
CITY OF PORT LAVACA

CITY COUNCIL MEETING: JUNE 8, 2026

DATE: MAY 22, 2026

TO: THE HONORABLE MAYOR AND CITY COUNCIL MEMBERS

FROM: BRITTNEY HOGAN, FINANCE DIRECTOR

SUBJECT: ANNUAL REVIEW AND APPROVAL OF THE FINANCIAL MANAGEMENT POLICIES

BACKGROUND:

As a pre-cursor to the annual budget process, the Financial Management Policies of the City were reviewed by the Finance committee on May 20, 2026. Recommended changes and clarifications are:

- Removal of annual budgeted transfer from General Fund to Ports & Harbors from property taxes collected from Port Commission leased properties.
 - The Port Commission discussed this Financial Policy at their meeting on May 19, 2026 and agreed to delete this policy of transferring this approx. \$100,000 from the General Fund to the Ports & Harbors Fund. Once a Comprehensive Master Plan has been adopted, they plan to work with Council to develop strategies to fund CIP projects identified in the plan, which may or may not include re-instating this policy.

This policy was adopted by the Council for the 2024-25 and 2025-26 fiscal years after the Port Commission made the following recommendation to Council in a 5 to 1 vote on April 2, 2024: to transfer all Property Taxes that are collected from the Port Commission leased properties to the Ports and Harbors Fund to be allocated to the Port Commission for expenditure. This amounts to approximately \$100,000 in property tax dollars being transferred to the Ports & Harbors from the General fund each year.

- Modify Capital Asset policy to increase useful life from One year to Two years and value of asset from \$5,000.00 to \$10,000.00
 - The proposed increase of the capitalization threshold is intended to modernize the City's fixed asset policy, improve administrative efficiency, and ensure staff resources are focused on materially significant assets while maintaining compliance with applicable governmental accounting standards.

FINANCIAL IMPLICATIONS:

Accepting the annual review of the Budgetary and Financial Management Policies will provide guidance for the City's budget process and financial management of city funds.

RECOMMENDATION:

Approve the annual review of the City's Budgetary & Financial Management Policies.