of Governmental Activities	<u>\$ 20,782,889</u>
---	----------------------

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	General	Debt Service	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Taxes and Business Fees	\$ 8,279,172	\$ 3,065,580	\$ -	\$ 1,409,254	\$ 12,754,006
Licenses and Permits	663,394	-	-	-	663,394
Intergovernmental	397,225	-	-	1,605,105	2,002,330
Fines and Forfeitures	131,240	-	-	9,099	140,339
Charges for Services	108,484	-	-	-	108,484
Interest on Investments	6,518	-	9,642	331	16,491
Other Revenues	136,412	1,209	-	129,932	267,553
	<u>9,722,445</u>	<u>3,066,789</u>	<u>9,642</u>	<u>3,153,721</u>	<u>15,952,597</u>
Total Revenues					
EXPENDITURES					
Current:					
General Government	3,464,618	-	-	5,078	3,469,696
Public Safety	3,611,758	-	-	1,525,963	5,137,721
Public Works	1,527,390	-	-	25,111	1,552,501
Culture and Recreation	1,072,465	-	-	42,635	1,115,100
Tourism	-	-	-	717,182	717,182
Capital Outlay	156,213	-	492,138	1,626,124	2,274,475
Debt service:					
Principal Retirement	57,314	2,179,929	-	4,704	2,241,947
Interest and Fiscal Charges	54,838	882,635	-	434	937,907
	<u>9,944,596</u>	<u>3,062,564</u>	<u>492,138</u>	<u>3,947,231</u>	<u>17,446,529</u>
Total Expenditures					
Excess (Deficiency) of Revenues over Expenditures	<u>(222,151)</u>	<u>4,225</u>	<u>(482,496)</u>	<u>(793,510)</u>	<u>(1,493,932)</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	1,783,365	-	-	975,778	2,759,143
Transfers Out	<u>(1,194,074)</u>	<u>-</u>	<u>(311,761)</u>	<u>(63,770)</u>	<u>(1,569,605)</u>
Total Other Financing Sources (Uses)	<u>589,291</u>	<u>-</u>	<u>(311,761)</u>	<u>912,008</u>	<u>1,189,538</u>
Net Change in Fund Balance	367,140	4,225	(794,257)	118,498	(304,394)
Fund Balance at Beginning of Year	<u>4,087,530</u>	<u>1,039,517</u>	<u>19,113,843</u>	<u>1,801,425</u>	<u>26,042,315</u>
Fund Balance at End of Year	<u>\$ 4,454,670</u>	<u>\$ 1,043,742</u>	<u>\$ 18,319,586</u>	<u>\$ 1,919,923</u>	<u>\$ 25,737,921</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGE
IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2021

Net Change in Fund Balance - Total Governmental Funds \$ (304,394)

Amounts reported for governmental activities in the statement of activities (page 18-19)
are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities
the cost of those assets is allocated over their estimated useful lives and reported as depreciation
expense. Capital outlays exceed depreciation as follows:

Capital Outlay	2,274,475	
Depreciation (Excluding Internal Service \$ 12,163)	<u>(1,058,937)</u>	1,215,538

Loss on Sales and Retirements of Capital Assets (34,961)

The issuance of long-term debt provides current financial resources to governmental funds, while
the repayment of the principal of long-term debt consumes the current financial resources of
governmental funds. Neither transaction, however, has any effect on net position. Also,
governmental funds report the effect of premiums, discounts and similar items when debt is first
issued, whereas the amounts are deferred and amortized in the statement of activities. This amount
is the net effect of these differences in the treatment of long-term debt.

Principal Retirement	2,241,947	
Accrued Interest on Bonds	(56,515)	
Amortization of Bond Premiums	186,207	
Amortization of Deferred Charges on Refunding	<u>(132,635)</u>	2,239,004

Expenditures are recognized in the governmental funds when paid or due for items not normally paid
with available financial resources. However, the Statement of Activities is presented on an accrual
basis and expenses reported when incurred. This amount is the net effect of these differences

Pension Cost, Net	234,603	
OPEB Adjustment	(179,082)	
OPEB Expense	(309,299)	
Compensated Absence Expense	<u>(67,983)</u>	(321,761)

Internal service funds are used by management to charge the costs of fleet maintenance to individual
funds. The net expenses and transfers to the business-type activities is reported in governmental
activities

Change in net position of governmental activities		<u>\$ 2,787,730</u>
---	--	---------------------

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
GENERAL FUND
For the Year Ended September 30, 2021

	Original Budget	Final Amended Budget	Actual Amounts	Variance With Final Budget Positive or (Negative)
REVENUES				
Taxes and Business Fees	\$ 8,605,980	\$ 8,605,980	\$ 8,279,172	\$ (326,808)
Licenses and Permits	471,000	471,000	663,394	192,394
Intergovernmental	191,300	191,300	397,225	205,925
Fines and Forfeitures	263,000	263,000	131,240	(131,760)
Charges for Services	75,200	75,200	108,484	33,284
Interest on Investments	20,000	20,000	6,518	(13,482)
Other Revenues	123,674	123,674	136,412	12,738
Total Revenues	9,750,154	9,750,154	9,722,445	(27,709)
EXPENDITURES				
General Government	3,660,251	3,660,251	3,464,618	195,633
Public Safety	3,471,031	3,471,031	3,611,758	(140,727)
Public Works	1,395,596	1,395,596	1,527,390	(131,794)
Culture and Recreation	998,796	998,796	1,072,465	(73,669)
Debt service:				
Principal Retirement	-	-	57,314	(57,314)
Interest and Fiscal Charges	-	-	54,838	(54,838)
Capital Projects	449,040	449,040	156,213	292,827
Total Expenditures	9,974,714	9,974,714	9,944,596	30,118
Excess (Deficiency) of Revenues over Expenditures	(224,560)	(224,560)	(222,151)	2,409
OTHER FINANCING SOURCES (USES)				
Community Disaster Loan	918,611	918,611	-	918,611
Transfers In	1,003,921	1,003,921	1,783,365	(779,444)
Transfers Out	(1,697,972)	(1,697,972)	(1,194,074)	(503,898)
Total Other Financing Sources (Uses)	224,560	224,560	589,291	(364,731)
Net Change in Fund Balance	-	-	367,140	(362,322)
Fund Balance at Beginning of Year	3,501,798	3,501,798	4,087,030	-
Fund Balance at End of Year	\$ 3,501,798	\$ 3,501,798	\$ 4,454,170	\$ (362,322)

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

	Business-type Activities		
	Enterprise Funds		
	Water & Sewer	Natural Gas	Sanitation
ASSETS			
Current Assets:			
Cash and Cash Equivalents (Note 2)	\$ 8,605,944	\$ 799,282	\$ 1,064,503
Investments (Note 2)	978,000	-	-
Receivables (Net of Allowance for Uncollectible)	1,117,417	148,335	253,026
Due from Other Funds (Note 7)	530,005	-	-
Inventories	203,713	49,954	-
Restricted Cash and Investments (Note 2)	247,201	840,472	-
Total Current Assets	11,682,280	1,838,043	1,317,529
Noncurrent :			
Capital Assets:			
Land	110,653	-	-
Other Capital Assets, Net of Accumulated Depreciation	34,344,128	5,285,727	-
Total Noncurrent Assets	34,454,781	5,285,727	-
Total Assets	46,137,061	7,123,770	1,317,529
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Outflow of Resources	587,849	126,876	-
LIABILITIES			
Current Liabilities:			
Obligations in Excess of Cash	-	-	-
Accounts Payable	450,953	5,401	481,060
Accrued Expenses	30,751	11,340	-
Accrued Interest	92,338	35,980	-
Due to Other Funds (Note 7)	141,337	417,096	-
Customers' Deposits	1,718,862	-	-
Long-Term Debt - Current (Note 5 & 6)	1,456,921	228,259	-
Compensated Absences - Current	43,888	10,393	-
Total Current Liabilities	3,935,050	708,469	481,060
Noncurrent Liabilities:			
Long-Term Debt (Note 5)	12,836,818	3,574,049	-
Compensated Absences	131,663	31,178	-
Net Pension Liability (Note 9)	834,929	284,110	-
OPEB Liability (Note 10)	1,962,047	694,303	-
Total Noncurrent Liabilities	15,765,457	4,583,640	-
Total Liabilities	19,700,507	5,292,109	481,060
DEFERRED INFLOWS OF RESOURCES			
Deferred Inflows of Resources	404,915	126,280	-
NET POSITION			
Net Investment in Capital Assets	20,630,372	2,323,890	-
Unrestricted (deficit)	5,989,116	(491,633)	836,469
Total Net Position	\$ 26,619,488	\$ 1,832,257	\$ 836,469

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2021

Business-type Activities		Governmental
Enterprise Funds		Activities
Nonmajor		
Community		Internal Service
Aquatic Center	Total	Fleet
\$ 200	\$ 10,469,929	\$ -
-	978,000	-
532	1,519,310	11,292
-	530,005	-
-	253,667	46,288
-	1,087,673	-
732	14,838,584	57,580
104,300	214,953	-
674,991	40,304,846	62,522
779,291	40,519,799	62,522
780,023	55,358,383	120,102
(1,146)	713,579	55,563
222,925	222,925	139,755
311	937,725	1,081
3,783	45,874	5,383
-	128,318	-
-	558,433	-
-	1,718,862	-
-	1,685,180	-
-	54,281	7,177
227,019	5,351,598	153,396
-	16,410,867	-
-	162,841	21,531
(7,911)	1,111,128	116,192
7,830	2,664,180	216,637
(81)	20,349,016	354,360
226,938	25,700,614	507,756
(894)	530,301	57,391
779,291	23,733,553	62,522
(226,458)	6,107,494	(452,004)
\$ 552,833	\$ 29,841,047	\$ (389,482)

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	Business-type Activities		
	Enterprise Funds		
	Water & Sewer	Natural Gas	Sanitation
OPERATING REVENUES			
Charges for Services	\$ 12,339,655	\$ 2,474,263	\$ 2,697,793
OPERATING EXPENSES			
Personnel Services	1,887,495	583,546	-
Contractual Services	803,056	90,158	2,437,819
Maintenance	4,301,646	179,451	-
Supplies	94,620	578,309	-
Other	422,911	21,318	-
Depreciation	1,368,767	273,611	-
Total Operating Expenses	8,878,495	1,726,393	2,437,819
Operating Income (Loss)	3,461,160	747,870	259,974
NONOPERATING REVENUES (EXPENSES)			
Interest on Investments	6,451	-	-
Payments from Other Governments	-	-	-
Interest Expense and Fiscal Charges	(481,114)	(123,278)	-
Other Revenues	89,948	20,065	-
Total Nonoperating Revenues (Expenses)	(384,715)	(103,213)	-
Net Income (Loss) Before Transfers	3,076,445	644,657	259,974
Transfers In	2,749,749	287,216	-
Transfers Out	(4,099,472)	(334,153)	(18,368)
Change in net position	1,726,722	597,720	241,606
Net position - beginning	24,892,766	1,234,537	594,863
Net position - ending	\$ 26,619,488	\$ 1,832,257	\$ 836,469

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS

STATEMENT OF REVENUE, EXPENDITURES AND CHANGES IN NET POSITION

PROPRIETARY FUNDS

For the Year Ended September 30, 2021

Business-type Activities Enterprise Funds		Governmental Activities
Community Aquatic Center	Total	Internal Service Fleet
\$ 92,886	\$ 17,604,597	\$ 826,705
265,281	2,736,322	293,195
28,206	3,359,239	114,812
58,069	4,539,166	19,612
79,770	752,699	382,537
1,590	445,819	680
66,905	1,709,283	12,163
499,821	13,542,528	822,999
(406,935)	4,062,069	3,706
-	6,451	-
51,411	51,411	-
-	(604,392)	-
4,322	114,335	2,528
55,733	(432,195)	2,528
(351,202)	3,629,874	6,234
246,604	3,283,569	16,993
(9,184)	(4,461,177)	(28,923)
(113,782)	2,452,266	(5,696)
666,615	27,388,781	(383,786)
\$ 552,833	\$ 29,841,047	\$ (389,482)

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	Business-type Activities		
	Enterprise Funds		
	Water & Sewer	Natural Gas	Sanitation
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from Customers	\$ 12,563,716	\$ 2,475,997	\$ 2,674,807
Payments to Suppliers	(5,641,376)	(924,778)	(2,192,438)
Payments to Employees	(1,881,183)	(592,302)	-
Net cash Provided by (Used in) Operating Activities	5,041,157	958,917	482,369
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers In from Other Funds	2,749,749	287,216	-
Transfers Out to Other Funds	(4,099,472)	(334,153)	(18,368)
Net Cash Provided by (Used in) Noncapital Financing Activities	(1,349,723)	(46,937)	(18,368)
CASH FLOWS FORM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition of Capital Assets	(308,415)	(151,158)	-
Principal Paid on Long-term Debt	(1,568,456)	(219,924)	-
Interest Expense and Fiscal Charges	(481,114)	(123,278)	-
Net Cash Provided by (Used in) Capital and Related Financing Activities	(2,357,985)	(494,360)	-
CASH FLOWS FROM INVESTING ACTIVITIES			
Interest and Investments	(483,549)	-	-
Net cash Provided by (Used in) Investing Activities	(483,549)	-	-
Net Increase (Decrease) in Cash and Cash Equivalents	849,900	417,620	464,001
Cash and Cash Equivalents at Beginning of Year	8,003,245	1,222,134	600,502
Cash and Cash Equivalents at End of Year	\$ 8,853,145	\$ 1,639,754	\$ 1,064,503

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

Business-type Activities		Governmental
Enterprise Funds		Activities
Community		Internal Service
Aquatic Center	Total	Fleet
\$ 148,087	\$ 17,862,607	\$ 817,941
(343,122)	(9,101,714)	(491,407)
(265,110)	(2,738,595)	(454,359)
(460,145)	6,022,298	(127,825)
246,604	3,283,569	16,993
(9,184)	(4,461,177)	(28,923)
237,420	(1,177,608)	(11,930)
-	(459,573)	-
-	(1,788,380)	-
-	(604,392)	-
-	(2,852,345)	-
-	(483,549)	-
-	(483,549)	-
(222,725)	1,508,796	(139,755)
-	9,825,881	-
\$ (222,725)	\$ 11,334,677	\$ (139,755)

(continued)

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Year Ended September 30, 2021

	Business-type Activities Enterprise Funds		
	Water & Sewer	Natural Gas	Sanitation
Reconciliation of operating income (loss) to net cash provided by (used in) operating activities:			
Operating Income (Loss)	\$ 3,461,160	\$ 747,870	\$ 259,974
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided by (Used in) Operating Activities:			
Depreciation	1,368,767	273,611	-
Nonoperating Revenues	89,948	20,065	-
Changes in Assets and Liabilities:			
Accounts Receivable	(2,118)	(18,331)	(22,986)
Inventories	568	1,611	-
Deferred Loss on Refunding of Bonds	76,288	-	-
Deferred Outflows Related to Pension	69,972	21,456	-
Deferred Outflows Related to OPEB	(44,065)	(13,512)	-
Accounts Payable	(19,596)	(57,151)	245,381
Accrued Expenses	(38,449)	(8,168)	-
Due to Other Funds	(115)	(2)	-
Customer Deposits	136,231	-	-
Compensated Absences	(33,775)	(1,776)	-
OPEB Liability	177,141	54,319	-
Net Pension Liability	(178,968)	(54,880)	-
Deferred Gain on Refunding of Bonds	(1,628)	-	-
Deferred Inflows Related to Pension	48,945	15,009	-
Deferred Inflows Related to OPEB	(69,149)	(21,204)	-
Net Cash Provided by (Used in) Operating Activities	<u>\$ 5,041,157</u>	<u>\$ 958,917</u>	<u>\$ 482,369</u>

The accompanying notes are an integral part of these financial statements.

CITY OF ROCKPORT, TEXAS
STATEMENT OF CASH FLOWS (CONTINUED)
PROPRIETARY FUNDS
For the Year Ended Septemebr 30, 2021

Business-type Activities		Governmental
Enterprise Funds		Activities
Community		Internal Service
Aquatic Center	Total	Fleet
\$ (406,935)	\$ 4,062,069	\$ 3,706
66,905	1,709,283	12,163
55,733	165,746	2,528
(532)	(43,967)	(11,292)
-	2,179	19,989
-	76,288	-
3,093	94,521	10,253
(1,947)	(59,524)	(12,250)
(816)	167,818	3,013
3,062	(43,555)	3,232
(177,733)	(177,850)	-
-	136,231	-
-	(35,551)	(164,194)
7,830	239,290	27,668
(7,911)	(241,759)	(27,953)
-	(1,628)	-
2,163	66,117	8,228
(3,057)	(93,410)	(2,916)
<u>\$ (460,145)</u>	<u>\$ 6,022,298</u>	<u>\$ (127,825)</u>
		(concluded)

The accompanying notes are an integral part of these financial statements.

CITY of ROCKPORT, TEXAS



NOTES TO FINANCIAL STATEMENTS

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2021

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Rockport, Texas (the City) was incorporated in 1871 under the provisions of the laws for the State of Texas. The City operates under a Home-Rule Charter, which was adopted on April 12, 1983, and provides the following services, as authorized, by its charter: public safety (police and fire), streets, sanitation, culture-recreation, public improvements, planning and zoning, and general administration services. Other services include utilities. The City operates with a Council- Manager type of government, where the City Council consists of the mayor and four council members. The mayor is elected at large, and one council member is elected from each of four wards.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to accounting principles generally accepted in the United States of America (GAAP) applicable to state and local governments. Generally accepted accounting principles for local governments include those principles prescribed by the Governmental Accounting Standards Board (GASB). The more significant accounting policies of the City are described below.

A. REPORTING ENTITY

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards. Based on this criterion, the City has no component units.

B. BASIS OF PRESENTATION

The government-wide financial statements (the statement of net position and the statement of activities) report information on all non-fiduciary activities of the primary government. The effect of interfund activity, within the government and business-type activities columns, has been removed from these statements. However, any interfund services provided and used are not eliminated in the process of consolidation. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

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

C. FUND FINANCIAL STATEMENTS

The City segregates transactions related to certain functions or activities in separate funds in order to aid financial management and to demonstrate legal compliance. Separate statements are presented for governmental and proprietary activities. These statements present each major fund as a separate column on the fund financial statements; all non-major funds are aggregated and presented in a single column.

