

Annual Comprehensive Financial Report

For Fiscal Year Ended September 30, 2023



**CITY OF GALVESTON,
TEXAS**



**ANNUAL COMPREHENSIVE
FINANCIAL REPORT**

**Fiscal Year Ended
September 30, 2023**

**Prepared by:
Finance Department**

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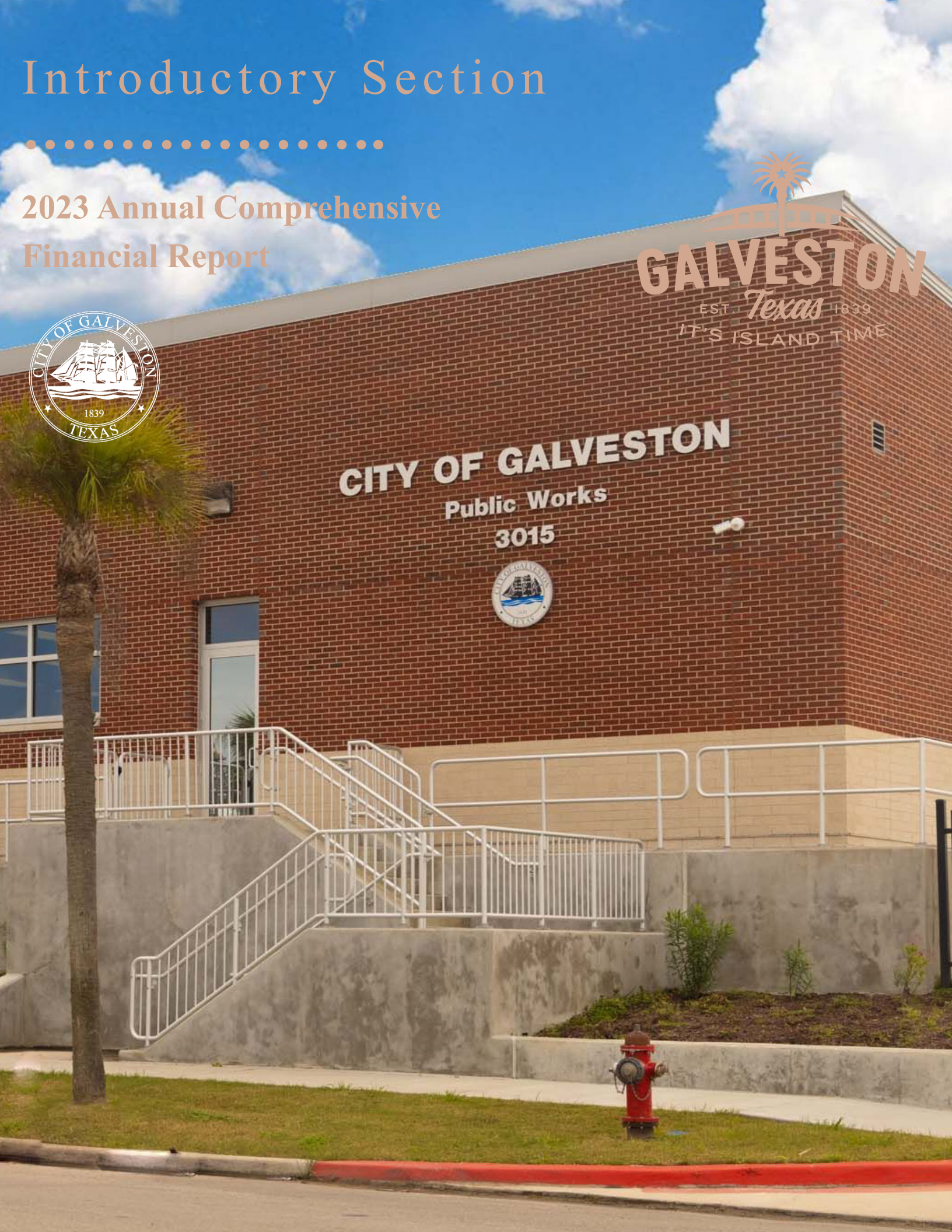
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Introductory Section

2023 Annual Comprehensive Financial Report



CITY OF GALVESTON
Public Works
3015



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City of Galveston



P.O. Box 779 / Galveston, Texas 77553

Annual Comprehensive Financial Report for Fiscal Year Ending September 30, 2023

Letter of Transmittal

March 21, 2024

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, 2023.

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, 2023, 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, 2023 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 2023, 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.

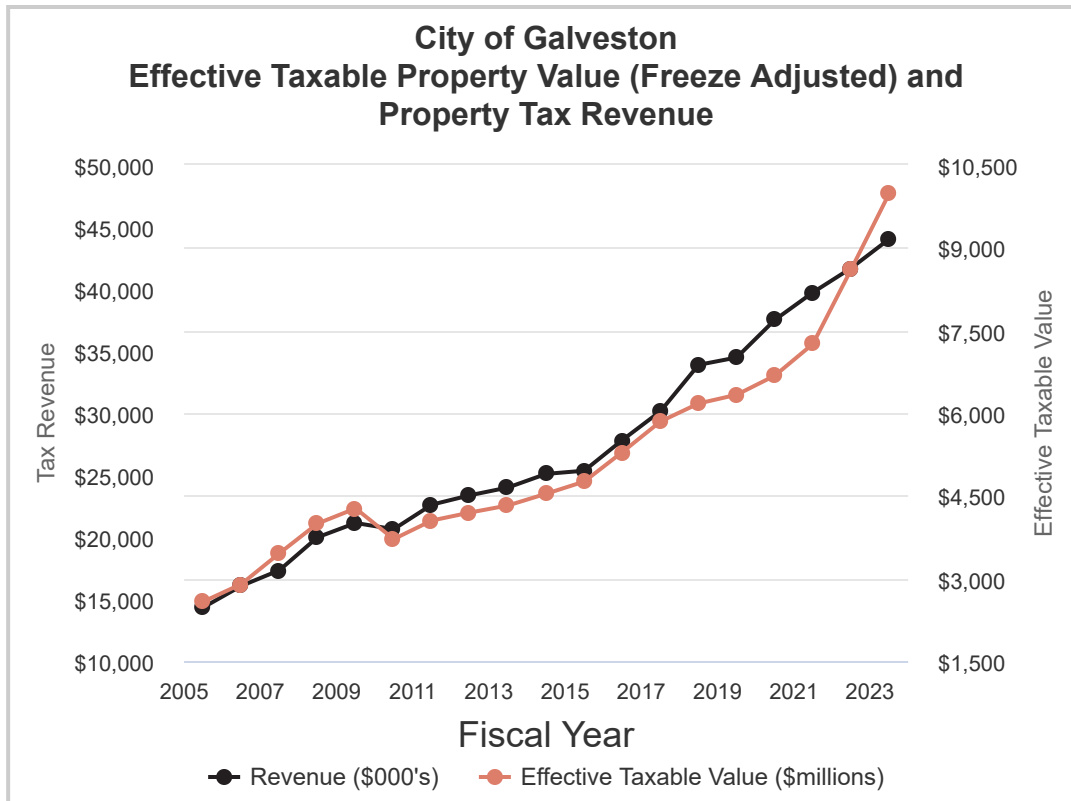
This Annual Comprehensive Financial Report includes budget-to-actual comparisons for the General Fund, American Rescue Plan Act, HOT Advertising & Tourism Fund, General Obligation Bonds 2019 Capital Projects Fund, Island Transit, Rosenberg Library, Project Specific Programs, Cable Television Public Education 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, Convention Center Operations Fund, HOT Beach Cleaning & Maintenance Fund, HOT Beach Patrol & Safety Fund, HOT Arts & Historical Preservation Fund, HOT Beach Renourishment & Preservation Fund, Short-Term Rental Regulation Fund, General Obligation Bond 2017 Capital Projects Fund, Hotel Occupancy Tax Debt Service 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

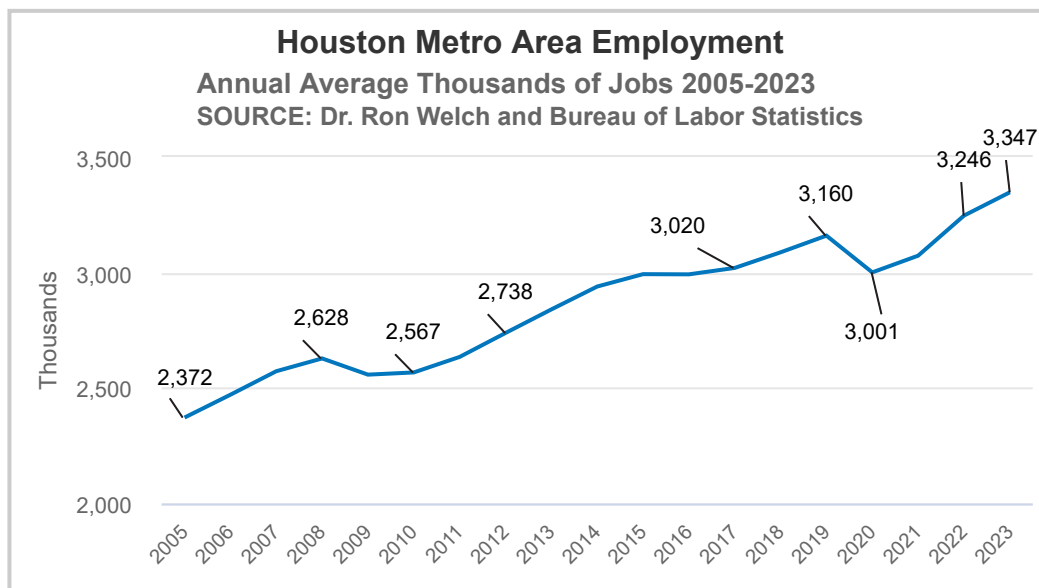
Galveston's economy is healthy and growing because of its location and climate in spite of challenges from natural disasters, weather events and economic downturns. Galveston is located on the Gulf of Mexico at the mouth of Galveston Bay. The Gulf Coast of Texas normally experiences mild winters and 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. The last two year's financial report presented results that show the recovery is well underway due to the impact of the programs stimulating consumer behavior.

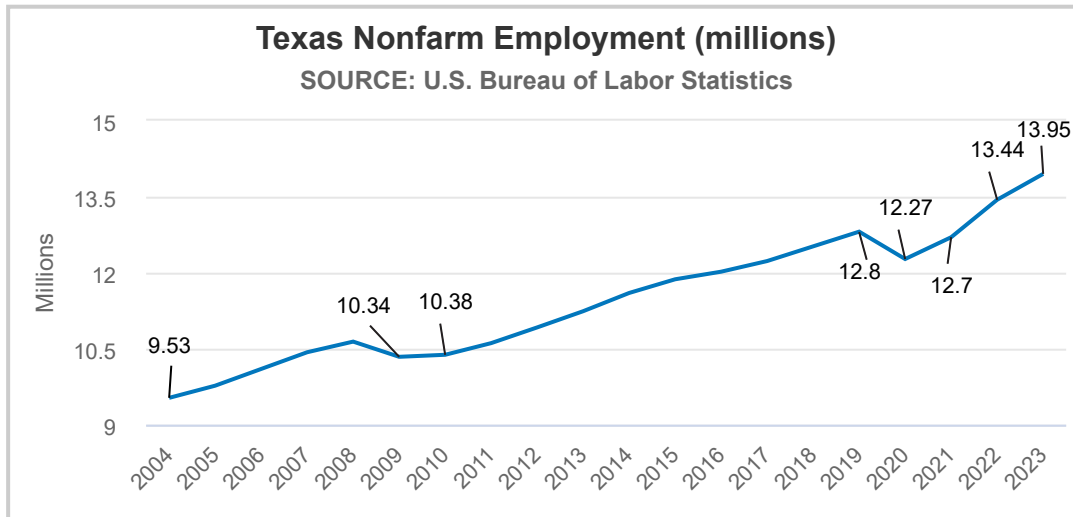
Every significant economic statistic affecting Galveston and presented in this Annual Report now reflects two significant downturns. The first involved the simultaneous arrival of Hurricane Ike and the Great Recession in 2008. After Galveston's taxable property values fell 13 percent to \$3.7 billion, 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 \$9.98 billion in FY 2023 (Source: Galveston County Appraisal District). The effective annual rate of increase in the City's taxable value from FY 2009 through FY 2023, was 7.07 percent including the loss incurred after Hurricane Ike in FY 2010. Property tax collections were strong in FY 2023 at 100.4 percent of the effective taxable value adjusted for the property tax freeze. In FY 2023, the property tax freeze provided \$0.81 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 3.25 million in 2022 to 3.35 million in calendar year 2023.



Statewide employment followed the same pattern as the region in 2023. 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.

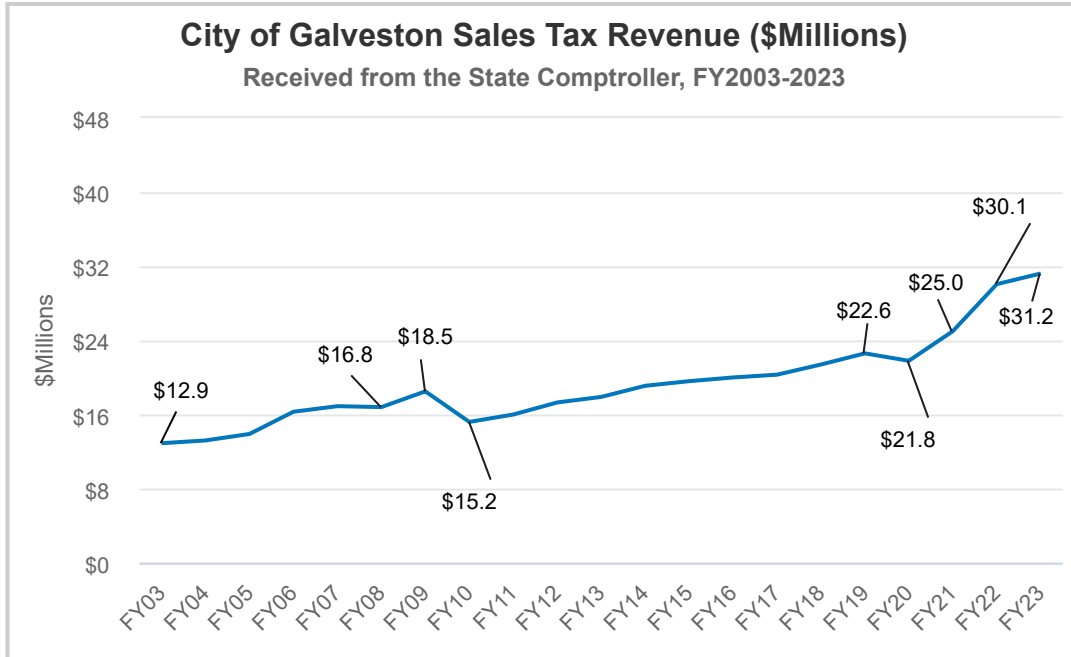


Galveston is the top recreation center for the region as evidenced by its sales tax revenue performance since FY 2003. The City’s two percent sales tax rate is composed of a 1.5 percent amount that goes to the City’s General Fund to support public safety and transportation functions. The remaining one-half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

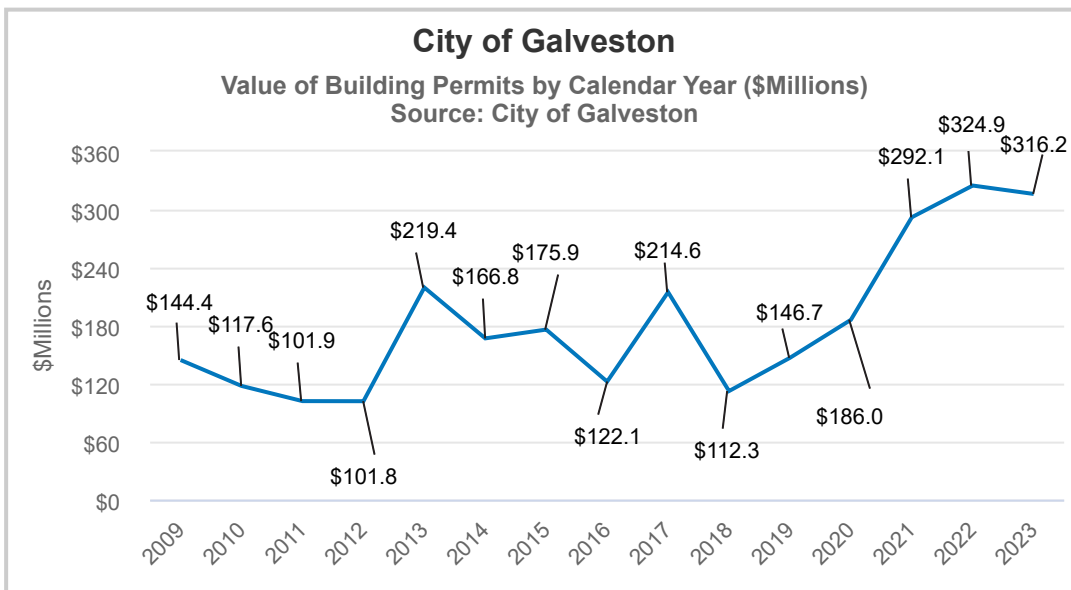
The City performs sales tax forecasts with a robust statistical model that provides a reliable explanation of prior sales tax growth using national, regional and local economic factors. Because of the model, regional employment has been identified as the most significant factor or leading indicator of 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 2023, the City collected \$31.2 million in sales tax revenue, 3.8 percent more than in FY 2022. The City’s General Fund receives 1.5 percent out of the 2 percent sales tax collected, recording \$23.4 million in revenue in FY 2023.



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 306.7 in December 2023. The CPI-U for the metropolitan area including Galveston was 267.6 for the same period. By this measure, Galveston’s cost of living is approximately 14.6 percent less than the nation as a whole.

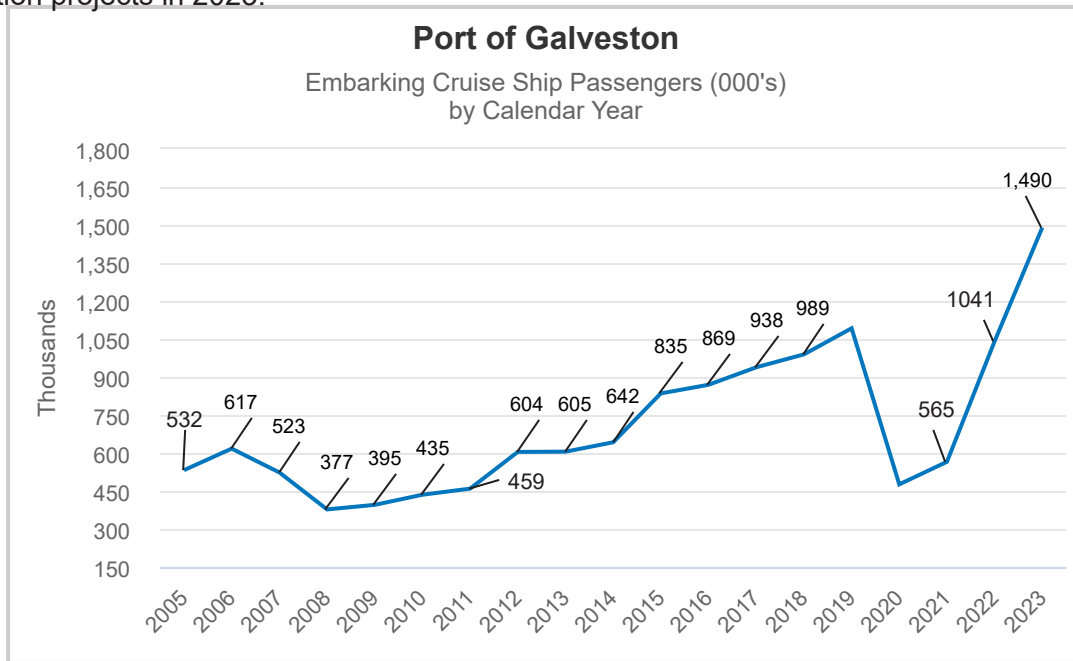


Construction activity in Galveston is continuing at not just a steady pace but an accelerated pace after the value of building permits in the immediate aftermath of Hurricane Ike peaked in 2008 at \$284.8 million (not shown in the graph). For the ten year period of 2013 through 2022, the annual average value of commercial and residential building permits has been \$196.1 million per year. Permits issued in calendar year 2023 reached a total of \$316.2 million which reflects the attraction of Galveston Island. 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 occupying 840 acres 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 Federal Channel. The width of the Federal Channel remains nearly constant at 1,200 feet and is authorized and maintained between 41 feet and 46 feet throughout the entire length, including one 37-foot deep and 1,500-foot wide turning basin. The Alternate Route for the Gulf Intracoastal Waterway (ICWW) runs alongside the Port of Galveston. Galveston port facilities are situated 9.3 miles from the open sea.

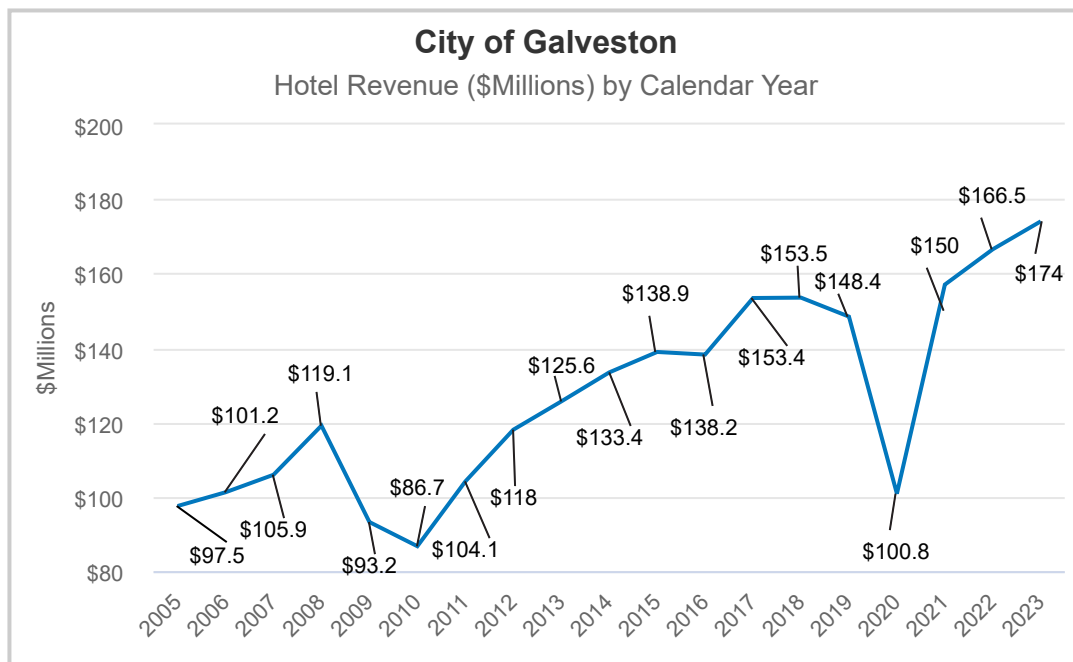
The Port invested over \$50.0 million in improvements and renovations to Cruise Terminal 25 in 2023 making it possible for the liquid natural gas (LNG) powered Carnival Jubilee to set sail for the first time into Galveston Harbor on December 23rd. As the fourth most popular cruise homeport in North America, the Port had a record 354 sailings, almost 1.5 million cruise passenger embarkations, and over 210 thousand cruise-related cars parked.

The Port leases and maintains a wide range of cargo facilities on the Galveston Ship Channel, which moved up from 46th to 43rd 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 2021 Transportation Facts & Information.” Other 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 Port was awarded \$42.3 million in state funds for major cargo and transportation projects in 2023.



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, 2022 and 2023, 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 4,700. 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.

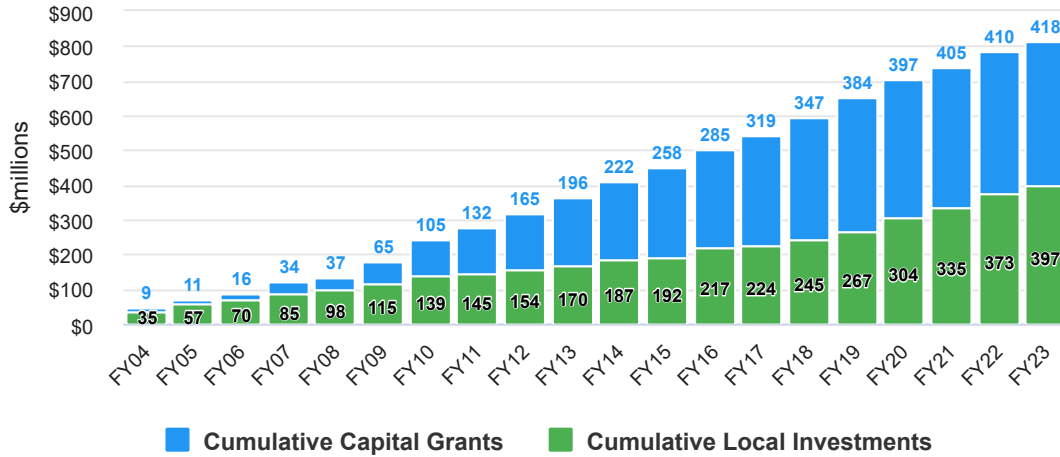


FY 2004 was the first year in which the City was required by Governmental Accounting Standards Board Statement 34 (GASB 34) to include the value of its capital assets net of depreciation in its balance sheet. Since 2004, GASB 34 has served as an annual reminder to communities of the importance of investments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

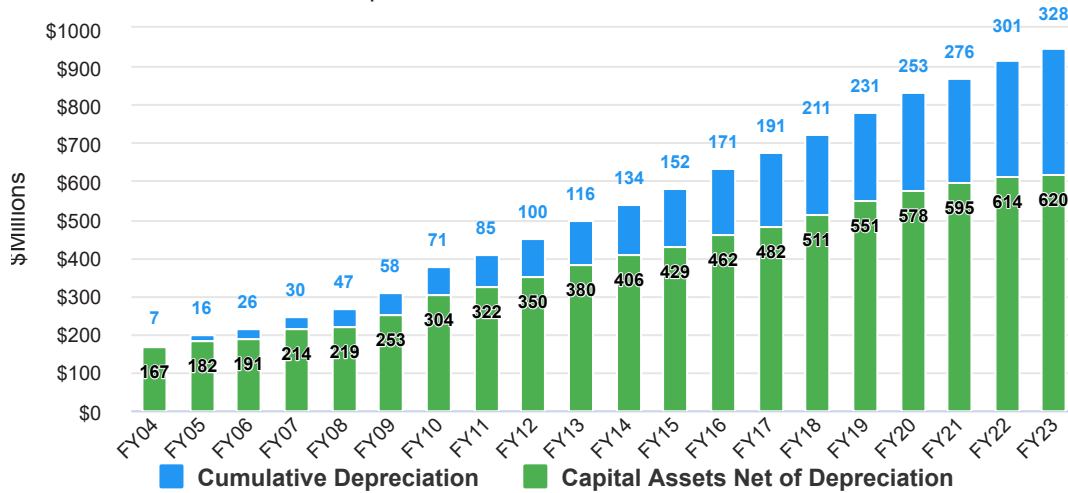
Since FY 2003, the City’s net capital asset position has increased from \$129 million to \$620 million, a \$491 million increase. From FY 2004 through FY 2023, the City has invested a total of \$815 million in improvements to its capital infrastructure, including streets, drainage, parks, fire, police, water, wastewater and airport systems. This included \$397 million in local system resources (cash, bond proceeds) and \$418 million in contributions (largely federal grants received by the City). Also, since FY03, the value of capital assets has been reduced by \$328 million in accumulated depreciation (capital value), offsetting all but approximately \$70 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 \$26.5 million in FY 2023. Without continual investments, the value and quality of the City’s capital investments will fade.

**Local Investment (\$397M) and Capital Grants (\$418M)
\$815M Cumulative Investments Since FY03**

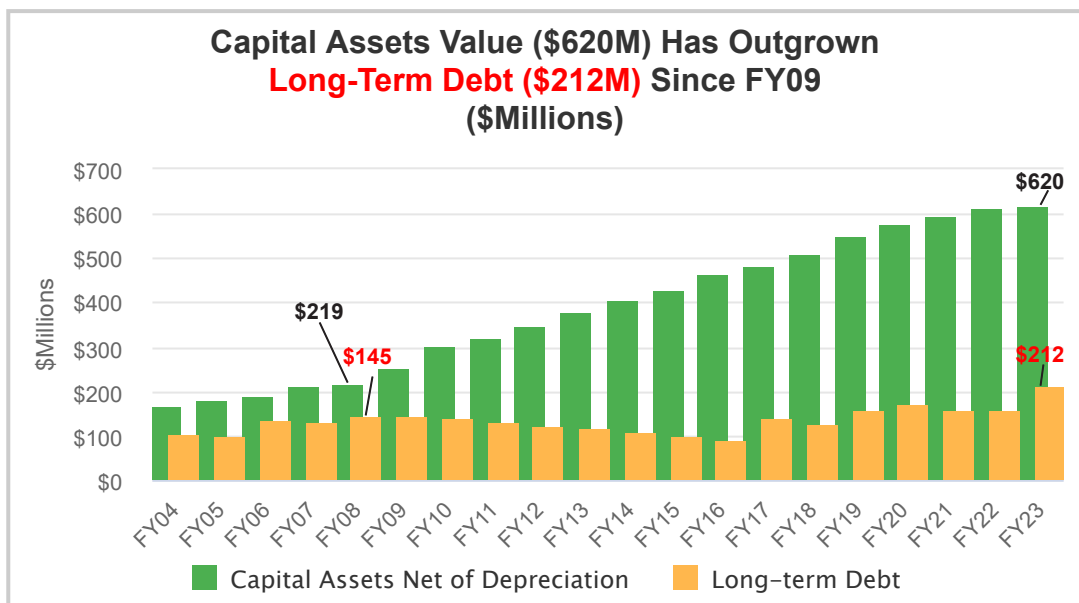


**Capital Assets Net of Depreciation: \$620M in FY23,
\$491M more than in FY03**



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. In October 2022, the City issued Combination Tax and Revenue Certificates of Obligation, Series 2022A in the amount of \$62,635,000. 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.

As of FY 2023, the City’s capital assets are valued at \$620 million and the City’s outstanding principal payments for long-term debt total \$212 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 \$212 million outstanding as of the end of FY 2023 is \$67 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 \$25.26 million, representing approximately 130 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 summer 2024. 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 and 2023, 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 2022:

“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 increased \$39.2 million in FY 2023 largely due to the large decrease in net investment income for all three investment pools. The overall stock market was ranked as one of the worst since 2008. In addition to poor stock returns, bonds also did poorly causing the significant increase in the City’s pension liability.

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 foot 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.

In 2022, 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. In January 2022 the City was awarded \$54.4 million for the design and construction of the South Shore Drainage Pump Station. The Design will be completed in the spring of 2024 with Construction anticipated to start by the end of 2024. 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.

In January 2024 the City was awarded \$41.6 million dollars for the construction of the 14th Street Drainage Pump Station. The pump station will be located on 14th street with drainage improvements from 13 ½ to 17 ½ streets from the ship channel to the seawall. The construction will begin in the fall of 2024.

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 installation of an Automated Metering Infrastructure 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. In FY 2023, the City increased the contribution from the City to the non-civil service employees pension plan (9 percent to 12.15 percent) and the firefighters’ pension plan (17 percent to 20.2 percent). The City is continuing in FY 2023 to work with each board to further stabilize these plans. 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 2023 at \$16.3 million.

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,



Brian Maxwell
City Manager



Csilla Ludanyi
Finance Director and Chief Financial Officer

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CITY OF GALVESTON, TEXAS
PRINCIPAL OFFICIALS



Mayor
Craig Brown

District 1



Sharon Lewis

District 2



David Finklea

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

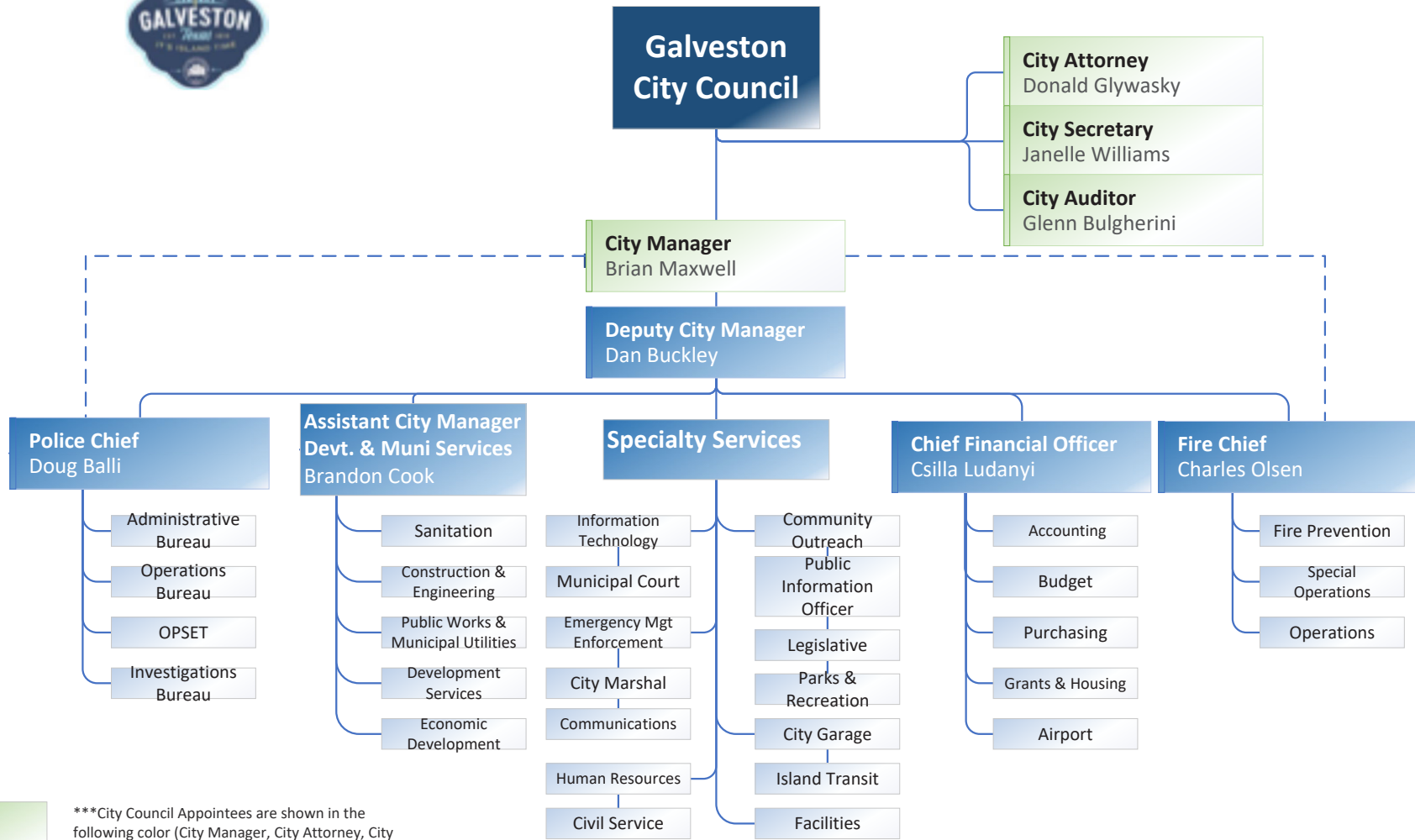
City Manager	Brian Maxwell
City Secretary	Janelle Williams
City Attorney	Donald Glywasky
Court Judge	Jim Schweitzer
City Auditor	Glenn Bulgherini

Departmental Directors

(City Manager Appointees)

Deputy City Manager	Dan Buckley
Chief Financial Officer & Finance Director	Csilla Ludanyi
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
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
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
Clerk of Municipal Court	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)

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Financial Section



2023 Annual Comprehensive Financial Report



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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, 2023, 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, 2023, 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, 92 percent, and 98 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* (GAS), 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 GAS 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 GAS, 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, HOT Advertising and Tourism 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 GAS, we have also issued our report dated March 21, 2024, 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 GAS in considering the City's internal controls over financial reporting and compliance.

