

VILLAGE OF SURFSIDE BEACH
SURFSIDE BEACH, TEXAS

ANNUAL FINANCIAL REPORT

FOR THE YEAR ENDED
SEPTEMBER 30, 2022



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LAKE JACKSON, TEXAS 77566

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VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

Annual Financial Report
For the Year Ended September 30, 2022

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FINANCIAL SECTION

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Independent Auditor's Report

To the Honorable Major and
Members of Village Council
Village of Surfside Beach
Surfside Beach, 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, each major fund, and the aggregate remaining fund information of the Village of Surfside Beach, Texas (the "Village"), as of and for the year ended September 30, 2022, and the related notes to the financial statements, which collectively comprise the Village's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the Village, as of September 30, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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 Village of Surfside, Texas 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.

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Responsibilities of Management for the Financial Statements - Continued

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 Village'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 generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Village'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 Village's ability to continue as a going concern for a reasonable period of time.

Auditor's Responsibilities for the Audit of the Financial Statements - Continued

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 the management's discussion and analysis on pages 11 through 19, budgetary comparison information on pages 71 through 73, and required pension and OPEB related schedules on pages 74 through 79 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.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the Village's basic financial statements. The accompanying combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 nonmajor fund financial statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

To The Honorable Mayor and
Members of Council
Village of Surfside Beach
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Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2023 on our consideration of the Village's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely 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 the effectiveness of the Village's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the Village's internal control over financial reporting and compliance.

KM&L, LLC

Lake Jackson, Texas
February 8, 2023

VILLAGE OF SURFSIDE BEACH, TEXAS

Management's Discussion and Analysis For the Year Ended September 30, 2022

As management of the Village of Surfside Beach (the "Village"), we offer readers of the Village's financial statements this narrative overview and analysis of the financial activities of the Village for the fiscal year ended September 30, 2022. We encourage readers to consider the information presented here in conjunction with the Village's financial statements, which follow this section.

Financial Highlights

- The assets and deferred outflows of resources of the Village exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$ 16,080,659 (net position). Of this amount, \$ 1,902,004 is unrestricted net position and may be used to meet the Village's ongoing obligations.
- The Village's total net position increased in the amount of \$ 772,091.
- As of the close of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$ 5,898,104. 21.94% of this total amount, \$ 1,293,885 (unassigned fund balance) is available for use within the Village's fund designation.
- At the end of the current fiscal year, unassigned fund balance for the general fund was \$ 1,293,885 or 57.28% of the total general fund expenditures

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the Village's basic financial statements. The Village's basic financial statements are comprised 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 themselves.

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

The *statement of net position* presents information on all of the Village's assets, deferred outflows of resources, liabilities and deferred inflows of resources, with the difference being 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 Village is improving or deteriorating.

The *statement of activities* presents information showing how the Village's net position changed during the fiscal year. All changes in net position are reported when 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 the future fiscal periods (e.g., uncollected taxes and earned but unused compensated absences).

VILLAGE OF SURFSIDE BEACH, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2022*

Both of the government-wide financial statements distinguish functions of the Village that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from 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 Village include general government and administration, public safety, public works, public sanitation, and parks and recreation. The *business-type activities* of the Village include water and sewer operations.

The government-wide financial statements can be found on pages 22 through 25 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 Village, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Village can be 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 current sources and uses 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 funds balance sheet and the governmental fund statements of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The Village maintains five 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, Beach Fund (special revenue fund), and Hotel/Motel Tax Fund (special revenue fund); all of which are considered to be major funds. Data from the other two funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements elsewhere in this report. The governmental funds financial statements can be found on pages 26 through 29 of this report.

VILLAGE OF SURFSIDE BEACH, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2022*

- **Proprietary Funds.** The Village maintains one category of *proprietary fund* - Enterprise Fund. Proprietary fund is used to report the same functions presented as business-type activities in government-wide financial statements. The Village uses proprietary fund to account for its water and sewer operations. Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The basic proprietary fund financial statements can be found on pages 30 through 35 of this report.

Notes to the Financial Statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 38 through 67 of this report.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information. Required supplementary information can be found on pages 70 through 78 of this report.

The combining and individual fund statements and schedules referred to earlier in connection with non-major governmental funds are presented following the required supplementary information. Combining and individual statements and schedules can be found on pages 80 through 81 of this report.

Government-wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of government's financial position. In the case of the Village, assets and deferred outflows of resources exceeded liabilities and deferred inflows of resources by \$ 16,080,659 as of September 30, 2022.

As of September 30, 2022, the Village is able to report positive balances in all three categories of net position, both for the government as a whole, as well as for its separate categories governmental and business-type activities except for unrestricted net position for business-type activities.

The largest portion of the Village's net position, \$ 9,580,502 (59.59%) reflects its investments in capital assets less any debt used to acquire those assets that is still outstanding. The Village uses capital assets to provide service to citizens; consequently these assets are not available for future spending.

An additional portion of the Village's net position of \$ 4,598,153 (28.58%) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position of \$ 1,902,004 (11.83%) may be used to meet the government's ongoing obligations to citizens and creditors.

VILLAGE OF SURFSIDE BEACH, TEXAS

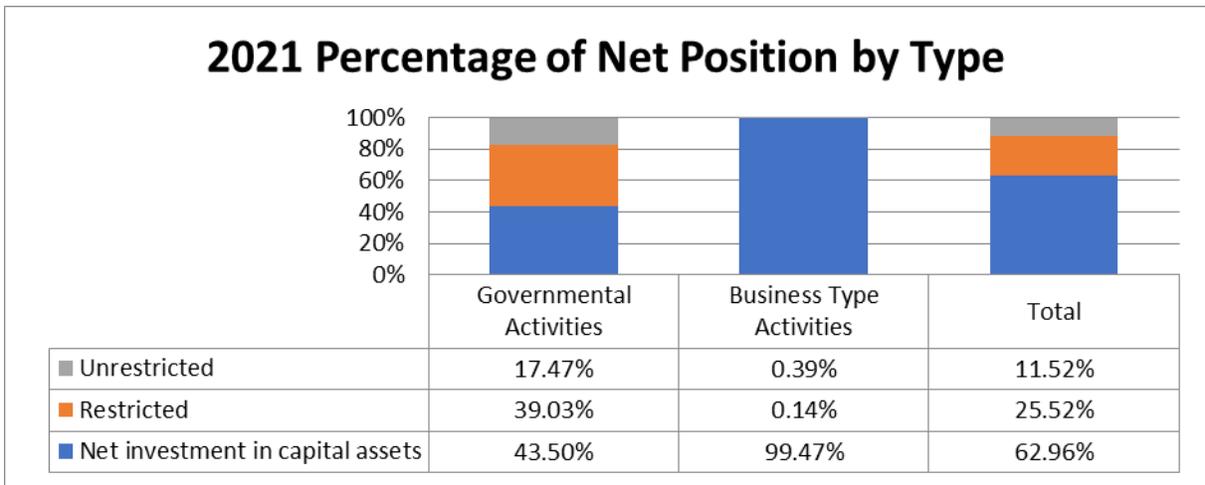
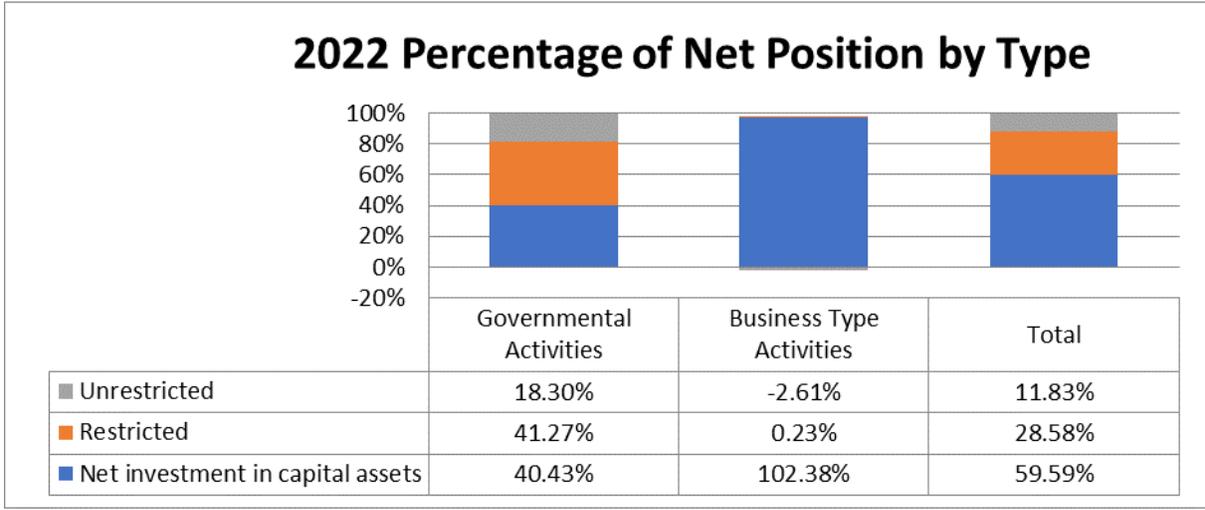
Management's Discussion and Analysis
For the Year Ended September 30, 2022

The following table provides a summary of the Village's net position as of September 30, 2022 and 2021:

	VILLAGE'S NET POSITION					
	Governmental Activities		Business-type Activities		Totals	
	September 30, (Restated)		September 30 (Restated)		September 30, (Restated)	
	2022	2021	2022	2021	2022	2021
Assets						
Current and other assets	\$ 6,948,023	\$ 5,870,592	\$ 1,185,711	\$ 2,197,745	\$ 8,133,734	\$ 8,068,337
Capital assets	<u>5,099,906</u>	<u>5,045,114</u>	<u>6,550,051</u>	<u>5,862,677</u>	<u>11,649,957</u>	<u>10,907,791</u>
Total assets	<u>12,047,929</u>	<u>10,915,706</u>	<u>7,735,762</u>	<u>8,060,422</u>	<u>19,783,691</u>	<u>18,976,128</u>
Total deferred outflows of resources	<u>56,219</u>	<u>23,911</u>	<u>10,548</u>	<u>6,405</u>	<u>66,767</u>	<u>30,316</u>
Liabilities						
Other liabilities	211,219	165,520	218,997	104,048	430,216	269,568
Long-term liabilities	<u>675,839</u>	<u>759,484</u>	<u>2,534,850</u>	<u>2,634,774</u>	<u>3,210,689</u>	<u>3,394,258</u>
Total liabilities	<u>887,058</u>	<u>925,004</u>	<u>2,753,847</u>	<u>2,738,822</u>	<u>3,640,905</u>	<u>3,663,826</u>
Total deferred inflows of resources	<u>108,529</u>	<u>26,855</u>	<u>20,365</u>	<u>7,195</u>	<u>128,894</u>	<u>34,050</u>
Net Position						
Net investment in capital assets	4,489,906	4,345,114	5,090,596	5,292,621	9,580,502	9,637,735
Restricted	4,586,771	3,898,550	11,382	7,516	4,598,153	3,906,066
Unrestricted	<u>2,031,884</u>	<u>1,744,094</u>	<u>(129,880)</u>	<u>20,673</u>	<u>1,902,004</u>	<u>1,764,767</u>
Total net position	<u>\$ 11,108,561</u>	<u>\$ 9,987,758</u>	<u>\$ 4,972,098</u>	<u>\$ 5,320,810</u>	<u>\$ 16,080,659</u>	<u>\$ 15,308,568</u>

VILLAGE OF SURFSIDE BEACH, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2022*



VILLAGE OF SURFSIDE BEACH, TEXAS

*Management's Discussion and Analysis
For the Year Ended September 30, 2022*

Analysis of the Village's Operations

The following table provides a summary of the Village's activities for the years ended September 30, 2022 and 2021:

