CITY OF LA MARQUE
CITY COUNCIL
REGULAR AGENDA
of
January 8, 2024

Notice is hereby given that the City Council of the City of La Marque, Texas will conduct a **Regular Meeting** on **January 8, 2024**, beginning at **6:00 PM** in the **Council Chambers** at **1109-B Bayou Road La Marque, Texas as well as via videoconference hosted through Zoom (**councilzoom.cityoflamarque.org**)**. In accordance with Section 551.127(b) of the Texas Local Government Code the presiding officer and a quorum of the La Marque City Council intend to be and will be physically present at 1109-B Bayou Road, La Marque, Texas. This location will be open to the public and the meeting will be broadcast at this location, on Channel 16, and via YouTube (https://www.youtube.com/watch?v=L6G8ypjyEDo).

The Council will meet for the purpose of considering the following agenda:

1. CALL MEETING TO ORDER

2. ROLL CALL

3. INVOCATION AND PLEDGE OF ALLEGIANCE

4. PRESENTATIONS

   4.I. Water & Wastewater Impact Fee Analysis
   Presentation of the 2023 Water and Wastewater Impact Fee Analysis, completed by Adico Engineers, including Land Use Assumptions and Capital Improvements to support growth within the City over the next ten (10) years

   4.II. Communication Update - Website

5. CITIZENS PARTICIPATION
   LIMITED TO THREE MINUTES PER PERSON

   Comments from the public will be heard at this time. Any person with city-related business who has signed up may speak to Council (limited to three (3) minutes). If wishing to speak give the Mayor or presiding officer your full legal name and the item you wish to speak about. In compliance with Texas Open Meeting Act, the City may not deliberate on comments. Personal attacks will not be allowed, and personnel matters should be addressed to the City Manager during normal business hours. *Press *6 to mute or unmute if you are participating by telephone, press the unmute button if attending* *via zoom on a smartphone, tablet or computer, or stand if* attending in person, and the mayor will call on you in turn.

6. OLD BUSINESS

6.I. Resolution No. R-2023-0071
Accepting the results of the 2021-2022 fiscal audit

7. NEW BUSINESS
Items presented to the Council for discussion and possible action:

7.I. Proposed Ordinance
Creation of a Heavy Industrial Zoning District
THIS IS THE FIRST READING

7.II. Proposed Resolution
Calling for the General Election to be held on May 4, 2024, to elect one (1) Mayor and one (1) Councilmember for District "A" and one (1) Councilmember for District "C", each for a three (3) year term

8. CITY MANAGER REPORT

8.I. La Marque Public Library November Statistics

8.II. La Marque Police Department New Year's Eve Activity Report

8.III. La Marque Fire Marshal's New Year's Eve Statistics

8.IV. Texas Water Development Board (TWDB) - Drinking Water State Revolving Fund (DWSRF) submission

9. REQUESTS AND ANNOUNCEMENTS
Requests by Mayor and Council Members of items to be placed on future City Council agendas and announcements on city events/community interests TEX. GOV'T CODE §551.415. (b), "items of community interest" include: (1) expressions of thanks, congratulations, or condolence; (2) information regarding holiday schedules; (3) an honorary or salutary recognition of a public official, public employee, or other citizen, except that a discussion regarding a change in the status of a person's public office or public employment is not an honorary or salutary recognition for purposes of this subdivision; (4) a reminder about an upcoming event organized or sponsored by the governing body (5) information regarding a social, ceremonial, or community event organized or sponsored by an entity other than the governing body that was attended or is scheduled to be attended by a member of the governing body or an official or employee of the municipality or county; and (6) announcements involving an imminent threat to the public health and safety of people in the municipality or county that has arisen after the posting of the agenda.

9.I. Upcoming Events

- National Law Enforcement Appreciation Day - January 9, 2024

- Community Fair - January 13, 2024
- Texas Watershed Steward - February 28, 2024
- Standard Core Water Quality Community Scientist Training - March 2, 2024

10. EXECUTIVE SESSION
The City Council for the City of La Marque, Texas reserves the right to adjourn into executive session at any time during this meeting to discuss any of the matters listed above, as authorized by the Texas Government Code Section 551.071 (Consultation with Attorney), 551.072(Deliberations about Real Property), 551.073 (Deliberations about Gifts and Donations), 551.074 (Personnel Matters), 551.076 (Deliberations about Security Devices), and 551.087 (Economic Development)

10.I. Section 551.071 (Consultation with Attorney)
Barbara Weidman vs City of La Marque, Texas et. al. Cause Number 23-CV-1880 in the 10th Judicial District Court of Galveston County, Texas

11. ACTIONS TAKEN FROM EXECUTIVE SESSION

11.I. Section 551.071 (Consultation with Attorney)
Barbara Weidman vs City of La Marque, Texas et. al. Cause Number 23-CV-1880 in the 10th Judicial District Court of Galveston County, Texas

12. ADJOURNMENT

CERTIFICATION:

I hereby certify that the above notice of meeting was posted at 1109-B Bayou Road, La Marque, Texas on JANUARY 5, 2024 at 2:00 p.m.

____

Kierra K. Nance, TRMC
City Clerk

LAND USE ASSUMPTIONS SUMMARY

The updated LUA are summarized as follows:

a. Based on a 2.7% population growth rate, projected population for 2023 is 19,664 and projected 2033 population is 25,667.
b. The projected ESU growth rate for the 10-year planning period (2023-2033) for purposes of this update report is 2.69%, or 250 ESU's per year. This results in a total new ESU's for the 10-year planning period of 2500 connections.
c. Based on population projections and projected connections for the period 2023-2033, a "population per equivalent meter" of 2.4 persons per connection was determined.
d. Ultimate connections are projected to be 13,782 based on available developable areas.
e. Ultimate population is projected to be 33,077 based on 2.4 persons per connection and 13,782 ultimate connections.
f. The following table summarizes projected population and connection growth for 2023, 2033 and ultimate development.

TABLE 3.6 POPULATION PROJECTIONS SUMMARY

YEAR	CONNECTIONS 2.69% GROWTH	POPULATION
2023	9,206	19,664
2033	11,706	25,667
Ultimate	13,782	33,077

PROJECTED DEVELOPMENT AND ESTIMATED WATER USE

DEVELOPMENT AREA NO.	PROJECT DEVELOPMENT TYPE	GROSS ACREAGE	ESTIMATED ACREAGE DEVELOPED WITH WATER SERVICE	ESTIMATED EQUIVALENT CONNECTIONS PER ACRE	ESTIMATED NUMBER OF NEW CONNECTIONS	ESTIMATED DAILY WATER USAGE (GPD)
1	Commercial	241.8	181.3	2	363	127,050
2	Commercial	81.3	61.0	2	123	43,050
3	Commercial	10.4	7.8	2	16	5,600
4	Commercial	7.0	5.2	2	11	3,850
5	Commercial	26.1	19.6	2	40	14,000
6	Commercial	19.3	14.5	2	29	10,150
7	Commercial	11.4	8.6	2	18	6,300
8	Commercial	3.5	2.6	2	6	2,100
9	Commercial	10.8	8.1	2	17	5,950
10	Commercial	18.1	13.6	2	28	9,800
11	Commercial	16.3	12.2	2	25	8,750
12	Commercial	3.5	2.6	2	6	2,100
13	Commercial	463.3	347.5	2	695	243,250
14	Commercial	54.1	40.5	2	82	28,700
15	Commercial	88.1	66.1	2	133	46,550
16*	Residential	76.9	57.7	4.7	267	93,450
17*	Residential	48.9	36.6	4.1	150	52,500
18*	Residential	57.9	43.5	3.9	168	58,800
19*	Residential	105.8	79.3	3.7	290	101,500
20	Residential	16.4	12.3	4	50	17,500
21*	Residential	136.1	102.1	1.9	185	64,750
22	Residential	47.9	35.9	4	144	50,400
23	Residential	57.9	43.4	4	174	60,900
24*	Residential (Multi)	25.28	19.0	24	456	159,600
	Commercial	7	5.3	2	11	3,850
	Arena					
25	University of Houston	450.0	337.5	1.5	507	177,450
26*	Crossroads/MOTCO				384	134,400
				TOTAL	4378	1,532,300

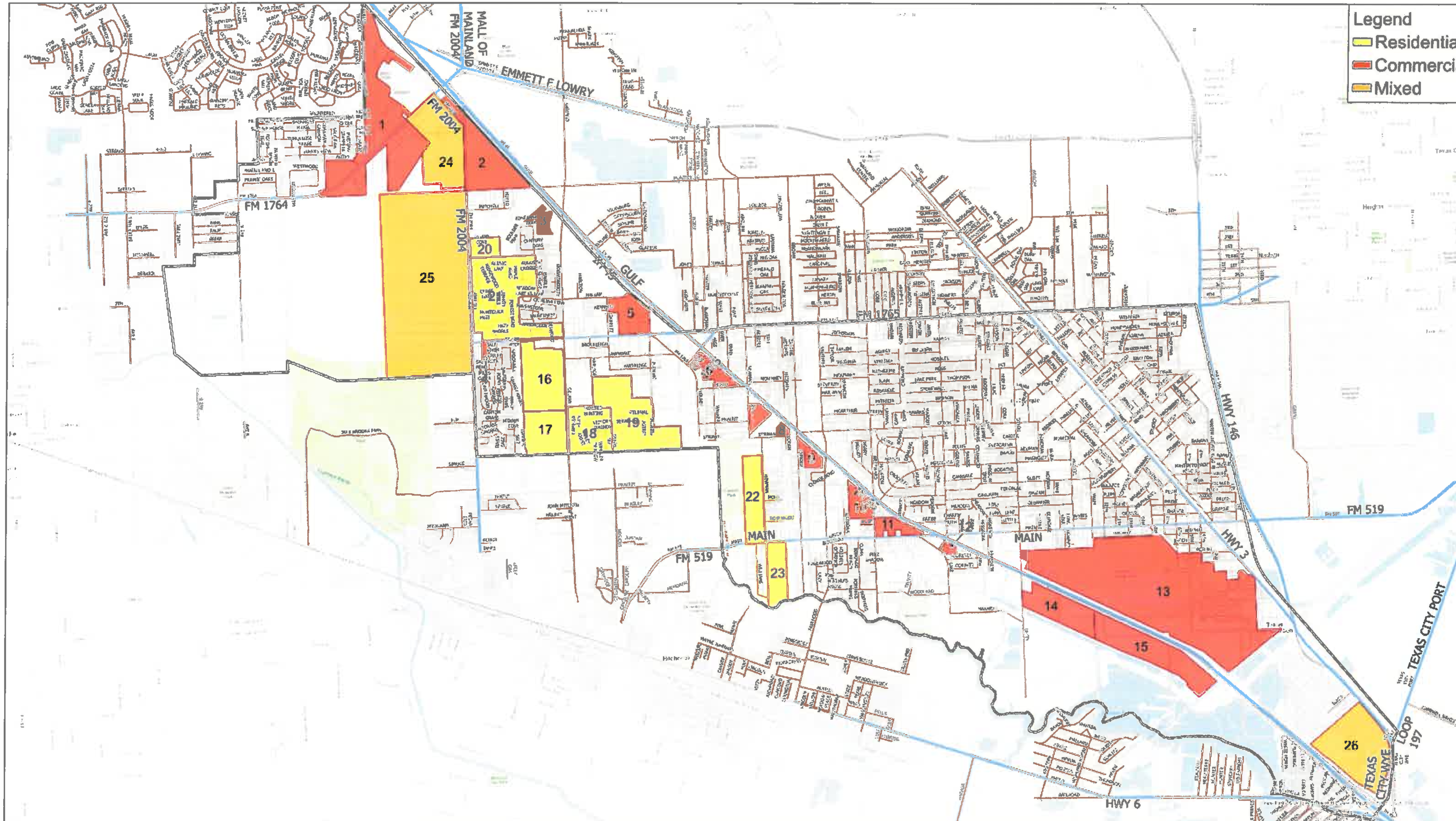
Number of Existing Equivalent Connections:	8,956
Number of Projected New Connections from Development Tracts:	4,378
Projected Infill Developments (5%):	448
Projected Ultimate Total Connections:	13,782

* Known Lots/Requested Connections

CAPITAL IMPROVEMENT PROJECTS

WASTEWATER PROJECTS				
CAPITAL IMPROVEMENT PROJECT NO.	**PROJECT NAME**	**PROJECT COST**	**PERCENT RELATED TO GROWTH**	**PROJECT COST APPLICABLE TO IMPACT FEES**
1	University of Houston Tract Development	$2,033,100	100%	$2,033,100
2	Lift Station #16 Upgrade	$506,250	100%	$506,250
3	Influent Lift Station Modification	$1,687,500	15%	$253,125
Expansion Not New 4	Wastewater Treatment Capacity to Serve 10 Year Projected Growth *(Basis – 315 gallons per day per new connection at estimated $16.00 per gallon treatment cost)*	$15,498,000	100%	$15,498,000
WASTEWATER TOTAL		**$19,724,850**		**$18,290,475**
WATER PROJECTS				
CAPITAL IMPROVEMENT PROJECT NO.	**PROJECT NAME**	**PROJECT COST**	**PERCENT RELATED TO GROWTH**	**PROJECT COST APPLICABLE TO IMPACT FEES**
1	University of Houston Tract Water Distribution System	$491,400	100%	$491,400
2	Elevated Storage Tank at Takepoint #2	$5,400,000	100%	$5,400,000
3	12" Water Distribution Line, Cedar to Magnolia (Phase 1)	$912,308	50%	$456,154
4	12" Water Distribution Line, Stonewall to IH 45 (Phase 2)	$3,197,738	75%	$2,398,304
5	12" Water Distribution Line, Westward to Newman (Phase 3)	$3,404,728	75%	$2,553,546
6	12" Water Distribution Line, 12th to Stubbs (Phase 4)	$3,145,275	5%	$157,264
7	12" Water Distribution Line, 12th Street to Highway 146	$653,144	100%	$653,144
8	Water Supply Capacity Purchase from GCWA to Service 10 Year Growth *(Basis – 2015 Purchase of GCWA Mackey Plant surface water capacity)*	$2,017,811	100%	$2,017,811
WATER TOTAL		**$19,222,404**		**$14,127,623**
TOTALS		**$38,947,254**		**$32,418,098**

ADICO
CONSULTING ENGINEERS



City of La Marque
Development Map
Exhibit C

0 1,350 2,700
Feet

City of La Marque
IMPACT FEE ADVISORY COMMITTEE

STAFF REPORT

Meeting Date: **NOVEMBER 14, 2023**

Agenda Item:

a. **Discussion / possible action regarding the approval of the Land Use Assumption Plan for the City of La Marque Impact Fee Study 2023 Update. (City Engineer) (Public Works Director)**

b. **Discussion / possible action regarding approval of the Capital Improvement Plan for the City of La Marque Impact Fee Study 2023 Update. (City Engineer) (Public Works Director)**

Item Type: **AMEND IMPACT FEE ORDINANCE**

Standard for Approval: Advise and assist the adoption of land use assumptions.

(2) Review the capital improvements plan and file written comments.

(3) Monitor and evaluate implementation of the capital improvements plan.

(4) File semi-annual reports with respect to the progress of the capital improvements plan and report to the city council any perceived inequities in implementing the plan or imposing the impact fees; and

(5) Advise the city staff and council of the need to update or revise the land use assumptions, capital improvements plan and impact fee. All professional reports concerning the development and implementation of the capital improvements plan shall be made available to the advisory committee.

References: **City Code Chapter 42;**
Chapter 395, Texas Local Government Code

Council approval: **Required**

Recommendation: **__X__ APPROVE __0__ DENY __0__ TABLE**

VOTE TALLY: **__3__ APPROVE __0__ DENY __0__ TABLE.**

CHAIR: ________________ **DATE 12/12/2023**

IMPACT FEE ADVISORY COMMITTEE MEETING

December 12, 2023

CHAIRPERSON	ALAN WATERS	Alan Waters (281)250-4153
VICE CHAIRPERSON	GREG CORNETT	
COMMISSIONER	BRAD STEPHESON	Brad Stephenson
COMMISSIONER	CHRIS COLOMBO	Chris Colombo
COMMISSIONER	GRAYLAN ALEXANDER	
COMMISSIONER		
COMMISSIONER		

5.4 CONCLUSIONS AND RECOMMENDATIONS

After discussion and deliberation of the Impact Fee Advisory Committee, the 2018 fee amounts to be recommended to City Council are as shown on **Table 8** below:

TABLE 8 - PROPOSED CAPITAL RECOVERY FEES

	2018 Study Max Fee w/ 50% Credit	**Proposed Fee**
Water	$2,196	$2,190
Wastewater	$1,588	$1,580
	$3,784	**$3,770**

MULTIPLYING FACTORS

Single Family Dwelling	= 1.0 ESFC (Single Family Equivalent Unit)
Apartment Complex	= 1.0 ESFC per living unit
Hotel, Motel, Resort	= 0.8 ESFC per unit or room
Mobile Home	= 1.0 ESFC per unit or room

Commercial, Retail, Institutional, Light Industrial, and all other non-residential development:

Meter Size:	**Factor**		**Total Impact Fee**
5/8" - 3/4"	1.00	ESFC's	$3,770
1"	1.67	ESFC's	$6,296
1.5"	3.33	ESFC's	$12,554
2", All Types	5.33	ESFC's	$20,094
3" Compound	10.67	ESFC's	$40,226
3" Turbine	11.67	ESFC's	$43,996
4" Compound	16.67	ESFC's	$62,846
4" Turbine	21.00	ESFC's	$79,170
6" Compound	33.33	ESFC's	$125,654
6" Turbine	43.33	ESFC's	$163,354
8" Compound	53.33	ESFC's	$201,054
8" Turbine	93.33	ESFC's	$351,854
10" Compound	76.67	ESFC's	$289,046
10" Turbine	140.00	ESFC's	$527,800
12" All Types	176.67	ESFC's	$666,046

Note 1: When separate dedicated fire system meters and systems are installed, the fire system meters are not charged a separate capital recovery fee.

Note 2: When building fire flow systems are combined with other building water systems, the City Engineer shall determine the equivalency factor based on the meter size that would be required without the fire protection component of the flow.

5.3 MAXIMUM IMPACT FEE CALCULATION

The maximum assessable impact fee is determined by dividing the cost of the CIP projects plus interest by the projected increase in equivalent meters for the 10 year planning period. The fee for various meter sizes is then determined by applying the factors provided in **Table 7** for all meters larger than the standard ¾" residential meter. The maximum assessable impact fee for the City of La Marque for water and wastewater is as follows:

WATER

Maximum Water impact fee = (Water Cost / increase in # of equivalent meters)

= ($4,472,095 / 1,018 new connections)

= **$4,393 per equivalent meter**

WASTEWATER

Maximum Wastewater Impact Fee = (Wastewater cost / increase in # of equiv. meters)

= ($3,234,440 / 1,018 new connections)

= **$3,177 per equivalent meter**

Chapter 395 of the Local Government Code was amended in 2001 to include that the City must provide a credit for the following:

Section 395.014 Paragraph a (7):

(A) a credit for the portion of ad valorem tax and utility service revenues generated by new service units during the program period that is used for the payment of improvements, including the payment of debt, that are included in the Capital Improvements Plan; or

(B) In the alternative, a credit equal to 50 percent of the total projected cost of implementing the capital improvements plan.

The Impact Fee legislation allows the City to charge an impact fee up to the amount shown as the calculated maximum. For this study, the maximum impact fee is calculated based on the simplified accounting method in item (B) above as:

50% of Water CIP Costs per Equivalent Meter = $4,393 x 50% =	**$ 2,196**
50% of Wastewater CIP Costs per Equivalent Meter = $3,177 x 50% =	**$ 1,588**
Total =	**$ 3,784**

ORDINANCE NO. O-2019-003

AN ORDINANCE OF THE CITY OF LA MARQUE, TEXAS, AMENDING THE CODE OF ORDINANCES OF CITY OF LA MARQUE, TEXAS, BY ADDING CHAPTER 42, "IMPACT FEES;" PROVIDING RULES AND REGULATIONS GOVERNING SAME WITHIN THE CITY; MAKING OTHER PROVISIONS RELATED TO THE SUBJECT, AND PROVIDING AN EFFECTIVE DATE.

WHEREAS, Texas Local Government Code § 395.001 et seq., authorizes cities to enact or impose impact fees on land within their corporate boundaries, as charges or assessments imposed against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to such new development; and

WHEREAS, the City Council of the City of La Marque (the "City") appointed an advisory committee ("Impact Fees Advisory Committee") to study the land use assumptions, capital improvements plan and implementation of impact fees within certain areas of the City;

WHEREAS, the City Council has employed ARKK Engineers, LLC to prepare its land use assumptions, capital improvements plan, and impact fees for water and wastewater facilities for the City;

WHEREAS, each was considered by the City's Impact Fees Advisory Committee, and such assumptions, plan, and proposed fees were filed with the City Council, along with the Impact Fees Advisory Committee's comments;

WHEREAS, ARKK Engineers, LLC and City staff received written comments from the Impact Fees Advisory Committee on the land use assumptions, capital improvements plan and impact fees;

WHEREAS, the City Council has reviewed and evaluated its land use assumptions, capital improvements plan, and impact fees for water and wastewater facilities in the time and manner required by law;

WHEREAS, consistent with input from the Impact Fees Advisory Committee, the citizens, and the City Council, City staff and consultants have updated the City's Land Use Assumptions and Capital Improvements Plan and calculated a resulting impact fee contained in **Exhibit A,** attached and made a part hereof for all purposes;

WHEREAS, the City Council held public hearings on the city's Land Use Assumptions, Capital Improvements Plan and proposed impact fees on December 10, 2018 and January 14, 2019 and provided notice of such hearings by publication in a newspaper of general circulation before the 30th day before the date of the hearing and otherwise in accordance with Section 395.044 of the Texas Local Government Code;

WHEREAS, the City Council adopted the land use assumptions and capital improvement plan on December 10, 2018 and now desires to adopt impact fees for water and wastewater facilities, all in accordance with Chapter 395, of the Texas Local Government Code; and

WHEREAS, the City has determined that it is in the best interest of the general public to adopt impact fees for water and wastewater facilities;

NOW, THEREFORE, BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS:

Section 1. The findings and recitations set out in the preamble of this Ordinance are found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes.

Section 2. The Code of Ordinances of the City of La Marque, Texas, is hereby amended by adding a Chapter 42, "Impact Fees," to read and provide as follows:

"Chapter 42 - IMPACT FEES

Article I. - In General

Sec. 42-1. Title.

This article shall be known and cited as the "City of La Marque Impact Fee Ordinance."

Sec. 42-2. Purpose.

This article is intended to impose and levy water and wastewater facilities impact fees on new development, as established in this article, in order to finance public facilities, the demand for which is generated by new development in the designated service areas. The designated services areas are as shown in the attached **Exhibit A**.

Sec. 42- 3. Authorization.

(a) The city is authorized to enact this article in accordance with Chapter 395, Texas Local Government Code, which authorizes cities to enact or impose impact fees (capital recovery fees) on land within their corporate boundaries, as charges or assessments imposed against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to such new development.

(b) "New development" means the subdivision of land; the construction, reconstruction, redevelopment, conversion, structural alteration, relocation, or enlargement of any structure; or any use or extension of the use of land; any of which increases the number of service units.

Sec. 42- 4. Land use assumptions.

The land use assumptions included in the Water and Wastewater Impact Fee Study, referenced herein as **Exhibit A** and made a part hereof for all purposes, are hereby in all things approved and adopted.

Sec. 42-5. Capital improvements plan.

The capital improvements plan included in the Water and Wastewater Impact Fee Study, referenced herein as **Exhibit A** and made a part hereof for all purposes, are hereby in all things approved and adopted.

Sec. 42-6. Impact fees.

(a) The impact fees set forth in the Water and Wastewater Impact Fee Study, referenced herein as **Exhibit A** and made a part hereof for all purposes are hereby levied against new development on lands located within the corporate boundaries of the city.

(b) For new development which is platted in accordance with the City's subdivision regulations before the adoption of this article, an impact fee may not be collected on any service unit for which a valid building permit is issued within one year after the date of adoption of the impact fee.

Sec.42-7. Assessment of impact fees.

(a) Impact fees are hereby assessed against new development in order to generate revenue for funding or recouping the costs of capital improvements or facility expansions necessitated by and attributable to the new development. Assessment of impact fees for new development shall be made as follows:

(1) For land on which new development occurs or is proposed to occur, and for which no platting or replatting is required pursuant to the city's subdivision regulations prior to development, assessment shall

occur at the time application is made for the building permit or utility connection, whichever occurs first, and shall be the amount of the maximum impact fees per service unit applicable to the respective service area(s) in which the development is located.

(2) For new developments that have filed applications for approval pursuant to the City's subdivision regulations or for which replatting results in an increase in the number of service units after such date, assessment shall be at the time of the final plat is recorded, and shall be the amount of the maximum impact fee per service unit applicable to the respective service area(s) in which the development is located.

(b) Following initial assessment of impact fees for a new development, the amount of the maximum impact fee per service unit for any such development may not be increased unless the owner proposes to change the approved development and increase the number of service units, in which case the impact fee shall be reassessed and the impact fee then in effect shall be imposed for such additional service units, and shall be limited to the amount attributable to the additional service units.

(c) Following the lapse or expiration of approval of a new development, a new assessment shall be performed at the time a new application for such development is filed.

Sec. 42-8. Collection of impact fees.

(a) For all developments platted after the effective date of the ordinance from which this article is derived, the impact fees due shall be collected at the time of application for a building permit, or at the time of application for a utility connection, whichever occurs first. If the building permit for which an impact fee has been paid has expired, and a new application is thereafter filed, the impact fees due shall be computed using the impact fee then in effect, and previous payments of impact fees shall be credited against the new fees due.

(b) For all developments platted in accordance with the City's Subdivision ordinance prior to the effective date of the ordinance from which this article is derived, the impact fees shall not be collected on any service unit for which a valid building permit is issued within one year after the effective date of the ordinance.

(c) For water and wastewater fees, if the city has water and wastewater capacity available, the impact fee shall be collected at the time the city issues a building permit or approves an application for a utility connection, whichever occurs first.

(d) In areas where services are not currently available, fees may be assessed but may not be collected, except as provided by state law. Where state law requires a commitment by the city to commence construction of a capital improvement or facility expansion, and to have the service available within a specified time frame in order to collect the fees, the city manager is empowered to make this commitment on behalf of the city after consultation with the city's engineer.

(e) A school district is not required to pay impact fees imposed under this article unless the board of trustees of the district consents to the payment of the fees by entering into a contract with the city.

(f) Notwithstanding the above, the city may enter into an agreement with the owner of a tract of land for which the plat has been recorded providing for the time and method of payment of the impact fees.

Sec. 42-9. Establishment of accounts.

(a) Impact fee funds shall be deposited in interest-bearing accounts clearly identifying the category of capital improvements or facility expansions within the service area for which the fee was adopted.

(b) Interest earned on the account into which the impact fees are deposited shall be considered funds of the account and shall be used solely for the purposes authorized in Section 42-10.

(c) The City shall establish adequate financial and accounting controls to ensure that impact fees disbursed from the account are utilized solely for the purposes authorized in Section 42-10. Disbursement of funds shall be authorized by the city at such times as are reasonably necessary to carry out the purposes and intent of this article.

(d) The city shall maintain and keep financial records for impact fees, which shall show the source and disbursement of all fees collected in or expended within the service area. The records of the account into which impact fees are deposited shall be open for public inspection and copying during ordinary business hours.

Sec. 42-10. Use of proceeds of impact fee accounts.

(a) The impact fees collected for each service area pursuant to these regulations may be used to finance or to recoup the costs of any capital improvements or facility expansion identified in the applicable capital improvements plan for the service area, including but not limited to the construction contract price, surveying and engineering fees, land acquisition costs (including land purchases, court awards and costs, attorney's fees, and expert witness fees). Impact fees may also be used to pay the principal sum and interest and other finance costs on bonds, notes or other obligations issued by or on behalf of the city to finance such capital improvements or facility expansions. Impact fees also may be used to pay fees actually contracted to be paid to an independent qualified engineer or financial consultant for preparation of or updating the impact fee capital improvements plan.

(b) Impact fees collected pursuant to this article shall not be used to pay for any of the following expenses:

> (1) Construction, acquisition or expansion of capital improvements or assets other than those identified in the applicable capital improvements plan;
>
> (2) Repair, operation, or maintenance of existing or new capital improvements or facility expansion;
>
> (3) Upgrade, expansion or replacement of existing capital improvements to serve existing development in order to meet stricter safety, efficiency, environmental or regulatory standards;
>
> (4) Upgrade, expansion, or replacement of existing capital improvements to provide better service to existing development; provided, however, that impact fees may be used to pay the costs of upgrading, expanding or replacing existing capital improvements in order to meet the need for new capital improvements generated by new development; or
>
> (5) Administrative and operating costs of the city

Sec. 42-11. Refunds and rebates.

On the request of an owner of property on which an impact fee has been paid, impact fees shall be refunded if existing facilities are available and service is denied, or, if the city failed to commence construction of facilities required for service within two years of payment of the fee, or if construction is not complete within a reasonable time considering the type of capital improvements or facility expansion to be constructed, but not in any event more than five years from date of payment of the fee.

(a) Any impact fee funds not expended within ten years after payment shall be refunded.

(b) Refunds shall bear interest calculated from the date of collection to the date of refund at the statutory rate set forth in Section 302.002 Texas Finance Code or its successor statutes.

(c) All refunds will be made to the owner of record at the time the refund is paid. If, however, the impact fees were paid by another political subdivision or governmental entity, payment shall be made to the political subdivision or governmental entity.

Sec. 42-12. Appeals.

Upon written application of the owner of property upon which impact fees were assessed, the City council shall consider appeals to the interpretations of or errors in the application of the impact fee regulations or schedules used to calculate the fees or credits.

Sec. 42-13. Credits and offsets.

(a) Any construction of, contributions to, or dedications of any facility appearing on the capital improvements plan which is required by the city to be constructed by the owner as a condition of development shall be credited against the impact fees otherwise due from the development. Credit for impact fees due an owner in one category of impact fees may not be used to offset impact fees in another category.

As an alternative to the foregoing, the city and owner may enter into an agreement providing that, in addition to the credit, owner will be reimbursed for all or a portion of the costs of such facilities from impact

(b) fees received from other new developments that will use such capital improvements of facility expansions.

(c) An owner shall be entitled to a credit against any category of impact fee provided in any written agreement between the city and the owner.

(d) No credit for construction of any facility shall exceed the total amount of impact fees due from the development for the same category of improvements.

Sec. 42-14. Advisory Committee.

(a) The capital improvements advisory committee (advisory committee) shall consist of the Planning & Zoning Commission. If the Commission does not include at least one representative of the real estate, development or building industry who is not an employee or official of a political subdivision or governmental entity, the City Council shall appoint at least one such representative as an ad hoc member of the advisory committee.

