

City of Seabrook, Texas

Annual Comprehensive Financial Report

Fiscal Year Ended September 30, 2023



"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, 2023**

**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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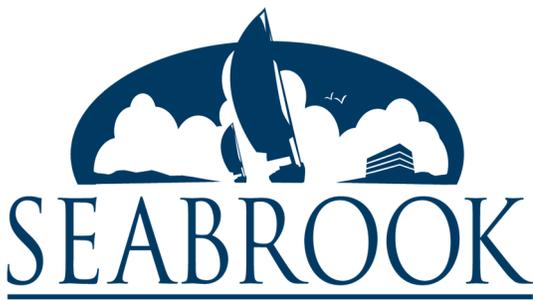
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INTRODUCTORY SECTION

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April 23, 2024

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, 2023.

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 misstatements. 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, 2023 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, 2023 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 U.S. 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 (SH) 146 Expansion** project construction phase began on February 13, 2019, with the planned project duration for 60 months (5 years). As of the end of the fiscal year 2023, the project management team, RS&H, reported December 2023 as a completion date. During this time, Phase 3 – North of NASA 1 to Red Bluff was in progress with the construction of SH 146 main lanes, northbound entrance/exit ramps, and southbound entrance/exit ramps. The overpass at Red Bluff remained closed and the traffic was forced to frontage roads at this time. Phase 4 – South of NASA 1 to SH 96 also was completing the widening of the arterial bridge, constructing express bridge south of NASA 1, and reconstructing the northbound frontage roads.

The **Red Bluff Expansion** project with Texas Department of Transportation (TxDOT) and Harris County within the City limits was completed leaving one segment of the Union Pacific track dissecting Red Bluff that will be completed after the Port of Houston Rail Spur project is complete. This project included the

construction of a non-freeway thoroughfare consisting of widening to a 4-lane divided roadway, including a bridge across Taylor Lake and 10-foot pedestrian and bicycle accommodations.

The Port of Houston **Rail Spur** project, which began in the early 2020, secured a new construction team on the project in 2023. By early September 2023, the Port announced that the project was active again with a contractor and monthly meetings on progress began. During this phase, the Port's goals for the project was to get rail installed across Old SH 146, Northbound and Southbound frontage roads of SH 146. The completed rail project will traverse SH 146 on the northern boundary of the City and create three new at-grade crossing on SH 146 and Old SH 146 serving rail service into the City's industrial districts and the Port of Houston.

The **SH 146 Expansion from Red Bluff to Spencer** (CSJ 0389-05-087) is a continuation of the Major Investment Study conducted in the late 1990s and continues the current expansion project with 3 main lanes northbound and southbound. The construction team began to set up a construction camp within the City limits of Seabrook at Red Bluff and SH 146 across the street from Webber construction camp for the prior SH 146 expansion project. Initial phases after environmental clearance delays included preparation of the Red Bluff overpass for lane additions resulting in closure of the overpass for over one year.

The project includes the widening of 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, with the addition of pedestrian and bicycle facilities that come into the City limits at the intersection of Red Bluff and SH 146.

Economic Condition and Outlook

Property values, as projected, for the fiscal year were approximately \$1.7 billion with strong economic development projects continuing to make progress. During the 2022-2023 fiscal year, the City saw an elevation in permits and added valuation in both residential and commercial developments.

- **Seabrook Towne Center (The Edge)** – The Seabrook Economic Development Corporation finalized an incentive agreement for the project in May 2023. The Planned Unit Development (PUD) completed site work for the relocation of the old sanitary sewer lines on the tracts. The project comprising of a 324-unit luxury multi-family apartment complex, 37,000 square feet of leasable retail space, and an entertainment plaza surrounded by walkable trails and parcels of commercial space facing SH 146 and Lakeside are included in the plan.
- **Retail at the Commons** – A retail center in the PUD approved in 2013, reached completion of both retail buildings within this project. The convenient store was at substantial completion pending final certificates within the PUD. Two leases were completed within the retail center at close of fiscal year, one of which was a returning business, Donald's Donuts, and was closed by the SH 146 expansion project due to right-of-way acquisition.
- **Seabrook Plaza (Compass Margaritaville)** – A PUD was approved in March 2023, and the Seabrook Economic Development Corporation approved in September 2023 an incentive agreement for the project for a grant payment of \$2,000,000 and \$550,000 or 50% toward the drainage system modification. This project is for a boutique hotel with 170 rooms, extended stay hotel with 76 rooms, a 21,500 square foot conference center and ballroom, 25,000 square feet of retail space, and approximately 260-unit luxury multi-family complex located on 15 acres of land along Clear Lake.

- **Transwestern Distribution Center** – This projected completed construction of the state-of-the-art distribution center with 454,600 square feet in the 5800 block of Old Highway 146 and a ribbon cutting was conducted in January 2023. The project, originally estimated at \$36 million, was valued by Harris Central Appraisal District in 2023 at \$49.5 million.
- **Residential – Ellis Cove** – Site work and infrastructure was completed during the fiscal year for a 48 single family development just off Respdorph near the Seabrook Town Center.
- **Residential – Lake Mija Village, Section 3** – Single family construction continued on Section 3 for Lake Mija Village with an estimated 75 single family homes in the subdivision just off Lake Mija.
- **Residential – Oak Alley Estates** – This smaller residential project consisting of 10 single family units completed four units and continues its progress just off of E. Meyer and N. Meyer.
- **Residential – Old Seabrook Village, Section A and B** – This 88 single family Planned Unit Development consisting of Sections A-C continued development during the year adding to sections A and B. The new section saw a slow in plans due to market conditions.
- **Multi-Family – Chesapeake Bay, Phase 3 and 4** – This project, which has the last two phases in the remaining phases of the Planned Unit Development for a 55+ community, progressed on phases and projected final completion 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

The Comprehensive Master Plan 2040 completed its last update in 2022 and is being utilized as new developments and applications are submitted.

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.

Certificates of Obligation

In 2016, the City issued Certificates of Obligation 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 for the amount of \$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 for 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 # D11)
- Baybrook Subdivision Drainage Project (CIP # D12)
- Smart Water Meter Conversion (AMI) System (CIP # FAC6)

All projects were activated and in different phases of completion except for CIP # D2. This project did not proceed after issuance of debt was not approved by City Council. The funds were redirected through the capital improvement meetings for the CIP # S13 and the drainage improvements in the City owned side streets.

Bond Program 2023

On August 1, 2023, the City Council approved Ordinance 2023-19, Calling for a Special Bond Election on November 7, 2023. The following are the propositions that were presented to the qualified voters:

- Proposition A - \$27,800,000 Public Safety Building
- Proposition B - \$ 2,400,000 EMS Renovation to Fire Station
- Proposition C - \$ 1,905,000 Fire Engine and Fire Training Tower

Major Initiatives

The following capital projects are in progress and are initiatives at different stages of implementation being design, procurement, or construction.

1. Pine Gully Wastewater Treatment Plant (CIP # WW9)*
2. Taylor Lake Water Line Cross (CIP # W5)
3. Red Acres Subdivision Water Line (CIP # W9)
4. Old SH 146 Interconnect (CIP # W16)
5. SH 146 Frontage Road to Red Bluff Water Line Interconnect (CIP # W21)
6. Seascape Subdivision HCFCD Bond E-07 (CIP # D11)
7. Todville Side Street Asphalt Rehab (CIP # S13)
8. Lakewood Yacht Club Drive – Asphalt Project (CIP # S25)
9. Fiber Loop (CIP # FAC31)
10. EMS & EOC Building Feasibility Study (CIP # FAC25)

11. Public Safety and Court Facility Feasibility Study (CIP # FAC27)
12. Repsdorph Water Tower Wireless Access (CIP # IT5)
13. Lakeside Water GST Wireless Access (CIP # IT6)

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 43rd 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

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CITY OF SEABROOK, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*
September 30, 2023



Government Finance Officers Association

Certificate of
Achievement for
Excellence in
Financial
Reporting

Presented to

City of Seabrook, Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Morill

Executive Director/CEO

CITY OF SEABROOK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2023

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
Rolf Nelson	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:

Report on the Audit of the Financial Statements

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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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.

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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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, schedules of changes in net pension and total other postemployment benefits 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 April 23, 2024 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.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
April 23, 2024

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***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, 2023

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 funds balance sheet and the governmental funds 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 projects 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, 2023

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 \$100,590,433 as of September 30, 2023. This compares with \$79,219,565 from the prior fiscal year. The largest portion of the City's net position, 73 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, 2023

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 26,245,749	\$ 26,507,043	\$ 16,720,446	\$ 15,535,671	\$ 42,966,195	\$ 42,042,714
Capital assets, net	44,337,528	44,299,231	60,334,682	42,110,535	104,672,210	86,409,766
Total Assets	70,583,277	70,806,274	77,055,128	57,646,206	147,638,405	128,452,480
Deferred charge on refunding	103,416	140,525	8,338	12,507	111,754	153,032
Deferred outflows - pensions	3,728,773	1,455,411	504,599	193,066	4,233,372	1,648,477
Deferred outflows - OPEB	68,643	89,305	-	-	68,643	89,305
Total Deferred Outflows of Resources	3,900,832	1,685,241	512,937	205,573	4,413,769	1,890,814
Long-term liabilities	22,947,306	19,631,031	20,093,066	20,417,881	43,040,372	40,048,912
Other liabilities	4,337,563	4,824,878	3,611,141	3,340,821	7,948,704	8,165,699
Total Liabilities	27,284,869	24,455,909	23,704,207	23,758,702	50,989,076	48,214,611
Deferred inflows - pensions	20,065	2,249,205	16,317	321,789	36,382	2,570,994
Deferred inflows - OPEB	141,579	13,950	-	-	141,579	13,950
Deferred inflows - leases	294,704	324,174	-	-	294,704	324,174
Total Deferred Inflows of Resources	456,348	2,587,329	16,317	321,789	472,665	2,909,118
Net Position:						
Net investment in capital assets	31,557,834	34,022,511	41,427,075	22,199,475	72,984,909	56,221,986
Restricted	6,235,065	5,738,814	4,881,538	4,433,873	11,116,603	10,172,687
Unrestricted	8,949,993	5,686,952	7,538,928	7,137,940	16,488,921	12,824,892
Total Net Position	\$ 46,742,892	\$ 45,448,277	\$ 53,847,541	\$ 33,771,288	\$ 100,590,433	\$ 79,219,565

A portion of the primary government's net position, \$11,116,603 or 11%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$16,488,921 or 16%, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$21,370,868 as compared to the prior year. This increase was primarily related to increases in capital grants and contributions and investment earnings. The increase in capital grants and contributions was primarily due to an increase in grant revenue received. The increase in investment earnings is due to an increase in the investment yield rate.

As of September 30, 2023, the City reported a net pension liability of \$7,307,981, which is part of the \$43,040,372 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 increased compared to prior year primarily related to increases in long-term liability amounts at the end of the year as a result of an increase in the net pension liability.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

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	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 1,326,293	\$ 1,948,404	\$ 11,927,424	\$ 10,703,944	\$ 13,253,717	\$ 12,652,348
Operating grants and contributions	863,698	405,973	-	-	863,698	405,973
Capital grants and contributions	-	-	18,410,179	11,035,992	18,410,179	11,035,992
General revenues:						
Property taxes	8,125,813	8,064,350	-	-	8,125,813	8,064,350
Sales taxes	3,693,971	3,510,399	-	-	3,693,971	3,510,399
Franchise fees and local taxes	1,243,064	1,197,595	422,135	378,111	1,665,199	1,575,706
Investment earnings	1,069,225	171,800	336,432	69,138	1,405,657	240,938
Other revenues	590,348	700,501	27,330	77,953	617,678	778,454
Total Revenues	16,912,412	15,999,022	31,123,500	22,265,138	48,035,912	38,264,160
Expenses						
General government	4,517,144	4,092,940	-	-	4,517,144	4,092,940
Public safety	9,122,987	8,060,818	-	-	9,122,987	8,060,818
Public works	2,794,535	2,699,573	-	-	2,794,535	2,699,573
Economic development	476,929	543,142	-	-	476,929	543,142
Interest and fiscal agent fees	482,521	508,528	-	-	482,521	508,528
Utilities	-	-	9,270,928	8,034,750	9,270,928	8,034,750
Total Expenses	17,394,116	15,905,001	9,270,928	8,034,750	26,665,044	23,939,751
Increase (Decrease) in Net Position Before Transfers	(481,704)	94,021	21,852,572	14,230,388	21,370,868	14,324,409
Transfers	1,776,319	2,238,075	(1,776,319)	(2,238,075)	-	-
Change in Net Position	1,294,615	2,332,096	20,076,253	11,992,313	21,370,868	14,324,409
Beginning net position	45,448,277	43,116,181	33,771,288	21,778,975	79,219,565	64,895,156
Ending Net Position	\$ 46,742,892	\$ 45,448,277	\$ 53,847,541	\$ 33,771,288	\$ 100,590,433	\$ 79,219,565

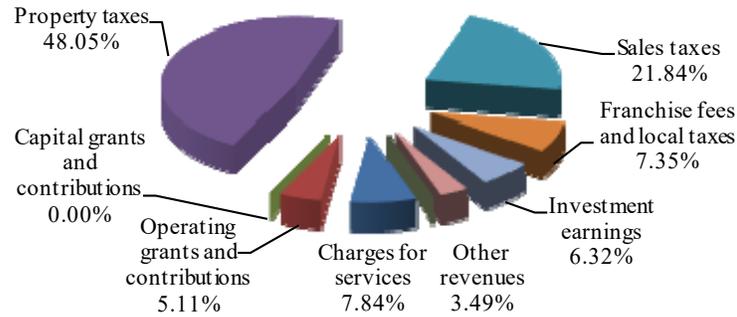
CITY OF SEABROOK, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

