In the Budgetary and Financial Management Policies of the City of Port Lavaca, Texas, the budget is a crucial document that outlines the financial plan for the upcoming fiscal year. This policy is essential for ensuring fiscal responsibility, transparency, and accountability. The budget is prepared in line with state and federal laws, ensuring compliance with all applicable regulations.

### General Budgetary Policies

- **Laws**: Help ensure long-term financial stability and a healthy financial position for the City of Port Lavaca.
- **Budget Preparation**: The budget is prepared in accordance with all applicable local, state, and federal regulations.

### Budgetary & Financial Management Policies

- **City of Port Lavaca, Texas Resolution No. 2019-10**: This resolution formalizes the adoption of the financial management and budgetary policies.
The Operating budget will provide for the adequate maintenance and replacement of the capital
Maintenance of Plant and Equipment
reduce any potential for budget shortfalls.
operating expenses. Revenue and expense estimates are always to be conservative so as to
estimating each major revenue or expense item budgeted; including into consideration the insights of the
Division Heads, the Director of Finance, and the City Manager. The Director of Finance will note the methodologies for
Most individual budget projections are a collaborative effort between the Division Heads, the
Budget Projections for Revenues and Expenditures
revenue from non-accounting sources. From an accounting perspective, such fees shall be treated as a fund.
Advisory Oversight Re: Enterprise Funds
Review method of determining applicable cash reserve levels annually
Review projected revenue methodologies annually
Implement financial procedures to quickly identify financial problems & limit budget shortfall
Develop and maintain a multi-year capital improvement plan
Develop and maintain a multi-year operating budget

so to promote enhancement of this bond revenue. This financial management includes the following:
Bond Ratings

As shall be the City's long-term goal to improve its bond ratings for general obligation bonds and
(3) Committed Fund Balance – Includes the position of net resources upon which the
Consolidated Budget is based.

(2) Restricted Fund Balance – Includes the position of net resources upon which
limitations are placed.

(1) Non-Spendable Fund Balance – Includes the position of net resources that cannot be spent.

Definitions

1. Funds provided for daily maintenance, cash needs, and other immediate expenses. This policy will ensure the City
maintain sufficient cash reserves and other similar circumstances. This policy will provide a City
unencumbered fund balance that can occur from unforeseen revenue fluctuations.

2. Sufficient cash reserves for daily maintenance needs.

3. Sufficient fund balances for future economic downturns or revenue shortfalls.

4. Provide for unforeseen expenses related to emergencies.

Purpose

Fund Balance Policy

Financial Management Policies
balance at year end in this account will be the committed fund balance.

1. Reserved Fund Balances

Reserved fund balances are set at $25,000,000 (or whatever is greater).

2. Minimum Unassigned Fund Balance

Minimum unassigned fund balance is equal to two times the annual cost of maintenance and operations of the Bauser Center. The property located at the north end of the Bauser Center is to be used at the discretion of the City Council, as appropriate.

3. Minimum Assigned Fund Balance

Minimum assigned fund balance is defined as the amount of funds assigned to the Bauser Center. The City Council is responsible for assigning funds to the Bauser Center.

4. Assigned Fund Balances

Assigned fund balances include the portion of net revenues for which an intended use has been established by the City Council for the City Officially Authorized to do so by the City Council, and any residual amounts in the General Fund not used for specific purposes, but not restricted by the City Council.
Internal Control Procedures:

The budget approval process and subsequent review will be included in the annual audit and financial statements, with the details provided in the annual operating plan. The City Manager is directed to make recommendations to the City Council on the use of reserve funds, both as an element of the annual operating plan and submission to the City Council of the City's Reserve Fund Report. The Director of Finance will be responsible for monitoring and reporting the City's Reserve Fund balances.

Monitoring and Reporting

The Council may appropriate unexpended fund balances for emergency purposes, as deemed necessary, even if such use decreases the fund balance below the established minimum.

The fund balance may be replenished with available funds for construction projects or other purposes as approved.

Appropriation of Unexpended Fund Balance

Appropriation of unexpended fund balances is either from the minimum unexpended fund balance or from available funds.

When multiple categories of fund balance are available for expenditure (for example, a minimum balance), the Council may appropriate these balances as needed for achieving the objectives of the City of Port Lavaca, subject to the minimum unexpended fund balance for achieving the objectives of the City of Port Lavaca, subject to the minimum unexpended fund balance.

Order of Expenditure of Funds

The order of expenditure of funds is as follows:

1. Fulfillment of Federal, State, and local requirements
2. Education and training
3. Repayment of debts
4. Maintenance and operation
5. Capital improvements
6. General expenses
7. Reserve for contingencies

The City Manager will be responsible for the City's Reserve Fund balance.

Replenishment of Minimum Fund Balance Reserves

The minimum fund balance required is the City's Reserve Fund balance as of the date of the annual audit. If the minimum fund balance falls below 120 days of operating expenses, the City Manager will be responsible for replenishing the minimum fund balance.
Appraisal District services shall be performed only with a central collection agency currently the Callahan County Appraisal District. Based upon taxable values, fees will be assessed to fund the service level. Collection District Property tax rates shall be determined at a rate adequate to fund an acceptable service level. Collection District shall be based in accordance with law. Each year as a goal for tax collections and the budgeted revenue (96%) collection ratio shall serve as a goal for tax collections and the budgeted revenue. Real estate assessment and reassessment is provided by the Appraisal District. A countywide percent adjustment is applied to each property located within the city. All real and personal property located within the City shall be valued at 100% of the market value unless otherwise provided by the Callahan County Appraisal District.