Governmental funds are those funds through which most governmental functions typically are financed. The measurement focus of governmental funds is on the sources, uses and balances of current financial resources. The City has reported the following major governmental funds:

General Fund - The General Fund is the main operating fund of the City. This fund is used to account for all financial resources not accounted for in other funds. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other funds are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the General Fund.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued

C. FUND FINANCIAL STATEMENTS--continued

Debt Service Fund - The Debt Service Fund is used to account for the accumulation of financial resources for the payment of principal, interest and related costs on general long- term debt paid primarily from taxes levied by the City. The fund balance of the Debt Service Fund is restricted exclusively for debt service expenditures.

Capital Projects Fund - The Capital Projects Fund is used to account for bond proceeds and related expenditures for capital projects.

Proprietary Funds are accounted for using the economic resources measurement focus and the accrual basis of accounting. The accounting objectives are determination on net income, financial position and cash flow. All assets and liabilities are included on the Statement of Net Position. The City has presented the following major proprietary funds.

Water and Sewer Fund - Water and Sewer Fund is used to account for the provision of water and sewer services to the residents of the City. Activities of the fund include administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the funds.

Natural Gas Fund - Natural Gas Fund is used to account for the provision of natural services to the residents of the City. Activities of the fund include administration, operations and maintenance of the gas system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for natural gas debt. All costs are financed through charges to natural gas customers with rates reviewed regularly and adjusted, if necessary, to ensure integrity of the funds.

Sanitation Fund - Sanitation Fund is used to account for the sanitation services provide through a contract with Republic Services for curbside collection of solid waste and commingled recyclables. Activities of the fund include collection of revenues and payments to the service provider. All costs are financed through charges to customers.

Community Aquatic Center Fund - Community Aquatic Center Fund is used to account for the water-based programs provided to the citizens of the City, Aransas County and the Town of Fulton. Activities of the fund include administration, operations and maintenance of the Community Aquatic Center and billing and collection activities. All costs are financed through charges for water-based programs and intergovernmental revenue from Aransas County and the City of Fulton.

Internal service funds of a government (which traditionally provide services primarily to other funds of the government) are presented in the summary form as part of the proprietary fund financial statements. The City's internal service funds account for vehicle maintenance services to other departments within the City on a cost-reimbursement basis. Since the principal users of the internal services are the City's governmental activities, financial statements of internal service funds are consolidated into the governmental column when presented at the government-wide level in the Statement of Net Position. The net activity of these services is offset against the appropriate functional activity in the Statement of Activities. This complies with the City's policy of eliminating internal activity from the government-wide statements.

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING

Measurement focus refers to what is being measured; basis of accounting refers to when revenues and expenditures are recognized in the accounts and reported in the financial statements. Basis of accounting relates to the timing of the measurement made, regardless of the measurement focus applied.

The government-wide statements and fund financial statements for proprietary funds are reported using the economic resources measurement focus and the accrual basis of accounting. The economic resources measurement focus means all assets and liabilities (whether current or non-current) are included on the statement of net position and the operating statements present increases (revenues) and decreases (expenses) in net position. Under the accrual basis of accounting, revenues are recognized when earned, including unbilled water and sewer services which are accrued. Expenses are recognized at the time the liability is incurred.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued

D. MEASUREMENT FOCUS AND BASIS OF ACCOUNTING--continued

Governmental fund financial statements are reported using the current financial resources measurement focus and are accounted for using the modified accrual basis of accounting. Under the modified accrual basis of accounting, revenues are recognized when susceptible to accrual, i.e., when they become both measurable and available. "Measurable" means the amount of the transaction can be determined and "available" means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. The City considers revenues as available if they are collected within 60 days after year-end. Expenditures are recorded when the related fund liability is incurred. However, debt services expenditures, except for interest payable accrued at the debt issuance date for which cash is received with the debt proceeds, as well as expenditures related to compensated absences are recorded only when payment has matured and will be payable shortly after year-end. The revenues susceptible to accrual are property taxes, franchise fees, licenses, charges for service, interest income and intergovernmental revenues. Sales taxes collected and held by the state at year-end on behalf of the government are also recognized as revenue. All other governmental fund revenues are recognized when received, as they are deemed immaterial.

When both restricted and unrestricted resources are available, it is the City's policy to use restricted resources first, then unrestricted resources, as needed.

E. BUDGETARY INFORMATION

Annual budgets are adopted for General Fund, Utility Surcharge Fund, Hotel/Motel Occupancy Tax Fund, Municipal Court Security & Technology Fund, City/County Dispatch Fund and Debt Service Fund.

The City Charter establishes the fiscal year as the twelve-month period beginning October 1. On or before the first regular scheduled meeting in August of each year, the City Manager submits a proposed budget for the ensuing fiscal year. The City council reviews the proposed budget and makes any appropriate changes prior to publishing the final budget. The Council holds a public hearing on the proposed budget.

At a regular or special meeting, not fewer than seven days after the public hearing, the City Council will adopt the budget by ordinance on one reading. Adopting of the budget shall constitute appropriation of the amounts specified therein as expenditures from the funds indicated and constitutes a levy of property tax therein proposed.

Once a budget is approved, it can be amended only by approval of a majority of the members of the City Council. The City prepares all budgets on a "GAAP" basis.

F. CASH AND CASH EQUIVALENTS

Cash of all funds, including restricted cash, are combined into common pooled accounts in order to maximize investment opportunities. Each fund whose monies are deposited in the pooled cash accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at month end. An individual fund's equity in the pooled cash accounts is available upon demand and are considered to be "cash equivalents" when preparing these financial statements. In addition, any marketable securities not included in the common pooled accounts that are purchased with maturity of ninety days or less are also considered to be "cash equivalents". Negative balances incurred in pooled cash at year-end are treated as interfund receivables of the General Fund and interfund payables of the deficit fund.

G. INVESTMENTS

This City's reports money market investments and short-term participating interest-earning investment contracts at amortized cost and reports nonparticipating interest-earning investment contracts using a cost-based measure. 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. Non-negotiable certificates of deposit are examples of nonparticipating interest-earning investments.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

H. PROPERTY TAX

Property taxes attach, as an enforceable lien, on property as of January 1. The City's property tax is levied each October 1 on the basis of assessed values at the date the enforceable lien attaches. Appraised values are established by the Aransas County Appraisal District, assessed at 100% of appraised value, approved by the Aransas County Appraisal Review Board, and certified by the Chief Appraiser. Responsibility for the billing and collection of the City's taxes is contracted to Aransas County as an efficiency measure.

Taxes are due on receipt of the tax bill and are delinquent if not paid before February of the year following the year in which imposed. Taxes become delinquent on February 1 at which time penalty and interest charges are applicable. Property tax revenues are recorded as revenues when they become available.

I. RECEIVABLES

Amounts reported in the fund financial statements as interfund receivables and payables are eliminated in the government-wide governmental and business-type activities columns of the statement of net position, except for the net residual amounts due between governmental and business-type activities, which are presented as internal balances.

All trade and property tax receivables are shown net of an allowance for uncollectible. Trade accounts receivable in excess of 120 days comprise the trade accounts receivable allowance for uncollectible. The property tax receivable allowance is based on historical experience in collecting tax receivables.

Utility revenue is recorded when earned. Customers are billed monthly.

J. INVENTORY

Inventories of supplies is valued at cost, which approximates market, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased. Special reporting treatments are applied to governmental fund inventories to indicate that they do not represent "available spendable resources", even though they are a component of net current assets. Governmental fund inventories at year end are offset by a reservation of fund balance. Proprietary fund-type inventories are reported at the lower of cost or market.

K. CAPITAL ASSETS

Capital assets, which include property, plant, equipment, and infrastructure assets, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary funds. All purchased capital assets are valued at historical cost or estimated historical cost if actual historical cost is not available. Donated assets are valued at their acquisition value on the date donated. Repairs and maintenance are recorded as expenses. Renewals and betterments are capitalized.

Outlays for capital assets are capitalized as projects are constructed. Infrastructure assets begin depreciating at the end of the year in which costs are incurred. Other capital assets begin depreciating when the asset is placed in service.

Assets capitalized have an original cost of \$5,000 or more and over three years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-40 years
Water and Sewer System	5-50 years
Infrastructure	50 years
Machinery and Equipment	5-10 years
Improvements Other than Buildings	20 years
Vehicles	3-10 years

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES--continued

L. ACCUMULATED UNPAID COMPENSATED ABSENCES

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. These benefits are accounted for using the termination payment method. All compensated absences are accrued when incurred in the government-wide and proprietary fund financial statements. Expenditures are recorded in the governmental funds as employees resign or retire. In governmental funds, compensated absences liabilities are paid from the funds reporting payroll and related expenditures which is mainly the general fund.

M. LONG-TERM DEBT

In the government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts 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 in the governmental funds. Bond discounts and issuance costs are treated as costs in the year issued.

N. PENSION PLAN

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Codification Section P20 - Pension Activities.

O. OTHER POSTRETIREMENT EMPLOYEE BENEFITS

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to City of Rockport Retiree Health Care Plan (Plan), and OBEB expense, information about the fiduciary net position and additions to/deductions for the Plan's fiduciary net position have been using the flow of economic resources measurement focus and full accrual basis of accounting. 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. There are no investments as this is a pay-as-you-go plan and all cash is held in a cash account.

P. FUND EQUITY

In the government-wide financial statements and proprietary fund financial statements, net position is classified in the following categories:

Net Investment in Capital Assets: This category represents the net carrying value of all capital assets, reduced by the outstanding balances of long-term debt that are attributable to the acquisition, construction or improvement of these assets.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued

P. FUND EQUITY--continued

Restricted: The restricted component of net position represents restricted assets reduced by liabilities related to those assets. This category represents external restrictions imposed by creditors, grantors, contributors, or laws or regulations of other governments and restrictions imposed by law through constitutional provisions or enabling legislation.

Unrestricted: This category is the “residual” component of net position. It consists of net position that does not meet the definition of “restricted” or “net investment in capital assets.”

In the governmental fund financial statements, fund balances are classified in the following categories:

The *nonspendable* fund balance includes the portion of net resources that cannot be spent because of their form or because they must be maintained intact. Resources not in spendable form include inventories and prepaid items, long-term advances, long-term receivables and nonfinancial assets held for resale.

The *restricted* fund balance includes net resources that can be spent only for the specific purposes stipulated by constitution, external resource providers (creditors, grantors, contributors), laws and regulations of other governments, or through enabling legislation. Some resources are spendable but are legally or contractually required to be maintained intact. Such resources include the principal of an endowment. The enabling legislation authorizes the City to assess, levy, charge or otherwise mandate payment of resources from external resource providers; those resources can be used only for the specific purposes stipulated in the legislation.

The *committed* fund balance classification includes amounts that can be used only for the specific purposes determined by formal action of the City’s highest level of decision-making authority. City Council is the highest decision-making authority for the City 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.

The *assigned* fund balance includes amounts that are constrained by the City’s intent to be used for specific purposes but are neither restricted nor committed. The City Council and the City Manager, have the authority to assign amounts for a specific purpose. The residual fund balance that is not Restricted or Committed in governmental funds except the General Fund is assigned.

The *unassigned* fund balance represents the spendable net resources that have not been restricted, committed, or assigned to specific purposes. The General Fund is the only fund that reports a positive unassigned fund balance.

Q. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES

In addition to assets, the statement of net 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 a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred charges on refunding - A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date - These contributions are deferred and recognized in the following fiscal year.
- Difference in projected and actual earnings on pension assets - This difference is deferred and amortized over a closed five-year period.
- Changes in actuarial assumptions used to determine pension and OPEB liabilities - These differences are deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued

Q. DEFERRED OUTFLOWS/INFLOWS OF RESOURCES—continued

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.

The City has the following items that qualify for reporting in this category:

- Difference in projected and actual earnings on pension assets - This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension or OPEB experience is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability - This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

The components of the City's Government-wide deferred outflows of resources and deferred inflows of resources are as follows:

		Business-type Activities						
		Enterprise Funds						
	Governmental Activities	Water & Sewer	Natural Gas	Sanitation	Community Aquatic Center	Internal Service Fleet	Total	
Deferred Outflows of Resources								
Deferred Loss on Bond Refundings	\$ 286,650	\$ 222,128	\$ -	\$ -	\$ -	-	\$ 508,778	
Deferred Outflows Related to Pension	751,661	197,096	67,836	-	(3,093)	27,716	1,041,216	
Deferred Outflows Related to OPEB	655,545	168,625	59,040	-	1,947	27,847	913,004	
Total Deferred Outflows of Resources	<u>\$ 1,693,856</u>	<u>\$ 587,849</u>	<u>\$ 126,876</u>	<u>\$ -</u>	<u>\$ (1,146)</u>	<u>\$ 55,563</u>	<u>\$ 2,462,998</u>	
Deferred Inflows of Resources								
Deferred Gain on Bond Refundings	\$ -	\$ -	\$ -	\$ -	\$ -	-	\$ -	
Deferred Inflows Related to Pension	1,036,722	270,156	88,969	-	2,163	39,677	1,437,687	
Deferred Inflows Related to OPEB	485,314	134,759	37,311	-	(3,057)	17,714	672,041	
Deferred Inflows of Resources	<u>\$ 1,522,036</u>	<u>\$ 404,915</u>	<u>\$ 126,280</u>	<u>\$ -</u>	<u>\$ (894)</u>	<u>\$ 57,391</u>	<u>\$ 2,109,728</u>	

R. SPENDING PRIORITIZATION IN USING AVAILABLE RESOURCES

When both restricted resources and other resources (i.e., committed, assigned and unassigned) can be used for the same purpose, the City budget considers restricted resources to be spent first. When committed, assigned and unassigned resources can be used for the same purpose, the flow assumption in the City budget is to spend in the sequence of committed resources first, assigned second, and unassigned last.

S. ESTIMATES

The preparation of basic financial statements in conformance with GAAP requires management to make estimates and assumptions that affect the amount reported in the basic financial statements and accompanying notes. Actual results may differ from those estimates.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1—SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES—continued

T. NEW ACCOUNTING PRONOUNCEMENTS

The GASB has issued the following statements which will become effective in future years.

In January 2017, the GASB issued Statement No. 84, Fiduciary Activities. This statement establishes criteria for identifying fiduciary activities of governments and for identifying fiduciary component units and post-employment benefit arrangements that are fiduciary activities. The requirements of this statement are effective for reporting period beginning after June 15, 2021.

In June 2017, the GASB issued Statement No. 87, Leases. This statement changes the recognition requirements for certain lease assets and liabilities for leases that are currently classified as operating leases. The requirements of this statement are effective for reporting period beginning after June 15, 2021.

In August 2018, the GASB issued Statement No. 90, Majority Equity Interest—an amendment of GASB Statements No. 14 and No. 61. This statement will improve the consistency and comparability of reporting a government's majority equity interest in a legally separate organization and improve the relevance of financial statement information for certain component units. The requirements of this statement are effective for reporting period beginning after December 15, 2020.

In May 2019, the GASB issued Statement No. 91, Conduit Debt Obligations. This statement is to provide a single method of reporting conduit debt obligations by issuers and eliminate diversity in practice associated with 1) commitments extended by issuers, 2) arrangements associated with conduit debt obligations, and 3) related note disclosures. The requirements of this statement are effective for reporting period beginning after December 15, 2021.

In January 2020, the GASB Issued Statement No. 92, Omnibus 2020. The objectives of this statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. The requirements related to Statement 87 and Implementation Guide 2019-3 are effective for statements starting with the fiscal year that ends June 30, 2022.

In March 2020, the GASB issued Statement No. 93, Replacement of Interbank Offered Rates. The statement establishes accounting and financial reporting requirements related to the replacement of LIBORs in hedging derivative instruments and 64 leases. It also identifies appropriate benchmark interest rates for hedging derivative instruments. The requirements of this statement are effective for reporting periods ending after December 31, 2021.

In March 2020, the GASB issued Statement No. 94, Public-Private and Public-Public Partnerships and Availability Payment Arrangements. This statement establishes standards of accounting and financial reporting for PPPs and APAs for governments. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

In May 2020, the GASB issued Statement No. 96, Subscription-Based Information Technology Arrangements. This statement provides guidance on accounting and financial reporting for subscription-based information technology arrangements for government end users. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

In June 2020, the GASB issued Statement No. 97, Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans. The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code Section 457 deferred compensation plans that meet the definition of a pension plan and for benefits provided through those plans. The requirements of this statement that are related to the accounting and financial reporting for Section 457 plans are effective for reporting periods beginning after June 15, 2021. Some requirements of this statement are effective immediately.

The City will fully analyze the impact of these new Statements prior to the effective dates listed above.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2—CASH AND INVESTMENTS

The Public Funds Investment Act (Texas Government Code Chapter 2256) contains specific provisions in the areas of investment practices, management reports and establishment of appropriate policies. It requires the City 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. Statutes authorize the City to invest in: 1) obligations of the U.S. Treasury, certain U.S. Agencies, and the State of Texas, 2) certificates of deposit, 3) certain municipal securities, 4) money market savings accounts, 5) repurchase agreements, 6) bankers' acceptances, 7) mutual funds, 8) investment pools, 9) guaranteed investment contracts, and 10) common trust funds. The Act also requires the City to have independent auditors perform test procedures related to investment practices as provided by the Act. The City is in substantial compliance with the requirements of the Act and with local policies.

The bank deposits of \$14,440,622 (bank balances) at September 30, 2021, were covered by Federal Depository Insurance (FDIC) or by collateral held by the City's agent bank in the City's name. As of September 30, 2021, the City had \$20,108,493 invested in Texpool and the Texas Daily Funds. This investment is included in cash and cash equivalents because of its short-term maturity. As of September 30, 2021, the City had \$2,936,000 invested in certificates of deposit that are included as investments.

An escrow account that was set up as part of the Energy Conservation Bond and related agreements, was not covered by collateral held by the City's agent in the City's name. \$250,000 was covered by federal deposit insurance but the remaining balance of \$238,657 was uncollateralized as of September 30, 2021.