VILLAGE'S ACTIVITIES

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2022	(Restated) 2021	2022	2021	2022	(Restated) 2021
Revenues:						
Program Revenues:						
Charges for services	\$ 2,034,047	\$ 1,507,349	\$ 939,463	\$ 816,239	\$ 2,973,510	\$ 2,323,588
Operating grants and contributions	109,686	105,798	-	-	109,686	105,798
General Revenues:						
Property taxes	1,099,489	1,025,759	-	-	1,099,489	1,025,759
Sales taxes	185,899	170,824	-	-	185,899	170,824
Franchise taxes	79,585	102,172	-	-	79,585	102,172
Occupancy taxes	949,958	938,169	-	-	949,958	938,169
Other taxes	42,437	45,156	-	-	42,437	45,156
Investment earnings	20,011	9,043	3,224	359	23,235	9,402
Miscellaneous	<u>277,284</u>	<u>106,851</u>	<u>-</u>	<u>-</u>	<u>277,284</u>	<u>106,851</u>
Total revenues	<u>4,798,396</u>	<u>4,011,121</u>	<u>942,687</u>	<u>816,298</u>	<u>5,741,083</u>	<u>4,827,719</u>
Expenses:						
General government and administration	652,217	582,038	-	-	652,217	582,038
Municipal court	73,441	55,676	-	-	73,441	55,676
Police/EMS department	928,029	699,132	-	-	928,029	699,132
Fire department	60,188	59,085	-	-	60,188	59,085
Public works	102,613	111,574	-	-	102,613	111,574
Public facilities	1,190,437	973,416	-	-	1,190,437	973,416
Economic development	459,884	334,557	-	-	459,884	334,557
Employee benefit	188,386	148,607	-	-	188,386	148,607
Interest and fiscal charges	22,398	25,412	74,526	78,298	96,924	103,710
Water and sewer	<u>-</u>	<u>-</u>	<u>1,216,873</u>	<u>1,226,661</u>	<u>1,216,873</u>	<u>1,226,661</u>
Total expenses	<u>3,677,593</u>	<u>2,989,497</u>	<u>1,291,399</u>	<u>1,304,959</u>	<u>4,968,992</u>	<u>4,294,456</u>

(Continued)

VILLAGE OF SURFSIDE BEACH, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2022

	Governmental Activities		Business-type Activities		Totals	
	September 30, (Restated)		September 30,		September 30, (Restated)	
	2022	2021	2022	2021	2022	2021
Increase (decrease) in net position before transfers	\$ 1,120,803	\$ 1,021,624	\$(348,712)	\$(488,361)	\$ 772,091	\$ 533,263
Transfers	-	(396,448)	-	396,448	-	-
Changes in net position	1,120,803	625,176	(348,712)	(91,913)	772,091	533,263
Net position - beginning (restated)	<u>9,987,758</u>	<u>9,362,582</u>	<u>5,320,810</u>	<u>5,412,723</u>	<u>15,308,568</u>	<u>14,775,305</u>
Net position - ending	<u>\$ 11,108,561</u>	<u>\$ 9,987,758</u>	<u>\$ 4,972,098</u>	<u>\$ 5,320,810</u>	<u>\$ 16,080,659</u>	<u>\$ 15,308,568</u>

Governmental Activities: Governmental activities increased the Village's net position by \$ 1,120,803 (11.22%). Total revenues increased from the prior year by \$ 787,275 and total expenses increased from the prior year by \$ 688,096, respectively. Total revenues increased from the prior year, due to an increase in charges for services and miscellaneous. Total expenses increased at a rate of about 23.02%.

Business-type Activities: Business activities decreased the Village's net position by \$ 348,712 (6.55%). Total revenues increased from the prior year by \$ 126,089 and total expenses decreased from the prior year by \$ 13,560 respectively. Total revenues increased from the prior year, due to an increase in charge for services. Total expenses decreased at a rate of about 1.04%.

Financial Analysis of the Village's Funds

As noted earlier, the Village uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Village's governmental funds reported combined ending fund balances of \$ 5,898,104, 21.94% of this total amount \$ 1,293,885 constitutes unassigned fund balance. The remainder of the fund balance has been categorized as 1) nonspendable \$ 43,232 and 2) restricted \$ 4,560,987.

The General Fund fund balance increased by \$ 47,645; the Beach special revenue fund balance increased by \$ 2,046, the Hotel/Motel Tax special revenue fund balance increased by \$ 685,776, and the non-major governmental funds increased by \$ 68,308.

VILLAGE OF SURFSIDE BEACH, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2022

Proprietary funds. As mentioned earlier, the Village's proprietary fund statements provide the same type of information found in the government-wide financial statements, but in more detail. The enterprise fund is used to account for its water and sewer operations. Net position at September 30, 2022 amounted to \$ 4,972,098. Total net position decreased by \$ 348,712 (approximately 6.55%).

General Fund Budgetary Highlights. The Village did make amendments to its budget during the current fiscal year. The Village's actual revenue exceeded the budgeted revenues by \$ 17,144 and actual expenditures were under the budgeted expenditures by \$ 30,501.

Capital Assets

The Village's investment in capital assets for its governmental and business-type activities as of September 30, 2022, amounts to \$ 11,649,957 (net of accumulated depreciation). This investment in capital assets includes land, buildings, wells and related equipment, furniture, equipment and vehicles, infrastructure, and construction in progress. The total increase in the Village's investment in capital assets for the current fiscal year was \$ 742,166. (\$ 54,792 increase for governmental activities and \$ 687,374 increase in business-type activities).

Major capital asset events during the current fiscal year included the following:

- Water line project \$ 877,608
- Road improvement \$ 300,000.

CAPITAL ASSETS AT YEAR-END NET OF ACCUMULATED DEPRECIATION

	Governmental Activities		Business-type Activities		Totals	
	September 30,		September 30,		September 30,	
	2022	2021	2022	2021	2022	2021
Land	\$ -	\$ -	\$ 112,233	\$ 112,233	\$ 112,233	\$ 112,233
Buildings	484,176	482,315	-	-	484,176	482,315
Wells and related equipment	-	-	612,269	692,576	612,269	692,576
Furniture, equipment and vehicles	413,731	479,574	173,516	176,228	587,247	655,802
Infrastructure	4,158,409	4,058,368	4,560,639	4,667,854	8,719,048	8,726,222
Construction in progress	<u>43,590</u>	<u>24,857</u>	<u>1,091,394</u>	<u>213,786</u>	<u>1,134,984</u>	<u>238,643</u>
Total	<u>\$ 5,099,906</u>	<u>\$ 5,045,114</u>	<u>\$ 6,550,051</u>	<u>\$ 5,862,677</u>	<u>\$ 11,649,957</u>	<u>\$ 10,907,791</u>

Additional information on the Village's capital assets can be found in Note 7 on pages 53 through 54 of this report.

VILLAGE OF SURFSIDE BEACH, TEXAS

Management's Discussion and Analysis
For the Year Ended September 30, 2022

Debt Administration

At the end of the current fiscal year, the Village had a total bonded debt of \$ 3,129,000. Of this amount, \$ 610,000 is comprised of bonded debt backed by the full faith and credit of the Village. These bonds will be retired with revenues from property and sales taxes. The remaining \$ 2,519,000 represents bonds secured by water and sewer revenues.

OUTSTANDING LONG-TERM BONDS AT YEAR END

	Governmental Activities		Business-type Activities		Totals	
	2022	2021	2022	2021	2022	2021
General obligation bonds	\$ 610,000	\$ 700,000	\$ -	\$ -	\$ 610,000	\$ 700,000
Revenue bonds	-	-	2,519,000	2,622,000	2,519,000	2,622,000
Notes payable	-	-	-	-	-	-
Total OPEB liability	47,818	37,460	13,564	11,620	61,382	49,080
Compensated absences	<u>18,021</u>	<u>22,024</u>	<u>2,286</u>	<u>1,154</u>	<u>20,307</u>	<u>23,178</u>
Total	<u>\$ 675,839</u>	<u>\$ 759,484</u>	<u>\$ 2,534,850</u>	<u>\$ 2,634,774</u>	<u>\$ 3,210,689</u>	<u>\$ 3,394,258</u>

During the fiscal year, the Village's total bonded debt decreased \$ 193,000 due to current debt payments. The underlying rating on all of such bonds are "AA" by S&P.

Additional information on the Village's long term debt can be found in Note 8 on pages 55 through 57 of this report.

Economic Factors and Next Year's Budgets and Rates

The adopted property tax rate was the same as prior year of 0.334846. The maintenance and operations rate is \$ 0.300036 and the debt service rate is \$ 0.03481.

The projected property tax due is \$ 1,600,368 (47.07%) increase for the 2022-23 tax year. The certified assessed property valuations were more than the prior year values.

Of the projected property taxes due, \$ 36,314 is to be raised from new property added to the tax roll.

Request for Information

This financial report is designed to provide a general overview of the Village's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the Village Secretary, 1304 Monument Drive Surfside Beach, Texas 77541 Village, Email address is: Amanda@surfsidetx.org, and Website: www.surfsidetx.org.

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BASIC FINANCIAL STATEMENTS

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

STATEMENT OF NET POSITION

September 30, 2022

	Governmental Activities	Business- Type Activities	Total
Assets:			
Cash and cash equivalents	\$ 5,449,413	\$ 101,293	\$ 5,550,706
Taxes receivable, net	79,499	-	79,499
Accounts receivable, net	857,739	106,602	964,341
Investments	33,189	-	33,189
Inventories	-	31,570	31,570
Interfund balances	294,098	(294,098)	-
Prepaid items	43,232	-	43,232
Restricted Assets:			
Cash and cash equivalents	-	1,188,004	1,188,004
Net pension asset	190,853	52,340	243,193
Capital Assets (Net of Accumulated Depreciation):			
Land	-	112,233	112,233
Buildings	484,176	-	484,176
Wells and related equipment	-	612,269	612,269
Furniture, equipment, and vehicles	413,732	173,516	587,248
Infrastructure	4,158,408	4,560,639	8,719,047
Construction in progress	43,590	1,091,394	1,134,984
Total assets	<u>12,047,929</u>	<u>7,735,762</u>	<u>19,783,691</u>
Deferred Outflows of Resources:			
Deferred outflows of resources - pension	40,470	7,593	48,063
Deferred outflows of resources - OPEB	15,749	2,955	18,704
Total deferred outflows of resources	<u>56,219</u>	<u>10,548</u>	<u>66,767</u>

(continued)

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

STATEMENT OF NET POSITION - Continued

September 30, 2022

	Governmental Activities	Business- Type Activities	Total
Liabilities:			
Accounts payable	\$ 157,764	\$ 153,098	\$ 310,862
Accrued wages	24,037	7,234	31,271
Accrued interest	864	8,615	9,479
Unearned revenue	28,554	45,589	74,143
Liabilities payable from restricted assets	-	4,461	4,461
Noncurrent liabilities:			
Due within one year	113,021	106,286	219,307
Due in more than one year:			
Long term debt	515,000	2,415,000	2,930,000
Total OPEB liability	<u>47,818</u>	<u>13,564</u>	<u>61,382</u>
Total liabilities	<u>887,058</u>	<u>2,753,847</u>	<u>3,640,905</u>
Deferred Inflows of Resources:			
Deferred inflows of resources - pension	106,843	20,049	126,892
Deferred inflows of resources - OPEB	<u>1,686</u>	<u>316</u>	<u>2,002</u>
Total deferred inflows of resources	<u>108,529</u>	<u>20,365</u>	<u>128,894</u>
Net Position:			
Net investment in capital assets	4,489,906	5,090,596	9,580,502
Restricted For:			
Debt service	131,180	11,382	142,562
Beach services	532,408	-	532,408
Economic development	3,856,238	-	3,856,238
Construction	66,945	-	66,945
Unrestricted	<u>2,031,884</u>	<u>(129,880)</u>	<u>1,902,004</u>
Total net position	<u>\$ 11,108,561</u>	<u>\$ 4,972,098</u>	<u>\$ 16,080,659</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Program Revenues		
	Expenses	Charges for Services	Operating Grants and Contributions
Primary Government:			
Governmental Activities:			
General government and administration	\$ 652,217	\$ 378,895	\$ 109,686
Municipal court	73,441	522,552	-
Police/EMS department	928,029	147,185	-
Fire department	60,188	-	-
Public works	102,613	-	-
Public facilities	1,190,437	985,415	-
Economic development	459,884	-	-
Employee benefit	188,386	-	-
Interest and fiscal charges	22,398	-	-
Total governmental activities	<u>3,677,593</u>	<u>2,034,047</u>	<u>109,686</u>
Business-type Activities:			
Water and sewer	<u>1,291,399</u>	<u>939,463</u>	<u>-</u>
Total business-type activities	<u>1,291,399</u>	<u>939,463</u>	<u>-</u>
Total	<u>\$ 4,968,992</u>	<u>\$ 2,973,510</u>	<u>\$ 109,686</u>

General Revenue:

 Taxes:

 Property

 Sales

 Franchise

 Occupancy

 Other

 Investment earnings

 Miscellaneous

 Total general revenues

Change in net position

Net position - beginning (restated)

Net position - ending

The notes to the financial statements are an integral part of this statement.

