



# CLEAR LAKE SHORES **ADOPTED BUDGET**

OCTOBER 1, 2021 TO SEPTEMBER 30, 2022

[WWW.CLEARLAKESHORES-TX.GOV/FINANCE](http://WWW.CLEARLAKESHORES-TX.GOV/FINANCE)

## **Mayor**

Kurt Otten

## **City Council**

Randy Chronister, Mayor Pro-Tem

Alex Scanlon

Monica Ledet

Rick Fisher

Steve Wirtes

## **Administrative Staff**

Brent Spier, City Administrator

Tracy "TK" Keele, Chief of Police

Angie Galvan, Assistant City Secretary

Salina Llanes, Municipal Court Clerk

Christy Stroup, City Secretary

Kevin Harrell, Building Inspector

Tiffany Wilson, Municipal Court Clerk



# City of Clear Lake Shores

1006 South Shore Drive Clear Lake Shores, Texas 77565

[www.clearlakeshores-tx.gov](http://www.clearlakeshores-tx.gov)



October 1, 2021

Honorable Mayor, City Council Members and Residents of Clear Lake Shores:

It is an honor to present the Fiscal Year 2022 (FY22) Annual Operating Budget. The budget is a financial plan for the City, a policy tool for the City Council, an operation guide for staff and a communications tool to the public.

The year 2021 continued to have a unique list of challenges including COVID-19, winter storm Uri and Hurricane Nicholas. Each tested the city in its own way and we continue to adapt and refine our response. Clear Lake Shores has seen a slight decrease in tax revenue after starting the year with higher historical numbers. Our smaller local restaurants, bars, service companies and other businesses have returned to pre-pandemic operations with most showing improvement. Our big box, anchor retailers and franchise restaurants continue to remain stable.

## **ECONOMIC OUTLOOK**

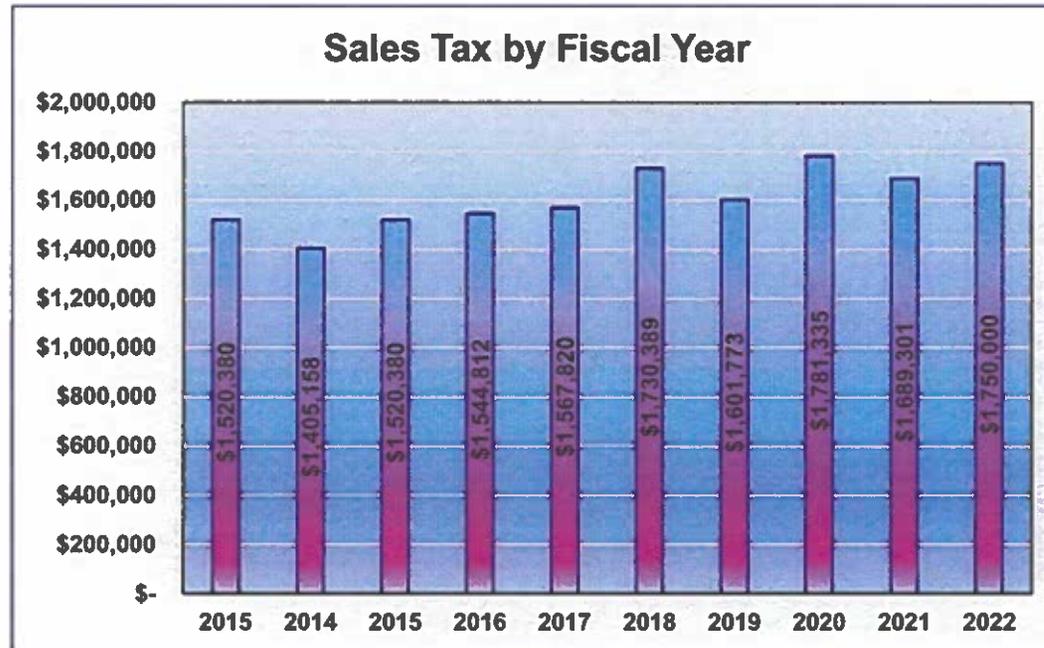
The City of Clear Lake Shores Economic Development Corporation (EDC) was formed by voters in an election in 1996. The EDC is funded by one quarter of one percent (0.25%) sales tax collected on all taxable sales within the city. The EDC is regulated by state statutes that dictate how it may utilize these funds.

The City's Economic Development Corporation is interested in retaining, expanding and recruiting businesses that meet two primary goals; the enhancement of the unique island lifestyle enjoyed by the city's residents and the generation of retail sales tax. Following Hurricane Nicholas and associated flooding in the Town Center business area. The EDC provided flood recovery grants for businesses experiencing unanticipated costs for recovery and return to work. Some businesses were open two days following the event.