Whitley Penn LLP

Houston, Texas
March 21, 2024

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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, 2023.

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 \$544.6 million (net position). Of this amount, \$87.2 million is restricted for specific purposes based on law and contractual obligations to citizens and creditors.
2. Capital assets net of depreciation provide \$620 million of the \$929.4 million in total citywide assets.
3. Long-term liabilities increased from \$191.8 million to \$246.0 million due to the issuance of the Combination Tax and Revenue Certificates of Obligation, Series 2022A bonds. Also, the aggregate net pension liability increased from \$57.4 million in FY 2022 to \$96.6 million in FY 2023 largely due to the market-driven negative performance of each pension fund's investment pool.
4. The net position of governmental activities improved from \$198.1 million in FY 2022 to \$226.3 million in FY 2023. Current assets increased by \$23.6 million from \$158.0 million in FY 2022 to \$181.6 million in FY 2023.

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 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 97 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, American Rescue Plan Act, and HOT Advertising and Tourism fund, all of which are considered to be major governmental funds. Data from the other 80 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 135 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 Fund is considered to be a major fund 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

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 \$544.6 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, 2023 of \$544.6 million is a \$33.5 million increase over the prior year.

Total Assets were \$929.4 million at the end of the current fiscal year, a \$89.0 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 and bonds as in prior years and the City's role in maintaining both State and Local Hotel Occupancy Tax funds that were previously maintained by the City's Component Unit, the Park Board of Trustees. Total investments in capital assets increased by \$6.1 million and total cash and cash equivalents increased by \$74.2 million.

Current assets for Governmental Activities increased by \$23.6 million, largely due to the receipt of \$14.2 million in cash for the State and Local Hotel Occupancy taxes reserves for prior fiscal years previously maintained by the Park Board of Trustees. The current assets for Business-Type Activities increased by \$60.2 million, largely due to the issuance of the Combination Tax and Revenue Certificates of Obligation, Series 2022A bonds.

An increase can be seen in long-term liabilities of Business-Type Activities of \$59.1 million reflecting the Series 2022A bond sale in FY 2023 offset with bond principal payments.

By far the largest portion of the City’s net position, 86.1 percent or \$469.2 million, reflects its investment in capital assets net of depreciation/amortization (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, 2023. 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 increased to \$96.6 million in the current fiscal year compared with \$57.4 million for the prior fiscal year. This was largely due to the large decrease in net investment income for all three investment pools. The overall stock market was ranked as one of the worst since 2008. In addition to poor stock returns, bonds also did poorly causing the significant increase in the City’s pension liability. (see Note 15).

COMPARATIVE SCHEDULE OF NET POSITION

September 30, 2023 and 2022

Amounts in (000’s)

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 181,614	\$ 158,038	\$ 111,121	\$ 50,888	\$ 292,735	\$ 208,926
Capital assets	248,057	247,705	371,707	366,013	619,764	613,718
Right to use assets	335	559	-	-	335	559
Non-current lease receivable	-	-	16,596	17,187	16,596	17,187
Total Assets	<u>430,006</u>	<u>406,302</u>	<u>499,424</u>	<u>434,088</u>	<u>929,430</u>	<u>840,390</u>
Total Deferred Outflows of Resources	<u>31,656</u>	<u>15,172</u>	<u>6,182</u>	<u>1,833</u>	<u>37,838</u>	<u>17,005</u>
Other liabilities	33,626	38,678	7,047	6,658	40,673	45,336
Long-term liabilities	93,014	97,903	152,932	93,886	245,946	191,789
Total OPEB liability	16,266	17,219	-	-	16,266	17,219
Net pension liability	85,571	55,131	11,021	2,262	96,592	57,393
Total Liabilities	<u>228,477</u>	<u>208,931</u>	<u>171,000</u>	<u>102,806</u>	<u>399,477</u>	<u>311,737</u>
Total Deferred Inflows of Resources	<u>6,916</u>	<u>14,488</u>	<u>16,270</u>	<u>20,056</u>	<u>23,186</u>	<u>34,544</u>
Net Position (Deficit)						
Net investment in capital assets	178,462	180,332	290,704	282,996	469,166	463,328
Restricted	87,202	54,568	-	-	87,202	54,568
Unrestricted (Deficit)	(39,395)	(36,845)	27,632	30,063	(11,763)	(6,782)
Total Net Position (Deficit)	<u>\$ 226,269</u>	<u>\$ 198,055</u>	<u>\$ 318,336</u>	<u>\$ 313,059</u>	<u>\$ 544,605</u>	<u>\$ 511,114</u>

An additional portion of the City’s net position, 16.0 percent or \$87.2 million, represents resources that are restricted by external authorities and requirements on how they may be used. The total negative unrestricted net position of \$11.8 million results from \$39.4 million negative net position of Governmental Activities, that is partially offset by \$27.6 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 \$85.6 million of the total \$96.6 million in net pension liabilities and \$16.3 million of OPEB liabilities.

COMPARATIVE SCHEDULE OF CHANGES IN NET POSITION

For the Years Ended September 30, 2023 and 2022

Amounts in (000's)

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 10,686	\$ 8,576	\$ 54,972	\$ 53,634	\$ 65,658	\$ 62,210
Operating grants and contributions	3,919	4,186	50	50	3,969	4,236
Capital grants and contributions	8,198	5,022	-	59	8,198	5,081
General revenues:						
Property taxes	42,904	40,824	-	-	42,904	40,824
Sales tax	31,226	30,078	-	-	31,226	30,078
Mixed beverage tax	1,269	1,147	-	-	1,269	1,147
Hotel occupancy taxes	54,706	21,137	-	-	54,706	21,137
Franchise and other taxes	5,106	5,186	-	-	5,106	5,186
Payments in lieu of taxes	327	334	-	-	327	334
Lease revenue	-	-	934	933	934	933
Other	7,517	2,182	4,907	1,629	12,424	3,811
Total Revenues	165,858	118,672	60,863	56,305	226,721	174,977
Expenses						
General government	19,789	14,354	-	-	19,789	14,354
Public safety	49,146	39,292	-	-	49,146	39,292
Public works	4,420	6,122	-	-	4,420	6,122
Culture and recreation	42,053	27,531	-	-	42,053	27,531
Planning and community development	6,571	3,985	-	-	6,571	3,985
Transportation system	4,745	3,489	-	-	4,745	3,489
Interest on long-term debt	2,490	2,497	-	-	2,490	2,497
Combined utility system	-	-	49,046	37,962	49,046	37,962
Sanitation services	-	-	8,466	7,377	8,466	7,377
Drainage utility	-	-	4,163	3,757	4,163	3,757
Airport	-	-	2,341	2,254	2,341	2,254
Total Expenses	129,214	97,270	64,016	51,350	193,230	148,620
Increase (decrease) in net position before transfers	36,644	21,402	(3,153)	4,955	33,491	26,357
Transfers	(8,430)	(6,635)	8,430	6,635	-	-
Increase (decrease) in net position	28,214	14,767	5,277	11,590	33,491	26,357
Net position - beginning	198,055	183,849	313,059	301,817	511,114	485,666
Prior period adjustments	-	(561)	-	(348)	-	(909)
Net position - ending	\$ 226,269	\$ 198,055	\$ 318,336	\$ 313,059	\$ 544,605	\$ 511,114

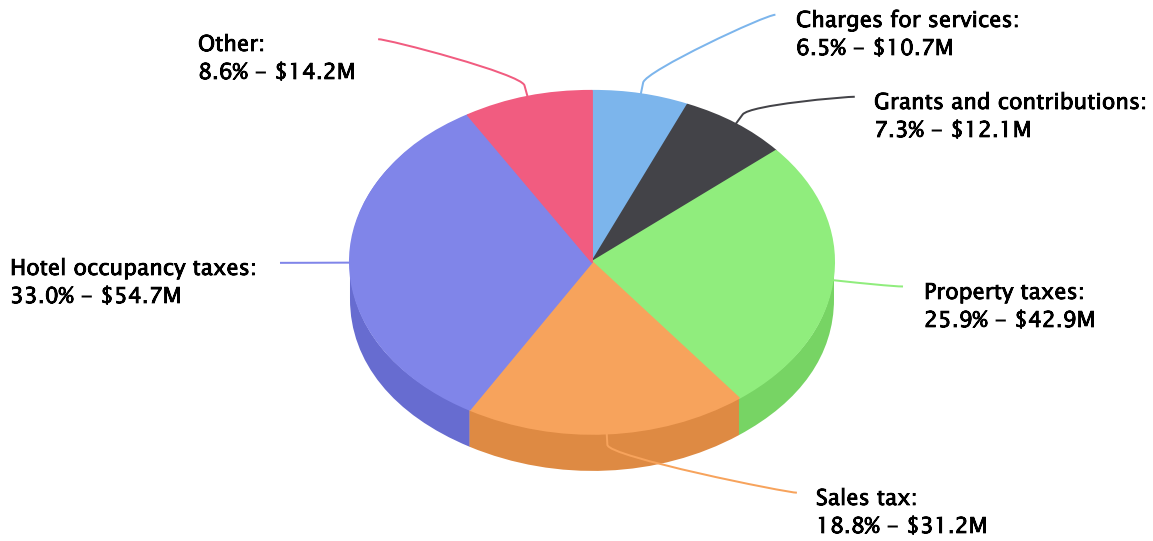
Governmental Activities

Governmental activities increased the City's net position by \$28.2 million. Key elements of this net increase are as follows:

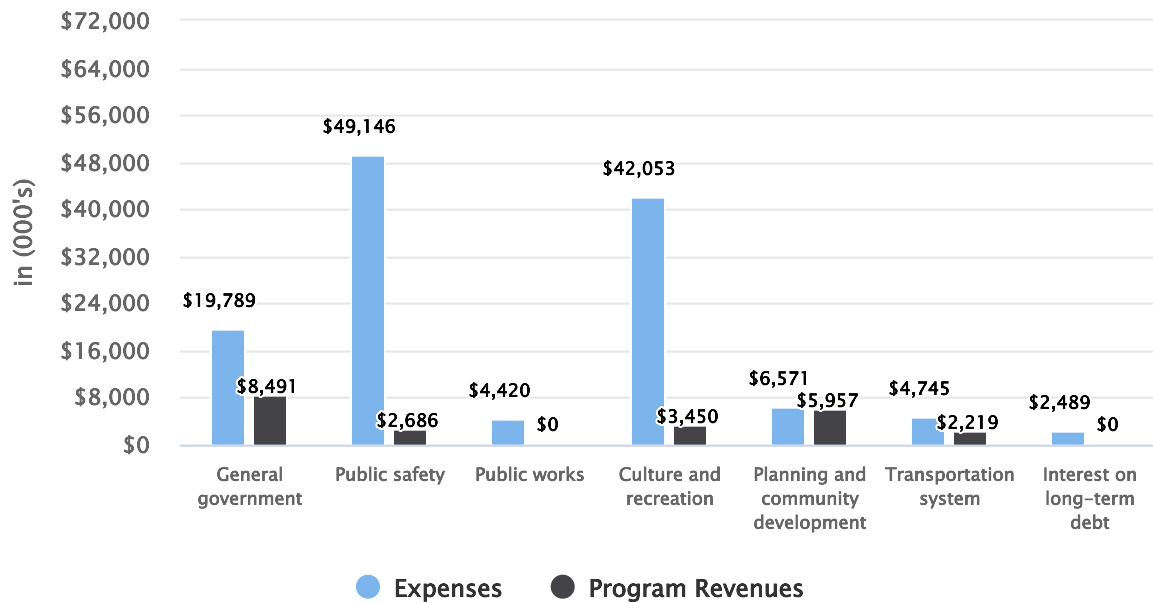
- Total revenue from governmental activities increased by \$47.19 million from FY 2022. This is largely due to the increase of hotel occupancy tax revenue in the City's governmental funds. The City of Galveston and the Park Board of Trustees entered into a contract in FY 2023 regarding the handling of hotel occupancy taxes. Both the State and Local hotel occupancy taxes are now being maintained by the City in their governmental funds where in prior years a large portion was shown in the Component Unit statements.
- Charges for services increased from \$8.6 million in FY 2022 to \$10.7 million in FY 2023, an increase of \$2.1 million. The increase from prior year was primarily due to a new long-term parking ordinance adopted by the City and a short-term rental agreement between the the City of Galveston and the Park Board of Trustees. The long-term parking ordinance went into effect in May 2023 and produced \$740 thousand in revenues for FY 2023. The short-term rental agreement with the Park Board was signed in December 2022 and provided \$783 thousand dollars in registration fees to the City for FY 2023.
- There was an increase in capital grants and contributions of \$3.2 million from \$5.0 million to \$8.2 million and a decrease in operating grants and contributions of \$0.3 million.
- Virtually all of the \$8.2 million in capital grants and contributions shown in Governmental Activities revenue is being invested in the City's infrastructure.
- The total public safety expenditures increased by \$9.9 million from \$49.1 million in FY 2023 and \$39.3 million in FY 2022. This increase resulted mainly from the increase 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 2023 of \$85.6 million which increased by \$30.4 from FY 2022. The overall budget and expenditures for public safety also increased (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 \$23.5 million in FY 2022 to \$26.1 million in FY 2023. Also, total public safety expenditures for police increased from \$23.5 million in FY 2022 to \$26.1 million in FY 2023.

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 (\$165.8 million)



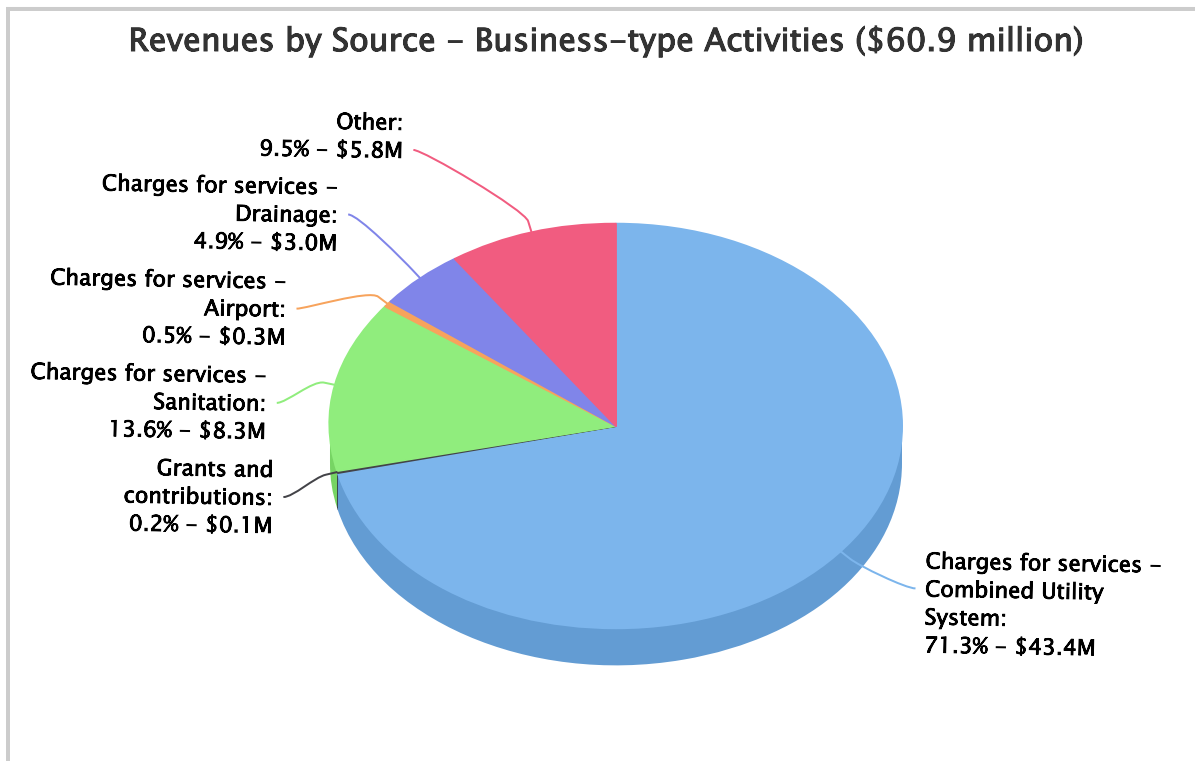
Governmental Program Expenses and Revenues Chart

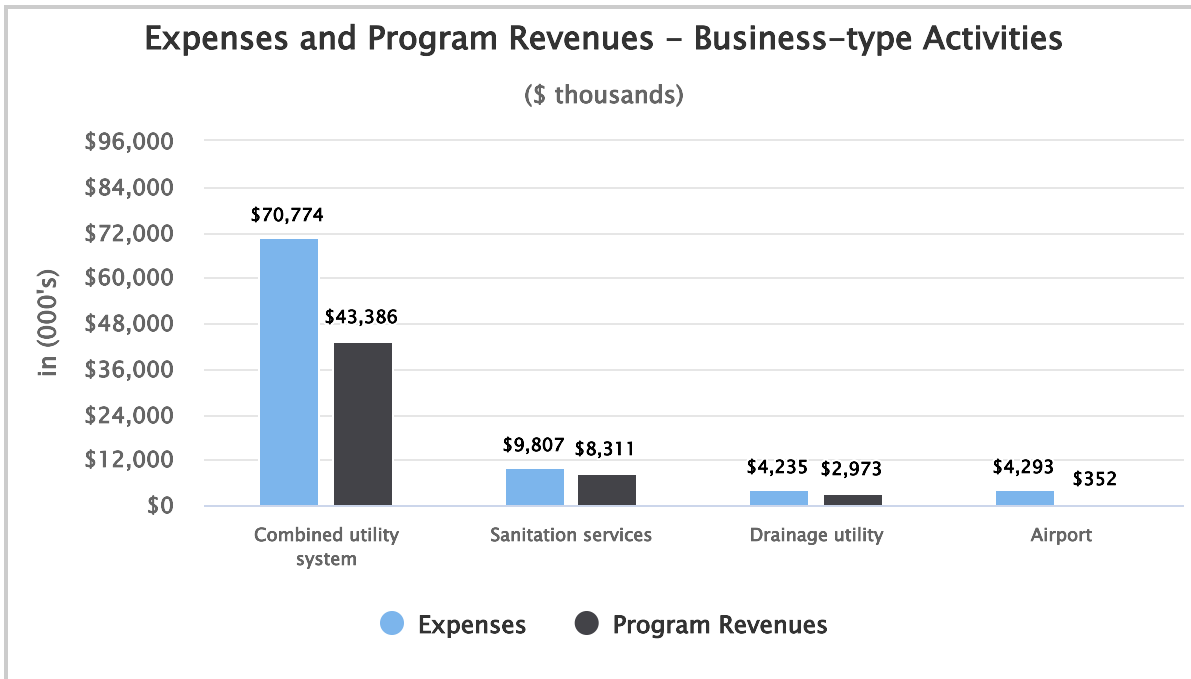


Business-type Activities

Business-type activities increased the City’s net position by \$5.3 million. Highlights for individual enterprise funds are as follows.

- Revenues for business-type activities totaled \$60.9 million, \$3.2 million less than total expenses for business-type activities, which were \$64.0 million. In FY 2023, the total expenses for business-type activities increased by \$12.7 million from FY 2022. The increase in total expenses was caused by the increase in Net Pension Liability of \$8.8 million and the increase in interest expense of \$2.98 million during the current fiscal year due to the issuance of the Combination Tax and Revenue Certificates of Obligation, Series 2022A bonds.
- Transfers from governmental activities to business-type activities were the result of grant funded contributions to business-type assets.
- Business-type activities generated \$4.6 million more in revenue due largely to the increase of \$1.3 million in charges for services and the increase in interest revenue received during the year of around \$3.8 million. The large increase in interest revenue can be attributed to the increased cash balances as a result of the Combination Tax and Revenue Certificates of Obligation, Series 2022A bonds for the Combined Utilities Fund and in turn increased the interest income allocated based on their respective share of pooled cash investments.





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 2023, year to date sales tax revenue is approximately 4 percent or \$0.9 million higher than FY 2022. This led directly to an ending fund balance in the General Fund of \$25.26 million, which was \$1.09 million more than in FY 2022. This met the General Fund balance reserve requirement of \$18.1 million, or ninety days of budgeted operating expenses. It also made it possible to keep 120 days of expenses in reserve, or \$24.1 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 for Hurricane Ike related work are almost expended with one remaining project expected to be completed in 2024. In addition, all physical work on Hurricane Harvey, Tropical Storm Laura, and the winter storm are 100% complete and awaiting on final closeout from FEMA and the Texas Division of Emergency Management. The City is starting 3 new FEMA mitigation projects beginning in 2024 with an end date the end of FY 2027. The city expects to receive 2 CDBG-MIT projects in FY 2024 for a total of approximately \$15.7 million dollars. In addition, the CDBG-MIT project for the south shore drainage pump station for \$55 million is expected to start construction by the end of FY 2024.

As of September 30, 2022, the City had spent all but \$10.2 million unspent from the \$62 million in general obligation bond funds authorized by the voters in May 2017. Of this amount, \$3.6 million was under contract for use in completing street and drainage projects underway currently. A majority of the remainder of the authorization, or \$2.1 million was committed to projects improving south shore pump station and 37th street improvements from Broadway to Avenue P. (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 FY 2023, General Fund contributions to this fund equaled eight percent of the General Fund revenue. 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 \$24.7 million which is comparable to the \$25.6 million unrestricted net position in the previous year. The cash that is restricted includes \$68.2 million to be used for capital projects.

General Fund Budgetary Highlights

After a turbulent FY 2020, the economy continued to recover in FY 2023. 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 \$25.3 million provides for a 126 day reserve amount.

General Fund revenues exceeded the FY 2023 Budget by \$2.8 million. This overall net result included strong projected returns from sales tax revenue (\$1.7 million over budget) that were due to inflation and the City's booming tourist industry. Another economically sensitive revenue was licenses and permits (\$0.3 million under budget) with a decrease attributed to increases in interest rates which impacted the demand for new construction. The City also recorded \$0.7 million under budget from Property taxes in FY 2023, due to taxpayer suits challenging the increase in taxable values in the last year. Other revenues (\$0.6 million over budget showed the effects of the cruise passenger revenue from the Port of Galveston and the new long-term parking ordinance in FY 2023).

The General Fund expenditure budget exceeded the FY 2023 actual expenditures by \$1.8 million. A majority of this variance came from capital outlay (\$1.1 million under budget), including carryover cost from FY 2022 for vehicles and a comprehensive plan update.

The General Fund expenditure budget was amended three times in fiscal year 2023 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 2023 equaled eight percent of the General Fund revenue, or \$5.7 million as required. During FY 2023, the General Fund transfers out also included \$0.9 million to the Separation Pay fund to cover retirements occurring in the General Fund and \$1.2 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 2023, the City's governmental activities and business-type activities held capital assets net of depreciation/amortization of \$248 million and \$372 million, respectively. This \$620 million total includes a variety of capital assets and infrastructure, as reflected in the following schedule. This represents a net increase of \$0.1 million or 0.1 percent over the end of the last fiscal year for governmental activities and a net increase of \$5.7 million or 1.6 percent for business-type activities.

Amounts in (000's)	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 21,412	\$ 21,412	\$ 2,907	\$ 2,907	\$ 24,319	\$ 24,319
Construction in progress	28,395	36,733	49,316	53,097	77,711	89,830
Infrastructure	121,919	116,766	178,565	166,487	300,484	283,253
Buildings and Improvements	61,598	62,939	125,127	128,556	186,725	191,495
Contractual water rights	-	-	4,072	4,362	4,072	4,362
Vehicles, equipment and furniture	14,734	9,856	11,720	10,604	26,454	20,460
Right-to-use assets	334	558	-	-	334	558
Total Capital Assets	\$ 248,392	\$ 248,264	\$ 371,707	\$ 366,013	\$ 620,099	\$ 614,277

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

Construction in progress is at the \$77.7 million level, a decrease of \$12.1 from prior year, with project plans approved for appropriations in the adopted capital budget for FY 2023 of \$168.8 million. Four major projects were completed in FY 2023, including the 18th Street drainage improvements (\$16.8 million), 27th Street Corridor master plan (\$5.5 million), Rail trolley purchase and rail line rehabilitation (\$7.0 million) and 49th Street from Avenue P to Avenue S ½ repairs (\$3.2 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)
- Advanced metering (\$6.1 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 \$229.4 million. This total included \$15.1 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	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 48,298	\$ 51,373	\$ 17,857	\$ 20,572	\$ 66,155	\$ 71,945
Special obligation bonds	17,015	18,285	-	-	17,015	18,285
Certificates of obligation	-	-	121,570	61,265	121,570	61,265
Certificates of obligation - Private Placement	4,770	5,500	4,450	5,500	9,220	11,000
Lease payable	163	337	-	-	163	337
SBITA payable	138	205	-	-	138	205
Discount and premiums	7,667	8,280	7,462	5,020	15,129	13,300
	<u>\$ 78,051</u>	<u>\$ 83,980</u>	<u>\$ 151,339</u>	<u>\$ 92,357</u>	<u>\$ 229,390</u>	<u>\$ 176,337</u>

During FY 2023, the City increased its long-term debt by approximately \$53.1 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 Supported	Combined Utility System Revenue Supported	Central Services Revenue Supported	Sanitation Services Revenue Supported	Drainage Services Revenue Supported	Hotel Occupancy Tax Revenue Supported	Total
	Property-Tax Supported Debt						
General Obligation Bonds	\$ 48,298	\$ 17,857	\$ -	\$ -	\$ -	\$ -	\$ 66,155
Certificates of Obligation	-	121,570	-	-	-	-	121,570
Certificates of Obligation - Private Placement	4,770	-	-	4,450	-	-	9,220
Subtotal	<u>53,068</u>	<u>139,427</u>	<u>-</u>	<u>4,450</u>	<u>-</u>	<u>-</u>	<u>196,945</u>
Special Obligation Bonds	-	-	-	-	-	17,015	17,015
Lease Payable	135	15	11	1	1	-	163
SBITA Payable	67	-	71	-	-	-	138
Total Principal Payments	<u>\$ 53,270</u>	<u>\$ 139,442</u>	<u>\$ 82</u>	<u>\$ 4,451</u>	<u>\$ 1</u>	<u>\$ 17,015</u>	<u>\$ 214,261</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 two to three years for employment and all economic activity to return to pre-pandemic levels. The Galveston economy benefited directly from the various economic stimulus programs, primarily in the form of busy tourist seasons. The reopening of our hospitality industry, including bars and restaurants, coincided with the resumption of cruises by the cruise industry in July 2022. The impact of the programs stimulating consumer behavior were continued through 2022, but tapered off to resume more normal levels in FY 2023.

The FY 2023 Budget assumed that the booms in tax revenues and home construction from previous years were temporary. The final results for the General Fund in FY 2023 include approximately 4 percent or \$0.9 million in sales tax revenue that is attributable to the inflation and the City's booming tourist industry. In FY 2023, the General Fund ended the fiscal year with a fund balance of \$25.3, or \$1.09 million higher from prior year. This provides for 126 days of operating expenses or \$8.4 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 2023 General Fund Budget that allocated this excess to one-time uses. \$1.2 million was opportuned by the City Council and moved to the Health and Life Insurance fund to serve as a reserve for the currently underfunded retiree health insurance liability and \$0.9 million to the Separation Pay fund to cover retirements occurring in the General Fund.

The FY 2024 Adopted Budget includes \$241.8 million for maintenance and operations, a 34.0 percent increase from FY 2023. The capital budget, based on the first year of the FY 2024-2028 Capital Improvement Plan, is adopted to cover project appropriations totalling \$185.8 million. This is \$17 million, or 10 percent more than last year. The total budget is \$427.6 million, a 22.2 percent increase over FY 2023.

The property tax rate for FY 2024 was reduced from \$0.4445 to \$0.40885, including \$0.348 for maintenance and operations and \$0.043 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 (\$5.7 million) to the Infrastructure and Debt Service Fund. This transfer can be 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.

Personnel cost are almost half of the FY 2024 Adopted Budget and the City's highest priority. Personnel costs are budgeted at a level \$9.0 million higher than our FY 2023 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

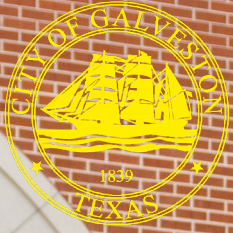
This financial report is designed to provide a general overview of the City of Galveston's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be addressed to the Office of the Finance Director, City 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

FIRE STATION No. 1

2023 Annual Comprehensive Financial Report



STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 38,749,670	\$ 12,173,964	\$ 50,923,634	\$ 43,587,355
Accounts receivable, net of allowance for doubtful accounts	4,638,179	13,788,501	18,426,680	19,025,350
Lease receivable - current	-	503,762	503,762	8,952,364
Internal balances	(10,061,731)	10,061,731	-	-
Due from other governments	28,618,283	-	28,618,283	7,695
Restricted cash and investments	118,315,493	74,125,120	192,440,613	2,617,199
Inventories	490,133	413,997	904,130	20,346
Prepaid items	863,840	54,189	918,029	1,487,807
Total current assets	<u>181,613,867</u>	<u>111,121,264</u>	<u>292,735,131</u>	<u>75,698,116</u>
Non-current assets:				
Lease receivable - non current	-	16,596,104	16,596,104	199,020,560
Capital assets not being depreciated	49,806,840	52,222,781	102,029,621	42,678,774
Capital assets net of depreciation	198,250,324	319,484,404	517,734,728	403,854,429
Right of use asset net of amortization	335,057	-	335,057	5,391,640
Total non-current assets	<u>248,392,221</u>	<u>388,303,289</u>	<u>636,695,510</u>	<u>650,945,403</u>
Total Assets	<u>430,006,088</u>	<u>499,424,553</u>	<u>929,430,641</u>	<u>726,643,519</u>
Deferred Outflows of Resources				
Deferred charge on bond issuance	269,191	660,791	929,982	102,616
Deferred outflows relating to other post-employment benefits (OPEB)	6,094,273	-	6,094,273	-
Deferred outflows relating to pension activities	25,292,558	5,521,166	30,813,724	399,996
Total Deferred Outflows of Resources	<u>31,656,022</u>	<u>6,181,957</u>	<u>37,837,979</u>	<u>502,612</u>

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	10,576,220	1,438,206	12,014,426	29,443,294
Due to other governments	148,591	205,512	354,103	8,791,631
Accrued interest	995,623	2,645,654	3,641,277	972
Unearned revenue	21,893,121	-	21,893,121	2,636,430
Customer deposits	13,067	2,757,386	2,770,453	-
Current portion of long-term liabilities	10,387,539	6,434,296	16,821,835	17,714,093
Total current liabilities	<u>44,014,161</u>	<u>13,481,054</u>	<u>57,495,215</u>	<u>58,586,420</u>
Non-current liabilities:				
Long-term liabilities	82,625,609	146,498,754	229,124,363	38,226,517
Total OPEB liability (health insurance)	16,265,849	-	16,265,849	-
Net pension liability	85,571,236	11,020,577	96,591,813	-
Total non-current liabilities	<u>184,462,694</u>	<u>157,519,331</u>	<u>341,982,025</u>	<u>38,226,517</u>
Total Liabilities	<u>228,476,855</u>	<u>171,000,385</u>	<u>399,477,240</u>	<u>96,812,937</u>
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	73,162
Deferred inflows relating to leases	-	15,853,854	15,853,854	206,243,637
Deferred inflows relating to OPEB	3,901,699	-	3,901,699	-
Deferred inflows relating to pension activities	3,014,465	416,224	3,430,689	2,025,260
Total Deferred Inflows of Resources	<u>6,916,164</u>	<u>16,270,078</u>	<u>23,186,242</u>	<u>208,342,059</u>
Net Position				
Net investment in capital assets	178,462,314	290,703,796	469,166,110	411,238,489
Restricted:				
Capital projects	36,864,639	-	36,864,639	-
Grants	1,773,430	-	1,773,430	123,986
Advertising & tourism	8,737,810	-	8,737,810	-
Arts & historical preservation	5,276,930	-	5,276,930	-
Beach preservation	9,181,166	-	9,181,166	-
Beach safety	3,345,320	-	3,345,320	-
Infrastructure and debt service	6,126,242	-	6,126,242	-
Debt service	3,545,592	-	3,545,592	2,992,992
Tourism, convention and hotel industry	12,350,580	-	12,350,580	-
Hotel occupancy taxes	-	-	-	10,003,670
Unrestricted	(39,394,932)	27,632,251	(11,762,681)	(2,368,002)
Total Net Position	<u>\$ 226,269,091</u>	<u>\$ 318,336,047</u>	<u>\$ 544,605,138</u>	<u>\$ 421,991,135</u>

See Notes to Financial Statements.

