



City Council Regular Called Meeting Agenda

COUNCIL CHAMBERS - 1209 FIORELLA STREET

Tuesday, March 24, 2026

6:00 PM

The City Council of the City of Castroville will meet in the Regular Called Meeting beginning at 6:00 p.m. in the Council Chambers at City Hall on the following items listed on the agenda.

- I. Call to Order**
- II. Roll Call**
- III. Pledge of Allegiance**
- IV. Invocation**
- V. Citizen Comments**

The City Council will hear comments from any citizen or visitor. Speakers must address their comments to the presiding officer rather than individual council members or staff; stand at the podium, speak clearly into the microphone and state your name residential address before speaking. Speakers will be allowed a maximum of 3 minutes for testimony. In accordance with the State Open Meetings Act, the City Council is restricted from discussing or taking action on items not listed on the agenda. Action can only be taken at a future meeting.

VI. Consent Agenda:

- a.** Minutes for March 10, 2026 Regular Called Meeting.

VII. Presentations

- a.** Presentation on the installation of a Veterans Memorial at September Square by Barry Roberson and Johnny Guzman.
- b.** Presentation by the Castroville Area Chamber of Commerce on the proposed service contract with the City of Castroville for Tourism and Economic Development Activities.
- c.** Presentation from Parks and Recreation Director Jonah Chang on recommendations from the Parks and Recreation Advisory Board for the new Pool Bathhouse.

VIII. City Council Liaison Reports

Airport Advisory Board - March 3, 2026 - Martinez

Library Advisory Board - March 12, 2026 - Lee

Historic Landmark Commission - March 17, 2026 - King

Parks and Recreation Advisory Board - March 18, 2026 - Merz

* Planning and Zoning Commission Special Called is March 25, 2026 this month (no report)

IX. Discussion and Action Items

- a.** Discussion and take appropriate action on approving the proposed September Square Military Memorial Project.
- b.** Discussion and take possible action on adopting a Resolution authorizing the Mayor to sign a contract for Tourism and Economic Development activities with the Castroville Area Chamber of Commerce.
- c.** Discuss and take appropriate action to adopt an Ordinance authorizing the installation of Stop Signs at the intersections of Gentilz and Athens (convert to 4-way), London and Fiorella (convert to 4-way) and Country Village and Village Path (convert to 3-way).
- d.** FY 2025 Annual Financial Audit Presentation and appropriate action on acceptance of the FY 2025 Annual Financial Audit.
- e.** Discussion and possible action to award a contract for Design-Build Services for the Garcia Creek Drainage Improvements Project.
- f.** Discussion and take appropriate action on **Change Order No. 2** for the Flat Creek Water Well Plant – Package 1 Project with Hydro Resources in the amount of **\$599,631**, and authorize the City Administrator to execute the necessary documents.
- g.** Consider and take appropriate action on seeking input on the City Library Expansion Plans from the Library Advisory Board and the Friends of the Library Group before moving forward with the City Council approved project.
- h.** Discussion and appropriate action to establish the proposed scope of the Regional Park Pool bathroom and shower building.
- i.** Consider and take possible action on recommendations provided by the committee assigned to review the building maintenance requirements for the Steinbach Haus Visitor Center, Wagon Barn, and City Hall.
- j.** Consider and taken appropriate action on status of the drainage improvements, cleanup, and installation of security fencing for the Steinbach Haus Visitor Center.
- k.** Update on Citywide Streets and Drainage Maintenance from Public Works Director John Gomez
- l.** Update on the 2026 Street Paving Plan by Public Works Director John Gomez
- m.** Discussion and appropriate action to direct staff to draft amendments to the Comprehensive Zoning Ordinance (CZO) to create an Institutional Zone and all other required actions to prepare these changes for review and adoption.
- n.** Discussion and appropriate action to direct the Planning & Zoning Commission to review and make appropriate recommendations related to parkland dedication revisions for in the subdivision ordinance.
- o.** Discussion and appropriate action to direct staff to create a process to notify property owners when 8-1-1 locate calls are requested.
- p.** Consider and take appropriate action to direct city staff to provide City Council with a survey of city power lines threatened by trees and providing a plan of action to remove the threat.

- g.** Consider and take appropriate action on directing city staff to provide a report to City Council on the potential expansion of the natural gas services provided by the City.
- r.** Consider and take appropriate action on directing city staff to provide a report to City Council on proposed expansion of the water and wastewater systems within the City CCN to meet the demands of future developments.
- s.** Consider and take appropriate action on directing city staff to provide a report to City Council on the use of recycled water for storage and distribution for irrigation.
- t.** Consider and take appropriate action directing city staff to provide a report to City Council on the operational condition, including testing cycles and readiness of all city owned generators used for emergency power.

X. City Administrator Report

The following report topics may be discussed and acted upon:

- a. Drainage Projects: Geneva Channel, Garza Creek, Athens Area Drainage, Country Channel
- b. BMA Trail Access
- c. Streets, Maintenance, and Paving Plan
- d. WWTP Ponds
- e. Multimodal Planning Effort
- f. Community Center Construction
- g. Lion's Park Splash Pad
- h. CIP Workshop Implementation
- i. Hwy 90 TxDOT Construction Project
- j. County Streets Plan
- k. Flat Creek Water Plan

XI. Discussion on Future Agenda Items

XII. Adjourn

Accessibility Statement

The City Hall is wheelchair accessible. The exit and parking ramps are located at the rear of the building.

Non-Discrimination Statement

The City of Castroville does not discriminate on the basis of race, color, national origin, sex, religion, or disability in the employment or the provision of services.

The City Council of the City of Castroville reserves the right to adjourn into closed session at any time during the course of this meeting to discuss any of the matters listed above, as authorized by the Texas Open Meetings Act.

I hereby certify that the above notice of meeting was posted on the bulletin board of City Hall, Castroville, Texas on March 20, 2026 before 6:15 p.m.

/s/ Debra Howe

City Secretary

**CITY OF CASTROVILLE CITY COUNCIL
REGULAR CALLED COUNCIL MEETING
1209 Fiorella
City Council Chambers
March 10, 2026
Tuesday
5:00 P.M.
MINUTES**

I. CALL TO ORDER

Mayor Alexander called the meeting to order at 5:01 p.m.
Mayor Alexander acknowledged a quorum of four members was present.

Mayor Alexander recessed into executive session at 5:02 p.m.

II. EXECUTIVE SESSION

The City Council will convene in closed session pursuant to the Texas Open Meetings Act, Chapter 551 of the Texas Government Code for one or more of the following authorized reasons:

a. The City council will meet in closed session pursuant to the Texas Open Meetings Act, Chapter 551.074, Personnel Matters, to deliberate the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of the following public officers or employees:

a. City Administrator R. Scott Dixon

Opened: 5:03 p.m.

Councilmember Merz arrived at 5:33 p.m. during the executive session.

Closed: 5:53 p.m.

III. RECONVENE IN OPEN SESSION

Mayor Alexander reconvened in open session at 6:14 p.m.

IV. ROLL CALL

Present:

- | | |
|--------------------------------|--|
| Mayor Bruce Alexander | Leroy Vidales, Finance Director |
| Mayor Pro Tem Sheena Martinez | Debra Howe, City Secretary |
| Councilmember Houston Marchman | James, Kohler, Police Chief |
| Councilmember Phil King | John Gomez, Public Works Director |
| Councilmember David Merz | Jonah Chang, Parks and Recreation Director |
| Councilmember Robert Lee | Mike Haley, Airport Manager |

(Cont.)

Absent:
Scott Dixon, City Administrator

Others in Attendance:
Daniel Jones, Denton, Navarro, Rodrigues, Santee, Benal & Zach

V. PLEDGE OF ALLEIGENCE

VI. INVOCATION

Pastor Matt Guterriez, of the Discover Church gave the invocation.

VII. CITIZENS COMMENTS

The City Council will hear comments from any citizen or visitor. Speakers must address their comments to the presiding officer rather than individual council members or staff; stand at the podium, speak clearly into the microphone, and state your name and residential address before speaking. Speakers will be allowed a maximum of 3 minutes for testimony. Speakers making personal, impertinent, profane, or slanderous remarks will be given one warning before losing the privilege to speak or may be removed from the room. In accordance with the State Open Meetings Act, the City Council is restricted from discussing or taking action on items not listed on the agenda. Action can only be taken at a future meeting.

Barry Robinson, 1310 Fiorella Street, a senior in high school and member of a local 4-H group, spoke to the City Council on him and partner Johnny Gutzman working on a Veterans walkway project at September Square. Mr. Robinson said they had raised \$10,000 in donations and wanted get approval to build a walkway. Mr. Robinson said he would like to be placed on a future meeting to give a presentation on their plan and get approval to move forward with their project.

VIII. CONSENT AGENDA

- a. Minutes for February 11, 2026 Special Called Joint City Council and Planning and Zoning Commission Meeting.
- b. Minutes for February 24, 2026 Special Called City Council Meeting
- c. Minutes for February 24, 2026 Regular Called City Council Meeting

Mayor Alexander requested 8b. and c. minutes for Special and Regular Called meetings for February 24th be removed for corrections.

A motion was made by Councilmember King and duly seconded by Councilmember Marchman to approve 8a. minutes for February 11, 2026 Special Called Joint City Council and Planning and Zoning Commission Meeting. A vote was taken (5:0 all ayes) the motion carried by all present.

Mayor Alexander said under 8a. Special Called minutes for February 24,2026 item 4a. discussion on identifying, prioritize, and funding capital projects he had asked about streets identified for maintenance in Alsatian Oaks, not Country Village as shown and asked that be corrected.

Mayor Alexander said on 8b. Regular Called minutes for February 24, 2026 item 11h. related to installation of a pump, motor, and electrical components for new Flat Creek water well the motion did not include the names of the Councilmembers who made and seconded the motion and asked that be corrected.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to approve items b. and c. Special Called and Regular Called Minutes for February 24, 2026 with corrections. A vote was taken (5:0 all ayes) the motion carried by all present.

IX. MAYOR’S REPORT

- a. CIP
- b. CPS Billing Dispute
- c. Development Agreements
- d. Ordinance Updates

Mayor Alexander briefed the City Council on the recent CIP meeting on February 24, 2026, they had all attended. Mayor Alexander summarized the meeting saying the City Council took action approving funding for streets maintenance for \$600,000 this budget year with a plan to come back for approval; \$469,367 for a 50/50 match with the \$750,000 grant received by the City for an all-inclusive playground at Lions Park; \$549,000 for remodel of the public library; \$1 million for the remodel of the City Hall; \$200,000 Regional Park parking; and \$205,000 for new pool showers/bathrooms building. Mayor Alexander said he had spoken to the Library Director and Parks Director on expediting their projects. Mayor Alexander spoke on moving forward with cleaning bar ditches to help drainage as soon as possible. Mayor Alexander spoke on working with the CPS on a billing dispute that originally was shown as \$1.9 million, reduced to \$625,000, and after working with them and agreed on with the City paying approximately 10% of the reduced amount at \$62,563.07. Mayor Alexander said there were ongoing discussions on transmission costs and hoped to foster a better working relationship with CIP in the future. Mayor Alexander said P3 Consultants were working on current and past development agreements for any changes and the agreements would be brought back for discussion and action. Mayor Alexander thanked the Planning and Zoning Commission for starting the reviews of the ordinances in their parameter. Mayor Alexander asked the City Secretary to look at what was needed to update Chapter 2 regarding posting times for meetings since the legislation had changed the requirements during last session.

X. Consider possible action(s) resulting from items posted and legally discussed in Executive Session

Consider and take possible action regarding the Performance Improvement Plan for the City Administrator

A motion was made by Councilmember Marchman and duly seconded by Councilmember Martinez to approve the Performance Improvement Plan provided by the City Attorney for the City Administrator. A vote was taken (3ayes: 2 nays (King, Merz) the motion carried by a majority vote.

XI. DISCUSSION AND ACTION ITEMS

- a. Consider and take appropriate action on approving a contract between the City of Castroville and Medina County Elections Administrator for Election Services for the May 2, 2026 General Election

City Secretary Howe briefed the City Council on the contract for election services with Medina County Election Administration for the upcoming 2026 May General Election. Ms. Howe said the election costs were split with the school district and the estimated cost for the City was \$8,500. Ms. Howe said the FY26 budgeted amount was shown as \$10,000.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to approve a contract between the City of Castroville and Medina County Elections Administrator for Election Services for the May 2, 2026 General Election and authorizing the City Secretary/Election Coordinator for the City of Castroville to sign the agreement. A vote was taken (5:0 all ayes) the motion carried by all present.

b. Discussion and appropriate action regarding results of traffic calming study for the following intersections: Gentilz and Athens, Country Lane & Village Path, Fiorella & London Streets

Police Chief Kohler briefed the City Council on results of the traffic calming studies completed for the intersections of Gentilz and Athens, Country Lane and Village Path, and Fiorella and London Streets. Chief Kohler said there was moderate speeding found on Gentilz and Athens; and with the amount of traffic coming from the Park, during Special Events, and complaints received from citizens living in this area on concerns of safety for the walkers, he recommended making the intersection a 4-way. Chief Kohler said there was a request made for a more visible dead-end sign to alert drivers when leaving the Park. Chief Kohler said the intersection of Fiorella and London had always been a safety issue due to the building on the corner location. The building extended out into the line of sight causing drivers to pull into the intersection to check for cross traffic. Chief Kohler recommended making the intersection a 4-way with the additional stop signs; but with the change, one-two parking spaces would be removed on the street as per State Law. Chief Kohler provided the traffic code on parking restrictions near stop signs. Mayor Alexander clarified the law stated no parking within 30 feet of a stop sign. Chief Kohler said that was correct, and this was to keep vehicles from impeding sight at an intersection. Chief Kohler said the intersection of Country Lane and Village Path had only one stop sign; and in meeting with Councilmember Merz on issues he witnessed regularly; he recommended making the intersection a 3-way for safety purposes. Councilmember Merz provided a survey of 16 neighbors on what they felt would help with traffic control. The survey provided results from categories of options to help control the flow/speed of traffic with the following in support of: painted lane lines (13), marked street parking (7), speed limit reduction to 15 miles per hour (8), speed bumps (12), and stop signs (7). Mr. Merz said some people were open to speed bumps and some were willing to pay for if that was a consideration. Chief Kohler said another option was a speed reduction. Mayor Alexander said he was in favor of all of the suggested changes. Councilmember Merz said he had no issues with the first two intersection recommendations; but with his neighborhood, he wanted a 3-way stop sign intersection with painted lines for safety. Mr. Merz said he had almost been in an accident recently and would like to have enhanced painting and bollards installed. The suggestion of flashing signage to help slow down the traffic was a possible option. Mr. Merz felt it would not help and wanted to implement a pilot program and physical traffic measures. Councilmember Lee asked what area Councilmember Merz wanted to do this at and suggested reviewing again in 3-4 months after the installation of the stop signs. Chief Kohler said they would also increase enforcement in the area. Councilmember Merz did not think adding the two stop signs would decrease the speeding on Alvina.

A motion was made by Councilmember Marchman and duly seconded by Councilmember Martinez to create and bring back for consideration an Ordinance for the installation of the recommended stop signs at the intersections of Gentilz and Athens, Country Lane and Village Path and Fiorella and London Street.

Before the vote Councilmember Merz requested an amendment to the motion to include a traffic pilot program for Country Village. Councilmembers Marchman and Martinez did not wish to amend their motion to include his request.

A vote was taken (5:0 all ayes) the motion carried by all present.

- c. Discussion and appropriate action to adopt a resolution authorizing submission of an application to the State Homeland Security Grant Program for a Police Patrol Vehicle

Police Chief Kohler briefed the City Council on submitting an application to the State Homeland Security Grant Program for the purchase of a new patrol vehicle. Chief Kohler said the amount shown in the resolution was \$101,280.00 and was higher than the last resolution due to this unit being fitted with new equipment. Chief Kohler said in the past they had been able to reuse old equipment to save on costs. Chief Kohler said this grant was not a matching grant, and the City would not be out any funds. Mayor Alexander was happy that the department was receiving so many grants and hoped the department would be awarded this one. Councilmember Martinez was pleased the department was going out for the grants.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Merz to approve a resolution authorizing the Castroville Police Department to apply for and accept grant funding through the State Homeland Security Grant Program (HSGP), grant #5905901 in the amount of \$101,280.00 for the purchase of one Police Patrol vehicle. A vote was taken (5:0 all ayes) the motion carried by all present.

- d. Discussion and appropriate action to accept the Racial Profiling Report for 2025

Police Chief Kohler briefed the City Council on the 2025 Racial Profiling Report. Mayor Alexander asked if this was required, and Chief Kohler said the department was to present for acceptance yearly. Chief Kohler said there had been 5,920 total stops with 2,633 written warnings. Councilmember Merz asked who evaluated the reports. Chief Kohler said he assumed it was TCOLE, and the data input could not be changed by the department. Councilmember Martinez applauded the officers for stopping speeders.

A motion was made by Councilmember Merz and duly seconded by Councilmember Martinez to accept the 2025 Racial Profiling Report. A vote was taken (5:0 all ayes) the motion carried by all present.

- e. Discussion and appropriate action to accept a Texas Parks & Wildlife (TPWD) grant award for the Lion's Park Improvement project

Mayor Alexander said the City Council had approved the submission of the grant application back in August/September time frame; and the City had notification it had been awarded the grant with the match

funding approved at the February 24th council meeting. Mayor Alexander questioned why this item was back on the agenda. Parks and Recreation Director Chang said at the last meeting he realized the City Council may have more questions about the plan submitted for the grant. Mr. Chang said he had not heard anything from the TPWD on when the City would receive the official documents.

Mayor Alexander said he would prefer to have the grant in hand before they took action to accept. Councilmember Martinez asked if the project would take away from the soccer fields. Mr. Chang said no they would adjust to fit the area. Councilmember Lee said the maintenance of the design shown with the flowers and trees that were just decoration could be costly to the City. Mr. Lee said in his research the normal life span of playground equipment was 15 to 20 years, which agreed with what Mr. Chang said. Mr. Lee thought it was going to be expensive for the equipment that had a short life span. His concerns were the availability of parts as companies tended to change designs. Mr. Lee thought the City should concentrate more on the equipment and less on decorative accessories. Mr. Lee wanted the City to look at other equipment suppliers and bring back information and references from others using the equipment to get the best value for the money along with maintenance. Mayor Alexander agreed. Mr. Chang said there might be some room to make changes but they had to work within the parameters of the grant. No action was taken.

f. Discussion and possible action to amend the Castroville Comprehensive Fee Schedule to modify the fees related to utility reconnect and highway banner

Councilmember Lee briefed the City Council on amending the Comprehensive Fee Schedule to change the reconnect fee from \$100 back to \$50 and reduce the banner fees to a more reasonable amount. Councilmember Lee said the increase approved earlier in the year was too high saying the citizens not able to pay their bill could not afford to pay a reconnect fee that high. A question of whether a reconnect fee should be charged for vacation hold accounts was discussed. Councilmember Merz felt a recovery fee should be enforced as staff continued to maintain while turned off. The City Council decided to vote on the two items reconnect fee and banner fees separately. Councilmember King clarified that the reconnect fee would be reduced back down to \$50.00 and the after-hours customer requested reconnect fee was an additional \$50.00. Councilmember Lee also wanted an option of all reconnect fees to be waived by the City, if the situation warranted.

A motion was made by Councilmember King and duly seconded by Councilmember Merz to approve modifying the Comprehensive Fee Schedule and reduce the reconnect fees to \$50.00 including an additional \$50.00 for customer requested after-hours reconnects. A vote was taken (5:0 all ayes) the motion carried by all present.

Councilmember Lee spoke on the large increase from \$75 to \$600 to the banner fees approved by the City Council. Mr. Lee said he understood that the Chamber of Commerce had not had a banner installed advertising Old Fashion Christmas this past year due to the large increase. Mr. Lee said the purpose of advertising events in the City was to bring tourism to the City and felt the fee needed to be revisited. Mr. Lee recommended changing to \$200. Councilmember Martinez said in Hondo their fees were \$25 for an application fee and from \$50-\$250 to hang. Councilmember King said the City did not allow other organizations to post. Mr. King said he understood the City would have no control over banners if they did. The City Attorney agreed. Mayor Alexander said they needed to look at the banner policy. Councilmember Lee suggested bringing back the policy for the City Council to review.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to approve the change from \$600 to \$100 per hour not to exceed \$200 total. A vote was taken (3ayes:2 nays (King, Merz)) the motion carried by a majority vote.

g. Discussion and possible action regarding the marketing of airport property on the Castroville Economic Development Council website(s)

Councilmember Lee briefed the City Council on his request to discuss the information on the Castroville Area Economic Development Council website related to the airport. Mr. Lee said the property at the airport would cost millions of dollars to develop and felt the City was not ready and should not promote the area without a plan of business first. Mr. Lee provided an up to date map from the current Airport Master Plan and said the out of date map shown on the CAEDC website should be taken down from the site. Mr. Lee said the City had identified it wanted green space as the City developed and the airport was the one area the City could control that could be part of the green space plan, but nothing had been identified yet. His concern was if the City did not do something before the land was developed it could be too late. He felt if a developer came to the City now, before they had a well thought out plan in place the City would not know how to proceed and could make regrettable mistakes. Mr. Lee said the City had no idea of the cost to improve the area with utilities, roads, taxiways and other needs not identified. Mr. Lee said this should be addressed as a future agenda item. Mayor Alexander said he had noticed the site information did not match the current layout of the Airport. Arnie Dollase, Chairman of the CAEDC gave a brief history on the group saying they were a 501C6 and been in operation since 2008 to promote the City and Medina County for development and started the GoMedina Association. Mr. Dollase said there had been an interest in the Airport in 2014 from a Korean company that manufactured windshield wipers. Mr. Dollase said this business would have met the requirements set by the FAA, but they chose to do business in McAllen instead as it was more economical. Mr. Dollase said he had spoken to his board on the out-of-date materials; and since they were updating their website now they could include the updated map. Councilmember Martinez was in favor of the CAEDC promoting and to update their site with the current layout from the Airport Master Plan on their website. Councilmember Merz felt this item should not have been put on the agenda for discussion by the City Council as this was a private website, and they had no control over. Councilmember Lee said there could be many issues come up with the outdated information on a website and others talking to developers about City properties. Mayor Alexander said the Airport Master Plan was a public document and anyone could publish. Mayor Alexander said he was in favor of updating the information on the CAEDC website and felt Mr. Dollase would send any interests of development to the City for discussions. Mr. Dollase said they would make the changes and be ready within a week. Airport Manager Mike Haley was recognized and made a recommendation to put a link to the current Master plan on the website with all the information and denote requirements to operate out of the Airport and that no funding sources were identified. Mr. Haley said in looking 3-5 years out to budget for improvements to the access road he felt they would have more business options. Mr. Haley and Mr. Dollase would work together to get the current information up. No action was taken.

Mayor Alexander recessed the meeting for a short break at 8:07 p.m.

Mayor Alexander reconvened the meeting in open session at 8:16 p.m.

(Cont.)

h. Discussion and appropriate action to authorize the purchase of a vehicle for the Gas Utility Department

Public Works Director John Gomez briefed the City Council on the requested purchase of a vehicle for the Gas Utility Department. Mr. Gomez said this staff had gone back and requested a quote from Buyboard and the local vendors on a F250 versus F350 costs. Mr. Gomez said Buyboard was higher and recommended going with a local vendor. Aaron Garcia, Gas Superintendent, was in attendance saying they were looking at a 2-wheel drive instead of a 4-wheel drive with an enclosed service body, and he recommended the F350 over the F250 since the price difference was only \$1000. Councilmember Merz asked the difference in the models. Mr. Garcia said the F350 had more heavy-duty suspension. Councilmember Lee asked where the truck would be serviced since it would come out of San Antonio. Mr. Gomez said the local dealerships serviced all models. Mr. Gomez said they recommended purchasing a Ford F350 from Red McCombs for a price of \$76,358.00.

A motion was made by Councilmember Martinez and duly seconded by Councilmember Marchman to authorize the purchase of a 2026 Ford F350 from Red McCombs Ford in the amount of \$76,358.00 for the Gas Utility Department. A vote was taken (5:0 all ayes) the motion carried by all present.

Council asked when the truck would be delivered and was told 3 months out.

i. Discussion and appropriate action to establish the proposed scope of the Regional Park Pool bathroom and shower building

Parks and Recreation Director Jonah Chang briefed the City Council on the proposed pool bathroom and shower building. Mayor Alexander asked if it was a prefab or stick-built structure. Mr. Chang said this would be a metal framed building with optional outer material and the original building design had been more ornate. Mr. Chang said the new building would not effect any of the current buildings and would be going out for bids. Mayor Alexander asked when construction would be complete once it was bid. Mr. Chang said hoped to have by the summer. Councilmember Martinez asked about the cost. Mr. Chang said a prefabricated metal building was shown in option #2 and Frontera, the company building the Community Center, might be able to do for under the \$205,000. Councilmember Marchman asked about the number of restrooms shown. Mr. Chang said there would be two unisex and one ADA accessible family restroom to meet the ADA compliance. Councilmember King corrected the building type as pre-engineered not prefabricated. Mr. Chang said they could go back and have stone or another material on the outer facade of the building to tie in with the Community Center look. Mr. Chang said the roof materials could be changed to reduce cost. Mr. Chang said it would be a simple change to the design plans and could be brought back for City Council to review. Mr. Chang said he had brought this back after the CIP discussions, thinking some of the members may have had some confusion on the two options. He wanted the City Council to have another opportunity to ask questions and get clarity. Councilmember King asked would Frontera honor the original bid amount. Mr. Chang said he would be contacting them to have that discussion. Councilmember Merz felt adding nice trim to the building would not cost a lot extra and they needed something nice. Mr. Merz said the Parks Board had recommended Option #2. Councilmember Lee said the building needed to match the other buildings and needed a utility storage room with space for water heaters and make the outside showers closest to the pool for ease of access.

A motion was made by Councilmember King and duly seconded Councilmember Martinez to authorize staff to bring back to the City Council both options #1 and #2 for design and build.

Further discussion followed.

Councilmember King said Option #2 was a larger building with an extra restroom, and this was not designed. Mr. King said the City could put out as a design build project and save on time. With a design built project, the bidder would design the project with costs to specs provided by the City, not bid on engineered plans. Option #1 was shown with concrete masonry unit (CMU) lower walls and had a higher cost. This option needed to be redesigned as a metal framed building. Councilmember King did not think this building would be ready this swim season. Mayor Alexander disagreed and thought it could be completed.

A vote was taken (5:0 all ayes) the motion carried by all present.

XII. DISCUSSION ON FUTURE AGENDA ITEMS

Councilmember Merz requested his items of changes to the Subdivision ordinance on parkland dedication, Creating an Institutional Zone, and 811 line locate notifications.

Councilmember Lee requested discussion and action on Airport appraisal on baseball fields and discussion on non-aviation airport properties for regional sports/park complex. Mr. Lee requested staff report on conditions of all city generators including testing cycles and readiness to put online in an emergency. A report on dead and live tree that threaten powerlines and plan for removal. Projections for existing and additional water and wastewater facilities needed for future development. Report on Expansion of the Natural Gas System to meet future growth. Discussion on use of treated wastewater for irrigation purposes and discussion on sales and property tax applicable to Airport Businesses and assets.

Mayor Alexander requested staff update reports from the CIP meeting.

Councilmember Merz noted the request from Barry Roberson to present the September Square Memorial Project at a future meeting. Mr. Merz requested a discussion on creating a Traffic Calming Pilot Policy, Banner Policy and a presentation on a sports complex at regional park in April.

Mayor Alexander said there would be a Special Called Meeting on Monday March 16, 2026 at 5:30 p.m. with an executive session to provide the Performance Improvement Plan to the City Administrator.

Mayor Alexander also notified the City Council he would not be at the April 14th meeting due to going to Washington DC to speak at a water symposium.

XIV. ADJOURN


Mayor Alexander adjourned the meeting at 8:52 p.m.

Minutes March 10, 2026
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(Cont.)

Mayor

ATTEST:

City Secretary



Veteran's Memorial Walkway

Johnny Guzman
Brae Robertson

Mission Statement

- Our mission is to honor the courage, sacrifice, and service of our nation's veterans by creating a Veteran's Memorial Walkway at September Square. This space will serve as a lasting tribute to those who have defined our freedoms, including those who were prisoners of war, missing in action, and those who made the ultimate sacrifice to our country.
- We are also committed to raising awareness and remembrance for the "22" veterans lost each day to suicide—recognizing that some of the greatest battles are fought long after service ends.
- We aim to build a place of reflection, healing, and education.

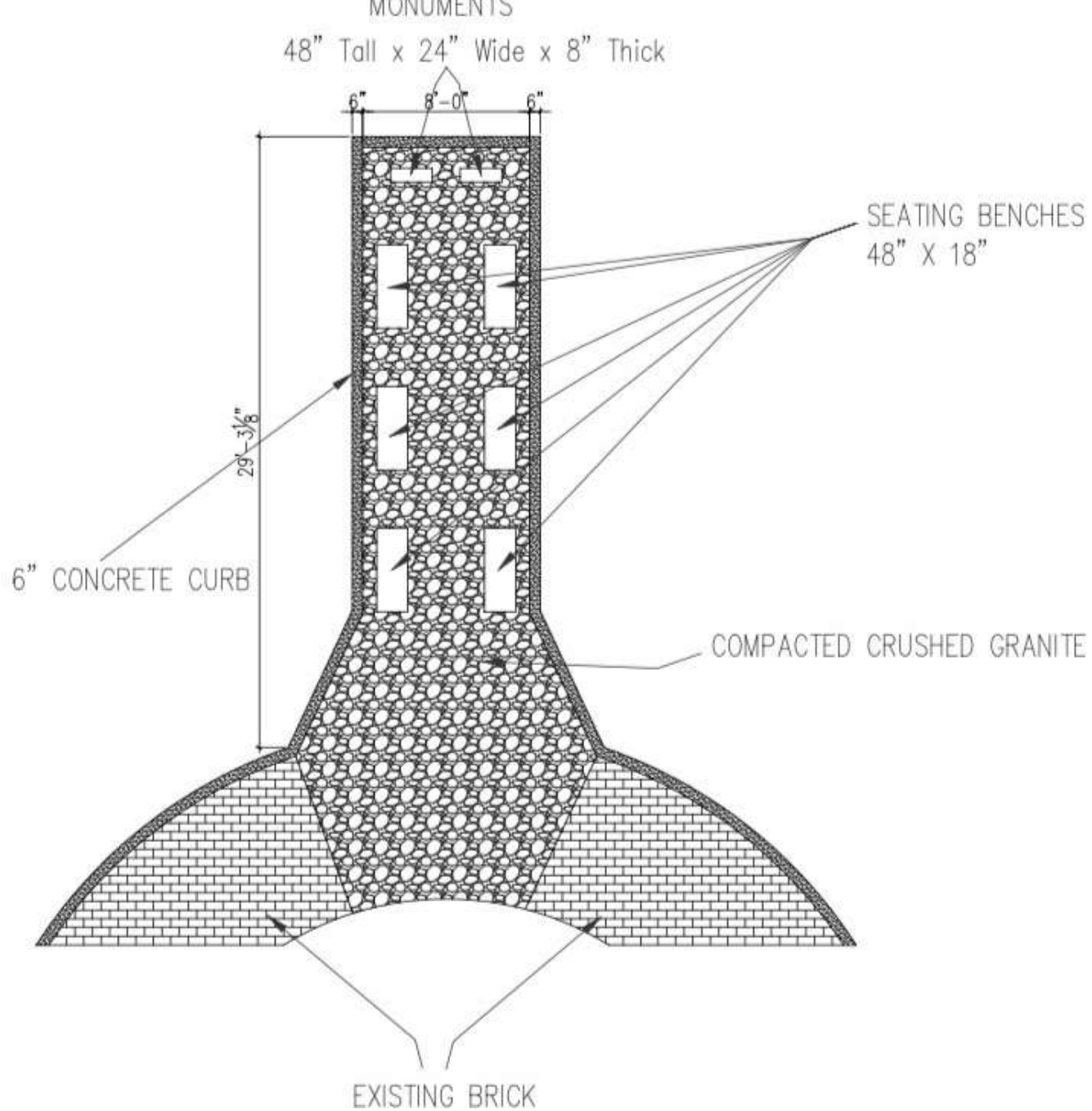

BEJAR CARAVAN NO. 56
ORDER OF THE ALHAMBRA

Section VII, Item a.

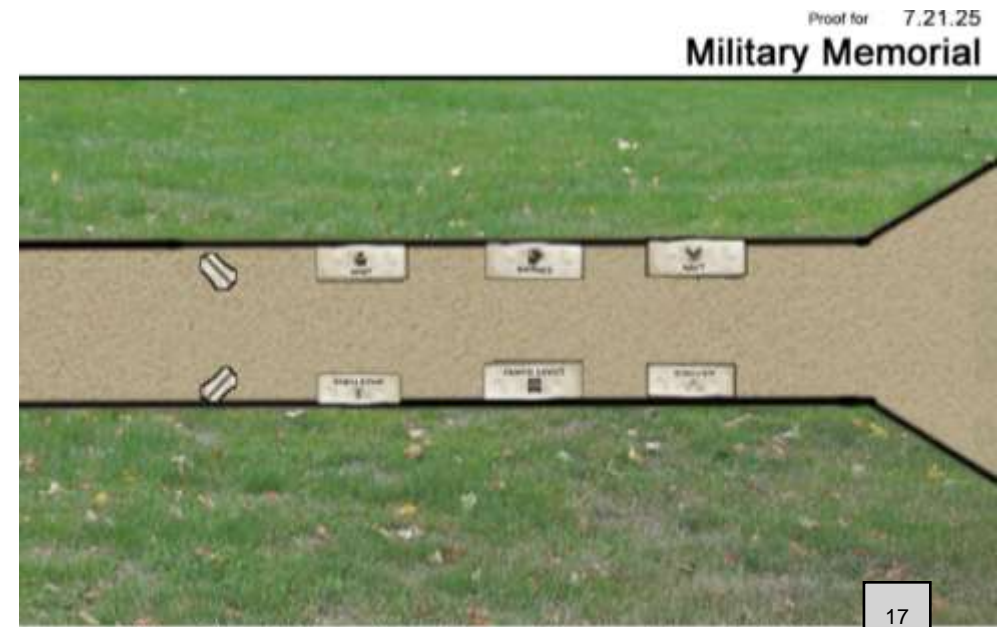


DEDICATION OF THE COMMEMORATIVE MONUMENT.
Presented by Bejar Caravan No. 56, Order of the Alhambra.





Section VII, Item a.



Military Memorial Layout- Two 4' Memorial stone with cap & Six 4' Bench
 * NOTE THAT NO TWO BOULDERS ARE THE SAME. *ALL FONTS AND IMAGES MAY VARY SLIGHTLY ON COMPLETED PRODUCT.
 PROOFS SHOWN ARE NOT EXACT REPRESENTATIONS AND LIKE ALL NATURAL MATERIALS VARIATION IS NORMAL.

SIDE A

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S Section VII, Item a.

HIDDEN WOUNDS
OF WAR

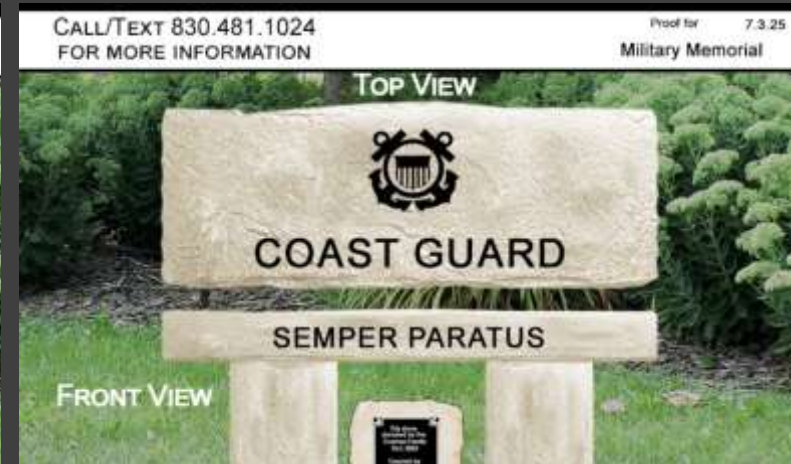
THE SOLDIER ABOVE ALL OTHERS
PRAYS FOR PEACE, FOR IT IS THE
SOLDIER WHO MUST SUFFER AND
BEAR THE DEEPEST WOUNDS AND
SCARS OF WAR.

