

City of Seabrook, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2022



"The City of Seabrook is responsive, innovative and fiscally sound in delivering services that preserve, protect and enhance quality of life."

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*ANNUAL
COMPREHENSIVE FINANCIAL REPORT*

of the

CITY OF SEABROOK, TEXAS

**For the Year Ended
September 30, 2022**

**Prepared by
City Administration and the Finance and Accounting Office**

**Gayle Cook
City Manager**

**Sean Landis
Assistant City Manager**

**Michael Gibbs
Director of Finance**

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CITY OF SEABROOK, TEXAS

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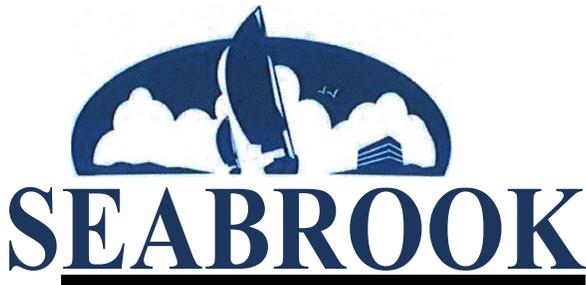
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INTRODUCTORY SECTION

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March 28, 2023

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

It is our pleasure to submit the Annual Comprehensive Financial Report (ACFR) on behalf of the City of Seabrook, Texas (the "City"). It is required each year that a complete set of financial statements is presented in conformity with Generally Accepted Accounting Principles (GAAP) and audited in accordance with generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, we hereby issue the Annual Comprehensive Financial Report of the City for the fiscal year ended September 30, 2022.

This report consists of management's representations concerning the finances of the City and deems the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of all City activities and funds. Therefore, management assumes full responsibility for the completeness and reliability of all information presented in this report, based upon a comprehensive framework of internal control that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free from material misstatement. The City also acknowledges all disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2022 are free from material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial presentation. The independent auditor concluded, based on the audit, that there was a reasonable basis for rendering an unmodified opinion that the financial statements for the year ended September 30, 2022 are fairly presented in conformity with U.S. GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

As required by GAAP, management has provided a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). The letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

Profile of the Government

The City of Seabrook, incorporated in 1961, is in southeastern Harris County and is located in the Clear Lake area, which is approximately 25 miles southeast of Houston. The City is surrounded by Galveston Bay to the east; Clear Lake to the south; and the cities of Pasadena, El Lago, and Taylor Lake Village to the north and west.

The City of Seabrook is a home-rule city and has adopted a Council-Manager form of government. The City Council is comprised of a mayor and six council members. The Mayor and City Council Members are elected at large to serve four-year terms. The City Manager is appointed by the City Council and is responsible for implementation of City Council's policies and all day-to-day operations of the City.

A full range of municipal services is provided by the City including police and fire protection, emergency medical services, solid waste, water and wastewater utilities, public improvements, repair and maintenance of infrastructure, recreational and community activities, planning and zoning, and general administrative services.

As an independent political subdivision of the State of Texas, the City is considered a primary government. Pursuant to standards established by the Governmental Accounting Standards Board (GASB), the City reports all funds for which the City, as a primary government, is financially accountable. As such, this report includes financial activities of two component units as follows:

- The Seabrook Economic Development Corporation was created by the City in 1992 under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and related development activities on behalf of the City.
- The Seabrook Crime Control and Prevention District was created under the authority granted by Chapter 363 of the Texas Local Government Code and Section 323.105 of the Texas Tax Code for the purpose of strengthening and enhancing crime control activities of the City.

Local Economy

The Clear Lake area, of which Seabrook is a part, is home to NASA's Johnson Space Center and is known to be the third largest boating center in the United States. The regional economy is very diverse and not driven by just one or two industries. Everything from tourism, boating, and recreation industries to aerospace, petrochemical, and biomedical facilities can be found in the immediate Clear Lake area.

Regional Transportation Projects

The State Highway 146 (SH 146) expansion project began on February 13, 2019, with the planned project duration for 60 months (5 years). As of the end of the fiscal year 2022, the project management team still is on target for a December 2023 completion date. Phase 3, at the close of the fiscal year, was underway and included the construction of SH 146 main lanes, northbound entrance/exit ramps, and southbound entrance/exit ramps. Additionally in this phase, the widening of the Arterial Bridge, constructing the Express Bridge south of NASA 1, and the reconstruction of remaining northbound frontage road in Kemah and Seabrook was in progress.

The Red Bluff expansion project with Texas Department of Transportation (TxDOT) and Harris County within the City limits also remained an ongoing project that was significantly behind schedule for completion. This project includes the construction of a non-freeway thoroughfare consisting of widening to a four-lane divided roadway, including a bridge across Taylor Lake and 10-foot pedestrian and bicycle accommodations.

Other infrastructure projects still active by surrounding jurisdictions, include the Port of Houston rail spur project which began in the early part of 2020 and experienced contractor delays. The estimated completion moved from mid-2021 to 2022, and is now projected well into 2023. The rail will traverse SH 146 on the northern boundary of the City and create three (3) new at grade crossings on SH 146 and Old SH 146 serving rail service into the City's industrial districts.

In 2021, TxDOT bid and awarded a second SH 146 expansion project (CSJ 0389-05-087) that is a continuation of the Major Investment Study conducted in the late 1990s. In September 2022, the project was becoming active again after an environmental clearance hold.

Environmental clearances for what have now been combined into one project were originally issued in two different segments. The segment from Red Bluff Road to Fairmont Parkway was approved on March 26, 2009, and the segment from Spencer Highway to Fairmont Parkway was approved on May 15, 2017. Since the original environmental clearance dates, continued project development activities have identified the need for design changes. The previously approved designs include widening the existing four-lane undivided roadway to a six-lane divided facility (three lanes in each direction) and constructing four frontage roadways (two lanes in each direction) in selected locations. The previously approved designs did not include additional sidewalks.

The revised design changes include the addition of pedestrian and bicycle facilities that come into the City limits at the intersection of Red Bluff and SH 146. Sidewalks are proposed on both sides of SH 146 from Spencer Highway to McCabe Road and the east side of SH 146 from Port Road to Red Bluff Road. Sidepaths to accommodate both pedestrians and bicyclists are proposed on both sides of the road from McCabe Road to the Shoreacres Boulevard intersection.

Economic Condition and Outlook

Property values, as projected, for the fiscal year were approximately \$1.5 billion with strong economic development projects continuing to make progress. During the fiscal year, the City saw an elevation in permits and added valuation in both residential and commercial developments.

- Seabrook Towne Center (The Edge) – A Planned Unit Development (PUD) completed an amendment in April 2022 by ordinance and began site work at the end of the fiscal year. The project comprising of a 324-unit luxury multi-family apartment complex, 37,000 square feet of leasable retail space, and an entertainment plaza will be surrounded by walkable trails and parcels of commercial space facing SH 146 and Lakeside are included.
- Retail at the Commons – A retail center and a PUD approved in 2013, received permits and began construction in the fiscal year. The site will be 6.5 acres immediately in front of the Towers Luxury Apartments and will include 16,000 square feet of retail space. A convenience store with gas pumps on one of the remaining pad sites fronting SH 146 completed permits and is expected to complete in FY 2023.
- Seabrook Plaza (Compass Margaritaville) - PUD presentation is planned for late 2022 or

early 2023 before Planning and Zoning Committee and City Council for a boutique hotel with 170 rooms, an extended stay hotel with 76 rooms, a 21,500 square foot conference center and ballroom, 25,000 square feet of retail space, and an approximately 260-unit luxury multi-family complex located on 15 acres of land along Clear Lake.

- Transwestem Distribution Center – The City's light industrial district saw the start and significant completion of construction on the approximate \$36 million state-of-the-art distribution center with the estimated 454,600 square feet in the 5800 block of Old Highway 146 at the northern boundary of the City limits. The completion and groundbreaking of the project is projected to be early 2023.
- Residential - Ellis Cove - Construction continued during the fiscal year on a 48 single-family development just off Respdorph near the Seabrook Town Center and is forecasted to be complete in 2023.
- Residential - Lake Mija Village, Section 3 - This development site work and construction started on Section 3 for Lake Mija Village with an estimated 75 single-family homes to be added to the subdivision just off Lake Mija.
- Residential - Oak Alley Estates - This smaller residential project consisting of 10 single family units completed one unit and continues its progress just off East Meyer and North Meyer.
- Residential - Old Seabrook Village, Sections A and B - This 88 single-family PUD consisting of Sections A through C continued development during the year adding to sections A and B.
- Residential - Ashley Ryann Subdivision - A smaller 6-unit single-family subdivision finished up its final lots completing by the end of the fiscal year.
- Multi-Family - Chesapeake Bay, Phase 3 and 4 - Completion of the remaining phases of the Planned Unit Development for a 55+ community progressed on phases and projected final is late 2023.

Long-Term Financial Planning

Debt Management Policy

The City Council has adopted a series of financial standards and policies for operating and debt management. To establish guidelines for debt financing, the City Council approved Resolution 2015-01, Debt Management Policy, for expenditures including facilities, land, capital equipment, and infrastructure improvements. The policy minimizes the impact of debt payments on current and future revenues.

Comprehensive Master Plan

In September 2022, the Comprehensive Master Plan Committee finalized their report for the plan update and presented for Council action. With Seabrook Economic Development Corporation financial assistance, the City contracted with Freese Nichols during the year to assist with the process and held a number of public meetings including the 2022 Community Survey for input.

Capital Improvement Plan

The City annually adopts a five-year Capital Improvement Plan with the approval of a one-year annual budget during the current fiscal year that includes the short-term improvement plan for water, wastewater, drainage, and other municipal facilities. For this fiscal year, multiple projects were identified for initiation in water, wastewater, and streets.

SH 146 Expansion Stabilization Fund

In December 2011, the City adopted an ordinance establishing a Budget Stabilization Fund. Using surplus revenues from both the general and the enterprise funds from 2011, \$800,000 was set aside to offset any adverse impact caused from the construction on SH 146. This is a separate fund and is in addition to the City's 25% of operating expenditures and additional unrestricted fund balance in the general fund and the 15% in the enterprise fund. To date, the City has not utilized this special fund.

Bond Program 2020 – Certificates of Obligation

In 2016, the City issued Certificates of Obligation, Series 2016 in the amount of \$2,500,000. This project made way for commercial development in the Seabrook Town Center development. The City entered into an agreement with the Seabrook Economic Development Corporation to make the debt service payments on the Certificates of Obligation as they relate to economic development. The project for this issuance was as follows:

- Ground water storage tank and water plant (CIP# W4)

In 2017, the City issued Certificates of Obligation, Series 2016A in the amount \$6,165,000. Projects included in this issuance were as follows:

- Todville Sewer Line Replacement from Main Street to Meyer (CIP# WW4)
- Wastewater Treatment Plant Upgrades - Phase 2 (Clarifier) (CIP# WW6)
- Wastewater Treatment Plant at Pine Gully (CIP# WW9)

In 2020, the City issued Certificates of Obligation, Series 2020 in the amount of \$9,090,000. Projects for the issuance were as follows:

- Wastewater Treatment Plant Retrofit (CIP #WW9)
- El Mar Ditch Drainage Project (CIP# D2)
- Seascape Subdivision Drainage Project (CIP# D1 1)
- Baybrook Subdivision Drainage Project (CIP# D12)
- Smart Water Meter Conversion (AMI) System (CIP# FAC6)

Major Initiatives

The following capital projects are in progress as multi-year initiatives and are at different stages of implementation which include design, procurement, or construction.

1. Pine Gully Wastewater Treatment Plant (CIP # WW9)
2. Pine Gully Hike and Bike Trail (CIP# P1)
3. Meador Restroom Updates (CIP# P13)
4. Pine Gully Pier (CIP# P27)
5. Phone System (CIP# IT4)
6. Taylor Lake Water Line Cross (CIP# WS)
7. SH 146 Frontage Road to Red Bluff Water Line Interconnect (CIP# W21)
8. Todville Side Street Asphalt Rehab (CIP# S13)
9. Lakewood Yacht Club Drive -Asphalt Project (CIP# S25) Supervisory Control and Data Acquisition (SCADA) System (CIP# FAC12)
10. Fiber Loop (CIP# FAC31)

Certificate of Achievement

The City of Seabrook received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the year ended September 30, 2022. This was the 42nd consecutive year that the City has received this prestigious award.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized annual comprehensive financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting standards and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for an award.

Acknowledgments

The preparation of this report was accomplished with the efficient and dedicated services of the entire staff of the Finance Department. We would like to express our appreciation to all members of the departments who assisted and contributed to its preparation. We would also like to thank the Mayor, members of the City Council, and the City Manager for their interest and support in planning and conducting the financial operations of the City in a responsible and progressive manner.



Gayle Cook
City Manager

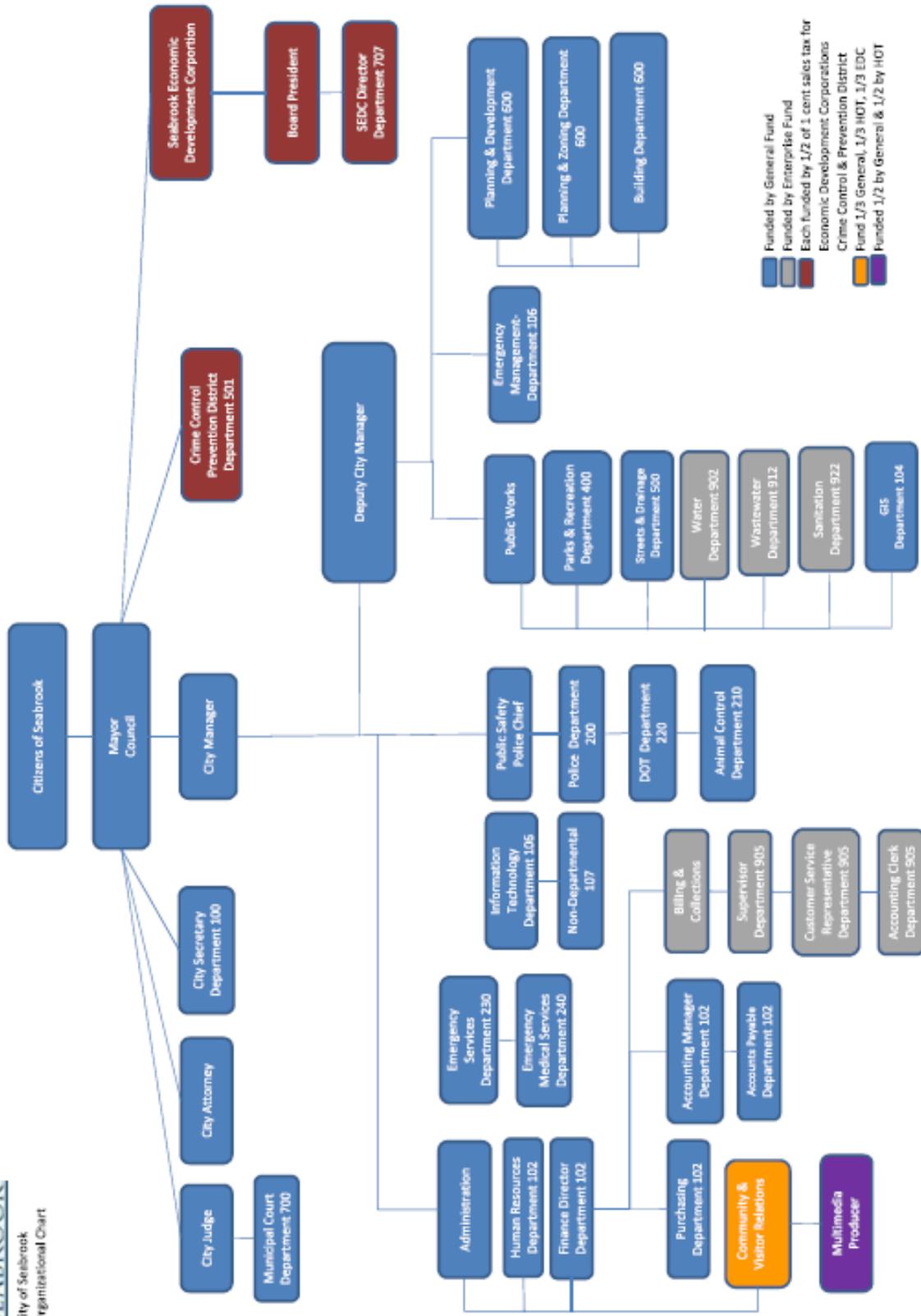


Michael Gibbs
Director of Finance

CITY OF SEABROOK, TEXAS

ORGANIZATIONAL CHART

September 30, 2022



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CITY OF SEABROOK, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*
September 30, 2022



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

City of Seabrook Texas

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF SEABROOK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2022

City Officials	Elective Position
Thomas G. Kolupski	Mayor
Jackie Rasco	Council Member – Position One
Rob Hefner	Council Member – Position Two
Tom Tollett	Council Member – Position Three
Mike Giangrosso	Council Member – Position Four
Walter “Buddy” Hammann III	Council Member – Position Five, Mayor Pro Tem
Joe Machol	Council Member – Position Six

Key Staff	Position
Gayle Cook	City Manager
Sean Landis	Assistant City Manager
Michael Gibbs	Director of Finance
Robin Lenio	City Secretary
Sean Wright	Police Chief
Kevin Padgett	Director of Public Services
Dick Gregg	Municipal Judge

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying 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 the City of Seabrook, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above 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 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 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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

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

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibility 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 auditors' 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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule of changes in net pension liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

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

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 28, 2023 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 28, 2023

***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

The Statement of Activities presents information showing how the City's net position changed during the most recent 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 – the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. *Governmental Activities* – Most of the City's basic services are reported here including public safety, public works, economic development, and general administrative services. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water, sewer, and sanitation services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate 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 crime control and prevention district, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

The government-wide financial statements can be found after the MD&A.

FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

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 year. Such information may be useful in evaluating the City'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 City'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 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general, debt service, and capital project funds, which are considered to be major funds for reporting purposes.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

The City adopts an annual appropriated budget for its general fund, debt service fund, and the special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two different types of proprietary funds. *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, sewer, and sanitation operations.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for the management of its public safety vehicles and equipment. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedule of changes in net pension liability and related ratios – Texas Municipal Retirement System (TMRS), schedule of changes in the total OPEB liability and related ratios – Supplemental Death Benefits Fund, and a schedule of contributions for TMRS. RSI can be found after the notes to the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$79,219,565 as of September 30, 2022. This compares with \$64,895,156 from the prior fiscal year. The largest portion of the City's net position, 71 percent, reflects its investment in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 26,507,043	\$ 24,729,753	\$ 15,535,671	\$ 18,647,618	\$ 42,042,714	\$ 43,377,371
Capital assets, net	44,299,231	43,393,418	42,110,535	28,309,221	86,409,766	71,702,639
Total Assets	70,806,274	68,123,171	57,646,206	46,956,839	128,452,480	115,080,010
Deferred charge on refunding	140,525	177,634	12,507	16,675	153,032	194,309
Deferred outflows - pensions	1,455,411	1,034,691	193,066	133,522	1,648,477	1,168,213
Deferred outflows - OPEB	89,305	97,700	-	-	89,305	97,700
Total Deferred Outflows of Resources	1,685,241	1,310,025	205,573	150,197	1,890,814	1,460,222
Long-term liabilities	19,631,031	22,810,509	20,417,881	21,531,930	40,048,912	44,342,439
Other liabilities	4,824,878	2,532,944	3,340,821	3,657,261	8,165,699	6,190,205
Total Liabilities	24,455,909	25,343,453	23,758,702	25,189,191	48,214,611	50,532,644
Deferred inflows - pensions	2,249,205	956,750	321,789	138,870	2,570,994	1,095,620
Deferred inflows - OPEB	13,950	16,812	-	-	13,950	16,812
Deferred inflows - leases	324,174	-	-	-	324,174	-
Total Deferred Inflows of Resources	2,587,329	973,562	321,789	138,870	2,909,118	1,112,432
Net Position:						
Net investment in capital assets	34,022,511	30,820,312	22,199,475	8,050,272	56,221,986	38,870,584
Restricted	5,738,814	5,539,625	4,433,873	4,433,874	10,172,687	9,973,499
Unrestricted	5,686,952	6,756,244	7,137,940	9,294,829	12,824,892	16,051,073
Total Net Position	\$ 45,448,277	\$ 43,116,181	\$ 33,771,288	\$ 21,778,975	\$ 79,219,565	\$ 64,895,156

A portion of the primary government's net position, \$10,172,687 or 13%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$12,824,892 or 16%, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$14,324,409 as compared to the prior year. This increase was primarily related to increases in charges for services, capital grants and contributions, and sales tax revenue. The increase in charges for services was mostly due to increases in revenue received from licenses and permits. The increase in capital grants and contributions was primarily due to an increase in grant revenue received. The increase in sales tax revenue is due to a continued growth and return to normal commercial activity after the recovery of COVID.

As of September 30, 2022, the City reported a net pension liability of \$1,671,985, which is part of the \$40,048,912 reported in long-term liabilities. Details of these amounts are further discussed in the notes to the financial statements. Overall total assets increased primarily related to increases in capital assets mostly due to ongoing construction in progress. Total liabilities decreased compared to prior year primarily related to decreases in long term liability amounts at the end of the year as a result of a decrease in bond payables remaining.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 1,948,404	\$ 1,504,924	\$ 10,703,944	\$ 9,514,435	\$ 12,652,348	\$ 11,019,359
Operating grants and contributions	405,973	462,317	-	-	405,973	462,317
Capital grants and contributions	-	-	11,035,992	993,752	11,035,992	993,752
General revenues:						
Property taxes	8,064,350	8,145,649	-	-	8,064,350	8,145,649
Sales taxes	3,510,399	3,396,295	-	-	3,510,399	3,396,295
Franchise fees and local taxes	1,197,595	1,254,909	378,111	345,335	1,575,706	1,600,244
Investment earnings	171,800	9,411	69,138	8,432	240,938	17,843
Other revenues	700,501	840,671	77,953	38,192	778,454	878,863
Total Revenues	<u>15,999,022</u>	<u>15,614,176</u>	<u>22,265,138</u>	<u>10,900,146</u>	<u>38,264,160</u>	<u>26,514,322</u>
Expenses						
General government	4,092,940	3,796,799	-	-	4,092,940	3,796,799
Public safety	8,060,818	8,103,724	-	-	8,060,818	8,103,724
Public works	2,699,573	1,992,198	-	-	2,699,573	1,992,198
Economic development	543,142	294,254	-	-	543,142	294,254
Interest and fiscal agent fees	508,528	553,692	-	-	508,528	553,692
Utilities	-	-	8,034,750	8,004,669	8,034,750	8,004,669
Total Expenses	<u>15,905,001</u>	<u>14,740,667</u>	<u>8,034,750</u>	<u>8,004,669</u>	<u>23,939,751</u>	<u>22,745,336</u>
Excess of Revenues Over Expenses	94,021	873,509	14,230,388	2,895,477	14,324,409	3,768,986
Transfers	2,238,075	2,062,935	(2,238,075)	(2,062,935)	-	-
Change in Net Position	2,332,096	2,936,444	11,992,313	832,542	14,324,409	3,768,986
Beginning net position	43,116,181	40,179,737	21,778,975	20,946,433	64,895,156	61,126,170
Ending Net Position	<u>\$ 45,448,277</u>	<u>\$ 43,116,181</u>	<u>\$ 33,771,288</u>	<u>\$ 21,778,975</u>	<u>\$ 79,219,565</u>	<u>\$ 64,895,156</u>

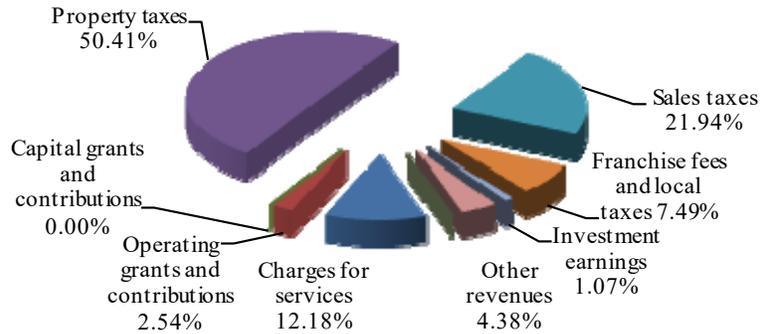
CITY OF SEABROOK, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

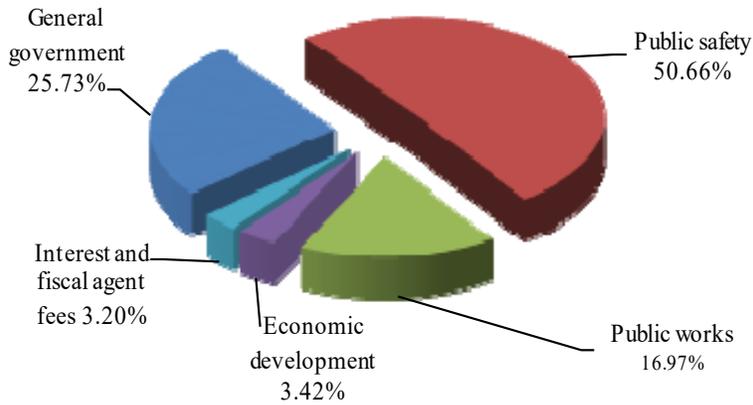
For the Year Ended September 30, 2022

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

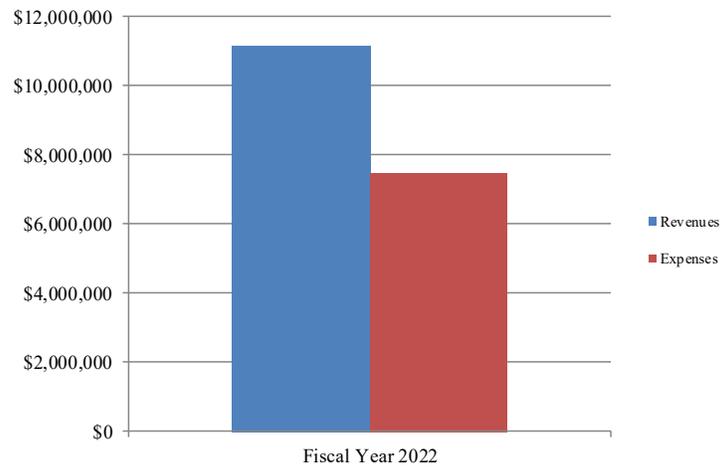
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

For the year ended September 30, 2022, revenues from governmental activities totaled \$15,999,022, which is an increase of \$384,846 from the prior year. This increase is primarily related to an increase in charges for services and sales tax revenue. Charges for services revenue increased due to more licenses and permits being issued in 2022 in comparison to prior year. Sales tax revenue increased primarily related to growth within the City. These increases were partially offset by decreases in operating grants and contributions primarily related to decreases in federal funding received in the current year.

For the year ended September 30, 2022, expenses from governmental activities totaled \$15,905,001, which is an increase of \$1,164,334 from the prior year. This change can be attributed to increases in general government, public works, and economic development. These functions increased primarily due to increases in personnel costs as salaries and benefits expenses increased during the year, as well as increases in professional services expenses.

Operating revenues for business-type activities increased from the prior year. Capital grants and contributions also increased as a result of increased activity for the wastewater plant in the current year. Charges for services increased by \$1,189,509, or 13 percent, primarily related to increases in the City's rates for service. Operating expenditures for business-type activities increased from the prior year. Utility expenses increased by \$30,081 primarily due to increases in contractual and professional fees and interest expense.

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

The City's governmental funds reflect a combined fund balance of \$19,442,057. Of this, \$89,415 is nonspendable, \$12,028,292 is restricted for various purposes, \$855,709 is committed for a stabilization fund to cover potential future budget shortfalls, \$1,600,000 is committed for a sound mitigation project, and \$1,445,377 is assigned for capital projects and animal control. The remaining balance of \$3,423,264 is unassigned in the general fund.

There was a net decrease in the combined fund balance of \$684,334 compared to the prior year, primarily due to increases in capital outlay expenditures related to construction in progress.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$3,423,264, while total fund balance reached \$5,927,518. As a measure of the general fund's liquidity, it may be useful to compare both the unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 27 percent of total general fund expenditures, while total fund balance represents 47 percent of the same amount. Total general fund revenues increased slightly in the current year primarily related to increases in property tax as well as licenses and permit revenue. These increases are primarily due to ongoing growth in the City. Total general fund expenditures also increased primarily related to increases in personnel costs as a result of salary increases across the three functions reported in the general fund.

The debt service fund has a total fund balance of \$1,991,653, all of which is restricted for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$48,496, which is a result of additional investment revenue and a reduction in interest expense for the year.

The fund balance in the capital projects fund was \$7,715,760, which is an increase of \$767,235 when compared to the prior year. This increase is primarily related to a transfer in from the general fund.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Proprietary Funds – The City’s proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$2,823,289 in the general fund. However, the net change in fund balance decreased by \$1,656,635, resulting in a positive variance of \$1,166,654 from actual in comparison to the final amended budget. This was largely due to less public safety and general government expenses than anticipated.

Actual general fund revenues were more than the original and amended budgeted revenues by a net \$166,517 during 2022. This net variance is primarily due to more licenses and permits as well as charges for services revenue than what was anticipated.

Actual expenditures were less than original and amended budgeted expenditures by a net \$1,000,137 during 2022. Actual total expenditures were closely aligned with the amended budget. The greatest positive variances came in the public safety, public works, and administrative functions.

CAPITAL ASSETS

At the end of the current year, the City’s governmental and business-type activities had invested \$44,299,231 and \$42,110,535, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$905,813 for governmental activities and a net increase of \$13,801,314 for business-type activities.

More detailed information about the City’s capital assets is presented in note III.C of the financial statements.

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$34,470,694. Of this amount, \$13,565,000 was general obligation debt, \$1,465,000 was revenue bond debt, \$16,025,000 was certificates of obligation, and the remaining \$3,415,694 was a loan from the State Infrastructure Bank.

More detailed information about the City’s long-term liabilities is presented in note III.E of the financial statements.

Current underlying ratings on debt issues are as follows:

<u>Debt Type</u>	<u>Moody's Investors Services</u>	<u>Standard and Poor's</u>
General obligation bonds	Aa3	AA
Revenue bonds	Aa3	AA

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council provided staff with their vision for the future of the City and specific policy guidance with which to propose the fiscal year 2023 budget. The City's general fund revenue is principally made up of property taxes, sales taxes, and franchise fees. The revenue projections for the budget are based on historical data and estimates from the finance department and individual department heads, but they have been projected conservatively.

City Council approved a general fund budget of \$16.3 million for the 2023 fiscal year. The 2023 budget incorporated a tax rate of \$0.476526 per \$100 of valuation, which was approximately a 9.1% decrease from the prior year.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to Michael Gibbs, Director of Finance, City Hall, 1700 First Street, Seabrook, TX, 77586; telephone (281) 291-5677; or for general City information, visit the City's website at www.seabrooktx.gov.

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BASIC FINANCIAL STATEMENTS

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CITY OF SEABROOK, TEXAS

STATEMENT OF NET POSITION

September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and cash equivalents	\$ 24,662,215	\$ 3,172,557	\$ 27,834,772	\$ 3,245,999
Receivables, net of allowances	1,432,158	7,258,544	8,690,702	204,302
Lease Receivable	323,255	-	323,255	-
Due from primary government	-	-	-	32,742
Prepays and other assets	89,415	410	89,825	-
Restricted assets: and cash equivalents	-	5,104,160	5,104,160	-
	26,507,043	15,535,671	42,042,714	3,483,043
Capital assets:				
Nondepreciable capital assets	17,189,228	26,376,890	43,566,118	-
Depreciable capital assets, net	27,110,003	15,733,645	42,843,648	-
	44,299,231	42,110,535	86,409,766	-
Total Assets	70,806,274	57,646,206	128,452,480	3,483,043
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	140,525	12,507	153,032	-
Deferred outflows - pensions	1,455,411	193,066	1,648,477	-
Deferred outflows - OPEB	89,305	-	89,305	-
Total Deferred Outflows of Resources	1,685,241	205,573	1,890,814	-
<u>Liabilities</u>				
Accounts payable and accrued liabilities	1,152,474	3,229,462	4,381,936	21,258
Due to component unit	32,742	-	32,742	-
Unearned revenue	3,601,839	100	3,601,939	-
Accrued bond interest	37,823	111,259	149,082	-
Noncurrent liabilities:				
Portion due within one year	1,988,602	952,628	2,941,230	-
Portion due in more than one year	17,642,429	19,465,253	37,107,682	-
Total Liabilities	24,455,909	23,758,702	48,214,611	21,258
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	2,249,205	321,789	2,570,994	-
Deferred inflows - OPEB	13,950	-	13,950	-
Deferred inflow- leases	324,174	-	324,174	-
Total Deferred Inflows of Resources	2,587,329	321,789	2,909,118	-
<u>Net Position</u>				
Net investment in capital assets	34,022,511	22,199,475	56,221,986	-
Restricted for:				
Debt service	1,991,653	591,877	2,583,530	-
Public safety	1,791,680	-	1,791,680	-
Parks	370,977	-	370,977	-
Tourism	1,417,675	-	1,417,675	-
Governmental programming	166,829	-	166,829	-
Capital projects	-	3,841,996	3,841,996	-
Economic development	-	-	-	3,461,785
Unrestricted	5,686,952	7,137,940	12,824,892	-
Total Net Position	\$ 45,448,277	\$ 33,771,288	\$ 79,219,565	\$ 3,461,785

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,092,940	\$ 763,250	\$ -	\$ -
Public safety	8,060,818	415,051	404,092	-
Public works	2,699,573	770,103	1,881	-
Economic development	543,142	-	-	-
Interest and fiscal agent fees	508,528	-	-	-
Total Governmental Activities	<u>15,905,001</u>	<u>1,948,404</u>	<u>405,973</u>	<u>-</u>
Business-Type Activities				
Utilities	8,034,750	10,703,944	-	11,035,992
Total Business-Type Activities	<u>8,034,750</u>	<u>10,703,944</u>	<u>-</u>	<u>11,035,992</u>
Total Primary Government	<u>\$ 23,939,751</u>	<u>\$ 12,652,348</u>	<u>\$ 405,973</u>	<u>\$ 11,035,992</u>
Component Unit				
Seabrook Economic Development Corp	\$ 760,222	\$ -	\$ -	\$ -
Total Component Unit	<u>\$ 760,222</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

General Revenues:

