

Annual Comprehensive Financial Report

.....
For Fiscal Year Ended September 30, 2022



**CITY OF GALVESTON,
TEXAS**



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**Fiscal Year Ended
September 30, 2022**

**Prepared by:
Finance Department**

Introductory Section

Letter of Transmittal..... 1
 Principal Officials..... 15
 City of Galveston Organizational Chart..... 17
 GFOA Certificate of Achievement..... 18

Financial Section

Report of Independent Auditors.....21
 Management’s Discussion and Analysis25

Basic Financial Statements

Government - Wide Financial Statements

Statement of Net Position40
 Statement of Activities.....42

Fund Financial Statements

Governmental Funds

Balance Sheet44
 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position 47
 Statement of Revenues, Expenditures, and Changes in Fund Balances.....48
 Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities 51

Proprietary Funds

Statement of Net Position.....52
 Statement of Revenues, Expenses and Changes in Fund Net Position54
 Statement of Cash Flows.....55

Fiduciary Funds

Statement of Fiduciary Net Position56
 Statement of Changes in Fiduciary Net Position57

Notes to the Financial Statements

Notes to the Financial Statements.....59

Required Supplementary Information

General Fund - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual 101
 American Rescue Plan Act - Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget to Actual..... 103
 Required Pension System Supplementary Information 104
 Notes to Schedule of Contributions 113

Required Other Post Employment Benefit (OPEB) Supplementary Information

Schedule of Changes in Total OPEB Liability and Related Ratios..... 114

Other Supplementary Information

Combining and Individual Fund Statements and Schedules:

Nonmajor Governmental Funds

Combining Balance Sheet 118
 Combining Statement of Revenues, Expenditures and Changes in Fund Balance 124

Schedule of Revenues, Expenditures and Changes in Fund Balance – Budget to Actual

General Obligation Bonds 2019 Capital Projects Fund..... 130
 Island Transit Fund 131
 Rosenberg Library Fund..... 132
 Project Specific Programs Fund..... 133

Cable Television Public Education & Government Fund	134
Parking Management Fund	135
Seawall Parking Fund.....	136
Arts and Historical Fund	137
Neighborhood Revitalization Fund	138
Public Safety Programs Fund.....	139
Convention Center Surplus Fund	140
Infrastructure and Debt Service Fund.....	141
Judicial Programs Fund.....	142
Lasker Pool Fund	143
Pension Reform Fund.....	144
Recovery and Capital Reserve Fund.....	145
Separation Pay Fund.....	146
Revenue Producing Parks Fund.....	147
Technology Replacement Fund	148
Hurricane Harvey Fund	149
General Obligation Bonds 2017 Capital Projects Fund	150
Debt Service Fund.....	151

Enterprise Funds Schedules of Revenues, Expenses and Changes in Fund Net Position - Budget to Actual

Schedule of Revenues, Expenses and Changes in Fund Net Position – Budget to Actual

Combined Utility System	153
Sanitation Services.....	154
Drainage Utility	155
Airport.....	156

Internal Service Funds

Combining Statement of Net Position	158
Combining Statement of in Fund Net Position	160
Combining Statement of Cash Flows.....	162

Pension Trust Funds

Combining Statement of Net Position	166
Combining Statement of Changes in Net Position.....	167

Major Discretely Presented Component Units

Combining Statement of Net Position	170
Combining Statement of Activities	172

Unaudited Statistical Section

Net Position by Component.....	178
Changes in Net Position.....	180
Fund Balances of Governmental Funds.....	184
Changes in Fund Balances of Governmental Funds.....	186
Assessed Value and Estimated Actual Value of Taxable Property	188
Property Tax Rates - Direct and Overlapping Governments	190
Principal Property Taxpayers.....	191
Property Tax Levies and Collections	193
Ratios of Outstanding Debt by Type.....	194
Ratios of General Bonded Debt Outstanding	196

Direct and Estimated Overlapping Governmental Activities Debt	197
Demographic and Economic Statistics.....	198
Principal Employers.....	199
Full-time Equivalent City Government Employees by Function	201
Operating Indicators by Function	202
Capital Asset Statistics by Function	204

Introductory Section



2022 Annual Comprehensive Financial Report



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City of Galveston



P.O. Box 779 / Galveston, Texas 77553

Annual Comprehensive Financial Report for Fiscal Year Ending September 30, 2022

Letter of Transmittal

March 23, 2023

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

State law requires that all general purpose local governments publish within 180 days of the close of each fiscal 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 annual comprehensive financial report (the Annual Report) of the City of Galveston, Texas (the City) for the fiscal year ended September 30, 2022.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. In order to provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by Whitley Penn, LLP 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, 2022, are free of 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 statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2022 are fairly presented in conformity with GAAP.

The independent auditor's report is presented as the first component of the financial section of this report. The independent audit of the financial statements of the City was part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal and state awards. These reports are available in the City's separately issued Single Audit Report. GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement 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

Galveston is a home rule, full service city incorporated in 1839, and is governed through a council-manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor, who is elected at large, and six council members elected to represent individual districts. The governing council is responsible, among other things, for passing ordinances, adopting the budget, determining policies, appointing committees, and hiring the City Manager, City Attorney, City Secretary, Internal Auditor, and Municipal Judge. The City Manager is responsible for developing and proposing the annual City budget for consideration by City Council, for carrying out the policies and ordinances of the City Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments. Elections are held every two years. Council members, including the Mayor, are limited to serving three consecutive terms.

The City provides a full range of services including police and fire protection, the construction and maintenance of streets and other infrastructure, water services, sewer services, refuse collection, drainage services, parks and recreational activities, and general administration. Additional services include building inspection, planning, zoning, engineering, an airport and a mass transit system.

Component units of the City, and the services they provide, include:

- The Park Board which provides improvements and maintenance to City waterfront parks and beaches;
- The Galveston Island Redevelopment Authority (GIRDA), which manages funds from one tax reinvestment zone and two public improvement districts for development and improvement projects within specific geographic areas of the City;
- The Galveston Housing Finance Corporation (GHFC) which provides home mortgages and loans to lending institutions for the purpose of making home mortgages;
- The City of Galveston Property Finance Authority, Inc.(GPFC) which was created by State Statute for the purpose of acquiring, owning, holding, leasing, and selling real or personal property to or for the benefit of the City for the furtherance of its public purposes;
- The Board of Trustees of the Galveston Wharves which manages, controls, and maintains the Port of Galveston;
- The Industrial Development Corporation which provides funding for public works, beach renourishment, parks and economic development projects; and
- The City of Galveston Employees' Retirement Plan for City employees, the Galveston Firefighters' Pension Fund, and the City of Galveston Employees' Retirement Plan for Police.

In FY 2020, the City Council reorganized the board of GIRDA giving it oversight and governance powers over the GHFC and GPFC in addition to the GIRDA itself.

The annual budget serves as the foundation for the City's financial planning and control. From FY 2016 to FY 2022, the budget process has included a five-year forecast of revenue and expenditures with preliminary results presented to the City Council in June. The forecast frames issues for consideration by the City Council that are discussed in budget work sessions held during June and July. Using council directed priorities and departmental spending targets derived from the forecast, the City Manager develops and presents a proposed budget to the council no later than the first week of August. Capital projects and related financing are also discussed with council in May and June resulting in the presentation of the five year capital improvement plan in July.

The Council is required to hold public hearings on the proposed budget, including the capital improvement plan, and to adopt a final budget no later than the second or last regularly scheduled council meeting in September. If the council does not approve the budget by October 1, it takes effect as proposed by the City Manager until the City Council ratifies or modifies it. Also, in August and September, the Council holds public hearings on the proposed property tax rate required to support the budget. The rate is then adopted in September after the budget is adopted in accordance with State law.

The budget is prepared for every operating and capital fund, function (e.g. public safety), and department (e.g. police). Subsequently, the Budget ordinance proposed to and passed by the City Council provides specific appropriations for individual departments within each fund that govern spending plans for the fiscal year. During the year, the City Manager may make budget transfers within a City Council-approved appropriation department and fund without prior approval by City Council. Transfers of appropriations within a fund and between departments, however, require the approval of the City Council. Year-to-date results and

year ending projections of operating revenue, expense and fund balances are documented for all budgeted operating funds in quarterly reports to the Mayor and City Council. The status of capital projects and capital funds are also included in these quarterly reports. Issues identified through this reporting process result in budget amendments approved by the City Council as needed for municipal purposes under the authority of the state Budget Law (Local Government Code Chapter 102) and the City charter. At the close of each fiscal year, any unencumbered balance of an appropriation reverts to the fund from which it was originally appropriated and may only be re-appropriated by the council in the subsequent year's budget.

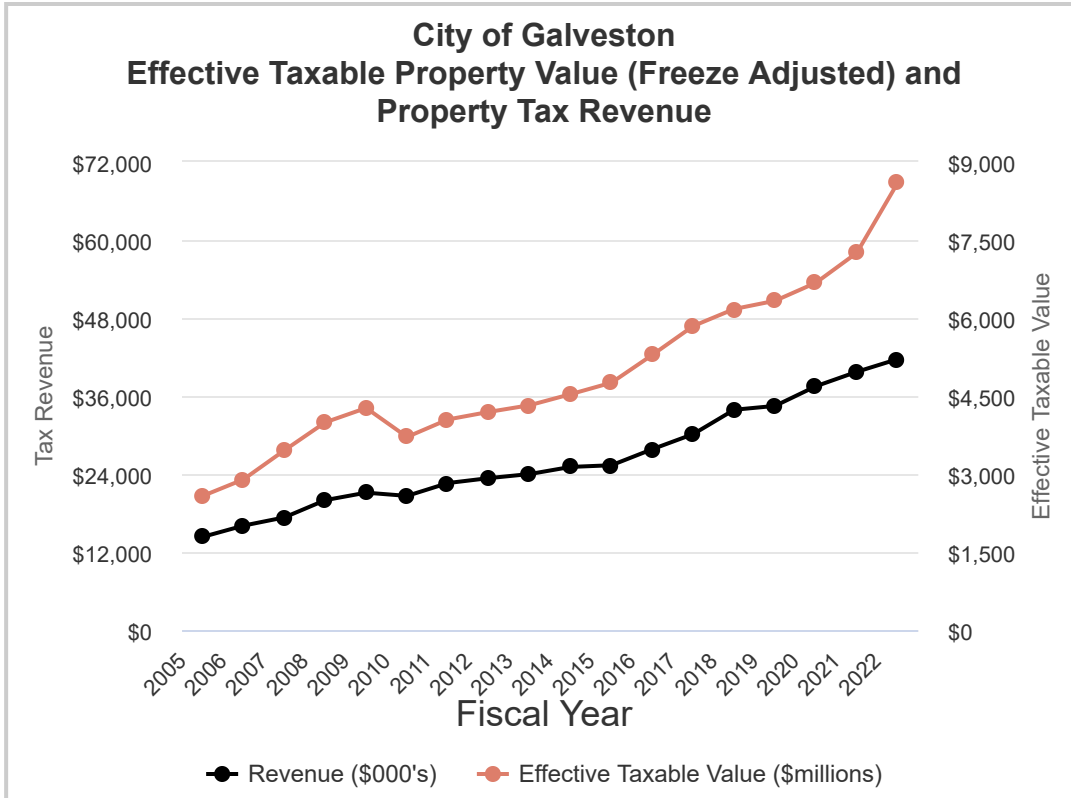
This Annual Comprehensive Financial Report includes budget-to-actual comparisons for the General Fund, American Rescue Plan Act, General Obligation Bonds 2019 Capital Projects Fund, Island Transit, Rosenberg Library, Project Specific Programs, Cable Television Public Education and Government Fund, Parking Management Fund, Seawall Parking Fund, Arts & Historical Fund, Neighborhood Revitalization, Public Safety Programs, Convention Center Surplus, Infrastructure and Debt Service Fund, Judicial Programs, Lasker Pool, Pension Reform Fund, Recovery and Capital Reserve Fund, Separation Pay Fund, Revenue Producing Parks, Technology Replacement Fund, Hurricane Harvey Fund, General Obligation Bond 2017 Capital Projects Fund, and the Debt Service Fund. Budget-to-actual comparisons are also presented for the Combined Utility System Fund (formerly the Waterworks and Sewer System Funds), Sanitation, Drainage and Airport enterprise funds.

Economic Climate

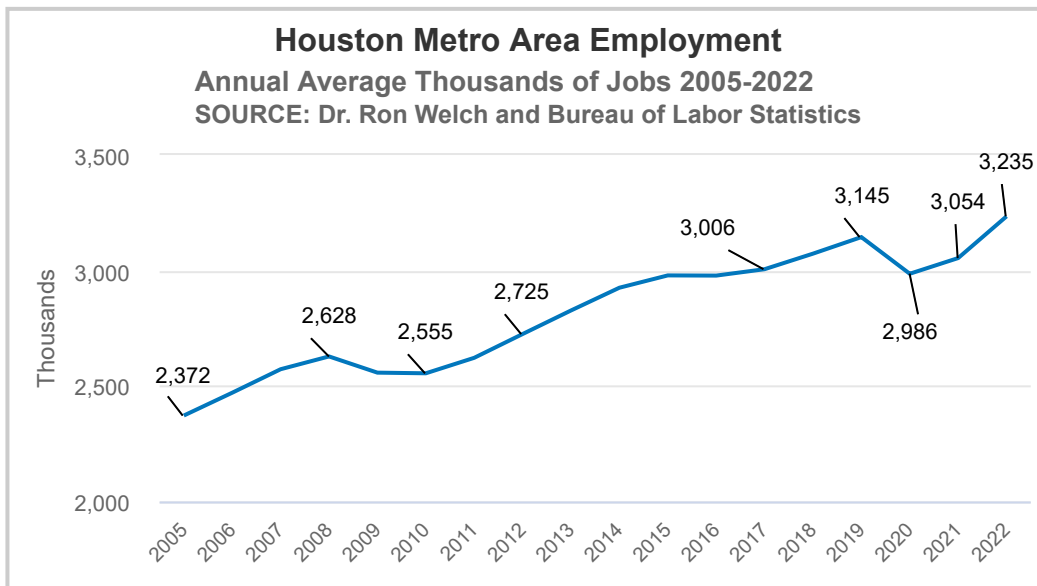
Galveston's economy is healthy and growing because of its location and climate in spite of challenges from natural disasters, weather events and economic downturns. Galveston is located on the Gulf of Mexico at the mouth of Galveston Bay. The Gulf Coast of Texas normally experiences mild winters and temperate summers making the City a tourist destination. Furthermore, it is part of the nation's most vibrant state economy and one of the top metropolitan economies which provides Galveston economic vibrancy that goes beyond the City's borders.

The economic impact of the global pandemic had a substantial impact on the Galveston economy like that experienced across the region, state and nation. Last year's financial report presented results that show the recovery is well underway due to the impact of the programs stimulating consumer behavior.

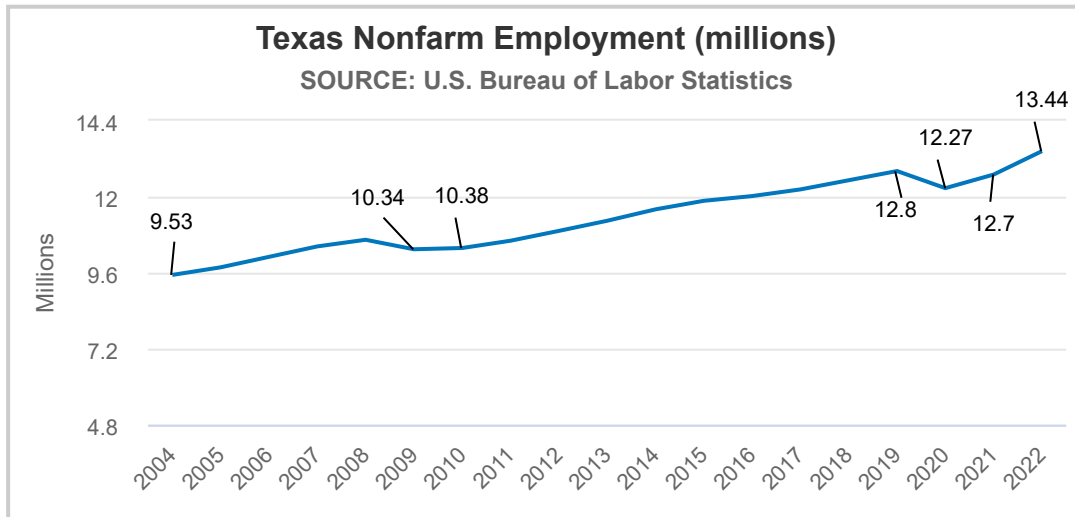
Every significant economic statistic affecting Galveston and presented in this Annual Report now reflects two significant downturns. The first involved the simultaneous arrival of Hurricane Ike and the Great Recession in 2008. After Galveston's taxable property values fell 13 percent to \$3.7 billion, it took four years for taxable property value to return to its pre-Ike level. Post-recession economic recovery brought sustained growth and taxable value to \$8.6 billion in FY 2022 (Source: Galveston County Appraisal District). The effective annual rate of increase in the City's taxable value from FY 2009 through FY 2022, was 7.07 percent including the loss incurred after Hurricane Ike in FY 2010. Property tax collections were strong in FY 2022, despite the pandemic at 100.3 percent of the effective taxable value adjusted for the property tax freeze. In FY 2022, the property tax freeze provided \$1.28 million in property tax savings for eligible homeowners who were over 65 and disabled.



The second significant economic downturn occurred in FY 2020 caused by the COVID-19 pandemic and recovery is still underway. The Houston-Galveston metro area lost 341,700 jobs in April 2020, and recovered 164,000 jobs by the end of calendar year 2020. COVID vaccines were widely distributed in 2021, leading to many resuming or beginning to resume pre-pandemic buying and entertaining habits, including visits to Galveston. The federal government also implemented significant fiscal stimulus programs to assist businesses and individuals in recovering from the pandemic. This led to continued recovery, so that the Galveston metro area, by the end of calendar year 2021, had regained 315,100 of the 341,700 jobs lost in April 2020. Average annual employment for the region increased from 3.05 million in 2021 to 3.24 million in calendar year 2022.



Statewide employment followed the same pattern as the region in 2022. The state suffered the loss of 1.4 million jobs in April 2020 but recovered 848,000 of those jobs by the end of calendar year 2020. By October, 2021, the state of Texas had recovered all of its job losses to the pandemic.

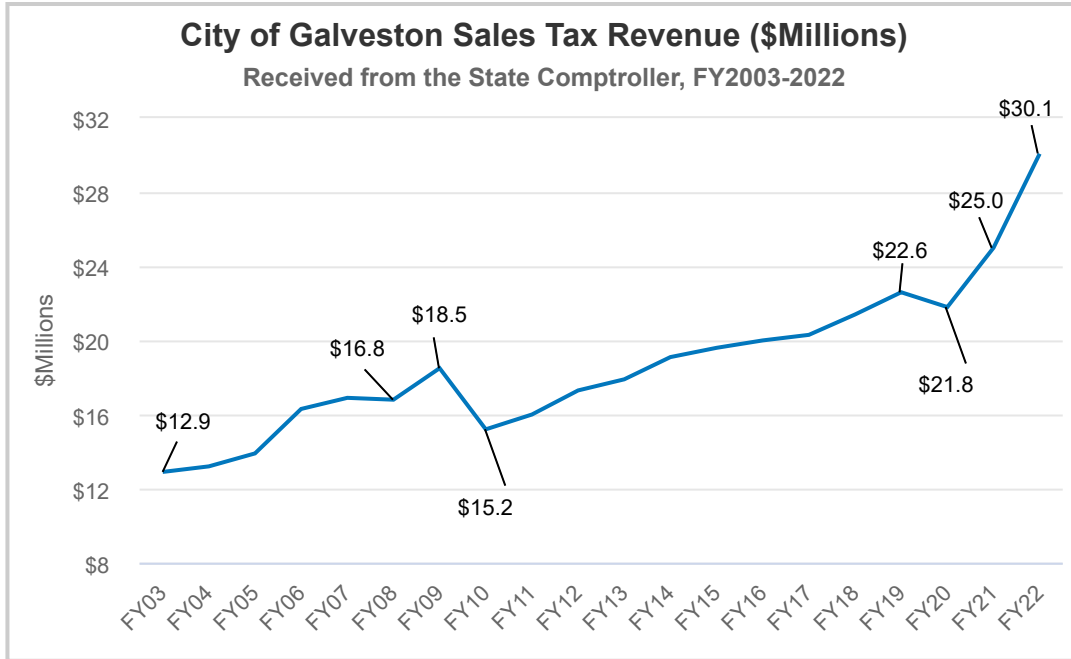


Galveston is the top recreation center for the region as evidenced by its sales tax revenue performance since FY 2003. The City's two percent sales tax rate is composed of a 1.5 percent amount that goes to the City's General Fund to support public safety and transportation functions. The remaining one-half percent goes to economic development, including equal one-eighth percent portions for beach renourishment, city parks and recreation, infrastructure and targeted economic development programs and projects.

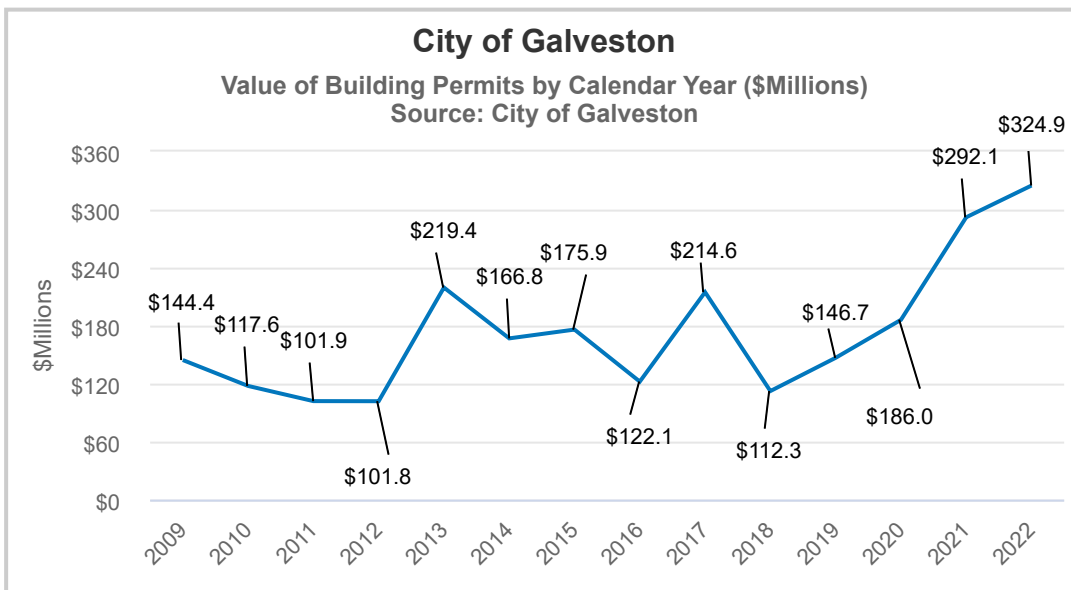
The City performs sales tax forecasts with a robust statistical model that provides a reliable explanation of prior sales tax growth using national, regional and local economic factors. Because of the model, regional employment has been identified as the most significant factor or leading indicator of sales tax revenues. This economic statistic, available monthly from the U.S. Bureau of Labor Statistics, explains more than ninety percent of the variations in the City of Galveston's quarterly sales tax revenue from 1992 to the present. When employment dropped so dramatically in April 2020, sales tax revenue dropped with it.

In March 2021, actual sales tax revenue collected by Galveston businesses began to jump, exceeding even the amounts collected in the same months two years earlier in 2019. This growth has continued since that time at a level not explained by the statistical model. For this reason, the model is now being used to identify the excess collections which can be largely attributed to federal stimulus programs. For this reason, the City has begun to treat these unusually high sales tax revenues as one-time revenues that will disappear sooner or later.

In FY 2022, the City collected \$30.1 million in sales tax revenue, 20.3 percent more than in FY 2021. The City's General Fund receives 1.5 percent out of the 2 percent sales tax collected, recording \$22.6 million in revenue in FY 2022. Utilizing the model, we estimate that \$4.4 million of this total was produced due to factors, including the stimulus programs, that will not last permanently. For this reason, the excess and any subsequent amount this year are being budgeted for one-time purposes and not recurring expenses.



Galveston continues to have a lower cost of living than the nation in spite of its growing economy. According to the U.S. Department of Labor Statistics, the Consumer Price Index-Urban (CPI-U) for the U.S. as a whole was 299.2 in December 2022. The CPI-U for the metropolitan area including Galveston was 258.6 for the same period. By this measure, Galveston’s cost of living is approximately 13.6 percent less than the nation as a whole.

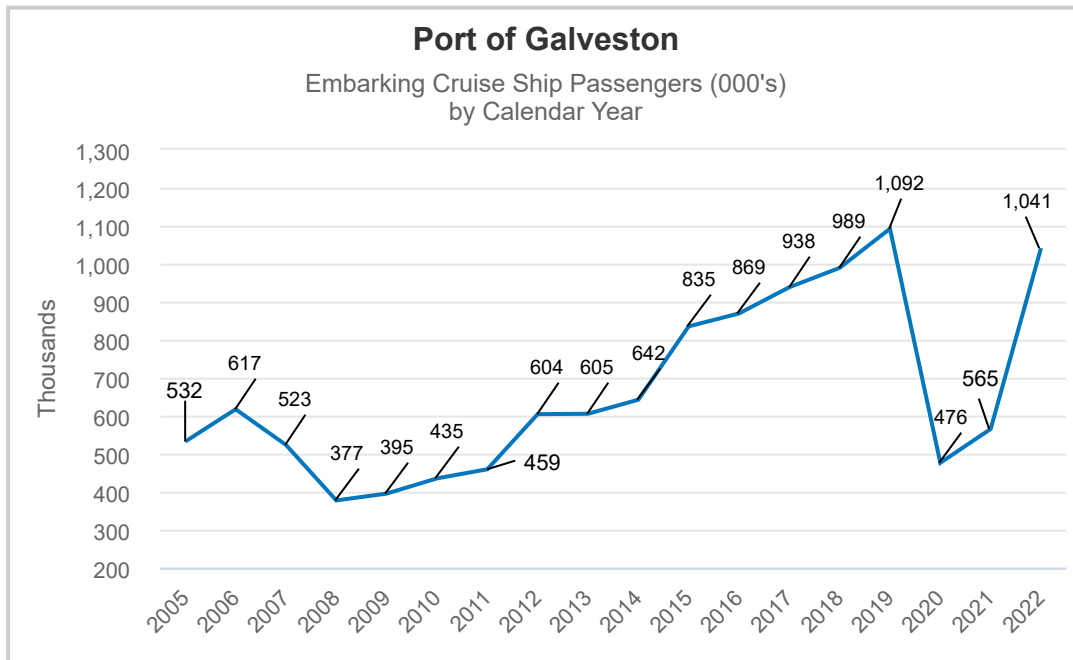


Construction activity in Galveston is continuing at not just a steady pace but an accelerated pace after the value of building permits in the immediate aftermath of Hurricane Ike peaked in 2008 at \$284.8 million (not shown in the graph). For the nine year period of 2013 through 2021, the annual average value of commercial and residential building permits has been \$181.8 million per year. Permits issued in calendar year 2022 reached a total of \$324.9 million which reflects the attraction of Galveston Island, low interest rates and the economic stimulus already mentioned. Every year, the taxable value of new construction placed on the City’s property tax roll by the Galveston County Appraisal District tracks closely with the City’s new construction totals discounted by properties that are not taxable.

The Port of Galveston has long been an important contributor to both the Galveston and Texas economies. The Port complex is situated on the north side of the island city with property and facilities also located on adjacent Pelican Island on the north side of the Galveston Ship Channel. The Gulf Intracoastal Waterway (ICW) runs alongside the Port of Galveston. The Galveston channel includes one turning basin with a 37-foot depth and widths up to 1,500 feet. Galveston port facilities are situated 9.3 miles from the open sea.

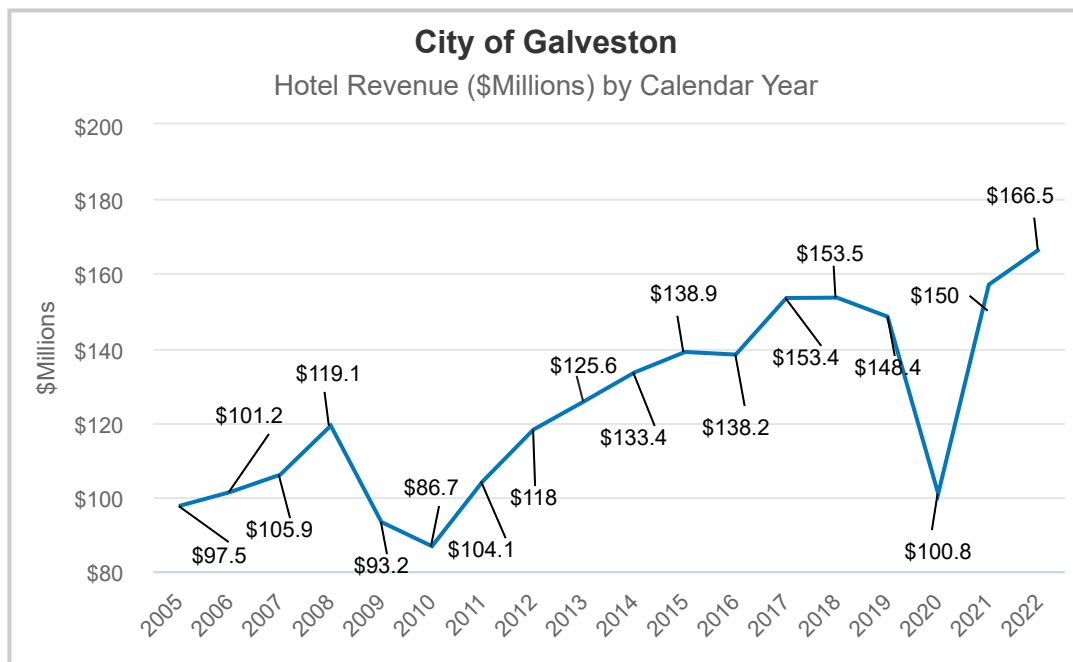
The Port opened a third cruise terminal, the Royal Caribbean International terminal, in November of 2022. As the fourth most popular cruise homeport in North America, the Port had 332 sailings and reached a record of 1.041 million cruise passengers in 2022. The Port also owns and operates more than 5,000 cruise parking spaces.

The Port leases and maintains a wide range of cargo facilities on the Galveston Ship Channel, which is ranked 46th among the busiest U.S. ports and waterways according to a report by the U.S. Army Corps of Engineers, “The U.S. Coastal and Inland Navigation System 2020 Transportation Facts & Information.” In 2022 the Port moved more than 4 million tons of cargo, including bulk, roll-on/roll-off and general cargos. Infrastructure includes an internal roadway and two Class 1 rails and one short-line rail. The Port has 20,000 linear feet of developed waterfront and 24 berths. More than 300 acres of Port-owned land are available for development.



The City of Galveston is a popular destination for tourists, because of its beaches and other attractions, including Moody Gardens, Schlitterbahn, and the Pleasure Pier. The City’s downtown area features The Strand District, which is the home of some of Galveston’s most historic commercial buildings, and the centerpiece for the City’s active year-round calendar of community and seasonal events. Nearby is the East End Historic District which is on the National Historic Register and the site of many of the City’s historic residential structures. A primary indicator of Galveston’s tourism industry is total hotel occupancy tax revenue. Total hotel revenue was negatively impacted in calendar 2020 by the COVID pandemic, with closures and limited occupancy. However, in calendar years 2021 and 2022, tourism recovered significantly and Galveston Island hotels were one of the beneficiaries of this recovery.

Faced with continuing growth in the island’s short term rental properties (STR’s), the City approved an ordinance in June 2021. The ordinance requires that STR property owners register with the Galveston Park Board, and display their registration number on any advertisement of the property’s availability for rental. Since the ordinance passed, the number of STR units registered has gone from 2,500 to over 4,000. The ordinance also requires that any internet platform collecting state hotel occupancy taxes on behalf of STR property owners will collect city hotel occupancy taxes too.

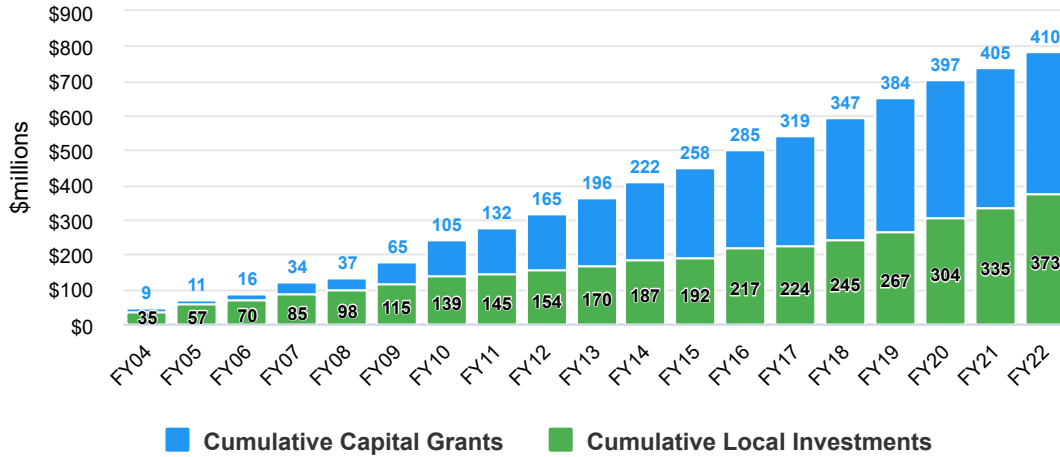


FY 2004 was the first year in which the City was required by Governmental Accounting Standards Board Statement 34 (GASB 34) to include the value of its capital assets net of depreciation in its balance sheet. Since 2004, GASB 34 has served as an annual reminder to communities of the importance of investments in infrastructure. And the true benefit of the reporting requirement is best viewed from a long-term perspective.

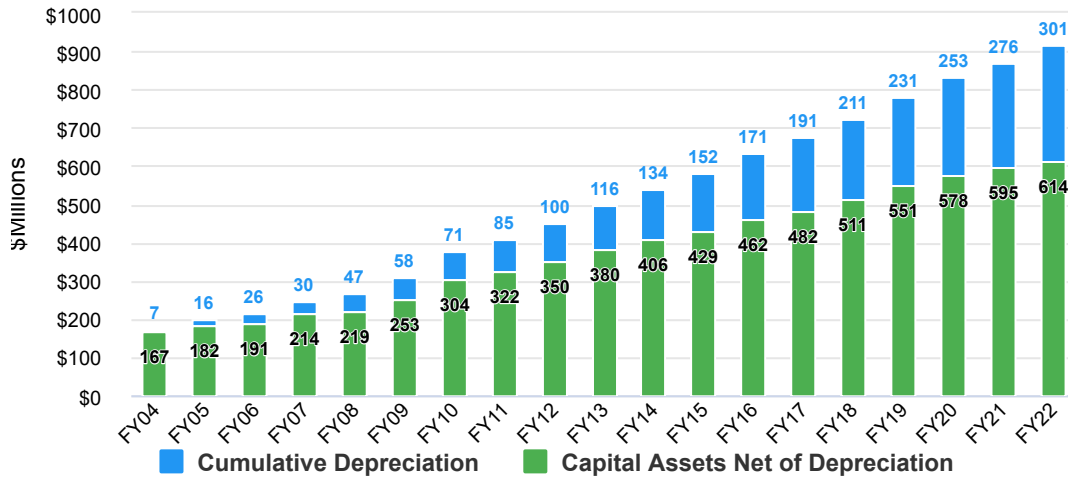
Since FY 2003, the City’s net capital asset position has increased from \$129 million to \$614 million, a \$485 million increase. From FY 2004 through FY 2022, the City has invested a total of \$783 million in improvements to its capital infrastructure, including streets, drainage, parks, fire, police, water, wastewater and airport systems. This included \$373 million in local system resources (cash, bond proceeds) and \$410 million in contributions (largely federal grants received by the City). Also, since FY03, the value of capital assets has been reduced by \$301 million in accumulated depreciation (capital value), offsetting all but approximately \$73 million the total local funds invested.

This put in perspective two critical lessons. First, rebuilding and maintaining the value of the City’s capital assets requires significant continual investment of grants and local funds. Second, the annual investment required to maintain the overall condition of the City’s infrastructure has grown from \$7 million in FY 2004 to \$24.7 million in FY 2022. Without continual investments, the value and quality of the City’s capital investments will fade.

**Local Investment (\$373M) and Capital Grants (\$410M)
\$783M Cumulative Investments Since FY03**

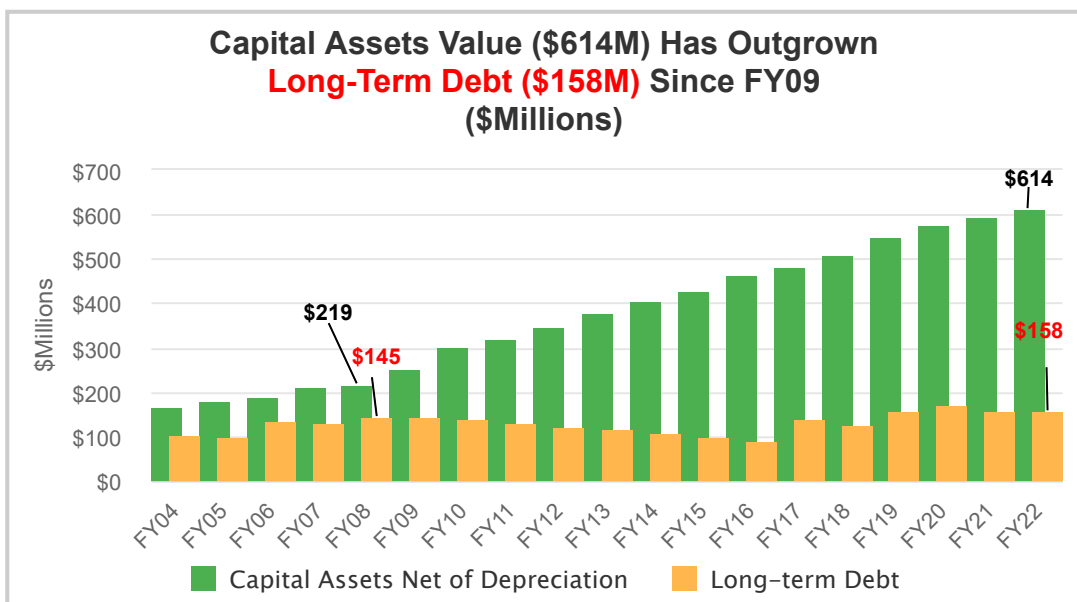


**Capital Assets Net of Depreciation: \$614M in FY22,
\$485M more than in FY03**



The City issued no new long-term bonds for local investment in capital assets between FY 2008 and FY 2017. In FY 2016, the City adopted a five year capital improvement plan (CIP) including only projects that were to be fully financed with a combination of cash on hand and/or future bond sale proceeds. Programs to make substantial improvements to the City’s streets, drainage, water and wastewater systems have been the primary focus of the CIP. In May 2017, Galveston voters authorized the issuance of \$62 million in street and drainage general obligation bonds. By the end of FY 2020, the City had issued all of these bonds, and an additional \$70 million in certificates of obligation for water and sewer projects that are being retired with utility system revenue. In April 2022, the City issued Certificates of Obligation, Series 2022 in the amount of \$11 million. The proceeds of the sale were used to fund the installation and improvement of certain parks and recreational fields and for the purchase of sanitation vehicles and sanitation equipment.

As of FY 2022, the City’s capital assets are valued at \$614 million and the City’s outstanding principal payments for long-term debt total \$158 million. This includes City bonds issued strictly for basic infrastructure improvements (water, wastewater, streets and drainage). It does not include special obligation debt (Convention Center bonds payable with hotel occupancy tax revenue) or other liabilities addressed in Note 9 of this financial statement. The \$158 million outstanding as of the end of FY 2022 is \$13 million more than existed at the end of FY 2008 when Hurricane Ike made landfall. The City is adhering to its long standing, conservative approach to identify specific projects that are in need of additional funding while making annual principal payments that reduce its overall debt.



Long-term financial planning

In FY 2016, the City initiated a new budget and financial planning process that includes a five-year Long Range Financial Forecast, a five-year Capital Improvement Plan (CIP), and the Annual Budget. The Forecast serves as a pre-budget, identifying policy issues and providing the basis for spending targets that guide operating and capital budget requests.

Long term revenue analysis includes trends of ten years or more, as shown in the previous section, to identify the impact of variations in the business cycle on city revenue. Statistical modeling is used to explain the effects of significant changes in economic, climate and other factors on prior sales tax revenues. Taxable property values are forecasted based on twelve years of certification and hearings loss trends. Water and sewer revenues are forecasted using fifteen years of billing data. Non-major revenues are assumed to show modest to no growth. Expenditures are forecasted using conservative estimates of inflation, and prior period actual expenditures. Debt service is projected to include payments for new bonds needed to fund the CIP.

An essential element of long-term financial planning is ongoing monitoring and evaluation to identify new or different trends that can affect planning assumptions. Quarterly Budget Status Reports provide year-end projections of revenue and expenses for all budgeted funds as well as capital project status reports and detailed reconciliations for all capital funds. As soon as initial numbers are available for year-end, the fourth quarter report provides an early look at what the Annual Report might portend. This affords the Mayor and City Council the timely opportunity to guide and direct significant year end entries that require

budget approval. All of these financial documents can be found in the “Financial Transparency” section of the home page of the City’s website.

Relevant financial policies

Article VII Section 20 of the City Charter incorporated the concept of a ninety-day minimum reserve for the General Fund in 2012. The excess sales tax receipts and one-time federal aid received to reimburse the City for its pandemic-related operating costs incurred in FY 2020-2022 made it possible to better this minimum requirement significantly. The General Fund ended the year with an operating balance of \$24.16 million, representing approximately 141 days of maintenance and operating expenditures. In 2018, the City secured the renewal of its emergency bridge loan for \$50 million to be used in the event of a major catastrophic emergency, and secured a contract for this important financial tool through spring 2023. The loan will be available to support eligible costs associated with any large emergency such as a tropical storm or hurricane, including federally reimbursable costs, local costs as well as matching funds for disaster grants (see Note 9).

The City Charter assigns the responsibility to “administer all the financial affairs of the City other than the assessment and collection of taxes to the Director of Finance. This includes responsibility for the receipt, disbursement and safe-keeping of all City funds. The Finance Director establishes the accounting procedures to be used in all departments, and approves all expenditures to ensure that legal requirements have been met and the budget appropriations are not exceeded.” (See the City Charter Article VII Section 2.) Also, by State law and the City Charter, this Annual Comprehensive Financial Report, “including the auditor’s opinion on the statement, shall be filed in the office of the municipal secretary or clerk within 180 days after the last day of the municipality’s fiscal year.” (See Local Government Code Section 103.003.)

In FY 2019, the City Council adopted a debt management policy to formalize the practices included in the financial planning process that lead to decisions to issue long-term debt. The policy provides for specific projects with phased implementation and proposed funding sources to cover total project cost as the basis for any long-term debt issuance. Amortization schedules are proportional to what the City can afford, include no unusual principal amounts or “balloon” notes, and are shorter in years than the useful life of assets that are being constructed and/or acquired. The policy provides broad guidelines that encourage component units with debt issuance, that must be approved by City Council, to adhere to the key provisions mentioned above. The five year Capital Improvements Plan (CIP) is adopted by the City Council annually, and each project’s status is monitored and reported through the City’s webpage.

The City adheres to an investment policy that emphasizes, in order of priority, safety, liquidity, diversity and return on investments as required by the Public Fund Investment Act. (See Texas Government Code Chapter 2256.) This law and City policy require quarterly reports to the City Council that disclose the specific listing of investments that comprise the City’s investment pool, present the overall earnings from the pool, and balances as of the end of each calendar quarter. City Council appoints a Finance, Fiscal Affairs and Investment Advisory Committee (FFIAC) to provide strategic direction and oversight by working with the Finance Department to manage the City’s investments. This policy is reviewed and updated annually by the FFIAC and City Council. All of the City’s idle cash on hand, including operating and capital funds, is invested through this pooled approach. The only exception is federal grant cash which the City is not allowed to invest under federal regulation.

A ladder investment approach has been used previously to invest the City’s cash on hand in investment pools, federal agencies and treasuries. This approach took maximum advantage of rising interest rates by scheduling maturities based on specific project implementation schedules as well as the five year Capital Improvement Plan (CIP). With the advent of the COVID-19 pandemic, and actions by the Federal Reserve Board to set the prime rate at zero, the city placed all of its cash in investment pools. This provided maximum liquidity and safety which was appropriate for most of the interest rate environment of FY 2021. In 2022, rates rose in response to inflation. So the City’s investments have been redirected back into the safest lawful investments, namely U.S Treasuries.

Major initiatives

The City continues to implement its CIP by renewing and replacing capital facilities, many of which have outlived their useful lives. Any future bond sales will be conducted in accordance with State law and the City Charter including voter approval for General Obligation bonds providing new monies for major projects. The City is well positioned to continue the CIP as well as its long-term bond issuances. Moody’s Investors Service issued the following overall assessment of the City in its annual rating published in October: “The credit position for Galveston is good. Its Aa3 rating is level with the US cities median of Aa3. Notable credit factors include a healthy financial position, a large tax base and a moderate wealth and income profile.

The rating also reflects a small debt burden and a somewhat inflated pension liability.” The City’s pension liability dropped \$14.6 million in FY 2022 largely due to the performance of the three funds investment pools.

By virtue of its location on the Texas Gulf Coast, Galveston is exposed to the ongoing threat of tropical storms that bring heavy floods, high winds and excessive storm tides. The magnitude of the impact on the City’s operations, economy, or financial condition from climatic changes is indeterminate and unpredictable. But this is a threat that Galveston has managed its way through for over one hundred years. After the 1900 Storm that killed many thousands of Galveston residents, the City built a three mile long, seventeen feet high concrete wall to protect against storm tides associated with a tropical storm. The residents and businesses also elevated their properties to match the height of the Seawall and then taper slowly to sea level on the port side of the Island. Today, the seawall has been extended to protect ten miles of the City from high water events.

Prior to Hurricane Ike in 2008, the City established a \$20 million emergency finance note program to assist the City with any costs and/or projects that are derived from any natural disaster. That “bridge loan” today stands at \$50 million that can be employed in the event of a disaster declaration by the President of the United States. City management and staff are experienced as an organization in managing disasters and documenting eligible costs for reimbursement from FEMA.

Plans are moving ahead using FEMA Section 404 Hazard Mitigation Grant funds to design and construct a \$46 million high water management pump station. This flooding and high tides management improvement will be located on 14th Street at the Galveston ship channel. In 2021, the City received a \$54 million Harvey grant to design and construct a second high water pump station on the other end of the Port near South Shore Drive. Design approval by the state and federal partners in this project should result in a grant for construction as well. This pump station will take the project service area from a 0.5 year flood level to a 25 year event and maintain a 100 year event in the right of way. Galveston also falls within the bounds of the area to be protected by the “Ike Dike,” a proposed U.S. Army Corp of Engineers project to ultimately provide flood protection for the low lying areas near the Gulf and Galveston Bay in the metropolitan area.

In FY 2019, the City began a major water loss mitigation project aimed at reducing the amount of water loss in its aging water distribution system. After the major investments in the water system made recently, the City has shifted its focus to more accurate measurement of water usage and transmission throughout the City. As a step toward implementing these goals, the City has chosen to use \$16 million of its \$27 million American Rescue Plan Act to fund citywide implementation to install an Automated Metering Infrastructure project and system. Besides the improvements in customer service this system will bring, the goal is to ensure that the City purchases only the water it needs from the Gulf Coast Water Authority, isolating sources of water loss so they may be addressed in a variety of ways.

Protection of neighborhoods through stricter codes and clearer rules is also a high priority with major revisions underway to the City’s land development rules and zoning requirements. Renewed emphasis is being placed on the City’s information technology resources, upgrading system infrastructure and beginning the implementation of major systems to manage field maintenance operations, improve plan review and the permit and inspections processes, as well as continuing to move the City to a paperless environment.

In FY 2019, the City and its police employees group secured passage of state legislation that revised and modernized the police officers’ pension system, putting in place a thirty year funding plan that fully amortizes the plan’s current unfunded accrued actuarial liability. This law provides for any future additional funding needs to be shared equally by the City and the plan members. The City’s contribution is guaranteed to remain at the current authorized strength level for police officers should future economic downturns result in any reductions in force (see Note 15). In FY 2018, the City and firefighters agreed on a plan that increased contributions from the City and the firefighters that brought its long-term funding plan within State guidelines. The increases required in the City’s contribution to the police pension plan (12 percent to 18 percent) and firefighters’ pension plan (12 percent to 17 percent) are funded through the City’s operating budget with current year income. The City is continuing in FY 2022 to work with each board to further stabilize these plans and the non-civil service City employees plan as well. As the City works to stabilize the three defined benefit pension plans, we persist in our long-term plan to convert those plans over time to a defined contribution basis or a hybrid plan such as that offered by the Texas Municipal Retirement System.

