

CITY OF PORT LAVACA, TEXAS “TREASURE”



COMPREHENSIVE ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2019

CITY OF PORT LAVACA, TEXAS
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the year ended September 30, 2019

Sandra Mason
Director of Finance

JoAnna P. Weaver
Interim City Manager

Issued By:
Finance Department

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INTRODUCTORY SECTION



**CITY OF
PORT LAVACA**

202 N. Virginia, Port Lavaca, Texas 77979-0105 www.portlavaca.org
Main Number: 361-552-9793 Main Facsimile: 361-552-6062

City Manager
Ext. 222

June 18, 2020

City Secretary
Ext. 224

To the Honorable Mayor, City Council, and the Citizens of Port Lavaca:

Code Enforcement
Ext. 229

The Comprehensive Annual Financial Report of the City of Port Lavaca, Texas, hereinafter referred to as the "City", for the fiscal year ended September 30, 2019, is hereby submitted. It is published to provide to the City Council, to representatives of financial institutions, and to our citizens and other interested persons, detailed information concerning the financial condition of the City government. Responsibility for both the accuracy of the presented data and the completeness and fairness of the presentation, including all disclosures, rests with the City. We believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

Finance
Ext. 234

Inspections/Permits
Ext. 229

Municipal Court
Ext. 226

Personnel
Ext. 224

Generally accepted accounting principles (GAAP) requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of management's discussion and analysis (MD&A). This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the independent auditor's report.

Utility Billing
Ext. 238

Animal Control
361-552-5726

City Overview and Governance

Bauer Center
361-552-1234

The City has a home-rule Council-Manager form of government. The elected body is made up of a Mayor, who is elected at large, and six Council Members elected by district. The Mayor is elected for a two-year term while Council Members are all elected for staggered three-year terms. The City Manager is appointed by the City Council and is responsible to implement the policies of the City Council and oversee all day-to-day operations of the City.

Fire Station
361-552-3241

Public Works Director
361-552-3347

The City Council appoints many residents, who volunteer their expertise, experience, and time to serve on various boards and commissions. These standing boards and commissions serve the City in an advisory capacity.

Parks & Recreation
361-552-1234

Police
361-552-3788

A full range of municipal services are provided by the City including public safety (police, fire protection, and animal control); public utilities (water and wastewater services); public improvements; repair and maintenance of infrastructure; economic and community development including planning and permitting; and general administrative services. This report includes all funds of the City government.

Streets
361-552-3347

Utilities Operation
361-552-3347

The City also manages several quasi-governmental operations including a campground at Lighthouse Beach and the Nautical Landings Marina's commercial office spaces. The City with the assistance of the Port Lavaca Chamber of Commerce operates the Bauer Community Center that is leased throughout the year for public activities and business meetings. Finally, the City jointly runs the Lighthouse Beach Swimming pool with the local YMCA. The City maintains the grounds and pays for pool equipment and maintenance supplies. The YMCA facilitates the operations of the facility, hiring, training and managing the pool staff.

The City supplies water for its citizens by purchasing treated water from the Guadalupe-Blanco River Authority (GBRA) under a long- term contract ending in the year 2035. Collection and disposal of solid waste has been privatized through an awarded contract to Republic Services, Inc.

Financial Management

The City of Port Lavaca each year has pushed to become more proactive in the managing and most importantly, planning for its financial future. The City annually reviews its Financial Management and Budgetary Policy document and makes changes where necessary to ensure long-term financial stability. In addition, the City reviews “best practice” recommendations from the Government Finance Officers Association. These policies are the foundation of each annual budget.

Long Term Financial Planning

The City’s Financial Management and Budgetary Policy document speaks to long term goals to not only improve bond ratings, but to maintain a healthy financial position. The City prepares a five-year capital plan that is reviewed and adopted annually. This year, the budget and plan will be completed by all departments documenting the procurement of capital items planned over a five-year period. Methodologies are reviewed for revenue projections and proper level of reserves each year.

The City of Port Lavaca always looks for a more economical way to provide services to our citizens. The City keeps in mind that the economy is still volatile and follows conservative budgeting practices. Following the impact of Hurricane Harvey, the City foresees costs of over \$10 million to replace public facilities damaged by the hurricane. The City envisions a three-year austerity period to return to pre-Harvey reserves. Please refer to Management’s Discussion & Analysis for additional information.

The City through policy has procedures in place to react quickly when signs of sales tax or other major revenue sources are anticipated to deviate materially from the budget. These policy changes will help the City proactively amend the budget at the first sign of change to determine what expenditures in the budget could be delayed in efforts to maintain core services. The conservative fiscal management practiced by Port Lavaca has enabled City Officials to initiate several emergency measures while maintaining a significant portion of emergency reserve funds.

Economic Condition and Outlook

The City of Port Lavaca is currently home to about 12,433 residents and is located within Calhoun County, Texas. The City is a central hub between Houston, Corpus Christi and San Antonio. As the county seat of Calhoun County, the City’s economic base is a combination of manufacturing, oil and gas, agribusiness, seafood production, construction, transportation, and the visitor leisure industry. Several major facilities are in the City of Port Lavaca, including operations to transport liquid fertilizer and seafood processing and distribution facilities. Port Lavaca maintains a rail system origination from its Harbor of Refuge. Highway 87 parallels the rail line in a north-south direction and Highway 35 connecting Houston and Corpus Christi also runs through the City.

Calhoun County, a natural seaport on Matagorda Bay, serves as an attraction for commerce, industry and recreation. The Calhoun County area is a major industrial hub on the Texas Gulf Coast, serving as a well-developed regional network of interconnecting transportation systems. Industrial sites are served by the Gulf Intracoastal Waterway and branch channels including the Victoria Barge Canal and the Port in Point Comfort. Calhoun County is in the middle of the world's largest concentration of petrochemical plants - an area which stretches along the Texas Coast from Corpus Christi to Port Arthur. The strong County industry has helped Port Lavaca maintain a stable revenue growth especially during this time of economic uncertainty.

Sales tax revenues increased from \$3,138,929 in F/Y 2017-2018 to \$3,562,168 in F/Y 2018-2019 (13% increase). Since 2010, sales tax revenue continues its growth streak in Port Lavaca, however the City continues to budget sales tax conservatively until further signs of economic recovery are indicated. Property tax revenue levied for general purpose for the City increased by 4.9% in F/Y 2018- 2019. New value added to the tax roll was a contributor for property revenue increase along with adopting a tax rate that exceeded the effective tax rate. This additional revenue stream was needed to maintain service levels and to cover the cost of increased health claims that the City has been experiencing over the last several years.

The City's financial condition is very strong with fund balance reserves at levels that allow for capital projects to be addressed without borrowing money. The City Council has continued the policy that reserve levels should be maintained at a minimum of 4 months of operating expenditures in the General Fund to provide for operating liquidity and contingency funding for non-specific, unscheduled expenditures including natural disasters. The City maintains a minimum of a 90-day working capital position along with a budget designed to cover depreciation expense in each of the City's enterprise funds. This budgeting practice provides the City the ability to set aside reserves to fund capital projects while reducing debt.

Major Initiatives

In the F/Y 2018-2019 fiscal year, the City's capital improvement program continued to focus on the rebuilding of critical infrastructure and to add amenities to improve the quality of life for our citizens.

This was accomplished through numerous public improvement projects. The projects completed are listed below:

- Tilley Street Sidewalk
- Renovations to Bayfront Pier
- Re-roof of Bauer Community Center
- Replaced playscape at Lighthouse Beach
- Purchased Smith Harbor Property
- Purchased Port Lavaca Channel & Dock Property
- Purchased Bean/Lundberg Property
- Replaced boat ramp docks at Bayfront Park

The City's capital program strategy for infrastructure improvements replaces water and/or sewer lines prior to any street improvements. This has become part of the capital improvement program strategy rolling forward each year. Over the next five years, the City will invest in drainage, streets, parks, and wastewater projects through its capital improvements program. The City will continue with these short- and long-term objectives on a slower pace while Hurricane Harvey activities are completed, and the City receives FEMA and TDEM reimbursements:

Replace/Maintain Infrastructure

- Street improvement projects: build reserve to fund a major project every 2-3 years
- WWTP and Lift Station generator installation through TDEM-HMG Program funds
- Continue with pavement restoration and seal coat program
- Lift station upgrades
- Replacement of water/sewer lines using grants and local dollars

Enhance City Parks & Downtown

- Improve Wilson Park and Bayfront Park for enhanced recreational activities
- Demolish abandoned pier at Light House Beach Park and await FEMA funding for pier replacement
- Construct new sidewalks identified in the city master sidewalk plan

Environmental Code Improvement

- Continue to budget for demolition of abandoned/dilapidated structures and weed lot compliance
- Improve the housing stock through initiation of a Zoning Ordinance and various incentive programs
- Enforce building codes

Financial Information

The financial statements have been prepared in accordance with GAAP as prescribed by the Governmental Accounting Standards Board.

Internal accounting controls are established by management to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition. Also, they are designed to provide reasonable assurance as to the reliability of financial records for preparing financial statements and are employed to help maintain accountability for assets. The concept of reasonable assurance recognizes that the cost of controls should not exceed the benefits expected to be derived and the valuation of costs and benefits requires estimates and judgments by management.

In addition, the City maintains budgetary controls. The objective is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by City Council. Activities of the General Fund, Debt Service Fund, Public Utility Fund, Beach Operating Fund, Port Revenue Fund, and Hotel/Motel Fund are included in the annual audit, however the only funds with appropriated budgets are the General Fund and the City's Debt Service Fund.

Independent Audit

This report is prepared in compliance with the legal requirements set forth by Article 3.10 of the Charter of the City of Port Lavaca, Texas, as amended. In addition to fulfilling this legal requirement, this report serves to fully disclose financial data on an annual basis to management, the elected City Council and Mayor, the public, investors, and other interested persons. The firm of Harrison, Waldrop & Uherek, L.L.P., Certified Public Accountants, was engaged by the City to satisfy this requirement.

Certificate of Achievement for Excellence in Financial Reporting

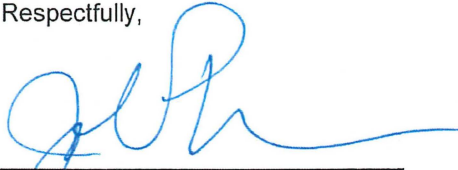
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Port Lavaca for the fiscal year ended September 30, 2018. This was the eighth time since 1999. The City hopes to continue to receive this highest form of recognition for excellence in state and local government financial reporting.

A Certificate of Achievement is valid for a period of one year only. The City believes this comprehensive annual financial report will meet the Certificate of Achievement Program's requirements and is submitting it to the GFOA to determine its eligibility for another certificate.

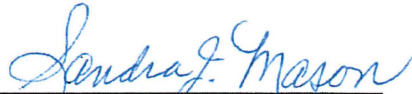
Acknowledgments

The preparation of this report is a joint effort of the City's Finance Department and the City's independent auditor, Harrison, Waldrop, & Uherek, L.L.P. We would also like to thank the Mayor and Members of City Council for their interest and support in planning and conducting the financial operations of the City in a progressive and responsible manner.

Respectfully,

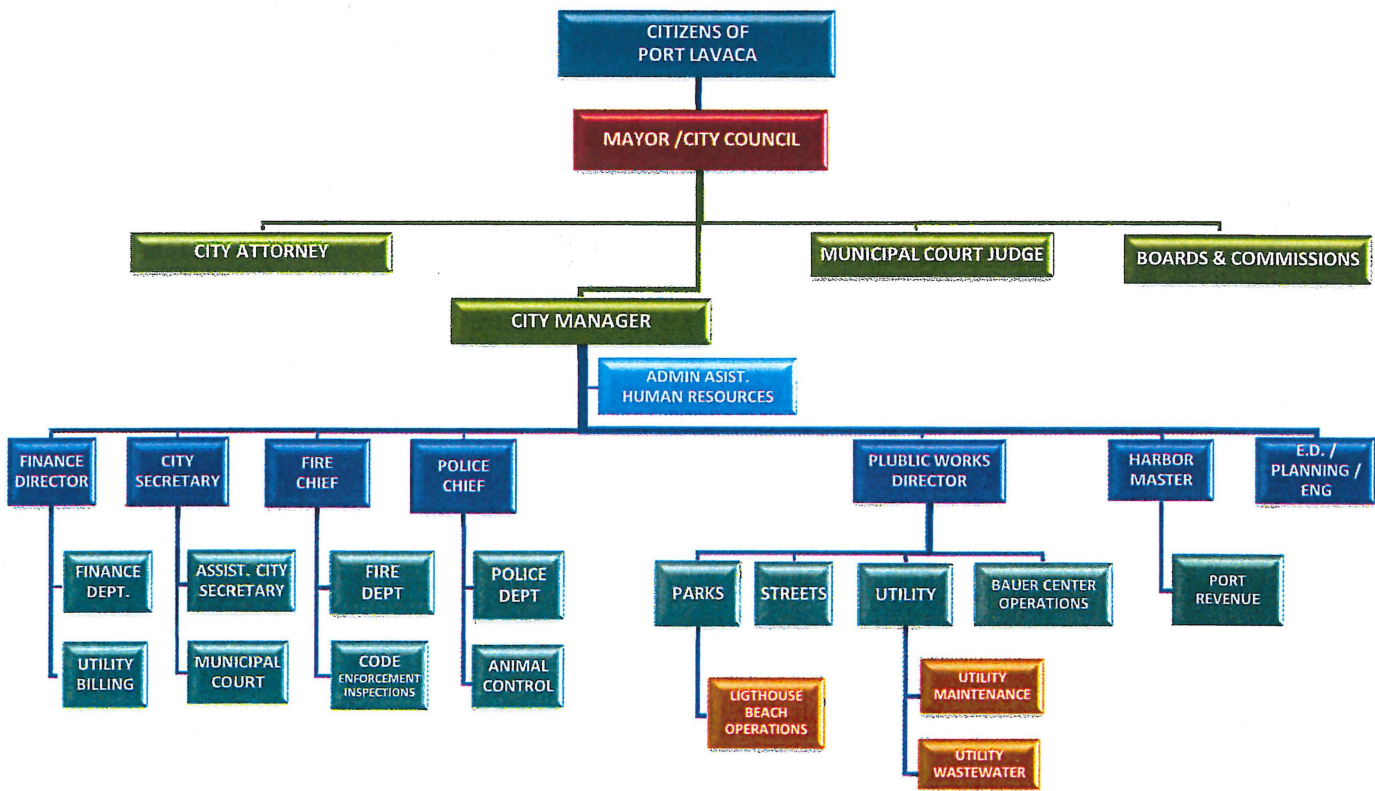


JoAnna P. Weaver
Interim City Manager



Sandra J. Mason, Director of Finance

Organizational Chart





Government Finance Officers Association

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

Presented to

**City of Port Lavaca
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2018

Christopher P. Morrell

Executive Director/CEO

CITY OF PORT LAVACA, TEXAS
DIRECTORY OF PRINCIPAL OFFICIALS
September 30, 2019

City Officials

Jack Whitlow

Ken Barr

Jerry Smith

Jan Regan

Rosie Padron

Tim Dent

Jim Ward

Elective Position

Mayor

Council Member

Council Member

Council Member

Council Member

Council Member

Mayor Pro-Tem

Key Staff

JoAnna P. Weaver

Sandra Mason

Mandy Grant

Joe Reyes, Jr.

Colin Rangnow

Wayne Shaffer

Joanna Weaver

Appointive Position

Interim City Manager

Director of Finance

City Secretary

Chief of Fire

Chief of Police

Director of Public Works

Economic Director/City Engineer

FINANCIAL SECTION



CERTIFIED PUBLIC ACCOUNTANTS
101 S. MAIN, SUITE 400
VICTORIA, TEXAS 77901-8142

STEPHEN W. VAN MANEN, CPA
DENNIS C. CIHAL, CPA
ERIC L. KUCERA, CPA
CLAYTON P. VAN PELT, CPA
ROBERT W. SCHAAR, CPA
MELISSA M. TERRY, CPA

VOICE: (361) 573-3255
FAX: (361) 573-9531

INDEPENDENT AUDITORS' REPORT

The Honorable Mayor and Members
of the City Council
City of Port Lavaca, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Lavaca, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the accounting principles generally accepted in the United States of America; this includes 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.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the organization's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

The Honorable Mayor and Members
of the City Council
City of Port Lavaca, Texas

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, 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.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, schedules of changes in total OPEB liability and related ratios, and the schedules of employer contributions as listed 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 the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, and statistical section, are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is also not a required part of the basic financial statements.

The combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual nonmajor fund financial statements and the schedule of expenditures of federal awards are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

The Honorable Mayor and Members
of the City Council
City of Port Lavaca, Texas

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 18, 2020, on our consideration of the City'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 the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Harrison, Waldrop & Uherek, LLP". The signature is written in a cursive, flowing style.

HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 18, 2020

CITY OF PORT LAVACA, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the year ended September 30, 2019

As management of the City of Port Lavaca, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2019.

FINANCIAL HIGHLIGHTS

Government-wide

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows at the close of the most recent fiscal year by \$66,970,315 (net position). Of this amount, \$21,415,975 (unrestricted net position) may be used to meet the City's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$5,819,670 over the prior year.

Governmental Activities

- Net position grew from \$34,090,884 in 2018, to \$36,841,150 (an increase of 8%) as of September 30, 2019.

Business-type Activities

- Net position grew from \$27,059,761 in 2018, to \$30,129,165 (an increase of 11%) as of September 30, 2019.

Governmental Funds

- As of September 30, 2019, the City's governmental funds reported an ending fund balance of \$13,207,050, an increase of \$1,263,596 (11%) in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$11,137,483 or 153% of total General Fund expenditures.
- The committed portion of the General Fund's fund balance totaled \$2,630,824. These monies were committed by the Council to pay for capital asset replacement and to be ready financially in the event of a disaster.

OVERVIEW OF THE FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to financial statements.

Organization and Flow of Financial Section Information

Independent Auditors' Report

Provides the opinion of the Independent Auditors on the fair presentation of the basic financial statements.

Management's Discussion and Analysis

This supplementary information is required for state and local government financial statements and is intended to provide a narrative introduction and analysis.

Pages 4 to 13

Government-wide Financial Statements

Provides information on governmental and business-type activities of the primary government.

Pages 14 to 17

Fund Financial Statements

Provides information on the financial position of specific funds of the primary government.

Pages 18 to 29

Notes to Financial Statements

Provides a summary of significant accounting policies and related disclosures.

Pages 30 to 58

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net position* presents information on all of the City's assets and liabilities, with the difference between the two 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., depreciation and earned but unused vacation leave).

The government-wide financial statements present functions and programs of the City that are provided for various funding sources. The government-wide financial statements can be found on pages 13-16 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 three categories: governmental funds, proprietary funds, and fiduciary 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 the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the 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 financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between the governmental funds and governmental activities. The basic governmental fund financial statements can be found on pages 18-23 of this report.

Proprietary funds are used to account for operations (a) that are financed and operated in a manner similar to private business enterprises - where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods or services to the general public on a continuing basis be financed or recovered primarily through user charges, or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes. Proprietary fund financial statements can be found on pages 24-27 of this report.

Fiduciary funds are used to account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments, and/or other funds. The City uses an expendable trust fund and agency funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. Fiduciary fund financial statements can be found on pages 28-29 of this report.

OVERVIEW OF THE FINANCIAL STATEMENTS - (Continued)

Notes to 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 financial statements can be found on pages 30-58 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, required supplementary information is included which presents a budgetary comparison schedule for the City's General Fund, a schedule of changes in liability and related ratios for the TMRS Defined Benefit Pension Plan, a schedule of employer contributions for the TMRS Defined Benefit Pension Plan, a schedule of changes in Total OPEB liability and related ratios for the TMRS Supplemental Death Benefit Plan, and a schedule of employer contributions for the TMRS Supplemental Death Benefit Plan. Required supplementary information can be found on pages 59-67 of this report.

The combining and individual fund statements and schedules provide additional information pertaining to the City's nonmajor governmental funds and the General Fund's budgetary performance. This other information can be found on pages 68-84 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. The City's assets and deferred outflows exceeded liabilities and deferred inflows by \$66,970,315 as of September 30, 2019.

The largest portion of the City's net position (67%) reflects its investment in capital assets (e.g. land, buildings, vehicles, 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 the individuals we serve; consequently, these assets are not available for future spending. The second largest portion of the City's net position (32%) represents unrestricted financial resources available for future operations. Additionally, a portion of the City's net position (1%) represents resources that are subject to restrictions on how they may be used.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position for the primary government as a whole.

City of Port Lavaca, Texas						
Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 15,688,317	\$ 13,510,112	\$ 10,783,034	\$ 9,078,687	\$ 26,471,351	\$ 22,588,799
Capital assets, net	24,647,215	24,028,357	26,088,988	22,867,381	50,736,203	46,895,738
Total assets	40,335,532	37,538,469	36,872,022	31,946,068	77,207,554	69,484,537
Total deferred outflows of resources	703,338	218,879	203,400	187,431	906,738	406,310
Current and other liabilities	1,646,172	1,438,286	2,615,912	1,451,684	4,262,084	2,889,970
Noncurrent liabilities	2,439,314	1,906,827	4,314,166	3,567,891	6,753,480	5,474,718
Total liabilities	4,085,486	3,345,113	6,930,078	5,019,575	11,015,564	8,364,688
Total deferred in-flows of resources	112,234	321,351	16,179	54,163	128,413	375,514
Net Position:						
Net investment in capital assets	23,390,026	22,482,158	21,173,355	18,732,930	44,563,381	41,215,088
Restricted	990,959	1,765,338	-	-	990,959	1,765,338
Unrestricted	12,460,165	9,843,388	8,955,810	8,326,831	21,415,975	18,170,219
Total net position	\$ 36,841,150	\$ 34,090,884	\$ 30,129,165	\$ 27,059,761	\$ 66,970,315	\$ 61,150,645

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

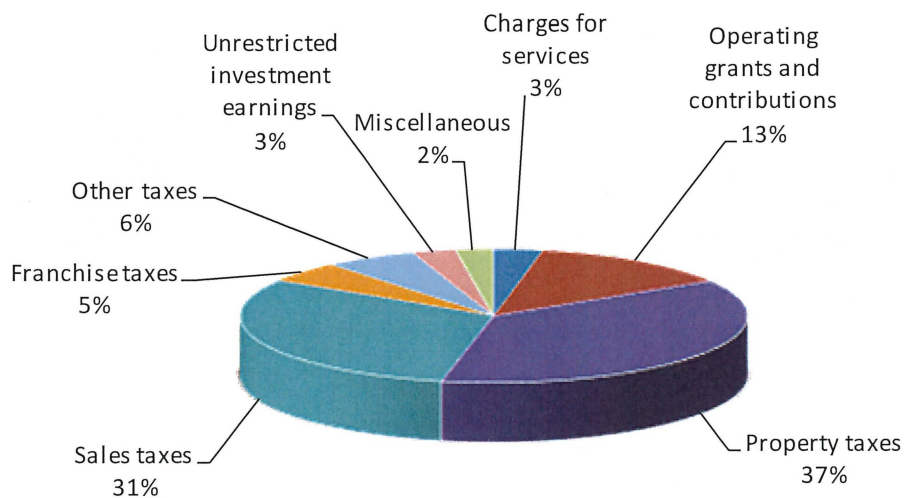
Net position of the City increased by \$5,819,670. This consisted of an increase of \$2,750,266 for governmental activities and \$3,069,404 for business-type activities.

