

City of Seabrook, Texas

**Comprehensive Annual
Financial Report**

October 1, 2013 through September 30, 2014

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

CITY OF SEABROOK, TEXAS

For the Year Ended
September 30, 2014

Prepared by
City Administration and the Finance and Accounting Office

Gayle Cook
City Manager

Sean Landis
Assistant City Manager

Pamela J. Lab
Director of Finance

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CITY OF SEABROOK, TEXAS

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CITY OF SEABROOK, TEXAS

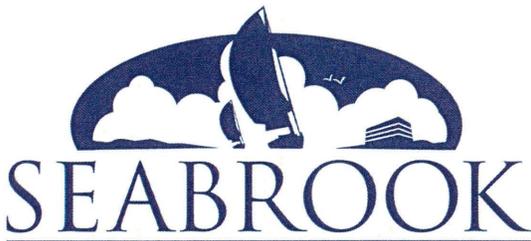
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INTRODUCTORY SECTION

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March 27, 2015

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, 2014.

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. 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, 2014 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, 2014 are fairly presented in conformity with U.S. GAAP. The independent auditors’ report is presented as the first component of the financial section of this report.

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

Profile of the Government

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

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

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

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

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

Local Economy

The Clear Lake area, of which Seabrook is a part, is home to NASA's Johnson Space Center and is known to be the third largest boating center in the United States. The regional economy is very diverse and not driven by just one or two industries. Everything from tourism, boating, and recreation industries to aerospace, petrochemical, and biomedical facilities can be found in the immediate Clear Lake area. The Port of Houston's Bayport Cruise Terminal, which lies just north of the City, brings tourists and related industries to the City, as a result of two major cruise lines that began operating at the terminal in the fall of 2013.

The City continues to remain in a strong financial position in the Clear Lake area while still recovering from the effects and rebuilding from Hurricane Ike along with balancing the effects of the national economic crisis. The City continues to have a strong economic position as part of the greater Clear Lake area.

The City and the region benefit from State Highway 146 and NASA Parkway, two major corridors that run through the City limits. State Highway 146 was approved on the Transportation Improvement Plan (TIP) through HGAC with partial funding of approximately \$200 million for an expansion to include a little over two miles in the City limits. It is anticipated that in the summer of 2015, land acquisition negotiations could be complete for the project to begin acquiring Right-of-Way (ROW) acquisitions by the Texas Department of Transportation. While the City is expected to lose over 50 businesses, the new

construction underway has almost completely replenished what was originally feared to be lost. Therefore, all new construction and developments will serve to expand the City's revenue forecast.

Economic Condition and Outlook

"The City of Seabrook is responsive, innovative and fiscally sound in delivering services that preserve, protect and enhance quality of life." This mission statement, established in the strategic planning process in 2014, exemplifies the daily efforts of the Mayor, City Council and City staff and their commitment to protecting the citizenry of Seabrook both fiscally and in their everyday quality of life.

In 2015, the City anticipates the opening of Gulf Winds International on an approximate 12-acre tract of land on the north side of the City that was purchased and developed by Duke Realty. In the light industrial zone of Seabrook, this facility will be 180,000 square feet of tilt wall construction warehouse storage. It is anticipated to bring over 50 full-time jobs.

Also under construction, with plans for opening in 2015, is Tires By Design, L&A Seafood and Tookie's Seafood Restaurant.

On the retail side, the City approved a zoning change in 2014 near the State Highway 146 and Repsdorff Traffic Circle for approximately a 20-acre tract of land from C-1 to C-2. This project has preliminary site plans for a master planned retail commercial center referred to as "Seabrook Towne Center." The site has plans to hold an anchor grocery store and approximately nine individual pad sites surrounding the traffic circle.

Long-Term Financial Planning

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

The City adopts a one-year budget, including a five-year capital improvement program. The budget process includes review of the City's long-term financial plan by updating projected revenues, operating expenditures, and capital needs for the ensuing five years.

Based on this forecast, the City will be able to accomplish the following:

- Fund existing services at current service levels
- Maintain healthy fund balances that meet policy requirements
- Meet current and future debt service obligations
- Provide for adequate maintenance of capital and equipment and for their orderly replacement
- Pay for current expenditures with current revenues and available cash reserves

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

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 State Highway 146.

In addition, the City has evaluated the Net Pension Liability of its pension benefits through Texas Municipal Retirement System (TMRS) in preparation for compliance with GASB No. 68. Regarding pensions, the City adjusted benefits in 2013 for the retiree's cost of living adjustments from 70% to 30%, which significantly improved funding ratios and decreased the City's rate to ensure the long-term sustainability of the plan.

In April 2013, the City issued \$5.155 million in General Obligation Refunding Bonds resulting in a long-term savings of \$669,000.

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

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

The bonds settled on February 17, 2015.

The City has maintained a strong bond rating as a result of its prudent fiscal policies.

Major Initiatives

Waterfront Project

In June 2013, the Waterfront Project was approved and commenced; the anticipated completion was during fiscal year 2014; however, as of yearend, the project was still in process. This project was initiated after Hurricane Ike in 2009, when the City was awarded a \$3 million EDA grant and, in 2010, an \$8.57 million CDBG grant. These funds will combine with an additional \$900,000 approved by the Seabrook Economic Development Corporation to provide much needed improvements to Waterfront Drive which includes the relocation of electric, water and sanitary sewer utilities, as well as the raising and widening of the road, adding concrete curbs, sidewalks and side street parking, and finishing the project by installing decorative lighting and palm trees. This area, known as "The Point", is directly across Clear Creek from the Kemah Boardwalk. It is anticipated this will go a long way to strengthen local tourism and expand the City's tax base.

Drainage Improvements

In February 2012, the City was notified by the Texas General Land Office (GLO) of the award of an additional \$1,588,499 in Supplemental Disaster Relief Funds. This money will be used for drainage improvements, principally in the Hester Gully drainage basin.

Current City Capital Projects, all funded with Disaster Relief Funds made available in the wake of Hurricane Ike, consist of:

Pine Gully Drainage Improvements Phase II

Hurricane Ike/Dolly caused storm surge and heavy rainfalls which led to the existing constructed channel being overloaded and incapable of channeling the retreating storm surge and rain water due

to inadequate capacity causing impacts to the community. The subdivisions of Baybrook I and II were subjected to storm flooding for an extended period of time, which resulted in property damage and impeded recovery efforts. The project consists of clearing, channel excavation and widening, slope stabilization and construction of concrete structures, which will address failure of the affected system by increasing stormwater conveyance capacity.

- **Upper Pine Gully Channel** – In June 2013, the clearing and widening of Upper Pine Gully Channel began which involves the widening of approximately 5,300 feet of the gully to a width of approximately 100 feet and will result in enhanced flood control for the City. The resulting fill will be used to raise the roadbed in the Waterfront Project.
- **Lower Pine Gully Channel and Breakwater (Jetties)** – This project commenced in September 2013, and involves the removal of silt, the restoration of marsh land and the construction of a breakwater (jetties) at the mouth of Pine Gully. This project received approval from the US Army Corps of Engineers and is a cooperative venture between the City, the Port of Houston Authority, and the Galveston Bay Foundation

Hester's Gully Drainage Improvements

Hurricane Ike/Dolly caused storm surge and heavy rainfalls which led to the gully being overloaded by storm water and incapable of channeling the retreating storm surge and rain water due to constrictions at North Meyer, the Bay outfall, and the opening in the Todville Road bridge causing impacts to the community. Flood water was impounded in the Miramar subdivision area for an extended period of time, resulting in property damage and impeded recovery efforts. The proposed project consists of replacing the North Meyer culvert with a larger structure, addressing the channel constrictions at the Bay outfall, and enlarging the opening in the Todville Road Bridge.

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

Other projects to be funded within the City’s budget are:

Texas Parks and Wildlife Grant – Trail Expansion

The City was awarded a grant for \$196,000 with reimbursement of 80% for work performed totaling \$156,800. Therefore, a portion of in-kind budgetary personnel costs have been factored into the budget for the Parks Department.

The new trail will be an approximately 1.3 mile extension to the existing trail system in the City and will bring the total mileage to over 12 miles throughout the City limits. The City highly values the quality this amenity provides to our citizens, as well as the tourism factor it adds to our area.

Seascape I Paving and Water Line Improvements Phase III – Sanitation Franchise Fee & Impact Fees

Street replacement will replace the existing asphalt pavement and concrete curb with six-inch concrete pavement and six-inch concrete curbs. Adjacent driveways along the street replacements will be removed and be replaced with six-inch concrete up to the existing right-of-way. Waterline

replacement will replace the existing six-inch AC water line with an eight-inch PVC water line and replace the existing water service lines to each customer along the main line to the meter. Phase 3 will consist of paving and waterline replacement along Hamblen Court, Bay Club Drive and Tharp Avenue.

Wastewater Treatment Plant Headworks Improvements – CIP

This project will modify current manual bar screen with an automatic mechanical bar screen to intercept debris 24/7 especially during heavy rains for better process control. This project was approved but not substantially completed. Construction will continue into 2015. The benefits of this project not only include the modernization of a labor intensive and dangerous duty, but it also improves the long term life of the wastewater plant.

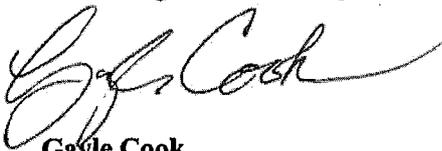
Certificate of Achievement

The City of Seabrook received the Government Finance Officers Association of the United States and Canada (GFOA) Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the year ended September 30, 2013. This was the 34th consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized comprehensive annual financial report, whose contents conform to program standards. Such reports must satisfy both generally accepted accounting standards and applicable legal requirements.

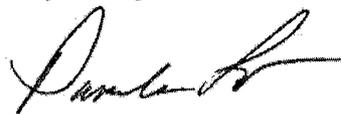
A Certificate of Achievement is valid for a period of one year only. We believe our current report conforms to the Certificate of Achievement Program requirements, and we are submitting it to GFOA to determine its eligibility for an award.

Acknowledgments

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



Gayle Cook
City Manager

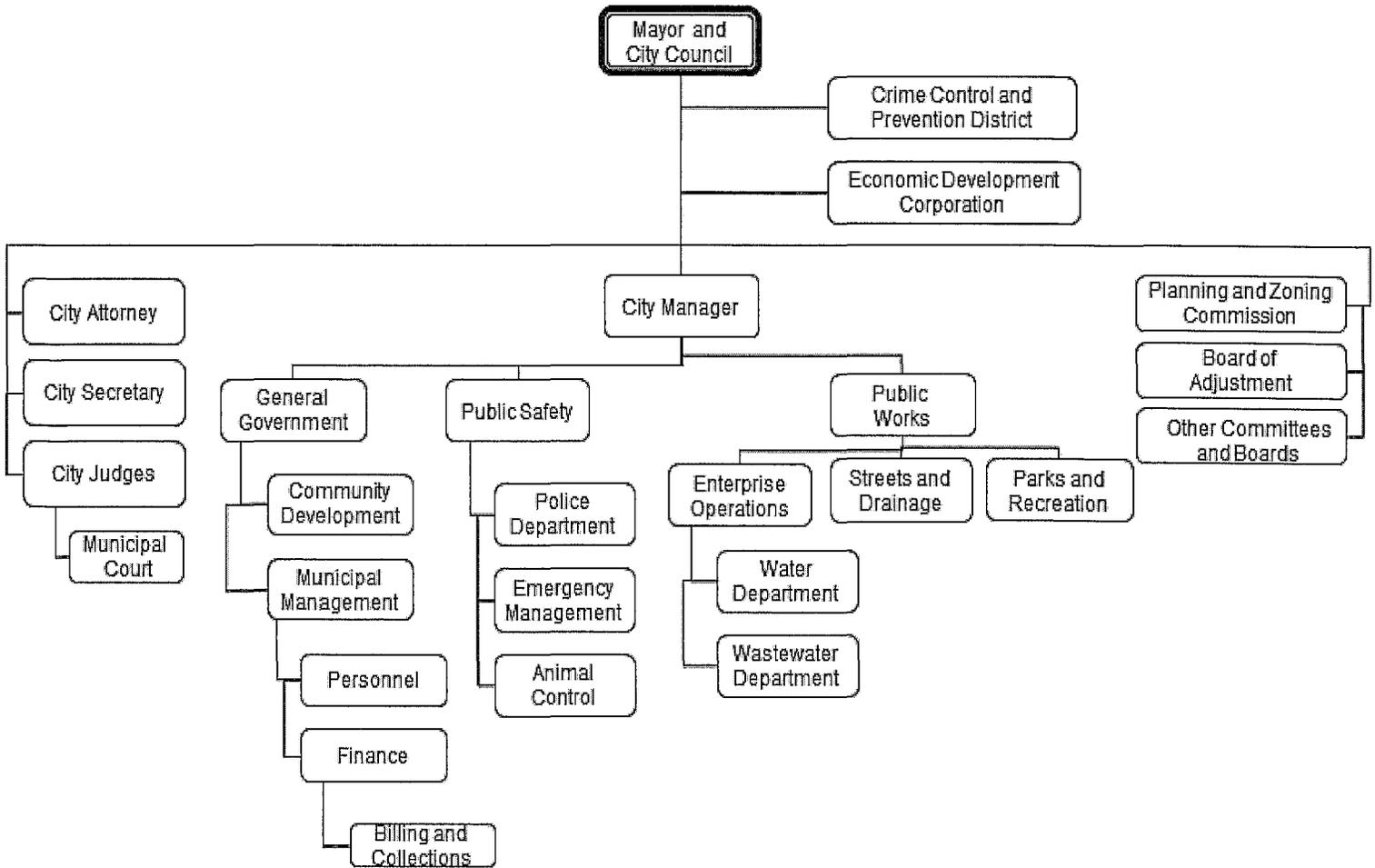


Pamela J. Lab
Director of Finance

CITY OF SEABROOK, TEXAS

ORGANIZATIONAL CHART

September 30, 2014



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CITY OF SEABROOK, TEXAS

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

September 30, 2014



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, 2013

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

Executive Director/CEO

CITY OF SEABROOK, TEXAS

PRINCIPAL OFFICIALS

September 30, 2014

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Glenn Royal	Mayor	05/2017
Robert Llorente	Council Member – Position One	05/2015
Mike Giangrosso	Council Member – Position Two	05/2017
Gary Johnson	Council Member – Position Three/Mayor ProTem	05/2015
Melissa Botkin	Council Member – Position Four	05/2017
Thom Kolupski	Council Member – Position Five	05/2015
O. J. Miller	Council Member – Position Six	05/2017

