

City of Seabrook, Texas

**Comprehensive Annual
Financial Report**

October 1, 2014 through September 30, 2015

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF SEABROOK, TEXAS

For the Year Ended
September 30, 2015

Prepared by
City Administration and the Finance and Accounting Office

Gayle Cook
City Manager

Sean Landis
Assistant City Manager

Pamela J. Lab
Director of Finance

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CITY OF SEABROOK, TEXAS

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INTRODUCTORY SECTION

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March 25, 2016

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

The City of Seabrook, Texas (the “City”) is required to publish each year a complete set of financial statements 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 Comprehensive Annual Financial Report of the City for the fiscal year ended September 30, 2015.

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, 2015 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, 2015 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 Council Members are elected at large to serve three-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. The Port of Houston's Bayport Cruise Terminal, which lies just north of the City, brings tourists and related industries to the City, as a result of two major cruise lines that began operating at the terminal in the fall of 2013. Both cruise lines will continue operations in the terminal through 2016.

The City continues to remain in a strong financial position in the Clear Lake area with higher than anticipated sales tax revenues. Seabrook remains a unique location for businesses wanting a location that serves a wide range of patrons that is both local and visiting the area.

The City and the region benefit from State Highway 146 (SH 146) and NASA Parkway, two major corridors that run through the City limits. The City has, for many years, anticipated the start of the State Highway 146 Expansion project. In 2015, the project was announced by the Texas Department of Transportation (TX DOT) to be fully funded for construction and the right-of-way acquisition scheduled for kick off in January 2016. The area west of the SH 146 corridor still remains under the control of Union Pacific Railroad (UPRR) as a rail corridor; however, negotiations remain active and TX DOT is forecasting that a settlement will be reached in 2016. This anticipated agreement between TX DOT and

UPRR will complete the final right-of-way needed for the project. The City is expected to lose over 50 businesses with the expansion project but, since 2013, a number of projects have been completed and new projects are on the table that will replenish the losses anticipated.

Economic Condition and Outlook

While the SH 146 Expansion project will have a considerable impact on the local economy, the City continues to make great strides in establishing new streams of new revenue in diverse sectors.

Gulf Winds International opened in 2015, and is fully operational in the northern industrial district adding over \$13 million to the property values and housing over 180,000 square feet of warehouse storage to support 50 full-time jobs.

Along our NASA Parkway corridor, SH 146 corridor, and Waterfront Drive (The Point), the City has recently experienced a great addition with the opening of Tires by Design on NASA Parkway in 2015 along with the upcoming completion of the Tookie's Seafood Restaurant on SH 146 and L&A Seafood on Waterfront Drive (Waterfront District) that will in total add almost \$5 million to improved values.

The traffic circle development, Seabrook Town Center, near SH 146 and Rebsdorph that was approved for a zoning change in 2014, continues to move forward with site preparations for a grocery anchor and 10+ pad sites. The development company continues to finalize all land acquisition on parcels adjacent to the traffic circle. The first phase of this project is projected to begin in the Fall of 2016.

The City's mission statement is to be, "...responsive, innovative, and fiscally sound in delivering services that preserve, protect, and enhance quality of life." These elements could not be better exemplified than in the continued daily efforts of the Mayor, City Council, and City staff.

Long-Term Financial Planning

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 and Thoroughfare Plan

During 2015, the City hired the services of Freeses and Nichols to assist the City with the development and update of the City's Comprehensive Master Plan. The Comprehensive Plan will focus on addressing strategic issues and identifying long-term goals. This plan will be tailored to the City, identifying a roadmap that will have specific recommendations to achieve in order fulfill the goals outlined.

It had been many years since a third party went through a thorough process including extensive public comments. In May 2015, the firm had the first stakeholder's meeting and this was followed by a huge community workshop in July 2015, where over 300 people attended.

Cobb Fendley was contracted for the service of compiling the City's first comprehensive Thoroughfare Plan document that will be referenced and have appendixes in the Comprehensive Master Plan. City Staff has worked with a Traffic Engineer and will be presenting a full document to include street classifications and right-of-way requirements for all new and improved streets in the future. In addition, proposed thoroughfares will be indicated on the master map.

Both plans are anticipated to be finalized in the Summer of 2016.

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. These projects are prepared by staff and the contracted City Engineer and presented to the City Council for review and acceptance. The projects require funding sources to be identified for the current annual budget process.

For the last several years, Public Works has been able to maintain its infrastructure base for streets and water and wastewater systems in a continual and consistent improvement program. Franchise fees which are collected from the City's solid waste contractor are transferred to the general fund to be used to repair and maintain City streets annually.

Water and Sewer Rate Study

The City contracted for a water and sewer rate study in mid-2014, and the final report was approved by City Council on February 3, 2015. Recommendations from the study allow the City to update its rate structure accordingly and comply with AWWA standards. The rate plan and current and future needs will be reviewed each year allowing the City to set rates that will fully support the utility operations and future capital and debt obligations, while at the same time minimizing the impact to the citizens.

As a result of the water and sewer rate study, the City created a Water Rate Stabilization Fund. The Stabilization Fund was established with a budgeted transfer in 2015-16 in the amount of \$35,000 and will increase annually in increments of \$35,000.

Impact Fee Study

In fiscal year 2015-16, the City plans to contract for an update to the Impact Fee Schedule for the City's Water and Wastewater Impact Fees after the completion of the Water and Sewer Rate Study was finalized.

SH 146 Expansion

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.

Retirement

In addition, the City has evaluated the Net Pension Liability of its pension benefits through Texas Municipal Retirement System (TMRS) in preparation for compliance with GASB No. 68. With the adjustment in TMRS benefits in 2013 for the retirees' cost of living adjustments from 70% to 30%, the City has continued to maintain a consistent contribution level that allows for long-term sustainability.

Bond Program 2014

In November 2014, the City held an election to issue General Obligation Bonds. There were four propositions on the ballot and all were approved by the voters. The propositions were as follows:

- Proposition 1 was for \$6,850,000 to build a new Public Works/Animal Adoption facility.
- Proposition 2 was for \$725,000 to purchase a fire truck.
- Proposition 3 was for \$525,000 to install a fiber optic network.
- Proposition 4 was for \$450,000 to construct splash pads in two City parks.

The bonds settled on February 17, 2015.

Certificates of Obligation

Subsequent to year end, the City issued Certificates of Obligation in the amount of \$2,500,000 to move and upgrade a ground water storage tank and water plant to make way for commercial development. The City has 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 City has maintained a strong bond rating as a result of its prudent fiscal policies.

Major Initiatives

Drainage Improvements

Hester's Gully Drainage Improvements

In February 2012, the City was notified by the Texas General Land Office (GLO) of the award of an additional \$1,588,499 in Supplemental Disaster Relief Funds. This money will be used for drainage improvements, principally in the Hester Gully drainage basin. Land acquisition for the project was started in 2014 and has been completed in early 2016, and engineering plans are anticipated mid-2016.

This project shall address channel constrictions at the bay outfall by securing a property in the floodplain of the channel that previously supported a private residence at Hester Gully and Todville Road. The project involves excavating the top one to two feet from the property adjacent to the gully up to the bulkhead and removing approximately one foot off the top of the bulkhead, allowing for water to convey to improve conveyance capacity. Narrow portions of the channel not already protected will be stabilized with riprap. Proposed improvements will protect the watershed from replacement of obstructions to flow and reduce flooding.

Hike and Bike Trails

In the spring 2016, the new trail that was part of a Texas Parks and Wildlife grant and approximately 1.3 miles in length was finished. The extension to the existing trail system in the City will bring the total mileage to over 12 miles throughout the City limits. The City highly values the quality this amenity provides to our citizens, as well as the tourism factor it adds to our area. Once the Port of Houston completes the berm and railroad project on the north side of the City, plans remain to pursue additional grant funding for the last segment that will connect Wildlife trail up to Old SH 146. Harris County has future plans to expand Red Bluff which will include a hike and bike path. This remaining piece will interconnect Seabrook's trails with the trail system along Red Bluff and up to Armand Bayou.

Wastewater Treatment Plant Headworks Improvements – CIP

This Headworks Improvement Project at the wastewater plant was completed in 2015. This project modified the current manual bar screen with an automatic mechanical bar screen to intercept debris 24/7 especially during heavy rains for better process control. The benefits of this project were seen immediately and will continue to improve the long-term life of the wastewater plant.

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 Comprehensive Annual Financial Report for the year ended September 30, 2014. This was the 35th 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 comprehensive annual

financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting standards and applicable legal requirements.

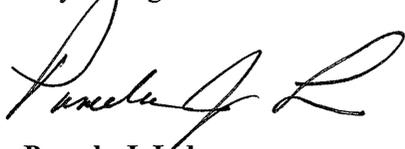
A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for an award.

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

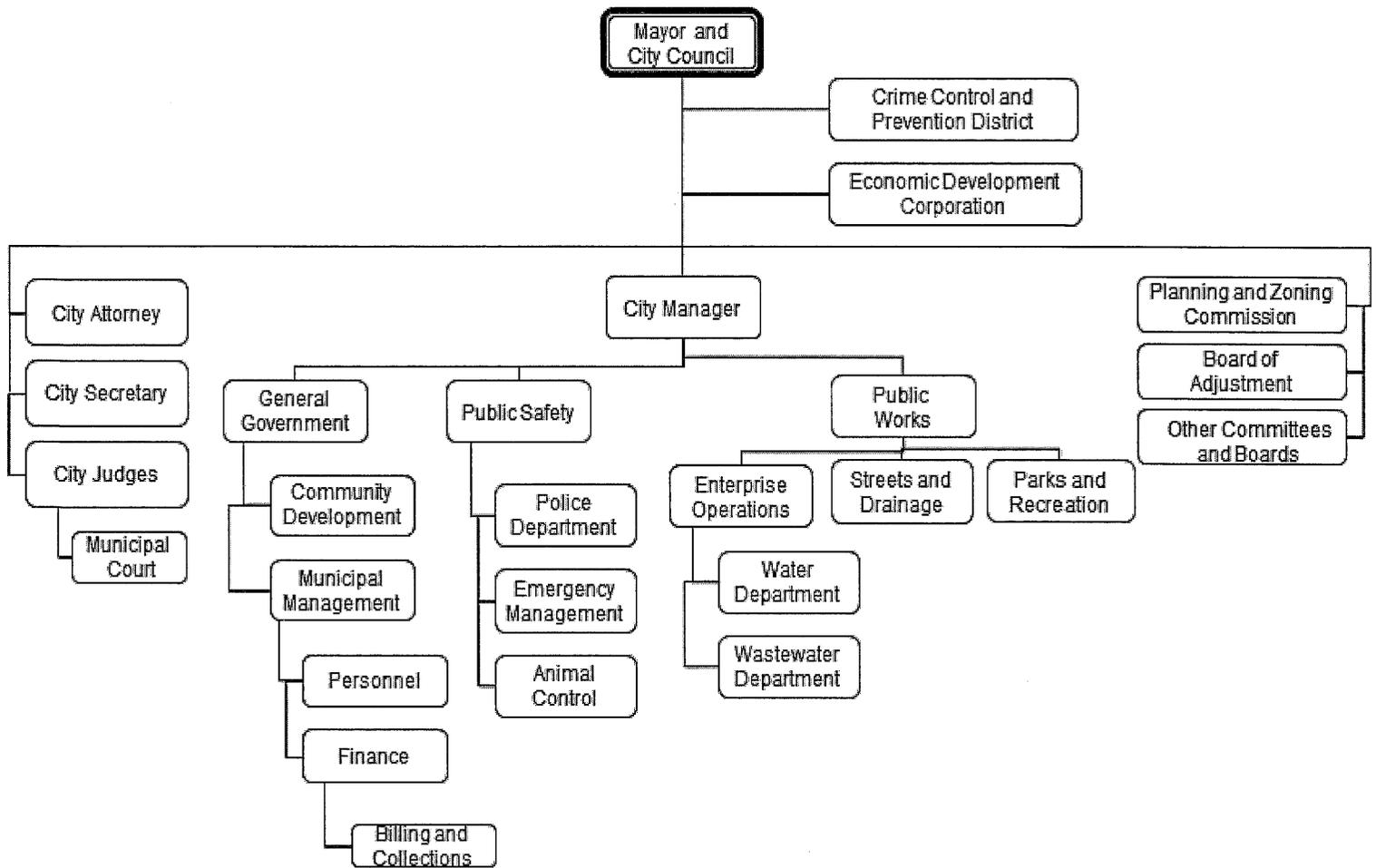


Pamela J. Lab
Director of Finance

CITY OF SEABROOK, TEXAS

ORGANIZATIONAL CHART

September 30, 2015



CITY OF SEABROOK, TEXAS

*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*

September 30, 2015



Government Finance Officers Association

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

Presented to

**City of Seabrook
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2014

A handwritten signature in black ink, reading "Jeffrey R. Emer". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF SEABROOK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2015

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Glenn Royal	Mayor	05/2017
Robert Llorente	Council Member – Position One	05/2018
Mike Giangrosso	Council Member – Position Two	05/2017
Gary Johnson	Council Member – Position Three/Mayor ProTem	05/2018
Melissa Botkin	Council Member – Position Four	05/2017
Glenna Adovasio	Council Member – Position Five	05/2018
O. J. Miller	Council Member – Position Six	05/2017

<u>Key Staff</u>	<u>Position</u>
Gayle Cook	City Manager
Sean Landis	Assistant City Manager
Pamela Lab	Finance Director
Robin Hicks	City Secretary
Nona Holomon	Director of Public Safety
Arturo Chairez	Director of Public Services
Carolyn Webbon	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 Financial Statements

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, 2015, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility 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; this includes 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.

Auditors' Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

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, 2015, 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.

Emphasis of Matter

Change in Accounting Principle

In 2015, the City adopted new accounting guidance, Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the

basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 25, 2016

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

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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 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 taxes, municipal court fines, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water, sewer, and sanitation services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The Crime Control and Prevention District, although also legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains ten 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

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

balances for the general fund, debt service fund, and the capital projects fund, which are considered to be major funds for reporting purposes.