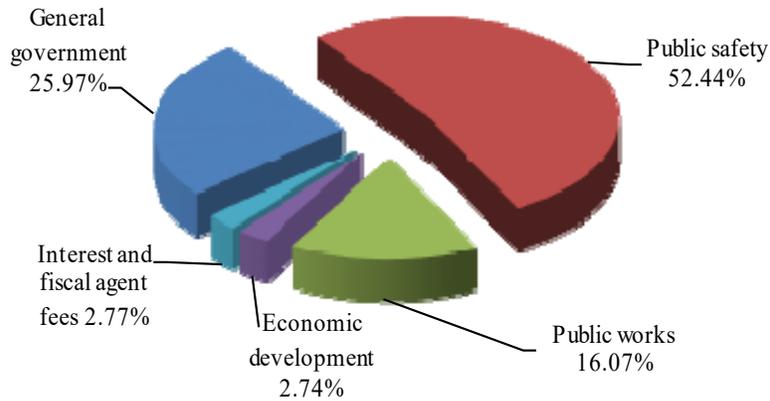
For the Year Ended September 30, 2023

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

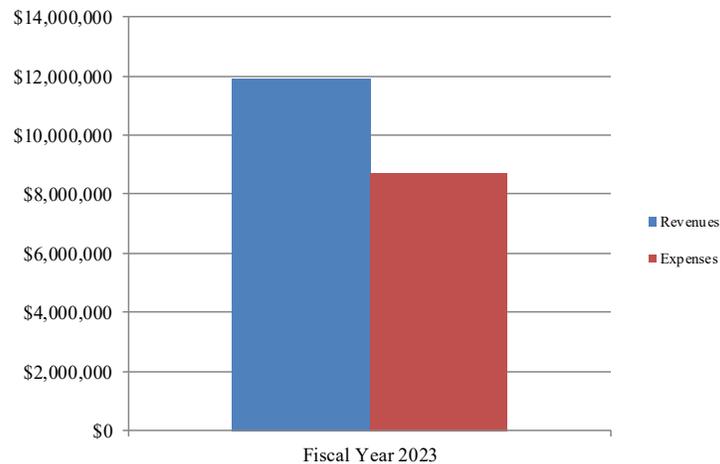
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

For the year ended September 30, 2023, revenues from governmental activities totaled \$16,912,412, which is an increase of \$913,390 from the prior year. This net increase is primarily related to an increase in grants and contributions and investment earnings. Grants and contributions increased due to an increase in grant revenue received in comparison to prior year. Investment earnings revenue increased primarily related to an increase in the investment yield rate. These increases were partially offset by decreases in charges for services primarily related to decreases in licenses and permits issued in the current year.

For the year ended September 30, 2023, expenses from governmental activities totaled \$17,394,116, which is an increase of \$1,489,115 from the prior year. This net change can be attributed to increases in public safety, general government, and public works. These functions increased primarily due to increases in personnel costs as salaries and benefits expenses increased during the year, as well as increases in equipment-related expenses.

Operating revenues for business-type activities increased from the prior year. Capital grants and contributions increased by \$7,374,187 as a result of increased activity for the wastewater plant in the current year. Charges for services increased by \$1,223,480, or 11 percent, primarily related to increases in the City's rates for service. Operating expenses for business-type activities increased from the prior year. Utility expenses increased by \$1,236,178 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 \$18,870,051. Of this, \$79,060 is nonspendable, \$8,452,418 is restricted for various purposes, \$895,366 is committed for a stabilization fund to cover potential future budget shortfalls, \$1,600,000 is committed for a sound mitigation project, and \$1,445,553 is assigned for capital projects and animal control. The remaining balance of \$6,397,654 is unassigned in the general fund.

There was a net decrease in the combined fund balance of \$572,006 compared to the prior year, primarily due to increases in public safety expenditures related to increases in personnel costs and equipment expenditures.

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 \$6,397,654, while total fund balance reached \$8,970,876. 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 46 percent of total general fund expenditures, while total fund balance represents 64 percent of the same amount. Total general fund revenues increased slightly in the current year primarily related to increases in sales tax revenue and investment revenue. These increases are primarily due to ongoing growth in the City and an increase in the yield on investments. 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 \$2,120,763, 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 \$129,110, which is a result of additional investment revenue and a reduction in interest expenditures for the year.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

The fund balance in the capital projects fund was \$3,643,635, which is a decrease of \$4,072,125 when compared to the prior year. This decrease is primarily related to a transfer out to the general fund.

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 \$2,939,901 in the general fund. However, the net change in fund balance increased by \$3,003,701, resulting in a positive variance of \$5,943,602 from actual in comparison to the final amended budget. This was largely due to additional fund transfers.

Actual general fund revenues were more than the original and amended budgeted revenues by a net \$50,195 during 2023. This net variance is primarily related to more charges for service revenue than what was anticipated.

Actual expenditures were less than original and amended budgeted expenditures by \$887,018 during 2023. The greatest variances were in the public safety and general government functions.

CAPITAL ASSETS

At the end of the current year, the City’s governmental and business-type activities had invested \$44,337,528 and \$60,334,682, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$38,297 for governmental activities and a net increase of \$18,224,147 for business-type activities.

More detailed information about the City’s capital assets is presented in note III.D. 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 \$32,008,234. Of this amount, \$11,935,000 was general obligation debt, \$1,260,000 was revenue bond debt, \$15,565,000 was certificates of obligation, and the remaining \$3,248,234 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, 2023

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 2024 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 \$13.4 million for the 2024 fiscal year. The 2024 budget incorporated a tax rate of \$0.457755 per \$100 of valuation, which was approximately a 3.9% 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, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 24,418,599	\$ 5,077,167	\$ 29,495,766	\$ 3,792,208
Receivables, net of allowances	1,456,136	6,393,851	7,849,987	199,386
Lease Receivable	291,954	-	291,954	-
Due from primary government	-	-	-	81,136
Prepays and other assets	79,060	240	79,300	-
Restricted assets:				
Temporarily restricted cash and cash equivalents	-	5,249,188	5,249,188	-
	26,245,749	16,720,446	42,966,195	4,072,730
Capital assets:				
Nondepreciable capital assets	15,058,268	42,042,580	57,100,848	-
Depreciable capital assets, net	29,279,260	18,292,102	47,571,362	-
	44,337,528	60,334,682	104,672,210	-
Total Assets	70,583,277	77,055,128	147,638,405	4,072,730
Deferred Outflows of Resources				
Deferred charge on refunding	103,416	8,338	111,754	-
Deferred outflows - pensions	3,728,773	504,599	4,233,372	-
Deferred outflows - OPEB	68,643	-	68,643	-
Total Deferred Outflows of Resources	3,900,832	512,937	4,413,769	-
Liabilities				
Accounts payable and accrued liabilities	1,018,638	3,504,225	4,522,863	10,713
Due to component unit	81,136	-	81,136	-
Unearned revenue	3,199,966	-	3,199,966	-
Accrued bond interest	37,823	106,916	144,739	-
Noncurrent liabilities:				
Portion due within one year	2,048,793	998,647	3,047,440	-
Portion due in more than one year	20,898,513	19,094,419	39,992,932	-
Total Liabilities	27,284,869	23,704,207	50,989,076	10,713
Deferred Inflows of Resources				
Deferred inflows - pensions	20,065	16,317	36,382	-
Deferred inflows - OPEB	141,579	-	141,579	-
Deferred inflows- leases	294,704	-	294,704	-
Total Deferred Inflows of Resources	456,348	16,317	472,665	-
Net Position				
Net investment in capital assets	31,557,834	41,427,075	72,984,909	-
Restricted for:				
Debt service	2,120,763	591,878	2,712,641	-
Public safety	2,057,348	-	2,057,348	-
Parks	257,656	-	257,656	-
Tourism	1,624,159	-	1,624,159	-
Governmental programming	175,139	-	175,139	-
Capital projects	-	4,289,660	4,289,660	-
Economic development	-	-	-	4,062,017
Unrestricted	8,949,993	7,538,928	16,488,921	-
Total Net Position	\$ 46,742,892	\$ 53,847,541	\$ 100,590,433	\$ 4,062,017

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,517,144	\$ 699,114	\$ -	\$ -
Public safety	9,122,987	350,738	861,486	-
Public works	2,794,535	276,441	2,212	-
Economic development	476,929	-	-	-
Interest and fiscal agent fees	482,521	-	-	-
Total Governmental Activities	17,394,116	1,326,293	863,698	-
Business-Type Activities				
Utilities	9,270,928	11,927,424	-	18,410,179
Total Business-Type Activities	9,270,928	11,927,424	-	18,410,179
Total Primary Government	\$ 26,665,044	\$ 13,253,717	\$ 863,698	\$ 18,410,179
Component Unit				
Seabrook Economic Development Corp	\$ 754,827	\$ -	\$ -	\$ -
Total Component Unit	\$ 754,827	\$ -	\$ -	\$ -

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
\$ (3,818,030)	\$ -	\$ (3,818,030)	\$ -
(7,910,763)	-	(7,910,763)	-
(2,515,882)	-	(2,515,882)	-
(476,929)	-	(476,929)	-
(482,521)	-	(482,521)	-
<u>(15,204,125)</u>	<u>-</u>	<u>(15,204,125)</u>	<u>-</u>
-	21,066,675	21,066,675	-
-	21,066,675	21,066,675	-
<u>(15,204,125)</u>	<u>21,066,675</u>	<u>5,862,550</u>	<u>-</u>
-	-	-	(754,827)
-	-	-	(754,827)
8,125,813	-	8,125,813	-
3,693,971	-	3,693,971	1,198,321
743,332	422,135	1,165,467	-
499,732	-	499,732	-
1,069,225	336,432	1,405,657	156,181
547,548	27,330	574,878	557
42,800	-	42,800	-
1,776,319	(1,776,319)	-	-
<u>16,498,740</u>	<u>(990,422)</u>	<u>15,508,318</u>	<u>1,355,059</u>
1,294,615	20,076,253	21,370,868	600,232
<u>45,448,277</u>	<u>33,771,288</u>	<u>79,219,565</u>	<u>3,461,785</u>
<u>\$ 46,742,892</u>	<u>\$ 53,847,541</u>	<u>\$ 100,590,433</u>	<u>\$ 4,062,017</u>

CITY OF SEABROOK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	Capital Projects	Nonmajor Governmental
Assets				
Cash and cash equivalents	\$ 9,213,018	\$ 2,130,514	\$ 6,950,566	\$ 3,872,084
Receivables, net	979,408	84,046	75,000	317,682
Lease receivable	291,954	-	-	-
Prepaid items	77,856	-	-	1,204
Total Assets	\$ 10,562,236	\$ 2,214,560	\$ 7,025,566	\$ 4,190,970
Liabilities				
Accounts payable and accrued liabilities	\$ 641,339	\$ 9,750	\$ 287,719	\$ 53,983
Deposits payable	-	-	-	300
Due to component unit	81,136	-	-	-
Due to others	25,547	-	-	-
Unearned revenue	103,844	-	3,094,212	1,910
Total Liabilities	851,866	9,750	3,381,931	56,193
Deferred Inflows of Resources				
Unavailable revenue - EMS services	208,862	-	-	-
Unavailable revenue - property taxes	235,928	84,047	-	-
Deferred inflows- leases	294,704	-	-	-
Total Deferred Inflows of Resources	739,494	84,047	-	-
Fund Balances				
Nonspendable:				
Prepays	77,856	-	-	1,204
Restricted for:				
Debt service	-	2,120,763	-	-
Public safety	-	-	-	2,057,348
Parks	-	-	-	257,656
Tourism	-	-	-	1,624,159
Governmental programming	-	-	-	175,139
Capital projects	-	-	2,217,353	-
Committed for:				
Stabilization fund	895,366	-	-	-
Sound mitigation project	1,600,000	-	-	-
Assigned for:				
Capital projects	-	-	1,426,282	-
Animal control	-	-	-	19,271
Unassigned	6,397,654	-	-	-
Total Fund Balances	8,970,876	2,120,763	3,643,635	4,134,777
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,562,236	\$ 2,214,560	\$ 7,025,566	\$ 4,190,970

See Notes to Financial Statements.

**Total
Funds**

\$ 22,166,182
1,456,136
291,954
79,060
\$ 23,993,332

\$ 992,791
300
81,136
25,547
3,199,966
4,299,740

208,862
319,975
294,704
823,541

79,060

2,120,763
2,057,348
257,656
1,624,159
175,139
2,217,353

895,366
1,600,000

1,426,282
19,271
6,397,654

18,870,051

\$ 23,993,332

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CITY OF SEABROOK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2023

Total fund balances - governmental funds \$ 18,870,051

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	15,058,268
Capital assets, net depreciable	28,391,225

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

528,837

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 are included in the governmental activities in the Statement of Net Position.