(b) The advisory committee serves in an advisory capacity and is established to:

(1) advise and assist the adoption of land use assumptions;

(2) review the capital improvements plan and file written comments;

(3) monitor and evaluate implementation of the capital improvements plan;

(4) file semi-annual reports with respect to the progress of the capital improvements plan and report to the City Council any perceived inequities in implementing the plan or imposing the impact fees; and

(5) advise the city staff and Council of the need to update or revise the land use assumptions, capital improvements plan and impact fee.

All professional reports concerning the development and implementation of the capital improvements plan shall be made available to the advisory committee.

(c) The advisory committee shall elect a chairperson to preside at its meetings and a vice-chairperson to serve in their absence.

(d) The land use assumptions and Capital Improvements Plan shall be updated at least every five (5) years. Alternatively, the City Council may, pursuant to the provisions of the Texas Local Government Code § 395.0575, make a determination that no such update is necessary."

Section 3. In the event any clause, phrase, provision, sentence, or part of this Ordinance or the application of the same to any person or circumstance shall for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision hereof other than the part declared to be invalid or unconstitutional; and the City Council of the City of La Marque, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 4. This ordinance is intended to be cumulative and shall not repeal any previous ordinance except to the extent that any provision of such ordinance is inconsistent and cannot be reconciled with any provision contained herein.

Section 5. This ordinance shall be effective immediately upon the Second and Final reading and adoption by the City Council of La Marque.

PASSED AND APPROVED by City Council of the City of La Marque, Texas on FIRST READING this 14th day of January, 2019.

PASSED, APPROVED AND ADOPTED by City Council of the City of La Marque, Texas on SECOND AND FINAL READING this 11 day of February, 2019.

CITY OF LA MARQUE, TEXAS

Bobby Hocking

Bobby Hocking, Mayor

ATTEST:

Robin Eldridge, TRMC
City Clerk

APPROVED AS TO FORM:

Ellis J. Ortego
City Attorney

Exhibit A - Water and Wastewater Impact Fee Study

WATER AND WASTEWATER IMPACT FEE STUDY

November, 2018

CITY OF LA MARQUE

November, 2018

ARKK Engineers, LLC
TBPE Firm # F-13872
7322 Southwest Fwy. Ste. 1040

WATER AND WASTEWATER IMPACT FEE STUDY
CITY OF LA MARQUE

NOVEMBER, 2018

Table of Contents

STATE OF TEXAS
DAVID W. KASPER
86294
LICENSED
PROFESSIONAL ENGINEER

11-8-2018

1. INTRODUCTION

ARKK Engineers LLC has been contracted by the City of La Marque to prepare the City's Impact Fee study, for the purposes of establishing a capital recovery fee schedule for new development in the City's water and wastewater service area. The study was conducted in compliance with the State of Texas Local Government Code, Title 12, Planning and Development, Subtitle C, Chapter 395, "Financing Capital Improvements in Municipalities, Counties, and Certain Other Local Governments", herein referred to as "Chapter 395". Under Chapter 395 requirements, the City is required to adopt an ordinance, order, or resolution approving land use assumptions and capital improvements plan ("CIP") prior to considering adoption of a Capital Recovery Fee, also referred to herein as an "impact fee."

The objectives of this study are to:

a) Estimate the probable growth of the City; both in terms of population increases and geographical location of the anticipated growth.

b) Estimate the capital improvement costs that will be needed to provide water and wastewater utility service to this growth through the 10 year development horizon;

c) Calculate the maximum allowable impact fees that may be assessed to new development to defray the cost of the required water and wastewater improvements needed to support the development.

Impact Fees are proposed to be charged by the City of La Marque for each new connection to the City's water and/or wastewater system. Chapter 395 of the Texas Local Government Code prescribes the required process for cities to follow for adoption, amendment, and update of Impact Fees charged. Updates are performed on a five-year cycle. The update process requires engaging a Registered Professional Engineering firm to prepare the aforementioned documents and calculations. The results are then to be presented to an Advisory Committee appointed by the City Council to review and recommend adoption of land use assumptions, population projections, proposed CIP projects, and the amount of the Impact Fees to be considered and adopted by the City.

For purpose of this study, it is recommended that the City adopt a **ten year** planning period from 2018-2027 and consider factors affecting growth rates, intensity of development, known major development projects, and projections by local and state agencies to guide the land use assumptions and resulting CIP. Included in this study is a review of the growth experience during the previous planning period, projects implemented from the CIP, and the actual cost of water and wastewater projects. Water and wastewater studies and reports performed during this period are also reflected herein.

2. SERVICE AREA

The proposed service area is shown on **Figure 1**. The service area includes the area within the City of La Marque's City Limit. In the future, as areas are contemplated for annexation, the Service Area Map should be updated to reflect the annexed area. Areas outside the City Limits in which the City is considering executing a development agreement for water and/or wastewater service should also be incorporated into the service area.

3. LAND USE ASSUMPTIONS AND POPULATION PROJECTIONS

The purpose of the Land Use Map is to provide the basis for provision and requirement for projects to support new development in the service area and to project the number of equivalent service units to fairly allocate the resulting costs through the assessment of Impact Fees. The following factors were considered in developing the Land Use Map:

- The character, type, density and quantity of existing development.
- Proposed land use.
- The Water System Modeling and Planning Study (2016 ARKK Engineers).
- Availability of land for future development.
- Current growth trends in the City.
- Location and configuration of vacant land.
- Known or anticipated development projects.

See **Figure 2 - Land Use Map**

3.1 BASE DATA

The data developed for the Land Use Map was based on aerial mapping and HGAC planning resources. Population data was obtained from US Census data and the 2016 Water Modeling and Planning Study document as shown in the following **Table 1**. A review of U.S. Census data shows that in the period 2010 to 2015, the City grew from a population of 14,509 to a population of 15,908.

TABLE 1

POPULATION DATA

Plan Year	Year End	Est. Annual Number of Connections Added	Total Number of Connections	Projected Population
	2010		5,278	14,509
	2015	102	5,787	15,908
1	**2018**	**102**	**6,093**	**16,747**
2	2019	102	6,194	17,027
3	2020	102	6,296	17,307
4	2021	102	6,398	17,587
5	2022	102	6,500	17,867
6	2023	102	6,602	18,146
7	2024	102	6,703	18,426
8	2025	102	6,805	18,706
9	2026	102	6,907	18,986
10	**2027**	**102**	**7,009**	**19,266**

The table above reflects that the City can reasonably expect to have 7,009 water service connections in ten years' time.

Table 2 - Water Meter Connection Count (Year End 2017)

Meter Size:	Number of Connections	Equivalency	Equivalent Connections
5/8 x 3/4	5,524	1	5,524
1"	118	1	118
1.5"	1	1	1
2"	87	2	174
4"	8	4	32
6"	1	10	10
8"	1	30	30
	5,740		5,889

3.2 TEN YEAR GROWTH ASSUMPTIONS

The current rate of growth in terms of equivalent service units (ESU's) for the City is averaging around 93 - 102 new ESU's per calendar year

With the current total connections in the system expressed in ESU's of approximately 6,093, the growth rates in terms of equivalent connections was **1.8%** for the period 2010-2018. It is recommended that for this 2018 Impact Fee Study the City adopt a growth rate of **102 Equivalent Service Connections per year** to the water and wastewater system. This growth rate is consistent with the 2016 Water System Modeling and Planning study. For the projected 10 year period, it is estimated that 1,108 new connections will be added.

3.3 ULTIMATE POPULATION PROJECTIONS

TABLE 3 - Projected Development and Estimated Water Use

Development Area No.	Projected Development Type	Gross Acreage	Est. Acreage Developed with Water Service	Estimated Equivalent Connections per Acre	Estimated Number of New Connections	Est. Average Daily Water Use per Connection	Estimated Daily Water Usage (gpd)
1	Commercial	241.8	181.3	1	181	350	63,471
2	Commercial	81.3	61.0	1	61	350	21,351
3	Commercial	38.4	28.8	2	58	350	20,177
4	Commercial	11.9	8.9	2	18	350	6,258
5	Commercial	74.5	55.9	2	112	350	39,121
6	Commercial	19.3	14.5	2	29	350	10,127
7	Commercial	11.4	8.6	2	17	350	5,988
8	Commercial	3.5	2.6	2	5	350	1,826
9	Commercial	10.8	8.1	2	16	350	5,669
10	Commercial	18.1	13.6	2	27	350	9,491
11	Commercial	16.3	12.2	2	24	350	8,556
12	Commercial	3.5	2.6	2	5	350	1,837
13	Commercial	91.0	68.2	2	136	350	47,761
14	Commercial	54.1	40.5	2	81	350	28,378
15	Commercial	88.1	66.1	2	132	350	46,236
16	Commercial	31.1	23.3	2	47	350	16,342
17	Residential	194.4	145.8	4	583	350	204,069
18	Residential	40.7	30.5	4	122	350	42,688
19	Residential	126.5	94.9	4	379	350	132,808
20	Residential	164.3	123.2	4	493	350	172,514
21	Other - University of Houston property	923.3	692.5	0	0	350	0
					2,528		884,668

Number of Existing Equivalent Connections:	5,889
Number of Projected New Connections from Development Tracts:	2,528
Projected Infill Development (Est. 5% of Exist)	294
Projected Total Connections:*	8,711

Numbers do not include the following:
1. University of Houston 923 acre tract in Northwest La Marque
2. Subdivided but undeveloped lots in southeast La Marque adjacent to Texas City Terminal Railway property
3. Wetlands Properties in southeast La Marque

The table above reflects that the City could reasonably be expected to have **8,711** water service connections in the future. The areas of anticipated future development are shown on **Figure 4**.

4. CAPITAL IMPROVEMENT PLAN

The Impact Fee Capital Improvement Plan (CIP) includes projects anticipated to serve growth in the City during the 10-year planning period.

4.1 ELIGIBLE FACILITIES

The impact fee legislation allows those projects necessitated by growth during the planning period to be included in the impact fee calculation. Projects included in the CIP include water distribution lines and water production facilities.

4.2 CAPITAL IMPROVEMENT PROJECTS FOR 2018 IMPACT FEE STUDY

The projects eligible for Capital Recovery Fee consideration are shown on **Table 4 (Water) and Table 5 (Wastewater)**. These tables show both proposed future CIP improvements, and existing facilities that have excess capacity which can serve some or all of the projected growth during the study period. For the existing facilities, their design capacity was evaluated against existing demands and projected growth to determine the prorated value for growth during the study period.

The capital improvement project maps are shown on **Figure 3** – Water and Wastewater Capital Improvement Plan.

5. IMPACT FEE CALCULATION

This section includes a summary of the capital improvement project costs, interest costs, service unit equivalency, and a calculation of the maximum impact fee amount. The capital improvement costs included in the impact fee calculation is the portion of the project cost that is directly related to new growth. Some of the projects include replacement of an existing facility with new capacity added that will be available for future growth. **Tables 4 and 5** on the following pages show the proposed CIP Project Costs Summaries, reflecting costs prorated for new development to be used in the impact fee calculation.

TABLE 4

PROJECT COSTS SUMMARY - WATER

Project Name	Project Cost	Planned Year	Percent of Cost Related to New Development	Project Costs Related to New Development
12" Water Distribution Line, Cedar to Magnolia (Phase 1)	$397,520	2019	50%	$198,760
12" Water Distribution Line, Stonewall to IH 45 (Phase 2)	$1,393,350	2022	75%	$1,045,013
12" Water Distribution Line, Westward to Newman (Phase 3)	$1,098,920	2024	75%	$824,190
12" Water Distribution Line, 12th to Stubbs (Phase 4)	$1,370,490	2026	5%	$68,525
Water Supply Capacity Purchase from GCWA to Service 10 Year Growth *(Basis - 2015 Purchase of GCWA Mackey Plant surface water capacity, Texas City/League City from NRG)*	$1,223,377	2019	100%	$1,223,377
				$0
				$0
TOTAL WATER	**$5,483,657**			**$3,359,864**

New Connections Served in 10 Year Period by the Water Capital Improvements:	1,018
Cost Per Connection:	$3,301
Project Cost Assigned to the 10 Year Period:	**$3,359,864**

TABLE 5

PROJECT COSTS SUMMARY - WASTEWATER

Project Name	Project Cost	Planned Year	Percent of Cost Related to New Development	Project Costs Related to New Development
Wastewater Treatment Capacity to Serve 10 Year Projected Growth *(Basis - 315 gallons per day per new connection at estimated $6.00 per gallon treatment cost)*	$1,924,020	2019	100%	$1,924,020
Influent Lift Station	$ 3,450,000	2019	15%	$ 506,000
TOTAL WASTEWATER	**$5,374,020**			**$2,430,020**

New Connections Served in 10 Year Period by the Wastewater Capital Improvements:	1,018
Cost Per Connection:	$2,387
Project Cost Assigned to the 10 Year Period:	**$2,430,020**

5.1 FINANCE COSTS DETERMINATION

Costs incurred to support the debt service for the CIP list above are eligible for reimbursement in accordance with the Impact Fee Legislation. This study reflects an estimated interest rate of 3.0% per annum on bonds such as TWDB State Revolving Fund loans. On that basis, the total interest expense for the Impact Fee calculation are as follows, based on a 20 year finance term:

TABLE 6

FINANCE COSTS

	WATER	WASTEWATER
Project Cost	$3,359,864	$2,430,020
Interest Rate	3.00%	3.00%
Term (years)	20	20
Total Interest	$1,112,230	$804,420
Total Eligible Cost w/ Interest	**$4,472,095**	**$3,234,440**

5.2 SERVICE UNIT DETERMINATION

The equivalent meter comparison is the method used to measure consumption by new growth for impact fee purposes. The 5/8"and /3/4" water meters serve as the service unit for both water and wastewater impact fee calculations. The equivalent meter is defined as the unit equivalent to the hydraulic capacity of a ¾ inch meter. The 5/8" and 3/4" meters were selected because it represents the water meter size for an average single family dwelling. Equivalency factors were provided for larger meter sizes as developed by the American Water Works Association. **Table 7** provides these equivalency factors.

TABLE 7
Equivalent Meter Factors

METER SIZE (INCHES)	EQUIVALENCY FACTOR
5/8 OR 3/4	1.0
1"	1.67
1 ½"	3.33
2"	5.33
3" Compound	10.0
4" Compound	16.67
6" Compound	33.33
8" Compound	53.33
10" Compound	76.67

5.3 MAXIMUM IMPACT FEE CALCULATION

The maximum assessable impact fee is determined by dividing the cost of the CIP projects plus interest by the projected increase in equivalent meters for the 10 year planning period. The fee for various meter sizes is then determined by applying the factors provided in **Table 7** for all meters larger than the standard ¾" residential meter. The maximum assessable impact fee for the City of La Marque for water and wastewater is as follows:

WATER

Maximum Water impact fee = (Water Cost / increase in # of equivalent meters)

= ($4,472,095 / 1,018 new connections)

= $4,393 per equivalent meter

WASTEWATER

Maximum Wastewater Impact Fee = (Wastewater cost / increase in # of equiv. meters)

= ($3,234,440 / 1,018 new connections)

= $3,177 per equivalent meter

Chapter 395 of the Local Government Code was amended in 2001 to include that the City must provide a credit for the following:

Section 395.014 Paragraph a (7):

> *(A) a credit for the portion of ad valorem tax and utility service revenues generated by new service units during the program period that is used for the payment of improvements, including the payment of debt, that are included in the Capital Improvements Plan; or*
>
> *(B) In the alternative, a credit equal to 50 percent of the total projected cost of implementing the capital improvements plan.*

The Impact Fee legislation allows the City to charge an impact fee up to the amount shown as the calculated maximum. For this study, the maximum impact fee is calculated based on the simplified accounting method in item (B) above as:

50% of Water CIP Costs per Equivalent Meter = $4,393 x 50% =	**$ 2,196**
50% of Wastewater CIP Costs per Equivalent Meter = $3,177 x 50% =	**$ 1,588**
Total =	**$ 3,784**

5.4 CONCLUSIONS AND RECOMMENDATIONS

After discussion and deliberation of the Impact Fee Advisory Committee, the 2018 fee amounts to be recommended to City Council are as shown on **Table 8** below:

TABLE 8 - PROPOSED CAPITAL RECOVERY FEES

	2018 Study Max Fee w/ 50% Credit	**Proposed Fee**
Water	$2,196	$2,190
Wastewater	$1,588	$1,580
	$3,784	**$3,770**

MULTIPLYING FACTORS

Single Family Dwelling	= 1.0 ESFC (Single Family Equivalent Unit)
Apartment Complex	= 1.0 ESFC per living unit
Hotel, Motel, Resort	= 0.8 ESFC per unit or room
Mobile Home	= 1.0 ESFC per unit or room

Commercial, Retail, Institutional, Light Industrial, and all other non-residential development:

Meter Size:	**Factor**		**Total Impact Fee**
5/8" - 3/4"	1.00	ESFC's	$3,770
1"	1.67	ESFC's	$6,296
1.5"	3.33	ESFC's	$12,554
2", All Types	5.33	ESFC's	$20,094
3" Compound	10.67	ESFC's	$40,226
3" Turbine	11.67	ESFC's	$43,996
4" Compound	16.67	ESFC's	$62,846
4" Turbine	21.00	ESFC's	$79,170
6" Compound	33.33	ESFC's	$125,654
6" Turbine	43.33	ESFC's	$163,354
8" Compound	53.33	ESFC's	$201,054
8" Turbine	93.33	ESFC's	$351,854
10" Compound	76.67	ESFC's	$289,046
10" Turbine	140.00	ESFC's	$527,800
12" All Types	176.67	ESFC's	$666,046

Note 1: When separate dedicated fire system meters and systems are installed, the fire system meters are not charged a separate capital recovery fee.

Note 2: When building fire flow systems are combined with other building water systems, the City Engineer shall determine the equivalency factor based on the meter size that would be required without the fire protection component of the flow.

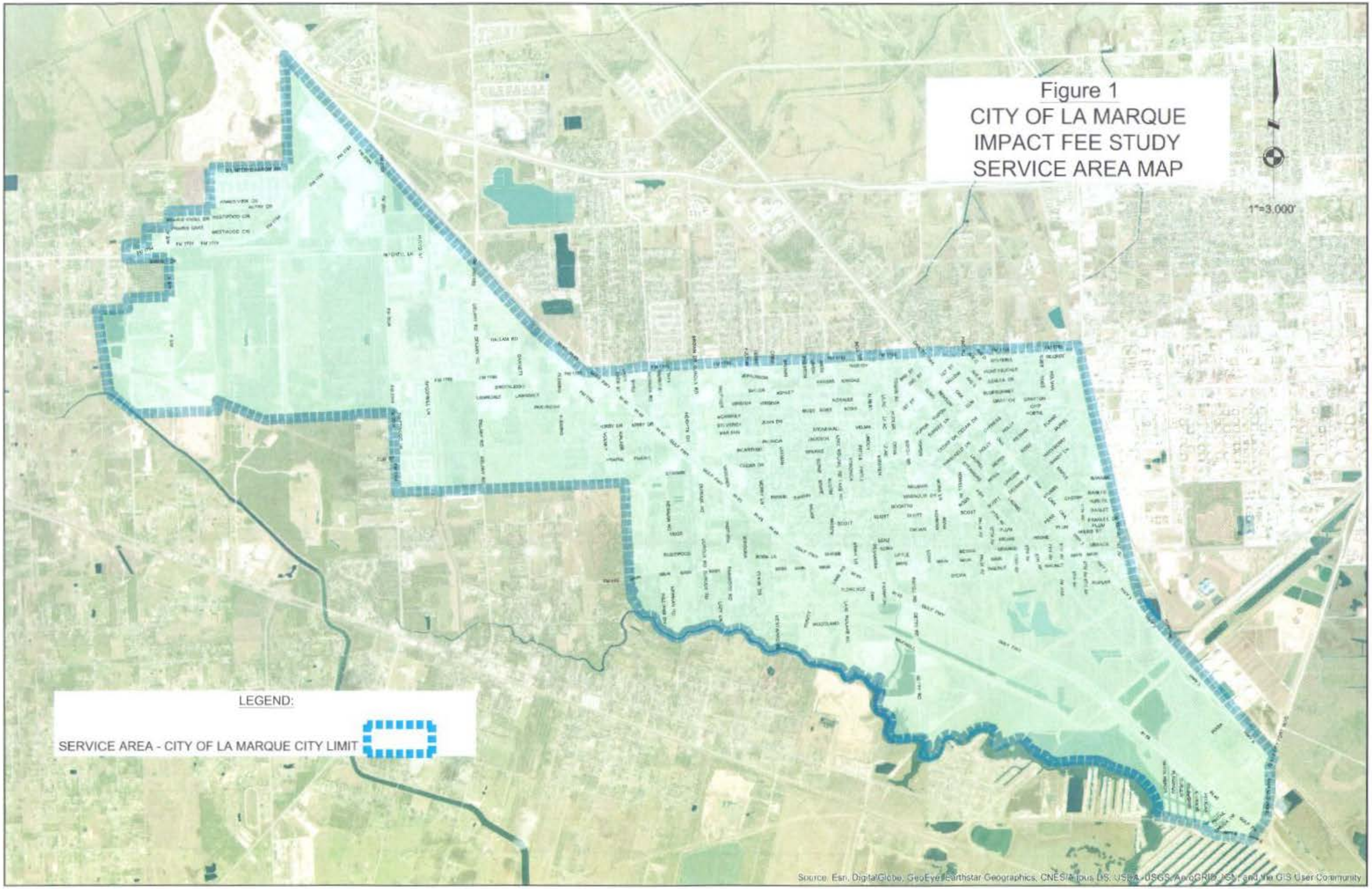


Figure 1
CITY OF LA MARQUE
IMPACT FEE STUDY
SERVICE AREA MAP
1"=3,000'
LEGEND:
SERVICE AREA - CITY OF LA MARQUE CITY LIMIT

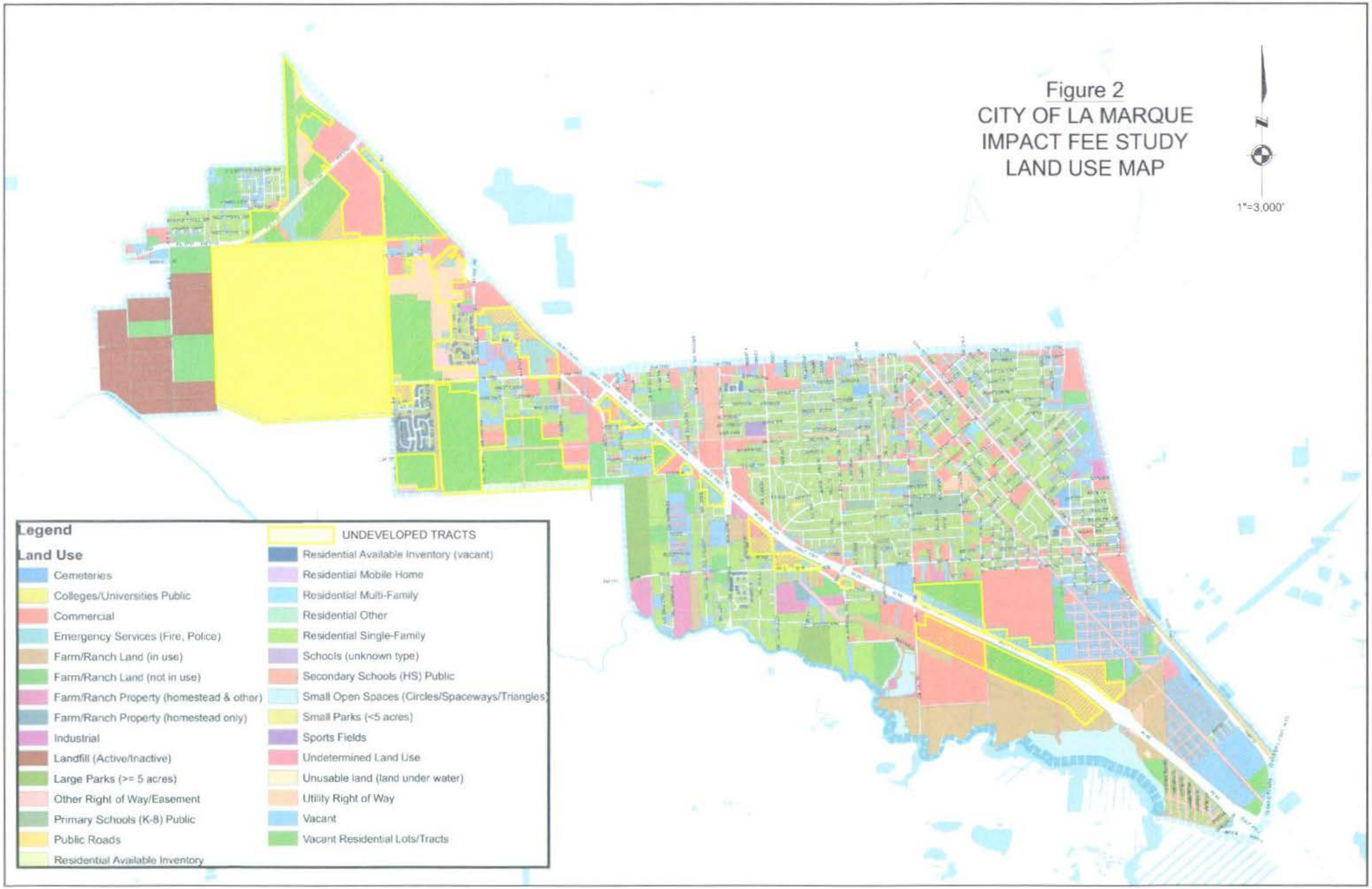
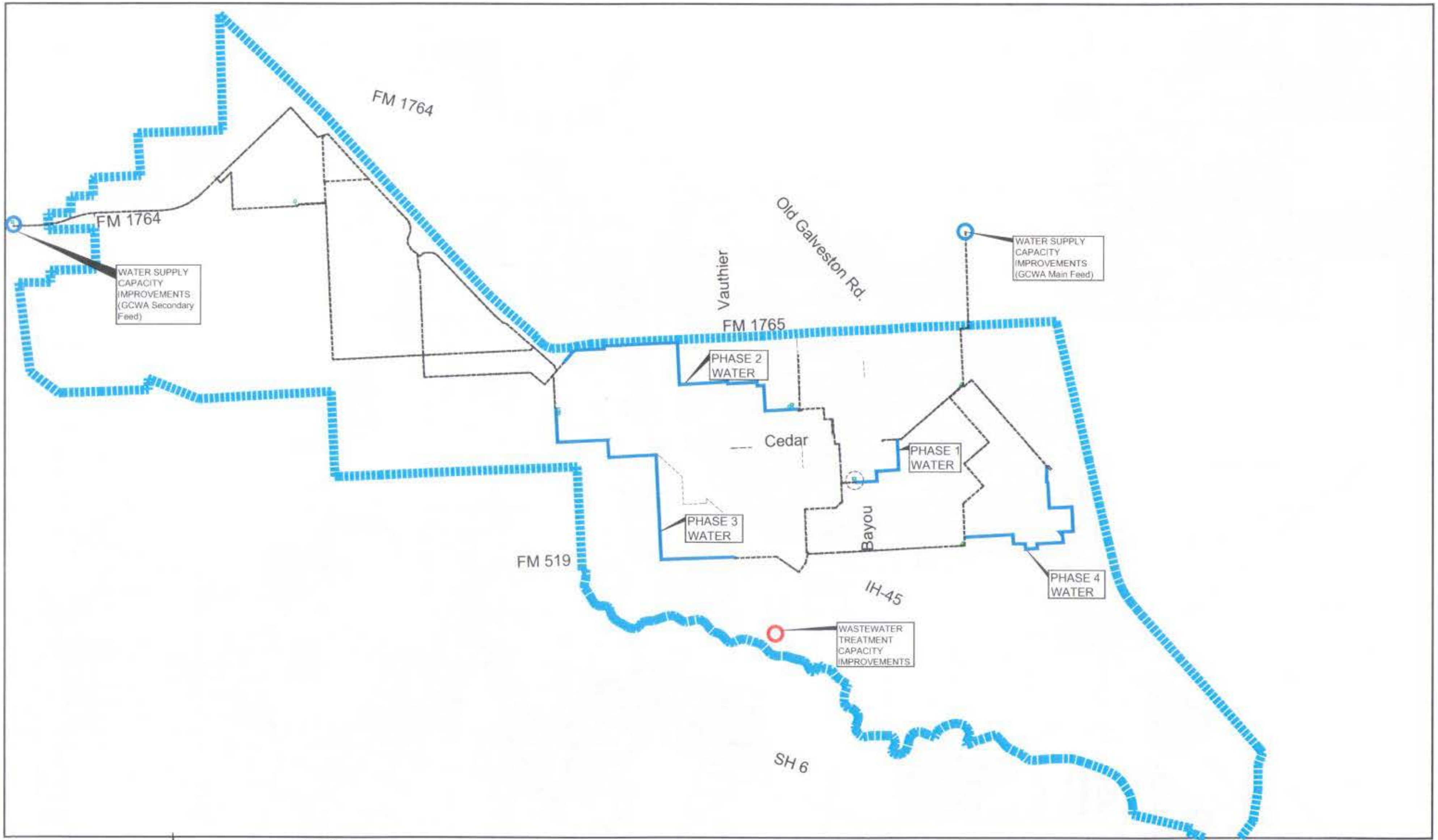


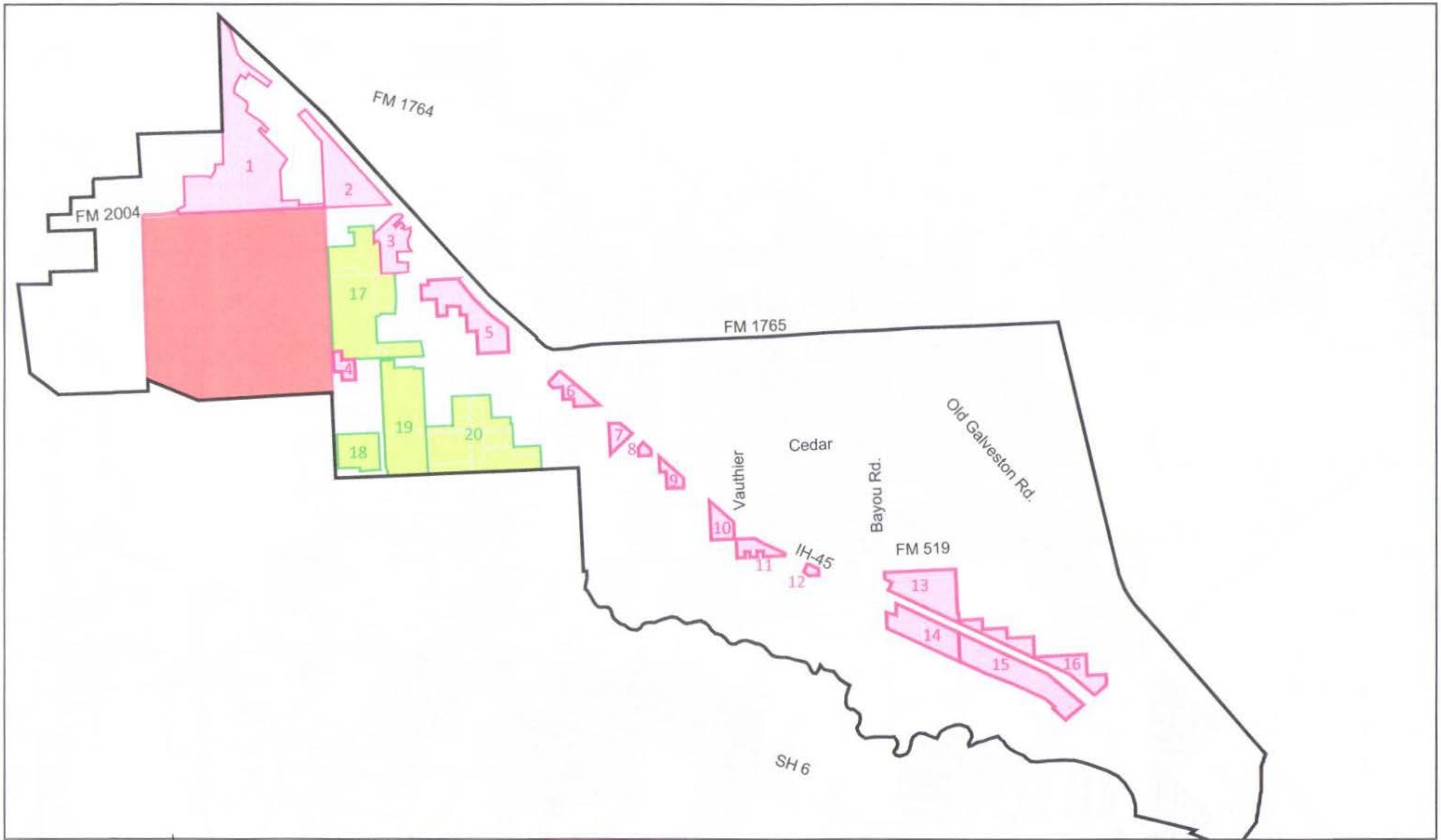
Figure 2
CITY OF LA MARQUE
IMPACT FEE STUDY
LAND USE MAP
1"=3,000'
Legend
Land Use
Cemeteries
Colleges/Universities Public
Commercial
Emergency Services (Fire, Police)
Farm/Ranch Land (in use)
Farm/Ranch Land (not in use)
Farm/Ranch Property (homestead & other)
Farm/Ranch Property (homestead only)
Industrial
Landfill (Active/Inactive)
Large Parks (>= 5 acres)
Other Right of Way/Easement
Primary Schools (K-8) Public
Public Roads
Residential Available Inventory
UNDEVELOPED TRACTS
Residential Available Inventory (vacant)
Residential Mobile Home
Residential Multi-Family
Residential Other
Residential Single-Family
Schools (unknown type)
Secondary Schools (HS) Public
Small Open Spaces (Circles/Spaceways/Triangles)
Small Parks (<5 acres)
Sports Fields
Undetermined Land Use
Unusable land (land under water)
Utility Right of Way
Vacant
Vacant Residential Lots/Tracts



Scale: 1" = 3,000 LF

LEGEND
Proposed 12" Water Transmission / Large Distribution Line
Existing Water Transmission / Large Distribution Line
Proposed Water Supply Improvements
Proposed Wastewater Treatment Improvements

FIGURE 3 - Capital Improvement Plan



Scale: 1" = 3,000 LF

LEGEND
Commercial Development Potential
Residential Development Potential
University of Houston owned property

Figure 4 - Development Map

ARKK ENGINEERS

CITY COUNCIL AGENDA FORM

Meeting Date: January 8, 2024
Prepared by: Christine Turner
Department: Finance

Agenda Item: 6.I.
Reviewed by:

AGENDA ITEM DESCRIPTION:
Accepting the results of the 2021-2022 fiscal audit

STAFF BRIEFING:
Staff recommends approval of the FY22 Audit with the corrections noted:

Update to the unassigned fund balance number on slide 8. The correct number at 9/30/2022 was $3,296,419. It was inadvertently listed as $3,466,544 on the original slide. And just to clarify, this was just a typo in the presentation. No changes were needed in the actual audited financial statements.

