

CHUCK ENGELKEN, CHAIR
Councilmember District 2

JAY MARTIN
Councilmember, District 5



BRANDON LUNSFORD
Councilmember At Large A

RICK HELTON
Councilmember, District 4
Alternate

FISCAL AFFAIRS COMMITTEE MEETING AGENDA

Monday, March 25, 2024, 4:30 p.m.

Notice is hereby given of a regular meeting of the City of La Porte Fiscal Affairs Committee to be held on March 25, 2024, at 4:30 p.m. in the City Hall Council Chamber, 604 West Fairmount Parkway, La Porte, Texas, for the purpose of considering the following agenda items. All agenda items are subject to action.

Remote participation is available. Attend via a screen using the link <https://us02web.zoom.us/j/84719540835?pwd=MTkvV2R2dFVYcm03SmdZaGJxSE03QT09>. Join by phone at 877 853 5257 or 888 475 4499. The meeting ID is 847 1954 0835 and the passcode is 289134.

- 1. CALL TO ORDER**
- 2. CITIZEN COMMENT**
(Generally limited to five minutes per person; in accordance with state law, the time may be reduced if there is a high number of speakers or other considerations.)
- 3. STATUTORY AGENDA**
 - a. Presentation, discussion, and possible action to approve the minutes of the January 22, 2024, meeting. [Lee Woodward, City Secretary]
 - b. 2023 ACFR
Presentation, discussion, and possible action to accept the Annual Comprehensive Financial Report for the City of La Porte Fiscal Year ended September 30, 2023.
[Michael Dolby, Finance Director]
- 4. SET DATE FOR NEXT MEETING**
- 5. ADMINISTRATIVE REPORTS**
- 6. COMMITTEE MEMBER COMMENTS**
Hear announcements concerning matters appearing on the agenda; items of community interest; and/or inquiries of staff regarding specific factual information or existing policy from the Mayor, Councilpersons, and City staff, for which no formal action will be discussed
- 7. ADJOURN**

If, during the course of the meeting and discussion of any items covered by this notice, the Fiscal Affairs Committee determines that a Closed or Executive Session is required, then such closed meeting will be held as authorized by Texas Government Code, Chapter 551, Section 551.071 consultation with counsel on legal matters; Section 551.072 - deliberation regarding purchase, exchange, lease or value of real property; Section 551.073 - deliberation regarding a prospective gift; Section 551.074 - personnel matters regarding the appointment, employment, evaluation, reassignment, duties, discipline, or dismissal of a public officer or employee; Section 551.076 - implementation of security personnel or devices; Section 551.087 - deliberation regarding economic development negotiation; Section 551.089 - deliberation regarding security devices or security audits, and/or other matters as authorized under the Texas Government Code. If a Closed or Executive Session is held in accordance with the Texas Government Code as set out above, the Committee will reconvene in Open Session in order to take action, if necessary, on the items addressed during Executive Session.

Persons with disabilities who plan to attend this meeting and who may need auxiliary aids or services are requested to contact the City Secretary's office (281-470-5019), two working days prior to the meeting for appropriate arrangements.

Pursuant to Texas Government Code Sec. 551.127, on a regular, non-emergency basis, members may attend and participate in the meeting remotely by video conference. Should that occur, a quorum of the members will be physically present at the location noted above on this agenda.

CERTIFICATE

I, Lee Woodward, City Secretary, do hereby certify that a copy of the March 25, 2024, Fiscal Affairs Committee agenda was posted on the City Hall bulletin board, a place convenient and readily accessible to the general public at all times, and to the City's website, www.LaPorteTX.gov, in compliance with Chapter 551, Texas Government Code.

DATE:

TIME:

TAKEN DOWN:

Lee Woodward, City Secretary

CHUCK ENGELKEN, CHAIR
Councilmember District 2

JAY MARTIN
Councilmember, District 5



BRANDON LUNSFORD
Councilmember At Large A

RICK HELTON
Councilmember, District 4
Alternate

MINUTES OF THE MEETING OF THE FISCAL AFFAIRS COMMITTEE JANUARY 22, 2024

The Fiscal Affairs Committee of the City of La Porte met on January 22, 2024, at the City Hall Council Chambers, 604 West Fairmont Parkway, La Porte, Texas, at 4:30 p.m., with the following in attendance:

Committee members present: Chuck Engelken, Rick Helton, alternate

Committee members absent: Jay Martin, Brandon Lunsford

Council-appointed officers present: Corby Alexander, City Manager; Lee Woodward, City Secretary

1. **CALL TO ORDER** – Chair Engelken called the meeting to order at 4:30 p.m.
2. **CITIZEN COMMENT** *(Generally limited to five minutes per person; in accordance with state law, the time may be reduced if there is a high number of speakers or other considerations.)*

There were no public comments.

3. STATUTORY AGENDA

- (a) **Presentation, discussion, and possible action to approve the minutes of the November 13, 2023, meeting of the Fiscal Affairs Committee. [Chuck Engelken, Chair]**

Member Helton moved to approve the minutes of the November 13, 2023, meeting of the Fiscal Affairs Committee; the motion was seconded by Chair Engelken; the motion was adopted, 2-0.

- (b) **Presentation, discussion, and possible action to receive and review the Purchasing Card expenditures for September 2023, October 2023, and November 2023. [Cherell Daeumer, Purchasing Manager]**

The report was received.

- (c) **Presentation, discussion, and possible action to receive and review the First Quarter (FY2024) Investment Report. [Shelley Wolny, Asst. Finance Director]**

The report was received.

4. SET DATE FOR NEXT MEETING [Michael Dolby, Finance Director]

March 11 was set as the prospective date for the next meeting.

5. ADMINISTRATIVE REPORTS

There were no reports.

- 6. COMMITTEE MEMBER COMMENTS** *Hear announcements concerning matters appearing on the agenda; items of community interest; and/or inquiries of staff regarding specific factual information or existing policy from the Committee members and City staff, for which no formal action will be discussed or taken.*

There were no comments.

- 7. ADJOURNMENT -** Without objection, Chair Engelken adjourned the meeting at 4:38 p.m.

Lee Woodward, City Secretary



REQUEST FOR CITY COUNCIL AGENDA ITEM

Agenda Date Requested:	<u>March 25, 2024</u>
Requested By:	<u>Michael G. Dolby, Director</u>
Department:	<u>Finance</u>
<input checked="" type="radio"/> Report <input type="radio"/> Resolution <input type="radio"/> Ordinance	

Exhibits: Fiscal Year Ended September 30, 2023
Annual Comprehensive Financial Report

Appropriation	
Source of Funds:	<u>N/A</u>
Account Number:	<u>N/A</u>
Amount Budgeted:	<u>N/A</u>
Amount Requested:	<u>N/A</u>
Budgeted Item:	<input checked="" type="radio"/> Yes <input type="radio"/> No

SUMMARY & RECOMMENDATION

Presentation, discussion, and possible action to accept the Annual Comprehensive Financial Report for the City of La Porte Fiscal Year ended September 30, 2023.

In accordance with the City of La Porte Charter, the fiscal year ending September 30, 2023, Annual Comprehensive Financial Report will be presented to City Council by the external auditors Patillo, Brown & Hill, LLP. The audit report provides the City with reasonable assurance that the financial statements are free of material misstatements. The auditors designed tests that provide evidence that the financial statements conform to the highest level of accounting standards. The City received an unmodified (clean) opinion from the auditors and no management comments or deficiencies in internal control were identified.

Annually, the City submits the Annual Comprehensive Financial Report to the Government Finance Officers Association for entry in the award program for excellence in financial report. The City of La Porte has won the Award for Excellence in Financial Reporting from the Government Finance Officers Association for 42 consecutive years.

STRATEGIC PLAN KEY FOCUS AREAS AND GUIDING PRINCIPLES

Governance: The City of La Porte is governed in a transparent, efficient, accountable and responsive manner on behalf of its citizens that actively promotes citizen involvement.

ACTION REQUIRED BY CITY COUNCIL

Presentation, discussion, and possible action to accept the Annual Comprehensive Financial Report for the City of La Porte Fiscal Year ended September 30, 2023.

CITY OF LA PORTE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED
SEPTEMBER 30, 2023



Corby Alexander, City Manager

Prepared by:
Department of Finance

DRAFT

CITY OF LA PORTE, TEXAS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

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INTRODUCTORY SECTION





March 25, 2024

To the Honorable Mayor,
Members of City Council,
and Citizens of the City of La Porte, Texas:

The Finance Department and City Manager's Office are pleased to submit the Annual Comprehensive Financial Report for the City of La Porte, Texas for the fiscal year ended September 30, 2023. This report is published to provide the City Council, City staff, our citizens, our bondholders, and other interested parties with detailed information concerning the financial condition and activities of the City government. This report consists of management's representations concerning the finances of the City of La Porte. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft or misuse and to compile sufficient reliable information for the preparation of the City of La Porte's financial statements in conformity with GAAP. The cost of internal controls should not outweigh their benefits; therefore the City of La Porte's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City of La Porte's financial statements have been audited by Pattillo, Brown & Hill, LLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of La Porte for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amount and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent audit concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City of La Porte's financial statements for fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as a component of the financial section of this report.

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 MD&A and should be read in conjunction with it. The City of La Porte's MD&A can be found immediately following the report of the independent auditors.

Profile of the City

The City of La Porte, incorporated in 1892, is in the southeast quadrant of Harris County and is bounded on the north by the Houston ship channel, on the east by Galveston Bay and the south by the Bayport channel. The City of La Porte currently encompasses 19 square miles and serves a population of 35,964.

The City is a home rule city operating under the Council-Manager form of government. Policymaking and legislative authority are vested in a governing council consisting of the mayor and eight other members. The city council is responsible, among other things, for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager, City Secretary, Municipal Judge and City Attorney. The City Manager is responsible for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the City and for appointing the heads of various departments. The Council is elected on a non-partisan basis. The Mayor and Council members serve three-year staggered terms. Six of the council members are elected by district. The Mayor and the two remaining council members are elected at large. The City of La Porte provides a full range of services, including police, fire protection, construction and maintenance of streets, other infrastructure along with recreational activities and cultural events. Certain services are provided through a legally separate Water Authority, which functions, as a blended component unit and in essence, is a department of the City of La Porte, and, therefore, has been included as an integral part of the City of La Porte's financial statements. Additional information on the Water Authority and other blended component units can be found in Note 1A of the notes to the financial statements. The City has established a Taxing Increment Reinvestment Zone one (the Zone). The zone is presented as a blended component unit and is being reported as a governmental fund type (see Note 1B). The City has also established a section 4 B Sales Tax Corporation (see Note 1B). The City also has established a Fire Control, Prevention and EMS District (see note 1B). The City's accounting records for general governmental operations are maintained on modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received, and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

The annual budget serves as the foundation for the City of La Porte's financial planning and control. Budgetary control has been established at the fund level. All agencies of the City of La Porte are required to submit requests for appropriation to the City Manager on or before May 25 of each year. The City Manager uses these requests as the starting point for developing a proposed budget. The City Manager then presents this proposed budget to council for review prior to August. The council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than September 30th. The appropriated budget is prepared by fund, function (e.g., public safety) and department (e.g., police). The directors are given latitude to approve transfers of appropriations within a department. Transfers of appropriations between funds, however, require the special approval of the city council. Budget-to-actual comparisons are provided in financial reports for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on page 83 as part of the required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 96. Formal budgetary integration is employed as a management control device during the year for the General Fund and Enterprise Funds. Formal budget integration is not employed for the Debt Service and Capital Projects Funds because effective budgetary control is alternatively achieved through bond indenture provisions and legally binding construction contracts, respectively.

Economic Condition

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of La Porte operates.

Local Economy

The City of La Porte is located in the southeast quadrant of Harris County, which is a 1,723 square mile county is a leading oil, gas and petrochemical areas. The County has more than 3,200 manufacturing plants, the nation's largest concentration of petrochemical plants, and the third largest United States seaport and is a corporation management center. A significant part of the County's major employers, manufacturers, education, and financial institutions are located in Houston, the County seat. The Texas Medical Center, located in Harris County, is one of the nation's largest, providing medical care and educational opportunities. Higher education facilities include University of Houston, Rice University, Texas Southern University, St. Thomas University and Houston Baptist University, all offering full four-year as well as postgraduate programs. The Lyndon B. Johnson Space Center is also located here. Located some 20 miles southeast of Houston on Galveston Bay in Harris County are the three communities that make up the La Porte Bayshore Area: La Porte, Morgan's Point and Shoreacres. The area has a combined population of approximately 40,000. Though much of the image of this area is industrial, the La Porte- Bayshore area is still characterized by an expanse of resort homes.

Strategic Plan

Overview

On March 23 and March 25, 2023, the City Council, City Manager, and staff of the City of La Porte conducted a strategic planning session, facilitated by a consultant. The purpose of these interactive meetings was to design vision and mission statements, discuss core values, and develop goals and objectives for the next five (5) years, 2023-2027. Staff then met to prepare an implementation plan for the identified strategies. The Strategic Plan was adopted on June 12, 2023.

The Strategic Plan provides a blueprint for action over the next five years. When developing the annual budget, staff will be tasked with making sure that expenditures and programs further the goals and Core Values stated in this document. This provides clear direction to the staff as to what priorities are important to the Council and plans can be made accordingly to make sure that resources are allocated towards those ends. Additionally, this plan is an excellent communication tool that the Council and the staff can use when speaking with residents and businesses. The Strategic Plan outlines a framework for receiving, prioritizing, and budgeting for resident requests.

All participants, staff, and Council, agreed to commit to the success of this plan. A plan only becomes a useful and working document when all the participants (as a whole and as individuals) make a commitment to review it regularly, use it monthly, and modify it as needed. It is a tool that can and should be used regularly to track progress, make notes of variations between expectations and actuals, of timelines and expenses, to help accomplish each goal, and to hold one another accountable for updates and completion.

The Mayor and Council identified the key elements of their vision for the City. The staff developed a draft vision and mission statements utilizing the key elements prepared in the planning session. The revised the Mission Statement & Vision Statement of the City are as follows:

Mission Statement

The City of La Porte provides superior public services and drives economic development in order to enhance the quality of life of our citizens.

Vision Statement

The City of La Porte is rich in history and built on community, delivering a safe and attractive environment for all walks of life.

Core Values

On April 25, 2023, the facilitator met with the City Manager and Executive Staff to review the outcomes of the planning session and to determine the next steps for the development of the implementation plan. Staff discussed and established their Core Values for the organization.

Core values are the general guidelines that establish the foundation for how an organization will operate. Staff discussed these value statements to define and gain an understanding of what those Core Value meant to staff from a leadership perspective. Staff first discussed what the elements of each Core Value represented, then prepared a Leadership Statement for each one.

The following are the Core Values of the City of La Porte:

- **Respect – We value our community.** (We demonstrate that value by extending kindness, compassion, and care to everyone we interact with)
- **Integrity - We work honestly and ethically.** (We tell the truth, follow the rules, and do what's right even that is difficult)
- **Service – We put others first.** (Proactive and selfless service provision defines us as public servants)
- **Excellence – We exceed expectations.** (We bring our best every day in every aspect of our job)

Goal and Plan Development

The Council established the basics of their governance model. The Council participated in discussions about their role together and their leadership responsibilities. The elements of a strong governance model are having and following clear vision and mission, establishing leadership and communications philosophies, and identifying the expectations of each other as City Council members, and the City staff and of identifying and recognizing the expectations has staff of the City Council.

The key elements of the Governance Philosophy are leadership, communication, and understanding and defining expectations. These define how the team will function together. Visioning and planning are the key elements that define what the strategies and goals are for the City of La Porte and what they will be to ensure the vision is ultimately attained.

Key Focus Areas

- **Governance**

Guiding Principle: The City of La Porte is governed in a transparent, efficient, accountable, and responsive manner on behalf of its citizens that actively promotes citizen involvement.

- **Communications**

Guiding Principle: The City of La Porte will build relationships and showcase our community through communication, technology, training, and branding.

- **Infrastructure and Facilities**

Guiding Principle: The City La Porte will have and maintain a strong infrastructure and up to date facilities in order to continue to provide superior services for our citizens.

- **Economic Development**

Guiding Principle: The City of La Porte will promote a strong and diverse economy that strengthens the local sales tax and property tax base while also contributing to a high quality of life.

- **Organizational Excellence**

Guiding Principle: The City of La Porte will operate in a transparent, efficient, accountable, and responsive manner by preparing the organization and the staff for the future, focusing on core services, attracting, and retaining the best employees and wise stewardship of financial resources.

One critical component to ensuring that the elements of the Strategic Plan are being implemented is through established reporting protocols. These protocols serve the purpose of keeping the staff on schedule with the implementation of strategies, keeping the City Manager informed, and providing regular reports to the City Council on the status of the implementation of the adopted strategies. This provides for long term accountability toward the implementation of the Strategic Plan. Council will receive formal status reports, including a semi-annual report from staff to the City Council. The City Manager will receive quarterly updates from staff at regular staff meetings on the progress of assignments.

Relevant Financial Policy

City staff is complying with the new GASB 87 pronouncement regarding lease reporting. During this report period, staff implemented GASB statement 96.

Major Initiatives

Staff continues to oversee the design and construction of our fitness center addition, Public Works facility and new City Hall. Following the receipt of ARPA funding and issuance of certificates of obligations, public works is overseeing the construction of a multi-million dollar infrastructure water/sewer project in Lomax, as well as the design for various utility and drainage projects.

Long Term Planning

Given the current economy and the uncertainty of a possible recession, the City's existing financial position remains strong. The City has incorporated several strategies to decrease the expenses to the City over the next several years. During the upcoming year, the city will continue to monitor the effects of a new municipal utility district that will have 646 single family homes with an average value of \$375,000. To date, approximately 598 homes have been permitted and 572 occupied. Also included in this development is \$53,000,000 in multifamily housing. Property tax revenue from this project is

estimated to be \$2,096,275 annually. In addition, construction has begun on another multifamily housing development estimated to add another \$40 million to the tax rolls. Commercial and industrial projects under construction and in review should add another \$6.6 million in value.

Conservative revenue estimates and efforts to reduce expenditures have contributed to the City's strong financial position and allowed the City to weather the economic slowdown from the pandemic. We are especially pleased that there have been no property taxes rate increases for (32) thirty years. Additional capital projects are being funded by utilizing excess fund balances, new bond issues, and previously issued debt that had been stranded. With the associated fund draw downs, the remaining fund balances continue to meet operational objectives and current fiscal policies.

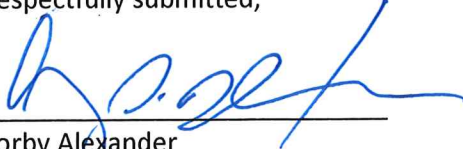
Awards and Acknowledgements

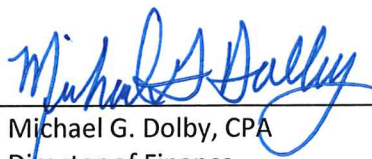
The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the forty-second consecutive year that the City has received this prestigious award. To be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate. In addition, the city also received the GFOA's Distinguished Budget Award for its annual budget document. To qualify for the Distinguished Budget Presentation Award, the government's budget document was judged to be proficient in several categories, including as a policy document, a financial plan, an operations guide and a communications device. Other financial awards to the City are the Popular Financial Report Award from GFOA, the Investment Policy Award from the Government Treasurer's Organization of Texas, and the Achievement of Excellence in Procurement Award from the National Procurement Institute.

The preparation of this report would not have been possible without the efficient and dedicated services of the entire staff of the finance and administration department. We would like to express our appreciation to all members of the department who assisted and contributed to the preparation of this report. Credit also must be given to the mayor and city council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of La Porte's finances.

Respectfully submitted,


Corby Alexander
City Manager


Michael G. Dolby, CPA
Director of Finance

CITY OF LA PORTE, TEXAS

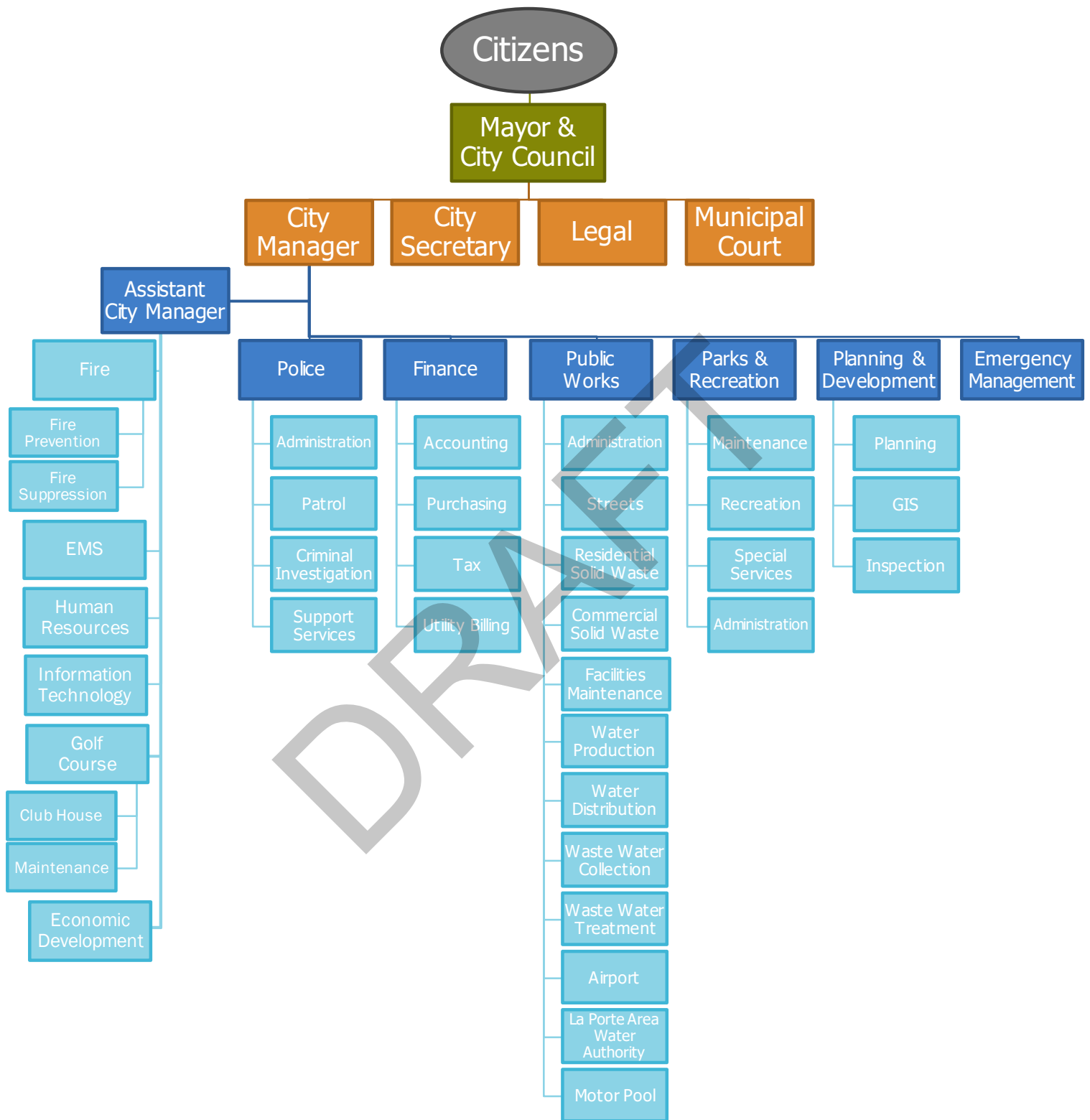
CITY OFFICIALS

LOUIS RIGBY	MAYOR
MANDI WILLIAMS	COUNCIL MEMBER – DISTRICT ONE
CHUCK ENGELKEN	MAYOR PRO TEM – DISTRICT TWO
WILLIAM BENTLEY	COUNCIL MEMBER – DISTRICT THREE
RICK HELTON	COUNCIL MEMBER – DISTRICT FOUR
JAY MARTIN	COUNCIL MEMBER – DISTRICT FIVE
ROBBIE MCLARRIN	COUNCIL MEMBER – DISTRICT SIX
BRANDON LUNSFORD	COUNCIL MEMBER – AT LARGE A
BRENT MCCAULLEY	COUNCIL MEMBER – AT LARGE B

CITY MANAGEMENT

CORBY ALEXANDER	CITY MANAGER
MATT DAEUMER	ASSISTANT CITY MANAGER
DOUG DITRICH	POLICE CHIEF
RAY MAYO	DIRECTOR OF PUBLIC WORKS
LEE WOODWARD	CITY SECRETARY
JANIKKA BRATTON	MUNICIPAL JUDGE
MICHAEL G. DOLBY	DIRECTOR OF FINANCE

ORGANIZATIONAL CHART





Government Finance Officers Association

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

Presented to

**City of La Porte
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO



FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

Honorable Mayor
and Members of City Council
City of La Porte, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Porte, Texas, as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of La Porte, Texas' basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of La Porte, Texas, as of September 30, 2023, 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.

We did not audit the financial statements of La Porte Area Redevelopment Authority, which represent 9.8%, 0.2%, and 7.1%, respectively, of the assets, liabilities, and revenues of the governmental funds as of and for the year ended September 30, 2023. Those statements were audited by other auditors whose report has been furnished to us, and our opinions, insofar as it relates to the amounts included for La Porte Area Redevelopment Authority, are based solely on the report of the other auditors.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

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

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City of La Porte, Texas' 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 of La Porte, Texas' 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, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Porte, Texas' basic financial statements. The combining and individual fund financial statements and schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information included in the Annual Comprehensive Financial Report

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 basic financial statements and our auditor's report thereon. Our opinions on the basic 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 basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic 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 March 25, 2024 on our consideration of the City of La Porte, Texas' 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 the City of La Porte, Texas' 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 of La Porte, Texas' internal control over financial reporting and compliance.

Waco, Texas
March 25, 2024



**MANAGEMENT'S
DISCUSSION AND ANALYSIS**



MANAGEMENT'S DISCUSSION AND ANALYSIS

As management of the City of La Porte, we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City of La Porte for the fiscal year ended September 30, 2023. 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 La Porte exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$232.8 million (net position). Of this amount, \$47.8 million is restricted for special purposes and \$106.6 million reflects the net investment in capital assets. The remaining balance is unrestricted net position, \$78.5 million, which can be used to meet the City's ongoing obligations to residents and creditors.
- Net position increased by \$38.9 million, primarily as a result of increases in property and other taxes as well as investment earnings.
- The City of La Porte's total expenses were \$78.0 million. Program revenues of \$24.4 million reduced the net cost of the City's functions to be financed from the City's general revenues to \$92.5 million.
- The City of La Porte's total long-term liabilities and debt increased by (\$259) thousand during the current fiscal year. This is due primarily to a decrease in the OPEB liability, offset by an increase in the net pension liability.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of La Porte's basic financial statements. The City's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements and (3) notes to 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 report information about the City as a whole using accounting methods similar to those used by private-sector companies.

The Statement of Net Position and the Statement of Activities, which are the government-wide statements, report information about the City as a whole and about its activities in a way that helps answer the question of whether the City is better off this year as compared to last year. These statements include all assets and liabilities and are presented on the accrual basis of accounting. All current year revenues and expenses are taken into account regardless of when the cash is received or paid.

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

The Statement of Activities presents information showing how the government'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 and sick leave).

Both 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 their user fees and charges (business-type activities). The governmental activities of the City include general government, public safety, public works, health, welfare and sanitation and culture and recreation. The business-type activities of the City consist of water and sewer utilities, airport, and the La Porte Area Water Authority.

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 and proprietary – and utilize different accounting approaches.

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

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

The City maintains fifteen individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures and changes in fund balances for the General Fund, Restricted Fund, Capital Improvements Fund, Debt Service Fund and La Porte Redevelopment Authority ("RDA") which are considered to be major funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its General Fund, Restricted Fund, La Porte RDA, and Debt Service Fund. Budgetary comparison statements have been provided to demonstrate compliance with these budgets.

Proprietary funds. The City maintains two types of proprietary funds. Proprietary funds are used to report the same functions presented as business type activities in the government-wide statements. The City uses proprietary funds to account for its utilities, airport and water authority. Internal services funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses its internal service funds to account for motor pool services, technology services and insurance. Because these services predominately benefit the governmental rather than business type functions, they have been included in the governmental activities in the government-wide financial statements.

Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements, only in more detail. The City uses enterprise funds to account for its utility operations, La Porte Area Water Authority and the Airport. All internal service funds are combined into a single aggregated presentation in the proprietary fund financial statements.

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.

Other information. In addition to the basic financial statements and the accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide other post-employment benefits, pension information and general fund and major special revenue fund budgetary comparisons.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows exceed liabilities and deferred inflows as of September 30, 2023, in the primary government as follows:

City of La Porte's Net Position Government-Wide						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 234,171,357	\$ 199,047,009	\$ 16,548,357	\$ 17,039,041	\$ 250,719,714	\$ 216,086,050
Capital assets	88,470,634	86,882,608	32,089,369	31,151,090	120,560,003	118,033,698
Total assets	322,641,991	285,929,617	48,637,726	48,190,131	371,279,717	334,119,748
Deferred outflows of resources	26,752,314	17,864,089	3,028,536	2,024,200	29,780,850	19,888,289
Current liabilities	24,902,405	21,233,885	1,977,554	1,355,097	26,879,959	22,588,982
Long-term liabilities	108,239,190	113,106,148	7,941,115	7,622,704	116,180,305	120,728,852
Total liabilities	133,141,595	134,340,033	9,918,669	8,977,801	143,060,264	143,317,834
Deferred inflows of resources	21,771,123	14,473,818	3,443,225	2,293,227	25,214,348	16,767,045
Net position:						
Net investment in capital assets	74,462,517	67,449,648	32,089,369	31,151,090	106,551,886	98,600,738
Restricted	47,778,118	59,262,944	-	-	47,778,118	59,262,944
Unrestricted	72,240,952	28,267,263	6,214,999	7,792,213	78,455,951	36,059,476
Total net position	\$ 194,481,587	\$ 154,979,855	\$ 38,304,368	\$ 38,943,303	\$ 232,785,955	\$ 193,923,158

Net Investment in Capital Assets

The largest portion of the City's net position (46%) reflects its investment in capital assets (e.g., land, buildings, machinery, equipment, improvements, construction in progress and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Restricted Net Position

A portion of the City's net position (21%) represents resources that are subject to external restriction on how they may be used.

Unrestricted Net Position

The City reports an unrestricted net position of \$78.5 million or 34%. This is an increase of \$38.9 million. The change is attributed primarily to investments in capital assets relative to the overall growth in revenues related to taxes, operating grants and investment earnings.