DOUGLAS MACARTHUR



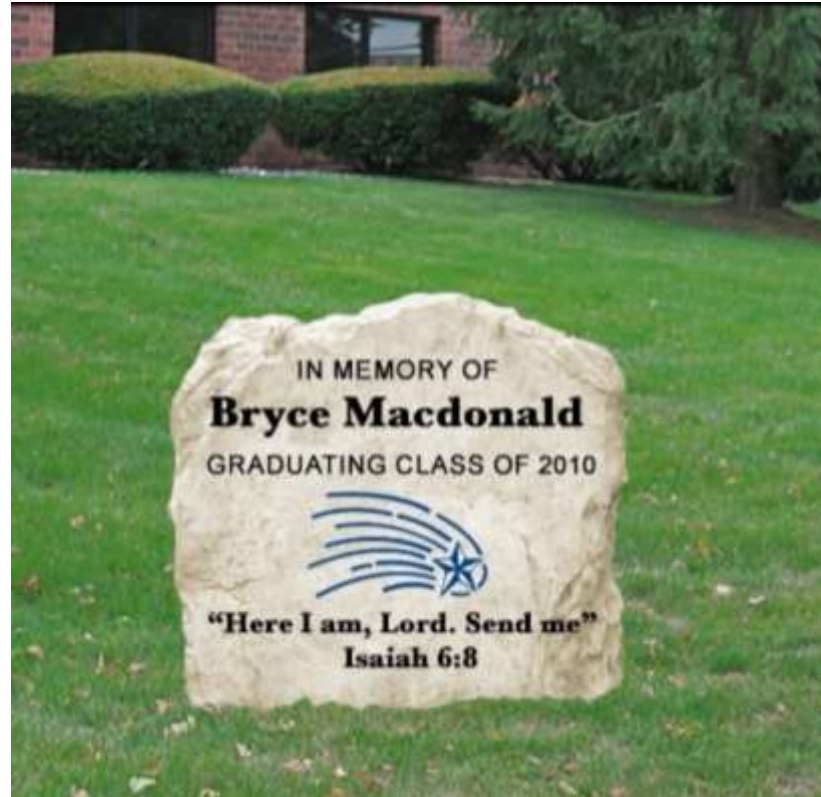
4'tall by 2'
wide by
8'thick

Benches,
4' wide by
18" tall by
4" thick,
15" wedge
legs



Contractor for benches and monuments

- Nature's Mercantile
- New Braunfels, Texas
- COVID-19 Memorial behind
Castroville Public
Library
- Memorial for Bryce
McDonald at St. Louis
Catholic School



Bench and monument material

-
- The stones and benches are man-made with fiber and steel reinforced concrete and a sand mix with special additives. The strength when fully cured is 4000 PSI and the process takes about 30 days.
 - The process allows them the opportunity to etch and insert metal artwork seamlessly.
 - This also allow the, to insert removable metal lifting rings on the 2 monuments for easy transport and installation.

Sidewalk Contractor & Materials

-
- Nash Construction
 - Six(6) inch concrete edging with crushed granite insert
 - Decomposed Granite: \$380
 - 3.5 Cubic Yards
 - Installation of DG: \$500
 - Sitework & Excavation: \$500
 - Excavate 4" of dirt & haul off
 - Concrete Curbing: \$1,800
 - 72 Linear Feet

Total cost of the project:
\$13,180.00

\$10,000

- 2 Monuments
- 2 Donor Plaques
- 6 Benches

\$3,180

- Sitework & Install

Donors

- American Legion
- Abigail Figueroa
- Mr. Naeglin
- Janet Cook
- Eliezar Arroyo
- Tondre Family
- Jesse & Hilda Mendoza
- Stan Borcek
- John & Cindy Guzman
- Tim & Sandra Hildenbrand
- Troy & Christi Griggs
- The Terrazas Family
- The O'cana Family
- Norm & Angie Watson
- Lucretia & Kevin Marmor
- Castroville State Bank
- The Ripps
- Family
- The Maples Family
- Dr. Richard Neel
- Dzuik's Meat Market
- Yvette & Derek Schaffer
- The Gun Shop
- The Chang Family
- Dr. Jaafar

RESOLUTION NO. _____

A RESOLUTION OF THE CITY COUNCIL FOR THE CITY OF CASTROVILLE, TEXAS ENTERING INTO AN AGREEMENT WITH THE CASTROVILLE CHAMBER OF COMMERCE AND AUTHORIZING THE MAYOR OF CASTROVILLE TO EXECUTE THE AGREEMENT BETWEEN THE CITY OF CASTROVILLE AND THE CASTROVILLE CHAMBER OF COMMERCE (CONVENTION & VISITORS CHAMBER) PROVIDING FOR THE PAYMENT AND USE OF HOTEL TAX REVENUE AND ADDITIONAL TERMS AND CONDITIONS

WHEREAS, on the 24th of March 2026, the City Council of the City of Castroville voted to enter into an agreement with the Castroville Chamber of Commerce to promote tourism and the convention and hotel industry by advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity; and

WHEREAS, the agreement calls for the Castroville Chamber of Commerce to manage social media and marketing for tourism, retail recruitment, and business promotion; and

WHEREAS, the City Council understands the need to adequately fund the Castroville Chamber of Commerce using hotel tax funds pursuant to TEX. TAX CODE §351.001, et. seq.; and

WHEREAS, the City Council finds this is in the best interest of the City of Castroville to enter into this agreement with the Castroville Chamber of Commerce.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF CASTROVILLE:

Section 1. That the facts and recitations contained in the preamble of this resolution are hereby found to be true and correct and are incorporated by reference herein.

Section 2. The City Council finds that Castroville is a highly exceptional community with its historic past, Alsatian roots, and buildings, and, therefore, seeks to capitalize on Castroville’s uniqueness in the State of Texas as well as the United States of America.

Section 3. The Castroville Chamber of Commerce shall conduct proper accounting methods and record keeping regarding the hotel tax funds, expenditures, and receipts.

Section 4. The City Council seeks to grow Castroville by utilizing the Chamber of Commerce to promote tourism.

Section 5. This resolution was passed in an open meeting before the City Council of Castroville in accordance with the Texas Open Meetings Act.

Section 6. That this resolution shall take effect immediately from and after its passage.

PASSED, APPROVED AND ADOPTED this the ___ day of March 2026.

BRUCE ALEXANDER, MAYOR
CITY OF CASTROVILLE

ATTEST:

DEBRA HOWE
CITY SECRETARY

AGREEMENT BETWEEN THE CITY OF CASTROVILLE AND THE CASTROVILLE CHAMBER OF COMMERCE (CONVENTION & VISITORS CHAMBER) PROVIDING FOR THE PAYMENT AND USE OF HOTEL TAX REVENUE AND ADDITIONAL TERMS AND CONDITIONS

THIS AGREEMENT made between the City of CASTROVILLE, Texas, a municipal corporation (the “CITY”), and the CASTROVILLE Chamber of Commerce (Convention & Visitors CHAMBER), a non-profit corporation incorporated under the laws of the State of Texas (the “CHAMBER”).

WHEREAS, TEX. TAX CODE §351.002 authorizes CITY to levy by ordinance a municipal hotel occupancy tax (“hotel tax”) not exceeding seven percent (7%) of the consideration paid by a hotel occupant; and

WHEREAS, by ordinance, CITY has provided for the assessment and collection of a municipal hotel occupancy tax in the City of CASTROVILLE of seven percent (7%); and

WHEREAS, TEX. TAX CODE §351.101(a) authorizes CITY to use revenue from its municipal hotel occupancy tax to promote tourism and the convention and hotel industry by advertising and conducting solicitations and promotional programs to attract tourists and convention delegates or registrants to the municipality or its vicinity; and

WHEREAS, TEX. TAX CODE §351.101(a)(1) authorizes the expenditure of municipal hotel tax revenue for construction, improvement, enlarging, equipping, repairing, operating, and maintaining convention center facilities, visitor information centers, or both; and

WHEREAS, CHAMBER is well equipped to perform those activities through its CASTROVILLE Convention and Visitor’s CHAMBER; and

WHEREAS, TEX. TAX CODE §351.101(c) authorizes CITY to delegate by contract with CHAMBER, as an independent entity, the management and supervision of programs and activities of the type described hereinabove funded with revenue from the municipal hotel occupancy tax;

NOW, THEREFORE, in consideration of the performance of the mutual covenants and promises contained herein, CITY and CHAMBER agree and contract as follows:

I. HOTEL TAX REVENUE PAYMENT

1.1 Consideration. For and in consideration of the activities to be performed by CHAMBER under this Agreement, CITY agrees to pay to CHAMBER a portion of the hotel tax revenue collected by CITY at the rates and in the manner specified herein (such payments by CITY to CHAMBER sometimes herein referred to as the “agreed payments” or “hotel tax funds”).

1.2 Amount of Payments.

(a) As used in this Agreement, the following terms shall have the following specific meanings:

(i) The term “Hotel Tax Revenue” shall mean the gross monies collected and received by CITY as municipal hotel occupancy tax at the rate of seven percent (7%) of the price paid for a room in a hotel, pursuant to Texas Tax Code §351.002 and City Ordinance. Hotel Tax Revenue will include penalty and interest related to the late payments of the tax revenue by the taxpayer.

(ii) The term “Collection Period” will mean the collection period for CITY’s fiscal year. It will include hotel tax revenue due to CITY for the relevant fiscal year and collected through the 22nd day of the month following the close of the relevant fiscal year.

(iii) The term “Annual Payment Amount” is up to \$75,000.00 as reflected in the Chamber’s budget proposed (Exhibit A).

(iv) The term “contract quarter” shall refer to any quarter of the calendar year in which this Agreement is in force. Contract quarters will end on March 31st, June 30th, September 30th, and December 31st of each contract year.

1.3 Dates of Payments.

(a) The annual payment shall be paid to the CHAMBER on or before January 1, of each year. A payment will be made following the City Council’s review of the annual budgetary report from the previous year which is due by December 1. If an annual financial report is not received within thirty (30) days of the end of the applicable contract year, the recipient may be held in breach of this Agreement. CITY may withhold the annual payment until the appropriate reports are received and approved.

1.4 Other limitations regarding consideration.

(a) The funding of this project in no way commits CITY to future funding of this program beyond the current contract period. Any future funding is solely the responsibility of CHAMBER.

(b) It is expressly understood that this contract in no way obligates the General Fund or any other monies or credits of CITY.

(c) CITY may withhold further allocations if CITY determines that CHAMBER’s expenditures deviate materially from their approved budget.

II. USE OF HOTEL TAX REVENUE

2.1 Use of Funds. For and in consideration of the payment by CITY to CHAMBER of the agreed payments of hotel tax funds specified above, CHAMBER agrees to use such hotel tax funds only for directly enhancing and promoting tourism and the convention and hotel industry as authorized by TEX. TAX CODE §351.101(a). Following termination of this AGREEMENT, any unused funds shall be refunded to CITY within sixty (60) days.

Advertising materials purchased with the hotel occupancy tax funds must be targeted to reach audiences outside the CASTROVILLE city limits. These materials include, but are not limited to, signs, posters, postcards, newsletters, print advertising, digital marketing, billboards, radio and television.

- (a) Advertise and conduct solicitations and promotional programs to attract tourists and convention delegates or registrants to the City of CASTROVILLE, including, but not limited to:
 - i. Marketing at the state and local level (including market analysis, campaign development, branding, promotion, etc.);
 - ii. Collecting and reporting metrics on marketing activity;
 - iii. Sales missions developed in conjunction with the hotel owner’s sales team to pre-identify and pre-qualify business-appropriate meetings for the Property; and
 - iv. Partnership development to create collaborative opportunities with local private, public, and non-profit sector entities.

- (b) Provide meeting, event, and pre-convention services, including, but not limited to:
 - i. Conducting site visits and familiarization tours for potential clients;
 - ii. Customized servicing for groups (registration assistance, delegate name badge preparation, welcome packets, off-site function arrangements, etc.); and
 - iii. Serving as liaison between meeting planner client and hotel, local business, and transportation.

- (c) Identifying, collecting rate bids from, and securing overflow hotels in the City of CASTROVILLE for convention delegates.

2.2 Administrative Costs. The CITY hotel tax funds received by CHAMBER may be spent for day-to-day operations, office supplies, salaries, travel expenses and other administrative costs incurred directly in the promotion and servicing expenditures authorized by TEX. TAX CODE §351.101(e), but only if specified in CHAMBER’s budget attached hereto as Exhibit “A” and incorporated herein for

all purposes and each are directly attributable to work on programs, which promote tourism and the hotel and convention industry, and if each promotes at least one of the statutory purposes enumerated within TEX. TAX CODE §351.101(a).

2.3 Specific Restrictions on Use of Funds.

(a) CHAMBER agrees to demonstrate strict compliance with the record keeping and apportionment limitations imposed by TEX. TAX CODE §351.101(f) and §351.108 (c) and (d). CHAMBER shall not utilize hotel tax funds for any expenditure which has not been specifically documented to satisfy the purposes set forth in 2.1 and 2.2 above and otherwise in compliance with Chapter 351 of the Texas Tax Code.

(b) Hotel tax funds may not be spent for travel for a person to attend an event or conduct an activity the primary purpose of which is not directly related to the promotion of local tourism and the convention and hotel industry or the performance of the person’s job in an efficient and professional manner.

III. RECORD KEEPING AND REPORTING REQUIREMENTS

3.1 Budget.

(a) CHAMBER shall adhere to the budget (Exhibit “A”) as approved by the City Council for each calendar year, for all operations of CHAMBER funded by hotel tax revenue. CITY shall not pay to CHAMBER any hotel tax revenues as set forth in Section I of this contract during any program year of this Agreement unless a budget for such respective program year has been approved in writing by the CASTROVILLE City Council, authorizing the expenditure of funds.

(b) CHAMBER acknowledges that approval of the budget (Exhibit “A”) by the CASTROVILLE City Council creates a fiduciary duty in CHAMBER with respect to the hotel tax funds paid by CITY to CHAMBER under this Agreement. CHAMBER shall expend hotel tax funds only in the manner and for the purposes specified in this Agreement, TEX. TAX CODE §351.101(a), and in the budget as approved by CITY.

(c) Upon the application or consent of CHAMBER, the City Manager or his designate may authorize minor amendments to the approved budget as necessary to carry out the intent of this Agreement, in a manner consistent with efficient use of public funds, and in accordance with State law. Such minor amendments may not increase the overall funding set forth in ¶1.2(b), extend the term, or otherwise alter the performance obligations of CHAMBER, without approval of the City Council by ordinance.

3.2 Separate Accounts. CHAMBER shall maintain any hotel tax funds paid to CHAMBER by CITY in a separate account established for that purpose and CHAMBER may not commingle any hotel tax funds paid to CHAMBER with any other money.

3.3 Financial Records. CHAMBER shall maintain complete and accurate financial records of each expenditure of the hotel tax funds made by CHAMBER. These funds shall be classified as restricted funds for audited financial purposes, and may not be used for contracted services, including,

but not limited to, auditing fees and attorney fees. Upon reasonable advance written request of the City Manager or designate, CHAMBER shall make such financial records available for inspection and review by the party making the request. CHAMBER understands and accepts that all such financial records, and any other records relating to this Agreement shall be subject to the Public Information Act, TEX. GOV'T CODE, ch. 552, as hereafter amended.

3.4 Annual Report. After initial receipt of the hotel tax funds, and by December 1, CHAMBER shall furnish to CITY a completed financial report listing the expenditures made by CHAMBER, in a form and manner approved by the City Manager or designate. Annual reports will be provided with an annual audit of receipts and expenditures. A quarterly report will be provided to provide progress updates. CHAMBER shall respond promptly to any request from the City Manager or designate for additional information relating to the activities performed under this Agreement.

3.5 Notice of Meetings. CHAMBER shall give the City Manager or designate reasonable advance written notice of the time and place of all meetings of CHAMBER's Board of Directors, as well as any other meeting of any constituency of CHAMBER at which this Agreement or any matter subject to this Agreement shall be considered.

IV. TERM AND TERMINATION

4.1 Term. The term of this Agreement shall commence on March 24, 2026, and the CITY and CHAMBER shall conduct an annual review on or before March 1 for the next two years. Only those expenditures authorized by Chapter 351 of the Texas Tax Code and the program guidelines, which are actually incurred during the program period, for events and activities taking place within the program period, are eligible for funding under this Agreement, and any ineligible expenditures or unspent funds shall be forfeited to CITY within sixty (60) days following the termination of this Agreement.

4.2 Termination Without Cause.

(a) This Agreement may be terminated by either party, with or without cause, by giving the other party sixty (60) days advance written notice.

(b) In the event this contract is terminated by either party pursuant to 4.2(a), CITY agrees to reimburse CHAMBER for any contractual obligations of CHAMBER undertaken by CHAMBER in satisfactory performance of those activities specified in 2.1 and 2.2 above and that were approved by the Council through the budget, as noted in 3.1. This reimbursement is conditioned upon such contractual obligations having been incurred and entered into in the good faith performance of those services contemplated in 2.1 and 2.2 above, and further conditioned upon such contractual obligations having a term not exceeding the full term of this Agreement. Notwithstanding any provision hereof to the contrary, the obligation of CITY to reimburse CHAMBER or to assume the performance of any contractual obligations of CHAMBER for or under any contract entered into by CHAMBER as contemplated herein shall not exceed 66 2/3% of the current annual payment.

(c) Further, upon termination pursuant to 4.2(a), CHAMBER will provide CITY: 1) within ten (10) business days from the termination notification, a short-term budget of probable

expenditures for the remaining sixty (60) day period between termination notification and contract termination. This budget will be presented to Council for approval within fifteen (15) business days after receipt by CITY. If formal approval is not given within fifteen (15) business days and the budget does not contain any expenditures that would be prohibited by the Texas Tax Code, and is within the current contractual period approved budget; the budget will be considered approved; 2) within thirty (30) days, a full accounting of all expenditures not previously audited by CITY; 3) within ten (10) business days of a request from CITY, a listing of expenditures that have occurred since the last required reporting period; and 4) a final accounting of all expenditures and tax funds on the day of termination. CHAMBER will be obligated to return any unused funds or funds determined to be used improperly. Any use of remaining funds by CHAMBER after notification of termination is conditioned upon such contractual obligations having been incurred and entered into in the good faith performance of those services contemplated in 2.1 and 2.2 above, and further conditioned upon such contractual obligations having a term not exceeding the full term of this Agreement.

4.3 Automatic Termination. This Agreement shall automatically terminate upon the occurrence of any of the following events:

- (a) The termination of the legal existence of CHAMBER;
- (b) The insolvency of CHAMBER, the filing of a petition in bankruptcy, either voluntarily or involuntarily, or an assignment by CHAMBER for the benefit of creditors;
- (c) The continuation of a breach of any of the terms or conditions of this Agreement by either CITY or CHAMBER for more than thirty (30) days after written notice of such breach is given to the breaching party by the other party; or
- (d) The failure of CHAMBER to submit a financial annual report which complies with the reporting procedures required herein and generally accepted accounting principles prior to the beginning of the next contract term, or quarterly as required by 1.3 hereof.

4.4 Right to Immediate Termination Upon Litigation. Notwithstanding any other provision of this Agreement, to mitigate damages and to preserve evidence and issues for judicial determination, either party shall have the right to terminate this Agreement upon immediate notice to the other party in the event that any person has instituted litigation concerning the activities of the non-terminating party, and the terminating party reasonably believes that such activities are required or prohibited under this Agreement.

4.5 In the event that this Agreement is terminated pursuant to 4.3 or 4.4, CHAMBER agrees to refund any and all unused funds, or funds determined by CITY to have been used improperly, within sixty (60) days after termination of this Agreement.

V. ADDITIONAL TERMS AND CONDITIONS

5.1 Social Media and Marketing. CHAMBER will manage social media and marketing for tourism, retail recruitment, and business promotion. CHAMBER will use video content to promote local businesses and tourism.

5.2 Existing Events. CHAMBER agrees to expand existing events to two days where it is possible to promote tourism.

5.3 Steinbach Haus. CHAMBER shall not be responsible for the Steinbach Hus in anyway whatsoever.

VI. GENERAL PROVISIONS

6.1 Independent Contractor. CHAMBER shall operate as an independent contractor as to all services to be performed under this Agreement and not as an officer, agent, servant, or employee of CITY. CHAMBER shall have exclusive control of its operations and performance of services hereunder, and such persons, entities, or organizations performing the same and CHAMBER shall be solely responsible for the acts and omissions of its directors, officers, employees, agents, and subcontractors. CHAMBER shall not be considered a partner or joint venturer with CITY, nor shall CHAMBER be considered nor in any manner hold itself out as an agent or official representative of CITY.

6.2 Indemnification. CHAMBER AGREES TO INDEMNIFY, HOLD HARMLESS, AND DEFEND CITY, ITS OFFICERS, AGENTS, AND EMPLOYEES FROM AND AGAINST ANY AND ALL CLAIMS OR SUITS FOR INJURIES, DAMAGE, LOSS, OR LIABILITY OF WHATEVER KIND OR CHARACTER, ARISING OUT OF OR IN CONNECTION WITH THE PERFORMANCE BY CHAMBER OF THOSE SERVICES CONTEMPLATED BY THIS AGREEMENT, INCLUDING ALL SUCH CLAIMS OR CAUSES OF ACTION BASED UPON COMMON, CONSTITUTIONAL OR STATUTORY LAW, OR BASED, IN WHOLE OR IN PART, UPON ALLEGATIONS OF NEGLIGENT OR INTENTIONAL ACTS OF CHAMBER, ITS OFFICERS, EMPLOYEES, AGENTS, SUBCONTRACTORS, LICENSEES AND INVITEES.

6.3 Assignment. CHAMBER shall not assign this Agreement.

6.4 Notice. Any notice required to be given under this Agreement or any statute, ordinance, or regulation, shall be effective when given in writing and deposited in the United States mail, certified mail, return receipt requested, or by hand-delivery, addressed to the respective parties as follows:

CITY

City Administrator
CITY OF CASTROVILLE
1209 Fiorella Street
Castroville, TX 78009

CHAMBER

President & CEO
CASTROVILLE CHAMBER OF COMMERCE
1115 Angelo St.
Castroville, TX 78009

6.5 Inurement. This Agreement and each provision hereof, and each and every right, duty, obligation, and liability set forth herein shall be binding upon and inure to the benefit and obligation of CITY and CHAMBER and their respective successors and assigns.

6.6 Application of Laws. All terms, conditions, and provisions of this Agreement are subject to all applicable federal laws, state laws, all ordinances of the City of CASTROVILLE passed pursuant thereto, and all judicial determinations relative thereto.

6.7 Exclusive Agreement. This Agreement contains the entire understanding and constitutes the entire agreement between the parties hereto concerning the subject matter contained herein. There are no representations, agreements, arrangements, or understandings, oral or written, express or implied, between or among the parties hereto, relating to the subject matter of this Agreement, which are not fully expressed herein. The terms and conditions of this Agreement shall prevail notwithstanding any variance in this Agreement from the terms and conditions of any other document relating to this transaction or these transactions.

6.8 Duplicate Originals. This Agreement is executed in duplicate originals.

6.9 Headings. The headings and subheadings of the various sections and paragraphs of this Agreement are inserted merely for the purpose of convenience and do not express or imply any limitation, definition, or extension of the specific terms of the section and paragraph so designated.

6.10 Severability. If any section, subsection, paragraph, sentence, clause, phrase or word in this AGREEMENT, or application thereof to any person or circumstance is held invalid by any court of competent jurisdiction, such holding shall not affect the validity of the remaining portions of this AGREEMENT, and the parties hereby declare they would have enacted such remaining portions despite any such invalidity.

6.11 Insurance. CHAMBER shall, at a minimum, provide insurance as follows:

1. \$500,000 Commercial General Liability, or \$1,000,000 Event Insurance, covering all events taking place on City-owned property.
2. \$250,000 Liquor/Dram Shop Liability for any event occurring on City-owned property where alcohol will be provided or served, and
3. \$500,000 Business Automobile Liability on any owned, non-owned or hired vehicles.

CITY must be named as an additional insured on all policies (except Workers' Compensation) and proof of coverage shall be submitted to CITY once per calendar year during the term of this AGREEMENT.

EXECUTED this _____ day of _____, 2026.

THE CITY OF CASTROVILLE, TEXAS

By: _____
BRUCE ALEXANDER,
MAYOR

ATTEST:

APPROVED AS TO LEGAL FORM:

By: _____
DEBRA HOWE
CITY SECRETARY

By: _____
DNRBSZ,
CITY ATTORNEY

CASTROVILLE CHAMBER OF COMMERCE

By: _____
President

ATTEST:

APPROVED AS TO LEGAL FORM:

By: _____
Secretary

By: _____

Pool Restroom & Shower Building

Jonah Chang, CPRP
Director of Parks & Recreation

Original Pool House

Men's Side:

- 2 Urinals
- 2 Toilets
- 2 Sinks
- 2 Showers
- Changing Space

Women's Side:

- 2 Toilets
- 3 Sinks
- 2 Showers
- Changing Space



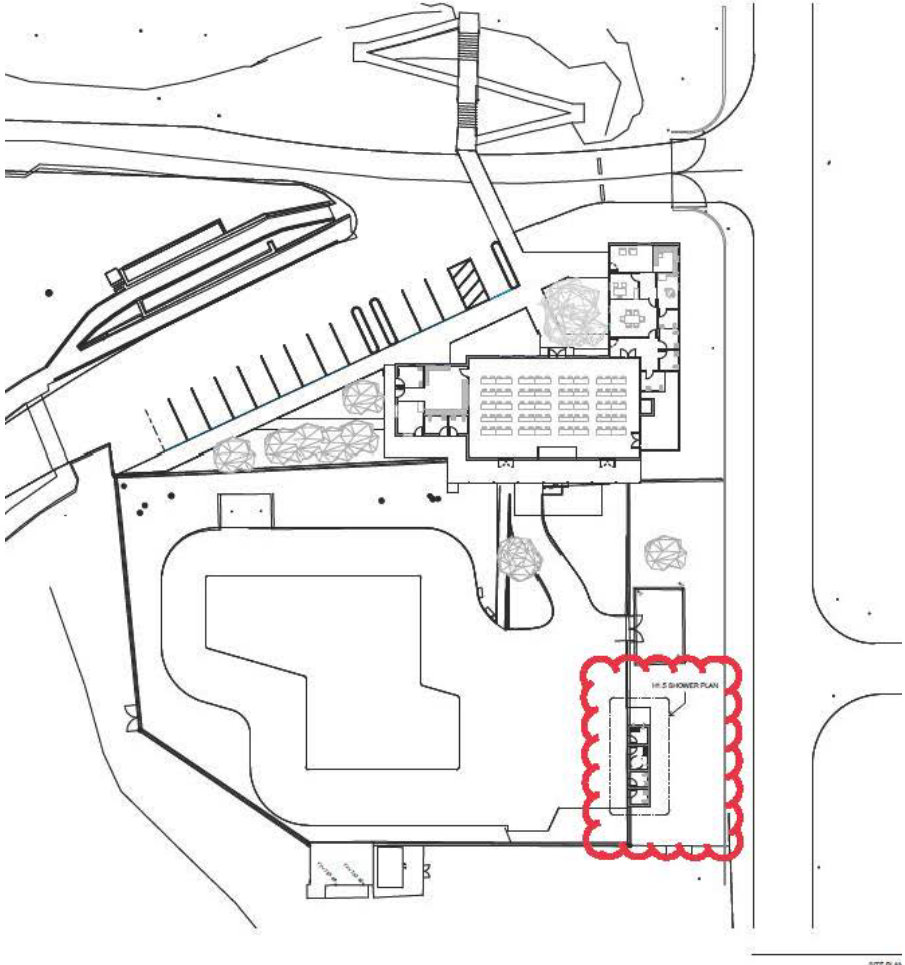
Updated Floorplans & Concepts

OPTION 1: Original Concept

- Unisex stalls
 - 2 Toilets & Sinks
 - 2 Changing/Shower Stalls
 - 2 Outdoor Shower Spaces
- Approximately 352 sq ft(44'x8')

OPTION 2: Parks & Rec. Advisory Board Recommended & Approved Floorplan

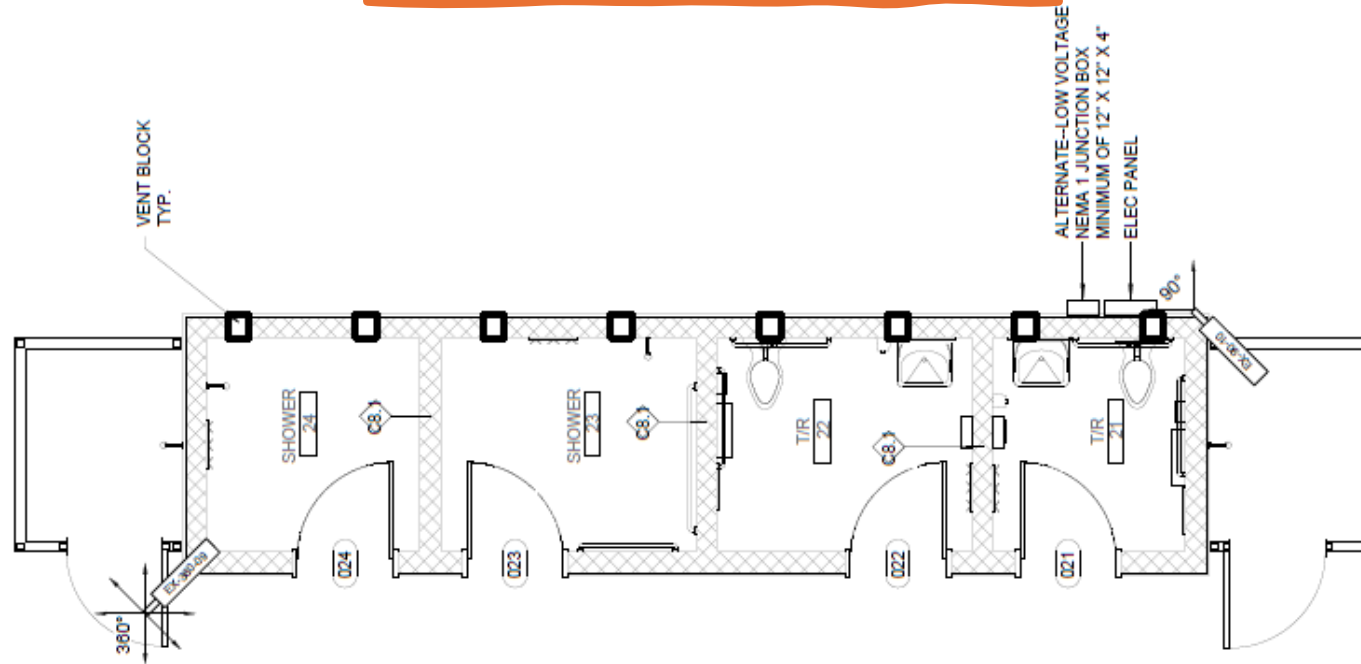
- Unisex Stalls
 - 3 Toilets & Sinks
 - 1 being a larger family restroom & shower
 - 3 Changing/Shower Stalls
 - 2 Outdoor Shower Spaces
- Approximately 500 sq ft(50'x10')



SITE PLAN

Comparison

OPTION 1



OPTION 2

Outdoor Shower	Shower/ Changing	Shower/ Changing	Shower/ Changing	Sink/Toilet	Sink/Toilet	Sink/Toilet
Outdoor Shower	10x5	10x5	10x5	10x12	Shower	10x8

5x5 Stalls

Summary:

- The new concept(option 2) that the Parks & Recreation Advisory Board recommends would increase the number of changing/shower stalls by one(1) and add a family restroom that would include a shower as well.
- Park/Pool Staff & the Parks Board both agree that when the pool is at max capacity (swim practices, swim meets, swim lessons, weekend swims, etc.) there is a need for this additional space & would recommend that the second/updated floorplan be constructed.
- This updated floorplan would help with future growth and help support the expansion of programming at the pool.
- Keeping this building simple yet functional is key!

Next Steps

Which floorplan does Council recommend building?

- Option 1 or Option 2

Does council have any guidelines on what materials are used?

- Pre-Engineered Metal Building with/without wainscot
- Wood & stick with siding
- Concrete Masonry Unit(CMU)
- Stucco
- Etc.

Concerns brought at the last council meeting:

- Hot water: Research & possible installation of On-Demand water heaters.
- Cleaning supplies & storage: Research options to have a storage closet/locker to house cleaning supplies & paper products.





Section VII, Item c.









Agenda Report

Agenda of: March 24th, 2026

Department: Parks & Recreation

Subject: September Square Military Memorial Project

Recommended Motion:

I make a motion to approve & accept the proposed September Square Military Memorial Project.

Background:

The Military Memorial Walkway is a proposed commemorative space at September Square designed to honor the courage, sacrifice, and service of our nation's veterans. The project aims to create a lasting tribute for those who defined our freedoms, including prisoners of war, those missing in action, and those who made the ultimate sacrifice. Additionally, the walkway will serve as a site for reflection and healing, specifically raising awareness for the "22" veterans lost daily to suicide. This project has undergone a thorough review process and has been accepted and approved by the American Legion, the Historic Landmark Commission, and the Parks & Recreation Advisory Board. The Parks & Recreation Department has also reviewed the plans and recommends this project based on the low-maintenance design. This project would be a great addition to September Square, and its collective support underscores the project's alignment with community values and historical preservation standards.

Given the community's commitment to honoring our veterans and providing a space for education and reflection, its staffs recommended that the City Council approve the implementation of the Military Memorial Walkway.

Fiscal Impact: None

Budgeted Requires Budget Amendment

Source of Funding:

Attachments:

- September Square presentation
- Support Letters from American Legion, Historic Landmark Commission, and the Parks & Recreation Board
- Pages 2 & 3 from the Parks & Recreation August 14, 2025, Meeting Minutes

Urgency (0-5 = Low Urgency to High Urgency): 4

Impact (0-5 = Low Impact to High Impact): 3

Submitted by: Jonah Chang, Director of Parks & Recreation



American Legion Weiss-Wurzbach Post 460



Section IX, Item a.

Past Commanders:

- Otto Naegelin
1940 - 1941
1945 - 1946
- A. A. Murrell
1944 - 1945
- Leslie C. Howard
1946 - 1947
- Howard L. Haas
1947 - 1948
- Charles L. Suehs
1948 - 1949
- Richard J. Schott
1949 - 1950
- Daniel M. O'Connell
1950 - 1952
- Floyd L. Tondre
1952 - 1954
- Maurice A. Rihn
1954 - 1955
- L. D. Nuckles
1955 - 1956
- Leon C. Groff
1960 - 1962
- Howard H. Haby
1962 - 1964
- Marion H. Tschirhart
1964 - 1965
1971 - 1973
- Stanley C. Keller
1965 - 1967
- Alton Moak
1967 - 1969
- Irvin A. Kilhorn
1969 - 1971
1983 - 1985
- William A. Iltis
1973 - 1974
- Robert D. Hester
1974 - 1975
1999 - 2001
- Lynn F. Boehme
1975 - 1976
- Royce Groff
1976 - 1977
- Richard H. Gass
1977 - 1978

March 18, 2026

From: Weiss-Wurzbach
American Legion Post 460
1305 Fiorella Street
Castroville, TX 78009

To: Cindy Guzman

Subject: 4H Military Memorial Project

This letter serves as the American Legion Post 460 approval of the 4H Military Memorial Project consisting of the following details and changes:

1. Two stone monuments:
 - One POW/MIA monument
 - Change the proposed Suicide wording on the second monument with a plaque with the following wording:
"In Honor of the "22" A Day"
2. Six stone benches in the following order/placement of the military services:
 - As you walk towards the memorial, on the left would be Army, Air Force, Space Force
 - As you walk towards the memorial, on the right would be Navy, Marines, Coast Guard
3. Donor plaques will be placed behind the monuments.
4. Replace the wording "Semper Fidelus" with "Semper Fi"

For any further information, please call or email the undersigned at:

(210) 380-5912/abigailfigueroa701@gmail.com

r/

Abigail Figueroa
Abigail Figueroa
Commander

Past Commanders:

- Gilbert V. Kempf
1978 - 1981
- Milton T. Tschirhart
1981 - 1983
- Lee Tschirhart
1985 - 1986
1987 - 1988
- R. Q. Stinson
1986 - 1987
- Hugo C. Wurzbach
1988 - 1990
- Albert J. King
1990 - 1992
1993 - 1995
- Glenn O. Sherill
1992
- Jerald R. Foxworthy
1993
- Felix Lange
1995 - 1997
- William G. Nye
1997 - 1999
- Donald F. Mottram
2001 - 2002
- Sam Tomlinson
2003 - 2006
- Roy Clement
2006 - 2008
- Donato Rios
2008 - 2010
- Jerome A. Iltis
2010 - 2012
2022 - 2023
- Alex J. Tschirhart
2012 - 2014
- Victor M. Ortiz Jr.
2014 - 2016
2019 - 2021
- Malcolm Wallace
2016 - 2017
- Jesus Mendoza
2017 - 2018
2024 - 2025
- Albert Salinas
2018 - 2019
- Christopher J. Powers
2021 - 2022
- Abigail Figueroa
2023 - 2025



Dear Mayor and City Council Members,

The Historic Landmark Commission is writing to share our strong support for the proposed **September Square Veteran Memorial Project**.