The recruiting of new businesses is a priority and incentives may be offered to these businesses. As every new business has different needs, a plan will be developed to address those needs as requested. Currently, an

existing business is slated to remodel and occupy a vacant building in the Town Center business district. This business will contribute to our unique culture while bringing in additional revenue.

Sales tax represents the largest percent of revenue sources for the City of Clear Lake Shores. Sales tax collections normalized in FY21 and were \$92,034, or 5.17%, lower than FY20. FY22 sales tax revenues are budgeted at \$1,750,000, a 3.59% increase from the FY21 estimate.



The housing market in Clear Lake Shores remains strong. According to har.com, Clear Lake Shores has 532 single family properties with 1,990 median square feet. The median year built is 1991 with home values ranging between \$199,000 - \$2,400,000. The current real estate listing of available homes range from \$110,000 - \$965,000, with price per square foot ranging from \$153 - \$400.

Quick overview of current real estate market: (Source: har.com)

- Clear Lake Shores has 13 homes for sale with average list price \$ 396,000.
- Clear Lake Shores has 2 homes for rent ranging from \$1,150 to \$2,000/mo.

Demographics of Clear Lake Shores: (Source: data.census.gov)

- 42% - Single Residents
- 78% - Homeowners
- 54 – Median Age
- \$102,625 – Median Household Income
- 52% - College Educated

The construction phase for Phase I of the State Highway 146 Expansion Project is now in full swing and ahead of schedule. The project will expand the highway in a fashion like other parts of SH 146 that run through the city of La Porte. Beginning at Red Bluff Road, the highway will be expanded south through Kemah. A new expressway bridge will be built west of and parallel to the Kemah-Seabrook Bridge. The current bridge will remain and serve as a frontage road for motorists.

Specifically, the project will consist of the following:

- Widen and restructure the existing facility to a six- to 12-lane freeway and including a bicycle lane.
- Add grade separations at major intersections in Seabrook.
- Add access roads in selected locations.
- Add elevated express lanes over Clear Creek and through Kemah.

It is difficult to gauge how this will affect the city; the city is hopeful for a minimal effect as there will be new exit ramp options allowing traffic to exit and have access to the businesses along FM 2094 including Target and Home Depot.

### **BUDGET OVERVIEW**

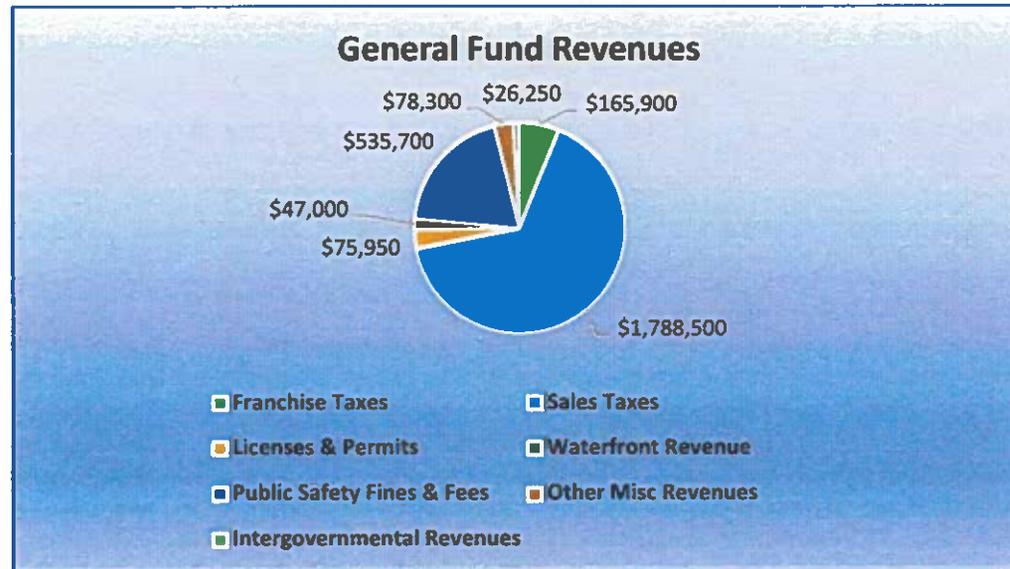
The FY22 budgeted total revenues are \$2,717,600 and total expenditures are \$2,678,869 resulting in an overall budget surplus of \$38,731.

The overall budget approach was based on zero base method. This method requires explanation of expenditures starting at zero, or no funding. Then specific requests were identified by Department Heads. The budget is submitted by the Department Head; then were reviewed by the City Administrator and then presented to City Council. City staff was aware of the challenges specific to this fiscal year prior to the start of the budgetary process. The proposed budget was reviewed and discussed by the Mayor and City Council; the Mayor and City Council then made the final

determinations as to which requests would be included in the budget. The budget was presented for public review and then was approved by unanimous vote by the city council.

