

City of Seabrook, Texas

# Comprehensive Annual Financial Report

Fiscal Year 2018-2019



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

*COMPREHENSIVE  
ANNUAL FINANCIAL REPORT*

of the

**CITY OF SEABROOK, TEXAS**

**For the Year Ended  
September 30, 2019**

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

**Gayle Cook  
City Manager**

**Sean Landis  
Assistant City Manager**

**Michael Gibbs  
Director of Finance**

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# CITY OF SEABROOK, TEXAS

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## ***INTRODUCTORY SECTION***

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March 13, 2020

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, 2019.

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, 2019 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, 2019 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 experienced slight decrease in the overall projected ad valorem and sales tax under budgeted amount. However, the city Seabrook remains in a strong financial standing as planned decreases in these revenue resources have forecasted relatively close after substantial decreases ahead of the SH 146 Expansion project and over 75 businesses were closed.

After an additional delay in starting, the SH 146 expansion began officially on February 13, 2019, with the planned project duration for 60 months (5 years). The remaining businesses within the Texas Department of Transportation (TxDOT) right-of-way completed closing and building demolitions continued. For FY2019, Phase I began with an estimated 15 month duration consisting of the widening of the northbound side of existing bridge by adding one travel lane and one 14-foot wide pedestrian lane. Included within Phase I, the project provides for the utility relocations, and for the city this includes the water line and sanitary sewer line along the SH 146 corridor.

With the right-of-way acquisition completed, some additional out of phase work started to include construction of the northbound frontage road in Seabrook between the bridge and NASA Parkway. Further, the southbound arterial bridge widening and foundation piles for express bridge were started.

In November 2019, the city saw 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.

The Port of Houston Rail Spur project is approved and anticipated to begin construction in first quarter of 2020. The rail will traverse SH 146 on the northern boundary of the city and create three (3) new at grade crossing on SH 146 and Old SH 146.

### **Economic Condition and Outlook**

Existing property values maintained at \$1.2 billion for the fiscal and economic development continues to project high growth opportunities with the newly established highway frontage along the SH 146 corridor and future Grand Parkway project with TxDOT.

#### **Residential and Multi-Family**

Chesapeake Bay 55+ apartment complex part of a Planned Unit Development (PUD) finished substantial completion in the last quarter of 2019 and began leasing. This project includes 269 units with total improvements of approximately \$23 million. Phase 3 and 4 of this project beyond FY 2019 are planned and underway.

Seaside Lodge at Chesapeake Bay complex part of a Planned Unit Development (PUD) near the corner of Elam St and Larabee St began permitting requirements through the Harris County Affordable Rental Housing Program and is planned to begin construction in the next fiscal year. The project is planned to develop approximately 92 units in a single 3-story building on 4.118 acres.

A new residential community, Lake Mija Village, continued construction with over 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 continued 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 (PUD) for single family homes along E. Meyer, also submitted for revisions and began groundwork in 2018. By the end of the fiscal, infrastructure was substantially completed; however, house construction was pending. The ultimate 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 Rebsdorph, 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 Commons at Seabrook, a retail center and a Planned Unit Development (PUD) approved 2013, was delayed in starting due to revisions to the original planned unit development were required due to the TxDot right of way acquisition. Revisions and replats were completed, but the planned frontage road for the acquisition did not begin construction. 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.

The Holiday Inn Express on NASA Parkway opened in September 2019 and the Seaside RV Resort and Cabanas on Red Bluff and Old SH 146 opened in December 2019.

McDonald's successfully relocated along the SH 146 corridor and opened in July 2019.

Lighthouse Daycare, a new commercial start, will include an 11,200 sf childcare facility to be located on Lakeside near the Repsdorph traffic circle. The project purchased land from the city for the new facility and the transaction closed in February, 2019. The anticipated opening is Summer 2020.

## **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. 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**

In April 2019, the City began a new water rate study. At the close of the fiscal, research and ongoing negotiations with the city's supply contract through the City of Pasadena were continuing and the study was not completed.

Recommendations from the study will allow the City to update its rate structure accordingly and comply with American Water Works Association standards. As a result of the city's last water and sewer rate study in 2015, the City created a Water Rate Stabilization Fund.

#### **SH 146 Expansion Stabilization Fund**

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

#### **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.

#### **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 construction.**
- Proposition 4 was for \$450,000 to construct splash pads in two City parks. – **Completed**

#### **Certificates of Obligation**

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

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

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

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

#### **Major Initiatives**

NASA Rd 1 and Old Seabrook Waterline (CIP# W6 and W14)  
State Highway 146 Waterline Relocation (CIP# W7)  
Todville Sanitary Sewer Line Replacement Project (CIP# WW4)  
Wastewater Treatment Plant Upgrades Phase 2 – Clarifier (CIP# WW6)  
State Highway 146 Wastewater Relocation (CIP# WW8)  
Chloramine Conversion Wastewater Plan (CIP# W13)  
Pine Gully and Hester Gully Waterlines (CIP# W17 and W18)

Pine Gully Wastewater Treatment Plant (CIP # WW9)\*  
Marvin Circle Paving and Waterline (CIP# S10)  
Du Lac Trace, Waterway and Seascape Outfalls (CIP# D9)  
SCADA System for Water (CIP # FAC1)

\*The city had proposed a multi-phased approach to the relocation of the wastewater treatment plant in the city's CIP as noted by project WW9. Phase 1A was initiated and funded and would have allowed for a .5 MGD capacity and start of the new plant. In June 2019, a new mitigation program through the Hazard Mitigation Grant Program (HMGP) for a retrofit of the facility was determined eligible and the project was resubmitted for funding. Notification of award on this grant program is expected in the last quarter of 2019.

### **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, 2018. This was the 40<sup>th</sup> consecutive year that the City has received this prestigious award. The year ending September 30, 2019 awards are still pending by GFOA.

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

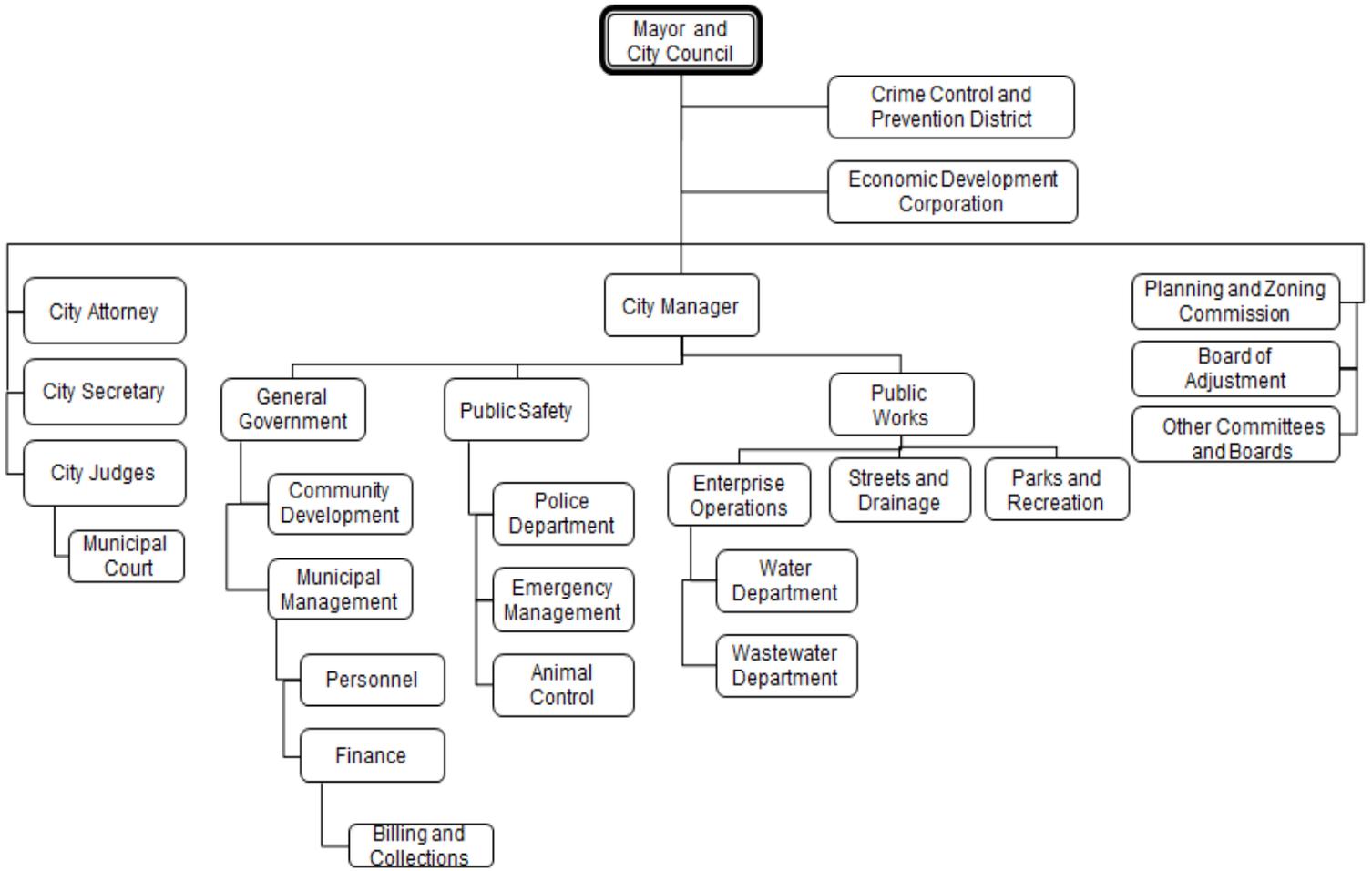


**Michael Gibbs**  
Director of Finance

# CITY OF SEABROOK, TEXAS

## ORGANIZATIONAL CHART

September 30, 2019



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**CITY OF SEABROOK, TEXAS**  
*CERTIFICATE OF ACHIEVEMENT FOR  
EXCELLENCE IN FINANCIAL REPORTING*  
September 30, 2019



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, 2018**

*Christopher P. Morill*

Executive Director/CEO

# CITY OF SEABROOK, TEXAS

## PRINCIPAL OFFICIALS

September 30, 2019

<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***

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## ***INDEPENDENT AUDITORS' REPORT***

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seabrook, Texas (the "City"), as of and for the year ended September 30, 2019, 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, 2019, 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.

## **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.

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

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 13, 2020

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

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**CITY OF SEABROOK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

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

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

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

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

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

## **FUND FINANCIAL STATEMENTS**

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

### **Governmental Funds**

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

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

The City maintains 10 individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, and debt service fund, which are considered to be major funds for reporting

**CITY OF SEABROOK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

purposes as well as the capital projects fund which is not considered major but the City has elected to present it as major due to its significance.

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. 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 \$57,074,287 as of September 30, 2019. This compares with \$54,998,706 from the prior fiscal year. The largest portion of the City's net position, 62 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, 2019**

**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	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$ 17,451,289	\$ 16,099,446	\$ 12,830,110	\$ 12,961,900	\$ 30,281,399	\$ 29,061,346
Capital assets, net	44,732,540	45,508,558	22,221,517	21,845,750	66,954,057	67,354,308
<b>Total Assets</b>	<b>62,183,829</b>	<b>61,608,004</b>	<b>35,051,627</b>	<b>34,807,650</b>	<b>97,235,456</b>	<b>96,415,654</b>
Deferred charge on refunding	251,852	288,961	25,012	-	276,864	288,961
Deferred outflows - pensions	2,458,125	1,088,428	362,445	183,120	2,820,570	1,271,548
Deferred outflows - OPEB	16,578	19,844	-	-	16,578	19,844
<b>Total Deferred Outflows of Resources</b>	<b>2,726,555</b>	<b>1,397,233</b>	<b>387,457</b>	<b>183,120</b>	<b>3,114,012</b>	<b>1,580,353</b>
Long-term liabilities	24,903,629	23,622,558	15,995,203	16,311,753	40,898,832	39,934,311
Other liabilities	986,336	981,760	1,297,293	1,134,277	2,283,629	2,116,037
<b>Total Liabilities</b>	<b>25,889,965</b>	<b>24,604,318</b>	<b>17,292,496</b>	<b>17,446,030</b>	<b>43,182,461</b>	<b>42,050,348</b>
Deferred inflows - pensions	74,444	803,565	95	143,388	74,539	946,953
Deferred inflows - OPEB	18,181	-	-	-	18,181	-
<b>Total Deferred Inflows of Resources</b>	<b>92,625</b>	<b>803,565</b>	<b>95</b>	<b>143,388</b>	<b>92,720</b>	<b>946,953</b>
<b>Net Position:</b>						
Net investment in capital assets	27,201,835	26,318,825	8,283,669	8,812,420	35,485,504	35,131,245
Restricted	4,672,760	4,757,197	3,145,604	2,674,389	7,818,364	7,431,586
Unrestricted	7,053,199	6,521,332	6,717,220	5,914,543	13,770,419	12,435,875
<b>Total Net Position</b>	<b>\$ 38,927,794</b>	<b>\$ 37,597,354</b>	<b>\$ 18,146,493</b>	<b>\$ 17,401,352</b>	<b>\$ 57,074,287</b>	<b>\$ 54,998,706</b>

A portion of the primary government's net position, \$7,818,364 or 14 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$13,770,419 or 24 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$2,075,581 as compared to the prior year. This increase is largely the result of increases in property tax revenue and investment earnings.

As of September 30, 2019, the City reported deferred outflows and inflows of resources related to its pension plan of \$2,820,570 and \$74,539, respectively. In addition, the City reported a net pension liability of \$6,491,143, which is part of the \$40,898,832 reported in long-term liabilities. The detail of these amounts is further discussed in the notes to the financial statements.