The HLC reviewed the project details in August 2025, and recommends moving forward with this tribute, as it honors our local veterans while respecting the historic character of Castroville.

Project Details

The memorial plans include: A Crushed Granite Trail, Six Service Benches and Memorial Plaques.

Why We Support It

We believe these additions are a perfect fit for September Square. The choice of materials, like the crushed granite, ensures the memorial blends in with our town’s unique heritage. This project will create a meaningful space for the community to gather and remember those who served.

Based on our review and the consensus of the Commission, we encourage City Council to support the completion of this project.

Sincerely,

Breana Soto
Community Development Director
830.931.4090



CASTROVILLE
the little Alsace of Texas

March 16, 2026

Re: September Square Veteran Memorial Project

To Mayor and City Council,

The Parks and Recreation Advisory Board unanimously recommends the installation of the September Square Veteran Memorial Project that was presented in August 2025 to our board. This will help bring recognition to veterans and provide an entrance to the square.

Sincerely,

Adriana Arrington-Calk
Parks and Recreation Advisory Board, Chair
Castroville, Texas

Motion: Accept minutes from last meeting.

Motion By: Kyle 2nd By: Nicole

Vote: Yes# No# 0 Pass

V. Presentations

a. Presentation on September Square entrance & walkway improvement plans by Cindy Guzman

Cindy presented on behalf of 4-H members who could not attend: Jonny Guzman, Connor Haby, and Curtis Binford.

Purpose: To recognize veterans and raise awareness.

Funding: Will be collected through donors to cover project costs.

Coordination: Already in contact with Mrs. Garrett, who regularly maintains the park. The project has also been presented to the American Legion, which suggested alternative wording; the group will make corrections and resubmit.

Logistics: Parks staff will need to flag irrigation lines; if digging is required, lines may need to be rerouted.

Need: September Square currently has no entrance. In the past, there was interest in adding an entrance along with head-in parking, but it was never implemented. This project will move forward with the entrance while keeping potential future parking changes in mind.

Timeline: Target completion by January.

Approvals: Must receive approval from the Historic Landmark Commission (HLC) after Parks; both approvals are required before going to City Council.

VI. Discussion and Action Items

a. Discuss and take action on September Square entrance plan

Discussion

No further discussion

Motion: To approve the presentation for the September Square entrance and walkway improvement project.

Motion By: Kyle 2nd By: Nicole

Vote: Yes# 5 No# 0 Pass

b. Discuss and take action on Lions Park splashpad foundation issues

Discussion

Timeline in packet

Jonah has met with Advanced Aquatics, Vortex, and MWF Concrete Services

Report Summary – Mike Farris, MWF Concrete Services, LLC

Mike Farris evaluated the excessive cracking and underground plumbing damage at the Lions Club Park splash pad. The pad was built to industry standards with 6” concrete, rebar reinforcement, and a perimeter beam, but prolonged extreme drought caused the subsoil to shrink more than 12 feet deep. This clay shrink-swell cycle, worsened by irregular rainfall, has led to severe structural damage.

Recommendation:

Completely demolish the existing splash pad.

Excavate and remove 24” of native soil; replace with 24” compacted crushed limestone fill.

Install a new 6” reinforced concrete pad with perimeter and cross-grade beams (no more than 20’ apart).

Hard-trowel the surface, then apply a slip-resistant coating (such as cool-deck) to improve safety when wet.

Advanced Aquatics indicates that the downward pressure of slab broke the pipes which is why the water features are not working

Staff are obtaining bids for repair costs and reviewing legal and warranty options. Councilman Lee suggested repurposing the existing slab as a shade structure, with sections removed and reused if relocation is needed. The splash pad is currently unsafe and will remain closed until further notice.



CITY COUNCIL AGENDA REPORT

DATE: March 11,2026

AGENDA OF: March 24, 2026
DEPARTMENT: Police
SUBJECT: Traffic Calming Studies

RECOMMENDED MOTION: On March 10,2026 the City Council approved staff to proceed with creation of a city ordinance addressing stop signs for: 1.Gentilz and Athens Street 2. London and Fiorella Street 3. Country Lane and Village Path Street. Approve City ordinance for the above locations.

BACKGROUND:

Mayor and City Council Members,

Several traffic-related safety concerns have been brought to my attention throughout the city. I have conducted reviews and traffic observations at multiple locations where residents, motorists, and pedestrians have identified potential safety issues. The following intersections were evaluated, and recommendations are provided for your consideration.

Gentilz Street and Athens Street

Concerns have been raised regarding speeding vehicles and pedestrian activity in this area, including children. Multiple traffic studies conducted at this location have revealed moderate speeding. This intersection also serves as an access route to the city park, which results in increased traffic volumes during park events and soccer season.

During an on-site visit, a resident expressed concerns regarding speeding vehicles and pedestrian safety. The resident also noted that several drivers either ignore or fail to notice the existing “Dead End” signage. A request has been made to replace the current sign with a more visible version.

Recommendation

I recommend that the intersection of **Gentilz Street and Athens Street** be converted into a **four-way stop-controlled intersection**. This change would:

- Enhance pedestrian safety in a high foot-traffic area near the park
- Improve safety for bicyclists traveling to and from the park
- Provide clearer right-of-way control for motorists

London Street and Fiorella Street

I was tasked with reviewing the downtown area for traffic-related safety concerns. During this assessment, particular attention was given to the intersection of **London Street and Fiorella Street** due to operational and public safety considerations.

The Police Department is located on London Street, and patrol units frequently travel eastbound toward Fiorella Street. Based on routine use and observation, this intersection presents safety challenges for both motorists and pedestrians.

This area experiences a significant volume of pedestrian traffic due to the concentration of nearby businesses. Additionally, the building located on the northwest corner of Fiorella Street sits close to the roadway, creating a sight-distance obstruction. As a result, drivers traveling on London Street must often pull significantly forward into the roadway in order to check for southbound traffic on Fiorella Street. This condition increases the risk of collisions and creates unsafe conditions for pedestrians and other motorists.

Recommendation

I recommend converting the intersection of **London Street and Fiorella Street** into a **four-way stop-controlled intersection**. This change would:

- Improve safety for motorists by clearly assigning right-of-way
- Enhance pedestrian safety in a high foot-traffic area
- Reduce conflict points caused by limited sight distance

If implemented, **one or possibly two parking spaces would need to be removed** to ensure adequate visibility of the stop signs and to improve sight lines at the intersection.

Under **Texas Transportation Code §545**, parking is prohibited within **30 feet of a stop sign**. Under city ordinance, “No Parking” areas are typically designated by signage or by painting the curb red. In this area, the sidewalk is elevated above the roadway and could be marked with red paint along the edge to clearly designate the restricted parking area. Without proper marking, a vehicle could park near the stop sign and obstruct visibility for approaching drivers.

Country Lane and Village Path

Currently, one stop sign controls **southbound traffic on Country Lane at Village Path**, while no other approaches are controlled.

Historically, prior to residential development in this area, there was only a single residence located on Country Lane. As development progressed, the roadway network was expanded and connected, resulting in increased traffic volumes. However, traffic control signage was not updated to reflect these changes.

A review of this intersection has been conducted, including multiple traffic studies. These studies indicate moderate speeding and increased traffic activity.

Recommendation

I recommend converting the intersection into a **three-way stop-controlled intersection** by implementing the following changes:

- Install a stop sign on **Village Path at Country Lane for eastbound traffic**
- Install a stop sign on **Country Lane at Village Path for northbound traffic**
- Maintain the existing stop sign controlling **southbound traffic on Country Lane**

This configuration would improve traffic control by providing clearer right-of-way, reducing driver confusion, enhancing safety for motorists, and increasing protection for pedestrians.

Consideration of TXDOT Standards

I would also like to make the City Council aware of the standards established by the Texas Department of Transportation (TXDOT). The TXDOT manual specifies that stop sign placement should not be used solely as a traffic-calming measure. Instead, such decisions should be based on sound engineering principles.

According to TXDOT guidance, the following factors should be evaluated when considering multi-way stop control:

- a. Vehicular, bicycle, and pedestrian traffic volumes on all approaches
- b. Number and angle of approaches
- c. Approach speeds
- d. Sight distance available on each approach
- e. Reported crash history

While stop signs should not be installed strictly for traffic-calming purposes, the **existing sight-distance limitations, pedestrian activity, operational demands of the Police Department, and overall safety concerns** warrant careful consideration in these locations.

FISCAL IMPACT: \$300 per stop sign which includes the pole, stop sign, and cement. The cost of completing this intersection with 6 stop signs is \$1800.

Budgeted Requires Budget Amendment

SOURCE OF FUNDING:

ATTACHMENTS: N/A

Urgency (0-5 = Low Urgency to High Urgency): 1

Impact (0-5 = Low Impact to High Impact): 1

Submitted by: **Chief James Kohler**

ORDINANCE NO. 2026-_____

AN ORDINANCE OF THE CITY OF CATROVILLE CITY COUNCIL CREATING A FOUR-WAY STOP INTERSECTION AT THE INTERSECTION OF FIORELLA STREET AND LONDON STREET; ADDING TWO STOP SIGNS ON FIORELLA STREET NORTH BOUND AND SOUTH BOUND IN THE CITY OF CASTROVILLE; AUTHORIZING THE PLACEMENT AND MAINTENANCE OF TRAFFIC CONTROL DEVICES AT SAID INTERSECTION; PROHIBITING THE DISOBEDIENCE OF SAID TRAFFIC CONTROL DEVICE; ESTABLISHING A PENALTY OF NOT MORE THAN TWO HUNDRED DOLLARS (\$200.00) PER VIOLATION; PROVIDING FOR SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND PROVIDING FOR PUBLICATION.

WHEREAS, the City of Castroville is authorized to place and maintain a traffic control device pursuant to Section 544.002 of the Texas Transportation Code; and

WHEREAS, Section 544.002 of the Texas Transportation Code requires that all authorized traffic control devices conform to the manual and specifications adopted pursuant to Texas Transportation Code 544.001; and

WHEREAS, Section 544.004 of the Texas Transportation Code requires an operator of a vehicle to comply with an authorized traffic control device; and

WHEREAS, in the City Council of the City of Castroville established a stop intersection for vehicles travelling on Fiorella Street Northbound and Fiorella Street Southbound as they approach London Street; and

WHEREAS, conditions existing at the intersection of Fiorella Street and London Street are such that the establishment of a four-way stop intersection will enhance public safety; and

WHEREAS, the City Council of the City of Castroville, Texas has determined that it is in the best interest of the safety of its residents to establish a four-way stop at the intersection of Fiorella Street and London Street;

WHEREAS, the City Council of the City of Castroville, Texas has determined that it is in the best interest of the safety of its residents to establish a four-way stop to include no parking at the corner intersection of Fiorella Street and London Street, Section 545.302 of the Texas Transportation Code;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CASTROVILLE, TEXAS:

Section 1. Stop Intersection Established. A four-way stop intersection is hereby established at the intersection of Fiorella Street and London Street. Traffic approaching the intersection from each direction is required to stop at the intersection before proceeding.

Section 2. Signage Authorized. Stop signs shall be placed and maintained in accordance with Sections 544.002 and 544.001 of the Texas Transportation Code at the intersection designated above.

Section 3. Penalty. The operator of a vehicle shall comply with the authorized traffic control devices set forth herein unless otherwise directed by a traffic or peace officer, or unless operating an authorized emergency vehicle and subject to the exceptions under Section 544.004 of the Texas Transportation Code. Failure to obey a traffic control device at the stop intersection created herein shall be a Class C misdemeanor and is subject to fines not to exceed Two Hundred Dollars (\$200.00) for each offense.

Section 4. Severability. Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are severable.

Section 5. Effective Date. This Ordinance shall be and become effective immediately upon and after its passage and publication as may be required by governing law.

Section 6. Proper Notice of Meeting. It is hereby found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Texas Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED AND APPROVED THIS ____ DAY OF MARCH, 2026.

Mayor
CITY OF CASTROVILLE

ATTEST:

City Secretary
CITY OF CASTROVILLE

APPROVED AS TO FORM:

City Attorney
CITY OF CASTROVILLE

ORDINANCE NO. 2026-_____

AN ORDINANCE OF THE CITY OF CATROVILLE CITY COUNCIL CREATING A THREE-WAY STOP INTERSECTION AT THE INTERSECTION OF COUNTRY LANE AND VILLAGE PATH; ADDING ONE STOP SIGN ON COUNTRY LANE SOUTHBOUND AND ONE STOP SIGN ON VILLAGE PATH EASTBOUND IN THE CITY OF CASTROVILLE; AUTHORIZING THE PLACEMENT AND MAINTENANCE OF TRAFFIC CONTROL DEVICES AT SAID INTERSECTION; PROHIBITING THE DISOBEDIENCE OF SAID TRAFFIC CONTROL DEVICE; ESTABLISHING A PENALTY OF NOT MORE THAN TWO HUNDRED DOLLARS (\$200.00) PER VIOLATION; PROVIDING FOR SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND PROVIDING FOR PUBLICATION.

WHEREAS, the City of Castroville is authorized to place and maintain a traffic control device pursuant to Section 544.002 of the Texas Transportation Code; and

WHEREAS, Section 544.002 of the Texas Transportation Code requires that all authorized traffic control devices conform to the manual and specifications adopted pursuant to Texas Transportation Code 544.001; and

WHEREAS, Section 544.004 of the Texas Transportation Code requires an operator of a vehicle to comply with an authorized traffic control device; and

WHEREAS, in the City Council of the City of Castroville established a stop intersection for vehicles travelling on Country Lane Southbound as they approach Village Path; and

WHEREAS, in the City Council of the City of Castroville established a stop intersection for vehicles travelling on Village Path Westbound as they approach Country Lane; and

WHEREAS, conditions existing at the intersection of Country Lane and Village Path are such that the establishment of a three-way stop intersection will enhance public safety; and

WHEREAS, the City Council of the City of Castroville, Texas has determined that it is in the best interest of the safety of its residents to establish a three-way stop at the intersection of Country Lane and Village Path;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CASTROVILLE, TEXAS:

Section 1. Stop Intersection Established. A three-way stop intersection is hereby established at the intersection of Country Lane and Village Path. Traffic approaching the intersection from each direction is required to stop at the intersection before proceeding.

Section 2. Signage Authorized. Stop signs shall be placed and maintained in accordance with Sections 544.002 and 544.001 of the Texas Transportation Code at the intersection designated above.

Section 3. Penalty. The operator of a vehicle shall comply with the authorized traffic control devices set forth herein unless otherwise directed by a traffic or peace officer, or unless operating an authorized emergency vehicle and subject to the exceptions under Section 544.004 of the Texas Transportation Code. Failure to obey a traffic control device at the stop intersection created herein shall be a Class C misdemeanor and is subject to fines not to exceed Two Hundred Dollars (\$200.00) for each offense.

Section 4. Severability. Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are severable.

Section 5. Effective Date. This Ordinance shall be and become effective immediately upon and after its passage and publication as may be required by governing law.

Section 6. Proper Notice of Meeting. It is hereby found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Texas Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED AND APPROVED THIS ____ DAY OF MARCH, 2026.

Mayor
CITY OF CASTROVILLE

ATTEST:

City Secretary
CITY OF CASTROVILLE

APPROVED AS TO FORM:

City Attorney
CITY OF CASTROVILLE

ORDINANCE NO. 2026-_____

AN ORDINANCE OF THE CITY OF CATROVILLE CITY COUNCIL CREATING A FOUR-WAY STOP INTERSECTION AT THE INTERSECTION OF GENTILZ STREET AND ATHENS STREET; ADDING TWO STOP SIGNS ON GENTILZ STREET EAST BOUND AND GENTILZ STREET WEST BOUND IN THE CITY OF CASTROVILLE; AUTHORIZING THE PLACEMENT AND MAINTENANCE OF TRAFFIC CONTROL DEVICES AT SAID INTERSECTION; PROHIBITING THE DISOBEDIENCE OF SAID TRAFFIC CONTROL DEVICE; ESTABLISHING A PENALTY OF NOT MORE THAN TWO HUNDRED DOLLARS (\$200.00) PER VIOLATION; PROVIDING FOR SEVERABILITY; ESTABLISHING AN EFFECTIVE DATE; AND PROVIDING FOR PUBLICATION.

WHEREAS, the City of Castroville is authorized to place and maintain a traffic control device pursuant to Section 544.002 of the Texas Transportation Code; and

WHEREAS, Section 544.002 of the Texas Transportation Code requires that all authorized traffic control devices conform to the manual and specifications adopted pursuant to Texas Transportation Code 544.001; and

WHEREAS, Section 544.004 of the Texas Transportation Code requires an operator of a vehicle to comply with an authorized traffic control device; and

WHEREAS, in the City Council of the City of Castroville established a stop intersection for vehicles travelling on Gentilz Street Eastbound and Gentilz Street Westbound as they approach Athens Street; and

WHEREAS, conditions existing at the intersection of Gentilz Street and Athens Street are such that the establishment of a four-way stop intersection will enhance public safety; and

WHEREAS, the City Council of the City of Castroville, Texas has determined that it is in the best interest of the safety of its residents to establish a four-way stop at the intersection of Gentilz Street and Athens Street;

NOW THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF CASTROVILLE, TEXAS:

Section 1. Stop Intersection Established. A four-way stop intersection is hereby established at the intersection of Gentilz Street and Athens Street. Traffic approaching the intersection from each direction is required to stop at the intersection before proceeding.

Section 2. Signage Authorized. Stop signs shall be placed and maintained in accordance with Sections 544.002 and 544.001 of the Texas Transportation Code at the intersection designated above.

Section 3. Penalty. The operator of a vehicle shall comply with the authorized traffic control devices set forth herein unless otherwise directed by a traffic or peace officer, or unless operating an authorized emergency vehicle and subject to the exceptions under Section 544.004 of the Texas Transportation Code. Failure to obey a traffic control device at the stop intersection created herein shall be a Class C misdemeanor and is subject to fines not to exceed Two Hundred Dollars (\$200.00) for each offense.

Section 4. Severability. Should any part, sentence or phrase of this Ordinance be determined to be unlawful, void or unenforceable, the validity of the remaining portions of this Ordinance shall not be adversely affected. No portion of this Ordinance shall fail or become inoperative by reason of the invalidity of any other part. All provisions of this Ordinance are severable.

Section 5. Effective Date. This Ordinance shall be and become effective immediately upon and after its passage and publication as may be required by governing law.

Section 6. Proper Notice of Meeting. It is hereby found and determined that the meeting at which this Ordinance was passed was open to the public and that public notice of the time, place and purpose of said meeting was given as required by the Texas Open Meetings Act, Chapter 551 of the Texas Government Code.

PASSED AND APPROVED THIS _____ DAY OF MARCH, 2026.

Mayor
CITY OF CASTROVILLE

ATTEST:

City Secretary
CITY OF CASTROVILLE

APPROVED AS TO FORM:

City Attorney
CITY OF CASTROVILLE



CITY COUNCIL AGENDA REPORT

DATE: March 5, 2026

AGENDA OF: March 24, 2026
DEPARTMENT: Finance
SUBJECT: FY 2025 Annual Audit Presentation

RECOMMENDATION:

Staff recommends that City Council formally accept the Fiscal Year 2025 Audited Financial Statements.

BACKGROUND:

Section 103.001(a) of the Texas Local Government Code requires municipalities to have their financial records and accounts audited annually by an independent certified public accountant. Following the completion of the audit, an annual financial statement must be prepared and presented to the governing body after the close of the fiscal year.

The independent audit provides an objective examination of the City’s financial statements and related records. This process enhances the credibility, transparency, and reliability of the City’s financial reporting and provides assurance to City Council, residents, and other stakeholders that the City’s financial position is presented fairly in accordance with generally accepted accounting principles (GAAP).

In addition to the standard financial audit, a Single Audit was conducted for Fiscal Year 2025. Federal regulations require a Single Audit when a non-federal entity expends \$1,000,000 or more in federal funds within a fiscal year. This audit evaluates the City’s compliance with federal program requirements and assesses the effectiveness of internal controls related to federal grant expenditures.

The results of the audit, including the City’s audited financial statements and the auditor’s governance letter, will be presented to City Council during the meeting.

FISCAL IMPACT/SOURCE OF FUNDING:

The audit of the City’s financial statements is an annually budgeted expenditure within the Finance Department. Any fiscal impact resulting from the audit typically occurs through the implementation of auditor recommendations related to internal controls, financial reporting, or operational improvements.

ATTACHMENTS/ADDITIONAL INFORMATION:

Governance Letter
FY 2025 Audited Financial Statements

Submitted and approved by:

Leroy Vidales Finance Director



Communication with Those Charged with Governance

To the Council
City of Castroville

We have audited the basic financial statements of the City of Castroville, as of and for the year ended September 30, 2025, and have issued our report thereon dated February 27, 2026. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated August 20, 2025, our responsibility, as described by professional standards, is to plan and perform our audit to form and express an opinion about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in conformity with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

Our responsibility, as prescribed by professional standards, is to plan and perform our audit to obtain reasonable, rather than absolute, assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control over financial reporting. Accordingly, as part of our audit, we considered the internal control of City of Castroville solely for the purpose of determining our audit procedures and not to provide any assurance concerning such internal control.

We are also responsible for communicating significant matters related to the audit that are, in our professional judgment, relevant to your responsibilities in overseeing the financial reporting process. However, we are not required to design procedures for the purpose of identifying other matters to communicate to you.

Planned Scope and Timing of the Audit

We conducted our audit consistent with the planned scope and timing we previously communicated to you.

Compliance with All Ethical Requirements Regarding Independence

The engagement team, others in our firm, as appropriate, and our firm, have complied with all relevant ethical requirements regarding independence.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of Castroville is included in Note A to the financial statements. No new accounting policies were adopted and the application of existing policies was not changed during 2025 except for the following:

As of October 1, 2024, the City implemented GASB Statement 101 on compensated absences as required. The statement essentially adds a liability for accrued leave that is expected to be taken as time off. Previously only accrued leave expected to be paid upon termination was included in the liability. The impact of the change increased the liability, but it only impacts the government-wide financial statements and proprietary fund statements.

No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

Accounting estimates are an integral part of the financial statements prepared by management and are based on management’s current judgments. Those judgments are normally based on knowledge and experience about past and current events and assumptions about future events. Certain accounting estimates are particularly sensitive because of their significance to the financial statements and because of the possibility that future events affecting them may differ markedly from management’s current judgments.

The most sensitive accounting estimates affecting the financial statements are:

- Allowance for uncollectible ad valorem tax and utility accounts receivable
- Estimated useful lives of capital assets
- Accrued compensated absences expected to be taken as leave or paid out upon termination
- Net Pension and Total OPEB Liabilities and the assumptions for mortality rates and investment returns

Management's estimate of the allowance for uncollectible accounts is based on history and age of outstanding accounts. Management's estimate of useful lives of capital assets is based on published industry guidance and professional judgment. Management’s estimate of compensated absences to be taken as leave or paid out upon termination is based on historical trends of leave taken or due upon termination. The estimates related to the Net Pension and Total OPEB Liabilities are based on the actuarial study performed by Texas Municipal Retirement System with no input from the City’s management. We evaluated the key factors and assumptions used to develop the estimates in determining that they are reasonable in relation to the financial statements taken as a whole.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive financial statement disclosures include commitments and contingencies, and employees’ retirement system.

Significant Difficulties Encountered during the Audit

We encountered no difficulties in dealing with management in performing and completing our audit.

Representations Requested from Management

We have requested certain representations from management that are included in the management representation letter dated February 27, 2026.

Corrected and Uncorrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. The following uncorrected financial statement misstatement is determined by management to be immaterial to the financial statements taken as a whole:

As previously mentioned, the City implemented GASB Statement 101 related to compensated absences. This would have added \$75,118 to the liability as of September 30, 2024 for governmental activities. Rather than restate the prior year financials, the increase was recorded in the current year government-wide expenses, overstating them by the same amount.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of audit procedures. We assisted management in performing end of year accruals such as revenue accruals for developer contributions, updating debt balances (including presentation of proceeds of current year certificates of obligation), updating capital asset balances (including recording depreciation), and accruing additional payables. These routine adjustments were significant, however, our assistance with these adjustments is customary for a city of this size. Finally, we proposed an entry to write off previously recorded grant receivable that was determined by management to be not collectible during the current year.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a financial accounting, reporting, or auditing matter, whether or not resolved to our satisfaction, that could be significant to the financial statements or the auditor's report. We are pleased to report that no such disagreements arose during the course of our audit.

Management Consultations with Other Independent Accountants

In some cases, management may decide to consult with other accountants about auditing and accounting matters. Management informed us that, and to our knowledge, there were no consultations with other accountants regarding auditing and accounting matters.

Public Funds Investment Act

The Public Funds Investment Act, (the "Act") requires that we include, as part of our audit, procedures to determine if the City of Castroville had complied with the provisions of the Act. We found as a result of tests, that the City had complied, in all material respects, with the provisions of the Act.

Other Information in Documents Containing Audited Financial Statements

Pursuant to professional standards, our responsibility as auditors for other information in documents containing City of Castroville’s audited financial statements does not extend beyond the financial information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially consistent with its presentation in the financial statements.

Our responsibility also includes communicating to you any information which we believe is a material misstatement of fact. Nothing came to our attention that caused us to believe that such information, or its manner of presentation, is materially inconsistent with the information, or manner of its presentation, appearing in the financial statements.

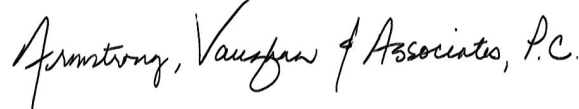
With respect to the supplementary information accompanying the financial statements, we made certain inquiries of management and evaluated the form, content, and methods of preparing the information to determine that the information complies with accounting principles generally accepted in the United States of America, the method of preparing it has not changed from the prior period, and the information is appropriate and complete in relation to our audit of the financial statements. We compared and reconciled the supplementary information to the underlying accounting records used to prepare the financial statements or to the financial statements themselves.

Other Matters

We generally discuss a variety of matters, including the application of accounting principles and auditing standards, with management each year prior to retention as the City’s auditors. However, these discussions occurred in the normal course of our professional relationship and our responses were not a condition to our retention.

This information is intended solely for the use of the Council and management of the City of Castroville and is not intended to be and should not be used by anyone other than these specified parties.

Respectfully,



Armstrong, Vaughan & Associates, PC

February 27, 2026

CITY OF CASTROVILLE, TEXAS

**ANNUAL
FINANCIAL REPORT**

**FISCAL YEAR ENDED
SEPTEMBER 30, 2025**





CITY OF CASTROVILLE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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CITY OF CASTROVILLE
ANNUAL FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2025

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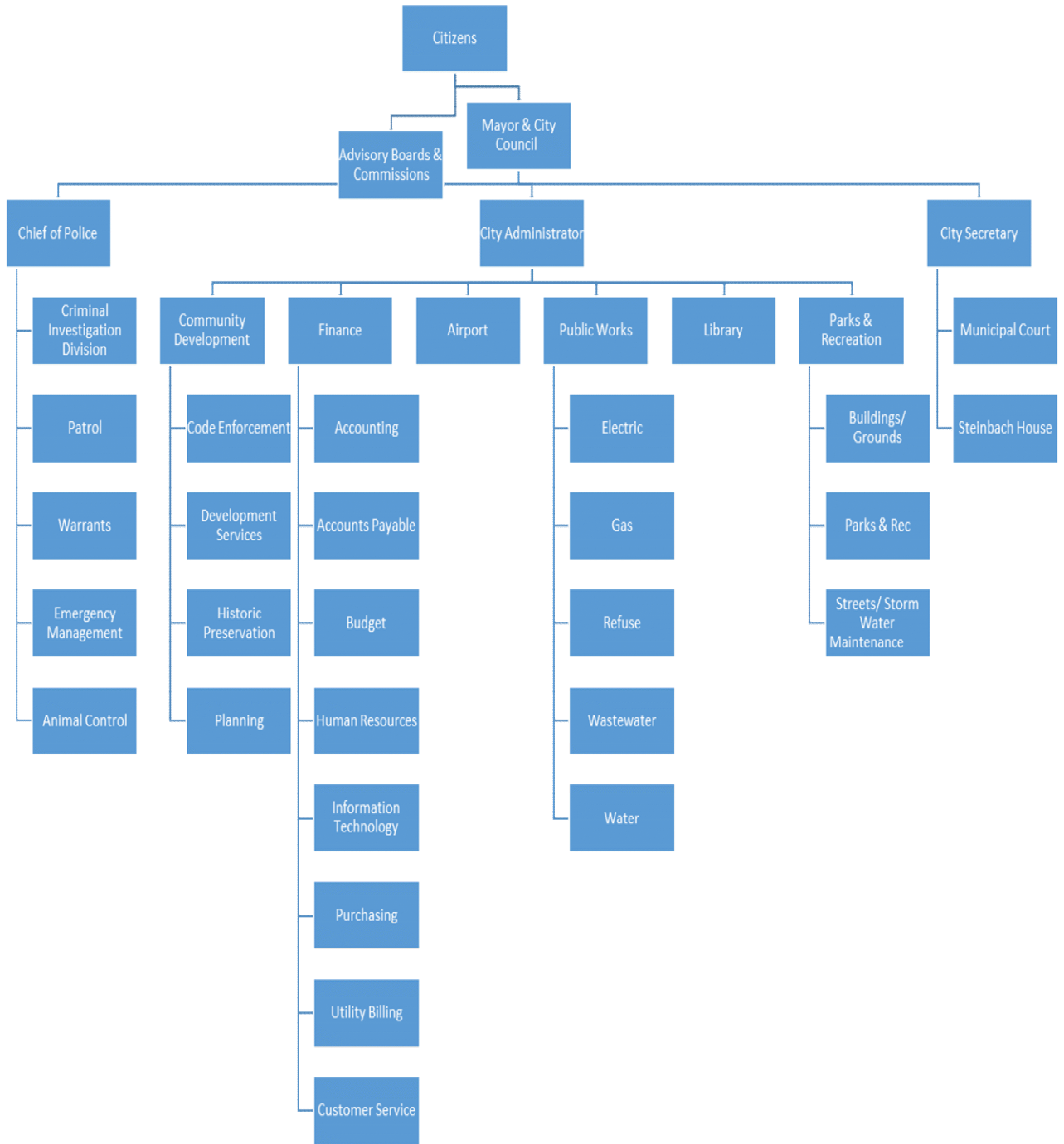
CITY OF CASTROVILLE
PRINCIPAL OFFICERS
AS OF SEPTEMBER 30, 2025

CITY OFFICIALS

MAYOR	BRUCE ALEXANDER
MAYOR PRO-TEM	SHEENA MARTINEZ
CITY COUNCIL	HOUSTON MARCHMAN
	PHIL KING
	DAVID MERZ
	ROBERT LEE
CITY ADMINISTRATOR	R. SCOTT DIXON
ATTORNEY	DENTON, NAVARRO, RODRIGUEZ, BERNAL, SANTEE & ZECH, P.C.

CITY OF CASTROVILLE

ORGANIZATIONAL CHART





Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Castroville, as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund and the aggregate remaining fund information of the City of Castroville, as of September 30, 2025, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor’s Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

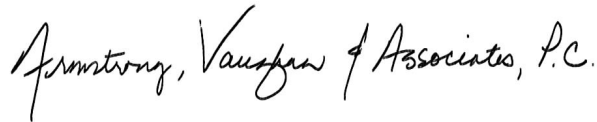
Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, budgetary comparison information, and schedule of changes – net pension liability and related ratios as well as Total OPEB liability and related ratios as identified in the Table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

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise City of Castroville's basic financial statements. The supplementary information (as identified in the table of contents) and Schedule of Expenditures of Federal Awards, as required by Title 2 U.S. Code of Federal Regulations, part 200, Uniform Administrative Requirements, Cost Principals and Audit Requirements of 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 information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 27, 2026 on our consideration of City of Castroville's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering City of Castroville's internal control over financial reporting and compliance.



Armstrong, Vaughan & Associates, P.C.

February 27, 2026

MANAGEMENT’S DISCUSSION AND ANALYSIS

This section of the City of Castroville’s annual financial report presents our discussion and analysis of the City’s financial performance during the fiscal year ended September 30, 2025. Please read it in conjunction with the City’s financial statements, which follow this section.

FINANCIAL HIGHLIGHTS

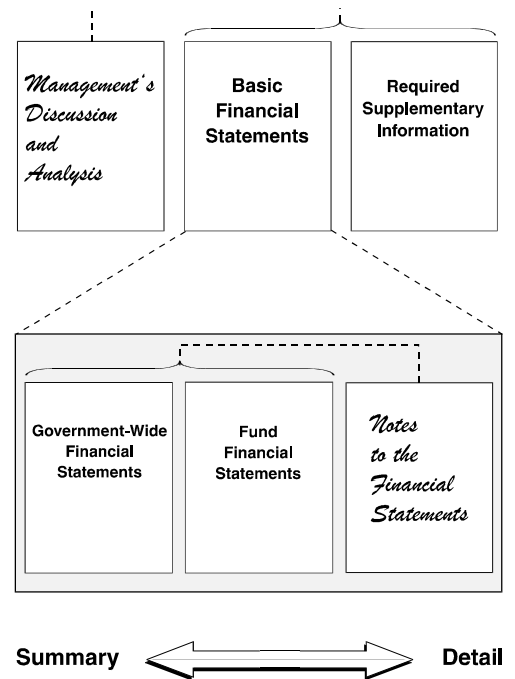
- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows by \$34.3 million (total net position) at September 30, 2025. Of this amount, \$10.1 million (unrestricted net position) may be used to meet the City’s ongoing obligations to citizens and creditors.
- During the year, the City’s total net position increased by \$2.2 million.
- As of September 30, 2025, the City’s governmental funds reported a combined ending fund balance of \$11.2 million, an increase of \$3.4 million from the prior year primarily due to the issuance of new certificates for upcoming projects in excess of current year capital outlay spending.
- The City issued \$7.2 million of debt, including premiums and final draw on USDA loan, during the year ended September 30, 2025 for upcoming general and utility improvements.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

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

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



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

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

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

Government-Wide Statements

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

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

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

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

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

Fund Financial Statements

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

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

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

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

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

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

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

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

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

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City’s adopted budget and the City’s progress in funding its obligation to provide pension benefits to its employees. The required supplementary information related to the budget and pension benefits can be found beginning on page 55 of this report. The combining statements referred to earlier in connection with nonmajor governmental funds can be found beginning on pages 66 of this report.

FINANCIAL ANALYSIS OF THE CITY AS A WHOLE

As noted earlier, net position may serve over time as a useful indicator of a government’s financial position. In the case of the City, assets and deferred outflows exceeded liabilities and deferred inflows by \$34.3 million at the close of fiscal year 2025.

By far the largest portion of the City’s net position (59%) reflects its net investment in capital assets (e.g., land, buildings, machinery and equipment and infrastructure), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City’s investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities. The following table provides a summary of the City’s net assets at September 30, 2025 (See Table A-1).