City of Port Lavaca, Texas						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
REVENUES						
Program revenues:						
Charges for services	\$ 357,995	\$ 393,968	\$ 6,777,026	\$ 6,474,529	\$ 7,135,021	\$ 6,868,497
Operating grants and contributions	1,533,401	1,291,888	-	-	1,533,401	1,291,888
Capital grants and contributions	-	-	1,531,801	2,500	1,531,801	2,500
General revenues:						
Property taxes	4,310,870	4,217,842	-	-	4,310,870	4,217,842
Sales taxes	3,562,168	3,138,929	-	-	3,562,168	3,138,929
Franchise taxes	584,078	588,803	-	-	584,078	588,803
Other taxes	685,682	692,232	-	-	685,682	692,232
Unrestricted investment earnings	329,183	199,214	199,053	136,038	528,236	335,252
Miscellaneous	276,301	415,208	-	-	276,301	415,208
Total revenues	11,639,678	10,938,084	8,507,880	6,613,067	20,147,558	17,551,151
EXPENSES						
General government	3,318,934	4,221,921	-	-	3,318,934	4,221,921
Public safety	3,355,541	3,411,589	-	-	3,355,541	3,411,589
Public works	1,658,704	1,653,462	-	-	1,658,704	1,653,462
Parks and recreation	790,807	758,143	-	-	790,807	758,143
Interest on long-term debt	40,061	45,858	-	-	40,061	45,858
Public utilities	-	-	4,262,430	4,414,433	4,262,430	4,414,433
Port revenue	-	-	595,580	347,709	595,580	347,709
Beach operations	-	-	305,831	244,200	305,831	244,200
Total expenses	9,164,047	10,090,973	5,163,841	5,006,342	14,327,888	15,097,315
Change in net position before transfers	2,475,631	847,111	3,344,039	1,606,725	5,819,670	2,453,836
Transfers	274,635	267,500	(274,635)	(267,500)	-	-
Change in net position	2,750,266	1,114,611	3,069,404	1,339,225	5,819,670	2,453,836
Net position - October 1	34,090,884	32,976,273	27,059,761	25,720,536	61,150,645	58,696,809
Net position - September 30	\$ 36,841,150	\$ 34,090,884	\$ 30,129,165	\$ 27,059,761	\$ 66,970,315	\$ 61,150,645

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

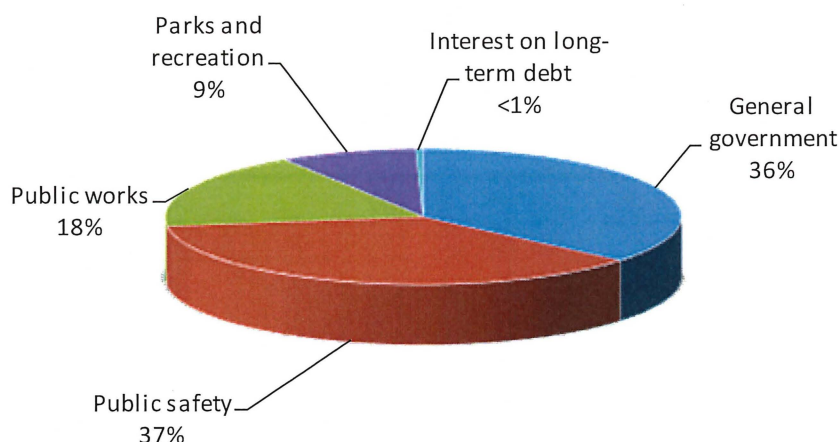
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

Governmental Revenues



For the fiscal year ended September 30, 2019, revenues from governmental activities totaled \$11.6 million. Operating grants and contributions increased \$241,513 or 19% from fiscal year 2018. This was mainly due to the revenues received relating to Hurricane Harvey. Sales tax revenues also increased \$423,239 or 13% from fiscal year 2018. The increase is mainly due to a sales increase because of the area industry plant expansions.

Governmental Functional Expenses



For the fiscal year ended September 30, 2019, expenses for governmental activities totaled \$9.2 million. This is a decrease of \$926,926 or 9% from fiscal year 2018. This decrease was attributable to the decrease in expenses incurred by the City relating to Hurricane Harvey in fiscal year 2019 compared to 2018.

GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

Business-type activities increased the City's net position by \$3,069,404. The key elements of this increase relate to the Public Utility Fund and the Port Revenue Fund. The Public Utility Fund had an operating income for fiscal year 2019 of \$1,610,625. The Port Revenue Fund had an increase in net position in the amount of \$1,365,047 which was attributable to the EDA grant monies.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously noted, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's governmental funds are discussed below.

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, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of September 30, 2019, the City's governmental funds, which consist of the General Fund, one debt service fund, one capital projects fund, and seven special revenue funds, reported an ending fund balance of \$13,207,050, which is an increase of \$1,263,596 from last year's total of \$11,943,454.

The General Fund is the chief operating fund of the City. Its fund balance increased by \$2,717,881 during the fiscal year due mainly to revenue exceeding budget expectations and expenditures coming in less than expected. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 153% of total General Fund expenditures as compared to 123% in the prior year. The main reason for the increase in percentage is due to the same reasons explained above for the increase in overall fund balance.

The net decrease in overall fund balance for governmental funds also included a decrease of \$675,718 for the Hurricane Harvey Fund, a major Special Revenue Fund, and a net decrease of \$785,357 in other governmental funds. The reason for the decreases in the Hurricane Harvey Fund and the other governmental funds is due to the expenditures exceeding revenues for fiscal year 2019.

Proprietary Funds

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

Unrestricted net position of the Public Utility Fund at the end of the fiscal year amounted to \$5,901,239. The increase in total net position for the year was \$1,675,306. Net positions of the Port Revenue Fund and the Beach Operating Fund both changed during the 2019 fiscal year by \$1,365,047 and \$29,051, respectively.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

Total revenues earned were \$1,552,555 greater than budgeted expectations, with tax revenues making up \$1,318,807 or 85% of the positive variance. Sales tax made up 77% of the variance while property tax contributed to 21% of the variance. Investment income was greater than budget expectations by \$230,613.

Total actual expenditures were under budgeted expenditures by \$2,248,714. Conservative budgetary practices resulted in positive budget variances as it relates to general government, public safety, parks and recreation, public works (including streets) departments.

GENERAL FUND BUDGETARY HIGHLIGHTS - (Continued)

Differences between the General Fund's original budget and final amended budget were a net increase of \$129,465 to expenditures. A few of the changes are briefly summarized as follows:

- An increase of \$46,690 in the police department which consisted of an increase of \$46,690 in capital outlay.
- An increase of \$20,525 in the fire department which consisted of an increase of \$15,000 in supplies and an increase of \$5,525 in maintenance.
- An increase of \$62,250 in capital outlay expenditures due to higher costs and approved projects.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets

The City's investment in capital assets as of September 30, 2019, amounts to \$50,736,203 (net of accumulated depreciation). This investment in capital assets includes land, buildings, improvements, vehicles, machinery and equipment, and infrastructure.

City of Port Lavaca, Texas						
Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Non-Depreciable Assets						
Land	\$ 1,517,859	\$ 1,517,859	\$ 2,316,718	\$ 1,501,013	\$ 3,834,577	\$ 3,018,872
Construction in progress	3,443,187	2,205,198	3,358,941	94,152	6,802,128	2,299,350
Other Capital Assets						
Machinery and equipment	3,631,026	3,686,018	901,644	970,836	4,532,670	4,656,854
Buildings and structures	6,870,309	6,849,706	5,293,570	5,234,972	12,163,879	12,084,678
Infrastructure	31,826,259	31,800,568	43,036,239	43,036,239	74,862,498	74,836,807
Accumulated depreciation on other capital assets	<u>(22,641,425)</u>	<u>(22,030,992)</u>	<u>(28,818,124)</u>	<u>(27,969,831)</u>	<u>(51,459,549)</u>	<u>(50,000,823)</u>
Total	<u>\$ 24,647,215</u>	<u>\$ 24,028,357</u>	<u>\$ 26,088,988</u>	<u>\$ 22,867,381</u>	<u>\$ 50,736,203</u>	<u>\$ 46,895,738</u>

Major capital asset events during the current fiscal year included various infrastructure projects and the purchase of vehicles and equipment for governmental and business-type activities. Additional information on the City's capital assets can be found in Note 6 in the notes to financial statements.

CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)**Long-term Debt**

At the end of the current fiscal year, the City had total bonds and certificates of obligation outstanding of \$6.2 million. The following table details the nature of this debt and other debt obligations of the City.

City of Port Lavaca, Texas						
Long-term Debt						
	Governmental Activities		Business-type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenue bonds	\$ -	\$ -	\$ 2,510,000	\$ 3,255,000	\$ 2,510,000	\$ 3,255,000
General obligation bonds	1,305,000	1,605,000	-	-	1,305,000	1,605,000
Certificates of obligation	-	-	2,430,000	1,040,000	2,430,000	1,040,000
Issuance premiums	-	-	99,436	-	99,436	-
Compensated absences	122,727	129,047	15,456	17,825	138,183	146,872
OPEB liability	221,525	213,449	30,208	37,668	251,733	251,117
Net pension liability	1,130,562	301,917	154,167	53,280	1,284,729	355,197
Total	\$ 2,779,814	\$ 2,249,413	\$ 5,239,267	\$ 4,403,773	\$ 8,019,081	\$ 6,653,186

Additional information on the City's long-term debt can be found in Note 9 in the notes to financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES***General Fund***

The City has been experiencing a steady growth in sales tax since 2010. Sales tax revenue for 2019 increased over sales tax revenue for 2018 by 13%. Even with the positive trend in sales tax over the prior years, the City continues to forecast sales tax revenue from an extremely conservative position. Property values have remained relatively flat over the prior year. A small increase in property tax revenue was a result of new property added to the tax roll.

The City approved a Five-Year Capital Plan that continues to focus on infrastructure upgrades and improvements to streets and parks based on a "pay as you go" philosophy. The City recently completed reconstruction of Commerce Street, Ann & Benavides Streets, and streets in the Bonorden Subdivision, along with the completion of the Tilley Street sidewalk. In fiscal year 2019-2020 the City plans to continue making improvements at existing City parks, including renovating the Wilson Park Concession Stand/Press Box along with constructing drainage improvements and a new parking area at this same park and replacing the playscape at Bayfront Park. As outlined in the Comprehensive plan, the City continues to construct new sidewalk to provide a more pedestrian-friendly city. The City completed approximately one-half mile of new 5-ft wide sidewalk on Houston Street in April. The City is currently reconstructing West George Street and two blocks of Jackson Street, both of which will include a new 5-ft sidewalk on one side.

Utility Fund

Discussions continue with the Guadalupe-Blanco River Authority related to major upgrades/reconstruction to the water treatment facility.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES - (Continued)

Utility Fund - (Continued)

Future plans include continuation of infrastructure replacement. The City has replaced many old, clay sewer lines by means of grants and has replaced antiquated water lines with Public Utility Fund revenues. Plans are to replace water lines and valves to increase water pressure, provide cleaner water, decrease water loss percentage, and reduce outages due to very old infrastructure. In keeping with the City's Five -Year Capital Plan, sewer lines along San Antonio Street, Benavides Street, and Ann Street have been replaced and waterlines have been replaced/upgraded on Indianola Street, Leona Street and Colorado Street. Projects underway in fiscal year 2019-20 include waterline replacement on Jackson Street, and Brookhollow Drive, along with the installation of a new waterline on SH 35 to create a looped water system. A project is in the bid phase now to replace the sewer line on West George Street via pipe bursting and another project is in the design phase to reconstruct the Lynnhaven Lift Station.

Beach Fund

Continuing with improvements at Lighthouse Beach Park, the City recently replaced two playscapes in this park, reroofed the Pavilion and replaced the existing restroom/bathhouse with a new prefabricated concrete bathhouse. The City also recently completed the repairs to the Formosa Wetlands Walkway and Alcoa Bird Tower, which had been damaged by Hurricane Harvey. These repairs, along with near future plans to repair the rock groins at the beach and rebuild the fishing pier have been and will be accomplished utilizing FEMA Public Assistance grant funds.

Port Commission

The City purchased waterfront property along with the Port Lavaca Channel and Dock Co. and Smith Harbor which are integral components of the overall Waterfront Development Plan. In Fiscal year 2019- 2020, the City replaced 507 ft. of damaged bulkhead at the Harbor of Refuge, with the help of a U.S. Department of Commerce Economic Development grant. In addition, the City is addressing infrastructure improvements and repairs that include breakwater, bulkhead and dock facilities to accommodate future growth and activity at Harbor of Refuge, City Harbor, Smith Harbor and Nautical Landings Marina.

All Major Funds

The City is working carefully to manage its fund balances. Major reconstruction projects have been scheduled to maximize the retention of the City's fund balances. Major projects are being scheduled in a manner to obtain full FEMA reimbursement where possible. At the same time, critical projects with limited potential for FEMA reimbursement continue to move forward. Based on communications with Federal and State Officials, reimbursements for eligible damages to public facilities is at 90% of the damages. However, FEMA and TDEM (Texas Department of Emergency Management) are slow moving programs. Also complicating the matter is the frequent change of FEMA project managers (the City has had over 6 project managers during the 34 month period since Hurricane Harvey), and the changing of FEMA requirements during or sometimes following the FEMA funded repairs.

The City continues to move forward with the repair process. In most cases, this entails selection of consulting engineers for a project, preliminary engineering, project design and preparation of project specifications, project bidding, selection of a project contractor for each project, contracting and construction. It is a lengthy process for each project.

REQUESTS FOR INFORMATION

The 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 City of Port Lavaca: Sandra Mason, Finance Director, 202 North Virginia, Port Lavaca, Texas 77979.

Basic Financial Statements

CITY OF PORT LAVACA, TEXAS**STATEMENT OF NET POSITION***September 30, 2019*

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets			
Cash and cash equivalents	\$ 13,414,516	\$ 8,369,623	\$ 21,784,139
Receivables (net)	695,793	986,528	1,682,321
Due from other governments	1,524,375	1,385,198	2,909,573
Prepaid items	53,633	19,643	73,276
Inventory	-	22,042	22,042
Total current assets	<u>15,688,317</u>	<u>10,783,034</u>	<u>26,471,351</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	4,961,046	5,675,659	10,636,705
Assets being depreciated (net)	<u>19,686,169</u>	<u>20,413,329</u>	<u>40,099,498</u>
Total noncurrent assets	<u>24,647,215</u>	<u>26,088,988</u>	<u>50,736,203</u>
Total assets	<u>40,335,532</u>	<u>36,872,022</u>	<u>77,207,554</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pension	642,519	77,320	719,839
Deferred outflow related to OPEB	13,008	2,277	15,285
Deferred amount on refunding	<u>47,811</u>	<u>123,803</u>	<u>171,614</u>
Total deferred outflows of resources	<u>703,338</u>	<u>203,400</u>	<u>906,738</u>

The accompanying notes are an integral part of this statement.

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities			
Accounts payable	\$ 1,040,861	\$ 1,388,586	\$ 2,429,447
Payroll related liabilities	152,228	33,596	185,824
Accrued interest payable	3,339	13,996	17,335
Due to other governments	18,341	4,645	22,986
Accrued compensated absences	40,500	5,101	45,601
Unearned revenue	67,439	30,094	97,533
Customer deposits	23,464	219,894	243,358
Current portion of long-term obligations	300,000	920,000	1,220,000
Total current liabilities	1,646,172	2,615,912	4,262,084
Noncurrent liabilities			
Accrued compensated absences	82,227	10,355	92,582
Net pension liability	1,130,562	154,167	1,284,729
OPEB liability	221,525	30,208	251,733
Noncurrent portion of long-term obligations	1,005,000	4,119,436	5,124,436
Total noncurrent liabilities	2,439,314	4,314,166	6,753,480
Total liabilities	4,085,486	6,930,078	11,015,564
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to pension	100,413	14,567	114,980
Deferred inflow related to OPEB	11,821	1,612	13,433
Total deferred inflows of resources	112,234	16,179	128,413
NET POSITION			
Net investment in capital assets	23,390,026	21,173,355	44,563,381
Restricted for:			
Debt service	187,459	-	187,459
Economic development, tourism and conventions	660,929	-	660,929
Public safety	94,494	-	94,494
Municipal court	48,077	-	48,077
Unrestricted	12,460,165	8,955,810	21,415,975
Total net position	\$ 36,841,150	\$ 30,129,165	\$ 66,970,315

CITY OF PORT LAVACA, TEXAS
STATEMENT OF ACTIVITIES
For the year ended September 30, 2019

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 3,318,934	\$ 293,452	\$ 167,228	\$ -
Public safety	3,355,541	12,758	271,852	-
Public works	1,658,704	-	11,668	-
Parks and recreation	790,807	51,785	1,082,653	-
Interest on long-term debt	40,061	-	-	-
Total governmental activities	<u>9,164,047</u>	<u>357,995</u>	<u>1,533,401</u>	<u>-</u>
Business-type activities				
Public utilities	4,262,430	5,824,260	-	217,022
Port revenue	595,580	628,762	-	1,314,779
Beach operations	305,831	324,004	-	-
Total business-type activities	<u>5,163,841</u>	<u>6,777,026</u>	<u>-</u>	<u>1,531,801</u>
Total government	<u>\$ 14,327,888</u>	<u>\$ 7,135,021</u>	<u>\$ 1,533,401</u>	<u>\$ 1,531,801</u>

General revenues:

Taxes:

 Property taxes, levied for general purposes

 Property taxes, levied for debt service

 Sales taxes

 Franchise taxes

 Other taxes

Unrestricted investment earnings

Miscellaneous

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning

Net position - ending

The accompanying notes are an integral part of this statement.

Net (Expense) Revenue and Changes in Net Position		
Governmental Activities	Business- type Activities	Total
\$ (2,858,254)	\$ -	\$ (2,858,254)
(3,070,931)	-	(3,070,931)
(1,647,036)	-	(1,647,036)
343,631	-	343,631
(40,061)	-	(40,061)
<u>(7,272,651)</u>	<u>-</u>	<u>(7,272,651)</u>
-	1,778,852	1,778,852
-	1,347,961	1,347,961
-	18,173	18,173
-	<u>3,144,986</u>	<u>3,144,986</u>
<u>(7,272,651)</u>	<u>3,144,986</u>	<u>(4,127,665)</u>
3,975,023	-	3,975,023
335,847	-	335,847
3,562,168	-	3,562,168
584,078	-	584,078
685,682	-	685,682
329,183	199,053	528,236
276,301	-	276,301
274,635	(274,635)	-
<u>10,022,917</u>	<u>(75,582)</u>	<u>9,947,335</u>
2,750,266	3,069,404	5,819,670
<u>34,090,884</u>	<u>27,059,761</u>	<u>61,150,645</u>
<u>\$ 36,841,150</u>	<u>\$ 30,129,165</u>	<u>\$ 66,970,315</u>

CITY OF PORT LAVACA, TEXAS**BALANCE SHEET****GOVERNMENTAL FUNDS**

September 30, 2019

	<u>General</u>	<u>Hurricane Harvey</u>	<u>Other Governmental Funds</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 12,343,705	\$ -	\$ 1,070,811
Receivables (net)	563,475	-	132,318
Due from other governments	746,421	775,389	2,565
Due from other funds	1,309,155	-	-
Prepaid items	53,633	-	-
Total assets	<u>\$ 15,016,389</u>	<u>\$ 775,389</u>	<u>\$ 1,205,694</u>
LIABILITIES			
Accounts payable	\$ 447,603	\$ 383,783	\$ 209,475
Payroll related payables	152,228	-	-
Due to other governments	18,341	-	-
Due to other funds	-	1,307,234	1,921
Customer and other deposits	23,464	-	-
Unearned revenue	67,439	-	-
Total liabilities	<u>709,075</u>	<u>1,691,017</u>	<u>211,396</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>485,374</u>	<u>668,784</u>	<u>24,776</u>
Total deferred inflows of resources	<u>485,374</u>	<u>668,784</u>	<u>24,776</u>
FUND BALANCES			
Nonspendable	53,633	-	-
Restricted	-	-	969,522
Committed	2,630,824	-	-
Unassigned	11,137,483	(1,584,412)	-
Total fund balances	<u>13,821,940</u>	<u>(1,584,412)</u>	<u>969,522</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 15,016,389</u>	<u>\$ 775,389</u>	<u>\$ 1,205,694</u>

The accompanying notes are an integral part of this statement.

Total
Governmental
Funds

\$ 13,414,516
695,793
1,524,375
1,309,155
53,633
\$ 16,997,472

\$ 1,040,861
152,228
18,341
1,309,155
23,464
67,439
2,611,488

1,178,934
1,178,934

53,633
969,522
2,630,824
9,553,071
13,207,050

\$ 16,997,472

CITY OF PORT LAVACA, TEXAS**RECONCILIATION OF TOTAL GOVERNMENTAL FUND BALANCES TO NET POSITION
OF GOVERNMENTAL ACTIVITIES***September 30, 2019*

Total governmental fund balances**\$ 13,207,050**

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

Property taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures, and therefore are reported as "unavailable" in the funds.

429,742

Because the focus of governmental funds is on short-term financing, some assets will not be available to pay for current-period expenditures. Those assets (for example, receivables) are offset by unavailable revenues in the governmental funds and thus are not included in fund balance.

749,192

Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The governmental capital assets at year-end consist of:

Governmental capital assets costs

\$ 47,288,640

Accumulated depreciation of governmental capital assets

(22,641,425)

24,647,215

Deferred outflows of resources are not reported in the governmental funds:

Deferred amount on refunding

47,811

Deferred amount on pension

642,519

Deferred amount on OPEB

13,008

703,338

Long-term liabilities are not due and payable in the current period and therefore are not reported as liabilities in the funds. Long-term liabilities at year-end consist of:

Bonds payable

(1,305,000)

Accrued interest payable

(3,339)

Compensated absences

(122,727)

OPEB liability

(221,525)

Net pension liability

(1,130,562)

(2,783,153)

Deferred inflows of resources are not reported in the governmental funds:

Deferred amount on pension

(100,413)

Deferred amount on OPEB

(11,821)(112,234)**Net position of governmental activities****\$ 36,841,150**

The accompanying notes are an integral part of this statement.