**CITY OF SEABROOK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

**Statement of Activities**

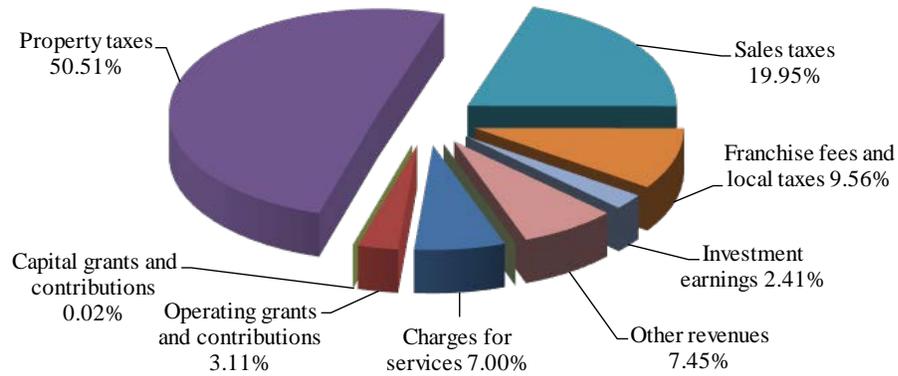
The following table provides a summary of the City's changes in net position:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>	<b>2019</b>	<b>2018</b>
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 973,666	\$ 1,035,570	\$ 7,905,427	\$ 8,000,219	\$ 8,879,093	\$ 9,035,789
Operating grants and contributions	432,945	487,907	-	-	432,945	487,907
Capital grants and contributions	2,453	294,298	303,446	427,662	305,899	721,960
General revenues:						
Property taxes	7,027,755	6,975,344	-	-	7,027,755	6,975,344
Sales taxes	2,776,366	2,946,279	-	-	2,776,366	2,946,279
Franchise fees and local taxes	1,329,757	1,426,481	298,573	299,010	1,628,330	1,725,491
Investment earnings	334,911	229,697	263,537	203,399	598,448	433,096
Other revenues	1,036,348	1,064,992	224,385	212,727	1,260,733	1,277,719
<b>Total Revenues</b>	<b>13,914,201</b>	<b>14,460,568</b>	<b>8,995,368</b>	<b>9,143,017</b>	<b>22,909,569</b>	<b>23,603,585</b>
<b>Expenses</b>						
General government	3,890,689	3,900,540	-	-	3,890,689	3,900,540
Public safety	7,124,146	6,629,558	-	-	7,124,146	6,629,558
Public works	2,509,691	2,438,285	-	-	2,509,691	2,438,285
Economic development	689,091	812,566	-	-	689,091	812,566
Interest and fiscal agent fees	543,882	592,887	-	-	543,882	592,887
Utilities	-	-	6,076,489	6,035,659	6,076,489	6,035,659
<b>Total Expenses</b>	<b>14,757,499</b>	<b>14,373,836</b>	<b>6,076,489</b>	<b>6,035,659</b>	<b>20,833,988</b>	<b>20,409,495</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenses</b>	<b>(843,298)</b>	<b>86,732</b>	<b>2,918,879</b>	<b>3,107,358</b>	<b>2,075,581</b>	<b>3,194,090</b>
Transfers	2,173,738	1,822,415	(2,173,738)	(1,822,415)	-	-
<b>Change in Net Position</b>	<b>1,330,440</b>	<b>1,909,147</b>	<b>745,141</b>	<b>1,284,943</b>	<b>2,075,581</b>	<b>3,194,090</b>
Beginning net position	37,597,354	35,688,207	17,401,352	16,116,409	54,998,706	51,804,616
<b>Ending Net Position</b>	<b>\$ 38,927,794</b>	<b>\$ 37,597,354</b>	<b>\$ 18,146,493</b>	<b>\$ 17,401,352</b>	<b>\$ 57,074,287</b>	<b>\$ 54,998,706</b>

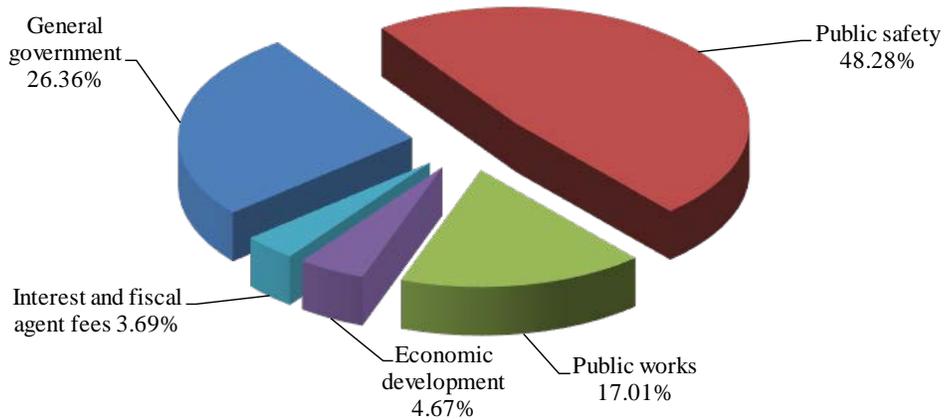
**CITY OF SEABROOK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

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

**Governmental Revenues**

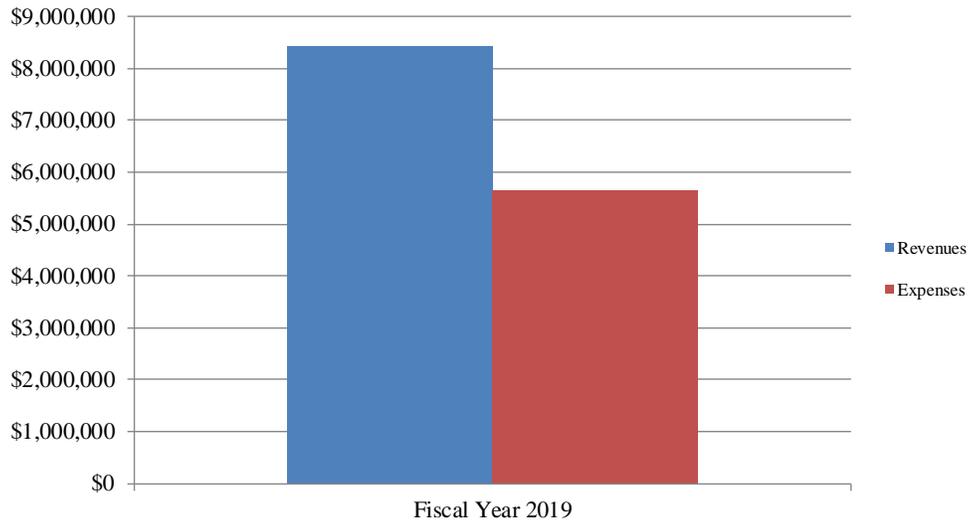


**Governmental Expenses**



**CITY OF SEABROOK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

**Business-Type Activities**



For the year ended September 30, 2019, revenues from governmental activities totaled \$13,914,201, which is a decrease of \$546,367 from the prior year. This decrease is primarily related to a decrease in sales tax revenue as a result of businesses closing due to the State Highway 146 project as well as decreases in capital grants and contributions related to decreases in assets purchased for governmental activities by others.

For the year ended September 30, 2019, expenses from governmental activities totaled \$14,757,499, which is an increase of \$383,663 from the prior year. This change can be attributed to increases in public safety and public works expenses. Public safety expenses increased in the current year primarily due to increases in new staff and salaries. Public works expenses primarily increased related to the hire of new employees, as well as new repair projects within the City.

Operating revenues for business-type activities decreased from the prior year. Charges for services decreased by \$94,792, or 1 percent, because of a decrease in water consumption during fiscal year 2019. Operating expenditures for business-type activities increased from the prior year. Utilities expenses increased by \$40,830 primarily due to increases in salaries and wages as well as new repair projects 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 \$15,043,924. Of this, \$130,221 is nonspendable, \$5,023,848 is restricted for various purposes, \$841,637 is committed for a stabilization fund to cover potential future budget shortfalls, \$1,600,000 is committed for a sound mitigation project, and \$522,655 is assigned for capital projects. The remaining balance of \$6,925,563 is unassigned in the general fund.

**CITY OF SEABROOK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

There was a net increase in the combined fund balance of \$726,053 compared to the prior year, primarily due to a sale of land within the general fund.

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 \$6,925,563, while total fund balance reached \$9,434,659. 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 62 percent of total general fund expenditures, while total fund balance represents 85 percent of the same amount. The general fund demonstrated an overall increase of \$500,593, primarily due to a sale of land.

The debt service fund has a total fund balance of \$1,795,562, 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 \$9,843, which is due to higher than anticipated interest income.

The fund balance in the capital projects fund was \$873,743, which is an increase of \$270,297 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 \$861,053 in the general fund. However, the net change in fund balance increased by \$481,358, resulting in a positive variance of \$1,342,411 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 \$416,912 during 2019. This variance is primarily due to an increase in other revenue sources than originally anticipated as well as more sales tax revenue than originally anticipated.

Actual expenditures were less than original and amended budgeted expenditures by \$456,372 during 2019. This variance is primarily due to less public safety expenses than anticipated as a result of decreases in costs related to the municipal court. This was offset by a positive variance in public works primarily related to projects that were budgeted for but did not take place in the fiscal year.

#### **CAPITAL ASSETS**

At the end of the current year, the City's governmental and business-type activities had invested \$44,732,540 and \$22,221,517, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net decrease of \$776,018 for governmental activities and a net increase of \$375,767 for business-type activities.

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

- Completion of the Brookwood Court and Lakepointe Forest Drive streets for \$329,405
- Police vehicles and related equipment for \$331,944

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

**CITY OF SEABROOK, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$32,116,195. Of this amount, \$18,225,000 was general obligation debt, \$2,039,000 was revenue bond debt, \$8,220,000 was certificates of obligation, and the remaining \$3,632,195 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 2020 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 \$14 million for the 2020 fiscal year. The 2020 budget incorporated the same tax rate as the 2019 fiscal year of \$0.5519831 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](http://www.seabrooktx.gov).

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***BASIC FINANCIAL STATEMENTS***

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# CITY OF SEABROOK, TEXAS

## STATEMENT OF NET POSITION

September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 15,913,688	\$ 2,485,568	\$ 18,399,256	\$ 2,858,674
Receivables, net of allowances	1,405,243	955,439	2,360,682	183,165
Due from component unit	2,137	-	2,137	-
Prepays and other assets	130,221	260	130,481	3,000
Restricted assets:				
Temporarily restricted cash and cash equivalents	-	9,388,843	9,388,843	-
	17,451,289	12,830,110	30,281,399	3,044,839
Capital assets:				
Nondepreciable capital assets	15,343,588	7,813,000	23,156,588	-
Depreciable capital assets, net	29,388,952	14,408,517	43,797,469	-
	44,732,540	22,221,517	66,954,057	-
<b>Total Assets</b>	62,183,829	35,051,627	97,235,456	3,044,839
<b><u>Deferred Outflows of Resources</u></b>				
Deferred charge on refunding	251,852	25,012	276,864	-
Deferred outflows - pensions	2,458,125	362,445	2,820,570	-
Deferred outflows - OPEB	16,578	-	16,578	-
<b>Total Deferred Outflows of Resources</b>	2,726,555	387,457	3,114,012	-
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	906,933	1,280,526	2,187,459	15,670
Due to primary government	-	-	-	2,137
Unearned revenue	41,125	-	41,125	-
Accrued bond interest	38,278	16,767	55,045	-
Noncurrent liabilities:				
Portion due within one year	1,871,301	778,442	2,649,743	-
Portion due in more than one year	23,032,328	15,216,761	38,249,089	-
<b>Total Liabilities</b>	25,889,965	17,292,496	43,182,461	17,807
<b><u>Deferred Inflows of Resources</u></b>				
Deferred inflows - pensions	74,444	95	74,539	-
Deferred inflows - OPEB	18,181	-	18,181	-
<b>Total Deferred Inflows of Resources</b>	92,625	95	92,720	-
<b><u>Net Position</u></b>				
Net investment in capital assets	27,201,835	8,283,669	35,485,504	-
Restricted for:				
Debt service	1,795,562	-	1,795,562	-
Public safety	1,309,781	-	1,309,781	-
Parks	143,741	-	143,741	-
Tourism	1,208,165	-	1,208,165	-
Governmental programming	200,964	-	200,964	-
Capital projects	-	3,145,604	3,145,604	-
Animal control	14,547	-	14,547	-
Economic development	-	-	-	3,027,032
Unrestricted	7,053,199	6,717,220	13,770,419	-
<b>Total Net Position</b>	\$ 38,927,794	\$ 18,146,493	\$ 57,074,287	\$ 3,027,032

See Notes to Financial Statements.

# CITY OF SEABROOK, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 3,890,689	\$ 126,093	\$ -	\$ -
Public safety	7,124,146	556,447	432,945	-
Public works	2,509,691	291,126	-	2,453
Economic development	689,091	-	-	-
Interest and fiscal agent fees	543,882	-	-	-
<b>Total Governmental Activities</b>	<u>14,757,499</u>	<u>973,666</u>	<u>432,945</u>	<u>2,453</u>
<b>Business-Type Activities</b>				
Utilities	6,076,489	7,905,427	-	303,446
<b>Total Business-Type Activities</b>	<u>6,076,489</u>	<u>7,905,427</u>	<u>-</u>	<u>303,446</u>
<b>Total Primary Government</b>	<u>\$ 20,833,988</u>	<u>\$ 8,879,093</u>	<u>\$ 432,945</u>	<u>\$ 305,899</u>
<b>Component Unit</b>				
Seabrook Economic Development Corp	\$ 1,338,805	\$ -	\$ -	\$ -
<b>Total Component Unit</b>	<u>\$ 1,338,805</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

- Property taxes
- Sales taxes
- Franchise fees and local taxes
- Other taxes
- Investment revenue
- Other revenues
- Gain on sale of capital asset
- Transfers

**Total General Revenues, and Transfers**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (3,764,596)	\$ -	\$ (3,764,596)	\$ -
(6,134,754)	-	(6,134,754)	-
(2,216,112)	-	(2,216,112)	-
(689,091)	-	(689,091)	-
(543,882)	-	(543,882)	-
<u>(13,348,435)</u>	<u>-</u>	<u>(13,348,435)</u>	<u>-</u>
-	2,132,384	2,132,384	-
-	2,132,384	2,132,384	-
<u>(13,348,435)</u>	<u>2,132,384</u>	<u>(11,216,051)</u>	<u>-</u>
-	-	-	(1,338,805)
-	-	-	(1,338,805)
7,027,755	-	7,027,755	-
2,776,366	-	2,776,366	902,077
834,213	298,573	1,132,786	-
495,544	-	495,544	-
334,911	263,537	598,448	72,581
659,939	224,385	884,324	1,200
376,409	-	376,409	-
2,173,738	(2,173,738)	-	-
<u>14,678,875</u>	<u>(1,387,243)</u>	<u>13,291,632</u>	<u>975,858</u>
1,330,440	745,141	2,075,581	(362,947)
<u>37,597,354</u>	<u>17,401,352</u>	<u>54,998,706</u>	<u>3,389,979</u>
<u>\$ 38,927,794</u>	<u>\$ 18,146,493</u>	<u>\$ 57,074,287</u>	<u>\$ 3,027,032</u>

# CITY OF SEABROOK, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2019

	General	Debt Service	Capital Projects	Nonmajor Governmental
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 9,401,440	\$ 1,795,247	\$ 875,272	\$ 2,667,022
Receivables, net	1,009,346	78,325	-	317,572
Due from other funds	-	317	-	36,153
Due from component unit	2,137	-	-	-
Prepaid items	67,459	-	-	62,762
<b>Total Assets</b>	<b>\$ 10,480,382</b>	<b>\$ 1,873,889</b>	<b>\$ 875,272</b>	<b>\$ 3,083,509</b>
<b><u>Liabilities</u></b>				
Accounts payable and accrued liabilities	\$ 675,063	\$ -	\$ 1,529	\$ 102,424
Due to other funds	36,470	-	-	-
Due to others	127,917	-	-	-
Unearned revenue	-	-	-	41,125
<b>Total Liabilities</b>	<b>839,450</b>	<b>-</b>	<b>1,529</b>	<b>143,549</b>
<b><u>Deferred Inflows of Resources</u></b>				
Unavailable revenue - property taxes	206,273	78,327	-	-
<b><u>Fund Balances</u></b>				
Nonspendable:				
Prepays	67,459	-	-	62,762
Restricted for:				
Debt service	-	1,795,562	-	-
Public safety	-	-	-	1,309,781
Parks	-	-	-	143,741
Tourism	-	-	-	1,208,165
Governmental programming	-	-	-	200,964
Animal control	-	-	-	14,547
Capital projects	-	-	351,088	-
Committed for:				
Stabilization fund	841,637	-	-	-
Sound mitigation project	1,600,000	-	-	-
Assigned for:				
Capital projects	-	-	522,655	-
Unassigned	6,925,563	-	-	-
<b>Total Fund Balances</b>	<b>9,434,659</b>	<b>1,795,562</b>	<b>873,743</b>	<b>2,939,960</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 10,480,382</b>	<b>\$ 1,873,889</b>	<b>\$ 875,272</b>	<b>\$ 3,083,509</b>

See Notes to Financial Statements.

