

# **CITY OF PORT LAVACA, TEXAS**



## **ANNUAL COMPREHENSIVE FINANCIAL REPORT**

**FOR THE YEAR ENDED SEPTEMBER 30, 2021**

**CITY OF PORT LAVACA, TEXAS**  
*ANNUAL COMPREHENSIVE FINANCIAL REPORT*  
*For the year ended September 30, 2021*

Susan Lang  
*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  
Main Number: 361-552-9793

[www.portlavaca.org](http://www.portlavaca.org)  
Main Facsimile: 361-552-6062

City Manager  
Ext. 222

May 10, 2022

City Secretary  
Ext. 224

Code Enforcement  
Ext. 229

Finance  
Ext. 234

Inspections/Permits  
Ext. 229

Municipal Court  
Ext. 226

Personnel  
Ext. 224

Utility Billing  
Ext. 238

Animal Control  
361-552-5726

Bauer Center  
361-552-1234

Fire Station  
361-552-3241

Public Works Director  
361-552-3347

Parks & Recreation  
361-552-1234

Police  
361-552-3788

Streets  
361-552-3347

Utilities Operation  
361-552-3347

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

The Annual Comprehensive Financial Report of the City of Port Lavaca, Texas, hereinafter referred to as the "City", for the fiscal year ended September 30, 2021, 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.

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.

#### **City Overview and Governance**

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.

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.

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.

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. The City has made full recovery from Hurricane Harvey, and feels we are well-positioned, due to extensive and ongoing mitigation projects, to recover quickly from the next natural disaster.

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 11,338 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 Lavaca 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 times of economic uncertainty.

Sales tax revenues increased from \$3,287,441 in F/Y 2019-20 to \$3,566,918 in F/Y 2020-21 (8.5% increase). While cognizant of the delicate global economy, the City remains conservative with future growth projections. Property tax revenue levied for general purpose for the City increased by 4.7% in F/Y 2020-21. New value added to the tax roll was a contributor for property revenue increase along with adopting a tax rate that exceeded the No New Revenue tax rate. This additional revenue stream was needed to maintain service levels and to cover the cost of increased repair and maintenance costs, and rising health insurance premiums for employees.

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.

### **Major Initiatives**

In the F/Y 2020-2021 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:

- Phase I of the Bayfront Park Improvements
- New bulkhead/walk and handrail by Scully's
- Shade structure over the Lighthouse Beach splashpad
- Sidewalk on Bauer Street
- West George Street reconstruction
- LED lights installed on Main, Virginia and Lighthouse Beach
- New handrails and solar lights on both rock groins at Lighthouse Beach Park
- New concrete and other improvements to Lower and Upper Docks at City Harbor
- Reroofed the Lighthouse Beach restroom at the pier
- Painting and upgrades to the George Street Elevated Water Tower
- Dredged Smith Harbor
- Reconstruction of the Lighthouse Beach Fishing Pier
- Trimmed palms and removed those killed in the freeze along SH 35 and Lighthouse Beach
- Replaced missing/damaged antique globe light fixtures at the Bauer Community Center and Faye Bauer Sterling Park.
- Replaced damaged slides at the playscape on Lighthouse Beach
- Repairs to the playscapes at George Adams Park, Wilson Park and City 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 while actively seeking funding opportunities through grants and other opportunities. Future projects on the Capital Improvement Plan include:

### Replace/Maintain Infrastructure

- Street improvement projects: consider long-term debt to speed up the replacement of failing streets

- Continue with pavement restoration and seal coat program
- Lift station upgrades
- Replacement of water/sewer lines using grants and local dollars
- Re-roof of the Police Station

#### Enhance City Parks & Downtown

- \$13.5M DBG-Mitigation Grant to construct a Living Shoreline Breakwater to reduce the impacts to the Bayfront area from storm surge
- Boating Access Grant and Planning Grant for a new timber breakwater to protect the Nautical Landings Marina
- Construct new sidewalks identified in the city master sidewalk plan
- Phase II of Bayfront park Improvements (TX Parks & Wildlife Grant)
- Parking lot rehabilitation at Bauer Community Center
- Construction of Skate Park at Wilson Sports Complex

#### 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

#### Community Character

- Façade Grants for commercial businesses
- Demolish old building foundation at Fulton/Harbor or and grade and seed

### **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**

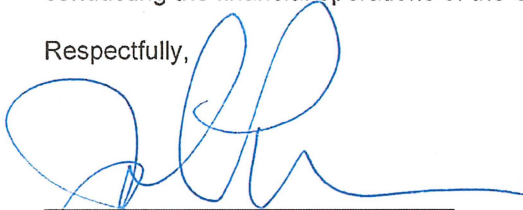
The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Port Lavaca for the fiscal year ended September 30, 2019. This was the ninth time since 1999. The City hopes to continue to receive 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 annual comprehensive 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**

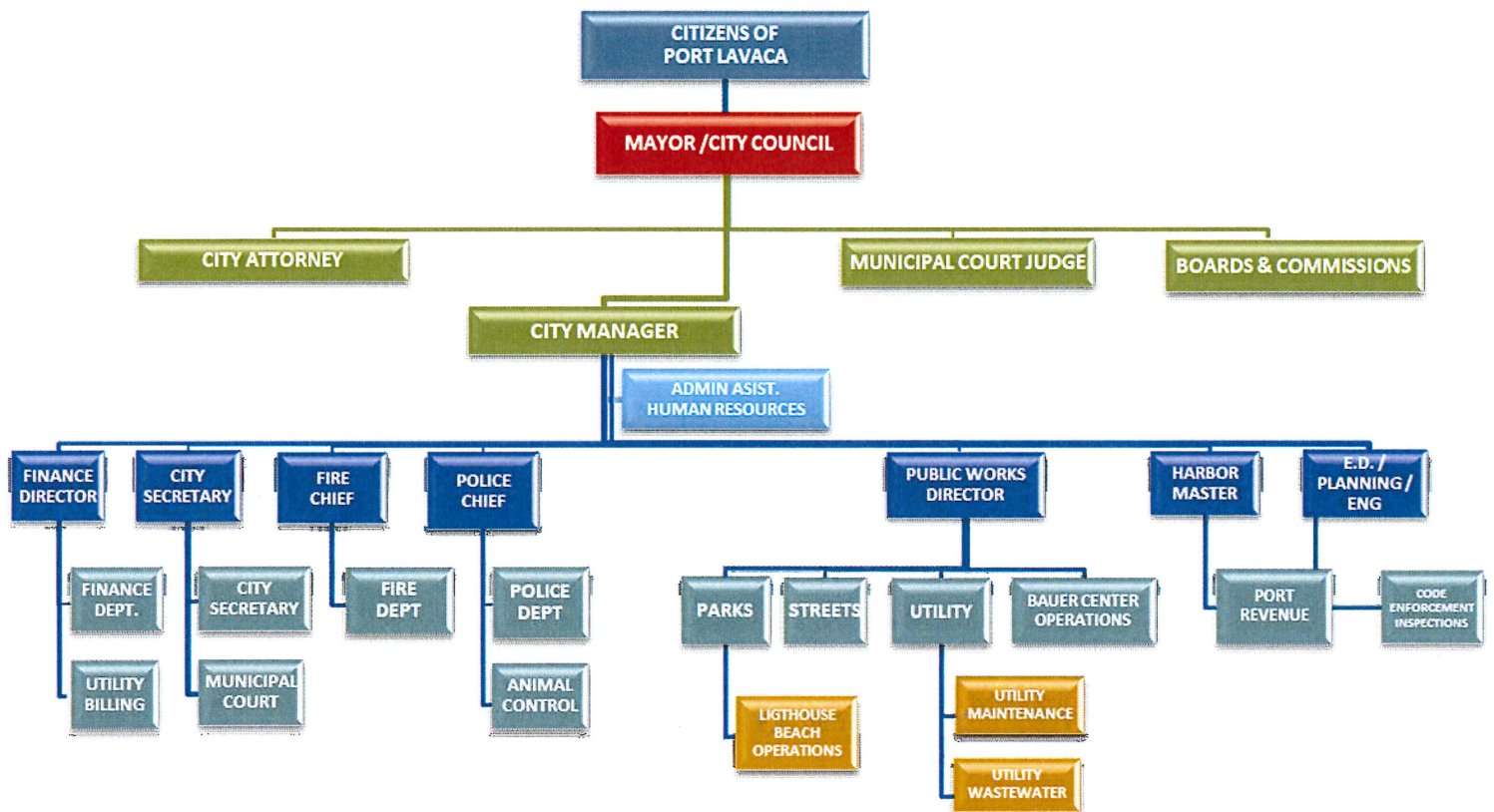
The preparation of this report is a joint effort of the City's Finance Department and the City's independent auditor, Harrison, Waldrop, & Uherek, L.L.P. We would also like to thank the Mayor and Members of City Council for their interest and support in planning and conducting the financial operations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

Respectfully,

  
\_\_\_\_\_  
JoAnna P. Weaver, P.E.  
Interim City Manager  
\_\_\_\_\_  
Susan Lang,  
Director of Finance

**CITY OF PORT LAVACA, TEXAS**  
**ORGANIZATIONAL CHART**  
*For the year ended September 30, 2021*

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**CITY OF PORT LAVACA, TEXAS**  
*DIRECTORY OF PRINCIPAL OFFICIALS*  
*September 30, 2021*

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**City Officials**

Jack Whitlow  
Ken Barr  
Jerry Smith  
Allen Tippit  
Jim Ward  
Tim Dent  
Rosie Padron

**Elective Position**

Mayor  
Council Member  
Council Member  
Council Member  
Council Member  
Council Member  
Mayor Pro-Tem

**Key Staff**

JoAnna P. Weaver  
Susan Lang  
Mandy Grant  
Joe Reyes, Jr.  
Colin Rangnow  
Wayne Shaffer  
Jessica Carpenter

**Appointive Position**

Interim City Manager  
Director of Finance  
City Secretary  
Chief of Fire  
Chief of Police  
Director of Public Works  
Director of Development

## **FINANCIAL SECTION**



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

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## 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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### 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, 2021, 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 and combining and individual nonmajor fund financial statements 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 section has 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 it.



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 May 10, 2022, 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.



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

May 10, 2022

**CITY OF PORT LAVACA, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
*For the year ended September 30, 2021*

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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, 2021.

**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 \$76,336,195 (net position). Of this amount, \$18,855,544 (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 \$4,310,843 over the prior year.

***Governmental Activities***

- Net position grew from \$41,187,561 in 2020 to \$43,119,358 (an increase of 5%) as of September 30, 2021.

***Business-type Activities***

- Net position grew from \$30,837,791 in 2020 to \$33,216,837 (an increase of 8%) as of September 30, 2021.

***Governmental Funds***

- As of September 30, 2021, the City's governmental funds reported an ending fund balance of \$14,240,227, an increase of \$112,187 (1%) in comparison with the prior year.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$9,368,362 or 114% of total General Fund expenditures.
- The committed portion of the General Fund's fund balance totaled \$2,963,681. 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 14

**Government-wide Financial Statements**

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

Pages 15 to 18

**Fund Financial Statements**

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

Pages 19 to 30

**Notes to Financial Statements**

*Provides a summary of significant accounting policies and related disclosures.*

Pages 31 to 59

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## **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 15-18 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 19-24 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 25-28 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 custodial funds. Expendable trust funds are accounted for in essentially the same manner as governmental funds. The accounting used for custodial funds is similar to proprietary funds. Fiduciary fund financial statements can be found on pages 29-30 of this report.

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## **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 31-59 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 60-70 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 71-85 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 \$76,336,195 as of September 30, 2021.

The largest portion of the City's net position (74%) 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 (25%) 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	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 17,388,515	\$ 16,651,083	\$ 6,371,688	\$ 8,521,969	\$ 23,760,203	\$ 25,173,052
Capital assets, net	29,691,457	27,911,391	31,332,183	27,884,970	61,023,640	55,796,361
<b>Total assets</b>	<b>47,079,972</b>	<b>44,562,474</b>	<b>37,703,871</b>	<b>36,406,939</b>	<b>84,783,843</b>	<b>80,969,413</b>
<b>Total deferred outflows of resources</b>	<b>305,727</b>	<b>245,707</b>	<b>61,895</b>	<b>91,964</b>	<b>367,622</b>	<b>337,671</b>
Current and other liabilities	2,694,604	1,601,785	2,246,169	2,388,280	4,940,773	3,990,065
Noncurrent liabilities	1,213,580	1,577,531	2,290,188	3,251,021	3,503,768	4,828,552
<b>Total liabilities</b>	<b>3,908,184</b>	<b>3,179,316</b>	<b>4,536,357</b>	<b>5,639,301</b>	<b>8,444,541</b>	<b>8,818,617</b>
<b>Total deferred inflows of resources</b>	<b>358,157</b>	<b>441,304</b>	<b>12,572</b>	<b>21,811</b>	<b>370,729</b>	<b>463,115</b>
Net Position:						
Net investment in capital assets	28,656,325	26,755,385	27,712,054	23,856,570	56,368,379	50,611,955
Restricted	1,112,272	1,065,732	-	-	1,112,272	1,065,732
Unrestricted	13,350,761	13,366,444	5,504,783	6,981,221	18,855,544	20,347,665
<b>Total net position</b>	<b>\$ 43,119,358</b>	<b>\$ 41,187,561</b>	<b>\$ 33,216,837</b>	<b>\$ 30,837,791</b>	<b>\$ 76,336,195</b>	<b>\$ 72,025,352</b>

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**GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)**

Net position of the City increased by \$4,310,843. This consisted of an increase of \$1,931,797 for governmental activities and \$2,379,046 for business-type activities.

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City of Port Lavaca, Texas						
Changes in Net Position						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
<b>REVENUES</b>						
Program revenues:						
Charges for services	\$ 355,982	\$ 311,753	\$ 6,341,253	\$ 6,481,976	\$ 6,697,235	\$ 6,793,729
Operating grants and contributions	3,270,145	1,895,078	-	-	3,270,145	1,895,078
Capital grants and contributions	172,848	336,700	209,193	474,503	382,041	811,203
General revenues:						
Property taxes	4,646,594	4,517,719	-	-	4,646,594	4,517,719
Sales taxes	3,566,918	3,287,441	-	-	3,566,918	3,287,441
Franchise taxes	582,631	569,268	-	-	582,631	569,268
Other taxes	561,956	560,236	-	-	561,956	560,236
Unrestricted investment earnings	7,760	127,105	5,851	85,575	13,611	212,680
Miscellaneous	212,081	320,406	-	-	212,081	320,406
<b>Total revenues</b>	<u>13,376,915</u>	<u>11,925,706</u>	<u>6,556,297</u>	<u>7,042,054</u>	<u>19,933,212</u>	<u>18,967,760</u>
<b>EXPENSES</b>						
General government	2,236,695	2,053,858	-	-	2,236,695	2,053,858
Public safety	3,577,687	3,533,380	-	-	3,577,687	3,533,380
Public works	1,659,726	1,521,470	-	-	1,659,726	1,521,470
Parks and recreation	796,615	716,662	-	-	796,615	716,662
Interest on long-term debt	32,659	33,969	-	-	32,659	33,969
Public utilities	-	-	6,229,273	4,555,046	6,229,273	4,555,046
Port revenue	-	-	872,257	555,137	872,257	555,137
Beach operations	-	-	217,457	189,276	217,457	189,276
<b>Total expenses</b>	<u>8,303,382</u>	<u>7,859,339</u>	<u>7,318,987</u>	<u>5,299,459</u>	<u>15,622,369</u>	<u>13,158,798</u>
<b>Change in net position before transfers</b>	5,073,533	4,066,367	(762,690)	1,742,595	4,310,843	5,808,962
Transfers	(3,141,736)	280,044	3,141,736	(280,044)	-	-
Change in net position	1,931,797	4,346,411	2,379,046	1,462,551	4,310,843	5,808,962
<b>Net position - October 1</b>	<u>41,187,561</u>	<u>36,841,150</u>	<u>30,837,791</u>	<u>29,375,240</u>	<u>72,025,352</u>	<u>66,216,390</u>
<b>Net position - September 30</b>	<u>\$ 43,119,358</u>	<u>\$ 41,187,561</u>	<u>\$ 33,216,837</u>	<u>\$ 30,837,791</u>	<u>\$ 76,336,195</u>	<u>\$ 72,025,352</u>

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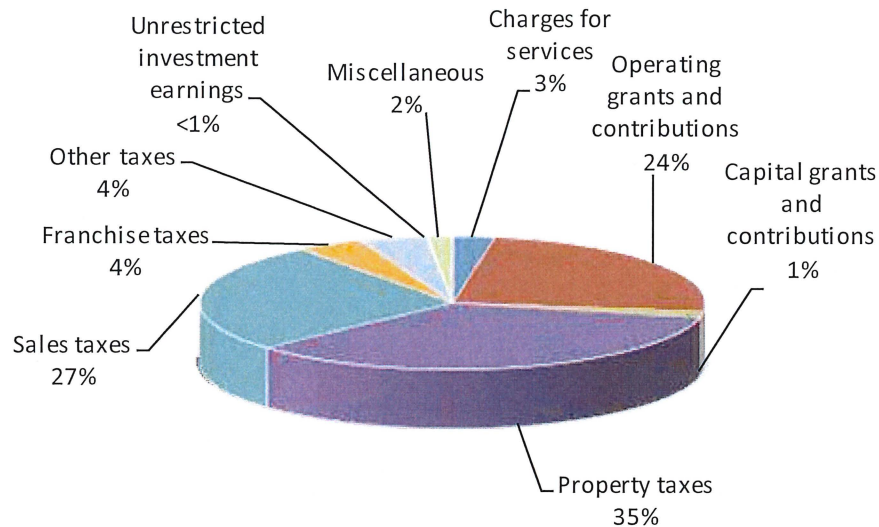


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## GOVERNMENT-WIDE FINANCIAL ANALYSIS - (Continued)

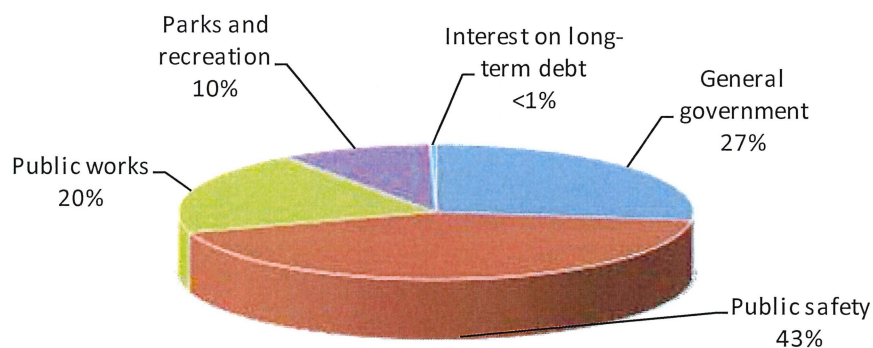
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

### Governmental Revenues



For the fiscal year ended September 30, 2021, revenues from governmental activities totaled \$13.4 million. This is an increase of 1,451,209 or 12% from fiscal year 2020. This increase was attributable to the increase in operating grants and contributions of \$1,375,067 or 73% from prior year. This was mainly due to the Texas Division of Emergency Management (TDEM) monies received relating to Hurricane Harvey. In addition, sales tax revenues increased \$279,477 or 9% from prior year, mainly due to increased activity post COVID-19.