Statement of Activities

The following table provides a summary of the City's changes in net position:

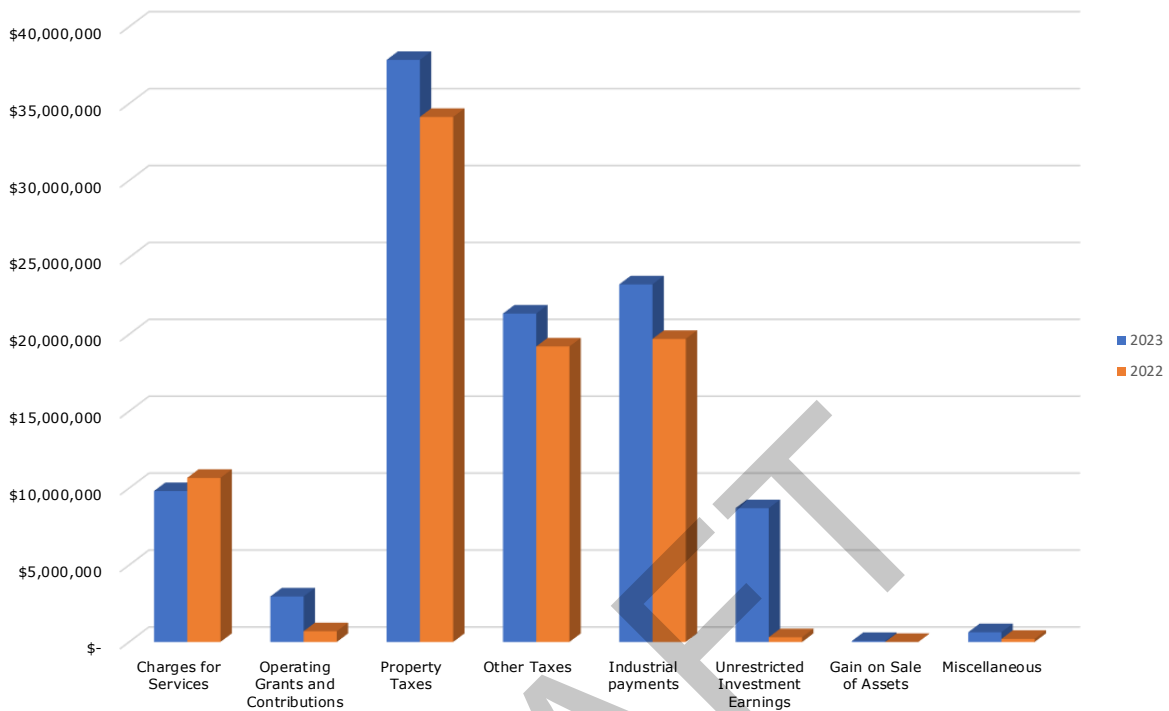
City of La Porte's Changes in Net Position Government-Wide						
	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Revenues:						
Program revenues:						
Charges for services	\$ 9,812,189	\$ 10,669,772	\$ 11,531,168	\$ 10,615,084	\$ 21,343,357	\$ 21,284,856
Operating grants & contributions	2,956,158	696,672	-	-	2,956,158	696,672
Capital contributions	-	-	125,365	125,785	125,365	125,785
General revenues:						
Property taxes	37,844,601	34,137,017	-	-	37,844,601	34,137,017
Other taxes	21,354,195	19,214,836	-	-	21,354,195	19,214,836
Industrial payments	23,249,017	19,703,036	-	-	23,249,017	19,703,036
Investment earnings	8,697,740	305,973	605,948	16,514	9,303,688	322,487
Gain on sale of assets	67,002	-	-	-	67,002	-
Miscellaneous	630,725	203,171	1,500	-	632,225	203,171
Total revenues	<u>104,611,627</u>	<u>84,930,477</u>	<u>12,263,981</u>	<u>10,757,383</u>	<u>116,875,608</u>	<u>95,687,860</u>
Expenses:						
General government	15,690,058	14,483,423	-	-	15,690,058	14,483,423
Public safety	27,224,802	22,058,057	-	-	27,224,802	22,058,057
Public works	8,459,883	9,312,580	-	-	8,459,883	9,312,580
Culture and recreation	4,966,758	5,702,228	-	-	4,966,758	5,702,228
Health, welfare and sanitation	9,019,294	4,558,052	-	-	9,019,294	4,558,052
Interest on long-term debt	826,161	1,080,405	-	-	826,161	1,080,405
Utility services	-	-	9,589,708	9,037,687	9,589,708	9,037,687
LPAWA	-	-	1,961,403	1,776,749	1,961,403	1,776,749
Airport	-	-	274,744	257,002	274,744	257,002
Total expenses	<u>66,186,956</u>	<u>57,194,745</u>	<u>11,825,855</u>	<u>11,071,438</u>	<u>78,012,811</u>	<u>68,266,183</u>
Increase in net position before transfers	<u>38,424,671</u>	<u>27,735,732</u>	<u>438,126</u>	<u>(314,055)</u>	<u>38,862,797</u>	<u>27,421,677</u>
Transfers	<u>1,077,061</u>	<u>517,061</u>	<u>(1,077,061)</u>	<u>(516,215)</u>	<u>-</u>	<u>846</u>
Change in net position	<u>39,501,732</u>	<u>28,252,793</u>	<u>(638,935)</u>	<u>(830,270)</u>	<u>38,862,797</u>	<u>27,422,523</u>
Net position - beginning of year	<u>154,979,855</u>	<u>126,007,062</u>	<u>38,943,303</u>	<u>39,773,573</u>	<u>193,923,158</u>	<u>165,780,635</u>
Change in accounting policies	-	720,000	-	-	-	720,000
Net position - end of year	<u>\$ 194,481,587</u>	<u>\$ 154,979,855</u>	<u>\$ 38,304,368</u>	<u>\$ 38,943,303</u>	<u>\$ 232,785,955</u>	<u>\$ 193,923,158</u>

The government's total net position increased by \$38.9 million as a result of operations during the current fiscal year. Property taxes and industrial payments make up 52% of total revenues, charges for services represented 18% of total revenues, sales taxes and other taxes were 18%, the remaining revenues accounted for 11% of total revenues. On the expense side, public works expenses were 11% of the total, while public safety was 35% and general government was 20%. Utility, LPAWA, and airport expenses were 15% of total expenses. Interest on long term debt was 1% of total expenses.

GOVERNMENTAL ACTIVITIES

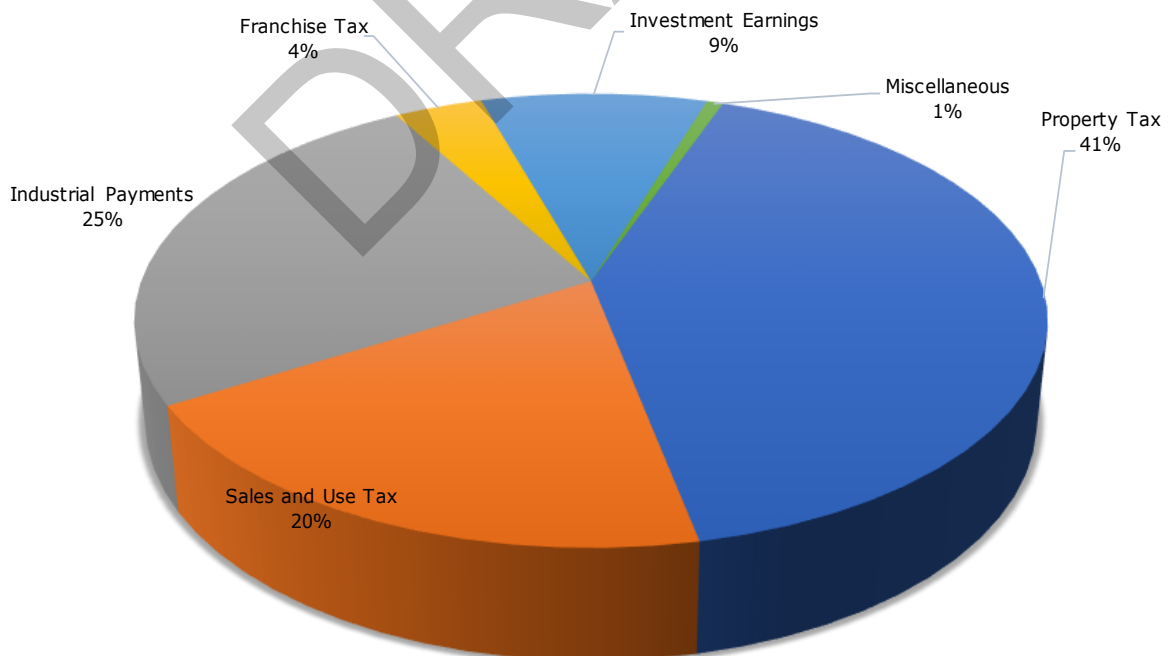
A comparison of program expenses to program revenues and revenues by source for governmental activities follows:

TOTAL REVENUES – GOVERNMENT-WIDE



Revenues sources for governmental activities were distributed as follows:

GENERAL REVENUE BY SOURCE – GOVERNMENTAL ACTIVITIES

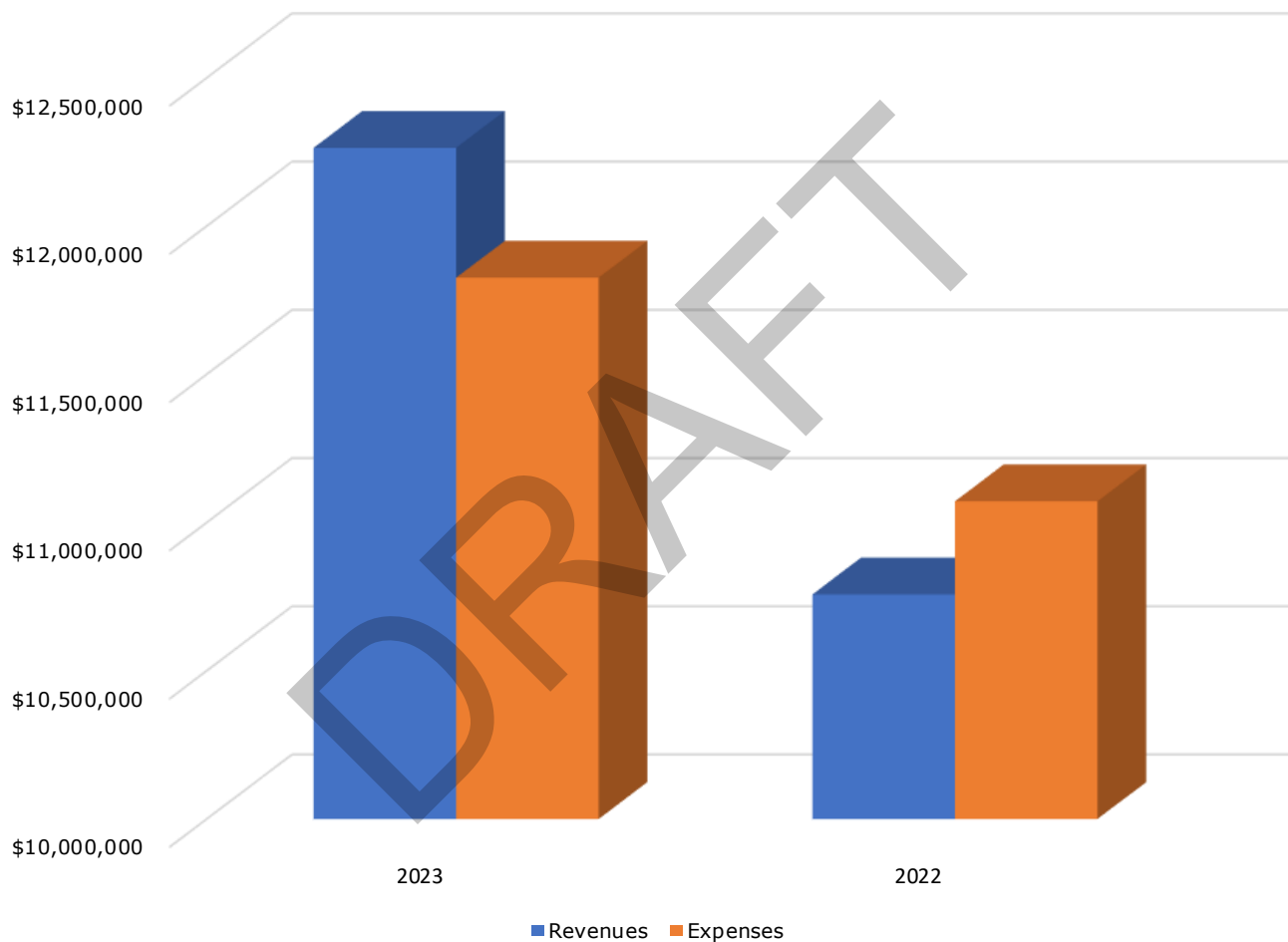


For the year ended September 30, 2023, revenues without transfers in the governmental activities totaled \$104.6 million. This represents an increase of approximately \$19.7 million. The increase in revenues can be attributed to an increase in charges for services, property taxes due to an increase in property values, and sales and other taxes due to inflation and increased spending in the area.

BUSINESS-TYPE ACTIVITIES

Revenues without transfers in the business-type activities totaled \$12.3 million, an increase of \$1.5 million from the prior year. The City had an increase in total water and sewer billings due to the increased development in the City and increased usage. A comparison between expenses and program revenues (charges for services) relating to Utility, LPAWA and airport operations follows.

TOTAL REVENUES AND EXPENSES – BUSINESS-TYPE ACTIVITIES



Financial Analysis of the Government's Funds

The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$190.9 million, an increase of \$32.0 million from the prior year due to operations. This increase is due to an increase in property taxes, industrial payments, sales and other taxes and charges for services.

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information of 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 the City's net resources available for spending at the end of the fiscal year.

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 \$73.9 million. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 98.7% of total general fund expenditures.

The Debt Service fund has a total fund balance of approximately \$4.8 million, all of which is restricted for the payment of debt service. The net increase in fund balance from the prior year is due to the increase in property taxes revenue related an increase in values.

The Restricted Funds (Grants) has a total fund balance of \$4.2 million, all of which is restricted to specific activities or facilities, or otherwise assigned as such by management. The fund balance increased by \$1.2 million.

The La Porte Redevelopment Authority had a total fund balance of approximately \$20.8 million, all of which is restricted for capital projects. The net increase in fund balance from the prior year was due to increases in interest earnings.

The Capital Improvements Fund had a total fund balance of approximately \$25.4 million, all of which is restricted for capital projects. The net increase in fund balance from the prior year was due to transfers from other funds to cover the cost of projects.

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

Unrestricted net position of the respective proprietary funds are Utility - \$2.9 million, La Porte Area Water Authority - \$3.3 million and Airport - \$12.7 thousand. The changes in net position of the proprietary funds for 2023 were as follows: Utility (\$965.7) thousand, La Porte Area Water Authority - \$534.3 thousand and Airport - (\$207.6) thousand. The decrease in the Utility Fund is due to a transfer out for the public works facility. The increase in the La Porte Area Water Authority is due to normal operations.

General Fund Budgetary Highlights

Actual revenues exceeded the final General Fund budgeted revenues by \$14.4 million, primarily due to property taxes, industrial payments and investment earnings.

The total appropriations exceeded expenditures by \$3.0 million, the majority of which can be attributed to two functions. The largest variances occurred in general government (\$867.2 thousand) and public safety (\$1.5 million) due to vacant positions and planned projects that did not occur.

Capital Asset and Debt Administration

Capital Assets. The City's investment in capital assets includes land, buildings, roads, park facilities, water and wastewater plants and service lines, machinery and equipment, and construction in progress. The following table shows capital assets activity for the 2023 and 2022 fiscal years:

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
Land	\$ 10,519,615	\$ 10,222,869	\$ 603,940	\$ 603,940	\$ 11,123,555	\$ 10,826,809
Construction in progress	10,692,399	16,339,687	6,316,801	4,738,540	17,009,200	21,078,227
Infrastructure	27,270,120	22,543,480	22,759,453	-	50,029,573	22,543,480
Buildings and improvements	29,785,153	28,576,642	73,305	23,620,705	29,858,458	52,197,347
Machinery and equipment	<u>10,203,347</u>	<u>9,199,930</u>	<u>2,335,870</u>	<u>2,187,905</u>	<u>12,539,217</u>	<u>11,387,835</u>
TOTALS	\$ <u>88,470,634</u>	\$ <u>86,882,608</u>	\$ <u>32,089,369</u>	\$ <u>31,151,090</u>	\$ <u>120,560,003</u>	\$ <u>118,033,698</u>

Construction in progress at year-end represents ongoing projects; street and drainage, La Porte RDA, and water projects. Additional information on capital assets activity can be found in the notes to the financial statements on page 40.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total debt outstanding of \$121.7 million. This amount is backed by the full faith and credit of the City.

The City maintains an "AA+" with Standard and Poor's for general obligation debt.

	Governmental Activities		Business-Type Activities		Total	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 8,390,000	\$ 11,220,000	\$ -	\$ -	\$ 8,390,000	\$ 11,220,000
Certificates of obligation	23,640,000	24,780,000	-	-	23,640,000	24,780,000
Premium on issuance	2,402,290	2,735,914	-	-	2,402,290	2,735,914
Developer agreements	6,534,349	7,729,473	-	-	6,534,349	7,729,473
Compensated absences	3,547,878	3,500,436	162,214	151,904	3,710,092	3,652,340
Net pension liability - TMRS	27,921,055	2,953,533	3,223,457	325,400	31,144,512	3,278,933
Net pension liability - TESRS	559,240	154,284	-	-	559,240	154,284
Total OPEB liability - SDBF	980,468	1,465,281	113,194	161,400	1,093,662	1,626,681
Net OPEB liability - RHCP	<u>39,617,927</u>	<u>58,567,227</u>	<u>4,576,965</u>	<u>6,984,000</u>	<u>44,194,892</u>	<u>65,551,227</u>
TOTALS	\$ <u>113,593,207</u>	\$ <u>113,106,148</u>	\$ <u>8,075,830</u>	\$ <u>7,622,704</u>	\$ <u>121,669,037</u>	\$ <u>120,728,852</u>

Additional information on long-term debt activity can be found in the notes to the financial statements on pages 41 and 42.

Economic Factors and Next Year's Budgets and Rates

During the upcoming year, the City will have no increase in the property tax rate and no utility fund rate increase. The fiscal year 2023-2024 budget includes the following highlights:

- Cost of living adjustment of \$790,000, or 3% for non-civil service employees
- Meeting and conference market proposed increases for civil service employees of \$326,500.
- Merit program reinstated for fiscal year 2024 totaling \$750,000.
- No change in employee contribution for health insurance
- Capital projects of approximately \$43.6 million. Projects will be funded with multiple grants and a total of \$23.4 million in transfers from the General, Utility, Economic Development Corporation, and Hotel/Motel funds.
- Transfer of \$18.4 million from the General Fund for CIP
- Vehicle replacement of \$2,675,313

Overall, the upcoming General Fund budget projects a decrease of \$12.8 million for one-time capital projects.

Requests for Information

This financial report is designed to provide a general overview of the City of La Porte's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to the Director of Finance, 604 West Fairmont Parkway, La Porte, Texas 77571.

DRAFT



**BASIC
FINANCIAL STATEMENTS**



CITY OF LA PORTE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
ASSETS			
Cash and cash equivalents	\$ 66,952,911	\$ 992,312	\$ 67,945,223
Investments	159,327,317	12,846,564	172,173,881
Receivables, net	7,472,437	1,744,885	9,217,322
Due from other government	119,927	-	119,927
Inventories	298,765	34,500	333,265
Lease receivable	-	930,096	930,096
Capital assets:			
Nondepreciable	10,519,615	6,920,741	17,440,356
Depreciable, net	77,951,019	25,168,628	103,119,647
Total capital assets, net	<u>88,470,634</u>	<u>32,089,369</u>	<u>120,560,003</u>
Total Assets	<u>322,641,991</u>	<u>48,637,726</u>	<u>371,279,717</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred loss on debt refunding	224,902	-	224,902
Related to TMRS pensions	17,585,536	2,030,232	19,615,768
Related to TESRS pensions	294,727	-	294,727
Related to OPEB - retiree health	8,430,664	973,311	9,403,975
Related to OPEB - TMRS	216,485	24,993	241,478
Total Deferred Outflows of Resources	<u>26,752,314</u>	<u>3,028,536</u>	<u>29,780,850</u>
LIABILITIES			
Accounts payable	4,070,493	1,031,238	5,101,731
Accrued liabilities	1,737,427	185,471	1,922,898
Interest payable	41,312	-	41,312
Unearned revenue	12,507,002	4,220	12,511,222
Claims and judgements	629,234	-	629,234
Other payables	-	1,500	1,500
Customer deposits	562,920	620,410	1,183,330



CITY OF LA PORTE, TEXAS

STATEMENT OF NET POSITION

SEPTEMBER 30, 2023

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
LIABILITIES (continued)			
Noncurrent liabilities:			
Due within one year			
Compensated absences	177,394	8,111	185,505
Long-term debt	4,080,000	-	4,080,000
Net OPEB liability - retiree health	1,074,635	124,065	1,198,700
Total OPEB liability - TMRS	21,988	2,539	24,527
Due in more than one year			
Compensated absences	3,370,484	154,103	3,524,587
Long-term debt	36,886,639	-	36,886,639
Net pension liability - TMRS	27,921,055	3,223,457	31,144,512
Net pension liability - TESRS	559,240	-	559,240
Net OPEB liability - retiree health	38,543,292	4,452,900	42,996,192
Total OPEB liability - TMRS	958,480	110,655	1,069,135
Total Liabilities	<u>133,141,595</u>	<u>9,918,669</u>	<u>143,060,264</u>
DEFERRED INFLOWS OF RESOURCES			
Related to leases	-	930,096	930,096
Related to TESRS pensions	2,812	-	2,812
Related to OPEB - retiree health	21,273,093	2,455,977	23,729,070
Related to OPEB - TMRS	495,218	57,152	552,370
Total Deferred Inflows of Resources	<u>21,771,123</u>	<u>3,443,225</u>	<u>25,214,348</u>
NET POSITION			
Net investment in capital assets	74,462,517	32,089,369	106,551,886
Restricted for:			
Debt service	5,902,905	-	5,902,905
Economic development	32,494,970	-	32,494,970
Senior citizen programs	10,543	-	10,543
Replacement of trees	469,722	-	469,722
Municipal court building and technology	509,992	-	509,992
Park improvements	831,473	-	831,473
Public safety	4,408,259	-	4,408,259
Public works	2,797,264	-	2,797,264
Other	352,990	-	352,990
Unrestricted	<u>72,240,952</u>	<u>6,214,999</u>	<u>78,455,951</u>
Total Net Position	<u>\$ 194,481,587</u>	<u>\$ 38,304,368</u>	<u>\$ 232,785,955</u>

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

CITY OF LA PORTE, TEXAS

STATEMENT OF ACTIVITIES

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government:				
Governmental activities:				
General government	\$ 15,690,058	\$ 2,632,322	\$ 40,000	\$ -
Public safety	27,224,802	2,163,471	2,035,295	-
Public works	8,459,883	551,851	880,863	-
Culture and recreation	4,966,758	1,989,093	-	-
Health, welfare and sanitation	9,019,294	2,475,452	-	-
Interest on long-term debt	826,161	-	-	-
Total Governmental Activities	<u>66,186,956</u>	<u>9,812,189</u>	<u>2,956,158</u>	<u>-</u>
Business-type activities:				
Utility	9,589,708	9,221,740	-	125,365
LPAWA	1,961,403	2,246,299	-	-
Airport	274,744	63,129	-	-
Total Business-Type Activities	<u>11,825,855</u>	<u>11,531,168</u>	<u>-</u>	<u>125,365</u>
Total Primary Government	<u>\$ 78,012,811</u>	<u>\$ 21,343,357</u>	<u>\$ 2,956,158</u>	<u>\$ 125,365</u>

General revenues:

Taxes:

 Property taxes

 Sales and use taxes

 Industrial payments

 Franchise taxes

Unrestricted investment earnings

Gain on sale of assets

Miscellaneous

Transfers

 Total General Revenues and Transfers

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

Net (Expense) Revenue and Changes in Net Position		
Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (13,017,736)	\$ -	\$ (13,017,736)
(23,026,036)	-	(23,026,036)
(7,027,169)	-	(7,027,169)
(2,977,665)	-	(2,977,665)
(6,543,842)	-	(6,543,842)
(826,161)	-	(826,161)
<u>(53,418,609)</u>	<u>-</u>	<u>(53,418,609)</u>
-	(242,603)	(242,603)
-	284,896	284,896
<u>-</u>	<u>(211,615)</u>	<u>(211,615)</u>
-	(169,322)	(169,322)
<u>(53,418,609)</u>	<u>(169,322)</u>	<u>(53,587,931)</u>
37,844,601	-	37,844,601
17,972,500	-	17,972,500
23,249,017	-	23,249,017
3,381,695	-	3,381,695
8,697,740	605,948	9,303,688
67,002	-	67,002
630,725	1,500	632,225
<u>1,077,061</u>	<u>(1,077,061)</u>	<u>-</u>
<u>92,920,341</u>	<u>(469,613)</u>	<u>92,450,728</u>
<u>39,501,732</u>	<u>(638,935)</u>	<u>38,862,797</u>
<u>154,979,855</u>	<u>38,943,303</u>	<u>193,923,158</u>
<u>\$ 194,481,587</u>	<u>\$ 38,304,368</u>	<u>\$ 232,785,955</u>

CITY OF LA PORTE, TEXAS

BALANCE SHEET
GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Restricted Fund
ASSETS			
Cash and cash equivalents	\$ 2,559,708	\$ 4,543,347	\$ 563,191
Investments	73,019,212	162,418	16,223,275
Receivables, net	5,223,877	113,323	140,483
Inventory	223,333	-	-
Total Assets	<u>81,026,130</u>	<u>4,819,088</u>	<u>16,926,949</u>
LIABILITIES			
Accounts payable	2,569,999	-	176,591
Accrued salaries	1,698,930	-	-
Unearned revenues	-	-	12,506,902
Other payables	-	-	-
Total Liabilities	<u>4,268,929</u>	<u>-</u>	<u>12,683,493</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable revenue - property taxes	241,374	34,149	-
Unavailable revenue - fines and fees	504,132	-	-
Unavailable revenue - EMS	663,262	-	-
Unavailable revenue - other	888,904	-	-
Total Deferred Inflows of Resources	<u>2,297,672</u>	<u>34,149</u>	<u>-</u>
FUND BALANCES			
Nonspendable for:			
Inventory	223,333	-	-
Restricted for:			
Debt service	-	4,784,939	-
Economic development	-	-	-
Senior citizen programs	-	-	10,543
Replacement of trees	-	-	469,722
Municipal court building and technology	-	-	509,992
Park improvements	-	-	831,473
Public safety	-	-	654,767
Capital projects	-	-	-
Public works	-	-	-
Other	-	-	352,990
Committed for:			
Capital projects	-	-	-
Assigned	355,092	-	1,413,969
Unassigned	73,881,104	-	-
Total Fund Balances	<u>74,459,529</u>	<u>4,784,939</u>	<u>4,243,456</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 81,026,130</u>	<u>\$ 4,819,088</u>	<u>\$ 16,926,949</u>

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

La Porte Redevelopment Authority	Capital Improvements Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 20,828,188	\$ 852,869	\$ 37,202,055	\$ 66,549,358
-	24,507,263	23,627,282	137,539,450
-	76,967	1,842,021	7,396,671
-	-	-	223,333
<u>20,828,188</u>	<u>25,437,099</u>	<u>62,671,358</u>	<u>211,708,812</u>
31,625	72,091	830,605	3,680,911
-	-	9,361	1,708,291
-	-	100	12,507,002
-	-	562,920	562,920
<u>31,625</u>	<u>72,091</u>	<u>1,402,986</u>	<u>18,459,124</u>
-	-	-	275,523
-	-	-	504,132
-	-	-	663,262
-	-	-	888,904
<u>-</u>	<u>-</u>	<u>-</u>	<u>2,331,821</u>
-	-	-	223,333
-	-	1,083,817	5,868,756
20,796,563	-	11,698,407	32,494,970
-	-	-	10,543
-	-	-	469,722
-	-	-	509,992
-	-	-	831,473
-	-	3,753,492	4,408,259
-	-	35,033,620	35,033,620
-	-	2,797,264	2,797,264
-	-	-	352,990
-	25,342,058	6,901,772	32,243,830
-	22,950	-	1,792,011
-	-	-	73,881,104
<u>20,796,563</u>	<u>25,365,008</u>	<u>61,268,372</u>	<u>190,917,867</u>
\$ 20,828,188	\$ 25,437,099	\$ 62,671,358	\$ 211,708,812



CITY OF LA PORTE, TEXAS

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

SEPTEMBER 30, 2023

Total Fund Balances - Governmental Funds	\$ 190,917,867
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 governmental funds balance sheet.	79,337,224
Bonds payable and accrued compensated absences will not be liquidated with current financial resources and, therefore, have not been included in the fund financial statements.	(42,066,146)
Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.	(41,312)
Premiums on bond issuances and deferred losses on bond refunding are recorded as other financing sources and uses when paid in the fund financial statements but are capitalized and amortized in the government-wide financial statements over the life of the bonds.	
Premiums	(2,402,290)
Deferred loss	224,902
Receivables from grants, property taxes and fines and fees are not available soon enough to pay for the current period's expenditures and are, therefore, deferred in the fund financial statements.	2,331,821
Included in the items related to debt is the recognition of the City's net pension liability, total OPEB liability, and related deferred outflows and inflows of resources.	
Net pension liability	(28,480,295)
Deferred outflows related to pensions	17,880,263
Deferred inflows related to pensions	(2,812)
Net OPEB liabilities	(40,598,395)
Deferred outflows related to OPEB	8,647,149
Deferred inflows related to OPEB	(21,768,311)
The assets and liabilities of the internal service funds are not included in the fund financial statements but are included in the governmental activities of the Statement of Net Position.	<u>30,501,922</u>
Net Position of Governmental Activities	<u>\$ 194,481,587</u>

CITY OF LA PORTE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES
AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	General Fund	Debt Service Fund	Restricted Fund
REVENUES			
Taxes			
Property taxes and penalties	\$ 27,070,974	\$ 4,159,610	\$ -
Other taxes	109,062	-	-
Licenses and permits	621,511	-	-
Fines and forfeitures	1,486,508	-	284,200
Sales and use taxes	8,622,567	-	-
Industrial payments	23,249,017	-	-
Franchise taxes	3,381,695	-	-
Intergovernmental revenues	32,646	-	2,708,801
Investment earnings	4,148,401	142,622	733,650
Charges for services	6,990,344	-	154,671
Miscellaneous	498,895	-	-
Total Revenues	<u>76,211,620</u>	<u>4,302,232</u>	<u>3,881,322</u>
EXPENDITURES			
Current:			
General government	12,245,651	-	31,858
Public safety	22,444,136	-	245,680
Public works	5,194,030	-	195,942
Health and sanitation	4,057,856	-	19,612
Culture and recreation	6,651,350	-	28,589
Capital outlay	629,112	-	2,149,768
Debt service:			
Principal	-	3,970,000	-
Interest and fiscal charges	-	1,049,488	-
Total Expenditures	<u>51,222,135</u>	<u>5,019,488</u>	<u>2,671,449</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>24,989,485</u>	<u>(717,256)</u>	<u>1,209,873</u>
OTHER FINANCING SOURCES (USES)			
Sale of capital assets	48,851	-	-
Transfers in	57,500	792,973	-
Transfers out	(23,601,865)	-	-
Total Other Financing Sources (Uses)	<u>(23,495,514)</u>	<u>792,973</u>	<u>-</u>
NET CHANGE IN FUND BALANCE	1,493,971	75,717	1,209,873
FUND BALANCES - BEGINNING	<u>72,965,558</u>	<u>4,709,222</u>	<u>3,033,583</u>
FUND BALANCES - ENDING	<u>\$ 74,459,529</u>	<u>\$ 4,784,939</u>	<u>\$ 4,243,456</u>

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

La Porte Redevelopment Corporation	Capital Improvements Funds	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,647,845	\$ -	\$ -	\$ 37,878,429
-	-	-	109,062
-	-	-	621,511
-	-	-	1,770,708
-	-	9,349,933	17,972,500
-	-	-	23,249,017
-	-	-	3,381,695
-	-	-	2,741,447
744,773	861,340	1,392,452	8,023,238
-	-	285,746	7,430,761
-	-	11,710	510,605
<u>7,392,618</u>	<u>861,340</u>	<u>11,039,841</u>	<u>103,688,973</u>
366,479	-	755,515	13,399,503
-	19,937	1,436,316	24,146,069
-	-	105,045	5,495,017
-	-	-	4,077,468
-	253,100	-	6,933,039
-	2,699,193	3,014,300	8,492,373
1,159,102	-	-	5,129,102
36,022	-	-	1,085,510
<u>1,561,603</u>	<u>2,972,230</u>	<u>5,311,176</u>	<u>68,758,081</u>
<u>5,831,015</u>	<u>(2,110,890)</u>	<u>5,728,665</u>	<u>34,930,892</u>
-	-	-	48,851
-	13,707,420	9,550,000	24,107,893
-	-	(3,475,473)	(27,077,338)
-	<u>13,707,420</u>	<u>6,074,527</u>	<u>(2,920,594)</u>
5,831,015	11,596,530	11,803,192	32,010,298
<u>14,965,548</u>	<u>13,768,478</u>	<u>49,465,180</u>	<u>158,907,569</u>
<u>\$ 20,796,563</u>	<u>\$ 25,365,008</u>	<u>\$ 61,268,372</u>	<u>\$ 190,917,867</u>



CITY OF LA PORTE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Net Changes in Fund Balances - Governmental Funds \$ 32,010,298

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

Governmental funds report capital outlays as expenditures. However, in the governmental activities statement of activities, that cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	7,605,544
Depreciation expense	(6,814,243)

The net effect of miscellaneous transactions involving capital assets (i.e., sales, trade-ins, or donations) is to decrease net position.