<u>Key Staff</u>	<u>Position</u>
Gayle Cook	City Manager
Sean Landis	Assistant City Manager
Pamela Lab	Finance Director
Michele Glaser	City Secretary
Nona Holomon	Director of Public Safety
Arturo Chairez	Director of Public Services
Carolyn Webbon	Municipal Judge

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Seabrook, Texas (the "City"), as of and for the year ended September 30, 2014, 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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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, 2014, 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, and schedule of funding progress, 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated March 27, 2015 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 27, 2015

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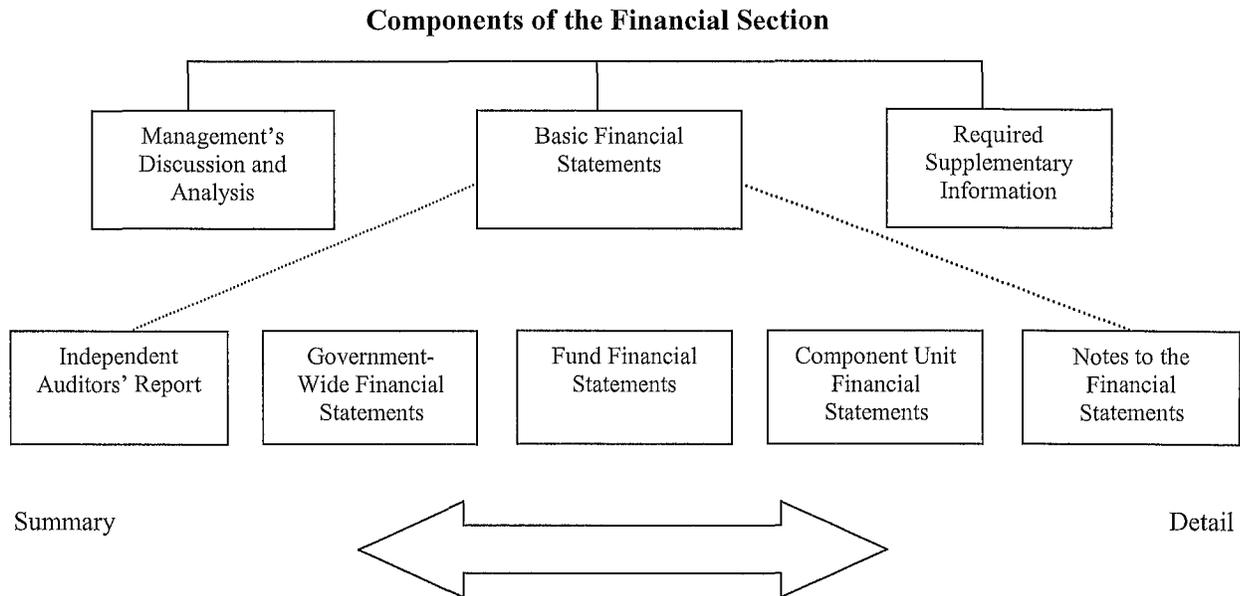
***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

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CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2014

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Seabrook, Texas (the "City") for the year ending September 30, 2014. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's basic financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

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

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

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

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

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

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

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

balances for the general fund, debt service fund, and the CDBG grant fund, which are considered to be major funds.

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

Proprietary Funds

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

Notes to Financial Statements

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

Other Information

In addition to the basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). RSI includes budgetary comparison schedules for the City's general fund and major special revenue fund, as well as a schedule of funding progress 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 by \$45,569,665 as of September 30, 2014. This compares with \$40,842,857 from the prior fiscal year. The largest portion of the City's net position, 70 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, 2014

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 10,700,172	\$ 10,518,150	\$ 6,140,137	\$ 6,715,052	\$ 16,840,309	\$ 17,233,202
Capital assets, net	37,006,775	33,898,300	13,950,527	13,506,674	50,957,302	47,404,974
Total Assets	47,706,947	44,416,450	20,090,664	20,221,726	67,797,611	64,638,176
Deferred outflow of resources	247,605	270,114	45,855	50,024	293,460	320,138
Total Deferred Outflow of Resources	247,605	270,114	45,855	50,024	293,460	320,138
Long-term liabilities	16,221,468	17,166,501	4,433,982	4,688,020	20,655,450	21,854,521
Other liabilities	1,004,831	1,358,365	861,125	902,571	1,865,956	2,260,936
Total Liabilities	17,226,299	18,524,866	5,295,107	5,590,591	22,521,406	24,115,457
Net Position:						
Net investment in capital assets	22,006,280	18,283,628	9,951,443	9,357,328	31,957,723	27,640,956
Restricted	4,552,760	4,388,221	2,432,638	2,207,032	6,985,398	6,595,253
Unrestricted	4,169,213	3,489,849	2,457,331	3,116,799	6,626,544	6,606,648
Total Net Position	\$ 30,728,253	\$ 26,161,698	\$ 14,841,412	\$ 14,681,159	\$ 45,569,665	\$ 40,842,857

A portion of the City's net position, \$6,985,398 or 15 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$6,626,544 or 15 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$4,726,808 as compared to the prior year. This increase is largely the result of an increase in capital assets, as well as a decrease in long-term liabilities. The increase in capital assets is attributed to ongoing construction in progress related to the Waterfront Drive project. The decrease in long-term liabilities occurred primarily as a result of the retirement of debt.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

Statement of Activities:

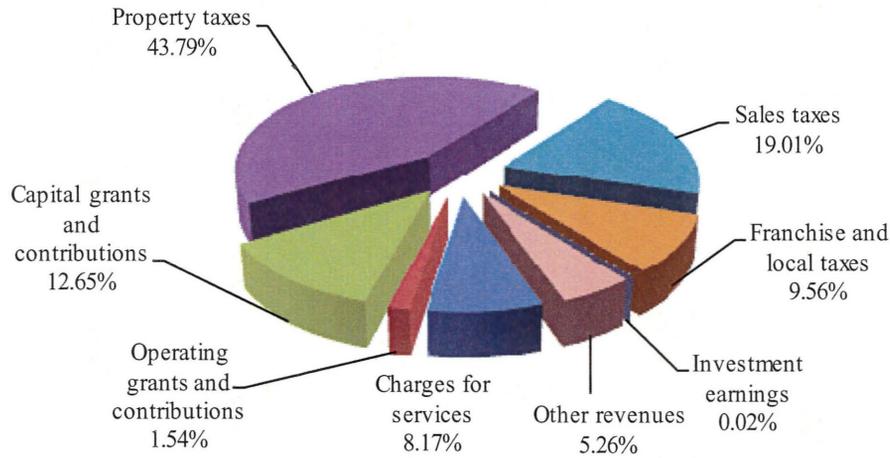
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 1,080,913	\$ 755,111	\$ 6,037,818	\$ 6,209,614	\$ 7,118,731	\$ 6,964,725
Operating grants and contributions	204,058	202,982	-	-	204,058	202,982
Capital grants and contributions	1,674,130	2,490,787	240,152	132,207	1,914,282	2,622,994
General revenues:						
Property taxes	5,795,618	5,656,089	-	-	5,795,618	5,656,089
Sales taxes	2,516,219	2,332,016	-	-	2,516,219	2,332,016
Franchise and other taxes	1,265,765	1,183,623	-	-	1,265,765	1,183,623
Investment earnings	3,073	8,293	1,675	5,562	4,748	13,855
Other revenues	696,853	799,891	260,470	254,257	957,323	1,054,148
Total Revenues	<u>13,236,629</u>	<u>13,428,792</u>	<u>6,540,115</u>	<u>6,601,640</u>	<u>19,776,744</u>	<u>20,030,432</u>
Expenses						
General government	1,165,000	2,426,528	-	-	1,165,000	2,426,528
Public safety	5,053,766	5,108,700	-	-	5,053,766	5,108,700
Public works	2,986,870	1,941,718	-	-	2,986,870	1,941,718
Economic development	412,718	357,550	-	-	412,718	357,550
Interest and fiscal agent fees	623,464	701,007	169,597	194,872	793,061	895,879
Utilities	-	-	4,638,521	4,627,670	4,638,521	4,627,670
Total Expenses	<u>10,241,818</u>	<u>10,535,503</u>	<u>4,808,118</u>	<u>4,822,542</u>	<u>15,049,936</u>	<u>15,358,045</u>
Excess of Revenues Over Expenses	2,994,811	2,893,289	1,731,997	1,779,098	4,726,808	4,672,387
Transfers	1,571,744	1,668,673	(1,571,744)	(1,668,673)	-	-
Change in Net Position	4,566,555	4,561,962	160,253	110,425	4,726,808	4,672,387
Beginning net position	26,161,698	21,599,736	14,681,159	14,570,734	40,842,857	36,170,470
Ending Net Position	<u>\$ 30,728,253</u>	<u>\$ 26,161,698</u>	<u>\$ 14,841,412</u>	<u>\$ 14,681,159</u>	<u>\$ 45,569,665</u>	<u>\$ 40,842,857</u>

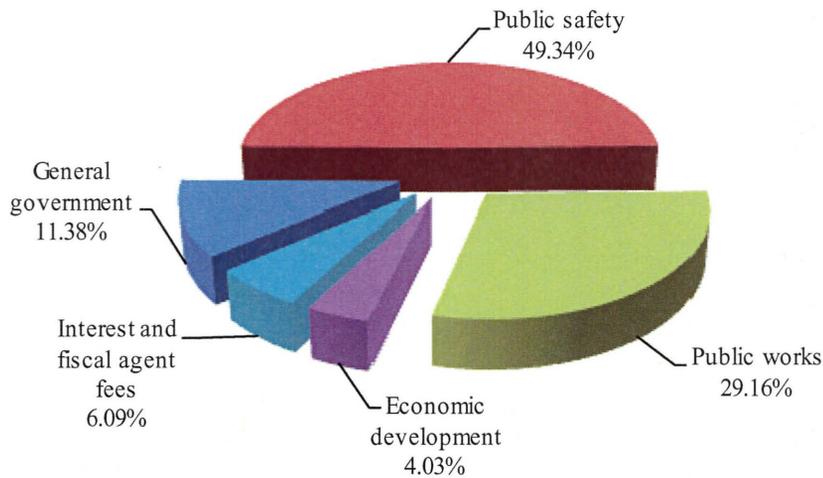
CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

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

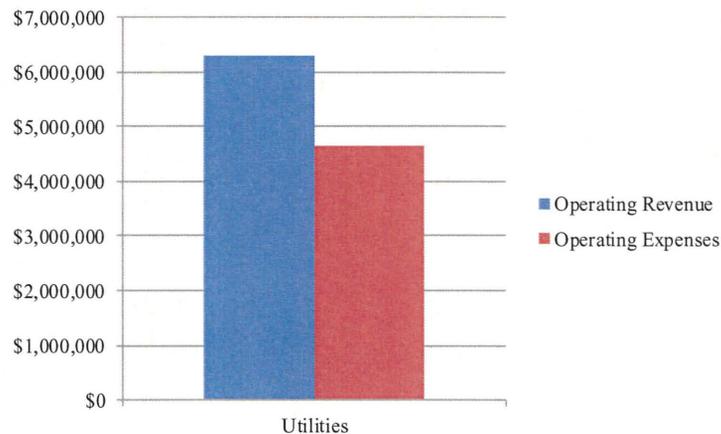
Governmental Revenues



Governmental Expenses



Business-Type Activities



CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

For the year ended September 30, 2014, revenues from governmental activities totaled \$13,236,629, which is a decrease of \$192,163 from the prior year. This is primarily due to a decrease in capital grants and contributions and other revenues.

For the year ended September 30, 2014, expenses from governmental activities totaled \$10,241,818, which is a decrease of \$293,685 from the prior year. This change can be attributed to a decrease in general government expenses, offset by an increase in public works expenses. General government expenses decreased due to an increase in capitalized construction-related costs during the current year as compared to prior year. Similarly, public works expenses increased as a result of less capital-related costs during the current year.

Operating revenues and expenses for business-type activities decreased from the prior year. Charges for services decreased by \$171,796, or three percent, because of lower water consumption levels in the current year due to better climate conditions. Capital grants and contributions increased by \$107,945, or 82 percent, because of an increase in water and sewer impact fees.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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

The City's governmental funds reflect a combined fund balance of \$9,485,311. Of this, \$78,676 is nonspendable, \$4,552,760 is restricted for various purposes, \$801,561 is committed for a stabilization fund to cover potential future budget shortfalls, and \$54,000 is assigned for civil service accrued sick leave payouts. The remaining balance of \$3,998,314 is unassigned in the general fund.

There was a net increase in the combined fund balance of \$553,687 compared to the prior year, primarily due to an increase in property tax and sales tax revenue, along with a decrease in expenditures for public works.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$3,998,314, while total fund balance reached \$4,932,539. 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 42 percent of total general fund expenditures while total fund balance represents 51 percent of the same amount. The general fund demonstrated an overall increase of \$390,116, primarily due to increases in property tax, sales tax, and licenses and permits revenue.

The debt service fund has a total fund balance of \$1,738,285, all of which is restricted for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$3,830, which is comparable to the prior year.

The CDBG grant fund has a zero fund balance at year end as revenues were equal to expenditures.

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.

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned increase in budgeted fund balance in the amount of \$208,318 in the general fund. However, the net change in fund balance increased by \$389,846, resulting in a positive variance of \$181,528 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 \$85,437 during 2014. This variance was primarily due to positive variances of \$51,478 for intergovernmental revenue and \$25,471 for other miscellaneous revenue.

Actual expenditures were less than budgeted amounts by \$96,091 for the fiscal year. The greatest positive variances were in the general government and public safety functions.

CAPITAL ASSETS

At the end of the current year, the City's governmental activities funds had invested \$37,006,775 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$3,108,475.

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

- Various infrastructure projects for \$3,064,992
- Dispatch console for \$101,557
- Several vehicles for \$59,701

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$19,823,000. Of this amount, \$15,860,000 was general obligation debt, \$3,173,000 was revenue bond debt, and certificates of obligation accounted for \$790,000.

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	A2	AA
Revenue bonds	A2	AA

CITY OF SEABROOK, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

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 2015 budget. The City's general fund revenue is principally made up of property taxes, sales taxes, and franchise fees. The revenues projections for the budget are based on historical data, estimates from the finance department and individual department heads, but they have been projected conservatively.