The City’s retiree health insurance plan is reported in the government wide balance sheet. This presentation provides information in compliance with the Governmental Accounting Standards Board Statement 75 addressing Other Post-Employment Benefits (OPEB). The City’s unfunded accrued liability for OPEB is

estimated for FY 2022 at \$17.2 million. Having addressed the City's pension fund liabilities, we now expect to begin to develop a plan that will address the unfunded OPEB liability.

Awards and Acknowledgements

The Government Finance Officers Association (GFOA) of the United States and Canada awards a Certificate of Achievement for Excellence in Financial Reporting for recognizing conformance with the highest standards for preparation of state and local government reports.

In order to be awarded a Certificate of Achievement, a government unit must publish an easily readable and efficiently organized ACFR, whose contents conform to program standards. The Annual Comprehensive Financial Report must satisfy both generally accepted accounting principles and applicable legal requirements.

The award is valid for a period of one year only. We believe that this Annual Report will meet the Certificate of Achievement Program requirements and will submit it to GFOA to determine its eligibility for a certificate.

The preparation of this report is a joint effort of various departments and offices of the City. The City's Finance Department coordinates the compilation and prepares the final report for review by the City's independent auditor, Whitley Penn, LLP. The City assumed the lead role in preparing the financial statements and related notes for the first time in FY 2017. This financial report represents the sixth such effort. The successful and timely preparation of this report depends on the cooperation of all these groups and upon the diligence and dedication of the entire staff of the Finance Department. We would like to express our appreciation to all those who contributed to this effort.

Finally, we acknowledge the Mayor and Council Members who have consistently supported the City's goal of excellence in all aspects of financial management. Their support is greatly appreciated.

Respectfully submitted,



City Manager



Assistant City Manager for Finance

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CITY OF GALVESTON, TEXAS
PRINCIPAL OFFICIALS



Mayor
Craig Brown

District 1



Sharon Lewis

District 2



William Schuster

District 3



David Collins

District 4



Michael Bouvier

District 5



John Paul Listowski

District 6



Marie Robb

Charter Adopted April 19, 1960
Council – Manager Form of Government

City Council Appointees

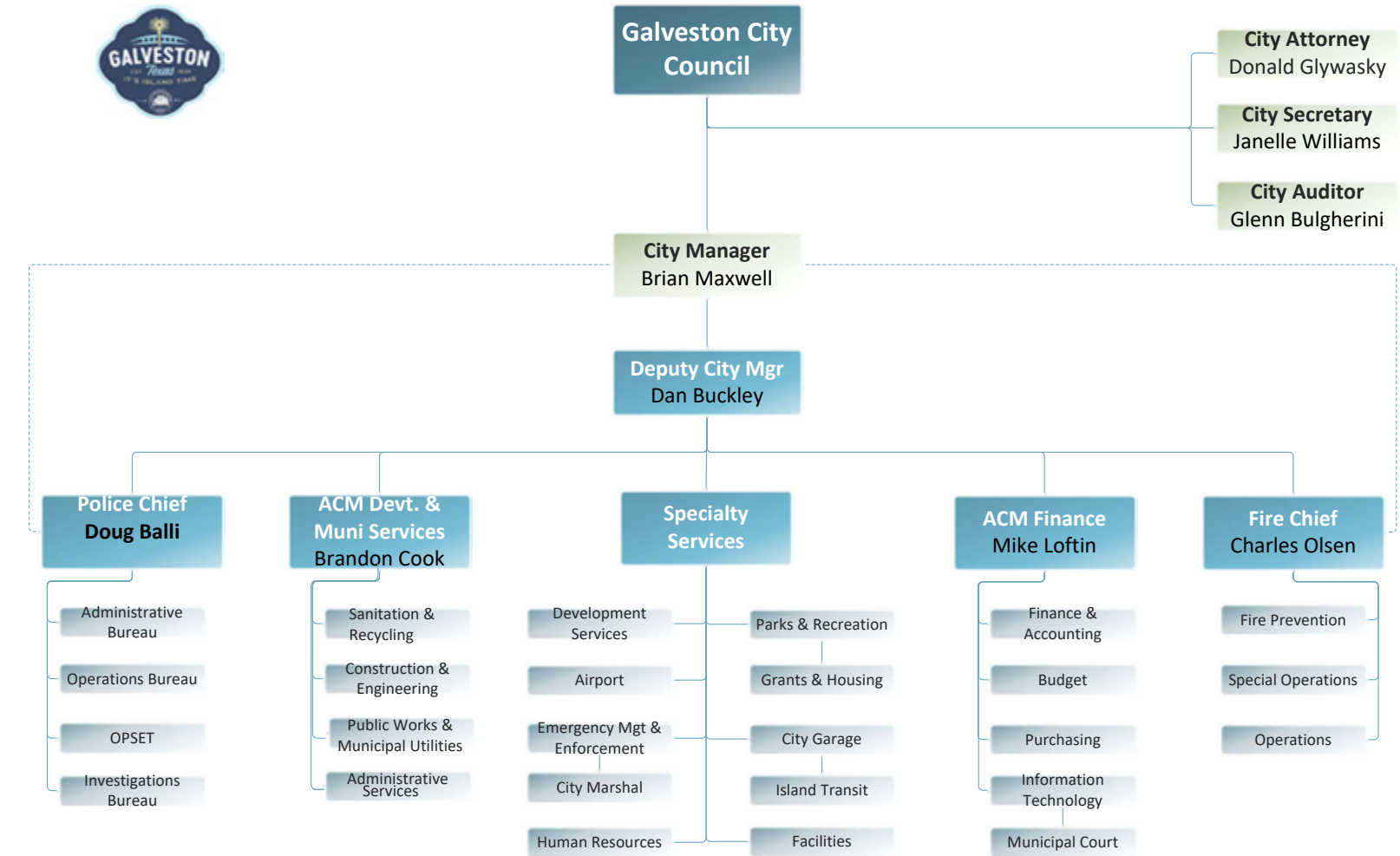
City Manager	Brian Maxwell
City Secretary	Janelle Williams
City Attorney	Donald Glywasky
Court Judge	Jim Schweitzer
City Auditor	Glenn Bulgherini

Departmental Directors

(City Manager Appointees)

Deputy City Manager	Dan Buckley
Assistant City Manager Finance	Michael Loftin
Assistant City Manager Development and Municipal Services	Brandon Cook
Police Chief	Doug Balli
Fire Chief	Charles Olsen, Sr.
City Marshal	Cecil Stroud, Jr.
Executive Director of Development Services	Timothy Tietjens
Executive Director of Fleet, Mass Transit and Special Events	David Smith
Executive Director of Human Resources and Civil Service	Beverly West
Executive Director of Parks, Recreation and Community Outreach	Barbara Sanderson
Executive Director and Chief Information Technology Officer	Hope Dean
Executive Director and City Controller	Tammy Jacobs
Executive Director Emergency Management and Enforcement	Robert Simmons
Director of Airport	Michael Shahan
Director of Infrastructure and Engineering	Robert Winiecke
Director of Public Works and Utilities	Trino Pedraza
Director of Solid Waste	Dustin Bender
Public Information Officer	Marissa Barnett
Emergency Management Coordinator	Byron Frankland
Municipal Court Clerk	Gladys Lopez
Facilities Director	Charles Kenworthy
Director of Disaster Recovery and Grants	Tesa Duffey-Wroblewski
Director of Policy and Government Relations	Sally Bakko

City of Galveston Organizational Chart



***City Council Appointees are shown in the following color (City Manager, City Attorney, City Auditor, City Secretary)



Government Finance Officers Association

Certificate of
Achievement
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Reporting

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**City of Galveston
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

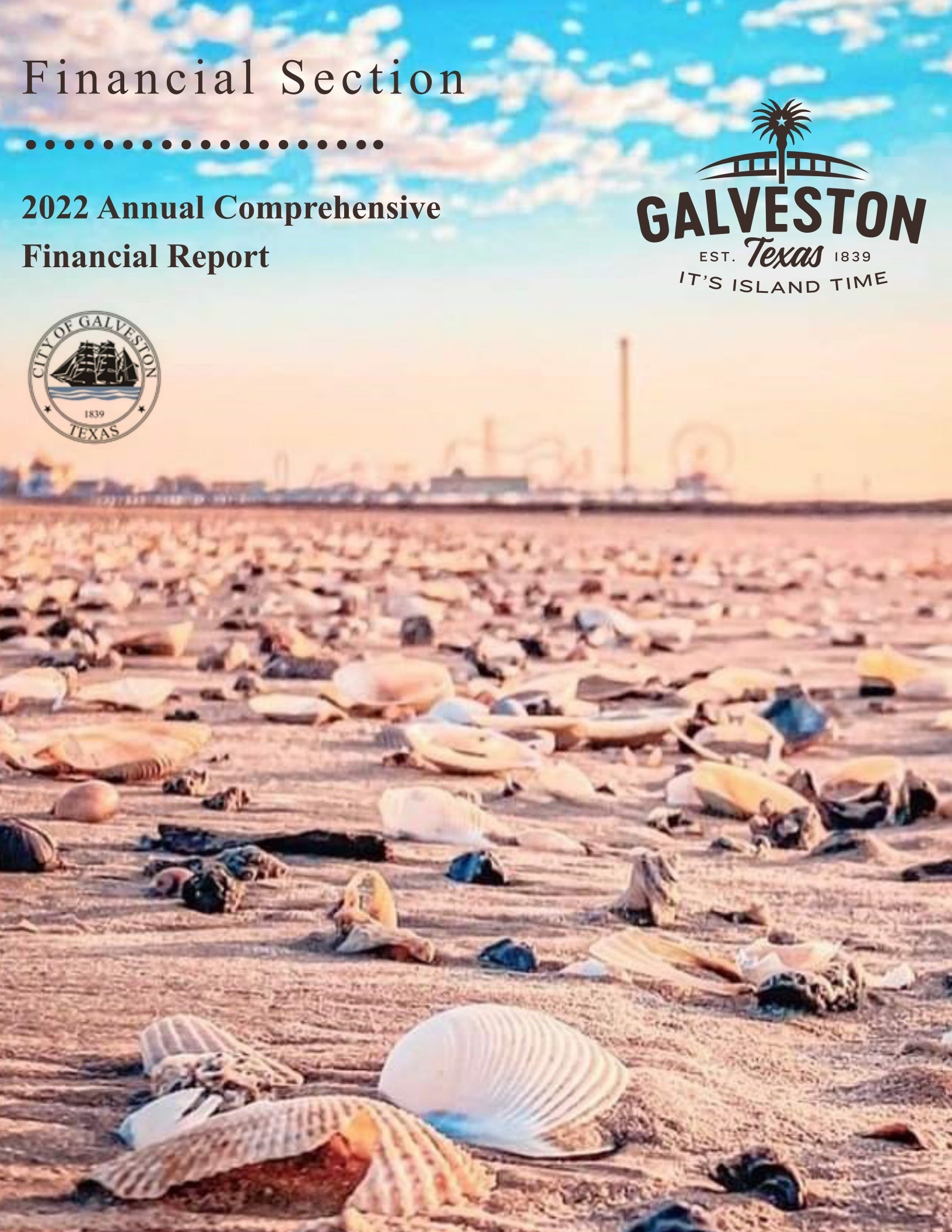
Christopher P. Morill

Executive Director/CEO

Financial Section



2022 Annual Comprehensive Financial Report



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Suite 1600
Houston, Texas 77098
713.621.1515 Main

whitleypenn.com

INDEPENDENT AUDITOR'S REPORT

To the Honorable Mayor and
Members of the City Council
City of Galveston, Texas

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Galveston, Texas, Texas (the "City"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of the other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2022, 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.

We did not audit the financial statements of the Park Board of Trustees of the City of Galveston (the "Park Board") or the Board of Trustees of the Galveston Wharves (the "Wharves"), which collectively represent 99 percent, 72 percent, and 95 percent, respectively, of the assets and deferred outflows of resources, liabilities and deferred inflows of resources, and revenues of the discretely presented component units. Those financial statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Park Board and the Wharves, is based solely on the reports of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.



To the Honorable Mayor and
Members of the City Council

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management's discussion and analysis, General Fund budgetary comparison schedule, American Rescue Plan Act fund budgetary comparison schedule, pension information, and other-post employment benefit information, as listed in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

To the Honorable Mayor and
Members of the City Council

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund statements and schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

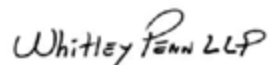
The combining and individual fund statements and schedules, as listed in the table of contents, are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected 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 and individual fund statements and schedules, as listed in the table of contents, are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section and statistical section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 23, 2023, on our consideration of the City's internal controls 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 controls over financial reporting and compliance.



Houston, Texas
March 23, 2023

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MANAGEMENT'S DISCUSSION AND ANALYSIS

The management of the City of Galveston (the "City") offers readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2022.

Financial Highlights

1. The assets and deferred outflows of resources of the City exceeded its deferred inflows of resources and liabilities at the close of the most recent fiscal year by \$511.1 million (net position). Of this amount, \$54.6 million is restricted for specific purposes based on law and contractual obligations to citizens and creditors.
2. Capital assets net of depreciation provide \$614 million of the \$840.4 million in total citywide assets.
3. Long-term liabilities slightly decreased from \$192.4 million to \$191.8 million. Also, the aggregate net pension liability declined from \$71.9 million in FY 2021 to \$57.4 million in FY 2022 largely due to the market-driven positive performance of each pension fund's investment pool. The City's unrestricted overall net position improved from a negative \$18.2 million in FY 2021 to a negative \$6.8 million in FY 2022.
4. The net position of governmental activities improved from \$183.8 million in FY 2021 to \$198.1 million in FY 2022. Current assets increased by \$14.3 million from \$143.8 million in FY 2021 to \$158.0 million in FY 2022.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements.

Government-wide Financial Statements

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector corporation.

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities, and deferred inflows of resources with the difference between the four 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.

The *statement of activities* presents information showing how the government's net position changed during the most recent fiscal 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*. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, culture and recreation, planning and community development, and interest on long-term debt. The business-type activities of the City include utility systems, including surface water operations, and solid waste operations as well as the operations of a regional airport facility.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also legally separate entities for which the City is financially accountable. Financial information for these *discretely presented component units* is reported separately from the financial information presented for the primary government itself. The City's eight discretely presented component units consist of the following:

- | | |
|---|---|
| Park Board of Trustees | Bayside at Waterman's - Public Improvement District |
| Galveston Island Redevelopment Authority | Board of Trustees of Galveston Wharves |
| Campeche Shores - Public Improvement District | Galveston Housing Finance Corporation |
| Beachside Village - Public Improvement District | Galveston Property Finance Authority |

The financial statements of Galveston Housing Finance Corporation and Galveston Property Finance Authority have been excluded from this report.

The government-wide financial statements can be found on pages 40 through 43 of this report.

Fund Financial Statements

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the City are divided into two categories: governmental funds and proprietary funds.

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 fiscal year. Such information may be useful in evaluating a government'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 government'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 83 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Hurricane Ike, CDBG Disaster Fund Non-Housing, General Obligation Bonds 2019 Capital Projects funds, American Rescue Plan Act, and Convention Center Operations Fund, all of which are considered to be major governmental funds. Data from the other 75 governmental funds are combined into a single, aggregated presentation (the Non-Major Governmental Funds). Individual fund data for each of these non-major governmental funds is provided in the form of *combining statements* and can be found on pages 116 through 129 of this report.

The basic governmental fund financial statements can be found on pages 44 through 51 of this report.

Proprietary Funds - The City maintains two different types of proprietary funds, Enterprise Funds and Internal Service Funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its waterworks system, sewer system, drainage and sanitation operations as well as the operations of the airport. Internal Service Funds are used to report activities that provide supplies and services for the City's other programs and activities. The Municipal Garage, Central Service, Casualty and Liability insurance, Construction Management, Workers Compensation Insurance, and Health and Life Insurance funds are the City's internal service funds. Their purpose is to provide for the accumulation of money for employee benefits, as well as vehicle and equipment replacement used in City operations. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The Combined Utility System, Airport and Drainage Utility Funds are considered to be major funds of the City. Conversely, all internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in the annual comprehensive financial report.

The basic proprietary fund financial statements can be found on pages 52 through 55 of this report.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the City. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds. The City maintains two different types of fiduciary funds, Pension trust funds and a Custodial fund. The Pension trust funds are used to report resources held in trust for retirees and beneficiaries covered by the Employee Pension Plan, Firefighter's Pension Plan, and the Police Pension Plan. The Custodial fund reports resources, not in a trust, that are held by the City for other parties outside of the City's reporting entity. The fiduciary fund financial statements can be found on pages 56 through 57 of this report.

Combining Component Unit Financial Statements

Six of the City's eight discretely presented component units shown in the aggregate on the face of the government-wide financial statements have individual information presented in the form of combining statements immediately following the fund financial statements of the primary government.

Notes to the Financial Statements

The notes provide additional information that is essential to a full understanding of the data presented in the government-wide and fund financial statements. The notes to the financial statements can be found beginning on page 59.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees. The City adopts an annual appropriated budget for its general, debt service, capital projects and certain special revenue funds. A budgetary comparison schedule has been provided for the general and major special revenue funds to demonstrate compliance with this budget. Required supplementary information can be found on pages 101 through 114 of this report. The budget comparisons for non-major special revenue funds, capital projects and debt service funds can be found in the *other supplementary information* section.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$511.1 million at the close of the most recent fiscal year. The "Comparative Schedule of Net Position" presents the financial performance that results in this amount, and shows a comparison with the prior fiscal year as well. The City's Total Net Position for the fiscal year ended September 30, 2022 of \$511.1 million is a \$25.5 million increase over the prior year.

Total Assets were \$840.4 million at the end of the current fiscal year, a \$26.2 million increase over last fiscal year. This is attributable largely to the continued investment in the City's capital assets, including substantial amounts of contributions from grants as in prior years and the implementations of GASB 87 - Leases and GASB 96 - Subscription-Based Information Technology Arrangements (SBITA). Total investments in capital assets increased by \$18.8 million.

Current assets for Governmental Activities increased by \$14.3 million, largely due to the receipt of \$13.7 million in cash from the American Rescue Plan Act funds. The current assets for Business-Type Activities decreased by \$6.7 million, largely due to ongoing capital expenditures from previous bond sales for capital assets.

An increase in net outstanding debt associated with the private placement bond sale in FY 2022 offset with bond principal payments as well as the implementation of GASB 96 - Subscription-Based Information

Technology Arrangements (SBITA) can be seen in a \$1.1 million increase in long-term liabilities of Governmental Activities. A decrease can be seen in long-term liabilities of Business-Type Activities of \$1.7 million reflecting the private placement bond sale in FY 2022 offset with bond principal payments.

By far the largest portion of the City’s net position, 90.7 percent or \$463.3 million, reflects its investment in capital assets net of depreciation (e.g., land, buildings, and infrastructure), less any related outstanding debt used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending as of September 30, 2022. 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 capital assets themselves cannot be used to liquidate these liabilities.

The total Net Pension Liability for the City’s three pension funds decreased to \$57.4 million in the current fiscal year compared with \$71.9 million for the prior fiscal year. This was largely due to improved investment performance in the current fiscal year (see Note 15).

COMPARATIVE SCHEDULE OF NET POSITION

September 30, 2022 and 2021

Amounts in (000's)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 158,038	\$ 143,754	\$ 50,888	\$ 57,535	\$ 208,926	\$ 201,289
Capital assets	247,705	241,171	366,013	353,718	613,718	594,889
Right to use assets	559	447	-	-	559	447
Non-current lease receivable	-	-	17,187	17,538	17,187	17,538
Total Assets	<u>406,302</u>	<u>385,372</u>	<u>434,088</u>	<u>428,791</u>	<u>840,390</u>	<u>814,163</u>
Total Deferred Outflows of Resources	<u>15,172</u>	<u>17,128</u>	<u>1,833</u>	<u>2,038</u>	<u>17,005</u>	<u>19,166</u>
Other liabilities	38,678	30,909	6,658	8,810	45,336	39,719
Long-term liabilities	97,903	96,795	93,886	95,568	191,789	192,363
Total OPEB liability	17,219	14,666	-	-	17,219	14,666
Net pension liability	55,131	66,798	2,262	5,150	57,393	71,948
Total Liabilities	<u>208,931</u>	<u>209,168</u>	<u>102,806</u>	<u>109,528</u>	<u>311,737</u>	<u>318,696</u>
Total Deferred Inflows of Resources	<u>14,488</u>	<u>9,483</u>	<u>20,056</u>	<u>19,484</u>	<u>34,544</u>	<u>28,967</u>
Net Position (Deficit)						
Net investment in capital assets	180,332	191,088	282,996	277,342	463,328	468,430
Restricted	54,568	35,470	-	-	54,568	35,470
Unrestricted (Deficit)	(36,845)	(42,709)	30,063	24,475	(6,782)	(18,234)
Total Net Position (Deficit)	<u>\$ 198,055</u>	<u>\$ 183,849</u>	<u>\$ 313,059</u>	<u>\$ 301,817</u>	<u>\$ 511,114</u>	<u>\$ 485,666</u>

An additional portion of the City’s net position, 10.7 percent or \$54.6 million, represents resources that are restricted by external authorities and requirements on how they may be used. The total negative unrestricted net position of \$6.8 million results from \$36.8 million negative net position of Governmental Activities, that is partially offset by \$30.1 million unrestricted net position of Business-Type Activities. The Governmental Activities negative net position includes almost all of the City’s net pension liability because two of the three pension funds (police and fire) include public safety personnel funded strictly through the General Fund. The governmental funds provide \$55.1 million of the total \$57.4 million in net pension liabilities and \$17.2 million of OPEB liabilities.

COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION

For the Years Ended September 30, 2022 and 2021

Amounts in (000's)

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 8,576	\$ 6,974	\$ 53,634	\$ 46,564	\$ 62,210	\$ 53,538
Operating grants and contributions	4,186	4,914	50	50	4,236	4,964
Capital grants and contributions	5,022	7,863	59	-	5,081	7,863
General revenues:						
Property taxes	40,824	38,637	-	-	40,824	38,637
Sales tax	30,078	24,998	-	-	30,078	24,998
Mixed beverage tax	1,147	1,005	-	-	1,147	1,005
Hotel occupancy taxes	21,137	15,630	-	-	21,137	15,630
Franchise and other taxes	5,186	5,012	-	-	5,186	5,012
Payments in lieu of taxes	334	488	-	-	334	488
Lease revenue	-	-	933	942	933	942
Other	2,182	2,893	1,629	930	3,811	3,823
Total Revenues	118,672	108,414	56,305	48,486	174,977	156,900
Expenses						
General government	14,354	12,516	-	-	14,354	12,516
Public safety	39,292	40,159	-	-	39,292	40,159
Public works	6,122	12,042	-	-	6,122	12,042
Culture and recreation	27,531	23,608	-	-	27,531	23,608
Planning and community development	3,985	5,796	-	-	3,985	5,796
Transportation system	3,489	4,203	-	-	3,489	4,203
Interest on long-term debt	2,497	2,530	-	-	2,497	2,530
Combined utility system	-	-	37,962	39,697	37,962	39,697
Sanitation services	-	-	7,377	7,049	7,377	7,049
Drainage utility	-	-	3,757	3,134	3,757	3,134
Airport	-	-	2,254	2,173	2,254	2,173
Total Expenses	97,270	100,854	51,350	52,053	148,620	152,907
Increase (decrease) in net position before transfers	21,402	7,560	4,955	(3,567)	26,357	3,993
Transfers	(6,635)	(2,282)	6,635	2,282	-	-
Increase (decrease) in net position	14,767	5,278	11,590	(1,285)	26,357	3,993
Net position - beginning	183,849	178,571	301,817	303,102	485,666	481,673
Prior period adjustments	(561)	-	(348)	-	(909)	-
Net position - ending	\$ 198,055	\$ 183,849	\$ 313,059	\$ 301,817	\$ 511,114	\$ 485,666

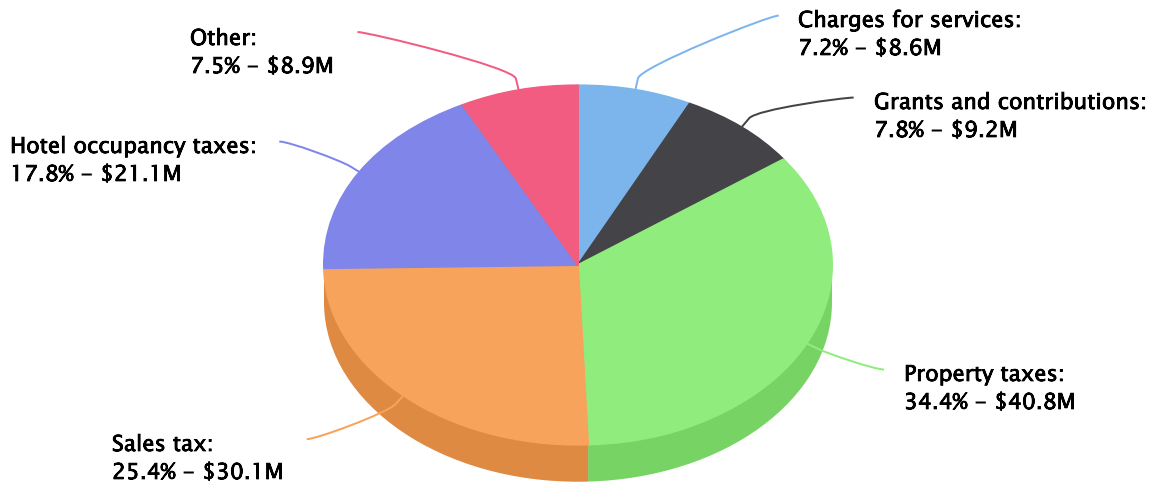
Governmental Activities

Governmental activities increased the City's net position by \$14.8 million. Key elements of this net increase are as follows:

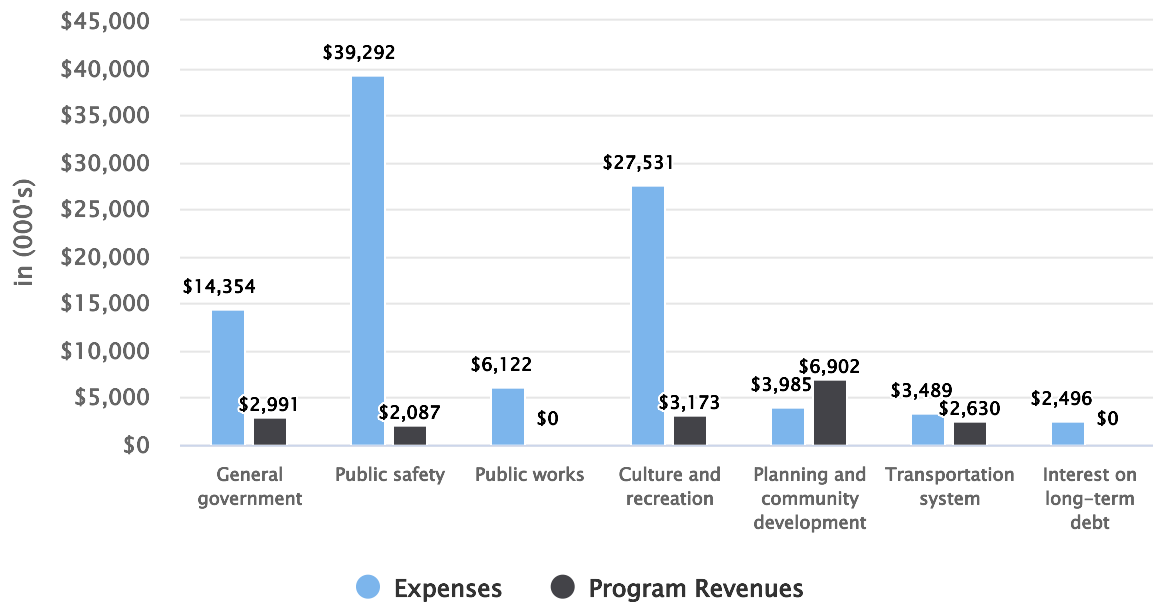
- Total revenue from governmental activities increased by a net \$10.26 million from FY 2021. This is largely due to increased revenues from sales tax collections (\$5.08 million more than the prior year) and increased hotel occupancy tax revenue (\$5.51 million more than the prior year). The increase in sales tax collections is due mainly to the booming economy in Galveston and it is not expected to continue indefinitely. The increase in hotel occupancy tax revenue also increased due to the booming tourism industry and short-term rentals in the City. The hotel occupancy taxes of \$21.1 million includes only the portion of HOT taxes that is not allocated to the Park Board, which is \$19.5 million and accounted for through the Component Unit Statements starting on page 169.
- Charges for services increased from \$7.0 million in FY 2021 to \$8.6 million in FY 2022, an increase of \$1.6 million. The increase from prior year was primarily due to the increase in parking meter fees received due to the booming tourism industry in Galveston (increase of around \$520,000 from prior year) and payments received from the Rosenberg Library from the memorandum of understanding between the City and the Library beginning in July 2021 (around \$440,000 in FY 2022).
- A decrease in capital grants and contributions of \$2.8 million from \$7.9 million to \$5.0 million and a decrease in operating grants and contributions of \$0.7 million.
- Virtually all of the \$5.0 million in capital grants and contributions shown in Governmental Activities revenue is being invested in the City's infrastructure.
- The total public safety expenditures decreased by \$0.9 million from \$39.3 million in FY 2022 and \$40.2 million in FY 2021. This decrease resulted mainly from the decrease in net pension liabilities for public safety. The public safety portion of net pension liability is included in the governmental activities net pension liability total for FY 2022 of \$55.1 million which decreased by \$11.7 from FY 2021. Even though it appears that the public safety expenditures decrease from prior year due to the decrease in net pension liability, the overall budget and expenditures for public safety increased, when the change in net pension liability is excluded (see General fund budget on page 101). Police makes up a majority of the public safety budget and expenditures. The final budget for Police expenditures increased from \$22.9 million in FY 2021 to \$23.5 million in FY 2022. Also, total public safety expenditures for police increased from \$22.8 million in FY 2021 to \$23.5 million in FY 2022.

Governmental activities are largely funded from property, sales and other taxes. Public safety is the major public service funded with governmental revenues. Planning and Community Development program revenues as shown here include federal grants awarded to the City for Hurricane Ike recovery and annual allocations of CDBG grants. The grant revenues for planning and community development were transferred to business-type activities for repairs and upgrades to the water and sewer systems.

Revenues by Source – Governmental Activities (\$118.7 million)



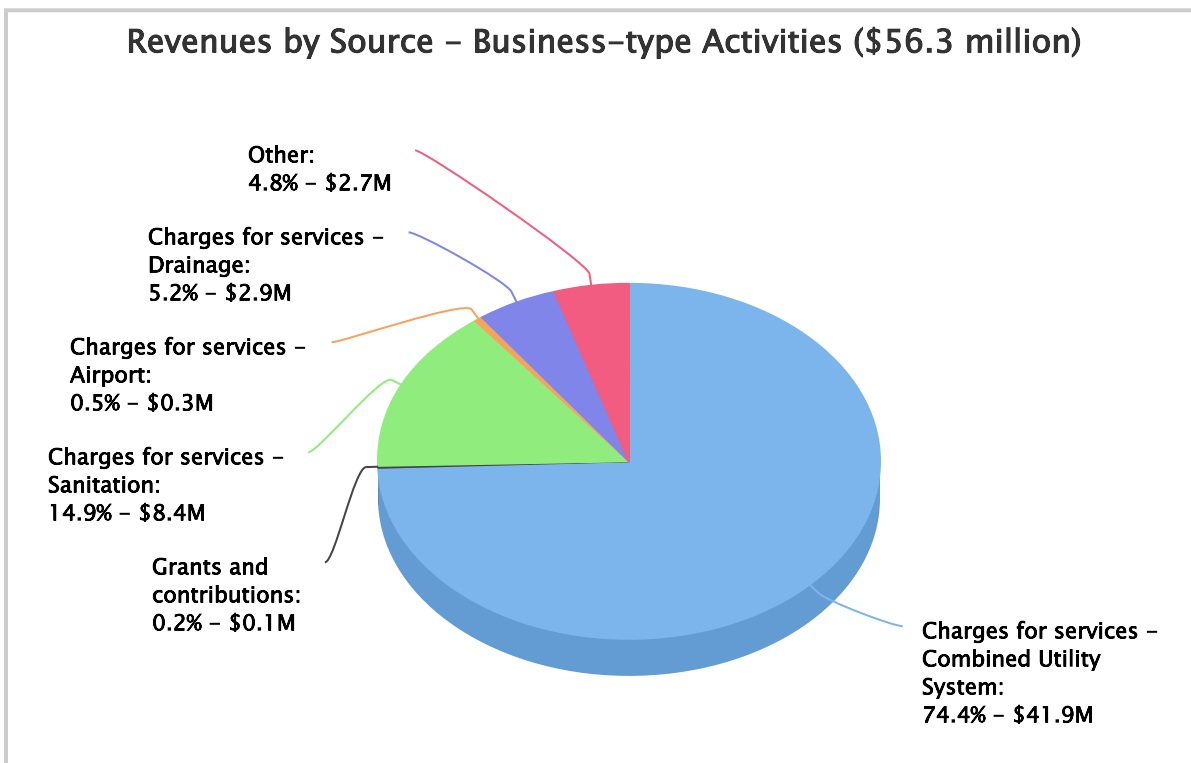
Governmental Program Expenses and Revenues Chart

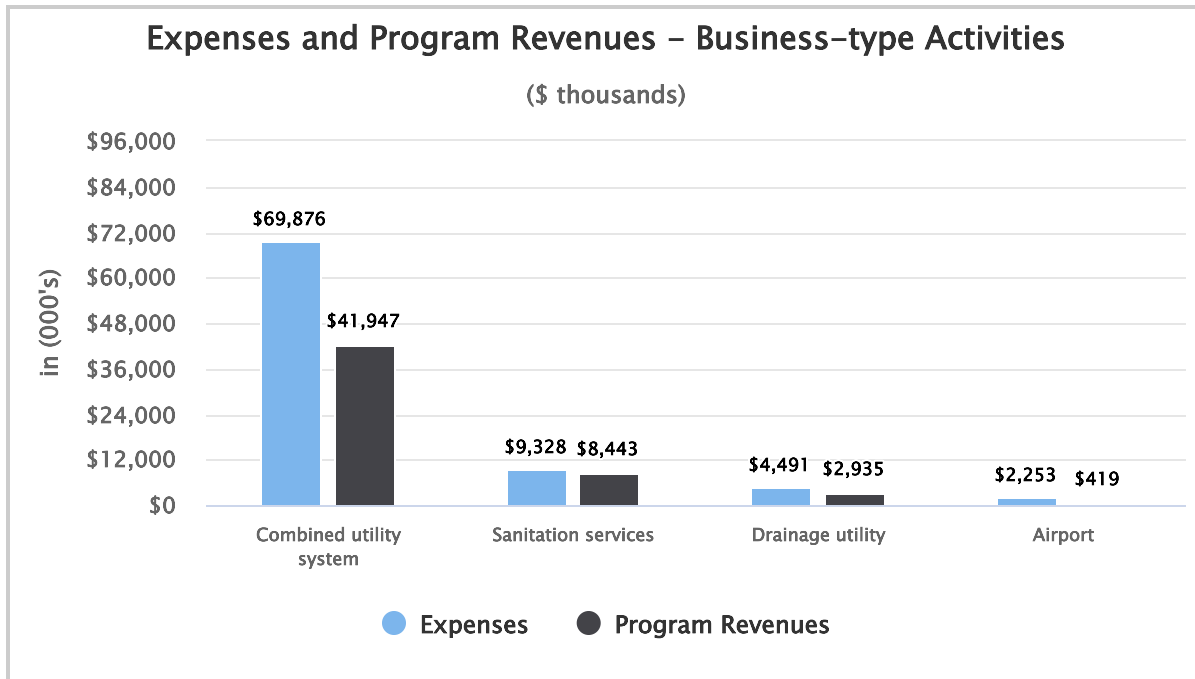


Business-type Activities

Business-type activities increased the City’s net position by \$11.6 million. Highlights for individual enterprise funds are as follows.

- Revenues for business-type activities totaled \$56.3 million, \$5.0 million more than total expenses for business-type activities, which were \$51.4 million.
- Transfers from governmental activities to business-type activities were the result of grant funded contributions to business-type assets.
- Business-type activities generated \$7.8 million more in revenue due largely to the increase of \$7.1 million in charges for services. The increases in the current year are attributed to the water and sewer metered customer revenues (increase of \$3.0 million from prior year), water and sewer tap rate increase in August 2021 (increase of \$1.6 million from prior year) and garbage collection fees (increase of \$1.7 million from prior year).





Financial Analysis of the City’s Funds

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

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

In FY 2022, the City received sales tax revenue of approximately \$4.4 million higher than budgeted and 20% higher than FY 2021. This increase in sales tax revenue can be attributed to federal stimulus programs which spurred unusual growth in the regional and national economy, which was not budgeted by the City. This led directly to an ending fund balance in the General Fund of \$24.16 million, which was \$2.22 million more than in FY 2021. This met the General Fund balance reserve requirement of \$16.9 million, or ninety days of budgeted operating expenses. It also made it possible to keep 120 days of expenses in reserve, or \$ 22.5 million, for use in unforeseen emergencies and for one-time expenditures as approved by the City Council. The City also maintains a \$50 million emergency bridge loan (see Note 9) capacity that is available under provisions of state law for cash flow, debris removal and infrastructure repairs in the event of a statewide and/or national emergency. If draws are made on the loan, proceeds may be repaid on a short-term or long-term basis up to ten years.

FEMA grant funds received for Hurricane Ike related work are almost expended and the remaining projects are being completed in calendar years 2023 & 2024. The City is working diligently with the Texas Department of Emergency Management in this regard. CDBG Disaster grant funds have been largely expensed for capital projects and are in final audit closeout and review in conjunction with the Texas General Land Office.

As of September 30, 2022, the City had spent all but \$17 million unspent from the \$62 million in general obligation bond funds authorized by the voters in May 2017. Of this amount, \$16.2 million was under contract for use in completing street and drainage projects underway currently. A majority of the remainder of the authorization, or \$0.8 million was committed to projects improving pilot storm water pump station at 14th street and a joint project with the County to improve 23rd Street and Avenue S. (see Note 9).

The American Rescue Plan Act Fund was funded by the U.S. Treasury Department and paid directly to the City. The City was awarded \$27.4 million and received \$13.7 million in June 2021 and the remaining \$13.7 million in June 2022. Funds are being used to secure advanced metering infrastructure, wastewater treatment facility and improvements to the sanitary sewer infiltration and inflow systems.

The Infrastructure and Debt Service Fund is not reported as a part of the General Fund but as its own governmental fund. This fund is the recipient of an annual set aside of General Fund revenue in accordance with a City Charter requirement. In FY2022, General Fund contributions to this fund equaled eight percent of the General Fund budget. The Infrastructure and Debt Service Fund's separate reporting status is appropriate so as to demonstrate compliance with the City Charter. These funds are budgeted and programmed through the CIP along with all other capital funds.

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

The Combined Utility System fund has an unrestricted net position at fiscal year end of \$25.6 million as compared to \$22.9 million in the previous year is a result of paying down debt principal. The cash that is restricted includes \$5.7 million to be used for capital projects.

The Airport Fund became a major fund in FY 2021 as a result of implementing GASB 87 - Leases bringing on a \$17.1 million lease receivable. Only \$0.9 million of the fund balance is restricted cash for future capital improvements.

The Drainage Utility fund became a major fund this year as a result of \$11.5 million in capital contributions from various governmental funds and Combined Utility System fund. The majority of the capital contributions were for the 18th street drainage improvements. All of the \$0.2 millions of restricted cash in the Drainage Utility fund is restricted for future capital improvements.

General Fund Budgetary Highlights

After a turbulent FY 2020, the economy continued to recover in FY 2022. Due to advance planning and conservative budgeting, the City was able to take advantage of this by building its General Fund ending balance considerably. The ending balance of \$24.2 million provides for a 129 day reserve amount.

General Fund revenues exceeded the FY 2022 Budget by \$6.4 million. This overall net result included strong projected returns from sales tax revenue (\$4.4 million over budget) that were due to the federal stimulus programs addressing the Pandemic related economic downturn, inflation and the City's booming tourist industry. Other economically sensitive revenues that reflected the post-pandemic economic boom were mixed beverage taxes (\$0.3 million over budget), and licenses and permits (\$1.1 million over budget). Other revenues (\$1.2 million over budget showed a one-time gain from federal reimbursement of Winter Storm and other federally eligible expenditures (\$574,000), as well as the first year of the Rosenberg Library contributing to City operations from its ample property tax revenue share).

The General Fund expenditure budget exceeded the FY 2022 actual expenditures by \$1.4 million. A majority of this variance came from capital outlay (\$0.8 million under budget), which occurred due to vehicles purchased for the Police, Fire and other General Fund departments being ordered in FY 2022 but not delivered before the end of the fiscal year.

The General Fund expenditure budget was amended two times in fiscal year 2022 using quarterly reports that provided year end projections of revenue and expenditures. These amendments were approved by the City Council in ordinance form as proposed and recommended by the City Manager. Each amendment was for municipal purposes as allowed by Section 102.010 of the Texas Local Government Code. The City Charter authorizes the City Manager to transfer budget amounts within a department's total budget as adopted or amended by City Council. A separate schedule is provided on page 101 that demonstrates compliance with this requirement. Also, the City Charter mandated transfer from the General Fund to the Infrastructure and Debt Service Fund during FY 2022 equaled eight percent of the General Fund budget, or \$5.2 million as required. During FY 2022, the General Fund transfers out also included \$1.0 million to the Separation Pay fund to cover retirements occurring in the General Fund and \$4.6 million to the Health and Life Insurance Fund to serve as a reserve for the currently underfunded retiree health insurance liability.

Capital Assets and Debt Administration

At the end of fiscal year 2022, the City's governmental activities and business-type activities held capital assets net of depreciation of \$248 million and \$366 million, respectively. This \$614 million total includes a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$6.6 million or 2.8 percent over the end of the last fiscal year for governmental activities and a net increase of \$12.3 million or 3.5 percent for business-type activities.

Amounts in (000's)	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
Land	\$ 21,412	\$ 21,412	\$ 2,907	\$ 2,907	\$ 24,319	\$ 24,319
Construction in progress	36,733	32,885	53,097	70,567	89,830	103,452
Infrastructure	116,766	111,491	166,487	135,103	283,253	246,594
Buildings and Improvements	62,939	65,369	128,556	132,201	191,495	197,570
Contractual water rights	-	-	4,362	2,895	4,362	2,895
Vehicles, equipment and furniture	9,856	10,014	10,604	10,045	20,460	20,059
Right-to-use assets	558	447	-	-	558	447
Total Capital Assets	\$ 248,264	\$ 241,618	\$ 366,013	\$ 353,718	\$ 614,277	\$ 595,336

Additional information on capital assets can be found in Note 8 to the financial statements.

Construction in progress is at the \$89.8 million level, a decrease of \$13.7 from prior year, with project plans approved for appropriations in the adopted capital budget for FY 2022 of \$159.5 million. Three major projects were completed in FY 2022, including the 24" Waterline - 59th St Pump Station to Airport Pump Station (\$19.7 million), Airport wastewater treatment plant refurbishment (\$7.5 million) and 25th Street/Broadway to Seawall Boulevard (\$4.2 million). The most significant major projects still in progress are listed below:

- 59th Street Tank Rehabilitation (\$8 million)
- Airport pump station tank upgrade & new ground storage tanks (\$10.4 million)
- 23rd Street/Broadway to Seawall (\$10.2 million)
- 18th Street drainage improvements (\$14.7 million)

Long-Term Debt

At the end of the current fiscal year, the City had total bonds, certificates of obligation and other obligations outstanding of \$176.3 million. This total included \$13.3 million in discounts and premiums that were a part of bond sales that are being amortized as a part of the City’s long-term debt.

Amounts in (000's)	Governmental Activities		Business-Type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 51,373	\$ 54,221	\$ 20,572	\$ 23,254	\$ 71,945	\$ 77,475
Special obligation bonds	18,285	19,470	-	-	18,285	19,470
Contracts payable	-	-	-	2,665	-	2,665
Certificates of obligation	-	-	61,265	62,560	61,265	62,560
Certificates of obligation - Private Placement	5,500	-	5,500	-	11,000	-
Lease payable	337	453	-	-	337	453
Notes payable	-	135	-	-	-	135
SBITA payable	205	-	-	-	205	-
Discount and premiums	8,280	8,893	5,020	5,498	13,300	14,391
	<u>\$ 83,980</u>	<u>\$ 83,172</u>	<u>\$ 92,357</u>	<u>\$ 93,977</u>	<u>\$ 176,337</u>	<u>\$ 177,149</u>

During FY 2022, the City decreased its long-term debt by approximately \$0.8 million. Debt service is being paid on the City’s outstanding long-term debt as shown below. Annual principal and interest payments are budgeted based on the projects actually provided with the proceeds from the borrowings.

Amounts in (000's)	Property Tax	Combined Utility System	Central Services	Sanitation Services	Drainage Services	Hotel Occupancy Tax	Total
	Supported	Revenue Supported	Revenue Supported	Revenue Supported	Revenue Supported	Revenue Supported	
Property-Tax Supported Debt							
General Obligation Bonds	\$ 51,373	\$ 20,572	\$ -	\$ -	\$ -	\$ -	\$ 71,945
Certificates of Obligation	-	61,265	-	-	-	-	61,265
Certificates of Obligation - Private Placement	5,500	-	-	5,500	-	-	11,000
Subtotal	<u>56,873</u>	<u>81,837</u>	<u>-</u>	<u>5,500</u>	<u>-</u>	<u>-</u>	<u>144,210</u>
Special Obligation Bonds	-	-	-	-	-	18,285	18,285
Lease Payable	274	34	26	1	2	-	337
SBITA Payable	66	-	139	-	-	-	205
Total Principal Payments	<u>\$ 57,213</u>	<u>\$ 81,871</u>	<u>\$ 165</u>	<u>\$ 5,501</u>	<u>\$ 2</u>	<u>\$ 18,285</u>	<u>\$ 163,037</u>

Additional information on long-term debt can be found in Note 9 to the financial statements.

Economic Factors and Next Year’s Budgets and Rates

Galveston’s economy is tied to the national economy through tourism and trade, as well as the Texas state and Houston regional economy and their strong energy base. For these reasons, the City has a diversified basis for its economy that profits from local, regional, national and even international factors. The City of Galveston has shown its resiliency in the face of severe weather and economic challenges for more than a century. The latest challenge, the COVID-19 pandemic, presented a new set of challenges that would have had an enormous impact on the Island were it not for our geography, our location and the Island’s role as the playground for the nation’s fourth largest city.

A slow but steady recovery began almost immediately but the number of jobs lost was significant, requiring a recovery of two to three years for employment and all economic activity to return to pre-pandemic levels. The Galveston economy is benefitting directly from the various economic stimulus programs, primarily in the form of a very busy tourist season. This is coinciding with the reopening of our hospitality industry, including bars and restaurants as well as the resumption of cruises in July by the cruise industry. Also, the COVID-19 vaccination effort has stilled the advance of the disease at least temporarily although the COVID Delta variant is being watched closely along with the public response to a possible resumption of case counts that threaten the healthcare system. Barring major Delta variant outbreaks in the U.S., the impact of the programs stimulating consumer behavior are continuing through 2022, but are expected to taper off to resume more normal levels by FY 2023.

The FY 2022 Budget assumed that the booms in tax revenues and home construction are temporary. The final results for the General Fund in FY 2022 include \$4.4 million in sales tax revenue that is attributable to the stimulus programs addressing the pandemic related economic downturn, inflation and the City's booming tourist industry. FY 2022, the General Fund ended the fiscal year with a fund balance of \$24.2, or \$2.3 million higher from prior year. This provides for 129 days of operating expenses or \$7.3 million more than the ordinance and charter mandated minimum of ninety days of operating cost. The City Council subsequently approved a final amendment to the FY 2022 General Fund Budget that allocated this excess to one-time uses. \$4.6 million was opportuned by the City Council and moved to the Health and Life Insurance fund to to serve as a reserve for the currently underfunded retiree health insurance liability and \$1.0 million to the Separation Pay fund to cover retirements occurring in the General Fund.

The FY 2023 Adopted Budget includes \$181 million for maintenance and operations, a 16.5 percent increase from FY 2022. One-time appropriations are budgeted at \$0.5 million, and the capital budget, based on the first year of the FY 2022-2026 Capital Improvement Plan is adopted to cover project appropriations totalling \$169 million. This is \$9.2 million, or 5.8 percent more than last year. The total budget is \$349.8 million, a 10 percent increase over FY 2022.