CITY OF PORT LAVACA, TEXAS**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****GOVERNMENTAL FUNDS***For the year ended September 30, 2019*

	<u>General</u>	<u>Hurricane Harvey</u>	<u>Other Governmental Funds</u>
REVENUES			
Taxes			
Ad valorem	\$ 3,949,853	\$ -	\$ 332,792
Sales	3,562,168	-	-
Other	619,586	-	650,174
Fines, fees, and forfeitures	292,282	-	8,944
Intergovernmental	269,931	592,765	1,921
Licenses and permits	120,897	-	-
Investment	295,613	-	33,570
Rental	51,785	-	-
Charges for services	12,897	-	-
Miscellaneous	81,593	32,600	61,449
Total revenues	<u>9,256,605</u>	<u>625,365</u>	<u>1,088,850</u>
EXPENDITURES			
Current			
General government	1,544,871	1,301,083	419,920
Public safety	3,279,096	-	8,499
Public works	1,240,009	-	-
Parks and recreation	624,107	-	-
Capital outlay	575,308	-	659,129
Debt service			
Principal retirement	-	-	300,000
Interest and fiscal charges	-	-	29,837
Total expenditures	<u>7,263,391</u>	<u>1,301,083</u>	<u>1,417,385</u>
Excess (deficiency) of revenues over expenditures	1,993,214	(675,718)	(328,535)
OTHER FINANCING SOURCES (USES)			
Transfers in	1,385,717	-	666,985
Transfers out	(661,050)	-	(1,117,017)
Total other financing sources (uses)	<u>724,667</u>	<u>-</u>	<u>(450,032)</u>
Net change in fund balances	2,717,881	(675,718)	(778,567)
Fund balances at beginning of year	<u>11,104,059</u>	<u>(908,694)</u>	<u>1,748,089</u>
Fund balances at end of year	<u>\$ 13,821,940</u>	<u>\$ (1,584,412)</u>	<u>\$ 969,522</u>

The accompanying notes are an integral part of this statement.

Total
Governmental
Funds

\$ 4,282,645
3,562,168
1,269,760
301,226
864,617
120,897
329,183
51,785
12,897
175,642
10,970,820

3,265,874
3,287,595
1,240,009
624,107
1,234,437

300,000
29,837
9,981,859

988,961

2,052,702
(1,778,067)
274,635

1,263,596
11,943,454
\$ 13,207,050

CITY OF PORT LAVACA, TEXAS**RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES**
For the year ended September 30, 2019

Total net change in fund balances - governmental funds		\$ 1,263,596
<i>Amounts reported for governmental activities in the statement of activities are different because:</i>		
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives as depreciation expense.		
Increase in capital assets	\$ 1,528,539	
Depreciation expense	<u>(874,968)</u>	653,571
The net effect of various transactions involving capital assets (i.e., transfers, contributions, adjustments and dispositions) is to increase (decrease) net position.		(34,713)
Current year payments on long-term debt are expenditures in the fund financial statements, but they serve to reduce long-term liabilities in the government-wide financial statements. In the current year, these amounts consist of:		
Bond principal retirement		300,000
Because some property taxes will not be collected for several months after the City's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Similarly, other revenues are not currently available at year-end and are not reported as revenue in the governmental funds.		
Property taxes	32,464	
Other revenues	<u>671,106</u>	703,570
Some items 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. These activities consist of:		
Decrease in compensated absences	6,320	
Decrease in loss on bond refunding	(10,991)	
Decrease in accrued interest	767	
Net pension costs	(107,623)	
Net OPEB costs	<u>(24,231)</u>	<u>(135,758)</u>
Change in net position of governmental activities		\$ <u>2,750,266</u>

The accompanying notes are an integral part of this statement.

CITY OF PORT LAVACA, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS

September 30, 2019

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 6,318,002	\$ 1,099,593	\$ 952,028	\$ 8,369,623
Receivables (net)	815,300	170,777	451	986,528
Due from other governments	201,897	1,183,301	-	1,385,198
Prepaid items	11,280	6,292	2,071	19,643
Inventory	22,042	-	-	22,042
Total current assets	7,368,521	2,459,963	954,550	10,783,034
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	2,105,217	3,294,679	275,763	5,675,659
Assets being depreciated (net)	15,708,668	3,138,919	1,565,742	20,413,329
Net noncurrent assets	17,813,885	6,433,598	1,841,505	26,088,988
Total assets	25,182,406	8,893,561	2,796,055	36,872,022
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pension	77,320	-	-	77,320
Deferred outflow related to OPEB	2,277	-	-	2,277
Deferred amount on refunding	123,803	-	-	123,803
Total deferred outflows of resources	203,400	-	-	203,400
LIABILITIES				
Current liabilities				
Accounts payable	1,056,944	256,586	75,056	1,388,586
Payroll related liabilities	31,224	2,372	-	33,596
Accrued interest payable	5,638	8,358	-	13,996
Due to other governments	4,645	-	-	4,645
Accrued compensated absences	4,571	530	-	5,101
Unearned revenue	16,080	14,014	-	30,094
Customer deposits	217,944	1,050	900	219,894
Current portion of noncurrent liabilities				
Bonds and certificates	760,000	160,000	-	920,000
Total current liabilities	2,097,046	442,910	75,956	2,615,912
Long-term liabilities, net of current portion				
Accrued compensated absences	9,279	1,076	-	10,355
Net pension liability	154,167	-	-	154,167
OPEB liability	30,208	-	-	30,208
Bonds and certificates (net of unamortized deferred amounts)	1,750,000	2,369,436	-	4,119,436
Total long-term liabilities	1,943,654	2,370,512	-	4,314,166
Total liabilities	4,040,700	2,813,422	75,956	6,930,078
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to pension	14,567	-	-	14,567
Deferred inflow related to OPEB	1,612	-	-	1,612
Total deferred inflows of resources	16,179	-	-	16,179
NET POSITION				
Net investment in capital assets	15,427,688	3,904,162	1,841,505	21,173,355
Unrestricted	5,901,239	2,175,977	878,594	8,955,810
Total net position	\$ 21,328,927	\$ 6,080,139	\$ 2,720,099	\$ 30,129,165

The accompanying notes are an integral part of this statement.

CITY OF PORT LAVACA, TEXAS**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION****PROPRIETARY FUNDS**

For the year ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
OPERATING REVENUES				
Charges for services				
Water sales	\$ 2,502,783	\$ -	\$ -	\$ 2,502,783
Sewer services	2,035,052	-	-	2,035,052
Waste collection	822,729	-	-	822,729
Tap and service fees	293,952	-	-	293,952
Gate fees	-	-	22,600	22,600
Leases and rentals	-	496,415	298,798	795,213
Port tariffs	-	125,696	-	125,696
Penalties	93,004	-	-	93,004
Miscellaneous	76,740	6,651	2,606	85,997
Total operating revenues	<u>5,824,260</u>	<u>628,762</u>	<u>324,004</u>	<u>6,777,026</u>
OPERATING EXPENSES				
Personnel services	721,944	88,691	30	810,665
Materials and supplies	67,046	6,989	1,031	75,066
Services	1,366,927	122,920	125,294	1,615,141
Water purchases	976,220	-	-	976,220
Maintenance and repairs	372,454	27,442	50,092	449,988
Depreciation and amortization	647,776	185,984	120,471	954,231
Miscellaneous	61,268	-	8,913	70,181
Total operating expenses	<u>4,213,635</u>	<u>432,026</u>	<u>305,831</u>	<u>4,951,492</u>
Operating income (loss)	1,610,625	196,736	18,173	1,825,534
NONOPERATING REVENUES (EXPENSES)				
Investment income	134,889	44,086	20,078	199,053
Interest and fiscal charges	(48,795)	(163,554)	-	(212,349)
Net nonoperating revenues	<u>86,094</u>	<u>(119,468)</u>	<u>20,078</u>	<u>(13,296)</u>
Income before capital contributions and transfers	1,696,719	77,268	38,251	1,812,238
Capital grants and contributions	217,022	1,314,779	-	1,531,801
Transfers out	<u>(238,435)</u>	<u>(27,000)</u>	<u>(9,200)</u>	<u>(274,635)</u>
Change in net position	1,675,306	1,365,047	29,051	3,069,404
Total net position at beginning of year	<u>19,653,621</u>	<u>4,715,092</u>	<u>2,691,048</u>	<u>27,059,761</u>
Total net position at end of year	<u>\$ 21,328,927</u>	<u>\$ 6,080,139</u>	<u>\$ 2,720,099</u>	<u>\$ 30,129,165</u>

The accompanying notes are an integral part of this statement.

CITY OF PORT LAVACA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
CASH FLOWS FROM OPERATING ACTIVITIES:				
Cash received from customers	\$ 5,740,938	\$ 491,299	\$ 324,074	\$ 6,556,311
Cash payments to suppliers for goods and services	(2,058,323)	82,505	(138,811)	(2,114,629)
Cash payments to employees for services	(720,030)	(86,292)	(30)	(806,352)
Net cash provided (used) by operating activities	<u>2,962,585</u>	<u>487,512</u>	<u>185,233</u>	<u>3,635,330</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:				
Transfers to other funds	(238,435)	(27,000)	(9,200)	(274,635)
Net cash provided (used) by noncapital financing activities	<u>(238,435)</u>	<u>(27,000)</u>	<u>(9,200)</u>	<u>(274,635)</u>
CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:				
Acquisition of capital assets	(1,892,498)	(2,186,046)	(60,548)	(4,139,092)
Receipts from capital grants and contributions	15,125	131,478	-	146,603
Receipts from issuance of capital debt	-	1,574,436	-	1,574,436
Principal paid on capital debt	(745,000)	(85,000)	-	(830,000)
Interest paid on capital debt	(50,160)	(160,361)	-	(210,521)
Net cash provided (used) by capital financing activities	<u>(2,672,533)</u>	<u>(725,493)</u>	<u>(60,548)</u>	<u>(3,458,574)</u>
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment income	134,889	44,086	20,078	199,053
Net cash provided (used) by investing activities	<u>134,889</u>	<u>44,086</u>	<u>20,078</u>	<u>199,053</u>
Net increase (decrease) in cash and cash equivalents	186,506	(220,895)	135,563	101,174
Cash and cash equivalents at beginning of year	<u>6,131,496</u>	<u>1,320,488</u>	<u>816,465</u>	<u>8,268,449</u>
Cash and cash equivalents at end of year	<u>\$ 6,318,002</u>	<u>\$ 1,099,593</u>	<u>\$ 952,028</u>	<u>\$ 8,369,623</u>

CITY OF PORT LAVACA, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the year ended September 30, 2019

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:				
Operating income	\$ 1,610,625	\$ 196,736	\$ 18,173	\$ 1,825,534
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	647,776	185,984	120,471	954,231
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	(79,120)	(142,113)	70	(221,163)
(Increase) decrease in prepaid expense	(1,702)	(949)	(267)	(2,918)
(Increase) decrease in inventory	6,106	-	-	6,106
(Increase) decrease in deferred outflow related to pension	(50,438)	-	-	(50,438)
(Increase) decrease in deferred outflow related to OPEB	(2,277)	-	-	(2,277)
Increase (decrease) in accounts and other payables	780,993	240,805	46,786	1,068,584
Increase (decrease) in payroll related liabilities	3,161	793	-	3,954
Increase (decrease) in due to other governments	195	-	-	195
Increase (decrease) in compensated absences	(3,975)	1,606	-	(2,369)
Increase (decrease) in net pension liability	100,887	-	-	100,887
Increase (decrease) in OPEB liability	(7,460)	-	-	(7,460)
Increase (decrease) in unearned revenue	(5,357)	4,550	-	(807)
Increase (decrease) in customer deposits	1,155	100	-	1,255
Increase (decrease) in deferred inflow related to pension	(39,596)	-	-	(39,596)
Increase (decrease) in deferred inflow related to OPEB	1,612	-	-	1,612
Net cash provided (used) by operating activities	\$ 2,962,585	\$ 487,512	\$ 185,233	\$ 3,635,330

The accompanying notes are an integral part of this statement.

CITY OF PORT LAVACA, TEXAS
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2019

	Fireman's Relief and Retirement Fund	Police Seized Nonforfeiture Fund
ASSETS		
Cash and cash equivalents	\$ -	\$ 25,993
Total assets	-	<u>\$ 25,993</u>
LIABILITIES		
Due to others	-	\$ 25,993
Total liabilities	-	<u>\$ 25,993</u>
NET POSITION		
Restricted for payment of pension benefits	-	
Total net position	<u>\$ -</u>	

The accompanying notes are an integral part of this statement.

CITY OF PORT LAVACA, TEXAS**STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUND***For the year ended September 30, 2019*

	Fireman's Relief and Retirement Fund
	<u> </u>
ADDITIONS	
Employer contributions	<u>\$ 2,125</u>
DEDUCTIONS	
Benefits	<u> 2,275</u>
Change in net position	(150)
Net position at beginning of year	<u> 150</u>
Net position at end of year	<u><u>\$ -</u></u>

The accompanying notes are an integral part of this statement.

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NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of Port Lavaca, Texas (the "City"), was incorporated January 31, 1956, under a home rule charter. The City operates under a Council-Manager form of government. The City Council consists of the mayor and six council members. The City provides services related to the following: public safety (police and fire), highways and streets, sanitation, health and welfare, culture and recreation, economic development, planning and zoning, and general administrative services.

A. Reporting Entity

The City's basic financial statements include the accounts of all City operations. The criteria for including legally separate organizations as component units within the City's reporting entity are set forth in Section 2100 of GASB's Codification of Governmental Accounting and Financial Reporting Standards (GASB Codification). No legally separate organizations met the necessary criteria for inclusion as component units for the year ended September 30, 2019.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all nonfiduciary activities of the City. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes, and intergovernmental revenues are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 or segment, 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 included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund financial statements. Revenues are recorded when transactions occur and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

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

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

The City reports the following major governmental funds:

The General Fund is the City's main operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Special Revenue Funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The City has ten Special Revenue Funds, one of which has been reported as a major fund. The Hurricane Harvey Fund is used to account for proceeds received and expenditures incurred by the City related to Hurricane Harvey.

The City reports the following major enterprise (proprietary) funds:

The Public Utility Fund accounts for the activities of the City related to its provision of water, wastewater, and sanitation services.

The Port Revenue Fund accounts for the harbor and port activities of the City.

The Beach Operating Fund accounts for the revenues and expenses related to the operation of the City's Lighthouse Beach and adjacent RV park.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation - (Continued)

Additionally, the City reports the following fund types:

Debt Service Fund - The 2012 General Obligation Refunding Bonds Fund accounts for the resources accumulated and payments made for principal and interest on the City's 2012 General Obligation Refunding Bonds.

Capital Project Fund - The Street Construction Fund accounts for the funding of street improvements by the use of bond proceeds or by funds from other governmental funds.

Pension Trust Fund - The Fireman's Relief and Retirement Fund accounts for the accumulation and payment of retirement benefits to the City's eligible retired volunteer firefighters.

Agency Fund - The Police Seized Nonforfeiture Fund accounts for assets seized by the City's police department in various law enforcement actions prior to disposition of the assets by court authorities.

The proprietary funds are accounted for on a flow of *economic resources measurement focus* and utilize the *accrual basis of accounting*. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable and expenses in the accounting period in which they are incurred and become measurable. With this measurement focus, all assets and all liabilities associated with the operation of these funds are included on the statement of net position. The fund equity is segregated into net investment in capital assets, restricted net position, and unrestricted net position.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. 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 principal operating revenues of the City's enterprise funds are charges to customers for sales and services. The Public Utility Fund also recognizes as operating revenue the portion of tap fees intended to recover the cost connecting new customers to the water system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

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

D. Budgets and Budgetary Accounting

As set forth in the City Charter, the City Council legally adopts an annual budget for the General Fund and the Debt Service Fund. The budgets for these governmental funds are prepared in accordance with generally accepted accounting principles (GAAP). The City Manager is authorized to transfer budgeted amounts within departments of individual funds; however, any revisions that alter the total departmental expenditures/expenses must be approved by the City Council. Therefore, the legal level of budgetary control is at the departmental level. Each fund other than the General Fund is defined as its own department. All encumbered and unencumbered appropriations lapse at the end of the fiscal year.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**E. Deposits and Investments**

The City's cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition.

The City may invest excess funds in any instruments authorized by its adopted investment policy. The City's authorized investment options are more restrictive than those allowed under the Public Funds Investment Act of Texas. Investments authorized under the City's investment policy include the following: Obligations of the United States or its agencies and instrumentalities which have a liquid market with a readily determinable fair value; direct obligations of the State of Texas and agencies thereof; other obligations, the principal of and interest on which are unconditionally guaranteed by the State of Texas or United States of America; obligations of the State, agencies thereof, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm, and having received a rating of not less than A or its equivalent; certificates of deposit of state or national banks domiciled in Texas, guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or by obligations previously mentioned; fully collateralized direct repurchase agreements with a defined termination date secured by obligations of the United States or its agencies or instrumentalities pledged with a third party; and certain joint pools of political subdivisions in the State of Texas that invest in instruments and follow practices allowed by current law.

The City reports its investments at fair value in the accompanying financial statements.

F. Receivables and Payables

Activities between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as "due to/from other funds". Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances".

All receivables are reported net of an applicable allowance for uncollectibles. Allowance accounts related to trade accounts receivable are based upon management estimates. The property tax receivable allowance is equal to 5% of outstanding property taxes at September 30, 2019.

The Calhoun County Appraisal District bills and collects property taxes for the City. These taxes are levied on October 1st of each year and are payable by the following January 31st, at which time penalties and interest charges are assessed on unpaid balances. An enforceable lien on property is attached on all ad valorem taxes unpaid as of January 1st following the year of levy.

G. Inventories and Prepaid Items

All inventories are valued at the lower of cost or market on a first-in, first-out basis. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased, and no material amounts of inventory were held by these funds as of year-end. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. Prepaid items are recorded when purchased rather than when consumed.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**H. Capital Assets**

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, drainage systems, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide statement of net position. Except for infrastructure assets, the City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure assets are capitalized if their cost exceeds \$100,000. Assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 the lives of assets are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. During the current year, the Public Utility Fund capitalized \$0 of interest expense.

Property, plant, and equipment of the City is depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	5-50
Public Domain Infrastructure	50-75
Utility System Infrastructure	20-75
Machinery and Equipment	5-10

I. Compensated Absences

It is the City's policy to permit employees to accumulate vacation and sick pay benefits. Unused vacation benefits are reported in the accompanying financial statements according to the provisions of GASB Statement No. 16. Earned but unused sick pay benefits are not recorded as liabilities as the City's policy for payment of these benefits excludes them based on the applicable GASB and FASB pronouncements.

J. Long-term Obligations

In the government-wide financial statements and in enterprise funds in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount on the statement of net position.

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.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**K. Deferred Outflows/Inflows of Resources**

In addition to assets, the statement of financial position and/or balance sheet reports a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension/OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.
- Differences between actuarial assumptions used and actual experience for determination of pension or OPEB liability – These differences are deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions used to determine pension or OPEB liability – This difference is deferred and amortized over the estimated average remaining lives of all members determined as of the measurement date.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. This year, the City has the following items that qualify for reporting in this category.

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

L. Pensions

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

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**M. Supplemental Death Benefit (OPEB)**

For purposes of measuring the total OPEB liability for the supplemental death benefit plan, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's OPEB liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB No. 75.

N. Fund Balance Policies

The following fund balance classifications describe the relative strength of the spending constraints placed on the purposes for which resources can be used:

- Nonspendable fund balance - amounts that cannot be spent because of their form (such as inventory or prepaid items) or because they are legally or contractually required to be maintained in tact;
- Restricted fund balance - amounts constrained to specific purposes by their providers (such as grantors, bondholders, and higher levels of government) through constitutional provisions or by enabling legislation;
- Committed fund balance - amounts constrained to specific purposes by a government itself, using its highest level of decision-making authority, to be reported as committed, amounts cannot be used for any other purpose unless the government takes the same highest level of action to remove or change the constraint;
- Assigned fund balance - amounts a government intends to use for a specific purpose; intent can be expressed by the governing body or by an official or body to which the governing body delegates the authority;
- Unassigned fund balance - amounts that are available for any purpose; positive amounts are reported only in the General Fund.

Fund balance classifications depict the nature of the net resources that are reported in a governmental fund. An individual governmental fund may include non-spendable resources and amounts that are restricted, committed, assigned, or any combination of those classifications. In addition, the General Fund may also include an unassigned amount.

Commitments will only be used for specific purposes pursuant to a formal action (ordinance) of the City Council. The action to commit funds must occur prior to fiscal year-end, to report such commitments in the balance sheet of the respective period, even though the amount may be determined subsequent to fiscal year-end. Commitments may be changed or lifted only by the City Council taking the same formal action that originally imposed the constraint.

The City Council delegates the responsibility to assign funds not to exceed \$25,000 to the City Manager or their designee to be used for specific purposes. City Council shall have the authority to assign any amount of funds to be used for specific purposes. Such assignments cannot exceed the available (spendable, unrestricted, uncommitted) fund balance in any particular fund. The assignments may occur subsequent to fiscal year-end.

NOTE 1: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - (Continued)**O. Net Position Flow Assumptions**

When an expenditure is incurred for purposes for which both restricted and unrestricted (committed, assigned, or unassigned) amounts are available, it shall be the policy of the City to consider restricted amounts to have been reduced first. When an expenditure is incurred for purposes for which amounts in any of the unrestricted fund balance classifications could be used, it shall be the policy of the City that committed amounts would be reduced first, followed by assigned amounts and then unassigned amounts.

P. Minimum Fund Balance Policy

The City will maintain a minimum fund balance in its General Fund equal to 180 days of the operating expenditures and a policy to maintain an unassigned fund balance of no less than 120 days of operating expenditures as to provide operating liquidity and contingency funding for non-specific unscheduled expenditures such as natural disasters or major unexpected expenditures. In the event that the unassigned fund balance is calculated to be less than the policy stipulates, the City shall plan to adjust budget resources in subsequent fiscal years to restore the balance.

The City also has a goal to maintain a working capital position equal to 120 days of the operating budget and a policy to maintain a working capital position no less than 90 days of the operating budget in the enterprise funds. Refer to Note 11 which addresses the policy set by the Council for the enterprise funds.