The Seabrook City Council approved a general fund budget of \$9.6 million for the 2015 fiscal year. The 2015 budget incorporated a tax rate decrease of \$.011199 (1.72%) to \$.64003 per \$100 of valuation.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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CITY OF SEABROOK, TEXAS

STATEMENT OF NET POSITION

September 30, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<u>Assets</u>				
Cash and cash equivalents	\$ 9,005,071	\$ 2,476,636	\$ 11,481,707	\$ 2,438,652
Receivables, net of allowances	1,616,425	701,592	2,318,017	327,588
Prepays and other assets	78,676	76	78,752	-
Restricted assets:				
Temporarily restricted cash and cash equivalents	-	2,961,833	2,961,833	-
	10,700,172	6,140,137	16,840,309	2,766,240
Capital assets:				
Non-depreciable capital assets	18,763,893	1,767,804	20,531,697	-
Depreciable capital assets, net	18,242,882	12,182,723	30,425,605	-
	37,006,775	13,950,527	50,957,302	-
Total Assets	47,706,947	20,090,664	67,797,611	2,766,240
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	247,605	45,855	293,460	-
Total Deferred Outflows of Resources	247,605	45,855	293,460	-
<u>Liabilities</u>				
Accounts payable and accrued liabilities	947,989	837,528	1,785,517	222,497
Unearned revenue	11,254	-	11,254	-
Accrued bond interest	45,588	23,597	69,185	-
Noncurrent liabilities:				
Portion due within one year	1,238,602	322,124	1,560,726	-
Portion due in more than one year	14,982,866	4,111,858	19,094,724	-
Total Liabilities	17,226,299	5,295,107	22,521,406	222,497
<u>Net Position</u>				
Net investment in capital assets	22,006,280	9,951,443	31,957,723	-
Restricted for:				
Debt service	1,738,285	-	1,738,285	-
Public safety	971,496	-	971,496	-
Parks	177,476	-	177,476	-
Tourism	1,256,042	-	1,256,042	-
Governmental programming	42,788	-	42,788	-
Capital projects	366,673	2,432,638	2,799,311	-
Economic development	-	-	-	2,543,743
Unrestricted	4,169,213	2,457,331	6,626,544	-
Total Net Position	\$ 30,728,253	\$ 14,841,412	\$ 45,569,665	\$ 2,543,743

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,165,000	\$ 254,578	\$ -	\$ 266,274
Public safety	5,053,766	424,148	79,058	-
Public works	2,986,870	402,187	-	1,407,856
Economic development	412,718	-	125,000	-
Interest and fiscal agent fees	623,464	-	-	-
Total Governmental Activities	10,241,818	1,080,913	204,058	1,674,130
Business-Type Activities				
Utilities	4,638,521	6,037,818	-	240,152
Interest and fiscal agent fees	169,597	-	-	-
Total Business-Type Activities	4,808,118	6,037,818	-	240,152
Total Primary Government	\$ 15,049,936	\$ 7,118,731	\$ 204,058	\$ 1,914,282
Component Unit				
Seabrook Economic Development Corp	\$ 2,048,763	\$ -	\$ 7,780	\$ 952,785
Total Component Unit	\$ 2,048,763	\$ -	\$ 7,780	\$ 952,785

General Revenues:

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

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (644,148)	\$ -	\$ (644,148)	\$ -
(4,550,560)	-	(4,550,560)	-
(1,176,827)	-	(1,176,827)	-
(287,718)	-	(287,718)	-
(623,464)	-	(623,464)	-
<u>(7,282,717)</u>	<u>-</u>	<u>(7,282,717)</u>	<u>-</u>
-	1,639,449	1,639,449	-
-	(169,597)	(169,597)	-
-	1,469,852	1,469,852	-
<u>(7,282,717)</u>	<u>1,469,852</u>	<u>(5,812,865)</u>	<u>-</u>
-	-	-	(1,088,198)
-	-	-	(1,088,198)
5,795,618	-	5,795,618	-
2,516,219	-	2,516,219	794,094
756,686	-	756,686	-
509,079	-	509,079	-
3,073	1,675	4,748	8,324
696,853	260,470	957,323	2,100
1,571,744	(1,571,744)	-	-
<u>11,849,272</u>	<u>(1,309,599)</u>	<u>10,539,673</u>	<u>804,518</u>
4,566,555	160,253	4,726,808	(283,680)
<u>26,161,698</u>	<u>14,681,159</u>	<u>40,842,857</u>	<u>2,827,423</u>
<u>\$ 30,728,253</u>	<u>\$ 14,841,412</u>	<u>\$ 45,569,665</u>	<u>\$ 2,543,743</u>

CITY OF SEABROOK, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2014

	General	Debt Service	CDBG Grant	Nonmajor Governmental
<u>Assets</u>				
Cash and cash equivalents	\$ 4,677,544	\$ 1,737,759	\$ -	\$ 2,589,768
Receivables, net	957,352	68,641	296,312	294,120
Due from other funds	95,929	526	-	500
Prepaid items	78,664	-	-	12
Total Assets	\$ 5,809,489	\$ 1,806,926	\$ 296,312	\$ 2,884,400
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 587,450	\$ -	\$ 200,407	\$ 51,635
Deposits payable	-	-	-	7,000
Due to other funds	1,026	-	95,905	24
Due to others	101,497	-	-	-
Unearned revenue	-	-	-	11,254
Total Liabilities	689,973	-	296,312	69,913
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	186,977	68,641	-	-
<u>Fund Balances</u>				
Nonspendable:				
Prepays	78,664	-	-	12
Restricted for:				
Debt service	-	1,738,285	-	-
Public safety	-	-	-	971,496
Parks	-	-	-	177,476
Tourism	-	-	-	1,256,042
Governmental programming	-	-	-	42,788
Capital projects	-	-	-	366,673
Committed for:				
Stabilization fund	801,561	-	-	-
Assigned for:				
Civil service sick leave	54,000	-	-	-
Unassigned	3,998,314	-	-	-
Total Fund Balances	4,932,539	1,738,285	-	2,814,487
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 5,809,489	\$ 1,806,926	\$ 296,312	\$ 2,884,400

See Notes to Financial Statements.

Total Funds	
\$	9,005,071
	1,616,425
	96,955
	78,676
<u>\$</u>	<u>10,797,127</u>
\$	839,492
	7,000
	96,955
	101,497
	11,254
<u>\$</u>	<u>1,056,198</u>
	255,618
	78,676
	1,738,285
	971,496
	177,476
	1,256,042
	42,788
	366,673
	801,561
	54,000
	3,998,314
<u>\$</u>	<u>9,485,311</u>
<u>\$</u>	<u>10,797,127</u>

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CITY OF SEABROOK, TEXAS
RECONCILIATION OF THE GOVERNMENTAL
FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2014

Total fund balances - governmental funds \$ 9,485,311

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

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

Capital assets, non-depreciable	18,763,893
Capital assets, net depreciable	18,242,882

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.	255,618
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the governmental funds.

Accrued interest payable	(45,588)
Deferred charge on refunding	247,605
Non-current liabilities due in one year	(1,238,602)
Non-current liabilities due in more than one year	(14,982,866)

Net Position of Governmental Activities	\$ 30,728,253
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See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2014

	General	Debt Service	CDBG Grant	Nonmajor Governmental
<u>Revenues</u>				
Property taxes	\$ 4,314,597	\$ 1,501,966	\$ -	\$ -
Sales taxes	1,750,785	-	-	765,434
Franchise fees and local taxes	725,104	-	-	31,582
Other taxes	-	-	-	509,079
Licenses and permits	402,187	-	-	-
Fines and forfeitures	373,099	-	-	51,049
Charges for services	79,162	-	-	175,416
Intergovernmental	201,478	-	1,407,856	2,580
Investment revenue	1,596	785	-	692
Other revenue	557,999	-	-	138,854
Total Revenues	8,406,007	1,502,751	1,407,856	1,674,686
<u>Expenditures</u>				
Current:				
General government	3,487,868	-	-	27,276
Public safety	4,063,017	-	-	722,894
Public works	2,036,750	-	1,407,856	-
Economic development	-	-	-	428,060
Capital outlay	-	-	-	329,055
Debt service:				
Principal	-	900,000	-	-
Interest and fiscal agent fees	-	606,581	-	-
Total Expenditures	9,587,635	1,506,581	1,407,856	1,507,285
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,181,628)	(3,830)	-	167,401
<u>Other Financing Sources (Uses)</u>				
Transfers in	1,571,744	-	-	-
Total Other Financing Sources	1,571,744	-	-	-
Net Change in Fund Balances	390,116	(3,830)	-	167,401
Beginning fund balances	4,542,423	1,742,115	-	2,647,086
Ending Fund Balances	\$ 4,932,539	\$ 1,738,285	\$ -	\$ 2,814,487

See Notes to Financial Statements.

Total Funds	
\$	5,816,563
	2,516,219
	756,686
	509,079
	402,187
	424,148
	254,578
	1,611,914
	3,073
	696,853
	<u>12,991,300</u>
	3,515,144
	4,785,911
	3,444,606
	428,060
	329,055
	900,000
	606,581
	<u>14,009,357</u>
	<u>(1,018,057)</u>
	<u>1,571,744</u>
	<u>1,571,744</u>
	553,687
	<u>8,931,624</u>
\$	<u><u>9,485,311</u></u>

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, 2014

Net changes in fund balances - total governmental funds	\$	553,687
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		4,244,356
Disposal of capital assets		(2,599)
Depreciation expense		(1,133,282)
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		900,000
Amortization of premium		2,812
Compensated absences		42,221
Amortization of deferred charges		(22,509)
Accrued interest		2,814
Revenue in the Statement of Activities that does not provide current financial resources is not reported as revenue in the funds.		(20,945)
Change in Net Position of Governmental Activities	\$	<u>4,566,555</u>

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2014

		Business-Type Activities
		Utility Enterprise
<u>Assets</u>		
Current assets		
Cash and cash equivalents	\$	2,476,636
Accounts receivable (net of allowance for uncollectibles)		701,592
Restricted cash and cash equivalents		2,961,833
Prepaid expense		76
Total Current Assets		6,140,137
Noncurrent assets		
Capital assets:		
Land		1,605,575
Buildings		3,119,466
Infrastructure		15,590,526
Equipment		2,625,098
Construction in progress		162,229
Less allowance for depreciation		(9,152,367)
Total Capital Assets (Net)		13,950,527
Total Noncurrent Assets		13,950,527
Total Assets	\$	20,090,664

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

September 30, 2014

	Business-Type Activities
	Utility Enterprise
<u>Deferred Outflows of Resources</u>	
Deferred charge on refunding	\$ 45,855
<u>Liabilities and Net Position</u>	
Current Liabilities	
Accounts payable and accrued liabilities	\$ 368,351
Accrued interest payable	23,597
Customer deposits	469,177
Bonds payable - current	265,000
Compensated absences	57,124
Total Current Liabilities	1,183,249
Noncurrent liabilities	
Bonds payable - noncurrent	4,073,000
Compensated absences	38,858
Total Noncurrent Liabilities	4,111,858
Total Liabilities	5,295,107
Net Position	
Net investment in capital assets	9,951,443
Restricted for:	
Capital projects - impact fees	2,432,638
Unrestricted net position	2,457,331
Total Net Position	\$ 14,841,412

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, 2014

	Business-Type Activities
	Utility Enterprise
<u>Operating Revenues</u>	
Water service	\$ 1,997,984
Sewer service	2,359,551
Sanitation service	1,680,283
Other revenue	260,470
	Total Operating Revenues 6,298,288
<u>Operating Expenses</u>	
Personnel services	1,113,816
Supplies and materials	50,475
Contractual services	2,715,238
Repairs and maintenance	255,734
Depreciation	503,258
	Total Operating Expenses 4,638,521
	Operating Income 1,659,767
<u>Nonoperating Revenues (Expenses)</u>	
Investment revenue	1,675
Interest expense	(169,597)
	Total Nonoperating (Expenses) (167,922)
	Income Before Contributions and Transfers 1,491,845
Capital contribution - impact fees	240,152
Transfers (out)	(1,571,744)
	Total Contributions and Transfers (1,331,592)
	Change in Net Position 160,253
Beginning net position	14,681,159
	Ending Net Position \$ 14,841,412

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, 2014

	Business-Type Activities
	Utility Enterprise
<u>Cash Flows from Operating Activities</u>	
Receipts from customers and users	\$ 6,340,500
Payments to suppliers	(3,077,005)
Payments to employees	(1,112,854)
	2,150,641
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers to other funds, net	(1,571,744)
	(1,571,744)
<u>Cash Flows from Capital and Related Financing Activities</u>	
Acquisition and construction of capital assets	(947,111)
Interest and fiscal charges	(165,428)
Principal paid on capital debt	(255,000)
Capital contribution	240,152
	(1,127,387)
<u>Cash Flows from Investing Activities</u>	
Interest on investments	1,675
	1,675
	(546,815)
Cash and cash equivalents, beginning of year	5,985,284
	Ending Cash and Cash Equivalents \$ 5,438,469
Ending Cash and Cash Equivalents:	
Unrestricted cash and cash equivalents	\$ 2,476,636
Restricted cash and cash equivalents	2,961,833
	Ending Cash and Cash Equivalents \$ 5,438,469

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, 2014

	<u>Business-Type Activities</u>
	<u>Utility</u>
	<u>Enterprise</u>
Reconciliation of Operating Income (Loss)	
to Net Cash Provided (Used) by Operating Activities	
Operating income	\$ 1,659,767
Adjustments to reconcile operating income	
to net cash provided by operating activities:	
Depreciation	503,258
Changes in Operating Assets and Liabilities:	
(Increase) Decrease in Current Assets:	
Accounts receivable	37,425
Due from other funds	4,787
Prepays	(11)
Increase (Decrease) in Current Liabilities:	
Accounts payable and accrued liabilities	(53,872)
Accrued interest payable	(1,684)
Due to other funds	(14,101)
Compensated absences	962
Customer deposits	14,110
	<u>14,110</u>
Net Cash Provided by Operating Activities	<u>\$ 2,150,641</u>

See Notes to Financial Statements.

CITY OF SEABROOK, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

The City provides the following services: public safety to include police and fire services, municipal court, drainage, building and code inspection, planning, engineering, street repair and maintenance, park maintenance, recreational activities for citizens, and general administrative services.