Table A-1
City's Net Position

	Governmental		Business-Type		Total		Total Percentage Change 2025 - 2024
	Activities		Activities				
	2025	2024	2025	2024	2025	2024	
<i>Assets:</i>							
Current and Other Assets	\$ 6,773,907	\$ 6,362,565	\$ 10,080,580	\$ 9,478,876	\$ 16,854,487	\$ 15,841,441	6.4
Restricted Assets	5,293,483	1,875,996	7,178,636	4,377,727	12,472,119	6,253,723	99.4
Capital Assets (net)	6,067,266	5,131,671	38,354,326	37,444,354	44,421,592	42,576,025	4.3
<i>Total Assets</i>	<u>18,134,656</u>	<u>13,370,232</u>	<u>55,613,542</u>	<u>51,300,957</u>	<u>73,748,198</u>	<u>64,671,189</u>	14.0
<i>Deferred Outflows of Resources</i>	168,859	265,961	136,152	213,596	305,011	479,557	(36.4)
<i>Liabilities:</i>							
Current Liabilities	883,714	402,918	2,037,153	1,474,893	2,920,867	1,877,811	55.5
Long-Term Liabilities	10,323,506	7,093,938	25,584,166	23,127,927	35,907,672	30,221,865	18.8
<i>Total Liabilities</i>	<u>11,207,220</u>	<u>7,496,856</u>	<u>27,621,319</u>	<u>24,602,820</u>	<u>38,828,539</u>	<u>32,099,676</u>	21.0
<i>Deferred Inflows of Resources</i>	67,885	43,931	844,390	904,300	912,275	948,231	(3.8)
<i>Net Position:</i>							
Net Investment in							
Capital Assets	1,601,628	576,933	18,527,571	17,905,089	20,129,199	18,482,022	8.9
Restricted	1,336,910	1,330,560	2,727,563	2,131,294	4,064,473	3,461,854	17.4
Unrestricted	4,089,872	4,187,913	6,028,851	5,971,050	10,118,723	10,158,963	(0.4)
<i>Total Net Position</i>	<u>\$ 7,028,410</u>	<u>\$ 6,095,406</u>	<u>\$ 27,283,985</u>	<u>\$ 26,007,433</u>	<u>\$ 34,312,395</u>	<u>\$ 32,102,839</u>	6.9

An additional portion of the City’s net position \$4.1 million (12%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$10.1 million (29%) may be used to meet the government's ongoing obligations to citizens and creditors.

Change in Net Position: The City’s net position increased \$2.2 million. (See Table A-2.)

Table A-2
Changes in City's Net Position

	Governmental		Business-Type		Total		Percentage
	Activities		Activities				Change
	2025	2024	2025	2024	2025	2024	2025 - 2024
<i>Program Revenues:</i>							
Charges for Services	\$ 1,316,662	\$ 1,001,547	\$ 9,960,388	\$ 9,655,692	\$ 11,277,050	\$ 10,657,239	5.8
Operating Grants and Contributions	926,233	147,984	33,489	49,397	959,722	197,381	386.2
Capital Grants and Contributions	-	-	1,243,801	155,490	1,243,801	155,490	699.9
<i>General Revenues:</i>							
Taxes	4,191,064	4,091,911	-	-	4,191,064	4,091,911	2.4
Interest Earnings	290,697	296,254	341,891	488,790	632,588	785,044	(19.4)
Miscellaneous	101,020	744,310	-	-	101,020	744,310	(86.4)
TOTAL REVENUES	6,825,676	6,282,006	11,579,569	10,349,369	18,405,245	16,631,375	10.7
<i>Program Expenditures:</i>							
General Administration	1,635,247	2,495,516	-	-	1,635,247	2,495,516	(34.5)
Public Safety	2,704,596	2,132,759	-	-	2,704,596	2,132,759	26.8
Public Transportation	669,282	628,547	-	-	669,282	628,547	6.5
Culture and Recreation	1,049,778	1,257,800	-	-	1,049,778	1,257,800	(16.5)
Interest in Debt	295,136	181,121	-	-	295,136	181,121	62.9
Utility	-	-	8,736,388	8,542,202	8,736,388	8,542,202	2.3
Airport	-	-	1,105,262	1,003,292	1,105,262	1,003,292	10.2
TOTAL EXPENSES	6,354,039	6,695,743	9,841,650	9,545,494	16,195,689	16,241,237	(0.3)
Increase (Decrease) in Net Position before Transfers	471,637	(413,737)	1,737,919	803,875	2,209,556	390,138	466.4
Transfers	461,367	435,587	(461,367)	(435,587)	-	-	0.0
Change in Net Position	933,004	21,850	1,276,552	368,288	2,209,556	390,138	466.4
Beginning Net Position	6,095,406	6,073,556	26,007,433	25,639,145	32,102,839	31,712,701	1.2
Ending Net Position	<u>\$ 7,028,410</u>	<u>\$ 6,095,406</u>	<u>\$ 27,283,985</u>	<u>\$ 26,007,433</u>	<u>\$ 34,312,395</u>	<u>\$ 32,102,839</u>	6.9

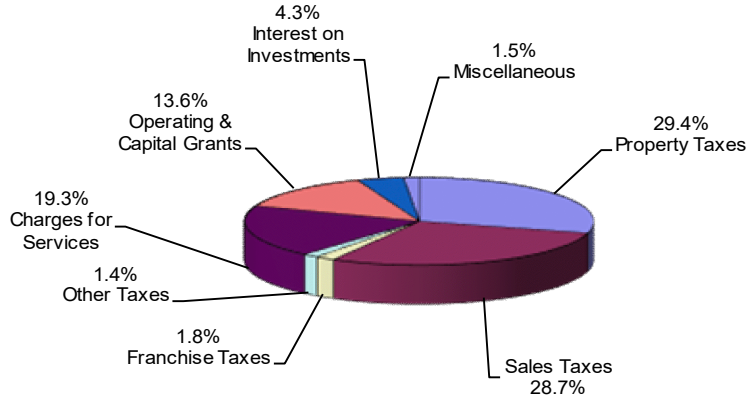
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City’s activities for fiscal year 2025.

Governmental Activities

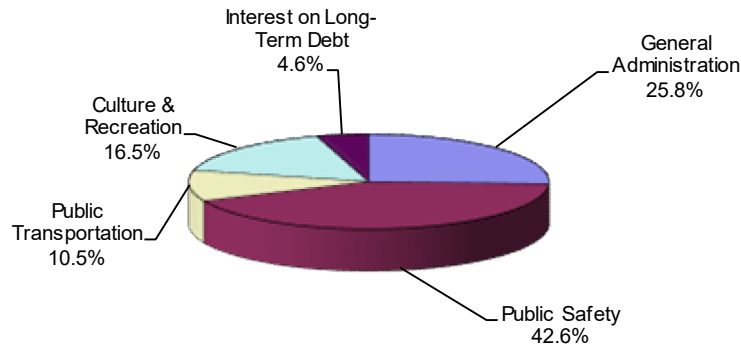
- Charges for services, including permits and fees, increased \$315 thousand over the previous year.
- Operating grants and contributions increased \$778 thousand over the previous year due to grant funding for the Regional Park Community Center Building.
- Governmental program expenses decreased \$342 thousand from the previous year which was primarily in General Administration as well as Culture and Recreation.

Governmental activities showed an excess of revenues over expenses of \$472 thousand before transfers from business-type activities. The business-type activities transferred \$461 thousand to governmental activities resulting in an increase in net position of \$933 thousand.

2025 Governmental Revenues



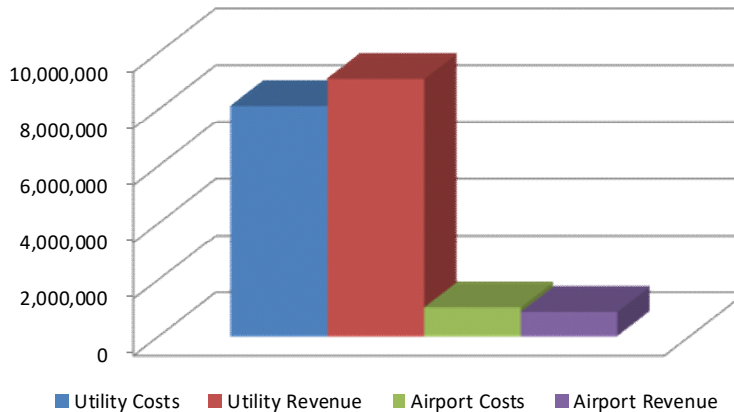
2025 Governmental Function Expenses



Business-Type Activities

Business-type activities increased the City’s net position by \$1.3 million after transfers to governmental activities of \$461 thousand. This increase is primarily attributed to increases in payments related to guaranteed capacity within signed developer agreements.

Business-Type Activities



FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental funds

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

As of the end of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$11.2 million. Of this total amount, \$6.8 million is restricted by constraints imposed by external providers such as grantors and enabling legislation and for capital projects, \$153 thousand is committed and reported in special revenue funds, \$444 thousand is assigned for city hall improvements and \$3.8 million is unassigned in the governmental funds. The unassigned fund balance is the amount available for spending at the government's discretion.

The general fund is the chief operating fund of the City. At the end of the current fiscal year, the unassigned fund balance of the general fund was \$3.8 million. The City's general fund balance showed a decrease of \$82 thousand during the year. This is attributed to ongoing costs in the Parks department that represented the city's portion of costs related to the Regional Park Community Center.

Proprietary funds

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

The unrestricted net position of the Utility Fund at the end of the year amounted to \$5.3 million. The increase in net position was \$1.5 million. This increase is attributable to guaranteed capacity payments received related to developer agreements.

Unrestricted net position of the Airport Fund at the end of the year amounted to \$758 thousand. The decrease in net position was \$191 thousand. This decrease is attributable to depreciation expense on capital assets as well as increased purchases of fuel.

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

General Fund Budgetary Highlights

There was one budget amendment during the year that lowered total revenues by \$8 thousand and increased total expenditures by \$1.2 million as the City was utilizing use of prior fund balance. The general fund revenues were over budget by \$1.7 million as a result of increased sales tax revenue, license and permits, and grant revenues. The general fund expenditures were over budget by \$604 thousand as capital outlay expenditures related to the Regional Community Center construction were not budgeted since they were covered by grant funds.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets

As of September 30, 2025, the City had invested \$44.4 million in a broad range of capital assets, including land, buildings and improvements, equipment and vehicles, and infrastructure (See Table A-3.). This amount represents a net increase (including additions and deductions) of \$1.8 million from last year. The increase is due to ongoing projects including the Regional Park Community Center Building and water system improvements. More detailed information about the City’s capital assets is presented in the notes to the financial statements.

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

	Governmental		Business-Type		Total		Total Percentage Change 2025 - 2024
	Activities		Activities				
	2025	2024	2025	2024	2025	2024	
Land	\$ 179	\$ 179	\$ 2,517	\$ 2,229	\$ 2,696	\$ 2,408	12.0
Construction in Progress	1,866	638	4,440	2,795	6,306	3,433	83.7
Water Rights	-	-	176	176	176	176	0.0
Buildings and Improvements	1,479	1,479	7,971	7,970	9,450	9,449	0.0
Vehicles and Equipment	1,487	1,487	2,888	2,828	4,375	4,315	1.4
Infrastructure	3,524	3,524	33,975	33,935	37,499	37,459	0.1
Totals at Historical Cost	8,535	7,307	51,967	49,933	60,502	57,240	5.7
Total Accumulated Depreciation	(2,468)	(2,176)	(13,613)	(12,489)	(16,081)	(14,665)	9.7
Net Capital Assets	<u>\$ 6,067</u>	<u>\$ 5,131</u>	<u>\$ 38,354</u>	<u>\$ 37,444</u>	<u>\$ 44,421</u>	<u>\$ 42,575</u>	4.3

Long Term Debt

At year-end the City had \$33.4 million in bonds and notes outstanding as shown in Table A-4. More detailed information about the City’s debt is presented in the notes to the financial statements. The City’s S&P rating was upgraded to AA Stable.

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

	Governmental		Business-Type		Total		Total Percentage Change 2025 - 2024
	Activities		Activities				
	2025	2024	2025	2024	2025	2024	
Bonds Payable	\$ 9,185	\$ 6,038	\$ 12,230	\$ 9,182	\$ 21,415	\$ 15,220	40.7
Notes Payable	-	-	1,119	1,094	1,119	1,094	2.3
TWDB Bonds Payable	-	-	10,895	11,540	10,895	11,540	(5.6)
Total Long-Term Debt	<u>\$ 9,185</u>	<u>\$ 6,038</u>	<u>\$ 24,244</u>	<u>\$ 21,816</u>	<u>\$ 33,429</u>	<u>\$ 27,854</u>	20.0

ECONOMIC FACTORS AND NEXT YEAR’S BUDGETS AND RATES

- The General Fund budgeted revenues and other financing sources of transfers in of \$5,159,025 for fiscal year 2026 which is an increase of 10.6% of fiscal year 2025 final budgeted revenues and other financing sources. The General Fund budgeted expenditures and other financing uses of transfers out of \$5,409,025 for fiscal year 2026 which is a decrease of 7.0% from fiscal year 2025 final budgeted expenditures and other financing uses.
- Total ad valorem rates remained unchanged from fiscal year 2025 at 0.5233 per \$100 valuation.
- The population of the City is estimated to be 3,141.

CONTACTING THE CITY’S FINANCIAL MANAGEMENT

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

BASIC FINANCIAL STATEMENTS

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

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

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

CITY OF CASTROVILLE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
ASSETS			
Cash and Cash Equivalents	\$ 7,149,379	\$ 6,570,337	\$ 13,719,716
Receivables (net of allowances for uncollectibles)			
Ad Valorem Taxes	18,767	-	18,767
Sales & Mixed Beverage Taxes	318,864	-	318,864
Lease	-	798,068	798,068
Other	371,274	966,191	1,337,465
Inventory	-	661,607	661,607
Internal Balances	(1,084,377)	1,084,377	-
Restricted Assets:			
Cash and Cash Equivalents	5,293,483	6,162,238	11,455,721
Cash Held in Escrow	-	1,016,398	1,016,398
Capital Assets:			
Land	179,144	2,516,820	2,695,964
Construction in Progress	1,866,159	4,440,121	6,306,280
Water Rights	-	176,126	176,126
Building and Improvements	1,479,336	7,970,353	9,449,689
Vehicles and Equipment	1,486,749	2,888,412	4,375,161
Infrastructure	3,524,457	33,974,951	37,499,408
Accumulated Depreciation	(2,468,579)	(13,612,457)	(16,081,036)
TOTAL ASSETS	18,134,656	55,613,542	73,748,198
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	3,517	873	4,390
Deferred Pension Related Outflows	160,447	131,274	291,721
Deferred OPEB Related Outflows	4,895	4,005	8,900
TOTAL DEFERRED OUTFLOWS OF RESOURCES	\$ 168,859	\$ 136,152	\$ 305,011

CITY OF CASTROVILLE
 STATEMENT OF NET POSITION (CONTINUED)
 SEPTEMBER 30, 2025

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 506,495	\$ 1,594,380	\$ 2,100,875
Accrued Expenses	193,967	19,773	213,740
Due to Developer	22,410	-	22,410
Unearned Revenue	105,662	-	105,662
Accrued Interest Payable	55,180	109,275	164,455
Customer Deposits	-	313,725	313,725
<i>Noncurrent Liabilities:</i>			
Due within One Year	329,500	1,101,500	1,431,000
Due in more than One Year	9,408,199	24,093,537	33,501,736
Compensated Absences	236,349	103,208	339,557
Net Pension Liability	244,514	200,057	444,571
Total OPEB Liability	104,944	85,864	190,808
TOTAL LIABILITIES	<u>11,207,220</u>	<u>27,621,319</u>	<u>38,828,539</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	54,183	44,333	98,516
Deferred OPEB Related Inflows	13,702	11,210	24,912
Deferred Inflows - Leases	-	788,847	788,847
TOTAL DEFERRED INFLOWS OF RESOURCES	<u>67,885</u>	<u>844,390</u>	<u>912,275</u>
NET POSITION			
Net Investment in Capital Assets	1,601,628	18,527,571	20,129,199
Restricted	1,336,910	2,727,563	4,064,473
Unrestricted	4,089,872	6,028,851	10,118,723
TOTAL NET POSITION	<u>\$ 7,028,410</u>	<u>\$ 27,283,985</u>	<u>\$ 34,312,395</u>

See accompanying notes to basic financial statements.

Section IX, Item d.

CITY OF CASTROVILLE
 STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

<u>Functions and Programs</u>	<u>Expenses</u>	<u>Program Revenues</u>		
		<u>Charges for Services</u>	<u>Operating Grants and Contributions</u>	<u>Capital Grants and Contributions</u>
Primary Government:				
<i>Governmental Activities:</i>				
General Administration	\$ 1,635,247	\$ 503,659	\$ -	\$ -
Public Safety	2,704,596	456,413	72,774	-
Public Transportation	669,282	109,629	-	-
Culture and Recreation	1,049,778	246,961	853,459	-
Interest on Long-term Debt	295,136	-	-	-
<i>Total Governmental Activities</i>	<u>6,354,039</u>	<u>1,316,662</u>	<u>926,233</u>	<u>-</u>
 <i>Business-Type Activities</i>				
Utility	8,736,388	9,105,132	-	1,243,801
Airport	1,105,262	855,256	33,489	-
<i>Total Business-Type Activities</i>	<u>9,841,650</u>	<u>9,960,388</u>	<u>33,489</u>	<u>1,243,801</u>
Total Primary Government	<u><u>\$ 16,195,689</u></u>	<u><u>\$ 11,277,050</u></u>	<u><u>\$ 959,722</u></u>	<u><u>\$ 1,243,801</u></u>
 General Revenues:				
Taxes				
Ad Valorem Taxes				
Sales Taxes				
Franchise Taxes				
Other Taxes				
Interest and Investment Earnings				
Miscellaneous				
Total General Revenues				
Transfers				
Change in Net Position				
 Net Position at Beginning of Year				
 Net Position at End of Year				

See accompanying notes to basic financial statements.

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

<u>Governmental Activities</u>	<u>Business-Type Activities</u>	<u>Total</u>
\$ (1,131,588)	\$ -	\$ (1,131,588)
(2,175,409)	-	(2,175,409)
(559,653)	-	(559,653)
50,642	-	50,642
(295,136)	-	(295,136)
<u>(4,111,144)</u>	<u>-</u>	<u>(4,111,144)</u>
-	1,612,545	1,612,545
-	(216,517)	(216,517)
-	<u>1,396,028</u>	<u>1,396,028</u>
<u>(4,111,144)</u>	<u>1,396,028</u>	<u>(2,715,116)</u>
2,004,741	-	2,004,741
1,964,758	-	1,964,758
123,694	-	123,694
97,871	-	97,871
290,697	341,891	632,588
101,020	-	101,020
<u>4,582,781</u>	<u>341,891</u>	<u>4,924,672</u>
<u>461,367</u>	<u>(461,367)</u>	<u>-</u>
933,004	1,276,552	2,209,556
<u>6,095,406</u>	<u>26,007,433</u>	<u>32,102,839</u>
<u>\$ 7,028,410</u>	<u>\$ 27,283,985</u>	<u>\$ 34,312,395</u>

**CITY OF CASTROVILLE
BALANCE SHEET - GOVERNMENTAL FUNDS
SEPTEMBER 30, 2025**

	<u>Major Fund General Fund</u>	<u>Major Fund Capital Projects Fund</u>	<u>Major Fund Drainage Fund</u>	<u>Other Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Cash and Cash Equivalents	\$ 5,236,986	\$ -	\$ 129,628	\$ 1,782,765	\$ 7,149,379
Receivables (net of allowance):					
Property Taxes	12,527	-	-	6,240	18,767
Sales & Mixed Beverage Taxes	318,864	-	-	-	318,864
Other Receivables	338,181	-	-	33,093	371,274
Due from Other Funds	273,068	160,814	18,439	-	452,321
Restricted Assets:					
Cash and Cash Equivalents	-	3,775,048	1,518,435	-	5,293,483
TOTAL ASSETS	<u>\$ 6,179,626</u>	<u>\$ 3,935,862</u>	<u>\$ 1,666,502</u>	<u>\$ 1,822,098</u>	<u>\$ 13,604,088</u>
LIABILITIES, DEFERRED INFLOWS OF OF RESOURCES, AND FUND BALANCES					
<i>Liabilities:</i>					
Accounts Payable	\$ 499,278	\$ -	\$ 7,217	\$ -	\$ 506,495
Accrued Expenditures	193,967	-	-	-	193,967
Due to Other Funds	950,613	-	-	586,085	1,536,698
Due to Developer	22,410	-	-	-	22,410
Unearned Revenue	-	-	-	105,662	105,662
<i>Total Liabilities</i>	<u>1,666,268</u>	<u>-</u>	<u>7,217</u>	<u>691,747</u>	<u>2,365,232</u>
<i>Deferred Inflows of Resources:</i>					
Unavailable Revenue - Property Tax	12,527	-	-	6,240	18,767
<i>Total Deferred Inflows of Resources</i>	<u>12,527</u>	<u>-</u>	<u>-</u>	<u>6,240</u>	<u>18,767</u>
<i>Fund Balances:</i>					
Restricted	273,492	3,935,862	1,518,435	1,112,358	6,840,147
Committed	-	-	140,850	11,753	152,603
Assigned	443,620	-	-	-	443,620
Unassigned	3,783,719	-	-	-	3,783,719
<i>Total Fund Balances</i>	<u>4,500,831</u>	<u>3,935,862</u>	<u>1,659,285</u>	<u>1,124,111</u>	<u>11,220,089</u>
TOTAL LIABILITIES, DEFERRED INFLOWS, & FUND BALANCES	<u>\$ 6,179,626</u>	<u>\$ 3,935,862</u>	<u>\$ 1,666,502</u>	<u>\$ 1,822,098</u>	<u>\$ 13,604,088</u>

See accompanying notes to basic financial statements.

Section IX, Item d.

CITY OF CASTROVILLE
 RECONCILIATION OF THE GOVERNMENTAL FUNDS
 BALANCE SHEET TO THE STATEMENT OF NET POSITION
 SEPTEMBER 30, 2025

TOTAL FUND BALANCE - TOTAL GOVERNMENTAL FUNDS		\$ 11,220,089
<p>Amounts reported for governmental activities in the Statement of Net Position are different because:</p>		
Capital Assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.		6,067,266
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.		18,767
Long-term liabilities, including bonds payable, are not due and payable in the current period and, therefore, not reported in the funds.		
Compensated Absences	(236,349)	
Deferred Charge on Refunding	3,517	
Bonds Payable	(9,184,500)	
Premiums on Bonds	<u>(553,199)</u>	(9,970,531)
Net pension liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Net Pension Liability	(244,514)	
Pension Related Deferred Outflows	160,447	
Pension Related Deferred Inflows	<u>(54,183)</u>	(138,250)
Total OPEB liabilities (and related deferred inflows and outflows of resources) do not consume current financial resources and are not reported in the funds.		
Total OPEB Liability	(104,944)	
OPEB Related Deferred Outflows	4,895	
OPEB Related Deferred Inflows	<u>(13,702)</u>	(113,751)
Accrued interest payable on long-term-bonds is not due and payable in the current period and, therefore, not reported in the funds.		<u>(55,180)</u>
TOTAL NET POSITION - GOVERNMENTAL ACTIVITIES		<u>\$ 7,028,410</u>

See accompanying notes to basic financial statements.

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CITY OF CASTROVILLE
 STATEMENT OF REVENUES, EXPENDITURES
 AND CHANGES IN FUND BALANCES – GOVERNMENTAL FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	Major Fund General Fund	Major Fund Capital Projects Fund	Major Fund Drainage Fund	Other Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Ad Valorem Taxes	\$ 1,333,967	\$ -	\$ -	\$ 666,821	\$ 2,000,788
Sales Taxes	1,964,758	-	-	-	1,964,758
Franchise Fees	123,694	-	-	-	123,694
Other Taxes	11,773	-	-	86,098	97,871
Licenses and Permits	499,280	-	-	-	499,280
Charges for Services	251,374	-	109,629	-	361,003
Fines and Forfeitures	427,341	-	-	29,038	456,379
Intergovernmental Revenue	923,934	-	-	2,299	926,233
Interest Income	144,758	21,186	57,015	67,738	290,697
Miscellaneous	28,840	-	-	72,180	101,020
TOTAL REVENUES	5,709,719	21,186	166,644	924,174	6,821,723
EXPENDITURES					
<i>Current:</i>					
General Administration	1,302,436	-	27,937	155,156	1,485,529
Public Safety	2,567,768	-	-	6,169	2,573,937
Public Transportation	465,615	-	-	-	465,615
Culture and Recreation	1,236,352	-	-	120	1,236,472
<i>Capital Outlay</i>	846,437	151,251	144,286	-	1,141,974
<i>Debt Service:</i>					
Principal	-	-	50,000	263,500	313,500
Interest and Fiscal Charges	-	-	59,000	140,834	199,834
Bond Issuance Costs	-	99,370	-	-	99,370
TOTAL EXPENDITURES	6,418,608	250,621	281,223	565,779	7,516,231
Excess (Deficiency) of Revenues					
Over (Under) Expenditures	(708,889)	(229,435)	(114,579)	358,395	(694,508)
OTHER FINANCING SOURCES (USES)					
Transfers In	627,221	-	-	56,984	684,205
Transfers Out	-	-	(45,587)	(177,251)	(222,838)
Issuance of Debt	-	3,460,000	-	-	3,460,000
Premiums on Debt Issuance	-	139,370	-	-	139,370
TOTAL OTHER FINANCING SOURCES (USES)	627,221	3,599,370	(45,587)	(120,267)	4,060,737
Net Change in Fund Balance	(81,668)	3,369,935	(160,166)	238,128	3,366,229
Fund Balances at Beginning of Year	4,582,499	565,927	1,819,451	885,983	7,853,860
Fund Balances at End of Year	\$ 4,500,831	\$ 3,935,862	\$ 1,659,285	\$ 1,124,111	\$ 11,220,089

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
 RECONCILIATION OF THE STATEMENT OF REVENUES,
 EXPENDITURES, AND CHANGES IN FUND BALANCES OF
 GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 3,366,229

Amounts reported for governmental activities in the Statement of Activities are different because:

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which depreciation exceeded capital outlays. 935,595

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 3,953

The issuance of long-term debt (e.g. bonds, leases,) provides current financial resources to governmental funds, which the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any affect on net position. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal Repayments on Bonds	313,500	
Proceeds of New Debt	(3,599,370)	
Amortization of Deferred Charges & Premiums	<u>26,216</u>	(3,259,654)

Governmental funds report required contributions to employee pensions as expenditures. However, in the Statement of Activities the cost of the pension is recorded based on the actuarially determined cost of the plan. This is the amount that the contributions exceeded the actuarially determined pension expense. 14,629

Governmental funds report required contributions to other post-employment benefits as expenditures. However, in the Statement of Activities the cost of the expense is recorded based on the actuarially determined cost of the plan. This is the amount that the actuarially determined OPEB expense exceeded contributions. 6,585

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Change in Compensated Absences	(112,184)	
Change in Accrued Interest	<u>(22,149)</u>	<u>(134,333)</u>

CHANGE IN NET POSITION - GOVERNMENTAL ACTIVITIES \$ 933,004

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
 STATEMENT OF NET POSITION – PROPRIETARY FUND
 SEPTEMBER 30, 2025

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
ASSETS			
<i>Current Assets:</i>			
Cash and Cash Equivalents	\$ 5,633,129	\$ 937,208	\$ 6,570,337
Leases Receivable	-	798,068	798,068
Other Receivables (net of allowance)	938,441	27,750	966,191
Due from Other Funds	1,328,222	-	1,328,222
Inventory	623,245	38,362	661,607
<i>Total Current Assets</i>	<u>8,523,037</u>	<u>1,801,388</u>	<u>10,324,425</u>
<i>Restricted Assets:</i>			
Cash and Cash Equivalents	6,162,238	-	6,162,238
Cash Held in Escrow	1,016,398	-	1,016,398
<i>Total Restricted Assets</i>	<u>7,178,636</u>	<u>-</u>	<u>7,178,636</u>
<i>Non-Current Assets:</i>			
Capital Assets, Net of Accumulated			
Depreciation	29,389,474	8,964,852	38,354,326
<i>Total Non-Current Assets</i>	<u>29,389,474</u>	<u>8,964,852</u>	<u>38,354,326</u>
TOTAL ASSETS	<u>45,091,147</u>	<u>10,766,240</u>	<u>55,857,387</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred Charge on Refunding	-	873	873
Deferred Pension Related Outflows	125,440	5,834	131,274
Deferred OPEB Related Outflows	3,827	178	4,005
TOTAL DEFERRED OUTFLOWS OF RESOURCES	<u>\$ 129,267</u>	<u>\$ 6,885</u>	<u>\$ 136,152</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
 STATEMENT OF NET POSITION – PROPRIETARY FUND (CONTINUED)
 SEPTEMBER 30, 2025

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
LIABILITIES			
<i>Current Liabilities:</i>			
Accounts Payable	\$ 1,594,129	\$ 251	\$ 1,594,380
Accrued Expenses	13,121	6,652	19,773
Due to Other Funds	18,439	225,406	243,845
Customer Deposits	313,725	-	313,725
Accrued Interest Payable	105,234	4,041	109,275
Current Portion of Long Term Debt	1,065,000	36,500	1,101,500
<i>Total Current Liabilities</i>	3,109,648	272,850	3,382,498
 <i>Non-Current Liabilities:</i>			
Compensated Absences	93,806	9,402	103,208
Net Pension Liability	191,166	8,891	200,057
Total OPEB Liability	82,047	3,817	85,864
Long-Term Debt (Net of Current Portion)	22,994,114	1,099,423	24,093,537
<i>Total Non-Current Liabilities</i>	23,361,133	1,121,533	24,482,666
 TOTAL LIABILITIES	 26,470,781	 1,394,383	 27,865,164
 DEFERRED INFLOWS OF RESOURCES			
Deferred Pension Related Inflows	42,362	1,971	44,333
Deferred OPEB Related Inflows	10,712	498	11,210
Deferred Inflows - Leases	-	788,847	788,847
TOTAL DEFERRED INFLOWS OF RESOURCES	53,074	791,316	844,390
 NET POSITION			
Net Investment in Capital Assets	10,697,769	7,829,802	18,527,571
Restricted	2,727,563	-	2,727,563
Unrestricted	5,271,227	757,624	6,028,851
TOTAL NET POSITION	\$ 18,696,559	\$ 8,587,426	\$ 27,283,985

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
 STATEMENT OF REVENUES, EXPENSES AND
 CHANGES IN FUND NET POSITION
 PROPRIETARY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
OPERATING REVENUES			
Charges for Services	\$ 8,971,221	\$ 854,356	\$ 9,825,577
Fines and Forfeitures	66,774	670	67,444
Operating Grants	32,030	33,489	65,519
Miscellaneous Revenues	35,107	230	35,337
TOTAL OPERATING REVENUES	<u>9,105,132</u>	<u>888,745</u>	<u>9,993,877</u>
OPERATING EXPENSES			
Personnel Services	2,449,888	164,581	2,614,469
Supplies	49,127	793	49,920
Other Services and Charges	2,050,683	596,365	2,647,048
Electric Purchases	2,148,316	-	2,148,316
Gas Purchases	211,516	-	211,516
Sanitation Services	353,267	-	353,267
Depreciation and Amortization	889,266	285,161	1,174,427
TOTAL OPERATING EXPENSES	<u>8,152,063</u>	<u>1,046,900</u>	<u>9,198,963</u>
OPERATING INCOME (LOSS)	<u>953,069</u>	<u>(158,155)</u>	<u>794,914</u>
NONOPERATING REVENUES (EXPENSES)			
Interest Income	328,230	13,661	341,891
Loss on Disposal of Fixed Assets	-	(34,056)	(34,056)
Guaranteed Capacity	1,243,801	-	1,243,801
Interest and Fiscal Charges	(484,955)	(24,306)	(509,261)
Bond Issuance Costs	(99,370)	-	(99,370)
TOTAL NONOPERATING REVENUES (EXPENSES)	<u>987,706</u>	<u>(44,701)</u>	<u>943,005</u>
Net Income (Loss) Before Transfers and Capital Contributions	1,940,775	(202,856)	1,737,919
Transfers and Capital Contributions:			
Transfers In	177,251	17,460	194,711
Transfers Out	(650,078)	(6,000)	(656,078)
Total Transfers and Capital Contributions	<u>(472,827)</u>	<u>11,460</u>	<u>(461,367)</u>
CHANGE IN NET POSITION	1,467,948	(191,396)	1,276,552
NET POSITION AT BEGINNING OF YEAR	<u>17,228,611</u>	<u>8,778,822</u>	<u>26,007,433</u>
NET POSITION AT END OF YEAR	<u>\$ 18,696,559</u>	<u>\$ 8,587,426</u>	<u>\$ 27,283,985</u>

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
Cash Flows From Operating Activities:			
Cash Received From Customers	\$ 9,139,535	\$ 1,059,478	\$ 10,199,013
Cash Paid to Employee Wages & Benefits	(2,418,633)	(158,397)	(2,577,030)
Cash Paid to Suppliers for Goods and Services	(4,329,521)	(615,321)	(4,944,842)
Net Cash Provided (Used) by Operating Activities	2,391,381	285,760	2,677,141
Cash Flows From Noncapital Financing Activities:			
Interfund Payables	(927,786)	149	(927,637)
Transfer (to) from Other Funds	(472,827)	11,460	(461,367)
Net Cash Provided (Used) by Noncapital Financing Activities	(1,400,613)	11,609	(1,389,004)
Cash Flows From Capital and Related Financing Activities:			
Acquisition and Construction of Capital Assets	(1,988,980)	(129,475)	(2,118,455)
Guaranteed Capacity Payments Received	1,243,801	-	1,243,801
Proceeds from Debt Issuances	3,500,000	46,000	3,546,000
Retirement of Long-Term Debt	(1,040,000)	(37,500)	(1,077,500)
Interest and Fiscal Charges Paid	(511,226)	(25,011)	(536,237)
Net Cash Provided (Used) by Capital and Related Financing Activities	1,203,595	(145,986)	1,057,609
Cash Flows From Investing Activities:			
Investment Interest Received	328,230	13,661	341,891
Net Cash Provided (Used) by Investing Activities	328,230	13,661	341,891
Net Increase (Decrease) in Cash and Cash Equivalents	2,522,593	165,044	2,687,637
Cash and Investments at Beginning of Year:			
Cash and Investments	5,911,445	772,164	6,683,609
Restricted Cash and Investments	4,377,727	-	4,377,727
	10,289,172	772,164	11,061,336
Cash and Investments at End of Year:			
Cash and Investments	5,633,129	937,208	6,570,337
Restricted Cash and Investments	7,178,636	-	7,178,636
	\$ 12,811,765	\$ 937,208	\$ 13,748,973

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
 STATEMENT OF CASH FLOWS - PROPRIETARY FUND (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

	ENTERPRISE FUNDS		
	Major Fund	Major Fund	Totals
	Utility Fund	Airport Fund	
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities:			
Operating Income (Loss)	\$ 953,069	\$ (158,155)	\$ 794,914
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:			
Depreciation	889,266	285,161	1,174,427
(Increase) Decrease in Operating Assets:			
Leases Receivable	-	78,921	78,921
Accounts Receivable	7,514	175,743	183,257
Inventory	(62,661)	13,144	(49,517)
Increase (Decrease) in Current Liabilities:			
Accounts Payable	546,049	(31,307)	514,742
Accrued Expenses	2,973	2,185	5,158
Unearned Revenue	-	(4,422)	(4,422)
Customer Deposits	26,889	-	26,889
Compensated Absences	44,866	4,770	49,636
Net Pension Liability and Related			
Deferred Inflows and Outflows	(11,435)	(532)	(11,967)
Total OPEB Liability and Related			
Deferred Inflows and Outflows	(5,149)	(239)	(5,388)
Deferred Inflows - Leases	-	(79,509)	(79,509)
Total Adjustments to Reconcile Operating Activities	1,438,312	443,915	1,882,227
Net Cash Provided (Used) by Operating Activities	\$ 2,391,381	\$ 285,760	\$ 2,677,141

See accompanying notes to basic financial statements.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS
 SEPTEMBER 30, 2025

NOTE A -- SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

1. REPORTING ENTITY

Component Units

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

Blended Component Units

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

Discretely Presented Component Units. As of September 30, 2025, the City had no component units that would require a discrete presentation in the financial statements.

2. GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

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

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

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

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

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

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

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

The City reports the following major governmental funds:

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

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

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

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

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

Nonmajor funds include special revenue funds and debt service funds.

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

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

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

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

The City reports the following major proprietary funds:

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

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

4. CASH AND CASH EQUIVALENTS

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

5. INVESTMENTS

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

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

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

6. ACCOUNTS RECEIVABLE

Property taxes are levied based on taxable value at January 1 prior to September 30 and become due October 1, 2024 and past due after January 31, 2025. Accordingly, receivables and revenues for property taxes are reflected on the government-wide statement based on the full accrual method of accounting.