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenue		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary government				
Governmental Activities:				
General government	\$ 19,789,432	\$ 3,028,383	\$ -	\$ 5,462,333
Public safety	49,145,964	2,225,309	461,267	-
Public works	4,420,036	-	-	-
Culture and recreation	42,052,520	3,108,330	341,414	-
Planning and community development	6,571,328	1,958,474	1,262,575	2,735,731
Transportation system	4,745,285	365,306	1,853,433	-
Interest on long-term debt	2,488,839	-	-	-
Total Governmental Activities	<u>129,213,404</u>	<u>10,685,802</u>	<u>3,918,689</u>	<u>8,198,064</u>
Business-type activities:				
Combined utility system	49,046,636	43,386,035	-	-
Sanitation	8,465,703	8,310,751	-	-
Drainage	4,162,951	2,973,113	-	-
Airport	2,340,873	301,731	50,000	-
Total Business-type Activities	<u>64,016,163</u>	<u>54,971,630</u>	<u>50,000</u>	<u>-</u>
Total Primary Government	<u>\$ 193,229,567</u>	<u>\$ 65,657,432</u>	<u>\$ 3,968,689</u>	<u>\$ 8,198,064</u>
Component Units	99,594,362	59,464,849	-	11,627,969
Total Component Units	<u>\$ 99,594,362</u>	<u>\$ 59,464,849</u>	<u>\$ -</u>	<u>\$ 11,627,969</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				
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>
\$ (11,298,716)	\$ -	\$ (11,298,716)	
(46,459,388)	-	(46,459,388)	
(4,420,036)	-	(4,420,036)	
(38,602,776)	-	(38,602,776)	
(614,548)	-	(614,548)	
(2,526,546)	-	(2,526,546)	
(2,488,839)	-	(2,488,839)	
<u>(106,410,849)</u>	<u>-</u>	<u>(106,410,849)</u>	
-	(5,660,601)	(5,660,601)	
-	(154,952)	(154,952)	
-	(1,189,838)	(1,189,838)	
-	(1,989,142)	(1,989,142)	
-	(8,994,533)	(8,994,533)	
<u>\$ (106,410,849)</u>	<u>\$ (8,994,533)</u>	<u>\$ (115,405,382)</u>	
			<u>(28,501,544)</u>
			<u>\$ (28,501,544)</u>
42,903,809	-	42,903,809	935,434
31,226,280	-	31,226,280	-
1,269,054	-	1,269,054	-
54,705,747	-	54,705,747	15,636,557
5,106,401	-	5,106,401	1,328,497
326,688	-	326,688	-
6,685,643	4,526,014	11,211,657	662,822
-	934,104	934,104	89,780
831,602	381,341	1,212,943	3,445,822
(8,430,028)	8,430,028	-	-
<u>134,625,196</u>	<u>14,271,487</u>	<u>148,896,683</u>	<u>22,098,912</u>
<u>28,214,347</u>	<u>5,276,954</u>	<u>33,491,301</u>	<u>(6,402,632)</u>
<u>198,054,744</u>	<u>313,059,093</u>	<u>511,113,837</u>	<u>428,393,767</u>
<u>\$ 226,269,091</u>	<u>\$ 318,336,047</u>	<u>\$ 544,605,138</u>	<u>\$ 421,991,135</u>

BALANCE SHEET
GOVERNMENTAL FUNDS
 September 30, 2023

	General Fund	Hurricane Ike Fund	CDBG Disaster Fund Non-Housing	American Rescue Plan Act
Assets				
Cash and investments	\$ 18,960,184	\$ -	\$ 646	\$ -
Receivables, net of allowance for uncollectibles	3,783,409	-	-	-
Due from other governments	4,345,770	3,619,752	6,639,384	-
Due from other funds	2,994,043	223,099	-	-
Due from component units	122,776	-	-	-
Inventories	-	-	-	-
Prepaid items	56,423	-	-	-
Restricted cash and investments	-	7,115,082	-	20,663,183
Total Assets	<u>\$ 30,262,605</u>	<u>\$ 10,957,933</u>	<u>\$ 6,640,030</u>	<u>\$ 20,663,183</u>
Liabilities				
Accounts payable	770,377	-	232,175	89,398
Accrued liabilities	1,324,780	-	-	-
Due to other funds	65,158	10,955,254	5,431,855	-
Due to other governments	140,821	-	-	-
Unearned revenue	383,061	2,679	976,000	19,551,516
Customer deposits	-	-	-	-
Total Liabilities	<u>2,684,197</u>	<u>10,957,933</u>	<u>6,640,030</u>	<u>19,640,914</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	1,476,678	-	-	-
Unavailable revenue - court fines	844,432	-	-	-
Total Deferred Inflows of Resources	<u>2,321,110</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	56,423	-	-	-
Restricted:				
Debt service	-	-	-	-
Advertising & tourism	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	-	-	-	-
Beach safety	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	-
Grants	-	-	-	1,022,269
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	-	-	-	-
Assigned:				
Other	-	-	-	-
Unassigned	25,200,875	-	-	-
Total Fund Balance	<u>25,257,298</u>	<u>-</u>	<u>-</u>	<u>1,022,269</u>
Total Liabilities, Deferred Inflows of Resources and Fund Balance	<u>\$ 30,262,605</u>	<u>\$ 10,957,933</u>	<u>\$ 6,640,030</u>	<u>\$ 20,663,183</u>

See Notes to Financial Statements.

HOT Advertising and Tourism Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 11,276,856	\$ 30,237,686
-	821,818	4,605,227
-	12,560,166	27,165,072
-	4,155,754	7,372,896
1,195,416	-	1,318,192
-	219,735	219,735
-	9,083	65,506
7,542,394	78,394,834	113,715,493
<u>\$ 8,737,810</u>	<u>\$ 107,438,246</u>	<u>\$ 184,699,807</u>
-	6,082,170	7,174,120
-	737,095	2,061,875
-	2,609,392	19,061,659
-	7,770	148,591
-	979,865	21,893,121
-	13,067	13,067
-	<u>10,429,359</u>	<u>50,352,433</u>
-	276,936	1,753,614
-	-	844,432
-	<u>276,936</u>	<u>2,598,046</u>
-	219,735	219,735
-	6,219	62,642
-	4,541,215	4,541,215
8,737,810	-	8,737,810
-	5,276,930	5,276,930
-	9,181,166	9,181,166
-	3,345,320	3,345,320
-	6,126,242	6,126,242
-	45,938,566	45,938,566
-	751,161	1,773,430
-	699,999	699,999
-	11,650,581	11,650,581
-	1,894,106	1,894,106
-	7,100,711	7,100,711
-	-	25,200,875
<u>8,737,810</u>	<u>96,731,951</u>	<u>131,749,328</u>
<u>\$ 8,737,810</u>	<u>\$ 107,438,246</u>	<u>\$ 184,699,807</u>

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

September 30, 2023

Total fund balance, governmental funds	\$ 131,749,328
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 \$434,709,627 and the accumulated depreciation is \$191,954,099.	242,755,528
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 \$752,520 and the accumulated amortization is \$520,510.	232,010
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	1,753,614
Adjudicated municipal court fines	844,432
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	(70,082,898)
Lease payable	(163,089)
SBITA payable	(67,392)
Accrued interest on the bonds	(951,302)
Premium/discount of bonds payable	(7,667,095)
Compensated absences	(12,609,115)
Deferred charge on refunding of debt	269,191
Net pension liability	(85,571,236)
	(176,842,936)
Deferred outflows and deferred inflows relating to pension activities	22,278,093
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.	3,499,022
Net Position of Governmental Activities in the Statement of Net Position	<u>\$ 226,269,091</u>

See Notes to Financial Statements.

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
 GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	General Fund	Hurricane Ike Fund	CDBG Disaster Fund Non-Housing	American Rescue Plan Act
Revenues				
Taxes:				
Property taxes	\$ 33,049,625	\$ -	\$ -	\$ -
Sales tax	23,419,710	-	-	-
Hotel occupancy taxes	-	-	-	-
Mixed beverage tax	1,269,054	-	-	-
Franchise and other taxes	5,106,401	-	-	-
Licenses and permits	1,697,672	-	-	-
Fines and forfeitures	1,537,357	-	-	-
Charges for services	1,459,400	-	-	-
Investment earnings	1,181,525	-	-	897,601
Intergovernmental	998,507	57,880	2,194,273	5,281,797
Payments in lieu of taxes	326,688	-	-	-
Other	773,968	-	-	-
Total Revenues	<u>70,819,907</u>	<u>57,880</u>	<u>2,194,273</u>	<u>6,179,398</u>
Expenditures				
Current:				
General government	8,760,652	19,861	-	-
Public safety	43,243,053	-	-	-
Highways and roads	4,764,575	-	-	-
Culture and recreation	3,644,947	-	-	-
Planning and community development	1,860,291	-	2,194,273	-
Transportation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	3,431	-	-	-
Capital Outlay	<u>2,113,859</u>	<u>38,019</u>	<u>-</u>	<u>5,281,797</u>
Total Expenditures	<u>64,390,808</u>	<u>57,880</u>	<u>2,194,273</u>	<u>5,281,797</u>
Excess (deficiency) of revenues over expenditures	<u>6,429,099</u>	<u>-</u>	<u>-</u>	<u>897,601</u>
Other Financing Sources (Uses)				
Sale of capital assets	186,048	-	-	-
Transfers in	3,310,459	-	-	-
Transfers (out)	(8,831,131)**	-	-	-
Total Other Financing Sources and Uses	<u>(5,334,624)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	1,094,475	-	-	897,601
Fund balance - beginning	<u>24,162,823</u>	<u>-</u>	<u>-</u>	<u>124,668</u>
Fund balance - ending	<u>\$ 25,257,298</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 1,022,269</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 7 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.

HOT Advertising and Tourism Fund	Non-Major Governmental Funds	Total Governmental Funds
\$ -	\$ 9,857,065	\$ 42,906,690
-	7,806,570	31,226,280
16,397,776	38,307,971	54,705,747
-	-	1,269,054
-	-	5,106,401
-	-	1,697,672
-	86,667	1,624,024
-	3,048,327	4,507,727
260,694	3,971,549	6,311,369
-	4,187,090	12,719,547
-	-	326,688
-	2,957,117	3,731,085
<u>16,658,470</u>	<u>70,222,356</u>	<u>166,132,284</u>
-	1,607,004	10,387,517
-	1,312,697	44,555,750
-	3,040,785	7,805,360
7,920,660	28,319,237	39,884,844
-	1,488,907	5,543,471
-	3,956,137	3,956,137
-	5,075,400	5,075,400
-	3,116,504	3,119,935
-	14,653,922	22,087,597
<u>7,920,660</u>	<u>62,570,593</u>	<u>142,416,011</u>
<u>8,737,810</u>	<u>7,651,763</u>	<u>23,716,273</u>
-	13,018	199,066
-	16,193,968	19,504,427
-	(8,346,127)	(17,177,258)
-	7,860,859	2,526,235
8,737,810	15,512,622	26,242,508
-	81,219,329	105,506,820
<u>\$ 8,737,810</u>	<u>\$ 96,731,951</u>	<u>\$ 131,749,328</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, 2023

Net change in fund balance - total governmental funds:	\$ 26,242,508
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/amortization expense for the period.	
This is the amount by which depreciation/amortization (\$12,222,002) is exceeded by capital outlay expenditures (\$12,876,215) in the current period.	654,213
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.	(6,893)
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.	55,523
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.	10,251,899
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 repayments exceed proceeds.	5,075,400
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.	173,367
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.	24,838
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	53,645
Changes in deferred charge bond issuance and unamortized premiums	577,451
Changes in accrued compensated absences	(1,030,441)
Pension expense for the pension plan measurement year	(14,074,215)
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>217,052</u>
Change in net position of governmental activities	<u>\$ 28,214,347</u>

See Notes to Financial Statements.

**STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023**

	Business-type Activities - Enterprise Funds			Governmental Activities
	Combined Utility System	Other Enterprise Funds	Total	Internal Service Funds
Assets				
Current assets:				
Cash and cash equivalents	\$ 9,699,602	\$ 2,474,362	\$ 12,173,964	\$ 8,511,984
Accounts receivable, net of allowance for doubtful accounts	10,790,106	2,998,395	13,788,501	32,952
Lease receivable - current	30,697	473,065	503,762	-
Due from other funds	11,289,750	831,270	12,121,020	73,145
Due from other governments	-	-	-	8,176
Due from component units	-	-	-	126,843
Inventories	371,766	42,231	413,997	270,398
Prepaid items	51,368	2,821	54,189	798,334
Restricted cash and cash equivalents	70,962,419	3,162,701	74,125,120	4,600,000
Total current assets	<u>103,195,708</u>	<u>9,984,845</u>	<u>113,180,553</u>	<u>14,421,832</u>
Non-current assets:				
Lease receivable - non-current	453,331	16,142,773	16,596,104	-
Capital assets not being depreciated:				
Land	1,360,001	1,546,704	2,906,705	-
Construction in progress	41,458,630	7,857,446	49,316,076	58,576
Capital assets (net of depreciation):				
Infrastructure	139,645,251	38,920,900	178,566,151	282,972
Buildings and improvements	121,462,159	3,665,009	125,127,168	3,505,104
Equipment and furniture	3,727,827	1,117,137	4,844,964	622,183
Licensed vehicles	2,952,675	3,921,911	6,874,586	832,803
Intangibles	4,071,535	-	4,071,535	-
Right of use asset net of amortization	-	-	-	103,047
Total non-current assets	<u>315,131,409</u>	<u>73,171,880</u>	<u>388,303,289</u>	<u>5,404,685</u>
Total Assets	<u>418,327,117</u>	<u>83,156,725</u>	<u>501,483,842</u>	<u>19,826,517</u>
Deferred Outflows of Resources				
Deferred charge on refunding	660,791	-	660,791	-
Deferred outflows relating to OPEB	-	-	-	6,094,273
Deferred outflows relating to pension activities	3,513,470	2,007,696	5,521,166	-
Total Deferred Outflows of Resources	<u>4,174,261</u>	<u>2,007,696</u>	<u>6,181,957</u>	<u>6,094,273</u>

	Business-type Activities - Enterprise Funds			Governmental Activities
	Combined Utility System	Other Enterprise Funds	Total	Internal Service Funds
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	1,212,240	225,966	1,438,206	1,384,547
Accrued interest	2,604,306	41,348	2,645,654	-
Due to other funds	74,423	430,979	505,402	-
Due to other governments	152,036	53,476	205,512	-
Customer deposits	2,757,386	-	2,757,386	-
Current portion of long-term liabilities	5,010,739	1,423,557	6,434,296	1,468,063
Total current liabilities	<u>11,811,130</u>	<u>2,175,326</u>	<u>13,986,456</u>	<u>2,852,610</u>
Non-current liabilities:				
Long-term liabilities	142,776,798	3,721,956	146,498,754	955,497
Total OPEB liability	-	-	-	16,265,849
Net pension liability	7,013,094	4,007,483	11,020,577	-
Total non-current liabilities	<u>149,789,892</u>	<u>7,729,439</u>	<u>157,519,331</u>	<u>17,221,346</u>
Total Liabilities	<u>161,601,022</u>	<u>9,904,765</u>	<u>171,505,787</u>	<u>20,073,956</u>
Deferred Inflows of Resources				
Deferred inflows relating to leases	445,016	15,408,838	15,853,854	-
Deferred inflows relating to OPEB	-	-	-	3,901,699
Deferred inflows relating to pension activities	264,869	151,355	416,224	-
Total Deferred Inflows of Resources	<u>709,885</u>	<u>15,560,193</u>	<u>16,270,078</u>	<u>3,901,699</u>
Net Position				
Net investment in capital assets	235,498,447	55,205,349	290,703,796	5,333,988
Unrestricted	24,692,024	4,494,114	29,186,138	(3,388,853)
Total Net Position	<u>\$ 260,190,471</u>	<u>\$ 59,699,463</u>	<u>\$ 319,889,934</u>	<u>\$ 1,945,135</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.

(1,553,887)

Total Net Position per Government-Wide financial statements

\$ 318,336,047

See Notes to Financial Statements.

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

For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Combined Utility System	Other Enterprise Funds	Total	Internal Service Funds
Operating Revenues				
Charges for services	\$ 43,386,035	\$ 11,585,596	\$ 54,971,631	\$ 31,161,873
Lease revenue	39,596	894,508	934,104	-
Miscellaneous	196,632	29,962	226,594	1,295
Total operating revenues	<u>43,622,263</u>	<u>12,510,066</u>	<u>56,132,329</u>	<u>31,163,168</u>
Operating Expenses				
Personnel services	13,006,191	7,358,352	20,364,543	6,025,751
Contractual services	5,217,441	3,740,432	8,957,873	6,304,552
Supplies and materials	2,871,029	378,374	3,249,403	3,495,406
Surface water contract	7,882,983	-	7,882,983	-
Insurance claims and premiums	-	-	-	16,111,016
Other expenses	2,265,158	658,922	2,924,080	665,521
Depreciation/amortization	10,856,446	2,665,498	13,521,944	766,849
Total operating expenses	<u>42,099,248</u>	<u>14,801,578</u>	<u>56,900,826</u>	<u>33,369,095</u>
Operating income (loss)	<u>1,523,015</u>	<u>(2,291,512)</u>	<u>(768,497)</u>	<u>(2,205,927)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	3,722,032	803,982	4,526,014	374,274
Insurance proceeds	-	-	-	204,969
Intergovernmental grants	-	50,000	50,000	-
Gain(Loss) on disposal of capital assets	129,380	25,365	154,745	57,032
Interest expense	(6,104,742)	(167,949)	(6,272,691)	(3,343)
Total non-operating revenue (expenses)	<u>(2,253,330)</u>	<u>711,398</u>	<u>(1,541,932)</u>	<u>632,932</u>
Income (loss) before contributions and transfers	(730,315)	(1,580,114)	(2,310,429)	(1,572,995)
Capital contributions	5,824,357	5,880,242	11,704,599	-
Transfers in	-	-	-	1,200,000
Transfers (out)	(2,394,240)	(880,330)	(3,274,570)	(252,599)
Change in net position	<u>2,699,802</u>	<u>3,419,798</u>	<u>6,119,600</u>	<u>(625,594)</u>
Net position - beginning	<u>257,490,669</u>	<u>56,279,665</u>	<u>313,770,334</u>	<u>2,570,729</u>
Net position - ending	<u>\$ 260,190,471</u>	<u>\$ 59,699,463</u>	<u>\$ 319,889,934</u>	<u>\$ 1,945,135</u>
Change in net position per above			\$ 6,119,600	
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.			(842,646)	
Change in Business-Type Activities in Net Position per Government-Wide Financial Statements			<u>\$ 5,276,954</u>	
See Notes to Financial Statements.				

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds			Governmental
	Combined Utility System	Other	Total	Internal Service
		Enterprise Funds		Funds
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 41,537,161	\$ 10,900,970	\$ 52,438,131	\$ 16,039,035
Lease revenue	28,599	533,868	562,467	-
Miscellaneous	196,631	29,963	226,594	1,295
Receipts for interfund services	-	71,243	71,243	14,970,596
Disbursed for employee services	(11,951,955)	(6,928,512)	(18,880,467)	(5,957,216)
Disbursed for goods and services	(19,140,593)	(4,751,233)	(23,891,826)	(24,453,947)
Net cash provided (used) by operating activities	<u>10,669,843</u>	<u>(143,701)</u>	<u>10,526,142</u>	<u>599,763</u>
Cash Flows from Non-Capital Financial Activities:				
Transfers from other funds	-	-	-	1,200,000
Transfers to other funds	(2,394,240)	(880,330)	(3,274,570)	(252,599)
Net cash provided (used) by noncapital financing activities	<u>(2,394,240)</u>	<u>(880,330)</u>	<u>(3,274,570)</u>	<u>947,401</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the sale of equipment	129,380	89,279	218,659	57,033
Intergovernmental grants	-	50,000	50,000	-
Issuance of debt	65,564,792	-	65,564,792	204,969
Interest payments on debt	(5,306,738)	-	(5,306,738)	-
Principal payments on debt	(5,044,601)	(1,050,000)	(6,094,601)	(68,348)
Interest paid	-	(167,950)	(167,950)	(3,344)
Acquisition and construction of capital assets	(5,825,974)	(1,749,445)	(7,575,419)	(221,245)
Net cash provided (used) by capital and related financing activities	<u>49,516,859</u>	<u>(2,828,116)</u>	<u>46,688,743</u>	<u>(30,935)</u>
Cash Flows from Investing Activities				
Interest received	3,722,032	803,982	4,526,014	374,276
Net cash provided (used) by investing activities	<u>3,722,032</u>	<u>803,982</u>	<u>4,526,014</u>	<u>374,276</u>
Net increase (decrease) in cash and equivalents	61,514,494	(3,048,165)	58,466,329	1,890,505
Cash and equivalents, beginning of year	19,147,527	8,685,228	27,832,755	11,221,479
Cash and equivalents, at end of year	<u>\$ 80,662,021</u>	<u>\$ 5,637,063</u>	<u>\$ 86,299,084</u>	<u>\$ 13,111,984</u>
Unrestricted cash and equivalents	\$ 9,699,602	\$ 2,474,362	\$ 12,173,964	\$ 8,511,984
Restricted cash and equivalents	70,962,419	3,162,701	74,125,120	4,600,000
	<u>\$ 80,662,021</u>	<u>\$ 5,637,063</u>	<u>\$ 86,299,084</u>	<u>\$ 13,111,984</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 1,523,015	\$ (2,291,512)	\$ (768,497)	\$ (2,205,927)
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation and amortization	10,856,446	2,665,498	13,521,944	766,849
(Increase) decrease in accounts receivable	(1,994,176)	(278,297)	(2,272,473)	(153,937)
(Increase) decrease in lease receivable	(10,997)	(360,640)	(371,637)	-
(Increase) decrease in inventory	(60,123)	17,488	(42,635)	25,235
(Increase) decrease in prepaid items	11,032	4,281	15,313	(129,676)
(Increase) decrease in interfund receivables and payables	(185,565)	(773)	(186,338)	1,694
(Increase) decrease in deferred outflows/inflows related to pension activities	(4,619,924)	(2,719,767)	(7,339,691)	-
(Increase) decrease in deferred outflows/inflows relating to OPEB	-	-	-	2,526,400
Increase (decrease) in accounts payable and accrued expenses	(669,326)	(314,788)	(984,114)	714,458
Increase (decrease) in customer deposits	145,302	-	145,302	-
Increase (decrease) in claims payable	-	-	-	(60,485)
Increase (decrease) in compensated absences payable	49,321	16,214	65,535	68,535
Increase (decrease) in deferred revenue	-	(14,800)	(14,800)	-
Increase (decrease) in total OPEB liability	-	-	-	(953,383)
Increase (decrease) in net pension liability	5,624,838	3,133,395	8,758,233	-
Net cash provided (used) by operating activities	<u>\$ 10,669,843</u>	<u>\$ (143,701)</u>	<u>\$ 10,526,142</u>	<u>\$ 599,763</u>
Non-cash Transactions:				
Capital contributions	\$ 5,824,357	\$ 5,880,242	\$ 11,704,599	\$ -
See Notes to Financial Statements.				

**FIDUCIARY FUNDS
STATEMENT OF FIDUCIARY NET POSITION**

	Pension Trust Funds as of December 31, 2022	Custodial Fund as of September 30, 2023
Assets		
Cash and temporary investments	\$ 4,538,431	\$ 222,428
Receivables		
Interest and dividends	60,179	-
Loans to participants	509,985	-
Prepaid items	2,576	-
Investments		
U.S. Government agencies	2,090,201	-
Common stocks	21,596,469	-
Equity mutual funds	64,740,348	-
Bond mutual funds	23,269,687	-
Alternative investments	8,095,639	-
Hedge funds	4,608,922	-
Real estate	1,319,419	-
Total Assets	<u>130,831,856</u>	<u>222,428</u>
Liabilities		
Accounts and refunds payable	1,431	-
Total Liabilities	<u>1,431</u>	<u>-</u>
Net Position		
Restricted for:		
Pensions	130,830,425	-
Individuals, organizations and other governments	-	222,428
Total Net Position	<u>\$ 130,830,425</u>	<u>\$ 222,428</u>

See Notes to Financial Statements.

FIDUCIARY FUNDS
STATEMENT OF CHANGES IN FIDUCIARY NET POSITION

	Pension Trust Funds For the Year Ended December 31, 2022	Custodial Fund For the Year Ended September 30, 2023
Additions		
Contributions:		
Employer	\$ 7,409,371	\$ -
Plan members	5,183,164	-
Total contributions	<u>12,592,535</u>	<u>-</u>
Investment Earnings:		
Net increase in fair value of investments	(26,902,267)	-
Interest and dividends	3,335,624	-
Less investment expenses	(432,172)	-
Net investment income	<u>(23,998,815)</u>	<u>-</u>
Total Additions	(11,406,280)	-
Deductions		
Benefits paid to members and beneficiaries	13,730,199	-
Refunds of contributions	746,064	-
Court activities	-	3,417
Administrative expenses	451,368	-
Total Deductions	<u>14,927,631</u>	<u>3,417</u>
Change in net position	(26,333,911)	(3,417)
Net position, beginning of year, as restated*	<u>157,164,336</u>	<u>225,845</u>
Net position, end of year	<u>\$ 130,830,425</u>	<u>\$ 222,428</u>

See Notes to Financial Statements.

*Restated for Custodial Fund only due to reclass of restricted net position for Individuals, organizations and other governments

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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 audited financial statements are not available. The Galveston Housing Finance Corporation and the City of Galveston Property Finance Authority, Inc. have December 31 fiscal year-ends.

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 and 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 **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 **HOT Advertising and Tourism Fund** is a special revenue fund that is used to account for the Local Hotel Occupancy Taxes received that are restricted for advertising and tourism development.

The City reports the following major enterprise fund:

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.

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 uses the economic resources measurement focus. 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/amortization on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

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 24.7 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 32.7 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, 2023 are recorded as prepaid items. The prepaid expenses are recorded using the consumption method and expensed in the period in which the items are used or consumed.

G. Capital Assets

Capital assets, which include property, plant, equipment, infrastructure and right to use 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
Right to use assets	3 to 5 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 2023.

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 a positive 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 2023, annual budgets were not adopted for the Hurricane Ike fund, CDBG Disaster Fund Non-Housing, Housing & Urban Development (HUD) Entitlement Grants Fund, FEMA Disaster Fund, Meadows Mental Health fund, State Hotel Occupancy Tax fund, Opioid Abatement Trust fund, Island transit Capital Projects, and Industrial Development Corporation 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 three formal, ordinance approved budget amendments during FY 2023. 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 unavailable 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. 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. *This statement did not have an impact on the City of Galveston Financial 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. *This statement did not have an impact on the City of Galveston Financial statements.*
- *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. *This statement did not have an impact on the City of Galveston Financial statements.*
- *GASB Statement 101- Compensated Absences* : The objective of this statement is to better meet the information needs of financial statement users by aligning the recognition and measurement guidance and by amending certain previously required disclosures. This has been implemented.

New Standards coming up:

GASB Statement 102 - Certain Risk Disclosures: The purpose of GASB Statement No. 102 is to provide users of the financial statement with key information about risk related to certain concentrations or restraints. Concentrations and restraints can limit a governments ability to acquire certain resources or control spending. Governments will need to assess if either of those exist based on the definitions as provided in the standard and disclose enough information to provide users with an understanding of the circumstances. The standard is effective for fiscal years beginning after June 15, 2024 but earlier application is encouraged.

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 \$11.6 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, 2023.

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, 2023,

- Investments in AAA-rated local government investment pools represented 72.36% of the total portfolio
- Bank deposits represented 4.78% of the total portfolio
- Total Mutual Funds in AAAM-rated represented 1.47% of the total portfolio
- Holdings in AA+-rated US Government securities represented 21.39% 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	11,629,226			4.78%
Total Bank Deposits	<u>11,629,226</u>			<u>4.78%</u>
Investment Types:				
Mutual Funds:				
US Bank	3,573,795	AAAm	Aaa-mf	1.47%
Total Mutual Funds	<u>3,573,795</u>			<u>1.47%</u>
Local Government Investment Pools:				
TexPool	106,798,271	AAAm		43.88%
Texas Term	1,991,543	AAAm		0.82%
Local Government Investment Cooperative (LOGIC)	67,316,868	AAAm		27.66%
Total Local Government Investment Pools	<u>176,106,682</u>			<u>72.36%</u>
Total Investment Portfolio	<u>179,680,477</u>			<u>73.83%</u>
Investment Securities:				
Federal Home Loan Bank	32,212,163	AA+	Aaa	13.24%
US Treasury Securities	19,842,381	AA+	Aaa	8.15%
Total Investment Securities	<u>52,054,544</u>			<u>21.39%</u>
Total Bank Deposits & Investment Portfolio	<u>\$ 243,364,247</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 Maturities in Years	Investment Maturities in Years
	Less than 1 year	1 - 5 years
U.S. Treasury Notes and Bills	\$ 19,842,381	\$ -
U.S. Agency Securities:		
Federal Home Loan Bank	32,212,163	-
Local Government Pools	176,106,682	-
Total	<u>\$ 228,161,226</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, 2023.

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, 2023:

	Fair Value / Amortized Cost	Fair Value Measurements Using			Weighted Average Maturity (Days)
		Level 1 Inputs	Level 2 Inputs	Level 3 Inputs	
Mutual Funds	\$ 3,573,795	\$ 3,573,795	\$ -	\$ -	1
Local Government Investment Pools	176,106,682	176,106,682	-	-	1
Total Investment Portfolio	\$ 179,680,477	\$ 179,680,477	\$ -	\$ -	1
Investment Securities:					
Federal Home Loan Bank	32,212,163	32,212,163	-	-	81
US Treasury Securities	19,842,381	19,842,381	-	-	56
Total Investment Securities	\$ 52,054,544	\$ 52,054,544	\$ -	\$ -	71

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 2023, the maximum property tax rate was \$0.622621. Within these guidelines, the adopted tax rate per \$100 of taxable valuation, for the year ended September 30, 2023, was \$0.44450. The tax rate to finance general governmental services was set at \$0.39200 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, 2023. 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, 2023 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	\$ 2,815,968	\$ -	\$ -	\$ 430,076	\$ 3,246,044	\$ -
Sales and use taxes	4,067,788	-	-	1,355,928	5,423,716	-
Franchise taxes	329,586	-	-	37,753	367,339	-
Court fines	3,145,395	-	-	-	3,145,395	-
Customer accounts	642,129	-	-	-	642,129	32,952
Intergovernmental	277,982	3,619,752	6,639,384	11,204,238	21,741,356	135,019
Other	391,397	-	-	507,129	898,526	-
Allowance for uncollectibles	(3,541,066)	-	-	(153,140)	(3,694,206)	-
Total	<u>\$ 8,129,179</u>	<u>\$ 3,619,752</u>	<u>\$ 6,639,384</u>	<u>\$ 13,381,984</u>	<u>\$ 31,770,299</u>	<u>\$ 167,971</u>

BUSINESS TYPE ACTIVITIES

	Combined Utility System	Airport	Drainage	Sanitation	Total
Receivables:					
Customer accounts	\$ 15,999,268	\$ 97,566	\$ 1,106,056	\$ 3,298,811	\$ 20,501,701
Allowance for uncollectibles	(5,209,162)	-	(482,392)	(1,021,646)	(6,713,200)
Total	<u>\$ 10,790,106</u>	<u>\$ 97,566</u>	<u>\$ 623,664</u>	<u>\$ 2,277,165</u>	<u>\$ 13,788,501</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 2023, 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	
2024	\$	503,762	\$	495,977
2025		529,891		479,125
2026		380,143		468,212
2027		410,829		456,493
2028		440,451		445,117
2029-2033		2,686,618		1,997,178
2034-2038		3,280,754		1,555,410
2039-2043		3,954,777		1,015,521
2044-2048		4,369,700		389,305
2049-2053		505,096		12,799
2054-2058		37,845		2,574
	\$	17,099,866	\$	7,317,711

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

	2023		Total	
	Business-type			
	Activities:			
Lease revenue	\$	934,104	\$	934,104
Interest revenue		522,199		522,199

Note 7 - Interfund Transfers and Receivables

Interfund transfers for the primary government are as follows for the year ended September 30, 2023:

	Transfer In Fund			
	General Fund	Non-Major Governmental Funds	Internal Service Funds	Totals
Transfer Out Fund				
General Fund	\$ -	\$ 7,631,131	\$ 1,200,000	\$ 8,831,131
Non-Major Governmental Funds	236,459	8,109,668	-	8,346,127
Combined Utility System Fund	2,296,000	98,240	-	2,394,240
Other Enterprise Funds	778,000	102,330	-	880,330
Internal Service Funds	-	252,599	-	252,599
	\$ 3,310,459	\$ 16,193,968	\$ 1,200,000	\$ 20,704,427

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	Other enterprise funds	General Admin Charges & Payment in lieu of taxes
HOT Beach Clearing & Maintenance	State Hotel Occupancy Tax	Collection of State hotel occupancy taxes
HOT Beach Patrol & Safety	State Hotel Occupancy Tax	Collection of State hotel occupancy taxes
HOT Beach Renourishment & Preservation	State Hotel Occupancy Tax	Collection of State hotel occupancy taxes
Public Safety Programs 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
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
FEMA Fund	Infrastructure & Debt Service Fund	Budget transfer for capital projects
Separation Pay Fund	Combined Utility System Fund	Budgeted Separation Pay
Separation Pay Fund	Other enterprise funds	Budgeted Separation Pay
Technology Improvement Fund	Central Service Fund	Budgeted Transfer for Personnel services

The following is a detail of interfund receivables and payables for the primary government as of September 30, 2023:

Receivable Funds: Due From						
General Fund	Hurricane Ike Fund	Non-Major Governmental Funds	Combined Utility System Fund	Other Enterprise Funds	Internal Service Funds	Totals
Payable Funds: Due To						
General Fund	\$ -	\$ 65,158	\$ -	\$ -	\$ -	\$ 65,158
Hurricane Ike Fund	165	-	1,608,716	8,835,906	443,899	66,568
CDBG Disaster Fund Non-Housing	1,812,966	-	1,139,338	2,426,677	52,874	-
Non-Major Governmental Funds	1,171,189	-	1,404,459	27,167	-	6,577
Combined Utility System Fund	-	74,423	-	-	-	74,423
Other Enterprise Funds	9,723	83,518	3,241	-	334,497	-
	<u>\$ 2,994,043</u>	<u>\$ 223,099</u>	<u>\$ 4,155,754</u>	<u>\$ 11,289,750</u>	<u>\$ 831,270</u>	<u>\$ 73,145</u>
						<u>\$ 19,567,061</u>

The following is a detail of interfund receivables and payables:

Receivable Funds: Due From	Payable Funds: Due To
General Fund	Hurricane Ike
General Fund	Non-Major Governmental Funds
General Fund	Other Enterprise Funds
Hurricane Ike	General Fund
Hurricane Ike	Combined Utility System Fund
Hurricane Ike	Airport
Non-Major Governmental Funds	Hurricane Ike
Non-Major Governmental Funds	Other Enterprise Funds
Combined Utility System Fund	Hurricane Ike
Combined Utility System Fund	Non-Major Governmental Funds
Other Enterprise 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, 2023:

	Balance September 30, 2022	Increases	Decreases / Transfers	Balance September 30, 2023
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 21,411,775	\$ -	\$ -	\$ 21,411,775
Construction in progress	36,732,774	10,151,279	(18,488,988)	28,395,065
Total capital assets not being depreciated	58,144,549	10,151,279	(18,488,988)	49,806,840
Other capital assets:				
Infrastructure	227,830,781	-	12,248,292	240,079,073
Buildings and improvements	88,795,629	-	1,091,897	89,887,526
Licensed vehicles	25,678,008	2,221,953	3,374,815	31,274,776
Machinery and equipment	21,944,674	633,130	(43,175)	22,534,629
Right-to-use assets - Equipment	381,547	-	-	381,547
Right-to-use assets - Buildings	257,757	-	-	257,757
Right-to-use assets - SBITA	292,786	26,423	-	319,209
Improvements other than buildings	12,534,629	114,851	639,610	13,289,090
Total other capital assets	377,715,811	2,996,357	17,311,439	398,023,607
Less accumulated depreciation/amortization for:				
Infrastructure	(116,529,142)	(7,486,039)	-	(124,015,181)
Buildings and improvements	(25,856,822)	(2,432,803)	-	(28,289,625)
Licensed vehicles	(19,861,356)	(1,658,667)	1,110,622	(20,409,401)
Machinery and equipment	(17,905,377)	(797,393)	36,282	(18,666,488)
Right-to-use assets - Equipment	(239,662)	(120,038)	-	(359,700)
Right-to-use assets - Buildings	(71,287)	(50,830)	-	(122,117)
Right-to-use assets - SBITA	(62,317)	(79,322)	-	(141,639)
Improvements other than buildings	(7,070,315)	(363,760)	-	(7,434,075)
Total accumulated depreciation/amortization	(187,596,278)	(12,988,852)	1,146,904	(199,438,226)
Other capital assets, net	190,119,533	(9,992,495)	18,458,343	198,585,381
Totals	\$ 248,264,082	\$ 158,784	\$ (30,645)	\$ 248,392,221
	Balance September 30, 2022	Increases	Decreases / Transfers	Balance September 30, 2023
Business-type Activities:				
Capital assets not being depreciated:				
Land	\$ 2,906,705	\$ -	\$ -	\$ 2,906,705
Construction in progress	53,096,779	15,737,295	(19,517,998)	49,316,076
Total capital assets not being depreciated	56,003,484	15,737,295	(19,517,998)	52,222,781
Other capital assets:				
Improvements other than buildings	256,920,969	43,500	18,945,109	275,909,578
Building and system	176,631,550	-	565,785	177,197,335
Machinery and equipment	18,443,697	435,550	(311,431)	18,567,816
Licensed vehicles	16,400,792	3,063,674	(931,995)	18,532,471
Contractual water rights	29,970,351	-	-	29,970,351
Total other capital assets	498,367,359	3,542,724	18,267,468	520,177,551
Less accumulated depreciation/amortization for:				
Improvements other than buildings	(90,433,439)	(6,909,988)	-	(97,343,427)
Building and system	(48,075,987)	(3,994,180)	-	(52,070,167)
Machinery and equipment	(13,072,356)	(905,117)	254,621	(13,722,852)
Licensed vehicles	(11,168,045)	(1,421,835)	931,995	(11,657,885)
Contractual water rights	(25,607,992)	(290,824)	-	(25,898,816)
Total accumulated depreciation/amortization	(188,357,819)	(13,521,944)	1,186,616	(200,693,147)
Other capital assets, net	310,009,540	(9,979,220)	19,454,084	319,484,404
Totals	\$ 366,013,024	\$ 5,758,075	\$ (63,914)	\$ 371,707,185