Interest Rate Risk - In compliance with the City's Investment Policy the City minimized the interest rate risk in the portfolio, related to current market events, by limiting the weighted average maturity to a maximum of two years.

Credit Risk - In accordance with state law and the City's investment policy, investments in mutual funds and investment pools must be rated at least AAA, commercial paper must be rated at least A-1 or P-1, and investments in obligations from other states, municipalities, countries, etc. must be rated at least A. The City's investments in investment pools were rated AAA.

Public funds investment pools in Texas (Pools) are established under the authority of the Interlocal Cooperation Act, Chapter 79 of the Texas Government Code, and are subject to the provisions of the Public Funds Investment Act (PFIA), Chapter 2256 of the Texas Government Code. In addition to other provisions of the PFIA designed to promote liquidity and safety of principal, the (PFIA) requires Pools to: (1) have an advisory board composed of participants in the pool and other persons who do not have a business relationship with the pool and are qualified to advise the pool; (2) maintain a continuous rating of no lower than AAA or AAA-m or an equivalent rating by at least one nationally recognized rating service; and (3) maintain the market value of its underlying investment portfolio within one half of one percent of the value of its shares. All investments noted above have been rated AAA-m by Standard & Poor's and AAA by Moody's.

Concentration of Credit Risk - The City does not place a limit on the amount the City may invest in any one issuer. The City does not have a concentration of credit risk.

Custodial Credit Risk - For an investment, custodial credit risk is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City does not have a custodial credit risk.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3—CAPITAL ASSETS

Capital Assets for governmental and business-type activities are as follows:

	Governmental Activities				Ending Balance September 30, 2021
	Beginning Balance October 1, 2020	Additions	Deletions	Transfers	
Governmental Activities:					
Capital assets, not being depreciated					
Land	\$ 10,194,001	\$ 262,138	\$ -	\$ -	\$ 10,456,139
Construction in progress	685,852	1,514,379	(44,770)	(143,363)	2,012,098
Total capital assets, not being depreciated	10,879,853	1,776,517	(44,770)	(143,363)	12,468,237
Capital assets, being depreciated					
Buildings and Improvements	4,831,702	-	-	-	4,831,702
Improvements other than Building	3,524,399	54,487	-	-	3,578,886
Machinery and Equipment	4,633,497	463,472	-	-	5,096,969
Infrastructure	17,499,680	123,363	-	-	17,623,043
Total capital assets, being depreciated	30,489,278	641,322	-	-	31,130,600
Less accumulated depreciation for:					
Buildings and Improvements	(1,814,824)	(125,689)	-	-	(1,940,513)
Improvements other than Building	(1,241,096)	(180,560)	-	-	(1,421,656)
Machinery and Equipment	(3,526,117)	(356,287)	-	-	(3,882,404)
Infrastructure	(3,591,159)	(408,564)	-	-	(3,999,723)
Total accumulated depreciation	(10,173,196)	(1,071,100)	-	-	(11,244,296)
Total capital assets, being depreciated, net	20,316,082	(429,778)	-	-	19,886,304
Governmental activities, capital assets, net	\$ 31,195,935	\$ 1,346,739	\$ (44,770)	\$ (143,363)	\$ 32,354,541
	Business-type Activities				Ending Balance September 30, 2021
	Beginning Balance October 1, 2020	Additions	Deletions	Transfers	
Business-type activities:					
Capital assets, not being depreciated					
Land	\$ 214,953	\$ -	\$ -	\$ -	\$ 214,953
Construction in Progress	93,633	310,843	(404,476)	-	-
Total capital assets, not being depreciated	308,586	310,843	(404,476)	-	214,953
Capital assets, being depreciated					
Building and Improvements	6,207,831	-	-	-	6,207,831
Water System	29,196,275	160,525	-	-	29,356,800
Sewer System	23,950,498	125,272	-	-	24,075,770
Natural Gas System	6,812,023	125,272	-	-	6,937,295
Machinery and Equipment	2,134,243	142,136	-	-	2,276,379
Total capital assets, being depreciated	68,300,870	553,205	-	-	68,854,075
Less accumulated depreciation for:					
Building and Improvements	(2,318,936)	(170,112)	-	-	(2,489,048)
Water System	(10,657,017)	(674,580)	-	-	(11,331,597)
Sewer System	(10,654,196)	(512,539)	-	-	(11,166,735)
Natural Gas System	(1,403,843)	(271,453)	-	-	(1,675,296)
Machinery and Equipment	(1,805,954)	(80,599)	-	-	(1,886,553)
Total	(26,839,946)	(1,709,283)	-	-	(28,549,229)
Total capital assets, being depreciated, net	41,460,924	(1,156,078)	-	-	40,304,846
Business-type activities, capital assets, net	\$ 41,769,510	\$ (845,235)	\$ (404,476)	\$ -	\$ 40,519,799

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3—CAPITAL ASSETS--continued

Depreciation expense was charged as follows:

Governmental functions		Business-type functions	
General Government	\$ 127,325	Water & Sewer	\$ 1,368,767
Public Safety	224,880	Natural Gas	273,611
Public Works	505,380	Aquatic Center	66,905
Culture and Recreation	213,515	Total business-type functions	<u>\$ 1,709,283</u>
Total governmental functions	<u>\$ 1,071,100</u>		

NOTE 4—LONG-TERM LIABILITIES

The following is a summary of changes in long-term liabilities reported in the government-wide financial statements for the year ended September 30, 2021:

	Beginning Balance	Additions	Retirements/ Deductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
General Obligations	\$ 9,863,227	\$ -	\$ (1,359,754)	\$ 8,503,473	\$ 1,295,450
Certificates of Obligation	4,500,000	-	(225,000)	4,275,000	230,000
Tax Notes	14,505,000	-	(500,000)	14,005,000	645,000
Energy Conservation Bond	1,305,042	-	(57,314)	1,247,728	60,342
Premium on Bonds	985,791	-	(186,207)	799,584	168,911
Capital Leases	413,528	-	(99,879)	313,649	107,787
Total Long-Term Debt	<u>31,572,588</u>	<u>-</u>	<u>(2,428,154)</u>	<u>29,144,434</u>	<u>2,507,490</u>
Other Long-Term Liabilities					
Compensated Absences	590,347	269,216	(198,821)	660,742	198,821
Pension Liability	3,961,824	-	(720,282)	3,241,543	-
OPEB Liability	3,485,382	712,196	-	4,197,578	-
Total Other Long-Term Liabilities	<u>8,037,553</u>	<u>981,412</u>	<u>(919,103)</u>	<u>8,099,863</u>	<u>198,821</u>
Total Governmental Activities	<u>\$ 39,610,141</u>	<u>\$ 981,412</u>	<u>\$ (3,347,257)</u>	<u>\$ 37,244,297</u>	<u>\$ 2,706,311</u>
Business-Type Activities:					
General Obligations	\$ 9,146,773	\$ -	\$ (1,175,246)	\$ 7,971,527	\$ 1,064,550
Certificates of Obligation	2,775,000	-	(150,000)	2,625,000	155,000
Energy Conservation Bond	7,314,789	-	(321,248)	6,993,541	338,219
Premium on Bonds	647,865	-	(141,886)	505,979	127,411
Total Long-Term Debt	<u>19,884,427</u>	<u>-</u>	<u>(1,788,380)</u>	<u>18,096,047</u>	<u>1,685,180</u>
Other Long-Term Liabilities					
Compensated Absences	252,673	29,782	(65,333)	217,122	54,281
Pension Liability	1,352,887	36,359	(278,118)	1,111,128	-
OPEB Liability	2,424,890	239,802	(81,031)	2,664,180	-
Total Other Long-Term Liabilities	<u>4,030,450</u>	<u>305,943</u>	<u>(424,482)</u>	<u>3,992,430</u>	<u>54,281</u>
Total Business-Type Activities	<u>\$ 23,914,877</u>	<u>\$ 305,943</u>	<u>\$ (2,212,862)</u>	<u>\$ 22,088,477</u>	<u>\$ 1,739,461</u>

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4—LONG-TERM LIABILITIES--continued

Pension and OPEB liabilities related to governmental activities are liquidated by the fund which the expense relates based on the employees included in the specific funds. The majority of the related expense is paid by the general fund.

NOTE 5—LONG-TERM DEBT

The following is a summary of bonds payable as of September 30, 2021:

	Governmental Activity	Business-Type Activity
General Obligation Refunding Bonds, Series 2012, Original Issuance \$6,880,000 Callable February 15, 2023 at par; Varying Interest Rates 1% to 3%	\$ 1,891,640	\$ 1,383,360
General Obligation Refunding Bonds, Series 2014, Original Issuance \$5,430,000 Callable February 15, 2025 at par; Varying interest rates 2% to 4.25%	4,408,793	906,207
General Obligation Refunding Bonds, Series 2015, Original Issuance \$7,125,000 Callable February 15, 2027 at par; Varying interest rates 2% to 3.75%	2,203,040	596,960
General Obligation Refunding Bonds, Series 2017, Original Issuance \$5,710,000 Callable February 15, 2028 at par; Interest rate 4%	-	5,085,000
Total General Obligations	8,503,473	7,971,527
Combination Tax and Revenue Certificates of Obligation, Series 2014 Original Issuance \$3,610,000, Callable February 15, 2024 at par Varying interest rates 3% to 4.5%	-	2,625,000
Combination Tax and Revenue Certificates of Obligation, Series 2015 Original Issuance \$1,950,000, Callable February 15, 2025 at par Varying interest rates 2% to 4%	1,515,000	-
Combination Tax and Revenue Certificates of Obligation, Series 2016 Original Issuance \$3,275,000, Callable February 15, 2026 at par Varying interest rates 3% to 4%	2,760,000	-
Total Certificates of Obligation	4,275,000	2,625,000
Tax Notes, Series 2020, Original Issuance \$14,505,000 Redeemable after February 15, 2025 at par, Interest rate 3%	14,005,000	-
Taxable Direct Pay Qualified Energy Conservation Bond; Original Amount \$9,319,538, Due in semi-annual payments; Interest rate 4%	1,247,728	6,993,541
Total bonds payable at September 30, 2021	\$ 28,031,201	\$ 17,590,068

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5—LONG-TERM DEBT--continued

Debt service requirements on outstanding bonds and certificates of obligation are as follows:

Year Ended September 30,	Governmental Activities		Business-type Activities		TOTAL	
	Principal	Interest	Principal	Interest	Principal	Interest
2022	\$ 2,230,792	\$ 896,839	\$ 1,557,769	\$ 683,694	\$ 3,788,561	\$ 1,580,533
2023	2,360,516	819,999	1,558,357	624,495	3,918,873	1,444,494
2024	2,552,293	734,765	1,642,484	563,591	4,194,777	1,298,356
2025	2,813,683	640,376	1,708,307	498,448	4,521,990	1,138,824
2026	2,986,374	538,243	1,783,609	430,000	4,769,983	968,243
2027-2031	12,983,644	1,225,506	5,640,054	1,307,837	18,623,698	2,533,343
2032-2036	2,103,899	187,134	3,699,488	404,509	5,803,387	591,643
	<u>\$ 28,031,201</u>	<u>\$ 5,042,862</u>	<u>\$ 17,590,068</u>	<u>\$ 4,512,574</u>	<u>\$ 45,621,269</u>	<u>\$ 9,555,436</u>

NOTE 6—CAPITAL LEASES

The City has entered into a lease purchase agreement for the Public Safety Center with the County of Aransas, Texas. The City and County jointly paid for the facility to house the law enforcement entities. This lease agreement qualifies as capital leases for accounting purposes, and, therefore, has been recorded at the present value of the future minimum lease payments as of the date of their inception. At September 30, 2021, the Center is carried at the cost of \$1,607,000 net of accumulated depreciation of \$682,975. The City acquired four vehicles under a lease purchase agreement that are carried at a cost of \$44,914 net of accumulated depreciation of \$39,671 as of September 30, 2021. The following is a schedule of the future minimum lease payments under these capital leases and the present value of the net minimum lease payments at September 30, 2021:

Year Ended September 30,	BUILDING	EQUIPMENT	TOTAL
2022	\$ 97,995	\$ 9,792	\$ 107,787
2023	101,520	-	101,520
2024	104,342	-	104,342
	<u>\$ 303,857</u>	<u>\$ 9,792</u>	<u>\$ 313,649</u>

NOTE 7--INTERFUND RECEIVABLES AND PAYABLES

The composition of interfund balances as of September 30, 2021, is as follows:

	Due From	Due To
Governmental Funds		
General Fund	\$ 588	\$ -
Debt Service	141,337	-
Nonmajor Governmental Funds	1,260,623	1,374,120
Business-Type Funds		
Water & Sewer	530,005	141,337
Natural Gas	-	417,096
Total	<u>\$ 1,932,553</u>	<u>\$ 1,932,553</u>

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8—INTERFUND TRANSFERS

The following is a summary of transfers to and from other funds by individual major fund and nonmajor funds in the aggregate for governmental, proprietary and internal service funds.

Governmental Activities	Transfers	
	In	Out
General Fund		
Water & Sewer	\$ 1,477,451	\$ -
Natural Gas	225,343	-
Sanitation	22,960	-
Community Aquatic Center	9,184	246,604
Internal Service	19,506	-
Nonmajor Governmental Funds	28,921	947,470
Total General Fund	1,783,365	1,194,074
Capital Projects		
General Fund		
Nonmajor Governmental Funds	-	311,761
Total Capital Projects	-	311,761
Nonmajor Governmental Funds		
Utility Bill Surcharge	-	9,184
Stonegarden Grant	-	12,050
Juvenile Case Manager	16,818	
City/County Dispatch Services	506,211	20,053
Storm Uri	9,962	22,483
Vehicle and Equipment Replacement	442,787	-
Total Nonmajor Funds	975,778	63,770
Total Governmental Funds	\$ 2,759,143	\$ 1,569,605

Business-Type Activities	Transfers	
	In	Out
Water & Sewer		
General Fund	-	1,477,451
Natural Gas	90,000	143,643
Vehicle and Equipment Replacement	515,567	329,078
Storm Uri	-	5,118
Debt Service	2,144,182	2,144,182
Total Water & Sewer	2,749,749	4,099,472
Natural Gas		
General Fund	-	225,343
Vehicle and Equipment Replacement	151,157	18,300
Storm Uri	-	510
Water & Sewer	136,059	90,000
Total Natural Gas	287,216	334,153
Sanitation		
General Fund	-	18,368
Total Sanitation	-	18,368
Community Aquatic Center		
General Fund	246,604	9,184
Total Community Aquatic Center	246,604	9,184
Total Proprietary Funds	3,283,569	4,461,177
Fleet Fund		
General Fund	16,993	28,923
Total Fleet Fund	16,993	28,923
Total All Funds	\$ 6,059,705	\$ 6,059,705

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8—INTERFUND TRANSFERS--continued

The Water & Sewer transfers to the General Fund were for an allocated amount for administrative service charges and the transfer to Debt Service were payment of Debt Service related to the various bond series. Transfers from Nonmajor Governmental to Water & Sewer and Natural Gas are for capital expenditures. Transfer to Nonmajor Governmental Funds is for vehicle and equipment replacement and to cover deficits.

NOTE 9—PROPERTY TAXES

The City's taxes are billed and collected by the Aransas County Tax office. Ad valorem taxes of \$7,146,442 were assessed on property values totaling \$1,455,330,475 using a tax rate of .421311 per \$100 assessed value.

NOTE 10—DUE FROM OTHER GOVERNMENTS

The City participates in certain federal financial assistance programs for which grant revenues are expenditure driven. Receivables have been recorded as necessary to recognize revenue in an amount equivalent to program expenditures.

NOTE 11—RECEIVABLES

Receivables are recorded net of allowances for uncollectible accounts, as follows:

	Gross Receivables	Allowance for Uncollectible	Net Receivables
General Fund			
Property Taxes	\$ 148,582	\$ (60,013)	\$ 88,569
Other Taxes	580,178	-	580,178
Accounts Receivable	266,299	-	266,299
Intergovernmental	1,002,564	-	1,002,564
Debt Service Fund			
Property Taxes	102,298	(43,008)	59,290
Nonmajor Funds			
Accounts Receivable	391,658	-	391,658
Intergovernmental	764,612	-	764,612
Internal Service Fund			
Accounts Receivable	11,292	-	11,292
Water & Sewer			
Accounts Receivable	1,123,067	(5,650)	1,117,417
Natural Gas			
Accounts Receivable	148,335	-	148,335
Sanitation			
Accounts Receivable	253,240	(214)	253,026
Community Aquatic Center			
Accounts Receivable	532	-	532
Total	<u>\$ 4,792,657</u>	<u>\$ (108,885)</u>	<u>\$ 4,683,772</u>

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 12—FUND BALANCE CLASSIFICATIONS

The following table presents additional detail of fund balances as of September 30, 2021:

	General	Debt Service	Capital Projects	NON-MAJOR GOVERNMENTAL FUNDS		Total
				Special Revenue	Capital Projects	
Non-spendable:						
Inventories and prepayments	\$ 42,989	\$ -	\$ -	\$ -	\$ -	\$ 42,989
Total Non-spendable	42,989	-	-	-	-	42,989
Restricted:						
Utility Bill Surcharge	-	-	-	133,088	-	133,088
Stonegarden Grant	-	-	-	95,497	-	95,497
Contribution Fund	-	-	-	11,384	-	11,384
Public Access TV	-	-	-	278,761	-	278,761
Hotel Motel Tax	-	-	-	1,595,888	-	1,595,888
Border Star Grant	-	-	-	916	-	916
Child Safety	-	-	-	2,276	-	2,276
Forfeiture	-	-	-	23,423	-	23,423
Municipal Court	-	-	-	18,542	-	18,542
2020 Capital Project	-	-	18,319,586	-	-	18,319,586
Total Restricted	-	-	18,319,586	2,159,775	-	20,479,361
Committed:						
Debt Service	-	1,043,742	-	-	-	1,043,742
Total Committed	-	1,043,742	-	-	-	1,043,742
Assigned:						
City/Council Dispatch Services	-	-	-	5,514	-	5,514
Vehicle and Equipment Replacement	-	-	-	-	1,015,257	1,015,257
Total Assigned	-	-	-	5,514	1,015,257	1,020,771
Unassigned:						
General Fund Unassigned	4,411,681	-	-	-	-	4,411,681
General Capital Improvements	-	-	-	-	(1,260,623)	(1,260,623)
Total Unassigned	4,411,681	-	-	-	(1,260,623)	3,151,058
Total	\$ 4,454,670	\$ 1,043,742	\$ 18,319,586	\$ 2,165,289	\$ (245,366)	\$ 25,737,921

NOTE 13—PENSION PLAN

A. Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmrs.com.