**Total  
Funds**

\$ 14,738,981  
1,405,243  
36,470  
2,137  
130,221  
\$ 16,313,052

\$ 779,016  
36,470  
127,917  
41,125  
984,528  
  
284,600

130,221

1,795,562  
1,309,781  
143,741  
1,208,165  
200,964  
14,547  
351,088

841,637  
1,600,000

522,655  
6,925,563  
15,043,924

\$ 16,313,052

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**CITY OF SEABROOK, TEXAS**  
**RECONCILIATION OF THE GOVERNMENTAL**  
**FUNDS BALANCE SHEET TO THE**  
**STATEMENT OF NET POSITION**  
**September 30, 2019**

Total fund balances - governmental funds \$ 15,043,924

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	15,343,588
Capital assets, net depreciable	28,861,048

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

284,600

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

Unrestricted net position	1,174,707
Net investment in capital assets	527,904

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

Accrued interest payable	(38,278)
Deferred charge on refunding	251,852
Deferred outflows - pensions	2,458,125
Deferred inflows - pensions	(74,444)
Deferred outflows - OPEB	16,578
Deferred inflows - OPEB	(18,181)
Noncurrent liabilities due in one year	(1,871,301)
Noncurrent liabilities due in more than one year	(23,032,328)

<b>Net Position of Governmental Activities</b>	<b>\$ 38,927,794</b>
--	----------------------

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, 2019

	General	Debt Service	Capital Projects	Nonmajor Governmental
<b>Revenues</b>				
Property taxes	\$ 5,104,758	\$ 1,884,255	\$ -	\$ -
Sales taxes	1,947,035	-	-	829,331
Franchise fees and local taxes	792,656	-	-	41,557
Other taxes	-	-	-	495,544
Licenses and permits	291,126	-	-	-
Fines and forfeitures	510,511	-	-	45,936
Charges for services	84,266	-	-	41,827
Intergovernmental	432,945	-	-	2,453
Investment revenue	221,041	61,265	20,377	54,589
Other revenue	388,101	-	-	210,897
<b>Total Revenues</b>	9,772,439	1,945,520	20,377	1,722,134
<b>Expenditures</b>				
<b>Current:</b>				
General government	3,405,490	-	-	17,305
Public safety	5,641,744	-	-	750,161
Public works	2,060,525	-	-	54
Economic development	-	-	-	681,919
<b>Capital outlay</b>	-	-	100,825	118,628
<b>Debt service:</b>				
Principal	-	1,410,000	-	-
Interest and fiscal agent fees	-	525,677	-	-
<b>Total Expenditures</b>	11,107,759	1,935,677	100,825	1,568,067
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	(1,335,320)	9,843	(80,448)	154,067
<b>Other Financing Sources (Uses)</b>				
Refunding bonds issued	-	-	-	-
Sale of capital assets	496,578	-	-	-
Transfers in	1,690,080	-	350,745	-
Transfers (out)	(350,745)	-	-	(208,747)
<b>Total Other Financing Sources (Uses)</b>	1,835,913	-	350,745	(208,747)
<b>Net Change in Fund Balances</b>	500,593	9,843	270,297	(54,680)
Beginning fund balances	8,934,066	1,785,719	603,446	2,994,640
<b>Ending Fund Balances</b>	\$ 9,434,659	\$ 1,795,562	\$ 873,743	\$ 2,939,960

See Notes to Financial Statements.

**Total  
Funds**

\$	6,989,013
	2,776,366
	834,213
	495,544
	291,126
	556,447
	126,093
	435,398
	357,272
	598,998
	<u>13,460,470</u>
	3,422,795
	6,391,905
	2,060,579
	681,919
	219,453
	1,410,000
	<u>525,677</u>
	<u>14,712,328</u>
	<u>(1,251,858)</u>
	-
	496,578
	2,040,825
	<u>(559,492)</u>
	<u>1,977,911</u>
	726,053
	<u>14,317,871</u>
\$	<u><u>15,043,924</u></u>

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**CITY OF SEABROOK, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

Net changes in fund balances - total governmental funds \$ 726,053

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	1,111,861
Capital contributions	-
Disposal of capital assets, net	(128,077)
Depreciation expense	(1,759,802)

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	1,410,000
Amortization of premium	15,840
Amortization of deferred charges	(37,109)
Accrued interest	3,064

Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds. 38,742

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	(44,996)
Net pension liability	(2,665,888)
Total OPEB liability	3,973
Change in deferred outflows - pensions	(76,569)
Change in deferred inflows - pensions	2,175,387
Change in deferred outflows - OPEB	(3,266)
Change in deferred inflows - OPEB	(18,181)

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. 579,408

**Change in Net Position of Governmental Activities** \$ 1,330,440

See Notes to Financial Statements.

# CITY OF SEABROOK, TEXAS

## STATEMENT OF NET POSITION (Page 1 of 2)

### PROPRIETARY FUNDS

September 30, 2019

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Enterprise</b>	<b>Internal Service</b>
<b><u>Assets</u></b>		
<b>Current assets</b>		
Cash and cash equivalents	\$ 2,485,568	\$ 1,174,707
Accounts receivable (net of allowance for uncollectibles)	955,439	-
Restricted cash and cash equivalents	9,388,843	-
Prepaid expense	260	-
<b>Total Current Assets</b>	<b>12,830,110</b>	<b>1,174,707</b>
<b>Noncurrent assets</b>		
Capital assets:		
Land	1,605,575	-
Buildings	3,119,466	-
Infrastructure	20,081,226	-
Equipment	2,976,376	744,102
Construction in progress	6,207,425	-
Less accumulated depreciation	(11,768,551)	(216,198)
<b>Total Capital Assets (Net)</b>	<b>22,221,517</b>	<b>527,904</b>
<b>Total Noncurrent Assets</b>	<b>22,221,517</b>	<b>527,904</b>
<b>Total Assets</b>	<b>\$ 35,051,627</b>	<b>\$ 1,702,611</b>
<b><u>Deferred Outflows of Resources</u></b>		
Deferred charge on refunding	25,012	-
Deferred outflows - pensions	362,445	-
<b>Total Deferred Outflows of Resources</b>	<b>387,457</b>	<b>-</b>

**CITY OF SEABROOK, TEXAS**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**PROPRIETARY FUNDS**  
September 30, 2019

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Enterprise</b>	<b>Internal Service</b>
<b><u>Liabilities</u></b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 665,442	\$ -
Accrued interest payable	16,767	-
Customer deposits	615,084	-
Bonds payable - current	653,000	-
Notes payable - current	69,941	-
Compensated absences	55,501	-
	<b>2,075,735</b>	<b>-</b>
<b>Total Current Liabilities</b>		
<b>Noncurrent liabilities</b>		
Bonds payable - noncurrent (net of premiums and discounts)	10,680,440	-
Note payable - noncurrent	3,562,254	-
Net pension liability	930,382	-
Compensated absences	43,685	-
	<b>15,216,761</b>	<b>-</b>
<b>Total Noncurrent Liabilities</b>		
	<b>17,292,496</b>	<b>-</b>
<b>Total Liabilities</b>		
<b><u>Deferred Inflows of Resources</u></b>		
Deferred inflows - pensions	95	-
	<b>95</b>	<b>-</b>
<b>Total Deferred Inflows of Resources</b>		
<b><u>Net Position</u></b>		
Net investment in capital assets	8,283,669	527,904
Restricted for:		
Capital projects - impact fees	3,145,604	-
Unrestricted net position	6,717,220	1,174,707
	<b>18,146,493</b>	<b>1,702,611</b>
<b>Total Net Position</b>		
	<b>\$ 18,146,493</b>	<b>\$ 1,702,611</b>

See Notes to Financial Statements.

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

For the Year Ended September 30, 2019

	<b>Business-Type Activities Utility Enterprise</b>	<b>Governmental Activities Internal Service</b>
<b><u>Operating Revenues</u></b>		
Water service	\$ 3,001,018	\$ -
Sewer service	2,785,475	-
Sanitation service	2,118,934	-
Franchise fees	298,573	-
Other revenue	224,385	60,941
<b>Total Operating Revenues</b>	<b>8,428,385</b>	<b>60,941</b>
<b><u>Operating Expenses</u></b>		
Personnel services	1,275,871	-
Supplies and materials	46,779	-
Contractual services	3,272,818	-
Repairs and maintenance	443,870	-
Depreciation	600,061	168,956
<b>Total Operating Expenses</b>	<b>5,639,399</b>	<b>168,956</b>
<b>Operating Income (Loss)</b>	<b>2,788,986</b>	<b>(108,015)</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>		
Gain on sale of capital assets	-	29,831
Investment revenue	263,537	38,580
Interest expense and fiscal charges	(437,090)	-
<b>Total Nonoperating Revenues (Expenses)</b>	<b>(173,553)</b>	<b>68,411</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>2,615,433</b>	<b>(39,604)</b>
<b><u>Contributions and Transfers</u></b>		
Capital contribution - impact fees	303,446	88,661
Transfers in	-	692,405
Transfers (out)	(2,173,738)	-
<b>Total Contributions and Transfers</b>	<b>(1,870,292)</b>	<b>781,066</b>
<b>Change in Net Position</b>	<b>745,141</b>	<b>741,462</b>
Beginning net position	17,401,352	961,149
<b>Ending Net Position</b>	<b>\$ 18,146,493</b>	<b>\$ 1,702,611</b>

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, 2019

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Enterprise</b>	<b>Internal Service</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from customers and users	\$ 8,360,658	\$ 60,941
Payments to suppliers	(3,668,336)	-
Payments to employees	(1,181,546)	-
	<b>3,510,776</b>	<b>60,941</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Transfers from (to) other funds, net	(2,173,738)	692,405
	<b>(2,173,738)</b>	<b>692,405</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Acquisition and construction of capital assets	(975,828)	(331,010)
Proceeds from sale of capital assets	-	29,831
Interest and fiscal charges	(429,985)	-
Principal paid on capital debt	(697,805)	-
Capital contribution - impact fees	303,446	88,661
	<b>(1,800,172)</b>	<b>(212,518)</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest on investments	263,537	38,580
	<b>263,537</b>	<b>38,580</b>
	<b>263,537</b>	<b>38,580</b>
	<b>(199,597)</b>	<b>579,408</b>
	<b>(199,597)</b>	<b>579,408</b>
Cash and cash equivalents, beginning of year	12,074,008	595,299
	<b>12,074,008</b>	<b>595,299</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 11,874,411</b>	<b>\$ 1,174,707</b>
<b>Ending Cash and Cash Equivalents:</b>		
Unrestricted cash and cash equivalents	\$ 2,485,568	\$ 1,174,707
Restricted cash and cash equivalents	9,388,843	-
	<b>9,388,843</b>	<b>-</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 11,874,411</b>	<b>\$ 1,174,707</b>

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, 2019

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Enterprise</b>	<b>Internal Service</b>
<b>Reconciliation of Operating Income (Loss)</b>		
<b>to Net Cash Provided (Used) by Operating Activities</b>		
Operating income (Loss)	\$ 2,788,986	\$ (108,015)
<b>Adjustments to reconcile operating income (Loss)</b>		
<b>to net cash provided by operating activities:</b>		
Depreciation	600,061	168,956
<b>Changes in Operating Assets and Liabilities:</b>		
<b>(Increase) Decrease in Current Assets:</b>		
Accounts receivable	(67,727)	-
Prepays	(80)	-
Deferred outflows - pensions	(179,325)	-
<b>Increase (Decrease) in Current Liabilities:</b>		
Accounts payable and accrued liabilities	60,642	-
Compensated absences	(13,175)	-
Customer deposits	36,031	-
Net pension liability	430,118	-
Deferred inflows - pensions	(143,293)	-
	<b>\$ 3,510,776</b>	<b>\$ 60,941</b>
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 3,510,776</b>	<b>\$ 60,941</b>

See Notes to Financial Statements.

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# **CITY OF SEABROOK, TEXAS**

## **NOTES TO FINANCIAL STATEMENTS**

**For the Year Ended September 30, 2019**

### **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, 2019**

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, 2019**

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:

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

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

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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, 2019

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

**1. Cash and Cash Equivalents**

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

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

**2. Investments**

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

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

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

**3. Inventories and Prepaid Items**

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, 2019**

**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:

<b>Asset Description</b>	<b>Estimated Useful Life</b>
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. 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.

Deferred outflows/inflows of resources are amortized as follows:

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

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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 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.

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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

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

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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

**G. Revenues and Expenditures/Expenses**

**1. Program Revenues**

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

**2. Property Taxes**

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

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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, 2019. 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, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 30,328,030	0.09
<b>Total</b>	<b>\$ 30,328,030</b>	
Portfolio weighted average maturity		0.09

*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, 2019, the City’s investment in TexPool was rated “AAAm” by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2019, fair market values of pledged securities and FDIC coverage exceeded bank balances.