18,151

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

Property taxes	(33,828)
Court fines	(79,853)
EMS	181,422
Other	(6,711)

The issuance of long-term debt (e.g. bonds) 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 effect of premiums, discounts, and similar items when debt is first issued, whereas the amounts are deferred and amortized in the Statement of Activities.

Repayment of principal of long-term debt	5,498,748
Amortization of loss on refunding	(68,985)

Current year changes in certain long-term liabilities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated Absences	(45,476)
Net pension liability	(3,152,844)
Net OPEB liabilities	(1,125,616)

Interest payable on long-term debt is accrued in the government-wide financial statements, whereas in the fund financial statements, interest expenditures are reported when due.

(41,312)

The net income (loss) of certain activities of internal service funds is reported with governmental activities.

5,556,437

Change in Net Position of Governmental Activities \$ 39,501,732

CITY OF LA PORTE, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds			Governmental Activities	
	Utility	LPAWA	Airport	Total Enterprise Funds	Internal Service Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 876,670	\$ 115,642	\$ -	\$ 992,312	\$ 403,553
Investments	9,523,570	3,322,994	-	12,846,564	21,787,867
Other receivables, net of allowance	-	-	-	-	75,766
Due from other governments	-	-	-	-	119,927
Inventories	34,500	-	-	34,500	75,432
Accounts receivable, net of allowance for doubtful accounts	<u>1,440,888</u>	<u>289,017</u>	<u>14,980</u>	<u>1,744,885</u>	<u>-</u>
Total Current Assets	<u>11,875,628</u>	<u>3,727,653</u>	<u>14,980</u>	<u>15,618,261</u>	<u>22,462,545</u>
Noncurrent assets:					
Leases receivable	-	-	930,096	930,096	-
Capital assets:					
Land and improvements	224,308	-	379,632	603,940	-
Construction in progress	6,316,801	-	-	6,316,801	-
Buildings and improvements	156,649	-	-	156,649	-
Improvements other than building	75,331,829	15,592,180	6,147,726	97,071,735	-
Vehicles and equipment	4,478,636	47,371	20,257	4,546,264	25,042,609
Less: accumulated depreciation	<u>(59,047,739)</u>	<u>(12,613,047)</u>	<u>(4,945,234)</u>	<u>(76,606,020)</u>	<u>(15,909,199)</u>
Total Noncurrent Assets	<u>27,460,484</u>	<u>3,026,504</u>	<u>2,532,477</u>	<u>33,019,465</u>	<u>9,133,410</u>
Total Assets	<u>39,336,112</u>	<u>6,754,157</u>	<u>2,547,457</u>	<u>48,637,226</u>	<u>31,595,955</u>
DEFERRED OUTFLOWS OF RESOURCES					
Related to pensions	2,030,232	-	-	2,030,232	-
Related to TMRS OPEB	24,993	-	-	24,993	-
Related to retiree health OPEB	<u>973,311</u>	<u>-</u>	<u>-</u>	<u>973,311</u>	<u>-</u>
Total Deferred Outflows of Resources	<u>3,028,536</u>	<u>-</u>	<u>-</u>	<u>3,028,536</u>	<u>-</u>

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

CITY OF LA PORTE, TEXAS

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS**

SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds				Governmental Activities
	Utility	LPAWA	Airport	Total Enterprise Funds	Internal Service Funds
LIABILITIES					
Current liabilities:					
Accounts payable	\$ 581,933	\$ 448,566	\$ 739	\$ 1,031,238	\$ 389,582
Accrued wages payable	126,994	-	-	126,994	-
Accrued liabilities	58,477	-	-	58,477	29,136
Unearned revenue	4,220	-	-	4,220	-
Customer deposits	620,410	-	-	620,410	-
Other payables	-	-	1,500	1,500	-
Claims and judgments	-	-	-	-	629,234
Current portion of long-term liabilities:					
Total OPEB liability - TMRS	2,539	-	-	2,539	-
Net OPEB liability - retiree health	124,065	-	-	124,065	-
Compensated absences	8,111	-	-	8,111	-
Total Current Liabilities	<u>1,526,749</u>	<u>448,566</u>	<u>2,239</u>	<u>1,977,554</u>	<u>1,047,952</u>
Noncurrent liabilities:					
Compensated absences	154,103	-	-	154,103	46,081
Net pension liability	3,223,457	-	-	3,223,457	-
Total OPEB liability - TMRS	110,655	-	-	110,655	-
Net OPEB liability - retiree health	4,452,900	-	-	4,452,900	-
Total Noncurrent Liabilities	<u>7,941,115</u>	<u>-</u>	<u>-</u>	<u>7,941,115</u>	<u>46,081</u>
Total Liabilities	<u>9,467,864</u>	<u>448,566</u>	<u>2,239</u>	<u>9,918,669</u>	<u>1,094,033</u>
DEFERRED INFLOWS OF RESOURCES					
Related to leases	-	-	930,096	930,096	-
Related to TMRS OPEB	57,152	-	-	57,152	-
Related to retiree health OPEB	2,455,977	-	-	2,455,977	-
Total Deferred Inflows of Resources	<u>2,513,129</u>	<u>-</u>	<u>930,096</u>	<u>3,443,225</u>	<u>-</u>
NET POSITION					
Investment in capital assets	27,460,484	3,026,504	1,602,381	32,089,369	9,133,410
Unrestricted	<u>2,923,171</u>	<u>3,279,087</u>	<u>12,741</u>	<u>6,214,999</u>	<u>21,368,512</u>
Total Net Position	<u>\$ 30,383,655</u>	<u>\$ 6,305,591</u>	<u>\$ 1,615,122</u>	<u>\$ 38,304,368</u>	<u>\$ 30,501,922</u>



CITY OF LA PORTE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds				Governmental Activities
	Utility	LPAWA	Airport	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES					
Charges for services	\$ 9,221,740	\$ 2,246,299	\$ 63,129	\$ 11,531,168	\$ 11,557,225
Total Operating Revenues	9,221,740	2,246,299	63,129	11,531,168	11,557,225
OPERATING EXPENSES					
Personnel	4,592,538	-	35,036	4,627,574	1,329,475
Supplies and materials	316,859	18,054	3,398	338,311	7,878,297
Purchased water	-	1,402,907	-	1,402,907	-
Other services	2,834,894	353,189	65,176	3,253,259	-
Depreciation	1,845,417	187,253	171,134	2,203,804	1,634,144
Total Operating Expenses	9,589,708	1,961,403	274,744	11,825,855	10,841,916
Operating Income (Loss)	(367,968)	284,896	(211,615)	(294,687)	715,309
NON-OPERATING REVENUES (EXPENSES)					
Investment earnings	474,981	126,104	4,863	605,948	674,502
Miscellaneous	1,500	-	-	1,500	-
Gain on disposal of capital assets	-	-	-	-	120,120
Total Non-Operating Revenues (Expenses)	476,481	126,104	4,863	607,448	794,622
Income before contributions and transfers	108,513	411,000	(206,752)	312,761	1,509,931
Capital contributions	-	125,365	-	125,365	-
Transfer from other funds	-	-	-	-	4,067,091
Transfer to other funds	(1,074,201)	(2,030)	(830)	(1,077,061)	(20,585)
CHANGE IN NET POSITION	(965,688)	534,335	(207,582)	(638,935)	5,556,437
NET POSITION - BEGINNING	31,349,343	5,771,256	1,822,704	38,943,303	24,945,485
NET POSITION - END OF YEAR	\$ 30,383,655	\$ 6,305,591	\$ 1,615,122	\$ 38,304,368	\$ 30,501,922

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

CITY OF LA PORTE, TEXAS

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Business-Type Activities Enterprise Funds		
	Utility	LPAWA	Airport
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers	\$ 8,874,357	\$ 2,135,138	\$ 64,610
Cash received from interfund services	-	-	-
Cash paid to employees for services	(4,557,292)	-	(35,992)
Cash paid to suppliers for goods and services	(2,587,065)	(1,560,515)	(68,151)
Net Cash Provided By (Used in) Operating Activities	<u>1,730,000</u>	<u>574,623</u>	<u>(39,533)</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES			
Transfers from (to) other funds	(1,074,201)	(2,030)	(830)
Net Cash Used in Non-Capital Financing Activities	<u>(1,074,201)</u>	<u>(2,030)</u>	<u>(830)</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(3,134,279)	-	(6,304)
Capital contributions	-	125,365	-
Net Cash Provided By (Used in) Capital and Related Financing Activities	<u>(3,134,279)</u>	<u>125,365</u>	<u>(6,304)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	(7,354,126)	(2,845,654)	7,632
Interest and investment earnings	482,046	127,658	4,888
Net Cash Provided By (Used in) Investing Activities	<u>(6,872,080)</u>	<u>(2,717,996)</u>	<u>12,520</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(9,350,560)	(2,020,038)	(34,147)
Cash and cash equivalents at beginning of year	<u>10,227,230</u>	<u>2,135,680</u>	<u>34,147</u>
Cash and cash equivalents at end of year	\$ <u>876,670</u>	\$ <u>115,642</u>	\$ <u>-</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES			
Operating income (loss)	\$ (367,968)	\$ 284,896	\$ (211,615)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,845,417	187,253	171,134
Decrease (increase) in accounts receivable	(364,993)	(111,161)	1,505
Decrease (increase) in leases receivable	-	-	(247,927)
Decrease (increase) in inventory	(7,981)	-	-
Decrease (increase) in deferred outflows - pensions	(1,352,232)	-	-
Decrease (increase) in deferred outflows - OPEB	347,896	-	-
Increase (decrease) in accounts payable	207,322	213,635	(1,077)
Increase (decrease) in accrued liabilities	73,424	-	(956)
Increase (decrease) in claims payable	-	-	-
Increase (decrease) in deposits payable	(4,540)	-	(1,566)
Increase (decrease) in NPL	2,898,057	-	-
Increase (decrease) in OPEB	(2,455,241)	-	-
Increase (decrease) in other payables	-	-	1,500
Increase (decrease) in compensated absences	10,310	-	-
Increase (decrease) in deferred inflows - OPEB	2,051,829	-	-
Increase (decrease) in deferred inflows - pensions	(1,151,300)	-	-
Increase (decrease) in deferred inflows for leases	-	-	249,469
Net cash provided by (used in) operating activities	\$ <u>1,730,000</u>	\$ <u>574,623</u>	\$ <u>(39,533)</u>

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

Total Enterprise Funds	Governmental Activities Internal Service Funds
\$ -	\$ -
442,719	11,499,388
(4,593,284)	(1,324,303)
<u>(4,215,731)</u>	<u>(7,986,702)</u>
<u>2,265,090</u>	<u>2,188,383</u>
<u>(1,077,061)</u>	<u>4,046,506</u>
<u>(1,077,061)</u>	<u>4,046,506</u>
(3,140,583)	(2,412,718)
<u>125,365</u>	<u>120,120</u>
<u>(3,015,218)</u>	<u>(2,292,598)</u>
(10,192,148)	(18,472,990)
<u>614,592</u>	<u>674,502</u>
<u>(9,577,556)</u>	<u>(17,798,488)</u>
(11,404,745)	(13,856,197)
<u>12,397,057</u>	<u>14,259,750</u>
\$ <u>992,312</u>	\$ <u>403,553</u>
\$ (294,687)	\$ 715,309
2,203,804	1,634,144
(474,649)	(57,837)
(247,927)	-
(7,981)	(15,996)
(1,352,232)	-
347,896	-
419,880	191,398
72,468	3,206
-	(283,807)
(6,106)	-
2,898,057	-
(2,455,241)	-
1,500	-
10,310	1,966
2,051,829	-
(1,151,300)	-
<u>249,469</u>	<u>-</u>
\$ <u>2,265,090</u>	\$ <u>2,188,383</u>



CITY OF LA PORTE, TEXAS

NOTES TO BASIC FINANCIAL STATEMENTS

SEPTEMBER 30, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of La Porte, Texas (the "City") was incorporated under the laws of the State of Texas on August 10, 1892. The City operates under a "Council-Manager" form of government and provides the following services as authorized by its charter: public safety, development services, public health and welfare, culture and recreation and waterworks.

The accounting and reporting policies of the City relating to the funds included in the accompanying basic financial statements conform to U.S. generally accepted accounting policies (GAAP) applicable to state and local governments which include the principles prescribed by the Governmental Accounting Standards Board (GASB), the American Institute of Certified Public Accountants and the Financial Accounting Standards Board. The more significant accounting policies of the City are prescribed below.

A. Reporting Entity

The City's basic financial statements include the accounts of all City operations. The City, with its elected governing body of mayor and eight council members, is considered a primary government. As required by GAAP, the basic financial statements include the City and its component units, entities for which the government is considered to be financially accountable.

Blended component units, although legally separate entities, are in substance, part of the government's operations. All component units have been included as blended component units because of the significance of their operations and financial relationships with the City.

The La Porte Area Water Authority (the "Authority") is governed by a five-member board appointed by the City Council. Although it is a legally separate entity, the Authority provides services almost exclusively for the City's water operations and is in substance a part of the City's primary operations. The Authority was created by the City to finance the operations involved in obtaining surface water supplies and converting these supplies to potable water. This water is sold primarily to the City (86%) with the remainder being sold to other neighboring political subdivisions. The operations of the Authority are reported as a proprietary fund type.

The La Porte Redevelopment Authority is governed by a nine-member board appointed by the Mayor with the approval of City Council. The La Porte Redevelopment Authority provides benefits exclusively for the City through reinvestment financing of ad valorem taxes, which are utilized for capital improvements for the City. The La Porte Redevelopment Authority is presented as a governmental fund type.

The Section 4B Sales Tax Corporation provides services that exclusively benefits the City and is governed by a seven-member board appointed by City Council. The Section 4B Sales Tax Corporation is presented as a governmental fund type.

The Emergency Service Sales Tax District (the "District") provides public safety services exclusively to the City. The District is governed by a seven-member board appointed by City Council. The District is a governmental fund type.

The Street Maintenance Sales Tax Component Unit provides infrastructure improvements exclusively to the City. City Council directs staff operations through the annual budget process.

Complete financial statements for each of the individual component units may be obtained through the City.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

C. Fund Financial Statements

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

The City reports the following major governmental funds:

The General Fund is used to account for all financial transactions that are not accounted for in another fund. The principal sources of revenues of the General Fund are property taxes, sales and use taxes, franchise taxes, licenses and permits, and fines and forfeitures. Expenditures are for general government, public safety, public works and other community services.

The Capital Improvements Fund is used to account for projects that are generally small in nature and affect the general operation of the City.

The Debt Service Fund is used to account for the payment of interest and principal on all general long-term debt of the City except for leases for which are accounted for in the General Fund. The primary source of revenue for the Debt Service Fund is general property taxes.

The Restricted Fund is used to account for funds received from another government or organization to be used for the specific purpose activity or facility.

La Porte Redevelopment Authority Fund is used to account for the disposition of property taxes collected on specific parcels within the boundaries of La Porte Tax Increment Reinvestment Zone No. 1 for the exclusive benefit to pay developers for capital improvements.

The City reports the following major enterprise funds:

The Utility Fund is used to account for operations of the water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, but not limited to administration, operations and maintenance of the water and sewer system and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates received regularly and adjusted if necessary to ensure integrity of the fund.

La Porte Area Water Authority Fund is used to account for revenues and expenses related to obtaining raw surface water and converting it to potable water.

Airport Fund is used to account for financial activities of the airport which includes rentals, grants and other revenues.

Additionally, the City reports the following fund types:

The Internal Service Funds which are used to account for the Motor Pool, Technology and Insurance service provided to other departments of the City on a cost reimbursement basis.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to 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 the 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 transfer 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 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, Basis of Accounting, and Financial Statement Presentation

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 and proprietary 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 revenues 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt are reported as other financing sources.

Property taxes, sales taxes, franchise taxes, court fines, and interest associated with the current 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 of 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 City.

E. Cash and Cash Equivalents

Cash is defined as currency, demand deposits with banks and other financial institutions, and any other kind of account that has the general characteristics of demand deposits where funds may be added or withdrawn at any time without penalty or prior notice. Cash equivalents are defined as liquid investments that are both readily convertible to known amounts of cash and so near their maturity they present insignificant risk or changes in value because of changes in interest rates. Only investments with original maturities of three months or less qualify under this definition.

F. Investments

The City is authorized to invest in (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal of and interest on which are unconditionally guaranteed or insured by the State of Texas or the United States; (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated of not less than "AA" or its equivalent; (5) certificates of deposit issued by state and national banks domiciled in Texas that are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or its successor, or secured by obligations mentioned above; and (6) fully collateralized direct repurchase agreements having a defined termination date. In addition, the City is authorized to invest in local government investment pools. The investment pools operate in accordance with appropriate state laws and regulations and have regulatory oversight from the Texas Public Funds Investment Act Sec. 2256.0016.

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

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

G. Receivables and Payables

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

Accounts receivable are reported net of allowances for uncollectible accounts. The allowance account represents management's estimate of uncollectible accounts based upon experience and historical trends.

Property taxes for the City are levied each October 1 on the taxable value as of the preceding January 1, the date a lien attaches, for all taxable real and personal property located in the City. Taxes are due by January 31 following the October 1 assessment date and become delinquent on February 1, at which time they begin accruing penalty and interest. The enforceable legal claim date for property taxes is the assessment date; therefore, the City did not record a receivable for accrual of future taxes at year end. Accordingly, no current taxes receivable are reported. Delinquent taxes have been reported in the financial statements net of the allowance for uncollectible taxes. Tax revenues are recognized as they become available. Accordingly, an amount equal to taxes not yet available has been reported as unavailable revenue (a deferred inflow of resources) at the government fund level.

H. Inventories

All inventories are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

I. Restricted Assets

Certain proceeds from bonds, resources set aside for their repayment, and other restrictive agreements are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants and/or contractual arrangements.

J. Leases – Lessor

The City is a lessor for a noncancellable lease of land and infrastructure. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and proprietary fund financial statements.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgements include how the City determines 1) the discount rate it uses to discount the expected lease payments to present value, 2) lease term, and 3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for the leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable are composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its leases, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

K. Capital Assets

Capital assets, which include land, buildings and improvements, machinery, equipment, vehicles, and infrastructure assets (i.e., 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 City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. When capital assets are purchased, they are capitalized and depreciated in the government-wide financial statements and the proprietary fund statements. Capital assets are recorded as expenditures of the current period in the governmental fund financial statements.

Capital assets are valued at cost where historical records are available and at an estimated cost where no records exist. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend asset lives are not capitalized. Improvements to capital assets that materially extend the life of the asset or add to the value are capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Land and construction in progress are not depreciated. The remainder capital assets are depreciated using the straight-line method over the following estimated useful lives.

<u>Asset Description</u>	<u>Estimated Useful Life (Years)</u>
Buildings and building improvements	20
Infrastructure	20-30
Machinery, equipment, and vehicles	4-10
Water and sewer systems	10-20

L. Deferred Inflows/Outflows of Resources

In addition to assets, the statement of financial position and/or balance sheet 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 City has the following items that qualify for reporting in this category.

- Deferred charges on refunding – A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Pension and OPEB contributions after measurement date – These contributions are deferred and recognized in the following fiscal year.

- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.

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

- Unavailable revenue is reported only in the governmental funds balance sheet. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Difference in projected and actual earnings on pension assets – This difference is deferred and amortized over a closed five-year period.
- Difference in expected and actual pension and OPEB experience - This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Changes in actuarial assumptions and other inputs – This difference is deferred and recognized over the estimated average remaining lives of all members determined as of the measurement date.
- Lease receivables - These amounts are deferred at the commencement date of the lease and recognized as an inflow of resources over the life of the lease term in the period that the amounts become available.

M. Compensated Absences

The City's employees earn vacation and sick leave, which may either be taken or accumulated, up to a certain amount, until paid upon termination or retirement. For all funds, this liability reflects amounts attributable to cumulative employee services already rendered, where the payment is probable and can be reasonably estimated. The current and long-term portion of the governmental fund type liabilities are recorded in the government-wide financial statements. A liability for those amounts is recorded in the governmental funds only if the liability has matured as a result of employee resignations or retirements. The proprietary fund type liability is recorded as a liability in the individual proprietary funds since payment will be made from the resources of these funds.

Policies relating to the accrual payment of these benefits are as follows:

- Vacation – Employees earn from 10-25 days of vacation per year. Upon separation, employees are paid for all accumulated vacation leave (up to one- and one-half times their annual accrual rate).
- Sick leave – Full time 8-hour employees accrued 3.70 hours per pay period. Full-time 24-hour employees accrue 5.91 hours per pay period and civil service employees accrue 15 days per calendar year. The maximum sick leave time which may be accumulated by any employee shall be 90 days for regular full-time employees. For 24-hour shift personnel, the maximum accrual is 1,152 hours. Civil service employees may accrue unlimited sick leave.

N. General and Debt Service Property Taxes

All taxes due to the City on real or personal property are payable at the Office of the City Assessor-Collector and may be paid at any time after the tax rolls for the year have been completed and approved, which is October 1, or as soon thereafter as practicable. Taxes are due upon receipt and all taxes not paid prior to February 1 are deemed delinquent and are subject to such penalty and interest set forth by the Property Tax Code. All property located within the City limits on the first day of January of each year are charged with a special lien in favor of the City from such date for taxes due thereon.

The ad valorem tax rate is allocated each year between the General Fund and the Debt Service Fund. The full amount estimated to be required for debt service on the general obligation debt is provided by the debt service tax together with interest earned in the Debt Service Fund.

O. Industrial Payments

A significant portion of the City's revenue is derived from separate contractual agreements with each industrial company that lies within the City's extraterritorial jurisdiction (known as the "industrial district"). These companies have agreed to pay an amount "in-lieu of taxes" in the un-annexed area within the City's extraterritorial jurisdiction. In the current contracts, the entities agree to pay the City a percentage of what the ad valorem taxes would have been had the entities land, improvements, and inventory been within the corporate limits of the City.

P. Pensions

Texas Municipal Retirement System. For purposes of measuring the net pension liability for the Texas Municipal Retirement System (TMRS), pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the TMRS and additions to/deductions from the City'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.

Texas Emergency Services Retirement System. For purposes of measuring the net pension liability for the Texas Emergency Services Retirement System (TESRS), pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the TESRS and additions to/deductions from the City's Fiduciary Net Position have been determined on the same basis as they are reported by TESRS. 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.

Q. Other Post-Employment Benefits (OPEB)

Supplemental Death Benefits Fund. For purposes of measuring the total Texas Municipal Retirement System Supplemental Death Benefit Fund (TMRS SDBF) OPEB liability, related deferred outflows and inflows of resources, and expense, City specific information about its total TMRS SDBF liability and additions to/deductions from the City's total TMRS SDBF liability have been determined on the same basis as they are reported by TMRS. The TMRS SDBF expense and deferred (inflows)/outflows of resources related to TMRS SDBF, primarily result from changes in the components of the total TMRS SDBF liability. Most changes in the total TMRS SDBF liability will be included in TMRS SDBF expense in the period of the change. For example, changes in the total TMRS SDBF liability resulting from current-period service cost, interest on the TOL, and changes of benefit terms are required to be included in TMRS SDBF expense immediately. Changes in the total TMRS SDBF liability that have not been included in TMRS SDBF expense are required to be reported as deferred outflows of resources or deferred inflows of resources related to TMRS SDBF.

Retiree Health Insurance. For purposes of measuring the total OPEB liability, OPEB related deferred outflows and inflows of resources, and OPEB expense, benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Contributions are not required but are measured as payments by the City for benefits due and payable that are not reimbursed by plan assets. Information regarding the City's total OPEB liability is obtained from a report prepared by a consulting actuary, Gabriel Roeder Smith & Company.

R. Long-Term Obligations

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

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

S. Net Position Flow Assumption

Sometimes the City 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 City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

T. Fund Balance Flow Assumption

Sometimes the City 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 City'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.

U. Net Position Classifications

Classification of net position includes three components as follows:

- Net investment in capital assets - This component of net position consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, notes or other borrowings, premiums, discounts, and deferred outflows of resources or deferred inflows of resources from a refunding.
- Restricted - This component of the net position consists of constraints placed on net asset use through external constraints imposed by creditors, grantors, contributors, or laws or regulations of other governments or constraints imposed by law through contractual provisions or enabling legislation.
- Unrestricted net position - This component of net position consists of net position that does not meet the definition of "restricted" or "net investment in capital assets."

V. Fund Balance

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 City itself can establish limitations on the use of resources through either (committed fund balance) or an assignment (assigned fund balance).

- Non-spendable includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid items and inventory balances.
- Restricted includes fund balance amounts that are constrained for specific purposes which are imposed by providers, such as creditors or amounts restricted due to constitutional provision or enabling legislation. This classification includes retirement of long-term debt, construction programs, City ordinances, and other federal and state grants.
- The committed fund balance classification includes amounts that can be used only for specific purposes determined by a formal action of the City Council, highest level of decision-making-authority. The City Council is the highest level of decision-making- authority for the City that can, by adoption of a resolution prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the resolution remains in place until a similar action is taken (the adoption of another resolution) to remove or revise the limitation.

- Amounts in the assigned fund balance classification are intended to be used by the City for specific purposes, but do not meet the criteria to be classified as committed. The City Council has by resolution authorized the City Manager under the authorization of the Fiscal Affairs Committee to assign fund balance. The City Council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenues 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 strives to maintain a minimum reserve balance of 90 to 120 days for the General Fund and Utility Fund, and 60 to 90 days of operating expenditures in all other funds as outlined in the City's Financial Management Policies as adopted by City Council by resolution.

W. 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 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 a general revenue rather than program revenues.

X. Proprietary Funds Operating and Non-operating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds are charges to customers for sales and services. Operating expenses for the enterprise funds and internal service fund include the cost of sales and services, administrative expenses and depreciation on capital assets. All revenues not meeting this definition are reported as non-operating revenues and expenses.

Y. 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 disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

Z. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the American rescue plan act fund, library advisory board fund, grant special revenue fund, police department forfeiture special revenue fund and the capital projects fund, which adopts project-length budgets.

II. DETAILED NOTES ON ALL FUNDS AND ACTIVITIES

A. Deposits and Investments

The Texas Public Funds Investment Act (PFIA), as prescribed in Chapter 2256 of the Texas Government Code, regulates deposits and investment transactions of the City.

In accordance with applicable statutes, the City has a depository contract with an area bank (depository) providing for interest rates to be earned on deposited funds and for banking charges the City incurs for banking services received. The City may place funds with the depository in interest and non-interest-bearing accounts. State law provides that collateral pledged as security for bank deposits must have a market value of not less than the amount of the deposits and must consist of: (1) obligations of the United States or its agencies and instrumentalities; (2) direct obligations of the State of Texas or its agencies; (3) other obligations, the principal and interest on which are unconditionally guaranteed or insured by the State of Texas; and/or (4) obligations of states, agencies, counties, cities, and other political subdivisions of any state having been rated as investment quality by a nationally recognized investment rating firm and having received a rating of not less than A or its equivalent. City policy requires the collateralization level to be at least 102% of market value of principal and accrued interest.

The Council has adopted a written investment policy regarding the investment of City funds as required by the Public Funds Investment Act (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the City's investment policy. The City's investment policy is more restrictive than the PFIA requires. It is the City's policy to restrict its direct investments to obligations of the U.S. Government or U.S. Government Agencies, fully collateralized certificates of deposit, bankers' acceptances, mutual funds, repurchase agreements and local government investment pools. The maximum maturity allowed is five years from date of purchase. The City's investment policy does not allow investments in collateralized mortgage obligations, floating rate investments or swaps.

Cash and cash equivalents are considered to be cash on hand, demand deposits with banks and other financial institutions, and any other kind of account that has the general characteristics of demand deposits where funds may be added or withdrawn at any time without penalty or prior notice. Cash equivalents are defined as liquid investments that are both readily convertible to known amounts of cash and so near their maturity, they present insignificant risk or changes in value because of changes in interest rates. This includes balances in privately managed public funds investment pools ("TexPool", "Texas CLASS", "TexSTAR" and "LOGIC"). Only investments with original maturities of three months or less qualify under this definition. The City's local government investment pools are recorded at amortized costs.

Investments consist of United States (U.S.) Government and Agency Securities. The City reports all investments at fair value based on quoted market prices at year end date.

The City reports all investments, except external investment pools, at fair value, a level 2 valuation. The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value hierarchy, which has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City has the following recurring fair value measurements as of year-end as a level 1 input for all of its investments.

Concentration on Credit Risk. The policy does not require investments to be staggered in a way that protects interest income from the volatility of interest rates. The policy has not established limitations on percentages of the total portfolio that may be invested in securities other than the repurchase agreements, Treasury bills and notes or insured and collateralized Certificates of Deposits.