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

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Discretely Presented Component Units

Seabrook Economic Development Corporation

Seabrook Economic Development Corporation (the "Corporation") has been included in the reporting entity as a discretely presented component unit. The Corporation was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Board of Directors is appointed by and serves at the discretion of the City Council. The

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Corporation's Board of Directors is comprised of the Mayor, a City Council member, and five members who are not employees or City officials, all of whom are appointed by City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the Corporation shall be conveyed to the City. The operations of the Corporation are presented as a governmental fund type. Separate financial statements of the Corporation may be obtained from the finance department of the City.

Blended Component Units

Crime Control and Prevention District

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

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

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

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category – governmental and proprietary – are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

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

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

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

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 for reporting purposes.

The City reports the following enterprise funds:

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

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

E. Measurement Focus and Basis of Accounting

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

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

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

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

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools (TexPool), and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

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

2. Investments

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

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

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

five years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	50 years
Building improvements	10 to 50 years
Machinery and equipment	5 to 25 years
Water and sewer system	40 to 50 years
Infrastructure	10 to 50 years
Vehicles	5 to 15 years

6. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

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

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

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

9. Net Position Flow Assumption

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

10. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 fund balance.

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

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

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

12. Estimates

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund are charges to customers for sales and services. The enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects fund, which adopts a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended. The CDBG grant fund, hotel/motel 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, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
TexPool	\$ 15,537,960	0.00
Total Fair Value	<u>\$ 15,537,960</u>	
Portfolio weighted average maturity		0.00

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 "AM" or "AAA-m," or at 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 at an equivalent rating by at least one nationally recognized rating service. As of September 30, 2014, 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, 2014, fair market values of pledged securities and FDIC coverage did not exceed bank balances.

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

TexPool

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

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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, CDBG grant fund, the nonmajor governmental funds in the aggregate, and the enterprise fund, including the applicable allowances for uncollectible accounts:

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>CDBG Grant</u>	<u>Nonmajor</u>	<u>Component Unit</u>
Property taxes	\$ 300,700	\$ 114,539	\$ -	\$ -	\$ -
Sales taxes	293,406	-	-	136,859	147,183
Franchise taxes	70,196	-	-	7,811	-
Other taxes	54,411	-	-	141,809	-
Intergovernmental	334,320	-	296,312	-	180,405
Other receivables	18,042	-	-	7,641	-
Less allowance	(113,723)	(45,898)	-	-	-
	<u>\$ 957,352</u>	<u>\$ 68,641</u>	<u>\$ 296,312</u>	<u>\$ 294,120</u>	<u>\$ 327,588</u>

Proprietary Funds

	<u>Utility Enterprise</u>
Intergovernmental	\$ 18,946
Accounts receivable	703,929
Less allowance	(21,283)
Total	<u>\$ 701,592</u>

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

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - general fund	\$ 186,977	\$ -
Delinquent property taxes receivable - debt service fund	68,641	-
Grants and revenues prior to meeting all eligibility requirements	-	11,254
Total Deferred Inflow of Resources for Governmental Funds	<u>\$ 255,618</u>	<u>\$ 11,254</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 13,172,431	\$ 18,158	\$ -	\$ 13,190,589
Construction in progress	2,429,040	3,157,430	(13,166)	5,573,304
Total capital assets not being depreciated	<u>15,601,471</u>	<u>3,175,588</u>	<u>(13,166)</u>	<u>18,763,893</u>
Other capital assets:				
Infrastructure	17,791,013	-	-	17,791,013
Buildings and improvements	10,080,307	897,957	-	10,978,264
Machinery and equipment	7,636,332	183,977	(130,473)	7,689,836
Total other capital assets	<u>35,507,652</u>	<u>1,081,934</u>	<u>(130,473)</u>	<u>36,459,113</u>
Less accumulated depreciation for:				
Infrastructure	(9,234,201)	(353,408)	-	(9,587,609)
Buildings and improvements	(3,838,511)	(282,487)	-	(4,120,998)
Machinery and equipment	(4,138,111)	(497,387)	127,874	(4,507,624)
Total accumulated depreciation	<u>(17,210,823)</u>	<u>(1,133,282)</u>	<u>127,874</u>	<u>(18,216,231)</u>
Other capital assets, net	18,296,829	(51,348)	(2,599)	18,242,882
Governmental Activities Capital Assets, Net	<u>\$ 33,898,300</u>	<u>\$ 3,124,240</u>	<u>\$ (15,765)</u>	<u>37,006,775</u>
			Plus unspent bond proceeds	366,673
			Plus deferred loss on refunding	247,605
			Less associated debt	(15,614,773)
			Net Investment in Capital Assets	<u>\$ 22,006,280</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 303,173
Public safety	445,059
Public works	385,050
Total Governmental Activities Depreciation Expense	<u>\$ 1,133,282</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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>
Waterfront Drive project	\$ 4,698,161	\$ 4,629,739	\$ 68,422
Waterfront Drive - engineering	-	336,010	-
Armand Bayou Trail	-	49,374	-
Ossi CAD System	-	43,064	-
Seascape 2014-01	588,335	515,117	73,218
	<u>\$ 5,286,496</u>	<u>\$ 5,573,304</u>	<u>\$ 141,640</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 1,001,510	\$ 604,065	\$ -	\$ 1,605,575
Construction in progress	-	162,229	-	162,229
Total capital assets not being depreciated	<u>1,001,510</u>	<u>766,294</u>	<u>-</u>	<u>1,767,804</u>
Other capital assets:				
Water and sewer system	15,479,700	110,826	-	15,590,526
Buildings and improvements	3,119,466	-	-	3,119,466
Machinery and equipment	2,555,107	69,991	-	2,625,098
Total other capital assets	<u>21,154,273</u>	<u>180,817</u>	<u>-</u>	<u>21,335,090</u>
Less accumulated depreciation for:				
Water and sewer system	(5,502,676)	(315,203)	-	(5,817,879)
Buildings and improvements	(1,659,461)	(70,545)	-	(1,730,006)
Machinery and equipment	(1,486,972)	(117,510)	-	(1,604,482)
Total accumulated depreciation	<u>(8,649,109)</u>	<u>(503,258)</u>	<u>-</u>	<u>(9,152,367)</u>
Other capital assets, net	12,505,164	(322,441)	-	12,182,723
Business-Type Activities Capital Assets, Net	<u>\$ 13,506,674</u>	<u>\$ 443,853</u>	<u>\$ -</u>	<u>13,950,527</u>
			Plus unspent bond proceeds	293,061
			Plus deferred charge on refunding	45,855
			Less associated debt	(4,338,000)
			Net Investment in Capital Assets	<u>\$ 9,951,443</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 503,258
Total Business-Type Activities Depreciation Expense	<u>\$ 503,258</u>

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Contract</u>
Seascape Sewer Line project	\$ -	\$ 100,725	\$ -
Seascape Sewer Line - engineering	-	61,504	-
	<u>\$ -</u>	<u>\$ 162,229</u>	<u>\$ -</u>

Construction in progress for Seascape and the Waterfront projects at September 30, 2014 are made up of engineering fees, as well as construction costs, which are planned to be completed in fiscal year 2015.

D. Long-Term Debt

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

	<u>Beginning Balance**</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 15,555,000	\$ -	\$ (860,000)	\$ 14,695,000	* \$ 895,000
Certificates of obligation	830,000	-	(40,000)	790,000	* 40,000
Deferred amounts:					
For issuance discounts/premiums	132,585	-	(2,812)	129,773	*
	<u>16,517,585</u>	<u>-</u>	<u>(902,812)</u>	<u>15,614,773</u>	<u>935,000</u>
Other liabilities:					
Compensated absences	648,916	276,988	(319,209)	606,695	303,602
Total Governmental Activities	<u>\$ 17,166,501</u>	<u>\$ 276,988</u>	<u>\$ (1,222,021)</u>	<u>\$ 16,221,468</u>	<u>\$ 1,238,602</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 14,982,866</u>
				<u>*Debt associated with governmental activity capital assets</u>	<u>\$ 15,614,773</u>

**Beginning balances have been restated.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Bonds, notes, and other payables:					
General obligation bonds	\$ 1,175,000	\$ -	\$ (10,000)	\$ 1,165,000	* \$ 10,000
Revenue bonds	3,418,000	-	(245,000)	3,173,000	*
	4,593,000	-	(255,000)	4,338,000	265,000
Other liabilities:					
Compensated absences	95,020	61,284	(60,322)	95,982	57,124
Total Business-Type Activities	\$ 4,688,020	\$ 61,284	\$ (315,322)	\$ 4,433,982	\$ 322,124
			Long-term debt due in more than one year	\$ 4,111,858	
			*Debt associated with business-type activity capital assets	\$ 4,338,000	

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The following is a summary of the terms of general obligation bonds, certificates of obligations and revenue bonds outstanding as of September 30, 2014:

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Series 2003	4.40%	\$ 3,455,000
Series 2005	3.55-4.30%	1,125,000
Series 2008	4.00-6.00%	6,205,000
Series 2013 refunding	1.86%	3,910,000
Total General Obligation Bonds		14,695,000
Certificates of Obligation		
Series 2010	3.642%	790,000
Total Certificates of Obligation		790,000
Total Governmental Activities Long-Term Debt		\$ 15,485,000
Business-Type Activities		
General Obligation Bonds		
Series 2013 refunding	1.86%	\$ 1,165,000
Total General Obligation Bonds		1,165,000
Revenue Bonds		
Series 2003 refunding	4.45%	1,375,000
Series 2005 refunding	2.50-4.30%	330,000
Series 2008	4.12%	1,468,000
Total Revenue Bonds		3,173,000
Total Business-Type Activities Long-Term Debt		\$ 4,338,000

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

Year Ending	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 935,000	\$ 569,063	\$ 265,000	\$ 155,893
2016	975,000	528,504	275,000	145,416
2017	1,020,000	485,695	286,000	134,209
2018	1,065,000	440,391	303,000	122,541
2019	1,110,000	400,772	305,000	112,730
2020-2024	6,105,000	1,436,089	1,708,000	405,058
2025-2028	4,275,000	346,641	1,196,000	97,484
Total	\$ 15,485,000	\$ 4,207,155	\$ 4,338,000	\$ 1,173,331

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

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 yearend was as follows:

Receivable Fund	Payable Fund	Amounts
General fund	Other governmental funds	\$ 24
General fund	CDBG grant fund	95,905
Debt service fund	General fund	526
Other governmental funds	General fund	500
		\$ 96,955

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
Utility enterprise fund	General fund	\$ 1,571,744

Transfers to the general fund were subsidies for administrative expenditures.

F. Restricted Assets

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

G. Restatement of Net Position

The beginning net position for governmental activities has been restated to adjust for the sick leave earned of Civil Service employees.

	Governmental Activities Net Position
Beginning net position-as reported	\$ 26,372,193
Restatement - civil service sick leave liability	(210,495)
Beginning net position - restated	\$ 26,161,698

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 OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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, 2014, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

B. Contingent Liabilities

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

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

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

C. Pension Plans

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained from TMRS' website at www.TMRS.com.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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:

	2014	2013
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	30% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

Three-year trend information for the annual pension cost (APC) is as follows:

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 1,038,759	\$ 1,038,759	100.00%	\$ -
2013	\$ 1,033,246	\$ 1,033,246	100.00%	\$ -
2014	\$ 872,891	\$ 872,891	100.00%	\$ -

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level percent of payroll	Level percent of payroll	Level percent of payroll
GASB 25 Equivalent Single Amortization Period	18.0 years - closed period	24.7 years - closed period	25.8 years - closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.00%	7.00%	7.00%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at Cost of Living Adjustments	3.00% 0.90%	3.00% 0.90%	3.00% 2.10%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report (CAFR).

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

	<u>2014</u>
Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	\$ 24,983,520
Actuarial Accrued Liability (AAL)	\$ 28,940,249
Percentage Funded	86.3%
Unfunded AAL (UAAL)	\$ 3,956,729
Annual Covered Payroll	\$ 5,600,223
Covered Payroll	70.7%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

CITY OF SEABROOK, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

D. Other Post Employment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. For the year ended September 30, 2014, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF, for the retiree portion, for the years ended September 30, 2014, 2013, and 2012 were \$1,095, \$1,057, and \$1,042, respectively, which equaled the required contributions each year. The City's contribution rates for the past three years are shown below.

	2014	2013	2012
Annual Req. Contrib. (Rate)	0.02%	0.02%	0.02%
Actual Contribution Made	0.02%	0.02%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Subsequent Event

On February 12, 2015, the City issued \$8,380,000 in general obligation bonds, series 2015 to be used for the design, acquisition, and construction of a Public Works and Animal Shelter and Adoption Center, along with other City projects. The bonds have an interest rate of 2.00 to 3.10 percent and will mature September 1, 2034.