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

Proprietary Funds

The City maintains one type of proprietary fund, which is an enterprise fund. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer system, and sanitation services. The proprietary fund financial statements provide separate information for the utility enterprise fund. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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 for the Texas Municipal Retirement System (TMRS), and 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 \$46,176,766 as of September 30, 2015. This compares with \$43,651,742 from the prior fiscal year. The largest portion of the City's net position, 72 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, 2015

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Current and other assets	\$ 19,794,814	\$ 10,700,172	\$ 5,558,372	\$ 6,140,137	\$ 25,353,186	\$ 16,840,309
Capital assets, net	37,770,165	37,006,775	14,637,636	13,950,527	52,407,801	50,957,302
Total Assets	57,564,979	47,706,947	20,196,008	20,090,664	77,760,987	67,797,611
Deferred charge on refunding	225,096	247,605	41,687	45,855	266,783	293,460
Deferred outflows - pensions	696,174	482,938	124,776	86,557	820,950	569,495
Total Deferred Outflows of Resources	921,270	730,543	166,463	132,412	1,087,733	862,955
Long-term liabilities	26,027,246	18,330,824	4,555,804	4,812,044	30,583,050	23,142,868
Other liabilities	985,642	1,004,831	938,269	861,125	1,923,911	1,865,956
Total Liabilities	27,012,888	19,335,655	5,494,073	5,673,169	32,506,961	25,008,824
Deferred inflows - pensions	139,916	-	25,077	-	164,993	-
Total Deferred Inflows of Resources	139,916	-	25,077	-	164,993	-
Net Position:						
Net investment in capital assets	22,278,266	22,006,280	10,898,317	9,951,443	33,176,583	31,957,723
Restricted	4,861,342	4,552,760	2,495,389	2,432,638	7,356,731	6,985,398
Unrestricted	4,193,837	2,542,795	1,449,615	2,165,826	5,643,452	4,708,621
Total Net Position	\$ 31,333,445	\$ 29,101,835	\$ 14,843,321	\$ 14,549,907	\$ 46,176,766	\$ 43,651,742

A portion of the primary government's net position, \$7,356,731 or 16 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$5,643,452 or 12 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$2,525,024 as compared to the prior year. This increase is largely the result of an increase in capital assets. The increase in capital assets is attributed to ongoing construction in progress related to various City projects, as well as completion of the Waterfront Drive project during the fiscal year.

As of September 30, 2015, the City reported deferred outflows and inflows of resources related to its pension plan of \$820,950 and \$164,993, respectively. These line items are new to the presentation of the Statement of Net Position in the current year. In addition, the City reported a net pension liability of \$2,442,197, which is part of the \$30,583,050 reported in long-term liabilities. This change is attributed to the implementation of Government Accounting Standards Board (GASB) Statement No. 68, as discussed in the notes to the financial statements.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

Statement of Activities:

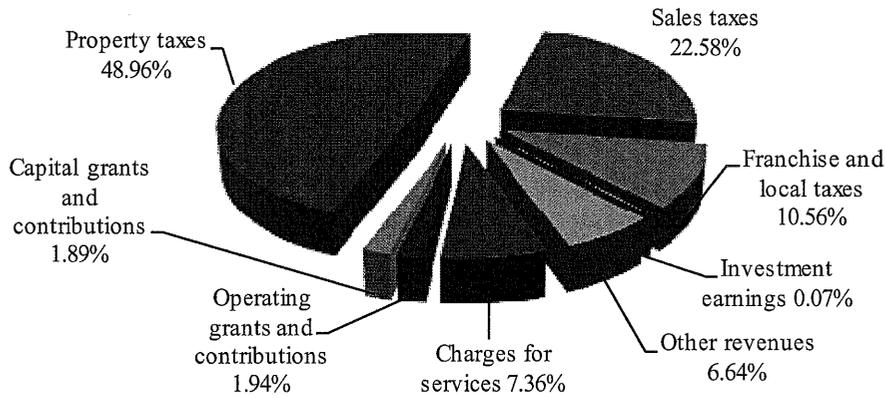
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2015	2014	2015	2014	2015	2014
Revenues						
Program revenues:						
Charges for services	\$ 902,015	\$ 1,080,913	\$ 6,379,326	\$ 6,037,818	\$ 7,281,341	\$ 7,118,731
Operating grants and contributions	238,472	204,058	-	-	238,472	204,058
Capital grants and contributions	232,198	1,674,130	141,601	240,152	373,799	1,914,282
General revenues:						
Property taxes	6,004,934	5,795,618	-	-	6,004,934	5,795,618
Sales taxes	2,768,645	2,516,219	-	-	2,768,645	2,516,219
Franchise and other taxes	1,294,765	1,265,765	-	-	1,294,765	1,265,765
Investment earnings	8,544	3,073	2,442	1,675	10,986	4,748
Other revenues	814,897	696,853	290,465	260,470	1,105,362	957,323
Total Revenues	<u>12,264,470</u>	<u>13,236,629</u>	<u>6,813,834</u>	<u>6,540,115</u>	<u>19,078,304</u>	<u>19,776,744</u>
Expenses						
General government	3,848,282	1,165,000	-	-	3,848,282	1,165,000
Public safety	4,786,353	5,053,766	-	-	4,786,353	5,053,766
Public works	1,899,510	2,986,870	-	-	1,899,510	2,986,870
Economic development	348,324	412,718	-	-	348,324	412,718
Interest and fiscal agent fees	838,721	623,464	159,392	169,597	998,113	793,061
Utilities	-	-	4,672,698	4,638,521	4,672,698	4,638,521
Total Expenses	<u>11,721,190</u>	<u>10,241,818</u>	<u>4,832,090</u>	<u>4,808,118</u>	<u>16,553,280</u>	<u>15,049,936</u>
Excess of Revenues Over Expenses	543,280	2,994,811	1,981,744	1,731,997	2,525,024	4,726,808
Transfers	1,688,330	1,571,744	(1,688,330)	(1,571,744)	-	-
Change in Net Position	2,231,610	4,566,555	293,414	160,253	2,525,024	4,726,808
Beginning net position	29,101,835	24,535,280	14,549,907	14,389,654	43,651,742	38,924,934
Ending Net Position	<u>\$ 31,333,445</u>	<u>\$ 29,101,835</u>	<u>\$ 14,843,321</u>	<u>\$ 14,549,907</u>	<u>\$ 46,176,766</u>	<u>\$ 43,651,742</u>

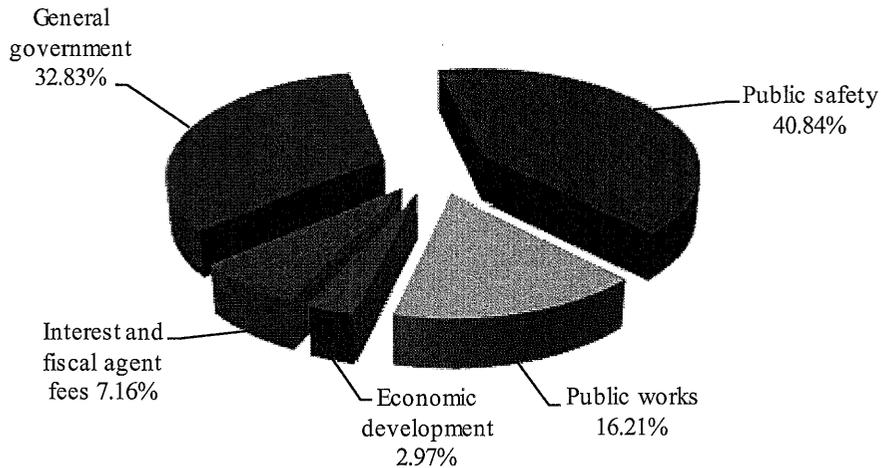
CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
 For the Year Ended September 30, 2015

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

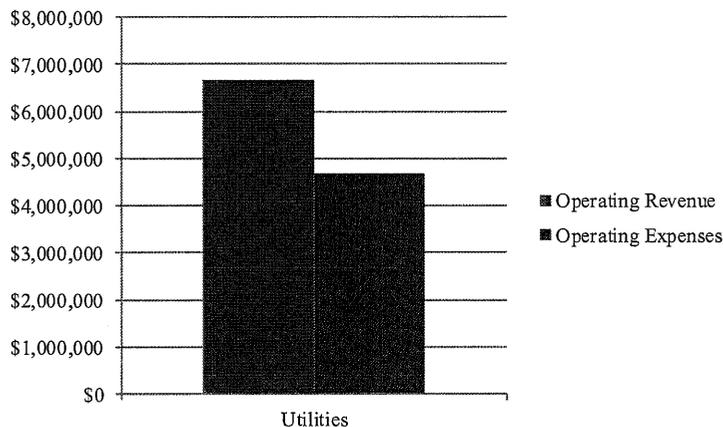
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

For the year ended September 30, 2015, revenues from governmental activities totaled \$12,264,470, which is a decrease of \$972,159 from the prior year. This is primarily due to a decrease in capital grants and contributions and charges for services. Capital grants and contributions decreased due to less revenue received from the CDBG grant fund, as a result of completion of street improvement projects during the current year.

For the year ended September 30, 2015, expenses from governmental activities totaled \$11,721,190, which is an increase of \$1,479,372 from the prior year. This change can be attributed to an increase in general government expenses, offset by a decrease in public safety and public works expenses. General government expenses increased due to various reasons. There was an increase in operating costs such as election expense and payroll during the current year as compared to prior year. In addition, there was a decrease in capital-related costs during the current year. Similarly, public works expenses decreased as a result of more capital-related costs during the current year. Public safety expenses decreased due to less payroll costs.

Operating revenues and expenses for business-type activities increased from the prior year. Charges for services increased by \$341,508, or six percent, because of an increase in water and sewer rates during fiscal year 2015. Capital grants and contributions decreased by \$98,551, or 41 percent, because of a decrease in water and sewer impact fees.

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 \$18,623,356. Of this, \$166,216 is nonspendable, \$12,484,357 is restricted for various purposes, \$801,976 is committed for a stabilization fund to cover potential future budget shortfalls, and \$21,000 is assigned for civil service accrued sick leave payouts. The remaining balance of \$5,149,807 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$9,138,045 compared to the prior year, primarily due to the issuance of general obligation bonds.

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 \$5,149,807, while total fund balance reached \$6,115,666. 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 56 percent of total general fund expenditures, while total fund balance represents 67 percent of the same amount. The general fund demonstrated an overall increase of \$1,183,127, primarily due to a transfer from the utility fund.

The debt service fund has a total fund balance of \$1,799,611, 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 \$61,326, which is comparable to the prior year.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

The fund balance of the capital projects fund was \$7,623,015, which is an increase of \$7,256,342 when compared to the prior year. This increase is attributed to the issuance of general obligation bonds for the purposes of various construction projects. The City did not spend all of the bond proceeds during the fiscal year.

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 increase in budgeted fund balance in the amount of \$496,514 in the general fund. However, the net change in fund balance increased by \$1,182,712, resulting in a positive variance of \$686,198 from budgeted as amended over actual. This was largely due to lower than anticipated expenditures across all functions.

Actual general fund revenues were more than original and amended budgeted revenues by \$231,236 during 2015. This variance was primarily due to positive variances of \$88,472 for intergovernmental revenue and \$72,333 for fines and forfeitures revenue.

Actual expenditures were less than budgeted amounts by \$454,962 for the fiscal year. The greatest positive variances were in the general government and public safety functions.

CAPITAL ASSETS

At the end of the current year, the City's governmental and business-type activities had invested \$37,770,165 and \$14,637,636, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$763,390 and \$687,109, respectively.

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

- Completion of various infrastructure projects for \$5,720,178
- Purchase of fire engine for \$699,504
- Two splash pads for \$349,366
- Several vehicles for \$135,209

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$27,003,000. Of this amount, \$23,335,000 was general obligation debt, \$2,918,000 was revenue bond debt, and certificates of obligation accounted for \$750,000.

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

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2015

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	A1	AA
Revenue bonds	A1	AA-

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 2016 budget. The City's general fund revenue is principally made up of property taxes, sales taxes, and franchise fees. The revenues 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.

The Seabrook City Council approved a general fund budget of \$9.8 million for the 2016 fiscal year. The 2016 budget incorporated a tax rate decrease of \$0.027419 (4.28%) to \$0.612611 per \$100 of valuation.

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 Pamela Lab, Finance Director, City Hall, 1700 First Street, Seabrook, TX, 77586; telephone (281) 291-5677; or for general City information, visit the City's website at <http://www.seabrooktx.gov>.

BASIC FINANCIAL STATEMENTS

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CITY OF SEABROOK, TEXAS

STATEMENT OF NET POSITION

September 30, 2015

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and cash equivalents	\$ 18,242,825	\$ 1,762,404	\$ 20,005,229	\$ 2,902,413
Investments	-	-	-	-
Receivables, net of allowances	1,360,353	732,121	2,092,474	161,100
Internal balances	25,420	(25,420)	-	-
Due from primary government	-	-	-	9
Prepays and other assets	166,216	290	166,506	680
Restricted assets:				
Temporarily restricted cash and cash equivalents	-	3,088,977	3,088,977	-
	19,794,814	5,558,372	25,353,186	3,064,202
Capital assets:				
Non-depreciable capital assets	14,249,053	1,680,340	15,929,393	-
Depreciable capital assets, net	23,521,112	12,957,296	36,478,408	-
	37,770,165	14,637,636	52,407,801	-
Total Assets	57,564,979	20,196,008	77,760,987	3,064,202
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	225,096	41,687	266,783	-
Deferred outflows - pensions	696,174	124,776	820,950	-
Total Deferred Outflows of Resources	921,270	166,463	1,087,733	-
<u>Liabilities</u>				
Accounts payable and accrued liabilities	915,940	916,044	1,831,984	9,431
Due to component unit	9	-	9	-
Unearned revenue	8,690	-	8,690	-
Accrued bond interest	61,003	22,225	83,228	-
Noncurrent liabilities:				
Portion due within one year	1,526,217	343,496	1,869,713	-
Portion due in more than one year	24,501,029	4,212,308	28,713,337	-
Total Liabilities	27,012,888	5,494,073	32,506,961	9,431
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	139,916	25,077	164,993	-
<u>Net Position</u>				
Net investment in capital assets	22,278,266	10,898,317	33,176,583	-
Restricted for:				
Debt service	1,799,611	-	1,799,611	-
Public safety	1,295,386	-	1,295,386	-
Parks	237,774	-	237,774	-
Tourism	1,452,006	-	1,452,006	-
Governmental programming	76,565	-	76,565	-
Capital projects	-	2,495,389	2,495,389	-
Economic development	-	-	-	3,054,771
Unrestricted	4,193,837	1,449,615	5,643,452	-
Total Net Position	\$ 31,333,445	\$ 14,843,321	\$ 46,176,766	\$ 3,054,771

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2015

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,848,282	\$ 141,056	\$ -	\$ -
Public safety	4,786,353	526,530	113,472	-
Public works	1,899,510	234,429	-	232,198
Economic development	348,324	-	125,000	-
Interest and fiscal agent fees	838,721	-	-	-
Total Governmental Activities	11,721,190	902,015	238,472	232,198
Business-Type Activities				
Utilities	4,672,698	6,379,326	-	141,601
Interest and fiscal agent fees	159,392	-	-	-
Total Business-Type Activities	4,832,090	6,379,326	-	141,601
Total Primary Government	\$ 16,553,280	\$ 7,281,341	\$ 238,472	\$ 373,799
Component Unit				
Seabrook Economic Development Corp	\$ 375,310	\$ -	\$ -	\$ -
Total Component Unit	\$ 375,310	\$ -	\$ -	\$ -