The property tax rate for FY 2023 was reduced from \$0.4985 to \$0.4445, including \$0.392 for maintenance and operations and \$0.0525 for debt service. The reduction ensured that the overall increase in property tax revenue complied with the State's rate setting rules. In accordance with the City Charter, the budget also includes a General Fund transfer equal to eight percent of the budget (\$5.2 million) to the Infrastructure and Debt Service Fund. This transfer is being used to pay for projects in excess of \$100,000 and also to pay debt service for property tax supported bonds as required by the Charter.

A major bond sale occurred in early FY 2023 to fund \$65 million in water and sewer projects. Debt service is to come from savings in the cost of water charged by Gulf Coast Water Authority so no rate increase is necessary for this sale. A rate study will be conducted, however, to determine whether rates are adequate to support water and sewer system maintenance and management programs. Personnel cost is half of the FY 2023 Adopted Budget and the City's highest priority. Personnel costs are budgeted at a level \$9.1 million higher than our FY 2022 Estimate for personnel spending. Civil Service employees are receiving market-based adjustments agreed to through the collective bargaining process, and equity/market-based adjustments are being funded for the civilian staff.

Requests for Information

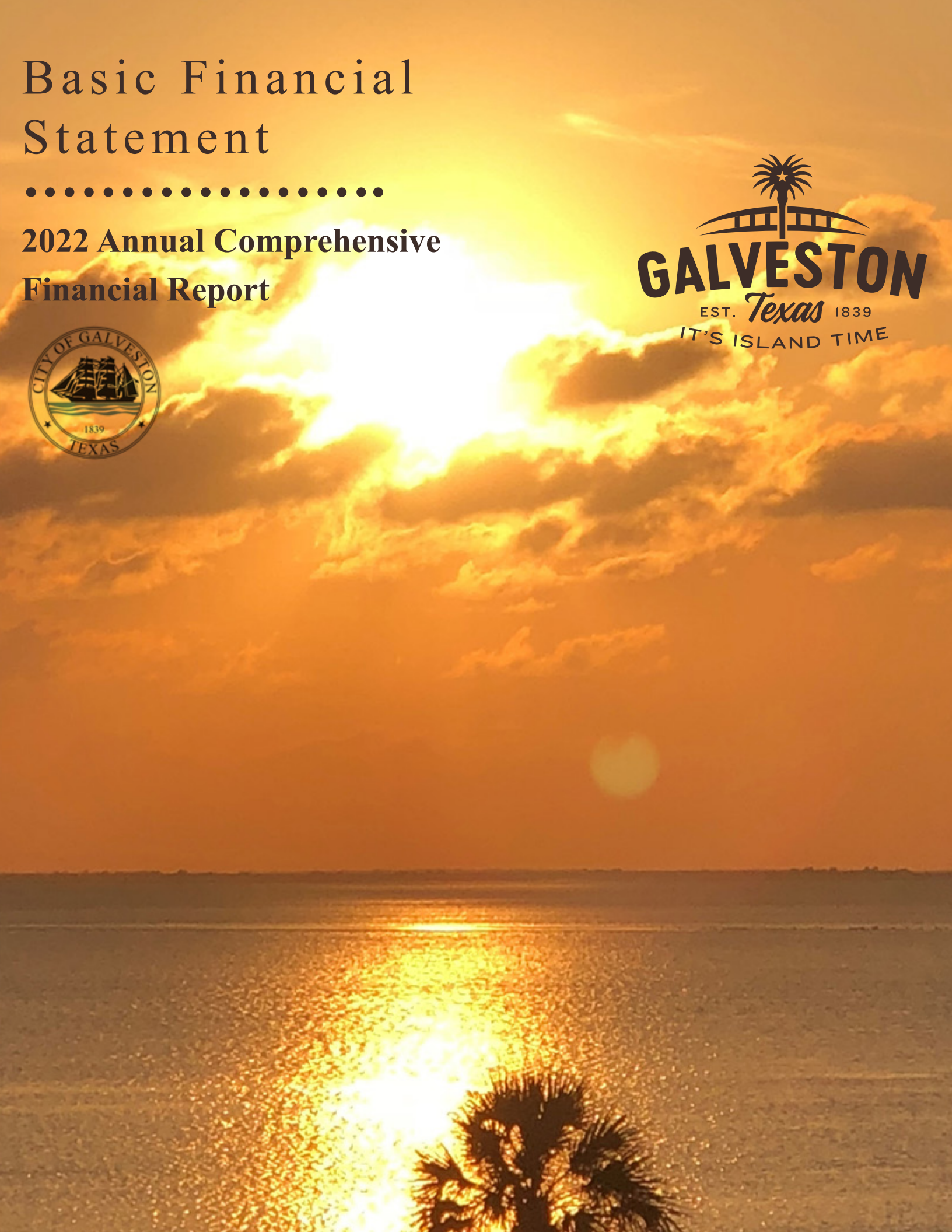
This financial report is designed to provide a general overview of the City of Galveston's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be addressed to the Office of the Finance Director, City of Galveston, P.O. Box 779, Galveston, TX 77553, or physically located at 823 Rosenberg, Suite 300, Galveston, TX 77550.

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Basic Financial Statement



2022 Annual Comprehensive Financial Report



STATEMENT OF NET POSITION
 September 30, 2022

Page 1 of 2

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 35,062,185	\$ 13,503,825	\$ 48,566,010	\$ 55,986,927
Accounts receivable, net of allowance for doubtful accounts	3,791,768	11,516,028	15,307,796	12,531,173
Lease receivable - current	-	379,949	379,949	202,644
Internal balances	(10,718,037)	10,718,037	-	-
Due from other governments	22,414,867	-	22,414,867	-
Restricted cash and investments	106,223,091	14,328,930	120,552,021	9,844,745
Inventories	527,742	371,363	899,105	14,539
Prepaid items	736,779	69,504	806,283	1,460,304
Total current assets	<u>158,038,395</u>	<u>50,887,636</u>	<u>208,926,031</u>	<u>80,040,332</u>
Non-current assets:				
Lease receivable - non current	-	17,187,574	17,187,574	-
Net investment in direct financing and financed purchase arrangements	-	-	-	838,008
Capital assets not being depreciated	58,144,549	56,003,484	114,148,033	41,392,124
Capital assets net of depreciation	189,560,708	310,009,540	499,570,248	390,371,702
Right of use asset net of amortization	558,825	-	558,825	391,761
Total non-current assets	<u>248,264,082</u>	<u>383,200,598</u>	<u>631,464,680</u>	<u>432,993,595</u>
Total Assets	<u>406,302,477</u>	<u>434,088,234</u>	<u>840,390,711</u>	<u>513,033,927</u>
Deferred Outflows of Resources				
Deferred charge on bond issuance	304,754	704,978	1,009,732	107,503
Deferred outflows relating to other post-employment benefits (OPEB)	6,684,136	-	6,684,136	-
Deferred outflows relating to pension activities	8,183,045	1,128,267	9,311,312	258,202
Total Deferred Outflows of Resources	<u>15,171,935</u>	<u>1,833,245</u>	<u>17,005,180</u>	<u>365,705</u>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	11,156,590	2,462,910	13,619,500	21,029,741
Due to other governments	133,050	206,270	339,320	2,532,167
Accrued interest	1,004,946	1,361,916	2,366,862	1,464
Unearned revenue	26,370,550	14,800	26,385,350	753,050
Customer deposits	13,067	2,612,084	2,625,151	-
Total current liabilities	38,678,203	6,657,980	45,336,183	24,316,422
Non-current liabilities:				
Long-term liabilities due within one year	10,386,839	5,941,699	16,328,538	18,110,626
Long-term liabilities due in more than one year	87,516,360	87,944,199	175,460,559	39,944,652
Total OPEB liability (health insurance)	17,219,232	-	17,219,232	-
Net pension liability	55,130,927	2,262,344	57,393,271	1,460,796
Total non-current liabilities	170,253,358	96,148,242	266,401,600	59,516,074
Total Liabilities	208,931,561	102,806,222	311,737,783	83,832,496
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	100,116
Deferred income	-	-	-	236,249
Deferred inflows relating to leases	-	16,693,148	16,693,148	194,262
Deferred inflows relating to OPEB	1,965,162	-	1,965,162	-
Deferred inflows relating to pension activities	12,522,945	3,363,016	15,885,961	1,665,288
Total Deferred Inflows of Resources	14,488,107	20,056,164	34,544,271	2,195,915
Net Position				
Net investment in capital assets	180,332,074	282,995,734	463,327,808	403,927,572
Restricted:				
Capital projects	30,301,560	-	30,301,560	-
Grants	1,018,286	-	1,018,286	-
Beach preservation	3,317,342	-	3,317,342	-
Infrastructure and debt service	5,288,829	-	5,288,829	-
Debt service	3,396,661	-	3,396,661	3,142,790
Tourism, convention and hotel industry	11,245,037	-	11,245,037	-
Hotel occupancy taxes	-	-	-	25,025,393
Unrestricted	(36,845,045)	30,063,359	(6,781,686)	(4,724,534)
Total Net Position	\$ 198,054,744	\$ 313,059,093	\$ 511,113,837	\$ 427,371,221

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities:				
General government	\$ 14,353,787	\$ 635,251	\$ -	\$ 2,355,980
Public safety	39,292,115	1,818,140	121,390	147,190
Public works	6,121,502	-	-	-
Culture and recreation	27,530,731	3,072,958	100,000	-
Planning and community development	3,985,265	2,694,213	1,691,020	2,517,043
Transportation system	3,489,199	355,507	2,273,434	1,521
Interest on long-term debt	2,495,844	-	-	-
Total Governmental Activities	<u>97,268,443</u>	<u>8,576,069</u>	<u>4,185,844</u>	<u>5,021,734</u>
Business-type activities:				
Combined utility system	37,962,313	41,946,614	-	-
Sanitation	7,376,978	8,443,247	-	-
Drainage	3,757,237	2,934,637	-	-
Airport	2,253,395	309,879	50,000	59,000
Total Business-type Activities	<u>51,349,923</u>	<u>53,634,377</u>	<u>50,000</u>	<u>59,000</u>
Total Primary Government	<u>\$ 148,618,366</u>	<u>\$ 62,210,446</u>	<u>\$ 4,235,844</u>	<u>\$ 5,080,734</u>
Component Units	69,609,078	37,725,240	-	8,852,150
Total Component Units	<u>\$ 69,609,078</u>	<u>\$ 37,725,240</u>	<u>\$ -</u>	<u>\$ 8,852,150</u>

General revenues

- Property taxes
- Sales tax
- Mixed beverage tax
- Hotel occupancy taxes
- Franchise and other taxes
- Payments in lieu of taxes
- Unrestricted investment earnings
- Lease Revenue
- Miscellaneous

Transfers

Total general revenues, special items and transfers

- Change in net position

Net position - beginning

Prior period adjustments

Net position - ending

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position
Primary Government

<u>Governmental Activities</u>	<u>Business-type Activities</u>	<u>Total</u>	<u>Component Units</u>
\$ (11,362,556)	\$ -	\$ (11,362,556)	
(37,205,395)	-	(37,205,395)	
(6,121,502)	-	(6,121,502)	
(24,357,773)	-	(24,357,773)	
2,917,011	-	2,917,011	
(858,737)	-	(858,737)	
(2,495,844)	-	(2,495,844)	
<u>(79,484,796)</u>	<u>-</u>	<u>(79,484,796)</u>	
-	3,984,301	3,984,301	
-	1,066,269	1,066,269	
-	(822,600)	(822,600)	
-	(1,834,516)	(1,834,516)	
-	2,393,454	2,393,454	
<u>\$ (79,484,796)</u>	<u>\$ 2,393,454</u>	<u>\$ (77,091,342)</u>	
			<u>(23,031,688)</u>
			<u>\$ (23,031,688)</u>
40,823,804	-	40,823,804	931,032
30,078,268	-	30,078,268	-
1,146,597	-	1,146,597	-
21,136,658	-	21,136,658	19,473,368
5,185,672	-	5,185,672	2,545,368
334,419	-	334,419	-
764,625	717,322	1,481,947	(12,243,047)
-	932,908	932,908	43,984
1,416,715	911,759	2,328,474	5,909,380
(6,634,506)	6,634,506	-	-
<u>94,252,252</u>	<u>9,196,495</u>	<u>103,448,747</u>	<u>16,660,085</u>
14,767,456	11,589,949	26,357,405	(6,371,603)
183,848,632	301,817,134	485,665,766	433,742,824
<u>(561,344)</u>	<u>(347,990)</u>	<u>(909,334)</u>	<u>-</u>
<u>\$ 198,054,744</u>	<u>\$ 313,059,093</u>	<u>\$ 511,113,837</u>	<u>\$ 427,371,221</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2022

	General Fund	Hurricane Ike Fund	CDBG Disaster Fund Non-Housing	General Obligation Bonds 2019 Capital Projects Fund
Assets				
Cash and investments	\$ 19,070,158	\$ -	\$ -	\$ -
Receivables, net of allowance for uncollectibles	3,183,727	-	-	-
Due from other governments	4,124,201	7,548,101	5,344,666	-
Due from other funds	2,365,573	223,099	-	39,348
Inventories	-	-	-	-
Prepaid items	59,583	-	-	-
Restricted cash and investments	-	4,161,347	-	17,689,257
Total Assets	<u>\$ 28,803,242</u>	<u>\$ 11,932,547</u>	<u>\$ 5,344,666</u>	<u>\$ 17,728,605</u>
Liabilities				
Accounts payable	589,090	78,607	-	1,175,807
Accrued liabilities	994,161	18,047	-	887,385
Due to other funds	65,158	11,833,214	5,344,666	-
Due to other governments	126,179	-	-	-
Unearned revenue	584,513	2,679	-	-
Customer deposits	-	-	-	-
Total Liabilities	<u>2,359,101</u>	<u>11,932,547</u>	<u>5,344,666</u>	<u>2,063,192</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	1,495,290	-	-	-
Unavailable revenue - court fines	786,028	-	-	-
Total Deferred Inflows of Resources	<u>2,281,318</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	59,583	-	-	-
Restricted:				
Debt service	-	-	-	-
Beach preservation	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	15,665,413
Grants	-	-	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	-	-	-	-
Assigned:				
Other	-	-	-	-
Unassigned	24,103,240	-	-	-
Total Fund Balance	<u>24,162,823</u>	<u>-</u>	<u>-</u>	<u>15,665,413</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 28,803,242</u>	<u>\$ 11,932,547</u>	<u>\$ 5,344,666</u>	<u>\$ 17,728,605</u>

See Notes to Financial Statements.

American Rescue Plan Act	Convention Center Operations Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 9,370,548	\$ 28,440,706
-	-	594,006	3,777,733
-	-	5,397,901	22,414,869
-	-	6,060,903	8,688,923
-	-	232,109	232,109
-	-	8,539	68,122
25,536,962	5,464,324	48,771,201	101,623,091
<u>\$ 25,536,962</u>	<u>\$ 5,464,324</u>	<u>\$ 70,435,207</u>	<u>\$ 165,245,553</u>
558,612	2,384,205	3,499,392	8,285,713
20,369	-	280,826	2,200,788
-	2,334,205	615,799	20,193,042
-	-	6,871	133,050
24,833,313	-	950,045	26,370,550
-	-	13,067	13,067
<u>25,412,294</u>	<u>4,718,410</u>	<u>5,366,000</u>	<u>57,196,210</u>
-	-	261,205	1,756,495
-	-	-	786,028
-	-	<u>261,205</u>	<u>2,542,523</u>
-	-	232,109	232,109
-	-	5,675	65,258
-	-	4,401,607	4,401,607
-	-	3,317,342	3,317,342
-	-	5,288,829	5,288,829
124,668	-	32,645,587	48,435,668
-	-	1,018,286	1,018,286
-	745,914	-	745,914
-	-	10,499,123	10,499,123
-	-	1,561,889	1,561,889
-	-	5,837,555	5,837,555
-	-	-	24,103,240
<u>124,668</u>	<u>745,914</u>	<u>64,808,002</u>	<u>105,506,820</u>
<u>\$ 25,536,962</u>	<u>\$ 5,464,324</u>	<u>\$ 70,435,207</u>	<u>\$ 165,245,553</u>

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**RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION**

September 30, 2022

Total fund balance, governmental funds	\$ 105,506,820
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 this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. The cost of the assets is \$422,970,319 and the accumulated depreciation is \$181,054,173.	241,916,146
Right to use assets used in governmental activities are not current financial resources and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position. The cost of the assets is \$726,098 and the accumulated amortization is \$328,451.	397,647
Long-term non-financial receivables are not available to pay for current period expenditures and, therefore, are not reported as assets in the governmental funds.	
Property taxes receivable	1,756,495
Adjudicated municipal court fines	786,028
Certain liabilities, including bonds payable, compensated absences, claims and judgements, lease payable, and net pension liability are not due in the current period and, therefore, are not reported as liabilities in the fund financial statements. Liabilities at year end related to bonds payable, compensated absences, claims and judgement, and net pension liability consists of:	
Bonds payable, at maturity	(75,158,298)
Lease payable	(336,456)
SBITA payable	(65,808)
Accrued interest on the bonds	(1,004,946)
Premium/discount of bonds payable	(8,280,108)
Compensated absences	(11,578,673)
Deferred charge on refunding of debt	304,754
Net pension liability	(55,130,927)
	(151,250,462)
Deferred outflows and deferred inflows relating to pension activities	(4,339,900)
The assets and liabilities of certain internal service funds are not included in the fund financial statements, but are included in the governmental activities of the Statement of Net Position.	3,281,970
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 198,054,744</u>

See Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2022

	General Fund	Hurricane Ike Fund	CDBG Disaster Fund Non-Housing	General Obligation Bonds 2019 Capital Projects Fund
Revenues				
Taxes:				
Property taxes	\$ 32,292,019	\$ -	\$ -	\$ -
Sales tax	22,572,772	-	-	-
Hotel occupancy taxes	-	-	-	-
Mixed beverage tax	1,146,597	-	-	-
Franchise and other taxes	5,185,672	-	-	-
Licenses and permits	2,450,956	-	-	-
Fines and forfeitures	1,493,596	-	-	-
Charges for services	332,140	-	-	-
Investment earnings	150,266	-	-	96,687
Intergovernmental	439,194	1,041,881	206,132	-
Payments in lieu of taxes	334,419	-	-	-
Other	1,268,724	-	-	-
Total Revenues	<u>67,666,355</u>	<u>1,041,881</u>	<u>206,132</u>	<u>96,687</u>
Expenditures				
Current:				
General government	7,940,762	52,493	-	-
Public safety	39,300,361	-	-	-
Highways and roads	3,904,818	10,826	-	-
Culture and recreation	3,252,380	-	-	-
Planning and community development	1,699,952	3,334	90,848	-
Transportation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	<u>850,461</u>	<u>975,228</u>	<u>115,284</u>	<u>13,176,484</u>
Total Expenditures	<u>56,948,734</u>	<u>1,041,881</u>	<u>206,132</u>	<u>13,176,484</u>
Excess (deficiency) of revenues over expenditures	<u>10,717,621</u>	<u>-</u>	<u>-</u>	<u>(13,079,797)</u>
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Sale of capital assets	114,713	-	-	-
Transfers in	3,128,700	-	-	-
Transfers (out)	(11,551,848)**	-	-	-
Total Other Financing Sources and Uses	<u>(8,308,435)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	2,409,186	-	-	(13,079,797)
Fund balance - beginning	21,945,559	-	-	28,745,210
Prior period adjustments	(191,922)	-	-	-
Fund balance - ending	<u>\$ 24,162,823</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 15,665,413</u>

**** City Charter mandated (Ordinance No 12-009) 8% of General Fund budget revenues to be transferred from General Fund to Infrastructure & Debt Service Fund for either Capital Improvements or Debt Service in every year. See additional transfer information in Note 6 and Infrastructure & Debt Service Fund Financial Statements in the Combining and Individual Fund Statements and Schedules with the Non-Major Governmental Funds**

See Notes to Financial Statements.

American Rescue Plan Act	Convention Center Operations Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ -	\$ 8,300,380	\$ 40,592,399
-	-	7,505,497	30,078,269
-	13,780,641	7,356,016	21,136,657
-	-	-	1,146,597
-	-	-	5,185,672
-	-	-	2,450,956
-	-	85,311	1,578,907
-	-	3,050,614	3,382,754
123,190	8,512	352,766	731,421
2,162,442	-	5,643,419	9,493,068
-	-	-	334,419
-	-	538,580	1,807,304
<u>2,285,632</u>	<u>13,789,153</u>	<u>32,832,583</u>	<u>117,918,423</u>
-	-	2,555,858	10,549,113
-	-	443,285	39,743,646
-	-	1,317,933	5,233,577
-	13,565,121	8,008,838	24,826,339
-	-	1,538,054	3,332,188
-	-	3,665,228	3,665,228
-	-	4,033,200	4,033,200
-	-	3,122,479	3,122,479
<u>2,162,442</u>	<u>226,156</u>	<u>8,142,390</u>	<u>25,648,445</u>
<u>2,162,442</u>	<u>13,791,277</u>	<u>32,827,265</u>	<u>120,154,215</u>
123,190	(2,124)	5,318	(2,235,792)
-	-	5,500,000	5,500,000
-	-	2,422	117,135
-	-	10,297,766	13,426,466
-	-	(2,693,049)	(14,244,897)
-	-	13,107,139	4,798,704
123,190	(2,124)	13,112,457	2,562,912
-	748,038	51,505,101	102,943,908
<u>1,478</u>	<u>-</u>	<u>190,444</u>	<u>-</u>
<u>\$ 124,668</u>	<u>\$ 745,914</u>	<u>\$ 64,808,002</u>	<u>\$ 105,506,820</u>

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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, 2022

Net change in fund balance - total governmental funds:	\$ 2,562,912
Amounts reported for Governmental Activities in the Statement of Activities are different because:	
Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation expense for the period. This is the amount by which depreciation (\$11,423,245) is exceeded by capital outlay expenditures (\$17,381,563) in the current period.	5,958,318
Governmental funds report the entire net sales price (proceeds) from sale of an asset as revenue because it provides current financial resources. In contrast, the Statement of Activities reports only the gain or loss on the sale of the assets. Thus, the change in net position differs from the change in fund balance by the cost of the asset sold.	(28,882)
Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.	337,687
Contributions for defined benefit pension plans are recognized as expenditures in the governmental funds when the contributions are made. Pension expense is recognized in the government wide statement of activities based on changes in the long-term net pension liability.	6,148,763
Governmental funds report proceeds from new debt as a current financial resource. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities. This is the amount by which proceeds exceed repayment.	(1,466,800)
Governmental funds report repayment of lease principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	156,534
Governmental funds report repayment of SBITA principal as an expenditure. In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.	20,987
Some expenses reported in the Statement of Activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds.	
Changes in accrued interest	49,180
Changes in deferred charge bond issuance and unamortized premiums	577,457
Changes in accrued compensated absences	(395,678)
Pension expense for the pension plan measurement year	(2,905,837)
Internal service funds are used by management to charge the costs of certain activities, such as fleet maintenance and insurance programs, to individual funds. The net revenue (expense) of certain internal service funds is reported with governmental activities.	<u>3,752,815</u>
Change in net position of governmental activities	<u>\$ 14,767,456</u>

See Notes to Financial Statements.

STATEMENT OF NET POSITION
 PROPRIETARY FUNDS
 September 30, 2022

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Combined Utility System	Airport	Drainage	Sanitation	Total	
Assets						
Current assets:						
Cash and cash equivalents	\$ 10,801,689	\$ 1,325,651	\$ 1,044,169	\$ 332,316	\$ 13,503,825	\$ 6,621,479
Accounts receivable, net of allowance for doubtful accounts	8,795,930	102,107	553,696	2,064,295	11,516,028	14,035
Lease receivable - current	28,600	351,349	-	-	379,949	-
Due from other funds	11,104,185	100	54	496,030	11,600,369	74,839
Inventories	311,643	-	59,719	-	371,362	295,633
Prepaid items	62,400	-	2,841	4,262	69,503	668,658
Restricted cash and cash equivalents	8,345,838	913,622	222,659	4,846,811	14,328,930	4,600,000
Total current assets	39,450,285	2,692,829	1,883,138	7,743,714	51,769,966	12,274,644
Non-current assets:						
Lease receivable - non-current	484,027	16,703,547	-	-	17,187,574	-
Capital assets not being depreciated:						
Land	1,360,000	1,230,764	315,941	-	2,906,705	-
Construction in progress	33,662,214	268,923	19,097,672	67,970	53,096,779	386,732
Capital assets (net of depreciation):						
Infrastructure	143,138,047	17,727,614	5,539,100	82,769	166,487,530	355,220
Buildings and improvements	125,205,100	2,654,286	-	696,177	128,555,563	3,326,124
Equipment and furniture	4,037,919	121,090	975,557	236,775	5,371,341	905,822
Licensed vehicles	2,118,554	19,407	490,774	2,604,012	5,232,747	815,213
Intangibles	4,362,359	-	-	-	4,362,359	-
Right of use asset net of amortization	-	-	-	-	-	161,178
Total non-current assets	314,368,220	38,725,631	26,419,044	3,687,703	383,200,598	5,950,289
Total Assets	353,818,505	41,418,460	28,302,182	11,431,417	434,970,564	18,224,933
Deferred Outflows of Resources						
Deferred charge on refunding	704,978	-	-	-	704,978	-
Deferred outflows relating to OPEB	-	-	-	-	-	6,684,136
Deferred outflows relating to pension activities	692,346	25,642	128,212	282,067	1,128,267	-
Total Deferred Outflows of Resources	1,397,324	25,642	128,212	282,067	1,833,245	6,684,136

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Combined Utility System	Airport	Drainage	Sanitation	Total	
Liabilities						
Current liabilities:						
Accounts payable and accrued expenses	1,881,566	10,446	84,540	486,358	2,462,910	670,089
Accrued interest	1,361,916	-	-	-	1,361,916	-
Due to other funds	74,423	83,518	-	13,148	171,089	-
Due to other governments	152,036	-	-	54,234	206,270	-
Customer deposits	2,612,084	-	-	-	2,612,084	-
Unearned revenue	-	-	-	14,800	14,800	-
Total current liabilities	<u>6,082,025</u>	<u>93,964</u>	<u>84,540</u>	<u>568,540</u>	<u>6,829,069</u>	<u>670,089</u>
Non-current liabilities:						
Long-term liabilities, due within one year	4,542,719	25,443	86,662	1,286,875	5,941,699	1,481,840
Long-term liabilities, due in more than one year	83,163,879	16,642	49,502	4,714,176	87,944,199	1,002,017
Total OPEB liability	-	-	-	-	-	17,219,232
Net pension liability	1,388,256	51,417	257,085	565,586	2,262,344	-
Total non-current liabilities	<u>89,094,854</u>	<u>93,502</u>	<u>393,249</u>	<u>6,566,637</u>	<u>96,148,242</u>	<u>19,703,089</u>
Total Liabilities	<u>95,176,879</u>	<u>187,466</u>	<u>477,789</u>	<u>7,135,177</u>	<u>102,977,311</u>	<u>20,373,178</u>
Deferred Inflows of Resources						
Deferred inflows relating to leases	484,612	16,208,536	-	-	16,693,148	-
Deferred inflows relating to OPEB	-	-	-	-	-	1,965,162
Deferred inflows relating to pension activities	2,063,669	76,432	382,161	840,754	3,363,016	-
Total Deferred Inflows of Resources	<u>2,548,281</u>	<u>16,284,968</u>	<u>382,161</u>	<u>840,754</u>	<u>20,056,164</u>	<u>1,965,162</u>
Net Position						
Net investment in capital assets	231,859,081	22,022,084	26,419,044	2,695,525	282,995,734	5,811,245
Unrestricted	25,631,588	2,949,584	1,151,400	1,042,028	30,774,600	(3,240,516)
Total Net Position	<u>\$ 257,490,669</u>	<u>\$ 24,971,668</u>	<u>\$ 27,570,444</u>	<u>\$ 3,737,553</u>	<u>\$313,770,334</u>	<u>\$ 2,570,729</u>

The assets and liabilities of certain internal service funds are not included in the fund financial statements, but are included in the Business-type Activities of the Statement of Net Position.

(711,241)

Total Net Position per Government-Wide financial statements

\$313,059,093

See Notes to Financial Statements.

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

For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds					Internal Service Funds
	Combined Utility System	Airport	Drainage	Sanitation	Total	
Operating Revenues						
Charges for services	\$ 41,946,614	\$ 309,880	\$ 2,934,637	\$ 8,443,247	\$ 53,634,378	\$ 28,132,841
Lease revenue	39,596	893,312	-	-	932,908	-
Miscellaneous	230,460	10,428	56,846	133,351	431,085	11,246
Total operating revenues	<u>42,216,670</u>	<u>1,213,620</u>	<u>2,991,483</u>	<u>8,576,598</u>	<u>54,998,371</u>	<u>28,144,087</u>
Operating Expenses						
Personnel services	9,584,437	536,581	1,775,516	3,571,175	15,467,709	5,013,556
Contractual services	3,237,811	252,817	1,032,198	2,867,972	7,390,798	4,994,065
Supplies and materials	2,470,577	74,043	88,370	112,980	2,745,970	3,422,524
Surface water contract	7,365,738	-	-	-	7,365,738	-
Insurance claims and premiums	-	-	-	-	-	13,938,581
Other expenses	1,847,646	222,697	126,667	198,284	2,395,294	573,452
Depreciation	10,136,262	1,167,257	734,467	626,539	12,664,525	656,814
Total operating expenses	<u>34,642,471</u>	<u>2,253,395</u>	<u>3,757,218</u>	<u>7,376,950</u>	<u>48,030,034</u>	<u>28,598,992</u>
Operating income (loss)	<u>7,574,199</u>	<u>(1,039,775)</u>	<u>(765,735)</u>	<u>1,199,648</u>	<u>6,968,337</u>	<u>(454,905)</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	163,208	519,050	7,251	27,813	717,322	33,205
Insurance proceeds	-	-	-	-	-	279,021
Intergovernmental grants	-	50,000	-	-	50,000	-
Gain(Loss) on disposal of capital assets	16,661	-	4,287	459,725	480,673	66,959
Interest expense	(3,290,723)	-	(19)	(28)	(3,290,770)	(8,586)
Total non-operating revenue (expenses)	<u>(3,110,854)</u>	<u>569,050</u>	<u>11,519</u>	<u>487,510</u>	<u>(2,042,775)</u>	<u>370,599</u>
Income (loss) before contributions and transfers	<u>4,463,345</u>	<u>(470,725)</u>	<u>(754,216)</u>	<u>1,687,158</u>	<u>4,925,562</u>	<u>(84,306)</u>
Capital contributions	(1,923,585)	59,000	11,547,662	-	9,683,077	-
Transfers in	-	-	-	292,000	292,000	4,600,000
Transfers (out)	(2,395,239)	(49,630)	(162,000)	(674,700)	(3,281,569)	(792,000)
Change in net position	<u>144,521</u>	<u>(461,355)</u>	<u>10,631,446</u>	<u>1,304,458</u>	<u>11,619,070</u>	<u>3,723,694</u>
Net position - beginning	<u>257,346,148</u>	<u>25,433,023</u>	<u>17,848,332</u>	<u>2,433,095</u>	<u>303,060,598</u>	<u>(1,152,965)</u>
Prior period adjustments	-	-	(909,334)	-	(909,334)	-
Net position - ending	<u>\$ 257,490,669</u>	<u>\$ 24,971,668</u>	<u>\$ 27,570,444</u>	<u>\$ 3,737,553</u>	<u>\$ 313,770,334</u>	<u>\$ 2,570,729</u>

Change in net position per above \$ 11,619,070

Internal service funds are used by management to charge the costs of certain activities to individual funds.

The net revenue (expense) of certain internal service funds is reported with Business Activities.

(29,121)

Change in Business-Type Activities in Net Position per Government-Wide Financial Statements

\$ 11,589,949

See Notes to Financial Statements.

**STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS**
For the Year Ended September 30, 2022

	Business-type Activities - Enterprise Funds					Governmental
	Combined Utility System	Airport	Drainage	Sanitation	Total	Internal Service Funds
Cash Flows from Operating Activities:						
Receipts from customers and users	\$ 41,130,464	\$ 310,539	\$ 2,892,639	\$ 7,819,869	\$ 52,153,511	\$ 14,066,339
Lease revenue	26,561	487,508	-	-	514,069	-
Miscellaneous	230,460	10,427	56,846	133,351	431,084	11,247
Receipts for interfund services	-	-	-	-	-	14,430,396
Disbursed for employee services	(10,197,187)	(560,430)	(1,947,959)	(4,062,377)	(16,767,953)	(4,959,463)
Disbursed for goods and services	(15,873,401)	(472,837)	(375,266)	(3,002,984)	(19,724,488)	(22,516,317)
Net cash provided (used) by operating activities	15,316,897	(224,793)	626,260	887,859	16,606,223	1,032,202
Cash Flows from Non-Capital Financial Activities:						
Transfers from other funds	-	-	-	292,000	292,000	4,600,000
Transfers to other funds	(2,395,241)	(49,630)	(162,000)	(674,700)	(3,281,571)	(792,000)
Net cash provided (used) by noncapital financing activities	(2,395,241)	(49,630)	(162,000)	(382,700)	(2,989,571)	3,808,000
Cash Flows from Capital and Related Financing Activities:						
Proceeds from the sale of equipment	16,661	-	4,287	459,725	480,673	66,959
Intergovernmental grants	-	109,000	-	-	109,000	-
Insurance proceeds	-	-	-	-	-	279,021
Issuance of debt	-	-	-	5,500,000	5,500,000	-
Interest payments on debt	(3,773,987)	-	(19)	-	(3,774,006)	(8,586)
Principal payments on debt	(6,641,955)	-	-	-	(6,641,955)	(201,508)
Interest paid	-	-	-	(28)	(28)	-
Acquisition and construction of capital assets	(15,136,006)	(234,582)	449,460	(1,323,892)	(16,245,020)	(1,040,666)
Net cash provided (used) by capital and related financing activities	(25,535,287)	(125,582)	453,728	4,635,805	(20,571,336)	(904,780)
Cash Flows from Investing Activities						
Interest received	163,208	519,050	7,251	27,812	717,321	33,197
Net cash provided (used) by investing activities	163,208	519,050	7,251	27,812	717,321	33,197
Net increase (decrease) in cash and equivalents	(12,450,423)	119,045	925,239	5,168,776	(6,237,363)	3,968,619
Cash and equivalents, beginning of year	31,597,950	2,120,228	341,589	10,351	34,070,118	7,252,860
Cash and equivalents, at end of year	\$ 19,147,527	\$ 2,239,273	\$ 1,266,828	\$ 5,179,127	\$ 27,832,755	\$ 11,221,479
Unrestricted cash and equivalents	\$ 10,801,689	\$ 1,325,651	\$ 1,044,169	\$ 332,316	\$ 13,503,825	\$ 6,621,479
Restricted cash and equivalents	8,345,838	913,622	222,659	4,846,811	14,328,930	4,600,000
	<u>\$ 19,147,527</u>	<u>\$ 2,239,273</u>	<u>\$ 1,266,828</u>	<u>\$ 5,179,127</u>	<u>\$ 27,832,755</u>	<u>\$ 11,221,479</u>
Reconciliation of operating income to net cash provided by operating activities:						
Operating income (loss)	\$ 7,574,199	\$ (1,039,775)	\$ (765,735)	\$ 1,199,648	\$ 6,968,337	\$ (454,905)
Adjustments to reconcile operating income to cash provided by operating activities:						
Depreciation and amortization	10,136,265	1,167,257	734,467	626,539	12,664,528	656,814
(Increase) decrease in accounts receivable	(936,343)	658	(41,999)	(710,028)	(1,687,712)	361,247
(Increase) decrease in lease receivable	(13,035)	(405,804)	-	-	(418,839)	-
(Increase) decrease in inventory	(122,147)	-	(34,950)	-	(157,097)	72,269
(Increase) decrease in prepaid items	(7,392)	107,488	425	637	101,158	(55,223)
(Increase) decrease in interfund receivables and payables	1,540,752	-	928,527	88,818	2,558,097	2,647
(Increase) decrease in deferred outflows/inflows related to pension activities	1,025,568	37,492	187,458	399,108	1,649,626	-
(Increase) decrease in deferred outflows/inflows relating to OPEB	-	-	-	-	-	(1,499,356)
Increase (decrease) in accounts payable and accrued expenses	(2,050,618)	(30,768)	(22,033)	171,588	(1,931,831)	(509,722)
Increase (decrease) in customer deposits	120,193	-	-	-	120,193	-
Increase (decrease) in claims payable	-	-	-	-	-	(149,289)
Increase (decrease) in compensated absences payable	16,327	4,277	(31,812)	(51,480)	(62,688)	54,093
Increase (decrease) in deferred revenue	(312,227)	-	-	1,858	(310,369)	-
Increase (decrease) in total OPEB liability	-	-	-	-	-	2,553,627
Increase (decrease) in net pension liability	(1,654,645)	(65,618)	(328,088)	(838,829)	(2,887,180)	-
Net cash provided (used) by operating activities	\$ 15,316,897	\$ (224,793)	\$ 626,260	\$ 887,859	\$ 16,606,223	\$ 1,032,202
Non-cash Transactions:						
Capital contributions	\$ (1,923,585)	\$ -	\$ 11,547,662	\$ -	\$ 9,624,077	\$ -
See Notes to Financial Statements.						

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION**

	Pension Trust Funds as of December 31, 2021	Custodial Fund as of September 30, 2022
Assets		
Cash and temporary investments	\$ 1,811,470	\$ 225,845
Receivables		
Accounts receivable	63,436	-
Interest and dividends	40,678	-
Loans to participants	265,742	-
Investments		
Money market funds	1,796,727	-
U.S. Government agencies	1,353,122	-
Bonds	6,718,367	-
Common stocks	30,061,699	-
Equity mutual funds	83,690,108	-
Bond mutual funds	27,301,567	-
Alternative investments	846,099	-
Hedge funds	1,824,550	-
Real estate	1,454,207	-
Total Assets	<u>157,227,772</u>	<u>225,845</u>
Liabilities		
Accounts and refunds payable	63,436	-
Accrued liabilities	-	225,845
Total Liabilities	<u>63,436</u>	<u>225,845</u>
Net Position		
Restricted for:		
Pensions	157,164,336	-
Total Net Position	<u>\$ 157,164,336</u>	<u>\$ -</u>

See Notes to Financial Statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	Pension Trust Funds For the Year Ended December 31, 2021	Custodial Fund For the Year Ended September 30, 2022
Additions		
Contributions:		
Employer	\$ 6,727,125	\$ -
Plan members	4,828,982	-
Total contributions	<u>11,556,107</u>	<u>-</u>
Investment Earnings:		
Net increase in fair value of investments	17,846,128	-
Interest and dividends	2,411,436	-
Less investment expenses	(484,060)	-
Net investment income	<u>19,773,504</u>	<u>-</u>
Total Additions	31,329,611	-
Deductions		
Benefits paid to members and beneficiaries	13,016,495	-
Refunds of contributions	85,287	-
Refunds and transfers to other funds	-	396,588
Administrative expenses	427,724	-
Total Deductions	<u>13,529,506</u>	<u>396,588</u>
Change in net position	17,800,105	(396,588)
Net position, beginning of year	<u>139,364,231</u>	<u>396,588</u>
Net position, end of year	<u>\$ 157,164,336</u>	<u>\$ -</u>

See Notes to Financial Statements.

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Note 1 – Summary of Significant Accounting Policies

The City of Galveston, Texas (the City) was incorporated in March 1839, and presently is a Home Rule City under statutes of the State of Texas. The current City Charter was adopted April 19, 1960, and initiated the Council-Manager form of government. The City provides the following services: public safety (police and fire), utilities (water, sewer, drainage and sanitation), streets and storm sewers, health and social services, culture, recreation, public improvements, planning and zoning, airport and general administrative services.

The accompanying financial statements have been prepared in conformity with generally accepted accounting principles (GAAP) as applied to governmental units. The Governmental Accounting Standards Board (GASB) is the accepted standard-setting body for establishing governmental accounting and financial reporting principles.

A. Financial Reporting Entity

These financial statements present the City and its component units, entities for which the City is considered to be financially accountable. Blended component units, although legally separate entities, are, in substance, part of the City's operations. The aggregate governmental and business-type discretely presented component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the government.

Blended Component Units Reported with the Primary Government

Blended component units provide services exclusively or almost exclusively for the City, or their board of directors are substantially the same as the City Council. The following blended component units are reported:

Industrial Development Corporation

The Industrial Development Corporation (the IDC) was formed in 1993 to provide for street repairs, beach renourishment and sewer improvements. The IDC Board of Directors is appointed by the City Council. Its Board of Directors is substantially the same as the City Council. Its activities are funded by a special local sales tax. The City manages the fiscal affairs of the IDC. The IDC operations are devoted to providing services for the City. The IDC fund is included in the City's non-major governmental funds as of year-end.

Discretely Presented Component Units

Discretely presented component units are legally separate entities for which the City is not financially accountable (because it does not impose will or have a financial benefit or burden relationship, even though the City Council appoints the voting majority of the component units' governing board) and, in management's opinion, whose exclusion would render the reporting entity's financial statements incomplete or misleading.

Following are the City's discretely presented component units:

The Park Board of Trustees of the City of Galveston, Texas

The Park Board of Trustees of the City of Galveston, Texas, (the Park Board), was created by state statute to provide improvements and maintenance to City waterfront parks and beaches. The Park Board, which is fiscally dependent on the City's hotel occupancy tax and beach parking receipts, is legally separate from the City. The Park Board, which is appointed by the City Council, has a nine-member board responsible for operations. The Park Board financial records are the board's responsibility. Complete financial statements for the Park Board may be obtained at the following address:

Park Board of Trustees of the City of Galveston, Texas
601 Tremont, Suite 200
Galveston, Texas 77550

Galveston Island Redevelopment Authority

Galveston Island Redevelopment Authority (GIRDA) is a local government corporation created and organized under the provisions of the Texas Transportation Corporation Act, Chapter 431, Transportation Code, and authorized and approved by the City under Resolution No. 02-071 adopted on August 22, 2002. The GIRDA is the administrator of the tax increment reinvestment zone thirteen. This tax zone was established to provide funds for development and improvement projects within a specific geographic area of the City. The GIRDA is fiscally dependent on the City's property tax receipts over undeveloped

assessments (base value) to provide funding for the development and improvement projects. The City Council appoints the board members who operate and account for each tax zone activity consistent with the state statute for economic benefit of the City. The City accounts for the tax zones (consolidated into the GIRDA) and separate audited reports are available. Complete financial statements for the GIRDA may be obtained at the following address:

Galveston Island Redevelopment Authority
1011 Tremont Street
Galveston, Texas 77550

GIRDA had been responsible previously for zones twelve and fourteen as well. On December 12, 2019, the City Council passed Ordinance No. 19-076 which closed Tax Increment Reinvestment Zones Twelve and Fourteen (“the TIRZ”) effective December 31, 2019. The City entered into an Interlocal Agreement with the County of Galveston relating to the procedures for the closing of the TIRZ as well as the distribution of tax increments held by the Galveston Island Redevelopment Authority.

Public Improvement District- Campeche Shores

Campeche Shores Public Improvement District (Campeche District) was established by the City to provide funds for development and improvement projects specifically for Campeche Shores District. An agreement between GIRDA and Campeche Shores LP dated April 28, 2005, details the responsibilities between all parties, including the City. Under the authority of GIRDA, the City has established a Public Improvement District Fund for the district. The City Council appoints an advisory board who aid and assist the City in the preparation of the assessment roll, collection of assessments and the operation and management of Campeche District for the benefit of the City. Each year, following the levy and collection of assessments, the City shall transfer the amount to GIRDA. GIRDA is fiscally dependent on these funds to pay the administrative costs and to reimburse Campeche Shores LP for any and all costs associated with the public improvements which serve the citizens of the City. Separately issued financial statements are not available.

Public Improvement District- Beachside Village

Beachside Village Public Improvement District (Beachside District) was established by the City on February 11, 2010 to provide funds for street, drainage and utility public improvement projects, specifically in Beachside Village Public Improvement District. The GIRDA has an agreement with Kahala Development, Limited Partnership, which details the responsibilities between all parties, including the City. The City Council appoints an advisory board who aid and assist the City in the preparation of the assessment roll, collection of assessments and the operation and management of Beachside District for the benefit of the City. Each year, following the levy and collection of assessments levied against property within the district, the City shall transfer the amount to GIRDA. GIRDA is fiscally dependent on these funds to pay the administrative costs and to reimburse Kahala Development for the costs of constructing the public improvements which serve the citizens of the City. Separately issued financial statements are not available.

Public Improvement District - Bayside at Waterman’s

Bayside at Waterman’s Public Improvement District was established by the City on October 28, 2014 according to the law of the Texas Local Government Code Chapter 372 Subchapter A for the development of approximately 162 single family residences and associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities within approximately 21.5 acres located in the corporate limits of the City.

An agreement between Bayside at Waterman’s Public Improvement District and Laffite’s Harbor Development, LP was signed December 10, 2014. Wilmington Trust agreed to be the Trustee and Paying Agent/Registrar as of December 1, 2014 for bonds issued relating to the development of the district. The bonds mature September 1, 2044. The average annual interest rate for bonds is approximately 5.85%.

On November 7, 2017, Lafitte’s Harbor Development I LP filed for Chapter 11 Bankruptcy at the United States Bankruptcy Court for the Southern District of Texas, Houston Division. All debt service payments were made on schedule as of March 2020 using reserves programmed for that purpose and assessments collected. The City has no financial or legal responsibility for payment of the bonds. The City’s only responsibility for now is to pursue collections of assessments which is performed by a third party contractor on behalf of the City. The City’s financial burden begins when the bonds are paid in full.

The City's obligation will be to maintain the rights-of-way, landscaping, and infrastructure of the district. Separately issued financial statements are not available.

The Galveston Housing Finance Corporation and City of Galveston Property Finance Authority

The Galveston Housing Finance Corporation was created by state statute to provide the making of home mortgages and the making of loans to lending institutions for the purpose of making home mortgages. The City of Galveston Property Finance Authority, Inc. was created by State Statute for the purpose of acquiring, owning, holding, leasing and selling real or personal property to or for the benefit of the City of Galveston for the furtherance of its public purposes, and collecting, receiving, borrowing, lending or otherwise obtaining and lending funds to or for the use of the City or to others for the City's public purposes. These corporations are managed by the GIRDA board, which is appointed and may be removed at will by the City Council. The Galveston Housing Finance Corporation and the City of Galveston Property Finance Authority, Inc. financial records are each corporation's responsibility. Separately issued financial statements are not available and are not included in this report.

Complete financial statements for the Galveston Housing Finance Corporation and the City of Galveston Property Finance Authority, Inc. may be obtained at the following address:

The Galveston Housing Finance Corporation /
The City of Galveston Property Finance Authority, Inc.
2127 Broadway
Galveston, Texas 77550

The Board of Trustees of the Galveston Wharves

The Board of Trustees of the Galveston Wharves (Galveston Wharves) was created by the City Charter on October 17, 1940 to manage, control, and maintain the wharves. The Board of Trustees of the Galveston Wharves, which is appointed by the City Council, is a seven-member board, which is responsible for operating the wharves and is fiscally dependent on the City to approve the issuance of bonded debt. The Galveston Wharves financial records are the board's responsibility. The Galveston Wharves have a December 31 fiscal year-end.

Complete financial statements for the Galveston Wharves may be obtained at the following address:

Board of Trustees of the Galveston Wharves
123 Rosenberg
Galveston, Texas 77550

Related Organizations and Jointly Governed Organizations

The City is not legally or financially accountable for certain entities even though the City may appoint a majority of the organizations' boards; therefore the financial statements of the Galveston Housing Authority and the Rosenberg Library are not included in these statements.

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information about the City as a whole. These statements include all non-fiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment is offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. 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 that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual

governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. Non-Major funds are aggregated and presented in a single column in the appropriate governmental fund. The Sanitation fund is the single Non-Major fund in the proprietary fund statements.

C. Measurement Focus, Basis of Accounting and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the Proprietary Fund and Fiduciary Fund financial statements. 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.

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 government 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. Budgets for all funds, including enterprise and governmental funds are based on the current financial resources focus and modified accrual basis of accounting as well. Budget to actual schedules include adjustments to include this budgetary focus.

Property taxes, sales taxes, franchise taxes, license fees and interest associated with the current fiscal period are all considered to be susceptible to accrual and have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

The City reports the following major governmental funds:

The **General Fund** is the government's primary operating fund. The General Fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues for the General Fund are property taxes, sales and use taxes, franchise taxes, permit fees, and fines and forfeitures. Expenditures are for general government, finance, public safety, public works, culture and recreation, planning and community development and transit operations.