Unrestricted net position	2,252,417
Net investment in capital assets	888,035

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

Accrued interest payable	(37,823)
Deferred charge on refunding	103,416
Deferred outflows - pensions	3,728,773
Deferred inflows - pensions	(20,065)
Deferred outflows - OPEB	68,643
Deferred inflows - OPEB	(141,579)
Noncurrent liabilities due in one year	(2,048,793)
Noncurrent liabilities due in more than one year	(20,898,513)

Net Position of Governmental Activities	\$ <u>46,742,892</u>
--	-----------------------------

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, 2023

	General	Debt Service	Capital Projects	Nonmajor Governmental
Revenues				
Property taxes	\$ 6,044,300	\$ 2,040,850	\$ -	\$ -
Sales taxes	2,544,164	-	-	1,149,807
Franchise fees and local taxes	712,162	-	-	31,170
Other taxes	-	-	-	499,732
Licenses and permits	276,441	-	-	-
Fines and forfeitures	300,923	-	-	49,815
Charges for services	723,499	-	-	20,271
Intergovernmental	446,310	-	415,176	2,212
Investment revenue	431,267	139,932	277,030	144,605
Other revenue	290,753	-	74,999	181,796
Total Revenues	11,769,819	2,180,782	767,205	2,079,408
Expenditures				
Current:				
General government	3,982,219	-	-	29,731
Public safety	7,793,351	-	-	846,228
Public works	2,202,432	-	-	-
Economic development	-	-	-	471,075
Capital outlay	-	-	1,072,108	211,052
Debt service:				
Principal	-	1,566,749	-	-
Interest and fiscal agent fees	-	484,923	-	-
Total Expenditures	13,978,002	2,051,672	1,072,108	1,558,086
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,208,183)	129,110	(304,903)	521,322
Other Financing Sources (Uses)				
Refunding bonds issued	-	-	-	-
Bonds issued	-	-	-	-
Premium on refunding bonds	-	-	-	-
Premium on bonds	-	-	-	-
Payment to refunded bonds	-	-	-	-
escrow agent	-	-	-	-
Sale of capital assets	-	-	-	-
Transfers in	5,543,541	-	-	-
Transfers (out)	(292,000)	-	(3,767,222)	(193,671)
Total Other Financing Sources (Uses)	5,251,541	-	(3,767,222)	(193,671)
Net Change in Fund Balances	3,043,358	129,110	(4,072,125)	327,651
Beginning fund balances	5,927,518	1,991,653	7,715,760	3,807,126
Ending Fund Balances	\$ 8,970,876	\$ 2,120,763	\$ 3,643,635	\$ 4,134,777

See Notes to Financial Statements.

**Total
Funds**

\$	8,085,150
	3,693,971
	743,332
	499,732
	276,441
	350,738
	743,770
	863,698
	992,834
	547,548
	<u>16,797,214</u>
	4,011,950
	8,639,579
	2,202,432
	471,075
	1,283,160
	1,566,749
	484,923
	<u>18,659,868</u>
	<u>(1,862,654)</u>
	-
	-
	-
	-
	-
	-
	5,543,541
	<u>(4,252,893)</u>
	<u>1,290,648</u>
	(572,006)
	<u>19,442,057</u>
\$	<u><u>18,870,051</u></u>

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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, 2023

Net changes in fund balances - total governmental funds \$ (572,006)

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	1,978,169
Depreciation expense	(1,768,712)

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 Activities.

Principal payments	1,566,749
Amortization of premium	39,511
Amortization of deferred charges	(37,109)

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.

Property tax	40,663
EMS services	(44,656)

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	(95,490)
Net pension liability	(4,956,743)
Total OPEB liability	129,698
Change in deferred outflows - pensions	2,273,362
Change in deferred inflows - pensions	2,229,140
Change in deferred outflows - OPEB	(20,662)
Change in deferred inflows - OPEB	(127,629)

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.

660,330

Change in Net Position of Governmental Activities **\$ 1,294,615**

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 5,077,167	\$ 2,252,417
Accounts receivable (net of allowance for uncollectibles)	6,393,851	-
Restricted cash and cash equivalents		
Capital projects - impact fees	4,570,518	-
Capital projects - bond proceeds	86,792	-
Debt service	591,878	-
Prepaid expense	240	-
Total Current Assets	16,720,446	2,252,417
Noncurrent assets		
Capital assets:		
Land	1,605,575	-
Buildings	3,424,368	-
Infrastructure	25,305,925	-
Equipment	3,829,552	1,604,458
Construction in progress	40,437,005	-
Less accumulated depreciation	(14,267,743)	(716,423)
Total Capital Assets (Net)	60,334,682	888,035
Total Noncurrent Assets	60,334,682	888,035
Total Assets	\$ 77,055,128	\$ 3,140,452
<u>Deferred Outflows of Resources</u>		
Deferred charge on refunding	8,338	-
Deferred outflows - pensions	504,599	-
Total Deferred Outflows of Resources	512,937	-

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Liabilities</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 2,789,606	\$ -
Accrued interest payable	106,916	-
Customer deposits	714,619	-
Bonds payable - current	755,783	-
Note payable - current	172,735	-
Compensated absences- current	70,129	-
Total Current Liabilities	4,609,788	-
Noncurrent liabilities		
Bonds payable - noncurrent (net of premiums and discounts)	14,998,720	-
Note payable - noncurrent	3,075,499	-
Net pension liability	1,011,631	-
Compensated absences- noncurrent	8,569	-
Total Noncurrent Liabilities	19,094,419	-
Total Liabilities	23,704,207	-
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	16,317	-
Total Deferred Inflows of Resources	16,317	-
<u>Net Position</u>		
Net investment in capital assets	41,427,075	888,035
Restricted for:		
Capital projects - impact fees	4,289,660	-
Debt service	591,878	-
Unrestricted	7,538,928	2,252,417
Total Net Position	\$ 53,847,541	\$ 3,140,452

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, 2023

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Operating Revenues</u>		
Water service	\$ 5,092,437	\$ -
Sewer service	3,986,644	-
Sanitation service	2,848,343	-
Franchise fees	422,135	-
Service fees	-	255,027
Other revenue	27,330	-
Total Operating Revenues	12,376,889	255,027
<u>Operating Expenses</u>		
Personnel services	1,395,457	-
Supplies and materials	57,491	-
Contractual services	5,959,648	-
Repairs and maintenance	504,390	-
Depreciation	790,397	199,559
Total Operating Expenses	8,707,383	199,559
Operating Income	3,669,506	55,468
<u>Nonoperating Revenues (Expenses)</u>		
Gain on sale of capital assets	-	42,800
Intergovernmental revenue	18,410,179	-
Investment revenue	336,432	76,391
Interest expense and fiscal charges	(563,545)	-
Total Nonoperating Revenues (Expenses)	18,183,066	119,191
Income Before Contributions and Transfers	21,852,572	174,659
<u>Contributions and Transfers</u>		
Transfers in	-	485,671
Transfers (out)	(1,776,319)	-
Total Contributions and Transfers	(1,776,319)	485,671
Change in Net Position	20,076,253	660,330
Beginning net position	33,771,288	2,480,122
Ending Net Position	\$ 53,847,541	\$ 3,140,452

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, 2023

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 13,241,582	\$ 255,027
Payments to suppliers	(6,250,939)	(317,381)
Payments to employees	(1,347,699)	-
	5,642,944	(62,354)
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from other funds	-	485,671
Transfers (to) other funds	(1,776,319)	-
	(1,776,319)	485,671
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	(19,014,544)	(28,399)
Grants	18,410,179	-
Proceeds from sale of capital assets	-	42,800
Interest and fiscal charges	(653,343)	-
Principal paid on capital debt	(895,711)	-
Impact fees	-	-
	(2,153,419)	14,401
<u>Cash Flows from Investing Activities</u>		
Interest on investments	336,432	76,391
	336,432	76,391
Net Cash Provided by Investing Activities	336,432	76,391
Net Increase in Cash and Cash Equivalents	2,049,638	514,109
Cash and cash equivalents, beginning of year	8,276,717	1,738,308
Ending Cash and Cash Equivalents	\$ 10,326,355	\$ 2,252,417
Ending Cash and Cash Equivalents:		
Unrestricted cash and cash equivalents	\$ 5,077,167	\$ 2,252,417
Restricted cash and cash equivalents	5,249,188	-
Ending Cash and Cash Equivalents	\$ 10,326,355	\$ 2,252,417

CITY OF SEABROOK, TEXAS

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

For the Year Ended September 30, 2023

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
Reconciliation of Operating Income (Loss)		
to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 3,669,506	\$ 55,468
Adjustments to reconcile operating income		
to net cash provided (used) by operating activities:		
Depreciation	790,397	199,559
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Assets:		
Accounts receivable	864,693	-
Prepays	170	-
Deferred outflows - pensions	(311,533)	-
Increase (Decrease) in Liabilities:		
Accounts payable and accrued liabilities	266,231	(317,381)
Accrued interest payable	(4,343)	-
Unearned revenue	(107)	-
Compensated absences	(14,387)	-
Customer deposits	8,532	-
Net pension liability	679,253	-
Deferred inflows - pensions	(305,468)	-
	\$ 5,642,944	\$ (62,354)
Net Cash Provided (Used) by Operating Activities	\$ 5,642,944	\$ (62,354)
 Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ -	\$ -

See Notes to Financial Statements.

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CITY OF SEABROOK, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2023

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, and 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, 2023

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 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. 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, 2023

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 proprietary 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 and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly,

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

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 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.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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 pools operate in accordance with appropriate state laws and regulations and are 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, 2023

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 City 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 net 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 net 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.
- Deferred inflows related to leases are amortized over the terms of the leases.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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 and emergency medical services (EMS). These amounts are deferred and recognized as inflows of resources in the period that the amounts 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 and governmental fund financial statements.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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. Subscription-Based Information Technology Arrangements

The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The City’s SBITAs are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

11. 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.

12. 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.

13. 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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.

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.

14. 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.

15. 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.

16. Other Postemployment Benefits

The City participates in a defined benefit group-term life insurance plan administered by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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 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, 2023. All special revenue funds have adopted budgets.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2023, the City had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
TexPool	\$ 35,995,608	0.07
Total	\$ 35,995,608	
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, 2023, 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, 2023, bank balances exceeded fair market values of pledged securities and FDIC coverage by 1.3 million, this appears to be due to a significant deposit of 1.5 million and an outstanding wire transfer for 1.2 million which cleared on October 2, 2023 at which then the City was fully collateralized.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and 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>Capital Projects</u>	<u>Nonmajor</u>	<u>Component Unit</u>
Property taxes	\$ 393,400	\$ 152,505	\$ -	\$ -	\$ -
Sales taxes	420,445	-	-	187,544	199,386
Ambulance fees	596,833	-	-	-	-
Franchise fees	2,423	-	-	7,622	-
Other taxes	-	-	-	113,586	-
Other receivables	110,254	-	75,000	8,930	-
Less allowance	(543,947)	(68,459)	-	-	-
	<u>\$ 979,408</u>	<u>\$ 84,046</u>	<u>\$ 75,000</u>	<u>\$ 317,682</u>	<u>\$ 199,386</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	\$ 235,928
Delinquent property taxes receivable - debt service fund	84,047
Delinquent emergency medical services receivable	208,862
Total	<u>\$ 528,837</u>

C. Lease Receivable

The City has entered into a lease agreement 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 the current fiscal year related to these leases. As of September 30, 2023, the City’s receivable for lease payments was \$291,954. 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, 2023, the balance of the deferred inflow of resources was \$294,704.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

The remaining principal and interest payments from the lease and amortization of the deferred inflows are as follows:

Fiscal Year Ending	Lease Receipts			Amortization of Deferred Inflows
	Principal	Interest	Total	
2024	\$ 21,373	\$ 10,866	\$ 32,239	\$ 29,470
2025	23,106	10,101	33,207	29,470
2026	24,929	9,274	34,203	29,470
2027	26,848	8,381	35,229	29,470
2028	28,866	7,420	36,286	29,470
2029-2033	166,832	20,022	186,854	147,354
Total	\$ 291,954	\$ 66,064	\$ 358,018	\$ 294,704

D. 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	2,341,044	74,067	(2,205,027)	210,084
Total capital assets not being depreciated	17,189,228	74,067	(2,205,027)	15,058,268
Other capital assets:				
Infrastructure	25,711,134	3,007,432	-	28,718,566
Buildings and improvements	19,450,222	170,738	-	19,620,960
Machinery and equipment	10,546,561	959,358	(31,268)	11,474,651
Total other capital assets	55,707,917	4,137,528	(31,268)	59,814,177
Less accumulated depreciation for:				
Infrastructure	(13,496,245)	(501,786)	-	(13,998,031)
Buildings and improvements	(7,081,229)	(721,457)	-	(7,802,686)
Machinery and equipment	(8,020,440)	(745,028)	31,268	(8,734,200)
Total accumulated depreciation	(28,597,914)	(1,968,271)	31,268	(30,534,917)
Other capital assets, net	27,110,003	2,169,257	-	29,279,260
Governmental Activities Capital Assets, Net	\$ 44,299,231	\$ 2,243,324	\$ (2,205,027)	44,337,528
			Plus deferred loss on refunding	103,416
			Plus unspent bond proceeds	2,217,353
			Less associated debt	(15,100,463)
			Net Investment in Capital Assets	\$ 31,557,834

Depreciation was charged to governmental functions as follows:

General government	\$ 473,611
Public safety	686,447
Public works	808,213
Total Governmental Activities Depreciation Expense	\$ 1,968,271

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Department of Transportation weigh station	\$ 326,294	\$ 6,641	\$ 319,653
Pine Gully Pier Rebuild	188,218	176,838	11,380
Council AV System	113,157	26,605	86,552
	<u>\$ 627,669</u>	<u>\$ 210,084</u>	<u>\$ 417,585</u>

