



CITY COUNCIL REGULAR MEETING

Monday, May 08, 2023 at 6:30 PM

City Council Chambers | 202 N. Virginia Street, Port Lavaca TX 77979

PUBLIC NOTICE OF MEETING

The following item will be addressed at this or any other meeting of the city council upon the request of the mayor, any member(s) of council and/or the city attorney:

Announcement by the mayor that council will retire into closed session for consultation with city attorney on matters in which the duty of the attorney to the city council under the Texas disciplinary rules of professional conduct of the state bar of Texas clearly conflicts with the open meetings act (title 5, chapter 551, section 551.071(2) of the Texas government code).

(All matters listed under the consent agenda item are routine by the city council and will be enacted by one motion. There will not be separate discussion of these items. If discussion is desired, that item will be removed from the consent agenda and will be considered separately.)

AGENDA

Council will consider/discuss the following items and take any action deemed necessary.

MEETING PROCEDURE

Public notice is hereby given that the City Council of the City of Port Lavaca, Texas, will hold a regular meeting Monday, May 8, 2023 beginning at 6:30 p.m., at the regular meeting place in Council Chambers at City Hall, 202 North Virginia Street, Port Lavaca, Texas to consider the following items of business.

The meeting will also be available via the video conferencing application "Zoom",

Join Zoom Meeting:

<https://us02web.zoom.us/j/88287065071?pwd=WTJqOFB4WU5sL0JJb2IyM3I2Q01MZz09>

Meeting ID: 882 8706 5071

Passcode: 463897

One Tap Mobile

*+13462487799,,81793583407#,,,,*995664# US (Houston)*

Dial by your location

+1346 248 7799 US (Houston)

I. ROLL CALL**II. CALL TO ORDER****III. INVOCATION****IV. PLEDGE OF ALLEGIANCE****V. PRESENTATION(S)**

- **Proclamation(s) by the Mayor**

- 1. May is Motorcycle Awareness Month

- 2. National Police Week is May 14 – May 20, 2023

- 3. National Public Works Week is May 21 – May 27, 2023 - “Connecting the World through Public Works”

VI. COMMENTS FROM THE PUBLIC

(Limited to 3 minutes per individual unless permission to speak longer is received in advance. You may make public comments as you would at a meeting by logging on with your computer and using "Join Zoom Meeting" information on first page of this agenda).

VII. CONSENT AGENDA - Council will consider/discuss the following items and take any action deemed necessary

- A. Minutes of April 10, 2023 Regular Meeting

- B. Review of Credit Card Statement

- C. Receive Monthly Financial Highlight Report

- D. Receive Victoria Economic Development Corporation (VEDC) Monthly Report

VIII. ACTION ITEMS - Council will consider/discuss the following items and take any action deemed necessary

- 1. Consider approval of the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ending September 30, 2022, prepared by the Audit Firm of Pattillo, Brown & Hill, L.L.P. Presenter is Susan Lang

- 2. Consider ratification of Amended Bank Depository Agreement, Depository Pledge Agreement, and Securities Account Control Agreement between the City of Port Lavaca, First National Bank in Port Lavaca and Pershing, a BNY Mellon Company for a five (5) year period effective February 01, 2023. Presenter is Jody Weaver

- 3. Consider appointment/reappointment of member(s) to Port Commission to fill term-expired vacancy(‘s) and/or start a new term. Presenter is Jody Weaver

- 4. Consider Resolution No. R-050823-1 of the City of Port Lavaca, Texas finding that AEP Texas Inc.'s application to amend its Distribution Cost Recovery Factors (DCRF) to increase distribution rates within the city should be denied; authorizing participation with the cities served by AEP Texas; authorizing hiring of legal counsel; finding that the city's reasonable rate case expenses shall be reimbursed by the company; finding that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel. Presenter is Anne Marie Odefey

- [5.](#) Consider Resolution No. R-050823-2 of the City of Port Lavaca, Texas to approve Annual Review of the City of Port Lavaca's Investment Policy and Strategy. Presenter is Susan Lang
- [6.](#) Consider Resolution No. R-050823-3 of the City of Port Lavaca, Texas to adopt the City of Port Lavaca's Budgetary and Financial Management Policies for the 2023-2024 Fiscal Year. Presenter is Susan Lang
- [7.](#) Consider Resolution No. R-050823-4 of the City of Port Lavaca, Texas to adopt the Sidewalk Plan as part of the City of Port Lavaca's Comprehensive Plan adopted by Ordinance No. G-9-16 on September 12, 2016. Presenter is Jody Weaver
- [8.](#) Consider Resolution No. R-050823-5 of the City of Port Lavaca, Texas to prepare and submit Grant applications to the Texas General Land Office (GLO) Coastal Erosion Planning & Response Act (CEPRA) Cycle 13 and Commitment of Public Funds as required for match for the following projects: Harbor of Refuge Protection and Restoration and Lighthouse Beach Restoration. Presenter is Jody Weaver
- [9.](#) Consider Resolution No. R-050823-6 of the City of Port Lavaca, Texas supporting City of Port Lavaca's Application to the Texas Department of Transportation's (TxDOT) 2023 Transportation Alternatives Set-Aside (TA) Program. Presenter is Jody Weaver
- [10.](#) Consider recommendation of Planning Board for approval of a single-lot Final minor plat, Sylvia Pina Mendoza Life Estate Subdivision, located at 914 Schooley Street, CAD Pin #54708. Presenter is Derrick Smith
- [11.](#) Consider recommendation of Planning Board for approval of a conceptual retail store; to be located on 1207 W. Austin Street, legal description for the lot is Burkeshire Subdivision (PL), Lot PT 6, Acres 1.327, Property identification #10081. Presenter is Derrick Smith

IX. ADJOURNMENT

CERTIFICATION OF POSTING NOTICE

This is to certify that the above notice of a regular meeting of The City Council of The City of Port Lavaca, scheduled for **Monday, May 08, 2023**, beginning at 6:30 p.m., was posted at city hall, easily accessible to the public, as of **2:00 p.m. Friday, May 05, 2023**.

Mandy Grant, *City Secretary*

ADA NOTICE

The Port Lavaca City Hall and Council Chambers are wheelchair accessible. Access to the building is available at the primary north entrance facing Mahan Street. Special parking spaces are located in the Mahan Street parking area. In compliance with the Americans with Disabilities Act, the City of Port Lavaca will provide for reasonable accommodations for persons attending meetings. To better serve you, requests should be received 24 hours prior to the meetings. Please contact City Secretary Mandy Grant at (361) 552-9793 Ext. 230 for assistance.

COMMUNICATION

SUBJECT: Proclamations by the Mayor: May is Motorcycle Awareness Month

INFORMATION:



PROCLAMATION

WHEREAS, May is Motorcycle Safety Awareness Month, and the U.S. Department of Transportation's National Highway Traffic Safety Administration (NHTSA) reminds vehicle drivers and motorists that safe driving and riding practices and cooperation from all road users will help reduce the number of fatalities and injuries on our nation's highway; and

WHEREAS, it is the responsibility of all who put themselves behind the wheel, to become aware of motorcyclists, regarding them with the same respect as any other vehicle traveling the highways of this country; and it is the responsibility of riders and motorists alike to obey all traffic laws and safety rule; and

WHEREAS, the safe operation of a motorcycle requires training, good judgement, and thorough knowledge of traffic laws and licensing requirements; and

WHEREAS, though a motorcycle is a small vehicle, its operator still has the same rights of the road as any other motorist, allow the motorcycle the full width of a lane at all time; and

WHEREAS, all citizens of our community need to become aware of the inherent danger involved in operating a motorcycle, and for riders and motorists alike to give each other the mutual respect they deserve.

NOW, THEREFORE, I, Jack Whitlow, Mayor of the City of Port Lavaca, do hereby proclaim that the month of May shall be

MOTORCYCLE SAFETY AND AWARENESS MONTH

in the City of Port Lavaca, and I urge all citizens to join the Mayor, Council, staff, and employees of the City to do their part to increase safety and awareness in our community.

WITNESS MY HAND AND THE GREAT SEAL OF THE CITY OF PORT LAVACA, TEXAS this the 8th day of May, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

COMMUNICATION

SUBJECT: National Police Week is May 14 – May 20, 2023

INFORMATION:



PROCLAMATION

WHEREAS, we recognize and honor the selfless and heroic service provided by the men and women of the City of Port Lavaca Police Department; and

WHEREAS, we rely on law enforcement officers and community service aides to keep our neighborhoods safe, enforce our laws, and respond in times of crisis; and

WHEREAS, everyday law enforcement officers throughout the nation face the threat of violence and danger, routinely putting their lives in jeopardy to defend others, putting themselves at risk of injury, disability, or even death; and

WHEREAS, the Port Lavaca Police Department has grown to be a progressive and professional law enforcement agency which unceasingly provides a vital public service; and

WHEREAS, it is fitting and proper that we express our gratitude for the dedicated service and courageous deeds of our Port Lavaca Police Department officers and for the contributions they have made to the security and well-being of our community.

NOW, THEREFORE, I, Jack Whitlow, Mayor of the City of Port Lavaca, do hereby proclaim that the week of May 14-20, 2023 shall be

NATIONAL POLICE WEEK

in the City of Port Lavaca, and I urge all citizens to join the Mayor, Council, staff, and employees of the City to do their part to increase safety and awareness in our community.

WITNESS MY HAND AND THE GREAT SEAL OF THE CITY OF PORT LAVACA, TEXAS this the 8th day of May, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

COMMUNICATION

SUBJECT: National Public Works Week is May 21 – May 27, 2023 “Connecting the World through Public Works”

INFORMATION:



NATIONAL PUBLIC WORKS WEEK PROCLAMATION
“CONNECTING THE WORLD THROUGH PUBLIC WORKS”

WHEREAS, public works infrastructure, facilities, park and open spaces, and service are of vital importance to the health, safety, and well-being of the residents of Port Lavaca; and

WHEREAS, it has been demonstrated that Public Works provides critical response capabilities, experience, and support to all levels of government and town agencies in times of natural and man-made disasters; and

WHEREAS, it is in the public interest for the citizens, civic leaders and children in Port Lavaca, Texas to gain knowledge of and to maintain an ongoing interest and understanding of the importance of public works and public works programs in their respective communities; and

WHEREAS, the year 2023 marks the 63rd annual National Public Works Week sponsored by the American Public Works Association/Canadian Public Works Association.

NOW, THEREFORE, I, Jack Whitlow, Mayor of the City of Port Lavaca, Texas, by virtue of the power vested in me, do hereby declare and proclaim that the week of May 21st – 27th, 2023 shall be designated as:

NATIONAL PUBLIC WORKS WEEK

in the City of Port Lavaca. I call upon and encourage all Citizens to join with representatives of the American Public Works Association/Canadian Public Works Association and government agencies in activities, events and ceremonies designed to pay tribute to our public works professionals, engineers, managers and employees and to recognize the substantial contributions they make to protecting our national health, safety, and quality of life.

WITNESS MY HAND and the great seal of the City of Port Lavaca, this the 8th day of May, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

COMMUNICATION

SUBJECT: Minutes of April 10, 2023 Regular Meeting

INFORMATION:



CITY COUNCIL REGULAR MEETING

Monday, April 10, 2023 at 6:30 PM
City Council Chambers | 202 N. Virginia Street, Port Lavaca TX 77979

MINUTES

STATE OF TEXAS §
COUNTY OF CALHOUN §
CITY OF PORT LAVACA §

On this the 10th day of April, 2023, the City Council of the City of Port Lavaca, Texas, convened in a regular session at 6:30 p.m. at the regular meeting place in Council Chambers at City Hall, 202 North Virginia Street, Port Lavaca, Texas, with the following members in attendance:

I. ROLL CALL

Jack Whitlow	Mayor
Jerry Smith	Councilman, District 1
Tim Dent	Councilman, District 2
Allen Tippet	Councilman, District 3
Rosie G. Padron	Councilwoman, District 4, Mayor Pro Tem
Jim Ward	Councilman, District 5
Ken Barr	Councilman, District 6

And with the following absent: None

Constituting a quorum for the transaction of business, at which time the following business was transacted:

II. CALL TO ORDER

- Mayor Whitlow called the meeting to order at 6:31 p.m. and presided.

III. INVOCATION

- Councilman Ward gave the invocation.

IV. PLEDGE OF ALLEGIANCE

- Mayor Whitlow – Pledge of Allegiance.

V. PRESENTATION(S)

- Mayor Whitlow made the following presentations:
 - Government Finance Officers Association (GFOA):
 - Certificate of Achievement for Excellence in Financial Reporting presented to the City of Port Lavaca for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021

VI. COMMENTS FROM THE PUBLIC

(Limited to 3 minutes per individual unless permission to speak longer is received in advance. You may make public comments as you would at a meeting by logging on with your computer and using "Join Zoom Meeting" information on first page of this agenda).

- Mayor asked for comments from the public and there were none.

VII. CONSENT AGENDA - (Council will consider/discuss the following items and take any action deemed necessary)

- A. Minutes of March 13, 2023 Regular Meeting
- B. Minutes of March 27, 2023 Special and Workshop
- C. Review of Credit Card Statement
- D. Receive Monthly Financial Highlight Report
- E. Review Quarterly Investment Report ending March 31, 2023

Motion made by Councilman District 6 Barr

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

THAT, in accordance with recommendation of staff, Council hereby approves all consent agenda items as listed.

Seconded by Councilman District 5 Ward

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, Councilman District 3 Tippit, Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 5 Ward, Councilman District 6 Barr

VIII. ACTION ITEMS - (Council will consider/discuss the following items and take any action deemed necessary)

1. **Receive report from Calhoun County Appraisal District Chief Appraiser. Presenter is Jesse Hubbell**

Jesse Hubbell, Chief Appraiser for the Calhoun County Appraisal District presented Council with a report on the latest information in regards to the Texas Property Tax Code, a copy of which is on file in the office of the City Secretary, in its entirety.

No action necessary and none taken.

2. **Consider approval of GLO Contract No. 20-065-071-C1998 Supplemental Agreement No. 1, Subcontract for Consultant Services agreement with CivilCorp, LLC for material testing/inspection on the Community Development Block Grant – Disaster Relief (CDBG-DR) Project, in the amount of \$15,000. Presenter is Jody Weaver**

Interim City Manager Weaver advised Council that the GLO Contract No. 20-065-071-C1998 was originated on March 27, 2020. She said that approval was required for Supplemental Agreement No. 1, Subcontract for Consultant Services agreement with CivilCorp, LLC for material testing/inspection on the Community Development Block Grant – Disaster Relief (CDBG-DR) Project, in the amount of \$15,000.00. She said the new total contract amount for this project is \$531,802.00. Final inspection is due April 11, 2023 and there is still \$35,000.00 left over; therefore, this \$15,000.00 can be taken out of that. Staff recommends approval of request.

Motion made by Councilman District 5 Ward

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

THAT, in accordance with recommendation of staff, Council hereby approves GLO Contract No. 20-065-071-C1998 Supplemental Agreement No. 1, Subcontract for Consultant Services agreement with CivilCorp, LLC for material testing/inspection on the Community Development Block Grant – Disaster Relief (CDBG-DR) Project, in the amount of \$15,000.

Seconded by Councilman District 6 Barr

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all instruments necessary to effect such agreement.

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, Councilman District 3 Tippit, Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 5 Ward, Councilman District 6 Barr

3. **Consider award of construction contract for the Rehabilitation of Chevy Chase Street Project. Presenter is Wayne Shaffer**

Public Works Director Shaffer advised Council that that in continuation of the planned street remediation, staff recently advertised for the Chevy Chase Street Improvements Project with miscellaneous concrete work. Three Bids were received on March 30, 2023 and are as follows:

Lester Contracting, Inc.	\$ 163,472.50	90	Calendar Days
Brannan Paving Co., LTD	\$ 176,887.48	90	Calendar Days
Sylva Construction	\$ 148,485.40	90	Calendar Days

The apparent Low Bidder is Sylva Construction with a total bid of \$148,485.40, which includes \$82,823.40 for Chevy Chase Rehab base bid and \$65,662.00 in total alternatives for miscellaneous concrete work consisting of sidewalk and curb and gutter in various areas. This project is being done in lieu of sealcoat this year and will be using the budgeted sealcoat funds.

Weaver advised that Hot Mix could be used on Seascape for an extra \$33,000.00; however, she did not recommend spending the extra funds at this time.

Staff recommends a construction contract for this project be awarded to Sylva Construction in the amount of \$148,485.40. The work is to be completed within 90 days of the time that the contract begins.

Motion made by Councilman District 5 Ward

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

THAT, in accordance with recommendation of staff, Council hereby approves award of construction contract to Sylva Construction, for the Rehabilitation of Chevy Chase Street Project in the Brookhollow Estates Subdivision, in the amount of \$148,485.40, to be completed in 90 calendar days upon receipt of Notice to Proceed.

BE IT FURTHER RESOLVED that the Mayor is hereby authorized to execute all instruments necessary to effect such agreement.

Seconded by Councilman District 6 Barr

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, Councilman District 3 Tippit, Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 5 Ward, Councilman District 6 Barr

4. **Consider request of Sylvia Chapa for a Variance Request to Chapter 26 - Manufactured Housing and Recreational Vehicles for the placement of a manufactured home to be placed on 515 S. Ann Street, Lot 2 parcel ID #17270. Presenter is Derrick Smith**

Development Services Director Smith advised Council that Sylvia Chapa owns 515 S Ann Street, which is a 2-lot parcel of land. Ms. Chapa is requesting a variance to the Manufactured Housing and Recreational Vehicles ordinance to place a manufactured home on lot 2. The lot where Ms. Chapa is requesting the manufactured home to be placed does not currently have a manufactured home on the lot and has not had a manufactured home on the property in the last 180 days. The manufactured year is 1999.

Sylvia Chapa, requestor of this variance, interacted virtually and advised Council she had bought this manufactured home in an auction by Calhoun County and was not aware of ordinance. Smith said that the Members of the Planning Board made a motion to deny the request as to not set a precedent in allowing manufactured homes on residential lots not inside manufactured home parks and subdivisions. Also, it was noted the age of the manufactured home did not meet the minimum requirement of a 10-year replacement option.

Motion made by Councilman District 1 Smith

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

THAT, in accordance with the recommendation of Planning Board and Staff, Council hereby denies request of Sylvia Chapa for a Variance Request to Chapter 26 - Manufactured Housing and Recreational Vehicles for the placement of a manufactured home to be placed on 515 S. Ann Street, Lot 2 parcel ID #17270.

Seconded by Councilman District 2 Dent

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, , Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 6 Barr

Voting Nay:

Councilman District 3 Tippit, Councilman District 5 Ward

5. **Consider recommendation of the Planning Board for approval of a Conceptual Apartment Complex (Desilos Real Estate Living) to be located at 206 Bonorden Street, Blasingim Subdivision (PL), Lot 1, Acres 1.599. Property identification #81143. Presenter is Derrick Smith**

Development Services Director Smith advised Council that the applicant is proposing a multifamily apartment complex. Preliminary density is anticipated to be 53 units of loft-type apartments and three stories tall. The Planning Board and staff recommend approval.

Motion made by Councilwoman District 4 (Mayor Pro Tem) Padron

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

THAT, in accordance with the recommendation of Planning Board and Staff, Council hereby approves a Conceptual Apartment Complex (Desilos Real Estate Living) to be located at 206 Bonorden Street, Blasingim Subdivision (PL), Lot 1, Acres 1.599. Property identification #81143.

Seconded by Councilman District 2 Dent

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, Councilman District 3 Tippit, Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 5 Ward, Councilman District 6 Barr

6. **Receive First Reading of an Ordinance (G-2-23) of the City of Port Lavaca amending the Code of Ordinances, Chapter 36 Signs; providing for severability; providing a repealing clause; and providing an effective date. Presenter is Derrick Smith**

Motion made by Councilman District 2 Dent

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

THAT, Council hereby approves First Reading of an Ordinance (G-2-23) of the City of Port Lavaca amending the Code of Ordinances, Chapter 36 Signs; providing for severability; providing a repealing clause; and providing an effective date.

Seconded by Councilman District 1 Smith

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, Councilman District 3 Tippit, Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 5 Ward, Councilman District 6 Barr

7. **Consider First Reading of an Ordinance (G-3-23) of the City of Port Lavaca amending the Code of Ordinances, Part II, Appendix A – Fees, Rates and Charges (Chapter 36 – Signs, Sec. 36-7 Temporary Signs (e) Banners, Flags, Pennants and Inflatables; and providing an effective date. Presenter is Derrick Smith.**

Motion made by Councilman District 2 Dent

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

THAT, Council hereby approves First Reading of an Ordinance (G-3-23) of the City of Port Lavaca amending the Code of Ordinances, Part II, Appendix A – Fees, Rates and Charges (Chapter 36 – Signs, Sec. 36-7 Temporary Signs (e) Banners, Flags, Pennants and Inflatables; and providing an effective date.

Seconded by Councilman District 1 Smith

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, Councilman District 3 Tippit, Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 5 Ward, Councilman District 6 Barr

8. **Consider First Reading of an Ordinance (G-4-23) of the City of Port Lavaca amending the Code of Ordinances, Chapter 42 Subdivisions and Plats, Article VII Group Housing and Commercial Development, Section 42-160 Minimum Design Standards, adding (5) Landscaping; providing for severability; providing a repealing clause; and providing an effective date. Presenter is Derrick Smith**

Motion made by Councilman District 3 Tippit

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

THAT, Council hereby approves First Reading of an Ordinance (G-4-23) of the City of Port Lavaca amending the Code of Ordinances, Chapter 42 Subdivisions and Plats, Article VII Group Housing and Commercial Development, Section 42-160 Minimum Design Standards, adding (5) Landscaping; providing for severability; providing a repealing clause; and providing an effective date.

Seconded by Councilman District 2 Dent

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, Councilman District 3 Tippit, Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 5 Ward, Councilman District 6 Barr

Mayor Whitlow announced that Council would recess at 7:45 p.m.

Mayor Whitlow announced that Council was back from recess at 7:52 p.m.

9. **Announcement by Mayor that City Council will retire into closed session:**

- For consultation with City Attorney on matters in which the duty of the Attorney to the City Council under the Texas Disciplinary Rules of Professional Conduct of the State Bar of Texas clearly conflicts with the Open Meetings Act (Title 5, Chapter 551,-Section 551.071(2) of the Texas Government Code). Presenter is Mayor Whitlow

Mayor Whitlow announced that Council would retire into closed session at 7:53 p.m.

10. **Return to Open Session and take any action deemed necessary with regard to matters in closed session. Presenter is Mayor Whitlow**

Mayor Whitlow announced that Council was back in open session at 8:32 p.m. and advised there would be no action with regard to matters in closed session.

IX. ADJOURNMENT

Mayor asked for motion to adjourn.

Motion made by Councilman District 6 Barr

Seconded by Councilman District 5 Ward

Voting Yea:

Councilman District 1 Smith, Councilman District 2 Dent, Councilman District 3 Tippit, Councilwoman District 4 (Mayor Pro Tem) Padron, Councilman District 5 Ward, Councilman District 6 Barr

Meeting adjourned at 8:33 p.m.

ATTEST:

Jack Whitlow, Mayor

Mandy Grant, City Secretary

COMMUNICATION

SUBJECT: Review of Credit Card Statement

INFORMATION:



Section VII. Item #B.

CITY OF

Account Number: XXXX XXXX XXXX 0305

Billing Questions:

800-367-7576

Website:

www.cardaccount.net

Send Billing Inquiries To:

Card Service Center, PO Box 569120, Dallas, TX 75356

FIRST NATIONAL BANK IN PORT LAVACA Credit Card Account Statement
March 9, 2023 to April 7, 2023**SUMMARY OF ACCOUNT ACTIVITY**

Previous Balance	\$14,982.86
- Payments	\$14,982.86
- Other Credits	\$1,090.10
+ Purchases	\$14,089.90
+ Cash Advances	\$0.00
+ Fees Charged	\$0.00
+ Interest Charged	\$0.00
= New Balance	\$12,999.80

Account Number	XXXX XXXX XXXX 0305
Credit Limit	\$26,500.00
Available Credit	\$12,344.00
Statement Closing Date	April 7, 2023
Days in Billing Cycle	30

PAYMENT INFORMATION

New Balance:	\$12,999.80
Minimum Payment Due:	\$390.00
Payment Due Date:	May 2, 2023

MESSAGES**GREAT NEWS!**

We have upgraded the Card Service Center website and online access to your account information. It is better than ever!

Our enhanced site features easier-to-navigate pages, additional payment functionality, and new self-serve account update options. A **NEW MOBILE APP** is also available to manage your card on the go!

The New Site and Mobile App are available NOW! To take advantage of these exciting features go to www.cardaccount.net to download the mobile app or click "ACCOUNTS" and choose "CREDIT CARD ACCOUNTS" to log in now.

TRANSACTIONS

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
03/31	03/31	85431892S00XVFJ2A	PAYMENT - THANK YOU	\$14,982.86-

Transactions continued on next page

FIRST NATIONAL BANK IN PORT LAVACA
1550 N BROWN RD 150
LAWRENCEVILLE GA 30043



All payments on the account must be made at the address shown on your monthly billing statement and are considered to have been made on the date received at that address.

Account Number:	XXXX XXXX XXXX 0305
New Balance:	\$12,999.80
Minimum Payment Due:	\$390.00
Payment Due Date:	May 2, 2023

Amount Enclosed: \$



Make Check Payable to:

CARD SERVICE CENTER
PO BOX 569100
DALLAS TX 75356-9100

CITY OF PORT LAVACA
202 N VIRGINIA ST
PORT LAVACA TX 77979-3431

11273390700003050003900000012999805



TRANSACTIONS (continued)

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
TOTAL XXXXXXXXXXXX0305				\$14,982.86-
03/28	03/29	75337002R8PQNGS3T	FIRST TACTICAL 20956678 CREDIT	\$86.25-
03/09	03/10	554295024ML2W8KDE	HOTELBOOKINGSERVFEE 8007279059 UT	\$15.99
		CHECK-IN 03/09/23	FOLIO #0012609323	
03/14	03/14	5543286295SMN840E	AMZN MKTP US*HC5UN4AW0 AMZN.COM/BILL WA	\$39.78
03/14	03/15	5543286295SPRHTPB	AMZN MKTP US*HC67Q4AY0 AMZN.COM/BILL WA	\$39.96
03/14	03/15	5543286295SR891BG	AMAZON.COM*HG5AQ1D21 AMZN.COM/BILL WA	\$96.36
03/14	03/15	25265082A000E9ZN8	BULKMUNITIONS 855-5888918 TN	\$1,537.13
03/14	03/15	7270178294XS23M31	HOTEL RESERVATION LOH 718-9490525 DE	\$371.95
03/17	03/17	55432862Q5VFJ3VLT	AMZN MKTP US*HC9PD7JQ1 AMZN.COM/BILL WA	\$22.98
03/17	03/17	55432862Q5VF5BDDY	AMZN MKTP US*HC2O24J11 AMZN.COM/BILL WA	\$8.99
03/22	03/23	55432862H5VWV981HE	AMZN MKTP US*HC7UU9KW2 AMZN.COM/BILL WA	\$50.97
03/22	03/23	55432862H5VXDNNH6	AMZN MKTP US*H77NM38O0 AMZN.COM/BILL WA	\$7.99
03/28	03/30	85140512RS66J7MAP	WILEY X INC INTERNET 9252439810 CA	\$588.00
04/06	04/07	55500363060T2WHWB	HORIZON PERFORMANCE TE 2624085583 WI	\$1,521.38
COLIN RANGNOW				
TOTAL XXXXXXXXXXXX0727				\$4,215.23
04/04	04/05	51742952Y2DK1MFS6	IDENTOGO - TX FINGERPR 877-512-6962 MA	\$10.21
04/04	04/05	51742952Y2DM3SE68	IDENTOGO - TX FINGERPR 877-512-6962 MA	\$10.21
ERIC SALES				
TOTAL XXXXXXXXXXXX0776				\$20.42
03/15	03/16	75187422B00017LDX	CALHOUN CO TAX ASSESSO PORT LAVACA TX	\$15.45
03/22	03/22	55432862H5WR1B9V5	AMZN MKTP US*HC2113DU2 AMZN.COM/BILL WA	\$31.76
03/22	03/23	55429502HRTW2W49F	PAYPAL *TEXASPOLICE 4029357733 CA	\$38.00
03/22	03/23	55309592JRQEBBT32	MURPHY7204ATWALMART PORT LAVACA TX	\$43.66
03/27	03/28	85369432NHYS3XV3G	OSS SUPPRESSORS 801-5420425 UT	\$51.37
03/28	03/29	55432862P5YHJM5X1	AMZN MKTP US*H762Y2U22 AMZN.COM/BILL WA	\$15.00
03/28	03/29	75337002R8PQNGSHD	FIRST TACTICAL 2095667816 CA	\$274.98
03/29	03/29	55432862R5YK6B4SG	NNA SERVICES LLC 800-876-6827 CA	\$220.76
03/29	03/30	55429502RLW363B3R	VISTAPRINT 8662074955 MA	\$81.17
03/29	03/30	05436842T00AWEQVP	DOLLARTREE PORT LAVACA TX	\$44.65
03/29	03/30	55310202R2DLV383L	AMZN MKTP US*HY9AZ9CB2 AMZN.COM/BILL WA	\$7.59
03/30	03/31	55432862T5Z0J2DZ9	ARLO TECHNOLOGIES INC 408-638-3750 CA	\$146.12
04/01	04/02	55432862V5ZD1RSYL	AMAZON.COM*HS9EK2CV0 AMZN.COM/BILL WA	\$38.82
KAREN NEAL				
TOTAL XXXXXXXXXXXX0784				\$1,009.33
03/30	04/02	82306062SS66H8F62	VICTORIA COLLEGE VICTORIA TX	\$25.00
04/04	04/05	55432862Y60D1L1QX	WPY*STRAC 855-999-3729 TX	\$35.00
04/05	04/07	55432863060VKL4NX	BUC-EE'S 12 PORT LAVACA TX	\$37.30
04/06	04/07	827111630000F4G33	SAFARILAND TRAINING GR SAN FRANCISCO CA	\$545.00
JAVIER RAMOS				
TOTAL XXXXXXXXXXXX0867				\$642.30
03/09	03/12	82306062S566FHGNA	VICTORIA COLLEGE VICTORIA TX	\$25.00
03/09	03/12	82306062S566FHGNJ	VICTORIA COLLEGE VICTORIA TX	\$25.00
03/15	03/16	55488722BBLYGK9AF	TEXAS COMM FIRE PROT 5129363842 TX	\$56.49
03/16	03/17	55488722QBLYHHTF7	TEXAS COMM FIRE PROT 5129363842 TX	\$87.17
03/26	03/28	55453702NW69BK1JT	HOOTERS OF SAN MARCOS SAN MARCOS TX	\$95.00
03/27	03/28	05436842PEHTK7ZP0	ARBYS 8710 SAN MARCOS TX	\$36.34
03/27	03/29	15449852P66STM696	TWIN PEAKS - SAN MARC SAN MARCOS TX	\$75.38
03/28	03/30	75265862RJ4YRRR4W	54TH STREET 025 SAN MARCOS TX	\$90.00
03/31	04/02	55436872V4Z5JYJL4	HAMPTON INNS SAN MARCOS TX	\$563.50
		CHECK-IN 03/26/23	FOLIO #415111	
03/31	04/02	55436872V4Z5JYK2J	HAMPTON INNS SAN MARCOS TX	\$563.50

Transactions continued on next page

**TRANSACTIONS (continued)**

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
		CHECK-IN 03/26/23	FOLIO #415118	
			JUAN LUNA	
			TOTAL XXXXXXXXXXXX0941	\$1,617.38
03/21	03/22	55310202H61BTJRFX	APWA - NATIONAL 8165955279 MO	\$57.80
			WAYNE SHAFFER	
			TOTAL XXXXXXXXXXXX1212	\$57.80
03/31	04/02	55432862S5Z91LE4S	B2B PRIME*HY00T0AM2 AMZN.COM/BILL WA	\$179.00
04/04	04/06	05436842Z2X85T8QV	WALMART.COM 8009666546 800-966-6546 AR	\$133.99
			MANDY GRANT	
			TOTAL XXXXXXXXXXXX1238	\$312.99
03/11	03/12	554328626634HYNWB	TEXAS MUNICIPAL LEAGUE 512-231- CREDIT	\$50.00-
03/11	03/12	554328626634HYNWK	TEXAS MUNICIPAL LEAGUE 512-231- CREDIT	\$50.00-
03/11	03/12	554328626634HYNWV	TEXAS MUNICIPAL LEAGUE 512-231- CREDIT	\$50.00-
03/11	03/12	554328626634HYNXD	TEXAS MUNICIPAL LEAGUE 512-231- CREDIT	\$50.00-
04/01	04/03	75120712WS66JJ5Y0	KALAHARI RESORT - TX ROUND ROCK CREDIT	\$190.00-
		CHECK-IN 04/01/23	FOLIO #C9TIDAU2Y	
04/06	04/07	55432863060THM37Z	TEXAS MUNICIPAL LEAGUE 512-231- CREDIT	\$450.00-
03/16	03/16	55432862B5V4QQ4JM	TEXAS MUNICIPAL LEAGUE 512-231-7400 TX	\$150.00
03/28	03/29	55432862P5YEGWEEM	SQ *THE DONUT PALACE PORT LAVACA TX	\$33.60
			SUSAN LANG	
			TOTAL XXXXXXXXXXXX1345	\$656.40-
03/16	03/17	55432862B5V9FR5LK	AMAZON.COM AMZN.COM/BILL WA CREDIT	\$10.48-
03/17	03/17	55432862Q5VQHNMtQ	AMZN MKTP US AMZN.COM/BILL WA CREDIT	\$18.95-
03/28	03/29	55432862P5YFB9WtY	AMZN MKTP US AMZN.COM/BILL WA CREDIT	\$23.95-
03/11	03/12	554328626636SEBHE	APPLE.COM/BILL 866-712-7753 CA	\$2.99
03/12	03/13	55432862763GELRKN	AMZN MKTP US*HG6E62IL0 AMZN.COM/BILL WA	\$18.95
03/13	03/14	5543286285SG72HWH	AMAZON.COM*HG4PH4PM2 AMZN.COM/BILL WA	\$10.48
03/14	03/15	554295029RTHS7AKP	PAYPAL *BAC FLO UNL 4029357733 TX	\$120.00
03/22	03/22	12302022H003M02D0	PERMITTECHNATION AUSTIN TX	\$200.00
03/22	03/23	55432862H5WVSM6Z3	AMZN MKTP US*HC4J612J2 AMZN.COM/BILL WA	\$89.39
03/25	03/26	55432862L5XLA1WRZ	AMZN MKTP US*H71YH1QS1 AMZN.COM/BILL WA	\$21.98
03/26	03/26	55432862M5XVK37XP	AMZN MKTP US*H73FN9KA1 AMZN.COM/BILL WA	\$90.16
04/03	04/04	55310202X2DM1PS3Q	AMZN MKTP US*HS8V27OL1 AMZN.COM/BILL WA	\$60.70
04/06	04/07	55432863060W81SDH	AMZN MKTP US*HS5W10JF2 AMZN.COM/BILL WA	\$6.49
04/06	04/07	55432863060Z19BX9	AMZN MKTP US*HS0BR05W1 AMZN.COM/BILL WA	\$134.43
			DERRICK SMITH	
			TOTAL XXXXXXXXXXXX3836	\$702.19
03/24	03/26	55432862K5XQGF0AM	SQ *THE DONUT PALACE PORT LAVACA TX	\$32.40
03/29	03/29	55480772R8AZ0V3XD	RECONYX 8664936064 WI	\$30.00
			JAMES RUDELLAT	
			TOTAL XXXXXXXXXXXX8611	\$62.40
03/08	03/09	554887224BMDJ6MKT	DSHS REGULATORY PROG 5124587111 TX	\$64.00
03/21	03/21	02305372GEHX0D826	TST* NINFAS MEXICAN RE WACO TX	\$69.07
03/23	03/24	75184122JS66EKMV7	HWY 77 CAFE ROSEBUD TX	\$30.48
03/23	03/26	52704872K11H3XLAW	HILTON WACO 9726929706 TX	\$554.16
		CHECK-IN 03/20/23	FOLIO #802236	
03/23	03/26	52704872K11H3XLB4	HILTON WACO 9726929706 TX	\$554.16
		CHECK-IN 03/20/23	FOLIO #802237	
03/28	03/30	05410192R12RVT5KT	CHEDDARS 2194 00021949 SAN MARCOS TX	\$75.34
03/29	03/30	25247802R01S9E8PB	ITALIAN GARDENS SAN MARCOS TX	\$74.03
03/30	03/31	55263522SBLGYMT18	TEXAS ROADHOUSE #2265 SAN MARCOS TX	\$129.23

Transactions continued on next page

**TRANSACTIONS (continued)**

An amount followed by a minus sign (-) is a credit unless otherwise indicated.

Tran Date	Post Date	Reference Number	Transaction Description	Amount
03/30	03/31	02305372SEHY5T8AB	FIREHOUSE SUBS 1268 QS SAN MARCOS TX	\$50.07
03/31	04/02	55436872V4Z5JYJLN	HAMPTON INNS SAN MARCOS TX	\$563.50
		CHECK-IN 03/26/23	FOLIO #415110	
			JOE REYES JR	
			TOTAL XXXXXXXXXXXX0215	\$2,164.04
03/15	03/16	55444362A2E567WG7	CROWN AWARDS INC 80022715 CREDIT	\$10.47-
03/12	03/13	5513158272M7219DJ	MICROSOFT*SUBSCRIPTION MSBILL.INFO WA	\$108.24
03/15	03/16	55432862A5V2DV52Z	GOOGLE *GOOGLE STORAGE 650-253-0000 CA	\$2.12
03/15	03/16	55444362A2DYM2J0Y	CROWN AWARDS INC 8002271557 NY	\$137.41
03/17	03/17	55432862Q5VD3WFT4	TEXAS MUNICIPAL LEAGUE 512-231-7400 TX	\$235.00
03/18	03/19	55432862D5VTFZ330	J2 *EFAX CORPORATE SVC 323-817-1155 CA	\$194.54
03/20	03/21	55432862F5WQNS1HK	UPS*BILLING CENTER 800-811-1648 GA	\$11.62
03/21	03/21	55432862G5WEV23D8	SQ *MAD BATTER CHEESEC GOSQ.COM TX	\$138.00
03/31	04/02	55547502S5SSKXZKY	RECONYX, INC 6087816064 WI	\$1,627.08
03/31	04/02	82305092S000E9L88	ZOOM.US 888-799-9666 SAN JOSE CA	\$149.90
			JOANNA WEAVER	
			TOTAL XXXXXXXXXXXX0249	\$2,593.44
04/06	04/07	554295031RTJXJ3B4	PAYPAL *TECSERVICES 40293577 CREDIT	\$100.00-
03/08	03/09	5531020232DZ1HSSK	AMZN MKTP US*H52LD3QJ2 AMZN.COM/BILL WA	\$125.23
03/12	03/13	5543286275S8FZ45X	AMZN MKTP US*HG2C89TM2 AMZN.COM/BILL WA	\$37.93
03/14	03/15	5543286295STGN641	AMZN MKTP US*HG2VJ62Q1 AMZN.COM/BILL WA	\$70.24
03/14	03/15	5543286295STMVM0E	AMZN MKTP US*HG7NQ1241 AMZN.COM/BILL WA	\$7.95
03/16	03/16	55432862B5V7F96S5	AMZN MKTP US*HC5NL7B30 AMZN.COM/BILL WA	\$20.31
03/21	03/22	55506292H2M3N6G0K	FUEL STOP PORT LAVACA TX	\$53.60
03/28	03/29	55432862P5YGWWSJL	AMAZON.COM*HY17M7590 AMZN.COM/BILL WA	\$13.69
03/29	03/29	55432862R5YMHX5A	AMZN MKTP US*HY83N7AC1 AMZN.COM/BILL WA	\$19.60
03/29	03/30	55432862R5YRX3B0R	AMAZON.COM*HY7E310B1 AMZN.COM/BILL WA	\$10.13
			CYNTHIA HEYSQUIERDO	
			TOTAL XXXXXXXXXXXX0264	\$258.68

INTEREST CHARGE CALCULATION

Your Annual Percentage Rate (APR) is the annual interest rate on your account

Type of Balance	Annual Percentage Rate (APR)	Balance Subject to Interest Rate	Days in Billing Cycle	Interest Charge
Purchases	18.99% (v)	\$0.00	30	\$0.00
Cash Advances	18.99% (v)	\$0.00	30	\$0.00

(v) - variable

To avoid additional interest charges, pay your New Balance in full on or before the Payment Due Date.

Exciting news! Go online today and check out the all-new enhancements to the Card Service Center website. E-statements, additional payment options, links to Preferred Points website, and other helpful sites. Visit us today at www.cardaccount.net to enroll your credit card account(s) on the newly enhanced website.

Thank you for the opportunity to serve your credit card needs. Should your future plans include travel, please contact us at 1-800-367-7576.

CREDITING OF PAYMENTS

All payments received by 5:00 PM during the Card issuer's normal business day at the address indicated on the reverse side of this statement will be credited to your account as of the date of receipt of the payment. If payment is made at any location other than that address, credit of the payment may be delayed up to 5 days.

BILLING RIGHTS SUMMARY

What to do if You Think You Find a Mistake on Your Statement

If you think there is an error on your statement, write to us at BBCS, Attn: Dispute Department, 1550 North Brown Road, Suite 150, Lawrenceville, GA 30043 as soon as possible. In your letter, give us the following information: your name and account number; the dollar amount of the suspected error; and if you think there is an error on your bill, describe what you believe is wrong and why you believe it is a mistake.

You must contact us within 60 days after the error appeared on your statement. You must notify us of any potential errors in writing. You may call us, but if you do we are not required to investigate any potential errors and you may have to pay the amount in question.

While we investigate whether or not there has been an error, the following are true:

- We cannot try to collect the amount in question, or report you as delinquent on that amount.
- The charge in question may remain on your statement, and we may continue to charge you interest on that amount. But, if we determine that we made a mistake, you will not have to pay the amount in question or any interest or other fees related to that amount.
- While we do not have to pay the amount in question, you are responsible for the remainder of your balance.
- We can apply any unpaid amount against your credit limit.

Your Rights if You are Dissatisfied with Your Credit Card Purchases

If you are dissatisfied with the goods or services that you have purchased with your credit card, and you have tried in good faith to correct the problem with the merchant, you may have the right not to pay the remaining amount due on the purchase. To use this right, all of the following must be true:

- The purchase must have been made in your home state or within 100 miles of your current mailing address, and the purchase price must have been more than \$50. (Note: Neither of these are necessary if your purchase was based on an advertisement we mailed to you, or if we own the company that sold you the goods or services.)
- You must have used your credit card for the purchase. Purchases made with cash advances from an ATM or with a check that accesses your credit card account do not qualify.
- You must not yet have fully paid for the purchase. If all of the criteria above are met and you are still dissatisfied with the purchase, contact us in writing at: BBCS, Attn: Dispute Department, 1550 North Brown Road, Suite 150, Lawrenceville, GA 30043.

While we investigate, the same rules apply to the disputed amount as discussed above. After we finish our investigation, we will tell you our decision. At that point, if we think you owe an amount and you do not pay we may report you as delinquent.

EXPLANATION OF INTEREST CHARGES

The Interest Charge shown on the front is the sum of the Interest Charges computed by applying the Periodic Rate(s) to the Average Daily Balance and adding any applicable transaction charge authorized in the Cardholder Agreement. The method for computing the balance subject to Interest Charge is an average daily balance (including new purchases) method.

We figure the interest charge on your account by applying the periodic rate(s) to the "average daily balance" of your account (including in some instances current transactions). To get the "average daily balance", we take the beginning balance of your account each day, add any new cash advances and subtract any payments or credits and any unpaid interest charges. If you paid in full the Previous Balance shown on this statement by the payment due date shown on the previous statement, we subtract from each day's beginning balance the amount of such Previous Balance included in that beginning balance and also do not add in any new purchases. Otherwise the amount of the Previous Balance is not subtracted and we add in any new purchases. This gives us the daily balance. Then we add all the daily balances for the billing cycle and divide the total by the number of days in the billing cycle. This gives us the "average daily balance."

HOW TO AVOID INTEREST CHARGES: You have until the payment due date shown on your periodic statement to repay your balance before an interest charge on purchases will be imposed.

ANNUAL FEE DISCLOSURES

If an annual fee is shown on the front of the statement, see the front for information about the following matters: the annual percentage rate for purchases, certain information regarding any variable rate feature, the amount of the annual fee, any minimum interest charge, and any transaction charges for purchases. The method for computing the balance subject to interest charge on your account is an Average Daily Balance (including new purchases) method and is explained above.

If you terminate your account within 30 days from the Closing Date shown on the front of this statement, you will not owe the annual fee (and have the right to have it credited to your account) and may use your card(s) during that 30 day period without becoming obligated for the annual fee. To terminate your account you should give us written notice sent to the address for billing inquiries as shown on the front of this statement. All cards should be cut in half and returned with your termination notice.

CREDIT BALANCES

Any credit balance on your account (indicated by a "-" on the front of this statement) is money we owe you. You can make charges against this amount or request and receive a full refund of this amount by writing us at: Card Service Center, PO Box 569120, Dallas, TX 75356-9120. Any amount not charged against or refunded upon request that is over \$1.00 (equal to or in excess of \$1.00 if you live in MA or any amount in NY) will be refunded automatically within six months after the credit balance was created (four billing cycles in MD).

O1AB5762 – 3 – 05/25/17

(PLEASE SHOW YOUR CORRECT NAME AND ADDRESS)

Name (if incorrect on reverse side)

Street address

City

State

Zip Code

Effective Date: Month, Day, Year

Signature

Home Phone

Work Phone

COMMUNICATION

SUBJECT: Receive Monthly Financial Highlight Report

INFORMATION:



CITY OF
PORT LAVACA

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

To: Mayor and Members of the City Council
From: Susan Lang, Finance Director 
Subject: FY 22-23 Financial Highlights through **April 30, 2023**
Date: May 1, 2023

Below are the following reports for the period ending **April 30, 2023**, or **66.6%** of the year:

The major highlights of the Report are as follows:

Property Tax collections as reported by CCAD - are **\$4,660,928** for the year as of March. Collections in FY 22-23 are 91.67% of total adjusted tax levy. Total current year Property Taxes Outstanding as of March is **\$422,138**.

In the General Fund, revenues through **4/30/23** are **76%** of budget. In addition:

1. *Current Property Tax* collections - are **\$4,329,621** for the year as of April. Collections in FY 22-23 are 106% of budget.
2. *Sales Tax* collections through April were **\$2,032,384** or 65% of budget. Collections through April in FY 21-22 were **\$1,934,112**.
3. *Licenses & Permits* collections are **\$81,573** for the year, or 46.9% of budget. Collections through April in FY 21-22 were **\$88,069**.
4. *Bauer Center Rentals* through April are **\$41,250** or 51.6% of budget. Collections through April in FY 21-22 were **\$29,050**.
5. *Court Fines* are **\$45,846** for the year, or 38% of budget. Collections through April in FY 21-22 were **\$52,391**.

Expenditures in the General Fund for the year are **53%** of budget.

Target: 66.6%

In the Utility Fund, revenues as of **4/30/23** are **46.6%** of budget. In addition:

1. *Metered Water* sales through April are **\$1,274,633** or **51%** of budget.
2. *Residential Sewer* sales through April are **\$651,755** or **52%** of budget.
3. *Garbage Billings* through April are **\$500,632** or **55%** of budget.

Expenditures in the Utility Fund for the year are **50%** of budget.

Summary – FY 2022-2023 through 4/30/23

<u>Fund</u>	<u>Revenues</u>	<u>% Budget</u>	<u>Expense</u>	<u>% Budget</u>	<u>Revenues Less Expense</u>
General	\$7,879,405	76%	\$5,716,593	53%	\$2,162,812
Utility	3,316,581	46.6%	3,670,942	50%	(354,360)
HOT	289,789	47.5%	310,161	52.4%	(20,372)
Beach	161,225	44.3%	77,064	40.7%	84,161
Port	417,902	24%	384,369	21.3%	33,532
Total					<u>1,905,773</u>

I will be at the City Council meeting, should you have any questions regarding the information provided.



**Port Lavaca
PROPERTY TAX COLLECTION REPORT
March 31, 2023**

TAXES DUE AT CERTIFICATION	5,080,947.08
Adjustments to Date	-12,062.89
TOTAL TAX LEVY	5,068,884.19

2022 Tax Collections

	Base	Penalties & Interest	Total
October	2,367,370.85	0.00	2,367,370.85
November	456,709.33	0.00	456,709.33
December	544,010.48	0.00	544,010.48
January	1,056,515.19	0.00	1,056,515.19
February	115,930.96	5,904.59	121,835.55
March	106,206.19	8,280.05	114,486.24
April			0.00
May			0.00
June			0.00
July (Delinquent as of July 1, 2022)			0.00
August			0.00
September			0.00
TOTAL	4,646,743.00	14,184.64	4,660,927.64

Last Year %
Collected

TRANSFERRED TO DELINQUENT ROLL	% Collected	91.67%	93.12%
	July, Aug, and Sept Payments	0.00	

2022 TAXES OUTSTANDING	422,138.25
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% Current Outstanding	8.33%
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DELINQUENT COLLECTIONS

	Base	Penalties & Interest	Total
October	15,508.53	3,883.19	19,391.72
November	11,960.20	5,936.64	17,896.84
December	29,654.80	10,931.51	40,586.31
January	7,327.91	3,189.44	10,517.35
February	5,002.82	4,245.22	9,248.04
March	5,245.73	3,492.81	8,738.54
April			0.00
May			0.00
June			0.00
July			0.00
August			0.00
September			0.00
TOTAL	74,699.99	31,678.81	106,378.80

DELINQUENT TAXES OUTSTANDING	396,542.36
TOTAL TAXES OUTSTANDING	818,680.61

COMMUNICATION

SUBJECT: Receive Victoria Economic Development Corporation (VEDC) Monthly Report

INFORMATION:

City of Port Lavaca—City Council

May 8, 2023

- **Leadership Meeting**
 - April 25th Began Participating in City of Port Lavaca Leadership Meeting
 - Will continue to participate in meetings going forward as liaison between EDC and City
- **TWDB**
 - April 25th VEDC assisted with response to Texas Water Development Board regarding population and demographic information for the community
- **One-Page-Flier**
 - Began working on one-page flier with Chamber and City to ensure Port Lavaca is highlighted in correct manner for RFIs
- **Chamber Dinner**
 - April 25th sponsored and attended annual Chamber Dinner
- **Project/Development**
 - May 5th met with prospect regarding potential gas station/convenience store
- **Upcoming**
 - Will attend the Housing Needs Kick-Off session Saturday May 13th
 - Developing a target list for Business Retention and Expansion visits
 - Working with Economic Development Committee to prioritize findings from Newmark study

COMMUNICATION

SUBJECT: Consider approval of the Annual Comprehensive Financial Report (ACFR) for the Fiscal Year ending September 30, 2022, prepared by the Audit Firm of Pattillo, Brown & Hill, L.L.P. Presenter is Susan Lang

INFORMATION:

CITY OF PORT LAVACA

CITY COUNCIL MEETING: May 8, 2023

DATE: May 3, 2023

TO: THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: SUSAN LANG, FINANCE DIRECTOR 

SUBJECT: CONSIDER APPROVAL OF THE ANNUAL COMPREHENSIVE FINANCIAL REPORT (ACFR) FOR THE FISCAL YEAR ENDED SEPTEMBER 30, 2022

BACKGROUND:

The City is required to engage in an independent audit of its financial statement on an annual basis. The City's financial statements were audited by the public accounting firm of Pattillo, Brown & Hill, L.L.P (PBH).

The results of the audit and highlights of the City's financial position were shared with the Finance Committee on April 24, 2023. Present at the meeting were City Council members: Tim Dent, Jerry Smith and Allen Tippitt. City staff included Interim City Manager, Jody Weaver and Finance Director, Susan Lang. Representatives from PBH reporting the results included Audit Partner, Paula Lowe and Audit Supervisor, Travis Rogers.

The City received an Unqualified Opinion, which is the highest level of assurance that the financial statements are presented fairly, in all material respects, and are presented in accordance with generally accepted accounting principles.

FINANCIAL IMPLICATIONS:

The audited financial statements for the fiscal year ended Sept. 30, 2022 showed an increase in total Net Position, which may serve over time as a useful indicator of a government's financial position, of \$1,919,576. Additionally, the combined governmental ending fund balances for the year ended 9/30/22 were \$10,243,050. The City's general fund, which is the major operating fund for the city, had an unassigned fund balance of \$7,701,244, or 66% of the total general fund expenditures. This represents a healthy reserve.

IMPACT ON COMMUNITY SUSTAINABILITY:

Audits provide financial information to the public and other interested third parties. Audits portray a city's financial strength or weakness and determine whether a city's financial statements are free of any material misstatements to the reader.

RECOMMENDATION:

Motion to approve the Annual Comprehensive Financial Report (ACFR) for the fiscal year ended September 30, 2022.

CITY OF PORT LAVACA, TEXAS



ANNUAL COMPREHENSIVE FINANCIAL REPORT

FOR THE YEAR ENDED SEPTEMBER 30, 2022

CITY OF PORT LAVACA, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2022

Prepared by:
Finance Department
Susan Lang, Finance Director

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CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

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INTRODUCTORY SECTION

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CITY OF PORT LAVACA

202 N. Virginia, Port Lavaca, Texas 77979
Main Number: 361-552-9793

www.portlavaca.org
Main Facsimile: 361-552-6062

March 13, 2023

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, 2022, 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 does not have any component units to report.

The City also manages several quasi-governmental operations including a campground at Lighthouse Beach and the Nautical Landings Marina’s commercial office spaces. Additionally, the City manages and leases frontage property and dock space at its port and several harbors, which include City Harbor, Harbor of Refuge, Smith Harbor, and Nautical Landing Marina. 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 Undine Wholesale Supply, LLC (who purchased the water plant from the Guadalupe-Blanco River Authority), 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 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 an east-west 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.

The City continues to utilize Hotel Occupancy Tax (HOT) dollars to promote tourism to our beautiful coastal community. The new Hampton Inn is complete and will increase the City’s hotel/motel count to 18, with another motel looking to break ground. Additionally, the City is working to ensure

HOT taxes are collected from the numerous short-term rental properties in and around the City's extraterritorial jurisdiction (ETJ).

We are excited to partner with Calhoun County and the Victoria Economic Development Council in order to leverage our presence in the market throughout the region. Much discussion has been occurring with the Calhoun Port Authority and other entities regarding the proposed deepening and widening project of the Matagorda Bay Ship Channel, which, if approved, will provide for repair and rebuilding of the jetties which will make the channel safer for vessels and reduce the risk of accidents which might put the environmental integrity of Matagorda Bay at risk. Additionally, Chester Island, which is home to various water birds, such as the brown pelican and roseate spoonbill, will greatly benefit from the dredge spoils of the project with planned coordination between local members of the National Audubon Society and the Army Corps of Engineers. The City, who is the closest to the Calhoun Port Authority, sees the potential to capitalize on the increase of fishing and cargo vessel traffic throughout the area by offering safe harbors and easy access to local accommodations and unique restaurants. Both the City of Port Lavaca and Calhoun County have passed resolutions in favor of the deepening and widening project of the Matagorda Bay Ship Channel.