Net (Expense) Revenue and
Changes in Net Position

Governmental Activities	Business- Type Activities	Total
\$ (163,636)	\$ -	\$ (163,636)
449,111	-	449,111
(780,844)	-	(780,844)
(60,188)	-	(60,188)
(102,613)	-	(102,613)
(205,022)	-	(205,022)
(459,884)	-	(459,884)
(188,386)	-	(188,386)
<u>(22,398)</u>	<u>-</u>	<u>(22,398)</u>
 (1,533,860)	 -	 (1,533,860)
 -	<u>(351,936)</u>	<u>(351,936)</u>
 -	<u>(351,936)</u>	<u>(351,936)</u>
<u>(1,533,860)</u>	<u>(351,936)</u>	<u>(1,885,796)</u>
 1,099,489	 -	 1,099,489
185,899	-	185,899
79,585	-	79,585
949,958	-	949,958
42,437	-	42,437
20,011	3,224	23,235
<u>277,284</u>	<u>-</u>	<u>277,284</u>
 <u>2,654,663</u>	 <u>3,224</u>	 <u>2,657,887</u>
 1,120,803	 (348,712)	 772,091
<u>9,987,758</u>	<u>5,320,810</u>	<u>15,308,568</u>
<u>\$ 11,108,561</u>	<u>\$ 4,972,098</u>	<u>\$ 16,080,659</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

**BALANCE SHEET -
GOVERNMENTAL FUNDS**

September 30, 2022

	General Fund	Beach Fund	Hotel/Motel Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 1,098,877	\$ 546,746	\$ 3,657,132	\$ 146,658	\$ 5,449,413
Receivables (net):					
Taxes	74,604	-	-	4,895	79,499
Accounts	5,761	-	231,475	-	237,236
Due from other funds	252,037	-	-	64,088	316,125
Investments	33,189	-	-	-	33,189
Prepaid items	21,199	-	22,033	-	43,232
Total assets	<u>\$ 1,485,667</u>	<u>\$ 546,746</u>	<u>\$ 3,910,640</u>	<u>\$ 215,641</u>	<u>\$ 6,158,694</u>
Liabilities, Deferred Inflows of Resources and Fund Balances					
Liabilities:					
Accounts payable	\$ 111,593	\$ 9,807	\$ 36,364	\$ -	\$ 157,764
Accrued wages	19,118	3,871	1,048	-	24,037
Unearned revenue	12,849	300	15,405	-	28,554
Due to other funds	3,430	360	1,585	16,652	22,027
Total liabilities	<u>146,990</u>	<u>14,338</u>	<u>54,402</u>	<u>16,652</u>	<u>232,382</u>
Deferred Inflows of Resources:					
Deferred inflows of resources	23,593	-	-	4,615	28,208
Total deferred inflows of resources	<u>23,593</u>	<u>-</u>	<u>-</u>	<u>4,615</u>	<u>28,208</u>
Fund Balances:					
Nonspendable	21,199	-	22,033	-	43,232
Restricted	-	532,408	3,834,205	194,374	4,560,987
Unassigned	1,293,885	-	-	-	1,293,885
Total fund balances	<u>1,315,084</u>	<u>532,408</u>	<u>3,856,238</u>	<u>194,374</u>	<u>5,898,104</u>
Total liabilities, deferred inflows of resources and fund balances	<u>\$ 1,485,667</u>	<u>\$ 546,746</u>	<u>\$ 3,910,640</u>	<u>\$ 215,641</u>	<u>\$ 6,158,694</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SURFSIDE BEACH
Surfside Beach, Texas

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

September 30, 2022

Total fund balances - governmental funds balance sheet \$ 5,898,104

Amounts reported for governmental activities in the statement of net position are different because:

Capital assets net of accumulated depreciation used in governmental activities are not financial resources and therefore are not reported as assets in the governmental funds. The costs of these assets is \$ 12,363,064 and the accumulated depreciation is -\$ 7,263,158-4 resulting in a

<u> </u>	net addition		
<u> </u>	to net position.		5,099,906

Some receivables are not available soon enough to pay for current period expenditures and, therefore, are reported as unavailable revenue in the funds.

	Property taxes	\$ 28,208	
	Municipal court accounts	<u>620,503</u>	<u> </u>
648,711			

Some liabilities, including bonds payable, notes payable, premium on the issuance of bonds, accrued compensated absences and accrued bond interest are not due and payable in the current period and, therefore, are not reported as a liability in the funds. Liabilities at year-end related to such items consist of:

	General obligation bonds	\$(610,000-)	
	Accrued compensated absences	(18,021)	
	Accrued interest payable	<u>(864)</u>	<u> </u>
628,885			

The government-wide statement includes the City's proportionate share of TMRS and TESRS net pension liabilities/assets, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities/assets at year-end related to such items consist of:

	Net Pension Assets - TMRS	\$ <u>190,853</u>	
	Deferred Outflows of Resources - TMRS Pension	40,470	
	Deferred Inflows of Resources - TMRS Pension	<u>(106,843)</u>	124,480

The government-wide statement includes the City's proportionate share of TMRS total OPEB liabilities, as well as pension related transactions accounted for as deferred inflows and outflows of resources. Liabilities at year-end related to such items consist of:

	Total OPEB liability	\$(<u>47,818-</u>)	
	Deferred Outflows of Resources - TMRS Pension	15,749	
	Deferred Inflows of Resources - TMRS Pension	<u>(1,686)</u>	<u> </u>
<u>33,755</u>			

Total Net Position - Governmental Activities \$ 11,108,561

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

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

For the Year Ended September 30, 2022

	General Fund	Beach Fund	Hotel/Motel Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
<u>Revenues</u>					
Taxes:					
Property	\$ 926,848	\$ -	\$ -	\$ 166,545	\$ 1,093,393
Sales	185,899	-	-	-	185,899
Franchise	79,585	-	-	-	79,585
Occupancy	-	-	949,958	-	949,958
Other	42,437	-	-	-	42,437
Intergovernmental	109,686	-	-	-	109,686
Garbage and service fees	282,210	-	-	-	282,210
EMS revenue	147,185	-	-	-	147,185
Fines and fees	348,289	-	-	-	348,289
Licenses and permits	82,685	985,415	-	14,000	1,082,100
Investment earnings	6,926	-	13,072	13	20,011
Miscellaneous	94,726	34,983	147,575	-	277,284
Total revenues	2,306,476	1,020,398	1,110,605	180,558	4,618,037
<u>Expenditures:</u>					
Current:					
General government and administration	645,903	-	-	70	645,973
Municipal court	73,008	-	-	-	73,008
Police/EMS department	855,840	-	-	-	855,840
Fire department	60,188	-	-	-	60,188
Public works	101,400	-	-	-	101,400
Public facilities	-	1,018,352	-	-	1,018,352
Economic development	-	-	394,156	-	394,156
Employee benefit	188,386	-	-	-	188,386
Capital outlay	334,106	-	30,673	-	364,779
Debt Service:					
Principal retirement	-	-	-	90,000	90,000
Interest and fiscal charges	-	-	-	22,180	22,180
Total expenditures	2,258,831	1,018,352	424,829	112,250	3,814,262
Net change in fund balances	47,645	2,046	685,776	68,308	803,775
Fund balances - beginning (restated)	1,267,439	530,362	3,170,462	126,066	5,094,329
Fund balances - ending	\$ 1,315,084	\$ 532,408	\$ 3,856,238	\$ 194,374	\$ 5,898,104

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
TO THE GOVERNMENTAL ACTIVITIES STATEMENT OF ACTIVITIES**

For the Year Ended September 30, 2022

Net change in fund balances - total governmental funds \$ 803,775

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

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

Capital outlay	\$ 364,779	
Depreciation expense	<u>(309,987)</u>	54,792

Debt proceeds provide current financial resources to governmental funds, but issuing debt increases long-term liabilities in the statement of net position. -Repayment of debt principal is an expenditure in the governmental funds, but the repayment reduces long-term liabilities in the statement of net position. -Also, governmental funds report the effect on premiums and similar items when debt is issued, whereas these amounts are amortized in the statement of activities.

Principal payments	\$ 90,000	
Change in accrued compensated absences	<u>4,003-</u>	
Change in accrued interest payable	<u>(218)</u>	93,785

The net change in net pension liability/assets, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. -The net change consists of the following:

Net pension asset increased	\$ 47,816	
Deferred outflows increased	<u>27,784-</u>	
Deferred inflows increased	<u>(82,030-</u>	(
<u>6,430</u>)	(

The net change in total OPEB liability, deferred outflows and deferred inflows is reported in the statement of activities but does not require the use of current resources and, therefore, is not reported as expenditure in the governmental funds. -The net change consists of the following:

Total OPEB liability increased	\$ (10,358)	
Deferred outflows increased	<u>4,524</u>	
Deferred inflows decreased	<u>356-</u>	(
5,478)	(

Because some property tax receivables will not be collected for several months after the District's fiscal year ends, they are not considered available revenues and are deferred inflows in the governmental funds. 6,096

Municipal court revenues in the governmental activities statement of activities do not provide current financial resources and are not reported as revenue sin the funds. 174,263

Change in net position of governmental activities \$
-1,120,803

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SURFSIDE BEACH
Surfside Beach, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND

September 30, 2022

	<u>Enterprise Fund</u>
Assets:	
Current Assets:	
Cash and cash equivalents	\$ 101,293
Accounts receivables, net	106,602
Due from other funds	16,652
Inventories	<u>31,570</u>
Sub-total	<u>256,117</u>
Current Restricted Assets:	
Cash and cash equivalents	<u>1,188,004</u>
Total current restricted assets	<u>1,188,004</u>
Total current assets	<u>1,444,121</u>
Net pension asset	<u>52,340</u>
Capital Assets:	
Property, plant and equipment	8,674,961
Less accumulated depreciation	<u>(2,124,910)</u>
Total capital assets (net of accumulated depreciation)	<u>6,550,051</u>
Total assets	<u>8,046,512</u>
Deferred Outflows of Resources:	
Deferred outflows of resources - pension	7,593
Deferred outflows of resources - OPEB	<u>2,955</u>
Total deferred outflows of resources	<u>10,548</u>

(continued)

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

STATEMENT OF NET POSITION - PROPRIETARY FUND - Continued

September 30, 2022

	<u>Enterprise Fund</u>
Liabilities:	
Current Liabilities:	
Accounts payable	\$ 153,098
Accrued wages	7,234
Unearned revenue	45,589
Accrued compensated absences	2,286
Due to other funds	<u>310,750</u>
	<u>518,957</u>
Current Liabilities Payable from Restricted Assets:	
Accrued interest	8,615
Customer deposits	4,461
Revenue bonds payable	<u>104,000</u>
Total current liabilities payable from restricted assets	<u>117,076</u>
Total current liabilities	<u>636,033</u>
Noncurrent Liabilities:	
Revenue bonds payable	2,415,000
Total OPEB liability	<u>13,564</u>
Total noncurrent liabilities	<u>2,428,564</u>
Total liabilities	<u>3,064,597</u>
Deferred Inflows of Resources:	
Deferred inflows of resources - pension	20,049
Deferred inflows of resources - OPEB	<u>316</u>
Total deferred inflows of resources	<u>20,365</u>
Net Position:	
Net investment in capital assets	5,090,596
Restricted For:	
Debt service	11,382
Unrestricted	<u>(129,880)</u>
Total net position	<u>\$ 4,972,098</u>

The notes to the financial statements are an integral part of this statement.