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

General government	\$ 2,810,968
Public safety	676,896
Public works	5,121,987
Culture and recreation	2,665,140
Planning and community development	256,437
Transportation system	690,574
In addition, depreciation/amortization on capital assets held by the City's internal service funds is charged to various functions based on their usage of the assets	-
	<u>766,850</u>
Total Governmental Activities	<u><u>\$ 12,988,852</u></u>
Combined utility system	\$ 10,856,446
Sanitation	808,117
Drainage	661,388
Airport	1,195,993
Total Business-Type Activities	<u><u>\$ 13,521,944</u></u>

Construction in progress and remaining commitment, as of September 30, 2023 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	\$ 46,532,387	\$ 9,372,656	\$ 37,159,731
ST-1806 - 23rd street Broadway to Seawall (County)	10,617,946	10,241,470	376,476
City Hall remodel & screen wall/plaza	5,185,590	2,915,073	2,270,517
Parks & Recreation	3,861,215	1,889,380	1,971,835
Various Island Transit projects	2,669,691	367,353	2,302,338
Various other projects	5,025,370	3,609,133	1,416,237
Total Governmental Activities	<u><u>\$ 73,892,199</u></u>	<u><u>\$ 28,395,065</u></u>	<u><u>\$ 45,497,134</u></u>
Business-type Activities:			
Combined Utility System Fund Projects			
Broadway to Seawall	\$ 13,616,464	\$ 2,932,250	\$ 10,684,214
EPA Project	711,179	76,494	634,685
Fire hydrants	4,885,286	36,673	4,848,613
Lift station	5,484,434	771,048	4,713,386
Pirates Beach & Seawolf Park WWTP recon & expansion	24,448,982	1,170,666	23,278,316
SCADA - Supervisory Controls & Data Acquisition	1,188,420	748,927	439,493
Airport pump station tank upgrade and new ground storage tanks	12,351,931	10,775,534	1,576,397
SICC - Ssustainable Interactive Customer Connections	17,411,009	6,107,699	11,303,310
Various street utility improvements	22,679,724	5,654,819	17,024,905
Rehab of waterline	1,740,114	793,278	946,836
Sewer Rehab	6,000,000	146,190	5,853,810
Various other Combined Utility System projects	16,782,030	12,245,053	4,536,977
Sanitation Fund Projects			
Various Sanitation projects	202,639	98,290	104,349
Drainage Fund Projects			
Drainage Improvements	1,818,472	1,743,141	75,331
Drainage Pump station	7,710,504	5,154,785	2,555,719
Various other Drainage projects	2,272,393	539,963	1,732,430
Airport Fund Projects			
Various Airport projects	9,024,585	321,266	8,703,319
Total Business-type Activities	<u><u>\$ 148,328,166</u></u>	<u><u>\$ 49,316,076</u></u>	<u><u>\$ 99,012,090</u></u>

Note 9 - Long-Term Debt

A. Governmental Activities

Long-term liability activity for the year ended September 30, 2023, is as follows:

	Balance September 30, 2022	Increases	(Decreases)	Balance September 30, 2023	Amounts Due Within One Year
Bonds payable:					
General obligation bonds	\$ 51,373,298	\$ -	\$ (3,075,400)	\$ 48,297,898	\$ 2,512,600
Certificates of obligation - Private placement	5,500,000	-	(730,000)	4,770,000	750,000
Special obligation bonds	18,285,000	-	(1,270,000)	17,015,000	1,350,000
Unamortized premiums and discounts	8,280,108	-	(613,013)	7,667,095	-
	<u>83,438,406</u>	-	<u>(5,688,413)</u>	<u>77,749,993</u>	<u>4,612,600</u>
Other liabilities:					
Lease payable	336,456	-	(173,367)	163,089	67,466
SBITA payable	204,852	26,423	(93,186)	138,089	101,059
Claims payable - workers compensation	421,012	177,575	(181,621)	416,966	123,502
Claims payable - health insurance	901,439	22,537,258	(22,593,697)	845,000	845,000
Compensated absences	12,601,034	4,882,566	(3,783,589)	13,700,011	4,637,912
Total Governmental Activities	<u>\$ 97,903,199</u>	<u>\$ 27,623,822</u>	<u>\$ (32,513,873)</u>	<u>\$ 93,013,148</u>	<u>\$ 10,387,539</u>

Long-term debt due in more than one year \$ 82,625,609

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, 2023.

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

Series	Original Issue	Matures	Interest Rate (%)	Debt Outstanding
General Obligation Bonds				
Series 2016 Obligation Refunding Bonds *	2,460,831	2033	3.0 to 5.0	1,827,899
Series 2017 Public Improvement Bonds	22,600,000	2037	2.0 to 5.0	17,154,999
Series 2019 Public Improvement Bonds	31,205,000	2039	3.0 to 5.0	29,315,000
Total General Obligation Bonds				<u>\$ 48,297,898</u>
Special Obligation Bonds				
Series 2012A Hotel Occupancy Tax Refunding Bonds	\$ 14,350,000	2034	2.6 to 5.0	\$ 9,245,000
Series 2012B Hotel Occupancy Tax Refunding Bonds	13,215,000	2032	3.1 to 5.0	7,770,000
Total Special Obligation Bonds				<u>\$ 17,015,000</u>
Certificates of obligation - Private placement				
Series 2022 Combination Tax and Revenue Bonds	\$ 5,500,000	2029	2.23	\$ 4,770,000
Total Certificates of obligation - Private placement				<u>\$ 4,770,000</u>
Lease Payable				
Lease Payable	\$ 598,913	2026	3.0	\$ 163,089
Total Lease Payable				<u>\$ 163,089</u>
SBITA Payable				
SBITA Payable	\$ 319,209	2026	2.23	\$ 138,089
Total SBITA Payable				<u>\$ 138,089</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
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	2,923,200	1,645,428	820,000	37,018	1,650,000	395,544
2029-2033	16,436,100	5,963,887	840,000	18,732	8,475,000	1,070,988
2034-2038	15,990,000	2,260,800	-	-	1,040,000	39,000
2039-2042	2,179,998	87,200	-	-	-	-
	<u>\$ 48,297,898</u>	<u>\$ 17,887,067</u>	<u>\$ 4,770,000</u>	<u>\$ 379,207</u>	<u>\$ 17,015,000</u>	<u>\$ 3,577,545</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 three 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, 2023, were as follows:

Fiscal year	Governmental Activities:	Governmental Activities:
	Principal	Interest
2024	\$ 67,466	\$ 3,638
2025	59,252	1,877
2026	36,371	314
	<u>\$ 163,089</u>	<u>\$ 5,829</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 three 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, 2023 were as follows:

Fiscal year	Governmental Activities:	
	Principal	Interest
2024	\$101,059	\$2,642
2025	31,490	693
2026	5,540	31
	<u>\$138,089</u>	<u>\$3,366</u>

Business-Type Activities

Long-term liability activity for the year ended September 30, 2023 is as follows:

	Balance September 30, 2022	Increases	(Decreases)	Balance September 30, 2023	Amounts Due Within One Year
Bonds payable:					
General obligation bonds	\$ 20,571,701	\$ -	\$ (2,714,601)	\$ 17,857,100	\$ 2,107,400
Certificates of obligation - Private placement	5,500,000	-	(1,050,000)	4,450,000	1,075,000
Certificates of obligation	61,265,000	62,635,000	(2,330,000)	121,570,000	2,360,000
Unamortized premiums and discounts	5,020,374	2,919,932	(478,713)	7,461,593	-
	<u>92,357,075</u>	<u>65,554,932</u>	<u>(6,573,314)</u>	<u>151,338,693</u>	<u>5,542,400</u>
Other liabilities:					
Compensated absences	1,528,823	891,896	(826,362)	1,594,357	891,896
Total Business-type Activities	<u>\$ 93,885,898</u>	<u>\$ 66,446,828</u>	<u>\$ (7,399,676)</u>	<u>\$ 152,933,050</u>	<u>\$ 6,434,296</u>

Long-term debt due in more than one year \$ 146,498,754

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	\$ 135,000
Series 2016 Obligation Refunding Bonds *	14,904,169	2033	3.0 to 5.0	8,327,100
Series 2021 Obligation Refunding Bonds	13,642,054	2030	0.3 to 1.8	9,395,000
Total General Obligation Bonds				<u>\$ 17,857,100</u>
Certificates of obligation - Private placement				
Series 2022 Combination Tax and Revenue Bonds	\$ 5,500,000	2029	2.23	\$ 4,450,000
Total Certificates of obligation - Private placement				<u>\$ 4,450,000</u>
Certificates of Obligation				
Series 2017 Combination Tax and Revenue Bonds	\$ 33,330,000	2038	2.0 to 5.0	\$ 29,210,000
Series 2019 Combination Tax and Revenue Bonds	32,750,000	2039	2.0 to 5.0	30,725,000
Series 2022A Combination Tax and Revenue Bonds	62,635,000	2059	4.6 to 5.3	61,635,000
Total Certificates of Obligation				<u>\$ 121,570,000</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
2024	\$ 1,075,000	\$ 99,235	\$ 2,360,000	\$ 5,751,825	\$ 2,107,400	\$ 498,511
2025	1,100,000	75,264	2,465,000	5,647,675	2,006,100	450,601
2026	1,125,000	50,737	2,575,000	5,538,825	2,063,000	403,801
2027	1,150,000	25,643	2,695,000	5,418,175	2,114,900	352,326
2028	-	-	2,820,000	5,291,875	2,166,800	295,491
2029-2033	-	-	16,310,000	24,246,875	7,398,900	630,108
2034-2038	-	-	20,740,000	19,823,913	-	-
2039-2043	-	-	26,225,000	14,321,088	-	-
2044-2048	-	-	28,905,000	7,569,763	-	-
2049-2053	-	-	16,475,000	1,796,744	-	-
	<u>\$ 4,450,000</u>	<u>\$ 250,879</u>	<u>\$ 121,570,000</u>	<u>\$ 95,406,758</u>	<u>\$ 17,857,100</u>	<u>\$ 2,630,838</u>

The total net revenues of the Combined Utility System and Sanitation funds 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	\$ 2,360,000	\$ 5,751,825	\$ 8,111,825
Certificates of Obligation - Private placement	1,075,000	99,235	1,174,235
General Obligation	2,107,400	498,511	2,605,911
Total annual debt service	<u>\$ 5,542,400</u>	<u>\$ 6,349,571</u>	<u>\$ 11,891,971</u>
Operating revenues-Combined Utilities Fund			\$ 43,622,263
Operating revenues-Sanitation Fund			8,339,208
Operating expenses-Combined Utilities Fund			42,099,248
Operating expenses-Sanitation Fund			<u>8,297,761</u>
Net operating income			1,564,462
Add:			
Depreciation/amortization-Combined Utilities Fund			10,856,446
Depreciation/amortization-Sanitation Fund			<u>808,117</u>
Total net revenues			<u>\$ 13,229,025</u>
 Debt service coverage			 1.11

Current Year Issuance of Debt – Business-Type Activities

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.

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, 2023 is \$21,520,000.

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

Long-term liability activity for the year ended September 30, 2023 is as follows:

	Balance September 30, 2022	Increases	(Decreases)	Balance September 30, 2023	Amounts Due Within One Year
Bayside at Waterman’s PID					
Special assessment revenue bonds	\$ 7,630,000	\$ -	\$ (170,001)	\$ 7,459,999	\$ 190,000
	<u>\$ 7,630,000</u>	<u>\$ -</u>	<u>\$ (170,001)</u>	<u>\$ 7,459,999</u>	<u>\$ 190,000</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	\$ 7,459,999
Total Bayside at Waterman’s PID Bonds				<u>\$ 7,459,999</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
	2024	\$ 190,000
2025	190,000	437,031
2026	190,000	426,344
2027	210,000	415,656
2028	230,000	403,844
2029-2033	1,420,000	1,794,031
2034-2038	1,905,000	1,313,431
2039-2043	2,525,000	665,788
2044-2048	599,999	36,750
	<u>\$ 7,459,999</u>	<u>\$ 5,940,594</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 Balance

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	\$ (290,795)
Health and Life Insurance Fund	\$ (5,748,883)

Net deficit reported by the Workers’ Compensation Fund above reflects the inclusion \$0.3 million of total estimated workers’ compensation claims payable. Net deficit reported by the Health Insurance Fund reflects the inclusion \$16.3 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, 2023, 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
2022	\$ 641,991	\$ 176,398	\$ (397,377)	\$ 421,012
2023	421,012	177,575	(181,621)	416,966

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 Stealth- Wellpoint which limits the City's claims paid to \$225,000 per individual. Stealth- Wellpoint also provides aggregate stop loss coverage for the plan, which limits claims paid to \$1,612.95 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>
2022	\$ 829,749	\$ 11,060,594	\$ (10,988,904)	\$ 901,439
2023	901,439	22,537,258	(22,593,697)	845,000

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. The City's proportional share of the debt service to GCWA was paid off in FY 2022. In FY 2023, the City paid GCWA \$7.9 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, 2022 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, 2022 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, 2022 (measurement year):

Total OPEB Liability	
Service cost	\$ 1,103,679
Interest on the total OPEB Liability	411,437
Difference between expected and actual experience actual experience	-
Changes of assumption	(2,394,856)
Plan Curtailment	-
Benefit payments	(73,643)
Net change in total OPEB liability	(953,383)
Total OPEB liability - beginning	17,219,232
Total OPEB liability - ending	\$ 16,265,849
 Covered employee payroll	 \$ 53,197,000
 Total OPEB liability as a percentage of covered employee payroll	 30.58%

Changes of assumption reflects a change in discount rate from 2.25% in 2021 to 3.72% in 2022. 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.

OPEB Expense

For the year ended September 30, 2023, the City recognized total OPEB expense of \$1,805,147

Service cost	\$ 1,103,679
Interest on the total OPEB Liability	411,437
Changes in assumptions or other inputs	544,811
Difference between expected and actual experience	(254,780)
Total OPEB expense	<u>\$ 1,805,147</u>

Deferred Outflows of Resources

At September 30, 2023, 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	\$ 20,105	\$ (1,706,414)
Changes of assumptions	5,813,909	(2,195,285)
Contributions subsequent to the measurement date	<u>260,259</u>	<u>-</u>
	<u>\$ 6,094,273</u>	<u>\$ (3,901,699)</u>

The \$260,259 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, 2024. Other amounts reported as deferred outflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year ended September 30:</u>	
2024	\$ 290,031
2025	290,031
2026	290,031
2027	290,031
2028	290,031
thereafter	<u>482,160</u>
	<u>\$ 1,932,315</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 \$16,265,849 at December 31, 2022. As of the most recent valuation, the ratio of the unfunded actuarial accrued liability to annual covered employee payroll is 30.58%.

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	3.72% as of Dec 31, 2022
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 3.72% 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:

	<u>1% Decrease</u> <u>(2.72%)</u>	<u>Current Discount Rate</u> <u>(3.72%)</u>	<u>1% Increase</u> <u>(4.72%)</u>
Total OPEB liability	\$ 17,971,000	\$ 16,265,849	\$ 14,718,000

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:

	<u>1% Decrease</u> <u>(6.10%)</u>	<u>Healthcare Cost Trend Rates</u> <u>(7.10%)</u>	<u>1% Increase</u> <u>(8.10%)</u>
Total OPEB liability	\$ 13,908,000	\$ 16,265,849	\$ 19,150,000

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, 2022. 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 2.55% 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, 2023 were as follows:

	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan
Retirees and beneficiaries currently receiving benefits	378	93	148
Terminated employees entitled to but not receiving benefits	77	-	45
Terminated employees entitled to only a refund of contributions	62	-	-
Active Employees	528	116	151
Total Participants	1,045	209	344

Contributions

Contribution rates for the City and employees for the fiscal year ended September 30, 2023 were as follows:

	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan
Participant contribution	6.00%	18.00%	12.00%
City contribution	12.15%	20.20%	18.00%

Pension contribution rates are determined by ordinance with respect to the Employee Plan. In January 2023, Employee Pension Board approved an increase in the City contribution rate from 9% to 12.15% effective February 2023. Collective bargaining agreements establish minimum contribution levels with respect to the Police and Firefighters Plans. The City increased their contribution rate from 17% to 20.2% for Firefighters in January 2023.

Net Pension Liability

The City’s net pension liability was measured as of December 31, 2022, 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	\$ 83,713,051	\$ 83,768,311	\$ 59,940,874
Fiduciary Net Position	<u>58,666,287</u>	<u>49,039,643</u>	<u>23,124,493</u>
Net Pension Liability	<u>\$ 25,046,764</u>	<u>\$ 34,728,668</u>	<u>\$ 36,816,381</u>
Fiduciary net position as a percentage of total pension liability	70.08%	58.54%	38.58%

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, 2022 (measurement year):

	Employees' Retirement Plan for City Employees	Galveston Firefighters' Pension Fund	Employees' Retirement Plan for Police
	<u>2022</u>	<u>2022</u>	<u>2022</u>
Total pension liability:			
Service cost	\$ 2,520,525	\$ 1,811,782	\$ 1,232,251
Interest	5,537,619	6,024,296	3,932,541
Effect of plan changes	3,714,341	-	-
Difference between expected and actual experience	826,738	(289,081)	2,029,851
Benefit payments, including refunds of employee contributions	(5,493,184)	(4,581,710)	(4,401,339)
Net change in total pension liability	7,106,039	2,965,287	2,793,304
Total pension liability - beginning	76,607,012	80,803,024	57,147,570
Total pension liability - ending (a)	<u>\$ 83,713,051</u>	<u>\$ 83,768,311</u>	<u>\$ 59,940,874</u>
Plan fiduciary net position:			
Contributions - employer	\$ 2,734,381	\$ 1,664,367	\$ 3,010,623
Contributions - employee	1,822,918	1,762,271	1,597,975
Net investment income	(11,737,258)	(8,670,879)	(3,590,678)
Benefit payments, including refunds of employee contributions	(5,493,184)	(4,581,710)	(4,401,369)
Administrative expense	(125,893)	(168,917)	(156,560)
Net change in plan fiduciary net position	(12,799,036)	(9,994,868)	(3,540,009)
Plan fiduciary net position - beginning	71,465,323	59,034,511	26,664,502
Plan fiduciary net position - ending (b)	<u>\$ 58,666,287</u>	<u>\$ 49,039,643</u>	<u>\$ 23,124,493</u>
Net pension liability - ending (a) - (b)	<u>\$ 25,046,764</u>	<u>\$ 34,728,668</u>	<u>\$ 36,816,381</u>

Pension Expense

For the year ended September 30, 2023, the City recognized total pension expense by plan is as follows:

	Employees Pension Plan	Fire Fighters Pension Plan	Police Pension Plan	Total
Service Cost	\$ 2,520,525	\$ 1,811,782	\$ 1,232,251	\$ 5,564,558
Interest on total pension liability	5,537,619	6,024,296	3,932,541	15,494,456
Effect of plan changes	3,714,341	-	-	3,714,341
Administrative expenses	125,893	168,917	156,560	451,370
Member contributions	(1,822,918)	(1,762,271)	(1,597,975)	(5,183,164)
Expected investment return net of investment expenses	(5,142,747)	(4,377,939)	(1,815,604)	(11,336,290)
Recognition of economic/demographic gains or losses	(189,124)	(30,624)	(99,877)	(319,625)
Recognition of assumption changes or inputs	287,712	390,809	264,872	943,393
Differences between projected and actual earnings on plan investments	1,990,696	1,974,541	779,939	4,745,176
Pension Expense	<u>\$ 7,021,997</u>	<u>\$ 4,199,511</u>	<u>\$ 2,852,707</u>	<u>\$ 14,074,215</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, 2023 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	\$ 662,703	\$ (945,960)	\$ 438,877	\$ (390,826)	\$ 1,353,234	\$ (814,941)	\$ 2,454,814	\$ (2,151,727)
Changes of assumptions	108,199	-	2,232,497	(145,146)	556,310	(1,133,816)	2,897,006	(1,278,962)
Difference between projected and actual earnings	8,602,004	-	7,218,937	-	2,528,679	-	18,349,620	-
Employers contribution subsequent to measurement date	3,175,205	-	1,626,673	-	2,310,406	-	7,112,284	-
	<u>\$ 12,548,111</u>	<u>\$ (945,960)</u>	<u>\$ 11,516,984</u>	<u>\$ (535,972)</u>	<u>\$ 6,748,629</u>	<u>\$ (1,948,757)</u>	<u>\$ 30,813,724</u>	<u>\$ (3,430,689)</u>

The \$7,112,284 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
2023	\$ 665,636	\$ 1,143,193	\$ (274,450)	\$ 1,534,379
2024	1,863,496	2,249,190	1,138,819	5,251,505
2025	2,353,632	2,709,729	543,833	5,607,194
2026	3,537,619	3,173,823	1,081,264	7,792,706
2027	6,563	82,715	-	89,278
thereafter	-	(4,311)	-	(4,311)
	<u>\$ 8,426,946</u>	<u>\$ 9,354,339</u>	<u>\$ 2,489,466</u>	<u>\$ 20,270,751</u>

Actuarial Assumptions and Other Data

The total pension liability in the December 31, 2022 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 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

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, 2022 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	\$ 33,991,343	\$ 25,046,764	\$ 16,484,751
	<u>(6.50%)</u>	<u>(7.50%)</u>	<u>(8.50%)</u>
Fire Fighters Pension Plan	\$ 44,724,559	\$ 34,728,668	\$ 26,355,660
	<u>(6.00%)</u>	<u>(7.00%)</u>	<u>(8.00%)</u>
Police Pension Plan	\$ 44,178,761	\$ 36,816,381	\$ 30,720,529

Note 16 - 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.

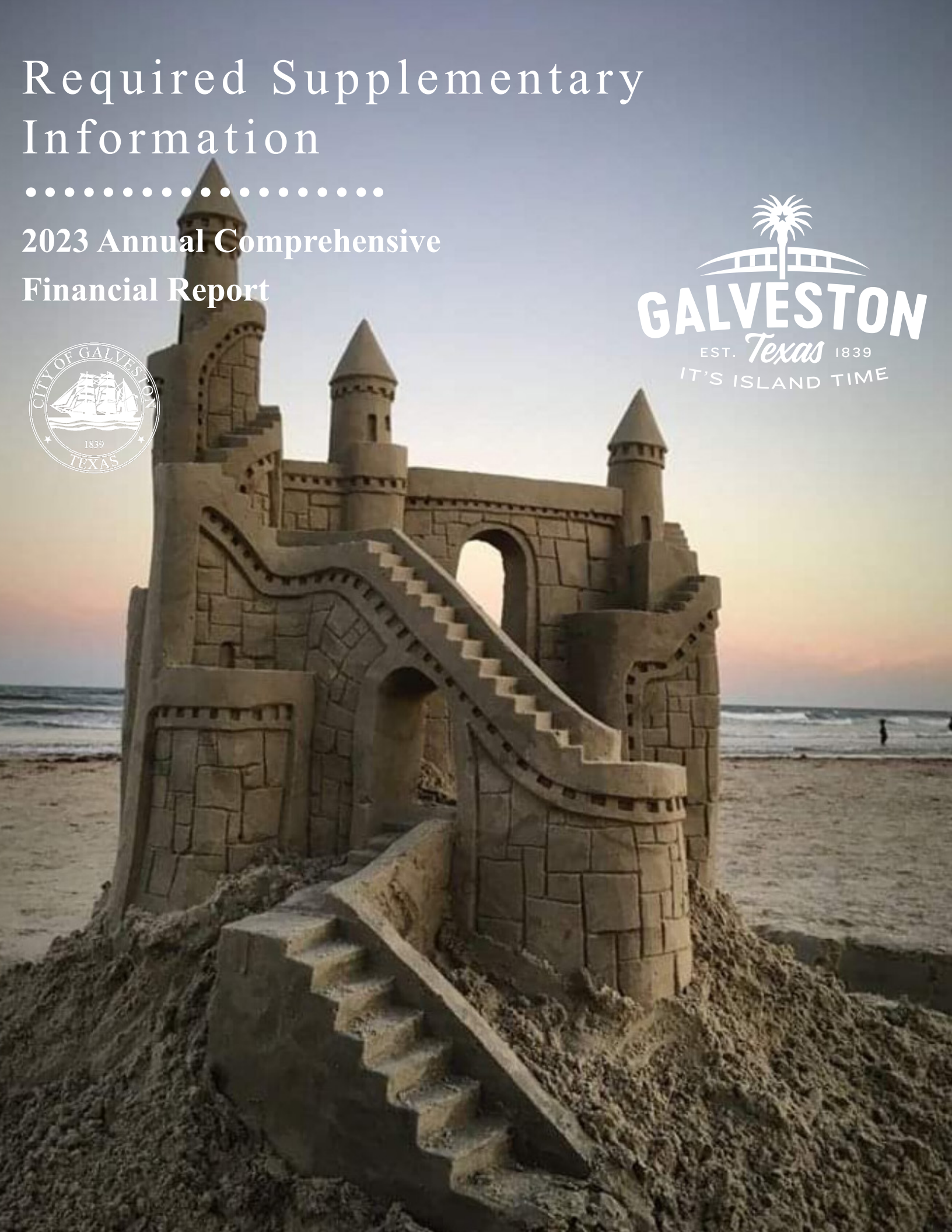
Typically, the City is covered for claims under a policy through the Texas Municipal League Risk Pool. The City intends to defend itself vigorously against all suits; however, no prediction can be made, as of the date thereof, with respect to the liability of the City for such claims or the final outcome 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.

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Required Supplementary Information



2023 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, 2023

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Revenues						
Property taxes	\$ 33,729,100	\$ 33,729,100	\$ 33,049,625	\$ -	\$ 33,049,625	\$ (679,475)
Sales tax	21,700,000	21,700,000	23,419,710	-	23,419,710	1,719,710
Mixed beverage tax	1,150,000	1,150,000	1,269,054	-	1,269,054	119,054
Franchise and other taxes	5,001,980	5,001,980	5,106,401	-	5,106,401	104,421
Licenses and permits	1,976,075	1,976,075	1,697,672	-	1,697,672	(278,403)
Fines and forfeitures	1,560,515	1,560,515	1,537,357	-	1,537,357	(23,158)
Charges for services	590,608	590,608	1,459,400	-	1,459,400	868,792
Investment earnings	25,000	25,000	1,181,525	-	1,181,525	1,156,525
Intergovernmental	207,500	1,164,000	326,688	-	326,688	(837,312)
Other	2,083,036	1,126,536	1,772,475	-	1,772,475	645,939
Total Revenues	68,023,814	68,023,814	70,819,907	-	70,819,907	2,796,093
General government						
Legislative	679,409	669,440	661,591	-	661,591	7,849
Judicial	777,794	751,785	751,401	-	751,401	384
Executive	749,373	811,317	809,793	-	809,793	1,524
City auditor	427,925	415,687	394,263	20,527 ³	414,790	897
Finance	2,283,047	2,358,693	2,377,649	(21,334) ³	2,356,318	2,375
Legal	947,271	899,233	898,254	-	898,254	979
Personnel	630,190	600,205	595,954	-	595,954	4,251
Governmental expenditures	1,823,449	1,111,256	466,896	-	466,896	644,360
Facilities maintenance	1,485,774	1,485,774	1,485,774	-	1,485,774	-
Taxation	360,218	343,718	319,077	-	319,077	24,641
Total general government	10,164,450	9,447,108	8,760,652	(807)	8,759,848	687,260
Public safety						
Police	25,882,277	26,148,956	26,148,434	-	26,148,434	522
Fire	14,961,671	15,089,781	15,089,704	-	15,089,704	77
Emergency management	297,272	261,272	260,361	-	260,361	911
Emergency medical service	883,509	824,509	824,448	-	824,448	61
City marshal	1,013,691	922,954	920,106	-	920,106	2,848
Total public safety	43,038,420	43,247,472	43,243,053	-	43,243,053	4,419
Public works and traffic	4,105,517	4,764,863	4,764,575	-	4,764,575	288
Culture and recreation	3,476,850	3,662,574	3,644,947	12,912 ³	3,657,859	4,715
Planning and community development	1,922,771	1,860,991	1,860,291	-	1,860,291	700
Transportation system	975,000	975,000	-	975,000 ¹	975,000	-
Debt service	-	-	3,431	(3,431) ³	-	-
Capital outlay	1,000,000	3,206,883	2,113,859	(12,912) ³	2,100,947	1,105,936
Total expenditures	64,683,008	67,164,891	64,390,808	970,762	65,361,573	1,803,318
Other Financing Sources (Uses)						
Transfers in	3,139,525	3,139,525	3,310,459	-	3,310,459	170,934
Transfers out	(6,531,131)	(7,856,131)	(8,831,131)	975,000 ¹	(7,856,131) ²	-
Sale of capital assets	50,800	50,800	186,048	-	186,048	135,248
Total Other Financing Sources (Uses)	(3,340,806)	(4,665,806)	(5,334,624)	975,000	(4,359,624)	306,182
Net change in fund balance	-	(3,806,883)	1,094,475	4,238	1,098,710	4,905,593
Fund balance - beginning	24,162,823	24,162,823	24,162,823	-	24,162,823	-
Fund balance - ending	\$ 24,162,823	\$ 20,355,940	\$ 25,257,298	\$ 4,238	\$ 25,261,533	\$ 4,905,593

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 \$875,000 to the Separation Pay Fund, \$84,000 to the Police Quartermater Fund, \$1,200,000 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 \$5,697,131.

3) This represents reclasses for budget presentation purposes only.