Revenues for services performed are recorded as receivables and revenues when they are earned in the government-wide statements. Included are billable services for certain contracts and billable services for the City's water utilities, sewer services, and solid waste management. Revenues received in advance of the costs being incurred are recorded as deferred revenue in the fund statements. Receivables are shown net of an allowance for uncollectible accounts. The allowances for uncollectible property taxes and utility customer accounts as of September 30, 2025 are \$19,925 and \$39,611, respectively.

Section IX, Item d.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

7. SHORT-TERM INTERFUND RECEIVABLES/PAYABLES

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

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

8. INVENTORY

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

9. RESTRICTED ASSETS

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

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

10. CAPITAL ASSETS

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

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

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

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

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CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

11. DEFERRED INFLOWS AND OUTFLOWS OF RESOURCES

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

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

12. UNEARNED REVENUE

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

13. COMPENSATED ABSENCES

The City permits employees to accumulate earned but unused vacation pay benefits up to certain limits. Upon resignation, an employee may receive pay for any unused accrued vacation provided the employee gives two weeks written notice of the resignation and is not subject to discharge for misconduct. Unused sick leave may be accumulated to certain limits. In the event of termination, no reimbursement is made for accumulated sick leave.

Liabilities for compensated absences are recognized in the fund statements to the extent the liabilities have matured (i.e. are due for payment). Compensated absences are accrued when incurred in the government wide and proprietary fund financial statements for those balances more likely than not to be paid out upon termination or used as time off.

14. LONG-TERM OBLIGATIONS

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

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

15. PENSIONS

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

16. OTHER POST-EMPLOYMENT BENEFITS (OPEB)

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

17. FUND EQUITY

Fund balances in governmental funds are classified as follows:

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

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

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

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

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

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

18. NET POSITION

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

19. INTERFUND TRANSACTIONS

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

20. OPERATING REVENUES AND EXPENSES

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

21. USE OF ESTIMATES

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

NOTE B -- DEPOSITS AND INVESTMENTS

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

1. Deposits

The City's funds are required to be deposited and invested under the terms of a depository contract. The depository bank deposits for safekeeping and trust with the City's agent bank approved pledge securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") insurance. At September 30, 2025, the carrying amount of the City's deposits were fully collateralized by a combination of federal deposit insurance (FDIC) and securities pledged by the City's depository.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

2. Investments

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

The Public Funds Investment Act (“Act”) requires an annual audit of investment practices. The Act requires that the Council review the investment policy at least annually, investment officers obtain minimum investment training, and investment officers sign quarterly investment reports submitted to Council. Audit procedures in this area, conducted as part of the basic financial statements, disclosed that the City had adhered to all requirements of the investment policy for the year ended September 30, 2025. Additionally, investment practices of the City were in accordance with local policies.

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

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

3. Analysis of Specific Deposit and Investment Risks

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

4. Investment Accounting Policy

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE B -- DEPOSITS AND INVESTMENTS (Continued)

5. Cash Held in Escrow

The amount of funds approved by the Texas Water Development Board but not yet drawn down by the City is held in escrow by the Texas Water Development Board in the City’s name. The amount held in escrow as of September 30, 2025 was \$1,016,398.

NOTE C -- PROPERTY TAX CALENDAR

The City’s property tax is levied and becomes collectible each October 1 based on the assessed values listed as of the prior January 1, which is the date a lien attaches to all taxable property in the City. Assessed values are established by the Medina County Appraisal District at 100% of estimated market value. Assessed values are reduced by lawful exemptions to arrive at taxable values. A revaluation of all property is required to be completed every four (4) years. The total taxable value as of January 1, 2024, upon which the fiscal 2025 levy was based, was \$345,206,183 (i.e., market value less exemptions). The estimated market value was \$488,126,664, making the taxable value 70.7% of the estimated market value.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt, for the year ended September 30, 2025, was \$0.523300 per \$100 of assessed value, which means that the City has a tax margin of \$1.9767 for each \$100 value and could increase its annual tax levy by approximately \$6,823,691 based upon the present assessed valuation before the limit is reached. However, the City generally may not increase the maintenance and operations portion of the property tax rate (that funds the General Fund) more than 3.5% annually (based on a three-year average) without an election.

NOTE D -- LEASES

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

	<u>Commercial 1</u>	<u>Commercial 2</u>	<u>Commercial 3</u>	<u>Commercial 4</u>	<u>Executive</u>	<u>Farm Land</u>
Current Term Ends	11/30/2041	4/1/2045	2/28/2040	1/19/2041	9/30/2050	12/12/2025
Extension Options End	11/30/2051	4/1/2045	2/28/2050	1/19/2041	9/30/2050	12/12/2025
Total Payments During Year:						
Reduction of Receivable	\$ 13,819	\$ 3,302	\$ 16,020	\$ 4,298	\$ 4,597	\$ 36,885
Interest Payment	5,477	98	5,580	124	203	231
Variable and Other Payments	-	-	-	-	-	-
	<u>\$ 19,296</u>	<u>\$ 3,400</u>	<u>\$ 21,600</u>	<u>\$ 4,422</u>	<u>\$ 4,800</u>	<u>\$ 37,116</u>
Total Lease Revenue During Year:						
Lease Revenue	\$ 15,893	\$ 2,753	\$ 16,627	\$ 2,898	\$ 4,682	\$ 36,656
Interest Revenue	5,477	98	5,580	124	203	231
	<u>\$ 21,370</u>	<u>\$ 2,851</u>	<u>\$ 22,207</u>	<u>\$ 3,022</u>	<u>\$ 4,885</u>	<u>\$ 36,887</u>

Section IX, Item d.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE E -- OTHER RECEIVABLES

Other receivables for the City as of September 30, 2025 are as follows:

	<u>General Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Utility Fund</u>	<u>Airport Fund</u>
Franchise Fees	\$ 6,082	\$ -	\$ -	\$ -
Occupancy Tax	-	23,093	-	-
Developer Contributions	-	10,000	-	-
Customer Receivables, Net of Allowance for Uncollectibles	-	-	938,441	3,664
Grant Funds	332,099	-	-	24,086
Total Other Receivables	<u>\$ 338,181</u>	<u>\$ 33,093</u>	<u>\$ 938,441</u>	<u>\$ 27,750</u>

NOTE F -- INTERFUND RECEIVABLE/PAYABLE AND TRANSFERS

During the course of its operations, the City has numerous transactions between funds to finance operations, provide services, and service debt. As of September 30, 2025, the following balances were due between funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>	<u>Reason</u>
General Fund	Nonmajor Governmental Fund	\$ 60,634	Reimbursement for Costs
General Fund	Airport Fund	212,434	Reimbursement for Costs
Capital Projects Fund	Nonmajor Governmental Fund	160,814	Reimbursement for Costs
Drainage Fund	Utility Fund	18,439	Reimbursement for Costs
Utility Fund	Airport Fund	12,972	Reimbursement for Costs
Utility Fund	General Fund	950,613	Reimbursement for Costs
Utility Fund	Nonmajor Governmental Fund	364,637	Reimbursement for Costs
		<u>\$ 1,780,543</u>	

Transfers during the year ended September 30, 2025, were as follows:

<u>Transfer In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Utility Fund	\$ 621,221	In support of admin costs
General Fund	Airport Fund	6,000	Supplement Funding
Nonmajor Governmental Fund	Utility Fund	11,397	In support of debt service
Nonmajor Governmental Fund	Drainage Fund	45,587	In support of debt service
Utility Fund	Nonmajor Governmental Fund	177,251	In support of debt service
Airport Fund	Utility Fund	17,460	In support of debt service
		<u>\$ 878,916</u>	

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CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE G -- CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2025, was as follows:

<i>Governmental Activities</i>	Balance 10/1/2024	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2025
Land	\$ 179,144	\$ -	\$ -	\$ 179,144
Construction in Progress	638,365	1,227,794	-	1,866,159
Buildings and Improvements	1,479,336	-	-	1,479,336
Vehicles and Equipment	1,486,749	-	-	1,486,749
Infrastructure	3,524,457	-	-	3,524,457
	<u>7,308,051</u>	<u>1,227,794</u>	<u>-</u>	<u>8,535,845</u>
Less Accumulated Depreciation				
Buildings and Improvements	(470,746)	(63,501)	-	(534,247)
Vehicles and Equipment	(913,713)	(160,401)	-	(1,074,114)
Infrastructure	(791,921)	(68,297)	-	(860,218)
	<u>(2,176,380)</u>	<u>(292,199)</u>	<u>-</u>	<u>(2,468,579)</u>
Governmental Capital Assets, Net	<u>\$ 5,131,671</u>	<u>\$ 935,595</u>	<u>\$ -</u>	<u>\$ 6,067,266</u>
<i>Business-Type Activities</i>	Balance 10/1/2024	Additions/ Transfer In	Disposals/ Transfer Out	Balance 9/30/2025
Land	\$ 2,229,120	\$ 287,700	\$ -	\$ 2,516,820
Construction in Progress	2,795,086	1,645,035	-	4,440,121
Water Rights	176,126	-	-	176,126
Buildings and Improvements	7,970,353	-	-	7,970,353
Vehicles and Equipment	2,827,873	145,679	(85,140)	2,888,412
Infrastructure	33,934,910	40,041	-	33,974,951
	<u>49,933,468</u>	<u>2,118,455</u>	<u>(85,140)</u>	<u>51,966,783</u>
Less Accumulated Depreciation				
Buildings and Improvements	(2,724,742)	(150,083)	-	(2,874,825)
Vehicles and Equipment	(1,491,713)	(253,685)	51,084	(1,694,314)
Infrastructure	(8,272,659)	(770,659)	-	(9,043,318)
	<u>(12,489,114)</u>	<u>(1,174,427)</u>	<u>51,084</u>	<u>(13,612,457)</u>
Business-Type Capital Assets, Net	<u>\$ 37,444,354</u>	<u>\$ 944,028</u>	<u>\$ (34,056)</u>	<u>\$ 38,354,326</u>

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

Section IX, Item d.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE G -- CAPITAL ASSETS (Continued)

Depreciation expense was charged to the functions as follows:

<i><u>Governmental Activities:</u></i>	
General Administration	\$ 10,256
Public Safety	61,736
Public Transportation	131,893
Culture and Recreation	<u>88,314</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 292,199</u></u>
 <i><u>Business-Type Activities:</u></i>	
Utility	\$ 889,266
Airport	<u>285,161</u>
Total Depreciation Expense - Business-Type Activities	<u><u>\$ 1,174,427</u></u>

NOTE H -- LONG-TERM DEBT

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

Public Borrowings

A summary of the general obligation debt is as follows:

<u>Issue Amount</u>	<u>Maturity</u>	<u>Interest Rate</u>	<u>Balance</u>
General Obligation Refunding Bonds:			
2012 Series \$ 2,020,000	2026	2.0 - 3.0%	<u>\$ 80,000</u>
Certificates of Obligation:			
2022 Series \$ 9,285,000	2042	2.0 - 5.0%	<u>\$ 8,390,000</u>
Certificates of Obligation:			
2023 Series \$ 4,735,000	2043	4.0 - 5.0%	<u>\$ 4,575,000</u>
Certificates of Obligation:			
2024 Series \$ 1,500,000	2044	4.00%	<u>\$ 1,450,000</u>
Certificates of Obligation:			
2025 Series \$ 6,920,000	2045	4.0 - 5.0%	<u>\$ 6,920,000</u>

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

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CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE H -- LONG-TERM DEBT (Continued)

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

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

The City issued Certificates of Obligation, Series 2025 on August 26, 2025 in the amount of \$6,920,000 for various general and utility related capital projects as identified in the city's capital improvement plan.

Private Placement Note Agreements

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

The City obtained a note agreement with the US Department of Agriculture for the purpose of construction and hanger improvements for \$1,180,000. During the year ended September 30, 2025, the City drew the last \$46,000 of the available funds. The note is due and payable over forty years at an interest rate of 2.125%. The notes were privately placed with USDA and contain no subjective acceleration clauses, events of default with finance-related consequences or termination events with finance-related consequences.

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE H -- LONG-TERM DEBT (Continued)

Changes in Long-Term Debt

	Balance 10/01/24	Additions	Reductions	Balance 9/30/2025	Due Within One Year
<i>Governmental Activities:</i>					
2012 Refunding Bonds	\$ 133,000	\$ -	\$ (68,500)	\$ 64,500	\$ 64,500
2012 Premium on Bonds	11,455	-	(5,727)	5,728	-
2022 Certificates of Obligation	4,405,000	-	(195,000)	4,210,000	210,000
2022 Premium on Certificates	432,107	-	(24,006)	408,101	-
2024 Certificates of Obligation	1,500,000	-	(50,000)	1,450,000	55,000
2025 Certificates of Obligation	-	3,460,000	-	3,460,000	-
2025 Premium on Certificates	-	139,370	-	139,370	-
<i>Total Governmental Activities</i>	<u>6,481,562</u>	<u>3,599,370</u>	<u>(343,233)</u>	<u>9,737,699</u>	<u>329,500</u>
<i>Business-Type Activities:</i>					
2012 Refunding Bonds	32,000	-	(16,500)	15,500	15,500
2012 Premium on Bonds	2,844	-	(1,421)	1,423	-
USDA Loan	1,094,000	46,000	(21,000)	1,119,000	21,000
TWDB - DWSRF - Construction	2,065,000	-	(175,000)	1,890,000	175,000
TWDB - CWSRF - Construction	1,725,000	-	(150,000)	1,575,000	150,000
Series 2015 Revenue Bonds	6,570,000	-	(275,000)	6,295,000	280,000
TWDB - CWSRF - Additional	1,180,000	-	(45,000)	1,135,000	45,000
2022 Certificates of Obligation	4,415,000	-	(235,000)	4,180,000	245,000
2022 Premium on Certificates	432,107	-	(24,006)	408,101	-
2023 Certificates of Obligation	4,735,000	-	(160,000)	4,575,000	170,000
2023 Premium on Certificates	423,957	-	(22,314)	401,643	-
2025 Certificates of Obligation	-	3,460,000	-	3,460,000	-
2025 Premium on Certificates	-	139,370	-	139,370	-
<i>Total Business-Type Activities</i>	<u>22,674,908</u>	<u>3,645,370</u>	<u>(1,125,241)</u>	<u>25,195,037</u>	<u>1,101,500</u>
 Total Primary Government	 <u>\$ 29,156,470</u>	 <u>\$ 7,244,740</u>	 <u>\$ (1,468,474)</u>	 <u>\$ 34,932,736</u>	 <u>\$ 1,431,000</u>

The total deferred charges remaining on the refunding is \$4,390 as of September 30, 2025 and is shown on the Statement of Net Position as a deferred outflow of resources.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE H -- LONG-TERM DEBT (Continued)

Annual requirements to amortize all bonded debt outstanding as of September 30, 2025 are as follows:

Year Ending September 30,	Governmental Activities				Total
	Public Offerings		Private Placement		
	Principal	Interest	Principal	Interest	
2026	\$ 274,500	\$ 273,077	\$ 55,000	\$ 58,000	\$ 660,577
2027	342,500	266,497	55,000	55,800	719,797
2028	357,500	249,372	55,000	53,600	715,472
2029	375,000	231,497	60,000	51,400	717,897
2030	350,000	215,197	60,000	49,000	674,197
2031 - 2035	1,975,000	846,584	345,000	206,400	3,372,984
2036 - 2040	2,310,000	506,937	420,000	131,400	3,368,337
2041 - 2045	1,750,000	169,606	400,000	40,600	2,360,206
	<u>\$ 7,734,500</u>	<u>\$ 2,758,767</u>	<u>\$ 1,450,000</u>	<u>\$ 646,200</u>	<u>\$ 12,589,467</u>

Year Ending September 30,	Business-Type Activities				Total
	Public Offerings		Private Placement		
	Principal	Interest	Principal	Interest	
2026	\$ 430,500	\$ 478,645	\$ 671,000	\$ 176,999	\$ 1,757,144
2027	552,500	463,284	676,000	170,943	1,862,727
2028	582,500	435,659	682,000	164,027	1,864,186
2029	610,000	406,534	692,000	156,313	1,864,847
2030	550,000	380,834	703,000	147,868	1,781,702
2031 - 2035	3,120,000	1,540,071	3,666,000	590,095	8,916,166
2036 - 2040	3,665,000	895,771	2,020,000	359,087	6,939,858
2041 - 2045	2,720,000	251,512	2,180,000	186,232	5,337,744
2046 - 2050	-	-	287,000	59,776	346,776
2051 - 2055	-	-	186,000	38,696	224,696
2056 - 2060	-	-	205,000	18,169	223,169
2061	-	-	46,000	978	46,978
	<u>\$ 12,230,500</u>	<u>\$ 4,852,310</u>	<u>\$ 12,014,000</u>	<u>\$ 2,069,183</u>	<u>\$ 31,165,993</u>

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS

Texas Municipal Retirement System

The City participates as one of 938 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmr.com.

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Municipal Retirement System (Continued)

Benefits Provided

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

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

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

	2023	2024
Inactive employees or beneficiaries currently receiving benefits	47	46
Inactive employees entitled to but not yet receiving benefits	70	72
Active employees	50	57
	167	175

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 1 to 1, 1.5 to 1, or 2 to 1, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

For the year ending September 30, 2025, employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 8.47% and 8.80% in calendar years 2024 and 2025, respectively. The City's contributions to TMRS for the year ended September 30, 2025 were \$353,036, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2024, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Municipal Retirement System (Continued)

Actuarial Assumptions

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

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

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

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Municipal Retirement System (Continued)

Actuarial Assumptions (Continued)

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

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.00%	7.10%
Core Fixed Income	6.00%	5.00%
Non-Core Fixed Income	6.00%	6.80%
Hedge Funds	5.00%	6.40%
Private Debt	13.00%	8.50%
Private Equity	13.00%	8.20%
Real Estate	12.00%	6.70%
Infrastructure	6.00%	6.00%
Other Private Markets	4.00%	7.30%
	100.00%	

Discount Rate

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

Discount Rate Sensitivity Analysis

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

	Discount Rate 5.75%	Discount Rate 6.75%	Discount Rate 7.75%
Net Pension Liability	\$ 1,663,471	\$ 444,571	\$ (544,459)

Pension Plan Fiduciary Net Position

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Municipal Retirement System (Continued)

Changes in Net Pension Liability

The below schedule presents the changes in the Net Pension Liability (Asset) as of December 31, 2024:

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Balance at December 31, 2023	\$ 8,027,210	\$ 7,339,019	\$ 688,191
Changes for the year:			
Service Cost	433,775	-	433,775
Interest	543,574	-	543,574
Changes of Benefit Terms	-	-	-
Difference Between Expected and Actual Experience	14,044	-	14,044
Changes of Assumptions	-	-	-
Contributions - Employer	-	300,906	(300,906)
Contributions - Employee	-	177,631	(177,631)
Net Investment Income	-	761,481	(761,481)
Benefit Payments, Including Refunds of Employee Contributions	(382,307)	(382,307)	-
Administrative Expense	-	(4,891)	4,891
Other Changes	-	(114)	114
Net Changes	609,086	852,706	(243,620)
Balance at December 31, 2024	\$ 8,636,296	\$ 8,191,725	\$ 444,571

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

For the year ended September 30, 2025, the City recognized a pension expense of \$326,439. Also, as of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 24,647	\$ -
Changes in Actuarial Assumptions	-	12,909
Differences between Projected and Actual Investment Earnings	-	85,607
Contributions Subsequent to the Measurement Date	267,074	-
	\$ 291,721	\$ 98,516

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE I -- EMPLOYEES' RETIREMENT SYSTEMS (Continued)

Texas Municipal Retirement System (Continued)

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

Deferred outflows of resources in the amount of \$267,074 is related to pensions resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the net pension liability for the plan year ending December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Plan Year ended December 31,		
2025	\$	14,125
2026		81,224
2027		(116,001)
2028		(53,217)
	<u>\$</u>	<u>(73,869)</u>

NOTE J -- OTHER POST EMPLOYMENT BENEFIT (OPEB)

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's annual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other postemployment benefit," or OPEB. Membership in the plan at December 31, 2024, the valuation and measurement date, consisted of:

Inactive Employees or Beneficiaries Currently Receiving Benefits	28
Inactive Employees Entitled to but Not Yet Receiving Benefits	16
Active Employees	57
	<u>101</u>

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

<u>For the Calendar Year Ended December 31,</u>	<u>Total SBDF Contribution Rate</u>	<u>Retiree Portion of SDBF Contribution Rat</u>
2023	0.58%	0.26%
2024	0.51%	0.25%
2025	0.50%	0.29%

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

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

These assumptions are summarized below:

Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	4.08% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for the future mortality improvements subject to the floor.

The City's Total OPEB Liability (TOL), based on the actuarial factors, as of December 31, 2024 was calculated as follows:

	Total OPEB Liability
Balance at December 31, 2023	\$ 199,467
Changes for the year:	
Service Cost	10,303
Interest	7,547
Change of Benefit Terms	-
Difference Between Expected and Actual Experience	(8,405)
Changes of Assumptions or Other Inputs	(9,222)
Benefit Payments	(8,882)
Net Changes	(8,659)
Balance at December 31, 2024	\$ 190,808

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

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

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

The following presents the TOL of the City, calculated using the discount rate of 4.08% as well as what the City’s TOL would be if it were calculated using a discount rate that is 1-percentage point lower (3.08%) and 1-percentage point higher (5.08%) than the current rate:

	Discount Rate 3.08%	Discount Rate 4.08%	Discount Rate 5.08%
Total OPEB Liability	\$ 223,323	\$ 190,808	\$ 165,267

For the year ended September 30, 2025, the City recognized OPEB expense of (\$634). Also as of September 30, 2025, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between Expected and Actual Economic Experience	\$ 99	\$ -
Changes in Actuarial Assumptions	-	24,912
Contributions Subsequent to the Measurement Date	8,801	-
	\$ 8,900	\$ 24,912

Deferred outflows of resources in the amount of \$8,801 is related to OPEB benefits resulting from contributions subsequent to the measurement date, and will be recognized as a reduction of the total OPEB liability for the plan year ended December 31, 2025. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Plan Year Ended December 31,	
2025	\$ (18,324)
2026	(3,043)
2027	(3,446)
2028	-
	\$ (24,813)

NOTE K -- DEFERRED COMPENSATION PLAN

The City offers its employees a deferred compensation plan created in accordance with Internal Revenue Code Section 457. The plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to the employees until termination, retirement, death, or any unforeseen emergency. The City makes an employer match contribution of 100% up to 2% contributed by the employee. Total contributions made for the year ended September 30, 2025 were \$88,942 and \$88,472 for employee and employer contributions, respectively.

Section IX, Item d.

CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE L -- FUND BALANCE

The City reported fund balance designations at September 30, 2025 as follows:

<u>Fund Balance Designation</u>	<u>Major Fund General Fund</u>	<u>Major Fund Capital Projects</u>	<u>Major Fund Drainage Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
Restricted for:					
Tax Increment Reinvestment Zones	\$ 47,840	\$ -	\$ -	\$ -	\$ 47,840
Community Center	225,652	-	-	-	225,652
Capital Projects	-	3,935,862	1,518,435	-	5,454,297
Debt Service	-	-	-	779,979	779,979
Tourism	-	-	-	177,778	177,778
Animal Control Donations	-	-	-	4,018	4,018
Park Donations	-	-	-	36,821	36,821
Library	-	-	-	1,898	1,898
Police Training and Operations	-	-	-	16,130	16,130
Court Security & Technology	-	-	-	95,734	95,734
Total Restricted Fund Balance	<u>273,492</u>	<u>3,935,862</u>	<u>1,518,435</u>	<u>1,112,358</u>	<u>6,840,147</u>
Committed for:					
Drainage Projects	-	-	140,850	-	140,850
Facilities Maintenance	-	-	-	11,753	11,753
Total Committed Fund Balance	<u>-</u>	<u>-</u>	<u>140,850</u>	<u>11,753</u>	<u>152,603</u>
Assigned for:					
City Hall Improvements	443,620	-	-	-	443,620
	<u>443,620</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>443,620</u>
Unassigned	<u>3,783,719</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,783,719</u>
Total Fund Balance	<u>\$ 4,500,831</u>	<u>\$ 3,935,862</u>	<u>\$ 1,659,285</u>	<u>\$ 1,124,111</u>	<u>\$ 11,220,089</u>

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CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE M -- RESTRICTED NET POSITION

The City reported restricted net position at September 30, 2025 as follows:

Net Position Restricted for:	Governmental Activities	Business-type Activities	Total Restricted Net Position
Debt Service	\$ 731,039	\$ -	\$ 731,039
Tax Increment Reinvestment Zones	47,840	-	47,840
Community Center	225,652	-	225,652
Tourism	177,778	-	177,778
Animal Control Donations	4,018	-	4,018
Park Donations	36,821	-	36,821
Library	1,898	-	1,898
Police Training and Operations	16,130	-	16,130
Court Security & Technology	95,734	-	95,734
Water Acquisition	-	487,943	487,943
Capital Improvements - Impact Fees	-	2,239,620	2,239,620
Total Restricted Net Position	\$ 1,336,910	\$ 2,727,563	\$ 4,064,473

NOTE N -- COMMITMENTS AND CONTINGENCIES

Litigation

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

Construction Commitments

The City has entered into construction and engineering contracts for the following projects. Estimated future commitments associated with these contracts as of September 30, 2025 are as follows:

Commitment	Estimated Project Cost to City	Expended to Date	Estimated Future Commitment
Engineering Fees	\$ 2,482,540	\$ 1,676,775	\$ 805,765
Community Center Security	174,557	48,320	126,237
Community Center Construction	1,899,000	1,060,510	838,490
Hill Country Lift Station	784,215	467,856	316,359
Total	\$ 5,340,312	\$ 3,253,461	\$ 2,086,851

Chapter 380 Economic Development Agreement

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

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CITY OF CASTROVILLE
 NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
 SEPTEMBER 30, 2025

NOTE N -- COMMITMENTS AND CONTINGENCIES (Continued)

Chapter 380 Economic Development Agreement (Continued)

During the year ended September 30, 2019, the City approved an economic development agreement between the City and the Hwy 90 Castroville Partners, LTD. The agreement allows the City to reimburse the Developer in the form of ad valorem, sales, tax, and impact fees for an amount not to exceed \$23,596,331 upon the Developer's performing certain obligations as defined in the agreement. The ad valorem tax grants represent impact fees as well as 80% of city sales tax and ad valorem property taxes levied for purposes other than payment of debt service from the effective date through the fifteenth anniversary and up to 70% of city sales tax and ad valorem property taxes levied for purposes other than payment of debt service from the date following the fifteenth anniversary through the end of the reimbursement period as imposed and collected within a proposed development. As of September 30, 2025 the City has not made any payments related to ad valorem but has recognized a liability which is due to the Developer in the amount of \$22,410. As of September 30, 2025 there has been no sales tax collected, therefore, the City has made no payments to date related to sales tax. As of September 30, 2025 the City has reimbursed the Developer a total of \$1,166,830 related to impact fees. This leaves a maximum balance due to the Developer of \$22,429,501 as of September 30, 2025.

Tax Increment Reinvestment Zones

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

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to the property tax base are being used to finance Zone improvements. The total projected cost is a combined amount of \$35 million. Project costs of the developer will be funded up to 100% of the tax increment generated by the entities of the Zone. The City of Castroville has committed up to \$17.5 million of the total \$35 million. The Zone has a statutory termination date of December 31, 2051. As of September 30, 2025, the TIRZ has collected taxes from the taxing entities in the amount of \$33,881 (net of administrative reimbursements), however, as the City has not yet made any improvements, this amount is shown as restricted fund balance on the balance sheet.

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

At the time the Zone was created, the property tax base was "frozen" and increment taxes resulting from the increases to the property tax and sales tax bases are being used to finance Zone improvements. The total projected cost has not been determined at this time. The Zone has a statutory termination date of January 31, 2052. The City shall deposit, upon receipt, 75% of all ad valorem tax collections derived from its levy of ad valorem for purposes other than establishing and funding an interest and sinking fund on an annual basis against the incremental assessed value of real property located within the Zone and 20% of the incremental sales tax revenues. As of September 30, 2025, the TIRZ has collected taxes from the taxing entities in the amount of \$13,959 (net of administrative reimbursements), however, as the City has not yet made any improvements, this amount is shown as restricted fund balance on the balance sheet.

CITY OF CASTROVILLE
NOTES TO BASIC FINANCIAL STATEMENTS (CONTINUED)
SEPTEMBER 30, 2025

NOTE N -- COMMITMENTS AND CONTINGENCIES (Continued)

Public Improvement District

During the previous year ended September 30, 2023, the City approved a resolution establishing the Heights of Castroville Public Improvement District (PID). The estimated total costs of the authorized improvements is \$6,000,000 including issuance and other financing fees, which costs shall be paid by assessments levied on the property within the district. The costs of the authorized improvements will be apportioned between the District and the City as allowed by the Act. The City will not be obligated to provide any funds to finance the authorized improvements, other than from assessments levied on the property. As of September 30, 2025, the PID has not collected any taxes from the taxing entities (net of administrative reimbursements), therefore, the City has made no payments to the District in the current fiscal year.

During the previous year ended September 30, 2024, the City approved a resolution establishing the Castroville East Side Public Improvement District (PID). The estimated total costs of the authorized improvements is \$25,000,000 including issuance and other financing fees, which costs shall be paid by assessments levied on the property within the district. The costs of the authorized improvements will be apportioned between the District and the City as allowed by the Act. The City will not be obligated to provide any funds to finance the authorized improvements, other than from assessments levied on the property. As of September 30, 2025, the PID has not collected any taxes from the taxing entities (net of administrative reimbursements), therefore, the City has made no payments to the District in the current fiscal year.

NOTE O -- RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; business interruption; errors and omissions; injuries to employees; employee health benefits; and other claims of various natures. The City contracts with the Texas Municipal League (TML) to provide insurance coverage for property and casualty, and workers compensation. TML is a multi-employer group that provides for a combination of risk sharing among pool participants and stop loss coverage. Contributions are set annually by the provider. Liability by the City is generally limited to the contributed amounts for losses up to \$6,000,000. Annual contributions for the year ended September 30, 2025 were \$236,416 for property and casualty and workers compensation coverage.



REQUIRED SUPPLEMENTARY INFORMATION

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

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

CITY OF CASTROVILLE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2025
 (WITH COMPARATIVE ACTUAL TOTALS FOR 2024)

	Budget Amounts		Actual Amounts	Variance	2024
	Original	Final		Favorable (Unfavorable)	
REVENUES					
Ad Valorem Taxes	\$ 1,297,088	\$ 1,289,288	\$ 1,333,967	\$ 44,679	\$ 1,399,388
Sales Taxes	1,729,299	1,729,299	1,964,758	235,459	1,899,356
Franchise Fees	66,500	66,500	123,694	57,194	98,423
Other Taxes	6,000	6,000	11,773	5,773	7,341
Licenses and Permits	240,000	240,000	499,280	259,280	434,726
Charges for Services	391,950	391,950	251,374	(140,576)	283,340
Fines and Forfeitures	187,230	187,230	427,341	240,111	168,699
Intergovernmental Revenue	71,652	71,652	923,934	852,282	145,471
Interest Income	1,000	1,000	144,758	143,758	207,533
Miscellaneous	33,100	33,100	28,840	(4,260)	28,913
TOTAL REVENUES	4,023,819	4,016,019	5,709,719	1,693,700	4,673,190
EXPENDITURES					
<i>Current:</i>					
General Administration					
City Administration	232,418	232,418	208,390	24,028	256,677
Finance	213,385	235,885	230,327	5,558	232,027
City Council	76,606	76,606	50,326	26,280	70,048
City Secretary	111,998	111,998	99,002	12,996	102,181
Information Technology	246,000	276,000	275,031	969	291,645
Economic Development	12,100	13,700	12,678	1,022	1,679
Tourism and Business Development	158,533	163,534	152,727	10,807	118,203
Non-Departmental	195,200	283,200	273,955	9,245	219,784
Public Safety					
Animal Control	177,632	246,632	231,009	15,623	184,794
Community Development	320,767	507,767	464,965	42,802	380,570
Emergency Management	14,700	14,700	11,109	3,591	18,843
Municipal Court	133,979	260,679	278,185	(17,506)	133,213
Police Department	1,341,322	1,591,322	1,582,500	8,822	1,347,967
Public Transportation					
Streets	456,851	494,851	465,615	29,236	442,658
Culture and Recreation					
Library	289,897	289,897	245,496	44,401	307,122
Parks	459,653	780,653	767,575	13,078	748,976
RV Park	40,900	40,900	38,087	2,813	32,711
Pool	173,008	193,508	185,194	8,314	229,365
Capital Outlay	-	300	846,437	(846,137)	-
TOTAL EXPENDITURES	4,654,949	5,814,550	6,418,608	(604,058)	5,118,463
Excess (Deficiency) of Revenues Over (Under) Expenditures	\$ (631,130)	\$ (1,798,531)	\$ (708,889)	\$ 1,089,642	\$ (445,273)

Section IX, Item d.

CITY OF CASTROVILLE
 REQUIRED SUPPLEMENTARY INFORMATION
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL - GENERAL FUND (CONTINUED)
 FOR THE YEAR ENDED SEPTEMBER 30, 2025
 (WITH COMPARATIVE ACTUAL TOTALS FOR 2024)

	Budget Amounts		Actual Amounts	Variance	2024
	Original	Final		Favorable (Unfavorable)	
OTHER FINANCING SOURCES (USES)					
Transfers In	\$ 649,469	\$ 649,469	\$ 627,221	\$ (22,248)	\$ 441,444
TOTAL OTHER FINANCING SOURCES (USES)	<u>649,469</u>	<u>649,469</u>	<u>627,221</u>	<u>(22,248)</u>	<u>441,444</u>
Net Change in Fund Balance	18,339	(1,149,062)	(81,668)	1,067,394	(3,829)
Fund Balance - Beginning of Year	<u>4,582,499</u>	<u>4,582,499</u>	4,582,499	-	<u>4,586,328</u>
Fund Balance - End of Year	<u>\$ 4,600,838</u>	<u>\$ 3,433,437</u>	\$ 4,500,831	<u>\$ 1,067,394</u>	<u>\$ 4,582,499</u>

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CITY OF CASTROVILLE
NOTES TO SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN
FUND BALANCE-
BUDGET AND ACTUAL - GENERAL FUND
SEPTEMBER 30, 2025

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

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

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

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

	Total Pension Liability		
	2015	2016	2017
Service Cost	\$ 193,289	\$ 222,617	\$ 226,467
Interest (on the Total Pension Liability)	330,968	334,854	355,826
Changes of Benefit Terms	-	-	-
Differences Between Expected and Actual Experience	(112,683)	29,527	(117,537)
Changes of Assumptions	52,240	-	-
Benefit Payments, Including Refunds of Employee			
Contributions	(247,734)	(243,830)	(312,626)
Net Change in Total Pension Liability	216,080	343,168	152,130
Total Pension Liability - Beginning	4,755,332	4,971,412	5,314,580
Total Pension Liability - Ending	<u>\$ 4,971,412</u>	<u>\$ 5,314,580</u>	<u>\$ 5,466,710</u>
	Plan Fiduciary Net Position		
	2015	2016	2017
Contributions - Employer	\$ 140,635	\$ 166,452	\$ 167,071
Contributions - Employee	80,739	91,865	91,097
Net Investment Income	6,437	293,031	643,319
Benefit Payments, Including Refunds of Employee			
Contributions	(247,734)	(243,830)	(312,626)
Administrative Expense	(3,920)	(3,311)	(3,335)
Other	(195)	(178)	(167)
Net Change in Plan Fiduciary Net Position	(24,038)	304,029	585,359
Plan Fiduciary Net Position - Beginning	4,362,600	4,338,562	4,642,591
Plan Fiduciary Net Position - Ending	<u>\$ 4,338,562</u>	<u>\$ 4,642,591</u>	<u>\$ 5,227,950</u>
Net Pension Liability - Ending	\$ 632,850	\$ 671,989	\$ 238,760
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	87.27%	87.36%	95.63%
Covered Payroll	\$ 1,614,779	\$ 1,796,745	\$ 1,821,939
Net Pension Liability as a Percentage of Covered Payroll	39.19%	37.40%	13.10%

Total Pension Liability						
2018	2019	2020	2021	2022	2023	2024
\$ 226,730	\$ 218,311	\$ 272,583	\$ 306,544	\$ 342,327	\$ 378,009	\$ 433,775
365,524	382,332	405,256	437,109	471,709	505,512	543,574
-	-	-	-	-	-	-
(30,664)	(6,066)	94,419	100,023	35,638	105,975	14,044
-	13,239	-	-	-	(79,111)	-
<u>(329,800)</u>	<u>(286,952)</u>	<u>(303,731)</u>	<u>(330,940)</u>	<u>(367,016)</u>	<u>(366,460)</u>	<u>(382,307)</u>
231,790	320,864	468,527	512,736	482,658	543,925	609,086
5,466,710	5,698,500	6,019,364	6,487,891	7,000,627	7,483,285	8,027,210
<u>\$ 5,698,500</u>	<u>\$ 6,019,364</u>	<u>\$ 6,487,891</u>	<u>\$ 7,000,627</u>	<u>\$ 7,483,285</u>	<u>\$ 8,027,210</u>	<u>\$ 8,636,296</u>

Total Pension Liability						
2018	2019	2020	2021	2022	2023	2023
\$ 165,825	\$ 161,592	\$ 206,198	\$ 227,993	\$ 254,058	\$ 280,396	\$ 300,906
89,830	89,179	113,671	127,514	141,458	159,497	177,631
(156,558)	771,784	434,291	804,181	(510,447)	753,781	761,481
(329,800)	(286,952)	(303,731)	(330,940)	(367,016)	(366,460)	(382,307)
(3,027)	(4,363)	(2,812)	(3,723)	(4,420)	(4,798)	(4,891)
(159)	(129)	(110)	25	5,274	(33)	(114)
<u>(233,889)</u>	<u>731,111</u>	<u>447,507</u>	<u>825,050</u>	<u>(481,093)</u>	<u>822,383</u>	<u>852,706</u>
5,227,950	4,994,061	5,725,172	6,172,679	6,997,729	6,516,636	7,339,019
<u>\$ 4,994,061</u>	<u>\$ 5,725,172</u>	<u>\$ 6,172,679</u>	<u>\$ 6,997,729</u>	<u>\$ 6,516,636</u>	<u>\$ 7,339,019</u>	<u>\$ 8,191,725</u>

\$ 704,439	\$ 294,192	\$ 315,212	\$ 2,898	\$ 966,649	\$ 688,191	\$ 444,571
87.64%	95.11%	95.14%	99.96%	87.08%	91.43%	94.85%
\$ 1,796,595	\$ 1,783,584	\$ 2,273,423	\$ 2,550,286	\$ 2,829,152	\$ 3,189,947	\$ 3,552,622
39.21%	16.49%	13.87%	0.11%	34.17%	21.57%	12.51%

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

Schedule of Contributions:

	2016	2017	2018	2019	2020
Actuarially Determined Contribution	\$ 156,977	\$ 168,611	\$ 166,662	\$ 155,635	\$ 186,857
Contribution in Relation to the Actuarially Determined Contribution	156,977	168,611	166,662	155,635	192,144
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -	\$ -	\$ (5,287)
 Covered Payroll	 \$ 1,744,669	 \$ 1,843,395	 \$ 1,808,304	 \$ 1,710,410	 \$ 2,120,912
 Contributions as a Percentage of Covered Payroll	 9.00%	 9.15%	 9.22%	 9.10%	 8.81%

Schedule of Contributions:

	2021	2022	2023	2024	2025
Actuarially Determined Contribution	\$ 212,701	\$ 231,332	\$ 272,091	\$ 289,277	\$ 353,036
Contribution in Relation to the Actuarially Determined Contribution	222,125	241,941	278,087	290,306	353,036
Contribution Deficiency (Excess)	\$ (9,424)	\$ (10,609)	\$ (5,996)	\$ (1,029)	\$ -
 Covered Payroll	 \$ 2,480,318	 \$ 2,702,559	 \$ 3,149,471	 \$ 3,395,810	 \$ 4,049,831
 Contributions as a Percentage of Covered Payroll	 8.58%	 8.56%	 8.64%	 8.52%	 8.72%

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	21 Years
Asset Valuation Method	10 Year Smoothed Market, 12% soft corridor
Inflation	2.50%
Salary Increases	3.60% to 11.85% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB mortality tables, with 110% of the Public Safety table used for males and 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).