The **CDBG Disaster Fund Non-housing Fund** is a special revenue fund made available from 2008 Supplemental Community Development Block Grant funding associated with the Consolidated Security, Disaster Assistance, and Continuing Appropriations Act, (Public Law 11 0-329) appropriated by Congress through the United States Department of Housing and Urban Development. Projects included in the funding are for the wastewater treatment plant, sewer lift station, water systems, historic building front preservation, economic development loans, fire station #4 and fire apparatus.

The **Hurricane Ike Fund** is a special revenue fund that is used to account for grant resources from the Federal Emergency Management Agency (FEMA), insurance recoveries and various sources. The use of these resources is restricted to specific expenditures related to Hurricane Ike.

The **General Obligation Bonds 2019 Capital Projects Fund** is used to account for capital outlay financed by proceeds from the General Obligation Bonds, Series 2019.

The **American Rescue Plan Act Fund** is a special revenue fund that is used to account for receipt and expenditures of grant monies from the US Department of Treasury for the Coronavirus State and Local Fiscal Recovery Funds used to respond to acute pandemic response needs, fill revenue shortfalls among these governments, and support the communities and populations hardest-hit by the COVID-19 crisis.

The **Convention Center Operations Fund** is a special revenue fund that is used to account for operating and capital reserves relating to the convention center.

The City reports the following major enterprise funds:

The **Combined Utility System Fund** (formerly the Waterworks System Fund and Sewer System Fund) accounts for the provision of water and a sewer system to the residents of the City, including but not

limited to administration, operations, maintenance, financing and related debt services, and billing and collections.

The **Airport Fund** is used to account for the provision of a municipal airport including but not limited to administration, operations, maintenance, financing and related debt services, and billing and collections.

The **Drainage Utility Fund** is used to account for the provision of a utility drainage system to the residents of the City, including but not limited to administration, operations, maintenance, financing and related debt services, and billing and collections.

The City has one non-major enterprise fund for FY 2022:

The **Sanitation Services Fund** is to account for the provision of a sanitation system to the residents of the City, including but not limited to administration, operations, maintenance, financing and related debt services, and billing and collections.

Additionally, the City reports the following fund types:

Internal Service Funds account for central services related to mailing, printing, data processing, insurance costs, employee benefits, construction management, and garage services provided to other City departments and functions of the government on a cost reimbursement basis.

Fiduciary Funds account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governmental units and other funds. These include the following:

The **Pension Trust Funds** account for the activities of the City Employees Retirement Plan, the Galveston Firefighters' Pension Fund and the Police Retirement Fund.

The **Custodial Funds** are used to account for assets held by the City as a custodian for individuals, private organizations and other governments. This fund is custodial in nature and does not involve measurement of results of operations. Custodial funds include fiber crete maintenance funds, cemetery trust funds, confiscated monies pending disposition, etc.

As a general rule, the effect of interfund activity has been eliminated from the Government-wide financial statements.

Amounts reported as program revenues include: 1) charges to customers or applicants for goods, services, or privileges provided; 2) operating grants and contributions; and, 3) capital grants and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from non-operating 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 funds are charges to customers for goods and services. Operating expenses for enterprise funds include the cost of goods and services, administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. The Sanitation fund is the only Non-Major fund in the proprietary funds category.

D. Cash and Investments

Cash and temporary investments include amounts in demand deposits, as well as short-term highly liquid investments with original maturities of three months or less. State Statutes and the City's investment policy authorize the City to invest in obligations of the U.S. Government and its agencies or instrumentalities and state obligations, certificates of deposits, repurchase agreements, or Texas Local Government Investment Pools. All investments are recorded at fair value based on quoted market prices at year-end date. TexPool, TexTerm and LOGIC are external investment pools established by an interlocal contract under state law.

The City pools cash resources of its various funds to facilitate the management of cash. Cash applicable to a particular fund is readily identifiable. The balance in the pooled cash accounts is available to meet current operating requirements. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments. The City pools excess cash of the various individual funds to purchase investments. These pooled investments are reported in the combined balance sheet as cash and temporary investments in each fund based on each fund's share of the pooled investments. Interest income is allocated to each respective individual fund based on its respective share of pooled investments.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs. The City's investments are valued at Level 1 using inputs obtained from quoted prices in active markets for identical assets. The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*. Fair values for investment securities are provided by Hilltop Securities Asset Management, LLC. (HSAM). HSAM's source for pricing government securities (Treasuries and agencies) and most commercial paper is SVC, a subsidiary of SS&C and an information aggregator. SVC uses a number of sources for their pricing data, with most government securities and commercial paper pricing provided by Interactive Data Corp (IDC), an independent third-party pricing service, which is the largest source provider of fixed income pricing. Interactive Data's evaluations are based on market data. Interactive Data utilizes evaluated pricing models that vary by asset class and incorporate available trade, bid and other market information. Because many fixed income securities do not trade on a daily basis, Interactive Data's evaluated pricing applications apply available information as applicable through processes such as benchmark curves, benchmarking of like securities, sector groupings, and matrix pricing, to prepare evaluations. SVC and/or IDC provide some, but not all, of the commercial paper (CP) pricing, while HSAM estimates other CP prices based on comparable market offers of similar issuers with comparable credit ratings and maturity dates. All pricing and fair values for separately held investments are based on Level 2 inputs. These sources are deemed reliable.

E. Receivables and Payables

During the course of operations, numerous transactions occur between individual funds for goods provided or services rendered. These receivables and payables are classified as "due from other funds" and "due to other funds," respectively, on the balance sheet. Any residual balances outstanding between the governmental activities and business-type activities are reported in the Government-wide financial statements as "internal balances."

All trade and property tax receivables are shown net of an allowance for uncollectibles. The property tax receivable allowance is equal to 24.0 percent of total property taxes including the related penalty and interest accrual as of year-end. The allowance for enterprise fund charges for services is 36.8 percent of total outstanding charges as of year-end.

Property taxes attach as an enforceable lien on property as of January 1. Taxes are levied on October 1 and are payable on or before January 31. No penalties or interest shall be collected if payment in full is made by January 31. City property taxes are recognized as current receivables when levied; however, such amounts are deferred and not reported as revenues until collections are received. At year end, all property taxes receivable are classified as delinquent. Penalties and interest accrued at year end are also recognized as receivables.

F. Inventories and Prepaid Items

Inventories are valued at cost, which approximates fair value, using the first-in/first-out (FIFO) method. The costs of governmental fund-type inventories are recorded as expenditures when consumed rather than when purchased.

Payments made to vendors for services that will benefit periods beyond September 30, 2022 are recorded as prepaid items.

G. 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. 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 one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in service concession arrangements are recorded at acquisition value rather than fair value.

Major outlays for capital assets and improvements are capitalized as projects are constructed. 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 lives:

Asset Description	Estimated Useful Life
Buildings	25 to 75 years
Improvements	5 to 50 years
Equipment	2 to 40 years
Sewer plants	50 to 75 years
Sewer lines	40 to 75 years
Water plants, wells and hydrants	50 to 75 years
Water tanks and valves	50 years
Water meters	10 years
Infrastructure	5 to 75 years
Contractual water rights	10 to 30 years

H. Leases and Subscription-Based Information Technology Arrangements (SBITA)

Lessee: The City is a lessee for a noncancellable lease of equipment, office space and land. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. In determining the lease term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the lease term if the lease is reasonably certain to be extended (or not terminated).

The City monitors changes in circumstances that would require a remeasurement of its lease and will re-measure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lease assets are reported with other capital assets and lease liabilities are reported with long- term debt on the statement of net position.

Payments due under the lease contracts include fixed payments plus, for many of the City's leases, variable payments. For office space leases that include variable payments, those include payments for the City's proportionate share of the building's property taxes, insurance, and common area maintenance. For office equipment leases for which the City has elected not to separate lease and non-lease components, maintenance services are provided by the lessor at a fixed cost and are included in the fixed lease payments for the single, combined lease component.

Assets and liabilities arising from a lease are initially measured on a present value basis. Lease liabilities include the net present value of the following lease payments:

- fixed payments (including in-substance fixed payments), less any lease incentives receivable
- amounts expected to be payable by the City under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the lease, if the lease term reflects the City exercising that option.

Lease payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in a number of property and equipment leases across the City. These are used to maximize operational flexibility in terms of managing the assets used in the City's operations. The majority of extension and termination options held are exercisable only by the City and not by the respective lessor.

The lease payments are discounted using the interest rate implicit in the lease. If that rate cannot be readily determined, which is generally the case for leases in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the lease term.

Lessor: The City is a lessor for several noncancellable leases including but not limited to land, airport hangars and office space. The City recognizes a lease receivable and a deferred inflow of resources in the government wide and proprietary fund financial statements.

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

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

Subscription-Based Information Technology Arrangements (SBITA): The City is a lessee for some noncancellable lease of certain subscription-based information technology arrangements. The City recognizes a SBITA liability and an intangible right-to-use lease asset (SBITA asset) in the government-wide financial statements.

At the commencement of a SBITA contract, the City initially measures the SBITA liability at the present value of payments expected to be made during the subscription term. Subsequently, the SBITA liability is reduced by the principal portion of subscription payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for subscription payments made at or before the subscription commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to SBITA arrangements include how the City determines (1) the discount rate it uses to discount the expected subscription payments to present value, (2) subscription term, and (3) subscription payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate

as the discount rate for SBITA arrangements.

- The subscription term includes the noncancellable period of the SBITA arrangement. Subscription payments included in the measurement of the SBITA liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise. In determining the subscription term, management considers all facts and circumstances that create an economic incentive to exercise an extension option, or not exercise a termination option. Extension options (or periods after termination options) are only included in the subscription term if the SBITA arrangement is reasonably certain to be extended (or not terminated).

The City monitors changes in circumstances that would require a remeasurement of its SBITA arrangement and will re-measure the SBITA asset and liability if certain changes occur that are expected to significantly affect the amount of the SBITA liability.

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Payments due under the SBITA contracts include fixed payments. The City does not have any variable payment SBITA arrangements for FY 2022.

Assets and liabilities arising from a SBITA arrangement are initially measured on a present value basis. SBITA liabilities include the net present value of the following contract payments:

- fixed payments (including in-substance fixed payments), less any contract incentives receivable
- amounts expected to be payable by the City under residual value guarantees
- the exercise price of a purchase option if the group is reasonably certain to exercise that option, and
- payments of penalties for terminating the subscription arrangement, if the subscription term reflects the City exercising that option.

Subscription payments to be made under reasonably certain extension options are also included in the measurement of the liability. Extension and termination options are included in some of subscription arrangements across the City.

The subscription payments are discounted using the interest rate implicit in the subscription contract. If that rate cannot be readily determined, which is generally the case for subscription arrangements in the group, the lessee's incremental borrowing rate is used, being the rate that the individual lessee would have to pay to borrow the funds necessary to obtain an asset of similar value to the right-of-use asset in a similar economic environment with similar terms, security and conditions.

Variable payments that depend on an index or a rate (such as the Consumer Price Index or a market interest rate), initially measured using the index or rate as of the commencement of the subscription term.

I. Compensated Absences

It is the City's policy to permit employees to accumulate earned but unused vacation and sick pay benefits. All vacation and sick pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

J. Long-Term Obligations

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be paid from expendable available financial resources is reported as a fund liability of a governmental fund. The remaining portion of such obligations is reported in the government-wide financial statements. Long-term liabilities expected to be paid from proprietary fund operations are accounted for in those funds.

The government-wide financial statements and proprietary fund type fund financial statements report long-term debt and other long-term obligations 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. Bonds payable are reported net of applicable bond premiums or discounts.

The fund financial statements report 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, net of issuance costs. Premiums or discounts associated with the debt are reported as other financing sources or uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

K. Fund Balances and Net Position

The governmental fund financial statements of the City will present fund balances based on classifications including a hierarchy that is based primarily on the extent to which the City is bound to honor restrictions on the specific purposes for which amounts in a particular governmental fund can be spent. The five classifications used in the governmental fund financial statements will be as follows:

Nonspendable: This classification includes amounts that cannot be spent because they are either (a) not in spendable form or (b) are legally or contractually required to be maintained intact. These amounts would include inventories and prepaid items as being nonspendable as these items are not expected to be converted to cash or are not expected to be converted to cash within the next year.

Restricted: This classification includes amounts for which constraints have been placed on the use of the resources either (a) externally imposed by creditors (such as through a debt covenant), grantors, contributors, or laws or regulations of other governments, or (b) imposed by law through constitutional provisions or enabling legislation. These guidelines are used for restricted net position.

Committed: This classification includes amounts that can be used only for specific purposes pursuant to constraints imposed by formal resolution of the City Council, which has the highest level of decision making authority. These amounts cannot be used for any other purpose unless the City Council removes or changes the specified use by taking the same type of action that was employed when the funds were initially committed. The action must be taken by the close of the reporting period. The amount of the commitment can be determined and approved by the City Council at a later date.

Assigned: This classification includes amounts that are constrained by the City's intent to be used for a specific purpose but are neither restricted nor committed. This intent can be expressed by the City Council or by the City Council's designee, pursuant to the City's fund balance policy.

Unassigned: This classification includes the residual fund balance for the General Fund. The general fund should be the only fund that reports an unassigned fund balance.

When both restricted and unrestricted fund balances are available for use, it is the City's policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications are available.

L. Restricted Cash and Investments

Certain proceeds of enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. Other restricted accounts reflect money set aside by City Council action for improvements or to meet contractual obligations.

M. Inter-fund Transactions

Inter-fund services provided and received are accounted for as revenues, expenditures or expenses. Transactions that constitute reimbursements to a fund for expenditures/expenses that are properly applicable to another fund are recorded as expenditures/expenses in the reimbursing fund and as reductions of expenditures/expenses in the fund that is reimbursed. All other inter-fund transactions are reported as transfers.

N. Legal Compliance- Budgets

The City follows these procedures in establishing the budgetary data reflected in the financial statements:

Pursuant to City Charter, at least 45 days prior to the beginning of each fiscal year, the City Manager submits to the City Council a proposed operating and capital projects budget for the fiscal year commencing October 1. The proposed budget includes proposed expenditures and the means of financing them. A statement of capital projects planned for the next succeeding five fiscal years, with estimates of their costs is also submitted at this time.

The adoption of the budget shall require a favorable vote of at least a majority of all the members of the Council. In the event that the budget has not been adopted by the beginning of the fiscal year the latest budget proposed by the City Manager shall take and remain in effect until the budget is finally adopted by the Council.

The City Charter requires that no funds shall be expended nor shall any obligation for the expenditure of money be incurred unless an appropriation exists in the duly adopted budget. Annual appropriations style budgets are adopted for the General Fund, Special Revenue Funds including the Island Transit, Rosenberg Library, and the Debt Service Fund, and all Enterprise Funds. Formal budgetary integration is employed as a management control device during the year for the general fund, special revenue funds, capital projects funds, debt service funds and enterprise funds.

Budgets are adopted and accounted for on a modified accrual basis, with the following exceptions:

Annual budgets are not adopted for certain special revenue funds, primarily relating to grant based projects, capital projects funds and debt service funds. The grant projects are controlled through project length budgets that may span multiple fiscal years. For FY 2022, annual budgets were not adopted for the Hurricane Ike fund, Convention Center Operations, CDBG Disaster Fund Non-Housing, Housing & Urban Development (HUD) Entitlement Grants Fund, FEMA Disaster Fund, Island transit Capital Projects, Industrial Development Corporation Funds, and Hotel Occupancy Tax Debt Service Funds.

Capital and planning grant activities in the Island Transit Fund are not budgeted on an annual basis and are controlled in a manner similar to the grant project funds noted above. Budgeted amounts are reported herein as amended throughout the year. There were two formal, ordinance approved budget amendments during FY 2022. Total appropriations remained in compliance with the City Charter requirement limiting the total budget to a seven percent increase overall each year. Appropriation balances lapse at year-end and may be re-appropriated by City Council.

Obligations outstanding at year-end through purchase orders, contracts and other commitments are re-appropriated in the subsequent year.

During the fiscal year, the City Council may transfer any unencumbered appropriation balance or portion thereof from one department to another at any time. The City Manager has authority, without City Council approval, to transfer appropriation balances from one expenditure account to another, inclusive within a single office, department or agency of the City.

Expenditures may not exceed appropriations at the department category level, as established by policy of the City Council. The administrative level of control is at the department category level and the legal level of control is at the department level by fund.

O. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles ("GAAP"), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ from those estimates.

P. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the City's three defined benefit pension plans (the "Plans") and additions to/deductions from the Plans' fiduciary net position have been determined on the same basis as they are reported by the individual Plans. For this purpose, benefit payments (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Q. Other Post-Employment Benefits

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's self-insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report

prepared by the City's third-party actuary in compliance with GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions.

R. 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 assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has some items that qualify for reporting in this category:

- Deferred outflows of resources for pension – Reported for the City in the government-wide and enterprise fund financial statement of net position. One portion of this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, and will be recognized as a reduction of the net pension liability in the next fiscal year. The other pension related deferred outflows result primarily from differences between projected and actual earnings on pension plan investments. These amounts will be amortized over a closed five-year period.
- Deferred outflows of resources for other postemployment benefits (OPEB) – Reported for the City in the government-wide and enterprise fund financial statement of net position. One portion of this deferred outflow results from contributions to the OPEB plan made after the measurement date of the OPEB liability. The other OPEB related deferred outflows result primarily from differences between projected and actual earnings on plan investments. These amounts will be amortized over a closed period equal to the average of the expected remaining service lives of all employees that are provided with the OPEB through the OPEB plan.
- Deferred loss on refunding reported in the statement of net position – this deferred outflow 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 assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has five items that qualifies for reporting in this category:

- Deferred gain on refunding reported in the statement of net position – This deferred inflow results from the difference in carrying value the refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows of resources for pension – This deferred inflow results from the differences between expected and actual actuarial experiences and changes in actuarial assumptions will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows relating to OPEB - Reported for the City in the government-wide and enterprise fund financial statement of net position. The OPEB related deferred inflows result primarily from differences between projected and actual earnings on plan investments.
- Deferred inflows of resources for leases - The city recognizes a lease receivable and a deferred inflow of resources which is initially measured as the amount of lease receivable and adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflows of resources is recognized as a revenue over the life of the lease term.
- Deferred inflows of resources relating to unearned revenues - Reported for the City in the governmental funds balance sheet financial statement. This deferred inflow results from property taxes and court fines revenues that are not available to pay current obligations.

S. New Accounting Standards

The following standards have been issued and implemented :

- *GASB Statement No. 84, Fiduciary Activities*. This Statement establishes standards of accounting and financial reporting for fiduciary activities and has been implemented.
- *GASB Statement No. 87, Leases*. This statement establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use

lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. This statement has been implemented.

- *GASB Statement No. 89, Accounting for Interest Cost Incurred before the End of a Construction Period.* This Statement requires that interest cost incurred before the end of a construction period be recognized as an expense in the period in which the cost is incurred for financial statements prepared using the economic resources measurement focus. As a result, interest cost incurred before the end of a construction period will not be included in the historical cost of a capital asset reported in a business-type activity or enterprise fund. This has been implemented and the City determined there was no effect on the financial statements.
- *GASB Statement No. 96, SBITA* establishes uniform accounting and financial reporting requirements for Subscription Based Information Technology Agreements; improves the comparability of government's financial statements; and enhances the understandability, reliability, relevance, and consistency of information about SBITAs. This statement has been implemented.
- *GASB Statement No. 98,* Changed the name of the Annual Report to Annual Comprehensive Financial Report and this change has been implemented.
- *Implementation Guide 2019-1,* the objective of this Implementation Guide was to provide guidance that clarifies, explains or elaborates on GASB Statements.
- *Implementation Guide 2019-3,* the objective of this Implementation Guide was to provide guidance that clarifies, explains or elaborates on the requirements of Statement No. 87, Leases.

New Standards coming up:

- *GASB Statement No. 92, "Omnibus 2020"* – The objectives of this Statement are to enhance comparability in accounting and financial reporting and to improve the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements.
- *Statement No. 93, "Replacement of Interbank Offered Rates (IBOR)"* – The objective of this Statement is to address accounting and financial reporting implications that result from the replacement of an IBOR due to global reference rate reform. This will improve the usefulness of information for users of state and local government financial statements. The London Interbank Offered Rate (LIBOR) is expected to cease to exist at the end of 2021.
- *GASB Statement No. 97, "Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans – an Amendment of GASB Statements No. 14 and No. 84, and a supersession of GASB Statement No. 32"* – The primary objectives of this Statement are to (1) increase consistency and comparability related to the reporting of fiduciary component units in circumstances in which a potential component unit does not have a governing board and the primary government performs the duties that a governing board typically would perform; (2) mitigate costs associated with the reporting of certain defined contribution pension plans, defined contribution other postemployment benefit (OPEB) plans, and employee benefit plans other than pension plans or OPEB plans (other employee benefit plans) as fiduciary component units in fiduciary fund financial statements; and (3) enhance the relevance, consistency, and comparability of the accounting and financial reporting for Internal Revenue Code (IRC) Section 457 deferred compensation plans (Section 457 plans) that meet the definition of a pension plan and for benefits provided through those plans.

Note 2 - Deposits (Cash) and Investments

Credit Risk. The primary stated objective of the City of Galveston's adopted Investment Policy (the Investment Policy) is the safety of principal and avoidance of principal loss. Credit risk within the City's portfolio among the authorized investments approved by the City's adopted Investment Policy is represented only in time and demand deposits, repurchase agreements, municipal obligations, and non-rated U.S. Securities and Exchange Commission (SEC) registered money market mutual funds.

All other investments are rated AAA, or equivalent, by at least one nationally recognized rating agency. Investments are made primarily in obligations of the U.S. Government, its agencies or instrumentalities and Local Government Investment Pools. State law and the Investment Policy restricts both time and demand deposits, including certificates of deposit, to those banks doing business in the State of Texas and further requires full insurance and/or collateral from these depositories.

Collateral, with a 110% margin, is required and collateral is limited to obligations of the U.S. Government, its agencies or instrumentalities and municipal obligations rated no less than AA or equivalent by two nationally recognized rating agencies. Independent safekeeping is required outside the pledging bank's holding company with monthly reporting. Securities are monitored and priced at market on a daily basis as a contractual responsibility of the bank. All bank deposits, totalling \$9.7 million, were fully insured and collateralized. All pledged bank collateral for demand deposits was held by an independent institution outside the bank's holding company.

By policy and state law, repurchase agreements are limited to those with defined termination dates executed with a Texas bank or a primary dealer, as defined by the Federal Reserve. The agreements require an industry standard, written master repurchase agreement and a minimum 102% margin on collateral as well as delivery versus payment settlement and independent safekeeping. Repurchase agreements may not exceed one year to stated maturity with the exception of flex repurchase agreements with a stated termination date not to exceed the planned completion date of the project(s). The City did not have any repurchase agreements as of September 30, 2022.

The Investment Policy restricts investment in Security and Exchange Commission registered mutual funds to money market mutual funds striving to maintain a \$1 net asset value as further defined by state law. Neither state law nor the Policy requires a rating.

The City invests in TexPool, which was created under the Interlocal Cooperation Act, Texas Government Code Ann. Chapter 791 and the Texas Public Funds Investment Act. The Texas Treasury Safekeeping Trust Company (the Trust) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is sole officer, director and shareholder. The advisory board of TexPool is composed of the State Comptroller and other members appointed pursuant to the requirements of the Texas Public Funds Investment Act.

The City also invests in Texas Daily which is an individual investment portfolio established by the TexTerm Advisory Board pursuant to the TexTerm Common Investment Contract that established the Pool. Texas Daily is a local government investment portfolio that allows governments to pool their funds for investment under the provisions of the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code, the PFIA and other similar cooperative statutes and under the statutes governing investment of funds by those local governments. TexTerm is directed by an advisory board of experienced local government officials, finance directors and treasurers and is managed by a team of industry leaders that are focused on providing professional investment services to investors. The City's investment in this pool is the same as the value of the pool shares, which are valued based on quoted market rates.

The City began investing funds in Local Government Investment Cooperative (LOGIC) in FY 2019. LOGIC is a local government investment pool created by Texas local government officials who understand the specific needs and challenges of investing public funds. LOGIC is administered by HilltopSecurities and JPMorgan Chase. Together these organizations bring to the LOGIC program the two leaders in financial services with a proven track record in local government investment pool management and extensive industry resources. The City's investment in this pool is the same as the value of the pool shares, which are valued based on quoted market rates.

Local government investment pools in Texas are required to be rated AAA, or equivalent, by at least one nationally recognized rating agency. The City Policy further restricts investments to AAAM-rated local government investment pools.

As of September 30, 2022,

- Investments in AAA-rated local government investment pools represented 71.86% of the total portfolio
- Bank deposits represented 5.73% of the total portfolio
- Total Mutual Funds in AAAM-rated represented 4.88% of the total portfolio
- Holdings in AA+-rated US Government securities represented 17.53% of the total portfolio

The City of Galveston recognizes over-concentration of assets by market sector or maturity as a risk to the portfolio. The City's adopted Investment Policy establishes diversification as a major objective of the investment program. The Policy has established limits for concentration by market sector as shown below:

	Fair Value / Amortized Cost	Credit Quality Rating		Percentage of Investments
		S & P	Moody's	
Bank Deposits:				
Frost Bank-Deposit Accounts	9,697,493			5.73%
Total Bank Deposits	<u>9,697,493</u>			<u>5.73%</u>
Investment Types:				
Mutual Funds:				
US Bank	8,251,564	AAAm	Aaa-mf	4.88%
Total Mutual Funds	<u>8,251,564</u>			<u>4.88%</u>
Local Government Investment Pools:				
TexPool	75,842,264	AAAm		44.85%
Texas Term	1,462,460	AAAm		0.86%
Local Government Investment Cooperative (LOGIC)	44,217,977	AAAm		26.15%
Total Local Government Investment Pools	<u>121,522,701</u>			<u>71.86%</u>
Total Investment Portfolio	<u>129,774,265</u>			<u>76.74%</u>
Investment Securities:				
Federal Home Loan Mortgage Corp.	4,861,060	AA+	Aaa	2.87%
Federal Home Loan Bank	9,923,180	AA+	Aaa	5.87%
US Treasury Securities	14,862,033	AA+	Aaa	8.79%
Total Investment Securities	<u>29,646,273</u>			<u>17.53%</u>
Total Bank Deposits & Investment Portfolio	<u>\$ 169,118,031</u>			<u>100.00%</u>

Interest Rate Risk.

In order to limit interest and market rate risk from changes in interest rates, the City's adopted investment policy establishes a maximum maturity of 36 months for operating funds and five years for reserve funds.

A segmented time distribution analysis for the Primary Government portfolio by market sector is shown below.

Investment Type	Investment	Investment
	Maturities in	Maturities in
	Years	Years
	<u>Less than 1</u>	<u>1 - 5 years</u>
	year	1 - 5 years
U.S. Treasury Notes and Bills	\$ 14,862,033	\$ -
U.S. Agency Securities:		
Federal Home Loan Mortgage Corp.	4,861,060	-
Federal Home Loan Bank	9,923,180	-
Local Government Pools	121,522,701	-
Total	<u>\$ 151,168,974</u>	<u>\$ -</u>

Custodial Credit Risk. To control custody and safekeeping risk, the City's investment policy requires collateral for all time and demand deposits, as well as collateral for repurchase agreements, be transferred delivery versus payment and held in the City's name by an independent party. The custodian is required to provide original safekeeping receipts and monthly reporting of positions with position descriptions including market value. Repurchase agreements and deposits must be collateralized to 110% and be executed under written agreements. Depository agreements are executed under the terms of FIRREA (U.S. Financial Institutions Reform, Recovery and Enforcement Act of 1989). The counter-party of each type of transaction is held contractually liable for monitoring and maintaining the required collateral margins on a daily basis.

The City categorizes fair value measurements of its investments based on the hierarchy established by generally accepted accounting principles. The fair value has three levels, is based on the valuation inputs used to measure an asset's fair value: Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

The City's investments are valued at Level 1 using inputs obtained from quoted prices in active markets for identical assets.

The City's local government investment pools are recorded at amortized costs as permitted by GASB Statement No. 79, *Certain Investment Pools and Pool Participants*.

The City's sweep repurchase agreement market price is obtained from a generally recognized source agreed to by the parties or the most recent bid quotation from such source. There were no repurchase agreements held by the City as of September 30, 2022.

Quoted market prices are the basis of the fair value for the U.S. Treasury and Agency securities. There were no changes in the valuation technique and no nonrecurring fair value measurements during the current year.

Investments' fair value measurements are as follows as of September 30, 2022:

	Fair Value / Amortized Cost	Fair Value Measurements Using			Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Mutual Funds	\$ 8,251,564	\$ 8,251,564	\$ -	\$ -	1
Local Government Investment Pools	121,522,701	121,522,701	-	-	1
Total Investment Portfolio	\$ 129,774,265	\$ 129,774,265	\$ -	\$ -	1
Investment Securities:					
Federal Home Loan Bank	9,923,180	9,923,180	-	-	226
Freddie Mac	4,861,060	4,861,060	-	-	88
US Treasury Securities	14,862,033	14,862,033	-	-	108
Total Investment Securities	\$ 29,646,273	\$ 29,646,273	\$ -	\$ -	144

Note 3 – Property Tax

According to the Tax Code of the State of Texas, property values are established through appraisal and appeals processes administered by the Galveston County Appraisal District. As provided by law, the Galveston City Council has designated the Galveston County Tax Assessor-Collector as the City Tax Assessor-Collector. Reports and information provided in this Annual Comprehensive Financial Report for property values and collections, including current and delinquent taxes, originate with these two County agencies.

The City may levy taxes up to \$2.50 per \$100 of net appraised assessed value under state law; however amendments to the City Charter approved by the voters placed additional limits on the city's total property tax rate. Approved in a charter election on January 20, 1979, language in Article VII Section 2 of the City Charter provides that the maximum property tax rate will be \$0.70 per \$100 of taxable valuation. This is inclusive of taxes levied to retire debt service, and the tax amount levied each year for the Rosenberg Library.

Subsequently, the voters of the City of Galveston approved language in Article VII, Section 2(b) of the City Charter that reduces the maximum tax rate each year based on sales tax collections. When the certified property tax roll is delivered by the Chief Appraiser in late July, the Tax Assessor-Collector calculates the City's effective tax rate in accordance with State law, including the sales tax collection allowance.

This allowance is based on receipts from one-fourth of the City's two percent sales tax generated for the prior July to June twelve month period. The effective tax rate calculation then requires a reduction in the total property tax rate equal to the property tax rate that would produce the same amount of sales tax collected as described. For FY 2022, the maximum property tax rate was \$0.625437. Within these guidelines, the adopted tax rate per \$100 of taxable valuation, for the year ended September 30, 2022, was \$0.49850. The tax rate to finance general governmental services was set at \$0.44600 and the tax rate for all other purposes, including debt service, was set at \$0.0525 per \$100 of assessed valuation.

Under the Texas Property Tax Code, property taxes are certified by the Chief Appraiser on or by July 25. The County Tax Assessor-Collector, acting in that capacity for the City, then presents the certified roll to the City Council accompanied by the No-New-Revenue and Voter Approval tax rates calculated for that tax year. The City Council must adopt a budget first and then adopt a property tax rate by September 30, or within sixty days after receipt of the tax roll from the Chief Appraiser. Taxes are due on a current basis by January 31. Late penalties and interest apply thereafter, including a twenty percent delinquent attorney's collection fee on July 1 should taxes not be paid prior to that time. There is no specific date for liens to be placed on properties for nonpayment of taxes.

Note 4 - Sales Tax

The City's sales tax rate is 2.0 percent for the year ended September 30, 2022. This rate includes 1.0 percent that generates receipts for general municipal operations that are deposited in the General Fund. Also deposited in the General Fund is the 0.5 percent sales tax collected for property tax rate reduction purposes (see Note 3). The remaining 0.5 percent is levied for economic development purposes and is deposited in the Industrial Development Corporation's funds.

On November 4, 2008, voters extended the economic development amount for the IDC fund for 20 years, to expire on April 1, 2029. Effective through March 31, 2029, the IDC fund collections are allocated strictly according to the language adopted by the voters. That language dedicates this economic development tax into four equal portions for beach renourishment, for streets, sewer and drainage improvement projects, for economic development programs and projects, and park improvements. Each of these portions of the tax are accounted for in what are reported in this annual report as four non-major governmental funds.

Note 5 - Accounts Receivable

Receivables, as of September 30, 2022 for the City's individual major funds, non-major funds and internal service funds, including the applicable allowances for uncollectible accounts, are as follows:

GOVERNMENTAL ACTIVITIES

	General Fund	Hurricane Ike Fund	CDBG Disaster Fund Non-Housing	Non-Major Governmental Funds	Total Governmental Funds	Internal Service Funds
Receivables:						
Property taxes	\$ 2,776,013	\$ -	\$ -	\$ 402,725	\$ 3,178,738	\$ -
Sales and use taxes	3,862,059	-	-	1,287,352	5,149,411	-
Franchise taxes	399,251	-	-	40,430	439,681	-
Hotel taxes	-	-	-	1,000,707	1,000,707	-
Court fines	2,771,297	-	-	-	2,771,297	-
Customer accounts	77,112	-	-	-	77,112	14,035
Intergovernmental	262,142	7,548,101	5,344,666	3,109,842	16,264,751	-
Other	380,685	-	-	292,371	673,056	-
Allowance for uncollectibles	(3,220,631)	-	-	(141,520)	(3,362,151)	-
Total	<u>\$ 7,307,928</u>	<u>\$ 7,548,101</u>	<u>\$ 5,344,666</u>	<u>\$ 5,991,907</u>	<u>\$ 26,192,602</u>	<u>\$ 14,035</u>

BUSINESS TYPE ACTIVITIES

	Combined Utility System	Airport	Drainage	Sanitation	Total
Receivables:					
Customer accounts	\$ 14,005,765	\$ 102,107	\$ 1,036,150	\$ 3,090,918	\$ 18,234,940
Allowance for uncollectibles	(5,209,835)	-	(482,454)	(1,026,623)	(6,718,912)
Total	<u>\$ 8,795,930</u>	<u>\$ 102,107</u>	<u>\$ 553,696</u>	<u>\$ 2,064,295</u>	<u>\$ 11,516,028</u>

Note 6 - Lease receivable

The City leases out its buildings and land. Most leases have initial terms of up to 20 years, and contain one or more renewals at the City's option, generally for three or five year periods. The City has generally included these renewal periods in the lease term when it is reasonably certain that the City will exercise the renewal option. The City's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

The City has several leases with variable payments. For fiscal year 2022, the total of the variable payments was immaterial.

Although the City is exposed to changes in the residual value at the end of the current leases, the City typically enters into new operating leases and therefore will not immediately realize any reduction in residual value at the end of these leases.

Minimum lease payments receivable on leases of investment properties are as follows:

	Business-type Activities:		Business-type Activities:	
	Principal		Interest	
2023	\$	379,949	\$	512,676
2024		404,846		502,395
2025		425,619		488,586
2026		412,061		476,056
2027		412,175		464,118
2028-2032		2,554,055		2,113,100
2033-2037		3,160,209		1,685,594
2038-2042		3,887,502		1,162,169
2043-2047		4,456,647		545,304
2048-2052		1,337,123		55,834
2053-2057		123,208		11,404
2058-2062		14,129		87
Total	\$	17,567,523	\$	8,017,323

The total amount of inflows of resources relating to leases recognized in the current fiscal year are as follows:

	2022		Total	
	Business-type			
	Activities:			
Lease revenue	\$	932,908	\$	932,908
Interest revenue		522,956		522,956

Note 7 - Interfund Transfers and Receivables

Interfund transfers for the primary government are as follows for the year ended September 30, 2022:

	Transfer In Fund				Totals
	General Fund	Non-Major Governmental Funds	Sanitation	Internal Service Funds	
Transfer Out Fund					
General Fund	\$ -	\$ 6,951,848	\$ -	\$ 4,600,000	\$ 11,551,848
Non-Major Governmental Funds	54,700	2,638,349	-	-	2,693,049
Combined Utility System Fund	2,296,000	99,239	-	-	2,395,239
Airport	43,000	6,630	-	-	49,630
Drainage	142,000	20,000	-	-	162,000
Sanitation	593,000	81,700	-	-	674,700
Internal Service Funds	-	500,000	292,000	-	792,000
	<u>\$ 3,128,700</u>	<u>\$ 10,297,766</u>	<u>\$ 292,000</u>	<u>\$ 4,600,000</u>	<u>\$ 18,318,466</u>

The following is a detail of the interfund transfers:

Transfer In Fund	Transfer Out Fund	Purpose
General Fund	Non-Major Governmental Funds	General Admin Charges & Convention Center Surplus
General Fund	Combined Utility System Fund	General Admin Charges & Payment in lieu of taxes
General Fund	Airport	General Admin Charges
General Fund	Drainage	General Admin Charges
General Fund	Sanitation	General Admin Charges & Payment in lieu of taxes
Technology Replacement Fund	General Fund	Budgeted Transfer for Personnel services
Police Quartermaster Fund	General Fund	Quartermaster Operations
Infrastructure & Debt Service Fund	General Fund	Charter Mandated Transfer (8% of General Fund Budgeted Revenues)
Separation Pay Fund	General Fund	Budgeted Separation Pay
Island Transit Fund	General Fund	Budgeted Transfer for Transit Operations
Health & Life Insurance	General Fund	Budgeted Transfer to establish 120 day reserve
Island Transit Fund	Convention Center Surplus Fund	Trolley System
Lasker Pool Fund	IDC Parks Fund	Operational activity
Debt Service Fund	Infrastructure & Debt Service Fund	Debt service payments
Technology Replacement Fund	Infrastructure & Debt Service Fund	Budget transfer for Citywide technology projects
IDC Parks Improvement Fund	Debt Service Fund	2022CO Private Placement bond proceeds
Separation Pay Fund	Combined Utility System Fund	Budgeted Separation Pay
Separation Pay Fund	Airport	Budgeted Separation Pay
Separation Pay Fund	Drainage	Budgeted Separation Pay
Separation Pay Fund	Sanitation	Budgeted Separation Pay
Technology Improvement Fund	Central Service Fund	Budgeted Transfer for Personnel services
Sanitation Services	Casualty & Liability Insurance	Improvement Projects

The following is a detail of interfund receivables and payables for the primary government as of September 30, 2022:

Receivable Funds: Due From										
General Fund	Hurricane Ike Fund	General Obligation Bonds 2019 Capital Projects	Non-Major Governmental Funds	Combined Utility System Fund	Airport	Drainage	Sanitation	Internal Service Funds	Totals	
Payable Funds: Due To										
General Fund	\$ -	\$ 65,158	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 65,158	
Hurricane Ike Fund	18,160	-	-	3,615,787	7,687,696	100	54	443,155	68,262	11,833,214
Convention Center Operations	-	-	-	2,334,205	-	-	-	-	-	2,334,205
CDBG Disaster Fund Non-Housing	1,852,972	-	36,142	-	3,402,677	-	-	52,875	-	5,344,666
Non-Major Governmental Funds	484,582	-	3,206	107,622	13,812	-	-	-	6,577	615,799
Combined Utility System Fund	-	74,423	-	-	-	-	-	-	-	74,423
Airport	-	83,518	-	-	-	-	-	-	-	83,518
Sanitation	9,859	-	-	3,289	-	-	-	-	-	13,148
	<u>\$ 2,365,573</u>	<u>\$ 223,099</u>	<u>\$ 39,348</u>	<u>\$ 6,060,903</u>	<u>\$ 11,104,185</u>	<u>\$ 100</u>	<u>\$ 54</u>	<u>\$ 496,030</u>	<u>\$ 74,839</u>	<u>\$ 20,364,131</u>

The following is a detail of interfund receivables and payables:

Receivable Funds: Due From	Payable Funds: Due To
General Fund	Hurricane Ike
	CDBG Disaster Fund Non-Housing
General Fund	Non-Major Governmental Funds
General Fund	Sanitation Fund
Hurricane Ike	General Fund
Hurricane Ike	Combined Utility System Fund
Hurricane Ike	Airport
Non-Major Governmental Funds	Hurricane Ike
Non-Major Governmental Funds	Convention Center Operations
Non-Major Governmental Funds	Sanitation Fund
Non-Major Governmental Funds	Other Enterprise Funds
Combined Utility System Fund	Hurricane Ike
	CDBG Disaster Fund Non-Housing
Combined Utility System Fund	Non-Major Governmental Funds
Combined Utility System Fund	Hurricane Ike
Airport	Hurricane Ike
Drainage	Hurricane Ike
Other Enterprise Funds	Hurricane Ike
	CDBG Disaster Fund Non-Housing
Other Enterprise Funds	Sanitation Fund
Internal Service Funds	Hurricane Ike
Internal Service Funds	Non-Major Governmental Funds

Note 8 - Capital Assets

The following is a detail of capital asset activity for the year ended September 30, 2022:

	Balance September 30, 2021	Increases	Decreases / Transfers	Balance September 30, 2022
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 21,411,775	\$ -	\$ -	\$ 21,411,775
Construction in progress	32,884,583	16,686,802	(12,838,611)	36,732,774
Total capital assets not being depreciated	<u>54,296,358</u>	<u>16,686,802</u>	<u>(12,838,611)</u>	<u>58,144,549</u>
Other capital assets:				
Infrastructure	215,890,658	-	11,940,123	227,830,781
Buildings and improvements	88,795,629	-	-	88,795,629
Licensed vehicles	24,705,404	1,783,491	(810,887)	25,678,008
Machinery and equipment	21,659,833	208,765	76,076	21,944,674
Right-to-use assets - Equipment	381,547	-	-	381,547
Right-to-use assets - Buildings	217,366	40,391	-	257,757
Right-to-use assets - SBITA	-	292,786	-	292,786
Improvements other than buildings	11,969,040	35,176	530,413	12,534,629
Total other capital assets	<u>363,619,477</u>	<u>2,360,609</u>	<u>11,735,725</u>	<u>377,715,811</u>
Less accumulated depreciation for:				
Infrastructure	(109,628,416)	(6,900,726)	-	(116,529,142)
Buildings and improvements	(23,426,598)	(2,430,224)	-	(25,856,822)
Licensed vehicles	(19,263,363)	(1,379,995)	782,002	(19,861,356)
Machinery and equipment	(17,087,448)	(817,929)	-	(17,905,377)
Right-to-use assets - Equipment	(119,624)	(120,038)	-	(239,662)
Right-to-use assets - Buildings	(32,596)	(38,691)	-	(71,287)
Right-to-use assets - SBITA	-	(62,317)	-	(62,317)
Improvements other than buildings	(6,740,175)	(330,140)	-	(7,070,315)
Total accumulated depreciation	<u>(176,298,220)</u>	<u>(12,080,060)</u>	<u>782,002</u>	<u>(187,596,278)</u>
Other capital assets, net	187,321,257	(9,719,451)	12,517,727	190,119,533
Totals	<u>\$ 241,617,615</u>	<u>\$ 6,967,351</u>	<u>\$ (320,884)</u>	<u>\$ 248,264,082</u>
	Balance September 30, 2021	Increases	Decreases / Transfers	Balance September 30, 2022
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,906,705	\$ -	\$ -	\$ 2,906,705
Construction in progress	70,566,855	20,218,998	(37,689,074)	53,096,779
Total capital assets not being depreciated	<u>73,473,560</u>	<u>20,218,998</u>	<u>(37,689,074)</u>	<u>56,003,484</u>
Other capital assets:				
Improvements other than buildings	220,025,885	34,873	36,860,211	256,920,969
Building and system	176,282,552	348,998	-	176,631,550
Machinery and equipment	16,864,462	1,604,262	(25,027)	18,443,697
Licensed vehicles	15,392,096	1,016,967	(8,271)	16,400,792
Contractual water rights	27,406,316	2,564,035	-	29,970,351
Total other capital assets	<u>455,971,311</u>	<u>5,569,135</u>	<u>36,826,913</u>	<u>498,367,359</u>
Less accumulated depreciation for:				
Improvements other than buildings	(84,923,187)	(5,510,252)	-	(90,433,439)
Building and system	(44,081,309)	(3,994,678)	-	(48,075,987)
Machinery and equipment	(12,237,652)	(859,731)	25,027	(13,072,356)
Licensed vehicles	(9,974,168)	(1,202,148)	8,271	(11,168,045)
Contractual water rights	(24,510,276)	(1,097,716)	-	(25,607,992)
Total accumulated depreciation	<u>(175,726,592)</u>	<u>(12,664,525)</u>	<u>33,298</u>	<u>(188,357,819)</u>
Other capital assets, net	280,244,719	(7,095,390)	36,860,211	310,009,540
Totals	<u>\$ 353,718,279</u>	<u>\$ 13,123,608</u>	<u>\$ (828,863)</u>	<u>\$ 366,013,024</u>

Depreciation and amortization was charged to functions/programs of the primary government as follows:

General government	\$ 1,830,144
Public safety	805,649
Public works	5,144,132
Culture and recreation	2,695,922
Planning and community development	254,621
Transportation system	692,778
In addition, depreciation on capital assets held by the City's internal service funds is charged to various functions based on their usage of the assets	-
	656,814
Total Governmental Activities	<u>\$ 12,080,060</u>
Combined utility system	\$ 10,136,262
Sanitation	626,539
Drainage	734,467
Airport	1,167,257
Total Business-Type Activities	<u>\$ 12,664,525</u>

Construction in progress and remaining commitment, as of September 30, 2022 are as follows:

<u>Project Description</u>	<u>Project Authorization</u>	<u>Project Cost to Date</u>	<u>Remaining Commitment</u>
Governmental Activities:			
Various street milling and overlay projects	\$ 37,475,266	\$ 7,502,719	\$ 29,972,547
Little League and Sandhill Soccer Complexes	554,069	421,699	132,370
27th Corridor master plan	5,975,211	5,341,010	634,201
Rail Trolley rehabilitation and rail cars	7,624,080	6,632,627	991,453
29th Street/Ave O to Ave R 1/11 extension of storm sewer main	5,147,500	196,982	4,950,518
ST-1806 - 23rd street Broadway to Seawall (County)	10,617,946	10,241,470	376,476
45th Street - Broadway to Seawall Boulevard	11,009,677	16,709	10,992,968
City Hall remodel & screen wall/plaza	5,185,590	2,407,694	2,777,896
Parks & Recreation	2,441,009	1,100,139	1,340,870
Various Island Transit projects	2,669,691	1,341,789	1,327,902
Various other projects	5,886,541	1,529,936	4,356,605
Total Governmental Activities	<u>\$ 94,586,580</u>	<u>\$ 36,732,774</u>	<u>\$ 57,853,806</u>
Business-type Activities:			
Combined Utility System Fund Projects			
Broadway to Seawall	\$ 2,392,293	\$ 328,893	\$ 2,063,400
Lift station	8,144,000	698,954	7,445,046
Pirates Beach & Seawolf Park WWTP recon & expansion	9,552,656	1,665,012	7,887,644
SCADA - Supervisory Controls & Data Acquisition	1,171,253	717,252	454,001
Airport pump station tank upgrade and new ground storage tanks	11,284,061	10,635,470	648,591
SICC - Sustainable Interactive Customer Connections	16,000,000	904,389	15,095,611
Various street utility improvements	7,798,902	4,974,824	2,824,078
Various other Combined Utility System projects	27,524,494	13,737,421	13,787,073
Sanitation Fund Projects			
Various Sanitation projects	202,639	67,970	134,669
Drainage Fund Projects			
Drainage Improvements	19,759,873	16,450,028	3,309,845
Various other Drainage projects	8,524,755	2,647,643	5,877,112
Airport Fund Projects			
Various Airport projects	1,159,444	268,923	890,521
Total Business-type Activities	<u>\$ 113,514,370</u>	<u>\$ 53,096,779</u>	<u>\$ 60,417,591</u>

Note 9 - Long-Term Debt

A. Governmental Activities

Long-term liability activity for the year ended September 30, 2022, is as follows:

	Balance September 30, 2021	Increases	(Decreases)	Balance September 30, 2022	Amounts Due Within One Year
Bonds payable:					
General obligation bonds	\$ 54,221,499	\$ -	\$ (2,848,201)	\$ 51,373,298	\$ 3,075,400
Certificates of obligation - Private placement	-	5,500,000	-	5,500,000	730,000
Special obligation bonds	19,470,000	-	(1,185,000)	18,285,000	1,270,000
Unamortized premiums and discounts	8,893,127	-	(613,019)	8,280,108	-
	<u>82,584,626</u>	<u>5,500,000</u>	<u>(4,646,220)</u>	<u>83,438,406</u>	<u>5,075,400</u>
Other liabilities:					
Lease payable	452,600	40,390	(156,534)	336,456	173,368
SBITA payable	-	292,786	(87,934)	204,852	89,803
Notes payable	134,560	-	(134,560)	-	-
Claims payable - workers compensation	641,991	176,398	(397,377)	421,012	94,941
Claims payable - health insurance	829,749	11,060,594	(10,988,904)	901,439	901,439
Compensated absences	12,151,267	4,493,164	(4,043,397)	12,601,034	4,051,888
Total Governmental Activities	<u>\$ 96,794,793</u>	<u>\$ 21,563,332</u>	<u>\$ (20,454,926)</u>	<u>\$ 97,903,199</u>	<u>\$ 10,386,839</u>

Long-term debt due in more than one year \$ 87,516,360

Compensated absences are liquidated by the funds based on the department personnel to whom the claims relate. Health claims and workers' compensation claims are liquidated by the Health Insurance Internal Service Fund and the Workers' Compensation Internal Service Fund which are reported as a governmental activity.