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

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 13—PENSION PLAN--continued

B. Benefits Provided

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

At retirement, the 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 payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

The City granted monetary credit for service rendered before the plan began of a theoretical amount equal to two times what would have been contributed by the employee with interest, prior to establishment of the Plan. Monetary credits for service since the plan began are a percent (100%, 150% or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and City matching percent had always been in existence and if the employee's salary had always been the average of his or her salary in the last three years that are one year before the effective date. At retirement the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits with interest were used to purchase an annuity.

The plan provisions are adopted by the City Council within the options available in statutes governing TMRS. Plan provisions for the City are as follows:

Employee Deposit Rate	7.00%
Matching Ratio (City to Employee)	2 to 1
Years Required for Vesting	5
Service Requirement Eligibility	20 years at any age, 10 years at age
(Expressed as Age/Years of Service)	60 and above

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

Retirees or Beneficiaries Currently Receiving Benefits	80
Inactive Employees Entitled to but not Receiving Benefits	72
Active employees	<u>116</u>
Total	<u><u>268</u></u>

C. Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Rockport were required to contribute 7% of their annual gross earnings during the fiscal year. For fiscal year 2020, the City made contributions of 17.69% which included .024%, for supplemental death benefits for the calendar year 2019 and 18.13% which included .026% for supplemental death benefits for the calendar year 2020.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 13—PENSION PLAN—continued

D. Net Pension Liability

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

Actuarial Assumptions

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

Inflation	2.50% per year
Overall Payroll Growth	3.5% to 11.5% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Health Mortality Table with Blue Collar Adjustment are used with male rates by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2020, valuation was based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010, through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2014 through 2018, and dated December 31, 2018. These assumptions were first used in the December 31, 2019, valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. 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).

This section intentionally left blank

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 13—PENSION PLAN--continued

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	6.10%
Core Fixed Income	6.0%	1.00%
Non-Core Fixed Income	20.0%	3.39%
Other Public & Private Markets	12.0%	3.78%
Real Estate	12.0%	4.44%
Hedge Funds	5.0%	3.56%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate

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

Changes in the Net Pension (Asset) Liability

	Increase (Decrease)		
	Total Pension (Asset) Liability (a)	Plan Fiduciary Net Position (b)	Net Pension (Asset) Liability (a)-(b)
Balance at 12/31/19	\$ 35,431,305	\$ 30,116,594	\$ 5,314,711
Changes for the Year:			
Service Cost	1,200,234		1,200,234
Interest	2,375,106		2,375,106
Difference between Expected and Actual Experience	(598,085)		(598,085)
Contributions - Employer		1,198,891	(1,198,891)
Contributions - Employee		469,628	(469,628)
Net Investment Income		2,286,145	(2,286,145)
Benefit Payments, Including Refunds of Employee Contributions	(1,689,335)	(1,689,335)	-
Administrative Expenses		(14,792)	14,792
Other Changes		(577)	577
Net Changes	1,287,920	2,249,960	(962,040)
Balance at 12/31/20	\$ 36,719,225	\$ 32,366,554	\$ 4,352,671

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 13—PENSION PLAN--continued

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

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 9,399,931	\$ 4,352,671	\$ 211,025

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 on the Internet at www.tmrs.com.

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

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Pension Contributions after Measurement Date	\$ 953,332	\$ -
Difference in Projected and Actual Earnings on Pension Assets	-	846,752
Difference in Projected and Actual Pension Experience	51,909	590,935
Difference in Actuarial Assumptions Used to Determine Pension Liability	35,975	-
Total	<u>\$ 1,041,216</u>	<u>\$ 1,437,687</u>

For the year ended September 30, 2021, \$953,332 was reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended Dec 31,	Net deferred outflows (inflows) of resources
2021	\$ (500,782)
2022	(211,267)
2023	(587,100)
2024	<u>(50,655)</u>
Total	<u>\$ (1,349,804)</u>

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14—POST RETIREMENT BENEFITS OTHER THAN PENSION

The City provides for two post-employment benefit (OPEB) plans; one provides for post-employment medical care through a single-member defined benefit medical pay (Medical OPEB) and the other is the Texas Municipal Retirement System Supplemental Death Benefits Fund (TMRS SDBF), a single-employer defined benefit OPEB Plan. Both plans are described in detail below.

Aggregate amounts for the two OPEB Plans are as follows:

	<u>MEDICAL OPEB</u>	<u>TMRS SDBF</u>	<u>TOTAL</u>
Total OPEB Liability	\$ 6,338,353	\$ 523,405	\$ 6,861,758
Deferred Outflow of Resources	799,736	113,269	913,005
Deferred Inflow of Resources	633,093	38,948	672,041
OPEB Expense	488,180	55,022	543,202

MEDICAL BENEFITS

Plan description

In addition to the pension benefits described in Note 10, as required by state law and defined by City Policy, the City makes available health care benefits to employees who retire from the City as follows:

- Retirement before 4/24/2001 - City pays 100% of premium.
- Retirement after 4/24/2001 with ten years of service - City pays 50% of the premium. The percentage of premium paid increases annually and at twenty years of service the City pays 80% of the premium.

Early retirement, and duty disabled benefits are the same as above but if retiring after 4/24/2001, at age 65, the retiree must apply for Medicare and the City furnishes a Medicare Supplemental Policy.

After 4/24/2001, eligible employees must enroll for this coverage within thirty days of retirement.

The health care benefit provided by the plan is for the retiree only.

The subsidy provided by the City for non-Medicare retirees is capped at an amount determined by the City each fiscal year. The monthly subsidy provided by the City in FYE19 was capped at \$1,093.37, which is roughly 80% of the overall retiree premium. In the December 31, 2019, valuation, the actuary had modeled the City's maximum contribution as the entire retiree premium. This clarification in benefit terms is being treated as a plan change which is fully recognized in the OPEB expense.

At September 30, 2021, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	45
Inactive Employees Entitled to but not Receiving Benefits	-
Active employees	114
Total	<u>159</u>

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. The City has funded all obligations arising under this plan on a pay-as-you-go basis, which is the practice of paying for these benefits as they become due each year. Funds must be used for the exclusive purpose of providing benefits to eligible retirees and their dependents. The City intends to make subsequent annual contributions to the OPEB in accordance with a plan that results in fully funding the actuarially determined annual required contributions for those benefits over a period.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14—POST RETIREMENT BENEFITS OTHER THAN PENSION--continued

Total OPEB Liability – Medical Benefits

The City's total OPEB liability of \$6,338,353 was measured as of December 31, 2019, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The covered payroll (annual payroll of active employees covered by the plan) for plan year 2020 was \$6,581,617, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 96.30%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

For the December 31, 2020, actuarial valuation, the individual entry-age cost method was used. The actuarial assumptions use a 3.5% to 11.5% payroll growth rate, including inflation; 2.5% inflation rate; and 7.0% initial rate, declining to an ultimate rate of 4.15% after ten years for medical trends. For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment were used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For employees who retire prior to age 65, the participation rate was assumed to equal the percentage of the premium paid for by the City. 80% of eligible employees who are at least 65 years old at retirement were assumed to participate.

Discount Rate

The plan does not have formal assets and the discount rate is equal to the tax-exempt municipal bond rate on the index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the valuation, the municipal bond rate is 2.0% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-year Municipal GO AA Index"). The discount rate was 2.75% as of the prior measurement date.

Changes in the Total OPEB Liability

	<u>MEDICAL OPEB</u>
Balance at January 1, 2019	\$ 5,473,827
Changes for the year	
Service Cost	378,651
Interest on Total OPEB Liability	153,610
Changes of Benefit Terms	
Difference between Expected and Actual Experience	(15,765)
Changes in Assumptions	502,691
Benefit Payments	<u>(154,661)</u>
Net Change in Total OPEB Liability	<u>864,526</u>
Balance at December 31, 2020	<u>\$ 6,338,353</u>

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14—POST RETIREMENT BENEFITS OTHER THAN PENSION--continued

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.0%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
Total Medical OPEB Liability	\$ 7,099,847	\$ 6,338,353	\$ 5,679,630

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are one-percentage-point lower or one-percentage-point higher than the current healthcare cost trend rates:

	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
Total Medical OPEB Liability	\$ 5,792,245	\$ 6,338,353	\$ 7,003,434

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City reported OPEB expense of \$488,180 and deferred outflows of resources and determined inflows of resources related to OPEB from the following sources:

Deferred Outflows and Inflows

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
OPEB Contributions after Measurement Date	\$ 141,890	\$ -
Difference in Projected and Actual Experience	-	505,606
Change in Assumptions	657,846	127,487
Total	<u>\$ 799,736</u>	<u>\$ 633,093</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$127,660 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2020 (i.e., recognized in the city's financial statements September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30:</u>	<u>Deferred Inflows of Resources</u>
2022	\$ (200)
2023	(200)
2024	(46,702)
2025	18,369
2026	53,486
Total	<u>\$ 24,753</u>

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14—POST RETIREMENT BENEFITS OTHER THAN PENSION--continued

TMRS SUPPLEMENTAL DEATH BENEFIT FUND

Plan Description

In addition to the pension benefits described in Note 9, as required by state law and defined by City Policy, the City voluntarily participates in the Texas Municipal Retirement System Supplemental Death Benefit Fund (SDBF). SDBF provides group-term life insurance to employees who are active members in TMRS, including or not including retirees. The City Council opted into this system via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1st of any year to be effective the following January 1st.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death).

At September 30, 2021, the following employees were covered by the benefit terms:

Retirees or Beneficiaries Currently Receiving Benefits	65
Inactive Employees Entitled to but not Receiving Benefits	11
Active employees	116
Total	<u>192</u>

Funding Policy

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.24% for 2020 and 0.24% for 2019, of which .05%, represented the retiree-only portion for each year as percentage of annual covered payroll. 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 the death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contribution to the SDBF for two years ended September 30, 2020, and 2019 were \$16,761 and \$16,761 respectively representing contributions for both active and retiree coverage, which equaled the required contribution each year.

Total OPEB Liability

The City's total OPEB liability of \$523,405 was measured as of December 31, 2020, and the total OPEB liability used to calculate the net OPEB liability was determined by an actuarial valuation as of that date. The covered payroll (annual payroll of active employees covered by the plan) for plan year 2020 was \$5,906,687, and the ratio of the unfunded actuarial accrued liability to the covered payroll was 6.07%.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members at that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14—POST RETIREMENT BENEFITS OTHER THAN PENSION--continued

For the December 31, 2020, actuarial valuation, the individual entry-age cost method was used. The actuarial assumptions use a 3.5% to 10.5% payroll growth rate, including inflation; 2.5% inflation rate; and 7.5% initial rate, declining to an ultimate rate of 5.5% after ten years for medical trends. For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment were used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.

Discount Rate

The plan does not have formal assets and the discount rate is equal to the tax-exempt municipal bond rate on the index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of the valuation, the municipal bond rate is 3.71% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-year Municipal GO AA Index"). The discount rate was 3.31% as of the prior measurement date.

Changes in the Total OPEB Liability

	<u>TMRS SDBF</u>
Balance at January 1, 2019	\$ 436,445
Changes for the year	
Service Cost	24,152
Interest on Total OPEB Liability	12,279
Changes of Benefit Terms	
Difference between Expected and Actual Experience	(8,742)
Changes in Assumptions	63,296
Benefit Payments	<u>(4,025)</u>
Net Change in Total OPEB Liability	<u>86,960</u>
Balance at December 31, 2020	<u><u>\$ 523,405</u></u>

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.75%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one-percentage-point lower or one-percentage-point higher than the current discount rate:

	<u>1% Decrease</u>	<u>No Change</u>	<u>1% Increase</u>
Total SDBF OPEB Liability	\$ 626,842	\$ 523,405	\$ 441,335

OPEB Expense and Deferred Outflows and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City reported OPEB expense of \$55,022 and deferred outflows of resources and determined inflows of resources related to OPEB from the following sources:

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 14—POST RETIREMENT BENEFITS OTHER THAN PENSION--continued

Deferred Outflows and Inflows

	Deferred Outflows of Resources	Deferred Inflows of Resources
OPEB Contributions after Measurement Date	\$ 16,204	
Difference in Projected and Actual Experience		\$ 29,143
Change in Assumptions	97,065	9,805
Total	<u>\$ 113,269</u>	<u>\$ 38,948</u>

Deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date of \$127,660 will be recognized as a reduction of the total OPEB liability for the measurement year ending December 31, 2020 (i.e., recognized in the city's financial statements September 30, 2021). Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ended September 30:	Deferred Inflows of Resources
2022	\$ 16,321
2023	12,197
2024	17,792
2025	11,807
2026	
Total	<u>\$ 58,117</u>

NOTE 15—COMMITMENTS AND CONTINGENT LIABILITIES

The City is exposed to various risks of loss related to third party liability claims; theft of damage to and destruction of assets; errors and omissions and injuries to employees. The City obtains general liability coverage at a cost that is considered to be economically justifiable by joining together with other governmental entities in the State as a member of the Texas Municipal League Intergovernmental Risk Pool (TML). TML is a self-funded pool operating as a common risk management and insurance program. The City pays an annual premium to TML for its insurance coverage. The agreement for the formation of TML provides that TML will be self-sustaining through member premiums and will reinsure through commercial companies for claims in excess of acceptable risk levels; however, each category of coverage has its own level of reinsurance. The City continues to carry commercial insurance for other risks of loss. There were no significant reductions in commercial insurance coverage in the past fiscal year and settled claims resulting from these risks have not exceeded coverage in any of the past three fiscal years.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Any liability for reimbursement which may arise as the result of these audits is not believed to be material.

NOTE 16—RISK MANAGEMENT

The City's risk management program includes coverage for property, general liability, automobile liability, public officials' liability and employee dishonesty bonds. The City participates in the Texas Municipal League joint self-insurance fund, which is a public entity risk pool. The premiums paid to TML result in the transfer of risk to the pool.

CITY OF ROCKPORT, TEXAS
NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 17—FUND DEFICITS

As of September 30, 2021, the General Capital Improvements fund had a deficit balance of (\$1,260,623).

NOTE 19—SIGNIFICANT BUDGET OVERAGES

The budgetary comparison for the General Fund reflected budgetary overages as follows:

- Public Safety expenditures overage of \$140,727
- Public Works expenditures overage of \$131,794
- Culture and Recreation expenditures overage of \$73,669

The following are the budgetary overages for nonmajor governmental funds:

- Utility Bill Surcharge Fund – Public Safety expenditures overage of \$191,410.
 - Overage due to prior year distribution.
- City/County Dispatch Fund – Public Safety expenditures overage of \$11,415.
 - Overage due to timing for County to remit fund.

NOTE 20—EVALUATION OF SUBSEQUENT EVENTS

On March 23, 2022, the City concluded the sale of \$7,640,000 Tax Notes and \$11,925,000 General Obligation Refunding Bonds as follows:

Issuance	Series	Amount	Purpose
Tax Notes	2022	\$ 7,640,000	•Construct & equip judicial facilities and other facilities physically attached there to, including other administrative facilities for the City, all within a new City Hall •Acquire vehicles & equipment for various City Departments •Construction drainage improvements
Genral Obligation Refunding Bonds	2022	\$ 11,925,000	Refunding of 2020 Tax Notes which were issued to: •Construct & equip a new City Hall •Drainage improvements •Key Allegro Bridge easements •Repair, replace, remediate, restore, & improve certain public works damaged or destroyed by Hurricane Harvey

In preparing the financial statements the management of the City of Rockport has evaluated events and transactions for potential recognition or disclosure through June 15, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF ROCKPORT, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (WILL ULTIMATELY BE DISPLAYED)

	2020	2019	2018	2017	2016	2015	2014
Total Pension Liability							
Service Cost	\$ 1,200,234	\$ 1,164,313	\$ 1,114,592	\$ 1,558,081	\$ 982,451	\$ 876,152	\$ 740,391
Interest (on Total Pension Liability)	2,375,106	2,271,179	2,136,342	1,915,431	1,750,739	1,721,744	1,625,684
Changes of Benefit Terms:							
Difference Between Expected and Actual Experience	(598,085)	(350,839)	162,769	1,248,532	(14,404)	(291,293)	(29,335)
Change of Assumptions:	-	76,395	-	-	665,897	126,355	-
Benefit Payments, including Refunds of Employee Contributions	(1,689,335)	(1,589,356)	(1,292,599)	(1,162,491)	(1,331,557)	(930,802)	(1,133,860)
Net Change in Total Pension Liability	1,287,920	1,571,692	2,121,104	3,559,553	2,053,126	1,502,156	1,202,880
Total Pension Liability - Beginning	35,431,305	33,859,613	31,738,509	28,178,956	26,125,830	24,623,674	23,420,794
Total Pension Liability - Ending (a)	<u>\$ 36,719,225</u>	<u>\$ 35,431,305</u>	<u>\$ 33,859,613</u>	<u>\$ 31,738,509</u>	<u>\$ 28,178,956</u>	<u>\$ 26,125,830</u>	<u>\$ 24,623,674</u>
Plan Fiduciary Net Position							
Contributions - Employer	\$ 1,198,891	\$ 1,108,588	\$ 961,933	\$ 1,375,596	\$ 877,449	\$ 830,773	\$ 777,084
Contributions - Employee	469,628	444,879	413,468	608,286	398,907	365,498	339,762
Net Investment Income	2,286,145	4,041,271	(805,105)	3,172,753	1,453,921	31,339	1,150,850
Benefit Payments, including Refunds of Employee Contributions	(1,689,335)	(1,589,356)	(1,292,599)	(1,162,491)	(1,331,557)	(930,802)	(1,133,860)
Administrative Expenses	(14,792)	(22,830)	(15,558)	(16,446)	(16,421)	(19,088)	(12,015)
Other	(577)	(685)	(812)	(833)	(885)	(943)	(988)
Net Change in Plan Fiduciary Net Position	2,249,960	3,981,867	(738,673)	3,976,865	1,381,414	276,777	1,120,833
Plan Fiduciary Net Position - Beginning	30,116,594	26,134,727	26,873,400	22,896,535	21,515,121	21,238,344	20,117,511
Plan Fiduciary Net Position - Ending (b)	<u>\$ 32,366,554</u>	<u>\$ 30,116,594</u>	<u>\$ 26,134,727</u>	<u>\$ 26,873,400</u>	<u>\$ 22,896,535</u>	<u>\$ 21,515,121</u>	<u>\$ 21,238,344</u>
Net Pension (Asset) Liability - Ending (a)-(b)	<u>\$ 4,352,671</u>	<u>\$ 5,314,711</u>	<u>\$ 7,724,886</u>	<u>\$ 4,865,109</u>	<u>\$ 5,282,421</u>	<u>\$ 4,610,709</u>	<u>\$ 3,385,330</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	88.15%	85.00%	77.19%	84.67%	81.25%	82.35%	86.25%
Covered Payroll	\$ 6,708,966	\$ 6,355,418	\$ 5,906,687	\$ 8,689,797	\$ 5,698,673	\$ 5,221,406	\$ 4,853,742
Net Pension Liability as a Percentage of Covered Payroll	64.88%	83.62%	130.78%	55.99%	92.70%	88.30%	69.75%

Until a full 10-year end is complete, we will present information for those years for which information is available.