Q. Use of Estimates

The preparation of the government-wide and fund financial statements in conformity with generally accepted accounting principles requires the City to make estimates and assessments that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of financial statements and the reported amounts of revenues and expenditures during the reporting period. Accordingly, actual results could differ from those estimates.

NOTE 2: STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**Budgetary Compliance**

There were several situations of expenditures exceeding the amount appropriated during the fiscal year 2018-2019.

<u>Fund Name- Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
City secretary	\$ 169,600	\$ 169,792	\$ 192
Municipal court	142,325	150,127	7,802
Animal control	133,000	136,197	3,197
Transfers out	475,000	661,050	186,050

These over expenditures were funded by available fund balances in the respective funds.

Deficit Fund Equity

As of September 30, 2019, the Hurricane Harvey Fund (a major Special Revenue Fund) had a deficit fund equity balance of \$1,584,412. This deficit will be eliminated in the 2020 fiscal year.

NOTE 3: DEPOSITS AND INVESTMENTS

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to the Texas Public Funds Investment Act. The depository bank pledges securities which comply with state law and these securities are held for safekeeping and trust with the City's and the depository bank's agent bank. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of FDIC insurance.

As of September 30, 2019, the City had the following investments classified as cash and cash equivalents:

<u>Investment Type</u>	<u>Amortized Cost</u>	<u>Weighted Average Maturity (Days)</u>
Public Funds Investment Pool LOGIC	\$ 11,241,463	49

The pools operate in a manner consistent with the Securities and Exchange Commission's (SEC) Rule 2(a)(7) of the Investment Company Act of 1940 but is not registered with the SEC as an investment company. Instead, the regulatory oversight for the pool is the State of Texas. The pools use amortized cost rather than fair value to report net position to compute share prices. Accordingly, the fair value of the position in these pools is the same as the value of the shares in each pool.

Interest Rate Risk

In accordance with the City's investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio to less than one year from the time of purchase. LOGIC weighted average maturities cannot exceed 60 days.

Credit Risk

The investment pools operate in full compliance with the Public Funds Investment Act. LOGIC is rated AAAM by S&P Global.

Concentration of Credit Risk

The City's investment policy requires that the investment portfolio shall be diversified in terms of investment instruments, maturity scheduling, and financial institutions to reduce the risk of loss resulting from over concentration of assets in a specific class of investments, specific maturity, or specific user. At year-end, the City was not exposed to concentration of credit risk.

Custodial Credit Risk - Deposits

In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires that deposits at financial institutions be insured by the FDIC and/or collateralized by securities pledged to the City by the depository in an amount equal to at least 110% of the carrying value of deposits held. During the fiscal year and at year-end, all deposits held in the depository bank were fully collateralized and therefore the City was not exposed to custodial credit risk.

Custodial Credit Risk - Investments

For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. All of the City's investments are invested in LOGIC and they have no custodial credit risk.

NOTE 4: RECEIVABLES

Receivables as of year-end for the City's individual major and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>Public Utility</u>	<u>Port Revenue</u>	<u>Beach Operating</u>	<u>Nonmajor Funds</u>	<u>Total</u>
Receivables:						
Ad valorem taxes	\$ 516,285	\$ -	\$ -	\$ -	\$ 26,080	\$ 542,365
Franchise taxes	77,486	-	-	-	-	77,486
Municipal court fines	142,039	-	-	-	-	142,039
Charges for services	164,897	696,214	36,798	-	-	897,909
Occupancy taxes	-	-	-	-	107,542	107,542
Miscellaneous	617	119,086	133,979	451	-	254,133
Gross receivables	901,324	815,300	170,777	451	133,622	2,021,474
Less: Allowance for uncollectibles	(337,849)	-	-	-	(1,304)	(339,153)
Net total receivables	<u>\$ 563,475</u>	<u>\$ 815,300</u>	<u>\$ 170,777</u>	<u>\$ 451</u>	<u>\$ 132,318</u>	<u>\$ 1,682,321</u>

The City is permitted by a local charter to levy taxes up to limits set by the Constitution and laws of the State of Texas. Currently, the State of Texas does not set limits on the rate at which ad valorem taxes may be assessed. The combined tax rate for the year ended September 30, 2019, was \$0.7944 per \$100 of assessed valuation. Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and payable by the following January 31, which comprises the collection dates for the current tax roll. The Calhoun County Appraisal District bills, collects, and remits daily all ad valorem taxes.

The City's governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. The governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned. At the end of the current fiscal year, the various components of unavailable revenue and unearned revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>	<u>Total</u>
General Fund			
Ad valorem taxes	\$ 404,966	\$ -	\$ 404,966
Charges for services	16,490	67,439	83,929
Municipal court fines	63,918	-	63,918
Hurricane Harvey Fund			
Grant reimbursements	668,784	-	668,784
Nonmajor Funds			
Ad valorem taxes	24,776	-	24,776
	<u>\$ 1,178,934</u>	<u>\$ 67,439</u>	<u>\$ 1,246,373</u>

NOTE 5: DUE FROM OTHER GOVERNMENTS

Various funds of the City reported amounts due from other governments as of the end of the current fiscal year. These amounts are comprised of the following at September 30, 2019:

	General Fund	Hurricane Harvey	Public Utility	Port Revenue	Nonmajor Funds	Total
Sales taxes	\$ 713,904	\$ -	\$ -	\$ -	\$ -	\$ 713,904
Mixed beverage taxes	10,372	-	-	-	-	10,372
Property taxes	22,145	-	-	-	644	22,789
Grant reimbursements	-	775,389	201,897	1,183,301	1,921	2,162,508
	<u>\$ 746,421</u>	<u>\$ 775,389</u>	<u>\$ 201,897</u>	<u>\$ 1,183,301</u>	<u>\$ 2,565</u>	<u>\$ 2,909,573</u>

NOTE 6: CAPITAL ASSETS

The capital asset activity of the City was as follows for the year ended September 30, 2019:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Governmental activities				
Capital assets, not being depreciated:				
Land	\$ 1,517,859	\$ -	\$ -	\$ 1,517,859
Construction in progress	2,205,198	1,237,989	-	3,443,187
Total capital assets not being depreciated	<u>3,723,057</u>	<u>1,237,989</u>	<u>-</u>	<u>4,961,046</u>
Capital assets, being depreciated:				
Machinery and equipment	3,686,018	244,256	(299,248)	3,631,026
Buildings and structures	6,849,706	20,603	-	6,870,309
Infrastructure	31,800,568	25,691	-	31,826,259
Total capital assets being depreciated	<u>42,336,292</u>	<u>290,550</u>	<u>(299,248)</u>	<u>42,327,594</u>
Less accumulated depreciation for:				
Machinery and equipment	(2,881,479)	(209,694)	264,535	(2,826,638)
Buildings and structures	(3,696,218)	(177,472)	-	(3,873,690)
Infrastructure	(15,453,295)	(487,802)	-	(15,941,097)
Total accumulated depreciation	<u>(22,030,992)</u>	<u>(874,968)</u>	<u>264,535</u>	<u>(22,641,425)</u>
Total capital assets being depreciated, net	<u>20,305,300</u>	<u>(584,418)</u>	<u>(34,713)</u>	<u>19,686,169</u>
Governmental activities capital assets, net	<u>\$ 24,028,357</u>	<u>\$ 653,571</u>	<u>\$ (34,713)</u>	<u>\$ 24,647,215</u>

NOTE 6: CAPITAL ASSETS - (Continued)

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
Business-type activities				
Capital assets, not being depreciated:				
Land	\$ 1,501,013	\$ 815,705	\$ -	\$ 2,316,718
Construction in progress	94,152	3,267,289	(2,500)	3,358,941
Total capital assets not being depreciated	<u>1,595,165</u>	<u>4,082,994</u>	<u>(2,500)</u>	<u>5,675,659</u>
Capital assets, being depreciated:				
Machinery and equipment	970,836	-	(69,192)	901,644
Buildings and structures	5,234,972	58,598	-	5,293,570
Infrastructure	43,036,239	-	-	43,036,239
Total capital assets being depreciated	<u>49,242,047</u>	<u>58,598</u>	<u>(69,192)</u>	<u>49,231,453</u>
Less accumulated depreciation for:				
Machinery and equipment	(791,716)	(37,022)	69,192	(759,546)
Buildings and structures	(3,361,126)	(150,866)	-	(3,511,992)
Infrastructure	(23,816,989)	(729,597)	-	(24,546,586)
Total accumulated depreciation	<u>(27,969,831)</u>	<u>(917,485)</u>	<u>69,192</u>	<u>(28,818,124)</u>
Total capital assets being depreciated, net	<u>21,272,216</u>	<u>(858,887)</u>	<u>-</u>	<u>20,413,329</u>
Business-type activities capital assets, net	<u>\$ 22,867,381</u>	<u>\$ 3,224,107</u>	<u>\$ (2,500)</u>	<u>\$ 26,088,988</u>

Depreciation expense was charged to functions/programs of the City as follows:

Governmental activities:

General government	\$ 29,267
Public safety	150,923
Public works	530,101
Parks and recreation	<u>164,677</u>
Total depreciation expense - governmental activities	<u>\$ 874,968</u>

Business-type activities:

Public Utility	\$ 611,030
Port Revenue	185,984
Beach Operating	<u>120,471</u>
Total depreciation expense - business-type activities	<u>\$ 917,485</u>

NOTE 7: INTERFUND RECEIVABLES, PAYABLES, AND TRANSFERS**A. Interfund Receivables and Payables**

At times during the fiscal year the various funds of the City were involved in transactions that created interfund receivable and payable balances. These transactions related to such things as the purchase of goods by one fund on behalf of another and the receipt of revenue in one fund that belongs to or is designated for another fund. Interfund receivable and payable balances as of September 30, 2019, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Hurricane Harvey Fund	\$ 1,307,234
	Nonmajor Special Revenue	<u>1,921</u>
		<u>\$ 1,309,155</u>

B. Interfund Transfers

Each year various funds of the City transfer funds to other funds. Besides planned transfers from the Public Utility Fund to the General Fund, the most significant transfer was from the General Fund to the Street Construction for fiscal year 2019 construction costs. During the current fiscal year, transfers between funds consisted of the following:

	<u>Transfers In</u>		
	<u>General</u>	<u>Nonmajor</u>	<u>Total</u>
Transfers out			
General	\$ -	\$ 661,050	\$ 661,050
Public Utility	232,500	5,935	238,435
Port Revenue	27,000	-	27,000
Beach Operating	9,200	-	9,200
Nonmajor	<u>1,117,017</u>	<u>-</u>	<u>1,117,017</u>
	<u>\$ 1,385,717</u>	<u>\$ 666,985</u>	<u>\$ 2,052,702</u>

NOTE 8: LESSOR AGREEMENTS

The Port Revenue Fund leases dock frontage and harbor rights to various unrelated third parties. Substantially all of the Fund's capital assets are leased to third parties. Following is an analysis of minimum future rentals due the Port Revenue Fund under noncancelable lease agreements as of September 30, 2019:

<u>Year Ending</u> <u>September 30</u>	
2020	\$ 249,491
2021	175,733
2022	147,380
2023	114,780
2024	<u>105,380</u>
	792,764
Thereafter	<u>1,050,102</u>
	<u>\$ 1,842,866</u>

NOTE 9: LONG-TERM DEBT**A. Changes in Long-term Liabilities**

Long-term liability activity for the year ended September 30, 2019, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental activities					
Bonds payable:					
General obligation bonds	\$ 1,605,000	\$ -	\$ 300,000	\$ 1,305,000	\$ 300,000
Net bonds payable	1,605,000	-	300,000	1,305,000	300,000
Compensated absences	129,047	138,979	145,299	122,727	40,500
OPEB liability	213,449	8,076	-	221,525	-
Net pension liability	301,917	828,645	-	1,130,562	-
Total governmental activity					
long-term liabilities	<u>\$ 2,249,413</u>	<u>\$ 975,700</u>	<u>\$ 445,299</u>	<u>\$ 2,779,814</u>	<u>\$ 340,500</u>
Business-type activities					
Bonds and certificates payable:					
Revenue bonds	\$ 3,255,000	\$ -	\$ 745,000	\$ 2,510,000	\$ 760,000
Certificates	1,040,000	1,475,000	85,000	2,430,000	160,000
Plus deferred amounts:					
Issuance premiums	-	99,436	-	99,436	-
Net bonds and certificates	4,295,000	1,574,436	830,000	5,039,436	920,000
Compensated absences	17,825	20,944	23,313	15,456	5,101
OPEB liability	37,668	-	7,460	30,208	-
Net pension liability	53,280	100,887	-	154,167	-
Total business-type activity					
long-term liabilities	<u>\$ 4,403,773</u>	<u>\$ 1,696,267</u>	<u>\$ 860,773</u>	<u>\$ 5,239,267</u>	<u>\$ 925,101</u>

Compensated absences, the net pension liability, and the OPEB liability are generally liquidated by the General Fund for the governmental activities.

NOTE 9: LONG-TERM DEBT - (Continued)**B. General Obligation Bonds**

The City issues general obligation debt to provide funds for the acquisition and construction of major capital facilities and are direct obligations and pledge the full faith and credit of the City.

General obligation bonds at September 30, 2019, was comprised of the following individual issue:

\$2,945,000 Series 2012 General Obligation Refunding Bonds due in annual installments ranging from \$300,000 to \$320,000 through February 15, 2024; interest fixed at 2.03%.	<u>\$ 1,305,000</u>
Total Bonds	<u>\$ 1,305,000</u>

Annual debt service requirements to maturity for the City's general obligation bonds are as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2020	\$ 300,000	\$ 23,447	\$ 323,447
2021	305,000	17,306	322,306
2022	320,000	10,962	330,962
2023	320,000	4,466	324,466
2024	60,000	609	60,609
	<u>\$ 1,305,000</u>	<u>\$ 56,790</u>	<u>\$ 1,361,790</u>

C. Revenue Bonds and Certificates

Revenue bonds and certificates payable were comprised of the following individual issues at September 30, 2019:

\$3,810,000 Series 2016 General Obligation Refunding Bonds due in annual installments ranging from \$100,000 to \$780,000 through February 15, 2024; interest rates varying between 1.10% and 2.05%.	<u>\$ 2,510,000</u>
\$1,700,000 Series 2008 Combination Tax and Surplus Harbor System Revenue Certificates of Obligation due in annual installments ranging from \$85,000 to \$125,000 through February 15, 2028; interest rate of 3.93%.	955,000
\$1,475,000 Series 2018 Combination Tax and Surplus Harbor System Revenue Certificates of Obligation due in annual installments ranging from \$70,000 to \$125,000 through February 15, 2034; interest rates varying between 3.50% and 5.00%.	<u>1,475,000</u>
Total Revenue Bonds and Certificates	<u>\$ 4,940,000</u>

NOTE 9: LONG-TERM DEBT - (Continued)**C. Revenue Bonds and Certificates - (Continued)**

The annual debt service requirements to maturity for the above listed revenue bonds and certificates are as follows:

Year Ending September 30	Business-type Activities		
	Principal	Interest	Total
2020	\$ 920,000	\$ 135,718	\$ 1,055,718
2021	940,000	115,563	1,055,563
2022	955,000	93,730	1,048,730
2023	280,000	77,914	357,914
2024	290,000	68,585	358,585
2025-2029	960,000	209,498	1,169,498
2030-2034	595,000	55,170	650,170
	<u>\$ 4,940,000</u>	<u>\$ 756,178</u>	<u>\$ 5,696,178</u>

The City has pledged future water customer revenues, net of specified operating expenses to repay \$2.5 million in utility system debt. Proceeds from the bonds provided financing for improvements to the City's utility system. The bonds are payable through 2024. Average annual principal and interest payments on the bonds (\$517,925) are expected to require approximately 22 percent of net revenues. Principal and interest paid for the current year and total net revenues were \$795,010 and \$2,393,290, respectively. The total principal and interest remaining to be paid on the bonds is \$2,589,624.

The City complied in all material respects with the various covenants applicable to its long-term debt agreements for the year ending September 30, 2019.

NOTE 10: PRIOR YEAR DEFEASANCE OF DEBT

In prior years, the City defeased certain revenue and refunding bonds by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2019, \$5,460,000 of bonds outstanding was considered defeased.

NOTE 11: PROPRIETARY FUND NET POSITION

Management has committed for operating reserves \$1,125,216 of the Public Utility Fund's \$5,901,239 unrestricted net position. Management has also committed \$155,645 of the Port Revenue Fund's \$2,175,977 unrestricted net position for operating reserves and \$78,758 of the Beach Operating Fund's \$878,594 unrestricted net position for operating reserves. The committed amounts represent approximately 90 days of operating expenses, including interest expense and transfers to other funds. The Public Utility Fund, the Port Revenue Fund, and the Beach Operating Fund had \$4,776,023, \$2,020,332, and \$799,836, respectively, of unrestricted, uncommitted net position as of September 30, 2019.

NOTE 12: RISK MANAGEMENT

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. During the year ended September 30, 2019, the City purchased insurance through the Texas Municipal League (TML) to cover its risk of loss in these areas. Substantially all risk of loss for events occurring during the current year has been transferred to TML by the payment of insurance premiums. Settled claims resulting from these risks have not exceeded insurance coverage in any of the past three fiscal years.

The City has also entered into an interlocal agreement with the Texas Municipal League Intergovernmental Employees Benefit Pool for health benefits coverage for its employees. The City pays \$462.84 or approximately 85% of the premiums for full-time employees. Dependent coverage is available at additional premiums paid by the employee and the City.

NOTE 13: CONTINGENCIES AND COMMITMENTS**A. Litigation**

Various claims and lawsuits are pending against the City. In the opinion of City management, after consultation with legal counsel, the potential loss on all claims and lawsuits will not materially affect the City's financial position.

B. Grant Programs

The City participates in grant programs that are governed by various rules and regulations of the grantor agencies. Costs charged to the respective grant programs are subject to audit and adjustment by the grantor agencies; therefore, to the extent that the City has not complied with the rules and regulations governing the grants, refunds of any monies received may be required, and the collectability of any related receivables at September 30, 2019, may be impaired. In the opinion of the administration of the City, there are no significant contingent liabilities relating to compliance with the rules and regulations governing the City's various grant programs.

C. Water Purchase Commitment

The City has entered into an agreement with the Guadalupe Blanco River Authority (GBRA) that obligates the City to purchase its water from GBRA; this contract shall be in force until the latter of August 2035 or until the City has paid the part of any outstanding plant revenue bonds for which the City is at least partially responsible.

NOTE 13: CONTINGENCIES AND COMMITMENTS - (Continued)**D. Construction Commitments**

As of September 30, 2019, the following construction projects were in progress:

<u>Project Description</u>	<u>Costs Incurred To Date</u>	<u>Estimated Remaining Costs</u>	<u>Source of Funds</u>
Governmental activities:			
Street improvements	\$ 2,636,627	\$ 569,955	City
Park improvements	238,029	565,559	City/Grant
Bauer Center improvements	483,282	56,390	City
Veterans' memorial	85,249	-	City/Contributions
	<u>\$ 3,443,187</u>	<u>\$ 1,191,904</u>	
Business-type activities:			
Water and sewer improvements	\$ 1,757,883	\$ 841,290	City
Sewer line improvements	196,788	133,212	City/Grant
Lighthouse Beach boat ramp	1,950	98,050	City
Generators for lift stations	26,979	827,512	City/Grant
Helena bulkhead at H.O.R.	1,317,280	855,651	City/Grant/Contributions
Properties for Port projects	58,061	16,939	City
	<u>\$ 3,358,941</u>	<u>\$ 2,772,654</u>	

NOTE 14: DEFINED BENEFIT PENSION PLAN**Plan Description**

The City participates as one of 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the 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 TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions of the City for plan year 2019 were as follows:

Employee deposit rate	5.0%
Matching ratio (City to employee)	1.5 to 1
Years required for vesting	5
Service retirement eligibility	
(expressed as age/years of service)	60/5, 0/25
Updated service credit	100.0 repeating
Annuity increase (to retirees)	70.0% of CPI

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to but not yet receiving benefits	121
Active employees	<u>84</u>
	<u>274</u>

NOTE 14: DEFINED BENEFIT PENSION PLAN - (Continued)**Contributions**

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

Employees for the City were required to contribute 5.00% of their annual gross earnings during the fiscal year. The contribution rates for the City were 5.99% and 5.81% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$220,661, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5%
Overall Payroll Growth	3.0%
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 through December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal (EAN) actuarial cost method and a one-time change to the amortization policy. 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.

NOTE 14: DEFINED BENEFIT PENSION PLAN - (Continued)**Net Pension Liability** - (Continued)***Actuarial Assumptions*** - (Continued)

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).

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	<u>5.00%</u>	7.75%
Total	<u>100.00%</u>	

NOTE 14: DEFINED BENEFIT PENSION PLAN - (Continued)**Net Pension Liability - (Continued)***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.

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(a)	(b)	(a) - (b)
Balance at 12/31/2017	\$ 11,200,746	\$ 10,845,549	\$ 355,197
Changes for the year:			
Service cost	340,363	-	340,363
Interest	741,373	-	741,373
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(92,649)	-	(92,649)
Change of assumptions	-	-	-
Contributions - Employer	-	213,037	(213,037)
Contributions - Employee	-	177,828	(177,828)
Net investment income	-	(324,704)	324,704
Benefit payments, including refunds of employee contributions	(775,245)	(775,245)	-
Administrative expense	-	(6,279)	6,279
Other changes	-	(327)	327
Net changes	213,842	(715,690)	929,532
Balance at 12/31/2018	<u>\$ 11,414,588</u>	<u>\$ 10,129,859</u>	<u>\$ 1,284,729</u>

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

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

	1.0% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1.0% Increase in Discount Rate (7.75%)
City's Net Pension Liability:	\$2,918,009	\$1,284,729	\$(29,104)

NOTE 14: DEFINED BENEFIT PENSION PLAN - (Continued)**Net Pension Liability - (Continued)*****Pension Plan Fiduciary Net Position***

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the internet at www.tmrs.com.

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

For the year ended September 30, 2019 the City recognized pension expense of \$336,081.

At September 30, 2019, 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	\$ 2,145	\$ 114,980
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	556,749	-
Contributions subsequent to the measurement date	160,945	-
Total	\$ 719,839	\$ 114,980

\$160,945 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Pension Expense Amount
2019	\$ 136,740
2020	29,071
2021	66,746
2022	211,354
2023	-
Thereafter	-
Total	\$ 443,911

NOTE 15: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB)**Plan Description and Benefits Provided**

TMRS administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e. no assets are accumulated).