### Governmental Functional Expenses



For the fiscal year ended September 30, 2021, expenses for governmental activities totaled \$8.3 million. This is an increase of \$444,043 or 6% from fiscal year 2020. This increase was attributable to the increase in general government expenses of \$182,837 or 9%, primarily due to increased economic development contracted services and technology maintenance activity. In addition, public works expenses increased \$138,256 or 9% due to increases in street expenses.

Business-type activities increased the City's net position by \$2,379,046. The key elements of this increase relate to the Beach Operating Fund. In fiscal year 2021, the fund received non-cash capital contributions of \$2,261,537 from the Hurricane Harvey Fund primarily relating to the Lighthouse Beach fishing pier project. The fund also received transfers in of \$728,108 from the General Fund.

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## **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, 2021, the City's governmental funds, which consist of the General Fund, one debt service fund, one capital projects fund, and eleven special revenue funds, reported an ending fund balance of \$14,240,277, which is an increase of \$112,187 from last year's total of \$14,128,040.

The General Fund is the chief operating fund of the City. Its fund balance decreased by \$805,963 during the fiscal year due mainly to planned capital spending of unassigned fund balance and an increase in transfers out of \$1,407,038. 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 114% of total General Fund expenditures as compared to 132% in the prior year. The main reason for the decrease in percentage is due to the same reasons explained above for the decrease in overall fund balance.

The net increase in overall fund balance for governmental funds also included a decrease of \$108,615 for the Hurricane Harvey Fund, a major Special Revenue Fund, an increase of \$986,422 for the Street Construction Fund, a major Capital Projects Fund, and a net increase of \$40,343 in other governmental funds. The reason for the decrease in the Hurricane Harvey Fund is due to expenditures exceeding intergovernmental revenues for fiscal year 2021. The reason for the increase in the Street Construction Fund is due to transfers in from the General Fund.

### **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 \$3,701,342. The decrease in total net position for the year was \$839,056. This decrease was a result of increases in expenses across all departments, primarily relating to additional maintenance and service projects, as well as additional depreciation as a result of capital asset additions. Net positions of the Port Revenue Fund and the Beach Operating Fund both increased during the 2021 fiscal year by \$251,458 and \$2,966,644, 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 \$1,670,804 greater than final budgeted expectations, with tax revenues making up \$930,103 or 56% of the positive variance. Sales tax made up \$623,915 of the tax revenue variance due to extremely conservative budget estimates. Property tax contributed to \$283,245 of the tax revenue variance, primarily due to the resolution of \$20,337,332 in taxable values still under protest as of certification, the majority of which were settled in the City's favor. In addition, there was a \$701,663 positive variance in intergovernmental grant revenue due to the Cares Act funding received relating to the COVID-19 pandemic.

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## **GENERAL FUND BUDGETARY HIGHLIGHTS - (Continued)**

Total actual expenditures were under final budgeted expenditures by \$2,095,455. Conservative budgetary practices resulted in positive budget variances as it relates to general government, public safety, parks and recreation, and public works (including streets) departments. Overall, the global pandemic slowed down numerous capital projects planned for fiscal year 2021, and many had to be carried over to fiscal year 2022. A few of the variances are briefly summarized as follows:

- Personnel expenditures in the police and streets departments were under budget by \$269,461 and \$227,579, respectively. This is attributed to an over-estimation of health insurance premiums, a major switch in health insurance coverage options from employee plus dependent (70% in FY20), of which the City pays 80%, to employee only coverage (55% in FY21), and several vacant positions. Additionally, the City did not employ any temporary personnel during the year due to the pandemic.
- Capital outlay expenditures in the police department were under budget by \$205,260 due to the postponement of a \$200,000 re-roof project. Funds were re-budgeted in fiscal year 2022 and the project was substantially complete during the first six months of fiscal year 2022.
- Maintenance expenditures in the streets department were under budget by \$232,133 due to the postponement of a \$150,000 sealcoat program for numerous city streets as a result of personnel shortages and weather conditions. There was also \$45,000 that was rolled over from the previous fiscal year for maintenance projects that were not complete, but subsequently had to be delayed due to a shortage in personnel and the effects of the pandemic.

Differences between the General Fund's original budget and final amended budget were a net increase of \$89,508 to expenditures and \$42,851 to revenues. Major changes are briefly summarized as follows:

- An increase of \$41,849 in public safety for the police and fire departments which accounted for donations received and reimbursements for the purchase of additional safety equipment and training for each of the departments.
- An increase in of \$74,000 in public works in the street department for an additional \$45,000 necessary to finish a street repairs project which was rolled over from the previous fiscal year, and an additional \$29,000 to be allocated to complete a drainage project from the previous fiscal year.

## **CAPITAL ASSET AND DEBT ADMINISTRATION**

### Capital Assets

The City's investment in capital assets as of September 30, 2021, amounts to \$61,023,640 (net of accumulated depreciation). This investment in capital assets includes land, construction in progress, machinery and equipment, vehicles, buildings, improvements, and infrastructure.

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City of Port Lavaca, Texas						
Capital Assets (Net of Depreciation)						
	Governmental Activities		Business-type Activities		Total	
	2021	2020	2021	2020	2021	2020
Land	\$ 1,844,144	\$ 1,844,144	\$ 2,316,718	\$ 2,316,718	\$ 4,160,862	\$ 4,160,862
Construction in progress	2,194,720	4,358,662	982,800	3,520,313	3,177,520	7,878,975
Machinery and equipment	1,022,414	859,269	518,663	550,030	1,541,077	1,409,299
Buildings and structures	5,306,493	4,228,852	2,137,396	2,066,131	7,443,889	6,294,983
Infrastructure	19,323,686	16,620,464	25,376,606	19,431,778	44,700,292	36,052,242
<b>Total</b>	<b>\$ 29,691,457</b>	<b>\$ 27,911,391</b>	<b>\$ 31,332,183</b>	<b>\$ 27,884,970</b>	<b>\$ 61,023,640</b>	<b>\$ 55,796,361</b>

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## **CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)**

### **Capital Assets - (Continued)**

Major capital asset events for governmental activities during the current fiscal year included the following:

- Construction in progress of \$2,194,720 primarily includes \$1,627,723 for various street improvement projects, \$389,907 for Bayfront Park improvements, \$87,571 for the Veterans' Memorial, and various other items.
- Infrastructure additions include street improvement projects in the amount of \$3,017,838, as well as park improvements and various other items.
- Machinery and equipment additions include the following: street maintenance equipment, police vehicles and equipment, parks vehicle, and various other items.
- Building improvement additions include \$820,874 for the completion of various park building improvements, \$486,908 for the completion of the Bauer Center roof, as well as various improvements to city hall, the fire station, and other buildings.

Major capital asset events for business-type activities during the current fiscal year included the following:

- Construction in progress of \$982,800 primarily includes \$391,596 for lift station upgrades, \$258,546 for lift station generators, and various other public utility and port improvement items.
- Infrastructure additions include \$2,824,032 for Lighthouse Beach Fishing Pier and dock improvements, \$3,405,793 for marina and bulkhead improvements, and \$911,715 for water and sewer improvement projects.
- Machinery and equipment additions include the following: solid waste pump for the port, as well as a front-end loader and mower for public utilities.
- Building improvement additions include \$169,806 for boat ramps, \$54,209 for splash pad and playscape improvements, and \$18,885 for restrooms at the pier.

### **Long-term Debt**

At the end of the current fiscal year, the City had total bonded debt outstanding of \$3,780,000 (net of unamortized deferred amounts) of which 100% is backed by the full faith and credit of the government. The following table details the nature of this debt and other debt obligations of the City.

<b>City of Port Lavaca, Texas</b>						
<b>Long-term Debt</b>						
	<b>Governmental Activities</b>		<b>Business-type Activities</b>		<b>Total</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
Revenue bonds	\$ -	\$ -	\$ 980,000	\$ 1,750,000	\$ 980,000	\$ 1,750,000
General obligation bonds	700,000	1,005,000	-	-	700,000	1,005,000
Certificates of obligation	-	-	2,100,000	2,270,000	2,100,000	2,270,000
Loan payable	175,170	187,825	-	-	175,170	187,825
Issuance premiums	-	-	89,661	94,717	89,661	94,717
Compensated absences	137,782	141,831	15,574	13,167	153,356	154,998
OPEB liability	322,878	272,872	35,875	30,319	358,753	303,191
Net pension liability	262,947	334,462	29,217	37,163	292,164	371,625
<b>Total</b>	<b>\$ 1,598,777</b>	<b>\$ 1,941,990</b>	<b>\$ 3,250,327</b>	<b>\$ 4,195,366</b>	<b>\$ 4,849,104</b>	<b>\$ 6,137,356</b>

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## **CAPITAL ASSET AND DEBT ADMINISTRATION - (Continued)**

### **Long-term Debt - (Continued)**

The City's total outstanding debt decreased by \$1,288,251 or 21% from the prior fiscal year. The key factors in this net decrease were:

- Payments made on the certificates and bonds during fiscal year 2021 totaled \$1,245,000.
- Payments made on the loan payable totaled \$12,655.
- OPEB liability increased \$55,562.
- Net pension liability decreased by \$79,460.

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 had been experiencing a steady growth in sales tax since 2010, however the Global Pandemic caused a dip in the growth in 2020, but 2021 shows signs that the City is on the rebound with an increase from 2020 to 2021 of 8.5%, which has brought the City's sales tax revenue back up to slightly greater than pre-pandemic levels. Property values continue to increase, which is fueling the increase in ad valorem revenue for maintenance and operations from \$4,124,204 in fiscal year 2020 to \$4,319,305 in fiscal year 2021, or 4.7% increase from the previous year. The City anticipates the property values will show modest growth or remain steady for the next two years but anticipates an extremely large jump in values due to the "seller's market" and price of home sales during the first quarter of 2022.

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, but realizes that larger street and drainage projects will require the issuance of debt in the coming years.

Almost all of the recovery projects from Hurricane Harvey have been completed, including the Light House Beach fishing pier, and the City was able to take advantage of its losses by setting itself up for future mitigation projects, which leverage the grants passed through from the federal government through the State. One of the projects will facilitate major drainage improvements in a targeted area which will be the beneficiary of over \$5 million in drainage improvements in order to reduce future flood events. Another grant will facilitate almost \$14 million in improvements to mitigate storm surge through a coastal resiliency project. Additional projects awarded through Texas Parks and Wildlife are in process and will increase the quality of life by adding walking and bike trails along the Bayfront Park and Veterans' Memorial.

Additionally, the City has awarded a downtown waterfront master plan to LJA Engineering, who will work to incorporate the City's existing comprehensive plan into a cohesive actionable road map for the future of Port Lavaca.

### ***Utility Fund***

The City has identified the major source of water loss, in that numerous (almost 50%) of the residential water meters have failed and are no longer registering usage. A \$2 million comprehensive meter replacement project is under way, which will not only pay for itself in two and a half years but will accurately account for the actual water use. We also believe this will facilitate conservation efforts on the part of the users and strengthen our water system infrastructure.

The City plans a 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.

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

### *Utility Fund - (Continued)*

The City plans to utilize the American Rescue Plan funds to perform water and sewer infrastructure improvements which include re-commissioning a ground storage tank with high service pump for water improvements to meet TCEQ recommendations as well as improve the processes at the wastewater treatment plant to allow additional time to engineer either an expansion or new plant which will also abide by TCEQ guidelines.

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

### *Beach Fund*

The Light House Beach Fishing Pier, playscape, and other amenities damaged by Hurricane Harvey were replaced utilizing FEMA Public Assistance grant funds. Future plans for the beach include improvements to the electrical service for the RV park, and the addition of a Camp Host position as a full-time paid position which will be on-site 24/7.

### *Port Revenue Fund*

The City has been awarded a Texas Parks and Wildlife Grant for a breakwater project which will improve the facilities. Repairs and improvements to the bulkhead and dock facilities have been accomplished. The waterfront master plan will incorporate the existing assets of the port area to enhance the downtown waterfront.

### *All Major Funds*

A major draw-down of the City's unreserved fund balance, in excess of the required reserves, will be utilized to facilitate one-time major improvements to streets, security enhancements at the police department, major repairs and maintenance projects to city facilities, equipment purchases and software purchases.

It is anticipated that the City will embark on the issuance of debt in the near future to facilitate long-term financing for major street, drainage, water and sewer line replacements.

All fund balances are projected to remain healthy and at or above the prescribed budgetary and financial management policies as adopted by the City Council on an annual basis.

## **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: Finance Director, 202 North Virginia, Port Lavaca, Texas 77979.



## **Basic Financial Statements**

**CITY OF PORT LAVACA, TEXAS****STATEMENT OF NET POSITION***September 30, 2021*

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	Governmental Activities	Business-type Activities	Total
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 14,401,621	\$ 5,257,533	\$ 19,659,154
Receivables (net)	750,730	687,457	1,438,187
Due from other governments	1,700,038	349,427	2,049,465
Prepaid items	536,126	38,488	574,614
Inventory	-	38,783	38,783
Total current assets	<u>17,388,515</u>	<u>6,371,688</u>	<u>23,760,203</u>
Noncurrent assets			
Capital assets			
Land and other assets not being depreciated	4,038,864	3,299,518	7,338,382
Assets being depreciated (net)	<u>25,652,593</u>	<u>28,032,665</u>	<u>53,685,258</u>
Total noncurrent assets	<u>29,691,457</u>	<u>31,332,183</u>	<u>61,023,640</u>
<b>Total assets</b>	<u>47,079,972</u>	<u>37,703,871</u>	<u>84,783,843</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>			
Deferred outflow related to pension	208,480	4,819	213,299
Deferred outflow related to OPEB	71,602	8,739	80,341
Deferred amount on refunding	<u>25,645</u>	<u>48,337</u>	<u>73,982</u>
<b>Total deferred outflows of resources</b>	<u>305,727</u>	<u>61,895</u>	<u>367,622</u>

The accompanying notes are an integral part of this statement.

	Governmental Activities	Business-type Activities	Total
<b>LIABILITIES</b>			
Current liabilities			
Accounts payable	\$ 540,983	\$ 983,637	\$ 1,524,620
Payroll related liabilities	196,765	37,770	234,535
Accrued interest payable	1,791	13,270	15,061
Due to other governments	12,072	7,023	19,095
Accrued compensated absences	45,468	5,139	50,607
Unearned revenue	1,536,543	67,432	1,603,975
Customer deposits	21,253	176,898	198,151
Current portion of long-term obligations	339,729	955,000	1,294,729
Total current liabilities	<u>2,694,604</u>	<u>2,246,169</u>	<u>4,940,773</u>
Noncurrent liabilities			
Accrued compensated absences	92,314	10,435	102,749
Net pension liability	262,947	29,217	292,164
OPEB liability	322,878	35,875	358,753
Noncurrent portion of long-term obligations	<u>535,441</u>	<u>2,214,661</u>	<u>2,750,102</u>
Total noncurrent liabilities	<u>1,213,580</u>	<u>2,290,188</u>	<u>3,503,768</u>
<b>Total liabilities</b>	<u>3,908,184</u>	<u>4,536,357</u>	<u>8,444,541</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Deferred inflow related to pension	335,802	9,790	345,592
Deferred inflow related to OPEB	<u>22,355</u>	<u>2,782</u>	<u>25,137</u>
<b>Total deferred inflows of resources</b>	<u>358,157</u>	<u>12,572</u>	<u>370,729</u>
<b>NET POSITION</b>			
Net investment in capital assets	28,656,325	27,712,054	56,368,379
Restricted for:			
Debt service	203,230	-	203,230
Economic development, tourism and conventions	831,031	-	831,031
Public safety	16,634	-	16,634
Municipal court	61,377	-	61,377
Unrestricted	<u>13,350,761</u>	<u>5,504,783</u>	<u>18,855,544</u>
<b>Total net position</b>	<u>\$ 43,119,358</u>	<u>\$ 33,216,837</u>	<u>\$ 76,336,195</u>

# CITY OF PORT LAVACA, TEXAS

## STATEMENT OF ACTIVITIES

For the year ended September 30, 2021

Function/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities				
General government	\$ 2,236,695	\$ 286,162	\$ 700,582	\$ -
Public safety	3,577,687	10,165	282,271	6,463
Public works	1,659,726	-	-	166,385
Parks and recreation	796,615	59,655	2,287,292	-
Interest on long-term debt	32,659	-	-	-
Total governmental activities	<u>8,303,382</u>	<u>355,982</u>	<u>3,270,145</u>	<u>172,848</u>
Business-type activities				
Public utilities	6,229,273	5,414,992	-	209,193
Port revenue	872,257	721,804	-	-
Beach operations	217,457	204,457	-	-
Total business-type activities	<u>7,318,987</u>	<u>6,341,253</u>	<u>-</u>	<u>209,193</u>
Total government	<u>\$ 15,622,369</u>	<u>\$ 6,697,235</u>	<u>\$ 3,270,145</u>	<u>\$ 382,041</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.

