

City of Seabrook, Texas

**Comprehensive Annual
Financial Report**

October 1, 2017 through September 30, 2018

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

CITY OF SEABROOK, TEXAS

For the Year Ended
September 30, 2018

Prepared by
City Administration and the Finance and Accounting Office

Gayle Cook
City Manager

Sean Landis
Assistant City Manager

Michael Gibbs
Director of Finance

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS

TABLE OF CONTENTS

September 30, 2018

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	3
Organizational Chart	11
Certificate of Achievement for Excellence in Financial Reporting	13
Principal Officials	14
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	17
Management's Discussion and Analysis (Required Supplementary Information)	23
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Position	35
Statement of Activities	36
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet – Governmental Funds	38
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	41
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	42
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	45
Proprietary Funds Financial Statements	
Statement of Net Position	46
Statement of Revenues, Expenses, and Changes in Fund Net Position	49
Statement of Cash Flows	50
Notes to Financial Statements	53
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: General Fund	80
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	83
Schedule of Contributions – Texas Municipal Retirement System	84
Schedule of Changes in the City's Total OPEB Liability and Related Ratios – Texas Municipal Retirement System – Supplemental Death Benefit Fund	87

CITY OF SEABROOK, TEXAS

TABLE OF CONTENTS (Continued)

September 30, 2018

	<u>Page</u>
<u>COMBINING STATEMENTS AND SCHEDULES</u>	
Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget and Actual: Debt Service Fund	91
Combining Balance Sheet – Nonmajor Governmental Funds	94
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	96
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual: Nonmajor Special Revenue Funds:	
Hotel/Motel Occupancy Tax Fund	98
Municipal Court Programs Fund	99
Park Improvement Fees Fund	100
Crime Control and Prevention District Fund	101
Public Safety Programs Fund	102
Cable PEG Fees Fund	103
 <u>STATISTICAL SECTION</u>	
Net Position by Component	106
Changes in Net Position	108
Tax Revenues by Source, Governmental Activities	112
Fund Balances, Governmental Funds	114
Changes in Fund Balances, Governmental Funds	116
Assessed Value and Actual Value of Taxable Property	118
Property Tax Rates – Direct and Overlapping Governments	120
Principal Property Taxpayers	123
Property Tax Levies and Collections	124
Ratios of Outstanding Debt by Type	126
Ratios of General Bonded Debt Outstanding	128
Direct and Overlapping Governmental Activities Debt	131
Pledged-Revenue Coverage	132
Demographic and Economic Statistics	134
Principal Employers	135
Full-Time Equivalent City Government Employees by Function	137
Operating Indicators by Function	138
Capital Asset Statistics by Function	140

INTRODUCTORY SECTION



March 11, 2019

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, 2018.

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, 2018 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, 2018 are fairly presented in conformity with U.S. GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

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

Local Economy

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

The City continued again this past year to remain in a strong financial position in the Clear Lake area with higher than anticipated sales tax revenues. The higher returns are reflective of the conservative budgeting for the full impact of the sales tax loss from the SH 146 expansion. 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. As anticipated, the last quarter of 2016, the City saw the beginning of the right-of-way acquisition process for the **SH146 Expansion** project. Many parcels on the east side of SH 146 were acquired and closed with the first businesses actually closing for business in the first quarter of 2017. In August 2017, Union Pacific Railroad (UPRR) and Texas Department of Transportation (TXDOT) formally closed on the railroad right of way and allowed acquisition to begin on the west side of SH 146 for the highway expansion project. The project has a firm letting date planned for May, 2018, with the actual construction planned for August, 2018. Phase I is expected to be 12 – 18 months and the construction

will expand the existing bridge across the channel, begin utility relocations, and the northbound frontage road.

In addition to the SH 146 expansion, the City will see the start of the Red Bluff expansion project. This project on the north side of the City includes bridge construction, additional lanes, paving improvements and drainage improvements. Construction is anticipated to begin August 2019.

Economic Condition and Outlook

Existing property values increased to \$1.2 billion for the fiscal year, and 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 revenue in diverse sectors.

Residential and Multi-Family

Chesapeake Bay 55+ apartment complex did not break ground on the estimated timeline per the planned unit development, but after additional revisions were approved, it is anticipated to begin in January 2018. This project will include 269 units with total improvements of approximately \$23 million.

A new residential community, Lake Mija Village, broke ground for approximately 50 single family homes on the northern section of the City adjacent to Lake Mija. Home prices range from \$350,000 and up. El Mar Village townhomes development on E. Meyer started its development with an overall of twenty (20) homes planned in the price range of \$225,000 – \$270,000.

Old Seabrook Village, a revised planned unit development for single family homes along E. Meyer, also submitted for revisions and began groundwork in 2018. The development will consist of 88 lots and will have the traditional front accessed garages and unobstructed back yards.

Commercial

The City continues to see progress on the traffic circle development called Seabrook Town Center. Near SH 146 and Repsdorph, the project was approved for a zoning change in 2014, and allowed for new commercial frontage along the soon to be expanded SH 146. The completion of Phase I occurred in 2018 and now has CVS Pharmacy and Autozone. Both businesses are relocations due to the highway expansion. The City approved a capital improvement project for the relocation of the water tank. Long and Sons were awarded the bid and completed the project in April 2018. This relocation will allow for the phase II site to be cleared and available.

The Commons at Seabrook retail center, as part of a planned unit development and approved in 2013, was delayed in starting due to revisions to the original planned unit development were required due to the TXDOT right of way acquisition. The site will be 6.5 acres immediately in front of the Towers Luxury Apartments and will include 16,000 square feet of retail space and now two (2) stand alone pad sites with frontage abutting SH 146. The draft proposed for revision on this project, will allow for a convenient store with gas pumps on one of the pad sites and a design modification splitting the retail space building into two separate structures. Final approval was in October 2017, and construction is pending a certain percent of confirmed leases.

In the Old Seabrook District, the relocation of the Merlion Thai Restaurant was complete in 2018. The trendy Thai restaurant, that draws in crowds from the entire metro area, will showcase a new location fronting the City's Main Street and offer additional seating and parking for their expansion.

The year closed with two additional projects getting underway, the Holiday Inn Express on NASA Parkway and the Seaside RV Resort and Cabanas on Red Bluff and Old SH 146.

Long-Term Financial Planning

Debt Management Policy

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

Comprehensive Master Plan and Thoroughfare Plan

In August 2016, the 2035 Comprehensive Master Plan was completed and approved by the Master Plan Review Committee and the City Council. The finished plan compiled all of the public input from a community survey to citizen involvement through a very interactive Community Workshop that was attended by over 300 people. The finished product successfully communicates all the public input themes that were taken from the process and put into the guiding principles for the plan.

The Thoroughfare Plan was approved in July 2016. This document is referenced and has appendixes in the Comprehensive Master Plan. The plan outlines the classifications of each thoroughfare in addition to a new proposed thoroughfare map.

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 this fiscal year, multiple projects were identified for initiation in water, wastewater, and streets. Additional sections to the program were added to include Facility Projects, Economic Development Projects and Park and Trail Projects. Additional sources of revenue were addressed for the needs and timelines presented that resulted in the issuance of Certificates of Obligation along with the General Obligation bonds approved in 2014.

Water and Sewer Rate Study

The City will conduct a new water rate study in the upcoming Fiscal Year 2019. Recommendations from the study allow the City to update its rate structure accordingly and comply with American Water Works Association 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 2015-2016 in the amount of \$35,000 and will increase annually in increments of \$35,000.

Impact Fee Study

In fiscal year 2016, the City contracted Cobb Fendley & Associates, Inc. to update to the Impact Fee Schedule for the City's Water and Wastewater Impact Fees. By Ordinance 2015-22, in December 2015, City Council approved the update and the study.

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. This is a separate fund and is in addition to the City's 25% of operating expenditure and additional unrestricted fund balance in the general fund and the 15% in the enterprise fund.

State Infrastructure Bank (SIB)

In August 2018, the City agreed to loan terms with the SIB in an amount of \$3,700,000. The City is required to relocate its water and sewer utility lines along State Highway 146 due to the State's highway widening project. The SIB loan will be used to pay for the utility relocation.

Retirement

The City has evaluated the net pension liability of its pension benefits through Texas Municipal Retirement System (TMRS) 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. **Completed – August 2017**
- Proposition 2 was for \$725,000 to purchase a fire truck. – **In operation**
- Proposition 3 was for \$525,000 to install a fiber optic network. – **Eastside fiber ring is complete and westbound connection is under review.**
- Proposition 4 was for \$450,000 to construct splash pads in two City parks. – **Completed**

Refunding Bond Issue 2017

In May 2017, the City approved a parameter refunding order for \$5,365,000 of outstanding bonds. In June 2017, the City received private placement bids to refund the \$5,365,000 for a cost savings to the City of \$597,272.

Certificates of Obligation

In fiscal year 2017, the City issued Certificates of Obligation, Series 2016A in the amount of \$6,165,000 to include the Todville Sewer Line Replacement from Main Street to Meyer (CIP# WW4), the existing Wastewater Treatment Plant Upgrades – Phase 2 (Clarifier) (CIP# WW6), and the beginning of a new Wastewater Treatment Plant at Pine Gully (CIP# WW9).

In 2016, 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 (CIP# W4) 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 and received an upgrade on the Moody's rating from A1 to Aa3.

Major Initiatives

Drainage Improvements

Hester's Gully (CIP# D7)

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.

This project addresses 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.

The project was completed in late 2017.

Water Improvements

Humble Drive Water Plant Relocation (CIP# W4)

The project consisted of relocating Water Plant No. 1 except Water Well #1 and constructing a new 1 million gallon ground storage tank (GST) allowing for additional capacity. Completed April 2018.

State Highway 146 Waterline Relocation (CIP# W7)

Project plan is to relocate existing water line facilities with the existing TxDOT ROW to a location outside of the new proposed highway improvements.

Red Acres Subdivision Waterline (CIP# W9)

The project consists of increasing the size of current waterlines to increase capacity and efficiency. The project is a two-phase project designated as Phase 1 Red Bluff Crossing and Phase 2 Loganberry Circle. Originally, the project was scheduled in CIP for fiscal year 2022; however, an emergency repair was needed along the Red Bluff section so a portion of Phase 1 was completed in August 2018.

Wastewater Improvements

Todville Sanitary Sewer Line Replacement Project (CIP# WW4)

Engineering was started the replacement of the leaking sewer system on Todville between E. Meyer to Brummerhop. Additionally, all manholes will be replaced with precast manholes and corrosive resistant liner.

Wastewater Treatment Plant Upgrades Phase 2 – Clarifier (CIP# WW6)

Project scope includes replacement of one existing clarifier and coating and replacing piping within the lift station. Project was complete in August 2018.

State Highway 146 Wastewater Relocation (CIP# W7)

Project plan is to relocate existing wastewater line facilities with the existing TxDOT ROW to a location outside of the new proposed highway improvements.

Pine Gully Wastewater Treatment Plant (CIP # WW9)

Phase 1A of a multi phased project to relocate 2.5 MGD municipal wastewater treatment plant currently at 0-5' sea level away from the bay inland to a location adjacent to the Public Works Complex. The first phase will allow .5 MGD capaCity. Additional phases will bring the new plant up to the full capaCity of the existing site.

Street Improvements

Cedarbrook Paving Improvement (CIP # S2)

The project included the replacement of the existing old concrete pavement with new six-inch concrete pavement and six-inch concrete curbs. Adjacent driveways along the street were replaced up to the right of way.

Brookwood Court Paving Improvement (CIP # S3)

The project included the replacement of the existing old concrete pavement with new six-inch concrete pavement and six-inch concrete curbs. Adjacent driveways along the street were replaced up to the right of way. Complete in August 2018, this was the third phase of three phase street project in Baybrook Section 1.

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, 2017. This was the 38th 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



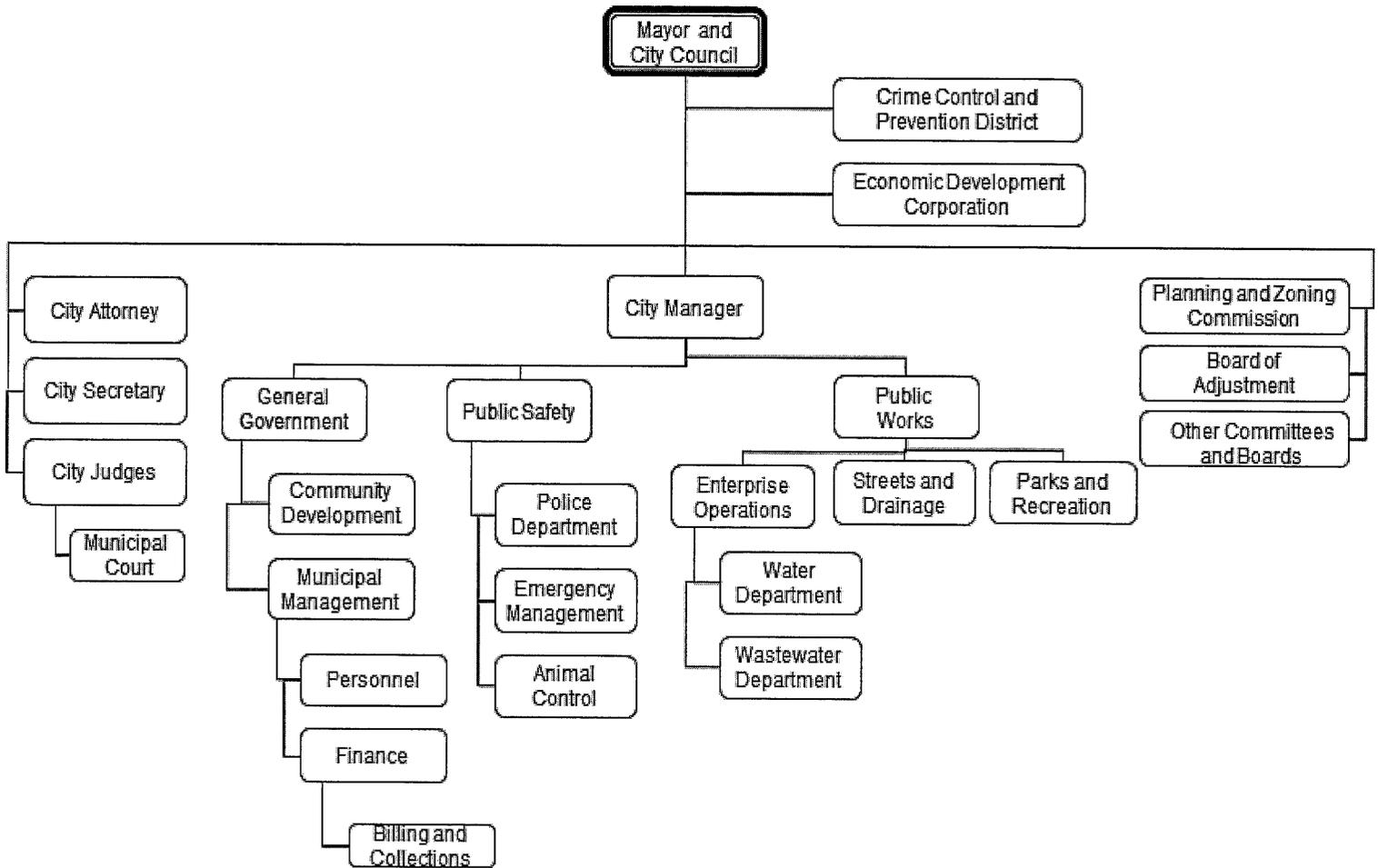
Michael Gibbs
Director of Finance

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS

ORGANIZATIONAL CHART

September 30, 2018



(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS

***CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING***

September 30, 2018



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, 2017

Christopher P. Morill

Executive Director/CEO

CITY OF SEABROOK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2018

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Thomas G. Kolupski	Mayor	05/2021
Ed Klein	Council Member – Position One	05/2022
Laura Davis	Council Member – Position Two	05/2021
Jeff Larson	Council Member – Position Three	05/2022
Natalie Picha (Mayor Pro Tem)	Council Member – Position Four	05/2021
Walter “Buddy” Hammann III	Council Member – Position Five	05/2022
Joe Machol	Council Member – Position Six	05/2021

<u>Key Staff</u>	<u>Position</u>
Gayle Cook	City Manager
Sean Landis	Assistant City Manager
Michael Gibbs	Director of Finance
Robin Hicks	City Secretary
Sean Wright	Director of Public Safety
Kevin Padgett	Director of Public Services
Carolyn Webbon	Municipal Judge

FINANCIAL SECTION

(This page intentionally left blank.)