CITY OF ROCKPORT, TEXAS
SCHEDULE OF CONTRIBUTIONS
LAST 10 FISCAL YEARS

	Fiscal Year Ended September 30,									
	2021	2020	2019	2018	2017	2016	2015	2014	2013	2012
Actuarially determined contribution	\$ 1,230,488	\$ 1,069,089	\$ 1,069,089	\$ 1,153,763	\$ 917,078	\$ 877,449	\$ 831,456	\$ 758,836	\$ 679,157	\$ 719,061
Contributions in relation to actuarially determined contribution	1,230,488	1,237,615	1,054,491	1,153,763	917,078	877,449	831,456	758,836	418,917	571,988
Contribution deficiency (excess)	\$ -	\$ 168,526	\$ (14,598)	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (260,240)	\$ (147,073)
Covered payroll	\$ 6,708,966	\$ 6,870,088	\$ 6,149,048	\$ 7,163,204	\$ 5,793,290	\$ 5,698,673	\$ 5,136,730	\$ 4,853,742	\$ 4,369,466	\$ 4,654,360
Contributions as a percentage of covered payroll	-18.34%	-18.01%	-17.15%	-16.11%	-15.83%	-15.40%	-16.19%	-15.63%	-9.59%	-12.29%

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization	25 Years
Asset Valuation Method	10 Year Smoothed Market, 12% Soft Corridor
Inflation	2.5%
Salary Increases	3.5% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table for rates that are specific to the City's plan of benefits. Last updated for the 2019 valuating pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational

CITY OF ROCKPORT, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (WILL ULTIMATELY BE DISPLAYED)

	2020	2019	2018	2017
Total Pension Liability				
Service Cost	\$ 24,152	\$ 17,160	\$ 12,404	\$ 16,511
Interest	12,279	13,574	13,074	12,874
Changes of Benefit Terms	-	-	-	-
Difference Between Expected and Actual Experience	(8,742)	(13,755)	(31,557)	-
Change in Assumptions or Other Inputs	63,296	63,429	(22,651)	30,715
Benefit Payments	(4,025)	(2,542)	(2,953)	(4,345)
Net Change in OPEB Liability	86,960	77,866	(31,683)	55,755
Total OPEB Liability - Beginning	436,445	358,579	390,262	334,507
Total OPEB Liability - Ending	<u>\$ 523,405</u>	<u>\$ 436,445</u>	<u>\$ 358,579</u>	<u>\$ 390,262</u>
Covered Payroll	\$ 6,708,966	\$ 6,355,418	\$ 5,906,687	\$ 8,689,797
Total OPEB Liability as a Percentage of Covered Payroll	7.80%	6.87%	6.07%	4.49%

Changes of assumptions reflect a change in the discount rate each period.

The following are the discount used each period

2020	2.00%
2019	2.75%
2018	3.71%
2017	3.31%

Until a full 10-year end is complete, we will present information for those years for which information is available.

CITY OF ROCKPORT TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
MEDICAL OPEB
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
LAST 10 FISCAL YEARS (WILL ULTIMATELY BE DISPLAYED)

	2020	2019	2018	2017
Total Pension Liability				
Service Cost	\$ 378,651	\$ 357,387	\$ 447,574	\$ 391,117
Interest	153,610	210,376	212,555	214,798
Changes of Benefit Terms	-	-	(868,485)	-
Difference Between Expected and Actual Experience	(15,765)	(700,917)	(72,989)	-
Change in Assumptions or Other Inputs	502,691	203,493	(249,986)	324,340
Benefit Payments	(154,661)	(176,676)	(172,625)	(176,658)
Net Change in OPEB Liability	864,526	(106,337)	(703,956)	753,597
Total OPEB Liability - Beginning	5,473,830	5,580,167	6,284,123	5,530,526
Total OPEB Liability - Ending	<u>\$ 6,338,356</u>	<u>\$ 5,473,830</u>	<u>\$ 5,580,167</u>	<u>\$ 6,284,123</u>
Covered Payroll	\$ 6,581,617	\$ 6,507,443	\$ 5,930,211	\$ 7,994,196
Total OPEB Liability as a Percentage of Covered Payroll	96.30%	84.12%	94.10%	78.61%

FYE 2019 - A benefit clarification regarding the City's maximum subsidy for non-Medicare retirees was treated as a change in benefit terms.

Changes of assumptions reflect a change in the discount rate each period.
The following are the discount used each period

2020	2.00%
2019	2.75%
2018	3.31%
2017	3.81%

Until a full 10-year end is complete, we will present information for those years for which information is available.

CITY of ROCKPORT, TEXAS



**COMBINING STATEMENTS AND
SUPPLEMENTARY SCHEDULES SECTION**

CITY OF ROCKPORT, TEXAS
COMBINING BALANCE SHEETS
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Special Revenue Funds				
	Utility Bill Surcharge	Stonegarden Grant	Juvenile Case Manager	Contribution Fund	City/County Dispatch Services
ASSETS					
Cash and Cash Equivalents	\$ 313,320	\$ -	\$ -	\$ 11,384	\$ 23,074
Receivables (Net of Allowance for Uncollectible)					
Accounts	15,271	-	-	-	-
Intergovernmental	-	295,921	-	-	-
Due from Other Funds	-	-	-	-	-
	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>\$ 328,591</u>	<u>\$ 295,921</u>	<u>\$ -</u>	<u>\$ 11,384</u>	<u>\$ 23,074</u>
LIABILITIES					
Obligations in Excess of Cash	\$ -	\$ 197,889	\$ -	\$ -	\$ -
Accounts Payable	180,362	2,029	-	-	3,655
Accrued Expenditures	-	-	-	-	13,905
Due to Other Funds	-	506	-	-	-
Unearned Revenue	15,141	-	-	-	-
	<u>195,503</u>	<u>200,424</u>	<u>-</u>	<u>-</u>	<u>17,560</u>
Total Liabilities	<u>195,503</u>	<u>200,424</u>	<u>-</u>	<u>-</u>	<u>17,560</u>
FUND BALANCE					
Restricted for:					
Tourism	-	-	-	-	-
Public Safety	133,088	95,497	-	-	-
Public Access TV	-	-	-	-	-
Security and Technology	-	-	-	-	-
Specified by Donors	-	-	-	11,384	-
Child Safety	-	-	-	-	-
Assigned	-	-	-	-	5,514
Unassigned	-	-	-	-	-
	<u>133,088</u>	<u>95,497</u>	<u>-</u>	<u>11,384</u>	<u>5,514</u>
Total Fund Balance	<u>133,088</u>	<u>95,497</u>	<u>-</u>	<u>11,384</u>	<u>5,514</u>
Total Liabilities and Fund Balance	<u>\$ 328,591</u>	<u>\$ 295,921</u>	<u>\$ -</u>	<u>\$ 11,384</u>	<u>\$ 23,074</u>

CITY OF ROCKPORT, TEXAS
COMBINING BALANCE SHEETS (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

Special Revenue Funds							
Public Access TV	Hotel Motel Tax	Border Star Grant	Child Safety	Forfeiture	Community Development Block Grant	Municipal Court Security & Technology	Storm Uri
\$ 278,761	\$ 1,304,694	\$ 4,895	\$ 2,276	\$ 23,423	\$ -	\$ 18,542	\$ -
-	376,387	-	-	-	-	-	-
-	-	916	-	-	415,405	-	52,370
-	-	-	-	-	-	-	-
<u>\$ 278,761</u>	<u>\$ 1,681,081</u>	<u>\$ 5,811</u>	<u>\$ 2,276</u>	<u>\$ 23,423</u>	<u>\$ 415,405</u>	<u>\$ 18,542</u>	<u>\$ 52,370</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 180,738	\$ -	\$ 52,370
-	84,210	4,813	-	-	234,667	-	-
-	983	-	-	-	-	-	-
-	-	82	-	-	-	-	-
-	-	-	-	-	-	-	-
-	85,193	4,895	-	-	415,405	-	52,370
-	1,595,888	-	-	-	-	-	-
-	-	916	-	23,423	-	-	-
278,761	-	-	-	-	-	-	-
-	-	-	-	-	-	18,542	-
-	-	-	-	-	-	-	-
-	-	-	2,276	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
<u>278,761</u>	<u>1,595,888</u>	<u>916</u>	<u>2,276</u>	<u>23,423</u>	<u>-</u>	<u>18,542</u>	<u>-</u>
<u>\$ 278,761</u>	<u>\$ 1,681,081</u>	<u>\$ 5,811</u>	<u>\$ 2,276</u>	<u>\$ 23,423</u>	<u>\$ 415,405</u>	<u>\$ 18,542</u>	<u>\$ 52,370</u>

(continued)

CITY OF ROCKPORT, TEXAS
COMBINING BALANCE SHEETS (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Capital Projects Funds		Total
	General Capital Improvements	Vehicle and Equipment Replacement	Nonmajor Governmental Funds
ASSETS			
Cash and Cash Equivalents	\$ -	\$ 1,015,257	\$ 2,995,626
Receivables (Net of Allowance for Uncollectible)			
Accounts	-	-	391,658
Intergovernmental	-	-	764,612
Due from Other Funds	1,260,623	-	1,260,623
Total Assets	\$ 1,260,623	\$ 1,015,257	\$ 5,412,519
LIABILITIES			
Obligations in Excess of Cash	\$ 2,399,543	\$ -	\$ 2,830,540
Accounts Payable	121,703	-	631,439
Accrued Expenditures	-	-	14,888
Due to Other Funds	-	-	588
Unearned Revenue	-	-	15,141
Total Liabilities	2,521,246	-	3,492,596
FUND BALANCE			
Restricted for:			
Tourism	-	-	1,595,888
Public Safety	-	-	252,924
Public Access TV	-	-	278,761
Security and Technology	-	-	18,542
Specified by Donors	-	-	11,384
Child Safety	-	-	2,276
Assigned	-	1,015,257	1,020,771
Unassigned	(1,260,623)	-	(1,260,623)
Total Fund Balance	(1,260,623)	1,015,257	1,919,923
Total Liabilities and Fund Balance	\$ 1,260,623	\$ 1,015,257	\$ 5,412,519

(concluded)

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Special Revenue Funds				
	Utility Bill Surcharge	Stonegarden Grant	Juvenile Case Manager	Contribution Fund	City/County Dispatch Services
REVENUES					
Taxes and Business Fees	\$ 189,854	\$ -	\$ -	\$ -	\$ -
Intergovernmental	-	492,532	-	-	454,504
Fines and Forfeitures	-	-	3,468	-	-
Interest on Investments	-	-	-	-	-
Other Revenues	-	-	-	-	-
Total revenues	189,854	492,532	3,468	-	454,504
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Public Safety	346,110	205,747	15,725	-	941,664
Public Works	-	-	-	-	-
Culture and Recreation	-	-	-	-	-
Tourism	-	-	-	-	-
Principal Retirement	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-
Capital Outlay	-	226,621	-	-	-
Total expenditures	346,110	432,368	15,725	-	941,664
Excess (deficiency) of revenues over expenditures	(156,256)	60,164	(12,257)	-	(487,160)
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	16,818	-	506,211
Transfers Out	(9,184)	(12,050)	-	-	(20,053)
Total other financing sources (uses)	(9,184)	(12,050)	16,818	-	486,158
Net change in fund balance	(165,440)	48,114	4,561	-	(1,002)
Fund balances - beginning	298,528	47,383	(4,561)	11,384	6,516
Fund balances - ending	\$ 133,088	\$ 95,497	\$ -	\$ 11,384	\$ 5,514

CITY OF ROCKPORT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

Special Revenue Funds							
Public Access TV	Hotel Motel Tax	Border Star Grant	Child Safety	Forfeiture	Community Development Block Grant	Municipal Court Security & Technology	Storm Uri
\$ 28,803	\$ 1,190,597	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	10,894	-	-	594,266	-	52,370
-	-	-	65	431	-	5,135	-
-	-	-	-	-	-	-	-
-	129,828	-	-	-	-	33	-
28,803	1,320,425	10,894	65	431	594,266	5,168	52,370
-	-	-	-	-	-	-	5,078
-	-	9,978	-	-	-	-	6,739
-	-	-	-	-	-	-	25,111
-	35,000	-	-	-	-	-	2,921
-	717,182	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	-	-	-
-	-	-	-	-	594,266	-	-
-	752,182	9,978	-	-	594,266	-	39,849
28,803	568,243	916	65	431	-	5,168	12,521
-	-	-	-	-	-	-	9,962
-	-	-	-	-	-	-	(22,483)
-	-	-	-	-	-	-	(12,521)
28,803	568,243	916	65	431	-	5,168	-
249,958	1,027,645	-	2,211	22,992	-	13,374	-
\$ 278,761	\$ 1,595,888	\$ 916	\$ 2,276	\$ 23,423	\$ -	\$ 18,542	\$ -

(continued)

CITY OF ROCKPORT, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE (CONTINUED)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Capital Projects Funds		Total
	General Capital Improvements	Vehicle and Equipment Replacement	Nonmajor Governmental Funds
REVENUES			
Taxes and Business Fees	\$ -	\$ -	\$ 1,409,254
Intergovernmental	539	-	1,605,105
Fines and Forfeitures	-	-	9,099
Interest on Investments	-	331	331
Other Revenues	-	71	129,932
Total revenues	539	402	3,153,721
EXPENDITURES			
Current:			
General Government	-	-	5,078
Public Safety	-	-	1,525,963
Public Works	-	-	25,111
Culture and Recreation	-	4,714	42,635
Tourism	-	-	717,182
Principal Retirement	-	4,704	4,704
Interest and Fiscal Charges	-	434	434
Capital Outlay	690,112	115,125	1,626,124
Total expenditures	690,112	124,977	3,947,231
Excess (deficiency) of revenues over expenditures	(689,573)	(124,575)	(793,510)
OTHER FINANCING SOURCES (USES)			
Transfers in	-	442,787	975,778
Transfers out	-	-	(63,770)
Total other financing sources (uses)	-	442,787	912,008
Net change in fund balance	(689,573)	318,212	118,498
Fund balances - beginning	(571,050)	697,045	1,801,425
Fund balances - ending	\$ (1,260,623)	\$ 1,015,257	\$ 1,919,923
			(concluded)

CITY OF ROCKPORT, TEXAS
BUDGETARY COMPARISON SCHEDULE
UTILITY BILL SURCHARGE
For the Year Ended September 30, 2021

	Original Budget	Final Amended Budget	Actual Amounts	Variance With Final Budget Positive or (Negative)
REVENUES				
Taxes and Business Fees	\$ 163,075	\$ 163,075	\$ 189,854	\$ 26,779
Total Revenues	163,075	163,075	189,854	26,779
EXPENDITURES				
Current				
Public Safety	154,700	154,700	346,110	(191,410)
Total Expenditures	154,700	154,700	346,110	(191,410)
Excess (Deficiency) of Revenues over Expenditures	8,375	8,375	(156,256)	(164,631)
OTHER FINANCING SOURCES (USES)				
Transfers out	(8,375)	(8,375)	(9,184)	(9,184)
Total Other Financing Sources (Uses)	(8,375)	(8,375)	(9,184)	(9,184)
Net Change in Fund Balance	-	-	(165,440)	(173,815)
Fund Balance at Beginning of Year	147,142	147,142	298,528	-
Fund Balance at End of Year	<u>\$ 147,142</u>	<u>\$ 147,142</u>	<u>\$ 133,088</u>	<u>\$ (173,815)</u>

CITY OF ROCKPORT, TEXAS
BUDGETARY COMPARISON SCHEDULE
CITY/COUNTY DISPATCH
For the Year Ended September 30, 2021

	Original Budget	Final Amended Budget	Actual Amounts	Variance With Final Budget Positive or (Negative)
REVENUES				
Intergovernmental	\$ 479,747	\$ 479,747	\$ 454,504	\$ (25,243)
Total Revenues	<u>479,747</u>	<u>479,747</u>	<u>454,504</u>	<u>(25,243)</u>
EXPENDITURES				
Current				
Public Safety	930,249	930,249	941,664	(11,415)
Total Expenditures	<u>930,249</u>	<u>930,249</u>	<u>941,664</u>	<u>(11,415)</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(450,502)</u>	<u>(450,502)</u>	<u>(487,160)</u>	<u>(36,658)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	496,330	496,330	506,211	(9,881)
Transfers out	<u>(45,828)</u>	<u>(45,828)</u>	<u>(20,053)</u>	<u>(25,775)</u>
Total Other Financing Sources (Uses)	<u>450,502</u>	<u>450,502</u>	<u>486,158</u>	<u>(35,656)</u>
Net Change in Fund Balance	-	-	(1,002)	(72,314)
Fund Balance at Beginning of Year	<u>-</u>	<u>-</u>	<u>6,516</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 5,514</u>	<u>\$ (72,314)</u>