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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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2013 Actual
Revenues					
Property taxes	\$ 4,341,867	\$ 4,312,867	\$ 4,314,597	\$ 1,730	\$ 4,088,820
Sales taxes	1,534,840	1,749,840	1,750,785	945	1,617,582
Franchise fees and taxes	665,000	725,000	725,104	104	699,844
Licenses and permits	120,000	400,000	402,187	2,187	183,263
Fines and forfeitures	440,000	373,000	373,099	99	391,667
Charges for services	52,000	72,000	79,162	7,162	63,847
Intergovernmental	150,000	150,000	201,478	51,478	202,982
Investment revenue	5,065	5,065	1,326	(3,739)	3,398
Other revenue	532,528	532,528	557,999	25,471	570,391
Total Revenues	7,841,300	8,320,300	8,405,737	85,437	7,821,794
Expenditures					
General government:					
Legislative	248,270	228,270	221,160	7,110	260,281
Administrative	896,850	848,850	846,759	2,091	952,461
Information technology	247,022	237,022	231,126	5,896	217,794
Nondepartmental	1,691,947	1,760,947	1,753,146	7,801	1,659,383
Community development	438,920	438,920	435,677	3,243	441,088
Total general government	3,523,009	3,514,009	3,487,868	26,141	3,531,007
Public safety:					
Public safety	3,383,310	3,485,310	3,468,430	16,880	3,173,026
Emergency management	124,468	124,468	116,174	8,294	156,038
Animal control	115,851	103,851	90,610	13,241	91,542
Municipal court	439,992	395,992	387,803	8,189	420,924
Total public safety	4,063,621	4,109,621	4,063,017	46,604	3,841,530
Public works:					
Parks	666,418	644,418	628,477	15,941	639,482
Public works	1,133,678	1,415,678	1,408,273	7,405	1,160,594
Total public works	1,800,096	2,060,096	2,036,750	23,346	1,800,076
Total Expenditures	9,386,726	9,683,726	9,587,635	96,091	9,172,613
(Deficiency) of Revenues					
(Under) Expenditures	(1,545,426)	(1,363,426)	(1,181,898)	181,528	(1,350,819)

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, 2014

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2013 Actual</u>
<u>Other Financing Sources (Uses)</u>					
Transfers in	\$ 1,571,744	\$ 1,571,744	\$ 1,571,744	\$ -	\$ 1,668,673
Total Other Financing Sources	<u>1,571,744</u>	<u>1,571,744</u>	<u>1,571,744</u>	<u>-</u>	<u>1,668,673</u>
Net Change in Fund Balance	<u>\$ 26,318</u>	<u>\$ 208,318</u>	389,846	<u>\$ 181,528</u>	<u>\$ 317,854</u>
Beginning fund balance			<u>3,741,132</u>		
Ending Fund Balance			<u>\$ 4,130,978</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	<u>801,561</u>
	<u>\$ 4,932,539</u>

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

For the Year Ended September 30, 2014

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2013 Actual</u>
Revenues					
Intergovernmental	\$ 1,757,742	\$ 1,408,255	\$ 1,407,856	\$ (399)	\$ 2,490,787
Total Revenues	<u>1,757,742</u>	<u>1,408,255</u>	<u>1,407,856</u>	<u>(399)</u>	<u>2,490,787</u>
Expenditures					
Public works	1,757,742	1,408,255	1,407,856	399	2,490,787
Total Expenditures	<u>1,757,742</u>	<u>1,408,255</u>	<u>1,407,856</u>	<u>399</u>	<u>2,490,787</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning fund balance			<u>-</u>		
Ending Fund Balance			<u>\$ -</u>		

Notes to Required Supplementary Information:

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

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CITY OF SEABROOK, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2014

Fiscal Year	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Value of Assets	\$ 24,983,520	\$ 22,505,880	\$ 20,433,923
Actuarial Accrued Liability (AAL)	\$ 28,940,249	\$ 25,418,485	\$ 26,719,484
Percentage Funded	86.3%	88.5%	76.5%
Unfunded AAL (UAAL)	\$ 3,956,729	\$ 2,912,305	\$ 6,285,561
Annual Covered Payroll	\$ 5,600,223	\$ 5,196,409	\$ 5,243,439
UAAL % of Covered Payroll	70.7%	56.0%	119.9%
Annual Pension Cost (APC)	\$ 872,891	\$ 1,033,246	\$ 1,038,759
Contributions Made	(872,891)	(1,033,246)	(1,038,759)
NPO at the End of Period	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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***COMBINING STATEMENTS
AND SCHEDULES***

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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2013 Actual
Revenues					
Property taxes	\$ 1,559,816	\$ 1,499,816	\$ 1,501,966	\$ 2,150	\$ 1,539,544
Investment revenue	2,500	2,500	785	(1,715)	2,138
Total Revenues	<u>1,562,316</u>	<u>1,502,316</u>	<u>1,502,751</u>	<u>435</u>	<u>1,541,682</u>
Expenditures					
Debt service:					
Principal	900,000	900,000	900,000	-	850,000
Interest and fiscal agent fees	605,734	606,634	606,581	53	670,545
Bond issuance cost	-	-	-	-	42,256
Advance refunding escrow	-	-	-	-	30,000
Total Expenditures	<u>1,505,734</u>	<u>1,506,634</u>	<u>1,506,581</u>	<u>53</u>	<u>1,592,801</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>56,582</u>	<u>(4,318)</u>	<u>(3,830)</u>	<u>488</u>	<u>(51,119)</u>
Other Financing Sources (Uses)					
Bonds issued	-	-	-	-	3,975,000
Payment to refunded bond escrow agent	-	-	-	-	(3,927,803)
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>47,197</u>
Net Change in Fund Balance	<u>\$ 56,582</u>	<u>\$ (4,318)</u>	<u>(3,830)</u>	<u>\$ 488</u>	<u>\$ (3,922)</u>
Beginning fund balance			<u>1,742,115</u>		
Ending Fund Balance			<u>\$ 1,738,285</u>		

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CITY OF SEABROOK, TEXAS
NONMAJOR GOVERNMENTAL FUNDS

SPECIAL REVENUE FUNDS

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

Hotel/Motel Fund

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

Municipal Court Programs Fund

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

Park Improvement Fees Fund

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

Crime Control and Prevention District Fund

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

Public Safety Programs Fund

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

Cable PEG Fees Fund

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

CAPITAL PROJECTS FUND

Capital Projects Fund

This fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlay, including the acquisition or construction of capital facilities and other capital assets.

CITY OF SEABROOK, TEXAS

COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS September 30, 2014

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>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,142,051	\$ 65,935	\$ 201,222	\$ 387,797
Receivables, net	141,809	-	-	136,859
Due from other funds	-	-	500	-
Prepaid items	-	-	-	12
Total Assets	\$ 1,283,860	\$ 65,935	\$ 201,722	\$ 524,668
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 27,794	\$ 70	\$ 5,992	\$ 5,376
Deposits payable	-	-	7,000	-
Due to other funds	24	-	-	-
Unearned revenue	-	-	11,254	-
Total Liabilities	27,818	70	24,246	5,376
Fund balances:				
Nonspendable:				
Prepays	-	-	-	12
Restricted for:				
Public safety	-	65,865	-	519,280
Parks	-	-	177,476	-
Tourism	1,256,042	-	-	-
Governmental programming	-	-	-	-
Capital projects	-	-	-	-
Total Fund Balances	1,256,042	65,865	177,476	519,292
Total Liabilities and Fund Balances	\$ 1,283,860	\$ 65,935	\$ 201,722	\$ 524,668

<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>		
<u>Public Safety Programs</u>	<u>Cable PEG Fees</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>	
\$ 389,515	\$ 35,053	\$ 368,195	\$ 2,589,768	
7,641	7,811	-	294,120	
-	-	-	500	
-	-	-	12	
<u>\$ 397,156</u>	<u>\$ 42,864</u>	<u>\$ 368,195</u>	<u>\$ 2,884,400</u>	
\$ 10,805	\$ 76	\$ 1,522	\$ 51,635	
-	-	-	7,000	
-	-	-	24	
-	-	-	11,254	
<u>10,805</u>	<u>76</u>	<u>1,522</u>	<u>69,913</u>	
-	-	-	12	
386,351	-	-	971,496	
-	-	-	177,476	
-	-	-	1,256,042	
-	42,788	-	42,788	
-	-	366,673	366,673	
<u>386,351</u>	<u>42,788</u>	<u>366,673</u>	<u>2,814,487</u>	
<u>\$ 397,156</u>	<u>\$ 42,864</u>	<u>\$ 368,195</u>	<u>\$ 2,884,400</u>	

CITY OF SEABROOK, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	Special Revenue Funds			
	Hotel and Motel Occupancy Tax	Municipal Court Programs	Park Improvement Fees	Crime Control and Prevention District
Revenues				
Sales and use taxes	\$ -	\$ -	\$ -	\$ 765,434
Franchise and local taxes	-	-	-	-
Hotel occupancy tax	509,079	-	-	-
Fines and forfeitures	-	15,661	-	-
Charges for services	-	-	175,416	-
Intergovernmental	-	-	-	-
Investment revenue	329	13	8	85
Other revenue	10,265	-	-	602
Total Revenues	519,673	15,674	175,424	766,121
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	3,395	-	629,171
Economic development	353,921	-	74,139	-
Capital outlay	-	-	704	-
Total Expenditures	353,921	3,395	74,843	629,171
Net Change in Fund Balances	165,752	12,279	100,581	136,950
Beginning fund balances	1,090,290	53,586	76,895	382,342
Ending Fund Balances	\$ 1,256,042	\$ 65,865	\$ 177,476	\$ 519,292

<u>Special Revenue Funds</u>		<u>Capital Projects Fund</u>	
<u>Public Safety Programs</u>	<u>Cable PEG Fees</u>	<u>Capital Projects</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ -	\$ -	\$ 765,434
-	31,582	-	31,582
-	-	-	509,079
35,388	-	-	51,049
-	-	-	175,416
2,580	-	-	2,580
88	-	169	692
127,987	-	-	138,854
<u>166,043</u>	<u>31,582</u>	<u>169</u>	<u>1,674,686</u>
-	27,276	-	27,276
90,328	-	-	722,894
-	-	-	428,060
62,055	-	266,296	329,055
<u>152,383</u>	<u>27,276</u>	<u>266,296</u>	<u>1,507,285</u>
13,660	4,306	(266,127)	167,401
<u>372,691</u>	<u>38,482</u>	<u>632,800</u>	<u>2,647,086</u>
<u>\$ 386,351</u>	<u>\$ 42,788</u>	<u>\$ 366,673</u>	<u>\$ 2,814,487</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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2013 Actual
<u>Revenues</u>					
Hotel occupancy tax	\$ 360,000	\$ 360,000	\$ 509,079	\$ 149,079	\$ 451,977
Investment revenue	800	800	329	(471)	733
Other revenue	-	-	10,265	10,265	1,660
Total Revenues	<u>360,800</u>	<u>360,800</u>	<u>519,673</u>	<u>158,873</u>	<u>454,370</u>
<u>Expenditures</u>					
Current:					
Economic development	509,216	509,216	353,921	155,295	318,569
Total Expenditures	<u>509,216</u>	<u>509,216</u>	<u>353,921</u>	<u>155,295</u>	<u>318,569</u>
Net Change in Fund Balance	<u>\$ (148,416)</u>	<u>\$ (148,416)</u>	165,752	<u>\$ 314,168</u>	<u>\$ 135,801</u>
Beginning fund balance			<u>1,090,290</u>		
Ending Fund Balance			<u>\$ 1,256,042</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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2013 Actual
<u>Revenues</u>					
Fines and forfeitures	\$ 15,525	\$ 15,225	\$ 15,661	\$ 436	\$ 16,070
Investment revenue	42	42	13	(29)	43
Total Revenues	<u>15,567</u>	<u>15,267</u>	<u>15,674</u>	<u>407</u>	<u>16,113</u>
<u>Expenditures</u>					
Current:					
Public safety	57,000	57,000	3,395	53,605	29,987
Total Expenditures	<u>57,000</u>	<u>57,000</u>	<u>3,395</u>	<u>53,605</u>	<u>29,987</u>
Net Change in Fund Balance	<u>\$ (41,433)</u>	<u>\$ (41,733)</u>	12,279	<u>\$ 54,012</u>	<u>\$ (13,874)</u>
Beginning fund balance			<u>53,586</u>		
Ending Fund Balance			<u>\$ 65,865</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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2013 Actual
Revenues					
Charges for services	\$ 68,500	\$ 172,000	\$ 175,416	\$ 3,416	\$ 78,823
Investment revenue	15	15	8	(7)	13
Total Revenues	<u>68,515</u>	<u>172,015</u>	<u>175,424</u>	<u>3,409</u>	<u>78,836</u>
Expenditures					
Current:					
Economic development	49,600	85,600	74,139	11,461	38,981
Capital outlay	<u>49,000</u>	<u>4,000</u>	<u>704</u>	<u>3,296</u>	<u>10,428</u>
Total Expenditures	<u>98,600</u>	<u>89,600</u>	<u>74,843</u>	<u>14,757</u>	<u>49,409</u>
Net Change in Fund Balance	<u>\$ (30,085)</u>	<u>\$ 82,415</u>	100,581	<u>\$ 18,166</u>	<u>\$ 29,427</u>
Beginning fund balance			<u>76,895</u>		
Ending Fund Balance			<u>\$ 177,476</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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2013 Actual
Revenues					
Sales taxes	\$ 678,300	\$ 678,300	\$ 765,434	\$ 87,134	\$ 714,434
Investment revenue	100	100	85	(15)	109
Other revenue	-	-	602	602	8
Total Revenues	<u>678,400</u>	<u>678,400</u>	<u>766,121</u>	<u>87,721</u>	<u>714,551</u>
Expenditures					
Current:					
Public safety	674,271	674,271	629,171	45,100	660,362
Total Expenditures	<u>674,271</u>	<u>674,271</u>	<u>629,171</u>	<u>45,100</u>	<u>660,362</u>
Net Change in Fund Balance	<u>\$ 4,129</u>	<u>\$ 4,129</u>	136,950	<u>\$ 132,821</u>	<u>\$ 54,189</u>
Beginning fund balance			<u>382,342</u>		
Ending Fund Balance			<u>\$ 519,292</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, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)	2013 Actual
Revenues					
Fines and forfeitures	\$ 40,000	\$ 35,000	\$ 35,388	\$ 388	\$ 21,441
Intergovernmental	-	-	2,580	2,580	-
Investment revenue	195	96	88	(8)	289
Other revenue	194,000	123,000	127,987	4,987	227,832
Total Revenues	<u>234,195</u>	<u>158,096</u>	<u>166,043</u>	<u>7,947</u>	<u>249,562</u>
Expenditures					
Current:					
Public safety	157,503	157,922	90,328	67,594	206,820
Capital outlay	<u>159,874</u>	<u>114,874</u>	<u>62,055</u>	<u>52,819</u>	<u>142,055</u>
Total Expenditures	<u>317,377</u>	<u>272,796</u>	<u>152,383</u>	<u>120,413</u>	<u>348,875</u>
Net Change in Fund Balance	<u>\$ (83,182)</u>	<u>\$ (114,700)</u>	13,660	<u>\$ 128,360</u>	<u>\$ (99,313)</u>
Beginning fund balance			<u>372,691</u>		
Ending Fund Balance			<u>\$ 386,351</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, 2014

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2013 Actual</u>
<u>Revenues</u>					
Franchise and local taxes	\$ 31,000	\$ 31,000	\$ 31,582	\$ 582	\$ 31,802
Total Revenues	<u>31,000</u>	<u>31,000</u>	<u>31,582</u>	<u>582</u>	<u>31,802</u>
<u>Expenditures</u>					
Current:					
General government	21,200	33,700	27,276	6,424	1,712
Total Expenditures	<u>21,200</u>	<u>33,700</u>	<u>27,276</u>	<u>6,424</u>	<u>1,712</u>
Net Change in Fund Balance	<u>\$ 9,800</u>	<u>\$ (2,700)</u>	4,306	<u>\$ 7,006</u>	<u>\$ 30,090</u>
Beginning fund balance			<u>38,482</u>		
Ending Fund Balance			<u>\$ 42,788</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.