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, 2018, 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.

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, 2018, 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 2018, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. 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, schedules of changes in net pension and total other postemployment benefits liabilities 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 11, 2019

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

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is used in the fund level statements.

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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 two different types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses enterprise funds to account for its water, sewer, and sanitation operations. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions.

The City uses an internal service fund to account for the management of its public safety vehicles and equipment. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedules of changes in net pension and total other postemployment benefits liabilities and related ratios and schedule of contributions for Texas Municipal Retirement System (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 \$54,998,706 as of September 30, 2018. This compares with \$51,804,616 from the prior fiscal year. The largest portion of the City's net position, 63 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, 2018

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

SUMMARY OF STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 16,099,446	\$ 15,022,129	\$ 12,961,900	\$ 14,419,455	\$ 29,061,346	\$ 29,441,584
Capital assets, net	45,508,558	45,860,113	21,845,750	15,948,512	67,354,308	61,808,625
Total Assets	61,608,004	60,882,242	34,807,650	30,367,967	96,415,654	91,250,209
Deferred charge on refunding	288,961	326,070	-	33,349	288,961	359,419
Deferred outflows - pensions	1,088,428	2,360,876	183,120	420,860	1,271,548	2,781,736
Deferred outflows - OPEB	19,844	1,352	-	-	19,844	1,352
Total Deferred Outflows of Resources	1,397,233	2,688,298	183,120	454,209	1,580,353	3,142,507
Long-term liabilities	23,622,558	26,686,361	16,311,753	13,570,605	39,934,311	40,256,966
Other liabilities	981,760	1,117,989	1,134,277	1,121,005	2,116,037	2,238,994
Total Liabilities	24,604,318	27,804,350	17,446,030	14,691,610	42,050,348	42,495,960
Deferred inflows - pensions	803,565	77,983	143,388	14,157	946,953	92,140
Total Deferred Inflows of Resources	803,565	77,983	143,388	14,157	946,953	92,140
Net Position:						
Net investment in capital assets	26,318,825	25,265,858	8,812,420	4,673,874	35,131,245	29,939,732
Restricted	4,757,197	4,694,544	2,674,389	2,683,443	7,431,586	7,377,987
Unrestricted	6,521,332	5,727,805	5,914,543	8,759,092	12,435,875	14,486,897
Total Net Position	\$ 37,597,354	\$ 35,688,207	\$ 17,401,352	\$ 16,116,409	\$ 54,998,706	\$ 51,804,616

A portion of the primary government's net position, \$7,431,586 or 14 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$12,435,875 or 23 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$3,194,090 as compared to the prior year. This increase is largely the result of an increase in charges for services, property tax revenue, and franchise fees revenue.

As of September 30, 2018, the City reported deferred outflows and inflows of resources related to its pension plan of \$1,271,548 and \$946,953, respectively. In addition, the City reported a net pension liability of \$3,395,136 which is part of the \$39,934,310 reported in long-term liabilities. The detail of these amounts is further discussed in the notes to the financial statements. New for fiscal year 2018, the City has reported a long-term liability for other postemployment benefits or OPEB, in accordance with GASB Statement No. 75 in the amount of \$206,776.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

Statement of Activities:

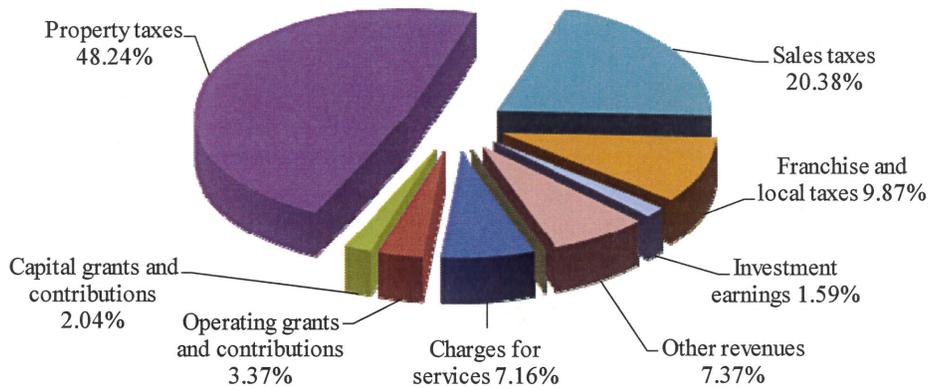
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues						
Program revenues:						
Charges for services	\$ 1,035,570	\$ 1,143,174	\$ 8,000,219	\$ 7,644,570	\$ 9,035,789	\$ 8,787,744
Operating grants and contributions	487,907	282,408	-	-	487,907	282,408
Capital grants and contributions	294,298	260,223	427,662	236,655	721,960	496,878
General revenues:						
Property taxes	6,975,344	6,441,270	-	-	6,975,344	6,441,270
Sales taxes	2,946,279	3,037,188	-	-	2,946,279	3,037,188
Franchise fees	1,426,481	1,229,769	299,010	292,975	1,725,491	1,522,744
Investment earnings	229,697	117,990	203,399	94,532	433,096	212,522
Other revenues	1,064,992	608,779	212,727	228,258	1,277,719	837,037
Total Revenues	<u>14,460,568</u>	<u>13,120,801</u>	<u>9,143,017</u>	<u>8,496,990</u>	<u>23,603,585</u>	<u>21,617,791</u>
Expenses						
General government	3,900,540	3,338,192	-	-	3,900,540	3,338,192
Public safety	6,629,558	6,668,690	-	-	6,629,558	6,668,690
Public works	2,438,285	2,283,662	-	-	2,438,285	2,283,662
Economic development	812,566	778,571	-	-	812,566	778,571
Interest and fiscal agent fees	592,887	681,853	-	-	592,887	681,853
Utilities	-	-	6,035,659	5,901,487	6,035,659	5,901,487
Total Expenses	<u>14,373,836</u>	<u>13,750,968</u>	<u>6,035,659</u>	<u>5,901,487</u>	<u>20,409,495</u>	<u>19,652,455</u>
Excess (Deficiency) of Revenues Over (Under) Expenses	86,732	(630,167)	3,107,358	2,595,503	3,194,090	1,965,336
Transfers	1,822,415	1,762,574	(1,822,415)	(1,762,574)	-	-
Change in Net Position	1,909,147	1,132,407	1,284,943	832,929	3,194,090	1,965,336
Beginning net position	35,688,207	34,555,800	16,116,409	15,283,480	51,804,616	49,839,280
Ending Net Position	<u>\$ 37,597,354</u>	<u>\$ 35,688,207</u>	<u>\$ 17,401,352</u>	<u>\$ 16,116,409</u>	<u>\$ 54,998,706</u>	<u>\$ 51,804,616</u>

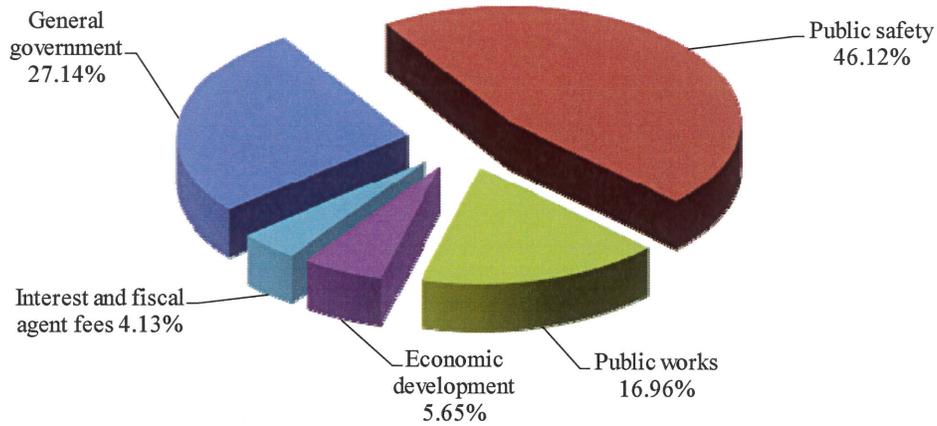
CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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

Governmental Revenues

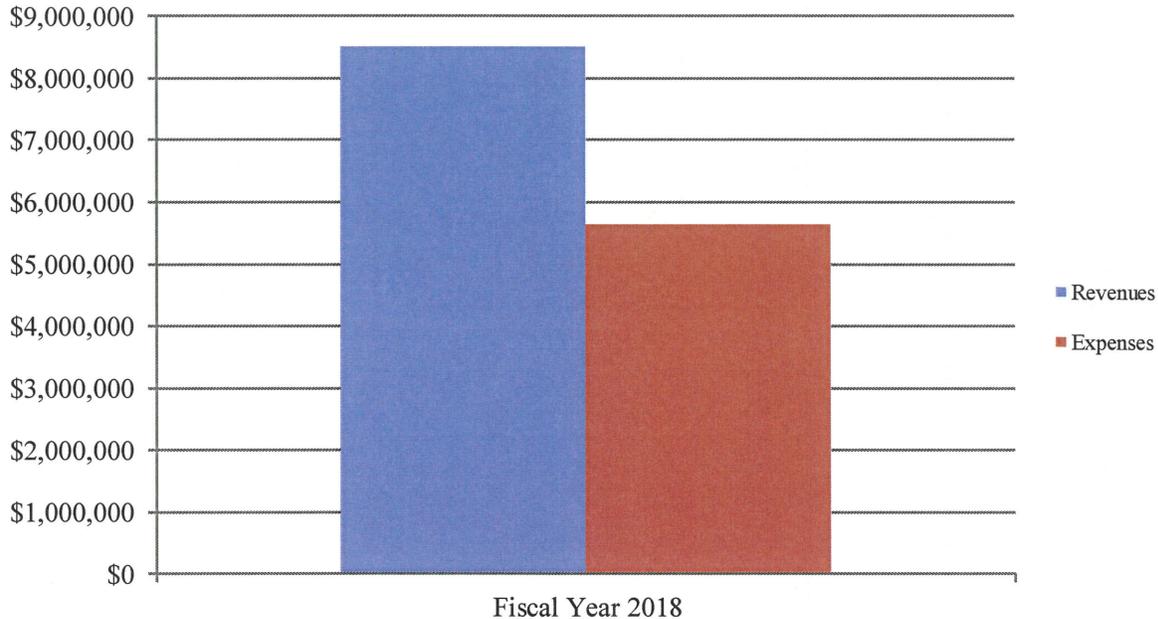


Governmental Expenses



CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

Business-Type Activities



For the year ended September 30, 2018, revenues from governmental activities totaled \$14,460,568, which is an increase of \$1,339,767 from the prior year. This increase is primarily related to increases in both property tax revenue and other revenues. The increase in property tax revenue can be attributed to an increase in property value, as well as property tax rates compared to the prior year. The increase in other revenues is related to a one-time payment from the Port of Houston related to a noise barrier project.

For the year ended September 30, 2018, expenses from governmental activities totaled \$14,373,836, which is an increase of \$622,868 from the prior year. This change can be attributed to increases in general government and public works expenses. General government expenses increased slightly in the current year mostly related to increases in salaries and other benefits, as well as the hire of several additional employees for the City. Public works expenses primarily increased related to several upkeep and beautification projects completed during the year.

Operating revenues and expenses for business-type activities increased from the prior year. Charges for services increased by \$355,649, or 5 percent, because of an increase in water consumption during fiscal year 2018. Consequently, utilities expenses increased by \$134,172 due to increased activity during the year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds – The focus of the City's governmental funds is to provide information 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 \$14,317,871. Of this, \$190,287 is nonspendable, \$4,757,197 is restricted for various purposes, \$822,402 is committed for a stabilization fund to

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

cover potential future budget shortfalls, and \$1,600,000 is committed for a sound mitigation project. \$522,655 is assigned for capital projects. The remaining balance of \$6,425,330 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$1,114,677 compared to the prior year, primarily due to an increase in property tax revenue, combined with a decrease in capital related expenses due to increases in property values and tax rates and a decrease in the number of ongoing projects in the City, respectively.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$6,425,330, while total fund balance reached \$8,934,066. 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 58 percent of total general fund expenditures, while total fund balance represents 81 percent of the same amount. The general fund demonstrated an overall increase of \$634,350, primarily due to a transfer from the utility fund.

The debt service fund has a total fund balance of \$1,785,719, 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 \$1,987, which is due to higher than anticipated interest income.

The fund balance in the capital projects fund was \$603,446, which is an increase of \$434,401 when compared to the prior year. This increase is attributed to transfers in from the general fund.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$655,446 in the general fund. However, the net change in fund balance increased by \$621,827, resulting in a positive variance of \$1,277,273 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 \$1,147,079 during 2018. This variance is primarily due to an increase in other revenue sources than originally anticipated as a result of a payment from the Port of Houston for a sound barrier project.

Actual expenditures were less than original and amended budgeted expenditures by \$357,736 during 2018. This variance is primarily due to less public safety expenses than anticipated as a result of decreases in costs related to the police department.

CAPITAL ASSETS

At the end of the current year, the City's governmental and business-type activities had invested \$45,508,558 and \$21,845,750, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$351,555 for governmental activities and a net increase of \$5,897,238 for business-type activities, respectively.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2018

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

- Completion of the public works complex for \$7,662,747
- Construction related to the third street parking lot for \$117,739
- Police vehicles and related equipment for \$87,613

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$34,224,000. Of this amount, \$19,710,000 was general obligation debt, \$2,209,000 was revenue bond debt, \$8,605,000 was certificates of obligation, and the remaining \$3,700,000 was a loan from the State Infrastructure bank.

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

Current underlying ratings on debt issues are as follows:

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

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 2019 budget. The City's general fund revenue is principally made up of property taxes, sales taxes, and franchise fees. The revenue projections for the budget are based on historical data and estimates from the finance department and individual department heads, but they have been projected conservatively.

City Council approved a general fund budget of \$11.5 million for the 2019 fiscal year. The 2019 budget incorporated a tax rate decrease of \$0.022928 (3.99%) to \$0.574911 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 Michael Gibbs, Director of Finance, City Hall, 1700 First Street, Seabrook, TX, 77586; telephone (281) 291-5677; or for general City information, visit the City's website at www.seabrooktx.gov.

(This page intentionally left blank.)