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Net (Expense) Revenue and  
Changes in Net Position

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Governmental Activities	Business- type Activities	Total
\$ (1,249,951)	\$ -	\$ (1,249,951)
(3,278,788)	-	(3,278,788)
(1,493,341)	-	(1,493,341)
1,550,332	-	1,550,332
(32,659)	-	(32,659)
<u>(4,504,407)</u>	<u>-</u>	<u>(4,504,407)</u>
-	(605,088)	(605,088)
-	(150,453)	(150,453)
-	(13,000)	(13,000)
<u>-</u>	<u>(768,541)</u>	<u>(768,541)</u>
<u>(4,504,407)</u>	<u>(768,541)</u>	<u>(5,272,948)</u>
4,315,264	-	4,315,264
331,330	-	331,330
3,566,918	-	3,566,918
582,631	-	582,631
561,956	-	561,956
7,760	5,851	13,611
212,081	-	212,081
(3,141,736)	3,141,736	-
<u>6,436,204</u>	<u>3,147,587</u>	<u>9,583,791</u>
1,931,797	2,379,046	4,310,843
<u>41,187,561</u>	<u>30,837,791</u>	<u>72,025,352</u>
<u>\$ 43,119,358</u>	<u>\$ 33,216,837</u>	<u>\$ 76,336,195</u>

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

September 30, 2021

	General	Hurricane Harvey	ARPA/CLFRF Grant
<b>ASSETS</b>			
Current assets			
Cash and cash equivalents	\$ 10,174,917	\$ -	\$ 1,468,627
Receivables (net)	652,318	-	-
Due from other governments	644,462	1,049,113	-
Due from other funds	1,974,951	-	-
Prepaid items	536,126	-	-
<b>Total assets</b>	<u>\$ 13,982,774</u>	<u>\$ 1,049,113</u>	<u>\$ 1,468,627</u>
<b>LIABILITIES</b>			
Accounts payable	\$ 248,000	\$ 133,017	\$ -
Payroll related payables	196,765	-	-
Due to other governments	12,072	-	-
Due to other funds	-	1,968,488	-
Customer and other deposits	21,253	-	-
Unearned revenue	67,916	-	1,468,627
<b>Total liabilities</b>	<u>546,006</u>	<u>2,101,505</u>	<u>1,468,627</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>			
Unavailable revenue	568,599	237,345	-
<b>Total deferred inflows of resources</b>	<u>568,599</u>	<u>237,345</u>	<u>-</u>
<b>FUND BALANCES</b>			
Nonspendable	536,126	-	-
Restricted	-	-	-
Committed	2,963,681	-	-
Unassigned	9,368,362	(1,289,737)	-
<b>Total fund balances</b>	<u>12,868,169</u>	<u>(1,289,737)</u>	<u>-</u>
<b>Total liabilities, deferred inflows and fund balances</b>	<u>\$ 13,982,774</u>	<u>\$ 1,049,113</u>	<u>\$ 1,468,627</u>

The accompanying notes are an integral part of this statement.

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<u>Street Construction</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
\$ 1,730,369	\$ 1,027,708	\$ 14,401,621
-	98,412	750,730
-	6,463	1,700,038
-	-	1,974,951
-	-	536,126
<u>\$ 1,730,369</u>	<u>\$ 1,132,583</u>	<u>\$ 19,363,466</u>
\$ 147,910	\$ 12,057	\$ 540,984
-	-	196,765
-	-	12,072
-	6,463	1,974,951
-	-	21,253
-	-	1,536,543
<u>147,910</u>	<u>18,520</u>	<u>4,282,568</u>
-	34,727	840,671
-	34,727	840,671
-	-	536,126
1,582,459	1,085,799	2,668,258
-	-	2,963,681
-	(6,463)	8,072,162
<u>1,582,459</u>	<u>1,079,336</u>	<u>14,240,227</u>
<u>\$ 1,730,369</u>	<u>\$ 1,132,583</u>	<u>\$ 19,363,466</u>

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

September 30, 2021

<b>Total governmental fund balances</b>		<b>\$ 14,240,227</b>
<i>Amounts reported for governmental activities in the statement of net position are different because:</i>		
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.		516,677
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.		323,995
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	\$ 54,170,079	
Accumulated depreciation of governmental capital assets	<u>(24,478,622)</u>	29,691,457
Deferred outflows of resources are not reported in the governmental funds:		
Deferred amount on refunding	25,645	
Deferred amount on pension	208,480	
Deferred amount on OPEB	<u>71,602</u>	305,727
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	(700,000)	
Loan payable	(175,170)	
Accrued interest payable	(1,791)	
Compensated absences	(137,782)	
OPEB liability	(322,878)	
Net pension liability	<u>(262,947)</u>	(1,600,568)
Deferred inflows of resources are not reported in the governmental funds:		
Deferred amount on pension	(335,802)	
Deferred amount on OPEB	<u>(22,355)</u>	<u>(358,157)</u>
<b>Net position of governmental activities</b>		<b><u>\$ 43,119,358</u></b>

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, 2021*

	General	Hurricane Harvey	ARPA/CLFRF Grant
<b>REVENUES</b>			
Taxes			
Ad valorem	\$ 4,319,305	\$ -	\$ -
Sales	3,566,918	-	-
Other	616,440	-	-
Fines, fees, and forfeitures	251,960	-	-
Intergovernmental	975,127	2,776,971	-
Licenses and permits	161,772	-	-
Investment	7,022	-	-
Rental	59,655	-	-
Charges for services	10,127	-	-
Miscellaneous	68,889	-	-
<b>Total revenues</b>	<u>10,037,215</u>	<u>2,776,971</u>	<u>-</u>
<b>EXPENDITURES</b>			
Current			
General government	2,005,744	-	-
Public safety	3,642,168	-	-
Public works	1,152,387	-	-
Parks and recreation	743,956	-	-
Capital outlay	638,381	2,885,586	-
Debt service			
Principal retirement	12,655	-	-
Interest and fiscal charges	4,659	-	-
<b>Total expenditures</b>	<u>8,199,950</u>	<u>2,885,586</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	1,837,265	(108,615)	-
<b>OTHER FINANCING SOURCES (USES)</b>			
Transfers in	561,810	-	-
Transfers out	(3,205,038)	-	-
<b>Total other financing sources (uses)</b>	<u>(2,643,228)</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(805,963)	(108,615)	-
Fund balances at beginning of year	<u>13,674,132</u>	<u>(1,181,122)</u>	<u>-</u>
<b>Fund balances at end of year</b>	<u>\$ 12,868,169</u>	<u>\$ (1,289,737)</u>	<u>\$ -</u>

The accompanying notes are an integral part of this statement.

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Street Construction	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 331,528	\$ 4,650,833
-	-	3,566,918
-	528,147	1,144,587
-	8,320	260,280
-	166,385	3,918,483
-	-	161,772
-	738	7,760
-	-	59,655
-	-	10,127
-	500	69,389
-	1,035,618	13,849,804
-	232,028	2,237,772
-	35,044	3,677,212
-	-	1,152,387
-	-	743,956
1,452,578	166,385	5,142,930
-	305,000	317,655
-	17,606	22,265
1,452,578	756,063	13,294,177
(1,452,578)	279,555	555,627
2,439,000	37,930	3,038,740
-	(277,142)	(3,482,180)
2,439,000	(239,212)	(443,440)
986,422	40,343	112,187
596,037	1,038,993	14,128,040
\$ 1,582,459	\$ 1,079,336	\$ 14,240,227

**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, 2021*

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<b>Total net change in fund balances - governmental funds</b>		<b>\$ 112,187</b>
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*Amounts reported for governmental activities in the statement of activities are different because:*

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	\$ 2,859,035	
Depreciation expense	<u>(1,078,969)</u>	1,780,066

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	305,000	
Loan principal retirement	<u>12,655</u>	317,655

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	3,822	
Other revenues	<u>(476,711)</u>	(472,889)

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	4,049	
Decrease in safety pay	25,271	
Decrease in loss on bond refunding	(11,174)	
Decrease in accrued interest	780	
Net pension costs	203,414	
Net OPEB costs	<u>(27,562)</u>	194,778

<b>Change in net position of governmental activities</b>		<b>\$ <u>1,931,797</u></b>
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The accompanying notes are an integral part of this statement.

**CITY OF PORT LAVACA, TEXAS**

**STATEMENT OF NET POSITION**

**PROPRIETARY FUNDS**

September 30, 2021

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
<b>ASSETS</b>				
Current assets				
Cash and cash equivalents	\$ 3,610,251	\$ 859,403	\$ 787,879	\$ 5,257,533
Receivables (net)	636,624	50,382	451	687,457
Due from other governments	229,427	120,000	-	349,427
Prepaid items	29,592	6,470	2,426	38,488
Inventory	38,783	-	-	38,783
Total current assets	4,544,677	1,036,255	790,756	6,371,688
Noncurrent assets				
Capital assets				
Land and other assets not being depreciated	1,009,015	2,016,690	273,813	3,299,518
Assets being depreciated (net)	17,754,465	6,225,754	4,052,446	28,032,665
Net noncurrent assets	18,763,480	8,242,444	4,326,259	31,332,183
<b>Total assets</b>	23,308,157	9,278,699	5,117,015	37,703,871
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflow related to pension	4,819	-	-	4,819
Deferred outflow related to OPEB	8,739	-	-	8,739
Deferred amount on refunding	48,337	-	-	48,337
<b>Total deferred outflows of resources</b>	61,895	-	-	61,895
<b>LIABILITIES</b>				
Current liabilities				
Accounts payable	570,833	313,942	98,862	983,637
Payroll related liabilities	35,207	2,563	-	37,770
Accrued interest payable	2,378	10,892	-	13,270
Due to other governments	7,023	-	-	7,023
Accrued compensated absences	3,527	1,612	-	5,139
Unearned revenue	63,057	4,375	-	67,432
Customer deposits	175,898	100	900	176,898
Current portion of noncurrent liabilities				
Bonds and certificates	780,000	175,000	-	955,000
Total current liabilities	1,637,923	508,484	99,762	2,246,169
Long-term liabilities, net of current portion				
Accrued compensated absences	7,161	3,274	-	10,435
Net pension liability	29,217	-	-	29,217
OPEB liability	35,875	-	-	35,875
Bonds and certificates (net of unamortized deferred amounts)	200,000	2,014,661	-	2,214,661
Total long-term liabilities	272,253	2,017,935	-	2,290,188
<b>Total liabilities</b>	1,910,176	2,526,419	99,762	4,536,357
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflow related to pension	9,790	-	-	9,790
Deferred inflow related to OPEB	2,782	-	-	2,782
<b>Total deferred inflows of resources</b>	12,572	-	-	12,572
<b>NET POSITION</b>				
Net investment in capital assets	17,745,962	5,737,292	4,228,800	27,712,054
Unrestricted	3,701,342	1,014,988	788,453	5,504,783
<b>Total net position</b>	\$ 21,447,304	\$ 6,752,280	\$ 5,017,253	\$ 33,216,837

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, 2021

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
<b>OPERATING REVENUES</b>				
Charges for services				
Water sales	\$ 2,153,241	\$ -	\$ -	\$ 2,153,241
Sewer services	1,874,091	-	-	1,874,091
Waste collection	802,327	-	-	802,327
Tap and service fees	418,604	-	-	418,604
Gate fees	-	-	59	59
Leases and rentals	-	605,311	201,883	807,194
Port tariffs	-	115,924	-	115,924
Penalties	32,174	-	-	32,174
Miscellaneous	134,555	569	2,515	137,639
Total operating revenues	<u>5,414,992</u>	<u>721,804</u>	<u>204,457</u>	<u>6,341,253</u>
<b>OPERATING EXPENSES</b>				
Personnel services	815,916	91,350	-	907,266
Materials and supplies	70,994	8,261	808	80,063
Services	2,009,688	121,915	40,207	2,171,810
Water purchases	1,285,914	-	-	1,285,914
Maintenance and repairs	839,114	336,322	19,761	1,195,197
Depreciation and amortization	1,110,285	230,082	145,379	1,485,746
Miscellaneous	73,300	-	11,302	84,602
Total operating expenses	<u>6,205,211</u>	<u>787,930</u>	<u>217,457</u>	<u>7,210,598</u>
<b>Operating income (loss)</b>	(790,219)	(66,126)	(13,000)	(869,345)
<b>NONOPERATING REVENUES (EXPENSES)</b>				
Investment income	4,807	735	309	5,851
Interest and fiscal charges	<u>(24,062)</u>	<u>(84,327)</u>	<u>-</u>	<u>(108,389)</u>
Net nonoperating revenues	<u>(19,255)</u>	<u>(83,592)</u>	<u>309</u>	<u>(102,538)</u>
Income before capital contributions and transfers	(809,474)	(149,718)	(12,691)	(971,883)
Capital grants and contributions	209,193	436,759	2,261,537	2,907,489
Transfers in	-	-	728,108	728,108
Transfers out	<u>(238,775)</u>	<u>(35,583)</u>	<u>(10,310)</u>	<u>(284,668)</u>
Change in net position	(839,056)	251,458	2,966,644	2,379,046
Total net position at beginning of year	<u>22,286,360</u>	<u>6,500,822</u>	<u>2,050,609</u>	<u>30,837,791</u>
<b>Total net position at end of year</b>	<u>\$ 21,447,304</u>	<u>\$ 6,752,280</u>	<u>\$ 5,017,253</u>	<u>\$ 33,216,837</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, 2021*

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>				
Cash received from customers	\$ 5,706,329	\$ 734,089	\$ 204,457	\$ 6,644,875
Cash payments to suppliers for goods and services	(4,570,729)	(267,178)	(120,656)	(4,958,563)
Cash payments to employees for services	(833,310)	(89,593)	-	(922,903)
<b>Net cash provided (used) by operating activities</b>	<u>302,290</u>	<u>377,318</u>	<u>83,801</u>	<u>763,409</u>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES:</b>				
Transfers to other funds	(238,775)	(35,583)	(10,310)	(284,668)
Transfers from other funds	-	-	728,108	728,108
<b>Net cash provided (used) by noncapital financing activities</b>	<u>(238,775)</u>	<u>(35,583)</u>	<u>717,798</u>	<u>443,440</u>
<b>CASH FLOWS FROM CAPITAL FINANCING ACTIVITIES:</b>				
Acquisition of capital assets	(939,675)	(742,551)	(514,458)	(2,196,684)
Receipts from capital grants and contributions	3,026	-	-	3,026
Principal paid on capital debt	(770,000)	(170,000)	-	(940,000)
Interest paid on capital debt	(25,785)	(90,328)	-	(116,113)
<b>Net cash provided (used) by capital financing activities</b>	<u>(1,732,434)</u>	<u>(1,002,879)</u>	<u>(514,458)</u>	<u>(3,249,771)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>				
Investment income	4,807	735	309	5,851
<b>Net cash provided (used) by investing activities</b>	<u>4,807</u>	<u>735</u>	<u>309</u>	<u>5,851</u>
Net increase (decrease) in cash and cash equivalents	(1,664,112)	(660,409)	287,450	(2,037,071)
Cash and cash equivalents at beginning of year	5,274,363	1,519,812	500,429	7,294,604
<b>Cash and cash equivalents at end of year</b>	<u>\$ 3,610,251</u>	<u>\$ 859,403</u>	<u>\$ 787,879</u>	<u>\$ 5,257,533</u>

**CITY OF PORT LAVACA, TEXAS****STATEMENT OF CASH FLOWS****PROPRIETARY FUNDS***For the year ended September 30, 2021*

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
<b>RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES:</b>				
Operating income	\$ (790,219)	\$ (66,126)	\$ (13,000)	\$ (869,345)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	1,110,285	230,082	145,379	1,485,746
Change in assets and liabilities:				
(Increase) decrease in accounts receivable	335,834	12,585	-	348,419
(Increase) decrease in prepaid expense	(19,507)	(1,021)	(591)	(21,119)
(Increase) decrease in inventory	(7,922)	-	-	(7,922)
(Increase) decrease in deferred outflow related to pension	(4,819)	-	-	(4,819)
(Increase) decrease in deferred outflow related to OPEB	(3,092)	-	-	(3,092)
Increase (decrease) in accounts and other payables	(262,983)	200,341	(47,987)	(110,629)
Increase (decrease) in payroll related liabilities	1,044	452	-	1,496
Increase (decrease) in due to other governments	(1,307)	-	-	(1,307)
Increase (decrease) in compensated absences	1,102	1,305	-	2,407
Increase (decrease) in net pension liability	(7,946)	-	-	(7,946)
Increase (decrease) in OPEB liability	5,556	-	-	5,556
Increase (decrease) in unearned revenue	(12,586)	-	-	(12,586)
Increase (decrease) in customer deposits	(31,911)	(300)	-	(32,211)
Increase (decrease) in deferred inflow related to pension	(9,837)	-	-	(9,837)
Increase (decrease) in deferred inflow related to OPEB	598	-	-	598
<b>Net cash provided (used) by operating activities</b>	<u>\$ 302,290</u>	<u>\$ 377,318</u>	<u>\$ 83,801</u>	<u>\$ 763,409</u>
<b>Noncash capital and related financing activities</b>				
Noncash capital grants and contributions	<u>\$ -</u>	<u>\$ 436,759</u>	<u>\$ 2,261,537</u>	<u>\$ 2,698,296</u>

The accompanying notes are an integral part of this statement.

**CITY OF PORT LAVACA, TEXAS****STATEMENT OF FIDUCIARY NET POSITION****FIDUCIARY FUNDS***September 30, 2021*

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	Fireman's Relief and Retirement Fund	Police Seized Nonforfeiture Fund
	<u>                    </u>	<u>                    </u>
<b>ASSETS</b>		
Cash and cash equivalents	\$          50	\$      30,700
<b>Total assets</b>	<u>          50</u>	<u>      30,700</u>
<b>LIABILITIES</b>	<u>          -</u>	<u>          -</u>
<b>NET POSITION</b>		
Restricted for payment of pension benefits	<u>          50</u>	<u>      30,700</u>
<b>Total net position</b>	<u>\$          50</u>	<u>\$      30,700</u>

The accompanying notes are an integral part of this statement.



**CITY OF PORT LAVACA, TEXAS****STATEMENT OF CHANGES IN FIDUCIARY NET POSITION****FIDUCIARY FUNDS***For the year ended September 30, 2021*

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	Fireman's Relief and Retirement Fund	Police Seized Nonforfeiture Fund
	<u>Fund</u>	<u>Fund</u>
<b>ADDITIONS</b>		
Employer contributions	\$ 1,775	\$ -
Seizure collections	<u>-</u>	<u>4,844</u>
<b>Total additions</b>	<u>1,775</u>	<u>4,844</u>
<b>DEDUCTIONS</b>		
Benefits paid	1,725	-
Seizure disbursements	<u>-</u>	<u>1,219</u>
<b>Total deductions</b>	<u>1,725</u>	<u>1,219</u>
Change in net position	50	3,625
Net position at beginning of year, as restated	<u>-</u>	<u>27,075</u>
<b>Net position at end of year</b>	<u>\$ 50</u>	<u>\$ 30,700</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, 2021.

**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.

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**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 eleven Special Revenue Funds, two of which have been reported as major funds:

- The Hurricane Harvey Fund is used to account for state and federal proceeds received and expenditures incurred by the City related to Hurricane Harvey.
- The ARPA/CLFRF Grant Fund accounts for federal funds received to construct certain qualified water and sewer infrastructure projects which are funded to state and local governments through the Coronavirus Local Fiscal Recovery Fund (CLFRF) as established under section 9901 of the American Rescue Plan Act (ARPA) of 2021.