Sales tax revenues decreased slightly from \$3,566,918 in FY 2020-21 to \$3,504,110 in FY 2021-22 (1.8% decrease), however actuals still exceeded budget expectations. 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 7% in FY 2021-22. The average home value increased by 5%. New value added to the tax roll in the amount of \$6,477,250 was also 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.

Accomplishments

The COVID pandemic has been a major challenge with supply chain disruptions and labor pool deficiencies. While the City has seen minimal impact, we also were fiscally sound to withstand the economic impacts brought by the pandemic, while still maintaining a healthy reserve to weather future storms.

Our accomplishments, however, far exceed our challenges as we progressed through Phase I of our CDBG-DR grant for street and drainage improvements, which ultimately required a sizable inflow of funds due to the current economic climate in order to award the project, and barreled through to Phase 2, which again found the need for additional funds due to escalated costs. Luckily, the City was able to utilize excess fund balance reserves to keep the project moving forward. Additionally, the City received a CDBG-MIT grant to construct a living shoreline, received it's long awaited new fire apparatus, completed construction of the long talked about Skatepark, broke ground on and completed the security upgrades at the police department, and completed the Bayfront Park Improvement project which included grant-funded shared-use walking/biking trails.

The City has been extremely fortunate to have received multiple grants that will leverage the taxpayer's investment in sustaining the community for years to come. The City has received funding for critical projects which will be taking place over the next few years. Through the General Land Office (GLO) we have received \$5.1 million for street and drainage improvements, and another \$13.6 million for the living shoreline grant to reduce storm surge and protect the City's

delicate shoreline ecosystem, for a total of \$18.7 million. Additionally, as part of the American Rescue Plan Act (ARPA), the City was awarded \$2.9 million as a non-entitlement entity, which is to be distributed via the State in two tranches. The City received its first tranche of \$1.46 million and will receive the second tranche in fiscal year 2023. These funds will be used to address water and wastewater infrastructure projects that are necessary to meet TCEQ requirements and strengthen the City's water distribution and wastewater treatment processes.

Furthermore, we kicked-off the mass water meter swap project around mid-November, which had been delayed by supply chain issues. We should see a major recovery in lost water revenue due to failing water meters, and anticipate the project to pay for itself within two (2) years.

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 Pattillo, Brown & Hill, LLP 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, 2021. This was the eleventh 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 audit firm, Pattillo, Brown & Hill, LLP. 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

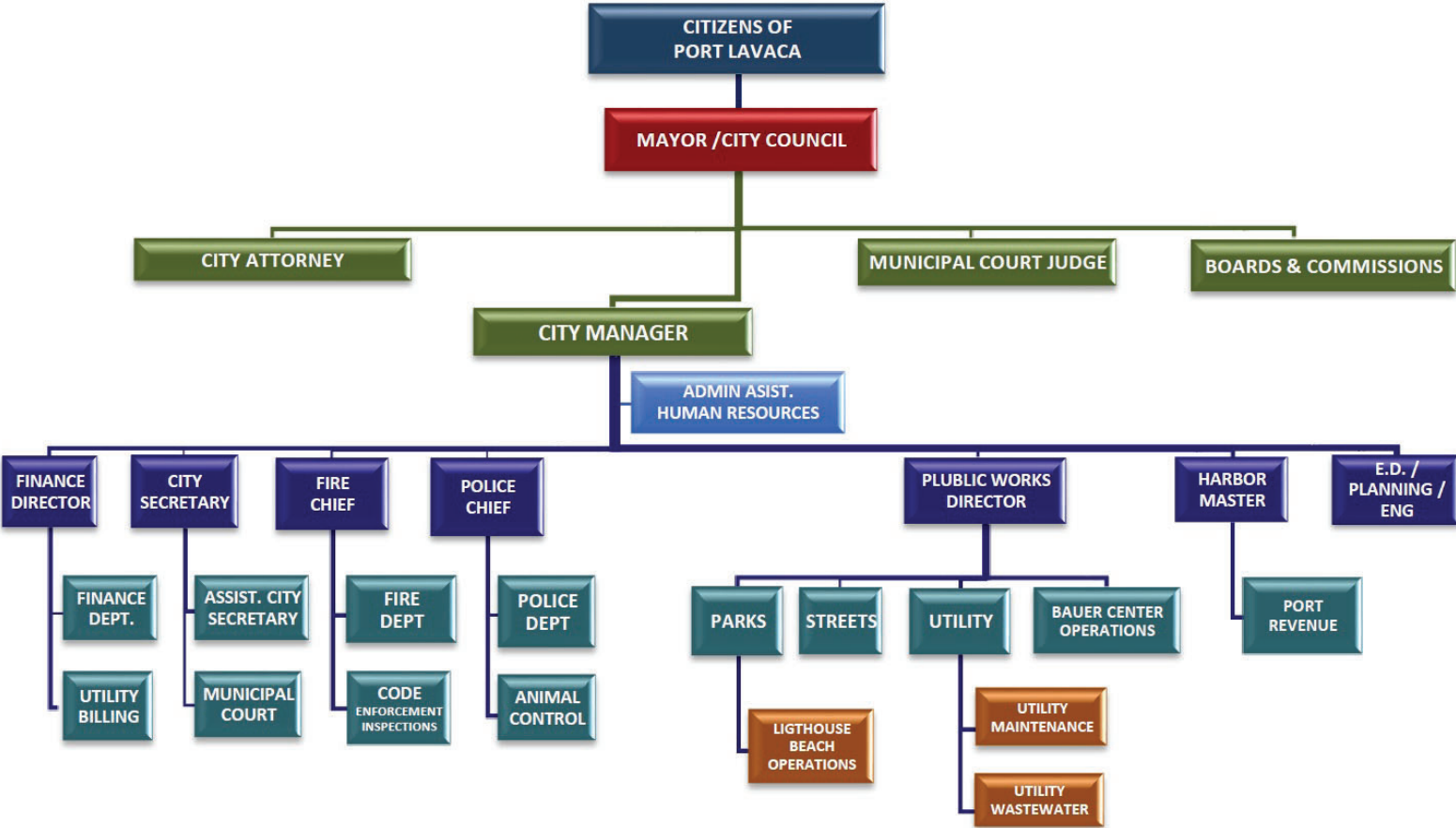
LISTING OF PRINCIPLE OFFICERS

SEPTEMBER 30, 2022

<u>City Officials</u>	<u>Elective Position</u>
Jack Whitlow	Mayor
Ken Barr	Council Member
Jerry Smith	Council Member
W. Allen Tippit, Jr.	Council Member
Jim Ward	Council Member
Tim Dent	Council Member
Rosie Padron	Mayor Pro-Tem

<u>Key Staff</u>	<u>Appointive Position</u>
JoAnna P. Weaver	Interim City Manager
Susan Lang	Finance Director
Mandy Grant	City Secretary
Joe Reyes, Jr.	Fire Chief
Colin Rangnow	Police Chief
Wayne Shaffer	Director of Public Works
Derrick Smith	Director of Development Services

Organization Chart
September 30, 2022





Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Port Lavaca
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

FINANCIAL SECTION

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INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Lavaca, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2022, and the respective changes in financial position, and, where applicable, cash flows thereof, for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Emphasis of Matter – Change in Accounting Principle

As described in the notes to the financial statements, in fiscal year 2022 the City adopted new accounting guidance, Governmental Accounting Standards Board (GASB) Statement No. 87, *Leases*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, budgetary comparison information, and pension and OPEB information 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.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The supplemental schedules as listed in the table of contents and the schedule of expenditures of federal awards, 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*, presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. 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 supplemental schedules and the schedule of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual comprehensive financial report (ACFR). The other information comprises the introductory section and statistical section but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 8, 2023, 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 solely 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 effectiveness of 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.

Waco, Texas
May 8, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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As management of The City of Port Lavaca, Texas, we offer readers of The City of Port Lavaca's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found in the introductory section of this report.

Financial Highlights

- The assets and deferred outflows of resources of the City of Port Lavaca exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$79,492,326 (*net position*) compared to \$76,336,195 for the prior year. Of this amount, \$15,350,327 (*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 \$3,156,131. The City's operations increased the governmental activities by \$1,840,534 and increased the business-type activities by \$1,315,597.
- As of the close of the current fiscal year, the City of Port Lavaca's governmental funds reported combined ending fund balances of \$10,692,148 compared to \$14,240,227 for the prior year. \$7,960,315 is available for spending at the City's discretion (unassigned fund balance).
- At the end of the current fiscal year, unassigned fund balance for the General Fund was \$8,762,124, or 76% of total General Fund expenditures.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the City of Port Lavaca's basic financial statements. The City's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business type activities). The governmental activities of the City include general government, public safety, public works, and parks and recreation. The business-type activities of the City include public utilities, port revenue, and beach operations.

The government-wide financial statements can be found immediately following this management's discussion and analysis.

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. All of the funds of the City can be divided into two categories: governmental funds and proprietary funds.

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

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

Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General, Hurricane Harvey, ARPA/CLFRF Grant, and Street Construction Funds, which are considered major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The basic governmental fund financial statements can be found on page 17-22 of this report.

Proprietary funds. The City maintains one type of proprietary fund. The enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its public utilities, port revenue, and beach operations.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Public Utilities, Port Revenue, and Beach Operating Funds, which are considered major funds.

The basic proprietary fund financial statements can be found on pages 23-27 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 28-49 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information that further explains and supports the information in the financial statements. Required supplementary information can be found on pages 50-56 of this report.

The combining and individual nonmajor governmental funds are presented immediately following the required supplementary information. These statements can be found on pages 57-60 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. In the case of the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$79,492,326 as of September 30, 2022.

The largest portion of the City's net position (80%) reflects its investment in capital assets (e.g. land, land improvements, buildings and improvements, machinery and equipment, infrastructure and construction in progress); less any related debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City's net position (1%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$15,350,327 may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, the City is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate governmental and business-type activities. The same situation held true for the prior fiscal year.

Below are summaries of the City's Statement of Net Position and Changes in Net Position.

City of Port Lavaca's Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 15,972,166	\$ 17,388,515	\$ 8,465,239	\$ 6,371,688	\$ 24,437,405	\$ 23,760,203
Capital assets	<u>34,884,368</u>	<u>29,691,457</u>	<u>33,548,896</u>	<u>31,332,183</u>	<u>68,433,264</u>	<u>61,023,640</u>
Total assets	<u>50,856,534</u>	<u>47,079,972</u>	<u>42,014,135</u>	<u>37,703,871</u>	<u>92,870,669</u>	<u>84,783,843</u>
Deferred outflows of resources	<u>283,474</u>	<u>305,727</u>	<u>31,498</u>	<u>61,895</u>	<u>314,972</u>	<u>367,622</u>
Long-term liabilities	1,258,218	1,213,580	4,661,775	2,290,188	5,919,993	3,503,768
Other liabilities	<u>4,125,969</u>	<u>2,694,604</u>	<u>1,602,467</u>	<u>2,246,169</u>	<u>5,728,436</u>	<u>4,940,773</u>
Total liabilities	<u>5,384,187</u>	<u>3,908,184</u>	<u>6,264,242</u>	<u>4,536,357</u>	<u>11,648,429</u>	<u>8,444,541</u>
Deferred inflows of resources	<u>795,929</u>	<u>358,157</u>	<u>1,248,957</u>	<u>12,572</u>	<u>2,044,886</u>	<u>370,729</u>
Net position:						
Net investment in capital assets	34,463,945	28,656,325	28,941,132	27,712,054	63,405,077	56,368,379
Restricted	736,922	1,112,272	-	-	736,922	1,112,272
Unrestricted	<u>9,759,025</u>	<u>13,350,761</u>	<u>5,591,302</u>	<u>5,504,783</u>	<u>15,350,327</u>	<u>18,855,544</u>
Total net position	<u>\$ 44,959,892</u>	<u>\$ 43,119,358</u>	<u>\$ 34,532,434</u>	<u>\$ 33,216,837</u>	<u>\$ 79,492,326</u>	<u>\$ 76,336,195</u>

City of Port Lavaca's Changes in Net Position

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 491,585	\$ 355,982	\$ 6,100,165	\$ 6,341,253	\$ 6,591,750	\$ 6,697,235
Operating grants and contributions	609,798	3,270,145	-	-	609,798	3,270,145
Capital grants and contributions	1,824,340	172,848	1,345,581	209,193	3,169,921	382,041
General revenues:						
Property taxes	4,846,803	4,646,594	-	-	4,846,803	4,646,594
Sales taxes	3,504,110	3,566,918	-	-	3,504,110	3,566,918
Franchise taxes	590,101	582,631	-	-	590,101	582,631
Hotel occupancy taxes	490,600	561,956	-	-	490,600	561,956
Investment earnings	84,060	7,760	59,323	5,851	143,383	13,611
Other revenue	<u>75,609</u>	<u>212,081</u>	<u>206,060</u>	<u>-</u>	<u>281,669</u>	<u>212,081</u>
Total revenues	<u>12,517,006</u>	<u>13,376,915</u>	<u>7,711,129</u>	<u>6,556,297</u>	<u>20,228,135</u>	<u>19,933,212</u>
Expenses:						
General government	2,492,123	2,236,695	-	-	2,492,123	2,236,695
Public safety	4,158,956	3,577,687	-	-	4,158,956	3,577,687
Public works	2,275,913	1,659,726	-	-	2,275,913	1,659,726
Culture and recreational	1,016,236	796,615	-	-	1,016,236	796,615
Interest and fiscal charges	52,061	32,659	-	-	52,061	32,659
Public utilities	-	-	6,130,673	6,229,273	6,130,673	6,229,273
Port revenue	-	-	245,542	872,257	245,542	872,257
Beach operations	<u>-</u>	<u>-</u>	<u>700,500</u>	<u>217,457</u>	<u>700,500</u>	<u>217,457</u>
Total expenses	<u>9,995,289</u>	<u>8,303,382</u>	<u>7,076,715</u>	<u>7,318,987</u>	<u>17,072,004</u>	<u>15,622,369</u>
Increase (decrease) in net position before transfers	2,521,717	5,073,533	634,414	(762,690)	3,156,131	4,310,843
Transfers	<u>(681,183)</u>	<u>(3,141,736)</u>	<u>681,183</u>	<u>3,141,736</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net position	<u>1,840,534</u>	<u>1,931,797</u>	<u>1,315,597</u>	<u>2,379,046</u>	<u>3,156,131</u>	<u>4,310,843</u>
Net position, beginning	<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>
Net position, ending	<u>\$ 44,959,892</u>	<u>\$ 43,119,358</u>	<u>\$ 34,532,434</u>	<u>\$ 33,216,837</u>	<u>\$ 79,492,326</u>	<u>\$ 76,336,195</u>

Governmental Activities. Governmental activities increased the City's net position by \$1,840,000 in the current year compared with an increase of \$1,931,797 in the prior year.

Total governmental activities revenues decreased \$859,909 (6%) to \$12,517,006. Key elements of this change are as follows:

- Capital grants and contributions increased \$1,651,492 due to more capital grants in the current year, mostly related to CDBG funding.
- Property taxes increased \$200,209 due to an increase in appraised property values.

Total governmental activities expenses increased \$1,691,907 (20%) to \$9,995,289. Key changes are as follows.

- Public safety expenses increased \$581,269 (16%) primarily due to increases in police and fire personnel costs.
- Public works expenses increased \$616,187 (37%) primarily due to an increase in street repair and maintenance projects.

Business-type activities. Business-type activities increased the City's net position by \$1,315,597 in the current year compared to an increase in net position of \$2,379,046 in the prior year.

Total revenues increased \$1,154,832 (18%) to \$7,711,129. The primary reason for the increase was capital grants and contributions increased \$1,136,388 due to revenue related to the City's hazard mitigation grant program.

Total expenses decreased \$242,272 (3%) to \$7,076,715. This occurred as a result of cost savings measures across all functions.

Financial Analysis of the City's Funds

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

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

At year end, the City's governmental funds reported combined ending fund balances of \$10,692,148. \$7,960,315 (74%) constitutes unassigned fund balance, which is available for spending at the government's discretion. The remainder of fund balance is non-spendable, restricted, committed or assigned to indicate that it is not available for new spending because it has already been restricted or committed for projects and debt service.

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, unassigned fund balance of the General Fund was \$8,762,124. 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 76% of the total General Fund expenditures. Fund balance of the General Fund decreased by -\$2,482,371, largely as a result of approximately \$2.5 million in capital outlay expenditures during the year.

The Hurricane Harvey Fund increased by \$500,867 as a result of reimbursements received for disaster grant expenditures incurred during prior years.

The ARPA/CLFRF Grant Fund increased fund balance by \$22,005 due to unearned grant revenue being recognized as revenue during the current year.

The Street Construction Fund decreased fund balance by \$1,216,432 during the year as a result of capital outlay expenditures for various capital projects.

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

The City's Public Utility, Port Revenue, and Beach Operating Funds are enterprise funds that City's proprietary funds. Unrestricted net position for each fund at the end of the year amounted to \$4,679,817, \$289,639 and \$621,846 respectively. The total change in net position for the three funds was \$776,486, \$694,919 and -\$155,808, respectively. Other factors concerning the finances of these funds have already been addressed in the discussion of the City's business-type activities.

General Fund Budgetary Highlights

The budget was amended several times during the year. Expenditures were increased \$22,000.

During the year, actual revenues were \$510,617 greater than budgeted due to conservative revenues used during budget due to pandemic. Actual expenditures were \$206,323 lower than budget due to cost savings across all functions.

Capital Assets

The City's investment in capital assets for its governmental and business type activities as of September 30, 2022, amounts to \$68,433,264 (net of accumulated depreciation). This investment in capital assets includes land, buildings, water and wastewater systems, land improvements, machinery and equipment, vehicles, roads, and bridges.

Major capital asset events during the current fiscal year included CDBG street and drainage projects totaling \$1.8 million, water meters totaling \$1.3 million, and a trail at Bayfront Park for \$1 million.

City of Port Lavaca Capital Assets (Net of Accumulated Depreciation)

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Land	\$ 1,844,144	\$ 1,844,144	\$ 2,316,718	\$ 2,316,718	\$ 4,160,862	\$ 4,160,862
Construction in progress	4,503,809	2,194,720	4,003,020	982,800	8,506,829	3,177,520
Buildings and improvements	6,755,481	5,306,493	2,489,697	2,137,396	9,245,178	7,443,889
Machinery and equipment	1,682,795	1,022,414	566,447	518,663	2,249,242	1,541,077
Infrastructure	20,098,139	19,323,686	24,173,014	25,376,606	44,271,153	44,700,292
Total	<u>\$ 34,884,368</u>	<u>\$ 29,691,457</u>	<u>\$ 33,548,896</u>	<u>\$ 31,332,183</u>	<u>\$ 68,433,264</u>	<u>\$ 61,023,640</u>

Additional information on the City's capital assets can be found in the notes to the financial statements.

Long-Term Debt

At year-end the City had \$5,553,029 in debt outstanding, an increase of \$1,354,842 from the prior year. \$380,000 are General Obligation Bonds that are backed by the full faith and credit of the City, \$1,925,000 are Certificates of Obligation secured by surplus revenues of the Public Utility Fund and ad valorem taxes, and \$200,000 are Sales Tax Revenue Bonds. A financing arrangement of \$2.4 million was added by the business-type activities during the year for the purchase of water meters.

City of Port Lavaca's Outstanding Debt

	Governmental Activities		Business-Type Activities		Total	
	2022	2021	2022	2021	2022	2021
Revenue Bonds	\$ -	\$ -	\$ 200,000	\$ 980,000	\$ 200,000	\$ 980,000
General Obligation Bonds	380,000	700,000	-	-	380,000	700,000
Certificates of Obligation	-	-	1,925,000	2,100,000	1,925,000	2,100,000
Financing arrangements	406,450	175,170	2,400,000	-	2,806,450	175,170
Compensated absences	141,500	137,782	17,315	15,574	158,815	153,356
Premiums	-	-	82,764	89,661	82,764	89,661
Total	<u>\$ 927,950</u>	<u>\$ 1,012,952</u>	<u>\$ 4,625,079</u>	<u>\$ 3,185,235</u>	<u>\$ 5,553,029</u>	<u>\$ 4,198,187</u>

More detailed information about the City's debt can be found in the notes to the financial statements 39-41.

Economic factors and the Next Year's Budgets and Rates

General Fund

The COVID pandemic has been a major challenge with supply chain disruptions and labor pool deficiencies. While the City has seen minimal impact we also were fiscally sound to withstand the economic impacts brought by the pandemic, while still maintaining a healthy reserve to weather future storms.

Our accomplishments, however, far exceed our challenges as we progressed through Phase I of our CDBG-DR grant for street and drainage improvements, which ultimately required a sizable inflow of funds due to the current economic climate in order to award the project, and barreled through to Phase 2, which again found the need for additional funds due to escalated costs. Luckily, the City was able to utilize excess fund balance reserves to keep the project moving forward. Additionally, the City received a CDBG-MIT grant to construct a living shoreline, received its long-awaited new fire apparatus, completed construction of the long talked about Skatepark, broke ground on and has almost completed the security upgrades at the police department, and finished the grant funded Bayfront Park and biking trails.

The City has been extremely fortunate to have received multiple grants that will leverage the taxpayer's investment in sustaining the community for years to come. The City has received funding for critical projects which will be taking place over the next few years. Through the General Land Office (GLO) we have received \$5.1 million for street and drainage improvements, and another \$13.6 million for the living shoreline grant to reduce storm surge and protect the City's delicate shoreline ecosystem, for a total of \$18.7 million.

Public Utility Fund

As part of the American Rescue Plan Act (ARPA), the City was awarded \$2.9 million as a non-entitlement entity, which was distributed via the State in two tranches. The City received its first tranche of \$1.46 million and will receive the second tranche in fiscal year 2023. These funds will be used to address water and wastewater infrastructure projects that are necessary to meet TCEQ requirements and strengthen the City's water distribution and wastewater treatment processes.

Furthermore, with most of the supply chain issues worked out, the kick-off of the mass water meter swap project began around mid-October. We should see a major recovery in lost water revenue due to failing water meters in fiscal year 2023. We would like to thank the efforts of numerous staff members who have put many hours of effort into this project.

Hotel Occupancy Tax Fund

The City continues to utilize Hotel Occupancy Tax (HOT) dollars to promote tourism to our beautiful coastal community. The new Hampton Inn is almost complete and will increase the City's hotel/motel count to 18. Additionally, the City is working to ensure HOT taxes are collected from the numerous short-term rental properties in and around the City's extraterritorial jurisdiction (ETJ).

All Major Funds

We are excited to partner with the Victoria Economic Development Council in order to leverage our presence in the market throughout Calhoun County. Additionally, with the expansion of the Port of Calhoun, which will widen the Matagorda ship channel, the City sees the potential to capitalize on the increase of fishing and cargo vessel traffic throughout the area by offering safe harbors and easy access to local accommodations and unique restaurants.

Planned draw-downs of the City's unreserved fund balance, in excess of the required reserves, will be utilized to facilitate one-time purchases of software upgrades to combine an operating platform with Calhoun County which will integrate the operations of 911, exterior renovations to City Hall, new equipment for public safety, and major improvements to the animal control shelter.

Request for Information

Section VIII. Item #1.

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 information should be addressed to the Finance Department, 202 North Virginia, Port Lavaca, Texas 77979.

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BASIC FINANCIAL STATEMENTS

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CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
ASSETS			
Current assets:			
Cash and investments	\$ 12,510,693	\$ 5,716,790	\$ 18,227,483
Receivables (net of allowance for uncollectibles):	780,393	1,874,161	2,654,554
Interfund balances	12,999	(12,999)	-
Due from other governments	1,983,545	709,806	2,693,351
Prepaid items	165,179	80,968	246,147
Inventories	-	38,807	38,807
Net pension asset	519,357	57,706	577,063
Capital assets:			
Nondepreciable	6,347,953	6,319,738	12,667,691
Depreciable, net of accumulated depreciation	<u>28,536,415</u>	<u>27,229,158</u>	<u>55,765,573</u>
Total capital assets	<u>34,884,368</u>	<u>33,548,896</u>	<u>68,433,264</u>
Total assets	<u>50,856,534</u>	<u>42,014,135</u>	<u>92,870,669</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflow related to pensions	217,634	24,182	241,816
Deferred outflow related to OPEB	<u>65,840</u>	<u>7,316</u>	<u>73,156</u>
Total deferred outflows of resources	<u>283,474</u>	<u>31,498</u>	<u>314,972</u>

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

	Governmental Activities	Business-type Activities	Total
LIABILITIES			
Current liabilities:			
Accounts payable	\$ 986,628	\$ 1,328,694	\$ 2,315,322
Payroll related liabilities	119,510	4,542	124,052
Due to other governments	3	9,367	9,370
Accrued interest payable	20,727	13,270	33,997
Unearned revenue	2,993,891	58,817	3,052,708
Customer deposits	5,210	187,777	192,987
Total current liabilities	<u>4,125,969</u>	<u>1,602,467</u>	<u>5,728,436</u>
Noncurrent liabilities:			
Due within one year			
Long-term debt	492,535	742,582	1,235,117
Due in more than one year			
Long-term debt	435,415	3,882,497	4,317,912
Total OPEB liability	<u>330,268</u>	<u>36,696</u>	<u>366,964</u>
Total noncurrent liabilities	<u>1,258,218</u>	<u>4,661,775</u>	<u>5,919,993</u>
Total liabilities	<u>5,384,187</u>	<u>6,264,242</u>	<u>11,648,429</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflow related to leases	-	1,160,520	1,160,520
Deferred inflow related to pensions	765,410	85,046	850,456
Deferred inflow related to OPEB	<u>30,519</u>	<u>3,391</u>	<u>33,910</u>
Total deferred inflows of resources	<u>795,929</u>	<u>1,248,957</u>	<u>2,044,886</u>
NET POSITION			
Net investment in capital assets	34,463,945	28,941,132	63,405,077
Restricted for:			
Debt service	227,366	-	227,366
Economic development, tourism and conventions	422,369	-	422,369
Public safety	18,041	-	18,041
Municipal court	69,146	-	69,146
Unrestricted	<u>9,759,025</u>	<u>5,591,302</u>	<u>15,350,327</u>
Total net position	<u>\$ 44,959,892</u>	<u>\$ 34,532,434</u>	<u>\$ 79,492,326</u>

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Governmental activities:				
General government	\$ 2,492,123	\$ 395,339	\$ 20,000	\$ -
Public safety	4,158,956	29,446	589,798	-
Public works	2,275,913	-	-	1,824,340
Parks and recreation	1,016,236	66,800	-	-
Interest on long-term debt	52,061	-	-	-
Total governmental activities	<u>9,995,289</u>	<u>491,585</u>	<u>609,798</u>	<u>1,824,340</u>
Business-type activities:				
Public utilities	6,130,673	5,345,804	-	580,129
Port revenue	700,500	665,213	-	765,452
Beach operation	245,542	89,148	-	-
Total business-type activities	<u>7,076,715</u>	<u>6,100,165</u>	<u>-</u>	<u>1,345,581</u>
Total primary government	<u>\$ 17,072,004</u>	<u>\$ 6,591,750</u>	<u>\$ 609,798</u>	<u>\$ 3,169,921</u>
General revenues:				
Taxes:				
Property taxes, levied for general purposes				
Property taxes, levied for debt service				
Sales and use				
Franchise				
Other taxes				
Investment earnings				
Other revenue				
Transfers				
Total general revenues and transfers				
Change in net position				
Net position, beginning				
Net position, ending				

Primary Government		
Governmental Activities	Business-type Activities	Total
\$(2,076,784)	\$ -	\$(2,076,784)
(3,539,712)	-	(3,539,712)
(451,573)	-	(451,573)
(949,436)	-	(949,436)
(52,061)	-	(52,061)
(7,069,566)	-	(7,069,566)
-	(204,740)	(204,740)
-	730,165	730,165
-	(156,394)	(156,394)
-	369,031	369,031
(7,069,566)	369,031	(6,700,535)
4,461,447	-	4,461,447
385,356	-	385,356
3,504,110	-	3,504,110
590,101	-	590,101
490,600	-	490,600
84,060	59,323	143,383
75,609	206,060	281,669
(681,183)	681,183	-
8,910,100	946,566	9,856,666
1,840,534	1,315,597	3,156,131
43,119,358	33,216,837	76,336,195
\$ 44,959,892	\$ 34,532,434	\$ 79,492,326

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2022

	General	Hurricane Harvey	ARPA/CLFRF Grant
ASSETS			
Cash and cash equivalents	\$ 8,494,350	\$ -	\$ 2,921,054
Receivables, net	654,864	-	-
Due from other governments	683,831	56,696	-
Due from other funds	1,665,242	-	-
Prepaid items	165,179	-	-
Total assets	<u>11,663,466</u>	<u>56,696</u>	<u>2,921,054</u>
LIABILITIES			
Accounts payable	495,784	-	-
Payroll related payables	119,510	-	-
Due to other governments	3	-	-
Due to other funds	208	808,990	-
Customer and other deposits	20,727	-	-
Unearned revenue	72,837	-	2,921,054
Total liabilities	<u>709,069</u>	<u>808,990</u>	<u>2,921,054</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue	<u>568,599</u>	<u>36,576</u>	<u>-</u>
Total deferred inflows of resources	<u>568,599</u>	<u>36,576</u>	<u>-</u>
FUND BALANCES			
Nonspendable			
Prepays	165,179	-	-
Restricted			
Retirement of long-term debt	-	-	-
Various capital projects	-	-	-
Tourism and conventions	-	-	-
Economic development	-	-	-
Public safety	-	-	-
Municipal court	-	-	-
Committed			
Capital asset replacement	1,458,495	-	-
Unassigned	<u>8,762,124</u>	<u>(788,870)</u>	<u>-</u>
Total fund balances	<u>10,385,798</u>	<u>(788,870)</u>	<u>-</u>
Total liabilities, deferred inflows of resources, and fund balances	\$ <u>11,663,466</u>	\$ <u>56,696</u>	\$ <u>2,921,054</u>

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

Street Construction	Other Governmental Funds	Total Governmental Funds
\$ 428,000	\$ 667,289	\$ 12,510,693
-	125,529	780,393
-	1,243,018	1,983,545
-	-	1,665,242
-	-	165,179
<u>428,000</u>	<u>2,035,836</u>	<u>17,105,052</u>
61,973	428,871	986,628
-	-	119,510
-	-	3
-	843,045	1,652,243
-	-	20,727
-	-	2,993,891
<u>61,973</u>	<u>1,271,916</u>	<u>5,773,002</u>
-	34,727	639,902
-	34,727	639,902
-	-	165,179
-	232,576	232,576
366,027	-	366,027
-	372,748	372,748
-	49,621	49,621
-	18,041	18,041
-	69,146	69,146
-	-	1,458,495
-	(12,939)	7,960,315
<u>366,027</u>	<u>729,193</u>	<u>10,692,148</u>
\$ <u>428,000</u>	\$ <u>2,035,836</u>	\$ <u>17,105,052</u>

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CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

RECONCILIATION OF THE GOVERNMENTAL FUNDS
BALANCE SHEET TO THE STATEMENT OF NET POSITION

SEPTEMBER 30, 2022

Total fund balances - governmental funds balance sheet \$ 10,692,148

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

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the funds.

Capital assets - non-depriciable	6,347,953
Capital assets - net depreciable	28,536,415

Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.

Property taxes	516,677
Court fines	63,003
Code enforcement	17,183
Grants	43,039

Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

Related to pensions	217,634
Related to OPEB	65,840

Deferred inflows of resources, represents and acquisition of net position that applies to a future period(s) and will not be recognized as an inflow of resources (revenue) until that time.

Related to pensions	(765,410)
Related to OPEB	(30,519)

Some liabilities, including bonds payable and compensated absences, are not reported as liabilities in the governmental funds.

Net pension asset	519,357
OPEB liability	(330,268)
Accrued interest	(5,210)
Compensated absences	(141,500)
Non-current liabilities due in one year	(464,235)
Non-current liabilities due in more than one year	(322,215)

Total net position - governmental activities \$ 44,959,892

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>General</u>	<u>Hurricane Harvey</u>	<u>ARPA/CLFRF Grant</u>
REVENUES			
Taxes:			
Property	\$ 4,461,447	\$ -	\$ -
Sales	3,504,110	-	-
Other	622,726	-	-
Fines, fees, and forfeitures	231,473	-	-
Intergovernmental	308,011	502,557	-
Licenses and permits	181,583	-	-
Investment earnings	74,309	-	-
Rental	66,200	-	-
Charges for services	3,744	-	-
Miscellaneous	69,733	-	-
Total revenues	<u>9,523,336</u>	<u>502,557</u>	<u>-</u>
EXPENDITURES			
Current:			
General government	2,159,261	-	-
Public safety	4,204,094	-	-
Public works	1,688,607	-	-
Parks and recreation	834,691	-	-
Capital outlay	2,545,925	1,690	-
Debt service:			
Principal	141,106	-	-
Interest and fiscal charges	11,735	-	-
Total expenditures	<u>11,585,419</u>	<u>1,690</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,062,083)</u>	<u>500,867</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)			
Transfers in	328,474	-	-
Transfers out	<u>(748,762)</u>	<u>-</u>	<u>-</u>
Total other financing sources and uses	<u>(420,288)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(2,482,371)</u>	<u>500,867</u>	<u>-</u>
FUND BALANCES, BEGINNING	<u>12,868,169</u>	<u>(1,289,737)</u>	<u>-</u>
FUND BALANCES, ENDING	\$ <u>10,385,798</u>	\$ <u>(788,870)</u>	\$ <u>-</u>

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

Street Construction	Other Governmental Funds	Total Governmental Funds
\$ -	\$ 385,356	\$ 4,846,803
-	-	3,504,110
-	457,975	1,080,701
-	8,585	240,058
-	1,824,340	2,634,908
-	-	181,583
3,585	6,166	84,060
-	-	66,200
-	-	3,744
-	5,876	75,609
<u>3,585</u>	<u>2,688,298</u>	<u>12,717,776</u>
-	277,430	2,436,691
-	6,476	4,210,570
-	-	1,688,607
-	-	834,691
1,220,017	2,162,378	5,930,010
-	320,000	461,106
-	11,262	22,997
<u>1,220,017</u>	<u>2,777,546</u>	<u>15,584,672</u>
(1,216,432)	(89,248)	(2,866,896)
-	20,000	348,474
-	(280,895)	(1,029,657)
-	(260,895)	(681,183)
(1,216,432)	(350,143)	(3,548,079)
<u>1,582,459</u>	<u>1,079,336</u>	<u>14,240,227</u>
\$ <u>366,027</u>	\$ <u>729,193</u>	\$ <u>10,692,148</u>

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RECONCILIATION OF STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCE OF THE
GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Net change in fund balances - total governmental funds: \$(3,548,079)

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

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, the cost and accumulated depreciation of those assets is allocated over their estimated useful lives as depreciation expense. Other transactions involving capital assets include disposals.

Capital outlay	5,932,127
Depreciation expense	(1,111,602)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Grants	(200,770)
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The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also governmental funds report the premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Payment on bonds	320,000
Payments on financing arrangements	141,106
Amortization of deferred charge on refunding bonds	(25,645)

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

Compensated absences	(3,718)
Accrued interest	(3,419)
Net pension asset	361,850
Total OPEB liability	(21,316)

Change in net position of governmental activities	\$ <u>1,840,534</u>
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CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,936,120	\$ 150,971	\$ 629,699	\$ 5,716,790
Receivables, net	666,262	1,207,448	451	1,874,161
Due from other funds	-	-	208	208
Due from other governments	589,806	120,000	-	709,806
Prepaid items	54,511	17,320	9,137	80,968
Inventory	38,807	-	-	38,807
Total current assets	6,285,506	1,495,739	639,495	8,420,740
Noncurrent assets				
Net pension asset	57,706	-	-	57,706
Capital assets				
Nondepreciable	3,265,964	2,779,961	273,813	6,319,738
Depreciable, net of accumulated depreciation	16,878,009	6,385,363	3,965,786	27,229,158
Total noncurrent assets	20,201,679	9,165,324	4,239,599	33,606,602
Total assets	26,487,185	10,661,063	4,879,094	42,027,342
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflow related to pensions	24,182	-	-	24,182
Deferred outflow related to OPEBs	7,316	-	-	7,316
Total deferred outflows of resources	31,498	-	-	31,498
LIABILITIES				
Current liabilities				
Accounts payable	1,287,384	24,778	16,532	1,328,694
Payroll related liabilities	4,268	57	217	4,542
Accrued interest payable	2,378	10,892	-	13,270
Due to other governments	9,367	-	-	9,367
Due to other funds	12,785	422	-	13,207
Unearned revenue	54,442	4,375	-	58,817
Customer deposits	186,877	-	900	187,777
Compensated absences	2,452	1,011	-	3,463
Current portion of long-term liabilities	559,119	180,000	-	739,119
Total current liabilities	2,119,072	221,535	17,649	2,358,256
Noncurrent liabilities				
Compensated absences	9,807	4,045	-	13,852
Total OPEB liability	36,696	-	-	36,696
Bonds payable	2,040,881	1,827,764	-	3,868,645
Total noncurrent liabilities	2,087,384	1,831,809	-	3,919,193
Total liabilities	4,206,456	2,053,344	17,649	6,277,449
DEFERRED INFLOWS OF RESOURCES				
Deferred inflow related to leases	-	1,160,520	-	1,160,520
Deferred inflow related to pensions	85,046	-	-	85,046
Deferred inflow related to OPEB	3,391	-	-	3,391
Total deferred inflows of resources	88,437	1,160,520	-	1,248,957
NET POSITION				
Net investment in capital assets	17,543,973	7,157,560	4,239,599	28,941,132
Unrestricted	4,679,817	289,639	621,846	5,591,302
Total net position	\$ 22,223,790	\$ 7,447,199	\$ 4,861,445	\$ 34,532,434

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

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**STATEMENT OF REVENUES, EXPENSES
AND CHANGES IN NET POSITION
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
OPERATING REVENUES				
Charges for services:				
Water sales	\$ 2,127,388	\$ -	\$ -	\$ 2,127,388
Sewer services	1,739,527	-	-	1,739,527
Waste collection	874,525	-	-	874,525
Tap and service fees	528,682	-	-	528,682
Gate fees	-	-	458	458
Leases and rentals	-	565,301	88,690	653,991
Port tariffs	-	98,151	-	98,151
Penalties	75,682	1,761	-	77,443
Miscellaneous	202,681	2,207	1,172	206,060
Total operating revenues	<u>5,548,485</u>	<u>667,420</u>	<u>90,320</u>	<u>6,306,225</u>
OPERATING EXPENSES				
Personnel services	887,330	95,854	6,506	989,690
Materials and supplies	80,101	12,902	1,882	94,885
Services	2,175,322	254,674	40,012	2,470,008
Water purchases	1,258,816	-	-	1,258,816
Maintenance and repairs	518,118	15,066	33,126	566,310
Depreciation and amortization	1,058,772	246,012	155,593	1,460,377
Miscellaneous	90,746	-	8,423	99,169
Total operating expenses	<u>6,069,205</u>	<u>624,508</u>	<u>245,542</u>	<u>6,939,255</u>
OPERATING INCOME (LOSS)	<u>(520,720)</u>	<u>42,912</u>	<u>(155,222)</u>	<u>(633,030)</u>
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	49,783	4,918	4,622	59,323
Interest and fiscal charges	<u>(61,468)</u>	<u>(75,992)</u>	<u>-</u>	<u>(137,460)</u>
Total nonoperating revenues (expenses)	<u>(11,685)</u>	<u>(71,074)</u>	<u>4,622</u>	<u>(78,137)</u>
INCOME (LOSS) BEFORE CONTRIBUTIONS AND TRANSFERS	<u>(532,405)</u>	<u>(28,162)</u>	<u>(150,600)</u>	<u>(711,167)</u>
Capital contributions	580,129	765,452	-	1,345,581
Transfers in	728,762	-	-	728,762
Transfers out	<u>-</u>	<u>(42,371)</u>	<u>(5,208)</u>	<u>(47,579)</u>
CHANGE IN NET POSITION	<u>776,486</u>	<u>694,919</u>	<u>(155,808)</u>	<u>1,315,597</u>
NET POSITION, BEGINNING	<u>21,447,304</u>	<u>6,752,280</u>	<u>5,017,253</u>	<u>33,216,837</u>
NET POSITION, ENDING	<u>\$ 22,223,790</u>	<u>\$ 7,447,199</u>	<u>\$ 4,861,445</u>	<u>\$ 34,532,434</u>

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

STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers	\$ 5,521,211	\$(983,684)	\$ 103,115	\$ 4,640,642
Cash paid to employees	(944,875)	(98,290)	(6,289)	(1,049,454)
Cash paid to suppliers and service providers	(5,894,289)	(580,220)	(496,673)	(6,971,182)
Net cash provided (used) by operating activities	(1,317,953)	(1,662,194)	(399,847)	(3,379,994)
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	728,762	-	-	728,762
Transfers to other funds	-	(42,371)	(5,208)	(47,579)
Net cash provided (used) by noncapital financing activities	728,762	(42,371)	(5,208)	681,183
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Proceeds from issuance of financing arrangements	2,400,000	1,160,520	-	3,560,520
Capital contributions	580,129	765,452	242,253	1,587,834
Acquisition and construction of capital assets	(321,721)	(676,868)	-	(998,589)
Principal payment on long-term debt	(780,000)	(181,897)	-	(961,897)
Interest paid on long-term debt	(13,131)	(75,992)	-	(89,123)
Net cash provided (used) by capital and related financing activities	1,865,277	991,215	242,253	3,098,745
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest received	49,783	4,918	4,622	59,323
Net cash provided (used) by investing activities	49,783	4,918	4,622	59,323
NET INCREASE (DECREASE) IN CASH	1,325,869	(708,432)	(158,180)	459,257
CASH AND CASH EQUIVALENTS, BEGINNING	3,610,251	859,403	787,879	5,257,533
CASH AND CASH EQUIVALENTS, ENDING	\$ 4,936,120	\$ 150,971	\$ 629,699	\$ 5,716,790

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Business-type Activities - Enterprise Funds			
	Public Utility	Port Revenue	Beach Operating	Total
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES TO NET CASH PROVIDED (USED) BY OPERATING ACTIVITIES				
Operating income (loss)	\$(520,720)	\$ 42,912	\$(155,222)	\$(633,030)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	(1,058,772)	(246,012)	(155,593)	(1,460,377)
(Increase) decrease in:				
Accounts receivable	(29,638)	(1,157,066)	-	(1,186,704)
Prepays	(24,919)	(10,850)	(6,711)	(42,480)
Inventory	(24)	-	-	(24)
Due from other funds	-	-	(208)	(208)
Due from other governments	(360,379)	-	-	(360,379)
Increase (decrease) in:				
Accounts payable	716,551	(289,164)	(82,330)	345,057
Payroll related liabilities	(30,939)	(2,506)	217	(33,228)
Due to other funds	12,785	422	-	13,207
Compensated absences	1,571	170	-	1,741
Net pension liability	(31,030)	-	-	(31,030)
Total OPEB liability	2,853	-	-	2,853
Unearned revenue	(8,615)	-	-	(8,615)
Customer deposits	10,979	(100)	-	10,879
Due to other governments	2,344	-	-	2,344
Net cash provided (used) by operating activities	<u>\$(1,317,953)</u>	<u>\$(1,662,194)</u>	<u>\$(399,847)</u>	<u>\$(3,379,994)</u>

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS

SEPTEMBER 30, 2022

	Fireman's Relief and Retirement Fund	Police Seized Nonforfeiture Fund
ASSETS		
Cash and investments	\$ 75	\$ 38,447
Due from other governments	-	6,069
Total assets	<u>75</u>	<u>44,516</u>
NET POSITION		
Restricted for payment of pension benefits	75	-
Restricted for disposition by court order	-	44,516
Total net position	<u>\$ 75</u>	<u>\$ 44,516</u>

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
FIDUCIARY FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Fireman's Relief and Retirement Fund	Police Seized Nonforfeiture Fund
ADDITIONS		
Employer contributions	\$ 1,575	\$ -
Seizure collections	-	14,684
Total additions	<u>1,575</u>	<u>14,684</u>
DEDUCTIONS		
Benefits paid	1,550	-
Seizure disbursements	-	868
Total deductions	<u>1,550</u>	<u>868</u>
NET INCREASE (DECREASE) IN FIDUCIARY NET POSITION	<u>25</u>	<u>13,816</u>
NET POSITION, BEGINNING	<u>50</u>	<u>30,700</u>
NET POSITION, ENDING	<u>\$ 75</u>	<u>\$ 44,516</u>

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

NOTES TO FINANCIAL STATEMENTS

SEPTEMBER 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the City of Port Lavaca, Texas (the "City") have been prepared in conformity with accounting principles generally accepted in the United States of America, as applied to government units (hereinafter referred to as generally accepted accounting principles (GAAP)). The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles. The City's significant accounting policies are described below.

A. Reporting Entity

The City was incorporated November 1, 1919, and adopted a home rule charter January 31, 1956. The City is governed by an elected six-member council and mayor. As required by accounting principles generally accepted in the United States of America, these financial statements present the government and its component units, entities for which the government is considered to be financially accountable. As of September 30, 2022, no entities met the criteria to be considered a component unit of the City.

B. Description of governmental-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. The governmental activities and business-type activities together constitute the primary government.

C. Basis of Presentation - Government-Wide and Fund Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the later are excluded from the government-wide financial statements.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

The fund financial statements provide information about the government's funds, including its fiduciary funds. Separate statements for each fund category; governmental, proprietary, and fiduciary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and parks and recreation.

Hurricane Harvey Fund

This fund accounts for revenues and expenditures related to disaster grants received by the City after Hurricane Harvey.

ARPA/CLFRF Fund

This fund accounts for revenues and expenditures related to the City's federal grant received under the American Rescue Plan Act for the COVID-19 pandemic.

Street Construction

The street construction fund accounts for the acquisition of capital assets or construction of major capital projects not being financed by proprietary or nonexpendable trust funds.

The government reports the following major proprietary funds:

Public Utility Fund

Accounts for the City's provision of water, wastewater, and sanitation services.

Port Revenue Fund

Accounts for the activities of the City's port and harbor.

Beach Operating Fund

Accounts for the operation of the City's Lighthouse Beach and adjacent RV park.

Additionally, the government reports the following fund types:

Debt Service Fund

The City's debt service fund is the 2012 General Obligation Refunding Bonds Fund, which accounts for resources restricted to, or designated for, payment of principal and interest on the bonds.

Pension Trust Fund

The Firemen's Relief and Retirement Fund accounts for the payment of 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 which are awaiting disposition by a court order.

During the course of operations, the government has activity between funds for various residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

D. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as current financial resources or economic resources. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide, proprietary, and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned 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.

The 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 government 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. General capital asset acquisitions, including entering into contracts giving the City the right to use leased assets, are reported as expenditures in governmental funds. Issuance of long-term debt and financing through leases are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, licenses, 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. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

1. Deposits and Investments

The City's cash and 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. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

Investments for the City are reported at fair value, except for the position in investment pools. The City's investments in Pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Fully collateralized certificates of deposit and money market accounts
Statewide investment pools

2. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts.

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). The inventories of supplies are valued at the lower of cost or market using the first-in/first-out method. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than \$5,000 and an estimated useful life in excess of two year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at their acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Property, plant, and equipment of the primary government are depreciated using line method over the following estimated useful years.

Asset Description	Years
Vehicles	5
Machinery and equipment	5-10
Infrastructure	20-75
Buildings and improvements	5-50

5. Lease

The City is a lessor in an arrangement allowing for the use of dock and harbor space owned by the City. In both the government-wide financial statements and the proprietary fund financial statements, the City initially measured the lease receivable and a deferred inflow of resources for the present value of payments expected to be made during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments made. The deferred inflow of resources is recognized as revenue on a systematic basis over the life of the lease.

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/ expenditure) until then. The government has three items that qualify for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position, and deferred amounts related to pension and OPEB. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. The deferred charge on refunding resulted from the differences between the carrying value of refunded debt and its reacquisition price. This amount is amortized over the shorter of the life of the refunded or refunding debt. The deferred amounts related to pension and OPEB relate differences between the estimated and actual investment earnings, changes in actuarial assumptions, and other pension and OPEB related changes.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has four items that qualify for reporting in this category. Unavailable revenue is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from four sources: property taxes, court fines, code enforcement and grants. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. In both the governmental funds and government-wide financial statements deferred amounts are reported related to leases, and in the government-wide financial statements the government reports deferred amounts related to pension and OPEB.

7. Net Position Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government’s policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumption

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

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

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (Council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

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 nonspecific 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.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities of the appropriate funds. For proprietary fund types, bond premiums and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed when incurred.

11. Pensions

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

12. Other Postemployment Benefits ("OPEB")

The City participates in a defined benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary.

13. Estimates

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as 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 (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

Property taxes at the fund level are recorded as receivables and deferred revenues at the time the taxes are assessed. Revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in time to be a resource for payment of obligations incurred during the fiscal year and therefore susceptible to accrual in accordance with Generally Accepted Accounting Principles have been recognized as revenue.

Legislation was passed in 1979, and amended in 1981 and 2019, by the Texas Legislature. This legislation affects the method of property assessment and tax collection in the City. This legislation, with certain exceptions, exempts intangible personal property and household goods. In addition, this legislature creates a "Property Tax Code" and provides, among other things, for the establishment of county-wide appraisal districts and for a State Property Tax Board which commenced operation in January 1980. The appraisal of property within the City is the responsibility of the Calhoun County Appraisal District. The Appraisal District is required under the Property Tax Code to assess all property within the appraisal district on the basis of 100 percent of its appraised value and is prohibited from applying any assessment rations. The value of real property within the Appraisal District must be reviewed at least every four years. The City, at its own expense, may challenge appraised values established by the Appraisal District through various appeals and, if necessary, legal action. Under this legislation, the City continues to set tax rates on property within the City limits. However, if the proposed tax rate, excluding tax rates for bonds and other contractual obligations, adjusted for new improvements and revaluation, exceeds the voter-approved tax rate, qualified voters of the City have an automatic election to determine whether to limit the tax rate to no more than 3.5 percent above the no new revenue rate.

3. Compensated Absences

The City's policies permit employees to accumulate earned but unused vacation and sick pay benefits. Unused vacation benefits are reported in the accompanying financial statements as a long-term liability. No liability is recorded for unused sick pay benefits as they are not disbursed to employees when they separate from service with the City.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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 public utility fund, port revenue fund, and beach operating fund 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 of connecting new customers to the 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 non-operating revenues and expenses.

5. Change in Accounting Principle

GASB Statement No. 87, Leases, was adopted effective October 1, 2021. The statement addresses accounting and financial reporting for lease contracts. Statement No. 87 establishes standards for recognizing and measuring assets, liabilities, deferred outflows of resources, deferred inflows of resources, and revenues and expenses related to leases in the basic financial statements, in addition to requiring more extensive note disclosures. The adoption of this standard did not result in a restatement of beginning fund balance or net position, but assets and deferred inflows were recognized, and more extensive note disclosures were required.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Deficit Fund Balance

As of September 30, 2022, the Hurricane Harvey, Bulletproof Vest Grant, and Reflex Traffic System funds had reported deficit fund balances of \$788,870, \$9,630, and \$3,309, respectively. These were the result of timing differences between the grant expenditures and the recognition of revenue, and are expected to reverse in future fiscal years.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

The primary government may invest in obligations of the U.S. Treasury or the State of Texas, certain U.S. agencies, certificates of deposits, money market savings accounts, certain municipal securities, repurchase agreements, common trust funds and other investments specifically allowed by the Public Funds Investment Act of 1987.

Interest rate risk: This is the risk that changes in interest rates will adversely affect the fair value of an investment. In accordance with its 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. The weighted average maturity for the City's investment in external investment pools is less than 60 days.

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service.

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. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the market values of pledged securities and FDIC exceeded bank balances.

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. The City's investment policy requires that it will seek safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

At September 30, 2022, the City held the following investments:

Investment	Credit Rating	Weighted Average Maturity	Percentage of Total Investments	Reported Value
Investment in Logic	AAAm	34 days	100%	\$ 8,976,062
Total investments				\$ 8,976,062

B. Receivables

The following comprise receivable balances of the government at year end:

	General	Nonmajor Governmental	Public Utility	Port Revenue	Beach Operating	Totals
Property tax	\$ 624,287	\$ 29,752	\$ -	\$ -	\$ -	\$ 654,039
Court fines	140,006	-	-	-	-	140,006
Franchise tax	85,764	-	-	-	-	85,764
Other	500	97,265	-	6,997	451	105,213
Accounts	171,833	-	825,264	1,215,026	-	2,212,123
Allowance	(367,526)	(1,488)	(159,002)	(14,575)	-	(542,591)
Totals	\$ 654,864	\$ 125,529	\$ 666,262	\$ 1,207,448	\$ 451	\$ 2,654,554

C. Property Tax

The City's property tax is levied (assessed) each October 1, on the value listed as of the prior January 1, for all real property and personal property located in the City. Such assessed value for 2021 was computed based on 100% of appraised value. The government may challenge appraised values established by the appraisal district through various appeals and, if necessary, legal action.

The combined tax rate to finance general governmental service and debt service for the period ended September 30, 2022, was \$0.7944 per \$100 of assessed valuation. Taxes are billed and due on October 1 of each year. The last date for payment without penalty is the following January 31. Delinquent penalties are added on February 1 with additional attorney fees being added on July 1. Lien attaches to properties on the January 1 following levy date. Calhoun County bills and collects the general property taxes for the City. During the fiscal year, the City collected approximately 98% of the 2021 tax levy.

In the governmental funds the City's property tax revenues are recognized when levied to the extent that they result in current receivables available for financing current operations. The remaining receivables are reflected in deferred inflows.

D. Deferred Inflows of Resources

At the end of the fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

Property taxes	\$	516,677
Court fines		63,003
Code enforcement		17,183
Grants		<u>43,039</u>
Total	\$	<u>639,902</u>

E. Interfund Transfers and Balances

The composition of interfund transfers for the City's individual major funds and nonmajor funds at September 30, 2022 is as follows:

Transfer To	Transfer From	Amount	Purpose
General	Nonmajor Governmental	\$ 280,895	Administrative costs
General	Port Revenue	42,371	Administrative costs
General	Beach Operating	5,208	Administrative costs
Public Utility	General Fund	728,762	Administrative costs
Nonmajor Governmental	General Fund	<u>20,000</u>	Grant match
Total		<u>\$ 1,077,236</u>	

Interfund balances as of September 30, 2022 are as follows:

Due To	Due From	Amount	Purpose
General	Hurricane Harvey	\$ 808,990	Short-term cash loan
General	Nonmajor Governmental	843,045	Short-term cash loan
Public Utility	General	12,785	Short-term cash loan
Beach Operating	General	208	Short-term cash loan
General	Port Revenue	<u>422</u>	Short-term cash loan
Total		<u>\$ 1,665,450</u>	

F. Capital Assets

Section VIII. Item #1.