Investment Rate Risk. At year-end, the City had the following investments subject to interest rate risk disclosure, under U.S. GAAP, by investment type:

	Reported Value	Weighted Average Maturity (days)	Percentage of Portfolio	WAM (Days)
Investment type:				
Freddie MAC	\$ 15,760,717	559	8.11%	45
Federal Home Loan Mortgage Corporation	23,530,953	289	12.10%	35
Federal Farm Credit Banks	<u>7,905,887</u>	201	4.07%	8
Total U.S. Agency Securities	<u>47,197,557</u>			
Mutual Funds	39,913	N/A	0.02%	
Local Government Investment Pools:				
Texpool	17,279,285	23	8.89%	2
TexStar	15,037,729	29	7.74%	2
Texas CLASS	52,658,146	49	27.09%	13
Logic	<u>62,178,775</u>	39	31.99%	12
Total Local Government Investment Pools	<u>147,153,935</u>			
Total	<u>\$ 194,391,405</u>			119

The City's investment policy specifies the maximum stated maturity from the date of purchase for any individual investments may not exceed 5 years and the maximum dollar weighted average maturity for the pooled fund group (investment portfolio) may not exceed 2 years.

Credit Risk. The primary objective of the City's adopted Investment Policy is the safety of the principal. Credit risk within the City's portfolio among authorized investments approved by the City's adopted Investment Policy is represented in U.S. Treasury Bills, Notes or Bonds, and other securities which are guaranteed as to principal and interest by the full faith and credit of the United States of America, collateralized or fully insured certificates of deposits, FDIC insured banks in the State of Texas, repurchase agreements if secured by U.S. Treasury Bills, Notes or Bonds and Public Funds Investment Pools.

All of the City's purchased investments in U.S. Government Securities were rated AA+ and AAAM by Standard & Poor's and Moody's respectively.

B. Property Taxes

The appraisal of property within the City is the responsibility of the Harris Appraisal District ("Appraisal District"). The Appraisal District is required under the Property Tax Code to appraise all property within the county on the basis of 100% of its market value. The value of real property within the Appraisal District must be reviewed every five years; however, the City may, at its own expense, require annual reviews of appraised values. The City may challenge appraised values established by the Appraisal District through various appeals and, if necessary, take legal action. Under this legislation, the City continues to set tax rates on City property. The Texas Legislature enacted new legislation for property taxes which calculates the no new revenue tax rate (the rate will raise the same amount of property tax revenue from same properties as prior year). The voter approved rate is the highest tax rate the City may adopt without holding an election. The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value, assessed at 100% of appraised value and certified by the Harris County Appraisal District Board of Review. The City property taxes are billed and collected by the City's Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the current calendar year. The City is permitted, by Article XI, Section 5, of the State of Texas Constitution and the City Charter, to levy property taxes up to \$2.50 per \$100 of assessed valuation for general governmental services.

The City is permitted by the Constitution of the State of Texas to levy taxes up to \$2.50 per \$100 of taxable assessed valuation for all governmental purposes. Pursuant to a decision of the Attorney General of the State of Texas, up to \$1.50 per \$100 of assessed valuation may be used for the payment of long-term debt. The combined tax rate to finance general governmental services, including the payment of principal and interest on long-term debt for the year ended September 30, 2023, was \$0.71 per \$100 of assessed value.

Within the \$2.50 maximum levy, there is no legal limit upon the amount of property taxes, which can be levied for debt service. The property tax rates to finance general governmental services and debt service for fiscal year 2023 were \$0.605 and \$0.105, respectively, per \$100 of assessed valuation. The 2022 assessed value and total tax levy as adjusted through September 30, 2023 were \$4,957,958,103 and \$34,164,074, respectively. The City has enacted an ordinance providing for exemption of twenty percent (20%) of the assessed value of residential homesteads plus an additional \$60,000 for persons 65 years of age or older for property taxes. An exemption of \$60,000 is allowed for disabled persons on homesteads and up to \$12,000 is allowed for disabled veterans on any one piece of property. Additionally, the market value of agricultural land is reduced to agricultural value for purposes of the City's tax levy calculation.

Property taxes are levied by October 1 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. On January 1 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed. The Harris Central Appraisal District ("Appraisal District") establishes appraised values. Taxes are levied by the City Council based on the appraised values and operating needs of the City.

Property taxes are recorded as receivables and unearned revenues at the time the taxes are assessed. In governmental funds, revenues are recognized as the related ad valorem taxes are collected. Additional amounts estimated to be collectible in the 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. In the government-wide financial statements, the entire levy is recognized as revenue, net of estimated uncollectible amounts (if any), at the levy date.

C. Tax Increment Reinvestment Zone – Property Taxes

The City, La Porte Independent School District and Harris County are participating taxing entities within the tax increment reinvestment zone. The amount of a participant's tax increment for a year is the amount of property taxes levied and collected by a participant for that year on the captured appraised value of real property taxable by the participant and located in the zone. The captured appraised value of real property taxable by the participant and located in the zone for that year less the tax increment base, which is the total appraised value of all real property taxable by the participant and located in the zone on January 1 of the year in which the zone was designed as such under the tax increment financing act (the "TIF Act"). Each participant is required to collect taxes on property located within the zone in the same manner as other taxes are collected. The participant is required to pay into the tax increment fund the collected tax increments by the first day of each calendar quarter or pursuant to the terms of the participation set forth in their respective inter-local agreements.

D. Receivables

Receivables as September 30, 2023, for the government's individual major funds and nonmajor funds in the aggregate, including the applicable allowances for uncollectible accounts, are as follows:

	Governmental Activities					Business-type Activities			
	General Fund	Debt Service	Restricted Fund	Capital Improvements	Nonmajor Governmental	Internal Service	Utility	LPWA	Airport
Receivables:									
Property taxes	\$ 1,383,086	\$ 193,283	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Sales tax	1,617,986	-	-	-	1,616,712	-	-	-	-
Occupancy taxes	-	-	-	-	103,590	-	-	-	-
Franchise taxes	395,878	-	-	-	-	-	-	-	-
Customers	1,925,994	-	-	-	-	-	1,607,308	278,601	5,564
Court fines	504,132	-	-	-	-	-	-	-	-
Interest	228,713	489	50,711	76,967	96,821	67,259	29,759	10,416	-
Other	174,462	-	89,772	-	24,898	8,507	4,220	-	9,416
Gross receivables	6,230,251	193,772	140,483	76,967	1,842,021	75,766	1,641,287	289,017	14,980
Less: allowance for uncollectible accounts	(1,006,374)	(80,449)	-	-	-	-	(200,399)	-	-
Net receivables	\$ 5,223,877	\$ 113,323	\$ 140,483	\$ 76,967	\$ 1,842,021	\$ 75,766	\$ 1,440,888	\$ 289,017	\$ 14,980

E. Leases

The City leases out buildings and land on Airport property. Most leases have initial terms of up to 20 years and contain one or more renewals at the City's option, generally for three- or five-year periods. The City has generally included these renewal periods in the lease term when it is reasonably certain that the City will exercise the renewal option. The lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments. The present value of future payments is \$936,096 and reported in the City's Airport fund. Various payments are to be received through fiscal year 2053.

F. Interfund Transfers

The following schedule summarizes the City's transfer activity for the year ending September 30, 2023:

Transfer From	Transfer To	Amount	Purpose
General	Capital Improvement	\$ 10,082,420	Funding for capital projects
General	Nonmajor Governmental	9,550,000	Funding for capital projects
General	Internal Service	3,969,445	Additional payments for employee benefits
Airport	Internal Service	830	Additional payments for employee benefits
LPWA	Internal Service	2,030	Additional payments for employee benefits
Utility	Internal Service	74,201	Additional payments for employee benefits
Internal Service	Internal Service	20,585	Additional payments for employee benefits
Nonmajor Governmental	General	57,500	Expenditure reimbursement
Utility	Capital Improvement	1,000,000	Funding for capital projects
Nonmajor Governmental	Capital Improvement	2,625,000	Funding for capital projects
Nonmajor Governmental	Debt Service	792,973	Expenditure reimbursement
	Total	\$ 28,174,984	

G. Capital Assets

Capital asset activity for the year ended September 30, 2023 was as follows:

	Beginning Balance	Additions	Transfers/ Retirements	Ending Balance
Governmental activities:				
Capital assets not being depreciated:				
Land	\$ 10,222,869	\$ 296,746	\$ -	\$ 10,519,615
Construction in progress	16,339,687	2,838,304	(8,485,592)	10,692,399
Total capital assets not being depreciated	26,562,556	3,135,050	(8,485,592)	21,212,014
Capital assets being depreciated:				
Buildings and improvements	38,527,437	469,197	1,848,380	40,845,014
Improvements other than buildings	41,216,792	789,745	1,217,377	43,223,914
Infrastructure	61,253,879	1,447,407	5,084,689	67,785,975
Machinery and equipment	28,526,746	3,218,336	(1,386,848)	30,358,234
Total assets being depreciated	169,524,854	5,924,685	6,763,598	182,213,137
Less accumulated depreciation for:				
Buildings and improvements	(30,044,679)	(1,210,367)	-	(31,255,046)
Improvements other than buildings	(21,122,908)	(1,905,821)	-	(23,028,729)
Infrastructure	(38,710,399)	(1,805,456)	-	(40,515,855)
Machinery and equipment	(19,326,816)	(1,892,599)	1,064,528	(20,154,887)
Total accumulated depreciation	(109,204,802)	(6,814,243)	1,064,528	(114,954,517)
Total capital assets being depreciated, net	60,320,052	(889,558)	7,828,126	67,258,620
Governmental activities capital assets, net	\$ 86,882,608	\$ 2,245,492	\$ (657,466)	\$ 88,470,634
	Beginning Balance	Additions	Reclassifications/ Retirements	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land	\$ 603,940	\$ -	\$ -	\$ 603,940
Construction in progress	4,738,540	1,900,981	(322,720)	6,316,801
Total capital assets, not being depreciated	5,342,480	1,900,981	(322,720)	6,920,741
Capital assets being depreciated:				
Buildings and improvements	156,649	-	-	156,649
Improvements other than buildings	95,782,922	1,015,882	272,930	97,071,734
Machinery and equipment	4,321,046	225,218	-	4,546,264
Total assets being depreciated	100,260,617	1,241,100	272,930	101,774,647
Less accumulated depreciation for:				
Buildings and improvements	(79,988)	(3,356)	-	(83,344)
Improvements other than buildings	(72,238,878)	(2,073,404)	-	(74,312,282)
Machinery and equipment	(2,133,141)	(127,043)	49,790	(2,210,394)
Total accumulated depreciation	(74,452,007)	(2,203,803)	49,790	(76,606,020)
Total capital assets being depreciated, net	25,808,610	(962,703)	322,720	25,168,627
Business-type activities capital assets, net	\$ 31,151,090	\$ 938,278	\$ -	\$ 32,089,368

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

Governmental activities:	
General government	\$ 812,849
Public safety	1,150,387
Public works	1,957,695
Parks and recreation	1,256,681
Capital assets held by the City's internal service funds are charged to functions based on their usage of assets	1,636,631
Total	\$ 6,814,243
Business-type activities:	
Water and sewer system	\$ 2,203,803
Total	2,203,803
Total depreciation	\$ 9,018,046

Construction contract commitments outstanding as of September 30, 2023, are as follows:

Fund	Projects	Total in Progress	Remaining Commitment
General CIP Fund	Street and drainage	\$ 3,266,548	\$ 10,662,960
	Park Improvements	917,733	1,096,096
	Building Improvements	697,762	3,490,742
	Land Improvements	1,667,278	422,128
	Signage	480,090	480,090
La Porte RDA	Artesia Village	1,745,335	-
	Hawthorne Crossing	1,917,654	-
Utility Fund	Land Improvements	1,324,468	-
	Meter Replacement Program	2,200,720	73,100
	Water System Improvements	2,696,691	479,129
	Aerial Crossings	125,930	-
		<u>\$ 17,040,209</u>	<u>\$ 16,704,245</u>

H. Long-Term Debt

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation, and revenue bonds. These debt obligations are secured by future property tax revenues, water and sewer system revenues, or liens on property and equipment.

Changes in long-term debt for the year ending September 30, 2023, are as follows:

	Beginning Balance	Issued	Refunded/ Retired	Ending Balance	Amount Due Within One Year
Governmental activities:					
Bonds payable:					
General Obligation Bonds	\$ 11,220,000	\$ -	\$ (2,830,000)	\$ 8,390,000	\$ 2,915,000
Certificates of Obligation	24,780,000	-	(1,140,000)	23,640,000	1,165,000
Premium on debt issuance	<u>2,735,914</u>	-	<u>(333,624)</u>	<u>2,402,290</u>	-
Total bonds payable	<u>38,735,914</u>	-	<u>(4,303,624)</u>	<u>34,432,290</u>	<u>4,080,000</u>
Due to Developers	7,729,473	-	(1,195,124)	6,534,349	-
Compensated Absences	<u>3,500,436</u>	<u>47,442</u>	-	<u>3,547,878</u>	<u>177,394</u>
Total governmental	<u>\$ 49,965,823</u>	<u>\$ 47,442</u>	<u>\$ (5,498,748)</u>	<u>\$ 44,514,517</u>	<u>\$ 4,257,394</u>
Business-type activities:					
Compensated Absences	\$ 151,904	\$ 10,311	\$ -	\$ 162,215	\$ 8,111
Total business-type	<u>\$ 151,904</u>	<u>\$ 10,311</u>	<u>\$ -</u>	<u>\$ 162,215</u>	<u>\$ 8,111</u>

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. Compensated absences generally are paid by the General Fund for the governmental activities.

A summary of the terms of long-term debt outstanding at September 30, 2023, is as follows:

Issuance	Issue Amount	Maturity	Rate	Balance
2012 Series, General Obligation Refunding	\$ 9,435,000	2025	0.65% - 3.0%	\$ 2,935,000
2014 Series, General Obligation Refunding	9,300,000	2025	2.0% - 3.50%	1,560,000
2015 Series, Certificates of Obligation	7,770,000	2030	2.25% - 3.0%	4,780,000
2016 Series, General Obligation Refunding	3,165,000	2029	2.0% - 4.0%	2,465,000
2017 Series, Certificates of Obligation	10,635,000	2037	0.14% - 1.82%	7,710,000
2020 Series, General Obligation Refunding	2,705,000	2026	3% - 5%	1,430,000
2021 Series, Certificates of Obligation	11,375,000	2041	3% - 5%	<u>11,150,000</u>
Total Governmental Long-Term Obligations				<u>\$ 32,030,000</u>

General Obligation Bonds are direct obligations issued on a pledge of the general taxing power for the payment of the debt obligations of the City. General Obligations bonds and Certificates of Obligation require the City to compute, at the time other taxes are levied, the rate of tax required to provide (in each year bonds are outstanding) a fund to pay interest and principal maturity. The City is in compliance with this requirement.

Annual future debt service requirements of bonded debt as of September 30, 2023, are as follows:

Year Ended September 30,	Certificates of Obligation			General Obligation Bonds		
	Principal	Interest	Total	Principal	Interest	Total
2024	\$ 1,165,000	\$ 669,002	\$ 1,834,002	\$ 2,915,000	\$ 257,400	\$ 3,172,400
2025	1,195,000	639,587	1,834,587	2,965,000	156,000	3,121,000
2026	1,430,000	604,980	2,034,980	970,000	83,500	1,053,500
2027	1,915,000	558,942	2,473,942	495,000	51,700	546,700
2028	1,970,000	504,640	2,474,640	510,000	31,599	541,599
2029-2033	7,405,000	1,736,287	9,141,287	535,000	10,700	545,700
2034-2038	6,055,000	778,333	6,833,333	-	-	-
2039-2041	2,505,000	114,225	2,619,225	-	-	-
Total	<u>\$ 23,640,000</u>	<u>\$ 5,605,996</u>	<u>\$ 29,245,996</u>	<u>\$ 8,390,000</u>	<u>\$ 590,899</u>	<u>\$ 8,980,899</u>

Due to Developers. The La Porte Redevelopment Authority is a party to several agreements with Developers who own property in the La Porte Tax Increment Reinvestment Zone No. 1. The Authority is obligated to repay the Developers for public improvements made on the property up to the amount of incremental tax value gained each year. The Authority has entered into agreements with the following Developers: Port Crossing Land, LP (Fully Reimbursed); Retreat at Bay Forest, LP (Fully Reimbursed), Beazer Homes Texas LP, Senior Associates, 65 La Porte, Ltd., Jabez-LB1, L.L.C. and Hawthorne at La Porte, LLC.

III. OTHER INFORMATION

A. Defined Benefit Pension Plans

Texas Municipal Retirement System

Plan Description. The City of La Porte participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the state of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the system with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Service Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

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

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

The City grants monetary credits for service rendered of a theoretical amount equal to two times what would have been contributed by the employee, with interest. Monetary credits, also known as the matching ratio, are 200% of the employee's accumulated contributions and are only payable in the form of an annuity.

Beginning in 2008, the City granted an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount that takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, initiated in 2008, the City provided on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

At the December 31, 2022, valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	272
Inactive employees entitled to but not yet receiving benefits	231
Active employees	371
Total	<u>874</u>

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

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 12.79% and 12.53% in calendar years 2022 and 2023, respectively. The City opted to continue to contribute 15.99% during the year ended September 30, 2023. The City's contributions to TMRS for the year ended September 30, 2023 were \$4,591,385 and \$971,507 were in excess of the required contributions.

Net Pension Liability. The City's Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date. The net pension liability is typically liquidated through the General Fund and Utility Fund.

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% 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 are assumed to occur once a year on January 1 so that the pay used for the period year following the valuation is equal to the reported pay for the prior year. Salaries are assumed to increase on a graduated service-based scale.

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 healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the System adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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 weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Core fixed income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Global Public Equity	35.0%	7.70%
Real Estate	12.0%	5.80%
Other public & private ma	12.0%	8.10%
Hedge funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

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

The below schedule presents the changes in the Net Pension Liability as of December 31, 2022:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a)-(b)
Balance at 12/31/2021	\$ 193,551,939	\$ 190,273,006	\$ 3,278,933
Changes for the year:			
Service cost	4,414,855	-	4,414,855
Interest	12,919,354	-	12,919,354
Difference between expected and actual experience	2,964,943	-	2,964,943
Contributions - employer	-	4,385,025	(4,385,025)
Contributions - employee	-	1,907,653	(1,907,653)
Net investment income	-	(13,882,339)	13,882,339
Benefit payments, including refunds of employee contributions	(8,723,057)	(8,723,057)	-
Administrative expense	-	(120,189)	120,189
Other changes	-	143,423	(143,423)
Net changes	11,576,095	(16,289,484)	27,865,579
Balance at 12/31/2022	<u>\$ 205,128,034</u>	<u>\$ 173,983,522</u>	<u>\$ 31,144,512</u>

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

	1% Decrease Discount Rate (5.75%)	Discount Rate 6.75%	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 59,868,373	\$ 31,144,512	\$ 7,600,784

Pension Expense and Deferred Outflows/Inflows of Resources Related to Pensions. For the year ended September 30, 2023, the City recognized pension expense of \$7,985,996. Also, as of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources
Differences between expected and actual economic experience	\$ 4,418,877
Changes in actuarial assumptions	37,302
Difference between projected and actual investment earnings	11,959,550
Contributions subsequent to the measurement date	3,200,039
Total	\$ 19,615,768

\$3,200,039 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. 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,	
2024	2,561,841
2025	4,590,909
2026	3,917,825
2027	5,345,154

Texas Emergency Services Retirement System

The City participates in the Texas Emergency Services Retirement System (TESRS), a cost-sharing multiple-employer defined benefit pension established and administered by the State of Texas. The TESRS is an agency of the State of Texas and its financial records comply with state statutes and regulations. The nine members Board of Trustees, appointed by the Governor, establishes policy for the administration of the Texas Emergency Services Retirement System. TESRS issues a publicly available annual comprehensive financial report (annual report) that can be obtained at www.tesrs.org. The TESRS pension liability is typically liquidated by the General Fund.

The TESRS was created as a standalone agency by the 83rd Legislature via the passage of SB 220, effective September 1, 2013, to assume the related functions of the abolished Office of the Fire Fighters' Pension Commissioner. While the agency is new, the System has been in existence since 1977. TESRS, which is under the authority of Title 8, Subtitle H, Chapters 861-865 of the Texas Government Code, provides death and disability benefits to active volunteer fire fighters and first responders, and a pension to members with vested service, as well as to their survivor/beneficiaries.

Pension Plan Fiduciary Net Position

For financial reporting purposes, the State of Texas is considered the primary reporting government. TESRS' financial statements are included in the State's Annual comprehensive Financial Report. TESRS issues a publicly available Annual Financial Report, which includes financial statements, notes, and required supplementary information, which can be obtained at www.tesrs.org.

Benefits Provided

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), re-codified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contribution levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits as well as death and disability benefits. Members are 50% vested after the tenth year of service, with the vesting percent increasing 10% for each of the next five years of service so that a member becomes 100% vested with 15 years of service.

Upon reaching age 55, each vested member may retire and receive a monthly pension equal to their vested percent multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2% compounded annually. There is no provision for automatic postretirement benefit increases.

On and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump sum amount or continuing monthly payments to a member's surviving spouse and dependent children.

Contributions

Contributions are made by governing bodies for the participating departments. No contributions are required from the individuals who are members of the System, nor are they allowed. The governing bodies of each participating department are required to make contributions for each month a member performs emergency services for a department (this minimum contribution is \$36 per member and the department may make a higher monthly contribution for its members). This is referred to as a Part One contribution, which is the legacy portion of the System contribution that directly impacts future retiree annuities. Contributions to the pension plan for the year ended September 30, 2023, were \$67,200.

The state is required to contribute an amount necessary to make the System "actuarially sound" each year, which may not exceed one-third of the total of all contributions made by participating governing bodies in a particular year.

Actuarial Assumptions

The total pension liability in the August 31, 2022, actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.00% for the year
Salary increases	N/A
Investment rate of return	7.5%, net of pension plan investment expense, including inflation

Mortality rates were based on the PubS-2010 (public safety) below-median income mortality tables for employees and for retirees, projected for mortality improvement generationally using projection scale MP-2019.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which expected future net real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These components are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage (currently 4.6%) and by adding expected inflation (3.00%). In addition, the final 7.5% assumption was selected by "rounding down" and thereby reflects a reduction for adverse deviation. The target allocation and expected arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term
		Expected Portfolio Real Rate of Return
Equities:		
Large cap domestic	20.0%	5.83
Small cap domestic	10.0%	5.94
Developed international	15.0%	6.17
Emerging markets	5.0%	7.36
Global infrastructure	5.0%	6.61
Real estate	10.0%	4.48
Multi asset income	5.0%	3.86
Fixed income	30.0%	1.95
Cash	0.0%	0
Total	100.0%	

Discount Rate

The discount rate used to measure the total pension liability was 7.5%. No projection of cash flows was used to determine the discount rate because the August 31, 2022, actuarial valuation showed that expected contributions would pay the normal cost and amortize the unfunded actuarial accrued liability (UAAL) in 30 years using the conservative level dollar amortization method. Because of the 30-year amortization period with the conservative amortization method and with a lower value of assets, the pension plan's fiduciary net position is expected 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.

The following presents the City's proportionate share of the net pension liability, calculated using the discount rate of 7.5%, as well as what the City's proportionate share of the net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (6.5%) or 1 percentage point higher (8.5%) than the current rate:

	1% Decrease in Discount Rate (6.5%)	Discount Rate (7.5%)	1% Increase in Discount Rate (8.5%)
City's proportionate share of the net pension liability	\$ 877,296	\$ 559,240	\$ 301,683

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

At September 30, 2023, the City reported a liability of \$559,240 for its proportionate share of the TESRS's net pension liability. The net pension liability was measured as of August 31, 2022 and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The City's proportion of the net pension liability was based on the employer's contributions to the pension plan relative to contributions of all participating employers to the plan for the period September 1, 2021 through August 31, 2022.

At August 31, 2022 the employer's proportion of the collective net pension liability was 1.363%, which was a decrease of 0.00077% when compared to August 31, 2021.

For the year ended September 30, 2023, the City's pension expense was \$118,167. At September 30, 2023, the City reported its proportionate share of the TESRS's deferred outflows and 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	\$ 21,288	\$ -
Differences between projected and actual investment earnings	206,239	-
Changes in assumptions	-	2,812
Contributions paid to TESRS subsequent to the measurement date	67,200	-
Totals	<u>\$ 294,727</u>	<u>\$ 2,812</u>

\$67,200 reported as deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the year ended September 30, 2024. 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	
2024	64,840
2025	40,251
2026	42,027
2027	77,597

B. Other Post-Employment Benefit Plans

TMRS Supplemental Death Benefits Fund

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. This TMRS OPEB plan is typically liquidated by the General Fund and Utility Fund.

Benefits Provided. 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.

Membership in the plan at December 31, 2022, the valuation and measurement date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	194
Inactive employees entitled to but not yet receiving benefits	26
Active employees	371
Total	<u>591</u>

Contributions. The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.09% and 0.11% for the calendar years 2022 and 2023, of which 0.07% and 0.07% 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 retiree-only portion of contributions to the SDBF for the years ended September 30, 2023 was \$29,959, representing contributions for both active and retiree coverage, which equaled the required contributions.

Total OPEB Liability. The Total OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and inputs:

Inflation rate	2.50%
Discount rate	4.05%
Actuarial cost method	Entry Age Normal Method
Projected salary increases	3.50% to 11.50% including inflation
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality Rates - Service Retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational 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.

Changes in assumptions reflect the annual change in the municipal bond rate. The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Discount Rate. The SDBF program is treated as an unfunded OPEB plan because the SDBF trust covers both actives and retirees and the assets are not segregated for these groups. As such, a single discount rate of 4.05% was used to measure the total OPEB liability. Because the plan is essentially a "pay-as-you-go" plan, the single discount rate is equal to the prevailing municipal bond rate. The source of the municipal bond rate was fixed-income municipal bonds with 20 years to maturity that include only federally tax-exempt municipal bonds as reported in Fidelity Index's "20-year Municipal GO AA Index" as of December 31, 2022.

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 (4.05%) in measuring the total OPEB liability.

	1% Decrease Discount Rate 3.05%	Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
Total SDB OPEB Liability	\$ 1,314,652	\$ 1,093,662	\$ 922,282

Changes in the Total OPEB Liability. Total City's Total OPEB Liability (TOL), based on the above actuarial factors, as of December 31, 2022, the measurement and actuarial valuation date, was calculated as follows:

	Total OPEB Liability
Balance at 12/31/2021	\$ 1,626,681
Changes for the year:	
Service cost	57,230
Interest	30,232
Difference between expected and actual experience	(15,611)
Changes of assumptions or other inputs	(580,343)
Benefit payments, including refunds of employee contributions	(24,527)
Net changes	(533,019)
Balance at 12/31/2022	\$ 1,093,662

Changes in assumptions and other inputs reflect a change in the discount rate from 1.84% to 4.05%.

OPEB Expense and Deferred Inflows and Outflows of Resources Related to OPEB. For the year ended September 30, 2023, the City recognized OPEB expense of \$53,945. Also, as of September 30, 2023, the City reported deferred outflows and inflows of resources related to the TMRS OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 4,371	\$ 59,965
Changes in actuarial assumptions	214,499	492,425
Contributions subsequent to the measurement date	22,608	-
Totals	\$ 241,478	\$ 552,390

\$22,608 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to the TMRS OPEB will be recognized in OPEB expense in future periods as follows:

For the Year Ended September 30,	
2024	\$ (46,837)
2025	(41,746)
2026	(72,376)
2027	(101,214)
2028	(71,347)

City of La Porte Retiree Health Other Post-Employment Benefit Plan

Plan Description. The City's defined benefit OPEB plan, City of La Porte Retiree Health Care Plan (RHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. RHCP is a single-employer defined benefit OPEB plan administered by the City. The City established an irrevocable trust (PEB Trust) and contracted with an administrator, Public Agencies Retirement Services (PARS), as well as a custodial bank, to manage the plan's assets. Because plan assets are pooled by PARS with those of other plans for investment, the City's plan assets meet the criteria of an agent multiple-employer plan under GASB Statement No. 75. The net RHCP OPEB liability is typically liquidated by the General Fund and Utility Fund.

The City is the only employer participating in the Plan. The Plan does not issue a publicly available financial report.

Benefits Provided. RHCP provides access to post retirement employees by offering a “blended premium” structure, that is, the overall health care premiums for active employees and non-Medicare retirees, are stated in terms of a single “blended premium”. The difference between the underlying retiree claims and the blended overall health care premium is referred to as an “implicit” subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

Membership in the plan as of December 31, 2022, the valuation date, consisted of:

Inactive employees or beneficiaries currently receiving benefits	92
Inactive employees entitled to but not yet receiving benefits	-
Active employees	<u>371</u>
Total	<u><u>463</u></u>

Net OPEB Liability. The City’s net Retiree Health OPEB Liability was measured as of December 31, 2022, and determined by an actuarial valuation as of the same date.

Actuarial Assumptions and Methods. The net Retiree Health OPEB Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method	Individual Entry-Age Normal
Inflation	2.50%
Salary increases	3.50% to 10.50%, including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS). For the OPEB valuation, the standard TMRS retirement rates were adjusted to reflect the impact of the City's retiree medical plan design.
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Healthcare cost trend rates	Post-65: Initial rate of 6.10% declining to an ultimate rate of 4.25% after 11 years.
Participation rates	It was assumed that the plan participation would vary based on the amount of the subsidy provided. For eligible retirees with over 30 years of service, 95% were assumed to participate in the plan at retirement. For employees with less than 30 years of service, the assumed participation rate is equal to the percentage of premium the City subsidizes. For example, retirees eligible for an 85% subsidy were assumed to elect coverage 85% of the time, while only 40% of retirees eligible for a 40% subsidy were assumed to elect coverage. For eligible retirees with over 30 years of service, 95% were assumed to participate in the plan at retirement. For employees with less than 30 years of service, the assumed participation rate is equal to the percentage of premium the City subsidizes. For example, retirees eligible for an 85% subsidy were assumed to elect coverage 85% of the time, while only 40% of retirees eligible for a 40% subsidy were assumed to elect coverage.

The discount rate that reflects (1) a long-term expected rate of return on OPEB plan investments (to the extent that the plan’s fiduciary net position is projected to be sufficient to pay benefits), and (2) tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date (to the extent that the contributions for use with the long-term expected rate of return are not met). For the purpose of the actuarial valuation, the expected rate of return on OPEB plan investments is 4.25%; the municipal bond rate is 4.05% (based on the daily rate closest to but not later than the measurement date of the Fidelity “20-Year Municipal GO AA Index”); and the resulting Single Discount Rate is 4.05%.

Changes in the Net OPEB Liability. The below schedule presents the changes in the City's Net Retiree Health OPEB Liability as of December 31, 2022:

	Total OPEB Liability	Plan Fiduciary Net Position	Net OPEB Liability
Balance at 12/31/2021	\$ 65,551,227	\$ -	\$ 65,551,227
Changes for the year:			
Service cost	2,678,748	-	2,678,748
Interest	1,219,759	-	1,219,759
Difference between expected and actual experience	(4,401,377)	-	(4,401,377)
Change in assumptions	(19,151,095)	-	(19,151,095)
Contributions - employer	-	1,698,700	(1,698,700)
Net investment income	-	3,670	(3,670)
Benefit payments, including refunds of employee contributions	(1,198,700)	(1,198,700)	-
Net changes	(20,852,665)	503,670	(21,356,335)
Balance at 12/31/2022	\$ 44,698,562	\$ 503,670	\$ 44,194,892

Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021, to 4.05% as of December 31, 2022. The employer contributions of \$1,698,700 consists of a trust contribution of \$500,000 and benefit payments of \$1,198,700 which were paid by the City using its own assets.