The Capital Project Funds account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities or other capital assets. Capital Project Funds exclude those types of capital-related outflows financed by proprietary funds or for assets that will be held in trust for individuals, private organizations, or other governments. The City has one Capital Project Fund, which has been reported as a major 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.

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.

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**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.

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 fire-fighters.

Custodial 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.

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**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.

Investments for the City are recorded at amortized cost, which as of September 30, 2021, approximates fair value.

**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, 2021.

The Calhoun County Appraisal District bills and collects property taxes for the City. These taxes are levied on October 1<sup>st</sup> of each year and are payable by the following January 31<sup>st</sup>, 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 1<sup>st</sup> 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.

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**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.

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.

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**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 assets 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 assets 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 and OPEB**

For purposes of measuring the net pension liability, OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEBs, and pension 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 pension and OPEB liability is obtained from TMRS through reports prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company (GRS), in compliance with GASB No. 68 and No. 75.



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

**N. 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.

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

**P. 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**

Budgetary compliance is monitored at the departmental level in the funds. For the year ended September 30, 2021, the City complied with budgetary restrictions at all departmental levels except for the following:

<u>Fund Name- Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Negative Variance</u>
General Fund			
Human resources	\$ 22,075	\$ 35,348	\$ 13,273
Finance	264,902	279,051	14,149
Fire	1,423,695	1,426,592	2,897
Debt service	-	17,314	17,314

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

**Deficit Fund Equity**

As of September 30, 2021, the Hurricane Harvey Fund (a major Special Revenue Fund) had a deficit fund equity balance of \$1,289,737. The Bulletproof Vest Grant Fund (a nonmajor Special Revenue Fund) also had a deficit fund equity balance of \$6,463. These deficits will be eliminated in the 2022 fiscal year.

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**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, 2021, 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	\$ 13,937,068	55

Following the criteria for GASB Statement No. 79, Certain External Investment Pools and Pool Participants, LOGIC uses amortized cost to value portfolio assets. The investment pool operates 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 investment pool transacts at a net asset value of \$1.00 per share and is classified as cash and cash equivalents for reporting purposes.

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 have no custodial credit risk.

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**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	\$ 624,287	\$ -	\$ -	\$ -	\$ 29,752	\$ 654,039
Franchise taxes	82,488	-	-	-	-	82,488
Municipal court fines	140,006	-	-	-	-	140,006
Charges for services	171,833	793,638	62,457	-	-	1,027,928
Occupancy taxes	-	-	-	-	70,148	70,148
Miscellaneous	<u>1,230</u>	<u>433</u>	<u>2,500</u>	<u>451</u>	<u>-</u>	<u>4,614</u>
Gross receivables	1,019,844	794,071	64,957	451	99,900	1,979,223
Less: Allowance for uncollectibles	<u>(367,526)</u>	<u>(157,447)</u>	<u>(14,575)</u>	<u>-</u>	<u>(1,488)</u>	<u>(541,036)</u>
Net total receivables	<u>\$ 652,318</u>	<u>\$ 636,624</u>	<u>\$ 50,382</u>	<u>\$ 451</u>	<u>\$ 98,412</u>	<u>\$ 1,438,187</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, 2021, 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	\$ 488,413	\$ -	\$ 488,413
Charges for services	17,183	67,916	85,099
Municipal court fines	63,003	-	63,003
Hurricane Harvey Fund			
Grant reimbursements	237,345	-	237,345
ARPA/CLFRF Grant			
Grant reimbursements	-	1,468,627	1,468,627
Nonmajor Funds			
Ad valorem taxes	28,264	-	28,264
Grant reimbursements	<u>6,463</u>	<u>-</u>	<u>6,463</u>
	<u>\$ 840,671</u>	<u>\$ 1,536,543</u>	<u>\$ 2,377,214</u>

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**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, 2021:

	General Fund	Hurricane Harvey	Public Utility	Port Revenue	Nonmajor Funds	Total
Sales taxes	\$ 636,840	\$ -	\$ -	\$ -	\$ -	\$ 636,840
Mixed beverage taxes	5,959	-	-	-	-	5,959
Property taxes	1,663	-	-	-	-	1,663
Grant reimbursements	-	1,049,113	229,427	120,000	6,463	1,405,003
	<u>\$ 644,462</u>	<u>\$ 1,049,113</u>	<u>\$ 229,427</u>	<u>\$ 120,000</u>	<u>\$ 6,463</u>	<u>\$ 2,049,465</u>

**NOTE 6: CAPITAL ASSETS**

The capital asset activity of the City was as follows for the year ended September 30, 2021:

	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
<b>Governmental activities</b>				
Capital assets, not being depreciated:				
Land	\$ 1,844,144	\$ -	\$ -	\$ 1,844,144
Construction in progress	4,358,662	2,113,391	(4,277,333)	2,194,720
Total capital assets not being depreciated	<u>6,202,806</u>	<u>2,113,391</u>	<u>(4,277,333)</u>	<u>4,038,864</u>
Capital assets, being depreciated:				
Machinery and equipment	3,874,121	393,509	(88,894)	4,178,736
Buildings and structures	8,283,362	1,378,807	-	9,662,169
Infrastructure	33,039,649	3,250,661	-	36,290,310
Total capital assets being depreciated	<u>45,197,132</u>	<u>5,022,977</u>	<u>(88,894)</u>	<u>50,131,215</u>
Less accumulated depreciation for:				
Machinery and equipment	(3,014,852)	(230,364)	88,894	(3,156,322)
Buildings and structures	(4,054,510)	(301,166)	-	(4,355,676)
Infrastructure	(16,419,185)	(547,439)	-	(16,966,624)
Total accumulated depreciation	<u>(23,488,547)</u>	<u>(1,078,969)</u>	<u>88,894</u>	<u>(24,478,622)</u>
Total capital assets being depreciated, net	<u>21,708,585</u>	<u>3,944,008</u>	<u>-</u>	<u>25,652,593</u>
Governmental activities capital assets, net	<u>\$ 27,911,391</u>	<u>\$ 6,057,399</u>	<u>\$ (4,277,333)</u>	<u>\$ 29,691,457</u>

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**NOTE 6: CAPITAL ASSETS - (Continued)**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Deletions/ Transfers</u>	<u>Ending Balance</u>
<b>Business-type activities</b>				
Capital assets, not being depreciated:				
Land	\$ 2,316,718	\$ -	\$ -	\$ 2,316,718
Construction in progress	3,520,313	3,674,362	(6,211,875)	982,800
Total capital assets not being depreciated	<u>5,837,031</u>	<u>3,674,362</u>	<u>(6,211,875)</u>	<u>3,299,518</u>
Capital assets, being depreciated:				
Machinery and equipment	1,274,877	48,052	(8,300)	1,314,629
Buildings and structures	5,716,807	242,900	-	5,959,707
Infrastructure	44,141,049	7,141,540	-	51,282,589
Total capital assets being depreciated	<u>51,132,733</u>	<u>7,432,492</u>	<u>(8,300)</u>	<u>58,556,925</u>
Less accumulated depreciation for:				
Machinery and equipment	(724,847)	(79,419)	8,300	(795,966)
Buildings and structures	(3,650,676)	(171,635)	-	(3,822,311)
Infrastructure	(24,709,271)	(1,196,712)	-	(25,905,983)
Total accumulated depreciation	<u>(29,084,794)</u>	<u>(1,447,766)</u>	<u>8,300</u>	<u>(30,524,260)</u>
Total capital assets being depreciated, net	<u>22,047,939</u>	<u>5,984,726</u>	<u>-</u>	<u>28,032,665</u>
Business-type activities capital assets, net	<u>\$ 27,884,970</u>	<u>\$ 9,659,088</u>	<u>\$ (6,211,875)</u>	<u>\$ 31,332,183</u>

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

**Governmental activities:**

General government	\$ 108,316
Public safety	169,733
Public works	592,132
Parks and recreation	208,788
Total depreciation expense - governmental activities	<u>\$ 1,078,969</u>

**Business-type activities:**

Public Utility	\$ 1,072,306
Port Revenue	230,081
Beach Operating	145,379
Total depreciation expense - business-type activities	<u>\$ 1,447,766</u>

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**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, 2021, were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Hurricane Harvey Fund	\$ 1,968,488
	Nonmajor Special Revenue	<u>6,463</u>
		<u>\$ 1,974,951</u>

**B. Interfund Transfers**

Each year various funds of the City transfer funds to other funds. 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. Other than these ordinary transfers, the most significant transfer was from the General Fund to the Street Construction for fiscal year 2021 construction costs. During the current fiscal year, transfers between funds consisted of the following:

	<u>Transfers In</u>				
	<u>General</u>	<u>Street Construction</u>	<u>Beach Operating</u>	<u>Nonmajor</u>	<u>Total</u>
Transfers out					
General	\$ -	\$ 2,439,000	\$ 728,108	\$ 37,930	\$ 3,205,038
Public Utility	238,775	-	-	-	238,775
Port Revenue	35,583	-	-	-	35,583
Beach Operating	10,310	-	-	-	10,310
Nonmajor	<u>277,142</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>277,142</u>
	<u>\$ 561,810</u>	<u>\$ 2,439,000</u>	<u>\$ 728,108</u>	<u>\$ 37,930</u>	<u>\$ 3,766,848</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, 2021:

<u>Year Ending</u> <u>September 30</u>	
2022	\$ 505,439
2023	290,990
2024	207,536
2025	189,538
2026	<u>138,697</u>
	1,332,200
Thereafter	<u>1,458,291</u>
	<u>\$ 2,790,491</u>

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

Long-term liability activity for the year ended September 30, 2021, was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<b>Governmental activities</b>					
Bonds payable:					
General obligation bonds	\$ 1,005,000	\$ -	\$ 305,000	\$ 700,000	\$ 320,000
Net bonds payable	1,005,000	-	305,000	700,000	320,000
Direct borrowing -					
Loan payable	187,825	-	12,655	175,170	19,729
Compensated absences	141,831	195,637	199,686	137,782	45,468
OPEB liability	272,872	50,006	-	322,878	-
Net pension liability	334,461	-	71,514	262,947	-
Total governmental activity					
long-term liabilities	<u>\$ 1,941,989</u>	<u>\$ 245,643</u>	<u>\$ 588,855</u>	<u>\$ 1,598,777</u>	<u>\$ 385,197</u>
<b>Business-type activities</b>					
Bonds and certificates payable:					
Revenue bonds	\$ 1,750,000	\$ -	\$ 770,000	\$ 980,000	\$ 780,000
Certificates	2,270,000	-	170,000	2,100,000	175,000
Plus deferred amounts:					
Issuance premiums	94,717	-	5,056	89,661	-
Net bonds and certificates	4,114,717	-	945,056	3,169,661	955,000
Compensated absences	13,167	24,419	22,012	15,574	5,139
OPEB liability	30,319	5,556	-	35,875	-
Net pension liability	37,163	-	7,946	29,217	-
Total business-type activity					
long-term liabilities	<u>\$ 4,195,366</u>	<u>\$ 29,975</u>	<u>\$ 975,014</u>	<u>\$ 3,250,327</u>	<u>\$ 960,139</u>

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



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**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, 2021, 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%.	\$ 700,000
Total Bonds	<u>\$ 700,000</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
2022	\$ 320,000	\$ 10,962	\$ 330,962
2023	320,000	4,466	324,466
2024	60,000	609	60,609
	<u>\$ 700,000</u>	<u>\$ 16,037</u>	<u>\$ 716,037</u>

**C. Revenue Bonds and Certificates**

Revenue bonds and certificates payable were comprised of the following individual issues at September 30, 2021:

\$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%.	\$ 980,000
\$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%.	770,000
\$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>1,330,000</u>
Total Revenue Bonds and Certificates	<u>\$ 3,080,000</u>

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**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
2022	\$ 955,000	\$ 93,730	\$ 1,048,730
2023	280,000	77,914	357,914
2024	290,000	68,585	358,585
2025	200,000	59,836	259,836
2026	210,000	51,239	261,239
2027-2031	775,000	133,992	908,992
2032-2034	370,000	19,601	389,601
	<u>\$ 3,080,000</u>	<u>\$ 504,897</u>	<u>\$ 3,584,897</u>

The City has pledged future water customer revenues, net of specified operating expenses to repay \$980,000 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 (\$331,820) are expected to require approximately 25 percent of net revenues. Principal and interest paid for the current year and total net revenues were \$795,635 and \$324,873, respectively. The total principal and interest remaining to be paid on the bonds is \$995,460.

The City complied in all material respects with the various covenants applicable to its long-term debt agreements for the year ending September 30, 2021.

**D. Loan Payable**

Loans payable (direct borrowing) at September 30, 2021, was comprised of the following:

\$187,825 loan agreement with the Texas Comptroller of Public Accounts, through its State Energy Conservation Office, due in quarterly installments of \$5,771 through November 2030; interest fixed at 2.00%.	\$ 175,170
Total Loans	<u>\$ 175,170</u>

The City entered into the loan in order to finance the City's projects for various energy savings measures for City buildings and facilities. Annual debt service requirements to maturity for the City's loan payable are as follows:

Year Ending September 30	Governmental Activities		
	Principal	Interest	Total
2022	\$ 19,729	\$ 3,356	\$ 23,085
2023	20,127	2,959	23,086
2024	20,533	2,553	23,086
2025	20,946	2,139	23,085
2026	21,368	1,717	23,085
2027-2030	72,467	2,561	75,028
	<u>\$ 175,170</u>	<u>\$ 15,285</u>	<u>\$ 190,455</u>

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**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, 2021, \$2,335,000 of bonds outstanding was considered defeased.

**NOTE 11: PROPRIETARY FUND NET POSITION**

Management has committed for operating reserves \$1,617,012 of the Public Utility Fund's \$3,701,342 unrestricted net position. Management has also committed \$226,960 of the Port Revenue Fund's \$1,014,988 unrestricted net position for operating reserves and \$58,350 of the Beach Operating Fund's \$788,453 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 \$2,084,330, \$788,028, and \$730,103, respectively, of unrestricted, uncommitted net position as of September 30, 2021.

**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, 2020, 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 \$502.82 or approximately 86% 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, 2021, 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.

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

**D. Construction Commitments**

As of September 30, 2021, the City had entered into contractual commitments with contractors for various City projects. The costs incurred to date and estimated remaining costs were as follows:

<u>Project Description</u>	<u>Costs Incurred To Date</u>	<u>Estimated Remaining Costs</u>	<u>Source of Funds</u>
<b>Governmental activities:</b>			
Street/drainage improvements	\$ 1,407,654	\$ 1,002,344	City
Ezzel Street reconstruction	134,568	645,432	City
George Street reconstruction	85,500	794,500	City
Ditch rehabilitation	29,000	421,000	City
Park improvements	389,907	110,093	City/Grant
Veterans' memorial	87,571	-	City/Contributions
Skate park	30,350	119,650	City
City Hall master plan	5,558	44,443	City
Police Department reroof	13,183	186,817	City
Train Depot renovation	7,000	73,000	City
Fire truck	4,429	771,766	City
	<u>\$ 2,194,720</u>	<u>\$ 4,169,045</u>	
<b>Business-type activities:</b>			
Water and sewer improvements	\$ 503,467	\$ 621,533	City
City harbor upper dock	43,690	-	City
Firehydrant replacement	123,436	-	City
Generators for lift stations	258,546	595,944	City/Grant
Nautical Landings breakwater	10,000	-	City
Nautical Landings building	13,461	66,539	City
Living shoreline	30,200	13,469,800	City/Grant
	<u>\$ 982,800</u>	<u>\$ 14,753,816</u>	

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

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by the TMRS. TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of the TMRS with a six-member, Governor appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available annual comprehensive financial report (Annual report) that can be obtained at [www.tmr.com](http://www.tmr.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 member's benefit is calculated as if the sum of the member's contributions, with interest, and the City-financed monetary credits with interest. The retiring member may select one of seven monthly benefit payment options. 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 lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member contributions 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 2021 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% - transfers; 2003 - Auto Readoption
COLA (for retirees)	70%; 2003 - Auto Readoption
Military service credit	Not elected
Restricted prior service credit	Not elected
Buy back last adopted	Not elected

At the December 31, 2020 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	132
Active employees	<u>89</u>
	<u>290</u>

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**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 5.89% and 5.76% in calendar years 2020 and 2021, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$253,961, and were equal to the required contributions.

**Net Pension Liability**

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

**Actuarial Assumptions**

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

Inflation	2.5% per year
Overall Payroll Growth	2.75% per year, adjusted down for population declines, if any
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 are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 through December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rate (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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**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>
Global Equity	30.00%	5.30%
Core Fixed Income	10.00%	1.25%
Non-Core Fixed Income	20.00%	4.14%
Real Return	10.00%	3.85%
Real Estate	10.00%	4.00%
Absolute Return	10.00%	3.48%
Private Equity	<u>10.00%</u>	7.75%
<b>Total</b>	<u>100.00%</u>	

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**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.

	<b>Increase (Decrease)</b>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	(a)	(b)	(a) - (b)
<b>Balance at 12/31/2019</b>	\$ 11,832,782	\$ 11,461,157	\$ 371,625
Changes for the year:			
Service cost	378,215	-	378,215
Interest	789,013	-	789,013
Changes of benefit terms	-	-	-
Difference between expected and actual experience	44,412	-	44,412
Change of assumptions	-	-	-
Contributions - Employer	-	231,808	(231,808)
Contributions - Employee	-	196,782	(196,782)
Net investment income	-	868,360	(868,360)
Benefit payments, including refunds of employee contributions	(665,615)	(665,615)	-
Administrative expense	-	(5,629)	5,629
Other changes	-	(220)	220
Net changes	<u>546,025</u>	<u>625,486</u>	<u>(79,461)</u>
<b>Balance at 12/31/2020</b>	<u>\$ 12,378,807</u>	<u>\$ 12,086,643</u>	<u>\$ 292,164</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:	\$2,089,317	\$292,164	\$(1,152,824)



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**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](http://www.tmrs.com).

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

For the year ended September 30, 2021 the City recognized pension expense of \$27,945.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 26,135	\$ 26,012
Changes in actuarial assumptions	73	-
Difference between projected and actual investment earnings	-	319,580
Contributions subsequent to the measurement date	187,091	-
Total	\$ 213,299	\$ 345,592

\$187,091 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 measurement year ending December 31, 2021 (i.e. recognized in the City's financial statements for the year ending September 30, 2022). 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
2021	\$ (129,968)
2022	24,370
2023	(194,840)
2024	(18,948)
2025	-
Thereafter	-
Total	\$ (319,386)

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

TMRS administers an optional death benefit plan known as the Supplemental Death Benefits Fund (SDBF), which operates like a group-term life insurance plan. This voluntary program allows participating cities to provide supplemental death benefits for their active members, with optional coverage for their retirees. A City may terminate coverage in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF had 777 participating cities on December 31, 2020.