**AMERICAN RESCUE PLAN ACT
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**
For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
		Actual	Reconciling Items		
Revenues					
Intergovernmental	\$ 24,833,313	\$ 5,281,797	\$ 19,551,516 ¹	\$ 24,833,313	\$ -
Investment earnings	10,568	897,601	-	897,601	887,033
Total Revenues	<u>24,843,881</u>	<u>6,179,398</u>	<u>19,551,516</u>	<u>25,730,914</u>	<u>887,033</u>
Highways and roads	461,622	-	-	-	461,622
Capital outlay	24,364,457	5,281,797	-	5,281,797	19,082,660
Total expenditures	<u>24,826,079</u>	<u>5,281,797</u>	<u>-</u>	<u>5,281,797</u>	<u>19,544,282</u>
Net change in fund balance	17,802	897,601	19,551,516 ¹	20,449,117	(18,657,249)
Fund balance - beginning	<u>38,267,926</u>	<u>124,668</u>	<u>38,143,258</u>	<u>38,267,926</u>	<u>-</u>
Prior period adjustments	-	-	-	-	-
Fund balance - ending	<u>\$ 38,285,728</u>	<u>\$ 1,022,269</u>	<u>\$ 57,694,774</u>	<u>\$ 58,717,043</u>	<u>\$ (18,657,249)</u>

1) Amounts budgeted in the American Rescue Plan Act Fund includes deferred revenues of \$19,551,516

HOT ADVERTISING AND TOURISM FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual</u>	<u>Variance with Final</u> <u>Budget</u>
Revenues			
Hotel occupancy taxes	\$ 15,382,535	\$ 16,397,776	\$ 1,015,241
Investment earnings	275,837	260,694	(15,143)
Total Revenues	<u>15,658,372</u>	<u>16,658,470</u>	<u>1,000,098</u>
Culture and recreation	<u>7,920,660</u>	<u>7,920,660</u>	<u>-</u>
Total expenditures	<u>7,920,660</u>	<u>7,920,660</u>	<u>-</u>
Net change in fund balance	7,737,712	8,737,810	1,000,098
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 7,737,712</u>	<u>\$ 8,737,810</u>	<u>\$ 1,000,098</u>

REQUIRED PENSION SYSTEM SUPPLEMENTARY INFORMATION

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:				
Service cost	\$ 2,520,525	\$ 2,497,417	\$ 2,399,935	\$ 2,315,618
Interest	5,537,619	5,424,399	5,238,969	4,953,301
Effect of plan changes	3,714,341	-	1,404,762	-
Difference between expected and actual experience	826,738	(1,210,867)	(396,841)	(120,010)
Change in assumptions	-	-	-	-
Benefit payments, including refunds of employee contributions	(5,493,184)	(4,851,629)	(4,712,170)	(4,683,296)
Net change in total pension liability	7,106,039	1,859,320	3,934,655	2,465,613
Total pension liability - beginning	76,607,012	74,747,692	70,813,036	68,347,423
Total pension liability - ending (a)	<u>\$83,713,051</u>	<u>\$76,607,012</u>	<u>\$74,747,691</u>	<u>\$70,813,036</u>
Plan fiduciary net position:				
Contributions - employer	\$ 2,734,381	\$ 2,521,658	\$ 2,486,763	\$ 2,424,690
Contributions - employee	1,822,918	1,682,106	1,658,767	1,616,461
Net investment income	(11,737,258)	9,207,951	6,247,770	9,791,491
Benefit payments, including refunds of employee contributions	(5,493,184)	(4,851,629)	(4,712,170)	(4,683,296)
Administrative expense	(125,893)	(138,989)	(134,810)	(165,773)
Net change in plan fiduciary net position	(12,799,036)	8,421,097	5,546,320	8,983,573
Plan fiduciary net position - beginning	71,465,323	63,044,226	57,497,902	48,514,329
Plan fiduciary net position - ending (b)	<u>\$58,666,287</u>	<u>\$71,465,323</u>	<u>\$63,044,222</u>	<u>\$57,497,902</u>
Net pension liability - ending (a) - (b)	<u>\$25,046,764</u>	<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	70.08%	93.29%	84.34%	81.20%
Covered payroll	\$30,381,971	\$28,035,100	\$27,646,117	\$26,741,018
Net pension liability as a percentage of covered payroll	82.44%	18.34%	42.33%	49.79%
Annual money-weighted rate of return, net of investment expense	-16.55%	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, 2022. 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 Nine Measurement Years
Galveston Firefighters' Pension Fund*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:				
Service cost	\$ 1,811,782	\$ 1,662,377	\$ 1,616,312	\$ 1,415,927
Interest	6,024,296	5,714,227	5,483,730	5,156,123
Effect of plan changes	-	-	-	-
Difference between expected and actual experience	(289,081)	261,857	-	374,319
Change in assumptions	-	572,208	-	3,564,858
Benefit payments, including refunds of employee contributions	(4,581,710)	(3,869,920)	(4,275,722)	(3,975,925)
Net change in total pension liability	2,965,287	4,340,749	2,824,320	6,535,302
Total pension liability - beginning	80,803,024	76,462,275	73,637,955	67,102,653
Total pension liability - ending (a)	<u>\$ 83,768,311</u>	<u>\$ 80,803,024</u>	<u>\$ 76,462,275</u>	<u>\$ 73,637,955</u>
Plan fiduciary net position:				
Contributions - employer	\$ 1,664,367	\$ 1,535,533	\$ 1,471,714	\$ 1,401,579
Contributions - employee	1,762,271	1,625,859	1,558,302	1,484,025
Net investment income	(8,670,879)	6,342,667	5,875,872	7,770,870
Benefit payments, including refunds of employee contributions	(4,581,710)	(3,869,920)	(4,275,722)	(3,975,925)
Administrative expense	(168,917)	(148,065)	(112,582)	(138,000)
Net change in plan fiduciary net position	(9,994,868)	5,486,074	4,517,584	6,542,549
Plan fiduciary net position - beginning	59,034,511	53,548,437	49,030,853	42,488,304
Plan fiduciary net position - ending (b)	<u>\$ 49,039,643</u>	<u>\$ 59,034,511</u>	<u>\$ 53,548,437</u>	<u>\$ 49,030,853</u>
Net pension liability - ending (a) - (b)	<u>\$ 34,728,668</u>	<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	58.54%	73.06%	70.03%	66.58%
Covered payroll	\$ 9,790,394	\$ 9,032,550	\$ 8,657,233	\$ 8,244,583
Net pension liability as a percentage of covered payroll	354.72%	241.00%	264.68%	298.46%
Annual money-weighted rate of return, net of investment expense	-14.85%	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, 2022. 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 Nine Measurement Years
Employees' Retirement Plan for Police

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Total pension liability:				
Service cost	\$ 1,232,251	\$ 1,708,114	\$ 1,649,898	\$ 1,622,016
Interest	3,932,541	4,173,384	4,111,885	3,979,593
Difference between expected and actual experience	2,029,851	(1,375,958)	(540,297)	(138,553)
Change in assumptions	-	(3,079,503)	(188,703)	(95,499)
Benefit payments, including refunds of employee contributions	(4,401,339)	(4,380,235)	(4,044,672)	(4,107,380)
Net change in total pension liability	2,793,304	(2,954,198)	988,111	1,260,177
Total pension liability - beginning	57,147,570	60,101,768	59,113,656	57,853,479
Total pension liability - ending (a)	<u>\$ 59,940,874</u>	<u>\$ 57,147,570</u>	<u>\$ 60,101,767</u>	<u>\$ 59,113,656</u>
Plan fiduciary net position:				
Contributions - employer	\$ 3,010,623	\$ 2,669,933	\$ 2,443,661	\$ 3,803,070
Contributions - employee	1,597,975	1,521,017	1,588,346	1,504,688
Net investment income	(3,590,678)	4,222,886	972,658	3,193,800
Benefit payments, including refunds of employee contributions	(4,401,369)	(4,380,235)	(4,044,672)	(4,107,380)
Administrative expense	(156,560)	(140,670)	(141,233)	(297,764)
Net change in plan fiduciary net position	(3,540,009)	3,892,931	818,760	4,096,414
Plan fiduciary net position - beginning	26,664,502	22,771,571	21,952,811	17,856,397
Plan fiduciary net position - ending (b)	<u>\$ 23,124,493</u>	<u>\$ 26,664,502</u>	<u>\$ 22,771,571</u>	<u>\$ 21,952,811</u>
Net pension liability - ending (a) - (b)	<u>\$ 36,816,381</u>	<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	38.58%	46.66%	37.89%	37.14%
Covered payroll	\$ 13,316,458	\$ 12,675,142	\$ 13,236,218	\$ 12,539,068
Net pension liability as a percentage of covered payroll	276.47%	240.49%	282.03%	296.36%
Annual money-weighted rate of return, net of investment expense	-13.84%	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, 2022. 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				
		2023	2022	2021	2020	2019
Actuarially determined contributions		\$ 4,139,158	\$ 2,670,956	\$ 2,513,409	\$ 2,508,671	\$ 2,506,334
Contribution in relation to the actuarially required contribution		\$ 3,803,734	\$ 2,655,238	\$ 2,518,412	\$ 2,508,671	\$ 2,506,334
Contribution deficiency (excess)	(c)	\$ 335,424	\$ 15,718	\$ (5,003)	\$ -	\$ -
Covered payroll		\$ 34,067,140	\$ 29,677,294	\$ 27,926,765	\$ 27,874,119	\$ 27,848,145
Contributions as a percentage of covered payroll	(c)	11.2%	8.9%	9.0%	9.0%	9.0%

		Galveston Firefighters' Pension Fund				
		2023	2022	2021	2020	2019
Contractually required contribution		\$ 2,073,269	\$ 1,656,957	\$ 1,522,399	\$ 1,450,275	\$ 1,467,673
Contribution in relation to the contractually required contribution		\$ 1,983,970	\$ 1,654,668	\$ 1,522,399	\$ 1,450,154	\$ 1,467,729
Contribution deficiency (excess)	(d)	\$ 89,299	\$ 2,289	\$ 0	\$ 121	\$ (56)
Covered payroll		\$ 10,263,708	\$ 9,746,806	\$ 8,955,290	\$ 8,531,031	\$ 8,633,370
Contributions as a percentage of covered payroll	(d)	19.3%	17.0%	17.0%	17.0%	17.0%

		Employees' Retirement Plan for Police				
		2023	2022	2021	2020	2019
Contractually required contribution		\$ 2,699,914	\$ 2,341,765	\$ 2,406,420	\$ 2,356,044	\$ 2,114,333
Contribution in relation to the contractually required contribution		\$ 2,866,840	\$ 2,774,527	\$ 2,406,420	\$ 2,356,823	\$ 2,114,922
Contribution deficiency (excess)	(b)	\$ (166,926)	\$ (432,762)	\$ (0)	\$ (779)	\$ (589)
Covered payroll		\$ 14,999,523	\$ 13,009,803	\$ 13,368,998	\$ 13,089,134	\$ 12,853,090
Contributions as a percentage of covered payroll	(a)	18.00%	18.00%	18.00%	18.00%	16.45%

(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 2022.
 (c) Contributions by the City increased from 9% to 12.15% in February 2023.
 (d) Contributions by the City increased from 17% to 20.2% in January 2023.

Employees' Retirement Plan for City Employees

2018	2017	2016	2015	2014
\$ 2,334,748	\$ 2,153,885	\$ 2,024,974	\$ 2,278,432	\$ 2,040,170
\$ 2,334,748	\$ 2,177,518	\$ 2,024,974	\$ 1,858,266	\$ 1,836,025
\$ -	\$ (23,633)	\$ -	\$ 420,166	\$ 204,145
<u>\$ 25,941,635</u>	<u>\$ 23,932,061</u>	<u>\$ 22,499,711</u>	<u>\$ 20,647,326</u>	<u>\$ 20,400,300</u>
9.0%	9.1%	9.0%	9.0%	9.0%

Galveston Firefighters' Pension Fund

2018	2017	2016	2015	2014
\$ 1,280,134	\$ 1,082,739	\$ 1,023,954	\$ 985,160	\$ 986,610
\$ 1,280,032	\$ 1,082,739	\$ 1,023,954	\$ 985,160	\$ 986,610
\$ 102	\$ -	\$ -	\$ -	\$ -
<u>\$ 8,117,526</u>	<u>\$ 7,733,848</u>	<u>\$ 7,313,957</u>	<u>\$ 7,036,850</u>	<u>\$ 7,044,338</u>
15.8%	14.0%	14.0%	14.0%	14.0%

Employees' Retirement Plan for Police

2018	2017	2016	2015	2014
\$ 1,624,952	\$ 1,405,962	\$ 1,249,715	\$ 1,187,532	\$ 1,240,469
\$ 1,625,097	\$ 1,407,567	\$ 1,249,715	\$ 1,187,532	\$ 1,240,469
\$ (145)	\$ (1,605)	\$ -	\$ -	\$ -
<u>\$ 11,623,408</u>	<u>\$ 10,815,095</u>	<u>\$ 10,414,292</u>	<u>\$ 9,896,098</u>	<u>\$ 10,337,242</u>
13.98%	12.83%	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, 2022**

	Employees' Retirement Plan for City Employees	Galveston Firefighters' Pension Fund	Employees' Retirement Plan for Police
Valuation Date:	31-Dec-22	31-Dec-22	31-Dec-22
<u>Methods and assumptions used to determine contribution rates:</u>			
Asset valuation method	Fair Value	Level percentage of payroll	Adjusted fair value within a corridor range of 80% to 120% of fair value.
Actuarial cost method	Entry Age Service	Entry Age Service Actuarial Cost Method	Entry Age Normal Actuarial Cost Method
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 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

The methods and assumptions noted above are used to determine the contribution rates for the year ended December 31, 2022. 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 Six Last Measurement Years

	Calendar Year					
	2022	2021	2020	2019	2018	2017
Total OPEB Liability						
Service cost	\$ 1,103,679	\$ 1,240,929	\$ 882,874	\$ 777,658	\$ 825,240	\$ 571,322
Interest on the total OPEB Liability	411,437	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	(2,394,856)	2,602,988	3,408,122	1,030,796	1,325,541	433,248
Benefit payments	(73,643)	(38,678)	(347,617)	(254,025)	(316,616)	(244,096)
Net change in total OPEB liability	(953,383)	2,553,626	3,285,654	1,914,514	327,171	1,120,344
Total OPEB liability - beginning	17,219,232	14,665,606	11,379,952	9,465,438	9,138,267	8,017,923
Total OPEB liability - ending	<u>\$ 16,265,849</u>	<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	\$ 53,197,000	\$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	30.58%	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:

2023	3.72%
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



2023 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.

Convention Center Operations Fund – To account for operating and capital reserves relating to the convention center.

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 Fund – To account for receipt and expenditures of grant monies restricted for Tropical Storm Laura recovery efforts and Texas Water Development Board.

Meadows Mental Health Fund – To account for receipt and expenditures of grant monies restricted for the creation of a Multi-Disciplinary Response Team.

HOT Beach Cleaning and Maintenance Fund – To account for the Local and State Hotel Occupancy Taxes received that are designated for beach maintenance.

HOT Beach Patrol and Safety Fund – To account for the Local and State Hotel Occupancy Taxes received that are designated for beach patrol.

HOT Arts and Historical Preservation Fund – To account for the Local Hotel Occupancy Taxes received that are designated for arts funding.

State Hotel Occupancy Tax Fund – To account for the State Hotel Occupancy Taxes received that are designated for beach cleaning, beach patrol and beach renourishment.

HOT Beach Renourishment and Preservation Fund – To account for the State Hotel Occupancy Taxes received that are designated for beach renourishment.

Opioid Abatement Trust Settlement Fund – To account for receipt and expenditures of the opioid abatement trust settlement money received.

Short-Term Rental Regulation Fund – To account for receipt license fees received on short-term rentals operating within the City of Galveston.

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.

General Obligation Bonds 2019 Capital Projects Fund – To account for capital outlay financed by the proceeds from the General Obligation Bonds, Series 2019.

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.

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BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	SPECIAL REVENUE FUNDS			
	Island Transit	Rosenberg Library	Payroll Clearing	Housing & Urban Development Entitlement
Assets				
Cash and cash equivalents	\$ 78	\$ -	\$ 72	\$ -
Receivables (net of allowance for uncollectibles)	146,756	215,701	-	46,574
Due from other governments	353,045	-	-	438,259
Due from other funds	-	-	-	-
Inventories	219,735	-	-	-
Prepaid Items	-	-	-	2,864
Restricted cash and investments	-	-	-	862,436
Total Assets	\$ 719,614	\$ 215,701	\$ 72	\$ 1,350,133
Liabilities				
Accounts payable	\$ 79,913	\$ -	\$ 72	\$ 11,579
Accrued expenditures	58,048	-	-	20,919
Due to other funds	227,550	80,749	-	479,892
Due to other governments	-	-	-	211
Unearned revenue	-	-	-	837,532
Customer deposits	-	-	-	-
Total Liabilities	365,511	80,749	72	1,350,133
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	134,952	-	-
Total Deferred Inflows of Resources	-	134,952	-	-
Fund Balance				
Nonspendable:				
Inventories	219,735	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	-	-	-	-
Beach safety	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	-
Grants	134,368	-	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	-	-	-	-
Assigned:				
Other	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	354,103	-	-	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 719,614	\$ 215,701	\$ 72	\$ 1,350,133

SPECIAL REVENUE FUNDS

Project Specific Programs	Cable Public Television Education & Government	Parking Management	Seawall Parking	FEMA	Meadows Mental Health Fund
\$ -	\$ -	\$ 1,275,774	\$ -	\$ -	\$ -
233,050	37,753	-	-	-	-
3,586,282	-	-	366,549	81,688	296,374
-	-	-	-	-	-
-	-	-	-	-	-
1,070,733	1,668,043	-	2,873,107	-	-
<u>\$ 4,890,065</u>	<u>\$ 1,705,796</u>	<u>\$ 1,275,774</u>	<u>\$ 3,239,656</u>	<u>\$ 81,688</u>	<u>\$ 296,374</u>
\$ 3,548,067	\$ 41,648	\$ 49,248	\$ -	\$ 68,332	\$ -
23,305	-	8,089	-	-	-
259,558	-	2,431	-	13,356	296,283
-	-	7,559	-	-	-
-	-	-	-	-	91
13,067	-	-	-	-	-
<u>3,843,997</u>	<u>41,648</u>	<u>67,327</u>	<u>-</u>	<u>81,688</u>	<u>296,374</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	3,239,656	-	-
-	-	-	-	-	-
-	1,664,148	-	-	-	-
-	-	-	-	-	-
-	-	1,208,447	-	-	-
1,046,068	-	-	-	-	-
-	-	-	-	-	-
<u>1,046,068</u>	<u>1,664,148</u>	<u>1,208,447</u>	<u>3,239,656</u>	<u>-</u>	<u>-</u>
<u>\$ 4,890,065</u>	<u>\$ 1,705,796</u>	<u>\$ 1,275,774</u>	<u>\$ 3,239,656</u>	<u>\$ 81,688</u>	<u>\$ 296,374</u>

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
 September 30, 2023

	SPECIAL REVENUE FUNDS			
	Neighborhood Revitalization	Public Safety Programs	Convention Center Operations	Infrastructure & Debt Service
Assets				
Cash and cash equivalents	\$ 6,624	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other governments	-	36,611	-	-
Due from other funds	-	-	-	47,012
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and investments	-	683,863	699,999	6,847,553
Total Assets	<u>\$ 6,624</u>	<u>\$ 720,474</u>	<u>\$ 699,999</u>	<u>\$ 6,894,565</u>
Liabilities				
Accounts payable	\$ -	\$ 85,480	\$ -	\$ 752,372
Accrued expenditures	-	2,011	-	15,951
Due to other funds	-	35,841	-	-
Due to other governments	-	-	-	-
Unearned revenue	-	4,543	-	-
Customer deposits	-	-	-	-
Total Liabilities	<u>-</u>	<u>127,875</u>	<u>-</u>	<u>768,323</u>
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balance				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	-	-	-	-
Beach safety	-	-	-	-
Infrastructure and debt service	-	-	-	6,126,242
Capital projects	-	-	-	-
Grants	-	592,599	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	699,999	-
City of Galveston	-	-	-	-
Committed:				
Governmental projects	-	-	-	-
Assigned:				
Other	6,624	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	<u>6,624</u>	<u>592,599</u>	<u>699,999</u>	<u>6,126,242</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	<u>\$ 6,624</u>	<u>\$ 720,474</u>	<u>\$ 699,999</u>	<u>\$ 6,894,565</u>

SPECIAL REVENUE FUNDS						
Judicial Programs	Lasker Pool	Pension Reform	Recovery & Capital Reserve	Separation Pay	Revenue Producing Parks	Technology Replacement
\$ 286,040	\$ 800	\$ 1,026,513	\$ 630,773	\$ 200,000	\$ 996,470	\$ 3,525,606
-	-	-	-	-	-	-
-	-	-	-	-	-	85,700
-	-	-	-	-	-	-
6,219	-	-	-	-	-	-
1,860	106,374	-	219,127	-	-	-
<u>\$ 294,119</u>	<u>\$ 107,174</u>	<u>\$ 1,026,513</u>	<u>\$ 849,900</u>	<u>\$ 200,000</u>	<u>\$ 996,470</u>	<u>\$ 3,611,306</u>
\$ 11	\$ 2,637	\$ 7,400	\$ 1,862	\$ -	\$ 3,291	\$ -
-	10,209	-	-	-	3,686	-
-	-	-	-	49,051	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>11</u>	<u>12,846</u>	<u>7,400</u>	<u>1,862</u>	<u>49,051</u>	<u>6,977</u>	<u>-</u>
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
6,219	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	848,038	-	-	-
287,889	94,328	1,019,113	-	150,949	989,493	3,611,306
-	-	-	-	-	-	-
<u>294,108</u>	<u>94,328</u>	<u>1,019,113</u>	<u>848,038</u>	<u>150,949</u>	<u>989,493</u>	<u>3,611,306</u>
<u>\$ 294,119</u>	<u>\$ 107,174</u>	<u>\$ 1,026,513</u>	<u>\$ 849,900</u>	<u>\$ 200,000</u>	<u>\$ 996,470</u>	<u>\$ 3,611,306</u>

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	SPECIAL REVENUE FUNDS			
	Hurricane Harvey	Convention Center Surplus	Arts & Historical	HOT Beach Cleaning & Maintenance
Assets				
Cash and cash equivalents	\$ -	\$ -	\$ 2,475,141	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-	-
Due from other governments	182,753	5,578	-	199,254
Due from other funds	-	-	259,558	392,726
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted cash and investments	32,860	10,471,221	-	2,501,543
Total Assets	\$ 215,613	\$ 10,476,799	\$ 2,734,699	\$ 3,093,523
Liabilities				
Accounts payable	\$ -	\$ 1,247	\$ -	\$ -
Accrued expenditures	11,430	-	-	-
Due to other funds	71,690	33,418	-	-
Due to other governments	-	-	-	-
Unearned revenue	108,299	-	-	-
Customer deposits	-	-	-	-
Total Liabilities	191,419	34,665	-	-
Deferred Inflows of Resources				
Unavailable revenue - property taxes	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-
Fund Balance				
Nonspendable:				
Inventories	-	-	-	-
Prepaid items	-	-	-	-
Restricted:				
Debt service	-	-	-	-
Arts & historical preservation	-	-	2,734,699	-
Beach preservation	-	-	-	3,093,523
Beach safety	-	-	-	-
Infrastructure and debt service	-	-	-	-
Capital projects	-	-	-	-
Grants	24,194	-	-	-
Tourism, convention and hotel industry:				
Convention center operator	-	-	-	-
City of Galveston	-	10,442,134	-	-
Committed:				
Governmental projects	-	-	-	-
Assigned:				
Other	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balance	24,194	10,442,134	2,734,699	3,093,523
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 215,613	\$ 10,476,799	\$ 2,734,699	\$ 3,093,523

SPECIAL REVENUE FUNDS					
HOT Beach Patrol & Safety	HOT Arts & Historical Preservation	State Hotel Occupancy Tax	HOT Beach Renourishment & Preservation	OPIOID Abatement Trust Settlement	Short-Term Rental Regulation
\$ -	\$ -	\$ -	\$ -	\$ 157,765	\$ 695,200
-	-	-	-	-	-
199,254	759,548	1,033,489	-	-	54,626
346,219	-	-	294,544	-	33,418
-	-	-	-	-	-
-	-	-	-	-	-
2,799,847	1,782,683	-	2,553,443	-	-
<u>\$ 3,345,320</u>	<u>\$ 2,542,231</u>	<u>\$ 1,033,489</u>	<u>\$ 2,847,987</u>	<u>\$ 157,765</u>	<u>\$ 783,244</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	1,033,489	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	1,033,489	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	2,542,231	-	-	-	-
-	-	-	2,847,987	-	-
3,345,320	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	157,765	783,244
-	-	-	-	-	-
<u>3,345,320</u>	<u>2,542,231</u>	<u>-</u>	<u>2,847,987</u>	<u>157,765</u>	<u>783,244</u>
<u>\$ 3,345,320</u>	<u>\$ 2,542,231</u>	<u>\$ 1,033,489</u>	<u>\$ 2,847,987</u>	<u>\$ 157,765</u>	<u>\$ 783,244</u>

BALANCE SHEET
NON-MAJOR GOVERNMENTAL FUNDS
September 30, 2023

	CAPITAL PROJECTS FUNDS		
	Island Transit Capital Projects	General Obligation Bond 2017 Capital Projects	General Obligation Bond 2019 Capital Projects
Assets			
Cash and cash equivalents	\$ -	\$ -	\$ -
Receivables (net of allowance for uncollectibles)	-	-	-
Due from other governments	26,084	-	-
Due from other funds	1,502,090	-	1,190,639
Inventories	-	-	-
Prepaid items	-	-	-
Restricted cash and investments	2,789,171	75,779	8,998,148
Total Assets	\$ 4,317,345	\$ 75,779	\$ 10,188,787
Liabilities			
Accounts payable	\$ -	\$ 1,282	\$ 776,657
Accrued expenditures	-	-	443,918
Due to other funds	26,084	-	-
Due to other governments	-	-	-
Unearned revenue	29,400	-	-
Customer deposits	-	-	-
Total Liabilities	55,484	1,282	1,220,575
Deferred Inflows of Resources			
Unavailable revenue - property taxes	-	-	-
Total Deferred Inflows of Resources	-	-	-
Fund Balance			
Nonspendable:			
Inventories	-	-	-
Prepaid items	-	-	-
Restricted:			
Debt service	-	-	-
Arts & historical preservation	-	-	-
Beach preservation	-	-	-
Beach safety	-	-	-
Infrastructure and debt service	-	-	-
Capital projects	4,261,861	74,497	8,968,212
Grants	-	-	-
Tourism, convention and hotel industry:			
Convention center operator	-	-	-
City of Galveston	-	-	-
Committed:			
Governmental projects	-	-	-
Assigned:			
Other	-	-	-
Unassigned	-	-	-
Total Fund Balance	4,261,861	74,497	8,968,212
Total Liabilities, Deferred Inflows of Resources, and Fund Balance	\$ 4,317,345	\$ 75,779	\$ 10,188,787

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	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 11,276,856
-	-	-	-	141,984	-	821,818
3,923,826	338,982	338,982	338,982	-	-	12,560,166
962	962	962	962	-	-	4,155,754
-	-	-	-	-	-	219,735
-	-	-	-	-	-	9,083
4,818,621	7,789,036	8,850,253	5,357,919	1,667,420	2,873,795	78,394,834
<u>\$ 8,743,409</u>	<u>\$ 8,128,980</u>	<u>\$ 9,190,197</u>	<u>\$ 5,697,863</u>	<u>\$ 1,809,404</u>	<u>\$ 2,873,795</u>	<u>\$ 107,438,246</u>
\$ 82,086	\$ 900	\$ 392,269	\$ 175,817	\$ -	\$ -	\$ 6,082,170
-	-	44,321	95,208	-	-	737,095
-	-	-	-	-	-	2,609,392
-	-	-	-	-	-	7,770
-	-	-	-	-	-	979,865
-	-	-	-	-	-	13,067
<u>82,086</u>	<u>900</u>	<u>436,590</u>	<u>271,025</u>	<u>-</u>	<u>-</u>	<u>10,429,359</u>
-	-	-	-	141,984	-	276,936
-	-	-	-	141,984	-	276,936
-	-	-	-	-	-	219,735
-	-	-	-	-	-	6,219
-	-	-	-	1,667,420	2,873,795	4,541,215
-	-	-	-	-	-	5,276,930
-	-	-	-	-	-	9,181,166
-	-	-	-	-	-	3,345,320
-	-	-	-	-	-	6,126,242
8,661,323	8,128,080	8,753,607	5,426,838	-	-	45,938,566
-	-	-	-	-	-	751,161
-	-	-	-	-	-	699,999
-	-	-	-	-	-	11,650,581
-	-	-	-	-	-	1,894,106
-	-	-	-	-	-	7,100,711
<u>8,661,323</u>	<u>8,128,080</u>	<u>8,753,607</u>	<u>5,426,838</u>	<u>1,667,420</u>	<u>2,873,795</u>	<u>96,731,951</u>
<u>\$ 8,743,409</u>	<u>\$ 8,128,980</u>	<u>\$ 9,190,197</u>	<u>\$ 5,697,863</u>	<u>\$ 1,809,404</u>	<u>\$ 2,873,795</u>	<u>\$ 107,438,246</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	SPECIAL REVENUE FUNDS			
	Island Transit	Rosenberg Library	Payroll Clearing	Housing & Urban Development Entitlement
Revenues				
Property taxes	\$ -	\$ 4,808,347	\$ -	\$ -
Sales and use taxes	-	-	-	-
Hotel occupancy taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Charges for services	212,323	-	-	-
Investment earnings	-	-	-	-
Intergovernmental	1,853,433	-	-	1,250,681
Other	153,491	-	-	-
Total revenues	<u>2,219,247</u>	<u>4,808,347</u>	<u>-</u>	<u>1,250,681</u>
Expenditures				
Current:				
General government	-	-	-	34,221
Public safety	-	-	-	52
Highways and roads	-	-	-	-
Culture and recreation	-	4,808,347	-	-
Planning and community development	-	-	-	1,040,192
Transportation	3,956,137	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	73	-	-	3,085
Capital Outlay	<u>-</u>	<u>-</u>	<u>-</u>	<u>173,131</u>
Total expenditures	<u>3,956,210</u>	<u>4,808,347</u>	<u>-</u>	<u>1,250,681</u>
Excess (deficiency) of revenues over (under) expenditures	(1,736,963)	-	-	-
Other Financing Sources (Uses)				
Sale of capital assets	9,780	-	-	-
Transfers in	1,836,767	-	-	-
Transfers (out)	-	-	-	-
Total other financing sources (uses)	<u>1,846,547</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	109,584	-	-	-
Fund balance - beginning	<u>244,519</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ 354,103</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

SPECIAL REVENUE FUNDS

Project Specific Programs	Cable Public Television Education & Government	Parking Management	Seawall Parking	FEMA	Meadows Mental Health Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	-	-	-
613	-	-	-	-	-
97,715	156,946	1,509,668	544,984	-	-
38,928	64,290	46,631	115,778	-	-
186,860	-	-	-	443,037	-
310,590	-	474	9,363	-	335,183
<u>634,706</u>	<u>221,236</u>	<u>1,556,773</u>	<u>670,125</u>	<u>443,037</u>	<u>335,183</u>
-	46	-	-	340,738	-
3,454	-	-	-	-	296,374
14,791	-	-	-	-	-
18,764	-	1,243,920	-	-	-
1,199	50	-	-	45,585	-
-	-	-	-	-	-
-	-	-	-	-	-
271,322	41,700	50,308	705,677	94,211	38,809
<u>309,530</u>	<u>41,796</u>	<u>1,294,228</u>	<u>705,677</u>	<u>480,534</u>	<u>335,183</u>
325,176	179,440	262,545	(35,552)	(37,497)	-
-	-	2,980	-	-	-
-	-	-	-	37,497	-
-	-	-	(42,134)	-	-
-	-	2,980	(42,134)	37,497	-
325,176	179,440	265,525	(77,686)	-	-
720,892	1,484,708	942,922	3,317,342	-	-
<u>\$ 1,046,068</u>	<u>\$ 1,664,148</u>	<u>\$ 1,208,447</u>	<u>\$ 3,239,656</u>	<u>\$ -</u>	<u>\$ -</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	SPECIAL REVENUE FUNDS			
	Neighborhood Revitalization	Public Safety Programs	Convention Center Operations	Infrastructure & Debt Service
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Hotel occupancy taxes	-	-	149,702	-
Fines and forfeitures	-	-	-	-
Charges for services	-	44,061	-	-
Investment earnings	-	43,480	26,735	240,942
Intergovernmental	-	401,844	-	-
Other	-	50,091	-	2,952
Total revenues	<u>-</u>	<u>539,476</u>	<u>176,437</u>	<u>243,894</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	1,012,817	-	-
Highways and roads	-	-	-	2,257,156
Culture and recreation	-	-	3,174	-
Planning and community development	-	-	-	-
Transportation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	-	-	219,178	2,571,831
Total expenditures	<u>-</u>	<u>1,012,817</u>	<u>222,352</u>	<u>4,828,987</u>
Excess (deficiency) of revenues over (under) expenditures	-	(473,341)	(45,915)	(4,585,093)
Other Financing Sources (Uses)				
Sale of capital assets	-	258	-	-
Transfers in	-	84,000	-	5,697,132
Transfers (out)	-	-	-	(274,626)
Total other financing sources (uses)	<u>-</u>	<u>84,258</u>	<u>-</u>	<u>5,422,506</u>
Net change in fund balance	-	(389,083)	(45,915)	837,413
Fund balance - beginning	<u>6,624</u>	<u>981,682</u>	<u>745,914</u>	<u>5,288,829</u>
Fund balance - ending	<u>\$ 6,624</u>	<u>\$ 592,599</u>	<u>\$ 699,999</u>	<u>\$ 6,126,242</u>

SPECIAL REVENUE FUNDS						
Judicial Programs	Laker Pool	Pension Reform	Recovery & Capital Reserve	Separation Pay	Revenue Producing Parks	Technology Replacement
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	-	-	-
86,054	-	-	-	-	-	-
-	193,103	-	-	-	289,527	-
11,258	12,068	41,482	8,904	-	36,899	136,660
-	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>97,312</u>	<u>205,171</u>	<u>41,482</u>	<u>8,904</u>	<u>-</u>	<u>326,426</u>	<u>136,660</u>
84,505	-	51,759	-	1,048,735	-	47,000
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	712,008	-	-	-	172,631	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	1,863	-	-	85,367
<u>84,505</u>	<u>712,008</u>	<u>51,759</u>	<u>1,863</u>	<u>1,048,735</u>	<u>172,631</u>	<u>132,367</u>
12,807	(506,837)	(10,277)	7,041	(1,048,735)	153,795	4,293
-	-	-	-	-	-	-
-	400,000	-	-	1,075,571	-	252,599
-	-	-	-	-	(10,525)	-
-	<u>400,000</u>	<u>-</u>	<u>-</u>	<u>1,075,571</u>	<u>(10,525)</u>	<u>252,599</u>
12,807	(106,837)	(10,277)	7,041	26,836	143,270	256,892
<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>
<u>\$ 294,108</u>	<u>\$ 94,328</u>	<u>\$ 1,019,113</u>	<u>\$ 848,038</u>	<u>\$ 150,949</u>	<u>\$ 989,493</u>	<u>\$ 3,611,306</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	SPECIAL REVENUE FUNDS			
	Hurricane Harvey	Convention Center Surplus	Arts & Historical	HOT Beach Cleaning & Maintenance
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-	-
Hotel occupancy taxes	-	5,092,370	419,484	3,632,669
Fines and forfeitures	-	-	-	-
Charges for services	-	-	-	-
Investment earnings	-	378,436	107,197	80,586
Intergovernmental	51,235	-	-	-
Other	-	-	-	-
Total revenues	<u>51,235</u>	<u>5,470,806</u>	<u>526,681</u>	<u>3,713,255</u>
Expenditures				
Current:				
General government	-	-	-	-
Public safety	-	-	-	-
Highways and roads	-	-	-	-
Culture and recreation	-	1,335,611	-	3,117,576
Planning and community development	42,122	-	-	-
Transportation	-	-	-	-
Debt Service:				
Principal	-	-	-	-
Interest and other charges	-	-	-	-
Capital Outlay	<u>9,113</u>	<u>718,986</u>	<u>36,100</u>	<u>-</u>
Total expenditures	<u>51,235</u>	<u>2,054,597</u>	<u>36,100</u>	<u>3,117,576</u>
Excess (deficiency) of revenues over (under) expenditures	-	3,416,209	490,581	595,679
Other Financing Sources (Uses)				
Sale of capital assets	-	-	-	-
Transfers in	-	-	-	2,497,844
Transfers (out)	-	(1,045,568)	-	-
Total other financing sources (uses)	<u>-</u>	<u>(1,045,568)</u>	<u>-</u>	<u>2,497,844</u>
Net change in fund balance	-	2,370,641	490,581	3,093,523
Fund balance - beginning	<u>24,194</u>	<u>8,071,493</u>	<u>2,244,118</u>	<u>-</u>
Fund balance - ending	<u>\$ 24,194</u>	<u>\$ 10,442,134</u>	<u>\$ 2,734,699</u>	<u>\$ 3,093,523</u>

SPECIAL REVENUE FUNDS					
HOT Beach Patrol & Safety	HOT Arts & Historical Preservation	State Hotel Occupancy Tax	HOT Beach Renourishment & Preservation	OPIOID Abatement Trust Settlement	Short-Term Rental Regulation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
3,700,271	3,880,656	6,573,274	2,089,201	-	-
-	-	-	-	-	-
-	-	-	-	-	-
90,102	50,416	-	83,467	4,513	-
-	-	-	-	-	-
-	-	-	-	153,252	783,244
<u>3,790,373</u>	<u>3,931,072</u>	<u>6,573,274</u>	<u>2,172,668</u>	<u>157,765</u>	<u>783,244</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
2,647,100	1,388,841	-	1,198,064	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>2,647,100</u>	<u>1,388,841</u>	<u>-</u>	<u>1,198,064</u>	<u>-</u>	<u>-</u>
1,143,273	2,542,231	6,573,274	974,604	157,765	783,244
-	-	-	-	-	-
2,202,047	-	-	1,873,383	-	-
-	-	(6,573,274)	-	-	-
<u>2,202,047</u>	<u>-</u>	<u>(6,573,274)</u>	<u>1,873,383</u>	<u>-</u>	<u>-</u>
3,345,320	2,542,231	-	2,847,987	157,765	783,244
-	-	-	-	-	-
<u>\$ 3,345,320</u>	<u>\$ 2,542,231</u>	<u>\$ -</u>	<u>\$ 2,847,987</u>	<u>\$ 157,765</u>	<u>\$ 783,244</u>

STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
NON-MAJOR GOVERNMENTAL FUNDS
 For the Year Ended September 30, 2023