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

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

**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.

**Governmental Funds**

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Component Unit</u>
Property taxes	\$ 323,322	\$ 124,204	\$ -	\$ -
Sales taxes	366,313	-	151,854	182,805
Franchise fees	76,978	-	10,193	-
Other taxes	38,868	-	147,406	-
Other receivables	320,915	-	8,119	360
Less allowance	(117,050)	(45,879)	-	-
	<u>\$ 1,009,346</u>	<u>\$ 78,325</u>	<u>\$ 317,572</u>	<u>\$ 183,165</u>

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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	\$ 206,273	\$ -
Delinquent property taxes receivable - debt service fund	78,327	-
Grants and revenues prior to meeting all eligibility requirements	-	41,125
<b>Total</b>	\$ 284,600	\$ 41,125

**C. Capital Assets**

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

	<b>Primary Government</b>			
	<b>Beginning Balance</b>	<b>Increases</b>	<b>(Decreases)/ Reclassifications</b>	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 14,566,587	\$ 190,729	\$ (150,000)	\$ 14,607,316
Construction in progress	667,285	398,392	(329,405)	736,272
<b>Total capital assets not being depreciated</b>	15,233,872	589,121	(479,405)	15,343,588
Other capital assets:				
Infrastructure	24,552,486	266,740	-	24,819,226
Buildings and improvements	19,247,722	-	-	19,247,722
Machinery and equipment	9,392,078	735,405	(309,134)	9,818,349
<b>Total other capital assets</b>	53,192,286	1,002,145	(309,134)	53,885,297
Less accumulated depreciation for:				
Infrastructure	(11,495,810)	(538,570)	-	(12,034,380)
Buildings and improvements	(5,301,834)	(501,723)	10,837	(5,792,720)
Machinery and equipment	(6,119,956)	(719,509)	170,220	(6,669,245)
<b>Total accumulated depreciation</b>	(22,917,600)	(1,759,802)	181,057	(24,496,345)
Other capital assets, net	30,274,686	(757,657)	(128,077)	29,388,952
<b>Governmental Activities Capital Assets, Net</b>	\$ 45,508,558	\$ (168,536)	\$ (607,482)	44,732,540
			Plus deferred loss on refunding	251,852
			Plus unspent bond proceeds	351,088
			Less associated debt	(18,133,645)
			<b>Net Investment in Capital Assets</b>	<b>\$ 27,201,835</b>

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

Depreciation was charged to governmental functions as follows:

General government	\$	410,388
Public safety		461,512
Public works		887,902
<b>Total Governmental Activities Depreciation Expense</b>		<u><u>\$ 1,759,802</u></u>

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Old Seabrook	\$ 370,604	\$ 505,998	\$ (135,394)
Department of Transportation weigh station	325,848	446	325,402
Marvin Circle	318,779	229,828	88,951
	<u><u>\$ 1,015,231</u></u>	<u><u>\$ 736,272</u></u>	<u><u>\$ 278,959</u></u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 1,605,575	\$ -	\$ -	\$ 1,605,575
Construction in progress	5,319,232	888,618	(425)	6,207,425
<b>Total capital assets not         being depreciated</b>	<u>6,924,807</u>	<u>888,618</u>	<u>(425)</u>	<u>7,813,000</u>
Other capital assets:				
Water and sewer system	20,081,226	-	-	20,081,226
Buildings and improvements	3,119,466	-	-	3,119,466
Machinery and equipment	2,928,926	112,066	(64,616)	2,976,376
<b>Total other capital assets</b>	<u>26,129,618</u>	<u>112,066</u>	<u>(64,616)</u>	<u>26,177,068</u>
Less accumulated depreciation for:				
Water and sewer system	(7,139,751)	(400,813)		(7,540,564)
Buildings and improvements	(2,012,186)	(79,952)		(2,092,138)
Machinery and equipment	(2,056,738)	(123,587)	44,476	(2,135,849)
<b>Total accumulated depreciation</b>	<u>(11,208,675)</u>	<u>(604,352)</u>	<u>44,476</u>	<u>(11,768,551)</u>
Other capital assets, net	14,920,943	(492,286)	(20,140)	14,408,517
<b>Business-Type Activities         Capital Assets, Net</b>	<u><u>\$ 21,845,750</u></u>	<u><u>\$ 396,332</u></u>	<u><u>\$ (20,565)</u></u>	<u><u>22,221,517</u></u>
			Plus unspent bond proceeds	1,027,787
			Less associated debt	(14,965,635)
			<b>Net Investment in Capital Assets</b>	<u><u>\$ 8,283,669</u></u>

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

Depreciation was charged to business-type functions as follows:

Water and sewer	\$	604,352
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$</b>	<b><u>604,352</u></b>

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	\$ 70,000	\$ 6,300	\$ 63,700
Pine Gully treatment plant	703,700	635,229	68,471
Todville sewer line	2,476,150	1,143,488	1,332,662
SH146 utility relocation	4,100,971	4,029,476	71,495
Water line expansions	2,075,699	392,932	1,682,767
	\$ 9,356,520	\$ 6,207,425	\$ 3,149,095

**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.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
<b>Governmental Activities:</b>					
Direct borrowings/placements:					
General obligation bonds	\$ 18,710,000	\$ -	\$ (1,350,000)	\$ 17,360,000	\$ 1,380,000
Certificates of obligation	600,000	-	(60,000)	540,000	60,000
Deferred amounts:					
For issuance discounts/premiums	249,485	-	(15,840)	233,645	-
	19,559,485	-	(1,425,840)	18,133,645 *	1,440,000
Other liabilities:					
Net pension liability	2,894,873	2,665,888	-	5,560,761	-
Total OPEB liability	260,796	-	(3,973)	256,823	-
Compensated absences	907,404	326,548	(281,552)	952,400	431,301
	23,622,558	2,992,436	(1,711,365)	24,903,629	1,871,301
<b>Total Governmental Activities</b>	<b>\$ 23,622,558</b>	<b>\$ 2,992,436</b>	<b>\$ (1,711,365)</b>	<b>\$ 24,903,629</b>	<b>\$ 1,871,301</b>
				<b>Long-term debt due in more than one year</b>	<b>\$ 23,032,328</b>
				<b>*Debt associated with governmental activities capital assets</b>	<b>\$ 18,133,645</b>

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Business-Type Activities:</b>					
Direct borrowings/placements:					
Note - State loan	\$ 3,700,000	\$ -	\$ (67,805)	\$ 3,632,195	\$ 69,941
Revenue bonds	2,209,000	-	(170,000)	2,039,000	183,000
Bonds, notes, and other payables:					
General obligation bonds	1,000,000	-	(135,000)	865,000	140,000
Certificates of obligation	8,005,000	-	(325,000)	7,680,000	330,000
Deferred amounts:					
For issuance discounts/premiums	785,128	-	(35,688)	749,440	-
	<u>15,699,128</u>	<u>-</u>	<u>(733,493)</u>	<u>14,965,635</u>	<u>722,941</u>
Other liabilities:					
Net pension liability	500,264	430,118	-	930,382	-
Compensated absences	112,361	53,580	(66,755)	99,186	55,501
<b>Total Business-Type Activities</b>	<u>\$ 16,311,753</u>	<u>\$ 483,698</u>	<u>\$ (800,248)</u>	<u>\$ 15,995,203</u>	<u>\$ 778,442</u>
				<u>\$ 15,216,761</u>	
				<u>\$ 14,965,635</u>	

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

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

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

The following is a summary of the terms of general obligation bonds, certificates of obligation, and revenue bonds outstanding as of September 30, 2019:

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<b><u>Governmental Activities</u></b>		
<b>General Obligation Bonds</b>		
Series 2003	4.40%	\$ 2,085,000
Series 2013 refunding	1.86%	2,890,000
Series 2015	2.00-3.25%	7,395,000
Series 2017 refunding	1.96%	4,990,000
<b>Total General Obligation Bonds</b>		<u>17,360,000</u>
<b>Certificates of Obligation</b>		
Series 2010	3.642%	540,000
<b>Total Certificates of Obligation</b>		<u>540,000</u>
<b>Total Governmental Activities Long-Term Debt</b>		<u>\$ 17,900,000</u>
<b><u>Business-Type Activities</u></b>		
<b>General Obligation Bonds</b>		
Series 2013 refunding	1.86%	\$ 865,000
<b>Total General Obligation Bonds</b>		<u>865,000</u>
<b>Certificates of Obligation</b>		
Series 2016	2.13%	2,060,000
Series 2016A	2.00%	5,620,000
<b>Total Certificates of Obligation</b>		<u>7,680,000</u>
<b>Revenue Bonds</b>		
Series 2003 refunding	4.45%	830,000
Series 2008	4.12%	1,209,000
<b>Total Revenue Bonds</b>		<u>2,039,000</u>
<b>State Loan</b>		
State Infrastructure Bank Loan 2018	3.15%	\$ 3,632,195
<b>Total State Loan</b>		<u>3,632,195</u>
<b>Total Business-Type Activities Long-Term Debt</b>		<u>\$ 14,216,195</u>

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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

Year Ending	Governmental Activities		Business-Type Activities		Business-Type Activities	
	Direct borrowings/placement:		Direct borrowings/placement:			
	Principal	Interest	Principal	Interest	Principal	Interest
2020	\$ 1,440,000	\$ 480,450	\$ 252,941	\$ 200,059	\$ 470,000	\$ 269,967
2021	1,480,000	444,004	263,144	189,868	475,000	260,562
2022	1,515,000	406,337	274,416	179,261	485,000	251,056
2023	1,555,000	367,539	372,460	166,767	495,000	239,494
2024	1,595,000	326,280	386,735	152,501	510,000	227,689
2025-2029	6,435,000	1,032,540	1,994,801	506,220	2,110,000	954,757
2030-2034	3,880,000	366,105	1,107,952	249,868	1,680,000	636,141
2035-2039	-	-	1,018,746	65,425	1,595,000	341,400
2040-2042	-	-	-	-	725,000	43,800
<b>Total</b>	<b>\$ 17,900,000</b>	<b>\$ 3,423,255</b>	<b>\$ 5,671,195</b>	<b>\$ 1,709,969</b>	<b>\$ 8,545,000</b>	<b>\$ 3,224,866</b>

**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	\$ 317
Nonmajor governmental	General	36,153
	<b>Total</b>	<b>\$ 36,470</b>

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	350,745
Utility	General	1,690,080
Utility	Internal service	483,658
Nonmajor governmental	Internal service	208,747
	<b>Total</b>	<b>\$ 2,733,230</b>

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

Transfers to the general fund from the utility fund were subsidies for administrative expenditures. Other transfers between funds are utilized to move unrestricted fund revenues to finance various programs that must be accounted for in other funds in accordance with budgetary authorizations, including amounts provided as matching funds for grant programs and governmental expenditures.

**F. Restricted Assets**

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

**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, 2019, 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 887 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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"). Although the Governor, with the advice and consent of the

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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](http://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:

	<u>2019</u>	<u>2018</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20 100% Repeating	60/5, 0/20 100% Repeating
Updated service credit	Transfers	Transfers
Annuity increase (to retirees)	30% of CPI Repeating	30% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	73
Inactive employees entitled to, but not yet receiving, benefits	40
Active employees	95
<b>Total</b>	<u><u>208</u></u>

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, 2019**

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 15.57 percent and 15.96 percent in calendar years 2019 and 2018, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2019 were \$1,046,439, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018 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, 2018 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, 2019

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%	4.30%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.39%
Real Return	10.00%	3.78%
Real Estate	10.00%	4.44%
Absolute Return	10.00%	3.56%
Private Equity	5.00%	7.75%
<b>Total</b>	<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	\$ 1,039,984	\$ -	\$ 1,039,984
Interest	2,378,239	-	2,378,239
Changes in current period benefits	-	-	-
Difference between expected and actual experience	136,392	-	136,392
Changes in assumptions	-	-	-
Contributions - employer	-	1,001,258	(1,001,258)
Contributions - employee	-	439,538	(439,538)
Net investment income	-	(962,606)	962,606
Benefit payments, including refunds of employee contributions	(1,652,132)	(1,652,132)	-
Administrative expense	-	(18,609)	18,609
Other changes	-	(972)	972
<b>Net Changes</b>	<u>1,902,483</u>	<u>(1,193,523)</u>	<u>3,096,006</u>
Balance at December 31, 2017	35,539,241	32,144,104	3,395,137
<b>Balance at December 31, 2018</b>	<u>\$ 37,441,724</u>	<u>\$ 30,950,581</u>	<u>\$ 6,491,143</u>

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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:

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's Net Pension Liability	\$ 11,460,950	\$ 6,491,143	\$ 2,372,296

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](http://www.tmr.com).

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

For the fiscal year ended September 30, 2019, the City recognized net pension expense of \$1,723,565.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ 311,172	\$ 74,539
Changes in actuarial assumptions	93,081	-
Difference between projected and actual investment earnings	1,654,322	-
Contributions subsequent to the measurement date	761,995	-
<b>Total</b>	<b>\$ 2,820,570</b>	<b>\$ 74,539</b>

\$761,995 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, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended September 30:</b>	<b>Pension Expense</b>
2019	\$ 809,547
2020	297,185
2021	232,790
2022	644,515
2023	-
Thereafter	-
<b>Total</b>	<b>\$ 1,984,037</b>

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

**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, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	51
Inactive employees entitled to, but not yet receiving, benefits	1
Active employees	<u>95</u>
<b>Total</b>	<b><u>147</u></b>

Total OPEB Liability

The City’s total OPEB liability of \$256,823 was measured as of December 31, 2018 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, 2019**

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 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	3.71%*
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, 2018.

The actuarial assumptions used in the December 31, 2018 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

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 10,638
Interest	8,777
Differences between expected and actual experience	(1,835)
Changes of assumptions	(19,676)
Benefit payments*	(1,877)
	<b>Net Changes</b>
	(3,973)
Beginning balance	260,796
	<b>Ending Balance</b>
	<b>\$ 256,823</b>

\* 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, 2019

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:

	<b>1% Decrease in Discount Rate (2.71%)</b>	<b>Discount Rate (3.71%)</b>	<b>1% Increase in Discount Rate (4.71%)</b>
City's Total OPEB Liability	\$ 309,657	\$ 256,823	\$ 215,634

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

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 15,112	\$ 16,630
Difference between expected and actual experience	-	1,551
Contributions subsequent to the measurement date	1,466	-
<b>Total</b>	<b>\$ 16,578</b>	<b>\$ 18,181</b>

\$1,466 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, 2020.

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

<b>Year Ended September 30</b>	<b>OPEB Expense</b>
2020	\$ 58
2021	58
2022	58
2023	58
2024	(1,769)
Thereafter	(1,532)
<b>Total</b>	<b>\$ (3,069)</b>

**E. Tax Abatements and Economic Incentives**

The City and 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,

**CITY OF SEABROOK, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

economic impact, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses into the City. Agreements generally contain recapture provisions which mandate repayment or termination if recipients do not meet the required provisions of the economic incentives.

Programs may rebate a flat amount or percentage of property taxes or sales taxes that are received by the City or the Corporation. 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 Corporation has granted the following incentive agreements:

The Corporation agreed to rebate one-half of one percent sales tax payable to Corporation 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 2019, the Corporation rebated \$25,581 in sales tax paid by The Asparagus Group, LLC.