VILLAGE OF SURFSIDE BEACH
Surfside Beach, Texas

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

For the Year Ended September 30, 2022

	<u>Enterprise Fund</u>
Operating Revenues:	
Water service	\$ 556,513
Sewer service	201,909
Tapping and connection fees	77,590
Other	103,451
Total operating revenues	939,463
Operating Expenses:	
Personnel related	343,003
Contracted services	4,445
Repairs and maintenance	464,445
Others	214,746
Depreciation	190,234
Total operating expenses	1,216,873
Operating loss	(277,410)
Non-Operating Revenues (Expenses):	
Interest revenue	3,224
Interest expense and fiscal charges	(74,526)
Total non-operating revenues (expenses)	(71,302)
Change in net position	(348,712)
Net position - beginning	5,320,810
Net position - ending	\$ 4,972,098

The notes to the financial statements are an integral part of this statement.

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VILLAGE OF SURFSIDE BEACH
Surfside Beach, Texas

**STATEMENT OF CASH FLOWS -
PROPRIETARY FUND**

For the Year Ended September 30, 2022

	<u>Enterprise Fund</u>
Cash Flows from Operating Activities:	
Receipts from customers and users	\$ 951,417
Receipts from other funds	67,067
Payments to suppliers	(574,841)
Payments to employees	(338,362)
Net cash provided by operating activities	<u>105,281</u>
Cash Flows from Non-Capital Financing Activities:	
Net cash provided by non-capital financing activities	<u>-</u>
Cash Flows from Capital and Related Financing Activities:	
Purchases of capital assets	(877,608)
Principal paid on bonds	(103,000)
Interest and fiscal charges paid	(74,796)
Net cash used by capital and related financing activities	<u>(1,055,404)</u>
Cash Flows from Investing Activities:	
Interest received	<u>3,224</u>
Net cash provided by investing activities	<u>3,224</u>
Change in cash and cash equivalents	(946,899)
Cash and cash equivalents - beginning	<u>2,236,196</u>
Cash and cash equivalents - ending	<u>\$ 1,289,297</u>

(continued)

VILLAGE OF SURFSIDE BEACH
Surfside Beach, Texas

STATEMENT OF CASH FLOWS -
PROPRIETARY FUND - Continued

For the Year Ended September 30, 2022

	<u>Enterprise Fund</u>
Reconciliation of Operating Loss to Net Cash provided by Operating Activities:	
Operating loss	\$(<u>277,410</u>)
Adjustment to Reconcile Operating Loss to Net Cash Provided by Operating Activities:	
Depreciation	190,234
(Increase) decrease in:	
Accounts receivable	(2,989)
Inventory	10,030
Increase (decrease) in:	
Accounts payable	108,795
Accrued wages payable	1,511
Net pension and total OPEB liability	1,998
Accrued compensated absences	1,132
Unearned revenue	3,967
Customer deposits	946
Due to other funds	<u>67,067</u>
Total adjustments	<u>382,691</u>
Net cash provided by operating activities	<u>\$ 105,281</u>

The notes to the financial statements are an integral part of this statement.

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VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

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VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The Village of Surfside Beach (the Village) is a political subdivision of the State of Texas, incorporated as a General Law Municipality, and is governed by an elected mayor and five-member council. The Village operates under a Council-Manager form of government and provides the following services as authorized by its charter: public services, streets, sanitation, health and social services, culture-recreation, public improvements, and general administrative services.

The Village prepares its basic financial statements in conformity with generally accepted accounting principles promulgated by the Governmental Accounting Standards Board (GASB) and other authoritative sources.

The following is a summary of the most significant accounting policies.

Reporting Entity

The Village is considered an independent entity for financial reporting purposes and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared, based on considerations regarding the potential for inclusion of other entities, organizations, or functions, as part of the Village's financial reporting entity. Based on these considerations, the Village's basic financial statements do not include any other entities. Additionally, as the Village is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the Village's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the Village is part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the Village's financial reporting entity status is that of a primary government are: that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments.

Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

Based upon the application of these criteria, there are no component units included within the reporting entity.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of changes in net position) report financial information of the primary government. Except for balances between governmental activities and business-type activities, 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.

The statement of activities demonstrates the degree to which the direct expenses of a given program are 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 program and 2) operating or capital grants and contributions that are restricted to meeting operational or capital requirements of a particular program. Taxes and other items not properly included among program revenues are reported instead as *general revenues*.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual proprietary funds are reported as separate columns in the fund financial statements. The Village has only one proprietary fund (enterprise fund).

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 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 Village 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.

Taxes, grants and contracts, charges for services, licenses and permits, fines and fees, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Miscellaneous revenue are considered to be measurable and available only when cash is received by the government.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Measurement Focus, Basis of Accounting, and Financial Statement Presentation - Continued

The Village has presented the following major governmental funds:

The *General Fund* is the Village's primary operating fund. It accounts for all financial resources of the Village, except those required to be accounted for in another fund. All general tax revenues and other receipts that are not restricted by law or contractual agreement to some other fund are accounted for in this fund. General operating expenditures, fixed charges and capital improvement costs that are not paid through other funds are paid from the general fund.

The *Beach Fund* is used to account for daily and annual permit fee revenues the Village collects for patrons using the local beach. These revenues are used to pay for providing services to the beach area including law enforcement, sanitation, maintenance and administration.

The *Hotel/Motel Tax fund* controls the receipt and expenditure of taxes levied on temporary property rentals.

The Village reports the following major proprietary fund:

The *Enterprise Fund* is used to account for the provision of water and sewer services to the residents of the Village. Activities of the fund include administration, operations and maintenance of the water and sewer system, and billing and collection activities. The fund also accounts for the accumulation of resources for, and the payment of, long-term debt principal and interest for water and sewer debt. All costs are financed through charges to utility customers with rates reviewed regularly and adjusted if necessary to ensure integrity of the funds.

Amounts reported as program revenues include 1) charges to customers or applicants for goods, services, or privileges provided and 2) capital grants and contributions.

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the Village's Enterprise Fund are charges to customers for sales and services. The Village also recognized as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the water and sewer system.

Operating expenses for the Enterprise Fund includes administrative expenses and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses. When both restricted and unrestricted resources are available for use, it is the Village's policy to use restricted resources first, and then unrestricted resources as they are needed.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Budgetary Data

The Village adopts annual budgets for all significant governmental fund types (general fund, and beach and hotel/motel tax major special revenue funds) and proprietary fund type (enterprise fund). The budget is prepared in accordance with general accepted accounting principles. Appropriations lapse at fiscal year-end except those for contracted commitments for construction or significant acquisitions. The appropriated budget is prepared by fund, function, department and classification. All transfers within a department and between departments require the approval of council. The level of budgetary control is the departmental level. Budgets are not utilized for Sewer Tap fund and Debt Service fund.

Encumbrances

The Village does not employ a complete purchase order system for all expenditures and therefore does not utilize encumbrance accounting. Appropriations lapse at the end of the fiscal year.

Cash and Cash Equivalents and Investments

Cash and cash equivalents include amounts in demand deposits and short-term investments with a maturity date within three months of the date acquired by the Village. In accordance with GASB Statement 31, "Accounting and Financial Reporting for Certain Investments and for External Investment Pools", investments are stated at fair value. State statutes authorize the government to invest in obligations of the U. S. Treasury, commercial paper, corporate bonds and repurchase agreements, and other such securities or obligations as allowed in the Public Funds Investment Act (PFIA) as approved by the Village's Council. The Village's management believes it has complied with the requirements of the PFIA and the Village's investment policy.

Interfund Receivables, Payables and Transfers

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either "due to/from other funds" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All outstanding balances between funds are reported as "due to/from other funds". All activity between funds was for short-term cash flow requirements. See Note 6 for additional discussion of interfund receivables, payables and transfers.

Capital Assets

Capital assets, which include land, building, wells and related equipment, furniture, equipment and vehicles, infrastructure, and construction in progress, are reported in the applicable governmental or business-type activities columns in the government-wide financial statements and in the fund financial statements for proprietary fund. All capital assets are valued at historical cost or estimated historical cost if actual historical is not available. Donated assets, and capital assets received in a service concession arrangement are reported at acquisition value. Repairs and maintenance are recorded as expenses.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Capital Assets - Continued

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed. The amount of interest cost to be capitalized on assets with tax-exempt borrowing is equal to the cost of the borrowing less interest earned on the related tax-exempt borrowing. No interest was capitalized during the year ended September 30, 2022.

Assets capitalized have an original cost of \$ 5,000 or more and over two years of useful life. Depreciation has been calculated on each class of depreciable property using the straight-line method. Estimated useful lives are as follows:

Buildings	20-30 Years
Wells and related equipment	10-50 Years
Furniture, equipment and vehicles	5-10 Years
Infrastructure	20-50 Years

Deferred Outflows and Inflows of Resources

Guidance for deferred outflows of resources and deferred inflows of resources is provided by GASB No. 63, "Financial Reporting of Deferred Outflows of Resources, Deferred Inflows of Resources, and Net Position". Concepts Statement No. 4, Elements of Financial Statements, introduced and defined those elements as a consumption of net position by the government that is applicable to a future reporting period, and an acquisition of net position by the government that is applicable to a future period, respectively. Previous financial reporting standards do not include guidance for reporting those financial statement elements, which are distinct from assets and liabilities. Further, GASB No. 65, "Items Previously Reported as Assets and Liabilities", had an objective to either (a) properly classify certain items that were previously reported as assets and liabilities as deferred outflows of resources or deferred inflows of resources or (b) recognize certain items that were previously reported as assets and liabilities as outflows of resources (expenses or expenditures) or inflows of resources (revenues).

Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of January 1 for all real and business property located in the Village in conformity with Subtitle E, Texas Property Tax Code. Taxes are due upon receipt of the tax bill and are past due and subject to interest if not paid by February 1 of the year following the October 1 levy date. On January 31 of each year, a tax lien attaches to property to secure the payment of all taxes, penalties, and interest ultimately imposed.

The appraisal and recording of all property within the Village is the responsibility of the Brazoria County Appraisal District (BCAD), an independent governmental unit with a board of directors appointed by the taxing jurisdictions within the county and funded from assessments against those taxing jurisdictions. BCAD is required by law to assess property at 100% of its appraised value. Real property must be reappraised at least every two years. Under certain circumstances taxpayers and taxing units, including the Village, may challenge orders of the BCAD Review Board through various appeals and, if necessary, legal action.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Property Taxes - Continued

The assessed value of the property tax roll on August 1, 2021, upon which the levy for the 2021-22 fiscal year was based, was \$ 294,384,978. Taxes are delinquent if not paid by June 30. Delinquent taxes are subject to penalty and interest charges plus 20% delinquent collection fees for attorney costs.

The tax rates assessed for the year ended September 30, 2022, to finance general fund operations and the payment of principal and interest on general obligation long-term debt were \$ 0.283911 and \$ 0.050935 per \$ 100 valuation, respectively, for a total of \$ 0.334846 per \$ 100 valuation.

Current tax collections for the year ended September 30, 2022, were 99.40% of the year-end adjusted tax levy. Delinquent taxes are prorated between maintenance and debt service based on rates adopted for the year of the levy. Allowances for uncollectible taxes within the general and debt service funds are based on historical experience in collecting taxes. Uncollectible property taxes are periodically reviewed and written off, but the Village is prohibited from writing off real property taxes without specific statutory authority from the Texas Legislature. As of September 30, 2022, property taxes receivable, net of estimated uncollectible taxes, totaled \$ 25,140 and \$ 4,895 for the general and debt service funds, respectively.

Compensated Absences

The Village records a liability for the amount of unused vacation that it has vested in each employee at year-end. Time accumulated for sick leave is not included in this accrual; as such time is only used for cause, and is subject to forfeiture. In the government-wide financial statements, and proprietary fund statements, this amount is accrued. A liability is only reported in the governmental funds if they have matured, for example, as a result of resignations or retirement. As of September 30, 2022, accrued compensated absences reported in the Governmental Activities totaled \$ 18,021. Accrued compensated absences reported in the Enterprise Fund totaled \$ 2,286.

Pension Plans and OPEB Plan

For purposes of measuring the net pension liability, total OPEB liability, deferred outflows of resources and deferred inflows of resources related to pensions and OPEB, and pension and OPEB expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Inventories

The Village employs the consumption method of accounting for inventories. Inventories are valued at cost using the first-in first-out method. Inventories at September 30, 2022, consisted of \$ 31,570 in business type activities.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Long-Term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, are deferred and amortized over the life of the bonds using the straight line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as expenditures or expenses in the current period.