Sensitivity of the Net OPEB Liability to Changes in the Discount Rate. The following presents the net OPEB liability of the City, calculated using the discount rate of 4.05% as well as what the City's net OPEB liability would be if it were calculated using a discount rate that is 1-percentage point lower (3.05%) and 1-percentage point higher (5.05%) than the current rate:

	1% Decrease Discount Rate 3.05%	Discount Rate 4.05%	1% Increase in Discount Rate 5.05%
Net OPEB liability - retiree health	\$ 52,106,941	\$ 44,194,892	\$ 37,912,047

Sensitivity of the Net OPEB Liability to Changes in the Healthcare Cost Trend Rates. The following presents what the net OPEB liability of the City would be if it were calculated using healthcare cost trend rates that are 1-percentage point lower or 1-percentage point higher than the current healthcare cost trends:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
Net OPEB liability - retiree health	\$ 37,300,979	\$ 44,194,892	\$ 53,130,738

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB. For the year ended September 30, 2023, the City recognized OPEB expense of \$2,173,937. Also, as of September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 34,319	\$ 7,164,954
Changes in actuarial assumptions	8,451,415	16,564,095
Total difference between projected and actual earnings	5,564	-
Contributions subsequent to the measurement date	912,679	-
Totals	\$ 9,403,977	\$ 23,729,049

\$912,679 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 net OPEB liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to the City's Retiree Health OPEB will be recognized in OPEB expense as follows:

For the Year Ended September 30,	
2024	\$ (1,713,944)
2025	(1,713,944)
2026	(2,119,998)
2027	(2,672,544)
2028	(2,981,906)
Thereafter	(4,035,415)

C. **Risk Management**

The City is exposed to various risks of loss related to torts: theft of, damage to, and destruction of assets; errors and omissions; and natural disasters. The City's risk management program encompasses various means of protecting the City against loss by obtaining property, casualty and liability coverage from participation in a risk pool. The participation of the City in the risk pool is limited to the payment of premiums. The City is a member of the Texas Municipal League Intergovernmental Risk Pool, an unincorporated association of 1,860 political subdivisions of the State of Texas. The Pool contracts with a third-party administrator for administration, investigation and adjustment services in the handling of claims. All loss contingencies, including claims incurred but not reported, if any, are recorded and accounted for by the Pool. Settled claims have not exceeded insurance coverage in any of the three previous fiscal years. There has not been any significant reduction in insurance coverage from that of the previous year.

The insurance internal service fund is funded by charges to the City's other funds and component units and is based primarily upon the contributing funds' full-time employee count. The City self-insures a portion of health insurance benefits provided to employees. For health insurance the City retains the risk for the first \$165,000 of an individual claim. Excess insurance coverage is purchased to cover individual claims in excess of \$165,000 with a limit of \$1,000,000 per coverage period.

Activities during the year for the insurance internal service fund included:

Revenues	
Charges to divisions	\$ 5,555,694
Interfund transfers	4,067,091
Charges to employees	577,971
Charges to retirees	137,416
Interest	142,610
Total revenues	<u>\$ 10,480,782</u>
Expenses	
Other expenses	\$ 872,129
Claims administration	169,924
Claims incurred	4,197,668
Re-insurance premiums	796,890
Insurance premiums	607,956
Total expenses	<u>\$ 6,644,567</u>

Liabilities of the insurance fund are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported (IBNRs). The result of the process to estimate the claims' liability is not an exact amount as it depends on many complex factors, such as, inflation, changes in legal requirements and damage awards. Accordingly, claims are evaluated periodically to consider the effects of inflation, recent claim settlement trends (including frequency and amount of pay-offs), and other economic and social factors. This estimate of the claims also includes amounts for incremental claim adjustment expenses related to specific claims and other claim adjustment expense regardless of whether allocated to specific claims.

Changes in the balance of health insurance claims liability for three fiscal years are as follows:

	Beginning of Year Accrual	Claims	Payments for Claims	End of Year Accrual
9/30/2021	\$ 640,338	\$ 7,827,269	\$ 7,782,324	\$ 685,283
9/30/2022	685,283	6,927,184	6,699,426	913,041
9/30/2023	913,041	4,197,668	4,481,475	629,234

D. Contingencies

The City is a defendant in lawsuits. Although the outcome of the lawsuits is not presently determinable, it is the opinion of the City's management that the resolution of these matters will not have a materially adverse effect on the financial condition of the City.

The City participates in certain federal and state assisted grant programs. These programs are subject to program compliance audits by the grantors or their representatives. Accordingly, the City's compliance with applicable grant requirements will be established at a future date. The amount of expenditures which may be disallowed by the granting agencies cannot be determined at this time, although the City anticipates such amounts, if any, will be immaterial.

E. Encumbrances

Appropriations in all budgeted funds lapse at the end of the fiscal year even if they have related encumbrances. Encumbrances are commitments related to unperformed (executory) contracts for goods or services (i.e., purchase orders, contracts, and commitments). Encumbrance accounting is utilized to the extent necessary to assure effective budgetary control and accountability and to facilitate effective cash planning and control. While all appropriations and encumbrances lapse at year end, valid outstanding encumbrances (those for which performance under the executory contract is expected in the next year) are re-appropriated and become part of the subsequent year's budget pursuant to state regulations. At year-end the amount of encumbrances expected to be honored in the next year were as follows:

Fund	Amount
General	\$ 355,092
Capital improvements	22,950
Restricted	3,209
Non-major governmental	98,095
Utility fund	312,406
Internal service fund	1,092,144
Total	<u>\$ 1,883,896</u>

F. Southeast Water Purification Plant

The La Porte Area Water Authority ("Authority") and the City of Houston, Texas have entered into a Cost Sharing Water Project Contract (the "Contract") wherein the Authority, the Cities of La Porte, Morgan's Point, and Shoreacres agree to jointly finance the construction and operation of the Southeast Water Purification Plant (Southeast Plant). Under the terms of the Contract, the Authority purchased 4.2 million gallons per day production and 5.25 million gallons per day pumping capacity. The Cities of La Porte, Morgan's Point, and Shoreacres have agreed to demand and pumping allocations of the Authority's purchase of water from the Southeast Plant.

The required funds for the undivided interest in the Southeast Plant and the construction of a transmission and distribution system to transport water from the Southeast Plant were provided by issuance of \$9.8 million revenues bonds, which have been retired.

The water rate to be set by the Authority will not be less than an amount sufficient to provide for payment of all expenses in producing, treating, and pumping the water in connection with transmission and distribution systems and to provide payment for the interest and principal of all bonds when the bonds become due and payable.

G. Industrial Payments

In 1958, the City created an Industrial Zone adjacent to the City, which presently encompasses approximately 5,500 acres of land north of Highway 225 and bordering the Houston Ship Channel. The City annexed sufficient land to completely encircle this Industrial Zone, protecting it from annexation by any other municipality. The City entered into contracts with all of the industries located in the Zone whereby the City annexed a portion of the total value of each industry with the remainder constituting the protected Industrial District. In addition to the Industrial Zone north of Highway 225, which is referred to as the "Battleground Industrial District," the City contains an Industrial Zone on its south side referred to as the "Bayport Industrial District." The Bayport District, created in 1970, covers 2,500 acres.

The City and the Industries, many of which have come to the Industrial Zones since the original contracts, are presently under contracts, which extend to December 31, 2031. Under the terms of the current contracts, the industries make payments to the City each year in lieu of taxes. These annual in lieu payments are in an amount which, when added to the full City taxes on the annexed portion, equal 64% of what the City's taxes on the industry would be if 100% of the industry was in the City. The contracts contain a new construction clause that allows new plant facilities to make in lieu payments of 30% of the value of new additions. Currently, 162 companies participate in industrial district contracts. These contracts have served as a valuable economic tool for more than 50 years.

H. Fund Balance

Assigned fund balance of the General Fund at year-end consisted of the following:

Downtown assessment	\$	2,500
Automated traffic count system		9,200
Fabricate high water rescue vehicle		28,864
Certified public manager classes		9,000
Airtime for radio system		3,444
AED, Powerload and Lucas equipment		4,718
Outfitting of new Tahoe		10,584
Timber stakes		2,840
Brookglen playground repair		5,365
Holiday decorations		17,103
Tech lab vehicle install		7,188
Fitness equipment		28,654
Custom poly vault for Tahoes		3,125
CRS services		6,250
Comprehensive plan update		20,971
Software service agreement		54,023
2024 Freightliner M2106 w/dump body		20,015
Parking lot light repair at 5 points		3,446
Replace condensers at special programs center		30,592
Replacement of 52 ton chiller at City Hall		87,210
Total general fund assigned fund balance	\$	<u>355,092</u>

I. Subsequent Event

In January 2024, the City issued Certificates of Obligation, Series 2024 in the amount of \$13,840,000. The certificates have interest rates ranging from 1.5% to 2.55% and mature in March 2043. The proceeds from the certificates will be deposited in an escrow account and will be used to provide funding for Texas Water Development Board Project No. 73733.

J. New Accounting Standards

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

GASB Statement No. 99, Omnibus 2022 – The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

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.

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.

DRAFT



**REQUIRED
SUPPLEMENTARY INFORMATION**

CITY OF LA PORTE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes				
Property taxes and penalties	\$ 24,574,500	\$ 24,574,500	\$ 27,070,974	\$ 2,496,474
Other taxes	85,000	85,000	109,062	24,062
Licenses and permits	671,910	671,910	621,511	(50,399)
Fines and forfeitures	1,661,955	1,661,955	1,486,508	(175,447)
Sales and use taxes	6,500,000	6,500,000	8,622,567	2,122,567
Industrial payments	18,000,000	18,000,000	23,249,017	5,249,017
Franchise taxes	3,249,576	3,249,576	3,381,695	132,119
Intergovernmental revenues	-	-	32,646	32,646
Investment earnings	300,000	300,000	4,148,401	3,848,401
Charges for services	6,448,053	6,448,053	6,990,344	542,291
Miscellaneous	281,715	281,715	498,895	217,180
Total Revenues	<u>61,772,709</u>	<u>61,772,709</u>	<u>76,211,620</u>	<u>14,438,911</u>
EXPENDITURES				
Current:				
General government	14,884,520	13,112,860	12,245,651	867,209
Public safety	22,979,870	23,905,300	22,444,136	1,461,164
Public works	5,413,740	5,887,090	5,194,030	693,060
Health and sanitation	3,932,620	4,123,550	4,057,856	65,694
Culture and recreation	6,232,680	6,755,300	6,651,350	103,950
Capital outlay	451,640	399,411	629,112	(229,701)
Total Expenditures	<u>53,895,070</u>	<u>54,183,511</u>	<u>51,222,135</u>	<u>2,961,376</u>
Excess of revenues over expenditures	7,877,639	7,589,198	24,989,485	17,400,287
OTHER FINANCING SOURCES (USES)				
Sale of capital assets	57,500	57,500	48,851	(8,649)
Transfers in	57,500	57,500	57,500	-
Transfers out	(23,601,865)	(31,901,865)	(23,601,865)	8,300,000
Total Other Financing Sources (Uses)	<u>(23,486,865)</u>	<u>(31,786,865)</u>	<u>(23,495,514)</u>	<u>8,291,351</u>
NET CHANGE IN FUND BALANCE	(15,609,226)	(24,197,667)	1,493,971	25,691,638
FUND BALANCE - BEGINNING	<u>72,965,558</u>	<u>72,965,558</u>	<u>72,965,558</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 57,356,332</u>	<u>\$ 48,767,891</u>	<u>\$ 74,459,529</u>	<u>\$ 25,691,638</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
RESTRICTED FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Fines and forfeitures	\$ 149,100	\$ 149,100	\$ 284,200	\$ 135,100
Intergovernmental revenues	4,316,503	4,316,503	2,708,801	(1,607,702)
Investment earnings	20,000	20,000	733,650	713,650
Charges for services	148,000	148,000	154,671	6,671
Total Revenues	<u>4,633,603</u>	<u>4,633,603</u>	<u>3,881,322</u>	<u>(752,281)</u>
EXPENDITURES				
Current:				
General government	-	185,276	31,858	153,418
Public safety	-	441,438	245,680	195,758
Public works	-	5,661,924	195,942	5,465,982
Health and sanitation	-	-	19,612	(19,612)
Culture and recreation	115,000	119,218	28,589	90,629
Capital outlay	-	20,000	2,149,768	(2,129,768)
Total Expenditures	<u>115,000</u>	<u>6,427,856</u>	<u>2,671,449</u>	<u>3,756,407</u>
NET CHANGE IN FUND BALANCE	<u>4,518,603</u>	<u>(1,794,253)</u>	<u>1,209,873</u>	<u>3,004,126</u>
FUND BALANCE - BEGINNING	<u>3,033,583</u>	<u>3,033,583</u>	<u>3,033,583</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 7,552,186</u>	<u>\$ 1,239,330</u>	<u>\$ 4,243,456</u>	<u>\$ 3,004,126</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
LA PORTE REDEVELOPMENT AUTHORITY (TAX INCREMENT REINVESTMENT ZONE)

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Property taxes	\$ 7,759,547	\$ 7,759,547	\$ 6,647,845	\$ (1,111,702)
Investment earnings	1,000	1,000	744,773	743,773
Total Revenues	<u>7,760,547</u>	<u>7,760,547</u>	<u>7,392,618</u>	<u>(367,929)</u>
EXPENDITURES				
Current:				
General government	1,595,850	1,595,850	366,479	1,229,371
Debt Service:				
Principal	3,736,605	3,736,605	1,159,102	2,577,503
Interest and other charges	-	-	36,022	(36,022)
Total Expenditures	<u>5,332,455</u>	<u>5,332,455</u>	<u>1,561,603</u>	<u>3,770,852</u>
NET CHANGE IN FUND BALANCE	<u>2,428,092</u>	<u>2,428,092</u>	<u>5,831,015</u>	<u>3,402,923</u>
FUND BALANCE - BEGINNING	<u>14,965,548</u>	<u>14,965,548</u>	<u>14,965,548</u>	<u>-</u>
FUND BALANCE - ENDING	<u>\$ 17,393,640</u>	<u>\$ 17,393,640</u>	<u>\$ 20,796,563</u>	<u>\$ 3,402,923</u>

CITY OF LA PORTE, TEXAS

NOTES TO BUDGETARY SCHEDULES

SEPTEMBER 30, 2023

Budgetary Information - The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. The City Manager is required by charter to submit a proposed budget and accompanying message to City Council by August 1. The Council shall review and revise the proposed budget as they deem appropriate prior to circulation for the public hearing. A summary of the proposed budget and notice of the public hearing must be posted in City Hall and be published in the official newspaper at least 2 weeks prior to the hearing. Annual budgets for General, Debt Service, Special Revenue and Enterprise Funds are legally adopted by ordinance and must be done so no later than the last day of the fiscal year. Budgetary control for capital projects funds is achieved through legally binding construction contracts and project length budgets.

The level of budgetary control (the level at which expenditures cannot legally exceed the appropriated amount) is the total approved budget for each department. The City Manager is authorized to transfer part of all of any unencumbered appropriation balance among programs within a department. All other amendments and/or transfers must be approved by Council.

Annual appropriated budgets are adopted for general, special revenue, and debt service funds, using the same basis of accounting as for financial reporting. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt project-length budgets that cross fiscal years. The original budget is adopted by the City Council prior to the beginning of the year.

Appropriations lapse at the end of the year, excluding capital project budgets.

For the year ended September 30, 2023, expenditures exceeded the appropriations in following funds and functions:

General Fund: Capital outlay - \$229,701

Restricted Fund: Culture and recreation - \$19,612

All of the above overages were funded with existing fund balance.

CITY OF LA PORTE, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date December 31,	2022	2021	2020
Total pension liability			
Service cost	\$ 4,414,855	\$ 4,247,983	\$ 4,250,921
Interest on total pension liability	12,919,354	12,148,313	11,525,605
Difference between expected and actual experience	2,964,943	3,537,733	1,562,770
Change of assumptions	-	-	-
Benefit payments/refunds of contributions	(8,723,057)	(8,466,202)	(7,758,859)
Net Change in Total Pension Liability	11,576,095	11,467,827	9,580,437
Total Pension Liability, Beginning	193,551,939	182,084,112	172,503,675
Total Pension Liability, Ending (a)	\$ 205,128,034	\$ 193,551,939	\$ 182,084,112
Plan fiduciary net position			
Contributions - employer	\$ 4,385,025	\$ 4,208,884	\$ 4,253,719
Contributions - employee	1,907,653	1,832,156	1,848,227
Net investment income	(13,882,339)	22,231,038	12,153,293
Benefit payments/refunds of contributions	(8,723,057)	(8,466,202)	(7,758,859)
Administrative expenses	(120,189)	(102,886)	(78,663)
Other	143,423	703	(3,070)
Net Change in Fiduciary Position	(16,289,484)	19,703,693	10,414,647
Fiduciary Net Position, Beginning	190,273,006	170,569,313	160,154,666
Fiduciary Net Position, Ending (b)	173,983,522	190,273,006	170,569,313
Net pension liability = (a)-(b)	\$ 31,144,512	\$ 3,278,933	\$ 11,514,799
Fiduciary Net Position as a Percentage of Total Pension Liability	84.82%	98.31%	93.68%
Covered Payroll	\$ 27,252,192	\$ 26,173,650	\$ 26,403,236
Net Pension Liability as a Percentage of Covered Payroll	114.28%	12.53%	43.61%

Note: GASB Statement No. 68 requires 10 years of data to be provided in this schedule. As of year-end, all years are not available. Additional years will be added in the future as the information becomes available.

2019	2018	2017	2016	2015	2014
\$ 3,890,913 10,969,460	\$ 3,668,483 10,570,181	\$ 3,714,539 10,112,101	\$ 3,600,954 9,653,940	\$ 3,401,691 9,564,637	\$ 3,045,776 9,108,178
412,341 611,170 <u>(7,890,546)</u> 7,993,338	(1,410,118) - <u>(6,158,492)</u> 6,670,054	(658,901) - <u>(6,558,193)</u> 6,609,546	(40,363) - <u>(6,409,301)</u> 6,805,230	(500,190) (325,022) <u>(5,304,879)</u> 6,836,237	(761,946) - <u>(4,793,355)</u> 6,598,653
<u>164,510,337</u>	<u>157,840,283</u>	<u>151,230,737</u>	<u>144,425,507</u>	<u>137,589,270</u>	<u>130,990,617</u>
<u>\$ 172,503,675</u>	<u>\$ 164,510,337</u>	<u>\$ 157,840,283</u>	<u>\$ 151,230,737</u>	<u>\$ 144,425,507</u>	<u>\$ 137,589,270</u>
\$ 3,850,439 1,672,997 21,775,702 (7,890,546) (123,059) <u>(3,697)</u> 19,281,836	\$ 3,625,504 1,575,422 (4,381,890) (6,158,492) (84,698) <u>(4,424)</u> (5,428,578)	\$ 3,602,160 1,578,735 17,987,506 (6,558,193) (93,223) <u>(4,725)</u> 16,512,260	\$ 3,415,127 1,528,511 8,314,792 (6,409,301) (93,910) <u>(5,060)</u> 6,750,159	\$ 3,461,463 1,506,158 181,954 (5,304,879) (110,827) <u>(5,474)</u> (271,605)	\$ 3,534,991 1,460,768 6,665,254 (4,793,355) (69,591) <u>(5,722)</u> 6,792,345
<u>140,872,830</u>	<u>146,301,408</u>	<u>129,789,148</u>	<u>123,038,989</u>	<u>123,310,594</u>	<u>116,518,249</u>
<u>160,154,666</u>	<u>140,872,830</u>	<u>146,301,408</u>	<u>129,789,148</u>	<u>123,038,989</u>	<u>123,310,594</u>
<u>\$ 12,349,009</u>	<u>\$ 23,637,507</u>	<u>\$ 11,538,875</u>	<u>\$ 21,441,589</u>	<u>\$ 21,386,518</u>	<u>\$ 14,278,676</u>
92.84%	85.63%	92.69%	85.82%	85.19%	89.62%
\$ 23,899,954	\$ 22,506,030	\$ 22,553,362	\$ 21,823,962	\$ 21,421,227	\$ 20,708,639
51.67%	105.03%	51.16%	98.25%	99.84%	68.95%

CITY OF LA PORTE, TEXAS

SCHEDULE OF EMPLOYER CONTRIBUTIONS TEXAS MUNICIPAL RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal Year Ended September 30,	2023*	2022*	2021*
Actuarially determined contribution	\$ 3,619,878	\$ 4,123,313	\$ 4,046,260
Contributions in relation to the actuarially determined contribution	<u>(4,591,385)</u>	<u>(4,329,223)</u>	<u>(4,240,541)</u>
Contribution deficiency (excess)	(971,507)	(205,910)	(194,281)
Covered payroll	28,720,212	26,592,411	26,357,289
Contributions as a percentage of covered payroll	15.99%	16.28%	16.09%

* - the TMRS recommended contribution decreased in calendar year 2019 - 2023. The City maintained contributions at the 2019 calendar year rate in order to increase their funded status

NOTES TO SCHEDULE OF CONTRIBUTIONS

Valuation Date:

Actuarially determined contribution rates are calculated as of December 31st and become effective on January 1st, 13 months and a day 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	22 Years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.5%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
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

2020*	2019*	2018	2017	2016	2015	2014
\$ 3,815,501	\$ 3,655,811	\$ 3,616,211	\$ 3,566,725	\$ 3,551,472	\$ 3,489,185	\$ 3,496,424
<u>(3,987,213)</u>	<u>(3,759,780)</u>	<u>(3,616,211)</u>	<u>(3,566,725)</u>	<u>(3,551,472)</u>	<u>(3,489,185)</u>	<u>(3,496,424)</u>
(171,712)	(103,969)	-	-	-	-	-
24,749,926	23,338,178	22,496,785	22,446,058	22,512,615	21,323,383	20,543,616
16.11%	16.11%	16.07%	15.89%	15.78%	16.36%	17.02%

CITY OF LA PORTE, TEXAS

**SCHEDULE OF CITY'S PROPORTIONATE SHARE OF
THE NET PENSION LIABILITY AND RELATED RATIOS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date August 31,	2022	2021	2020
City's proportion of the net pension liability	1.363%	1.440%	1.335%
City's proportionate share of the net pension liability	\$ 559,240	\$ 154,284	\$ 336,565
City's covered payroll	20,758	103,530	62,235
City's proportionate share of the net pension liability as percentage of its covered payroll	2694.1%	149.0%	540.8%
Plan fiduciary net position as a percentage of the total pension liability	75.2%	93.1%	83.2%

Ten years of data should be presented but data was unavailable prior to 2014.

2019	2018	2017	2016	2015	2014
0.924%	0.630%	0.653%	0.780%	0.982%	0.721%
\$ 261,913	\$ 136,398	\$ 156,731	\$ 227,199	\$ 262,121	\$ 131,018
63,435	29,175	27,694	15,498	18,617	18,420
412.9%	467.5%	565.9%	1466.0%	1408.0%	711.3%
84.3%	81.4%	76.3%	76.9%	76.9%	83.5%

DRAFT

CITY OF LA PORTE, TEXAS

SCHEDULE OF CITY'S CONTRIBUTIONS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Fiscal Year Ended September 30,	<u>2023</u>	<u>2022</u>	<u>2021</u>
Contractually require contribution	\$ 67,200	\$ 103,530	\$ 62,235
Contributions in relation to the contractually required contribution	<u>(67,200)</u>	<u>(103,530)</u>	<u>(62,235)</u>
Contribution deficiency (excess)	-	-	-
City's covered payroll	22,293	103,530	63,435
Contribution as a percentage of covered payroll	301.4%	100.0%	98.1%

DRAFT

2020	2019	2018	2017	2016	2015	2014
\$ 64,435	\$ 30,180	\$ 40,265	\$ 26,495	\$ 38,095	\$ 48,820	\$ 26,055
<u>(64,435)</u>	<u>(30,180)</u>	<u>(40,265)</u>	<u>(26,495)</u>	<u>(38,095)</u>	<u>(48,820)</u>	<u>(26,055)</u>
-	-	-	-	-	-	-
63,435	29,175	27,694	15,498	18,617	18,420	18,617
101.6%	103.4%	145.4%	171.0%	204.6%	265.0%	140.0%

CITY OF LA PORTE, TEXAS

**SCHEDULE OF CHANGES IN TMRS OTHER POST-EMPLOYMENT BENEFIT LIABILITY
AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date December 31,	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 57,230	\$ 2,403,970	\$ 2,066,931	\$ 1,618,763	\$ 1,671,651	\$ 1,424,797
Interest on total OPEB liability	30,232	1,235,691	1,630,780	1,855,034	1,583,194	1,611,153
Differences in actuarial experience	(15,611)	47,289	(5,230,642)	(601,446)	(31,749)	(43,219)
Change of assumptions	(580,343)	1,904,327	4,987,807	7,102,096	(147,052)	3,495,450
Benefit payments	<u>(24,527)</u>	<u>(1,245,198)</u>	<u>(1,034,681)</u>	<u>(762,083)</u>	<u>(996,520)</u>	<u>(1,140,414)</u>
Net change in total OPEB liability	(533,019)	4,346,079	2,420,195	9,212,364	2,079,524	5,347,767
Total OPEB liability, beginning	<u>1,626,681</u>	<u>61,205,148</u>	<u>58,784,953</u>	<u>49,572,589</u>	<u>47,493,065</u>	<u>42,145,298</u>
Total OPEB liability, ending (a)	<u>\$ 1,093,662</u>	<u>\$ 65,551,227</u>	<u>\$ 61,205,148</u>	<u>\$ 58,784,953</u>	<u>\$ 49,572,589</u>	<u>\$ 47,493,065</u>
Covered employee payroll	\$ 27,252,192	\$ 23,720,465	\$ 23,404,058	\$ 23,900,629	\$ 22,506,030	\$ 21,799,361
Total OPEB liability as a percentage of covered payroll	4.01%	276.35%	261.52%	245.96%	220.26%	217.86%

NOTES TO SCHEDULE

Ten years of data should be presented but data was unavailable prior to 2017.

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Methods and Assumptions Used to Determine Contribution Rates:

Inflation 2.50%
Salary increases 3.50% to 11.50% including inflation
Discount rate 4.05%
Administrative expenses All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.

Mortality rates - service retirees 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Mortality rates - disabled retirees 2019 Municipal Retirees of Texas Mortality Tables with a 4 year setforward 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 3% floor.

Other information The discount rate was based on Fidelity's Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

Note: The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period of December 31, 2014 to December 31, 2018.

CITY OF LA PORTE, TEXAS

**SCHEDULE OF CHANGES IN CITY RETIREE HEALTH OTHER POST-EMPLOYMENT BENEFIT
LIABILITY AND RELATED RATIOS**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Measurement Date December 31,	2022	2021	2020	2019	2018	2017
Total OPEB liability						
Service cost	\$ 2,678,748	\$ 2,403,970	\$ 2,066,931	\$ 1,618,763	\$ 1,671,651	\$ 1,424,797
Interest on total OPEB liability	1,219,759	1,235,691	1,630,780	1,855,034	1,583,194	1,611,153
Difference in actuarial experience	(4,401,377)	47,289	(5,230,642)	(601,446)	(31,749)	(43,219)
Change of assumptions	(19,151,095)	1,904,327	4,987,807	7,102,096	(147,052)	3,495,450
Benefit payments	(1,198,700)	(1,245,198)	(1,034,681)	(762,083)	(996,520)	(1,140,414)
Net change in total OPEB liability	(20,852,665)	4,346,079	2,420,195	9,212,364	2,079,524	5,347,767
Total OPEB liability, beginning	65,551,227	61,205,148	58,784,953	49,572,589	47,493,065	42,145,298
Total OPEB liability, ending (a)	\$ 44,698,562	\$ 65,551,227	\$ 61,205,148	\$ 58,784,953	\$ 49,572,589	\$ 47,493,065
Plan fiduciary net position						
Contributions - employer	\$ 1,698,700	\$ -	\$ -	\$ -	\$ -	\$ -
Net investment income	3,670	-	-	-	-	-
Benefit payments/refunds of contributions	(1,198,700)	-	-	-	-	-
Net Change in Fiduciary Position	503,670	-	-	-	-	-
Fiduciary Net Position, Beginning	-	-	-	-	-	-
Fiduciary Net Position, Ending (b)	\$ 503,670	\$ -	\$ -	\$ -	\$ -	\$ -
Net OPEB liability = (a)-(b)	\$ 44,194,892	\$ 65,551,227	\$ 61,205,148	\$ 58,784,953	\$ 49,572,589	\$ 47,493,065
Plan fiduciary net position as a percentage of total OPEB liability	1.14%	0%	0%	0%	0%	0%
Covered employee payroll	\$ 24,835,226	\$ 23,720,465	\$ 23,404,058	\$ 23,900,629	\$ 22,506,030	\$ 21,799,361
Total OPEB liability as a percentage of covered payroll	179.98%	276.35%	261.52%	245.96%	220.26%	217.86%

NOTES TO SCHEDULE

Single discount rate each year 4.05% 1.84% 2.00% 2.75% 3.71% 3.31%

Ten years of data should be presented but data was unavailable prior to 2017.

Valuation Date: December 31, 2022

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Individual entry-age
Discount rate	1.84% as of December 31, 2021
Single discount rate	4.05%
Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Salary increases	3.50% to 11.50% including inflation
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.
Health care trend rates	Pre-65: Initial rate of 7.00% declining to an ultimate rate of 4.25% after 15 years; Post-65: Initial rate of 6.10% declining to an ultimate rate of 4.25% after 11 years.
Participation rates	It was assumed that the plan participation would vary based on the amount of the subsidy provided. For eligible retirees with over 30 years of service, 95% were assumed to participate in the plan at retirement. For employees with less than 30 years of service, the assumed participation rate is equal to the percentage of premium the City subsidizes.
Other information	The discount rate changed from 1.84% as of December 31, 2022 to 4.05% as of December 31, FY 2023 - The health care trend assumption was modified. FY 2021 - The two-person coverage rates were updated. FY 2020 - The demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to reflect the repeal of the excise tax on high-cost employer health plans. FY 2019 - The health care trend assumption was modified.



SUPPLEMENTARY INFORMATION

Comparative Schedules – Governmental Funds

General Fund
Restricted Fund
La Porte Redevelopment Authority
Debt Service Fund
Capital Improvements Fund

Combining Statements and Individual Fund Schedules - Nonmajor Governmental Funds

Hotel/Motel Occupancy Tax Fund - will account for the accumulation of resources from the Hotel/Motel Tax assessment levied by the City. These monies are to be spent to promote the development or progress of the City within the guidelines set forth on disposition of revenues collected under the authority of the Texas Hotel Occupancy Act (Article 1369; Vernon's Texas Civil Statutes).

Section 4B Sales Tax Fund- will account for funds received from the ½ cent sales tax dedicated to certain economic and infrastructure projects.

Street Maintenance Sales Tax Fund- will account for the additional sales tax collected for street maintenance.

Emergency Services Sales Tax Fund- will account for the additional sales tax collected for emergency maintenance.

2006 Certificates of Obligation Fund- will account for the proceeds and expenditures related to the Police Facility, a Sports Complex, South La Porte Trunk Sewer and various other Water/Sewer projects.

2010 Certificates of Obligation Fund- will account for the proceeds and expenditures related to street, drainage and park improvements.

2015 Certificates of Obligation Fund- will account for bond proceeds and the expenditure of those funds for the construction of and improvements to the wastewater system.