Capital asset activity for the year ended September 30, 2022 was as follows:

	Beginning Balance	Additions	Deletions	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land	\$ 1,844,144	\$ -	\$ -	\$ 1,844,144
Construction in progress	2,194,720	4,952,040	(2,642,951)	4,503,809
Total assets not being depreciated	4,038,864	4,952,040	(2,642,951)	6,347,953
Capital assets, being depreciated:				
Building and improvements	9,662,169	1,767,211	-	11,429,380
Machinery and equipment	4,178,736	889,786	-	5,068,522
Infrastructure	36,290,310	1,338,427	-	37,628,737
Total capital assets being depreciated	50,131,215	3,995,424	-	54,126,639
Less accumulated depreciation:				
Building and improvements	(4,355,676)	(318,224)	-	(4,673,900)
Machinery and equipment	(3,156,322)	(229,405)	-	(3,385,727)
Infrastructure	(16,966,624)	(563,973)	-	(17,530,597)
Total accumulated depreciation	(24,478,622)	(1,111,602)	-	(25,590,224)
Total capital assets being depreciated, net	25,652,593	2,883,822	-	28,536,415
Governmental activities capital assets, net	\$ 29,691,457	\$ 7,835,862	\$ (2,642,951)	\$ 34,884,368
	Beginning Balance	Additions	Deletions	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 2,316,718	\$ -	\$ -	\$ 2,316,718
Construction in progress	982,800	3,549,277	(529,057)	4,003,020
Total assets not being depreciated	3,299,518	3,549,277	(529,057)	6,319,738
Capital assets, being depreciated:				
Building and improvements	5,959,707	529,057	-	6,488,764
Machinery and equipment	1,314,629	121,361	-	1,435,990
Infrastructure	51,282,589	6,452	-	51,289,041
Total capital assets being depreciated	58,556,925	656,870	-	59,213,795
Less accumulated depreciation:				
Building and improvements	(3,822,311)	(176,756)	-	(3,999,067)
Machinery and equipment	(795,966)	(73,577)	-	(869,543)
Infrastructure	(25,905,983)	(1,210,044)	-	(27,116,027)
Total accumulated depreciation	(30,524,260)	(1,460,377)	-	(31,984,637)
Total capital assets being depreciated, net	28,032,665	(803,507)	-	27,229,158
Business-type activities capital assets, net	\$ 31,332,183	\$ 2,745,770	\$ (529,057)	\$ 33,548,896

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

Section VIII. Item #1.

Governmental activities:	
General government	\$ 108,316
Public safety	169,733
Public works	624,765
Parks and recreation	<u>208,788</u>
Total depreciation expense - governmental activities	\$ <u>1,111,602</u>
Business-type activities:	
Public Utility	\$ 1,058,772
Port Commission	246,012
Beach Operating	<u>155,593</u>
Total depreciation expense - business-type activities	\$ <u>1,460,377</u>

G. Long-Term Liabilities

1. Bonds Payable

The City issues General Obligation Bonds to provide funds for the acquisition and construction of major capital facilities. General Obligation Bonds are direct obligations and pledge the full faith and credit of the government. All of the City's General Obligation bonds and Contractual Obligation-Private Placement are direct obligations of the City, payable from a continuing ad valorem tax levied on all taxable property within the City, within the limits prescribed by law. The City's Certificates of Obligation issues are direct obligations of the City, payable from a combination of (i) an annual ad valorem tax levied, within the limits prescribed by law, on all taxable property within the City, and (ii) a limited pledge (not to exceed \$1,000) of the surplus net revenues of the City's utility system. General Obligation Bonds and Certificates of Obligation outstanding are as follows:

Purpose	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
Series 2012 GO Refunding Bonds	2024	2.03%	\$ 2,945,000	\$ 380,000
Total governmental activities			\$ 2,945,000	\$ 380,000
Series 2016 GO Refunding Bonds	2024	1.1 - 5.0%	\$ 3,810,000	\$ 200,000
Series 2008 Combination Tax & Revenue CO's	2028	3.93%	1,700,000	675,000
Series 2018 Combination Tax & Revenue CO's	2034	3.5 - 5.0%	<u>1,475,000</u>	<u>1,250,000</u>
Total business-type activities			\$ <u>6,985,000</u>	\$ <u>2,125,000</u>

The annual debt service requirements to maturity for General Obligation Bonds and Certificates of Obligation Bonds outstanding as of September 30, 2022, are as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 320,000	\$ 4,466	\$ 324,466	\$ 180,000	\$ 74,889	\$ 254,889
2024	<u>60,000</u>	<u>609</u>	<u>60,609</u>	190,000	67,561	257,561
Total	\$ <u>380,000</u>	\$ <u>5,075</u>	\$ <u>385,075</u>			
Fiscal Year	General Obligation			Certificates of Obligation		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 100,000	\$ 3,025	\$ 103,025	\$ 180,000	\$ 74,889	\$ 254,889
2024	100,000	1,025	101,025	190,000	67,561	257,561
2025	-	-	-	200,000	59,836	259,836
2026	-	-	-	210,000	51,239	261,239
2027	-	-	-	220,000	41,746	261,746
2028-2032	-	-	-	675,000	103,095	778,095
2033-2034	-	-	-	<u>250,000</u>	<u>8,751</u>	<u>258,751</u>
Total	\$ <u>200,000</u>	\$ <u>4,050</u>	\$ <u>204,050</u>	\$ <u>1,925,000</u>	\$ <u>407,117</u>	\$ <u>2,332,117</u>

2. Financing Arrangements

The City has acquired certain capital assets for governmental and business-type activities through the issuance of financing arrangements. The City's direct borrowings (financing arrangements) related to governmental and business-type activities are secured with equipment as collateral.

Financing arrangements are comprised of the following issue at September 30, 2022:

Purpose	Maturity Date	Interest Rate	Original Principal	Amount Outstanding
Pierce Pumper Loan	2024	2.25%	\$ 372,386	\$ 251,009
SECO Loan	2030	2.00%	187,825	155,441
Total governmental activities			<u>\$ 560,211</u>	<u>\$ 406,450</u>
Water Meter Loan	2027	2.22%	\$ 2,400,000	\$ 2,400,000
Total business-type activities			<u>\$ 2,400,000</u>	<u>\$ 2,400,000</u>

The future minimum debt service payments to maturity for the financing arrangements as of September 30, 2022, were as follows:

Fiscal Year	Governmental Activities			Business-Type Activities		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 144,234	\$ 8,606	\$ 152,840	\$ 459,113	\$ 53,376	\$ 512,489
2024	147,436	5,408	152,844	469,330	43,165	512,495
2025	20,946	2,140	23,086	479,768	32,727	512,495
2026	21,368	1,717	23,085	490,438	22,057	512,495
2027	21,799	1,286	23,085	501,351	11,150	512,501
2028-2030	<u>50,667</u>	<u>1,275</u>	<u>51,942</u>	-	-	-
Total	<u>\$ 406,450</u>	<u>\$ 20,432</u>	<u>\$ 426,882</u>	<u>\$ 2,400,000</u>	<u>\$ 162,475</u>	<u>\$ 2,562,475</u>

3. Changes in Long-term Liabilities

Changes in long-term liabilities for the year ended September 30, 2022 are summarized below:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
General obligation bonds	\$ 700,000	\$ -	\$ 320,000	\$ 380,000	\$ 320,000
Financing arrangements	547,556	-	141,106	406,450	144,235
Compensated absences	<u>137,782</u>	<u>198,100</u>	<u>194,382</u>	<u>141,500</u>	<u>28,300</u>
Total long-term liabilities	<u>\$ 1,385,338</u>	<u>\$ 198,100</u>	<u>\$ 655,488</u>	<u>\$ 927,950</u>	<u>\$ 492,535</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
General obligation bonds	\$ 980,000	\$ -	\$ 780,000	\$ 200,000	\$ 100,000
Certificates of obligation	2,100,000	-	175,000	1,925,000	1,745,000
Premium on bonds	89,661	-	6,897	82,764	-
Financing arrangements	-	2,400,000	-	2,400,000	459,119
Compensated absences	<u>15,574</u>	<u>24,241</u>	<u>22,500</u>	<u>17,315</u>	<u>3,463</u>
Total long-term liabilities	<u>\$ 3,185,235</u>	<u>\$ 2,424,241</u>	<u>\$ 984,397</u>	<u>\$ 4,625,079</u>	<u>\$ 2,307,582</u>

Compensated absences of the governmental activities and business-type activities are paid by the General Fund and Public Utility and Port Revenue Funds, respectively.

H. Risk Management

The City is exposed to various risk of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; injuries to employees; and natural disasters. The City's general liability, automobile and property insurance is underwritten through a self-insurance fund for Texas political subdivisions. Premiums are paid to the carrier, and they administer all claims. The City is also insured for workers' compensation claims through a self-insurance fund for Texas political subdivisions. Rates are determined by the state, and the pool assigns discount rates to premiums based upon the City's claims history. The City retains, as a risk, only the deductible amount of each policy.

The City has maintained insurance coverage in all major categories of risk comparable to that of the prior year with no reduction in coverage. The amount of settlements during the past three years has not exceeded the insurance coverage.

I. Volunteer Firefighter's 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, 2022, there were 7 individuals receiving benefits under the plan. Benefit payments for the year totaled \$1,550.

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, 2022.

J. 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 at their option, permits participants to defer a portion of their salary until future years. The deferred compensation is not available to participants until termination, retirement, death, or unforeseeable emergency.

The City's responsibility is to transmit employee contributions to the third-party plan administrator for deposit to the credit of the individual participant accounts. The City does not have significant administrative involvement for the assets of the plan and does not perform the investment function for the plan.

K. Defined Benefit Pension Plan

1. Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (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 TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

2. 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 based on the sum of the member’s with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment 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.

A summary of plan provisions for the City are as follows:

Employee deposit rate	5%
Matching ratio (city to employee)	1.5 to 1
Years required for vesting	5
Retirement eligibility (age/service)	60/5, 0/25
Updated service credit	100% repeating, transfers
Annuity increase to retirees	70% of CPI

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries current receiving benefits	69
Inactive employees entitled to but not yet received benefits	137
Active employees	<u>90</u>
Total	<u>296</u>

3. Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member’s total compensation, and the City matching ratios are either 1:1(1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each City is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The City’s contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 5% of their annual gross earnings during the fiscal year. The contribution rates for the City were 6.14% and 6.17% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the year ended September 30, 2022, were \$263,678, and were equal to the required contributions.

4. Net Pension Asset

The City’s Net Pension Asset (NPA) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members 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 to 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 Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public and Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	<u>10.0%</u>	10.00%
Total	<u>100.0%</u>	

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 members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

Changes in the Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability/(Asset)
	(a)	(b)	(a) - (b)
Balance at 12/31/2020	\$ 12,378,807	\$ 12,086,643	\$ 292,164
Changes for the year:			
Service cost	438,548	-	438,548
Interest	828,696	-	828,696
Difference between expected and actual experience	(78,357)	-	(78,357)
Contributions - employer	-	263,678	(263,678)
Contributions - employee	-	228,887	(228,887)
Net investment income	-	1,572,789	(1,572,789)
Benefits payments, including refunds of employee contributions	(642,202)	(642,202)	-
Administrative expense	-	(7,291)	7,291
Other change	-	51	(51)
Net changes	<u>546,685</u>	<u>1,415,912</u>	<u>(869,227)</u>
Balance at 12/31/2021	<u>\$ 12,925,492</u>	<u>\$ 13,502,555</u>	<u>\$(577,063)</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/(asset) 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% Decrease in in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in in Discount Rate (7.75%)
City's net pension liability/(asset)	\$ 1,330,845	\$(577,063)	\$(2,112,041)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at trms.com.

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

For the year ended September 30, 2022, the City recognized pension expense in the governmental and business-type activities in the amounts of \$75,551 and \$6,241 respectively.

At September 30, 2022, 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	\$ 7,859	\$ 47,629
Changes in actuarial assumptions	-	-
Difference between projected and actual investment earnings	-	802,827
Contributions subsequent to the measurement date	<u>233,957</u>	<u>-</u>
Totals	<u>\$ 241,816</u>	<u>\$ 850,456</u>

\$233,957 reported as deferred outflows of resources related to pensions reported at the measurement date will be recognized as a reduction to the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

For the Year Ended September 30,	
2023	\$(157,744)
2024	(363,130)
2025	(170,335)
2026	(151,388)
2027	-

L. Postemployment Benefits Other Than Pensions (OPEB)

1. Plan Description

The City voluntarily participates in a single-employer other postemployment benefit (OPEB) plan administered by TMRS. The Plan is a group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). The Plan is established and administered in accordance with the TMRS Act identically to the City's pension plan. SDBF includes coverage for both active and retired members, and assets are commingled for the payment of such benefits. Therefore, the Plan does not qualify as an OPEB Trust in accordance with paragraph 4 of GASB Statement No. 75.

2. Benefits Provided

The SDBF provides group-term life insurance to City employees who are active members in TMRS, including or not including retirees. The City Council opted into this program via an ordinance, and may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

Payments from this fund are similar to group-term life insurance benefits and are paid to the designated beneficiaries upon the receipt of an approved application for payment. The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings for the 12-month period preceding the month of death). The death benefit for retirees is considered an other post-employment benefit and is a fixed amount of \$7,500.

3. Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	17
Active employees	<u>90</u>
Total	<u>147</u>

4. Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.41% for 2021 and 0.38% for 2022, of which 0.30% and 0.28%, respectively, represented the retiree-only portion for each year, as a percentage of annual covered payroll. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. The City's contributions to the SDBF for the years ended September 30, 2022 were \$19,603 representing contributions for both active and retiree coverage, which equaled the required contributions each year.

5. Total OPEB Liability

The City's total OPEB liability of \$366,964 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50%
Salary Increases	3.50% to 11.50% Including Inflation
Discount Rate	1.84% (Based on Fidelity Index's 20-Year Municipal GO AA Index)
Administrative Expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational bases 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.

6. Discount Rate Sensitivity Analysis

The following schedule shows the impact of the Total OPEB Liability if the discount rate used was 1% less than and 1% greater than the discount rate that was used (1.84%) in measuring the Total OPEB Liability.

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (3.00%)
Total OPEB Liability	\$ 449,969	\$ 366,964	\$ 305,031

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

For the year ended September 30, 2022, the City recognized OPEB expense in the governmental and business-type activities in the amounts of \$39,192 and \$3,237, respectively. Aggregate OPEB expense for both OPEB plans is \$42,711. There were no changes of benefit terms that affected measurement of the Total OPEB Liability during the measurement period.

8. Changes in the OPEB Liability

Section VIII. Item #1.

	Total OPEB Liability
Balance at 12/31/2020	\$ 358,753
Changes for the year:	
Service cost	23,804
Interest	7,276
Difference between expected and actual experience	(20,257)
Changes of assumptions and other inputs	11,121
Benefit payments**	(13,733)
Net changes	8,211
Balance at 12/31/2021	\$ 366,964

*Membership counts for inactive employees currently receiving or entitled to but not yet receiving benefits will differ from GASB 68 as they include only those eligible for a SDBF benefit (i.e. excludes beneficiaries, non-vested terminations due a refund, etc).

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources relate to OPEB for the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 516	\$ 28,890
Changes in actuarial assumptions	58,088	5,020
Contributions subsequent to the measurement date	14,551	-
Totals	\$ 73,155	\$ 33,910

\$14,551 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2023	\$ 10,980
2024	9,074
2025	6,568
2026	(1,802)
2027	(126)

M. Contingent Liabilities

Contingencies

The City is exposed to various claims and litigation. The outcome of events are not presently determinable and the amount of the City's potential liability cannot be reasonably estimated at this time.

Federal and state funding received related to various grant programs are based upon periodic reports detailing reimbursable expenditures made, in compliance with program guidelines, to the grantor agency. These programs are governed by various statutory rules and regulations of grantors. Amounts received and receivable under these various funding programs are subject to periodic audit and adjustment by the funding agencies. To the extent, if any, the City has not complied with all the rules and regulations with respect to performance, financial or otherwise, adjustment to or return of fund monies may be required. As it pertains to other matters of compliance, in the opinion of the City's administration, there are no significant contingent liabilities relating to matters of compliance and accordingly, no provision has been made in the accompanying financial statements for such contingencies.

N. Contracts and Commitments

Water Contract

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. This contract was sold to Undine, LLC in December 2022.

Construction Commitments

The City had the following commitments outstanding for construction projects as of September 30, 2022:

		Costs Incurred To Date	Estimated Remaining Costs
Governmental Activities:			
Veteran's Memorial	Park Improvement	89,689	-
2020 Capital Improvements	Street & Drainage	2,233,307	461,496
City Hall Master Plan	Building Improvements	31,230	-
Train Depot Renovation	Building Improvements	276,573	-
Animal Control Building	Building Improvements	14,803	136,001
Skate Park	Park Improvement	378,224	-
5th St. Drainage Project	Infrastructure	41,500	53,400
Pierce Enforcer Fire Truck	Equipment	8,236	767,958
Ezzel St. Reconstruction	Infrastructure	666,340	14,606
George St. Reconstruction	Infrastructure	698,538	7,862
Corp. Ditch Rehab Austin	Infrastructure	73,606	36,155
	Totals	<u>\$ 4,512,046</u>	<u>\$ 1,477,478</u>
Business-type Activities:			
Ezzel St. Sewer	Infrastructure	132,840	627,160
2021 Capital Improvements	Water-Sewer Line Improv.	836,681	37,963
Generators for Lift Stations	Equipment	847,824	6,666
NL Breakwater	Infrastructure	10,000	-
Brooks WW Lift Station	Equipment	30,082	5,532
Lynn's Bayou Improvements	Infrastructure	22,005	1,465,489
Ezzel Sewer Replacement	Infrastructure	132,840	-
Mass Meter Swap	Infrastructure	1,323,167	824,248
Living Shoreline	Infrastructure	795,652	12,704,349
NL Building Repair	Building Improvements	4,770	90,230
	Totals	<u>\$ 4,003,021</u>	<u>\$ 15,134,476</u>

O. Subsequent Events

In October 2022, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2022 in the amount of \$7,335,000. The obligations will be payable on February 15th of each year and will fully mature February 15th, 2042. The interest rate for the obligations varies from 4.00% to 5.00%. The proceeds from the certificates will fund various capital projects throughout the City and are secured by the City's ad valorem tax and utility system revenues.

P. New Accounting Standards

Significant new accounting standards issued by the Governmental Accounting Standards Board (GASB) not yet implemented by the City include the following:

Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements* – The primary objective of this Statement is to improve financial reporting by addressing issues related to public-private and public-public partnership arrangements (PPPs). As used in this Statement, a PPP is an arrangement in which a government (the transferor) contracts with an operator (a governmental or nongovernmental entity) to provide public services by conveying control of the right to operate or use a nonfinancial asset, such as infrastructure or other capital asset (the underlying PPP asset), for a period of time in an exchange or exchange-like transaction. GASB 94 will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

Statement No. 96, *Subscription-Based Information Technology Arrangements* - This Statement provides guidance on the accounting and financial reporting for subscription-based information technology arrangements (SBITAs) for government end users (governments). This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. This Statement will become effective for reporting periods beginning after June 15, 2022, and the impact has not yet been determined.

GASB Statement No. 100, *Accounting Changes and Error Corrections*—an amendment of GASB Statement No. 62 - The primary objective of this Statement is to enhance accounting and financial reporting requirements for accounting changes and error corrections to provide more understandable, reliable, relevant, consistent, and comparable information for making decisions or assessing accountability. This Statement will become effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

GASB Statement No. 101, *Compensated Absences* - The objective of this Statement is to better meet the information needs of financial statement users by updating the recognition and measurement guidance for compensated absences. That objective is achieved by aligning the recognition and measurement guidance under a unified model and by amending certain previously required disclosures. This Statement will become effective for reporting periods beginning after December 15, 2023, and the impact has not yet been determined.

**REQUIRED
SUPPLEMENTARY INFORMATION**

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CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
GENERAL FUND**

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Taxes:				
Property	\$ 4,069,424	\$ 4,069,424	\$ 4,461,447	\$ 392,023
Sales and use	3,290,000	3,290,000	3,504,110	214,110
Other	609,000	609,000	622,726	13,726
Fines and forfeitures	281,000	281,000	231,473	(49,527)
Licenses and permits	227,745	227,745	181,583	(46,162)
Intergovernmental	407,050	427,050	308,011	(119,039)
Charges for services	2,500	2,500	3,744	1,244
Investment earnings	7,000	7,000	74,309	67,309
Rental	50,000	50,000	66,200	16,200
Miscellaneous	49,000	49,000	69,733	20,733
Total revenues	<u>8,992,719</u>	<u>9,012,719</u>	<u>9,523,336</u>	<u>510,617</u>
EXPENDITURES				
Current:				
General government	2,176,174	2,176,174	2,159,261	16,913
Public safety	4,199,624	4,221,624	4,204,094	17,530
Public works	1,811,521	1,811,521	1,688,607	122,914
Parks and recreation	878,260	872,875	834,691	38,184
Capital outlay	2,574,407	2,579,792	2,545,925	33,867
Debt Service				
Principal	121,377	121,377	141,106	(19,729)
Interest and fiscal charges	<u>8,379</u>	<u>8,379</u>	<u>11,735</u>	<u>(3,356)</u>
Total expenditures	<u>11,769,742</u>	<u>11,791,742</u>	<u>11,585,419</u>	<u>206,323</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(2,777,023)</u>	<u>(2,779,023)</u>	<u>(2,062,083)</u>	<u>716,940</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	328,474	328,474	328,474	-
Transfers out	<u>(14,000)</u>	<u>(1,074,880)</u>	<u>(748,762)</u>	<u>326,118</u>
Total other financing sources and uses	<u>314,474</u>	<u>(746,406)</u>	<u>(420,288)</u>	<u>326,118</u>
NET CHANGE IN FUND BALANCE	<u>(2,462,549)</u>	<u>(3,525,429)</u>	<u>(2,482,371)</u>	<u>1,043,058</u>
FUND BALANCE, BEGINNING	<u>12,868,169</u>	<u>12,868,169</u>	<u>12,868,169</u>	<u>-</u>
FUND BALANCE, ENDING	<u>\$ 10,405,620</u>	<u>\$ 9,342,740</u>	<u>\$ 10,385,798</u>	<u>\$ 1,043,058</u>

The accompanying notes are an integral part of this schedule.

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SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	2014	2015
A. Total pension liability		
Service cost	\$ 314,835	\$ 358,107
Interest (on the Total Pension Liability)	670,913	688,461
Changes of benefit terms		
Difference between expected and actual experience	(250,547)	(139,223)
Change of assumptions		88,376
Benefit payments, including refunds of employee contributions	(546,714)	(465,578)
Net change in total pension liability	188,487	530,143
Total pension liability - beginning	9,700,410	9,888,897
Total pension liability - ending (a)	\$ 9,888,897	\$ 10,419,040
B. Plan fiduciary net position		
Contributions - employer	\$ 197,075	\$ 241,857
Contributions - employee	176,910	195,047
Net investment income	515,111	13,784
Benefit payments, including refunds of employee contributions	(546,714)	(465,578)
Administrative expenses	(5,379)	(8,396)
Other	(442)	(415)
Net change in plan fiduciary net position	336,561	(23,701)
Plan fiduciary net position - beginning	9,005,394	9,341,955
Plan fiduciary net position - ending (b)	\$ 9,341,955	\$ 9,318,254
C. Net pension liability/(asset) - ending (a) - (b)	\$ 546,942	\$ 1,100,786
D. Plan fiduciary net position as a percentage of total pension liability	94.47%	89.43%
E. Covered payroll	\$ 3,538,200	\$ 3,900,944
F. Net position liability as a percentage of covered payroll	15.46%	28.22%

Note: This schedule is required to have 10 years of information, but the information prior to 2014 is not available.

2016	2017	2018	2019	2020	2021
\$ 365,217 696,229	\$ 348,599 726,299	\$ 340,363 741,373	\$ 366,719 761,419	\$ 378,215 789,013	\$ 438,548 828,696
14,276	(125,070)	(92,649)	(74,875) 270	44,412	(78,357)
(574,303)	(669,541)	(775,245)	(635,339)	(665,615)	(642,202)
<u>501,419</u>	<u>280,287</u>	<u>213,842</u>	<u>418,194</u>	<u>546,025</u>	<u>546,685</u>
<u>10,419,040</u>	<u>10,920,459</u>	<u>11,200,746</u>	<u>11,414,588</u>	<u>11,832,782</u>	<u>12,378,807</u>
\$ <u>10,920,459</u>	\$ <u>11,200,746</u>	\$ <u>11,414,588</u>	\$ <u>11,832,782</u>	\$ <u>12,378,807</u>	\$ <u>12,925,492</u>
\$ 213,193 187,676 629,604	\$ 219,660 182,513 1,353,359	\$ 213,037 177,828 (324,704)	\$ 221,708 190,800 1,563,243	\$ 231,808 196,782 868,360	\$ 263,678 228,887 1,572,789
(574,303)	(669,541)	(775,245)	(635,339)	(665,615)	(642,202)
(7,112)	(7,015)	(6,279)	(8,849)	(5,629)	(7,291)
(383)	(356)	(327)	(265)	(220)	51
<u>448,675</u>	<u>1,078,620</u>	(<u>715,690</u>)	<u>1,331,298</u>	<u>625,486</u>	<u>1,415,912</u>
<u>9,318,254</u>	<u>9,766,929</u>	<u>10,845,549</u>	<u>10,129,859</u>	<u>11,461,157</u>	<u>12,086,643</u>
\$ <u>9,766,929</u>	\$ <u>10,845,549</u>	\$ <u>10,129,859</u>	\$ <u>11,461,157</u>	\$ <u>12,086,643</u>	\$ <u>13,502,555</u>
\$ 1,153,530	\$ 355,197	\$ 1,284,729	\$ 371,625	\$ 292,164	\$ (577,063)
89.44%	96.83%	88.74%	96.86%	97.64%	104.46%
\$ 3,753,514	\$ 3,650,253	\$ 3,556,564	\$ 3,816,010	\$ 3,935,641	\$ 4,577,749
30.73%	9.73%	36.12%	9.74%	7.42%	-12.61%

SCHEDULE OF CONTRIBUTIONS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

Fiscal Year Ended September 30,	2015	2016	2017
Actuarial determined contribution	\$ 225,696	\$ 222,531	\$ 211,938
Contributions in relation to the actuarially determined contribution	(234,844)	(232,147)	(220,357)
Contribution deficiency (excess)	(9,148)	(9,616)	(8,419)
Covered payroll	3,728,430	3,822,573	3,575,417
Contributions as a percentage of covered payroll	6.30%	6.07%	6.16%

NOTES TO SCHEDULE OF CONTRIBUTIONS

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	24 Years (longest amortization ladder)
Asset Valuation Method	10 Year smoothed fair value; 12% soft corridor
Inflation	2.50%
Salary Increases	3.50% to 11.5% 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.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

Note: This schedule is required to have 10 years of information, but the information prior to 2015 is not available.

2018	2019	2020	2021	2022
\$ 216,287	\$ 220,661	\$ 225,701	\$ 253,961	\$ 263,678
(224,324)	(229,502)	(235,336)	(270,116)	(315,997)
(8,037)	(8,841)	(9,635)	(16,155)	(52,319)
3,605,556	3,767,059	3,846,134	4,383,413	4,577,749
6.22%	6.09%	6.12%	6.16%	6.90%

SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Measurement Date December 31,	2017	2018	2019	2020	2021
A. Total OPEB liability					
Service Cost	\$ 8,761	\$ 9,603	\$ 9,540	\$ 20,072	\$ 23,804
Interest on the total OPEB liability	8,383	8,424	9,460	8,560	7,276
Changes in benefit terms					
Difference between expected and actual experience		1,671	(10,459)	(13,467)	(20,257)
Changes of assumptions and other inputs	17,855	(16,237)	45,970	44,333	11,121
Benefit payments	(2,555)	(2,845)	(3,053)	(3,936)	(13,733)
Net change in Total OPEB liability	<u>32,444</u>	<u>616</u>	<u>51,458</u>	<u>55,562</u>	<u>8,211</u>
Total OPEB liability - beginning	<u>218,673</u>	<u>251,117</u>	<u>251,733</u>	<u>303,191</u>	<u>358,753</u>
Total OPEB liability - ending	<u>\$ 251,117</u>	<u>\$ 251,733</u>	<u>\$ 303,191</u>	<u>\$ 358,753</u>	<u>\$ 366,964</u>
B. Covered-employee payroll					
	\$ 3,650,253	\$ 3,556,564	\$ 3,816,010	\$ 3,935,641	\$ 4,577,749
C. Total OPEB liability as a percentage of covered-employee payroll					
	6.88%	7.08%	7.95%	9.12%	8.02%

Notes to Schedule:

- This schedule is required to have 10 years of information, but the information prior to 2017 is not available.
- No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

NOTES TO BUDGETARY SCHEDULE

SEPTEMBER 30, 2022

Summary of Significant Accounting PoliciesA. Budgetary Information

An annual budget is adopted on a basis consistent with generally accepted accounting principles for the General and the Debt Service Fund. The budgets for these funds are prepared in accordance with generally accepted accounting principles (GAAP). The Hurricane Harvey, ARPA/CLFRF Grant, and Street Construction Funds do not have legally adopted annual budgets. All appropriations lapse at year end.

The City Council follows these procedures in establishing budgetary data reflected in the financial statements.

1. Prior to the beginning of the fiscal year, the City Manager submits to the City Council proposed operating budgets for the fiscal year commencing the following October 1. The operating budgets include proposed expenditures and the means of financing them for the general and certain special revenue and debt service funds.
2. Public hearings are conducted to obtain taxpayer comments.
3. Prior to October 1, the budget is legally enacted through passage of an ordinance.
4. The City Manager is authorized by the City Council to make adjustments to budgeted amounts between departments within an operating fund or line items within a single fund as well as transfer appropriations between departments. However, the City Council must approve any transfer of unencumbered appropriation balances or portions thereof from one fund to another as well as any increases in fund appropriations after a public hearing conducted in compliance with the Texas Open Meetings Act.
5. Budgeted amounts are as originally adopted or as amended by the City Council. During 2022, individual amendments were not material in relation to the original appropriations for expenditures. All budget appropriations automatically lapse at year-end.

B. Encumbrances

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrances accounting - under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation - is utilized in the governmental funds. All encumbrances lapse at the fiscal year-end.

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS AND SCHEDULES**

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SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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 Funds - 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.

DEBT SERVICE FUND

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

Section VIII. Item #1.

NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
SEPTEMBER 30, 2022

	Special Revenue Funds			
	Hotel Occupancy Tax	Police Forfeitures	Building Security	Economic Development
ASSETS				
Cash and investments	\$ 297,905	\$ 18,041	\$ 44,795	\$ 11,637
Receivables, net	97,265	-	-	-
Due from other governments	-	-	-	-
Total assets	<u>395,170</u>	<u>18,041</u>	<u>44,795</u>	<u>11,637</u>
LIABILITIES				
Accounts payable	22,422	-	-	-
Due to other funds	-	-	-	-
Total liabilities	<u>22,422</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Restricted				
Retirement of long-term debt	-	-	-	-
Tourism and conventions	372,748	-	-	-
Economic development	-	-	-	11,637
Public safety	-	18,041	-	-
Municipal court	-	-	44,795	-
Unassigned	-	-	-	-
Total fund balances	<u>372,748</u>	<u>18,041</u>	<u>44,795</u>	<u>11,637</u>
Total liabilities, deferred inflows and fund balances	<u>\$ 395,170</u>	<u>\$ 18,041</u>	<u>\$ 44,795</u>	<u>\$ 11,637</u>

Special Revenue Funds					Debt Service 2012 General Obligation Refunding Bonds	Total Nonmajor Governmental Funds
Bulletproof Vest Grant	Redflex Traffic System	Court Technology Fund	CDBG Grant	TDHCA HOME Program		
\$ -	\$ -	\$ 24,351	\$ -	\$ 37,984	\$ 232,576	\$ 667,289
-	-	-	-	-	28,264	125,529
<u>6,463</u>	<u>-</u>	<u>-</u>	<u>1,236,555</u>	<u>-</u>	<u>-</u>	<u>1,243,018</u>
<u>6,463</u>	<u>-</u>	<u>24,351</u>	<u>1,236,555</u>	<u>37,984</u>	<u>260,840</u>	<u>2,035,836</u>
-	-	-	406,449	-	-	428,871
<u>9,630</u>	<u>3,309</u>	<u>-</u>	<u>830,106</u>	<u>-</u>	<u>-</u>	<u>843,045</u>
<u>9,630</u>	<u>3,309</u>	<u>-</u>	<u>1,236,555</u>	<u>-</u>	<u>-</u>	<u>1,271,916</u>
<u>6,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,264</u>	<u>34,727</u>
<u>6,463</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>28,264</u>	<u>34,727</u>
-	-	-	-	-	232,576	232,576
-	-	-	-	-	-	372,748
-	-	-	-	37,984	-	49,621
-	-	-	-	-	-	18,041
-	-	24,351	-	-	-	69,146
(9,630)	(3,309)	-	-	-	-	(12,939)
(9,630)	(3,309)	24,351	-	37,984	232,576	729,193
\$ <u>6,463</u>	\$ <u>-</u>	\$ <u>24,351</u>	\$ <u>1,236,555</u>	\$ <u>37,984</u>	\$ <u>260,840</u>	\$ <u>2,035,836</u>

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

COMBINING STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	Special Revenue Funds			
	Hotel Occupancy Tax	Police Forfeitures	Building Security	Economic Development
REVENUES				
Taxes:				
Property	\$ -	\$ -	\$ -	\$ -
Other	457,975	-	-	-
Fines, fees, and forfeitures	-	1,284	4,667	-
Intergovernmental	-	-	-	-
Investment earnings	3,771	123	299	79
Miscellaneous	5,876	-	-	-
Total revenues	<u>467,622</u>	<u>1,407</u>	<u>4,966</u>	<u>79</u>
EXPENDITURES				
Current:				
General government	275,414	-	-	-
Public safety	-	-	-	-
Capital outlay	338,038	-	-	-
Debt service:				
Principal	-	-	-	-
Interest and fiscal charges	-	-	-	-
Total expenditures	<u>613,452</u>	<u>-</u>	<u>-</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>(145,830)</u>	<u>1,407</u>	<u>4,966</u>	<u>79</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	<u>(280,895)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total other financing sources (uses)	<u>(280,895)</u>	<u>-</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>(426,725)</u>	<u>1,407</u>	<u>4,966</u>	<u>79</u>
FUND BALANCES, BEGINNING	<u>799,473</u>	<u>16,634</u>	<u>39,829</u>	<u>11,558</u>
FUND BALANCES, ENDING	<u>\$ 372,748</u>	<u>\$ 18,041</u>	<u>\$ 44,795</u>	<u>\$ 11,637</u>

Special Revenue Funds					Debt Service 2012 General Obligation Refunding Bonds	Total Nonmajor Governmental Funds
Bulletproof Vest Grant	Redflex Traffic System	Court Technology Fund	CDBG Grant	TDCHCA HOME Program		
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 385,356	\$ 385,356
-	-	-	-	-	-	457,975
-	-	2,634	-	-	-	8,585
-	-	-	1,824,340	-	-	1,824,340
-	-	169	-	-	1,725	6,166
-	-	-	-	-	-	5,876
<u>-</u>	<u>-</u>	<u>2,803</u>	<u>1,824,340</u>	<u>-</u>	<u>387,081</u>	<u>2,688,298</u>
-	-	-	-	2,016	-	277,430
3,167	3,309	-	-	-	-	6,476
-	-	-	1,824,340	-	-	2,162,378
-	-	-	-	-	320,000	320,000
-	-	-	-	-	11,262	11,262
<u>3,167</u>	<u>3,309</u>	<u>-</u>	<u>1,824,340</u>	<u>2,016</u>	<u>331,262</u>	<u>2,777,546</u>
(3,167)	(3,309)	2,803	-	(2,016)	55,819	(89,248)
-	-	-	-	20,000	-	20,000
-	-	-	-	-	-	(280,895)
-	-	-	-	20,000	-	(260,895)
(3,167)	(3,309)	2,803	-	17,984	55,819	(350,143)
(6,463)	-	21,548	-	20,000	176,757	1,079,336
<u>\$(9,630)</u>	<u>\$(3,309)</u>	<u>\$ 24,351</u>	<u>\$ -</u>	<u>\$ 37,984</u>	<u>\$ 232,576</u>	<u>\$ 729,193</u>

CITY OF PORT LAVACA, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
2012 GENERAL OBLIGATION REFUNDING BONDS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with</u>
	<u>Original</u>	<u>Final</u>	<u>Amounts</u>	<u>Final Budget</u>
REVENUES				
Taxes:				
Property	\$ 353,451	\$ 353,451	\$ 385,356	\$ 31,905
Investment earnings	<u>100</u>	<u>100</u>	<u>1,725</u>	<u>1,625</u>
Total revenues	<u>353,551</u>	<u>353,551</u>	<u>387,081</u>	<u>33,530</u>
EXPENDITURES				
Debt Service				
Principal	320,000	320,000	320,000	-
Interest and fiscal charges	<u>11,262</u>	<u>11,262</u>	<u>11,262</u>	<u>-</u>
Total expenditures	<u>331,262</u>	<u>331,262</u>	<u>331,262</u>	<u>-</u>
EXCESS (DEFICIENCY) OF REVENUES OVER (UNDER) EXPENDITURES	<u>22,289</u>	<u>22,289</u>	<u>55,819</u>	<u>33,530</u>
FUND BALANCE, BEGINNING	<u>176,757</u>	<u>176,757</u>	<u>176,757</u>	<u>-</u>
FUND BALANCE, ENDING	\$ <u>199,046</u>	\$ <u>199,046</u>	\$ <u>232,576</u>	\$ <u>33,530</u>

STATISTICAL SECTION

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**STATISTICAL SECTION
(Unaudited)**

Section VIII. Item #1.

This part of the City of Port Lavaca's Annual Comprehensive 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.

Contents	Page
Financial Trends These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	61 – 71
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	72 – 83
Debt Capacity These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	84 – 89
Demographic and Economic Information These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	90 – 91
Operating Information These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	92 – 97

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities:				
Net investment in capital assets	\$ 21,750,587	\$ 19,170,337	\$ 20,724,855	\$ 20,549,966
Restricted	1,463,189	1,175,154	1,330,800	1,321,980
Unrestricted	<u>3,452,739</u>	<u>7,942,352</u>	<u>8,118,735</u>	<u>9,368,639</u>
Total governmental activities net position	<u>\$ 26,666,515</u>	<u>\$ 28,287,843</u>	<u>\$ 30,174,390</u>	<u>\$ 31,240,585</u>
Business-type activities:				
Net investment in capital assets	\$ 14,059,066	\$ 16,550,105	\$ 17,592,876	\$ 17,986,418
Unrestricted	<u>7,772,021</u>	<u>6,402,372</u>	<u>5,622,584</u>	<u>6,247,533</u>
Total business-type activities net position	<u>\$ 21,831,087</u>	<u>\$ 22,952,477</u>	<u>\$ 23,215,460</u>	<u>\$ 24,233,951</u>
Primary government:				
Net investment in capital assets	\$ 35,809,653	\$ 35,720,442	\$ 38,317,731	\$ 38,536,384
Restricted	1,463,189	1,175,154	1,330,800	1,321,980
Unrestricted	<u>11,224,760</u>	<u>14,344,724</u>	<u>13,741,319</u>	<u>15,616,172</u>
Total primary government net position	<u>\$ 48,497,602</u>	<u>\$ 51,240,320</u>	<u>\$ 53,389,850</u>	<u>\$ 55,474,536</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 21,310,618	\$ 22,482,158	\$ 23,390,026	\$ 26,755,385	\$ 28,656,325	\$ 34,463,945
1,545,313	1,765,338	990,959	1,065,732	1,112,272	736,922
<u>10,301,123</u>	<u>9,843,388</u>	<u>12,460,165</u>	<u>13,366,444</u>	<u>13,350,761</u>	<u>9,759,025</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>	\$ <u>44,959,892</u>
\$ 18,489,664	\$ 18,732,930	\$ 21,173,355	\$ 23,856,570	\$ 27,712,054	\$ 28,941,132
<u>7,262,774</u>	<u>8,326,831</u>	<u>8,955,810</u>	<u>6,981,221</u>	<u>5,504,783</u>	<u>5,591,302</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>	\$ <u>34,532,434</u>
\$ 39,800,282	\$ 41,215,088	\$ 44,563,381	\$ 50,611,955	\$ 56,368,379	\$ 63,405,077
1,545,313	1,765,338	990,959	1,065,732	1,112,272	736,922
<u>17,563,897</u>	<u>18,170,219</u>	<u>21,415,975</u>	<u>20,347,665</u>	<u>18,855,544</u>	<u>15,350,327</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>	\$ <u>79,492,326</u>

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
EXPENSES				
Governmental activities:				
General government	\$ 2,140,960	\$ 2,632,811	\$ 2,405,720	\$ 2,417,076
Public safety	3,199,920	3,232,531	3,292,483	3,200,259
Public works	1,629,165	1,379,978	1,374,483	1,592,784
Parks and recreation	689,022	629,640	685,084	697,230
Interest on long-term de	113,201	67,300	60,841	53,809
Total governmental activities expenses	<u>7,772,268</u>	<u>7,942,260</u>	<u>7,818,611</u>	<u>7,961,158</u>
Business-type activities:				
Public utilities	4,360,184	4,252,370	4,614,845	4,452,538
Port revenue	464,556	456,212	447,151	396,088
Beach operations	253,315	261,309	344,669	272,436
Total business-type activities	<u>5,078,055</u>	<u>4,969,891</u>	<u>5,406,665</u>	<u>5,121,062</u>
Total primary government program expenses	<u>\$ 12,850,323</u>	<u>\$ 12,912,151</u>	<u>\$ 13,225,276</u>	<u>\$ 13,082,220</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
General government	\$ 364,118	\$ 321,396	\$ 270,479	\$ 337,865
Public safety	278,784	215,491	246,251	183,232
Parks and recreation	68,215	76,290	87,084	87,130
Operating grants and contributions	252,056	687,201	364,996	273,077
Capital grants and contributions	-	142,843	32,894	-
Total governmental activities program revenues	<u>963,173</u>	<u>1,443,221</u>	<u>1,001,704</u>	<u>881,304</u>
Business-type activities:				
Charges for services:				
Public utilities	5,380,215	5,288,188	5,828,910	5,586,184
Port commission	502,420	490,770	423,933	425,986
Beach operations	280,602	302,118	305,800	310,472
Operating grants and contributions	2,000	-	-	2,000
Capital grants and contributions	49,217	248,350	37,000	45,625
Total business-type activities program revenues	<u>6,214,454</u>	<u>6,329,426</u>	<u>6,595,643</u>	<u>6,370,267</u>
Total primary government program revenues	<u>\$ 7,177,627</u>	<u>\$ 7,772,647</u>	<u>\$ 7,597,347</u>	<u>\$ 7,251,571</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,615,056	\$ 4,221,921	\$ 3,318,934	\$ 2,053,858	\$ 2,236,695	\$ 2,492,123
3,460,733	3,411,589	3,355,541	3,533,380	3,577,687	4,158,956
1,423,250	1,653,462	1,658,704	1,521,470	1,659,726	2,275,913
748,171	758,143	790,807	716,662	796,615	1,016,236
<u>51,373</u>	<u>45,858</u>	<u>40,061</u>	<u>33,969</u>	<u>32,659</u>	<u>52,061</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>	<u>9,995,289</u>
4,313,837	4,414,433	4,262,430	4,555,046	6,229,273	6,130,673
340,846	347,709	595,580	555,137	872,257	700,500
<u>267,756</u>	<u>244,200</u>	<u>305,831</u>	<u>189,276</u>	<u>217,457</u>	<u>245,542</u>
<u>4,922,439</u>	<u>5,006,342</u>	<u>5,163,841</u>	<u>5,299,459</u>	<u>7,318,987</u>	<u>7,076,715</u>
<u>\$ 13,221,022</u>	<u>\$ 15,097,315</u>	<u>\$ 14,327,888</u>	<u>\$ 13,158,798</u>	<u>\$ 15,622,369</u>	<u>\$ 17,072,004</u>
\$ 451,257	\$ 348,096	\$ 293,452	\$ 272,534	\$ 286,162	\$ 395,339
194,305	35,072	12,758	8,874	10,165	29,446
76,020	10,800	51,785	30,345	59,655	66,800
741,691	1,291,888	1,533,401	1,895,078	3,270,145	609,798
<u>21,410</u>	<u>-</u>	<u>-</u>	<u>336,700</u>	<u>172,848</u>	<u>1,824,340</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>	<u>2,925,723</u>
5,702,881	5,770,068	5,824,260	5,629,845	5,414,992	5,345,804
453,062	483,334	628,762	579,343	721,804	665,213
302,124	221,127	324,004	272,788	204,457	89,148
2,000	-	-	-	-	-
<u>181,111</u>	<u>2,500</u>	<u>1,531,801</u>	<u>474,503</u>	<u>209,193</u>	<u>1,345,581</u>
<u>6,641,178</u>	<u>6,477,029</u>	<u>8,308,827</u>	<u>6,956,479</u>	<u>6,550,446</u>	<u>7,445,746</u>
<u>\$ 8,125,861</u>	<u>\$ 8,162,885</u>	<u>\$ 10,200,223</u>	<u>\$ 9,500,010</u>	<u>\$ 10,349,421</u>	<u>\$ 10,371,469</u>

CHANGES IN NET POSITION

LAST TEN FISCAL YEARS
(UNAUDITED)

	Fiscal Year			
	2013	2014	2015	2016
NET (EXPENSE) REVENUES				
Governmental activities	\$(6,809,095)	\$(6,499,039)	\$(6,816,907)	\$(7,079,854)
Business-type activities	<u>1,136,399</u>	<u>1,359,535</u>	<u>1,188,978</u>	<u>1,249,205</u>
Total primary government net expense	<u>(5,672,696)</u>	<u>(5,139,504)</u>	<u>(5,627,929)</u>	<u>(5,830,649)</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes				
Property	3,808,571	3,971,992	4,071,091	4,054,264
Sales	2,445,393	2,500,013	2,809,977	2,510,153
Franchise	587,534	615,184	615,800	587,153
Other taxes	389,564	576,001	538,290	427,960
Investment earnings	12,995	14,445	29,459	42,964
Miscellaneous	302,881	191,564	245,554	254,054
Transfers	<u>224,000</u>	<u>251,168</u>	<u>864,500</u>	<u>269,501</u>
Total governmental activities	<u>7,770,938</u>	<u>8,120,367</u>	<u>9,174,671</u>	<u>8,146,049</u>
Business-type activities:				
Investment earnings	17,507	13,023	13,563	38,787
Transfers	(224,000)	(251,168)	(864,500)	(269,501)
Miscellaneous	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total business-type activities	<u>(206,493)</u>	<u>(238,145)</u>	<u>(850,937)</u>	<u>(230,714)</u>
Total primary government	<u>7,564,445</u>	<u>7,882,222</u>	<u>8,323,734</u>	<u>7,915,335</u>
CHANGE IN NET POSITION				
Governmental activities	961,843	1,621,328	2,357,764	1,066,195
Business-type activities	<u>929,906</u>	<u>1,121,390</u>	<u>338,041</u>	<u>1,018,491</u>
Total primary government	<u>\$ 1,891,749</u>	<u>\$ 2,742,718</u>	<u>\$ 2,695,805</u>	<u>\$ 2,084,686</u>

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$(6,813,900)	\$(8,405,117)	\$(7,272,651)	\$(5,315,808)	\$(4,504,407)	\$(7,069,566)
1,718,739	1,470,687	3,144,986	1,657,020	(768,541)	369,031
(5,095,161)	(6,934,430)	(4,127,665)	(3,658,788)	(5,272,948)	(6,700,535)
4,159,200	4,217,842	4,310,870	4,517,719	4,646,594	4,846,803
2,693,583	3,138,929	3,562,168	3,287,441	3,566,918	3,504,110
583,034	588,803	584,078	569,268	582,631	590,101
615,385	692,232	685,682	560,236	561,956	490,600
104,812	199,214	329,183	127,105	7,760	84,060
306,855	415,208	276,301	320,406	212,081	75,609
267,500	267,500	274,635	280,044	(3,141,736)	(681,183)
8,730,369	9,519,728	10,022,917	9,662,219	6,436,204	8,910,100
67,248	136,038	199,053	85,575	5,851	59,323
(267,500)	(267,500)	(274,635)	(280,044)	3,141,736	681,183
-	-	-	-	-	206,060
(200,252)	(131,462)	(75,582)	(194,469)	3,147,587	946,566
8,530,117	9,388,266	9,947,335	9,467,750	9,583,791	9,388,266
1,916,469	1,114,611	2,750,266	4,346,411	1,931,797	1,840,534
1,518,487	1,339,225	3,069,404	1,462,551	2,379,046	1,315,597
\$ 3,434,956	\$ 2,453,836	\$ 5,819,670	\$ 5,808,962	\$ 4,310,843	\$ 3,156,131

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

FUND BALANCES
GOVERNMENTAL FUNDSLAST TEN FISCAL YEARS
(UNAUDITED)

	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
General fund:				
Nonspendable	\$ 64,938	\$ 51,193	\$ 47,218	\$ 45,717
Committed	3,297,504	3,440,775	3,679,520	3,534,329
Unassigned	<u>2,536,205</u>	<u>3,183,423</u>	<u>4,076,496</u>	<u>4,922,293</u>
Total general fund	<u>\$ 5,898,647</u>	<u>\$ 6,675,391</u>	<u>\$ 7,803,234</u>	<u>\$ 8,502,339</u>
All other governmental funds				
Restricted	\$ 1,443,488	\$ 1,150,840	\$ 1,326,421	\$ 2,259,195
Unassigned	<u>-</u>	<u>1,008,386</u>	<u>478,412</u>	<u>-</u>
Total all other governmental funds	<u>\$ 1,443,488</u>	<u>\$ 2,159,226</u>	<u>\$ 1,804,833</u>	<u>\$ 2,259,195</u>

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 42,147	\$ 46,702	\$ 53,633	\$ 47,524	\$ 536,126	\$ 165,179
3,373,832	2,548,794	2,630,824	2,911,895	2,963,681	1,458,495
<u>6,687,299</u>	<u>8,508,563</u>	<u>11,137,483</u>	<u>10,714,713</u>	<u>9,368,362</u>	<u>8,762,124</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>	\$ <u>10,385,798</u>
\$ 1,907,218	\$ 1,748,089	\$ 969,522	\$ 1,635,030	\$ 2,668,258	\$ 1,108,159
<u>-</u>	<u>(908,694)</u>	<u>(1,584,412)</u>	<u>(1,181,122)</u>	<u>(1,296,200)</u>	<u>(801,809)</u>
\$ <u>1,907,218</u>	\$ <u>839,395</u>	\$ <u>(614,890)</u>	\$ <u>453,908</u>	\$ <u>1,372,058</u>	\$ <u>306,350</u>

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS**

**LAST TEN FISCAL YEARS
(UNAUDITED)**

	2013	2014	2015	2016
REVENUES				
Taxes	\$ 7,290,483	\$ 7,653,598	\$ 8,059,337	\$ 7,556,970
Fines and fees	626,677	512,461	518,363	508,347
Licenses and permits	158,721	131,291	105,245	109,637
Charges for services	6,820	2,901	3,667	2,744
Intergovernmental	252,056	830,044	372,153	273,077
Investment	12,995	14,445	29,459	42,964
Rental	67,615	76,290	87,084	87,130
Miscellaneous revenues	181,263	143,274	157,627	163,060
Total revenues	<u>8,596,630</u>	<u>9,364,304</u>	<u>9,332,935</u>	<u>8,743,929</u>
EXPENDITURES				
General government	2,096,778	2,604,645	2,374,117	2,430,712
Public safety	3,089,627	3,336,053	3,198,927	3,088,008
Public works	1,174,528	983,253	1,344,897	1,190,259
Parks and recreation	932,950	469,422	1,004,617	738,490
Capital outlay	16,000	412,833	1,215,917	88,715
Debt service				
Principal	270,000	265,000	275,000	280,000
Interest and fiscal charges	53,061	60,386	53,571	47,396
Issuance costs	67,106	-	-	-
Total expenditures	<u>7,700,050</u>	<u>8,131,592</u>	<u>9,467,046</u>	<u>7,863,580</u>
EXCESS OF REVENUES OVER (UNDER) EXPENDITURES	<u>\$ 896,580</u>	<u>\$ 1,232,712</u>	<u>\$ (134,111)</u>	<u>\$ 880,349</u>
OTHER FINANCING SOURCES (USES)				
Proceeds from sale of capital asset	4,613	-	43,061	3,617
Transfers in	825,428	1,228,814	1,813,565	1,126,774
Transfers out	(601,428)	(969,044)	(949,065)	(857,273)
Issuance of debt	2,945,000	-	-	-
Payment to escrow agent	(2,877,894)	-	-	-
Total other financing sources (uses)	<u>295,719</u>	<u>259,770</u>	<u>907,561</u>	<u>273,118</u>
NET CHANGE IN FUND BALANCES	<u>\$ 1,192,299</u>	<u>\$ 1,492,482</u>	<u>\$ 773,450</u>	<u>\$ 1,153,467</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	<u>4.20%</u>	<u>4.44%</u>	<u>4.52%</u>	<u>4.41%</u>

2017	2018	2019	2020	2021	2022
\$ 8,040,235	\$ 8,639,785	\$ 9,114,573	\$ 8,864,777	\$ 9,362,338	\$ 9,431,614
524,683	347,588	301,226	226,907	260,280	240,058
231,321	154,056	120,897	168,367	161,772	181,583
2,176	4,079	12,897	14,708	10,127	3,744
763,101	1,291,888	864,617	2,181,264	3,918,483	2,634,908
104,812	199,214	329,183	127,105	7,760	84,060
76,020	10,800	51,785	30,345	59,655	66,200
192,809	315,222	175,642	177,608	69,389	75,609
<u>9,935,157</u>	<u>10,962,632</u>	<u>10,970,820</u>	<u>11,791,081</u>	<u>13,849,804</u>	<u>12,717,776</u>
2,597,561	4,198,251	3,265,874	2,000,288	2,237,772	2,436,691
3,309,471	3,396,134	3,287,595	3,618,499	3,677,212	4,210,570
1,275,343	1,217,296	1,240,009	1,129,316	1,152,387	1,688,607
614,018	642,491	624,107	557,569	743,956	834,691
830,641	1,517,027	1,234,437	3,708,542	5,142,930	5,930,010
285,000	290,000	300,000	300,000	317,655	461,106
41,661	35,975	29,837	23,746	22,265	22,997
-	-	-	-	-	-
<u>8,953,695</u>	<u>11,297,174</u>	<u>9,981,859</u>	<u>11,337,960</u>	<u>13,294,177</u>	<u>15,584,672</u>
<u>\$ 981,462</u>	<u>\$ (334,542)</u>	<u>\$ 988,961</u>	<u>\$ 453,121</u>	<u>\$ 555,627</u>	<u>\$ (2,866,896)</u>
-	-	-	-	-	-
498,161	1,588,152	2,052,702	2,270,994	3,038,740	348,474
(230,661)	(1,320,652)	(1,778,067)	(1,990,950)	(3,482,180)	(1,029,657)
-	-	-	187,825	-	-
-	-	-	-	-	-
<u>267,500</u>	<u>267,500</u>	<u>274,635</u>	<u>467,869</u>	<u>(443,440)</u>	<u>(681,183)</u>
<u>\$ 1,248,962</u>	<u>\$ (67,042)</u>	<u>\$ 1,263,596</u>	<u>\$ 920,990</u>	<u>\$ 112,187</u>	<u>\$ (3,548,079)</u>
<u>4.30%</u>	<u>3.42%</u>	<u>3.90%</u>	<u>4.49%</u>	<u>3.26%</u>	<u>4.78%</u>

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CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

TAX REVENUES BY SOURCE, GOVERNMENTAL FUNDS (1)**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Ad Valorem</u>	<u>Sales</u>	<u>Franchise</u>	<u>Hotel/Motel</u>	<u>Beverage</u>	<u>Total</u>
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
2022	4,846,803	3,504,110	590,101	457,975	32,625	9,431,614

(1) Modified accrual basis of accounting

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

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

LAST TEN FISCAL YEARS

Fiscal Year	Tax Roll	Real Property		Personal Property	Less: Tax Exempt Real Property	Total Taxable Assessed Value Before Freeze
		Residential Property	Non-Residential Property			
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
2022	2021	358,077,799	323,563,158	102,321,220	150,978,321	632,683,856

(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

Total Freeze Taxable	Freeze Adjusted Taxable	Total Direct Tax Rate	Estimated Tax Value Before Freeze Ceiling	Freeze Ceiling	Estimated Tax Value Including Freeze Ceiling	Assessed Value (1) as a Percentage of Actual Value
(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%
(84,587,681)	548,096,175	0.7944	4,354,076	535,355	4,889,431	100.00%

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

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
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
2022	2021	0.0636	0.7308	0.7944	1.0963	0.6101	0.0009	0.0080	1.7153

NOTE: N/A denotes information not available

SOURCE: Calhoun County Appraisal District

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

PRINCIPAL PROPERTY TAXPAYERSCurrent Year and Nine Years Ago
(UNAUDITED)

2022		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Rexco Inc	\$ 10,445,410	1.91%
AEP Texas Central Company	8,998,350	1.64%
Momentum Rental & Sales , Inc.	7,540,000	1.38%
Helena Agri-Enterprises LLC	7,248,820	1.32%
Wal-Mart Real Estate Business Trust	7,044,497	1.29%
Calhoun County RP LTD	6,631,020	1.21%
H E Butt Grocery Company	6,337,950	1.16%
Hiepvttx Hospitality LLC	6,125,320	1.12%
Lakeside CRV Recreations LLC	5,747,240	1.05%
DC Properties Lavaca LLC	<u>5,218,550</u>	0.95%
	<u>\$ 71,337,157</u>	<u>13.01%</u>

2013		
Taxpayer	Taxable Assessed Valuation	Percentage of Total City Taxable Assessed Valuation
Orion Marine Construction	\$ 17,480,519	4.03%
Rexco, Inc.	10,294,110	2.33%
Wal-Mart Real Estate Business Trust	8,503,230	1.87%
Port Lavaca Dodge	7,124,360	1.57%
Helena Chemicals	6,524,850	1.40%
Wal-Mart Stores Texas, LP	5,844,900	1.25%
H E Butt Grocery Company	5,474,360	1.15%
AMAL Hospitality	5,192,930	1.04%
AEP Texas Central Company	4,948,116	0.96%
BKCK LTD	<u>3,948,800</u>	0.72%
	<u>\$ 75,336,175</u>	<u>16.32%</u>

SOURCE: Calhoun County Appraisal District

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	Taxes Levied for the Fiscal Year (Original Levy)	Adjustments	Total Adjusted Levy	Collections within the Fiscal Year of the Levy	
					Amount	Percentage of Levy
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%
2022	2021	4,738,962	162,578	4,901,540	4,762,523	97.16%

SOURCE: Calhoun County Appraisal District

Collections in Subsequent Years	Total Collections to Date	
	Amount	Percentage of Levy
\$ 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%
96,887	4,536,164	97.62%
-	4,762,525	97.16%

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

WATER PRODUCED AND CONSUMED AND WASTEWATER TREATED**LAST TEN FISCAL YEARS**

<u>Fiscal Year</u>	<u>Gallons of GBRA Water Purchased</u>	<u>Gallons of Metered Consumption</u>	<u>Gallons of Unmetered Consumption</u>	<u>Gallons of Water Unaccounted</u>	<u>Average Percent Unaccounted</u>	<u>Gallons of Wastewater Treated</u>
2013	459,908,000	390,984,000	18,243	68,905,757	15%	345,530,000
2014	467,309,000	374,281,000	14,077	93,013,923	20%	305,012,000
2015	564,410,500	435,402,000	29,458	128,979,042	23%	337,739,000
2016	495,589,000	394,292,000	21,430	101,275,570	20%	406,730,000
2017	436,727,000	402,621,000	20,467	34,085,533	8%	372,684,556
2018	461,979,000	409,691,000	52,288	66,358,000	14%	460,402,000
2019	464,765,000	402,201,333	31,395	67,239,701	14%	413,272,185
2020	502,519,000	404,175,000	250,000	98,344,000	20%	680,340,000
2021	479,533,000	401,351,000	175,000	78,182,000	16%	504,450,000
2022	504,801,000	276,318,000	2,445,000	228,483,000	45%	591,460,000

NOTES: The City purchases water from the Guadalupe-Blanco River Authority. Water and Sewer Usage Rates shown are for 5,000 gallons usage. N/A denotes information not available. Unmetered consumption is an estimation (Water Main Breaks, Fire Drills, Line flushing, etc.)