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

Fund Balances

Nonspendable Fund Balance - Includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes inventories, prepaid amounts, assets held for sale, and long-term receivables.

Restricted Fund Balance - Constraints placed on the use of these resources are either externally imposed by creditors (such as through debt covenants), grantors, contributors or other governments; or are imposed by law (through constitutional provisions enabling legislation).

Committed Fund Balance - Amounts that can only be used for specific purposes because of a formal ordinance by the Village Council. At September 30, 2022, there are no commitments of fund balances

Assigned Fund Balance - Amounts that are constrained by the Village's intent to be used for specific purposes, but that do not meet the criteria to be classified as restricted or committed. Intent can be stipulated by the Village Council, or by its designated officials. At September 30, 2022, there are no assignments of fund balances.

Unassigned Fund Balance - This is the residual classification of the general fund. Only the general fund reports a positive unassigned fund balance. Other governmental funds might report a negative balance in this classification, as the result of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

In circumstances where an expenditure is to be made for a purpose for which amounts are available in multiple fund balance classifications, the order in which resources will be expended is as follows: restricted fund balance, followed by committed fund balance, followed by assigned fund balance, and lastly, unassigned fund balance.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Continued

Fund Balances - Continued

The following schedule presents details of fund balance components at September 30, 2022:

	General Fund	Beach Fund	Hotel/Motel Tax Fund	Nonmajor Governmental Funds	Total Governmental Funds
Fund Balances:					
Nonspendable:					
Prepaid items	\$ 21,199	\$ -	\$ 22,033	\$ -	\$ 43,232
Restricted:					
Debt service	-	-	-	127,427	127,427
Beach purpose	-	532,408	-	-	532,408
Encourage tourism	-	-	3,834,205	-	3,834,205
Facility expansion	-	-	-	66,947	66,947
Unassigned	1,293,885	-	-	-	1,293,885
Total fund balances	\$ 1,315,084	\$ 532,408	\$ 3,856,238	\$ 194,374	\$ 5,898,104

Net Position

Net position represents the differences between assets and deferred outflows of resources and liabilities and deferred inflows of resources. Net investment in capital assets, consists of capital assets, net of accumulated depreciation, reduced by the outstanding balances of any borrowing used for the acquisition, construction or improvements of those assets, and adding back unspent proceeds. Restricted net position, as presented in the government-wide Statement of Net Position, is reported when constraints placed on the use of net position are either 1) externally imposed by creditors (such as through debt covenants, grantors, contributors, or laws or regulations of other governments), or 2) imposed by law through constitutional provisions or enabling legislation.

NOTE 2 - NEW PRONOUNCEMENTS

GASB No. 87 "Leases" was issued in June 2017. This statement was implemented and did not have a material effect on the Village's financial statements. The requirements of this Statement are effective for periods beginning after June 15, 2021.

GASB No. 88 "Certain Disclosures Related to Debt, including Direct Borrowings and Direct Placements" was issued in April 2018. This statement was implemented and did not have a material effect on the Village's financial statements. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

GASB No. 89 "Accounting for Interest Cost Incurred before the End of a Construction Period" was issued in June 2018. This statement was implemented and did not have a material effect on the Village's financial statements. The requirements of this statement are effective for reporting periods beginning after December 15, 2020.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 2 - NEW PRONOUNCEMENTS - Continued

GASB No. 91 “Conduit Debt Obligations” was issued in May 2019. The management of the Village does not expect the implementation of this standard to have a material effect on the financial statements of the District. The requirements of this statement are effective for reporting periods beginning after December 15, 2021.

GASB No. 92 “Omnibus 2020” was issued in January 2020. This statement was implemented and did not have a material effect on the Village’s financial statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 94 “Public-Private and Public-Public Partnerships and Availability Payment Arrangements” was issued in March 2020. The management of the Village does not expect the implementation of this standard to have a material effect on the financial statements of the Village. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 96 “Subscription-Based Information Technology Arrangements” was issued in May 2020. The management of the Village does not expect the implementation of this standard to have a material effect on the financial statements of the Village. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 97 “Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans” was issued in June 2020. This statement was implemented and did not have a material effect on the Village’s financial statements. The requirements of this statement are effective for reporting periods beginning after June 15, 2021.

GASB No. 98 “The Annual Comprehensive Financial Report” was issued in October 2021. The statement was implemented and did not have a material effect on the financial statements of the Village.

GASB No. 99 “Omnibus 2022” was issued in April 2022. The management of the Village does not expect the implementation of this standard to have a material effect on the financial statements of the Village. The requirements of this statement are effective for reporting periods beginning after June 15, 2022.

GASB No. 100 “Accounting Changes and Error Corrections - an amendment to GASB Statement No. 62” was issued in June 2022. The management of the Village does not expect the implementation of this standard to have a material effect on the financial statements of the Village. The requirements of this statement are effective for reporting periods beginning after June 15, 2023.

GASB No. 101 “Compensated Absences” was issued in June 2022. The management of the Village does not expect the implementation of this standard to have a material effect on the financial statements of the Village. The requirements of this statement are effective for reporting periods beginning after December 15, 2023.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS

The Village classifies deposits and investments for financial statement purposes as cash and cash equivalents, and investments based upon both liquidity (demand deposits) and maturity date (deposits and investments) of the asset at the date of purchase. For this purpose a cash equivalent is one that when purchased had a maturity date of three months or less. Investments are classified as either current investments or non-current investments. Current investments have maturity of one year or less and non-current investments are those that have a maturity of more than one year. See Note 1 for additional Governmental Accounting Standards Board Statement No. 31 disclosures.

Cash and cash equivalents and investments, as reported on the statement of net position at September 30, 2022 are as follows:

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Total</u>
Cash and Cash Equivalents:			
Cash (petty cash accounts)	\$ 32,148	\$ -	\$ 32,148
Demand deposits	3,338,518	752,447	4,090,965
Texpool	<u>2,180,040</u>	<u>435,557</u>	<u>2,615,597</u>
 Total cash and temporary investments	 <u>\$ 5,550,706</u>	 <u>\$ 1,188,004</u>	 <u>\$ 6,738,710</u>
 Investments:			
Mutual fund	<u>\$ 33,189</u>	<u>\$ -</u>	<u>\$ 33,189</u>
 Total investment	 <u>\$ 33,189</u>	 <u>\$ -</u>	 <u>\$ 33,189</u>
 Total	 <u>\$ 5,583,895</u>	 <u>\$ 1,188,004</u>	 <u>\$ 6,771,899</u>

Deposits

Custodial Credit Risk - Deposits. Custodial credit risk is the risk that in the event of a financial institution failure, the Village's deposits may not be returned to them. The Village requires that all deposits with financial institutions be collateralized in an amount equal to 100 percent of uninsured balances.

Under Texas state law, a bank serving as the depository must have a bond or in lieu thereof, deposited or pledged securities (or other security) with the Village or an independent third party agent, an amount equal to the highest daily balance of all deposits the Village may have during the term of the depository contract, less any applicable FDIC insurance.

At September 30, 2022, in addition to petty cash of \$ 32,148, the carrying amount of the Village's cash, savings, and time deposits was \$ 4,090,965. The financial institutions balances were \$ 4,055,790 at September 30, 2022. Bank balances of \$ 277,887 were covered by federal depository insurance, and \$ 3,777,903 was covered by collateral pledged in the Village's name.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Investments

Chapter 2256 of the Texas Government Code (the Public Funds Investment Act) authorizes the Village to invest its funds under written investment policy (the "investment policy") that primarily emphasizes safety of principal and liquidity, addresses investment diversification, yield, and maturity and addresses the quality and capability of investment personnel. This investment policy defines what constitutes the legal list of investments allowed under the policies.

The Village's investment policy authorizes investments governed by the Public Funds Investment Act (PFIA). The Village's management believes it complied with the requirements of the PFIA and the Village's investment policy.

The Village participates in a Local Government Investment Pools (LGIPs): TexPool. The State Comptroller oversees TexPool and Federated Investors managing the daily operations of the pool under a contract with the State Comptroller.

The Village invests in TexPool to provide its liquidity needs. TexPool is local government investment pools that were established in conformity with the Interlocal Cooperation Act, Chapter 791 of the Texas Government Code and the Public Funds Investment Act, Chapter 2256 of the Code. TexPool is 2(a)7 like funds, meaning that they are structured similar to a money market mutual fund. Such funds allow shareholders the ability to deposit or withdraw funds on a daily basis. Interest rates are also adjusted on a daily basis. TexPool is rated AAAM and must maintain a dollar weighted average maturity not to exceed 60 days, which is the limit.

At September 30, 2022 TexPool had a weighted average maturity of 25 days. Although TexPool had a weighted average maturity of 25 days, the Village considers holdings in these funds to have a one day weighted average maturity. This is due to the fact that the share position can usually be redeemed each day at the discretion of the shareholder, unless there has been a significant change in value.

The Village also invests in mutual fund through Principal Financial Group, Inc. All of the Village's investments are insured, registered, or the Village's agent holds the securities in the Village's name; therefore, the Village is not exposed to custodial credit risk.

The following table includes the portfolio balances of all investment types of the Village at September 30, 2022.

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Days)</u>
TexPool	\$ 2,615,597	25
Mutual fund	<u>33,189</u>	N/A
	<u>\$ 2,648,786</u>	25

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 3 - DEPOSITS AND INVESTMENTS - Continued

Investments - Continued

Credit Risk - The Village's policy requires that the investment pool must maintain a rating no lower than AAA, AAA-m or an equivalent rating by at least one nationally recognized rating agency. As of September 30, 2022, the LGIP's (which represent approximately 98.75% of the portfolio) are rated AAAM by Standard and Poor's, while the mutual fund (1.25% of the portfolio) are fully insured.

Interest Rate Risk - 98.75% of the Village's investment is in TexPool which can usually be redeemed each day at the discretion of the shareholder, and meets the Village's cash flow requirements.

Fair Value

The Village categorizes its fair value measurements within the fair value hierarchy established by GASB No 72. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy are described below:

Level 1 Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access.

Level 2 Inputs to the valuation methodology include:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

Level 3 Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

The following table sets forth by level, within the fair value hierarchy, the Village's assets at fair value as of September 30, 2022:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual fund	\$ <u>33,189</u>	\$ <u>-</u>	\$ <u>-</u>	\$ <u>33,189</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 4 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND UNEARNED REVENUE

Government Funds

Governmental funds defer the recognition of revenue in connection with receivables that are considered to be unavailable to liquidate liabilities of the current period and report these amounts as deferred inflows of resources. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue). As of September 30, 2022, the following components of deferred inflows of resources/unearned revenue were reported in the governmental funds:

	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
Delinquent property taxes receivable (general fund)	\$ 23,593	\$ -
Delinquent property taxes receivable (debt service fund)	4,615	-
Deposits	<u>-</u>	<u>28,554</u>
 Total	 <u>\$ 28,208</u>	 <u>\$ 28,554</u>

Governmental and Business-Type Activities

Governmental and business-type activities defer the recognition of pension expense for contributions made from the measurement date to the current year-end of September 30, 2022 and report these as deferred outflows of resources. Governmental and business-type activities also defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a deferred inflow of resources. Further, for governmental and business-type activities, like governmental funds, defer revenue recognition in connection with resources that have been received, but not yet earned and report these amounts as a liability (unearned revenue).