	CAPITAL PROJECTS FUNDS		
	Island Transit Capital Projects	General Obligation Bond 2017 Capital Projects	General Obligation Bond 2019 Capital Projects
Revenues			
Property taxes	\$ -	\$ -	\$ -
Sales and use taxes	-	-	-
Hotel occupancy taxes	-	-	-
Fines and forfeitures	-	-	-
Charges for services	-	-	-
Investment earnings	170,538	3,811	567,344
Intergovernmental	-	-	-
Other	7,812	34,321	-
Total revenues	<u>178,350</u>	<u>38,132</u>	<u>567,344</u>
Expenditures			
Current:			
General government	-	-	-
Public safety	-	-	-
Highways and roads	-	46,201	88,009
Culture and recreation	-	-	-
Planning and community development	7,813	-	-
Transportation	-	-	-
Debt Service:			
Principal	-	-	-
Interest and other charges	-	-	-
Capital Outlay	-	34,321	7,176,536
Total expenditures	<u>7,813</u>	<u>80,522</u>	<u>7,264,545</u>
Excess (deficiency) of revenues over (under) expenditures	170,537	(42,390)	(6,697,201)
Other Financing Sources (Uses)			
Sale of capital assets	-	-	-
Transfers in	-	-	-
Transfers (out)	-	-	-
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	170,537	(42,390)	(6,697,201)
Fund balance - beginning	<u>4,091,324</u>	<u>116,887</u>	<u>15,665,413</u>
Fund balance - ending	<u>\$ 4,261,861</u>	<u>\$ 74,497</u>	<u>\$ 8,968,212</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
\$ -	\$ -	\$ -	\$ -	\$ 5,048,718	\$ -	\$ 9,857,065
1,951,642	1,951,643	1,951,643	1,951,642	-	-	7,806,570
-	-	-	-	-	12,770,344	38,307,971
-	-	-	-	-	-	86,667
-	-	-	-	-	-	3,048,327
282,253	336,934	378,326	261,956	143,685	207,930	3,971,549
-	-	-	-	-	-	4,187,090
1,116,344	-	-	-	-	-	2,957,117
<u>3,350,239</u>	<u>2,288,577</u>	<u>2,329,969</u>	<u>2,213,598</u>	<u>5,192,403</u>	<u>12,978,274</u>	<u>70,222,356</u>
-	-	-	-	-	-	1,607,004
-	-	-	-	-	-	1,312,697
-	-	-	634,628	-	-	3,040,785
378,846	-	313,999	-	-	10,980,356	28,319,237
647	242,171	235	108,893	-	-	1,488,907
-	-	-	-	-	-	3,956,137
-	-	730,000	-	3,075,400	1,270,000	5,075,400
-	-	170,905	-	2,301,078	641,363	3,116,504
-	-	701,733	1,723,736	-	-	14,653,922
<u>379,493</u>	<u>242,171</u>	<u>1,916,872</u>	<u>2,467,257</u>	<u>5,376,478</u>	<u>12,891,719</u>	<u>62,570,593</u>
2,970,746	2,046,406	413,097	(253,659)	(184,075)	86,555	7,651,763
-	-	-	-	-	-	13,018
-	-	-	-	237,128	-	16,193,968
-	-	(400,000)	-	-	-	(8,346,127)
-	-	(400,000)	-	237,128	-	7,860,859
2,970,746	2,046,406	13,097	(253,659)	53,053	86,555	15,512,622
<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>81,219,329</u>
\$ <u>8,661,323</u>	\$ <u>8,128,080</u>	\$ <u>8,753,607</u>	\$ <u>5,426,838</u>	\$ <u>1,667,420</u>	\$ <u>2,873,795</u>	\$ <u>96,731,951</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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Investment earnings	\$ -	\$ 567,344	\$ 567,344
Total Revenues	<u>-</u>	<u>567,344</u>	<u>567,344</u>
Expenditures			
Current:			
Highways and roads	415,621	88,009	327,612
Capital outlay	<u>13,793,765</u>	<u>7,176,536</u>	<u>6,617,229</u>
Total expenditures	<u>14,209,386</u>	<u>7,264,545</u>	<u>6,944,841</u>
Net change in fund balance	(14,209,386)	(6,697,201)	7,512,185
Fund balance - beginning	<u>15,665,413</u>	<u>15,665,413</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,456,027</u>	<u>\$ 8,968,212</u>	<u>\$ 7,512,185</u>

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

For the Year Ended September 30, 2023

	Actual Amounts			Actual - Budgetary Basis	Variance with Final Budget
	Budgeted Amounts Final	Actual	Reconciling Items		
Revenues					
Charges for services	\$ 100,000	\$ 212,323	\$ (57,666) ¹	\$ 154,657	\$ 54,657
Intergovernmental	2,212,461	1,853,433	-	1,853,433	(359,028)
Other	212,000	153,491	57,666 ¹	211,157	(843)
Total revenues	<u>2,524,461</u>	<u>2,219,247</u>	<u>-</u>	<u>2,219,247</u>	<u>(305,214)</u>
Expenditures					
Current:					
Transportation	4,613,207	3,956,137	-	3,956,137	657,070
Interest and other charges	-	73	-	73	(73)
Total expenditures	<u>4,613,207</u>	<u>3,956,210</u>	<u>-</u>	<u>3,956,210</u>	<u>656,997</u>
Revenues over (under) expenditures	(2,088,746)	(1,736,963)	-	(1,736,963)	351,783
Other Financing Sources (Uses)					
Sale of capital assets	10,000	9,780	-	9,780	(220)
Transfers in	2,023,311	1,836,767	-	1,836,767	(186,544)
Total other financing sources (uses)	<u>2,033,311</u>	<u>1,846,547</u>	<u>-</u>	<u>1,846,547</u>	<u>(186,764)</u>
Changes in fund balance	(55,435)	109,584	-	109,584	165,019
Fund balance - beginning	<u>244,519</u>	<u>244,519</u>	<u>-</u>	<u>244,519</u>	<u>-</u>
Fund balance - ending	<u>\$ 189,084</u>	<u>\$ 354,103</u>	<u>\$ -</u>	<u>\$ 354,103</u>	<u>\$ 165,019</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, 2023

	Budgeted Amounts Final	Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
		Actual	Reconciling Items		
Revenues					
Property taxes	\$ 3,935,400	\$ 4,808,347	\$ (872,947) ¹	\$ 3,935,400	\$ -
Total revenues	<u>3,935,400</u>	<u>4,808,347</u>	<u>(872,947)</u>	<u>3,935,400</u>	<u>-</u>
Expenditures					
Current:					
Culture and recreation	3,935,400	4,808,347	(872,947) ¹	3,935,400	-
Total expenditures	<u>3,935,400</u>	<u>4,808,347</u>	<u>(872,947)</u>	<u>3,935,400</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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ -	\$ 613	\$ 613
Charges for services	80,376	97,715	17,339
Investment earnings	3,183	38,928	35,745
Intergovernmental	57,143	186,860	129,717
Other	80,500	310,590	230,090
Total revenues	<u>221,202</u>	<u>634,706</u>	<u>413,504</u>
Expenditures			
Current:			
Public Safety	15,480	3,454	12,026
Highway and roads	-	14,791	(14,791)
Culture and recreation	-	18,764	(18,764)
Planning and community development	-	1,199	(1,199)
Capital Outlay	<u>316,126</u>	<u>271,322</u>	<u>44,804</u>
Total expenditures	<u>331,606</u>	<u>309,530</u>	<u>22,076</u>
Changes in fund balance	(110,404)	325,176	435,580
Fund balance - beginning	<u>720,892</u>	<u>720,892</u>	<u>-</u>
Fund balance - ending	<u>\$ 610,488</u>	<u>\$ 1,046,068</u>	<u>\$ 435,580</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, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 168,000	\$ 156,946	\$ (11,054)
Investment earnings	2,500	64,290	61,790
Total revenues	<u>170,500</u>	<u>221,236</u>	<u>50,736</u>
Expenditures			
Current:			
General government	-	46	(46)
Culture and recreation	10,000	-	10,000
Planning and community development	-	50	(50)
Capital Outlay	<u>1,641,263</u>	<u>41,700</u>	<u>1,599,563</u>
Total expenditures	<u>1,651,263</u>	<u>41,796</u>	<u>1,609,467</u>
Changes in fund balance	(1,480,763)	179,440	1,660,203
Fund balance - beginning	<u>1,484,708</u>	<u>1,484,708</u>	<u>-</u>
Fund balance - ending	<u>\$ 3,945</u>	<u>\$ 1,664,148</u>	<u>\$ 1,660,203</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, 2023

	Budgeted Amounts		Variance with Final
	Final	Actual	Budget
Revenues			
Charges for services	\$ 925,000	\$ 1,509,668	\$ 584,668
Investment earnings	500	46,631	46,131
Other	-	474	474
Total revenues	<u>925,500</u>	<u>1,556,773</u>	<u>631,273</u>
Expenditures			
Current:			
Culture and recreation	1,367,412	1,243,920	123,492
Capital outlay	<u>180,000</u>	<u>50,308</u>	<u>129,692</u>
Total expenditures	<u>1,547,412</u>	<u>1,294,228</u>	<u>253,184</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	2,980	(2,980)
Total other financing sources (uses)	<u>-</u>	<u>2,980</u>	<u>(2,980)</u>
Changes in fund balance	(621,912)	265,525	375,109
Fund balance - beginning	<u>942,922</u>	<u>942,922</u>	<u>-</u>
Fund balance - ending	<u>\$ 321,010</u>	<u>\$ 1,208,447</u>	<u>\$ 375,109</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, 2023

	<u>Budgeted Amounts Original</u>	<u>Budgeted Amounts Final</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
Revenues				
Charges for services	\$ 940,000	\$ 940,000	\$ 544,984	\$ (395,016)
Investment earnings	4,700	4,700	115,778	111,078
Other	-	-	9,363	9,363
Total revenues	<u>944,700</u>	<u>944,700</u>	<u>670,125</u>	<u>(274,575)</u>
Expenditures				
Current:				
Public Safety	3,495,930	1,909,060	-	1,909,060
Capital outlay	<u>366,823</u>	<u>1,953,693</u>	<u>705,677</u>	<u>1,248,016</u>
Total expenditures	<u>3,862,753</u>	<u>3,862,753</u>	<u>705,677</u>	<u>3,157,076</u>
Other Financing Sources (Uses)				
Transfers (out)	-	-	(42,134)	42,134
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>(42,134)</u>	<u>42,134</u>
Changes in fund balance	(2,918,053)	(2,918,053)	(77,686)	(3,389,517)
Fund balance - beginning	<u>3,317,342</u>	<u>3,317,342</u>	<u>3,317,342</u>	<u>-</u>
Fund balance - ending	<u>\$ 399,289</u>	<u>\$ 399,289</u>	<u>\$ 3,239,656</u>	<u>\$ (3,389,517)</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, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Hotel occupancy taxes	\$ 337,500	\$ 419,484	\$ 81,984
Investment earnings	-	107,197	107,197
Total revenues	<u>337,500</u>	<u>526,681</u>	<u>189,181</u>
Expenditures			
Capital outlay	2,187,885	36,100	2,151,785
Total expenditures	<u>2,187,885</u>	<u>36,100</u>	<u>2,151,785</u>
Changes in fund balance	(1,850,385)	490,581	2,340,966
Fund balance - beginning	<u>2,244,118</u>	<u>2,244,118</u>	<u>-</u>
Fund balance - ending	<u>\$ 393,733</u>	<u>\$ 2,734,699</u>	<u>\$ 2,340,966</u>

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

For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Other	\$ -	\$ -	\$ -
Total revenues	<u>-</u>	<u>-</u>	<u>-</u>
Changes in fund balance	-	-	-
Fund balance - beginning	<u>6,624</u>	<u>6,624</u>	<u>-</u>
Fund balance - ending	<u>\$ 6,624</u>	<u>\$ 6,624</u>	<u>\$ -</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, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 115,000	\$ 44,061	\$ (70,939)
Investment earnings	2,010	43,480	41,470
Intergovernmental	32,500	401,844	369,344
Other	49,100	50,091	991
Total revenues	<u>198,610</u>	<u>539,476</u>	<u>340,866</u>
Expenditures			
Current:			
Public Safety	1,288,270	1,012,817	275,453
Total expenditures	<u>1,288,270</u>	<u>1,012,817</u>	<u>275,453</u>
Other Financing Sources (Uses)			
Sale of capital assets	-	258	258
Transfers in	84,000	84,000	-
Transfers (out)	(13,000)	-	13,000
Total other financing sources (uses)	<u>71,000</u>	<u>84,258</u>	<u>13,258</u>
Changes in fund balance	(1,018,660)	(389,083)	629,577
Fund balance - beginning	<u>981,682</u>	<u>981,682</u>	<u>-</u>
Fund balance - ending	<u>\$ (36,978)</u>	<u>\$ 592,599</u>	<u>\$ 629,577</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, 2023

	Budgeted Amounts			Variance with Final Budget
	Original	Final	Actual	
Revenues				
Hotel occupancy taxes	\$ 3,000,000	\$ 3,000,000	\$ 5,092,370	\$ 2,092,370
Investment earnings	-	-	378,436	378,436
Total revenues	<u>3,000,000</u>	<u>3,000,000</u>	<u>5,470,806</u>	<u>2,470,806</u>
Expenditures				
Current:				
Culture and recreation	8,911,142	4,854,076	1,335,611	3,518,465
Capital outlay	-	4,507,066	718,986	3,788,080
Total expenditures	<u>8,911,142</u>	<u>9,361,142</u>	<u>2,054,597</u>	<u>7,306,545</u>
Other Financing Sources (Uses)				
Transfers (out)	(1,098,311)	(1,098,311)	(1,045,568)	52,743
Total other financing sources (uses)	<u>(1,098,311)</u>	<u>(1,098,311)</u>	<u>(1,045,568)</u>	<u>52,743</u>
Changes in fund balance	(7,009,453)	(7,459,453)	2,370,641	9,830,094
Fund balance - beginning	<u>8,071,493</u>	<u>8,071,493</u>	<u>8,071,493</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,062,040</u>	<u>\$ 612,040</u>	<u>\$ 10,442,134</u>	<u>\$ 9,830,094</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 15,000	\$ 15,000	\$ 240,942	\$ 225,942
Other	-	-	2,952	2,952
Total revenues	<u>15,000</u>	<u>15,000</u>	<u>243,894</u>	<u>228,894</u>
Expenditures				
Current:				
Highways and roads	2,797,804	2,261,868	2,257,156	4,712
Capital outlay	<u>3,728,913</u>	<u>4,968,490</u>	<u>2,571,831</u>	<u>2,396,659</u>
Total expenditures	<u>6,526,717</u>	<u>7,230,358</u>	<u>4,828,987</u>	<u>2,401,371</u>
Other Financing Sources (Uses)				
Transfers in	5,697,131	5,697,131	5,697,132	1
Transfers (out)	(1,737,128)	(1,609,626)	(274,626)	1,335,000
Total other financing sources (uses)	<u>3,960,003</u>	<u>4,087,505</u>	<u>5,422,506</u>	<u>1,335,001</u>
Changes in fund balance	(2,551,714)	(3,127,853)	837,413	3,965,266
Fund balance - beginning	<u>5,288,829</u>	<u>5,288,829</u>	<u>5,288,829</u>	<u>-</u>
Fund balance - ending	<u>\$ 2,737,115</u>	<u>\$ 2,160,976</u>	<u>\$ 6,126,242</u>	<u>\$ 3,965,266</u>

SPECIAL REVENUE FUND - JUDICIAL PROGRAMS
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Fines and forfeitures	\$ 75,000	\$ 86,054	\$ 11,054
Investment earnings	345	11,258	10,913
Total revenues	<u>75,345</u>	<u>97,312</u>	<u>21,967</u>
Expenditures			
Current:			
General government	346,698	84,505	262,193
Total expenditures	<u>346,698</u>	<u>84,505</u>	<u>262,193</u>
Changes in fund balance	(271,353)	12,807	284,160
Fund balance - beginning	<u>281,301</u>	<u>281,301</u>	<u>-</u>
Fund balance - ending	<u>\$ 9,948</u>	<u>\$ 294,108</u>	<u>\$ 284,160</u>

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

For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 109,000	\$ 193,103	\$ 84,103
Investment earnings	300	12,068	11,768
Total revenues	<u>109,300</u>	<u>205,171</u>	<u>95,871</u>
Expenditures			
Current:			
Culture and recreation	865,307	712,008	153,299
Total expenditures	<u>865,307</u>	<u>712,008</u>	<u>153,299</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	(356,007)	(106,837)	249,170
Fund balance - beginning	<u>201,165</u>	<u>201,165</u>	<u>-</u>
Fund balance - ending	<u>\$ (154,842)</u>	<u>\$ 94,328</u>	<u>\$ 249,170</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, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Investment earnings	\$ 2,000	\$ 41,482	\$ 39,482
Total revenues	<u>2,000</u>	<u>41,482</u>	<u>39,482</u>
Expenditures			
Current:			
General government	1,018,907	51,759	967,148
Total expenditures	<u>1,018,907</u>	<u>51,759</u>	<u>967,148</u>
Changes in fund balance	(1,016,907)	(10,277)	1,006,630
Fund balance - beginning	<u>1,029,390</u>	<u>1,029,390</u>	<u>-</u>
Fund balance - ending	<u>\$ 12,483</u>	<u>\$ 1,019,113</u>	<u>\$ 1,006,630</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, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Investment earnings	\$ -	\$ 8,904	\$ 8,904
Total revenues	<u>-</u>	<u>8,904</u>	<u>8,904</u>
Expenditures			
Current:			
General government	580,110	-	580,110
Capital outlay	<u>-</u>	<u>1,863</u>	<u>(1,863)</u>
Total expenditures	<u>580,110</u>	<u>1,863</u>	<u>578,247</u>
Changes in fund balance	(580,110)	7,041	587,151
Fund balance - beginning	<u>840,997</u>	<u>840,997</u>	<u>-</u>
Fund balance - ending	<u>\$ 260,887</u>	<u>\$ 848,038</u>	<u>\$ 587,151</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Expenditures				
Current:				
General government	\$ 855,000	\$ 1,055,000	\$ 1,048,735	\$ (6,265)
Total expenditures	<u>855,000</u>	<u>1,055,000</u>	<u>1,048,735</u>	<u>(6,265)</u>
Other Financing Sources (Uses)				
Transfers in	<u>875,570</u>	<u>950,570</u>	<u>1,075,571</u>	<u>(125,001)</u>
Total other financing sources (uses)	<u>875,570</u>	<u>950,570</u>	<u>1,075,571</u>	<u>(125,001)</u>
Changes in fund balance	20,570	(104,430)	26,836	(118,736)
Fund balance - beginning	<u>124,113</u>	<u>124,113</u>	<u>124,113</u>	<u>-</u>
Fund balance - ending	<u>\$ 144,683</u>	<u>\$ 19,683</u>	<u>\$ 150,949</u>	<u>\$ (118,736)</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, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Charges for services	\$ 247,245	\$ 289,527	\$ 42,282
Investment earnings	400	36,899	36,499
Total revenues	<u>247,645</u>	<u>326,426</u>	<u>78,781</u>
Expenditures			
Current:			
Culture and recreation	977,285	172,631	804,654
Capital outlay	83,777	-	83,777
Total expenditures	<u>1,061,062</u>	<u>172,631</u>	<u>888,431</u>
Other Financing Sources (Uses)			
Transfers (out)	-	(10,525)	(10,525)
Total other financing sources (uses)	<u>-</u>	<u>(10,525)</u>	<u>(10,525)</u>
Changes in fund balance	(813,417)	143,270	956,687
Fund balance - beginning	<u>846,223</u>	<u>846,223</u>	<u>-</u>
Fund balance - ending	<u>\$ 32,806</u>	<u>\$ 989,493</u>	<u>\$ 956,687</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, 2023

	Budgeted Amounts		Actual	Variance with Final Budget
	Original	Final		
Revenues				
Investment earnings	\$ 4,000	\$ 4,000	\$ 136,660	\$ 132,660
Total revenues	<u>4,000</u>	<u>4,000</u>	<u>136,660</u>	<u>132,660</u>
Expenditures				
Current:				
General government	5,348,032	5,348,032	47,000	5,301,032
Capital outlay	<u>94,600</u>	<u>94,600</u>	<u>85,367</u>	<u>9,233</u>
Total expenditures	<u>5,442,632</u>	<u>5,442,632</u>	<u>132,367</u>	<u>5,310,265</u>
Other Financing Sources (Uses)				
Transfers in	<u>3,000,000</u>	<u>3,252,599</u>	<u>252,599</u>	<u>(3,000,000)</u>
Total other financing sources (uses)	<u>3,000,000</u>	<u>3,252,599</u>	<u>252,599</u>	<u>(3,000,000)</u>
Changes in fund balance	(2,438,632)	(2,186,033)	256,892	2,442,925
Fund balance - beginning	<u>3,354,414</u>	<u>3,354,414</u>	<u>3,354,414</u>	<u>-</u>
Fund balance - ending	<u>\$ 915,782</u>	<u>\$ 1,168,381</u>	<u>\$ 3,611,306</u>	<u>\$ 2,442,925</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, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Intergovernmental	\$ -	\$ 51,235	\$ 51,235
Total revenues	<u>-</u>	<u>51,235</u>	<u>51,235</u>
Expenditures			
Current:			
Planning and community development	-	42,122	(42,122)
Capital outlay	<u>125,414</u>	<u>9,113</u>	<u>116,301</u>
Total expenditures	<u>125,414</u>	<u>51,235</u>	<u>74,179</u>
Other Financing Sources (Uses)			
Transfers in	<u>112,873</u>	-	<u>(112,873)</u>
Total other financing sources (uses)	<u>112,873</u>	<u>-</u>	<u>(112,873)</u>
Changes in fund balance	(12,541)	-	12,541
Fund balance - beginning	<u>24,194</u>	<u>24,194</u>	<u>-</u>
Fund balance - ending	<u>\$ 11,653</u>	<u>\$ 24,194</u>	<u>\$ 12,541</u>

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

For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Hotel occupancy taxes	\$ 1,750,000	\$ 149,702	\$ (1,600,298)
Investment earnings	15,146	26,735	11,589
Total revenues	<u>1,765,146</u>	<u>176,437</u>	<u>(1,588,709)</u>
Expenditures			
Current:			
Culture and recreation	1,710,000	3,174	1,706,826
Capital outlay	-	<u>219,178</u>	<u>(219,178)</u>
Total expenditures	<u>1,710,000</u>	<u>222,352</u>	<u>1,487,648</u>
Changes in fund balance	55,146	(45,915)	(3,076,357)
Fund balance - beginning	745,914	745,914	-
Prior period adjustments	<u>45,914</u>	-	<u>45,914</u>
Fund balance - ending	<u>\$ 846,974</u>	<u>\$ 699,999</u>	<u>\$ (3,030,443)</u>

SPECIAL REVENUE FUND - HOT BEACH CLEANING AND MAINTENANCE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Hotel occupancy taxes	\$ 3,452,027	\$ 3,632,669	\$ 180,642
Investment earnings	81,955	80,586	(1,369)
Total revenues	<u>3,533,982</u>	<u>3,713,255</u>	<u>179,273</u>
Expenditures			
Current:			
Culture and recreation	<u>3,334,131</u>	<u>3,117,576</u>	<u>216,555</u>
Total expenditures	<u>3,334,131</u>	<u>3,117,576</u>	<u>216,555</u>
Other Financing Sources (Uses)			
Transfers in	<u>2,171,601</u>	<u>2,497,844</u>	<u>326,243</u>
Total other financing sources (uses)	<u>2,171,601</u>	<u>2,497,844</u>	<u>326,243</u>
Changes in fund balance	2,371,452	3,093,523	288,961
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ 2,371,452</u>	<u>\$ 3,093,523</u>	<u>\$ 288,961</u>

SPECIAL REVENUE FUND - HOT PATROL & SAFETY FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL
For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u> Final	<u>Actual Amounts</u>	<u>Variance with Final</u> Budget
Revenues			
Hotel occupancy taxes	\$ 3,530,929	\$ 3,700,271	\$ 169,342
Investment earnings	84,659	90,102	5,443
Total revenues	<u>3,615,588</u>	<u>3,790,373</u>	<u>174,785</u>
Expenditures			
Current:			
Culture and recreation	2,647,100	2,647,100	-
Total expenditures	<u>2,647,100</u>	<u>2,647,100</u>	<u>-</u>
Other Financing Sources (Uses)			
Transfers in	1,914,437	2,202,047	287,610
Total other financing sources (uses)	<u>1,914,437</u>	<u>2,202,047</u>	<u>287,610</u>
Changes in fund balance	2,882,925	3,345,320	462,395
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ 2,882,925</u>	<u>\$ 3,345,320</u>	<u>\$ 462,395</u>

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

For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Hotel occupancy taxes	\$ 2,412,733	\$ 3,880,656	\$ 1,467,923
Investment earnings	1,044,559	50,416	(994,143)
Total revenues	<u>3,457,292</u>	<u>3,931,072</u>	<u>473,780</u>
Expenditures			
Current:			
Culture and recreation	1,500,000	1,388,841	111,159
Total expenditures	<u>1,500,000</u>	<u>1,388,841</u>	<u>111,159</u>
Changes in fund balance	1,957,292	2,542,231	362,621
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ 1,957,292</u>	<u>\$ 2,542,231</u>	<u>\$ 362,621</u>

**SPECIAL REVENUE FUND - HOT BEACH RENOURISHMENT AND PRESERVATION FUND
 SCHEDULE OF REVENUES, EXPENDITURES AND
 CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u> Final	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Hotel occupancy taxes	\$ 2,089,201	\$ 2,089,201	\$ -
Investment earnings	83,568	83,467	(101)
Total revenues	<u>2,172,769</u>	<u>2,172,668</u>	<u>(101)</u>
Expenditures			
Current:			
Culture and recreation	1,386,948	1,198,064	188,884
Total expenditures	<u>1,386,948</u>	<u>1,198,064</u>	<u>188,884</u>
Other Financing Sources (Uses)			
Transfers in	1,628,700	1,873,383	244,683
Total other financing sources (uses)	<u>1,628,700</u>	<u>1,873,383</u>	<u>244,683</u>
Changes in fund balance	2,414,521	2,847,987	55,698
Fund balance - beginning	-	-	-
Fund balance - ending	<u>\$ 2,414,521</u>	<u>\$ 2,847,987</u>	<u>\$ 55,698</u>

SPECIAL REVENUE FUND - SHORT-TERM RENTAL REGULATION FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL

For the Year Ended September 30, 2023

	<u>Budgeted Amounts</u> <u>Final</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget</u>
Revenues			
Other	\$ -	\$ 783,244	\$ 783,244
Total revenues	<u>-</u>	<u>783,244</u>	<u>783,244</u>
Changes in fund balance	-	783,244	783,244
Fund balance - beginning	<u>-</u>	<u>-</u>	<u>-</u>
Fund balance - ending	<u>\$ -</u>	<u>\$ 783,244</u>	<u>\$ 783,244</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, 2023

	Budgeted Amounts Final	Actual Amounts	Variance with Final Budget
Revenues			
Investment earnings	\$ -	\$ 3,811	\$ 3,811
Other	-	34,321	34,321
Total revenues	<u>-</u>	<u>38,132</u>	<u>38,132</u>
Expenditures			
Current:			
Highways and roads	19,839	46,201	(26,362)
Capital outlay	<u>89,095</u>	<u>34,321</u>	<u>54,774</u>
Total expenditures	<u>108,934</u>	<u>80,522</u>	<u>28,412</u>
Changes in fund balance	(108,934)	(42,390)	66,544
Fund balance - beginning	<u>116,887</u>	<u>116,887</u>	<u>-</u>
Fund balance - ending	<u>\$ 7,953</u>	<u>\$ 74,497</u>	<u>\$ 66,544</u>

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

For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Property taxes	\$ 5,134,400	\$ 5,048,718	\$ (85,682)
Investment earnings	5,700	143,685	137,985
Total revenues	<u>5,140,100</u>	<u>5,192,403</u>	<u>52,303</u>
Expenditures			
Debt Service:			
Principal	3,075,400	3,075,400	-
Interest and other charges	2,301,828	2,301,078	750
Total expenditures	<u>5,377,228</u>	<u>5,376,478</u>	<u>750</u>
Revenues over (under) expenditures	(237,128)	(184,075)	53,053
Other Financing Sources (Uses)			
Transfers in	237,128	237,128	-
Total other financing sources (uses)	<u>237,128</u>	<u>237,128</u>	<u>-</u>
Changes in fund balance	-	53,053	53,053
Fund balance - beginning	<u>1,614,367</u>	<u>1,614,367</u>	<u>-</u>
Fund balance - ending	<u>\$ 1,614,367</u>	<u>\$ 1,667,420</u>	<u>\$ 53,053</u>

**HOTEL OCCUPANCY TAX DEBT SERVICE FUND
SCHEDULE OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCE - BUDGET TO ACTUAL**

For the Year Ended September 30, 2023

	Budgeted Amounts Final	Actual	Variance with Final Budget
Revenues			
Hotel occupancy taxes	\$ 8,942,526	\$ 12,770,344	\$ 3,827,818
Investment earnings	-	207,930	207,930
Total revenues	<u>8,942,526</u>	<u>12,978,274</u>	<u>4,035,748</u>
Expenditures			
Culture and recreation	1,911,363	10,980,356	(9,068,993)
Debt Service:			
Principal	-	1,270,000	(1,270,000)
Interest and other charges	-	641,363	(641,363)
Total expenditures	<u>1,911,363</u>	<u>12,891,719</u>	<u>(10,980,356)</u>
Changes in fund balance	7,031,163	86,555	(6,944,608)
Fund balance - beginning	2,787,240	2,787,240	-
Prior period adjustments	(45,914)	-	45,914
Fund balance - ending	<u>\$ 9,772,489</u>	<u>\$ 2,873,795</u>	<u>\$ (6,898,694)</u>

CITY OF GALVESTON, TEXAS**NON-MAJOR ENTERPRISE FUNDS**

To account for operations that are financed and operated in a manner similar to private business enterprises – (a) where the intent of the governing body is that the costs (expenses, including depreciation) of providing goods and services to the general public on a continuing basis be financed or recovered primarily through the user charges; or (b) where the governing body has decided that periodic determination of revenues earned, expenses incurred, and/or net income is appropriate for capital maintenance, public policy, management control, accountability, or other purposes.

Sanitation Services – 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.

Airport Fund – 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.

Drainage Utility Fund – 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.

COMBINING STATEMENT OF NET POSITION
NON-MAJOR ENTERPRISE FUNDS
September 30, 2023

	Sanitation	Drainage	Airport	Total
Assets				
Current assets:				
Cash and cash equivalents	\$ -	\$ 917,696	\$ 1,556,666	\$ 2,474,362
Accounts Receivable, net of allowance for doubtful accounts	2,277,165	623,664	97,566	2,998,395
Lease receivable - current	-	-	473,065	473,065
Due from other funds	830,526	644	100	831,270
Inventories	-	42,231	-	42,231
Prepaid items	1,693	1,128	-	2,821
Restricted cash and investments	2,626,243	225,919	310,539	3,162,701
Total current assets	<u>5,735,627</u>	<u>1,811,282</u>	<u>2,437,936</u>	<u>9,984,845</u>
Non-current assets:				
Lease receivable - non-current	-	-	16,142,773	16,142,773
Capital assets not being depreciated:				
Land and improvements	-	315,941	1,230,763	1,546,704
Construction in progress	98,290	7,437,890	321,266	7,857,446
Capital assets (net of depreciation):				
Infrastructure	74,286	22,020,131	16,826,483	38,920,900
Buildings and improvements	669,672	-	2,995,337	3,665,009
Equipment and furniture	197,241	727,745	192,151	1,117,137
Licensed vehicles	3,453,406	452,854	15,651	3,921,911
Total non-current assets	<u>4,492,895</u>	<u>30,954,561</u>	<u>37,724,424</u>	<u>73,171,880</u>
Total Assets	<u>10,228,522</u>	<u>32,765,843</u>	<u>40,162,360</u>	<u>83,156,725</u>
Deferred Outflows of Resources				
Deferred outflows relating to pension activities	1,380,291	501,924	125,481	2,007,696
Total Deferred Outflows of Resources	<u>1,380,291</u>	<u>501,924</u>	<u>125,481</u>	<u>2,007,696</u>
Liabilities				
Current liabilities:				
Accounts payable and accrued expenses	152,535	44,995	28,436	225,966
Accrued Interest	41,348	-	-	41,348
Due to other funds	347,461	-	83,518	430,979
Due to other governments	53,476	-	-	53,476
Current portion of long-term liabilities	1,321,981	76,694	24,882	1,423,557
Total current Liabilities	<u>1,916,801</u>	<u>121,689</u>	<u>136,836</u>	<u>2,175,326</u>
Non-current liabilities:				
Long-term liabilities	3,647,713	51,598	22,645	3,721,956
Net pension liability	2,755,144	1,001,872	250,467	4,007,483
Total non-current Liabilities	<u>6,402,857</u>	<u>1,053,470</u>	<u>273,112</u>	<u>7,729,439</u>
Total Liabilities	<u>8,319,658</u>	<u>1,175,159</u>	<u>409,948</u>	<u>9,904,765</u>
Deferred Inflows of Resources				
Deferred inflows relating to leases	-	-	15,408,838	15,408,838
Deferred inflows relating to pension activities	104,056	37,839	9,460	151,355
Total Deferred Inflows of Resources	<u>104,056</u>	<u>37,839</u>	<u>15,418,298</u>	<u>15,560,193</u>
Net Position				
Net investment in capital assets	2,669,138	30,954,560	21,581,651	55,205,349
Unrestricted	515,961	1,100,209	2,877,944	4,494,114
Total Net Position	<u>\$ 3,185,099</u>	<u>\$ 32,054,769</u>	<u>\$ 24,459,595</u>	<u>\$ 59,699,463</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
NON-MAJOR ENTERPRISE FUNDS**

For the Year Ended September 30, 2023

	Sanitation	Drainage	Airport	Total
Operating Revenues				
Charges for services	\$ 8,310,751	\$ 2,973,113	\$ 301,732	\$ 11,585,596
Lease revenue	-	-	894,508	894,508
Miscellaneous	28,457	1,129	376	29,962
Total operating revenues	<u>8,339,208</u>	<u>2,974,242</u>	<u>1,196,616</u>	<u>12,510,066</u>
Operating Expenses				
Personnel services	4,793,254	1,993,973	571,125	7,358,352
Contractual services	2,329,727	1,199,707	210,998	3,740,432
Supplies and materials	138,834	148,635	90,905	378,374
Other expenses	227,829	159,241	271,852	658,922
Depreciation/amortization	808,117	661,388	1,195,993	2,665,498
Total operating expenses	<u>8,297,761</u>	<u>4,162,944</u>	<u>2,340,873</u>	<u>14,801,578</u>
Operating income (loss)	<u>41,447</u>	<u>(1,188,702)</u>	<u>(1,144,257)</u>	<u>(2,291,512)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	156,617	48,705	598,660	803,982
Intergovernmental grants	-	-	50,000	50,000
Gain(Loss) on disposal of capital assets	55,804	(63,593)	33,154	25,365
Interest expense	(167,942)	(7)	-	(167,949)
Total non-operating revenue (expenses)	<u>44,479</u>	<u>(14,895)</u>	<u>681,814</u>	<u>711,398</u>
Income (loss) before contributions and transfers	<u>85,926</u>	<u>(1,203,597)</u>	<u>(462,443)</u>	<u>(1,580,114)</u>
Capital contributions	30,320	5,849,922	-	5,880,242
Transfers (out)	(668,700)	(162,000)	(49,630)	(880,330)
Change in net position	<u>(552,454)</u>	<u>4,484,325</u>	<u>(512,073)</u>	<u>3,419,798</u>
Net position - beginning	<u>3,737,553</u>	<u>27,570,444</u>	<u>24,971,668</u>	<u>56,279,665</u>
Net position - ending	<u>\$ 3,185,099</u>	<u>\$ 32,054,769</u>	<u>\$ 24,459,595</u>	<u>\$ 59,699,463</u>