### **General Fund Revenues**

General Fund revenues are expected to total \$2,717,600. Sales Taxes are anticipated to account for slightly over 66% of all expected revenue.



### **General Fund Expenses**

General Fund expenses are expected to total \$2,678,869 which is a 6% decrease from FY21 projected expenses and a 6% decrease from the FY21 original adopted budget.

Increases in personal services reflect the desire to implement merit-based salary increases in lieu of across the board. The City's health insurance premiums are estimated to increase by 5%; the actual costs of the premiums will not be known until December 2021. The City's retirement contribution rate for the 2022 calendar year decreased to 10.81%, this rate is based on the contribution needed to maintain the retirement fund.

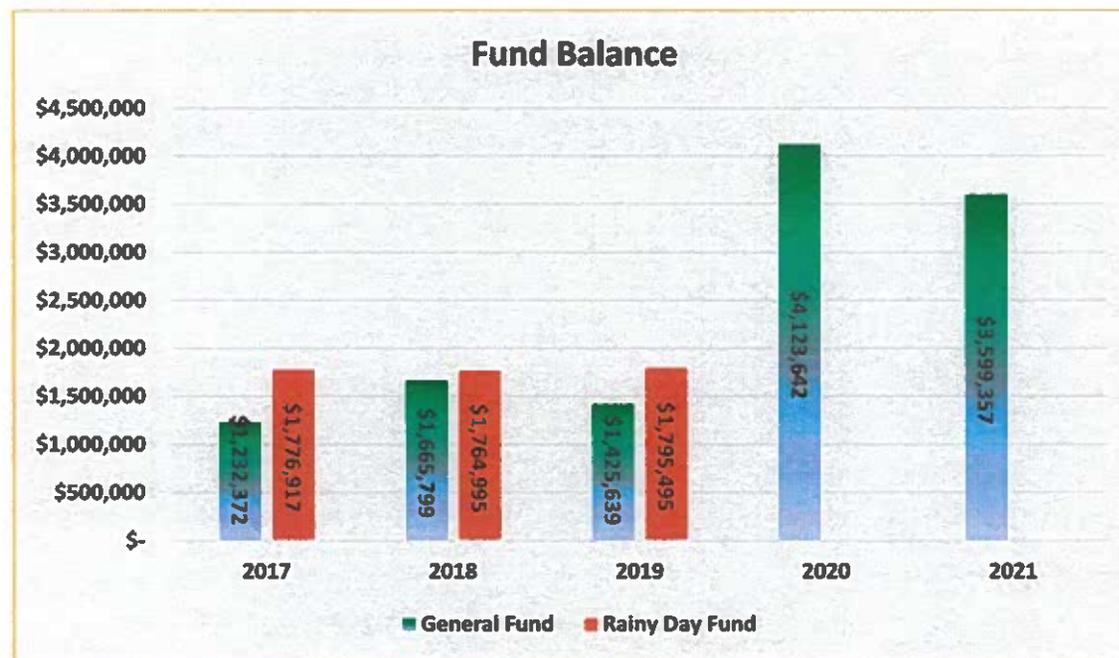
### **Fund Balance**

Fund Balance is when liabilities are subtracted from assets, there is a fund balance. A positive fund balance means there are more assets than liabilities; a negative fund balance means just the opposite. Fund balance can be

complicated by the fact that part of the fund balance is reserved and part unreserved. The difference between reserved and unreserved is that the unreserved can potentially be authorized for future expenditures while the reserved cannot. Additionally, the fund balance is a residual and not necessarily a cash amount available immediately.

The General Fund's estimated ending fund balance for FY22 is \$3,599,357, representing 16 months of continued operations with no revenue should we experience any type of disaster.

The Rainy Day Fund, was merged with the General Fund in August 2020 at the request of council to make the fund balances more inclusive of the entire total.



### ***Capital Equipment Fund***

The Capital Equipment Fund has an ending fund balance of \$193,337 for FY22. Funds are restricted to the acquisition and replacement of vehicles and equipment. FY22 will see either refurbishment or replacement of an existing backhoe/loader used by Public Works. There is also an anticipated computer server replacement for FY22.

### ***Roads & Drainage Fund***

The Roads & Drainage Fund's FY22 budget includes funding of \$530,000 for the planning, engineering, design and construction of prioritized paving projects and road maintenance. This is an increase over previous years due to anticipated higher costs for engineering and inspection. In FY21, city road conditions and inventory took place, this will be used to assist in planning and projections. Minor repairs not requiring engineering services such as crack sealing for pavement preservation and ditch profiling and drain cleaning were also completed.

### ***Plaza Ten 06 Corporation***

The Plaza Ten 06 Corporation has a relatively small fund balance with minimal expenses. FY21 saw the installation of lighting in the city's west parking lot. The budget for FY22 includes revenues in the form of lease payments from Sidewalks Brands/DBA Okie's.