The Corporation agreed to rebate the amount of Corporation 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 2019, the Corporation rebated \$4,470 in sales taxes paid by Merloaded LLC.

The Corporation agreed to rebate the amount of Corporation 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. During fiscal year 2019, the Corporation rebated \$2,788 in sales taxes paid by the Business.

***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, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2018 Actual
<b>Revenues</b>					
Property taxes	\$ 5,225,619	\$ 5,225,619	\$ 5,104,758	\$ (120,861)	\$ 5,088,483
Sales taxes	1,789,038	1,789,038	1,947,035	157,997	2,054,703
Franchise fees	750,000	750,000	792,656	42,656	781,063
Licenses and permits	326,500	326,500	291,126	(35,374)	392,499
Fines and forfeitures	469,100	469,100	510,511	41,411	472,956
Charges for services	65,500	65,500	84,266	18,766	86,671
Intergovernmental	398,435	398,435	432,945	34,510	487,907
Investment revenue	178,600	178,600	201,806	23,206	124,662
Other revenue	133,500	133,500	388,101	254,601	840,706
<b>Total Revenues</b>	<b>9,336,292</b>	<b>9,336,292</b>	<b>9,753,204</b>	<b>416,912</b>	<b>10,329,650</b>
<b>Expenditures</b>					
General government:					
Legislative	261,070	261,070	245,921	15,149	226,784
Administrative	1,199,365	1,199,365	1,210,583	(11,218)	1,097,376
Information technology	426,226	426,226	429,353	(3,127)	349,912
Nondepartmental	1,057,127	1,057,127	967,714	89,413	1,233,786
Community development	560,394	560,394	551,919	8,475	576,200
Total general government	<b>3,504,182</b>	<b>3,504,182</b>	<b>3,405,490</b>	<b>98,692</b>	<b>3,484,058</b>
Public safety:					
Public safety	4,616,939	4,616,939	4,625,080	(8,141)	4,170,685
Emergency management	212,841	212,841	157,871	54,970	157,650
Animal control	186,669	186,669	184,852	1,817	153,964
DOT-CVE	348,907	348,907	294,738	54,169	321,935
Municipal court	474,725	474,725	379,083	95,642	426,453
Hurricane Harvey	120	120	120	-	124,963
Total public safety	<b>5,840,201</b>	<b>5,840,201</b>	<b>5,641,744</b>	<b>198,457</b>	<b>5,355,650</b>
Public works:					
Parks	851,017	851,017	798,363	52,654	816,527
Public works	1,368,731	1,368,731	1,262,162	106,569	1,359,320
Total public works	<b>2,219,748</b>	<b>2,219,748</b>	<b>2,060,525</b>	<b>159,223</b>	<b>2,175,847</b>
<b>Total Expenditures</b>	<b>11,564,131</b>	<b>11,564,131</b>	<b>11,107,759</b>	<b>456,372</b>	<b>11,015,555</b>
<b>(Deficiency) of Revenues</b>					
<b>(Under) Expenditures</b>					
	(2,227,839)	(2,227,839)	(1,354,555)	873,284	(685,905)

**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, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b>Other Financing Sources (Uses)</b>					
Sale of capital assets	\$ -	\$ -	\$ 496,578	\$ 496,578	\$ -
Transfers in	\$ 1,717,531	\$ 1,717,531	\$ 1,690,080	\$ (27,451)	\$ 1,829,915
Transfers (out)	(350,745)	(350,745)	(350,745)	-	(522,183)
<b>Total Other Financing Sources</b>	<u>1,366,786</u>	<u>1,366,786</u>	<u>1,835,913</u>	<u>469,127</u>	<u>1,307,732</u>
<b>Net Change in Fund Balance</b>	<u>\$ (861,053)</u>	<u>\$ (861,053)</u>	481,358	<u>\$ 1,342,411</u>	<u>\$ 621,827</u>
Beginning fund balance			<u>8,111,664</u>		
<b>Ending Fund Balance</b>			<u>\$ 8,593,022</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	841,637
	<u>\$ 9,434,659</u>

**CITY OF SEABROOK, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2019**

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
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)
<b>Net Change in Total Pension Liability</b>	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
<b>Ending Total Pension Liability</b>	<u>\$ 30,123,993</u>	<u>\$ 32,392,531</u>	<u>\$ 34,384,801</u>	<u>\$ 35,539,241</u>
<b>Plan Fiduciary Net Position</b>				
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)
<b>Net Change in Plan Fiduciary Net Position</b>	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
<b>Ending Plan Fiduciary Net Position</b>	<u>\$ 27,681,796</u>	<u>\$ 27,406,853</u>	<u>\$ 28,839,461</u>	<u>\$ 32,144,104</u>
<b>Net Pension Liability</b>	<u>\$ 2,442,197</u>	<u>\$ 4,985,678</u>	<u>\$ 5,545,340</u>	<u>\$ 3,395,137</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	91.89%	84.61%	83.87%	90.45%
<b>Covered Payroll</b>	\$ 5,413,615	\$ 5,415,949	\$ 5,887,247	\$ 6,210,964
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	45.11%	92.06%	94.19%	54.66%

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

**Measurement**

**Year\***

**2018**

\$	1,039,984
	2,378,239
	-
	136,392
	-
	<u>(1,652,132)</u>
	1,902,483
	35,539,241
\$	<u><u>37,441,724</u></u>

\$	1,001,258
	439,538
	(962,606)
	(1,652,132)
	(18,609)
	(972)
	<u>(1,193,523)</u>
	32,144,104
\$	<u><u>30,950,581</u></u>

\$ 6,491,143

82.66%

\$ 6,257,427

103.74%

**CITY OF SEABROOK, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2019**

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

\*Only six years of information is currently available. The City will build this schedule over the next four-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	27 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 2015 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.

<b>Fiscal Year</b>	
<b>2018</b>	<b>2019</b>
\$ 976,004	\$ 1,046,439
<u>(976,004)</u>	<u>(1,046,439)</u>
<u>\$ -</u>	<u>\$ -</u>
\$ 6,178,270	\$ 6,670,165
15.80%	15.69%

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**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, 2019**

	Measurement Year*	
	2017	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 9,316	\$ 10,638
Interest (on the total pension liability)	8,566	8,777
Difference between expected and actual experience	-	(1,835)
Change in assumptions	21,889	(19,676)
Benefit payments	(1,863)	(1,877)
<b>Net Change in Total OPEB Liability</b>	<u>37,908</u>	<u>(3,973)</u>
Beginning total OPEB liability	222,888	260,796
<b>Ending Total OPEB Liability</b>	<u><u>\$ 260,796</u></u>	<u><u>\$ 256,823</u></u>
<b>Covered Payroll</b>	\$ 6,210,964	\$ 6,257,427
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	4.20%	4.10%

\*Only two years of information are currently available. The City will build this schedule over the next eight-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	3.71%
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, 2018.

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

There were no benefit changes during the year.

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***COMBINING STATEMENTS  
AND SCHEDULES***

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

For the Year Ended September 30, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2018 Actual
<b>Revenues</b>					
Property taxes	\$ 1,954,062	\$ 1,954,062	\$ 1,884,255	\$ (69,807)	\$ 1,887,881
Investment revenue	31,044	31,044	61,265	30,221	42,886
<b>Total Revenues</b>	1,985,106	1,985,106	1,945,520	(39,586)	1,930,767
<b>Expenditures</b>					
Debt service:					
Principal	1,410,000	1,410,000	1,410,000	-	1,345,000
Interest and fiscal agent fees	527,062	527,062	525,677	1,385	583,780
Bond issuance cost	-	-	-	-	-
Refunding contribution	-	-	-	-	-
<b>Total Expenditures</b>	1,937,062	1,937,062	1,935,677	1,385	1,928,780
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	48,044	48,044	9,843	(38,201)	1,987
<b>Other Financing Sources (Uses)</b>					
Bonds issued	-	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-	-
<b>Total Other Financing Sources</b>	-	-	-	-	-
<b>Net Change in Fund Balance</b>	\$ 48,044	\$ 48,044	9,843	\$ (38,201)	\$ 1,987
Beginning fund balance			1,785,719		
<b>Ending Fund Balance</b>			\$ 1,795,562		

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**CITY OF SEABROOK, TEXAS**  
*NONMAJOR GOVERNMENTAL FUNDS*

**SPECIAL REVENUE FUNDS**

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

**Hotel/Motel Occupancy Tax Fund**

This fund is used to account for revenues generated from a hotel 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, 2019

#### Special Revenue Funds

	<u>Hotel and Motel Occupancy Tax</u>	<u>Municipal Court Programs</u>	<u>Park Improvement Fees</u>	<u>Crime Control and Prevention District</u>
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 1,149,649	\$ 68,831	\$ 144,588	\$ 767,494
Receivables, net	147,406	-	-	151,854
Due from other funds	-	-	-	36,153
Prepaid items	62,762	-	-	-
<b>Total Assets</b>	<b>\$ 1,359,817</b>	<b>\$ 68,831</b>	<b>\$ 144,588</b>	<b>\$ 955,501</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 47,765	\$ 4,662	\$ 847	\$ 47,869
Unearned revenue	41,125	-	-	-
<b>Total Liabilities</b>	<b>88,890</b>	<b>4,662</b>	<b>847</b>	<b>47,869</b>
Fund balances:				
Nonspendable:				
Prepays	62,762	-	-	-
Restricted for:				
Public safety	-	64,169	-	907,632
Parks	-	-	143,741	-
Tourism	1,208,165	-	-	-
Governmental programming	-	-	-	-
Animal control	-	-	-	-
<b>Total Fund Balances</b>	<b>1,270,927</b>	<b>64,169</b>	<b>143,741</b>	<b>907,632</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,359,817</b>	<b>\$ 68,831</b>	<b>\$ 144,588</b>	<b>\$ 955,501</b>

**Special Revenue Funds**

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<b>Public Safety Programs</b>	<b>Cable PEG Fees</b>	<b>Animal Control</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 331,142	\$ 190,771	\$ 14,547	\$ 2,667,022
8,119	10,193	-	317,572
-	-	-	36,153
-	-	-	62,762
<hr/>	<hr/>	<hr/>	<hr/>
\$ 339,261	\$ 200,964	\$ 14,547	\$ 3,083,509
<hr/>	<hr/>	<hr/>	<hr/>
\$ 1,281	\$ -	\$ -	\$ 102,424
-	-	-	41,125
<hr/>	<hr/>	<hr/>	<hr/>
1,281	-	-	143,549
<hr/>	<hr/>	<hr/>	<hr/>
-	-	-	62,762
337,980	-	-	1,309,781
-	-	-	143,741
-	-	-	1,208,165
-	200,964	-	200,964
-	-	14,547	14,547
<hr/>	<hr/>	<hr/>	<hr/>
337,980	200,964	14,547	2,939,960
<hr/>	<hr/>	<hr/>	<hr/>
\$ 339,261	\$ 200,964	\$ 14,547	\$ 3,083,509
<hr/>	<hr/>	<hr/>	<hr/>

**CITY OF SEABROOK, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2019**

**Special Revenue Funds**

	<b>Hotel and Motel Occupancy Tax</b>	<b>Municipal Court Programs</b>	<b>Park Improvement Fees</b>	<b>Crime Control and Prevention District</b>
<b>Revenues</b>				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 829,331
Franchise fees	-	-	-	-
Hotel occupancy tax	495,544	-	-	-
Fines and forfeitures	-	20,378	-	-
Charges for services	-	-	41,827	-
Intergovernmental	-	-	-	-
Investment revenue	24,239	1,196	3,512	14,932
Other revenue	99,140	-	-	1,205
<b>Total Revenues</b>	<b>618,923</b>	<b>21,574</b>	<b>45,339</b>	<b>845,468</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	-	-	-	-
Public safety	-	17,887	-	690,603
Economic development	661,582	-	20,337	-
<b>Capital outlay</b>	<b>-</b>	<b>-</b>	<b>12,290</b>	<b>-</b>
<b>Total Expenditures</b>	<b>661,582</b>	<b>17,887</b>	<b>32,627</b>	<b>690,603</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(42,659)</b>	<b>3,687</b>	<b>12,712</b>	<b>154,865</b>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	-	(7,500)	-	(201,247)
<b>Total Other Financing (Uses)</b>	<b>-</b>	<b>(7,500)</b>	<b>-</b>	<b>(201,247)</b>
<b>Net Change in Fund Balances</b>	<b>(42,659)</b>	<b>(3,813)</b>	<b>12,712</b>	<b>(46,382)</b>
Beginning fund balances	1,313,586	67,982	131,029	954,014
<b>Ending Fund Balances</b>	<b>\$ 1,270,927</b>	<b>\$ 64,169</b>	<b>\$ 143,741</b>	<b>\$ 907,632</b>

**Special Revenue Funds**

<b>Public Safety Programs</b>	<b>Cable PEG Fees</b>	<b>Animal Control</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 829,331
-	41,557	-	41,557
-	-	-	495,544
25,558	-	-	45,936
-	-	-	41,827
2,453	-	-	2,453
7,265	3,427	18	54,589
104,516	-	6,036	210,897
<u>139,792</u>	<u>44,984</u>	<u>6,054</u>	<u>1,722,134</u>
-	17,305	-	17,305
41,671	-	-	750,161
-	-	-	681,919
106,338	-	-	118,628
<u>148,009</u>	<u>17,305</u>	<u>54</u>	<u>1,568,067</u>
<u>(8,217)</u>	<u>27,679</u>	<u>6,000</u>	<u>154,067</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,747)</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>(208,747)</u>
(8,217)	27,679	6,000	(54,680)
<u>346,197</u>	<u>173,285</u>	<u>8,547</u>	<u>2,994,640</u>
<u>\$ 337,980</u>	<u>\$ 200,964</u>	<u>\$ 14,547</u>	<u>\$ 2,939,960</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, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b><u>Revenues</u></b>					
Hotel occupancy tax	\$ 542,179	\$ 542,179	\$ 495,544	\$ (46,635)	\$ 602,973
Investment revenue	7,492	7,492	24,239	16,747	17,608
Other revenue	200,573	200,573	99,140	(101,433)	101,237
<b>Total Revenues</b>	<u>750,244</u>	<u>750,244</u>	<u>618,923</u>	<u>(131,321)</u>	<u>721,818</u>
<b><u>Expenditures</u></b>					
<b>Current:</b>					
Economic development	729,858	729,858	661,582	68,276	767,733
<b>Total Expenditures</b>	<u>729,858</u>	<u>729,858</u>	<u>661,582</u>	<u>68,276</u>	<u>767,733</u>
<b>Net Change in Fund Balance</b>	<u>\$ 20,386</u>	<u>\$ 20,386</u>	(42,659)	<u>\$ (63,045)</u>	<u>\$ (45,915)</u>
Beginning fund balance			<u>1,313,586</u>		
<b>Ending Fund Balance</b>			<u>\$ 1,270,927</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, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b><u>Revenues</u></b>					
Fines and forfeitures	\$ 7,000	\$ 7,000	\$ 20,378	\$ 13,378	\$ 16,899
Investment revenue	582	582	1,196	614	777
<b>Total Revenues</b>	<u>7,582</u>	<u>7,582</u>	<u>21,574</u>	<u>13,992</u>	<u>17,676</u>
<b><u>Expenditures</u></b>					
<b>Current:</b>					
Public safety	25,000	25,000	17,887	7,113	13,678
<b>Total Expenditures</b>	<u>25,000</u>	<u>25,000</u>	<u>17,887</u>	<u>7,113</u>	<u>13,678</u>
<b><u>Other Financing Sources (Uses)</u></b>					
Transfers (out)	-	(7,500)	(7,500)	-	(7,500)
<b>Total Other Financing (Uses)</b>	<u>-</u>	<u>(7,500)</u>	<u>(7,500)</u>	<u>-</u>	<u>(7,500)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (17,418)</u>	<u>\$ (24,918)</u>	(3,813)	<u>\$ 21,105</u>	<u>\$ (3,502)</u>
Beginning fund balance			<u>67,982</u>		
<b>Ending Fund Balance</b>			<u>\$ 64,169</u>		