**COMBINING STATEMENT OF CASH FLOWS
NON-MAJOR ENTERPRISE FUNDS
For the Year Ended September 30, 2023**

	Sanitation	Drainage	Airport	Total
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 7,763,385	\$ 2,902,555	\$ 235,030	\$ 10,900,970
Lease revenue	-	-	533,868	533,868
Miscellaneous	28,457	1,130	376	29,963
Receipts for interfund services	-	-	71,243	71,243
Disbursed for employee services	(4,419,976)	(1,975,092)	(533,444)	(6,928,512)
Disbursed for goods and services	(2,667,541)	(1,527,927)	(555,765)	(4,751,233)
Net cash provided (used) by operating activities	<u>704,325</u>	<u>(599,334)</u>	<u>(248,692)</u>	<u>(143,701)</u>
Cash Flows from Non-Capital Financial Activities:				
Transfers to other funds	(668,700)	(162,000)	(49,630)	(880,330)
Net cash provided (used) by noncapital financing activities	<u>(668,700)</u>	<u>(162,000)</u>	<u>(49,630)</u>	<u>(880,330)</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the sale of equipment	55,804	321	33,154	89,279
Intergovernmental grants	-	-	50,000	50,000
Interest payments on debt	-	-	-	-
Principal payments on debt	(1,050,000)	-	-	(1,050,000)
Interest paid	(167,942)	(8)	-	(167,950)
Acquisition and construction of capital assets	(1,582,988)	589,103	(755,560)	(1,749,445)
Net cash provided (used) by capital and related financing activities	<u>(2,745,126)</u>	<u>589,416</u>	<u>(672,406)</u>	<u>(2,828,116)</u>
Cash Flows from Investing Activities				
Interest received	156,617	48,705	598,660	803,982
Net cash provided (used) by investing activities	<u>156,617</u>	<u>48,705</u>	<u>598,660</u>	<u>803,982</u>
Net increase (decrease) in cash and equivalents	<u>(2,552,884)</u>	<u>(123,213)</u>	<u>(372,068)</u>	<u>(3,048,165)</u>
Cash and equivalents, beginning of year	5,179,127	1,266,828	2,239,273	8,685,228
Cash and equivalents, at end of year	<u>\$ 2,626,243</u>	<u>\$ 1,143,615</u>	<u>\$ 1,867,205</u>	<u>\$ 5,637,063</u>
Unrestricted cash and equivalents	-	917,696	1,556,666	2,474,362
Restricted cash and equivalents	2,626,243	225,919	310,539	3,162,701
	<u>\$ 2,626,243</u>	<u>\$ 1,143,615</u>	<u>\$ 1,867,205</u>	<u>\$ 5,637,063</u>
Reconciliation of operating income to net cash provided by operating activities:				
Operating income (loss)	\$ 41,447	\$ (1,188,702)	\$ (1,144,257)	(2,291,512)
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation and amortization	808,117	661,388	1,195,993	2,665,498
(Increase) decrease in accounts receivable	(212,870)	(69,968)	4,541	(278,297)
(Increase) decrease in Lease receivable	-	-	(360,640)	(360,640)
(Increase) decrease in inventory	-	17,488	-	17,488
(Increase) decrease in prepaid items	2,568	1,713	-	4,281
(Increase) decrease in interfund receivables and payables	(183)	(590)	-	(773)
(Increase) decrease in deferred outflows/inflows relating to pension activities	(1,834,922)	(718,034)	(166,811)	(2,719,767)
Increase (decrease) in accounts payable and accrued expenses	(293,233)	(39,545)	17,990	(314,788)
Increase (decrease) in compensated absences payable	18,643	(7,871)	5,442	16,214
Increase (decrease) in deferred revenue	(14,800)	-	-	(14,800)
Increase (decrease) in net pension liability	2,189,558	744,787	199,050	3,133,395
Net cash provided by operating activities	<u>\$ 704,325</u>	<u>\$ (599,334)</u>	<u>\$ (248,692)</u>	<u>\$ (143,701)</u>
Non-cash Transactions:				
Capital contributions	<u>\$ 30,320</u>	<u>\$ 5,849,922</u>	<u>\$ -</u>	<u>\$ 5,880,242</u>

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

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Operating Revenues						
Charges for services	\$ 40,293,000	\$ 40,293,000	\$ 43,386,035	\$ -	\$ 43,386,035	\$ 3,093,035
Lease revenue	-	-	39,596	-	39,596	39,596
Miscellaneous	-	-	196,632	-	196,632	196,632
Total operating revenues	<u>40,293,000</u>	<u>40,293,000</u>	<u>43,622,263</u>	<u>-</u>	<u>43,622,263</u>	<u>3,329,263</u>
Operating Expenses						
Personnel services	11,248,343	11,930,943	13,006,191	(1,054,236) ^{1,9}	11,951,955	(21,012)
Contractual services	4,100,127	4,091,797	5,217,441	(454,876) ^{2,9}	4,762,565	(670,768)
Supplies and materials	2,662,900	2,721,900	2,871,029	(96,253) ¹⁰	2,774,776	(52,876)
Surface water contract	7,522,983	7,469,983	7,882,983	- ³	7,882,983	(413,000)
Other expenses	2,083,638	2,148,338	2,265,158	(539,512) ⁹	1,725,646	422,692
Administration charge	1,696,000	1,696,000	-	1,696,000 ⁵	1,696,000	-
Depreciation/amortization	-	-	10,856,446	(10,856,446) ⁶	-	-
Capital outlay	1,300,500	1,645,181	-	1,642,671 ⁷	1,642,671	2,510
Total operating expenses	<u>30,614,491</u>	<u>31,704,142</u>	<u>42,099,248</u>	<u>(9,662,652)</u>	<u>32,436,596</u>	<u>(732,454)</u>
Operating income (loss)	<u>9,678,509</u>	<u>8,588,858</u>	<u>1,523,015</u>	<u>9,662,652</u>	<u>11,185,667</u>	<u>2,596,809</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	16,000	16,000	3,722,032	-	3,722,032	3,706,032
Principal expenditure	(8,044,600)	(5,358,136)	-	(5,044,600) ³	(5,044,600)	313,536
Gain(Loss) on disposal of capital assets	-	-	129,380	-	129,380	129,380
Interest expense	(3,253,118)	(6,102,118)	(6,104,742)	-	(6,104,742)	(2,624)
Total non-operating revenue (expenses)	<u>(11,281,718)</u>	<u>(11,444,254)</u>	<u>(2,253,330)</u>	<u>(5,044,600)</u>	<u>(7,297,930)</u>	<u>4,146,324</u>
Income (loss) before contributions and transfers	<u>(1,603,209)</u>	<u>(2,855,396)</u>	<u>(730,315)</u>	<u>4,618,052</u>	<u>3,887,737</u>	<u>6,743,133</u>
Capital contributions	-	-	5,824,357	(5,824,357) ⁸	-	-
Transfers in	-	-	-	(69,415,413) ⁹	(69,415,404)	(69,415,404)
Transfers (out)	(963,240)	(847,432)	(2,394,240)	71,111,413 ^{4,5,9}	68,717,173	69,564,605
Change in net position	<u>(2,566,449)</u>	<u>(3,702,828)</u>	<u>2,699,802</u>	<u>489,695</u>	<u>3,189,506</u>	<u>6,892,334</u>
Net position - beginning	<u>264,291,851</u>	<u>264,291,851</u>	<u>257,490,669</u>	<u>6,801,172</u>	<u>264,291,851</u>	<u>-</u>
Net position - ending	<u>\$ 261,725,402</u>	<u>\$ 260,589,023</u>	<u>\$ 260,190,471</u>	<u>\$ 7,290,867</u>	<u>\$ 267,481,357</u>	<u>\$ 6,892,334</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, 2023

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Operating Revenues						
Charges for services	\$ 7,996,500	\$ 7,996,500	\$ 8,310,751	\$ -	\$ 8,310,751	\$ 314,251
Miscellaneous	-	-	28,457	-	28,457	28,457
Total operating revenues	<u>7,996,500</u>	<u>7,996,500</u>	<u>8,339,208</u>	<u>-</u>	<u>8,339,208</u>	<u>342,708</u>
Operating Expenses						
Personnel services	4,562,158	4,503,658	4,793,254	(373,278) ¹	4,419,976	83,682
Contractual services	2,358,408	2,350,408	2,329,727	576 ⁴	2,330,303	20,105
Supplies and materials	96,000	118,200	138,834	-	138,834	(20,634)
Other expenses	223,052	227,352	227,829	(576) ⁴	227,253	99
Administration charge	293,000	293,000	-	293,000 ²	293,000	-
Depreciation/amortization	-	-	808,117	(808,117) ³	-	-
Total operating expenses	<u>7,532,618</u>	<u>7,492,618</u>	<u>8,297,761</u>	<u>(888,395)</u>	<u>7,409,366</u>	<u>83,252</u>
Operating income (loss)	<u>463,882</u>	<u>503,882</u>	<u>41,447</u>	<u>888,395</u>	<u>929,842</u>	<u>425,960</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	800	800	156,617	-	156,617	155,817
Gain (loss) on disposal of capital assets	45,000	45,000	55,804	-	55,804	10,804
Interest Expense	(126,739)	(126,739)	(167,942)	-	(167,942)	(41,203)
Principal expenditure	(1,050,000)	(1,050,000)	-	(1,050,000) ⁵	(1,050,000)	-
Total non-operating revenue (expenses)	<u>(1,130,939)</u>	<u>(1,130,939)</u>	<u>44,479</u>	<u>(1,050,000)</u>	<u>(1,005,521)</u>	<u>125,418</u>
Income (loss) before contributions and transfers	<u>(667,057)</u>	<u>(627,057)</u>	<u>85,926</u>	<u>(161,605)</u>	<u>(75,679)</u>	<u>551,378</u>
Capital contributions	-	-	30,320	(30,320)	-	-
Transfers (out)	(335,700)	(375,700)	(668,700)	293,000 ²	(375,700)	-
Change in net position	<u>(1,002,757)</u>	<u>(1,002,757)</u>	<u>(552,454)</u>	<u>101,075</u>	<u>(451,379)</u>	<u>551,378</u>
Net position - beginning	<u>4,489,979</u>	<u>4,489,979</u>	<u>3,737,553</u>	<u>752,428</u>	<u>4,489,979</u>	<u>-</u>
Net position - ending	<u>\$ 3,487,222</u>	<u>\$ 3,487,222</u>	<u>\$ 3,185,099</u>	<u>\$ 853,503</u>	<u>\$ 4,038,600</u>	<u>\$ 551,378</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.
- 5) This represents the principal payments on long-term debt which are budgeted as expenses (see Note 9).

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

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Operating Revenues						
Charges for services	\$ 2,895,000	\$ 2,895,000	\$ 2,973,113	\$ -	\$ 2,973,113	\$ 78,113
Miscellaneous	-	-	1,129	-	1,129	1,129
Total operating revenues	<u>2,895,000</u>	<u>2,895,000</u>	<u>2,974,242</u>	<u>-</u>	<u>2,974,242</u>	<u>79,242</u>
Operating Expenses						
Personnel services	2,212,203	2,212,203	1,993,973	6,934 ^{1,6}	2,000,907	211,296
Contractual services	570,978	542,978	1,199,707	(717,598) ⁷	482,116	60,862
Supplies and materials	156,000	156,000	148,635	-	148,635	7,365
Other expenses	127,474	155,474	159,241	(27,208) ³	132,033	23,441
Administration charge	142,000	142,000	-	142,000 ²	142,000	-
Capital outlay	62,781	231,510	-	128,494 ⁷	128,494	103,016
Depreciation/amortization	-	-	661,388	(661,388) ⁴	-	-
Total operating expenses	<u>3,271,436</u>	<u>3,440,165</u>	<u>4,162,944</u>	<u>(1,128,766)</u>	<u>3,034,185</u>	<u>405,980</u>
Operating income (loss)	<u>(376,436)</u>	<u>(545,165)</u>	<u>(1,188,702)</u>	<u>1,128,766</u>	<u>(59,943)</u>	<u>485,222</u>
Non-Operating Revenues (Expenses)						
Interest and investment revenue	2,300	2,300	48,705	(9,175) ⁶	39,530	37,230
Interest expense	-	-	(7)	-	(7)	(7)
Gain (loss) on disposal of capital assets	-	-	(63,593)	-	(63,593)	(63,593)
Total non-operating revenue (expenses)	<u>2,300</u>	<u>2,300</u>	<u>(14,895)</u>	<u>(9,175)</u>	<u>(24,070)</u>	<u>(26,370)</u>
Income (loss) before contributions and transfers	<u>(374,136)</u>	<u>(542,865)</u>	<u>(1,203,597)</u>	<u>1,119,591</u>	<u>(84,013)</u>	<u>458,852</u>
Capital contributions	-	-	5,849,922	(5,849,922) ⁵	-	-
Transfers (out)	(20,000)	(20,000)	(162,000)	142,000 ²	(20,000)	-
Change in net position	<u>(394,136)</u>	<u>(562,865)</u>	<u>4,484,325</u>	<u>(4,588,331)</u>	<u>(104,013)</u>	<u>458,852</u>
Net position - beginning	<u>10,363,051</u>	<u>10,363,051</u>	<u>27,570,444</u>	<u>(17,207,396)</u>	<u>10,363,051</u>	<u>-</u>
Net position - ending	<u>\$ 9,968,915</u>	<u>\$ 9,800,186</u>	<u>\$32,054,769</u>	<u>\$ (21,795,727)</u>	<u>\$10,259,038</u>	<u>\$ 458,852</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, 2023

	Budgeted Amounts		Actual Amounts		Actual - Budgetary Basis	Variance with Final Budget
	Original	Final	Actual	Reconciling Items		
Operating Revenues						\$
Charges for services	\$ 1,302,582	\$ 1,302,582	\$ 301,732	\$ -	\$ 301,732	(1,000,850)
Lease revenue	-	-	894,508	-	894,508	894,508
Miscellaneous	-	-	376	-	376	376
Total operating revenues	<u>1,302,582</u>	<u>1,302,582</u>	<u>1,196,616</u>	<u>-</u>	<u>1,196,616</u>	<u>(105,966)</u>
Operating Expenses						
Personnel services	573,175	572,475	571,125	(37,681) ¹	533,444	39,031
Contractual services	229,406	220,706	210,998	(10,000) ³	200,998	19,708
Supplies and materials	82,250	90,950	90,905	-	90,905	45
Other expenses	271,114	271,814	271,852	-	271,852	(38)
Administrative charge	43,000	43,000	-	43,000 ²	43,000	-
Capital outlay	1,077,900	1,077,900	-	763,756 ³	763,756	314,144
Depreciation/amortization	-	-	1,195,993	(1,195,993) ⁴	-	-
Total operating expenses	<u>2,276,845</u>	<u>2,276,845</u>	<u>2,340,873</u>	<u>(436,918)</u>	<u>1,903,955</u>	<u>372,890</u>
Operating income (loss)	<u>(974,263)</u>	<u>(974,263)</u>	<u>(1,144,257)</u>	<u>436,918</u>	<u>(707,339)</u>	<u>266,924</u>
Non-Operating Revenues (Expenses)						
Intergovernmental grants	50,000	50,000	50,000	-	50,000	-
Interest and investment revenue	2,092	2,092	598,660	(33,320) ^{1,5}	565,340	563,248
Gain (loss) on disposal of capital assets	-	-	33,154	-	33,154	33,154
Total non-operating revenue (expenses)	<u>52,092</u>	<u>52,092</u>	<u>681,814</u>	<u>(33,320)</u>	<u>648,494</u>	<u>596,402</u>
Income (loss) before contributions and transfers	<u>(922,171)</u>	<u>(922,171)</u>	<u>(462,443)</u>	<u>403,598</u>	<u>(58,845)</u>	<u>863,326</u>
Transfers (out)	(6,630)	(6,630)	(49,630)	43,000 ^{5,6}	(6,630)	-
Change in net position	<u>(928,801)</u>	<u>(928,801)</u>	<u>(512,073)</u>	<u>446,598</u>	<u>(65,475)</u>	<u>863,326</u>
Net position - beginning	<u>23,934,190</u>	<u>23,934,190</u>	<u>24,971,668</u>	<u>(1,037,482)</u>	<u>23,934,190</u>	<u>-</u>
Net position - ending	<u>\$ 23,005,389</u>	<u>\$23,005,389</u>	<u>\$24,459,595</u>	<u>\$ (590,884)</u>	<u>\$23,868,715</u>	<u>\$ 863,326</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.

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, 2023

	Central Garage	Casualty & Liability Insurance	Central Service	Construction Management
Assets				
Current assets:				
Cash and cash equivalents	\$ 856,835	\$ 755,822	\$ 1,588,793	\$ 311,843
Accounts receivable, net of allowance for doubtful accounts	32,952	-	-	-
Due from other funds	73,145	-	-	-
Due from other governments	8,176	-	-	-
Due from component units	20,899	-	-	-
Inventories	270,398	-	-	-
Prepaid items	-	600,237	198,097	-
Restricted cash and investments	-	-	-	-
Total current assets	<u>1,262,405</u>	<u>1,356,059</u>	<u>1,786,890</u>	<u>311,843</u>
Non-current assets:				
Capital assets not being depreciated:				
Construction in progress	-	-	58,576	-
Capital assets (net of depreciation):				
Infrastructure	-	-	282,972	-
Buildings and improvements	399,676	-	3,105,428	-
Equipment and furniture	93,905	-	528,278	-
Licensed vehicles	777,599	-	55,204	-
Right of use asset net of amortization	-	-	103,047	-
Total non-current assets	<u>1,271,180</u>	<u>-</u>	<u>4,133,505</u>	<u>-</u>
Total Assets	<u>2,533,585</u>	<u>1,356,059</u>	<u>5,920,395</u>	<u>311,843</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	199,371	632,836	112,884	30,385
Current portion of long-term liabilities	126,242	17,108	249,674	106,536
Total current liabilities	<u>325,613</u>	<u>649,944</u>	<u>362,558</u>	<u>136,921</u>
Non-current liabilities:				
Long-term liabilities	226,292	25,026	282,755	127,960
Total OPEB liability	-	-	-	-
Total non-current liabilities	<u>226,292</u>	<u>25,026</u>	<u>282,755</u>	<u>127,960</u>
Total Liabilities	<u>551,905</u>	<u>674,970</u>	<u>645,313</u>	<u>264,881</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	1,271,180	-	4,062,808	-
Unrestricted	710,500	681,089	1,212,274	46,962
Total Net Position	<u>\$ 1,981,680</u>	<u>\$ 681,089</u>	<u>\$ 5,275,082</u>	<u>\$ 46,962</u>

Workers' Compensation Insurance	Health and Life Insurance	Total
\$ 177,048	\$ 4,821,643	\$ 8,511,984
-	-	32,952
-	-	73,145
-	-	8,176
-	105,944	126,843
-	-	270,398
-	-	798,334
-	4,600,000	4,600,000
<u>177,048</u>	<u>9,527,587</u>	<u>14,421,832</u>
-	-	58,576
-	-	282,972
-	-	3,505,104
-	-	622,183
-	-	832,803
-	-	103,047
-	-	5,404,685
<u>177,048</u>	<u>9,527,587</u>	<u>19,826,517</u>
-	6,094,273	6,094,273
-	<u>6,094,273</u>	<u>6,094,273</u>
50,876	358,195	1,384,547
<u>123,503</u>	<u>845,000</u>	<u>1,468,063</u>
<u>174,379</u>	<u>1,203,195</u>	<u>2,852,610</u>
293,464	-	955,497
-	16,265,849	16,265,849
<u>293,464</u>	<u>16,265,849</u>	<u>17,221,346</u>
<u>467,843</u>	<u>17,469,044</u>	<u>20,073,956</u>
-	3,901,699	3,901,699
-	<u>3,901,699</u>	<u>3,901,699</u>
-	-	5,333,988
(290,795)	(5,748,883)	(3,388,853)
<u>\$ (290,795)</u>	<u>\$ (5,748,883)</u>	<u>\$ 1,945,135</u>

**COMBINING STATEMENT OF REVENUES, EXPENSES AND CHANGES IN FUND NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2023**

	Central Garage	Casualty & Liability Insurance	Central Service	Construction Management
Operating Revenues				
Charges for services	\$ 6,347,131	\$ 2,416,433	\$ 5,047,470	\$ 1,481,538
Miscellaneous	273	99	923	-
Total operating revenues	<u>6,347,404</u>	<u>2,416,532</u>	<u>5,048,393</u>	<u>1,481,538</u>
Operating Expenses				
Personnel services	1,769,064	126,482	2,778,509	1,351,696
Contractual services	1,772,536	24,624	1,542,415	127,974
Supplies and materials	3,184,650	575	299,430	10,751
Insurance claims and premiums	-	2,626,997	-	-
Other expenses	3,831	-	7,191	975
Depreciation/amortization	149,324	-	617,525	-
Total operating expenses	<u>6,879,405</u>	<u>2,778,678</u>	<u>5,245,070</u>	<u>1,491,396</u>
Operating income (loss)	<u>(532,001)</u>	<u>(362,146)</u>	<u>(196,677)</u>	<u>(9,858)</u>
Non-Operating Revenues (Expenses)				
Interest and investment revenue	44,687	14,822	76,162	11,094
Insurance proceeds	204,969	-	-	-
Interest expense	(71)	-	(3,254)	(18)
Gain (loss) on disposal of capital assets	43,049	-	13,983	-
Total non-operating revenue (expenses)	<u>292,634</u>	<u>14,822</u>	<u>86,891</u>	<u>11,076</u>
Income (loss) before capital contributions and transfers	(239,367)	(347,324)	(109,786)	1,218
Transfers in	-	-	-	-
Transfers (out)	-	-	(252,599)	-
Change in net position	<u>(239,367)</u>	<u>(347,324)</u>	<u>(362,385)</u>	<u>1,218</u>
Total net position - beginning	<u>2,221,047</u>	<u>1,028,413</u>	<u>5,637,467</u>	<u>45,744</u>
Total net position - ending	<u>\$ 1,981,680</u>	<u>\$ 681,089</u>	<u>\$ 5,275,082</u>	<u>\$ 46,962</u>

Workers' Compensation Insurance	Health and Life Insurance	Total
\$ 472,818	\$ 15,396,483	\$ 31,161,873
-	-	1,295
<u>472,818</u>	<u>15,396,483</u>	<u>31,163,168</u>
-	-	6,025,751
-	2,837,003	6,304,552
-	-	3,495,406
566,211	12,917,808	16,111,016
-	653,524	665,521
-	-	766,849
<u>566,211</u>	<u>16,408,335</u>	<u>33,369,095</u>
<u>(93,393)</u>	<u>(1,011,852)</u>	<u>(2,205,927)</u>
8,261	219,248	374,274
-	-	204,969
-	-	(3,343)
-	-	57,032
<u>8,261</u>	<u>219,248</u>	<u>632,932</u>
(85,132)	(792,604)	(1,572,995)
-	1,200,000	1,200,000
-	-	(252,599)
<u>(85,132)</u>	<u>407,396</u>	<u>(625,594)</u>
<u>(205,663)</u>	<u>(6,156,279)</u>	<u>2,570,729</u>
<u>\$ (290,795)</u>	<u>\$ (5,748,883)</u>	<u>\$ 1,945,135</u>

**COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2023**

	Central Garage	Casualty & Liability Insurance	Central Service	Construction Management
Cash Flows from Operating Activities:				
Receipts from customers and users	\$ 748,496	\$ -	\$ -	\$ -
Miscellaneous	273	99	923	-
Receipts for interfund services	5,552,337	2,416,433	5,047,470	1,481,538
Disbursed for personnel services	(1,715,946)	(119,818)	(2,779,632)	(1,341,820)
Disbursed for goods and services	(4,901,831)	(2,157,107)	(1,807,759)	(133,760)
Net cash provided (used) by operating activities	<u>(316,671)</u>	<u>139,607</u>	<u>461,002</u>	<u>5,958</u>
Cash Flows from Non-Capital Financing Activities:				
Transfers from other funds	-	-	-	-
Transfers to other funds	-	-	(252,599)	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>-</u>	<u>(252,599)</u>	<u>-</u>
Cash Flows from Capital and Related Financing Activities:				
Proceeds from the sale of equipment	43,050	-	13,983	-
Insurance proceeds	204,969	-	-	-
Principal payments on debt	-	-	(68,348)	-
Interest payments on debt	(71)	-	(3,254)	(19)
Acquisition and construction of capital assets	(168,805)	-	(52,440)	-
Net cash provided (used) by capital and related financing activities	<u>79,143</u>	<u>-</u>	<u>(110,059)</u>	<u>(19)</u>
Cash Flows from Investing Activities				
Interest received	44,687	14,822	76,162	11,094
Net cash provided (used) by investing activities	<u>44,687</u>	<u>14,822</u>	<u>76,162</u>	<u>11,094</u>
Net increase/(decrease) in cash and equivalents	(192,841)	154,429	174,506	17,033
Cash and equivalents, beginning of year	1,049,676	601,393	1,414,287	294,810
Cash and equivalents, at end of year	<u>\$ 856,835</u>	<u>\$ 755,822</u>	<u>\$ 1,588,793</u>	<u>\$ 311,843</u>
Unrestricted cash and equivalents	856,835	755,822	1,588,793	311,843
Restricted cash and equivalents	-	-	-	-
	<u>\$ 856,835</u>	<u>\$ 755,822</u>	<u>\$ 1,588,793</u>	<u>\$ 311,843</u>
Reconciliation of operating income to net cash provided by operating activities				
Operating income (loss)	\$ (532,001)	\$ (362,146)	\$ (196,677)	\$ (9,858)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation and amortization	149,324	-	617,525	-
(Increase) decrease in accounts receivable	(47,992)	-	-	-
(Increase) decrease in inventory	25,235	-	-	-
(Increase) decrease in prepaid items	-	(124,509)	(5,167)	-
(Increase) decrease in interfund receivables and payables	1,694	-	-	-
(Increase) decrease in deferred outflows/inflows relating to OPEB	-	-	-	-
Increase (decrease) in accounts payable	33,951	619,598	46,444	5,940
Increase (decrease) in claims payable	-	-	-	-
Increase (decrease) in compensated absences payables	53,118	6,664	(1,123)	9,876
Increase (decrease) in total OPEB liability	-	-	-	-
Net cash provided (used) by operating activities	<u>\$ (316,671)</u>	<u>\$ 139,607</u>	<u>\$ 461,002</u>	<u>\$ 5,958</u>

Workers' Compensation Insurance	Health and Life Insurance	Total
\$ -	\$ 15,290,539	\$ 16,039,035
-	-	1,295
472,818	-	14,970,596
-	-	(5,957,216)
(551,855)	(14,901,635)	(24,453,947)
<u>(79,037)</u>	<u>388,904</u>	<u>599,763</u>
-	1,200,000	1,200,000
-	-	(252,599)
-	1,200,000	947,401
-	-	57,033
-	-	204,969
-	-	(68,348)
-	-	(3,344)
-	-	(221,245)
-	-	(30,935)
8,262	219,249	374,276
<u>8,262</u>	<u>219,249</u>	<u>374,276</u>
(70,775)	1,808,153	1,890,505
247,823	7,613,490	11,221,479
<u>\$ 177,048</u>	<u>\$ 9,421,643</u>	<u>\$ 13,111,984</u>
177,048	4,821,643	8,511,984
-	4,600,000	4,600,000
<u>\$ 177,048</u>	<u>\$ 9,421,643</u>	<u>\$ 13,111,984</u>
\$ (93,393)	\$ (1,011,852)	\$ (2,205,927)
-	-	766,849
-	(105,945)	(153,937)
-	-	25,235
-	-	(129,676)
-	-	1,694
-	2,526,400	2,526,400
18,402	(9,877)	714,458
(4,046)	(56,439)	(60,485)
-	-	68,535
-	(953,383)	(953,383)
<u>\$ (79,037)</u>	<u>\$ 388,904</u>	<u>\$ 599,763</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, 2022.

PENSION TRUST FUNDS
COMBINING STATEMENT OF NET POSITION
 December 31, 2022

	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	\$ 936,840	\$ 2,907,289	\$ 694,302	\$ 4,538,431
Receivables				
Interest and dividends	-	60,179	-	60,179
Loans to participants	-	-	509,985	509,985
Prepaid items	-	2,576	-	2,576
Investments				
U.S. Government agencies	-	-	2,090,201	2,090,201
Common stocks	-	21,596,469	-	21,596,469
Equity mutual funds	37,903,039	8,341,060	18,496,249	64,740,348
Bond mutual funds	13,719,205	9,550,482	-	23,269,687
Alternative investments	6,107,204	654,679	1,333,756	8,095,639
Hedge funds	-	4,608,922	-	4,608,922
Real estate	-	1,319,419	-	1,319,419
Total Assets	<u>58,666,288</u>	<u>49,041,075</u>	<u>23,124,493</u>	<u>130,831,856</u>
Liabilities				
Accounts and refunds payable	-	1,431	-	1,431
Total Liabilities	<u>-</u>	<u>1,431</u>	<u>-</u>	<u>1,431</u>
Net Position - Restricted for Pension Benefits				
Held in trust for benefits and other purposes	58,666,288	49,039,644	23,124,493	130,830,425
Total Net Position - Restricted for Pension Benefits	<u>\$ 58,666,288</u>	<u>\$ 49,039,644</u>	<u>\$ 23,124,493</u>	<u>\$ 130,830,425</u>

PENSION TRUST FUNDS
COMBINING STATEMENT OF CHANGES IN NET POSITION
For the Year Ended December 31, 2022

	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	\$ 2,734,381	\$ 1,664,367	\$ 3,010,623	\$ 7,409,371
Plan members	1,822,918	1,762,271	1,597,975	5,183,164
Total contributions	<u>4,557,299</u>	<u>3,426,638</u>	<u>4,608,598</u>	<u>12,592,535</u>
Investment Earnings:				
Net increase (decrease) in fair value of investments	(13,085,111)	(9,913,511)	(3,903,645)	(26,902,267)
Interest and dividends	1,452,573	1,509,425	373,626	3,335,624
Less investment expenses	(104,720)	(266,793)	(60,659)	(432,172)
Net investment income (loss)	<u>(11,737,258)</u>	<u>(8,670,879)</u>	<u>(3,590,678)</u>	<u>(23,998,815)</u>
Total Additions	<u>(7,179,959)</u>	<u>(5,244,241)</u>	<u>1,017,920</u>	<u>(11,406,280)</u>
Deductions				
Benefits paid to members and beneficiaries	5,493,184	3,835,646	4,401,369	13,730,199
Refunds of contributions	-	746,064	-	746,064
Administrative expenses	125,892	168,916	156,560	451,368
Total Deductions	<u>5,619,076</u>	<u>4,750,626</u>	<u>4,557,929</u>	<u>14,927,631</u>
Change in net position	(12,799,035)	(9,994,867)	(3,540,009)	(26,333,911)
Net position - restricted for pensions , beginning of year	<u>71,465,323</u>	<u>59,034,511</u>	<u>26,664,502</u>	<u>157,164,336</u>
Net position - restricted for pensions , end of year	<u>\$ 58,666,288</u>	<u>\$ 49,039,644</u>	<u>\$ 23,124,493</u>	<u>\$ 130,830,425</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.

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.

**DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF NET POSITION
September 30, 2023**

	<u>Park Board of Trustees</u>	<u>Galveston Island Redevelopment Authority</u>	<u>Campeche Shores - Public Improvement District No. 1</u>	<u>Beachside Village - Public Improvement District</u>
Assets				
Current assets:				
Cash and cash equivalents	\$ 14,405,865	\$ 237,018	\$ -	\$ -
Accounts receivable, net of allowance for doubtful accounts	11,765,455	35,225	11,760	23,251
Lease receivable	571,039	-	-	-
Due from other governments	-	7,695	-	-
Inventories	20,346	-	-	-
Prepaid items	566,787	-	-	-
Other	7,300	-	-	-
Restricted cash and temporary investments	26,187	-	-	-
Total current assets	<u>27,362,979</u>	<u>279,938</u>	<u>11,760</u>	<u>23,251</u>
Non-current assets:				
Lease receivables - non-current	-	-	-	-
Capital assets not being depreciated	1,112,662	-	-	-
Capital assets (net of accumulated depreciation)	267,541,457	-	-	-
Right of use asset (net of accumulated amortization)	2,017,742	-	-	-
Total non-current assets	<u>270,671,861</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>298,034,840</u>	<u>279,938</u>	<u>11,760</u>	<u>23,251</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	7,797,589	4,515,019	-	43,254
Due to other governments	8,415,437	-	-	-
Interest payable	972	-	-	-
Unearned revenue	356,958	-	-	-
Due within one year	851,494	-	-	-
Total current liabilities	<u>17,422,450</u>	<u>4,515,019</u>	<u>-</u>	<u>43,254</u>
Non-current liabilities:				
Due in more than one year	2,103,799	11,884,990	-	-
Net pension liability	-	-	-	-
Total non-current liabilities	<u>2,103,799</u>	<u>11,884,990</u>	<u>-</u>	<u>-</u>
Total Liabilities	<u>19,526,249</u>	<u>16,400,009</u>	<u>-</u>	<u>43,254</u>
Deferred Inflows of Resources				
Deferred gain on refunding	-	-	-	-
Deferred inflows relating to leases	551,005	-	-	-
Deferred inflows relating to pension activities	-	-	-	-
Total Deferred Inflows of Resources	<u>551,005</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Position				
Net investment in capital assets	268,081,807	-	-	-
Restricted:				
Debt service	401,980	-	-	-
Hotel occupancy taxes	10,003,670	-	-	-
Grants	123,986	-	-	-
Unrestricted	(653,857)	(16,120,071)	11,760	(20,003)
Total Net Position	<u>\$ 277,957,586</u>	<u>\$ (16,120,071)</u>	<u>\$ 11,760</u>	<u>\$ (20,003)</u>

*As of December 31, 2022

**As of December 31, 2022 unaudited financial statements

Bayside at Waterman's - Public Improvement District	Board of Trustees of Galveston Wharves*	Galveston Housing Finance Corporation**	Galveston Property Finance Authority**	Total
\$ -	\$ 27,978,450	\$ 89,768	\$ 876,254	\$ 43,587,355
-	7,189,659	-	-	19,025,350
-	8,381,325	-	-	8,952,364
-	-	-	-	7,695
-	-	-	-	20,346
-	810,859	-	-	1,377,646
-	102,861	-	-	110,161
2,002,475	588,537	-	-	2,617,199
<u>2,002,475</u>	<u>45,051,691</u>	<u>89,768</u>	<u>876,254</u>	<u>75,698,116</u>
-	199,020,560	-	-	199,020,560
-	41,566,112	-	-	42,678,774
5,136,184	131,176,788	-	-	403,854,429
-	3,373,898	-	-	5,391,640
<u>5,136,184</u>	<u>375,137,358</u>	<u>-</u>	<u>-</u>	<u>650,945,403</u>
<u>7,138,659</u>	<u>420,189,049</u>	<u>89,768</u>	<u>876,254</u>	<u>726,643,519</u>
102,616	-	-	-	102,616
-	399,996	-	-	399,996
<u>102,616</u>	<u>399,996</u>	<u>-</u>	<u>-</u>	<u>502,612</u>
-	17,087,432	-	-	29,443,294
-	376,194	-	-	8,791,631
-	-	-	-	972
-	2,279,472	-	-	2,636,430
190,000	16,672,599	-	-	17,714,093
<u>190,000</u>	<u>36,415,697</u>	<u>-</u>	<u>-</u>	<u>58,586,420</u>
7,269,999	16,967,729	-	-	38,226,517
-	-	-	-	-
<u>7,269,999</u>	<u>16,967,729</u>	<u>-</u>	<u>-</u>	<u>38,226,517</u>
<u>7,459,999</u>	<u>53,383,426</u>	<u>-</u>	<u>-</u>	<u>96,812,937</u>
-	73,162	-	-	73,162
-	205,692,632	-	-	206,243,637
-	2,025,260	-	-	2,025,260
-	207,791,054	-	-	208,342,059
(2,221,199)	145,377,881	-	-	411,238,489
2,002,475	588,537	-	-	2,992,992
-	-	-	-	10,003,670
-	-	-	-	123,986
-	13,448,147	89,768	876,254	(2,368,002)
<u>\$ (218,724)</u>	<u>\$ 159,414,565</u>	<u>\$ 89,768</u>	<u>\$ 876,254</u>	<u>\$ 421,991,135</u>

**DISCRETELY PRESENTED COMPONENT UNITS
COMBINING STATEMENT OF ACTIVITIES**
For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues			Galveston Island Redevelopment Authority
		Charges for Services	Capital Grants and Contributions	Park Board of Trustees	
Component Unit:					
Park Board of Trustees	\$ 60,041,952	\$ 6,553,417	\$ 7,144,894	\$ (46,343,641)	
Galveston Island Redevelopment Authority	942,583	-	-		(942,583)
Campeche Shores - Public Improvement District No. 1	82,320	-	-		
Beachside Village - Public Improvement District	139,053	-	-		
Bayside at Waterman's - Public Improvement District	741,085	-	-		
Board of Trustees of Galveston Wharves*	37,587,114	52,911,432	4,483,075		
Galveston Housing Finance Corporation**	60,255	-	-	-	
Galveston Property Finance Authority**	-	-	-	-	
	<u>\$ 99,594,362</u>	<u>\$ 59,464,849</u>	<u>\$ 11,627,969</u>	<u>\$ (46,343,641)</u>	<u>\$ (942,583)</u>
General revenues					
Taxes:					
Property taxes				-	935,434
Hotel occupancy taxes				15,636,557	-
Special assessments				-	-
Lease revenue				89,780	-
Miscellaneous				3,416,492	-
Unrestricted investment earnings				61,292	481
Total general revenues				<u>19,204,121</u>	<u>935,915</u>
Change in net position				(27,139,520)	(6,668)
Net position (deficit) - beginning				<u>305,097,106</u>	<u>(16,113,403)</u>
Net position (deficit) - ending				<u>\$ 277,957,586</u>	<u>\$ (16,120,071)</u>

*For the Year Ended December 31, 2022

**For the year Ended December 31, 2022, unaudited financial statements

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*	Galveston Housing Finance Corporation**	Galveston Property Finance Authority**	Totals
						\$ (46,343,641)
						(942,583)
(82,320)						(82,320)
	(139,053)					(139,053)
		(741,085)				(741,085)
			19,807,393			19,807,393
				(60,255)		(60,255)
<u>\$ (82,320)</u>	<u>\$ (139,053)</u>	<u>\$ (741,085)</u>	<u>\$ 19,807,393</u>	<u>\$ (60,255)</u>	<u>\$ -</u>	<u>\$ (28,501,544)</u>
-	-	-	-	-	-	935,434
-	-	-	-	-	-	15,636,557
89,670	107,863	1,130,964	-	-	-	1,328,497
-	-	-	-	-	-	89,780
-	-	-	29,330	-	-	3,445,822
-	-	86,063	511,255	-	3,731	662,822
<u>89,670</u>	<u>107,863</u>	<u>1,217,027</u>	<u>540,585</u>	<u>-</u>	<u>3,731</u>	<u>22,098,912</u>
<u>7,350</u>	<u>(31,190)</u>	<u>475,942</u>	<u>20,347,978</u>	<u>(60,255)</u>	<u>3,731</u>	<u>(6,402,632)</u>
<u>4,410</u>	<u>11,187</u>	<u>(694,666)</u>	<u>139,066,587</u>	<u>150,023</u>	<u>872,523</u>	<u>428,393,767</u>
<u>\$ 11,760</u>	<u>\$ (20,003)</u>	<u>\$ (218,724)</u>	<u>\$ 159,414,565</u>	<u>\$ 89,768</u>	<u>\$ 876,254</u>	<u>\$ 421,991,135</u>

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Unaudited Statistical Section

.....

2023 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 194

Revenue Capacity

These schedules contain information to help the reader assess the City’s most significant local revenue sources: sales and property taxes.....204

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.....210

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.214

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.218

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			
	2014	2015	2016	2017
Governmental Activities				
Net investment in capital assets	\$ 110,071	\$ 113,903	\$ 131,335	\$ 147,847
Restricted	26,170	35,409	32,732	34,264
Unrestricted (Deficit)	30,237	(27,164)	(18,881)	(27,203)
Total governmental activities net position	<u>\$ 166,478</u>	<u>\$ 122,148</u>	<u>\$ 145,186</u>	<u>\$ 154,908</u>
Business-type Activities				
Net investment in capital assets	\$ 181,656	\$ 178,032	\$ 193,491	\$ 240,169
Restricted	21,326	18,097	15,706	2,937
Unrestricted (Deficit)	18,220	39,681	45,169	28,429
Total business-type activities net position	<u>\$ 221,202</u>	<u>\$ 235,810</u>	<u>\$ 254,366</u>	<u>\$ 271,535</u>
Primary government				
Net investment in capital assets	\$ 291,727	\$ 291,935	\$ 324,826	\$ 388,016
Restricted	47,496	53,506	48,438	37,201
Unrestricted (Deficit)	48,457	12,517	26,288	1,226
Total primary government net position	<u>\$ 387,680</u>	<u>\$ 357,958</u>	<u>\$ 399,552</u>	<u>\$ 426,443</u>

* As restated.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 170,911	\$ 191,799	\$ 198,501	\$ 191,088	\$ 180,332	\$ 178,462
33,271	31,559	32,664	35,470	54,568	87,202
(46,587)	(51,039)	(52,594)	(42,709)	(36,845)	(39,395)
<u>\$ 157,595</u>	<u>\$ 172,319</u>	<u>\$ 178,571</u>	<u>\$ 183,849</u>	<u>\$ 198,055</u>	<u>\$ 226,269</u>
\$ 255,587	\$ 277,164	\$ 282,578	\$ 277,342	\$ 282,996	\$ 290,704
3,196	2,674	2,749	-	-	-
23,274	21,056	17,775	24,475	30,063	27,632
<u>\$ 282,057</u>	<u>\$ 300,894</u>	<u>\$ 303,102</u>	<u>\$ 301,817</u>	<u>\$ 313,059</u>	<u>\$ 318,336</u>
\$ 426,498	\$ 468,963	\$ 481,079	\$ 468,430	\$ 463,328	\$ 469,166
36,467	34,233	35,413	35,470	54,568	87,202
(23,313)	(29,983)	(34,819)	(18,234)	(6,782)	(11,763)
<u>\$ 439,652</u>	<u>\$ 473,213</u>	<u>\$ 481,673</u>	<u>\$ 485,666</u>	<u>\$ 511,114</u>	<u>\$ 544,605</u>

CHANGES IN NET POSITION

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental Activities:				
General government	\$ 7,864	\$ 8,284	\$ 9,882	\$ 13,984
Public Safety	29,542	32,840	31,839	34,793
Public works	6,504	6,570	6,383	7,729
Culture and recreation	11,300	12,240	18,416	18,754
Planning and community development	5,246	8,799	4,733	10,067
Transportation system	6,804	8,424	6,013	5,705
Interest on long-term debt	2,160	1,896	2,660	1,620
Total governmental activities expenses	69,420	79,053	79,926	92,652
Business-Type Activities:				
Combined utility system	26,907	22,494	21,011	32,273
Sanitation	4,781	2,537	2,949	5,739
Drainage	2,356	12,444	14,141	2,979
Airport	1,579	1,709	1,774	1,887
Total business-type activities expenses	35,623	39,184	39,875	42,878
Total primary government expenses	105,043	118,237	119,801	135,530
Program Revenues				
Governmental Activities:				
Charges for services:				
General government	1,873	1,977	1,725	1,761
Public safety	2,246	2,113	2,378	2,658
Culture and recreation	-	-	42	198
Planning and community development	1,845	2,002	1,714	1,455
Transportation system	1,875	1,365	1,681	1,568
Operating grants and contributions:				
General government	-	52	14	-
Public safety	254	279	2,613	930
Culture and recreation	180	103	1,885	109
Planning and community development	9,067	1,958	4,881	15,228
Transportation system	3,559	3,472	3,506	2,792
Capital grants and contributions:				
General government	-	2,396	-	-
Public safety	-	619	-	-
Public works	13	2,323	32	-
Culture and recreation	-	36	-	400
Planning and community development	24,112	23,824	21,705	10,942
Transportation system	799	5,424	3,897	3,600
Total governmental activities program revenues	45,823	47,943	46,073	41,641
Business-Type Activities				
Charges for services:				
Combined utility system	30,525	21,506	26,796	37,201
Sanitation	5,617	2,277	2,464	5,494
Drainage	2,584	11,540	14,524	2,853
Airport	1,230	1,594	1,151	935
Operating grants and contributions:				
Airport	-	69	43	251
Capital grants and contributions:				
Combined utility system	-	-	-	2,808
Drainage	-	46	-	-
Airport	999	896	1,972	501
Total business-type activities program revenues	40,955	37,928	46,950	50,043
Total primary government program revenues	86,778	85,871	93,023	91,684
Net (Expense) Revenue				
Governmental activities	(23,597)	(31,110)	(33,853)	(51,011)
Business-type activities	5,332	(1,256)	7,075	7,165
Total primary government net (expense) revenue	\$ (18,265)	\$ (32,366)	\$ (26,778)	\$ (43,846)

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 10,381	\$ 8,870	\$ 9,535	\$ 12,516	\$ 14,354	\$ 19,789	
36,194	38,415	40,476	40,159	39,292	49,146	
9,669	10,653	10,481	12,042	6,122	4,420	
17,633	19,637	17,350	23,608	27,530	42,053	
21,999	7,512	5,546	5,796	3,985	6,571	
5,125	4,693	4,224	4,203	3,489	4,745	
2,488	2,232	910	2,530	2,496	2,489	
<u>103,489</u>	<u>92,012</u>	<u>88,522</u>	<u>100,854</u>	<u>97,268</u>	<u>129,213</u>	
35,646	36,776	38,072	39,697	37,962	49,047	
6,566	5,342	6,830	7,049	7,377	8,466	
2,726	3,064	3,364	3,134	3,757	4,163	
1,796	1,768	1,958	2,174	2,254	2,341	
<u>46,734</u>	<u>46,950</u>	<u>50,224</u>	<u>52,054</u>	<u>51,350</u>	<u>64,017</u>	
<u>150,223</u>	<u>138,962</u>	<u>138,746</u>	<u>152,908</u>	<u>148,618</u>	<u>193,230</u>	
225	127	564	42	635	3,029	
1,870	2,017	1,759	1,899	1,818	2,225	
1,436	1,604	1,575	2,791	3,073	3,108	
1,375	1,423	1,487	2,087	2,694	1,959	
1,166	446	229	155	356	365	
-	-	-	-	-	-	
333	601	941	204	121	461	
196	100	125	100	100	342	
1,722	740	1,516	1,958	1,691	1,263	
2,293	2,061	2,668	2,652	2,274	1,853	
-	465	-	376	2,356	5,462	
-	-	500	-	147	-	
-	-	-	-	-	-	
380	115	-	-	-	-	
25,979	32,828	11,505	6,712	2,517	2,736	
1,217	71	127	775	2	-	
<u>38,192</u>	<u>42,598</u>	<u>22,996</u>	<u>19,751</u>	<u>17,784</u>	<u>22,803</u>	
38,279	36,999	38,168	37,184	41,946	43,386	
6,288	6,216	6,338	6,380	8,443	8,311	
2,825	2,789	2,865	2,823	2,935	2,973	
957	1,056	1,118	177	310	302	
322	50	50	50	50	50	
63	25	-	-	-	-	
-	-	-	-	-	-	
499	3,702	606	-	59	-	
<u>49,233</u>	<u>50,837</u>	<u>49,145</u>	<u>46,614</u>	<u>53,743</u>	<u>55,022</u>	
<u>87,425</u>	<u>93,435</u>	<u>72,141</u>	<u>66,365</u>	<u>71,527</u>	<u>77,825</u>	
(65,297)	(49,414)	(65,526)	(81,103)	(79,484)	(106,410)	
2,499	3,887	(1,079)	(5,440)	2,393	(8,995)	
<u>\$ (62,798)</u>	<u>\$ (45,527)</u>	<u>\$ (66,605)</u>	<u>\$ (86,543)</u>	<u>\$ (77,091)</u>	<u>\$ (115,405)</u>	

CHANGES IN NET POSITION

Last Ten Fiscal Years

Amounts in (000's)

(Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental Activities:				
Taxes:				
Property taxes	\$ 22,920	\$ 23,272	\$ 25,963	\$ 28,509
Sales tax	19,236	19,786	20,117	20,264
Mixed beverage tax	742	802	839	879
Hotel occupancy taxes	6,092	7,068	11,782	11,731
Franchise taxes	5,267	5,245	5,386	5,563
Payments in lieu of taxes	165	207	268	289
Unrestricted investment earnings	120	299	492	444
Miscellaneous	927	523	3,038	1,699
Insurance proceeds	-	7,111	-	-
Transfers	(23,601)	(18,951)	(29,007)	(9,260)
Total governmental activities general revenues and other changes in net position	<u>31,868</u>	<u>45,362</u>	<u>38,878</u>	<u>60,118</u>
Business-Type Activities:				
Net gain on sale of asset	-	-	-	273
Unrestricted investment earnings	54	179	154	281
Lease revenue	-	-	-	-
Miscellaneous	165	30	1	189
Transfers	23,601	18,951	29,007	9,260
Total business-type activities general revenues and other changes in net position	<u>23,820</u>	<u>19,160</u>	<u>29,162</u>	<u>10,003</u>
Total primary government general revenues and other changes in net position	<u>55,688</u>	<u>64,522</u>	<u>68,040</u>	<u>70,121</u>
Changes in Net Position:				
Governmental activities	8,270	14,252	5,025	9,107
Business-type activities	29,153	17,904	36,237	17,168
Total primary government changes in net position	<u>\$ 37,423</u>	<u>\$ 32,156</u>	<u>\$ 41,262</u>	<u>\$ 26,275</u>

							Fiscal Year					
2018		2019		2020		2021		2022		2023		
\$	31,846	\$	32,692	\$	35,474	\$	38,637	\$	40,824	\$	42,904	
	20,492		21,656		21,046		24,998		30,078		31,226	
	933		977		762		1,005		1,146		1,269	
	13,279		12,824		10,602		15,630		21,137		54,706	
	6,605		6,420		5,874		5,012		5,186		5,106	
	167		248		315		488		334		327	
	1,462		1,714		1,050		83		765		6,686	
	1,971		705		791		2,810		1,417		831	
	-		-		-		-		-		-	
	(9,368)		(13,099)		(2,478)		(2,282)		(6,635)		(8,430)	
	<u>67,387</u>		<u>64,137</u>		<u>73,436</u>		<u>86,381</u>		<u>94,252</u>		<u>134,625</u>	
	-		108		33		35		481		155	
	998		1,743		789		574		717		4,526	
	-		-		-		942		933		934	
	-		-		-		321		430		226	
	<u>9,368</u>		<u>13,099</u>		<u>2,478</u>		<u>2,282</u>		<u>6,635</u>		<u>8,430</u>	
	<u>10,366</u>		<u>14,950</u>		<u>3,300</u>		<u>4,154</u>		<u>9,196</u>		<u>14,271</u>	
	<u>77,753</u>		<u>79,087</u>		<u>76,736</u>		<u>90,535</u>		<u>103,448</u>		<u>148,896</u>	
	2,091		14,723		7,909		5,278		14,768		28,215	
	12,758		18,837		2,221		(1,286)		11,589		5,276	
\$	<u>14,849</u>	\$	<u>33,560</u>	\$	<u>10,130</u>	\$	<u>3,992</u>	\$	<u>26,357</u>	\$	<u>33,491</u>	

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years

(Modified Accrual Basis of Accounting)

(Unaudited)

	Fiscal Year			
	2014	2015	2016	2017
General fund				
Nonspendable:				
Prepaid items	\$ 85,379	\$ 92,764	\$ 88,427	\$ 79,354
Restricted:				
Debt service	2,519,528	-	-	-
Assigned:				
Emergency reserves	3,575,226	3,575,226	3,575,226	11,968,618
Unassigned	13,706,159	14,989,479	16,995,557	5,738,923
Total General fund	<u>\$ 19,886,292</u>	<u>\$ 18,657,469</u>	<u>\$ 20,659,210</u>	<u>\$ 17,786,895</u>
All other governmental funds				
Nonspendable:				
Inventories	\$ 259,579	\$ 264,300	\$ 294,596	\$ 129,879
Prepaid items	-	249,875	-	-
Restricted:				
Debt service	6,634,959	5,139,884	4,254,333	4,408,675
Advertising & tourism	-	-	-	-
Arts & historical preservation	-	-	-	-
Beach preservation	3,228,192	864,030	1,056,745	1,212,904
Beach safety	-	-	-	-
Infrastructure and debt service	-	-	-	4,393,781
Capital projects	20,634,660	26,858,694	21,549,478	46,396,468
Grants	10,143,558	10,128,787	1,833,048	951,233
Convention Center Operator	3,821,514	4,066,682	520,419	1,837,916
City of Galveston	2,815,873	3,375,562	4,154,602	1,055,608
Committed:				
Governmental projects	1,633,932	7,517,189	12,933,623	5,404,901
Assigned:				
Other	-	-	-	6,346,778
Unassigned	(109,360)	(241,400)	(430,719)	(14,770)
Total all other governmental funds	<u>\$ 49,062,907</u>	<u>\$ 58,223,603</u>	<u>\$ 46,166,125</u>	<u>\$ 72,123,373</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						
2018	2019	2020	2021	2022	2023	
\$ 91,435	\$ 68,961	\$ 51,356	\$ 51,607	\$ 59,583	\$ 56,423	
-	-	-	-	-	-	
13,550,627	13,384,909	13,891,624	15,097,988	-	-	
6,179,328	3,055,805	2,809,581	6,795,964	24,103,240	25,200,875	
<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>	<u>\$ 25,257,298</u>	
\$ 310,764	\$ 331,719	\$ 309,440	\$ 210,080	\$ 232,109	\$ 219,735	
23,122	10,045	6,345	6,838	5,675	6,219	
4,367,984	4,465,821	4,484,665	4,442,502	4,401,607	4,541,215	
-	-	-	-	-	8,737,810	
-	-	-	-	-	5,276,930	
1,358,515	1,516,878	1,573,309	2,474,001	3,317,342	9,181,166	
-	-	-	-	-	3,345,320	
3,504,762	4,168,643	3,576,889	4,539,267	5,288,829	6,126,242	
41,924,866	35,359,833	63,782,473	52,464,216	48,435,668	45,938,566	
411,349	540,074	935,961	1,075,725	1,018,286	1,773,430	
3,130,596	3,179,700	3,400,736	5,568,561	745,914	699,999	
1,473,585	1,626,422	1,799,287	1,957,591	10,499,123	11,650,581	
4,160,382	1,551,041	1,723,887	1,371,708	1,561,889	1,894,106	
5,350,132	5,362,283	6,089,666	6,889,785	5,837,555	7,100,711	
(16,706)	-	(1,682)	(1,925)	-	-	
<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>	<u>\$ 106,492,030</u>	

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes:				
Property taxes	\$ 23,063,200	\$ 23,215,372	\$ 26,076,657	\$ 28,357,560
Sales and use taxes	19,643,711	19,785,397	19,278,432	19,383,937
Hotel occupancy taxes	6,092,375	7,068,458	11,782,092	11,731,027
Mixed Beverage tax	741,671	802,384	838,733	879,328
Franchise taxes	5,267,085	5,244,681	6,224,831	6,542,201
Licenses and permits	1,226,220	1,437,379	1,330,049	1,142,579
Fines and forfeitures	1,991,045	1,775,217	1,877,085	1,667,151
Charges for services	3,818,853	4,211,953	4,040,969	4,112,023
Investment earnings	101,853	257,725	426,697	397,473
Intergovernmental	40,750,422	42,403,382	37,174,025	37,662,122
Other	1,163,677	8,390,920	7,927,895	2,287,674
Payments in lieu of taxes	-	-	-	188,561
Total Revenues	<u>103,860,112</u>	<u>114,592,868</u>	<u>116,977,465</u>	<u>114,351,636</u>
Expenditures				
General government	6,881,718	8,030,642	7,870,018	9,383,448
Public safety	27,522,088	26,895,220	28,662,210	30,744,605
Highways and roads	3,707,638	3,559,100	3,623,002	3,933,319
Culture and recreation	9,101,210	10,002,638	16,080,344	15,326,905
Planning and community development	5,086,927	4,367,107	4,026,954	8,838,704
Transportation	5,562,920	5,656,739	5,853,333	5,543,757
Capital outlay	34,977,699	21,545,616	41,872,758	38,569,718
Debt Service:				
Principal	6,030,509	4,681,927	6,520,000	5,126,769
Interest and other charges	2,561,735	2,500,163	3,893,170	1,911,402
Total Expenditures	<u>101,432,444</u>	<u>87,239,152</u>	<u>118,401,789</u>	<u>119,378,627</u>
Excess of revenues over (under) expenditures	2,427,668	27,353,716	(1,424,324)	(5,026,991)
Other Financing Sources (Uses)				
Premiums on bonds	-	832,890	2,455,092	2,708,151
Proceeds from bond sales	-	5,900,000	17,365,000	22,600,000
Payments to refunding bond escrow agent	-	(6,583,192)	(19,522,803)	-
Issuance of debt	1,071,675	-	-	-
Sale of capital assets	49,650	99,109	29,260	87,474
Transfers in	9,599,009	6,666,229	5,654,928	37,901,933
Transfers (out)	(8,002,281)	(26,336,878)	(5,034,951)	(36,849,302)
Total Other Financing Sources (Uses)	<u>2,718,053</u>	<u>(19,421,842)</u>	<u>946,526</u>	<u>26,448,256</u>
Net change in fund balances	<u>\$ 5,145,721</u>	<u>\$ 7,931,874</u>	<u>\$ (477,798)</u>	<u>\$ 21,421,265</u>
Debt service as a percentage of noncapital expenditures	12.9%	10.2%	11.2%	8.0%

Fiscal Year						
2018	2019	2020	2021	2022	2023	
\$ 31,856,689	\$ 32,409,278	\$ 35,353,309	\$ 38,708,204	\$ 40,592,399	\$ 42,906,690	
20,491,545	21,655,825	21,046,049	24,997,605	30,078,269	31,226,280	
13,279,410	12,823,716	10,601,834	15,629,966	21,136,657	54,705,747	
933,147	976,845	761,777	1,004,855	1,146,597	1,269,054	
6,604,636	6,420,262	5,873,889	5,012,286	5,185,672	5,106,401	
1,196,241	1,264,319	1,320,998	1,847,839	2,450,956	1,697,672	
1,620,853	1,771,369	1,463,600	1,735,104	1,578,907	1,624,024	
2,831,731	2,252,123	1,822,642	2,717,575	3,382,754	4,507,727	
1,311,524	1,607,645	1,017,673	81,506	731,421	6,311,369	
34,950,034	39,882,936	19,864,892	12,712,334	9,493,068	12,719,547	
2,464,658	1,146,282	2,086,373	3,026,177	1,807,304	3,731,085	
166,921	248,545	315,490	488,121	334,419	326,688	
<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>	<u>166,132,284</u>	
8,979,498	8,394,061	8,995,896	11,514,807	10,549,113	10,387,517	
31,746,253	33,077,768	35,989,943	37,842,467	39,743,646	44,555,750	
4,959,120	8,794,060	6,788,555	4,580,912	5,233,577	7,805,360	
17,080,557	17,047,521	15,536,705	19,714,437	24,826,339	39,884,844	
6,027,028	8,677,373	1,748,399	3,590,289	3,332,188	5,543,471	
4,453,424	3,923,930	3,471,524	3,505,326	3,665,228	3,956,137	
41,922,932	48,132,202	27,585,279	23,729,443	25,648,445	22,087,597	
6,578,170	4,819,042	5,549,306	3,755,100	4,033,200	5,075,400	
2,153,652	3,838,683	4,906,116	3,287,106	3,122,479	3,119,935	
<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>	<u>142,416,011</u>	
(6,193,245)	(14,245,495)	(9,043,197)	(3,558,315)	(2,235,792)	23,716,273	
-	-	6,194,024	-	-	-	
-	-	31,205,000	-	-	-	
-	-	-	-	-	-	
-	-	-	-	5,500,000	-	
195,262	229,303	315,298	250,533	117,135	199,066	
8,917,866	16,785,746	48,183,989	12,308,379	13,426,466	19,504,427	
<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>(17,177,258)</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>2,526,235</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>	<u>\$ 26,242,508</u>	
10.7%	8.1%	11.4%	7.1%	7.0%	6.3%	

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	
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
2023	2022	9,673,114,667	1,453,826,728	523,481,304	1,669,932,285

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
\$ 4,535,065,145	\$ 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
9,980,490,414	0.44450	11,650,422,699	85.67%	43,499,294

**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		
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	
2023	0.34200	0.05000	0.05250	0.44450	1.03500	0.13200	0.02854	0.36758	2.00762	

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

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago
(Unaudited)

Taxpayer	Fiscal Year 2023 Tax Year 2022			Fiscal Year 2014 Tax Year 2013		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Fertitta Hospitality Inc	\$ 87,776,550	1	0.88%	30,703,700	3	0.68%
CenterPoint Energy Inc	63,611,320	2	0.64%	\$ 45,629,900	1	1.01%
Texas International Terminals	60,407,350	3	0.61%			
Seawall Hospitality LLC	55,516,399	4	0.56%			
2014 Galveston Jones Drive LLC	37,881,500	5	0.38%			
HAF Hospitality Tremont Realty LLC	37,696,780	6	0.38%			
Chicory Court I LP	34,100,900	7	0.34%			
American National Ins Co	31,848,200	8	0.32%			
TFT Galveston Portfolio LTD	29,865,690	9	0.30%			
33rd Street Properties LLC	25,000,000	10	0.25%			
Willie G's Post Oak Inc				31,500,000	2	0.69%
Galveston Island Water Park	-			16,647,580	4	0.37%
Galveston Terminals Inc	-			16,418,980	5	0.36%
Silverleaf Resorts Inc	-			15,135,850	6	0.33%
AET Offshore Services Inc	-			14,402,685	7	0.32%
Eighteen Seventy Strand Corporation	-			13,556,570	8	0.30%
Walmart Realty Co #504	-			13,015,320	9	0.29%
Island Hospitality Inc	-			12,082,150	10	0.27%
	463,704,689		4.66%	209,092,735		4.35%
Other taxpayers	9,516,785,725		95.34%	4,325,972,410		95.65%
Total Assessed Valuation	\$ 9,980,490,414		100.00%	\$ 4,535,065,145		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
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	41,669,292	100.1%
2023	2022	0.44450	43,499,294	42,872,716	98.6%	1,150,172	44,022,888	101.2%

(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**
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
2023	48,298	17,015	163	138	4,770	7,667

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**				
\$ 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	-	67,765	5,020	176,336	8.8%	2.1%	3,313
-	17,857	-	126,020	7,462	229,390	10.8%	2.3%	4,272

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**
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
2023	2022	48,298	1,667	46,631	0.40%	868

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, 2023

(Unaudited)

Taxing Jurisdiction	Gross Debt	Overlapping	
		Estimated Percentage *	Amount
Galveston County	\$ 203,115,000	26.02%	\$ 52,850,523
Galveston Independent School District	338,075,000	81.70%	276,207,275
Galveston County Municipal Utility District #30	2,980,000	100.00%	2,980,000
Total Overlapping Debt			<u>332,037,798</u>
City Direct Debt			78,051,171
Total Direct and Overlapping Debt			<u>\$ 410,088,969</u>
Ratio of Direct and Overlapping Funded Debt to 2023 Taxable Assessed Valuation			<u>4.11%</u>
Per Capita Debt - Direct and Overlapping			<u>\$ 7,637</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)
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
2023	53,695	2,124,872	39,573	40.3	12.0	6,650	3.9%	335,155

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	2023			2014		
	Employees	Rank	Percentage of Total City Employment	Employees	Rank	Percentage of Total City Employment
University of Texas Medical Branch	9,627	1	33.86%	7,500	1	39.72%
Landry's Restaurants	1,980	2	6.97%	1,300	3	6.88%
Galveston Independent School District	1,218	3	4.29%	1,366	2	7.23%
Schlitterbahn ⁻²	1,035	4	3.64%			
Galveston County (on Island only)	991	5	3.49%	864	5	4.59%
American National Insurance Company	934	6	3.29%	866	4	4.58%
Moody Gardens ⁻¹	883	7	3.11%	810	6	4.29%
City of Galveston	812	8	2.86%	722	7	3.82%
Texas A&M University at Galveston	731	9	2.57%	423	9	2.24%
USACOE	415	10	1.46%			
Mitchell Historic Properties				460	8	2.44%
Galveston College				300	10	1.59%
All others	9,795		34.46%	4,272		22.62%
	<u>28,421</u>		<u>100.00%</u>	<u>18,883</u>		<u>100.00%</u>

Source: GEDP, VisionGalveston, City of Galveston research efforts

1 This includes peak employment totals.

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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
General government:										
City Secretary	3	3	4	4	4	4	4	4	4	3
Municipal Court	9	9	9	8	8	8	8	10	10	8
City Manager	4	4	6	6	5	3	4	3	3	3
City Auditor	2	2	2	2	2	2	2	2	3	3
Finance	15	16	19	19	18	17	13	13	19	17
Legal	6	6	6	7	7	7	5	6	6	5
Human Resources	3	3	4	5	5	5	5	5	5	5
Public Safety:										
Police	188	185	185	190	203	209	200	209	212	194
Fire	115	115	118	120	119	119	118	119	119	116
Emergency Management	2	2	2	2	2	1	1	1	2	2
City Marshal	-	-	1	1	1	1	17	8	8	8
Public Works:										
Streets and Traffic	42	42	46	43	58	61	49	56	57	47
Parks	34	34	36	39	40	42	38	41	46	40
Planning and Community Development	23	23	25	25	24	25	42	36	14	14
Waterworks	37	41	40	45	43	44	39	48	49	50
Sewer System	81	84	87	90	87	88	54	85	88	85
Drainage Utility	35	35	34	33	37	36	28	35	35	29
Sanitation	48	48	58	59	59	59	56	59	60	58
Municipal Airport	8	8	8	8	8	8	7	7	8	7
Central Service	14	15	16	18	24	25	34	27	26	27
Central Garage	22	22	24	22	22	22	21	24	24	22
Municipal Insurance	2	2	2	2	2	2	2	2	1	1
Construction Management	5	5	6	13	17	17	17	14	14	14
Parking Management	-	-	-	-	-	-	-	-	5	5
Lasker Park Pool	-	-	-	-	-	-	-	-	4	5
Alarm Permit	-	-	-	-	-	-	-	-	1	1
Recurring Grant positions	-	-	-	-	-	-	-	-	-	10
Island Transit	52	52	58	58	58	53	38	45	48	27
Total	<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>	<u>805</u>

OPERATING INDICATORS BY FUNCTION

*Last Ten Fiscal Years
(Unaudited)*

Function	Fiscal Year			
	2014	2015	2016	2017
Police:				
Physical arrests	6,039	6,356	6,178	5,176
Parking violations	25,556	12,320	15,406	18,834
Traffic violations	22,148	20,243	20,915	16,054
Fire:				
Calls	7,020	7,172	7,700	7,360
Inspections	1,678	1,693	2,750	1,964
Water:				
Service connections	23,294	19,938	21,623	21,945
Average daily consumption (gallons)	14,557,447	14,509,978	14,170,071	14,092,921
Sewer:				
Average daily flow (gallons)	7,136,000	8,826,700	9,302,558	7,420,000
Maximum daily capacity of plants (gallons)	17,713,000	14,550,000	14,550,000	14,874,000

Source: Various City Departments.

Fiscal Year					
2018	2019	2020	2021	2022	2023
4,794	4,450	4,100	5,824	4,994	4,832
19,546	22,947	1,119	418	537	306
16,369	18,059	6,892	9,012	6,590	6,791
7,031	6,843	6,891	8,680	7,292	8,374
1,765	1,450	1,926	1,475	2,073	2,056
22,338	22,794	26,811	25,503	23,087	23,867
11,904,677	10,616,792	10,892,000	10,507,074	11,149,673	11,500,185
7,640,699	7,792,000	7,792,000	7,739,205	6,809,878	5,103,698
14,874,000	14,874,000	14,874,000	14,580,000	14,550,000	14,550,000

CAPITAL ASSETS STATISTICS BY FUNCTION

*Last Ten Fiscal Years
(Unaudited)*

Function	Fiscal Year			
	2014	2015	2016	2017
Police:				
Stations	1	1	1	1
Patrol Units	74	78	65	68
Police officers	143	140	136	132
Fire:				
Stations	6	6	6	6
Fire fighters	109	109	112	112
Highways and streets:				
Streets (miles)	321	321	324	324
Street lights	4,411	4,417	4,405	4,405
Culture and recreation:				
Parks acreage	168	168	168	168
Parks	14	14	13	13
Tennis courts	16	16	16	16
Community centers	2	2	2	2
Cemeteries	7	7	6	6
Athletic fields	12	12	11	11
Swimming pools	-	-	-	1
Water:				
Water mains (miles)	389	389	391	391
Fire hydrants	2,552	2,555	2,555	2,555
Maximum daily capacity (thousands of gallons)	39,700,000	36,500,000	21,500,000	21,500,000
Sewer:				
Treatment plants	4	4	4	4
Sanitary sewers (miles)	243	243	244	244
Storm sewers (miles)	75	75	75	75
Maximum daily treatment capacity (thousands of gallons)	14,250,000	14,750,000	14,874,000	14,874,000

Source: Various City Departments.

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

Fiscal Year						
2018	2019	2020	2021	2022	2023	
1	1	1	1	1	1	1
62	52	109	103	47	50	
148	146	151	150	151	146	
6	6	6	6	6	6	6
112	115	111	111	111	111	111
324	324	378	378	378	378	378
4,541	4,583	4,583	5,290	5,290	5,290	5,290
751	751	751	751	751	751	751
17	17	17	17	17	17	17
16	16	16	16	16	16	16
2	2	2	2	2	2	2
6	6	6	6	6	6	6
24	24	24	24	24	24	24
1	1	1	1	1	1	1
395	400	491	491	511	500	
2,585	2,696	2,600	2,606	2,650	2,612	
21,500,000	37,100,000	37,100,000	35,800,000	37,100,000	36,000,000	
4	4	4	4	4	4	4
246	246	268	254	256	271	
57	62	63	63	65	70	
14,874,000	14,874,000	14,874,000	14,580,000	14,550,000	14,550,000	