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	24,771,315	18,649,254	(2,983,564)	40,437,005
Total capital assets not being depreciated	<u>26,376,890</u>	<u>18,649,254</u>	<u>(2,983,564)</u>	<u>42,042,580</u>
Other capital assets:				
Water and sewer system	22,223,582	3,082,343	-	25,305,925
Buildings and improvements	3,359,751	64,617	-	3,424,368
Machinery and equipment	3,678,752	201,895	(51,095)	3,829,552
Total other capital assets	<u>29,262,085</u>	<u>3,348,855</u>	<u>(51,095)</u>	<u>32,559,845</u>
Less accumulated depreciation for:				
Water and sewer system	(8,806,283)	(548,658)	-	(9,354,941)
Buildings and improvements	(2,290,517)	(68,529)	-	(2,359,046)
Machinery and equipment	(2,431,640)	(173,211)	51,095	(2,553,756)
Total accumulated depreciation	<u>(13,528,440)</u>	<u>(790,398)</u>	<u>51,095</u>	<u>(14,267,743)</u>
Other capital assets, net	15,733,645	2,558,457	-	18,292,102
Business-Type Activities Capital Assets, Net	<u>\$ 42,110,535</u>	<u>\$ 21,207,711</u>	<u>\$ (2,983,564)</u>	<u>60,334,682</u>
			Plus unspent bond proceeds	86,792
			Plus deferred loss on refunding	8,338
			Less associated debt	(19,002,737)
			Net Investment in Capital Assets	<u>\$ 41,427,075</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 790,398
Total Business-Type Activities Depreciation Expense	<u>\$ 790,398</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	37,920,840	31,593,429	6,327,411
SH 146 utility relocation	4,100,971	4,127,926	(26,955)
Chloramine conversion	234,244	197,432	36,812
Taylor Lake Wolf Lodge	2,873,574	393,850	2,479,724
Smart Meter install	130,475	108,550	21,925
Red Oak Acres	189,208	13,941	175,267
	<u>\$ 49,531,629</u>	<u>\$ 40,437,005</u>	<u>\$ 9,094,624</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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	\$ 6,520,000	\$ -	\$ (1,220,000)	\$ 5,300,000	\$ 1,250,000
Certificates of obligation	345,000	-	(70,000)	275,000	70,000
Bonds, notes, and other payables:					
Certificates of obligation	2,646,406	-	(11,749)	2,634,657	13,217
General obligation bonds	6,600,000	-	(265,000)	6,335,000	275,000
Deferred amounts:					
For issuance discounts/premiums	595,317	-	(39,511)	555,806	-
	<u>16,706,723</u>	<u>-</u>	<u>(1,606,260)</u>	<u>15,100,463</u>	<u>* 1,608,217</u>
Other liabilities:					
Net pension liability	1,339,607	4,956,743	-	6,296,350	-
Total OPEB liability	434,494	-	(129,698)	304,796	3,463
Compensated absences	1,150,207	421,853	(326,363)	1,245,697	437,113
Total Governmental Activities	<u>\$ 19,631,031</u>	<u>\$ 5,378,596</u>	<u>\$ (2,062,321)</u>	<u>\$ 22,947,306</u>	<u>\$ 2,048,793</u>

Long-term debt due in more than one year \$ 20,898,513

*Debt associated with governmental activities capital assets \$ 15,100,463

	<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	\$ 3,415,694	\$ -	\$ (167,460)	\$ 3,248,234	\$ 172,735
Revenue bonds	1,465,000	-	(205,000)	1,260,000	214,000
General obligation bonds	445,000	-	(145,000)	300,000	150,000
Certificates of obligation	1,590,000	-	(160,000)	1,430,000	165,000
Bonds, notes, and other payables:					
Certificates of obligation	11,443,594	-	(218,251)	11,225,343	226,783
Deferred amounts:					
For issuance discounts/premiums	1,633,127	-	(93,967)	1,539,160	-
	<u>19,992,415</u>	<u>-</u>	<u>(989,678)</u>	<u>19,002,737</u>	<u>* 928,518</u>
Other liabilities:					
Net pension liability	332,378	679,253	-	1,011,631	-
Compensated absences	93,088	56,928	(71,318)	78,698	70,129
Total Business-Type Activities	<u>\$ 20,417,881</u>	<u>\$ 736,181</u>	<u>\$ (1,060,996)</u>	<u>\$ 20,093,066</u>	<u>\$ 998,647</u>

Long-term debt due in more than one year \$ 19,094,419

*Debt associated with business-type activities capital assets \$ 19,002,737

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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, 2023:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>		
General Obligation Bonds		
Series 2003	4.40%	\$ 755,000
Series 2013 refunding	1.86%	1,000,000
Series 2015	2.00-3.25%	6,335,000
Series 2017 refunding	1.96%	3,545,000
Total General Obligation Bonds		11,635,000
Certificates of Obligation		
Series 2010	3.642%	275,000
Series 2020	2.00-4.00%	2,634,657
Total Certificates of Obligation		2,909,657
Total Governmental Activities Long-Term Debt		\$ 14,544,657
<u>Business-Type Activities</u>		
General Obligation Bonds		
Series 2013 refunding	1.86%	\$ 300,000
Total General Obligation Bonds		300,000
Certificates of Obligation		
Series 2016	2.13%	1,430,000
Series 2016A	2.00%	4,890,000
Series 2020	2.00-4.00%	6,335,343
Total Certificates of Obligation		12,655,343
Revenue Bonds		
Series 2003 refunding	4.45%	300,000
Series 2008	4.12%	960,000
Total Revenue Bonds		1,260,000
State Loan		
State Infrastructure Bank Loan 2018	3.15%	3,248,234
Total State Loan		3,248,234
Total Business-Type Activities Long-Term Debt		\$ 17,463,577

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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
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	-	-	856,826	267,717	375,549	92,293	638,174	411,470
2029-2033	-	-	4,727,803	892,225	1,639,118	308,411	3,577,197	1,729,499
2034-2038	-	-	1,841,267	233,059	1,254,290	101,225	3,973,733	1,057,925
2039-2042	-	-	427,361	25,671	-	-	2,097,639	148,329
Total	<u>\$ 5,575,000</u>	<u>\$ 315,971</u>	<u>\$ 8,969,657</u>	<u>\$ 2,569,202</u>	<u>\$ 6,238,234</u>	<u>\$ 1,122,751</u>	<u>\$ 11,225,343</u>	<u>\$ 5,076,167</u>

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 interfund balances as of year end were zero.

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

<u>Transfer Out</u>		<u>Transfer In</u>		<u>Amounts</u>
Capital projects		General		\$ 3,767,222
General		Internal service		292,000
Nonmajor governmental		Internal service		193,671
Utility		General		1,776,319
		Total		<u>\$ 6,029,212</u>

Transfers to the general fund from the capital project fund were subsidies for construction in progress expenditures. Other transfers between funds are utilized to move unrestricted fund revenues to finance various 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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, 2023, 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 909 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 is not fiscally dependent on 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

At retirement, the member’s benefit is calculated based on the sum of the member’s contributions, with interest, and the City-financed monetary credits, with interest and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the total member 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:

	2023	2022
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	30% of CPI

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	86
Inactive employees entitled to, but not yet receiving, benefits	56
Active employees	109
Total	251

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member’s total compensation, and the City-matching percentages are either 100%, 150%, or 200%), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal 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 15.62% and 16.11% in calendar years 2022 and 2023, respectively. The City’s contributions to TMRS for the fiscal year ended September 30, 2023 were \$1,369,531, which are equal to the required contributions.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2022, and the Total Pension Liability (TPL) used to calculate the NPL 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, 2023

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
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. The assumptions 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. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS' actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

The target allocation and best estimates of real rates of return for each major asset class 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 public equity	35.0%	7.7%
Core fixed income	6.0%	4.9%
Non-core fixed income	20.0%	8.7%
Other public and private markets	12.0%	8.1%
Real estate	12.0%	5.8%
Hedge funds	5.0%	6.9%
Private equity	10.0%	11.8%
Total	<u>100.0%</u>	

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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	\$ 1,384,219	\$ -	\$ 1,384,219
Interest	2,943,902	-	2,943,902
Difference between expected and actual experience	53,414	-	53,414
Contributions - employer	-	1,258,793	(1,258,793)
Contributions - employee	-	564,329	(564,329)
Net investment income	-	(3,082,742)	3,082,742
Benefit payments, including refunds of employee contributions	(2,012,745)	(2,012,745)	-
Administrative expense	-	(26,692)	26,692
Other changes	-	31,851	(31,851)
Net Changes	<u>2,368,790</u>	<u>(3,267,206)</u>	<u>5,635,996</u>
Balance at December 31, 2021	43,927,624	42,255,639	1,671,985
Balance at December 31, 2022	<u>\$ 46,296,414</u>	<u>\$ 38,988,433</u>	<u>\$ 7,307,981</u>

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:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
City's Net Pension Liability	<u>\$ 13,294,230</u>	<u>\$ 7,307,981</u>	<u>\$ 2,327,049</u>

Pension Plan Fiduciary Net Position

Detailed information about the TMRS plan's fiduciary net position is available in the schedule of changes in Fiduciary Net Position, by participating City. That report may be obtained at www.tmrs.com.

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

For the fiscal year ended September 30, 2023, the City recognized net pension expense of \$1,885,555.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 483,617	\$ 36,382
Changes in actuarial assumptions	13,292	-
Difference between projected and actual investment earnings	2,675,356	-
Contributions subsequent to the measurement date	1,061,107	-
Total	\$ 4,233,372	\$ 36,382

\$1,061,107 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, 2024. 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
2024	\$ 300,204
2025	807,053
2026	834,763
2027	1,193,863
Thereafter	-
Total	\$ 3,135,883

D. Other Postemployment Benefits

TMRS – Supplemental Death Benefits Fund (SDBF)

Plan Description

The City participates in an 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.

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 SCBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	59
Inactive employees entitled to, but not yet receiving, benefits	7
Active employees	109
Total	175

Total OPEB Liability

The City's total OPEB liability of \$301,333 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement 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, 2022.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 and 2024 rates as determined in the December 31, 2021 and December 31, 2022 actuarial valuations, respectively.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 21,767
Interest	8,136
Differences between expected and actual experience	(3,128)
Changes of assumptions	(153,487)
Benefit payments*	(6,449)
	Net Changes (133,161)
Beginning balance	434,494
	Ending Balance \$ 301,333

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

The discount rate increased from 1.84% as of December 31, 2021 to 4.05% as of December 21, 2022. 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.

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 (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's Total OPEB Liability	\$ 359,969	\$ 301,333	\$ 255,248

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$23,297. 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	\$ 61,728	\$ 133,949
Difference between expected and actual experience	328	7,630
Contributions subsequent to the measurement date	6,587	-
Total	\$ 68,643	\$ 141,579

\$6,587 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2024.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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

<u>Fiscal Year Ended</u> <u>September 30:</u>	<u>OPEB</u> <u>Expense</u>
2024	\$ (8,433)
2025	(8,195)
2026	(12,137)
2027	(17,422)
2028	(23,555)
Thereafter	<u>(9,781)</u>
Total	<u>\$ (79,523)</u>

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 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 2023, the SEDC has granted the following incentive agreements:

The SEDC agreed to rebate the amount of SEDC sales 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 2023, 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 2023, the SEDC rebated \$8,329 in sales taxes paid by Mario’s Pizza.

F. Subsequent Events

On March 19, 2024 the City issued General Obligation Bonds, Series 2024 in the amount of \$4,150,000. The bond will be used for renovating, expanding, developing and equipping the Seabrook Fire Station; this includes additions for emergency medical services, emergency management services, an emergency center, and all matters incident or necessary thereto. The bond will mature during fiscal year 2044 and have an interest rate ranging from 4% to 5%.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

On March 19, 2024 the City issued Certificates of Obligation, Series 2024 in the amount of \$9,715,000. The certificates will be used for the design, engineering, acquisition and construction of certain public works and the purchase of equipment for authorized needs and purposes. The certificates will mature during fiscal year 2044 and have an interest rate ranging from 4% to 5%.

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, 2023

With Comparative Totals for the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2022 Actual
Revenues					
Property taxes	\$ 6,329,470	\$ 6,044,300	\$ 6,044,300	\$ -	\$ 6,016,045
Sales taxes	2,422,110	2,592,678	2,544,164	(48,514)	2,418,302
Franchise fees	730,013	747,093	712,162	(34,931)	689,965
Licenses and permits	500,000	276,441	276,441	-	770,103
Fines and forfeitures	450,998	300,923	300,923	-	357,586
Charges for services	429,917	432,488	723,499	291,011	718,725
Intergovernmental	2,077,942	437,310	446,310	9,000	404,092
Investment revenue	174,470	379,157	391,610	12,453	68,933
Other revenue	513,710	469,577	290,753	(178,824)	216,054
Total Revenues	13,628,630	11,679,967	11,730,162	50,195	11,659,805
Expenditures					
General government:					
Legislative	389,743	390,171	382,173	7,998	281,581
Administrative	1,504,556	1,535,064	1,510,806	24,258	1,339,231
Information technology	541,265	585,157	521,845	63,312	424,801
Nondepartmental	822,149	1,014,781	877,607	137,174	901,517
Community development	779,967	791,284	689,788	101,496	654,636
Total general government	4,037,680	4,316,457	3,982,219	334,238	3,601,766
Public safety:					
Public safety	6,575,474	6,830,718	6,609,632	221,086	5,939,993
Emergency management	191,033	191,034	131,197	59,837	180,505
Animal control	253,051	265,271	264,968	303	212,065
DOT-CVE	382,157	373,588	269,899	103,689	307,847
Municipal court	573,248	573,248	517,655	55,593	498,722
Hurricane Harvey	-	-	-	-	10,791
Total public safety	7,974,963	8,233,859	7,793,351	440,508	7,149,923
Public works:					
Parks	999,299	1,002,504	949,822	52,682	977,776
Public works	1,165,550	1,312,200	1,252,610	59,590	964,242
Total public works	2,164,849	2,314,704	2,202,432	112,272	1,942,018
Total Expenditures	14,177,492	14,865,020	13,978,002	887,018	12,693,707
Excess (Deficiency) of Revenues Over (Under) Expenditures	(548,862)	(3,185,053)	(2,247,840)	937,213	(1,033,902)