BASIC FINANCIAL STATEMENTS

CITY OF SEABROOK, TEXAS

STATEMENT OF NET POSITION

September 30, 2018

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
Assets				
Cash and cash equivalents	\$ 14,477,447	\$ 2,828,712	\$ 17,306,159	\$ 3,378,472
Receivables, net of allowances	1,309,773	887,712	2,197,485	156,329
Due from component unit	121,939	-	121,939	-
Prepays and other assets	190,287	180	190,467	1,596
Restricted assets:				
Temporarily restricted cash and cash equivalents	-	9,245,296	9,245,296	-
	16,099,446	12,961,900	29,061,346	3,536,397
Capital assets:				
Nondepreciable capital assets	15,233,872	6,924,807	22,158,679	-
Depreciable capital assets, net	30,274,686	14,920,943	45,195,629	-
	45,508,558	21,845,750	67,354,308	-
Total Assets	61,608,004	34,807,650	96,415,654	3,536,397
Deferred Outflows of Resources				
Deferred charge on refunding	288,961	-	288,961	-
Deferred outflows - pensions	1,088,428	183,120	1,271,548	-
Deferred outflows - OPEB	19,844	-	19,844	-
Total Deferred Outflows of Resources	1,397,233	183,120	1,580,353	-
Liabilities				
Accounts payable and accrued liabilities	856,968	1,116,048	1,973,016	24,479
Due to primary government	-	-	-	121,939
Unearned revenue	83,450	-	83,450	-
Accrued bond interest	41,342	18,229	59,571	-
Noncurrent liabilities:				
Portion due within one year	1,736,548	751,385	2,487,933	-
Portion due in more than one year	21,886,010	15,560,368	37,446,378	-
Total Liabilities	24,604,318	17,446,030	42,050,348	146,418
Deferred Inflows of Resources				
Deferred inflows - pensions	803,565	143,388	946,953	-
Net Position				
Net investment in capital assets	26,318,825	8,812,420	35,131,245	-
Restricted for:				
Debt service	1,785,719	-	1,785,719	-
Public safety	1,366,682	-	1,366,682	-
Parks	131,029	-	131,029	-
Tourism	1,212,741	-	1,212,741	-
Governmental programming	171,688	-	171,688	-
Capital projects	80,791	2,674,389	2,755,180	-
Animal control	8,547	-	8,547	-
Economic development	-	-	-	3,389,979
Unrestricted	6,521,332	5,914,543	12,435,875	-
Total Net Position	\$ 37,597,354	\$ 17,401,352	\$ 54,998,706	\$ 3,389,979

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,900,540	\$ 128,184	\$ -	\$ -
Public safety	6,629,558	514,887	487,907	-
Public works	2,438,285	392,499	-	2,484
Economic development	812,566	-	-	291,814
Interest and fiscal agent fees	592,887	-	-	-
Total Governmental Activities	14,373,836	1,035,570	487,907	294,298
Business-Type Activities				
Utilities	6,035,659	8,000,219	-	427,662
Total Business-Type Activities	6,035,659	8,000,219	-	427,662
Total Primary Government	\$ 20,409,495	\$ 9,035,789	\$ 487,907	\$ 721,960
Component Unit				
Seabrook Economic Development Corp	\$ 1,357,240	\$ -	\$ 160,000	\$ -
Total Component Unit	\$ 1,357,240	\$ -	\$ 160,000	\$ -

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
\$ (3,772,356)	\$ -	\$ (3,772,356)	\$ -
(5,626,764)	-	(5,626,764)	-
(2,043,302)	-	(2,043,302)	-
(520,752)	-	(520,752)	-
(592,887)	-	(592,887)	-
<u>(12,556,061)</u>	<u>-</u>	<u>(12,556,061)</u>	<u>-</u>
-	2,392,222	2,392,222	-
-	2,392,222	2,392,222	-
<u>(12,556,061)</u>	<u>2,392,222</u>	<u>(10,163,839)</u>	<u>-</u>
-	-	-	(1,197,240)
-	-	-	(1,197,240)
6,975,344	-	6,975,344	-
2,946,279	-	2,946,279	945,663
823,508	299,010	1,122,518	-
602,973	-	602,973	-
229,697	203,399	433,096	52,297
1,064,992	212,727	1,277,719	1,313
1,822,415	(1,822,415)	-	-
<u>14,465,208</u>	<u>(1,107,279)</u>	<u>13,357,929</u>	<u>999,273</u>
1,909,147	1,284,943	3,194,090	(197,967)
<u>35,688,207</u>	<u>16,116,409</u>	<u>51,804,616</u>	<u>3,587,946</u>
<u>\$ 37,597,354</u>	<u>\$ 17,401,352</u>	<u>\$ 54,998,706</u>	<u>\$ 3,389,979</u>

CITY OF SEABROOK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2018

	General	Debt Service	Capital Projects	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 8,773,173	\$ 1,784,584	\$ 607,153	\$ 2,717,238
Receivables, net	941,783	68,325	650	299,015
Due from other funds	-	1,136	-	36,153
Due from component unit	121,939	-	-	-
Prepaid items	86,334	-	-	103,953
Total Assets	\$ 9,923,229	\$ 1,854,045	\$ 607,803	\$ 3,156,359
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 682,960	\$ -	\$ 4,357	\$ 69,964
Deposits payable	-	-	-	8,305
Due to other funds	37,289	-	-	-
Due to others	91,382	-	-	-
Unearned revenue	-	-	-	83,450
Total Liabilities	811,631	-	4,357	161,719
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	177,532	68,326	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	86,334	-	-	103,953
Restricted for:				
Debt service	-	1,785,719	-	-
Public safety	-	-	-	1,366,682
Parks	-	-	-	131,029
Tourism	-	-	-	1,212,741
Governmental programming	-	-	-	171,688
Animal control	-	-	-	8,547
Capital projects	-	-	80,791	-
Committed for:				
Stabilization fund	822,402	-	-	-
Sound mitigation project	1,600,000	-	-	-
Assigned for:				
Capital projects	-	-	522,655	-
Unassigned	6,425,330	-	-	-
Total Fund Balances	8,934,066	1,785,719	603,446	2,994,640
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 9,923,229	\$ 1,854,045	\$ 607,803	\$ 3,156,359

See Notes to Financial Statements.

**Total
Funds**

\$ 13,882,148
1,309,773
37,289
121,939
190,287
\$ 15,541,436

\$ 757,281
8,305
37,289
91,382
83,450
977,707
245,858

190,287

1,785,719
1,366,682
131,029
1,212,741
171,688
8,547
80,791

822,402
1,600,000

522,655
6,425,330
14,317,871

\$ 15,541,436

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2018

Total fund balances - governmental funds \$ 14,317,871

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

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

Capital assets, nondepreciable	15,233,872
Capital assets, net depreciable	29,908,836

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

245,858

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

Unrestricted net position	595,299
Net investment in capital assets	365,850

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

Accrued interest payable	(41,342)
Deferred charge on refunding	288,961
Deferred outflows - pensions	1,088,428
Deferred inflows - pensions	(803,565)
Deferred outflows - OPEB	19,844
Noncurrent liabilities due in one year	(1,736,548)
Noncurrent liabilities due in more than one year	(21,886,010)

Net Position of Governmental Activities	\$ 37,597,354
--	----------------------

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, 2018

	General	Debt Service	Capital Projects	Nonmajor Governmental
Revenues				
Property taxes	\$ 5,088,483	\$ 1,887,881	\$ -	\$ -
Sales taxes	2,054,703	-	-	891,576
Franchise fees and local taxes	781,063	-	-	42,445
Other taxes	-	-	-	602,973
Licenses and permits	392,499	-	-	-
Fines and forfeitures	472,956	-	-	41,931
Charges for services	86,671	-	-	41,513
Intergovernmental	487,907	-	-	2,484
Investment revenue	137,185	42,886	3,650	37,550
Other revenue	840,706	-	-	218,251
Total Revenues	10,342,173	1,930,767	3,650	1,878,723
Expenditures				
Current:				
General government	3,484,058	-	-	11,083
Public safety	5,355,650	-	-	743,354
Public works	2,175,847	-	-	-
Economic development	-	-	-	809,430
Capital outlay	-	-	91,432	102,538
Debt service:				
Principal	-	1,345,000	-	-
Interest and fiscal agent fees	-	583,780	-	-
Total Expenditures	11,015,555	1,928,780	91,432	1,666,405
Excess (Deficiency) of Revenues Over (Under) Expenditures	(673,382)	1,987	(87,782)	212,318
Other Financing Sources (Uses)				
Transfers in	1,829,915	-	522,183	-
Transfers (out)	(522,183)	-	-	(168,379)
Total Other Financing Sources (Uses)	1,307,732	-	522,183	(168,379)
Net Change in Fund Balances	634,350	1,987	434,401	43,939
Beginning fund balances	8,299,716	1,783,732	169,045	2,950,701
Ending Fund Balances	\$ 8,934,066	\$ 1,785,719	\$ 603,446	\$ 2,994,640

See Notes to Financial Statements.

**Total
Funds**

\$ 6,976,364
2,946,279
823,508
602,973
392,499
514,887
128,184
490,391
221,271
1,058,957
14,155,313

3,495,141
6,099,004
2,175,847
809,430
193,970

1,345,000
583,780

14,702,172

(546,859)

2,352,098
(690,562)

1,661,536

1,114,677

13,203,194

\$ 14,317,871

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, 2018

Net changes in fund balances - total governmental funds \$ 1,114,677

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	982,392
Capital contributions	291,814
Disposal of capital assets, net	(109,055)
Depreciation expense	(1,516,706)

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

Principal payments	1,345,000
Amortization of premium	15,840
Amortization of deferred charges	(37,109)
Accrued interest	12,162

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. (1,020)

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	(69,113)
Net pension liability	1,809,984
Total OPEB liability	(37,908)
Change in deferred outflows - pensions	(195,904)
Change in deferred inflows - pensions	(1,802,126)
Change in deferred outflows - OPEB	18,492

Internal service funds are used by management to charge the costs of certain capital assets and maintenance to individual funds. The net revenue (expense) is reported with governmental activities.

87,727

Change in Net Position of Governmental Activities \$ 1,909,147

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2018

	Business-Type Activities	Governmental Activities
	Utility	Internal
	Enterprise	Service
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$ 2,828,712	\$ 595,299
Accounts receivable (net of allowance for uncollectibles)	887,712	-
Restricted cash and cash equivalents	9,245,296	-
Prepaid expense	180	-
Total Current Assets	12,961,900	595,299
Noncurrent assets		
Capital assets:		
Land	1,605,575	-
Buildings	3,119,466	-
Infrastructure	20,081,226	-
Equipment	2,928,926	437,084
Construction in progress	5,319,232	-
Less accumulated depreciation	(11,208,675)	(71,234)
Total Capital Assets (Net)	21,845,750	365,850
Total Noncurrent Assets	21,845,750	365,850
Total Assets	\$ 34,807,650	\$ 961,149
<u>Deferred Outflows of Resources</u>		
Deferred outflows - pensions	183,120	-
Total Deferred Outflows of Resources	183,120	-

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

September 30, 2018

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Liabilities</u>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 536,995	\$ -
Accrued interest payable	18,229	-
Customer deposits	579,053	-
Bonds payable - current	630,000	-
Notes payable - current	67,805	-
Compensated absences	53,580	-
	Total Current Liabilities	-
	1,885,662	-
Noncurrent liabilities		
Bonds payable - noncurrent (net of premiums and discounts)	11,369,128	-
Note payable - noncurrent	3,632,195	-
Net pension liability	500,264	-
Compensated absences	58,781	-
	Total Noncurrent Liabilities	-
	15,560,368	-
	Total Liabilities	-
	17,446,030	-
<u>Deferred Inflows of Resources</u>		
Deferred inflows - pensions	143,388	-
	Total Deferred Inflows of Resources	-
	143,388	-
<u>Net Position</u>		
Net investment in capital assets	8,812,420	365,850
Restricted for:		
Capital projects - impact fees	2,674,389	-
Unrestricted net position	5,914,543	595,299
	Total Net Position	\$ 961,149
	\$ 17,401,352	\$ 961,149

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS

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

For the Year Ended September 30, 2018

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Operating Revenues</u>		
Water service	\$ 3,087,142	\$ -
Sewer service	2,866,366	-
Sanitation service	2,046,711	-
Franchise fees	299,010	-
Other revenue	212,727	6,035
Total Operating Revenues	8,511,956	6,035
<u>Operating Expenses</u>		
Personnel services	1,205,075	-
Supplies and materials	48,396	-
Contractual services	3,453,103	-
Repairs and maintenance	378,412	-
Depreciation	563,409	-
Total Operating Expenses	5,648,395	-
Operating Income	2,863,561	6,035
<u>Nonoperating Revenues (Expenses)</u>		
Investment revenue	203,399	8,426
Interest expense and fiscal charges	(387,264)	-
Total Nonoperating Revenues (Expenses)	(183,865)	8,426
Income Before Contributions and Transfers	2,679,696	14,461
<u>Contributions and Transfers</u>		
Capital contribution - impact fees	427,662	-
Transfers in	-	160,879
Transfers (out)	(1,822,415)	-
Total Contributions and Transfers	(1,394,753)	160,879
Change in Net Position	1,284,943	175,340
Beginning net position	16,116,409	785,809
Ending Net Position	\$ 17,401,352	\$ 961,149

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, 2018

	Business-Type Activities	Governmental Activities
	Utility Enterprise	Internal Service
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 8,564,618	\$ 6,035
Payments to suppliers	(3,866,279)	(10,710)
Payments to employees	(1,143,269)	-
Net Cash Provided (Used) By Operating Activities	3,555,070	(4,675)
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from (to) other funds, net	(1,822,415)	160,879
Net Cash Provided (Used) by Noncapital Financing Activities	(1,822,415)	160,879
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	(6,460,647)	(87,613)
Interest and fiscal charges	(389,602)	-
Principal paid on capital debt	(618,000)	-
Proceeds from loan	3,700,000	-
Capital contribution - impact fees	427,662	-
Net Cash (Used) by Capital and Related Financing Activities	(3,340,587)	(87,613)
<u>Cash Flows from Investing Activities</u>		
Interest on investments	203,399	8,426
Net Cash Provided by Investing Activities	203,399	8,426
Net Increase (Decrease) in Cash and Cash Equivalents	(1,404,533)	77,017
Cash and cash equivalents, beginning of year	13,478,541	518,282
Ending Cash and Cash Equivalents	\$ 12,074,008	\$ 595,299
Ending Cash and Cash Equivalents:		
Unrestricted cash and cash equivalents	\$ 2,828,712	\$ 595,299
Restricted cash and cash equivalents	9,245,296	-
Ending Cash and Cash Equivalents	\$ 12,074,008	\$ 595,299

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, 2018

	Business-Type Activities Utility Enterprise	Governmental Activities Internal Service
Reconciliation of Operating Income (Loss)		
to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 2,863,561	\$ 6,035
Adjustments to reconcile operating income		
to net cash provided (used) by operating activities:		
Depreciation	563,409	-
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	52,662	-
Prepays	360	-
Deferred outflows - pensions	237,739	-
Increase (Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	(2,659)	(10,710)
Compensated absences	35,054	-
Customer deposits	15,931	-
Net pension liability	(340,218)	-
Deferred inflows - pensions	129,231	-
	Net Cash Provided (Used) by Operating Activities	\$ (4,675)
	\$ 3,555,070	\$ (4,675)

See Notes to Financial Statements.