### ***Economic Development Corporation***

The Economic Development Corporation's budget includes funding for 'Jammin on Jarboe' concert series, a Texas Park and Wildlife water access grant (with 75% reimbursement), as well as other projects approved by the Board. Milestone projects in FY21 include developing a city-wide tree replacement plan on a five-year schedule, lighting in the east parking lot and smaller projects that enhance the city and grants to provide assistance to local businesses.

### ***Conclusion***

This budget is submitted to the standards set forth by the Mayor and City Council of the City of Clear Lake Shores.

I would like to recognize the City's department heads, supervisors, employees, contracted employees, committee volunteers and residents. It takes buy-in, commitment and contribution at every level to develop a sustainable and implementable budget for the city. Everyone brings value to the process, with experience, institutional knowledge, ideas and vision. I appreciate all who contributed to the budget process.

As always, Clear Lake Shores will continue to celebrate sunsets and welcome each sunrise.

Sincerely,

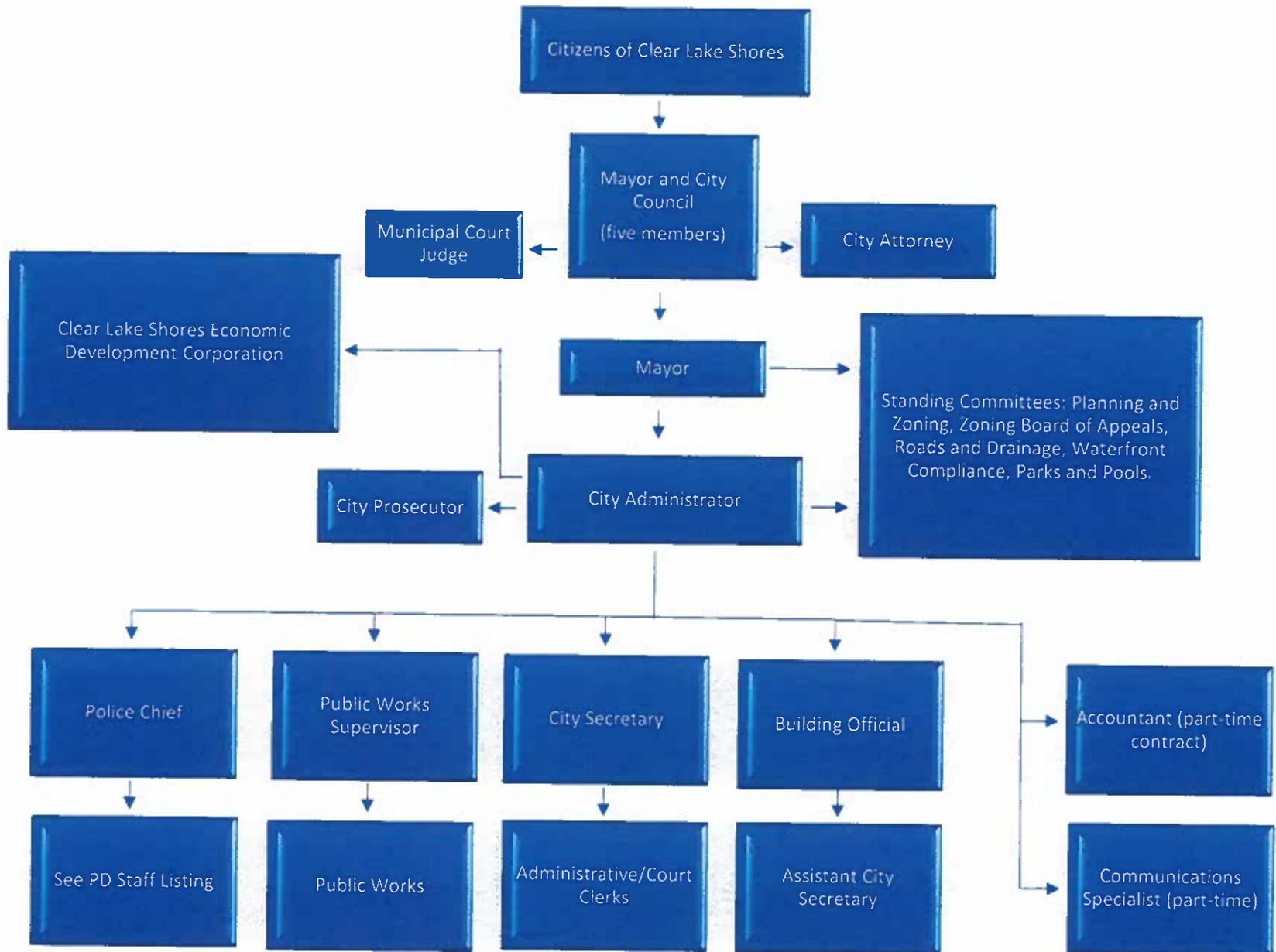


Brent S. Spier

City Administrator



# City of Clear Lake Shores Organizational Chart FY22



**CITY OF CLEAR LAKE SHORES  
BUDGET PLAN & CALENDAR  
FY22**

**OCTOBER 1, 2021 – SEPTEMBER 30, 2022**

<b>Target Date</b>	<b>Action</b>	<b>Responsible Person</b>
June 1, 2021	Distribute Budget Forms to Departments	City Administrator
June 18, 2021	Budget Workshop #1 CC (1:00PM)	City Administrator/ City Council
June 26 – July 14, 2021	Develop Preliminary Revenue & Expenditure Estimates	City Administrator
July 16, 2021	Budget Workshop #2 CC (1:00PM)	City Administrator/City Council
August 10, 2021	Budget Workshop #3 EDC (6:00PM)	City Administrator/EDC
August 23, 2021	Make proposed budget available for public inspection at City Hall and City's website.	City Administrator/City Secretary/Communications
August 23 – September 6, 2021	Publish Notice of Public Hearing	City Secretary