Property Tax Revenue

Maintenance and operating costs.

Non-recurring expenditures. These non-recurring revenues will not be used to fund recurrent expenses.

Use of Fund Balance and Non-Recurring Revenues

Appraised Collection Policy. The City shall follow an appraised collection policy of collecting delinquent taxes. The City will use a collection agency to pursue delinquent taxes. The City will use the Callahan County Appraisal District, a property located within the City. A call will be issued for delinquent taxa collection through the central collection agency. A call will be issued for delinquent tax collection through the central collection agency.

Assessors Collection Plan. The City shall follow an assessor's collection plan of collecting delinquent taxes.

Orders to Match Fees and Charges. The City shall review all fees and charges annually in order to match fees and charges with the costs of providing the service.

Recovery of Fees and Charges.

Prepared.

Certiﬁed Reconciliation Reports. Reports will be submitted daily to the Finance Department for review.

Recovery of Volatile Revenue shall be budgeted conservatively.

Equity. The City shall make every effort to maintain equity in its revenue system.

Simpliﬁcation and Certainty. The City shall strive to keep the revenue classiﬁcation system simple to promote understanding of the revenue sources. The City shall describe the system.

Revenue Management Policy

The City strives for the following optimum characteristics in its revenue system:

- Revenue is collected according to budgeted and plans.
- Revenues sources and cash consistent collection policies are provided annually to the revenue services and cash consistent collection policies are provided annually to the revenue services.
- Revenue services to be maintained in the revenue classification system.
or for another recipient.

Annexes to the Budget

May not be changed without the approval of the City Manager.

Appropriations

Council on a four-year basis normally during the annual budget process. Personnel allocations and Washington, D.C.

Expenditure Control Policy

The next available Council Meeting.

When a formal report to City Council is considered and the City Manager has been notified that revenue had been

Revenue Monitoring

Debentures due to the City will follow an aggressive policy of collection and Net Revenue and General Revenues and any other charges. The City will follow a policy of collection on a timely basis, all fees, charges, taxes, and other charges should be paid in a timely manner. The City may adjust the rate of any fee charged to ensure that the fee provides adequate coverage of costs of services. Charges to ensure that the fees provide adequate revenue.

Interfund Revenues

Water and Wastewater Rates and other fees for services. Interest Income

In accordance with the City's budget for the fiscal year, the City Council may by resolution approve any appropriation of any amount or aggregate at any time. At the request of the City Manager, the City Manager may transfer any unexpended funds.

In accordance with the City Charter, under Article 803 (Transfer of Appropriations) provided,
In maintaining and operational cost shall be disclosed that could impact future operating budgets. Any projects, CI projects shall be for improvements over $100,000 and repairs over $50,000. Any projects for buildings, capital improvements, funding recommendations, and projected funding provided in the capital improvement plan must be presented to Council each year for approval. The City will develop a multi-year plan to present to Council each year for approval. The City will:

**Capital Improvement Plan**

due.

The balance in the account must be adequate to cover annual payments as they become due. The balance in the accounts must be adequate to cover semi-annual payments as they become due. The balance in the accounts must be adequate to cover semi-annual payments as they become due.

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**General Obligation Bond Debt Service Account**

in order to maximize the City's investable cash.

In accordance with the provisions of the Long-Term Debt Policy, the City shall make all payments due in accordance with the Long-Term Debt Policy, and the City shall make all payments due in accordance with the provisions of the Long-Term Debt Policy.

All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt, in accordance with the provisions of the Long-Term Debt Policy, and the City shall make all payments due in accordance with the provisions of the Long-Term Debt Policy.

**Prompt Payment**

Council.

All invoices approved for payment by the proper City authorities shall be paid by the City.

Purchasing

Council.

However, any revisions that alter the total expenditures/expenses must be approved by the City Manager is authorized to transfer budgeted amounts within and among departments.

The City Manager is authorized to amend the budget

Central Control

Other than those specifically included in the budget, funds approved for any purpose other than their specific purpose may not be used for any purpose.

Central Control
The Fund shall be used to fund unanticipated projects or to retire debt carry.

The City shall establish a Project Fund that will be funded by unanticipated revenue or revenue
replacement as budgeted for revenue to cover depreciation.

The General Policy of the City to contribute a portion of the reserve to fixed asset
Public Utility Fund

...

Working Capital Position - the Goal shall be to maintain a working capital position equal to 120

Other Fund Use Information

Decision will be made based on long term goals rather than a short-term fix.

The City will not issue long-term debt for a period longer than the estimated useful life of
...

Debt Policy Considerations

...
PASSED AND APPROVED THIS 5TH DAY OF AUGUST, 2019.

WITNESS MY HAND AND SEAL OF OFFICE THIS 5TH DAY OF AUGUST, 2019.

Purpose:

Beach and Port Revenue (Operating Fund)

Resident and non-resident parking fees, and other services. The General Fund tax dollars will not be used for this purpose. The intent of the policy is for the fees collected will be spent on maintenance of the Beach and Port Revenue (Operating Fund).