As of September 30, 2022, the various components of deferred inflows and outflows of resources reported in the governmental and business-type activities were as follows:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
<u>Governmental Activities</u>			
Pension deferred outflows and inflows of resources			
less amortization	\$ 1,069	\$ 106,843	\$ -
Pension contributions subsequent to the measurement date	39,401	-	-
OPEB deferred outflows and inflows of resources			
less amortization	11,173	1,686	-
OPEB contributions subsequent to the measurement date	4,576	-	-
Deposits	<u>-</u>	<u>-</u>	<u>28,554</u>
 Totals	 <u>\$ 56,219</u>	 <u>\$ 108,529</u>	 <u>\$ 28,554</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 4 - DEFERRED INFLOWS/OUTFLOWS OF RESOURCES AND UNEARNED REVENUE - Continued

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>	<u>Unearned Revenue</u>
<u>Business-Type Activities</u>			
Pension deferred outflows and inflows of resources			
less amortization	\$ 201	\$ 20,049	\$ -
Pension contributions subsequent to the measurement date	7,392	-	-
OPEB deferred outflows and inflows of resources			
less amortization	2,097	316	-
OPEB contributions subsequent to the measurement date	858	-	-
Deposits	<u>-</u>	<u>-</u>	<u>45,589</u>
 Totals	 <u>\$ 10,548</u>	 <u>\$ 20,365</u>	 <u>\$ 45,589</u>

NOTE 5 - RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS

Governmental Funds

Property taxes receivable are reserved based on historical experience and evaluation of collectivity as the lesser of a percentage of the original levy and the current receivable for each levy year. The following is a summary of the receivables and allowance for uncollectible accounts by fund:

	<u>General Fund</u>	<u>Hotel/Motel Tax Fund</u>	<u>Nonmajor Governmental Fund</u>	<u>Total</u>
Receivables:				
Taxes:				
Property	\$ 28,453	\$ -	\$ 5,479	\$ 33,932
Sales	40,746	-	-	40,746
Mixed beverage	3,931	-	-	3,931
Franchise fees	4,787	-	-	4,787
Account	<u>5,761</u>	<u>231,475</u>	<u>-</u>	<u>237,236</u>
 Gross receivables	 <u>83,678</u>	 <u>231,475</u>	 <u>5,479</u>	 <u>320,632</u>
Less Allowance for Uncollectible Accounts:				
Property taxes	<u>3,313</u>	<u>-</u>	<u>584</u>	<u>3,897</u>
 Net receivables	 <u>\$ 80,365</u>	 <u>\$ 231,475</u>	 <u>\$ 4,895</u>	 <u>\$ 316,735</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 5 - RECEIVABLES AND ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS - Continued

Proprietary Funds

The allowance for uncollectible receivables related to Village services is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The accounts receivables and allowance for uncollectible receivables for the year ended September 30, 2022, were \$ 112,147 and \$ 5,545, respectively.

Judicial Receivables

Municipal Court Receivables - Municipal court receivables are reported in the governmental activities statements of net position. Since these receivables do not represent current available resources, they are not reported in the governmental funds balance sheet. The allowance for uncollectible receivables related to municipal court assessments is determined based on historical experience and evaluation of collectability in relation to the aging of customer accounts. The municipal court receivables and allowance for uncollectible receivables for the year ended September 30, 2022, were \$ 1,551,257 and \$ 930,754, respectively.

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS

Interfund receivables and payables as of September 30, 2022 consisted of the following:

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
General Fund:		
Special Revenue Fund:		
Beach fund	\$ 360	\$ -
Hotel/Motel tax fund	1,585	-
Sewer tap fund	-	1
Debt service fund	-	3,429
Enterprise fund	<u>250,092</u>	<u>-</u>
	<u>252,037</u>	<u>3,430</u>
Special Revenue Funds:		
Beach Fund:		
General fund	-	360
Hotel/Motel Tax Fund:		
General fund		1,585
Sewer Tap Fund:		
General fund	1	-
Enterprise fund	<u>-</u>	<u>16,652</u>
	<u>1</u>	<u>18,597</u>
Debt Service Fund:		
General fund	3,429	-
Enterprise fund	<u>60,658</u>	<u>-</u>
	<u>64,087</u>	<u>-</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 6 - INTERFUND RECEIVABLES, PAYABLES AND TRANSFERS - Continued

<u>Fund</u>	<u>Receivable</u>	<u>Payable</u>
Enterprise Fund:		
General fund	-	250,092
Debt service fund	-	60,658
Sewer tap fund	<u>16,652</u>	<u>-</u>
	<u>16,652</u>	<u>310,750</u>
 Total	 <u>\$ 332,777</u>	 <u>\$ 332,777</u>

There were no interfund transfers for the year ended September 30, 2022.

NOTE 7 - CAPITAL ASSETS

Capital asset activity for the year ended September 30, 2022, was as follows:

	<u>Balance</u> <u>10/01/21</u>	<u>Additions</u>	<u>Retirements</u>	<u>Balance</u> <u>09/30/22</u>
Governmental Activities:				
Capital Assets, Not Being Depreciated:				
Construction in progress	\$ <u>24,857</u>	\$ <u>18,733</u>	\$ <u>-</u>	\$ <u>43,590</u>
Total capital assets, not being depreciated	<u>24,857</u>	<u>18,733</u>	<u>-</u>	<u>43,590</u>
Capital Assets, Being Depreciated:				
Buildings	1,422,528	30,673	-	1,453,201
Furniture, equipment and vehicles	1,241,059	15,373	-	1,256,432
Infrastructure	<u>9,309,841</u>	<u>300,000</u>	<u>-</u>	<u>9,609,841</u>
Total capital assets, being depreciated	<u>11,973,428</u>	<u>346,046</u>	<u>-</u>	<u>12,319,474</u>
Less Accumulated Depreciation For:				
Buildings	940,213	28,812	-	969,025
Furniture, equipment and vehicles	761,485	81,216	-	842,701
Infrastructure	<u>5,251,473</u>	<u>199,959</u>	<u>-</u>	<u>5,451,432</u>
Total accumulated depreciation	<u>6,953,171</u>	<u>309,987</u>	<u>-</u>	<u>7,263,158</u>
Total capital assets, being depreciated, net	<u>5,020,257</u>	<u>36,059</u>	<u>-</u>	<u>5,056,316</u>
Governmental activities capital assets, net	<u>\$ 5,045,114</u>	<u>\$ 54,792</u>	<u>\$ -</u>	<u>\$ 5,099,906</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 7 - CAPITAL ASSETS - Continued

	(Restated) Balance <u>10/01/21</u>	<u>Additions</u>	<u>Retirements</u>	Balance <u>09/30/22</u>
Business-type Activities:				
Capital Assets, Not Being Depreciated:				
Land	\$ 112,233	\$ -	\$ -	\$ 112,233
Construction in progress	<u>213,786</u>	<u>877,608</u>	<u>-</u>	<u>1,091,394</u>
Total capital assets, not being depreciated	<u>326,019</u>	<u>877,608</u>	<u>-</u>	<u>1,203,627</u>
Capital Assets, Being Depreciated:				
Wells and related equipment	1,202,157	-	-	1,202,157
Furniture, equipment and vehicles	270,566	-	-	270,566
Infrastructure	<u>5,998,611</u>	<u>-</u>	<u>-</u>	<u>5,998,611</u>
Total capital assets, being depreciated	<u>7,471,334</u>	<u>-</u>	<u>-</u>	<u>7,471,334</u>
Less Accumulated Depreciation:				
Wells and related equipment	509,581	80,307	-	589,888
Furniture, equipment and vehicles	94,338	2,712	-	97,050
Infrastructure	<u>1,330,757</u>	<u>107,215</u>	<u>-</u>	<u>1,437,972</u>
Total accumulated depreciation	<u>1,934,676</u>	<u>190,234</u>	<u>-</u>	<u>2,142,910</u>
Total capital assets, being depreciated, net	<u>5,536,658</u>	<u>(190,234)</u>	<u>-</u>	<u>5,346,424</u>
Business-type activities capital assets, net	\$ <u>5,862,677</u>	\$ <u>687,374</u>	\$ <u>-</u>	\$ <u>6,550,051</u>

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

Governmental Activities:	
General government and administration	\$ 8,592
Public safety	66,168
Streets, drainage and facilities	169,718
Culture and recreation	<u>65,509</u>
Total depreciation expense-governmental activities	\$ <u>309,987</u>
Business-type Activities:	
Water and sewer	\$ <u>190,234</u>
Total depreciation expense-business-type activities	\$ <u>190,234</u>

The Village has not entered into contracts for construction as of September 30, 2022.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 8 - LONG-TERM DEBT

General Long-Term Debt

The Village's General Long-Term Debt at September 30, 2022 is comprised of a certificate of obligation.

General certificates of obligation

The certificate of obligation bonds payable at September 30, 2022, is summarized as follows:

	Interest Rates %	Series Dates		Bonds Outstanding 09/30/22
		Issued	Maturity	
Certificates of Obligation Series 2006	2.40-3.35	2006	2028	\$ <u>610,000</u>
Total				\$ <u>610,000</u>

Certificate of obligation bond transactions for the year ended September 30, 2022, was as follows:

Bonds outstanding, October 1, 2021	\$ 700,000
Maturities	(<u>90,000</u>)
Bonds outstanding, September 30, 2022	\$ <u>610,000</u>

Aggregate maturities of certificate of obligation bonds for the years subsequent to September 30, 2022 are as follow:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 95,000	\$ 19,173	\$ 114,173
2024	100,000	15,930	115,930
2025	105,000	12,496	117,496
2026	105,000	8,953	113,953
2027	110,000	5,270	115,270
2028	<u>95,000</u>	<u>1,686</u>	<u>96,686</u>
Total	\$ <u>610,000</u>	\$ <u>63,508</u>	\$ <u>673,508</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 8 - LONG-TERM DEBT - Continued

Revenue Bonds Payable

The Village issued certificates of obligation bonds Series 2005 through the U.S. Department of Agriculture (USDA) for the extension of utility services.

During the year 2020, the Village issued additional certificates of obligation bonds Series 2020 in the amount of \$ 1,800,000 through the Texas Water Development Board (TWDB) to finance water system improvements.

Below are the outstanding bonds payable at September 30, 2022.

	Interest Rates %	Series Dates		Bonds Outstanding 09/30/22
		Issued	Maturity	
Series 2005	4.125-4.75		2045	\$ 874,000
Series 2020	1.33-2.25	2020	2040	<u>1,645,000</u>
Total				<u>\$ 2,519,000</u>

Revenue bond transactions for the year ended September 30, 2022, were as follows:

Bonds outstanding, October 1, 2021	\$ 2,622,000
Maturities	<u>(103,000)</u>
Bonds outstanding, September 30, 2022	<u>\$ 2,519,000</u>

The following is a summary of revenue bond requirements as of September 30, 2022:

<u>Year Ending September 30,</u>	<u>Principal</u>	<u>Interest</u>	<u>Total Requirements</u>
2023	\$ 104,000	\$ 70,873	\$ 174,873
2024	104,000	68,689	172,689
2025	105,000	66,492	171,492
2026	107,000	64,214	171,214
2027	113,000	61,814	174,814
2028-2032	597,000	267,601	864,601
2033-2037	677,000	183,898	860,898
2038-2042	548,000	84,709	632,709
2043-2045	<u>164,000</u>	<u>15,264</u>	<u>179,264</u>
Total	<u>\$ 2,519,000</u>	<u>\$ 883,554</u>	<u>\$ 3,402,554</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 8 - LONG-TERM DEBT - Continued

Revenue Bonds Payable - Continued

Transactions for the year ended September 30, 2022, are summarized as follows:

	Balance 10-01-21	Additions	Reductions	Balance 09-30-22	Due Within One Year
Governmental Type Activities:					
Certificates of obligation bonds	\$ 700,000	\$ -	\$ 90,000	\$ 610,000	\$ 95,000
Total OPEB liability	37,460	10,968	610	47,818	-
Compensated absences	<u>22,024</u>	<u>18,021</u>	<u>22,024</u>	<u>18,021</u>	<u>18,021</u>
Total governmental activities	<u>759,484</u>	<u>28,989</u>	<u>112,634</u>	<u>675,839</u>	<u>113,021</u>
Business-Type Activities:					
Revenue bonds	2,622,000	-	103,000	2,519,000	104,000
Total OPEB liability	11,620	2,058	114	13,564	-
Compensated absences	<u>1,154</u>	<u>1,154</u>	<u>22</u>	<u>2,286</u>	<u>2,286</u>
Total business-type activities	<u>2,634,774</u>	<u>3,212</u>	<u>103,136</u>	<u>2,534,850</u>	<u>106,286</u>
Total government (net)	<u>\$ 3,394,258</u>	<u>\$ 32,201</u>	<u>\$ 215,770</u>	<u>\$ 3,210,689</u>	<u>\$ 219,307</u>

Compensated Absences

Compensated absences represent the estimated liability for employees' accrued vacation for which employees are entitled to be paid upon termination. The retirement of this liability is paid from the General Fund and Enterprise Funds based on the assignment of an employee at termination.