September 7, 2021	Hold Public Hearing on Budget/Adoption of FY22 Budget (6:00 PM)	City Administrator/City Council
October 1, 2021	Implement FY22 Budget	City Administrator and Staff

# City of Clear Lake Shores 2020-21 Budget Summary \*\*\*All Funds\*\*\*

	General Fund	Capital Equipment Fund	Roads & Drainage Fund	Plaza Ten-06 Corporation Fund	Economic Development Fund	TOTALS
<b>Estimated Beginning Fund Balance 10/1/2021</b>	\$ 3,390,447	\$ 236,837	\$ 1,333,902	\$ 68,075	\$ 539,992	\$ 5,569,252
<b>Estimated Revenue:</b>						
<b>Taxes:</b>						
Franchise/Right of Way	165,900	-	-	-	-	165,900
Property	-	-	-	-	-	-
Sales	1,750,000	-	280,000	-	280,000	2,310,000
Mixed Drink	38,500	-	-	-	-	38,500
<b>Licenses &amp; Permits:</b>						
Business Licenses & Permits	500	-	-	-	-	500
Beverage	1,200	-	-	-	-	1,200
Building & Remodeling	42,000	-	-	-	-	42,000
Electrical/Plumbing/Mechanical	18,500	-	-	-	-	18,500
Culverts/Driveways	500	-	-	-	-	500
Bulkheads	500	-	-	-	-	500
Fences/Roofs/Signs	6,250	-	-	-	-	6,250
Demolition	2,000	-	-	-	-	2,000
Stop Work	-	-	-	-	-	-
Plat Applications	1,500	-	-	-	-	1,500
Miscellaneous	3,000	-	-	-	-	3,000
<b>Waterfront:</b>						
Lease Fees	41,000	-	-	-	-	41,000
Transfer Fees	3,000	-	-	-	-	3,000
Lot Auctions	3,000	-	-	-	-	3,000
<b>Police Fees and Fines:</b>						
Fines	500,000	-	-	-	-	500,000
Warrant/Defendant Dispositions	12,000	-	-	-	-	12,000
Administrative Fees	16,000	-	-	-	-	16,000
Restricted Fees	7,700	-	-	-	-	7,700
<b>Miscellaneous Revenues:</b>						
Pool Membership/Passes	20,150	-	-	-	-	20,150
Rental Income	4,000	-	-	-	-	4,000
Interest Income	38,000	3,500	11,800	750	9,000	63,050
Other Miscellaneous Revenues	16,150	-	-	48,000	-	64,150
Intergovernmental Revenue	26,250	-	-	-	-	26,250
Transfers In from Other Funds	-	40,000	100,000	-	-	140,000
Other Financing Sources/(Uses)	-	-	-	-	-	-
<b>Total</b>	<b>2,717,600</b>	<b>44,337</b>	<b>111,800</b>	<b>48,750</b>	<b>9,000</b>	<b>3,031,487</b>
<b>Total Available for Appropriation</b>	<b>\$ 6,108,047</b>	<b>\$ 280,337</b>	<b>\$ 1,725,702</b>	<b>\$ 116,825</b>	<b>\$ 828,992</b>	<b>\$ 9,059,902</b>