**CITY OF SEABROOK, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**PARK IMPROVEMENT FEES FUND**  
**For the Year Ended September 30, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b><u>Revenues</u></b>					
Charges for services	\$ 24,400	\$ 24,400	\$ 41,827	\$ 17,427	\$ 41,513
Investment revenue	981	981	3,512	2,531	2,497
<b>Total Revenues</b>	<u>25,381</u>	<u>25,381</u>	<u>45,339</u>	<u>19,958</u>	<u>44,010</u>
<b><u>Expenditures</u></b>					
<b>Current:</b>					
Economic development	25,000	25,000	20,337	4,663	41,634
<b>Capital outlay</b>	<u>58,000</u>	<u>58,000</u>	<u>12,290</u>	<u>45,710</u>	<u>29,996</u>
<b>Total Expenditures</b>	<u>83,000</u>	<u>83,000</u>	<u>32,627</u>	<u>50,373</u>	<u>71,630</u>
<b>Net Change in Fund Balance</b>	<u>\$ (57,619)</u>	<u>\$ (57,619)</u>	12,712	<u>\$ 70,331</u>	<u>\$ (27,620)</u>
Beginning fund balance			<u>131,029</u>		
<b>Ending Fund Balance</b>			<u>\$ 143,741</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, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b><u>Revenues</u></b>					
Sales taxes	\$ 799,216	\$ 799,216	\$ 829,331	\$ 30,115	\$ 891,576
Investment revenue	17,187	17,187	14,932	(2,255)	9,364
Other revenue	-	-	1,205	1,205	-
<b>Total Revenues</b>	<u>816,403</u>	<u>816,403</u>	<u>845,468</u>	<u>29,065</u>	<u>900,940</u>
<b><u>Expenditures</u></b>					
<b>Current:</b>					
Public safety	737,694	737,694	690,603	47,091	566,524
<b>Total Expenditures</b>	<u>737,694</u>	<u>737,694</u>	<u>690,603</u>	<u>47,091</u>	<u>566,524</u>
<b><u>Other Financing Sources (Uses)</u></b>					
Transfers (out)	(201,247)	(201,247)	(201,247)	-	(160,879)
<b>Total Other Financing (Uses)</b>	<u>(201,247)</u>	<u>(201,247)</u>	<u>(201,247)</u>	<u>-</u>	<u>(160,879)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 78,709</u>	<u>\$ (122,538)</u>	<u>(46,382)</u>	<u>\$ 76,156</u>	<u>\$ 173,537</u>
Beginning fund balance			<u>954,014</u>		
<b>Ending Fund Balance</b>			<u>\$ 907,632</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, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b><u>Revenues</u></b>					
Fines and forfeitures	\$ -	\$ -	\$ 25,558	\$ 25,558	\$ 25,032
Intergovernmental	-	-	2,453	2,453	2,484
Investment revenue	3,368	3,368	7,265	3,897	5,431
Other revenue	104,341	104,341	104,516	175	112,192
<b>Total Revenues</b>	<u>107,709</u>	<u>107,709</u>	<u>139,792</u>	<u>32,083</u>	<u>145,139</u>
<b><u>Expenditures</u></b>					
<b>Current:</b>					
Public safety	73,756	73,756	41,671	32,085	163,152
<b>Capital outlay</b>	<u>149,175</u>	<u>149,175</u>	<u>106,338</u>	<u>42,837</u>	<u>72,542</u>
<b>Total Expenditures</b>	<u>222,931</u>	<u>222,931</u>	<u>148,009</u>	<u>74,922</u>	<u>235,694</u>
<b>Net Change in Fund Balance</b>	<u>\$ (115,222)</u>	<u>\$ (115,222)</u>	(8,217)	<u>\$ 107,005</u>	<u>\$ (90,555)</u>
Beginning fund balance			<u>346,197</u>		
<b>Ending Fund Balance</b>			<u>\$ 337,980</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, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b><u>Revenues</u></b>					
Franchise fees	\$ 37,000	\$ 37,000	\$ 41,557	\$ 4,557	\$ 42,445
Investment revenue	2,800	2,800	3,427	627	1,861
<b>Total Revenues</b>	<u>39,800</u>	<u>39,800</u>	<u>44,984</u>	<u>5,184</u>	<u>44,306</u>
<b><u>Expenditures</u></b>					
<b>Current:</b>					
General government	188,200	188,200	17,305	170,895	11,083
<b>Total Expenditures</b>	<u>188,200</u>	<u>188,200</u>	<u>17,305</u>	<u>170,895</u>	<u>11,083</u>
<b>Net Change in Fund Balance</b>	<u>\$ (148,400)</u>	<u>\$ (148,400)</u>	27,679	<u>\$ 176,079</u>	<u>\$ 33,223</u>
Beginning fund balance			<u>173,285</u>		
<b>Ending Fund Balance</b>			<u>\$ 200,964</u>		

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## **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.

<b>Contents</b>	<b>Page</b>
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Financial Trends	106
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*These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.*

Revenue Capacity	118
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*These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.*

Debt Capacity	126
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*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.*

Demographic and Economic Information	134
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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.*

Operating Information	137
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*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.*

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			
	2010	2011	2012	2013
Governmental Activities				
Net investment in capital assets	\$ 14,938,447	\$ 15,440,360	\$ 14,144,650	\$ 18,283,628
Restricted	3,004,538	3,264,045	4,701,768	4,388,221
Unrestricted	(1,859,661)	(1,475,029)	3,211,311	3,489,849
<b>Total Governmental Activities Net Position</b>	<b>\$ 16,083,324</b>	<b>\$ 17,229,376</b>	<b>\$ 22,057,729</b>	<b>\$ 26,161,698</b>
Business-Type Activities				
Net investment in capital assets	\$ 7,552,636	\$ 7,593,022	\$ 8,429,256	\$ 9,357,328
Restricted	2,294,133	2,451,025	2,318,565	2,207,032
Unrestricted	2,986,896	3,734,997	3,914,970	3,116,799
<b>Total Business-Type Activities Net Position</b>	<b>\$ 12,833,665</b>	<b>\$ 13,779,044</b>	<b>\$ 14,662,791</b>	<b>\$ 14,681,159</b>
Primary Government				
Net investment in capital assets	\$ 22,491,083	\$ 23,033,382	\$ 22,573,906	\$ 27,640,956
Restricted	5,298,671	5,715,070	7,020,333	6,595,253
Unrestricted	1,127,235	2,259,968	7,126,281	6,606,648
<b>Total Primary Government Net Position</b>	<b>\$ 28,916,989</b>	<b>\$ 31,008,420</b>	<b>\$ 36,720,520</b>	<b>\$ 40,842,857</b>

\*Restated balances

**Fiscal Year**

<b>2014*</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018*</b>	<b>2019</b>
\$ 22,006,280	\$ 22,278,266	\$ 23,619,809	\$ 25,265,858	\$ 26,318,825	\$ 27,201,835
4,552,760	4,861,342	5,170,228	4,694,544	4,757,197	4,672,760
2,542,795	4,193,837	5,987,299	5,949,341	6,521,332	7,053,199
<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>	<u>\$ 38,927,794</u>
\$ 9,951,443	\$ 10,898,317	\$ 10,976,731	\$ 4,673,874	\$ 8,812,420	\$ 8,283,669
2,432,638	2,495,389	2,522,751	2,683,443	2,674,389	3,145,604
2,165,826	1,449,615	1,783,998	8,759,092	5,914,543	6,717,220
<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>	<u>\$ 18,146,493</u>
\$ 31,957,723	\$ 33,176,583	\$ 34,596,540	\$ 29,939,732	\$ 35,131,245	\$ 35,485,504
6,985,398	7,356,731	7,692,979	7,377,987	7,431,586	7,818,364
4,708,621	5,643,452	7,771,297	14,708,433	12,435,875	13,770,419
<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>	<u>\$ 57,074,287</u>

# CITY OF SEABROOK, TEXAS

## CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>Expenses</b>				
Governmental Activities				
General government	\$ 4,376,699	\$ 3,523,480	\$ 2,044,188	\$ 2,426,528
Public safety	4,471,942	5,008,177	4,444,193	5,108,700
Public works	2,011,743	1,326,336	3,191,383	1,941,718
Economic development	239,073	321,532	303,003	357,550
Interest and fiscal agent fees	780,835	811,818	759,480	701,007
<b>Total Governmental Activities Expenses</b>	<u>11,880,292</u>	<u>10,991,343</u>	<u>10,742,247</u>	<u>10,535,503</u>
Business-Type Activities				
Utilities	4,356,358	4,475,897	4,289,547	4,822,542
<b>Total Business-Type Activities Expenses</b>	<u>4,356,358</u>	<u>4,475,897</u>	<u>4,289,547</u>	<u>4,822,542</u>
<b>Total Primary Government Expenses</b>	<u>\$ 16,236,650</u>	<u>\$ 15,467,240</u>	<u>\$ 15,031,794</u>	<u>\$ 15,358,045</u>
<b>Program Revenues</b>				
Governmental Activities				
Charges for services	\$ 892,652	\$ 1,243,869	\$ 1,070,691	\$ 755,111
Operating grants and contributions	664,973	289,739	165,018	202,982
Capital grants and contributions	134,259	37,775	3,739,274	2,490,787
<b>Total Governmental Activities Program Revenues</b>	<u>1,691,884</u>	<u>1,571,383</u>	<u>4,974,983</u>	<u>3,448,880</u>
Business-Type Activities				
Utilities:				
Charges for services	6,048,698	6,829,188	6,040,302	6,209,614
Capital grants and contributions	133,954	154,624	218,259	132,207
<b>Total Business-Type Activities Program Revenues</b>	<u>6,182,652</u>	<u>6,983,812</u>	<u>6,258,561</u>	<u>6,341,821</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 7,874,536</u>	<u>\$ 8,555,195</u>	<u>\$ 11,233,544</u>	<u>\$ 9,790,701</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (10,188,408)	\$ (9,419,960)	\$ (5,767,264)	\$ (7,086,623)
Business-type activities	1,826,294	2,507,915	1,969,014	1,519,279
<b>Total Primary Government Net Expense</b>	<u>\$ (8,362,114)</u>	<u>\$ (6,912,045)</u>	<u>\$ (3,798,250)</u>	<u>\$ (5,567,344)</u>

**Fiscal Year**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 1,165,000	\$ 3,848,282	\$ 3,454,477	\$ 3,338,192	\$ 3,900,540	\$ 3,890,689
5,053,766	4,786,353	6,104,299	6,668,690	6,629,558	7,124,146
2,986,870	1,899,510	2,209,046	2,283,662	2,438,285	2,509,691
412,718	348,324	617,333	778,571	812,566	689,091
623,464	838,721	762,518	681,853	592,887	543,882
<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>	<u>14,757,499</u>
4,808,118	4,832,090	5,279,016	5,901,487	6,035,659	6,076,489
4,808,118	4,832,090	5,279,016	5,901,487	6,035,659	6,076,489
<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>	<u>\$ 20,833,988</u>
\$ 1,080,913	\$ 902,015	\$ 876,229	\$ 1,143,174	\$ 1,035,570	\$ 973,666
204,058	238,472	334,239	282,408	487,907	432,945
1,674,130	232,198	478,432	260,223	294,298	2,453
<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>	<u>1,409,064</u>
6,037,818	6,379,326	6,817,957	7,644,570	8,000,219	7,905,427
240,152	141,601	73,878	236,655	427,662	303,446
6,277,970	6,520,927	6,891,835	7,881,225	8,427,881	8,208,873
<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>	<u>\$ 9,617,937</u>
\$ (7,282,717)	\$ (10,348,505)	\$ (11,458,773)	\$ (12,065,163)	\$ (12,556,061)	\$ (13,348,435)
1,469,852	1,688,837	1,612,819	1,979,738	2,392,222	2,132,384
<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>	<u>\$ (11,216,051)</u>

# CITY OF SEABROOK, TEXAS

## CHANGES IN NET POSITION (Continued)

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>				
Governmental Activities				
Taxes				
Property taxes	\$ 5,088,332	\$ 5,285,995	\$ 5,442,550	\$ 5,656,089
Sales and use taxes	2,097,398	2,164,992	2,135,045	2,332,016
Franchise fees and local taxes	1,035,216	1,033,334	1,075,551	1,183,623
Investment revenue	15,843	10,707	10,124	8,293
Other revenues	408,615	501,112	592,662	799,891
Transfers	1,447,381	1,569,873	1,339,685	1,668,673
<b>Total Governmental Activities</b>	<u>10,092,785</u>	<u>10,566,013</u>	<u>10,595,617</u>	<u>11,648,585</u>
Business-Type Activities				
Franchise fees	-	-	-	-
Investment revenue	10,116	7,337	6,945	5,562
Other revenues	35,382	-	247,473	254,257
Transfers	(1,447,381)	(1,569,873)	(1,339,685)	(1,668,673)
<b>Total Business-Type Activities</b>	<u>(1,401,883)</u>	<u>(1,562,536)</u>	<u>(1,085,267)</u>	<u>(1,408,854)</u>
<b>Total Primary Government</b>	<u>\$ 8,690,902</u>	<u>\$ 9,003,477</u>	<u>\$ 9,510,350</u>	<u>\$ 10,239,731</u>
<b>Change in Net Position</b>				
Governmental activities	\$ (95,623)	\$ 1,146,053	\$ 4,828,353	\$ 4,561,962
Business-type activities	424,411	945,379	883,747	110,425
<b>Total Primary Government</b>	<u>\$ 328,788</u>	<u>\$ 2,091,432</u>	<u>\$ 5,712,100</u>	<u>\$ 4,672,387</u>