SOURCE: City of Port Lavaca Utility Department

Total Direct Rate			
Water		Sewer	
Base Rate	Usage Rate	Base Rate	Usage Rate
15.00	14.25	14.00	14.70
16.00	14.25	15.00	15.54
16.00	14.25	15.00	15.54
16.00	14.25	15.00	15.54
16.50	14.25	15.50	15.87
16.50	14.25	15.50	15.87
16.50	14.25	15.50	15.87
17.00	14.34	16.00	16.20
17.00	14.34	16.00	16.20
17.00	14.34	16.00	16.20

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

	Fiscal Year					
	2013		2014		2015	
	Res.	Comm.	Res.	Comm.	Res.	Comm.
Water Rates						
Base Rate (includes 2,000 gallons)						
Base Rate by Meter Size						
3/4" to 5/8"	\$ 15.00	\$ 17.50	\$ 16.00	\$ 18.50	\$ 16.00	\$ 18.50
1"	15.00	17.50	16.00	18.50	16.00	18.50
1 1/2"	15.00	17.50	16.00	18.50	16.00	18.50
2"	15.00	35.00	16.00	36.00	16.00	36.00
3"	15.00	35.00	16.00	36.00	16.00	36.00
4"	15.00	35.00	16.00	36.00	16.00	36.00
6"	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
Conservation Rate Tiers for water						
Per 1,000 gallons 2,001 - 5,000	N/A	N/A	4.75	4.95	4.75	4.95
Per 1,000 gallons 5,001 - 25,000	N/A	N/A	5.03	5.03	5.03	5.03
Per 1,000 gallons Over 25,000	N/A	N/A	5.71	5.71	5.71	5.71
Sewer Rates						
Base Rate (includes 2,000 gallons)	14.00	15.75	15.00	16.75	15.00	16.75
Per 1,000 gallons over base charge	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 the rate classification in 2008.

"Res." - Residential

"Comm." - Commercial

The City changed to a tiered conservation rate in 2013.

Fiscal Year									
2016		2017		2018		2019		2020	
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
16.00	18.50	16.50	19.00	16.50	19.00	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
16.00	36.00	16.50	36.50	16.50	36.50	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
16.00	36.00	16.50	36.50	16.50	36.50	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
4.75	4.95	4.75	4.95	4.75	4.95	4.75	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
5.03	5.03	5.14	5.14	5.14	5.14	5.14	5.14	5.26	5.14
5.71	5.71	5.14	5.14	5.14	5.14	5.14	5.14	5.97	5.14
15.00	16.75	15.50	17.25	15.50	17.25	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

WATER AND SEWER RATES

LAST TEN FISCAL YEARS

	Fiscal Year			
	2021		2022	
	Res.	Comm.	Res.	Comm.
Water Rates				
Base Rate (includes 2,000 gallons)				
Base Rate by Meter Size				
3/4" to 5/8"	\$ 17.00	\$ 19.50	\$ 17.00	\$ 19.50
1"	17.00	19.50	17.00	19.50
1 1/2"	17.00	19.50	17.00	19.50
2"	17.00	37.00	17.00	37.00
3"	17.00	37.00	17.00	37.00
4"	17.00	37.00	17.00	37.00
6"	17.00	37.00	17.00	37.00
Per 1,000 gallons over base charge	4.78	4.95	4.78	4.95
Conservation Rate Tiers for water				
Per 1,000 gallons 2,001 - 5,000	4.78	4.95	4.78	4.95
Per 1,000 gallons 5,001 - 25,000	5.26	5.26	5.26	5.26
Per 1,000 gallons Over 25,000	5.97	5.97	5.97	5.97
Sewer Rates				
Base Rate (includes 2,000 gallons)	16.00	17.75	16.00	17.75
Per 1,000 gallons over base charge	5.40	5.40	5.40	5.40

NOTES: Increases in water and sewer rates are approved by the City Council. Sewer consumption rates for residential customers are based on the average of the last three-month period of December, January, and February that preceded the billing date. Customers outside City limits are charged a rate of 1.5 times the inside City limit rates.

The City changed the rate classification in 2008.

"Res." - Residential

"Comm." - Commercial

The City changed to a tiered conservation rate in 2013.

CITY OF PORT LAVACA, TEXAS

TEN LARGEST WATER CUSTOMERS

(UNAUDITED)
Current Year and Nine Years Ago

2022			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
VIVA Properties (Bordeaux)	Apartment Complex	5,146	1.28%
Memorial Medical Center	Hospital	4,832	1.20%
City of Port Lavaca WWTP	Wastewater Treatment	4,406	1.10%
Regency Nursing & Rehab Center	Senior Citizen Home	2,835	0.71%
Calhoun County Jail	County Jail	4,841	1.21%
Sea Breeze Village Apts.	Apartment Complex	3,904	0.97%
Days Inn	Hotel/ Motel	2,843	0.71%
Coloniel Arms Apartments	Apartment Complex	4,460	1.11%
VIVA Properties (Crane)	Apartment Complex	5,146	1.28%
CCISD High School	School	3,712	0.92%
2013			
Customer	Type of Business	12-Month Water Consumption (In Thousands)	Percent of Total Billed
Regency Nursing & Rehab Center	Senior Citizen (Home)	7,116	1.82%
City of Port Lavaca	City Accounts	12,622	3.23%
Memorial Medical Center	Hospital	8,130	2.08%
Splash-n-Dash	Commercial/ Car Wash	3,283	0.84%
Days Inn - Port Lavaca	Hotel/ Motel	2,927	0.75%
Calhoun County I.S.D	School District	12,352	3.16%
Calhoun County	County Offices	3,417	0.87%
Hillmans Shrimp & Oyster	Fishing Industry	10,170	2.60%
Bordeaux Apartments	Apartment Complex	6,157	1.57%
Lighthouse Seafood	Commercial Oyster House	4,225	1.08%

SOURCE: City of Port Lavaca Website - ACFR (for the oldest year)

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

RATIOS OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS

Fiscal Year	Governmental Activities			Business-type Activities		
	Certificates of Obligation	General Obligation Bonds	Financing Arrangements	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premium
2013	\$ 105,000	\$ 2,895,000	\$ 211,559	\$ 3,340,000	\$ 4,080,000	-
2014	55,000	2,680,000	172,640	3,725,000	3,175,000	-
2015	-	2,460,000	132,094	3,355,000	3,000,000	-
2016	-	2,180,000	89,837	2,965,000	2,820,000	-
2017	-	1,895,000	45,830	3,975,000	1,125,000	-
2018	-	1,605,000	-	3,255,000	1,040,000	-
2019	-	1,305,000	-	2,510,000	2,430,000	99,436
2020	-	1,005,000	187,825	2,270,000	1,750,000	94,717
2021	-	700,000	175,170	2,100,000	980,000	89,661
2022	-	380,000	406,450	1,925,000	200,000	82,764

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

N/A denotes information not available

<u>Business-type Activities</u>				
<u>Less:</u>				
<u>Issuance</u>	<u>Financing</u>	<u>Total</u>	<u>Percentage</u>	<u>Per</u>
<u>Discount</u>	<u>Arrangements</u>	<u>Primary</u>	<u>of Personal</u>	<u>Capita</u>
		<u>Government</u>	<u>Income</u>	
(29,696) \$	51,378	\$ 10,653,241	N/A	866
(29,101)	-	9,778,539	2%	790
(28,460)	-	8,918,634	2%	719
(27,774)	-	8,027,063	2%	647
-	-	7,040,830	N/A	568
-	-	5,900,000	1%	483
-	-	6,344,436	1%	510
-	-	5,307,542	1%	459
-	-	4,044,831	0%	357
-	2,400,000	5,394,214	0%	476

RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING

LAST TEN FISCAL YEARS

Fiscal Year	General Bonded Debt Outstanding				Debt Service Monies Available (1)	Debt Payable from Enterprise Funds
	Certificates of Obligation	General Obligation Bonds	Plus: Issuance Premium	Total		
2013	\$ 3,445,000	\$ 6,975,000	-	\$ 10,420,000	\$ 226,879	\$ 3,340,000
2014	3,780,000	5,855,000	-	9,635,000	225,771	3,175,000
2015	3,355,000	5,460,000	-	8,815,000	146,887	3,000,000
2016	2,965,000	5,000,000	-	7,965,000	153,522	2,820,000
2017	3,975,000	3,020,000	-	6,995,000	165,276	1,125,000
2018	3,255,000	2,645,000	-	5,900,000	159,232	1,040,000
2019	2,510,000	3,735,000	99,436	6,344,436	166,022	2,529,436
2020	2,270,000	2,755,000	94,717	5,119,717	167,687	1,844,717
2021	2,100,000	1,680,000	89,661	3,869,661	176,757	1,069,661
2022	1,925,000	580,000	82,764	2,587,764	227,366	282,764

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.

Net Bonded Debt	Percentage of Actual Taxable Value of Property	Per Capita
\$ 6,853,121	1.36%	\$ 557.16
6,234,229	1.21%	503.82
5,668,113	1.07%	457.14
4,991,478	0.95%	402.54
5,704,724	1.05%	459.87
4,700,768	0.86%	384.93
3,648,978	0.66%	293.49
3,107,313	0.53%	268.87
2,623,243	0.44%	231.37
2,077,634	0.33%	183.25

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

(UNAUDITED)
September 30, 2021

	Gross Debt Outstanding		Percentage Applicable to City	Amount Applicable to City
	Date	Amount		
Direct Debt:				
City of Port Lavaca	9/30/2022	\$ <u>5,394,214</u>	100.00%	\$ <u>5,394,214</u>
Overlapping Debt:				
Calhoun County	9/30/2022	1,110,000	14.28%	158,508
Calhoun Independent School District	9/30/2022	22,265,000	13.74%	3,059,211
Calhoun Port Authority	9/30/2022	<u>32,400,000</u>	22.33%	<u>7,234,920</u>
Total Overlapping Debt		<u>55,775,000</u>		<u>10,452,639</u>
Total		\$ <u>61,169,214</u>		\$ <u>15,846,853</u>

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

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

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

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

PLEDGED-REVENUE COVERAGE

LAST TEN FISCAL YEARS

Fiscal Year	Gross Revenue	Direct Operating Expenses	Net Available Revenue	Average Debt Service Requirements	Times Debt Coverage
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
2022	5,598,268	5,010,433	587,835	136,033	4.32

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 bonds and certificates can be found in Note G of the notes to the financial statements.

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN FISCAL YEARS
(UNAUDITED)

Fiscal Year	(1) Population	Personal Income	(2) Per Capita Personal Income (Calhoun County)	(3) School Enrollment	(4) Unemployment Rate
2013	12,300	N/A	N/A	4,272	7.1%
2014	12,374	443,706,892	35,858	4,242	3.9%
2015	12,399	483,722,187	39,013	4,122	3.7%
2016	12,400	450,516,800	36,332	4,022	5.60%
2017	12,405	N/A	N/A	3,802	N/A
2018	12,212	795,537,000	36,587	3,805	5.80%
2019	12,433	833,716,000	38,668	3,748	4.10%
2020	11,557	983,763,000	46,208	3,840	3.20%
2021	11,338	1,095,838,000	52,180	3,681	5.80%
2022	11,338	1,195,244,000	60,589	3,576	4.90%

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

Section VIII. Item #1.

PRINCIPAL EMPLOYERS(UNAUDITED)
Current Year and Nine Years Ago

2022		
Employer	Employees	Percentage of Total County Employment
Formosa Plastics	3,571	36.80%
Dow Chemical	587	6.05%
Calhoun County I.S.D.	575	5.93%
Orion Marine Group, Inc.	153	1.58%
Calhoun County	254	2.62%
Memorial Medical Center	279	2.88%
INEOS Nitriles Formerly BP	133	1.37%
Seadrift Coke	109	1.12%
HEB Grocery	115	1.19%
City of Port Lavaca	90	0.93%
	<u>5,866</u>	<u>60.45%</u>
2013		
Employer	Employees	Percentage of Total County Employment
Alcoa	650	6.69%
INEOS Nitriles Formerly BP	135	1.39%
Calhoun I.S.D.	838	8.62%
Calhoun County	209	2.15%
Formosa Plastics	2,400	24.69%
Seadrift Coke	140	1.44%
HEB Grocery	-	0.00%
Intelplast Group	2,300	23.66%
Orion Marine Group, Inc.	424	4.36%
Memorial Medical Center	140	1.44%
Dow Chemical	575	5.92%
	<u>7,811</u>	<u>80.36%</u>

NOTES: Information is for the City and Calhoun County.

SOURCE: Texas Workforce Commission-Victoria Office

FULL-TIME-EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year					
	2013	2014	2015	2016	2017	2018
General government						
City manager	2.0	2.0	2.0	2.0	2.0	2.0
City secretary	1.0	1.0	1.0	2.0	2.0	2.0
Human resources	1.0	1.0	1.0	-	-	-
Economic development	-	1.0	2.0	1.0	1.0	1.0
Finance	3.0	3.0	3.0	3.0	3.0	3.0
Municipal court	2.0	3.0	3.0	3.0	3.0	3.0
Technology (Contract)	-	-	-	-	-	-
City Hall - custodial services	-	-	-	1.0	1.0	1.0
Public safety						
Police	18.0	20.0	20.0	20.0	20.0	20.0
Communications	6.0	6.0	6.0	6.0	6.0	6.0
Fire	16.0	17.0	17.0	17.0	17.0	17.0
Development Services	3.0	3.0	3.0	3.0	3.0	3.0
Animal control	2.0	2.0	2.0	2.0	2.0	2.0
Public works						
Public works	2.0	-	-	-	-	-
Streets/maintenance	9.0	15.0	15.0	15.0	15.0	15.0
Water/Wastewater						
Customer service	3.0	3.0	3.0	3.0	3.0	3.0
Meter readers	2.0	2.0	2.0	2.0	2.0	2.0
Water and sewer	10.0	14.0	14.0	14.0	14.0	14.0
Parks and recreation	4.0	6.0	6.0	6.0	6.0	6.0
Bauer Center	2.0	2.0	2.0	2.0	2.0	2.0
Port Revenue	1.0	1.5	1.0	-	1.0	1.0
Beach Operating Fund	-	-	-	-	-	-
Total	<u>87.0</u>	<u>102.5</u>	<u>103.0</u>	<u>102.0</u>	<u>103.0</u>	<u>103.0</u>

SOURCE: Various City of Port Lavaca Departments

Fiscal Year			
2019	2020	2021	2022
2.0	2.0	2.0	2.0
2.0	2.0	2.0	2.0
-	-	-	-
1.0	1.0	1.0	-
3.0	4.0	4.0	4.0
3.0	3.0	3.0	3.0
-	-	-	-
1.0	0.5	0.5	0.25
20.0	21.0	22.0	23.0
6.0	4.45	4.45	4.68
17.0	16.25	19.25	19.25
3.0	2.0	2.25	3.25
2.0	2.0	2.0	2.5
-	-	-	-
15.0	11.15	11.15	11.15
3.0	3.0	3.0	3.0
1.0	1.0	2.0	2.0
14.0	13.0	13.0	13.0
6.0	5.23	6.23	5.23
2.0	2.0	2.0	2.0
1.0	1.0	1.0	1.0
-	-	-	1.0
<u>102.0</u>	<u>94.58</u>	<u>100.83</u>	<u>102.31</u>

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year				
	2013	2014	2015	2016	2017
General government					
Building permits issued	357	266	195	782	965
Building inspections conducted	627	689	411	538	741
Public safety					
Police					
Physical arrests	1,132	961	970	1,064	790
Traffic violations	4,080	2,366	3,353	4,584	2,075
Fire					
Fire calls	685	591	632	664	881
Public works					
Streets (miles)	50	50	50	50	50
Culture and recreation					
Parks and recreation					
Bauer Center rentals	47	212	218	215	190
Lighthouse beach park Pavillion	36	43	41	41	42
Water and wastewater					
Water					
Water customers	4,606	4,416	4,624	4,630	4,590
Water taps	21	10	10	21	28
Average daily consumption	1.07 mgd	1.33 mgd	1.13 mgd	1.24 mgd	1.21 mgd
Peak daily consumption	2.74 mgd	2.44 mgd	2.83 mgd	1.71 mgd	2.36 mgd
Wastewater					
Sewer customers	4,317	4,332	4,337	4,335	4,318
Sewer taps	12	7	7	13	13
Average daily sewage treatment	1.08 mgd	0.98 mgd	1.12 mgd	1.11 mgd	1.08 mgd

NOTES: Bauer Center was closed for most of fiscal year 2018 due to damages from Hurricane Harvey. Police and parks and recreation activity decreased in FY19 and FY20 due to the effects of COVID-19.

SOURCE: Various City of Port Lavaca departments

Fiscal Year				
2018	2019	2020	2021	2022
890	879	1028	1,014	910
512	597	591	893	1,584
927	901	436	357	469
5,480	4,046	4,182	4,046	962
862	802	898	589	747
50	50	50	60	86
11	139	119	157	126
11	31	1	1	-
4,773	4,582	4,688	4,736	4,642
7	10	28	30	22
1.121 mgd	1.19 mgd	1.07 mgd	1.1 mgd	.757 mgd
1.833 mgd	1.967 mgd	2.238 mgd	2.715 mgd	2.284 mgd
4,450	4,319	4,338	4,397	4,323
7	11	7	8	13
0.933 mgd	1.041 mgd	0.835 mgd	0.77 mgd	0.638 mgd

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	Fiscal Year					
	2013	2014	2015	2016	2017	2018
Public safety						
Police						
Stations	1	1	1	1	1	1
Patrol units	7	7	7	7	7	7
Fire stations	2	2	2	2	2	2
Highways and streets						
Streets (miles)	50.1	50.1	50	50	50.2	50.2
Streetlights	678	678	685	685	685	685
Parks and recreation						
Acreage	150	150	150	153	152.5	152.5
Parks	7	7	7	7	7	7
Baseball/softball diamonds	2	2	4	4	4	4
Community centers	1	1	1	1	1	1
Swimming pools	1	1	1	1	1	1
Water and wastewater						
Water						
Water mains (miles)	70	70.2	70	71	70.9	70.9
Fire hydrants	262	268	273	279	279	279
Storage capacity	1 mg	1 mg	1 mg	1 mg	1 mg	1 mg
Wastewater						
Sanitary sewers (miles)	58	58.2	58	59	58.9	58.9
Treatment capacity	2 mgd	2 mgd	2 mgd	2 mgd	2 mgd	2 mgd

SOURCE: Various City of Port Lavaca departments

Fiscal Year			
2019	2020	2021	2022
1	1	1	1
7	7	7	7
2	2	2	2
50.2	60.09	85.5	86
685	685	685	696
152.5	152.5	152.5	154
7	7	7	8
4	4	4	4
1	1	1	1
1	1	1	1
70.9	87	88	90
279	279	289	469
1 mg	1 mg	1 mg	1 mg
58.9	61	65	65
2 mgd	2 mgd	2 mgd	2 mgd

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SINGLE AUDIT SECTION



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

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

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of Port Lavaca, Texas (the “City”), as of and for the year ended September 30, 2022, 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 8, 2023.

Report on 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) as a basis for designing procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City’s internal control. Accordingly, we do not express an opinion on the effectiveness of the City’s internal control.

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

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

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

Purpose of this Report

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

Waco, Texas
May 8, 2023



**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR
EACH MAJOR FEDERAL PROGRAM AND REPORT ON INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH THE *UNIFORM GUIDANCE***

Honorable Mayor
And Members of City Council
City of Port Lavaca, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of Port Lavaca, Texas' (the "City") compliance with the types of compliance requirements identified as subject to audit in the OMB *Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the year ended September 30, 2022. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City complied, in all material respects, with the 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, 2022.

Basis for Opinion on Each Major Federal Program

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

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

Responsibilities of Management for Compliance

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

OFFICE LOCATIONS

TEXAS | Waco | Temple | Hillsboro | Houston
NEW MEXICO | Albuquerque

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City's compliance with the requirements of each major federal program as a whole.

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

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

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

Report on Internal Control over Compliance

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

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

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

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

Waco, Texas
May 8, 2023

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CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Federal Grantor/Pass-through Grantor/ Program Title	Federal Assistance Listing	Pass-through Entity Identifying Number	Federal Expenditures	Pass-through Expenditures
<u>U. S. Department of Housing and Urban Development:</u>				
Passed through the Texas General Land Office:				
Community Development Block Grant	14.228	20-065-071-C198	1,824,340	-
Community Development Block Grant	14.228	MIT 22-087-001-D226	<u>765,452</u>	-
Total CDBG Entitlement Grants Cluster			<u>2,589,792</u>	-
Total Texas General Land Office			<u>2,589,792</u>	-
Total U. S. Department of Housing and Urban Development			<u>2,589,792</u>	-
<u>U. S. Department of Justice</u>				
Direct Programs:				
Bulletproof Vest Partnership	16.607	N/A	<u>3,167</u>	-
Total Direct Programs			<u>3,167</u>	-
Total U. S. Department of Justice			<u>3,167</u>	-
<u>U. S. Department of Treasury</u>				
Passed through the Texas Division of Emergency Management:				
COVID-19 - State and Local Fiscal Recovery Funds (ARP Act)	21.027	COVID-19	<u>22,005</u>	-
Total Texas Division of Emergency Management			<u>22,005</u>	-
Total U. S. Department of Treasury			<u>22,005</u>	-
<u>U. S. Department of Homeland Security</u>				
Passed through the Texas Division of Emergency Management:				
Hazard Mitigation Grant Program	97.039	4332-341-TX	<u>548,842</u>	-
Total Texas Division of Emergency Management			<u>548,842</u>	-
Total U. S. Department of Homeland Security			<u>548,842</u>	-
Total Expenditures of Federal Awards			\$ <u>3,163,806</u>	\$ -

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2022

Basis of Accounting

The Schedule of Expenditures of Federal Awards is presented using the modified accrual basis of accounting. The modified accrual basis of accounting is described in Note I of the basic financial statements. The information in this schedule is presented in accordance with the requirements of Title 2 U.S. Code of Federal Regulations (CFR) Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Therefore, some of the amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the financial statements.

Basis of Presentation

The Schedule of Expenditures of Federal Awards presents the activity of all applicable federal awards programs of the City. The City's reporting entity is defined in Note I of the basic financial statements. Federal awards received directly from federal agencies, as well as awards passed through other government agencies, are included on the Schedule of Expenditures of Federal Awards.

Indirect Costs

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

CITY OF PORT LAVACA, TEXAS

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

Summary of Auditor's Results

Financial Statements:

Type of auditor's report issued	Unmodified
Internal control over financial reporting: Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	None reported
Noncompliance material to financial statements noted?	None

Federal Awards:

Internal control over major programs: Material weakness(es) identified?	No
Significant deficiency(ies) identified that are not considered a material weakness?	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 100.516(a)	None
--	------

Identification of major programs:

Assistance Listing Number(s): 14.228	Name of Program or Cluster: CDBG Entitlement Grants Cluster
---	--

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

Auditee qualified as low-risk auditee for federal single audit?	Yes
--	-----

**Findings Relating to the Financial Statements Which are
Required to be Reported in Accordance With Generally
Accepted Government Auditing Standards**

None

Findings and Questioned Costs for Federal Awards

None

CITY OF PORT LAVACA, TEXAS

Section VIII. Item #1.

**SCHEDULE OF PRIOR YEAR FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2022**

None

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CITY OF PORT LAVACA
202 N. VIRGINIA ST
PORT LAVACA, TX 77979
www.portlavaca.org



COMMUNICATION

SUBJECT: Consider ratification of Amended Bank Depository Agreement, Depository Pledge Agreement, and Securities Account Control Agreement between the City of Port Lavaca, First National Bank in Port Lavaca and Pershing, a BNY Mellon Company for a five (5) year period affective February 01, 2023. Presenter is Jody Weaver

INFORMATION:

CITY OF PORT LAVACA

COUNCIL MEETING: MAY 8, 2023

DATE: April 27, 2023

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: SUSAN LANG, FINANCE DIRECTOR 

SUBJECT: CONSIDER RATIFICATION OF AMENDED BANK DEPOSITORY AGREEMENT, DEPOSITORY PLEDGE AGREEMENT, AND SECURITIES ACCOUNT CONTROL AGREEMENT FOR CITY FUNDS

Background:

The City approved and executed a depository agreement and depository pledge agreement with First National Bank (FNB) on January 9, 2023 to be effective February 1, 2023 for a term of five (5) years. The agreement were rewarded to the bank for execution by the remaining parties, which included First National Bank in Port Lavaca, and Pershing, a BNY Mellon Company (Pershing).

On March 14, 2023, we were informed by First National Bank that the Pledged Collateral agreement we had previously provided to the bank for review in December, 2022 would not be acceptable to Pershing. Instead, Pershing offered a Securities Account Control Agreement for consideration.

The City was provided an alternative agreement furnished by Pershing, and as a result, there was a need to amend the Depository Agreement and Depository Pledge Agreement in order to insert language which referred to the Securities Account Control Agreement.

Members of the Finance Committee were involved in the review of the documents as well as the City's Attorney. These documents were ultimately approved and executed by all parties.

Financial Implications:

Proper agreements are not only required by Federal and State law, they also provide the mechanism to ensure the City's funds are fully collateralized in the event of a bank failure. Without the proper agreements in place, the City would only receive the \$250,000 FDIC insurance as a recovery of all funds deposited in the bank.

Additionally, the implications on our annual audit would include a finding in the government auditing standards report due to the City not being in compliance with a state law to have all deposits properly collateralized, with not disclosures mentioning that all cash deposits were not properly collateralized.

Comprehensive Master Plan:

Promoting Quality of Life and Protecting Investments.

Recommendation:

Staff recommends a motion to: Ratify the amended bank depository agreement, depository pledge agreement, and securities account control agreement between the City, First National Bank in Port Lavaca and Pershing, a BNY Mellon Company for a five (5) year period affective February 1, 2023.

Attachments:

Executed - Amended Depository Agreement

Executed - Depository Pledge Agreement

Executed - Securities Account Control Agreement

AMENDED BANK DEPOSITORY AGREEMENT

Section VIII. Item #2.

This Bank Depository Agreement (Agreement) is made and entered into this 20th day of April 2023, but effective as of February 1, 2023 by and between the City of Port Lavaca, Texas (City) and First National Bank in Port Lavaca, Texas (Bank) a bank chartered by the State of Texas and having a place of business in the City of Port Lavaca, Calhoun County, Texas.

Section I Designation as Depository

The City, through action of its City Council, hereby designated the Bank on the 9th day of January, 2023 as its depository for banking services for a five (5) year period, commencing on February 1, 2023 and terminating on January 31, 2028.

Section II Designation of Custodian

The City and Bank hereby designate Pershing, a BNY Mellon company (the "Custodian") to hold in trust, according to the terms and conditions of the City Request for Proposal dated June 15, 2022, (the "RFP") and pursuant to the Securities Account Control Agreement, attached as Exhibit D, and pursuant to a separate Municipal Depository Pledge Agreement, attached as **Exhibit A**, all securities pledged as depository collateral in accordance with the City's Investment Policy.

Section III Collateral

City time and demand deposits, inclusive of interest, in excess of the Federal Deposit Insurance Corporation insurance shall be secured at all times by collateral, acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257), pledged by the Bank and held in trust by the Custodian in an amount equal to at least 105% of the total of those funds. Custodian will provide a monthly report of the collateral directly to the City.

Such pledged securities shall be subject only to the joint written instructions of both (a) authorized representatives of the City and (b) specifically authorized representatives of the Bank. The Bank shall have the right to substitute or replace, any or all of the pledged securities with collateral of like securities of equal or greater value as acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257). The release of Pledged Securities, without substitution or replacement, must have prior written consent by the City.

Section IV Financial Position

The Bank shall provide the City a statement of its financial position on at least a quarterly basis.

Section V Authorized City Representative

For the term of this Agreement, the City and Bank designate the individuals as listed in **Exhibit B** as authorized to represent and act for the City in any and all matters including collateral assignment and substitution, execution of agreements and transfer of funds. Any change in these representatives must be made in writing.

Section VI Scope of Services

The Bank's response to the City's RFP, dated June 15, 2022 (the "Response") is incorporated into this Agreement for all purposes, including service charges, time deposit, demand deposit and loan rates, and attached as **Exhibit C**. If any provisions of

the Response and this Agreement are in conflict, this Agreement shall control.

The Bank shall faithfully perform all of its duties and obligations required by the laws of the State of Texas for public funds depositories and shall upon presentation pay all checks drawn on it against collected funds on demand deposits, and shall, at the expiration of the Agreement, turn over to its successor all funds, City-owned securities, property, and things of value held as depository.

The City shall have the power to determine and designate the character and amount of the funds to be deposited in the Bank. The City may arrange for time deposits and Bank may accept such deposits subject to the terms of the Bank's Response.

This Agreement, along with all Exhibits and other incorporated documents shall constitute the entire Agreement between the parties.

Section VII Bank Compensation

Bank will be compensated for any and all services rendered to City under this Agreement. Bank agrees to offset monthly service fees against its customary earnings credit for balances in City's on-interest bearing accounts.

FEE BASIS LANGUAGE

Bank will be compensated for any and all services rendered to City under this Agreement on a cost per item or monthly charge basis as set forth in the service charges of the Bank's Response.

For new services not defined in this Agreement shall be negotiated by the City and Bank and mutually agreed upon in writing, but in no case shall the charge be in excess of the then current published price by the Bank.

Section VIII Default

Bank shall be in default if it fails to pay all or part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including accrued but unpaid interest, at a specified maturity date. The Bank shall also be in default if ruled "bankrupt", "insolvent" or "failed" by a federal or state banking regulator, or if a receiver is appointed for the Bank.

In the event of a default, failure or insolvency of the Bank, the City shall be deemed to have vested full title to all securities pledged under this Agreement. The City is empowered to take possession of and transfer and or sell any and all securities. If the security is liquidated, any proceeds over the defaulted amount, plus expenses related to liquidation, shall be returned to the Bank. This power is in addition to other remedies which the City may have under this Agreement and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the City under this Agreement.

Section IX INTENTIONALLY OMITTED

Section X Notice

Any notice required to be given to Bank in writing shall be sufficient when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the Bank at the address shown below. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other

commercially reasonable means and will be effective when actually received.

First National Bank in Port Lavaca
Attn: Richard T. Cullen
or the then President of
the Bank
1101 So. Hwy 35 Bypass
Port Lavaca, Texas 77979

Any notice required to be given to City in writing shall be sufficient when deposited with the United States Postal Service, postage prepaid, certified mail, return receipt requested, and addressed to the City at the address shown below. Notice may also be given by regular mail, personal delivery, courier delivery, facsimile transmission, or other commercially reasonable means and will be effective when actually received.

City of Port Lavaca
Attn.: Finance Director
202 North Virginia
Port Lavaca, Texas 77979

Section XI Non-Assignability

This Agreement is not assignable in whole or in part but is binding on the parties, their successors and assigns.

Section XII Termination

This Agreement may be terminated by either the City or the Bank by giving ninety (90) day's prior written notice to the other Party.

Section XIII Law Governing

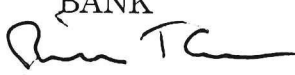
All applicable provisions and requirements of the laws of the State of Texas governing depositories for the City shall be a part of this Agreement. Venue for any dispute under this Agreement shall be brought in a state district court in Calhoun County, Texas.

Section XIV Bank Authorization


The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors of the Bank and recorded in the official records of the Bank.

CITY

Jack Whitlow, Mayor

BANK

Richard T. Cullen, President

Name and Title

ATTEST:

Mandy Grant, City Secretary

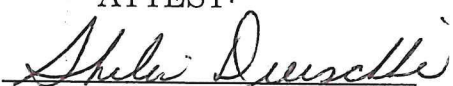
ATTEST:

Shelia Dierschke, Controller

Exhibit A

Municipal Depository Pledge Agreement

DEPOSITORY PLEDGE AGREEMENT

WHEREAS, this Depository Pledge Agreement (“Agreement”) is entered into on the 20th day of April 2023, but effective as of February 1, 2023 by and among City of Port Lavaca (“City”), a Texas Municipal Government and First National Bank in Port Lavaca (“Bank”),.

WHEREAS, the City has selected the Bank, a national banking association or state chartered bank, as a depository for certain of its funds to be held in demand deposits or interest-bearing time deposits as follows:

Account Name(s)	Type of Account	Account Number
Consolidated Cash	Public Funds	001-3129
Payroll Account	Public Funds	001-3110
Firemans Relief and Retirement Fund	Public Funds	001-3137
Flip Flop Festival	Public Funds	001-4125
Health Insurance	Public Funds	001-3145

and such additional accounts as the City may from time to time designate, and the Bank desires to be the depository of such funds;

WHEREAS, the City has deposited and might in the future deposit public funds in the Bank in amounts exceeding the applicable insurance provided by the Federal Deposit Insurance Corp. (FDIC) as may be applicable from time to time;

WHEREAS, the City has requested that its deposits in excess of the FDIC insurance be

otherwise secured;

WHEREAS, the excess funds deposited with the Bank must be continuously secured by a valid pledge to the City of collateral which, under the laws of the State of Texas, can be used to secure the excess deposits of the City, and the aggregate market value, exclusive of accrued interest, of the collateral shall at all times be equal to or in excess of such total excess funds of the City on deposit with the Bank; and

WHEREAS, to the extent the Bank uses eligible securities to secure the City's deposit of excess funds, the Bank will place the above securities for safekeeping in a custodial account at the Safekeeping Institution, which is another financial institution not owned or controlled by the Bank or its holding company; and

WHEREAS, to the extent the Bank uses a letter of credit issued by an agency or instrumentality of the United States of America to secure the City's deposit of excess funds, such letter of credit shall meet the requirements set forth in this Agreement and shall be held by the City;

NOW, THEREFORE, for value received and in consideration of the mutual promises and covenants herein contained, the City and the Bank agree as follows:

1. **SECURITY.** The Bank hereby pledges to the City securities (the "Pledged Securities") with a market value, exclusive of any accrued interest, equal to at least 105 percent of City deposits in excess of FDIC insurance less the face value of any letter of credit issued on behalf of the City for the account of the Bank by an agency or instrumentality of the United States, including Pershing LLC, a BNY Mellon company.

2. **SAFEKEEPING PROVISION.** The Bank will place the Pledged Securities with Pershing LLC, a BNY Mellon company (the “Safekeeping Institution”) for safekeeping. Except as provided in paragraph 9 disposition of the Pledged Securities shall be subject only to the joint written instructions of both (a) an authorized individual appointed by the City, and (b) a specifically authorized officer of the Bank. The Safekeeping Institution named herein hereby agrees to hold all securities deposited with it pursuant to the terms of the Securities Account Control Agreement, to identify the pledge of the securities on the books of the Safekeeping Institution, to issue a trust receipt for such Pledged Securities and to deliver the Pledged Securities in accordance with the terms hereof. The Safekeeping Institution agrees to serve as collateral agent for the City and to take any additional measures necessary to allow the City to perfect its security interest in the securities.

3. **STATEMENTS.** Contemporaneously with the execution of this Agreement and at the time of the substitution or release of any of the Pledged Securities, the Bank shall execute and deliver to the City a memorandum describing the securities deposited to the Safekeeping Institution as Pledged Securities or withdrawn as Pledged Securities from the Safekeeping Institution. The Bank agrees to furnish to the City a statement describing the Pledged Securities held in safekeeping in the Safekeeping Institution on at least a monthly basis. The statement will include par value, market value, and maturity date. The same statement will also be available upon demand of the City.

4. **FINANCIAL POSITION.** The Bank will provide a statement of its financial position on at least a quarterly basis.

5. **SUBSTITUTION.** The Bank shall have the right to purchase and sell, and substitute or replace, any and all of the Pledged Securities with like securities of equal or greater value as acceptable to the City and in accordance with the Public Funds Collateral Act (Texas Government Code 2257). A written notice stating the par value, maturity date and market value on the date of substitution must be sent to the City by the Bank evidencing any substitution or exchange. The substituted securities shall become Pledged Securities and thereafter shall be subject to all the terms and conditions of this Agreement. The release of Pledged Securities, without substitution or replacement, must have prior written consent by the City.

6. **LETTER OF CREDIT.** The Bank may provide to the City as eligible security for City deposits in excess of the FDIC coverage one or more letters of credit for the benefit of the City and for the account of the Bank issued by the Federal Home Loan Bank (each a "Letter of Credit"). The face amount of the Letters of Credit outstanding at any time shall be equal to no less than the amount of the City's deposits in excess of FDIC coverage, including accrued interest, less the market value, exclusive of accrued interest, of any Pledged Securities. Each Letter of Credit shall be irrevocable and shall provide that the City may draw an amount up to the face amount of the Letter of Credit after an event of default specified in paragraph 8 upon presentation of a draw request and the original Letter of Credit. The Bank agrees that the City shall have the right to direct that the proceeds of a draw request be deposited in an account designated by the City in its sole discretion. Each Letter of Credit shall be held by the City and shall be valued at its face value.

7. **REPRESENTATIONS.** The Bank represents to the City:

- (a) That the Bank is the sole legal and actual owner of all securities pledged to the City;

- (b) That no other security interest has been, nor will be, granted in that portion of the Pledged Securities utilized to collateralize City deposits;
- (c) That City deposits at the Bank not in excess of \$250,000, or such other amount as may be applicable from time to time, are insured by the FDIC.

DEFAULT. The Bank shall be in default if it fails to pay all or any part of a demand deposit, a matured time deposit, or a matured certificate of deposit, including earned interest, at the specified maturity date. The Bank shall also be in default if ruled “bankrupt,” “insolvent” or “failed” by Federal Banking Regulators.

8. **PROCEEDS.** In the event of a default, failure or insolvency of the Bank, the City shall be deemed to have vested full title to all Pledged Securities. The City is hereby empowered to take possession of and transfer or sell any and all Pledged Securities. If the security is transferred, ownership of the security will transfer entirely to the City. If the security is liquidated, any proceeds over the value of the defaulted amount of the matured investment, including accrued interest, plus expenses related to the liquidation transaction, shall be returned to the Bank. This power is in addition to other remedies which the City may have under this Agreement and without prejudice to its rights to maintain any suit in any court for redress of injuries sustained by the City under this Agreement.

9. **DUTIES.** The Bank shall faithfully do and perform all of the duties and obligations required by the laws of the State of Texas for depositories of the City, and shall upon presentation pay all checks drawn on it by the duly authorized representatives of the City against collected funds of the City on demand deposit, and shall at the expiration of the term for which it has been chosen as depository of the City turn over to its successor all

funds, property and things of value coming into its hands as depository; however, the Letter of Credit shall be non-cancellable during its term.

10. **NON-ASSIGNABILITY.** The collateral agreement is not assignable in whole or in part but is binding on the parties hereto, their successors and assigns.

11. **TERMINATION.** This agreement may be terminated by either the Bank, or the City by giving ninety (90) days prior written notice to the other party. The Bank shall be responsible for all costs necessary in the use or confirmation of the Letters of Credit and agrees that these costs shall not be a charge against the City.

12. **LAW GOVERNING.** All applicable provisions and requirements of the laws of the State of Texas governing depositories for the City shall be a part of this Agreement.

13. **AUTHORIZATION.** The Bank represents and warrants that this Agreement is made pursuant to and is duly authorized by the Board of Directors or the Loan Committee, which approval is reflected in the minutes of said Board or committee of the Bank. The Bank further warrants and represents that this Agreement has been continuously, from the time of its execution, an official record of the Bank.

14. **SAFEKEEPING FEES.** Any and all fees of the Safekeeping Institution in connection with the safekeeping of Pledged Securities for the benefit of the City shall be borne by the Bank.

15. **SOLE AGREEMENT.** This is the sole Depository Pledge Agreement among the parties and supersedes any and all prior agreements.

WITNESS the execution hereof this 20th day of April, 2023.

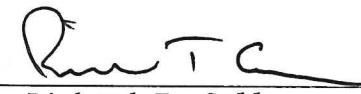
CITY OF PORT LAVACA


By: 
Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary




First National Bank in Port Lavaca

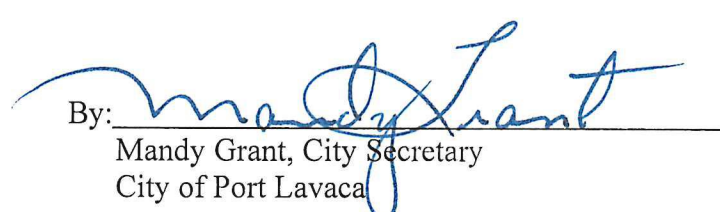
By: 
Name: Richard T. Cullen
Title: President

ATTEST:

Shelia Dierschke, Controller

ADDENDUM A-1

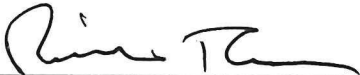

At its City Council meeting on January 9, 2023, the City Council of Port Lavaca (“City”) designated the following individuals as authorized representatives pursuant to Section 2 of that certain Depository Pledge Agreement dated as of February 1, 2023, to direct Pershing LLC, a BNY Mellon company (“Safekeeping Institution”) in regard to collateral pledges, releases and substitutions in the joint safekeeping account and to accept letters of credit provided as collateral on behalf of the City. Such pledges, releases and substitutions shall follow procedures set forth in the Depository Pledge Agreement.

Authorized Representative’s Signature	Name and Title
	Susan Lang, Finance Director
	Jack Whitlow, Mayor
	Joanna P. “Jody” Weaver, P.E. Interim City Manager

By: 
Mandy Grant, City Secretary
City of Port Lavaca

ADDENDUM A-2

The following individuals are authorized representatives of First National Bank in Port Lavaca pursuant to Section 2 of that certain Depository Pledge Agreement dated as of February 1, 2023, to direct Pershing LLC, a BNY Mellon company (“Safekeeping Institution”) in regard to collateral pledges, releases and substitutions in the joint safekeeping account and to accept letters of credit provided as collateral on behalf of the Bank. Such pledges, releases and substitutions shall follow procedures set forth in the Depository Pledge Agreement.

Authorized Representative’s Signature	Name and Title
	Richard T. Cullen , President
	Shelia Dierschke , Controller


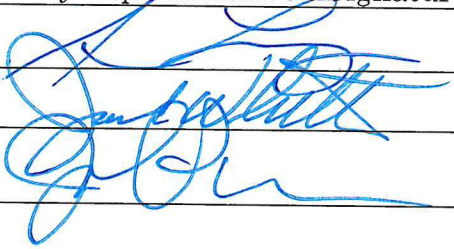
By: 
Authorized Officer
First National
Bank Port Lavaca

EXHIBIT B

AUTHORIZED REPRESENTATIVES

The following individuals are authorized representatives of the City empowered to direct the Bank and the Custodian for the Bank, in regard to collateral pledges, releases and substitutions in the joint safekeeping account as well as authorized to represent and act for the City in any and all matters including execution of agreements and transfer of funds.

City Representative's Signature



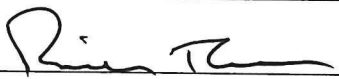
Name and Title

Susan Lang, Finance Director

Jack Whitlow, Mayor

Joanna P. "Jody" Weaver, P.E. Interim City Manager

Bank Representative's Signature



Name and Title

Richard T. Cullen, President

Exhibit C

Section VIII. Item #2.

Bank's Response to City's RFP



CITY OF PORT LAVACA
202 N VIRGINIA ST
PORT LAVACA, TEXAS 77979

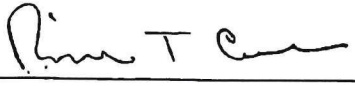
ATTACHMENT A

SUBMITTAL COVER / SIGNATURE SHEET

ISSUE DATE:	JUNE 15, 2022	Request For Proposal Title DEPOSITORY PROPOSAL
DATE OF CLOSING: TIME OF CLOSING:	JULY 28, 2022 (No later than) 2:00 p.m. CDT	DEPARTMENT: FINANCE
SUBMIT TO:	City of Port Lavaca 202 Virginia St Port Lavaca, TX 77979	

READ AND SIGN BELOW. UNSIGNED COVER SHEETS WILL NOT BE ACCEPTED.

Legal Name of Firm:	First National Bank in Port Lavaca		
Address:	1101 South HWY 35 Bypass		
City:	Port Lavaca		
State:	TX	Zip Code:	77979
Contact Person:	Richard T Cullen		
Office Phone Number:	361-552-8533	Alternate Phone Number:	
E-Mail Address:	tcullen@fnbportlavaca.com Fax Number: 361-552-8507		



Signature of Authorized Individual

7/26/22

Date

Richard T. Cullen

Typed Name of Authorized Individual

President

Typed Title of Authorized Individual

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Regulatory Compliance and Criminal History Warranty	Attachment B
Respondent Questionnaire	Attachment C
Litigation Disclosure	Attachment D
Insurance Requirements	Attachment E
Indemnification Requirements	Attachment F
Conflict of Interest Questionnaire	Attachment G
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I. Introduction

A. Proposal Request

The City of Port Lavaca, Texas (the "City") is seeking proposals from eligible and qualified financial institutions to serve as the Banking Services Depository (the "Depository") for the public funds of the City. This includes the basic services of receiving deposits, paying items, wiring out funds, receiving wired funds, stop payments, time deposits, and other normal business banking activities. The agreement will not cover any investment transaction activities other than safe keeping services and possible other items listed in Section VI Investment Activities. The City plans to manage its own investment portfolio per its investment policy.

The philosophy incorporated into this Request for Proposal (RFP) is to solicit competitive proposals for providing excellent customer service and banking services to the City. The City also places importance on the interest paid on daily deposits above any minimum requirements. The RFP specifications and evaluation criteria have been developed and are described herein.

This RFP is intended to serve as the Proposal Form (see Attachment A) and subsequently, the Depository Agreement. There are several blanks to fill in and questions to be answered. Any alterations, changes, or deletions to the RFP may be reason for the City to disregard and reject the proposal. Any such alterations, changes, or deletions must be clearly identified as such, with reason therefore, and alternate language proposed by bidder, if any, clearly stated and inserted in the appropriate place in the bid submission. Exceptions to the specifications will be considered only if listed in the proposal. Any terms in this RFP which are in conflict with Chapter 105, as amended, of the Texas Local Government Code shall be deemed superseded by such chapter. Conflicts discovered between this RFP and state law should be noted in the proposal form. The City will disregard any exceptions that may conflict with Chapter 105 of the Local Government Code.

Proposals must be complete, specifically address the requirements described in this document, and include all requested information as detailed in Section X Submission Checklist to receive full consideration by the City in the evaluation/selection process. During the evaluation/selection process, the City reserves the right to request additional information or clarification from bidders, or to allow corrections of errors or omissions.

Questions regarding this RFP should be directed to Susan Lang, Finance Director, City of Port Lavaca, 202 N. Virginia St., Port Lavaca, Texas 77979, telephone (361) 552-9793, or by e-mail slang@portlavaca.org. Contact with any personnel, officers, or officials of the City of Port Lavaca, other than the designated official regarding this RFP may be grounds for elimination from the selection process. No officer or employee of the City of Port Lavaca shall have a financial interest, direct or indirect, in any contract with the City of Lavaca.

B. Term of Contract

The contract period shall be for a five-year term once the contract has been executed

7/1/22

according to state laws. The Depository contract shall provide that the City reserves the right to cancel any agreement, at any time, upon ninety (90) days prior written notice of its intent to terminate any agreement. Further, the agreement will have a six-month extension period for transition to the new depository bank at the end of the term if needed.

C. Proposal Objectives

The City wishes to communicate the primary objective of the Depository RFP, an important component of the overall treasury program of the City is:

1. To seek a bank that is capable of providing excellent banking services and willing to be attentive to the City's financial matters;
2. To maximize the total dollars earned by the City on account balances in order to be prudent and effective custodians of the financial resources;
3. To maintain an excellent working relationship with the Depository;
4. To adequately compensate the Depository for services provided, subject to competitive forces in the market place; and
5. To fully comply with the requirements of the Texas Local Government Code Chapter 105, as amended.

II. Schedule

Estimated timeline of important dates for this proposal.

<u>Date</u>	<u>Description of Events</u>
June 15, 2022	Advertise Bank Depository notice in a newspaper of general circulation in the City limits and on city website.
July 28, 2022	Receive proposals from interested Depositories no later than 2:00 p.m. at City Hall Administrative Offices.
September 26, 2022	City Staff presentation to City Council

III. Criteria for Evaluation

A. Required Criteria include: 30 Points

1. Branch within City limits,
2. Ability to provide sufficient collateral for deposits, and
3. Financial strength and stability of proposing Depository.

B. Critical Criteria include: 40 Points

1. Ability to perform and provide the requested services in the RFP,
2. Cost of the proposed Depository services and the cost of conversion and implementation of services,
3. Providing Excellent Customer Service,
4. Online banking services,
5. Fraud Prevention Service,
6. The implementation plan/process if your Depository is chosen,
7. Depository does not have any significant problems noted by regulatory agencies in the past 24 months,

8. Offer any type of sweep account where excess City funds could be invested at a higher rate than in the checking account.