Correction on page 8 - the Unassigned fund balance for the general fund was $3,296,419 or 21%/77 days of annual general fund expenditures.

HISTORY:
FY22 Audit was presented with corrections needed on the presentation and final document. Finance has worked with Auditor to make necessary changes.

FISCAL IMPACT:
None.

RESOLUTION NO. R-2023-0071

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS ACCEPTING THE RESULTS OF THE FISCAL YEAR 2021-2022 FINANCIAL AUDIT

WHEREAS, Brookswatson & Co. is the City of La Marque's contracted auditing firm; and

WHEREAS, on October 23, 2023, Brookswatson & Co. presented their findings to the La Marque City Council.

WHEREAS, additional review was required of the document and approved internally by City Administration and the Finance Director.

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF LA MARQUE, TEXAS THAT:

The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

The City Council of the City of La Marque Texas accepts the findings of Brookswatson & Co as part of a formal public record.

In the event any clause, phrase, provision sentence, or part of this Resolution or the application of the same to any person or circumstance for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it is the intention of the City Council that the invalidity or unconstitutionality of the one or more parts shall not affect, impair, or invalidate this Resolution as a whole or any part or provision other than the part declared to be invalid or unconstitutional; and the City Council of the City of La Marque, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

DULY PASSED by a majority vote of all members of the City Council of the City of La Marque on the_______ day of _____________ 2024.

____
Keith Bell
Mayor

____
Kierra Nance, TRMC
City Clerk

ANNUAL FINANCIAL REPORT 2022

FOR FISCAL YEAR ENDED SEPTEMBER 30, 2022

CITY OF

LA MARQUE, TEXAS

1111 BAYOU ROAD | LA MARQUE, TX | 77568
409.938.9200 | WWW.CI.LA-MARQUE.TX.US

ANNUAL
FINANCIAL REPORT

of the

City of La Marque, Texas

For the Year Ended
September 30, 2022

Prepared by:
Finance Department

Suzy Kou
Finance Director

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City of La Marque, Texas

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September 30, 2022

INDEPENDENT AUDITOR'S REPORT

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

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of City of La Marque, Texas as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise City of La Marque, Texas's basic financial statements as listed in the table of contents.

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

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of La Marque, 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

The City's 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 Marque, Texas's ability to continue as a going concern for one year after the date that the financial statements are issued.

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 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, 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 Marque, Texas's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of La Marque, Texas's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note V.F. to the financial statements, due to the implementation of GASB Statement No. 87, Leases, the City restated capital assets, long-term liabilities, within governmental and business-type activities. In addition, the City restated beginning fund balance/net position for the general fund and governmental activities due to a correction to prior year grant revenues. Our opinion is not modified with respect to this matter.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in postemployment benefits other than pensions and related ratios, and budgetary comparison information as listed in the table on 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of La Marque, Texas's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated October 6, 2023, on our consideration of the City of La Marque, Texas's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of La Marque's internal control over financial reporting and compliance.

BrooksWatson & Co.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
October 6, 2023

MANAGEMENT'S DISCUSSION AND ANALYSIS

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City of La Marque, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2022

As management of the City of La Marque, Texas (the "City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2022 by $27,906,273.

- The City's total net position increased by $702,304. The majority of the City's net position is invested in capital assets and restricted for specific purposes.

- The City's governmental funds reported combined ending fund balances of $9,878,107 at September 30, 2022, a decrease of $778,181 from the prior fiscal year; this includes a decrease of $2,288,927 in the general fund, a decrease of $47,876 in the capital improvements fund, and an increase of $685,887 in the nonmajor governmental funds.

- At the end of the fiscal year, unassigned fund balance for the general fund was $3,296,419 or 21% of total general fund expenditures.

- The City's outstanding bonds, contractual obligations and certificates of obligation payable decreased by $422,174 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were $26,922,826.

- The City's net pension liability balances totaled $3,814,663 as of year end.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

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

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, and public works. The business-type activities of the City include water distribution, wastewater collection/treatment, and solid waste collection.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate La Marque Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found on pages 20-25 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

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 assessing 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 eighteen 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 and capital improvement fund, which are the only major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in a separate section of the report.

The City adopts an annual appropriated budget for its general, debt service, capital projects, capital improvements, and various other special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with their respective budget.

The basic governmental fund financial statements can be found on pages 26-31 of this report.

Proprietary Funds

The City maintains two type of proprietary fund. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses an enterprise fund to account for its water distribution, wastewater collection/treatment, and solid waste collection operations. All activities associated with providing such services are accounted for in these funds, including administration, operation, maintenance, debt service, capital improvements, production and distribution, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate cost internally among the City's various functions. The City uses internal service funds to account for the maintenance and purchase of equipment.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the utility and the sanitation funds since they are considered major funds of the City.

The basic proprietary fund financial statements can be found on pages 32-37 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The City maintains two fiduciary funds, the Library Memorial fund and the Seized Property fund. The *private purpose trust fund* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

Component Unit

The City maintains the accounting and financial statements for one component unit. The La Marque Economic Development Corporation is a discretely presented component unit displayed on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

The notes to the financial statements can be found on pages 41-92 of this report.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of La Marque, Texas, assets and deferred outflows exceeded liabilities and deferred inflows by $27,906,273 as of September 30, 2022, in the primary government.

The largest portion of the City's net position, $23,771,394, reflects its investments in capital assets (e.g., land, city hall complex, recreation hall, streets, water and wastewater system, sanitary landfill systems, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental Activities	Business-Type Activities	Total	Governmental Activities	Business-Type Activities	Total
Current and other assets	$ 15,075,809	$ 10,970,403	$ 26,046,212	$ 15,731,839	$ 9,587,009	$ 25,318,848
Long-term assets	26,207,082	27,689,807	53,896,889	26,520,476	26,020,596	52,541,072
Total Assets	41,282,891	38,660,210	79,943,101	42,252,315	35,607,605	77,859,920
Deferred Outflows	1,407,024	187,541	1,594,565	1,491,914	197,069	1,688,983
Other liabilities	6,674,403	4,214,258	10,888,661	6,177,535	2,381,321	8,558,856
Long-term liabilities	25,569,601	14,951,612	40,521,213	27,014,075	16,001,933	43,016,008
Total Liabilities	32,244,004	19,165,870	51,409,874	33,191,610	18,383,254	51,574,864
Deferred Inflows	1,993,471	228,048	2,221,519	675,261	94,809	770,070
Net Position:						
Net investment in capital assets	7,754,162	16,017,232	23,771,394	8,150,614	14,472,914	22,623,528
Restricted	3,110,309	1,715,459	4,825,768	1,642,631	1,477,215	3,119,846
Unrestricted	(2,412,031)	1,721,142	(690,889)	84,113	1,376,482	1,460,595
Total Net Position	$ 8,452,440	$ 19,453,833	$ 27,906,273	$ 9,877,358	$ 17,326,611	$ 27,203,969

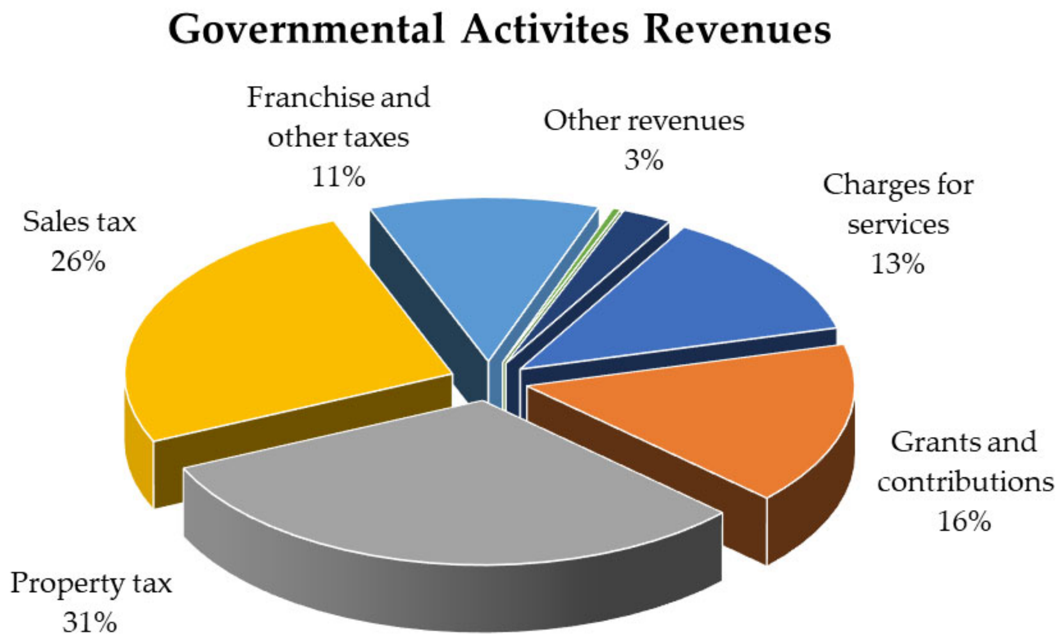
Current assets of business-type activities were $10,970,403 and $9,587,009 as of September 30, 2022 and September 30, 2021, respectively. The increase of $1,383,394 was primarily attributed to operating surpluses in the current year. Business-type activities had an overall positive change in net position of $2,127,222. Other liabilities of the primary government increased by $2,329,805 primarily due to the recognition of nonrecurring grant revenue in the current year. Long-term liabilities for the primary government decreased by $2,494,795 primarily due to principal payments made in the current year.

Statement of Activities:

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

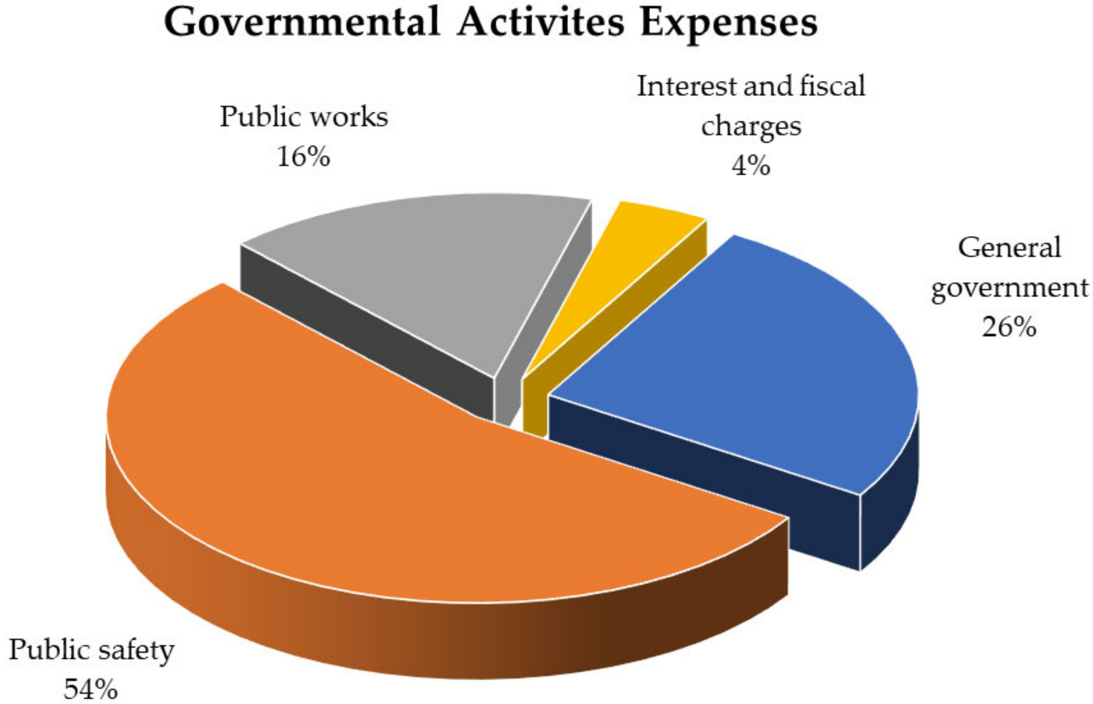
	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Governmental Activities	Business-Type Activities	Total Primary Government	Governmental Activities	Business-Type Activities	Total Primary Government
Revenues						
Program revenues:						
Charges for services	$ 2,525,374	$ 9,475,685	$ 12,001,059	$ 2,899,496	$ 9,374,533	$ 12,274,029
Grants and contributions	3,212,700	-	3,212,700	936,675	-	936,675
General revenues:						
Property tax	6,272,304	-	6,272,304	6,007,303	-	6,007,303
Sales tax	5,184,603	-	5,184,603	4,918,601	-	4,918,601
Franchise and other taxes	2,280,968	-	2,280,968	1,500,458	-	1,500,458
Investment income	79,974	56,160	136,134	10,792	13,037	23,829
Other revenues	492,744	192,895	685,639	358,275	196,277	554,552
Total Revenues	20,048,667	9,724,740	29,773,407	16,631,600	9,583,847	26,215,447
Expenses						
General government	4,949,348	-	4,949,348	4,138,497	-	4,138,497
Public safety	10,346,440	-	10,346,440	9,170,691	-	9,170,691
Public works	3,130,452	-	3,130,452	2,219,243	-	2,219,243
Interest and fiscal charges	782,838	466,935	1,249,773	815,289	496,534	1,311,823
Utility	-	6,679,954	6,679,954	-	7,189,571	7,189,571
Sanitation	-	2,715,136	2,715,136	-	2,867,403	2,867,403
Total Expenses	19,209,078	9,862,025	29,071,103	16,343,720	10,553,508	26,897,228
Change in Net Position Before Transfers	839,589	(137,285)	702,304	287,880	(969,661)	(681,781)
Transfers	(2,264,507)	2,264,507	-	(362,919)	362,919	-
Total	(2,264,507)	2,264,507	-	(362,919)	362,919	-
Change in Net Position	(1,424,918)	2,127,222	702,304	(75,039)	(606,742)	(681,781)
Beginning Net Position	9,877,358	17,326,611	27,203,969	9,952,397	17,933,353	27,885,750
Ending Net Position	$ 8,452,440	$ 19,453,833	$ 27,906,273	$ 9,877,358	$ 17,326,611	$ 27,203,969

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



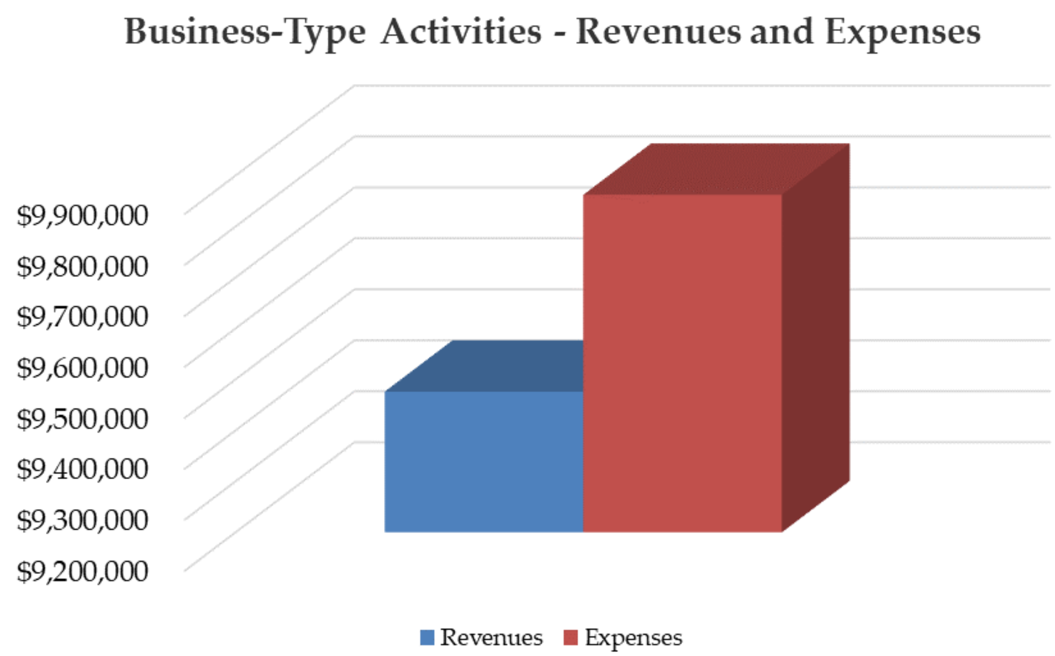
For the year ended September 30, 2022, revenues from governmental activities totaled $20,048,667. Property tax and sales tax are the City's largest general revenue sources. Overall revenue increased $3,417,067 or 21% from the prior year. Charges for services decreased by $374,122 or 13% primarily to a reduction in permit revenue, court collections, plan review fees, and fire code inspections over the course of the year. Grants and contributions increased $2,276,025 or over 100% primarily as a result of nonrecurring Hurricane Harvey mitigation grants received in the current year. Sales taxes increased by $266,002 or 5% due to economic growth fueled by local purchases. Franchise and other taxes (special assessments) increased by $780,510 or 52% due to new development assessments in the current year. Investment income increased by $69,182 or over 100% primarily due to the realization of higher rates in the current year. Other revenue increased by $134,469 or 38% due to nonrecurring mowing payments received and losses on sale of assets recognized in the prior year. All other revenues remained relatively stable when compared to the previous year.

This graph shows the governmental function expenses of the City:



For the year ended September 30, 2022, expenses for governmental activities totaled $19,209,078. This represents an increase of $2,865,358 or 18% from the prior year. The City's largest functional expense is public safety totaling $10,346,440**.** Public safety expenses increased by $1,175,749 or 13% primarily due to greater personnel/employee benefit costs, fuel supplies, safety gear, asset depreciation and professional fees related to the police station assessment in the current year. General government expenses increased by $810,851 or 20% due to greater data processing personnel costs, professional fees, legal expenses, software maintenance, and nonrecurring Hurricane Harvey mitigation expenses in the current year. Public works expenses increased by $911,209 or 41% primarily due to nonrecurring PID developer expenses and asset depreciation in the current year. All other expenses remained relatively stable when compared to the previous year.

Business-type activities are shown comparing operating costs to revenues generated by related services.



For the year ended September 30, 2022, charges for services by business-type activities totaled $9,475,685. This is an increase of $101,152 or 1%, from the previous year, which is considered minimal.

Total expenses decreased $691,483 or 7% to a total of $9,862,025. Utility service expenses decreased by $509,617 or 7% primarily due to a reduction in retirement expenses and nonrecurring professional services for pipe repair work in prior year. In addition, nonrecurring utility costs were incurred due to winter storm Uri in February 2021. Sanitation service expenses increased by $152,267 or 5%, primarily due to nonrecurring bad debt expense recognized in the prior year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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 year.

At September 30, 2022, the City's governmental funds reported combined fund balances of $9,878,107, a decrease of $778,181 in comparison with the prior year. Approximately 33% of this amount, $3,266,556, constitutes *unassigned fund balance,* which is available for spending at the government's discretion.

Nonspendable fund balance totaled $171,025 for inventories and prepaids. The remainder of the fund balance is restricted for particular purposes totaling $6,440,526.

As of the end of the year the general fund reflected a total fund balance of $3,466,544. General fund balance decreased by $2,288,927. This decrease was primarily a result of less than expected intergovernmental revenues received in the current fiscal year.

As a measure of the general fund's liquidity, it may be useful to compare total unassigned fund balance to total fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of $3,296,419 is 21% of total general fund operating expenditures.

As of the end of the year the capital improvements fund reflected a fund balance of $3,558,618, a decrease of $47,876. This decrease was primarily a result of current year capital outlay expenditures exceeding investment income and transfers from other funds, which was consistent with the City's proposed budget.

As of the end of the year the debt service fund reflected a fund balance of $907,347, an increase of $1,009,080. This increase was a result of current year expenditures being less than appropriations. Debt service payments totaling $1,056,838, including bond issuance costs, were incurred in the current year.

As of the end of the year the public improvement district no.1 fund reflected a fund balance of $0, and did not change from the prior year. Special assessment revenues equaled debt service payments and administrative expenditures over the course of the year.

As of the end of the year the GLO – Ike recovery 2 fund reflected a fund deficit of $29,863, a decrease of $136,345. This decrease was primarily a result of transfers out to the water and sewer fund in the current year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the City's largest proprietary fund, the utility fund, totaled $19,341,550. Unrestricted net position at the close of the fiscal year amounted to $1,608,859, and overall net position increased $2,018,223 from the previous year. Total investment in capital assets, net of related debt was $16,017,232, and capital assets, net of depreciation totaled $27,689,807.

GENERAL FUND BUDGETARY HIGHLIGHTS

Supplemental budget amendments were approved during the fiscal year increasing total budgeted expenditures by $98,208, while budgeted revenues increased by $4,295,645, resulting in a deficit in a final budgeted fund balance of $837,339. Total budgeted revenues of $19,256,555 were greater than actual revenues of $13,466,463, resulting in a negative revenue variance of $5,790,092. Total budgeted expenditures of $15,641,539 were less than actual expenditures of $15,659,252, resulting in a total negative expenditure variance of $17,713. The capital and debt service departments exceeded appropriations at the legal level of control.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested $19,716,391 in a variety of capital assets and infrastructure. The City's business-type activities funds had invested $27,689,807 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, improvements, and infrastructure.

Major capital asset events during the current year include the following:

- Mahan Park boat ramp for $70,717.
- Public safety building improvements for $112,487.
- EST recoating totaling $245,730.
- Citywide wastewater collection system inflow and infiltration prevention improvements for $409,035.
- Investments in LS resiliency plan totaling $1,908,900.
- Purchased Gradall ZL3300 for $399,215.
- Purchased various waterline and lift station pump replacements totaling $844.996.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

The City's outstanding bonds, contractual obligations, notes payable, certificates of obligation, (excluding premiums and discounts) decreased by $765,539 from the prior year. The total bonds and certificates of obligation payable at the close of the fiscal year were $23,840,000. The City made $2,222,016 in principal payments on all outstanding debt obligations. More detailed information about the City's long-term liabilities is presented in note IV. D to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of La Marque and improving services provided to their public citizens. The City is budgeting conservatively for the upcoming year and planning to maintain similar services.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact Finance Director, City of La Marque, 1111 Bayou Road, La Marque, Texas 77568.

FINANCIAL STATEMENTS

City of La Marque, Texas

STATEMENT OF NET POSITION (page 1 of 2)

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and cash equivalents	$ 12,002,895	$ 9,887,307	$ 21,890,202
Investments	763,069	10,859	773,928
Receivables, net	1,677,613	971,870	2,649,483
Assessment receivable, current	487,970	-	487,970
Prepaid items	130,773	27,759	158,532
Internal balances	(26,763)	26,763	-
Inventories	40,252	45,845	86,097
Current Assets	15,075,809	10,970,403	26,046,212
Assessment receivable, noncurrent	6,490,691	-	6,490,691
Capital assets:			
Non-depreciable	393,573	4,201,760	4,595,333
Net depreciable capital assets	19,322,818	23,488,047	42,810,865
Noncurrent Assets	26,207,082	27,689,807	53,896,889
Total Assets	41,282,891	38,660,210	79,943,101
Deferred Outflows of Resources			
Deferred charge on refunding	18,943	-	18,943
Pension outflows - TMRS	1,296,825	174,209	1,471,034
OPEB outflows - Health	22,150	3,236	25,386
OPEB outflows - TMRS	69,106	10,096	79,202
Total Deferred Outflows of Resources	1,407,024	187,541	1,594,565

Component Unit
La Marque EDC
$ 7,519,983
416,802
291,814
-
22,231
-
-
8,250,830
-
3,692,636
1,630,991
5,323,627
13,574,457
-
41,875
-
-
41,875

City of La Marque, Texas

STATEMENT OF NET POSITION (page 2 of 2)

September 30, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Liabilities			
Accounts payable and accrued liabilities	$ 1,348,534	$ 689,555	$ 2,038,089
Customer deposits	37,058	628,023	665,081
Accrued interest payable	145,854	95,552	241,406
Unearned grant revenue	2,294,941	2,145,702	4,440,643
Compensated absences, current	1,340,964	74,605	1,415,569
Long-term debt due within one year	1,507,052	580,821	2,087,873
Current Liabilities	6,674,403	4,214,258	10,888,661
Noncurrent liabilities due in more than one year:			
Net pension liability - TMRS	2,658,534	357,133	3,015,667
Net pension liability - SAP	713,151	-	713,151
OPEB liability - Health	766,139	111,932	878,071
OPEB liability - TMRS	503,479	73,558	577,037
Compensated absences, noncurrent	148,996	8,289	157,285
Debt due in more than one year	20,779,302	14,400,700	35,180,002
Noncurrent Liabilities	25,569,601	14,951,612	40,521,213
Total Liabilities	32,244,004	19,165,870	51,409,874
Deferred Inflows of Resources			
Pension inflows - TMRS	1,681,738	225,916	1,907,654
OPEB inflows - SAP	297,137	-	297,137
OPEB inflows - Health	14,596	2,132	16,728
Total Deferred Inflows of Resources	1,993,471	228,048	2,221,519
Net Position			
Net investment in capital assets	7,754,162	16,017,232	23,771,394
Restricted for:			
Capital improvements	1,307,237	1,666,818	2,974,055
Tourism	328,803	-	328,803
Police department	77,490	-	77,490
Municipal court	113,832	-	113,832
Public improvement	84,590	-	84,590
Culture and recreation	57,371	-	57,371
Enabling legislation	195,464	-	195,464
Special projects	38,175	-	38,175
Debt service	907,347	48,641	955,988
Unrestricted	(2,412,031)	1,721,142	(690,889)
Total Net Position	$ 8,452,440	$ 19,453,833	$ 27,906,273

See Notes to Financial Statements.