The City sponsors three (3) single-employer defined benefit pension plans: the Employees Retirement Plan for Police, the Retirement Plan for City Employees and the Firefighters' Pension Plan (see Note 15).

The City also has a Texas Tax and Revenue Emergency Anticipation Note, Series 2016-E in the amount of \$50 million for the purpose of providing funds to pay for any contractual obligation incurred or to be incurred as a result of or to address the effect of a statewide and/or national emergency. The City has not drawn down any funds from this note as of September 30, 2022.

The following are descriptions of the governmental activities long-term obligations:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
General Obligation Bonds				
Series 2011 Obligation Refunding Bonds	\$ 7,520,000	2023	2.0 to 4.0	\$ 610,000
Series 2014 Obligation Refunding Bonds *	3,717,000	2024	2.0 to 5.0	1,004,998
Series 2016 Obligation Refunding Bonds *	2,460,831	2033	3.0 to 5.0	1,968,300
Series 2017 Public Improvement Bonds	22,600,000	2037	2.0 to 5.0	18,060,000
Series 2019 Public Improvement Bonds	31,205,000	2039	3.0 to 5.0	29,730,000
Total General Obligation Bonds				<u>\$ 51,373,298</u>
Special Obligation Bonds				
Series 2012A Hotel Occupancy Tax Refunding Bonds	\$ 14,350,000	2034	2.6 to 5.0	\$ 9,865,000
Series 2012B Hotel Occupancy Tax Refunding Bonds	13,215,000	2032	3.1 to 5.0	8,420,000
Total Special Obligation Bonds				<u>\$ 18,285,000</u>
Certificates of obligation - Private placement				
Series 2022 Combination Tax and Revenue Bonds	\$ 5,500,000	2029	2.23	\$ 5,500,000
Total Certificates of obligation - Private placement				<u>\$ 5,500,000</u>
Lease Payable				
Lease Payable	\$ 598,913	2026	3.0	\$ 336,456
Total Lease Payable				<u>\$ 336,456</u>
SBITA Payable				
SBITA Payable	\$ 292,786	2025	2.23	\$ 204,852
Total SBITA Payable				<u>\$ 204,852</u>

* The original issue was \$5,900,000 for the Series 2014 Obligation Refunding Bonds and \$17,365,000 for the Series 2016 Obligation Refunding Bonds. The original issue amounts reported represent the portion allocated to governmental activities only.

Annual debt service requirements to maturity for governmental activity bonds are as follows:

Year Ending Sept. 30	General Obligation Bonds		Certificates of Obligation - Private placement		Special Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 3,075,400	\$ 2,299,078	\$ 730,000	\$ 126,738	\$ 1,270,000	\$ 641,363
2024	2,512,600	2,164,608	750,000	106,371	1,350,000	592,588
2025	2,623,900	2,048,428	770,000	89,644	1,425,000	538,188
2026	2,747,000	1,927,033	785,000	72,471	1,500,000	494,506
2027	2,885,100	1,789,683	805,000	54,971	1,575,000	446,731
2028-2032	15,830,600	6,721,667	1,660,000	55,750	9,120,000	1,389,844
2033-2037	17,423,700	2,977,448	-	-	2,045,000	115,688
2038-2041	4,274,998	258,200	-	-	-	-
	<u>\$ 51,373,298</u>	<u>\$ 20,186,145</u>	<u>\$ 5,500,000</u>	<u>\$ 505,945</u>	<u>\$ 18,285,000</u>	<u>\$ 4,218,908</u>

Lease payable

This note provides information for leases where the City is a lessee. For leases where the City is a lessor, see Note 6.

The City is obligated under leases covering certain machinery and IT equipment that expire at various dates during the next four years. The City has entered into various lease agreements as lessee primarily for office space and office equipment. Most leases have initial terms of up to ten years, and contain one or more renewals at the City's option, generally for three or five year periods. The City generally included these renewal periods in the lease term when it is reasonably certain that the City will exercise the renewal option. The City's leases generally do not include termination options for either party to the lease or restrictive financial or other covenants. Certain real estate leases require additional payments for common area maintenance, real estate taxes and insurance, which are expensed as incurred as variable lease payments. For office space leases that include variable payments, those include payments for the City's proportionate share of the building's property taxes, insurance, and common area maintenance. The City's lease arrangements do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the lease payments.

The future principal and interest lease payments as of September 30, 2022, were as follows:

Fiscal year	Governmental Activities:	Governmental Activities:
	Principal	Interest
2023	\$ 173,368	\$ 7,465
2024	67,466	3,638
2025	59,252	1,877
2026	36,370	314
	<u>\$ 336,456</u>	<u>\$ 13,294</u>

SBITA payable

The City is obligated under contracts covering certain subscription-based information technology arrangements (SBITA) that expire at various dates during the next four years. The City has entered into various SBITA contracts as lessee for information technology (IT) softwares. Most SBITA contracts have initial terms of up to five years, and contain one or more renewals at the City's option, generally for one to two year periods. The City generally included these renewal periods in the subscription term when it is reasonably certain that the City will exercise the renewal option and the contract is not deemed cancellable. The City's SBITA contracts do not contain any material residual value guarantees. As the interest rate implicit in the City's leases is not readily determinable, the City utilizes its incremental borrowing rate to discount the SBITA payments.

The future principal and interest SBITA payments as of September 30, 2022, were as follows:

Fiscal year	Governmental Activities:	
	Principal	Interest
2023	\$89,803	\$4,236
2024	92,626	2,232
2025	22,423	478
	<u>\$204,852</u>	<u>\$6,946</u>

Current Year Issuance of Debt – Governmental Activities

In April 2022, the City issued Certificates of Obligation, Series 2022 in the amount of \$11,000,000 with \$5,500,000 related to governmental activities. The certificates were sold in a private placement and mature in fiscal year 2029 with an interest rate of 2.23%. The governmental activities proceeds of the sale were used to fund the installation and improvement of certain parks and recreational fields.

Business-Type Activities

Long-term liability activity for the year ended September 30, 2022 is as follows:

	Balance September 30, 2021	Increases	(Decreases)	Balance September 30, 2022	Amounts Due Within One Year
Bonds payable:					
Contracts (Gulf Coast Water Authority)	\$ 2,665,155	\$ -	\$ (2,665,155)	\$ -	\$ -
General obligation bonds	23,253,501	-	(2,681,800)	20,571,701	2,714,600
Certificates of obligation - Private placement	-	5,500,000	-	5,500,000	1,050,000
Certificates of obligation	62,560,000	-	(1,295,000)	61,265,000	1,330,000
Unamortized premiums and discounts	5,498,620	-	(478,246)	5,020,374	-
	<u>93,977,276</u>	<u>5,500,000</u>	<u>(7,120,201)</u>	<u>92,357,075</u>	<u>5,094,600</u>
Other liabilities:					
Compensated absences	1,591,512	885,409	(948,098)	1,528,823	847,099
Total Business-type Activities	<u>\$ 95,568,788</u>	<u>\$ 6,385,409</u>	<u>\$ (8,068,299)</u>	<u>\$ 93,885,898</u>	<u>\$ 5,941,699</u>

Long-term debt due in more than one year \$ 87,944,199

The following are descriptions of the business type activities long-term obligations:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
General Obligation Bonds				
Series 2014 Obligation Refunding Bonds *	\$ 2,183,000	2024	2.0 to 5.0	\$ 135,001
Series 2016 Obligation Refunding Bonds *	14,904,169	2033	3.0 to 5.0	8,966,700
Series 2021 Obligation Refunding Bonds	13,642,054	2030	0.3 to 1.8	11,470,000
Total General Obligation Bonds				<u>\$ 20,571,701</u>
Certificates of obligation - Private placement				
Series 2022 Combination Tax and Revenue Bonds	\$ 5,500,000	2029	2.23	\$ 5,500,000
Total Certificates of obligation - Private placement				<u>\$ 5,500,000</u>
Certificates of Obligation				
Series 2017 Combination Tax and Revenue Bonds	\$ 33,330,000	2038	2.0 to 5.0	\$ 29,930,000
Series 2019 Combination Tax and Revenue Bonds	32,750,000	2039	2.0 to 5.0	31,335,000
Total Certificates of Obligation				<u>\$ 61,265,000</u>

* The original issue was \$5,900,000 for the Series 2014 Obligation Refunding Bonds and \$17,365,000 for the Series 2016 Obligation Refunding Bonds. The original issue amounts reported above represent the portion allocated to business type activities only.

Annual debt service requirements to maturity for business type activity long term debt are as follows:

Year Ending Sept. 30	Certificates of Obligation - Private placement		Certificates of Obligation		General Obligation Bonds	
	Principal	Interest	Principal	Interest	Principal	Interest
2023	\$ 1,050,000	\$ 126,738	\$ 1,330,000	\$ 2,714,950	\$ 2,714,600	\$ 538,168
2024	1,075,000	99,235	1,385,000	2,661,750	2,107,401	498,511
2025	1,100,000	75,264	1,440,000	2,606,350	2,006,100	450,601
2026	1,125,000	50,737	1,500,000	2,548,750	2,063,000	403,801
2027	1,150,000	25,643	1,565,000	2,481,850	2,114,900	352,326
2028-2032	-	-	8,995,000	11,238,750	8,569,400	885,746
2033-2037	-	-	11,405,000	8,829,050	996,300	39,852
2038-2042	-	-	14,235,000	5,997,100	-	-
2043-2047	-	-	15,615,000	2,575,500	-	-
2048-2052	-	-	3,795,000	229,200	-	-
	<u>\$ 5,500,000</u>	<u>\$ 377,617</u>	<u>\$ 61,265,000</u>	<u>\$ 41,883,250</u>	<u>\$ 20,571,701</u>	<u>\$ 3,169,005</u>

The total net revenues of the Combined Utility System Fund are pledged for repayment of the Business-type Activity Revenue Bonds, General Obligation Bonds and Certificates of Obligation. The pledge will remain in force for the term of the bonds.

Description	Principal	Interest	Totals
Certificates of Obligation	\$ 1,330,000	\$ 2,714,950	\$ 4,044,950
Certificates of Obligation - Private placement	1,050,000	126,738	1,176,738
General Obligation	2,714,600	538,168	3,252,768
Contracts	-	-	-
Total annual debt service	\$ 5,094,600	\$ 3,379,856	\$ 8,474,456
Operating revenues			\$ 42,216,670
Operating expenses			<u>34,642,471</u>
Net operating income			7,574,199
Add:			
Depreciation			<u>10,136,262</u>
Total net revenues			\$ 17,710,461

Debt service coverage 2.09

Current Year Issuance of Debt – Business-Type Activities

In April 2022, the City issued Certificates of Obligation, Series 2022 in the amount of \$11,000,000 with \$5,500,000 for business-type activities. The certificates were sold in a private placement and mature in fiscal year 2029 with an interest rate of 2.23%. The business-type activities proceeds of the sale were used to fund the purchase of sanitation vehicles and sanitation equipment.

Defeased Debt

As a result of refunding transactions in the current and prior years, the City defeased certain outstanding bonds issued by placing the proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow accounts to provide for all future bonds are not included in the City's financial statements. The total amount of governmental and business-type defeased bonds outstanding as of September 30, 2022 is \$24,355,000.

Discretely Presented Component Unit - Bayside at Waterman’s Public Improvement District

Long-term liability activity for the year ended September 30, 2022 is as follows:

	Balance September 30, 2021	Increases	(Decreases)	Balance September 30, 2022	Amounts Due Within One Year
Bayside at Waterman’s PID					
Special assessment revenue bonds	\$ 8,800,000	\$ -	\$ (1,170,000)	\$ 7,630,000	\$ 170,000
	<u>\$ 8,800,000</u>	<u>\$ -</u>	<u>\$ (1,170,000)</u>	<u>\$ 7,630,000</u>	<u>\$ 170,000</u>

The following are descriptions of the discretely presented component unit long-term obligations:

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
Bayside at Waterman’s PID Bonds				
Series 2014 Special Assessment Revenue Bonds	\$ 9,600,000	2044	5.6 to 6.1	\$ 7,630,000
Total Bayside at Waterman’s PID Bonds				<u>\$ 7,630,000</u>

Annual debt service requirements to maturity for Bayside at Waterman’s Public Improvement District long term debt are as follows:

Year Ending Sept. 30	Bayside at Waterman’s PID Revenue Bonds	
	Principal	Interest
	2023	\$ 170,000
2024	190,000	447,719
2025	190,000	437,031
2026	190,000	426,344
2027	210,000	415,656
2028-2032	1,335,000	1,873,269
2033-2037	1,795,000	1,421,131
2038-2042	2,390,000	811,644
2043-2047	1,160,000	107,800
	<u>\$ 7,630,000</u>	<u>\$ 6,397,875</u>

All of the special assessment revenue received by the District is obligated to pay for the special assessment revenue bonds noted above. The City has no financial or legal responsibility for payment of the bonds. The City’s only responsibility is to pursue collections of assessments which is performed by a third-party consultant on behalf of the City.

Note 10 - Fund Equity

Deficit fund balance reported by this fund below is the result of timing difference between the funding agency and local grantee qualifying outlays. Deficit in this fund is considered temporary and expected to be relieved during the next fiscal year.

Internal Service Funds:	
Workers’ Compensation Fund	\$ (205,663)
Health and Life Insurance Fund	\$ (6,156,279)

Net deficit reported by the Workers’ Compensation Fund above reflects the inclusion \$0.2 million of total estimated workers’ compensation claims payable. Net deficit reported by the Health Insurance Fund reflects the inclusion \$17.2 million of total OPEB liability. The City is reviewing options to fund the liability. See Note 14 for additional information on the total OPEB liability.

Note 11 - Commitments and Contingencies

Grants

Amounts received or receivable from grantor 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 amount, if any, of expenditures which may be disallowed by the grantor, cannot be determined at this time, although the City expects that any such amounts will be immaterial.

Environmental Liability

The City is aware of various sites contaminated by hazardous materials. There are no significant liabilities related to these sites of which the City is aware. The City also participates in the Texas Natural Resources Underground Storage Tank registration program and has each site insured for pollution liability. The City is also actively remediating several sites with grant funds from the General Land Office.

Note 12 - Risk Management

The City is exposed to various risks of loss related to torts, thefts, damage and destruction of assets, errors and omissions, injuries to employees and natural disasters. The City has commercial insurance policies for liability and property insurance. The major insurance policies, including law enforcement and public official policies, have deductibles of \$5,000 per occurrence.

The City purchases automobile and law enforcement liability insurance from the Texas Municipal League (TML) Intergovernmental Risk Pool, a self-insurance fund using members contributions to pay covered losses. Participation in the pool is affirmed when a City signs an inter-local agreement. There is no requirement for a municipality to invest funds into the risk pool other than by insurance premiums for actual policies issued by TML.

There have been no significant reductions in insurance coverage from prior years. There have been no insurance settlements exceeding insurance coverage in the past five years.

The Casualty and Liability Internal Service Fund is used to account for the accumulation of assets charged to other funds of the City for insurance premiums and all other liabilities.

Workers Compensation

The City is self-insured for workers compensation. The third party administrator for the City is TML, with a per coverage retention of \$500,000. TML also provides the stop loss reinsurance for excess claims with an annual aggregate retention of \$1,000,000 and aggregate limit of liability of \$1,000,000.

All funds of the City participate in the program and make payments to the Workers Compensation Internal Service Fund based on estimates of the amounts needed to pay prior and current year claims. The claims liability is reported in the fund at September 30, 2022, and is based on requirements of GASB Statement No. 10, which requires that a liability for claims be reported if information prior to the issuance of the financial statements indicates that it is probable that a liability has been incurred at the date of the financial statements and the amount of loss can be reasonably estimated.

The City's long-term workers' compensation liability is recorded in the government-wide statement of net position. Current liability amounts are recorded in all funds having incurred charges. The estimates of liability are based on current claims outstanding and the estimate of reserves based on industry experience.

Changes in the City's workers compensation claims liability reserve amount for the past two fiscal years are as follows:

Fiscal Year	Beginning of Year Accrual	Current Year Estimates	Current Year Payments	End of Year Accrual
2021	\$ 724,587	\$ 406,436	\$ (489,032)	\$ 641,991
2022	641,991	176,398	(397,377)	421,012

Employee Health Insurance

Effective November 1, 2001, the City established a limited Risk Management Program for Health Insurance by setting up an Internal Service Fund to account for its insured and self-insured risk of loss. The Health and Life Insurance Fund is principally supported by contributions from the City and its employees. The City makes contributions to cover the employees, and the employees are required to make contributions to cover their dependents. The Health and Life Insurance Fund charges the various operating funds premiums for the City’s contribution. The City has obtained specific stop loss insurance through Blue Cross Blue Shield of Texas (“BCBSTX”), which limits the City’s claims paid to \$200,000 per individual. BCBSTX also provides aggregate stop loss coverage for the plan, which limits claims paid to \$1,430.56 per employee per month.

Incurred but not reported (IBNR) claims as of year-end are estimated by the third party administrator based on prior claims experience. Changes in the City’s IBNR health claims liability, for the past two fiscal years, are as follows:

<u>Fiscal Year</u>	<u>Beginning of Year Accrual</u>	<u>Current Year Estimates</u>	<u>Current Year Payments</u>	<u>End of Year Accrual</u>
2021	\$ 960,640	\$ 9,763,797	\$ (9,894,688)	\$ 829,749
2022	829,749	11,060,594	(10,988,904)	901,439

Note 13 - Major Contracts and Commitments

As of year-end, the City has the following major contracts and commitments in force. The following is a summary of these commitments:

Emergency Medical Services Contract

Through agreement with the Galveston County Health District (the District), the District provides emergency medical services including trained personnel for treatment and dispatching, transport of victims to hospitals, ambulances and supplies, public education regarding medical emergencies, and management and system evaluation. Operation and management is under control of the District. The City is responsible for operating deficits of this entity for up to \$225,000 per year.

Galveston County Jail

Through agreement with the County of Galveston (County), the County agrees to reserve 6 beds in the County Jail for individuals arrested by City police. The City will pay the County monthly the sum of \$69.43 per City inmate per calendar day or fraction thereof. Annually this equates to a minimum of approximately \$150,000 per year. The City pays the daily rate for months in which the average nightly occupancy is greater than 6.5 inmates.

Gulf Coast Water Authority

The Gulf Coast Water Authority (GCWA) supplies one hundred percent of Galveston’s potable water supply. GCWA holds rights and maintains access to water originating in the Brazos River basin that flows through a system of canals and reservoirs to the Thomas Mackey water purification plant in Texas City. Purified water is pumped from the plant to the island through lines that cross the old causeway and/or the bay to the island. The City then assumes responsibility for pumping, storage and customer sales. Under the most recent amendment dated May 27, 2015, the City retains the right to use up to 21 million gallons per day at a flat cost of \$0.4629 per 1000 gallons. Water actually consumed is supplied to the City at the rate of \$0.7825 per 1000 gallons pumped. GCWA also makes improvements to the plant and its distribution system with bond proceeds, and the City pays its proportional share of this debt service to GCWA (see Note 9). In FY 2022, the City paid GCWA \$10.0 million for debt service, water rights and water consumption.

Note 14 - Post-Employment Benefits Other Than Pensions

Plan Description

The City defined benefit OPEB plan provides certain post-employment retirement benefits for its qualifying employees and spouses/dependents through a single-employer defined benefit health care plan administered by the City. No assets are accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

Benefits Provided

Eligible participants, as defined by the City, may continue health care coverage during retirement by paying the total active contributions, including the City portion and the retiree portion. In the case of deferred retirement or death in service, the health care benefit is not available. However, in the case of disability retirement benefits, coverage is available if the employee is eligible for disability benefits through the City. Coverage under the health care plan ceases upon reaching Medicare eligibility. A separate, audited GAAP-basis postemployment benefit plan report is not available.

Employees covered by OPEB plan as of December 31, 2021 were as follows:

Inactive plan members or beneficiaries currently receiving benefits	21
Inactive plan members entitled to but not yet receiving benefits	-
Active plan members	698
Total plan members	719

Total OPEB Liability

The City's total OPEB liability was measured as of December 31, 2021 and determined by an actuarial valuation as of that date in accordance with GASB Statement No. 75. Total OPEB liability is generally liquidated by the General Fund and the Health and Life Insurance Fund.

Changes in Total OPEB Liability

Changes in the City's OPEB liability presented below are calculated for the year ended December 31, 2021 (measurement year):

Total OPEB Liability	
Service cost	\$ 1,240,929
Interest on the total OPEB Liability	277,119
Difference between expected and actual experience actual experience	(239,625)
Changes of assumption	2,602,988
Plan Curtailment	(1,289,107)
Benefit payments	(38,678)
Net change in total OPEB liability	2,553,626
Total OPEB liability - beginning	14,665,606
Total OPEB liability - ending	\$ 17,219,232
 Covered employee payroll	 \$ 47,502,880
 Total OPEB liability as a percentage of covered employee payroll	 36.25%

Changes of assumption reflects a change in discount rate from 1.93% in 2020 to 2.25% in 2021. Contributions made after measurement date but before the end of employer's reporting period will be recognized as a reduction of net OPEB liability in subsequent fiscal period. Plan Curtailment is explained in detail below.

OPEB Expense

For the year ended September 30, 2022, the City recognized total OPEB expense of \$2,272,037

Service cost	\$ 1,240,929
Interest on the total OPEB Liability	277,119
Recognition of current year inflow due to liabilities	-
Amortization of prior year inflow due to liabilities	753,989
Total OPEB expense	<u>\$ 2,272,037</u>

Deferred Outflows of Resources

At September 30, 2022, the City reported deferred outflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 24,074	\$ (1,965,162)
Changes of assumptions	6,558,291	-
Contributions subsequent to the measurement date	101,771	-
	<u>\$ 6,684,136</u>	<u>\$ (1,965,162)</u>

The \$101,771 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows of resources related to OPEB will be recongized in OPEB expense as follows:

<u>Year ended September 30:</u>	
2023	\$ 489,602
2024	489,602
2025	489,602
2026	489,602
2027	489,602
thereafter	2,169,193
	<u>\$ 4,617,203</u>

Under the reporting parameters, the City’s retiree health care plan is 0.0% funded with the actuarial accrued liability exceeding the actuarial assets by \$17,219,232 at December 31, 2021. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered employee payroll is 36.25%.

Actuarial Methods and Assumptions

Projections of health benefits are based on the plan as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and the City’s employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

Discount Rate

The discount rate for plans that do not have formal assets equals the tax-exempt municipal bond rate on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. The municipal bond rate is based on the daily rate closest to, but not later than, the measurement date of the Fidelity “20-year Municipal GO AA Index”.

Significant methods and assumptions were as follows:

Actuarial Methods and Assumptions

Inflation Rate	2.50% per annum
Discount Rate	2.25% as of Dec 31, 2021
Actuarial Cost Method	Entry-Age Normal
Amortization Method	Straight line amortization
Amortization Period	Expected remaining service of all employees eligible for or currently receiving OPEB through the OPEB plan
Payroll Growth	2.75% - 6.35% for General Employees 4.00% - 7.00% for Police 3.00% - 9.18% for Firefighters
Health Care Costs Trend Rates	Initial medical trend rate of 7.10% for retirees declining to an ultimate rate of 4.14% in the year 2042

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.25% as well as what the plan's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower or 1-percentage-point higher than the current rates used:

	1% Decrease (1.25%)	Current Discount Rate (2.25%)	1% Increase (3.25%)
Total OPEB liability	\$ 19,024,009	\$ 17,219,232	\$ 15,580,897

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the total OPEB liability of the City, as well as what the City's total OPEB liability would be if it were calculated using healthcare cost trend rates that are 1- percentage-point lower or 1-percentage-point higher than the current rates used:

	1% Decrease (6.71%) decreasing to 6.10)	Healthcare Cost Trend Rates (7.71%) decreasing to 7.10%)	1% Increase (8.71%) decreasing to 8.10%)
Total OPEB liability	\$ 14,722,890	\$ 17,219,232	\$ 20,272,610

Plan Curtailment

Prior to 2021, the Port of Galveston shared coverage for employees with the City of Galveston, however in 2021 the Port decided to pursue its own healthcare coverage and also decided to no longer offer retiree healthcare to employees (there were no retirees on the plan at the time of the event).

OPEBs were accounted for using the "Proportional Share" allocation methodology for internal accounting purposes, however results were aggregated and shown as such in the City's annual audit report. The Port's action triggered a curtailment, a term not defined or addressed by GASB.

The treatment of the curtailment is shown in the elimination of the Port's proportional share of the Total OPEB Liability and included in the amortization of experience and assumption change bases acceleration of the deferred in/out-flow bases allocated to the Port as of December 31, 2020. Specifically, of the \$443,306 experience base amortized in expense, \$188,526 is the acceleration of the outstanding balance for the Port. Similarly, of the \$1,197,295 amortized for the assumption base, \$452,913 was the impact of accelerating the Port's proportional share.

The remaining liability and related deferred amounts as of December 31, 2021, are now fully attributable to the City and no longer includes any amounts attributable to the Port.

Note 15 - Employee Retirement System

Plan Descriptions

The City has three single employer defined benefit pension plans which provide pension benefits for substantially all of its full-time employees:

- City of Galveston Employees' Retirement Plan for City Employees
- City of Galveston Employees' Retirement Plan for Police
- Galveston Firefighters' Pension Fund

These pension plans were established under the authority of Title 8, Subchapter A of the Texas Government Code, Texas statutes (Vernon's Texas Civil Statutes, Articles 6243p and 6243e respectively) which establish the various benefit provisions. Independent Boards of Trustees administer each plan. The fiscal year of each pension fund ends December 31. The most recent available stand-alone financial statements of the pension funds are for the year ended December 31, 2021. The specific summary plan description for each Plan and the financial statements are available at the respective plan offices.

Benefits Provided

The City of Galveston Employees' Retirement Plan for City Employees ("ERP") provides retirement benefits for non-civil service employees, service-connected disability and death benefits to eligible members and surviving spouses and/or dependents. The normal retirement benefit under the Plan equals 2.25% of Average Monthly Compensation multiplied by a Participant's years of benefit service. The maximum normal retirement benefit is \$5,000 per month. Service retirement benefits are payable for the Participant's lifetime. In the event the Participant's death precedes that of his or her spouse, one half of the Participant's pension will be continued to the spouse for his or her lifetime or until remarried. The City of Galveston Employees' Pension Plan audit reports can be found at <https://www.galvestontx.gov/819/Financial-Transparency>.

City of Galveston Employees' Retirement Plan for Police ("PRP") provides retirement benefits for police officers in two groups: *Group A* consists of members with 15 or more years of service as of January 1, 2006, who were members as of June 30, 2008. *Group B* consists of members who either (a) had less than 15 years of service as of January 1, 2006, and who were members as of June 30, 2008, or (b) were employed on or after July 1, 2008. The City of Galveston Police's Pension Plan audit reports can be found at <https://www.galvestontx.gov/819/Financial-Transparency>.

Normal and Late Retirement - Eligibility attainment age is sixty-five (65). Benefits for Group A members shall be the greater of (i) the monthly amount determined as 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, and (ii) the sum of the Preserved Benefit and Post Transition Accrued Benefit payable after the member reaches the eligible attainment age. Benefits for Group B members will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years.

Early Retirement - Eligibility for an Early Pension is: (i) on or after the member's 55th birthday and before Normal Retirement Date with between ten and twenty years of vested service, or (ii) after the member has reached the attainment age of sixty-two (62). Reduced early pension benefits will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, reduced by 1/180th for each of the first 60 months and 1/360th for each of the next 60 months and shall commence either on the member's Normal Retirement Date or on the first day of any month following his Early Retirement and before his Normal Retirement Date.

Special Early Retirement - Eligibility for a Special Early Pension benefits for Group A members is either (i) completion of at least twenty years, but less than twenty five years, of vested service and attainment of age forty-five (45) or (ii) twenty five or more years of service regardless of age. Benefits will be equal to the members choice of (i) 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, (ii) the sum of his Preserved Benefit and his Post Transition Accrued Benefit, with one sum payable prior to age sixty-five (65) and a lower sum payable after age sixty-five (65), or (iii) a level monthly Pension that is the Actuarial Equivalent of the leveling option. The leveling option would maintain the same benefit payment throughout retirement. Eligibility for Group B members is completion of 20 or

more years of service and attainment of age forty-five (45), but before attainment of age fifty (50). Benefits will be equal to 2.11% of average monthly base pay multiplied by the years of benefit service, limited to 30 years, reduced by 1/180th for each month by which the starting date of payments commences on the first of the month immediately following the latter of the member’s fiftieth (50th) birthday or the date of retirement.

Galveston Firefighters’ Pension Fund (“GFPF”) provides retirement and incidental benefits for all civil service members of the City of Galveston, Texas Fire Department under the age of 35 at the date of entering service. The Galveston Firefighters’ Pension Plan audit reports can be found at www.galvestonfirepension.com.

A member is eligible for service retirement upon completion of 20 years of service and attainment age of fifty (50). Benefits are calculated at 3% of the highest 60-month average salary times years of service. Benefits are payable for the member’s lifetime; if the member’s death precedes the death of the member’s spouse, two-thirds of the member’s pension will be continued for the spouse for his or her lifetime. However, benefits cease if the spouse remarries.

A member who has attained age 51.5 and 21.5 years of service may elect to receive benefits under the Retro Deferred Retirement Option Plan (DROP) option. This option is equal to the amount of monthly contributions that the member made to the fund during participation in the fund plus the total monthly retirement benefits the member would have received between the time the member entered DROP and the time the member retired under the plan.

Employees covered by the three plans as of September 30, 2022 were as follows:

	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan
Retirees and beneficiaries currently receiving benefits	368	94	143
Terminated employees entitled to but not receiving benefits	63	-	47
Terminated employees entitled to only a refund of contributions	199	-	-
Disabled	-	-	-
Active Employees	506	116	142
Total Participants	1,136	210	332

Contributions

Contribution rates for the City and employees for the fiscal year ended September 30, 2022 were as follows:

	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan
Participant contribution	6.00%	18.00%	12.00%
City contribution	9.00%	17.00%	18.00%

Pension contribution rates are determined by ordinance with respect to the Employee Plan. Collective bargaining agreements establish minimum contribution levels with respect to the Police and Firefighters Plans.

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2021, and the total pension liability used to calculate the net pension liability was determined by an actuarial valuation as of that date. The Plans’ Fiduciary Net Position is determined on the same basis used by the pension plans.

	<u>Employees Pension Plan</u>	<u>Fire Fighters Pension Plan</u>	<u>Police Pension Plan</u>
Total Pension Liability	\$ 76,607,012	\$ 80,803,024	\$ 57,147,570
Fiduciary Net Position	<u>71,465,323</u>	<u>59,034,511</u>	<u>26,664,502</u>
Net Pension Liability	<u>\$ 5,141,689</u>	<u>\$ 21,768,513</u>	<u>\$ 30,483,068</u>
Fiduciary net position as a percentage of total pension liability	93.29%	73.06%	46.66%

Net Pension Liability is generally liquidated by the General Fund, Pension Reform Fund, Proprietary Funds and the pension fund’s investments.

On May 2, 2019, the Legislature of the State of Texas passed House Bill No 2763 (“HB 2763”) relating to the police pension fund in certain municipalities. HB 2763 establishes requirements that a municipality must offset any negative financial impact to the fund, as determined by the actuary, caused solely by an action taken by the municipality, including a reduction in the number of police officers. The municipality will be required to provide additional funding to the police pension fund by making contribution increases until the negative impact is eliminated, as determined by the actuary. The bill also provides that current contribution rates (18 percent by the City and 12 percent by active plan members) will remain in place until January 1, 2025. After that time, any future deficit caused by forces beyond the City’s control, including economic downturn, will result in any increased net pension liability being treated as a separate liability and split between the City and the plan members in the form of mandatory contributions. Therefore, the City and plan members are mandated to keep the plan’s amortization period under 30 years effectively beginning in 2020.

HB 2763 also establishes minimum contribution levels. The City must contribute to the police pension fund 18 percent of payroll based on authorized staffing levels, as approved by the City Council and Collective Bargaining Agreement at the start of each fiscal year. The City shall calculate the difference between the actual payroll and the payroll in which the initial contribution was based and make a contribution to the police pension fund to cover the deficiency of the initial contribution. Furthermore, the rate of contributions to the police pension fund may not be reduced, nor shall a new benefit payable be established, if the change results in an increase to the amortization period of the unfunded actuarial liability that exceeds 25 years.

Changes in Net Pension Liability

Changes in the City's net pension liability presented below are calculated on the same basis as each of the plans for the year ended December 31, 2021 (measurement year):

	Employees' Retirement Plan for City Employees	Galveston Firefighters' Pension Fund	Employees' Retirement Plan for Police
	<u>2021</u>	<u>2021</u>	<u>2021</u>
Total pension liability:			
Service cost	\$ 2,497,417	\$ 1,662,377	\$ 1,708,114
Interest	5,424,399	5,714,227	4,173,384
Difference between expected and actual experience	(1,210,867)	261,857	(1,375,958)
Change in assumptions	-	572,208	(3,079,503)
Benefit payments, including refunds of employee contributions	(4,851,629)	(3,869,920)	(4,380,235)
Net change in total pension liability	1,859,320	4,340,749	(2,954,198)
Total pension liability - beginning	74,747,692	76,462,275	60,101,768
Total pension liability - ending (a)	<u>\$ 76,607,012</u>	<u>\$ 80,803,024</u>	<u>\$ 57,147,570</u>
Plan fiduciary net position:			
Contributions - employer	\$ 2,521,658	\$ 1,535,533	\$ 2,669,933
Contributions - employee	1,682,106	1,625,859	1,521,017
Net investment income	9,207,951	6,342,667	4,222,886
Benefit payments, including refunds of employee contributions	(4,851,629)	(3,869,920)	(4,380,235)
Administrative expense	(138,989)	(148,065)	(140,670)
Net change in plan fiduciary net position	8,421,097	5,486,074	3,892,931
Plan fiduciary net position - beginning	63,044,226	53,548,437	22,771,571
Plan fiduciary net position - ending (b)	<u>\$ 71,465,323</u>	<u>\$ 59,034,511</u>	<u>\$ 26,664,502</u>
Net pension liability - ending (a) - (b)	<u>\$ 5,141,689</u>	<u>\$ 21,768,513</u>	<u>\$ 30,483,068</u>

Pension Expense

For the year ended September 30, 2022, the City recognized total pension expense by plan is as follows:

	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan	Total
Service Cost	\$ 2,497,417	\$ 1,662,377	\$ 1,708,114	\$ 5,867,908
Interest on total pension liability	5,424,399	5,714,227	4,173,384	15,312,010
Administrative expenses	138,989	148,065	140,670	427,724
Member contributions	(1,682,106)	(1,625,859)	(1,521,017)	(4,828,982)
Expected investment return net of investment expenses	(4,542,183)	(3,984,010)	(1,535,738)	(10,061,931)
Recognition of economic/demographic gains or losses	(422,592)	8,441	(734,690)	(1,148,841)
Recognition of assumption changes or inputs	433,337	390,809	344,386	1,168,532
Differences between projected and actual earnings on plan investments	(1,998,034)	(1,316,859)	(515,690)	(3,830,583)
Pension Expense	<u>\$ (150,773)</u>	<u>\$ 997,191</u>	<u>\$ 2,059,419</u>	<u>\$ 2,905,837</u>

Schedule of Deferred Outflows and Inflow of Resources

Deferred outflows of resources and deferred inflows of resources by source reported by the City at September 30, 2022 for each plan are as follows:

	Employees Pension Plan		Fire Fighters Pension Plan		Police Pension Plan		Total	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 56,798	\$ (1,355,917)	\$ 546,778	\$ (240,270)	\$ 54,279	\$ (1,645,714)	\$ 657,855	\$ (3,241,901)
Changes of assumptions	395,911	-	2,765,606	(287,446)	1,901,341	(2,213,976)	5,062,858	(2,501,422)
Difference between projected and actual earnings	-	(6,287,305)	-	(3,855,340)	(2,097,695)	-	(2,097,695)	(10,142,645)
Employers contribution subsequent to measurement date	2,111,537	-	1,305,154	-	2,271,583	-	5,688,274	-
	<u>\$ 2,564,246</u>	<u>\$ (7,643,222)</u>	<u>\$ 4,617,538</u>	<u>\$ (4,383,056)</u>	<u>\$ 2,129,508</u>	<u>\$ (3,859,690)</u>	<u>\$ 9,311,292</u>	<u>\$ (15,885,968)</u>

The \$5,688,274 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Measurement date	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan	Total
2022	\$ (1,450,751)	\$ (235,971)	\$ (812,944)	\$ (2,499,666)
2023	(2,874,400)	(1,427,506)	(2,032,308)	(6,334,214)
2024	(1,676,539)	(321,509)	(619,059)	(2,617,107)
2025	(1,186,404)	139,030	(537,454)	(1,584,828)
2026	(2,419)	603,124	-	600,705
thereafter	-	172,160	-	172,160
	<u>\$ (7,190,513)</u>	<u>\$ (1,070,672)</u>	<u>\$ (4,001,765)</u>	<u>\$ (12,262,950)</u>

Actuarial Assumptions and Other Data

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan
Inflation	2.75% per annum	2.75% per annum	3.50% per annum
Investment rate of return	7.25%, net of pension plan investment expenses	7.50%, net of pension plan investment expenses	7.00% per annum, net of pension plan investment expenses
Salary increases	2.75%, plus promotion, step and longevity increases that vary by service	2.75%, plus promotion, step and longevity increases that vary by service	The total annual assumed salary increase for wag inflation plus longevity and promotion is based on years of service ranging from 3.50%-10%
Mortality rates	PubG-2010 below-median income mortality tables for employees and retirees, projected for mortality improvement generationally using the projection scale MP-2018	PubS-2010 (public safety) total dataset mortality tables for employees and retirees, projected for mortality improvement generationally using the projection scale MP-2019.	Society of Actuaries (SOA) Public Safety mortality tables projected generationally with Scale MP-2021

Discount Rate

The discount rates reported are based on certified actuarial reports and are used to measure the total pension liability as of December 31, 2021 which is 7.25% for the Employees Pension Plan, 7.50% for the Firefighters Pension Plan and 7.00% for the Police Pension Plan. The discount rate is an assumption that generally is not required to be updated between actuarial valuations dates.

Sensitivity of the net pension liability to changes in the discount rate

The following presents the net pension liability of the City, calculated using the discount rate of each plan as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1- percentage-point lower or 1-percentage-point higher than the current rates used:

	<u>1% Decrease (6.25%)</u>	<u>Current Discount Rate (7.25%)</u>	<u>1% Increase (8.25%)</u>
Employees Pension Plan	\$ 13,791,669	\$ 5,141,689	\$ (2,155,637)
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Fire Fighters Pension Plan	\$ 31,453,687	\$ 21,768,513	\$ 13,633,355
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Police Pension Plan	\$ 37,426,986	\$ 30,483,068	\$ 24,729,046

Note 16 - Prior Period Adjustments

During the fiscal year, the City made the following prior period adjustments to Government wide and fund financial statements

I)The City did a reclassification of interest income allocated to the Convention Center Surplus Fund, the Arts and Historical Preservation Fund, the American Rescue Plan and the General Fund for the periods from FY 2014 to FY 2021. The Convention Center Surplus Fund and the Arts and Historical Preservation Fund are Special Revenue funds and the American Rescue Plan and the General Fund are Major Governmental funds.

	<u>Covention Center Surplus</u>	<u>Arts & Historical Preservation</u>	<u>American Rescue Plan</u>	<u>General Fund</u>
Ending fund bal. at Sep 30, 2021 as previously reported	\$ 4,820,523	\$ 1,792,314	\$ -	\$ 21,945,559
Restatement due to reclass of interest	125,841	64,603	1,478	(191,922)
Ending fund bal. at Sep 30, 2021 as restated	<u>\$ 4,946,364</u>	<u>\$ 1,856,917</u>	<u>\$ 1,478</u>	<u>\$ 21,753,637</u>

II) The City wrote off two feasibility study projects in the Drainage fund that had been erroneously characterized as CIP previously.

Net Position – Drainage Fund as previously stated:	\$ 17,848,332
Prior Period Adjustment	(909,334)
Net Position – Drainage Fund at September 30, 2021, as restated	<u>\$ 16,938,998</u>
Net Position of BTA- Enterprise funds as previously stated	\$ 303,060,598
Prior Period Adjustment	(909,334)
Net Position of BTA- Enterprise funds at September 30, 2021 as restated	<u>\$ 302,151,264</u>

III) The City made corrections to the Internal Service Fund allocation between the Governmental & Business-Type Activities for FY 2021.

	<u>Governmental Activities</u>
Internal Service Fund Governmental Activities Net Position at Sep 30, 2021 as previously reported	\$ 90,499
Restatement due to recalculation of Internal Service Fund allocation	<u>(561,344)</u>
Internal Service Fund Governmental Activities Net Position at Sep 30, 2021 as restated	\$ (470,845)
	 <u>Business-Type Activities</u>
Internal Service Fund Business-type Activities Net Position at Sep 30, 2021 as previously reported	\$ (1,243,464)
Restatement due to recalculation of Internal Service Fund allocation	<u>561,344</u>
Internal Service Fund Business-type Activities Net Position at Sep 30, 2021 as restated	\$ (682,120)

For the Government Wide Statement of Activities, the prior period adjustment amount for the Business-Type Activities will be \$347,990, which is the net of prior period adjustments for feasibility study projects in the Drainage fund & the ISF allocation.

Note 17 - Litigation/Contingency

The City is a defendant in various lawsuits and is aware of pending claims arising in the ordinary course of its activities, some of which seek damages that could impact the operations of the City. That litigation includes lawsuits claiming damages that allege that the City caused personal injuries and wrongful deaths; breach of contract and various claims from contractors for additional amounts under construction contracts. The status of such litigation ranges from an early discovery stage to various levels of appeal of judgments both for and against the City.

The amount of damages is limited in certain cases under the Texas Tort Claims Act and is subject to appeal. Some cases in federal court for deprivation of civil rights do not have similar limitations.

Typically, the City is covered for claims under a policy through the Texas Municipal League Risk Pool. The City intends to defend itself vigorously against all suits; however, no prediction can be made, as of the date thereof, with respect to the liability of the City for such claims or the final outcome of such suits. The City typically utilizes its Risk Pool funds or the General Fund to liquidate claims and judgments; however, the City is authorized under Texas law to issue judgment bonds to pay final judgments against the City under appropriate circumstances.

Note 18 - Subsequent Events

City of Galveston Certificates of Obligation, Series 2022A

On October 4, 2022, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2022A in the amount of \$62,635,000. The interest rate ranges from 4.625% to 5.250%. The bonds were issued at premium totalling \$2,929,792. Proceeds from the sale of the Certificates will be used for all or any part of the costs associated with (1) the acquisition, construction and installation of certain improvements to the City's utility system; and (2) paying certain costs incurred in connection with the issuance of the Certificates.

Required Supplementary Information

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2022 Annual Comprehensive Financial Report



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**GENERAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Revenues						
Property taxes	\$ 32,734,000	\$ 32,734,000	\$ 32,292,019	\$ -	\$ 32,292,019	\$ (441,981)
Sales tax	18,200,000	18,200,000	22,572,772	-	22,572,772	4,372,772
Mixed beverage tax	850,000	850,000	1,146,597	-	1,146,597	296,597
Franchise and other taxes	5,047,445	5,047,445	5,185,672	-	5,185,672	138,227
Licenses and permits	1,339,075	1,339,075	2,450,956	-	2,450,956	1,111,881
Fines and forfeitures	1,584,000	1,584,000	1,493,596	-	1,493,596	(90,404)
Charges for services	288,100	288,100	332,140	-	332,140	44,040
Investment earnings	50,000	50,000	150,266	-	150,266	100,266
Intergovernmental	198,600	652,300	334,419	-	334,419	(317,881)
Other	550,000	550,000	1,707,918	-	1,707,918	1,157,918
Total Revenues	60,841,220	61,294,920	67,666,355	-	67,666,355	6,371,435
General government						
Legislative	676,729	621,729	611,032	-	611,032	10,697
Judicial	794,973	734,973	733,738	-	733,738	1,235
Executive	729,410	629,410	616,087	-	616,087	13,323
City auditor	421,838	421,838	404,760	-	404,760	17,078
Finance	2,097,184	2,128,662	2,100,093	-	2,100,093	28,569
Legal	895,405	895,405	868,286	-	868,286	27,119
Personnel	575,250	575,250	567,485	-	567,485	7,765
Governmental expenditures	7,553,003	822,364	404,676	-	404,676	417,688
Facilities maintenance	1,284,828	1,284,828	1,284,828	-	1,284,828	-
Taxation	320,546	350,546	349,777	-	349,777	769
Total general government	15,349,166	8,465,005	7,940,762	-	7,940,762	524,243
Public safety						
Police	23,662,413	23,479,953	23,470,116	-	23,470,116	9,837
Fire	13,188,789	13,833,627	13,833,626	-	13,833,626	1
Emergency management	119,304	289,958	286,116	-	286,116	3,842
Emergency medical service	826,882	826,882	824,448	-	824,448	2,434
City marshal	847,061	892,061	886,055	-	886,055	6,006
Total public safety	38,644,449	39,322,481	39,300,361	-	39,300,361	22,120
Public works and traffic	3,803,094	3,955,997	3,904,818	43,270 ³	3,948,088	7,909
Culture and recreation	3,020,702	3,260,125	3,252,380	-	3,252,380	7,745
Planning and community development	1,624,741	1,706,492	1,699,952	-	1,699,952	6,540
Transportation system	200,000	250,000	-	250,000 ¹	250,000	-
Capital outlay	1,000,000	1,617,885	850,461	(43,270) ³	807,191	810,694
Total expenditures	63,642,152	58,577,985	56,948,734	250,000	57,198,734	1,379,251
Other Financing Sources (Uses)						
Transfers in	3,133,700	3,133,700	3,128,700	-	3,128,700	(5,000)
Transfers out	(733,500)	(11,301,848)	(11,551,848)	250,000 ¹	(11,301,848) ²	-
Sale of capital assets	50,732	50,732	114,713	-	114,713	63,981
Total Other Financing Sources (Uses)	2,450,932	(8,117,416)	(8,308,435)	250,000	(8,058,435)	58,981
Net change in fund balance	(350,000)	(5,400,481)	2,409,186	-	2,409,186	7,809,667
Fund balance - beginning	16,350,730	14,386,279	21,945,559	-	21,945,559	7,559,280
Prior period adjustments	-	(192,000)	(191,922)	-	(191,922)	78
Fund balance - ending	\$ 16,000,730	\$ 8,793,798	\$ 24,162,823	\$ -	\$ 24,162,823	\$ 15,369,025

1) Amounts budgeted in the General Fund designated for Island Transit operating overruns and Island Transit transfer to the Health Insurance Fund.

2) This includes transfers totaling \$960,000 to the Separation Pay Fund, \$4,600,000 to the Health Insurance Fund and the charter mandated 8% of General Fund Budgeted Revenues transfer to the Infrastructure & Debt Service Fund in the amount of \$5,158,348.

3) These represent reclasses for budget presentation purposes only.