Benefits payable from SDBF become due after the death of a covered active member or retiree and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active members provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the member'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, single-employer OPEB plan (i.e. no assets are accumulated).

Membership

At the December 31, 2020 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	15
Active employees	<u>89</u>
Total	<u>146</u>

Contributions

Contributions to the SDBF are made monthly based on the payroll of covered members of the cities participating in the SDBF. The required contribution rate is actuarially determined annually for each City participating in the SDBF. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the City. There is a one-year delay between the actuarial valuation that serves as the basis for the City's contribution rate and the calendar year when the rate goes into effect. 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%
2020	0.25%	0.10%
2021	0.41%	0.30%

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**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, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Inflation	2.5%
Salary increases	3.5% to 11.5 % including inflation
Discount rate	2.00 %*
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	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

\* The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

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**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:

<b>Balance at 12/31/19</b>	<b>\$ 303,191</b>
Changes for the year:	
Service cost	20,072
Interest	8,560
Change of benefit terms	-
Difference between expected and actual experience	(13,467)
Change of assumptions	44,333
Benefit payments	(3,936)
Net changes	55,562
<b>Balance at 12/31/20</b>	<b>\$ 358,753</b>

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

The following presents the Total OPEB Liability of the City, calculated using the discount rate of 2.00%, 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 (1.00%) or 1-percentage-point higher (3.00%) than the current rate:

	1.0% Decrease in Discount Rate (1.00%)	Discount Rate (2.00%)	1.0% Increase in Discount Rate (3.00%)
City's Total OPEB Liability:	\$434,539	\$358,753	\$301,510

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$42,065.

At September 30, 2021, 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	\$ 805	\$ 17,313
Changes in actuarial assumptions	69,794	7,824
Contributions subsequent to the measurement date	9,742	-
Total	\$ 80,341	\$ 25,137

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

Deferred outflows and inflows of resources to be recognized in future OPEB expense (excluding City contributions subsequent to the measurement date) are as follows:

Year ended December 31:	OPEB Expense Amount
2021	\$ 13,433
2022	12,784
2023	10,873
2024	8,369
2025	-
Thereafter	-
Total	\$ 45,459

**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, 2021, there were 7 individuals receiving benefits under the plan. Benefit payments for the year totaled \$1,725.

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, 2021.

**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 \$764,817 as of September 30, 2021, 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.

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**NOTE 18: FUND BALANCES**

The following is a detail of the governmental fund balances as of September 30, 2021:

	<u>Nonspendable</u>	<u>Restricted</u>	<u>Committed</u>	<u>Unassigned</u>	<u>Total</u>
General					
Prepaid items	\$ 536,126	\$ -	\$ -	\$ -	\$ 536,126
Operating reserves	-	-	2,733,317	-	2,733,317
Capital asset replacement	-	-	230,364	-	230,364
Unassigned	-	-	-	9,368,362	9,368,362
Hurricane Harvey					
Unassigned	-	-	-	(1,289,737)	(1,289,737)
Street Construction					
Various capital projects	-	1,582,459	-	-	1,582,459
Nonmajor Governmental					
Retirement of long-term debt	-	176,757	-	-	176,757
Tourism and conventions	-	799,473	-	-	799,473
Economic development	-	31,558	-	-	31,558
Public safety	-	16,634	-	-	16,634
Municipal court	-	61,377	-	-	61,377
Unassigned	-	-	-	(6,463)	(6,463)
	<u>\$ 536,126</u>	<u>\$ 2,668,258</u>	<u>\$ 2,963,681</u>	<u>\$ 8,072,162</u>	<u>\$ 14,240,227</u>

**NOTE 19: RESTATEMENT OF PREVIOUSLY ISSUED FINANCIAL STATEMENTS**

In fiscal year 2021, the City implemented GASB Statement No. 84 (GASB 84), *Fiduciary Activities*. The objective of GASB 84 is to improve guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The focus of the criteria for identifying fiduciary activities generally is on (1) whether a government is controlling the assets of the fiduciary activity and (2) the beneficiaries with whom a fiduciary relationship exists. GASB 84 also provides for recognition of a liability to the beneficiaries in a fiduciary fund when an event has occurred that compels the government to disburse fiduciary resources. Events that compel a government to disburse fiduciary resources occur when a demand for the resources has been made or when no further action, approval, or condition is required to be taken or met by the beneficiary to release the assets. The effect on the City implementing GASB 84 was the establishment of the Police Seized Nonforfeiture Fund as a Custodial Fund, previously reported as an Agency Fund, and the reporting of a beginning net position balance of \$27,075 for this fund.

**NOTE 20: SUBSEQUENT EVENTS**

On January 13, 2021, the City entered into a lease purchase agreement for the purchase of a Pierce Enforcer Pumper fire truck. The total purchase price of the truck was \$772,386 and a down payment of \$400,000 was made in January 2021. This payment is reported as a deposit on the governmental fund statements and the government-wide statements for governmental activities. The amount financed through the Government Capital Corporation was \$372,386 and will be paid in three annual installments of \$129,756 beginning in December 2021 at an interest rate of 2.25%. The amount financed will be recorded as long-term debt in fiscal year 2022 on the government-wide statements.

On November 8, 2021, the City entered into a lease purchase agreement with Government Capital Corporation for utility meter replacements. The amount of the lease was \$2,400,000 and will be paid in five annual installments of \$512,495 beginning in December 2022 at an interest rate of 2.224%.

**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, 2021

With comparative totals for the year ended September 30, 2020

	2021				2020
	Original Budget	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>					
Taxes	\$ 7,572,560	\$ 7,572,560	\$ 8,502,663	\$ 930,103	\$ 8,010,026
Fines and forfeitures	262,000	262,000	251,960	(10,040)	220,122
Intergovernmental	257,800	257,800	975,127	717,327	367,212
Licenses and permits	118,700	118,700	161,772	43,072	168,367
Investment	60,000	60,000	7,022	(52,978)	116,706
Rental	35,000	35,000	59,655	24,655	30,345
Charges for services	7,500	7,500	10,127	2,627	14,708
Miscellaneous	10,000	52,851	68,889	16,038	175,052
<b>Total revenues</b>	<u>8,323,560</u>	<u>8,366,411</u>	<u>10,037,215</u>	<u>1,670,804</u>	<u>9,102,538</u>
<b>EXPENDITURES</b>					
Current					
General government	2,324,548	2,327,207	2,005,744	321,463	1,755,370
Public safety	4,153,306	4,195,155	3,642,168	552,987	3,548,418
Public works	1,535,031	1,580,031	1,152,387	427,644	1,129,316
Parks and recreation	835,012	835,012	743,956	91,056	557,569
Capital outlay	1,358,000	1,358,000	638,381	719,619	1,122,492
Debt service	-	-	17,314	(17,314)	-
<b>Total expenditures</b>	<u>10,205,897</u>	<u>10,295,405</u>	<u>8,199,950</u>	<u>2,095,455</u>	<u>8,113,165</u>
Excess (deficiency) of revenues over expenditures	(1,882,337)	(1,928,994)	1,837,265	3,766,259	989,373
<b>OTHER FINANCING SOURCES (USES)</b>					
Debt issued	-	-	-	-	187,825
Transfers in	561,810	561,810	561,810	-	472,994
Transfers out	(2,735,974)	(2,764,974)	(3,205,038)	(440,064)	(1,798,000)
<b>Net other financing sources (uses)</b>	<u>(2,174,164)</u>	<u>(2,203,164)</u>	<u>(2,643,228)</u>	<u>(440,064)</u>	<u>(1,137,181)</u>
Net change in fund balance	(4,056,501)	(4,132,158)	(805,963)	3,326,195	(147,808)
Fund balance at beginning of year	<u>13,674,132</u>	<u>13,674,132</u>	<u>13,674,132</u>	-	<u>13,821,940</u>
<b>Fund balance at end of year</b>	<u>\$ 9,617,631</u>	<u>\$ 9,541,974</u>	<u>\$ 12,868,169</u>	<u>\$ 3,326,195</u>	<u>\$ 13,674,132</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
<b>Total Pension Liability</b>			
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)
<b>Net Change in Total Pension Liability</b>	188,487	530,143	501,419
<b>Total Pension Liability - Beginning</b>	9,700,410	9,888,897	10,419,040
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 9,888,897</u>	<u>\$ 10,419,040</u>	<u>\$ 10,920,459</u>
<b>Plan Fiduciary Net Position</b>			
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)
<b>Net Change in Plan Fiduciary Net Position</b>	336,561	(23,701)	448,675
<b>Plan Fiduciary Net Position - Beginning</b>	9,005,394	9,341,955	9,318,254
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 9,341,955</u>	<u>\$ 9,318,254</u>	<u>\$ 9,766,929</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 546,942</u>	<u>\$ 1,100,786</u>	<u>\$ 1,153,530</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	94.47%	89.43%	89.44%
<b>Covered Employee Payroll</b>	\$ 3,538,200	\$ 3,900,944	\$ 3,753,514
<b>Net Pension Liability as a Percentage of Covered Employee Payroll</b>	15.46%	28.22%	30.73%

NOTE: Information for the prior three years was not readily available. The City will compile the respective information over the next three 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	2019	2020
\$ 348,599	\$ 340,363	\$ 366,719	\$ 378,215
726,299	741,373	761,419	789,013
-	-	-	-
(125,070)	(92,649)	(74,875)	44,412
-	-	270	-
(669,541)	(775,245)	(635,339)	(665,615)
280,287	213,842	418,194	546,025
10,920,459	11,200,746	11,414,588	11,832,782
<u>\$ 11,200,746</u>	<u>\$ 11,414,588</u>	<u>\$ 11,832,782</u>	<u>\$ 12,378,807</u>
\$ 219,660	\$ 213,037	\$ 221,708	\$ 231,808
182,513	177,828	190,800	196,782
1,353,359	(324,704)	1,563,243	868,360
(669,541)	(775,245)	(635,339)	(665,615)
(7,015)	(6,279)	(8,849)	(5,629)
(356)	(327)	(265)	(220)
1,078,620	(715,690)	1,331,298	625,486
9,766,929	10,845,549	10,129,859	11,461,157
<u>\$ 10,845,549</u>	<u>\$ 10,129,859</u>	<u>\$ 11,461,157</u>	<u>\$ 12,086,643</u>
<u>\$ 355,197</u>	<u>\$ 1,284,729</u>	<u>\$ 371,625</u>	<u>\$ 292,164</u>
96.83%	88.74%	96.86%	97.64%
\$ 3,650,253	\$ 3,556,564	\$ 3,816,010	\$ 3,935,641
9.73%	36.12%	9.74%	7.42%

**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	(234,844)	(232,147)	(220,357)
Contribution deficiency (excess)	<u>\$ (9,148)</u>	<u>\$ (9,616)</u>	<u>\$ (8,419)</u>
Covered employee payroll	\$ 3,728,430	\$ 3,822,573	\$ 3,575,417
Contributions as a percentage of covered employee payroll	6.30%	6.07%	6.16%

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

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

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Fiscal Year			
2018	2019	2020	2021
\$ 216,287	\$ 220,661	\$ 225,701	\$ 253,961
(224,324)	(229,502)	(235,336)	(270,116)
<u>\$ (8,037)</u>	<u>\$ (8,841)</u>	<u>\$ (9,635)</u>	<u>\$ (16,155)</u>
\$ 3,605,556	\$ 3,767,059	\$ 3,846,134	\$ 4,383,413
6.22%	6.09%	6.12%	6.16%

**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	2019
<b>Total OPEB Liability</b>			
Service cost	\$ 8,761	\$ 9,603	\$ 9,540
Interest (on the total OPEB liability)	8,383	8,424	9,460
Change of benefit terms	-	-	-
Difference between expected and actual experience	-	1,671	(10,459)
Change of assumptions	17,855	(16,237)	45,970
Benefit payments	(2,555)	(2,845)	(3,053)
<b>Net Change in Total OPEB Liability</b>	32,444	616	51,458
<b>Total OPEB Liability - Beginning</b>	218,673	251,117	251,733
<b>Total OPEB Liability - Ending</b>	<u>\$ 251,117</u>	<u>\$ 251,733</u>	<u>\$ 303,191</u>
 <b>Covered Employee Payroll</b>	 \$ 3,650,253	 \$ 3,556,564	 \$ 3,816,010
 <b>Total OPEB Liability as a Percentage of Covered Employee Payroll</b>	 6.88%	 7.08%	 7.95%

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

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

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Measurement Year

2020

\$ 20,072  
8,560  
-  
(13,467)  
44,333  
(3,936)

55,562

303,191

\$ 358,753

\$ 3,935,641

9.12%

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

	Fiscal Year		
	2018	2019	2020
Actuarially Determined Contribution	\$ 2,780	\$ 3,014	\$ 3,077
Contribution in relation to the actuarially determined contribution	(2,780)	(3,014)	(3,077)
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Covered employee payroll	\$ 3,605,556	\$ 3,767,059	\$ 3,846,134
Contributions as a percentage of covered employee payroll	0.0771%	0.0800%	0.0800%

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

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

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<u>Fiscal Year</u>
<u>2021</u>

\$	10,880
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<u>(10,880)</u>
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<u>\$</u>	<u>-</u>
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\$	4,383,413
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0.2482%



**CITY OF PORT LAVACA, TEXAS****NOTES TO REQUIRED SUPPLEMENTARY INFORMATION***September 30, 2021***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 budgetary comparison schedules for the Major Special Revenue Funds, the Hurricane Harvey Fund and the ARPA/CLFRF Grant Fund. The activity of these funds are funded by the federal and state government, thereby no local control over appropriating funds is possible. Therefore, there is no requirement of presenting budgetary comparison schedules.

**NOTE 2: BUDGETARY LEGAL COMPLIANCE**

For the year ended September 30, 2021, 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			
Human resources	\$ 22,075	\$ 35,348	\$ 13,273
Finance	264,902	279,051	14,149
Fire	1,423,695	1,426,592	2,897
Debt service	-	17,314	17,314

**NOTE 3: DEFINED BENEFIT PENSION PLAN****Valuation 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	25 years
Asset Valuation Method	10 year Smoothed Market; 12% Soft Corridor
Inflation	2.50%
Salary Increases	3.50% to 11.50% 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 2019 valuation pursuant to an experience study of the period 2014-2018

**CITY OF PORT LAVACA, TEXAS**

**NOTES TO REQUIRED SUPPLEMENTARY INFORMATION**

September 30, 2021

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**NOTE 3: DEFINED BENEFIT PENSION PLAN - (Continued)**

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

Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.  
Pre-retirement: PUB(10) mortality tables, with the Public Safety tables used for males and the General employee tables used for females. The rates are projected on a fully generational basis with scale UMP.

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 during the year.

Changes in Assumptions

- Discount rate decreased to 2.00% from 2.75%.

## **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.

**CDBG Grant Fund** - Accounts for grant funds received through the Community Development Block Grants for the drainage infrastructure and street infrastructure improvements to facilitate proper stormwater conveyance, reduce the impact of future flooding, and provide continued ingress/egress to the targeted area impacted by Hurricane Harvey.

**TDHCA HOME Program Fund** - Accounts for the City's participation and matching funds as administrator in the HOME reservation system in cooperation with the Texas Department of Housing and Community Affairs (TDHCA) as funded through the U.S. Department of Housing and Urban Development.

### **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.

**CITY OF PORT LAVACA, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2021**

	Special Revenue				
	Hotel Occupancy Tax	Police Forfeitures	Building Security	Economic Development	Bulletproof Vest Grant
<b>ASSETS</b>					
Current assets					
Cash and cash equivalents	\$ 741,382	\$ 16,634	\$ 39,829	\$ 11,558	\$ -
Receivables (net)	70,148	-	-	-	-
Due from other governments	-	-	-	-	6,463
<b>Total assets</b>	<u>\$ 811,530</u>	<u>\$ 16,634</u>	<u>\$ 39,829</u>	<u>\$ 11,558</u>	<u>\$ 6,463</u>
<b>LIABILITIES</b>					
Liabilities					
Accounts payable	\$ 12,057	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	6,463
<b>Total liabilities</b>	<u>12,057</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,463</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>					
Unavailable revenue	-	-	-	-	6,463
<b>Total deferred inflows of resources</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,463</u>
<b>FUND BALANCE</b>					
Restricted					
Retirement of long-term debt	-	-	-	-	-
Tourism and conventions	799,473	-	-	-	-
Economic development	-	-	-	11,558	-
Public safety	-	16,634	-	-	-
Municipal court	-	-	39,829	-	-
Unassigned	-	-	-	-	(6,463)
<b>Total fund balance</b>	<u>799,473</u>	<u>16,634</u>	<u>39,829</u>	<u>11,558</u>	<u>(6,463)</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 811,530</u>	<u>\$ 16,634</u>	<u>\$ 39,829</u>	<u>\$ 11,558</u>	<u>\$ 6,463</u>

Special Revenue			Debt Service	Total Nonmajor Governmental Funds
Court Technology Fund	TDHCA HOME Program	Total	2012 General Obligation Refunding Bonds	
\$ 21,548	\$ 20,000	\$ 850,951	\$ 176,757	\$ 1,027,708
-	-	70,148	28,264	98,412
-	-	6,463	-	6,463
<u>\$ 21,548</u>	<u>\$ 20,000</u>	<u>\$ 927,562</u>	<u>\$ 205,021</u>	<u>\$ 1,132,583</u>
\$ -	\$ -	\$ 12,057	\$ -	\$ 12,057
-	-	6,463	-	6,463
-	-	18,520	-	18,520
-	-	6,463	28,264	34,727
-	-	6,463	28,264	34,727
-	-	-	176,757	176,757
-	-	799,473	-	799,473
-	20,000	31,558	-	31,558
-	-	16,634	-	16,634
21,548	-	61,377	-	61,377
-	-	(6,463)	-	(6,463)
<u>21,548</u>	<u>20,000</u>	<u>902,579</u>	<u>176,757</u>	<u>1,079,336</u>
<u>\$ 21,548</u>	<u>\$ 20,000</u>	<u>\$ 927,562</u>	<u>\$ 205,021</u>	<u>\$ 1,132,583</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, 2021*