Other Information:

Notes: There were no benefit changes during the year

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

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

	Total OPEB Liability			
	2021	2022	2023	2024
Service Cost	\$ 22,953	\$ 23,482	\$ 8,294	\$ 10,303
Interest (on the Total OPEB Liability)	4,342	4,364	7,012	7,547
Changes of Benefit Terms	-	-	-	-
Differences Between Expected and Actual Experience	(7,550)	5,953	9,307	(8,405)
Changes of Assumptions	6,904	(82,869)	10,013	(9,222)
Benefit Payments, Including Refunds of Employee Contributions	(7,141)	(6,507)	(8,294)	(8,882)
Net Change in Total OPEB Liability	19,508	(55,577)	26,332	(8,659)
Total OPEB Liability - Beginning	209,204	228,712	173,135	199,467
Total OPEB Liability - Ending	<u>\$ 228,712</u>	<u>\$ 173,135</u>	<u>\$ 199,467</u>	<u>\$ 190,808</u>
Covered Payroll	\$ 2,550,286	\$ 2,829,152	\$ 3,189,947	\$ 3,552,622
Total OPEB Liability as a Percentage of Covered Payroll	8.97%	6.12%	6.25%	5.37%

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

CITY OF CASTROVILLE, TEXAS
REQUIRED SUPPLEMENTARY INFORMATION
TEXAS MUNICIPAL RETIREMENT SYSTEM
NOTES TO THE SCHEDULE OF CHANGES – OTHER POST EMPLOYMENT BENEFIT
LIABILITY AND RELATED RATIOS

NOTES TO SCHEDULE OF CHANGES

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

Methods and Assumptions Used to Determine Contribution Rate

Inflation	2.50%
Salary Increases	3.60% to 11.85% Including Inflation
Discount Rate	4.08% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
Mortality Rates - Disabled Retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence) to account for the future mortality improvements subject to the floor.

SUPPLEMENTARY INFORMATION

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

Such statements and schedule include:

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

Section IX, Item d.

CITY OF CASTROVILLE
 COMPARATIVE BALANCE SHEETS
 GENERAL FUND
 SEPTEMBER 30, 2025 AND 2024

	2025	2024
ASSETS		
Cash and Cash Equivalents	\$ 5,236,986	\$ 4,211,225
Receivables (net of allowances for uncollectibles):		
Property Taxes	12,527	10,431
Sales & Mixed Beverage Taxes	318,864	312,888
Other Receivables	338,181	15,884
Due from Other Funds	273,068	331,450
 TOTAL ASSETS	\$ 6,179,626	\$ 4,881,878
 LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES		
<i>Liabilities:</i>		
Accounts Payable	\$ 499,278	\$ 134,777
Accrued Expenditures	193,967	151,671
Due to Other Funds	950,613	-
Due to Developer	22,410	-
Unearned Revenue	-	2,500
<i>Total Liabilities</i>	1,666,268	288,948
 <i>Deferred Inflows of Resources:</i>		
Unavailable Revenue - Property Tax	12,527	10,431
<i>Total Deferred Inflows of Resources</i>	12,527	10,431
 <i>Fund Balances:</i>		
Restricted	273,492	483,963
Assigned	443,620	298,862
Unassigned	3,783,719	3,799,674
<i>Total Fund Balances</i>	4,500,831	4,582,499
 TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, & FUND BALANCES	\$ 6,179,626	\$ 4,881,878

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CITY OF CASTROVILLE
 SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE-
 BUDGET AND ACTUAL – DEBT SERVICE FUNDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025
 (WITH COMPARATIVE ACTUAL TOTALS FOR 2024)

	Budget Amounts		Actual Amounts	Variance	2024
	Original	Final		Favorable (Unfavorable)	
REVENUES					
Ad Valorem Taxes	\$ 584,935	\$ 584,935	\$ 666,821	\$ 81,886	\$ 585,883
Interest Income	1,000	1,000	66,628	65,628	33,790
TOTAL REVENUES	<u>585,935</u>	<u>585,935</u>	<u>733,449</u>	<u>147,514</u>	<u>619,673</u>
EXPENDITURES					
<i>Debt Service:</i>					
Principal	377,500	377,500	263,500	114,000	309,500
Interest	203,935	203,935	140,834	63,101	155,034
TOTAL EXPENDITURES	<u>581,435</u>	<u>581,435</u>	<u>404,334</u>	<u>177,101</u>	<u>464,534</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,500</u>	<u>4,500</u>	<u>329,115</u>	<u>324,615</u>	<u>155,139</u>
OTHER FINANCING SOURCES (USES)					
Transfers In	-	-	56,984	56,984	55,345
Transfers Out	-	-	(177,251)	(177,251)	(16,926)
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>(120,267)</u>	<u>(120,267)</u>	<u>38,419</u>
Net Change in Fund Balance	4,500	4,500	208,848	204,348	193,558
Fund Balance - Beginning of Year	<u>571,131</u>	<u>571,131</u>	<u>571,131</u>	-	<u>377,573</u>
Fund Balance - End of Year	<u>\$ 575,631</u>	<u>\$ 575,631</u>	<u>\$ 779,979</u>	<u>\$ 204,348</u>	<u>\$ 571,131</u>

CITY OF CASTROVILLE
 COMBINING BALANCE SHEET
 NONMAJOR GOVERNMENTAL FUNDS
 SEPTEMBER 30, 2025

	SPECIAL REVENUE					
	Hotel Occupancy Fund	Animal Control Donations Fund	Special Parks Projects Fund	Alsatian House Fund	Biry House Fund	Library Memorial Fund
ASSETS						
Cash and Cash Equivalents	\$ 158,231	\$ 4,018	\$ 36,821	\$ 11,539	\$ 214	\$ 1,898
Receivables (net of allowances for uncollectibles):						
Property Taxes	-	-	-	-	-	-
Other Receivables	23,093	-	-	-	-	-
TOTAL ASSETS	<u>\$ 181,324</u>	<u>\$ 4,018</u>	<u>\$ 36,821</u>	<u>\$ 11,539</u>	<u>\$ 214</u>	<u>\$ 1,898</u>
LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES						
<i>Liabilities:</i>						
Due to Other Funds	\$ 3,546	\$ -	\$ -	\$ -	\$ -	\$ -
Unearned Revenue	-	-	-	-	-	-
<i>Total Liabilities</i>	<u>3,546</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Deferred Inflows of Resources:</i>						
Unavailable Revenues	-	-	-	-	-	-
<i>Total Deferred Inflows of Resources</i>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<i>Fund Balances:</i>						
Restricted	177,778	4,018	36,821	-	-	1,898
Committed	-	-	-	11,539	214	-
<i>Total Fund Balances</i>	<u>177,778</u>	<u>4,018</u>	<u>36,821</u>	<u>11,539</u>	<u>214</u>	<u>1,898</u>
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	<u>\$ 181,324</u>	<u>\$ 4,018</u>	<u>\$ 36,821</u>	<u>\$ 11,539</u>	<u>\$ 214</u>	<u>\$ 1,898</u>

SPECIAL REVENUE						
DEA Forfeiture Fund	Police Dept. Training Fund	Court Security Fund	Court Technology Fund	Development Fund	Debt Service Funds	Total Non Major Funds
\$ 2,590	\$ 13,540	\$ 64,516	\$ 31,218	\$ 471,799	\$ 986,381	\$ 1,782,765
-	-	-	-	-	6,240	6,240
-	-	-	-	10,000	-	33,093
<u>\$ 2,590</u>	<u>\$ 13,540</u>	<u>\$ 64,516</u>	<u>\$ 31,218</u>	<u>\$ 481,799</u>	<u>\$ 992,621</u>	<u>\$ 1,822,098</u>
\$ -	\$ -	\$ -	\$ -	\$ 376,137	\$ 206,402	\$ 586,085
-	-	-	-	105,662	-	105,662
-	-	-	-	481,799	206,402	691,747
-	-	-	-	-	6,240	6,240
-	-	-	-	-	6,240	6,240
2,590	13,540	64,516	31,218	-	779,979	1,112,358
-	-	-	-	-	-	11,753
<u>2,590</u>	<u>13,540</u>	<u>64,516</u>	<u>31,218</u>	<u>-</u>	<u>779,979</u>	<u>1,124,111</u>
<u>\$ 2,590</u>	<u>\$ 13,540</u>	<u>\$ 64,516</u>	<u>\$ 31,218</u>	<u>\$ 481,799</u>	<u>\$ 992,621</u>	<u>\$ 1,822,098</u>

CITY OF CASTROVILLE
 COMBINING STATEMENT OF REVENUES, EXPENSES
 AND CHANGES IN FUND BALANCE
 NONMAJOR GOVERNMENTAL FUNDS
 FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2025

	SPECIAL REVENUE					
	Hotel Occupancy Fund	Animal Control Donations Fund	Special Parks Projects Fund	Alsatian House Fund	Biry House Fund	Library Memorial Fund
REVENUES						
Ad Valorem Taxes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Other Taxes	86,098	-	-	-	-	-
Fines and Forfeitures	-	-	-	-	-	-
Intergovernmental Revenue	-	-	-	-	-	-
Interest Income	442	-	-	26	-	5
Miscellaneous	-	7,128	23,170	2,397	-	-
TOTAL REVENUES	<u>86,540</u>	<u>7,128</u>	<u>23,170</u>	<u>2,423</u>	<u>-</u>	<u>5</u>
EXPENDITURES						
<i>Current:</i>						
General Administration						
City Administration	114,263	-	-	-	1,408	-
Public Safety						
Animal Control	-	3,110	-	-	-	-
Municipal Court	-	-	-	-	-	-
Culture and Recreation						
Parks	-	-	120	-	-	-
<i>Debt Service:</i>						
Principal	-	-	-	-	-	-
Interest and Fiscal Charges	-	-	-	-	-	-
TOTAL EXPENDITURES	<u>114,263</u>	<u>3,110</u>	<u>120</u>	<u>-</u>	<u>1,408</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(27,723)</u>	<u>4,018</u>	<u>23,050</u>	<u>2,423</u>	<u>(1,408)</u>	<u>5</u>
OTHER FINANCING SOURCES (USES)						
Transfers In	-	-	-	-	-	-
Transfers Out	-	-	-	-	-	-
TOTAL OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	(27,723)	4,018	23,050	2,423	(1,408)	5
Fund Balances at Beginning of Year	205,501	-	13,771	9,116	1,622	1,893
Fund Balances at End of Year	<u>\$ 177,778</u>	<u>\$ 4,018</u>	<u>\$ 36,821</u>	<u>\$ 11,539</u>	<u>\$ 214</u>	<u>\$ 1,898</u>

SPECIAL REVENUE						
DEA Forfeiture Fund	Police Dept. Training Fund	Court Security Fund	Court Technology Fund	Development Fund	Debt Service Funds	Total Non Major Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 666,821	\$ 666,821
-	-	-	-	-	-	86,098
-	-	15,802	13,236	-	-	29,038
-	2,299	-	-	-	-	2,299
6	-	576	55	-	66,628	67,738
-	-	-	-	39,485	-	72,180
<u>6</u>	<u>2,299</u>	<u>16,378</u>	<u>13,291</u>	<u>39,485</u>	<u>733,449</u>	<u>924,174</u>
-	-	-	-	39,485	-	155,156
-	-	-	-	-	-	3,110
-	-	1,073	1,986	-	-	3,059
-	-	-	-	-	-	120
-	-	-	-	-	263,500	263,500
-	-	-	-	-	140,834	140,834
<u>-</u>	<u>-</u>	<u>1,073</u>	<u>1,986</u>	<u>39,485</u>	<u>404,334</u>	<u>565,779</u>
<u>6</u>	<u>2,299</u>	<u>15,305</u>	<u>11,305</u>	<u>-</u>	<u>329,115</u>	<u>358,395</u>
-	-	-	-	-	56,984	56,984
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(177,251)</u>	<u>(177,251)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(120,267)</u>	<u>(120,267)</u>
6	2,299	15,305	11,305	-	208,848	238,128
<u>2,584</u>	<u>11,241</u>	<u>49,211</u>	<u>19,913</u>	<u>-</u>	<u>571,131</u>	<u>885,983</u>
<u>\$ 2,590</u>	<u>\$ 13,540</u>	<u>\$ 64,516</u>	<u>\$ 31,218</u>	<u>\$ -</u>	<u>\$ 779,979</u>	<u>\$ 1,124,111</u>



COMPLIANCE SECTION



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

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

INDEPENDENT AUDITOR'S REPORT

To the City Council and management
City of Castroville

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of City of Castroville as of and for the year ended September 30, 2025, and the related notes to the financial statements, which collectively comprise City of Castroville's basic financial statements, and have issued our report thereon dated February 27, 2026.

Report on Internal Control over Financial Reporting

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

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

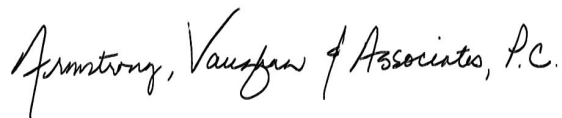
Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given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

Report on Compliance and Other Matters

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

Purpose of this Report

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



Armstrong, Vaughan & Associates, P.C.

February 27, 2026



Armstrong, Vaughan & Associates, P. C.

Certified Public Accountants

REPORT ON COMPLIANCE FOR EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE IN ACCORDANCE WITH THE UNIFORM GUIDANCE

INDEPENDENT AUDITOR’S REPORT

To the City Council and management
City of Castroville

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited City of Castroville’s compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of City of Castroville’s major federal programs for the year ended September 30, 2025. City of Castroville’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, City of Castroville complied, in all material respects, with the 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, 2025.

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 (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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 Castroville 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 Castroville’s 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 Castroville’s 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 Castroville’s 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 GAAS, *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 Castroville’s compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *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 Castroville’s 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 Castroville’s 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 Castroville’s 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.

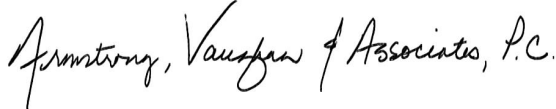
Report on Internal Control Over Compliance

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.



Armstrong, Vaughan & Associates, P.C.

February 27, 2026

CITY OF CASTROVILLE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

A. Summary of Auditor's Results

1. Financial Statements

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

Noncompliance material to financial Statements noted? Yes No

2. Federal Awards

Internal control over major programs:

Any material weaknesses identified? Yes No

Any significant deficiencies identified? Yes No

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 2 CFR 200.516(a)? Yes No

Identification of major programs:

<u>ALN Number(s)</u>	<u>Name of Federal Program or Cluster</u>
10.766	USDA Community Facilities Loans and Grants

Dollar threshold used to distinguish between Type A and type B Programs: \$1,000,000

Auditee qualified as low-risk auditee? Yes No

B. Financial Statement Findings
NONE

C. Federal Award Findings and Questioned Costs
NONE

D. Prior Audit Findings Related to Federal Awards
NONE

CITY OF CASTROVILLE
 SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
 FOR THE YEAR ENDED SEPTEMBER 30, 2025

Federal Grantor/Pass-Through Grantor Program Title	Assistance Listing Number	Pass-Through Entity Number	Federal Expenditures
U.S. DEPARTMENT OF AGRICULTURE			
<i>Direct Award</i>			
Community Facilities Loans and Grants	10.766	N/A	\$ 846,139
U.S. DEPARTMENT OF HOMELAND SECURITY			
<i>Passed through Texas Governor's Office</i>			
Operation Stonegarden	97.067	N/A	61,475
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
<i>Passed through Texas Department of Agriculture</i>			
Community Development Block Grant	14.228	CDV23	32,030
U.S. DEPARTMENT OF TRANSPORTATION			
<i>Passed through Texas Department of Transportation</i>			
Airport Improvement Program	20.106	N/A	<u>116,527</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u><u>\$ 1,056,171</u></u>

CITY OF CASTROVILLE
NOTES TO THE SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2025

For all Federal programs, the City follows generally accepted accounting principles. Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant, and accordingly, when such funds are received, they are recorded as deferred revenue until earned. Once costs are incurred on reimbursement grants, a receivable from the granting agency is recorded. Grant revenues are also considered earned upon the purchase of a capital asset.

The City does not charge indirect costs and has not elected to use the 10% de minimis indirect cost rate as allowed by Uniform Guidance.





Agenda Report

Agenda of:	March 24, 2026
Department:	Community Development Director
Subject:	Garcia Creek RPF

Background

The City of Castroville issued a Request for Proposals (RFP) for the Garcia Creek Drainage Improvement Project utilizing a Design-Build delivery method. Following the evaluation of submitted proposals, staff is recommending the selection of a qualified Design-Build team to provide both design and construction services for the project.

Garcia Creek has been identified as a critical drainage corridor within the City, with known issues related to:

- Erosion and maintenance concerns
- Impacts to adjacent properties and roadways

To address these issues, the City initiated a Design-Build procurement process to streamline delivery and ensure a coordinated approach to both design and construction.

The RFP was advertised in accordance with state procurement requirements, and proposals were received from qualified firms.

Project Scope

The Design-Build team will be responsible for:

- Final engineering design and analysis
- Hydraulic and hydrologic modeling
- Channel and drainage infrastructure improvements
- Construction of drainage improvements
- Erosion control and stabilization measures
- Coordination with existing utilities and infrastructure

Fiscal Impact

Budgeted Requires Budget Amendment

Source of Funding: Account Code:

Attachments:

- Bid Tabulation / Cost Proposal
- Garcia Creek Request for Proposals (RFP)

Urgency (0-5 = Low Urgency to High Urgency): 3

Impact (0-5 = Low Impact to High Impact): 3

Submitted by: Breana Soto



CITY OF CASTROVILLE

Bid/Proposal Tabulation

Garcia Creek Drainage Improvements Project

Design-Build Services

Owner: City of Castroville
Project Location: Castroville City Hall
Proposal Opening Date: March 2, 2026

Proposal Tabulation

Proposer	Design Partner	Proposal Amount	Submission Date
Keeley Construction Group, Inc.	Ardurra Engineering	\$4,950,000	March 2, 2026
Jordan Foster Construction	Moreno Cardenas, Inc.	\$2,472,000	March 2, 2026
Knight Erosion Control, Inc. (KEC Engineering & Construction)	Internal design team	\$1,200,000	March 2, 2026
Brother Group LLC	AWM Engineering	\$1,450,000	Feb. 16, 2026

Plan Holder / Proposer List

Firm	Location	Contact
Keeley Construction Group	New Braunfels, TX	John Frazier
Jordan Foster Construction	San Antonio, TX	Todd Henson
Knight Erosion Control (KEC)	Arlington, TX	Russell Hergesell
Brother Group LLC	Sugar Land, TX	Ali N. Rahim

Contract Award Status

The City of Castroville received proposals for the Garcia Creek Drainage Improvements – Design-Build Services solicitation. Proposals are currently awaiting to be seen by City Council.

At this time, no contract has been awarded.



The project is scheduled to be presented to the Castroville City Council for consideration of award at the March 24, 2026 City Council meeting.

Contract award information will be made available following Council action.

Proposal Opening Certification

I certify that the proposals listed above were received by the City of Castroville for the Garcia Creek Drainage Improvements Design-Build Services solicitation.

Prepared by:
Breana Soto
Community Development Director
City of Castroville

Date: March 17, 2026



REQUEST FOR PROPOSALS

Design-Build Services for Garcia Creek Drainage Improvements Project

ISSUED BY:

City of Castroville
1209 Fiorella
Castroville, TX 78009

Issuance date: January 20, 2026

Reponses due no later than 4:00pm on March 2, 2026

SUBMIT PROPOSALS PACKET TO:

**Breana Soto
Community Development Director
City of Castroville
703 Paris St.
Castroville, TX 78009**

INTRODUCTION

The City of Castroville, Texas (the “City”), is soliciting proposals from qualified Design–Build firms for the Garcia Creek Drainage Improvements Project (“Project”). This Request for Proposals (RFP) is issued in accordance with Texas Government Code Chapter 2269, which authorizes the use of the Design–Build delivery method for public works projects.

The intent of this RFP is to select a single Design–Build firm that will be responsible for final design, and construction of the Project. The City seeks a firm with demonstrated experience in drainage and creek stabilization projects that can deliver a durable, cost-effective solution while minimizing impacts to surrounding neighborhoods.

This RFP is not a competitive bid. Award will be made based on best value to the City, considering qualifications, technical approach, schedule, and cost.

PROJECT DESCRIPTION

Garcia Creek is a drainage corridor located generally between Washington Street, Geneva Street, Athens Street, and Chateau Street. The creek currently experiences erosion and channel instability that threatens public infrastructure and adjacent properties.

The City has completed 30% design plans for the Project (dated July 16, 2025). These plans are provided for reference only and are not issued for construction.

PROJECT SCOPE

The Project is anticipated to include, but is not limited to, the following elements:

- Stabilization and regrading of the Garcia Creek channel
- Installation of structural stabilization measures
- Placement of rock riprap and construction of rock check dams
- Construction of concrete drop structures and a stilling basin
- Improvements and tie-ins at existing 48-inch reinforced concrete pipe (RCP) outfalls
- Coordination with and protection of existing utilities
- Acquisition or confirmation of drainage easements as necessary
- Site restoration, erosion control, and revegetation

The selected Design–Build firm shall be responsible for completing the final design and constructing all improvements in accordance with applicable City standards, regulatory requirements, and accepted engineering practices.

SCOPE OF SERVICES

The selected Design–Build firm shall provide all services necessary to deliver the Project, including:

- Advancing design from 30% to final construction documents
- Hydraulic, structural, and civil design
- Regulatory coordination
- Cost estimating and schedule development
- Construction of all drainage improvements
- Project closeout and documentation

PROPOSAL SUBMITTAL REQUIREMENTS

Proposals shall be submitted as a single, organized document and shall provide sufficient detail to allow the City to evaluate the proposer’s qualifications, understanding of the Project, and ability to successfully deliver the work. At a minimum, proposals shall include the following components:

A. Firm Qualifications

Provide a description of the proposing firm and the Design–Build team structure, including identification of the prime entity and key subconsultants. Include resumes of key personnel and a summary of relevant experience with drainage, creek stabilization, or similar infrastructure projects.

B. Project Understanding and Technical Approach

Provide a narrative describing the proposer’s understanding of the Project, existing site conditions, and key challenges. Describe the proposed design and construction approach, including anticipated methods, sequencing, quality control practices, and strategies for minimizing risks and construction impacts.

C. Project Schedule

Provide a proposed overall project schedule identifying major milestones, including design and construction activities.

D. Cost Proposal

Provide a proposed pricing approach for delivering the Project. This may be in the form of a lump sum or a Guaranteed Maximum Price (GMP), along with a summary-level cost breakdown sufficient for evaluation purposes.

EVALUATION OF RESPONSES

A. Evaluation Criteria

Proposals will be evaluated using the following criteria and relative weights:

- **Firm Qualifications and Relevant Experience – 30%**
Experience of the proposer and key team members with similar drainage, creek stabilization, or structural infrastructure projects, including past performance, technical competence, and demonstrated success on comparable projects.
- **Project Understanding and Technical Approach – 30%**
Demonstrated understanding of the Project scope, site conditions, and challenges, as well as the quality, feasibility, and completeness of the proposed design and construction approach.
- **Project Schedule and Delivery Strategy – 15%**
Ability to deliver the Project in a timely and efficient manner, including proposed sequencing, coordination, and management of design and construction activities.
- **Cost Proposal and Overall Value – 20%**
Reasonableness and clarity of the cost proposal, including proposed pricing structure, cost controls, and overall value to the City.
- **References and Past Performance – 5%**
Feedback from references regarding quality of work, responsiveness, schedule adherence, and overall performance on previous projects.

B. City Staff Evaluation Committee & Ranking

A committee comprised of City staff shall review and rank all responses according to qualifications. Selected firms will be scheduled for interviews or oral presentations as deemed necessary by the committee. The City makes no commitment to any respondent to this RFP beyond consideration of its written response.

AWARD OF CONTRACT

The selection of the consultant team and the execution of a contract, while anticipated, are not guaranteed by the City. The City reserves the right to determine which response is in the City's best interest and to award the contract on that basis, to reject any and all responses or portions thereof, waive any irregularities of any response, and negotiate with any potential proponent (after responses are opened) if such is deemed in the best interest of the City.

A. Negotiations

After selection of a consultant based on qualifications, the City will then enter into negotiations as to the terms of the contract and all aspects of services and compensation.

B. Inability to Reach Agreement

In the event the negotiations between the most qualified proponent(s) selected and the City cannot be completed as a result of an inability to reach agreement on the services or the scope of work to be performed, then at the option of the City, the contract may be awarded to the next most qualified proponent. Negotiations will continue in this sequence until a contract is finalized, or all responses are rejected.

C. City Council Approval

The final contract will be submitted to the City Council for approval.

D. Final Contract:

- The selected consultant will be required to assume responsibility for all services offered in its response, whether or not such services are provided by a partnership arrangement. The successful consultant will be considered the sole point of contact with regard to contractual matters, including payment of any and all charges resulting from the contract.
- This RFP and the successful consultant’s response, or any part thereof, may be incorporated into and made a part of the final contract. The City reserves the right to negotiate the terms and conditions of the contract with the successful consultant.

SUBMISSION OF RESPONSE & DEADLINE

Proponents shall submit seven (7) hardcopies and one (1) electronic copy (thumb drive or equivalent) of their response:

**No later than 4:00 p.m. CST Monday,
March 2, 2026**

Responses must be received in the City office before the due date and time, submitted in a sealed envelope or container stating on the outside:

**Design-Build Services for Garcia Creek Drainage Improvements Project RFP Response
Submitted by
(Respondent’s name, address, title, and due date)**

Responses may be mailed or hand-delivered as follows:

**Breana Soto
Community Development Director
703 Paris
Castroville, TX 78009**

Each response shall be sealed and manually signed by a person having the authority to bind the firm in a contract. All responses shall be signed and dated. Responses that are not signed and dated will be rejected. Facsimile and/or email transmittals shall not be accepted. **Responses received after the deadline will not be considered.**

Any questions related to this RFP should be referred to Breana Soto, Community Development Director at breana.soto@castrovilletx.gov. Phone inquiries will not be answered.

PROCUREMENT SCHEDULE (ANTICIPATED)

- January 20: RFP issued
- February 9: Deadline for questions
- February 17: City responses issued
- March 2: Proposals due
- March 24: City Council award
- March 30: Notice to Proceed

INSURANCE AND BONDING

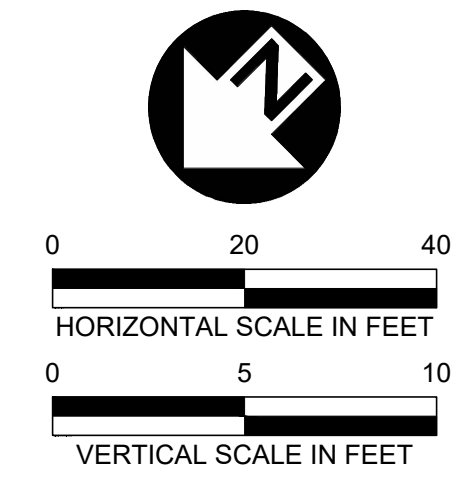
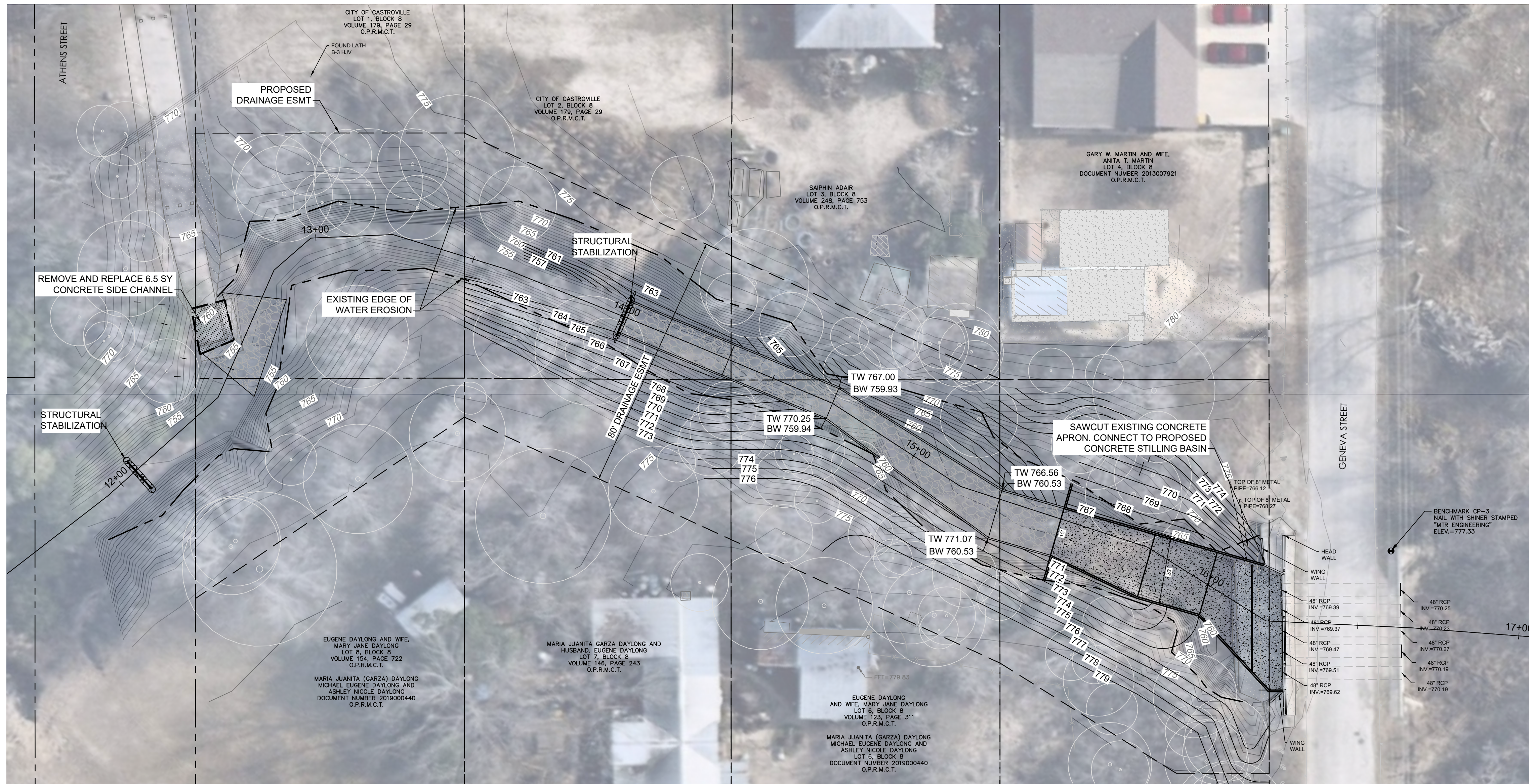
The selected proposer shall comply with the City’s standard insurance and bonding requirements, including performance and payment bonds, prior to contract execution.

RESERVATION OF RIGHTS

The City reserves the right to reject any or all proposals, waive informalities, request clarification, or cancel this RFP at any time. Issuance of this RFP does not obligate the City to award a contract.