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2018

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 provide for a Council-Manager form of government.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the City Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services, 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 (the “Board”) 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, 2018

Corporation's Board is comprised of the Mayor, a City Council member, and five members who are not employees or City officials, all of whom are appointed by City Council. City Council approval is required for annual budgets 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 (the "Board") is substantively the same as City Council. Their respective positions on the Board will be held until their City Council seat is vacated, at which time the incoming elected member of City Council will fill the position on the Board. The District was to remain in existence for a period of five years and may then be extended upon approval by the voters. On May 8, 2010, voters approved the renewal of the District for a period of 20 years. In the event of dissolution, net position of the District shall be conveyed to the City.

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all activities of the primary government and its component 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, 2018

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

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

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

The *capital projects fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition of capital facilities and other capital assets. The capital projects fund is considered a nonmajor fund, however, the City has elected to present it as major for reporting purposes due to its significance.

The City reports the following enterprise fund:

The *enterprise fund* is used to account for the operations that provide water and wastewater collection and the construction of related facilities. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The acquisition, maintenance, and improvement of the physical plant facilities required to provide these goods and services are financed from existing cash resources, the issuance of bonds (revenue or general obligation), and other City funds.

Additionally, the City reports the following fund type:

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

During the course of operations, the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

1. Cash and Cash Equivalents

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

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

2. Investments

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

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

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

3. Inventories and Prepaid Items

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, 2018

5. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

<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 four 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 outflows of resources are recognized as a result of differences between the actuarial expectations and the actual economic experience and changes in actuarial assumptions related to the City's defined benefit pension and other postemployment benefits (OPEB) plans. These amounts are deferred and amortized over the average of the expected service lives of pension and OPEB plan members. A deferred charge has been recognized for employer pension and OPEB 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 and total OPEB 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 two items that qualify 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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

economic experience related to the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. Deferred charges have been recognized as a result of the differences between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. 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 straight-line method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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

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

9. 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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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 alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City will seek to adjust budget resources in the subsequent fiscal years to restore the balance.

The City approved an ordinance to establish a stabilization fund to supplement the budget and to compensate for the potential loss of revenue caused by the future construction on State Highway (SH) 146. The stabilization fund will be used to afford the City one budget year to assess the impact of SH

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

146 expansion and construction, allowing the City to adjust services, personnel, and operations to cover any operating deficit due to business and/or property losses. It is the City's policy that City Council may commit fund balance for this purpose since this potential revenue shortfall is outside the normal course of the City's operations.

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, 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.

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total other postemployment (OPEB) liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects fund, which adopts a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2018. The hotel/motel occupancy tax fund, municipal court programs fund, park improvement fees fund, crime control and prevention district fund, public safety programs fund, and cable PEG fees fund are all special revenue funds that have adopted budgets.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2018, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 29,507,486	0.00
Total	<u>\$ 29,507,486</u>	
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 “AAAm,” or an equivalent rating by at least one nationally recognized rating service. Investments in SEC-registered and regulated money market mutual funds must have an investment quality not less than “AAA-,” or an equivalent rating by at least one nationally recognized rating service. As of September 30, 2018, 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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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, 2018, fair market values of pledged securities and FDIC coverage did exceed bank balances.

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

TexPool

TexPool was established as a trust company with the Treasurer of the State 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 rates TexPool ‘AAAm’. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor’s, as well as to the office of the Comptroller of Public Accounts for review.

TexPool is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than five percent of portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool’s liquidity.

B. Receivables

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Component Unit</u>
Property taxes	\$ 294,580	\$ 114,205	\$ -	\$ -
Sales taxes	320,805	-	143,844	155,969
Franchise fees	87,081	-	10,341	-
Other taxes	5,223	-	132,088	-
Intergovernmental	273,234	-	-	-
Other receivables	77,909	-	12,742	360
Less allowance	(117,049)	(45,880)	-	-
	<u>\$ 941,783</u>	<u>\$ 68,325</u>	<u>\$ 299,015</u>	<u>\$ 156,329</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - general fund	\$ 177,532	\$ -
Delinquent property taxes receivable - debt service fund	68,326	-
Grants and revenues prior to meeting all eligibility requirements	-	83,450
Total	<u>\$ 245,858</u>	<u>\$ 83,450</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 14,254,358	\$ 312,229	\$ -	\$ 14,566,587
Construction in progress	8,137,021	587,576	(8,057,312)	667,285
Total capital assets not being depreciated	<u>22,391,379</u>	<u>899,805</u>	<u>(8,057,312)</u>	<u>15,233,872</u>
Other capital assets:				
Infrastructure	24,091,644	460,842	-	24,552,486
Buildings and improvements	11,824,715	7,707,599	(284,592)	19,247,722
Machinery and equipment	9,360,928	263,272	(232,122)	9,392,078
Total other capital assets	<u>45,277,287</u>	<u>8,431,713</u>	<u>(516,714)</u>	<u>53,192,286</u>
Less accumulated depreciation for:				
Infrastructure	(10,960,313)	(535,497)	-	(11,495,810)
Buildings and improvements	(5,111,680)	(371,488)	181,334	(5,301,834)
Machinery and equipment	(5,736,560)	(609,721)	226,325	(6,119,956)
Total accumulated depreciation	<u>(21,808,553)</u>	<u>(1,516,706)</u>	<u>407,659</u>	<u>(22,917,600)</u>
Other capital assets, net	<u>23,468,734</u>	<u>6,915,007</u>	<u>(109,055)</u>	<u>30,274,686</u>
Governmental Activities Capital Assets, Net	<u>\$ 45,860,113</u>	<u>\$ 7,814,812</u>	<u>\$ (8,166,367)</u>	<u>45,508,558</u>
			Plus deferred loss on refunding	288,961
			Plus unspent bond proceeds	80,791
			Less associated debt	(19,559,485)
			Net Investment in Capital Assets	<u>\$ 26,318,825</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 405,137
Public safety	520,202
Public works	591,367
Total Governmental Activities Depreciation Expense	<u>\$ 1,516,706</u>

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Old Seabrook	\$ 370,604	\$ 337,880	\$ 32,724
Brookwood Ct. & Lakepointe Forest Drive	269,106	266,740	2,366
City Hall Parks Camera Additions	-	62,665	-
	<u>\$ 639,710</u>	<u>\$ 667,285</u>	<u>\$ 35,090</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,605,575	\$ -	\$ -	\$ 1,605,575
Construction in progress	2,226,984	4,969,467	(1,877,219)	5,319,232
Total capital assets not being depreciated	3,832,559	4,969,467	(1,877,219)	6,924,807
Other capital assets:				
Water and sewer system	16,976,932	3,183,425	(79,131)	20,081,226
Buildings and improvements	3,119,466	-	-	3,119,466
Machinery and equipment	2,806,903	196,257	(74,234)	2,928,926
Total other capital assets	22,903,301	3,379,682	(153,365)	26,129,618
Less accumulated depreciation for:				
Water and sewer system	(6,839,163)	(368,436)	67,848	(7,139,751)
Buildings and improvements	(1,941,641)	(70,545)	-	(2,012,186)
Machinery and equipment	(2,006,544)	(124,428)	74,234	(2,056,738)
Total accumulated depreciation	(10,787,348)	(563,409)	142,082	(11,208,675)
Other capital assets, net	12,115,953	2,816,273	(11,283)	14,920,943
Business-Type Activities Capital Assets, Net	\$ 15,948,512	\$ 7,785,740	\$ (1,888,502)	21,845,750
			Plus unspent bond proceeds	952,641
			Plus unspent State Infrastructure Bank loan	1,713,157
			Less associated debt	(15,699,128)
			Net Investment in Capital Assets	\$ 8,812,420

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 563,409
Total Business-Type Activities Depreciation Expense	\$ 563,409

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Contract
Thoroughfare project	\$ 70,000	\$ 6,300	\$ 63,700
Pine Gully WWTP Phase 1A	703,700	520,330	183,370
Todville Sewer Line	2,476,150	844,308	1,631,842
SH146 Utility Relocation	4,100,971	3,948,294	152,677
	\$ 7,350,821	\$ 5,319,232	\$ 2,031,589

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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	\$ 20,000,000	\$ -	\$ (1,290,000)	\$ 18,710,000	\$ 1,350,000
Certificates of obligation	655,000	-	(55,000)	600,000	60,000
Deferred amounts:					
For issuance discounts/premiums	265,325	-	(15,840)	249,485	-
	<u>20,920,325</u>	<u>-</u>	<u>(1,360,840)</u>	<u>19,559,485</u>	<u>* 1,410,000</u>
Other liabilities:					
Net pension liability	4,704,857	-	(1,809,984)	2,894,873	-
Total OPEB liability	222,888	37,908	-	260,796	-
Compensated absences	838,291	1,230,011	(1,160,898)	907,404	326,548
Total Governmental Activities	<u>\$ 26,686,361</u>	<u>\$ 1,267,919</u>	<u>\$ (4,331,722)</u>	<u>\$ 23,622,558</u>	<u>\$ 1,736,548</u>

Long-term debt due in more than one year \$ 21,886,010

*Debt associated with governmental activities capital assets \$ 19,559,485

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Business-Type Activities:					
Bonds, notes, and other payables:					
General obligation bonds	\$ 1,135,000	\$ -	\$ (135,000)	\$ 1,000,000	\$ 135,000
Certificates of obligation	8,320,000	-	(315,000)	8,005,000	325,000
Revenue bonds	2,377,000	-	(168,000)	2,209,000	170,000
Note - State loan	-	3,700,000	-	3,700,000	67,805
Deferred amounts:					
For issuance discounts/premiums	820,815	-	(35,687)	785,128	-
	<u>12,652,815</u>	<u>3,700,000</u>	<u>(653,687)</u>	<u>15,699,128</u>	<u>* 697,805</u>
Other liabilities:					
Net pension liability	840,483	-	(340,219)	500,264	-
Compensated absences	77,307	41,901	(6,847)	112,361	53,580
Total Business-Type Activities	<u>\$ 13,570,605</u>	<u>\$ 3,741,901</u>	<u>\$ (1,000,753)</u>	<u>\$ 16,311,753</u>	<u>\$ 751,385</u>

Long-term debt due in more than one year \$ 15,560,368

*Debt associated with business-type activities capital assets \$ 15,699,128

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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 and general obligation bonds that are secured by the full faith and credit of the City and are paid from taxes levied on all taxable property located within the City.

During the fiscal year, the City received a State Infrastructure bank loan from the State of Texas in the amount of \$3,700,000 to aid the City in funding utility relocation projects related to the State Highway 146 expansion.

The following is a summary of the terms of general obligation bonds, certificates of obligation, and revenue bonds outstanding as of September 30, 2018:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<u>Governmental Activities</u>		
General Obligation Bonds		
Series 2003	4.40%	\$ 2,385,000
Series 2013 refunding	1.86%	3,345,000
Series 2015	2.00-3.25%	7,645,000
Series 2017 refunding	1.96%	5,335,000
Total General Obligation Bonds		<u>18,710,000</u>
Certificates of Obligation		
Series 2010	3.642%	600,000
Total Certificates of Obligation		<u>600,000</u>
Total Governmental Activities Long-Term Debt		<u>\$ 19,310,000</u>
 <u>Business-Type Activities</u>		
General Obligation Bonds		
Series 2013 refunding	1.86%	\$ 1,000,000
Total General Obligation Bonds		<u>1,000,000</u>
Certificates of Obligation		
Series 2016	2.13%	2,210,000
Series 2016A	2.00%	5,795,000
Total Certificates of Obligation		<u>8,005,000</u>
Revenue Bonds		
Series 2003 refunding	4.45%	945,000
Series 2008	4.12%	1,264,000
Total Revenue Bonds		<u>2,209,000</u>
State Loan		
State Infrastructure Bank Loan 2018	3.15%	\$ 3,700,000
Total State Loan		<u>3,700,000</u>
Total Business-Type Activities Long-Term Debt		<u>\$ 14,914,000</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

Year Ending	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2019	\$ 1,410,000	\$ 516,062	\$ 697,805	\$ 373,303
2020	1,440,000	480,450	722,941	356,713
2021	1,480,000	444,004	738,144	339,355
2022	1,515,000	406,337	759,416	321,551
2023	1,555,000	367,539	867,460	301,304
2024-2028	7,325,000	1,214,982	4,384,826	1,164,007
2029-2033	3,760,000	484,367	2,889,118	698,176
2034-2038	825,000	25,576	2,784,290	402,600
2039-2042	-	-	1,070,000	86,600
Total	\$ 19,310,000	\$ 3,939,317	\$ 14,914,000	\$ 4,043,609

Federal Arbitrage

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

E. Interfund Transactions

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

Receivable Fund	Payable Fund	Amounts
Debt service	General	1,136
Nonmajor governmental	General	36,153
	Total	\$ 37,289

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:

Transfer Out	Transfer In	Amounts
General	Capital projects	522,183
Utility	General	1,822,415
Nonmajor governmental fund	General Fund	7,500
Nonmajor governmental	Internal service	160,879
	Total	\$ 2,512,977

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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.

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, 2018, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

B. Contingent Liabilities

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

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 883 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 (the "Board").

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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.

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

	2018	2017
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	69
Inactive employees entitled to, but not yet receiving, benefits	36
Active employees	94
Total	199

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.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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 15.96 percent and 15.37 percent in calendar years 2018 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2018 were \$976,004, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017 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, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	3.00% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, 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 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109 percent and female rates multiplied by 103 percent with a three-year set-forward for both males and females. In addition, a three percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the three percent floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the EAN actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.35%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.90%
Real Return	10.00%	3.80%
Real Estate	10.00%	4.50%
Absolute Return	10.00%	3.75%
Private Equity	5.00%	7.50%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the TPL was 6.75 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.

Changes in the NPL

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 1,025,430	\$ -	\$ 1,025,430
Interest	2,286,065	-	2,286,065
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(97,278)	-	(97,278)
Changes in assumptions	-	-	-
Contributions - employer	-	954,625	(954,625)
Contributions - employee	-	434,767	(434,767)
Net investment income	-	3,996,793	(3,996,793)
Benefit payments, including refunds of employee contributions	(2,059,777)	(2,059,777)	-
Administrative expense	-	(20,714)	20,714
Other changes	-	(1,051)	1,051
Net Changes	<u>1,154,440</u>	<u>3,304,643</u>	<u>(2,150,203)</u>
Balance at December 31, 2016	34,384,801	28,839,461	5,545,340
Balance at December 31, 2017	<u>\$ 35,539,241</u>	<u>\$ 32,144,104</u>	<u>\$ 3,395,137</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability/(Asset)	\$ 8,126,976	\$ 3,395,137	\$ (528,525)

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, 2018, the City recognized net pension expense of \$1,190,799.