General Revenues:

- Property taxes
- Sales taxes
- Franchise fees and local taxes
- Other taxes
- Investment revenue
- Other revenues
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (3,707,226)	\$ -	\$ (3,707,226)	\$ -
(4,146,351)	-	(4,146,351)	-
(1,432,883)	-	(1,432,883)	-
(223,324)	-	(223,324)	-
(838,721)	-	(838,721)	-
<u>(10,348,505)</u>	<u>-</u>	<u>(10,348,505)</u>	<u>-</u>
-	1,848,229	1,848,229	-
-	(159,392)	(159,392)	-
-	1,688,837	1,688,837	-
<u>(10,348,505)</u>	<u>1,688,837</u>	<u>(8,659,668)</u>	<u>-</u>
-	-	-	(375,310)
-	-	-	(375,310)
6,004,934	-	6,004,934	-
2,768,645	-	2,768,645	880,433
783,550	-	783,550	-
511,215	-	511,215	-
8,544	2,442	10,986	3,350
814,897	290,465	1,105,362	2,555
1,688,330	(1,688,330)	-	-
<u>12,580,115</u>	<u>(1,395,423)</u>	<u>11,184,692</u>	<u>886,338</u>
2,231,610	293,414	2,525,024	511,028
<u>29,101,835</u>	<u>14,549,907</u>	<u>43,651,742</u>	<u>2,543,743</u>
<u>\$ 31,333,445</u>	<u>\$ 14,843,321</u>	<u>\$ 46,176,766</u>	<u>\$ 3,054,771</u>

CITY OF SEABROOK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2015

	General	Debt Service	Capital Projects	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 5,799,786	\$ 1,793,927	\$ 7,857,331	\$ 2,791,781
Receivables, net	973,184	67,173	-	319,996
Due from other funds	64,653	5,684	-	45,675
Prepaid items	142,883	-	-	23,333
Total Assets	\$ 6,980,506	\$ 1,866,784	\$ 7,857,331	\$ 3,180,785
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 518,393	\$ -	\$ 234,316	\$ 43,298
Deposits payable	-	-	-	4,500
Due to other funds	51,359	-	-	39,233
Due to component unit	9	-	-	-
Due to others	115,433	-	-	-
Unearned revenue	-	-	-	8,690
Total Liabilities	685,194	-	234,316	95,721
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	179,646	67,173	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	142,883	-	-	23,333
Restricted for:				
Debt service	-	1,799,611	-	-
Public safety	-	-	-	1,295,386
Parks	-	-	-	237,774
Tourism	-	-	-	1,452,006
Governmental programming	-	-	-	76,565
Capital projects	-	-	7,623,015	-
Committed for:				
Stabilization fund	801,976	-	-	-
Assigned for:				
Civil service sick leave	21,000	-	-	-
Unassigned	5,149,807	-	-	-
Total Fund Balances	6,115,666	1,799,611	7,623,015	3,085,064
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,980,506	\$ 1,866,784	\$ 7,857,331	\$ 3,180,785

See Notes to Financial Statements.

**Total
Funds**

\$ 18,242,825
1,360,353
116,012
166,216
\$ 19,885,406

\$ 796,007
4,500
90,592
9
115,433
8,690
1,015,231

246,819

166,216

1,799,611
1,295,386
237,774
1,452,006
76,565
7,623,015

801,976

21,000
5,149,807

18,623,356

\$ 19,885,406

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CITY OF SEABROOK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2015

Total fund balances - governmental funds \$ 18,623,356

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, non-depreciable	14,249,053
Capital assets, net depreciable	23,521,112

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

246,819

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(61,003)
Deferred charge on refunding	225,096
Deferred outflows - pensions	696,174
Deferred inflows - pensions	(139,916)
Non-current liabilities due in one year	(1,526,217)
Non-current liabilities due in more than one year	(24,501,029)

Net Position of Governmental Activities	\$ <u>31,333,445</u>
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See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2015

	General	Debt Service	Capital Projects	Nonmajor Governmental
Revenues				
Property taxes	\$ 4,318,936	\$ 1,694,797	\$ -	\$ -
Sales taxes	1,938,604	-	-	830,041
Franchise fees and local taxes	742,750	-	-	40,800
Other taxes	-	-	-	511,215
Licenses and permits	234,429	-	-	-
Fines and forfeitures	457,033	-	-	69,497
Charges for services	89,230	-	-	51,826
Intergovernmental	238,472	-	-	232,198
Investment revenue	2,968	1,339	3,145	1,092
Other revenue	685,845	-	-	129,052
Total Revenues	8,708,267	1,696,136	3,145	1,865,721
Expenditures				
Current:				
General government	3,673,468	-	-	7,028
Public safety	3,922,783	-	-	627,709
Public works	1,573,792	-	-	232,198
Economic development	-	-	-	349,247
Capital outlay	-	-	1,303,741	58,028
Debt service:				
Principal	-	935,000	-	-
Interest and fiscal agent fees	-	699,810	-	-
Bond issuance costs	-	-	126,244	-
Total Expenditures	9,170,043	1,634,810	1,429,985	1,274,210
Excess (Deficiency) of Revenues Over (Under) Expenditures	(461,776)	61,326	(1,426,840)	591,511
Other Financing Sources (Uses)				
Bonds issued	-	-	8,380,000	-
Premium on bonds	-	-	305,494	-
Transfers in	1,690,642	-	-	45,739
Transfers (out)	(45,739)	-	(2,312)	-
Total Other Financing Sources	1,644,903	-	8,683,182	45,739
Net Change in Fund Balances	1,183,127	61,326	7,256,342	637,250
Beginning fund balances	4,932,539	1,738,285	366,673	2,447,814
Ending Fund Balances	\$ 6,115,666	\$ 1,799,611	\$ 7,623,015	\$ 3,085,064

See Notes to Financial Statements.

Total Funds	
\$	6,013,733
	2,768,645
	783,550
	511,215
	234,429
	526,530
	141,056
	470,670
	8,544
	814,897
	<u>12,273,269</u>
	3,680,496
	4,550,492
	1,805,990
	349,247
	1,361,769
	935,000
	699,810
	126,244
	<u>13,509,048</u>
	<u>(1,235,779)</u>
	8,380,000
	305,494
	1,736,381
	(48,051)
	<u>10,373,824</u>
	9,138,045
	9,485,311
\$	<u><u>18,623,356</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, 2015

Net changes in fund balances - total governmental funds \$ 9,138,045

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	1,943,000
Disposal of capital assets	(3,150)
Depreciation expense	(1,176,460)

The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Net Position.

Principal payments	935,000
Amortization of premium	(280,237)
Debt issued	(8,380,000)
Amortization of deferred charges	(22,509)
Accrued interest	(15,415)

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. (8,799)

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(9,533)
Net pension liability	38,348
Change in deferred outflows - pension	213,236
Change in deferred inflows - pension	(139,916)

Change in Net Position of Governmental Activities \$ 2,231,610

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2015

	Business-Type Activities
	Utility Enterprise
<u>Assets</u>	
Current assets	
Cash and cash equivalents	\$ 1,762,404
Accounts receivable (net of allowance for uncollectibles)	732,121
Restricted cash and cash equivalents	3,088,977
Prepaid expense	290
Total Current Assets	5,583,792
 Noncurrent assets	
Capital assets:	
Land	1,605,575
Buildings	3,119,466
Infrastructure	16,735,108
Equipment	2,772,511
Construction in progress	74,765
Less allowance for depreciation	(9,669,789)
Total Capital Assets (Net)	14,637,636
Total Noncurrent Assets	14,637,636
Total Assets	\$ 20,221,428
 <u>Deferred Outflows of Resources</u>	
Deferred charge on refunding	41,687
Deferred outflows - pension	124,776
Total Deferred Outflows of Resources	166,463

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

September 30, 2015

	Business-Type Activities
	Utility Enterprise
<u>Liabilities</u>	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 433,799
Accrued interest payable	22,225
Due to other funds	25,420
Customer deposits	482,245
Bonds payable - current	275,000
Compensated absences	68,496
	Total Current Liabilities
	1,307,185
Noncurrent liabilities	
Bonds payable - noncurrent	3,798,000
Net pension liability	371,189
Compensated absences	43,119
	Total Noncurrent Liabilities
	4,212,308
	Total Liabilities
	5,519,493
<u>Deferred Inflows of Resources</u>	
Deferred inflows - pension	25,077
	Total Deferred Inflows of Resources
	25,077
<u>Net Position</u>	
Net investment in capital assets	10,898,317
Restricted for:	
Capital projects - impact fees	2,495,389
Unrestricted net position	1,449,615
	Total Net Position
	\$ 14,843,321

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, 2015

	Business-Type Activities
	Utility Enterprise
<u>Operating Revenues</u>	
Water service	\$ 2,223,010
Sewer service	2,394,613
Sanitation service	1,761,703
Other revenue	290,465
	Total Operating Revenues 6,669,791
<u>Operating Expenses</u>	
Personnel services	1,114,675
Supplies and materials	57,928
Contractual services	2,823,002
Repairs and maintenance	159,671
Depreciation	517,422
	Total Operating Expenses 4,672,698
	Operating Income 1,997,093
<u>Nonoperating Revenues (Expenses)</u>	
Investment revenue	2,442
Interest expense	(159,392)
	Total Nonoperating (Expenses) (156,950)
	Income Before Contributions and Transfers 1,840,143
Capital contribution - impact fees	138,601
Capital contribution - capital assets	3,000
Transfers in	2,312
Transfers (out)	(1,690,642)
	Total Contributions and Transfers (1,546,729)
	Change in Net Position 293,414
Beginning net position	14,549,907
	Ending Net Position \$ 14,843,321

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, 2015

	<u>Business-Type Activities</u> <u>Utility</u> <u>Enterprise</u>
<u>Cash Flows from Operating Activities</u>	
Receipts from customers and users	\$ 6,639,262
Payments to suppliers	(2,938,251)
Payments to employees	(1,119,057)
	<hr/>
Net Cash Provided By Operating Activities	2,581,954
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to other funds, net	(1,688,330)
	<hr/>
Net Cash (Used) by Noncapital Financing Activities	(1,688,330)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition and construction of capital assets	(1,204,531)
Interest and fiscal charges	(155,224)
Principal paid on capital debt	(265,000)
Capital contribution	141,601
	<hr/>
Net Cash (Used) by Capital and Related Financing Activities	(1,483,154)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	2,442
	<hr/>
Net Cash Provided by Investing Activities	2,442
Net (Decrease) in Cash and Cash Equivalents	(587,088)
Cash and cash equivalents, beginning of year	5,438,469
	<hr/>
Ending Cash and Cash Equivalents	\$ 4,851,381
Ending Cash and Cash Equivalents:	
Unrestricted cash and cash equivalents	\$ 1,762,404
Restricted cash and cash equivalents	3,088,977
	<hr/>
Ending Cash and Cash Equivalents	\$ 4,851,381

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

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

For the Year Ended September 30, 2015

	<u>Business-Type Activities</u>
	<u>Utility</u>
	<u>Enterprise</u>
Reconciliation of Operating Income (Loss)	
to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 1,997,093
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	517,422
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Current Assets:	
Accounts receivable	(30,529)
Prepays	(214)
Deferred outflows	(38,219)
Increase (Decrease) in Current Liabilities:	
Accounts payable and accrued liabilities	65,448
Accrued interest payable	(1,372)
Due to other funds	25,420
Compensated absences	15,633
Customer deposits	13,068
Net pension liability	(6,873)
Deferred inflows	25,077
	<hr/>
Net Cash Provided by Operating Activities	\$ 2,581,954
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See Notes to Financial Statements.

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CITY OF SEABROOK, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2015

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 which provides 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 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, municipal court, drainage, building and code inspection, planning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens, and general administrative services.

The City is an independent political subdivision of the State of Texas 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 (the “Corporation”) has been included in the reporting entity as a discretely presented component unit. The Corporation 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 is appointed by, and serves at the discretion of, the City Council. The

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

Blended Component Unit

Crime Control and Prevention District

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

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

The Board of Directors 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 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 units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

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 funds. 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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

charges would distort the direct costs and program revenues reported for the various functions concerned.

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 and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, and public works. The general fund is always considered a major fund for reporting purposes.

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

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

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

The City reports the following enterprise funds:

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.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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, balances in statewide investment pools (TexPool), and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

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

2. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

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

- Direct obligations of the U.S. government
- Money market mutual funds that meet certain criteria
- Statewide investment pools
- Certificates of deposit that meet certain criteria
- Fully collateralized direct repurchase agreements

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased (i.e., the consumption 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, 2015

5. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market 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:

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

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City has three items that qualify for reporting in this category on the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt. Deferred charges have been recognized as a result of the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. A deferred charge has been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has one item that qualifies for reporting in this category in the government-wide Statement of Net Position. Deferred inflows of resources are recognized as a result of differences between the actuarial expectations and the actual economic experience related to the City's defined benefit pension plan. This amount is deferred and

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

amortized over the average of the expected service lives of pension plan members. 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. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes 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 effective interest 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.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

9. 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.

10. 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.

11. Fund Balance Policies

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

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

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

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 balance is to

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

12. Estimates

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

13. 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.

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 fund 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 fund 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) 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. The hotel/motel fund, municipal court programs fund, park improvement fees fund, crime control and prevention district fund, public safety programs fund, cable PEG fees fund, and CDBG grant fund are all special revenue funds that have adopted budgets.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2015, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
TexPool	\$ 25,348,023	0.00
Total Fair Value	\$ 25,348,023	
Portfolio weighted average maturity		0.00

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 “AAA-m,” 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, 2015, the City’s investment in TexPool was rated “AAAm” by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency.

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, 2015, fair market values of pledged securities and FDIC coverage exceeded bank balances.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool "AAAm." As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

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, the component unit, and the enterprise fund, including the applicable allowances for uncollectible accounts.