	Special Revenue				
	Hotel Occupancy Tax	Police Forfeitures	Building Security	Economic Development	Bulletproof Vest Grant
<b>REVENUES</b>					
Taxes	\$ 528,147	\$ -	\$ -	\$ -	\$ -
Fines, fees, and forfeitures	-	731	4,827	-	-
Intergovernmental	-	-	-	-	-
Investment	579	6	-	-	-
Miscellaneous	500	-	-	-	-
<b>Total revenues</b>	<u>529,226</u>	<u>737</u>	<u>4,827</u>	<u>-</u>	<u>-</u>
<b>EXPENDITURES</b>					
Current					
General government	231,968	-	-	-	-
Public safety	-	-	-	-	6,485
Capital outlay	-	-	-	-	-
Debt service					
Principal retirement	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
<b>Total expenditures</b>	<u>231,968</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>6,485</u>
Excess (deficiency) of revenues over expenditures	297,258	737	4,827	-	(6,485)
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	-	-	-	-	-
Transfers out	(277,142)	-	-	-	-
<b>Total other financing sources (uses)</b>	<u>(277,142)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	20,116	737	4,827	-	(6,485)
Fund balances at beginning of year	<u>779,357</u>	<u>15,897</u>	<u>35,002</u>	<u>11,558</u>	<u>22</u>
<b>Fund balances at end of year</b>	<u>\$ 799,473</u>	<u>\$ 16,634</u>	<u>\$ 39,829</u>	<u>\$ 11,558</u>	<u>\$ (6,463)</u>

Special Revenue					Debt Service	Total
Redflex Traffic System	Court Technology Fund	CDBG Grant	TDHCA HOME Program	Total	2012 General Obligation Refunding Bonds	Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 528,147	\$ 331,528	\$ 859,675
-	2,762	-	-	8,320	-	8,320
-	-	166,385	-	166,385	-	166,385
-	5	-	-	590	148	738
-	-	-	-	500	-	500
-	2,767	166,385	-	703,942	331,676	1,035,618
-	-	-	60	232,028	-	232,028
28,559	-	-	-	35,044	-	35,044
-	-	166,385	-	166,385	-	166,385
-	-	-	-	-	305,000	305,000
-	-	-	-	-	17,606	17,606
28,559	-	166,385	60	433,457	322,606	756,063
(28,559)	2,767	-	(60)	270,485	9,070	279,555
17,870	-	-	20,060	37,930	-	37,930
-	-	-	-	(277,142)	-	(277,142)
17,870	-	-	20,060	(239,212)	-	(239,212)
(10,689)	2,767	-	20,000	31,273	9,070	40,343
10,689	18,781	-	-	871,306	167,687	1,038,993
\$ -	\$ 21,548	\$ -	\$ 20,000	\$ 902,579	\$ 176,757	\$ 1,079,336



## **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, 2021

With comparative totals for September 30, 2020

	<u>2021</u>	<u>2020</u>
<b>ASSETS</b>		
Cash and cash equivalents	\$ 10,174,917	\$ 12,658,480
Receivables, net		
Taxes	570,902	565,836
Fines	63,003	64,172
Other	18,413	18,627
Due from other governments	644,462	700,776
Due from other funds	1,974,951	1,148,223
Prepaid items	<u>536,126</u>	<u>47,524</u>
<b>Total assets</b>	<u>\$ 13,982,774</u>	<u>\$ 15,203,638</u>
<b>LIABILITIES</b>		
Accounts payable	\$ 248,000	\$ 686,392
Payroll related payables	196,765	154,240
Due to other governments	12,072	27,473
Customer and other deposits	21,253	28,534
Unearned revenue	<u>67,916</u>	<u>67,916</u>
<b>Total liabilities</b>	<u>546,006</u>	<u>964,555</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Unavailable revenue	<u>568,599</u>	<u>564,951</u>
<b>Total deferred inflows of resources</b>	<u>568,599</u>	<u>564,951</u>
<b>FUND BALANCE</b>		
Nonspendable		
Prepaid items	536,126	47,524
Committed		
Operating reserves	2,733,317	2,704,388
Capital asset replacement	230,364	207,507
Unassigned	<u>9,368,362</u>	<u>10,714,713</u>
<b>Total fund balance</b>	<u>12,868,169</u>	<u>13,674,132</u>
<b>Total liabilities, deferred inflows and fund balance</b>	<u>\$ 13,982,774</u>	<u>\$ 15,203,638</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, 2021**With comparative totals for the year ended September 30, 2020*

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Taxes				
Ad valorem	\$ 4,036,060	\$ 4,319,305	\$ 283,245	\$ 4,124,204
Sales	2,943,000	3,566,918	623,918	3,287,441
Franchise	568,500	582,631	14,131	569,268
Beverage	25,000	33,809	8,809	29,113
Total taxes	<u>7,572,560</u>	<u>8,502,663</u>	<u>930,103</u>	<u>8,010,026</u>
Fines and forfeitures				
Municipal court	152,000	125,612	(26,388)	103,166
Tax penalties and fees	110,000	126,348	16,348	116,956
Total fines and forfeitures	<u>262,000</u>	<u>251,960</u>	<u>(10,040)</u>	<u>220,122</u>
Intergovernmental				
Reimbursements	256,000	271,664	15,664	271,187
Grants and allocations	1,800	703,463	701,663	96,025
Total intergovernmental	<u>257,800</u>	<u>975,127</u>	<u>717,327</u>	<u>367,212</u>
Licenses and permits				
Licenses				
Building/electrical	5,000	8,150	3,150	10,200
Animal	200	390	190	140
Alcoholic beverage	2,500	1,755	(745)	4,230
Permits				
Building	60,000	69,224	9,224	56,264
Electrical	7,500	12,240	4,740	12,826
Plumbing	7,500	9,178	1,678	10,780
Mechanical	10,000	8,552	(1,448)	12,000
Miscellaneous	26,000	52,283	26,283	61,927
Total licenses and permits	<u>118,700</u>	<u>161,772</u>	<u>43,072</u>	<u>168,367</u>
Investment	<u>60,000</u>	<u>7,022</u>	<u>(52,978)</u>	<u>116,706</u>
Rental	<u>35,000</u>	<u>59,655</u>	<u>24,655</u>	<u>30,345</u>
Charges for services				
Police service fees	1,000	1,845	845	2,089
Other	6,500	8,282	1,782	12,619
Total charges for services	<u>7,500</u>	<u>10,127</u>	<u>2,627</u>	<u>14,708</u>

(continued)

**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, 2021**With comparative totals for the year ended September 30, 2020*

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES - (Continued)</b>				
Miscellaneous				
Reimbursements and refunds	\$ 8,531	\$ 24,314	\$ 15,783	\$ 34,703
Other	44,320	44,575	255	140,349
Total miscellaneous	<u>52,851</u>	<u>68,889</u>	<u>16,038</u>	<u>175,052</u>
 Total revenues	 <u>8,366,411</u>	 <u>10,037,215</u>	 <u>1,670,804</u>	 <u>9,102,538</u>
<b>OTHER FINANCING SOURCES</b>				
Debt issued	-	-	-	187,825
Transfers in	561,810	561,810	-	472,994
Total other financing sources	<u>561,810</u>	<u>561,810</u>	<u>-</u>	<u>660,819</u>
<b>Total revenues and other financing sources</b>	<b><u>\$ 8,928,221</u></b>	<b><u>\$ 10,599,025</u></b>	<b><u>\$ 1,670,804</u></b>	<b><u>\$ 9,763,357</u></b>

(concluded)

**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, 2021

With comparative totals for the year ended September 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>EXPENDITURES</b>				
Current				
General government				
City council				
Personnel services	\$ 31,110	\$ 31,074	\$ 36	\$ 31,410
Materials and supplies	500	597	(97)	558
Services	1,500	573	927	700
Total city council	33,110	32,244	866	32,668
City manager				
Personnel services	115,882	164,441	(48,559)	186,748
Materials and supplies	600	920	(320)	329
Services	126,840	69,846	56,994	45,565
Total city manager	243,322	235,207	8,115	232,642
City secretary				
Personnel services	174,569	167,462	7,107	156,748
Materials and supplies	1,560	1,482	78	1,122
Services	26,000	10,880	15,120	12,676
Maintenance	-	-	-	788
Total city secretary	202,129	179,824	22,305	171,334
Human resources				
Materials and supplies	1,075	1,339	(264)	2,779
Services	21,000	34,009	(13,009)	16,882
Total human resources	22,075	35,348	(13,273)	19,661
Municipal court				
Personnel services	142,963	121,478	21,485	115,266
Materials and supplies	1,750	1,422	328	1,340
Services	19,750	13,092	6,658	13,155
Sundry	-	4,581	(4,581)	4,424
Total municipal court	164,463	140,573	23,890	134,185
Economic development				
Personnel services	112,133	126,335	(14,202)	108,253
Materials and supplies	1,000	257	743	340
Services	7,500	71,252	(63,752)	24,912
Maintenance	500	-	500	-
Sundry	25,000	-	25,000	10,890
Capital outlay	280,000	57,817	222,183	10,890
Total economic development	426,133	255,661	170,472	155,285

(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, 2021

With comparative totals for the year ended September 30, 2020

	2021		Variance	2020
	Final Budget	Actual	Positive (Negative)	Actual
<b>EXPENDITURES - (Continued)</b>				
Current - (Continued)				
General government - (Continued)				
Finance				
Personnel services	\$ 244,452	\$ 266,424	\$ (21,972)	\$ 241,920
Materials and supplies	8,250	7,925	325	8,190
Services	11,200	3,619	7,581	14,729
Maintenance	1,000	1,083	(83)	1,166
Total finance	264,902	279,051	(14,149)	266,005
City hall				
Personnel services	6,076	1,511	4,565	3,016
Materials and supplies	12,000	10,844	1,156	15,752
Services	48,150	38,456	9,694	39,807
Maintenance	32,000	2,214	29,786	11,309
Capital outlay	55,000	66,216	(11,216)	-
Total city hall	153,226	119,241	33,985	69,884
Non-departmental				
Personnel services	91,650	56,617	35,033	13,353
Materials and supplies	1,000	2,981	(1,981)	12,430
Services	413,737	414,472	(735)	421,467
Maintenance	259,065	241,794	17,271	163,843
Sundry	52,395	12,731	39,664	73,503
Total non-departmental	817,847	728,595	89,252	684,596
Total general government	2,327,207	2,005,744	321,463	1,766,260
Public safety				
Police				
Personnel services	2,032,536	1,763,075	269,461	1,677,298
Materials and supplies	83,340	83,475	(135)	114,011
Services	85,358	64,131	21,227	55,816
Maintenance	62,191	67,708	(5,517)	66,161
Capital outlay	262,200	56,940	205,260	122,308
Total police	2,525,625	2,035,329	490,296	2,035,594
Fire				
Personnel services	1,150,900	1,211,511	(60,611)	1,073,543
Materials and supplies	71,545	54,792	16,753	47,266
Services	66,850	53,871	12,979	48,011
Maintenance	64,400	70,229	(5,829)	76,548
Capital outlay	70,000	36,189	33,811	138,196
Total fire	1,423,695	1,426,592	(2,897)	1,383,564

(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, 2021

With comparative totals for the year ended September 30, 2020

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>EXPENDITURES - (Continued)</b>				
Current - (Continued)				
Public safety - (Continued)				
Animal control				
Personnel services	\$ 91,685	\$ 97,035	\$ (5,350)	\$ 87,896
Materials and supplies	12,300	10,312	1,988	8,445
Services	17,950	10,309	7,641	10,210
Maintenance	13,900	4,446	9,454	22,709
Capital outlay	110,000	58,145	51,855	-
Total animal control	245,835	180,247	65,588	129,260
Total public safety	4,195,155	3,642,168	552,987	3,548,418
Public works				
Code enforcement/inspections				
Personnel services	105,222	92,214	13,008	84,879
Materials and supplies	10,260	7,038	3,222	5,526
Services	83,800	72,788	11,012	69,157
Maintenance	500	974	(474)	845
Total code enforcement/inspections	199,782	173,014	26,768	160,407
Streets				
Personnel services	748,529	520,950	227,579	467,121
Materials and supplies	33,420	42,220	(8,800)	26,681
Services	252,800	302,836	(50,036)	182,863
Maintenance	345,500	113,367	232,133	200,244
Capital outlay	-	-	-	92,000
Total streets	1,380,249	979,373	400,876	968,909
Total public works	1,580,031	1,152,387	427,644	1,129,316
Parks and recreation				
Parks				
Personnel services	239,830	273,886	(34,056)	202,725
Materials and supplies	45,290	45,470	(180)	40,815
Services	50,100	44,637	5,463	39,493
Maintenance	54,000	66,323	(12,323)	59,804
Capital outlay	180,000	138,448	41,552	3,873
Total parks	569,220	568,764	456	346,710

(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, 2021

With comparative totals for the year ended September 30, 2020

	2021		Variance	2020
	Final Budget	Actual	Positive (Negative)	Actual
<b>EXPENDITURES - (Continued)</b>				
Current - (Continued)				
Parks and recreation - (Continued)				
Convention/visitors bureau				
Personnel services	\$ 106,192	\$ 61,031	\$ 45,161	\$ 92,835
Materials and supplies	6,900	10,268	(3,368)	9,926
Services	118,100	83,306	34,794	80,957
Maintenance	34,600	20,587	14,013	27,141
Total convention/visitors bureau	265,792	175,192	90,600	210,859
Total parks and recreation	835,012	743,956	91,056	557,569
Total current	8,937,405	7,544,255	1,393,150	7,001,563
Capital outlay	1,358,000	638,381	719,619	1,122,492
Debt service				
Principal retirement	-	12,655	(12,655)	-
Interest and fiscal charges	-	4,659	(4,659)	-
Total debt service	-	17,314	(17,314)	-
Total expenditures	10,295,405	8,199,950	2,095,455	8,124,055
<b>OTHER FINANCING USES</b>				
Transfers out	2,764,974	3,205,038	(440,064)	1,798,000
<b>Total expenditures and other financing uses</b>	<b>\$ 13,060,379</b>	<b>\$ 11,404,988</b>	<b>\$ 1,655,391</b>	<b>\$ 9,922,055</b>

(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, 2021**With comparative totals for the year ended September 30, 2020*

	2021			2020
	Final Budget	Actual	Variance Positive (Negative)	Actual
<b>REVENUES</b>				
Taxes				
Ad valorem	\$ 322,606	\$ 331,528	\$ 8,922	\$ 323,628
Investment	-	148	148	1,783
<b>Total revenues</b>	<u>322,606</u>	<u>331,676</u>	<u>9,070</u>	<u>325,411</u>
<b>EXPENDITURES</b>				
Debt service				
Principal retirement	305,000	305,000	-	300,000
Interest and fiscal charges	<u>17,606</u>	<u>17,606</u>	<u>-</u>	<u>23,746</u>
<b>Total expenditures</b>	<u>322,606</u>	<u>322,606</u>	<u>-</u>	<u>323,746</u>
Excess (deficiency) of revenues over expenditures	-	9,070	9,070	1,665
<b>OTHER FINANCING SOURCES (USES)</b>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	9,070	9,070	1,665
Fund balances at beginning of year	<u>167,687</u>	<u>167,687</u>	<u>-</u>	<u>166,022</u>
<b>Fund balances at end of year</b>	<u>\$ 167,687</u>	<u>\$ 176,757</u>	<u>\$ 9,070</u>	<u>\$ 167,687</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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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.....	98
<b>Debt Capacity</b>	
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 .....	109
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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 .....	115
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**CITY OF PORT LAVACA, TEXAS****NET POSITION BY COMPONENT (1)***Last ten fiscal years*

	Fiscal Year			
	2012	2013	2014	2015
Governmental activities				
Net investment in capital assets	\$ 19,174,209	\$ 21,750,587	\$ 19,170,337	\$ 20,724,855
Restricted	1,027,384	1,463,189	1,175,154	1,330,800
Unrestricted	5,544,238	3,452,739	7,942,352	8,118,735
Total governmental activities net position	<u>\$ 25,745,831</u>	<u>\$ 26,666,515</u>	<u>\$ 28,287,843</u>	<u>\$ 30,174,390</u>
Business-type activities				
Net investment in capital assets	\$ 13,756,393	\$ 14,059,066	\$ 16,550,105	\$ 17,592,876
Unrestricted	7,449,406	7,772,021	6,402,372	5,622,584
Total business-type activities net position	<u>\$ 21,205,799</u>	<u>\$ 21,831,087</u>	<u>\$ 22,952,477</u>	<u>\$ 23,215,460</u>
Primary government				
Net investment in capital assets	\$ 32,930,602	\$ 35,809,653	\$ 35,720,442	\$ 38,317,731
Restricted	1,027,384	1,463,189	1,175,154	1,330,800
Unrestricted	12,993,644	11,224,760	14,344,724	13,741,319
Total primary government activities net position	<u>\$ 46,951,630</u>	<u>\$ 48,497,602</u>	<u>\$ 51,240,320</u>	<u>\$ 53,389,850</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.