Property taxes
 Sales taxes
 Franchise fees and local taxes
 Other taxes
 Investment revenue
 Other revenues
 Gain on sale of capital asset
 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			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (3,329,690)	\$ -	\$ (3,329,690)	\$ -
(7,241,675)	-	(7,241,675)	-
(1,927,589)	-	(1,927,589)	-
(543,142)	-	(543,142)	-
(508,528)	-	(508,528)	-
<u>(13,550,624)</u>	<u>-</u>	<u>(13,550,624)</u>	<u>-</u>
-	13,705,186	13,705,186	-
-	13,705,186	13,705,186	-
<u>(13,550,624)</u>	<u>13,705,186</u>	<u>154,562</u>	<u>-</u>
-	-	-	(760,222)
-	-	-	(760,222)
8,064,350	-	8,064,350	-
3,510,399	-	3,510,399	1,136,010
725,475	378,111	1,103,586	-
472,120	-	472,120	-
171,800	69,138	240,938	22,372
638,174	77,953	716,127	360
62,327	-	62,327	-
<u>2,238,075</u>	<u>(2,238,075)</u>	<u>-</u>	<u>-</u>
<u>15,882,720</u>	<u>(1,712,873)</u>	<u>14,169,847</u>	<u>1,158,742</u>
2,332,096	11,992,313	14,324,409	398,520
<u>43,116,181</u>	<u>21,778,975</u>	<u>64,895,156</u>	<u>3,063,265</u>
<u>\$ 45,448,277</u>	<u>\$ 33,771,288</u>	<u>\$ 79,219,565</u>	<u>\$ 3,461,785</u>

CITY OF SEABROOK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2022

	General	Debt Service	Capital Projects	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 9,509,086	\$ 1,991,630	\$ 7,846,372	\$ 3,576,819
Receivables, net	1,030,540	75,203	-	326,415
Lease receivable	323,255	-	-	-
Due from other funds	-	25	-	36,152
Prepaid items	48,545	-	-	40,870
Total Assets	\$ 10,911,426	\$ 2,066,858	\$ 7,846,372	\$ 3,980,256
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 531,519	\$ -	\$ 130,612	\$ 150,838
Deposits payable	-	-	-	200
Due to other funds	36,177	-	-	-
Due to component unit	32,742	-	-	-
Due to others	21,924	-	-	-
Unearned revenue	3,579,747	-	-	22,092
Total Liabilities	4,202,109	-	130,612	173,130
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - EMS services	253,518	-	-	-
Unavailable revenue - property taxes	204,107	75,205	-	-
Deferred inflow- leases	324,174	-	-	-
Total Deferred Inflows of Resources	781,799	75,205	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	48,545	-	-	40,870
Restricted for:				
Debt service	-	1,991,653	-	-
Public safety	-	-	-	1,791,680
Parks	-	-	-	370,977
Tourism	-	-	-	1,417,675
Governmental programming	-	-	-	166,829
Capital projects	-	-	6,289,478	-
Committed for:				
Stabilization fund	855,709	-	-	-
Sound mitigation project	1,600,000	-	-	-
Assigned for:				
Capital projects	-	-	1,426,282	-
Animal control	-	-	-	19,095
Unassigned	3,423,264	-	-	-
Total Fund Balances	5,927,518	1,991,653	7,715,760	3,807,126
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,911,426	\$ 2,066,858	\$ 7,846,372	\$ 3,980,256

See Notes to Financial Statements.

**Total
Funds**

\$ 22,923,907
1,432,158
323,255
36,177
89,415
\$ 24,804,912

\$ 812,969
200
36,177
32,742
21,924
3,601,839
4,505,851

253,518
279,312
324,174
857,004

89,415

1,991,653
1,791,680
370,977
1,417,675
166,829
6,289,478

855,709
1,600,000

1,426,282
19,095
3,423,264

19,442,057
\$ 24,804,912

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CITY OF SEABROOK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2022

Total fund balances - governmental funds \$ 19,442,057

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

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

Capital assets, nondepreciable	17,189,228
Capital assets, net depreciable	26,050,808

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

532,830

Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The assets and liabilities of the internal service fund is included in the governmental activities in the Statement of Net Position.

Unrestricted net position	1,420,927
Net investment in capital assets	1,059,195

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

Accrued interest payable	(37,823)
Deferred charge on refunding	140,525
Deferred outflows - pensions	1,455,411
Deferred inflows - pensions	(2,249,205)
Deferred outflows - OPEB	89,305
Deferred inflows - OPEB	(13,950)
Noncurrent liabilities due in one year	(1,988,602)
Noncurrent liabilities due in more than one year	(17,642,429)

Net Position of Governmental Activities	\$ 45,448,277
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See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>Nonmajor Governmental</u>
Revenues				
Property taxes	\$ 6,016,045	\$ 2,069,233	\$ -	\$ -
Sales taxes	2,418,302	-	-	1,092,097
Franchise fees and local taxes	689,965	-	-	35,510
Other taxes	-	-	-	472,120
Licenses and permits	770,103	-	-	-
Fines and forfeitures	357,586	-	-	57,465
Charges for services	718,725	-	-	44,525
Intergovernmental	404,092	-	-	1,881
Investment revenue	74,913	20,068	43,118	22,018
Other revenue	216,054	-	-	200,811
Total Revenues	<u>11,665,785</u>	<u>2,089,301</u>	<u>43,118</u>	<u>1,926,427</u>
Expenditures				
Current:				
General government	3,601,766	-	-	28,827
Public safety	7,149,923	-	-	885,208
Public works	1,942,018	-	-	653
Economic development	-	-	-	549,179
Capital outlay	-	-	2,075,077	190,870
Debt service:				
Principal	-	1,526,749	-	-
Interest and fiscal agent fees	-	514,056	-	-
Total Expenditures	<u>12,693,707</u>	<u>2,040,805</u>	<u>2,075,077</u>	<u>1,654,737</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,027,922)</u>	<u>48,496</u>	<u>(2,031,959)</u>	<u>271,690</u>
Other Financing Sources (Uses)				
Transfers in	2,243,294	-	2,799,194	41,400
Transfers (out)	(2,866,027)	-	-	(162,500)
Total Other Financing Sources (Uses)	<u>(622,733)</u>	<u>-</u>	<u>2,799,194</u>	<u>(121,100)</u>
Net Change in Fund Balances	<u>(1,650,655)</u>	<u>48,496</u>	<u>767,235</u>	<u>150,590</u>
Beginning fund balances	<u>7,578,173</u>	<u>1,943,157</u>	<u>6,948,525</u>	<u>3,656,536</u>
Ending Fund Balances	<u>\$ 5,927,518</u>	<u>\$ 1,991,653</u>	<u>\$ 7,715,760</u>	<u>\$ 3,807,126</u>

See Notes to Financial Statements.

**Total
Funds**

\$	8,085,278
	3,510,399
	725,475
	472,120
	770,103
	415,051
	763,250
	405,973
	160,117
	416,865
	<hr/>
	15,724,631
	<hr/>
	3,630,593
	8,035,131
	1,942,671
	549,179
	2,265,947
	1,526,749
	514,056
	<hr/>
	18,464,326
	<hr/>
	(2,739,695)
	<hr/>
	5,083,888
	(3,028,527)
	<hr/>
	2,055,361
	<hr/>
	(684,334)
	<hr/>
	20,126,391
	<hr/>
\$	19,442,057
	<hr/> <hr/>

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CITY OF SEABROOK, 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

Net changes in fund balances - total governmental funds \$ (684,334)

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

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	2,295,349
Disposal of capital assets, net	(1,176)
Depreciation expense	(1,388,360)

The issuance of long-term debt (e.g., bonds, 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 debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Net Position.

Principal payments	1,526,749
Amortization of premium	39,511
Amortization of deferred charges	(37,109)
Accrued interest	3,126

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. (20,928)

Governmental funds report the payment of pension contributions as an expenditure; whereas, these payments are treated as reduction in the net pension liability/(asset) on the Statement of Activities.

Compensated absences	1,157
Net pension liability	1,645,564
Total OPEB liability	(33,503)
Change in deferred outflows - pensions	420,720
Change in deferred inflows - pensions	(1,292,455)
Change in deferred outflows - OPEB	(8,395)
Change in deferred inflows - OPEB	2,862

An internal service fund is used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities. (136,682)

Change in Net Position of Governmental Activities \$ 2,332,096

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 3,172,557	\$ 1,738,308
Accounts receivable (net of allowance for uncollectibles)	7,258,544	-
Restricted cash and cash equivalents		
Capital projects - impact fees	4,295,360	-
Capital projects - bond proceeds	216,923	-
Debt service	591,877	-
Prepaid expense	410	-
Total Current Assets	15,535,671	1,738,308
Noncurrent assets		
Capital assets:		
Land	1,605,575	-
Buildings	3,359,751	-
Infrastructure	22,223,582	-
Equipment	3,678,752	1,576,059
Construction in progress	24,771,315	-
Less accumulated depreciation	(13,528,440)	(516,864)
Total Capital Assets (Net)	42,110,535	1,059,195
Total Noncurrent Assets	42,110,535	1,059,195
Total Assets	\$ 57,646,206	\$ 2,797,503
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	12,507	-
Deferred outflows - pensions	193,066	-
Total Deferred Outflows of Resources	205,573	-

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Liabilities</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,523,375	\$ 317,381
Accrued interest payable	111,259	-
Customer deposits	706,087	-
Bonds payable - current	728,251	-
Note payable - current	167,460	-
Unearned revenue	100	-
Compensated absences	56,917	-
Total Current Liabilities	4,293,449	317,381
Noncurrent liabilities		
Bonds payable - noncurrent (net of premiums and discounts)	15,848,470	-
Note payable - noncurrent	3,248,234	-
Net pension liability	332,378	-
Compensated absences	36,171	-
Total Noncurrent Liabilities	19,465,253	-
Total Liabilities	23,758,702	317,381
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	321,789	-
Total Deferred Inflows of Resources	321,789	-
<u>Net Position</u>		
Net investment in capital assets	22,199,475	1,059,195
Restricted for:		
Capital projects - impact fees	3,841,996	-
Debt service	591,877	-
Unrestricted	7,137,940	1,420,927
Total Net Position	\$ 33,771,288	\$ 2,480,122

See Notes to Financial Statements.

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CITY OF SEABROOK, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Operating Revenues</u>		
Water service	\$ 4,559,720	\$ -
Sewer service	3,608,132	-
Sanitation service	2,536,092	-
Franchise fees	378,111	-
Service fees	-	221,309
Other revenue	77,953	-
Total Operating Revenues	11,160,008	221,309
<u>Operating Expenses</u>		
Personnel services	1,236,786	-
Supplies and materials	55,555	33,014
Contractual services	5,240,899	-
Repairs and maintenance	251,998	-
Depreciation	656,984	146,862
Total Operating Expenses	7,442,222	179,876
Operating Income (Loss)	3,717,786	41,433
<u>Nonoperating Revenues (Expenses)</u>		
Gain on sale of capital assets	-	62,327
Investment revenue	69,138	11,683
Interest expense and fiscal charges	(592,528)	-
Total Nonoperating Revenues	(523,390)	74,010
Income (Loss) Before Contributions and Transfers	3,194,396	115,443
<u>Contributions and Transfers</u>		
Impact fees	427,889	-
Capital contribution	10,608,103	-
Transfers in	5,219	182,714
Transfers (out)	(2,243,294)	-
Total Contributions and Transfers	8,797,917	182,714
Change in Net Position	11,992,313	298,157
Beginning net position	21,778,975	2,181,965
Ending Net Position	\$ 33,771,288	\$ 2,480,122

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 5,025,932	\$ 221,309
Payments to suppliers	(5,864,852)	284,367
Payments to employees	(1,345,727)	-
	(2,184,647)	505,676
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from other funds	5,219	182,714
Transfers (to) other funds	(2,243,294)	-
	(2,238,075)	182,714
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	(14,458,298)	(592,943)
Contributions	10,608,103	-
Proceeds from sale of capital assets	-	62,327
Interest and fiscal charges	(682,326)	-
Principal paid on capital debt	(787,667)	-
Impact fees	427,889	-
	(4,892,299)	(530,616)
<u>Cash Flows from Investing Activities</u>		
Interest on investments	69,138	11,683
	69,138	11,683
Net Increase (Decrease) in Cash and Cash Equivalents	(9,245,883)	169,457
Cash and cash equivalents, beginning of year	17,522,600	1,568,851
Ending Cash and Cash Equivalents	\$ 8,276,717	\$ 1,738,308
Ending Cash and Cash Equivalents:		
Unrestricted cash and cash equivalents	\$ 3,172,557	\$ 1,738,308
Restricted cash and cash equivalents	5,104,160	-
Ending Cash and Cash Equivalents	\$ 8,276,717	\$ 1,738,308

CITY OF SEABROOK, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
Reconciliation of Operating Income (Loss)		
to Net Cash Provided (Used) by Operating Activities		
Operating income (loss)	\$ 3,717,786	\$ 41,433
Adjustments to reconcile operating income (loss)		
to net cash provided (used) by operating activities:		
Depreciation	656,984	146,862
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accounts receivable	(6,134,076)	-
Prepays	140	-
Deferred outflows - pensions	(59,544)	-
Increase (Decrease) in Liabilities:		
Accounts payable and accrued liabilities	(351,730)	317,381
Unearned revenue	100	-
Compensated absences	477	-
Customer deposits	35,190	-
Net pension liability	(232,893)	-
Deferred inflows - pensions	182,919	-
	\$ (2,184,647)	\$ 505,676

See Notes to Financial Statements.

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CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Seabrook, Texas (the “City”) was incorporated on October 14, 1961 and adopted the “Home Rule Charter” on August 11, 1979, pursuant to the laws of the State of Texas (the “State”) which provide for a Council-Manager form of government.

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: public safety to include police and fire services; public works to include municipal court, drainage, building and code inspection, planning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens; economic development; and general administrative services.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component units as listed below, although legally separate, are considered part of the reporting entity. No other entities, organizations, or functions have been included as part of the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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 it 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

Seabrook Economic Development Corporation

Seabrook Economic Development Corporation (SEDC) has been included in the reporting entity as a discretely presented component unit. The SEDC was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Board of Directors (the “Board”) is appointed by, and serves at the discretion of, the City Council. The SEDC’s Board is comprised of the Mayor, a City Council member, and five members who are not employees or City officials, all of whom are appointed by City Council. City Council approval is required for annual budgets

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

and bonded debt issuance. In the event of dissolution, net position of the SEDC shall be conveyed to the City. The operations of the SEDC are presented as a governmental fund type. Separate financial statements of the SEDC may be obtained from the finance department of the City.

Blended Component Unit

Crime Control and Prevention District

The Seabrook Crime Control and Prevention District (the “District”) has been included in the reporting entity as a blended component unit. The District was created by the City under the authority granted by Chapter 36 of the Texas Local Government Code and Section 323.105 of the Texas Tax Code for the purpose of strengthening and enhancing crime control activities of the City. Management of the City has operational responsibility for the component unit. The District provides services exclusively to the City.

An election was held on May 7, 2005 approving the creation of the District and the collection of a one-half cent sales tax to fund its operations, effective on October 1, 2005.

The Board of Directors (the “Board”) is substantively the same as City Council. Their respective positions on the Board will be held until their City Council seat is vacated, at which time the incoming elected member of City Council will fill the position on the Board. The District was to remain in existence for a period of five years and may then be extended upon approval by the voters. On May 8, 2010, voters approved the renewal of the District for a period of 20 years. In the event of dissolution, net position of the District shall be conveyed to the City.

The District is reported as a special revenue fund and does not issue separate financial statements.

B. 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 activities of the primary government and its component unit. *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.

C. Basis of Presentation – Government-Wide 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 City’s enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

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 City’s water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City’s funds, including its blended component unit. 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.

The City reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, and public works. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on all long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition of capital facilities and other capital assets. The capital projects fund is considered a major fund for reporting purposes.

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection and the construction of related facilities. 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. The acquisition, maintenance, and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), and other City funds.

Additionally, the City reports the following fund type:

The *internal service fund* accounts for fleet management provided to other departments on a cost-reimbursement basis.

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds 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 funds) are eliminated so that only the net

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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 internal balances in the business-type activities column.

E. 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 and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as 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 City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales taxes, franchise fees, 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 City.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

F. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

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.

The City maintains pooled cash and investment accounts. Each fund whose monies are deposited in the pooled cash and investment accounts has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and cash equivalents."

2. Investments

Investments, except for certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

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

- Direct obligations of the U.S. Government or U.S. Government agencies
- Fully collateralized certificates of deposit
- Money market mutual funds that meet certain criteria
- Bankers' acceptances
- Statewide investment pools

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method.

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 items is recorded as expenditures/expenses when consumed rather than when purchased.

4. 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

5. 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. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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 unit, are depreciated using the straight-line method over the following estimated useful years:

Asset Description	Estimated Useful Life
Buildings and improvements	50 years
Machinery and equipment	5 to 25 years
Water and sewer system	40 to 50 years
Infrastructure	10 to 50 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.
- 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

At the fund level, the City 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 property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amounts and emergency become available.

7. Compensated Employee Absences

Employees earn vacation based on years of service with the City. Amounts accumulated may be paid to employees upon termination of employment or during employment. Employees must take vacation within 12 months after earning it. Vacation not taken within 12 months after earning may be accumulated from one year to the next, not to exceed 240 hours.

Sick leave and long-term disability are not accrued but recognized when paid, since no liability exists upon termination of employment, with the exception of Civil Service employees. Civil Service personnel are compensated for accrued sick leave for up to 90 days upon termination of employment.

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.

8. Long-Term Obligations

In government-wide financial statements and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position. Bond premiums and discounts are deferred and amortized over the life of the bonds using the straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund.

9. Leases

The City is a lessor for a lease of a tower license. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide financial statements.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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

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

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

10. Net Position Flow Assumption

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

11. Fund Balance Flow Assumptions

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

12. Fund Balance Policies

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by adoption of 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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

The City strives to maintain an unassigned fund balance equivalent to 25 percent of budgeted expenditures, based on current year expenditures. The purpose of the unassigned fund balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to adjust budget resources in the subsequent fiscal years to restore the balance.