# City of Clear Lake Shores 2020-21 Budget Summary

**\*\*\*All Funds\*\*\***

	General Fund	Capital Equipment Fund	Roads & Drainage Fund	Plaza Ten-06 Corporation Fund	Economic Development Fund	TOTALS
<b>Estimated Expenditures &amp; Transfers:</b>						
City Council	71,500	-	-	-	-	71,500
Administration	207,265	-	-	-	-	207,265
City Secretary/Municipal Court	279,961	-	-	-	-	279,961
Parks	-	-	-	-	-	-
Police	1,043,827	52,000	-	-	-	1,095,827
Building Inspection/Code Enforcement	187,098	-	-	-	-	187,098
Public Works	160,561	35,000	530,000	-	-	725,561
Swimming Pool	50,500	-	-	-	-	50,500
Public Safety(Emergency Management)	51,200	-	-	-	-	51,200
General Government	526,957	-	-	-	-	526,957
Economic Development	-	-	-	-	348,500	348,500
Plaza Ten 06 Corporation	-	-	-	2,500	-	2,500
Transfers to Other Funds	100,000	-	-	-	-	100,000
<b>Total Expenditures &amp; Transfers</b>	<b>\$ 2,678,869</b>	<b>\$ 87,000</b>	<b>\$ 530,000</b>	<b>\$ 2,500</b>	<b>\$ 348,500</b>	<b>\$ 3,646,869</b>
<b>Estimated Fund Balance 9/30/2021</b>	<b>\$ 3,429,178</b>	<b>\$ 193,337</b>	<b>\$ 1,195,702</b>	<b>\$ 114,325</b>	<b>\$ 480,492</b>	<b>\$ 5,413,033</b>

# GENERAL FUND

The General Fund is used to account for all financial resources that are not restricted to a specific purpose or otherwise required to be accounted for in another fund. The General Fund is established at the inception of the government (Ordinance 1-62, on November 13, 1962) and exists throughout the government's life.

## 2021-22 City of Clear Lake Shores Annual Budget Revenues

### GENERAL FUND

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
	<b><u>Franchise Taxes:</u></b>					
100414	Solid Waste	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
100415	Electric Franchise	120,453	121,000	120,464	121,000	121,000
100416	Gas Franchise	4,446	5,000	4,842	5,000	5,000
100417	Cable TV Franchise	26,644	27,000	26,974	27,000	27,000
100418	Telephone Franchise	2,111	2,500	2,481	2,500	2,500
100419	Cable PEG - Restricted	5,329	5,400	5,394	5,400	5,400
	Total Franchise Taxes	\$ 163,983	\$ 165,900	\$ 165,155	\$ 165,900	\$ 165,900
	<b><u>Property Taxes:</u></b>					
100402	Property Taxes	\$ 9	\$ -	\$ 6	\$ -	\$ -
100404	Property Tax Interest & Penalties	9	-	9	-	-
	Total Property Taxes, Int. & Penalties	\$ 18	\$ -	\$ 15	\$ -	\$ -
	<b><u>Sales Taxes:</u></b>					
100406	General Sales & Use Tax	\$ 1,781,335	\$ 1,750,000	\$ 1,689,301	\$ 1,750,000	\$ 1,750,000
100407	Mixed Beverage Sales Tax	18,897	22,000	20,197	22,000	22,000
100408	Mixed Beverage Tax	15,185	16,500	16,507	16,500	16,500
	Total Sales & Use Tax	\$ 1,815,417	\$ 1,788,500	\$ 1,726,005	\$ 1,788,500	\$ 1,788,500
	<b><u>Licenses &amp; Permits:</u></b>					
100425	Business Licenses & Permits	\$ 1,800	\$ 500	\$ 1,325	\$ 500	\$ 500
100426	Alcoholic Beverage Permits	2,140	1,200	1,905	1,200	1,200
100427	Building Permits	58,039	35,000	46,843	35,000	35,000
100428	Remodeling Permits	40,639	7,000	36,736	7,000	7,000
100429	Electrical Permits	6,100	7,000	4,400	7,000	7,000
100430	Plumbing/Gas Permits	4,850	8,000	3,300	8,000	8,000
100431	Mechanical Permits	4,725	3,500	3,725	3,500	3,500
100432	Culvert & Fill Permits	828	500	831	500	500
100433	Bulkhead/Pier Permits	825	500	450	500	500
100434	Fence Permits	1,963	1,500	1,561	1,500	1,500
100435	Roof Permits	5,871	4,000	4,420	4,000	4,000
100436	Sign Permits	140	750	48	750	750
100437	Demolition Permits	6,863	2,000	5,780	2,000	2,000
100438	Stopwork Orders/Premature Work	-	-	-	-	-