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Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 20,549,966	\$ 21,310,618	\$ 22,482,158	\$ 23,390,026	\$ 26,755,385	\$ 28,656,325
1,321,980	1,545,313	1,765,338	990,959	1,065,732	1,112,272
9,368,639	10,301,123	9,843,388	12,460,165	13,366,444	13,350,761
<u>\$ 31,240,585</u>	<u>\$ 33,157,054</u>	<u>\$ 34,090,884</u>	<u>\$ 36,841,150</u>	<u>\$ 41,187,561</u>	<u>\$ 43,119,358</u>
\$ 17,986,418	\$ 18,489,664	\$ 18,732,930	\$ 21,173,355	\$ 23,856,570	\$ 27,712,054
6,247,533	7,262,774	8,326,831	8,955,810	6,981,221	5,504,783
<u>\$ 24,233,951</u>	<u>\$ 25,752,438</u>	<u>\$ 27,059,761</u>	<u>\$ 30,129,165</u>	<u>\$ 30,837,791</u>	<u>\$ 33,216,837</u>
\$ 38,536,384	\$ 39,800,282	\$ 41,215,088	\$ 44,563,381	\$ 50,611,955	\$ 56,368,379
1,321,980	1,545,313	1,765,338	990,959	1,065,732	1,112,272
15,616,172	17,563,897	18,170,219	21,415,975	20,347,665	18,855,544
<u>\$ 55,474,536</u>	<u>\$ 58,909,492</u>	<u>\$ 61,150,645</u>	<u>\$ 66,970,315</u>	<u>\$ 72,025,352</u>	<u>\$ 76,336,195</u>

# CITY OF PORT LAVACA, TEXAS

## CHANGES IN NET POSITION (1)

Last ten fiscal years

	Fiscal Year			
	2012	2013	2014	2015
<b>Governmental activities</b>				
Program expenses				
General government	\$ 2,150,599	\$ 2,140,960	\$ 2,632,811	\$ 2,405,720
Public safety	3,088,940	3,199,920	3,232,531	3,292,483
Public works	1,629,726	1,629,165	1,379,978	1,374,483
Parks and recreation	637,689	689,022	629,640	685,084
Interest on long-term debt	132,374	113,201	67,300	60,841
Total expenses	7,639,328	7,772,268	7,942,260	7,818,611
Program revenues				
Charges for services	586,394	711,117	613,177	603,814
Operating grants and contributions	322,478	252,056	687,201	364,996
Capital grants and contributions	259,835	-	142,843	32,894
Total program revenues	1,168,707	963,173	1,443,221	1,001,704
Total governmental activities net program expense	(6,470,621)	(6,809,095)	(6,499,039)	(6,816,907)
General revenues and other changes in net position				
Taxes				
Property taxes	3,754,272	3,808,571	3,971,992	4,071,091
Sales taxes	2,364,076	2,445,393	2,500,013	2,809,977
Franchise taxes	593,255	587,534	615,184	615,800
Other taxes	345,381	389,564	576,001	538,290
Unrestricted investment earnings	29,877	12,995	14,445	29,459
Miscellaneous	232,217	302,881	191,564	245,554
Transfers	234,821	224,000	251,168	864,500
Total general revenues and other changes in net position	7,553,899	7,770,938	8,120,367	9,174,671
<b>Total governmental activities change in net position</b>	<b>\$ 1,083,278</b>	<b>\$ 961,843</b>	<b>\$ 1,621,328</b>	<b>\$ 2,357,764</b>

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 2,417,076	\$ 2,615,056	\$ 4,221,921	\$ 3,318,934	\$ 2,053,858	\$ 2,236,695
3,200,259	3,460,733	3,411,589	3,355,541	3,533,380	3,577,687
1,592,784	1,423,250	1,653,462	1,658,704	1,521,470	1,659,726
697,230	748,171	758,143	790,807	716,662	796,615
53,809	51,373	45,858	40,061	33,969	32,659
<u>7,961,158</u>	<u>8,298,583</u>	<u>10,090,973</u>	<u>9,164,047</u>	<u>7,859,339</u>	<u>8,303,382</u>
608,227	721,582	393,968	357,995	311,753	355,982
273,077	741,691	1,291,888	1,533,401	1,895,078	3,270,145
-	21,410	-	-	336,700	172,848
<u>881,304</u>	<u>1,484,683</u>	<u>1,685,856</u>	<u>1,891,396</u>	<u>2,543,531</u>	<u>3,798,975</u>
(7,079,854)	(6,813,900)	(8,405,117)	(7,272,651)	(5,315,808)	(4,504,407)
4,054,264	4,159,200	4,217,842	4,310,870	4,517,719	4,646,594
2,510,153	2,693,583	3,138,929	3,562,168	3,287,441	3,566,918
587,153	583,034	588,803	584,078	569,268	582,631
427,960	615,385	692,232	685,682	560,236	561,956
42,964	104,812	199,214	329,183	127,105	7,760
254,054	306,855	415,208	276,301	320,406	212,081
269,501	267,500	267,500	274,635	280,044	(3,141,736)
<u>8,146,049</u>	<u>8,730,369</u>	<u>9,519,728</u>	<u>10,022,917</u>	<u>9,662,219</u>	<u>6,436,204</u>
\$ <u>1,066,195</u>	\$ <u>1,916,469</u>	\$ <u>1,114,611</u>	\$ <u>2,750,266</u>	\$ <u>4,346,411</u>	\$ <u>1,931,797</u>

(continued)



# CITY OF PORT LAVACA, TEXAS

## CHANGES IN NET POSITION (1)

Last ten fiscal years

	Fiscal Year			
	2012	2013	2014	2015
<b>Business-type activities</b>				
Expenses				
Public utilities	\$ 4,244,884	\$ 4,360,184	\$ 4,252,370	\$ 4,614,845
Port revenue	444,081	464,556	456,212	447,151
Beach operations	225,381	253,315	261,309	344,669
Total expenses	<u>4,914,346</u>	<u>5,078,055</u>	<u>4,969,891</u>	<u>5,406,665</u>
Program revenues				
Charges for services	5,913,131	6,163,237	6,081,076	6,558,643
Operating grants and contributions	22,340	2,000	-	-
Capital grants and contributions	117,620	49,217	248,350	37,000
Total program revenues	<u>6,053,091</u>	<u>6,214,454</u>	<u>6,329,426</u>	<u>6,595,643</u>
Total business-type activities net program expense	1,138,745	1,136,399	1,359,535	1,188,978
General revenues and other changes in net position				
Unrestricted investment earnings	20,024	17,507	13,023	13,563
Miscellaneous	68,062	-	-	-
Transfers	(234,821)	(224,000)	(251,168)	(864,500)
Total general revenues and other changes in net position	<u>(146,735)</u>	<u>(206,493)</u>	<u>(238,145)</u>	<u>(850,937)</u>
<b>Total business-type activities change in net position</b>	<u>\$ 992,010</u>	<u>\$ 929,906</u>	<u>\$ 1,121,390</u>	<u>\$ 338,041</u>
<b>Total primary government change in net position</b>	<u>\$ 2,075,288</u>	<u>\$ 1,891,749</u>	<u>\$ 2,742,718</u>	<u>\$ 2,695,805</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					
2016	2017	2018	2019	2020	2021
\$ 4,452,538	\$ 4,313,837	\$ 4,414,433	\$ 4,262,430	\$ 4,555,046	\$ 6,229,273
396,088	340,846	347,709	595,580	555,137	872,257
272,436	267,756	244,200	305,831	189,276	217,457
5,121,062	4,922,439	5,006,342	5,163,841	5,299,459	7,318,987
6,322,642	6,458,067	6,474,529	6,777,026	6,481,976	6,341,253
2,000	2,000	-	-	-	-
45,625	181,111	2,500	1,531,801	474,503	209,193
6,370,267	6,641,178	6,477,029	8,308,827	6,956,479	6,550,446
1,249,205	1,718,739	1,470,687	3,144,986	1,657,020	(768,541)
38,787	67,248	136,038	199,053	85,575	5,851
-	-	-	-	-	-
(269,501)	(267,500)	(267,500)	(274,635)	(280,044)	3,141,736
(230,714)	(200,252)	(131,462)	(75,582)	(194,469)	3,147,587
\$ 1,018,491	\$ 1,518,487	\$ 1,339,225	\$ 3,069,404	\$ 1,462,551	\$ 2,379,046
\$ 2,084,686	\$ 3,434,956	\$ 2,453,836	\$ 5,819,670	\$ 5,808,962	\$ 4,310,843

(concluded)

# CITY OF PORT LAVACA, TEXAS

## FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable				
Prepaid items	\$ 49,954	\$ 64,938	\$ 51,193	\$ 47,218
Committed				
Operating reserves	2,408,598	2,286,604	2,236,320	2,468,798
Health insurance claims	676,542	728,602	929,210	924,846
Capital asset replacement	273,122	282,298	275,245	285,876
Unassigned	1,728,695	2,536,205	3,183,423	4,076,496
Total general fund	<u>\$ 5,136,911</u>	<u>\$ 5,898,647</u>	<u>\$ 6,675,391</u>	<u>\$ 7,803,234</u>
All Other Governmental Funds				
Restricted				
Retirement of long-term debt	\$ 183,391	\$ 207,178	\$ 201,457	\$ 142,508
Various capital projects	133,106	508,824	-	-
Tourism and conventions	497,372	517,606	774,183	1,004,401
Economic development	10,001	10,024	10,057	10,088
Public safety	114,723	125,936	88,429	89,916
Municipal court	18,328	17,857	20,627	23,382
Bayfront park pier	56,004	56,063	56,087	56,126
Committed				
Various capital projects	-	-	1,008,386	478,412
Unassigned	-	-	-	-
Total all other governmental funds	<u>\$ 1,012,925</u>	<u>\$ 1,443,488</u>	<u>\$ 2,159,226</u>	<u>\$ 1,804,833</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 45,717	\$ 42,147	\$ 46,702	\$ 53,633	\$ 47,524	\$ 536,126
2,330,439	2,375,525	2,312,884	2,421,130	2,704,388	2,733,317
920,230	733,670	-	-	-	-
283,660	264,637	235,910	209,694	207,507	230,364
4,922,293	6,687,299	8,508,563	11,137,483	10,714,713	9,368,362
<u>\$ 8,502,339</u>	<u>\$ 10,103,278</u>	<u>\$ 11,104,059</u>	<u>\$ 13,821,940</u>	<u>\$ 13,674,132</u>	<u>\$ 12,868,169</u>
\$ 141,071	\$ 149,498	\$ 159,232	\$ 166,022	\$ 167,687	\$ 176,757
-	-	-	-	596,037	1,582,459
1,049,921	1,245,695	1,449,672	650,347	779,357	799,473
10,120	10,200	10,355	10,582	11,558	31,558
82,009	94,472	96,375	94,494	26,608	16,634
26,408	29,670	32,455	48,077	53,783	61,377
-	139	-	-	-	-
949,666	377,544	-	-	-	-
-	-	(908,694)	(1,584,412)	(1,181,122)	(1,296,200)
<u>\$ 2,259,195</u>	<u>\$ 1,907,218</u>	<u>\$ 839,395</u>	<u>\$ (614,890)</u>	<u>\$ 453,908</u>	<u>\$ 1,372,058</u>

# CITY OF PORT LAVACA, TEXAS

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last ten fiscal years

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Taxes	\$ 7,097,425	\$ 7,290,483	\$ 7,653,598	\$ 8,059,337
Licenses and permits	109,347	158,721	131,291	105,245
Fines and forfeitures	566,325	626,677	512,461	518,363
Charges for services	5,170	6,820	2,901	3,667
Intergovernmental	322,478	252,056	830,044	372,153
Investment	29,877	12,995	14,445	29,459
Rental	46,432	67,615	76,290	87,084
Miscellaneous	84,151	181,263	143,274	157,627
Total revenues	<u>8,261,205</u>	<u>8,596,630</u>	<u>9,364,304</u>	<u>9,332,935</u>
Expenditures				
Current				
General government	2,132,974	2,096,778	2,604,645	2,374,117
Public safety	3,221,180	3,089,627	3,336,053	3,198,927
Public works	1,176,781	1,174,528	983,253	1,344,897
Parks and recreation	504,457	932,950	469,422	1,004,617
Capital outlay	787,921	16,000	412,833	1,215,917
Debt service				
Principal retirement	215,000	270,000	265,000	275,000
Interest and fiscal charges	134,067	53,061	60,386	53,571
Issuance costs	-	67,106	-	-
Total expenditures	<u>8,172,380</u>	<u>7,700,050</u>	<u>8,131,592</u>	<u>9,467,046</u>
Excess (deficiency) of revenues over expenditures	88,825	896,580	1,232,712	(134,111)
Other financing sources (uses)				
Transfers in	613,632	825,428	1,228,814	1,813,565
Transfers out	(378,811)	(601,428)	(969,044)	(949,065)
Debt issued	-	2,945,000	-	-
Payment to escrow	-	(2,877,894)	-	-
Sale of capital assets	8,956	4,613	-	43,061
Total other financing sources (uses)	<u>243,777</u>	<u>295,719</u>	<u>259,770</u>	<u>907,561</u>
Change in fund balances	<u>\$ 332,602</u>	<u>\$ 1,192,299</u>	<u>\$ 1,492,482</u>	<u>\$ 773,450</u>
Debt service as a percentage of noncapital expenditures	<u>4.84%</u>	<u>4.51%</u>	<u>4.44%</u>	<u>4.52%</u>

(1) Modified accrual basis of accounting

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 7,556,970	\$ 8,040,235	\$ 8,639,785	\$ 9,114,573	\$ 8,864,777	\$ 9,362,338
109,637	231,321	154,056	120,897	168,367	161,772
508,347	524,683	347,588	301,226	226,907	260,280
2,744	2,176	4,079	12,897	14,708	10,127
273,077	763,101	1,291,888	864,617	2,181,264	3,918,483
42,964	104,812	199,214	329,183	127,105	7,760
87,130	76,020	10,800	51,785	30,345	59,655
163,060	192,809	315,222	175,642	177,608	69,389
8,743,929	9,935,157	10,962,632	10,970,820	11,791,081	13,849,804
2,430,712	2,597,561	4,198,251	3,265,874	2,000,288	2,237,772
3,088,008	3,309,471	3,396,134	3,287,595	3,618,499	3,677,212
1,190,259	1,275,343	1,217,296	1,240,009	1,129,316	1,152,387
738,490	614,018	642,491	624,107	557,569	743,956
88,715	830,641	1,517,027	1,234,437	3,708,542	5,142,930
280,000	285,000	290,000	300,000	300,000	317,655
47,396	41,661	35,975	29,837	23,746	22,265
-	-	-	-	-	-
7,863,580	8,953,695	11,297,174	9,981,859	11,337,960	13,294,177
880,349	981,462	(334,542)	988,961	453,121	555,627
1,126,774	498,161	1,588,152	2,052,702	2,270,994	3,038,740
(857,273)	(230,661)	(1,320,652)	(1,778,067)	(1,990,950)	(3,482,180)
-	-	-	-	187,825	-
-	-	-	-	-	-
3,617	-	-	-	-	-
273,118	267,500	267,500	274,635	467,869	(443,440)
\$ 1,153,467	\$ 1,248,962	\$ (67,042)	\$ 1,263,596	\$ 920,990	\$ 112,187
<u>4.41%</u>	<u>4.30%</u>	<u>3.42%</u>	<u>3.90%</u>	<u>4.49%</u>	<u>3.26%</u>

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

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<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hotel/Motel</u>	<u>Beverage</u>	<u>Total</u>
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
2020	4,447,832	3,287,441	569,268	531,123	29,113	8,864,777
2021	4,650,833	3,566,918	582,631	528,147	33,809	9,362,338

(1) Modified accrual basis of accounting

NOTE: Fiscal years 2014 thru 2017 had an increase in revenues due to the hotel/motel audit performed and the payment of back taxes owed.

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


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Fiscal Year	Tax Roll	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value Before Freeze
		Residential Property	Non-Residential Property			
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
2020	2019	322,582,797	283,500,144	95,603,880	114,985,855	586,700,966
2021	2020	339,679,410	303,827,759	97,480,380	143,503,319	597,484,230

(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



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<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>
\$ (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%
(85,258,876)	501,441,090	0.7944	3,983,448	518,351	4,501,799	100.00%
(79,517,061)	517,967,159	0.7944	4,114,731	517,024	4,631,755	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
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	0.0777	0.7123	0.7900	1.2936	0.4900	0.0025	0.0100	1.7961
2017	2016	0.0746	0.7154	0.7900	1.2936	0.4900	0.0010	0.0100	1.7946
2018	2017	0.0744	0.7200	0.7944	1.2936	0.4900	0.0010	0.0100	1.7946
2019	2018	0.0731	0.7213	0.7944	1.2936	0.4900	0.0010	0.0098	1.7944
2020	2019	0.0676	0.7268	0.7944	1.1936	0.5572	0.0010	0.0095	1.7613
2021	2020	0.0660	0.7284	0.7944	1.1649	0.5872	0.0009	0.0083	1.7613

NOTE: N/A denotes information not available.

SOURCE: Calhoun County Appraisal District

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

2021		
<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total City Taxable Assessed Valuation</u>
Rexco Inc	\$ 10,070,770	1.94%
Wal-Mart Real Estate Business Trust	7,954,830	1.54%
Momentum Rental & Sales, Inc	7,325,000	1.41%
AEP Texas Central Company	7,228,840	1.40%
Maxim Crane Works LP	7,044,497	1.36%
BKCK Ltd	6,832,280	1.32%
H E Butt Grocery Company	6,241,140	1.20%
Hiepvtx Hospitality LLC	5,855,870	1.13%
VIVA Properties LLC	5,465,360	1.06%
Port Lavaca Retail Group LLC	5,163,950	1.00%
	<u>\$ 69,182,537</u>	<u>13.36%</u>

2012		
<u>Taxpayer</u>	<u>Taxable Assessed Valuation</u>	<u>Percentage of Total City Taxable Assessed Valuation</u>
Orion Marine Construction	\$ 39,130,458	8.77%
Rexco Inc	9,741,260	2.18%
Wal-Mart Real Estate Business Trust	8,460,120	1.90%
Helena Chemicals	7,792,590	1.75%
Wal-Mart Stores Texas LP	5,486,500	1.23%
Port Lavaca Dodge	5,417,210	1.21%
H E Butt Grocery Company	4,968,610	1.11%
AMAL Hospitality	4,825,300	1.08%
AEP Texas Central Company	4,489,978	1.01%
Desai Raj (La Quinta)	4,408,970	0.99%
	<u>\$ 94,720,996</u>	<u>21.23%</u>

SOURCE: Calhoun County Appraisal District

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


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<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>
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%
2020	2019	4,521,222	(6,560)	4,514,662	4,345,956	96.26%
2021	2020	4,562,185	84,797	4,646,982	4,536,162	97.62%

SOURCE: Calhoun County Appraisal District

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Collections in Subsequent Years		Total Collections to Date	
		Amount	Percentage of Levy
\$	101,429	\$ 3,745,879	99.79%
	90,092	3,792,101	99.72%
	106,264	3,943,094	99.68%
	86,648	4,061,777	99.73%
	94,385	4,042,006	99.69%
	98,759	4,145,139	99.58%
	70,893	4,182,897	99.30%
	66,828	4,249,540	98.66%
	76,915	4,422,871	97.97%
	-	4,536,164	97.62%

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

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<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>
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%
2020	502,519,000	404,175,000	250,000	98,344,000	20%
2021	479,533,000	401,351,000	175,000	78,182,000	16%

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

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

Full detail of rate information can be found on schedule titled "Water and Sewer Rates".