2017 Certificates of Obligation Fund- to account for bond proceeds and the expenditure of those funds for water and sewer improvements, and street and drainage improvements.

2021 Certificates of Obligation Fund- will account for bond proceeds and the expenditure of those funds for water and sewer improvements, and street and drainage improvements.

Drainage Improvements Fund - to account for the proceeds and expenditures related to the drainage fees collected.

CITY OF LA PORTE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

SEPTEMBER 30, 2023

	Special Revenue Funds			
	Hotel - Motel Occupancy Tax Fund	Section 4B Sales Tax	Street Maintenance Sales Tax	Emergency Services Sales Tax
ASSETS				
Cash and cash equivalents	\$ 68,301	\$ 1,377,844	\$ 80,227	\$ 114,756
Investments	1,962,629	8,448,845	2,305,318	3,297,512
Receivables	109,740	835,568	411,719	413,558
Total Assets	<u>\$ 2,140,670</u>	<u>\$ 10,662,257</u>	<u>\$ 2,797,264</u>	<u>\$ 3,825,826</u>
LIABILITIES				
Accounts payable	\$ 15,465	\$ 477	\$ -	\$ 67,634
Accrued salaries	2,863	1,798	-	4,700
Due to others	-	-	-	-
Unearned revenues	-	100	-	-
Total Liabilities	<u>18,328</u>	<u>2,375</u>	<u>-</u>	<u>72,334</u>
FUND BALANCES				
Restricted for:				
Debt service	-	1,083,817	-	-
Economic development	2,122,342	9,576,065	-	-
Public safety	-	-	-	3,753,492
Capital projects	-	-	-	-
Public works	-	-	2,797,264	-
Committed to:				
Capital projects	-	-	-	-
Total Fund Balances	<u>2,122,342</u>	<u>10,659,882</u>	<u>2,797,264</u>	<u>3,753,492</u>
Total Liabilities and Fund Balances	<u>\$ 2,140,670</u>	<u>\$ 10,662,257</u>	<u>\$ 2,797,264</u>	<u>\$ 3,825,826</u>

Capital Projects Funds						Total Nonmajor Governmental Funds
2006 Certificates of Obligation	2010 Certificates of Obligation	2015 Certificates of Obligation	2017 Certificates of Obligation	2021 Certificates of Obligation	Drainage Improvements	
\$ -	\$ 351,505	\$ 2,686,911	\$ 10,500,265	\$ 21,785,330	\$ 236,916	\$ 37,202,055
-	598,505	203,819	2,857	-	6,807,797	23,627,282
-	1,876	639	9	22,779	46,133	1,842,021
<u>\$ -</u>	<u>\$ 951,886</u>	<u>\$ 2,891,369</u>	<u>\$ 10,503,131</u>	<u>\$ 21,808,109</u>	<u>\$ 7,090,846</u>	<u>\$ 62,671,358</u>
\$ -	\$ -	\$ -	\$ 404,949	\$ 153,006	\$ 189,074	\$ 830,605
-	-	-	-	-	-	9,361
-	4,222	64,602	-	494,096	-	562,920
-	-	-	-	-	-	100
<u>-</u>	<u>4,222</u>	<u>64,602</u>	<u>404,949</u>	<u>647,102</u>	<u>189,074</u>	<u>1,402,986</u>
-	-	-	-	-	-	1,083,817
-	-	-	-	-	-	11,698,407
-	-	-	-	-	-	3,753,492
-	947,664	2,826,767	10,098,182	21,161,007	-	35,033,620
-	-	-	-	-	-	2,797,264
-	-	-	-	-	6,901,772	6,901,772
<u>-</u>	<u>947,664</u>	<u>2,826,767</u>	<u>10,098,182</u>	<u>21,161,007</u>	<u>6,901,772</u>	<u>61,268,372</u>
<u>\$ -</u>	<u>\$ 951,886</u>	<u>\$ 2,891,369</u>	<u>\$ 10,503,131</u>	<u>\$ 21,808,109</u>	<u>\$ 7,090,846</u>	<u>\$ 62,671,358</u>

CITY OF LA PORTE, TEXAS

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

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Special Revenue Funds			
	Hotel - Motel Occupancy Tax Fund	Section 4B Sales Tax	Street Maintenance Sales Tax	Emergency Services Sales Tax
REVENUES				
Sales and use taxes	\$ 732,165	\$ 4,319,253	\$ 2,159,673	\$ 2,138,842
Investment earnings	84,342	355,288	96,790	131,696
Charges for services	-	-	-	-
Miscellaneous	11,710	-	-	-
Total Revenues	<u>828,217</u>	<u>4,674,541</u>	<u>2,256,463</u>	<u>2,270,538</u>
EXPENDITURES				
Current:				
General government	552,356	203,159	-	-
Public safety	-	-	-	1,436,316
Public works	-	-	36,659	-
Capital outlay	-	-	2,176,854	-
Total Expenditures	<u>552,356</u>	<u>203,159</u>	<u>2,213,513</u>	<u>1,436,316</u>
Excess (Deficiency) of Revenue Over Expenditures	<u>275,861</u>	<u>4,471,382</u>	<u>42,950</u>	<u>834,222</u>
OTHER FINANCING SOURCES (USES)				
Transfer in	-	-	-	-
Transfer out	(257,500)	(3,210,255)	-	-
Total Other Financing Sources (Uses)	<u>(257,500)</u>	<u>(3,210,255)</u>	<u>-</u>	<u>-</u>
NET CHANGE IN FUND BALANCES	<u>18,361</u>	<u>1,261,127</u>	<u>42,950</u>	<u>834,222</u>
FUND BALANCES - BEGINNING	<u>2,103,981</u>	<u>9,398,755</u>	<u>2,754,314</u>	<u>2,919,270</u>
FUND BALANCES - ENDING	<u>\$ 2,122,342</u>	<u>\$ 10,659,882</u>	<u>\$ 2,797,264</u>	<u>\$ 3,753,492</u>

Capital Projects Funds						Total Nonmajor Governmental Funds
2006 Certificates of Obligation	2010 Certificates of Obligation	2015 Certificates of Obligation	2017 Certificates of Obligation	2021 Certificates of Obligation	Drainage Improvements	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,349,933
-	11,820	55,418	162,300	211,448	283,350	1,392,452
-	-	-	-	-	285,746	285,746
-	-	-	-	-	-	11,710
-	11,820	55,418	162,300	211,448	569,096	11,039,841
-	-	-	-	-	-	755,515
-	-	-	-	-	-	1,436,316
-	-	-	6,850	-	61,536	105,045
-	205,283	8,875	16,974	200,206	406,108	3,014,300
-	205,283	8,875	23,824	200,206	467,644	5,311,176
-	(193,463)	46,543	138,476	11,242	101,452	5,728,665
-	700,000	-	-	7,600,000	1,250,000	9,550,000
(7,718)	-	-	-	-	-	(3,475,473)
(7,718)	700,000	-	-	7,600,000	1,250,000	6,074,527
(7,718)	506,537	46,543	138,476	7,611,242	1,351,452	11,803,192
7,718	441,127	2,780,224	9,959,706	13,549,765	5,550,320	49,465,180
\$ -	\$ 947,664	\$ 2,826,767	\$ 10,098,182	\$ 21,161,007	\$ 6,901,772	\$ 61,268,372

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DEBT SERVICE FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Taxes				
Property taxes	\$ 3,771,443	\$ 4,159,610	\$ 388,167	\$ 4,014,145
Investment earnings	10,000	142,622	132,622	19,595
Total Revenues	<u>3,781,443</u>	<u>4,302,232</u>	<u>520,789</u>	<u>4,033,740</u>
EXPENDITURES				
Debt Service:				
Principal	3,970,000	3,970,000	-	3,820,000
Interest and other charges	<u>1,049,488</u>	<u>1,049,488</u>	<u>-</u>	<u>1,207,195</u>
Total Expenditures	<u>5,019,488</u>	<u>5,019,488</u>	<u>-</u>	<u>5,027,195</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>785,255</u>	<u>792,973</u>	<u>7,718</u>	<u>1,218,752</u>
Total Other Financing Sources (Uses)	<u>785,255</u>	<u>792,973</u>	<u>7,718</u>	<u>1,218,752</u>
NET CHANGE IN FUND BALANCE	(452,790)	75,717	528,507	225,297
FUND BALANCE - BEGINNING	<u>4,709,222</u>	<u>4,709,222</u>	<u>-</u>	<u>4,483,925</u>
FUND BALANCE - ENDING	<u>\$ 4,256,432</u>	<u>\$ 4,784,939</u>	<u>\$ 528,507</u>	<u>\$ 4,709,222</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
CAPITAL IMPROVEMENTS FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Investment earnings	\$ 7,500	\$ 861,340	\$ 853,840	\$ 12,499
Total Revenues	<u>7,500</u>	<u>861,340</u>	<u>853,840</u>	<u>12,499</u>
EXPENDITURES				
Current:				
Public safety	-	19,937	(19,937)	237,818
Culture and recreation	-	253,100	(253,100)	-
Capital outlay	<u>12,938,629</u>	<u>2,699,193</u>	<u>10,239,436</u>	<u>5,147,543</u>
Total Expenditures	<u>12,938,629</u>	<u>2,972,230</u>	<u>9,966,399</u>	<u>5,385,361</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	<u>13,707,420</u>	<u>13,707,420</u>	-	<u>5,431,031</u>
Total Other Financing Sources (Uses)	<u>13,707,420</u>	<u>13,707,420</u>	-	<u>5,431,031</u>
NET CHANGE IN FUND BALANCE	776,291	11,596,530	(9,112,559)	58,169
FUND BALANCE - BEGINNING	<u>13,768,478</u>	<u>13,768,478</u>	-	<u>13,710,309</u>
FUND BALANCE - ENDING	<u>\$ 14,544,769</u>	<u>\$ 25,365,008</u>	<u>\$ (9,112,559)</u>	<u>\$ 13,768,478</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
HOTEL/MOTEL TAX

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Sales and use taxes	\$ 625,000	\$ 732,165	\$ 107,165	\$ 719,625
Investment earnings	2,000	84,342	82,342	1,790
Miscellaneous	-	11,710	11,710	11,945
Total Revenues	<u>627,000</u>	<u>828,217</u>	<u>201,217</u>	<u>733,360</u>
EXPENDITURES				
Current:				
General government	<u>672,577</u>	<u>552,356</u>	<u>120,221</u>	<u>505,339</u>
Total Expenditures	<u>672,577</u>	<u>552,356</u>	<u>120,221</u>	<u>505,339</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>(257,500)</u>	<u>(257,500)</u>	-	<u>(397,500)</u>
Total Other Financing Sources (Uses)	<u>(257,500)</u>	<u>(257,500)</u>	-	<u>(397,500)</u>
NET CHANGE IN FUND BALANCE	(303,077)	18,361	80,996	(169,479)
FUND BALANCE - BEGINNING	<u>2,103,981</u>	<u>2,103,981</u>	-	<u>2,273,460</u>
FUND BALANCE - ENDING	<u>\$ 1,800,904</u>	<u>\$ 2,122,342</u>	<u>\$ 80,996</u>	<u>\$ 2,103,981</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
SECTION 4B SALES TAX

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Sales and use taxes	\$ 3,250,000	\$ 4,319,253	\$ 1,069,253	\$ 3,791,256
Investment earnings	4,000	355,288	351,288	5,124
Total Revenues	<u>3,254,000</u>	<u>4,674,541</u>	<u>1,420,541</u>	<u>3,796,380</u>
EXPENDITURES				
Current:				
General government	662,257	203,159	459,098	174,916
Total Expenditures	<u>662,257</u>	<u>203,159</u>	<u>459,098</u>	<u>174,916</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	(3,210,255)	(3,210,255)	12,245,651	(2,569,783)
Total Other Financing Sources (Uses)	<u>(3,210,255)</u>	<u>(3,210,255)</u>	<u>12,245,651</u>	<u>(2,569,783)</u>
NET CHANGE IN FUND BALANCE	(618,512)	1,261,127	13,207,094	1,051,681
FUND BALANCE - BEGINNING	<u>9,398,755</u>	<u>9,398,755</u>	<u>-</u>	<u>8,347,074</u>
FUND BALANCE - ENDING	<u>\$ 8,780,243</u>	<u>\$ 10,659,882</u>	<u>\$ 13,207,094</u>	<u>\$ 9,398,755</u>

CITY OF LA PORTE, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
STREET MAINTENANCE SALES TAX FUND****FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Sales and use taxes	\$ 1,625,000	\$ 2,159,673	\$ 534,673	\$ 1,895,628
Investment earnings	3,000	96,790	-	4,523
Total Revenues	<u>1,628,000</u>	<u>2,256,463</u>	<u>534,673</u>	<u>1,900,151</u>
EXPENDITURES				
Current:				
Public works	5,000	36,659	(31,659)	5,000
Capital outlay	<u>1,370,000</u>	<u>2,176,854</u>	<u>(806,854)</u>	<u>4,603,961</u>
Total Expenditures	<u>1,375,000</u>	<u>2,213,513</u>	<u>(838,513)</u>	<u>4,608,961</u>
NET CHANGE IN FUND BALANCE	253,000	42,950	(210,050)	(2,708,810)
FUND BALANCE - BEGINNING	<u>2,754,314</u>	<u>2,754,314</u>	<u>-</u>	<u>5,463,124</u>
FUND BALANCE - ENDING	<u>\$ 3,007,314</u>	<u>\$ 2,797,264</u>	<u>\$ (210,050)</u>	<u>\$ 2,754,314</u>

CITY OF LA PORTE, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
EMERGENCY SERVICES SALES TAX FUND****FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Sales and use taxes	\$ 1,625,000	\$ 2,138,842	\$ 513,842	\$ 1,885,055
Investment earnings	2,500	131,696	-	1,271
Total Revenues	<u>1,627,500</u>	<u>2,270,538</u>	<u>513,842</u>	<u>1,886,326</u>
EXPENDITURES				
Current:				
Public safety	1,737,790	1,436,316	301,474	1,261,081
Capital outlay	-	-	-	53,016
Total Expenditures	<u>1,737,790</u>	<u>1,436,316</u>	<u>301,474</u>	<u>1,314,097</u>
NET CHANGE IN FUND BALANCE	(110,290)	834,222	944,512	572,229
FUND BALANCE - BEGINNING	<u>2,919,270</u>	<u>2,919,270</u>	-	<u>2,347,041</u>
FUND BALANCE - ENDING	<u>\$ 2,808,980</u>	<u>\$ 3,753,492</u>	<u>\$ 944,512</u>	<u>\$ 2,919,270</u>

CITY OF LA PORTE, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2006 CERTIFICATES OF OBLIGATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Investment earnings	\$ -	\$ -	\$ -	\$ -
Total Revenues	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(7,718)	7,718	-
Total Other Financing Sources (Uses)		(7,718)	7,718	-
NET CHANGE IN FUND BALANCE	-	(7,718)	(7,718)	-
FUND BALANCE - BEGINNING	7,718	7,718	-	7,718
FUND BALANCE - ENDING	\$ 7,718	\$ -	\$ (7,718)	\$ 7,718

CITY OF LA PORTE, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2010 CERTIFICATES OF OBLIGATION**

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Investment earnings	\$ -	\$ 11,820	\$ -	\$ 3,926
Total Revenues	-	11,820	-	3,926
EXPENDITURES				
Current:				
Capital outlay	-	205,283	(205,283)	250,281
Total Expenditures	-	205,283	(205,283)	250,281
OTHER FINANCING SOURCES (USES)				
Transfers in	700,000	700,000	-	-
Total Other Financing Sources (Uses)	700,000	700,000	-	-
NET CHANGE IN FUND BALANCE	-	506,537	506,537	(246,355)
FUND BALANCE - BEGINNING	441,127	441,127	-	687,482
FUND BALANCE - ENDING	\$ 441,127	\$ 947,664	\$ 506,537	\$ 441,127

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2015 CERTIFICATES OF OBLIGATION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Investment earnings	\$ -	\$ 55,418	\$ -	\$ 17,096
Total Revenues	-	55,418	-	17,096
EXPENDITURES				
Current:				
Capital outlay	-	8,875	(8,875)	(121,456)
Total Expenditures	-	8,875	(8,875)	(121,456)
NET CHANGE IN FUND BALANCE	-	46,543	46,543	138,552
FUND BALANCE - BEGINNING	2,780,224	2,780,224	-	2,641,672
FUND BALANCE - ENDING	\$ 2,780,224	\$ 2,826,767	\$ 46,543	\$ 2,780,224

CITY OF LA PORTE, TEXAS**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2017 CERTIFICATES OF OBLIGATION****FOR THE YEAR ENDED SEPTEMBER 30, 2023**

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Investment earnings	\$ -	\$ 162,300	\$ (162,300)	\$ 42,943
Total Revenues	-	162,300	(162,300)	42,943
EXPENDITURES				
Current:				
Public works	-	6,850	(6,850)	24,457
Capital outlay	-	16,974	(16,974)	6,550
Total Expenditures	-	23,824	(23,824)	31,007
NET CHANGE IN FUND BALANCE	-	138,476	138,476	11,936
FUND BALANCE - BEGINNING	9,959,706	9,959,706	-	9,947,770
FUND BALANCE - ENDING	\$ 9,959,706	\$ 10,098,182	\$ 138,476	\$ 9,959,706

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
2021 CERTIFICATES OF OBLIGATION

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Investment earnings	\$ -	\$ 211,448	\$ -	\$ 79,646
Total Revenues	-	211,448	-	79,646
EXPENDITURES				
Current:				
Capital outlay	19,400,000	200,206	19,199,794	30,600
Total Expenditures	19,400,000	200,206	19,199,794	30,600
OTHER FINANCING SOURCES (USES)				
Transfers in	7,600,000	7,600,000	-	-
Total Other Financing Sources (Uses)	7,600,000	7,600,000	-	-
NET CHANGE IN FUND BALANCE	(11,800,000)	7,611,242	(19,199,794)	49,046
FUND BALANCE - BEGINNING	13,549,765	13,549,765	-	13,500,719
FUND BALANCE - ENDING	\$ 1,749,765	\$ 21,161,007	\$ (19,199,794)	\$ 13,549,765

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
BUDGET AND ACTUAL
DRAINAGE IMPROVEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Final Budget	GAAP Actual	Positive (Negative)	2022
REVENUES				
Investment earnings	\$ 2,000	\$ 283,350	\$ 281,350	\$ 2,923
Charges for services	290,000	285,746	(4,254)	292,894
Total Revenues	<u>292,000</u>	<u>569,096</u>	<u>277,096</u>	<u>295,817</u>
EXPENDITURES				
Current:				
Public works	-	61,536	(61,536)	-
Capital outlay	<u>1,620,000</u>	<u>406,108</u>	<u>1,213,892</u>	<u>1,351,560</u>
Total Expenditures	<u>1,620,000</u>	<u>467,644</u>	<u>1,152,356</u>	<u>1,351,560</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	<u>1,250,000</u>	<u>1,250,000</u>	-	<u>1,600,000</u>
Total Other Financing Sources (Uses)	<u>1,250,000</u>	<u>1,250,000</u>	-	<u>1,600,000</u>
NET CHANGE IN FUND BALANCE	(78,000)	1,351,452	(875,260)	544,257
FUND BALANCE - BEGINNING	<u>5,550,320</u>	<u>5,550,320</u>	-	<u>5,006,063</u>
FUND BALANCE - ENDING	<u>\$ 5,472,320</u>	<u>\$ 6,901,772</u>	<u>\$ (875,260)</u>	<u>\$ 5,550,320</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF REVENUES
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
REVENUES				
Taxes:				
Ad valorem:				
Current and delinquent	\$ 24,344,500	\$ 24,344,500	\$ 26,798,809	\$ 2,454,309
Penalty and interest	230,000	230,000	272,165	42,165
Total ad valorem	<u>24,574,500</u>	<u>24,574,500</u>	<u>27,070,974</u>	<u>2,496,474</u>
Industrial payments	18,000,000	18,000,000	23,249,017	5,249,017
Sales taxes	6,500,000	6,500,000	8,622,567	2,122,567
Other taxes	85,000	85,000	109,062	24,062
Franchise taxes:				
Electrical	2,559,576	2,559,576	2,677,759	118,183
Gas	135,000	135,000	203,366	68,366
Telephone	170,000	170,000	65,813	(104,187)
Cable	285,000	285,000	285,618	618
Commercial solidwaste	<u>100,000</u>	<u>100,000</u>	<u>149,139</u>	<u>49,139</u>
Total franchise taxes	<u>3,249,576</u>	<u>3,249,576</u>	<u>3,381,695</u>	<u>132,119</u>
Charges for services:				
Public safety service fees	730,890	730,890	713,862	(17,028)
Health and sanitation service fees	3,462,500	3,462,500	3,918,090	455,590
Culture and recreation fees	1,764,225	1,764,225	1,890,807	126,582
Other service fees	<u>490,438</u>	<u>490,438</u>	<u>467,585</u>	<u>(22,853)</u>
Total charges for services	<u>6,448,053</u>	<u>6,448,053</u>	<u>6,990,344</u>	<u>542,291</u>
Intergovernmental	-	-	32,646	32,646
Licenses and permits:				
Building permits	651,685	651,685	594,162	(57,523)
Licenses	<u>20,225</u>	<u>20,225</u>	<u>27,349</u>	<u>7,124</u>
Total licenses and permits	<u>671,910</u>	<u>671,910</u>	<u>621,511</u>	<u>(50,399)</u>
Investment earnings	300,000	300,000	4,148,401	3,848,401
Fines and forfeitures	1,661,955	1,661,955	1,486,508	(175,447)
Miscellaneous	<u>281,715</u>	<u>281,715</u>	<u>498,895</u>	<u>217,180</u>
Total revenues	<u>\$ 61,772,709</u>	<u>\$ 61,772,709</u>	<u>\$ 76,211,620</u>	<u>\$ 14,438,911</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
General government:				
Administration:				
Emergency management:				
Personal services	\$ 265,616	\$ 303,233	\$ 303,231	\$ 2
Supplies	22,100	28,827	23,826	5,001
Other services and charges	119,477	104,476	98,637	5,839
Capital outlay	<u>82,000</u>	<u>77,954</u>	<u>48,140</u>	<u>29,814</u>
Total emergency management	<u>489,193</u>	<u>514,490</u>	<u>473,834</u>	<u>40,656</u>
General administration:				
Personal services	543,141	627,587	625,758	1,829
Supplies	4,050	11,350	12,883	(1,533)
Other services and charges	<u>27,504</u>	<u>20,204</u>	<u>55,968</u>	<u>(35,764)</u>
Total general administration	<u>574,695</u>	<u>659,141</u>	<u>694,609</u>	<u>(35,468)</u>
Community investment:				
Supplies	40,500	29,300	29,235	65
Other services and charges	<u>91,600</u>	<u>56,100</u>	<u>103,455</u>	<u>(47,355)</u>
Total community investment	<u>132,100</u>	<u>85,400</u>	<u>132,690</u>	<u>(47,290)</u>
Human resources:				
Personal services	369,923	402,552	415,850	(13,298)
Supplies	3,750	3,750	3,270	480
Other services and charges	<u>221,822</u>	<u>221,822</u>	<u>143,050</u>	<u>78,772</u>
Total human resources	<u>595,495</u>	<u>628,124</u>	<u>562,170</u>	<u>65,954</u>
Information technology:				
Personal services	726,658	793,921	702,030	91,891
Supplies	1,324	1,412	1,790	(378)
Other services and charges	<u>1,809,870</u>	<u>1,939,937</u>	<u>1,743,760</u>	<u>196,177</u>
Total information technology	<u>2,537,852</u>	<u>2,735,270</u>	<u>2,447,580</u>	<u>287,690</u>
Municipal court:				
Personal services	942,947	1,042,865	967,750	75,115
Supplies	27,775	27,775	21,920	5,855
Other services and charges	<u>104,664</u>	<u>104,664</u>	<u>93,620</u>	<u>11,044</u>
Total municipal court	<u>1,075,386</u>	<u>1,175,304</u>	<u>1,083,290</u>	<u>92,014</u>
Purchasing:				
Personal services	324,107	356,200	356,070	130
Supplies	2,450	2,250	1,020	1,230
Other services and charges	<u>7,561</u>	<u>7,761</u>	<u>6,770</u>	<u>991</u>
Total purchasing	<u>334,118</u>	<u>366,211</u>	<u>363,860</u>	<u>2,351</u>
City secretary:				
Personal services	440,232	496,275	496,270	5
Supplies	6,450	6,450	4,640	1,810
Other services and charges	<u>99,717</u>	<u>89,670</u>	<u>69,580</u>	<u>20,090</u>
Total city secretary	<u>546,399</u>	<u>592,395</u>	<u>570,490</u>	<u>21,905</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Legal:				
Personal services	\$ 156,930	\$ 156,930	\$ 155,930	\$ 1,000
Other services and charges	<u>51,500</u>	<u>51,113</u>	<u>36,300</u>	<u>14,813</u>
Total legal	<u>208,430</u>	<u>208,043</u>	<u>192,230</u>	<u>15,813</u>
City council:				
Personal services	38,754	37,554	37,460	94
Supplies	12,500	12,500	12,360	140
Other services and charges	<u>25,563</u>	<u>26,450</u>	<u>26,450</u>	<u>-</u>
Total city council	<u>76,817</u>	<u>76,504</u>	<u>76,270</u>	<u>234</u>
Total administration	<u>6,570,485</u>	<u>7,040,882</u>	<u>6,597,023</u>	<u>443,859</u>
Finance:				
Accounting:				
Personal services	797,658	874,217	860,050	14,167
Supplies	8,525	8,525	8,380	145
Other services and charges	<u>83,628</u>	<u>82,834</u>	<u>51,480</u>	<u>31,354</u>
Total accounting	<u>889,811</u>	<u>965,576</u>	<u>919,910</u>	<u>45,666</u>
Nondepartmental:				
Personal services	967,368	1,053,341	1,053,340	1
Supplies	6,000	6,208	6,210	(2)
Other services and charges	<u>4,069,519</u>	<u>977,203</u>	<u>932,690</u>	<u>44,513</u>
Total nondepartmental	<u>5,042,887</u>	<u>2,036,752</u>	<u>1,992,240</u>	<u>44,512</u>
Tax office:				
Personal services	99,567	114,449	113,920	529
Supplies	2,125	2,125	1,440	685
Other services and charges	<u>347,610</u>	<u>356,726</u>	<u>355,740</u>	<u>986</u>
Total tax office	<u>449,302</u>	<u>473,300</u>	<u>471,100</u>	<u>2,200</u>
Total finance	<u>6,382,000</u>	<u>3,475,628</u>	<u>3,383,250</u>	<u>92,378</u>
Planning and engineering:				
Planning and engineering:				
Personal services	612,567	738,067	724,110	13,957
Supplies	9,305	9,573	9,190	383
Other services and charges	<u>304,608</u>	<u>700,374</u>	<u>452,450</u>	<u>247,924</u>
Total planning and engineering	<u>926,480</u>	<u>1,448,014</u>	<u>1,185,750</u>	<u>262,264</u>
Inspection:				
Personal services	927,151	1,021,298	942,322	78,976
Supplies	32,808	32,728	27,387	5,341
Other services and charges	<u>127,592</u>	<u>172,266</u>	<u>158,052</u>	<u>14,214</u>
Total inspection	<u>1,087,551</u>	<u>1,226,292</u>	<u>1,127,761</u>	<u>98,531</u>
Total planning and engineering	<u>2,014,031</u>	<u>2,674,306</u>	<u>2,313,511</u>	<u>360,795</u>
Total general government	<u>14,966,516</u>	<u>13,190,816</u>	<u>12,293,784</u>	<u>897,032</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Public safety				
Fire:				
Fire prevention:				
Personal services	\$ 522,373	\$ 571,619	\$ 533,446	\$ 38,173
Supplies	30,415	30,415	12,992	17,423
Other services and charges	<u>18,312</u>	<u>18,312</u>	<u>13,890</u>	<u>4,422</u>
Total fire prevention	<u>571,100</u>	<u>620,346</u>	<u>560,328</u>	<u>60,018</u>
Fire suppression:				
Personal services	2,464,474	2,672,998	2,242,364	430,634
Supplies	263,152	294,486	281,507	12,979
Other services and charges	<u>361,935</u>	<u>374,523</u>	<u>323,294</u>	<u>51,229</u>
Total fire suppression	<u>3,089,561</u>	<u>3,342,007</u>	<u>2,847,165</u>	<u>494,842</u>
Emergency medical services:				
Personal services	3,265,700	3,513,537	3,233,757	279,780
Supplies	231,993	264,872	260,154	4,718
Other services and charges	<u>178,253</u>	<u>189,977</u>	<u>174,012</u>	<u>15,965</u>
Total emergency medical services	<u>3,675,946</u>	<u>3,968,386</u>	<u>3,667,923</u>	<u>300,463</u>
Total fire	<u>7,336,607</u>	<u>7,930,739</u>	<u>7,075,416</u>	<u>855,323</u>
Police:				
Police administration				
Personal services	861,946	933,998	933,997	1
Supplies	22,677	21,947	17,524	4,423
Other services and charges	<u>181,028</u>	<u>182,409</u>	<u>176,894</u>	<u>5,515</u>
Total police administration	<u>1,065,651</u>	<u>1,138,354</u>	<u>1,128,415</u>	<u>9,939</u>
Police patrol:				
Personal services	6,596,759	6,639,258	6,489,241	150,017
Supplies	362,598	361,198	271,467	89,731
Other services and charges	<u>1,337,850</u>	<u>1,341,250</u>	<u>1,332,424</u>	<u>8,826</u>
Total police patrol	<u>8,297,207</u>	<u>8,341,706</u>	<u>8,093,132</u>	<u>248,574</u>
Criminal investigation:				
Personal services	2,283,828	2,306,980	2,271,860	35,120
Supplies	80,895	80,895	63,210	17,685
Other services and charges	251,821	250,651	240,323	10,328
Capital outlay	<u>22,000</u>	<u>22,000</u>	<u>20,893</u>	<u>1,107</u>
Total criminal investigation	<u>2,638,544</u>	<u>2,660,526</u>	<u>2,596,286</u>	<u>64,240</u>
Support services:				
Personal services	3,281,565	3,473,686	3,221,717	251,969
Supplies	97,808	97,808	85,376	12,432
Other services and charges	<u>284,485</u>	<u>284,485</u>	<u>264,687</u>	<u>19,798</u>
Total support services	<u>3,663,858</u>	<u>3,855,979</u>	<u>3,571,780</u>	<u>284,199</u>
Total police	<u>15,665,260</u>	<u>15,996,565</u>	<u>15,389,613</u>	<u>606,952</u>
Total public safety	<u>23,001,867</u>	<u>23,927,304</u>	<u>22,465,029</u>	<u>1,462,275</u>