At September 30, 2018, 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	\$ 344,875	\$ 131,977
Changes in actuarial assumptions	212,415	-
Difference between projected and actual investment earnings	-	814,976
Contributions subsequent to the measurement date	714,258	-
Total	\$ 1,271,548	\$ 946,953

\$714,258 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30:	Pension Expense
2019	\$ 238,972
2020	153,494
2021	(358,868)
2022	(423,261)
2023	-
Thereafter	-
Total	\$ (389,663)

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

D. Other Postemployment Benefits

TMRS - Supplemental Death Benefit

Plan Description

The City participates an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of Governmental Accounting Standards Board Statement No. 75 (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

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

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2017 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	47
Inactive employees entitled to, but not yet receiving, benefits	1
Active employees	94
Total	<u><u>142</u></u>

Total OPEB Liability

The City's total OPEB liability of \$260,796 was measured as of December 31, 2017 and was determined by an actuarial valuation as of that date.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	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.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

The actuarial assumptions used in the December 31, 2017 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 9,316
Interest	8,566
Changes of assumptions	21,889
Benefit payments*	(1,863)
Net Changes	37,908
Beginning balance	222,888
Ending Balance	\$ 260,796

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

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

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

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

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
City's Total OPEB Liability	\$ 316,959	\$ 260,796	\$ 217,128

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

At September 30, 2018, 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
Changes in actuarial assumptions	\$ 18,501	\$ -
Contributions subsequent to the measurement date	1,343	-
Total	\$ 19,844	\$ -

\$1,343 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction the of total OPEB liability for the fiscal year ending September 30, 2019.

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

Year Ended September 30	OPEB Expense
2019	\$ 3,388
2020	3,388
2021	3,388
2022	3,388
2023	3,388
Thereafter	1,561
Total	\$ 18,501

E. Tax Abatements and Economic Incentives

The City and its component unit, the Seabrook Economic Development Corporation (SEDC), have authority under Texas Local Government Code, Chapters 380 and 505, to adopt programs that promote local economic development, spur economic improvement, stimulate commercial activity, generate additional sales tax, and enhance the property tax base of the City. These programs may abate or rebate property taxes and sales taxes that are paid by the recipient. The programs may also include incentive payments or reductions in fees that are not tied to taxes. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2018

outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses into the City. Agreements generally contain recapture provisions which mandate repayment or termination if recipients do not meet the required provisions of the economic incentives.

Programs may rebate a flat amount or percentage of property taxes or sales taxes that are received by the City or SEDC. They may result in fee reductions such as utility charges or building inspection fees. Some agreements may take the form of one-time incentive payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure, or other expenses. As of fiscal year 2018, the SEDC has granted the following incentive agreements:

The SEDC agreed to rebate one-half of one percent sales tax payable to SEDC collected from The Asparagus Group, LLC in an amount not to exceed \$100,000, or for a period of up to ten years, whichever occurs first. During fiscal year 2018, the SEDC rebated \$21,153 in sales tax paid by The Asparagus Group, LLC.

The SEDC agreed to rebate the amount of SEDC tax paid by Merloaded, LLC relating to a restaurant in an amount not to exceed \$40,000, or for a period of up to ten years, whichever occurs first. During fiscal year 2018, the SEDC rebated \$1,413 in sales taxes paid by Merloaded LLC.

The SEDC agreed to rebate the amount of SEDC sales tax paid by Mario’s Pizza (“the Business”) relating to the restaurant in an amount not to exceed \$74,813, for a period of up to ten years after the Business completes relocation. As of the end of fiscal year 2018, the Business had not completed relocation, therefore no payments were made by SEDC.

F. Restatement of Net Position

Governmental activities net position was restated due to the implementation of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. The effect of this restatement is presented in the table below:

	Governmental Activities
Beginning net position-as reported	\$ 35,909,743
Restatement - net OPEB liability	(222,888)
Restatement - deferred outflows	1,352
Beginning net position - restated	\$ 35,688,207

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, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2017 Actual
Revenues					
Property taxes	\$ 5,162,473	\$ 5,162,473	\$ 5,088,483	\$ (73,990)	\$ 4,534,899
Sales taxes	1,789,038	1,789,038	2,054,703	265,665	2,120,836
Franchise fees	750,000	750,000	781,063	31,063	765,796
Licenses and permits	300,000	300,000	392,499	92,499	346,990
Fines and forfeitures	504,000	504,000	472,956	(31,044)	572,371
Charges for services	65,500	65,500	86,671	21,171	84,164
Intergovernmental	378,604	378,604	487,907	109,303	282,408
Investment revenue	58,656	58,656	124,662	66,006	54,290
Other revenue	174,300	174,300	840,706	666,406	384,146
Total Revenues	9,182,571	9,182,571	10,329,650	1,147,079	9,145,900
Expenditures					
General government:					
Legislative	230,081	230,081	226,784	3,297	221,262
Administrative	1,040,420	1,109,028	1,097,376	11,652	1,006,408
Information technology	304,981	363,825	349,912	13,913	368,375
Nondepartmental	1,024,159	1,233,786	1,233,786	-	950,305
Community development	606,709	606,709	576,200	30,509	522,193
Total general government	3,206,350	3,543,429	3,484,058	59,371	3,068,543
Public safety:					
Public safety	4,437,334	4,320,836	4,170,685	150,151	3,818,840
Emergency management	162,980	162,980	157,650	5,330	147,080
Animal control	175,824	175,824	153,964	21,860	149,949
DOT-CVE	366,209	366,209	321,935	44,274	319,911
Municipal court	459,126	459,126	426,453	32,673	435,647
Hurricane Harvey	-	124,963	124,963	-	331,837
Total public safety	5,601,473	5,609,938	5,355,650	254,288	5,203,264
Public works:					
Parks	743,240	834,240	816,527	17,713	676,032
Public works	1,309,782	1,385,684	1,359,320	26,364	1,160,490
Total public works	2,053,022	2,219,924	2,175,847	44,077	1,836,522
Total Expenditures	10,860,845	11,373,291	11,015,555	357,736	10,108,329
(Deficiency) of Revenues					
(Under) Expenditures	(1,678,274)	(2,190,720)	(685,905)	1,504,815	(962,429)

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, 2018
With Comparative Totals for the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2017 Actual</u>
<u>Other Financing Sources (Uses)</u>					
Transfers in	\$ 2,057,457	\$ 2,057,457	\$ 1,829,915	\$ (227,542)	\$ 1,774,820
Transfers (out)	(379,183)	(522,183)	(522,183)	-	(80,163)
Total Other Financing Sources	<u>1,678,274</u>	<u>1,535,274</u>	<u>1,307,732</u>	<u>(227,542)</u>	<u>1,694,657</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (655,446)</u>	<u>621,827</u>	<u>\$ 1,277,273</u>	<u>\$ 732,228</u>
Beginning fund balance			<u>7,489,837</u>		
Ending Fund Balance			<u>\$ 8,111,664</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	822,402
	<u>\$ 8,934,066</u>

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2018

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

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

CITY OF SEABROOK, TEXAS

SCHEDULE OF CONTRIBUTIONS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2018

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

*Only five years of information is currently available. The City will build this schedule over the next five-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	28 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2017 valuation pursuant to an experience study of the period 2010-2014.
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.

Fiscal Year
2018

\$ 976,004

(976,004)

\$ -

\$ 6,178,270

15.80%

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM - SUPPLEMENTAL DEATH BENEFIT
For the Year Ended September 30, 2018

	Measurement
	Year*
	2017
Total OPEB Liability	
Service cost	\$ 9,316
Interest (on the total pension liability)	8,566
Change in assumptions	21,889
Benefit payments	(1,863)
Net Change in Total OPEB Liability	37,908
Beginning total OPEB liability	222,888
Ending Total OPEB Liability	\$ 260,796
 Covered Payroll	 \$ 6,210,964
 Total OPEB Liability as a Percentage of Covered Payroll	 4.20%

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

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

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.5%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.31%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustments with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

Other Information:

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

Change in assumptions is the annual change in the municipal bond index rate.

There were no benefit changes during the year.

(This page intentionally left blank.)

***COMBINING STATEMENTS
AND SCHEDULES***

(This page intentionally left blank.)

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, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2017 Actual
Revenues					
Property taxes	\$ 1,941,380	\$ 1,957,260	\$ 1,887,881	\$ (69,379)	\$ 1,957,260
Investment revenue	12,674	18,884	42,886	24,002	18,884
Total Revenues	<u>1,954,054</u>	<u>1,976,144</u>	<u>1,930,767</u>	<u>(45,377)</u>	<u>1,976,144</u>
Expenditures					
Debt service:					
Principal	1,345,000	1,345,000	1,345,000	-	1,265,000
Interest and fiscal agent fees	584,755	584,755	583,780	975	619,594
Bond issuance cost	-	-	-	-	59,046
Refunding contribution	-	-	-	-	105,881
Total Expenditures	<u>1,929,755</u>	<u>1,929,755</u>	<u>1,928,780</u>	<u>975</u>	<u>2,049,521</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>24,299</u>	<u>46,389</u>	<u>1,987</u>	<u>(44,402)</u>	<u>(73,377)</u>
Other Financing Sources (Uses)					
Bonds issued	-	-	-	-	5,365,000
Payment to refunded bond escrow agent	-	-	-	-	(5,304,266)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>60,734</u>
Net Change in Fund Balance	<u>\$ 24,299</u>	<u>\$ 46,389</u>	<u>1,987</u>	<u>\$ (44,402)</u>	<u>\$ (12,643)</u>
Beginning fund balance			<u>1,783,732</u>		
Ending Fund Balance			<u>\$ 1,785,719</u>		

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Hotel/Motel Occupancy Tax Fund

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

Municipal Court Programs Fund

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

Park Improvement Fees Fund

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

Crime Control and Prevention District Fund

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

Public Safety Programs Fund

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

Cable PEG Fees Fund

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

Animal Control Fund

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

CITY OF SEABROOK, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2018

	Special Revenue Funds			
	Hotel and Motel Occupancy Tax	Municipal Court Programs	Park Improvement Fees	Crime Control and Prevention District
Assets				
Cash and cash equivalents	\$ 1,167,593	\$ 67,982	\$ 171,320	\$ 802,122
Receivables, net	132,088	-	-	143,844
Due from other funds	-	-	-	36,153
Prepaid items	100,845	-	-	-
	Total Assets	\$ 67,982	\$ 171,320	\$ 982,119
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 23,865	\$ -	\$ 11,611	\$ 28,105
Deposits payable	-	-	8,305	-
Unearned revenue	63,075	-	20,375	-
	Total Liabilities	-	40,291	28,105
Fund balances:				
Nonspendable:				
Prepays	100,845	-	-	-
Restricted for:				
Public safety	-	67,982	-	954,014
Parks	-	-	131,029	-
Tourism	1,212,741	-	-	-
Governmental programming	-	-	-	-
Animal control	-	-	-	-
	Total Fund Balances	67,982	131,029	954,014
	Total Liabilities and Fund Balances	\$ 67,982	\$ 171,320	\$ 982,119

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	Animal Control	Total Nonmajor Governmental Funds
\$ 336,537	\$ 163,137	\$ 8,547	\$ 2,717,238
12,742	10,341	-	299,015
-	-	-	36,153
1,511	1,597	-	103,953
<u>\$ 350,790</u>	<u>\$ 175,075</u>	<u>\$ 8,547</u>	<u>\$ 3,156,359</u>
\$ 4,593	\$ 1,790	\$ -	\$ 69,964
-	-	-	8,305
-	-	-	83,450
<u>4,593</u>	<u>1,790</u>	<u>-</u>	<u>161,719</u>
1,511	1,597	-	103,953
344,686	-	-	1,366,682
-	-	-	131,029
-	-	-	1,212,741
-	171,688	-	171,688
-	-	8,547	8,547
<u>346,197</u>	<u>173,285</u>	<u>8,547</u>	<u>2,994,640</u>
<u>\$ 350,790</u>	<u>\$ 175,075</u>	<u>\$ 8,547</u>	<u>\$ 3,156,359</u>

CITY OF SEABROOK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2018

	Special Revenue Funds			
	Hotel and Motel Occupancy Tax	Municipal Court Programs	Park Improvement Fees	Crime Control and Prevention District
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 891,576
Franchise fees	-	-	-	-
Hotel occupancy tax	602,973	-	-	-
Fines and forfeitures	-	16,899	-	-
Charges for services	-	-	41,513	-
Intergovernmental	-	-	-	-
Investment revenue	17,608	777	2,497	9,364
Other revenue	101,237	-	-	-
	Total Revenues	17,676	44,010	900,940
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	13,678	-	566,524
Economic development	767,733	-	41,634	-
Capital outlay	-	-	29,996	-
	Total Expenditures	13,678	71,630	566,524
	Excess (Deficiency) of Revenues Over (Under) Expenditures	3,998	(27,620)	334,416
Other Financing Sources (Uses)				
Transfers (out)	-	(7,500)	-	(160,879)
	Total Other Financing (Uses)	(7,500)	-	(160,879)
	Net Change in Fund Balances	(3,502)	(27,620)	173,537
Beginning fund balances	1,359,501	71,484	158,649	780,477
	Ending Fund Balances	\$ 67,982	\$ 131,029	\$ 954,014

Special Revenue Funds

Public Safety Programs	Cable PEG Fees	Animal Control	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 891,576
-	42,445	-	42,445
-	-	-	602,973
25,032	-	-	41,931
-	-	-	41,513
2,484	-	-	2,484
5,431	1,861	12	37,550
112,192	-	4,822	218,251
<u>145,139</u>	<u>44,306</u>	<u>4,834</u>	<u>1,878,723</u>
-	11,083	-	11,083
163,152	-	-	743,354
-	-	63	809,430
72,542	-	-	102,538
<u>235,694</u>	<u>11,083</u>	<u>63</u>	<u>1,666,405</u>
<u>(90,555)</u>	<u>33,223</u>	<u>4,771</u>	<u>212,318</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,379)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(168,379)</u>
(90,555)	33,223	4,771	43,939
<u>436,752</u>	<u>140,062</u>	<u>3,776</u>	<u>2,950,701</u>
<u>\$ 346,197</u>	<u>\$ 173,285</u>	<u>\$ 8,547</u>	<u>\$ 2,994,640</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, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2017 Actual
Revenues					
Hotel occupancy tax	\$ 439,673	\$ 602,973	\$ 602,973	\$ -	\$ 419,447
Investment revenue	7,866	17,608	17,608	-	8,335
Other revenue	125,000	101,237	101,237	-	116,287
Total Revenues	<u>572,539</u>	<u>721,818</u>	<u>721,818</u>	<u>-</u>	<u>544,069</u>
Expenditures					
Current:					
Economic development	599,354	767,733	767,733	-	640,307
Total Expenditures	<u>599,354</u>	<u>767,733</u>	<u>767,733</u>	<u>-</u>	<u>640,307</u>
Net Change in Fund Balance	<u>\$ (26,815)</u>	<u>\$ (45,915)</u>	<u>(45,915)</u>	<u>\$ -</u>	<u>\$ (96,238)</u>
Beginning fund balance			<u>1,359,501</u>		
Ending Fund Balance			<u>\$ 1,313,586</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, 2018
With Comparative Totals for the Year Ended September 30, 2017

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2017 Actual
Revenues					
Fines and forfeitures	\$ -	\$ 7,407	\$ 16,899	\$ 9,492	\$ 17,615
Investment revenue	-	900	777	(123)	427
Total Revenues	-	8,307	17,676	9,369	18,042
Expenditures					
Current:					
Public safety	12,000	64,500	13,678	50,822	22,967
Total Expenditures	12,000	64,500	13,678	50,822	22,967
Other Financing Sources (Uses)					
Transfers (out)	(7,500)	(7,500)	(7,500)	-	(7,500)
Total Other Financing (Uses)	(7,500)	(7,500)	(7,500)	-	(7,500)
Net Change in Fund Balance	\$ (12,000)	\$ (63,693)	(3,502)	\$ 60,191	\$ (12,425)
Beginning fund balance			71,484		
Ending Fund Balance			\$ 67,982		