Component Unit
La Marque EDC
$ 36,467
2,500
-
-
76,274
-
115,241
85,845
-
-
-
8,474
-
94,319
209,560
54,304
-
-
54,304
5,323,627
-
-
-
-
-
-
-
931,897
-
7,096,944
$ 13,352,468

City of La Marque, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

		Program Revenues		
Functions/Programs	**Expenses**	**Charges for Services**	**Operating Grants and Contributions**	**Capital Grants and Contributions**
Primary Government				
Governmental Activities				
General government	$ 4,949,348	$ -	$ 23,193	$ 3,146,210
Public safety	10,346,440	342,743	43,297	-
Public works	3,130,452	2,182,631	-	-
Interest and fiscal charges	782,838	-	-	-
Total Governmental Activities	19,209,078	2,525,374	66,490	3,146,210
Business-Type Activities				
Utility	7,146,889	6,689,905	-	-
Sanitation	2,715,136	2,785,780	-	-
Total Business-Type Activities	9,862,025	9,475,685	-	-
Total Primary Government	$ 29,071,103	$ 12,001,059	$ 66,490	$ 3,146,210
Component Unit				
La Marque EDC	$ 835,412	$ -	$ -	$ -
Total Component Unit	$ 835,412	$ -	$ -	$ -

General Revenues:

Taxes

Property tax

Sales tax

Assessments

Franchise and other taxes

Hotel occupancy taxes

Investment income

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position			
Primary Government			Component Unit
Governmental Activities	Business-Type Activities	Total	La Marque EDC
$ (1,779,945)	$ -	$ (1,779,945)	$ -
(9,960,400)	-	(9,960,400)	-
(947,821)	-	(947,821)	-
(782,838)	-	(782,838)	-
(13,471,004)	-	(13,471,004)	-
-	(456,984)	(456,984)	-
-	70,644	70,644	-
-	(386,340)	(386,340)	-
(13,471,004)	(386,340)	(13,857,344)	-
			(835,412)
			(835,412)
6,272,304	-	6,272,304	-
5,184,603	-	5,184,603	1,726,978
1,105,840	-	1,105,840	-
1,068,171	-	1,068,171	-
106,957	-	106,957	-
79,974	56,160	136,134	63,099
492,744	192,895	685,639	268,947
(2,264,507)	2,264,507	-	-
12,046,086	2,513,562	14,559,648	2,059,024
(1,424,918)	2,127,222	702,304	1,223,612
9,877,358	17,326,611	27,203,969	12,128,856
$ 8,452,440	$ 19,453,833	$ 27,906,273	$ 13,352,468

City of La Marque, Texas

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2022

	General	Debt Service	GLO - Ike Recovery 2	Public Improvement District No. 1
Assets				
Cash and cash equivalents	$ 5,150,556	$ 1,529,784	$ 135,592	$ 42,920
Investments	452,426	4,372	-	-
Receivables, net	1,591,255	56,855	-	-
Assessments receivable	-	-	-	6,978,661
Inventory	40,252	-	-	-
Prepaids	129,873	-	-	-
Due from other funds	82,181	-	-	-
Total Assets	$ 7,446,543	$ 1,591,011	$ 135,592	$ 7,021,581
Liabilities				
Accounts payable and accrued liabilities	$ 1,160,614	$ 59	$ 136,345	$ 42,920
Customer deposits	37,058	-	-	-
Unearned grant revenue	2,265,831	-	29,110	-
Due to other funds	112,080	626,750	-	-
Total Liabilities	3,575,583	626,809	165,455	42,920
Deferred Inflows of Resources				
Unavailable revenue - EMS	183,878	-	-	-
Unavailable revenue - assessments	-	-	-	6,978,661
Unavailable revenue - property taxes	220,538	56,855	-	-
Total Deferred Inflows of Resources	404,416	56,855	-	6,978,661
Fund Balances				
Nonspendable:				
Inventories	40,252	-	-	-
Prepaids	129,873	-	-	-
Restricted for:				
Capital improvements	-	-	-	-
Special revenue	-	-	-	-
Debt service	-	907,347	-	-
Unassigned	3,296,419	-	(29,863)	-
Total Fund Balances	3,466,544	907,347	(29,863)	-
Total Liabilities, Deferred Inflows and Fund Balances	$ 7,446,543	$ 1,591,011	$ 135,592	$ 7,021,581

See Notes to Financial Statements.

Capital Improvements		Nonmajor Governmental Funds		Total Governmental Funds
$	3,562,841	$ 1,059,504	$	11,481,197
	-	263,177		719,975
	-	29,503		1,677,613
	-	-		6,978,661
	-	-		40,252
	-	900		130,773
	-	626,750		708,931
$	3,562,841	$ 1,979,834	$	21,737,402
$	4,223	$ 4,373	$	1,348,534
	-	-		37,058
	-	-		2,294,941
	-	-		738,830
	4,223	4,373		4,419,363
	-	-		183,878
	-	-		6,978,661
	-	-		277,393
	-	-		7,439,932
	-	-		40,252
	-	900		130,773
	3,558,618	1,078,836		4,637,454
	-	895,725		895,725
	-	-		907,347
	-	-		3,266,556
	3,558,618	1,975,461		9,878,107
$	3,562,841	$ 1,979,834	$	21,737,402

City of La Marque, Texas

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

September 30, 2022

Fund Balances - Total Governmental Funds

Adjustments for the Statement of Net Position:

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

Capital assets - non-depreciable

Capital assets - net depreciable

Net pension asset

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

Property tax receivable

Assessment receivable

EMS receivable

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

Deferred charges on refunding

Deferred pension outflows - TMRS

Deferred OPEB outflows - TMRS

Deferred OPEB outflows - Health

Internal service funds are used by management to charge the cost of equipment services and replacement to individual funds. The assets/liabilities of the internal service funds are included in governmental activities in the statement of net position

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

Deferred pension inflows -TMRS

Deferred pension inflows -SAP

Deferred OPEB inflows - Health

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

Net pension liability - TMRS

Net pension liability - SAP

OPEB liability - Health

OPEB liability - TMRS

Compensated absences

Accrued interest

Bond premium

Non-current liabilities due in one year

Non-current liabilities due in more than one year

Net Position of Governmental Activities

See Notes to Financial Statements.

$	9,878,107
	393,573
	19,322,818
	277,393
	6,978,661
	183,878
	18,943
	1,296,825
	69,106
	22,150
	567,928
	(1,681,738)
	(297,137)
	(14,596)
	(2,658,534)
	(713,151)
	(766,139)
	(503,479)
	(1,489,960)
	(145,854)
	(460,961)
	(1,507,052)
	(20,318,341)
$	8,452,440

City of La Marque, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	General	Debt Service	GLO - Ike Recovery 2	Public Improvement District No. 1
Revenues				
Property tax	$ 4,127,344	$ 2,065,591	$ -	$ -
Sales tax	5,184,603	-	-	-
Special assessments	-	-	-	757,620
Franchise and other taxes	1,027,176	-	-	-
Hotel occupancy taxes	-	-	-	-
License and permits	1,211,088	-	-	-
Charges for services	1,014,631	-	-	-
Fines and forfeitures	331,784	-	-	-
Intergovernmental	31,326	-	-	-
Contributions and donations	23,193	-	3,146,210	-
Investment income	47,750	327	-	-
Other revenues	467,568	-	-	-
Total Revenues	13,466,463	2,065,918	3,146,210	757,620
Expenditures				
Current:				
General government	3,443,729	-	-	19,720
Public safety	9,724,222	-	-	-
Public works	1,674,398	-	-	-
Debt service:				
Principal	324,116	607,400	-	440,749
Interest and fiscal charges	58,652	449,438	-	297,151
Bond issuance costs	-	-	-	-
Capital outlay	434,135	-	1,055,520	-
Total Expenditures	15,659,252	1,056,838	1,055,520	757,620
Excess of Revenues Over (Under) Expenditures	(2,192,789)	1,009,080	2,090,690	-

Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
$ -	$ 62,709	$ 6,255,644
-	-	5,184,603
-	-	757,620
-	40,995	1,068,171
-	106,957	106,957
-	-	1,211,088
-	-	1,014,631
-	10,959	342,743
-	11,971	43,297
-	-	3,169,403
18,902	9,772	76,751
-	25,176	492,744
18,902	268,539	19,723,652
-	159,129	3,622,578
-	51,792	9,776,014
-	-	1,674,398
-	-	1,372,265
-	-	805,241
-	26,076	26,076
226,778	3,150	1,719,583
226,778	240,147	18,996,155
(207,876)	28,392	727,497

City of La Marque, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	General	Debt Service	GLO - Ike Recovery 2	Public Improvement District No. 1
Other Financing Sources (Uses)				
Transfers in	$ 2,500	$ -	$ -	$ -
Transfers (out)	(204,641)	-	(2,227,035)	-
Debt issuance	-	-	-	-
Lease issuance	106,003	-	-	-
Total Other Financing Sources (Uses)	(96,138)	-	(2,227,035)	-
Net Change in Fund Balances	(2,288,927)	1,009,080	(136,345)	-
Beginning fund balances	5,755,471	(101,733)	106,482	-
Ending Fund Balances	$ 3,466,544	$ 907,347	$ (29,863)	$ -

See Notes to Financial Statements.

Capital Improvements	Nonmajor Governmental Funds	Total Governmental Funds
$ 160,000	$ 7,169	$ 169,669
-	(2,500)	(2,434,176)
-	652,826	652,826
-	-	106,003
160,000	657,495	(1,505,678)
(47,876)	685,887	(778,181)
3,606,494	1,289,574	10,656,288
3,558,618	$ 1,975,461	$ 9,878,107

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City of La Marque, Texas

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

For the Year Ended September 30, 2022

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

Net changes in fund balances - total governmental funds	$	(778,181)
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		750,883
Depreciation expense		(1,360,385)
Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		321,792
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense - TMRS		145,628
Pension expense - SAP		(210,134)
Compensated absences		(87,634)
Other post employment benefits - TMRS		(42,956)
Other post employment benefits - Health		(40,100)
Accrued interest		14,843
Amortization of deferred charges on refunding		(2,706)
Amortization of bond premium and discounts		36,342
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) 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 they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Principal payments		1,372,265
Contractual obligations issued		(652,826)
Developer payable		(788,969)
Lease issuance		(106,003)
Internal service funds are used by management to charge the cost of equipment services and replacement to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.		3,223
Change in Net Position of Governmental Activities	$	(1,424,918)

See Notes to Financial Statements.

City of La Marque, Texas

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Utility	Sanitation	Total	Internal Service
Assets				
Current Assets				
Cash and cash equivalents	$ 9,886,406	$ 901	$ 9,887,307	$ 521,698
Investments	10,859	-	10,859	43,094
Receivables, net	628,986	342,884	971,870	-
Prepaid items	27,759	-	27,759	-
Due from other funds	244,002	-	244,002	3,136
Inventories	45,845	-	45,845	-
Total Current Assets	10,843,857	343,785	11,187,642	567,928
Noncurrent Assets				
Capital assets:				
Non-depreciable	4,201,760	-	4,201,760	-
Net depreciable capital assets	23,488,047	-	23,488,047	-
Total Noncurrent Assets	27,689,807	-	27,689,807	-
Total Assets	38,533,664	343,785	38,877,449	567,928
Deferred Outflows of Resources				
Pension outflows - TMRS	174,209	-	174,209	-
OPEB outflows - Health	3,236	-	3,236	-
OPEB outflows - TMRS	10,096	-	10,096	-
Total Deferred Outflows of Resources	187,541	-	187,541	-

City of La Marque, Texas

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

September 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Utility	Sanitation	Total	Internal Service
Liabilities				
Current Liabilities				
Accounts payable and accrued expenses	$ 675,292	$ 14,263	$ 689,555	$ -
Customer deposits	628,023	-	628,023	-
Compensated absences, current	74,605	-	74,605	-
Current maturities of long-term liabilities	580,821	-	580,821	-
Due to other funds	-	217,239	217,239	-
Unearned grant revenue	2,145,702	-	2,145,702	-
Accrued interest	95,552	-	95,552	-
Total Current Liabilities	4,199,995	231,502	4,431,497	-
Noncurrent Liabilities				
Net pension liability - TMRS	357,133	-	357,133	-
OPEB liability - TMRS	73,558	-	73,558	-
OPEB liability - Health	111,932	-	111,932	-
Compensated absences, noncurrent	8,289	-	8,289	-
Long-term liabilities	14,400,700	-	14,400,700	-
Total Liabilities	19,151,607	231,502	19,383,109	-
Deferred Inflows of Resources				
Pension inflows - TMRS	225,916	-	225,916	-
OPEB inflows - Health	2,132	-	2,132	-
Total Deferred Inflows of Resources	228,048	-	228,048	-
Net Position				
Net investment in capital assets	16,017,232	-	16,017,232	-
Restricted for:				
Capital projects	1,666,818	-	1,666,818	-
Debt service	48,641	-	48,641	-
Unrestricted	1,608,859	112,283	1,721,142	567,928
Total Net Position	$ 19,341,550	$ 112,283	$ 19,453,833	$ 567,928

See Notes to Financial Statements.

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City of La Marque, Texas

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

For the Year Ended September 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Utility	**Sanitation**	**Total**	**Internal Service**
Operating Revenues				
Charges for services	$ 6,689,905	$ 2,785,780	$ 9,475,685	$ -
Other income	154,540	38,355	192,895	-
Total Operating Revenues	6,844,445	2,824,135	9,668,580	-
Operating Expenses				
Personnel services	1,514,929	-	1,514,929	-
Contractual services	758,376	2,715,136	3,473,512	-
Materials and supplies	321,200	-	321,200	-
Utilities	288,355	-	288,355	-
Purchased water	1,069,507	-	1,069,507	-
Repairs and maintenance	807,789	-	807,789	-
Depreciation	1,835,061	-	1,835,061	-
Capital outlay	84,737	-	84,737	-
Total Operating Expenses	6,679,954	2,715,136	9,395,090	-
Operating Income (Loss)	164,491	108,999	273,490	-
Nonoperating Revenues (Expenses)				
Investment income	56,160	-	56,160	3,223
Interest expense	(466,935)	-	(466,935)	-
Nonoperating Revenues (Expenses)	(410,775)	-	(410,775)	3,223
Income (Loss) Before Transfers	(246,284)	108,999	(137,285)	3,223
Transfers				
Transfers in	2,271,676	-	2,271,676	-
Transfers (out)	(7,169)	-	(7,169)	-
Change in Net Position	2,018,223	108,999	2,127,222	3,223
Beginning net position	17,323,327	3,284	17,326,611	564,705
Ending Net Position	$ 19,341,550	$ 112,283	$ 19,453,833	$ 567,928

See Notes to Financial Statements.

City of La Marque, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Utility	Sanitation	Total	Internal Service
Cash Flows from Operating Activities				
Receipts from customers	$ 9,012,012	$ 2,811,628	$ 11,823,640	$ -
Payments to suppliers and contractors	(3,251,423)	(2,869,639)	(6,121,062)	-
Payments to employees	(1,748,879)	-	(1,748,879)	-
Net Cash Provided (Used) by Operating Activities	4,011,710	(58,011)	3,953,699	-
Cash Flows from Noncapital Financing Activities				
Transfers in	2,271,676	-	2,271,676	-
Transfers (out)	(7,169)	-	(7,169)	-
Net Cash Provided (Used) by Noncapital Financing Activities	2,264,507	-	2,264,507	-
Cash Flows from Capital and Related Financing Activities				
Purchases of capital assets	(3,504,272)	-	(3,504,272)	-
Principal paid on capital debt	(849,751)	-	(849,751)	-
Interest paid on capital debt	(507,368)	-	(507,368)	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(4,861,391)	-	(4,861,391)	-
Cash Flows from Investing Activities				
Change in investment balances	32,144	-	32,144	(12,025)
Interest on investments	56,160	-	56,160	3,223
Net Cash Provided by Investing Activities	88,304	-	88,304	(8,802)
Net Increase (Decrease) in Cash and Cash Equivalents	1,503,130	(58,011)	1,445,119	(8,802)
Beginning cash and cash equivalents	8,383,276	58,912	8,442,188	530,500
Ending Cash and Cash Equivalents	$ 9,886,406	$ 901	$ 9,887,307	$ 521,698

See Notes to Financial Statements.

City of La Marque, Texas

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities Enterprise Funds			Governmental Activities
	Utility	**Sanitation**	**Total**	**Internal Service**
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	$ 164,491	$ 108,999	$ 273,490	$ -
Adjustments to reconcile operating income to net cash provided (used):				
Depreciation	1,835,061	-	1,835,061	-
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	(5,859)	(12,507)	(18,366)	-
Inventory	32,665	-	32,665	-
Prepaid items	14,079	-	14,079	-
Due from other funds	(88,591)	-	(88,591)	-
Deferred Outflows of Resources:				
Pension liab - TMRS	(7,860)	-	(7,860)	-
Pension liab - SAP	953	-	953	-
OPEB liab - Health	16,257	-	16,257	-
OPEB liab - TMRS	2,310	-	2,310	-
Increase (Decrease) in:				
Accounts payable and accrued expenses	120,388	(244,297)	(123,909)	-
Customer deposits	27,724	-	27,724	-
Compensated absences	(6,035)	-	(6,035)	-
Due to other funds	-	89,794	89,794	-
Net pension liability - TMRS	(150,279)	-	(150,279)	-
Net pension liability - SAP	(231,691)	-	(231,691)	-
OPEB liability - TMRS	10,216	-	10,216	-
OPEB liability - Health	1,072	-	1,072	-
Deferred Inflows of Resources:				
Pension inflows - TMRS	138,575	-	138,575	-
Pension inflows - SAP	(7,468)	-	(7,468)	-
Unearned revenues - Grants	2,145,702	-	2,145,702	-
Net Cash Provided (Used) by Operating Activities	$ 4,011,710	$ (58,011)	$ 3,953,699	$ -

See Notes to Financial Statements.

City of La Marque, Texas

STATEMENT OF FIDUCIARY NET POSITION

FIDUCIARY FUNDS

September 30, 2022

	Library Memorial Fund	Seized Property	Total
Assets			
Cash and cash equivalents	$ 4,374	$ 6,046	$ 10,420
Total Assets	4,374	6,046	10,420
Net Position			
Restricted	4,374	6,046	10,420
Total Net Position	$ 4,374	$ 6,046	$ 10,420

City of La Marque, Texas

STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

FIDUCIARY FUNDS

For the Year Ended September 30, 2022

	Library Memorial Fund	Seized Property	Total
Additions			
Investment earnings	$ 23	$ -	$ 23
Other revenue	90	-	90
Total Additions	113	-	113
Deductions			
Intergovernmental expenses	-	11,971	11,971
Total Deductions	-	11,971	11,971
Change in Net Position	113	(11,971)	(11,858)
Beginning net position	4,261	18,017	22,278
Ending Net Position	$ 4,374	$ 6,046	$ 10,420

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of government-wide financial statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the *primary government* is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of La Marque, Texas (the "City") was incorporated in 1953. In 1957, the City adopted a Home Rule form of government and operates under a Council-Manager form of government. The City is governed by an elected mayor and four-member City Council. The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the City Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: police, fire, ambulance, streets, water and wastewater utilities, solid waste, code enforcement, parks and recreation, public library, public improvements, community development, and general administrative services.

For financial reporting purposes, management has considered all potential component units. Component units are legally separate organizations for which the elected officials of the primary government are financially accountable. The decision to include a potential component unit in the reporting entity was made by applying the criteria set forth in GAAP. The criteria used are as follows:

Financial Accountability – The primary government is deemed to be financially accountable if it appoints a voting majority of the organization's governing body and (1) it is able to impose its will on that organization or (2) there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government. Additionally, the primary government may be financially accountable if an organization is fiscally dependent on the primary government and there is a potential for the organization to provide specific financial benefits or impose specific financial burdens on the primary government regardless of whether the organization has a separately elected governing board, a governing board appointed by a higher level of government or a jointly appointed board.

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Unit

La Marque Economic Development Corporation

All powers of the La Marque Economic Development Corporation (the "EDC") are vested in a Board consisting of five persons who are appointed by the City Council. The Board acts on behalf of the City in administering the provisions of Section 4A, Article 5190.6, of the Development Act of 1970, State of Texas. The Corporation is funded by a one half of one percent local sales and use tax approved by local voters. City Council approval is required for annual budgets. In addition, the Corporation is prohibited from issuing bonded debt without approval of the City Council. The Corporation does not qualify as a blended component unit due to services that directly benefit the community rather than the City itself.

Complete financial statements for the component unit may be obtained by contacting the entity's administrative offices at La Marque Economic Development Corporation, 1130 First Street, La Marque, Texas 77568.

Blended Component Units

La Marque Public Improvement District No. 1

This entity was created to provide the financing and management tool needed to facilitate the development of a master planned community. The revenues are derived from an assessment levied against each residential lot. The City will take title, maintain, operate, and repair any infrastructure donated to the City by the developer. The PID does not prepare separate financial statements. The PID is accounted for as a special revenue fund, with the City's financial oversight. This is considered a complete presentation of this component unit.

Omega Bay Tax Incremental Reinvestment Zone

The Omega Bay Tax Incremental Reinvestment Zone "TIRZ" was created as a financing tool that uses tax revenues generated by future increases in property values to pay for public improvements in the Omega Bay subdivision. Public improvements must be defined by the board of the Omega Bay TIRZ which consist of two State officials and seven board members that are nominated and appointed by the Mayor. The Mayor's nomination and appointment of the seven of the nine board members is subject to consent and approval of the City Council. The revenues are derived from property tax increments which is the increase in tax revenues associated with the property value increases after commencement. The Omega Bay TIRZ commenced on January 1, 2020 and terminates on December 31, 2050. The property tax increments starting in fiscal year 2021 will be recorded within the Omega Bay TIRZ fund. The City will take title, maintain, operate, and repair any infrastructure from improvements within the Omega Bay TIRZ subdivision. The TIRZ does not prepare separate financial statements. The TIRZ is accounted for as a special revenue fund, with the City's financial oversight. This is considered a complete presentation of this component unit.

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

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

As discussed earlier, the government has one discretely presented component unit and is shown in separate columns in the government-wide financial statements.

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

The fund financial statements provide information about the government's funds, including its fiduciary funds 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 and enterprise funds are aggregated and reported as nonmajor funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, emergency services, and charges for services. Expenditures include general government, public safety, public works, capital outlay, and debt service.

Capital Improvements Fund

The capital improvement fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditures for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital projects funds include the capital projects fund and the capital improvements fund. The capital projects fund is considered nonmajor for reporting purposes. The capital improvements fund is considered major for reporting purposes.

GLO – Ike Recovery 2 Fund

This fund accounts for revenues and expenditures related to hurricane recovery grants.

Debt Service Fund

The City's debt service fund accounts for the accumulation of resources to service the City's governmental long-term debt. This fund is considered major for reporting purposes.

Public Improvement District No. 1 Fund

Public Improvement District Number One ("PID") was created pursuant to Chapter 372 of the Texas Local Government Code. The City created the PID as a mechanism to finance public infrastructure improvements within the PID boundaries. These improvements consist of the construction of water lines, sanitary sewer lines, storm sewers, paving, parks, public landscaping, recreational amenities, erosion control, contingency provisions, engineering services, financing costs, and administrative and legal services for the PID. The City Council found that the improvements would serve to promote the construction of single-family units and confer a special benefit to properties within the PID. Consequently, it would be necessary to apportion the costs of the improvements against property owners in the PID by special assessments. Initially, the public improvements would be prefunded by the developers of the residential subdivisions within the PID. The developers would then be entitled to receive reimbursement of the public improvement costs, subject to limitations contained in their development agreements with the City. The PID does not prepare separate financial statements. The PID is presented as a major governmental fund in the basic financial statements and is considered a complete presentation of this component unit.

The government reports the following major enterprise funds:

Utility Fund

The utility fund accounts for the operation of the City's water and wastewater collection and wastewater treatment. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges.

Sanitation Fund

The sanitation fund is used to account for the activities necessary for the provisions of solid waste collection and disposal services.

Additionally, the government reports the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes (not including expendable trusts or major capital projects) in a special revenue fund. These funds consist of the Comcast public, educational, and governmental access (PEG) fees fund; police department child outreach program fund; hotel/motel fund; drug seizure fund; public improvement district no. 1 fund (major fund as of yearend); parks fund; court technology fund; court security fund; child safety fund; law enforcement officers standards and education (LEOSE) training fund; clean city fund; library grants fund, GLO – Ike recovery 2 fund (major fund as of yearend), and the Omega Bay TIRZ fund.

Internal Service Fund

The City's internal service fund account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The equipment replacement fund is used to account for the internal cash funding for equipment replacement costs as needed by City departments.

Fiduciary Funds

The City's fiduciary funds account for assets held by the City in a trustee capacity or as an agent on behalf of others. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The City maintains two fiduciary funds, the library memorial fund and the seized property fund.

The library memorial fund is a *private-purpose trust fund* and is used to account for contributions legally held in a trust for the purchase of library books.

The seized property fund is a *custodial fund* and is used to account for property seized that is held in a custodial capacity.

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

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

D. Measurement focus and basis of accounting

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

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

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under leases are reported as other financing sources.

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

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds uses economic resources measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

E. Assets, Liabilities, Deferred Outflows / Inflows, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price. The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

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

2. Fair Value

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

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

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

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

4. Inventories and Prepaid Items

Inventories are recorded in the general and utility funds and are stated at cost using the first-in, first-out method. Inventories consist of expendable supplies held for consumption. The consumption method is used to recognize expenditures. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid services is recorded based on when prepaids were consumed rather than when purchased.

5. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the enterprise fund are restricted for customer deposits and by bond covenants for repayment of debt and to finance construction projects.

6. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items) are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. Capital assets are defined by the government, as assets with an initial individual cost of more than $5,000 for furniture and equipment; $25,000 for buildings, improvements, and infrastructure; and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art, and capital items received in a service concession arrangement are reported at acquisition value. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Buildings and structures	20 - 40 years
Vehicles	10 years
Machinery and equipment	5 - 20 years
Furniture and office equipment	5 - 6 years
Improvements other than buildings	20 – 40 years

7. Deferred Outflows / Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/ expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide statement of net position. 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.

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net asset that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from three sources: property taxes, special assessments, and EMS. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

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

By resolution, the City Council has also authorized the City Manager and the Finance Director as the officials authorized to assign fund balance to a specific purpose. Assignments of fund balance do not require formal action by the City Council; however, each assignment must be approved by both authorized officials before the item can be presented in the financial statements.

The City strives to maintain an unassigned fund balance of not less than 25 percent of the budgeted operational expenditures in all City funds. The purpose of the unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. If unassigned fund balance falls below the goal or has a deficiency, the City will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

11. Long-Term Obligations

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

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

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

Assets acquired under the terms of leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

12. Leases

Lessee: The City is a lessee for noncancellable lease of equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of $5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases 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 payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the non-cancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease assets and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

13. Pensions

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

The City also provides a supplemental annuity plan (SAP) through a single-employer defined benefit plan. The SAP is an unfunded, pay-as-you-go plan. Information about the City's total pension liability, deferred outflows of resources, deferred inflows of resources, and pension expense is provided by the City's consulting actuary.

14. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the individual employers (TMRS cities) in the TMRS Supplemental Death Benefits (SDB) plan, with retiree coverage. The TMRS SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the SDBF is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the SDBF is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. 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 on which TMRS deposits are made, for the 12-month period preceding the month of death. The death benefit amount for retirees is $7,500. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position.

The City also provides medical benefits to eligible retirees through a single-employer defined benefit plan. This plan is an unfunded, pay-as-you-go plan. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by the City's consulting actuary.

15. Estimates

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

F. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

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

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

3. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick, and compensatory time. Accumulated vacation is limited to maximum of two years credit for all City employees.

Length of Service	Max. Vacation Leave Accrual
Up to 5 years	160 hours
6 to 10 years	240 hours
11 to 20 years	320 hours
Greater than 21 years	400 hours

Accumulated sick leave is limited to 1,040 hours. An employee who resigns or terminates employment will be paid at the employee's regular pay scale not to exceed one month's pay (160 hours). Employees who retire from employment will be paid a lump sum of all accumulated sick leave within established limits.

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund, storm water drainage, airport, and sanitary landfill funds are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental states that, "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. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities."

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budgets. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control, as defined by the charter, in the approved budget is the department level. The City

Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets.

Supplemental budget appropriations were made for the year ended September 30, 2022. The general fund, debt service fund, Comcast PEG fees fund, hotel/motel fund, drug seizures fund, public improvement district no. 1 fund, capital projects fund, capital improvements fund, parks fund, court technology fund, court security fund, child safety fund, LEOSE training fund, and the clean city fund have legally adopted annual budgets. Budgets were not adopted for the Police Department Child Outreach Program, Library Grants, GLO – Ike Recovery 2 fund, and Omega Bay TIRZ fund.

A. Expenditures Over Appropriations

For the year ended September 30, 2022, expenditures exceeded appropriations at the legal level of control as follows:

General Fund:	
Capital outlay	$ 230,713
Debt service	218,712
PID No. 1 Fund:	
General government	$ 19,720
GLO – Ike Recovery 2 Fund:	
Capital outlay	$ 136,345

B. Deficit Fund Balance

At September 30, 2022, the GLO – Ike Recovery 2 fund had a deficit fund balance of $29,863. The deficit will be eliminated in the future through reduction of expenditures, increase in revenues, or reimbursements from other funds.

C. Restricted Fund Equity

The City records fund balance restrictions on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditures.

The following is a list of net position restricted by the City:

		Restricted	
Capital improvements	$	2,974,055	*
Tourism		328,803	*
Police department		77,490	*
Municipal court		113,832	
Public improvement		84,590	
Culture and recreation		57,371	
Enabling legislation		195,464	*
Special projects		38,175	
Debt service (governmental)		907,347	
Debt service (proprietary)		48,641	
Total	$	4,825,768	

* Restricted by enabling legislation

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2022, the primary government had the following investments:

Investment Type		Value	Weighted Average Maturity (Years)
US agency bonds	$	773,928	0.00
External investment pools		15,739,169	0.04
Total value	$	16,513,097	
Portfolio weighted average maturity			0.04

As of September 30, 2022, the discretely presented component unit had the following investments:

Investment Type		Value	Weighted Average Maturity (Years)
External investment pools	$	7,351,074	0.04
Certificates of deposit		416,802	0.53
Total value	$	7,767,876	
Portfolio weighted average maturity			0.07

Interest rate risk In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities; monitoring credit ratings of portfolio position to assure compliance with rating requirements imposed by the Public Funds Investment Act; and invest operating funds primarily in short-term securities or similar government investment pools.

Credit risk: The City's investment policy limits investments to obligations of the United States, State of Texas, or their agencies and instrumentalities with an investment quality rating of not less than "A" or its equivalent, by a nationally recognized investment rating firm. Other obligations must be unconditionally guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency and investment pools with an investment quality not less than AAA or AAA-m, or equivalent, by at least one nationally recognized rating service. As of September 30, 2022, the City's investment in investment pools were rated AAAm by Standard & Poor's.

Custodial credit risk – deposits: In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. As of September 30, 2022, the market values of pledged securities and FDIC exceeded bank balances.

Custodial credit risk – investments: For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

<u>TexPool</u>

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAm. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review. There were no limitations or restrictions on withdrawals.

LOGIC

The Local Government Investment Cooperative ("LOGIC") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. LOGIC was created by contract among its participating governmental units and is governed by a board of directors. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators, providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

LOGIC operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. LOGIC uses the amortized cost valuation technique, which generally approximates the market value of the assets, has been deemed to be a proxy for fair value. Accordingly, the fair value of the position in LOGIC are the same as the value of LOGIC shares. There were no limitations or restrictions on withdrawals.

B. Fair Value Measurement

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. 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. Investments that are measured at fair value using the net asset value per share (or its equivalent) as a practical expedient are not classified in the fair value hierarchy below.

In instances where inputs used to measure fair value fall into different levels in the above fair value hierarchy, fair value measurements in their entirety are categorized based on the lowest level input that is significant to the valuation. The City's assessment of the significance of particular inputs to these fair value measurements requires judgment and considers factors specific to each asset or liability.