CITY OF LA PORTE, TEXAS

SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Public works				
Public works administration:				
Personal services	\$ 626,881	\$ 683,564	\$ 620,230	\$ 63,334
Supplies	16,354	16,604	10,111	6,493
Other services and charges	113,340	112,640	93,897	18,743
Total public works administration	756,575	812,808	724,238	88,570
Streets:				
Personal services	1,991,863	2,213,253	1,950,551	262,702
Supplies	170,074	205,999	127,884	78,115
Other services and charges	1,044,654	1,056,369	961,770	94,599
Capital outlay	48,000	24,710	22,816	1,894
Total streets	3,254,591	3,500,331	3,063,021	437,310
Facilities maintenance:				
Personal services	638,172	699,860	683,752	16,108
Supplies	56,771	56,771	48,175	8,596
Other services and charges	755,629	842,033	697,660	144,373
Capital outlay	-	-	25,410	(25,410)
Total facilities maintenance	1,450,572	1,598,664	1,454,997	143,667
Total public works	5,461,738	5,911,803	5,242,256	669,547
Health and sanitation				
Residential solidwaste:				
Personal services	1,580,229	1,834,950	1,834,951	(1)
Supplies	510,233	446,444	439,671	6,773
Other services and charges	1,814,327	1,814,327	1,758,945	55,382
Capital outlay	146,500	146,500	28,574	117,926
Total residential solidwaste	3,904,789	4,095,721	4,062,141	180,080
Commercial solidwaste:				
Other services and charges	27,826	27,826	24,289	3,537
Total facilities maintenance	27,826	27,826	24,289	3,537
Total health and sanitation	4,079,115	4,270,047	4,086,430	183,617
Culture & recreation				
Parks maintenance:				
Personal services	1,425,744	1,615,631	1,615,630	1
Supplies	161,613	167,595	153,168	14,427
Other services and charges	847,714	862,714	859,302	3,412
Capital outlay	153,140	128,247	147,176	(18,929)
Total parks maintenance	2,588,211	2,774,187	2,775,276	(1,089)
Recreation:				
Personal services	739,152	850,403	853,902	(3,499)
Supplies	112,588	119,400	90,745	28,655
Other services and charges	109,975	94,463	88,400	6,063
Total recreation	961,715	1,064,266	1,033,047	31,219

CITY OF LA PORTE, TEXAS

SCHEDULE OF EXPENDITURES
BUDGET AND ACTUAL
GENERAL FUND

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Original Budget	Final Budget	Actual Amounts	Variance With Final Budget Positive (Negative)
Special services:				
Personal services	\$ 455,816	\$ 472,127	\$ 470,230	\$ 1,897
Supplies	31,008	31,008	26,160	4,848
Other services and charges	<u>76,370</u>	<u>72,068</u>	<u>68,030</u>	<u>4,038</u>
Total special services	<u>563,194</u>	<u>575,203</u>	<u>564,420</u>	<u>10,783</u>
Parks administration:				
Personal services	568,767	608,116	605,650	2,466
Supplies	10,700	10,700	5,520	5,180
Other services and charges	<u>18,768</u>	<u>18,577</u>	<u>15,530</u>	<u>3,047</u>
Total parks administration	<u>598,235</u>	<u>637,393</u>	<u>626,700</u>	<u>10,693</u>
Golf course - club house:				
Personal services	432,658	523,471	526,170	(2,699)
Supplies	62,940	8,329	2,150	6,179
Other services and charges	56,837	70,510	66,070	4,440
Capital outlay	<u>-</u>	<u>-</u>	<u>336,103</u>	<u>(336,103)</u>
Total golf course - club house	<u>552,435</u>	<u>602,310</u>	<u>930,493</u>	<u>(328,183)</u>
Golf course - maintenance				
Personal services	699,169	770,834	768,060	2,774
Supplies	156,583	156,583	137,970	18,613
Other services and charges	<u>266,274</u>	<u>302,768</u>	<u>298,670</u>	<u>4,098</u>
Total golf course - maintenance	<u>1,122,026</u>	<u>1,230,185</u>	<u>1,204,700</u>	<u>25,485</u>
Total culture and recreation	<u>6,385,816</u>	<u>6,883,544</u>	<u>7,134,636</u>	<u>(251,092)</u>
Total expenditures	<u>\$ 53,895,052</u>	<u>\$ 54,183,514</u>	<u>\$ 51,222,135</u>	<u>\$ 2,961,379</u>

CITY OF LA PORTE, TEXAS

**COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS**

SEPTEMBER 30, 2023

	Vehicle Replacement	Employee Health Insurance	Technology	Total
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 332,554	\$ 70,999	\$ 403,553
Investments	10,191,863	9,555,926	2,040,078	21,787,867
Other receivables, net of allowance	30,860	38,514	6,392	75,766
Due from other governments	-	119,927	-	119,927
Inventories	<u>75,432</u>	<u>-</u>	<u>-</u>	<u>75,432</u>
Total Current Assets	<u>10,298,155</u>	<u>10,046,921</u>	<u>2,117,469</u>	<u>22,462,545</u>
Noncurrent assets:				
Capital assets:				
Vehicles and equipment	23,352,356	-	1,690,253	25,042,609
Less: accumulated depreciation	<u>(14,814,480)</u>	<u>-</u>	<u>(1,094,719)</u>	<u>(15,909,199)</u>
Total Noncurrent Assets	<u>8,537,876</u>	<u>-</u>	<u>595,534</u>	<u>9,133,410</u>
Total Assets	<u>18,836,031</u>	<u>10,046,921</u>	<u>2,713,003</u>	<u>31,595,955</u>
LIABILITIES				
Current liabilities:				
Accounts payable	\$ 214,088	\$ 175,494	\$ -	\$ 389,582
Accrued liabilities	26,909	2,227	-	29,136
Claims and judgments	<u>-</u>	<u>629,234</u>	<u>-</u>	<u>629,234</u>
Total Current Liabilities	<u>240,997</u>	<u>806,955</u>	<u>-</u>	<u>1,047,952</u>
Noncurrent liabilities:				
Compensated absences	<u>46,081</u>	<u>-</u>	<u>-</u>	<u>46,081</u>
Total Noncurrent Liabilities	<u>46,081</u>	<u>-</u>	<u>-</u>	<u>46,081</u>
Total Liabilities	<u>287,078</u>	<u>806,955</u>	<u>-</u>	<u>1,094,033</u>
NET POSITION				
Investment in capital assets	8,537,876	-	595,534	9,133,410
Unrestricted	<u>10,011,077</u>	<u>9,239,966</u>	<u>2,117,469</u>	<u>21,368,512</u>
Total Net Position	<u>\$ 18,548,953</u>	<u>\$ 9,239,966</u>	<u>\$ 2,713,003</u>	<u>\$ 30,501,922</u>

CITY OF LA PORTE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES AND
CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Vehicle Replacement	Employee Health Insurance	Technology	Total
OPERATING REVENUES				
Charges for services	\$ 4,829,619	\$ 6,280,006	\$ 447,600	\$ 11,557,225
Total Operating Revenues	<u>4,829,619</u>	<u>6,280,006</u>	<u>447,600</u>	<u>11,557,225</u>
OPERATING EXPENSES				
Personnel	975,308	354,167	-	1,329,475
Supplies and materials	680,647	6,290,400	907,250	7,878,297
Depreciation	<u>1,459,082</u>	<u>-</u>	<u>175,062</u>	<u>1,634,144</u>
Total Operating Expenses	<u>3,115,037</u>	<u>6,644,567</u>	<u>1,082,312</u>	<u>10,841,916</u>
Operating Income (Loss)	<u>1,714,582</u>	<u>(364,561)</u>	<u>(634,712)</u>	<u>715,309</u>
NON-OPERATING REVENUES (EXPENSES)				
Investment earnings	445,448	142,610	86,444	674,502
Gain of disposal of capital assets	<u>120,120</u>	<u>-</u>	<u>-</u>	<u>120,120</u>
Total Non-Operating Revenues (Expenses)	<u>565,568</u>	<u>142,610</u>	<u>86,444</u>	<u>794,622</u>
Income before transfers	2,280,150	(221,951)	(548,268)	1,509,931
Transfer from other funds	-	4,067,091	-	4,067,091
Transfer to other funds	<u>(20,585)</u>	<u>-</u>	<u>-</u>	<u>(20,585)</u>
CHANGE IN NET POSITION	<u>2,259,565</u>	<u>3,845,140</u>	<u>(548,268)</u>	<u>5,556,437</u>
NET POSITION - BEGINNING	<u>16,289,388</u>	<u>5,394,826</u>	<u>3,261,271</u>	<u>24,945,485</u>
NET POSITION - END OF YEAR	<u>\$ 18,548,953</u>	<u>\$ 9,239,966</u>	<u>\$ 2,713,003</u>	<u>\$ 30,501,922</u>

CITY OF LA PORTE, TEXAS

COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

	Vehicle Replacement	Employee Health Insurance	Technology	Total
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from interfund services	\$ 4,803,995	\$ 6,252,674	\$ 442,719	\$ 11,499,388
Cash paid to employees for services	(970,501)	(353,802)	-	(1,324,303)
Cash paid to suppliers for goods and services	(570,698)	(6,457,835)	(958,169)	(7,986,702)
Net Cash Provided (Used) By Operating Activities	<u>3,262,796</u>	<u>(558,963)</u>	<u>(515,450)</u>	<u>2,188,383</u>
CASH FLOWS FROM NON-CAPITAL FINANCING ACTIVITIES				
Transfers from (to) other funds	(20,585)	4,067,091	-	4,046,506
Net Cash Provided (Used) in Non-Capital Financing Activities	<u>(20,585)</u>	<u>4,067,091</u>	<u>-</u>	<u>4,046,506</u>
CASH FLOWS FROM CAPITAL & RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(2,412,718)	-	-	(2,412,718)
Capital contributions - impact fees	120,120	-	-	120,120
Net Cash Used in Capital and Related Financing Activities	<u>(2,292,598)</u>	<u>-</u>	<u>-</u>	<u>(2,292,598)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	(8,480,496)	(8,416,432)	(1,576,062)	(18,472,990)
Interest and investment earnings	445,448	142,610	86,444	674,502
Net Cash Provided By (Used in) Investing Activities	<u>(8,035,048)</u>	<u>(8,273,822)</u>	<u>(1,489,618)</u>	<u>(17,798,488)</u>
Net (Decrease) Increase in Cash and Cash Equivalents	(7,085,435)	(4,765,694)	(2,005,068)	(13,856,197)
Cash and cash equivalents at beginning of year	<u>7,085,435</u>	<u>5,098,248</u>	<u>2,076,067</u>	<u>14,259,750</u>
Cash and cash equivalents at end of year	<u>\$ -</u>	<u>\$ 332,554</u>	<u>\$ 70,999</u>	<u>\$ 403,553</u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income (loss)	\$ 1,714,582	\$ (364,561)	\$ (634,712)	\$ 715,309
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,459,082	-	175,062	1,634,144
Decrease (increase) in accounts receivable	(25,624)	(27,332)	(4,881)	(57,837)
Decrease (increase) in inventory	(15,996)	-	-	(15,996)
Increase (decrease) in accounts payable	125,945	116,372	(50,919)	191,398
Increase (decrease) in accrued liabilities	2,841	365	-	3,206
Increase (decrease) in claims payable	-	(283,807)	-	(283,807)
Increase (decrease) in compensated absences	1,966	-	-	1,966
Net cash provided (used) by operating activities	<u>\$ 3,262,796</u>	<u>\$ (558,963)</u>	<u>\$ (515,450)</u>	<u>\$ 2,188,383</u>

STATISTICAL SECTION



**STATISTICAL SECTION
(Unaudited)**

This part of the City of La Porte, Texas' 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.	96 – 105
Revenue Capacity These schedules contain information to help the reader assess the City's most significant local revenue sources.	106 – 112
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.	113 – 115
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.	116 – 118
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.	119 – 124

CITY OF LA PORTE, TEXAS

NET POSITION BY COMPONENT

LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 54,506,024	\$ 43,582,704	\$ 48,367,017	\$ 44,468,918
Restricted	11,088,233	14,507,643	17,854,935	24,105,852
Unrestricted	<u>18,634,881</u>	<u>21,693,064</u>	<u>23,690,222</u>	<u>26,907,445</u>
Total Governmental Activities Net Position	<u>\$ 84,229,138</u>	<u>\$ 79,783,411</u>	<u>\$ 89,912,174</u>	<u>\$ 95,482,215</u>
Business-type activities				
Net investment in capital assets	\$ 35,872,947	\$ 34,807,773	\$ 34,291,664	\$ 33,782,624
Restricted	1,930,369	1,250,850	846,400	520,000
Unrestricted	<u>2,669,258</u>	<u>4,110,877</u>	<u>5,344,130</u>	<u>7,661,080</u>
Total Business-Type Activities Net Position	<u>\$ 40,472,574</u>	<u>\$ 40,169,500</u>	<u>\$ 40,482,194</u>	<u>\$ 41,963,704</u>
Primary government				
Net investment in capital assets	\$ 90,378,971	\$ 78,390,477	\$ 82,658,681	\$ 78,251,542
Restricted	13,018,602	15,758,493	18,701,335	24,625,852
Unrestricted	<u>21,304,139</u>	<u>25,803,941</u>	<u>29,034,352</u>	<u>34,568,525</u>
Total Primary Government Net Position	<u>\$ 124,701,712</u>	<u>\$ 119,952,911</u>	<u>\$ 130,394,368</u>	<u>\$ 137,445,919</u>

TABLE 1

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 43,421,143	\$ 53,011,914	\$ 52,403,864	\$ 55,776,266	\$ 67,449,648	\$ 74,462,517
31,025,084	30,280,877	39,484,824	53,286,218	59,262,944	47,778,118
<u>1,505,194</u>	<u>9,893,735</u>	<u>16,224,220</u>	<u>16,944,578</u>	<u>28,267,263</u>	<u>72,240,952</u>
<u>\$ 75,951,421</u>	<u>\$ 93,186,526</u>	<u>\$ 108,112,908</u>	<u>\$ 126,007,062</u>	<u>\$ 154,979,855</u>	<u>\$ 194,481,587</u>
\$ 32,199,968	\$ 31,735,493	\$ 32,582,335	\$ 32,079,057	\$ 31,151,090	\$ 32,089,369
-	-	-	-	-	-
<u>8,011,016</u>	<u>8,371,707</u>	<u>6,709,781</u>	<u>7,694,516</u>	<u>7,792,213</u>	<u>6,214,999</u>
<u>\$ 40,210,984</u>	<u>\$ 40,107,200</u>	<u>\$ 39,292,116</u>	<u>\$ 39,773,573</u>	<u>\$ 38,943,303</u>	<u>\$ 38,304,368</u>
\$ 75,621,111	\$ 84,747,407	\$ 84,986,199	\$ 87,855,323	\$ 98,600,738	\$ 106,551,886
31,025,084	30,280,877	39,484,824	53,286,218	59,262,944	47,778,118
<u>9,516,210</u>	<u>18,265,442</u>	<u>22,934,001</u>	<u>24,639,094</u>	<u>36,059,476</u>	<u>78,455,951</u>
<u>\$ 116,162,405</u>	<u>\$ 133,293,726</u>	<u>\$ 147,405,024</u>	<u>\$ 165,780,635</u>	<u>\$ 193,923,158</u>	<u>\$ 232,785,955</u>

CITY OF LA PORTE, TEXAS

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities:				
General government	\$ 14,115,210	\$ 12,962,387	\$ 14,255,413	\$ 15,735,976
Public safety	20,436,450	19,081,622	21,114,939	21,446,421
Public works	6,259,764	4,088,146	4,422,464	4,930,721
Health, welfare and sanitation	2,519,298	5,748,206	6,059,896	3,899,678
Culture and recreation	5,854,546	3,497,174	3,439,722	6,177,554
Interest on long-term debt	1,403,628	1,585,354	1,782,508	2,506,004
Total Governmental Activities Expenses	<u>50,588,896</u>	<u>46,962,889</u>	<u>51,074,942</u>	<u>54,696,354</u>
Business-type activities:				
Water services	7,731,776	5,064,287	4,985,902	6,269,356
Sewer services	2,802,013	4,347,309	4,374,763	4,267,901
Airport	229,603	230,006	210,590	210,324
Total Business-Type Activities Expenses	<u>10,763,392</u>	<u>9,641,602</u>	<u>9,571,255</u>	<u>10,747,581</u>
Total Primary Government Expenses	<u>61,352,288</u>	<u>56,604,491</u>	<u>60,646,197</u>	<u>65,443,935</u>
Program Revenues				
Governmental activities:				
Charges for services:				
General government	825,532	3,981,230	3,035,577	2,538,477
Public safety	3,208,256	1,664,782	1,913,289	1,553,872
Public works	269,830	336,917	343,682	354,096
Health, welfare and sanitation	2,223,234	2,255,095	2,244,061	2,401,783
Culture and recreation	1,509,412	2,057,253	1,614,085	1,584,863
Operating grants and contributions:				
General government	2,982	-	-	-
Public safety	545,738	307,016	436,375	1,119,223
Public works	258,119	23,143	17,731	123,435
Health, welfare and sanitation	-	-	-	-
Culture and recreation	1,207,958	1,205	756	751
Capital grants and contributions:				
General government	-	-	-	-
Public works	292	3,030,480	607,357	582,045
Total Governmental Activities Program Revenues	<u>10,051,353</u>	<u>13,657,121</u>	<u>10,212,913</u>	<u>10,258,545</u>
Business-type activities:				
Charges for services:				
Water services	5,406,545	4,308,578	4,795,719	5,982,350
Sewer services	3,422,627	3,587,825	3,652,071	3,551,728
Airport	56,157	59,181	62,849	60,651
Capital grants and contributions	1,125,777	787,285	534,168	126,359
Total Business-Type Activities Program Revenues	<u>10,011,106</u>	<u>8,742,869</u>	<u>9,044,807</u>	<u>9,721,088</u>
Total Primary Government Program Revenues	<u>20,062,459</u>	<u>22,399,990</u>	<u>19,257,720</u>	<u>19,979,633</u>
Net (expense) revenue:				
Governmental activities	(40,537,543)	(33,305,768)	(40,862,029)	(44,437,809)
Business-type activities	(752,286)	(898,733)	(526,448)	(1,026,493)
Total Primary Government Net Expense	<u>(41,289,829)</u>	<u>(34,204,501)</u>	<u>(41,388,477)</u>	<u>(45,464,302)</u>

TABLE 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 15,832,003	\$ 15,519,147	\$ 16,563,557	\$ 16,681,031	\$ 14,483,423	\$ 15,690,058
21,673,188	21,356,779	22,524,843	23,696,244	22,058,057	27,224,802
9,796,326	7,818,696	7,341,608	8,785,080	9,312,580	8,459,883
4,685,795	4,016,465	4,861,680	4,477,844	4,558,052	9,019,294
6,513,794	6,932,569	5,884,793	5,543,121	5,702,228	4,966,758
1,059,007	900,287	3,219,632	843,919	1,080,405	826,161
<u>59,560,113</u>	<u>56,543,943</u>	<u>60,396,113</u>	<u>60,027,239</u>	<u>57,194,745</u>	<u>66,186,956</u>
8,788,113	7,985,233	8,675,713	9,054,693	9,037,687	9,589,708
1,926,133	1,769,830	2,847,640	1,952,186	1,776,749	1,961,403
133,093	157,008	213,024	255,898	257,002	274,744
<u>10,847,339</u>	<u>9,912,071</u>	<u>11,736,377</u>	<u>11,262,777</u>	<u>11,071,438</u>	<u>11,825,855</u>
<u>70,407,452</u>	<u>66,456,014</u>	<u>72,132,490</u>	<u>71,290,016</u>	<u>68,266,183</u>	<u>78,012,811</u>
3,397,779	4,067,810	3,061,645	2,513,535	3,634,599	2,632,322
1,125,345	2,217,655	1,613,135	2,088,650	2,301,457	2,163,471
267,358	278,509	292,491	286,512	292,894	551,851
2,231,727	2,247,869	2,456,967	2,412,577	2,472,170	2,475,452
1,547,786	1,676,381	1,713,104	1,781,798	1,968,652	1,989,093
-	-	-	-	-	40,000
352,886	1,286,498	2,135,502	507,709	319,690	2,035,295
2,559	15,435	12,678	45,024	376,108	880,863
-	-	-	-	-	-
650	1,443	1,184	1,108	874	-
57,474	-	-	-	-	-
<u>537,786</u>	<u>596,878</u>	<u>109,372</u>	<u>7,700</u>	<u>-</u>	<u>-</u>
<u>9,521,350</u>	<u>12,388,478</u>	<u>11,396,078</u>	<u>9,644,613</u>	<u>11,366,444</u>	<u>12,768,347</u>
8,726,710	8,389,773	8,724,320	8,700,852	8,808,563	9,221,740
1,320,816	1,109,495	1,256,463	2,071,408	1,740,951	2,246,299
61,879	58,971	46,874	63,732	65,570	63,129
<u>126,359</u>	<u>262,977</u>	<u>-</u>	<u>125,590</u>	<u>125,785</u>	<u>125,365</u>
<u>10,235,764</u>	<u>9,821,216</u>	<u>10,027,657</u>	<u>10,961,582</u>	<u>10,740,869</u>	<u>11,656,533</u>
<u>19,757,114</u>	<u>22,209,694</u>	<u>21,423,735</u>	<u>20,606,195</u>	<u>22,107,313</u>	<u>24,424,880</u>
(50,038,763)	(44,155,465)	(49,000,035)	(50,382,626)	(45,828,301)	(53,418,609)
<u>(611,575)</u>	<u>(90,855)</u>	<u>(1,708,720)</u>	<u>(301,195)</u>	<u>(330,569)</u>	<u>(169,322)</u>
<u>(50,650,338)</u>	<u>(44,246,320)</u>	<u>(50,708,755)</u>	<u>(50,683,821)</u>	<u>(46,158,870)</u>	<u>(53,587,931)</u>

CITY OF LA PORTE, TEXAS

CHANGE IN NET POSITION
LAST TEN FISCAL YEARS
(ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities:				
Property taxes	\$ 19,925,095	\$ 20,765,774	\$ 24,098,174	\$ 23,857,654
Industrial payments	11,554,949	12,269,152	14,377,602	14,270,899
Sales and use taxes	10,104,500	10,743,862	9,862,705	10,859,215
Franchise taxes	2,252,404	2,411,827	2,300,464	2,252,253
Investment earnings	106,024	204,346	380,268	563,868
Other revenues	458,770	164,004	766,683	601,136
Transfers	(371,039)	(1,504,570)	(795,104)	(2,397,175)
Total Governmental Activities	<u>44,030,703</u>	<u>45,054,395</u>	<u>50,990,792</u>	<u>50,007,850</u>
Business-type activities:				
Investment earnings	8,624	25,440	44,038	110,828
Miscellaneous	-	-	-	-
Transfers	371,039	1,504,570	795,104	2,397,175
Total Business-Type Activities	<u>379,663</u>	<u>1,530,010</u>	<u>839,142</u>	<u>2,508,003</u>
Total Primary Government	<u>44,410,366</u>	<u>46,584,405</u>	<u>51,829,934</u>	<u>52,515,853</u>
Change in Net Position				
Governmental activities	3,493,160	11,748,627	10,128,763	5,570,041
Business-type activities	(372,623)	631,277	312,694	1,481,510
Total Primary Government	<u>\$ 3,120,537</u>	<u>\$ 12,379,904</u>	<u>\$ 10,441,457</u>	<u>\$ 7,051,551</u>

Source: City financial statements

TABLE 2

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 25,413,898	\$ 26,484,216	\$ 29,727,747	\$ 32,844,484	\$ 34,137,017	\$ 37,844,601
14,147,728	14,899,624	16,439,510	18,188,121	19,703,036	23,249,017
12,544,803	13,944,027	13,828,983	14,281,695	15,966,629	17,972,500
2,621,035	3,035,844	3,050,853	2,996,774	3,248,207	3,381,695
1,228,759	2,414,593	1,158,855	89,291	305,973	8,697,740
251,508	251,400	487,092	649,354	203,171	697,727
(1,922,963)	360,864	(766,623)	(772,939)	517,061	1,077,061
54,284,768	61,390,568	63,926,417	68,276,780	74,081,094	92,920,341
152,557	360,285	147,897	9,713	16,514	605,948
-	(12,350)	(20,884)	-	-	1,500
1,922,963	(360,864)	766,623	772,939	(517,061)	(1,077,061)
2,075,520	(12,929)	893,636	782,652	(500,547)	(469,613)
56,360,288	61,377,639	64,820,053	69,059,432	73,580,547	92,450,728
4,246,005	17,235,103	14,926,382	17,894,154	28,252,793	39,501,732
1,463,945	(103,784)	(815,084)	481,457	(831,116)	(638,935)
\$ 5,709,950	\$ 17,131,319	\$ 14,111,298	\$ 18,375,611	\$ 27,421,677	\$ 38,862,797

CITY OF LA PORTE, TEXAS**FUND BALANCES OF GOVERNMENTAL FUNDS**

LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Non-spendable	\$ 102,775	\$ 88,954	\$ 89,165	\$ 102,058
Committed	8,500,000	7,000,000	6,000,000	2,000,000
Assigned	78,182	257,147	4,439,879	297,359
Unassigned	<u>21,294,383</u>	<u>25,216,547</u>	<u>29,385,827</u>	<u>40,500,147</u>
Total general fund	<u>\$ 29,975,340</u>	<u>\$ 32,562,648</u>	<u>\$ 39,914,871</u>	<u>\$ 42,899,564</u>
All other governmental funds				
Restricted	\$ 14,177,078	\$ 24,421,383	\$ 24,860,811	\$ 34,573,658
Committed	2,961,849	1,916,608	2,977,676	4,555,870
Assigned	-	-	-	-
Unassigned	<u>(790)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total all other governmental funds	<u>\$ 17,138,137</u>	<u>\$ 26,337,991</u>	<u>\$ 27,838,487</u>	<u>\$ 39,129,528</u>

Source: Balance Sheets - Governmental Funds in City's ACFRs.

TABLE 3

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 122,784	\$ 163,083	\$ 158,899	\$ 166,001	\$ 209,673	\$ 223,333
-	-	-	-	-	-
420,854	134,391	365,294	240,255	700,477	355,092
<u>46,763,435</u>	<u>57,312,783</u>	<u>63,999,734</u>	<u>64,406,346</u>	<u>72,055,408</u>	<u>73,881,104</u>
<u>\$ 47,307,073</u>	<u>\$ 57,610,257</u>	<u>\$ 64,523,927</u>	<u>\$ 64,812,602</u>	<u>\$ 72,965,558</u>	<u>\$ 74,459,529</u>
\$ 41,275,328	\$ 44,362,333	\$ 53,408,210	\$ 80,055,702	\$ 66,297,569	\$ 82,777,589
-	-	-	-	19,103,611	32,243,830
-	-	-	-	215,187	1,436,919
-	-	-	-	325,644	-
<u>\$ 41,275,328</u>	<u>\$ 44,362,333</u>	<u>\$ 53,408,210</u>	<u>\$ 80,055,702</u>	<u>\$ 85,942,011</u>	<u>\$ 116,458,338</u>

CITY OF LA PORTE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(MODIFIED ACCRUAL BASIS OF ACCOUNTING)
(UNAUDITED)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 43,837,240	\$ 46,155,069	\$ 50,376,219	\$ 51,574,722
Licenses and permits	497,756	1,346,552	596,451	535,741
Fines and forfeitures	1,790,849	1,953,698	1,996,073	1,965,249
Charges for services	6,305,127	6,994,772	6,555,228	6,069,248
Intergovernmental	1,572,360	3,195,238	1,024,097	1,077,893
Interest	96,409	184,029	349,551	531,369
Miscellaneous	261,204	398,872	728,390	517,828
Total Revenues	<u>54,360,945</u>	<u>60,228,230</u>	<u>61,626,009</u>	<u>62,272,050</u>
Expenditures				
Current:				
General government	13,828,179	11,953,166	11,706,047	13,301,718
Public safety	17,428,040	17,698,818	18,323,687	18,873,276
Public works	3,432,583	2,916,113	3,028,953	4,161,399
Health and sanitation	2,334,184	2,457,565	2,644,295	2,730,308
Culture and recreation	5,440,724	5,727,700	5,848,613	5,998,452
Debt service:				
Principal	2,640,000	4,625,582	4,281,085	4,178,629
Interest	1,217,883	1,589,644	1,451,075	1,385,122
Bond issue costs	153,884	-	-	-
Capital outlay	5,446,287	6,331,893	4,439,319	3,840,207
Total Expenditures	<u>51,921,764</u>	<u>53,300,481</u>	<u>51,723,074</u>	<u>54,469,111</u>
Excess of Revenues Over (Under)				
Expenditures	2,439,181	6,927,749	9,902,935	7,802,939
Other Financing Sources (Uses)				
General obligation bonds issued	-	-	-	-
Refunding bonds issued	-	9,300,000	-	3,165,000
Certificate obligation bonds issued	-	-	7,770,000	-
Premium (discount) on refunding bonds issued	-	608,166	-	403,795
Premium (discount) on certificate obligations	-	-	365,502	-
Payment to refund agent	-	(9,749,587)	-	(3,490,716)
Transfer in	3,883,920	3,911,990	3,069,474	2,851,124
Transfer out	(3,629,974)	(4,761,324)	(6,556,417)	(3,979,419)
Sale of capital assets	215,342	500	-	-
Insurance recoveries	-	-	210,854	-
Net Other Financing Sources (Uses)	<u>469,288</u>	<u>(690,255)</u>	<u>4,859,413</u>	<u>(1,050,216)</u>
Net Change in Fund Balances	<u>\$ 2,908,469</u>	<u>\$ 6,237,494</u>	<u>\$14,762,348</u>	<u>\$ 6,752,723</u>
Debt Service as a Percentage of				
Noncapital Expenditures	<u>8.3%</u>	<u>13.2%</u>	<u>12.1%</u>	<u>10.8%</u>

Source: Statement of Revenues, Expenditures, and Changes in Fund Balance for Governmental Funds.