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, 2023

With Comparative Totals for the Year Ended September 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2022 Actual</u>
<u>Other Financing Sources (Uses)</u>					
Transfers in	\$ 2,406,781	\$ 2,406,781	\$ 5,543,541	\$ 3,136,760	\$ 2,243,294
Transfers (out)	<u>(2,161,629)</u>	<u>(2,161,629)</u>	<u>(292,000)</u>	<u>1,869,629</u>	<u>(2,866,027)</u>
Total Other Financing Sources	<u>245,152</u>	<u>245,152</u>	<u>5,251,541</u>	<u>5,006,389</u>	<u>(622,733)</u>
Net Change in Fund Balance	<u>\$ (303,710)</u>	<u>\$ (2,939,901)</u>	3,003,701	<u>\$ 5,943,602</u>	<u>\$ (1,656,635)</u>
Beginning fund balance			<u>5,071,809</u>		
Ending Fund Balance			<u>\$ 8,075,510</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	895,366
	<u>\$ 8,970,876</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, 2023

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

Measurement Year*

	2018	2019	2020	2021	2022
\$	1,039,984	\$ 1,154,034	\$ 1,305,168	\$ 1,326,064	\$ 1,384,219
	2,378,239	2,495,569	2,629,179	2,753,205	2,943,902
	136,392	181,638	(92,932)	735,786	53,414
	-	121,784	-	-	-
	(1,652,132)	(2,094,707)	(2,003,650)	(2,025,238)	(2,012,745)
	1,902,483	1,858,318	1,837,765	2,789,817	2,368,790
	35,539,241	37,441,724	39,300,042	41,137,807	43,927,624
\$	<u>37,441,724</u>	<u>\$ 39,300,042</u>	<u>\$ 41,137,807</u>	<u>\$ 43,927,624</u>	<u>\$ 46,296,414</u>
\$	1,001,258	\$ 1,081,777	\$ 1,222,777	\$ 1,265,378	\$ 1,258,793
	439,538	486,348	539,007	552,899	564,329
	(962,606)	4,782,392	2,668,641	4,897,752	(3,082,742)
	(1,652,132)	(2,094,707)	(2,003,650)	(2,025,238)	(2,012,745)
	(18,609)	(27,037)	(17,279)	(22,672)	(26,692)
	(972)	(812)	(675)	154	31,851
	(1,193,523)	4,227,962	2,408,822	4,668,274	(3,267,206)
	32,144,104	30,950,581	35,178,543	37,587,365	42,255,639
\$	<u>30,950,581</u>	<u>\$ 35,178,543</u>	<u>\$ 37,587,365</u>	<u>\$ 42,255,639</u>	<u>\$ 38,988,433</u>
\$	<u>6,491,143</u>	<u>\$ 4,121,499</u>	<u>\$ 3,550,442</u>	<u>\$ 1,671,985</u>	<u>\$ 7,307,981</u>
	82.66%	89.51%	91.37%	96.19%	84.21%
\$	6,257,427	\$ 6,947,829	\$ 7,700,104	\$ 7,745,699	\$ 8,061,846
	103.74%	59.32%	46.11%	21.59%	90.65%

CITY OF SEABROOK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2023

	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%

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	23 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	2023
\$ 976,004	\$ 1,046,439	\$ 1,244,320	\$ 1,243,032	\$ 1,247,906	\$ 1,369,531
<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>(1,369,531)</u>
<u>\$ -</u>					
\$ 6,178,270	\$ 6,670,165	\$ 7,875,897	\$ 7,734,305	\$ 7,929,016	\$ 8,561,183
15.80%	15.69%	15.80%	16.07%	15.74%	16.00%

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, 2023

	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 Employee Payroll	4.20%	4.10%	4.74%	5.21%

*Only six years of information is currently available. The City will build this schedule over the next four-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. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates- service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates- disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a four-year setforward for males and a three-year set-forward for females. In addition, a 3.50% and 3.00% 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.

3. Other Information:

There were no benefit changes during the year.

Measurement Year*	
2021	2022
\$ 19,364	\$ 21,767
8,151	8,136
(1,652)	(3,128)
13,837	(153,487)
(6,197)	(6,449)
33,503	(133,161)
400,991	434,494
\$ 434,494	\$ 301,333
\$ 7,745,699	\$ 8,061,846
5.61%	3.74%

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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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2022 Actual</u>
Revenues					
Property taxes	\$ 2,116,076	\$ 2,040,850	\$ 2,040,850	\$ -	\$ 2,069,233
Investment revenue	36,000	139,932	139,932	-	20,068
Total Revenues	<u>2,152,076</u>	<u>2,180,782</u>	<u>2,180,782</u>	<u>-</u>	<u>2,089,301</u>
Expenditures					
Debt service:					
Principal	1,566,749	1,566,749	1,566,749	-	1,526,749
Interest and fiscal agent fees	483,132	484,957	484,923	34	514,056
Total Expenditures	<u>2,049,881</u>	<u>2,051,706</u>	<u>2,051,672</u>	<u>34</u>	<u>2,040,805</u>
Net Change in Fund Balance	<u>\$ 102,195</u>	<u>\$ 129,076</u>	129,110	<u>\$ 34</u>	<u>\$ 48,496</u>
Beginning fund balance			<u>1,991,653</u>		
Ending Fund Balance			<u>\$ 2,120,763</u>		

Notes to Supplementary Information:

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, 2023

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	\$ 1,514,036	\$ 116,313	\$ 259,866	\$ 1,363,802
Receivables, net	113,586	-	-	187,544
Prepaid items	54	1,150	-	-
Total Assets	\$ 1,627,676	\$ 117,463	\$ 259,866	\$ 1,551,346
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 3,463	\$ -	\$ -	\$ 15,769
Deposits payable	-	-	300	-
Unearned revenue	-	-	1,910	-
Total Liabilities	3,463	-	2,210	15,769
Fund balances:				
Nonspendable:				
Prepays	54	1,150	-	-
Restricted for:				
Public safety	-	116,313	-	1,535,577
Parks	-	-	257,656	-
Tourism	1,624,159	-	-	-
Governmental programming	-	-	-	-
Assigned	-	-	-	-
Total Fund Balances	1,624,213	117,463	257,656	1,535,577
Total Liabilities and Fund Balances	\$ 1,627,676	\$ 117,463	\$ 259,866	\$ 1,551,346

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	Animal Control	Total Nonmajor Governmental Funds
\$ 431,279	\$ 167,517	\$ 19,271	\$ 3,872,084
8,930	7,622	-	317,682
-	-	-	1,204
<u>\$ 440,209</u>	<u>\$ 175,139</u>	<u>\$ 19,271</u>	<u>\$ 4,190,970</u>
\$ 34,751	\$ -	\$ -	\$ 53,983
-	-	-	300
-	-	-	1,910
<u>34,751</u>	<u>-</u>	<u>-</u>	<u>56,193</u>
-	-	-	1,204
405,458	-	-	2,057,348
-	-	-	257,656
-	-	-	1,624,159
-	175,139	-	175,139
-	-	19,271	19,271
<u>405,458</u>	<u>175,139</u>	<u>19,271</u>	<u>4,134,777</u>
<u>\$ 440,209</u>	<u>\$ 175,139</u>	<u>\$ 19,271</u>	<u>\$ 4,190,970</u>

CITY OF SEABROOK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

Special Revenue Funds

	Hotel and Motel Occupancy Tax	Municipal Court Programs	Park Improvement Fees	Crime Control and Prevention District
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 1,149,807
Franchise fees	-	-	-	-
Hotel occupancy tax	499,732	-	-	-
Fines and forfeitures	-	24,489	-	-
Charges for services	-	-	20,271	-
Intergovernmental	-	-	-	-
Investment revenue	60,342	1,776	14,310	45,186
Other revenue	66,919	-	-	3,688
Total Revenues	626,993	26,265	34,581	1,198,681
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	11,500	-	748,580
Economic development	458,115	-	12,960	-
Capital outlay	-	-	134,942	-
Total Expenditures	458,115	11,500	147,902	748,580
Excess (Deficiency) of Revenues Over (Under) Expenditures	168,878	14,765	(113,321)	450,101
Other Financing Sources (Uses)				
Transfers (out)	-	-	-	(193,671)
Total Other Financing Sources (Uses)	-	-	-	(193,671)
Net Change in Fund Balances	168,878	14,765	(113,321)	256,430
Beginning fund balances	1,455,335	102,698	370,977	1,279,147
Ending Fund Balances	\$ 1,624,213	\$ 117,463	\$ 257,656	\$ 1,535,577

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	Animal Control	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 1,149,807
-	31,170	-	31,170
-	-	-	499,732
25,326	-	-	49,815
-	-	-	20,271
2,212	-	-	2,212
15,944	6,871	176	144,605
111,189	-	-	181,796
<u>154,671</u>	<u>38,041</u>	<u>176</u>	<u>2,079,408</u>
-	29,731	-	29,731
86,148	-	-	846,228
-	-	-	471,075
76,110	-	-	211,052
<u>162,258</u>	<u>29,731</u>	<u>-</u>	<u>1,558,086</u>
<u>(7,587)</u>	<u>8,310</u>	<u>176</u>	<u>521,322</u>
-	-	-	(193,671)
-	-	-	(193,671)
(7,587)	8,310	176	327,651
<u>413,045</u>	<u>166,829</u>	<u>19,095</u>	<u>3,807,126</u>
<u>\$ 405,458</u>	<u>\$ 175,139</u>	<u>\$ 19,271</u>	<u>\$ 4,134,777</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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2022 Actual
Revenues					
Hotel and motel occupancy tax	\$ 546,519	\$ 546,519	\$ 499,732	\$ (46,787)	\$ 472,120
Investment revenue	26,207	26,207	60,342	34,135	8,753
Other revenue	99,275	99,275	66,919	(32,356)	82,659
Total Revenues	<u>672,001</u>	<u>672,001</u>	<u>626,993</u>	<u>(45,008)</u>	<u>563,532</u>
Expenditures					
Current:					
Economic development	700,255	700,255	458,115	242,140	529,137
Total Expenditures	<u>700,255</u>	<u>700,255</u>	<u>458,115</u>	<u>242,140</u>	<u>529,137</u>
Net Change in Fund Balance	<u>\$ (28,254)</u>	<u>\$ (28,254)</u>	168,878	<u>\$ 197,132</u>	<u>\$ 34,395</u>
Beginning fund balance			<u>1,455,335</u>		
Ending Fund Balance			<u>\$ 1,624,213</u>		

Notes to Supplementary Information:

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2022 Actual</u>
<u>Revenues</u>					
Fines and forfeitures	\$ 10,746	\$ 10,746	\$ 24,489	\$ 13,743	\$ 29,034
Investment revenue	41	41	1,776	1,735	268
Total Revenues	<u>10,787</u>	<u>10,787</u>	<u>26,265</u>	<u>15,478</u>	<u>29,302</u>
<u>Expenditures</u>					
Current:					
Public safety	16,200	13,390	11,500	1,890	14,570
Total Expenditures	<u>16,200</u>	<u>13,390</u>	<u>11,500</u>	<u>1,890</u>	<u>14,570</u>
Net Change in Fund Balance	<u>\$ (5,413)</u>	<u>\$ (2,603)</u>	14,765	<u>\$ 17,368</u>	<u>\$ 14,732</u>
Beginning fund balance			<u>102,698</u>		
Ending Fund Balance			<u>\$ 117,463</u>		

Notes to Supplementary Information:

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2022 Actual</u>
Revenues					
Charges for services	\$ 37,305	\$ 37,305	\$ 20,271	\$ (17,034)	\$ 44,525
Investment revenue	1,200	1,200	14,310	13,110	2,286
Total Revenues	<u>38,505</u>	<u>38,505</u>	<u>34,581</u>	<u>(3,924)</u>	<u>46,811</u>
Expenditures					
Current:					
Economic development	80,000	12,960	12,960	-	19,907
Capital outlay	<u>-</u>	<u>332,725</u>	<u>134,942</u>	<u>197,783</u>	<u>106,470</u>
Total Expenditures	<u>80,000</u>	<u>345,685</u>	<u>147,902</u>	<u>197,783</u>	<u>126,377</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(41,495)</u>	<u>(307,180)</u>	<u>(113,321)</u>	<u>193,859</u>	<u>(79,566)</u>
Other Financing Sources (Uses)					
Transfers in	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,400</u>
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>41,400</u>
Net Change in Fund Balance	<u>\$ (41,495)</u>	<u>\$ (307,180)</u>	<u>(113,321)</u>	<u>\$ 193,859</u>	<u>\$ (38,166)</u>
Beginning fund balance			<u>370,977</u>		
Ending Fund Balance			<u>\$ 257,656</u>		

Notes to Supplementary Information:

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2022 Actual</u>
Revenues					
Sales taxes	\$ 1,101,537	\$ 1,101,537	\$ 1,149,807	\$ 48,270	\$ 1,092,097
Investment revenue	22,483	22,483	45,186	22,703	6,972
Other revenue	-	-	3,688	3,688	4,826
Total Revenues	<u>1,124,020</u>	<u>1,124,020</u>	<u>1,198,681</u>	<u>74,661</u>	<u>1,103,895</u>
Expenditures					
Current:					
Public safety	834,773	1,030,427	748,580	281,847	753,520
Total Expenditures	<u>834,773</u>	<u>1,030,427</u>	<u>748,580</u>	<u>281,847</u>	<u>753,520</u>
Excess of Revenues Over Expenditures	<u>289,247</u>	<u>93,593</u>	<u>450,101</u>	<u>356,508</u>	<u>350,375</u>
Other Financing Sources (Uses)					
Transfers (out)	(193,671)	(193,671)	(193,671)	-	(162,500)
Total Other Financing (Uses)	<u>(193,671)</u>	<u>(193,671)</u>	<u>(193,671)</u>	<u>-</u>	<u>(162,500)</u>
Net Change in Fund Balance	<u>\$ 95,576</u>	<u>\$ (100,078)</u>	256,430	<u>\$ 356,508</u>	<u>\$ 187,875</u>
Beginning fund balance			<u>1,279,147</u>		
Ending Fund Balance			<u>\$ 1,535,577</u>		