## 2021-22 City of Clear Lake Shores Annual Budget Revenues

### GENERAL FUND

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
100439	Plat/Replat Application Fees	2,392	1,500	2,291	1,500	1,500
100440	Other Licenses & Permits	4,388	3,000	3,537	3,000	3,000
	Total Licenses & Permits	\$ 141,561	\$ 75,950	\$ 115,827	\$ 75,950	\$ 75,950
	<b><u>Waterfront Revenue:</u></b>					
100450	Yearly Lease Payments	\$ 41,538	\$ 41,000	\$ 41,000	\$ 41,000	\$ 41,000
100452	Waterfront Transfer Fees	4,800	3,000	4,500	3,000	3,000
100453	Waterfront Rights Proceeds	24,060	3,000	28,260	3,000	3,000
	Total Waterfront Revenue	\$ 70,398	\$ 47,000	\$ 73,760	\$ 47,000	\$ 47,000
	<b><u>Public Safety Fines &amp; Fees:</u></b>					
100466	Court Fines	\$ 281,272	\$ 500,000	\$ 326,704	\$ 500,000	\$ 500,000
100467	Warrant Fees/Disposition Fees	28,987	12,000	28,200	12,000	12,000
100468	Time Payment Fees	7,088	4,000	7,039	4,000	4,000
100483	State Court Cost Revenues-City	8,724	12,000	8,952	12,000	12,000
100484	Court Security Fees-Restricted	4,986	1,200	4,865	1,200	1,200
100485	Truancy Prevention Fund-Restricted	1,595	-	1,553	-	-
100486	Child Safety Fees-Restricted	3,812	3,000	3,639	3,000	3,000
100487	Court Technology Fees-Restricted	5,837	3,500	5,910	3,500	3,500
	Total Public Safety Fines & Fees	\$ 342,301	\$ 535,700	\$ 386,862	\$ 535,700	\$ 535,700
	<b><u>Other Miscellaneous Revenue:</u></b>					
100460	Pool Memberships	\$ 17,261	\$ 20,000	\$ 15,516	\$ 20,000	\$ 20,000
100461	Pool Guest Passes	45	150	125	150	150
100463	Clubhouse/Pavilion Rentals	2,488	4,000	3,600	4,000	4,000
100473	PD Seizure-Restricted	-	-	-	-	-
100474	PD Donations-Restricted	7,748	2,500	2,020	2,500	2,500
100475	Copies	279	400	250	400	400
100476	Miscellaneous Revenue	4,016	750	692	750	750
100477	Proceeds of Insurance Claims	-	-	-	-	-
100480	Interest Income	17,212	36,000	43,124	36,000	36,000
100481	Interest Income - Restricted	1,973	2,000	2,200	2,000	2,000
100482	Intermodal Permit Fees	8,715	4,500	4,753	4,500	4,500
100488	Employee FSA Contributions	8,091	8,000	7,808	8,000	8,000
	Total Miscellaneous Revenue	\$ 67,827	\$ 78,300	\$ 80,088	\$ 78,300	\$ 78,300

## 2021-22 City of Clear Lake Shores Annual Budget Revenues

### GENERAL FUND

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
	<b><u>Intergovernmental Revenue:</u></b>					
100478	Grant Revenue	\$ -	\$ -	\$ 5,717	\$ -	\$ -
100478a	FEMA Disaster Relief (Harvey)	5,717	-	-	-	-
100478b	LEOSE Grant	1,241	1,250	1,241	1,250	1,250
100478c	Corona Virus Relief (CARES ACT)	60,819	25,000	12,804	25,000	25,000
	Total Intergovernmental Revenue	\$ 67,777	\$ 26,250	\$ 19,762	\$ 26,250	\$ 26,250
	<b><u>Transfers In From Other Funds:</u></b>					
100609	Transfer From EDC	150,000	-	150,000	-	-
	Total Transfers In From Other Funds	\$ 150,000	\$ -	\$ 150,000	\$ -	\$ -
	<b>Total General Fund Revenue</b>	<b>\$ 2,819,282</b>	<b>\$ 2,717,600</b>	<b>\$ 2,717,474</b>	<b>\$ 2,717,600</b>	<b>\$ 2,717,600</b>

100417/418 2019 TX SB1152 Changes Telcommunication fees to pay only the highest of two previously collected fees.

## 2021-22 Clear Lake Shores Annual Budget Summary by Department

### GENERAL FUND

Department	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
City Council	\$ 63,456	\$ 86,500	\$ 48,535	\$ 71,500	\$ 71,500
Administration	182,777	206,422	193,025	207,265	207,265
City Secretary/Municipal Court	245,663	274,614	244,858	279,961	279,961
Parks (see combined Parks & Pool)	-	-	-	-	-
Police	945,651	1,036,065	953,965	1,043,827	1,043,827
Building Inspections/Code Enforcement	161,714	182,048	168,042	187,098	187,098
Public Works	151,656	156,080	148,203	160,561	160,561
Parks & Pool	39,794	124,000	92,856	50,500	50,500
Public Safety	48,262	49,000	47,403	51,200	51,200
General Government	754,345	540,557	795,714	526,957	526,957
Transfers Out:	120,000	140,000	140,000	100,000	100,000
<b>TOTAL</b>	<b>\$ 2,713,319</b>	<b>\$ 2,795,286</b>	<b>\$ 2,832,601</b>	<b>\$ 2,678,869</b>	<b>\$ 2,678,869</b>
Beginning Fund Balance 10/1	\$ 3,399,611	\$ 3,505,574	\$ 3,505,574	\$ 3,390,447	\$ 3,390,447
Add: Revenue	2,819,282	2,717,600	2,717,474	2,717,600	2,717,600
Available for Appropriation	\$ 6,218,893	\$ 6,223,174	\$ 6,223,048	\$ 6,108,047	\$ 6,108,047
Less: Expenditures	2,713,319	2,795,286	2,832,601	2,678,869	2,678,869
Ending Fund Balance 9/30	\$ 3,505,574	\$ 3,427,888	\$ 3,390,447	\$ 3,429,178	\$ 3,429,178