Membership

At the December 31, 2018 valuation and measurement date, the following is the number of members in the plan:

Inactive employees currently receiving benefits	42
Inactive employees entitled to but not yet receiving benefits	13
Active employees	<u>84</u>
Total	<u>139</u>

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retired term life insurance during employees' entire careers. Therefore, there are no assets that are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The SDBF is considered an unfunded OPEB plan and benefit payments made by the City are treated as being equal to the City's yearly contribution for retirees.

The City's contribution rates for the program are as follows:

Plan/Calendar Year	Total SDB Contribution (Rate)	Retiree Portion of SDB Contribution (Rate)
2017	0.23%	0.07%
2018	0.22%	0.08%
2019	0.24%	0.08%

NOTE 15: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)**Total OPEB Liability**

The City's total OPEB liability and the OPEB expense is recognized on the City's financial statements. The OPEB expense recognized each fiscal year is equal to the change in the total OPEB liability from the beginning of the year to the end of the year, adjusted for deferred recognition of certain changes in the liability.

Actuarial Assumptions

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Inflation	2.5%
Salary increases	3.5% to 10.5 % including inflation
Discount rate	3.71%; based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017
Retirees' share of benefit-related costs	\$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

NOTE 15: SUPPLEMENTAL DEATH BENEFIT PLAN (OPEB) - (Continued)**Total OPEB Liability - (Continued)***Changes in Total OPEB Liability*

The following details the changes in the Total OPEB liability:

Balance at 12/31/17	\$ 251,117
Changes for the year:	
Service cost	9,603
Interest	8,424
Change of benefit terms	-
Difference between expected and actual experience	1,671
Change of assumptions	(16,237)
Benefit payments	(2,845)
Net changes	616
Balance at 12/31/18	\$ 251,733

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

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 3.71%, as well as what the City's Total OPEB Liability would be if it were calculated using a discount rate that is 1-percentage-point lower (2.71%) or 1-percentage-point higher (4.71%) than the current rate:

	1.0% Decrease in Discount Rate (2.71%)	Discount Rate (3.71%)	1.0% Increase in Discount Rate (4.71%)
City's Total OPEB Liability:	\$295,616	\$251,733	\$217,669

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$18,596.

At September 30, 2019, 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 experience	\$ 1,382	\$ -
Changes in actuarial assumptions	11,687	13,433
Contributions subsequent to the measurement date	2,216	-
Total	\$ 15,285	\$ 13,433

NOTE 16: VOLUNTEER FIREFIGHTERS' PENSION BENEFIT PLAN

The City provides a pension benefit for all retired volunteer firemen who qualify under the provisions of the Texas Local Fire Fighters Retirement Act. To be eligible, individuals must have completed at least 20 years of service and be at least 55 years old. Quarterly payments of \$75 are made to qualifying individuals until their death, at which time the surviving spouse, if any, is entitled to receive payments of \$50 per quarter until death. As of September 30, 2019, there were 9 individuals receiving benefits under the plan. Benefit payments for the year totaled \$2,200.

An actuarial study has not been performed to determine the City's accrued liability related to this benefit plan. Management estimates that the unfunded liability for vested benefits was between \$40,000 and \$50,000 as of September 30, 2019.

NOTE 17: 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 the deferral of a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency.

The assets of this plan, which totaled \$689,814 as of September 30, 2019, are held in trust for the exclusive benefit of participants and their beneficiaries. As such, no amounts related to these assets are included in the accompanying financial statements.

NOTE 18: FUND BALANCES

The following is a detail of the governmental fund balances as of September 30, 2019:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>	<u>Total</u>
General					
Prepaid items	\$ 53,633	\$ -	\$ -	\$ -	\$ 53,633
Operating reserves	-	-	2,421,130	-	2,421,130
Capital asset replacement	-	-	209,694	-	209,694
Unassigned	-	-	-	11,137,483	11,137,483
Hurricane Harvey					
Unassigned	-	-	-	(1,584,412)	(1,584,412)
Nonmajor Governmental					
Retirement of long-term debt	-	166,022	-	-	166,022
Tourism and conventions	-	650,347	-	-	650,347
Economic development	-	10,582	-	-	10,582
Police	-	94,494	-	-	94,494
Municipal court	-	48,077	-	-	48,077
	<u>\$ 53,633</u>	<u>\$ 969,522</u>	<u>\$ 2,630,824</u>	<u>\$ 9,553,071</u>	<u>\$ 13,207,050</u>

NOTE 19: SUBSEQUENT EVENT

In October 2019, the City entered into a loan agreement with the Texas Comptroller of Public Accounts, through its State Energy Conservation Office for an amount not to exceed \$224,249. The proceeds of the loan will be used to finance the City's projects for various energy savings measures for City buildings and facilities.

Required Supplementary Information

CITY OF PORT LAVACA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL***For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019				2018
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES					
Taxes	\$ 6,812,800	\$ 6,812,800	\$ 8,131,607	\$ 1,318,807	\$ 7,651,572
Fines and forfeitures	307,500	307,500	292,282	(15,218)	315,170
Intergovernmental	257,800	257,800	269,931	12,131	268,461
Licenses and permits	111,000	111,000	120,897	9,897	154,056
Investment	65,000	65,000	295,613	230,613	172,461
Rental	60,000	60,000	51,785	(8,215)	10,800
Charges for services	7,500	7,500	12,897	5,397	4,079
Miscellaneous	25,000	82,450	81,593	(857)	53,707
Total revenues	<u>7,646,600</u>	<u>7,704,050</u>	<u>9,256,605</u>	<u>1,552,555</u>	<u>8,630,306</u>
EXPENDITURES					
Current					
General government	2,135,763	2,135,763	1,544,871	590,892	1,722,158
Public safety	3,364,552	3,431,767	3,279,096	152,671	3,356,706
Public works	1,598,750	1,598,750	1,240,009	358,741	1,217,296
Parks and recreation	672,075	672,075	624,107	47,968	642,491
Capital outlay	<u>1,611,500</u>	<u>1,673,750</u>	<u>575,308</u>	<u>1,098,442</u>	<u>-</u>
Total expenditures	<u>9,382,640</u>	<u>9,512,105</u>	<u>7,263,391</u>	<u>2,248,714</u>	<u>6,938,651</u>
Excess (deficiency) of revenues over expenditures	(1,736,040)	(1,808,055)	1,993,214	3,801,269	1,691,655
OTHER FINANCING SOURCES (USES)					
Transfers in	450,275	450,275	1,385,717	935,442	448,639
Transfers out	<u>(475,000)</u>	<u>(475,000)</u>	<u>(661,050)</u>	<u>(186,050)</u>	<u>(1,139,513)</u>
Net other financing sources (uses)	<u>(24,725)</u>	<u>(24,725)</u>	<u>724,667</u>	<u>749,392</u>	<u>(690,874)</u>
Net change in fund balance	(1,760,765)	(1,832,780)	2,717,881	4,550,661	1,000,781
Fund balance at beginning of year	<u>11,104,059</u>	<u>11,104,059</u>	<u>11,104,059</u>	<u>-</u>	<u>10,103,278</u>
Fund balance at end of year	<u>\$ 9,343,294</u>	<u>\$ 9,271,279</u>	<u>\$ 13,821,940</u>	<u>\$ 4,550,661</u>	<u>\$ 11,104,059</u>

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF PORT LAVACA, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION
Last ten years

	Measurement Year		
	2014	2015	2016
Total Pension Liability			
Service cost	\$ 314,835	\$ 358,107	\$ 365,217
Interest (on the total pension liability)	670,913	688,461	696,229
Changes of benefit terms	-	-	-
Difference between expected and actual experience	(250,547)	(139,223)	14,276
Change of assumptions	-	88,376	-
Benefit payments, including refunds of employee contributions	(546,714)	(465,578)	(574,303)
Net Change in Total Pension Liability	188,487	530,143	501,419
Total Pension Liability - Beginning	9,700,410	9,888,897	10,419,040
Total Pension Liability - Ending (a)	<u>\$ 9,888,897</u>	<u>\$ 10,419,040</u>	<u>\$ 10,920,459</u>
Plan Fiduciary Net Position			
Contributions - Employer	\$ 197,075	\$ 241,857	\$ 213,193
Contributions - Employee	176,910	195,047	187,676
Net investment income	515,111	13,784	629,604
Benefit payments, including refunds of employee contributions	(546,714)	(465,578)	(574,303)
Administrative expense	(5,379)	(8,396)	(7,112)
Other	(442)	(415)	(383)
Net Change in Plan Fiduciary Net Position	336,561	(23,701)	448,675
Plan Fiduciary Net Position - Beginning	9,005,394	9,341,955	9,318,254
Plan Fiduciary Net Position - Ending (b)	<u>\$ 9,341,955</u>	<u>\$ 9,318,254</u>	<u>\$ 9,766,929</u>
Net Pension Liability - Ending (a) - (b)	<u>\$ 546,942</u>	<u>\$ 1,100,786</u>	<u>\$ 1,153,530</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	94.47%	89.43%	89.44%
Covered Payroll	\$ 3,538,200	\$ 3,900,944	\$ 3,753,514
Net Pension Liability as a Percentage of Covered Payroll	15.46%	28.22%	30.73%

NOTE: Information for the prior five years was not readily available. The City will compile the respective information over the next five years as provided by TMRS on a "measurement date" basis.

The accompanying notes to required supplementary information are an integral part of this schedule.

Measurement Year	
2017	2018
\$ 348,599	\$ 340,363
726,299	741,373
-	-
(125,070)	(92,649)
-	-
<u>(669,541)</u>	<u>(775,245)</u>
280,287	213,842
<u>10,920,459</u>	<u>11,200,746</u>
<u>\$ 11,200,746</u>	<u>\$ 11,414,588</u>
\$ 219,660	\$ 213,037
182,513	177,828
1,353,359	(324,704)
(669,541)	(775,245)
(7,015)	(6,279)
<u>(356)</u>	<u>(327)</u>
1,078,620	(715,690)
<u>9,766,929</u>	<u>10,845,549</u>
<u>\$ 10,845,549</u>	<u>\$ 10,129,859</u>
<u>\$ 355,197</u>	<u>\$ 1,284,729</u>
96.83%	88.74%
\$ 3,650,253	\$ 3,556,564
9.73%	36.12%

CITY OF PORT LAVACA, TEXAS**SCHEDULE OF EMPLOYER CONTRIBUTIONS****TEXAS MUNICIPAL RETIREMENT SYSTEM - PENSION***Last ten fiscal years*

	Fiscal Year		
	2015	2016	2017
Actuarially Determined Contribution	\$ 225,696	\$ 222,531	\$ 211,938
Contribution in relation to the actuarially determined contribution	<u>(234,844)</u>	<u>(232,147)</u>	<u>(220,357)</u>
Contribution deficiency (excess)	<u>\$ (9,148)</u>	<u>\$ (9,616)</u>	<u>\$ (8,419)</u>
Covered payroll	\$ 3,728,430	\$ 3,822,573	\$ 3,575,417
Contributions as a percentage of covered payroll	6.30%	6.07%	6.16%

NOTE: Information for the prior five fiscal years was not readily available. The City will compile the respective information over the next five fiscal years.

The accompanying notes to required supplementary information are an integral part of this schedule.

Fiscal Year	
2018	2019
\$ 216,287	\$ 220,661
<u>(224,324)</u>	<u>(229,502)</u>
\$ <u>(8,037)</u>	\$ <u>(8,841)</u>
\$ 3,605,556	\$ 3,767,059
6.22%	6.09%

CITY OF PORT LAVACA, TEXAS**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT
Last ten years

	Measurement Year	
	2017	2018
Total OPEB Liability		
Service cost	\$ 8,761	\$ 9,603
Interest (on the total OPEB liability)	8,383	8,424
Change of benefit terms	-	-
Difference between expected and actual experience	-	1,671
Change of assumptions	17,855	(16,237)
Benefit payments	(2,555)	(2,845)
Net Change in Total OPEB Liability	32,444	616
Total OPEB Liability - Beginning	218,673	251,117
Total OPEB Liability - Ending	<u>\$ 251,117</u>	<u>\$ 251,733</u>
 Covered Payroll	 \$ 3,650,253	 \$ 3,556,564
 Total OPEB Liability as a Percentage of Covered Payroll	 6.88%	 7.08%

NOTE: Information for the prior eight years was not readily available. The City will compile the respective information over the next eight years as provided by TMRS on a "measurement date" basis.

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF PORT LAVACA, TEXAS**SCHEDULE OF EMPLOYER CONTRIBUTIONS****TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT***Last ten fiscal years*

	Fiscal Year	
	2018	2019
Actuarially Determined Contribution	\$ 2,780	\$ 3,014
Contribution in relation to the actuarially determined contribution	(2,780)	(3,014)
Contribution deficiency (excess)	\$ -	\$ -
Covered payroll	\$ 3,605,556	\$ 3,767,059
Contributions as a percentage of covered payroll	0.0771%	0.0800%

NOTE: Information for the prior eight years was not readily available. The City will compile the respective information over the next eight years.

The accompanying notes to required supplementary information are an integral part of this schedule.

CITY OF PORT LAVACA, TEXAS**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2019

NOTE 1: BUDGETARY BASIS OF ACCOUNTING

The City annually adopts budgets that are prepared using the modified accrual basis of accounting, which is consistent with generally accepted accounting principles.

The Required Supplementary Information does not include a budgetary comparison schedule for the Major Special Revenue Fund, Hurricane Harvey. The activity of this fund is funded by the federal and state government, thereby no local control over appropriating funds is possible. Therefore, there is no requirement of presenting a budgetary comparison schedule.

NOTE 2: BUDGETARY LEGAL COMPLIANCE

For the year ended September 30, 2019, the City complied with budgetary restrictions at all departmental levels except the following:

<u>Fund Name- Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
City secretary	\$ 169,600	\$ 169,792	\$ 192
Municipal court	142,325	150,127	7,802
Animal control	133,000	136,197	3,197
Transfers out	475,000	661,050	186,050

NOTE 3: DEFINED BENEFIT PENSION PLANValuation Date

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

Methods and Assumptions Used to Determine Contribution Rates

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	27 years
Asset Valuation Method	10 year Smoothed Market; 15% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014

NOTE 3: DEFINED BENEFIT PENSION PLAN - (Continued)

Methods and Assumptions Used to Determine Contribution Rates - (Continued)

Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
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Other Information

There were no benefit changes during the year.

NOTE 4: SUPPLEMENTAL DEATH BENEFIT PLAN - OPEB

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

There were no changes in plan provisions or assumptions during the year.

Combining and Individual Fund Statements and Schedules

NONMAJOR GOVERNMENTAL FUNDS

Nonmajor Special Revenue Funds

Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specific purposes other than debt service or capital projects.

Hotel Occupancy Tax Fund - Accounts for the collection of hotel and motel taxes collected within the City. The City uses these funds to directly enhance and promote tourism and the convention and hotel industry or other expenses as approved by State Law.

Police Forfeitures Fund - Accounts for items seized by the City through the police department as a result of criminal investigations. The funds are used for one-time equipment purchases and other purchases to assist in police activities.

Municipal Court Technology and Building Security - Account for fees collected on conviction of certain municipal court offenses and funds are intended to enhance these specific areas.

Economic Development Fund - Accounts for funds received from public and private partners to be used for economic development purposes.

Bulletproof Vest Grant Fund - Accounts for federal funds received to fund the purchase of protective armor vests for the City's police officers.

Redflex Traffic System Fund - Accounts for fees collected by the City's red light camera system. This money is shared with the State's trauma account and the City can only use this money to enhance pedestrian safety.

Nonmajor Debt Service Fund

Debt Service Funds are used to account for and report financial resources that are restricted, committed or assigned to expenditure for general government debt principal and interest.

2012 General Obligation Refunding Bonds Fund - To accumulate monies for payment of the City's 2012 General Obligation Refunding Bonds.

Nonmajor Capital Project Fund

Capital Project Funds are used to account for and report financial resources to be used for the acquisition or construction of major capital facilities (other than those financed by proprietary funds).

Street Construction Fund - To account for the funding of street improvements by the use of bond proceeds or by funds from other governmental funds.

CITY OF PORT LAVACA, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2019

	Special Revenue				
	Hotel Occupancy Tax	Police Forfeitures	Building Security	Economic Development	Bulletproof Vest Grant
ASSETS					
Current assets					
Cash and cash equivalents	\$ 568,082	\$ 14,239	\$ 31,875	\$ 10,582	\$ -
Receivables (net)	107,542	-	-	-	-
Due from other governments	-	-	-	-	1,921
Total assets	\$ 675,624	\$ 14,239	\$ 31,875	\$ 10,582	\$ 1,921
LIABILITIES					
Liabilities					
Accounts payable	\$ 25,277	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	1,921
Total liabilities	25,277	-	-	-	1,921
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue	-	-	-	-	-
Total deferred inflows of resources	-	-	-	-	-
FUND BALANCE					
Restricted					
Retirement of long-term debt	-	-	-	-	-
Tourism and conventions	650,347	-	-	-	-
Economic development	-	-	-	10,582	-
Public safety	-	14,239	-	-	-
Municipal court	-	-	31,875	-	-
Total fund balance	650,347	14,239	31,875	10,582	-
Total liabilities, deferred inflows and fund balance	\$ 675,624	\$ 14,239	\$ 31,875	\$ 10,582	\$ 1,921

Special Revenue			Debt Service	Capital Projects	Total Nonmajor Governmental Funds
Redflex Traffic System	Court Technology Fund	Total	2012 General Obligation Refunding Bonds	Street Construction	
\$ 81,154	\$ 16,202	\$ 722,134	\$ 165,378	\$ 183,299	\$ 1,070,811
-	-	107,542	24,776	-	132,318
-	-	1,921	644	-	2,565
<u>\$ 81,154</u>	<u>\$ 16,202</u>	<u>\$ 831,597</u>	<u>\$ 190,798</u>	<u>\$ 183,299</u>	<u>\$ 1,205,694</u>
\$ 899	\$ -	\$ 26,176	\$ -	\$ 183,299	\$ 209,475
-	-	1,921	-	-	1,921
<u>899</u>	<u>-</u>	<u>28,097</u>	<u>-</u>	<u>183,299</u>	<u>211,396</u>
-	-	-	24,776	-	24,776
-	-	-	24,776	-	24,776
-	-	-	166,022	-	166,022
-	-	650,347	-	-	650,347
-	-	10,582	-	-	10,582
80,255	-	94,494	-	-	94,494
-	16,202	48,077	-	-	48,077
<u>80,255</u>	<u>16,202</u>	<u>803,500</u>	<u>166,022</u>	<u>-</u>	<u>969,522</u>
<u>\$ 81,154</u>	<u>\$ 16,202</u>	<u>\$ 831,597</u>	<u>\$ 190,798</u>	<u>\$ 183,299</u>	<u>\$ 1,205,694</u>

CITY OF PORT LAVACA, TEXAS**COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES****NONMAJOR GOVERNMENTAL FUNDS***For the year ended September 30, 2019*

	Special Revenue				
	Hotel Occupancy Tax	Police Forfeitures	Building Security	Economic Development	Bulletproof Vest Grant
REVENUES					
Taxes	\$ 650,174	\$ -	\$ -	\$ -	\$ -
Fines, fees, and forfeitures	-	29	3,788	-	-
Intergovernmental	-	-	-	-	1,921
Investment	25,989	932	647	227	-
Miscellaneous	61,449	-	-	-	-
Total revenues	<u>737,612</u>	<u>961</u>	<u>4,435</u>	<u>227</u>	<u>1,921</u>
EXPENDITURES					
Current					
General government	419,920	-	-	-	-
Public safety	-	-	-	-	3,842
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Total expenditures	<u>419,920</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>3,842</u>
Excess (deficiency) of revenues over expenditures	317,692	961	4,435	227	(1,921)
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	1,921
Transfers out	(1,117,017)	-	-	-	-
Total other financing sources (uses)	<u>(1,117,017)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>1,921</u>
Net change in fund balances	(799,325)	961	4,435	227	-
Fund balances at beginning of year	<u>1,449,672</u>	<u>13,278</u>	<u>27,440</u>	<u>10,355</u>	<u>-</u>
Fund balances at end of year	<u>\$ 650,347</u>	<u>\$ 14,239</u>	<u>\$ 31,875</u>	<u>\$ 10,582</u>	<u>\$ -</u>

Special Revenue			Debt Service	Capital Projects	Total
Redflex Traffic System	Court Technology Fund	Total	2012 General Obligation Refunding Bonds	Street Construction	Nonmajor Governmental Funds
\$ -	\$ -	\$ 650,174	\$ 332,792	\$ -	\$ 982,966
-	5,127	8,944	-	-	8,944
-	-	1,921	-	-	1,921
1,815	125	29,735	3,835	-	33,570
-	-	61,449	-	-	61,449
<u>1,815</u>	<u>5,252</u>	<u>752,223</u>	<u>336,627</u>	<u>-</u>	<u>1,088,850</u>
-	-	419,920	-	-	419,920
4,657	-	8,499	-	-	8,499
-	-	-	-	659,129	659,129
-	-	-	300,000	-	300,000
-	-	-	29,837	-	29,837
<u>4,657</u>	<u>-</u>	<u>428,419</u>	<u>329,837</u>	<u>659,129</u>	<u>1,417,385</u>
(2,842)	5,252	323,804	6,790	(659,129)	(328,535)
-	5,935	7,856	-	659,129	666,985
<u>-</u>	<u>-</u>	<u>(1,117,017)</u>	<u>-</u>	<u>-</u>	<u>(1,117,017)</u>
<u>-</u>	<u>5,935</u>	<u>(1,109,161)</u>	<u>-</u>	<u>659,129</u>	<u>(450,032)</u>
(2,842)	11,187	(785,357)	6,790	-	(778,567)
<u>83,097</u>	<u>5,015</u>	<u>1,588,857</u>	<u>159,232</u>	<u>-</u>	<u>1,748,089</u>
<u>\$ 80,255</u>	<u>\$ 16,202</u>	<u>\$ 803,500</u>	<u>\$ 166,022</u>	<u>\$ -</u>	<u>\$ 969,522</u>

GENERAL FUND

The General Fund is the City's primary operating fund and accounts for all financial resources of the general government, except those required to be accounted for and reported in another fund.