Contents	Page
Financial Trends	98
<i>These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.</i>	
Revenue Capacity	110
<i>These schedules contain information to help the reader assess the government's most significant local revenue source, property tax.</i>	
Debt Capacity	118
<i>These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	126
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.</i>	
Operating Information	129
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.</i>	

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

CITY OF SEABROOK, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007 (1)	2008
Governmental Activities				
Net investment in capital assets	\$ 11,576,574	\$ 12,098,249	\$ 13,391,257	\$ 12,212,584
Restricted	4,674,588	3,361,541	2,426,793	2,695,249
Unrestricted	1,492,055	2,439,519	2,635,283	(898,092)
Total Governmental Activities Net Position	\$ 17,743,217	\$ 17,899,309	\$ 18,453,333	\$ 14,009,741
Business-Type Activities				
Net investment in capital assets	\$ 4,788,420	\$ 4,878,430	\$ 5,013,239	\$ 6,146,398
Restricted	115,302	160,356	2,597,993	1,972,400
Unrestricted	3,142,001	4,374,684	2,574,840	3,084,904
Total Business-Type Activities Net Position	\$ 8,045,723	\$ 9,413,470	\$ 10,186,072	\$ 11,203,702
Primary Government				
Net investment in capital assets	\$ 16,364,994	\$ 16,976,679	\$ 18,404,496	\$ 18,358,982
Restricted	4,789,890	3,521,897	5,024,786	4,667,649
Unrestricted	4,634,056	6,814,203	5,210,123	2,186,812
Total Primary Government Net Position	\$ 25,788,940	\$ 27,312,779	\$ 28,639,405	\$ 25,213,443

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

- (2) In fiscal year 2008, the City issued voter approved debt of approximately \$4 million to contribute to the construction of Repsdorph Road, a Harris County-owned thoroughfare, in order to improve mobility in the City. Because there is no City-owned capital asset, the debt related to this expenditure is classified against governmental activity unrestricted net position.

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 14,026,951	\$ 14,938,447	\$ 15,440,360	\$ 14,144,650	\$ 18,283,628	\$ 22,006,280
3,051,748	3,004,538	3,264,045	4,701,768	4,388,221	4,552,760
(2) (899,753)	(2) (1,859,661)	(2) (1,475,029)	3,211,311	3,489,849	4,169,213
<u>\$ 16,178,946</u>	<u>\$ 16,083,324</u>	<u>\$ 17,229,376</u>	<u>\$ 22,057,729</u>	<u>\$ 26,161,698</u>	<u>\$ 30,728,253</u>
\$ 7,567,091	\$ 7,552,636	\$ 7,593,022	\$ 8,429,256	\$ 9,357,328	\$ 9,951,443
2,165,510	2,294,133	2,451,025	2,318,565	2,207,032	2,432,638
2,676,653	2,986,896	3,734,997	3,914,970	3,116,799	2,457,331
<u>\$ 12,409,254</u>	<u>\$ 12,833,665</u>	<u>\$ 13,779,044</u>	<u>\$ 14,662,791</u>	<u>\$ 14,681,159</u>	<u>\$ 14,841,412</u>
\$ 21,594,042	\$ 22,491,083	\$ 23,033,382	\$ 22,573,906	\$ 27,640,956	\$ 31,957,723
5,217,258	5,298,671	5,715,070	7,020,333	6,595,253	6,985,398
1,776,900	1,127,235	2,259,968	7,126,281	6,606,648	6,626,544
<u>\$ 28,588,200</u>	<u>\$ 28,916,989</u>	<u>\$ 31,008,420</u>	<u>\$ 36,720,520</u>	<u>\$ 40,842,857</u>	<u>\$ 45,569,665</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007 (1)	2008
Expenses				
Governmental Activities				
General government	\$ 2,327,822	\$ 2,604,773	\$ 3,086,170	\$ 3,223,608
Public safety	2,648,112	3,786,758	3,834,433	4,523,302
Public works	1,329,337	1,952,880	1,981,804	8,243,979 (2)
Economic development	1,540,481	393,197	307,161	302,712
Interest and fiscal agent fees	270,438	795,631	500,828	768,483
Total Governmental Activities Expenses	<u>8,116,190</u>	<u>9,533,239</u>	<u>9,710,396</u>	<u>17,062,084</u>
Business-Type Activities				
Utilities	3,315,521	3,602,659	3,598,054	3,868,646
Interest and fiscal agent fees	-	-	-	-
Total Business-Type Activities Expenses	<u>3,315,521</u>	<u>3,602,659</u>	<u>3,598,054</u>	<u>3,868,646</u>
Total Primary Government Expenses	<u>\$ 11,431,711</u>	<u>\$ 13,135,898</u>	<u>\$ 13,308,450</u>	<u>\$ 20,930,730</u>
Program Revenues				
Governmental Activities				
Charges for services	\$ 936,565	\$ 1,144,459	\$ 916,164	\$ 1,044,182
Operating grants and contributions	198,268	17,480	82,216	1,087,868
Capital grants and contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>1,134,833</u>	<u>1,161,939</u>	<u>998,380</u>	<u>2,132,050</u>
Business-Type Activities				
Utilities:				
Charges for services	4,412,249	5,241,480	4,829,377	5,462,025
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	624,651	429,824
Total Business-Type Activities Program Revenues	<u>4,412,249</u>	<u>5,241,480</u>	<u>5,454,028</u>	<u>5,891,849</u>
Total Primary Government Program Revenues	<u>\$ 5,547,082</u>	<u>\$ 6,403,419</u>	<u>\$ 6,452,408</u>	<u>\$ 8,023,899</u>
Net (Expense)/Revenue				
Governmental activities	\$ (6,981,357)	\$ (8,371,300)	\$ (8,712,016)	\$ (14,930,034)
Business-type activities	1,096,728	1,638,821	1,855,974	2,023,203
Total Primary Government Net Expense	<u>\$ (5,884,629)</u>	<u>\$ (6,732,479)</u>	<u>\$ (6,856,042)</u>	<u>\$ (12,906,831)</u>

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 3,012,703	\$ 4,376,699	\$ 3,523,480	\$ 2,044,188	\$ 2,426,528	\$ 1,165,000
4,040,110	4,471,942	5,008,177	4,444,193	5,108,700	5,053,766
5,870,600	2,011,743	1,326,336	3,191,383	1,941,718	2,986,870
307,990	239,073	321,532	303,003	357,550	412,718
715,567	780,835	811,818	759,480	701,007	623,464
<u>13,946,970</u>	<u>11,880,292</u>	<u>10,991,343</u>	<u>10,742,247</u>	<u>10,535,503</u>	<u>10,241,818</u>
4,372,440	4,356,358	4,475,897	4,289,547	4,627,670	4,638,521
-	-	-	-	194,872	169,597
<u>4,372,440</u>	<u>4,356,358</u>	<u>4,475,897</u>	<u>4,289,547</u>	<u>4,822,542</u>	<u>4,808,118</u>
<u>\$ 18,319,410</u>	<u>\$ 16,236,650</u>	<u>\$ 15,467,240</u>	<u>\$ 15,031,794</u>	<u>\$ 15,358,045</u>	<u>\$ 15,049,936</u>
\$ 1,161,842	\$ 892,652	\$ 1,243,869	\$ 1,070,691	\$ 755,111	\$ 1,080,913
3,238,853	664,973	289,739	165,018	202,982	204,058
1,248,865	134,259	37,775	3,739,274	2,490,787	1,674,130
<u>5,649,560</u>	<u>1,691,884</u>	<u>1,571,383</u>	<u>4,974,983</u>	<u>3,448,880</u>	<u>2,959,101</u>
5,594,215	6,048,698	6,829,188	6,040,302	6,209,614	6,037,818
210,274	-	-	-	-	-
297,887	133,954	154,624	218,259	132,207	240,152
<u>6,102,376</u>	<u>6,182,652</u>	<u>6,983,812</u>	<u>6,258,561</u>	<u>6,341,821</u>	<u>6,277,970</u>
<u>\$ 11,751,936</u>	<u>\$ 7,874,536</u>	<u>\$ 8,555,195</u>	<u>\$ 11,233,544</u>	<u>\$ 9,790,701</u>	<u>\$ 9,237,071</u>
\$ (8,297,410)	\$ (10,188,408)	\$ (9,419,960)	\$ (5,767,264)	\$ (7,086,623)	\$ (7,282,717)
1,729,936	1,826,294	2,507,915	1,969,014	1,519,279	1,469,852
<u>\$ (6,567,474)</u>	<u>\$ (8,362,114)</u>	<u>\$ (6,912,045)</u>	<u>\$ (3,798,250)</u>	<u>\$ (5,567,344)</u>	<u>\$ (5,812,865)</u>

CITY OF SEABROOK, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(Accrual Basis of Accounting)

	Fiscal Year			
	2005	2006	2007 (1)	2008
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property taxes	\$ 3,895,035	\$ 4,078,227	\$ 4,474,598	\$ 4,663,052
Sales and use taxes	2,630,514	2,407,583	2,070,950	2,365,779
Franchise fees and local taxes	884,485	967,881	1,046,552	1,146,560
Investment revenue	274,851	569,204	489,208	341,808
Other revenues	-	-	255,213	788,499
Transfers	921,872	504,497	1,354,082	1,180,741
Total Governmental Activities	<u>8,606,757</u>	<u>8,527,392</u>	<u>9,690,603</u>	<u>10,486,439</u>
Business-Type Activities				
Investment revenue	126,703	233,423	270,710	175,165
Other revenues	-	-	-	-
Transfers	(921,872)	(504,497)	(1,354,082)	(1,180,741)
Total Business-Type Activities	<u>(795,169)</u>	<u>(271,074)</u>	<u>(1,083,372)</u>	<u>(1,005,576)</u>
Total Primary Government	<u>\$ 7,811,588</u>	<u>\$ 8,256,318</u>	<u>\$ 8,607,231</u>	<u>\$ 9,480,863</u>
Change in Net Position				
Governmental activities	\$ 1,625,400	\$ 156,092	\$ 978,587	\$ (4,443,595)
Business-type activities	301,559	1,367,747	772,602	1,017,627
Total Primary Government	<u>\$ 1,926,959</u>	<u>\$ 1,523,839</u>	<u>\$ 1,751,189</u>	<u>\$ (3,425,968)</u>

- (1) In fiscal year 2007, the Seabrook Economic Development Corporation began to be reported as a discretely presented component unit.
- (2) In fiscal year 2008, the City paid \$5 million to Harris County for a construction project on Repsdorff Road (a County road) and incurred approximately \$1.4 million in hurricane-related expenses.

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 5,056,183	\$ 5,088,332	\$ 5,285,995	\$ 5,442,550	\$ 5,656,089	\$ 5,795,618
2,304,229	2,097,398	2,164,992	2,135,045	2,332,016	2,516,219
1,007,741	1,035,216	1,033,334	1,075,551	1,183,623	1,265,765
56,833	15,843	10,707	10,124	8,293	3,073
752,317	408,615	501,112	592,662	799,891	696,853
1,289,312	1,447,381	1,569,873	1,339,685	1,668,673	1,571,744
<u>10,466,615</u>	<u>10,092,785</u>	<u>10,566,013</u>	<u>10,595,617</u>	<u>11,648,585</u>	<u>11,849,272</u>
40,824	10,116	7,337	6,945	5,562	1,675
724,104	35,382	-	247,473	254,257	260,470
(1,289,312)	(1,447,381)	(1,569,873)	(1,339,685)	(1,668,673)	(1,571,744)
<u>(524,384)</u>	<u>(1,401,883)</u>	<u>(1,562,536)</u>	<u>(1,085,267)</u>	<u>(1,408,854)</u>	<u>(1,309,599)</u>
<u>\$ 9,942,231</u>	<u>\$ 8,690,902</u>	<u>\$ 9,003,477</u>	<u>\$ 9,510,350</u>	<u>\$ 10,239,731</u>	<u>\$ 10,539,673</u>
\$ 2,169,205	\$ (95,623)	\$ 1,146,053	\$ 4,828,353	\$ 4,561,962	\$ 4,566,555
1,205,552	424,411	945,379	883,747	110,425	160,253
<u>\$ 3,374,757</u>	<u>\$ 328,788</u>	<u>\$ 2,091,432</u>	<u>\$ 5,712,100</u>	<u>\$ 4,672,387</u>	<u>\$ 4,726,808</u>

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

<u>Function</u>	<u>Fiscal Year</u>			
	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Property	\$ 3,895,035	\$ 4,078,227	\$ 4,474,598	\$ 4,663,052
Sales and use	2,630,514	2,407,583	2,070,950	2,365,779
Franchise fees and local taxes	884,485	967,881	1,046,552	1,146,560
	<u>\$ 7,410,034</u>	<u>\$ 7,453,691</u>	<u>\$ 7,592,100</u>	<u>\$ 8,175,391</u>

Fiscal Year						Change
2009	2010	2011	2012	2013	2014	2013-2014
\$ 5,056,183	\$ 5,088,332	\$ 5,285,995	\$ 5,442,550	\$ 5,656,089	\$ 5,795,618	2%
2,304,229	2,097,398	2,164,992	2,135,045	2,332,016	2,516,219	8%
1,007,741	1,035,216	1,033,334	1,075,551	1,183,623	1,265,765	7%
<u>\$ 8,368,153</u>	<u>\$ 8,220,946</u>	<u>\$ 8,484,321</u>	<u>\$ 8,653,146</u>	<u>\$ 9,171,728</u>	<u>\$ 9,577,602</u>	<u>4%</u>

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

	Fiscal Year			
	2005	2006	2007 (1)	2008
General Fund				
Nonspendable	\$ 44,636	\$ 132,506	\$ -	\$ -
Restricted	-	-	199,131	-
Committed	-	-	-	-
Assigned	-	-	192,292	-
Unassigned	1,403,969	2,078,835	2,361,726	2,691,060
Total General Fund	<u>\$ 1,448,605</u>	<u>\$ 2,211,341</u>	<u>\$ 2,753,149</u>	<u>\$ 2,691,060</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	11,728,434	8,283,347	6,069,946	5,418,337
Total All Other Governmental Funds	<u>\$ 11,728,434</u>	<u>\$ 8,283,347</u>	<u>\$ 6,069,946</u>	<u>\$ 5,418,337</u>