The following table sets forth by level, within the fair value hierarchy, the City's fair value measurements at September 30, 2022:

	Fair Value	Level 1 Inputs	Level 2 Inputs	Level 3 Inputs
U.S. agency bonds	$ 773,928	$ 773,928	$ -	$ -
Total Assets at fair value	$ 773,928	$ 773,928	$ -	$ -

C. Receivables

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

	Governmental Activities				
	General	Debt Service	PID No. 1	Nonmajor Governmental	Total
Property taxes	$ 729,753	$ 181,579	$ -	$ -	$ 911,332
Sales tax	874,954	-	-	-	874,954
Hotel/motel taxes	-	-	-	16,574	16,574
Court	351,088	-	-	-	351,088
Ambulance billing	308,484	-	-	-	308,484
Special assessments	-	-	6,978,661	-	6,978,661
Other	13,486	-	-	12,929	26,415
Allowance	(686,510)	(124,724)	-	-	(811,234)
	$ 1,591,255	$ 56,855	$ 6,978,661	$ 29,503	$ 8,656,274

	Business-Type Activities		
	Utility	Sanitation	Total
Accounts	$ 2,016,370	$ 927,118	$ 2,943,488
Other	23,025	-	23,025
Allowance	(1,410,409)	(584,234)	(1,994,643)
	$ 628,986	$ 342,884	$ 971,870

The discretely presented component unit had receivables of $291,814 as of yearend which consisted entirely of sales tax.

D. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 210,370	$ -	$ -	$ 210,370
Construction in progress	123,809	197,834	(138,440)	183,203
Total capital assets not being depreciated	334,179	197,834	(138,440)	393,573
Capital assets, being depreciated:				
Buildings and improvements	11,826,207	-	-	11,826,207
Improvements other than buildings	28,886,370	-	138,440	29,024,810
Vehicles	3,657,136	399,215	-	4,056,351
Right-of-use assets	743,875	106,003	-	849,878
Machinery and equipment	4,395,016	-	-	4,395,016
Furniture and office equipment	348,336	47,831	-	396,167
Total capital assets being depreciated	49,856,940	553,049	138,440	50,548,429
Less accumulated depreciation				
Buildings and improvements	(3,197,953)	(297,686)	-	(3,495,639)
Improvements other than buildings	(20,099,685)	(539,305)	-	(20,638,990)
Vehicles	(2,386,555)	(193,980)	-	(2,580,535)
Right-of-use assets	(304,783)	(195,639)	-	(500,422)
Machinery and equipment	(3,527,914)	(132,785)	-	(3,660,699)
Furniture and office equipment	(348,336)	(990)	-	(349,326)
Total accumulated depreciation	(29,865,226)	(1,360,385)	-	(31,225,611)
Net capital assets being depreciated	19,991,714	(807,336)	138,440	19,322,818
Total Capital Assets	$ 20,325,893	$ (609,502)	$ -	$ 19,716,391

Depreciation was charged to governmental functions as follows:

General government	$ 306,888
Public safety	409,200
Public works	644,297
Total Governmental Activities Depreciation Expense	$ 1,360,385

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 209,774	$ -	$ -	$ 209,774
Construction in progress	1,412,550	2,579,436	-	3,991,986
Total capital assets not being depreciated	1,622,324	2,579,436	-	4,201,760
Capital assets, being depreciated:				
Buildings and improvements	116,805	-	-	116,805
Improvements other than buildings	56,353,235	844,996	-	57,198,231
Vehicles	1,611,783	-	-	1,611,783
Right-of-use assets	251,045	-	-	251,045
Leased assets purchased under capital lease	286,592	-	-	286,592
Machinery and equipment	1,723,523	79,840	-	1,803,363
Total capital assets being depreciated	60,342,983	924,836	-	61,267,819
Less accumulated depreciation				
Buildings and improvements	(115,558)	(1,367)	-	(116,925)
Improvements other than buildings	(32,806,260)	(1,604,838)	-	(34,411,098)
Vehicles	(1,257,301)	(44,180)	-	(1,301,481)
Right-of-use assets	(143,485)	(62,761)		(206,246)
Leased assets purchased under capital lease	(286,592)	-	-	(286,592)
Machinery and equipment	(1,335,515)	(121,915)	-	(1,457,430)
Total accumulated depreciation	(35,944,711)	(1,835,061)	-	(37,779,772)
Net capital assets being depreciated	24,398,272	(910,225)	-	23,488,047
Total Capital Assets	$ 26,020,596	$ 1,669,211	$ -	$ 27,689,807

Depreciation was charged to business-type activities as follows:

Utility	$ 1,835,061
Total Business-Type Activities Depreciation Expense	$ 1,835,061

A summary of changes in component-unit activities capital assets for the year end was as follows:

	Beginning Balances	Additions	Retirements/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	$ 3,545,521	$ 23,360	$ (123,996)	$ 3,444,885
Construction in progress	-	247,751	-	247,751
Total capital assets not being depreciated	3,545,521	271,111	(123,996)	3,692,636
Capital assets, being depreciated:				
Buildings and structures	1,888,936	-	-	1,888,936
Total capital assets being depreciated	1,888,936	-	-	1,888,936
Less accumulated depreciation				
Buildings and structures	(180,799)	(77,146)	-	(257,945)
Total accumulated depreciation	(180,799)	(77,146)	-	(257,945)
Net capital assets being depreciated	1,708,137	(77,146)	-	1,630,991
Total Capital Assets	$ 5,253,658	$ 193,965	$ (123,996)	$ 5,323,627

E. Long-term Debt

The following is a summary of changes in the City's total long-term liabilities for the year ended September 30, 2022. In general, the City uses the debt service fund and general fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
Contractual Obligation	$ -	$ 652,826	$ -	$ 652,826	$ 53,561
General Obligation Bonds	3,275,000	-	(365,000)	2,910,000	370,000
Certificates of Obligation	10,034,200	-	(242,400)	9,791,800	249,800
Direct borrowing/placement:					
Note payable	887,592	-	(51,317)	836,275	52,949
Lease liabilities	822,627	106,003	(272,799)	655,831	292,772
Developer payable	6,630,441	788,969	(440,749)	6,978,661	487,970
Less deferred amounts:					
For premiums	497,303	-	(36,342)	460,961	-
Total Governmental Activities	$ 22,147,163	$ 1,547,798	$ (1,408,607)	$ 22,286,354	$ 1,507,052
			Long-term liabilities due in more than one year	$ 20,779,302	
Business-Type Activities:					
Bonds, notes and other payables:					
Certificates of Obligation	$ 11,395,800	$ -	$ (257,600)	$ 11,138,200	$ 265,200
Direct borrowing/placement:					
Contractual obligation	2,640,000	-	(210,000)	2,430,000	215,000
Note payable	329,396	-	(19,048)	310,348	19,650
Long-term contracts	270,000	-	(270,000)	-	-
Lease liabilities	295,725	-	(93,103)	202,622	80,971
Less deferred amounts:					
For premiums	933,080	-	(32,729)	900,351	-
Total Business-Type Activities	$ 15,864,001	$ -	$ (882,480)	$ 14,981,521	$ 580,821
			Long-term liabilities due in more than one year	$ 14,400,700	

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. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the respective fund. The general fund has typically been used to liquidate the liability for compensated absences for governmental activities. Leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

Long-term debt at year end was comprised of the following debt issues:

	Governmental Activities	Business - Type Activities	Total
Certificates of Obligation:			
$4,684,800 Certificate of Obliation, Series 2016, due in annual installments through 2045, interest at 2-3.125%	$ 4,216,800	$ -	$ 4,216,800
$6,000,000 Certificate of Obliation, Series 2018, due in annual installments through 2048, interest at 3.5-5%	5,575,000	-	5,575,000
$5,075,200 Certificate of Obliation, Series 2016, due in annual installments through 2045, interest at 2-3.125%	-	4,568,200	4,568,200
$7,605,000 Certificate of Obligation, Series 2020, due in annual installments through 2050, interest at 4%	-	6,570,000	6,570,000
Total Certificates of Obligation	$ 9,791,800	$ 11,138,200	$ 20,930,000
General Obligation Bonds:			
$2,520,000 General Obligation, Series 2014, due in annual installments through 2029, interest at 2.5-4.0%	$ 1,350,000	$ -	$ 1,350,000
$2,470,000 General Obliation, Series 2017, due in annual installments through 2029, interest at 3%	1,560,000	-	1,560,000
Total General Obligation Bonds	$ 2,910,000	$ -	$ 2,910,000
$652,826 Contractual Obligaiton, Series 2022 due in annual installments through 2035, interest at 1.81%	$ 652,826	$ -	$ 652,826
$3,305,000 Contractual Obligation, Series 2018, due in annual installments through 2032, interest at 2.51%	-	2,430,000	2,430,000
Total Contractual Obligation	$ 652,826	$ 2,430,000	$ 3,082,826
$936,831 Note Payable, due in annual installments through 2035, interest at 3.18%	$ 836,275	$ -	$ 836,275
$347,669 Note Payable, Series 2020 due in annual installments through 2035, interest at 3.18%	-	310,348	310,348
Total Note Payable	$ 836,275	$ 310,348	$ 1,146,623
Less deferred amounts:			
Issuance premium	460,961	900,351	1,361,312
Total deferred amounts	$ 460,961	$ 900,351	$ 1,361,312
Developer payable	$ 6,978,661	$ -	$ 6,978,661
Lease liabilities	$ 655,831	$ 202,622	$ 858,453
Total Long-Term Debt	$ 22,286,354	$ 14,981,521	$ 37,267,875

The annual requirements to amortize the City's long-term activities debt issues outstanding at year ending were as follows:

General Obligation Bonds

Year ending	Governmental Activites		
September 30,	**Principal**	**Interest**	**Total**
2023	$ 370,000	$ 87,150	$ 457,150
2024	390,000	74,350	464,350
2025	405,000	63,550	468,550
2026	415,000	52,350	467,350
2027	430,000	39,900	469,900
2028	445,000	27,000	472,000
2029	455,000	13,650	468,650
	$ 2,910,000	$ 357,950	$ 3,267,950

Certificates of Obligation

Year ending	Governmental Activites		
September 30,	**Principal**	**Interest**	**Total**
2023	$ 249,800	$ 333,624	$ 583,424
2024	259,600	323,558	583,158
2025	269,400	313,098	582,498
2026	281,800	302,280	584,080
2027	291,600	291,562	583,162
2028-2032	1,603,600	1,313,652	2,917,252
2033-2037	1,891,400	1,019,018	2,910,418
2038-2042	2,215,600	677,088	2,892,688
2043-2047	2,399,000	284,869	2,683,869
2048	330,000	11,963	341,963
	$ 9,791,800	$ 4,870,712	$ 14,662,512

Contractual Obligation

Year ending September 30,	Governmental Activities Principal	Interest	Total
2023	$ 53,561	$ 11,331	$ 64,892
2024	61,384	10,291	71,675
2025	62,624	9,169	71,793
2026	63,889	8,024	71,913
2027	65,179	6,856	72,035
2028-2032	346,189	15,916	362,105
	$ 652,826	$ 61,587	$ 714,413

Note Payable

Year ending September 30,	Governmental Activites Principal	Interest	Total
2023	$ 52,949	$ 26,594	$ 79,543
2024	54,633	24,910	79,543
2025	56,370	23,172	79,542
2026	58,163	21,380	79,543
2027	60,012	19,530	79,542
2028-2032	329,930	67,783	397,713
2033-2035	224,218	14,409	238,627
	$ 836,275	$ 197,778	$ 1,034,053

Developer Payable

Year ending September 30,	Governmental Activites Principal	Interest	Total
2023	$ 487,970	$ 299,305	$ 787,275
2024	512,037	275,238	787,275
2025	537,468	249,807	787,275
2026	557,236	222,929	780,165
2027	530,663	194,993	725,656
2028-2032	2,364,124	623,221	2,987,345
2033-2037	1,612,415	181,945	1,794,360
2038-2042	376,748	23,747	400,495
	$ 6,978,661	$ 2,071,185	$ 9,049,846

Certificates of Obligation

Year ending	Business-Type Activites		
September 30,	Principal	Interest	Total
2023	$ 265,200	$ 389,664	$ 654,864
2024	275,400	380,230	655,630
2025	285,600	370,440	656,040
2026	293,200	360,333	653,533
2027	308,400	350,576	658,976
2028-2032	1,676,400	1,600,943	3,277,343
2033-2037	1,988,600	1,290,906	3,279,506
2038-2042	2,369,400	907,461	3,276,861
2043-2047	2,571,000	448,691	3,019,691
2048-2050	1,105,000	67,300	1,172,300
	$ 11,138,200	$ 6,166,544	$ 17,304,744

Contractual Obligation

Year ending	Business-Type Activites		
September 30,	Principal	Interest	Total
2023	$ 215,000	$ 60,993	$ 275,993
2024	220,000	55,597	275,597
2025	230,000	50,075	280,075
2026	235,000	44,302	279,302
2027	240,000	38,403	278,403
2028-2032	1,290,000	98,769	1,388,769
	$ 2,430,000	$ 348,139	$ 2,778,139

Note Payable

Year ending	Business-Type Activites		
September 30,	Principal	Interest	Total
2023	$ 19,650	$ 9,869	$ 29,519
2024	20,275	9,244	29,519
2025	20,920	8,600	29,520
2026	21,585	7,934	29,519
2027	22,271	7,248	29,519
2028-2032	122,441	25,155	147,596
2033-2035	83,206	5,347	88,553
	$ 310,348	$ 73,397	$ 383,745

The annual requirements to amortize leases outstanding at year ending were as follows:

Year ending September 30,	Governmental Activities Principal		Interest		Total	
		Principal		Interest		Total
2023	$	292,772	$	21,975	$	314,747
2024		175,833		11,582		187,415
2025		82,401		6,015		88,416
2026		58,309		2,968		61,277
2027		46,516		1,188		47,704
Total	$	655,831	$	43,728	$	699,559

Year ending September 30,	Business-Type Activities					
		Principal		Interest		Total
2023	$	80,971	$	6,246	$	87,217
2024		31,113		4,118		35,231
2025		30,018		3,058		33,076
2026		31,097		1,979		33,076
2027		29,423		862		30,285
Total	$	202,622	$	16,263	$	218,885

Governmental right-to-use assets consist of vehicles that have an original cost basis of $849,878 and a current net book value of $349,456 as of year end.

Business-type right-to-use assets consist of water meters and infrastructure that have an original cost basis of $251,045 and a current net book value of $44,799 as of year end.

F. Other Long-term Liabilities

The following is a summary of changes in the City's total other long-term liabilities for the year ended September 30, 2022. In general, the City uses the general fund to liquidate governmental compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	$ 1,402,326	$ 1,349,728	$ (1,262,094)	$ 1,489,960	$ 1,340,964
Total Governmental Activities	$ 1,402,326	$ 1,349,728	$ (1,262,094)	$ 1,489,960	$ 1,340,964
Long-term liabilities due in more than one year				$ 148,996	
Business-Type Activities:					
Compensated Absences	$ 88,929	$ 77,526	$ (83,561)	$ 82,894	$ 74,605
Total Business-Type Activities	$ 88,929	$ 77,526	$ (83,561)	$ 82,894	$ 74,605
Long-term liabilities due in more than one year				$ 8,289	
Component Unit Activities:					
Compensated Absences	$ 64,656	$ 78,283	$ (58,191)	$ 84,748	$ 76,274
Total Component Unit Activities	$ 64,656	$ 78,283	$ (58,191)	$ 84,748	$ 76,274
Long-term liabilities due in more than one year				$ 8,474	

G. Deferred Charges on Refunding

Deferred charges resulting from the issuance of general obligation refunding bonds have been recorded as deferred outflows of resources and are being amortized to interest expense over the shorter of either the remaining term of the refunded debt or the refunding bonds. Current year balances for governmental activities totaled $18,943. Current year amortization expense totaled $2,706.

H. Interfund Transactions

Transfers between the primary government funds during the 2022 year were as follows:

Transfer out:	Transfer In: General	Capital Improvements	Nonmajor Governmental	Utility	Total
General	$ -	$ 160,000	$ -	$ 44,641	$ 204,641
GLO - Ike Recovery 2	-	-	-	2,227,035	2,227,035
Utility	-	-	7,169	-	7,169
Nonmajor governmental	2,500	-	-	-	2,500
Total	$ 2,500	$ 160,000	$ 7,169	$ 2,271,676	$ 2,441,345

Transfers between funds were primarily to support capital projects, internal administration costs and operation of funds.

The compositions of interfund balances as of the year ended September 30, 2022 were as follows:

Due to:	Due from: General	ISF	Nonmajor Govt.	Utility	Total
General	$ -	$ 3,136	$ -	$ 108,944	$ 112,080
Debt service	-	-	626,750	-	626,750
Sanitation	82,181	-	-	135,058	217,239
Total	$ 82,181	$ 3,136	$ 626,750	$ 244,002	$ 956,069

Interfund receivables and payables related to negative cash positions in pooled cash equity and various amounts used to cover operational and capital expenditures. All balances are expected to be resolved in the subsequent year.

V. OTHER INFORMATION

A. 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 for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Commitments and Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities 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. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors.

City of La Marque, the La Marque Economic Development Corporation and Texas City Terminal Railway Co. ("TCTR") involving the proposed rezoning of certain property and the sale of a certain parcel of property by TCTR to the EDC. The dispute concerns the City's failure to rezone the property as provided in the agreement and TCTR's failure to complete the transfer of a certain parcel of property to the EDC. TCTR alleges that the City breached its agreement and seeks declaratory relief and damages from the City. The parties are currently engaged in settlement negotiations but no outcome can be determined.

On December 9, 2020, a La Marque police officer was involved in a shooting with Joshua Feast. Two lawsuits have been filed against the City, Adrian Jones v City of La Marque & Lakeisha Feast v. City of La Marque, alleging unreasonable use of deadly force. Adrian Jones v City of La Marque and Lakeisha Feast v. City of La Marque. The City has filed to dismiss Adrian Jones's suit. Lakeisha Feast has sent a demand letter for $5,000,000 and filed, but not served, the City with their lawsuit.

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

C. Contracts/Agreements

Gulf Coast Water Authority

According to the contract between the City and the Gulf Coast Water Authority ("GCWA"), the City agreed to provide sufficient sums to retire the water contract revenue bonds of the GCWA. In return, the proceeds of the contract revenue bonds have been used to finance the construction of a water transmission main from a water treatment plant located in the City of Texas City, Texas to the City of La Marque, Texas and to upgrade the City's water supply and distribution system. The improvements were necessary to convert the City to a surface water supply. The project was completed in November 1982.

On July 1, 1998, the City entered into a long-term contract (the "Contract") with the GCWA, formerly Galveston County Water Authority, to build and improve facilities for potable water transportation to the City. The GCWA is a conservation and reclamation district created by Chapter 712, Acts of the 59th Texas Legislature, 1965, as amended (compiled as Article 828-339, Vernon's Texas Civil Statutes, as amended). The GCWA issued bonds totaling $3,040,000 in 1998 under the title "Gulf Coast Water Authority Water System Contract Revenue Bonds, Series 1998D – City of La Marque Project." Under the Contract, the City agreed to provide sufficient sums to retire the bonds. During the fiscal year 2012, the GCWA redeemed the Series 1998D water system contract revenue bonds and issued Water System Contract Revenue Refunding Bonds (City of La Marque Project) Series 2011D totaling $2,140,000. Under the Contract, the City agreed to provide sufficient sums to retire the bonds.

Additionally, the City entered into a contract to purchase water from the GCWA, which includes an agreement to provide funds to cover bonds obtained by the GCWA for waterline improvements within the corporate boundaries of the City.

The City adopted a resolution for the fourth amendment to the "Mainland Water Project Customer Contract" (the "Contract") with GCWA to expand and extend the South Project. This long-term cost sharing contract with GCWA to finance the expansion of the South Project provides that GCWA reserves a treatment and distribution capacity of 2.78 million gallons per day. The amendment to the Contract will provide for the equitable allocation of the costs of facilities improvements among customers of the Industrial Division and Mainland Division that benefit from such facilities improvements.

In fiscal year 2022, the City paid GCWA $1,353,007 related to water consumption, water rights, debt service, and other contract costs.

Developer Reimbursements

On August 11, 2003, the City created the Public Improvement District Number One (the "District") to account for special assessment property taxes assessed and collected for the reimbursement of prefunded developer public improvement project (the "Project") costs within the District. A Public Improvement District Development and Financing Agreement (the "Agreement") became effective as of November 3, 2003. The Projects are broken down into four phases covering five different sections. In accordance with Chapter 372, Texas Local Government Code, the public improvements to be constructed will be paid by special assessments that constitute 100 percent of the total project costs. The financed assessments will be made over a period not to exceed 20 years from the original assessment date. The obligation of the City under the Agreement noted above is limited to the assessments that are collected by the City. The Agreement shall create no obligation on the City that is payable from taxes or other monies of the City other than the District special assessments collected by the City. Upon completion of a Project and after inspection and approval by the City, the Project shall be conveyed to the City subject only to the developer to be reimbursed for Project costs in accordance with the Agreement noted above.

During fiscal year 2021, the City recognized special assessment property tax revenues of $788,969 and recognized developer reimbursement expenditures of $440,749. Total assessments receivable at year end were $6,978,661.

Utility Service Contract

In 2007, the City approved a Utility Service Contract (the “Contract”) with the Galveston County Municipal Utility District No. 68 (the “District”), originally entered into between the City and the District’s developer in 2005. In exchange for the City’s provision of water and sewer services, the District will construct water distribution and wastewater collection facilities within the District and, as construction is completed, will convey these facilities to the City. The term of the Contract is for 40 years, with automatic annual renewals thereafter, unless terminated.

D. Defined Benefit Pension Plans

1. Plan Description

The City of La Marque, Texas participates as one of 920 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 Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmrs.com.

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

2. Benefits Provided

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

The general and enterprise funds have typically been used to liquidate the liability for pension and OPEB balances.

Plan provisions for the City were as follows:

	Plan Year 2021	Plan Year 2020
Employee deposit rate	7%	7%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service retirement eligibility (expressed as age / years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI
Active Employees	Yes	Yes
Supplemental Death Benefit to Retirees	Yes	Yes

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	107
Inactive employees entitled to but not yet receiving benefits	153
Active employees	133
Total	**393**

3. 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 of La Marque, Texas were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of La Marque, Texas were 14.14% and 14.55% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were $1,305,762, and were equal to the required contributions.

4. Net Pension Liability (Asset)

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

Actuarial assumptions

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

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

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum 16 mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

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

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

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

Discount Rate

The discount rate used to measure the Total Pension Liability (Asset) was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability. Of the total pension liability, $3,015,667 is related to the primary government and $85,845 is attributable to the discretely presented component unit.

Changes in the Net Pension Liability (Asset)

	Total Pension	Plan Fiduciary	Total Net Pension	Primary Government	Component Unit
Balance at 12/31/20	$ 33,878,839	$ 29,472,241	$ 4,406,598	$ 4,284,535	$ 122,063
Changes for the year:					
Service cost	1,546,207	-	1,546,207	1,503,411	42,796
Interest	2,281,322	-	2,281,322	2,218,180	63,142
Change in benefit terms	-	-	-	-	-
Difference between expected and actual experience	675,419	-	675,419	656,725	18,694
Changes of assumptions	-	-	-	-	-
Contributions – employer	-	1,339,124	(1,339,124)	(1,302,060)	(37,064)
Contributions – employee	-	644,253	(644,253)	(626,421)	(17,832)
Net investment income	-	3,842,313	(3,842,313)	(3,735,965)	(106,348)
Benefit payments, including refunds of emp. contributions	(1,709,148)	(1,709,148)	-	-	-
Administrative expense	-	(17,777)	17,777	17,285	492
Other changes	-	121	(121)	(118)	(3)
Net changes	2,793,800	4,098,886	(1,305,086)	(1,268,868)	(36,218)
Balance at 12/31/21	$ 36,672,639	$ 33,571,127	$ 3,101,512	$ 3,015,667	$ 85,845

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

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

Primary Government

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 9,008,827	$ 3,015,667	$ (1,758,358)

Component Unit

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 256,449	$ 85,845	$ (50,054)

Total

1% Decrease 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
$ 9,265,276	$ 3,101,512	$ (1,808,412)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2022, the City recognized pension expense of $1,135,888. Of this amount, $1,104,452 is related to the primary government and $31,435 is attributable to discretely presented component unit.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Primary Government:		
Difference between projected and actual investment earnings	$ -	$ (1,907,654)
Differences between expected and actual economic experience	556,279	-
Contributions subsequent to the measurement date	914,755	-
Component Unit:		
Difference between projected and actual investment earnings	-	(54,304)
Differences between expected and actual economic experience	15,835	-
Contributions subsequent to the measurement date	26,040	-
Total	$ 1,512,909	$ (1,961,958)

The primary government and component unit reported $914,755 and $26,040, respectively, as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended December 31:	Total	Primary Government	Component Unit
2022	$ 2,398	$ 2,332	$ 66
2023	(605,996)	(589,223)	(16,773)
2024	(415,661)	(404,156)	(11,505)
2025	(370,585)	(360,328)	(10,257)
2026	-	-	-
Thereafter	-	-	-
	$ (1,389,844)	$ (1,351,375)	$ (38,469)

Supplemental Annuity Program

Plan Description

The City maintains a supplemental annuity program ("SAP"), which is a single-employer defined benefit pension plan. The City funds and administers the SAP. All permanent full-time employees of the City hired prior to July 1, 2007 are eligible to qualify for the SAP. To receive benefits, employees must have a total of 80 points or more through a combination of age and years of service at the time of retirement. The calculation to determine the amount of points for an employee is to add the employee's number of years of service with the City as a full-time employee to the age of the employee at the time of retirement.

Benefits

After an eligible employee has selected their retirement option under TMRS and a determination of their monthly TMRS annuity has been finalized, that monthly TMRS annuity would be multiplied by 25 percent to equal the amount of the supplement the retiree would receive 12 times each year. The amount of the supplement would be revised annually should the TMRS annuity change. The SAP would cease when the employee reaches age 65. In the event of death prior to age 65, the surviving spouse would receive the SAP until age 60.

Employees covered by benefit terms

At the September 30, 2022 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to but not yet receiving benefits	0
Active employees	12
Total	14

Total Pension Liability

The City's SAP liability was measured as of September 30, 2022. Update procedures were used to roll forward the total pension liability based on the actuarial valuation performed on September 30, 2022.

Actuarial assumptions:

The Total pension Liability in the September 30, 2022 actuarial valuation, as measured at September 30, 2022, was determined using the following actuarial assumptions:

Actuarial Cost Method	Individual Entry-Age
Discount Rate	4.40% as of September 30, 2022
Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Retirees' share of benefit-related costs	$0
Demographic Assumptions	Based on the experience study covering the four-year period ending September 30, 2018 as conducted for the Texas Municipal Retirement System (TMRS). For the pension valuation, the standard TMRS retirement rates were modified for participants with and without Rule of 80 eligibility.
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.

Discount Rate:

The municipal bond rate used to measure the September 30, 2022 Total Pension Liability was 4.40%. The municipal bond rate is based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index". The discount rate changed from 2.19% as of September 30, 2021, to 4.40% as of September 30, 2022.

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

The following presents the total pension liability of the City, calculated using the discount rate of 4.40%, as well as what the City's total pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (3.40%) or 1-percentage-point higher (5.40%) than the current rate:

1% Decrease 3.40%	Current Single Rate Assumption 4.40%	1% Increase 5.40%
$ 783,944	$ 713,151	$ 648,489

Changes in the Total pension Liability:

		Total Pension Liability
Balance at 9/30/2021	$	1,009,959
Changes for the year:		
Service Cost		30,647
Interest		22,197
Difference between expected and actual experience		(161,846)
Changes of assumptions		(164,410)
Benefit payments		(23,396)
Other changes		-
Net changes		(296,808)
Balance at 9/30/2022	$	713,151

Changes of assumptions reflect a change in the discount rate from 2.19% as of September 30, 2021, to 4.40% as of September 30, 2022.

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

For the year ended September 30, 2022, the City recognized pension income of $4,675.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the pension liability from the following sources:

		Deferred Outflows of Resources		Deferred (Inflows) of Resources
Differences between expected and actual economic experience	$	-	$	(159,156)
Differences in assumptions		-		(137,981)
Total	$	-	$	(297,137)

Amounts reported as deferred outflows and inflows of resources related to pension will be recognized in pension expense as follows:

Year ended September 30:

		Total
2023	$	(57,519)
2024		(57,519)
2025		(44,758)
2026		(41,839)
2027		(43,406)
Thereafter		(52,096)
	$	(297,137)

Other Postemployment Benefits

Supplemental Death Benefits Fund (SDBF)

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS) known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

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); retired employees are insured for $7,500; this coverage is an "other postemployment benefit," or OPEB.

The City offers supplemental death to:	Plan Year 2021	Plan Year 2020
Active employees (yes or no)	Yes	Yes
Retirees (yes or no)	Yes	Yes

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	76
Inactive employees entitled to but not yet receiving benefits	20
Active employees	133
Total	229

The City's contributions to the TMRS SDBF for the years ended 2022, 2021, and 2020 were $12,827, $10,570, and $3,958, respectively, which equaled the required contributions each year.

Schedule of Contribution Rates
(RETIREE-only portion of the rate)

Plan/ Calendar Year	Annual Required Contribution (Rate)	Actual Contribution Made (Rate)	Percentage of ARC Contributed
2020	0.05%	0.05%	100.0%
2021	0.14%	0.14%	100.0%
2022	0.14%	0.14%	100.0%

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of December 31, 2021, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

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

Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	1.84%
Retirees' share of benefit-related costs	$0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. For service retirees and beneficiary mortality rates, the OPEB liability and the OPEB contribution rates utilized the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements. Based on the size of the city, rates are multiplied by an additional factor of 100.0%. For disabled annuitants mortality rates, the OPEB liability and the OPEB contribution rates utilized the mortality tables for healthy retirees is used with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% 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.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 1.84%. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

1% Decrease 0.84%	Current Single Rate Assumption 1.84%	1% Increase 2.84%
$ 713,951	$ 577,037	$ 473,258

Changes in the Total OPEB Liability:

		Total OPEB Liability
Balance at 12/31/2020	$	550,094
Changes for the year:		
Service Cost		27,611
Interest		11,149
Difference between expected and actual experience		(17,534)
Changes of assumptions		18,602
Benefit payments		(12,885)
Other changes		-
Net changes		26,943
Balance at 12/31/2021	$	577,037

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

For the year ended September 30, 2022, the City recognized OPEB expense of $68,308.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

Primary Government		Deferred Outflows of Resources		Deferred (Inflows) of Resources
Differences in assumptions	$	69,888	$	-
Contributions subsequent to measurement date		9,314		-
Total	$	79,202	$	-

The City reported $9,314 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:		Total
2022	$	24,867
2023		29,253
2024		15,580
2025		188
2025		-
Thereafter		-
	$	69,888

Retiree Healthcare Plan

Plan Description

The City provides and administers a postemployment healthcare benefits plan (the "Plan") to all eligible retirees. Eligibility is determined based on employees who retire directly from the City at the age of 60 or more plus 20 years or more of service with the City totaling 80 or more points. Years of service do not need to be consecutive. Employees who do not meet the eligibility conditions listed above are offered COBRA coverage. The City's contribution is established each fiscal year. Employees terminating employment before normal retirement conditions are not eligible for retiree healthcare. The City does not provide healthcare coverage for spouses of retirees or for their dependents. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the Plan is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

Benefits

The City currently pays the full health insurance premium for eligible retirees. The fully-insured premiums the City pays its insurance carrier are blended rates based on the combined experience of active and retired members. Because the average cost of providing healthcare benefits to retirees under age 65 is higher than the average cost of providing healthcare benefits to active employees, there is an implicit employer subsidy for the non-Medicare eligible retirees. Retiree medical coverage ends when the retiree reaches age 65.