CITY OF PORT LAVACA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****BALANCE SHEET**

September 30, 2019

With comparative totals for September 30, 2018

	<u>2019</u>	<u>2018</u>
ASSETS		
Cash and cash equivalents	\$ 12,343,705	\$ 9,599,179
Receivables, net		
Taxes	482,452	452,492
Fines	63,918	62,271
Other	17,105	26,701
Due from other governments	746,421	575,832
Due from other funds	1,309,155	1,452,928
Prepaid items	<u>53,633</u>	<u>46,702</u>
Total assets	<u>\$ 15,016,389</u>	<u>\$ 12,216,105</u>
LIABILITIES		
Accounts payable	\$ 447,603	\$ 385,032
Payroll related payables	152,228	181,737
Due to other governments	18,341	12,286
Customer and other deposits	23,464	13,606
Unearned revenue	<u>67,439</u>	<u>65,676</u>
Total liabilities	<u>709,075</u>	<u>658,337</u>
DEFERRED INFLOWS OF RESOURCES		
Unavailable revenue	<u>485,374</u>	<u>453,709</u>
Total deferred inflows of resources	<u>485,374</u>	<u>453,709</u>
FUND BALANCE		
Nonspendable		
Prepaid items	53,633	46,702
Committed		
Operating reserves	2,421,130	2,312,884
Capital asset replacement	209,694	235,910
Unassigned	<u>11,137,483</u>	<u>8,508,563</u>
Total fund balance	<u>13,821,940</u>	<u>11,104,059</u>
Total liabilities, deferred inflows and fund balance	<u>\$ 15,016,389</u>	<u>\$ 12,216,105</u>

CITY OF PORT LAVACA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES****BUDGET (GAAP BASIS) AND ACTUAL***For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Taxes				
Ad valorem	\$ 3,668,300	\$ 3,949,853	\$ 281,553	\$ 3,887,764
Sales	2,550,000	3,562,168	1,012,168	3,138,929
Franchise	569,500	584,078	14,578	588,803
Beverage	25,000	35,508	10,508	36,076
Total taxes	6,812,800	8,131,607	1,318,807	7,651,572
Fines and forfeitures				
Municipal court	197,500	170,236	(27,264)	193,090
Tax penalties and fees	110,000	122,046	12,046	122,080
Total fines and forfeitures	307,500	292,282	(15,218)	315,170
Intergovernmental				
Reimbursements	256,000	267,993	11,993	261,073
Grants and allocations	1,800	1,938	138	7,388
Total intergovernmental	257,800	269,931	12,131	268,461
Licenses and permits				
Licenses				
Building/electrical	5,000	10,500	5,500	12,885
Animal	5,000	1,480	(3,520)	4,290
Alcoholic beverage	4,500	3,870	(630)	5,565
Permits				
Building	40,000	61,775	21,775	62,135
Electrical	7,000	9,855	2,855	11,962
Plumbing	7,500	11,019	3,519	10,092
Mechanical	10,000	15,092	5,092	7,080
Miscellaneous	32,000	7,306	(24,694)	40,047
Total licenses and permits	111,000	120,897	9,897	154,056
Investment	65,000	295,613	230,613	172,461
Rental	60,000	51,785	(8,215)	10,800
Charges for services				
Police service fees	1,500	3,814	2,314	2,654
Other	6,000	9,083	3,083	1,425
Total charges for services	7,500	12,897	5,397	4,079

CITY OF PORT LAVACA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF REVENUES AND OTHER FINANCING SOURCES****BUDGET (GAAP BASIS) AND ACTUAL***For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES - (Continued)				
Miscellaneous				
Reimbursements and refunds	\$ 52,450	\$ 48,341	\$ (4,109)	\$ 29,380
Other	30,000	33,252	3,252	24,327
Total miscellaneous	<u>82,450</u>	<u>81,593</u>	<u>(857)</u>	<u>53,707</u>
 Total revenues	 <u>7,704,050</u>	 <u>9,256,605</u>	 <u>1,552,555</u>	 <u>8,630,306</u>
 OTHER FINANCING SOURCES				
Transfers in	450,275	1,385,717	935,442	448,639
Total other financing sources	<u>450,275</u>	<u>1,385,717</u>	<u>935,442</u>	<u>448,639</u>
 Total revenues and other financing sources	 <u>\$ 8,154,325</u>	 <u>\$ 10,642,322</u>	 <u>\$ 2,487,997</u>	 <u>\$ 9,078,945</u>

CITY OF PORT LAVACA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES****BUDGET (GAAP BASIS) AND ACTUAL***For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES				
Current				
General government				
City council				
Personnel services	\$ 31,120	\$ 31,079	\$ 41	\$ 31,075
Materials and supplies	500	441	59	227
Services	1,750	1,749	1	1,340
Total city council	33,370	33,269	101	32,642
City manager				
Personnel services	196,600	195,797	803	229,644
Materials and supplies	700	466	234	2,113
Services	9,750	9,541	209	97,470
Total city manager	207,050	205,804	1,246	329,227
City secretary				
Personnel services	148,600	163,288	(14,688)	165,214
Materials and supplies	1,500	1,673	(173)	1,462
Services	19,500	4,831	14,669	11,057
Total city secretary	169,600	169,792	(192)	177,733
Human resources				
Materials and supplies	1,075	604	471	1,161
Services	12,000	10,717	1,283	9,676
Total human resources	13,075	11,321	1,754	10,837
Municipal court				
Personnel services	128,825	127,702	1,123	128,610
Materials and supplies	1,500	1,873	(373)	1,701
Services	12,000	20,500	(8,500)	17,139
Maintenance	-	-	-	7,033
Sundry	-	52	(52)	-
Total municipal court	142,325	150,127	(7,802)	154,483
Economic development				
Personnel services	103,950	101,737	2,213	98,924
Materials and supplies	2,500	382	2,118	464
Services	11,000	3,544	7,456	5,678
Maintenance	-	-	-	9,000
Sundry	35,000	2,000	33,000	-
Capital outlay	30,000	-	30,000	-
Total economic development	182,450	107,663	74,787	114,066

(continued)

CITY OF PORT LAVACA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES****BUDGET (GAAP BASIS) AND ACTUAL***For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Current - (Continued)				
General government - (Continued)				
Finance				
Personnel services	\$ 206,400	\$ 173,438	\$ 32,962	\$ 203,273
Materials and supplies	9,000	7,783	1,217	6,802
Services	9,700	6,389	3,311	5,194
Maintenance	1,000	248	752	-
Total finance	226,100	187,858	38,242	215,269
City hall				
Personnel services	6,225	3,812	2,413	4,914
Materials and supplies	13,000	13,007	(7)	16,308
Services	57,450	41,743	15,707	43,386
Maintenance	6,000	10,749	(4,749)	54,872
Capital outlay	200,000	-	200,000	6,862
Total city hall	282,675	69,311	213,364	126,342
Non-departmental				
Personnel services	217,966	30,101	187,865	56,789
Services	421,787	398,930	22,857	391,885
Maintenance	162,315	158,068	4,247	88,051
Sundry	77,050	22,627	54,423	24,834
Total non-departmental	879,118	609,726	269,392	561,559
Total general government	2,135,763	1,544,871	590,892	1,722,158
Public safety				
Police				
Personnel services	1,657,900	1,666,442	(8,542)	1,605,249
Materials and supplies	76,315	81,641	(5,326)	77,898
Services	91,420	67,495	23,925	133,071
Maintenance	70,000	49,914	20,086	76,147
Capital outlay	84,690	84,690	-	47,361
Total police	1,980,325	1,950,182	30,143	1,939,726
Fire				
Personnel services	1,048,600	956,651	91,949	1,003,944
Materials and supplies	73,175	67,065	6,110	92,872
Services	70,442	59,895	10,547	61,405
Maintenance	60,225	45,385	14,840	44,564
Capital outlay	66,000	63,721	2,279	66,310
Debt service	-	-	-	47,180
Total fire	1,318,442	1,192,717	125,725	1,316,275

(continued)

CITY OF PORT LAVACA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES****BUDGET (GAAP BASIS) AND ACTUAL**

For the year ended September 30, 2019

With comparative totals for the year ended September 30, 2018

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Current - (Continued)				
Public safety - (Continued)				
Animal control				
Personnel services	\$ 94,350	\$ 86,324	\$ 8,026	\$ 58,128
Materials and supplies	9,050	10,905	(1,855)	8,311
Services	12,350	16,863	(4,513)	15,198
Maintenance	5,750	11,005	(5,255)	19,068
Capital outlay	11,500	11,100	400	-
Total animal control	133,000	136,197	(3,197)	100,705
Total public safety	3,431,767	3,279,096	152,671	3,356,706
Public works				
Code enforcement/inspections				
Personnel services	204,950	160,133	44,817	159,286
Materials and supplies	8,800	9,365	(565)	6,278
Services	46,900	26,170	20,730	37,258
Maintenance	1,000	814	186	2,716
Capital outlay	-	-	-	8,000
Total code enforcement/inspections	261,650	196,482	65,168	213,538
Streets				
Personnel services	585,600	518,549	67,051	523,242
Materials and supplies	30,500	27,969	2,531	32,559
Services	260,000	172,298	87,702	118,929
Maintenance	291,000	196,635	94,365	245,393
Capital outlay	170,000	128,076	41,924	83,635
Total streets	1,337,100	1,043,527	293,573	1,003,758
Total public works	1,598,750	1,240,009	358,741	1,217,296
Parks and recreation				
Parks				
Personnel services	248,100	199,211	48,889	183,528
Materials and supplies	31,500	27,374	4,126	22,161
Services	49,800	46,880	2,920	51,197
Maintenance	52,000	66,869	(14,869)	61,084
Capital outlay	-	3,553	(3,553)	41,606
Total parks	381,400	343,887	37,513	359,576

(continued)

CITY OF PORT LAVACA, TEXAS**MAJOR GOVERNMENTAL FUNDS - GENERAL FUND****SCHEDULE OF EXPENDITURES AND OTHER FINANCING USES****BUDGET (GAAP BASIS) AND ACTUAL***For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
EXPENDITURES - (Continued)				
Current - (Continued)				
Parks and recreation - (Continued)				
Convention/visitors bureau				
Personnel services	\$ 74,575	\$ 83,260	\$ (8,685)	\$ 62,707
Materials and supplies	7,900	9,364	(1,464)	2,585
Services	109,600	93,407	16,193	92,229
Maintenance	98,600	94,189	4,411	125,394
Total convention/visitors bureau	<u>290,675</u>	<u>280,220</u>	<u>10,455</u>	<u>282,915</u>
Total parks and recreation	<u>672,075</u>	<u>624,107</u>	<u>47,968</u>	<u>642,491</u>
Total current	<u>7,838,355</u>	<u>6,688,083</u>	<u>1,150,272</u>	<u>6,938,651</u>
Capital outlay	<u>1,673,750</u>	<u>575,308</u>	<u>1,098,442</u>	<u>-</u>
Total expenditures	<u>9,512,105</u>	<u>7,263,391</u>	<u>2,248,714</u>	<u>6,938,651</u>
OTHER FINANCING USES				
Transfers out	<u>475,000</u>	<u>661,050</u>	<u>(186,050)</u>	<u>1,139,513</u>
Total expenditures and other financing uses	<u>\$ 9,987,105</u>	<u>\$ 7,924,441</u>	<u>\$ 2,062,664</u>	<u>\$ 8,078,164</u>

(concluded)

NONMAJOR DEBT SERVICE FUND

CITY OF PORT LAVACA, TEXAS**NONMAJOR GOVERNMENTAL FUNDS - 2012 GENERAL OBLIGATION REFUNDING BONDS FUND****SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE****BUDGET (GAAP BASIS) AND ACTUAL***For the year ended September 30, 2019**With comparative totals for the year ended September 30, 2018*

	2019			2018
	Final Budget	Actual	Variance Positive (Negative)	Actual
REVENUES				
Taxes				
Ad valorem	\$ 329,837	\$ 332,792	\$ 2,955	\$ 332,057
Investment	-	3,835	3,835	3,652
Total revenues	<u>329,837</u>	<u>336,627</u>	<u>6,790</u>	<u>335,709</u>
EXPENDITURES				
Debt service				
Principal retirement	300,000	300,000	-	290,000
Interest and fiscal charges	<u>29,837</u>	<u>29,837</u>	<u>-</u>	<u>35,975</u>
Total expenditures	<u>329,837</u>	<u>329,837</u>	<u>-</u>	<u>325,975</u>
Excess (deficiency) of revenues over expenditures	-	6,790	6,790	9,734
OTHER FINANCING SOURCES (USES)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	6,790	6,790	9,734
Fund balances at beginning of year	<u>159,232</u>	<u>159,232</u>	<u>-</u>	<u>149,498</u>
Fund balances at end of year	<u>\$ 159,232</u>	<u>\$ 166,022</u>	<u>\$ 6,790</u>	<u>\$ 159,232</u>

AGENCY FUND

Agency Funds are used to account for resources held for others in a custodial capacity and do not involve measurement of results of operations.

Police Seized Nonforfeiture Fund - To account for assets seized by the City's police department in various law enforcement actions prior to disposition of the assets by court authorities.

CITY OF PORT LAVACA, TEXAS**STATEMENT OF CHANGES IN ASSETS AND LIABILITIES****AGENCY FUND***For the year ended September 30, 2019*

	<u>Balance Beginning of Year</u>	<u>Additions</u>	<u>Deductions</u>	<u>Balance End of Year</u>
POLICE SEIZED NONFORFEITURE FUND				
Assets				
Cash and cash equivalents	<u>\$ 26,009</u>	<u>\$ 930</u>	<u>\$ 946</u>	<u>\$ 25,993</u>
Total assets	<u>\$ 26,009</u>	<u>\$ 930</u>	<u>\$ 946</u>	<u>\$ 25,993</u>
Liabilities				
Due to others	<u>\$ 26,009</u>	<u>\$ 930</u>	<u>\$ 946</u>	<u>\$ 25,993</u>
Total liabilities	<u>\$ 26,009</u>	<u>\$ 930</u>	<u>\$ 946</u>	<u>\$ 25,993</u>

STATISTICAL SECTION

STATISTICAL SECTION

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

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Financial Trends	
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.....	86
Revenue Capacity	
These schedules contain information to help the reader assess the factors affecting the City's ability to generate its property taxes and water and sewer revenues.....	97
Debt Capacity	
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future	108
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place and to help make comparisons over time and with other governments.....	114
Operating Information	
These schedules contain information about the City's operations and resources to help the reader understand how the City's financial information relates to the services the City provides and the activities it performs.....	116

CITY OF PORT LAVACA, TEXAS
NET POSITION BY COMPONENT (1)
Last ten fiscal years

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 18,383,147	\$ 18,380,797	\$ 19,174,209	\$ 21,750,587
Restricted	784,798	1,049,987	1,027,384	1,463,189
Unrestricted	<u>4,732,493</u>	<u>5,231,769</u>	<u>5,544,238</u>	<u>3,452,739</u>
Total governmental activities net position	<u>\$ 23,900,438</u>	<u>\$ 24,662,553</u>	<u>\$ 25,745,831</u>	<u>\$ 26,666,515</u>
Business-type activities				
Net investment in capital assets	\$ 11,536,833	\$ 13,321,583	\$ 13,756,393	\$ 14,059,066
Restricted	51,469	-	-	-
Unrestricted	<u>6,841,071</u>	<u>6,892,206</u>	<u>7,449,406</u>	<u>7,772,021</u>
Total business-type activities net position	<u>\$ 18,429,373</u>	<u>\$ 20,213,789</u>	<u>\$ 21,205,799</u>	<u>\$ 21,831,087</u>
Primary government				
Net investment in capital assets	\$ 29,919,980	\$ 31,702,380	\$ 32,930,602	\$ 35,809,653
Restricted	836,267	1,049,987	1,027,384	1,463,189
Unrestricted	<u>11,573,564</u>	<u>12,123,975</u>	<u>12,993,644</u>	<u>11,224,760</u>
Total primary government activities net position	<u>\$ 42,329,811</u>	<u>\$ 44,876,342</u>	<u>\$ 46,951,630</u>	<u>\$ 48,497,602</u>

(1) Accrual basis of accounting

NOTES: The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

The City implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this new standard.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 19,170,337	\$ 20,724,855	\$ 20,549,966	\$ 21,310,618	\$ 22,482,158	\$ 23,390,026
1,175,154	1,330,800	1,321,980	1,545,313	1,765,338	990,959
<u>7,942,352</u>	<u>8,118,735</u>	<u>9,368,639</u>	<u>10,301,123</u>	<u>9,843,388</u>	<u>12,460,165</u>
<u>\$ 28,287,843</u>	<u>\$ 30,174,390</u>	<u>\$ 31,240,585</u>	<u>\$ 33,157,054</u>	<u>\$ 34,090,884</u>	<u>\$ 36,841,150</u>
\$ 16,550,105	\$ 17,592,876	\$ 17,986,418	\$ 18,489,664	\$ 18,732,930	\$ 21,173,355
-	-	-	-	-	-
<u>6,402,372</u>	<u>5,622,584</u>	<u>6,247,533</u>	<u>7,262,774</u>	<u>8,326,831</u>	<u>8,955,810</u>
<u>\$ 22,952,477</u>	<u>\$ 23,215,460</u>	<u>\$ 24,233,951</u>	<u>\$ 25,752,438</u>	<u>\$ 27,059,761</u>	<u>\$ 30,129,165</u>
\$ 35,720,442	\$ 38,317,731	\$ 38,536,384	\$ 39,800,282	\$ 41,215,088	\$ 44,563,381
1,175,154	1,330,800	1,321,980	1,545,313	1,765,338	990,959
<u>14,344,724</u>	<u>13,741,319</u>	<u>15,616,172</u>	<u>17,563,897</u>	<u>18,170,219</u>	<u>21,415,975</u>
<u>\$ 51,240,320</u>	<u>\$ 53,389,850</u>	<u>\$ 55,474,536</u>	<u>\$ 58,909,492</u>	<u>\$ 61,150,645</u>	<u>\$ 66,970,315</u>

CITY OF PORT LAVACA, TEXAS**CHANGES IN NET POSITION (1)***Last ten fiscal years*

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Program expenses				
General government	\$ 1,886,794	\$ 1,952,643	\$ 2,150,599	\$ 2,140,960
Public safety	3,191,293	3,112,422	3,088,940	3,199,920
Public works	1,406,502	1,539,354	1,629,726	1,629,165
Parks and recreation	686,747	701,325	637,689	689,022
Interest on long-term debt	147,266	140,373	132,374	113,201
Total expenses	<u>7,318,602</u>	<u>7,446,117</u>	<u>7,639,328</u>	<u>7,772,268</u>
Program revenues				
Charges for services	804,307	612,209	586,394	711,117
Operating grants and contributions	322,510	293,947	322,478	252,056
Capital grants and contributions	125,279	35,500	259,835	-
Total program revenues	<u>1,252,096</u>	<u>941,656</u>	<u>1,168,707</u>	<u>963,173</u>
Total governmental activities net program expense	(6,066,506)	(6,504,461)	(6,470,621)	(6,809,095)
General revenues and other changes in net position				
Taxes				
Property taxes	3,414,317	3,513,386	3,754,272	3,808,571
Sales taxes	2,295,492	2,313,247	2,364,076	2,445,393
Franchise taxes	620,247	586,575	593,255	587,534
Other taxes	271,287	339,366	345,381	389,564
Unrestricted investment earnings	54,319	38,045	29,877	12,995
Miscellaneous	277,928	246,642	232,217	302,881
Transfers	182,943	229,315	234,821	224,000
Special item - litigation settlement	(185,000)	-	-	-
Total general revenues and other changes in net position	<u>6,931,533</u>	<u>7,266,576</u>	<u>7,553,899</u>	<u>7,770,938</u>
Total governmental activities change in net position	<u>\$ 865,027</u>	<u>\$ 762,115</u>	<u>\$ 1,083,278</u>	<u>\$ 961,843</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 2,632,811	\$ 2,405,720	\$ 2,417,076	\$ 2,615,056	\$ 4,221,921	\$ 3,318,934
3,232,531	3,292,483	3,200,259	3,460,733	3,411,589	3,355,541
1,379,978	1,374,483	1,592,784	1,423,250	1,653,462	1,658,704
629,640	685,084	697,230	748,171	758,143	790,807
67,300	60,841	53,809	51,373	45,858	40,061
7,942,260	7,818,611	7,961,158	8,298,583	10,090,973	9,164,047
613,177	603,814	608,227	721,582	393,968	357,995
687,201	364,996	273,077	741,691	1,291,888	1,533,401
142,843	32,894	-	21,410	-	-
1,443,221	1,001,704	881,304	1,484,683	1,685,856	1,891,396
(6,499,039)	(6,816,907)	(7,079,854)	(6,813,900)	(8,405,117)	(7,272,651)
3,971,992	4,071,091	4,054,264	4,159,200	4,217,842	4,310,870
2,500,013	2,809,977	2,510,153	2,693,583	3,138,929	3,562,168
615,184	615,800	587,153	583,034	588,803	584,078
576,001	538,290	427,960	615,385	692,232	685,682
14,445	29,459	42,964	104,812	199,214	329,183
191,564	245,554	254,054	306,855	415,208	276,301
251,168	864,500	269,501	267,500	267,500	274,635
-	-	-	-	-	-
8,120,367	9,174,671	8,146,049	8,730,369	9,519,728	10,022,917
\$ 1,621,328	\$ 2,357,764	\$ 1,066,195	\$ 1,916,469	\$ 1,114,611	\$ 2,750,266

(continued)

CITY OF PORT LAVACA, TEXAS**CHANGES IN NET POSITION (1)***Last ten fiscal years*

	Fiscal Year			
	2010	2011	2012	2013
Business-type activities				
Expenses				
Public utilities	\$ 4,283,432	\$ 4,123,809	\$ 4,244,884	\$ 4,360,184
Port revenue	395,332	382,570	444,081	464,556
Beach operations	218,240	309,838	225,381	253,315
Total expenses	<u>4,897,004</u>	<u>4,816,217</u>	<u>4,914,346</u>	<u>5,078,055</u>
Program revenues				
Charges for services	5,893,741	6,303,875	5,913,131	6,163,237
Operating grants and contributions	2,000	175,303	22,340	2,000
Capital grants and contributions	374,396	330,595	117,620	49,217
Total program revenues	<u>6,270,137</u>	<u>6,809,773</u>	<u>6,053,091</u>	<u>6,214,454</u>
Total business-type activities net program expense	1,373,133	1,993,556	1,138,745	1,136,399
General revenues and other changes in net position				
Unrestricted investment earnings	28,286	20,175	20,024	17,507
Miscellaneous	-	-	68,062	-
Transfers	(182,943)	(229,315)	(234,821)	(224,000)
Total general revenues and other changes in net position	<u>(154,657)</u>	<u>(209,140)</u>	<u>(146,735)</u>	<u>(206,493)</u>
Total business-type activities change in net position	<u>\$ 1,218,476</u>	<u>\$ 1,784,416</u>	<u>\$ 992,010</u>	<u>\$ 929,906</u>
Total primary government change in net position	<u>\$ 2,083,503</u>	<u>\$ 2,546,531</u>	<u>\$ 2,075,288</u>	<u>\$ 1,891,749</u>

(1) Accrual basis of accounting

NOTES: The City implemented GASB Statement No. 68 "Accounting and Financial Reporting for Pensions" in fiscal year 2015. The amounts for all prior fiscal years have not been restated for the effects of this standard.