TABLE 4

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 54,591,769	\$ 58,567,086	\$ 62,839,456	\$ 68,489,849	\$ 72,866,755	\$ 82,590,703
668,808	1,344,447	891,332	650,402	607,336	621,511
2,092,419	3,269,711	1,731,674	1,737,598	2,011,017	1,770,708
5,953,581	6,062,901	6,555,859	6,364,686	8,080,902	7,430,761
893,006	1,129,654	2,235,492	543,195	625,897	2,741,447
1,157,443	2,215,142	1,074,740	80,763	294,280	8,023,238
298,792	451,362	673,717	880,640	867,453	510,605
<u>65,655,818</u>	<u>73,040,303</u>	<u>76,002,270</u>	<u>78,747,133</u>	<u>85,353,640</u>	<u>103,688,973</u>
14,486,950	11,641,780	12,614,437	14,149,508	12,736,346	13,399,503
18,377,804	19,892,523	20,675,006	22,627,638	23,091,528	24,146,069
4,429,378	5,012,265	5,748,489	4,893,735	5,172,401	5,495,017
2,871,114	2,977,561	3,145,383	3,264,033	3,429,341	4,077,468
6,332,061	7,220,144	6,714,468	5,900,980	6,268,952	6,933,039
3,370,000	6,744,168	5,698,487	3,947,636	4,343,331	5,129,102
1,156,923	1,180,817	970,079	812,251	1,301,927	1,085,510
-	-	-	164,693	-	-
3,428,834	2,895,238	2,248,502	4,895,740	12,161,104	8,492,373
<u>54,453,064</u>	<u>57,564,496</u>	<u>57,814,851</u>	<u>60,656,214</u>	<u>68,504,930</u>	<u>68,758,081</u>
11,202,754	15,475,807	18,187,419	18,090,919	16,848,710	34,930,892
10,635,000	-	-	-	-	-
-	-	2,705,000	-	-	-
-	-	-	11,545,000	-	-
-	-	352,246	-	-	-
-	-	-	2,119,693	-	-
-	-	(2,982,662)	-	-	-
3,684,995	5,166,476	8,107,090	8,924,500	8,307,283	24,107,893
(7,849,825)	(7,252,094)	(10,474,693)	(13,743,945)	(11,836,728)	(27,077,338)
2,625	-	65,147	-	-	48,851
-	-	-	-	-	-
<u>6,472,795</u>	<u>(2,085,618)</u>	<u>(2,227,872)</u>	<u>8,845,248</u>	<u>(3,529,445)</u>	<u>(2,920,594)</u>
<u>\$ 17,675,549</u>	<u>\$ 13,390,189</u>	<u>\$ 15,959,547</u>	<u>\$ 26,936,167</u>	<u>\$ 13,319,265</u>	<u>\$ 32,010,298</u>
<u>8.6%</u>	<u>14.9%</u>	<u>12.4%</u>	<u>8.5%</u>	<u>10.0%</u>	<u>10.2%</u>

CITY OF LA PORTE, TEXAS**ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY****LAST TEN FISCAL YEARS**

Fiscal Year	Tax Year	Real Property	Personal Property	Less Tax Exempt Real Property	Less Other Exemptions and Abatements	Total Taxable Assessed Value
2014	2013	\$ 2,176,582,621	\$ 986,494,475	\$ -	\$ 590,232,231	\$ 2,572,844,865
2015	2014	2,626,580,963	745,093,978	-	617,133,762	2,754,541,179
2016	2015	2,692,041,032	978,850,207	-	629,133,265	3,041,757,974
2017	2016	3,025,879,671	880,297,401	-	751,959,455	3,154,217,617
2018	2017	3,270,392,733	830,253,210	-	814,706,643	3,285,939,300
2019	2018	3,376,299,841	824,946,153	-	800,377,875	3,400,868,119
2020	2019	3,734,338,555	986,876,974	-	885,861,578	3,835,353,951
2021	2020	3,969,107,638	1,017,329,766	-	904,079,436	4,082,357,968
2022	2021	4,291,873,389	1,000,673,646	-	948,706,618	4,343,840,417
2023	2022	4,945,115,364	1,209,065,253	-	1,196,222,514	4,957,958,103

Source: Harris County Certified Tax Rolls and Corrections.

TABLE 5

Total Direct Tax Rate	Estimated Actual Taxable Value	Assessed Value as a Percent of Actual Taxable Value
0.710000	\$ 2,572,844,865	100%
0.710000	2,754,541,179	100%
0.710000	3,041,757,974	100%
0.710000	3,154,217,617	100%
0.710000	3,285,939,300	100%
0.710000	3,400,868,119	100%
0.710000	3,835,353,951	100%
0.710000	4,082,357,968	100%
0.710000	4,343,840,417	100%
0.710000	4,957,958,103	100%

DRAFT

CITY OF LA PORTE, TEXAS

PROPERTY TAX RATE

DIRECT AND OVERLAPPING GOVERNMENTS

LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
City of La Porte by fund:				
General	0.61400	0.60500	0.60500	0.60500
Debt Service	<u>0.09600</u>	<u>0.10500</u>	<u>0.10500</u>	<u>0.10500</u>
Total Direct Rates	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
Harris County Flood Control District	0.02736	0.02733	0.02829	0.02831
Harris County	0.41731	0.41923	0.41656	0.41801
Port of Houston Authority	0.01531	0.01342	0.01334	0.01256
Harris County Board of Education	0.00600	0.00540	0.00520	0.00520
Hospital District	0.17000	0.17000	0.17179	0.17110
La Porte ISD	1.33000	1.45000	1.42000	1.38000
San Jacinto Jr. College District	<u>0.18560</u>	<u>0.17578</u>	<u>0.18238</u>	<u>0.18334</u>
Total Direct and Overlapping Rates	<u>2.86158</u>	<u>2.97116</u>	<u>2.94756</u>	<u>2.90852</u>

TABLE 6

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
0.60500	0.60500	0.60500	0.61700	0.61400	0.62200
<u>0.10500</u>	<u>0.10500</u>	<u>0.10500</u>	<u>0.09300</u>	<u>0.09600</u>	<u>0.08800</u>
<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>	<u>0.71000</u>
0.02878	0.02792	0.03142	0.03349	0.03055	0.03105
0.41858	0.40713	0.39116	0.37693	0.34373	0.35007
0.01155	0.01074	0.00991	0.00872	0.00799	0.00574
0.00519	0.00500	0.00499	0.00499	0.00490	0.00480
0.17108	0.16591	0.16671	0.16221	0.14831	0.14343
1.38000	1.28000	1.26970	1.25650	1.25650	0.97390
<u>0.17933</u>	<u>0.17817</u>	<u>0.16936</u>	<u>0.16797</u>	<u>0.15561</u>	<u>0.14620</u>
<u>2.90451</u>	<u>2.78487</u>	<u>2.75325</u>	<u>2.72081</u>	<u>2.65759</u>	<u>2.36519</u>

CITY OF LA PORTE, TEXAS**PRINCIPAL PROPERTY TAXPAYERS****CURRENT YEAR AND TEN YEARS AGO**

Property Taxpayer	2023		% of Taxable Assessed Value
	Taxable Assessed Value	Rank	
Liberty Property	243,520,774	1	4.91%
SREIT Underwood Industrial Park LLC	213,447,094	2	4.31%
MRC Global (USA) Inc	104,664,909	3	2.11%
The Dow Chemical Company	96,857,105	4	1.95%
Domain at Morgans Landing LP	53,244,113	5	1.07%
Equistar Chemicals LP	48,560,406	6	0.98%
INEOS USA LLC	48,137,253	7	0.97%
Oxy Vinyls LP	45,225,843	8	0.91%
Centerpoint Energy Inc	44,485,874	9	0.90%
Mitsubishi Chemical America Inc	42,100,876	10	0.85%
Subtotal	940,244,247		18.96%
Other Taxpayers	4,017,713,856		81.04%
Total	4,957,958,103		100.00%

Source: Goose Creek Tax Assessor-Collector's records.

TABLE 7

Property Taxpayer	2014		% of Taxable Assessed Value
	Taxable Assessed Value	Rank	
Nov Wilson LP	74,053,442	1	2.88%
Conoco Phillips Co.	52,030,495	2	2.02%
Equistar Chemicals LP	50,527,188	3	1.96%
Granite Underwood Dist Ctr LP	47,208,417	4	1.83%
Oxy Vinyls LP	40,697,859	5	1.58%
Ineos USA LLC	37,999,780	6	1.48%
Underwood Distribution Ctr.	36,700,000	7	1.43%
The Dow Chemical Company	28,089,314	8	1.09%
Port Crossing Land LP	26,996,451	9	1.05%
Dow Chemical	26,288,138	10	1.02%
	420,591,084		16.35%
	2,152,253,781		83.65%
	<u>\$ 2,572,844,865</u>		<u>100.00%</u>

CITY OF LA PORTE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

LAST TEN FISCAL YEARS

Fiscal Year Ended Sept 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Delinquent Tax Collections	Total Collections	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	18,267,201	18,090,456	99.0%	\$ 240,825	18,331,281	100.4%
2015	19,514,402	19,304,486	98.9%	60,076	19,364,562	99.2%
2016	21,596,463	21,299,848	98.6%	210,983	21,510,831	99.6%
2017	22,269,063	22,109,029	99.3%	(56,067) *	22,052,962	99.0%
2018	23,125,072	22,798,488	98.6%	(44,752) *	22,753,736	98.4%
2019	23,814,367	23,722,012	99.6%	(85,424) *	23,636,588	99.3%
2020	26,752,700	26,452,708	98.9%	(51,951) *	26,400,757	98.7%
2021	28,375,540	28,254,323	99.6%	(144,321) *	28,110,002	99.1%
2022	30,078,007	29,768,657	99.0%	(187,049) *	29,581,608	98.3%
2023	34,164,074	33,888,512	99.2%	-	33,888,512	99.2%

Source: City of La Porte Tax Department

* Show a negative amount due to the refund of taxes.

from September EOM report from Goose Creek

CITY OF LA PORTE, TEXAS

RATIO OF OUTSTANDING DEBT BY TYPE

LAST TEN FISCAL YEARS
(DOLLARS IN THOUSANDS, EXCEPT PER CAPITA)

Fiscal Year	Governmental Activities			Business-Type Activities	Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Certificates of Obligation	Limited Tax Bonds	Other * Obligations			
2014	23,726	10,845	540	2,208	37,319	0.004%	1,072
2015	21,220	17,230	-	930	39,380	0.004%	891
2016	22,815	12,335	-	320	35,470	0.003%	991
2017	21,090	11,210	-	-	32,300	0.003%	1,086
2018	18,895	20,670	-	-	39,565	0.004%	1,119
2019	17,179	19,719	-	-	36,898	0.003%	1,011
2020	17,602	15,423	-	-	33,025	0.003%	1,049
2021	14,754	28,135	-	-	42,889	0.004%	1,363
2022	11,819	26,917	-	-	38,736	0.003%	1,231
2023	8,807	25,625	-	-	34,432	0.002%	942

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.
See Demographic and Economic Statistics for personal income and population data.

*Includes premium on bonds.

CITY OF LA PORTE, TEXAS

RATIO OF GENERAL BONDED DEBT TO TAXABLE VALUE
GENERAL BONDED DEBT PER CAPITA, AND TAXABLE VALUE OF ALL PROPERTY
LAST TEN FISCAL YEARS

Fiscal Year	Tax Year	General Obligation Bonds	Certificates of Obligation	Less Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Percentage of Personal Income (2)	Per Capita (2)
2014	2013	23,726	10,945	2,769	31,902	1.2%	0.003%	914
2015	2014	21,220	17,230	3,161	35,289	1.3%	0.004%	1,006
2016	2015	22,815	12,335	3,541	31,609	1.0%	0.003%	899
2017	2016	21,090	11,210	3,883	28,417	0.9%	0.003%	810
2018	2017	18,895	20,670	4,398	35,167	1.1%	0.003%	994
2019	2018	17,179	19,719	4,492	32,406	1.0%	0.003%	915
2020	2019	17,602	15,423	5,014	28,011	0.7%	0.003%	801
2021	2020	14,754	28,135	5,027	37,862	0.9%	0.003%	1,078
2022	2021	11,819	26,917	5,019	33,717	0.01	0.002%	938
2023	2022	8,807	25,625	5,006	29,426	0.7%	0.002%	805

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

(2) Population data can be found in the demographic and economic statistics table

CITY OF LA PORTE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

AS OF SEPTEMBER 30, 2023

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
Debt repaid with property taxes			
Clear Lake City Water Authority	\$ 117,475,000	0.04%	\$ 46,990
Harris County	1,863,542,125	0.64%	11,926,670
Harris County Department of Education	20,185,000	0.64%	129,184
Harris County Flood Control District	807,875,000	0.64%	5,170,400
Harris County Toll Road	-	0.64%	-
Harris County Hospital District	76,385,000	0.64%	488,864
La Porte I. S. D.	299,085,000	41.45%	123,970,733
Porte of Houston Authority	469,434,397	0.64%	3,004,380
San Jacinto Jr. College District	551,322,427	6.62%	36,497,545
Total Net Overlapping Debt	<u>\$ 4,205,303,949</u>		181,234,766
City of La Porte Direct Debt			<u>34,432,290</u>
Total Direct and Overlapping Debt			<u><u>\$ 215,667,056</u></u>

Source: Texas Municipal Reports
Percentage are based on total property values



CITY OF LA PORTE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

LAST TEN CALENDAR YEARS

<u>Fiscal Year Ended Sept. 30</u>	<u>Population (1)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (3)</u>	<u>School Enrollment (4)</u>	<u>Unemployment Rate (5)</u>
2014	34,813	937,182,978	26,920	36	7,634	5.0%
2015	35,074	1,001,483,958	28,553	37	7,648	4.6%
2016	35,148	1,052,095,094	29,933	37	7,753	5.8%
2017	35,086	1,052,095,094	29,986	37	7,713	5.8%
2018	35,371	1,052,095,094	29,745	37	7,575	4.6%
2019	35,423	1,098,608,922	31,014	38	7,340	4.1%
2020	34,976	1,103,667,680	31,555	38	7,199	10.6%
2021	35,124	1,156,563,072	32,928	38	6,980	6.4%
2022	35,964	1,472,186,340	40,935	37	6,935	4.4%
2023	36,569	1,566,433,115	42,835	36	7,100	4.7%

Data sources:

- (1) Estimated population provided by US Census Bureau
- (2) Personal income and per capita personal income provided by US Census Bureau
- (3) Median age data prior to 2010 is not available, Median age provided by US Census Bureau
- (4) School enrollment provided by La Porte Independent School District
- (5) Unemployment rates provided from the Bureau of Labor Statistics

CITY OF LA PORTE, TEXAS

PRINCIPAL EMPLOYERS

CURRENT YEAR AND TEN YEARS AGO

Employer	2023	
	Employees	Percentage of Total City Employment
Cma CGM	1,396	7.22%
La Porte ISD	1,146	5.93%
Jacobson Warehouse Co Inc	702	3.63%
Dupont Chemical	545	2.82%
OxyChem	543	2.81%
Force Corporation	453	2.34%
J V Piping	440	2.28%
STARCON International Inc	425	2.20%
Total Petrochemicals & Rfining	409	2.12%
City of La Porte	402	2.08%
Total	6,461	33.43%

Source: Centerpoint Energy

Note: This list includes companies within the City limits of La Porte and within the industrial districts.

-Incorporate COLP and verify LPISD staff & support

-Incorporate COLP and verify LPISD total staff & support

19327 Total labor force in La Porte is 19,327 according to Houston LAUS
Unemployment schedule

TABLE 13

Employer	2014	
	Employees	Percentage of Total City Employment
La Porte ISD	1,049	5.46%
Mistras Group Inc	500	2.60%
City of La Porte	381	1.98%
Internantional Plant Svcs LLC	376	1.96%
Sulzer Turbo Svcs Houston Inc	330	1.72%
A&L Industrial Services Inc	300	1.56%
CCC Group Inc	300	1.56%
Evergreen Envmtl Svcs LLC	275	1.43%
Pfeiffer Holdings LLC	271	1.41%
Contech Control Services Inc	250	1.30%
Total	4,032	20.98%

CITY OF LA PORTE, TEXAS

FULL TIME EQUIVALENT CITY GOVERNMENTAL EMPLOYEES BY FUNCTION

LAST TEN FISCAL YEARS

Function	2014	2015	2016	2017	2018
General government	88	89	89	89	90
Public safety	154	154	154	154	155
Public works	30	30	30	33	35
Health and sanitation	23	23	22	23	23
Culture and recreation	42	42	44	42	42
Water services	24	25	25	25	25
Sewer services	20	20	20	20	20
Total	381	383	384	386	390

Source: City of La Porte annual budget

TABLE 14

2019	2020	2021	2022	2023
89	90	92	92	92
155	156	161	161	163
35	34	41	42	42
23	23	23	24	24
42	42	36	36	36
25	25	25	25	25
20	20	20	20	20
389	390	398	400	402

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CITY OF LA PORTE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Function/Program				
Police				
Physical arrests	2,032	2,152	2,399	1,826
Tickets processed	14,151	14,316	13,231	11,900
Fire				
Number of calls answered	1,262	1,378	1,356	1,532
Inspections	1,020	383	1,025	852
Highways and streets				
Street resurfacing (linear feet)	11,183	11,172	22,172	18,602
Potholes repaired	165	342	236	118
Sanitation				
Cu. Yds. Garbage collected	54,812	50,945	26,458	48,716
Cu. Yds. Trash collected	40,701	31,518	40,569	44,733
Culture and recreation				
Fitness center admissions	90,765	67,794	102,778	96,011
Water				
Number of water meters	12,321	12,431	12,523	12,591
Average daily water production (million gallons)	3.8	3.9	3.8	3.7
Water mains breaks	411	200	217	199
Wastewater				
Average daily sewer treatment (thousands of gallons)	2.6	3.8	3.8	3.5
Golf Course				
Number of Paid Rounds Played	32,741	29,965	26,794	26,840

Source: City Departments

TABLE 15

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
1,968	2,097	1,397	1,364	1,149	1,192
15,605	16,695	10,412	11,685	9,735	10,064
1,536	1,636	1,546	2,024	1,998	2,073
550	1,102	850	1,226	1,198	1,015
13,015	20,332	9,700	14,050	8,510	14,800
231	134	134	135	185	85
56,406	55,924	58,253	55,330	54,391	55,329
36,174	37,611	45,462	53,187	44,261	42,042
90,583	87,804	53,030	58,778	70,156	81,101
12,682	12,870	12,729	14,000	13,923	13,877
3.8	3.6	4.1	3.7	3.9	4.5
220	173	77	74	123	248
3.9	4.4	4.5	3.6	3.1	3.5
26,006	25,075	33,918	37,065	38,962	39,863

CITY OF LA PORTE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

LAST TEN FISCAL YEARS

Function/Program	2014	2015	2016	2017	2018
Public Safety					
Police Station	1	1	1	1	1
Police Officers	74	76	75	78	79
Reserve Officers	2	3	3	2	4
Fire Stations	4	4	4	4	4
Sanitation					
Collection trucks	12	14	17	16	16
Highways and streets					
Streets (miles)	297	272	272.5	272.5	273
Streetlights	2,415	2,415	2,415	2,415	2,905
Traffic signals	6	7	7	7	7
Culture and recreation					
Parks acreage	188	188	188	188	188
Parks	22	22	22	22	22
Swimming pools	5	5	5	5	5
Recreation Centers	2	2	2	2	2
Senior Center	1	1	1	1	1
Water and Sewer					
Water Mains (miles)	184	185	187	187	189
Fire Hydrants	1,256	1,265	1,276	1,291	1,314
Sanitary Sewers (miles)	192	193	194	194	194
Storm Sewers (miles)	112	115	115	116	116

Source: City Departments

TABLE 16

2019	2020	2021	2022	2023
1	1	1	1	1
79	79	82	82	82
1	1	1	1	1
4	4	4	4	4
14	14	14	14	14
274	274	279	279	279
2,884	2,910	3,004	3,004	3,042
7	7	7	7	7
188	188	207	210	210
23	24	24	24	24
5	5	5	5	5
2	2	2	2	4
1	1	1	1	1
192	192	200	201	202
1,349	1,349	1,416	1,422	1,423
195	195	199	199	199
118	118	120	121	121

CITY OF LA PORTE, TEXAS
SINGLE AUDIT REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2023

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CITY OF LA PORTE, TEXAS

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**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 La Porte, Texas

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited the City of La Porte, Texas' 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 of La Porte, Texas' major federal programs for the year ended September 30, 2023. The City of La Porte, Texas' 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 of La Porte, Texas 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, 2023.

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 of La Porte, Texas 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 of La Porte, Texas' 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 of La Porte, Texas' 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 of La Porte, Texas' 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 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 of La Porte, Texas' 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 of La Porte, Texas' 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 of La Porte, Texas' 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 of La Porte, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

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

Report on Internal Control Over Compliance

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

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

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

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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 La Porte, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of La Porte, Texas' basic financial statements. We issued our report thereon, dated March 25, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by the Uniform Guidance and is 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 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 schedule of expenditures of federal awards is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

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
March 25, 2024

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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 La Porte, 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 La Porte, Texas as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City of La Porte, Texas' basic financial statements, and have issued our report thereon dated March 25, 2024. Our report includes a reference to other auditors who audited the financial statements of La Porte Area Redevelopment Authority, as described in our report on City of La Porte, Texas' financial statements. This report does not include the results of the other auditors' testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of La Porte, Texas' 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 of La Porte, Texas' internal control. Accordingly, we do not express an opinion on the effectiveness of the City of La Porte, Texas' 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 City of La Porte, Texas' 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.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of La Porte, Texas' 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*.

OFFICE LOCATIONS

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NEW MEXICO | Albuquerque

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 City of La Porte, Texas' internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Waco, Texas
March 25, 2024

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CITY OF LA PORTE, TEXAS

SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Federal Grantor/ Pass-Through Grantor/ Program Title	Assistance Listing Number	Pass-Through Entity Identifying Number	Federal Expenditures
<u>U.S. Department of Housing and Urban Development</u>			
Passed through the Texas General Land Office:			
CDBG-MIT (Brookglenn Subdivision Drainage Improvements)	14.228	B-18-DP-48-0002	\$ 362,114
CDBG-MIT (Bayside Terrace Subdivision Drainage Improvements)	14.228		240,596
Total assistance listing number 14.228			602,710
Total Texas General Land Office			602,710
Total U.S. Housing and Urban Development Commission			602,710
<u>U.S. Department of Justice</u>			
Direct Programs:			
Bulletproof Vest Partnership Program	16.607	N/A	7,408
Equitable Sharing Agreement and Certification	16.922	N/A	71,673
Total Direct Programs			79,081
Total U.S. Department of Justice			71,673
<u>U.S. Department of Transportation</u>			
Passed through the Texas Department of Transportation:			
State and Community Highway Safety Grant	20.600	2022-LaPorte-S-1YG-00061	39,232
National Priority Safety Programs	20.616	2022-LaPorte-IDM-00019	3,008
Total Texas Department of Transportation			42,240
Total U.S. Department of Transportation			42,240
<u>U.S. Department of Treasury</u>			
Passed through the Texas Division of Emergency Management:			
COVID-19 - State and Local Fiscal Recovery Fund (ARP Act)	21.027	N/A	1,626,522
Total Texas Division of Emergency Management			1,626,522
Total U.S. Department of Treasury			1,626,522
<u>U.S. Department of Health and Human Services</u>			
Passed through the City of Houston Department of Health and Human Services:			
Special Program for Aging, Title III, Part C, Nutrition Services - Congregate	93.045	4600009506	24,930
Special Program for Aging, Title III, Part C, Nutrition Services - Home Delivered	93.045	4600009506	35,590
Total assistance listing number 93.045			60,520
Total City of Houston Department of Health and Human Services			60,520
Total U.S. Health and Human Services Commission			60,520
<u>Executive Office of the President</u>			
Passed through the U.S. Department of Justice Drug Enforcement Administration:			
High Intensity Drug Trafficking Areas Program	95.001	G22HN0012A	19,232
Total U.S. Department of Justice Drug Enforcement Administration			19,232
Total Executive Office of the President			19,232
Total Expenditures of Federal Awards			\$ 2,422,897

The accompanying notes are an integral part of this schedule.

CITY OF LA PORTE, TEXAS

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

1. GENERAL

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of La Porte, Texas. The City's reporting entity is defined in Note I to the City's basic financial statements. Federal awards received directly from federal and state agencies as well as federal awards passed through other government agencies are included in the respective schedule.

2. BASIS OF ACCOUNTING

The accompanying schedule of expenditures of federal awards is presented using modified accrual basis of accounting, which is described in Note I to the City's basic financial statements.

3. RELATIONSHIP TO FEDERAL FINANCIAL REPORTS

Grant expenditure reports as of September 30, 2023, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

4. INDIRECT COSTS

The City has not elected to use the 10% de minimis indirect cost rate as allowed in the Uniform Guidance, Section 414.

5. PASS-THROUGH EXPENDITURES

None of the federal programs expended by the City were passed through to subrecipients.

CITY OF LA PORTE, TEXAS

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

Summary of the 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?	No

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 federal programs	Unmodified
Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)?	None

Identification of major federal programs:

<u>Assistance Listing Number(s):</u>	<u>Name of Federal Program or Cluster:</u>
21.027	COVID-19 - State and Local Fiscal Recovery Fund (ARP Act)

The dollar threshold used to distinguish between type A and type B federal programs.	\$750,000
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Auditee qualified as low-risk auditee?	Yes
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**Findings Relating to the Financial Statements Which
are Required to be Reported in Accordance With
Generally Accepted Government Auditing Standards**

None reported

Findings and Questioned Costs for Federal Awards

None reported

CITY OF LA PORTE, TEXAS

SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

None

DRAFT



Honorable Mayor and
Members of the City Council
City of La Porte, Texas

We have audited the financial statements of the City of La Porte, Texas (the "City") as of and for the year ended September 30, 2023 and have issued our report thereon dated March 25, 2024. Professional standards require that we advise you of the following matters relating to our audit.

Our Responsibility in Relation to the Financial Statement Audit

As communicated in our engagement letter dated September 6, 2023, our responsibility, as described by professional standards, is to form and express opinions about whether the financial statements that have been prepared by management with your oversight are presented fairly, in all material respects, in accordance with accounting principles generally accepted in the United States of America. Our audit of the financial statements does not relieve you or management of your respective responsibilities.

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

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

Planned Scope and Timing of the Audit

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

Compliance with All Ethics Requirements Regarding Independence

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

As a part of the engagement, we assisted in preparing the financial statements, related notes to the financial statements, and the schedule of expenditures of federal awards of the City of La Porte, Texas in conformity with U.S. generally accepted accounting principles and the OMB Uniform Guidance based on information provided by you. These nonaudit services do not constitute an audit under *Government Auditing Standards* and such services were not conducted in accordance with *Government Auditing Standards*.

OFFICE LOCATIONS

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



In order to reduce threats to our independence caused by these nonattest services to an acceptable level, we applied certain safeguards. These safeguards include a concurring review, which is a review of the financial statements and key audit areas which is performed by an individual who has adequate experience in audits of local governments, but who was not involved in this audit engagement. The concurring reviewer serves as an evaluator of the performance of the engagement team and the nonattest services provided.

In addition, management assumed responsibility for the financial statements, related notes to the financial statements, schedule of expenditures of federal awards and any other nonaudit services we provided. Management acknowledged, in the management representation letter, our assistance with the preparation of the financial statements, related notes to the financial statements and the schedule of expenditures of federal awards and that these items were reviewed and approved prior to their issuance and accepted responsibility for them. Further, the nonaudit services were overseen by an individual within management that has the suitable skill, knowledge, or experience; evaluated the adequacy and results of the services; and accepted responsibility for them.

Significant Risks Considered

We have identified the following significant risks during our audit process, which required special audit consideration. None of the specific risks below have resulted in a significant matter, finding, or issue.

<u>Significant Risk Considered</u>	<u>Reasoning for Special Audit Consideration</u>
Management override of controls	The risk that members of management could circumvent well-designed and effective internal controls.
Accounting for IT subscriptions	The implementation of GASB 96, <i>Subscription-based IT Arrangements</i> caused a change in the accounting for IT subscriptions.

Qualitative Aspects of the Entity’s Significant Accounting Practices

Significant Accounting Policies

Management has the responsibility to select and use appropriate accounting policies. A summary of the significant accounting policies adopted by City of La Porte, Texas is included in the notes to the financial statements. There have been no initial selection of accounting policies and no changes in significant accounting policies or their application during the year. No matters have come to our attention that would require us, under professional standards, to inform you about (1) the methods used to account for significant unusual transactions and (2) the effect of significant accounting policies in controversial or emerging areas for which there is a lack of authoritative guidance or consensus.

Significant Accounting Estimates

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

The most sensitive accounting estimates affecting the financial statements are:

Management’s estimate of the allowance for doubtful accounts for property tax and adjudicated fines receivable is based on a historical analysis of the collectability of these receivables. We evaluated key factors and assumptions used to develop the allowance in determining that is it reasonable in relation to the financial statements taken as a whole.

Management's estimates of the accumulated depreciation, the related useful lives of capital assets, and the allowance for uncollectible fines. We evaluated the key factors and assumptions used to develop these estimates in determining that it is reasonable in relation to the financial statements taken as a whole.

Management's estimates of the pension liability, OPEB liability, and pension and OPEB expense are based on actuarial assumptions which are determined by the demographics of the plan and future projections that the actuarial makes based on historical information of the plan and the investment market. We evaluated the key factors and assumptions used to develop the pension liability, OPEB liability, and pension and OPEB expense and determined that they are reasonable in relation to the basic financial statements taken as a whole and in relation to the applicable opinion units.

Financial Statement Disclosures

Certain financial statement disclosures involve significant judgment and are particularly sensitive because of their significance to financial statement users. The most sensitive disclosures affecting City of La Porte, Texas' financial statements relate to the pension and OPEB liabilities.

Significant Difficulties Encountered during the Audit

We encountered no significant difficulties in dealing with management relating to the performance of the audit.

Uncorrected and Corrected Misstatements

For purposes of this communication, professional standards require us to accumulate all known and likely misstatements identified during the audit, other than those that we believe are trivial, and communicate them to the appropriate level of management. Further, professional standards require us to also communicate the effect of uncorrected misstatements related to prior periods on the relevant classes of transactions, account balances or disclosures, and the financial statements as a whole and each applicable opinion unit. Management has corrected all identified misstatements.

In addition, professional standards require us to communicate to you all material, corrected misstatements that were brought to the attention of management as a result of our audit procedures. None of the misstatements identified by us as a result of our audit procedures and corrected by management were material, either individually or in the aggregate, to the financial statements taken as a whole.

Disagreements with Management

For purposes of this letter, professional standards define a disagreement with management as a matter, whether or not resolved to our satisfaction, concerning a financial accounting, reporting, or auditing matter, which could be significant to the City of La Porte, Texas' financial statements or the auditor's report. No such disagreements arose during the course of the audit.

Representations Requested from Management

We have requested certain written representations from management, which are included in the management representation letter dated March 25, 2024.

Management's Consultations with Other Accountants

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

Other Significant Matters, Findings, or Issues

In the normal course of our professional association with City of La Porte, Texas, we generally discuss a variety of matters, including the application of accounting principles and auditing standards, significant events or transactions that occurred during the year, business conditions affecting the entity, and business plans and strategies that may affect the risks of material misstatement. None of the matters discussed resulted in a condition to our retention as City of La Porte, Texas' auditors.

Other Information Included in Annual Report

Pursuant to professional standards, our responsibility as auditors for other information, whether financial or nonfinancial, included in City of La Porte, Texas' annual reports, does not extend beyond the information identified in the audit report, and we are not required to perform any procedures to corroborate such other information. However, in accordance with such standards, we have read the information and considered whether such information, or the manner of its presentation, was materially inconsistent with its presentation in the financial statements.

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

New Accounting Guidance

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

GASB Statement No. 99, *Omnibus 2022*—The objective of this Statement is to correct practice issues identified during implementation and application of certain GASB Statements and financial reporting for financial guarantees. There are various effective dates 1.) upon issuance 2.) fiscal years beginning after June 15, 2022 and 3.) fiscal years beginning after June 15, 2023.

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.

The Government Accounting Standards Board (GASB) has amended the existing standards regarding capitalization thresholds for assets. The amended guidance for the capitalization threshold comes from GASB Implementation Guide 2021-1, Question 5.1. Capitalization policies adopted by governments include many considerations such as finding an appropriate balance between ensuring that all significant capital assets, collectively, are capitalized and minimizing the cost of recordkeeping for capital assets. A government should capitalize assets whose individual acquisition costs are less than the threshold for an individual asset if those assets in the aggregate are significant. Computers, classroom furniture and library books are examples of asset types that may not meet a capitalization policy on an individual basis yet could be significantly collectively. In this example, if the \$150,000 aggregate amount (100 computers costing \$1,500 each) is significant, the government should capitalize the computers. The amended guidance is effective for reporting periods beginning after June 15, 2023, and the impact has not yet been determined.

Restriction on Use

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

Waco, Texas
March 25, 2024