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to but not yet receiving benefits	0
Active employees	94
Total	97

Total OPEB Liability

The City's healthcare OPEB liability was measured as of December 31, 2021.

Actuarial assumptions:

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

Actuarial Cost Method	Individual Entry-Age Normal
Discount Rate	1.84% as of December 31, 2021
Inflation	2.5% per year
Overall payroll growth	3.5% to 11.5%, including inflation per year
Discount rate	1.84%
Retirees' share of benefit-related costs	$0
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.
Health Care Trend Rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 13 years.
Participation Rates	100% of eligible retirees; 0% of covered retirees were assumed to have two-person coverage.

Discount Rate:

For plans that do not have formal assets, the discount rate should equal the 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. For the purpose of this valuation, the municipal bond rate is 1.84% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 2.00% as of the prior measurement date.

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

The following presents the total OPEB liability of the City, calculated using the discount rate of 1.84%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

1% Decrease 0.84%	Current Single Rate Assumption 1.84%	1% Increase 2.84%
$ 977,038	$ 878,071	$ 789,375

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

1% Decrease	Current Healthcare Cost Trend Assumption	1% Increase
$ 759,802	$ 878,071	$ 1,021,923

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 12/31/2020	$ 962,757
Changes for the year:	
Service Cost	66,791
Interest	19,623
Difference between expected and actual experience	(156,054)
Changes of assumptions	14,917
Benefit payments	(29,963)
Other changes	-
Net changes	(84,686)
Balance at 12/31/2021	$ 878,071

Changes of assumptions reflect a change in the discount rate from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

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

For the year ended September 30, 2022, the City recognized OPEB expense of $90,088.

At September 30, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to the OPEB liability from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Differences between expected and actual economic experience	$ -	$ (16,728)
Contributions subsequent to measurement date	25,386	-
Total	$ 25,386	$ (16,728)

The City reported $25,386 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2023.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended December 31:	Total
2022	$ 3,674
2023	3,674
2024	3,674
2025	2,261
2025	(103)
Thereafter	(29,908)
	$ (16,728)

E. Deferred Compensation Plan

The City offers its employees a deferred compensation plan (the "Plan") created in accordance with Internal Revenue Code Section 457. The Plan, available to all City employees, permits them to defer a portion of their salary until future years. The deferred compensation is not available to employees until termination, retirement, death, or unforeseeable emergency. The Plan's trust arrangements are established to protect deferred compensation amounts of employees under the Plan from any other use than intended under the Plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under Plan provisions are disbursed monthly by the City to a third-party administrator. The third-party administrator handles all funds in the Plan and makes investment decisions and disburses funds to employees in accordance with Plan provisions.

F. Restatement

Due to corrections to prior year grant revenue, lease liabilities, and right-to-use assets, the City restated its beginning net position/fund balance within governmental activities, business-type activities, the general fund, a nonmajor governmental fund, and the utility fund.

The below tables summarize the changes to net position/fund balance as a result of the restatements.

	Governmental Activities	General Fund
Prior year ending net position/fund balance, as reported	$ 10,652,411	$ 6,505,144
Correct unearned ARPA grant revenue	(749,673)	(749,673)
Recognition of GASB 87 lease liabilities	(464,472)	-
Recognize right-to-use assets	439,092	-
Restated beginning net position/fund balance	$ 9,877,358	$ 5,755,471

	Business-Type Activities	Utility
Prior year ending net position/fund balance, as reported	$ 17,333,482	$ 17,330,198
Recognition of GASB 87 lease liabilities	(114,431)	(114,431)
Recognize right-to-use assets	107,560	107,560
Restated beginning net position/fund balance	$ 17,326,611	$ 17,323,327

G. Subsequent Events

There were no material subsequent events warranting disclosure through October 6, 2023, the date the financial statements were available to be issued.

H. New Accounting Pronouncements

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 87, entitled *Leases.* Due to the implementation of GASB 87 in the current year, the City recorded right to use assets and lease liabilities.

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REQUIRED SUPPLEMENTARY INFORMATION

City of La Marque, Texas

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

GENERAL FUND (Page 1 of 2)

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	$ 5,347,940	$ 5,347,940	$ 4,127,344	$ (1,220,596)
Sales tax	5,138,960	5,138,960	5,184,603	45,643
Franchise and other taxes	1,138,500	1,138,500	1,027,176	(111,324)
License and permits	1,268,500	1,268,500	1,211,088	(57,412)
Charges for services	886,200	886,200	1,014,631	128,431
Fines and forfeitures	719,300	719,300	331,784	(387,516)
Intergovernmental	50,000	4,345,645	31,326	(4,314,319)
Contributions and donations	11,500	11,500	23,193	11,693
Investment income	12,010	12,010	47,750	35,740
Other revenues	388,000	388,000	467,568	79,568
Total Revenues	14,960,910	19,256,555	13,466,463	(5,790,092)
Expenditures				
Current:				
General government				
City manager	354,481	354,481	322,251	32,230
City council	38,850	38,850	15,589	23,261
Human resources	185,328	185,328	191,383	(6,055)
Finance	452,428	452,428	464,778	(12,350)
City clerk	239,996	239,996	215,746	24,250
Administration	16,000	17,065	128,107	(111,042)
Non-departmental	170,000	170,000	(200)	170,200
Parks and recreation	-	-	9,795	(9,795)
Information technology	335,392	335,392	465,533	(130,141)
Library	358,267	358,267	311,623	46,644
Cemetary	25,000	25,000	9,700	15,300
Contingency	1,290,278	1,290,278	1,309,424	(19,146)
Total general government	3,466,020	3,467,085	3,443,729	23,356
Public safety				
Police	5,649,064	5,649,112	5,334,149	314,963
Judicial	454,902	454,902	360,323	94,579
Fire	2,979,975	2,980,214	3,242,340	(262,126)
Fire reserve	38,000	38,000	372	37,628
Inspection	743,415	743,415	658,321	85,094
Emergency management	22,950	22,950	14,097	8,853
Animal control	119,465	119,465	114,620	4,845
Total public safety	10,007,771	10,008,058	9,724,222	283,836

City of La Marque, Texas

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

GENERAL FUND (Page 2 of 2)

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)	
Public works					
Streets and highway	$ 1,237,124	$ 1,296,480	$ 1,174,057	$ 122,423	
Code compliance	502,438	502,438	500,341	2,097	
Total public works	1,739,562	1,798,918	1,674,398	124,520	
Capital outlay	165,922	203,422	434,135	(230,713)	*
Debt service:					
Principal	125,543	125,543	324,116	(198,573)	
Interest and fiscal charges	38,513	38,513	58,652	(20,139)	
Total debt service	164,056	164,056	382,768	(218,712)	*
Total Expenditures	15,543,331	15,641,539	15,659,252	(17,713)	
Revenues Over (Under) Expenditures	(582,421)	3,615,016	(2,192,789)	(5,807,805)	
Other Financing Sources (Uses)					
Transfers in	2,500	-	2,500	2,500	
Transfers (out)	(96,500)	(4,452,355)	(204,641)	4,247,714	
Lease issuance	-	-	106,003	106,003	
Total Other Financing Sources (Uses)	(94,000)	(4,452,355)	(96,138)	4,356,217	
Net Change in Fund Balance	$ (676,421)	$ (837,339)	(2,288,927)	$ (1,451,588)	
Beginning fund balance			5,755,471		
Ending Fund Balance			$ 3,466,544		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of La Marque, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL PUBLIC IMPROVEMENT DISTRICT NO. 1

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Special assessments	$ 970,000	$ 970,000	$ 757,620	$ (212,380)
Total Revenues	970,000	970,000	757,620	(212,380)
Expenditures				
General government	-	-	19,720	(19,720) *
Debt service:				
Principal	440,749	440,749	440,749	-
Interest	454,251	954,251	297,151	657,100
Total Expenditures	895,000	1,395,000	757,620	637,380
Excess of Revenues Over (Under) Expenditures	75,000	(425,000)	-	425,000
Net Change in Fund Balance	$ 75,000	$ (425,000)	-	$ 425,000
Beginning fund balance			-	
Ending Fund Balance			$ -	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of La Marque, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GLO - IKE RECOVERY 2 FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Contributions/donations	$ -	$ 3,146,210	$ 3,146,210	$ -
Total Revenues	-	3,146,210	3,146,210	-
Expenditures				
Capital outlay	-	919,175	1,055,520	(136,345) *
Total Expenditures	-	919,175	1,055,520	(136,345)
Excess of Revenues Over (Under) Expenditures	-	2,227,035	2,090,690	(136,345)
Other Financing Sources (Uses)				
Transfers (out)	-	(2,227,035)	(2,227,035)	-
Total Other Financing Sources (Uses)	-	(2,227,035)	(2,227,035)	-
Net Change in Fund Balance	$ -	$ -	(136,345)	$ (136,345)
Beginning fund balance			106,482	
Ending Fund Balance			$ (29,863)	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* Expenditures exceeded appropriations at the legal level of control.

City of La Marque, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY (ASSET) AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)

Years Ended:

	12/31/2014	12/31/2015	12/31/2016
Total pension liability			
Service cost	$ 514,815	$ 560,669	$ 904,693
Interest	1,416,956	1,640,785	1,668,294
Changes in benefit terms	-	2,496,190	-
Differences between expected and actual experience	(103,203)	(99,892)	(894,653)
Changes of assumptions	-	99,562	-
Benefit payments, including refunds of participant contributions	(1,208,741)	(1,091,492)	(1,103,437)
Net change in total pension liability	619,827	3,605,822	574,897
Total pension liability - beginning	20,589,185	21,209,012	24,814,834
Total pension liability - ending (a)	21,209,012	24,814,834	25,389,731
Plan fiduciary net position			
Contributions - employer	$ 489,700	$ 472,193	$ 794,038
Contributions - members	278,309	252,815	382,881
Net investment income	1,073,739	28,606	1,285,338
Benefit payments, including refunds of participant contributions	(1,208,741)	(1,091,492)	(1,103,437)
Administrative expenses	(11,211)	(17,429)	(14,529)
Other	(922)	(861)	(783)
Net change in plan fiduciary net position	620,874	(356,168)	1,343,508
Plan fiduciary net position - beginning	18,771,151	19,392,025	19,035,857
Plan fiduciary net position - ending (b)	$ 19,392,025	$ 19,035,857	$ 20,379,365
Fund's net pension liability(asset) - ending (a) - (b)	$ 1,816,987	$ 5,778,977	$ 5,010,366
Plan fiduciary net position as a percentage of the total pension liability (asset)	91.43%	76.71%	80.27%
Covered payroll	$ 4,999,022	$ 5,055,622	$ 5,469,725
Fund's net pension liability as a percentage of covered payroll	36.35%	114.31%	91.60%

Notes to schedule:

1) This schedule is presented to illustrate the requirement to show information for ten calendar years. However, until a full ten-year trend is compiled, only available information is shown.

12/31/2017	12/31/2018	12/31/2019	12/31/2020	12/31/2021 [1]
$ 996,694	$ 1,081,046	$ 1,146,190	$ 1,428,163	$ 1,546,207
1,707,837	1,828,750	1,924,637	2,111,086	2,281,322
-	-	-	-	-
164,035	(425,683)	570,250	391,414	675,419
-	-	156,708	-	-
(1,173,585)	(1,065,292)	(1,126,972)	(1,226,170)	(1,709,148)
1,694,981	1,418,821	2,670,813	2,704,493	2,793,800
25,389,731	27,084,712	28,503,533	31,174,346	33,878,839
27,084,712	28,503,533	31,174,346	33,878,839	36,672,639
$ 943,583	$ 936,909	$ 1,023,680	$ 1,184,746	$ 1,339,124
419,030	446,450	484,501	595,777	644,253
2,822,534	(699,670)	3,550,863	2,040,514	3,842,313
(1,173,585)	(1,065,292)	(1,126,972)	(1,226,170)	(1,709,148)
(14,638)	(13,533)	(20,074)	(13,208)	(17,777)
(742)	(707)	(605)	(515)	121
2,996,182	(395,843)	3,911,393	2,581,144	4,098,886
20,379,365	23,375,547	22,979,704	26,891,097	29,472,241
$ 23,375,547	$ 22,979,704	$ 26,891,097	$ 29,472,241	$ 33,571,127
$ 3,709,165	$ 5,523,829	$ 4,283,249	$ 4,406,598	$ 3,101,512
86.31%	80.62%	86.26%	86.99%	91.54%
$ 5,986,148	$ 6,377,850	$ 6,921,436	$ 8,511,105	$ 9,203,615
61.96%	86.61%	61.88%	51.77%	33.70%

City of La Marque, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN - TMRS

Years Ended:

	9/30/2014	9/30/2015	9/30/2016
Actuarially determined employer contributions	$ 458,486	$ 471,679	$ 733,250
Contributions in relation to the actuarially determined contribution	$ 458,486	$ 471,679	$ 733,250
Contribution deficiency (excess)	$ -	$ -	$ -
Annual covered payroll	$ 4,901,246	$ 5,046,999	$ 5,569,750
Employer contributions as a percentage of covered payroll	9.35%	9.35%	13.16%

1) This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	24 Years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.5% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

Notes	There were no benefit changes during the year.

9/30/2017	9/30/2018	9/30/2019	9/30/2020	9/30/2021	9/30/2022 [1]
$ 910,064	$ 946,892	$ 978,226	$ 1,117,702	$ 1,307,322	$ 1,305,762
$ 910,064	$ 946,892	$ 978,226	$ 1,117,702	$ 1,307,322	$ 1,305,762
$ -	$ -	$ -	$ -	$ -	$ -
$ 5,881,289	$ 6,339,339	$ 6,624,251	$ 7,915,175	$ 9,088,669	$ 9,161,793
15.47%	14.94%	14.77%	14.12%	14.38%	14.25%

City of La Marque, Texas

SCHEDULE OF CHANGES IN TOTAL PENSION LIABILITY AND RELATED RATIOS
SUPPLEMENTAL ANNUITY PLAN (SAP)

Years Ended:

	9/30/2017	9/30/2018	9/30/2019	9/30/2020
Total pension liability				
Service cost	$ 31,748	$ 25,214	$ 20,278	$ 33,993
Interest	28,932	32,517	30,420	25,474
Changes in assumptions	(39,183)	(28,026)	94,771	(50,554)
Differences between expected and actual experience	-	(141,024)	-	45,602
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of participant contributions	(23,134)	(21,823)	(20,179)	(20,347)
Net change in total pension liability	(1,637)	(133,142)	125,290	34,168
Total pension liability - beginning	928,992	927,355	794,213	919,503
Total pension liability - ending	$ 927,355	$ 794,213	$ 919,503	$ 953,671
Covered payroll	$ 1,508,521	$ 1,263,944	$ 1,120,933	$ 1,186,282
City's total pension liability as a percentage of covered payroll	61.47%	62.84%	82.03%	80.39%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

[2] No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 73 to pay related benefits.

9/30/2021	9/30/2022 [1]
$ 34,929	$ 30,647
23,164	22,197
18,130	(164,410)
-	(161,846)
-	-
(19,935)	(23,396)
56,288	(296,808)
953,671	1,009,959
$ 1,009,959	$ 713,151 [2]
$ 1,101,664	$ 1,030,197
91.68%	69.22%

City of La Marque, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSIONS (OPEB) LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
SUPPLEMENTAL DEATH BENEFITS PLAN

Years Ended:

	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Total OPEB liability				
Service cost	$ 12,571	$ 15,307	$ 13,843	$ 22,129
Interest	11,734	11,965	13,036	12,359
Changes in assumptions	28,757	(25,894)	71,001	75,391
Differences between expected and actual experience	-	(7,426)	(100)	3,981
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of participant contributions	(3,592)	(3,189)	(3,461)	(4,256)
Net change in total OPEB liability	49,470	(9,237)	94,319	109,604
Total OPEB liability - beginning	305,938	355,408	346,171	440,490
Total OPEB liability - ending	$ 355,408	$ 346,171	$ 440,490	$ 550,094
Covered payroll	$ 5,986,148	$ 6,377,850	$ 6,921,436	$ 8,511,105
City's total OPEB liability as a percentage of covered payroll	5.94%	5.43%	6.36%	6.46%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

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

12/31/2021 [1]
$ 27,611
11,149
18,602
(17,534)
-
(12,885)
26,943
550,094
$ 577,037 [2]
$ 9,203,615
6.27%

City of La Marque, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
PENSIONS (OPEB) LIABILITY AND RELATED RATIOS
POSTEMPLOYMENT HEALTHCARE BENEFITS

Years Ended:

	12/31/2017	12/31/2018	12/31/2019	12/31/2020
Total OPEB liability				
Service cost	$ 41,247	$ 47,164	$ 60,155	$ 57,680
Interest	24,861	23,583	27,247	23,476
Changes in assumptions	37,440	(32,227)	56,989	71,980
Differences between expected and actual experience	-	18,061	9,058	1,938
Changes in benefit terms	-	-	-	-
Benefit payments, including refunds of participant contributions	(42,507)	(50,607)	(31,619)	(34,305)
Net change in total OPEB liability	61,041	5,974	121,830	120,769
Total OPEB liability - beginning	653,143	714,184	720,158	841,988
Total OPEB liability - ending	$ 714,184	$ 720,158	$ 841,988	$ 962,757
Covered-employee payroll	$ 4,362,624	$ 5,428,522	$ 7,076,602	$ 8,520,634
City's total OPEB liability as a percentage of covered-employee payroll	16.37%	13.27%	11.90%	11.30%

Notes to schedule:

[1] This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

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

12/31/2021 [1]
$ 66,791
19,623
14,917
(156,054)
-
(29,963)
(84,686)
962,757
$ 878,071 [2]
$ 8,225,038
10.68%

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COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES

City of La Marque, Texas

COMBINING BALANCE SHEET (Page 1 of 2)

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Library Grants	PD Child Outreach	Hotel/ Motel	Drug Seizure
Assets				
Cash and cash equivalents	$ 2,201	$ 6,228	$ 250,330	$ 70,657
Investments	-	-	61,899	-
Accounts receivable, net	2,053	-	16,574	1,129
Due from other funds	-	-	-	-
Prepaids	-	-	-	-
Total Assets	$ 4,254	$ 6,228	$ 328,803	$ 71,786
Liabilities				
Accounts payable	$ -	$ -	$ -	$ 524
Total Liabilities	-	-	-	524
Fund Balances				
Nonspendable:				
Prepaids	-	-	-	-
Restricted for:				
Tourism	-	-	328,803	-
Police department	-	6,228	-	71,262
Municipal court	-	-	-	-
Public improvement	-	-	-	-
Capital projects	-	-	-	-
Culture and recreation	4,254	-	-	-
Enabling legislation	-	-	-	-
Special projects	-	-	-	-
Total Fund Balances	4,254	6,228	328,803	71,262
Total Liabilities, Deferred Inflows and Fund Balances	$ 4,254	$ 6,228	$ 328,803	$ 71,786

TIRZ - Omega Bay	Parks	Court Technology
$ 84,590	$ 54,925	$ 21,845
-	-	-
-	-	-
-	-	-
-	-	-
$ 84,590	$ 54,925	$ 21,845
$ -	$ 1,808	$ -
-	1,808	-
-	-	-
-	-	-
-	-	-
-	-	21,845
84,590	-	-
-	-	-
-	53,117	-
-	-	-
-	-	-
84,590	53,117	21,845
$ 84,590	$ 54,925	$ 21,845

City of La Marque, Texas

COMBINING BALANCE SHEET (Page 2 of 2)

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Court Security	Child Safety	Leose Training	Clean City
Assets				
Cash and cash equivalents	$ 15,264	$ 54,710	$ 22,164	$ 38,990
Investments	-	-	-	-
Accounts receivable, net	-	-	-	-
Due from other funds	-	-	-	-
Prepaids	-	-	900	-
Total Assets	$ 15,264	$ 54,710	$ 23,064	$ 38,990
Liabilities				
Accounts payable	$ -	$	$ 151	$ 815
Total Liabilities	-	-	151	815
Fund Balances				
Nonspendable:				
Prepaids	-	-	900	-
Restricted for:				
Tourism	-	-	-	-
Police department	-	-	-	-
Municipal court	15,264	54,710	22,013	-
Public improvement	-	-	-	-
Capital projects	-	-	-	-
Culture and recreation	-	-	-	-
Enabling legislation	-	-	-	-
Special projects	-	-	-	38,175
Total Fund Balances	15,264	54,710	22,913	38,175
Total Liabilities, Deferred Inflows and Fund Balances	$ 15,264	$ 54,710	$ 23,064	$ 38,990

Comcast PEG Fees	Total Nonmajor Special Revenue	Capital Projects	Total Nonmajor Governmental
$ 149,409	$ 771,313	$ 288,191	$ 1,059,504
36,308	98,207	164,970	263,177
9,747	29,503	-	29,503
-	-	626,750	626,750
-	900	-	900
$ 195,464	$ 899,923	$ 1,079,911	$ 1,979,834
$ -	$ 3,298	$ 1,075	$ 4,373
-	3,298	1,075	4,373
-	900	-	900
-	328,803	-	328,803
-	77,490	-	77,490
-	113,832	-	113,832
-	84,590	-	84,590
-	-	1,078,836	1,078,836
-	57,371	-	57,371
195,464	195,464	-	195,464
-	38,175	-	38,175
195,464	896,625	1,078,836	1,975,461
$ 195,464	$ 899,923	$ 1,079,911	$ 1,979,834

City of La Marque, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 1 of 2)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	Library Grants	PD Child Outreach	Hotel/ Motel	Drug Seizure
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Hotel occupancy tax	-	-	106,957	-
Franchise fees	-	-	-	-
Fines and fees	-	-	-	-
Intergovernmental	-	-	-	11,971
Investment income	-	-	4,628	429
Other revenue	-	-	-	16,684
Total Revenues	-	-	111,585	29,084
Expenditures				
General government	-	-	129,828	-
Public safety	-	-	-	49,685
Debt service:				
Bond issuance costs	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	129,828	49,685
Revenues Over (Under) Expenditures	-	-	(18,243)	(20,601)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Debt issuance	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	-	-	(18,243)	(20,601)
Beginning fund balances	4,254	6,228	347,046	91,863
Ending Fund Balances	$ 4,254	$ 6,228	$ 328,803	$ 71,262

TIRZ - Omega Bay	Parks	Court Technology
$ 62,709	$ -	$ -
-	-	-
-	-	-
-	-	5,439
-	-	-
-	-	-
-	7,394	-
62,709	7,394	5,439
-	8,226	-
-	-	-
-	-	-
-	-	-
-	8,226	-
62,709	(832)	5,439
-	-	-
-	-	-
-	-	-
-	-	-
62,709	(832)	5,439
21,881	53,949	16,406
$ 84,590	$ 53,117	$ 21,845

City of La Marque, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES (Page 2 of 2)

NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	Court Security	Child Safety	Leose Training	Clean City
Revenues				
Property taxes	$ -	$ -	$ -	$ -
Hotel occupancy tax	-	-	-	-
Franchise fees	-	-	-	-
Fines and fees	5,520	-	-	-
Intergovernmental	-	-	-	-
Investment income	-	260	139	-
Other revenue	-	302	597	199
Total Revenues	5,520	562	736	199
Expenditures				
General government	-	-	-	21,075
Public safety	-	-	2,107	-
Debt service:				
Bond issuance costs	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	-	-	2,107	21,075
Revenues Over (Under) Expenditures	5,520	562	(1,371)	(20,876)
Other Financing Sources (Uses)				
Transfers in	-	-	-	7,169
Transfers (out)	(2,500)	-	-	-
Debt issuance	-	-	-	-
Total Other Financing Sources (Uses)	(2,500)	-	-	7,169
Net Change in Fund Balances	3,020	562	(1,371)	(13,707)
Beginning fund balances	12,244	54,148	24,284	51,882
Ending Fund Balances	$ 15,264	$ 54,710	$ 22,913	$ 38,175

Comcast PEG Fees		Total Nonmajor Special Revenue		Capital Projects		Total Nonmajor Governmental
$	-	$	62,709	$	-	$	62,709
	-		106,957		-		106,957
	40,995		40,995		-		40,995
	-		10,959		-		10,959
	-		11,971		-		11,971
	684		6,140		3,632		9,772
	-		25,176		-		25,176
	41,679		264,907		3,632		268,539
	-		159,129		-		159,129
	-		51,792		-		51,792
	-		-		26,076		26,076
	440		440		2,710		3,150
	440		211,361		28,786		240,147
	41,239		53,546		(25,154)		28,392
	-		7,169		-		7,169
	-		(2,500)		-		(2,500)
	-		-		652,826		652,826
	-		4,669		652,826		657,495
	41,239		58,215		627,672		685,887
	154,225		838,410		451,164		1,289,574
$	195,464	$	896,625	$	1,078,836	$	1,975,461

City of La Marque, Texas

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

HOTEL/MOTEL TAX FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Hotel occupancy tax	$ 100,000	$ 100,000	$ 106,957	$ 6,957
Investment income	1,000	1,000	4,628	3,628
Total Revenues	101,000	101,000	111,585	10,585
Expenditures				
General government	130,750	130,750	129,828	922
Total Expenditures	130,750	130,750	129,828	922
Excess of Revenues Over (Under) Expenditures	(29,750)	(29,750)	(18,243)	11,507
Other Financing Sources (Uses)				
Transfers (out)	(88,500)	(88,500)	-	88,500
Total Other Financing Sources (Uses)	(88,500)	(88,500)	-	88,500
Net Change in Fund Balance	$ (118,250)	$ (118,250)	(18,243)	$ 100,007
Beginning fund balance			347,046	
Ending Fund Balance			$ 328,803	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DRUG SEIZURE FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Other revenues	$ -	$ -	$ 16,684	$ 16,684
Investment income	100	100	429	329
Total Revenues	100	100	17,113	17,013
Expenditures				
Public safety	-	58,013	49,685	8,328
Total Expenditures	-	58,013	49,685	8,328
Other Financing Sources (Uses)				
Transfers (out)	-	-	11,971	11,971
Total Other Financing Sources (Uses)	-	-	11,971	11,971
Net Change in Fund Balance	$ 100	$ (57,913)	(20,601)	$ 37,312
Beginning fund balance			91,863	
Ending Fund Balance			$ 71,262	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

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

CAPITAL PROJECTS

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Interest income	$ 480	$ 480	$ 3,632	$ 3,152
Total Revenues	480	480	3,632	3,152
Expenditures				
Capital outlay	482,924	655,137	2,710	652,427
Debt issuance costs	26,076	26,076	26,076	-
Total Expenditures	509,000	681,213	28,786	652,427
Other Financing Sources (Uses)				
Debt issuance	-	-	652,826	652,826
Total Other Financing Sources (Uses)	-	-	652,826	652,826
Net Change in Fund Balance	$ (508,520)	$ (680,733)	627,672	$ 1,308,405
Beginning fund balance			451,164	
Ending Fund Balance			$ 1,078,836	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

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

DEBT SERVICE

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ 2,245,321	$ 2,245,321	$ 2,065,591	$ (179,730)
Interest income	800	800	327	(473)
Total Revenues	2,246,121	2,246,121	2,065,918	(180,203)
Expenditures				
Debt service:				
Principal	1,121,753	1,121,753	607,400	514,353
Interest	927,157	927,157	449,438	477,719
Total Expenditures	2,048,910	2,048,910	1,056,838	992,072
Excess of Revenues Over (Under) Expenditures	197,211	197,211	1,009,080	811,869
Net Change in Fund Balance	$ 197,211	$ 197,211	1,009,080	$ 811,869
Beginning fund balance			(101,733)	
Ending Fund Balance			$ 907,347	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

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

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment income	$ 3,000	$ 3,000	$ 18,902	$ 15,902
Total Revenues	3,000	3,000	18,902	15,902
Expenditures				
Capital outlay	200,000	375,260	226,778	148,482
Total Expenditures	200,000	375,260	226,778	148,482
Excess of Revenues Over (Under) Expenditures	(197,000)	(372,260)	(207,876)	164,384
Other Financing Sources (Uses)				
Transfers in	160,000	160,000	160,000	-
Total Other Financing Sources (Uses)	160,000	160,000	160,000	-
Net Change in Fund Balance	$ (37,000)	$ (212,260)	(47,876)	$ 164,384
Beginning fund balance			3,606,494	
Ending Fund Balance			$ 3,558,618	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

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

PARKS FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	$ 4,040	$ 7,394	$ 3,354
Total Revenues	4,040	7,394	3,354
Expenditures			
General government	30,000	8,226	21,774
Total Expenditures	30,000	8,226	21,774
Excess of Revenues Over (Under) Expenditures	(25,960)	(832)	25,128
Net Change in Fund Balance	$ (25,960)	(832)	$ 25,128
Beginning fund balance		53,949	
Ending Fund Balance		$ 53,117	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

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

COURT TECHNOLOGY FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	$ 4,030	$ 5,439	$ 1,409
Total Revenues	4,030	5,439	1,409
Expenditures			
General government	14,600	-	14,600
Total Expenditures	14,600	-	14,600
Excess of Revenues Over (Under) Expenditures	(10,570)	5,439	16,009
Net Change in Fund Balance	$ (10,570)	5,439	$ 16,009
Beginning fund balance		16,406	
Ending Fund Balance		$ 21,845	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
COURT SECURITY FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	$ 4,000	$ 5,520	$ 1,520
Interest income	50	-	(50)
Total Revenues	4,050	5,520	1,470
Excess of Revenues Over (Under) Expenditures	4,050	5,520	1,470
Other Financing Sources (Uses)			
Transfers (out)	(2,500)	(2,500)	-
Total Other Financing Sources (Uses)	(2,500)	(2,500)	-
Net Change in Fund Balance	$ 1,550	3,020	$ 1,470
Beginning fund balance		12,244	
Ending Fund Balance		$ 15,264	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

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

CHILD SAFETY FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Interest income	$ 50	$ 260	$ 210
Other revenue	500	302	(198)
Total Revenues	550	562	12
Expenditures			
General government	5,000	-	5,000
Total Expenditures	5,000	-	5,000
Excess of Revenues Over (Under) Expenditures	(4,450)	562	5,012
Net Change in Fund Balance	$ (4,450)	562	$ 5,012
Beginning fund balance		54,148	
Ending Fund Balance		$ 54,710	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

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

LEOSE TRAINING FUND

For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Interest income	30	139	109
Other revenue	-	597	597
Total Revenues	30	736	706
Expenditures			
Public safety	4,802	2,107	2,695
Total Expenditures	4,802	2,107	2,695
Excess of Revenues Over (Under) Expenditures	(4,772)	(1,371)	3,401
Net Change in Fund Balance	$ (4,772)	(1,371)	$ 3,401
Beginning fund balance		24,284	
Ending Fund Balance		$ 22,913	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
CLEAN CITY FUND
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Other revenue	$ 40	$ 199	$ 159
Total Revenues	40	199	159
Expenditures			
General government	30,000	21,075	8,925
Total Expenditures	30,000	21,075	8,925
Excess of Revenues Over (Under) Expenditures	(29,960)	(20,876)	9,084
Other Financing Sources (Uses)			
Transfers in	4,000	7,169	3,169
Total Other Financing Sources (Uses)	4,000	7,169	3,169
Net Change in Fund Balance	$ (25,960)	(13,707)	$ 12,253
Beginning fund balance		51,882	
Ending Fund Balance		$ 38,175	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL COMCAST PEG FEES FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Franchise fees	$ 40,000	$ 40,000	$ 40,995	$ 995
Interest income	120	120	684	564
Total Revenues	40,120	40,120	41,679	1,559
Expenditures				
Capital outlay	-	440	440	-
Total Expenditures	-	440	440	-
Excess of Revenues Over (Under) Expenditures	40,120	39,680	41,239	1,559
Net Change in Fund Balance	$ 40,120	$ 39,680	41,239	$ 1,559
Beginning fund balance			154,225	
Ending Fund Balance			$ 195,464	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

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

TIRZ - OMEGA BAY FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property taxes	$ -	$ -	$ 62,709	$ 62,709
Total Revenues	-	-	62,709	62,709
Excess of Revenues Over (Under) Expenditures	-	-	62,709	62,709
Other Financing Sources (Uses)				
Transfers in	15,000	77,710	-	(77,710)
Total Other Financing Sources	15,000	77,710	-	(77,710)
Net Change in Fund Balance	$ 15,000	$ 77,710	62,709	$ (15,001)
Beginning fund balance			21,881	
Ending Fund Balance			$ 84,590	

Notes to Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of La Marque, Texas

BALANCE SHEET

DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2022

		La Marque Economic Development Corp.
Assets		
Cash and cash equivalents	$	7,519,983
Investments		416,802
Receivables, net		291,814
Prepaids		22,231
Total Assets	$	8,250,830
Liabilities		
Accounts payable and accrued liabilities	$	36,467
Customer deposits		2,500
Total Liabilities		38,967
Fund Balances		
Restricted for:		
Economic development		8,211,863
Total Fund Balance		8,211,863
Total Liabilities and Fund Balance	$	8,250,830

See Notes to Financial Statements.