The City implemented GASB Statement No. 75 "Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions" in fiscal year 2018. The amounts for all prior fiscal years have not been restated for the effects of this new standard.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 4,252,370	\$ 4,614,845	\$ 4,452,538	\$ 4,313,837	\$ 4,414,433	\$ 4,262,430
456,212	447,151	396,088	340,846	347,709	595,580
261,309	344,669	272,436	267,756	244,200	305,831
4,969,891	5,406,665	5,121,062	4,922,439	5,006,342	5,163,841
6,081,076	6,558,643	6,322,642	6,458,067	6,474,529	6,777,026
-	-	2,000	2,000	-	-
248,350	37,000	45,625	181,111	2,500	1,531,801
6,329,426	6,595,643	6,370,267	6,641,178	6,477,029	8,308,827
1,359,535	1,188,978	1,249,205	1,718,739	1,470,687	3,144,986
13,023	13,563	38,787	67,248	136,038	199,053
-	-	-	-	-	-
(251,168)	(864,500)	(269,501)	(267,500)	(267,500)	(274,635)
(238,145)	(850,937)	(230,714)	(200,252)	(131,462)	(75,582)
\$ 1,121,390	\$ 338,041	\$ 1,018,491	\$ 1,518,487	\$ 1,339,225	\$ 3,069,404
\$ 2,742,718	\$ 2,695,805	\$ 2,084,686	\$ 3,434,956	\$ 2,453,836	\$ 5,819,670

(concluded)

CITY OF PORT LAVACA, TEXAS**FUND BALANCES, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable				
Prepaid items	\$ -	\$ 52,478	\$ 49,954	\$ 64,938
Committed				
Operating reserves	-	2,306,152	2,408,598	2,286,604
Health insurance claims	-	504,848	676,542	728,602
Capital asset replacement	-	382,265	273,122	282,298
Unassigned	-	1,539,331	1,728,695	2,536,205
Reserved				
Prepaid items	50,017	-	-	-
Unreserved, designated				
Operating reserves	2,063,977	-	-	-
Health insurance claims	500,000	-	-	-
Capital asset replacement	250,000	-	-	-
Unreserved, undesignated	1,750,753	-	-	-
Total general fund	<u>\$ 4,614,747</u>	<u>\$ 4,785,074</u>	<u>\$ 5,136,911</u>	<u>\$ 5,898,647</u>
All Other Governmental Funds				
Restricted				
Retirement of long-term debt	-	177,224	183,391	207,178
Various capital projects	-	114,799	133,106	508,824
Tourism and conventions	-	551,491	497,372	517,606
Economic development	-	-	10,001	10,024
Public safety	-	112,456	114,723	125,936
Municipal court	-	20,247	18,328	17,857
Bayfront park pier	-	55,943	56,004	56,063
Committed				
Various capital projects	-	-	-	-
Unassigned	-	-	-	-
Unreserved, undesignated reported in				
Special revenue funds	704,036	-	-	-
Debt service fund	161,177	-	-	-
Capital project funds	(281,044)	-	-	-
Total all other governmental funds	<u>\$ 584,169</u>	<u>\$ 1,032,160</u>	<u>\$ 1,012,925</u>	<u>\$ 1,443,488</u>

(1) Modified accrual basis of accounting

NOTE: The City implemented GASB Statement No. 54 "Fund Balance Reporting and Governmental Fund Type Definitions" in fiscal year 2011.

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 51,193	\$ 47,218	\$ 45,717	\$ 42,147	\$ 46,702	\$ 53,633
2,236,320	2,468,798	2,330,439	2,375,525	2,312,884	2,421,130
929,210	924,846	920,230	733,670	-	-
275,245	285,876	283,660	264,637	235,910	209,694
3,183,423	4,076,496	4,922,293	6,687,299	8,508,563	11,137,483
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 6,675,391</u>	<u>\$ 7,803,234</u>	<u>\$ 8,502,339</u>	<u>\$ 10,103,278</u>	<u>\$ 11,104,059</u>	<u>\$ 13,821,940</u>
201,457	142,508	141,071	149,498	159,232	166,022
-	-	-	-	-	-
774,183	1,004,401	1,049,921	1,245,695	1,449,672	650,347
10,057	10,088	10,120	10,200	10,355	10,582
88,429	89,916	82,009	94,472	96,375	94,494
20,627	23,382	26,408	29,670	32,455	48,077
56,087	56,126	-	139	-	-
1,008,386	478,412	949,666	377,544	-	-
-	-	-	-	(908,694)	(1,584,412)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 2,159,226</u>	<u>\$ 1,804,833</u>	<u>\$ 2,259,195</u>	<u>\$ 1,907,218</u>	<u>\$ 839,395</u>	<u>\$ (614,890)</u>

CITY OF PORT LAVACA, TEXAS**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)***Last ten fiscal years*

	Fiscal Year			
	2010	2011	2012	2013
Revenues				
Taxes	\$ 6,609,092	\$ 6,747,620	\$ 7,097,425	\$ 7,290,483
Licenses and permits	97,740	108,266	109,347	158,721
Fines and forfeitures	769,529	687,791	566,325	626,677
Charges for services	5,956	7,525	5,170	6,820
Intergovernmental	447,789	329,447	322,478	252,056
Investment	54,319	38,045	29,877	12,995
Rental	22,737	30,780	46,432	67,615
Miscellaneous	135,191	91,311	84,151	181,263
Total revenues	<u>8,142,353</u>	<u>8,040,785</u>	<u>8,261,205</u>	<u>8,596,630</u>
Expenditures				
Current				
General government	1,859,894	2,136,142	2,132,974	2,096,778
Public safety	3,213,266	3,330,945	3,221,180	3,089,627
Public works	1,016,111	1,220,156	1,176,781	1,174,528
Parks and recreation	579,783	670,771	504,457	932,950
Capital outlay	2,922,769	235,268	787,921	16,000
Debt service				
Principal retirement	200,000	205,000	215,000	270,000
Interest and fiscal charges	148,599	141,658	134,067	53,061
Issuance costs	-	-	-	67,106
Total expenditures	<u>9,940,422</u>	<u>7,939,940</u>	<u>8,172,380</u>	<u>7,700,050</u>
Excess (deficiency) of revenues over expenditures	(1,798,069)	100,845	88,825	896,580
Other financing sources (uses)				
Transfers in	3,271,834	924,047	613,632	825,428
Transfers out	(3,071,834)	(696,612)	(378,811)	(601,428)
Debt issued	-	284,776	-	2,945,000
Payment to escrow	-	-	-	(2,877,894)
Sale of capital assets	5,036	5,262	8,956	4,613
Total other financing sources (uses)	<u>205,036</u>	<u>517,473</u>	<u>243,777</u>	<u>295,719</u>
Change in fund balances	<u>\$ (1,593,033)</u>	<u>\$ 618,318</u>	<u>\$ 332,602</u>	<u>\$ 1,192,299</u>
Debt service as a percentage of noncapital expenditures	<u>5.10%</u>	<u>4.86%</u>	<u>4.84%</u>	<u>4.51%</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2014	2015	2016	2017	2018	2019
\$ 7,653,598	\$ 8,059,337	\$ 7,556,970	\$ 8,040,235	\$ 8,639,785	\$ 9,114,573
131,291	105,245	109,637	231,321	154,056	120,897
512,461	518,363	508,347	524,683	347,588	301,226
2,901	3,667	2,744	2,176	4,079	12,897
830,044	372,153	273,077	763,101	1,291,888	864,617
14,445	29,459	42,964	104,812	199,214	329,183
76,290	87,084	87,130	76,020	10,800	51,785
143,274	157,627	163,060	192,809	315,222	175,642
<u>9,364,304</u>	<u>9,332,935</u>	<u>8,743,929</u>	<u>9,935,157</u>	<u>10,962,632</u>	<u>10,970,820</u>
2,604,645	2,374,117	2,430,712	2,597,561	4,198,251	3,265,874
3,336,053	3,198,927	3,088,008	3,309,471	3,396,134	3,287,595
983,253	1,344,897	1,190,259	1,275,343	1,217,296	1,240,009
469,422	1,004,617	738,490	614,018	642,491	624,107
412,833	1,215,917	88,715	830,641	1,517,027	1,234,437
265,000	275,000	280,000	285,000	290,000	300,000
60,386	53,571	47,396	41,661	35,975	29,837
-	-	-	-	-	-
<u>8,131,592</u>	<u>9,467,046</u>	<u>7,863,580</u>	<u>8,953,695</u>	<u>11,297,174</u>	<u>9,981,859</u>
1,232,712	(134,111)	880,349	981,462	(334,542)	988,961
1,228,814	1,813,565	1,126,774	498,161	1,588,152	2,052,702
(969,044)	(949,065)	(857,273)	(230,661)	(1,320,652)	(1,778,067)
-	-	-	-	-	-
-	-	-	-	-	-
-	43,061	3,617	-	-	-
<u>259,770</u>	<u>907,561</u>	<u>273,118</u>	<u>267,500</u>	<u>267,500</u>	<u>274,635</u>
<u>\$ 1,492,482</u>	<u>\$ 773,450</u>	<u>\$ 1,153,467</u>	<u>\$ 1,248,962</u>	<u>\$ (67,042)</u>	<u>\$ 1,263,596</u>
<u>4.44%</u>	<u>4.52%</u>	<u>4.41%</u>	<u>4.30%</u>	<u>3.42%</u>	<u>3.90%</u>

CITY OF PORT LAVACA, TEXAS*TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1)**Last ten fiscal years*

<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hotel/Motel</u>	<u>Beverage</u>	<u>Total</u>
2010	\$ 3,422,066	\$ 2,295,492	\$ 620,247	\$ 261,959	\$ 9,328	\$ 6,609,092
2011	3,508,432	2,313,247	586,575	328,114	11,252	6,747,620
2012	3,439,708	2,364,076	593,255	331,724	13,657	6,742,420
2013	3,867,992	2,445,393	587,534	372,677	16,887	7,290,483
2014	3,962,400	2,500,013	615,184	557,841	18,160	7,653,598
2015	4,095,270	2,809,977	615,800	515,635	22,655	8,059,337
2016	4,031,704	2,510,153	587,153	403,714	24,246	7,556,970
2017	4,148,233	2,693,583	583,034	585,491	29,894	8,040,235
2018	4,219,821	3,138,929	588,803	656,156	36,076	8,639,785
2019	4,282,645	3,562,168	584,078	650,174	35,508	9,114,573

(1) Modified accrual basis of accounting

NOTES: The increase in hotel/motel tax in fiscal year 2011 is due to the addition of new hotels in the City and the increase in tax revenue continued in fiscal year 2012 through 2019. Fiscal years 2014 thru 2017 also had an increase in revenues due to the hotel/motel audit performed and the payment of back taxes owed.

The increase in ad valorem tax in fiscal year 2018-2019 is due to the increase in the appraised value on the existing roll.

CITY OF PORT LAVACA, TEXAS**ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Tax Roll</u>	<u>Real Property</u>		<u>Personal Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value Before Freeze</u>
		<u>Residential Property</u>	<u>Non-Residential Property</u>			
2010	2009	\$ 263,328,770	\$ 163,153,617	\$ 98,027,813	\$ 62,279,300	\$ 462,230,900
2011	2010	266,000,516	182,017,744	97,590,700	58,619,346	486,989,614
2012	2011	258,864,339	211,167,691	121,729,513	75,510,553	516,250,990
2013	2012	261,801,587	224,611,352	109,068,664	89,763,499	505,718,104
2014	2013	262,539,992	238,108,943	104,598,314	90,882,927	514,364,322
2015	2014	266,971,427	245,595,854	111,134,071	96,145,972	527,555,380
2016	2015	273,143,803	252,372,733	100,428,715	99,607,928	526,337,323
2017	2016	282,739,771	260,500,871	102,055,513	103,951,981	541,344,174
2018	2017	293,607,619	263,417,728	92,256,010	104,333,461	544,947,896
2019	2018	295,325,973	266,692,835	98,370,030	103,782,635	556,606,203

(1) Includes tax-exempt property

NOTE: Property in the City is reassessed annually. The City assesses property at 100% of actual taxable value for all types of real and personal property. Tax rates are per \$100 of assessed value.

SOURCE: Calhoun County Appraisal District

<u>Total Freeze Taxable</u>	<u>Freeze Adjusted Taxable</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Tax Value Before Freeze Ceiling</u>	<u>Freeze Ceiling</u>	<u>Estimated Tax Value Including Freeze Ceiling</u>	<u>Assessed Value (1) as a Percentage of Actual Value</u>
\$(63,229,126)	\$ 399,001,774	\$ 0.7500	\$ 2,992,513	\$ 403,976	\$ 3,396,489	100.00%
(68,945,245)	418,044,369	0.7500	3,135,333	423,648	3,558,981	100.00%
(69,858,766)	446,392,224	0.7450	3,325,622	431,261	3,756,883	100.00%
(71,958,318)	433,759,786	0.7568	3,282,694	446,159	3,728,853	100.00%
(71,687,194)	442,677,128	0.7900	3,950,383	453,234	4,403,617	100.00%
(73,217,883)	454,337,497	0.7900	4,061,002	471,736	4,532,738	100.00%
(72,637,802)	453,699,521	0.7900	4,049,095	464,869	4,513,964	100.00%
(75,865,635)	465,478,539	0.7900	4,154,852	477,572	4,632,424	100.00%
(77,851,764)	467,096,132	0.7944	3,710,612	489,316	4,199,928	100.00%
(78,616,548)	477,989,655	0.7944	3,797,150	498,326	4,295,476	100.00%

CITY OF PORT LAVACA, TEXAS*DIRECT AND OVERLAPPING PROPERTY TAX RATES**PER \$100 OF ASSESSED VALUE**Last ten fiscal years*

Fiscal Year	Tax Roll	City Direct Rates			Overlapping Rates				
		Debt Service	General Fund	Total	School District	Calhoun County	Port Authority	Groundwater Conservation District	Total
2010	2009	\$0.0770	\$0.6730	\$0.7500	\$1.1201	\$0.4900	\$0.0039	N/A	\$ 1.6140
2011	2010	0.0770	0.6730	0.7500	1.1331	0.4900	0.0039	N/A	1.6270
2012	2011	0.0697	0.6753	0.7450	1.1262	0.4900	0.0036	N/A	1.6198
2013	2012	0.0846	0.6722	0.7568	1.1201	0.4900	0.0032	N/A	1.6133
2014	2013	0.0791	0.7109	0.7900	1.1151	0.4900	0.0031	N/A	1.6082
2015	2014	0.0805	0.7095	0.7900	1.2769	0.4900	0.0030	0.0100	1.7799
2016	2015	0.7123	0.0777	0.7900	1.2936	0.4900	0.0025	0.0100	1.7961
2017	2016	0.7154	0.0746	0.7900	1.2936	0.4900	0.0010	0.0100	1.7946
2018	2017	0.7200	0.0744	0.7944	1.2936	0.4900	0.0010	0.0100	1.7946
2019	2018	0.7213	0.0731	0.7944	1.2936	0.4900	0.0010	0.0098	1.7944

SOURCE: Calhoun County Appraisal District

CITY OF PORT LAVACA, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
(UNAUDITED)
Current Year and Nine Years Ago

2019		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Rexco Inc	\$ 11,865,290	2.48%
Wal-Mart Real Estate Business Trust	7,240,570	1.51%
Momentum Rental & Sales , Inc.	7,025,000	1.47%
AEP Texas Central Company	6,972,920	1.46%
Maxim Crane Works LP	5,247,620	1.10%
BKCK LTD	4,984,360	1.04%
Butt H E Grocery Company	4,936,738	1.03%
Hiepvtx Hospitality LLC	4,855,280	1.02%
VIVA Properties LLC	4,636,020	0.97%
Port Lavaca Retail Group LLC	4,213,610	0.88%
	<u>\$ 61,977,408</u>	<u>12.96%</u>

2010		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
T W Laquay Dredging, Inc.	\$ 10,921,650	2.74%
RSC Equipment Rental, Inc. #759	9,305,130	2.33%
Rexco Inc	9,146,840	2.29%
Wal-Mart Real Estate Business Trust	7,922,650	1.99%
Wal-Mart Stores Texas, LP	6,113,300	1.53%
Maxim Crane Works, LP	5,128,770	1.29%
H E Butt Grocery Company	4,912,400	1.23%
AEP Texas Central Company	4,226,010	1.06%
BKCK Ltd	3,850,480	0.97%
Port Lavaca Dodge	3,549,940	0.89%
	<u>\$ 65,077,170</u>	<u>16.32%</u>

SOURCE: Calhoun County Appraisal District

CITY OF PORT LAVACA, TEXAS**PROPERTY TAX LEVIES AND COLLECTIONS***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Tax Year</u>	Taxes Levied for the Fiscal Year (Original Levy)	<u>Adjustments</u>	<u>Total Adjusted Levy</u>	<u>Collections within the Fiscal Year of the Levy</u>	
					<u>Amount</u>	<u>Percentage of Levy</u>
2010	2009	\$ 3,451,515	\$ (50,973)	\$ 3,400,542	\$ 3,242,033	95.34%
2011	2010	3,578,859	(15,589)	3,563,270	3,440,291	96.55%
2012	2011	3,760,572	(6,742)	3,753,830	3,644,449	97.09%
2013	2012	3,791,754	10,942	3,802,696	3,702,009	97.35%
2014	2013	3,956,897	(1,303)	3,955,594	3,836,830	97.00%
2015	2014	4,071,887	733	4,072,620	3,975,129	97.61%
2016	2015	4,065,656	(10,885)	4,054,771	3,947,621	97.36%
2017	2016	4,166,147	(3,352)	4,162,795	4,046,380	97.20%
2018	2017	4,209,792	2,553	4,212,345	4,112,004	97.62%
2019	2018	4,308,690	(1,515)	4,307,175	4,182,712	97.11%

SOURCE: Calhoun County Appraisal District

Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy
\$	149,005	\$ 3,391,038	99.72%
	114,593	3,554,884	99.76%
	100,917	3,745,366	99.77%
	89,363	3,791,372	99.70%
	104,404	3,941,234	99.64%
	80,636	4,055,765	99.59%
	85,436	4,033,057	99.46%
	84,348	4,130,728	99.23%
	46,283	4,158,287	98.72%
	-	4,182,712	97.11%

CITY OF PORT LAVACA, TEXAS**WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Gallons of GBRA Water Purchased</u>	<u>Gallons of Metered Consumption</u>	<u>Gallons of Unmetered Consumption</u>	<u>Gallons of Water Unaccounted</u>	<u>Average Percent Unaccounted</u>
2010	459,847,000	377,310,000	10,304	82,526,696	18%
2011	559,150,000	462,107,000	11,188	97,031,812	17%
2012	489,614,000	414,492,000	19,130	75,102,870	15%
2013	459,908,000	390,984,000	18,243	68,905,757	15%
2014	467,309,000	374,281,000	14,077	93,013,923	20%
2015	564,410,500	435,402,000	29,458	128,979,042	23%
2016	495,589,000	394,292,000	21,430	101,275,570	20%
2017	436,727,000	402,621,000	20,467	34,085,533	8%
2018	461,979,000	409,691,000	52,288	66,358,000	14%
2019	464,765,000	402,201,333	31,395	67,239,701	14%

NOTES: The City purchases water from the Guadalupe-Blanco River Authority.

Water and Sewer Usage Rates shown are for 5,000 gallons usage.

N/A denotes information not available.

Unmetered consumption is an estimation (Water Main Breaks, Fire Drills, Line flushing, etc.)

Gallons of Wastewater Treated	Total Direct Rate			
	Water		Sewer	
	Base Rate	Usage Rate	Base Rate	Usage Rate
435,540,000	\$ 15.00	\$ 14.25	\$ 14.00	\$ 14.70
368,780,000	15.00	14.25	14.00	14.70
403,940,000	15.00	14.25	14.00	14.70
345,530,000	15.00	14.25	14.00	14.70
305,012,000	16.00	14.25	15.00	15.54
337,739,000	16.00	14.25	15.00	15.54
406,730,000	16.00	14.25	15.00	15.54
372,684,556	16.50	14.25	15.50	15.87
460,402,000	16.50	14.25	15.50	15.87
413,272,185	16.50	14.25	15.50	15.87

CITY OF PORT LAVACA, TEXAS**WATER AND SEWER RATES***Last ten fiscal years*

	Fiscal Year							
	2010		2011		2012		2013	
	Res.	Comm.	Res.	Comm.	Res.	Comm.	Res.	Comm.
Water Rates								
Base Rate (includes 2,000 gallons)								
Base Rate by Meter Size								
3/4" to 5/8"	\$ 15.00	\$ 17.50	\$ 15.00	\$ 17.50	\$ 15.00	\$ 17.50	\$ 15.00	\$ 17.50
1"	15.00	17.50	15.00	17.50	15.00	17.50	15.00	17.50
1 1/2"	15.00	17.50	15.00	17.50	15.00	17.50	15.00	17.50
2"	15.00	35.00	15.00	35.00	15.00	35.00	15.00	35.00
3"	15.00	35.00	15.00	35.00	15.00	35.00	15.00	35.00
4"	15.00	35.00	15.00	35.00	15.00	35.00	15.00	35.00
6"	15.00	35.00	15.00	35.00	15.00	35.00	15.00	35.00
Per 1,000 gallons over base charge	4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95
Conservation Rate Tiers for water								
Per 1,000 gallons 2,001 - 5,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Per 1,000 gallons 5,001 - 25,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Per 1,000 gallons Over 25,000	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A
Sewer Rates								
Base Rate (includes 2,000 gallons)	14.00	15.75	14.00	15.75	14.00	15.75	14.00	15.75
Per 1,000 gallons over base charge	4.90	4.95	4.90	4.95	4.90	4.95	4.90	4.95

NOTES: Increases in water and sewer rates are approved by the City Council.

Sewer consumption rates for residential customers are based on the average of the last three-month period of December, January, and February that preceded the billing date.

Customers outside City limits are charged a rate of 1.5 times the inside City limit rates.

The City changed the rate classification in 2008.

"Res." - Residential

"Comm." - Commercial

The City changed to a tiered conservation rate in 2013.