C. Important Criteria include: 30 Points

1. Effective rates paid on City accounts,
2. City funds availability,
3. Quality of reports requested,
4. Securities clearance and safekeeping procedures,
5. Experience and success in providing banking services to municipal governments in Texas,
6. Ability to provide the City with effective and innovative banking services, and
7. Completeness of the bid form and submission of required information.

IV. City Account Information

A. Operating Account

The City intends to have one operating account and one zero-balance payroll account to handle City banking business. All services requested in the RFP may be used in all of the accounts. The City reserves the right to open or close any number or types of accounts as it deems necessary through the term of the agreement. No changes or additions are anticipated at this time.

V. Banking Service Requirements

Banking services to be provided are listed on the Proposal Form, along with estimated monthly volumes. The following identify the various services to be provided. Please attach copies of reports and separate agreements that apply to each service, if applicable.

A. On-line Banking

The institution shall offer Internet access for the inquiry of account balances and activity for all bank accounts. This access should be available by using a password set by the City. In addition, the institution shall offer on-line transfer of City monies between accounts held within the institution. The transfers should be credited and debited to the related accounts on the same business day of the transfer, if the request is received by 5:00 pm.

B. On-Line balance reporting system which will provide information reporting services including but not limited to:

1. Previous Day Balance Report,
2. Current Day Balance Report,
3. Debit and Credit Detail,
4. Stop Payment Status Report,
5. ACH Activity Report, and
6. Positive Pay Activity Report (WILL NOT BE AVAILABLE IF DONE ON CORE)
7. Monthly Statement

Include a sample account balance screen, sample account activity screen, sample

transfer screen and on-line transfer agreement.

- C. Processing of all deposited items on checks and cash to include encoding services and return of stamped duplicate deposit slip to the City deposit.
- D. General Automatic Clearing House (ACH) services which may include:
 - 1. Payroll direct deposit file (ACH Credit) transmitted to the bank every other Wednesday for Friday payment,
 - 2. Utility billing automatic drafts (ACH Debit) transmitted to the bank on various days with withdrawal from accounts, and
 - 3. Various ACH credits and debits from various approved agencies, and companies such as State and Federal agencies, investment pools, and credit card processing centers.
- E. General Wire Transfer services which may include:
 - 1. Repetitive and non-repetitive outgoing wire transfers via Internet or facsimile to allow initiation of wire transfers, or
 - 2. Repetitive and non-repetitive incoming wire transfers, with
 - 3. Notification to the City of wiring problems within one (1) hour of the transaction.
- F. Insufficient Funds (NSF)/ Returned Items should be submitted at least twice before being returned to the City. Returned items that do not clear on the second attempt shall be returned to the City within three (3) business days with a complete description of non-payment. The City shall receive same day telephone notification of all return items in excess of \$2,000.
- G. Account Reconciliation services
 - 1. Bank Statement on the account shall be addressed as follows: City of Port Lavaca, Texas, Attn: Finance Department, 202 N. Virginia St., Port Lavaca, Texas 77979 and shall be rendered within seven (7) working days after the close of the calendar month. Statement shall include all debits and credits made thru the last day of the calendar month.
 - 2. Checks shall be arranged in ascending numerical order upon their return to the City. If actual checks are returned they shall accompany the statement. ~~If images of checks are returned to the City the image must show front and back, the Depository shall safe keep the actual checks for a period of time and the depository shall provide to the City the proprietary software for retrieval and viewing of the check image if the City does not currently have the capability.~~
- H. Positive Pay shall provide positive pay reconciliation services, where the bank electronically compares each check presented for payment against the database provided by the City. Each responding Depository must state their policies for notification of exceptions.
- I. Resource Personnel shall be identified and updated by the Depository of who is available to the City to answer questions and assist with correcting problems or concerns with the account. Please provide biographies of such personnel, contact information, and their back-ups. The Depository shall be responsible for communicating the terms of this contract to their employees.

- J. Account Analysis Statements shall be prepared each month by the Depository and shall clearly show volume counts, fees charged (as set forth on the Bid Form), and total prices for services on the account. The account analysis shall also show average ledger balances, interest rates, and earning credit rate and amounts. Fees charged to the City are not subject to change for the length of this contract. Account analysis statements should include any safekeeping fees charged to the City and should not be deducted from each security settlement.

VI. Investment Activities

- A. Portfolio Management activities shall be handled by the City. The Depository shall be included in the bidding process as deemed appropriate in accordance with the City's Investment Policy.
- B. Investment Safekeeping shall employ the Depository as a transfer agent for some or all security transactions undertaken by the City. All such transfers shall be executed delivery versus payment, that is the Depository or the Federal Reserve Bank shall not make payment until the security is received.
- C. Reports of safekeeping confirmations for all City security transactions will be issued and mailed to the City within two (2) business days after settlement. A monthly report listing all City securities held in safekeeping will be mailed to the City at the end of each month.
- D. Certificates of Deposits (CD) may be an investment option for the City. The Depository shall agree to accept deposits from the City for investment purposes in the form of certificates of deposits in varying amounts and maturities at rates determined by the depository's competitive bid. CD must be fully insured by the FDIC or collateralized by fully guaranteed Federal Obligations that are pledged to the City and that have a market value equal to or greater than that of the CD for the life of the CD.

VII. Collateral Requirements

- A. Security shall be pledged by the Depository as security for the deposits of the City in an amount equal to the largest total balance of the City's account, less the amount coverage provided by the FDIC. If securities comprise the pledge of security, they shall be valued at par or market, whichever is lower.
- B. Eligible Collateral shall be at least 105% of combined City balances.
1. Those securities identified in the Public Funds Investment Act as eligible investments for both CD's and City deposits. The City must approve all securities pledged and reserves the right to accept or not accept the securities to be pledged as collateral. Repurchase agreements are not acceptable as collateral to the City. The City shall accept the following securities as collateral:
 - a. United States Treasury notes, bills, bonds, or obligations fully and unconditionally guaranteed as to principal and interest by

the full faith and credit of the United States;

- b. Obligations of the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation or Federal National Mortgage Association;
- c. FDIC coverage; and
- d. Bonds of the State of Texas or of a county, city, and other political subdivision of the State of Texas having been rated as investment grade (investment rating no less than "A" or its equivalent) by a nationally recognized rating agency with a remaining maturity of 10 years or less.

e. If securities are pledged for collateral:

1) Collateral Security Safekeeping must be held by a third party financial institution pursuant to a safekeeping agreement signed by the Depository and the City.

Delete

2) ~~Original Copy of Security Receipt must be filed with the City's Finance Office.~~

3) Reporting Requirement shall be that the Depository provides to the City a report of securities pledged at the end of each month or at any time requested by the City's Finance Director or a designated representative. This report should reflect the following information at the end of each month:

- i. Total pledged securities itemized by:
- ii. Name,
- iii. Type/ Description/ CUSIP Number,
- iv. Par Value,
- v. Market Value,
- vi. Maturity Date, and
- vii. Rating from nationally recognized rating agency (if applicable).

2. A letter of credit from the Federal Home Loan Bank) or comparable entity, or

C. Charges for Pledge Security shall be paid by the depository.

Delete

D. ~~Collateral Substitutions of the securities or reductions in the total amount pledged may be made only with written authorization by the City's Finance Director or authorized representative.~~

E. Audit of collateral may be performed at least annually by the City's independent auditors and may be audited by the City at any time during normal business hours.

VIII. Other Services

- A. Supplies needed by the City include but are not limited to:
 - 1. 3 Locking Bank Bags and/or Security Sealing Depository Bags, and
 - 2. Deposit Slips.
- B. Sweep Accounts have not been used by the City in the past; however, the City does have an interest in the possibility of using overnight sweep activities within the City's Investment Policy guidelines. Please provide the capability of your Depository to provide this service, the options available, current sweep account interest rates, and the pricing of this service.

IX. Other Stipulations

- A. Regulation Notices of any changes in Federal or State laws that would affect the depository agreement need to be communicated in writing by the Depository to the City within ten (10) days of such change.
- B. Right to Cancel Contract shall be retained by the City in the event it would be ruled illegal under the provision of any Federal Statute or regulation for the Depository to pay interest in the manner outlined in this RFP.
- C. Right to Review shall be retained by the City whereas the City may require a meeting with the Depository and the City to evaluate the working relationship between the two parties.
- D. Right to Audit shall be retained by the City to allow the City Staff or City Independent Auditors to audit or review the City's Account(s) during normal business hours.
- E. Merger of the Depository, notwithstanding any other provision of this agreement, which may be to the contrary, shall not affect this agreement and the respective rights and obligations of the parties here under.
- F. Depository Errors resulting in lost interest to the City will be reimbursed by the Depository to the City at the amount that would have been earned had the error not occurred.
- G. Right to Terminate the terms of this contract shall be retained by the City should the Depository fail, close, or be forced into reorganization during the term of this contract and the Depository has not corrected, to the City's satisfaction within ten (10) business days of written notification by the City, failure to perform services as agreed to in the RFP.
- H. Contract not Exclusive This banking services request is for the primary depository for the public funds of the City, but the City reserves the right to establish banking accounts and other banking relationships from time to time with other banks.

X. Bidding Instructions/ Submission Checklist

Section VIII. Item #2.

- A. Sealed proposals clearly marked "DEPOSITORY PROPOSAL" shall be delivered to the following person:

City Secretary
City of Port Lavaca
202 N Virginia St.
Port Lavaca, Texas 77979

Please place "DEPOSITORY PROPOSAL" in the lower left corner of the envelope.

- B. No proposal will be accepted after 2:00 p.m., July 28, 2022 and shall be returned unopened.
- C. The proposing Depository shall use this RFP as the official Bid Form to submit rates and to answer questions. Any alterations, changes, or deletions to the RFP may be reason for the City to disregard and reject the proposal. Any such alterations, changes, or deletions must be clearly identified as such, with reason therefore, and alternate language proposed by bidder, if any, clearly stated and inserted in the appropriate place in the bid submission. Exceptions to the specifications will be considered only if listed in the proposal.
- D. The City reserves the right to request additional information or clarification from bidders, or to allow corrections of errors or omissions.
- E. The City reserves the right to reject any and all proposals, to waive any non-material irregularities in any RFP, and to accept or reject any item or combination of items.
- F. All costs incurred by the proposer in responding to the RFP shall be the responsibility of the proposer and the City will not reimburse responding firms for their expenses in preparing the Proposal nor will City pay any subsequent costs associated with the provision of any additional information or presentation, or to procure a contract for these services.
- G. If a service requirement cannot be met by a proposer, then the term "No Proposal" should be entered on the Bid Form for that specific requirement.
- H. The Port Lavaca City Council shall make final appointment of a Depository.

EXHIBIT A – Depository Proposal Form

1. Funds Schedule and Deadlines - Please list your Depository's various activity deadlines (Important Criteria #2):

Description of Activity	Deadline
<i>Example: ACH Initiation</i>	<i>2:00 p.m. Business Day Prior to Transaction</i>
Credit Posting	6:00 pm
Debit Posting	6:00 pm
Wire Transfer Acceptance	4:00 pm
Wire Transfer Initiation	2:00 pm
ACH Acceptance	5:30 pm
ACH Initiation	4:00 pm
Direct Deposit Payroll Transfer	4:00 pm Business Day Prior to Transaction
Utility Billing Draft	4:00 pm Business Day Prior to Transaction
Other:	
Positive Pay	3:00 pm

2. What is the earnings rate and please explain your Depository's Policy and Methodology used in setting of the earnings credit rate (Important Criteria #1):
- The depository will offer options for interest to be paid on accounts with a minimum balance of \$1,000.00 of fixed rate or variable rate on for term of contract.
- Option 1: Fixed Rate 1.50%
- Option 2: Variable Rate 13 week U S Treasury Bill minus 1.00%

3. Does your depository offer a fixed or higher rate of interest if the City agrees to maintain a specified balance? (Important Criteria #1) Please explain:

No

4. Provide the name, hours of operation, and location of the depository:

First National Bank in Port Lavaca

1101 South HWY 35 Bypass Port Lavaca

Lobby 9 am to 2:00 pm (M-F)

Mini Bank & Drive In 7:30 am to 6:00 PM (M-F) 9:00 am to 12:00 pm (Sat)

5. Provide the name, hours of operation, and location of the disbursement bank which would be handling the City's checks (Critical Criteria):

First National Bank in Port Lavaca

1101 South HWY 35 Bypass Port Lavaca

(M-F) (Sat)

Lobby 9:00 am to 2:00 pm

Mini Bank & Drive In 7:30 am to 6:00 pm 9:00 am to 12:00 pm

6. Please specify the days during the year on which the depository is closed for receiving deposits and clearing checks (Important Criteria):

All Federal Holidays

7. Does the bank have an established maximum dollar value limit, which may not be exceeded by an individual check? Are there any other restrictions regarding individual check amounts (Critical Criteria)?

No

8. How long are stop payment orders effective? Does the bank offer automatic stop payment with Internet banking (Critical Criteria)?

Checks: 6 months

ACH: no expiration date

Banks does offer stop payment on Internet Banking (Signed Stop Payment form must be received within 14 days)

9. State whether the bank would offer any type of special checking, money market, loan account, or any other incentive for City employees (Important Criteria):

No

10. Does the Depository offer any type of sweep account where excess City funds could be invested at a higher rate than in the checking account (Important Criteria)? Please explain the parameters and interest earnings of such an account:

No

11. What branch is closest to City Hall for daily deposits and business transactions (Required Criteria)?

1101 South HWY 35 Bypass.
Port Lavaca

12. Does the Depository have any significant problems noted by regulatory agencies in the past 24 months (Critical Criteria)? If "yes", please explain:

No

13. Please list the Depository's capital to assets and return on asset ratios for the last two years (Required Criteria #4 along with Required Attachments):

	2020	2021
Capital/Asset Ratio	10.76%	9.36%
Return on Assets Ratio	1.17%	1.04%

14. Please provide a short summary of your financial institution's profile, where it is headquartered, main bank representative(s) who will be the City's point of contact. (Critical Criteria):

First National Bank in Port Lavaca is a locally own community bank.

The banks main office is located in Port Lavaca and has been doing business in Calhoun for over 64 years.

The City's main contact are Edward Gonzales & Lisa Rodgers for Cash Management.

15. Please list any further important information regarding your institutions financial strength which may include debt ratings, loan loss reserves, etc. (Critical Criteria):

See Attached Financial Statement

16. Please list any further important information regarding your institution's strength which may include debt ratings, loan loss reserves, etc... (Critical Criteria)

17. The City does not intend to have a net overdraft position throughout the course of the contract. An overdraft is defined as a negative demand balance in the City account at the end of the day. Should an overdraft occur what are the maximum days the overdraft will be allowed: 2 ? The maximum of the net overdraft to be allowed: \$.00. The interest rate charged for overdrafts would be .00% per annum computed on an actual day basis for the days and amount of the overdraft. (Critical Criteria)

18. Describe the implementation plan/process you would recommend the City follow if your Depository is chosen by City Council for implementation of contract (Critical Criteria):

First National Bank in Port Lavaca is current depository, so no
implentation plan would be required.

19. Please list other Municipal Governments in Calhoun County who the City can call for recommendations (please give name, title, and contact number):

<u>City of Seadrift</u>	<u>City of Point Comfort</u>
<u>Gabrieal Torres, Secetary</u>	<u>Robby Ignacio Silva</u>
<u>361-785-2251</u>	<u>361-987-2661</u>

20. Is your Depository able to meet the legal qualifications and terms and conditions specified in this RFP (Required Criteria # 1):

Yes

21. Is your Depository able to provide sufficient collateral for deposit as described within the RFP and list type you propose? Yes

22. Is your Depository able to provide the security clearance and safekeeping procedures described in this RFP? Yes

23. Services and Fees Chart (Critical Criteria #1 & #2 and Important Criteria #6)

Service	Estimated Monthly Volume	Unit Price	Extended Estimated Monthly Charges
On-line Account Maintenance View 4 accts	Daily		
Statements rendered for 4 operating accts.	4		
Average Daily Balance	\$8.0 to \$9.0 million		
Account Analysis Statement 4 accts	Monthly		
Are online reports exportable to excel?	(Yes or No (circle one))		
Daily Manual Deposits each business day with 1 to 5 deposit slips in each lock bag	Daily		
Credits Posted/Debits Posted	500		
On US Deposited Items			
Total Deposited Items	250		
Night Drop Box Deposit	0	15.00	6 Bags @ no cost per any additional
Incoming/Outgoing Wires	5	2.00 10.00	Incoming Outgoing
Positive Pay for 3 accounts	350		See Attachment
ACH Return Items	2	2.00	
ACH Incoming credits/debits	200		
Return Items/Reclear Items	3		
ACH Blocking/Fraud Prevention			
ACH Filtering			
ACH Origination Items	650		
Stop Payments	2	30.00	
Sorted Checks	(please circle if physical or image)		
How long are check/deposit images kept online?	7 years		
Customer Service hours/staffing/physical/location	8:00 am to 4:00pm 9 employees Port Lavaca Location		
Value of Pledged Collateral of total combined City Balances (must be at least 102%)			
*OTHER SERVICE FEES	See Attachment		
Total Estimated Monthly Charge			\$



All Accounts ▾

Search by account 🔍

Sort By Account Number ▾

Checking ⚙

Available

Account Balance

PAYROLL
*3110 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

POOLED CASH
*3129 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

FIREMAN'S RETIREMENT
*3137 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

Checking
*3145 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

Flip Flop
*4125 ⓘ

\$ [REDACTED]

\$ [REDACTED] ▾

TOTAL

\$ [REDACTED]

\$ [REDACTED]

OverviewAccountsBills & PaymentsMove MoneyCash Management

PAYROLL
3110 More Details

\$Account Balance

\$Available Balance
as of 7/25/2022 2:51 PM

ActivityCardsAlertsStatementsStop check paymentFuture view

Transfer InTransfer Out

Find transaction
More options

Q 06/25/2022-08/01/2022

View Report
Download
View All

Date	Description	View All	Category		Debit	Credit	Balance
07/25/2022	Pending: Miscellaneous Debit # 17993						
07/22/2022	Daily Ledger Balance						
07/22/2022	Check # 17992		Select one				
07/22/2022	Check # 17991		Select one				
07/22/2022	Check # 17987		Select one				
07/22/2022	Check # 17994		Select one				
07/22/2022	ONLINE TRF PAYROLL DD /PAYROLL DD - CITY OF PORT LAYACA		Select one				
07/21/2022	Daily Ledger Balance						

Transfers

Schedule Single Transfer

From:

POOLED CASH Checking *3129

Balance: \$

To:

PAYROLL Checking *3110

Balance: \$

Transfer Description:

Amount:

\$ 0.00

Frequency:

One-Time

Period:

Once

Scheduled Date:

07/25/2022

(MM/DD/YYYY)

Recurring Until:

☐ Create transfer template after this transfer is submitted

Cut-off Time: 6:00 pm CDT



Pending Transfers

No pending transfers

Recent Transfers

No recent transfers

[View Transfer History >](#)

FIRST NATIONAL BANK IN PORT LAVACA**Internet Banking and Bill Payment Agreement**

Effective Date: November 26, 2019

Internet Banking Department:

(361) 552-6726 or (800) 505-2265
 1101 Hwy 35 By-Pass S
 Port Lavaca, Texas 77979
 info@fnbportlavaca.com

PLEASE READ THE ENTIRE AGREEMENT CAREFULLY BEFORE ENROLLING IN THE SERVICE OR INITIATING ANY TRANSACTIONS.

1. Scope of this Agreement

This Agreement between you and First National Bank in Port Lavaca, 1101 Hwy 35 By-Pass S, Port Lavaca, Texas 77979 governs your use of our Internet Banking and Bill Payment services (the "Service"). The Service permits our Customers to perform a number of banking functions on accounts linked to the Service through the use of a personal computer and the Internet.

2. Accepting the Agreement

After you have carefully read this Agreement in its entirety and the linked Privacy Notice, you will be asked to accept the terms and conditions of this Agreement.

WHEN YOU CLICK ON THE "I AGREE" BUTTON BELOW, YOU AGREE TO BE BOUND BY ALL OF THE TERMS AND CONDITIONS OF THIS AGREEMENT, ALSO, BY ACCEPTING THIS AGREEMENT, YOU REPRESENT AND WARRANT THAT YOU ARE AN AUTHORIZED USER ACTING WITH FULL AUTHORITY AND THAT YOU ARE DULY AUTHORIZED TO EXECUTE THIS AGREEMENT.

IF YOU DO NOT AGREE TO THE TERMS OF THIS AGREEMENT AND/OR DO NOT ACCEPT THE ELECTRONIC VERSION OF THIS DOCUMENT, SELECT THE CANCEL BUTTON.

You should print and/or save a copy of this Agreement for your records. Future updates will be sent electronically as further described below in Section 4. To print, select the print button below or select the print function on your browser. To save a copy of this Agreement on your computer, select "File" and then "Save As" on your browser.

If you need a paper copy of this Agreement, please contact our Internet Banking Customer Service Department. Our contact information is listed at the top of this Agreement. You can obtain a paper copy of this Agreement at any time. Updates to this Agreement will be sent electronically as further described within this Agreement.

3. Definitions

Access ID – means an Access Identification Code used to access the Internet Banking Service.

ACH Origination - refers to the creation of debit and credit entries to facilitate the transfer or placement of funds in another institution through the Automated Clearing House (ACH) network. The ACH network is a funds transfer system governed by the National Automated Clearing House Association (NACHA).

Affiliates- means a company related by common ownership or control

Agreement - means these terms and conditions of the Internet Banking and Bill Payment services.

Authorized User - is any individual, Consumer, agent, or Sub-User, Sub-User Administrator, Focus Customer or Business Customer whom you allow to use the Service or your Passcode or other means to access your Eligible Account(s).

Bill Payment Service Provider – refers to the contractor, sub-contractor, or provider of our Bill Payment and Delivery services, CheckFree Services Corporation.

Biller – is the person or entity to which you wish a Bill Payment to be directed or is the person or entity from which you receive electronic bills, as the case may be.

Billing Account - is the checking account from which all Service fees will be automatically debited.

Business Day - is every Monday through Friday, excluding Federal Reserve holidays.

Business Customer - Refers to anyone other than a Consumer who owns an Eligible account with respect to which the Service is requested primarily for business purposes.

Business Day Cutoff - Refers to the cut-off time for posting purposes. The cut-off time for online transactions is based upon our Business Days and the Central Standard Time. For posting purposes, we will process all online transactions completed by 4 p.m. on the same Business Day. Transactions completed after 4 p.m. will be processed on the following Business Day. Bill Payment cut-off and scheduling times differ and are further detailed in this Agreement.

Consumer – Refers to a natural person who owns an Eligible Account at this Financial Institution and who uses the Service primarily for personal, family, or household purposes.

Due Date - is the date reflected on your Biller statement for which the Bill Payment is due. It is not the late date or grace period.

Eligible Accounts –An Eligible Account means any one of your account(s) to which we may allow access through the Service under this Agreement. Only a checking may be eligible for Bill Payment privileges. We may make additional accounts available for Bill Payment services from time-to-time as allowed by law or our Bill Payment Service Provider.

You may request Internet access to any account that you are a signer or owner. If you or your Authorized Users desire features of the Service that allow you to initiate Bill Payments, transfers, ACH transactions, or otherwise remove funds from an account, you must have the required withdrawal authority over the relevant Eligible Account.

When using the Service, you agree to maintain one or more Eligible Accounts with us and to keep sufficient balances in any account to cover any transaction and fees that are ultimately approved by or related to the Service.

Focus Customer – individual who initially enrolls on behalf of a Business Customer. The Focus Customer is an individual who is both an authorized signer on an eligible Business Customer account and has been given the authority to establish and manage Sub-User access to the Internet Banking Service. The Focus Customer is considered to have full authority to act on behalf of the Business Customer and any other authorized signers. A Focus Customer can designate and remove Sub-Users and may assign certain administrative rights to a Sub-User.

Joint Accounts – an Eligible Account that is added to the Service which is jointly held or has multiple signers.

Laser Draft Payment – is a payment method similar to a check written by you on your Payment Account. Billers should receive Laser Draft Payments no later than the Scheduled Payment Date. Funds remitted to the Biller are

deducted from your Payment Account when the Laser Draft is presented to this Financial Institution for payment. As a result, neither this Financial Institution nor its Service Provider(s) can control when your Payment Account will be debited for a Laser Draft Payment.

Passcode - means your password that is known solely by you and not by this Financial Institution or our Service Providers that you use to access the Internet Banking Service.

Payment Account - is the checking account from which Bill Payments will be debited. You must be a legal owner of any Payment Account registered for the Service.

Payment Instructions- is the information provided by you to the Service for a Bill Payment to be made to the Biller (such as, but not limited to, Biller name, Biller account number, and Scheduled Payment Date).

Scheduled Payment - is a Bill Payment that has been scheduled through the Service but has not begun processing.

Scheduled Payment Date - is the day you want your Biller to receive your Bill Payment and is also the day your Payment Account will be debited (other than Laser Draft Payments, as described above), unless the Scheduled Payment Date falls on a non-Business Day in which case it will be considered to be the previous Business Day.

Service – means the Internet Banking, Bill Payment and Delivery services offered by First National Bank in Port Lavaca through its Service Providers.

Service Guarantee – the amount this Financial Institution's Service Providers will bear responsibility for in accordance with the terms and conditions of this Agreement should a Bill Payment post after its Due Date.

Service Provider - includes any agent, licensor, independent contractor or subcontractor that this Financial Institution may involve in the provision of Internet Banking, Bill Payment, and electronic Bill Delivery services.

Sub-User - means an Authorized User who has been assigned access to a Business Customer's Eligible Account by a Sub-User Administrator. Sub-Users may be granted full or limited access to originate online transfers such as ACH transactions and/or wire transfers.

Sub-User Administrator – refers to an administrative user available only to Business Customers. A Sub-User Administrator may administer and assign access rights to Sub-Users.

you and your – As used within this Agreement, "you" and "your" refer to the person enrolling in the Service, owner of the eligible accounts, Business Customer, Focus Customer, Sub-User Administrator as well as any Authorized Users or Sub-Users that such person allows, subject to the parameters of multiple user access as set forth within the Service.

we, us, or our – As used within this Agreement, refer to First National Bank in Port Lavaca and any agent, independent contractor, Service Provider, sub-contractor, licensor, designee, or assignee that First National Bank in Port Lavaca may involve in the provision of the Service.

4. Prerequisites for Enrolling in the Internet Banking Service

In order to enroll in the Internet Banking Service:

- You must have an Eligible Account with this Financial Institution.
- Your account with us must be in good standing.
- You must be at least 18 years of age
- If you enroll for our bill payment services, you must also be a resident of the United States or its possessions.

Hardware and Software Equipment Requirements:

- You must have a computer and Internet browser that will support 128 bit encryption.
- We recommend use of the most current, fully patched, versions of Internet browsers for accessing the Internet Banking Service.
- Some features of the Internet Banking Services may not be supported with older browsers.
- You will need Internet access through an Internet service provider (ISP).
- You will need access to a printer and/or other storage medium such as a hard drive for downloading information or printing disclosures.
- You will also need an external email address for the delivery of electronic notices and disclosures.
- You must maintain fully updated anti-virus protection on your computer at all times.

Prior to enrolling in the Internet Banking Service and accepting the electronic version of this Agreement, you should verify that you have the required hardware and software necessary to access the Internet Banking Service and to retain a copy of this Agreement.

If we revise hardware and software requirements, and if there is a material chance that impact your ability to access the Internet Banking Service, we will give you advance notice of these changes and provide you an opportunity to cancel the service and/or change your method of receiving electronic disclosures (e.g. change to paper format vs. an electronic format) without the imposition of any fees.

5. Electronic Disclosures

We may deliver amendments to this Agreement and other disclosures to you in an electronic format. Other disclosures may include:

- Monthly account statements
- Deposit account disclosures
- Notices regarding changes in account terms and fees
- Privacy notices

The equipment necessary for accessing these types of disclosures electronically is described above in Section 3.

WITH YOUR ACCEPTANCE BELOW, YOU AGREE TO ACCEPT THIS AGREEMENT AND OTHER INTERNET BANKING RELATED DISCLOSURES IN AN ELECTRONIC FORMAT. YOU ALSO AGREE AND REPRESENT THAT YOU HAVE THE NECESSARY EQUIPMENT FOR ACCESSING THE INTERNET BANKING SERVICE AND FOR VIEWING ELECTRONIC DISCLOSURES.

If you consent to receive electronic disclosures and later change your mind, you may withdraw your consent and change to paper delivery format. You can notify us of your intent to cancel electronic disclosures by:

- Sending us a letter to PO Drawer 7, Port Lavaca, Texas 77979, or
- Sending us a secure message through the Internet Banking Service, or
- By contacting us at this phone number: : (361) 552-6726 or (800) 505-2265

If you send us a secure message through the Internet Banking Service or write us a letter, please be sure to identify yourself and the applicable accounts.

As part of the enrollment process, we may ask if you want to receive electronic only versions of your account statements (e-statements). If you enroll for e-statements and then later decide that you want to receive paper statements, you can "opt-out" of electronic delivery on the "Statements" page within the Internet Banking Service. After your opt-out request is processed, you will begin receiving paper copies of account statements and additional charges may apply. (NOTE: some accounts require e-statement for which you cannot "opt-out")

If you enroll for e-statements and then later close your accounts with First National Bank in Port Lavaca, your access to the Internet banking Service will also be terminated. You may request paper copies of historical statements at the address listed above.

You should print or save a copy of all disclosures delivered electronically. Internet banking customers may request paper copies of disclosures such as this Internet Banking Agreement free of charge.

6. Basic Internet Banking Services

The basic features currently available through the Service include:

- Up to 24 months of complete Internet transactional detail and history
- Account Inquiries for balances, rates, etc.
- Copies of monthly Account Statements
- Transfers between your accounts at this Financial Institution
- Secure e-mails via the Service's messaging system
- Secure File Transfers
- View loan balances
- Payments to loans at this Financial Institution
- Stop payments on checks that you have written
- Transaction downloads

Bill Payment services are optional. You can request Bill Payment privileges in the online enrollment process and/or you can add Bill Payment services at a later time by contacting our Internet Banking Department or sending us a secure message through the Service. Bill Payment customers also have access to electronic Bill Presentment or Bill Delivery.

We may add or remove certain features and/or functionality available from time to time. You can use the Service seven days a week, 24 hours a day, although some or all features may not be available occasionally due to emergencies or scheduled system maintenance. In addition, access to the Service may be slower at times due to high Internet traffic or other factors beyond our control.

7. Other Basic Internet Banking Features

(A) Stop Payment Feature

The stop payment feature within the Service is only for stopping payments on checks that you have written or for stopping pre-authorized electronic drafts that are deducted from your account. This feature is accessible in the "User Services" menu of the Internet Banking Service and provides a means to securely forward your stop payment requests to us for processing.

Stop payment requests received through the Service will generally be processed within one (1) to two (2) Business Days. Therefore, if your request is urgent, we recommend that you contact our Internet Banking Department directly via telephone or in person.

The stop payment feature within the Service should NOT be used to cancel transfers and Bill Payments.

There is typically a stop payment fee associated with this feature. Please refer to our fee schedule for additional information or contact us at (361) 552-6726 or (800) 505-2265. Additional terms of acceptance or disclosures may apply on the stop payment service and these disclosures will be made at the time you complete the request. Additional information on stop payments is available in within the Service.

(B) Address Change, Order Documents, Secure E-Mail & Secure File Delivery Services

Additional features within the Service include: secure emails for address changes, document requests, and secure file delivery. The submission of requests, such as those for address changes, document requests, or check reorders, will generate a secure email to this Financial Institution. Generally, requests received through the

Service's secure e-mail feature will be processed within one (1) to two (2) Business Days. For urgent requests, we recommend that you contact our Internet Banking Department.

In addition, in the User's Services menu, you can request Bill Payment services and the addition/ removal of Linked Accounts. The secure file transfer feature within the Service provides a means for you to forward files to this institution in a secure manner. There may be additional fees associated with some of these services, such as when you reorder checks through the Service. Fees will be disclosed in our fee schedule and/or at the time of your request.

8. Commercial Internet Banking Services

Additional online features are currently available for Business Customers. These features may be subject to additional terms and conditions.

- ACH Credit and Debit Origination
- Wire Transfer Requests
- Direct Deposit Originations
- EFTPS (Electronic Federal Tax Payment System)
- NACHA File Imports
- Balance Reporting
- Sub-User Administration

We may add or remove certain features and/or functionality from time-to-time. Business Customers interested in these services should contact us for additional information.

9. Fees

Basic Internet Banking Service: (view balances and account transfers) – No charge

Bill Payment Fees:

Consumers & Business Basic Plus: Bill Payment accounts have a monthly flat fee of \$5 per month, which includes unlimited Bill Payments per month on each account that has enabled this service.

Business Deluxe: Cash Management and one full Access ID - \$25 per month

For Business Customers, additional charges may apply for services such as: ACH Origination, EFTPS, Wire Transfers, or Nacha File Imports. These fees may vary and are subject to separate agreements.

There may be a charge for additional transactions and other optional services. You agree to pay such charges and authorize us to deduct the calculated amount from your designated Billing Account for these amounts and any additional charges that may be incurred by you. Any financial fees associated with your standard deposit accounts will continue to apply.

You are responsible for any and all fees assessed by your Internet service provider, telephone or mobile device carrier. Any applicable fees will be charged regardless of whether the Internet Banking Service was used during the billing cycle.

Business Customer Sub-User Fees:

There will be a charge for each additional Sub-User of a flat fee of \$2 each per month. Sub-Users are controlled by the business customer with privileges of; view, transfer to or full.

Checking & Savings Statement Fees:

E-Statements through Internet Banking Services are free to print and/or save as a PDF. There will be a charge of \$5 per account, if you choose to have the bank print the monthly/quarterly statement.

10. Enrollment Process

You must complete the enrollment process to use the Service. You can enroll for the Service on the Internet.

The Internet enrollment process involves completing a secure online application that we will use to verify your identity. You will also choose your Access ID and Passcode during the enrollment process.

When you enroll for the Service, you agree to provide true and accurate enrollment information. Our Internet Banking Department will verify the information you submit for accuracy and proper authorizations. In about 3 to 4 days, you will receive a letter in the mail about your online banking application. You may begin using the Service only after receipt of this information in the mail and identity has been verified. In about 1 week you will receive an email explaining that your account has been activated or declined.

Business Customers interested in the commercial features of the Service should contact us directly at (361) 552-6726 or (800) 505-2265 or you may send us a secure message through the Service.

Once you enroll in the Internet Banking Service, there is no additional enrollment process to utilize a mobile device

11. Linked Accounts

When you first enroll for the Basic Internet Banking Service we will link all of your designated Eligible Accounts to one Access ID. If you want to limit the accounts linked or the privileges assigned to an account, please contact us at (361) 552-6726 or (800) 505-2265 or send us a secure email message through the Service.

With the exception of sole proprietors, Business Customers may link personal Consumer accounts to the Service.

If the Eligible Accounts added to the Service are jointly held or have multiple signers you agree that access to the information and all transactions initiated by the use of your Access ID and Passcode are authorized unless we have been notified to cancel the Service.

If joint account holders use individual Access IDs, the Service may be identified separately and you will be charged for the use of additional Access IDs. In some cases, if your account(s) require two signatures for withdrawal, we may only grant view privileges to your Eligible Accounts through the Service

12. Signature Requirements

When any online transfer, ACH, wire transfer request or other Payment Instruction is initiated through the Internet Banking Service for your benefit, you agree that we may debit the designated Eligible Accounts without requiring your signature on the item and without any notice to you.

Requirements for dual signatures on checks, if applicable, do NOT apply to Bill Payments or other transfers initiated through the Internet Banking Service. If your account(s) require two signatures for withdrawal, we may only grant view privileges to your Eligible Accounts through the Internet Banking Service

Authorized Users of Business Customers that may be assigned payment or transactional capabilities through the Internet Banking Service should be authorized by the Business Customer to make or approve electronic transfers, even though that person's authority to make transfers by other means may still require dual signatures.

If Authorized Users are not authorized persons on the signature card for each Linked Account, the Business Customer account owner(s) has the obligation to inform Institution of the new individual or individuals with such authority. Such notice must be given to FI by calling us at (361) 552-6726 or (800) 505-2265. You may also write us at:

PO Drawer 7, Port Lavaca, Texas 7797

13. Account Balances

Balances shown in your accounts may include deposits subject to verification by us. The balance reflected in the Service may differ from your records due to deposits in progress, checks outstanding, or other withdrawals, payments or charges. A transfer request may not result in immediate availability because of the time required to process the request. A transfer request must be made before the Business Day Cut-off time to be effective the same Business Day.

The balances within the Service are updated periodically and the Service will display the most current "as of" date on the "accounts" summary page. There may be situations that cause a delay in an update of your balances. The Service will use the most current balance available at the time of a transaction to base our approval for account transfers.

14. Canceling or Changing Transfers

You cannot cancel a transfer after it has been entered into the system AND the information has been processed and/or transmitted to us through the Service; however, you can edit or change a transfer that is still "pending".

In order to cancel or change a pending transfer, use the following procedures:

1. Log in and make edits to the appropriate transaction.
2. Edits must be made before 4 p.m. for transfers scheduled to be processed the same Business Day
3. You may edit a pre-scheduled (future dated/automatic) transfer anytime before 4 p.m. on the Business Day before the scheduled transfer date.
4. For transfers, you can change the transfer amount to \$0.00, or
5. If you accidentally transfer funds, you can schedule another transfer to move funds back to the original account.

If you need to edit a pending or approved transaction after-cut-off time, please contact us immediately; although in these situations, we may not have sufficient time to stop the transfer from further processing.

Separate agreements with Business Customers will detail the required time-frames for submitting and making changes to ACH transactions.

15. Canceling or Changing Wire Transfer Requests

Business Customers may be authorized for online wire transfer services. In these situations, separate agreements will detail wire transfer limits and the required time-frames for submitting and making changes to these types of transaction requests.

If you have been approved for wire transfers, you may edit or delete these types of transactions prior to "approving" the transactions. You may only edit or "unapproved" a pending wire request or ACH batch transaction prior to the scheduled payment or settlement date.

When a wire transfer request is approved for the current date, it is transmitted to us immediately for processing. If a change is necessary, you must contact us immediately; in these situations, we may not have sufficient time to stop transaction from further processing.

Outgoing wire transfer request cut-off time is 2 p.m.

16. Transaction Limitations

You may use the Service to check the balance of your Eligible Account (s) and to transfer funds among your Eligible Accounts at this Financial Institution. You must have sufficient funds in your account to cover the amount of any online transfers and Bill Payments on the scheduled payment date set for the transaction, or the transaction may not be processed. NSF and/or overdraft charges may be incurred if Bill Payments exceed your account balance.

Current federal regulations restrict the number of transactions that you can make from certain types of accounts, such as Money Market and Savings Accounts. For these types of accounts, you may not make more than six (6) pre-authorized (automatic) electronic funds transfers (EFTs), during a given monthly statement period. Online account transfers and bill payments are counted toward the six permitted monthly transfers. Please refer to your original account agreement for excessive activity fees that may apply. Federal regulations currently place no limits on the number of transfers or Bill Payments from your Checking, therefore this financial institution currently limits the Bill Payment Service to only Checking Accounts.

17. Bill Payment Terms and Conditions

(A) Bill Payment Scheduling

The earliest possible Scheduled Payment Date for each Biller (typically five (5) or fewer Business Days from the current date) will be designated within the Service when you are scheduling the Bill Payment. Therefore, the Service will not permit you to select a Scheduled Payment Date less than the earliest possible Scheduled Payment Date designated for each Biller.

When scheduling Bill Payments you must select a Scheduled Payment Date that is no later than the actual Due Date reflected on your Biller statement unless the Due Date falls on a non-Business Day. If the actual Due Date falls on a non-Business Day, you must select a Scheduled Payment Date that is at least one (1) Business Day before the actual Due Date. Scheduled Payment Dates must be prior to any late date or grace period.

(B) The Bill Payment Service Guarantee

Due to circumstances beyond the control of the Service, particularly delays in handling and posting payments by Billers or financial institutions, some transactions may take longer to be credited to your account. Except as expressly stated otherwise within this Agreement, this Financial Institution and/or its Service Providers will bear the responsibility for any late payment related charges up to \$50.00 should a Bill Payment post after its Due Date as long as the payment was scheduled in accordance with the guidelines described under "Bill Payment Scheduling" in this Agreement.

(C) Payment Authorization and Payment Remittance

By providing the Service with names and account information of Billers to whom you wish to direct payments, you authorize us to follow the Payment Instructions received through the Service. In order to process payments more efficiently and effectively, our Service Provider may edit or alter payment data or data formats in accordance with Biller directives.

When the Service receives a Payment Instruction, you authorize our Bill Payment Service Provider to debit your Payment Account and remit funds on your behalf so that the funds arrive as close as reasonably possible to the

Scheduled Payment Date designated by you. You also authorize our Service Provider to credit your Payment Account for payments returned to the Service by the United States Postal Service or Biller, or payments remitted to you on behalf of another Authorized User of the Service.

(D) Payment Methods

Our Bill Payment Service Provider reserves the right to select the method in which to remit funds on your behalf to your Biller. These payment methods may include, but may not be limited to, an electronic payment, an electronic to check payment, or a Laser Draft Payment.

(E) Payment Cancellation Requests

You may cancel or edit any Scheduled Payment (if processing has not begun) by following the directions within the Service. There is no charge for canceling or editing a Scheduled Payment. However, once the Service has begun processing a Scheduled Payment it cannot be cancelled or edited, therefore a stop payment request must be submitted, as described within this Agreement.

(F) Bill Payment Stop Payment Requests

You may cancel or edit a Scheduled Payment up until the time that payment processing begins. There is no charge for canceling or editing a Scheduled Payment. However, once the Service has begun processing a payment, it cannot be cancelled or edited and a stop payment request must be submitted.

We must have a reasonable opportunity to act upon any stop payment request made after payment processing has begun. The ability of this Financial Institution and its Service Provider to process a stop payment on a Bill Payment request that is already in process will depend on the payment method and whether or not the payment has cleared.

If you need to place a stop payment request on any Bill Payment that has already been processed, you must contact our Customer Service department immediately at (361) 552-6726 or (800) 505-2265.

We will make every effort to accommodate your request but we will have no liability for failing to do so unless the request is subject to the provisions contained in your depository account agreement or applicable law as it pertains to pre-authorized EFTs.

We may also require you to present your stop payment request in writing within fourteen (14) days from the date the request is made. The charge for each stop payment request will be the current charge for such service as set forth in our applicable fee schedule.

If we complete a stop payment request on your behalf, Bill Payment privileges may be suspended pending recovery of funds by our Service Provider(s).

(G) Returned Payments

In using the Service, you understand that Billers and/or the United States Postal Service may return Bill Payments to our Service Provider for various reasons such as, but not limited to, Biller's forwarding address expired; Biller account number is not valid; Biller is unable to locate account; or Biller account is paid in full. Our Service Provider will use its best efforts to research and correct the returned payment and return it to your Biller, or void the payment and credit your Payment Account. You may receive notification from the Service of returned payments.

(H) Bill Payment Information Authorization

Requests for Bill Payment privileges may not be fulfilled if this Financial Institution and/or its Service Provider(s) cannot verify your identity and withdrawal authority over the specified accounts. Through your enrollment in the Bill Payment Service; you agree that this Financial Institution and its Service Providers reserve the right to request

a review of your credit rating at our own expense through an authorized bureau. In addition, you agree that this Financial Institution and its Service Providers reserve the right to obtain financial information regarding your account from a Biller or your Financial Institution (for example, to resolve payment posting problems or for verification).

(I) Prohibited Payments

Payments to Billers outside of the United States or its territories are prohibited through the Service. Payments to Internet gambling sites are also prohibited through the Service.

(J) Exception Payments

Tax payments and court ordered payments may be scheduled through the Service; however, such payments are discouraged and are scheduled at your own risk. In no event shall this Financial Institution or its Service Provider(s) be liable for any claims or damages resulting from you scheduling of these types of payments. The Bill Payment Service Guarantee as it applies to any late payment related charges is void when these types of payments are scheduled and/or processed by the Service. Research of exception payments shall be limited to proof of payment and/or unauthorized payments only. All other research and resolution for any misapplied, mis-posted or misdirected exception payments will be your sole responsibility.

(K) Biller Limitation

We reserve the right to refuse to pay any Biller to whom you may direct a payment. The Service will notify you promptly if it decides to refuse to pay a Biller designated by you. This notification is not required if you attempt to make a prohibited payment or an exception payment under this Agreement.

(L) Failed Transactions

In using the Service, you are requesting us to make payments for you from your Payment Account. If we are unable to complete the transaction for any reason associated with your Payment Account (for example, there are insufficient funds in your Payment Account to cover the transaction), the transaction will not be completed. In some instances, you will receive a return notice from the Service. In such case, you agree that:

1. You will reimburse our Service Provider immediately upon demand the transaction amount that has been returned;
2. For any amount not reimbursed to the Service Provider within fifteen (15) days of the initial notification, a late charge may be assessed each month against unpaid amounts equal to 1.5% or the legal maximum, whichever rate is lower;
3. You will reimburse our Service Provider for any fees, it may incur in attempting to collect the amount of the return from you; and
4. Our Service Provider is authorized to report the facts concerning the return to any credit-reporting agency.

18. Bill Delivery and Presentment

This feature is for the presentment of electronic bills only and it is your sole responsibility to contact your Billers directly if you do not receive your statements. In addition, if you elect to activate one of the Bill Payment Service's electronic bill options, you also agree to the following:

(A) Information Provided to the Biller

We are unable to update or change your personal or business information such as, but not limited to, name, address, phone numbers and e-mail addresses, with the electronic Biller. Any changes will need to be made by you; contact the Biller directly. Additionally, it is your responsibility to maintain all usernames and passwords for all electronic Biller sites. You also agree not to use someone else's information to gain unauthorized access to another person's or company's bill.

Our Service Provider may, at the request of the Biller, provide to the Biller your e-mail address, Service address, or other data specifically requested by the Biller at the time of activating the electronic bill for that Biller, for purposes of the Biller informing you about Service and/or bill information.

(B) Activation

Upon activation of the electronic bill feature, our Service Provider may notify the Biller of your request to receive electronic billing information. The presentment of your first electronic bill may vary from Biller to Biller and may take up to sixty (60) days, depending on the billing cycle of each Biller. Additionally, the ability to receive a paper copy of your statement(s) is at the sole discretion of the Biller. While your electronic bill feature is being activated it is your responsibility to keep your accounts current. Each electronic Biller reserves the right to accept or deny your request to receive electronic bills.

(C) Notification

Our Bill Payment Service Provider will use its best efforts to present all of your electronic bills promptly. In addition to notification within the Service, our Service Provider may send an e-mail notification to the e-mail address listed for your account. It is your sole responsibility to ensure that this information is accurate. In the event you do not receive notification, it is your responsibility to periodically logon to the Service and check on the delivery of new electronic bills. The time for notification may vary from Biller to Biller. You are responsible for ensuring timely payment of all bills.

(D) Cancellation of Electronic Bill Notification

The electronic Biller reserves the right to cancel the presentment of electronic bills at any time. You may also cancel electronic bill presentment at any time. The timeframe for cancellation of your electronic bill presentment may vary from Biller to Biller. It may take up to sixty (60) days, depending on the billing cycle of each Biller. Our Bill Payment Service Provider will notify your electronic Biller(s) as to the change in status of your account and it is your sole responsibility to make arrangements for an alternative form of bill delivery. We will not be responsible for presenting any electronic bills that are already in process at the time of cancellation.

(E) Non-Delivery of Electronic Bill(s)

You agree to hold harmless, this Financial Institution and its Service Providers should the Biller fail to deliver your statement(s). You are responsible for ensuring timely payment of all bills. Copies of previously delivered bills must be requested from the Biller directly.

(F) Accuracy and Dispute of Electronic Bill

Neither this Financial Institution, nor its Service Providers are responsible for the accuracy of your electronic bill(s). This Financial Institution and its Service Providers are only responsible for presenting the information received from the Biller. Any discrepancies or disputes regarding the accuracy of your electronic bill summary or detail must be addressed with the Biller directly.

This Agreement does not alter your liability or obligations that currently exist between you and your Billers.

19. Privacy

We understand how important privacy is to our customers. We have taken steps to protect the privacy and security of your personal information as well as your financial transactions with us. You should read our privacy notice before completing the enrollment process for the Service.

(A) Disclosure of Account Information to Third Parties

It is our general policy to treat your account information as confidential. However, we will disclose information to third parties about your account or the transactions you make ONLY in the following situations:

- Where it is necessary for completing transactions;
- Where it is necessary for activating additional services;
- In order to verify the existence and condition of your account to a third party, such as a credit bureau or Biller;
- In order to comply with a governmental agency or court orders; or
- If you give us your written permission.

Please refer to our [privacy notice](#) for additional detail on disclosure of account information.

20. Internet Security

The Internet Banking Service utilizes a comprehensive security strategy to protect your accounts and transactions conducted over the Internet. Prior to activating your access to the Internet Banking Service, our Internet Banking Department will verify your identity and authorization against information associated with the Eligible Account (s) that you request to be linked to the Internet Banking Service.

Access IDs and Passcodes - One of the main security features protecting the Internet Banking Service is the unique combination of your Access ID and Passcode. During the enrollment process, you will be asked to select a unique Access ID and Passcode. For security purposes, do not use your account number or social security number as your Access ID. Encryption and access controls are used to protect your Passcode within our database. If you need to reset your Passcode, you may use our online automated Passcode reset feature or you may contact this Institution for assistance.

Because your Passcode is used to access your accounts, you should treat it as you would any other sensitive personal data.

- You should carefully select a Passcode that is difficult to guess.
- You should not use words based on your name, address or other personal information.
- Special characters may be used to increase security.
- Do NOT use dictionary words.
- Keep your Passcode safe.
- Memorize your Passcode and do NOT write it down.
- You should also change your Passcode occasionally, such as every 90 days.
- Passcodes should not be shared with anyone, even Authorized Users.
- The "Help" link within the Internet Banking Service will offer tips on choosing a secure Passcode that you can remember.

When you enroll for the Internet Banking Service you agree to change your Passcode immediately if you suspect that your Passcode has been compromised. This can be done at any time from the "User Services" menu after you log on to the Internet Banking Service.

NEITHER THIS INSTITUTION NOR ITS SERVICE PROVIDERS WILL CONTACT YOU BY TELEPHONE, EMAIL OR TEXT MESSAGING REQUESTING PERSONAL INFORMATION, SUCH AS YOUR ACCESS ID, PASSCODE, CREDIT CARD NUMBER, ATM CARD NUMBER OR ATM PIN. IF YOU ARE CONTACTED BY ANYONE REQUESTING THIS TYPE OF INFORMATION, DO NOT PROVIDE ANY INFORMATION AND CONTACT OUR INTERNET BANKING DEPARTMENT IMMEDIATELY.

Encryption – The Internet Banking Service uses the Secure Socket Layer (SSL) encryption technology for everything you do while using Internet banking. Your browser automatically activates this technology when it attempts to connect to our Internet Banking Service. The Internet Banking Service requires a browser that supports 128-bit encryption and we will warn you if your browser does not meet this requirement.

Whenever SSL is securing your communications, the browser will typically indicate this *secure session* by changing the appearance of a small icon of a padlock at the bottom of the screen from "open" to "locked". What this means to you is that your communications are scrambled from your browser to our servers at all times so no unauthorized party can read the information as it is carried over the Internet.

Certificate Authority - The servers hosting the Internet Banking Service have been certified by a certificate authority to assure you that you are actually talking to the Internet Banking Service instead of someone pretending to be us. By clicking on the lock within the Internet Banking Service, you can view the certificate to ensure it's valid.

Cookies - During your use of the Internet Banking Service, our Internet banking Service Provider will pass an encrypted *session cookie* to your computer that enables us to process multiple transactions during the session without having to provide an Access ID and Passcode for each individual transaction. You must accept this cookie to use the Internet Banking Service. The *session cookie* is stored on your computer's hard-drive, identifying your computer while you are logged on. The *session cookie* does not contain any personal information. When you log off, close your browser, or turn off your machine, the *session cookie* will be destroyed. A new cookie is used for each session; thus, no one can use the prior cookie to access your account. Our Service Provider also uses persistent or "permanent" cookies to identify this Institution and your computer as part of our enhanced security. The permanent cookies will remain on your computer's hard drive until you clear cookies with your browser. If you do not accept these cookies, you may not be able to use all the features of the Internet Banking Service.

Multi-Level Authentication - We use multi-level authentication (or enhanced security) to help prevent unauthorized access to your accounts. As part of our enhanced security solution we may ask you to select challenge questions which may be used to help verify your identity in the event unusual login or transaction activity is detected. We may also send you a One Time PIN (OTP) which can be used to help authenticate your login or transaction requests.

21. Your Security Obligations

YOU ARE SOLELY RESPONSIBLE FOR THE MAINTENANCE, INSTALLATIONS, AND OPERATION OF YOUR COMPUTER INCLUDING BUT NOT LIMITED TO THE USE OF UPDATED ANTI-VIRUS PROTECTION.

NEITHER THIS FINANCIAL INSTITUTION NOR ITS SERVICE PROVIDERS SHALL BE RESPONSIBLE FOR ANY DELAYS, ERRORS, DELETIONS, FAILURES, OR DISCLOSURE OF PERSONAL OR BUSINESS ACCOUNT INFORMATION THAT MAY OCCUR AS A RESULT OF ANY VIRUS, TROJAN, SHARED PASSWORD, OR MALFUNCTION OF YOUR COMPUTER OR SOFTWARE OR YOUR FAILURE TO ADEQUATELY MAINTAIN AND SECURE YOUR COMPUTER AND SOFTWARE.

- All Authorized Users should sign-off after every session. While online sessions will automatically end after a period of inactivity, logging off can help protect you in case you accidentally leave your computer unattended.
- Refrain from using public computers (e.g. computers in a library, Internet café or hotel business center) to access your online banking accounts. The security of public or shared computers cannot be assured.
- Always keep your computer's operating system and browser fully patched for critical security issues. We recommend use of the most current, fully patched, versions of Internet browsers for accessing the Internet Banking Service.
- Always keep your anti-virus and anti-spyware software current and routinely scan your computer, servers, and electronic media using reliable virus detection and anti-spyware products. Undetected or un-repaired viruses or malicious software (malware) may affect the performance of your computer, corrupt and destroy your programs, files, and even your hardware. Furthermore, undetected or un-repaired viruses or malware may affect the security of online accounts and the privacy of personal information stored on your computer. If your computer is compromised by some form of malware, virus, or Trojan, you could unintentionally transmit sensitive account information or personal data to another third party or transmit a virus to other computers.
- Always use a firewall product (hardware and/or software), especially if you have a broadband Internet connection such as DSL or cable modem.
- If you use a wireless Internet connection to access your online accounts, make sure that the wireless network is encrypted.