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**AMERICAN RESCUE PLAN ACT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**
For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
		Actual	Reconciling Items		
Revenues					
Intergovernmental	\$ 26,995,755	\$ 2,162,442	\$ 24,833,313 ¹	\$ 26,995,755	\$ -
Investment earnings	-	123,190	-	123,190	123,190
Total Revenues	<u>26,995,755</u>	<u>2,285,632</u>	<u>24,833,313</u>	<u>27,118,945</u>	<u>123,190</u>
Highways and roads	90,000	-	-	-	90,000
Capital outlay	26,898,520	2,162,442	-	2,162,442	24,736,078
Total expenditures	<u>26,988,520</u>	<u>2,162,442</u>	<u>-</u>	<u>2,162,442</u>	<u>24,826,078</u>
Net change in fund balance	7,234	123,190	24,833,313 ¹	24,956,503	(24,702,888)
Fund balance - beginning	<u>13,309,945</u>	<u>-</u>	<u>13,309,945</u>	<u>13,309,945</u>	<u>-</u>
Prior period adjustments	-	1,478	-	1,478	(1,478)
Fund balance - ending	<u>\$ 13,317,179</u>	<u>\$ 124,668</u>	<u>\$ 38,143,258</u>	<u>\$ 38,267,926</u>	<u>\$ (24,704,366)</u>

1) Amounts budgeted in the American Rescue Plan Act Fund includes deferred revenues of \$24,833,313

REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION

*Schedule of Changes in Net Pension Liability and Related Ratios
For the Last Eight Measurement Years
Employees' Retirement Plan for City Employees*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:			
Service cost	\$ 2,497,417	\$ 2,399,935	\$ 2,315,618
Interest	5,424,399	5,238,969	4,953,301
Effect of plan changes	-	1,404,762	-
Difference between expected and actual experience	(1,210,867)	(396,841)	(120,010)
Change in assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(4,851,629)	(4,712,170)	(4,683,296)
Net change in total pension liability	1,859,320	3,934,655	2,465,613
Total pension liability - beginning	74,747,692	70,813,036	68,347,423
Total pension liability - ending (a)	<u>\$ 76,607,012</u>	<u>\$ 74,747,691</u>	<u>\$ 70,813,036</u>
Plan fiduciary net position:			
Contributions - employer	\$ 2,521,658	\$ 2,486,763	\$ 2,424,690
Contributions - employee	1,682,106	1,658,767	1,616,461
Net investment income	9,207,951	6,247,770	9,791,491
Benefit payments, including refunds of employee contributions	(4,851,629)	(4,712,170)	(4,683,296)
Administrative expense	(138,989)	(134,810)	(165,773)
Net change in plan fiduciary net position	8,421,097	5,546,320	8,983,573
Plan fiduciary net position - beginning	63,044,226	57,497,902	48,514,329
Plan fiduciary net position - ending (b)	<u>\$ 71,465,323</u>	<u>\$ 63,044,222</u>	<u>\$ 57,497,902</u>
Net pension liability - ending (a) - (b)	<u>\$ 5,141,689</u>	<u>\$ 11,703,469</u>	<u>\$ 13,315,134</u>
Plan fiduciary net position as a percentage of total pension liability	93.29%	84.34%	81.20%
Covered payroll	\$ 28,035,100	\$ 27,646,117	\$ 26,741,018
Net pension liability as a percentage of covered payroll	18.34%	42.33%	49.79%
Annual money-weighted rate of return, net of investment expense	14.70%	10.93%	20.35%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

The methods and assumptions disclosed on page 113 were used to determine the contribution rates for the year ended December 31, 2021. These methods and assumptions were not retroactively used for Calendar years 2014-2019 shown above.

Employees' Retirement Plan for City Employees - Calendar Year

2018	2017	2016	2015	2014
\$ 2,157,580	\$ 1,982,697	\$ 1,782,456	\$ 2,036,695	\$ 2,184,793
4,640,796	4,423,875	4,388,324	4,465,817	4,291,727
735,115	-	-	-	-
(365,588)	636,348	(1,388,765)	(932,848)	-
1,531,884	33,335	1,539,868	1,385,114	-
(4,411,522)	(4,106,737)	(3,921,559)	(4,102,964)	(3,820,447)
4,288,265	2,969,518	2,400,324	2,851,814	2,656,073
64,059,158	61,089,640	58,689,316	55,837,502	53,181,429
<u>\$ 68,347,423</u>	<u>\$ 64,059,158</u>	<u>\$ 61,089,640</u>	<u>\$ 58,689,316</u>	<u>\$ 55,837,502</u>
\$ 2,367,759	\$ 2,274,927	\$ 2,059,527	\$ 1,968,772	\$ 1,836,025
1,578,505	1,518,519	1,371,184	1,315,516	1,224,018
(2,431,839)	6,356,393	3,333,830	(856,751)	1,803,409
(4,411,523)	(4,106,737)	(3,921,559)	(4,102,964)	(3,820,447)
(138,864)	(133,005)	(145,136)	(127,457)	(123,414)
(3,035,962)	5,910,097	2,697,846	(1,802,884)	919,591
51,550,291	45,640,194	42,942,348	44,745,232	43,825,641
<u>\$ 48,514,329</u>	<u>\$ 51,550,291</u>	<u>\$ 45,640,194</u>	<u>\$ 42,942,348</u>	<u>\$ 44,745,232</u>
<u>\$ 19,833,094</u>	<u>\$ 12,508,867</u>	<u>\$ 15,449,446</u>	<u>\$ 15,746,968</u>	<u>\$ 11,092,270</u>
70.98%	80.47%	74.71%	73.17%	80.13%
\$ 26,061,778	\$ 25,308,650	\$ 22,853,067	\$ 21,925,267	\$ 20,400,300
76.10%	49.43%	67.60%	71.82%	54.37%
-4.75%	14.00%	7.82%	-1.94%	4.16%

REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION**Schedule of Changes in Net Pension Liability and Related Ratios****For the Last Eight Measurement Years****Galveston Firefighters' Pension Fund**

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:			
Service cost	\$ 1,662,377	\$ 1,616,312	\$ 1,415,927
Interest	5,714,227	5,483,730	5,156,123
Effect of plan changes	-	-	-
Difference between expected and actual experience	261,857	-	374,319
Change in assumptions	572,208	-	3,564,858
Benefit payments, including refunds of employee contributions	(3,869,920)	(4,275,722)	(3,975,925)
Net change in total pension liability	4,340,749	2,824,320	6,535,302
Total pension liability - beginning	76,462,275	73,637,955	67,102,653
Total pension liability - ending (a)	<u>\$ 80,803,024</u>	<u>\$ 76,462,275</u>	<u>\$ 73,637,955</u>
Plan fiduciary net position:			
Contributions - employer	\$ 1,535,533	\$ 1,471,714	\$ 1,401,579
Contributions - employee	1,625,859	1,558,302	1,484,025
Net investment income	6,342,667	5,875,872	7,770,870
Benefit payments, including refunds of employee contributions	(3,869,920)	(4,275,722)	(3,975,925)
Administrative expense	(148,065)	(112,582)	(138,000)
Net change in plan fiduciary net position	5,486,074	4,517,584	6,542,549
Plan fiduciary net position - beginning	53,548,437	49,030,853	42,488,304
Plan fiduciary net position - ending (b)	<u>\$ 59,034,511</u>	<u>\$ 53,548,437</u>	<u>\$ 49,030,853</u>
Net pension liability - ending (a) - (b)	<u>\$ 21,768,513</u>	<u>\$ 22,913,838</u>	<u>\$ 24,607,102</u>
Plan fiduciary net position as a percentage of total pension liability	73.06%	70.03%	66.58%
Covered payroll	\$ 9,032,550	\$ 8,657,233	\$ 8,244,583
Net pension liability as a percentage of covered payroll	241.00%	264.68%	298.46%
Annual money-weighted rate of return, net of investment expense	11.94%	12.15%	18.56%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

The methods and assumptions disclosed on page 113 were used to determine the contribution rates for the year ended December 31, 2021. These methods and assumptions were not retroactively used for Calendar years 2014-2019 shown above.

Galveston Firefighters' Pension Fund - Calendar Year

2018	2017	2016	2015	2014
\$ 1,374,686	\$ 1,347,728	\$ 1,323,916	\$ 1,271,356	\$ 1,216,609
4,945,665	4,780,763	4,960,114	4,715,969	4,523,782
-	-	(1,279,046)	-	-
-	(297,644)	(502,594)	268,323	-
-	-	(1,141,246)	121,483	-
(3,316,088)	(4,143,975)	(3,254,265)	(3,501,502)	(3,151,223)
3,004,263	1,686,872	106,879	2,875,629	2,589,168
64,098,390	62,411,518	62,304,639	59,429,010	56,839,842
<u>\$ 67,102,653</u>	<u>\$ 64,098,390</u>	<u>\$ 62,411,518</u>	<u>\$ 62,304,639</u>	<u>\$ 59,429,010</u>
\$ 2,369,263	\$ 1,091,996	\$ 1,072,865	\$ 996,543	\$ 986,610
1,413,412	1,247,995	1,226,133	1,138,906	1,127,549
(2,484,721)	6,445,125	2,187,709	(848,619)	1,486,347
(3,316,088)	(4,143,975)	(3,254,265)	(3,501,502)	(3,151,223)
(145,205)	(144,975)	(103,459)	(113,486)	(133,008)
(2,163,339)	4,496,166	1,128,983	(2,328,158)	316,275
44,651,640	40,155,474	39,026,491	41,354,649	41,038,374
<u>\$ 42,488,301</u>	<u>\$ 44,651,640</u>	<u>\$ 40,155,474</u>	<u>\$ 39,026,491</u>	<u>\$ 41,354,649</u>
<u>\$ 24,614,352</u>	<u>\$ 19,446,750</u>	<u>\$ 22,256,044</u>	<u>\$ 23,278,148</u>	<u>\$ 18,074,361</u>
63.32%	69.66%	64.34%	62.64%	69.59%
\$ 8,273,793	\$ 7,799,969	\$ 7,663,331	\$ 7,118,164	\$ 7,044,338
297.50%	249.32%	290.42%	327.02%	256.58%
-5.35%	16.45%	5.68%	-2.09%	4.16%

REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION

*Schedule of Changes in Net Pension Liability and Related Ratios
For the Last Eight Measurement Years
Employees' Retirement Plan for Police*

	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:			
Service cost	\$ 1,708,114	\$ 1,649,898	\$ 1,622,016
Interest	4,173,384	4,111,885	3,979,593
Difference between expected and actual experience	(1,375,958)	(540,297)	(138,553)
Change in assumptions	(3,079,503)	(188,703)	(95,499)
Benefit payments, including refunds of employee contributions	(4,380,235)	(4,044,672)	(4,107,380)
Net change in total pension liability	<u>(2,954,198)</u>	<u>988,111</u>	<u>1,260,177</u>
Total pension liability - beginning	60,101,768	59,113,656	57,853,479
Total pension liability - ending (a)	<u>\$ 57,147,570</u>	<u>\$ 60,101,767</u>	<u>\$ 59,113,656</u>
Plan fiduciary net position:			
Contributions - employer	\$ 2,669,933	\$ 2,443,661	\$ 3,803,070
Contributions - employee	1,521,017	1,588,346	1,504,688
Net investment income	4,222,886	972,658	3,193,800
Benefit payments, including refunds of employee contributions	(4,380,235)	(4,044,672)	(4,107,380)
Administrative expense	(140,670)	(141,233)	(297,764)
Net change in plan fiduciary net position	<u>3,892,931</u>	<u>818,760</u>	<u>4,096,414</u>
Plan fiduciary net position - beginning	22,771,571	21,952,811	17,856,397
Plan fiduciary net position - ending (b)	<u>\$ 26,664,502</u>	<u>\$ 22,771,571</u>	<u>\$ 21,952,811</u>
Net pension liability - ending (a) - (b)	<u>\$ 30,483,068</u>	<u>\$ 37,330,196</u>	<u>\$ 37,160,845</u>
Plan fiduciary net position as a percentage of total pension liability	46.66%	37.89%	37.14%
Covered payroll	\$ 12,675,142	\$ 13,236,218	\$ 12,539,068
Net pension liability as a percentage of covered payroll	240.49%	282.03%	296.36%
Annual money-weighted rate of return, net of investment expense	19.25%	4.57%	18.01%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Net pension liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 68. Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

The methods and assumptions disclosed on page 113 were used to determine the contribution rates for the year ended December 31, 2021. These methods and assumptions were not retroactively used for Calendar years 2014-2019 shown above.

Employees' Retirement Plan for Police - Calendar Year

2018	2017	2016	2015	2014
\$ 1,258,499	\$ 1,073,161	\$ 1,106,580	\$ 1,054,361	\$ 1,140,739
3,897,882	3,932,216	3,834,917	3,646,049	3,669,170
(992,542)	(358,201)	519,531	157,590	(502,743)
5,113,954	2,398,032	223,990	590,641	(2,527,532)
(4,275,151)	(4,547,830)	(4,322,870)	(4,114,277)	(3,808,422)
5,002,642	2,497,378	1,362,148	1,334,364	(2,028,788)
52,850,837	50,353,459	48,991,311	47,656,947	49,685,735
<u>\$ 57,853,479</u>	<u>\$ 52,850,837</u>	<u>\$ 50,353,459</u>	<u>\$ 48,991,311</u>	<u>\$ 47,656,947</u>
\$ 1,713,305	\$ 1,486,488	\$ 1,255,887	\$ 1,257,637	\$ 1,240,469
1,417,069	1,371,862	1,255,887	1,254,637	1,240,469
(1,134,296)	2,581,753	1,493,582	(486,296)	1,101,143
(4,275,151)	(4,547,830)	(4,322,870)	(4,114,277)	(3,808,422)
(408,688)	(132,932)	(126,111)	(86,285)	(85,937)
(2,687,761)	759,341	(443,625)	(2,174,584)	(312,278)
20,544,158	19,784,817	20,228,442	22,403,026	22,715,304
<u>\$ 17,856,397</u>	<u>\$ 20,544,158</u>	<u>\$ 19,784,817</u>	<u>\$ 20,228,442</u>	<u>\$ 22,403,026</u>
<u>\$ 39,997,082</u>	<u>\$ 32,306,679</u>	<u>\$ 30,568,642</u>	<u>\$ 28,762,869</u>	<u>\$ 25,253,921</u>
30.86%	38.87%	39.29%	41.29%	47.01%
\$ 11,808,927	\$ 11,432,183	\$ 10,465,725	\$ 10,455,308	\$ 10,337,242
338.70%	282.59%	292.08%	275.10%	244.30%
-5.74%	13.68%	7.75%	2.26%	4.96%

REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION
Schedule of Contributions
Last Ten Fiscal Years

	Employees' Retirement Plan for City Employees				
	2022	2021	2020	2019	2018
Actuarially determined contributions	\$ 2,670,956	\$ 2,513,409	\$ 2,508,671	\$ 2,506,334	\$ 2,334,748
Contribution in relation to the actuarially required contribution	\$ 2,655,238	\$ 2,518,412	\$ 2,508,671	\$ 2,506,334	\$ 2,334,748
Contribution deficiency (excess)	\$ 15,718	\$ (5,003)	\$ -	\$ -	\$ -
Covered payroll	\$ 29,677,294	\$ 27,926,765	\$ 27,874,119	\$ 27,848,145	\$ 25,941,635
Contributions as a percentage of covered payroll	8.9%	9.0%	9.0%	9.0%	9.0%

	Galveston Firefighters' Pension Fund				
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 1,656,957	\$ 1,522,399	\$ 1,450,275	\$ 1,467,673	\$ 1,280,134
Contribution in relation to the contractually required contribution	\$ 1,654,668	\$ 1,522,399	\$ 1,450,154	\$ 1,467,729	\$ 1,280,032
Contribution deficiency (excess)	\$ 2,289	\$ 0	\$ 121	\$ (56)	\$ 102
Covered payroll	\$ 9,746,806	\$ 8,955,290	\$ 8,531,031	\$ 8,633,370	\$ 8,117,526
Contributions as a percentage of covered payroll	17.0%	17.0%	17.0%	17.0%	15.8%

	Employees' Retirement Plan for Police				
	2022	2021	2020	2019	2018
Contractually required contribution	\$ 2,341,765	\$ 2,406,420	\$ 2,356,044	\$ 2,114,333	\$ 1,624,952
Contribution in relation to the contractually required contribution	\$ 2,774,527	\$ 2,406,420	\$ 2,356,823	\$ 2,114,922	\$ 1,625,097
Contribution deficiency (excess) (b)	\$ (432,762)	\$ (0)	\$ (779)	\$ (589)	\$ (145)
Covered payroll	\$ 13,009,803	\$ 13,368,998	\$ 13,089,134	\$ 12,853,090	\$ 11,623,408
Contributions as a percentage of covered payroll (a)	18.00%	18.00%	18.00%	16.45%	13.98%

(a) Contributions by the City increased from 17% to 18% in October 2019.
 (b) Contributions by the City in 2022 included an additional \$430,000 for an 18% contribution on vacant entry level positions during 2020-2022 as agreed upon between City and the Police Pension Board. The covered payroll total for 2022 does not include amounts for vacant positions which caused the contribution excess shown for for 2022.

Employees' Retirement Plan for City Employees

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 2,153,885	\$ 2,024,974	\$ 2,278,432	\$ 2,040,170	\$ 2,108,505
\$ 2,177,518	\$ 2,024,974	\$ 1,858,266	\$ 1,836,025	\$ 1,583,356
\$ (23,633)	\$ -	\$ 420,166	\$ 204,145	\$ 525,149
<u>\$ 23,932,061</u>	<u>\$ 22,499,711</u>	<u>\$ 20,647,326</u>	<u>\$ 20,400,300</u>	<u>\$ 17,592,844</u>
9.1%	9.0%	9.0%	9.0%	9.0%

Galveston Firefighters' Pension Fund

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,082,739	\$ 1,023,954	\$ 985,160	\$ 986,610	\$ 945,945
\$ 1,082,739	\$ 1,023,954	\$ 985,160	\$ 986,610	\$ 945,945
\$ -	\$ -	\$ -	\$ -	\$ -
<u>\$ 7,733,848</u>	<u>\$ 7,313,957</u>	<u>\$ 7,036,850</u>	<u>\$ 7,044,338</u>	<u>\$ 6,756,748</u>
14.0%	14.0%	14.0%	14.0%	14.0%

Employees' Retirement Plan for Police

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 1,405,962	\$ 1,249,715	\$ 1,187,532	\$ 1,240,469	\$ 1,114,126
\$ 1,407,567	\$ 1,249,715	\$ 1,187,532	\$ 1,240,469	\$ 1,114,126
\$ (1,605)	\$ -	\$ -	\$ -	\$ -
<u>\$ 10,815,095</u>	<u>\$ 10,414,292</u>	<u>\$ 9,896,098</u>	<u>\$ 10,337,242</u>	<u>\$ 9,281,758</u>
12.83%	12.0%	12.0%	12.0%	12.0%

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REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION**Notes to Schedule of Contributions****For the Year Ended December 31, 2021**

	Employees' Retirement Plan for City Employees	Galveston Firefighters' Pension Fund	Employees' Retirement Plan for Police
Valuation Date:	31-Dec-21	31-Dec-21	31-Dec-21
<u>Methods and assumptions used to determine contribution rates:</u>			
Asset valuation method	Fair Value	Fair Value	Adjusted fair value within a corridor range of 90% to 110% of fair value.
Actuarial cost method	Entry Age Service	Level percentage of payroll	Entry Age Service
Amortization method	Level percentage of payroll, open.	Level percentage of payroll	Level percentage of payroll based on an assumed annual payroll growth of 3.50% per year.
Inflation	2.75% per annum	2.75% per annum	3.50% per annum
Investment rate of return	7.25%, net of pension plan investment expenses	7.50%, net of pension plan investment expenses	7.00% per annum, net of pension plan investment expenses
Administrative expense	Assumed to be 0.55% of payroll.	Assumed to be 1.55% of payroll.	Assumed to be 0.95% of payroll.
Salary increases	2.75%, plus promotion, step and longevity increases that vary by service	2.75%, plus promotion, step and longevity increases that vary by service	The total annual assumed salary increase for wage inflation plus longevity and promotion is based on years of service ranging from 3.50%-10%
Mortality rates	PubG-2010 below-median income mortality tables for employees and retirees, projected for mortality improvement generationally using the projection scale MP-2018	PubS-2010 (public safety) total dataset mortality tables for employees and retirees, projected for mortality improvement generationally using the projection scale MP-2019.	Society of Actuaries (SOA) Public Safety mortality tables projected generationally with Scale MP-2021

The methods and assumptions noted above are used to determine the contribution rates for the year ended December 31, 2021. These methods and assumptions were not retroactively used for previous years.

REQUIRED OPEB SUPPLEMENTARY INFORMATION
Schedule of Changes in Total OPEB Liability and Related Ratios
For the Five Last Measurement Years

	Calendar Year				
	2021	2020	2019	2018	2017
Total OPEB Liability					
Service cost	\$ 1,240,929	\$ 882,874	\$ 777,658	\$ 825,240	\$ 571,322
Interest on the total OPEB Liability	277,119	305,947	360,881	310,894	311,717
Plan Curtailment	(1,289,107)	-	-	-	-
Difference between expected and actual experience	(239,625)	(963,672)	(796)	(1,817,888)	48,153
Changes of assumption	2,602,988	3,408,122	1,030,796	1,325,541	433,248
Benefit payments	(38,678)	347,617	(254,025)	(316,616)	(244,096)
Net change in total OPEB liability	2,553,626	3,285,654	1,914,514	327,171	1,120,344
Total OPEB liability - beginning	14,665,606	11,379,952	9,465,438	9,138,267	8,017,923
Total OPEB liability - ending	<u>\$ 17,219,232</u>	<u>\$ 14,665,606</u>	<u>\$ 11,379,952</u>	<u>\$ 9,465,438</u>	<u>\$ 9,138,267</u>
Covered employee payroll	\$ 47,502,880	\$ 42,418,424	\$ 41,580,086	\$ 41,580,086	\$ 39,330,779
Total OPEB liability as a percentage of covered employee payroll	36.25%	34.57%	27.37%	22.76%	23.23%

The amounts presented are for each measurement year, which end the preceding December 31 of the City's fiscal year end. Total OPEB liability is calculated using a new methodology and will be presented prospectively in accordance with GASB 75. Ten years of data should be presented in this schedule but data was unavailable prior to 2017. No assets are accumulated in a trust that meets the criteria of GASB codification P22.101 or P52.101 to pay related benefits for the OPEB plan.

Notes to Schedule:

Changes of assumption: Changes of assumption reflects the effect of changes in the discount rate each period. The following are the discount rates used in each period:

2022	2.25%
2021	1.93%
2020	2.75%
2019	3.71%
2018	3.31%
2017	3.81%

Combining and Individual Fund Statements and Schedule



2022 Annual Comprehensive Financial Report



NON-MAJOR GOVERNMENTAL FUNDS**SPECIAL REVENUE FUNDS**

Special revenue funds are used to account for the proceeds of specific revenue sources legally restricted to expenditures for specific purposes.

Island Transit Fund – To account for the receipt of and expenditure of federal, state, and local revenues designated for transit and other livable community projects.

Rosenberg Library Fund – To account for ad valorem taxes collected and transferred to the library, to be used for library purposes, as authorized by City Charter.

Housing & Urban Development (HUD) Entitlement Grants Fund – To account for receipt and expenditure of annual federal CDBG Entitlement and HOME Investment Partnership allocations.

Project Specific Programs Fund – To account for receipt and expenditures designated for governmental special projects; including Police/Fire general projects, Fire special revenue, Courts general projects, and other parks general projects.

Cable Television Public Education & Government Fund – To account for receipt and expenditures of public-access television tax revenue provided for the purpose of public, educational, and governmental information.

Parking Management Fund – To account for receipts of downtown parking revenue and expenditures related to the operation and capital improvement of the downtown area.

Seawall Parking Fund – To account for net receipts of seawall parking revenue in excess of Park Board expenditures related to the operation of the seawall and beach. Balances can only be allocated by the City Council for capital improvements to the seawall and beach.

Arts and Historical Fund – To account for receipts of the 1/8 percent hotel occupancy tax, to be used for advertisement and capital repairs to historical buildings and statues.

Neighborhood Revitalization Fund – To account for receipt and expenditure of monies from the Industrial Development Board of the City of Galveston to be used for Capital Projects.

Public Safety Programs Fund – To account for receipt and expenditures of federal, state and/or local grant monies restricted for governmental public safety programs and capital projects.

Infrastructure & Debt Service Fund – To account for receipt and expenditures restricted for governmental infrastructure capital projects as defined by the City Charter.

Judicial Programs Fund – To account for receipt and expenditures designated for governmental judicial capital projects, including court building security and technology, and youth after-school programs.

Convention Center Surplus Fund – To account for local hotel occupancy tax allocated to operations and capital projects that enhance and promote tourism and the convention and hotel industry.

Lasker Pool Fund - To account for receipts and expenditures for City pool operations.

Pension Reform Fund - To account for funds set aside to be used for reforming the City's three pension plans.

Recovery and Capital Reserve Fund – To account for receipt and expenditures committed for governmental projects.

Separation Pay Fund – To account for the final payout of employees accrued benefits at the separation of employment.

Revenue Producing Parks Fund – To account for receipts and expenditures of revenue generating beach parks.

Technology Replacement Fund – To account for City resources from other funds used to implement new and or upgraded computer hardware and software systems.

Hurricane Harvey Fund – To account for receipt and expenditures of grant monies restricted for Hurricane Harvey recovery and mitigation efforts.

FEMA Disaster Fund – To account for receipt and expenditures of grant monies restricted for Tropical Storm Laura recovery efforts.

CAPITAL PROJECTS FUNDS

Capital projects funds are used to account for the acquisition and construction of major capital facilities other than those financed by proprietary and trust funds.

Island Transit Capital Projects Fund – To account for capital outlay related to the Island Transit operations.

General Obligation Bonds 2017 Capital Projects Fund – To account for capital outlay financed by the proceeds from the General Obligation Bonds, Series 2017.

Industrial Development Corporation Beach Renourishment Fund – To account for project costs renourish beaches as financed by the IDC and directed by the voters.

Industrial Development Corporation Economic Development Fund – To account for economic development projects as financed by the IDC and directed by the voters.

Industrial Development Corporation Parks Improvement Fund – To account for improvements to City parks financed by the IDC and directed by the voters.

Industrial Development Corporation Infrastructure Fund – To account for streets, drainage and sewer system improvement projects financed by the IDC and directed by the voters.

DEBT SERVICE FUNDS

Debt service funds are used to account for the accumulation of resources for debt service fund and payment of general long-term debt, principal, interest and related costs.

Debt Service Fund – To account for the payment of interest and principal on all property tax-supported general obligation long-term debt of the City. Water and sewer supported general obligation refunding bond debt service payment are paid by the respective enterprise fund. City bonds issued on behalf of the Wharves Authority are paid here and reimbursed by the Authority.

Hotel Occupancy Tax Debt Service Fund – To account for the accumulation of hotel occupancy taxes to fund reserves and debt service payments for bonds issued to build the convention center and adjoining parking garage.

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2022

	SPECIAL REVENUE FUNDS			
	<u>Island Transit</u>	<u>Rosenberg Library</u>	<u>Payroll Clearing</u>	<u>Housing & Urban Development Entitlement</u>
Assets				
Cash and cash equivalents	\$ 78	\$ -	\$ 2,376	\$ 15,151
Receivables (net of allowance for uncollectibles)	-	178,477	-	26,689
Due from other governments	238,294	-	-	331,001
Due from other funds	-	-	-	-
Inventories	232,109	-	-	-
Prepaid Items	-	-	-	2,864
Restricted cash and investments	-	-	-	842,652
Total Assets	<u>\$ 470,481</u>	<u>\$ 178,477</u>	<u>\$ 2,376</u>	<u>\$ 1,218,357</u>
Liabilities				
Accounts payable	\$ 91,076	\$ -	\$ -	\$ 36,441
Accrued expenditures	37,344	-	2,376	48,724
Due to other funds	97,542	51,234	-	332,173
Due to other governments	-	-	-	61
Unearned revenue	-	-	-	800,958
Customer deposits	-	-	-	-
Total Liabilities	<u>225,962</u>	<u>51,234</u>	<u>2,376</u>	<u>1,218,357</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	127,243	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>127,243</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable:				
Inventories	232,109	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Beach preservation	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	-
Grants	12,410	-	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	-	-	-	-
Assigned:				
Other	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>244,519</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 470,481</u>	<u>\$ 178,477</u>	<u>\$ 2,376</u>	<u>\$ 1,218,357</u>

SPECIAL REVENUE FUNDS

Project Specific Programs	Cable Public Television Education & Government	Parking Management	Seawall Parking	FEMA Disaster	Arts and Historical
\$ 18,734	\$ -	\$ 957,550	\$ -	\$ -	\$ 2,163,128
214,448	40,430	-	-	-	-
2,664,487	-	-	670,262	29,348	-
-	-	-	-	-	80,990
-	-	-	-	-	-
-	-	-	-	-	-
703,149	1,444,278	-	2,647,080	-	-
<u>\$ 3,600,818</u>	<u>\$ 1,484,708</u>	<u>\$ 957,550</u>	<u>\$ 3,317,342</u>	<u>\$ 29,348</u>	<u>\$ 2,244,118</u>
\$ 2,781,935	\$ -	\$ 9	\$ -	\$ 29,348	\$ -
-	-	5,619	-	-	-
80,990	-	2,190	-	-	-
-	-	6,810	-	-	-
3,934	-	-	-	-	-
13,067	-	-	-	-	-
<u>2,879,926</u>	<u>-</u>	<u>14,628</u>	<u>-</u>	<u>29,348</u>	<u>-</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,317,342	-	-
-	-	-	-	-	-
-	-	-	-	-	2,244,118
-	-	-	-	-	-
-	1,484,708	942,922	-	-	-
720,892	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>720,892</u>	<u>1,484,708</u>	<u>942,922</u>	<u>3,317,342</u>	<u>-</u>	<u>2,244,118</u>
<u>\$ 3,600,818</u>	<u>\$ 1,484,708</u>	<u>\$ 957,550</u>	<u>\$ 3,317,342</u>	<u>\$ 29,348</u>	<u>\$ 2,244,118</u>

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2022

	SPECIAL REVENUE FUNDS			
	Neighborhood Revitalization	Public Safety Programs	Convention Center Surplus	Infrastructure & Debt Service
Assets				
Cash and cash equivalents	\$ 6,624	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other governments	-	2,761	22,767	-
Due from other funds	-	-	2,334,205	47,011
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and investments	-	1,043,270	5,722,970	5,312,514
Total Assets	\$ 6,624	\$ 1,046,031	\$ 8,079,942	\$ 5,359,525
Liabilities				
Accounts payable	\$ -	\$ 58,059	\$ 8,449	\$ 70,370
Accrued expenditures	-	2,511	-	326
Due to other funds	-	1,991	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	1,788	-	-
Customer deposits	-	-	-	-
Total Liabilities	-	64,349	8,449	70,696
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balance				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Beach preservation	-	-	-	-
Infrastructure and debt service	-	-	-	5,288,829
Capital projects	-	-	-	-
Grants	-	981,682	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	8,071,493	-
Committed:				
Governmental projects	-	-	-	-
Assigned:				
Other	6,624	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	6,624	981,682	8,071,493	5,288,829
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 6,624	\$ 1,046,031	\$ 8,079,942	\$ 5,359,525

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
 September 30, 2022

	SPECIAL REVENUE FUNDS			CAPITAL PROJECTS FUNDS		
	Hurricane Harvey	Island Transit Capital Projects	General Obligation Bond 2017 Capital Projects			
Assets						
Cash and cash equivalents	\$ -	\$ -	\$ -			
Receivables (net of allowance for uncollectibles)	-	-	-			
Due from other governments	125,545	26,084	-			
Due from other funds	-	3,509,161	-			
Inventories	-	-	-			
Prepaid items	-	-	-			
Restricted cash and investments	111,458	611,563	444,851			
Total Assets	<u>\$ 237,003</u>	<u>\$ 4,146,808</u>	<u>\$ 444,851</u>			
Liabilities						
Accounts payable	\$ 70,397	\$ -	\$ 185,073			
Accrued expenditures	10,518	-	142,891			
Due to other funds	23,595	26,084	-			
Due to other governments	-	-	-			
Unearned revenue	108,299	29,400	-			
Customer deposits	-	-	-			
Total Liabilities	<u>212,809</u>	<u>55,484</u>	<u>327,964</u>			
Deferred Inflows of Resources						
Unavailable revenue - property taxes	-	-	-			
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>			
Fund Balance						
Nonspendable:						
Inventories	-	-	-			
Prepaid items	-	-	-			
Restricted:						
Debt service	-	-	-			
Beach preservation	-	-	-			
Infrastructure and debt service	-	-	-			
Capital projects	-	4,091,324	116,887			
Grants	24,194	-	-			
Tourism, convention and hotel industry:						
Convention center operator	-	-	-			
City of Galveston	-	-	-			
Committed:						
Governmental projects	-	-	-			
Assigned:						
Other	-	-	-			
Unassigned	-	-	-			
Total Fund Balance	<u>24,194</u>	<u>4,091,324</u>	<u>116,887</u>			
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 237,003</u>	<u>\$ 4,146,808</u>	<u>\$ 444,851</u>			

CAPITAL PROJECTS FUNDS				DEBT SERVICE FUNDS		Total
Industrial Development Corporation Beach Renourishment	Industrial Development Corporation Economic Development	Industrial Development Corporation Parks Improvement	Industrial Development Corporation Infrastructure	Debt Service	Hotel Occupancy Tax Debt Service	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,370,548
-	-	-	-	133,962	-	594,006
321,838	321,838	321,838	321,838	-	-	5,397,901
959	959	959	959	-	-	6,060,903
-	-	-	-	-	-	232,109
-	-	-	-	-	-	8,539
5,367,917	5,759,414	8,441,362	5,494,891	1,614,367	2,787,240	48,771,201
<u>\$ 5,690,714</u>	<u>\$ 6,082,211</u>	<u>\$ 8,764,159</u>	<u>\$ 5,817,688</u>	<u>\$ 1,748,329</u>	<u>\$ 2,787,240</u>	<u>\$ 70,435,207</u>
\$ 137	\$ 537	\$ 23,649	\$ 116,694	\$ -	\$ -	\$ 3,499,392
-	-	-	20,497	-	-	280,826
-	-	-	-	-	-	615,799
-	-	-	-	-	-	6,871
-	-	-	-	-	-	950,045
-	-	-	-	-	-	13,067
<u>137</u>	<u>537</u>	<u>23,649</u>	<u>137,191</u>	<u>-</u>	<u>-</u>	<u>5,366,000</u>
-	-	-	-	133,962	-	261,205
-	-	-	-	133,962	-	261,205
-	-	-	-	-	-	232,109
-	-	-	-	-	-	5,675
-	-	-	-	1,614,367	2,787,240	4,401,607
-	-	-	-	-	-	3,317,342
-	-	-	-	-	-	5,288,829
5,690,577	6,081,674	8,740,510	5,680,497	-	-	32,645,587
-	-	-	-	-	-	1,018,286
-	-	-	-	-	-	-
-	-	-	-	-	-	10,499,123
-	-	-	-	-	-	1,561,889
-	-	-	-	-	-	5,837,555
-	-	-	-	-	-	-
<u>5,690,577</u>	<u>6,081,674</u>	<u>8,740,510</u>	<u>5,680,497</u>	<u>1,614,367</u>	<u>2,787,240</u>	<u>64,808,002</u>
<u>\$ 5,690,714</u>	<u>\$ 6,082,211</u>	<u>\$ 8,764,159</u>	<u>\$ 5,817,688</u>	<u>\$ 1,748,329</u>	<u>\$ 2,787,240</u>	<u>\$ 70,435,207</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2022

	SPECIAL REVENUE FUNDS			
	Island Transit	Rosenberg Library	Payroll Clearing	Housing & Urban Development Entitlement
Revenues				
Property taxes	\$ -	\$ 4,048,694	\$ -	\$ -
Sales and use taxes	-	-	-	-
Hotel occupancy taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	163,015	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	2,273,434	-	-	1,691,020
Other	193,643	-	-	-
Total revenues	<u>2,630,092</u>	<u>4,048,694</u>	<u>-</u>	<u>1,691,020</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and roads	-	-	-	-
Culture and recreation	-	4,048,694	-	-
Planning and community development	-	-	-	953,104
Transportation	3,663,446	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	-	737,672
Total expenditures	<u>3,663,446</u>	<u>4,048,694</u>	<u>-</u>	<u>1,690,776</u>
Excess (deficiency) of revenues over (under) expenditures	(1,033,354)	-	-	244
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Sale of capital assets	2,057	-	-	-
Transfers in	1,029,310	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>1,031,367</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	(1,987)	-	-	244
Fund balance - beginning	<u>246,506</u>	<u>-</u>	<u>-</u>	<u>(244)</u>
Prior period adjustments	-	-	-	-
Fund balance - ending	<u>\$ 244,519</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SPECIAL REVENUE FUNDS

Project Specific Programs	Cable Public Television Education & Government	Parking Management	Seawall Parking	FEMA Disaster	Arts and Historical
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	411,607
895	-	-	-	-	-
90,957	165,486	1,250,215	862,594	-	-
3,489	7,482	4,879	13,488	-	10,889
208,338	-	-	-	1,068,270	-
68,535	-	377	-	-	-
<u>372,214</u>	<u>172,968</u>	<u>1,255,471</u>	<u>876,082</u>	<u>1,068,270</u>	<u>422,496</u>
-	-	-	-	948,578	-
229	-	-	21,241	-	-
-	-	-	-	-	-
33,266	8,649	938,373	-	-	-
-	-	-	-	119,692	-
-	-	-	-	-	-
-	-	-	-	-	-
267,726	277	11,101	11,500	-	35,295
<u>301,221</u>	<u>8,926</u>	<u>949,474</u>	<u>32,741</u>	<u>1,068,270</u>	<u>35,295</u>
70,993	164,042	305,997	843,341	-	387,201
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
70,993	164,042	305,997	843,341	-	387,201
<u>649,899</u>	<u>1,320,666</u>	<u>636,925</u>	<u>2,474,001</u>	<u>-</u>	<u>1,792,314</u>
-	-	-	-	-	64,603
<u>\$ 720,892</u>	<u>\$ 1,484,708</u>	<u>\$ 942,922</u>	<u>\$ 3,317,342</u>	<u>\$ -</u>	<u>\$ 2,244,118</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2022

	SPECIAL REVENUE FUNDS			
	Neighborhood Revitalization	Public Safety Programs	Convention Center Surplus	Infrastructure & Debt Service
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Hotel occupancy taxes	-	-	5,062,638	-
Fines and forfeitures	-	-	-	-
Charges for services	-	129,904	-	-
Investment earnings	-	5,641	30,506	35,410
Intergovernmental	-	200,076	-	-
Other	1,907	91,902	-	3,963
Total revenues	<u>1,907</u>	<u>427,523</u>	<u>5,093,144</u>	<u>39,373</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	421,815	-	-
Highways and roads	-	-	-	834,283
Culture and recreation	-	-	1,138,704	-
Planning and community development	-	-	-	-
Transportation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	147,190	-	2,154,838
Total expenditures	<u>-</u>	<u>569,005</u>	<u>1,138,704</u>	<u>2,989,121</u>
Excess (deficiency) of revenues over (under) expenditures	1,907	(141,482)	3,954,440	(2,949,748)
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Sale of capital assets	-	365	-	-
Transfers in	-	83,500	-	5,158,348
Transfers (out)	-	-	(829,311)	(1,459,038)
Total other financing sources (uses)	<u>-</u>	<u>83,865</u>	<u>(829,311)</u>	<u>3,699,310</u>
Net change in fund balance	1,907	(57,617)	3,125,129	749,562
Fund balance - beginning	<u>4,717</u>	<u>1,039,299</u>	<u>4,820,523</u>	<u>4,539,267</u>
Prior period adjustments	-	-	125,841	-
Fund balance - ending	<u>\$ 6,624</u>	<u>\$ 981,682</u>	<u>\$ 8,071,493</u>	<u>\$ 5,288,829</u>

SPECIAL REVENUE FUNDS						
Judicial Programs	Laker Pool	Pension Reform	Recovery & Capital Reserve	Separation Pay	Revenue Producing Parks	Technology Replacement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
84,416	-	-	-	-	-	-
-	123,943	-	-	-	264,500	-
1,441	1,920	5,467	1,105	-	4,266	12,022
-	-	-	-	-	-	-
-	-	-	127,011	-	-	-
<u>85,857</u>	<u>125,863</u>	<u>5,467</u>	<u>128,116</u>	<u>-</u>	<u>268,766</u>	<u>12,022</u>
74,966	-	42,776	841	1,364,855	-	123,842
-	-	-	-	-	-	-
-	709,546	-	-	-	73,923	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	8,087	-	-	408,048
<u>74,966</u>	<u>709,546</u>	<u>42,776</u>	<u>8,928</u>	<u>1,364,855</u>	<u>73,923</u>	<u>531,890</u>
10,891	(583,683)	(37,309)	119,188	(1,364,855)	194,843	(519,868)
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	400,000	-	-	1,167,570	-	1,500,000
-	-	-	-	-	(4,700)	-
-	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>1,167,570</u>	<u>(4,700)</u>	<u>1,500,000</u>
10,891	(183,683)	(37,309)	119,188	(197,285)	190,143	980,132
<u>270,410</u>	<u>384,848</u>	<u>1,066,699</u>	<u>721,809</u>	<u>321,398</u>	<u>656,080</u>	<u>2,374,282</u>
-	-	-	-	-	-	-
<u>\$ 281,301</u>	<u>\$ 201,165</u>	<u>\$ 1,029,390</u>	<u>\$ 840,997</u>	<u>\$ 124,113</u>	<u>\$ 846,223</u>	<u>\$ 3,354,414</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2022

	SPECIAL REVENUE FUNDS		CAPITAL PROJECTS FUNDS	
	Hurricane Harvey Fund	Island Transit Capital Projects	General Obligation Bond 2017 Capital Projects	
Revenues				
Property taxes	\$ -	\$ -	\$ -	
Sales and use taxes	-	-	-	
Hotel occupancy taxes	-	-	-	
Fines and forfeitures	-	-	-	
Charges for services	-	-	-	
Investment earnings	-	21,504	11,612	
Intergovernmental	200,760	1,521	-	
Other	7,813	-	43,429	
Total revenues	<u>208,573</u>	<u>23,025</u>	<u>55,041</u>	
Expenditures				
Current:				
General government	-	-	-	
Public safety	-	-	-	
Highways and roads	-	-	-	
Culture and recreation	-	-	-	
Planning and community development	103,389	-	-	
Transportation	-	1,782	-	
Debt Service:				
Principal	-	-	-	
Interest and other charges	-	-	-	
Capital Outlay	105,184	5,834	3,495,195	
Total expenditures	<u>208,573</u>	<u>7,616</u>	<u>3,495,195</u>	
Excess (deficiency) of revenues over (under) expenditures	-	15,409	(3,440,154)	
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	
Sale of capital assets	-	-	-	
Transfers in	-	-	-	
Transfers (out)	-	-	-	
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	
Net change in fund balance	-	15,409	(3,440,154)	
Fund balance - beginning	<u>24,194</u>	<u>4,075,915</u>	<u>3,557,041</u>	
Prior period adjustments	-	-	-	
Fund balance - ending	<u>\$ 24,194</u>	<u>\$ 4,091,324</u>	<u>\$ 116,887</u>	

CAPITAL PROJECTS FUNDS				DEBT SERVICE FUNDS		
Industrial Development Corporation Beach Renourishment	Industrial Development Corporation Economic Development	Industrial Development Corporation Parks Improvement	Industrial Development Corporation Infrastructure	Debt Service	Hotel Occupancy Tax Debt Service	Totals
\$ -	\$ -	\$ -	\$ -	\$ 4,251,686	\$ -	\$ 8,300,380
1,876,374	1,876,374	1,876,374	1,876,375	-	-	7,505,497
-	-	-	-	-	1,881,771	7,356,016
-	-	-	-	-	-	85,311
-	-	-	-	-	-	3,050,614
36,637	39,016	45,889	37,814	9,855	12,434	352,766
-	-	-	-	-	-	5,643,419
-	-	-	-	-	-	538,580
<u>1,913,011</u>	<u>1,915,390</u>	<u>1,922,263</u>	<u>1,914,189</u>	<u>4,261,541</u>	<u>1,894,205</u>	<u>32,832,583</u>
-	-	-	-	-	-	2,555,858
-	-	-	-	-	-	443,285
-	-	-	483,650	-	-	1,317,933
653,184	250	403,949	300	-	-	8,008,838
235	237,939	18,535	105,160	-	-	1,538,054
-	-	-	-	-	-	3,665,228
-	-	-	-	2,848,200	1,185,000	4,033,200
-	-	-	-	2,425,638	696,841	3,122,479
107,733	-	428,762	217,948	-	-	8,142,390
<u>761,152</u>	<u>238,189</u>	<u>851,246</u>	<u>807,058</u>	<u>5,273,838</u>	<u>1,881,841</u>	<u>32,827,265</u>
1,151,859	1,677,201	1,071,017	1,107,131	(1,012,297)	12,364	5,318
-	-	5,500,000	-	-	-	5,500,000
-	-	-	-	-	-	2,422
-	-	-	-	959,038	-	10,297,766
-	-	(400,000)	-	-	-	(2,693,049)
-	-	<u>5,100,000</u>	-	<u>959,038</u>	-	<u>13,107,139</u>
1,151,859	1,677,201	6,171,017	1,107,131	(53,259)	12,364	13,112,457
4,538,718	4,404,473	2,569,493	4,573,366	1,667,626	2,774,876	51,505,101
-	-	-	-	-	-	190,444
<u>\$ 5,690,577</u>	<u>\$ 6,081,674</u>	<u>\$ 8,740,510</u>	<u>\$ 5,680,497</u>	<u>\$ 1,614,367</u>	<u>\$ 2,787,240</u>	<u>\$ 64,808,002</u>

GENERAL OBLIGATION BONDS 2019 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final</u> <u>Budget</u>
Revenues			
Investment earnings	\$ -	\$ 96,687	\$ 96,687
Total Revenues	<u>-</u>	<u>96,687</u>	<u>96,687</u>
Capital outlay	24,867,408	13,176,484	11,690,924
Total expenditures	<u>24,867,408</u>	<u>13,176,484</u>	<u>11,690,924</u>
Net change in fund balance	(24,867,408)	(13,079,797)	11,787,611
Fund balance - beginning	<u>16,162,779</u>	<u>28,745,210</u>	<u>12,582,431</u>
Fund balance - ending	<u>\$ (8,704,629)</u>	<u>\$ 15,665,413</u>	<u>\$ 24,370,042</u>

**SPECIAL REVENUE FUND - ISLAND TRANSIT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Actual Amounts			Actual - Budgetary Basis	Variance with Final Budget
	Budgeted Amounts Final	Actual	Reconciling Items		
Revenues					
Charges for services	\$ 150,000	\$ 163,015	\$ (34,776) ¹	\$ 128,239	\$ (21,761)
Intergovernmental	2,920,675	2,273,434	-	2,273,434	(647,241)
Other	69,000	193,643	34,776 ¹	228,419	159,419
Total revenues	<u>3,139,675</u>	<u>2,630,092</u>	<u>-</u>	<u>2,630,092</u>	<u>(509,583)</u>
Expenditures					
Current:					
Transportation	4,719,455	3,663,446	-	3,663,446	1,056,009
Total expenditures	<u>4,719,455</u>	<u>3,663,446</u>	<u>-</u>	<u>3,663,446</u>	<u>1,056,009</u>
Revenues over (under) expenditures	(1,579,780)	(1,033,354)	-	(1,033,354)	546,426
Other Financing Sources (Uses)					
Sale of capital assets	10,000	2,057	-	2,057	(7,943)
Transfers in	1,569,781	1,029,310	-	1,029,310	(540,471)
Total other financing sources (uses)	<u>1,579,781</u>	<u>1,031,367</u>	<u>-</u>	<u>1,031,367</u>	<u>(548,414)</u>
Changes in fund balance	1	(1,987)	-	(1,987)	(1,988)
Fund balance - beginning	<u>363,938</u>	<u>246,506</u>	<u>-</u>	<u>246,506</u>	<u>(117,432)</u>
Fund balance - ending	<u>\$ 363,939</u>	<u>\$ 244,519</u>	<u>\$ -</u>	<u>\$ 244,519</u>	<u>\$ (119,420)</u>

1) Reconciling items represent reclassification in accordance with the budget presentation.