CITY OF ROCKPORT, TEXAS
BUDGETARY COMPARISON SCHEDULE
HOTEL MOTEL TAX
For the Year Ended September 30, 2021

	Original Budget	Final Amended Budget	Actual Amounts	Variance With Final Budget Positive or (Negative)
REVENUES				
Taxes and Business Fees	\$ 780,000	\$ 780,000	\$ 1,190,597	\$ 410,597
Other Revenues	134,350	134,350	129,828	(4,522)
Total Revenues	<u>914,350</u>	<u>914,350</u>	<u>1,320,425</u>	<u>406,075</u>
EXPENDITURES				
Current				
Culture and Recreation	49,150	49,150	35,000	14,150
Tourism	865,200	865,200	717,182	148,018
Total Expenditures	<u>914,350</u>	<u>914,350</u>	<u>752,182</u>	<u>162,168</u>
Excess (Deficiency) of Revenues over Expenditures	<u>-</u>	<u>-</u>	<u>568,243</u>	<u>568,243</u>
Net Change in Fund Balance	-	-	568,243	568,243
Fund Balance at Beginning of Year	<u>757,916</u>	<u>757,916</u>	<u>1,027,645</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 757,916</u>	<u>\$ 757,916</u>	<u>\$ 1,595,888</u>	<u>\$ 568,243</u>

CITY OF ROCKPORT, TEXAS
BUDGETARY COMPARISON SCHEDULE
MUNICIPAL COURT SECURITY & TECHNOLOGY
For the Year Ended September 30, 2021

	Original Budget	Final Amended Budget	Actual Amounts	Variance With Final Budget Positive or (Negative)
REVENUES				
Fines and Forfeitures	\$ 12,000	\$ 12,000	\$ 5,135	\$ (6,865)
Other Revenues	-	-	33	33
Total Revenues	<u>12,000</u>	<u>12,000</u>	<u>5,168</u>	<u>(6,832)</u>
EXPENDITURES				
Current				
Public Safety	<u>7,700</u>	<u>7,700</u>	-	<u>7,700</u>
Total Expenditures	<u>7,700</u>	<u>7,700</u>	-	<u>7,700</u>
Excess (Deficiency) of Revenues over Expenditures	<u>4,300</u>	<u>4,300</u>	<u>5,168</u>	<u>868</u>
Net Change in Fund Balance	4,300	4,300	5,168	868
Fund Balance at Beginning of Year	<u>11,245</u>	<u>11,245</u>	<u>13,374</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 15,545</u>	<u>\$ 15,545</u>	<u>\$ 18,542</u>	<u>\$ 868</u>

CITY OF ROCKPORT, TEXAS
BUDGETARY COMPARISON SCHEDULE
DEBT SERVICE FUND
For the Year Ended September 30, 2021

	Original Budget	Final Amended Budget	Actual Amounts	Variance With Final Budget Positive or (Negative)
REVENUES				
Taxes and Business Fees	\$ 2,789,577	\$ 2,789,577	\$ 3,065,580	\$ 276,003
Interest on Investments	2,500	2,500	1,209	(1,291)
Total Revenues	<u>2,792,077</u>	<u>2,792,077</u>	<u>3,066,789</u>	<u>274,712</u>
EXPENDITURES				
Debt Service:				
Principal Retirement	2,253,504	2,253,504	2,179,929	73,575
Interest and Fiscal Charges	927,382	927,382	882,635	44,747
Total Expenditures	<u>3,180,886</u>	<u>3,180,886</u>	<u>3,062,564</u>	<u>118,322</u>
Excess (Deficiency) of Revenues over Expenditures	<u>(388,809)</u>	<u>(388,809)</u>	<u>4,225</u>	<u>393,034</u>
Net Change in Fund Balance	(388,809)	(388,809)	4,225	393,034
Fund Balance at Beginning of Year	<u>652,616</u>	<u>652,616</u>	<u>1,039,517</u>	<u>-</u>
Fund Balance at End of Year	<u>\$ 263,807</u>	<u>\$ 263,807</u>	<u>\$ 1,043,742</u>	<u>\$ 393,034</u>

CITY of ROCKPORT, TEXAS



STATISTICAL SECTION

CITY of ROCKPORT, TEXAS



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

Financial Trends - These schedules contain trend information to help the reader understand how the city’s financial performance and well-being have changed over time 81

Revenue Capacity – These schedules contain information to help the reader assess the City’s most significant local revenue sources, the property tax and sales tax. 91

Debt Capacity – These schedules contain trend information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future. 97

Demographic and Economic Information – These schedules offer demographic and economic indicators to help the reader understand the environment within which the city’s financial activities take place. 103

Operating Information – These schedules contain service and infrastructure data to help the reader understand how the information in the city’s financial report relates to the services the city provides and the activities it performs. 106

**CITY OF ROCKPORT, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

TABLE 1

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Governmental Activities				
Net Investment in Capital Assets	\$ 9,313,304	\$ 12,137,914	\$ 13,719,863	\$ 15,375,317
Restricted	408,684	451,153	591,401	523,884
Unrestricted	<u>2,444,508</u>	<u>1,154,271</u>	<u>1,363,328</u>	<u>(88,350)</u>
Total Governmental Activities Net Position	<u>\$ 12,166,496</u>	<u>\$ 13,743,338</u>	<u>\$ 15,674,592</u>	<u>\$ 15,810,851</u>
Business-type Activities				
Net Investment in Capital Assets	\$ 17,967,353	\$ 16,147,439	\$ 22,172,890	\$ 19,971,005
Restricted	183,991	183,366	182,073	180,935
Unrestricted	<u>4,377,731</u>	<u>6,761,292</u>	<u>1,816,298</u>	<u>4,156,370</u>
Total Business-Type Activities Net Position	<u>\$ 22,529,075</u>	<u>\$ 23,092,097</u>	<u>\$ 24,171,261</u>	<u>\$ 24,308,310</u>
Primary Government				
Net Investment in Capital Assets	\$ 27,280,657	\$ 28,285,353	\$ 35,892,753	\$ 35,346,322
Restricted	592,675	634,519	773,474	704,819
Unrestricted	<u>6,822,239</u>	<u>7,915,563</u>	<u>3,179,626</u>	<u>4,068,020</u>
Total Primary Government	<u>\$ 34,695,571</u>	<u>\$ 36,835,435</u>	<u>\$ 39,845,853</u>	<u>\$ 40,119,161</u>

Source: Audited Financial Statements of the City of Rockport Texas

CITY OF ROCKPORT, TEXAS
NET POSITION BY COMPONENT (CONTINUED)
LAST TEN FISCAL YEARS

TABLE 1

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 16,359,297	\$ 17,313,597	\$ 12,705,425	\$ 18,740,986	\$ 19,840,363	\$ 22,756,047
1,192,945	1,479,596	1,231,127	1,270,937	1,773,707	2,159,775
<u>(37,337)</u>	<u>(2,054,477)</u>	<u>3,334,747</u>	<u>(3,373,632)</u>	<u>(3,618,911)</u>	<u>(4,132,933)</u>
<u>\$ 17,514,905</u>	<u>\$ 16,738,716</u>	<u>\$ 17,271,299</u>	<u>\$ 16,638,291</u>	<u>\$ 17,995,159</u>	<u>\$ 20,782,889</u>
\$ 16,988,421	\$ 20,420,255	\$ 21,588,198	\$ 22,071,001	\$ 23,269,406	\$ 23,733,553
-	-	-	-	-	-
<u>8,319,376</u>	<u>6,179,215</u>	<u>1,894,758</u>	<u>2,590,468</u>	<u>4,119,375</u>	<u>6,107,494</u>
<u>\$ 25,307,797</u>	<u>\$ 26,599,470</u>	<u>\$ 23,482,956</u>	<u>\$ 24,661,469</u>	<u>\$ 27,388,781</u>	<u>\$ 29,841,047</u>
\$ 33,347,718	\$ 37,733,852	\$ 34,293,623	\$ 40,811,987	\$ 43,109,769	\$ 46,489,600
1,192,945	1,479,596	1,231,127	1,270,937	1,773,707	2,159,775
<u>8,282,039</u>	<u>4,124,738</u>	<u>5,229,505</u>	<u>(783,164)</u>	<u>500,464</u>	<u>1,974,561</u>
<u>\$ 42,822,702</u>	<u>\$ 43,338,186</u>	<u>\$ 40,754,255</u>	<u>\$ 41,299,760</u>	<u>\$ 45,383,940</u>	<u>\$ 50,623,936</u>

CITY OF ROCKPORT, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE
LAST TEN FISCAL YEARS
(accrual basis of accounting)

TABLE 2

	2012	2013	2014	2015
Governmental Activities:				
Expenses:				
General Government	\$ 1,615,599	\$ 1,534,488	\$ 1,464,770	\$ 1,744,282
Public Safety	3,531,426	3,390,096	4,035,843	4,210,447
Public Works	1,563,014	1,563,687	1,576,188	1,765,828
Culture and Recreation	788,105	914,460	961,048	1,110,379
Tourism	464,438	536,505	640,589	569,140
Interest and Fiscal Charges	996,263	908,935	769,851	426,297
Total Governmental Activities Expenses	8,958,845	8,848,171	9,448,289	9,826,373
Business-Type Activities:				
Expenses:				
Water and Sewer	7,589,175	7,840,317	7,699,148	7,904,121
Natural Gas System	1,163,782	1,256,075	1,844,475	1,644,781
Sanitation	-	-	-	-
Community Aquatic Center	314,698	333,267	397,675	399,748
Beach Park	315,789	-	-	-
Total Business Type Activities Expenses	9,383,444	9,429,659	9,941,298	9,948,650
Total Primary Government Expenses	18,342,289	18,277,830	19,389,587	19,775,023
Governmental Activities:				
Program Revenues:				
Charges for Services:				
General Government	18,267	13,289	16,624	34,169
Public Safety	494,629	393,762	727,069	760,746
Public Works	182,984	215,265	242,798	216,173
Culture and Recreation	19,687	-	-	-
Operating Grants and Contributions:	455,997	366,214	234,191	180,099
Capital Grants and Contributions:	634,417	739,309	699,802	205,900
Total Government Activities Program Revenues	1,805,981	1,727,839	1,920,484	1,397,087
Business-Type Activities				
Charges for Services:				
Water and Sewer	8,455,811	8,907,527	9,219,874	9,480,727
Natural Gas System	1,449,133	1,740,465	2,389,044	2,143,239
Sanitation	14,873	16,686	16,994	19,260
Community Aquatic Center	138,830	133,706	165,231	180,357
Beach Park	128,376	-	-	-
Operating Grants and Contributions:	62,000	42,000	51,250	51,417
Capital Grants and Contributions:	3,500	256,450	-	210,577
Total Business-Type Activities Program Revenues	10,252,523	11,096,834	11,842,393	12,085,577
Total Primary Government Program Revenues	12,058,504	12,824,673	13,762,877	13,482,664
Net (Expense) Revenue				
Government Activities	(7,152,864)	(7,120,332)	(7,527,805)	(8,429,286)
Business-Type Activities	869,079	1,667,175	1,901,095	2,136,927
Total Primary Government Net (Expense) Revenue	(6,283,785)	(5,453,157)	(5,626,710)	(6,292,359)

CITY OF ROCKPORT, TEXAS
EXPENSES, PROGRAM REVENUES, AND NET (EXPENSE)/REVENUE (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

TABLE 2

2016	2017	2018	2019	2020	2021
\$ 2,619,202	\$ 5,600,349	\$ 5,619,934	\$ 4,366,689	\$ 3,977,380	\$ 3,716,764
4,245,536	4,312,116	4,921,884	5,292,979	5,276,575	5,651,595
1,468,510	1,609,854	1,520,833	1,939,714	1,505,912	2,139,632
1,228,172	1,102,163	1,571,346	1,465,212	1,457,207	1,410,908
897,016	623,225	620,016	721,784	708,391	722,799
754,966	733,939	781,227	639,927	833,318	937,907
<u>11,213,402</u>	<u>13,981,646</u>	<u>15,035,240</u>	<u>14,426,305</u>	<u>13,758,783</u>	<u>14,579,605</u>
8,330,913	8,186,640	8,975,471	8,887,596	8,922,626	9,359,609
1,525,253	1,617,518	1,795,239	1,988,347	1,985,018	1,849,671
294	1,951,334	2,054,464	2,136,230	2,152,087	2,437,819
501,870	428,671	451,815	449,565	432,301	499,821
-	-	-	-	-	-
<u>10,358,330</u>	<u>12,184,163</u>	<u>13,276,989</u>	<u>13,461,738</u>	<u>13,492,032</u>	<u>14,146,920</u>
<u>21,571,732</u>	<u>26,165,809</u>	<u>28,312,229</u>	<u>27,888,043</u>	<u>27,250,815</u>	<u>28,726,525</u>
186,238	345,555	840,612	664,275	551,897	803,733
246,250	391,656	187,553	185,943	168,843	108,484
-	-	-	-	-	-
15,402	4,639	3,848	4,107	39	-
726,849	1,325,411	1,903,417	1,483,220	1,316,744	1,407,524
645,940	50,432	5,062	536,424	606,653	594,805
<u>1,820,679</u>	<u>2,117,693</u>	<u>2,940,492</u>	<u>2,873,969</u>	<u>2,644,176</u>	<u>2,914,546</u>
10,443,336	10,338,747	8,974,043	10,509,995	12,137,157	12,339,655
1,780,909	1,826,135	1,662,341	2,061,303	2,099,457	2,474,263
17,867	2,048,327	2,061,393	2,256,801	2,463,510	2,697,793
216,314	209,227	165,574	175,940	47,449	92,886
-	-	-	-	-	-
37,000	37,667	38,833	43,333	48,083	51,411
78,615	2,218	1,650	-	-	-
<u>12,574,041</u>	<u>14,462,321</u>	<u>12,903,834</u>	<u>15,047,372</u>	<u>16,795,656</u>	<u>17,656,008</u>
<u>14,394,720</u>	<u>16,580,014</u>	<u>15,844,326</u>	<u>17,921,341</u>	<u>19,439,832</u>	<u>20,570,554</u>
(9,392,723)	(11,863,953)	(12,094,748)	(11,552,336)	(11,114,607)	(11,665,059)
2,215,711	2,278,158	(373,155)	1,585,634	3,303,624	3,509,088
<u>(7,177,012)</u>	<u>(9,585,795)</u>	<u>(12,467,903)</u>	<u>(9,966,702)</u>	<u>(7,810,983)</u>	<u>(8,155,971)</u>

CITY OF ROCKPORT, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(accrual basis of accounting)

TABLE 3

	2012	2013	2014	2015
Governmental Activities:				
Net (Expense) / Revenue				
Government Activities	\$ (7,152,864)	\$ (7,120,332)	\$ (7,527,805)	\$ (8,429,286)
Business-Type Activities	869,079	1,667,175	1,901,095	2,136,927
Total Primary Government				
Net (Expense) Revenue	(6,283,785)	(5,453,157)	(5,626,710)	(6,292,359)
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Property Taxes	4,159,989	4,379,318	4,534,427	4,685,492
Sales Taxes	1,929,948	2,051,342	2,231,798	2,390,992
Franchise Taxes and Other Taxes	795,072	860,734	803,439	867,893
Hotel Occupancy Taxes	662,330	698,934	839,931	876,738
Investment Earnings	31,763	48,287	42,240	31,568
Other Revenue	78,699	54,618	173,247	93,484
Transfers	616,350	849,138	833,977	949,371
Total Government Activities General Revenues and Other Changes in Net Position	8,274,151	8,942,371	9,459,059	9,895,538
Business-Type Activities:				
Investment Earnings	21,108	16,076	11,848	9,242
Other Revenue	-	-	-	-
Gain (Loss) on Asset Disposition	(462,816)	-	-	-
Transfers	(616,350)	(849,138)	(833,977)	(949,371)
Total Business-Type Activities General Revenues and Other Changes in Net Position	(1,058,058)	(833,062)	(822,129)	(940,129)
Total Primary Government General Revenues and Other Changes in Net Position	7,216,093	8,109,309	8,636,930	8,955,409
Changes in Net Position				
Governmental Activities	1,066,158	1,822,039	1,931,254	1,366,252
Business-Type Activities	(188,979)	834,113	1,078,966	1,196,798
Total Primary Government	\$ 877,179	\$ 2,656,152	\$ 3,010,220	\$ 2,563,050

CITY OF ROCKPORT, TEXAS
GENERAL REVENUES AND TOTAL CHANGE IN NET POSITION (CONTINUED)
LAST TEN FISCAL YEARS
(accrual basis of accounting)

TABLE 3

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ (9,392,723)	\$ (11,863,953)	\$ (12,094,748)	\$ (11,552,336)	\$ (11,114,607)	\$ (11,665,059)
<u>2,215,711</u>	<u>2,278,158</u>	<u>(373,155)</u>	<u>1,585,634</u>	<u>3,303,624</u>	<u>3,509,088</u>
<u>(7,177,012)</u>	<u>(9,585,795)</u>	<u>(12,467,903)</u>	<u>(9,966,702)</u>	<u>(7,810,983)</u>	<u>(8,155,971)</u>
5,228,422	5,541,427	5,915,568	6,082,642	6,563,714	7,195,781
2,481,777	2,459,617	3,019,444	2,780,574	2,857,039	3,239,904
1,045,731	1,064,310	976,197	1,068,650	1,096,677	1,085,069
860,124	866,970	479,754	713,075	914,803	1,233,252
43,635	52,998	84,505	123,840	49,313	16,491
79,695	93,630	2,418,135	15,178	281,319	504,684
<u>898,181</u>	<u>1,008,809</u>	<u>1,467,804</u>	<u>428,258</u>	<u>703,911</u>	<u>1,177,608</u>
<u>10,637,565</u>	<u>11,087,761</u>	<u>14,361,407</u>	<u>11,212,217</u>	<u>12,466,776</u>	<u>14,452,789</u>
4,285	9,706	35,368	51,550	30,785	6,451
-	12,618	-	33,103	6,810	114,335
-	-	-	-	-	-
<u>(898,181)</u>	<u>(1,008,809)</u>	<u>(1,467,804)</u>	<u>(428,258)</u>	<u>(703,911)</u>	<u>(1,177,608)</u>
<u>(893,896)</u>	<u>(986,485)</u>	<u>(1,432,436)</u>	<u>(343,605)</u>	<u>(666,316)</u>	<u>(1,056,822)</u>
<u>9,743,669</u>	<u>10,101,276</u>	<u>12,928,971</u>	<u>10,868,612</u>	<u>11,800,460</u>	<u>13,395,967</u>
1,244,842	(776,192)	2,266,659	(340,119)	1,352,169	2,787,730
<u>1,321,815</u>	<u>1,291,673</u>	<u>(1,805,591)</u>	<u>1,242,029</u>	<u>2,727,308</u>	<u>2,452,266</u>
<u>\$ 2,566,657</u>	<u>\$ 515,481</u>	<u>\$ 461,068</u>	<u>\$ 901,910</u>	<u>\$ 4,079,477</u>	<u>\$ 5,239,996</u>
					(concluded)

CITY OF ROCKPORT, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 4

	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
General Fund				
Nonspendable	\$ 31,221	\$ 27,250	\$ 58,047	\$ 29,078
Restricted	-	-	-	-
Unassigned	<u>3,099,834</u>	<u>2,821,064</u>	<u>3,011,065</u>	<u>3,191,300</u>
Total General Fund	<u><u>3,131,055</u></u>	<u><u>2,848,314</u></u>	<u><u>3,069,112</u></u>	<u><u>3,220,378</u></u>
All Other Governmental Funds				
Restricted	9,234,662	9,429,485	8,495,513	8,772,017
Committed	(253,917)	(28,713)	12,140	36,015
Assigned	217,194	372,949	428,654	520,002
Unassigned	<u>-</u>	<u>-</u>	<u>(76,051)</u>	<u>(110,482)</u>
Total All Other Governmental Funds	<u><u>\$ 9,197,939</u></u>	<u><u>\$ 9,773,721</u></u>	<u><u>\$ 8,860,256</u></u>	<u><u>\$ 9,217,552</u></u>

Source: Audited Financial Statements of the City of Rockport Texas.