Governmental Funds

	General	Debt Service	Nonmajor	Component Unit
Property taxes	\$ 291,651	\$ 111,928	\$ -	\$ -
Sales taxes	321,301	-	150,293	161,100
Franchise taxes	74,526	-	8,553	-
Other taxes	71,927	-	121,641	-
Intergovernmental	284,266	-	29,522	-
Other receivables	41,520	-	9,987	-
Less allowance	(112,007)	(44,755)	-	-
	<u>\$ 973,184</u>	<u>\$ 67,173</u>	<u>\$ 319,996</u>	<u>\$ 161,100</u>

Proprietary Funds

	Utility Enterprise
Intergovernmental	\$ 18,946
Accounts receivable	749,899
Less allowance	(36,724)
Total	<u>\$ 732,121</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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:

	Unavailable	Unearned
Delinquent property taxes receivable - general fund	\$ 179,646	\$ -
Delinquent property taxes receivable - debt service fund	67,173	-
Grants and revenues prior to meeting all eligibility requirements	-	8,690
Total Deferred Inflow of Resources for Governmental Funds	\$ 246,819	\$ 8,690

C. Capital Assets

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

	Primary Government			
	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 13,190,589	\$ -	\$ -	\$ 13,190,589
Construction in progress	5,573,304	1,058,464	(5,573,304)	1,058,464
Total capital assets not being depreciated	18,763,893	1,058,464	(5,573,304)	14,249,053
Other capital assets:				
Infrastructure	17,791,013	5,720,178	-	23,511,191
Buildings and improvements	10,978,264	386,528	-	11,364,792
Machinery and equipment	7,689,836	351,134	(139,938)	7,901,032
Total other capital assets	36,459,113	6,457,840	(139,938)	42,777,015
Less accumulated depreciation for:				
Infrastructure	(9,587,609)	(373,948)	-	(9,961,557)
Buildings and improvements	(4,120,998)	(310,932)	-	(4,431,930)
Machinery and equipment	(4,507,624)	(491,580)	136,788	(4,862,416)
Total accumulated depreciation	(18,216,231)	(1,176,460)	136,788	(19,255,903)
Other capital assets, net	18,242,882	5,281,380	(3,150)	23,521,112
Governmental Activities Capital Assets, Net	\$ 37,006,775	\$ 6,339,844	\$ (5,576,454)	37,770,165
			Plus unspent bond proceeds	7,623,015
			Plus deferred loss on refunding	225,096
			Less associated debt	(23,340,010)
			Net Investment in Capital Assets	\$ 22,278,266

Depreciation was charged to governmental functions as follows:

General government	\$ 310,255
Public safety	437,473
Public works	428,732
Total Governmental Activities Depreciation Expense	\$ 1,176,460

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Fire Engine	\$ 699,504	\$ 699,504	\$ -
Monroe Splash Pad	499,870	177,364	322,506
Public Works Complex - Engineering	335,000	159,121	175,879
Hester's Gully	60,000	12,619	47,381
Fiber Optics project	409,769	9,856	399,913
	<u>\$ 2,004,143</u>	<u>\$ 1,058,464</u>	<u>\$ 945,679</u>

A summary of changes in capital assets for business-type activities for the year ended 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	162,229	74,765	(162,229)	74,765
Total capital assets not being depreciated	<u>1,767,804</u>	<u>74,765</u>	<u>(162,229)</u>	<u>1,680,340</u>
Other capital assets:				
Water and sewer system	15,590,526	1,144,582	-	16,735,108
Buildings and improvements	3,119,466	-	-	3,119,466
Machinery and equipment	2,625,098	147,413	-	2,772,511
Total other capital assets	<u>21,335,090</u>	<u>1,291,995</u>	<u>-</u>	<u>22,627,085</u>
Less accumulated depreciation for:				
Water and sewer system	(5,817,879)	(321,757)	-	(6,139,636)
Buildings and improvements	(1,730,006)	(70,545)	-	(1,800,551)
Machinery and equipment	(1,604,482)	(125,120)	-	(1,729,602)
Total accumulated depreciation	<u>(9,152,367)</u>	<u>(517,422)</u>	<u>-</u>	<u>(9,669,789)</u>
Other capital assets, net	12,182,723	774,573	-	12,957,296
Business-Type Activities Capital Assets, Net	<u>\$ 13,950,527</u>	<u>\$ 849,338</u>	<u>\$ (162,229)</u>	<u>14,637,636</u>
			Plus unspent bond proceeds	291,994
			Plus deferred charge on refunding	41,687
			Less associated debt	(4,073,000)
			Net Investment in Capital Assets	<u>\$ 10,898,317</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 517,422
Total Business-Type Activities Depreciation Expense	<u>\$ 517,422</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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>
Thoroughfare project	\$ 70,000	\$ 4,550	\$ 65,450
East Meyer sewer project	-	67,903	-
Water plant relocation project	-	2,312	-
	<u>\$ 70,000</u>	<u>\$ 74,765</u>	<u>\$ 65,450</u>

D. 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:					
Bonds, notes and other payables:					
General obligation bonds	\$ 14,695,000	\$ 8,380,000	\$ (895,000)	\$ 22,180,000	* \$ 1,170,000
Certificates of obligation	790,000	-	(40,000)	750,000	* 45,000
Deferred amounts:					
For issuance discounts/premiums	129,773	305,494	(25,257)	410,010	*
	<u>15,614,773</u>	<u>8,685,494</u>	<u>(960,257)</u>	<u>23,340,010</u>	<u>1,215,000</u>
Other liabilities:					
Net pension liability	2,109,356	-	(38,348)	2,071,008	-
Compensated absences	606,695	313,135	(303,602)	616,228	311,217
	<u>606,695</u>	<u>313,135</u>	<u>(303,602)</u>	<u>616,228</u>	<u>311,217</u>
Total Governmental Activities	<u>\$ 18,330,824</u>	<u>\$ 8,998,629</u>	<u>\$ (1,302,207)</u>	<u>\$ 26,027,246</u>	<u>\$ 1,526,217</u>
				<u>\$ 24,501,029</u>	
				<u>\$ 23,340,010</u>	

**Beginning balances have been restated.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

	Beginning Balance**	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Bonds, notes, and other payables:					
General obligation bonds	\$ 1,165,000	\$ -	\$ (10,000)	\$ 1,155,000 *	\$ 10,000
Revenue bonds	3,173,000	-	(255,000)	2,918,000 *	265,000
	4,338,000	-	(265,000)	4,073,000	275,000
Other liabilities:					
Net pension liability	378,062	-	(6,873)	371,189	-
Compensated absences	95,982	72,757	(57,124)	111,615	68,496
Total Business-Type Activities	\$ 4,812,044	\$ 72,757	\$ (328,997)	\$ 4,555,804	\$ 343,496
				\$ 4,212,308	
				\$ 4,073,000	

**Beginning balances have been restated.

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 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, general obligation, and contractual obligation bonds which 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The following is a summary of the terms of general obligation bonds, certificates of obligation, and revenue bonds outstanding as of September 30, 2015:

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 2003	4.40%	\$ 3,205,000
Series 2005	3.55-4.30%	760,000
Series 2008	4.00-6.00%	5,965,000
Series 2013 refunding	1.86%	3,870,000
Series 2015	2.00-3.25%	8,380,000
Total General Obligation Bonds		22,180,000
Certificates of Obligation		
Series 2010	3.642%	750,000
Total Certificates of Obligation		750,000
Total Governmental Activities Long-Term Debt		\$ 22,930,000
Business-Type Activities		
General Obligation Bonds		
Series 2013 refunding	1.86%	\$ 1,155,000
Total General Obligation Bonds		1,155,000
Revenue Bonds		
Series 2003 refunding	4.45%	1,275,000
Series 2005 refunding	2.50-4.30%	225,000
Series 2008	4.12%	1,418,000
Total Revenue Bonds		2,918,000
Total Business-Type Activities Long-Term Debt		\$ 4,073,000

Annual debt service requirements to retire outstanding bonds are as follows:

Year Ending	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2016	\$ 1,215,000	\$ 765,691	\$ 275,000	\$ 145,416
2017	1,265,000	718,082	286,000	134,209
2018	1,315,000	667,878	303,000	122,541
2019	1,360,000	623,259	305,000	112,730
2020	1,400,000	581,133	323,000	102,835
2021-2025	7,670,000	2,240,856	1,760,000	348,619
2026-2030	5,555,000	962,664	821,000	51,088
2031-2034	3,150,000	245,179		
Total	\$ 22,930,000	\$ 6,804,742	\$ 4,073,000	\$ 1,017,438

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

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.

E. Interfund Transactions

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

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General fund	Nonmajor governmental	\$ 39,233
General fund	Utility enterprise fund	25,420
Debt service fund	General fund	5,684
Nonmajor governmental	General fund	45,675
	Total	<u><u>\$ 116,012</u></u>

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

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
Utility enterprise fund	General fund	\$ 1,690,642
General fund	Nonmajor governmental	45,739
Capital projects fund	Utility enterprise fund	2,312
	Total	<u><u>\$ 1,738,693</u></u>

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

F. Restricted Assets

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

G. Restatement of Net Position

The City implemented Government Accounting Standards Board (GASB) Statement No. 68, *Accounting and Financial Reporting for Pensions*, and GASB Statement No. 71, *Pension Transition for Contributions Made Subsequent to the Measurement Date – an amendment of GASB Statement No. 68*. As a result, the City has restated beginning net position to account for a net pension liability as of the initial measurement date, December 31, 2013. In addition, the City has restated beginning net position to record a deferred outflow for contributions made to the pension plan between the initial measurement date and the end of the prior fiscal year, September 30, 2014.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

The beginning net position was restated as follows:

	Governmental Activities	Business-Type Activities
Beginning net position-as reported	\$ 30,728,253	\$ 14,841,412
Restatement - net pension liability	(2,109,356)	(378,062)
Restatement - deferred outflows	482,938	86,557
Beginning net position - restated	\$ 29,101,835	\$ 14,549,907

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, 2015, 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 which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City is a defendant in a lawsuit. The City Attorney estimates the potential claims against the City will be substantially covered by insurance and would not materially affect the financial condition of the City.

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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

C. Pension Plans

Texas Municipal Retirement System

Plan Description

The City participates as one of 860 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

Plan provisions for the City were as follows:

	<u>2015</u>	<u>2014</u>
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,	100% Repeating,
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Employees Covered by Benefit Terms

At the December 31, 2014 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	50	
Inactive employees entitled to but not yet receiving benefits	27	
Active employees	86	
Total	163	

Contributions

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

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rate for the City was 14.52 percent and 14.02 percent in calendar years 2014 and 2015, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2015 were \$766,607 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2014, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2014 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year	
Overall payroll growth	3.0% per year	
Investment rate of return	7.0%, net of pension plan investment expense, including inflation	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions used in the December 31, 2014 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period January 1, 2006 through December 31, 2009, first used in the December 31, 2010 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation.

The long-term expected rate of return on pension plan investments is seven percent. The pension plan's policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	5.0%	8.50%
Total	100.0%	

Discount Rate

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 868,525	\$ -	\$ 868,525
Interest	2,004,153	-	2,004,153
Change of benefit terms	-	-	-
Difference between expected and actual experience	(201,421)	-	(201,421)
Changes of assumptions	-	-	-
Contributions - employer	-	807,068	(807,068)
Contributions - employee	-	413,007	(413,007)
Net investment income	-	1,513,501	(1,513,501)
Benefit payments, including refunds of employee contributions	(1,487,513)	(1,487,513)	-
Administrative expense	-	(15,799)	15,799
Other changes	-	(1,299)	1,299
Net Changes	1,183,744	1,228,965	(45,221)
Balance at December 31, 2013	28,940,249	26,452,831	2,487,418
Balance at December 31, 2014	\$ 30,123,993	\$ 27,681,796	\$ 2,442,197

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of seven percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (6.0%) or one percentage point higher (8.0%) than the current rate:

	1% Decrease in Discount Rate (6.0%)	Discount Rate (7.0%)	1% Increase in Discount Rate (8.0%)
City's Net Pension Liability	\$ 6,488,979	\$ 2,442,197	\$ (923,201)

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2015, the City recognized net pension expense of \$656,282.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

At September 30, 2015, 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	\$ -	\$ 164,993
Difference between projected and actual investment earnings	270,558	-
Contributions subsequent to the measurement date	550,392	-
Total	\$ 820,950	\$ 164,993

\$550,392 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the fiscal year ending September 30, 2016. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30:	Pension Expense
2016	\$ 31,211
2017	31,211
2018	31,211
2019	31,213
2020	(19,281)
Thereafter	-
Total	\$ 105,565

D. Other Post Employment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. For the year ended September 30, 2015, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2015

death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the years ended September 30, 2015, 2014, and 2013 were \$1,083, \$1,097, and \$1,057, respectively, which equaled the required contributions each year. The City's contribution rates for the past three years are shown below.

	2015	2014	2013
Annual Req. Contrib. (Rate)	0.02%	0.02%	0.02%
Actual Contribution Made	0.02%	0.02%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Subsequent Event

On March 4, 2016, the City issued \$2,500,000 in certificates of obligation, series 2016 to be used to move and upgrade a ground water storage tank and water plant to make way for commercial development.