Notes to Supplementary Information:

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2022 Actual
Revenues					
Fines and forfeitures	\$ -	\$ -	\$ 25,326	\$ 25,326	\$ 28,431
Intergovernmental	-	-	2,212	2,212	1,881
Investment revenue	5,233	5,233	15,944	10,711	2,707
Other revenue	108,393	108,393	111,189	2,796	109,306
Total Revenues	<u>113,626</u>	<u>113,626</u>	<u>154,671</u>	<u>41,045</u>	<u>142,325</u>
Expenditures					
Current:					
Public safety	20,000	197,682	86,148	111,534	117,118
Capital outlay	<u>77,642</u>	<u>77,642</u>	<u>76,110</u>	<u>1,532</u>	<u>84,400</u>
Total Expenditures	<u>97,642</u>	<u>275,324</u>	<u>162,258</u>	<u>113,066</u>	<u>201,518</u>
Net Change in Fund Balance	<u>\$ 15,984</u>	<u>\$ (161,698)</u>	<u>(7,587)</u>	<u>\$ 154,111</u>	<u>\$ (59,193)</u>
Beginning fund balance			<u>413,045</u>		
Ending Fund Balance			<u>\$ 405,458</u>		

Notes to Supplementary Information:

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2022 Actual
Revenues					
Franchise fees	\$ 36,050	\$ 36,050	\$ 31,170	\$ (4,880)	\$ 35,510
Investment revenue	138	138	6,871	6,733	980
Total Revenues	<u>36,188</u>	<u>36,188</u>	<u>38,041</u>	<u>1,853</u>	<u>36,490</u>
Expenditures					
Current:					
General government	46,000	29,732	29,731	1	28,827
Total Expenditures	<u>46,000</u>	<u>29,732</u>	<u>29,731</u>	<u>1</u>	<u>28,827</u>
Net Change in Fund Balance	<u>\$ (9,812)</u>	<u>\$ 6,456</u>	<u>8,310</u>	<u>\$ 1,854</u>	<u>\$ 7,663</u>
Beginning fund balance			<u>166,829</u>		
Ending Fund Balance			<u>\$ 175,139</u>		

Notes to Supplementary Information:

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2022 Actual</u>
Revenues					
Interest	\$ 30	\$ 30	\$ 176	\$ 146	\$ 52
Other revenue	3,434	2,550	-	(2,550)	4,020
Total Revenues	<u>3,464</u>	<u>2,580</u>	<u>176</u>	<u>(2,404)</u>	<u>4,072</u>
Expenditures					
Current:					
Public works	7,650	4,040	-	4,040	653
Economic development	-	-	-	-	135
Total Expenditures	<u>7,650</u>	<u>4,040</u>	<u>-</u>	<u>4,040</u>	<u>788</u>
Net Change in Fund Balance	<u>\$ (4,186)</u>	<u>\$ (1,460)</u>	176	<u>\$ 1,636</u>	<u>\$ 3,284</u>
Beginning fund balance			<u>19,095</u>		
Ending Fund Balance			<u>\$ 19,271</u>		

Notes to Supplementary Information:

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

STATISTICAL SECTION

This part of the City's comprehensive annual 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	135
<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			
	2014*	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 22,006,280	\$ 22,278,266	\$ 23,619,809	\$ 25,265,858
Restricted	4,552,760	4,861,342	5,170,228	4,694,544
Unrestricted	2,542,795	4,193,837	5,987,299	5,949,341
Total Governmental Activities Net Position	\$ 29,101,835	\$ 31,333,445	\$ 34,777,336	\$ 35,909,743
Business-Type Activities				
Net investment in capital assets	\$ 9,951,443	\$ 10,898,317	\$ 10,976,731	\$ 4,673,874
Restricted	2,432,638	2,495,389	2,522,751	2,683,443
Unrestricted	2,165,826	1,449,615	1,783,998	8,759,092
Total Business-Type Activities Net Position	\$ 14,549,907	\$ 14,843,321	\$ 15,283,480	\$ 16,116,409
Primary Government				
Net investment in capital assets	\$ 31,957,723	\$ 33,176,583	\$ 34,596,540	\$ 29,939,732
Restricted	6,985,398	7,356,731	7,692,979	7,377,987
Unrestricted	4,708,621	5,643,452	7,771,297	14,708,433
Total Primary Government Net Position	\$ 43,651,742	\$ 46,176,766	\$ 50,060,816	\$ 52,026,152

*Restated balances

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 26,318,825	\$ 27,201,835	\$ 28,175,351	\$ 30,820,312	\$ 34,022,511	\$ 31,557,834
4,757,197	4,672,760	4,876,957	5,539,625	5,738,814	6,235,065
6,521,332	7,053,199	7,127,429	6,756,244	5,686,952	8,949,993
<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>	<u>\$ 46,742,892</u>
\$ 8,812,420	\$ 8,283,669	\$ 6,958,646	\$ 8,050,272	\$ 22,199,475	\$ 41,427,075
2,674,389	3,145,604	4,300,283	4,433,874	4,433,873	4,881,538
5,914,543	6,717,220	9,687,504	9,294,829	7,137,940	7,538,928
<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>	<u>\$ 53,847,541</u>
\$ 35,131,245	\$ 35,485,504	\$ 35,133,997	\$ 38,870,584	\$ 56,221,986	\$ 72,984,909
7,431,586	7,818,364	9,177,240	9,973,499	10,172,687	11,116,603
12,435,875	13,770,419	16,814,933	16,051,073	12,824,892	16,488,921
<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>	<u>\$ 100,590,433</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental Activities				
General government	\$ 1,165,000	\$ 3,848,282	\$ 3,454,477	\$ 3,338,192
Public safety	5,053,766	4,786,353	6,104,299	6,668,690
Public works	2,986,870	1,899,510	2,209,046	2,283,662
Economic development	412,718	348,324	617,333	778,571
Interest and fiscal agent fees	623,464	838,721	762,518	681,853
Total Governmental Activities Expenses	<u>10,241,818</u>	<u>11,721,190</u>	<u>13,147,673</u>	<u>13,750,968</u>
Business-Type Activities				
Utilities	4,808,118	4,832,090	5,279,016	5,901,487
Total Business-Type Activities Expenses	<u>4,808,118</u>	<u>4,832,090</u>	<u>5,279,016</u>	<u>5,901,487</u>
Total Primary Government Expenses	<u>\$ 15,049,936</u>	<u>\$ 16,553,280</u>	<u>\$ 18,426,689</u>	<u>\$ 19,652,455</u>
Program Revenues				
Governmental Activities				
Charges for services	\$ 1,080,913	\$ 902,015	\$ 876,229	\$ 1,143,174
Operating grants and contributions	204,058	238,472	334,239	282,408
Capital grants and contributions	1,674,130	232,198	478,432	260,223
Total Governmental Activities Program Revenues	<u>2,959,101</u>	<u>1,372,685</u>	<u>1,688,900</u>	<u>1,685,805</u>
Business-Type Activities				
Utilities:				
Charges for services	6,037,818	6,379,326	6,817,957	7,644,570
Capital grants and contributions	240,152	141,601	73,878	236,655
Total Business-Type Activities Program Revenues	<u>6,277,970</u>	<u>6,520,927</u>	<u>6,891,835</u>	<u>7,881,225</u>
Total Primary Government Program Revenues	<u>\$ 9,237,071</u>	<u>\$ 7,893,612</u>	<u>\$ 8,580,735</u>	<u>\$ 9,567,030</u>
Net (Expense)/Revenue				
Governmental activities	\$ (7,282,717)	\$ (10,348,505)	\$ (11,458,773)	\$ (12,065,163)
Business-type activities	1,469,852	1,688,837	1,612,819	1,979,738
Total Primary Government Net (Expense) Revenue	<u>\$ (5,812,865)</u>	<u>\$ (8,659,668)</u>	<u>\$ (9,845,954)</u>	<u>\$ (10,085,425)</u>

Fiscal Year

	2018	2019	2020	2021	2022	2023
\$	3,900,540	\$ 3,890,689	\$ 3,680,753	\$ 3,796,799	\$ 4,092,940	\$ 4,517,144
	6,629,558	7,124,146	8,837,709	8,103,724	8,060,818	9,122,987
	2,438,285	2,509,691	2,380,054	1,992,198	2,699,573	2,794,535
	812,566	689,091	524,516	294,254	543,142	476,929
	592,887	543,882	561,811	553,692	508,528	482,521
	<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>17,394,116</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>9,270,928</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>9,270,928</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>	<u>\$ 26,665,044</u>
\$	1,035,570	\$ 973,666	\$ 1,665,033	\$ 1,504,924	\$ 1,948,404	\$ 1,326,293
	487,907	432,945	1,187,359	462,317	405,973	863,698
	294,298	2,453	2,408	-	-	-
	<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>	<u>2,189,991</u>
	8,000,219	7,905,427	8,370,924	9,514,435	10,703,944	11,927,424
	427,662	303,446	2,600,228	993,752	11,035,992	18,410,179
	<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>30,337,603</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>	<u>\$ 32,527,594</u>
\$	(12,556,061)	\$ (13,348,435)	\$ (13,130,043)	\$ (12,773,426)	\$ (13,550,624)	\$ (15,204,125)
	2,392,222	2,132,384	4,216,930	2,503,518	13,705,186	21,066,675
\$	<u>(10,163,839)</u>	<u>\$ (11,216,051)</u>	<u>\$ (8,913,113)</u>	<u>\$ (10,269,908)</u>	<u>\$ 154,562</u>	<u>\$ 5,862,550</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 5,795,618	\$ 6,004,934	\$ 6,452,911	\$ 6,441,270
Sales and use taxes	2,516,219	2,768,645	2,901,318	3,037,188
Franchise fees and local taxes	1,265,765	1,294,765	1,264,528	1,229,769
Investment revenue	3,073	8,544	60,941	117,990
Other revenues	696,853	814,897	2,210,157	608,779
Special item	-	-	525,000	-
Transfers	1,571,744	1,688,330	1,487,809	1,762,574
Total Governmental Activities	<u>11,849,272</u>	<u>12,580,115</u>	<u>14,902,664</u>	<u>13,197,570</u>
Business-Type Activities				
Franchise fees	-	-	-	292,975
Investment revenue	1,675	2,442	18,721	94,532
Other revenues	260,470	290,465	296,428	228,258
Transfers	(1,571,744)	(1,688,330)	(1,487,809)	(1,762,574)
Total Business-Type Activities	<u>(1,309,599)</u>	<u>(1,395,423)</u>	<u>(1,172,660)</u>	<u>(1,439,784)</u>
Total Primary Government	<u>\$ 10,539,673</u>	<u>\$ 11,184,692</u>	<u>\$ 13,730,004</u>	<u>\$ 11,757,786</u>
Change in Net Position				
Governmental activities	\$ 4,566,555	\$ 2,231,610	\$ 3,443,891	\$ 1,132,407
Business-type activities	160,253	293,414	440,159	539,954
Total Primary Government	<u>\$ 4,726,808</u>	<u>\$ 2,525,024</u>	<u>\$ 3,884,050</u>	<u>\$ 1,672,361</u>

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 6,975,344	\$ 7,027,755	\$ 7,612,682	\$ 8,145,649	\$ 8,064,350	\$ 8,125,813
2,946,279	2,776,366	2,994,232	3,396,295	3,510,399	3,693,971
1,426,481	1,329,757	1,113,688	1,254,909	1,197,595	1,243,064
229,697	334,911	149,979	9,411	171,800	1,069,225
1,064,992	1,036,348	632,640	792,443	638,174	547,548
-	-	-	-	62,327	42,800
<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>1,776,319</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>	<u>16,498,740</u>
299,010	298,573	344,369	345,335	378,111	422,135
203,399	263,537	107,906	8,432	69,138	336,432
212,727	224,385	214,811	38,192	77,953	27,330
<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>(1,776,319)</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>(990,422)</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>	<u>\$ 15,508,318</u>
\$ 1,909,147	\$ 1,330,440	\$ 1,457,254	\$ 2,888,216	\$ 2,332,096	\$ 1,294,615
1,284,943	745,141	2,799,940	832,542	11,992,313	20,076,253
<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>	<u>\$ 21,370,868</u>

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

Function	Fiscal Year			
	2014	2015	2016	2017
Property	\$ 5,795,618	\$ 6,004,934	\$ 6,452,911	\$ 6,441,270
Sales and use	2,516,219	2,768,645	2,901,318	3,037,188
Franchise fees and local taxes	1,265,765	1,294,765	1,264,528	1,229,769
Totals	\$ 9,577,602	\$ 10,068,344	\$ 10,618,757	\$ 10,708,227

Fiscal Year						Change
2018	2019	2020	2021	2022	2023	2022-2023
\$ 6,975,344	\$ 7,027,755	\$ 7,612,682	\$ 8,145,649	\$ 8,064,350	\$ 8,125,813	0.8%
2,946,279	2,776,366	2,994,232	3,396,295	3,510,399	3,693,971	5.2%
1,426,481	1,329,757	1,113,688	1,254,909	1,197,595	1,243,064	3.8%
<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>\$ 13,062,848</u>	2.3%