Occasionally we may post important security notices on our website and/or send online banking users security related notices or reminders; it is your responsibility to read all security notices.

22. Protecting Your Passcode

When you or your Authorized Users accept the terms and conditions of this Agreement, you agree not to give or make available your Passcode or other means to access your account to any unauthorized individual(s). You are responsible for all transactions authorized or requested through the Internet Banking Service using a valid Access ID and Passcode, including those situations when your Access ID and Passcode are obtained due to compromise to your computer. If you permit other persons to use the Internet Banking Service with your Passcode, or other means to access your account, you are responsible for any transactions they authorize.

If you believe that your Passcode or other means to access your account has been lost or stolen or that someone may attempt to use the Internet Banking Service without your consent or has transferred money without your permission, you must notify us at once by calling (361) 552-6726 or (800) 505-2265 during customer service hours. You can also contact us by sending a secure message through the Internet Banking Service.

IF YOU OR YOUR AUTHORIZED USERS DISCLOSE YOUR PASSCODE TO ANYONE, AND/OR IF YOU ALLOW SOMEONE TO USE YOUR PASSCODE TO ACCESS YOUR ACCOUNTS, YOU ARE AUTHORIZING THEM TO ACT ON YOUR BEHALF AND YOU WILL BE RESPONSIBLE FOR ANY USE OF THE INTERNET BANKING SERVICE BY THEM (E.G., SUCH AS WHEN YOU PROVIDE THIS INFORMATION TO A JOINT ACCOUNT HOLDER, AN EMPLOYEE, AN AGGREGATION SERVICE PROVIDER, OR WHEN YOUR PERSONAL COMPUTER IS COMPROMISED BY A KEY STROKE LOGGING VIRUS OR ANY OTHER TYPE OF MALWARE).

You agree that we may send notices and other communications, including Passcode change confirmations, to the current address shown in our records, whether or not that address includes a designation for delivery to the attention of any particular individual.

23. Our Liability for Failure to Complete Transactions

We will use commercially reasonable efforts to make all your transfers and Bill Payments properly. However, we shall incur no liability and any Bill Payment Service Guarantee shall be void if we are unable to complete any transactions initiated by you because of the existence of any one or more of the following circumstances:

1. If, through no fault of ours, your Eligible Account(s) and/or Payment Account does not contain sufficient funds to complete the transaction or the transaction would exceed the credit limit of your overdraft account (if applicable);
2. The Service and/or the payment processing center is not working properly and you know or have been advised by this Institution and/or its Service Providers about the malfunction before you execute the transaction;
3. You have not provided the Service with the correct Payment Account information, or the correct name, address, phone number, or account information for the Biller;
4. Your Eligible Account(s), including either your Payment Account or Billing Account, is closed;
5. If your computer, software, telecommunication lines were not working properly and this problem should have been apparent to you when you attempted the transfer or Bill Payment;
6. It can be shown that the Biller received the Bill Payment within the normal delivery timeframe and failed to process the payment through no fault of ours;
7. The payment or transaction request involves funds subject to hold, dispute, restriction, or legal process we believe prevents their withdrawal;
8. We have reason to believe that a payment or other transaction request may not be authorized by you or any third party whose authorization we believe is necessary; and/or
9. Circumstances beyond control of the Service, our Service Providers, and this Institution (such as, but not limited to, fire, flood, or interference from an outside force) prevent the proper execution of the transaction and we have taken reasonable precautions to avoid those circumstances.

Provided none of the foregoing exceptions are applicable, if the Service causes an incorrect amount of funds to be removed from any of your Eligible Account(s), or Payment Account, or causes funds from your Payment Account to be directed to a Biller, which does not comply with your Payment Instructions, this Financial Institution and/or its Service Providers shall be responsible for returning the improperly transferred funds to your Payment

Account, and for directing to the proper Biller any previously misdirected transactions, and, if applicable, for any late payment related charges.

24. Documentation and Verification of Payments and Transfers

Information regarding Internet Banking and Bill Payment transactions will be reflected on the account detail in the Service and in your regular monthly account statement(s).

25. Provisions Applicable Only to Consumer and Sole Proprietors Deposit Accounts

(A) Errors and Questions

In case of errors or questions about your electronic transactions, you should notify us as soon as possible through one of the following methods:

- Telephone us at (361) 552-6726 or (800) 505-2265 during customer service hours;
- Contact us by using the secure messaging feature within the Service; or
- Write to us at PO Drawer 7, Port Lavaca, Texas 77979

If you think your statement is incorrect or you need more information about an electronic transfer or Bill Payment transaction listed on the statement, we must hear from you no later than sixty (60) days after the FIRST statement was sent to you on which the problem or error appears. You must:

1. Tell us your name, relevant Service account number(s), and Access ID;
2. Describe the error or the transaction in question, and explain as clearly as possible why you believe it is an error or why you need more information; and,
3. Tell us the dollar amount of the suspected error.

If you tell us verbally, we may require that you send your complaint in writing within ten (10) Business Days after your verbal notification. We will tell you the results of our investigation within ten (10) Business Days after we hear from you, and will correct any error promptly. However, if we require more time to confirm the nature of your complaint or question, we reserve the right to take up to forty-five (45) days to complete our investigation. If we decide to do this, we will provisionally credit your account within ten (10) Business Days for the amount you think is in error. If we ask you to submit your complaint or question in writing and we do not receive it within ten (10) Business Days, we may not provisionally credit your account.

For errors regarding electronic transactions on new consumer accounts, we may take up to 90 days to investigate your complaint or question. We may take up to 20 Business Days to credit a new account for the amount you think is in error.

If it is determined there was no error, we will mail you a written explanation within three (3) Business Days after completion of our investigation. You may ask for copies of documents used in our investigation. We may revoke any provisional credit provided to you if we find an error did not occur.

(B) Consumer Liability for Unauthorized Transfers

Tell us **AT ONCE** if you believe your Access ID or Passcode has been lost or stolen. Telephoning is the best way of minimizing your possible losses. You could lose all the money in your account (plus your maximum overdraft line of credit if applicable).

If customers who are Consumers tell us within two (2) Business Days after you discover your Passcode, Access ID used or other means to access your account has been lost or stolen, your liability is no more than \$50.00 should someone access your account without your permission. If you do not tell us within two (2) Business Days after you learn of such loss or theft, and we can prove that we could have prevented the unauthorized use of your Passcode, Access ID or other means to access your account if you had told us, you could be liable for as much as \$500.00.

If your monthly account statement contains transfers that you did not authorize, you must tell us at once. If you do not tell us within sixty (60) days after the statement was sent to you, you may lose any amount transferred without your authorization after the sixty (60) days if we can prove that we could have stopped someone from taking the money had you told us in time. If a good reason (such as a long trip or a hospital stay) prevented you from telling us, we may extend the period.

26. Provisions Applicable Only to Business Accounts

A. Protecting Your Account(s)

The Service will allow Business Customers to establish individual Access IDs, Passcodes and privileges for each Authorized User. Transaction history is maintained for each Access ID. Additional fees may be assessed for each Access ID or Sub-User that is established.

BUSINESS CUSTOMER(S) WILL BE SOLELY RESPONSIBLE FOR DESIGNATING AUTHORIZED USERS AND ASSIGNING PRIVILEGES WITHIN THE SERVICE.

As a security measure, Business Customers should evaluate and implement the dual control features within the Service for ACH Origination and wire transfers.

B. Sub-User Administration

Sub-User Administration is an optional service for Business Customers that may be activated at any time after your initial enrollment. The Business Customer shall be solely responsible for designating both the Focus Customer and Sub-User Administrator.

A Sub-User Administrator may further authorize other individual Sub-Users who may be granted full or limited online access to the Eligible Accounts, and may also be granted full or limited access to originate ACH transactions and/or wire transfers. Dual control should be established to help regulate the actions of multiple Sub-Users.

For security and auditing purposes, each Sub-User should be assigned separate Access IDs and Passcodes. All cash management activity is tracked at the Focus Customer level and is viewable by both the Sub-User originator and Focus Customer in the online history. Internal transfers are tracked for each Access ID.

A Sub-User Administrator inherits the privileges assigned to the Focus Customer. Notwithstanding the foregoing, please note that a Sub-User Administrator has the ability to remove, change or otherwise alter the restrictions or limits placed upon their rights by the Focus Customer.

The Focus Customer or Sub-User Administrator will need to provide the Access ID and temporary Passcode to each new Sub-User. The temporary Passcode will be used to gain access to the Internet Banking Service initially. After the Sub-User's initial log on, they will be prompted to set up their own unique Passcode, known only to them, for future use of the Internet Banking Service.

Business Customer understands that there may be a charge for multiple Sub-Users. You agree to pay all such charges and authorize us to deduct such charges from your business account and any additional charges that may be incurred by you. Any fees associated with your standard business deposit account(s), as described in our fee schedule will continue to apply.

C. ACH Origination

Authorized Users of Business Customers who have been approved for ACH Origination privileges may edit, delete, or "un-approve" ACH transactions prior to the scheduled date for the transaction. Separate agreements will detail the required time-frames for submitting and making changes to ACH transactions.

If ACH batch transactions have been approved and submitted to us for processing, you must contact us immediately if any changes are necessary after the designated cut-off time. In these situations, we may not have sufficient time type to stop the transactions from processing before the schedule payment date.

D. Business Customer Liability

BUSINESS CUSTOMER REPRESENTS AND WARRANTS THAT IT'S AUTHORIZED USERS AND SUB-USERS HAVE THE APPROPRIATE AUTHORITY TO INITIATE TRANSACTIONS THROUGH THE INTERNET BANKING SERVICE. BUSINESS CUSTOMER ALSO REPRESENTS AND WARRANTS THAT IT MAINTAINS OR REQUIRES CURRENT AND UPDATED ANTI-VIRUS SOFTWARE ON ALL COMPUTERS USED TO ACCESS THE INTERNET BANKING SERVICE BY IT OR ON ITS BEHALF.

BUSINESS CUSTOMER AUTHORIZES THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS TO ACT UPON, AND AGREES TO BE BOUND BY, ANY TRANSACTION, WHETHER OR NOT AUTHORIZED, THAT IS INITIATED WITH AN ACCESS ID AND PASSCODE OF ANY AUTHORIZED USER(S).

FURTHERMORE, ANY INSTRUCTIONS, DIRECTIONS, OR OTHER INFORMATION PROVIDED BY THE BUSINESS CUSTOMER, OR ANY OF ITS AUTHORIZED USERS, WILL BE DEEMED TO HAVE BEEN AUTHORIZED BY THE BUSINESS CUSTOMER. THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS WILL NOT BE RESPONSIBLE FOR VERIFYING THE IDENTITY OR AUTHENTICITY OF ANY PERSON CLAIMING TO BE AN AUTHORIZED USER OF THE BUSINESS CUSTOMER.

BUSINESS CUSTOMER ASSUMES ANY AND ALL LIABILITY ARISING FROM THE USE OR MISUSE OF THE INTERNET BANKING SERVICE OR ELIGIBLE ACCOUNTS BY ITS AUTHORIZED USERS OR AS A RESULT OF A COMPROMISED COMPUTER DUE TO A BREACH OF ANY OF THE FOREGOING WARRANTIES. BUSINESS CUSTOMER AGREES TO INDEMNIFY AND HOLD HARMLESS THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS FOR ANY LIABILITY AND DAMAGES RESULTING FROM OR ACTING UPON ANY TRANSACTION, DIRECTION, INSTRUCTION, OR INFORMATION THAT IS INITIATED WITH AN ACCESS ID AND PASSCODE OF BUSINESS CUSTOMER'S AUTHORIZED USER(S) REGARDLESS OF WHETHER SUCH TRANSACTION, DIRECTION OR INSTRUCTION IS MADE BY AN AUTHORIZED USER.

BUSINESS CUSTOMER AGREES THAT WE MAY SEND NOTICES AND OTHER COMMUNICATIONS, INCLUDING EMAILS, TO THE CURRENT ADDRESS SHOWN IN OUR RECORDS, WHETHER OR NOT THAT ADDRESS INCLUDES A DESIGNATION FOR DELIVERY TO THE ATTENTION OF ANY PARTICULAR INDIVIDUAL. YOU FURTHER AGREE THAT [FINANCIAL INSTITUTION NAME] AND/OR ITS SERVICE PROVIDERS WILL NOT BE RESPONSIBLE OR LIABLE TO YOU IN ANY WAY IF INFORMATION IS INTERCEPTED BY AN UNAUTHORIZED PERSON, EITHER IN TRANSIT OR AT YOUR PLACE OF BUSINESS. IN ADDITION, YOU AGREE TO:

- REQUIRE ALL AUTHORIZED USERS TO KEEP PASSCODES SECURE AND STRICTLY CONFIDENTIAL;
- IMMEDIATELY NOTIFY US AND SELECT A NEW PASSCODE IF YOU OR YOUR AUTHORIZED USERS BELIEVE YOUR PASSCODES MAY HAVE BECOME KNOWN TO AN UNAUTHORIZED PERSON.

WE MAY DISABLE PASSCODES OF AUTHORIZED USERS EVEN WITHOUT RECEIVING SUCH NOTICE FROM YOU, IF WE SUSPECT PASSCODES ARE BEING USED IN AN UNAUTHORIZED OR FRAUDULENT MANNER.

BUSINESS CUSTOMERS SHALL BE SOLELY RESPONSIBLE FOR THE DEVELOPMENT AND IMPLEMENTATION OF ALL COMMERCIALY REASONABLE SECURITY PROCEDURES TO PROTECT THEIR COMPUTER SYSTEMS USED TO ACCESS THE INTERNET BANKING SERVICE.

THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS SHALL HAVE NO OBLIGATION, LIABILITY OR CONTROL, EITHER DIRECTLY OR INDIRECTLY CONCERNING THE BUSINESS CUSTOMERS' SELECTION OF SECURITY SYSTEMS OR DEVICES USED TO PROTECT ITS COMPUTER SYSTEM(S). FURTHERMORE, NEITHER THIS INSTITUTION NOR ITS SERVICE PROVIDERS SHALL HAVE CONTROL

OVER BUSINESS CUSTOMERS' DEVELOPMENT OR IMPLEMENTATION OF SAID SECURITY PROCEDURES OR THE FAILURE OF BUSINESS CUSTOMER TO MAINTAIN SAID PROCEDURES.

BUSINESS CUSTOMERS SHALL BE SOLELY RESPONSIBLE FOR ANY AND ALL LOSSES AND DAMAGES ARISING FROM ANY AUTHORIZED OR UNAUTHORIZED ACCESS TO THE INTERNET BANKING SERVICE USING A VALID ACCESS ID AND PASSCODE.

E. Commercially Reasonable Security Procedures

WHEN YOU ACCEPT THIS AGREEMENT AND USE THE SERVICE, YOU ACKNOWLEDGE AND AGREE THAT THE SERVICE INCLUDES SECURITY MEASURES WHICH ARE COMMERCIALY REASONABLE.

YOU AGREE TO BE BOUND BY OUR SECURITY PROCEDURES AND INSTRUCTIONS, WHICH MAY BE PERIODICALLY UPDATED. YOU AGREE TO REVIEW AND IMPLEMENT ALL SECURITY PROCEDURES AVAILABLE IN CONNECTION WITH THE INTERNET BANKING SERVICE, INCLUDING PROCEDURES TO PROTECT THE CONFIDENTIALITY OF YOUR ACCESS ID AND PASSCODE AND THE SAME FOR YOUR AUTHORIZED USERS. YOU AGREE TO NOTIFY THIS FINANCIAL INSTITUTION IN THE EVENT THAT YOUR USE OF THE INTERNET BANKING SERVICE WOULD NECESSITATE OR BE BETTER SERVED BY A LEVEL OF SECURITY THAT EXCEEDS THAT OFFERED BY THE INTERNET BANKING SERVICE. IF YOU FAIL TO NOTIFY THIS FINANCIAL INSTITUTION, YOU ACKNOWLEDGE AND AGREE THAT THE SECURITY ASPECTS OF THE INTERNET BANKING SERVICE ARE APPROPRIATE FOR YOUR NEEDS AND WILL PROVIDE YOU WITH A COMMERCIALY REASONABLE DEGREE OF SECURITY AGAINST UNAUTHORIZED USE.

F. Errors and Questions

In case of errors or questions about your transactions, you should as soon as possible notify us through one of the following methods:

Telephone us at (361) 552-6726 OR (800) 505-2265 during customer service hours;

Write us at PO Drawer 7, Port Lavaca, Texas 77979

G. Your Liability for Unauthorized Transfers

You must notify us of errors, discrepancies, or possible unauthorized transactions as soon as possible upon learning of the discrepancy. If you fail to notify us within sixty (60) days after you have received notice of an unauthorized or erroneous transaction, First National Bank in Port Lavaca will not owe you any interest on the amount in question, even if we are otherwise liable to you in connection with the transaction.

First National Bank in Port Lavaca and its Service Providers shall have no liability to you for any unauthorized transactions made using your Passcode that occurs before you have notified us of any possible unauthorized use and we have had a reasonable opportunity to act upon that notice.

If you fail to notify us of any discrepancy within one (1) year, you shall be precluded from asserting any such discrepancy against us.

H. Limitation of Institution Liability

THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS WILL BE DEEMED TO HAVE EXERCISED ALL DUE CARE AND TO HAVE ACTED REASONABLY IF WE ACT IN ACCORDANCE WITH THE TERMS OF THIS AGREEMENT AND WILL BE LIABLE FOR LOSS SUSTAINED BY YOU ONLY TO THE EXTENT SUCH LOSS IS CAUSED BY OUR WILLFUL MISCONDUCT. THIS FINANCIAL INSTITUTION AND ITS SERVICE PROVIDERS WILL HAVE NO LIABILITY FOR ANY LOSS OR DAMAGE:

- RELATED TO THE DISHONESTY OF THE BUSINESS CUSTOMER'S EMPLOYEES, OFFICERS, AGENTS, AUTHORIZED USERS;
- RESULTING FROM ANY RECEIVING FINANCIAL INSTITUTION'S FAILURE TO ACCEPT ANY PAYMENT OR FUNDS TRANSFER REQUEST;
- RESULTING FROM ANY DELAY IN THE PERFORMANCE OF THIS AGREEMENT, WHICH IS CAUSED BY AN ACT OF GOD, FIRE OR OTHER CASUALTY, ELECTRICAL OR COMPUTER FAILURE, DELAYS OR FAILURE TO ACT BY ANY CARRIER, MEDIUM OR AGENT OPERATING BETWEEN FIRST NATIONAL BANK IN PORT LAVACA AND THIRD PARTIES, OR ANY OTHER CONDITION OUTSIDE OF OUR CONTROL.

IF THIS FINANCIAL INSTITUTION AND/OR ITS SERVICE PROVIDERS FAIL OR DELAY IN MAKING A PAYMENT OR TRANSFER PURSUANT TO YOUR INSTRUCTION, OR IF WE MAKE A PAYMENT OR TRANSFER IN AN ERRONEOUS AMOUNT WHICH IS LESS THAN THE AMOUNT PER YOUR INSTRUCTION, UNLESS OTHERWISE REQUIRED BY LAW OUR LIABILITY SHALL BE LIMITED TO INTEREST ON THE AMOUNT WHICH WE FAILED TO TIMELY PAY, CALCULATED FROM THE DATE ON WHICH THE PAYMENT OR TRANSFER WAS TO BE MADE UNTIL THE DATE IT WAS ACTUALLY MADE OR YOU CANCELED THE INSTRUCTION.

WE MAY PAY SUCH INTEREST EITHER TO YOU OR THE INTENDED RECIPIENT OF THE PAYMENT OR TRANSFER, BUT IN NO EVENT WILL WE BE LIABLE TO BOTH PARTIES, AND OUR PAYMENT TO EITHER PARTY WILL FULLY DISCHARGE ANY OBLIGATION TO THE OTHER. IF WE MAKE A PAYMENT IN AN ERRONEOUS AMOUNT WHICH EXCEEDS THE AMOUNT PER YOUR PAYMENT INSTRUCTION, OR IF WE PERMIT AN UNAUTHORIZED PAYMENT AFTER WE HAVE HAD A REASONABLE TIME TO ACT ON A NOTICE FROM YOU OF POSSIBLE UNAUTHORIZED USE AS DESCRIBED ABOVE, UNLESS OTHERWISE REQUIRED BY LAW, OUR LIABILITY WILL BE LIMITED TO A REFUND OF THE AMOUNT ERRONEOUSLY PAID, PLUS INTEREST THEREON FROM THE DATE OF THE PAYMENT TO THE DATE OF THE REFUND, BUT IN NO EVENT TO EXCEED SIXTY (60) DAYS INTEREST.

IF WE BECOME LIABLE TO YOU FOR INTEREST COMPENSATION UNDER THIS AGREEMENT OR APPLICABLE LAW, SUCH INTEREST SHALL BE CALCULATED BASED ON THE AVERAGE FEDERAL FUNDS RATE AT THE FEDERAL RESERVE BANK IN THE DISTRICT WHERE FIRST NATIONAL BANK IN PORT LAVACA IS HEADQUARTERED FOR EACH DAY INTEREST IS DUE, COMPUTED ON THE BASIS OF A THREE HUNDRED SIXTY (360) DAY YEAR.

NO THIRD PARTY WILL HAVE RIGHTS OR CLAIMS AGAINST FIRST NATIONAL BANK IN PORT LAVACA AND ITS SERVICE PROVIDERS UNDER THIS AGREEMENT. THE TERMS OF THIS SECTION WILL SURVIVE TERMINATION OF THIS AGREEMENT.

I. Indemnification

Business Customer(s) and its Authorized Users will defend, indemnify and hold harmless First National Bank in Port Lavaca and its Service Providers against and in respect to any and all loss, liability, expense and damage, including consequential, special and punitive damages, directly or indirectly resulting from: (i) the processing of any request received by First National Bank in Port Lavaca through the Internet Banking Service, (ii) any breach of the provisions of this Agreement (iii) any request for stop payment; (iv) any dispute between you and any third party in connection with the use of the Internet Banking Service; and (v) any and all actions, suits, proceeding, claims, demands, judgments, costs and expenses (including attorney's fees) incident to the foregoing. The terms of this section will survive termination of this Agreement.

27. Alterations and Amendments

This Agreement, applicable fees and service charges may be altered or amended from time-to-time. In such event, we will provide notice to you. Any use of the Service after we provide you a notice of change will constitute your agreement to such change(s). Further, we may, from time to time, revise or update the applications, services, and/or related material, which may render all such prior versions obsolete. Consequently, we reserve the right to terminate this Agreement as to all such prior versions of the applications, services, and/or related material and limit access to only the Service's more recent revisions and updates.

28. Address, E-mail, or Payment Account Changes

When you enroll in the Service, we may send you a "Welcome" e-mail. We will also send you e-mails and/or secure messages through the Service regarding important Internet Banking and Bill Payment matters and/or changes to this Agreement. You must provide us your current e-mail address in order for us to deliver this information to you.

It is your sole responsibility to ensure that your contact information is current and accurate. This includes, but is not limited to, name, address, phone numbers, and e-mail addresses. Changes can be made either within the Service in the User Services menu or by contacting our Internet Banking Department at (361) 552-6726 or (800) 505-2265.

Any changes to your Eligible Account(s), Payment Account, or Billing Account should also be made in accordance with the procedures outlined above.

We are not responsible for any Bill Payment processing errors or fees incurred if you do not provide accurate Payment Account or contact information.

29. Service Termination, Cancellation, or Suspension

In the event you wish to cancel the Service, please contact our Internet Banking Department or send us a secure email through the Service.

Any Bill Payment(s) the Service has already processed before the requested cancellation date will be completed by the Service. All Scheduled Bill Payments, including automatic payments, will not be processed once the Service is cancelled. You will remain responsible for any fees associated with the Service prior to the effective cancellation date.

We may terminate or suspend the Service to you at any time. Neither termination nor suspension shall affect your liability or obligations under this Agreement.

Access to our Service may be canceled in whole or part without prior notice due to insufficient funds in one of your accounts or other circumstances that may create an unanticipated liability to us. If your account(s) is closed or restricted for any reason, or if there has not been any Internet Banking or Bill Payment activity for a period of 3 consecutive months, accessibility will automatically terminate.

After termination or suspension of the Service, we may consider reinstatement once sufficient funds are available in your accounts to cover any fees and other pending transfers or debits. In order to request reinstatement of the Service, you must call our Internet Banking Department.

30. Exclusions of Warranties and Limitation of Damages

THE INTERNET BANKING SERVICE AND RELATED DOCUMENTATION ARE PROVIDED "AS IS", "AS AVAILABLE" WITHOUT WARRANTY OF ANY KIND, EITHER EXPRESSED OR IMPLIED, INCLUDING, BUT NOT LIMITED TO, THE IMPLIED WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE.

NOTWITHSTANDING OUR EFFORTS TO ENSURE THAT THE INTERNET BANKING SERVICE IS SECURE, WE CANNOT AND DO NOT WARRANT THAT ALL DATA TRANSFERS VIA THE INTERNET BANKING SERVICE WILL BE FREE FROM MONITORING OR ACCESS BY OTHERS.

WE ARE NOT RESPONSIBLE FOR AND YOU AGREE TO HOLD US HARMLESS FROM ANY DAMAGES, LOSSES, COSTS, ERRORS, DELETIONS, OR FAILURES THAT OCCUR AS A RESULT OF OR IN CONNECTION WITH ANY MALFUNCTION OF YOUR COMPUTER OR SOFTWARE, OR YOUR FAILURE TO OBTAIN ADEQUATE ONLINE SECURITY HARDWARE AND SOFTWARE, NOR WILL WE BE RESPONSIBLE FOR ANY COMPUTER VIRUSES THAT AFFECTS YOUR COMPUTER OR SOFTWARE WHILE USING THE INTERNET BANKING SERVICE. IN ADDITION, WE WILL NOT BE RESPONSIBLE FOR ANY THIRD PARTY

ACCESS OR ATTEMPTED ACCESS TO YOUR COMPUTER OR SOFTWARE WHILE USING THE INTERNET BANKING SERVICE OR OUR WEBSITE.

WE ARE NOT RESPONSIBLE AND YOU AGREE TO HOLD US HARMLESS FOR SECURITY BREACHES CAUSED BY OR ARISING FROM A BREACH OF YOUR COMPUTER SYSTEM, INTERNET PROVIDER OR YOUR MOBILE DEVICE CARRIER.

YOU ARE SOLELY RESPONSIBLE FOR THE MAINTENANCE, INSTALLATIONS, AND OPERATION OF YOUR COMPUTER INCLUDING BUT NOT LIMITED TO THE USE OF UPDATED ANTI-VIRUS PROTECTION.

NEITHER THIS FINANCIAL INSTITUTION NOR ITS SERVICE PROVIDERS SHALL BE RESPONSIBLE FOR ANY DELAYS, ERRORS, DELETIONS, FAILURES, OR DISCLOSURE OF PERSONAL OR BUSINESS ACCOUNT INFORMATION THAT MAY OCCUR AS A RESULT OF ANY VIRUS, TROJAN, SHARED PASSWORD, OR MALFUNCTION OF YOUR COMPUTER OR SOFTWARE OR YOUR FAILURE TO ADEQUATELY MAINTAIN AND SECURE YOUR COMPUTER AND SOFTWARE.

THE FOREGOING SHALL CONSTITUTE FIRST NATIONAL BANK IN PORT LAVACA AND IT'S SERVICE PROVIDER'S ENTIRE LIABILITY AND YOUR EXCLUSIVE REMEDY. IN NO EVENT SHALL FIRST NATIONAL BANK IN PORT LAVACA OR ITS SERVICE PROVIDERS BE LIABLE FOR ANY DIRECT, INDIRECT, SPECIAL, INCIDENTAL, CONSEQUENTIAL, OR EXEMPLARY DAMAGES, INCLUDING LOST PROFITS OR ATTORNEYS FEES (EVEN IF ADVISED OF THE POSSIBILITY THEREOF) ARISING IN ANY WAY OUT OF THE INSTALLATION, USE, OR MAINTENANCE OF THE EQUIPMENT, SOFTWARE, AND/OR YOUR USE OF THE INTERNET BANKING SERVICE.

31. No Unlawful or Prohibited Use

As a condition of using the Internet Banking Service, you represent and warrant to us that you will not use Service for any purpose that is unlawful or is not permitted, expressly or implicitly, by the terms of this Agreement or by any applicable law or regulation.

You further warrant and represent that you will not use the Internet Banking Service in any manner that could damage, disable, overburden, or impair the service or interfere with any other party's use and enjoyment of the service. You may not obtain or attempt to obtain any materials or information through any means not intentionally made available or provided through the Service. You agree that these warranties and representations will remain in full force and effect even if this Agreement terminates for any reason.

32. Assignment

You may not assign this Agreement to any other party. We may assign this Agreement in our sole discretion. We may also assign or delegate certain of our rights and responsibilities under this Agreement to independent contractors or other third parties.

33. No Waiver

This Financial Institution and its Service Providers shall not be deemed to have waived any of our rights or remedies hereunder unless such waiver is in writing and signed by us. No delay or omission in exercising any rights or remedies shall operate as a waiver of such rights or remedies or any other rights or remedies. A waiver on any one occasion shall not be construed as a bar or waiver of any rights or remedies on future occasions.

34. Captions

The captions of sections hereof are for convenience only and shall not control or affect the meaning or construction of any of the provisions of this Agreement.

35. Disputes

In the event of a dispute regarding the Service, you agree to resolve the dispute by looking to this Agreement. You agree that this Agreement is the complete and exclusive statement of the agreement between you and us, which supersedes any proposal or prior agreement, oral or written, and any other communications between you and us relating to the subject matter of this Agreement. If there is a conflict between what the employees of this financial institution and/or its Service Providers say and the terms of this Agreement, the terms of this Agreement will prevail.

36. Waiver of Trial by Jury

The parties hereby knowingly, voluntarily and intentionally waive any right they may have to a trial by jury with respect to any litigation brought based upon this Agreement, or arising out of, under, or in connection with this Agreement and any agreement contemplated to be executed in conjunction herewith, or any course of conduct, course of dealing, statements or actions of the parties. This provision is a material inducement for the parties entering this Agreement.

37. Ownership of Material

Copyright in the pages and in the screens displaying the pages, and in the information and material therein and in their arrangement, is owned by First National Bank in Port Lavaca and/or its Service Providers unless otherwise indicated. All registered and unregistered trademarks used in the Service are the sole property of their respective owners. Unauthorized reproduction in whole or part is prohibited.

38. Governing Law and Relation to Other Agreements

Accounts and services provided by this Financial Institution may also be governed by separate agreements with you. This Agreement supplements any other agreement(s) and/or disclosures related to your Eligible Account(s) and provided to you separately.

This Agreement shall be governed by and construed in accordance with federal laws and the laws of the State of Texas, without regard to its conflicts of laws provisions; provided, however, that any dispute solely between you and our Bill Payment Service Provider shall be governed by and construed in accordance with the laws of the State of Georgia, without regard to its conflicts of laws provisions.

Proceed with Enrollment for the Service.

By clicking on the "I agree" button below you represent that you are the owner of an Eligible Account to be enrolled in the Service and/or have been authorized by the owner to enroll for the Service. Clicking on the "I Agree" button also indicates your acceptance of the terms and conditions of this Agreement in this electronic format.

(If you do not agree, choose cancel below.)

If you click "cancel" you can still enroll at a later time. You will still be asked to accept the terms and conditions of this Agreement.

ATTACHMENT B**Regulatory Compliance and Criminal History Warranty; Acknowledgement of Fiduciary Duty Owed by Contractor to City**

- (a) **Compliance. Histories, Warranty, Fiduciary Duty, Discretionary Termination.** The successful bidder [proponent] must demonstrate to the City's satisfaction that bidder [proponent] has clean environmental, criminal, and other compliance histories with state, federal, and local agencies or authorities. By submission of a bid or proposal in response to this solicitation, bidder [proponent] Warrants to the City that he / she / it (in the case of a corporation or other legal entity), including advisors, executive and supervisory employees, agents and representatives, are in good stead with all regulatory authorities that may have interests in or jurisdiction over the work activity or service bid [proposed] by the Contractor. Regulatory interest or jurisdiction may go directly to the Contract activity in question, to potential consequences of the activity, or indirectly to any regulated matter that may reflect upon the Contractor's competency and integrity. The City relies upon Contractor's Warranty and shall treat the Contractor as having a special fiduciary duty to the City in this respect due to potential for environmental, third party, and other regulatory liabilities which may attend this Contract, including but not limited to regulatory criminal responsibility. Contractor acknowledges such fiduciary duty to the City, promising a high standard of performance and best efforts to protect the public interest against consequences of environmental mishap. Contractor warrants that no matters pertaining to violations, notices of violation, or notices of regulatory concern are now pending against Contractor or those persons (employees / affiliates) of concern mentioned above; and that no civil or criminal litigation, and no manner of enforcement activity, however preliminary, is *pending* against Contractor or those persons, regardless of category or class of violation or potential violation. *If any such matters are pending, Contractor must reveal and explain those matters in writing at the time his / her / its bid [proposal] is tendered to the City.* If any such matters have been resolved, *during the last five (5) years*, Contractor must similarly reveal and explain same to the City with the bid [proposal] submission. The City retains the right to determine, according to its discretion, whether or not a pending, unresolved, or resolved enforcement issue or criminal matter concerning Contractor, its operations, or employees / agents / representatives may impact the responsible status of Contractor, i.e., render the Contractor unqualified, or detract from Contractor's competency standing. In reliance on Contractor's Warranty, the City reserves to itself the right to terminate the Contract, without further obligation upon the City and without further recourse or remedy for the Contractor except that the City shall duly pay Contractor for work or services performed to date of termination, should the City determine, following award of the Contract that Contractor failed to reveal and explain to the City's satisfaction any such matters having regulatory or criminal import or implications.
- (b) **Criminal Histories. Pending and Resolved; Termination.** Contractor must disclose and explain in writing any pending criminal matters associated with his / her / its business operation. This disclosure goes to Contractor's person, and to all persons working for Contractor in a supervisory, advisory, executive, agency, or in any representative capacity or manner associated with Contractor's business enterprise, which person(s) have any criminal enforcement action pending against him or her, regardless of class or category of alleged violation which may be pending, however preliminary, including investigation. And concerning resolved criminal matters, Contractor must make similar written disclosures and explanations for the same category of persons, which disclosures and explanations concern any criminal enforcement action that may have been resolved against such persons during the last five (5) years. Failure to make such disclosures and explanations, with the submission of the bidder's [proponent's] response to the City's solicitation, shall be grounds for the City's termination of the Contract, should such information come to the City's attention after award of the contract; in which case, Contractor shall be without recourse and remedy, except for the City's payment to Contractor for services or work performed up to date of termination.

(c) **Voidable Contract.** Contractor's failure to abide by disclosure and explanation requirements, in (a) and (b), above, shall render the Contract voidable at the City's discretion, with no compensation due Contractor, if concealed or undisclosed violations, or undisclosed or concealed investigations leading to formal criminal charges, are of such portent, in the City's judgment, as to place the City in a position of regulatory or third party liability exposure, or shall pose or result in a threat to the public health, safety, or welfare. Any sums paid Contractor, in the event of a voided contract, shall be recoverable by the City, in addition to and cumulative of any other legal or equitable remedies the City may have. Contractor understands the City shall enjoy the termination and voidable contract remedies set forth in paragraph (b) and this paragraph (c) due to the fiduciary duty owing from Contractor to City and due to the City's reliance on the Contractor's Warranty of Regulatory Compliance and clean Criminal History.

ATTACHMENT C**RESPONDENT'S QUESTIONNAIRE**

- 1. Respondent Information:** Provide the following information regarding the Respondent.
 (NOTE: Co-Respondents are two or more entities proposing as a team or joint venture with each signing the contract, if awarded. Sub-contractors are not Co-Respondents and should not be identified here. If this proposal includes Co-Respondents, provide the required information in this Item #1 for each Co-Respondent by copying and inserting an additional block(s) before Item #1.2. If Joint Venture or Partnership, attach Joint Venture or Partnership Agreement.)

Respondent Name: First National Bank in Port Lavaca
 (NOTE: Give exact legal name as it will appear on the contract, if awarded.)

Principal Address: 1101 South HWY 35 Bypass

City: Port Lavaca State: TX Zip Code: 77979

Telephone No.: 361-552-6726 Fax No: 361-552-8520

Social Security Number or Federal Employer Identification Number: 74-1296016

Texas Comptroller's Taxpayer Number, if applicable: 17412960167
 (NOTE: This 11-digit number is sometimes referred to as the Comptroller's TIN or TID.)

Business Structure: Check the box that indicates the business structure of the Respondent.

- ☐ Individual or Sole Proprietorship If checked, list Assumed Name, if any: _____
- ☐ Partnership
- ☒ Corporation If checked, check one: ☒ For-Profit ☐ Nonprofit
 Also, check one: ☒ Domestic ☐ Foreign
- ☐ Other: If checked, list business structure: _____

- 2. Contact Information:** List the one person who the City may contact concerning your proposal or setting dates for meetings.

Name: Edward Gonzales

Address: 1101 South HWY 35 Bypass

City: Port Lavaca State: TX Zip Code: 77979

Telephone No.: 361-552-8523 Fax No: 361-552-8520

Email: egonzales@fnbportlavaca.com

- 3. Does Respondent anticipate any mergers, transfer of organization ownership, management reorganization, or departure of key personnel within the next twelve (12) months?**

Yes ☐ No ☒

4. Is Respondent authorized and/or licensed to do business in Texas?

Yes ☒ No ☐ If "Yes", list authorizations/licenses.

Office of The Comptroller of Currency

5. Where is the Respondent's corporate headquarters located? Port Lavaca

6. Local Operation: Does the Respondent have an office located in Calhoun County, Texas? Yes ☒ No ☐ If "Yes", respond to a and b below:

a. How long has the Respondent conducted business from its Calhoun County office?

Years 64 Months 9

b. State the number of full-time employees at the Calhoun County office. 34

7. Debarment/Suspension Information: Has the Respondent or any of its principals been debarred or suspended from contracting with any public entity?

Yes ☐ No ☒ If "Yes", identify the public entity and the name and current phone number of a representative of the public entity familiar with the debarment or suspension, and state the reason for or circumstances surrounding the debarment or suspension, including but not limited to the period of time for such debarment or suspension.

8. Surety Information: Has the Respondent ever had a bond or surety canceled or forfeited?

Yes ☐ No ☒ If "Yes", state the name of the bonding company, date, amount of bond and reason for such cancellation or forfeiture.

9. Bankruptcy Information: Has the Respondent ever been declared bankrupt or filed for protection from creditors under state or federal proceedings?

Yes ☐ No ☒ If "Yes", state the date, court, jurisdiction, cause number, amount of liabilities and amount of assets.

List here, any other names under which Respondent has operated within the last 10 years.

REFERENCES - Provide four (4) references, one of which must be from a financial institution that has provided Respondent with banking services during the past three years.

Reference No. 1: (Financial Institution)

Firm/Company Name: _____
 Contact Name: _____ Title: _____
 Address: _____
 City: _____ State: _____ Zip Code: _____
 Telephone No. _____ Fax No: _____
 Email: _____

Reference No. 2:

Firm/Company Name: _____
 Contact Name: _____ Title: _____
 Address: _____
 City: _____ State: _____ Zip Code: _____
 Telephone No. _____ Fax No: _____
 Email: _____

Reference No. 3:

Firm/Company Name: _____
 Contact Name: _____ Title: _____
 Address: _____
 City: _____ State: _____ Zip Code: _____
 Telephone No. _____ Fax No: _____
 Email: _____

Reference No. 4:

Firm/Company Name: _____
 Contact Name: _____ Title: _____
 Address: _____
 City: _____ State: _____ Zip Code: _____
 Telephone No. _____ Fax No: _____
 Email: _____

FIRST NATIONAL BANK IN PORT LAVACA IS CURRENT DEPOSITORY.

ATTACHMENT D**LITIGATION DISCLOSURE**

Respond to each of the questions below by checking the appropriate box. Failure to fully and truthfully disclose the information required by this Litigation Disclosure form may result in the disqualification of your proposal from consideration or termination of the contract, once awarded.

Have you or any member of your Firm or Team to be assigned to this engagement ever been indicted or convicted of a felony or misdemeanor greater than a Class C in the last five (5) years?

Yes ☐ No ☒

Have you or any member of your Firm or Team to be assigned to this engagement been terminated (for cause or otherwise) from any work being performed for the City of Port Lavaca or any other Federal, State or Local Government, or Private Entity?

Yes ☐ No ☒

Have you or any member of your Firm or Team to be assigned to this engagement been involved in any claim or litigation with the City of Port Lavaca or any other Federal, State or Local Government, or Private Entity during the last ten (10) years?

Yes ☐ No ☒

If you have answered "Yes" to any of the above questions, please indicate the name(s) of the person(s), the nature, and the status and/or outcome of the information, indictment, conviction, termination, claim or litigation, as applicable. Any such information should be provided on a separate page, attached to this form and submitted with your proposal.

ATTACHMENT E**INSURANCE REQUIREMENTS**

Contractors performing work or services on City property or public right-of-way for the City of Port Lavaca shall provide the City a certificate of insurance evidencing the coverages and coverage provisions identified herein. Contractors shall provide the City evidence that all subcontractors performing work or services have the same types and amounts of coverages as required herein or that the subcontractors are included under the contractor's policy. The City, at its own discretion, may require a certified copy of the policy.

All insurance companies and coverages must be authorized by the Texas Department of Insurance to transact business in the State of Texas and must be acceptable to the City of Port Lavaca.

Listed below are the types and amounts of insurance required. The City reserves the right to amend or require additional types and amounts of coverages or provisions depending on the nature of the work.

Type of Insurance	Amount of Insurance	Provisions
1. Workers' Compensation 2. Employer's Liability	Statutory \$100,000 each accident	City to be provided a waiver of subrogation.
3. Commercial General Liability to include coverage for the following: a. Premises/Operations b. Products/Completed Operations c. Independent Contractors d. Personal Injury e. Contractual Liability f. Personal/Advertising Injury g. Medical Expenses h. Fire Legal Liability	\$1,000,000 each occurrence, \$1,000,000 general aggregate; Or \$1,000,000 combined single limits	City to be listed as additional insured and provided 30-day notice of cancellation or material change in coverage. City prefers that insurer be rated B+VI or higher by A.M. Best or A or higher by Standard & Poors.
4. Business Automobile Liability a. Owned/leased vehicles b. Non-owned vehicles c. Hired vehicles	Combined Single Limit for Bodily Injury and Property Damage of \$1,000,000 per occurrence.	
5. Crime/Employee Dishonesty (including monies and securities)	\$250,000	
6. Indemnification Bond*	\$250,000	

*If applicable.

ATTACHMENT F

INDEMNIFICATION REQUIREMENTS

If selected to provide the services described in this RFP, Respondent shall be required to comply with the indemnification requirements set forth below:

RESPONDENT covenants and agrees to FULLY INDEMNIFY and HOLD HARMLESS, the CITY and the elected officials, employees, officers, directors, volunteers and representatives of the CITY, individually or collectively, from and against any and all costs, claims, liens, damages, losses, expenses, fees, fines, penalties, proceedings, actions, demands, causes of action, liability and suits of any kind and nature, including but not limited to, personal or bodily injury, death and property damage, made upon the CITY directly or indirectly arising out of, resulting from or related to RESPONDENT's activities under this CONTRACT, including any acts or omissions of RESPONDENT, any agent, officer, director, representative, employee, consultant or subcontractor of RESPONDENT, and their respective officers, agents, employees, directors and representatives while in the exercise of performance of the rights or duties under this CONTRACT, all without however, waiving any governmental immunity available to the CITY under Texas Law and without waiving any defenses of the parties under Texas Law. IT IS FURTHER COVENANTED AND AGREED THAT SUCH INDEMNITY SHALL APPLY EVEN WHERE SUCH COSTS, CLAIMS, LIENS, DAMAGES, LOSSES, EXPENSES, FEES, FINES, PENALTIES, ACTIONS, DEMANDS, CAUSES OF ACTION, LIABILITY AND/OR SUITS ARISE IN ANY PART FROM THE NEGLIGENCE OF CITY, THE ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS, VOLUNTEERS AND REPRESENTATIVES OF CITY, UNDER THIS CONTRACT. HOWEVER THE SCOPE OF INDEMNITY IMPOSED ON RESPONDENT BY THIS AGREEMENT DOES NOT EXTEND TO ACTIONS TAKEN BY RESPONDENT OR ITS AGENTS IN DIRECT RESPONSE AND IN COMPLIANCE WITH ORDERS AND DIRECTIONS GIVEN TO RESPONDENT AND ITS AGENTS BY THE CHIEF OF POLICE OR HIS REPRESENTATIVE OR SENIOR FIREFIGHTERS IN CONTROL OF AN ACCIDENT SCENE.

It is the EXPRESS INTENT of the parties to this CONTRACT, that the INDEMNITY provided for in this section, is an INDEMNITY extended by RESPONDENT to INDEMNIFY, PROTECT and HOLD HARMLESS, the CITY from the consequences of the CITY'S OWN NEGLIGENCE, provided however, that the INDEMNITY provided for in this section SHALL APPLY only when the NEGLIGENT ACT of the City is a CONTRIBUTORY CAUSE of the resultant injury, death, or damage, and shall have no application when the negligent act of the City is the sole cause of the resultant injury, death, or damage. RESPONDENT further AGREES TO DEFEND, AT ITS OWN EXPENSE and ON BEHALF OF THE CITY AND IN THE NAME OF THE CITY, any claim or litigation brought against the CITY and its elected officials, employees, officers, directors, volunteers and representatives, in connection with any such injury, death, or damage for which this INDEMNITY shall apply, as set forth above.

However, given the industrial character, history, and intended use of the site, subject of this RFP, the foregoing contributory cause provision shall not relieve the RESPONDENT of the obligation to fully indemnify, defend, and hold harmless the CITY and all those persons recited above, according to the foregoing paragraphs, when the claim, demand, criminal or civil action, regulatory enforcement action, demand or direction for remediation is brought by an environmental regulatory agency or division, local, state, or federal, in which case THE SELECTED RESPONDENT SHALL INDEMNIFY, DEFEND, AND HOLD HARMLESS THE CITY, ITS ELECTED OFFICIALS, EMPLOYEES, OFFICERS, DIRECTORS AND REPRESENTATIVES, FOR THE CITY'S ALLEGED OR PROVEN NEGLIGENCE EVEN WHEN THE CITY'S SOLE NEGLIGENCE MAY BE ALLEGED OR PROVEN.

The provisions of this INDEMNIFICATION are solely for the benefit of the parties hereto and not intended to create or grant any rights, contractual or otherwise, to any other person or entity.

RESPONDENT shall advise the CITY in writing within 24 hours of any claim or demand against the CITY or RESPONDENT known to RESPONDENT related to or arising out of RESPONDENT's activities under this contract, and shall see to the investigation and defense of such claim or demand at RESPONDENT's cost. The CITY shall have the right, at its option and at its own expense, to participate in such defense without relieving RESPONDENT of any of its obligations under this paragraph.

CONFLICT OF INTEREST QUESTIONNAIRE For vendor or other person doing business with local governmental entity		FORM CIQ
<p>This questionnaire reflects changes made to the law by H.B.23, 84th Leg. Regular Session.</p> <p>This questionnaire is being filed in accordance with chapter 176 of the Local Government Code by a vendor who has a business relationship as defined by Section 176.001(1-a) with a local government entity and the vendor meets requirements under Section 176.006(a).</p> <p>By law this questionnaire must be filed with the records administrator of the local government not later than the 7th business day after the date the person becomes aware of facts that require the statement to be filed. See Section 176.006, Local Government Code.</p> <p>A vendor commits an offense if the person violates Section 176.006, Local Government Code. An offense under this section is a misdemeanor.</p>	<div style="border: 1px solid black; padding: 2px; text-align: center; font-weight: bold;">OFFICE USE ONLY</div> <div style="border: 1px solid black; padding: 2px;">Date Received</div>	
<p>1) Name of person doing business with local governmental entity.</p> <p style="text-align: center; margin-left: 40px;">First National Bank in Port Lavaca</p>		
<p>2) <input type="checkbox"/> Check this box if you are filing an update to a previously filed questionnaire.</p> <p style="margin-left: 40px;">(The law requires that you file an updated completed questionnaire with the appropriate filing authority not later than September 1 of the year for which an activity described in Section 176.006(a), Local Government Code, is pending and not later than the 7th business day after the date the originally filed questionnaire becomes incomplete or inaccurate.)</p>		
<p>3) Name of local government officer about whom the information is being disclosed.</p> <p style="text-align: center; margin-left: 100px;">N/A</p> <p style="text-align: center; margin-left: 100px;">_____ Name of Officer</p>		
<p>4) Describe each affiliation or business relationship with an employee or contractor of the local governmental entity who makes recommendations to a local government officer of the local governmental entity with respect to expenditure of money.</p> <p style="margin-left: 20px;">A. Is the local government officer name in this section receiving or likely to receive taxable income from the other than investment income, from the vendor?</p> <p style="text-align: center; margin-left: 100px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p> <p style="margin-left: 20px;">B. Is the vendor receiving or likely to receive taxable income, other than investment income, from or at the direction of the local government officer or a family member of the officer AND the taxable income is not received from the local government entity?</p> <p style="text-align: center; margin-left: 100px;"><input type="checkbox"/> Yes <input type="checkbox"/> No</p>		

ATTACHMENT J

- 5) Describe each employment or business relationship with the vendor named in Section 1 maintains with a corporation or other business entity with respect to which the local government officer serves as an officer or director, or holds an ownership interest of one percent or more.

- 6) ☐ Check this box if the vendor has given the local government officer or a family member of the officer one more gifts as described in Section 176.003(a)(2)(B), excluding gifts described in Section 176.003(a-1)

7)  7/26/22
 Signature of vendor doing business with the governmental entity Date

OTHER SERVICE FEES		
SERVICE	CHARGED	FEE
Non Sufficient Funds	Per Item	\$30.00
Cash Management	Per Month	\$50.00 (Basic)
Research	Per Token	Authentication Tokens maybe up to an additional \$75.00 Standard Cost
Printed Checks		At Vendors Cost
Printed Deposit Slips		At Vendors Cost
Positive Pay:		
Online Banking		Cost to Bank to setup plus monthly fees charged to Bank
Core System		At no cost unless files is not received on time a there will be a \$30.00 penalty per file. If a file contains incorrect information there will be a \$30.00 penalty per file and there are multiply incorrect information a corrected file maybe requested

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

PORT LAVACA

City

TX**77979**

State

Zip Code

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2021 at 2:53 PM

Section VIII. Item #2.

RI-1

Consolidated Report of Income

for the period January 1, 2020 – December 31, 2020

Schedule RI—Income Statement

Dollar Amounts in Thousands		RIAD	Amount	
1. Interest income:				
a. Interest and fee income on loans:				
(1) Loans secured by real estate:				
(a) Loans secured by 1-4 family residential properties	4435	4,957	1.a.(1)(a)	
(b) All other loans secured by real estate	4436	2,599	1.a.(1)(b)	
(2) Commercial and Industrial loans	4012	988	1.a.(2)	
(3) Loans to individuals for household, family, and other personal expenditures:				
(a) Credit cards	B485	0	1.a.(3)(a)	
(b) Other (includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	B486	333	1.a.(3)(b)	
(4) Not applicable				
(5) All other loans (1)	4058	85	1.a.(5)	
(6) Total interest and fee income on loans (sum of Items 1.a.(1)(a) through 1.a.(5))	4010	8,962	1.a.(6)	
b. Income from lease financing receivables	4065	0	1.b.	
c. Interest income on balances due from depository institutions (2)	4115	109	1.c.	
d. Interest and dividend income on securities:				
(1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	B488	798	1.d.(1)	
(2) Mortgage-backed securities	B489	1,497	1.d.(2)	
(3) All other securities (includes securities issued by states and political subdivisions in the U.S.)	4060	532	1.d.(3)	
e. Not applicable				
f. Interest income on federal funds sold and securities purchased under agreements to resell	4020	1	1.f.	
g. Other interest income	4518	17	1.g.	
h. Total interest income (sum of Items 1.a.(6) through 1.g.)	4107	11,916	1.h.	
2. Interest expense:				
a. Interest on deposits:				
(1) Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	4508	459	2.a.(1)	
(2) Nontransaction accounts:				
(a) Savings deposits (includes MMDAs)	0093	299	2.a.(2)(a)	
(b) Time deposits of \$250,000 or less	HK03	437	2.a.(2)(b)	
(c) Time deposits of more than \$250,000	HK04	224	2.a.(2)(c)	
b. Expense of federal funds purchased and securities sold under agreements to repurchase	4180	0	2.b.	
c. Other interest expense	GW44	0	2.c.	
d. Not applicable				
e. Total interest expense (sum of Items 2.a through 2.c)	4073	1,419	2.e.	
3. Net interest income (Item 1.h minus 2.e)	4074	10,497	3.	
4. Provision for loan and lease losses(3)	JJ33	300	4.	

(1) Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

(2) Includes interest income on time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in Item 4 the provisions for credit losses on all financial assets that fall within the scope of the standard.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2021 at 2:53 PM

Section VIII. Item #2.

RI-2

Schedule RI—Continued

Dollar Amounts in Thousands		Year-to-date			
		RIAD	Amount		
5. NonInterest Income:					
a. Income from fiduciary activities (1)		4070	108	5.a.	
b. Service charges on deposit accounts		4080	469	5.b.	
c. Not applicable					
d. (1) Fees and commissions from securities brokerage, Investment banking, advisory, and underwriting activities		HT73	0	5.d.(1)	
(2) Income from Insurance activities(2)		HT74	0	5.d.(2)	
e. Not applicable					
f. Net servicing fees		B492	0	5.f.	
g. and h. Not applicable					
i. Net gains (losses) on sales of loans and leases		5416	0	5.i.	
j. Net gains (losses) on sales of other real estate owned		5415	0	5.j.	
k. Net gains (losses) on sales of other assets (3)		B496	0	5.k.	
l. Other noninterest Income*		B497	196	5.l.	
m. Total nonInterest Income (sum of Items 5.a through 5.l)			4079	773	5.m.
6. a. Realized gains (losses) on held-to-maturity securities			3521	0	6.a.
b. Realized gains (losses) on available-for-sale debt securities			3196	0	6.b.
7. NonInterest expense:					
a. Salaries and employee benefits		4135	3,497	7.a.	
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage Interest)		4217	967	7.b.	
c. (1) Goodwill Impairment losses		C216	0	7.c.(1)	
(2) Amortization expense and Impairment losses for other intangible assets		C232	0	7.c.(2)	
d. Other nonInterest expense*		4092	1,291	7.d.	
e. Total nonInterest expense (sum of Items 7.a through 7.d)			4093	5,755	7.e.
8. a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable Income taxes, and discontinued operations (Item 3 plus or minus Items 4, 5.m, 6.a, 6.b, and 7.e)			HT69	5,215	8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading (4)			HT70	0	8.b.
c. Income (loss) before applicable Income taxes and discontinued operations (sum of Items 8.a and 8.b)			4301	5,215	8.c.
9. Applicable Income taxes (on Item 8.c)			4302	1,019	9.
10. Income (loss) before discontinued operations (Item 8.c minus item 9)			4300	4,196	10.
11. Discontinued operations, net of applicable Income taxes*			FT28	0	11.
12. Net Income (loss) attributable to bank and noncontrolling (minority) Interests (sum of Items 10 and 11)			G104	4,196	12.
13. LESS: Net Income (loss) attributable to noncontrolling (minority) Interests (if net Income, report as a positive value; If net loss, report as a negative value)			G103	0	13.
14. Net Income (loss) attributable to bank (item 12 minus Item 13)			4340	4,196	14.