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Revenues					
Property taxes	\$ 4,396,162	\$ 4,308,000	\$ 4,318,936	\$ 10,936	\$ 4,314,597
Sales taxes	1,575,000	1,925,000	1,938,604	13,604	1,750,785
Franchise fees and taxes	685,000	735,000	742,750	7,750	725,104
Licenses and permits	320,000	230,000	234,429	4,429	402,187
Fines and forfeitures	384,700	384,700	457,033	72,333	373,099
Charges for services	60,000	60,000	89,230	29,230	79,162
Intergovernmental	150,000	150,000	238,472	88,472	201,478
Investment revenue	573	573	2,553	1,980	1,326
Other revenue	573,343	683,343	685,845	2,502	557,999
Total Revenues	8,144,778	8,476,616	8,707,852	231,236	8,405,737
Expenditures					
General government:					
Legislative	285,877	303,877	300,015	3,862	221,160
Administrative	886,659	886,659	884,845	1,814	846,759
Information technology	262,579	298,579	279,307	19,272	231,126
Nondepartmental	1,846,098	1,846,098	1,770,273	75,825	1,753,146
Community development	477,263	477,263	439,028	38,235	435,677
Total general government	3,758,476	3,812,476	3,673,468	139,008	3,487,868
Public safety:					
Public safety	3,563,820	3,509,820	3,300,809	209,011	3,468,430
Emergency management	124,691	124,691	115,272	9,419	116,174
Animal control	139,061	139,061	109,274	29,787	90,610
Municipal court	441,077	441,077	397,428	43,649	387,803
Total public safety	4,268,649	4,214,649	3,922,783	291,866	4,063,017
Public works:					
Parks	707,308	707,308	697,129	10,179	628,477
Public works	890,572	890,572	876,663	13,909	1,408,273
Total public works	1,597,880	1,597,880	1,573,792	24,088	2,036,750
Total Expenditures	9,625,005	9,625,005	9,170,043	454,962	9,587,635
(Deficiency) of Revenues					
(Under) Expenditures	(1,480,227)	(1,148,389)	(462,191)	686,198	(1,181,898)

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
<u>Other Financing Sources (Uses)</u>					
Transfers in	\$ 1,690,642	\$ 1,690,642	\$ 1,690,642	\$ -	\$ 1,571,744
Transfers (out)	-	(45,739)	(45,739)	-	-
Total Other Financing Sources	<u>1,690,642</u>	<u>1,644,903</u>	<u>1,644,903</u>	<u>-</u>	<u>1,571,744</u>
Net Change in Fund Balance	<u>\$ 210,415</u>	<u>\$ 496,514</u>	<u>1,182,712</u>	<u>\$ 686,198</u>	<u>\$ 389,846</u>
Beginning fund balance			<u>4,130,978</u>		
Ending Fund Balance			<u>\$ 5,313,690</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	801,976
	<u>\$ 6,115,666</u>

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CITY OF SEABROOK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2015

	Measurement
	Year*
	2014
Total Pension Liability	
Service cost	\$ 868,525
Interest (on the total pension liability)	2,004,153
Changes of benefit terms	-
Difference between expected and actual experience	(201,421)
Change of assumptions	-
Benefit payments, including refunds of employee contributions	(1,487,513)
Net Change in Total Pension Liability	1,183,744
Beginning total pension liability	28,940,249
Ending Total Pension Liability	\$ 30,123,993
 Plan Fiduciary Net Position	
Contributions - employer	\$ 807,068
Contributions - employee	413,007
Net investment income	1,513,501
Benefit payments, including refunds of employee contributions	(1,487,513)
Administrative expense	(15,799)
Other	(1,299)
Net Change in Plan Fiduciary Net Position	1,228,965
Beginning plan fiduciary net position	26,452,831
Ending Plan Fiduciary Net Position	\$ 27,681,796
Net Pension Liability	\$ 2,442,197
 Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.89%
 Covered Employee Payroll	\$ 5,413,615
 Net Pension Liability as a Percentage of Covered Employee Payroll	45.11%

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

CITY OF SEABROOK, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2015

	Fiscal Year*	
	2014	2015
Actuarially determined contribution	\$ 873,965	\$ 766,607
Contributions in relation to the actuarially determined contribution	(873,965)	(766,607)
Contribution deficiency (excess)	\$ -	\$ -
 Covered employee payroll	 \$ 5,484,642	 \$ 5,414,848
 Contributions as a percentage of covered employee payroll	 15.93%	 14.16%

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	17 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	3.0%
Salary increases	3.50% to 12.0% including inflation
Investment rate of return	7.0%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005-2009.
 Mortality	 RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

3. Other Information:

There were no benefit changes during the year.

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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, 2015

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
Revenues					
Property taxes	\$ 1,521,063	\$ 1,688,863	\$ 1,694,797	\$ 5,934	\$ 1,501,966
Investment revenue	2,500	1,300	1,339	39	785
Total Revenues	<u>1,523,563</u>	<u>1,690,163</u>	<u>1,696,136</u>	<u>5,973</u>	<u>1,502,751</u>
Expenditures					
Debt service:					
Principal	935,000	935,000	935,000	-	900,000
Interest and fiscal agent fees	571,263	711,063	699,810	11,253	606,581
Total Expenditures	<u>1,506,263</u>	<u>1,646,063</u>	<u>1,634,810</u>	<u>11,253</u>	<u>1,506,581</u>
Net Change in Fund Balance	<u>\$ 17,300</u>	<u>\$ 44,100</u>	61,326	<u>\$ 17,226</u>	<u>\$ (3,830)</u>
Beginning fund balance			<u>1,738,285</u>		
Ending Fund Balance			<u>\$ 1,799,611</u>		

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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 Fund

This fund is used to account for revenues generated from a hotel 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.

CDBG Grant Fund

This fund is used to account for the operations of projects utilizing grant funds received from the Department of Housing and Urban Development. Such revenues are restricted to expenditures for specified projects.

CITY OF SEABROOK, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2015

	Special Revenue Funds			
	Hotel and Motel Occupancy Tax	Municipal Court Programs	Park Improvement Fees	Crime Control and Prevention District
Assets				
Cash and cash equivalents	\$ 1,357,157	\$ 80,994	\$ 208,725	\$ 663,619
Receivables, net	121,641	-	-	150,293
Due from other funds	-	-	45,675	-
Prepaid items	23,333	-	-	-
	Total Assets	\$ 80,994	\$ 254,400	\$ 813,912
Liabilities and Fund Balance				
Liabilities:				
Accounts payable and accrued liabilities	\$ 26,020	\$ 694	\$ 3,436	\$ 12,473
Deposits payable	-	-	4,500	-
Due to other funds	772	-	-	8,939
Unearned revenue	-	-	8,690	-
	Total Liabilities	694	16,626	21,412
Fund balances:				
Nonspendable:				
Prepays	23,333	-	-	-
Restricted for:				
Public safety	-	80,300	-	792,500
Parks	-	-	237,774	-
Tourism	1,452,006	-	-	-
Governmental programming	-	-	-	-
	Total Fund Balances	80,300	237,774	792,500
	Total Liabilities and Fund Balances	\$ 80,994	\$ 254,400	\$ 813,912

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	CDBG Grant	Total Nonmajor Governmental Funds
\$ 413,274	\$ 68,012	\$ -	\$ 2,791,781
9,987	8,553	29,522	319,996
-	-	-	45,675
-	-	-	23,333
<u>\$ 423,261</u>	<u>\$ 76,565</u>	<u>\$ 29,522</u>	<u>\$ 3,180,785</u>
\$ 675	\$ -	\$ -	\$ 43,298
-	-	-	4,500
-	-	29,522	39,233
-	-	-	8,690
<u>675</u>	<u>-</u>	<u>29,522</u>	<u>95,721</u>
-	-	-	23,333
422,586	-	-	1,295,386
-	-	-	237,774
-	-	-	1,452,006
-	76,565	-	76,565
<u>422,586</u>	<u>76,565</u>	<u>-</u>	<u>3,085,064</u>
<u>\$ 423,261</u>	<u>\$ 76,565</u>	<u>\$ 29,522</u>	<u>\$ 3,180,785</u>

CITY OF SEABROOK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2015

	<u>Special Revenue Funds</u>			
	<u>Hotel and Motel Occupancy Tax</u>	<u>Municipal Court Programs</u>	<u>Park Improvement Fees</u>	<u>Crime Control and Prevention District</u>
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 830,041
Franchise and local taxes	-	-	-	-
Hotel occupancy tax	511,215	-	-	-
Fines and forfeitures	-	18,734	-	-
Charges for services	-	-	51,826	-
Intergovernmental	-	-	-	-
Investment revenue	614	18	65	217
Other revenue	23,000	-	-	-
Total Revenues	<u>534,829</u>	<u>18,752</u>	<u>51,891</u>	<u>830,258</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	4,317	-	557,050
Public works	-	-	-	-
Economic development	315,532	-	33,715	-
Capital outlay	-	-	3,617	-
Total Expenditures	<u>315,532</u>	<u>4,317</u>	<u>37,332</u>	<u>557,050</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>219,297</u>	<u>14,435</u>	<u>14,559</u>	<u>273,208</u>
Other Financing Sources (Uses)				
Transfers in	-	-	45,739	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>45,739</u>	<u>-</u>
Net Change in Fund Balances	219,297	14,435	60,298	273,208
Beginning fund balances	1,256,042	65,865	177,476	519,292
Ending Fund Balances	<u>\$ 1,475,339</u>	<u>\$ 80,300</u>	<u>\$ 237,774</u>	<u>\$ 792,500</u>

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	CDBG Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 830,041
-	40,800	-	40,800
-	-	-	511,215
50,763	-	-	69,497
-	-	-	51,826
-	-	232,198	232,198
173	5	-	1,092
106,052	-	-	129,052
<u>156,988</u>	<u>40,805</u>	<u>232,198</u>	<u>1,865,721</u>
-	7,028	-	7,028
66,342	-	-	627,709
-	-	232,198	232,198
-	-	-	349,247
54,411	-	-	58,028
<u>120,753</u>	<u>7,028</u>	<u>232,198</u>	<u>1,274,210</u>
<u>36,235</u>	<u>33,777</u>	<u>-</u>	<u>591,511</u>
-	-	-	45,739
-	-	-	45,739
36,235	33,777	-	637,250
<u>386,351</u>	<u>42,788</u>	<u>-</u>	<u>2,447,814</u>
<u>\$ 422,586</u>	<u>\$ 76,565</u>	<u>\$ -</u>	<u>\$ 3,085,064</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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Revenues					
Hotel occupancy tax	\$ 450,000	\$ 450,000	\$ 511,215	\$ 61,215	\$ 509,079
Investment revenue	368	368	614	246	329
Other revenue	-	-	23,000	23,000	10,265
Total Revenues	<u>450,368</u>	<u>450,368</u>	<u>534,829</u>	<u>84,461</u>	<u>519,673</u>
Expenditures					
Current:					
Economic development	426,701	426,701	315,532	111,169	353,921
Total Expenditures	<u>426,701</u>	<u>426,701</u>	<u>315,532</u>	<u>111,169</u>	<u>353,921</u>
Net Change in Fund Balance	<u>\$ 23,667</u>	<u>\$ 23,667</u>	219,297	<u>\$ 195,630</u>	<u>\$ 165,752</u>
Beginning fund balance			<u>1,256,042</u>		
Ending Fund Balance			<u>\$ 1,475,339</u>		

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, 2015

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
<u>Revenues</u>					
Fines and forfeitures	\$ 16,080	\$ 16,080	\$ 18,734	\$ 2,654	\$ 15,661
Investment revenue	17	17	18	1	13
Total Revenues	<u>16,097</u>	<u>16,097</u>	<u>18,752</u>	<u>2,655</u>	<u>15,674</u>
<u>Expenditures</u>					
Current:					
Public safety	57,000	57,000	4,317	52,683	3,395
Total Expenditures	<u>57,000</u>	<u>57,000</u>	<u>4,317</u>	<u>52,683</u>	<u>3,395</u>
Net Change in Fund Balance	<u>\$ (40,903)</u>	<u>\$ (40,903)</u>	14,435	<u>\$ 55,338</u>	<u>\$ 12,279</u>
Beginning fund balance			<u>65,865</u>		
Ending Fund Balance			<u>\$ 80,300</u>		

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Revenues					
Charges for services	\$ 164,000	\$ 51,500	\$ 51,826	\$ 326	\$ 175,416
Investment revenue	15	15	65	50	8
Total Revenues	<u>164,015</u>	<u>51,515</u>	<u>51,891</u>	<u>376</u>	<u>175,424</u>
Expenditures					
Current:					
Economic development	49,100	50,500	33,715	16,785	74,139
Capital outlay	<u>-</u>	<u>3,700</u>	<u>3,617</u>	<u>83</u>	<u>704</u>
Total Expenditures	<u>49,100</u>	<u>54,200</u>	<u>37,332</u>	<u>16,868</u>	<u>74,843</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>114,915</u>	<u>(2,685)</u>	<u>14,559</u>	<u>17,244</u>	<u>100,581</u>
Other Financing Sources (Uses)					
Transfers in	-	-	45,739	45,739	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>45,739</u>	<u>45,739</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 114,915</u>	<u>\$ (2,685)</u>	60,298	<u>\$ 62,983</u>	<u>\$ 100,581</u>
Beginning fund balance			<u>177,476</u>		
Ending Fund Balance			<u>\$ 237,774</u>		

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, 2015

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
<u>Revenues</u>					
Sales taxes	\$ 705,225	\$ 705,225	\$ 830,041	\$ 124,816	\$ 765,434
Investment revenue	100	100	217	117	85
Other revenue	-	-	-	-	602
Total Revenues	<u>705,325</u>	<u>705,325</u>	<u>830,258</u>	<u>124,933</u>	<u>766,121</u>
<u>Expenditures</u>					
Current:					
Public safety	570,884	625,883	557,050	68,833	629,171
Total Expenditures	<u>570,884</u>	<u>625,883</u>	<u>557,050</u>	<u>68,833</u>	<u>629,171</u>
Net Change in Fund Balance	<u>\$ 134,441</u>	<u>\$ 79,442</u>	273,208	<u>\$ 193,766</u>	<u>\$ 136,950</u>
Beginning fund balance			<u>519,292</u>		
Ending Fund Balance			<u>\$ 792,500</u>		

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, 2015

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
<u>Revenues</u>					
Fines and forfeitures	\$ 29,134	\$ 29,134	\$ 50,763	\$ 21,629	\$ 35,388
Intergovernmental	-	-	-	-	2,580
Investment revenue	122	122	173	51	88
Other revenue	96,000	96,100	106,052	9,952	127,987
Total Revenues	<u>125,256</u>	<u>125,356</u>	<u>156,988</u>	<u>31,632</u>	<u>166,043</u>
<u>Expenditures</u>					
Current:					
Public safety	148,180	148,180	66,342	81,838	90,328
Capital outlay	133,131	133,131	54,411	78,720	62,055
Total Expenditures	<u>281,311</u>	<u>281,311</u>	<u>120,753</u>	<u>160,558</u>	<u>152,383</u>
Net Change in Fund Balance	<u>\$ (156,055)</u>	<u>\$ (155,955)</u>	36,235	<u>\$ 192,190</u>	<u>\$ 13,660</u>
Beginning fund balance			<u>386,351</u>		
Ending Fund Balance			<u>\$ 422,586</u>		

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, 2015

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2014 Actual
Revenues					
Franchise and local taxes	\$ 31,500	\$ 31,500	\$ 40,800	\$ 9,300	\$ 31,582
Investment revenue	-	-	5	5	-
Total Revenues	<u>31,500</u>	<u>31,500</u>	<u>40,805</u>	<u>9,305</u>	<u>31,582</u>
Expenditures					
Current:					
General government	10,000	10,000	7,028	2,972	27,276
Total Expenditures	<u>10,000</u>	<u>10,000</u>	<u>7,028</u>	<u>2,972</u>	<u>27,276</u>
Net Change in Fund Balance	<u>\$ 21,500</u>	<u>\$ 21,500</u>	33,777	<u>\$ 12,277</u>	<u>\$ 4,306</u>
Beginning fund balance			<u>42,788</u>		
Ending Fund Balance			<u>\$ 76,565</u>		

CITY OF SEABROOK, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CDBG GRANT FUND
For the Year Ended September 30, 2015

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2014 Actual</u>
<u>Revenues</u>					
Intergovernmental	\$ 648,403	\$ 232,198	\$ 232,198	\$ -	\$ 1,407,856
Total Revenues	<u>648,403</u>	<u>232,198</u>	<u>232,198</u>	<u>-</u>	<u>1,407,856</u>
<u>Expenditures</u>					
Public works	648,403	232,198	232,198	-	1,407,856
Total Expenditures	<u>648,403</u>	<u>232,198</u>	<u>232,198</u>	<u>-</u>	<u>1,407,856</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
			<u>-</u>		
			<u>\$ -</u>		

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	100
<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	112
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	120
<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	128
<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	131
<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 comprehensive annual financial reports from the relevant year.