City of La Marque, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2022

Fund Balance	$	8,211,863
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - non-depreciable		3,692,636
Capital assets - net depreciable		1,630,991
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.		
Deferred pension outflows - TMRS		41,875
Deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time.		
Deferred pension inflows -TMRS		(54,304)
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.		
Compensated absences		(84,748)
Net pension liability		(85,845)
Net Position of the Discretely Presented Component Unit	$	13,352,468

See Notes to Financial Statements.

City of La Marque, Texas

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE

DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2022

		La Marque Economic Development Corp.
Revenues		
Sales tax		$ 1,726,978
Other revenue		392,943
Investment income		63,099
	Total Revenues	2,183,020
Expenditures		
Current:		
Economic development		1,013,987
	Total Expenditures	1,013,987
Revenues Over (Under) Expenditures		1,169,033
	Net Change in Fund Balance	1,169,033
Beginning fund balance		7,042,830
	Ending Fund Balance	$ 8,211,863

See Notes to Financial Statements.

City of La Marque, Texas

RECONCILIATION OF THE SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE DISCRETELY PRESENTED COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

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

Net changes in fund balance	$	1,169,033
Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Capital outlay		271,111
Depreciation expense		(77,146)
Adjustment for disposal of assets		(123,996)
Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Pension expense - TMRS		4,702
Compensated absences		(20,092)
Change in Net Position of the Discretely Presented Component Unit	$	1,223,612

See Notes to Financial Statements.

La Marque, Texas

Audit Presentation

September 30, 2022

Presented By: Mike Brooks, CPA, Audit Partner
October 23, 2023

BW&C
CERTIFIED PUBLIC ACCOUNTANTS

OVERVIEW OF THE AUDIT PROCESS

Audit Process: 3 stages (Planning, Fieldwork, Conclusion & Reporting)

The audit was performed in accordance with Generally Accepted Auditing Standards (GAAS)

- PLANNING
  - The audit process was a risk-based approach in which we focused our procedures on those areas most susceptible to risk of error.
- FIELDWORK
  - Agree balances to underlying reports and perform testing to assure those balances are materially accurate.
- CONCLUSION & REPORTING
  - Evaluate results. Prepare report and required communications.

BW&C

COMPONENTS OF THE ANNUAL FINANCIAL REPORT

- Auditor's Opinion
- Management's Discussion and Analysis
- Basic Financial Statements
  - Government-Wide Statements
  - Fund Level Statements
  - Notes to the Financial Statements
- Required Supplementary Information
- Other Supplementary Information

INDEPENDENT AUDITOR'S REPORT

REFERENCE AFR – PAGE 1

- Four possible outcomes

-Unmodified

-Modified

-Disclaimed

-Adverse

- The City received an unmodified opinion
- Highest level of assurance

FINANCIAL HIGHLIGHTS

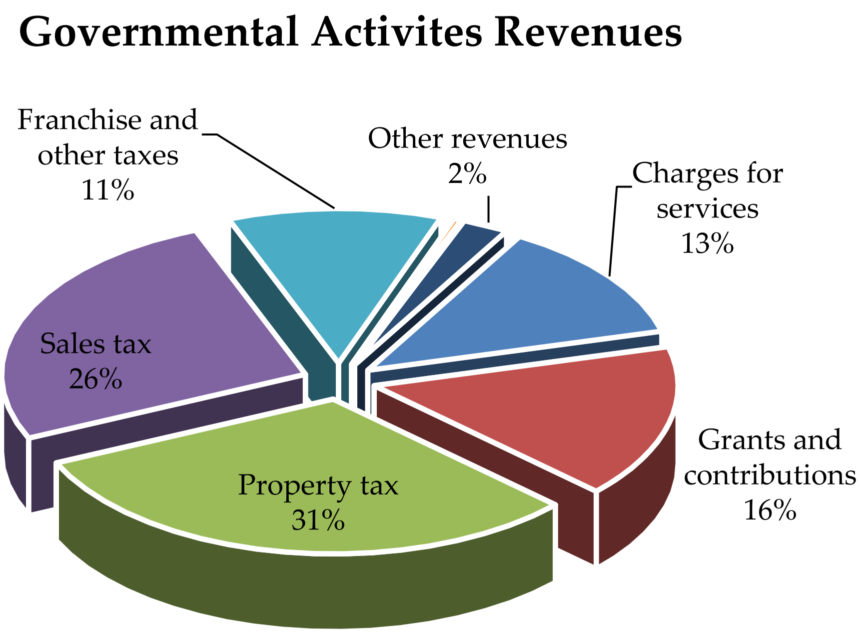
REFERENCE AFR – PAGE 7

- Total assets exceeded total liabilities by $27,906,273.
- City's governmental funds reported combined ending fund balances of $9,878,107, a decrease of $778,181.
- Unassigned fund balance in the general fund was $3,296,419 or 21% of annual general fund expenditures.
- The City had an overall increase in net position of $702,304 for the year.

BW&C

City Revenues – Governmental Activities

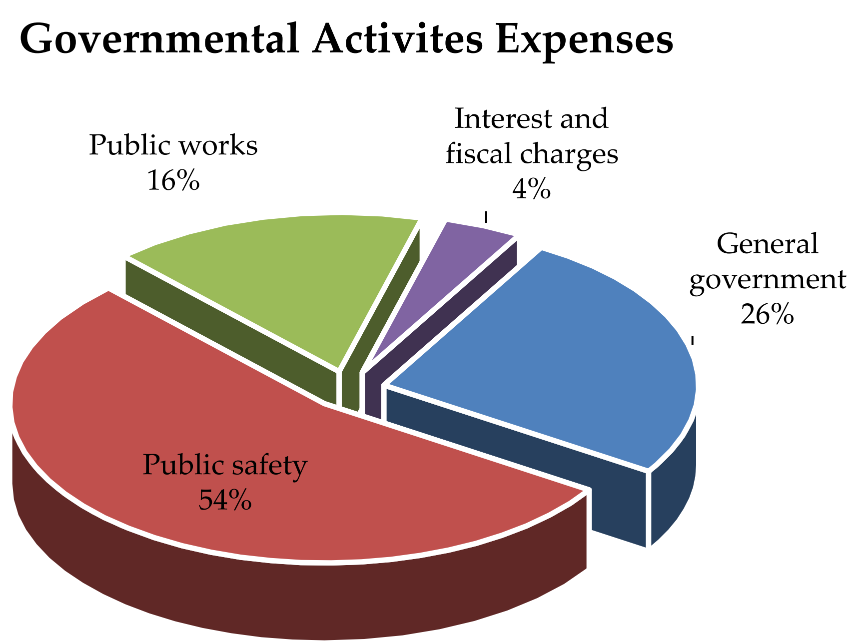
GOVERNMENTAL FUNDS – YEAR ENDING 9/30/22 - REFERENCE AFR PAGE 24/25



- Total governmental revenues were $20,048,667, increase of $3,417,067.
  - Total property taxes were $6,272,304, increase of $265,001.
  - Total sales taxes were $5,184,603, increase of $266,002.
  - Grants and Contributions were $3,212,700, increase of $2,276,025.

City Expenses – Governmental Activities

GOVERNMENTAL FUNDS – YEAR ENDING 9/30/22 - REFERENCE AFR PAGE 24



- Total governmental expenses were $19,209,078, net increase of $2,865,358.
  - Public safety expenses were $10,346,440, increase of $1,175,749.
  - General government were $4,949,348, increase of $810,851.
  - Public works expenses were $3,130,452, increase of $911,209.

BW&C

STATEMENT REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE

GOVERNMENTAL FUNDS – YEAR ENDING 9/30/22 - REFERENCE AFR PAGE 30-33

	General	Debt Service	GLO - Ike Recovery 2	Capital Improvements	Nonmajor Governmental Funds
Revenues					
Total Revenues	13,466,463	2,065,918	3,146,210	18,902	268,539
Expenditures					
Total Expenditures	15,659,252	1,056,838	1,055,520	226,778	240,147
Total Other Financing Sources (Uses)	(96,138)	-	(2,227,035)	160,000	657,495
Net Change in Fund Balances	(2,288,927)	1,009,080	(136,345)	(47,876)	685,887
Beginning fund balances	5,755,471	(101,733)	106,482	3,606,494	1,289,574
Ending Fund Balances	$ 3,466,544	$ 907,347	$ (29,863)	$ 3,558,618	$ 1,975,461

*Unassigned fund balance for the general fund was $3,296,419 or 21%/77 days of annual general fund expenditures.

BW&C

SCHEDULE OF REVENUES, EXPENDITURES & CHANGES IN FUND BALANCE (Budget & Actual)

GENERAL FUND – YEAR ENDING 9/30/22 - REFERENCE AFR PAGE 102/103

	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues			
Total Revenues	19,256,555	13,466,463	(5,790,092)
Expenditures			
Total Expenditures	15,641,539	15,659,252	(17,713)
Revenues Over (Under) Expenditures	3,615,016	(2,192,789)	(5,807,805)
Other Financing Sources (Uses)			
Total Other Financing Sources (Uses)	(4,452,355)	(96,138)	4,356,217
Net Change in Fund Balance	$ (837,339)	(2,288,927)	$ (1,451,588)
Beginning fund balance		5,755,471	
Ending Fund Balance		$ 3,466,544	

BW&C

STATEMENT REVENUES, EXPENDITURES & CHANGES IN NET POSITION

PROPRIETARY FUNDS – YEAR ENDING 9/30/22 - REFERENCE AFR PAGE 39

	Utility	Sanitation
Operating Revenues		
Total Operating Revenues	6,844,445	2,824,135
Operating Expenses		
Total Operating Expenses	6,679,954	2,715,136
Operating Income (Loss)	164,491	108,999
Nonoperating Revenues (Expenses)		
Total Nonoperating Revenues (Expenses)	(410,775)	-
Income Before Transfers	(246,284)	108,999
Transfers, net	2,264,507	-
Change in Net Position	2,018,223	108,999
Beginning net position	17,323,327	3,284
Ending Net Position	$ 19,341,550	$ 112,283

CONCLUSION

Other Reports and Questions

Presented By: Mike Brooks, CPA, Audit Partner
October 23, 2023

CITY COUNCIL AGENDA FORM

Meeting Date: January 8, 2024
Prepared by: Gus Knebel
Department: Development Services

Agenda Item: 7.I.
Reviewed by: Cesar Garcia, City Manager

AGENDA ITEM DESCRIPTION:

Creation of a Heavy Industrial Zoning District

THIS IS THE FIRST READING

STAFF BRIEFING:

The I-3 zoning district is proposed to establish heavy industrial uses, facilitate heavy industrial development and use of the district, and protect such areas from the intrusion of certain incompatible uses that might impede the development and use of such lands for heavy industrial purposes.

HISTORY:

- November 14, 2023 - Planning and Zoning Commission public hearing: this item was tabled.
- December 12, 2023 - Planning and Zoning Commission public hearing: Commission recommended denial of creation of heavy industrial zoning district.
- January 8, 2024 - First Reading by City Council
- January 22, 2024 - proposed second reading

FISCAL IMPACT:

ORDINANCE NO. O-2024-00

AN ORDINANCE OF THE CITY OF LA MARQUE, TEXAS AMENDING THE CITY'S CODE OF ORDINANCES BY ADDING A HEAVY INDUSTRIAL ZONING DISTRICT AND MAKING PROVISIONS THEREFORE; PROVIDING A PENALTY IN AN AMOUNT NOT TO EXCEED $2,000 FOR EACH VIOLATION; PROVIDING AN EFFECTIVE DATE; AND MAKING OTHER PROVISIONS RELATED TO THE SUBJECT.

WHEREAS, The City Council has conducted, in the time and manner required by law, a public hearing on the creation of a new heavy industrial zoning district in the City of La Marque, Texas;

WHEREAS, the City Council finds the proposed zoning district creation is consistent with the City's comprehensive plan, and a heavy industrial zoning district should be created in the City.

NOW THEREFORE BE IT ORDAINED BY THE CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS THAT:

Section 1. The foregoing recitals are hereby found to be true and correct and are hereby adopted by the City Council and made a part hereof for all purposes as findings of fact.

Section 2. Section 71-16 is added to the City's Code of Ordinances to read as follows:

Sec. 71-16. I-3 Industrial

(a) *Purpose*. The I-3 district is established to accommodate heavy industrial uses, facilitate heavy industrial development and use of the district, and protect such areas from the intrusion of certain incompatible uses that might impede the development and use of such lands for heavy industrial purposes. Environmental Protection Agency and Occupational Health and Safety Administration regulations are enforceable to the extent applicable by law.

(b) *Buffer Zone*. Uses permitted in the I-3 district are subject to the following conditions:

(1) A buffer zone of at least 500 feet must be maintained between a residential district and any use permitted in the I-3 District, unless otherwise provided in this subsection (b).

(2) A buffer zone of at least 250 feet must be maintained between a commercial district and any use permitted in the I-3 District, unless

otherwise provided in this subsection (b) but does not apply to any portion of a district separated by a road or highway.

(3) Any road or highway right of way is included within the calculation of the required buffer zone, even if that right of way is included within a residential or commercial district.

(4) The outside boundary of the applicable buffer zone, if any, must be fenced and reasonably landscaped with vegetation.

(5) The following uses are permitted within buffer zones:

(i) utilities;

(ii) energy transmission lines/pipelines,

(iii) after the first 20' of the buffer for a commercial buffer and the first 40' for a residential buffer, employee, customer, or contractor parking is permitted, but limited to passenger vehicle and trucks with a 1 ton capacity or less only for the next 120' ft, and without restriction thereafter (but no storage of vehicles or trailers in a buffer),

(iv) ingress and egress appurtenant to any uses permitted in subsection (c), including, but not limited to, automobile, truck or rail access to a site, or public dedicated street to or through a site (but no storage of vehicles, trailers, or rail cars in the buffer),

(v) uses permitted in C-2 zoning district or the adjacent zoning district, whichever is more permissive (and then not subject to any other limitation in L-3, but only the limitations in the applicable district);

(vi) drainage, including, but not limited to, detention (provided any detention facility must be properly maintained in clean, mowed and sanitary condition);

(vii) landscaping; and

(viii) signage.

(c) *Uses permitted.* Uses permitted in the I-3 district shall be as follows:

(1) All uses permitted by right or by conditional use in the C-1, C-2, I-1 and I-2 districts;

(2) Rail operations, including but not limited to terminals, switching and classification yards, storage yards, repair shops, roundhouses and any related support facilities;

(3) Wind, solar, battery, nitrogen, and/or hydrogen, energy generation, storage and transmission, or other types of energy generation, storage and transmission approved by Conditional Use Permit pursuant to Sec. 71-6;

(4) Carbon capture or storage;

(5) Oil & gas, hydrocarbon, petroleum or other petrochemical, limited to transportation and storage;

(6) Renewable and alternative energy enterprises;

(7) Transportation terminal activities, including but not limited to trucking, motor freight, railway or other industrial transportation;

(8) Industrial processing, services, manufacturing, fabrication, assembly, refining, warehousing, storage or distribution;

(9) Metal fabrication, manufacturing, finishing, treatment, plating, grinding, sharpening, polishing, cleaning, rustproofing, heating, stamping, extrusion, and sales if conducted within enclosed structures;

(10) Other industrial, wholesale, manufacturing, construction, or service uses which are similar in character or in furtherance of related operations like those enumerated in this subsection; and

(11) Accessory uses for any permitted use, including but not limited to the following: office, laboratories, shops, parking, outside storage of materials, or temporary buildings.

(d) *Requirements/Performance Standard.* Sections 71-20, schedule of district regulations, and 71-21, supplementary district regulations, shall not apply within the I-3 district, but the following requirements apply:

a. Max. building height (ft.)- 80*

b. Min. side yard (ft.)- 20

c. Min. rear yard (ft.)- 20

d. Min. front yard (ft.)- 40

e. Traffic visibility- Per section 71-21(a)(1-2)

f. Off-street loading screening- Per section 71-21(f-g)

g. Barbed wire fences- Permitted

h. Maximum coverage by permanent structures - 75%

i. Maximum coverage by structures, driveways, and parking- 95%

* Building Height Maximum does not apply to the following:

Decorative features which do not exceed an additional 8 ft.

Antennae or other telecommunication device which does not exceed an additional 20 ft.

Chimney or other emission devise which does not exceed an additional 20 ft.

Safety devise or other devise required by applicable law which does not exceed an additional 20 ft.

Water tower

Other accessory structure approved by Conditional Use Permit pursuant to Sec. 71-6.

(e) *Automobile parking space/loading regulations*. Section 71-22 shall not apply in the I-3 district, but the following requirements apply:

a. Off-street parking area required: .8 per employee (determined per shift), but

subject to variance by the board of adjustment

Specifications: Min. 175 sq. ft. per space

Parking facilities shall have adequate drainage and an improved surface

b. Loading dock required: Only if routine heavy truck deliveries occur-

Specifications: Min. 35' length/12' width/15' height

(f) *Prohibited Uses*. The following uses are specifically prohibited:

(1) Nuclear power generation operations;

(2) Waste disposal, storage or recycling operations not appurtenant to a permitted use;

(3) Concrete or asphalt batch or ready-mix plant operations;

(4) Rock crushing or aggregate mining operations, but aggregate storage or terminaling for transportation or distribution is permitted;

(5) Munitions or other designed explosives use, testing or storage;

(6) Aviation, space port or other similar facilities;

(7) Mining;

(8) Junkyard, salvage or wrecking yard operations;

(9) Hog or chicken farming;

(10) Meat processing, packing or canning operations, including but not limited to fermenting, canning, slaughtering, rendering, curing, tanning or related processes;

(11) Biological or viral experimental, research or developmental or testing laboratories;

(12) Wood treating or processing plant;

(13) Pesticide manufacturing, or storage of pesticides, except storage in rail cars properly classified as goods in transit is permitted; and

(14) Open earth storage of petroleum products.

(15) Any activity or process that is likely to produce excessive odors, noises, vibrations, fumes, or other conditions which substantially interfere with the use and enjoyment of nearby properties by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities attempting to use and enjoy it

(g) *Preemption*. Notwithstanding anything to the contrary in this Section 71-16, nothing herein shall regulate rail operations with respect to any matter preempted in any way by federal law or regulation.

(h) *No Overlay District*. Notwithstanding anything to the contrary in this Chapter 71, no overlay district shall apply to the I-3 district, specifically including, but not limited to, the Thoroughfare Overlay District in Section 71-27.

Section 3. The City's comprehensive plan is amended in accordance with this Ordinance.

Section 4. Penalty. As provided by Section 71-3 of the City Code, any person who shall violate any of the provisions of this ordinance or who shall erect or alter any building, or who shall commence to erect or alter any building in violation of any detailed statement of plan submitted or approved hereunder, shall for each violation or noncompliance be deemed guilty of a misdemeanor, and upon conviction, shall be fined as provided in Section 1-7 of the City Code. The owner of that building or premises or part thereof where anything in violation of this chapter shall be placed or shall exist, and any architect, builder contractor, agent, or corporation employed in connection therewith who may have assisted in the commission of any such violation shall be subject to the penalties herein provided.

Section 5. Repeal. This ordinance is intended to be cumulative and shall not repeal any provision of a previous ordinance or City Code provision, except to the extent that a provision is inconsistent and cannot be reconciled with this ordinance.

Section 6. Severability. In the event any clause, phrase, provision sentence, or part of this Ordinance or the application of the same to any person or circumstance for any reason be adjudged invalid or held unconstitutional by a court of competent jurisdiction, it is the intention of the City Council that the invalidity or unconstitutionality of the one or more parts shall not affect, impair, or invalidate this Ordinance as a whole or any part or provision other than the part declared to be invalid or unconstitutional; and the City Council of the City of La Marque, Texas, declares that it would have passed each and every part of the same notwithstanding the omission of any such part thus declared to be invalid or unconstitutional, whether there be one or more parts.

Section 7. Publication and Effective Date. This Ordinance shall be effective immediately upon adoption, public hearing in accordance with Section 2.19 of the City Charter, and publication of this ordinance or a caption that summarizes the purpose of this ordinance and the penalty for violating this ordinance in accordance with Chapter 52 of the Texas Local Government Code and Article II of the City Charter.

PASSED, APPROVED AND ADOPTED by the City Council of the City of La Marque on First Reading this _____ day of ______________**, 2024**; and

PASSED, APPROVED AND ADOPTED by the City Council of the City of La Marque on Second and Final Reading this _____ day of ______________**, 2024**; and

CITY OF LA MARQUE, TEXAS

____
Keith Bell, Mayor

ATTEST:

____
Kierra Nance, TRMC, City Clerk

APPROVED AS TO FORM:

____
Gus Knebel
Consulting City Attorney

City of La Marque Planning & Zoning Commission

STAFF REPORT

Meeting Date: December 12, 2023

Agenda Item: Discussion / possible action regarding amending Chapter 71, "Zoning," of the City Code of Ordinances by the adoption of an I-3 "Heavy Industrial zoning district and adopting regulations applicable. to this district.

Item Type: ZONING ORDINANCE

Standard for Approval: Section 71-24 (b)

(3) Formulate and recommend to the city council, for its adoption, a city plan for the orderly growth and development of the city and its environs and from time-to-time recommend such changes in the plan as it finds will facilitate the movement of people and goods, and the health, recreation, safety, and general welfare of the citizens of the city.

(4) Formulate a zoning plan as may be deemed best to carry out the goals of the city plan; hold public hearings and make recommendations to the city council relating to the creation, amendment, and implementation of zoning regulations and districts as provided in V.T.C.A. Local Government Code § 211.007. All powers granted under said section are specifically adopted and made a part hereof.

References: City Code Chapter 71-1; (71-16; I-3 Industrial)
Chapter 211, Texas Local Government Code

Council approval: Required

Public comments:

Recommendation:
APPROVE: _____ **DENY** ✓ **TABLE** _____

VOTE TALLY: _____**APPROVED** 4 **DENIED** _______**TABLED**

CHAIR: Alex J Waters **DATE:** 12/12/2023

	City of La Marque Planning & Zoning Commission

STAFF REPORT

Meeting Date: **November 14, 2023**

Agenda Item: **Discussion / possible action regarding amending Chapter 71, "Zoning," of the City Code of Ordinances by the adoption of an I-3 "Heavy Industrial zoning district and adopting regulations applicable. to this district.**

Item Type: **ZONING ORDINANCE**

Standard for Approval: Section 71-24 (b)

(3) Formulate and recommend to the city council, for its adoption, a city plan for the orderly growth and development of the city and its environs and from time-to-time recommend such changes in the plan as it finds will facilitate the movement of people and goods, and the health, recreation, safety, and general welfare of the citizens of the city.

(4) Formulate a zoning plan as may be deemed best to carry out the goals of the city plan; hold public hearings and make recommendations to the city council relating to the creation, amendment, and implementation of zoning regulations and districts as provided in V.T.C.A. Local Government Code § 211.007. All powers granted under said section are specifically adopted and made a part hereof.

References: **City Code Chapter 71-1; (71-16; I-3 Industrial)**
Chapter 211, Texas Local Government Code

Council approval: **Required**

Public comments:

Recommendation:
APPROVE: ______ DENY ______ TABLE __3____

VOTE TALLY: ______APPROVED _______ DENIED ___3____TABLED.

CHAIR: Alex J Watson **DATE: 11/14/2023**

[Proposed new industrial district following the format of La Marque's I-2 zoning district]

Sec. 71-16. I-3 Industrial

(a) *Purpose.* The I-3 district is established to accommodate heavy industrial uses, facilitate heavy industrial development and use of the district, and protect such areas from the intrusion of certain incompatible uses that might impede the development and use of such lands for heavy industrial purposes. Environmental Protection Agency and Occupational Health and Safety Administration regulations are enforceable to the extent applicable by law.

(b) *Buffer Zone.* Uses permitted in the I-3 district are subject to the following conditions:

(1) A buffer zone of at least 500 feet must be maintained between a residential district and any use permitted in the I-3 District, unless otherwise provided in this subsection (b).

(2) A buffer zone of at least 250 feet must be maintained between a commercial district and any use permitted in the I-3 District, unless otherwise provided in this subsection (b) but does not apply to any portion of a district separated by a road or highway.

(3) Any road or highway right of way is included within the calculation of the required buffer zone, even if that right of way is included within a residential or commercial district.

(4) The outside boundary of the applicable buffer zone, if any, must be fenced and reasonably landscaped with vegetation.

(5) The following uses are permitted within buffer zones:

(i) utilities;

(ii) energy transmission lines/pipelines,

(iii) after the first 20' of the buffer for a commercial buffer and the first 40' for a residential buffer, employee, customer, or contractor parking is permitted, but limited to passenger vehicle and trucks with a 1 ton capacity or less only for the next 120' ft, and without restriction thereafter (but no storage of vehicles or trailers in a buffer),

(iv) ingress and egress appurtenant to any uses permitted in subsection (c), including, but not limited to, automobile, truck or rail access to a site, or public dedicated street to or through a site (but no storage of vehicles, trailers, or rail cars in the buffer),

(v) uses permitted in C-2 zoning district or the adjacent zoning district, whichever is more permissive (and then not subject to any other limitation in L-3, but only the limitations in the applicable district);

(vi) drainage, including, but not limited to, detention (provided any detention facility must be properly maintained in clean, mowed and sanitary condition);

(vii) landscaping; and

(viii) signage.

(c) *Uses permitted.* Uses permitted in the I-3 district shall be as follows:

(1) All uses permitted by right or by conditional use in the C-1, C-2, I-1 and I-2 districts;

(2) Rail operations, including but not limited to terminals, switching and classification yards, storage yards, repair shops, roundhouses and any related support facilities;

(3) Wind, solar, battery, nitrogen, and/or hydrogen, energy generation, storage and transmission, or other types of energy generation, storage and transmission approved by Conditional Use Permit pursuant to Sec. 71-6;

(4) Carbon capture or storage;

(5) Oil & gas, hydrocarbon, petroleum or other petrochemical, limited to transportation and storage;

(6) Renewable and alternative energy enterprises;

(7) Transportation terminal activities, including but not limited to trucking, motor freight, railway or other industrial transportation;

(8) Industrial processing, services, manufacturing, fabrication, assembly, refining, warehousing, storage or distribution;

(9) Metal fabrication, manufacturing, finishing, treatment, plating, grinding, sharpening, polishing, cleaning, rustproofing, heating, stamping, extrusion, and sales if conducted within enclosed structures;

(10) Other industrial, wholesale, manufacturing, construction, or service uses which are similar in character or in furtherance of related operations like those enumerated in this subsection; and

(11) Accessory uses for any permitted use, including but not limited to the following: office, laboratories, shops, parking, outside storage of materials, or temporary buildings.

(d) *Requirements/Performance Standard.* Sections 71-20, schedule of district regulations, and 71-21, supplementary district regulations, shall not apply within the I-3 district, but the following requirements apply:

a.	Max. building height (ft.)-	80*
b.	Min. side yard (ft.)-	20
c.	Min. rear yard (ft.)-	20
d.	Min. front yard (ft.)-	40
e.	Traffic visibility-	Per section 71-21(a)(1-2)
f.	Off-street loading screening-	Per section 71-21(f-g)
g.	Barbed wire fences-	Permitted
h.	Maximum coverage by permanent structures -	75%
i.	Maximum coverage by structures, driveways, and parking-	95%

* Building Height Maximum does not apply to the following:

Decorative features which do not exceed an additional 8 ft.

Antennae or other telecommunication device which does not exceed an additional 20 ft.

Chimney or other emission devise which does not exceed an additional 20 ft.

Safety devise or other devise required by applicable law which does not exceed an additional 20 ft.

Water tower

Other accessory structure approved by Conditional Use Permit pursuant to Sec. 71-6.