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

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 2,183	\$ 4,684	\$ 62,076	\$ 24,677	\$ 13,687	\$ 78,664
-	-	-	-	-	-
-	-	-	-	801,291	801,561
-	-	-	853,532	78,000	54,000
2,831,297	2,855,163	3,185,900	3,345,601	3,649,445	3,998,314
<u>\$ 2,833,480</u>	<u>\$ 2,859,847</u>	<u>\$ 3,247,976</u>	<u>\$ 4,223,810</u>	<u>\$ 4,542,423</u>	<u>\$ 4,932,539</u>
\$ -	\$ -	\$ -	\$ 195	\$ 980	\$ 12
5,680,053	5,489,578	4,818,455	4,701,768	4,388,221	4,552,760
<u>\$ 5,680,053</u>	<u>\$ 5,489,578</u>	<u>\$ 4,818,455</u>	<u>\$ 4,701,963</u>	<u>\$ 4,389,201</u>	<u>\$ 4,552,772</u>

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

	Fiscal Year			
	2005	2006	2007 (1)	2008
Revenues				
Taxes	\$ 7,416,463	\$ 7,448,204	\$ 7,568,401	\$ 8,192,323
Licenses and permits	423,319	456,056	321,577	249,809
Fines and forfeitures	320,391	472,946	463,600	612,481
Charges for services	64,595	62,687	57,079	68,153
Intergovernmental	198,268	17,480	82,216	987,868
Investment revenue	274,851	569,204	489,206	340,531
Other revenues	128,260	152,770	329,123	508,378
Total Revenues	<u>8,826,147</u>	<u>9,179,347</u>	<u>9,311,202</u>	<u>10,959,543</u>
Expenditures				
General government	2,189,352	2,533,747	3,040,338	3,168,496
Public safety	3,215,425	3,552,847	3,551,443	4,270,881
Public works	1,405,276	1,437,989	1,521,301	2,693,435
Economic development	1,540,481	2,981,294	307,161	302,712
Capital outlay	-	-	1,373,161	8,145,648
Debt service:				
Principal	1,942,259	669,588	455,687	620,214
Interest and fiscal fees	563,874	690,730	501,128	687,248
Bond issuance costs	-	-	-	-
Advance refunding escrow	-	-	-	-
Total Expenditures	<u>10,856,667</u>	<u>11,866,195</u>	<u>10,750,219</u>	<u>19,888,634</u>
(Deficiency) of				
Revenues (Under) Expenditures	(2,030,520)	(2,686,848)	(1,439,017)	(8,929,091)
Other Financing Sources (Uses)				
Transfers in	1,297,884	1,041,426	2,144,264	1,354,082
Transfers out	(104,284)	(119,554)	(2,139,767)	-
Refunding bonds issued	-	2,971,250	-	-
Bonds issued	-	5,175,000	-	-
Premium on bonds issued	-	62,655	-	-
Discount on bonds issued	-	(53,278)	-	-
Payments to refunded bond escrow agent	-	(3,049,675)	-	-
Capital leases	-	107,627	-	-
Insurance proceeds	-	-	-	-
Sales of capital assets	2,800	-	-	-
Total Other Financing Sources	<u>1,196,400</u>	<u>6,135,451</u>	<u>4,497</u>	<u>1,354,082</u>
Net Change in Fund Balances	<u>\$ (834,120)</u>	<u>\$ 3,448,603</u>	<u>\$ (1,434,520)</u>	<u>\$ (7,575,009)</u>

Debt service as a percentage of noncapital expenditures	17.32%	26.90%	14.60%	11.67%
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(1) In fiscal year 2007, the Seabrook Economic Development Corporation began to be reported as a discretely presented component unit.

Fiscal Year						
2009	2010	2011	2012	2013	2014	
\$ 8,366,511	\$ 8,216,879	\$ 8,518,658	\$ 8,696,855	\$ 9,144,003	\$ 9,598,547	
377,942	224,612	205,293	227,156	183,263	402,187	
550,248	539,362	817,057	709,306	429,178	424,148	
62,232	85,766	118,535	134,229	142,670	254,578	
3,238,853	655,528	283,784	3,904,292	2,693,769	1,611,914	
56,831	15,841	10,708	10,124	8,293	3,073	
580,230	485,496	575,537	592,662	799,891	696,853	
<u>13,232,847</u>	<u>10,223,484</u>	<u>10,529,572</u>	<u>14,274,624</u>	<u>13,401,067</u>	<u>12,991,300</u>	
3,400,694	4,096,478	3,595,589	3,456,967	3,532,719	3,515,144	
4,067,881	4,413,552	4,558,181	4,531,674	4,738,699	4,785,911	
5,584,834	1,758,184	1,584,167	5,428,496	4,290,863	3,444,606	
308,979	239,809	377,864	303,003	357,550	428,060	
112,884	1,019,829	961,379	445,831	598,454	329,055	
512,500	584,705	588,125	652,500	850,000	900,000	
773,796	753,618	764,478	725,358	670,545	606,581	
-	-	-	-	42,256	-	
-	-	-	-	30,000	-	
<u>14,761,568</u>	<u>12,866,175</u>	<u>12,429,783</u>	<u>15,543,829</u>	<u>15,111,086</u>	<u>14,009,357</u>	
(1,528,721)	(2,642,691)	(1,900,211)	(1,269,205)	(1,710,019)	(1,018,057)	
1,180,741	1,298,154	1,447,381	1,624,942	1,668,673	1,571,744	
-	(8,843)	-	(55,069)	-	-	
-	-	-	-	3,975,000	-	
6,835,000	-	900,000	-	-	-	
199,652	-	-	-	-	-	
-	-	-	-	-	-	
-	-	-	-	(3,927,803)	-	
-	-	-	-	-	-	
-	578,304	131,202	47,344	-	-	
-	-	-	-	-	-	
<u>8,215,393</u>	<u>1,867,615</u>	<u>2,478,583</u>	<u>1,617,217</u>	<u>1,715,870</u>	<u>1,571,744</u>	
<u>\$ 6,686,672</u>	<u>\$ (775,076)</u>	<u>\$ 578,372</u>	<u>\$ 348,012</u>	<u>\$ 5,851</u>	<u>\$ 553,687</u>	
8.10%	9.57%	11.66%	12.77%	14.83%	15.43%	

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

	Fiscal Year			
	2005	2006	2007	2008
Real Property	\$ 645,704,001	\$ 715,935,585	\$ 764,898,295	\$ 800,371,653
Personal Property	59,244,499	57,830,850	82,426,063	93,001,677
Less: Tax Exempt Property	<u>(94,610,590)</u>	<u>(128,476,929)</u>	<u>(140,260,655)</u>	<u>(147,046,586)</u>
Total Taxable Assessed Value (1)	<u>\$ 610,337,910</u>	<u>\$ 645,289,506</u>	<u>\$ 707,063,703</u>	<u>\$ 746,326,744</u>
Total Direct Tax Rate	\$ 0.619573	\$ 0.630706	\$ 0.621009	\$ 0.620252

Source: Harris County Certified Tax Rolls and Corrections

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

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

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 918,598,632	\$ 900,127,932	\$ 916,878,359	\$ 921,323,736	\$ 937,092,962	\$ 983,065,482
95,312,943	96,447,635	92,903,636	86,707,764	90,255,089	87,589,652
<u>(161,054,726)</u>	<u>(166,465,212)</u>	<u>(169,009,366)</u>	<u>(169,776,137)</u>	<u>(170,919,619)</u>	<u>(175,815,601)</u>
<u>\$ 852,856,849</u>	<u>\$ 830,110,355</u>	<u>\$ 840,772,629</u>	<u>\$ 838,255,363</u>	<u>\$ 856,428,432</u>	<u>\$ 894,839,533</u>
\$ 0.588373	\$ 0.613409	\$ 0.626807	\$ 0.649978	\$ 0.665232	\$ 0.651229

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

	Fiscal Year			
	2005	2006	2007	2008
City by fund:				
General	\$ 0.43171	\$ 0.44707	\$ 0.45328	\$ 0.46980
Debt service	0.18787	0.18364	0.16773	0.15046
Total Direct Rates	<u>0.61958</u>	<u>0.63071</u>	<u>0.62101</u>	<u>0.62026</u>
Clear Creek School District	1.74500	1.77500	1.63000	1.32000
Harris County	0.39986	0.39986	0.40239	0.39239
Harris County Flood Control District	0.03318	0.03318	0.03241	0.03106
Port of Houston Authority	0.01673	0.01673	0.01302	0.01437
Harris County Hospital District	0.19021	0.19021	0.19216	0.19216
Harris County Dept. of Education	<u>0.00629</u>	<u>0.00629</u>	<u>0.00629</u>	<u>0.00585</u>
Total Direct and Overlapping Rates (1)	<u>\$ 3.01085</u>	<u>\$ 3.05198</u>	<u>\$ 2.89728</u>	<u>\$ 2.57609</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					
2009	2010	2011	2012	2013	2014
\$ 0.43012	\$ 0.45628	\$ 0.46556	\$ 0.48269	\$ 0.48315	\$ 0.48315
0.15825	0.15713	0.16125	0.16729	0.18208	0.16808
<u>0.58837</u>	<u>0.61341</u>	<u>0.62681</u>	<u>0.64998</u>	<u>0.66523</u>	<u>0.65123</u>
1.36000	1.36000	1.36000	1.36000	1.36000	1.40000
0.38923	0.39224	0.38805	0.39117	0.40021	0.41455
0.03086	0.29220	0.02930	0.02809	0.02809	0.02827
0.01773	0.16360	0.02054	0.01856	0.01952	0.01716
0.19216	0.19216	0.19216	0.19406	0.18216	0.17000
<u>0.00584</u>	<u>0.00605</u>	<u>0.00658</u>	<u>0.00658</u>	<u>0.00662</u>	<u>0.00636</u>
<u>\$ 2.58419</u>	<u>\$ 3.01966</u>	<u>\$ 2.62344</u>	<u>\$ 2.64844</u>	<u>\$ 2.66183</u>	<u>\$ 2.68757</u>

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CITY OF SEABROOK, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year					
	2014			2005		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Sinbad Landing Corp.	\$ 15,487,730	1	1.73%	\$ 9,795,000	2	1.60%
Repsdorff Road LTD	14,766,000	2	1.65%	9,615,280	3	1.58%
DMH 90	10,857,511	3	1.21%	8,249,990	4	1.35%
Vista Shores 2011LP	9,755,854	4	1.09%	7,999,990	5	1.31%
Centerpoint Energy Inc.	7,759,640	5	0.87%	7,848,761	6	1.29%
SEC Edgelake LLC	6,850,000	6	0.77%	-	n/a	-
Lamrock 3/2001LP	6,595,948	7	0.74%	-	n/a	-
Nasa Road Apartments LLC	6,534,000	8	0.73%	-	n/a	-
Omkar Group Seabrook LP	4,671,534	9	0.52%	-	n/a	-
Coastal Storage	4,446,581	10	0.50%	-	n/a	-
WXII/WCI Real Estate LTD	-	n/a	-	5,639,910	7	0.92%
Seetree 1 LTD Partnership	-	n/a	-	5,460,510	8	0.89%
Marker I LLP	-	n/a	-	4,550,710	9	0.75%
Marina Max	-	n/a	-	4,343,930	10	0.71%
Devin Louisiana Corp	-	n/a	-	10,219,186	1	1.67%
Subtotal	<u>87,724,798</u>		<u>9.80%</u>	<u>73,723,267</u>		<u>12.08%</u>
Other Taxpayers	<u>807,114,735</u>		<u>90.20%</u>	<u>536,614,643</u>		<u>87.92%</u>
Total	<u>\$ 894,839,533</u>		<u>100.00%</u>	<u>\$ 610,337,910</u>		<u>100.00%</u>

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

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

	Fiscal Year			
	2005	2006	2007	2008
Tax levy	\$ 3,781,489	\$ 4,069,880	\$ 4,363,564	\$ 4,594,030
Current tax collected	\$ 3,668,404	\$ 3,884,705	\$ 4,252,282	\$ 4,498,264
Percent of current tax collections	97.01%	95.45%	97.45%	97.92%
Collections in subsequent years	<u>93,172</u>	<u>168,614</u>	<u>97,728</u>	<u>84,927</u>
Total tax collections to date	<u>\$ 3,761,576</u>	<u>\$ 4,053,319</u>	<u>\$ 4,350,010</u>	<u>\$ 4,583,191</u>
Total collections as a percentage of current levy	99.47%	99.59%	99.69%	99.76%

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 4,985,811	\$ 5,050,227	\$ 5,214,919	\$ 5,389,311	\$ 5,627,317	\$ 5,766,934
\$ 4,894,771	\$ 4,945,845	\$ 5,132,185	\$ 5,327,402	\$ 5,541,099	\$ 5,699,970
98.17%	97.93%	98.41%	98.85%	98.47%	98.84%
<u>80,032</u>	<u>88,697</u>	<u>63,424</u>	<u>42,091</u>	<u>48,255</u>	<u>-</u>
<u>\$ 4,974,803</u>	<u>\$ 5,034,542</u>	<u>\$ 5,195,609</u>	<u>\$ 5,369,493</u>	<u>\$ 5,589,354</u>	<u>\$ 5,699,970</u>
99.78%	99.69%	99.63%	99.63%	99.33%	98.84%

CITY OF SEABROOK, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2005	2006	2007 (1)	2008
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 12,746,250	\$ 12,419,375	\$ 11,919,855	\$ 18,582,639
Certificates of obligation	-	-	-	-
Sales tax revenue bonds	1,350,000	1,200,000	-	-
Notes payable	105,000	-	-	-
Capital leases	82,345	29,710	-	-
Subtotal	<u>14,283,595</u>	<u>13,649,085</u>	<u>11,919,855</u>	<u>18,582,639</u>
Business-Type Activities:				
Revenue bonds	4,365,000	4,220,000	4,070,000	5,540,174
General obligation bonds	888,750	785,625	665,625	540,000
Subtotal	<u>5,253,750</u>	<u>5,005,625</u>	<u>4,735,625</u>	<u>6,080,174</u>
Total Primary Government	<u>\$ 19,537,345</u>	<u>\$ 18,654,710</u>	<u>\$ 16,655,480</u>	<u>\$ 24,662,813</u>
Personal Income	\$ 364,552,822	\$ 377,003,000	\$ 391,560,094	\$ 415,708,106
Debt as a Percentage of Personal Income	5.36%	4.95%	4.25%	5.93%
Population	10,904	11,000	11,182	11,577
Debt Per Capita	\$ 1,792	\$ 1,696	\$ 1,489	\$ 2,130