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, 2018
With Comparative Totals for the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2017 Actual</u>
<u>Revenues</u>					
Charges for services	\$ 36,000	\$ 36,000	\$ 41,513	\$ 5,513	\$ 96,930
Investment revenue	456	456	2,497	2,041	1,042
Total Revenues	<u>36,456</u>	<u>36,456</u>	<u>44,010</u>	<u>7,554</u>	<u>97,972</u>
<u>Expenditures</u>					
Current:					
Economic development	46,000	46,000	41,634	4,366	51,339
Capital outlay	<u>30,000</u>	<u>30,000</u>	<u>29,996</u>	<u>4</u>	<u>35,481</u>
Total Expenditures	<u>76,000</u>	<u>76,000</u>	<u>71,630</u>	<u>4,370</u>	<u>86,820</u>
Net Change in Fund Balance	<u>\$ (39,544)</u>	<u>\$ (39,544)</u>	<u>(27,620)</u>	<u>\$ 11,924</u>	<u>\$ 11,152</u>
Beginning fund balance			<u>158,649</u>		
Ending Fund Balance			<u>\$ 131,029</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, 2018
With Comparative Totals for the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2017 Actual</u>
Revenues					
Sales taxes	\$ 833,335	\$ 833,335	\$ 891,576	\$ 58,241	\$ 916,352
Investment revenue	5,788	5,788	9,364	3,576	3,633
Total Revenues	<u>839,123</u>	<u>839,123</u>	<u>900,940</u>	<u>61,817</u>	<u>919,985</u>
Expenditures					
Current:					
Public safety	648,619	648,619	566,524	82,095	479,791
Total Expenditures	<u>648,619</u>	<u>648,619</u>	<u>566,524</u>	<u>82,095</u>	<u>479,791</u>
Other Financing Sources (Uses)					
Transfers (out)	(160,879)	(160,879)	(160,879)	-	(832,337)
Total Other Financing (Uses)	<u>(160,879)</u>	<u>(160,879)</u>	<u>(160,879)</u>	<u>-</u>	<u>(832,337)</u>
Net Change in Fund Balance	<u>\$ 190,504</u>	<u>\$ 29,625</u>	173,537	<u>\$ 143,912</u>	<u>\$ (392,143)</u>
Beginning fund balance			<u>780,477</u>		
Ending Fund Balance			<u>\$ 954,014</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, 2018
With Comparative Totals for the Year Ended September 30, 2017

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2017 Actual</u>
<u>Revenues</u>					
Fines and forfeitures	\$ -	\$ -	\$ 25,032	\$ 25,032	\$ 25,104
Intergovernmental	-	-	2,484	2,484	2,505
Investment revenue	1,000	1,000	5,431	4,431	2,364
Other revenue	100,000	100,000	112,192	12,192	103,891
Total Revenues	<u>101,000</u>	<u>101,000</u>	<u>145,139</u>	<u>44,139</u>	<u>133,864</u>
<u>Expenditures</u>					
Current:					
Public safety	30,500	240,520	163,152	77,368	38,362
Capital outlay	<u>60,000</u>	<u>209,175</u>	<u>72,542</u>	<u>136,633</u>	<u>104,554</u>
Total Expenditures	<u>90,500</u>	<u>449,695</u>	<u>235,694</u>	<u>214,001</u>	<u>142,916</u>
Net Change in Fund Balance	<u>\$ 10,500</u>	<u>\$ (348,695)</u>	<u>(90,555)</u>	<u>\$ 258,140</u>	<u>\$ (9,052)</u>
Beginning fund balance			<u>436,752</u>		
Ending Fund Balance			<u>\$ 346,197</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, 2018
 With Comparative Totals for the Year Ended September 30, 2017

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2017 Actual
Revenues					
Franchise fees	\$ 34,000	\$ 34,000	\$ 42,445	\$ 8,445	\$ 44,526
Investment revenue	300	300	1,861	1,561	663
Total Revenues	<u>34,300</u>	<u>34,300</u>	<u>44,306</u>	<u>10,006</u>	<u>45,189</u>
Expenditures					
Current:					
General government	83,200	83,200	11,083	72,117	6,790
Total Expenditures	<u>83,200</u>	<u>83,200</u>	<u>11,083</u>	<u>72,117</u>	<u>6,790</u>
Net Change in Fund Balance	<u>\$ (48,900)</u>	<u>\$ (48,900)</u>	33,223	<u>\$ 82,123</u>	<u>\$ 38,399</u>
Beginning fund balance			<u>140,062</u>		
Ending Fund Balance			<u>\$ 173,285</u>		

(This page intentionally left blank.)

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	106
<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	118
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	126
<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	134
<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	137
<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			
	2009	2010	2011	2012
Governmental Activities				
Net investment in capital assets	\$ 14,026,951	\$ 14,938,447	\$ 15,440,360	\$ 14,144,650
Restricted	3,051,748	3,004,538	3,264,045	4,701,768
Unrestricted	(899,753)	(1,859,661)	(1,475,029)	3,211,311
Total Governmental Activities Net Position	\$ 16,178,946	\$ 16,083,324	\$ 17,229,376	\$ 22,057,729
Business-Type Activities				
Net investment in capital assets	\$ 7,567,091	\$ 7,552,636	\$ 7,593,022	\$ 8,429,256
Restricted	2,165,510	2,294,133	2,451,025	2,318,565
Unrestricted	2,676,653	2,986,896	3,734,997	3,914,970
Total Business-Type Activities Net Position	\$ 12,409,254	\$ 12,833,665	\$ 13,779,044	\$ 14,662,791
Primary Government				
Net investment in capital assets	\$ 21,594,042	\$ 22,491,083	\$ 23,033,382	\$ 22,573,906
Restricted	5,217,258	5,298,671	5,715,070	7,020,333
Unrestricted	1,776,900	1,127,235	2,259,968	7,126,281
Total Primary Government Net Position	\$ 28,588,200	\$ 28,916,989	\$ 31,008,420	\$ 36,720,520

*Restated balances

Fiscal Year

<u>2013</u>	<u>2014*</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018*</u>
\$ 18,283,628	\$ 22,006,280	\$ 22,278,266	\$ 23,619,809	\$ 25,265,858	\$ 26,318,825
4,388,221	4,552,760	4,861,342	5,170,228	4,694,544	4,757,197
3,489,849	2,542,795	4,193,837	5,987,299	5,949,341	6,521,332
<u>\$ 26,161,698</u>	<u>\$ 29,101,835</u>	<u>\$ 31,333,445</u>	<u>\$ 34,777,336</u>	<u>\$ 35,909,743</u>	<u>\$ 37,597,354</u>
\$ 9,357,328	\$ 9,951,443	\$ 10,898,317	\$ 10,976,731	\$ 4,673,874	\$ 8,812,420
2,207,032	2,432,638	2,495,389	2,522,751	2,683,443	2,674,389
3,116,799	2,165,826	1,449,615	1,783,998	8,759,092	5,914,543
<u>\$ 14,681,159</u>	<u>\$ 14,549,907</u>	<u>\$ 14,843,321</u>	<u>\$ 15,283,480</u>	<u>\$ 16,116,409</u>	<u>\$ 17,401,352</u>
\$ 27,640,956	\$ 31,957,723	\$ 33,176,583	\$ 34,596,540	\$ 29,939,732	\$ 35,131,245
6,595,253	6,985,398	7,356,731	7,692,979	7,377,987	7,431,586
6,606,648	4,708,621	5,643,452	7,771,297	14,708,433	12,435,875
<u>\$ 40,842,857</u>	<u>\$ 43,651,742</u>	<u>\$ 46,176,766</u>	<u>\$ 50,060,816</u>	<u>\$ 52,026,152</u>	<u>\$ 54,998,706</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
Expenses				
Governmental Activities				
General government	\$ 3,012,703	\$ 4,376,699	\$ 3,523,480	\$ 2,044,188
Public safety	4,040,110	4,471,942	5,008,177	4,444,193
Public works	5,870,600	2,011,743	1,326,336	3,191,383
Economic development	307,990	239,073	321,532	303,003
Interest and fiscal agent fees	715,567	780,835	811,818	759,480
Total Governmental Activities Expenses	<u>13,946,970</u>	<u>11,880,292</u>	<u>10,991,343</u>	<u>10,742,247</u>
Business-Type Activities				
Utilities	4,372,440	4,356,358	4,475,897	4,289,547
Total Business-Type Activities Expenses	<u>4,372,440</u>	<u>4,356,358</u>	<u>4,475,897</u>	<u>4,289,547</u>
Total Primary Government Expenses	<u>\$ 18,319,410</u>	<u>\$ 16,236,650</u>	<u>\$ 15,467,240</u>	<u>\$ 15,031,794</u>
Program Revenues				
Governmental Activities				
Charges for services	\$ 1,161,842	\$ 892,652	\$ 1,243,869	\$ 1,070,691
Operating grants and contributions	3,238,853	664,973	289,739	165,018
Capital grants and contributions	1,248,865	134,259	37,775	3,739,274
Total Governmental Activities Program Revenues	<u>5,649,560</u>	<u>1,691,884</u>	<u>1,571,383</u>	<u>4,974,983</u>
Business-Type Activities				
Utilities:				
Charges for services	5,594,215	6,048,698	6,829,188	6,040,302
Operating grants and contributions	210,274	-	-	-
Capital grants and contributions	297,887	133,954	154,624	218,259
Total Business-Type Activities Program Revenues	<u>6,102,376</u>	<u>6,182,652</u>	<u>6,983,812</u>	<u>6,258,561</u>
Total Primary Government Program Revenues	<u>\$ 11,751,936</u>	<u>\$ 7,874,536</u>	<u>\$ 8,555,195</u>	<u>\$ 11,233,544</u>
Net (Expense)/Revenue				
Governmental activities	\$ (8,297,410)	\$ (10,188,408)	\$ (9,419,960)	\$ (5,767,264)
Business-type activities	1,729,936	1,826,294	2,507,915	1,969,014
Total Primary Government Net Expense	<u>\$ (6,567,474)</u>	<u>\$ (8,362,114)</u>	<u>\$ (6,912,045)</u>	<u>\$ (3,798,250)</u>

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 2,426,528	\$ 1,165,000	\$ 3,848,282	\$ 3,454,477	\$ 3,338,192	\$ 3,900,540
5,108,700	5,053,766	4,786,353	6,104,299	6,668,690	6,629,558
1,941,718	2,986,870	1,899,510	2,209,046	2,283,662	2,438,285
357,550	412,718	348,324	617,333	778,571	812,566
701,007	623,464	838,721	762,518	681,853	592,887
<u>10,535,503</u>	<u>10,241,818</u>	<u>11,721,190</u>	<u>13,147,673</u>	<u>13,750,968</u>	<u>14,373,836</u>
4,822,542	4,808,118	4,832,090	5,279,016	5,901,487	6,035,659
<u>4,822,542</u>	<u>4,808,118</u>	<u>4,832,090</u>	<u>5,279,016</u>	<u>5,901,487</u>	<u>6,035,659</u>
<u>\$ 15,358,045</u>	<u>\$ 15,049,936</u>	<u>\$ 16,553,280</u>	<u>\$ 18,426,689</u>	<u>\$ 19,652,455</u>	<u>\$ 20,409,495</u>
\$ 755,111	\$ 1,080,913	\$ 902,015	\$ 876,229	\$ 1,143,174	\$ 1,035,570
202,982	204,058	238,472	334,239	282,408	487,907
2,490,787	1,674,130	232,198	478,432	260,223	294,298
<u>3,448,880</u>	<u>2,959,101</u>	<u>1,372,685</u>	<u>1,688,900</u>	<u>1,685,805</u>	<u>1,817,775</u>
6,209,614	6,037,818	6,379,326	6,817,957	7,644,570	8,000,219
-	-	-	-	-	-
132,207	240,152	141,601	73,878	236,655	427,662
<u>6,341,821</u>	<u>6,277,970</u>	<u>6,520,927</u>	<u>6,891,835</u>	<u>7,881,225</u>	<u>8,427,881</u>
<u>\$ 9,790,701</u>	<u>\$ 9,237,071</u>	<u>\$ 7,893,612</u>	<u>\$ 8,580,735</u>	<u>\$ 9,567,030</u>	<u>\$ 10,245,656</u>
\$ (7,086,623)	\$ (7,282,717)	\$ (10,348,505)	\$ (11,458,773)	\$ (12,065,163)	\$ (12,556,061)
1,519,279	1,469,852	1,688,837	1,612,819	1,979,738	2,392,222
<u>\$ (5,567,344)</u>	<u>\$ (5,812,865)</u>	<u>\$ (8,659,668)</u>	<u>\$ (9,845,954)</u>	<u>\$ (10,085,425)</u>	<u>\$ (10,163,839)</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 5,056,183	\$ 5,088,332	\$ 5,285,995	\$ 5,442,550
Sales and use taxes	2,304,229	2,097,398	2,164,992	2,135,045
Franchise fees and local taxes	1,007,741	1,035,216	1,033,334	1,075,551
Investment revenue	56,833	15,843	10,707	10,124
Other revenues	752,317	408,615	501,112	592,662
Special item	-	-	-	-
Transfers	1,289,312	1,447,381	1,569,873	1,339,685
Total Governmental Activities	<u>10,466,615</u>	<u>10,092,785</u>	<u>10,566,013</u>	<u>10,595,617</u>
Business-Type Activities				
Franchise fees	-	-	-	-
Investment revenue	40,824	10,116	7,337	6,945
Other revenues	724,104	35,382	-	247,473
Transfers	(1,289,312)	(1,447,381)	(1,569,873)	(1,339,685)
Total Business-Type Activities	<u>(524,384)</u>	<u>(1,401,883)</u>	<u>(1,562,536)</u>	<u>(1,085,267)</u>
Total Primary Government	<u>\$ 9,942,231</u>	<u>\$ 8,690,902</u>	<u>\$ 9,003,477</u>	<u>\$ 9,510,350</u>
Change in Net Position				
Governmental activities	\$ 2,169,205	\$ (95,623)	\$ 1,146,053	\$ 4,828,353
Business-type activities	1,205,552	424,411	945,379	883,747
Total Primary Government	<u>\$ 3,374,757</u>	<u>\$ 328,788</u>	<u>\$ 2,091,432</u>	<u>\$ 5,712,100</u>

Fiscal Year

<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 5,656,089	\$ 5,795,618	\$ 6,004,934	\$ 6,452,911	\$ 6,441,270	\$ 6,975,344
2,332,016	2,516,219	2,768,645	2,901,318	3,037,188	2,946,279
1,183,623	1,265,765	1,294,765	1,264,528	1,229,769	1,426,481
8,293	3,073	8,544	60,941	117,990	229,697
799,891	696,853	814,897	2,210,157	608,779	1,064,992
-	-	-	525,000	-	-
1,668,673	1,571,744	1,688,330	1,487,809	1,762,574	1,822,415
<u>11,648,585</u>	<u>11,849,272</u>	<u>12,580,115</u>	<u>14,902,664</u>	<u>13,197,570</u>	<u>14,465,208</u>
-	-	-	-	292,975	299,010
5,562	1,675	2,442	18,721	94,532	203,399
254,257	260,470	290,465	296,428	228,258	212,727
<u>(1,668,673)</u>	<u>(1,571,744)</u>	<u>(1,688,330)</u>	<u>(1,487,809)</u>	<u>(1,762,574)</u>	<u>(1,822,415)</u>
<u>(1,408,854)</u>	<u>(1,309,599)</u>	<u>(1,395,423)</u>	<u>(1,172,660)</u>	<u>(1,439,784)</u>	<u>(1,107,279)</u>
<u>\$ 10,239,731</u>	<u>\$ 10,539,673</u>	<u>\$ 11,184,692</u>	<u>\$ 13,730,004</u>	<u>\$ 11,757,786</u>	<u>\$ 13,357,929</u>
\$ 4,561,962	\$ 4,566,555	\$ 2,231,610	\$ 3,443,891	\$ 1,132,407	\$ 1,909,147
110,425	160,253	293,414	440,159	539,954	1,284,943
<u>\$ 4,672,387</u>	<u>\$ 4,726,808</u>	<u>\$ 2,525,024</u>	<u>\$ 3,884,050</u>	<u>\$ 1,672,361</u>	<u>\$ 3,194,090</u>