CITY OF SEABROOK, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007 (1)	2008	2009
Governmental Activities				
Net investment in capital assets	\$ 12,098,249	\$ 13,391,257	\$ 12,212,584	\$ 14,026,951
Restricted	3,361,541	2,426,793	2,695,249	3,051,748
Unrestricted	2,439,519	2,635,283	(898,092) (2)	(899,753) (2)
Total Governmental Activities Net Position	\$ 17,899,309	\$ 18,453,333	\$ 14,009,741	\$ 16,178,946
Business-Type Activities				
Net investment in capital assets	\$ 4,878,430	\$ 5,013,239	\$ 6,146,398	\$ 7,567,091
Restricted	160,356	2,597,993	1,972,400	2,165,510
Unrestricted	4,374,684	2,574,840	3,084,904	2,676,653
Total Business-Type Activities Net Position	\$ 9,413,470	\$ 10,186,072	\$ 11,203,702	\$ 12,409,254
Primary Government				
Net investment in capital assets	\$ 16,976,679	\$ 18,404,496	\$ 18,358,982	\$ 21,594,042
Restricted	3,521,897	5,024,786	4,667,649	5,217,258
Unrestricted	6,814,203	5,210,123	2,186,812	1,776,900
Total Primary Government Net Position	\$ 27,312,779	\$ 28,639,405	\$ 25,213,443	\$ 28,588,200

*Restated balances

- (1) In fiscal year 2007, the Seabrook Economic Development Corporation began to be reported as a discretely presented component unit.
- (2) In fiscal year 2008, the City issued voter approved debt of approximately \$4 million to contribute to the construction of Repsdorph Road, a Harris County-owned thoroughfare, in order to improve mobility in the City. Because there is no City-owned capital asset, the debt related to this expenditure is classified against governmental activity unrestricted net position.

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014*</u>	<u>2015</u>
\$ 14,938,447	\$ 15,440,360	\$ 14,144,650	\$ 18,283,628	\$ 22,006,280	\$ 22,278,266
3,004,538	3,264,045	4,701,768	4,388,221	4,552,760	4,861,342
(1,859,661) (2)	(1,475,029)	3,211,311	3,489,849	2,542,795	4,193,837
<u>\$ 16,083,324</u>	<u>\$ 17,229,376</u>	<u>\$ 22,057,729</u>	<u>\$ 26,161,698</u>	<u>\$ 29,101,835</u>	<u>\$ 31,333,445</u>
\$ 7,552,636	\$ 7,593,022	\$ 8,429,256	\$ 9,357,328	\$ 9,951,443	\$ 10,898,317
2,294,133	2,451,025	2,318,565	2,207,032	2,432,638	2,495,389
2,986,896	3,734,997	3,914,970	3,116,799	2,165,826	1,449,615
<u>\$ 12,833,665</u>	<u>\$ 13,779,044</u>	<u>\$ 14,662,791</u>	<u>\$ 14,681,159</u>	<u>\$ 14,549,907</u>	<u>\$ 14,843,321</u>
\$ 22,491,083	\$ 23,033,382	\$ 22,573,906	\$ 27,640,956	\$ 31,957,723	\$ 33,176,583
5,298,671	5,715,070	7,020,333	6,595,253	6,985,398	7,356,731
1,127,235	2,259,968	7,126,281	6,606,648	4,708,621	5,643,452
<u>\$ 28,916,989</u>	<u>\$ 31,008,420</u>	<u>\$ 36,720,520</u>	<u>\$ 40,842,857</u>	<u>\$ 43,651,742</u>	<u>\$ 46,176,766</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007 (1)	2008	2009
Expenses				
Governmental Activities				
General government	\$ 2,604,773	\$ 3,086,170	\$ 3,223,608	\$ 3,012,703
Public safety	3,786,758	3,834,433	4,523,302	4,040,110
Public works	1,952,880	1,981,804	8,243,979 (2)	5,870,600
Economic development	393,197	307,161	302,712	307,990
Interest and fiscal agent fees	795,631	500,828	768,483	715,567
Total Governmental Activities Expenses	<u>9,533,239</u>	<u>9,710,396</u>	<u>17,062,084</u>	<u>13,946,970</u>
Business-Type Activities				
Utilities	3,602,659	3,598,054	3,868,646	4,372,440
Interest and fiscal agent fees	-	-	-	-
Total Business-Type Activities Expenses	<u>3,602,659</u>	<u>3,598,054</u>	<u>3,868,646</u>	<u>4,372,440</u>
Total Primary Government Expenses	<u>\$ 13,135,898</u>	<u>\$ 13,308,450</u>	<u>\$ 20,930,730</u>	<u>\$ 18,319,410</u>
Program Revenues				
Governmental Activities				
Charges for services	\$ 1,144,459	\$ 916,164	\$ 1,044,182	\$ 1,161,842
Operating grants and contributions	17,480	82,216	1,087,868	3,238,853
Capital grants and contributions	-	-	-	1,248,865
Total Governmental Activities Program Revenues	<u>1,161,939</u>	<u>998,380</u>	<u>2,132,050</u>	<u>5,649,560</u>
Business-Type Activities				
Utilities:				
Charges for services	5,241,480	4,829,377	5,462,025	5,594,215
Operating grants and contributions	-	-	-	210,274
Capital grants and contributions	-	624,651	429,824	297,887
Total Business-Type Activities Program Revenues	<u>5,241,480</u>	<u>5,454,028</u>	<u>5,891,849</u>	<u>6,102,376</u>
Total Primary Government Program Revenues	<u>\$ 6,403,419</u>	<u>\$ 6,452,408</u>	<u>\$ 8,023,899</u>	<u>\$ 11,751,936</u>
Net (Expense)/Revenue				
Governmental activities	\$ (8,371,300)	\$ (8,712,016)	\$ (14,930,034)	\$ (8,297,410)
Business-type activities	1,638,821	1,855,974	2,023,203	1,729,936
Total Primary Government Net Expense	<u>\$ (6,732,479)</u>	<u>\$ (6,856,042)</u>	<u>\$ (12,906,831)</u>	<u>\$ (6,567,474)</u>

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 4,376,699	\$ 3,523,480	\$ 2,044,188	\$ 2,426,528	\$ 1,165,000	\$ 3,848,282
4,471,942	5,008,177	4,444,193	5,108,700	5,053,766	4,786,353
2,011,743	1,326,336	3,191,383	1,941,718	2,986,870	1,899,510
239,073	321,532	303,003	357,550	412,718	348,324
780,835	811,818	759,480	701,007	623,464	838,721
<u>11,880,292</u>	<u>10,991,343</u>	<u>10,742,247</u>	<u>10,535,503</u>	<u>10,241,818</u>	<u>11,721,190</u>
4,356,358	4,475,897	4,289,547	4,627,670	4,638,521	4,672,698
-	-	-	194,872	169,597	159,392
<u>4,356,358</u>	<u>4,475,897</u>	<u>4,289,547</u>	<u>4,822,542</u>	<u>4,808,118</u>	<u>4,832,090</u>
<u>\$ 16,236,650</u>	<u>\$ 15,467,240</u>	<u>\$ 15,031,794</u>	<u>\$ 15,358,045</u>	<u>\$ 15,049,936</u>	<u>\$ 16,553,280</u>
\$ 892,652	\$ 1,243,869	\$ 1,070,691	\$ 755,111	\$ 1,080,913	\$ 902,015
664,973	289,739	165,018	202,982	204,058	238,472
134,259	37,775	3,739,274	2,490,787	1,674,130	232,198
<u>1,691,884</u>	<u>1,571,383</u>	<u>4,974,983</u>	<u>3,448,880</u>	<u>2,959,101</u>	<u>1,372,685</u>
6,048,698	6,829,188	6,040,302	6,209,614	6,037,818	6,379,326
-	-	-	-	-	-
133,954	154,624	218,259	132,207	240,152	141,601
<u>6,182,652</u>	<u>6,983,812</u>	<u>6,258,561</u>	<u>6,341,821</u>	<u>6,277,970</u>	<u>6,520,927</u>
<u>\$ 7,874,536</u>	<u>\$ 8,555,195</u>	<u>\$ 11,233,544</u>	<u>\$ 9,790,701</u>	<u>\$ 9,237,071</u>	<u>\$ 7,893,612</u>
\$ (10,188,408)	\$ (9,419,960)	\$ (5,767,264)	\$ (7,086,623)	\$ (7,282,717)	\$ (10,348,505)
1,826,294	2,507,915	1,969,014	1,519,279	1,469,852	1,688,837
<u>\$ (8,362,114)</u>	<u>\$ (6,912,045)</u>	<u>\$ (3,798,250)</u>	<u>\$ (5,567,344)</u>	<u>\$ (5,812,865)</u>	<u>\$ (8,659,668)</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007 (1)	2008	2009
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 4,078,227	\$ 4,474,598	\$ 4,663,052	\$ 5,056,183
Sales and use taxes	2,407,583	2,070,950	2,365,779	2,304,229
Franchise fees and local taxes	967,881	1,046,552	1,146,560	1,007,741
Investment revenue	569,204	489,208	341,808	56,833
Other revenues	-	255,213	788,499	752,317
Transfers	504,497	1,354,082	1,180,741	1,289,312
Total Governmental Activities	<u>8,527,392</u>	<u>9,690,603</u>	<u>10,486,439</u>	<u>10,466,615</u>
Business-Type Activities				
Investment revenue	233,423	270,710	175,165	40,824
Other revenues	-	-	-	724,104
Transfers	(504,497)	(1,354,082)	(1,180,741)	(1,289,312)
Total Business-Type Activities	<u>(271,074)</u>	<u>(1,083,372)</u>	<u>(1,005,576)</u>	<u>(524,384)</u>
Total Primary Government	<u>\$ 8,256,318</u>	<u>\$ 8,607,231</u>	<u>\$ 9,480,863</u>	<u>\$ 9,942,231</u>
Change in Net Position				
Governmental activities	\$ 156,092	\$ 978,587	\$ (4,443,595)	\$ 2,169,205
Business-type activities	1,367,747	772,602	1,017,627	1,205,552
Total Primary Government	<u>\$ 1,523,839</u>	<u>\$ 1,751,189</u>	<u>\$ (3,425,968)</u>	<u>\$ 3,374,757</u>

(1) In fiscal year 2007, the Seabrook Economic Development Corporation began to be reported as a discretely presented component unit.

(2) In fiscal year 2008, the City paid \$5 million to Harris County for a construction project on Repsdorff Road (a County road) and incurred approximately \$1.4 million in hurricane-related expenses.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 5,088,332	\$ 5,285,995	\$ 5,442,550	\$ 5,656,089	\$ 5,795,618	\$ 6,004,934
2,097,398	2,164,992	2,135,045	2,332,016	2,516,219	2,768,645
1,035,216	1,033,334	1,075,551	1,183,623	1,265,765	1,294,765
15,843	10,707	10,124	8,293	3,073	8,544
408,615	501,112	592,662	799,891	696,853	814,897
1,447,381	1,569,873	1,339,685	1,668,673	1,571,744	1,688,330
<u>10,092,785</u>	<u>10,566,013</u>	<u>10,595,617</u>	<u>11,648,585</u>	<u>11,849,272</u>	<u>12,580,115</u>
10,116	7,337	6,945	5,562	1,675	2,442
35,382	-	247,473	254,257	260,470	290,465
(1,447,381)	(1,569,873)	(1,339,685)	(1,668,673)	(1,571,744)	(1,688,330)
<u>(1,401,883)</u>	<u>(1,562,536)</u>	<u>(1,085,267)</u>	<u>(1,408,854)</u>	<u>(1,309,599)</u>	<u>(1,395,423)</u>
<u>\$ 8,690,902</u>	<u>\$ 9,003,477</u>	<u>\$ 9,510,350</u>	<u>\$ 10,239,731</u>	<u>\$ 10,539,673</u>	<u>\$ 11,184,692</u>
\$ (95,623)	\$ 1,146,053	\$ 4,828,353	\$ 4,561,962	\$ 4,566,555	\$ 2,231,610
424,411	945,379	883,747	110,425	160,253	293,414
<u>\$ 328,788</u>	<u>\$ 2,091,432</u>	<u>\$ 5,712,100</u>	<u>\$ 4,672,387</u>	<u>\$ 4,726,808</u>	<u>\$ 2,525,024</u>

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

Function	Fiscal Year			
	2006	2007	2008	2009
Property	\$ 4,078,227	\$ 4,474,598	\$ 4,663,052	\$ 5,056,183
Sales and use	2,407,583	2,070,950	2,365,779	2,304,229
Franchise fees and local taxes	967,881	1,046,552	1,146,560	1,007,741
	<u>\$ 7,453,691</u>	<u>\$ 7,592,100</u>	<u>\$ 8,175,391</u>	<u>\$ 8,368,153</u>

Fiscal Year						Change
2010	2011	2012	2013	2014	2015	2014-2015
\$ 5,088,332	\$ 5,285,995	\$ 5,442,550	\$ 5,656,089	\$ 5,795,618	\$ 6,004,934	4%
2,097,398	2,164,992	2,135,045	2,332,016	2,516,219	2,768,645	10%
1,035,216	1,033,334	1,075,551	1,183,623	1,265,765	1,294,765	2%
<u>\$ 8,220,946</u>	<u>\$ 8,484,321</u>	<u>\$ 8,653,146</u>	<u>\$ 9,171,728</u>	<u>\$ 9,577,602</u>	<u>\$ 10,068,344</u>	<u>5%</u>

CITY OF SEABROOK, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007 (1)	2008	2009
General Fund				
Nonspendable	\$ 132,506	\$ -	\$ -	\$ 2,183
Restricted	-	199,131	-	-
Committed	-	-	-	-
Assigned	-	192,292	-	-
Unassigned	2,078,835	2,361,726	2,691,060	2,831,297
Total General Fund	\$ 2,211,341	\$ 2,753,149	\$ 2,691,060	\$ 2,833,480
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	8,283,347	6,069,946	5,418,337	5,680,053
Total All Other Governmental Funds	\$ 8,283,347	\$ 6,069,946	\$ 5,418,337	\$ 5,680,053

(1) In fiscal year 2007, the Seabrook Economic Development Corporation began to be reported as a discretely presented component unit.