The City approved an ordinance to establish a stabilization fund to supplement the budget and to compensate for the potential loss of revenue caused by the future construction on State Highway (SH) 146. The stabilization fund will be used to afford the City one budget year to assess the impact of SH 146 expansion and construction, allowing the City to adjust services, personnel, and operations to cover any operating deficit due to business and/or property losses. It is the City's policy that City Council may commit fund balance for this purpose since this potential revenue shortfall is outside the normal course of the City's operations.

13. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets, 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.

14. Pensions

For the purposes of measuring the net pension liability, 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.

15. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by 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 funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

G. 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 during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. 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 enterprise and internal service funds are charges to customers for sales and services. The enterprise 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 the enterprise and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects fund, which adopts a project length budget. 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. All special revenue funds have adopted budgets.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2022, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
TexPool	\$ 32,692,689	0.07
Total	\$ 32,692,689	
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.

Credit risk. The City’s investment policy limits investments in public fund investment pools rated as to investment quality not less than “A” or “AAAm,” or an equivalent rating by at least one nationally recognized rating service. Investments in SEC-registered and regulated money market mutual funds must have an investment quality not less than “AAA-,” or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2022, the City’s investment in TexPool was 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. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2022, fair market values of pledged securities and FDIC coverage 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 safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City’s safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State 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 rates 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.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

B. Receivables

Amounts are aggregated into a single accounts receivable (net of allowance for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general fund, the debt service fund, the nonmajor governmental funds in the aggregate, and the component unit, including the applicable allowances for uncollectible accounts.

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Component Unit</u>
Property taxes	\$ 364,934	\$ 137,058	\$ -	\$ -
Sales taxes	420,445	-	192,460	204,302
Ambulance fees	734,663	-	-	-
Franchise fees	2,423	-	9,481	-
Other taxes	-	-	115,669	-
Other receivables	150,047	-	8,805	-
Less allowance	(641,972)	(61,855)	-	-
	<u>\$ 1,030,540</u>	<u>\$ 75,203</u>	<u>\$ 326,415</u>	<u>\$ 204,302</u>

Governmental funds report unavailable revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of unavailable revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>
Delinquent property taxes receivable - general fund	\$ 204,107
Delinquent property taxes receivable - debt service fund	75,205
Delinquent emergency medical services receivable	253,518
Lease revenue	324,174
Total	<u>\$ 857,004</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

C. Capital Assets

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 14,848,184	\$ -	\$ -	\$ 14,848,184
Construction in progress	512,640	1,828,404	-	2,341,044
Total capital assets not being depreciated	15,360,824	1,828,404	-	17,189,228
Other capital assets:				
Infrastructure	25,514,394	196,740	-	25,711,134
Buildings and improvements	19,407,984	196,522	(154,284)	19,450,222
Machinery and equipment	10,556,930	73,683	(84,052)	10,546,561
Total other capital assets	55,479,308	466,945	(238,336)	55,707,917
Less accumulated depreciation for:				
Infrastructure	(13,018,619)	(477,626)	-	(13,496,245)
Buildings and improvements	(6,745,442)	(488,895)	153,108	(7,081,229)
Machinery and equipment	(7,682,653)	(421,839)	84,052	(8,020,440)
Total accumulated depreciation	(27,446,714)	(1,388,360)	237,160	(28,597,914)
Other capital assets, net	28,032,594	(921,415)	(1,176)	27,110,003
Governmental Activities Capital Assets, Net	\$ 43,393,418	\$ 906,989	\$ (1,176)	44,299,231
			Plus deferred loss on refunding	140,525
			Plus unspent bond proceeds	6,289,478
			Less associated debt	(16,706,723)
			Net Investment in Capital Assets	\$ 34,022,511

Depreciation was charged to governmental functions as follows:

General government	\$ 425,109
Public safety	343,061
Public works	620,190
Total Governmental Activities Depreciation Expense	\$ 1,388,360

Construction in progress and remaining commitments under related construction contracts for governmental activities at year end are as follows:

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Old Seabrook	\$ 750,000	\$ 505,998	\$ 244,002
Department of Transportation weigh station	326,294	6,641	319,653
Pine Gully Pier Rebuild	188,218	129,376	58,842
Avaya Phone Upgrade	53,665	21,466	32,199
East Meyer Hike and Bike Trail	524,628	218,260	306,368
Meador Park Restroom Upgrade	64,100	4,455	59,645
Todville Side Street Asphalt Overlay	56,300	28,750	27,550
Baybrook & Seascape Drainage Improvement	1,426,098	1,426,098	-
	\$ 3,389,303	\$ 2,341,044	\$ 1,048,259

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,605,575	\$ -	\$ -	\$ 1,605,575
Construction in progress	10,562,329	14,208,986	-	24,771,315
Total capital assets not being depreciated	<u>12,167,904</u>	<u>14,208,986</u>	<u>-</u>	<u>26,376,890</u>
Other capital assets:				
Water and sewer system	22,121,952	101,630	-	22,223,582
Buildings and improvements	3,359,751	-	-	3,359,751
Machinery and equipment	3,619,678	153,599	(94,525)	3,678,752
Total other capital assets	<u>29,101,381</u>	<u>255,229</u>	<u>(94,525)</u>	<u>29,262,085</u>
Less accumulated depreciation for:				
Water and sewer system	(8,375,712)	(430,571)	-	(8,806,283)
Buildings and improvements	(2,221,988)	(68,529)	-	(2,290,517)
Machinery and equipment	(2,362,364)	(157,884)	88,608	(2,431,640)
Total accumulated depreciation	<u>(12,960,064)</u>	<u>(656,984)</u>	<u>88,608</u>	<u>(13,528,440)</u>
Other capital assets, net	16,141,317	(401,755)	(5,917)	15,733,645
Business-Type Activities Capital Assets, Net	<u>\$ 28,309,221</u>	<u>\$ 13,807,231</u>	<u>\$ (5,917)</u>	<u>42,110,535</u>
			Plus unspent bond proceeds	68,848
			Plus deferred loss on refunding	12,507
			Less associated debt	(19,992,415)
			Net Investment in Capital Assets	<u>\$ 22,199,475</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 656,984
Total Business-Type Activities Depreciation Expense	<u>\$ 656,984</u>

Construction in progress and remaining commitments under related construction contracts for proprietary fund projects at year end are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Pine Gully treatment plant Phase 1	\$ 4,082,317	\$ 4,001,877	\$ 80,440
Pine Gully treatment plant Phase 2	13,626,815	13,626,815	-
Thoroughfare	6,300	6,300	-
SH146 utility relocation	4,100,971	4,127,926	(26,955)
SCADA	2,977,264	2,977,264	-
Chloramine conversion	234,244	25,433	208,811
Smart Meter install	130,475	5,700	124,775
	<u>\$ 25,158,386</u>	<u>\$ 24,771,315</u>	<u>\$ 387,071</u>

D. Lease Receivable

During the current fiscal year, the City implemented GASB Statement No. 87, – *Leases* (GASB 87), and captured the lease receivable and deferred inflow related to the lease of certain areas of the Crown Castle tower license agreement. The lease spans 12 years, and the City will receive yearly payments of \$29,470 plus interest for the leases. The City recognized \$29,470 in lease revenue during

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

the current fiscal year related to these leases. As of September 30, 2022, the City's receivable for lease payments was \$323,255. Also, the City has a deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. As of September 30, 2022, the balance of the deferred inflow of resources was \$324,174.

E. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Direct borrowings/placements:					
General obligation bonds	\$ 7,700,000	\$ -	\$ (1,180,000)	\$ 6,520,000	\$ 1,220,000
Certificates of obligation	415,000	-	(70,000)	345,000	70,000
Bonds, notes, and other payables:					
Certificates of obligation	2,658,155	-	(11,749)	2,646,406	11,749
General obligation bonds	6,865,000	-	(265,000)	6,600,000	265,000
Deferred amounts:					
For issuance discounts/premiums	634,828	-	(39,511)	595,317	-
	<u>18,272,983</u>	<u>-</u>	<u>(1,566,260)</u>	<u>16,706,723</u> *	<u>1,566,749</u>
Other liabilities:					
Net pension liability	2,985,171	-	(1,645,564)	1,339,607	-
Total OPEB liability	400,991	33,503	-	434,494	-
Compensated absences	1,151,364	408,116	(409,273)	1,150,207	421,853
Total Governmental Activities	<u>\$ 22,810,509</u>	<u>\$ 441,619</u>	<u>\$ (3,621,097)</u>	<u>\$ 19,631,031</u>	<u>\$ 1,988,602</u>

Long-term debt due in more than one year \$ 17,642,429

*Debt associated with governmental activities capital assets \$ 16,706,723

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Direct borrowings/placements:					
Note - State loan	\$ 3,490,110	\$ -	\$ (74,416)	\$ 3,415,694	\$ 167,460
Revenue bonds	1,665,000	-	(200,000)	1,465,000	205,000
General obligation bonds	585,000	-	(140,000)	445,000	145,000
Certificates of obligation	1,750,000	-	(160,000)	1,590,000	160,000
Bonds, notes, and other payables:					
Certificates of obligation	11,656,845	-	(213,251)	11,443,594	218,251
Deferred amounts:					
For issuance discounts/premiums	1,727,093	-	(93,966)	1,633,127	-
	<u>20,874,048</u>	<u>-</u>	<u>(881,633)</u>	<u>19,992,415</u> *	<u>895,711</u>
Other liabilities:					
Net pension liability	565,271	-	(232,893)	332,378	-
Compensated absences	92,611	64,746	(64,269)	93,088	56,917
Total Business-Type Activities	<u>\$ 21,531,930</u>	<u>\$ 64,746</u>	<u>\$ (1,178,795)</u>	<u>\$ 20,417,881</u>	<u>\$ 952,628</u>

Long-term debt due in more than one year \$ 19,465,253

*Debt associated with business-type activities capital assets \$ 19,992,415

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For the Year Ended September 30, 2022

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. The governmental activities compensated absences, net pension liability, and total OPEB liability are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

The City’s long-term debt includes all outstanding bonded debt secured by the full faith and credit of the City. The bonds are certificates of obligation and general obligation bonds that are secured by the full faith and credit of the City and are paid from taxes levied on all taxable property located within the City.

The following is a summary of the terms of general obligation bonds, certificates of obligation, revenue bonds, and a loan outstanding as of September 30, 2022:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>		
General Obligation Bonds		
Series 2003	4.40%	\$ 1,110,000
Series 2013 refunding	1.86%	1,490,000
Series 2015	2.00-3.25%	6,600,000
Series 2017 refunding	1.96%	3,920,000
Total General Obligation Bonds		<u>13,120,000</u>
Certificates of Obligation		
Series 2010	3.642%	345,000
Series 2020	2.00-4.00%	2,646,406
Total Certificates of Obligation		<u>2,991,406</u>
Total Governmental Activities Long-Term Debt		<u>\$ 16,111,406</u>
<u>Business-Type Activities</u>		
General Obligation Bonds		
Series 2013 refunding	1.86%	\$ 445,000
Total General Obligation Bonds		<u>445,000</u>
Certificates of Obligation		
Series 2016	2.13%	1,590,000
Series 2016A	2.00%	5,080,000
Series 2020	2.00-4.00%	6,363,594
Total Certificates of Obligation		<u>13,033,594</u>
Revenue Bonds		
Series 2003 refunding	4.45%	440,000
Series 2008	4.12%	1,025,000
Total Revenue Bonds		<u>1,465,000</u>
State Loan		
State Infrastructure Bank Loan 2018	3.15%	3,415,694
Total State Loan		<u>3,415,694</u>
Total Business-Type Activities Long-Term Debt		<u>\$ 18,359,288</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Annual debt service requirements to retire outstanding obligations and direct borrowings are as follows:

Fiscal Year Ending	Governmental Activities				Business-Type Activities			
	Direct Borrowings/Placement		Governmental Activities		Direct Borrowings/Placement		Business-Type Activities	
	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,290,000	\$ 165,951	\$ 276,749	\$ 306,181	\$ 677,460	\$ 208,911	\$ 218,251	\$ 448,857
2024	1,320,000	131,318	288,217	299,320	701,735	188,540	226,783	442,592
2025	1,355,000	95,735	296,749	292,182	723,176	167,412	228,251	436,106
2026	1,435,000	59,111	263,217	283,396	760,788	145,520	236,783	429,541
2027	1,465,000	29,807	268,217	275,632	783,578	119,350	246,783	420,705
2028-2032	-	-	4,576,089	1,044,279	1,786,316	357,597	3,443,911	1,792,499
2033-2037	-	-	2,639,798	323,227	1,215,987	140,132	3,910,202	1,057,925
2038-2042	-	-	637,370	51,166	266,654	4,200	2,932,630	265,634
Total	\$ 6,865,000	\$ 481,922	\$ 9,246,406	\$ 2,875,383	\$ 6,915,694	\$ 1,331,662	\$ 11,443,594	\$ 5,293,859

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

F. Interfund Transactions

The composition of interfund balances as of year end was as follows:

	<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
Debt service		General	\$ 25
Nonmajor governmental		General	36,152
		Total	\$ 36,177

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

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

	<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General		Capital projects	\$ 2,799,194
General		Nonmajor governmental	41,400
General		Internal service	20,214
General		Utility	5,219
Nonmajor governmental		Internal service	162,500
Utility		General	2,243,294
		Total	\$ 5,271,821

Transfers to the general fund from the utility fund were subsidies for administrative expenditures. Other transfers between funds are utilized to move unrestricted fund revenues to finance various

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

programs that must be accounted for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for grant programs and governmental expenditures.

G. Restricted Assets

The utility enterprise fund has restricted certain cash and investments for customer deposits and construction.

IV. 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 2,617 other entities in the Texas Municipal League's (TML) Intergovernmental Risk Pools (the "Pool"). 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.

The City also provides workers' compensation insurance through the TML Workers' Compensation Fund (the "Fund"). Workers' compensation premiums are subject to change when audited by the Fund. At September 30, 2022, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

B. 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 that 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. No claim liabilities are reported at year end.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the "Board"); however, TMRS does not receive any funding

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

from the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at tmrs.com.

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

Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

	2022	2021
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

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	84	
Inactive employees entitled to, but not yet receiving, benefits	47	
Active employees	110	
Total		241

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member’s total compensation, and the City-matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City’s contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.13% and 15.62% in calendar years 2021 and 2022, respectively. The City’s contributions to TMRS for the fiscal year ended September 30, 2022 were \$1,247,906, which are equal to the required contributions.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Net Pension Liability

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

Actuarial Assumptions

The TPL in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The postretirement mortality assumption for the annuity purchase rates 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	35.00%	7.55%
Core Fixed Income	6.00%	2.00%
Non-Core Fixed Income	20.00%	5.68%
Other Public and Private Mar	12.00%	7.22%
Real Estate	12.00%	6.85%
Hedge Funds	5.00%	5.35%
Private Equity	10.00%	10.00%
Total	100.00%	

Discount Rate

The discount rate used to measure the TPL 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 TMRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(A)</u>	<u>(B)</u>	<u>(A) - (B)</u>
Changes for the year:			
Service cost	\$ 1,326,064	\$ -	\$ 1,326,064
Interest	2,753,205	-	2,753,205
Difference between expected and actual experience	735,786	-	735,786
Contributions - employer	-	1,265,378	(1,265,378)
Contributions - employee	-	552,899	(552,899)
Net investment income	-	4,897,752	(4,897,752)
Benefit payments, including refunds of employee contributions	(2,025,238)	(2,025,238)	-
Administrative expense	-	(22,672)	22,672
Other changes	-	155	(155)
Net Changes	2,789,817	4,668,274	(1,878,457)
Balance at December 31, 2020	41,137,807	37,587,365	3,550,442
Balance at December 31, 2021	\$ 43,927,624	\$ 42,255,639	\$ 1,671,985

Sensitivity of the NPL to Changes in the Discount Rate

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 7,396,827	\$ 1,671,985	\$ (3,089,380)

Pension Plan Fiduciary Net Position

Detailed information about the TMRS plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the fiscal year ended September 30, 2022, the City recognized net pension expense of \$380,557.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 657,226	\$ 55,232
Changes in actuarial assumptions	40,415	-
Difference between projected and actual investment earnings	-	2,515,762
Contributions subsequent to the measurement date	950,836	-
Total	\$ 1,648,477	\$ 2,570,994

\$950,836 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal 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:

Fiscal Year Ended September 30:	Pension Expense
2022	\$ (219,460)
2023	(898,434)
2024	(391,585)
2025	(363,874)
Thereafter	-
Total	\$ (1,873,353)

D. Other Postemployment Benefits

TMRS – Supplemental Death Benefits

Plan Description

The City participates in a defined benefit OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) 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. 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 SDBF 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.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a 5% interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

Participation in the SDBF as of December 31, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	57
Inactive employees entitled to, but not yet receiving, benefits	6
Active employees	110
Total	<u><u>173</u></u>

Total OPEB Liability

The City's total OPEB liability of \$434,494 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.5%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 19,364
Interest	8,151
Differences between expected and actual experience	(1,652)
Changes of assumptions	13,837
Benefit payments*	(6,197)
	Net Changes
	33,503
Beginning balance	400,991
	Ending Balance
	\$ 434,494

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

The discount rate decreased from 2.0% as of December 31, 2020 to 1.84% as of December 21, 2021. There were no other changes of assumption or other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate:

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's Total OPEB Liability	\$ 535,680	\$ 434,494	\$ 357,178

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$45,381. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 83,967	\$ 7,491
Difference between expected and actual experience	468	6,459
Contributions subsequent to the measurement date	4,870	-
Total	\$ 89,305	\$ 13,950

\$4,870 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction the of total OPEB liability for the fiscal year ending September 30, 2023.