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLANS

A. Plan Description

The Village participates as one of 901 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan created by the State of Texas and administered in accordance with the Texas Government Code, Title 8, Subtitle G (TMRS Act) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS does not receive any funding from the State of Texas. TMRS issues a publicly available Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

All eligible employees of the Village are required to participate in TMRS.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLANS - Continued

B. Benefits Provided

TMRS provides retirement, disability and death benefits. Benefit provisions are adopted by the governing body of the Village, within the options available in the state statutes governing TMRS.

At retirement, the member's benefit is calculated based on the sum of the member's contributions with interest, the city-financed monetary credits with interest, and their age at retirement and other actuarial factors. The retiring member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total member contributions and interest

At retirement, the Member's benefit is calculated based on the sum of the Member's contributions, with interest, and the city-financed monetary credits with interest. The retiring Member may select one of seven monthly benefit payment options. Members may also choose to receive a portion of their benefit as a lump sum distribution in an amount equal to 12, 24 or 36 monthly payments, which cannot exceed 75% of the total Member contributions and interest.

The plan provisions are adopted by the governing body of the Village, within the options available in the state statutes governing TMRS. Members in the Village can retire at age 60 and above with 5 or more years of service or with 25 years of service regardless of age. The plan also provides death benefits and disability benefits. Members may work for more than one TMRS city during their career. If an individual has become vested in one TMRS city, he or she is immediately vested upon employment with another TMRS city. Similarly, once a member has met the eligibility requirements for retirement in a TMRS city, he or she is eligible in other TMRS cities as well.

Employees covered by benefit terms.

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	34
Active employees	<u>31</u>
Total	71

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLANS - Continued

C. Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the member's total compensation, and the city matching ratios are either 1:1(1 to 1), 1.5:1 (1 ½ to 1) or 2:1 (2 to 1), both as adopted by the governing body of the city. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the Village were required to contribute 7% of their annual compensation during the fiscal year. The contribution rates for the Village were 1.41% and 1.55% in calendar years 2021 and 2022, respectively. The Village's contributions to TMRS for the year ended September 30, 2022, were \$ 51,081, and were equal to the required contributions.

D. Net Pension Liability

The Village's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment Rate Return inflation	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a 4- year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLANS - Continued

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return</u>
Global Public Equity	35%	7.55%
Core Fixed Income	6%	2.00%
Non-Core Fixed Income	20%	5.68%
Other Public and Private Markets	12%	7.22%
Real Estate	12%	6.85%
Hedge Funds	15%	5.35%
Private Equity	10%	10.00%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLANS - Continued

Changes in the Net Pension Asset

	Increase (Decrease)		
	Total	Plan	Net Pension
	Pension Liability (a)	Fiduciary Net Position (b)	Asset (a)-(b)
Balance at 12/31/2020	\$ 745,503	\$ 931,907	\$(186,404)
Changes for the Year:			
Service cost	155,127	-	155,127
Interest	57,084	-	57,084
Change in benefit terms	45,599	-	45,599
Difference between expected and actual experience	(93,863)	-	(93,863)
Contributions - employer	-	17,014	(17,014)
Contributions - employee	-	84,502	(84,502)
Net investment income	-	119,778	(119,778)
Benefit payment, including refunds of employee contributions	(45,966)	(45,966)	-
Administrative expense	-	(562)	562
Other changes	-	4	(4)
	117,981	174,770	(56,789)
Net changes	117,981	174,770	(56,789)
Balance at 12/31/2021	\$ 863,484	\$ 1,106,677	\$(243,193)

Sensitivity of the net pension asset to changes in the discount rate:

The following presents the net pension liability of the Village, calculated using the discount rate of 6.75%, as well as what's the Village's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease In Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase In Discount Rate (7.75%)
Village's Net Pension Asset	\$(147,717)	\$(243,193)	\$(323,292)

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 9 - TEXAS MUNICIPAL RETIREMENT SYSTEM PENSION PLANS - Continued

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at www.trms.com.

E. Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended September 30, 2022, the Village recognized pension expense of \$ 57,748.

At September 30, 2022, the Village reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual experience	\$ 1,203	\$ 67,455
Changes in actuarial assumptions	67	-
Net difference between projected and actual earnings	-	59,437
Contributions subsequent to the measurement date	<u>46,793</u>	<u>-</u>
Total	<u>\$ 48,063</u>	<u>\$ 126,892</u>

\$ 46,793 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:

<u>Year Ended September 30,</u>	
2023	\$(37,335)
2024	(51,407)
2025	(25,506)
2026	(11,374)

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 10 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION PLAN

A. Plan Description

The Village also participates in the defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The Village elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The Village may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1. The SDBF covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b and there are no assets accumulated for OPEB. As such the SDBF is considered to be a single employer unfunded OPEB plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

B. Benefits Provided

SDBF benefits are paid to designated beneficiaries upon TMRS' receipt of an approved benefit application. The death benefit for active members is a lump sum payment approximately equal to the member's annual salary. The death benefit for retirees is \$7,500 and is an "other post-employment benefit." SDBF benefits are paid from the SDBF and are not an obligation of the Pension Trust Fund.

Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees currently receiving benefits	9
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>31</u>
	41

C. Contributions

The Village contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation, which was 0.18% and 0.18% in the calendar years 2022 and 2021, of which 0.05% and 0.06% represented the retiree-only portion, respectively, as a percentage of annual covered payroll. The Village's contributions to the SDBF for the years ended September 30, 2022, 2021 and 2020 were \$5,434, \$ 2,447, and \$ 4,813, respectively, representing contributions for both active and retiree coverage which equaled the required contributions each year contributions. The Village's contribution for retiree portion as of September 30, 2022 was \$ 1,692.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 10 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION PLAN - Continued

D. Total OPEB Liability

The Village's total OPEB liability of \$ 61,382 was measured as of December 31, 2021, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The Total OPEB Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84%
Retirees' share of benefit-related costs	\$ 0
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

The actuarial assumptions used in the December 31, 2021 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 10 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION PLAN - Continued

Changes in the Total OPEB Liability

	<u>Total OPEB Liability (a)</u>
Balance at 12/31/2020	\$ <u>49,080</u>
Changes for the Year:	
Service cost	7,841
Interest on total OPEB liability	1,053
Difference between expected and actual experience	2,385
Changes in assumption or other inputs	1,747
Benefit payments	<u>(724)</u>
Net changes	<u>12,302</u>
Balance at 12/31/2021	\$ <u><u>61,382</u></u>

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

The following presents the total OPEB liability of the Village, calculated using the discount rate of 1.84%, as well as what's the Village's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (0.84%) or 1-percentage-point higher (2.84%) than the current rate:

	1% Decrease In Discount Rate <u>(0.84%)</u>	Discount Rate <u>(1.84%)</u>	1% Increase In Discount Rate <u>(2.84%)</u>
Village's Total OPEB Liability	\$ <u>74,450</u>	\$ <u>61,382</u>	\$ <u>51,347</u>

E. OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the Village recognized OPEB expense of \$ 11,777.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 10 - POST-EMPLOYMENT BENEFIT OTHER THAN PENSION PLAN - Continued

At September 30, 2022, the Village reported deferred outflows of resources and deferred inflows 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	\$ 3,411	\$ 1,304
Differences in assumption changes	9,859	698
Contributions subsequent to the measurement date	<u>5,434</u>	<u>-</u>
Total	<u>\$ 18,704</u>	<u>\$ 2,002</u>

\$ 5,434 reported as deferred outflows of resources related to OPEB relating from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

<u>Year Ended September 30,</u>	
2023	\$ 2,883
2024	2,883
2025	2,694
2026	2,261
2027	547

NOTE 11 - CONTINGENT LIABILITIES

The Village is contingently liable in respect to lawsuits and other claims in the ordinary course of its operations. The potential settlement (if any) of such contingencies under the budgetary process would require appropriation of revenues yet to be realized and would not materially affect the financial position of the Village at September 30, 2022.

The TCEQ filed a lawsuit against the Village regarding claimed deficiencies in the public water supply system, and later amended the lawsuit for claimed deficiencies in the waste-water system. Most of the claimed failures relate to documentation that was properly prepared, but not submitted to the correct TCEQ representative. The TCEQ has pleaded for civil penalties of \$50 to \$1000 per day for each claimed deficiency. The total damages claimed would equal well over \$100,000. The Village and TCEQ are working together and making good progress to show proof of compliance with the claimed violations. The current plan between the two parties is to address each item for a mutually agreed resolution with the expectation of no further seeking of trial or damages.

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended September 30, 2022

NOTE 12 - RISK MANAGEMENT

The Village is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets; errors and omissions; and natural disasters. The Village has commercial insurance coverage for property and casualty, general liability, automobile liability, law enforcement liability and public officials' liability, as well as employee health and workers' compensation. Various deductibles are attached to the policies. Amounts of settlements have not exceeded insurance coverage's for the past three years.

NOTE 13 - EVALUATION OF SUBSEQUENT EVENTS

The Village has evaluated subsequent events through February 8, 2023, the date which the financial statements were available to be issued.

NOTE 14 - EXCESS OF EXPENDITURES OVER APROPRIATIONS

During the year ended September 30, 2022, expenditures exceeded appropriations in the funds as follows:

Beach Fund \$ 172,642

The budget was not amended; however, the Village Council approved these expenditures as required by Village budget procedures.

NOTE 15 - PRIOR PERIOD ADJUSTMENT

During the year ended September 30, 2022, management determined that \$ 68,573 repairs and maintenance expenditure in sewer tap fund was incorrectly recorded as capital asset in enterprise fund in prior period and prior period fund balances and net position need to be adjusted.

The following represents the retroactive restatement of fund balance and net position as a result of prior period adjustment as noted above:

	<u>Sewer Tap Fund</u>	<u>Governmental Activity</u>
Fund balance/net position, September 30, previously reported	\$ 121,577	\$ 10,056,331
Adjustment	<u>(68,573)</u>	<u>(68,573)</u>
Fund balance/net position, September 30, restated	<u>\$ 53,004</u>	<u>\$ 9,987,758</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - GENERAL FUND

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Taxes:				
Property	\$ 937,201	\$ 937,201	\$ 926,848	\$(10,353)
Sales	150,000	150,000	185,899	35,899
Franchise	94,070	94,070	79,585	(14,485)
Other	26,000	40,000	42,437	2,437
Intergovernmental	-	23,877	109,686	85,809
Garbage and service fees	197,000	275,000	282,210	7,210
EMS revenue	104,316	146,000	147,185	1,185
Fines and fees	89,000	296,000	348,289	52,289
Licenses and permits	66,300	78,400	82,685	4,285
Investment income	2,000	2,000	6,926	4,926
Miscellaneous	11,500	246,784	94,726	(152,058)
	1,677,387	2,289,332	2,306,476	17,144
Total revenues				
Expenditures:				
Current:				
General government and administrative	598,587	631,339	645,903	(14,564)
Municipal court	74,450	73,143	73,008	135
Police/EMS department	540,200	906,050	855,840	50,210
Fire department	57,000	57,000	60,188	(3,188)
Public works	249,000	426,800	101,400	325,400
Employee benefit	158,150	177,000	188,386	(11,386)
Capital outlay	-	18,000	334,106	(316,106)
	-	18,000	334,106	(316,106)
Total expenditures	1,677,387	2,289,332	2,258,831	30,501
Net change in fund balance	-	-	47,645	47,645
Fund balance - beginning	1,267,439	1,267,439	1,267,439	-
Fund balance - ending	\$ 1,267,439	\$ 1,267,439	\$ 1,315,084	\$ 47,645

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - BEACH FUND

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Licenses and permits	\$ 701,000	\$ 701,000	\$ 985,415	\$ 284,415
Total revenues	701,000	701,000	985,415	284,415
Expenditures:				
Current:				
Public facilities	770,710	770,710	1,018,352	(247,642)
Capital outlay	75,000	75,000	-	75,000
Total expenditures	845,710	845,710	1,018,352	(172,642)
Net change in fund balance	(144,710)	(144,710)	(32,937)	111,773
Fund balance - beginning	530,362	530,362	530,362	-
Fund balance - ending	\$ 385,652	\$ 385,652	\$ 497,425	\$ 111,773