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 4,684	\$ 62,076	\$ 24,677	\$ 13,687	\$ 78,664	\$ 142,883
-	-	-	-	-	-
-	-	-	801,291	801,561	801,976
-	-	853,532	78,000	54,000	21,000
2,855,163	3,185,900	3,345,601	3,649,445	3,998,314	5,149,807
<u>\$ 2,859,847</u>	<u>\$ 3,247,976</u>	<u>\$ 4,223,810</u>	<u>\$ 4,542,423</u>	<u>\$ 4,932,539</u>	<u>\$ 6,115,666</u>
\$ -	\$ -	\$ 195	\$ 980	\$ 12	\$ 23,333
5,489,578	4,818,455	4,701,768	4,388,221	4,552,760	12,484,357
<u>\$ 5,489,578</u>	<u>\$ 4,818,455</u>	<u>\$ 4,701,963</u>	<u>\$ 4,389,201</u>	<u>\$ 4,552,772</u>	<u>\$ 12,507,690</u>

CITY OF SEABROOK, TEXAS
CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2006	2007 (1)	2008	2009
Revenues				
Taxes	\$ 7,448,204	\$ 7,568,401	\$ 8,192,323	\$ 8,366,511
Licenses and permits	456,056	321,577	249,809	377,942
Fines and forfeitures	472,946	463,600	612,481	550,248
Charges for services	62,687	57,079	68,153	62,232
Intergovernmental	17,480	82,216	987,868	3,238,853
Investment revenue	569,204	489,206	340,531	56,831
Other revenues	152,770	329,123	508,378	580,230
Total Revenues	<u>9,179,347</u>	<u>9,311,202</u>	<u>10,959,543</u>	<u>13,232,847</u>
Expenditures				
General government	2,533,747	3,040,338	3,168,496	3,400,694
Public safety	3,552,847	3,551,443	4,270,881	4,067,881
Public works	1,437,989	1,521,301	2,693,435	5,584,834
Economic development	2,981,294	307,161	302,712	308,979
Capital outlay	-	1,373,161	8,145,648	112,884
Debt service:				
Principal	669,588	455,687	620,214	512,500
Interest and fiscal fees	690,730	501,128	687,248	773,796
Bond issuance costs	-	-	-	-
Advance refunding escrow	-	-	-	-
Total Expenditures	<u>11,866,195</u>	<u>10,750,219</u>	<u>19,888,634</u>	<u>14,761,568</u>
(Deficiency) of				
Revenues (Under) Expenditures	(2,686,848)	(1,439,017)	(8,929,091)	(1,528,721)
Other Financing Sources (Uses)				
Transfers in	1,041,426	2,144,264	1,354,082	1,180,741
Transfers out	(119,554)	(2,139,767)	-	-
Refunding bonds issued	2,971,250	-	-	-
Bonds issued	5,175,000	-	-	6,835,000
Premium on bonds issued	62,655	-	-	199,652
Discount on bonds issued	(53,278)	-	-	-
Payments to refunded bond escrow agent	(3,049,675)	-	-	-
Capital leases	107,627	-	-	-
Insurance proceeds	-	-	-	-
Total Other Financing Sources	<u>6,135,451</u>	<u>4,497</u>	<u>1,354,082</u>	<u>8,215,393</u>
Net Change in Fund Balances	<u>\$ 3,448,603</u>	<u>\$ (1,434,520)</u>	<u>\$ (7,575,009)</u>	<u>\$ 6,686,672</u>
Debt service as a percentage of noncapital expenditures	26.90%	14.60%	11.67%	8.10%

(1) In fiscal year 2007, the Seabrook Economic Development Corporation began to be reported as a discretely presented component unit.

Fiscal Year

2010	2011	2012	2013	2014	2015
\$ 8,216,879	\$ 8,518,658	\$ 8,696,855	\$ 9,144,003	\$ 9,598,547	\$ 10,077,143
224,612	205,293	227,156	183,263	402,187	234,429
539,362	817,057	709,306	429,178	424,148	526,530
85,766	118,535	134,229	142,670	254,578	141,056
655,528	283,784	3,904,292	2,693,769	1,611,914	470,670
15,841	10,708	10,124	8,293	3,073	8,544
485,496	575,537	592,662	799,891	696,853	814,897
<u>10,223,484</u>	<u>10,529,572</u>	<u>14,274,624</u>	<u>13,401,067</u>	<u>12,991,300</u>	<u>12,273,269</u>
4,096,478	3,595,589	3,456,967	3,532,719	3,515,144	3,680,496
4,413,552	4,558,181	4,531,674	4,738,699	4,785,911	4,550,492
1,758,184	1,584,167	5,428,496	4,290,863	3,444,606	1,805,990
239,809	377,864	303,003	357,550	428,060	349,247
1,019,829	961,379	445,831	598,454	329,055	1,361,769
584,705	588,125	652,500	850,000	900,000	935,000
753,618	764,478	725,358	670,545	606,581	699,810
-	-	-	42,256	-	126,244
-	-	-	30,000	-	-
<u>12,866,175</u>	<u>12,429,783</u>	<u>15,543,829</u>	<u>15,111,086</u>	<u>14,009,357</u>	<u>13,509,048</u>
(2,642,691)	(1,900,211)	(1,269,205)	(1,710,019)	(1,018,057)	(1,235,779)
1,298,154	1,447,381	1,624,942	1,668,673	1,571,744	1,736,381
(8,843)	-	(55,069)	-	-	(48,051)
-	-	-	3,975,000	-	-
-	900,000	-	-	-	8,380,000
-	-	-	-	-	305,494
-	-	-	-	-	-
-	-	-	(3,927,803)	-	-
-	-	-	-	-	-
578,304	131,202	47,344	-	-	-
<u>1,867,615</u>	<u>2,478,583</u>	<u>1,617,217</u>	<u>1,715,870</u>	<u>1,571,744</u>	<u>10,373,824</u>
<u>\$ (775,076)</u>	<u>\$ 578,372</u>	<u>\$ 348,012</u>	<u>\$ 5,851</u>	<u>\$ 553,687</u>	<u>\$ 9,138,045</u>
9.57%	11.66%	12.77%	14.83%	15.43%	14.13%

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

	Fiscal Year			
	2006	2007	2008	2009
Real Property	\$ 715,935,585	\$ 764,898,295	\$ 800,371,653	\$ 918,598,632
Personal Property	57,830,850	82,426,063	93,001,677	95,312,943
Less: Tax Exempt Property	<u>(128,476,929)</u>	<u>(140,260,655)</u>	<u>(147,046,586)</u>	<u>(161,054,726)</u>
Total Taxable Assessed Value (1)	<u>\$ 645,289,506</u>	<u>\$ 707,063,703</u>	<u>\$ 746,326,744</u>	<u>\$ 852,856,849</u>
Total Direct Tax Rate	\$ 0.630706	\$ 0.621009	\$ 0.620252	\$ 0.588373

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

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 900,127,932	\$ 916,878,359	\$ 921,323,736	\$ 937,092,962	\$ 983,065,482	\$ 1,050,841,139
96,447,635	92,903,636	86,707,764	90,255,089	87,589,652	83,736,870
<u>(166,465,212)</u>	<u>(169,009,366)</u>	<u>(169,776,137)</u>	<u>(170,919,619)</u>	<u>(175,815,601)</u>	<u>(183,332,730)</u>
<u>\$ 830,110,355</u>	<u>\$ 840,772,629</u>	<u>\$ 838,255,363</u>	<u>\$ 856,428,432</u>	<u>\$ 894,839,533</u>	<u>\$ 951,245,279</u>
\$ 0.613409	\$ 0.626807	\$ 0.649978	\$ 0.665232	\$ 0.651229	\$ 0.640030

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

	Fiscal Year			
	2006	2007	2008	2009
City by fund:				
General	\$ 0.44707	\$ 0.45328	\$ 0.46980	\$ 0.43012
Debt service	0.18364	0.16773	0.15046	0.15825
Total Direct Rates	<u>0.63071</u>	<u>0.62101</u>	<u>0.62026</u>	<u>0.58837</u>
Clear Creek School District	1.77500	1.63000	1.32000	1.36000
Harris County	0.39986	0.40239	0.39239	0.38923
Harris County Flood Control District	0.03318	0.03241	0.03106	0.03086
Port of Houston Authority	0.01673	0.01302	0.01437	0.01773
Harris County Hospital District	0.19021	0.19216	0.19216	0.19216
Harris County Dept. of Education	0.00629	0.00629	0.00585	0.00584
Total Direct and Overlapping Rates (1)	<u>\$ 3.05198</u>	<u>\$ 2.89728</u>	<u>\$ 2.57609</u>	<u>\$ 2.58419</u>

Tax rates per \$100 of assessed valuation

Source: Harris County Appraisal District

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

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					
2010	2011	2012	2013	2014	2015
\$ 0.45628	\$ 0.46556	\$ 0.48269	\$ 0.48315	\$ 0.48315	\$ 0.45951
0.15713	0.16125	0.16729	0.18208	0.16808	0.18052
<u>0.61341</u>	<u>0.62681</u>	<u>0.64998</u>	<u>0.66523</u>	<u>0.65123</u>	<u>0.64003</u>
1.36000	1.36000	1.36000	1.36000	1.40000	1.40000
0.39224	0.38805	0.39117	0.40021	0.41455	0.41731
0.29220	0.02930	0.02809	0.02809	0.02827	0.02736
0.16360	0.02054	0.01856	0.01952	0.01716	0.01531
0.19216	0.19216	0.19406	0.18216	0.17000	0.17000
<u>0.00605</u>	<u>0.00658</u>	<u>0.00658</u>	<u>0.00662</u>	<u>0.00636</u>	<u>0.00600</u>
<u>\$ 3.01966</u>	<u>\$ 2.62344</u>	<u>\$ 2.64844</u>	<u>\$ 2.66183</u>	<u>\$ 2.68757</u>	<u>\$ 2.67601</u>

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CITY OF SEABROOK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year					
	2015			2006		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Sinbad Landing Corp.	\$ 15,635,635	1	1.64%	\$ 9,795,000	2	1.52%
Repsdorph Road LTD	15,578,988	2	1.64%	9,615,280	3	1.49%
DMH 90	11,738,989	3	1.23%	8,249,990	4	1.28%
Vista Shores 2011LP	10,290,397	4	1.08%	7,999,990	5	1.24%
SEC Edgelake LLC	8,474,143	6	0.89%	-	n/a	-
Centerpoint Energy Inc.	7,494,860	5	0.79%	7,848,761	6	1.22%
Nasa Road Apartments LLC	6,966,678	8	0.73%	-	n/a	-
Lamrock 3/2001LP	6,870,649	7	0.72%	-	n/a	-
Omkar Group Seabrook LP	5,261,535	9	0.55%	-	n/a	-
Seabrook Hospitality	4,689,967	10	0.49%	-	n/a	-
WXII/WCI Real Estate LTD	-	n/a	-	5,639,910	7	0.87%
Seatree 1 LTD Partnership	-	n/a	-	5,460,510	8	0.85%
Marker I LLP	-	n/a	-	4,550,710	9	0.71%
Marina Max	-	n/a	-	4,343,930	10	0.67%
Devin Louisiana Corp	-	n/a	-	10,219,186	1	1.58%
Subtotal	<u>93,001,841</u>		<u>9.78%</u>	<u>73,723,267</u>		<u>11.42%</u>
Other Taxpayers	<u>858,243,438</u>		<u>90.22%</u>	<u>571,566,239</u>		<u>88.58%</u>
Total	<u>\$ 951,245,279</u>		<u>100.00%</u>	<u>\$ 645,289,506</u>		<u>100.00%</u>

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

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

	Fiscal Year			
	2006	2007	2008	2009
Tax levy	\$ 4,069,880	\$ 4,363,564	\$ 4,594,030	\$ 4,985,811
Current tax collected	\$ 3,884,705	\$ 4,252,282	\$ 4,498,264	\$ 4,894,771
Percentage of current tax collections	95.45%	97.45%	97.92%	98.17%
Collections in subsequent years	168,614	97,728	84,927	80,032
Total tax collections to date	<u>\$ 4,053,319</u>	<u>\$ 4,350,010</u>	<u>\$ 4,583,191</u>	<u>\$ 4,974,803</u>
Total collections as a percentage of current levy	99.59%	99.69%	99.76%	99.78%

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 5,050,227	\$ 5,214,919	\$ 5,389,311	\$ 5,627,317	\$ 5,766,934	\$ 5,984,940
\$ 4,945,845	\$ 5,132,185	\$ 5,327,402	\$ 5,541,099	\$ 5,699,970	\$ 5,908,134
97.93%	98.41%	98.85%	98.47%	98.84%	98.72%
88,697	63,424	42,091	48,255	39,700	-
<u>\$ 5,034,542</u>	<u>\$ 5,195,609</u>	<u>\$ 5,369,493</u>	<u>\$ 5,589,354</u>	<u>\$ 5,739,670</u>	<u>\$ 5,908,134</u>
99.69%	99.63%	99.63%	99.33%	99.53%	98.72%

CITY OF SEABROOK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2006	2007 (1)	2008	2009
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 12,419,375	\$ 11,919,855	\$ 18,582,639	\$ 18,059,688
Certificates of obligation	-	-	-	-
Sales tax revenue bonds	1,200,000	-	-	-
Capital leases	29,710	-	-	-
Subtotal	<u>13,649,085</u>	<u>11,919,855</u>	<u>18,582,639</u>	<u>18,059,688</u>
Business-Type Activities:				
Revenue bonds	4,220,000	4,070,000	5,540,174	5,374,037
General obligation bonds	785,625	665,625	540,000	412,500
Subtotal	<u>5,005,625</u>	<u>4,735,625</u>	<u>6,080,174</u>	<u>5,786,537</u>
Total Primary Government	<u>\$ 18,654,710</u>	<u>\$ 16,655,480</u>	<u>\$ 24,662,813</u>	<u>\$ 23,846,225</u>
Personal Income	\$ 377,003,000	\$ 391,560,094	\$ 415,708,106	\$ 448,887,699
Debt as a Percentage of Personal Income	4.95%	4.25%	5.93%	5.31%
Population	11,000	11,182	11,577	12,051
Debt Per Capita	\$ 1,696	\$ 1,489	\$ 2,130	\$ 1,979

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

(1) In fiscal year 2007, the Seabrook Economic Development Corporation began to be reported as a discretely presented component unit.