ATTACHMENTS

- Exhibit A: Garcia Creek Drainage Improvements – 30% Plans (July 16, 2025)



LEGEND:

- AC AIR CONDITIONING PAD
- B BOLLARD-6" WOOD
- BL BUILDING
- CF CHAINLINK FENCE
- DS DOWN SPOUT
- EA EDGE OF ASPHALT PAVEMENT
- FE FINISH FLOOR ELEVATION
- FI FIRE HYDRANT
- GR DATE
- OP OFFICIAL PUBLIC RECORDS OF MEENA COUNTY TEXAS OVERHEAD UTILITIES
- PF PIPE FENCE
- RF REFLECTOR
- SM SANITARY SEWER MANHOLE
- UP UTILITY POLE
- UP/EM UTILITY POLE/ELECTRIC METER
- US UNDERGROUND SANITARY SEWER
- UW UNDERGROUND WATER
- WM WATER METER
- WV WATER VALVE
- WF WIRE FENCE
- WO WOODEN FENCE

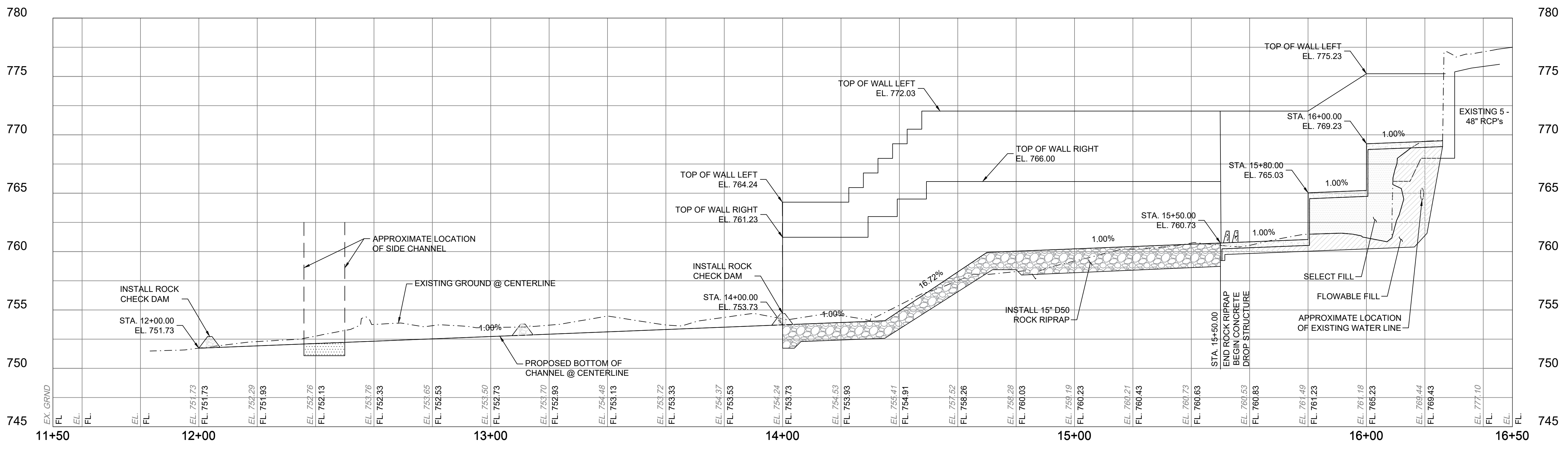
- CONCRETE
- COVERED CONCRETE
- COVERED GRAVEL
- GRAVEL
- PAVERS

30% SUBMITTAL

THIS DOCUMENT IS RELEASED FOR THE PURPOSE OF INTERIM REVIEW UNDER THE AUTHORITY OF ABE A. SALINAS, P.E. LIC. # 105144 16/07/2025.

IT IS NOT TO BE USED FOR CONSTRUCTION, BIDDING OR PERMIT PURPOSES.

**CASTROVILLE, TEXAS
CITY OF CASTROVILLE
GARCIA CREEK
DRAINAGE IMPROVEMENTS
DRAINAGE PLAN & PROFILE**



NOTES	NAME	DATE
SURVEY BY	ZAM	###
DRAWN BY	JH	###
DESIGNED BY	TJ	###
CHECKED BY	MG	###
REVIEWED BY	MP	###



X:\PROJECTS\1011_CASTROVILLE_GARCIA_CREEK_STABILIZATION\300 PLANS AND DRAWINGS\333 PLAN SHEETS\1011-CUR-PLR-DWG_22X44-LANDSCAPE_KFABW.CB



Agenda Report

Agenda of: March 24, 2026
Department: Public Works
Subject: Change Order No. 2 for the Flat Creek Water Well Plant

Recommended Motion: Approve Change Order No. 2 for the Flat Creek Water Well Plant – Package 1 Project with Hydro Resources in the amount of \$599,631, and authorize the City Administrator to execute the necessary documents.

Background: The Flat Creek Water Well Plant – Package 1 project is currently under construction as part of the City’s efforts to increase water supply capacity and system reliability.

Change Order No. 2 includes the addition of permanent pump installation components necessary to place the well into operation. These components include the bowl and motor assembly, column tube and shaft, discharge head, VFD filter, startup and disinfection, fencing, and mobilization.

Approval of this change order will allow the contractor to complete installation of the well equipment so the Flat Creek Water Well can be placed into service.

Fiscal Impact: Change Order No. 2 increases the contract amount by **\$599,631**, resulting in a revised contract total of **\$2,519,894.97**.

Budgeted **Requires Budget Amendment**

Source of Funding:

Attachments: Hydro Change Order No 2

Urgency (0-5 = Low Urgency to High Urgency): 4

Impact (0-5 = Low Impact to High Impact): 4

Submitted by: John Gomez



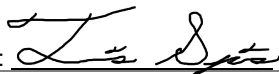
CHANGE ORDER NO. 2

Project Flat Creek Water Well Plant – Package 1
 Project No. W-0143-W016
 Owner City of Castroville
 Engineer RESPEC
 Contractor Hydro Resources

Description of Change: Addition of permanent pump installation components including bowl/motor assembly, column tube & shaft, discharge head, VFD filter, startup/disinfection, fencing, and mobilization.

Item	Description	Bid Qty	Bid Unit Price	Qty	Unit	Amount
1	Mobilization / Demobilization	—	—	1	LS	\$28,070
2	Furnish & Install Bowl and Motor	—	—	1	LS	\$173,932
3	F&I Column Tube and Shaft	1	\$686	345	LF	\$236,670
4	F&I Discharge Head	—	—	1	LS	\$17,933
5	Furnish VFD Filter	—	—	1	LS	\$70,359
6	Startup & Disinfection	—	—	1	EA	\$4,710
7	F&I Chain Link Fence	—	—	1	LS	\$67,957

Original Contract Amount	\$2,300,000.00
Previous Contract Amount (after CO-1)	\$1,920,263.97
Change Order No. 2	\$599,631
Revised Contract Amount	\$2,519,894.97

OWNER APPROVAL	ENGINEER APPROVAL (RESPEC)	CONTRACTOR APPROVAL
Signature: _____	Signature: _____	Signature: 
Name/Title: _____	Name/Title: _____	Name/Title: <u>Travis Spires /Project Manager</u>
Date: _____	Date: _____	Date: <u>3/10/2026</u>

DATE: March 18, 2026

AGENDA OF: March 24, 2026

DEPARTMENT: City Council

SUBJECT: Review of proposed library expansion by Library Advisory Board

RECOMMENDED MOTION:

Direct the Library Advisory Board to review the proposed library expansion and provide input to Council for the 14 April City Council meeting.

BACKGROUND

City Council through the Capital Improvement Program, has directed the expansion of the city library to accommodate the increase in patrons and programs.

Council selected a proposed expansion plan that fit the budget, added significant space, preserved the rear garden area, minimized impact to parking and continued with the existing rooflines and design of the building.

While there is only one affordable option that meets the desired objectives, Council desires the proposed design be reviewed by the Library Advisory Board and, if possible, the Friends of the Library to get additional community input before finalizing the design.

Council wishes to get this project underway as soon as possible and will need inputs prior to the Council meeting on 14 April.

**Robert Lee
District 5**

Attachment: Proposed Library Expansion



Agenda Report

Agenda of: March 24th, 2026

Department: Parks & Recreation

Subject: Pool Restroom & Shower Building

Recommended Motion:

I make a motion that the City Council accept the updated Floorplan(**Option 2**) recommended by the Parks & Recreation advisory board and authorize staff to move forward with the project as discussed.

Background:

Staff has evaluated several layout and construction options for a new bathhouse facility at the Pool. The goal is to provide a functional, durable, and cost-effective structure that can adequately support typical municipal pool attendance and peak summer usage. After reviewing potential layouts, a multi-stall bathhouse design is recommended because it provides improved circulation, greater restroom and shower capacity. Facilities of this type are commonly constructed at municipal pools across Texas. To help manage project costs while maintaining durability, staff also evaluated construction methods. Staff recommends a hybrid approach using a pre-engineered metal building structure with concrete masonry unit (CMU) lower walls, commonly used by municipalities and provides a balance of durability, speed of construction, and cost efficiency. Based on current planning assumptions, a simple and functional bathhouse of approximately 500 square feet is estimated to come in within budget but the final cost would depend on final design and materials. The proposed facility would include two(2) outdoor showers, three(3) indoor shower/changing rooms, two(2) unisex restrooms and one(1) family restroom, all meeting ADA accessibility requirements.

Fiscal Impact:

Fund Balance: \$205,000

Budgeted **Requires Budget Amendment**

Source of Funding: Account Code: 10-51907-616

Attachments:

Urgency (0-5 = Low Urgency to High Urgency): 5

Impact (0-5 = Low Impact to High Impact): 5

Submitted by: Jonah Chang, Director of Parks & Recreation



CITY COUNCIL AGENDA REPORT

DATE: March 3, 2026

AGENDA OF: March 10, 2026

DEPARTMENT: Councilmember Merz

SUBJECT: Consider and take appropriate action on creating Institutional Zoning

RECOMMENDED MOTION:

I move to direct staff to draft amendments to the CZO to create an Institutional Zone and begin the necessary series of notices and hearings so that the Planning and Zoning Commission can make a recommendation.

BACKGROUND:

The Comprehensive Zoning Ordinance currently does not have a zoning district for religious, educational, and governmental uses. Instead, these uses are variously allowed across various residential and commercial zoning districts. Unfortunately, this limits the city in several ways. Creating an “Institutional” zoning district for religious, educational, governmental, and community uses would solve several issues for the city.

It would allow the city to, for example, permit a school or church without also permitting various commercial uses. It would also allow locations of parks in future developments to be easily locked in earlier in the process by marking them with a zoning that cannot be turned to homes.

For this reason, I propose the addition of an institutional zoning district to the CZO. Among other things, it should allow government, educational, religious, and community uses. Among other things, it should limit private housing or permanent commercial uses. I think that it should also be somewhat more permissive on height limits, setbacks, and parking requirements than other zoning districts. Exact details can be found in the attached draft changes.

FISCAL IMPACT/SOURCE OF FUNDING: Budgeted Requires Budget Amendment

As an amendment to the CZO, this will require notices to be mailed out, as well as hearings, which will entail some cost. It will likely also require some staff work in order to update and post the CZO document on the website. If individual properties are being rezoned, that may require additional hearings.

ATTACHMENTS:

- a) Suggested draft of changes to add Institutional Zoning District

Urgency (0-5 = Low Urgency to High Urgency): 2

Impact (0-5 = Low Impact to High Impact): 4

Submitted by: **David Merz, Jr.**



CITY COUNCIL AGENDA REPORT

DATE: March 3, 2026

AGENDA OF: March 10, 2026 -

DEPARTMENT: Councilmember Merz

SUBJECT: Consider and take appropriate action on Park & Recreation Advisory Board’s recommended changes to Subdivision Ordinance

RECOMMENDED MOTION:

I move to place the recommended Subdivision Ordinance updates on the next Planning and Zoning Commission agenda for discussion and appropriate action on making a recommendation to Council.

BACKGROUND:

The Parks and Recreation board was asked to review parkland and open space dedication requirements in the subdivision ordinance and to recommend potential changes. After several discussions with the Community Development staff and amongst themselves, the Parks and Recreation board recommended the attached changes be made to the Subdivision ordinance.

FISCAL IMPACT/SOURCE OF FUNDING: Budgeted Requires Budget Amendment

There should not be a need for extensive drafting or notice in order to update the subdivision ordinance. In several cases, the Parks board already recommended specific textual changes.

ATTACHMENTS:

- a. Changes recommended by Parks and Recreation Advisory Board
- b. Current subdivision ordinance

Urgency (0-5 = Low Urgency to High Urgency): 2

Impact (0-5 = Low Impact to High Impact): 4

Submitted by: David Merz, Jr.

CURERNT ORDINANCE

Sec. 100-53. Parkland dedication.

(a) All residential subdivision applications and requests for plat approval submitted to the city, including property being platted within the city's extraterritorial jurisdiction, shall show the area proposed for parkland to be dedicated to the public. All properties that are subdivided for residential use, including but not limited to single-family residences, multifamily housing, condominiums, town homes and manufactured home communities are subject to either a parkland dedication plan acceptable by the city or payment of cash in lieu of designated parkland. This area shall be no less than five percent of the gross area of the property being platted, and shall have a suitable means of access from a public street.

(b) In all instances, the city shall have the right to accept the dedication of parkland or to refuse it. Any parkland dedicated to the city shall be suitable for either active or passive recreational use. For example, a drainage area that serves no useful recreational purpose shall not be accepted as parkland.

(c) If the city accepts the parkland dedication, the dedication shall be made on the final plat. Parkland dedication by separate instrument shall not be accepted. No final plat dedicating parkland shall be approved until the parkland dedication requirements are met.

(d) A subdivider involved in the following platting situations may apply for a parkland dedication exemption, provided that the subdivider can show evidence of no or limited impact on the existing parks and recreational facilities of the city:

- (1) Vacating plats;
- (2) Vacating and resubdivision plats;
- (3) Amending and correcting plats; or
- (4) Plats for projects designed specifically as elderly housing.

(e) Exemption applications shall be made to the city council. Exemptions, if granted, may be full or partial as judged appropriate by city council.

(f) Cash payment in lieu of dedication.

(1) Initiation by the city. The city may require a subdivider to pay cash in lieu of parkland dedication. In the event that the city requires cash in lieu of parkland dedication, the subdivider shall pay a fee equal to five percent) of the total appraised value of the subdivided property, as determined by the Medina County Appraisal District.

(2) Small subdivisions. When a subdivision will result in less than 100 residential units or less than five total acres, the subdivider shall make a cash payment in lieu of parkland dedication. The subdivider shall pay a fee equal to five percent of the total appraised value of the subdivided property, as determined by the Medina County Appraisal District.

(3) Parkland fund. Cash paid in lieu of parkland dedication shall be paid into a "parkland fund" to be created by the city, and shall be expended by the City for the acquisition, development, or rehabilitation of parkland or for improvements to existing parkland.

(Ord. No. 2002-003, art. III, § 3, 1-14-2002; Ord. No. 2014-005, § 1, 12-10-2013)

REVISED ORDINANCE

Sec. 100-53. Parkland dedication.

(a) Dedication Requirements and Platting. All residential subdivision applications, including property within the city's extraterritorial jurisdiction, shall clearly show the area proposed for parkland dedication on both the preliminary and final plats. This includes the location, dimensions, and purposes of all proposed parks. All properties subdivided for residential use are subject to either an acceptable parkland dedication plan or payment of cash in lieu of land.

(b) Dedication Thresholds.

1. **Developments 5 to 200 Acres:** The developer must dedicate 5% of the gross site area to the city.
2. **Developments over 200 Acres:** The developer must dedicate 5% of the gross site area AND construct recreational amenities on the dedicated land (e.g., trails, playgrounds, sports fields). Amenities must comply with the Parks Master Plan and the Parks Director's standards.
3. **Developments under 5 Acres:** The developer shall make a cash payment in lieu of dedication (see subsection f).

(c) Valid Parkland Criteria. To be accepted, dedicated parkland must meet the following criteria:

- **Usability:** Suitable for active or passive recreation. Drainage, detention, or utility areas do not qualify unless specifically designed for recreational use.
- **Form:** Must be contiguous and functional in shape; fragmented parcels or "leftover" strips are not acceptable.
- **Access:** Must have frontage on a public street and connect to existing or planned sidewalks, trails, or active transportation facilities.
- **Clearance:** Must be free of easements, buffers, or setbacks that limit recreational use.

(d) Ownership and Maintenance. Parkland may be accepted for City ownership or maintained by a homeowners' association (HOA), subject to City approval. If maintained by an HOA, perpetual public access and maintenance standards must be established through recorded covenants approved by the City.

(e) Exemptions.

A subdivider may apply to the City Council for a parkland dedication exemption for:

1. Vacating plats.
2. Vacating and re-subdivision plats.
3. Amending and correcting plats. (Note: Housing for the elderly is no longer exempt and must provide parkland dedication).

(f) Cash Payment in Lieu of Dedication (FILO). FILO should be considered a last resort when dedication is not feasible.

1. **Criteria for FILO:** The City may require or allow FILO if the development is under 5 acres, or if the land offered does not meet city standards and no feasible space exists within the project.
2. **Calculation:** The fee shall equal 5% of the finished land value of the development's total acreage. The value must be supported by a current appraisal paid for by the developer and reviewed/approved by the City.
3. **Parkland Fund:** Fees shall be deposited into a dedicated Parkland Fund, separate from General Funds.
4. **Use of Funds:** Funds must be spent within 8 years for acquiring new parkland or for CIP projects (acquisition, development, or rehabilitation). Funds may not be used for routine maintenance, staffing, or vehicles.

(g) Approval Process. The Parks and Recreation Advisory Board and the Parks Director shall be included in the approval process for all parkland dedications to ensure compliance with the Parks Master Plan and Active Transportation Plan.

November 19, 2025

Wednesday, 9:00 a.m.

I. Call to order TIME: 9:00a

II. Roll Call

Present:

- Adriana Arrington- Calk, President
- Nicol Schriener, Vice President
- Alli Welch, Secretary
- Kyle McVay- Member
- Stephen Dauphin- Member
- Vacant- Alternate
- Vacant- Alternate
- Jonah Chang, Director of Parks and Recreation

OTHERS PRESENT:

Patrick Connor- Citizen

III. Citizen's comments

none

IV. Discussion and Action Items

a. Review shower/restroom building plans for the Castroville Pool

Discussion

No updates from Jonah. Push to December and hopefully will have quotes by then.

b. Discuss and take appropriate action on updating parkland requirements for new developments

Discussion

Comments Submitted by David Merz – Parkland Dedication Ordinance Review

Merz provided the following initial recommendations for updating the parkland dedication ordinance:

- Require parkland areas to be clearly identified throughout the development review process.
- Eliminate the cash-in-lieu option for parkland dedication.
- Remove the dwelling-unit minimum; allow any development of 5 acres or more to dedicate 5% parkland (resulting in roughly a ¼-acre park for a 5-acre development).
- Eliminate the option for PUDs to provide HOA-controlled private parks in place of public parks.

November 19, 2025

Wednesday, 9:00 a.m.

Board Discussion:

The Board discussed eliminating the cash option; however, several members felt it may still be appropriate in certain situations. It was suggested that the Board review examples of communities that have successfully implemented a no-cash ordinance to better understand how such policies are applied.

Additional discussion included strategies for acquiring land adjacent to existing parks, such as conservation easements, direct purchase, or potential bond options. Members questioned whether cash-in-lieu should be considered a last resort and emphasized that any payment must be meaningful. Ideally, developers should present requests for cash alternatives to the Parks Board before Council consideration. The Board also noted that the current valuation method is too low and should be updated to fair market value rather than appraisal district figures.

In discussion of HOA run vs. city run parks, Jonah reported that current staffing levels can support maintenance of additional small pocket parks, but larger parks would require more staff.

Westheim's park space was noted as an example where HOA insurance costs were prohibitive. Patrick suggested requiring HOAs to carry appropriate insurance through initial development agreements.

Board members expressed the importance of providing parks throughout the city, regardless of proximity to existing parks.

The Board discussed removing Section 2 relating to small subdivisions (per Merz's notes) and reviewed NRPA recommendations, including the 5% land dedication guideline. Members also discussed creating a dedicated Parkland Fund for any in-lieu payments to ensure clear, restricted use for park development.

Discussed the board developing a "user guide" outlining desired park features and expectations for future development review. In the meantime, a draft recommendation for updating parkland dedication ordinance to council will be prepared for the December meeting.

Motion: no motion- left as discussion

V. Future agenda Items

November 19, 2025


Wednesday, 9:00 a.m.

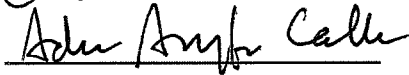
VI. Adjourn TIME 10:06am

Motion: To Adjourn

Motion By: Kyle 2nd By: Nicol

Vote: Yes# 5 No# 0 Pass

Prepared By 

Approved By 

February 18, 2026

Wednesday, 6:30p.m.

Registration Cap & Residency Considerations

The program is approaching capacity and may soon need to cap registration. Price indicated a likely cap of approximately 800 participants, while Jonah suggested a more manageable range of 700–750 participants. The board discussed potential strategies to address growth and related concerns, including designating parking spaces tied to specific field reservations (which would require coordination and planning by the Parks Department), limiting participation to MVISD students, and implementing additional fees for non-residents. Price noted that Hondo currently charges additional fees for non-citizens; although this would impact only a small number of participants locally, it could serve as a starting point.

VI. Discussion and Action Items

- a. Discuss and take appropriate action on the Parkland Dedication ordinance updates (board packet page 12)

Jonah noted that maintenance of a small park (approximately one-quarter acre) would be manageable and feasible. Adrianna discussed FILO and the current 5% allocation, asking whether the board wished to recommend a higher percentage. Nicol commented that setting the percentage higher could make it less desirable for developers which could be beneficial for the city because ultimately, we would like land over FILO. Kyle expressed a desire for the board to have input on park matters within new developments.

MOTION- Adopt and recommend the parkland dedication ordinance with the edits provided during the meeting.

**Motion Alli Second Kyle
Pass 5-0**

- b. Discuss and take appropriate action on the Community Center Policy (board packet page 16)

Kyle complimented Jonah and the policy. Board indicated that it was very thorough.

Motion by Kyle to accept policy.
2nd by Stephen
Pass 5-0

- c. Discuss and take possible action on the Medina Valley Soccer Association presentation and their usage at Regional Park



CITY COUNCIL AGENDA REPORT

DATE: March 3, 2026

AGENDA OF: March 10, 2026

DEPARTMENT: Councilmember Merz

SUBJECT: Consider and take appropriate action on forwarding Locate calls to property owners

RECOMMENDED MOTION:

I move to direct staff to begin notifying property owners of 811/Locate calls affecting their property.

BACKGROUND:

811/Locate is a critical service that keeps our utility systems safe when work is being done in our city. Many of our neighbors have utility easements and underground public utilities on their property. Many also have private improvements, such as irrigation lines, in the ground. When third parties (such as internet companies) make 811/Locate requests on those properties, the city can mark its utilities, but only the property owner knows where to mark their private improvements. Right now, no one notifies a property owner when a third party makes an 811/Locate request.

I would like to see the city start ‘forwarding’ 811/Locate calls to property owners. This may be via email, via mail, via envelope delivered when city staff goes out to mark city utilities, or some other method. But I think property owners should be notified of at least the following information:

- a) Identity of the requestor
- b) Boundaries of intended work
- c) Date of request
- d) Intended dates of work

This is a little thing, but I think it would be a positive increase in transparency and a nice little boost to quality of life. It’s good to know what’s going on, and it’s good to know your irrigation lines won’t be hit.

FISCAL IMPACT/SOURCE OF FUNDING: Budgeted Requires Budget Amendment

Exact cost will vary with communication method selected. It will likely be minor.

ATTACHMENTS: None

Urgency (0-5 = Low Urgency to High Urgency): 1

Impact (0-5 = Low Impact to High Impact): 2

Submitted by: David Merz, Jr.

DATE: March 18, 2026

AGENDA OF: March 24, 2026

DEPARTMENT: City Council

SUBJECT: Survey of power lines/service lines threatened by trees and plan of action to remedy.

RECOMMENDED MOTION:

Direct staff to conduct a survey of power lines and other service lines threatened by trees and return to Council with a plan to remedy the threat.

BACKGROUND

Castroville is completely dependent on a functional electrical system. The severe drought the city has experienced for several years has killed hundreds of trees. Many of these dead and dying trees plus healthy trees threaten our pole-mounted electrical system and other pole mounted services.

While the city has a continuing task of trimming trees that interfere with electrical lines, the many additional dead trees pose an increased risk as entire trees could come down some distance from the lines and still hit the wires.

The telephone wires and other pole mounted equipment may not be the city’s responsibility, but trees or branches falling on these pole mounted wires will certainly cause issues for citizens as connectivity could be lost. Recommend this task include all threats to pole mounted system be recorded for action by the city or referral to other pole users.

Once the survey is concluded, bring a report to Council including a plan and timeline to remove potential problem trees and identify other pole users that need to be notified to take action. A target date for the report is by the last Council meeting in April.

**Robert Lee
District 5**

DATE: March 17, 2026

AGENDA OF: March 24, 2026

DEPARTMENT: City Council

SUBJECT: Staff report on expansion of city gas system to cover existing and future developments.

RECOMMENDED MOTION:

Direct staff to report to City Council on the potential expansion of the natural gas system as provided by the city.

BACKGROUND

The citizens of Castroville voted to retain ownership of the natural gas distribution system. Recently, West Texas Gas has proposed providing new gas service to new city developments instead of the city providing the service.

Council needs to understand the scope of what would be required to provide gas service to developments to include estimated infrastructure costs and current system capacity to serve new homes and commercial businesses. If the forecast system needs exceed the current supply to Castroville, what would be required to increase our capacity to serve additional development?

This information needs to be presented visually with projected growth areas and Castroville’s CCN areas.

This information will enable City Council to determine what the best course of action is on providing gas to existing and future developments.

Staff needs to report to Council by the second meeting in April what the projected cost and timeline is to provide this information so Council and determine whether to pursue.

**Robert Lee
District 5**

DATE: March 18, 2026

AGENDA OF: March 24, 2026

DEPARTMENT: City Council

SUBJECT: Estimated expansion of water and wastewater systems to meet the demands of future development

RECOMMENDED MOTION:

Direct staff to report to City Council on the expansion of the water and wastewater systems to handle future city expansion.

BACKGROUND

The City of Castroville has a defined area of responsibility to provide water and wastewater to developments. This area is referred to as our Certificate of Convenience and Necessity (CCN).

The city significantly enlarged the existing wastewater treatment facility and is in the process of completing a new high-volume water well with a large elevated storage tank to follow. During the recent CIP meetings, the need for an additional well was presented.

Council needs to know what the projected needs would be if all of our CCN was developed and any adjacent areas that might be surrendered to Castroville. How much estimated additional water would be needed including storage and distribution infrastructure for that buildout? Additionally, what is the capacity of the current wastewater facility to meet that need and would an additional expansion of our current plant be needed or a completely new wastewater plant? This information will be critical as current and future councils deal with growth.

Staff needs to initially report back to council by the second council meeting in April on what will be required to provide this information and receive Council direction.

**Robert Lee
District 5**

DATE: March 18, 2026

AGENDA OF: March 24, 2026

DEPARTMENT: City Council

SUBJECT: Infrastructure requirements for use of recycled wastewater including storage and distribution for irrigation use.

RECOMMENDED MOTION:

Direct staff to report to City Council on the infrastructure requirements for use of treated wastewater for irrigation of airport property and other uses.

BACKGROUND

The City of Castroville produces approximately 250,000 gallons of highly treated wastewater every day. That quantity will significantly increase as ongoing developments complete.

Currently, the water is discharged into the Medina River and serves no use to the city. Capturing and reusing valuable Edwards Aquifer water could reduce our pumping requirements over time and provide much needed water for irrigation and other purposes.

When the eastside lift station was built using a force main to transfer untreated wastewater to the main lift station in Regional Park, the city acquired the necessary rights to bury the force main along county roadways to the Constantinople low water crossing. The city already had utility easements on the river-front properties from that point to the main lift station. Those existing easements house the main gravity sewer main from most, if not all, of Castroville to the lift station.

When the force main was installed, Council discussed installing a purple pipe in the same trench to allow eventual return of treated water to the airport. The cost was beyond what had been identified for the lift station project.

We need staff to explore what it would take in infrastructure to make use of our treated wastewater including storage, and distribution lines to the closest point of the airport property and use in Regional Park. As for storage, staff needs to give an estimate of 250,000 and 500,000 gallons. That storage might need to be in more than one location to serve Regional Park and the airport.

Using treated wastewater for non-human food crop irrigation or other purposes would be important economically and reduce use of Edwards water.

Request staff come back to Council as soon as practical to give a status report on what it will take in time and money to gather this information and receive any additional council direction.

**Robert Lee
District 5**

DATE: March 18, 2026

AGENDA OF: March 24, 2026

DEPARTMENT: City Council

SUBJECT: Report to Council on operational condition and readiness of City generators.

RECOMMENDED MOTION:

Direct staff to report to City Council operational condition, readiness, fuel supplies and testing cycles of all city generators.

BACKGROUND

The City of Castroville has many emergency power generators to ensure critical infrastructure can remain operational in event of a power outage as required by the state of Texas.

Staff come back to Council by the second council meeting in April to give a status report on all generators, their testing cycles, readiness to be brought online without delay, and amount of fuel on hand for each generator to run 72 hours.

If there are additional functions that need generators, identify those to Council.

**Robert Lee
District 5**

City Administrator's Report



To: Mayor Alexander & City Council
CC: Staff
From: R. Scott Dixon, City Administrator
Date: March 16, 2026
Re: City Administrator's Report

Mayor and Council,

The items outlined below are provided to keep you informed on ongoing projects, initiatives, and operational priorities. My intent with this report—and all communications to Council—is to ensure that you have timely, accurate, and decision-useful information as you carry out your policy-making and oversight responsibilities.

In light of recent feedback provided by Council regarding communication, reporting, and follow-through, I want to be intentional in improving both the clarity and usefulness of the information provided. To that end, I welcome your continued input on how these updates can better support your needs.

If there are specific projects, details, or formats that you would like to see included—or if additional context, data, or analysis would be helpful for decision-making—please do not hesitate to let me know. Clear direction from Council is essential to ensuring that staff efforts are aligned with your expectations, and I remain committed to providing information in a manner that is both responsive and actionable.

Drainage Projects

Geneva Channel

In addition to the coordination previously reported with adjacent property owners, staff continues to monitor project completion activities. Hydroseeding has not yet been completed, and installation of Flexamat will not occur until sufficient vegetation is established along the channel walls. Based on coordination with the contractor and manufacturer, Flexamat installation is anticipated approximately two weeks after vegetation growth is confirmed. Staff currently estimates overall project completion within the next three months.

Garza Creek

No Change - The City received four proposals for the design-build delivery of the Garza Creek drainage project. The proposals ranged from approximately \$1.2 million to \$4.7 million. Staff is reviewing the proposals in greater detail and evaluating potential options moving forward. A recommendation will be presented to Council at the March 24 meeting, as previously scheduled.

Athens-Area Drainage / Country Village Channel

At the request of Councilman Marchman and a local resident, staff recently completed re-working the drainage channel along Naples Street. Staff will continue to make bar ditch improvements from the drainage basin on the south side and work “upstream” in the direction of flow.

One of the primary constraints affecting this timeline is the City’s current staffing structure. The same public works crew currently performs both street repair, Right-of-Way maintenance (mowing) and drainage maintenance. As a result, only one of these activities can be pursued at any given time. Staff recommends that Council consider expanding this crew to allow for dedicated right-of-way maintenance and drainage personnel so that street repairs and improvements can be addressed simultaneously.

BMA Trail Access

Following a site visit and coordination meeting with BMA staff, Public Works has initiated the process of obtaining quotes for the installation of controlled-access gates and operators at two identified locations along the canal. Staff has received an initial quote of approximately \$15,982, which exceeds the anticipated budget. Staff will obtain additional quotes from at least two other vendors before returning to BMA for further coordination and final approval.

WWTP Pond Closure

Staff followed up with the City’s engineer, Lochner, regarding development of the requested pond closure design. A meeting has been scheduled for March 17 to review the preliminary design and discuss any additional adjustments needed before moving forward.

Community Center at Regional Park

Construction of the Community Center is currently approximately **76% complete as of March 19, 2026**. Recent progress includes completion of exterior stucco, front porch framing, framing revisions, and roofing activities.

While measurable progress continues, the overall pace remains a concern. The contractor maintains that the May 29 “move-in ready” deadline is achievable; however, staff continues to

closely monitor progress and schedule performance given the current level of completion and remaining work.

Lion's Park Splash Pad

Repairs remain underway. The sewer line has been repaired and several internal system components have been addressed. However, a control valve failure was identified during the repair process and must be replaced before final plumbing connections can be completed. Staff will continue to monitor progress and provide updates as repairs advance.

Hwy 90 TxDOT Construction Project

No change. The project remains at approximately 30 percent design. Based on preliminary information, staff continues to estimate the City's potential utility relocation cost to be approximately \$750,000. TxDOT has not yet provided a confirmed construction timeline.

County Streets Plan

Staff continues to coordinate with Medina County officials following Mayor Alexander's discussions with Judge Lutz and Commissioner Sittre. Both have expressed a willingness to partner with the City on coordinated street improvement efforts.

Staff has previously provided a list of priority projects and associated cost estimates to the County and will continue working with County leadership to identify opportunities to initiate joint projects.

Multimodal Planning Effort

Staff is coordinating with the consultant team to host a public event during the first week of April to present the draft plan and receive additional public input before the document is finalized.

TxDOT representatives confirmed that the plan must be adopted once completed in order to comply with the State grant.

CIP Workshop Follow-Up

Street & Drainage Maintenance / Coordinated Infrastructure Planning

Public Works has initiated a comprehensive infrastructure planning effort in response to Council direction. Staff has formally engaged the City's engineering partner, Respec, to assist in developing a coordinated plan that aligns street, drainage, water, sewer, and gas infrastructure improvements.

The objective of this effort is to ensure that utility replacements are prioritized and completed prior to street reconstruction, thereby avoiding rework and maximizing long-term cost efficiency. The plan will include:

- A prioritized list of coordinated infrastructure projects
- Estimated costs for contractor-delivered work
- Evaluation of in-house delivery capabilities, including manpower, equipment, and scheduling impacts
- Recommended phasing and sequencing of improvements
- Comparative analysis of in-house versus contracted work

Staff and Respec met on March 19 to discuss project scope, coordination strategy, and funding considerations. A key component of this discussion included potential funding through the **Texas Water Development Board (TWDB)**. While these funds are not immediately available pending close-out of existing TWDB-funded projects, staff anticipates approximately **\$1.9 million** in future funding capacity, with an additional **\$900,000 reserved** for debt service obligations.

The team also discussed strategies for minimizing surface disruption on historic streets by utilizing trenchless technologies, such as pipe bursting for water lines and lining or coating of existing sewer mains, where feasible.

Respec is coordinating with staff and will be prepared to support a comprehensive infrastructure update to City Council at the **April 14, 2026 meeting**.

East Side Water Well Completion

Staff has received a cost estimate for the change order required to install the pump, motor, and electrical components necessary to bring the recently drilled Flat Creek municipal water well into service. This item is scheduled for Council consideration at the March 24 meeting.

Additional analysis regarding system capacity, project costs, and timelines will be brought forward once final engineering plans are completed.

Water / Wastewater Capacity Planning

Respec will present an evaluation of current and projected water and wastewater system capacity in relation to anticipated development at the March 24 meeting. This analysis will help inform long-term infrastructure planning and capital investment decisions.

Gas Line ROI Analysis

As previously noted, staff is working with Utility Solutions to evaluate the cost and return on investment associated with extending the City's gas distribution system. This analysis is scheduled to be presented at the April 14 Council meeting.

Public Works Department – Infrastructure Planning Update (April 14 Preview)

Public Works continues to develop a coordinated plan of action addressing Council's identified infrastructure priorities, including:

- Street and drainage maintenance (including Houston Street and bar ditch improvements)
- Future street paving projects
- Waterline, sewer line, and gas line replacement priorities
- Evaluation of in-house versus contracted project delivery

This effort includes:

- Review of existing utility system conditions and replacement needs
- Identification of streets requiring maintenance, rehabilitation, or reconstruction
- Assessment of drainage deficiencies and right-of-way maintenance needs
- Coordination across divisions to ensure proper sequencing of projects

The primary objective is to implement a strategic, cost-effective infrastructure program that minimizes disruption to residents while maximizing the lifespan of City assets.

Additional Infrastructure Action Plans in Development

WWTP Effluent Pond Closure

Staff continues to coordinate with Lochner to finalize a closure plan, including funding strategy and implementation timeline. Staff anticipates providing a more detailed update at the April 14 meeting. The project remains in compliance with TCEQ requirements.

Country Village Electric System

Staff is awaiting a proposal from SEnergy for development of a cost estimate and design for improvements to the underground electric distribution system. Future Council action will include evaluation of replacement options and potential project phasing.

There continues to be a significant level of activity across multiple City projects and operational areas, and staff remains focused on advancing Council priorities in an efficient and coordinated manner.

As noted above, I am committed to continuously improving the quality, clarity, and responsiveness of the information provided to Council. If there are items in this report that do not fully address your expectations, or if there are specific examples where additional detail, follow-up, or a different format would be beneficial, I respectfully request that those be clearly identified so that I can ensure alignment moving forward.

Your feedback is important, and the more specific that direction is, the more effectively staff can respond and deliver the level of service and support that Council expects.

If I have omitted any items or if additional information is needed on any topic included in this report, please let me know and I will ensure it is addressed promptly.

It is my privilege to serve the residents and elected officials of Castroville.

Thank you,

A handwritten signature in blue ink, appearing to read "R. Scott Dixon".