CITY OF ROCKPORT, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS

TABLE 4

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 56,290	\$ -	\$ 63,038	\$ 46,151	\$ 50,841	\$ 42,989
-	-	75,000	100,000	100,000	-
<u>3,414,549</u>	<u>1,677,334</u>	<u>4,144,587</u>	<u>3,355,647</u>	<u>3,936,189</u>	<u>4,411,681</u>
<u>3,470,839</u>	<u>1,677,334</u>	<u>4,282,625</u>	<u>3,501,798</u>	<u>4,087,030</u>	<u>4,454,670</u>
8,414,801	8,044,416	7,387,657	6,278,378	20,879,742	20,479,361
320,049	299,247	240,015	635,692	1,039,517	1,043,742
81,823	277,061	344,067	792,337	734,775	1,020,771
<u>(96,151)</u>	<u>-</u>	<u>(171,997)</u>	<u>(96,754)</u>	<u>(698,749)</u>	<u>(1,260,623)</u>
<u>\$ 8,720,522</u>	<u>\$ 8,620,724</u>	<u>\$ 7,799,742</u>	<u>\$ 7,609,653</u>	<u>\$ 21,955,285</u>	<u>\$ 21,283,251</u>

CITY OF ROCKPORT, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS

TABLE 5

	2012	2013	2014	2015
Revenues				
Taxes and Business Fees	\$ 7,718,487	\$ 8,174,665	\$ 8,602,188	\$ 9,001,518
Licenses and Permits	182,984	201,950	218,504	216,173
Intergovernmental	1,090,414	1,113,479	1,312,278	700,062
Fines and Forfeitures	333,335	215,253	254,785	212,983
Charges for Services	19,687	13,315	24,294	78,261
Interest on Investments	31,763	35,878	35,291	31,568
Other Revenues	78,699	54,618	99,294	95,614
Total Revenues	<u>9,455,369</u>	<u>9,809,158</u>	<u>10,546,634</u>	<u>10,336,179</u>
Expenditures				
General Government	1,345,717	1,289,805	1,345,263	1,463,333
Public Safety	3,287,236	3,144,331	3,724,061	3,980,680
Public Works	1,257,527	1,196,966	1,176,409	1,319,048
Culture and Recreation	659,021	763,424	814,379	939,194
Tourism	464,438	536,505	640,589	569,140
Capital Outlay	1,905,975	1,406,620	2,342,359	2,507,809
Debt Service				
Interest and Fiscal Charges	1,095,667	829,748	668,705	534,458
Bond Issuance Cost	-	87,178	106,527	108,599
Principal	987,971	1,212,065	1,334,871	1,464,919
Total Expenditures	<u>11,003,552</u>	<u>10,466,642</u>	<u>12,153,163</u>	<u>12,887,180</u>
Excess of Revenue Over (Under) Expenditures	(1,548,183)	(657,484)	(1,606,529)	(2,551,001)
Other Financing Sources (Uses)				
Bonds Issued	-	4,295,369	5,074,269	8,133,932
Capital Leases	-	-	-	-
Payments to Escrow Agents	-	(4,195,782)	(4,962,452)	(6,023,410)
Transfer In	1,596,511	1,687,402	1,596,487	1,701,867
Transfers Out	(978,361)	(836,464)	(794,442)	(752,826)
Total Other Financing Sources (Uses)	<u>618,150</u>	<u>950,525</u>	<u>913,862</u>	<u>3,059,563</u>
Net Change in Fund Balances	<u>\$ (930,033)</u>	<u>\$ 293,041</u>	<u>\$ (692,667)</u>	<u>\$ 508,562</u>
Debt Service as a Percentage of Noncapital Expenditure	22.6%	22.8%	22.8%	20.6%

Source: Audited Financial Statements of the City of Rockport Texas.

CITY OF ROCKPORT, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS (CONTINUED)
LAST TEN FISCAL YEARS

TABLE 5

2016	2017	2018	2019	2020	2021
\$ 9,642,954	\$ 9,930,322	\$ 10,386,841	\$ 10,644,722	\$ 11,387,205	\$ 12,754,006
227,790	301,191	793,143	616,333	502,005	663,394
1,372,789	1,375,842	1,908,480	2,019,643	1,923,396	2,002,330
237,659	56,854	184,718	183,517	166,770	140,339
57,440	383,806	54,152	54,476	54,540	108,484
43,635	52,998	84,505	123,841	49,313	16,491
79,695	93,630	2,418,133	180,524	463,351	267,553
11,661,962	12,194,643	15,829,972	13,823,056	14,546,580	15,952,597
2,375,604	5,355,244	5,103,678	4,276,405	3,622,353	3,469,696
3,857,783	3,863,413	4,576,201	4,632,229	4,714,526	5,137,721
939,095	997,156	1,011,631	1,253,555	964,965	1,552,501
1,020,219	978,227	1,314,065	1,123,671	1,134,880	1,115,100
897,016	623,225	620,016	721,784	708,391	717,182
4,896,242	959,462	1,742,669	905,960	1,641,182	2,274,475
622,956	1,730,748	689,314	658,660	602,999	937,907
103,362	-	18,254	-	219,543	-
1,691,815	738,774	1,684,409	1,706,669	1,691,024	2,241,947
16,404,092	15,246,249	16,760,237	15,278,933	15,299,863	17,446,529
(4,742,130)	(3,051,606)	(930,265)	(1,455,877)	(753,283)	(1,493,932)
3,504,112	-	1,410,978	-	14,939,543	-
-	78,035	-	-	-	-
-	-	-	-	-	-
1,788,699	2,196,206	2,884,923	2,616,340	2,637,079	2,759,143
(798,551)	(1,115,941)	(1,581,328)	(2,131,325)	(1,897,163)	(1,569,605)
4,494,260	1,158,300	2,714,573	485,015	15,679,459	1,189,538
\$ (247,870)	\$ (1,893,306)	\$ 1,784,308	\$ (970,862)	\$ 14,926,176	\$ (304,394)
19.5%	17.3%	15.8%	16.5%	17.1%	21.0%

CITY OF ROCKPORT, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(modified accrual basis)

TABLE 6

<u>Fiscal Year</u>	<u>Property Tax</u>	<u>Sales & Use Tax</u>	<u>Franchise Tax</u>	<u>Occupancy Tax</u>	<u>Other Taxes</u>	<u>Total</u>
2012	\$ 4,152,465	\$ 1,929,948	\$ 795,072	\$ 662,330	\$ 178,672	\$ 7,718,487
2013	4,380,000	2,051,342	844,466	698,934	199,923	8,174,665
2014	4,453,504	2,231,798	803,439	839,931	183,580	8,512,252
2015	4,685,492	2,390,992	836,325	876,738	188,945	8,978,492
2016	5,542,453	2,459,617	900,233	853,420	175,624	9,931,347
2017	5,542,453	2,459,617	832,855	866,970	230,428	9,932,323
2018	5,918,368	3,019,444	748,682	479,754	224,698	11,170,840
2019	6,082,642	2,780,574	873,214	713,075	195,217	10,644,722
2020	6,563,714	2,857,039	841,477	914,803	210,172	11,387,205
2021	7,195,781	3,239,904	866,411	1,233,252	218,658	12,754,006

Source: Audited Financial Statements of the City of Rockport Texas and the Texas Comptroller of Public Accounts

CITY of ROCKPORT, TEXAS



**CITY OF ROCKPORT, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 UNAUDITED**

TABLE 7

Fiscal Year	Roll Year	Real Property			Personal Property	
		Residential Property	Commercial and Industrial Property	Rural- Underdev. Property	Business	Other
2012	2011	\$ 1,207,519,961	\$ 176,446,050	\$ 13,221,090	\$ 38,887,032	\$ 7,882,595
2013	2012	1,209,214,142	175,017,442	13,164,960	40,033,361	8,259,105
2014	2013	1,227,156,427	177,726,064	13,413,250	44,619,583	8,310,645
2015	2014	1,257,623,793	192,355,262	14,740,765	32,195,433	8,325,446
2016	2015	1,274,430,459	196,346,050	14,354,575	36,597,876	7,998,336
2017	2016	1,300,510,034	198,029,000	9,253,699	35,716,818	7,539,100
2018	2017	1,395,094,830	218,405,130	12,434,181	38,641,660	8,019,340
2019	2018	1,237,522,906	181,808,906	11,924,880	37,729,489	6,269,410
2020	2019	1,410,352,150	229,408,346	11,580,930	41,552,380	6,558,520
2021	2020	1,508,788,640	277,413,287	11,782,300	39,226,320	8,035,342

Source: Aransas County Appraisal District

* Information is not available

**CITY OF ROCKPORT, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 UNAUDITED**

TABLE 7

<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>	<u>Taxable Assessed Value as a Percentage of Actual Taxable Value</u>
\$ (35,090,371)	\$ 1,408,866,357	0.310000	\$ 1,408,866,357	100.00%
(34,395,054)	1,411,293,956	0.308900	1,411,293,956	100.00%
(36,338,354)	1,434,887,615	0.325800	1,434,887,615	100.00%
(36,705,716)	1,468,534,983	0.327700	1,468,534,983	100.00%
(36,705,060)	1,493,022,236	0.364858	1,493,022,236	100.00%
(37,403,970)	1,513,644,681	0.389283	1,513,644,681	100.00%
(47,215,527)	1,625,379,614	0.385640	1,625,379,614	100.00%
(14,502,937)	1,460,752,654	0.451963	1,460,752,654	100.00%
(33,510,048)	1,665,942,278	0.420082	1,665,942,278	100.00%
(35,023,567)	1,810,222,322	0.421311	1,810,222,322	100.00%

**CITY OF ROCKPORT, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
LAST TEN FISCAL YEARS
UNAUDITED**

TABLE 8

Fiscal Year	City Direct Rates			Overlapping Rates			
	Basic Rate	General Obligation Debt Service	Total Direct Rate	Aransas County	Aransas County Navigation District	Aransas County Road/ Flood	Aransas County ISD
2012	0.158338	0.150552	0.308890	0.303710	0.055772	0.066540	1.132372
2013	0.172497	0.153327	0.325824	0.303713	0.055790	0.077352	1.159381
2014	0.185090	0.142638	0.327728	0.299073	0.055136	0.076203	1.160490
2015	0.205279	0.129900	0.335179	0.310572	0.053611	0.074097	1.156092
2016	0.219047	0.145811	0.364858	0.313045	0.052511	0.072417	1.156000
2017	0.233912	0.155371	0.389283	0.331667	0.052622	0.073279	1.169518
2018	0.239805	0.145835	0.385640	0.333876	0.050768	0.069439	1.163930
2019	0.248198	0.203765	0.451963	0.396583	0.059822	0.082532	1.163930
2020	0.248157	0.171928	0.420085	0.375761	0.052008	0.075692	1.030000
2021	0.241668	0.179643	0.421311	0.360785	0.049776	0.072758	0.980300

Source: Aransas County Tax Assessor

**CITY OF ROCKPORT, TEXAS
PRINCIPAL PROPERTY TAX PAYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

TABLE 9

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Total City Taxable Assessed Value
CL 4 Circle W RV Ranch LLC	13,142,560	1	0.9383%	-	-	-
C H Marina and Drystack LP	9,990,780	2	0.7133%	5,725,958	5	0.4370%
Momentum Hospitality Inc	8,466,000	3	0.6044%	-	-	-
Intuition Investment Inc	8,400,000	4	0.5997%	-	-	-
AEP Texas Central Company	8,361,390	5	0.5969%	3,465,570	10	0.2645%
Oaks at Bentwater Owner LLC	8,130,000	6	0.5804%	7,663,730	1	0.5848%
Wal-Mart Stores Real Estate Business Trust	7,368,790	7	0.5261%	7,132,010	2	0.5443%
Rockport Harborfront LP	7,216,860	8	0.5152%	6,962,895	3	0.5314%
H E Butt Grocery	7,096,920	9	0.5067%	6,378,066	4	0.4867%
Priya Management LP	6,156,580	10	0.4395%	-	-	-
Lokseva, Inc	-	-	-	5,513,770	6	0.4208%
Wal-Mart Stores East #440	-	-	-	5,431,319	7	0.4145%
Heritage Hotels Rockport LP	-	-	-	4,665,180	8	0.3560%
Christopher Crowley	-	-	-	3,675,250	9	0.2805%
Total	<u>84,329,880</u>		<u>6.0205%</u>	<u>56,613,748</u>		<u>4.3205%</u>

Source: Aransas County Appraisal District

**CITY OF ROCKPORT, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
UNAUDITED**

TABLE 10

Fiscal Year	Taxes Levied for the Fiscal Year	Collected Within the Fiscal Year of the Levy		Collections In Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2012	\$ 4,113,275	\$ 4,047,717	98.41%	58,974	\$ 4,106,691	99.84%
2013	4,334,917	4,274,298	98.60%	53,373	4,327,671	99.83%
2014	4,446,634	4,385,623	98.63%	50,839	4,436,462	99.77%
2015	4,652,135	4,591,402	98.69%	51,141	4,642,543	99.79%
2016	5,109,529	5,049,937	98.83%	49,547	5,099,484	99.80%
2017	5,510,593	5,449,280	98.89%	50,227	5,499,507	99.80%
2018	5,885,041	5,820,159	98.90%	50,000	5,870,159	99.75%
2019	6,034,776	5,979,307	99.08%	37,919	6,017,226	99.71%
2020	6,559,985	6,458,383	98.45%	45,115	6,503,498	99.14%
2021	7,120,566	7,034,301	98.79%	-	7,034,301	98.79%

Sources: Aransas County Appraisal District and Aransas County Tax Collector

CITY OF ROCKPORT, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
UNAUDITED

TABLE 11

Fiscal Year	Governmental Activities		Business-type Activities			Total Primary Government	Percent of Personal Income	Per Capita
	General Bonded Debt	Capital Leases & Energy Bond	Revenue Bonds	General Bonded Debt	Capital Leases & Energy Bond			
2012	\$ 20,286,108	\$ 1,110,000	\$ -	\$ 17,893,954	\$ -	\$ 39,290,062	11.92%	4,199
2013	19,297,219	1,037,000	-	17,893,954	-	38,228,173	11.00%	3,876
2014	18,166,302	962,000	-	19,532,935	-	38,661,237	11.73%	4,132
2015	18,938,444	884,000	-	18,321,556	-	38,144,000	11.57%	4,077
2016	20,627,508	778,123	-	25,716,709	-	47,122,340	17.69%	5,036
2017	20,052,940	737,180	-	16,648,392	-	37,438,512	11.74%	3,517
2018	18,306,444	2,028,160	-	15,517,160	7,908,560	43,760,324	13.50%	4,146
2019	16,594,891	1,875,666	-	14,042,565	7,619,599	40,132,721	12.33%	3,920
2020	29,854,021	1,718,570	-	13,274,660	7,314,789	52,162,040	15.76%	4,755
2021	26,783,473	1,561,377	-	10,596,527	6,993,541	45,934,918	14.00%	4,223

CITY OF ROCKPORT, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
UNAUDITED

TABLE 12

Fiscal Year	General Bonded Debt Outstanding			Percentage of Actual Taxable Value of Property (1)	Per Capita (2)
	General Bonded Debt	Debt Service Funds	Net Bonded Debt		
2012	\$ 38,180,062	\$ -	\$ 38,180,062	2.91%	4,255
2013	37,191,173	-	37,191,173	2.68%	3,924
2014	37,699,237	-	37,699,237	2.66%	4,075
2015	37,260,000	-	37,260,000	2.63%	4,026
2016	46,344,217	-	46,344,217	2.99%	4,126
2017	36,701,332	-	36,701,332	2.37%	3,448
2018	33,823,604	-	33,823,604	2.02%	3,205
2019	30,637,456	-	30,637,456	2.10%	2,993
2020	43,128,681	-	43,128,681	2.59%	3,932
2021	37,380,000	-	37,380,000	2.03%	3,437

(1) See the Schedule of Assessed and Estimated Actual Value

(2) Population data can be found in the Schedule of Demographic and Economic Statistics

**CITY OF ROCKPORT, TEXAS
DIRECT AND OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT
UNAUDITED**

TABLE 13

Governmental Unit	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt Repaid With Property Taxes			
Aransas County Independent School District	\$ 24,558,000	65.03%	\$ 15,970,067
Aransas County	30,326,473	49.99%	15,160,204
Aransas County Navigation District	2,530,000	49.99%	<u>1,264,747</u>
Subtotal, Overlapping Debt			32,395,018
City Direct Debt			<u>37,380,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 69,775,018</u></u>

Note: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City.
The percentage of overlapping debt applicable is estimated by the percent of area of each government that is within the boundaries of the City.