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

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

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 18,059,688	\$ 17,440,362	\$ 16,857,031	\$ 16,251,492	\$ 15,687,585	\$ 14,824,773
-	900,000	865,000	865,000	830,000	790,000
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>18,059,688</u>	<u>18,340,362</u>	<u>17,722,031</u>	<u>17,116,492</u>	<u>16,517,585</u>	<u>15,614,773</u>
5,374,037	5,214,627	5,017,490	4,767,727	3,418,000	3,173,000
412,500	279,375	142,500	-	1,175,000	1,165,000
<u>5,786,537</u>	<u>5,494,002</u>	<u>5,159,990</u>	<u>4,767,727</u>	<u>4,593,000</u>	<u>4,338,000</u>
<u>\$ 23,846,225</u>	<u>\$ 23,834,364</u>	<u>\$ 22,882,021</u>	<u>\$ 21,884,219</u>	<u>\$ 21,110,585</u>	<u>\$ 19,952,773</u>
\$ 448,887,699	\$ 478,986,277	\$ 421,009,200	\$ 493,026,700	\$ 531,297,900	\$ 521,510,475
5.31%	4.98%	5.44%	4.44%	3.97%	3.83%
12,051	12,367	12,683	12,700	12,853	12,853
\$ 1,979	\$ 1,927	\$ 1,804	\$ 1,723	\$ 1,642	\$ 1,552

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

	Fiscal Year			
	2005	2006	2007	2008
Net Taxable Assessed Value				
All property	\$ 610,337,910	\$ 645,289,506	\$ 707,063,703	\$ 746,326,744
Net Bonded Debt				
Gross bonded debt	\$ 13,635,000	\$ 13,205,000	\$ 12,585,480	\$ 19,122,639
Less debt service funds	975,145	1,154,167	1,221,007	1,547,226
Net Bonded Debt	<u>\$ 12,659,855</u>	<u>\$ 12,050,833</u>	<u>\$ 11,364,473</u>	<u>\$ 17,575,413</u>
Ratio of Net Bonded Debt to Assessed Value	2.07%	1.87%	1.61%	2.35%
Population	10,904	11,000	11,182	11,577
Net Bonded Debt Per Capita	\$ 1,161	\$ 1,096	\$ 1,016	\$ 1,518

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 852,856,849	\$ 830,110,355	\$ 840,772,629	\$ 838,255,363	\$ 856,428,432	\$ 894,839,533
\$ 18,472,188	\$ 18,619,737	\$ 17,864,531	\$ 17,116,492	\$ 17,692,585	\$ 16,779,773
1,604,615	1,691,939	1,689,111	1,746,037	1,742,115	1,738,285
<u>\$ 16,867,573</u>	<u>\$ 16,927,798</u>	<u>\$ 16,175,420</u>	<u>\$ 15,370,455</u>	<u>\$ 15,950,470</u>	<u>\$ 15,041,488</u>
1.98%	2.04%	1.92%	1.83%	1.86%	1.68%
12,051	12,367	12,683	12,700	12,853	12,853
\$ 1,400	\$ 1,369	\$ 1,275	\$ 1,210	\$ 1,241	\$ 1,170

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CITY OF SEABROOK, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2014

	<u>Net Bonded Debt Outstanding (1)</u>	<u>Estimated Percentage Applicable (2)</u>	<u>Estimated Share of Overlapping Debt (1)</u>
Debt Repaid with Property Taxes			
Governmental Unit			
Clear Creek ISD	\$ 640,488	4.58%	\$ 29,334
Harris County (3)	1,579,048	0.21%	3,316
Harris Co. Flood Control District	629,968	0.21%	1,323
Harris County Toll Road	337,353	0.21%	708
Port of Houston Authority	717,624	0.21%	1,507
Municipal Utility District 373	4,170	100.00%	<u>4,170</u>
Subtotal, overlapping debt			40,359
City Direct Debt	\$ 15,615	100.00%	<u>15,615</u>
	Total Direct and Overlapping Debt		<u><u>\$ 55,974</u></u>

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

(1) Dollars in thousands

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

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

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

CITY OF SEABROOK, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Gross Revenues (1)	\$ 4,538,952	\$ 5,474,903	\$ 5,100,087	\$ 5,637,190
Operating Expenses (2)	2,835,395	3,011,109	3,197,851	3,440,044
Net Revenues Available for Debt Service	\$ 1,703,557	\$ 2,463,794	\$ 1,902,236	\$ 2,197,146
Debt Service Requirements (3)				
Principal	\$ 60,000	\$ 145,000	\$ 150,000	\$ 160,000
Interest	139,031	179,716	174,824	204,674
Total	\$ 199,031	\$ 324,716	\$ 324,824	\$ 364,674
Coverage	8.56	7.59	5.86	6.02

(1) Total revenues including interest

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 5,635,039	\$ 6,058,814	\$ 6,829,188	\$ 6,294,720	\$ 6,469,433	\$ 6,299,963
<u>3,645,954</u>	<u>4,007,300</u>	<u>3,779,560</u>	<u>3,610,061</u>	<u>4,125,816</u>	<u>4,135,263</u>
\$ 1,989,085	\$ 2,051,514	\$ 3,049,628	\$ 2,684,659	\$ 2,343,617	\$ 2,164,700
\$ 165,000	\$ 183,000	\$ 196,000	\$ 205,000	\$ 240,000	\$ 255,000
269,083	224,614	237,192	209,571	179,623	166,361
<u>\$ 434,083</u>	<u>\$ 407,614</u>	<u>\$ 433,192</u>	<u>\$ 414,571</u>	<u>\$ 419,623</u>	<u>\$ 421,361</u>
4.58	5.03	7.04	6.48	5.59	5.14

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

<u>Fiscal Year Ended</u>	<u>Population (2)(6)</u>	<u>Personal Income (5)</u>	<u>Per Capita Personal Income (6)</u>	<u>Median Age (6)</u>	<u>School Enrollment (3)</u>	<u>Unemployment Rate (4)(6)</u>
2005	10,904	\$ 364,552,822	\$ 33,433	34.0	1,977	4.1%
2006	11,000	\$ 377,003,000	\$ 34,273	34.6	1,744	3.6%
2007	11,182	\$ 391,560,094	\$ 35,017	36.6	1,767	3.8%
2008 (7)	11,577	\$ 415,708,106	\$ 35,908	36.3	1,694	2.9%
2009	12,051	\$ 448,887,699	\$ 37,249	36.6	1,731	3.0%
2010	12,367	\$ 478,986,277	\$ 38,731	36.8	1,721	3.1%
2011 (1)	12,683	\$ 421,009,200	\$ 33,195	37.3	1,776	6.9%
2012 (8)	12,700	\$ 493,026,700	\$ 38,821	38.0	1,794	7.5%
2013	12,853	\$ 531,297,900	\$ 41,336	38.0	1,871	5.5%
2014	12,853	\$ 521,510,475	\$ 40,575	35.2	1,797	5.0%

Data sources:

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

CITY OF SEABROOK, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Six Years Ago

Employer	Fiscal Year		
	2014		2008 (1)
	Employees	Total City Employment (%)	Employees
Technical Automation Service Corporation	189	19.36%	130
City of Seabrook	99	10.14%	103
Seabrook Intermediate School	95	9.73%	105
Kroger	85	8.71%	95
Bay Area Elementary	80	8.20%	82
Lakewood Yacht Club	70	7.17%	71
Gulf Coast Limestone	60	6.15%	-
Bay Area Trees and Landscape	42	4.30%	45
Mario's Flying Pizza	42	4.30%	35
Seabrook Classic Café	42	4.30%	36
Hooters	45	4.61%	80
McDonald's	42	4.30%	36
Marine Max	32	3.28%	40
Maas Nursery and Landscaping	32	3.28%	32
Kiwo, Inc.	21	2.15%	31
Total	<u>976</u>	<u>100.00%</u>	<u>921</u>

Sources: Bay Area Economic Partnership, City records

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

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CITY OF SEABROOK, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Government:										
City Manager	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.50	1.50
Legislative	2.00	2.00	2.50	2.50	2.50	3.00	2.50	2.00	2.00	2.00
Marketing	-	-	-	-	-	-	-	0.50	0.50	0.50
Human Resources	0.50	0.50	1.75	1.75	1.75	1.75	1.75	1.75	1.25	1.25
Purchasing	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50	0.50
Finance	3.00	3.00	2.50	2.00	2.50	3.50	2.50	2.50	2.50	2.50
Administrative Assistants	2.00	2.00	2.00	2.00	2.00	1.00	1.00	1.00	1.00	0.00
Information Technology	-	-	-	1.00	1.00	1.00	1.00	1.00	1.00	2.00
Streets & Drainage	7.66	7.66	8.29	9.60	8.29	8.29	8.29	8.29	8.79	8.17
Community Development	4.00	4.00	5.05	5.70	5.70	5.70	5.70	6.00	5.00	5.00
Municipal Court	2.00	2.50	2.50	3.00	3.00	3.25	3.00	3.00	5.50	4.50
Subtotal	<u>22.66</u>	<u>23.16</u>	<u>26.09</u>	<u>29.05</u>	<u>28.24</u>	<u>28.99</u>	<u>27.24</u>	<u>27.54</u>	<u>29.54</u>	<u>27.92</u>
Public Safety:										
Police	34.00	26.50	29.00	32.00	30.50	30.50	30.00	32.00	35.00	35.50
Emergency Management	1.00	1.00	1.00	1.00	1.00	0.75	1.00	1.00	1.00	1.00
Animal Control	2.00	2.00	2.48	2.48	1.48	1.48	1.48	1.48	1.48	1.48
Commercial Vehicle Enforcement	-	3.50	3.50	2.50	2.50	2.50	2.50	2.50	-	-
Crime District	-	6.50	6.50	7.00	6.00	6.00	6.00	6.00	6.00	5.50
Subtotal	<u>37.00</u>	<u>39.50</u>	<u>42.48</u>	<u>44.98</u>	<u>41.48</u>	<u>41.23</u>	<u>40.98</u>	<u>42.98</u>	<u>43.48</u>	<u>43.48</u>
Enterprise Operations:										
Water	7.66	4.66	5.57	5.93	6.95	6.95	6.95	6.85	6.80	7.03
Sewer	4.68	4.68	5.57	4.86	4.57	4.57	4.57	4.47	4.41	4.41
Billing	2.00	2.00	2.00	2.00	2.00	2.00	3.00	3.00	3.00	3.00
Subtotal	<u>14.34</u>	<u>11.34</u>	<u>13.14</u>	<u>12.79</u>	<u>13.52</u>	<u>13.52</u>	<u>14.52</u>	<u>14.32</u>	<u>14.21</u>	<u>14.44</u>
Parks and Recreation	8.00	7.00	13.19	15.00	13.55	13.68	10.76	9.81	10.31	7.94
Hotel Tax	-	-	-	-	-	-	-	1.00	1.00	1.00
Economic Development	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00	1.00
Total	<u><u>83.00</u></u>	<u><u>82.00</u></u>	<u><u>95.90</u></u>	<u><u>102.82</u></u>	<u><u>97.79</u></u>	<u><u>98.42</u></u>	<u><u>94.50</u></u>	<u><u>96.65</u></u>	<u><u>99.54</u></u>	<u><u>95.78</u></u>

Source: Economic development department

CITY OF SEABROOK, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Police				
Arrests	1,113	1,423	1,155	991
Accident reports	212	239	256	255
Citations	4,342	5,558	5,162	7,160
Offense reports	339	238	390	342
Calls for service	17,545	21,747	23,764	28,776
Fire				
Emergency responses	n/a	n/a	308	501
Fire incidents	n/a	n/a	27	n/a
Average response time	n/a	n/a	6:23	6:16
Water				
New accounts	142	122	137	142
Average daily consumption (thousands of gallons)	1932	1,652	1,250	1,308
Total consumption	704,588	604,949	456,090	477,558
Peak daily consumption (thousands of gallons)	2,891	2,353	2,514	2,551
Sewer				
Average daily sewage treatment (thousands of gallons)	1,099	1,068	1,345	1,166
Total consumption	400,353	390,394	478,910	425,590
Peak daily consumption (thousands of gallons)	2,470	2,500	6,196 (1)	4,540

Source: Various City departments

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

Fiscal Year

2009	2010	2011	2012	2013	2014
670	882	710	1,046	761	768
209	165	108	235	205	251
5,267	5,309	6,143	4,222	1,971	2,378
363	389	186	198	170	191
24,573	27,340	16,828	19,069	10,323	12,758
376	196	345	290	306	316
28	21	43	37	41	22
7:12	6:31	5:43	5:49	5:10	5:25
88	54	388	380	490	293
1,365	1,845	2,050	1,774	1,830	1,667
498,186	673,673	749,343	646,133	667,435	604,898
4,420	4,012	2,730	3,425	3,303	2,234
1,130	1,210	985	1,156	1,092	1,026
413,450	441,711	359,524	418,777	500,420	374,650
4,012	4,904	3,667	4,797	5,200	4,014

CITY OF SEABROOK, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION
 Last Ten Years

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Police				
Stations	1	1	1	1
Patrol units	15	13	17	18
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	39.8	42.0	42.0	42.0
Streetlights (1)	n/a	n/a	n/a	n/a
Parks and recreation				
Parks	14	14	14	15
Parks acreage	138	138	138	156
Baseball/softball diamonds	4	4	4	4
Swimming pools	1	1	1	1
Community centers	1	1	2	2
Water				
Water mains (miles)	53.5	56.3	56.3	56.3
Fire hydrants	429	449	469	478
Storage capacity (millions of gallons)	1.1	2.1	2.1	2.1
Sewer				
Sanitary sewers (miles)	51.8	54.2	54.2	54.2
Storm sewers (miles)	20	22	22	22
Open ditch/creek/canal drainage (miles)	18.00	20.00	20.00	20.00
Treatment capacity (millions of gallons)	2.5	2.5	2.5	2.5

Source: Various City departments

Fiscal Year

2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
17	17	17	17	17	17
1	1	1	1	1	1
42.0	42.1	42.1	42.1	42.6	42.6
n/a	n/a	1000	1,000	1,048	1,048
15	15	18	19	19	19
230	230	230	232	232	232
4	4	4	6	5	1
1	1	1	1	1	2
2	2	2	2	2	2
56.3	56.4	56.4	56.4	56.4	56.4
479	479	481	481	493	498
2.1	2.1	2.1	2.1	2.1	2.1
54.2	54.0	54.4	54.4	54.7	54.7
22	22	22	22	23	23
20.00	20.25	20.25	20.25	20.25	20.25
2.5	2.5	2.5	2.5	2.5	2.5

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