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

STATEMENT OF REVENUES, EXPENDITURES AND CHANGE IN FUND BALANCE - BUDGET AND ACTUAL - HOTEL/MOTEL TAX FUND

For the Year Ended September 30, 2022

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)
	Original	Final		
Revenues:				
Occupancy taxes	\$ 530,000	\$ 530,000	\$ 949,958	\$ 419,958
Investment income	1,400	1,400	13,072	11,672
Miscellaneous	<u>53,100</u>	<u>53,100</u>	<u>147,575</u>	<u>94,475</u>
Total revenues	<u>584,500</u>	<u>584,500</u>	<u>1,110,605</u>	<u>526,105</u>
Expenditures:				
Current:				
Economic development	484,500	484,500	394,156	90,344
Capital outlay	<u>100,000</u>	<u>100,000</u>	<u>30,673</u>	<u>69,327</u>
Total expenditures	<u>584,500</u>	<u>584,500</u>	<u>424,829</u>	<u>159,671</u>
Net change in fund balance	-	-	685,776	685,776
Fund balance - beginning	<u>3,170,462</u>	<u>3,170,462</u>	<u>3,170,462</u>	-
Fund balance - ending	<u>\$ 3,170,462</u>	<u>\$ 3,170,462</u>	<u>\$ 3,856,238</u>	<u>\$ 685,776</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

SCHEDULE OF CHANGES IN NET PENSION ASSET AND RELATED RATIOS FOR THE LAST TEN YEARS ⁽¹⁾

WITH MEASUREMENT DATE OF DECEMBER 31,

	2021	2020	2019	2018
Total Pension Liability				
Service cost	\$ 155,127	\$ 94,517	\$ 80,413	\$ 72,689
Interest (on the Total Pension Liability)	57,084	45,098	40,679	37,021
Changes in benefit terms	45,599	-	-	-
Difference between expected and actual experience	(93,863)	3,683	(21,802)	(15,404)
Changes in assumptions	-	-	2,623	-
Benefit payments, including refunds of employee contributions	<u>(45,966)</u>	<u>(37,303)</u>	<u>(49,690)</u>	<u>(38,276)</u>
Net Change in Total Pension Liability	117,981	105,995	52,223	56,030
Total Pension Liability - Beginning	<u>745,503</u>	<u>639,508</u>	<u>587,285</u>	<u>531,255</u>
Total Pension Liability - Ending (a)	<u>\$ 863,484</u>	<u>\$ 745,503</u>	<u>\$ 639,508</u>	<u>\$ 587,285</u>
Plan Fiduciary Net Position				
Contributions - Employer	\$ 17,014	\$ 13,972	\$ 11,723	\$ 11,001
Contributions - Employee	84,502	73,026	60,396	54,246
Net Investment Income	119,778	61,367	106,170	(20,452)
Benefit payments, including refunds of employee contributions	(45,966)	(37,303)	(49,690)	(38,276)
Administrative expense	(562)	(403)	(606)	(398)
Other	<u>4</u>	<u>(17)</u>	<u>(17)</u>	<u>(21)</u>
Net Change in Plan Fiduciary Net Position	174,770	110,642	127,976	6,100
Plan Fiduciary Net Position - Beginning	<u>931,907</u>	<u>821,265</u>	<u>693,289</u>	<u>687,189</u>
Plan Fiduciary Net Position - Ending (b)	<u>\$ 1,106,677</u>	<u>\$ 931,907</u>	<u>\$ 821,265</u>	<u>\$ 693,289</u>
Net Pension Asset (a-b)	<u>\$ (243,193)</u>	<u>\$ (186,404)</u>	<u>\$ (181,757)</u>	<u>\$ (106,004)</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	<u>128.16%</u>	<u>125.00%</u>	<u>128.42%</u>	<u>118.05%</u>
Covered Payroll	<u>\$ 1,206,278</u>	<u>\$ 1,043,231</u>	<u>\$ 862,804</u>	<u>\$ 774,941</u>
Net Pension Asset as a Percentage of Covered Payroll	<u>(20.16%)</u>	<u>(17.87%)</u>	<u>(21.07%)</u>	<u>(13.68%)</u>

⁽¹⁾ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 59,576	\$ 44,959	\$ 41,884	\$ 40,364
33,313	31,040	27,739	24,776
3,980	4,383	-	-
(12,918)	(24,230)	(7,978)	(9,664)
-	-	15,046	-
<u>(24,907)</u>	<u>(33,851)</u>	<u>(4,207)</u>	<u>(23,616)</u>
59,044	22,301	72,484	31,860
<u>472,211</u>	<u>449,910</u>	<u>377,426</u>	<u>345,566</u>
<u>\$ 531,255</u>	<u>\$ 472,211</u>	<u>\$ 449,910</u>	<u>\$ 377,426</u>
\$ 9,145	\$ 4,360	\$ 4,743	\$ 5,191
44,294	33,156	31,397	31,141
79,795	36,225	748	26,795
(24,907)	(33,851)	(4,207)	(23,616)
(416)	(412)	(456)	(280)
<u>(22)</u>	<u>(22)</u>	<u>(23)</u>	<u>(23)</u>
107,889	39,456	32,202	39,208
<u>579,300</u>	<u>539,844</u>	<u>507,642</u>	<u>468,434</u>
<u>\$ 687,189</u>	<u>\$ 579,300</u>	<u>\$ 539,844</u>	<u>\$ 507,642</u>
<u>\$(155,934)</u>	<u>\$(107,089)</u>	<u>\$(89,934)</u>	<u>\$(130,216)</u>
<u>129.35%</u>	<u>122.68%</u>	<u>119.990%</u>	<u>134.50%</u>
<u>\$ 738,239</u>	<u>\$ 663,116</u>	<u>\$ 627,939</u>	<u>\$ 622,811</u>
<u>(21.12%)</u>	<u>(16.15%)</u>	<u>(14.32%)</u>	<u>(20.91%)</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

**SCHEDULE OF CONTRIBUTIONS
FOR THE LAST TEN YEARS ⁽¹⁾
SEPTEMBER 30,**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Actuarially determined contribution	\$ 52,228	\$ 16,962	\$ 15,833	\$ 12,784	\$ 12,809
Contributions in relation to the actuarially determined contribution	<u>52,228</u>	<u>16,962</u>	<u>15,833</u>	<u>12,784</u>	<u>12,781</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 28</u>
Covered payroll	<u>\$ 1,225,178</u>	<u>\$ 1,218,684</u>	<u>\$ 1,120,308</u>	<u>\$ 918,928</u>	<u>\$ 774,941</u>
Contributions as a percentage of covered payroll	<u>4.26%</u>	<u>1.39%</u>	<u>1.41%</u>	<u>1.39%</u>	<u>1.65%</u>

Notes to Schedule of Contributions

Valuation date

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level Percentage of Payroll, Closed
Remaining Amortization period	N/A
Asset valuation method	10 Year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement Age	Experience-based table of rates that are specific to the Village's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information

There were no benefit changes during the year.

⁽¹⁾ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
\$ 9,145	\$ 7,592	\$ 4,484	\$ 3,939
<u>9,145</u>	<u>4,360</u>	<u>4,743</u>	<u>5,191</u>
\$ <u>-</u>	\$ <u>3,232</u>	\$ <u>(259)</u>	\$ <u>(1,252)</u>
\$ <u>738,239</u>	\$ <u>663,116</u>	\$ <u>627,939</u>	\$ <u>622,811</u>
<u>1.24%</u>	<u>0.66%</u>	<u>0.76%</u>	<u>0.83%</u>

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
FOR THE LAST TEN YEARS⁽¹⁾**

WITH MEASUREMENT DATE OF DECEMBER 31,

	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>
Service cost	\$ 7,841	\$ 4,903	\$ 3,624	\$ 3,642
Interest on total OPEB liability	1,053	1,122	964	803
Differences between expected and actual experience	2,385	(1,234)	2,610	(1,120)
Changes in assumptions or other inputs	1,747	6,045	7,137	(1,566)
Benefit payments	<u>(724)</u>	<u>(209)</u>	<u>(86)</u>	<u>-</u>
 Net Change in Total OPEB Liability	 12,302	 10,627	 14,249	 1,759
 Total OPEB Liability - Beginning	 <u>49,080</u>	 <u>38,453</u>	 <u>24,204</u>	 <u>22,445</u>
 Total OPEB Liability - Ending	 <u>\$ 61,382</u>	 <u>\$ 49,080</u>	 <u>\$ 38,453</u>	 <u>\$ 24,204</u>
 Covered Payroll	 <u>\$ 1,206,278</u>	 <u>\$ 1,043,231</u>	 <u>\$ 862,804</u>	 <u>\$ 774,941</u>
 Total OPEB Liability as a Percentage of Covered Payroll	 <u>5.09%</u>	 <u>4.70%</u>	 <u>4.46%</u>	 <u>3.12%</u>

Notes to Schedule:

The Supplemental Death Benefits Fund (SDBF) covers both active and retiree benefits with no segregation of assets, and therefore doesn't meet the definition of a trust under GASB No. 75, paragraph 4b and there are no assets accumulated for OPEB.

Changes in assumptions or other inputs reflect the effects of changes in the discount rates each period. The following are the discount rates used in each period:

2021	1.84%
2020	2.00%
2019	2.75%
2018	3.71%
2017	3.78%

⁽¹⁾ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown

2017

\$ 3,101
698
-
1,755
(74)
5,480
16,965
\$ 22,445
\$ 739,239
3.04%

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**COMBINING AND INDIVIDUAL
FUND STATEMENTS**

VILLAGE OF SURFSIDE BEACH

Surfside Beach, Texas

COMBINING BALANCE SHEET - NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Sewer Tap Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
<u>Assets</u>			
Cash and cash equivalents	\$ 83,598	\$ 63,060	\$ 146,658
Receivables, net			
Taxes	-	4,895	4,895
Due from other funds	<u>1</u>	<u>64,087</u>	<u>64,088</u>
Total assets	<u>\$ 83,599</u>	<u>\$ 132,042</u>	<u>\$ 215,641</u>
<u>Liabilities, Deferred Inflows of Resources, and Fund Balances</u>			
<u>Liabilities:</u>			
Due to other funds	<u>\$ 16,652</u>	<u>\$ -</u>	<u>\$ 16,652</u>
Total liabilities	<u>16,652</u>	<u>-</u>	<u>16,652</u>
<u>Deferred Inflows of Resources:</u>			
Deferred inflows of resources	<u>-</u>	<u>4,615</u>	<u>4,615</u>
Total deferred inflows of resources	<u>-</u>	<u>4,615</u>	<u>4,615</u>
<u>Fund Balances:</u>			
Restricted	<u>66,947</u>	<u>127,427</u>	<u>194,374</u>
Total fund balances	<u>66,947</u>	<u>127,427</u>	<u>194,374</u>
Total liabilities, deferred inflows of resources, and fund balances	<u>\$ 83,599</u>	<u>\$ 132,042</u>	<u>\$ 215,641</u>

SURFSIDE BEACH

Surfside Beach, Texas

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

For the Year Ended September 30, 2022

	Sewer Tap Fund	Debt Service Fund	Total Nonmajor Governmental Funds
	<u> </u>	<u> </u>	<u> </u>
Revenues:			
Taxes:			
Property	\$ -	\$ 166,545	\$ 166,545
Licenses and permits	14,000	-	14,000
Investment income	<u>13</u>	<u>-</u>	<u>13</u>
Total revenues	<u>14,013</u>	<u>166,545</u>	<u>180,558</u>
Expenditures:			
Current:			
General government and administration	70	-	70
Debt Service:			
Principal retirement	-	90,000	90,000
Interest and fiscal charges	<u>-</u>	<u>22,180</u>	<u>22,180</u>
Total expenditures	<u>70</u>	<u>112,180</u>	<u>112,250</u>
Net changes in fund balances	13,943	54,365	68,308
Fund balances – beginning (restated)	<u>53,004</u>	<u>73,062</u>	<u>126,066</u>
Fund balances – ending	<u>\$ 66,947</u>	<u>\$ 127,427</u>	<u>\$ 194,374</u>

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