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

SOURCE: City of Port Lavaca Utility Department

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Gallons of Wastewater Treated	Total Direct Rate			
	Water		Sewer	
	Base Rate	Usage Rate	Base Rate	Usage Rate
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
680,340,000	17.00	14.34	16.00	16.20
504,450,000	17.00	14.34	16.00	16.20

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

	Fiscal Year							
	2012		2013		2014		2015	
	Res.	Comm.	Res.	Comm.	Res.	Comm.	Res.	Comm.
<b>Water Rates</b>								
Base Rate (includes 2,000 gallons)								
Base Rate by Meter Size								
3/4" to 5/8"	\$ 15.00	\$ 17.50	\$ 15.00	\$ 17.50	\$ 16.00	\$ 18.50	\$ 16.00	\$ 18.50
1"	15.00	17.50	15.00	17.50	16.00	18.50	16.00	18.50
1 1/2"	15.00	17.50	15.00	17.50	16.00	18.50	16.00	18.50
2"	15.00	35.00	15.00	35.00	16.00	36.00	16.00	36.00
3"	15.00	35.00	15.00	35.00	16.00	36.00	16.00	36.00
4"	15.00	35.00	15.00	35.00	16.00	36.00	16.00	36.00
6"	15.00	35.00	15.00	35.00	16.00	36.00	16.00	36.00
Per 1,000 gallons over base charge	4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95
<b>Conservation Rate Tiers for water</b>								
Per 1,000 gallons 2,001 - 5,000	N/A	N/A	N/A	N/A	4.75	4.95	4.75	4.95
Per 1,000 gallons 5,001 - 25,000	N/A	N/A	N/A	N/A	5.03	5.03	5.03	5.03
Per 1,000 gallons Over 25,000	N/A	N/A	N/A	N/A	5.71	5.71	5.71	5.71
<b>Sewer Rates</b>								
Base Rate (includes 2,000 gallons)	14.00	15.75	14.00	15.75	15.00	16.75	15.00	16.75
Per 1,000 gallons over base charge	4.90	4.95	4.90	4.95	5.18	5.18	5.18	5.18

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 to a tiered conservation rate in 2013.



Fiscal Year											
2016		2017		2018		2019		2020		2021	
Res.	Comm.	Res.	Comm.	Res.	Comm.	Res.	Comm.	Res.	Comm.	Res.	Comm.
\$ 16.00	\$ 18.50	\$ 16.50	\$ 19.00	\$ 16.50	\$ 19.00	\$ 17.00	\$ 19.50	\$ 17.00	\$ 19.50	\$ 17.00	\$ 19.50
16.00	18.50	16.50	19.00	16.50	19.00	17.00	19.50	17.00	19.50	17.00	19.50
16.00	18.50	16.50	19.00	16.50	19.00	17.00	19.50	17.00	19.50	17.00	19.50
16.00	36.00	16.50	36.50	16.50	36.50	17.00	37.00	17.00	37.00	17.00	37.00
16.00	36.00	16.50	36.50	16.50	36.50	17.00	37.00	17.00	37.00	17.00	37.00
16.00	36.00	16.50	36.50	16.50	36.50	17.00	37.00	17.00	37.00	17.00	37.00
16.00	36.00	16.50	36.50	16.50	36.50	17.00	37.00	17.00	37.00	17.00	37.00
4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95	4.78	4.95	4.78	4.95
4.75	4.95	4.75	4.95	4.75	4.95	4.75	4.95	4.78	4.95	4.78	4.95
5.03	5.03	5.14	5.14	5.14	5.14	5.14	5.14	5.26	5.14	5.26	5.26
5.71	5.71	5.14	5.14	5.14	5.14	5.14	5.14	5.97	5.14	5.97	5.97
15.00	16.75	15.50	17.25	15.50	17.25	16.00	17.75	16.00	17.75	16.00	17.75
5.18	5.18	5.29	5.29	5.29	5.29	5.29	5.29	5.40	5.40	5.40	5.40

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

2021			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
VIVA Properties LLC (Bordeaux)	Apartment Complex	5,587	1.39%
Memorial Medical Center	Hospital	5,201	1.30%
City of Port Lavaca WWTP	Wastewater Treatment	4,696	1.17%
Regency Nursing & Rehab Center	Senior Citizen Home	4,682	1.17%
Calhoun County Jail	County Jail	4,492	1.12%
Sea Breeze Village Aptartments	Apartment Complex	4,326	1.08%
Days Inn	Hotel/ Motel	4,052	1.01%
Village Apartments	Apartment Complex	3,647	0.91%
VIVA Properties LLC (Crane)	Apartment Complex	3,300	0.82%
Port Lavaca Laundry	Industry/ Commercial	3,056	0.76%

2012			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Calhoun County ISD	Schools	13,822	3.33%
Memorial Medical Center	Hospital	8,842	2.13%
City of Port Lavaca	Government	8,538	2.06%
Hillmans Shrimp & Oyster	Fishing Industry	7,042	1.70%
Bordeaux Apartments	Apartment Complex	6,316	1.52%
Regency Nursing & Rehab Center	Senior Citizen Home	6,252	1.51%
Lighthouse Seafood	Commercial Oyster House	4,454	1.07%
Calhoun County	County Offices	4,152	1.00%
Splash-n-Dash	Commercial/ Car Wash	3,965	0.96%
Seabreeze Apartments	Apartment Complex	2,975	0.72%

SOURCE: City of Port Lavaca Utility Billing Department

**CITY OF PORT LAVACA, TEXAS***RATIOS OF OUTSTANDING DEBT BY TYPE**Last ten fiscal years*


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Fiscal Year	Governmental Activities			
	Certificates of Obligation	General Obligation Bonds	Direct- Borrowing Capital Leases	Direct- Borrowing Loans Payable
2012	\$ 3,095,000	\$ -	\$ 248,917	\$ -
2013	105,000	2,895,000	211,559	-
2014	55,000	2,680,000	172,640	-
2015	-	2,460,000	132,094	-
2016	-	2,180,000	89,837	-
2017	-	1,895,000	45,830	-
2018	-	1,605,000	-	-
2019	-	1,305,000	-	-
2020	-	1,005,000	-	187,825
2021	-	700,000	-	175,170

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

N/A denotes information not available.

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Business-type Activities							
<u>Certificates of Obligation</u>	<u>Revenue Bonds</u>	<u>Plus: Issuance Premiums</u>	<u>Less: Issuance Discounts</u>	<u>Direct- Borrowing Capital Leases</u>	<u>Total Primary Government</u>	<u>Percentage of Personal Income</u>	<u>Per Capita</u>
\$ 3,500,000	\$ 4,425,000	\$ -	\$ (30,290)	\$ 100,780	\$ 11,339,407	N/A	\$ 923
3,340,000	4,080,000	-	(29,696)	51,378	10,653,241	N/A	866
3,175,000	3,725,000	-	(29,101)	-	9,778,539	2.2%	790
3,000,000	3,355,000	-	(28,460)	-	8,918,634	1.8%	719
2,820,000	2,965,000	-	(27,774)	-	8,027,063	1.8%	647
1,125,000	3,975,000	-	-	-	7,040,830	N/A	568
1,040,000	3,255,000	-	-	-	5,900,000	0.7%	483
2,430,000	2,510,000	99,436	-	-	6,344,436	0.8%	510
1,750,000	2,270,000	94,717	-	-	5,307,542	0.5%	459
980,000	2,100,000	89,661	-	-	4,044,831	0.4%	357

**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	
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
2020	1,750,000	1,005,000	94,717	2,849,717	167,687
2021	980,000	700,000	89,661	1,769,661	176,757

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.

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<u>Debt Payable from Enterprise Funds</u>	<u>Net Bonded Debt</u>	<u>Percentage of Actual Taxable Value of Property</u>	<u>Per Capita</u>
\$ 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
1,844,717	837,313	0.14%	72.45
1,069,661	523,243	0.09%	46.15

**CITY OF PORT LAVACA, TEXAS****DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT****(UNAUDITED)****September 30, 2021**

	<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	9/30/2021	<u>\$ 875,170</u>	100.00%	<u>\$ 875,170</u>
Overlapping Debt:				
Calhoun County	9/30/2021	2,185,000	14.28%	312,018
Calhoun Independent School District	9/30/2021	22,265,000	13.74%	3,059,211
Calhoun Port Authority	9/30/2021	<u>32,400,000</u>	22.33%	<u>7,234,920</u>
Total Overlapping Debt		<u>56,850,000</u>		<u>10,606,149</u>
Total		<u>\$ 57,725,170</u>		<u>\$ 11,481,319</u>

NOTES: 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.

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*

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<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>
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
2020	6,016,140	4,191,799	1,824,341	447,774	4.07
2021	5,419,799	5,094,926	324,873	331,820	0.98

NOTES: "Gross Revenue" as used herein refers to all operating revenues and all interest income of the Public Utility Fund, gross of bad debt expense. "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 plus bad debt expense.

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)	Personal Income	(2)	(3)	(4)
	Population		Per Capita Personal Income (Calhoun County)	School Enrollment	Unemployment Rate
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	5.6%
2017	12,405	N/A	N/A	3,802	N/A
2018	12,212	795,537,000	36,587	3,805	5.8%
2019	12,433	833,716,000	38,668	3,748	4.1%
2020	11,557	983,763,000	46,208	3,840	3.2%
2021	11,338	1,095,838,000	52,180	3,681	5.8%

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*

2021		
Employer	Employees	Percentage of Total County Employment
Formosa Plastics	3,400	34.10%
Calhoun County ISD	634	6.36%
Dow Chemical	587	5.89%
Memorial Medical Center	235	2.36%
Calhoun County	210	2.11%
Orion Marine Group, Inc	153	1.53%
INEOS Nitriles Formerly BP	133	1.33%
HEB Grocery	115	1.15%
Seadrift Coke	114	1.14%
City of Port Lavaca	101	1.01%
	<u>5,682</u>	<u>56.98%</u>

2012		
Employer	Employees	Percentage of Total County Employment
Formosa Plastics	2,000	19.25%
Intelplast Group	1,800	17.33%
Calhoun County ISD	720	6.93%
Alcoa	650	6.26%
Dow Chemical	579	5.57%
Orion Marine Group, Inc	430	4.14%
Calhoun County	330	3.18%
Memorial Medical Center	141	1.36%
Seadrift Coke	140	1.35%
INEOS Nitriles Formerly BP	135	1.30%
	<u>6,925</u>	<u>66.67%</u>

NOTE: 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			
	2012	2013	2014	2015
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	-	-	1.0	2.0
Finance	3.0	3.0	3.0	3.0
Municipal court	2.0	2.0	3.0	3.0
City Hall - custodial services	-	-	-	-
Public safety				
Police	19.0	18.0	20.0	20.0
Communications	7.0	6.0	6.0	6.0
Fire	14.0	16.0	17.0	17.0
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	-	-
Streets/maintenance	9.0	9.0	15.0	15.0
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	9.0	10.0	14.0	14.0
Parks and recreation	3.0	4.0	6.0	6.0
Bauer Center	3.0	2.0	2.0	2.0
Port Revenue	1.0	1.0	1.5	1.0
Total	86.0	87.0	102.5	103.0

SOURCE: Various City of Port Lavaca departments

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Fiscal Year					
2016	2017	2018	2019	2020	2021
2.0	2.0	2.0	2.0	2.0	2.0
2.0	2.0	2.0	2.0	2.0	2.0
-	-	-	-	-	-
1.0	1.0	1.0	1.0	1.0	1.0
3.0	3.0	3.0	3.0	4.0	4.0
3.0	3.0	3.0	3.0	3.0	3.0
1.0	1.0	1.0	1.0	0.5	0.5
20.0	20.0	20.0	20.0	21.0	22.0
6.0	6.0	6.0	6.0	4.45	4.45
17.0	17.0	17.0	17.0	16.25	19.25
3.0	3.0	3.0	3.0	2.0	2.25
2.0	2.0	2.0	2.0	2.0	2.0
-	-	-	-	-	-
15.0	15.0	15.0	15.0	11.15	11.15
3.0	3.0	3.0	3.0	3.0	3.0
2.0	2.0	2.0	1.0	1.0	2.0
14.0	14.0	14.0	14.0	13.0	13.0
6.0	6.0	6.0	6.0	5.23	6.23
2.0	2.0	2.0	2.0	2.0	2.0
-	1.0	1.0	1.0	1.0	1.0
<u>102.0</u>	<u>103.0</u>	<u>103.0</u>	<u>102.0</u>	<u>94.58</u>	<u>100.83</u>

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

Function/Program	Fiscal Year			
	2012	2013	2014	2015
General government				
Building permits issued	784	357	266	195
Building inspections conducted	1,187	627	689	411
Public safety				
Police				
Physical arrests	837	1,132	961	970
Traffic violations	2,799	4,080	2,366	3,353
Fire				
Fire calls	650	685	591	632
Public works				
Streets (miles)	50.1	50.1	50.1	50.2
Culture and recreation				
Parks and recreation				
Bauer Center rentals	59	47	212	218
Lighthouse beach park Pavillion	47	36	43	41
Water and wastewater				
Water				
Water customers	4,556	4,606	4,416	4,624
Water taps	15	21	10	10
Average daily consumption	1.272 mgd	1.07 mgd	1.33 mgd	1.13 mgd
Peak daily consumption	2.10 mgd	2.74 mgd	2.44 mgd	2.83 mgd
Wastewater				
Sewer customers	4,276	4,317	4,332	4,337
Sewer taps	7	12	7	7
Average daily sewage treatment	1.11 mgd	1.08 mgd	0.98 mgd	1.12 mgd

NOTES: Bauer Center was closed for most of fiscal year 2018 due to damages from Hurricane Harvey.

Police and culture and recreation activity decreased in FY19 and FY20 due to the effects of COVID-19.

SOURCE: Various City of Port Lavaca departments

Fiscal Year					
2016	2017	2018	2019	2020	2021
782	965	890	879	1,028	1,014
538	741	512	597	591	893
1,064	790	927	901	436	357
4,584	2,075	5,480	4,046	4,182	4,046
664	881	862	802	898	589
50.2	50.2	50.2	50.2	50.2	60.1
215	190	11	139	119	157
41	42	11	31	1	1
4,630	4,590	4,773	4,582	4,688	4,736
21	28	7	10	28	30
1.24 mgd	1.21mgd	1.121 mgd	1.19 mgd	1.107 mgd	1.1 mgd
1.71 mgd	2.36 mgd	1.833 mgd	1.967 mgd	2.238 mgd	2.715 mgd
4,335	4,318	4,450	4,319	4,338	4,397
13	13	7	11	7	8
1.11 mgd	1.08 mgd	0.933 mgd	1.041 mgd	0.835 mgd	0.77 mgd

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

	Fiscal Year			
	2012	2013	2014	2015
<b>Function/Program</b>				
Public safety				
Police				
Stations	1	1	1	1
Patrol units	7	7	7	7
Fire stations	2	2	2	2
Highways and streets				
Streets (miles)	50.1	50.1	50.1	50.2
Streetlights	686	678	678	685
Culture and recreation				
Acreage	150	150	150	150
Parks	7	7	7	7
Baseball/softball diamonds	2	2	2	4
Community centers	1	1	1	1
Swimming pools	1	1	1	1
Water and wastewater				
Water				
Water mains (miles)	69.0	70.0	70.2	70.3
Fire hydrants	259	262	268	273
Storage capacity	1 mg	1 mg	1 mg	1 mg
Wastewater				
Sanitary sewers (miles)	58.0	58.0	58.2	58.3
Treatment capacity	2 mgd	2 mgd	2 mgd	2 mgd

SOURCE: Various City of Port Lavaca departments

Fiscal Year					
2016	2017	2018	2019	2020	2021
1	1	1	1	1	1
7	7	7	7	7	7
2	2	2	2	2	2
50.2	50.2	50.2	50.2	60.1	85.5
685	685	685	685	685	685
153	153	153	153	153	153
7	7	7	7	7	7
4	4	4	4	4	4
1	1	1	1	1	1
1	1	1	1	1	1
70.9	70.9	70.9	70.9	87.0	88.0
279	279	279	279	279	289
1 mg	1 mg	1 mg	1 mg	1 mg	1 mg
58.9	58.9	58.9	58.9	61.0	65.0
2 mgd	2 mgd	2 mgd	2 mgd	2 mgd	2 mgd



## **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, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements and have issued our report thereon dated May 10, 2022.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect 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.



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

May 10, 2022



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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, 2021. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

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, 2021.

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, L.L.P.  
Certified Public Accountants

May 10, 2022

**CITY OF PORT LAVAVA, TEXAS****SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS***For the year ended September 30, 2021*

<u>Federal Grantor/Pass-Through Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Other Award Number</u>
<b>FEDERAL EXPENDITURES</b>		
<b>U. S. Department of Housing and Urban Development</b>		
<i>Passed Through the Texas General Land Office</i>		
Community Development Block Grant Disaster Recovery	14.228	20-065-071-C198
Total U.S. Department of Housing and Urban Development		
<b>U. S. Department of Justice</b>		
<i>Passed Through the Office of the Governor</i>		
Coronavirus Emergency Supplemental Funding	16.034	4153701
<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		
<b>U. S. Department of Treasury</b>		
<i>Passed Through the Texas Division of Emergency Management</i>		
Coronavirus Relief Fund	21.019	COVID-19
Total U.S. Department of Treasury		
<b>U. S. Department of Homeland Security</b>		
<i>Passed Through the Texas Division of Emergency Management</i>		
Disaster Grant - Public Assistance (Presidentially Declared Disasters)	97.036	4332-DR-TX
Hazard Mitigation Program	97.039	4332-341-TX
Total passed through Texas Division of Emergency Management		
<i>Passed Through the Office of the Governor</i>		
Homeland Security Grant Program	97.067	4014401
Total U.S. Department of Homeland Security		
<b>TOTAL FEDERAL EXPENDITURES</b>		

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			
\$ 166,385	\$ -	\$ 166,385	\$ -	CDBG-Entitlement Grants Cluster	
166,385	-	166,385	-		
13,314	-	13,314	-		
6,463	-	6,463	-		
19,777	-	19,777	-		
683,815	-	683,815	-		
683,815	-	683,815	-		
2,597,028	-	2,597,028	-		
209,193	-	209,193	-		
2,806,221	-	2,806,221	-		
4,108	-	4,108	-		
2,810,329	-	2,810,329	-		
\$ 3,680,306	\$ -	\$ 3,680,306	\$ -		

## **CITY OF PORT LAVACA, TEXAS**

### **NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS**

*For the year ended September 30, 2021*

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#### **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, 2021 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.



**CITY OF PORT LAVACA, TEXAS****SCHEDULE OF FINDINGS AND QUESTIONED COSTS***For the year ended September 30, 2021*

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**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)
21.019	Coronavirus Relief Fund

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, 2021*

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**2020-1 General Ledger Accounts**

*Condition:* The finding was a significant deficiency stating that various general ledger accounts were not completely reconciled on a regular basis.

*Recommendation:* The City should place into effect procedures that will ensure general ledger accounts are reconciled on a regular basis.

*Current status:* The City has made progress on timely reconciliations in order to provide management with accurate financial data.

**2020-2 Submission of Single Audit Package**

*Condition:* The finding was the significant deficiency stating that the City did not submit the required Single Audit package to the Federal Audit Clearinghouse in the required time period.

*Recommendation:* In future years all Single Audit filings should be completed within the allotted time period.

*Current Status:* The City submitted the Single Audit package for fiscal year ended September 30, 2021 on time.

**CITY OF PORT LAVACA**  
**202 N. VIRGINIA ST.**  
**PORT LAVACA, TX 77979**

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