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

Fiscal Year Ended September 30:	OPEB Expense
2023	\$ 17,866
2024	16,039
2025	16,277
2026	12,335
2027	7,050
Thereafter	918
Total	\$ 70,485

E. Tax Abatements and Economic Incentives

The City and the SEDC have authority under Texas Local Government Code, Chapters 380 and 505, to adopt programs that promote local economic development, spur economic improvement, stimulate commercial activity, generate additional sales tax, and enhance the property tax base of the City. These programs may abate or rebate property taxes and sales taxes that are paid by the recipient. The programs may also include incentive payments or reductions in fees that are not tied to taxes. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses into the City. Agreements generally contain recapture

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

provisions which mandate repayment or termination if recipients do not meet the required provisions of the economic incentives.

Programs may rebate a flat amount or percentage of property taxes or sales taxes that are received by the City or the SEDC. They may result in fee reductions such as utility charges or building inspection fees. Some agreements may take the form of one-time incentive payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure, or other expenses. As of fiscal year 2022, the SEDC has granted the following incentive agreements:

The SEDC agreed to rebate the amount of SEDC tax paid by Merloaded, LLC relating to a restaurant in an amount not to exceed \$40,000, or for a period of up to ten years, whichever occurs first. During fiscal year 2022, the SEDC rebated \$6,009 in sales taxes paid by Merloaded, LLC.

The SEDC agreed to rebate the amount of SEDC sales tax paid by Mario’s Pizza relating to a restaurant in an amount not to exceed \$74,813, for a period of up to ten years after Mario’s Pizza completes relocation. During fiscal year 2022, the SEDC rebated \$8,329 in sales taxes paid by Mario’s Pizza.

H. Restatement of Net Position/Fund Balance

The City has restated receivables and deferred inflows of resources for governmental activities for the implementation of GASB 87, *Leases*. This restatement had no impact on beginning net position or beginning fund balance.

	Governmental Activities	General Fund
Beginning net position/fund balance	\$ 43,116,181	\$ 7,578,173
Restatement - lease receivable	353,644	353,644
Restatement - deferred inflow - lease	(353,644)	(353,644)
Beginning net position/fund balance - restated	\$ 43,116,181	\$ 7,578,173

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF SEABROOK, 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
With Comparative Totals for the Year Ended September 30, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2021 Actual
Revenues					
Property taxes	\$ 6,159,067	\$ 6,159,067	\$ 6,016,045	\$ (143,022)	\$ 5,804,837
Sales taxes	2,334,740	2,334,740	2,418,302	83,562	2,368,645
Franchise fees	708,750	708,750	689,965	(18,785)	728,772
Licenses and permits	450,000	450,000	770,103	320,103	318,576
Fines and forfeitures	450,998	450,998	357,586	(93,412)	350,581
Charges for services	429,917	429,917	718,725	288,808	764,205
Intergovernmental	306,106	437,506	404,092	(33,414)	460,097
Investment revenue	8,600	8,600	68,933	60,333	3,687
Other revenue	513,710	513,710	216,054	(297,656)	445,217
Total Revenues	11,361,888	11,493,288	11,659,805	166,517	11,244,617
Expenditures					
General government:					
Legislative	316,043	320,326	281,581	38,745	284,065
Administrative	1,508,761	1,516,861	1,339,231	177,630	1,359,298
Information technology	405,051	469,316	424,801	44,515	400,135
Nondepartmental	687,320	906,298	901,517	4,781	785,985
Community development	664,191	689,191	654,636	34,555	633,411
Total general government	3,581,366	3,901,992	3,601,766	300,226	3,462,894
Public safety:					
Public safety	6,256,492	6,340,996	5,939,993	401,003	5,682,730
Emergency management	184,699	185,989	180,505	5,484	175,203
Animal control	229,278	229,278	212,065	17,213	204,494
DOT-CVE	364,719	364,719	307,847	56,872	353,281
Municipal court	529,680	529,680	498,722	30,958	476,167
Hurricane Harvey	-	10,791	10,791	-	227,825
Total public safety	7,564,868	7,661,453	7,149,923	511,530	7,119,700
Public works:					
Parks	931,253	1,062,653	977,776	84,877	820,882
Public works	1,067,746	1,067,746	964,242	103,504	1,024,895
Total public works	1,998,999	2,130,399	1,942,018	188,381	1,845,777
Total Expenditures	13,145,233	13,693,844	12,693,707	1,000,137	12,428,371
(Deficiency) of Revenues					
(Under) Expenditures	(1,783,345)	(2,200,556)	(1,033,902)	1,166,654	(1,183,754)

CITY OF SEABROOK, 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

With Comparative Totals for the Year Ended September 30, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2021 Actual
Other Financing Sources (Uses)					
Transfers in	\$ 2,243,294	\$ 2,243,294	\$ 2,243,294	\$ -	\$ 2,135,695
Transfers (out)	(1,083,090)	(2,866,027)	(2,866,027)	-	(2,440,704)
Total Other Financing Sources (U	<u>1,160,204</u>	<u>(622,733)</u>	<u>(622,733)</u>	-	<u>(305,009)</u>
Net Change in Fund Balance	<u>\$ (623,141)</u>	<u>\$ (2,823,289)</u>	(1,656,635)	<u>\$ 1,166,654</u>	<u>\$ (1,488,763)</u>
Beginning fund balance			<u>6,728,444</u>		
Ending Fund Balance			<u>\$ 5,071,809</u>		

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. Reconciliation of general fund balance to fund financial statements:

Net effect of subfunds within the general fund without appropriated budgets	855,709
	<u>\$ 5,927,518</u>

CITY OF SEABROOK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2022

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 868,525	\$ 848,138	\$ 969,041	\$ 1,025,430
Interest (on the total pension liability)	2,004,153	2,088,380	2,164,619	2,286,065
Changes in benefit terms	-	-	-	-
Difference between expected and actual experience	(201,421)	189,720	475,863	(97,278)
Change in assumptions	-	570,417	-	-
Benefit payments, including refunds of employee contributions	(1,487,513)	(1,428,117)	(1,617,253)	(2,059,777)
Net Change in Total Pension Liability	1,183,744	2,268,538	1,992,270	1,154,440
Beginning total pension liability	28,940,249	30,123,993	32,392,531	34,384,801
Ending Total Pension Liability	<u>\$ 30,123,993</u>	<u>\$ 32,392,531</u>	<u>\$ 34,384,801</u>	<u>\$ 35,539,241</u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 807,068	\$ 759,316	\$ 807,730	\$ 954,625
Contributions - employee	413,007	379,116	412,107	434,767
Net investment income	1,513,501	40,850	1,852,069	3,996,792
Benefit payments, including refunds of employee contributions	(1,487,513)	(1,428,117)	(1,617,253)	(2,059,777)
Administrative expense	(15,799)	(24,879)	(20,918)	(20,714)
Other	(1,299)	(1,229)	(1,127)	(1,050)
Net Change in Plan Fiduciary Net Position	1,228,965	(274,943)	1,432,608	3,304,643
Beginning plan fiduciary net position	26,452,831	27,681,796	27,406,853	28,839,461
Ending Plan Fiduciary Net Position	<u>\$ 27,681,796</u>	<u>\$ 27,406,853</u>	<u>\$ 28,839,461</u>	<u>\$ 32,144,104</u>
Net Pension Liability	<u>\$ 2,442,197</u>	<u>\$ 4,985,678</u>	<u>\$ 5,545,340</u>	<u>\$ 3,395,137</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.89%	84.61%	83.87%	90.45%
Covered Payroll	\$ 5,413,615	\$ 5,415,949	\$ 5,887,247	\$ 6,210,964
Net Pension Liability as a Percentage of Covered Payroll	45.11%	92.06%	94.19%	54.66%

*Only eight years of information is currently available. The City will build this schedule over the next two-year period.

Measurement Year*				
	2018	2019	2020	2021
\$	1,039,984	\$ 1,154,034	\$ 1,305,168	\$ 1,326,064
	2,378,239	2,495,569	2,629,179	2,753,205
	-	-	-	-
	136,392	181,638	(92,932)	735,786
	-	121,784	-	-
	<u>(1,652,132)</u>	<u>(2,094,707)</u>	<u>(2,003,650)</u>	<u>(2,025,238)</u>
	1,902,483	1,858,318	1,837,765	2,789,817
	35,539,241	37,441,724	39,300,042	41,137,807
\$	<u><u>37,441,724</u></u>	<u><u>39,300,042</u></u>	<u><u>41,137,807</u></u>	<u><u>43,927,624</u></u>
\$	1,001,258	\$ 1,081,777	\$ 1,222,777	\$ 1,265,378
	439,538	486,348	539,007	552,899
	(962,606)	4,782,392	2,668,641	4,897,752
	(1,652,132)	(2,094,707)	(2,003,650)	(2,025,238)
	(18,609)	(27,037)	(17,279)	(22,672)
	(972)	(812)	(675)	154
	<u>(1,193,523)</u>	<u>4,227,962</u>	<u>2,408,822</u>	<u>4,668,274</u>
	32,144,104	30,950,581	35,178,543	37,587,365
\$	<u><u>30,950,581</u></u>	<u><u>35,178,543</u></u>	<u><u>37,587,365</u></u>	<u><u>42,255,639</u></u>
\$	<u><u>6,491,143</u></u>	<u><u>4,121,499</u></u>	<u><u>3,550,442</u></u>	<u><u>1,671,985</u></u>
	82.66%	89.51%	91.37%	96.19%
\$	6,257,427	\$ 6,947,829	\$ 7,700,104	\$ 7,745,699
	103.74%	59.32%	46.11%	21.59%

CITY OF SEABROOK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2022

	Fiscal Year*			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 873,965	\$ 766,607	\$ 789,851	\$ 920,301
Contributions in relation to the actuarially determined contribution	(873,965)	(766,607)	(789,851)	(920,301)
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 5,484,642	\$ 5,414,848	\$ 5,719,105	\$ 6,167,712
Contributions as a percentage of covered payroll	15.93%	14.16%	13.81%	14.92%

*Only nine years of information is currently available. The City will build this schedule over the next one-year period.

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. 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; 12.0% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 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.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year*				
2018	2019	2020	2021	2022
\$ 976,004	\$ 1,046,439	\$ 1,244,320	\$ 1,243,032	\$ 1,247,906
<u>(976,004)</u>	<u>(1,046,439)</u>	<u>(1,244,320)</u>	<u>(1,243,032)</u>	<u>(1,247,906)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 6,178,270	\$ 6,670,165	\$ 7,875,897	\$ 7,734,305	\$ 7,929,016
15.80%	15.69%	15.80%	16.07%	15.74%

CITY OF SEABROOK, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT
For the Year Ended September 30, 2022

	Measurement Year*			
	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 9,316	\$ 10,638	\$ 10,422	\$ 15,400
Interest (on the total pension liability)	8,566	8,777	9,683	9,233
Difference between expected and actual experience	-	(1,835)	888	(6,221)
Change in assumptions	21,889	(19,676)	53,454	55,703
Benefit payments	(1,863)	(1,877)	(2,084)	(2,310)
Net Change in Total OPEB Liability	<u>37,908</u>	<u>(3,973)</u>	<u>72,363</u>	<u>71,805</u>
Beginning total OPEB liability	222,888	260,796	256,823	329,186
Ending Total OPEB Liability	<u>\$ 260,796</u>	<u>\$ 256,823</u>	<u>\$ 329,186</u>	<u>\$ 400,991</u>
Covered Employee Payroll	\$ 6,210,964	\$ 6,257,427	\$ 6,947,829	\$ 7,700,104
Total OPEB Liability as a Percentage of Covered Payroll	4.20%	4.10%	4.74%	5.21%

*Only five years of information are currently available. The City will build this schedule over the next five-year period.

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Changes in Assumptions

There were no changes in assumptions or other inputs that affected measurement of the total OPEB liability since the prior

3. Changes in Benefits

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.

4. There are no assets accumulated in a trust that meet the criteria of GASB codification P22.101 or P52.101.

Measurement
2021

\$ 19,364
8,151

(1,652)
13,837
(6,197)
33,503
400,991
\$ 434,494

\$ 7,745,699

5.61%

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2021 Actual</u>
Revenues					
Property taxes	\$ 2,116,076	\$ 2,116,076	\$ 2,069,233	\$ (46,843)	\$ 2,083,217
Investment revenue	36,000	36,000	20,068	(15,932)	1,071
Total Revenues	<u>2,152,076</u>	<u>2,152,076</u>	<u>2,089,301</u>	<u>(62,775)</u>	<u>2,084,288</u>
Expenditures					
Debt service:					
Principal	5,126,749	5,126,749	1,526,749	3,600,000	1,491,749
Interest and fiscal agent fees	511,166	514,591	514,056	535	563,089
Bond issuance cost	-	-	-	-	-
Refunding contribution	-	-	-	-	-
bond escrow agent	-	-	-	-	-
Total Expenditures	<u>5,637,915</u>	<u>5,641,340</u>	<u>2,040,805</u>	<u>3,600,535</u>	<u>2,054,838</u>
Other Financing Sources (Uses)					
Transfers in	-	-	-	-	275
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>275</u>
Net Change in Fund Balance	<u>\$ (3,485,839)</u>	<u>\$ (3,489,264)</u>	48,496	<u>\$ 3,537,760</u>	<u>\$ 29,725</u>
Beginning fund balance			<u>1,943,157</u>		
Ending Fund Balance			<u>\$ 1,991,653</u>		

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

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CITY OF SEABROOK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for and report proceeds of specific revenue sources that are restricted, committed, or assigned to expenditure for specified purposes other than debt service or capital projects.

Hotel/Motel Occupancy Tax Fund

This fund is used to account for revenues generated from a hotel and motel occupancy tax and expenditures for improvements that serve the purpose of attracting visitors and tourists.

Municipal Court Programs Fund

This fund is used to account for municipal court revenue from court fines and fees that are legally restricted to be used for child safety, court security, judicial efficiency, and court technology programs.

Park Improvement Fees Fund

This fund is used to account for the collection of fees to be used for park improvement activities.

Crime Control and Prevention District Fund

This fund is used to account for revenues derived from a special sales tax collected and restricted to maintain and expand police department programs that will deliver a higher quality of service to Seabrook citizens while aiding in the prevention and control of crime.

Public Safety Programs Fund

This fund is used to account for expenditures for various public safety projects funded primarily through grants and contributions.

Cable PEG Fees Fund

This fund is used to account for cable fees collected to provide public, educational, and governmental (PEG) programming to its citizens.

Animal Control Fund

This fund is used to account for the operations of the City's animal control department and for the purchase and repair of equipment and facilities used in animal control.

CITY OF SEABROOK, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

Special Revenue Funds

	<u>Hotel and Motel Occupancy Tax</u>	<u>Municipal Court Programs</u>	<u>Park Improvement Fees</u>	<u>Crime Control and Prevention District</u>
Assets				
Cash and cash equivalents	\$ 1,326,160	\$ 99,688	\$ 374,130	\$ 1,084,575
Receivables, net	115,669	-	-	192,460
Due from other funds	-	-	-	36,152
Prepaid items	37,660	3,010	-	200
Total Assets	<u>\$ 1,479,489</u>	<u>\$ 102,698</u>	<u>\$ 374,130</u>	<u>\$ 1,313,387</u>
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,972	\$ -	\$ 1,043	\$ 34,240
Deposits payable	-	-	200	-
Unearned revenue	20,182	-	1,910	-
Total Liabilities	<u>24,154</u>	<u>-</u>	<u>3,153</u>	<u>34,240</u>
Fund balances:				
Nonspendable:				
Prepays	37,660	3,010	-	200
Restricted for:				
Public safety	-	99,688	-	1,278,947
Parks	-	-	370,977	-
Tourism	1,417,675	-	-	-
Governmental programming	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	<u>1,455,335</u>	<u>102,698</u>	<u>370,977</u>	<u>1,279,147</u>
Total Liabilities and Fund Balances	<u>\$ 1,479,489</u>	<u>\$ 102,698</u>	<u>\$ 374,130</u>	<u>\$ 1,313,387</u>

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	Animal Control	Total Nonmajor Governmental Funds
\$ 510,690	\$ 162,346	\$ 19,230	\$ 3,576,819
8,805	9,481	-	326,415
-	-	-	36,152
-	-	-	40,870
<u>\$ 519,495</u>	<u>\$ 171,827</u>	<u>\$ 19,230</u>	<u>\$ 3,980,256</u>
\$ 106,450	\$ 4,998	\$ 135	\$ 150,838
-	-	-	200
-	-	-	22,092
<u>106,450</u>	<u>4,998</u>	<u>135</u>	<u>173,130</u>
-	-	-	40,870
413,045	-	-	1,791,680
-	-	-	370,977
-	-	-	1,417,675
-	166,829	-	166,829
-	-	19,095	19,095
<u>413,045</u>	<u>166,829</u>	<u>19,095</u>	<u>3,807,126</u>
<u>\$ 519,495</u>	<u>\$ 171,827</u>	<u>\$ 19,230</u>	<u>\$ 3,980,256</u>

CITY OF SEABROOK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

Special Revenue Funds

	Hotel and Motel Occupancy Tax	Municipal Court Programs	Park Improvement Fees	Crime Control and Prevention District
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 1,092,097
Franchise fees	-	-	-	-
Hotel occupancy tax	472,120	-	-	-
Fines and forfeitures	-	29,034	-	-
Charges for services	-	-	44,525	-
Intergovernmental	-	-	-	-
Investment revenue	8,753	268	2,286	6,972
Other revenue	82,659	-	-	4,826
Total Revenues	563,532	29,302	46,811	1,103,895
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	14,570	-	753,520
Public works	-	-	-	-
Economic development	529,137	-	19,907	-
Capital outlay	-	-	106,470	-
Total Expenditures	529,137	14,570	126,377	753,520
Excess (Deficiency) of Revenues Over (Under) Expenditures	34,395	14,732	(79,566)	350,375
Other Financing Sources (Uses)				
Transfers in	-	-	41,400	-
Transfers (out)	-	-	-	(162,500)
Total Other Financing Sources (Uses)	-	-	41,400	(162,500)
Net Change in Fund Balances	34,395	14,732	(38,166)	187,875
Beginning fund balances	1,420,940	87,966	409,143	1,091,272
Ending Fund Balances	\$ 1,455,335	\$ 102,698	\$ 370,977	\$ 1,279,147