* Describe on Schedule RI-E—Explanations.

(1) For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.

(2) Includes underwriting income from insurance and reinsurance activities.

(3) Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.

(4) Item 8.b is to be completed by all institutions - See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

PORT LAVACA

City

TX 77979

State Zip Code

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2021 at 2:53 PM

Section VIII. Item #2.

RC-1

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2020

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts In Thousands

		RCN	Amount	
Assets				
1. Cash and balances due from depository institutions:				
a. Noninterest-bearing balances and currency and coin(1)		0081	2,399	1.a.
b. Interest-bearing balances(2)		0071	24,573	1.b.
2. Securities:				
a. Held-to-maturity securities (from Schedule RC-B, column A)(3)		JJ34	0	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)		1773	146,448	2.b.
c. Equity securities with readily determinable fair values not held for trading (4)		JA22	0	2.c.
3. Federal funds sold and securities purchased under agreements to resell:				
a. Federal funds sold		B987	200	3.a.
b. Securities purchased under agreements to resell(5, 6)		B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):				
a. Loans and leases held for sale		5369	0	4.a.
b. Loans and leases held for investment	B528	181,131		4.b.
c. LESS: Allowance for loan and lease losses(7)	3123	1,596		4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)		B529	179,535	4.d.
5. Trading assets		3545	0	5.
6. Premises and fixed assets (including capitalized leases)		2145	4,849	6.
7. Other real estate owned (from Schedule RC-M)		2150	0	7.
8. Investments in unconsolidated subsidiaries and associated companies		2130	0	8.
9. Direct and indirect investments in real estate ventures		3656	0	9.
10. Intangible assets (from Schedule RC-M)		2143	0	10.
11. Other assets (from Schedule RC-F)(6)		2160	1,945	11.
12. Total assets (sum of items 1 through 11)		2170	359,949	12.

(1) Includes cash items in process of collection and unposted debits.

(2) Includes time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, item 8, column A, less Schedule RI-B, Part II, item 7, column B.

(4) Item 2.c is to be completed by all institutions - See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

(5) Includes all securities resale agreements, regardless of maturity.

(6) Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.

(7) Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2021 at 2:53 PM

Section VIII. Item #2.

RC-2a

Schedule RC - Continued**Liabilities**

Dollar Amounts in Thousands		RCN	Amount	
13. Deposits:				
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)		2200	320,042	13.a.
(1) Noninterest-bearing(8)	6631 75,449			13.a.(1)
(2) Interest-bearing	6636 244,593			13.a.(2)
b. Not applicable				
14. Federal funds purchased and securities sold under agreements to repurchase:				
a. Federal funds purchased(9)		B993	0	14.a.
b. Securities sold under agreements to repurchase(10)		B995	0	14.b.
15. Trading liabilities		3548	0	15.
16. Other borrowed money (includes mortgage indebtedness) (from Schedule RC-M)		3190	0	16.
17. and 18. Not applicable				
19. Subordinated notes and debentures(11)		3200	0	19.

(8) Includes noninterest-bearing demand, time, and savings deposits.

(9) Report overnight Federal Home Loan Bank advances in Schedule RC, Item 16, "Other borrowed money."

(10) Includes all securities repurchase agreements, regardless of maturity.

(11) Includes limited-life preferred stock and related surplus.

FIRST NATIONAL BANK IN PORT LAVACA

Legal Title of Bank

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2021 at 2:53 PM

Section VIII. Item #2.

RC-2

Schedule RC - Continued

Dollar Amounts in Thousands

	RCON	Amount	
Liabilities—continued			
20. Other liabilities (from Schedule RC-G)	2930	1,190	20.
21. Total liabilities (sum of Items 13 through 20)	2948	321,232	21.
22. Not applicable			
Equity Capital			
Bank Equity Capital			
23. Perpetual preferred stock and related surplus	3838	0	23.
24. Common stock	3230	4,800	24.
25. Surplus (exclude all surplus related to preferred stock)	3839	4,800	25.
26. a. Retained earnings	3632	28,822	26.a.
b. Accumulated other comprehensive Income(1)	B530	3,295	26.b.
c. Other equity capital components (2)	A130	-3,000	26.c.
27. a. Total bank equity capital (sum of Items 23 through 26.c)	3210	38,717	27.a.
b. Noncontrolling (minority) Interests in consolidated subsidiaries	3000	0	27.b.
28. Total equity capital (sum of Items 27.a and 27.b)	G105	38,717	28.
29. Total liabilities and equity capital (sum of Items 21 and 28)	3300	359,949	29.

Memoranda**To be reported with the March Report of Condition.**

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2019

RCON	Number
6724	N/A

M.1.

1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution

1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution

2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

3 = This number is not to be used.

4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)

5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)

6 = Review of the bank's financial statements by external auditors

7 = Compilation of the bank's financial statements by external auditors

8 = Other audit procedures (excluding tax preparation work)

9 = No external audit work

To be reported with the March Report of Condition.

2. Bank's fiscal year-end date (report the date in MMDD format)

RCON	Date
8678	N/A

M.2.

- (1) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.
- (2) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

Consolidated Report of Income

for the period January 1, 2021 – December 31, 2021

Schedule RI—Income Statement

Dollar Amounts in Thousands

	RIAD	Amount	
1. Interest income:			
a. Interest and fee income on loans:			
(1) Loans secured by real estate:			
(a) Loans secured by 1-4 family residential properties	4435	4,692	1.a.(1)(a)
(b) All other loans secured by real estate	4436	2,847	1.a.(1)(b)
(2) Commercial and industrial loans	4012	1,014	1.a.(2)
(3) Loans to individuals for household, family, and other personal expenditures:			
(a) Credit cards	B485	0	1.a.(3)(a)
(b) Other (Includes revolving credit plans other than credit cards, automobile loans, and other consumer loans)	B486	323	1.a.(3)(b)
(4) Not applicable			
(5) All other loans (1)	4058	97	1.a.(5)
(6) Total interest and fee income on loans (sum of items 1.a.(1)(a) through 1.a.(5))	4010	8,973	1.a.(6)
b. Income from lease financing receivables	4065	0	1.b.
c. Interest income on balances due from depository institutions (2)	4115	46	1.c.
d. Interest and dividend income on securities:			
(1) U.S. Treasury securities and U.S. Government agency obligations (excluding mortgage-backed securities)	B488	650	1.d.(1)
(2) Mortgage-backed securities	B489	1,186	1.d.(2)
(3) All other securities (includes securities issued by states and political subdivisions in the U.S.)	4060	797	1.d.(3)
e. Not applicable			
f. Interest income on federal funds sold and securities purchased under agreements to resell	4020	0	1.f.
g. Other interest income	4518	17	1.g.
h. Total interest income (sum of items 1.a.(6) through 1.g.)	4107	11,669	1.h.
2. Interest expense:			
a. Interest on deposits:			
(1) Transaction accounts (interest-bearing demand deposits, NOW accounts, ATS accounts, and telephone and preauthorized transfer accounts)	4508	283	2.a.(1)
(2) Nontransaction accounts:			
(a) Savings deposits (includes MMDAs)	0093	210	2.a.(2)(a)
(b) Time deposits of \$250,000 or less	HK03	205	2.a.(2)(b)
(c) Time deposits of more than \$250,000	HK04	139	2.a.(2)(c)
b. Expense of federal funds purchased and securities sold under agreements to repurchase	4180	0	2.b.
c. Other interest expense	GW44	0	2.c.
d. Not applicable			
e. Total interest expense (sum of items 2.a through 2.c)	4073	837	2.e.
3. Net interest income (item 1.h minus 2.e)	4074	10,832	3.
4. Provision for loan and lease losses(3)	JJ33	130	4.

(1) Includes interest and fee income on "Loans to depository institutions and acceptances of other banks," "Loans to finance agricultural production and other loans to farmers," "Obligations (other than securities and leases) of states and political subdivisions in the U.S.," and "Loans to nondepository financial institutions and other loans."

(2) Includes interest income on time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in item 4 the provisions for credit losses on all financial assets and off-balance-sheet credit exposures that fall within the scope of the standard.

Schedule RI—Continued

Dollar Amounts in Thousands	Year-to-date		
	RIAD	Amount	
5. Noninterest income:			
a. Income from fiduciary activities (1)	4070	126	5.a.
b. Service charges on deposit accounts	4080	492	5.b.
c. Not applicable			
d. Income from securities-related and insurance activities:			
(1) Fees and commissions from securities brokerage, investment banking, advisory, and underwriting activities	HT73	0	5.d.(1)
(2) Income from insurance activities(2)	HT74	0	5.d.(2)
e. Not applicable			
f. Net servicing fees	B492	0	5.f.
g. and h. Not applicable			
i. Net gains (losses) on sales of loans and leases	5416	0	5.i.
j. Net gains (losses) on sales of other real estate owned	5415	0	5.j.
k. Net gains (losses) on sales of other assets (3)	B496	0	5.k.
l. Other noninterest income*	B497	206	5.l.
m. Total noninterest income (sum of items 5.a through 5.l)		824	5.m.
6. a. Realized gains (losses) on held-to-maturity securities		3521	6.a.
b. Realized gains (losses) on available-for-sale debt securities		3196	6.b.
7. Noninterest expense:			
a. Salaries and employee benefits	4135	3,943	7.a.
b. Expenses of premises and fixed assets (net of rental income) (excluding salaries and employee benefits and mortgage interest)	4217	989	7.b.
c. (1) Goodwill Impairment losses	C216	0	7.c.(1)
(2) Amortization expense and impairment losses for other intangible assets	C232	0	7.c.(2)
d. Other noninterest expense*	4092	1,395	7.d.
e. Total noninterest expense (sum of items 7.a through 7.d)		6,327	7.e.
8. a. Income (loss) before change in net unrealized holding gains (losses) on equity securities not held for trading, applicable income taxes, and discontinued operations (item 3 plus or minus items 4, 5.m, 6.a, 6.b, and 7.e)	HT69	5,199	8.a.
b. Change in net unrealized holding gains (losses) on equity securities not held for trading (4)	HT70	0	8.b.
c. Income (loss) before applicable income taxes and discontinued operations (sum of items 8.a and 8.b)	4301	5,199	8.c.
9. Applicable income taxes (on item 8.c)	4302	999	9.
10. Income (loss) before discontinued operations (item 8.c minus item 9)	4300	4,200	10.
11. Discontinued operations, net of applicable income taxes*	FT28	0	11.
12. Net income (loss) attributable to bank and noncontrolling (minority) interests (sum of items 10 and 11)	G104	4,200	12.
13. LESS: Net income (loss) attributable to noncontrolling (minority) interests (If net income, report as a positive value; if net loss, report as a negative value)	G103	0	13.
14. Net income (loss) attributable to bank (item 12 minus item 13)	4340	4,200	14.

* Describe on Schedule RI-E—Explanations.

(1) For banks required to complete Schedule RC-T, items 14 through 22, income from fiduciary activities reported in Schedule RI, item 5.a, must equal the amount reported in Schedule RC-T, item 22.

(2) Includes underwriting income from insurance and reinsurance activities.

(3) Exclude net gains (losses) on sales of trading assets and held-to-maturity and available-for-sale debt securities.

(4) Item 8.b is to be completed by all institutions - See the instructions for this item and the Glossary entry for

"Securities Activities" for further detail on accounting for investments in equity securities.

Consolidated Report of Condition for Insured Banks and Savings Associations for December 31, 2021

All schedules are to be reported in thousands of dollars. Unless otherwise indicated, report the amount outstanding as of the last business day of the quarter.

Schedule RC—Balance Sheet

Dollar Amounts In Thousands			RCON	Amount	
Assets					
1. Cash and balances due from depository institutions:					
a. Noninterest-bearing balances and currency and coin(1)			0081	2,434	1.a.
b. Interest-bearing balances(2)			0071	27,834	1.b.
2. Securities:					
a. Held-to-maturity securities (from Schedule RC-B, column A)(3)			JJ34	0	2.a.
b. Available-for-sale debt securities (from Schedule RC-B, column D)			1773	175,351	2.b.
c. Equity securities with readily determinable fair values not held for trading (4)			JA22	0	2.c.
3. Federal funds sold and securities purchased under agreements to resell:					
a. Federal funds sold			B987	200	3.a.
b. Securities purchased under agreements to resell(5, 6)			B989	0	3.b.
4. Loans and lease financing receivables (from Schedule RC-C):					
a. Loans and leases held for sale			5369	0	4.a.
b. Loans and leases held for investment	B528	192,153			4.b.
c. LESS: Allowance for loan and lease losses(7)	3123	1,736			4.c.
d. Loans and leases held for investment, net of allowance (item 4.b minus 4.c)			B529	190,417	4.d.
5. Trading assets			3545	0	5.
6. Premises and fixed assets (including capitalized leases)			2145	4,550	6.
7. Other real estate owned (from Schedule RC-M)			2150	0	7.
8. Investments in unconsolidated subsidiaries and associated companies			2130	0	8.
9. Direct and indirect investments in real estate ventures			3656	0	9.
10. Intangible assets (from Schedule RC-M)			2143	0	10.
11. Other assets (from Schedule RC-F)(6)			2160	2,248	11.
12. Total assets (sum of items 1 through 11)			2170	403,034	12.

(1) Includes cash items in process of collection and unposted debits.

(2) Includes time certificates of deposit not held for trading.

(3) Institutions that have adopted ASU 2016-13 should report in Item 2.a amounts net of any applicable allowance for credit losses, and item 2.a should equal Schedule RC-B, Item 8, column A, less Schedule RI-B, Part II, Item 7, column B.

(4) Item 2.c is to be completed by all institutions - See the instructions for this item and the Glossary entry for "Securities Activities" for further detail on accounting for investments in equity securities.

(5) Includes all securities resale agreements, regardless of maturity.

(6) Institutions that have adopted ASU 2016-13 should report in items 3.b and 11 amounts net of any applicable allowance for credit losses.

(7) Institutions that have adopted ASU 2016-13 should report in item 4.c the allowance for credit losses on loans and leases.

Schedule RC - Continued**Liabilities**

Dollar Amounts In Thousands			RCON	Amount	
13. Deposits:					
a. In domestic offices (sum of totals of columns A and C from Schedule RC-E)			2200	364,688	13.a.
(1) Noninterest-bearing(8)	6631	112,939			13.a.(1)
(2) Interest-bearing	6636	251,749			13.a.(2)
b. Not applicable					
14. Federal funds purchased and securities sold under agreements to repurchase:					
a. Federal funds purchased(9)			B993	0	14.a.
b. Securities sold under agreements to repurchase(10)			B995	0	14.b.
15. Trading liabilities			3548	0	15.
16. Other borrowed money (Includes mortgage indebtedness) (from Schedule RC-M)			3190	0	16.
17. and 18. Not applicable					
19. Subordinated notes and debentures(11)			3200	0	19.

(8) Includes noninterest-bearing demand, time, and savings deposits.

(9) Report overnight Federal Home Loan Bank advances in Schedule RC, Item 16, "Other borrowed money."

(10) Includes all securities repurchase agreements, regardless of maturity.

(11) Includes limited-life preferred stock and related surplus.

Legal Title of Bank

FDIC Certificate Number: 17811

Submitted to CDR on 1/27/2022 at 10:46 AM

Schedule RC - Continued

Dollar Amounts in Thousands

	RCON	Amount	
Liabilities—continued			
20. Other liabilities (from Schedule RC-G)	2930	639	20.
21. Total liabilities (sum of items 13 through 20)	2948	365,327	21.
22. Not applicable			
Equity Capital			
Bank Equity Capital			
23. Perpetual preferred stock and related surplus	3838	0	23.
24. Common stock	3230	4,800	24.
25. Surplus (exclude all surplus related to preferred stock)	3839	4,800	25.
26. a. Retained earnings	3632	30,980	26.a.
b. Accumulated other comprehensive income(1)	8530	127	26.b.
c. Other equity capital components (2)	A130	-3,000	26.c.
27. a. Total bank equity capital (sum of items 23 through 26.c)	3210	37,707	27.a.
b. Noncontrolling (minority) interests in consolidated subsidiaries	3000	0	27.b.
28. Total equity capital (sum of items 27.a and 27.b)	G105	37,707	28.
29. Total liabilities and equity capital (sum of items 21 and 28)	3300	403,034	29.

Memoranda

To be reported with the March Report of Condition.

1. Indicate in the box at the right the number of the statement below that best describes the most comprehensive level of auditing work performed for the bank by independent external auditors as of any date during 2020.

RCON	Number
6724	N/A

M.1.

- 1a = An integrated audit of the reporting institution's financial statements and its internal control over financial reporting conducted in accordance with the standards of the American Institute of Certified Public Accountants (AICPA) or the Public Company Accounting Oversight Board (PCAOB) by an independent public accountant that submits a report on the institution
- 1b = An audit of the reporting institution's financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the institution
- 2a = An integrated audit of the reporting institution's parent holding company's consolidated financial statements and its internal control over financial reporting conducted in accordance with the standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)
- 2b = An audit of the reporting institution's parent holding company's consolidated financial statements only conducted in accordance with the auditing standards of the AICPA or the PCAOB by an independent public accountant that submits a report on the consolidated holding company (but not on the institution separately)

- 3 = This number is not to be used.
- 4 = Directors' examination of the bank conducted in accordance with generally accepted auditing standards by a certified public accounting firm (may be required by state-chartering authority)
- 5 = Directors' examination of the bank performed by other external auditors (may be required by state-chartering authority)
- 6 = Review of the bank's financial statements by external auditors
- 7 = Compilation of the bank's financial statements by external auditors
- 8 = Other audit procedures (excluding tax preparation work)
- 9 = No external audit work

To be reported with the March Report of Condition.

2. Bank's fiscal year-end date (report the date in MMDD format)

RCON	Date
8678	N/A

M.2.

- (1) Includes, but is not limited to, net unrealized holding gains (losses) on available-for-sale securities, accumulated net gains (losses) on cash flow hedges, and accumulated defined benefit pension and other postretirement plan adjustments.
- (2) Includes treasury stock and unearned Employee Stock Ownership Plan shares.

STATEMENT OF CONDITION

FIRST NATIONAL BANK

IN PORT LAVACA

at the close of business DECEMBER 31, 2021

RESOURCES

Cash and Due from Banks.....	30,268,685.71	
Securities.....	175,657,882.58	
Federal-Funds Sold.....	200,000.00	206,126,568.29
Loans.....		192,083,324.75
Bank Buildings, Furniture & Fixtures.....		4,549,808.28
Other Resources.....		1,889,871.03
TOTAL.....		404,649,572.35

LIABILITIES

Capital Stock.....	4,800,000.00
Certified Surplus.....	4,800,000.00
Undivided Profits.....	30,979,555.03
Unrealized Gain/Loss on AFS Securities.....	127,459.11
Treasury Stock.....	(3,000,000.00)
Other Liabilities and Reserves.....	2,254,636.53
Deposits.....	364,687,921.68
TOTAL.....	404,649,572.35

DIRECTORS

W. H. BAUER, JR.
Chairman of the BoardRICHARD T. CULLEN
PresidentDAVID ROBERTS
AttorneyJOE D. BRETT
AgriculturalBLAN M. WILLOUGHBY
InvestmentsKEVIN CULLEN
AttorneyJ. C. MELCHER, JR.
RetailingJACK WU
Vice President
Formosa Plastics

OFFICERS

W. H. BAUER JR.....	CHAIRMAN OF THE BOARD & TRUST OFFICER
RICHARD T. CULLEN.....	PRESIDENT & TRUST OFFICER
SHELIA DIERSCHKE.....	SR. VICE PRESIDENT & COMPTROLLER
KAREN G. CARAWAY.....	SR. VICE PRESIDENT
RICHARD W MCKINNEY.....	SR. VICE PRESIDENT
CARL (PJ) CRANE, JR.....	VICE PRESIDENT
THERESA GARZA.....	VICE PRESIDENT
JOHN KABELA, JR.....	VICE PRESIDENT
BOBBY MEEKS.....	VICE PRESIDENT
DAWN RAGUSIN.....	VICE PRESIDENT
LISA A. RODGERS.....	VICE PRESIDENT
CAROLYN WHITEHEAD.....	ASST. VICE PRESIDENT
EDWARD B. GONZALES.....	CASHIER
REBECCA DORSEY.....	ASST. CASHIER
CATHY EPLEY.....	ASST. CASHIER
NORMA MASEDA.....	ASST. CASHIER
SANDRA RABEAUX.....	ASST. CASHIER
LAURA WILLOUGHBY.....	ASST. CASHIER

ATTACHMENT H
VENDOR ACKNOWLEDGEMENT FORM

THIS FORM MUST BE THE LAST PAGE OF YOUR ORIGINAL PROPOSALS AND COPIES!

The undersigned hereby certifies that he/she understands the specifications, has read the document in its entirety and that the prices contained in this proposal have been carefully reviewed and are submitted as correct and final. Vendor further certifies and agrees to furnish any or all products/services upon which prices are extended at the price offered, and upon conditions contained in the specifications of the proposal.

The following information must be filled out in its entirety for your proposal to be considered.

Company Name: First National Bank in Port Lavaca

Address of Principal Place of Business: 1101 South HWY 35 Bypass
Port Lavaca, TX

Phone/Fax of Principal Place of Business: 361-552-6726
361-552-8507

Address, Phone and Fax of Majority
 Owner Principal Place of Business: W.H. Bauer, Jr.
361-552-6726 (phone) 361-552-8507 (Fax)
Port Lavaca, TX

E-mail Address of Representative: tcullen@fnbportlavaca.com

Authorized Representative: _____

Signature

Date

Richard T Cullen

Printed Name

ATTACHMENT I

PROPOSAL CHECKLIST

Use this checklist to ensure that all required documents have been included in the proposal and that they are properly tabbed and appear in the correct order.

Tab in Proposal	Document	Initial to Indicate Document is Attached to Proposal
	*Submittal Cover / Signature Sheet (RFP Attachment A)	
	Table of Contents	
	Executive Summary	
	Sample Screen Shots	
	Regulatory Compliance and Criminal History Warranty (Att. B)	
	Respondent Questionnaire (RFP Attachment C)	
	Litigation Disclosure (RFP Attachment D)	
	Proof of Insurability (Letter and Copy of Current Certificate of Insurance (Attachment E)	
	Experience, Background, Qualifications	
	Proposed Services	
	Indemnification Requirements (RFP Attachment F)	
	*Conflict of Interest Questionnaire (RFP Attachment G)	
	*Vender Acknowledgement Form (RFP Attachment H)	
	Proposal Checklist (RFP Attachment I)	
	One (1) Original and Four (4) Copies of Proposal and USB=5	

*Documents marked with an asterisk on this checklist require a signature. Be sure they are signed prior to submittal of proposal.

Exhibit D

Section VIII. Item #2.

Securities Account Control Agreement

SECURITIES ACCOUNT CONTROL AGREEMENT

This Securities Account Control Agreement (this "Agreement") is entered into among Pershing Advisor Solutions LLC – a BNY Mellon company, a broker-dealer registered with the United States Securities and Exchange Commission ("SEC") and a member firm of the Financial Industry Regulatory Authority ("FINRA") ("Broker"), Pershing LLC ("Pershing"), a BNY Mellon company, First National Bank In Port Lavaca, (the "Customer"), and City of Port Lavaca (the "Depositor") (collectively, the "Parties") and is effective when executed by all Parties but as of the date executed by Pershing and the Customer.

WITNESSETH:

WHEREAS Broker and Pershing have entered into a fully disclosed clearing agreement (the "Clearing Agreement") pursuant to FINRA Rule 4311 under which Broker introduces to Pershing one or more brokerage accounts (collectively, the "Customer Accounts") that have been established at Broker, and Pershing provides receiving, delivering, cashiering, execution, clearance, settlement, and custody services in respect of the Customer Accounts;

WHEREAS the Customer has executed a customer account agreement (the "Customer Agreement") with Broker;

WHEREAS Broker has established the Customer Accounts under account number **XB7002116**;

WHEREAS the Customer has executed one or more agreements with the Depositor pursuant to which the Customer has pledged eligible securities to secure the deposit of public funds with the Customer in excess of FDIC Insurance.

WHEREAS the Customer and the Depositor wish Broker and Pershing to provide for the perfection of the Depositor's Security Interest by control under Sections 8-106 and 9-106 of the Uniform Commercial Code of the State of New York as amended from time to time (the "UCC", and Broker and Pershing are willing to do so, all upon the terms of this Securities Account Control Agreement.

NOW THEREFORE, in exchange for good, valuable, and adequate consideration, the mutual receipt and sufficiency of which are acknowledged, the Parties agree as follows:

1. **Definitions.** In addition to terms elsewhere defined in this Agreement, the following terms have the following meanings for purposes of this Agreement:

January 2023

"Business Day" means any day that the New York Stock Exchange is open for the conduct of trading business.

"Effective Date" means, in relation to a Notice to Broker/Pershing, the beginning of the second (2nd) Business Day after the day on which each of an officer of Broker and an officer of Pershing has actually received the Notice to Broker/Pershing.

"Entitlement Order" has the meaning set forth in Section 8-102(a) of the UCC.

"Notice to Broker/Pershing" means a written notification to both Broker and Pershing, from an authorized signer of the Depositor as designated in Exhibit A ("Authorized Signers") signed by the Depositor and delivered in accordance with Section 14, that the Depositor is directing Broker and Pershing to cease complying with any and all Entitlement Orders and other instructions from the Customer in regard to the Customer Accounts or any of the Collateral, as defined below.

"Permitted Charges" means amounts chargeable by Broker or Pershing pursuant to the Clearing Agreement, the Customer Agreement, or this Agreement. The term includes any commissions, advisory fees, transaction fees, account fees and any fees chargeable for providing services due to Broker or any of Broker's affiliates under this Agreement, the Customer Agreement, and charges listed in Schedule A to the Clearing Agreement.

"Trading Instructions" means instructions to buy, sell or to otherwise trade securities in the Customer Accounts.

"Withdrawal Instruction" means any Entitlement Order or other instruction given to Broker or Pershing to transfer out of the Customer Accounts any securities position or to transfer, withdraw, disburse, or liquidate any principal cash balance or cash not representing the receipt of cash income, a cash dividend, or a cash interest payment. The term does not include an Entitlement Order or other instruction given for the purpose of clearing or settlement of a trade in the Customer Accounts or to pay Permitted Charges.

2. Customer Accounts. The Customer and the Depositor hereby instruct Broker and Pershing that all of the Customer's right, title and interest in the Customer Accounts and all of the Customer's security entitlements with respect to the Customer Accounts, together with all investments, funds, securities, instruments and other property therein and all profits, interest, dividends, income, distributions and cash and non-cash proceeds thereof (collectively, the "Collateral") are to be held in the Customer Accounts, treated as financial assets under Article 8 of the UCC, and be subject to the Depositor's Security Interest. The books of Broker and Pershing relating to the Customer Accounts shall indicate that the Customer Accounts are subject to the Depositor's Security Interest.
3. Broker/Pershing Security Interest; Permitted Charges. The Customer hereby grants to each of Broker and Pershing a security interest (the "Broker/Pershing Security Interest"), senior to the Depositor's Security Interest, in the Customer Accounts and the Collateral to secure the payment to Broker or Pershing of Permitted Charges. Broker acknowledges that it has control of the Customer Accounts and the Collateral on behalf of Pershing in addition to Broker having control thereof for its own account. No charges shall be debited to the Customer Accounts by Broker or Pershing other than Permitted Charges.
4. Requirements for Withdrawal Instructions. Before the Effective Date, any Withdrawal Instruction must be executed by the Customer and approved by the Depositor in a written instrument delivered to Broker and Pershing before Broker or Pershing acts thereon. Upon and after the Effective Date, any Withdrawal Instruction must be executed in a written instrument signed only by the Depositor and delivered to Broker and Pershing before Broker or Pershing acts thereon. Either Pershing or Broker may, at its option, act on the Notice to Broker/Pershing at any time after actual receipt by Pershing or Broker of the Notice to Broker/Pershing and before the Effective Date.
5. Activity Prior to the Effective Date. Prior to the Effective Date, Broker or Pershing may, without further consent from the Depositor, comply with Trading Instructions and instructions to pay Permitted Charges or for the Customer to withdraw from the Collateral Accounts amounts representing cash income, an ordinary cash dividend, or a cash interest payment on the Collateral. Prior to the Effective Date the

Customer may not withdraw any principal cash balance or any securities without the consent of the Depositor.

6. Control by the Depositor. On and after the Effective Date, Broker and Pershing will cease complying with any and all Trading Instructions and all other Entitlement Orders or other instructions concerning the Customer Accounts originated by the Customer and will comply with Trading Instructions, Entitlement Orders and all other instructions originated by the Depositor, without further consent of the Customer. This Section does not preclude Broker or Pershing from collecting Permitted Charges.
7. Representations and Warranties of the Customer. The Customer represents and warrants to Broker and Pershing that (a) the only assets that will be held in the Customer Accounts will be cash or securities that would be immediately available for acquisition by a broker-dealer in the United States on behalf of a customer in the ordinary course of its business or are of a class of securities duly registered with the SEC under the federal securities laws and regulations thereunder, and (b) the securities are of a class of securities that are publicly traded in the United States or are equity or fixed income securities or shares of investment companies or exchange traded funds.
8. Representations, Warranties and Covenants of the Customer and the Broker. Each of the Customer and Broker represents warrants to and covenants with Pershing and the Depositor that (a) none of the Customer Accounts is or will become (i) a margin account or an account that provides check writing or debit privileges, (ii) an account from which withdrawals may be made except withdrawals made in accordance with this Agreement, and (b) it has no intention of (i) acquiring any position for or in a Customer Account that may only be held in a margin account; or (ii) undertaking any transaction requiring Broker or Pershing to extend margin credit.
9. Representations, Warranties and Covenants of Broker and Pershing. Each of Broker and Pershing represents and warrants to and covenants with the Depositor that:

- (i) Except for the Depositor Security Interest and the Broker /Pershing Security Interest, neither Broker nor Pershing has received or granted, and will not receive or grant, a security interest in the Customer Accounts or any of the Collateral;
- (ii) Neither Broker nor Pershing will lend securities, make margin loans, or take similar action with respect to any of the Collateral; and
- (iii) Neither Broker nor Pershing has entered, and will not enter, into any other agreements pursuant to which any person other than the Customer or the Depositor has been given authority to originate Entitlement Orders or other instructions with respect to the Customer Accounts or any of the Collateral.

10. Exculpation. Neither Broker nor Pershing is responsible for determining (a) the validity or performance of any term of the Credit Agreement, (b) the attachment, perfection, priority, or the right of the Depositor to enforce the Depositor's Security Interest, or (c) the validity, propriety, regularity of form or content of any Entitlement Orders or other instructions originated by the Customer or the Depositor or any Notice to Broker/Pershing. Neither Broker nor Pershing shall have any responsibility for any diminution or loss of value of the Collateral attributable to a decline in market value of the Collateral or the investment decisions of the Customer or the Depositor. Prior to the Effective Date, each of Broker and Pershing shall be entitled to rely upon all Entitlement Orders and other instructions (a) originated by the Customer and, if not representing the receipt of cash income, an ordinary cash dividend or a cash interest payment, by the Depositor and (b) originated by the Depositor as provided in Section 6. On and after the Effective Date, each of Broker and Pershing shall be entitled to rely only upon all Entitlement Orders and other instructions originated by the Depositor.

11. Indemnification

- A. Each of the Customer and the Depositor hereby agrees to indemnify and hold harmless each of Broker and Pershing and Broker's and Pershing's affiliates, directors, officers, employees, and agents from and against any and all claims, actions, costs, liabilities, lawsuits, demands or

damages, including any and all court costs and reasonable attorneys' fees, arising out of or relating to:

- (i) Broker or Pershing acting on any Notice to Broker/Pershing;
- (ii) any refusal or failure of the Customer or the Depositor to comply with the terms and conditions of this Agreement, the Credit Agreement or any other agreement or understanding by or among the Customer, the Depositor, or their respective agents;
- (iii) any representations, warranties or instructions made or given to or covenants with either Broker or Pershing, whether by the Customer, the Depositor or their respective agents, directors, officers, or employees; or
- (iv) any act or omission of the Customer or the Depositor with respect to the Customer Accounts or any of the Collateral, including the withdrawal of all or a portion of the Collateral or revocation or modification of any trading authority the Depositor may grant the Customer with respect to the Customer Accounts.

B. Each of Broker and Pershing hereby agrees to indemnify and holds harmless the Depositor and its affiliates, directors, officers, employees, and agents from and against any and all claims, actions, costs, liabilities, lawsuits, demands or damages, including any and all court costs and reasonable attorneys' fees, arising out of or relating to any refusal or failure of Broker or, as the case may be, Pershing to comply with the terms and conditions of this Agreement.

C. The indemnifications in this Section are made by each Party solely with respect to its own actions, omissions and representations, warranties, and covenants and not the actions, omissions and representations, warranties, and covenants of any other Party.

12. Legal Process. If Broker or Pershing receives a levy, process, or other instruction from a governmental, judicial, or regulatory body, including any self-regulatory organization, to hold or transfer out any or all securities positions from the Customer Accounts, or to hold, withdraw or disburse principal, cash, or any combination thereof, from the Customer Accounts, then Pershing or Broker may comply with the instruction, without prior notice to or authorization from the Customer or the Depositor. Broker or, as the case may be, Pershing will provide notice of receipt of the instruction to the Depositor within two (2) Business Days following receipt of the instruction, unless prohibited by law from doing so. Note that

Pershing's notification obligations under this Section are on a best-efforts only basis and will be satisfied if the notification is given within three (3) Business Days following Pershing's receipt of the instruction.

13. Termination and Effect of Termination. This Agreement shall remain in full force and effect until receipt by Broker and Pershing of written notification by the Depositor that the Depositor is terminating this Agreement. Either Broker or Pershing may terminate this Agreement by sending at least thirty (30) days' advance written notice thereof to the other Parties. During such 30-day period Broker and Pershing shall follow the Entitlement Orders and other instructions originated by the Depositor as to the transfer or other disposition of the Collateral, whether to a successor securities intermediary or otherwise. The rights of each of Broker and Pershing to collect Permitted Charges and with respect to the Broker/Pershing Security Interest and the exculpations and indemnification provisions of this Agreement in favor of each of Broker and Pershing shall survive the termination of this Agreement.

14. Notices and Account Statements. A Notice to Broker/Pershing shall be effective on the Effective Date, and any other notice to Broker or Pershing shall be effective at such time as the notice would have been effective had it been a Notice to Broker/Pershing. All other notices under this Agreement shall be effective when actually received. Any notices or other communications which may be permitted or required under this Agreement are to be sent or given to the Parties at the following addresses or such other addresses as may be subsequently given to the other parties in writing:

CUSTOMER	First National Bank in Port Lavaca
	1101 State Highway 35 S
	Port Lavaca, TX 77979
	Phone: (361) 552-6726

DEPOSITOR	City of Port Lavaca
	202 N. Virginia
	Port Lavaca, TX 77979
	Phone: (361) 552-9793

PERSHING

Pershing LLC
 300 Colonial Center Parkway, Suite 400
 Lake Mary, FL 32746
 Attn: Corporate Executive Services
 Phone: (877) 778-7248
 Fax: (201) 413-4564

BROKER

Pershing Advisor Solutions LLC
 One Pershing Plaza
 Jersey City, NJ 07399
 Attn: Arjun Ram, Director
 E-mail: service@pershing.com

Broker or Pershing will provide to the Customer and the Depositor, whether by internet access or otherwise, a copy of all periodic and transaction statements concerning the Customer Accounts.

15. Other Agreements. This Agreement supplements one or more existing agreements with Broker or Pershing including, but not limited to, the Clearing Agreement and the Customer Agreement. This Agreement does not impair any rights that Broker or Pershing may have with respect to the Customer Accounts or the Collateral under the terms of the Clearing Agreement and the Customer Agreement, except as expressly provided herein.
16. Limitation on Damages. No Party shall be liable to any other Party under this Agreement, whether in respect of indemnification or otherwise, for any damages that are not actual or incidental damages. No Party will be liable to any other Party for any consequential or special damages. The limitations of liability in this Section will apply regardless of the form or type of action in which a claim is brought or

under which it is made, whether in contract, tort (including negligence), warranty, strict liability, indemnity or any other legal or equitable grounds and will survive any failure of an exclusive remedy.

17. Partial Invalidity. If any provision of or condition in this Agreement shall be held to be invalid or unenforceable by any court or regulatory or self-regulatory agency or body, such invalidity or unenforceability shall attach only to such provision or condition. The validity of the remaining provisions and conditions shall not be affected thereby, and this Agreement shall be carried out as if any such invalid or unenforceable provision or condition were not contained herein.

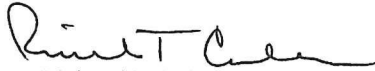
18. Governing Law. This Agreement and any the resolution of dispute arising hereunder (whether contractual or non-contractual) shall be governed by and construed in accordance with the laws of the State of New York without giving effect to any conflict of laws rules that would require the application of the law of another jurisdiction.

19. Miscellaneous. This Agreement shall be binding upon and inure to the benefit of the successors and assigns of the respective Parties and is not intended to confer any benefits on third parties. This Agreement does not create a joint venture or partnership between any of the Parties. No Party may utilize the name of any other Party without the other Party's prior written consent.

20. Execution. This Agreement may be executed in any number of counterparts, each of which shall be an original or a copy, but all of which taken together shall constitute one and the same instrument. Delivery of an executed counterpart of a signature page of this Agreement by e-mailed pdf or any electronic means that reproduces an image of the actual executed signature page shall be effective as delivery of a manually executed counterpart of this Agreement. Electronic Signatures shall have the same legal effect, validity, or enforceability as a manually executed signature or physical delivery thereof, to the extent and as provided for in any applicable law. For purposes of this Section "Electronic Signature" means an electronic process attached to, or associated with, a contract or other record and adopted by a person with the intent to sign, authenticate or accept such contract or record, any such process as acceptable to the Depositor.

IN WITNESS WHEREOF, the Parties have executed this Agreement as of the effective date indicated above.


FIRST NATIONAL BANK IN PORT LAVACA:

By: 
Name: Richard T Cullen
Title: President
Date: 04/11/2023

CITY OF PORT LAVACA:

By: 
Name: Jack Whitlow
Title: Mayor
Date: 04/11/2023

PERSHING LLC

DocuSigned by:
By: 
Name: William Foley
Title: Authorized Signor
Date: 04-12-2023

PERSHING ADVISOR SOLUTIONS LLC

DocuSigned by:
By: 
Name: Arjun Ram
Title: Director
Date: 04-12-2023



**CITY OF
PORT LAVACA**

202 N. Virginia, Port Lavaca, Texas 77979
Main Number: 361-552-9793

www.portlavaca.org
Main Facsimile: 361-552-6062

**Exhibit A
DEPOSITOR AUTHORIZED SIGNERS**
(on Depositor's Letterhead, please provide at time of execution of
Securities Account Control Agreement)

NAME	TITLE	SIGNATURE
Jack Whitlow	Mayor	
Joanna P. "Jody" Weaver, P.E.	Interim City Manager	
Susan Lang	Finance Director	

COMMUNICATION

SUBJECT: Consider appointment/reappointment of member(s) to Port Commission to fill term-expired vacancy('s) and/or start a new term. Presenter is Jody Weaver

INFORMATION:

CITY OF PORT LAVACA

COUNCIL MEETING: MAY 8, 2023**AGENDA ITEM __****DATE: 5.08.2023****TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS****FROM: JODY WEAVER, INTERIM CITY MANAGER****SUBJECT: PORT COMMISION**

BACKGROUND:

The terms of the following Port Commissioners are expiring soon.

Mike Kovarek and Jim O'Neil, who were appointed on May 10, 2021 when the Council expanded the Commission to 7 members.

Larry Nichols, who was appointed to a two-year term on May 10, when Raymond Butler had resigned.

Alex Davila and Mike McGuire, who were reappointed on May 24, 2021.

All gentlemen have expressed interest, in writing, in being reappointed to the Port Commission for a two-year term.

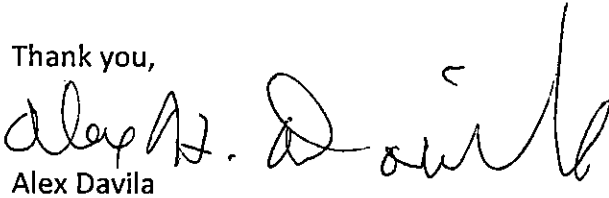
ALEX DAVILA
304 EL CAMINO REAL STREET
PORT LAVACA, TEXAS 77979

April 20, 2023

Mayor of Port Lavaca
Port Lavaca City Council

Please accept this letter as my formal request to continue serving as a Director on the Port Commission.

Thank you,


Alex Davila

4-21-23

April 18, 2023

RECEIVED

APR 18 2023


**CITY OF PORT LAVACA
CITY MANAGER**

To: City Council, Port Lavaca, TX

Subject: Reappointment to Port Lavaca Port Commission – May 2023

I would appreciate being reappointed to the Port Lavaca Port Commission. I have been a member since 2017 and have enjoyed the work. I have been diligent about the business of the Port Commission and the revenues have significantly increased over the last several years since I was appointed.

Thank you for your consideration.



Michael L. McGuire
1700 S Virginia St.
Port Lavaca, TX 77979
361 433-5655
Mlm1938@winsim.com

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APR 03 2023

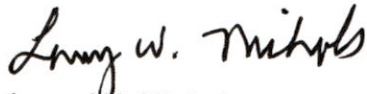
CITY OF PORT LAVACA
CITY MANAGER

April 3, 2023

Dear Mayor Whitlow and Port Lavaca City Council Members

Service on the City Port Commission has been a positive experience for me. I have a better understanding of the Port's role in the City. I believe the Commission has worked with the City to improve the Port. I understand our role is primarily advisory. I am willing to continue to serve if reappointed.

Sincerely,



Larry W. Nichols

To: Jody Weaver

From: James O'Neil

Subject: Reappointment to City of Port Lavaca Port Commission

Mrs. Weaver

Please pass along to the City Council my request to be reappointed to the City of Port Lavaca, Port Commission. It has been an honor during this last appointment to help and server the citizens of the City and I look forward to doing so in the future if my reappointment is approved.

Any questions please feel free to contact me at any time,

Thank You

James O'Neil

Digitally signed by James O'Neil
DN: cn=James O'Neil, o=Formosa
Plastics Corp, ou=Inland Traffic Rail,
email=jameso@ftpc.fpcusa.com, c=US
Date: 2023.04.18 07:24:25 -05'00'

361-482-8283

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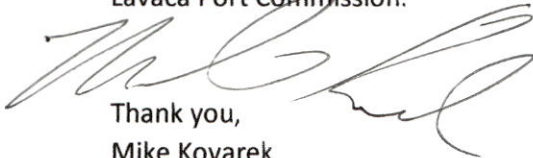
April 17, 2023

APR 18 2023

**CITY OF PORT LAVACA
CITY MANAGER**

Jody Weaver
Port Lavaca City Manager

Please accept this letter as my request for re-appointment for an additional term on the City of Port Lavaca Port Commission.



Thank you,
Mike Kovarek

COMMUNICATION

SUBJECT: Consider Resolution No. R-050823-1 of the City of Port Lavaca, Texas finding that AEP Texas Inc.'s application to amend its Distribution Cost Recovery Factors (DCRF) to increase distribution rates within the city should be denied; authorizing participation with the cities served by AEP Texas; authorizing hiring of legal counsel; finding that the city's reasonable rate case expenses shall be reimbursed by the company; finding that the meeting at which this resolution is passed is open to the public as required by law; requiring notice of this resolution to the company and legal counsel. Presenter is Anne Marie Odefey

INFORMATION:

Ms. Mauldin's Direct Line: (512) 322-5890
Email: jmauldin@lglawfirm.com

MEMORANDUM

TO: Cities Served by AEP Texas Inc. ("Cities")

FROM: Thomas Brocato
Jamie Mauldin
Rick Arnett

DATE: April 6, 2023

RE: AEP – Distribution Cost Recovery Factor ("DCRF") filing

CONFIDENTIAL/ATTORNEY-CLIENT COMMUNICATION
CITY ACTION REQUIRED NO LATER THAN JUNE 2

On April 5, 2023, AEP Texas Inc. ("AEP") filed an Application to Amend its Distribution Cost Recovery Factor. In the filing, the Company is seeking an increase in distribution revenues of approximately \$39.7 million. This equals an approximately \$1.63 increase to the average residential customer's bill from the rates approved in the Company's most recent DCRF case. Moreover, in this filing, the Company is seeking to impose Rider Mobile TEEE Facilities ("Rider") to recover revenue related to mobile generation unit leasing and operation. The Rider would recover approximately \$30.67 million (an approximately \$1.30 increase to the average customer's bill).

Cities have engaged the services of a consultant, Mr. Karl Nalepa, to review the Company's filing. Mr. Nalepa will review the filing and identify adjustments that should be made to the Company's request. We are recommending that Cities deny the requested relief.

The Public Utility Commission's rules allow cities 60 days to act on this application. That deadline is June 2, 2023. **Accordingly, we request that each city schedule the draft resolution included with this memorandum for consideration at their next council meeting.**

If you have any concerns or question please do not hesitate to contact us. We appreciate your continued support.

MODEL STAFF REPORT REGARDING AEP TEXAS'S DISTRIBUTION COST RECOVERY FACTOR FILING

On April 5, 2023, AEP Texas Inc. ("AEP" or "Company") filed an Application to Amend its Distribution Cost Recovery Factor ("DCRF") to increase distribution rates within each of the cities in their service area. In the filing, the Company asserts that it is seeking an increase in distribution revenues of approximately \$39.7 million (an approximately \$1.63 increase to the average residential customer's bill from the rates approved in the Company's most recent DCRF case). Moreover, the Company is seeking to impose Rider Mobile TEEE Facilities ("Rider") to recover revenue related to mobile generation unit leasing and operation. The Rider would recover approximately \$30.67 million (an approximately \$1.30 increase to the average customer's bill).

The resolution authorizes the City to join with the Cities Served by AEP ("Cities") to evaluate the filing, determine whether the filing complies with law, and if lawful, to determine what further strategy, including settlement, to pursue.

Purpose of the Resolution:

The purpose of the Resolution is to deny the DCRF application proposed by AEP.

Explanation of "Be It Resolved" Paragraphs:

1. This section authorizes the City to participate with Cities as a party in the Company's DCRF filing, PUC Docket No. 54824.
2. This section authorizes the hiring of Lloyd Gosselink and consultants to review the filing, negotiate with the Company, and make recommendations to the City regarding reasonable rates. Additionally, it authorizes Cities to direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.
3. This paragraph finds that the Company's application is unreasonable and should be denied.
4. This section states that the Company's current rates shall not be changed.
5. The Company will reimburse Cities for their reasonable rate case expenses. Legal counsel and consultants approved by Cities will submit monthly invoices that will be forwarded to AEP for reimbursement.
6. This section recites that the Resolution was passed at a meeting that was open to the public and that the consideration of the Resolution was properly noticed.
7. This section provides that AEP and counsel for Cities will be notified of the City's action by sending a copy of the approved and signed Resolution to counsel.

RESOLUTION NO. R-050823-1

A RESOLUTION OF THE CITY OF PORT LAVACA, TEXAS FINDING THAT AEP TEXAS INC.'S APPLICATION TO AMEND ITS DISTRIBUTION COST RECOVERY FACTORS TO INCREASE DISTRIBUTION RATES WITHIN THE CITY SHOULD BE DENIED; AUTHORIZING PARTICIPATION WITH THE CITIES SERVED BY AEP TEXAS; AUTHORIZING HIRING OF LEGAL COUNSEL; FINDING THAT THE CITY'S REASONABLE RATE CASE EXPENSES SHALL BE REIMBURSED BY THE COMPANY; FINDING THAT THE MEETING AT WHICH THIS RESOLUTION IS PASSED IS OPEN TO THE PUBLIC AS REQUIRED BY LAW; REQUIRING NOTICE OF THIS RESOLUTION TO THE COMPANY AND LEGAL COUNSEL.

WHEREAS, the City of Port Lavaca, Texas ("City") is an electric utility customer of AEP Texas Inc. ("AEP" or "Company"), and a regulatory authority with an interest in the rates and charges of AEP; and

WHEREAS, the City is a member of the Cities Served by AEP ("Cities"), a membership of similarly situated cities served by AEP that have joined together to efficiently and cost effectively review and respond to electric issues affecting rates charged in AEP's service area; and

WHEREAS, on or about April 5, 2023 AEP filed with the City an Application to Amend its Distribution Cost Recovery Factor ("DCRF"), PUC Docket No. 54824, seeking to increase electric distribution rates by approximately \$39.7 million (an approximately \$1.63 increase to the average residential customer's bill from the rates just approved in the Company's most recent DCRF case) and impose a Rider Mobile TEEE Facilities to recover \$30.67 million (an approximately \$1.30 increase to the average residential customer's bill) related to mobile generation facilities; and

WHEREAS, all electric utility customers residing in the City will be impacted by this ratemaking proceeding if it is granted; and

WHEREAS, Cities are coordinating its review of AEP's DCRF filing with designated attorneys and consultants to resolve issues in the Company's application; and

WHEREAS, Cities members and attorneys recommend that members deny the DCRF.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

Section 1. That the City is authorized to participate with Cities in PUC Docket No. 54824.

Section 2. That subject to the right to terminate employment at any time, the City of hereby authorizes the hiring of the law firm of Lloyd Gosselink and consultants to negotiate with the Company, make recommendations to the City regarding reasonable rates, and to

direct any necessary administrative proceedings or court litigation associated with an appeal of this application filed with the PUC.

Section 3. That the rates proposed by AEP to be recovered through its DCRF and Rider Mobile TEEE Facilities charged to customers located within the City limits, are hereby found to be unreasonable and shall be denied.

Section 4. That the Company shall continue to charge its existing rates to customers within the City.

Section 5. That the City's reasonable rate case expenses shall be reimbursed in full by AEP within 30 days of presentation of an invoice to AEP.

Section 6. That it is hereby officially found and determined that the meeting at which this Resolution is passed is open to the public as required by law and the public notice of the time, place, and purpose of said meeting was given as required.

Section 7. That a copy of this Resolution shall be sent to Leila Melhem, American Electric Power Service Corporation, 400 West 15th Street, Suite 1520, Austin, Texas 78701 and to Thomas Brocato, General Counsel to the Cities, at Lloyd Gosselink Rochelle & Townsend, 816 Congress Ave., Suite 1900, Austin, Texas 78701.

PASSED AND APPROVED this 8th day of May, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

APPROVED AS TO FORM:

Anne Marie Odefey, City Attorney

COMMUNICATION

SUBJECT: Consider Resolution No. R-050823-2 of the City of Port Lavaca, Texas to approve Annual Review of the City of Port Lavaca's Investment Policy and Strategy. Presenter is Susan Lang

INFORMATION:

CITY OF PORT LAVACA

CITY COUNCIL MEETING: May 8, 2023

DATE: April 27, 2023

TO: THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: SUSAN LANG, FINANCE DIRECTOR 

SUBJECT: CONSIDER AND APPROVE ANNUAL REVIEW OF INVESTMENT POLICY & STRATEGY

BACKGROUND:

As a requirement of the Texas Public Funds Investment Act and as per the City's Investment Policy and Strategy, the City shall perform an annual review of the investment policy. On Monday, April 24, 2023, the City's Finance & Investment Committee convened to review the current investment policy and found the proposed policy with changes to be adequate for the City's needs.

FINANCIAL IMPLICATIONS:

Accepting the changes will provide guidance for future investments which will safeguard the City's assets.

COMPREHENSIVE MASTER PLAN:

Promoting Quality of Life and Protecting Investments

RECOMMENDATION:

Approve the annual review of the City's Investment Policy and Strategy.

ATTACHMENTS:

Investment Policy and Strategy.



Resolution of the City of Port Lavaca, Texas No. R-050823-2

Investment Policy and Strategy

I. POLICY STATEMENT

It is the policy of the City that the administration of its funds and the investment of those funds shall be handled as its highest public trust. Investments shall be made in a manner which will provide the maximum security of principal invested through limitations and diversification while meeting the daily cash flow needs of the City and conforming to all applicable state statutes governing the investment of public funds.

II. SCOPE

This investment policy applies to all the financial assets and funds of the City. The City commingles its funds into one pooled investment fund for investment purposes to provide efficiency and maximum investment opportunity. These funds are defined in the City's Annual Comprehensive Financial Report (ACFR).

Any new funds created by the City shall be included unless specifically exempted by the City Council and this policy.

III. OBJECTIVES

It is the policy of the City that all funds shall be managed and invested with four primary objectives, listed in order of their priority: safety, liquidity, diversification and yield.

Effective cash management is recognized as essential to good fiscal management. Cash management is defined as the process of managing monies in order to ensure maximum cash availability/flow.

Safety

The primary objective of the City's investment activity is the preservation of capital. Each investment transaction shall be conducted in a manner to avoid capital losses, whether from security defaults, safekeeping, or erosion of market value.

Liquidity

The City's investment portfolio shall be structured to meet all cash flow obligations in a timely manner. This shall be achieved by matching investment maturities with forecasted cash flow liabilities and maintain additional liquidity for unexpected liabilities.

Cash Flow Forecasting

Cash flow forecasting is designed to protect and sustain cash flow requirements of the City. Supplemental to the financial and budgetary systems, the Investment Officer will develop and use a cash flow forecasting process as needed to monitor and forecast cash positions for investment purposes.

Diversification

The City's portfolio shall be diversified by market sector and maturity in order to avoid market risk.

Yield

The benchmark of the City's portfolio shall be the 3-month or 6-month U.S. Treasury, designated for its comparability to the City's expected average cash flow pattern. The benchmark will serve as a risk measurement of the portfolio.

IV. STRATEGY

The City maintains one commingled portfolio for investment purposes which incorporates the specific investment strategy considerations and the unique characteristics of the fund groups represented in this portfolio. The investment strategy has as its primary objective assurance that anticipated liabilities are matched and adequate investment liquidity provided. The City shall pursue a conservative portfolio management strategy. This may be accomplished by creating a ladder maturity structure with some extension for yield advancement. **The maximum weighted average maturity (WAM) of the portfolio shall not exceed one (1) year.**

V. LEGAL LIMITATIONS, RESPONSIBILITIES AND AUTHORITY

Direct specific investment parameters for the investment of public funds in Texas are found in the Public Funds Investment Act, Chapter 2256, Texas Government Code, (the "Act"). The Public Funds Collateral Act, Chapter 2257, Texas Government Code, specifies collateral requirements for all public funds deposits. All investments will be made in accordance with these statutes.