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 17,440,362	\$ 16,857,031	\$ 16,251,492	\$ 15,687,585	\$ 14,824,773	\$ 22,590,010
900,000	865,000	865,000	830,000	790,000	750,000
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,340,362</u>	<u>17,722,031</u>	<u>17,116,492</u>	<u>16,517,585</u>	<u>15,614,773</u>	<u>23,340,010</u>
5,214,627	5,017,490	4,767,727	3,418,000	3,173,000	2,918,000
279,375	142,500	-	1,175,000	1,165,000	1,155,000
<u>5,494,002</u>	<u>5,159,990</u>	<u>4,767,727</u>	<u>4,593,000</u>	<u>4,338,000</u>	<u>4,073,000</u>
<u>\$ 23,834,364</u>	<u>\$ 22,882,021</u>	<u>\$ 21,884,219</u>	<u>\$ 21,110,585</u>	<u>\$ 19,952,773</u>	<u>\$ 27,413,010</u>
\$ 478,986,277	\$ 421,009,200	\$ 493,026,700	\$ 531,297,900	\$ 521,510,475	\$ 524,443,905
4.98%	5.44%	4.44%	3.97%	3.83%	5.23%
12,367	12,683	12,700	12,853	12,853	12,843
\$ 1,927	\$ 1,804	\$ 1,723	\$ 1,642	\$ 1,552	\$ 2,134

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

	Fiscal Year			
	2006	2007	2008	2009
Net Taxable Assessed Value				
All property	\$ 645,289,506	\$ 707,063,703	\$ 746,326,744	\$ 852,856,849
Net Bonded Debt				
Gross bonded debt	\$ 13,205,000	\$ 12,585,480	\$ 19,122,639	\$ 18,472,188
Less debt service funds	<u>1,154,167</u>	<u>1,221,007</u>	<u>1,547,226</u>	<u>1,604,615</u>
Net Bonded Debt	<u>\$ 12,050,833</u>	<u>\$ 11,364,473</u>	<u>\$ 17,575,413</u>	<u>\$ 16,867,573</u>
Ratio of Net Bonded Debt to Assessed Value	1.87%	1.61%	2.35%	1.98%
Population	11,000	11,182	11,577	12,051
Net Bonded Debt Per Capita	\$ 1,096	\$ 1,016	\$ 1,518	\$ 1,400

Fiscal Year					
2010	2011	2012	2013	2014	2015
\$ 830,110,355	\$ 840,772,629	\$ 838,255,363	\$ 856,428,432	\$ 894,839,533	\$ 951,245,279
\$ 18,619,737	\$ 17,864,531	\$ 17,116,492	\$ 17,692,585	\$ 16,779,773	\$ 24,495,010
1,691,939	1,689,111	1,746,037	1,742,115	1,738,285	1,799,611
<u>\$ 16,927,798</u>	<u>\$ 16,175,420</u>	<u>\$ 15,370,455</u>	<u>\$ 15,950,470</u>	<u>\$ 15,041,488</u>	<u>\$ 22,695,399</u>
2.04%	1.92%	1.83%	1.86%	1.68%	2.39%
12,367	12,683	12,700	12,853	12,853	12,843
\$ 1,369	\$ 1,275	\$ 1,210	\$ 1,241	\$ 1,170	\$ 1,767

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CITY OF SEABROOK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2015

	<u>Net Bonded Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt (1)</u>
Debt Repaid with Property Taxes			
Governmental Unit			
Clear Creek ISD	\$ 964,908	4.58%	\$ 44,193
Harris County (3)	2,150,181	0.21%	4,515
Harris Co. Flood Control District	648,103	0.21%	1,361
Harris County Toll Road	289,051	0.21%	607
Port of Houston Authority	818,349	0.21%	1,719
Municipal Utility District 373	3,115	100.00%	3,115
Subtotal, overlapping debt			55,510
City Direct Debt	\$ 23,340	100.00%	23,340
	Total Direct and Overlapping Debt		\$ 78,850

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			
	2006	2007	2008	2009
Gross Revenues (1)	\$ 5,474,903	\$ 5,100,087	\$ 5,637,190	\$ 5,635,039
Operating Expenses (2)	3,011,109	3,197,851	3,440,044	3,645,954
Net Revenues Available for Debt Service	\$ 2,463,794	\$ 1,902,236	\$ 2,197,146	\$ 1,989,085
Debt Service Requirements (3)				
Principal	\$ 145,000	\$ 150,000	\$ 160,000	\$ 165,000
Interest	179,716	174,824	204,674	269,083
Total	<u>\$ 324,716</u>	<u>\$ 324,824</u>	<u>\$ 364,674</u>	<u>\$ 434,083</u>
Coverage	7.59	5.86	6.02	4.58

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year

<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
\$ 6,058,814	\$ 6,829,188	\$ 6,294,720	\$ 6,469,433	\$ 6,299,963	\$ 6,672,233
4,007,300	3,779,560	3,610,061	4,125,816	4,135,263	4,155,276
\$ 2,051,514	\$ 3,049,628	\$ 2,684,659	\$ 2,343,617	\$ 2,164,700	\$ 2,516,957
\$ 183,000	\$ 196,000	\$ 205,000	\$ 240,000	\$ 255,000	\$ 265,000
224,614	237,192	209,571	179,623	166,361	155,894
\$ 407,614	\$ 433,192	\$ 414,571	\$ 419,623	\$ 421,361	\$ 420,894
5.03	7.04	6.48	5.59	5.14	5.98

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

<u>Fiscal Year Ended</u>	<u>Population (2)(6)</u>	<u>Personal Income (5)</u>	<u>Per Capita Personal Income (6)</u>	<u>Median Age (6)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)(6)</u>
2006	11,000	\$ 377,003,000	\$ 34,273	34.6	1,744	3.6%
2007	11,182	\$ 391,560,094	\$ 35,017	36.6	1,767	3.8%
2008 (7)	11,577	\$ 415,708,106	\$ 35,908	36.3	1,694	2.9%
2009	12,051	\$ 448,887,699	\$ 37,249	36.6	1,731	3.0%
2010	12,367	\$ 478,986,277	\$ 38,731	36.8	1,721	3.1%
2011 (1)	12,683	\$ 421,009,200	\$ 33,195	37.3	1,776	6.9%
2012 (8)	12,700	\$ 493,026,700	\$ 38,821	38.0	1,794	7.5%
2013	12,853	\$ 531,297,900	\$ 41,336	38.0	1,871	5.5%
2014	12,853	\$ 521,510,475	\$ 40,575	35.2	1,797	5.0%
2015	12,843	\$ 524,443,905	\$ 40,835	36.8	1,763	4.9%

Data sources:

- (1) U.S. Census Bureau
- (2) Records of the City
- (3) Clear Creek Independent School District
- (4) Tracer
- (5) Personal income information is a total for the year.
- (6) Sperlings Best Places
- (7) All 2008 figures, except school enrollment, are estimates from the Bay Area Houston Economic Partnership.
- (8) 2012 income figures are from U.S Census Bureau, unemployment rate from Sperlings, population from Buildings department.

CITY OF SEABROOK, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Employer	Fiscal Year		
	2015		2008 (1)
	Employees	Total City Employment (%)	Employees
Technical Automation Service Corporation	189	18.12%	130
Kroger	100	9.59%	95
City of Seabrook	99	9.49%	103
Seabrook Intermediate School	91	8.72%	105
Bay Area Elementary	80	7.67%	82
Hooters	80	7.67%	80
Gulf Coast Limestone	72	6.90%	-
Lakewood Yacht Club	70	6.71%	71
Seabrook Classic Café	49	4.70%	36
Bay Area Trees and Landscape	46	4.41%	45
Mario's Flying Pizza	40	3.84%	35
Maas Nursery and Landscaping	38	3.64%	32
McDonald's	35	3.36%	36
Marine Max	32	3.07%	40
Kiwo, Inc.	22	2.11%	31
Total	1,043	100.00%	921

Sources: Bay Area Economic Partnership, City records

(1) Specific numbers of employees by employer for nine years ago are not available at this time as required by generally accepted accounting principles. As these numbers become available, they will be included in future reports.

CITY OF SEABROOK, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2006	2007	2008	2009	2010	2011	2012	2013	2014	2015
<u>General Government:</u>										
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50	1.00
Legislative	2.00	2.50	2.50	2.50	3.00	2.50	2.00	2.00	2.00	2.00
Marketing	-	-	-	-	-	-	0.50	0.50	0.50	0.50
Human Resources	0.50	1.75	1.75	1.75	1.75	1.75	1.75	1.25	1.25	1.75
Purchasing	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Finance	3.00	2.50	2.00	2.50	3.50	2.50	2.50	2.50	2.50	2.50
Administrative Assistants	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	-	-
Information Technology	-	-	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00
Streets & Drainage	7.66	8.29	9.60	8.29	8.29	8.29	8.29	8.79	8.17	8.17
Community Development	4.00	5.05	5.70	5.70	5.70	5.70	6.00	5.00	5.00	5.00
Municipal Court	2.50	2.50	3.00	3.00	3.25	3.00	3.00	5.50	4.50	4.50
Subtotal	<u>23.16</u>	<u>26.09</u>	<u>29.05</u>	<u>28.24</u>	<u>28.99</u>	<u>27.24</u>	<u>27.54</u>	<u>29.54</u>	<u>27.92</u>	<u>27.92</u>
<u>Public Safety:</u>										
Police	26.50	29.00	32.00	30.50	30.50	30.00	32.00	35.00	35.50	36.00
Emergency Management	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00	1.00
Animal Control	2.00	2.48	2.48	1.48	1.48	1.48	1.48	1.48	1.48	1.48
Commercial Vehicle Enforcement	3.50	3.50	2.50	2.50	2.50	2.50	2.50	-	-	-
Crime District	6.50	6.50	7.00	6.00	6.00	6.00	6.00	6.00	5.50	5.00
Subtotal	<u>39.50</u>	<u>42.48</u>	<u>44.98</u>	<u>41.48</u>	<u>41.23</u>	<u>40.98</u>	<u>42.98</u>	<u>43.48</u>	<u>43.48</u>	<u>43.48</u>
<u>Enterprise Operations:</u>										
Water	4.66	5.57	5.93	6.95	6.95	6.95	6.85	6.80	7.03	7.03
Sewer	4.68	5.57	4.86	4.57	4.57	4.57	4.47	4.41	4.41	4.78
Billing	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00	3.00
Subtotal	<u>11.34</u>	<u>13.14</u>	<u>12.79</u>	<u>13.52</u>	<u>13.52</u>	<u>14.52</u>	<u>14.32</u>	<u>14.21</u>	<u>14.44</u>	<u>14.81</u>
Parks and Recreation	7.00	13.19	15.00	13.55	13.68	10.76	9.81	10.31	7.94	9.78
Hotel Tax	-	-	-	-	-	-	1.00	1.00	1.00	1.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u><u>82.00</u></u>	<u><u>95.90</u></u>	<u><u>102.82</u></u>	<u><u>97.79</u></u>	<u><u>98.42</u></u>	<u><u>94.50</u></u>	<u><u>96.65</u></u>	<u><u>99.54</u></u>	<u><u>95.78</u></u>	<u><u>97.99</u></u>

Source: Economic development department

CITY OF SEABROOK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2006	2007	2008	2009
Function/Program				
Police				
Arrests	1,423	1,155	991	670
Accident reports	239	256	255	209
Citations	5,558	5,162	7,160	5,267
Offense reports	238	390	342	363
Calls for service	21,747	23,764	28,776	24,573
Fire				
Emergency responses	n/a	308	501	376
Fire incidents	n/a	27	n/a	28
Total calls for service	n/a	n/a	n/a	n/a
Average response time	n/a	6:23	6:16	7:12
Water				
New accounts	122	137	142	88
Average daily consumption (thousands of gallons)	1,652	1,250	1,308	1,365
Total consumption	604,949	456,090	477,558	498,186
Peak daily consumption (thousands of gallons)	2,353	2,514	2,551	4,420
Sewer				
Average daily sewage treatment (thousands of gallons)	1,068	1,345	1,166	1,130
Total consumption	390,394	478,910	425,590	413,450
Peak daily consumption (thousands of gallons)	2,500	6,196 (1)	4,540	4,012

Source: Various City departments

(1) Increase is due to excessive rain in October 2006. The jump in peak daily consumption indicates a storm came through the City that day.

Fiscal Year

2010	2011	2012	2013	2014	2015
882	710	1,046	761	768	686
165	108	235	205	251	358
5,309	6,143	4,222	1,971	2,378	3,620
389	186	198	170	191	442
27,340	16,828	19,069	10,323	12,758	10,084
196	345	290	306	316	326
21	43	37	41	22	24
n/a	n/a	n/a	n/a	n/a	605
6:31	5:43	5:49	5:10	5:25	5:00
54	388	380	490	293	346
1,845	2,050	1,774	1,830	1,667	1,602
673,673	749,343	646,133	667,435	604,898	584,860
4,012	2,730	3,425	3,303	2,234	2,974
1,210	985	1,156	1,092	1,026	1,393
441,711	359,524	418,777	500,420	374,650	510,623
4,904	3,667	4,797	5,200	4,014	6,947

CITY OF SEABROOK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2006	2007	2008	2009
Police				
Stations	1	1	1	1
Patrol units	13	17	18	17
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	42.0	42.0	42.0	42.0
Streetlights (1)	n/a	n/a	n/a	n/a
Parks and recreation				
Parks	14	14	15	15
Parks acreage	138	138	156	230
Baseball/softball diamonds	4	4	4	4
Swimming pools	1	1	1	1
Community centers	1	2	2	2
Water				
Water mains (miles)	56.3	56.3	56.3	56.3
Fire hydrants	449	469	478	479
Storage capacity (millions of gallons)	2.1	2.1	2.1	2.1
Sewer				
Sanitary sewers (miles)	54.2	54.2	54.2	54.2
Storm sewers (miles)	22	22	22	22
Open ditch/creek/canal drainage (miles)	20.0	20.0	20.0	20.0
Treatment capacity (millions of gallons)	2.5	2.5	2.5	2.5

Source: Various City departments

Fiscal Year						
2010	2011	2012	2013	2014	2015	
1	1	1	1	1	1	1
17	17	17	17	17	17	17
1	1	1	1	1	1	1
42.1	42.1	42.1	42.6	42.6	42.6	42.6
n/a	1000	1,000	1,048	1,048	1,048	1,048
15	18	19	19	19	19	19
230	230	232	232	232	232	232
4	4	6	5	1	2	2
1	1	1	1	2	2	2
2	2	2	2	2	2	2
56.4	56.4	56.4	56.4	56.4	56.4	56.4
479	481	481	493	498	503	503
2.1	2.1	2.1	2.1	2.1	2.1	2.1
54.0	54.4	54.4	54.7	54.7	54.9	54.9
22	22	22	23	23	23.2	23.2
20.3	20.3	20.3	20.3	20.3	20.5	20.5
2.5	2.5	2.5	2.5	2.5	2.5	2.5