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	Animal Control	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,092,097
-	35,510	-	35,510
-	-	-	472,120
28,431	-	-	57,465
-	-	-	44,525
1,881	-	-	1,881
2,707	980	52	22,018
109,306	-	4,020	200,811
<u>142,325</u>	<u>36,490</u>	<u>4,072</u>	<u>1,926,427</u>
-	28,827	-	28,827
117,118	-	-	885,208
-	-	653	653
-	-	135	549,179
84,400	-	-	190,870
<u>201,518</u>	<u>28,827</u>	<u>788</u>	<u>1,654,737</u>
<u>(59,193)</u>	<u>7,663</u>	<u>3,284</u>	<u>271,690</u>
-	-	-	41,400
-	-	-	(162,500)
-	-	-	(121,100)
(59,193)	7,663	3,284	150,590
<u>472,238</u>	<u>159,166</u>	<u>15,811</u>	<u>3,656,536</u>
<u>\$ 413,045</u>	<u>\$ 166,829</u>	<u>\$ 19,095</u>	<u>\$ 3,807,126</u>

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL AND MOTEL OCCUPANCY TAX FUND
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2021 Actual
Revenues					
Hotel and motel occupancy tax	\$ 277,321	\$ 277,321	\$ 472,120	\$ 194,799	\$ 488,437
Investment revenue	1,353	1,353	8,753	7,400	555
Other revenue	8,175	8,175	82,659	74,484	3,025
Total Revenues	<u>286,849</u>	<u>286,849</u>	<u>563,532</u>	<u>276,683</u>	<u>492,017</u>
Expenditures					
Current:					
Economic development	532,839	543,389	529,137	14,252	285,003
Total Expenditures	<u>532,839</u>	<u>543,389</u>	<u>529,137</u>	<u>14,252</u>	<u>285,003</u>
Net Change in Fund Balance	<u>\$ (245,990)</u>	<u>\$ (256,540)</u>	34,395	<u>\$ 290,935</u>	<u>\$ 207,014</u>
Beginning fund balance			<u>1,420,940</u>		
Ending Fund Balance			<u>\$ 1,455,335</u>		

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

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT PROGRAMS FUND
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2021 Actual</u>
<u>Revenues</u>					
Fines and forfeitures	\$ 9,000	\$ 9,000	\$ 29,034	\$ 20,034	\$ 24,335
Investment revenue	41	41	268	227	19
Total Revenues	<u>9,041</u>	<u>9,041</u>	<u>29,302</u>	<u>20,261</u>	<u>24,354</u>
<u>Expenditures</u>					
Current:					
Public safety	31,200	31,200	14,570	16,630	7,496
Total Expenditures	<u>31,200</u>	<u>31,200</u>	<u>14,570</u>	<u>16,630</u>	<u>7,496</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(22,159)</u>	<u>(22,159)</u>	<u>14,732</u>	<u>36,891</u>	<u>16,858</u>
<u>Other Financing Sources (Uses)</u>					
Transfers (out)	(7,500)	(7,500)	-	7,500	-
Total Other Financing (Uses)	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>	<u>7,500</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (22,159)</u>	<u>\$ (29,659)</u>	14,732	<u>\$ 44,391</u>	<u>\$ 16,858</u>
Beginning fund balance			<u>87,966</u>		
Ending Fund Balance			<u>\$ 102,698</u>		

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

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PARK IMPROVEMENT FEES FUND
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2021 Actual</u>
Revenues					
Charges for services	\$ 9,095	\$ 9,095	\$ 44,525	\$ 35,430	\$ 20,588
Investment revenue	1,200	1,200	2,286	1,086	81
Total Revenues	<u>10,295</u>	<u>10,295</u>	<u>46,811</u>	<u>36,516</u>	<u>20,669</u>
Expenditures					
Current:					
Economic development	55,000	55,000	19,907	35,093	13,106
Capital outlay	<u>-</u>	<u>-</u>	<u>106,470</u>	<u>(106,470)</u>	<u>-</u>
Total Expenditures	<u>55,000</u>	<u>55,000</u>	<u>126,377</u>	<u>(71,377)</u>	<u>13,106</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(44,705)</u>	<u>(44,705)</u>	<u>(79,566)</u>	<u>(34,861)</u>	<u>7,563</u>
Other Financing Sources (Uses)					
Transfers in	-	-	41,400	41,400	-
Insurance proceeds	-	-	-	-	235,217
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>41,400</u>	<u>41,400</u>	<u>235,217</u>
Net Change in Fund Balance	<u>\$ (44,705)</u>	<u>\$ (44,705)</u>	<u>(38,166)</u>	<u>\$ 6,539</u>	<u>\$ 242,780</u>
Beginning fund balance			<u>409,143</u>		
Ending Fund Balance			<u>\$ 370,977</u>		

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

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CRIME CONTROL AND PREVENTION DISTRICT FUND
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2021 Actual</u>
<u>Revenues</u>					
Sales taxes	\$ 1,059,170	\$ 1,059,170	\$ 1,092,097	\$ 32,927	\$ 1,027,650
Investment revenue	2,310	2,310	6,972	4,662	350
Other revenue	-	-	4,826	4,826	500
Total Revenues	<u>1,061,480</u>	<u>1,061,480</u>	<u>1,103,895</u>	<u>42,415</u>	<u>1,028,500</u>
<u>Expenditures</u>					
Current:					
Public safety	791,701	791,701	753,520	38,181	700,244
Total Expenditures	<u>791,701</u>	<u>791,701</u>	<u>753,520</u>	<u>38,181</u>	<u>700,244</u>
Excess of Revenues Over Expenditures	<u>269,779</u>	<u>269,779</u>	<u>350,375</u>	<u>80,596</u>	<u>328,256</u>
<u>Other Financing Sources (Uses)</u>					
Transfers (out)	(162,500)	(162,500)	(162,500)	-	(193,672)
Total Other Financing (Uses)	<u>(162,500)</u>	<u>(162,500)</u>	<u>(162,500)</u>	<u>-</u>	<u>(193,672)</u>
Net Change in Fund Balance	<u>\$ 107,279</u>	<u>\$ 107,279</u>	187,875	<u>\$ 80,596</u>	<u>\$ 134,584</u>
Beginning fund balance			<u>1,091,272</u>		
Ending Fund Balance			<u>\$ 1,279,147</u>		

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

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY PROGRAMS FUND
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2021 Actual</u>
Revenues					
Fines and forfeitures	\$ -	\$ -	\$ 28,431	\$ 28,431	\$ 26,639
Intergovernmental	-	-	1,881	1,881	2,220
Investment revenue	5,233	5,233	2,707	(2,526)	163
Other revenue	105,350	105,350	109,306	3,956	107,386
Total Revenues	<u>110,583</u>	<u>110,583</u>	<u>142,325</u>	<u>31,742</u>	<u>136,408</u>
Expenditures					
Current:					
Public safety	20,000	20,000	117,118	(97,118)	24,785
Capital outlay	<u>77,642</u>	<u>77,642</u>	<u>84,400</u>	<u>(6,758)</u>	<u>56,696</u>
Total Expenditures	<u>97,642</u>	<u>97,642</u>	<u>201,518</u>	<u>(103,876)</u>	<u>81,481</u>
Net Change in Fund Balance	<u>\$ 12,941</u>	<u>\$ 12,941</u>	(59,193)	<u>\$ (72,134)</u>	<u>\$ 54,927</u>
Beginning fund balance			<u>472,238</u>		
Ending Fund Balance			<u>\$ 413,045</u>		

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

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CABLE PEG FEES FUND

For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2021 Actual</u>
Revenues					
Franchise fees	\$ 42,639	\$ 42,639	\$ 35,510	\$ (7,129)	\$ 37,700
Investment revenue	3,709	3,709	980	(2,729)	58
Total Revenues	<u>46,348</u>	<u>46,348</u>	<u>36,490</u>	<u>(9,858)</u>	<u>37,758</u>
Expenditures					
Current:					
General government	46,000	46,000	28,827	17,173	16,721
Total Expenditures	<u>46,000</u>	<u>46,000</u>	<u>28,827</u>	<u>17,173</u>	<u>16,721</u>
Net Change in Fund Balance	<u>\$ 348</u>	<u>\$ 348</u>	7,663	<u>\$ 7,315</u>	<u>\$ 21,037</u>
Beginning fund balance			<u>159,166</u>		
Ending Fund Balance			<u>\$ 166,829</u>		

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

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ANIMAL CONTROL FUND

For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2021 Actual</u>
Revenues					
Interest	\$ 30	\$ 30	\$ 52	\$ 22	\$ 4
Other revenue	2,250	2,250	4,020	1,770	1,098
Total Revenues	<u>2,280</u>	<u>2,280</u>	<u>4,072</u>	<u>1,792</u>	<u>1,102</u>
Expenditures					
Public works	7,650	7,650	653	6,997	150
Economic development	-	-	135	(135)	-
Total Expenditures	<u>7,650</u>	<u>7,650</u>	<u>788</u>	<u>6,862</u>	<u>150</u>
Net Change in Fund Balance	<u>\$ (5,370)</u>	<u>\$ (5,370)</u>	3,284	<u>\$ 8,654</u>	<u>\$ 952</u>
Beginning fund balance			<u>15,811</u>		
Ending Fund Balance			<u>\$ 19,095</u>		

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

STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the government's overall financial health.

Contents	Page
Financial Trends	104
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	116
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	124
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	132
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	134
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports from the relevant year.

CITY OF SEABROOK, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014*	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 18,283,628	\$ 22,006,280	\$ 22,278,266	\$ 23,619,809
Restricted	4,388,221	4,552,760	4,861,342	5,170,228
Unrestricted	3,489,849	2,542,795	4,193,837	5,987,299
Total Governmental Activities Net Position	\$ 26,161,698	\$ 29,101,835	\$ 31,333,445	\$ 34,777,336
Business-Type Activities				
Net investment in capital assets	\$ 9,357,328	\$ 9,951,443	\$ 10,898,317	\$ 10,976,731
Restricted	2,207,032	2,432,638	2,495,389	2,522,751
Unrestricted	3,116,799	2,165,826	1,449,615	1,783,998
Total Business-Type Activities Net Position	\$ 14,681,159	\$ 14,549,907	\$ 14,843,321	\$ 15,283,480
Primary Government				
Net investment in capital assets	\$ 27,640,956	\$ 31,957,723	\$ 33,176,583	\$ 34,596,540
Restricted	6,595,253	6,985,398	7,356,731	7,692,979
Unrestricted	6,606,648	4,708,621	5,643,452	7,771,297
Total Primary Government Net Position	\$ 40,842,857	\$ 43,651,742	\$ 46,176,766	\$ 50,060,816

*Restated balances

Fiscal Year

2017	2018*	2019	2020	2021	2022
\$ 25,265,858	\$ 26,318,825	\$ 27,201,835	\$ 28,175,351	\$ 30,820,312	\$ 34,022,511
4,694,544	4,757,197	4,672,760	4,876,957	5,539,625	5,738,814
5,949,341	6,521,332	7,053,199	7,127,429	6,756,244	5,686,952
<u>\$ 35,909,743</u>	<u>\$ 37,597,354</u>	<u>\$ 38,927,794</u>	<u>\$ 40,179,737</u>	<u>\$ 43,116,181</u>	<u>\$ 45,448,277</u>
\$ 4,673,874	\$ 8,812,420	\$ 8,283,669	\$ 6,958,646	\$ 8,050,272	\$ 22,199,475
2,683,443	2,674,389	3,145,604	4,300,283	4,433,874	4,433,873
8,759,092	5,914,543	6,717,220	9,687,504	9,294,829	7,137,940
<u>\$ 16,116,409</u>	<u>\$ 17,401,352</u>	<u>\$ 18,146,493</u>	<u>\$ 20,946,433</u>	<u>\$ 21,778,975</u>	<u>\$ 33,771,288</u>
\$ 29,939,732	\$ 35,131,245	\$ 35,485,504	\$ 35,133,997	\$ 38,870,584	\$ 56,221,986
7,377,987	7,431,586	7,818,364	9,177,240	9,973,499	10,172,687
14,708,433	12,435,875	13,770,419	16,814,933	16,051,073	12,824,892
<u>\$ 52,026,152</u>	<u>\$ 54,998,706</u>	<u>\$ 57,074,287</u>	<u>\$ 61,126,170</u>	<u>\$ 64,895,156</u>	<u>\$ 79,219,565</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental Activities				
General government	\$ 2,426,528	\$ 1,165,000	\$ 3,848,282	\$ 3,454,477
Public safety	5,108,700	5,053,766	4,786,353	6,104,299
Public works	1,941,718	2,986,870	1,899,510	2,209,046
Economic development	357,550	412,718	348,324	617,333
Interest and fiscal agent fees	701,007	623,464	838,721	762,518
Total Governmental Activities Expenses	10,535,503	10,241,818	11,721,190	13,147,673
Business-Type Activities				
Utilities	4,822,542	4,808,118	4,832,090	5,279,016
Total Business-Type Activities Expenses	4,822,542	4,808,118	4,832,090	5,279,016
Total Primary Government Expenses	\$ 15,358,045	\$ 15,049,936	\$ 16,553,280	\$ 18,426,689
Program Revenues				
Governmental Activities				
Charges for services	\$ 755,111	\$ 1,080,913	\$ 902,015	\$ 876,229
Operating grants and contributions	202,982	204,058	238,472	334,239
Capital grants and contributions	2,490,787	1,674,130	232,198	478,432
Total Governmental Activities Program Revenues	3,448,880	2,959,101	1,372,685	1,688,900
Business-Type Activities				
Utilities:				
Charges for services	6,209,614	6,037,818	6,379,326	6,817,957
Capital grants and contributions	132,207	240,152	141,601	73,878
Total Business-Type Activities Program Revenues	6,341,821	6,277,970	6,520,927	6,891,835
Total Primary Government Program Revenues	\$ 9,790,701	\$ 9,237,071	\$ 7,893,612	\$ 8,580,735
Net (Expense)/Revenue				
Governmental activities	\$ (7,086,623)	\$ (7,282,717)	\$ (10,348,505)	\$ (11,458,773)
Business-type activities	1,519,279	1,469,852	1,688,837	1,612,819
Total Primary Government Net Expense	\$ (5,567,344)	\$ (5,812,865)	\$ (8,659,668)	\$ (9,845,954)

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	3,338,192	\$ 3,900,540	\$ 3,890,689	\$ 3,680,753	\$ 3,796,799	\$ 4,092,940
	6,668,690	6,629,558	7,124,146	8,837,709	8,103,724	8,060,818
	2,283,662	2,438,285	2,509,691	2,380,054	1,992,198	2,699,573
	778,571	812,566	689,091	524,516	294,254	543,142
	681,853	592,887	543,882	561,811	553,692	508,528
	<u>13,750,968</u>	<u>14,373,836</u>	<u>14,757,499</u>	<u>15,984,843</u>	<u>14,740,667</u>	<u>15,905,001</u>
	<u>5,901,487</u>	<u>6,035,659</u>	<u>6,076,489</u>	<u>6,754,222</u>	<u>8,004,669</u>	<u>8,034,750</u>
	<u>5,901,487</u>	<u>6,035,659</u>	<u>6,076,489</u>	<u>6,754,222</u>	<u>8,004,669</u>	<u>8,034,750</u>
\$	<u>19,652,455</u>	<u>\$ 20,409,495</u>	<u>\$ 20,833,988</u>	<u>\$ 22,739,065</u>	<u>\$ 22,745,336</u>	<u>\$ 23,939,751</u>
\$	1,143,174	\$ 1,035,570	\$ 973,666	\$ 1,665,033	\$ 1,504,924	\$ 1,948,404
	282,408	487,907	432,945	1,187,359	462,317	405,973
	260,223	294,298	2,453	2,408	-	-
	<u>1,685,805</u>	<u>1,817,775</u>	<u>1,409,064</u>	<u>2,854,800</u>	<u>1,967,241</u>	<u>2,354,377</u>
	7,644,570	8,000,219	7,905,427	8,370,924	9,514,435	10,703,944
	236,655	427,662	303,446	2,600,228	993,752	11,035,992
	<u>7,881,225</u>	<u>8,427,881</u>	<u>8,208,873</u>	<u>10,971,152</u>	<u>10,508,187</u>	<u>21,739,936</u>
\$	<u>9,567,030</u>	<u>\$ 10,245,656</u>	<u>\$ 9,617,937</u>	<u>\$ 13,825,952</u>	<u>\$ 12,475,428</u>	<u>\$ 24,094,313</u>
\$	(12,065,163)	\$ (12,556,061)	\$ (13,348,435)	\$ (13,130,043)	\$ (12,773,426)	\$ (13,550,624)
	1,979,738	2,392,222	2,132,384	4,216,930	2,503,518	13,705,186
\$	<u>(10,085,425)</u>	<u>\$ (10,163,839)</u>	<u>\$ (11,216,051)</u>	<u>\$ (8,913,113)</u>	<u>\$ (10,269,908)</u>	<u>\$ 154,562</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 5,656,089	\$ 5,795,618	\$ 6,004,934	\$ 6,452,911
Sales and use taxes	2,332,016	2,516,219	2,768,645	2,901,318
Franchise fees and local taxes	1,183,623	1,265,765	1,294,765	1,264,528
Investment revenue	8,293	3,073	8,544	60,941
Other revenues	799,891	696,853	814,897	2,210,157
Special item	-	-	-	525,000
Transfers	1,668,673	1,571,744	1,688,330	1,487,809
Total Governmental Activities	11,648,585	11,849,272	12,580,115	14,902,664
Business-Type Activities				
Franchise fees	-	-	-	-
Investment revenue	5,562	1,675	2,442	18,721
Other revenues	254,257	260,470	290,465	296,428
Transfers	(1,668,673)	(1,571,744)	(1,688,330)	(1,487,809)
Total Business-Type Activities	(1,408,854)	(1,309,599)	(1,395,423)	(1,172,660)
Total Primary Government	\$ 10,239,731	\$ 10,539,673	\$ 11,184,692	\$ 13,730,004
Change in Net Position				
Governmental activities	\$ 4,561,962	\$ 4,566,555	\$ 2,231,610	\$ 3,443,891
Business-type activities	110,425	160,253	293,414	440,159
Total Primary Government	\$ 4,672,387	\$ 4,726,808	\$ 2,525,024	\$ 3,884,050