(e) *Automobile parking space/loading regulations*. Section 71-22 shall not apply in the I-3 district, but the following requirements apply:

a. Off-street parking area required:	.8 per employee (determined per shift), but subject to variance by the board of adjustment *Specifications*: Min. 175 sq. ft. per space Parking facilities shall have adequate drainage and an improved surface
b. Loading dock required:	Only if routine heavy truck deliveries occur- *Specifications*: Min. 35' length/12' width/15' height

(f) *Prohibited Uses*. The following uses are specifically prohibited:

(1) Nuclear power generation operations;

(2) Waste disposal, storage or recycling operations not appurtenant to a permitted use;

(3) Concrete or asphalt batch or ready-mix plant operations;

(4) Rock crushing or aggregate mining operations, but aggregate storage or terminaling for transportation or distribution is permitted;

(5) Munitions or other designed explosives use, testing or storage;

(6) Aviation, space port or other similar facilities;

(7) Mining;

(8) Junkyard, salvage or wrecking yard operations;

(9) Hog or chicken farming;

(10) Meat processing, packing or canning operations, including but not limited to fermenting, canning, slaughtering, rendering, curing, tanning or related processes;

(11) Biological or viral experimental, research or developmental or testing laboratories;

(12) Wood treating or processing plant;

(13) Pesticide manufacturing, or storage of pesticides, except storage in rail cars properly classified as goods in transit is permitted; and

(14) Open earth storage of petroleum products.

(15) Any activity or process that is likely to produce excessive odors, noises, vibrations, fumes, or other conditions which substantially interfere with the use and enjoyment of nearby properties by causing unreasonable discomfort or annoyance to persons of ordinary sensibilities attempting to use and enjoy it

(g) *Preemption*. Notwithstanding anything to the contrary in this Section 71-16, nothing herein shall regulate rail operations with respect to any matter preempted in any way by federal law or regulation.

(h) *No Overlay District.* Notwithstanding anything to the contrary in this Chapter 71, no overlay district shall apply to the I-3 district, specifically including, but not limited to, the Thoroughfare Overlay District in Section 71-27.

CITY COUNCIL AGENDA FORM

Meeting Date:	January 8, 2024	Agenda Item:	7.II.
Prepared by:	Kierra Nance	Reviewed by:	Cesar Garcia, City Manager
Department:	City Clerk		

AGENDA ITEM DESCRIPTION:
Calling for the General Election to be held on May 4, 2024, to elect one (1) Mayor and one (1) Councilmember for District "A" and one (1) Councilmember for District "C", each for a three (3) year term

STAFF BRIEFING:
According to the City Charter, Councilmembers may be elected to three (3) year terms, with no term limits. The positions of Mayor, Councilmember in District "A" and Councilmember District "C" are up for election in the upcoming May 4, 2024 Election. According to the Election Calendar for a City's General Election, the recommended time for Calling and Posting a Notice of Election is January 22, 2024 through February 6, 2024.

HISTORY:

SIGNIFICANT ACTION DATES

- January 8, 2024 – Resolution to call for the City of La Marque's General Election
- January 17, 2024 – First day for filing for a place on the ballot
- February 16, 2024 – Last day for filing for a place on the ballot
- April 22, 2024 – First day for Early Voting by personal appearance
- April 30, 2024 – Last day for Early Voting by personal appearance
- May 4, 2024 – Election Day

FISCAL IMPACT:

- This amount will depend on how many entities will be having an election, after the filing period ends.
- Some entities may be able to cancel their elections.
- The cost is split between the County and the entities that will be holding their elections.

PROPOSED RESOLUTION

A RESOLUTION OF THE CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS, CALLING THE GENERAL ELECTION TO BE HELD ON MAY 4, 2024 AND ADMINISTERED BY THE GALVESTON COUNTY ELECTIONS ADMINISTRATOR, FOR THE PURPOSE OF ELECTING THE POSITION OF ONE (1) MAYOR; ONE COUNCILMEMBER (DISTRICT "A"); AND ONE (1) COUNCILMEMBER (DISTRICT "C"), TO THE LA MARQUE CITY COUNCIL FOR A THREE (3) YEAR TERM; DESIGNATING LOCATIONS OF POLLING PLACES; DESIGNATING FILING DEADLINES; ORDERING NOTICES OF ELECTION TO BE GIVEN AS PRESCRIBED BY LAW IN CONNECTION WITH SUCH ELECTION

NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF LA MARQUE, TEXAS, that:

Section 1. An election is hereby called to be held on May 4, 2024, for the purpose of electing one (1) Mayor and one (1) Councilmember from City Council District "A" and one Councilmember from City Council District "C".

Section 2. The Election Day polling place where qualified voters shall cast ballots at such location in the City of La Marque, 2024 General Municipal Election are as follows:

City of La Marque Community Room
1109-B Bayou Road
La Marque, Texas 77568

** There will be several other polling places, since the Elections Services Contract with Galveston County is a Local Entity Countywide Vote Center Election

Election polls shall be open from 7:00 a.m. until 7:00 p.m. on the date of the election.

Section 3. Early voting by personal appearance will be conducted at the City of La Marque Community Room, 1109-B Bayou Road, La Marque, Texas, beginning on Monday, April 22, 2024 through Friday, April 26, 2024, with the polls being open from 8:00 a.m. to 5:00 p.m. the first week, and from 7:00 a.m. to 7:00 p.m. on Monday, April 29, 2024 and Tuesday, April 30, 2024.

Early Voting by mail shall be conducted by the Early Voting Clerk for Galveston County.

Applications for ballots by mail must be received no later than the close of business on Tuesday, April 23, 2024. Applications must be sent to:

Galveston County Clerks Office
Attn: Elections Coordinator (Early Voting Clerk)
P.O. Box 17253
Galveston, Texas 77552-4253

Dwight Sullivan, County Clerk Galveston County or his designee shall serve as the Presiding Judge of the Central Counting Station.

Section 4. Candidates must file for a specific place and adhere to the filing deadlines accordingly. Candidate packets are available in the City Clerk's office. The candidates filing periods for the General Election for Mayor and Districts "A" and "C"; are as follows:

General Election Filing for the position of Mayor and City Council Districts "A" and "C"
Beginning: January 17, 2024 at 7:30 a.m.
Ending: February 16, 2024 at 5:00 p.m.

Candidates must file in the City Clerk's Office located at 1111 Bayou Road, La Marque, Texas 77568.

Section 5. The City Clerk is hereby authorized and directed to publish and/or post, in the time and manner prescribed by law, all notices required to be so published and/or posted in connection with the conduct of this election. Galveston County Election Officer shall designate the election judges for the election. The election, including providing Notice of the Election, shall be conducted in accordance with the Texas Election Code and other applicable law, and all resident qualified and registered voters of the City shall be eligible to vote at the election.

PASSED, APPROVED AND ADOPTED by City Council of the City of La Marque this the ______ day of January, 2024.

CITY OF LA MARQUE, TEXAS

____
Keith Bell
Mayor

ATTEST:

____
Kierra K. Nance, TRMC
City Clerk

La Marque Public Library
November 2023

Money Saved
$9,106.00

Visitors
1,445

Computers
Users - 573
Time - 539 hrs.

Circulation
1,033 items

Programs - 24 Attendance - 168

New Items
0 added

New Accounts
27 cards

Inter-Library Loans
21 items

Digital Circulation
231 items

Notable Events
November 2023

Library Technician Tom Hansen and Library Director Amy attended BuyBoard training with the Finance Department and other purchasing staff on November 1.

Eloisa Perez-Lozano, the new Community Outreach Coordinator for Title V at College of the Mainland, was our guest storytime presenter on November 1. She led the group in a special program for Dia de los Muertos. Youth Services Coordinator Sarah Tamayo and Library Assistant Princess Baldwin attended an online training on how public libraries can effectively and compassionately serve the homeless.

Amy attended the monthly meeting of Galveston County Library Directors on November 14 at Genevieve Miller Library in Hitchcock.

Mayor Bell's partnership with Big Brothers Big Sisters Gulf Coast resumed this month with an after-hours game night at the library on Friday, November 17. Participants enjoyed an indoor putt-putt course, a Pokémon themed scavenger hunt and a popcorn bar.

La Marque Library held two Saturday movie matinees for the public during this reporting period.

Amy, Sarah, and Princess provided two additional literacy outreach programs at the Salvation Army Boys and Girls Club while school was out for Thanksgiving break.

Tom, Princess, and Sarah all participated in an online workshop on updates to the state's interlibrary loan program.

The weekly Anime Club led by Princess Baldwin is watching and discussing two series: Jujutsu Kaisen and Spy x Family. Youth ages 10 and up are welcome to join on Thursdays at 5:00.

Art in the Park Sensory Sidewalk Project is coming along beautifully. Parks Board Vice Chair, Tonia Griffin coordinated with local artists and with students from Hayley Elementary for the project. The art adds color and life to the park outside the library and is sure to be enjoyed by visitors of all ages. The sidewalk art project was featured in a Galveston Daily News article on October 20, 2023

CITY COUNCIL AGENDA FORM

Meeting Date:	January 8, 2024	Agenda Item:	8.II.
Prepared by:	Mikala Halbrook	Reviewed by:	Cesar Garcia, City Manager
Department:	Administration		

AGENDA ITEM DESCRIPTION:

STAFF BRIEFING:
Graphic containing data regarding activities by the La Marque Police Department on New Year's Eve. The La Marque Police Department confiscated four firearms, completed three Class B or above arrests, filed two discharge of firearm charges, and responded to 58 calls for services.

HISTORY:
Last quarterly report for police statistics was released on 10/31/2023 and was available for the Council Meeting on 11/13/2023.

FISCAL IMPACT:
N/A

POLICE
LA MARQUE
EST. 1953

LA MARQUE POLICE DEPARTMENT NEW YEAR'S EVE ACTIVITY REPORT

2023

Firearms Confiscated
4

Adult Arrests (Class B or Above)
3

1 – Driving While Intoxicated
1 – Criminal Trespass and Unlawful Carrying of Weapon
1 – Evading Arrest and Resisting Arrest

Discharge Firearm in City Limits Charges Filed
2

Calls for Service for Fireworks, Loud Noise or Loud Music
58

CITY COUNCIL AGENDA FORM

Meeting Date: January 8, 2024
Prepared by: Mikala Halbrook
Department: Administration

Agenda Item: 8.III.
Reviewed by: Cesar Garcia, City Manager

AGENDA ITEM DESCRIPTION:

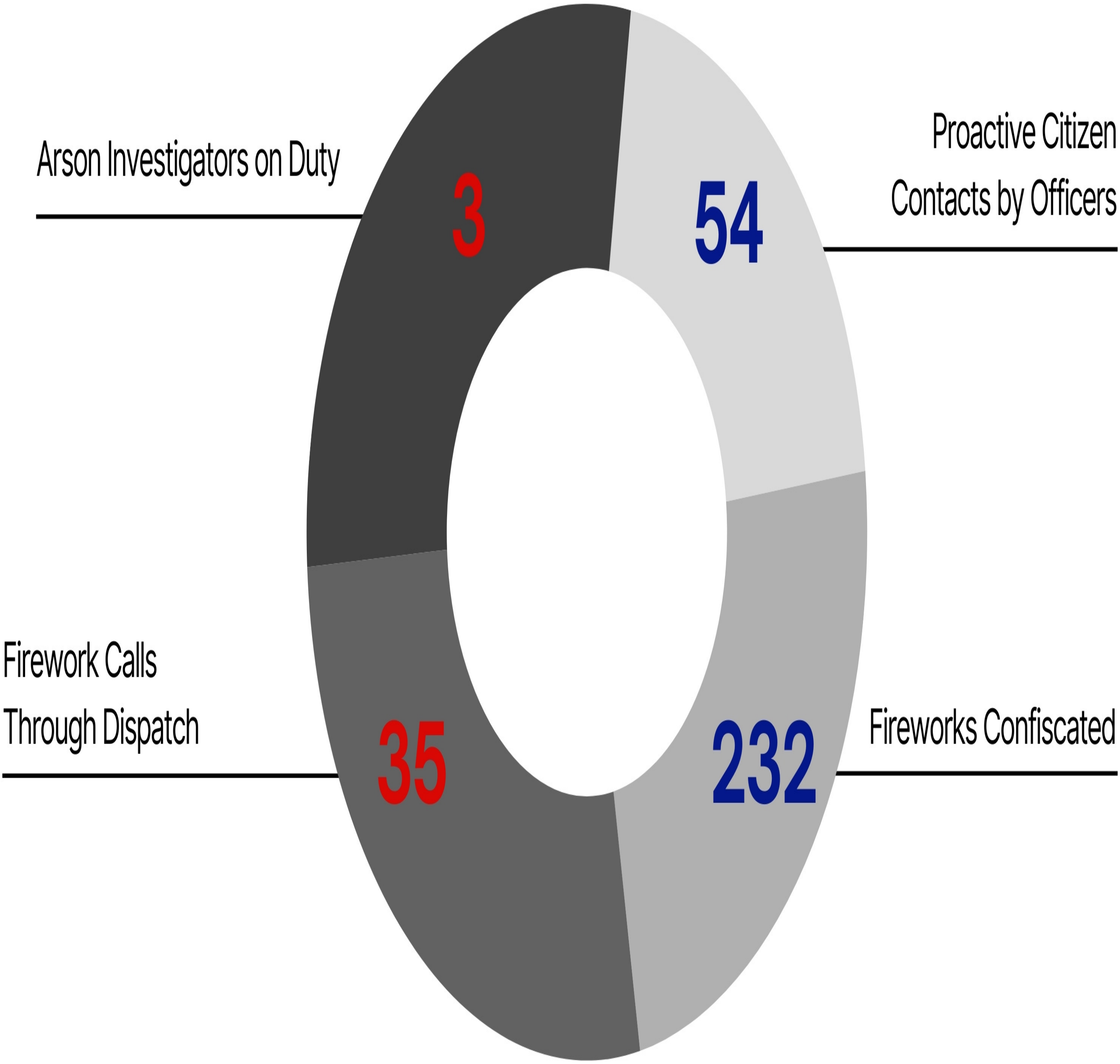
STAFF BRIEFING:
Statistics documenting activities by the La Marque Fire Marshal's office on New Years Eve. The La Marque Fire Marshal's Office had three investigators on duty that made 54 proactive contacts during New Year's Eve. There were 35 firework calls routed through dispatch. Between dispatches and proactive stops, the La Marque Fire Marshal's Office confiscated 232 fireworks within the City limits.

HISTORY:
Annually, the Fire Marshal's office reports activities during July Fourth and New Year's Eve.

FISCAL IMPACT:
N/A

New Year’s Eve Stats

2023



CITY COUNCIL AGENDA FORM

Meeting Date:	January 8, 2024	Agenda Item:	8.IV.
Prepared by:	Rick Sailler	Reviewed by:	Cesar Garcia, City Manager
Department:	Public Works		

AGENDA ITEM DESCRIPTION:

STAFF BRIEFING:

- The TWDB accepted a Project Information Form (PIF) for participation in the DWSRF funding (loan) program for 2024 Intended Use Plan. The original submission of $20M was reduced to $16.5M during the review process by the TWDB.
- The Intended Use Plan (IUP) ranks various projects submitted for funding and invites entities to apply for the loan process based on the score. The City did not receive an invitation to apply based on the score in the 2024 IUP.
- The Project Rank was 150 out of 276 total projects; loan invitations were sent to the top 79 ranked projects.
- The City did receive an invitation to 'roll over' the Project to the 2025 IUP, which only commits the City to moving the Project to the 2025 IUP and does not guarantee an invitation to apply for the loan.
- If the City receives an invitation to apply for a low-interest loan (2.5%), a loan application would need to be approved by the City Council prior to submission and the City Council would subsequently need to approve the final loan document prior to loan activation.
- The PIF submitted pertained to the replacement of 2-inch waterlines throughout the City.
- The City did not qualify for Disadvantaged Community Funding, meaning that no portion of the loan would be forgiven.

HISTORY:
March 2023 - a PIF was submitted to TWDB for consideration of DWSRF funding

FISCAL IMPACT:

The loan repayment over 30 years for a $16.5M low-interest loan is estimated at $800,000 per year, which equates to approximately $8.35 per month per meter (based on 8000 accounts).

From: noreply@twdb.texas.gov
To: Rick Sailler; dInh@adico-llc.com; Finance Director; Alice Ashley
Subject: TWDB PIF State Change
Date: Monday, December 18, 2023 7:33:02 PM

[External Email] This message originated from outside your organization.

Hello,

You are receiving this message because you were listed as an entity contact, applicant or contributor to the following Project Information Form (PIF) record:

PIF No.: 14985
Entity: La Marque
Project Name: 2-inch Waterline Replacement

This notice is to inform you that your PIF is listed as ROLL_FORWARD_ELIGIBLE. Roll-over Eligible: Your PIF is eligible to be considered for the next State Fiscal Year's Intended Use Plan.

If you wish for your project to be considered for the next State Fiscal Year's Intended Use Plan, please log into the OLA system, go to your Dashboard, select the roll-forward-eligible PIF and click ?Roll Forward.?

At a minimum, you must update: (1) the readiness to proceed information, (2) estimated costs section, and, if seeking disadvantaged community eligibility, (3) the Disadvantaged Community Worksheet.

Once your PIF is updated, make sure to submit it by the solicitation deadline of March 1, 2024. If you do not submit your PIF, it will not be considered for the upcoming SFY 2025.

If you do not intend for your project to be considered for financial assistance in the upcoming funding cycle, no action is required.

If you feel like you have received this information in error, please contact TWDB by e-mail at DWSRF@twdb.texas.gov.

Thank you for utilizing the Online Loan Application system for your PIF record.

Sincerely,

Texas Water Development Board

PIF Estimated Costs - #1766006

Entity Name: La Marque
New Entity Name: null
Project Name: 2-inch Waterline Replacement

Report generated by: TWDB4WVPRODOLA3$, Fri Mar 03 15:04:37 CST 2023

Please review the estimated costs below, then sign and upload.

Signature Dinh Ho, P.E.

Seeking planning funding Y
Seeking acquisition funding Y
Seeking design funding Y
Seeking construction funding Y

Cost Category	(a) Planning	(b) Acquisition	(c) Design	(d) Construction	(e) Total (a)+(b)+(c)+(d)
Treatment	$0	$0	$0	$0	$0
Transmission and Distribution	$0	$0	$0	$15,000,000	$15,000,000
Source	$0	$0	$0	$0	$0
Storage	$0	$0	$0	$0	$0
Purchase of System	$0	$0	$0	$0	$0
Restructuring	$0	$0	$0	$0	$0
Land Acquisition	$0	$0	$0	$0	$0
Source Water Protection	$0	$0	$0	$0	$0
Engineering	$40,000	$0	$1,200,000	$260,000	$1,500,000
General, Legal, Financial	$10,000	$20,000	$0	$0	$30,000
Contigency	$0	$0	$0	$0	$0
Other (Describe Cost)	$0	$0	$0	$0	$0
Subtotal (Add all rows above)	$50,000	$20,000	$1,200,000	$15,260,000	$16,530,000
Financing from Local Funds	$0	$0	$0	$0	$0
Financing from Other Funds	$0	$0	$0	$0	$0

Subtotal, SRF-Funded Amount	\$50,000	\$20,000	\$1,200,000	\$15,260,000	\$16,530,000

Texas Water Development Board
SFY 2024 Drinking Water State Revolving Fund
Intended Use Plan
Appendix G. Project Priority List - Alphabetical

Rank	Points	PIF #	Entity	Owner Type	PWS ID	Population	Project Description	Requested Phase(s)	Total Project Cost	Disadv %	Green Type	GPR	Related PIF #'s
Public Water System													
261	0	14791	Justin	M		4,441	This project includes the addition of a ground storage tank and high service pump station.	DC	$5,947,000.00				
77	30	15106	K-Bar/English Acres		TX1250033	111	New registered water well, chlorination, and water meters.	PDC	$1,085,000.00	70%			
63	33	14763	Keene	M	TX1260008	6,266	Replace approximately 14,000 linear feet of 2-inch through 8-inch water line. Install a new well and pump station facilities.	PDC	$3,523,000.00	70%	Yes-BC	$3,523,000.00	
42	36	14794	Kemp	M	TX1290004	2,973	Upgrades and replacement of aging Raw Water Intake/Transmission Line, WTP, transmission lines, and added storage capacity.	PADC	$18,235,000.00	70%			
195	10	14829	Kingsland WSC	W	TX1500012	11,163	This project will include the creation of a new boosted pressure zone within the main pressure zone by constructing a new booster pump station, elevated storage tank (EST), and performing system distribution improvements. The second component of this project will be improving the transmission capacity between the EST located at the KWSC water treatment plant and the standpipe located near the intersection of FM 1431 and RR 2545.	DC	$11,469,000.00				
267	0	14929	Kingsville	M	TX1370001	25,069	Replace current water meters with more efficient water meters and the Automated Metering Infrastructure (AMI)	PADC	$9,537,546.00				
183	10	14870	Knollwood	M	TX0910146	590	This project will include replacing/improving undersized water mains, replacing lead service lines, and installing new isolation valves to improve operation and maintenance.	PDC	$300,000.00				
150	14	14985	La Marque	M	TX0840006	18,030	Replace existing 2-inch waterline to reduce water loss, improve water quality, improve fire flow protection and reduce maintenance costs.	PADC	$16,530,000.00				
223	3	14907	Lake Palo Pinto Area WSC	W	TX1820069	1,932	This project is targeted mainly at making distribution system improvements to bring the system in compliance with TCEQ. It also includes pump station improvements to eliminate an existing inline booster pump station, and replace old infrastructure and SCADA improvements and piping insulation at the Water Treatment Plant.	PDC	$7,730,000.00		Yes-BC	$5,763,000.00	
17	63	14944	Lakeview WSC	W	TX0960014	98	Lakeview WSC proposes to make improvements to their pump station including installation of a new generator and nitrate removal system media replacement	C	$60,000.00				
112	21	14784	Lexington	M	TX1440002	1,261	Smart metering system.	PDC	$1,370,000.00	70%	Yes-BC	$1,370,000.00	

Texas Water Development Board
SFY 2024 Drinking Water State Revolving Fund
Intended Use Plan
Appendix I. Projects Ineligible for Disadvantaged Funding

Projects Listed are not eligible for Disadvantaged Community Funding but are eligible for low-interest financing.

	PIF #	Entity	Project Cost	Reason for Ineligibility
1	14954	Abilene	$112,535,000	AMHI
2	14981	Agua SUD	$30,072,250	HCF
3	14823	Aquilla WSD	$39,565,200	AMHI
4	14780	Bartlett	$4,842,700	AMHI
5	14757	Bartley Woods WSC	$3,380,000	AMHI
6	14919	Bluegrove WSC	$300,000	AMHI
7	14871	Blum	$300,000	AMHI
8	14984	Brownsboro	$1,535,000	AMHI
9	14816	Chappell Hill WSC	$4,136,013	AMHI
10	14835	Corix Utilities	$3,812,000	AMHI
11	14775	Creedmoor Maha WSC	$3,000,700	AMHI
12	14777	Creedmoor Maha WSC	$13,141,500	AMHI
13	15101	Del Rio	$5,000,000	HCF
14	15102	Del Rio	$5,000,000	HCF
15	14768	D & M WSC	$3,872,000	AMHI
16	14874	Grandview	$3,760,440	AMHI
17	14875	Grandview	$1,179,250	AMHI
18	14852	Harlingen Water Works System	$7,155,000	HCF
19	14853	Harlingen Water Works System	$6,875,000	HCF
20	14995	Hondo	$13,355,000	AMHI
21	14971	Junction	$710,000	HCF
22	14829	Kingsland WSC	$11,469,000	AMHI
23	14929	Kingsville	$9,537,546	DNS
24	14985	La Marque	$16,530,000	AMHI
25	14938	Lower Valley WD	$6,445,764	DNS
26	14967	Lower Valley WD	$6,252,714	DNS
27	14968	Lower Valley WD	$6,452,559	DNS
28	14827	Millsap WSC	$833,500	AMHI
29	14892	O'Donnell	$17,442,020	AMHI
30	14843	Parker County SUD	$9,855,000	AMHI
31	14872	Penelope WSC	$300,000	AMHI
32	14961	Rowena WSC	$8,211,900	AMHI
33	14851	Snyder	$1,988,200	HCF
34	14982	Stryker Lake WSC	$1,615,736	AMHI
35	14740	Tehaucana	$300,000	AMHI
36	14774	Thorndale	$19,495,000	AMHI
37	14736	Tom Green Co FWSD #2	$400,000	AMHI
38	14921	Trent	$8,223,000	AMHI
39	14759	Woodloch	$300,000	AMHI
		Total	**$389,178,992**	

AMHI = Annual Median Household Income was greater than 75% of the State AMHI.
HCF = Did not meet the Household Cost Factor
DNS = Did not submit updated project information or requested data.

NATIONAL LAW ENFORCEMENT APPRECIATION DAY

COME MEET THE COMMUNITY PARTNERS THAT MAKE THIS CITY GREAT. SIGN UP FOR VOLUNTEER OPPORTUNITIES AND MEET YOUR CITY OFFICIALS.

Central Fire Station
750 Saltgrass Point Road

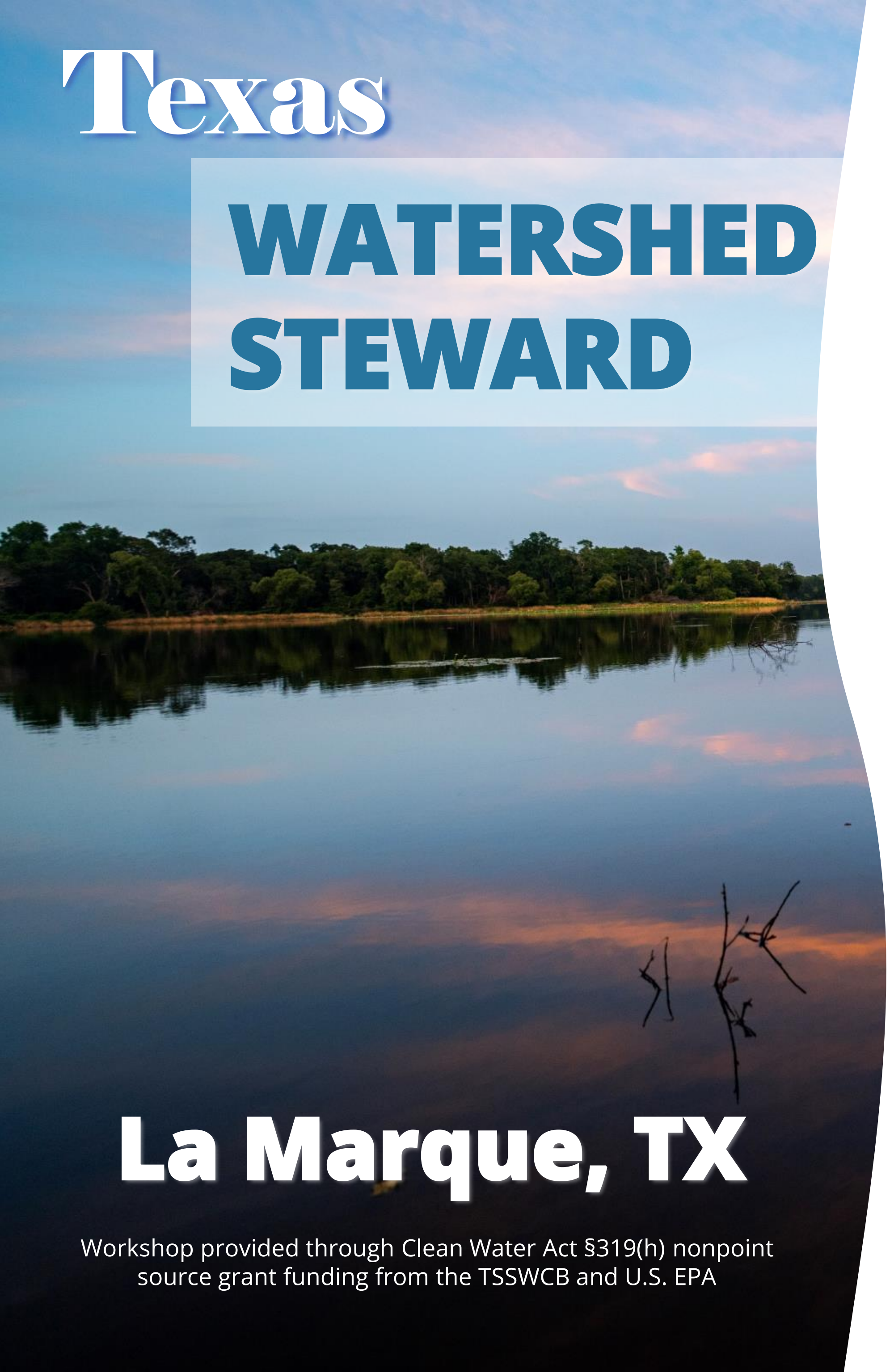
11AM-1PM

JANUARY 13, 2024

COMMUNITY FAIR

WE ARE BETTER TOGETHER

LA MARQUE
EST 1953



Texas WATERSHED STEWARD

La Marque, TX

Workshop provided through Clean Water Act §319(h) nonpoint source grant funding from the TSSWCB and U.S. EPA

TEXAS Watershed Steward

The Texas Watershed Steward program is a free, educational workshop designed to help watershed residents improve and protect their water resources by getting involved in local watershed protection and management activities.

February 28, 2024:
1:00 p.m. - 5:00 p.m.

Galveston County Extension Office (Carbide Park)
4102-B Main Street, La Marque, TX 77568

The workshop will provide an overview of water quality and watershed management in Texas, including a discussion on the Highland Bayou watershed and Galveston Bay Coalition of Watersheds. Efforts by Texas Community Watershed Partners, and best management practices local stakeholders may use to help improve and protect their water quality, will be highlighted. Free continuing education credits/CEUs are offered for a wide variety of professional disciplines. For a complete list of continuing education offered, or to register, visit our website or call the number below.

Pre-register for the workshop by going to:
https://tws.tamu.edu/workshops/registration
or call 979.321.5935

TEXAS A&M AGRILIFE EXTENSION

TEXAS STATE Soil & Water CONSERVATION BOARD

STANDARD CORE WATER QUALITY COMMUNITY SCIENTIST TRAINING

March 2, 2024
9:00 AM - 1:00 PM

Mac McGaffey Highland Bayou Park
1991 Getty Rd, La Marque, TX 77568

Join the statewide program and become a **certified Texas Stream Team community scientist** at this free training! Community scientists can monitor at established sites and have the opportunity to create new sites at their favorite river, creek, or stream.

This training is also a **wonderful opportunity for teachers** wanting to get CPE and TEEAC credit hours!

Please dress accordingly for the outdoors.

To RSVP, please email TxStreamTeam@txstate.edu

The Meadows Center for Water and the Environment
Texas State University
Texas Stream Team

Houston-Galveston Area Council

LA MARQUE
GATEWAY TO THE GULF

This workshop is funded through a grant from the Texas General Land Office (GLO) providing Gulf of Mexico Energy Security Act of 2006 funding made available to the State of Texas and awarded under the Texas Coastal Management Program. The views contained herein are those of the authors and should not be interpreted as representing the views of the GLO or the State of Texas.

www.TexasStreamTeam.org