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

Function	Fiscal Year			
	2009	2010	2011	2012
Property	\$ 5,056,183	\$ 5,088,332	\$ 5,285,995	\$ 5,442,550
Sales and use	2,304,229	2,097,398	2,164,992	2,135,045
Franchise fees and local taxes	1,007,741	1,035,216	1,033,334	1,075,551
Totals	<u>\$ 8,368,153</u>	<u>\$ 8,220,946</u>	<u>\$ 8,484,321</u>	<u>\$ 8,653,146</u>

Fiscal Year						Change
2013	2014	2015	2016	2017	2018	2017-2018
\$ 5,656,089	\$ 5,795,618	\$ 6,004,934	\$ 6,452,911	\$ 6,441,270	\$ 6,975,344	8.3%
2,332,016	2,516,219	2,768,645	2,901,318	3,037,188	2,946,279	-3.1%
1,183,623	1,265,765	1,294,765	1,264,528	1,229,769	1,426,481	15.6%
<u>\$ 9,171,728</u>	<u>\$ 9,577,602</u>	<u>\$ 10,068,344</u>	<u>\$ 10,618,757</u>	<u>\$ 10,708,227</u>	<u>\$ 11,348,104</u>	<u>5.5%</u>

CITY OF SEABROOK, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
 (Modified Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
General Fund				
Nonspendable	\$ 2,183	\$ 4,684	\$ 62,076	\$ 24,677
Committed	-	-	-	-
Assigned	-	-	-	853,532
Unassigned	2,831,297	2,855,163	3,185,900	3,345,601
Total General Fund	\$ 2,833,480	\$ 2,859,847	\$ 3,247,976	\$ 4,223,810
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 195
Restricted	5,680,053	5,489,578	4,818,455	4,701,768
Assigned	-	-	-	-
Total All Other Governmental Funds	\$ 5,680,053	\$ 5,489,578	\$ 4,818,455	\$ 4,701,963

Fiscal Year

2013	2014	2015	2016	2017	2018
\$ 13,687	\$ 78,664	\$ 142,883	\$ 84,443	\$ 38,780	\$ 86,334
801,291	801,561	801,976	2,404,292	2,409,881	2,422,402
78,000	54,000	21,000	21,000	21,000	-
3,649,445	3,998,314	5,149,807	5,052,164	5,830,055	6,425,330
<u>\$ 4,542,423</u>	<u>\$ 4,932,539</u>	<u>\$ 6,115,666</u>	<u>\$ 7,561,899</u>	<u>\$ 8,299,716</u>	<u>\$ 8,934,066</u>
\$ 980	\$ 12	\$ 23,333	\$ 31,896	\$ 34,630	\$ 103,953
4,388,221	4,552,760	12,484,357	11,536,398	4,868,848	4,757,197
-	-	-	-	-	522,655
<u>\$ 4,389,201</u>	<u>\$ 4,552,772</u>	<u>\$ 12,507,690</u>	<u>\$ 11,568,294</u>	<u>\$ 4,903,478</u>	<u>\$ 5,383,805</u>

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

Last Ten Years
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2009	2010	2011	2012
Revenues				
Taxes and fees	\$ 8,366,511	\$ 8,216,879	\$ 8,518,658	\$ 8,696,855
Licenses and permits	377,942	224,612	205,293	227,156
Fines and forfeitures	550,248	539,362	817,057	709,306
Charges for services	62,232	85,766	118,535	134,229
Intergovernmental	3,238,853	655,528	283,784	3,904,292
Investment revenue	56,831	15,841	10,708	10,124
Other revenues	580,230	485,496	575,537	592,662
Total Revenues	<u>13,232,847</u>	<u>10,223,484</u>	<u>10,529,572</u>	<u>14,274,624</u>
Expenditures				
General government	3,400,694	4,096,478	3,595,589	3,456,967
Public safety	4,067,881	4,413,552	4,558,181	4,531,674
Public works	5,584,834	1,758,184	1,584,167	5,428,496
Economic development	308,979	239,809	377,864	303,003
Capital outlay	112,884	1,019,829	961,379	445,831
Debt service:				
Principal	512,500	584,705	588,125	652,500
Interest and fiscal fees	773,796	753,618	764,478	725,358
Bond issuance costs	-	-	-	-
Refunding contribution	-	-	-	-
Total Expenditures	<u>14,761,568</u>	<u>12,866,175</u>	<u>12,429,783</u>	<u>15,543,829</u>
(Deficiency) of				
Revenues (Under) Expenditures	(1,528,721)	(2,642,691)	(1,900,211)	(1,269,205)
Other Financing Sources (Uses)				
Transfers in	1,180,741	1,298,154	1,447,381	1,624,942
Transfers out	-	(8,843)	-	(55,069)
Refunding bonds issued	-	-	-	-
Bonds issued	6,835,000	-	900,000	-
Premium on bonds issued	199,652	-	-	-
Payments to refunded bond escrow agent	-	-	-	-
Insurance proceeds	-	578,304	131,202	47,344
Total Other Financing Sources	<u>8,215,393</u>	<u>1,867,615</u>	<u>2,478,583</u>	<u>1,617,217</u>
Net Change in Fund Balances	<u>\$ 6,686,672</u>	<u>\$ (775,076)</u>	<u>\$ 578,372</u>	<u>\$ 348,012</u>
Debt service as a percentage of noncapital expenditures	8.10%	9.57%	11.66%	12.77%

Fiscal Year

	2013	2014	2015	2016	2017	2018
\$	9,144,003	\$ 9,598,547	\$ 10,077,143	\$ 10,567,809	\$ 10,759,116	\$ 11,349,124
	183,263	402,187	234,429	162,395	346,990	392,499
	429,178	424,148	526,530	596,813	615,090	514,887
	142,670	254,578	141,056	117,021	181,094	128,184
	2,693,769	1,611,914	470,670	764,278	362,416	490,391
	8,293	3,073	8,544	60,941	114,471	221,271
	799,891	696,853	814,897	2,210,157	608,779	1,058,957
	<u>13,401,067</u>	<u>12,991,300</u>	<u>12,273,269</u>	<u>14,479,414</u>	<u>12,987,956</u>	<u>14,155,313</u>
	3,532,719	3,515,144	3,680,496	3,060,008	3,075,333	3,495,141
	4,738,699	4,785,911	4,550,492	5,526,619	5,744,384	6,099,004
	4,290,863	3,444,606	1,805,990	2,334,366	1,993,389	2,175,847
	357,550	428,060	349,247	613,263	691,646	809,430
	598,454	329,055	1,361,769	2,211,265	6,351,653	193,970
	850,000	900,000	935,000	1,215,000	1,265,000	1,345,000
	670,545	606,581	699,810	768,742	619,594	583,780
	42,256	-	126,244	-	59,046	-
	30,000	-	-	-	105,881	-
	<u>15,111,086</u>	<u>14,009,357</u>	<u>13,509,048</u>	<u>15,729,263</u>	<u>19,905,926</u>	<u>14,702,172</u>
	(1,710,019)	(1,018,057)	(1,235,779)	(1,249,849)	(6,917,970)	(546,859)
	1,668,673	1,571,744	1,736,381	2,549,695	1,854,983	2,352,098
	-	-	(48,051)	(793,009)	(924,746)	(690,562)
	3,975,000	-	-	-	5,365,000	-
	-	-	8,380,000	-	-	-
	-	-	305,494	-	-	-
	(3,927,803)	-	-	-	(5,304,266)	-
	-	-	-	-	-	-
	<u>1,715,870</u>	<u>1,571,744</u>	<u>10,373,824</u>	<u>1,756,686</u>	<u>990,971</u>	<u>1,661,536</u>
\$	<u>5,851</u>	<u>\$ 553,687</u>	<u>\$ 9,138,045</u>	<u>\$ 506,837</u>	<u>\$ (5,926,999)</u>	<u>\$ 1,114,677</u>
	14.83%	15.43%	14.13%	15.53%	14.67%	14.05%

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

	Fiscal Year			
	2009	2010	2011	2012
Real Property	\$ 918,598,632	\$ 900,127,932	\$ 916,878,359	\$ 921,323,736
Personal Property	95,312,943	96,447,635	92,903,636	86,707,764
Less: Tax Exempt Property	(161,054,726)	(166,465,212)	(169,009,366)	(169,776,137)
Total Taxable Assessed Value (1)	<u>\$ 852,856,849</u>	<u>\$ 830,110,355</u>	<u>\$ 840,772,629</u>	<u>\$ 838,255,363</u>
Total Direct Tax Rate	\$ 0.588373	\$ 0.613409	\$ 0.626807	\$ 0.649978

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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
\$ 937,092,962	\$ 983,065,482	\$ 1,050,841,139	\$ 1,149,250,879	\$ 1,263,608,355	\$ 1,363,048,039
90,255,089	87,589,652	83,736,870	101,798,001	104,585,004	120,684,600
<u>(170,919,619)</u>	<u>(175,815,601)</u>	<u>(183,332,730)</u>	<u>(206,733,522)</u>	<u>(226,833,984)</u>	<u>(251,105,865)</u>
<u>\$ 856,428,432</u>	<u>\$ 894,839,533</u>	<u>\$ 951,245,279</u>	<u>\$ 1,044,315,358</u>	<u>\$ 1,141,359,375</u>	<u>\$ 1,232,626,774</u>
\$ 0.665232	\$ 0.651229	\$ 0.640030	\$ 0.612611	\$ 0.565177	\$ 0.574911

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

	Fiscal Year			
	2009	2010	2011	2012
City by fund:				
General	\$ 0.43012	\$ 0.45628	\$ 0.46556	\$ 0.48269
Debt service	0.15825	0.15713	0.16125	0.16729
Total Direct Rates	<u>0.58837</u>	<u>0.61341</u>	<u>0.62681</u>	<u>0.64998</u>
Clear Creek Independent School District	1.36000	1.36000	1.36000	1.36000
Harris County	0.38923	0.39224	0.38805	0.39117
Harris County Flood Control District	0.03086	0.29220	0.02930	0.02809
Port of Houston Authority	0.01773	0.16360	0.02054	0.01856
Harris County Hospital District	0.19216	0.19216	0.19216	0.19406
Harris County Dept. of Education	<u>0.00584</u>	<u>0.00605</u>	<u>0.00658</u>	<u>0.00658</u>
Total Direct and Overlapping Rates (1)	<u>\$ 2.58419</u>	<u>\$ 3.01966</u>	<u>\$ 2.62344</u>	<u>\$ 2.64844</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					
2013	2014	2015	2016	2017	2018
\$ 0.48315	\$ 0.48315	\$ 0.45951	\$ 0.42346	\$ 0.39457	\$ 0.41941
0.18208	0.16808	0.18052	0.18916	0.17060	0.15551
<u>0.66523</u>	<u>0.65123</u>	<u>0.64003</u>	<u>0.61261</u>	<u>0.56518</u>	<u>0.57491</u>
1.36000	1.40000	1.40000	1.40000	1.40000	1.40000
0.40021	0.41455	0.41731	0.41656	0.41656	0.41801
0.02809	0.02827	0.02736	0.02829	0.02829	0.28310
0.01952	0.01716	0.01531	0.01334	0.01334	0.01256
0.18216	0.17000	0.17000	0.17000	0.17179	0.17110
<u>0.00662</u>	<u>0.00636</u>	<u>0.00600</u>	<u>0.00520</u>	<u>0.00520</u>	<u>0.00520</u>
<u>\$ 2.66183</u>	<u>\$ 2.68757</u>	<u>\$ 2.67601</u>	<u>\$ 2.64600</u>	<u>\$ 2.60036</u>	<u>\$ 2.86488</u>

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year					
	2018			2009		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
WMF Investment Inc	\$ 40,878,028	1	3.32%	\$ -	-	-
FRBH Regatta Bay LLC	22,316,990	2	1.81%	-	-	-
Duke Reality LP	22,316,990	3	1.81%	-	-	-
Sinbad Landing Corp.	16,116,264	4	1.31%	13,956,000	2	1.64%
DMH 90	15,809,813	5	1.28%	10,053,484	3	1.18%
Vista Shores 2011LP	15,399,771	6	1.25%	-	-	-
SEC Edgelake LLC	12,514,669	7	1.02%	8,675,927	5	1.02%
Centerpoint Energy Inc.	8,212,297	8	0.67%	6,701,869	8	0.79%
Lamrock 3/2001LP	8,006,493	9	0.65%	7,009,843	7	0.82%
Nasa Road Apartments LLC	7,984,365	10	0.65%	-	-	-
Repsdorph Road LTD	-	-	-	14,163,108	1	1.66%
Seatree 1 LTD Partnership	-	-	-	8,700,000	4	1.02%
Marina Max	-	-	-	5,443,138	9	0.64%
CGMT 2006C5 Repsdorph Rd APT	-	-	-	8,106,000	6	0.95%
Golden Tall Tree LLC	-	-	-	4,953,440	10	0.58%
Subtotal	169,555,680		13.76%	87,762,809		10.29%
Other Taxpayers	1,063,071,094		86.24%	765,094,040		89.71%
Total	\$ 1,232,626,774		100.00%	\$ 852,856,849		100.00%

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

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

	Fiscal Year			
	2009	2010	2011	2012
Tax levy	\$ 4,985,811	\$ 5,050,227	\$ 5,214,919	\$ 5,389,311
Current tax collected	\$ 4,894,771	\$ 4,945,845	\$ 5,132,185	\$ 5,327,402
Percentage of current tax collections	98.17%	97.93%	98.41%	98.85%
Collections in subsequent years	82,613	92,680	68,819	51,610
Total tax collections to date	<u>\$ 4,977,384</u>	<u>\$ 5,038,525</u>	<u>\$ 5,201,004</u>	<u>\$ 5,379,012</u>
Total collections as a percentage of current levy	99.83%	99.77%	99.73%	99.81%

Fiscal Year						
2013	2014	2015	2016	2017	2018	
\$ 5,627,317	\$ 5,766,934	\$ 5,984,940	\$ 6,329,284	\$ 6,411,690	\$ 6,960,493	
\$ 5,541,099	\$ 5,699,970	\$ 5,908,134	\$ 6,248,998	\$ 6,344,390	\$ 6,887,981	
98.47%	98.84%	98.72%	98.73%	98.95%	98.96%	
<u>74,860</u>	<u>55,819</u>	<u>59,235</u>	<u>58,243</u>	<u>32,201</u>	<u>-</u>	
<u>\$ 5,615,959</u>	<u>\$ 5,755,789</u>	<u>\$ 5,967,369</u>	<u>\$ 6,307,241</u>	<u>\$ 6,344,390</u>	<u>\$ 6,887,981</u>	
99.80%	99.81%	99.71%	99.65%	98.95%	98.96%	