**Fiscal Year**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 5,795,618	\$ 6,004,934	\$ 6,452,911	\$ 6,441,270	\$ 6,975,344	\$ 7,027,755
2,516,219	2,768,645	2,901,318	3,037,188	2,946,279	2,776,366
1,265,765	1,294,765	1,264,528	1,229,769	1,426,481	1,329,757
3,073	8,544	60,941	117,990	229,697	334,911
696,853	814,897	2,210,157	608,779	1,064,992	1,036,348
1,571,744	1,688,330	1,487,809	1,762,574	1,822,415	2,173,738
<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>	<u>14,678,875</u>
-	-	-	292,975	299,010	298,573
1,675	2,442	18,721	94,532	203,399	263,537
260,470	290,465	296,428	228,258	212,727	224,385
<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>(2,173,738)</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>(1,387,243)</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>	<u>\$ 13,291,632</u>
\$ 4,566,555	\$ 2,231,610	\$ 3,443,891	\$ 1,132,407	\$ 1,909,147	\$ 1,330,440
160,253	293,414	440,159	539,954	1,284,943	745,141
<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>	<u>\$ 2,075,581</u>

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

<b>Function</b>	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Property	\$ 5,088,332	\$ 5,285,995	\$ 5,442,550	\$ 5,656,089
Sales and use	2,097,398	2,164,992	2,135,045	2,332,016
Franchise fees and local taxes	1,035,216	1,033,334	1,075,551	1,183,623
<b>Totals</b>	<b>\$ 8,220,946</b>	<b>\$ 8,484,321</b>	<b>\$ 8,653,146</b>	<b>\$ 9,171,728</b>

Fiscal Year						Change
2014	2015	2016	2017	2018	2019	2018-2019
\$ 5,795,618	\$ 6,004,934	\$ 6,452,911	\$ 6,441,270	\$ 6,975,344	\$ 7,027,755	0.8%
2,516,219	2,768,645	2,901,318	3,037,188	2,946,279	2,776,366	-5.8%
1,265,765	1,294,765	1,264,528	1,229,769	1,426,481	1,329,757	-6.8%
<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>\$ 11,133,878</u>	<u>-1.9%</u>

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

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 4,684	\$ 62,076	\$ 24,677	\$ 13,687
Committed	-	-	-	801,291
Assigned	-	-	853,532	78,000
Unassigned	2,855,163	3,185,900	3,345,601	3,649,445
<b>Total General Fund</b>	<u><u>\$ 2,859,847</u></u>	<u><u>\$ 3,247,976</u></u>	<u><u>\$ 4,223,810</u></u>	<u><u>\$ 4,542,423</u></u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ 195	\$ 980
Restricted	5,489,578	4,818,455	4,701,768	4,388,221
Assigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<u><u>\$ 5,489,578</u></u>	<u><u>\$ 4,818,455</u></u>	<u><u>\$ 4,701,963</u></u>	<u><u>\$ 4,389,201</u></u>

**Fiscal Year**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 78,664	\$ 142,883	\$ 84,443	\$ 38,780	\$ 86,334	\$ 67,459
801,561	801,976	2,404,292	2,409,881	822,402	2,441,637
54,000	21,000	21,000	21,000	-	-
3,998,314	5,149,807	5,052,164	5,830,055	8,025,330	6,925,563
<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>	<u>\$ 9,434,659</u>
\$ 12	\$ 23,333	\$ 31,896	\$ 34,630	\$ 103,953	\$ 62,762
4,552,760	12,484,357	11,536,398	4,868,848	4,757,197	5,023,848
-	-	-	-	522,655	522,655
<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>	<u>\$ 5,609,265</u>

# CITY OF SEABROOK, TEXAS

## CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years  
(Modified Accrual Basis of Accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>Revenues</b>				
Taxes and fees	\$ 8,216,879	\$ 8,518,658	\$ 8,696,855	\$ 9,144,003
Licenses and permits	224,612	205,293	227,156	183,263
Fines and forfeitures	539,362	817,057	709,306	429,178
Charges for services	85,766	118,535	134,229	142,670
Intergovernmental	655,528	283,784	3,904,292	2,693,769
Investment revenue	15,841	10,708	10,124	8,293
Other revenues	485,496	575,537	592,662	799,891
<b>Total Revenues</b>	<u>10,223,484</u>	<u>10,529,572</u>	<u>14,274,624</u>	<u>13,401,067</u>
<b>Expenditures</b>				
General government	4,096,478	3,595,589	3,456,967	3,532,719
Public safety	4,413,552	4,558,181	4,531,674	4,738,699
Public works	1,758,184	1,584,167	5,428,496	4,290,863
Economic development	239,809	377,864	303,003	357,550
Capital outlay	1,019,829	961,379	445,831	598,454
Debt service:				
Principal	584,705	588,125	652,500	850,000
Interest and fiscal fees	753,618	764,478	725,358	670,545
Bond issuance costs	-	-	-	42,256
Refunding contribution	-	-	-	30,000
<b>Total Expenditures</b>	<u>12,866,175</u>	<u>12,429,783</u>	<u>15,543,829</u>	<u>15,111,086</u>
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(2,642,691)	(1,900,211)	(1,269,205)	(1,710,019)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,298,154	1,447,381	1,624,942	1,668,673
Transfers out	(8,843)	-	(55,069)	-
Refunding bonds issued	-	-	-	3,975,000
Bonds issued	-	900,000	-	-
Premium on bonds issued	-	-	-	-
Payments to refunded bond escrow agent	-	-	-	(3,927,803)
Insurance proceeds	578,304	131,202	47,344	-
Sales of capital assets	-	-	-	-
<b>Total Other Financing Sources</b>	<u>1,867,615</u>	<u>2,478,583</u>	<u>1,617,217</u>	<u>1,715,870</u>
<b>Net Change in Fund Balances</b>	<u>\$ (775,076)</u>	<u>\$ 578,372</u>	<u>\$ 348,012</u>	<u>\$ 5,851</u>
Debt service as a percentage of noncapital expenditures	9.57%	11.66%	12.77%	14.83%

**Fiscal Year**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$	9,598,547	\$ 10,077,143	\$ 10,567,809	\$ 10,759,116	\$ 11,349,124	\$ 11,095,136
	402,187	234,429	162,395	346,990	392,499	291,126
	424,148	526,530	596,813	615,090	514,887	556,447
	254,578	141,056	117,021	181,094	128,184	126,093
	1,611,914	470,670	764,278	362,416	490,391	435,398
	3,073	8,544	60,941	114,471	221,271	357,272
	696,853	814,897	2,210,157	608,779	1,058,957	598,998
	<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>	<u>13,460,470</u>
	3,515,144	3,680,496	3,060,008	3,075,333	3,495,141	3,422,795
	4,785,911	4,550,492	5,526,619	5,744,384	6,099,004	6,391,905
	3,444,606	1,805,990	2,334,366	1,993,389	2,175,847	2,060,579
	428,060	349,247	613,263	691,646	809,430	681,919
	329,055	1,361,769	2,211,265	6,351,653	193,970	219,453
	900,000	935,000	1,215,000	1,265,000	1,345,000	1,410,000
	606,581	699,810	768,742	619,594	583,780	525,677
	-	126,244	-	59,046	-	-
	-	-	-	105,881	-	-
	<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>	<u>14,712,328</u>
	(1,018,057)	(1,235,779)	(1,249,849)	(6,917,970)	(546,859)	(1,251,858)
	1,571,744	1,736,381	2,549,695	1,854,983	2,352,098	2,040,825
	-	(48,051)	(793,009)	(924,746)	(690,562)	(559,492)
	-	-	-	5,365,000	-	-
	-	8,380,000	-	-	-	-
	-	305,494	-	-	-	-
	-	-	-	(5,304,266)	-	-
	-	-	-	-	-	-
	-	-	-	-	-	496,578
	<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>1,977,911</u>
\$	<u>553,687</u>	<u>\$ 9,138,045</u>	<u>\$ 506,837</u>	<u>\$ (5,926,999)</u>	<u>\$ 1,114,677</u>	<u>\$ 726,053</u>
	15.43%	14.13%	15.53%	14.67%	14.05%	14.15%

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Real Property</b>	\$ 900,127,932	\$ 916,878,359	\$ 921,323,736	\$ 937,092,962
<b>Personal Property</b>	96,447,635	92,903,636	86,707,764	90,255,089
<b>Less: Tax Exempt Property</b>	(166,465,212)	(169,009,366)	(169,776,137)	(170,919,619)
<b>Total Taxable Assessed Value (1)</b>	<u>\$ 830,110,355</u>	<u>\$ 840,772,629</u>	<u>\$ 838,255,363</u>	<u>\$ 856,428,432</u>
<b>Total Direct Tax Rate</b>	\$ 0.613409	\$ 0.626807	\$ 0.649978	\$ 0.665232

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**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 983,065,482	\$ 1,050,841,139	\$ 1,149,250,879	\$ 1,263,608,355	\$ 1,363,048,039	\$ 1,420,712,298
87,589,652	83,736,870	101,798,001	104,585,004	120,684,600	134,321,104
<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>(268,916,146)</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>	<u>\$ 1,286,117,256</u>
\$ 0.651229	\$ 0.640030	\$ 0.612611	\$ 0.565177	\$ 0.574911	\$ 0.551983

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

	Fiscal Year			
	2010	2011	2012	2013
City by fund:				
General	\$ 0.45628	\$ 0.46556	\$ 0.48269	\$ 0.48315
Debt service	0.15713	0.16125	0.16729	0.18208
<b>Total Direct Rates</b>	<u>0.61341</u>	<u>0.62681</u>	<u>0.64998</u>	<u>0.66523</u>
Clear Creek Independent School District	1.36000	1.36000	1.36000	1.36000
Harris County	0.39224	0.38805	0.39117	0.40021
Harris County Flood Control District	0.29220	0.02930	0.02809	0.02809
Port of Houston Authority	0.16360	0.02054	0.01856	0.01952
Harris County Hospital District	0.19216	0.19216	0.19406	0.18216
Harris County Dept. of Education	0.00605	0.00658	0.00658	0.00662
<b>Total Direct and Overlapping Rates (1)</b>	<u>\$ 3.01966</u>	<u>\$ 2.62344</u>	<u>\$ 2.64844</u>	<u>\$ 2.66183</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**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 0.48315	\$ 0.45951	\$ 0.42346	\$ 0.39457	\$ 0.41941	\$ 0.40314
0.16808	0.18052	0.18916	0.17060	0.15551	0.14884
0.65123	0.64003	0.61261	0.56518	0.57491	0.55198
1.40000	1.40000	1.40000	1.40000	1.40000	1.40000
0.41455	0.41731	0.41656	0.41656	0.41801	0.41858
0.02827	0.02736	0.02829	0.02829	0.28310	0.02877
0.01716	0.01531	0.01334	0.01334	0.01256	0.01155
0.17000	0.17000	0.17000	0.17179	0.17110	0.17108
0.00636	0.00600	0.00520	0.00520	0.00520	0.00519
<u>\$ 2.68757</u>	<u>\$ 2.67601</u>	<u>\$ 2.64600</u>	<u>\$ 2.60036</u>	<u>\$ 2.86488</u>	<u>\$ 2.58715</u>

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# CITY OF SEABROOK, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year					
	2019			2010		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Western Rim Investors	\$ 45,935,452	1	3.73%	\$ -	-	-
FRBH Regatta Bay LLC	27,384,113	2	2.22%	-	-	-
Duke Reality LP	17,712,600	3	1.44%	-	-	-
Vista Shores 2011LP	17,015,120	4	1.38%	-	-	-
Sinbad Landing Corp.	16,139,001	5	1.31%	13,956,000	2	1.68%
DMH 90	16,085,818	6	1.31%	10,053,484	3	1.21%
3000 Nasa Parkway LLC	10,488,240	7	0.85%	8,675,927	5	1.05%
Lamrock 3/2001LP	10,035,589	8	0.81%	7,009,483	7	0.84%
Centerpoint Energy Inc.	8,762,990	9	0.71%	6,701,869	8	0.81%
Nasa Road Apartments LLC	8,193,715	10	0.66%	-	-	-
Repsdorph Road LTD	-	-	-	14,163,108	1	1.71%
Legend Natural Gas	-	-	-	8,700,000	4	1.05%
CGMT 2006C5 Repsdorph Rd APT	-	-	-	8,106,000	6	0.98%
Marina Max	-	-	-	5,443,138	9	0.66%
Golden Tall Tree LLC	-	-	-	4,953,440	10	0.60%
Subtotal	<u>177,752,638</u>		<u>13.82%</u>	<u>87,762,449</u>		<u>10.57%</u>
Other Taxpayers	<u>1,108,364,618</u>		<u>86.18%</u>	<u>742,347,546</u>		<u>89.43%</u>
<b>Total</b>	<u><u>\$ 1,286,117,256</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 830,110,355</u></u>		<u><u>100.00%</u></u>

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

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

	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
Tax levy	\$ 5,050,227	\$ 5,214,919	\$ 5,389,311	\$ 5,627,317
Current tax collected	\$ 4,945,845	\$ 5,132,185	\$ 5,327,402	\$ 5,541,099
Percentage of current tax collections	97.93%	98.41%	98.85%	98.47%
Collections in subsequent years	<u>92,680</u>	<u>68,819</u>	<u>51,610</u>	<u>74,860</u>
Total tax collections to date	<u>\$ 5,038,525</u>	<u>\$ 5,201,004</u>	<u>\$ 5,379,012</u>	<u>\$ 5,615,959</u>
Total collections as a percentage of current levy	99.77%	99.73%	99.81%	99.80%

**Fiscal Year**

<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 5,766,934	\$ 5,984,940	\$ 6,329,284	\$ 6,411,690	\$ 6,960,493	\$ 6,997,431
\$ 5,699,970	\$ 5,908,134	\$ 6,248,998	\$ 6,344,390	\$ 6,887,981	\$ 6,902,533
98.84%	98.72%	98.73%	98.95%	98.96%	98.64%
<u>55,819</u>	<u>59,235</u>	<u>58,243</u>	<u>32,201</u>	<u>23,933</u>	<u></u>
<u><u>\$ 5,755,789</u></u>	<u><u>\$ 5,967,369</u></u>	<u><u>\$ 6,307,241</u></u>	<u><u>\$ 6,376,591</u></u>	<u><u>\$ 6,911,914</u></u>	<u><u>\$ 6,902,533</u></u>
99.81%	99.71%	99.65%	99.45%	99.30%	98.64%