Fiscal Year

	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$	6,441,270	\$ 6,975,344	\$ 7,027,755	\$ 7,612,682	\$ 8,145,649	\$ 8,064,350
	3,037,188	2,946,279	2,776,366	2,994,232	3,396,295	3,510,399
	1,229,769	1,426,481	1,329,757	1,113,688	1,254,909	1,197,595
	117,990	229,697	334,911	149,979	9,411	171,800
	608,779	1,064,992	1,036,348	632,640	792,443	638,174
	-	-	-	-	-	62,327
	<u>1,762,574</u>	<u>1,822,415</u>	<u>2,173,738</u>	<u>2,084,076</u>	<u>2,062,935</u>	<u>2,238,075</u>
	<u>13,197,570</u>	<u>14,465,208</u>	<u>14,678,875</u>	<u>14,587,297</u>	<u>15,661,642</u>	<u>15,882,720</u>
	292,975	299,010	298,573	344,369	345,335	378,111
	94,532	203,399	263,537	107,906	8,432	69,138
	228,258	212,727	224,385	214,811	38,192	77,953
	<u>(1,762,574)</u>	<u>(1,822,415)</u>	<u>(2,173,738)</u>	<u>(2,084,076)</u>	<u>(2,062,935)</u>	<u>(2,238,075)</u>
	<u>(1,439,784)</u>	<u>(1,107,279)</u>	<u>(1,387,243)</u>	<u>(1,416,990)</u>	<u>(1,670,976)</u>	<u>(1,712,873)</u>
\$	<u>11,757,786</u>	<u>\$ 13,357,929</u>	<u>\$ 13,291,632</u>	<u>\$ 13,170,307</u>	<u>\$ 13,990,666</u>	<u>\$ 14,169,847</u>
\$	1,132,407	\$ 1,909,147	\$ 1,330,440	\$ 1,457,254	\$ 2,888,216	\$ 2,332,096
	539,954	1,284,943	745,141	2,799,940	832,542	11,992,313
\$	<u>1,672,361</u>	<u>\$ 3,194,090</u>	<u>\$ 2,075,581</u>	<u>\$ 4,257,194</u>	<u>\$ 3,720,758</u>	<u>\$ 14,324,409</u>

CITY OF SEABROOK, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
 Last Ten Years
 (Accrual Basis of Accounting)

Function	Fiscal Year			
	2013	2014	2015	2016
Property	\$ 5,656,089	\$ 5,795,618	\$ 6,004,934	\$ 6,452,911
Sales and use	2,332,016	2,516,219	2,768,645	2,901,318
Franchise fees and local taxes	1,183,623	1,265,765	1,294,765	1,264,528
Totals	\$ 9,171,728	\$ 9,577,602	\$ 10,068,344	\$ 10,618,757

Fiscal Year						Change
2017	2018	2019	2020	2021	2022	2021-2022
\$ 6,441,270	\$ 6,975,344	\$ 7,027,755	\$ 7,612,682	\$ 8,145,649	\$ 8,064,350	-1.0%
3,037,188	2,946,279	2,776,366	2,994,232	3,396,295	3,510,399	3.4%
1,229,769	1,426,481	1,329,757	1,113,688	1,254,909	1,197,595	-4.6%
<u>\$ 10,708,227</u>	<u>\$ 11,348,104</u>	<u>\$ 11,133,878</u>	<u>\$ 11,720,602</u>	<u>\$ 12,796,853</u>	<u>\$ 12,772,344</u>	<u>5.5%</u>

CITY OF SEABROOK, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 13,687	\$ 78,664	\$ 142,883	\$ 84,443
Committed	801,291	801,561	801,976	2,404,292
Assigned	78,000	54,000	21,000	21,000
Unassigned	3,649,445	3,998,314	5,149,807	5,052,164
Total General Fund	\$ 4,542,423	\$ 4,932,539	\$ 6,115,666	\$ 7,561,899
All Other Governmental Funds				
Nonspendable	\$ 980	\$ 12	\$ 23,333	\$ 31,896
Restricted	4,388,221	4,552,760	12,484,357	11,536,398
Assigned	-	-	-	-
Total All Other Governmental Funds	\$ 4,389,201	\$ 4,552,772	\$ 12,507,690	\$ 11,568,294

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 38,780	\$ 86,334	\$ 67,459	\$ 52,707	\$ 55,889	\$ 48,545
2,409,881	822,402	2,441,637	2,449,307	2,449,729	2,455,709
21,000	-	-	-	-	-
5,830,055	8,025,330	6,925,563	6,564,500	5,072,555	3,423,264
<u>\$ 8,299,716</u>	<u>\$ 8,934,066</u>	<u>\$ 9,434,659</u>	<u>\$ 9,066,514</u>	<u>\$ 7,578,173</u>	<u>\$ 5,927,518</u>
\$ 34,630	\$ 103,953	\$ 62,762	\$ -	\$ 44,257	\$ 40,870
4,868,848	4,757,197	5,023,848	7,982,410	11,061,868	12,028,292
-	522,655	522,655	1,441,141	1,442,093	1,445,377
<u>\$ 4,903,478</u>	<u>\$ 5,383,805</u>	<u>\$ 5,609,265</u>	<u>\$ 9,423,551</u>	<u>\$ 12,548,218</u>	<u>\$ 13,514,539</u>

CITY OF SEABROOK, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes and fees	\$ 9,144,003	\$ 9,598,547	\$ 10,077,143	\$ 10,567,809
Licenses and permits	183,263	402,187	234,429	162,395
Fines and forfeitures	429,178	424,148	526,530	596,813
Charges for services	142,670	254,578	141,056	117,021
Intergovernmental	2,693,769	1,611,914	470,670	764,278
Investment revenue	8,293	3,073	8,544	60,941
Other revenues	799,891	696,853	814,897	2,210,157
Total Revenues	<u>13,401,067</u>	<u>12,991,300</u>	<u>12,273,269</u>	<u>14,479,414</u>
Expenditures				
General government	3,532,719	3,515,144	3,680,496	3,060,008
Public safety	4,738,699	4,785,911	4,550,492	5,526,619
Public works	4,290,863	3,444,606	1,805,990	2,334,366
Economic development	357,550	428,060	349,247	613,263
Capital outlay	598,454	329,055	1,361,769	2,211,265
Debt service:				
Principal	850,000	900,000	935,000	1,215,000
Interest and fiscal fees	670,545	606,581	699,810	768,742
Bond issuance costs	42,256	-	126,244	-
Refunding contribution	30,000	-	-	-
Total Expenditures	<u>15,111,086</u>	<u>14,009,357</u>	<u>13,509,048</u>	<u>15,729,263</u>
(Deficiency) of Revenues (Under) Expenditures	(1,710,019)	(1,018,057)	(1,235,779)	(1,249,849)
Other Financing Sources (Uses)				
Transfers in	1,668,673	1,571,744	1,736,381	2,549,695
Transfers out	-	-	(48,051)	(793,009)
Refunding bonds issued	3,975,000	-	-	-
Bonds issued	-	-	8,380,000	-
Premium on bonds issued	-	-	305,494	-
Payments to refunded bond escrow agent	(3,927,803)	-	-	-
Insurance proceeds	-	-	-	-
Total Other Financing Sources	<u>1,715,870</u>	<u>1,571,744</u>	<u>10,373,824</u>	<u>1,756,686</u>
Net Change in Fund Balances	<u>\$ 5,851</u>	<u>\$ 553,687</u>	<u>\$ 9,138,045</u>	<u>\$ 506,837</u>
Debt service as a percentage of noncapital expenditures	14.83%	15.43%	14.13%	15.53%

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 10,759,116	\$ 11,349,124	\$ 11,095,136	\$ 11,709,039	\$ 12,539,258	\$ 12,793,272	
346,990	392,499	291,126	368,305	318,576	770,103	
615,090	514,887	556,447	627,683	401,555	415,051	
181,094	128,184	126,093	669,045	784,793	763,250	
362,416	490,391	435,398	1,184,743	462,317	405,973	
114,471	221,271	357,272	138,414	8,717	160,117	
608,779	1,058,957	598,998	632,640	557,226	416,865	
<u>12,987,956</u>	<u>14,155,313</u>	<u>13,460,470</u>	<u>15,329,869</u>	<u>15,072,442</u>	<u>15,724,631</u>	
3,075,333	3,495,141	3,422,795	3,709,753	3,479,615	3,630,593	
5,744,384	6,099,004	6,391,905	8,394,178	7,852,225	8,035,131	
1,993,389	2,175,847	2,060,579	1,900,645	1,845,927	1,942,671	
691,646	809,430	681,919	520,730	298,109	549,179	
6,351,653	193,970	219,453	442,360	81,116	2,265,947	
1,265,000	1,345,000	1,410,000	1,440,000	1,491,749	1,526,749	
619,594	583,780	525,677	506,334	563,089	514,056	
59,046	-	-	52,737	-	-	
105,881	-	-	-	-	-	
<u>19,905,926</u>	<u>14,702,172</u>	<u>14,712,328</u>	<u>16,966,737</u>	<u>15,611,830</u>	<u>18,464,326</u>	
(6,917,970)	(546,859)	(1,251,858)	(1,636,868)	(539,388)	(2,739,695)	
1,854,983	2,352,098	2,040,825	3,045,973	4,576,674	5,083,888	
(924,746)	(690,562)	(559,492)	(1,117,597)	(2,636,177)	(3,028,527)	
5,365,000	-	-	-	-	-	
-	-	-	2,669,904	-	-	
-	-	-	484,729	-	-	
(5,304,266)	-	-	-	-	-	
-	-	-	-	235,217	-	
<u>990,971</u>	<u>1,661,536</u>	<u>1,977,911</u>	<u>5,083,009</u>	<u>2,175,714</u>	<u>2,055,361</u>	
<u>\$ (5,926,999)</u>	<u>\$ 1,114,677</u>	<u>\$ 726,053</u>	<u>\$ 3,446,141</u>	<u>\$ 1,636,326</u>	<u>\$ (684,334)</u>	
14.67%	14.05%	14.23%	12.67%	13.34%	12.62%	

CITY OF SEABROOK, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Real Property	\$ 937,092,962	\$ 983,065,482	\$ 1,050,841,139	\$ 1,149,250,879
Personal Property	90,255,089	87,589,652	83,736,870	101,798,001
Less: Tax Exempt Property	<u>(170,919,619)</u>	<u>(175,815,601)</u>	<u>(183,332,730)</u>	<u>(206,733,522)</u>
Total Taxable Assessed Value (1)	<u>\$ 856,428,432</u>	<u>\$ 894,839,533</u>	<u>\$ 951,245,279</u>	<u>\$ 1,044,315,358</u>
Total Direct Tax Rate	\$ 0.665232	\$ 0.651229	\$ 0.640030	\$ 0.612611

Source: Harris County Certified Tax Rolls and Corrections

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Tax rates are per \$100 of assessed value.

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,263,608,355 104,585,004	\$ 1,363,048,039 120,684,600	\$ 1,420,712,298 134,321,104	\$ 1,555,906,561 142,704,467	\$ 1,649,341,446 150,017,016	\$ 1,745,644,123 149,950,968
<u>(226,833,984)</u>	<u>(251,105,865)</u>	<u>(268,916,146)</u>	<u>(289,422,871)</u>	<u>(306,343,957)</u>	<u>(322,822,093)</u>
<u>\$ 1,141,359,375</u>	<u>\$ 1,232,626,774</u>	<u>\$ 1,286,117,256</u>	<u>\$ 1,409,188,157</u>	<u>\$ 1,493,014,505</u>	<u>\$ 1,572,772,998</u>
\$ 0.565177	\$ 0.574911	\$ 0.551983	\$ 0.551983	\$ 0.543613	\$ 0.524444

CITY OF SEABROOK, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS
Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
City by fund:				
General	\$ 0.48315	\$ 0.48315	\$ 0.45951	\$ 0.42346
Debt service	0.18208	0.16808	0.18052	0.18916
Total Direct Rates	<u>0.66523</u>	<u>0.65123</u>	<u>0.64003</u>	<u>0.61261</u>
Clear Creek Independent School District	1.36000	1.40000	1.40000	1.40000
Harris County	0.40021	0.41455	0.41731	0.41656
Harris County Flood Control District	0.02809	0.02827	0.02736	0.02829
Port of Houston Authority	0.01952	0.01716	0.01531	0.01334
Harris County Hospital District	0.18216	0.17000	0.17000	0.17000
Harris County Dept. of Education	<u>0.00662</u>	<u>0.00636</u>	<u>0.00600</u>	<u>0.00520</u>
Total Direct and Overlapping Rates (1)	<u>\$ 2.66183</u>	<u>\$ 2.68757</u>	<u>\$ 2.67601</u>	<u>\$ 2.64600</u>

Tax rates per \$100 of assessed valuation

Source: Harris County Appraisal District

(1) Overlapping rates are those of local and county governments that apply within the City of Seabrook.

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	0.39457	\$ 0.41941	\$ 0.40314	\$ 0.40314	\$ 0.39985	\$ 0.39011
	0.17060	0.15551	0.14884	0.14884	0.14376	0.13434
	0.56518	0.57491	0.55198	0.55198	0.54361	0.52444
	1.40000	1.40000	1.40000	1.31000	1.26590	1.17970
	0.41656	0.41801	0.41858	0.40713	0.39116	0.37693
	0.02829	0.28310	0.02877	0.02792	0.03142	0.03349
	0.01334	0.01256	0.01155	0.01074	0.00991	0.00872
	0.17179	0.17110	0.17108	0.16591	0.16671	0.16221
	0.00520	0.00520	0.00519	0.00500	0.00499	0.00499
\$	2.60036	\$ 2.86488	\$ 2.58715	\$ 2.47868	\$ 2.41371	\$ 2.29048

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CITY OF SEABROOK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year					
	2022			2013		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Western Rim Investors	\$ 65,097,868	1	4.14%	\$ -	-	-
Seabrook Properties LLC.	31,600,544	2	2.01%			
FRBH Regatta Bay LLC	27,766,953	3	1.77%	-	-	-
WREF Bar Harbor LP	25,492,272	4	1.62%			
Vista Shores 2011LP	24,394,982	5	1.55%	9,157,000	4	1.07%
Sinbad Landing Corp.	22,213,553	6	1.41%	13,460,160	1	1.57%
Duke Reality LP	19,426,253	7	1.24%	-	-	-
3000 Nasa Parkway LLC	15,583,566	8	0.99%	6,760,131	6	0.79%
CMH LA Maison LLC	13,113,813	9	0.83%			
Nasa Road Apartments LLC	11,794,608	10	0.75%	7,500,000	5	0.88%
Repsdorph Road LTD	-	-	-	12,910,000	2	1.51%
DMH 90	-	-	-	10,574,641	3	1.23%
Lamrock 3/2001LP	-	-	-	6,501,300	8	0.76%
Centerpoint Energy Inc.	-	-	-	6,710,143	7	0.78%
Omkar Group Seabrook LP	-	-	-	5,031,276	9	0.59%
Loomer/Post Rentals of Texas LLC				4,883,949	10	0.57%
Subtotal	<u>256,484,412</u>		<u>16.31%</u>	<u>83,488,600</u>		<u>9.75%</u>
Other Taxpayers	<u>1,316,288,586</u>		<u>83.69%</u>	<u>772,939,832</u>		<u>90.25%</u>
Total	<u><u>\$ 1,572,772,998</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 856,428,432</u></u>		<u><u>100.00%</u></u>

Source: Harris County Tax Assessor-Collector's records.