SPECIAL REVENUE FUND - ROSENBERG LIBRARY
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
 For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
		Actual	Reconciling Items		
Revenues					
Property taxes	\$ 4,114,400	\$ 4,048,694	\$ 65,706 ¹	\$ 4,114,400	\$ -
Total revenues	<u>4,114,400</u>	<u>4,048,694</u>	<u>65,706</u>	<u>4,114,400</u>	<u>-</u>
Expenditures					
Current:					
Culture and recreation	4,114,400	4,048,694	65,706 ¹	4,114,400	-
Total expenditures	<u>4,114,400</u>	<u>4,048,694</u>	<u>65,706</u>	<u>4,114,400</u>	<u>-</u>
Changes in fund balance	-	-	-	-	-
Fund balance - beginning	-	-	-	-	-
Fund balance - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

1) Reconciling item represents the true up calculation for prior year collections

SPECIAL REVENUE FUND - PROJECT SPECIFIC PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 895	\$ 895	\$ -
Charges for services	130,777	90,957	(39,820)
Investment earnings	4,505	3,489	(1,016)
Intergovernmental	194,327	208,338	14,011
Other	41,495	68,535	27,040
Total revenues	<u>371,999</u>	<u>372,214</u>	<u>215</u>
Expenditures			
Current:			
Public Safety	1,702	229	1,473
Culture and recreation	30,629	33,266	(2,637)
Capital Outlay	<u>362,975</u>	<u>267,726</u>	<u>95,249</u>
Total expenditures	<u>395,306</u>	<u>301,221</u>	<u>94,085</u>
Changes in fund balance	(23,307)	70,993	94,300
Fund balance - beginning	<u>312,680</u>	<u>649,899</u>	<u>337,219</u>
Fund balance - ending	<u>\$ 289,373</u>	<u>\$ 720,892</u>	<u>\$ 431,519</u>

**SPECIAL REVENUE FUND - CABLE TELEVISION PUBLIC EDUCATION & GOVERNMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 165,000	\$ 165,486	\$ 486
Investment earnings	1,000	7,482	6,482
Total revenues	<u>166,000</u>	<u>172,968</u>	<u>6,968</u>
Expenditures			
Current:			
Culture and recreation	-	8,649	(8,649)
Capital Outlay	1,443,190	277	1,442,913
Total expenditures	<u>1,443,190</u>	<u>8,926</u>	<u>1,434,264</u>
Changes in fund balance	(1,277,190)	164,042	1,441,232
Fund balance - beginning	<u>495,211</u>	<u>1,320,666</u>	<u>825,455</u>
Fund balance - ending	<u>\$ (781,979)</u>	<u>\$ 1,484,708</u>	<u>\$ 2,266,687</u>

SPECIAL REVENUE FUND - PARKING MANAGEMENT FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 800,000	\$ 1,250,215	\$ 450,215
Investment earnings	750	4,879	4,129
Other	-	377	377
Total revenues	<u>800,750</u>	<u>1,255,471</u>	<u>454,721</u>
Expenditures			
Current:			
Culture and recreation	1,093,269	938,373	154,896
Capital outlay	<u>72,045</u>	<u>11,101</u>	<u>60,944</u>
Total expenditures	<u>1,165,314</u>	<u>949,474</u>	<u>215,840</u>
Changes in fund balance	(364,564)	305,997	670,561
Fund balance - beginning	<u>192,398</u>	<u>636,925</u>	<u>444,527</u>
Fund balance - ending	<u>\$ (172,166)</u>	<u>\$ 942,922</u>	<u>\$ 1,115,088</u>

**SPECIAL REVENUE FUND - SEAWALL PARKING FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 150,000	\$ 862,594	\$ 712,594
Investment earnings	1,200	13,488	12,288
Total revenues	<u>151,200</u>	<u>876,082</u>	<u>724,882</u>
Expenditures			
Current:			
Public Safety	-	21,241	(21,241)
Capital outlay	<u>1,838,054</u>	<u>11,500</u>	<u>1,826,554</u>
Total expenditures	<u>1,838,054</u>	<u>32,741</u>	<u>1,805,313</u>
Changes in fund balance	(1,686,854)	843,341	2,530,195
Fund balance - beginning	<u>36,778</u>	<u>2,474,001</u>	<u>2,437,223</u>
Fund balance - ending	<u>\$ (1,650,076)</u>	<u>\$ 3,317,342</u>	<u>\$ 4,967,418</u>

SPECIAL REVENUE FUND - ARTS & HISTORICAL FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Hotel occupancy taxes	\$ 275,000	\$ 411,607	\$ 136,607
Investment earnings	-	10,889	10,889
Total revenues	<u>275,000</u>	<u>422,496</u>	<u>147,496</u>
Expenditures			
Capital outlay	2,004,137	35,295	1,968,842
Total expenditures	<u>2,004,137</u>	<u>35,295</u>	<u>1,968,842</u>
Changes in fund balance	(1,729,137)	387,201	2,116,338
Fund balance - beginning	9,273	1,792,314	1,783,041
Prior period adjustments	-	64,603	64,603
Fund balance - ending	<u>\$ (1,719,864)</u>	<u>\$ 2,244,118</u>	<u>\$ 3,963,982</u>

**SPECIAL REVENUE FUND - NEIGHBORHOOD REVITALIZATION
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Other	\$ -	\$ 1,907	\$ 1,907
Total revenues	<u>-</u>	<u>1,907</u>	<u>1,907</u>
Changes in fund balance	-	1,907	1,907
Fund balance - beginning	<u>14,075</u>	<u>4,717</u>	<u>(9,358)</u>
Fund balance - ending	<u>\$ 14,075</u>	<u>\$ 6,624</u>	<u>\$ (7,451)</u>

SPECIAL REVENUE FUND - PUBLIC SAFETY PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 150,000	\$ 129,904	\$ (20,096)
Investment earnings	730	5,641	4,911
Intergovernmental	167,190	200,076	32,886
Other	90,386	91,902	1,516
Total revenues	<u>408,306</u>	<u>427,523</u>	<u>19,217</u>
Expenditures			
Current:			
Public Safety	1,121,937	421,815	700,122
Capital outlay	147,190	147,190	-
Total expenditures	<u>1,269,127</u>	<u>569,005</u>	<u>700,122</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	365	365
Transfers in	83,500	83,500	-
Transfers (out)	(13,000)	-	13,000
Total other financing sources (uses)	<u>70,500</u>	<u>83,865</u>	<u>13,365</u>
Changes in fund balance	(790,321)	(57,617)	732,704
Fund balance - beginning	<u>103,520</u>	<u>1,039,299</u>	<u>935,779</u>
Fund balance - ending	<u>\$ (686,801)</u>	<u>\$ 981,682</u>	<u>\$ 1,668,483</u>

**SPECIAL REVENUE FUND - CONVENTION CENTER SURPLUS FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Hotel occupancy taxes	\$ 2,520,000	\$ 5,062,638	\$ 2,542,638
Investment earnings	-	30,506	30,506
Total revenues	<u>2,520,000</u>	<u>5,093,144</u>	<u>2,573,144</u>
Expenditures			
Current:			
Culture and recreation	4,591,156	1,138,704	3,452,452
Total expenditures	<u>4,591,156</u>	<u>1,138,704</u>	<u>3,452,452</u>
Other Financing Sources (Uses)			
Transfers (out)	(1,419,781)	(829,311)	590,470
Total other financing sources (uses)	<u>(1,419,781)</u>	<u>(829,311)</u>	<u>590,470</u>
Changes in fund balance	(3,490,937)	3,125,129	6,616,066
Fund balance - beginning	-	4,820,523	4,820,523
Prior period adjustments	-	125,841	125,841
Fund balance - ending	<u>\$ (3,490,937)</u>	<u>\$ 8,071,493</u>	<u>\$ 11,562,430</u>

**SPECIAL REVENUE FUND - INFRASTRUCTURE AND DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 8,000	\$ 8,000	\$ 35,410	\$ 27,410
Other	-	-	3,963	3,963
Total revenues	<u>8,000</u>	<u>8,000</u>	<u>39,373</u>	<u>31,373</u>
Expenditures				
Current:				
Highways and roads	4,383,506	2,233,514	834,283	1,399,231
Capital outlay	<u>3,351,692</u>	<u>5,037,980</u>	<u>2,154,838</u>	<u>2,883,142</u>
Total expenditures	<u>7,735,198</u>	<u>7,271,494</u>	<u>2,989,121</u>	<u>4,282,373</u>
Other Financing Sources (Uses)				
Transfers in	5,122,052	5,158,348	5,158,348	-
Transfers (out)	(959,038)	(1,459,038)	(1,459,038)	-
Total other financing sources (uses)	<u>4,163,014</u>	<u>3,699,310</u>	<u>3,699,310</u>	<u>-</u>
Changes in fund balance	(3,564,184)	(3,564,184)	749,562	4,313,746
Fund balance - beginning	<u>513,588</u>	<u>513,588</u>	<u>4,539,267</u>	<u>4,025,679</u>
Fund balance - ending	<u>\$ (3,050,596)</u>	<u>\$ (3,050,596)</u>	<u>\$ 5,288,829</u>	<u>\$ 8,339,425</u>

SPECIAL REVENUE FUND - JUDICIAL PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Fines and forfeitures	\$ 61,500	\$ 61,500	\$ 84,416	\$ 22,916
Investment earnings	305	305	1,441	1,136
Total revenues	<u>61,805</u>	<u>61,805</u>	<u>85,857</u>	<u>24,052</u>
Expenditures				
Current:				
General government	283,081	287,081	74,966	212,115
Total expenditures	<u>283,081</u>	<u>287,081</u>	<u>74,966</u>	<u>212,115</u>
Changes in fund balance	(221,276)	(225,276)	10,891	236,167
Fund balance - beginning	<u>9,948</u>	<u>9,948</u>	<u>270,410</u>	<u>260,462</u>
Fund balance - ending	<u>\$ (211,328)</u>	<u>\$ (215,328)</u>	<u>\$ 281,301</u>	<u>\$ 496,629</u>

**SPECIAL REVENUE FUND - LASKER POOL
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 109,000	\$ 123,943	\$ 14,943
Investment earnings	300	1,920	1,620
Other	-	-	-
Total revenues	<u>109,300</u>	<u>125,863</u>	<u>16,563</u>
Expenditures			
Current:			
Culture and recreation	816,019	709,546	106,473
Total expenditures	<u>816,019</u>	<u>709,546</u>	<u>106,473</u>
Other Financing Sources (Uses)			
Transfers in	400,000	400,000	-
Total other financing sources (uses)	<u>400,000</u>	<u>400,000</u>	<u>-</u>
Changes in fund balance	(306,719)	(183,683)	123,036
Fund balance - beginning	<u>18,675</u>	<u>384,848</u>	<u>366,173</u>
Fund balance - ending	<u>\$ (288,044)</u>	<u>\$ 201,165</u>	<u>\$ 489,209</u>

SPECIAL REVENUE FUND - PENSION REFORM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Investment earnings	\$ 500	\$ 5,467	\$ 4,967
Total revenues	<u>500</u>	<u>5,467</u>	<u>4,967</u>
Expenditures			
Current:			
General government	1,031,492	42,776	988,716
Total expenditures	<u>1,031,492</u>	<u>42,776</u>	<u>988,716</u>
Changes in fund balance	(1,030,992)	(37,309)	993,683
Fund balance - beginning	<u>1,074,054</u>	<u>1,066,699</u>	<u>(7,355)</u>
Fund balance - ending	<u>\$ 43,062</u>	<u>\$ 1,029,390</u>	<u>\$ 986,328</u>

SPECIAL REVENUE FUND - RECOVERY AND CAPITAL RESERVE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2022

	Budgeted Amounts		Variance with Final
	Final	Actual	Budget
Revenues			
Investment earnings	\$ -	\$ 1,105	\$ 1,105
Other	-	127,011	127,011
Total revenues	<u>-</u>	<u>128,116</u>	<u>128,116</u>
Expenditures			
Current:			
General government	220,000	841	219,159
Capital outlay	<u>22,980</u>	<u>8,087</u>	<u>14,893</u>
Total expenditures	<u>242,980</u>	<u>8,928</u>	<u>234,052</u>
Changes in fund balance	(242,980)	119,188	362,168
Fund balance - beginning	<u>243,164</u>	<u>721,809</u>	<u>478,645</u>
Fund balance - ending	<u>\$ 184</u>	<u>\$ 840,997</u>	<u>\$ 840,813</u>

**SPECIAL REVENUE FUND - SEPARATION PAY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Current:				
General government	\$ 775,570	\$ 1,167,570	\$ 1,364,855	\$ 197,285
Total expenditures	<u>775,570</u>	<u>1,167,570</u>	<u>1,364,855</u>	<u>197,285</u>
Other Financing Sources (Uses)				
Transfers in	<u>775,570</u>	<u>1,167,570</u>	<u>1,167,570</u>	<u>-</u>
Total other financing sources (uses)	<u>775,570</u>	<u>1,167,570</u>	<u>1,167,570</u>	<u>-</u>
Changes in fund balance	-	-	(197,285)	(197,285)
Fund balance - beginning	<u>474,035</u>	<u>474,035</u>	<u>321,398</u>	<u>(152,637)</u>
Fund balance - ending	<u>\$ 474,035</u>	<u>\$ 474,035</u>	<u>\$ 124,113</u>	<u>\$ (349,922)</u>

SPECIAL REVENUE FUND - REVENUE PRODUCING PARKS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 247,245	\$ 264,500	\$ 17,255
Investment earnings	400	4,266	3,866
Total revenues	<u>247,645</u>	<u>268,766</u>	<u>21,121</u>
Expenditures			
Current:			
Culture and recreation	739,565	73,923	665,642
Capital outlay	89,175	-	89,175
Total expenditures	<u>828,740</u>	<u>73,923</u>	<u>754,817</u>
Other Financing Sources (Uses)			
Transfers (out)	-	(4,700)	(4,700)
Total other financing sources (uses)	<u>-</u>	<u>(4,700)</u>	<u>(4,700)</u>
Changes in fund balance	(581,095)	190,143	771,238
Fund balance - beginning	<u>76,245</u>	<u>656,080</u>	<u>579,835</u>
Fund balance - ending	<u>\$ (504,850)</u>	<u>\$ 846,223</u>	<u>\$ 1,351,073</u>

**SPECIAL REVENUE FUND - TECHNOLOGY REPLACEMENT FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 1,000	\$ 1,000	\$ 12,022	\$ 11,022
Total revenues	<u>1,000</u>	<u>1,000</u>	<u>12,022</u>	<u>11,022</u>
Expenditures				
Current:				
General government	745,130	743,116	123,842	619,274
Capital outlay	<u>707,047</u>	<u>709,061</u>	<u>408,048</u>	<u>301,013</u>
Total expenditures	<u>1,452,177</u>	<u>1,452,177</u>	<u>531,890</u>	<u>920,287</u>
Other Financing Sources (Uses)				
Transfers in	-	1,500,000	1,500,000	-
Total other financing sources (uses)	<u>-</u>	<u>1,500,000</u>	<u>1,500,000</u>	<u>-</u>
Changes in fund balance	(1,451,177)	48,823	980,132	931,309
Fund balance - beginning	<u>1,345,167</u>	<u>1,345,167</u>	<u>2,374,282</u>	<u>1,029,115</u>
Fund balance - ending	<u>\$ (106,010)</u>	<u>\$ 1,393,990</u>	<u>\$ 3,354,414</u>	<u>\$ 1,960,424</u>

**SPECIAL REVENUE FUND - HURRICANE HARVEY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts	Actual Amounts	Variance with Final
	Final	Actual	Budget
Revenues			
Intergovernmental	\$ 95,575	\$ 200,760	\$ 105,185
Other	-	7,813	7,813
Total revenues	<u>95,575</u>	<u>208,573</u>	<u>112,998</u>
Expenditures			
Current:			
Planning and community development	95,575	103,389	(7,814)
Capital outlay	<u>60,000</u>	<u>105,184</u>	<u>(45,184)</u>
Total expenditures	<u>155,575</u>	<u>208,573</u>	<u>(52,998)</u>
Changes in fund balance	(60,000)	-	60,000
Fund balance - beginning	<u>42,159</u>	<u>24,194</u>	<u>(17,965)</u>
Fund balance - ending	<u>\$ (17,841)</u>	<u>\$ 24,194</u>	<u>\$ 42,035</u>

**GENERAL OBLIGATION BOND 2017 CAPITAL PROJECTS FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Investment earnings	\$ -	\$ 11,612	\$ 11,612
Other	-	43,429	43,429
Total revenues	<u>-</u>	<u>55,041</u>	<u>55,041</u>
Expenditures			
Current:			
Highways and roads	21,837	-	21,837
Capital outlay	<u>5,119,266</u>	<u>3,495,195</u>	<u>1,624,071</u>
Total expenditures	<u>5,141,103</u>	<u>3,495,195</u>	<u>1,645,908</u>
Changes in fund balance	(5,141,103)	(3,440,154)	1,700,949
Fund balance - beginning	<u>191,145</u>	<u>3,557,041</u>	<u>3,365,896</u>
Fund balance - ending	<u>\$ (4,949,958)</u>	<u>\$ 116,887</u>	<u>\$ 5,066,845</u>

DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended September 30, 2022

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Property taxes	\$ 4,317,600	\$ 4,251,686	\$ (65,914)
Investment earnings	2,000	9,855	7,855
Total revenues	<u>4,319,600</u>	<u>4,261,541</u>	<u>(58,059)</u>
Expenditures			
Debt Service:			
Principal	2,848,200	2,848,200	-
Interest and other charges	2,430,438	2,425,638	4,800
Total expenditures	<u>5,278,638</u>	<u>5,273,838</u>	<u>4,800</u>
Revenues over (under) expenditures	(959,038)	(1,012,297)	(53,259)
Other Financing Sources (Uses)			
Transfers in	959,038	959,038	-
Total other financing sources (uses)	<u>959,038</u>	<u>959,038</u>	<u>-</u>
Changes in fund balance	-	(53,259)	(53,259)
Fund balance - beginning	<u>1,616,627</u>	<u>1,667,626</u>	<u>50,999</u>
Fund balance - ending	<u>\$ 1,616,627</u>	<u>\$ 1,614,367</u>	<u>\$ (2,260)</u>

CITY OF GALVESTON, TEXAS

ENTERPRISE FUNDS BUDGET TO ACTUAL SCHEDULES

Budget-to-actual comparison schedules are presented for all enterprise funds, which includes three major funds (Combined Utility System Fund, Drainage and Airport) and one non-major fund (Sanitation).

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET TO ACTUAL
COMBINED UTILITY SYSTEM - OPERATING**
For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Operating Revenues						
Charges for services	\$ 38,904,200	\$ 38,904,200	\$ 41,946,614	\$ -	\$ 41,946,614	\$ 3,042,414
Lease revenue	-	-	39,596	-	39,596	39,596
Miscellaneous	-	-	230,460	-	230,460	230,460
Total operating revenues	<u>38,904,200</u>	<u>38,904,200</u>	<u>42,216,670</u>	<u>-</u>	<u>42,216,670</u>	<u>3,312,470</u>
Operating Expenses						
Personnel services	10,270,397	10,454,335	9,584,437	612,750 ^{1,9}	10,197,187	257,148
Contractual services	3,811,522	3,653,112	3,237,811	451,956 ^{2,9}	3,689,767	(36,655)
Supplies and materials	2,399,950	2,496,422	2,470,577	(57,467) ¹⁰	2,413,110	83,312
Surface water contract	7,741,566	7,741,566	7,365,738	199,205 ³	7,564,943	176,623
Other expenses	1,651,416	1,923,216	1,847,646	(207,538) ⁹	1,640,108	283,108
Administration charge	1,696,000	1,696,000	-	1,696,000 ⁵	1,696,000	-
Depreciation	-	-	10,136,262	(10,136,262) ⁶	-	-
Capital outlay	2,363,000	2,920,617	-	2,095,204 ⁷	2,095,204	825,413
Total operating expenses	<u>29,933,851</u>	<u>30,885,268</u>	<u>34,642,471</u>	<u>(5,346,152)</u>	<u>29,296,319</u>	<u>1,588,949</u>
Operating income (loss)	<u>8,970,349</u>	<u>8,018,932</u>	<u>7,574,199</u>	<u>5,346,152</u>	<u>12,920,351</u>	<u>4,901,419</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	31,000	31,000	163,208	-	163,208	132,208
Principal expenditure	(3,976,800)	(3,976,800)	-	(3,976,800) ³	(3,976,800)	-
Gain(Loss) on disposal of capital assets	-	-	16,661	-	16,661	16,661
Interest expense	(3,316,971)	(3,516,971)	(3,290,723)	-	(3,290,723)	226,248
Total non-operating revenue (expenses)	<u>(7,262,771)</u>	<u>(7,462,771)</u>	<u>(3,110,854)</u>	<u>(3,976,800)</u>	<u>(7,087,654)</u>	<u>375,117</u>
Income (loss) before contributions and transfers	<u>1,707,578</u>	<u>556,161</u>	<u>4,463,345</u>	<u>1,369,352</u>	<u>5,832,697</u>	<u>5,276,536</u>
Capital contributions	-	-	(1,923,585)	1,923,585 ⁸	-	-
Transfers (out)	(2,939,572)	(1,788,155)	(2,395,239)	1,696,000 ^{4,5}	(699,239)	1,088,916
Change in net position	<u>(1,231,994)</u>	<u>(1,231,994)</u>	<u>144,521</u>	<u>4,988,937</u>	<u>5,133,458</u>	<u>6,365,452</u>
Net position - beginning	<u>254,369,942</u>	<u>254,369,942</u>	<u>257,346,148</u>	<u>1,812,235</u>	<u>259,158,393</u>	<u>4,788,451</u>
Net position - ending	<u>\$253,137,948</u>	<u>\$253,137,948</u>	<u>\$257,490,669</u>	<u>\$ 6,801,172</u>	<u>\$ 264,291,851</u>	<u>\$11,153,903</u>

1) This includes the accrual for compensated absences and GASB 68 pension expense which are not budgeted items.

2) This includes expenditures budgeted as capital outlay but not capitalizable assets and therefore reported as contractual services for GAAP basis.

3) This represents the principal payments on long-term debt which are budgeted as expenses (see Note 9).

4) This represents interfund payments in lieu of taxes which are reflected as interfund transfers for GAAP basis.

5) This represents interfund administrative service charges which are reflected as interfund transfers for GAAP basis.

6) Depreciation is a non-cash expense and therefore not budgeted.

7) Capital outlay is budgeted as an expense but is capitalized and depreciated for GAAP basis.

8) Capital contributions are not budgeted items.

9) This represents non-budgeted Improvement Fund transactions.

10) Year end inventory adjustments are not budgeted items.

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET TO ACTUAL
SANITATION SERVICES**

For the Year Ended September 30, 2022

	<u>Budgeted Amounts</u>		<u>Actual Amounts</u>		<u>Actual - Budgetary Basis</u>	<u>Variance with Final Budget</u>
	<u>Original</u>	<u>Final</u>	<u>Actual</u>	<u>Reconciling Items</u>		
Operating Revenues						
Charges for services	\$ 8,005,184	\$ 8,005,184	\$ 8,443,247	\$ -	\$ 8,443,247	\$ 438,063
Miscellaneous	-	-	133,351	-	133,351	133,351
Total operating revenues	<u>8,005,184</u>	<u>8,005,184</u>	<u>8,576,598</u>	<u>-</u>	<u>8,576,598</u>	<u>571,414</u>
Operating Expenses						
Personnel services	3,995,887	4,065,887	3,571,175	491,202 ¹	4,062,377	3,510
Contractual services	2,213,355	2,868,605	2,867,972	559 ⁴	2,868,531	74
Supplies and materials	113,200	113,200	112,980	-	112,980	220
Other expenses	185,890	199,200	198,284	(559) ⁴	197,725	1,475
Administration charge	293,000	293,000	-	293,000 ²	293,000	-
Depreciation	-	-	626,539	(626,539) ³	-	-
Capital outlay	1,058,000	1,267,867	-	-	-	1,267,867
Total operating expenses	<u>7,859,332</u>	<u>8,807,759</u>	<u>7,376,950</u>	<u>157,663</u>	<u>7,534,613</u>	<u>1,273,146</u>
Operating income (loss)	<u>145,852</u>	<u>(802,575)</u>	<u>1,199,648</u>	<u>(157,663)</u>	<u>1,041,985</u>	<u>1,844,560</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	300	300	27,813	-	27,813	27,513
Gain (loss) on disposal of capital assets	111,500	111,500	459,725	-	459,725	348,225
Interest Expense	-	(40)	(28)	-	(28)	12
Total non-operating revenue (expenses)	<u>111,800</u>	<u>111,760</u>	<u>487,510</u>	<u>-</u>	<u>487,510</u>	<u>375,750</u>
Income (loss) before contributions and transfers	<u>257,652</u>	<u>(690,815)</u>	<u>1,687,158</u>	<u>(157,663)</u>	<u>1,529,495</u>	<u>2,220,310</u>
Transfers in	-	-	292,000	-	292,000	292,000
Transfers (out)	(335,700)	(381,700)	(674,700)	293,000 ²	(381,700)	-
Change in net position	<u>(78,048)</u>	<u>(1,072,515)</u>	<u>1,304,458</u>	<u>135,337</u>	<u>1,439,795</u>	<u>2,512,310</u>
Net position - beginning	<u>1,109,061</u>	<u>1,109,061</u>	<u>2,433,095</u>	<u>617,091</u>	<u>3,050,184</u>	<u>1,941,123</u>
Net position - ending	<u>\$ 1,031,013</u>	<u>\$ 36,546</u>	<u>\$ 3,737,553</u>	<u>\$ 752,428</u>	<u>\$ 4,489,979</u>	<u>\$ 4,453,433</u>

1) This includes the accrual for compensated absences and GASB 68 pension expense which are not budgeted items.

2) This represents interfund administrative service charges which are reflected as interfund transfers for GAAP basis.

3) Depreciation is a non-cash expense and therefore not budgeted.

4) This represents principal and interest lease payments that are budgeted with contractual services.

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET TO ACTUAL
DRAINAGE UTILITY**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Operating Revenues						
Charges for services	\$ 2,873,900	\$ 2,873,900	\$ 2,934,637	\$ -	\$ 2,934,637	\$ 60,737
Miscellaneous	-	-	56,846	-	56,846	56,846
Total operating revenues	<u>2,873,900</u>	<u>2,873,900</u>	<u>2,991,483</u>	<u>-</u>	<u>2,991,483</u>	<u>117,583</u>
Operating Expenses						
Personnel services	1,972,544	1,972,544	1,775,516	175,134 ^{1,6}	1,950,650	21,894
Contractual services	585,676	574,749	1,032,198	(479,862) ⁸	552,336	22,413
Supplies and materials	123,550	123,550	88,370	-	88,370	35,180
Other expenses	101,657	112,564	126,667	(14,103) ³	112,564	-
Administration charge	142,000	142,000	-	142,000 ²	142,000	-
Capital outlay	383,500	283,500	-	61,777 ⁷	61,777	221,723
Depreciation	-	-	734,467	(734,467) ⁴	-	-
Total operating expenses	<u>3,308,927</u>	<u>3,208,907</u>	<u>3,757,218</u>	<u>(849,521)</u>	<u>2,907,697</u>	<u>301,210</u>
Operating income (loss)	<u>(435,027)</u>	<u>(335,007)</u>	<u>(765,735)</u>	<u>849,521</u>	<u>83,786</u>	<u>418,793</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	1,000	1,000	7,251	(780) ⁶	6,471	5,471
Interest expense	-	(19)	(19)	-	(19)	-
Gain (loss) on disposal of capital assets	-	-	4,287	-	4,287	4,287
Total non-operating revenue (expenses)	<u>1,000</u>	<u>981</u>	<u>11,519</u>	<u>(780)</u>	<u>10,739</u>	<u>9,758</u>
Income (loss) before contributions and transfers	<u>(434,027)</u>	<u>(334,026)</u>	<u>(754,216)</u>	<u>848,741</u>	<u>94,525</u>	<u>428,551</u>
Capital contributions	-	-	11,547,662	(11,547,662) ⁵	-	-
Transfers (out)	(20,000)	(120,000)	(162,000)	142,000 ²	(20,000)	100,000
Change in net position	<u>(454,027)</u>	<u>(454,026)</u>	<u>10,631,446</u>	<u>(10,556,921)</u>	<u>74,525</u>	<u>528,551</u>
Net position - beginning	<u>10,872,556</u>	<u>10,872,556</u>	<u>17,848,332</u>	<u>(6,650,475)</u>	<u>11,197,860</u>	<u>325,304</u>
Prior period adjustments	-	-	(909,334)	-	(909,334)	(909,334)
Net position - ending	<u>\$10,418,529</u>	<u>\$10,418,530</u>	<u>\$27,570,444</u>	<u>\$ (17,207,396)</u>	<u>\$10,363,051</u>	<u>\$ (55,479)</u>

1) This represents the accrual for compensated absences and GASB 68 pension expense which are not budgeted items.

2) This represents interfund administrative service charges which are reflected as interfund transfers for GAAP basis.

3) This represents project management costs that were budgeted in personnel.

4) Depreciation is a non-cash expense and therefore not budgeted.

5) Capital contributions are not budgeted items.

6) This represents non-budgeted Improvement Fund transactions.

7) Capital outlay is budgeted as an expenditure but is capitalized and depreciated for GAAP basis.

**SCHEDULE OF REVENUES, EXPENSES AND CHANGES
IN FUND NET POSITION - BUDGET TO ACTUAL
AIRPORT**

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Operating Revenues						
Charges for services	\$ 1,163,151	\$ 1,163,151	\$ 309,880	\$ -	\$ 309,880	\$ (853,271)
Lease revenue	-	-	893,312	-	893,312	893,312
Miscellaneous	-	-	10,428	-	10,428	10,428
Total operating revenues	<u>1,163,151</u>	<u>1,163,151</u>	<u>1,213,620</u>	<u>-</u>	<u>1,213,620</u>	<u>50,469</u>
Operating Expenses						
Personnel services	526,143	566,143	536,581	23,849 ¹	560,430	5,713
Contractual services	219,716	234,316	252,817	(18,516) ³	234,301	15
Supplies and materials	75,500	75,500	74,043	-	74,043	1,457
Other expenses	245,409	245,409	222,697	-	222,697	22,712
Administrative charge	43,000	43,000	-	43,000 ²	43,000	-
Capital outlay	845,463	790,863	-	234,582 ³	234,582	556,281
Depreciation	-	-	1,167,257	(1,167,257) ⁴	-	-
Total operating expenses	<u>1,955,231</u>	<u>1,955,231</u>	<u>2,253,395</u>	<u>(884,342)</u>	<u>1,369,053</u>	<u>586,178</u>
Operating income (loss)	<u>(792,080)</u>	<u>(792,080)</u>	<u>(1,039,775)</u>	<u>884,342</u>	<u>(155,433)</u>	<u>636,647</u>
Non-Operating Revenues (Expenses)						
Intergovernmental grants	50,000	50,000	50,000	-	50,000	-
Interest and investment revenue	371	371	519,050	(4,965) ⁶	514,085	513,714
Total non-operating revenue (expenses)	<u>50,371</u>	<u>50,371</u>	<u>569,050</u>	<u>(4,965)</u>	<u>564,085</u>	<u>513,714</u>
Income (loss) before contributions and transfers	<u>(741,709)</u>	<u>(741,709)</u>	<u>(470,725)</u>	<u>879,377</u>	<u>408,652</u>	<u>1,150,361</u>
Capital contributions	-	-	59,000	(59,000) ⁷	-	-
Transfers in	-	-	-	-	-	-
Transfers (out)	(6,630)	(6,630)	(49,630)	43,000 ^{5,6}	(6,630)	-
Change in net position	<u>(748,339)</u>	<u>(748,339)</u>	<u>(461,355)</u>	<u>863,377</u>	<u>402,022</u>	<u>1,150,361</u>
Net position - beginning	<u>22,247,048</u>	<u>22,247,048</u>	<u>25,433,023</u>	<u>(1,900,859)</u>	<u>23,532,168</u>	<u>1,285,120</u>
Net position - ending	<u>\$ 21,498,709</u>	<u>\$21,498,709</u>	<u>\$24,971,668</u>	<u>\$ (1,037,482)</u>	<u>\$23,934,190</u>	<u>\$ 2,435,481</u>

1) This represents the accrual for compensated absences and GASB 68 pension expense which are not budgeted items.

2) This represents interfund administrative service charges which are reflected as interfund transfers for GAAP basis.

3) Capital outlay is budgeted as an expenditure but is capitalized and depreciated for GAAP basis.

4) These items are non-cash expenses and therefore are not budgeted.

5) This represents budgeted interfund administrative service charges which are reflected as interfund transfers for GAAP basis.

6) This represents non-budgeted Improvement Fund transactions.

7) Capital contributions are not budgeted items.

INTERNAL SERVICE FUNDS

To account for the financing of goods or services provided by one department or agency to other departments or agencies of the City, or to other governments, on a cost-reimbursement basis.

Central Garage – To account for the financing of garage activities through charges to user departments.

Casualty and Liability Insurance – To account for City casualty and liability insurance costs and financing through charges to user departments.

Central Service – To account for the financing of providing mailing, printing and data processing services to user departments.

Construction Management – To account for the financing of construction project oversight.

Workers' Compensation Insurance – To account for City workers' compensation insurance costs and financing through charges to user departments.

Health and Life Insurance – To account for City health and life insurance costs and financing through charges to user departments and participating agencies including the Park Board and Wharves Authority.

COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2022

	Central Garage	Casualty & Liability Insurance	Central Service	Construction Management
Assets				
Current assets:				
Cash and cash equivalents	\$ 1,049,676	\$ 601,393	\$ 1,414,287	\$ 294,810
Accounts receivable, net of allowance for doubtful accounts	14,035	-	-	-
Due from other funds	74,839	-	-	-
Due from component units	-	-	-	-
Inventories	295,633	-	-	-
Prepaid items	-	475,728	192,930	-
Restricted cash and investments	-	-	-	-
Total current assets	<u>1,434,183</u>	<u>1,077,121</u>	<u>1,607,217</u>	<u>294,810</u>
Non-current assets:				
Capital assets not being depreciated:				
Construction in progress	380,596	-	6,136	-
Capital assets (net of depreciation):				
Infrastructure	-	-	355,220	-
Buildings and improvements	20,029	-	3,306,095	-
Equipment and furniture	116,936	-	788,886	-
Licensed vehicles	734,138	-	81,075	-
Right of use asset net of amortization	-	-	161,178	-
Total non-current assets	<u>1,251,699</u>	<u>-</u>	<u>4,698,590</u>	<u>-</u>
Total Assets	<u>2,685,882</u>	<u>1,077,121</u>	<u>6,305,807</u>	<u>294,810</u>
Deferred Outflows of Resources				
Deferred outflows relating to OPEB	-	-	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	165,420	13,238	66,440	24,445
Long-term liabilities, due within one year	108,871	15,157	266,112	95,320
Total current liabilities	<u>274,291</u>	<u>28,395</u>	<u>332,552</u>	<u>119,765</u>
Non-current liabilities:				
Long-term liabilities, due in more than one year	190,544	20,313	335,788	129,301
Total OPEB liability	-	-	-	-
Total non-current liabilities	<u>190,544</u>	<u>20,313</u>	<u>335,788</u>	<u>129,301</u>
Total Liabilities	<u>464,835</u>	<u>48,708</u>	<u>668,340</u>	<u>249,066</u>
Deferred Inflows of Resources				
Deferred inflows relating to OPEB	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	1,251,699	-	4,559,546	-
Unrestricted	969,348	1,028,413	1,077,921	45,744
Total Net Position	<u>\$ 2,221,047</u>	<u>\$ 1,028,413</u>	<u>\$ 5,637,467</u>	<u>\$ 45,744</u>

Workers' Compensation Insurance	Health and Life Insurance	Total
\$ 247,823	\$ 3,013,490	\$ 6,621,479
-	-	14,035
-	-	74,839
-	-	-
-	-	295,633
-	-	668,658
-	4,600,000	4,600,000
<u>247,823</u>	<u>7,613,490</u>	<u>12,274,644</u>
-	-	386,732
-	-	355,220
-	-	3,326,124
-	-	905,822
-	-	815,213
-	-	161,178
-	-	<u>5,950,289</u>
<u>247,823</u>	<u>7,613,490</u>	<u>18,224,933</u>
-	6,684,136	6,684,136
-	<u>6,684,136</u>	<u>6,684,136</u>
32,474	368,072	670,089
94,941	901,439	1,481,840
<u>127,415</u>	<u>1,269,511</u>	<u>2,151,929</u>
326,071	-	1,002,017
-	17,219,232	17,219,232
<u>326,071</u>	<u>17,219,232</u>	<u>18,221,249</u>
<u>453,486</u>	<u>18,488,743</u>	<u>20,373,178</u>
-	1,965,162	1,965,162
-	<u>1,965,162</u>	<u>1,965,162</u>
-	-	5,811,245
(205,663)	(6,156,279)	(3,240,516)
<u>\$ (205,663)</u>	<u>\$ (6,156,279)</u>	<u>\$ 2,570,729</u>

COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2022

	Central Garage	Casualty & Liability Insurance	Central Service	Construction Management
Operating Revenues				
Charges for services	\$ 6,628,420	\$ 2,287,164	\$ 4,471,841	\$ 1,277,213
Miscellaneous	1,026	225	9,995	-
Total operating revenues	<u>6,629,446</u>	<u>2,287,389</u>	<u>4,481,836</u>	<u>1,277,213</u>
Operating Expenses				
Personnel services	1,536,915	115,364	2,211,009	1,150,268
Contractual services	1,725,189	15,512	920,321	124,069
Supplies and materials	3,196,665	529	214,881	10,449
Insurance claims and premiums	-	1,819,387	-	-
Other expenses	3,719	-	7,057	1,427
Depreciation	87,266	-	569,548	-
Total operating expenses	<u>6,549,754</u>	<u>1,950,792</u>	<u>3,922,816</u>	<u>1,286,213</u>
Operating income (loss)	<u>79,692</u>	<u>336,597</u>	<u>559,020</u>	<u>(9,000)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	2,531	1,885	9,986	1,451
Insurance proceeds	270,071	-	8,950	-
Interest expense	(183)	-	(8,269)	(134)
Gain (loss) on disposal of capital assets	63,012	-	3,947	-
Total non-operating revenue (expenses)	<u>335,431</u>	<u>1,885</u>	<u>14,614</u>	<u>1,317</u>
Income (loss) before capital contributions and transfers	415,123	338,482	573,634	(7,683)
Transfers in	-	-	-	-
Transfers (out)	-	(292,000)	(500,000)	-
Change in net position	415,123	46,482	73,634	(7,683)
Total net position - beginning	<u>1,805,924</u>	<u>981,931</u>	<u>5,563,833</u>	<u>53,427</u>
Total net position - ending	<u>\$ 2,221,047</u>	<u>\$ 1,028,413</u>	<u>\$ 5,637,467</u>	<u>\$ 45,744</u>

Workers' Compensation Insurance	Health and Life Insurance	Total
\$ 473,014	\$ 12,995,189	\$ 28,132,841
-	-	11,246
<u>473,014</u>	<u>12,995,189</u>	<u>28,144,087</u>
-	-	5,013,556
-	2,208,974	4,994,065
-	-	3,422,524
231,953	11,887,241	13,938,581
-	561,249	573,452
-	-	656,814
<u>231,953</u>	<u>14,657,464</u>	<u>28,598,992</u>
<u>241,061</u>	<u>(1,662,275)</u>	<u>(454,905)</u>
1,120	16,232	33,205
-	-	279,021
-	-	(8,586)
-	-	66,959
<u>1,120</u>	<u>16,232</u>	<u>370,599</u>
242,181	(1,646,043)	(84,306)
-	4,600,000	4,600,000
-	-	(792,000)
<u>242,181</u>	<u>2,953,957</u>	<u>3,723,694</u>
<u>(447,844)</u>	<u>(9,110,236)</u>	<u>(1,152,965)</u>
<u>\$ (205,663)</u>	<u>\$ (6,156,279)</u>	<u>\$ 2,570,729</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS**
For the Year Ended September 30, 2022

	Central Garage	Casualty & Liability Insurance	Central Service	Construction Management
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 725,430	\$ -	\$ -	\$ -
Miscellaneous	1,026	225	9,996	-
Receipts for interfund services	5,921,164	2,287,164	4,471,841	1,277,213
Disbursed for personnel services	(1,519,741)	(114,514)	(2,184,074)	(1,141,134)
Disbursed for goods and services	(4,892,095)	(1,919,885)	(1,358,503)	(223,327)
Net cash provided (used) by operating activities	<u>235,784</u>	<u>252,990</u>	<u>939,260</u>	<u>(87,248)</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	(292,000)	(500,000)	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(292,000)</u>	<u>(500,000)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the sale of equipment	63,012	-	3,947	-
Insurance proceeds	270,071	-	8,950	-
Principal payments on debt	-	-	(201,508)	-
Interest payments on debt	(183)	-	(8,269)	(134)
Acquisition and construction of capital assets	(622,638)	-	(418,028)	-
Net cash provided (used) by capital and related financing activities	<u>(289,738)</u>	<u>-</u>	<u>(614,908)</u>	<u>(134)</u>
Cash Flows from Investing Activities				
Interest received	2,531	1,884	9,986	1,450
Net cash provided (used) by investing activities	<u>2,531</u>	<u>1,884</u>	<u>9,986</u>	<u>1,450</u>
Net increase/(decrease) in cash and equivalents	(51,423)	(37,126)	(165,662)	(85,932)
Cash and equivalents, beginning of year	1,101,099	638,519	1,579,949	380,742
Cash and equivalents, at end of year	<u>\$ 1,049,676</u>	<u>\$ 601,393</u>	<u>\$ 1,414,287</u>	<u>\$ 294,810</u>
Unrestricted cash and equivalents	1,049,676	601,393	1,414,287	294,810
Restricted cash and equivalents	-	-	-	-
	<u>\$ 1,049,676</u>	<u>\$ 601,393</u>	<u>\$ 1,414,287</u>	<u>\$ 294,810</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ 79,692	\$ 336,597	\$ 559,020	\$ (9,000)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	87,266	-	569,548	-
(Increase) decrease in accounts receivable	15,527	-	-	-
(Increase) decrease in inventory	72,269	-	-	-
(Increase) decrease in prepaid items	-	33,298	(89,088)	567
(Increase) decrease in interfund receivables and payables	2,647	-	-	-
(Increase) decrease in deferred outflows/inflows relating to OPEB	-	-	-	-
Increase (decrease) in accounts payable	(38,791)	(117,755)	(127,155)	(87,949)
Increase (decrease) in claims payable	-	-	-	-
Increase (decrease) in compensated absences payables	17,174	850	26,935	9,134
Increase (decrease) in total OPEB liability	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ 235,784</u>	<u>\$ 252,990</u>	<u>\$ 939,260</u>	<u>\$ (87,248)</u>

Workers' Compensation Insurance	Health and Life Insurance	Total
\$ -	\$ 13,340,909	\$ 14,066,339
-	-	11,247
473,014	-	14,430,396
-	-	(4,959,463)
(470,467)	(13,652,040)	(22,516,317)
<u>2,547</u>	<u>(311,131)</u>	<u>1,032,202</u>
-	4,600,000	4,600,000
-	-	(792,000)
-	4,600,000	3,808,000
-	-	66,959
-	-	279,021
-	-	(201,508)
-	-	(8,586)
-	-	(1,040,666)
-	-	(904,780)
1,114	16,232	33,197
<u>1,114</u>	<u>16,232</u>	<u>33,197</u>
3,661	4,305,101	3,968,619
244,162	3,308,389	7,252,860
<u>\$ 247,823</u>	<u>\$ 7,613,490</u>	<u>\$ 11,221,479</u>
247,823	3,013,490	6,621,479
-	4,600,000	4,600,000
<u>\$ 247,823</u>	<u>\$ 7,613,490</u>	<u>\$ 11,221,479</u>
\$ 241,061	\$ (1,662,275)	\$ (454,905)
-	-	656,814
-	345,720	361,247
-	-	72,269
-	-	(55,223)
-	-	2,647
-	(1,499,356)	(1,499,356)
(17,535)	(120,537)	(509,722)
(220,979)	71,690	(149,289)
-	-	54,093
-	2,553,627	2,553,627
<u>\$ 2,547</u>	<u>\$ (311,131)</u>	<u>\$ 1,032,202</u>

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PENSION TRUST FUNDS

To account for assets held by the City in a trustee capacity or as an agent for individuals, private organizations, other governments and/or other funds.

Pension Trust – To account for the accumulation of resources to be used for retirement annuity payments at appropriate amounts and times in the future. These funds are reported on a calendar year basis for the year ended December 31, 2021.

PENSION TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
 December 31, 2021

	City of Galveston Employee's Retirement Plan for Employees	Galveston Firefighters' Pension Fund	City of Galveston Employee's Retirement Plan for Police	Total
Assets				
Cash and temporary investments	\$ -	\$ 1,811,470	\$ -	\$ 1,811,470
Receivables				
Interest and dividends	-	40,678	-	40,678
Accounts receivable	-	-	63,436	63,436
Loans to participants	-	-	265,742	265,742
Investments				
Money market funds	1,151,566	-	645,161	1,796,727
U.S. Government agencies	-	-	1,353,122	1,353,122
Bonds	-	-	6,718,367	6,718,367
Common stocks	-	30,061,699	-	30,061,699
Equity mutual funds	53,479,542	12,591,892	17,618,674	83,690,108
Bond mutual funds	16,897,651	10,403,916	-	27,301,567
Alternative investments	-	846,099	-	846,099
Hedge funds	-	1,824,550	-	1,824,550
Real estate	-	1,454,207	-	1,454,207
Total Assets	<u>71,528,759</u>	<u>59,034,511</u>	<u>26,664,502</u>	<u>157,227,772</u>
Liabilities				
Accounts and refunds payable	63,436	-	-	63,436
Total Liabilities	<u>63,436</u>	<u>-</u>	<u>-</u>	<u>63,436</u>
Net Position - Restricted for Pension Benefits				
Held in trust for benefits and other purposes	71,465,323	59,034,511	26,664,502	157,164,336
Total Net Position - Restricted for Pension Benefits	<u>\$ 71,465,323</u>	<u>\$ 59,034,511</u>	<u>\$ 26,664,502</u>	<u>\$ 157,164,336</u>

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2021

	City of Galveston Employee's Retirement Plan for Employees	Galveston Firefighters' Pension Fund	City of Galveston Employee's Retirement Plan for Police	Total
Additions				
Contributions:				
Employer	\$ 2,521,658	\$ 1,535,533	\$ 2,669,934	\$ 6,727,125
Plan members	1,682,106	1,625,859	1,521,017	4,828,982
Total contributions	<u>4,203,764</u>	<u>3,161,392</u>	<u>4,190,951</u>	<u>11,556,107</u>
Investment Earnings:				
Net increase (decrease) in fair value of investments	8,226,324	5,644,207	3,975,597	17,846,128
Interest and dividends	1,110,664	986,905	313,867	2,411,436
Less investment expenses	(129,037)	(288,442)	(66,581)	(484,060)
Net investment income (loss)	<u>9,207,951</u>	<u>6,342,670</u>	<u>4,222,883</u>	<u>19,773,504</u>
Total Additions	<u>13,411,715</u>	<u>9,504,062</u>	<u>8,413,834</u>	<u>31,329,611</u>
Deductions				
Benefits paid to members and beneficiaries	4,851,629	3,784,633	4,380,233	13,016,495
Refunds of contributions	-	85,287	-	85,287
Administrative expenses	138,989	148,065	140,670	427,724
Total Deductions	<u>4,990,618</u>	<u>4,017,985</u>	<u>4,520,903</u>	<u>13,529,506</u>
Change in net position	8,421,097	5,486,077	3,892,931	17,800,105
Net position - restricted for pensions , beginning of year	<u>63,044,226</u>	<u>53,548,434</u>	<u>22,771,571</u>	<u>139,364,231</u>
Net position - restricted for pensions , end of year	<u>\$ 71,465,323</u>	<u>\$ 59,034,511</u>	<u>\$ 26,664,502</u>	<u>\$ 157,164,336</u>

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DISCRETELY PRESENTED COMPONENT UNITS

The following statements combine information from six of the City's eight discretely presented component units.

The **Park Board of Trustees of the City of Galveston, Texas** (the Park Board), was created by state statute to provide improvements and maintenance to City waterfront parks and beaches.

The **Galveston Island Redevelopment Authority** (GIRDA) has oversight responsibility for tax increment reinvestment zone thirteen. This tax zone was established to provide funds for development and improvement projects within a specific geographic area of the City.

The **Campeche Shores Public Improvement District** (Campeche District) was established by the City to provide funds for development and improvement projects specifically for Campeche Shores District.

The **Beachside Village Public Improvement District** (Beachside District) was established by the City to provide funds for street, drainage and utility public improvement projects, specifically in Beachside Village Public Improvement District.

The **Bayside at Waterman's Public Improvement District** was established by the City according to the law of the Texas Local Government Code Chapter 372 Subchapter A for the development of approximately 162 single family residences and associated rights-of-way, landscaping, and infrastructure necessary to provide roadways, drainage, and utilities within approximately 21.5 acres located in the corporate limits of the City.

The **Board of Trustees of the Galveston Wharves** (Galveston Wharves) was created by the City Charter to manage, control, and maintain the wharves.

DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2022

	Park Board of Trustees	Galveston Island Redevelopment Authority	Campeche Shores - Public Improvement District No. 1	Beachside Village - Public Improvement District
Assets				
Current assets:				
Cash and cash equivalents	\$ 28,178,522	\$ 289,344	\$ -	\$ -
Accounts receivable, net of allowance for doubtful accounts	6,300,942	75,712	4,410	11,107
Lease receivable	202,644	-	-	-
Inventories	14,539	-	-	-
Prepaid items	458,042	-	-	-
Other	7,301	-	-	80
Restricted cash and temporary investments	23,405	-	-	-
Total current assets	<u>35,185,395</u>	<u>365,056</u>	<u>4,410</u>	<u>11,187</u>
Non-current assets:				
Net investment in direct financing and financed purchase arrangements	-	-	-	-
Capital assets not being depreciated	883,708	-	-	-
Capital assets (net of accumulated depreciation)	279,960,444	-	-	-
Right of use asset (net of accumulated amortization)	391,761	-	-	-
Total non-current assets	<u>281,235,913</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>316,421,308</u>	<u>365,056</u>	<u>4,410</u>	<u>11,187</u>
Deferred Outflows of Resources				
Deferred charge on refunding	-	-	-	-
Deferred outflows relating to pension activities	-	-	-	-
Total Deferred Outflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	6,921,464	4,593,469	-	-
Due to other governments	2,334,043	-	-	-
Interest payable	1,464	-	-	-
Unearned revenue	-	-	-	-
Due within one year	713,895	-	-	-
Total current liabilities	<u>9,970,866</u>	<u>4,593,469</u>	<u>-</u>	<u>-</u>
Non-current liabilities:				
Due in more than one year	922,825	11,884,990	-	-
Net pension liability	-	-	-	-
Total non-current liabilities	<u>922,825</u>	<u>11,884,990</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>10,893,691</u>	<u>16,478,459</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	-
Deferred income	236,249	-	-	-
Deferred lease revenue	194,262	-	-	-
Deferred inflows relating to pension activities	-	-	-	-
Total Deferred Inflows of Resources	<u>430,511</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	279,946,758	-	-	-
Restricted:				
Debt service	400,509	-	-	-
Hotel occupancy taxes	25,025,393	-	-	-
Unrestricted	(275,554)	(16,113,403)	4,410	11,187
Total Net Position	<u>\$ 305,097,106</u>	<u>\$ (16,113,403)</u>	<u>\$ 4,410</u>	<u>\$ 11,187</u>

*As of December 31, 2021

Bayside at Waterman's - Public Improvement District	Board of Trustees of Galveston Wharves*	Total
\$ -	\$ 27,519,061	\$ 55,986,927
-	6,139,002	12,531,173
-	-	202,644
-	-	14,539
-	795,735	1,253,777
-	199,146	206,527
1,462,460	8,358,880	9,844,745
<u>1,462,460</u>	<u>43,011,824</u>	<u>80,040,332</u>
-	838,008	838,008
-	40,508,416	41,392,124
5,365,371	105,045,887	390,371,702
-	-	391,761
<u>5,365,371</u>	<u>146,392,311</u>	<u>432,993,595</u>
<u>6,827,831</u>	<u>189,404,135</u>	<u>513,033,927</u>
107,503	-	107,503
-	258,202	258,202
<u>107,503</u>	<u>258,202</u>	<u>365,705</u>
-	9,514,808	21,029,741
-	198,124	2,532,167
-	-	1,464
-	753,050	753,050
170,000	17,226,731	18,110,626
<u>170,000</u>	<u>27,692,713</u>	<u>42,427,048</u>
7,460,000	19,676,837	39,944,652
-	1,460,796	1,460,796
<u>7,460,000</u>	<u>21,137,633</u>	<u>41,405,448</u>
<u>7,630,000</u>	<u>48,830,346</u>	<u>83,832,496</u>
-	100,116	100,116
-	-	236,249
-	-	194,262
-	1,665,288	1,665,288
-	1,765,404	2,195,915
(2,157,126)	126,137,940	403,927,572
1,462,460	1,279,821	3,142,790
-	-	25,025,393
-	11,648,826	(4,724,534)
<u>\$ (694,666)</u>	<u>\$ 139,066,587</u>	<u>\$ 427,371,221</u>

**DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES**
For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues			
		Charges for Services	Capital Grants and Contributions	Park Board of Trustees	Galveston Island Redevelopment Authority
Component Unit:					
Park Board of Trustees	\$ 39,799,647	\$ 6,553,134	\$ 6,024,905	\$ (27,221,608)	
Galveston Island Redevelopment Authority	867,155	-	-		(867,155)
Campeche Shores - Public Improvement District No. 1	90,330	-	-		
Beachside Village - Public Improvement District	113,866	-	-		
Bayside at Waterman's - Public Improvement District	801,951	-	-		
Board of Trustees of Galveston Wharves*	27,936,129	31,172,106	2,827,245		
	<u>\$ 69,609,078</u>	<u>\$ 37,725,240</u>	<u>\$ 8,852,150</u>	<u>\$ (27,221,608)</u>	<u>\$ (867,155)</u>
General revenues					
Taxes:					
Property taxes				-	931,032
Hotel occupancy taxes				19,473,368	-
Special assessments				-	-
Lease revenue				43,984	-
Miscellaneous				5,909,380	-
Unrestricted investment earnings				37,130	126
Total general revenues				<u>25,463,862</u>	<u>931,158</u>
Change in net position				(1,757,746)	64,003
Net position (deficit) - beginning, as restated**				<u>306,854,852</u>	<u>(16,177,406)</u>
Net position (deficit) - ending				<u>\$ 305,097,106</u>	<u>\$ (16,113,403)</u>

*For the Year Ended December 31, 2021

**For the Park Board of Trustees Galveston Island only

Net (Expense) Revenue and Changes in Net Position

Campeche Shores - Public Improvement District No. 1	Beachside Village - Public Improvement District	Bayside at Waterman's - Public Improvement District	Board of Trustees of Galveston Wharves*	Totals
				\$ (27,221,608)
				(867,155)
(90,330)				(90,330)
	(113,866)			(113,866)
		(801,951)		(801,951)
			6,063,222	6,063,222
<u>\$ (90,330)</u>	<u>\$ (113,866)</u>	<u>\$ (801,951)</u>	<u>\$ 6,063,222</u>	<u>\$ (23,031,688)</u>
-	-	-	-	931,032
-	-	-	-	19,473,368
87,390	112,251	2,345,727	-	2,545,368
-	-	-	-	43,984
-	-	-	-	5,909,380
-	-	10,778	(12,291,081)	(12,243,047)
<u>87,390</u>	<u>112,251</u>	<u>2,356,505</u>	<u>(12,291,081)</u>	<u>16,660,085</u>
(2,940)	(1,615)	1,554,554	(6,227,859)	(6,371,603)
<u>7,350</u>	<u>12,802</u>	<u>(2,249,220)</u>	<u>145,294,446</u>	<u>433,742,824</u>
<u>\$ 4,410</u>	<u>\$ 11,187</u>	<u>\$ (694,666)</u>	<u>\$ 139,066,587</u>	<u>\$ 427,371,221</u>

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Unaudited Statistical Section



2022 Annual Comprehensive Financial Report



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UNAUDITED STATISTICAL SECTION

This part of the City’s Annual Comprehensive 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 City of Galveston’s overall financial health.

Financial Trends

These schedules contain trend information to help the reader understand how the City’s financial performance and “well-being” have changed over time 178

Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue sources: sales and property taxes..... 188

Debt Capacity

These schedules present information to help the reader assess the affordability of the City’s current levels of outstanding debt and the City’s ability to issue additional debt in the future..... 194

Demographic and Economic Information

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City’s financial activities take place 198

Operating Information

These schedules contain service and infrastructure data to help the reader understand how the information in the City’s financial report relates to the services the City provides and the activities it performs.202

Sources: Unless otherwise noted, the information in these schedules is derived from the Annual Comprehensive Financial Reports for the relevant year.

**NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS**

Amounts in (000's)
(Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
Governmental Activities				
Net investment in capital assets	\$ 102,988	\$ 110,071	\$ 113,903	\$ 131,335
Restricted	22,388	26,170	35,409	32,732
Unrestricted (Deficit)	33,857	30,237	(27,164)	(18,881)
Total governmental activities net position	<u>\$ 159,233</u>	<u>\$ 166,478</u>	<u>\$ 122,148</u>	<u>\$ 145,186</u>
Business-type Activities				
Net investment in capital assets	\$ 181,656	\$ 181,656	\$ 178,032	\$ 193,491
Restricted	21,326	21,326	18,097	15,706
Unrestricted (Deficit)	18,221	18,220	39,681	45,169
Total business-type activities net position	<u>\$ 221,203</u>	<u>\$ 221,202</u>	<u>\$ 235,810</u>	<u>\$ 254,366</u>
Primary government				
Net investment in capital assets	\$ 284,644	\$ 291,727	\$ 291,935	\$ 324,826
Restricted	43,714	47,496	53,506	48,438
Unrestricted (Deficit)	52,078	48,457	12,517	26,288
Total primary government net position	<u>\$ 380,436</u>	<u>\$ 387,680</u>	<u>\$ 357,958</u>	<u>\$ 399,552</u>

* As restated.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 147,847	\$ 170,911	\$ 191,799	\$ 198,501	\$ 191,088	\$ 180,332
34,264	33,271	31,559	32,664	35,470	54,568
(27,203)	(46,587)	(51,039)	(52,594)	(42,709)	(36,845)
<u>\$ 154,908</u>	<u>\$ 157,595</u>	<u>\$ 172,319</u>	<u>\$ 178,571</u>	<u>\$ 183,849</u>	<u>\$ 198,055</u>
\$ 240,169	\$ 255,587	\$ 277,164	\$ 282,578	\$ 277,342	\$ 282,996
2,937	3,196	2,674	2,749	-	-
28,429	23,274	21,056	17,775	24,475	30,063
<u>\$ 271,535</u>	<u>\$ 282,057</u>	<u>\$ 300,894</u>	<u>\$ 303,102</u>	<u>\$ 301,817</u>	<u>\$ 313,059</u>
\$ 388,016	\$ 426,498	\$ 468,963	\$ 481,079	\$ 468,430	\$ 463,328
37,201	36,467	34,233	35,413	35,470	54,568
1,226	(23,313)	(29,983)	(34,819)	(18,234)	(6,782)
<u>\$ 426,443</u>	<u>\$ 439,652</u>	<u>\$ 473,213</u>	<u>\$ 481,673</u>	<u>\$ 485,666</u>	<u>\$ 511,114</u>

CHANGES IN NET POSITION

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental Activities:				
General government	\$ 6,874	\$ 7,864	\$ 8,284	\$ 9,882
Public Safety	28,075	29,542	32,840	31,839
Public works	6,847	6,504	6,570	6,383
Culture and recreation	9,082	11,300	12,240	18,416
Planning and community development	11,972	5,246	8,799	4,733
Transportation system	8,164	6,804	8,424	6,013
Interest on long-term debt	1,716	2,160	1,896	2,660
Total governmental activities expenses	<u>72,730</u>	<u>69,420</u>	<u>79,053</u>	<u>79,926</u>
Business-Type Activities:				
Combined utility system	25,659	26,907	22,494	21,011
Sanitation	4,382	4,781	2,537	2,949
Drainage	1,873	2,356	12,444	14,141
Airport	1,499	1,579	1,709	1,774
Total business-type activities expenses	<u>33,413</u>	<u>35,623</u>	<u>39,184</u>	<u>39,875</u>
Total primary government expenses	<u>106,143</u>	<u>105,043</u>	<u>118,237</u>	<u>119,801</u>
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	1,884	1,873	1,977	1,725
Public safety	2,417	2,246	2,113	2,378
Public works	-	-	-	-
Culture and recreation	2	-	-	42
Planning and community development	1,402	1,845	2,002	1,714
Transportation system	1,575	1,875	1,365	1,681
Operating grants and contributions:				
General government	-	-	52	14
Public safety	249	254	279	2,613
Public works	-	-	-	-
Culture and recreation	139	180	103	1,885
Planning and community development	11,119	9,067	1,958	4,881
Transportation system	2,789	3,559	3,472	3,506
Capital grants and contributions:				
General government	-	-	2,396	-
Public safety	-	-	619	-
Public works	71	13	2,323	32
Culture and recreation	-	-	36	-
Planning and community development	27,313	24,112	23,824	21,705
Transportation system	3,858	799	5,424	3,897
Total governmental activities program revenues	<u>52,818</u>	<u>45,823</u>	<u>47,943</u>	<u>46,073</u>
Business-Type Activities				
Charges for services:				
Combined utility system	30,450	30,525	21,506	26,796
Sanitation	5,088	5,617	2,277	2,464
Drainage	2,564	2,584	11,540	14,524
Airport	1,236	1,230	1,594	1,151
Operating grants and contributions:				
Airport	-	-	69	43
Capital grants and contributions:				
Combined utility system	-	-	-	-
Drainage	-	-	46	-
Airport	26	999	896	1,972
Total business-type activities program revenues	<u>39,364</u>	<u>40,955</u>	<u>37,928</u>	<u>46,950</u>
Total primary government program revenues	<u>92,182</u>	<u>86,778</u>	<u>85,871</u>	<u>93,023</u>
Net (Expense) Revenue				
Governmental activities	(19,912)	(23,597)	(31,110)	(33,853)
Business-type activities	5,951	5,332	(1,256)	7,075
Total primary government net (expense) revenue	<u>\$ (13,961)</u>	<u>\$ (18,265)</u>	<u>\$ (32,366)</u>	<u>\$ (26,778)</u>

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 13,984	\$ 10,381	\$ 8,870	\$ 9,535	\$ 12,516	\$ 14,354	
34,793	36,194	38,415	40,476	40,159	39,292	
7,729	9,669	10,653	10,481	12,042	6,122	
18,754	17,633	19,637	17,350	23,608	27,530	
10,067	21,999	7,512	5,546	5,796	3,985	
5,705	5,125	4,693	4,224	4,203	3,489	
1,620	2,488	2,232	910	2,530	2,496	
<u>92,652</u>	<u>103,489</u>	<u>92,012</u>	<u>88,522</u>	<u>100,854</u>	<u>97,268</u>	
32,273	35,646	36,776	38,072	39,697	37,962	
5,739	6,566	5,342	6,830	7,049	7,377	
2,979	2,726	3,064	3,364	3,134	3,757	
1,887	1,796	1,768	1,958	2,174	2,254	
<u>42,878</u>	<u>46,734</u>	<u>46,950</u>	<u>50,224</u>	<u>52,054</u>	<u>51,350</u>	
<u>135,530</u>	<u>150,223</u>	<u>138,962</u>	<u>138,746</u>	<u>152,908</u>	<u>148,618</u>	
1,761	225	127	564	42	635	
2,658	1,870	2,017	1,759	1,899	1,818	
-	-	-	-	-	-	
198	1,436	1,604	1,575	2,791	3,073	
1,455	1,375	1,423	1,487	2,087	2,694	
1,568	1,166	446	229	155	356	
-	-	-	-	-	-	
930	333	601	941	204	121	
-	-	-	-	-	-	
109	196	100	125	100	100	
15,228	1,722	740	1,516	1,958	1,691	
2,792	2,293	2,061	2,668	2,652	2,274	
-	-	465	-	376	2,356	
-	-	-	500	-	147	
-	-	-	-	-	-	
400	380	115	-	-	-	
10,942	25,979	32,828	11,505	6,712	2,517	
3,600	1,217	71	127	775	2	
<u>41,641</u>	<u>38,192</u>	<u>42,598</u>	<u>22,996</u>	<u>19,751</u>	<u>17,784</u>	
37,201	38,279	36,999	38,168	37,184	41,946	
5,494	6,288	6,216	6,338	6,380	8,443	
2,853	2,825	2,789	2,865	2,823	2,935	
935	957	1,056	1,118	177	310	
251	322	50	50	50	50	
2,808	63	25	-	-	-	
-	-	-	-	-	-	
501	499	3,702	606	-	59	
<u>50,043</u>	<u>49,233</u>	<u>50,837</u>	<u>49,145</u>	<u>46,614</u>	<u>53,743</u>	
<u>91,684</u>	<u>87,425</u>	<u>93,435</u>	<u>72,141</u>	<u>66,365</u>	<u>71,527</u>	
(51,011)	(65,297)	(49,414)	(65,526)	(81,103)	(79,484)	
7,165	2,499	3,887	(1,079)	(5,440)	2,393	
<u>\$ (43,846)</u>	<u>\$ (62,798)</u>	<u>\$ (45,527)</u>	<u>\$ (66,605)</u>	<u>\$ (86,543)</u>	<u>\$ (77,091)</u>	

CHANGES IN NET POSITION*Last Ten Fiscal Years**Amounts in (000's)**(Accrual Basis of Accounting)**(Unaudited)*

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes	\$ 21,988	\$ 22,920	\$ 23,272	\$ 25,963
Sales and use taxes	18,077	19,236	19,786	20,117
Mixed beverage tax	561	742	802	839
Hotel occupancy taxes	5,500	6,092	7,068	11,782
Franchise taxes	5,043	5,267	5,245	5,386
Payments in lieu of taxes	125	165	207	268
Unrestricted investment earnings	179	120	299	492
Miscellaneous	2,535	927	523	3,038
Insurance proceeds	-	-	7,111	-
Transfers	(23,124)	(23,601)	(18,951)	(29,007)
Total governmental activities general revenues and other changes in net position	<u>30,884</u>	<u>31,868</u>	<u>45,362</u>	<u>38,878</u>
Business-Type Activities:				
Net gain on sale of asset	-	-	-	-
Unrestricted investment earnings	153	54	179	154
Lease revenue	-	-	-	-
Miscellaneous	4,075	165	30	1
Impairment of capital assets due to Hurricane Ike	-	-	-	-
Insurance proceeds	-	-	-	-
Transfers	23,124	23,601	18,951	29,007
Total business-type activities general revenues and other changes in net position	<u>27,352</u>	<u>23,820</u>	<u>19,160</u>	<u>29,162</u>
Total primary government general revenues and other changes in net position	<u>58,236</u>	<u>55,688</u>	<u>64,522</u>	<u>68,040</u>
Changes in Net Position:				
Governmental activities	10,972	8,270	14,252	5,025
Business-type activities	33,303	29,153	17,904	36,237
Total primary government changes in net position	<u>\$ 44,275</u>	<u>\$ 37,423</u>	<u>\$ 32,156</u>	<u>\$ 41,262</u>

							Fiscal Year					
2017		2018		2019		2020		2021		2022		
\$	28,509	\$	31,846	\$	32,692	\$	35,474	\$	38,637	\$	40,824	
	20,264		20,492		21,656		21,046		24,998		30,078	
	879		933		977		762		1,005		1,146	
	11,731		13,279		12,824		10,602		15,630		21,137	
	5,563		6,605		6,420		5,874		5,012		5,186	
	289		167		248		315		488		334	
	444		1,462		1,714		1,050		83		765	
	1,699		1,971		705		791		2,810		1,417	
	-		-		-		-		-		-	
	(9,260)		(9,368)		(13,099)		(2,478)		(2,282)		(6,635)	
	<u>60,118</u>		<u>67,387</u>		<u>64,137</u>		<u>73,436</u>		<u>86,381</u>		<u>94,252</u>	
	273		-		108		33		35		481	
	281		998		1,743		789		574		717	
	-		-		-		-		942		933	
	189		-		-		-		321		430	
	-		-		-		-		-		-	
	-		-		-		-		-		-	
	<u>9,260</u>		<u>9,368</u>		<u>13,099</u>		<u>2,478</u>		<u>2,282</u>		<u>6,635</u>	
	<u>10,003</u>		<u>10,366</u>		<u>14,950</u>		<u>3,300</u>		<u>4,154</u>		<u>9,196</u>	
	<u>70,121</u>		<u>77,753</u>		<u>79,087</u>		<u>76,736</u>		<u>90,535</u>		<u>103,448</u>	
	9,107		2,091		14,723		7,909		5,278		14,768	
	17,168		12,758		18,837		2,221		(1,286)		11,589	
\$	<u>26,275</u>	\$	<u>14,849</u>	\$	<u>33,560</u>	\$	<u>10,130</u>	\$	<u>3,992</u>	\$	<u>26,357</u>	

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years
(Modified Accrual Basis of Accounting)
(Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
General fund				
Nonspendable:				
Prepaid items	\$ 47,206	\$ 85,379	\$ 92,764	\$ 88,427
Restricted:				
Debt service	363,296	2,519,528	-	-
Committed:				
Other	-	-	-	-
Assigned:				
Emergency reserves	3,575,226	3,575,226	3,575,226	3,575,226
Unassigned	14,751,167	13,706,159	14,989,479	16,995,557
Total General fund	<u>\$ 18,736,895</u>	<u>\$ 19,886,292</u>	<u>\$ 18,657,469</u>	<u>\$ 20,659,210</u>
All other governmental funds				
Nonspendable:				
Inventories	\$ 162,672	\$ 259,579	\$ 264,300	\$ 294,596
Prepaid items	-	-	249,875	-
Restricted:				
Debt service	12,749,073	6,634,959	5,139,884	4,254,333
Beach preservation	968,854	3,228,192	864,030	1,056,745
Infrastructure and debt service	-	-	-	-
Capital projects	21,195,867	20,634,660	26,858,694	21,549,478
Grants	8,775,316	10,143,558	10,128,787	1,833,048
Other	-	-	-	-
Convention Center Operator	-	3,821,514	4,066,682	520,419
City of Galveston	-	2,815,873	3,375,562	4,154,602
Committed:				
Governmental projects	1,353,703	1,633,932	7,517,189	12,933,623
Assigned:				
Other	-	-	-	-
Unassigned	(138,902)	(109,360)	(241,400)	(430,719)
Total all other governmental funds	<u>\$ 45,066,583</u>	<u>\$ 49,062,907</u>	<u>\$ 58,223,603</u>	<u>\$ 46,166,125</u>

Note: In conforming to provisions of GASB Statement No. 54, fund balances of prior periods were restated to the new fund balance classifications.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 79,354	\$ 91,435	\$ 68,961	\$ 51,356	\$ 51,607	\$ 59,583
-	-	-	-	-	-
-	-	-	-	-	-
11,968,618	13,550,627	13,384,909	13,891,624	15,097,988	-
5,738,923	6,179,328	3,055,805	2,809,581	6,795,964	24,103,240
<u>\$ 17,786,895</u>	<u>\$ 19,821,390</u>	<u>\$ 16,509,675</u>	<u>\$ 16,752,561</u>	<u>\$ 21,945,559</u>	<u>\$ 24,162,823</u>
\$ 129,879	\$ 310,764	\$ 331,719	\$ 309,440	\$ 210,080	\$ 232,109
-	23,122	10,045	6,345	6,838	5,675
-	-	-	-	-	-
4,408,675	4,367,984	4,465,821	4,484,665	4,442,502	4,401,607
1,212,904	1,358,515	1,516,878	1,573,309	2,474,001	3,317,342
4,393,781	3,504,762	4,168,643	3,576,889	4,539,267	5,288,829
46,396,468	41,924,866	35,359,833	63,782,473	52,464,216	48,435,668
951,233	411,349	540,074	935,961	1,075,725	1,018,286
-	-	-	-	-	-
1,837,916	3,130,596	3,179,700	3,400,736	5,568,561	745,914
1,055,608	1,473,585	1,626,422	1,799,287	1,957,591	10,499,123
5,404,901	4,160,382	1,551,041	1,723,887	1,371,708	1,561,889
6,346,778	5,350,132	5,362,283	6,089,666	6,889,785	5,837,555
(14,770)	(16,706)	-	(1,682)	(1,925)	-
<u>\$ 72,123,373</u>	<u>\$ 65,999,351</u>	<u>\$ 58,112,459</u>	<u>\$ 87,680,976</u>	<u>\$ 80,998,349</u>	<u>\$ 81,343,997</u>

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes:				
Property taxes	\$ 22,134,235	\$ 23,063,200	\$ 23,215,372	\$ 26,076,657
Sales and use taxes	18,077,091	19,643,711	19,785,397	19,278,432
Hotel occupancy taxes	5,499,988	6,092,375	7,068,458	11,782,092
Mixed Beverage tax	560,806	741,671	802,384	838,733
Franchise taxes	5,042,575	5,267,085	5,244,681	6,224,831
Licenses and permits	1,157,610	1,226,220	1,437,379	1,330,049
Fines and forfeitures	2,243,919	1,991,045	1,775,217	1,877,085
Charges for services	3,290,246	3,818,853	4,211,953	4,040,969
Investment earnings	149,833	101,853	257,725	426,697
Intergovernmental	47,740,626	40,750,422	42,403,382	37,174,025
Other	974,471	1,163,677	8,390,920	7,927,895
Payments in lieu of taxes	-	-	-	-
Total Revenues	<u>106,871,400</u>	<u>103,860,112</u>	<u>114,592,868</u>	<u>116,977,465</u>
Expenditures				
General government	6,478,540	6,881,718	8,030,642	7,870,018
Public safety	26,953,671	27,522,088	26,895,220	28,662,210
Highways and roads	4,171,875	3,707,638	3,559,100	3,623,002
Culture and recreation	6,964,476	9,101,210	10,002,638	16,080,344
Planning and community development	11,784,903	5,086,927	4,367,107	4,026,954
Transportation	5,291,857	5,562,920	5,656,739	5,853,333
Capital outlay	33,036,633	34,977,699	21,545,616	41,872,758
Debt Service:				
Principal	7,420,397	6,030,509	4,681,927	6,520,000
Interest and other charges	3,311,138	2,561,735	2,500,163	3,893,170
Total Expenditures	<u>105,413,490</u>	<u>101,432,444</u>	<u>87,239,152</u>	<u>118,401,789</u>
Excess of revenues over (under) expenditures	1,457,910	2,427,668	27,353,716	(1,424,324)
Other Financing Sources (Uses)				
Premiums on bonds	1,700,560	-	832,890	2,455,092
Proceeds from bond sales	-	-	5,900,000	17,365,000
Payments to refunding bond escrow agent	(42,296,436)	-	(6,583,192)	(19,522,803)
Issuance of debt	41,165,000	1,071,675	-	-
Sale of capital assets	467,254	49,650	99,109	29,260
Transfers in	13,261,479	9,599,009	6,666,229	5,654,928
Transfers (out)	(12,022,362)	(8,002,281)	(26,336,878)	(5,034,951)
Total Other Financing Sources (Uses)	<u>2,275,495</u>	<u>2,718,053</u>	<u>(19,421,842)</u>	<u>946,526</u>
Extraordinary item - insurance proceeds from Hurricane Ike	-	-	-	-
Net change in fund balances	<u>\$ 3,733,405</u>	<u>\$ 5,145,721</u>	<u>\$ 7,931,874</u>	<u>\$ (477,798)</u>
Debt service as a percentage of noncapital expenditures	14.8%	12.9%	10.2%	11.2%

Fiscal Year						
2017	2018	2019	2020	2021	2022	
\$ 28,357,560	\$ 31,856,689	\$ 32,409,278	\$ 35,353,309	\$ 38,708,204	\$ 40,592,399	
19,383,937	20,491,545	21,655,825	21,046,049	24,997,605	30,078,269	
11,731,027	13,279,410	12,823,716	10,601,834	15,629,966	21,136,657	
879,328	933,147	976,845	761,777	1,004,855	1,146,597	
6,542,201	6,604,636	6,420,262	5,873,889	5,012,286	5,185,672	
1,142,579	1,196,241	1,264,319	1,320,998	1,847,839	2,450,956	
1,667,151	1,620,853	1,771,369	1,463,600	1,735,104	1,578,907	
4,112,023	2,831,731	2,252,123	1,822,642	2,717,575	3,382,754	
397,473	1,311,524	1,607,645	1,017,673	81,506	731,421	
37,662,122	34,950,034	39,882,936	19,864,892	12,712,334	9,493,068	
2,287,674	2,464,658	1,146,282	2,086,373	3,026,177	1,807,304	
188,561	166,921	248,545	315,490	488,121	334,419	
<u>114,351,636</u>	<u>117,707,389</u>	<u>122,459,145</u>	<u>101,528,526</u>	<u>107,961,572</u>	<u>117,918,423</u>	
9,383,448	8,979,498	8,394,061	8,995,896	11,514,807	10,549,113	
30,744,605	31,746,253	33,077,768	35,989,943	37,842,467	39,743,646	
3,933,319	4,959,120	8,794,060	6,788,555	4,580,912	5,233,577	
15,326,905	17,080,557	17,047,521	15,536,705	19,714,437	24,826,339	
8,838,704	6,027,028	8,677,373	1,748,399	3,590,289	3,332,188	
5,543,757	4,453,424	3,923,930	3,471,524	3,505,326	3,665,228	
38,569,718	41,922,932	48,132,202	27,585,279	23,729,443	25,648,445	
5,126,769	6,578,170	4,819,042	5,549,306	3,755,100	4,033,200	
1,911,402	2,153,652	3,838,683	4,906,116	3,287,106	3,122,479	
<u>119,378,627</u>	<u>123,900,634</u>	<u>136,704,640</u>	<u>110,571,723</u>	<u>111,519,887</u>	<u>120,154,215</u>	
(5,026,991)	(6,193,245)	(14,245,495)	(9,043,197)	(3,558,315)	(2,235,792)	
2,708,151	-	-	6,194,024	-	-	
22,600,000	-	-	31,205,000	-	-	
-	-	-	-	-	-	
-	-	-	-	-	5,500,000	
87,474	195,262	229,303	315,298	250,533	117,135	
37,901,933	8,917,866	16,785,746	48,183,989	12,308,379	13,426,466	
<u>(36,849,302)</u>	<u>(7,009,410)</u>	<u>(13,968,161)</u>	<u>(45,386,913)</u>	<u>(10,490,227)</u>	<u>(14,244,897)</u>	
<u>26,448,256</u>	<u>2,103,718</u>	<u>3,046,888</u>	<u>40,511,398</u>	<u>2,068,685</u>	<u>4,798,704</u>	
-	-	-	-	-	-	
<u>\$ 21,421,265</u>	<u>\$ (4,089,527)</u>	<u>\$ (11,198,607)</u>	<u>\$ 31,468,201</u>	<u>\$ (1,489,630)</u>	<u>\$ 2,562,912</u>	
8.0%	10.7%	8.1%	11.4%	7.1%	7.0%	

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Year	Real Property			Less Tax Exempt Real Property
		Residential Property	Commercial Property	Personal Property	
2013	2012	\$ 3,786,151,318	\$ 2,283,664,701	\$ 395,564,155	2,142,532,519
2014	2013	3,896,885,655	2,318,866,523	457,168,489	2,137,855,522
2015	2014	4,124,343,068	2,345,587,752	466,504,332	2,180,798,250
2016	2015	4,709,378,375	2,419,995,951	490,328,554	2,329,056,020
2017	2016	5,078,286,527	2,948,065,401	475,924,292	2,656,735,937
2018	2017	5,731,588,183	2,767,945,856	440,556,376	2,767,008,032
2019	2018	5,783,141,090	2,785,915,714	466,581,283	2,704,709,306
2020	2019	6,170,091,943	2,821,267,727	481,536,694	2,795,241,612
2021	2020	6,605,047,569	3,580,302,094	452,636,940	3,385,292,832
2022	2021	8,168,067,978	1,201,748,900	432,966,953	1,202,620,885

Source: Galveston Central Appraisal District

Note: All properties are assessed at 100% of actual taxable value. The difference between market value and taxable value is the value of exemptions granted for statutory purposes.

Residential property includes both single-family and multi-family properties.

*Unadjusted for over 65 and disabled property tax freeze

Total Taxable Assessed Value*	Total Direct Tax Rate	Estimated Actual Value	Assessed Value as a Percentage of Estimated Actual Value	Effective Tax Levy for Fiscal Year
\$ 4,322,847,655	\$ 0.55400	\$ 6,465,380,174	66.86%	\$ 23,030,149
4,535,065,145	0.55400	6,672,920,667	67.96%	23,714,788
4,755,636,902	0.53389	6,936,435,152	68.56%	24,913,658
5,290,646,860	0.52900	7,619,702,880	69.43%	25,105,697
5,845,540,283	0.52600	8,502,276,220	68.75%	27,559,694
6,173,082,383	0.56100	8,940,090,415	69.05%	30,107,754
6,330,928,781	0.56100	9,035,638,087	70.07%	33,579,559
6,677,654,752	0.57989	9,472,896,364	70.49%	34,349,034
7,252,693,771	0.56000	10,637,986,603	68.18%	37,274,510
8,600,162,946	0.49850	9,802,783,831	87.73%	41,619,594

PROPERTY TAX RATES
DIRECT AND OVERLAPPING GOVERNMENTS
 Last Ten Fiscal Years
 (Unaudited)

Fiscal Year	City Direct Rates				Overlapping Rates					Total Millage
	General	Library	Debt Service	Total Direct	Galveston Independent School District	Galveston College	Navigation District 1	Galveston County		
2013	\$ 0.45320	\$ 0.05000	\$ 0.04887	\$ 0.55207	\$ 1.16500	\$ 0.18940	\$ 0.04660	\$ 0.59990	\$ 2.55297	
2014	0.45513	0.05000	0.05080	0.55593	1.16500	0.18700	0.04662	0.58370	2.53825	
2015	0.43658	0.05000	0.04731	0.53389	1.15500	0.18700	0.04662	0.57884	2.50135	
2016	0.43395	0.05000	0.04505	0.52900	1.15500	0.17875	0.04529	0.56125	2.46929	
2017	0.44102	0.05000	0.03498	0.52600	1.15500	0.17025	0.04167	0.54625	2.43917	
2018	0.44100	0.05000	0.07000	0.56100	1.15500	0.16619	0.04047	0.54615	2.46881	
2019	0.45850	0.05000	0.05250	0.56100	1.15500	0.17519	0.04292	0.52983	2.46394	
2020	0.47739	0.05000	0.05250	0.57989	1.08500	0.17118	0.04439	0.50440	2.38486	
2021	0.45750	0.05000	0.05250	0.56000	1.02640	0.15919	0.04049	0.46513	2.25121	
2022	0.39600	0.05000	0.05250	0.49850	0.96320	0.14619	0.03384	0.41494	2.05667	

Source: Galveston Central Appraisal District, 2022 Taxing Entities and Tax Rates

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Fiscal Year 2022 Tax Year 2021			Fiscal Year 2013 Tax Year 2012		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Texas International Terminals	\$ 58,925,730	1	0.69%			
CenterPoint Energy Inc	54,597,520	2	0.63%	\$ 39,343,390	1	0.94%
Fertitta Hospitality Inc	43,136,422	3	0.50%	27,402,480	2	0.65%
2014 Galveston Jones Drive LLC	30,000,000	4	0.35%			
Seawall Hospitality LLC	28,699,730	5	0.33%			
American National Ins Co	24,548,100	6	0.29%			
Silverleaf Resorts Inc	20,735,980	7	0.24%	15,268,705		
HAF Hospitality Tremon Realty LLC	19,330,274	8	0.22%	-	7	0.00%
Galveston Island Water Park LP	17,946,740	9	0.21%	16,420,010	4	0.39%
Beatty Street Properties	17,877,360	10	0.21%			
Diamond Beach VP, LP	-			17,461,089	6	0.42%
Halliburton Energy Services	-			17,751,120	3	0.42%
Walmart Realty	-			13,015,320	5	0.31%
Galveston Terminals Inc	-			24,888,180	8	0.59%
Enjet Inc	-			18,548,970	9	0.44%
Trafigura Inc	-			17,619,450	10	0.42%
	315,797,856		3.67%	207,718,714		4.58%
Other taxpayers	8,284,365,090		96.33%	3,986,568,092		95.42%
Total Assessed Valuation	\$ 8,600,162,946		100.00%	\$ 4,194,286,806		100.00%

Source - Galveston County Appraisal District

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PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Tax Year	Tax Rate	Effective Tax Levy for Fiscal Year ⁽¹⁾	Collections of the Current Year Effective Levy Within the Fiscal Year of the Levy		Collections of Prior Year Levies Collected in the Fiscal Year	Total Collections by Fiscal Year	
				Amount	Percent of Levy	Amount ⁽²⁾	Amount	Percent of Levy
2013	2012	\$ 0.55400	\$ 23,714,788	\$ 23,155,399	97.6%	\$ 917,415	\$ 24,072,814	101.5%
2014	2013	0.55400	24,913,658	24,346,107	97.7%	838,593	25,184,700	101.1%
2015	2014	0.53389	25,105,697	24,593,586	98.0%	743,149	25,336,735	100.9%
2016	2015	0.52900	27,559,694	27,069,019	98.2%	753,857	27,822,876	101.0%
2017	2016	0.52600	30,107,754	29,484,505	97.9%	749,472	30,233,977	100.4%
2018	2017	0.56100	33,579,559	33,017,376	98.3%	657,324	33,674,700	100.3%
2019	2018	0.56100	34,349,034	33,644,354	97.9%	865,913	34,510,267	100.5%
2020	2019	0.57989	37,274,510	36,532,560	98.0%	832,044	37,364,604	100.2%
2021	2020	0.56000	39,201,180	38,529,460	98.3%	973,945	39,503,405	100.8%
2022	2021	0.49850	41,619,594	40,838,108	98.1%	831,184	41,669,291	100.1%

(1) Tax department records of the City's Effective Tax levy based on the GCAD appraisal roll adjusted for the over 65/disabled tax freeze.

(2) Includes delinquent taxes and penalties and interest.

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years

Amounts in (000's) except per capita amounts

(Unaudited)

Fiscal Year	Governmental Activities					
	General Obligation Bonds	Special Obligation Bonds	Leases	SBITA	Certificates of Obligation	Other**
2013	\$ 18,569	\$ 26,690	\$ 1,291	\$ -	\$ 18,758	\$ 3,029
2014	16,472	25,960	882	-	16,900	5,192
2015	14,620	25,200	-	-	14,153	5,332
2016	12,565	24,390	-	-	9,789	7,571
2017	33,835	23,525	-	-	5,829	7,938
2018	31,131	22,605	-	-	2,874	7,612
2019	28,775	24,553	-	-	1,391	5,758
2020	56,867	20,580	-	-	-	9,770
2021	54,221	19,470	452	-	-	9,028
2022	51,373	18,285	336	205	5,500	8,280

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

*See the Schedule of Demographic and Economic Statistics for personal income and population data.

** Other debt consists of bond issuance discount/premiums.

Business-Type Activities					Total Primary Government	Percentage of Personal Income*	Percentage of Total Taxable Value of Property	Per Capita*
Revenue Bonds	General Obligation Bonds	Leases	Certificates of Obligation	Other**				
\$ 35,755	\$ -	\$ -	\$ 14,116	\$ 30,767	\$ 148,975	12.6%	3.4%	\$ 3,119
33,525	-	-	13,674	26,820	139,425	10.8%	3.1%	2,861
28,810	-	-	13,210	25,675	127,000	9.8%	2.7%	2,560
23,515	15,440	-	-	21,576	114,846	8.6%	2.2%	2,289
21,910	14,466	-	33,355	21,602	162,460	11.7%	2.8%	3,214
20,255	13,499	-	32,330	18,512	148,818	10.4%	2.4%	2,947
18,540	11,970	-	64,580	17,323	172,890	11.5%	2.7%	3,426
16,760	10,483	-	63,825	13,711	191,996	12.2%	2.9%	3,798
-	23,254	-	62,560	8,164	177,149	10.9%	2.4%	3,299
-	20,572	-	66,765	5,020	176,336	8.8%	2.1%	3,313

RATIOS OF GENERAL BONDED DEBT OUTSTANDING

Last Ten Fiscal Years

Amounts in (000's) except per capita amounts

(Unaudited)

Fiscal Year	Tax Year	General Obligation Bonds	Less: Amounts Available in Debt Service Fund	Net General Obligation Bonds	Percentage of Estimated Actual Taxable Value* of Property	Per Capita**
2013	2012	\$ 18,569	\$ 5,164	\$ 13,405	0.21%	\$ 281
2014	2013	16,472	5,543	10,929	0.16%	224
2015	2014	14,620	4,270	10,350	0.15%	209
2016	2015	12,565	3,433	9,132	0.12%	182
2017	2016	33,835	3,579	30,256	0.36%	599
2018	2017	31,131	3,724	27,407	0.31%	543
2019	2018	28,775	3,811	24,964	0.28%	495
2020	2019	56,867	1,717	55,150	0.58%	1,091
2021	2020	54,221	1,668	52,553	0.49%	979
2022	2021	51,373	1,614	49,759	0.51%	935

Note: The General Obligation Bonds amounts above represent only the tax supported General Obligation Debt. The General Obligation Bonds of the business-type activities are excluded as these are revenue supported debt and would artificially inflate the per capita amounts if included. Details regarding the City's outstanding debt can be found in the notes to the financial statements.

* See the Schedule of Assessed Value and Estimated Actual Value of Taxable Property for property value data.

** Population data can be found in the Schedule of Demographic and Economic Statistics.

**DIRECT AND ESTIMATED OVERLAPPING
GOVERNMENTAL ACTIVITIES DEBT**

September 30, 2022
(Unaudited)

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage *	Amount
Galveston County	\$ 224,931,000	26.25%	\$ 59,044,388
Galveston Independent School District	285,500,000	79.32%	226,458,600
Galveston County Municipal Utility District #30	3,735,000	100.00%	3,735,000
Total Overlapping Debt			<u>289,237,988</u>
City Direct Debt			<u>144,210,000</u>
Total Direct and Overlapping Debt			<u>\$ 433,447,988</u>
Ratio of Direct and Overlapping Funded Debt to 2022 Taxable Assessed Valuation			<u>5.04%</u>
Per Capita Debt - Direct and Overlapping			<u>\$ 8,145</u>

Sources: Texas Municipal Advisory Council of Texas and City Finance Department

Notes:

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

*Applicable percentages were estimated by determining the portion of another governmental unit's taxable assessed value that is within the city's boundaries and dividing it by each unit's total taxable assessed value.

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year	Estimated Population ¹	Personal Income (\$ thousands)	Per Capita Personal Income (1)	Median Age (1)	Educational Level in Years of Formal Schooling (1)	School Enrollment (2)	Unemployment Rate (3)	Value of Building Permits (\$ thousands) (4)
2013	47,762	\$ 1,185,548	\$ 24,822	38.8	12.0	6,450	6.9%	\$ 227,128
2014	48,733	1,287,039	26,410	38.8	12.0	6,800	6.0%	173,339
2015	49,608	1,297,944	26,164	37.3	12.0	6,813	5.0%	184,223
2016	50,180	1,338,050	26,665	36.3	12.0	6,976	5.6%	131,081
2017	50,550	1,383,351	27,366	37.0	12.0	6,884	5.2%	224,606
2018	50,497	1,425,379	28,227	36.6	12.0	7,017	4.6%	123,707
2019	50,457	1,500,238	29,733	39.4	12.0	7,015	3.8%	157,480
2020	50,546	1,571,717	30,406	37.8	12.0	7,041	10.1%	131,373
2021	53,695	1,632,650	30,406	38.2	12.0	6,648	5.4%	249,802
2022	53,219	1,997,309	37,530	39.4	12.0	6,691	4.5%	357,883

Data Sources:

1 - United States Census Bureau and City-Data.com

2 - Galveston Independent School District

3 - United States Census Bureau and Texas Workforce Commission (<https://texaslmi.com/LMIbyCategory/LAUS>)

4 - City of Galveston

Note: Personal income information is a total for the year. Unemployment rate information is an adjusted yearly average.

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago
(Unaudited)

Employer	2022			2013		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Texas Medical Branch	8,937	1	32.63%	7,500	1	39.72%
Landry's Restaurants	1,930	2	7.05%	1,300	3	6.88%
Galveston Independent School District	1,358	3	4.96%	1,366	2	7.23%
Schlitterbah ²	1,100	4	4.02%			
American National Insurance Company	934	5	3.41%	866	4	4.59%
Galveston County (on Island only)	855	6	3.12%	864	5	4.58%
City of Galveston	804	7	2.94%	722	7	3.82%
Texas A&M University at Galveston	696	8	2.54%	423	9	2.24%
Moody Gardens ⁻¹	605	9	2.21%	810	6	4.29%
Shriners Children's Texas	377	10	1.36%			
Mitchell Historic Properties				460	8	2.44%
Galveston College				300	10	1.59%
All others	9,795		35.76%	4,272		22.62%
	27,391		100.00%	18,883		100.00%

Source: GEDP, VisionGalveston, City of Galveston research efforts

1 This includes peak employment totals. Year round employment is 572.

2 This includes peak employment totals.

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FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
General government:										
City Secretary	3	3	3	4	4	4	4	4	4	4
Municipal Court	10	9	9	9	8	8	8	8	10	10
City Manager	4	4	4	6	6	5	3	4	3	3
City Auditor	2	2	2	2	2	2	2	2	2	3
Finance	14	15	16	19	19	18	17	13	13	19
Legal	6	6	6	6	7	7	7	5	6	6
Human Resources	3	3	3	4	5	5	5	5	5	5
Public Safety:										
Police	177	188	185	185	190	203	209	200	209	212
Fire	115	115	115	118	120	119	119	118	119	119
Emergency Management	2	2	2	2	2	2	1	1	1	2
City Marshal	-	-	-	1	1	1	1	17	8	8
Public Works:										
Streets and Traffic	36	42	42	46	43	58	61	49	56	57
Parks	33	34	34	36	39	40	42	38	41	46
Planning and Community Development	24	23	23	25	25	24	25	42	36	14
Waterworks	35	37	41	40	45	43	44	39	48	49
Sewer System	80	81	84	87	90	87	88	54	85	88
Drainage Utility	26	35	35	34	33	37	36	28	35	35
Sanitation	45	48	48	58	59	59	59	56	59	60
Municipal Airport	8	8	8	8	8	8	8	7	7	8
Central Service	13	14	15	16	18	24	25	34	27	26
Central Garage	22	22	22	24	22	22	22	21	24	24
Municipal Insurance	2	2	2	2	2	2	2	2	2	1
Construction Management	5	5	5	6	13	17	17	17	14	14
Parking Management	-	-	-	-	-	-	-	-	-	5
Lasker Park Pool	-	-	-	-	-	-	-	-	-	4
Alarm Permit	-	-	-	-	-	-	-	-	-	1
Island Transit	52	52	52	58	58	58	53	38	45	48
Total	<u>717</u>	<u>750</u>	<u>756</u>	<u>796</u>	<u>819</u>	<u>853</u>	<u>858</u>	<u>802</u>	<u>859</u>	<u>871</u>

OPERATING INDICATORS BY FUNCTION*Last Ten Fiscal Years
(Unaudited)*

Function	Fiscal Year			
	2013	2014	2015	2016
Police:				
Physical arrests	7,597	6,039	6,356	6,178
Parking violations	9,267	25,556	12,320	15,406
Traffic violations	28,765	22,148	20,243	20,915
Fire:				
Calls	6,311	7,020	7,172	7,700
Inspections	407	1,678	1,693	2,750
Water:				
Service connections	20,595	23,294	19,938	21,623
Average daily consumption (gallons)	14,570,688	14,557,447	14,509,978	14,170,071
Sewer:				
Average daily flow (gallons)	7,854,000	7,136,000	8,826,700	9,302,558
Maximum daily capacity of plants (gallons)	14,500,000	17,713,000	14,550,000	14,550,000

Source: Various City Departments.

Fiscal Year					
2017	2018	2019	2020	2021	2022
5,176	4,794	4,450	4,100	5,824	4,994
18,834	19,546	22,947	1,119	418	537
16,054	16,369	18,059	6,892	9,012	6,590
7,360	7,031	6,843	6,891	8,680	7,292
1,964	1,765	1,450	1,926	1,475	2,073
21,945	22,338	22,794	26,811	25,503	23,087
14,092,921	11,904,677	10,616,792	10,892,000	10,507,074	11,149,673
7,420,000	7,640,699	7,792,000	7,792,000	7,739,205	6,809,878
14,874,000	14,874,000	14,874,000	14,874,000	14,580,000	14,550,000

CAPITAL ASSETS STATISTICS BY FUNCTION

*Last Ten Fiscal Years
(Unaudited)*

Function	Fiscal Year			
	2013	2014	2015	2016
Police:				
Stations	2	1	1	1
Patrol Units	60	74	78	65
Police officers	143	143	140	136
Fire:				
Stations	6	6	6	6
Fire fighters	115	109	109	112
Highways and streets:				
Streets (miles)	321	321	321	324
Street lights	4,377	4,411	4,417	4,405
Culture and recreation:				
Parks acreage	168	168	168	168
Parks	14	14	14	13
Tennis courts	16	16	16	16
Community centers	2	2	2	2
Cemeteries	7	7	7	6
Athletic fields	12	12	12	11
Swimming pools	-	-	-	-
Water:				
Water mains (miles)	389	389	389	391
Fire hydrants	2,422	2,552	2,555	2,555
Maximum daily capacity (thousands of gallons)	39,700,000	39,700,000	36,500,000	21,500,000
Sewer:				
Treatment plants	4	4	4	4
Sanitary sewers (miles)	243	243	243	244
Storm sewers (miles)	75	75	75	75
Maximum daily treatment capacity (thousands of gallons)	14,250,000	14,250,000	14,750,000	14,874,000

Source: Various City Departments.

Note: No capital asset indicators are available for the general government function.

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	1
68	62	52	109	103	47	
132	148	146	151	150	151	
6	6	6	6	6	6	
112	112	115	111	111	111	
324	324	324	378	378	378	
4,405	4,541	4,583	4,583	5,290	5,290	
168	751	751	751	751	751	
13	17	17	17	17	17	
16	16	16	16	16	16	
2	2	2	2	2	2	
6	6	6	6	6	6	
11	24	24	24	24	24	
1	1	1	1	1	1	
391	395	400	491	491	511	
2,555	2,585	2,696	2,600	2,606	2,650	
21,500,000	21,500,000	37,100,000	37,100,000	35,800,000	37,100,000	
4	4	4	4	4	4	
244	246	246	268	254	256	
75	57	62	63	63	65	
14,874,000	14,874,000	14,874,000	14,874,000	14,580,000	14,550,000	