R. Scott Dixon, MPA, CGFO, ICMA-CM

City Administrator, Castroville, TX

City of Castroville Parks & Recreation Department

Monthly Report: February 2026

Submitted by: Jonah Chang, Director of Parks & Recreation

1. Department Overview & Updates

- Community Center Construction:
 - Construction is still underway. Overall, the project is 73% complete.
 - Project aspects completed this past month, front porch framing, stucco, and roofing.
- Splash Pad:
 - Repairs are still underway; the sewer line has been repaired and some internal components along with the main water supply line are currently being re-plumbed. Once the plumbing has been repaired, a pressure test will be conducted to ensure no other leaks are hidden further down the lines. After a successful pressure test, the backfill process will begin.
 - These repairs are projected to be done before summer 2026!
- BMA Agreement:
 - After meeting with BMA staff, we contacted a fencing installer to begin the quoting process for the installation of new gates & openers. We are planning to reach out to at least 2 other installers before going back to BMA for final approval.
 - Current conditions of the gates are in disrepair and will need full replacements. (Attachments 1-2)
- TPWD Grant Update:
 - The City Council approved the matching funds for the project.
 - Staff is waiting for Texas Parks and Wildlife funding to officially kick off for next steps.
- CIP Projects:
 - I discussed numerous Capital Improvement Plan projects with council at the January 29th meeting.
 - The projects the City Council approved funding for included the Lion's Park improvements, parking lot additions at Regional Park, and the construction of a Swimming Pool restroom/shower building.
- Fiscal Year 2026-2027 Budget Planning
 - The budget planning process is starting up again!
 - Items that I plan to increase funding for include:
 - Add a Flag Replacement line item
 - Add an Easter event line item
 - Increase Equipment Repairs & Maintenance budget
 - Add a Raw Materials line item(mulch, granite, fall surface, etc.)
 - Increase Building Repairs & maintenance(account for North-Restroom remodel)
 - Increase RV Park- Building Repairs & maintenance(account for Restroom renovations)
 - Increase Pool- Building Repairs & maintenance(account for Heater cover)

2. Programs & Events

Medina River Riparian Restoration Project

3. Staffing

Type:

Full-time Staff:

Part-time Staff:

Pool Staff:

Status:

Five positions filled

One position filled(Facilities)

Six positions filled

4. Upcoming Priorities & Projects

- Tree Replacement (Garden of Roots & Lions Park)
- Upcoming Event Prep: Easter Weekend & Tour De Castroville
- Pool hiring for all staff

5. Reservation Report February 2026

Facility	Bookings
Regional Park- Volleyball Courts	0
Regional Park- Soccer Fields	0
Regional Park- Amphitheater	2
Regional Park- Area Rentals	4
Regional Park- Pavilion Rentals	7
Regional Park Table Rentals	14
City Pool- Parties	0
RV Park Bookings	44
Regional Park- Tent Camping	11

6. Work Orders & Repairs February 2026

Department	Problem Code	# of Work Orders
Parks: 97	007: City Parks Maintenance	0
	500: City Parks Maintenance	4
	501: City bldg. Maintenance	2
	505: Equipment Repairs & Maintenance	5
	510: Regional Park Maintenance	44
	515: RV Park Maintenance	9
	520: Swimming Pool Maintenance	4
	530: Lions Park Maintenance	24
	535: Splash Pad Maintenance	1
	599: Misc. Facilities & Parks	8
	801: Weeds/Overgrown Brush	0
	802: Mowing & Weed Eating	0
	806: Tree Issue (Trim & Clear)	0
	819: Misc Streets	0
	978: Vehicle & Equipment Maintenance	0
Facilities: 8 Total	500: City Parks Maintenance	0
	501: City Bldg. Maintenance	3
	506: Flags	2
	515: RV Park Maintenance	0
	520: Swimming Pool Maintenance	0
	599: Misc. Facilities & Parks	3
TOTAL: 105 Work Orders		

Attachment #1

Gate on Northside of canal trail



Attachment #2

Gate on Southside of canal trail





**Tree limb clearing
& removal at
Steinbach Hus**





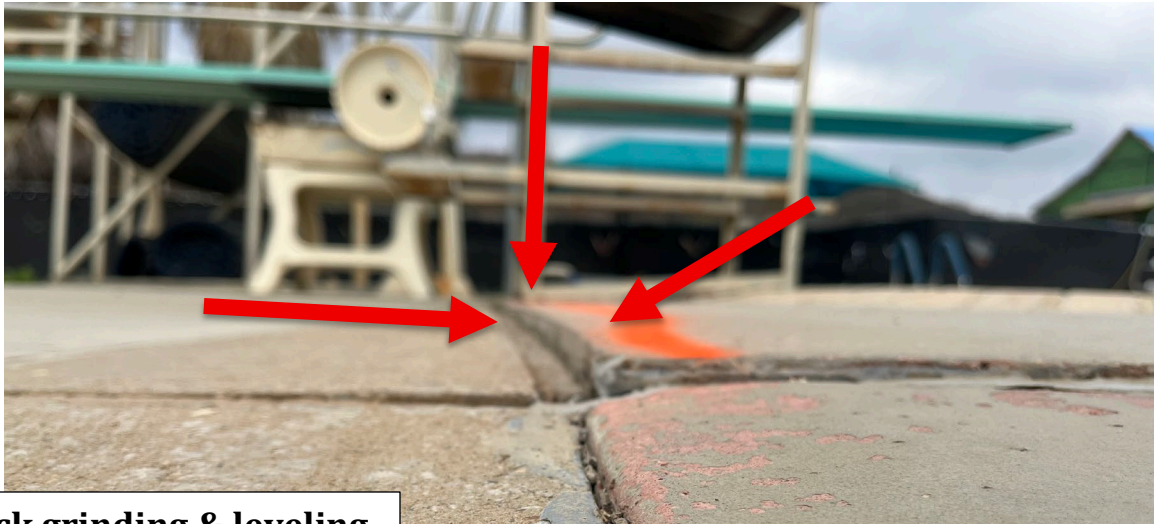
Installation of a New Martin House by Area #1

Thank you to the Master Naturalists that volunteered their time & effort to install this house and the grant that allow this project to happen!

In addition to the installation of this house, they cleaned all the Martin Houses throughout the park.



Field marking at Lions Park Athletic Field



Pool deck grinding & leveling





STAFF REPORT

DATE: March 12, 2026
TO: Scott Dixon, City Administrator
FROM: Jim Kohler, Chief of Police
SUBJECT: February 2026 Monthly

Grants

Generator grant at request of FEMA. **Still Pending- we called and no other update. Will continue to call them. No Change.**

Border Patrol notified they have 70K earmarked for equipment for Castroville will meet soon to discuss with them. Update: **Request letter sent to Border Patrol for new Tahoe, 84K. Pending.**

Update: The vehicle has been ordered and sent to the upfitters to make it patrol ready.

Everything is at upfitters awaiting completion.

We are working on the flock final details of the LPR in which we were approved for 9 LPRs and 3 fixed cameras. Update: **UPDATE** 3 pan tilt and zoom cameras should be installed mid-February.

Moved to late March for install.

Operation Lone Star Grant. UPDATE: **Approved for 100K. This includes monies for overtime and equipment.**

Update: Officers are now working overtime, and we have been purchasing equipment that includes a new ATV that seats 4. Also, we have purchased additional equipment. Lone Star has ended and we are completing reports.

Emergency Management

They are doing regular tests of the siren. Have been monitoring weather reports from Texas Department of Emergency Management (TDEM).

Internal Happenings

We are working with the DEA after Officer Sapper found an estimated 100K cash in a vehicle he stopped because he had warrants. The suspect was charged with Felon in Possession of Firearm, Resisting Arrest and served with the warrants-Suspect had lengthy criminal history including prior charges of drugs & guns along with assaultive offenses. Update: **Still pending** could take up to a year or longer in the court system. It actually was \$121k.

We have submitted all questions on the questionnaire for the police facility needs to the firm. **Update:** We held our first meeting and conducted an on-site with the firm and verified building condition, needs and reviewed future positions. We then followed up with additional questions via online questions from the firm. Another Zoom meeting after giving them the WlaMart/ Alsatian Oaks. Appears the square footage is estimated around 12k square feet. Awaiting next meeting.

We are blessed to be fully staffed which has remained the case for sometime now.

Preparing Coffee with a cop in April.

Continue to have supervisors meetings.

Equipment:

Still waiting on the FEDS to release funds for the vehicle which was part of the Stonegarden Grant where we receive a fully outfitted police vehicle with no city funds being spent other than a 100% reimbursement. **Update: The vehicle has been ordered and sent to the upfitters to make it patrol ready. Awaiting build out.**

One radar trailer has equipment issues awaiting parts.

Below are the cases resolved by recovery of property and/or an arrest through the Flock ALPR cameras. These cases more than likely would not have been solved without the use of this technology. One recent case was theft of fuel and 3 felony credit card abuse cases from WalMart. Suspect arrested and we have put in seizure paperwork to seize the truck he was using in the commission of a felony offense. Suspect lived outside Universal City. Most of these cases are felonies.

26-00048	1/1/2026	y	Credit Card Abuse/Fuel Theft
26-00044	1/2/2026	y	Organized Retail Theft - Felony Theft
26-00043	1/9/2026	y	Vehicle Burg/Felony Theft
26-00041	1/14/2026	y	Organized Retail Theft
26-00078	1/16/2026	y	Credit Card Abuse/Fuel Theft
26-00024	1/18/2026	y	possession of identity docs; theft
26-00026	1/23/2026	y	warrant o/s agency
26-00078	1/23/2026	y	Fuel Theft/Credit Card Abuse/Fraud
26-00018	1/25/2026	y	theft
26-00004	1/27/2026	y	theft
26-00002	1/28/2026	y	Agg Assault FV
25-00615	1/30/2026	y	Stolen Vehicle Recovery
25-00604	2/7/2026	y	theft
25-00593	2/11/2026	y	theft; APS; UUW Felon; seizure 121k
26-00071	2/11/2026	y	Stolen Vehicle Recovery
26-00077	2/11/2026	y	Fuel Theft/Credit Card Abuse/Fraud
25-00580	2/12/2026	y	theft; trespass
26-00082	2/17/2026	Y	Stolen Vehicle Recovery
260008579	2/23/2026	y	Stolen Vehicle Recovery



Monthly CAD Report Chief Kohler

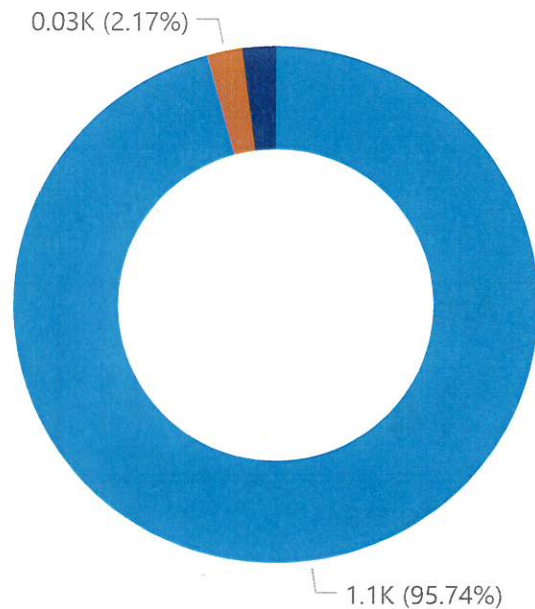


February 2026

Calls for Service by Agency	Calls for Service
CAST EMS 13	947
CAST FIRE 14	Traffic Stops
CASTROVILLE POLICE DEPARTMENT 947	434
Total 947	Alarm Calls
Security Watch	9
132	Funeral Escorts
Disturbances	1
5	

Calls by Agency

- OFFICER_AGENCY**
- CASTROVILLE POLICE DE...
 - CAST EMS
 - CAST FIRE





Castroville Police Department

Chief of Police James Kohler



February 2026

Calls for Service

947

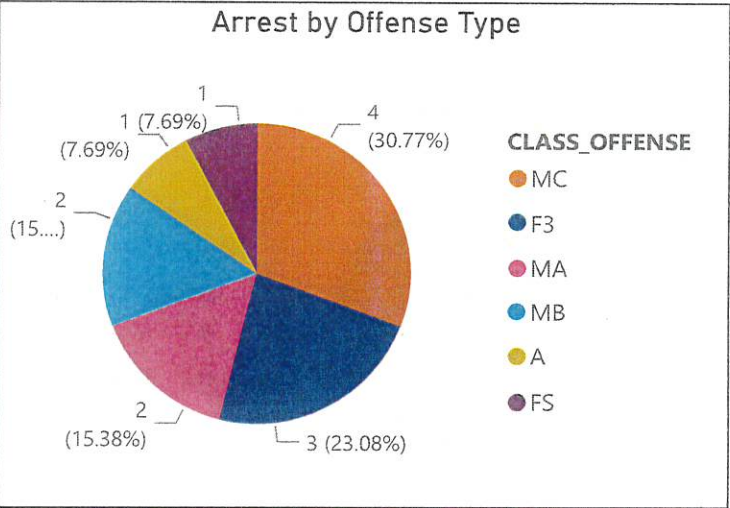
Incidents Reported

59

Reports Taken

115

IBR_DESCRIPTION	Count of CASE_NUMBER
ALL OTHER LARCENY	50
ALL OTHER OFFENSES	1
COUNTERFEITING/FORGERY	4
CREDIT CARD/ATM FRAUD	3
DESTRUCTION/DAMAGE/VANDALISM	1
DRIVING UNDER INFLUENCE	2
DRUG / NARCOTIC VIOLATION	1
FALSE PRETENSE	5
FORCIBLE RAPE	4
SHOPLIFTING	1
SIMPLE ASSAULT	4
TRAFFIC	1
WEAPON LAW VIOLATIONS	7
Total	59



Total Arrests

14

Total Traffic Stops

431



Monthly Crime Report

Chief Kohler



February

2026

<h3 style="text-align: center;">Major Crimes</h3> <table border="1" style="width: 100%; border-collapse: collapse;"> <tr><td>ALL OTHER LARCENY</td><td style="text-align: right;">1</td></tr> <tr><td>ALL OTHER OFFENSES</td><td style="text-align: right;">4</td></tr> <tr><td>COUNTERFEITING/FORGERY</td><td style="text-align: right;">3</td></tr> <tr><td>CREDIT CARD/ATM FRAUD</td><td style="text-align: right;">1</td></tr> <tr><td>DESTRUCTION/DAMAGE/VANDALISM</td><td style="text-align: right;">2</td></tr> <tr><td>DRUG / NARCOTIC VIOLATION</td><td style="text-align: right;">5</td></tr> <tr><td>FORCIBLE RAPE</td><td style="text-align: right;">1</td></tr> <tr><td>SHOPLIFTING</td><td style="text-align: right;">4</td></tr> <tr><td>SIMPLE ASSAULT</td><td style="text-align: right;">1</td></tr> <tr><td>WEAPON LAW VIOLATIONS</td><td style="text-align: right;">1</td></tr> </table>	ALL OTHER LARCENY	1	ALL OTHER OFFENSES	4	COUNTERFEITING/FORGERY	3	CREDIT CARD/ATM FRAUD	1	DESTRUCTION/DAMAGE/VANDALISM	2	DRUG / NARCOTIC VIOLATION	5	FORCIBLE RAPE	1	SHOPLIFTING	4	SIMPLE ASSAULT	1	WEAPON LAW VIOLATIONS	1	<h3 style="text-align: center;">Calls for Service</h3> <p style="text-align: center; font-size: 24pt;">947</p> <hr/> <h3 style="text-align: center;">Reports Written</h3> <p style="text-align: center; font-size: 24pt;">59</p> <hr/> <h3 style="text-align: center;">Citations</h3> <p style="text-align: center; font-size: 24pt;">208</p> <hr/> <h3 style="text-align: center;">Warnings</h3> <p style="text-align: center; font-size: 24pt;">226</p> <hr/> <h3 style="text-align: center;">Case Status for this month's reports</h3> <table border="1" style="width: 100%; text-align: center; margin-top: 10px;"> <tr><td>ACTIVE</td><td>16</td></tr> <tr><td>CLOSED</td><td>16</td></tr> <tr><td>CLEARED BY ARREST</td><td>14</td></tr> <tr><td>UNFOUNDED</td><td>5</td></tr> </table>	ACTIVE	16	CLOSED	16	CLEARED BY ARREST	14	UNFOUNDED	5
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<h3 style="text-align: center;">Arrests</h3> <p style="text-align: center; font-size: 24pt;">14</p>	<h3 style="text-align: center;">Supervisor Reviewed Videos</h3> <p style="text-align: center; font-size: 24pt;">34</p>																												
<h3 style="text-align: center;">Accidents</h3> <p style="text-align: center; font-size: 24pt;">10</p>	<h3 style="text-align: center;">Cases Submitted to DA</h3> <p style="text-align: center; font-size: 24pt;">15 YTD 36</p>																												



Monthly Crime Report Chief Kohler



February

2026

Major Crimes

ALL OTHER LARCENY	1
ALL OTHER OFFENSES	4
COUNTERFEITING/FORGERY	3
CREDIT CARD/ATM FRAUD	1
DRUG / NARCOTIC VIOLATION	5
FORCIBLE RAPE	1
SHOPLIFTING	4
SIMPLE ASSAULT	1
WEAPON LAW VIOLATIONS	1

Calls for Service

947

Reports Written

59

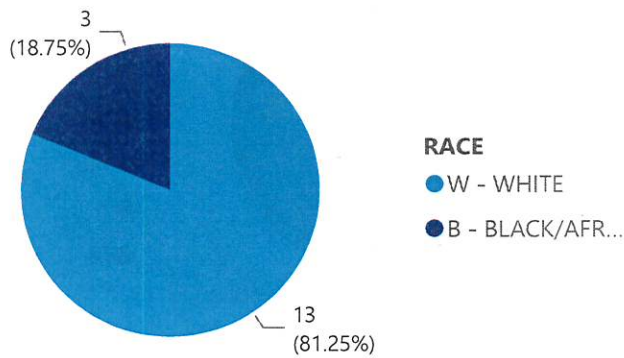
Citations

208

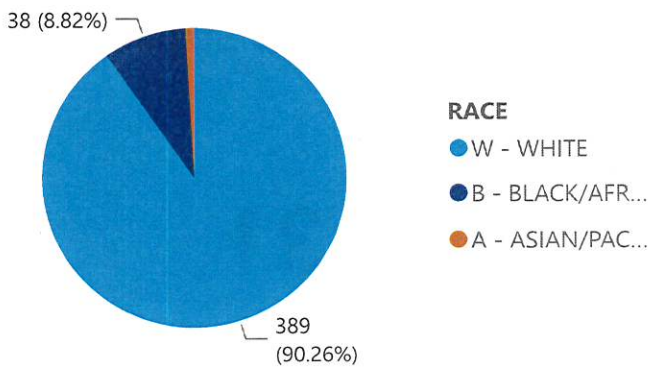
Warnings

226

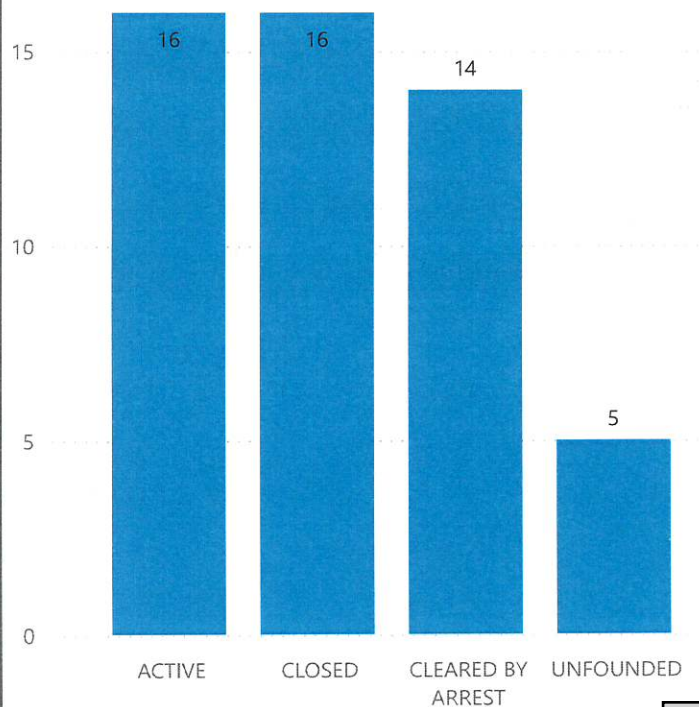
Arrests by Race



Citation by Race



Case Status for this month's reports



Animal Services Monthly Report February 2026

Case Count Call Type	Status		Grand Total
	Closed	Open	
Animal At Large	4	1	5
Animal Pick Up		2	2
Assist Another Agency	1		1
City Registration	2		2
Complaint	3	1	4
Dead Animal	6		6
Department Maintenance	2		2
Donations Received	7		7
Event	1		1
Injured/sick Animal	1		1
Owner Euthanasia request		1	1
TNR request	16		16
Trap Request (Citizen Owned)	6		6
Trap Request (City Owned)	5		5
Welfare Check	1		1
Grand Total	55	5	60

YTD 108 14 122



memo

To: Scott Dixon
From: John Gomez
Date: 03/13/2026
Re: Public Works Monthly Staff Report – February 2026

Department monthly highlights:

Work Order Activity

During the reporting period, staff received a total of **126 service requests** across all departments.

Work Orders

Department	Issued	Closed	Open (at month end)
Electric	24	24	0
Water	28	28	0
Streets	59	58	1
Gas	15	15	0
TOTAL	126	125	1

Utility Department Operations & Staffing Update

Staffing Status: There are no new staffing changes to report this month. Departments continue to operate with existing personnel while maintaining service levels and operational priorities.

Electric Department Vacancies: The Electric Department continues to operate with current staff while recruitment efforts remain ongoing. The applicant pool is still limited, and efforts will continue to expand recruitment to ensure a strong candidate selection process.

Professional Development: Staff across departments continue to pursue training and certifications that support operational readiness and long-term workforce development.

Department Updates:

Gas Department- staff have been preparing for an upcoming Railroad Commission of Texas audit focused on Public Awareness and Damage Prevention (Specialized Inspection), scheduled for March 3–6.

Water Department- Status of existing emergency generators maintenance and testing status

All active generators are currently on a regular maintenance and testing schedule to ensure reliability during emergency events. The only outstanding maintenance item is the Country Village Lift Station, which is scheduled for completion in May. Additionally, system redundancy will be improved with the upcoming installation of generators at Well 2 and Well 3.

Public Works Office

- Annual maintenance and load bank testing completed by Clifford Power
- Weekly test runs ongoing

Medina Valley (MV) Well

- Maintenance and load bank testing performed twice per year
- Weekly test runs ongoing

River Bluff Booster Station

- Annual maintenance and load bank testing completed
- Weekly test runs ongoing

Well 3

- Maintenance and load bank testing performed twice per year
- Monthly test runs ongoing

Cross Hill Site

- Maintenance and load bank testing performed twice per year
- Weekly test runs ongoing

East Lift Station

- Maintenance and load bank testing performed twice per year
- Weekly test runs ongoing

Country Village Lift Station

- Maintenance is currently due
- Service is scheduled for May

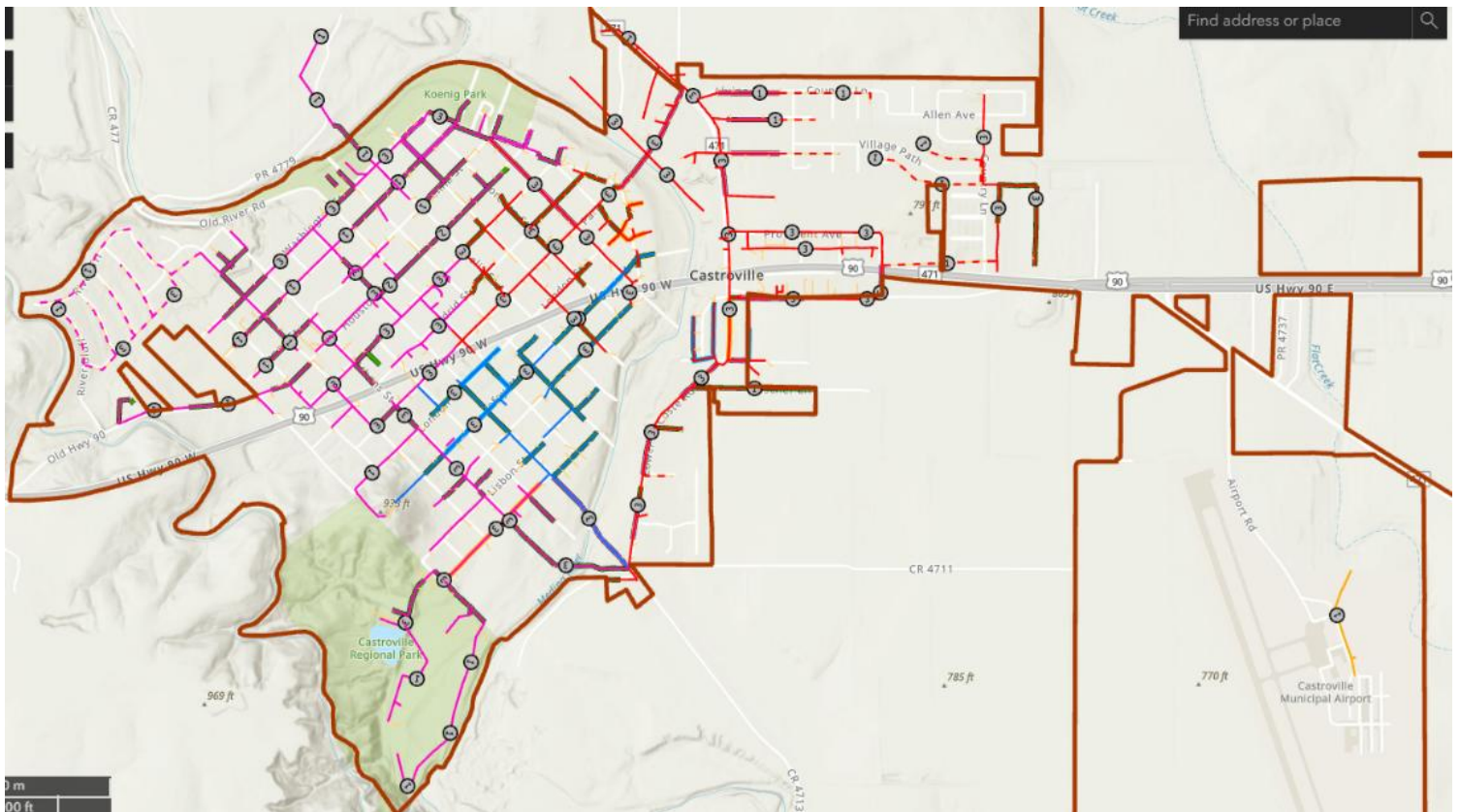
Upcoming Installations

Well 2 & Well 3 Generators

- Generator pads have been completed
- Generator delivery is expected next week
- Installation and commissioning will follow upon arrival

Electric Department- Current Tree Trimming Plan

We initiated this tree trimming program in 2022 and have continued monitoring vegetation growth within the right-of-way (ROW) that may impact power lines. This proactive effort helps minimize outages caused by overgrown trees and improves overall system reliability. The map below shows tree trimming status completed in 2022, 2023, and 2024, as well as locations that still require trimming.



Electrical Tree Trimming Master Plan

Tree Trimming Status

- Need to trim
- Trimmed in 2022
- Trimmed in 2023
- Trimmed in 2024
- Others

This map provides a visual assessment of tree trimming activities across the City of Castroville as of 2026. The purpose of this report is to identify completed work, remaining needs, and priority areas for future maintenance to support public safety, infrastructure reliability, and right-of-way clearance.

Legend

- **Green Lines:** Areas where tree trimming has been completed in 2026
- **Red Lines:** Areas that still require tree trimming as of 2026

Summary of Work Completed

Tree trimming operations have been successfully completed in several key areas, including:

- Portions of the **Historic District**
- Select streets near **Fiorella Street and Lorenzo Street**
- Areas along the **southern portion of the city near Castroville Regional Park**
- Segments along **US Highway 90 corridor**

These completed areas reflect progress in maintaining clearance for:

- Utility lines (electric and communication)
- Street visibility and signage Pedestrian and vehicle safety



WWTP- TREATED WASTEWATER EFFLUENT AT THE AIRPORT

Airport is currently on a septic tank system.

To use treated wastewater effluent at the airport would require an expansion of our existing reuse authorization under 30 TAC Chapter 210. Before any water could be sent to the new site, we would need written approval from TCEQ, for which the city would need to submit a reuse authorization update.

Submittal Items

There will need to be an engineering description of the new reuse site, including maps, legal description, proposed reuse activity (irrigation, ball fields, etc.), estimated demand and flow rate.

The city would need to update the operations and maintenance plan, which would entail descriptions of how the water would be delivered, a sampling program and cross-connection control procedures.

We would need to provide a description of the distribution system (e.g. pipe routes, storage, and pumping systems).

Before distribution we must sample and analyze the reclaimed water as required for water quality certification.

Storage Requirements

Reclaimed water must be stored in either leak-proof tanks or engineered lined ponds. Design requirements typically include synthetic or clay liner, seepage protection, overflow controls, stormwater allowance and freeboard requirements.

Operationally, storage must prevent discharge to waters of the state (except under permitted conditions) and avert nuisance conditions such as odors, mosquitoes and runoff.

Successful reuse programs often design storage for several days of average plant flow.

Distribution System Requirements

Reclaimed water lines must be purple and labeled “NON-POTABLE WATER.”

Pipes must maintain separation from other utilities, including 9 feet horizontally from potable water lines and 3 feet from sewer lines.

The distribution system must include backflow prevention, a cross-connection control program, and a hose bib design preventing standard connections.

Proper signage reading “Reclaimed Water- Do Not Drink” in English and Spanish at storage ponds, hose bibs, and reuse areas.

Warning signage and restricted access are required for security measures.

Reuse Classification

The city is currently authorized to reuse Type II reclaimed water. Depending on intended use and location of the reuse, we may be required to reclassify our effluent as Type I reclaimed water.

While we are currently classified as Type II reclaimed water, we are currently producing effluent that likely meets the requirements to be classified as Type I.

Type I water is allowed for use in athletic fields, parks, residential irrigation and other areas where public contact is likely. Type II water is typically used for restricted landscape irrigation, industrial reuse and other areas where public exposure is limited.

Producing Type II water limits the possible uses.

Possible Limitations

The executive director may deny reuse if it could adversely impact schools, parks, drinking water intakes, aquifers, or wells.

Approval will consider the environmental risk determined by soil type, groundwater vulnerability, flow rate and water quality.

If reclaimed water travels through a creek, ditch, or watercourse, we may need water rights authorization in addition to reuse approval. Additional requirements may apply in the Edwards Aquifer region.

Other Considerations

Reclaimed water is often piped to the reuse location, but may also be delivered via tanker truck, water wagon or other approved transport vehicles.

The transport method must be included in the reclaimed water authorization and approved by TCEQ.

Vehicles transporting reclaimed water must be dedicated to reclaimed water or thoroughly cleaned and documented if previously used for potable water.

Tanks must be labeled “**NON-POTABLE WATER- DO NOT DRINK**”, be leak-proof, and designed to prevent cross-contamination with potable water.

The city remains responsible for water quality, proper delivery, and preventing unauthorized use, as well as documentation of delivery volumes, delivery locations and responsible operators.

Project Updates:

SCADA

Progress on the SCADA system continues as we work through key coordination and equipment steps. We are currently awaiting Data Flow Systems to complete final component testing and return replacement equipment, which will allow us to move into the next phase.

In the meantime, we are proactively advancing infrastructure improvements with Future Electric, including the installation of a new tower for the SCADA antenna array at Cross Hill. This upgrade is expected to significantly improve communication reliability once the antenna is relocated.

With these improvements in place, Data Flow Systems and Future Electric will then begin transitioning lift station sites to the new SCADA system, marking an important step forward in modernizing and strengthening system operations.

Geneva Drainage Channel

The concrete inlet has been completed. Hydroseeding coordination is currently underway and must be completed before installation of the flex mat can proceed.



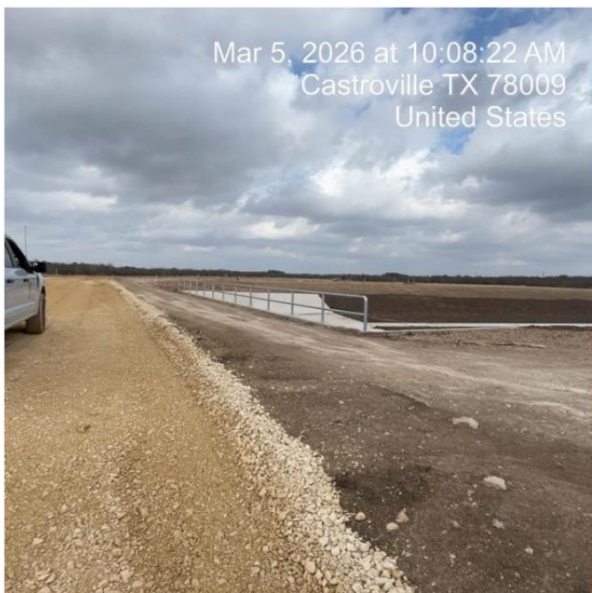
Flat Creek Subdivision

The asphalt crew has completed paving the new outer turning lane off Highway 90, as well as the subdivision entrance. They are continuing asphalt paving on several streets within the subdivision. The utility crew is progressing with the concrete encasement for the storm drain piping and is also removing excess soil from the site. Meanwhile, the concrete crew is forming and installing rebar for the sidewalks and the pads for the cluster mailbox units.



Alsatian Oaks Phase II

A2 base was delivered to the site, and the dirt crew began spreading it throughout the subdivision for Lift 2. Technicians are onsite performing soil density testing.



Town East Crossing Retail

Welders have installed the upright columns on the concrete pad. The general contractor has completed installation of the new sewer line, and the CCTV inspection has been completed and approved. Crews are currently backfilling the trench around the off-site manhole across Highway 90, and flowable fill has been placed in the trench in front of the building as required by TXDOT. The concrete crew is also working on the concrete encasement for the storm drainpipe in the detention pond.



Castroville Community Building

Roofers have begun installing the R-panel roofing. The insulation crew has sprayed foam insulation throughout the entire building. The stucco crew is onsite preparing the exterior and has begun applying the stucco finish.



Public Works Department – Infrastructure Planning Update (April 14 agenda pending presentation and coordination with Respec, Good roads, and City Staff)

The Public Works Department has begun evaluating the Council’s request to create a plan of action for following infrastructure needs:

- Street and drainage maintenance projects (including Houston Street and bar ditch improvements)
- Future street paving projects (Pending Good Roads Updated Response)
- Waterline replacement projects as well as sewer line replacement projects (Pending Presentation Coordination with Respec)
- Opportunities for completing work in-house versus utilizing outside contractors (City to determine which projects we can do in-house)

As part of this effort, staff is taking a coordinated infrastructure approach to ensure City resources are used efficiently. In many cases, water, sewer and gas utilities are located beneath streets scheduled for repair or reconstruction. For that reason, it is important that water, sewer, and gas utility replacements be evaluated and completed prior to major street or drainage improvements to prevent the need to excavate newly improved streets for future utility repairs.

Public Works is currently reviewing:

- Existing water, sewer and gas line conditions and replacement priorities
- Streets that may require paving, reconstruction, or maintenance
- Drainage concerns, including bar ditch maintenance and improvements
- Work that may be completed in-house by Public Works crews versus projects that may require outside contractors

This review requires coordination across multiple divisions to ensure that utility replacements, drainage improvements, and street projects are sequenced properly. The main objective is being able strategically replace utilities in the most cost-effective manner with minimal disruption to the residents or customers.

Additional Infrastructure Action Plans in Development

In addition to the street and utility coordination plan, Public Works is also developing action plans for several other Council priorities:

See Below:

Wastewater Treatment Plant – Effluent Pond Closure

- Establish a funding strategy and timeline for the closure of the wastewater treatment plant effluent ponds Future Agenda Item (still in discussions with Lochner Eng).

Country Village Subdivision Electric System

- Development of an engineering cost estimate to rebuild the underground electric distribution system within the Country Village subdivision (April 14) Pending proposal from SE energy.
- Evaluation of replacement options and potential project phasing. Pending design from SEenergy. Future agenda item.

Next Steps

Public Works staff is currently compiling project information, identifying priorities, and developing cost estimates for these items. The department intends to present a comprehensive set of action plans, including proposed timelines and funding considerations, to City Council at the **April 14, 2026 City Council meeting**.

The goal is to provide Council with a clear, coordinated plan that addresses critical infrastructure needs while ensuring projects are completed in the most efficient and cost-effective order for the City.