CITY OF SEABROOK, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 78,664	\$ 142,883	\$ 84,443	\$ 38,780
Committed	801,561	801,976	2,404,292	2,409,881
Assigned	54,000	21,000	21,000	21,000
Unassigned	3,998,314	5,149,807	5,052,164	5,830,055
Total General Fund	\$ 4,932,539	\$ 6,115,666	\$ 7,561,899	\$ 8,299,716
All Other Governmental Funds				
Nonspendable	\$ 12	\$ 23,333	\$ 31,896	\$ 34,630
Restricted	4,552,760	12,484,357	11,536,398	4,868,848
Assigned	-	-	-	-
Total All Other Governmental Funds	\$ 4,552,772	\$ 12,507,690	\$ 11,568,294	\$ 4,903,478

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 86,334	\$ 67,459	\$ 52,707	\$ 55,889	\$ 48,545	\$ 77,856
822,402	2,441,637	2,449,307	2,449,729	2,455,709	2,495,366
-	-	-	-	-	-
8,025,330	6,925,563	6,564,500	5,072,555	3,423,264	6,397,654
<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>	<u>\$ 8,970,876</u>
\$ 103,953	\$ 62,762	\$ -	\$ 44,257	\$ 40,870	\$ 1,204
4,757,197	5,023,848	7,982,410	11,061,868	12,028,292	8,452,418
522,655	522,655	1,441,141	1,442,093	1,445,377	1,445,553
<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>	<u>\$ 9,899,175</u>

CITY OF SEABROOK, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes and fees	\$ 9,598,547	\$ 10,077,143	\$ 10,567,809	\$ 10,759,116
Licenses and permits	402,187	234,429	162,395	346,990
Fines and forfeitures	424,148	526,530	596,813	615,090
Charges for services	254,578	141,056	117,021	181,094
Intergovernmental	1,611,914	470,670	764,278	362,416
Investment revenue	3,073	8,544	60,941	114,471
Other revenues	696,853	814,897	2,210,157	608,779
Total Revenues	<u>12,991,300</u>	<u>12,273,269</u>	<u>14,479,414</u>	<u>12,987,956</u>
Expenditures				
General government	3,515,144	3,680,496	3,060,008	3,075,333
Public safety	4,785,911	4,550,492	5,526,619	5,744,384
Public works	3,444,606	1,805,990	2,334,366	1,993,389
Economic development	428,060	349,247	613,263	691,646
Capital outlay	329,055	1,361,769	2,211,265	6,351,653
Debt service:				
Principal	900,000	935,000	1,215,000	1,265,000
Interest and fiscal agent fees	606,581	699,810	768,742	619,594
Bond issuance costs	-	126,244	-	59,046
Refunding contribution	-	-	-	105,881
Total Expenditures	<u>14,009,357</u>	<u>13,509,048</u>	<u>15,729,263</u>	<u>19,905,926</u>
(Deficiency) of Revenues (Under) Expenditures	(1,018,057)	(1,235,779)	(1,249,849)	(6,917,970)
Other Financing Sources (Uses)				
Transfers in	1,571,744	1,736,381	2,549,695	1,854,983
Transfers out	-	(48,051)	(793,009)	(924,746)
Refunding bonds issued	-	-	-	5,365,000
Bonds issued	-	8,380,000	-	-
Premium on bonds issued	-	305,494	-	-
Payments to refunded bond escrow agent	-	-	-	(5,304,266)
Insurance proceeds	-	-	-	-
Total Other Financing Sources	<u>1,571,744</u>	<u>10,373,824</u>	<u>1,756,686</u>	<u>990,971</u>
Net Change in Fund Balances	<u>\$ 553,687</u>	<u>\$ 9,138,045</u>	<u>\$ 506,837</u>	<u>\$ (5,926,999)</u>
Debt service as a percentage of noncapital expenditures	15.43%	14.13%	15.53%	14.67%

Fiscal Year

	2018	2019	2020	2021	2022	2023
\$	11,349,124	\$ 11,095,136	\$ 11,709,039	\$ 12,539,258	\$ 12,793,272	\$ 13,022,185
	392,499	291,126	368,305	318,576	770,103	276,441
	514,887	556,447	627,683	401,555	415,051	350,738
	128,184	126,093	669,045	784,793	763,250	743,770
	490,391	435,398	1,184,743	462,317	405,973	863,698
	221,271	357,272	138,414	8,717	160,117	992,834
	1,058,957	598,998	632,640	557,226	416,865	547,548
	<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>	<u>16,797,214</u>
	3,495,141	3,422,795	3,709,753	3,479,615	3,630,593	4,011,950
	6,099,004	6,391,905	8,394,178	7,852,225	8,035,131	8,639,579
	2,175,847	2,060,579	1,900,645	1,845,927	1,942,671	2,202,432
	809,430	681,919	520,730	298,109	549,179	471,075
	193,970	219,453	442,360	81,116	2,265,947	1,283,160
	1,345,000	1,410,000	1,440,000	1,491,749	1,526,749	1,566,749
	583,780	525,677	506,334	563,089	514,056	484,923
	-	-	52,737	-	-	-
	-	-	-	-	-	-
	<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>	<u>18,659,868</u>
	(546,859)	(1,251,858)	(1,636,868)	(539,388)	(2,739,695)	(1,862,654)
	2,352,098	2,040,825	3,045,973	4,576,674	5,083,888	5,543,541
	(690,562)	(559,492)	(1,117,597)	(2,636,177)	(3,028,527)	(4,252,893)
	-	-	-	-	-	-
	-	-	2,669,904	-	-	-
	-	-	484,729	-	-	-
	-	-	-	-	-	-
	-	-	-	235,217	-	-
	<u>1,661,536</u>	<u>1,481,333</u>	<u>5,083,009</u>	<u>2,175,714</u>	<u>2,055,361</u>	<u>1,290,648</u>
\$	<u>1,114,677</u>	<u>\$ 229,475</u>	<u>\$ 3,446,141</u>	<u>\$ 1,636,326</u>	<u>\$ (684,334)</u>	<u>\$ (572,006)</u>
	14.05%	14.23%	12.67%	13.34%	12.62%	12.30%

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

	Fiscal Year			
	2014	2015	2016	2017
Real Property	\$ 983,065,482	\$ 1,050,841,139	\$ 1,149,250,879	\$ 1,263,608,355
Personal Property	87,589,652	83,736,870	101,798,001	104,585,004
Less: Tax Exempt Property	(175,815,601)	(183,332,730)	(206,733,522)	(226,833,984)
Total Taxable Assessed Value (1)	<u>\$ 894,839,533</u>	<u>\$ 951,245,279</u>	<u>\$ 1,044,315,358</u>	<u>\$ 1,141,359,375</u>
Total Direct Tax Rate	\$ 0.651229	\$ 0.640030	\$ 0.612611	\$ 0.565177

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.

Note: In 2002, the City approved creation of the Harris County Municipal Utility District (HC MUD 373) and agreed to pay HC MUD 373 12 percent of the taxes collected by the City on land and improvements for entities within the HC MUD 373 jurisdiction for a term of seven and a half years, so long as the HC MUD 373 has any bonded indebtedness. Total direct rates exclude the HC MUD 373 tax of \$0.355 because it only affects 298 tax accounts within the City.

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 1,363,048,039	\$ 1,420,712,298	\$ 1,555,906,561	\$ 1,649,341,446	\$ 1,745,644,123	\$ 1,931,682,141
120,684,600	134,321,104	142,704,467	150,017,016	149,950,968	160,676,614
(251,105,865)	(268,916,146)	(289,422,871)	(306,343,957)	(322,822,093)	(360,190,868)
<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>	<u>\$ 1,732,167,887</u>
\$ 0.574911	\$ 0.551983	\$ 0.551983	\$ 0.543613	\$ 0.524444	\$ 0.476526

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

	Fiscal Year			
	2014	2015	2016	2017
City by fund:				
General	\$ 0.48315	\$ 0.45951	\$ 0.42346	\$ 0.39457
Debt service	0.16808	0.18052	0.18916	0.17060
Total Direct Rates	<u>0.65123</u>	<u>0.64003</u>	<u>0.61261</u>	<u>0.56518</u>
Clear Creek Independent School District	1.40000	1.40000	1.40000	1.40000
Harris County	0.41455	0.41731	0.41656	0.41656
Harris County Flood Control District	0.02827	0.02736	0.02829	0.02829
Port of Houston Authority	0.01716	0.01531	0.01334	0.01334
Harris County Hospital District	0.17000	0.17000	0.17000	0.17179
Harris County Dept. of Education	<u>0.00636</u>	<u>0.00600</u>	<u>0.00520</u>	<u>0.00520</u>
Total Direct and Overlapping Rates (1)	<u>\$ 2.68757</u>	<u>\$ 2.67601</u>	<u>\$ 2.64600</u>	<u>\$ 2.60036</u>

Tax rates per \$100 of assessed valuation

Source: Harris Central Appraisal District

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

Note: In 2002, the City approved creation of the Harris County Municipal Utility District (HC MUD 373) and agreed to pay HC MUD 373 12 percent of the taxes collected by the City on land and improvements for entities within the HC MUD 373 jurisdiction for a term of seven and a half years, so long as the HC MUD 373 has any bonded indebtedness. Total direct rates exclude the HC MUD 373 tax of \$0.355 because it only affects 298 tax accounts within the City.

Fiscal Year

	2018	2019	2020	2021	2022	2023
\$	0.41941	\$ 0.40314	\$ 0.40314	\$ 0.39985	\$ 0.39011	\$ 0.35657
	0.15551	0.14884	0.14884	0.14376	0.13434	0.11995
	0.57491	0.55198	0.55198	0.54361	0.52444	0.47653
	1.40000	1.40000	1.31000	1.26590	1.17970	1.11460
	0.41801	0.41858	0.40713	0.39116	0.37693	0.34373
	0.28310	0.02877	0.02792	0.03142	0.03349	0.03055
	0.01256	0.01155	0.01074	0.00991	0.00872	0.00799
	0.17110	0.17108	0.16591	0.16671	0.16221	0.14831
	0.00520	0.00519	0.00500	0.00499	0.00499	0.00490
\$	2.86488	\$ 2.58715	\$ 2.47868	\$ 2.41371	\$ 2.29048	\$ 2.12661

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CITY OF SEABROOK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Ten Years Ago

Property Taxpayer	Fiscal Year					
	2023			2014		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Western Rim Investors	\$ 75,660,220	1	4.37%	\$ -	-	-
Seabrook Properties LLC.	35,785,170	2	2.07%	-	-	-
Vista Shores 2011LP	33,178,365	3	1.92%	9,755,854	4	1.09%
FRBH Regatta Bay LLC	27,596,658	4	1.59%	-	-	-
WREF Bar Harbor LP	26,759,403	5	1.54%	-	-	-
Sinbad Landing Corp.	25,239,416	6	1.46%	15,487,730	1	1.73%
Duke Reality LP	21,020,965	7	1.21%	-	-	-
3000 Nasa Parkway LLC	16,685,955	8	0.96%	6,850,000	6	0.77%
CMH LA Maison LLC	14,994,810	9	0.87%	-	-	-
Nasa Road Apartments LLC	13,163,097	10	0.76%	6,534,000	8	0.73%
Repsdorph Road LTD	-	-	-	14,766,000	2	1.65%
DMH 90	-	-	-	10,857,511	3	1.21%
Lamrock 3/2001LP	-	-	-	6,595,948	7	0.74%
Centerpoint Energy Inc.	-	-	-	7,759,640	5	0.87%
Omkar Group Seabrook LP	-	-	-	4,671,534	9	0.52%
Coastal Storage	-	-	-	4,446,581	10	0.50%
Subtotal	290,084,059		16.75%	87,724,798		9.80%
Other Taxpayers	1,442,083,828		83.25%	807,114,735		90.20%
Total	\$ 1,732,167,887		100.00%	\$ 894,839,533		100.00%

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

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

	Fiscal Year			
	2014	2015	2016	2017
Tax levy	\$ 5,766,934	\$ 5,984,940	\$ 6,329,284	\$ 6,411,690
Current tax collected	\$ 5,699,970	\$ 5,908,134	\$ 6,248,998	\$ 6,344,390
Percentage of current tax collections	98.84%	98.72%	98.73%	98.95%
Collections in subsequent years	<u>57,444</u>	<u>65,097</u>	<u>66,506</u>	<u>50,560</u>
Total tax collections to date	<u>\$ 5,757,414</u>	<u>\$ 5,973,231</u>	<u>\$ 6,315,504</u>	<u>\$ 6,394,949</u>
Total collections as a percentage of current levy	99.83%	99.80%	99.78%	99.74%

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 6,960,493	\$ 6,997,431	\$ 7,612,966	\$ 7,977,305	\$ 8,042,633	\$ 8,075,029
\$ 6,887,981	\$ 6,902,533	\$ 7,525,983	\$ 7,869,493	\$ 7,965,081	\$ 7,968,492
98.96%	98.64%	98.86%	98.65%	99.04%	98.68%
<u>51,257</u>	<u>74,750</u>	<u>63,694</u>	<u>84,614</u>	<u>46,565</u>	<u>-</u>
<u><u>\$ 6,939,238</u></u>	<u><u>\$ 6,977,283</u></u>	<u><u>\$ 7,589,677</u></u>	<u><u>\$ 7,954,107</u></u>	<u><u>\$ 8,011,647</u></u>	<u><u>\$ 7,968,492</u></u>
99.69%	99.71%	99.69%	99.71%	99.61%	98.68%