VI. INVESTMENT COMMITTEE

An Investment Committee, consisting of the City Manager, Finance Director, and at least one Council Member shall meet at least quarterly to determine operational strategies and to monitor results. The Investment Committee shall discuss things such as economic outlook, portfolio diversification, maturity structure, and any potential risk of the City's funds. In addition, this committee shall review investment purchases that occurred since the last investment committee meeting and approve new brokers.

VII. DELEGATION OF INVESTMENT AUTHORITY

The Finance Director, acting on behalf of the City, is designated as the Investment Officer of the City and is responsible for investment management decisions and activities. All participants in the investment process shall seek to act responsibly as custodians of the public trust.

The Investment Officer shall be responsible for all transactions undertaken and shall establish a system of controls to regulate the activities of subordinate officials and staff. The Investment

Officer shall attend at least one training session relating to the Officer's responsibility under this act within 12 months after assuming duties and thereafter, a training session should be attended not less than once every two years with at least 8 hours of instruction from an independent source. The Investment Officer shall designate a staff person as a liaison/deputy in the event circumstances require timely action and the Investment Officer is not available. No officer or designee may engage in an investment transaction except as provided under the terms of this Policy and the procedures established.

Limitation of Personal Liability

The investment Officer and those delegated investment authority under this Policy, when acting in accordance with the written procedures and this Policy and in accord with the Prudent Person Rule, shall be relieved of personal responsibility and liability in the management of the portfolio provided that deviations from expectations for a specific security's credit risk or market price change or portfolio shifts are reported in a timely manner and that appropriate action is taken to control adverse market effects.

VIII. PRUDENCE

The standard of prudence to be used in the investment function shall be the "prudent person" standard and shall be applied in the context of managing the overall portfolio. This standard states:

"Investments shall be made with judgment and care, under circumstances then prevailing, which persons of prudence, discretion, and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the expected income to be derived."

IX. INTERNAL CONTROLS

The Investment Officer shall establish and maintain an internal control structure which will be reviewed annually with the independent auditor of the City. The controls shall be designed to prevent loss of public funds due to fraud, employee error, misrepresentation by third parties, unanticipated market changes, or imprudent actions by employees of the City. The internal controls shall address the following points at a minimum:

- Control of collusion,
- Separation of transaction authority from accounting and record keeping,
- Custodial safekeeping,
- Clear delegation of authority,
- Documentation of all transactions,

Monitoring Credit Ratings

The Investment Officer will monitor, on at least a monthly basis, the credit rating on all authorized investments in the portfolio that require a credit rating based upon independent information from a nationally recognized credit agency. If any security falls below the minimum rating required by this Policy; the Investment Officer will immediately advise the Investment Committee of the loss of rating and the possible loss of principal. The Investment Committee and Investment Officer will decide on the prudent liquidation of the security.

X. AUTHORIZED INVESTMENTS

Acceptable investments under this policy shall be limited to the instruments listed below and as further defined and described by the Public Funds Investment Act. If changes are made to the Act, they are not authorized until this Policy is modified and adopted by City Council.

- A. Obligations of the United States Government, its agencies and instrumentalities, and government sponsoring enterprises, not to exceed five years to stated maturity, including collateralized mortgage obligations (CMOs); CMO's cannot be either an Interest-Only or Principal-Only CMO nor can it be an inverse floater.
- B. Fully insured or collateralized certificates of deposit from a bank doing business in the State of Texas, with a maximum maturity of 18 months, collateralized with 102% coverage with:
 - In accordance with 2256.010 of the Act, certificates of deposit may be purchased from a Texas depository institution through a nationally coordinated program in which (a) the depository arranges for deposits in one or more federally insured depositories allowing for full FDIC coverage and (b) the depository receives comparable deposits from other linked depositories.
 - Collateral agreements must be in writing and require a bank resolution of approval.
- C. FDIC insured *brokered certificates of deposit securities* from a bank in any US State, delivery versus payment to the safekeeping agent, not to exceed two years to maturity. Before purchase, the Investment Officer must verify FDIC status of the bank on www.fdic.gov to assure that the bank is FDIC insured.
- D. Commercial paper rated A-1/P-1 or the equivalent by at least two nationally recognized rating agencies not to exceed 90 days to stated maturity.
- E. AAA-rated money market mutual funds as defined by the Public Funds Investment Act.
- F. Obligations of the States, agencies thereof, Counties, Cities, and other political subdivisions of any state, with a maximum maturity not to exceed five years, and having been rated as investment quality by a nationally recognized investment rating firm of not less than "A" or its equivalent.
- G. AAA-rated, constant dollar Texas Local Government Investment Pools as defined by the Public Funds Investment Act - must be approved by City Council.

No additional security will be eligible for investment by the City until this policy has been amended and the amended version approved by the City Council. *Exceptions* to investment maturities may be approved by council in order to meet debt service requirements.

Competitive Bidding Requirement

Generally, the City will seek competitive offerings for all securities, including certificates of deposit before it invests to verify that the City is receiving fair market value/price for the investment with the *exception* of new issues that are still in syndicate.

The City recognizes that a competitive offering process is not always necessary or is not always in the best interest of the City. On these occasions, the Investment Officer is authorized to purchase a security without seeking competitive offerings. Examples of these occasions are:

- A. Market conditions are changing rapidly.
- B. The security is a “new issue” that is still in the primary market.
- C. A specific type of security, maturity date, or rate of return is sought that may not be immediately available.

Delivery versus Payment

All security transactions, including collateral for repurchase agreements, entered into by the City, shall be conducted on a delivery versus payment (DVP) basis. Funds shall not be released until receipt of the security by the City’s approved custodian.

Diversification

The City recognizes that investment risks can result from issuer defaults, and market price changes. Risk is controlled through portfolio diversification. The maximum limits for diversification will be:

Security Type	Max % of Portfolio
US Obligations	not to exceed 80%
US Agencies/Instrumentalities	not to exceed 80%
-MB Securities	not to exceed 50%
Certificates of Deposits*	not to exceed 40%
Brokered CD*	not to exceed 20%
Commercial Paper	not to exceed 25%
Demand Deposits*	not to exceed 60%
Money Market Funds*	100%
Local Government Investment Pools	100%

*Limit per bank up to \$250,000 without collateralization agreement.

XI. AUTHORIZED FINANCIAL DEALERS AND INSTITUTIONS

Depository

The City will designate one banking institution through a competitive process as its central banking services provider at least every five years in accordance with the Texas Government Code 105. Other banking institutions from which the City may purchase certificates of deposit will also be designated after they provide their latest audited financial statements to the City. All depositories will execute a depository agreement and have the Bank’s Board or Bank Loan Committee pass a resolution approving the agreement if collateral is required.

Security Broker/Dealers

The Investment Committee will review the list of authorized broker/dealers annually. The Investment Officer will obtain and maintain information on each broker/dealer. Securities

broker/dealers not affiliated with a bank, who desire to transact business with the City must supply the following documents to be maintained by the Finance Department:

- audited financial statement for the most recent period,
- proof of certification by the National Association of Securities Dealers (NASD),
- proof of current registration with the State Securities Commission

Every broker/dealer and bank with whom the City transacts business will be provided a copy of this Investment Policy to assure that they are familiar with the goals and objectives of the City's investment program. A representative of the firm will be required to return a signed certification stating the Policy has been received and reviewed and that controls are in place to assure that only authorized securities are sold to the City.

XII. SAFEKEEPING AND COLLATERALIZATION

The laws of the State and prudent treasury management require that all purchased securities be bought on a delivery versus payment (DVP) basis and be held in safekeeping by either the City, an independent third-party financial institution, or the City's designated depository.

All safekeeping arrangements shall be designated by the Investment Officer and an agreement of the terms executed in writing. The third-party custodian shall be required to issue safekeeping receipts to the City listing each specific security, rate, description, maturity, cusip number, and other pertinent information. Each safekeeping receipt will be clearly marked that the security is held for the City or pledged to the City.

All securities pledged to the City for time or demand deposits shall be held by an independent third-party bank doing business in Texas. The safekeeping bank may not be within the same holding company as the bank where the securities are pledged. The bank is responsible for monitoring collateral.

Collateralization

Collateralization shall be required on certificates of deposits over the FDIC insurance coverage of \$250,000. In order to anticipate market changes and provide a level of additional security for all funds, the collateralization level required will be 105% of the market value of the principal and accrued interest. Collateral will be held by an independent third-party safekeeping agent.

XIII. PERFORMANCE EVALUATION AND REPORTING

The Investment Officer shall submit quarterly reports to the City Council containing sufficient information to permit an informed outside reader to evaluate the performance of the investment program and consistent with statutory requirements. The Investment officer will report to the Investment Committee a report that will include the following at a minimum:

- A full description of all securities held at the end of the reporting period,
- Overall change in market value for each security and the change during the period as a measure of volatility (obtained by an independent source),
- Weighted average maturity (WAM) of the portfolio,
- Total earnings for the period,
- Compare market value of pledged securities to the ending balance of the City's portfolio,

- Analysis of the total portfolio by maturity, by book value, and
- Statement of the compliance of the investment portfolio with the Act and the Investment Policy and Strategy of the City.

XIV. INVESTMENT POLICY AMENDMENTS

The Director of Finance and the Investment Committee shall review the Investment Policy and Strategy on an annual basis. Future recommended changes will be approved by the City Council amending the current Investment Policy and Strategy resolution on record.

WITNESS MY HAND AND SEAL OF OFFICE THIS 8th DAY OF MAY, 2023.

PASSED AND APPROVED THIS 8th DAY OF MAY, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

CITY OF PORT LAVACA
INVESTMENT POLICY AND STRATEGY

LISTING OF APPROVED BROKER/DEALERS

Attached to and made a part of the City of Port Lavaca Investment Policy

Hilltop Securities, Inc.
Gilbert Ramon, Vice President – Institutional Sales
700 Milam St, Suite 1200
Houston, TX 77002
Direct: 713/654-8606, Mobile: 832-415-3701
Gilbert.Ramon@hilltopsecurities.com

FHN Financial Capital Markets
Buddy Saragusa
920 Memorial City Way, 11th Floor
Houston, TX 77024
Direct: 713/435-4475
Budy.Saragusa@FHNFinancial.com

RBC Capital Markets
Scott Obenshain
200 Crescent Court, Suite 1500
Dallas, TX 75201
Telephone: 214/989-1600
Scott.obenshain@rbc.com

CITY OF PORT LAVACA
BROKER/DEALER CERTIFICATION

Attached to and made a part of the City of Port Lavaca Investment Policy

I hereby certify that I personally read and understand the investment policy and strategy of the City of Port Lavaca, Texas, and have implemented reasonable procedures and controls designed to fulfill said policy's objectives and conditions. Transactions between this firm and the City of Port Lavaca will at all times reflect due concern for the preclusion of imprudent investment activities.

All sales personnel of this firm dealing with the City of Port Lavaca accounts have been informed of the City's investment horizons, limitations, strategies, and risk constraints. Sales personnel will be updated on these guidelines whenever material changes to the City's policy are communicated to or by the City of Port Lavaca investment officer.

This firm will notify the City of Port Lavaca immediately by phone and in writing in the event of a material adverse change in our financial condition. This firm pledges to exercise due diligence in informing the City of Port Lavaca of all foreseeable risks associated with financial transactions conducted with our firm.

Firm: _____

Registered Principal: _____

Dealer Registration Number: _____

Title: _____

Signature: _____ Date: _____

.....

I, Susan Lang, have provided a copy of the City of Port Lavaca's Investment Policy to:

_____ (name) of

_____ (firm) and will maintain this certification

on file.

Susan Lang
Finance Director

Date

COMMUNICATION

SUBJECT: Consider Resolution No. R-050823-3 of the City of Port Lavaca, Texas to adopt the City of Port Lavaca's Budgetary and Financial Management Policies for the 2023-2024 Fiscal Year. Presenter is Susan Lang

INFORMATION:

CITY OF PORT LAVACA

CITY COUNCIL MEETING: May 8, 2023

DATE: APRIL 27, 2023

TO: THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: SUSAN LANG, FINANCE DIRECTOR 

SUBJECT: ANNUAL REVIEW AND APPROVAL OF THE BUDGETARY & FINANCIAL
MANAGEMENT POLICIES

BACKGROUND:

As a pre-cursor to the annual budget process, the Budgetary & Financial Management Policies of the City were reviewed by the Finance committee meeting on April 24, 2023. No changes were recommended by staff, and no changes were recommended by the committee.

FINANCIAL IMPLICATIONS:

Accepting the annual review of the Budgetary and Financial Management Policies will provide guidance for the City's budget process and financial management of city funds.

COMPREHENSIVE MASTER PLAN:

Promoting Quality of Life and Protecting Investments

RECOMMENDATION:

Approve the annual review of the City's Budgetary & Financial Management Policies.

ATTACHMENTS:

Budgetary & Financial Management Policies.



Resolution of the City of Port Lavaca, Texas No. R- 050823-3

Budgetary & Financial Management Policies

The goal of formally adopting financial management and budgetary policies is to provide sound guidelines in planning the City's financial future. The adoption and adherence to these policies will help ensure long-term financial stability and a healthy financial position for the City of Port Lavaca.

General Budgetary Policies

Budget Preparation

The City Budget shall be prepared in accordance with all applicable Charter requirements and State laws. The goal each year shall be to present the Proposed Budget to Council no later than six weeks prior to the end of the fiscal year and for the final approval of the Budget to be ready for Council action no later than two weeks before the end of the fiscal year. The Budget shall be comprehensive in nature and address all major funds of the City.

Government Finance Officer Association Distinguished Budget Program

The goal each year will be for the City's Budget to conform to the requirements of the Distinguished Budget Program of the G.F.O.A. and be submitted thereto for peer review.

Balanced Budget

It shall be a requirement each year for the budget of each fund to be balanced. This means that total resources available, including prior year ending resources plus projected revenues, shall be equal to or greater than the projected expenditures for the coming year. In a case where a deficit fund balance does occur, the goal shall be to limit deficits to only those amounts representing one-time capital expenditures and/or to adjust revenues and/or expenses so that the deficit is eliminated in no more than two budget years.

Public Hearings, Availability of Budget to Public

Upon completion of the City Manager's Proposed Budget to Council, the City holds public hearings in accordance with the Local Government Code. A copy of the Proposed Budget is made available in the City Secretary's Office or on the City's website. These hearings provide the Citizens of Port Lavaca a chance to ask questions as well as an opportunity for Council to hear any recommendations before final approval of the budget.

Cost Center Accounting and Budgeting

It shall be the policy of the City to allocate cost, and budget accordingly, to the various funds to the extent practical. This includes such items as utility costs, fuel costs, vehicle lease charges, overhead manpower and insurance fees.

Bond Ratings

It shall be the City's long-term goal to improve its bond ratings for general obligation bonds and revenue bonds. The City's policy shall be to manage its budget and financial affairs in such a way to promote enhancement of its bond ratings. This financial management includes the following:

- *Develop and maintain a multi- year operating budget*
- *Develop and maintain a multi-year capital improvements plan*
- *Implement financial procedures to quickly identify financial problems & limit budget shortfalls*
- *Review projected revenue methodologies annually*
- *Review method of determining appropriate cash reserve levels annually*

Administrative Overhead Fee to Enterprise Funds

It shall be the budgetary policy of each enterprise fund to pay to the General Fund an amount as set by the Budget each year. This charge shall be set as a percent of fund expenditures associated with each function and shall be construed as a payment for general administrative overhead, including management, accounting, legal, public safety, and personnel services. From an accounting perspective, such fee shall be treated as a fund operating transfer.

Budget Projections for Revenues and Expenditures

Most individual budget projections are a collaborative effort between the Division Heads, the Director of Finance, and the City Manager. The Director of Finance will note the methodology for estimating each major revenue or expense item budgeted, taking into consideration the insight of the respective Division Head. Revenue and expense estimates are always to be conservative to reduce any potential for budget shortfalls.

Maintenance of Plant and Equipment

The operating budget will provide for the adequate maintenance and replacement of the capital plant, building, infrastructure, and equipment. Deferral of such costs on a long-term continued basis will not be an acceptable policy to use in balancing the budget.

Financial Management Policies

Fund Balance Policy

Purpose

The purpose of this policy is to establish a key element of the financial stability of the City of Port Lavaca by setting guidelines for fund balance in accordance with Governmental Accounting Standards Board (GASB) Statement No. 54. Unassigned fund balance is an important measure of economic stability, and it is essential that the City maintain adequate levels of unassigned fund balance to mitigate financial risk that can occur from unforeseen revenue fluctuations, unanticipated expenditures, and other similar circumstances. This policy will ensure the City maintains adequate fund balances in the operating fund with the capacity to:

1. Provide sufficient cash flow for daily financial needs,
2. Secure and maintain investment grade bond ratings,
3. Offset significant economic downturns or revenue shortfalls, and
4. Provide funds for unforeseen expenditures related to emergencies.

Definitions

Fund Equity – A fund's equity is generally the difference between its assets and its liabilities.

Fund Balance – The fund equity of a governmental fund for which an accounting distinction is made between the portions that are spendable and non-spendable.

Fund Balance reporting in governmental funds: Fund balance will be reported in governmental funds under the following categories using the *definitions* provided by GASB Statement No. 54:

- 1) **Non-spendable fund balance** – includes the portion of net resources that cannot be spent because of their form (i.e. inventory, long-term loans, or prepaids) or because they must remain in-tact such as the principal of an endowment.
- 2) **Restricted fund balance** – includes the portion of net resources on which limitations are imposed by creditors, grantors, contributors, or by laws or regulations of other governments (i.e. externally imposed limitations). Amounts can be spent only for the specific purposes stipulated by external resource providers or as allowed by law through constitutional provisions or enabling legislation. Examples include impact fees and bond proceeds.
- 3) **Committed fund balance** – includes the portion of net resources upon which the Council has imposed limitations on use. Amounts that can be used only for the specific purposes determined by a *formal action* of the council. Commitments may be changed or lifted only by the Council taking the same *formal action* that originally imposed the constraint. The formal action must be approved before the end of the fiscal year in which the commitment will be reflected on the financial statements.

- 4) **Assigned fund balance** – includes the portion of net resources for which an *intended* use has been established by the City Council or the City Official authorized to do so by the City Council. Assignments of fund balance are much less formal than commitments and do not require formal action for their imposition or removal. In governmental funds other than the general fund, assigned fund balance represents the amount that is not restricted or committed which indicates that resources are, at a minimum, intended to be used for the purpose of that fund.

Authority to Assign - 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.

- 5) **Unassigned fund balance** – includes the amounts in the general fund in excess of what can properly be classified in one of the other four categories of fund balance. It is the residual classification of the general fund and includes all amounts not contained in other classifications. Unassigned amounts are technically available for any purpose. Negative residual amounts for all other governmental funds are reported in this classification.

Minimum Unassigned Fund Balance

General Fund - Being a City on the Gulf Coast, it shall be the goal of the City to maintain a fund balance in the 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.

Hotel/Motel Tax Fund – Since the City's Convention Center (Bauer Center) qualifies for use of Hotel/Tax, it shall be the goal of the City to maintain a fund balance in the Hotel/Motel Fund to support the annual cost for improvements and maintenance of the Bauer Center. The proper level of this unassigned fund balance will be based on the most recent three-year average cost of maintenance and operations of the Bauer Center or \$250,000 whichever is greater.

Committed Fund Balances

- *Fixed or Capital Asset Replacement*- The City Council commits an additional portion of the General Fund Reserve for fixed asset replacement related to machinery and equipment. On an annual basis, the City strives to commit dollars equal to one year's depreciation expense of machinery and equipment for assets on record as of the previous fiscal year end. The balance at year end in this account will be the committed fund balance.

Replenishment of Minimum Fund Balance Reserves

If unassigned fund balance unintentionally falls below 120 days or if it is anticipated that at the completion of any fiscal year the projected unassigned fund balance will be less than the minimum requirement, the City Manager shall prepare and submit a plan to restore the minimum required level as soon as economic conditions allow. The plan shall detail the steps necessary for the replenishment of fund balance as well as an estimated timeline for achieving such.

These steps may include, but are not limited to, identifying new, nonrecurring, or alternative sources of revenue; increasing existing revenues, charges and/or fees; use of year end surpluses; and/or enacting cost saving measures such as holding capital purchases, reducing departmental operating budgets, freezing vacant positions, and/or reducing the workforce. The replenishment of fund balance to the minimum level shall be accomplished within a three-year period. If restoration of the reserve cannot be accomplished within such a period without severe hardship to the City of Port Lavaca, then the Council shall establish an extended timeline for attaining the minimum balance.

Order of Expenditure of Funds

When multiple categories of fund balance are available for expenditure (for example, a construction project is being funded partly by a grant, funds set aside by the Council, and unassigned fund balance), the Council will first spend the most restricted funds before moving down to the next most restrictive category with available funds.

Appropriation of Unassigned Fund Balance

Appropriation from the minimum unassigned fund balance shall require the approval of the City Council and shall be utilized only for one-time expenditures, such as capital purchases, and not for ongoing operating expenditures unless a viable revenue plan designed to sustain the expenditure is simultaneously adopted.

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

Monitoring and Reporting

The Director of Finance shall be responsible for monitoring and reporting the City's reserve balances. The City Manager is directed to make recommendations to the Council on the use of reserve funds both as an element of the annual operating budget submission and from time to time throughout the fiscal year as needs may arise.

Compliance with the provisions of the policy shall be reviewed as a part of the annual operating budget adoption process and subsequent review will be included in the annual audit and financial statement preparation procedures.

Revenue Management Policy

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

- ***Simplicity and Certainty.*** The City shall strive to keep the revenue classification system simple to promote understanding of the revenue sources. The City shall describe its revenue sources and enact consistent collection policies to provide assurances that the revenue is collected according to budgets and plans.
- ***Equity.*** The City shall make every effort to maintain equity in its revenue system structure. The City shall minimize all forms of subsidization between entities, funds, services, utilities, and customers.
- ***Realistic and Conservative Estimates.*** Revenues are to be estimated realistically. Revenues of volatile nature shall be budgeted conservatively.
- ***Centralized Reporting.*** Receipts will be submitted daily to the Finance Department for deposit and investment. Daily transaction reports and supporting documentation will be prepared.
- ***Review of Fees and Charges.*** The City shall review all fees and charges annually in order to match fees and charges with the cost of providing that service.
- ***Aggressive Collection Policy.*** The City shall follow an aggressive policy of collecting revenues. Utility services will be discontinued (i.e. turned off) for non-payment in accordance with established policies and ordinances. The Calhoun County Appraisal District is responsible for delinquent tax collection, through the central collection agency, shall be encouraged to collect delinquent property taxes using an established tax suit policy and sale of real and personal property to satisfy non-payment of property taxes. A warrant officer in the Police Division will aggressively pursue outstanding warrants, and the Court will use a collection agency to pursue delinquent fines.

Use of Fund Balance and Non-Recurring Revenues

The City will use non-recurring revenues and excess fund balance for capital expenditures or for non-recurring expenditures. These non-recurring revenues will not be used to fund recurring type maintenance and operating costs.

Property Tax Revenue

All real and business personal property located within the City shall be valued at 100% of the fair market value based on the appraisal supplied by the Calhoun County Appraisal District. Reappraisal and reassessment are as provided by the Appraisal District. A ninety-six percent (96%) collection rate based upon historical trends and current economic conditions shall serve each year as a goal for tax collections and the budgeted revenue projection shall be based on the average collection rate calculated by the Calhoun County Appraisal District. Property tax rates shall be maintained at a rate adequate to fund an acceptable service level. Based upon taxable values, rates will be adjusted to fund this service level. Collection services shall be contracted out with a central collection agency, currently the Calhoun County Appraisal District.

Interest Income

Interest earned from investment of available monies, whether pooled or not, shall be distributed to the funds in accordance with the equity balance of the fund from which monies were invested.

User Based Fees and Service Charges

For services associated with a user fee or charge, the direct and indirect costs of that service shall be offset wholly or partially by a fee where possible. There shall be an annual review of fees and charges to ensure that the fees provide adequate coverage of costs of services.

Water and Wastewater Rates and other fees for Services

Water, wastewater, and garbage fees shall be set to generate revenues required to cover operating expenditures, including depreciation, meet the legal requirements of applicable bond covenants, and provide for an adequate level of working capital. It is the policy of the City that the Public Utility Fund, and other enterprise funds, not be subsidized by property tax revenue.

Intergovernmental Revenues/Grants/Special Revenues

Grant revenues and other special revenues shall be spent for the purpose(s) intended. The City shall review grant match requirements and include in the budget all grant revenues and expenditures.

Collection of Charges

The City will follow a policy of collecting, on a timely basis, all fees, charges, taxes and other revenues properly due to the City. The City will follow an aggressive policy of collecting all delinquencies due to the City.

Revenue Monitoring

Revenues actually received are to be regularly compared to budgeted revenues (at least monthly) with a formal report to City Council at least quarterly. If revenue estimates fall below budget expectations, the City Manager shall recommend to Council a corrective action to minimize the impact on the budget at the next available Council Meeting.

Expenditure Control Policy

Appropriations

The responsibility for budgetary control lies with the Department Head. Department Heads may not approve expenditures that exceed monies available at the departmental budget level excluding personnel and capital expenditures. Capital expenditures are approved by the City Council on a per project basis normally during the annual budget process. Personnel allocations may not be changed without the approval of City Manager.

Amendments to the Budget

In accordance with the City Charter, under Article 8.03 (Transfer of Appropriations) provides, with approval of the City Council, the City Manager may transfer any unencumbered appropriated balance within any office, department, or agency at any time. At the request of the City Manager, and within the last three months of the fiscal year, the Council may by resolution transfer any unencumbered appropriation balance or portion thereof from an office, department or agency, to another.

Central Control

Unspent funds in salary and capital allocation object codes may not be spent for any purpose other than their specifically intended purpose without prior authorization of City Manager.

City's Manager Authority to Amend the Budget

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

Purchasing

All purchases shall be made in accordance with the Purchasing Policies approved by the City Council.

Prompt Payment

All invoices approved for payment by the proper City authorities shall be paid by the Finance Department within thirty (30) calendar days of receipt, in accordance with the provisions of state law. Proper procedures shall be established that enables the City to take advantage of all purchase discounts, except in the instance where payments can be reasonably and legally delayed in order to maximize the City's investable cash.

Long-Term Debt Policy

Revenue Bond Sinking Account

It shall be the policy of the City to always be in strict compliance with the requirements of the ordinance that created the Revenue Bond Sinking Account. Monthly payments are to be made to this account each year in accordance with the bond ordinance. The balance in the account must be adequate to cover semi-annual payments as they become due.

General Obligation Bond Debt Service Account

It shall be the policy of the City to always be in strict compliance with the requirements of the ordinance that created the General Obligation Bond Interest and Sinking Fund Account. Taxes, as applicable shall be distributed to this account monthly as received. Utility Revenues transferred to the Interest and Sinking fund Account shall occur, as needed prior to the semi-annual payment dates. The balance in the account must be adequate to cover semi-annual payments as they become due.

Capital Improvement Plan (CIP)

The City will develop a multi-year plan to present to Council each year for approval. The City will provide a list of proposed capital improvements, funding recommendations, and prospective timing of projects. CIP projects shall be for infrastructure over \$100,000 and facilities over \$50,000. Any maintenance and operational cost shall be disclosed that could impact future operating budgets.

Debt Policy Guidelines

- The City will limit long-term debt to only those capital projects that cannot be financed from current revenues. Assets that last a long time will benefit citizens and taxpayers far into

the future. It is fair for these future taxpayers and citizens to help pay the cost of the asset by paying some of the debt.

- The City will not use long-term debt to finance recurring maintenance and operating costs.
- The City will not issue long-term debt for a period longer than the estimated useful life of the capital project.
- Decisions will be made based on long term goals rather than a short- term fix.
- Debt Service Funds will be managed and invested according to all federal, state, and local laws.
- Coverage Ratios of Revenue Bonds will always be in compliance with the minimum coverage ratio required by the revenue bond ordinances. It shall be the goal of the City to achieve a budgeted coverage ratio of 1.60.

Other Fund Use Information

Governmental Funds

Most government functions are financed through governmental funds. The acquisition, use, and balances of the City's expendable resources and related current liabilities are accounted for through governmental funds. Long-term liabilities and fixed assets are not accounted for through governmental funds.

Federal and State Grant Funds

The City will have the necessary controls in place and follow all applicable federal and state financial grant requirements, including 2 CFR 200.302(b)(6) on advanced payments, 2 CFR 200.303 on internal controls for all grant funding, § 200.323 on contract cost and price, CFR 200 Part E on cost Principles and advance payment requirements, specifically § 200.403 Factors affecting allowability of costs and § 200.404 Reasonable costs as both allowable and reasonable, and § 200.305 on federal payment.-

For payments received from Federal grant sources, the City will track interest earned on those payments in accordance with § 200.305 Federal payment. The City will maintain advance payments of Federal awards in interest-bearing accounts and monitor that account would not be expected to earn in excess of \$500 per year on Federal cash balances or any additional interest earned on Federal advance payments deposited in interest bearing accounts must be remitted annually to the Department of Health and Human Services Payment Management System (PMS).

Proprietary Funds

These funds listed below are used to account for the ongoing activities of the City that are similar to those found in the private sector. These funds are financed through user charges to recover costs of services provided. Proprietary funds use accrual accounting, which means revenues are recognized when they are earned by the City and expenses are recognized when they are incurred. Enterprise funds are considered proprietary funds and are used to account for operations for the City's Public Utility Fund, Light House Beach, and Port Revenue Fund.

Working Capital Position - the goal shall be 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. The City shall designate a portion of the reserve for fixed asset replacement equal to one year's depreciation of all assets.

Public Utility Fund

It shall be the general policy of the City to commit a portion of the reserve to fixed asset replacement as it budgets for revenue to cover depreciation.

The City shall establish a project fund that will be funded by unanticipated revenues or revenue surpluses. This fund shall be used to fund unanticipated projects or to retire debt early.

Beach and Port Revenue Operating Fund

It will be the general policy of the City that the fees collected will be spent on maintenance of the facilities grounds, and other structures. The general fund tax dollars will not be used for this purpose.

WITNESS MY HAND AND SEAL OF OFFICE THIS 8th DAY OF MAY, 2023.

PASSED AND APPROVED THIS 8th DAY OF MAY, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

COMMUNICATION

SUBJECT: Consider Resolution No. R-050823-4 of the City of Port Lavaca, Texas to adopt the Sidewalk Plan as part of the City of Port Lavaca's Comprehensive Plan adopted by Ordinance No. G-9-16 on September 12, 2016. Presenter is Jody Weaver

INFORMATION:

RESOLUTION NO. R-050823-4

A RESOLUTION OF THE CITY OF PORT LAVACA, TEXAS ADOPTING THE SIDEWALK MASTER PLAN IN ACCORDANCE WITH THE RECOMMENDATION OF THE CITY OF PORT LAVACA'S COMPREHENSIVE PLAN ADOPTED BY ORDINANCE NO. G-9-16 ON SEPTEMBER 12, 2016.

WHEREAS, a well-planned sidewalk/shared use path system helps to provide an affordable mode of transportation available to all citizens and is an effective tool to encourage non-vehicular mobility and promote a healthy lifestyle; and

WHEREAS, the City of Port Lavaca Comprehensive Plan recommends the City adopt a Sidewalk Master Plan to ensure pedestrian safety and connectivity in the City; and

WHEREAS, a Sidewalk Master Plan will guide City staff, property owners and developers in determining where sidewalks are needed to create an effective network of sidewalks and shared use paths within the City; and

WHEREAS, the City Council of the City of Port Lavaca, Texas finds it to be in the public interest to adopt the Sidewalk Master Plan as presented; and

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS;

THAT, the City Council adopts the Sidewalk Master Plan to guide the City in future planning and decision-making regarding the placement and construction of sidewalks and shared use paths, the provisions of which shall be as set forth on the City's website on the Comprehensive Plan page labeled "Port Lavaca Sidewalk Plan – May 2023".

PASSED AND APPROVED this 8th day of May, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

COMMUNICATION

SUBJECT: Consider Resolution No. R-050823-5 of the City of Port Lavaca, Texas to prepare and submit Grant applications to the Texas General Land Office (GLO) Coastal Erosion Planning & Response Act (CEPRA) Cycle 13 and Commitment of Public Funds as required for match for the following projects: Harbor of Refuge Protection and Restoration and Lighthouse Beach Restoration. Presenter is Jody Weaver

INFORMATION:

RESOLUTION NO. R-050823-5

A RESOLUTION OF THE CITY OF PORT LAVACA, TEXAS TO PREPARE AND SUBMIT GRANT APPLICATIONS TO THE TEXAS GENERAL LAND OFFICE (GLO) COASTAL EROSION PLANNING & RESPONSE ACT (CEPRA) CYCLE 13 AND COMMITMENT OF PUBLIC FUNDS AS REQUIRED FOR MATCH FOR THE FOLLOWING PROJECTS: HARBOR OF REFUGE PROTECTION AND RESTORATION AND LIGHTHOUSE BEACH RESTORATION.

WHEREAS, the City of Port Lavaca is a coastal community sitting on the shores of Lavaca Bay, a northwestern extension of the Matagorda Bay ecosystem and is committed to the long-term protection and enhancement of our coastal and natural resources; and

WHEREAS, the Texas General Land Office (GLO) administers the Coastal Erosion Planning Response Act (CEPRA) Program in Texas to provide state legislature appropriated grant funds to worthy coastal jurisdictions through the review of submitted project goal summary applications and subsequent award of project grant funds; and

WHEREAS, the Harbor of Refuge Protection and Restoration Project is included in the GLO 2023 Coastal Resiliency Masterplan as one of 121 projects prioritized as Tier 1 by the Texas General Land Office through close input from a Technical Advisory Committee (TAC) to mitigate issues that negatively impact the Texas coast; and

WHEREAS, in recognition of the critical importance of Port Lavaca's coastal natural resources to all residents and visitors to the Texas coast, the potential availability to leverage local dollars with State and Federal funds, the societal benefits to current and future generations of Texans, the City of Port Lavaca City Council considers it fitting and proper to commit local dollars as required match funds toward for the implementation of these critical shoreline protection projects and provide public access to the same; and

WHEREAS, The Matagorda Bay Mitigation Trust, whose mission is to support and fund environmental mitigation projects, studies, and initiatives in the Matagorda and San Antonio Bay ecosystems, has generously awarded the City of Port Lavaca a \$200,000.00 grant to go towards the required match dollars of a potential CEPRA grant award.

NOW THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS;

THAT, the City Council hereby approves and supports the submission of two (2) CEPRA Cycle 13 grant applications to solicit funding for the following essential projects and hereby also commits to establish and maintain public access to said shorelines:

- 1) Harbor of Refuge Protection and Restoration, Phase 1 including preliminary engineering, permitting, and final design with a commitment of \$275,200.00 of local match dollars, \$200,000.00 of which is the generous grant from the Matagorda Bay Mitigation Trust Fund.
- 2) Lighthouse Beach Restoration Project feasibility study, with a commitment of \$50,000.00 of local match dollars.

The City Manager is hereby authorized to execute any and all applications and contract forms as necessary, dedicate/secure the required cash match, and coordinate staff's efforts to submit the approved Project Goal Summary grant applications to the General Land Office.

PASSED AND APPROVED this 8th day of May, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

CITY OF PORT LAVACA

COUNCIL MEETING: MAY 8, 2023

AGENDA ITEM __

DATE: 3.04.2023

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: JODY WEAVER, INTERIM CITY MANAGER

SUBJECT: GLO CEPRA CYCLE 13 Gant Applications for Harbor of Refuge and Lighthouse Beach

BACKGROUND:

As you may recall, last year we applied for and were successful in having an erosion protection project for three separate shorelines in our Harbor of Refuge tract included in the 2023 GLO Coastal Resiliency Maser Plan. These three projects, which are conceptually illustrated on the attached exhibits, were approved as a single Tier 1 priority project. We have been working with Mott McDonald, who is the engineer for our CDBG-DR Coastal Resiliency Living Shoreline project, to prepare and propose the submittal of a pre-proposal to the General Land Office for a CEPRA (Coastal Erosion Planning Response Act) Grant to fund the Phase 1 Engineering for this **Harbor of Refuge shoreline protection project**, which includes preliminary engineering, permitting and final design. Pre-proposals are due on June 7, 2023.

For clarification regarding the Interior Harbor shoreline (Old Landfill), we have received approval from TCEQ to construct an initial Voluntary restoration of the eroded shoreline along the old landfill site. The approved plan involves regrading the site to flatten the slope along the shoreline and then cap with clay, top-soil and seed. We are hoping this work can be accomplished with anticipated CDBG-Mitigation dollars. The anticipated CEPRA funded project will provide a long-term solution for this shoreline by adding ACBM (Articulated Concrete Block Mattress) on top of the regrading work that we will plan to do in the short term. *See the projected timeline for the CEPRA grant project on the following page.*

We are proposing also to submit a pre-proposal to fund a feasibility study of the Lighthouse Beach area to include data collection, a coastal engineering analysis, develop alternatives to meet project goals and determine the preferred alternative project that could be the subject of a future CEPRA grant application for construction. The main project goals for the **Lighthouse Beach Restoration Project** are to nourish the recreational beach, protect and enhance the adjacent wetlands using living shoreline techniques and marsh creation, and modify the existing coastal structures around the beach to retain sand on the beach and reduce sediment in the boat ramp area.

Attached is a resolution authorizing submittal of both applications and committing to the required local funds match amount and establishing/maintaining public access. Below are the estimated engineering fees of the proposed projects, showing the amount that the City would be responsible for, as matching funds.

For the Lighthouse Beach, we're proposing a feasibility study only with this application. The estimate for engineering fee for the feasibility study is \$125,000, so a 40% cost share comes to \$50,000.

ESTIMATED ENGINEERING FEES	total	City	CEPRA
Interior Harbor Shoreline (old Landfill)	\$252,000	\$100,800	\$151,200
Harbor Peninsula Shoreline	\$214,000	\$85,600	\$128,400
South Harbor Wetland Shoreline	\$222,000	\$88,800	\$133,200
Entire Project	\$688,000	\$275,200	\$412,800

I have verified with the Matagorda Bay Mitigation Trust that the \$200,000 that they awarded to us for the Phase 1 engineering for the old Landfill Shoreline, may be used towards the match for this entire project (which also involves the other two shorelines). **Therefore, the required match of City funds is \$75,200 for the Harbor of Refuge project and \$50,000 for the Lighthouse Beach project.** We anticipate knowing whether we are awarded a grant sometime in August. **No local dollars will be needed until FYE 2024, so we can budget these funds in next year's budget.**

Because the Harbor of Refuge project is a Tier 1 priority project in the Coastal Resiliency Masterplan, if we are successful with a CEPRA grant application next year for construction, GLO will fund all of the construction with GOMESA funds.

Now the Lighthouse Beach project is not in the Masterplan, however once we have a study and plan for design, we will be in a position to make application to various grants including CEPRA for partial funding.

In order to qualify for this funding, we need to also commit that the areas where grant dollars are used will have public access. **We have discussed this with the Port Commission and public access can be provided via an access easement similar to the rights-of-way and public dock area that currently exists adjacent to Tract 3 in the Harbor of Refuge Channel.** We do not have to identify specifically where the access path is at this point, but we can anticipate that it may be along what has historically been used as the path to the wetlands area from Bredan Road, near the current brush site. Access to the shoreline of the Harbor Peninsula would be via an extension of or adjacent to Montier Street. Of course, Lighthouse Beach has complete public access already.

For your reference, below is a "best guess" timeline for the Harbor of Refuge Project:

June 2023 – Submit GLO CEPRA grant application for Phase 1 and Phase 2 Engineering (showing in-kind match from City and the Matagorda Bay Mitigation Trust)

Aug/Sept 2023 – notification of award of GLO CEPRA grant. Begin negotiation of PCA (partner cooperation agreement) between the GLO and the City.

Dec 2023 – execution of PCA. Begin request for scope of work from Engineer.

March 2024 – agreement on scope of work from Engineer. Start GLO task order execution

May 2024 – NTP for engineering to start (**when CEPRA match engineering dollars will begin to be needed**)

Dec 2024 – submit Permit to USACE.

June 2025 – submit GLO CEPRA grant application for Construction of Project. Assume PCA completed and in place by Dec 2025.

December 2025 – receive Permit from USACE

February 2026 – complete 100% design with completed construction contract documents ready to bid

April 2026 – GLO bids project for construction

Dec 2026 – Construction Complete.

CITY OF PORT LAVACA

RECOMMENDATION:

Approve the Resolution as presented, committing \$125,200 of General Fund Dollars plus the \$200,000 grant from the Matagorda Bay Mitigation Trust as the local match and committing to establishing and maintaining public access to these shorelines.

ATTACHMENTS:

- Interior Harbor Shoreline (old landfill)
- Harbor Peninsula Shoreline (This peninsula is less than 1/3rd the width it was in the late 1980's)
- South Harbor Shoreline project

1/20/23



1/20/23



1/20/23



COMMUNICATION

SUBJECT: Consider Resolution No. R-050823-6 of the City of Port Lavaca, Texas supporting City of Port Lavaca's Application to the Texas Department of Transportation's (TxDOT) 2023 Transportation Alternatives Set-Aside (TA) Program. Presenter is Jody Weaver

INFORMATION:

RESOLUTION NO. R-050823-6

A RESOLUTION OF THE CITY OF PORT LAVACA, TEXAS SUPPORTING CITY OF PORT LAVACA'S APPLICATION TO THE TEXAS DEPARTMENT OF TRANSPORTATION'S (TXDOT) 2023 TRANSPORTATION ALTERNATIVES SET-ASIDE (TA) PROGRAM.

WHEREAS, the Texas Department of Transportation issued a call for projects in December 2022 for communities to apply for funding assistance through the Transportation Alternatives Set-Aside (TA) Program; and

WHEREAS, the TA funds may be used for development of preliminary engineering (plans, specifications, and estimates and environmental documentation) and construction of pedestrian and/or bicycle infrastructure. The TA funds require a local match, comprised of cash or Transportation Development Credits (TDCs), if eligible. The City of Port Lavaca would be responsible for all non-reimbursable costs and 100% of overruns, if any, for TA funds; and

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF PORT LAVACA, TEXAS:

THAT, the City of Port Lavaca supports funding this project as described in the 2023 TA Detailed Application (including the preliminary engineering budget, if any, construction budget, the department's direct state cost for oversight, and the required local match, if any) and is willing to commit to the project's development, implementation, construction, maintenance, management, and financing. The City of Port Lavaca is willing and able to enter into an agreement with the department by resolution or ordinance, should the project be selected for funding.

PASSED AND APPROVED this 8th day of May, 2023.

Jack Whitlow, Mayor

ATTEST:

Mandy Grant, City Secretary

COMMUNICATION

SUBJECT: Consider recommendation of Planning Board for approval of a single-lot Final minor plat, Sylvia Pina Mendoza Life Estate Subdivision, located at 914 Schooley Street, CAD Pin #54708. Presenter is Derrick Smith

INFORMATION:

CITY OF PORT LAVACA

MEETING: May 8, 2023

DATE: 05/03/2023

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: DERRICK SMITH, DEVELOPMENT SERVICES DIRECTOR

SUBJECT: At the recommendation of the Planning Board, consider and discuss approval of a single-lot Final minor plat, Sylvia Pina Mendoza Life Estate Subdivision. Located at 914 Schooley Street. CAD Pin #54708.

Sec. 42-6. - Procedure

A plat must be approved prior to the offering for sale of any lot, tract, or building site; prior to any construction work; and before any map of said subdivision is prepared in a form for recording.

The applicant for the proposed subdivision was deeded the land. With the probate, Sylvia Pina Mendoza was provided the land under CAD PIN 54708 with the remainder to a family member. Ms. Mendoza is now legally platting the property to obtain proper building permits for a remodel and addition to her home.

Below references the City Code of Ordinances, Chapter 42 – Subdivisions and Plats, where this Final Plat request is compliant and will meet the ordinance as presented.

Sec. 42-2. - Purpose.

(c) The city planning commission, before approving any plats submitted to it, shall refer such plats to the departments, agencies, and utilities in this chapter named for their suggestions and comments by written report.

Applicant has adhered to the proper subdivision plat submittal and review procedural process prior to presentation before the Planning Commission.

Sec. 42-6. - Procedure.

(d) Final plat.

(2) Upon the city engineer's approval of the improvements installed, the final plat shall be prepared and submitted to the planning commission and the city council in accordance with the provisions of article IV of this chapter.

Applicant has obtained proper permits for the re-route of utilities. An easement has been created and new meters have been set to separate the residential dwelling from the multi-family dwelling located off-premises.

Department Comments:

May 01, 2023 Planning Board made a motion to approve the Sylvia Pina Mendoza Life Estate Subdivision final plat.

February 13, City Council approves the Sylvia Pina Mendoza Life Estate Subdivision preliminary plat.

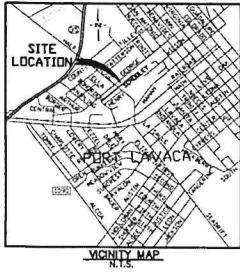
February 6, 2023- Planning Board recommends approval of the preliminary minor plat, Sylvia Mendoza Life Estate Subdivision.

Attachments:

Sylvia Pina Mendoza Life Estate Subdivision Final Plat

CAD information

Google aerial



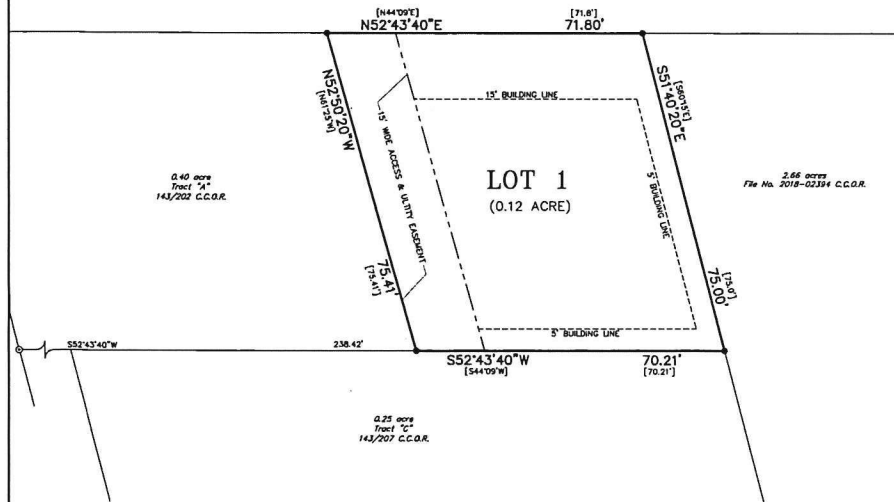
SYLVIA PINA MENDOZA LIFE ESTATE SUBDIVISION

Section VIII. Item #10.

0.12 ACRE SUBDIVISION

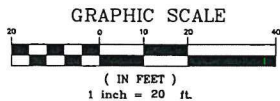
BEING ALL OF THE SAME PROPERTY DESCRIBED AS TRACT "B" (0.12 ACRE) IN SPECIAL WARRANTY DEED DATED DECEMBER 6, 2017 FROM SYLVIA MENDOZA (ADMINISTRATOR OF THE ESTATE OF MARY LOUISE BARRERA PINA) TO SYLVIA MENDOZA RECORDED IN FILE NO. 2017-02025 OF THE CALHOUN COUNTY OFFICIAL RECORDS. MAXIMO SANCHEZ SURVEY, ABSTRACT NO. 35 OF CALHOUN COUNTY, TEXAS

SCHOOLEY STREET



- LEGEND**
- EXISTING 5/8" IRON ROD UNLESS NOTED
 - ⊙ EXISTING 2" IRON PIPE
 - SET 5/8" IRON ROD WITH PLASTIC CAP
 - C.C.O.R. CALHOUN COUNTY DEED RECORDS
 - C.C.O.R. CALHOUN COUNTY OFFICIAL RECORDS
 - [] PLAT OR DEED CALL

FLOOD DATA.
ACCORDING TO THE APPROXIMATE SCALE OF THE NATIONAL FLOOD INSURANCE RATE MAP, COMMUNITY PANEL NO. 48051C 0183 E. REVISED OCTOBER 16, 2014, THIS PROPERTY IS LOCATED IN ZONE X.



NOTE: BEARINGS SHOWN HEREON ARE TEXAS STATE PLANE SOUTH CENTRAL ZONE NAD83 GRID BASED ON STATION HAPC-0219 ON THE RTK NETWORK.

CERTIFICATE OF OWNERSHIP

STATE OF TEXAS
COUNTY OF CALHOUN

I, THE UNDERSIGNED, OWNER OF THE LAND SHOWN ON THIS PLAT, AND DESIGNATED HEREIN AS SYLVIA PINA MENDOZA LIFE ESTATE SUBDIVISION, AND WHOSE NAME IS SUBSCRIBED HERETO, HEREBY DEDICATE TO THE USE OF PUBLIC FOREVER ALL STREETS, ALLEYS, PARKS, WATERCOURSE, DRAINS, EASEMENTS AND PUBLIC PLACES THEREON SHOWN FOR THE PURPOSE AND CONSIDERATION THEREIN EXPRESSED.

SYLVIA ANN PINA MENDOZA

STATE OF TEXAS
COUNTY OF _____

BEFORE ME, THE UNDERSIGNED AUTHORITY, ON THIS DAY PERSONALLY APPEARED SYLVIA ANN PINA MENDOZA, KNOWN TO BE THE PERSON WHOSE NAME IS SUBSCRIBED TO THE FOREGOING INSTRUMENT AND ACKNOWLEDGED TO ME THAT HE EXECUTED THE SAME FOR THE PURPOSES AND CONSIDERATIONS THEREIN EXPRESSED.

GIVEN UNDER MY HAND AND SEAL OF OFFICE THIS _____ DAY OF _____, 2023.

NOTARY PUBLIC, STATE OF TEXAS

COUNTY CLERK CERTIFICATE

STATE OF TEXAS
COUNTY OF CALHOUN

CITY COUNCIL CERTIFICATE APPROVAL

STATE OF TEXAS
COUNTY OF CALHOUN

I, MANDY GRANT, CITY SECRETARY OF THE CITY OF PORT LAVACA, AN INCORPORATED CITY IN CALHOUN COUNTY, TEXAS, DO HEREBY CERTIFY THAT THE FOREGOING SUBDIVISION PLAT WAS APPROVED BY THE CITY COUNCIL OF SAID CITY AS APPROVED BY LAW, AND THAT THE RESOLUTION APPEARS OF RECORD IN VOLUME _____ PAGE _____ OF THE MINUTES OF THE PLANNING BOARD OF PORT LAVACA AS KEPT IN MY OFFICE.

WITNESS MY HAND AND SEAL OF THE CITY OF PORT LAVACA, TEXAS, ON THIS _____ DAY OF _____, 2023.

CITY SECRETARY
CITY OF PORT LAVACA, CALHOUN COUNTY
STATE OF TEXAS

CALHOUN COUNTY APPRAISAL DISTRICT

I HEREBY CERTIFY THAT THE AD VALOREM TAXES ON THE LAND INCLUDED WITHIN THE BOUNDARIES OF THIS PLAT ARE PAID FOR THE TAX YEAR _____ AND ALL PRIOR YEARS.

IF APPLICABLE, THE ABOVE-DESCRIBED PROPERTY HAS/IS RECEIVING SPECIAL APPRAISAL BASED ON ITS USE, AND ADDITIONAL ROLLBACK TAXES MAY BECOME DUE BASED ON THE PROVISIONS OF THE SPECIAL APPRAISAL (COMPTROLLER RULE 9.3040) OR PROPERTY OMITTED FROM THE APPRAISAL ROLL AS DESCRIBED UNDER TAX CODE SECTION 25.21 IS NOT INCLUDED IN THIS CERTIFICATE [TAX CODE SECTION 31.08 (B)]

SIGNED THIS THE _____ DAY OF _____, 2023.

BY: _____
JESSE W. HUBBELL
CHIEF APPRAISER

CALHOUN CO. E911 EMERGENCY COMMUNICATIONS DISTRICT

I HEREBY CERTIFY THAT THE FOREGOING SUBDIVISION PLAT OF SYLVIA PINA MENDOZA LIFE ESTATE SUBDIVISION MEETS THE CURRENT 911 REQUIREMENTS.

RAZQUEL MORALES
DISTRICT COORDINATOR
(361) 552-5455

I, HENRY A. DANYSH, A REGISTERED PROFESSIONAL LAND SURVEYOR, DO HEREBY CERTIFY THAT THE PLAT SHOWN HEREON REPRESENTS THE RESULT OF A SURVEY MADE ON THE GROUND UNDER MY DIRECTION ON FEBRUARY 23, 2023.

G & W ENGINEERS, INC.
HENRY A. DANYSH
REGISTERED PROFESSIONAL
LAND SURVEYOR NO. 5088



G & W ENGINEERS, INC.
ENGINEERING • SURVEYING • PLANNING
205 W. LIVE OAK STREET, PORT LAVACA, TEXAS 77979
TBP/LP FIRM NO.: 10022100
(361) 552-4509; PORT LAVACA (979) 323-7100; BAY CITY

FILE NO.:
10710-001
JOB NO.:
10710-001
SHEET NO.:
1 OF 1

FINAL PLAT

COMMUNICATION

SUBJECT: Consider recommendation of Planning Board for approval of a conceptual retail store; to be located on 1207 W. Austin Street, legal description for the lot is Burkeshire Subdivision (PL), Lot PT 6, Acres 1.327, Property identification #10081. Presenter is Derrick Smith

INFORMATION:

CITY OF PORT LAVACA

MEETING: May 8, 2023

DATE: 5/03/2023

TO: HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: DERRICK SMITH, DEVELOPMENT SERVICES DIRECTOR

SUBJECT: At the recommendation of the Planning Board consider and discuss approval of a conceptual retail store. To be located on 1207 W. Austin Street. The legal description for the lot is Burkeshire Subd (PL), Lot PT 6, Acres 1.327. Property identification # 10081.

Sec. 42-159. - Approval of planning commission required.

No person shall construct a multifamily dwelling, townhouse, patio home or other commercial development project without approval of said construction project by the planning commission.

The applicant is proposing to construct a Dollar General on the site. The proposed structure will be 12,644 square feet with 50 parking spaces.

Future Land Use Map

<https://portlavaca.org/wp-content/uploads/2020/10/Future-Land-Use-Plan.pdf>

Department Comments:

The developer contacted our office to confirm that the property had been platted and water/wastewater availability for the site.

To date, a predevelopment meeting has not been held with all departments.

May 1, 2023 The Planning Board made a motion to approve the conceptual retail store to be located at 1207 W. Austin.

Attachments:

- CAD pin: 81143