# CITY OF SEABROOK, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General obligation bonds	\$ 17,440,362	\$ 16,857,031	\$ 16,251,492	\$ 15,687,585
Certificates of obligation	900,000	865,000	865,000	830,000
<b>Subtotal</b>	<u>18,340,362</u>	<u>17,722,031</u>	<u>17,116,492</u>	<u>16,517,585</u>
<b>Business-Type Activities:</b>				
Revenue bonds	5,214,627	5,017,490	4,767,727	3,418,000
Certificates of obligation	-	-	-	-
General obligation bonds	279,375	142,500	-	1,175,000
Notes payable	-	-	-	-
<b>Subtotal</b>	<u>5,494,002</u>	<u>5,159,990</u>	<u>4,767,727</u>	<u>4,593,000</u>
<b>Total Primary Government</b>	<u>\$ 23,834,364</u>	<u>\$ 22,882,021</u>	<u>\$ 21,884,219</u>	<u>\$ 21,110,585</u>
 <b>Personal Income</b>	 \$ 478,986,277	 \$ 421,009,200	 \$ 493,026,700	 \$ 531,297,900
 <b>Debt as a Percentage of Personal Income</b>	 4.98%	 5.44%	 4.44%	 3.97%
 <b>Population</b>	 12,367	 12,683	 12,700	 12,853
 <b>Debt Per Capita</b>	 \$ 1,927	 \$ 1,804	 \$ 1,723	 \$ 1,642

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

**Fiscal Year**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 14,824,773	\$ 22,590,010	\$ 21,394,753	\$ 20,265,325	\$ 18,959,485	\$ 17,593,645
790,000	750,000	705,000	655,000	600,000	540,000
<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>	<u>18,133,645</u>
3,173,000	2,918,000	2,653,000	2,377,000	2,209,000	2,039,000
-	-	2,500,000	8,320,000	8,005,000	7,680,000
1,165,000	1,155,000	1,145,000	1,955,815	1,785,128	1,614,440
-	-	-	-	3,700,000	3,632,195
<u>4,338,000</u>	<u>4,073,000</u>	<u>6,298,000</u>	<u>12,652,815</u>	<u>15,699,128</u>	<u>14,965,635</u>
<u>\$ 19,952,773</u>	<u>\$ 27,413,010</u>	<u>\$ 28,397,753</u>	<u>\$ 33,573,140</u>	<u>\$ 35,258,613</u>	<u>\$ 33,099,280</u>
\$ 521,510,475	\$ 524,443,905	\$ 557,459,388	\$ 725,800,284	\$ 740,316,290	\$ 796,559,396
3.83%	5.23%	5.09%	4.63%	4.76%	3.70%
12,853	12,843	13,716	14,287	14,554	14,826
\$ 1,552	\$ 2,134	\$ 2,070	\$ 2,350	\$ 2,423	\$ 2,232

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Net Taxable Assessed Value</b>				
All property	\$ 830,110,355	\$ 840,772,629	\$ 838,255,363	\$ 856,428,432
<b>Net Bonded Debt</b>				
Gross bonded debt	\$ 18,619,737	\$ 17,864,531	\$ 17,116,492	\$ 17,692,585
Less debt service funds	<u>1,691,939</u>	<u>1,689,111</u>	<u>1,746,037</u>	<u>1,742,115</u>
<b>Net Bonded Debt</b>	<u>\$ 16,927,798</u>	<u>\$ 16,175,420</u>	<u>\$ 15,370,455</u>	<u>\$ 15,950,470</u>
<b>Ratio of Net Bonded Debt to Assessed Value</b>	2.04%	1.92%	1.83%	1.86%
<b>Population</b>	12,367	12,683	12,700	12,853
<b>Net Bonded Debt Per Capita</b>	\$ 1,369	\$ 1,275	\$ 1,210	\$ 1,241

**Fical Year**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 894,839,533	\$ 951,245,279	\$ 1,044,315,358	\$ 1,141,359,375	\$ 1,232,626,774	\$ 1,286,117,256
\$ 16,779,773	\$ 24,495,010	\$ 25,744,753	\$ 20,920,325	\$ 29,349,613	\$ 27,428,085
<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>1,795,562</u>
<u><u>\$ 15,041,488</u></u>	<u><u>\$ 22,695,399</u></u>	<u><u>\$ 23,948,378</u></u>	<u><u>\$ 19,136,593</u></u>	<u><u>\$ 27,563,894</u></u>	<u><u>\$ 25,632,523</u></u>
1.68%	2.39%	2.29%	1.68%	2.24%	1.99%
12,853	12,843	13,716	14,287	14,554	14,826
\$ 1,170	\$ 1,767	\$ 1,746	\$ 1,339	\$ 1,894	\$ 1,729

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**CITY OF SEABROOK, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
September 30, 2019

	<u>Net Bonded Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt (1)</u>
<b>Debt Repaid with Property Taxes</b>			
<b>Governmental Unit</b>			
Clear Creek Independent School District	\$ 942,950	4.58%	\$ 43,187
Harris County (3)	\$ 1,836,902	0.21%	3,857
Harris County Flood Control District	\$ 524,799	0.21%	1,102
Port of Houston Authority	\$ 593,754	0.21%	1,247
Harris County Municipal Utility District 373	\$ 2,145	100.00%	<u>2,145</u>
Subtotal, overlapping debt			51,539
<b>City Direct Debt (in thousands)</b>	<b>\$ 18,134</b>	<b>0.00%</b>	<b><u>27,428</u></b>
	<b>Total Direct and Overlapping Debt</b>		<b><u>\$ 78,967</u></b>

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

(1) Dollars in thousands

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

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

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

# CITY OF SEABROOK, TEXAS

## PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
<b>Gross Revenues (1)</b>	\$ 6,058,814	\$ 6,829,188	\$ 6,294,720	\$ 6,469,433
<b>Operating Expenses (2)</b>	4,007,300	3,779,560	3,610,061	4,125,816
<b>Net Revenues Available for Debt Service</b>	\$ 2,051,514	\$ 3,049,628	\$ 2,684,659	\$ 2,343,617
<b>Debt Service Requirements (3)</b>				
Principal	\$ 183,000	\$ 196,000	\$ 205,000	\$ 240,000
Interest	224,614	237,192	209,571	179,623
<b>Total</b>	\$ 407,614	\$ 433,192	\$ 414,571	\$ 419,623
<b>Coverage</b>	5.03	7.04	6.48	5.59

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

**Fiscal Year**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 6,299,963	\$ 6,672,233	\$ 7,133,106	\$ 8,260,336	\$ 8,715,355	\$ 8,472,410
<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>5,472,137</u>
<u>\$ 2,164,700</u>	<u>\$ 2,516,957</u>	<u>\$ 2,620,111</u>	<u>\$ 3,362,785</u>	<u>\$ 3,630,369</u>	<u>\$ 3,000,273</u>
\$ 255,000	\$ 265,000	\$ 265,000	\$ 276,000	\$ 168,000	\$ 170,000
166,361	155,894	123,933	112,192	101,430	94,130
<u>\$ 421,361</u>	<u>\$ 420,894</u>	<u>\$ 388,933</u>	<u>\$ 388,192</u>	<u>\$ 269,430</u>	<u>\$ 264,130</u>
5.14	5.98	6.74	8.66	13.47	11.36

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

<b>Fiscal Year Ended</b>	<b>Population (2)(6)</b>	<b>Personal Income (5)</b>	<b>Per Capita Personal Income (6)</b>	<b>Median Age (6)</b>	<b>School Enrollment (3)</b>	<b>Unemployment Rate (4)(6)</b>
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%
2019	14,826	\$ 796,559,396	\$ 53,726	37.2	1,681	2.5%

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 <sup>(1)</sup>

Employer	Fiscal Year			
	2019		2010	
	Employees	Total City Employment (%)	Employees	Total City Employment (%)
Technical Automation Service Corporation	250	19.55%	126	15.18%
City of Seabrook	113	8.84%	101	12.17%
Seabrook Intermediate School	106	8.29%	102	12.29%
Tookies Seafood	121	9.46%	-	0.00%
Gulf Coast Limestone	98	7.66%	-	0.00%
Kroger	95	7.43%	88	10.60%
Bay Area Elementary	80	6.25%	80	9.64%
Mario's Flying Pizza	50	3.91%	34	4.10%
Bay Area Trees and Landscape	49	3.83%	39	4.70%
Marine Max	47	3.67%	33	3.98%
McDonald's	45	3.52%	37	*
Maas Nursery and Landscaping	41	3.21%	25	3.01%
Seabrook Classic Café	38	2.97%	33	3.98%
Hooters	38	2.97%	41	4.94%
Kiwo, Inc.	36	2.81%	20	2.41%
<b>Total</b>	1,279	100.00%	830	100.00%

Sources: Bay Area Economic Partnership, City records

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b><u>General Government:</u></b>										
City Manager	1.00	1.00	1.00	1.50	1.50	1.00	1.00	1.00	1.00	1.00
Legislative	3.00	2.50	2.00	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	0.80
Human Resources	1.75	1.75	1.75	1.25	1.25	1.75	2.00	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	1.00
Finance	3.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	2.50	3.00
Administrative Assistants	1.00	1.00	1.00	1.00	-	-	-	-	-	1.00
Information Technology	1.00	1.00	1.00	1.00	2.00	2.00	2.00	2.00	2.00	2.00
Streets and Drainage	8.29	8.29	8.29	8.79	8.17	8.17	8.38	8.72	8.38	8.38
Community Development	5.70	5.70	6.00	5.00	5.00	5.00	5.00	6.00	6.00	5.30
Municipal Court	3.25	3.00	3.00	5.50	4.50	4.50	4.50	4.50	4.50	5.00
Subtotal	<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>31.48</u>
<b><u>Public Safety:</u></b>										
Police	30.50	30.00	32.00	35.00	35.50	36.00	37.00	33.00	32.50	33.75
Emergency Management	0.75	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50
Animal Control	1.48	1.48	1.48	1.48	1.48	1.48	1.68	2.20	2.70	2.70
Commercial Vehicle Enforcement	2.50	2.50	2.50	-	-	-	-	3.00	3.00	3.00
Crime District	6.00	6.00	6.00	6.00	5.50	5.00	5.00	5.00	5.50	5.25
Subtotal	<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>46.20</u>
<b><u>Enterprise Operations:</u></b>										
Water	6.95	6.95	6.85	6.80	7.03	7.03	7.48	7.81	7.48	7.48
Sewer	4.57	4.57	4.47	4.41	4.41	4.78	4.86	5.19	4.86	4.86
Billing	2.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00	3.00
Subtotal	<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>	<u>15.34</u>
<b>Parks and Recreation</b>	13.68	10.76	9.81	10.31	7.94	9.78	7.91	7.91	7.60	8.60
<b>Hotel Tax</b>	-	-	1.00	1.00	1.00	1.00	1.00	1.20	1.20	1.20
<b>Economic Development</b>	1.00	1.00	1.00	1.00	1.00	1.00	2.00	2.00	2.00	1.70
<b>Total</b>	<u>98.42</u>	<u>94.50</u>	<u>96.65</u>	<u>99.54</u>	<u>95.78</u>	<u>97.99</u>	<u>99.81</u>	<u>101.33</u>	<u>100.52</u>	<u>104.52</u>

Source: Economic development department

# CITY OF SEABROOK, TEXAS

## OPERATING INDICATORS BY FUNCTION

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
<b>Function/Program</b>				
<b>Police</b>				
Arrests	882	710	1,046	761
Accident reports	165	108	235	205
Citations	5,309	6,143	4,222	1,971
Offense reports	389	186	198	170
Calls for service	27,340	16,828	19,069	10,323
<b>Fire</b>				
Emergency responses	196	345	290	306
Fire incidents	21	43	37	41
Total calls for service	n/a	n/a	n/a	n/a
Average response time	6:31	5:43	5:49	5:10
<b>Water</b>				
New accounts	54	388	380	490
Average daily consumption (thousands of gallons)	1,845	2,050	1,774	1,830
Total consumption	673,673	749,343	646,133	667,435
Peak daily consumption (thousands of gallons)	4,012	2,730	3,425	3,303
<b>Sewer</b>				
Average daily sewage treatment (thousands of gallons)	1,210	985	1,156	1,092
Total consumption	441,711	359,524	418,777	500,420
Peak daily consumption (thousands of gallons)	4,904	3,667	4,797	5,200

Source: Various City departments

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
768	686	1,120	1,580	839	662
251	358	241	648	259	271
2,378	3,620	5,871	5,315	2,130	5,365
191	442	823	848	707	870
12,758	10,084	13,170	6,589	12,772	12,132
316	326	386	410	459	490
22	24	20	30	20	27
n/a	605	555	621	663	666
5:25	5:00	4:54	5:27	4:57	4:13
293	346	362	359	252	371
1,667	1,602	1,708	1,762	1,802	1,625
604,898	584,860	618,735	623,545	658,942	593,675
2,234	2,974	2,989	2,881	2,296	2,454
1,026	1,393	1,220	1,300	1,262	1,431
374,650	510,623	444,910	475,586	458,634	522,331
4,014	6,947	5,310	8,127	5,192	7,730

# CITY OF SEABROOK, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2010	2011	2012	2013
Police				
Stations	1	1	1	1
Patrol units	17	17	17	17
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	42.1	42.1	42.1	42.6
Streetlights (1)	n/a	1,000	1,000	1,048
Parks and recreation				
Parks	15	18	19	19
Parks acreage	230	230	232	232
Baseball/softball diamonds	4	4	6	5
Swimming pools	1	1	1	1
Community centers	2	2	2	2
Water				
Water mains (miles)	56.4	56.4	56.4	56.4
Fire hydrants	479	481	481	493
Storage capacity (millions of gallons)	2.1	2.1	2.1	2.1
Sewer				
Sanitary sewers (miles)	54.0	54.4	54.4	54.7
Storm sewers (miles)	22.0	22.0	22.0	23.0
Open ditch/creek/canal drainage (miles)	20.3	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						
2014	2015	2016	2017	2018	2019	
1	1	1	1	1	1	1
17	17	17	17	26	26	26
1	1	1	1	1	1	1
42.6	42.6	42.6	43.0	43.0	43.3	43.3
1,048	1,048	1,048	1,048	1,050	1,053	1,053
19	19	19	19	19	19	19
232	232	232	232	232	232	232
1	2	2	3	3	3	3
2	2	2	2	2	2	2
2	2	2	2	2	2	2
56.4	56.4	56.4	56.8	57.0	57.3	57.3
498	503	505	510	514	516	516
2.1	2.1	2.1	2.5	2.5	2.5	2.5
54.7	54.9	54.9	55.3	55.3	55.5	55.5
23.0	23.2	23.2	23.4	23.4	23.6	23.6
20.3	20.5	20.5	20.5	20.5	20.5	20.5
2.5	2.5	2.5	2.5	2.5	2.5	2.5

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