CITY OF SEABROOK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2014	2015	2016	2017
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 14,824,773	\$ 22,590,010	\$ 21,394,753	\$ 20,265,325
Certificates of obligation	790,000	750,000	705,000	655,000
Subtotal	15,614,773	23,340,010	22,099,753	20,920,325
Business-Type Activities:				
Revenue bonds	3,173,000	2,918,000	2,653,000	2,377,000
Certificates of obligation	-	-	2,500,000	8,320,000
General obligation bonds	1,165,000	1,155,000	1,145,000	1,955,815
Notes Payable	-	-	-	-
Subtotal	4,338,000	4,073,000	6,298,000	12,652,815
Total Primary Government	\$ 19,952,773	\$ 27,413,010	\$ 28,397,753	\$ 33,573,140
Personal Income	\$ 521,510,475	\$ 524,443,905	\$ 557,459,388	\$ 725,800,284
Debt as a Percentage of Personal Income	3.83%	5.23%	5.09%	4.63%
Population	12,853	12,843	13,716	14,287
Debt Per Capita	\$ 1,552	\$ 2,134	\$ 2,070	\$ 2,350

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

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 18,959,485	\$ 17,593,645	\$ 16,197,805	\$ 15,199,828	\$ 13,715,316	\$ 11,803,022
600,000	540,000	3,610,396	3,073,155	2,991,406	3,297,441
<u>19,559,485</u>	<u>18,133,645</u>	<u>19,808,201</u>	<u>18,272,983</u>	<u>16,706,722</u>	<u>15,100,463</u>
2,209,000	2,039,000	1,856,000	1,665,000	1,465,000	1,260,000
8,005,000	7,680,000	15,591,155	15,133,937	14,666,719	14,194,503
1,785,128	1,614,440	725,000	585,000	445,000	300,000
3,700,000	3,632,195	3,562,254	3,490,110	3,415,694	3,248,234
<u>15,699,128</u>	<u>14,965,635</u>	<u>21,734,409</u>	<u>20,874,047</u>	<u>19,992,413</u>	<u>19,002,737</u>
<u>\$ 35,258,613</u>	<u>\$ 33,099,280</u>	<u>\$ 41,542,610</u>	<u>\$ 39,147,030</u>	<u>\$ 36,699,135</u>	<u>\$ 34,103,200</u>
\$ 740,316,290	\$ 796,559,396	\$ 797,085,120	\$ 803,229,960	\$ 822,105,864	\$ 826,032,402
4.76%	4.16%	5.21%	4.87%	4.46%	4.13%
14,554	14,826	14,931	15,036	15,112	15,118
\$ 2,423	\$ 2,232	\$ 2,782	\$ 2,603	\$ 2,429	\$ 2,256

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

	Fical Year			
	2014	2015	2016	2017
Net Taxable Assessed Value				
All property	\$ 894,839,533	\$ 951,245,279	\$ 1,044,315,358	\$ 1,141,359,375
Net Bonded Debt				
Gross bonded debt	\$ 16,779,773	\$ 24,495,010	\$ 25,744,753	\$ 20,920,325
Less debt service funds	<u>1,738,285</u>	<u>1,799,611</u>	<u>1,796,375</u>	<u>1,783,732</u>
Net Bonded Debt	<u><u>\$ 15,041,488</u></u>	<u><u>\$ 22,695,399</u></u>	<u><u>\$ 23,948,378</u></u>	<u><u>\$ 19,136,593</u></u>
Ratio of Net Bonded Debt to Assessed Value	1.68%	2.39%	2.29%	1.68%
Population	12,853	12,843	13,716	14,287
Net Bonded Debt Per Capita	\$ 1,170	\$ 1,767	\$ 1,746	\$ 1,339

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 1,232,626,774	\$ 1,286,117,256	\$ 1,409,188,157	\$ 1,493,014,505	\$ 1,572,772,998	\$ 1,732,167,887
\$ 29,349,613	\$ 27,428,085	\$ 36,124,356	\$ 33,991,920	\$ 31,818,441	\$ 29,594,966
1,785,719	1,795,563	1,913,432	1,943,158	1,991,653	2,120,763
<u>\$ 27,563,894</u>	<u>\$ 25,632,522</u>	<u>\$ 34,210,925</u>	<u>\$ 32,048,762</u>	<u>\$ 29,826,788</u>	<u>\$ 27,474,203</u>
2.24%	1.99%	2.43%	2.15%	1.90%	1.59%
14,554	14,826	14,931	15,036	15,112	15,118
\$ 1,894	\$ 1,729	\$ 2,291	\$ 2,131	\$ 1,974	\$ 1,817

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CITY OF SEABROOK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2023

	Net Bonded Debt Outstanding (1)	Estimated Percentage Applicable (2)	Estimated Share of Overlapping Debt (1)
Debt Repaid with Property Taxes			
Governmental Unit			
Clear Creek Independent School District	\$ 955,984	4.58%	\$ 43,784
Harris County (3)	\$ 1,851,866	0.21%	3,889
Harris County Flood Control District	\$ 1,389,283	0.21%	2,917
Port of Houston Authority	\$ 445,749	0.21%	936
Harris County Municipal Utility District 373	\$ 1,320	100.00%	1,320
Subtotal, overlapping debt			52,847
City Direct Debt (in thousands)	\$ 15,100	100.00%	15,100
	Total Direct and Overlapping Debt		\$ 67,947

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

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2014	2015	2016	2017
Gross Revenues (1)	\$ 6,299,963	\$ 6,672,233	\$ 7,133,106	\$ 8,260,336
Operating Expenses (2)	4,135,263	4,155,276	4,512,995	4,897,551
Net Revenues Available for Debt Service	\$ 2,164,700	\$ 2,516,957	\$ 2,620,111	\$ 3,362,785
Debt Service Requirements (3)				
Principal	\$ 255,000	\$ 265,000	\$ 265,000	\$ 276,000
Interest	166,361	155,894	123,933	112,192
Total	\$ 421,361	\$ 420,894	\$ 388,933	\$ 388,192
Coverage	5.14	5.98	6.74	8.66

- (1) Total revenues including interest
- (2) Total operating expenses less depreciation
- (3) Includes revenue bonds only

Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 8,715,355	\$ 8,472,410	\$ 9,038,010	\$ 9,906,394	\$ 11,229,146	\$ 12,713,321
5,084,986	5,472,137	5,546,860	6,763,194	6,785,238	7,916,986
<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>	<u>\$ 4,796,335</u>
\$ 168,000	\$ 170,000	\$ 183,000	\$ 191,000	\$ 200,000	\$ 205,000
101,430	94,130	86,746	78,793	70,495	61,810
<u>\$ 269,430</u>	<u>\$ 264,130</u>	<u>\$ 269,746</u>	<u>\$ 269,793</u>	<u>\$ 270,495</u>	<u>\$ 266,810</u>
13.47	11.36	12.94	11.65	16.43	17.98

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

Fiscal Year Ended	Population (1)(5)	Personal Income (4)	Per Capita Personal Income (5)	Median Age (5)	School Enrollment (2)	Unemployment Rate (3)(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%
2023	15,118	\$ 826,032,402	\$ 54,639	34.8	1,536	2.9%

Data sources:

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

CITY OF SEABROOK, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Ten Years Ago ⁽¹⁾

Employer	Fiscal Year			
	2023		2014	
	Employees	Total City Employment (%)	Employees	Total City Employment (%)
Technical Automation Service Corporation	230	18.56%	189	19.36%
City of Seabrook	118	9.52%	99	10.14%
Tookies Seafood	108	8.72%	0	0.00%
Kroger	95	7.67%	85	8.71%
Seabrook Intermediate School	93	7.51%	95	9.73%
Bay Area Elementary	90	7.26%	80	8.20%
Lakewood Yacht Club	68	5.49%	70	7.17%
Maas Nursery and Landscaping	52	4.20%	32	3.28%
Kiwo, Inc.	48	3.87%	21	2.15%
McDonald's	47	3.79%	42	4.30% *
Bay Area Trees and Landscape	46	3.71%	42	4.30%
Mario's Flying Pizza	46	3.71%	42	4.30%
Seabrook Classic Café	45	3.63%	42	4.30%
Merlion	38	3.07%		
Hooters	35	2.82%	45	4.61%
Marine Max	35	2.82%	32	3.28%
Burkes Outlet	25	2.02%		
Gulf Coast Limestone	20	1.61%	60	6.15%
Total	<u>1,239</u>	<u>100.00%</u>	<u>976</u>	<u>100.00%</u>

Sources: Bay Area Economic Partnership, City records

*TASC never returned phone calls - used same figure as 2018

*Added Tookies Seafood to the list

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

	Fiscal Year									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General Government:										
City Manager	1.50	1.00	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	1.00	0.80	0.80	0.80	1.80	1.00	1.00	1.00
Human Resources	1.25	1.75	2.00	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	1.00	1.00	1.00	1.00	1.00
Finance	2.50	2.50	2.50	2.50	2.50	3.00	3.00	3.00	3.00	3.00
Administrative Assistants	-	-	-	-	-	1.00	1.00	-	-	-
GIS	-	-	-	-	-	-	1.00	2.00	2.00	2.00
Information Technology	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Streets and Drainage	8.17	8.17	8.38	8.72	8.38	8.38	9.38	9.43	9.43	9.43
Community Development	5.00	5.00	5.00	6.00	6.00	5.30	5.30	5.30	5.30	5.30
Municipal Court	4.50	4.50	4.50	4.50	4.50	5.00	5.00	5.00	5.00	5.00
Subtotal	<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>33.73</u>
Public Safety:										
Police	35.50	36.00	37.00	33.00	32.50	33.75	33.25	35.25	35.25	35.25
Emergency Management	1.00	1.00	1.00	1.00	1.00	1.50	2.00	2.00	2.00	2.00
Animal Control	1.48	1.48	1.68	2.20	2.70	2.70	2.70	3.00	3.00	3.00
Commercial Vehicle Enforcement	-	-	-	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Crime District	5.50	5.00	5.00	5.00	5.50	5.25	5.25	5.25	5.25	5.25
Emergency Medical Services	-	-	-	-	-	-	7.00	7.00	7.00	7.42
Subtotal	<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>55.92</u>
Enterprise Operations:										
Water	7.03	7.03	7.48	7.81	7.48	7.48	7.48	7.53	7.53	7.53
Sewer	4.41	4.78	4.86	5.19	4.86	4.86	4.86	4.91	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>14.44</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>	<u>15.44</u>
Parks and Recreation	7.94	9.78	7.91	7.91	7.60	8.60	8.60	9.65	9.65	9.65
Hotel Tax	1.00	1.00	1.00	1.20	1.20	1.20	1.20	1.00	1.00	2.00
Economic Development	1.00	1.00	2.00	2.00	2.00	1.70	1.70	1.70	1.70	1.70
Total	<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>	<u><u>118.44</u></u>

Source: Economic development department

CITY OF SEABROOK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2014	2015	2016	2017
Police				
Arrests	768	686	1,120	1,580
Accident reports	251	358	241	648
Citations	2,378	3,620	5,871	5,315
Offense reports	191	442	823	848
Calls for service	12,758	10,084	13,170	6,589
Fire				
Emergency responses	316	326	386	410
Fire incidents	22	24	20	30
Total calls for service	n/a	605	555	621
Average response time	5:25	5:00	4:54	5:27
EMS				
Emergency responses				
Transports				
No transports				
Average response time				
Water				
New accounts	293	346	362	359
Average daily consumption (thousands of gallons)	1,667	1,602	1,708	1,762
Total consumption	604,898	584,860	618,735	623,545
Peak daily consumption (thousands of gallons)	2,234	2,974	2,989	2,881
Sewer				
Average daily sewage treatment (thousands of gallons)	1,026	1,393	1,220	1,300
Total consumption	374,650	510,623	444,910	475,586
Peak daily consumption (thousands of gallons)	4,014	6,947	5,310	8,127

Source: Various City departments

Fiscal Year					
2018	2019	2020	2021	2022	2023
839	662	644	589	405	397
259	271	230	232	275	237
2,130	5,365	3,361	2,594	2,280	2,574
707	870	1,119	1,148	950	843
12,772	12,132	12,132	10,770	11,878	18,566
459	490	599	875	588	712
20	27	25	34	24	25
663	666	749	909	770	975
4:57	4:13	4:19	4:41	2:48	3:34
		905	1208	1215	1362
		25	620	650	760
		749	588	565	602
		4:37	4:35	3:55	4:54
252	371	378	384	368	282
1,802	1,625	1,768	1,622	1,715	1,593
658,942	593,675	442,981	592,046	587,125	461,029
2,296	2,454	2,677	2,527	2,643	2,836
1,262	1,431	1,315	1,290	1,160	1,109
458,634	522,331	481,723	459,240	417,612	404,827
5,192	7,730	7,055	7,060	4,450	5,729

CITY OF SEABROOK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2014	2015	2016	2017
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	43.0
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	1	2	2	3
Swimming pools	2	2	2	2
Community centers	2	2	2	2
Water				
Water mains (miles)	56.4	56.4	56.4	56.8
Fire hydrants	498	503	505	510
Storage capacity (millions of gallons)	2.1	2.1	2.1	2.5
Sewer				
Sanitary sewers (miles)	54.7	54.9	54.9	55.3
Storm sewers (miles)	23.0	23.2	23.2	23.4
Open ditch/creek/canal drainage (miles)	20.3	20.5	20.5	20.5
Treatment capacity (millions of gallons)	2.5	2.5	2.5	2.5

Source: Various City departments

Fiscal Year

2018	2019	2020	2021	2022	2023
1	1	1	1	1	1
26	26	26	26	26	26
1	1	1	1	1	1
43.0	43.3	43.3	43.3	44.1	44.3
1,050	1,053	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	1	1
57.0	57.3	57.3	57.3	58.1	58.3
514	516	516	516	525	570
2.5	2.5	2.5	2.5	2.5	2.5
55.3	55.5	55.5	55.5	56.3	56.5
23.4	23.6	23.6	23.6	24.4	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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