CITY OF SEABROOK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 18,059,688	\$ 17,440,362	\$ 16,857,031	\$ 16,251,492
Certificates of obligation	-	900,000	865,000	865,000
Subtotal	<u>18,059,688</u>	<u>18,340,362</u>	<u>17,722,031</u>	<u>17,116,492</u>
Business-Type Activities:				
Revenue bonds	5,374,037	5,214,627	5,017,490	4,767,727
Certificates of obligation	-	-	-	-
General obligation bonds	412,500	279,375	142,500	-
Subtotal	<u>5,786,537</u>	<u>5,494,002</u>	<u>5,159,990</u>	<u>4,767,727</u>
Total Primary Government	<u>\$ 23,846,225</u>	<u>\$ 23,834,364</u>	<u>\$ 22,882,021</u>	<u>\$ 21,884,219</u>
 Personal Income	 \$ 448,887,699	 \$ 478,986,277	 \$ 421,009,200	 \$ 493,026,700
Debt as a Percentage of Personal Income	5.31%	4.98%	5.44%	4.44%
Population	12,051	12,367	12,683	12,700
Debt Per Capita	\$ 1,979	\$ 1,927	\$ 1,804	\$ 1,723

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

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 15,687,585	\$ 14,824,773	\$ 22,590,010	\$ 21,394,753	\$ 20,265,325	\$ 18,959,485
830,000	790,000	750,000	705,000	655,000	600,000
<u>16,517,585</u>	<u>15,614,773</u>	<u>23,340,010</u>	<u>22,099,753</u>	<u>20,920,325</u>	<u>19,559,485</u>
3,418,000	3,173,000	2,918,000	2,653,000	2,377,000	2,209,000
-	-	-	2,500,000	8,320,000	8,005,000
1,175,000	1,165,000	1,155,000	1,145,000	1,955,815	1,785,128
<u>4,593,000</u>	<u>4,338,000</u>	<u>4,073,000</u>	<u>6,298,000</u>	<u>12,652,815</u>	<u>11,999,128</u>
<u>\$ 21,110,585</u>	<u>\$ 19,952,773</u>	<u>\$ 27,413,010</u>	<u>\$ 28,397,753</u>	<u>\$ 33,573,140</u>	<u>\$ 31,558,613</u>
\$ 531,297,900	\$ 521,510,475	\$ 524,443,905	\$ 557,459,388	\$ 725,800,284	\$ 740,316,290
3.97%	3.83%	5.23%	5.09%	4.63%	4.26%
12,853	12,853	12,843	13,716	14,287	14,554
\$ 1,642	\$ 1,552	\$ 2,134	\$ 2,070	\$ 2,350	\$ 2,168

CITY OF SEABROOK, TEXAS
RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Net Taxable Assessed Value				
All property	\$ 852,856,849	\$ 830,110,355	\$ 840,772,629	\$ 838,255,363
Net Bonded Debt				
Gross bonded debt	\$ 18,472,188	\$ 18,619,737	\$ 17,864,531	\$ 17,116,492
Less debt service funds	1,604,615	1,691,939	1,689,111	1,746,037
Net Bonded Debt	<u>\$ 16,867,573</u>	<u>\$ 16,927,798</u>	<u>\$ 16,175,420</u>	<u>\$ 15,370,455</u>
Ratio of Net Bonded Debt to Assessed Value	1.98%	2.04%	1.92%	1.83%
Population	12,051	12,367	12,683	12,700
Net Bonded Debt Per Capita	\$ 1,400	\$ 1,369	\$ 1,275	\$ 1,210

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 856,428,432	\$ 894,839,533	\$ 951,245,279	\$ 1,044,315,358	\$ 1,141,359,375	\$ 1,232,626,774
\$ 17,692,585	\$ 16,779,773	\$ 24,495,010	\$ 25,744,753	\$ 20,920,325	\$ 29,349,613
<u>1,742,115</u>	<u>1,738,285</u>	<u>1,799,611</u>	<u>1,796,375</u>	<u>1,783,732</u>	<u>1,785,719</u>
<u>\$ 15,950,470</u>	<u>\$ 15,041,488</u>	<u>\$ 22,695,399</u>	<u>\$ 23,948,378</u>	<u>\$ 19,136,593</u>	<u>\$ 27,563,894</u>
1.86%	1.68%	2.39%	2.29%	1.68%	2.24%
12,853	12,853	12,843	13,716	14,287	14,554
\$ 1,241	\$ 1,170	\$ 1,767	\$ 1,746	\$ 1,339	\$ 1,894

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2018

	<u>Net Bonded Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt (1)</u>
Debt Repaid with Property Taxes			
Governmental Unit			
Clear Creek Independent School District	\$ 1,027,912	4.58%	\$ 47,078
Harris County (3)	\$ 2,259,663	0.21%	4,745
Harris County Flood Control District	\$ 83,075	0.21%	174
Port of Houston Authority	\$ 613,699	21.00%	128,877
Harris County Municipal Utility District 373	\$ 2,145	100.00%	2,145
Subtotal, overlapping debt			183,020
City Direct Debt (in thousands)	\$ 29,349	100.00%	29,349
	Total Direct and Overlapping Debt		\$ 212,369

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

(1) Dollars in thousands

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

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

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

CITY OF SEABROOK, TEXAS

PLEGDED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2009	2010	2011	2012
Gross Revenues (1)	\$ 5,635,039	\$ 6,058,814	\$ 6,829,188	\$ 6,294,720
Operating Expenses (2)	3,645,954	4,007,300	3,779,560	3,610,061
Net Revenues Available for Debt Service	<u>\$ 1,989,085</u>	<u>\$ 2,051,514</u>	<u>\$ 3,049,628</u>	<u>\$ 2,684,659</u>
Debt Service Requirements (3)				
Principal	\$ 165,000	\$ 183,000	\$ 196,000	\$ 205,000
Interest	269,083	224,614	237,192	209,571
Total	<u>\$ 434,083</u>	<u>\$ 407,614</u>	<u>\$ 433,192</u>	<u>\$ 414,571</u>
Coverage	4.58	5.03	7.04	6.48

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year					
2013	2014	2015	2016	2017	2018
\$ 6,469,433	\$ 6,299,963	\$ 6,672,233	\$ 7,133,106	\$ 8,260,336	\$ 8,715,355
<u>4,125,816</u>	<u>4,135,263</u>	<u>4,155,276</u>	<u>4,512,995</u>	<u>4,897,551</u>	<u>5,084,986</u>
<u><u>\$ 2,343,617</u></u>	<u><u>\$ 2,164,700</u></u>	<u><u>\$ 2,516,957</u></u>	<u><u>\$ 2,620,111</u></u>	<u><u>\$ 3,362,785</u></u>	<u><u>\$ 3,630,369</u></u>
\$ 240,000	\$ 255,000	\$ 265,000	\$ 265,000	\$ 276,000	\$ 168,000
179,623	166,361	155,894	123,933	112,192	101,430
<u><u>\$ 419,623</u></u>	<u><u>\$ 421,361</u></u>	<u><u>\$ 420,894</u></u>	<u><u>\$ 388,933</u></u>	<u><u>\$ 388,192</u></u>	<u><u>\$ 269,430</u></u>
5.59	5.14	5.98	6.74	8.66	13.47

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

Fiscal Year Ended	Population (2)(6)	Personal Income (5)	Per Capita Personal Income (6)	Median Age (6)	School Enrollment (3)	Unemployment Rate (4)(6)
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%
2016	13,716	\$ 557,459,388	\$ 40,643	36.8	1,778	5.5%
2017 (9)	14,287	\$ 725,800,284	\$ 50,801	39.8	1,754	3.1%
2018	14,554	\$ 740,316,290	\$ 50,866	39.8	1,674	4.2%

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.
- (9) Retail Coach

CITY OF SEABROOK, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago ⁽¹⁾

Employer	Fiscal Year			
	2018		2009	
	Employees	Total City Employment (%)	Employees	Total City Employment (%)
Technical Automation Service Corporation	250	22.05%	140	15.44%
City of Seabrook	101	8.91%	102	11.25%
Seabrook Intermediate School	103	9.08%	102	11.25%
Lakewood Yacht Club	89	7.85%	71	7.83%
Kroger	80	7.05%	89	9.81%
Gulf Coast Limestone	88	7.76%	0	0.00%
Bay Area Elementary	77	6.79%	80	8.82%
Seabrook Classic Café	49	4.32%	41	4.52%
Bay Area Trees and Landscape	48	4.23%	45	4.96%
Hooters	36	3.17%	80	8.82%
Mario's Flying Pizza	43	3.79%	46	5.07%
Maas Nursery and Landscaping	49	4.32%	20	2.21%
McDonald's	45	*	38	*
Marine Max	41	3.62%	33	3.64%
Kiwo, Inc.	35	3.09%	20	2.21%
Total	1,134	100.00%	907	100.00%

Sources: Bay Area Economic Partnership, City records

*McDonald's has closed and is in the process of rebuilding - no information available so last year's figure was used.

(This page intentionally left blank.)

CITY OF SEABROOK, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2009	2010	2011	2012	2013	2014	2015	2016	2017	2018
<u>General Government:</u>										
City Manager	1.00	1.00	1.00	1.00	1.50	1.50	1.00	1.00	1.00	1.00
Legislative	2.50	3.00	2.50	2.00	2.00	2.00	2.00	2.00	2.00	2.00
Marketing	-	-	-	0.50	0.50	0.50	0.50	1.00	0.80	0.80
Human Resources	1.75	1.75	1.75	1.75	1.25	1.25	1.75	2.00	2.00	2.00
Purchasing	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Finance	2.50	3.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50
Administrative Assistants	2.00	1.00	1.00	1.00	1.00	-	-	-	-	-
Information Technology	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00
Streets and Drainage	8.29	8.29	8.29	8.29	8.79	8.17	8.17	8.38	8.72	8.38
Community Development	5.70	5.70	5.70	6.00	5.00	5.00	5.00	5.00	6.00	6.00
Municipal Court	3.00	3.25	3.00	3.00	5.50	4.50	4.50	4.50	4.50	4.50
Subtotal	<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>28.88</u>	<u>30.02</u>	<u>29.68</u>
<u>Public Safety:</u>										
Police	30.50	30.50	30.00	32.00	35.00	35.50	36.00	37.00	33.00	32.50
Emergency Management	1.00	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Animal Control	1.48	1.48	1.48	1.48	1.48	1.48	1.48	1.68	2.20	2.70
Commercial Vehicle Enforcement	2.50	2.50	2.50	2.50	-	-	-	-	3.00	3.00
Crime District	6.00	6.00	6.00	6.00	6.00	5.50	5.00	5.00	5.00	5.50
Subtotal	<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>44.68</u>	<u>44.20</u>	<u>44.70</u>
<u>Enterprise Operations:</u>										
Water	6.95	6.95	6.95	6.85	6.80	7.03	7.03	7.48	7.81	7.48
Sewer	4.57	4.57	4.57	4.47	4.41	4.41	4.78	4.86	5.19	4.86
Billing	2.00	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Subtotal	<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>	<u>15.34</u>	<u>16.00</u>	<u>15.34</u>
Parks and Recreation	13.55	13.68	10.76	9.81	10.31	7.94	9.78	7.91	7.91	7.60
Hotel Tax	-	-	-	1.00	1.00	1.00	1.00	1.00	1.20	1.20
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00
Total	<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>	<u><u>99.81</u></u>	<u><u>101.33</u></u>	<u><u>100.52</u></u>

Source: Economic development department

CITY OF SEABROOK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police				
Arrests	670	882	710	1,046
Accident reports	209	165	108	235
Citations	5,267	5,309	6,143	4,222
Offense reports	363	389	186	198
Calls for service	24,573	27,340	16,828	19,069
Fire				
Emergency responses	376	196	345	290
Fire incidents	28	21	43	37
Total calls for service	n/a	n/a	n/a	n/a
Average response time	7:12	6:31	5:43	5:49
Water				
New accounts	88	54	388	380
Average daily consumption (thousands of gallons)	1,365	1,845	2,050	1,774
Total consumption	498,186	673,673	749,343	646,133
Peak daily consumption (thousands of gallons)	4,420	4,012	2,730	3,425
Sewer				
Average daily sewage treatment (thousands of gallons)	1,130	1,210	985	1,156
Total consumption	413,450	441,711	359,524	418,777
Peak daily consumption (thousands of gallons)	4,012	4,904	3,667	4,797

Source: Various City departments

Fiscal Year					
2013	2014	2015	2016	2017	2018
761	768	686	1,120	1,580	839
205	251	358	241	648	259
1,971	2,378	3,620	5,871	5,315	2,130
170	191	442	823	848	707
10,323	12,758	10,084	13,170	6,589	12,772
306	316	326	386	410	459
41	22	24	20	30	20
n/a	n/a	605	555	621	663
5:10	5:25	5:00	4:54	5:27	4:57
490	293	346	362	359	252
1,830	1,667	1,602	1,708	1,762	1,802
667,435	604,898	584,860	618,735	623,545	658,942
3,303	2,234	2,974	2,989	2,881	2,296
1,092	1,026	1,393	1,220	1,300	1,262
500,420	374,650	510,623	444,910	475,586	458,634
5,200	4,014	6,947	5,310	8,127	5,192

CITY OF SEABROOK, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2009	2010	2011	2012
Police				
Stations	1	1	1	1
Patrol units	17	17	17	17
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	42.0	42.1	42.1	42.1
Streetlights (1)	n/a	n/a	1,000	1,000
Parks and recreation				
Parks	15	15	18	19
Parks acreage	230	230	230	232
Baseball/softball diamonds	4	4	4	6
Swimming pools	1	1	1	1
Community centers	2	2	2	2
Water				
Water mains (miles)	56.3	56.4	56.4	56.4
Fire hydrants	479	479	481	481
Storage capacity (millions of gallons)	2.1	2.1	2.1	2.1
Sewer				
Sanitary sewers (miles)	54.2	54.0	54.4	54.4
Storm sewers (miles)	22.0	22.0	22.0	22.0
Open ditch/creek/canal drainage (miles)	20.0	20.3	20.3	20.3
Treatment capacity (millions of gallons)	2.5	2.5	2.5	2.5

Source: Various City departments

(1) Information was not available until fiscal year 2011.

Fiscal Year						
2013	2014	2015	2016	2017	2018	
1	1	1	1	1	1	1
17	17	17	17	17	17	26
1	1	1	1	1	1	1
42.6	42.6	42.6	42.6	43.0	43.0	43.0
1,048	1,048	1,048	1,048	1,048	1,048	1,050
19	19	19	19	19	19	19
232	232	232	232	232	232	232
5	1	2	2	2	3	3
1	2	2	2	2	2	2
2	2	2	2	2	2	2
56.4	56.4	56.4	56.4	56.8	57.0	57.0
493	498	503	505	510	514	514
2.1	2.1	2.1	2.1	2.5	2.5	2.5
54.7	54.7	54.9	54.9	55.3	55.3	55.3
23.0	23.0	23.2	23.2	23.4	23.4	23.4
20.3	20.3	20.5	20.5	20.5	20.5	20.5
2.5	2.5	2.5	2.5	2.5	2.5	2.5

(This page intentionally left blank.)