CITY OF SEABROOK, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
 Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Tax levy	\$ 5,627,317	\$ 5,766,934	\$ 5,984,940	\$ 6,329,284
Current tax collected	\$ 5,541,099	\$ 5,699,970	\$ 5,908,134	\$ 6,248,998
Percentage of current tax collections	98.47%	98.84%	98.72%	98.73%
Collections in subsequent years	<u>75,593</u>	<u>56,766</u>	<u>64,475</u>	<u>65,948</u>
Total tax collections to date	<u>\$ 5,616,692</u>	<u>\$ 5,756,736</u>	<u>\$ 5,972,609</u>	<u>\$ 6,314,946</u>
Total collections as a percentage of current levy	99.81%	99.82%	99.79%	99.77%

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 6,411,690	\$ 6,960,493	\$ 6,997,431	\$ 7,612,966	\$ 7,977,305	\$ 8,042,633
\$ 6,344,390	\$ 6,887,981	\$ 6,902,533	\$ 7,525,983	\$ 7,869,493	\$ 7,965,081
98.95%	98.96%	98.64%	98.86%	98.65%	99.04%
<u>50,007</u>	<u>50,866</u>	<u>74,004</u>	<u>60,616</u>	<u>77,933</u>	<u>-</u>
<u>\$ 6,394,396</u>	<u>\$ 6,938,847</u>	<u>\$ 6,976,537</u>	<u>\$ 7,586,599</u>	<u>\$ 7,947,426</u>	<u>\$ 7,965,081</u>
99.73%	99.69%	99.70%	99.65%	99.63%	99.04%

CITY OF SEABROOK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 15,687,585	\$ 14,824,773	\$ 22,590,010	\$ 21,394,753
Certificates of obligation	830,000	790,000	750,000	705,000
Subtotal	<u>16,517,585</u>	<u>15,614,773</u>	<u>23,340,010</u>	<u>22,099,753</u>
Business-Type Activities:				
Revenue bonds	3,418,000	3,173,000	2,918,000	2,653,000
Certificates of obligation	-	-	-	2,500,000
General obligation bonds	1,175,000	1,165,000	1,155,000	1,145,000
Note payable	-	-	-	-
Subtotal	<u>4,593,000</u>	<u>4,338,000</u>	<u>4,073,000</u>	<u>6,298,000</u>
Total Primary Government	<u>\$ 21,110,585</u>	<u>\$ 19,952,773</u>	<u>\$ 27,413,010</u>	<u>\$ 28,397,753</u>
Personal Income	\$ 531,297,900	\$ 521,510,475	\$ 524,443,905	\$ 557,459,388
Debt as a Percentage of Personal Income	3.97%	3.83%	5.23%	5.09%
Population	12,853	12,853	12,843	13,716
Debt Per Capita	\$ 1,642	\$ 1,552	\$ 2,134	\$ 2,070

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

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 20,265,325	\$ 18,959,485	\$ 17,593,645	\$ 16,197,805	\$ 15,199,828	\$ 13,715,317
655,000	600,000	540,000	3,610,396	3,073,155	2,991,406
20,920,325	19,559,485	18,133,645	19,808,201	18,272,983	16,706,723
2,377,000	2,209,000	2,039,000	1,856,000	1,665,000	1,465,000
8,320,000	8,005,000	7,680,000	15,591,155	15,133,938	14,666,720
1,955,815	1,785,128	1,614,440	725,000	585,000	445,000
-	3,700,000	3,632,195	3,562,254	3,490,110	3,415,695
12,652,815	15,699,128	14,965,635	21,734,409	20,874,048	19,992,415
\$ 33,573,140	\$ 35,258,613	\$ 33,099,280	\$ 41,542,610	\$ 39,147,031	\$ 36,699,138
\$ 725,800,284	\$ 740,316,290	\$ 796,559,396	\$ 797,085,120	\$ 803,229,960	\$ 822,105,864
4.63%	4.76%	4.16%	5.21%	4.87%	4.46%
14,287	14,554	14,826	14,931	15,036	15,112
\$ 2,350	\$ 2,423	\$ 2,232	\$ 2,782	\$ 2,603	\$ 2,429

CITY OF SEABROOK, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING
 Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Net Taxable Assessed Value				
All property	\$ 856,428,432	\$ 894,839,533	\$ 951,245,279	\$ 1,044,315,358
Net Bonded Debt				
Gross bonded debt	\$ 17,692,585	\$ 16,779,773	\$ 24,495,010	\$ 25,744,753
Less debt service funds	<u>1,742,115</u>	<u>1,738,285</u>	<u>1,799,611</u>	<u>1,796,375</u>
Net Bonded Debt	<u>\$ 15,950,470</u>	<u>\$ 15,041,488</u>	<u>\$ 22,695,399</u>	<u>\$ 23,948,378</u>
Ratio of Net Bonded Debt to Assessed Value	1.86%	1.68%	2.39%	2.29%
Population	12,853	12,853	12,843	13,716
Net Bonded Debt Per Capita	\$ 1,241	\$ 1,170	\$ 1,767	\$ 1,746

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 1,141,359,375	\$ 1,232,626,774	\$ 1,286,117,256	\$ 1,409,188,157	\$ 1,493,014,505	\$ 1,572,772,998
\$ 20,920,325	\$ 29,349,613	\$ 27,428,085	\$ 36,124,356	\$ 33,991,920	\$ 31,818,443
<u>1,783,732</u>	<u>1,785,719</u>	<u>1,795,563</u>	<u>1,913,432</u>	<u>1,943,157</u>	<u>1,991,653</u>
<u>\$ 19,136,593</u>	<u>\$ 27,563,894</u>	<u>\$ 25,632,522</u>	<u>\$ 34,210,925</u>	<u>\$ 32,048,763</u>	<u>\$ 29,826,790</u>
1.68%	2.24%	1.99%	2.43%	2.15%	1.90%
14,287	14,554	14,826	14,931	15,036	15,112
\$ 1,339	\$ 1,894	\$ 1,729	\$ 2,291	\$ 2,131	\$ 1,974

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CITY OF SEABROOK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2022

	<u>Net Bonded Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt (1)</u>
Debt Repaid with Property Taxes			
Governmental Unit			
Clear Creek Independent School District	\$ 1,094,104	4.58%	\$ 50,110
Harris County (3)	\$ 1,516,275	0.21%	3,184
Harris County Flood Control District	\$ 584,900	0.21%	1,228
Port of Houston Authority	\$ 469,434	0.21%	986
Harris County Municipal Utility District 373	\$ 1,320	100.00%	<u>1,320</u>
Subtotal, overlapping debt			56,828
City Direct Debt (in thousands)	\$ 16,707	100.00%	<u>16,707</u>
	Total Direct and Overlapping Debt		<u><u>\$ 73,535</u></u>

Sources: Harris County Auditor's Office
Accounting records of the City and the various taxing authorities

(1) Dollars in thousands

(2) Excludes toll road tax bonds. The City's policy and practice have been to provide payment of debt service on the outstanding toll road tax bonds from toll revenues and certain other funds, and to date no tax has been collected to provide for such debt service.

(3) Excludes commercial paper transactions. Harris County and the Harris County Flood Control District have established a general obligation commercial paper program payable from ad valorem taxes for the purpose of financing various short-term assets and temporary construction financing for certain long-term fixed assets. The commercial paper program consists of six series totaling \$655 million. To date, specific projects have been approved for no more than \$462.8 million.

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the property taxpayers should be taken into account. However, this does not imply that every taxpayer is a resident and, therefore, responsible for repaying the debt of each overlapping government.

CITY OF SEABROOK, TEXAS

PLEGDED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Gross Revenues (1)	\$ 6,469,433	\$ 6,299,963	\$ 6,672,233	\$ 7,133,106
Operating Expenses (2)	4,125,816	4,135,263	4,155,276	4,512,995
Net Revenues Available for Debt Service	\$ 2,343,617	\$ 2,164,700	\$ 2,516,957	\$ 2,620,111
Debt Service Requirements (3)				
Principal	\$ 240,000	\$ 255,000	\$ 265,000	\$ 265,000
Interest	179,623	166,361	155,894	123,933
Total	\$ 419,623	\$ 421,361	\$ 420,894	\$ 388,933
Coverage	5.59	5.14	5.98	6.74

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 8,260,336	\$ 8,715,355	\$ 8,472,410	\$ 9,038,010	\$ 9,906,394	\$ 11,229,146
<u>4,897,551</u>	<u>5,084,986</u>	<u>5,472,137</u>	<u>5,546,860</u>	<u>6,763,194</u>	<u>6,785,238</u>
<u>\$ 3,362,785</u>	<u>\$ 3,630,369</u>	<u>\$ 3,000,273</u>	<u>\$ 3,491,150</u>	<u>\$ 3,143,200</u>	<u>\$ 4,443,908</u>
\$ 276,000	\$ 168,000	\$ 170,000	\$ 183,000	\$ 191,000	\$ 200,000
112,192	101,430	94,130	86,746	78,793	70,495
<u>\$ 388,192</u>	<u>\$ 269,430</u>	<u>\$ 264,130</u>	<u>\$ 269,746</u>	<u>\$ 269,793</u>	<u>\$ 270,495</u>
8.66	13.47	11.36	12.94	11.65	16.43

CITY OF SEABROOK, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
 Last Ten Years

Fiscal Year Ended	Population (2)(6)	Personal Income (5)	Per Capita Personal Income (6)	Median Age (6)	School Enrollment (3)	Unemployment Rate (4)(6)
2013	12,853	\$ 531,297,900	\$ 41,336	38.0	1,871	5.5%
2014	12,853	\$ 521,510,475	\$ 40,575	35.2	1,797	5.0%
2015	12,843	\$ 524,443,905	\$ 40,835	36.8	1,763	4.9%
2016	13,716	\$ 557,459,388	\$ 40,643	36.8	1,778	5.5%
2017 (7)	14,287	\$ 725,800,284	\$ 50,801	39.8	1,754	3.1%
2018	14,554	\$ 740,316,290	\$ 50,866	39.8	1,674	4.2%
2019	14,826	\$ 796,559,396	\$ 53,726	37.2	1,681	2.5%
2020	14,931	\$ 797,085,120	\$ 53,383	37.6	1,574	4.0%
2021	15,036	\$ 803,229,960	\$ 53,419	37.7	1,742	3.4%
2022	15,112	\$ 822,105,864	\$ 54,403	34.7	1,607	4.7%

Data sources:

- (1) U.S. Census Bureau
- (2) Records of the City
- (3) Clear Creek Independent School District
- (4) Tracer
- (5) Personal income information is a total for the year.
- (6) Sperlings Best Places
- (7) Retail Coach

CITY OF SEABROOK, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	Fiscal Year			
	2022		2013	
	Employees	Total City Employment (%)	Employees	Total City Employment (%)
Technical Automation Service Corporation	222	19.42%	159	16.68%
City of Seabrook	117	10.24%	94	9.86%
Tookies Seafood	108	9.45%	0	0.00%
Kroger	96	8.40%	90	9.44%
Seabrook Intermediate School	93	8.14%	100	10.49%
Bay Area Elementary	90	7.87%	90	9.44%
Lakewood Yacht Club	75	6.56%	80	8.39%
Maas Nursery and Landscaping	52	4.55%	28	2.94%
Bay Area Trees and Landscape	49	4.29%	44	4.62%
McDonald's	35	3.06%	39	4.09%
Seabrook Classic Café	45	3.94%	40	4.20%
Kiwo, Inc.	42	3.67%	24	2.52%
Hooters	35	3.06%	40	4.20%
Mario's Flying Pizza	34	2.97%	40	4.20%
Marine Max	30	2.62%	35	3.67%
Gulf Coast Limestone	20	1.75%	50	0.00%
Total	1,143	100.00%	953	94.75%

Sources: Bay Area Economic Partnership, City records

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CITY OF SEABROOK, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>General Government:</u>										
City Manager	1.50	1.50	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Legislative	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Marketing	0.50	0.50	0.50	1.00	0.80	0.80	0.80	1.80	1.00	1.00
Human Resources	1.25	1.25	1.75	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Purchasing	0.50	0.50	0.50	0.50	0.50	0.50	1.00	1.00	1.00	1.00
Finance	2.50	2.50	2.50	2.50	2.50	2.50	3.00	3.00	3.00	3.00
Administrative Assistants	1.00	-	-	-	-	-	1.00	1.00	-	-
GIS	-	-	-	-	-	-	-	1.00	2.00	2.00
Information Technology	1.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Streets and Drainage	8.79	8.17	8.17	8.38	8.72	8.38	8.38	9.38	9.43	9.43
Community Development	5.00	5.00	5.00	5.00	6.00	6.00	5.30	5.30	5.30	5.30
Municipal Court	5.50	4.50	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00
Subtotal	<u>29.54</u>	<u>27.92</u>	<u>27.92</u>	<u>28.88</u>	<u>30.02</u>	<u>29.68</u>	<u>31.48</u>	<u>34.48</u>	<u>33.73</u>	<u>33.73</u>
<u>Public Safety:</u>										
Police	35.00	35.50	36.00	37.00	33.00	32.50	33.75	33.25	35.25	35.25
Emergency Management	1.00	1.00	1.00	1.00	1.00	1.00	1.50	2.00	2.00	2.00
Animal Control	1.48	1.48	1.48	1.68	2.20	2.70	2.70	2.70	3.00	3.00
Commercial Vehicle Enforcement	-	-	-	-	3.00	3.00	3.00	3.00	3.00	3.00
Crime District	6.00	5.50	5.00	5.00	5.00	5.50	5.25	5.25	5.25	5.25
Emergency Medical Services	-	-	-	-	-	-	-	7.00	7.00	7.00
Subtotal	<u>43.48</u>	<u>43.48</u>	<u>43.48</u>	<u>44.68</u>	<u>44.20</u>	<u>44.70</u>	<u>46.20</u>	<u>53.20</u>	<u>55.50</u>	<u>55.50</u>
<u>Enterprise Operations:</u>										
Water	6.80	7.03	7.03	7.48	7.81	7.48	7.48	7.48	7.53	7.53
Sewer	4.41	4.41	4.78	4.86	5.19	4.86	4.86	4.86	4.91	4.91
Billing	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Subtotal	<u>14.21</u>	<u>14.44</u>	<u>14.81</u>	<u>15.34</u>	<u>16.00</u>	<u>15.34</u>	<u>15.34</u>	<u>15.34</u>	<u>15.44</u>	<u>15.44</u>
Parks and Recreation	10.31	7.94	9.78	7.91	7.91	7.60	8.60	8.60	9.65	9.65
Hotel Tax	1.00	1.00	1.00	1.00	1.20	1.20	1.20	1.20	1.00	1.00
Economic Development	1.00	1.00	1.00	2.00	2.00	2.00	1.70	1.70	1.70	1.70
Total	<u><u>99.54</u></u>	<u><u>95.78</u></u>	<u><u>97.99</u></u>	<u><u>99.81</u></u>	<u><u>101.33</u></u>	<u><u>100.52</u></u>	<u><u>104.52</u></u>	<u><u>114.52</u></u>	<u><u>117.02</u></u>	<u><u>117.02</u></u>

Source: Economic development department

CITY OF SEABROOK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Function/Program				
Police				
Arrests	761	768	686	1,120
Accident reports	205	251	358	241
Citations	1,971	2,378	3,620	5,871
Offense reports	170	191	442	823
Calls for service	10,323	12,758	10,084	13,170
Fire				
Emergency responses	306	316	326	386
Fire incidents	41	22	24	20
Total calls for service	n/a	n/a	605	555
Average response time	5:10	5:25	5:00	4:54
EMS				
Emergency Responses	-	-	-	-
Transports	-	-	-	-
No Transports	-	-	-	-
Average response time	-	-	-	-
Water				
New accounts	490	293	346	362
Average daily consumption (thousands of gallons)	1,830	1,667	1,602	1,708
Total consumption	667,435	604,898	584,860	618,735
Peak daily consumption (thousands of gallons)	3,303	2,234	2,974	2,989
Sewer				
Average daily sewage treatment (thousands of gallons)	1,092	1,026	1,393	1,220
Total consumption	500,420	374,650	510,623	444,910
Peak daily consumption (thousands of gallons)	5,200	4,014	6,947	5,310

Source: Various City departments

Fiscal Year

2017	2018	2019	2020	2021	2022
1,580	839	662	644	589	405
648	259	271	230	232	275
5,315	2,130	5,365	3,361	2,594	2,280
848	707	870	1,119	1,148	950
6,589	12,772	12,132	12,132	10,770	11,878
410	459	490	599	875	588
30	20	27	25	34	24
621	663	666	749	909	770
5:27	4:57	4:13	4:19	4:41	2:48
-	-	-	905	1208	1215
-	-	-	25	620	650
-	-	-	749	588	565
-	-	-	4:37	4:35	3:55
359	252	371	378	384	368
1,762	1,802	1,625	1,768	1,622	1,715
623,545	658,942	593,675	442,981	592,046	587,125
2,881	2,296	2,454	2,677	2,527	2,643
1,300	1,262	1,431	1,315	1,290	1,160
475,586	458,634	522,331	481,723	459,240	417,612
8,127	5,192	7,730	7,055	7,060	4,450

CITY OF SEABROOK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2013	2014	2015	2016
Police				
Stations	1	1	1	1
Patrol units	17	17	17	17
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	42.6	42.6	42.6	42.6
Streetlights	1,048	1,048	1,048	1,048
Parks and recreation				
Parks	19	19	19	19
Parks acreage	232	232	232	232
Baseball/softball diamonds	5	1	2	2
Swimming pools	1	2	2	2
Community centers	2	2	2	2
Water				
Water mains (miles)	56.4	56.4	56.4	56.4
Fire hydrants	493	498	503	505
Storage capacity (millions of gallons)	2.1	2.1	2.1	2.1
Sewer				
Sanitary sewers (miles)	54.7	54.7	54.9	54.9
Storm sewers (miles)	23.0	23.0	23.2	23.2
Open ditch/creek/canal drainage (miles)	20.3	20.3	20.5	20.5
Treatment capacity (millions of gallons)	2.5	2.5	2.5	2.5

Source: Various City departments

Fiscal Year

2017	2018	2019	2020	2021	2022
1	1	1	1	1	1
17	26	26	26	26	26
1	1	1	1	1	1
43.0	43.0	43.3	43.3	43.3	44.1
1,048	1,050	1,053	1,053	1,053	1,053
19	19	19	19	19	19
232	232	232	232	232	232
3	3	3	3	3	3
2	2	2	2	2	2
2	2	2	2	2	1
56.8	57.0	57.3	57.3	57.3	58.1
510	514	516	516	516	525
2.5	2.5	2.5	2.5	2.5	2.5
55.3	55.3	55.5	55.5	55.5	56.3
23.4	23.4	23.6	23.6	23.6	24.4
20.5	20.5	20.5	20.5	20.5	20.5
2.5	2.5	2.5	2.5	2.5	2.5

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