Fiscal Year											
2014		2015		2016		2017		2018		2019	
Res.	Comm.	Res.	Comm.	Res.	Comm.	Res.	Comm.	Res.	Comm.	Res.	Comm.
\$ 16.00	\$ 18.50	\$ 16.00	\$ 18.50	\$ 16.00	\$ 18.50	\$ 16.50	\$ 19.00	\$ 16.50	\$ 19.00	\$ 17.00	\$ 19.50
16.00	18.50	16.00	18.50	16.00	18.50	16.50	19.00	16.50	19.00	17.00	19.50
16.00	18.50	16.00	18.50	16.00	18.50	16.50	19.00	16.50	19.00	17.00	19.50
16.00	36.00	16.00	36.00	16.00	36.00	16.50	36.50	16.50	36.50	17.00	37.00
16.00	36.00	16.00	36.00	16.00	36.00	16.50	36.50	16.50	36.50	17.00	37.00
16.00	36.00	16.00	36.00	16.00	36.00	16.50	36.50	16.50	36.50	17.00	37.00
16.00	36.00	16.00	36.00	16.00	36.00	16.50	36.50	16.50	36.50	17.00	37.00
4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95
4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95
5.03	5.03	5.03	5.03	5.03	5.03	5.14	5.14	5.14	5.14	5.14	5.14
5.71	5.71	5.71	5.71	5.71	5.71	5.14	5.14	5.14	5.14	5.14	5.14
15.00	16.75	15.00	16.75	15.00	16.75	15.50	17.25	15.50	17.25	16.00	17.75
5.18	5.18	5.18	5.18	5.18	5.18	5.29	5.29	5.29	5.29	5.29	5.29

CITY OF PORT LAVACA, TEXAS
TEN LARGEST WATER CUSTOMERS
(UNAUDITED)
Current Year and Nine Years Ago

2019			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
VIVA Properties	Apartment Complex	6,885	1.68%
City of Port Lavaca Splash Pad	Government	6,734	1.64%
Regency Nursing & Rehab Center	Senior Citizen Home	6,048	1.48%
Memorial Medical Center	Hospital	5,393	1.32%
Sea Breeze Village Apts.	Apartment Complex	3,927	0.96%
Prestige Oysters, Inc.	Industry/ Commercial	3,638	0.89%
Days Inn	Hotel/ Motel	3,451	0.84%
Coloniel Arms Apartments	Apartment Complex	3,157	0.77%
Port Lavaca Laundry	Industry/ Commercial	3,122	0.76%
Splash-n-Dash	Commercial/ Car Wash	2,950	0.72%

2010			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Memorial Medical Center	Hospital	13,862	3.67%
Calhoun County	County Offices	9,779	2.59%
Calhoun County I.S.D.	Schools	9,548	2.53%
City of Port Lavaca	City Accounts	8,941	2.37%
Bordeaux Apartments	Apartment Complex	6,626	1.76%
Regency Nursing & Rehab Center	Senior Citizen Home	6,607	1.75%
Hillman Shrimp & Oyster	Fishing Industry	4,394	1.16%
Splash-N-Dash	Commercial/ Car Wash	3,866	1.02%
Days Inn	Hotel/ Motel	3,241	0.86%
The Laundromat	Laundry	2,817	0.75%

CITY OF PORT LAVACA, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last ten fiscal years

Fiscal Year	Governmental Activities			Business-type Activities				
	Certificates of Obligation	General Obligation Bonds	Capital Leases	Certificates of Obligation	Revenue Bonds	Plus: Issuance Premium	Less: Issuance Discount	Capital Leases
2010	\$ 3,515,000	\$ -	\$ 261,340	\$ 3,800,000	\$ 5,025,000	\$ -	\$ (31,434)	\$ 193,957
2011	3,310,000	-	471,758	3,655,000	4,760,000	-	(30,839)	148,282
2012	3,095,000	-	248,917	3,500,000	4,425,000	-	(30,290)	100,780
2013	105,000	2,895,000	211,559	3,340,000	4,080,000	-	(29,696)	51,378
2014	55,000	2,680,000	172,640	3,175,000	3,725,000	-	(29,101)	-
2015	-	2,460,000	132,094	3,000,000	3,355,000	-	(28,460)	-
2016	-	2,180,000	89,837	2,820,000	2,965,000	-	(27,774)	-
2017	-	1,895,000	45,830	1,125,000	3,975,000	-	-	-
2018	-	1,605,000	-	1,040,000	3,255,000	-	-	-
2019	-	1,305,000	-	2,430,000	2,510,000	99,436	-	-

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

<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 12,763,863	3.4%	\$ 1,060.56
12,314,201	3.1%	1,005.41
11,339,407	N/A	923.25
10,653,241	N/A	866.12
9,778,539	2.2%	790.25
8,918,634	1.8%	719.30
8,027,063	1.8%	647.34
7,040,830	N/A	567.58
5,900,000	0.7%	483.13
6,344,436	0.8%	510.29

CITY OF PORT LAVACA, TEXAS**RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING***Last ten fiscal years*

Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available (1)
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premium	Total	
2010	\$ 7,315,000	\$ -	\$ -	\$ 7,315,000	\$ 161,177
2011	6,965,000	-	-	6,965,000	177,224
2012	6,595,000	-	-	6,595,000	183,391
2013	3,445,000	2,895,000	-	6,340,000	226,879
2014	3,230,000	2,680,000	-	5,910,000	225,771
2015	3,000,000	2,460,000	-	5,460,000	146,887
2016	2,820,000	2,180,000	-	5,000,000	153,522
2017	1,125,000	1,895,000	-	3,020,000	165,276
2018	1,040,000	1,605,000	-	2,645,000	159,232
2019	2,430,000	1,305,000	99,436	3,834,436	166,022

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

(1) This is the amount restricted for debt service principal payments.

Debt Payable from Enterprise Funds	Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
\$ 3,800,000	\$ 3,353,823	0.73%	\$ 278.67
3,655,000	3,132,776	0.64%	255.78
3,500,000	2,911,609	0.56%	237.06
3,340,000	2,773,121	0.55%	225.46
3,175,000	2,509,229	0.49%	202.78
3,000,000	2,313,113	0.44%	186.56
2,820,000	2,026,478	0.39%	163.43
1,125,000	1,729,724	0.32%	139.44
1,040,000	1,445,768	0.27%	118.39
2,529,436	1,138,978	0.20%	91.61

CITY OF PORT LAVACA, TEXAS**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
(UNAUDITED)**

September 30, 2019

	<u>Gross Debt Outstanding</u>		Percentage	Amount
	<u>Date</u>	<u>Amount</u>	<u>Applicable</u>	<u>Applicable</u>
			<u>to City</u>	<u>to City</u>
Direct Debt:				
City of Port Lavaca	9/30/2019	<u>\$ 1,305,000</u>	100.00%	<u>\$ 1,305,000</u>
Overlapping Debt:				
Calhoun County	9/30/2019	4,290,000	14.28%	612,612
Calhoun Independent School District	9/30/2019	41,584,925	13.74%	5,713,769
Calhoun Port Authority	9/30/2019	<u>32,400,000</u>	22.33%	<u>7,234,920</u>
Total Overlapping Debt		<u>78,274,925</u>		<u>13,561,301</u>
Total		<u>\$ 79,579,925</u>		<u>\$ 14,866,301</u>

NOTES: 1 There is no legal debt limit for the City. Texas municipalities are not bound by any direct constitutional or statutory maximums as to the amount of obligation bonds which may be issued; however, all local bonds must be submitted to and approved by the State Attorney General. It is the established practice of the Attorney General not to approve a prospective bond issue if it will result in a tax levy for general bonded debt of over \$1.00 for cities under 5,000 population, or \$1.50 for cities over 5,000 population.

2 The percentage of overlapping debt applicable is estimated using taxable property values. Applicable percentages were estimated by determining the portion of another governmental unit's taxable value that is within the City's boundaries and dividing it by each government's total taxable value.

SOURCES: Calhoun County Appraisal District
Calhoun County
Calhoun Port Authority
Calhoun County ISD

CITY OF PORT LAVACA, TEXAS**PLEDGED-REVENUE COVERAGE***Last ten fiscal years*

<u>Fiscal Year</u>	<u>Gross Revenue</u>	<u>Direct Operating Expenses</u>	<u>Net Available Revenue</u>	<u>Average Debt Service Requirements</u>	<u>Times Debt Coverage</u>
2010	\$ 5,194,828	\$ 3,470,112	\$ 1,724,716	\$ 867,219	\$ 1.99
2011	5,604,515	3,368,233	2,236,282	877,114	2.55
2012	5,312,772	3,458,504	1,854,268	953,379	1.94
2013	5,391,718	3,600,338	1,791,380	998,063	1.79
2014	5,296,396	3,519,390	1,777,006	1,049,797	1.69
2015	5,838,937	3,874,837	1,964,100	1,122,295	1.75
2016	5,586,184	3,632,004	1,954,180	672,207	2.91
2017	5,702,881	3,505,491	2,197,390	583,944	3.76
2018	5,872,960	3,686,896	2,186,064	564,106	3.88
2019	5,959,149	3,565,859	2,393,290	517,925	4.62

NOTES: "Gross Revenue" as used herein refers to all operating revenues and all interest income of the Public Utility Fund. "Direct Operating Expenses" is defined as all operating expenses of the Public Utility Fund (which does not include capital outlay or interest expense) less depreciation.

Details regarding the City's outstanding revenue bonds and certificates can be found in Note 10 of the notes to the financial statements.

CITY OF PORT LAVACA, TEXAS**DEMOGRAPHIC AND ECONOMIC STATISTICS****(UNAUDITED)***Last ten fiscal years*

Fiscal Year	(1)		(2)	(3)	(4)
	Population	Personal Income	Per Capita Personal Income (Calhoun County)	School Enrollment	Unemployment Rate
2010	12,035	\$ 372,651,740	\$ 30,964	4,230	9.1%
2011	12,248	396,994,424	32,413	4,276	8.7%
2012	12,282	N/A	N/A	4,270	6.1%
2013	12,300	N/A	N/A	4,272	7.1%
2014	12,374	443,706,892	35,858	4,242	3.9%
2015	12,399	483,722,187	39,013	4,122	3.7%
2016	12,400	450,516,800	36,332	4,022	5.60%
2017	12,405	N/A	N/A	3,802	N/A
2018	12,212	795,537,000	36,587	3,805	5.80%
2019	12,433	833,716,000	38,668	3,748	4.10%

NOTES: The unemployment rates are a twelve month average from October through September for City of Port Lavaca.

N/A denotes information not available.

SOURCES: (1) Population based on U.S. Census Bureau

(2) Bureau of Economic Analysis

(3) Calhoun Independent School District

(4) Texas Workforce Commission

CITY OF PORT LAVACA, TEXAS**PRINCIPAL EMPLOYERS****(UNAUDITED)***Current Year and Nine Years Ago*

2019		
Employer	Employees	Percentage of Total County Employment
Formosa Plastics	3,048	29.32%
Dow Chemical	611	5.88%
Calhoun County I.S.D.	572	5.50%
Orion Marine Group, Inc.	308	2.96%
Calhoun County	207	1.99%
Memorial Medical Center	204	1.96%
INEOS Nitriles Formerly BP	132	1.27%
Seadrift Coke	102	0.98%
	<u>5,184</u>	<u>49.86%</u>

2010		
Employer	Employees	Percentage of Total County Employment
Formosa Plastics	1,530	17.60%
Calhoun I.S.D.	650	7.48%
HEB Grocery	636	7.32%
Dow Chemical	607	6.98%
Alcoa	576	6.63%
King Fisher Marine Service	365	4.20%
Calhoun County	330	3.80%
International Bank Of Commerce	150	1.73%
Seadrift Coke	141	1.62%
Memorial Medical Center	141	1.62%
INEOS Nitriles Formerly BP	129	1.48%
	<u>5,255</u>	<u>60.46%</u>

NOTES: Information is for the City and Calhoun County.

SOURCE: Texas Workforce Commission-Victoria Office

CITY OF PORT LAVACA, TEXAS**FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM***Last ten fiscal years*

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General government				
City manager	2.0	2.0	2.0	2.0
City secretary	1.0	1.0	1.0	1.0
Human resources	1.0	1.0	1.0	1.0
Economic development	-	-	-	-
Finance	3.0	3.0	3.0	3.0
Municipal court	1.0	1.5	2.0	2.0
Technology (Contract)	1.0	-	-	-
City Hall - custodial services	1.0	1.0	-	-
Public safety				
Police	20.0	17.0	19.0	18.0
Communications	6.0	6.0	7.0	6.0
Fire	17.0	17.0	14.0	16.0
Code enforcement	3.0	3.0	3.0	3.0
Animal control	2.0	2.0	2.0	2.0
Public works				
Public works	2.0	2.0	2.0	2.0
Streets/maintenance	9.0	8.0	9.0	9.0
Water/Wastewater				
Customer service	3.0	3.0	3.0	3.0
Meter readers	2.0	2.0	2.0	2.0
Water and sewer	12.0	11.0	9.0	10.0
Parks and recreation	5.0	5.0	3.0	4.0
Bauer Center	2.0	2.0	3.0	2.0
Port Revenue	-	-	1.0	1.0
Total	<u>93.0</u>	<u>87.5</u>	<u>86.0</u>	<u>87.0</u>

Fiscal Year					
2014	2015	2016	2017	2018	2019
2.0	2.0	2.0	2.0	2.0	2.0
1.0	1.0	2.0	2.0	2.0	2.0
1.0	1.0	-	-	-	-
1.0	2.0	1.0	1.0	1.0	1.0
3.0	3.0	3.0	3.0	3.0	3.0
3.0	3.0	3.0	3.0	3.0	3.0
-	-	-	-	-	-
-	-	1.0	1.0	1.0	1.0
20.0	20.0	20.0	20.0	20.0	20.0
6.0	6.0	6.0	6.0	6.0	6.0
17.0	17.0	17.0	17.0	17.0	17.0
3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.0	2.0	2.0	2.0	2.0
-	-	-	-	-	-
15.0	15.0	15.0	15.0	15.0	15.0
3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.0	2.0	2.0	2.0	1.0
14.0	14.0	14.0	14.0	14.0	14.0
6.0	6.0	6.0	6.0	6.0	6.0
2.0	2.0	2.0	2.0	2.0	2.0
1.5	1.0	-	1.0	1.0	1.0
<u>102.5</u>	<u>103.0</u>	<u>102.0</u>	<u>103.0</u>	<u>103.0</u>	<u>102.0</u>

CITY OF PORT LAVACA, TEXAS**OPERATING INDICATORS BY FUNCTION/PROGRAM***Last ten fiscal years*

Function/Program	Fiscal Year			
	2010	2011	2012	2013
General government				
Building permits issued	548	801	784	357
Building inspections conducted	732	822	1,187	627
Public safety				
Police				
Physical arrests	1,022	807	837	1,132
Traffic violations	4,717	3,370	2,799	4,080
Fire				
Fire calls	175	568	650	685
Public works				
Streets (miles)	50.1	50.1	50.1	50.1
Culture and recreation				
Parks and recreation				
Bauer Center rentals	65	63	59	47
Lighthouse beach park				
Pavillion	42	39	47	36
Water and wastewater				
Water				
Water customers	4,552	4,544	4,556	4,606
Water taps	11	11	15	21
Average daily consumption	1.27 mgd	1.53 mgd	1.272 mgd	1.07 mgd
Peak daily consumption	1.49 mgd	5.65 mgd	2.10 mgd	2.74 mgd
Wastewater				
Sewer customers	4,267	4,258	4,276	4,317
Sewer taps	7	9	7	12
Average daily sewage treatment	1.19 mgd	1.01 mgd	1.11 mgd	1.08 mgd

Fiscal Year					
2014	2015	2016	2017	2018	2019
266	195	782	965	890	879
689	411	538	741	512	597
961	970	1064	790	927	901
2,366	3,353	4584	2075	5480	4046
591	632	664	881	862	802
50.1	50.2	50.2	50.2	50.2	50.2
212	218	215	190	11	139
43	41	41	42	11	31
4,416	4,624	4630	4,590	4,773	4,582
10	10	21	28	7	10
1.33 mgd	1.13 mgd	1.24 mgd	1.21mgd	1.121 mgd	1.19 mgd
2.44 mgd	2.83 mgd	1.71 mgd	2.36 mgd	1.833 mgd	1.967 mgd
4,332	4,337	4,335	4,318	4,450	4,319
7	7	13	13	7	11
0.98 mgd	1.12 mgd	1.11 mgd	1.08 mgd	0.933 mgd	1.041 mgd

CITY OF PORT LAVACA, TEXAS**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM***Last ten fiscal years*

	Fiscal Year			
	2010	2011	2012	2013
Function/Program				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	7	6	7	7
Fire stations	2	2	2	2
Highways and streets				
Streets (miles)	50.1	50.1	50.1	50.1
Streetlights	686	686	686	678
Culture and recreation				
Acreage	150	150	150	150
Parks	7	7	7	7
Baseball/softball diamonds	2	2	2	2
Community centers	1	1	1	1
Swimming pools	1	1	1	1
Water and wastewater				
Water				
Water mains (miles)	69	69	69	70
Fire hydrants	259	259	259	262
Storage capacity	1 MG	1 MG	1 MG	1 MG
Wastewater				
Sanitary sewers (miles)	58	58	58	58
Treatment capacity	2.5	2.5	2.5	2.5

Fiscal Year					
2014	2015	2016	2017	2018	2019
1	1	1	1	1	1
7	7	7	7	7	7
2	2	2	2	2	2
50.1	50.2	50.2	50.2	50.2	50.2
678	685	685	685	685	685
150	150	153	153	153	153
7	7	7	7	7	7
2	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
70.2	70.3	70.9	70.9	70.9	70.9
268	273	279	279	279	279
1 MG	1 MG	1 MG	1 MG	1 MG	1 MG
58.2	58.3	58.9	58.9	58.9	58.9
2.5	2.5	2.5	2.5	2.5	2.5

SINGLE AUDIT SECTION



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

The Honorable Mayor and Members
of the City Council
City of Port Lavaca, Texas

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 the City of Port Lavaca, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated June 18, 2020.

Internal Control Over Financial Reporting

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

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

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

The Honorable Mayor and Members
of the City Council
City of Port Lavaca, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free of 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 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 City'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 City's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

A handwritten signature in black ink that reads "Harrison, Waldrop & Uherek, LLP". The signature is written in a cursive, flowing style.

HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 18, 2020



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

The Honorable Mayor and Members
of the City Council
City of Port Lavaca, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of Port Lavaca, Texas (the "City") compliance with the types of compliance requirements described in the *U. S. Office of Management and Budget (OMB) Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2019. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance, require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures, as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2019.

The Honorable Mayor and Members
of the City Council
City of Port Lavaca, Texas

Report on Internal Control Over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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 internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's 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 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 first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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.

Harrison, Waldrop & Uherek, LLP

HARRISON, WALDROP & UHEREK, L.L.P.
Certified Public Accountants

June 18, 2020

CITY OF PORT LAVAVA, TEXAS**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***For the year ended September 30, 2019*

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Other Award Number
FEDERAL EXPENDITURES		
U. S. Department of Housing and Urban Development		
<i>Passed Through the Texas Department of Agriculture - Office of Rural Affairs</i>		
Community Development Block Grant	14.225	7218379
Total U.S. Department of Housing and Urban Development		
U. S. Department of Commerce		
Economic Adjustment Assistance - 2018 Disaster Supplemental	11.307	08-79-05248
Total U.S. Department of Commerce		
U. S. Department of Justice		
<i>Passed Through the Office of the Governor</i>		
<i>Criminal Justice Division</i>		
Bulletproof Vest Partnership Program	16.607	N/A
Total U.S. Department of Justice		
U. S. Department of Homeland Security		
<i>Passed Through the Texas A&M University System -</i>		
<i>Division of Emergency Management</i>		
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	4332-DR-TX
<i>Passed Through the Texas A&M University System -</i>		
<i>Division of Emergency Management</i>		
Hazard Mitigation Grant	97.039	DR-4332-341
Total U.S. Department of Homeland Security		
TOTAL FEDERAL EXPENDITURES		

See accompanying notes to schedule of expenditures of federal awards.

Expenditures			Passed through to Subrecipients	Name of Cluster (if applicable)	Note
From Pass-Through Awards	From Direct Awards	Total			
\$ 196,788	\$ -	\$ 196,788	\$ -	CDBG-Entitlement Grants Cluster	
196,788	-	196,788	-		
1,183,301	-	1,183,301	-	Economic Development Cluster	
1,183,301	-	1,183,301	-		
1,921	-	1,921	-		
1,921	-	1,921	-		
1,461,166	-	1,461,166	-		4
20,234	-	20,234	-		
1,481,400	-	1,481,400	-		
\$ 2,863,410	\$ -	\$ 2,863,410	\$ -		

CITY OF PORT LAVACA, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

For the year ended September 30, 2019

NOTE 1: BASIS OF PRESENTATION

The accompanying schedule of expenditures of federal awards includes the federal award activity of the City, under programs of the federal government for the year ended September 30, 2019 in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations Part 200, Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Because the schedule presents only a selected portion of the operations of the City, it is not intended to and does not present the financial position, changes in net position, or cash flows of the City.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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 unearned revenues until earned. Generally unused balances are returned to the grantor at the close of specified project periods.

NOTE 3: INDIRECT COST RATE

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

NOTE 4: FEMA DISASTER ASSISTANCE - CFDA 97.036

In accordance with the Uniform Guidance, expenditures of federal Disaster Grants (CFDA 97.036) must be recorded as expenditures on the SEFA when: (1) FEMA has approved the entity's Project Worksheet (PW), and (2) the entity has incurred the eligible expenditures. Expenditures reported on the accompanying schedule of expenditures of federal awards that were incurred in a prior fiscal year total \$651,836.

CITY OF PORT LAVACA, TEXAS**SCHEDULE OF FINDINGS AND QUESTIONED COSTS***For the year ended September 30, 2019*

Section I - Summary of Auditor's Results*Financial Statements*

Type of auditor's report issued: Unmodified

Internal control over financial reporting:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

Noncompliance material to financial statements noted?

☐ yes ☒ no*Federal Awards*

Internal control over major programs:

- Material weakness(es) identified? ☐ yes ☒ no
- Significant deficiency(ies) identified that are not considered to be material weakness(es)? ☐ yes ☒ none reported

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 section 200.516(a)?

☐ yes ☒ no

Identification of major programs:

<i>CFDA Number(s)</i>	<i>Name of Major Programs or Cluster</i>
97.036	Disaster Grants – Public Assistance (Presidentially Declared Disasters)
11.307	Economic Adjustment Assistance – 2018 Disaster Supplemental

Dollar threshold used to distinguish between type A and type B programs: \$ 750,000

Auditee qualified as low-risk auditee? ☐ yes ☒ no**Section II - Financial Statement Findings**

None noted

Section III - Federal Award Findings and Questioned Costs

None noted

CITY OF PORT LAVACA, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the year ended September 30, 2019

None were reported.