Information obtained from entities audited financial statements and Aransas County Appraisal District.

**CITY OF ROCKPORT, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED**

TABLE 14

	September 30,			
	2012	2013	2014	2015
Maximum available tax revenues				
for all purposes				
including debt service	\$ 32,699,909	\$ 35,273,627	\$ 37,699,237	\$ 35,872,190
Actual amount expended for				
general obligation debt	2,083,638	2,040,581	2,061,064	2,107,976
Excess	<u>\$ 30,616,271</u>	<u>\$ 33,233,046</u>	<u>\$ 35,638,173</u>	<u>\$ 33,764,214</u>

Legal Debt Margin Calculation for the Current Fiscal Year

Assessed Value	\$ 1,810,222,322
Maximum tax rate per \$100 assessed valuation	<u>2.50</u>
Maximum available tax revenues for all purposes including debt service	<u>\$ 45,255,558</u>
Actual amount expended for general obligation debt service	<u>\$ 3,179,854</u>

As a Home Rule Charter City, the amount of debt which can be issued by the City of Rockport, Texas is not limited by law.

Under Article XI, Section 5 of the State of Texas Constitution applicable to cities of 5,000 population, the maximum tax rate for all purposes is \$2.50 per \$100 assessed valuation.

**CITY OF ROCKPORT, TEXAS
LEGAL DEBT MARGIN INFORMATION
LAST TEN FISCAL YEARS
UNAUDITED**

TABLE 14

September 30,					
<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 37,325,556	\$ 37,841,117	\$ 40,634,490	\$ 36,518,816	\$ 41,648,557	\$ 45,255,558
<u>2,314,771</u>	<u>2,720,000</u>	<u>2,391,977</u>	<u>2,365,329</u>	<u>2,294,023</u>	<u>3,179,854</u>
<u>\$ 35,010,785</u>	<u>\$ 35,121,117</u>	<u>\$ 38,242,513</u>	<u>\$ 34,153,487</u>	<u>\$ 39,354,534</u>	<u>\$ 42,075,704</u>

**CITY OF ROCKPORT, TEXAS
 PLEDGED-REVENUE COVERAGE
 LAST TEN FISCAL YEARS
 UNAUDITED**

TABLE 15

Fiscal Year	Water and Sewer Revenue Bonds				
	Utility Service Charges	Less: Operating Expenses (1)	Net Available Revenue	Debt Service Requirements (2)	Coverage
2012	\$ 9,904,944	\$ 7,094,829	\$ 2,810,115	--	N/A
2013	8,907,527	6,210,472	2,697,055	--	N/A
2014	9,219,874	6,112,976	3,106,898	--	N/A
2015	11,618,026	6,336,116	5,281,910	--	N/A
2016	12,224,245	8,029,724	4,194,521	--	N/A
2017	12,164,882	8,079,576	4,085,306	--	N/A
2018	10,636,384	8,792,183	1,844,201	--	N/A
2019	12,571,298	10,071,703	2,499,595	--	N/A
2020	12,137,157	8,338,265	3,798,892	--	N/A
2021	12,339,655	8,878,493	3,461,162	--	N/A

(1) Exclusive of depreciation and interest

(2) Includes principal and interest of revenue bonds only

CITY of ROCKPORT, TEXAS



**CITY OF ROCKPORT, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
UNAUDITED**

TABLE 16

	December 30,				
	2012	2013	2014	2015	2016
Population (1)	9,357	9,357	9,357	9,357	9,357
Personal Income (3)	24,950	24,950	24,950	24,950	28,472
Per Capita Personal Income (in thousands)	233,457	233,457	233,457	233,457	266,413
Median Age (3)	49.0	49.0	49.0	49.0	49.0
Education Level in Years of Schooling	-	-	-	-	-
School Enrollment (4)	3,331	3,331	3,331	3,331	3,405
Unemployment (2)	7.4%	7.4%	6.2%	5.1%	5.1%

Data Sources:

- (1) City of Rockport
- (2) Texas Workforce Commission
- (3) Rockport-Fulton Chamber of Commerce
- (4) Texas Education Agency

Omitted information is not available.

**CITY OF ROCKPORT, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS (CONTINUED)
 LAST TEN CALENDAR YEARS
 UNAUDITED**

TABLE 16

December 30,				
2017	2018	2019	2020	2021
10,645	10,555	10,238	10,969	10,877
29,952	30,706	31,788	30,172	30,172
318,839	324,102	325,343	330,957	328,181
49.5	49.3	49.1	51.4	51.4
-	-	-	-	-
2,547	3,316	2,635	2,965	3,009
6.9%	6.8%	4.2%	9.0%	5.8%

**CITY OF ROCKPORT, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
UNAUDITED**

TABLE 17

<u>Employer</u>	<u>2021</u>			<u>2012</u>		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment*</u>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment*</u>
Aransas County ISD	466	1	-	496	1	-
Aransas County	220	2	-	178	5	-
Walmart	209	3	-	232	2	-
H.E.B.	203	4	-	180	4	-
City of Rockport	127	5	-	139	6	-
State of Texas	100	6	-	107	7	-
Gulf Point Plaza	80	7	-	73	9	-
Paradise Keys	76	8	-	-	-	-
Rockport Nursing & Rehabilitation Center	72	9	-	-	-	-
Builders First Source	60	10	-	-	-	-
Wood Group Production Services	-	-	-	225	3	-
Rockport Coastal Care Center	-	-	-	80	8	-
Oak Crest Nursing Center	-	-	-	70	10	-
Total	<u>1,613</u>		<u>-</u>	<u>1,780</u>		<u>-</u>

Source: Rockport Fulton Chamber of Commerce

*** Total City Employment is not readily available**

CITY of ROCKPORT, TEXAS



CITY OF ROCKPORT, TEXAS
FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

TABLE 18

Function/Program	September 30,				
	2012	2013	2014	2015	2016
General Government					
Municipal Court	5	3	3	3	3
City Secretary	3	3	3	3	3
City Manager	1	1	1	1	1
Information/Technology	1	1	1	2	2
Finance	2	2	2	2	2
Police					
Officers	27	27	27	28	26
Civilians	13	13	12	15	15
Public Works					
Building and Development	5	5	5	6	7
Street and Drainage	11	7	7	7	7
Building Maintenance	1	1	1	1	1
Fleet	2	2	2	2	2
Parks and Recreation	28	13	13	12	13
Utilities:					
Water	16	17	17	18	18
Wastewater	6	6	6	10	10
Environmental	1	1	1	2	2
Natural Gas	6	6	6	8	8
Customer Service	6	6	6	5	6
Total	<u>134</u>	<u>114</u>	<u>113</u>	<u>125</u>	<u>126</u>

Source: City Budget

CITY OF ROCKPORT, TEXAS

TABLE 18

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM (CONTINUED)

LAST TEN FISCAL YEARS

UNAUDITED

September 30,				
2017	2018	2019	2020	2021
3	3	3	3	3
3	3	3	3	3
1	1	1	2	2
2	2	2	2	2
2	2	2	3	4
26	26	26	28	28
15	16	16	15	18
8	8	8	7	6
7	7	7	5	5
-	-	-	-	-
3	3	3	3	3
13	13	13	15	15
18	17	17	17	17
10	8	8	7	8
2	-	-	-	-
8	9	9	9	9
5	5	5	5	5
126	123	123	124	128

CITY OF ROCKPORT, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED

TABLE 19

Function/Program	September 30,			
	2012	2013	2014	2015
General Government				
Building Permits Issued	1,172	1,208	139	1,085
Building Inspections Conducted	1,557	1,540	1,978	2,097
Police				
Physical Arrests	833	598	879	1,133
Traffic Violations	4,025	1,286	2,029	1,756
Fire	N/A	N/A	N/A	N/A
Refuse Collection	N/A	N/A	N/A	N/A
Other Public Works				
Street Resurfacing (miles)	10.00	9.84	7.69	9.55
Potholes Repaired	N/A	40	28	32
Library	N/A	N/A	N/A	N/A
Water				
New Connections	150	56	150	410
Water Main Breaks	7	15	10	8
Average Daily Consumption	3,086,000	2,773,000	2,723,000	2,552,000
Peak Daily Consumption	4,980,000	4,486,000	4,400,000	4,446,000
Storage Capacity	8,100,000	8,100,000	8,100,000	8,100,000
Wastewater				
Average Daily Sewage Treatment (millions of gallons)	1.10	1.19	1.19	1.51
Transit	N/A	N/A	N/A	N/A

CITY OF ROCKPORT, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS
UNAUDITED

TABLE 19

September 30,					
2016	2017	2018	2019	2020	2021
1,238	1,989	4,760	1,997	1,350	2,535
2,137	2,733	3,791	3,304	2,852	3,304
351	687	880	541	550	620
1,598	1,057	1,500	4,688	3,742	3,742
N/A	N/A	N/A	N/A	N/A	N/A
N/A	N/A	N/A	N/A	N/A	N/A
9.10	-	-	-	-	6.70
36	17	59	61	81	102
N/A	N/A	N/A	N/A	N/A	N/A
154	152	87	207	241	205
18	16	11	14	19	44
2,684,000	2,761,000	2,591,000	2,352,700	2,658,000	2,800,000
4,027,000	4,662,000	4,677,000	3,874,000	5,782,000	4,808,000
8,100,000	7,600,000	7,600,000	7,600,000	7,600,000	7,600,000
1.44	1.02	1.32	1.02	1.12	1.29
N/A	N/A	N/A	N/A	N/A	N/A

**CITY OF ROCKPORT, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN FISCAL YEARS
UNAUDITED**

TABLE 20

<u>Function/Program</u>	<u>September 30,</u>			
	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police				
Stations	1	1	1	1
Patrol Units	12	12	12	12
Fire Stations	2	2	2	2
Other Public Works				
Streets (miles)	77	87	87	87
Parks and Recreation				
Acreage	200	150	150	150
Parks	10	10	10	10
Swimming Pools	1	1	1	1
Community Centers	1	-	-	-
Water				
Water Mains (miles)	163	163	163	163
Storage Capacity (thousands of gallons)	8,100	8,100	8,100	8,100
Wastewater				
Sanitary Sewers (miles)	67	67	67	67
Storm Sewers (miles)	31	31	31	31
Treatment Capacity (thousands of gallons)	2.5	2.5	2.5	2.5

Sources: Various city departments

CITY OF ROCKPORT, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM (CONTINUED)
LAST TEN FISCAL YEARS
UNAUDITED

TABLE 20

September 30,					
2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
12	20	20	20	21	28
2	2	2	2	2	2
87	87	87	87	87	87
150	211	211	211	211	211
10	15	15	15	15	15
1	1	1	1	1	1
-	-	-	-	-	-
163	191	191	191	191	196
8,100	7,600	7,600	7,600	7,600	7,600
67	78	78	78	78	81
31	31	31	31	31	31
2.5	2.5	2.5	2.5	2.5	2.5

FEDERAL AND STATE FINANCIAL ASSISTANCE



PARK FOWLER & CO.

Certified Public Accountants & Management Consultants
A Professional Limited Liability Company

MANAGING PARTNER:
Ronald H. Park, CPA

IN-OFFICE COUNCIL:
Daniel T.A. Cotts, JD, LLM

ASSOCIATES:
Clara A. Moreno, CPA
Marc D. Kennedy, CPA
P. Andrew Hall, CPA
Pamela De La Pena, CPA

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

To the Honorable Mayor and Members of City Council
City of Rockport, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Rockport, Texas (the "City"), as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 15, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City'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 the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City'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 was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City'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*.

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.

Park Fowler & CO., PLLC

Park Fowler & CO., PLLC

Corpus Christi, Texas

June 15, 2022



PARK FOWLER & CO.

Certified Public Accountants & Management Consultants
A Professional Limited Liability Company

MANAGING PARTNER:
Ronald H. Park, CPA

IN-OFFICE COUNCIL:
Daniel T.A. Cotts, JD, LLM

ASSOCIATES:
Clara A. Moreno, CPA
Marc D. Kennedy, CPA
P. Andrew Hall, CPA
Pamela De La Pena, CPA

INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE

To the Honorable Mayor and Members of the City Council
City of Rockport Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Rockport, Texas (the "City") compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on City of Rockport, Texas compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards, *Government Auditing Standards*, and the

Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about City of Rockport, Texas compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Park Fowler & CO., PLLC

Park Fowler & CO., PLLC
Corpus Christ
June 15, 2022

CITY OF ROCKPORT, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL, STATE AND OTHER AWARDS
YEAR ENDING SEPTEMBER 30, 2021

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Total Expenditures
NATIONAL SCIENCE FOUNDATION			
Engineering			
Passed Through			
FEMA-Winter Storm Uri	47.041	4586	\$ 62,332
Total CFDA Number 47.041			62,332
Total Passed Through			62,332
TOTAL NATIONAL SCIENCE FOUNDATION			62,332
U.S. DEPARTMENT OF HOMELAND SECURITY			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)			
FEMA-Hurricane Harvey	97.036	4332	881,009
FEMA-Hazard Mitigation Grant	97.039		213,561
Total Disaster Grants			1,094,570
Passed Through Texas Office of the Governor - Homeland Security Grants Division (HSGD)			
OPSG 2020	97.067	3171906	244,320
OPSG 2019	97.067	3171906	147,016
Total CFDA Number 97.067			391,336
Total Passed Through Texas Office of the Governor - HSDG			391,336
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY			1,485,906
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed Through Texas General Land Office			
Community Development Block Grant	14.228		380,705
Total CFDA Number 14.228			380,705
Total Passed Through Texas General Land Office			380,705
TOTAL U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			380,705
U.S. DEPARTMENT OF JUSTICE			
COVID-19 Emergency Supplemental Funding Program			
Covid-19 Grant	16.034	4149501	52,611
Total CFDA Number 16.034			52,611
TOTAL U.S. DEPARTMENT OF JUSTICE			52,611
TOTAL EXPENDITURES OF FEDERAL AWARDS			1,981,554
State Awards:			
Texas Office of the Governor - Homeland Security Grants Division (HSGD)			
Border Star	N/A		9,978
Total Texas Office of the Governor - HSGD			9,978
TOTAL STATE AWARDS			9,978
TOTAL AWARDS:			\$ 1,991,532

CITY OF ROCKPORT, TEXAS
Notes on Accounting Policies for Federal Awards
For the Year Ended September 30, 2021

NOTE 1 -- BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal and state awards (Schedule) includes the federal and state award activity of the primary government of the City of Alice, Texas (City) under programs of the federal and state government for the year ended September 30, 2021. The City's reporting entity is defined in Note 1 in the City's basic financial statements for the year ended September 30, 2021.

The information in this Schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards (Uniform Guidance) and the State of Texas Uniform Grant Management Standards (UGMS) issued by the Texas Comptroller of Public Accounts. Because the Schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position/fund balance or cash flows of the City.

NOTE 2 -- SIGNIFICANT ACCOUNTING POLICIES

Governmental fund expenditures reported on the Schedule are reported on the modified accrual basis of accounting. Proprietary fund expenses reported on the Schedule are reported on the accrual basis of accounting. The City's summary of significant accounting policies is presented in Note 1 to the City's basic financial statements for the year ended September 30, 2021. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, other applicable regulatory guidance or State of Texas Uniform Grant Management Standards (UGMS), wherein certain types of expenditures are not allowable or are limited as to reimbursement. Negative amounts, if any, shown on the Schedule represent adjustments or credits made in the normal course of business to amounts reported as expenditures in prior years.

NOTE 3 -- INDIRECT COST RATE

The City has elected not to use the 10 percent de minimis indirect cost rate allowed under the Uniform Guidance.

CITY OF ROCKPORT, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

I. Summary of Auditor's Results

A. Financial Statements

1. Type of auditor's report issued: Unmodified
2. Internal control over financial reporting:
- Material weakness(es) identified? ☐ Yes ☒ No
 - are not considered to be material weaknesses? ☐ Yes ☒ None Reported
3. Noncompliance material to financial statements noted? ☐ Yes ☒ No

B. Federal Awards

1. Internal control over major programs:
- Material weakness(es) identified? ☐ Yes ☒ No
 - are not considered to be material weaknesses? ☐ Yes ☒ None Reported
2. Type of auditor's report issued on compliance for major programs: Unmodified
- Any audit findings disclosed that are required to be reported in accordance with Section 2 CFR 200.516(a) of the Uniform Guidance? ☐ Yes ☒ No

3. Identification of major programs:

CFDA Number

66.468

Name of Federal Program

Capitalization Grants for Drinking
Water State Revolving Funds

Dollar threshold used to distinguish between
Type A and Type B programs:

\$750,000

Auditee qualified as low-risk auditee?:

☐ Yes ☒ No

CITY OF ROCKPORT, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS-CONTINUED
Year Ended September 30, 2021

Section II - Financial Statement Finding

None reported.

Section III - Federal Award Finding and Questioned Costs

None reported.

CITY OF ROCKPORT, TEXAS
SUMMARY STATUS OF PRIOR YEAR FINDINGS
Year Ended September 30, 2021

Finding 2020-001 Undetected Errors - Material Weakness in Internal Control over Financial Reporting

Status – Corrected, as additional staff has been hired allowing for proper supervision and review.

Finding 2020-002 – Significant Weakness in Internal Control over Compliance

Status – Corrected, as additional staff has been hired allowing for proper supervision and review