## 2021-22 City of Clear Lake Shores Annual Budget Line Item Summary

### GENERAL FUND

Line Items	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
501 - Wages & Salaries	\$ 1,100,279	\$ 1,158,451	\$ 1,116,500	\$ 1,174,750	\$ 1,174,750
502 - Overtime	1,352	1,750	830	1,750	1,750
503 - Medicare Tax (Employer Share)	15,828	16,452	16,363	16,864	16,864
504 - Retirement (Employer Share)	118,496	122,714	120,370	125,578	125,578
505 - Medical, Dental & Life Ins.	216,323	223,312	236,065	236,670	236,670
506 - Police Holiday Pay	20,819	24,000	18,500	24,000	24,000
507 - Other Employment Services	3,271	3,500	7,766	4,500	4,500
508 - Certification Pay	13,767	14,200	13,900	15,000	15,000
509 - Severance Pay	14,975	-	-	-	-
510 - Debt Service	74,960	77,209	77,209	79,525	79,525
511 - Interest Expense	19,997	17,748	19,997	15,432	15,432
520 - Software & Computer Services	62,539	112,300	103,000	106,000	106,000
521 - Utilities	43,684	48,000	43,972	48,000	48,000
522 - Dues, Memberships & Subscriptions	9,815	12,500	8,907	11,000	11,000
523 - Postage & Shipping	4,183	4,100	3,447	4,500	4,500
524 - Code Supplements	7,078	2,500	2,500	2,500	2,500
525 - Public Relations	8,917	10,000	7,350	10,000	10,000
526 - Employee Relations	2,232	4,000	2,200	2,500	2,500
527 - Election Expense	15,843	40,000	12,185	16,000	16,000
528 - Insurance & Bonds	61,581	65,000	59,208	63,000	63,000
529 - Contract Inspection Services	1,888	10,000	1,375	7,500	7,500
530 - Legal Services	19,658	22,000	22,000	25,000	25,000
531 - Audit Expense	20,771	22,000	21,342	18,000	18,000
532 - Travel & Training	10,334	25,000	14,228	18,000	18,000
533 - Radio Maintenance	2,520	2,800	2,520	2,600	2,600
534 - Vehicle & Equipment Maintenance	36,102	33,000	13,478	33,000	33,000
535 - Building & Property Maintenance	24,741	107,500	18,193	24,000	24,000
536 - Emergency Management Expenses	4,762	5,000	4,200	5,000	5,000
537 - Ambulance Services	35,000	35,000	38,953	37,200	37,200
538 - Animal Control Services	8,500	9,000	4,250	9,000	9,000
539 - Jail and Dispatch Services	6,320	17,500	-	17,500	17,500
540 - Pool Operation	31,348	34,000	23,020	34,000	34,000

## 2021-22 City of Clear Lake Shores Annual Budget Line Item Summary

### GENERAL FUND

Line Items	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
541 - Concert Series (Jammin' on Jarboe)	10,050	12,000	12,000	12,000	-
542 - Fuel	20,275	29,600	25,300	29,600	29,600
543 - Children's Library	-	-	190	-	-
545 - Uniforms	7,151	7,700	4,661	6,000	6,000
546 - Other Contractual Expense	85,358	81,300	84,786	97,000	97,000
547 - Communications	272	750	-	500	500
548 - Hurricane Harvey Expenses	6,163	-	6,163	-	-
550 - Street Repair Materials	794	1,000	1,200	1,000	1,000
551 - Signs	3,543	2,000	800	1,500	1,500
552 - Safety Equipment & Supplies	5,165	5,200	-	5,200	5,200
553 - Janitorial	7,650	8,000	7,800	8,000	8,000
554 - Printed Materials	3,513	5,000	2,890	5,000	5,000
555 - Other Miscellaneous Supplies	27,053	37,700	27,146	38,700	38,700
556 - Mosquito Spray Concentrate	490	500	500	500	500
557 - Small Tools & Equipment	82	500	703	1,000	1,000
558 - Landscaping & Beautification	-	-	-	-	-
590 - Vehicles & Accessories	72,738	-	-	87,000	-
591 - Machinery & Equipment	-	-	-	-	-
592 - Radios	-	6,500	-	6,500	6,500
592 - Capital Outlay -Land	-	-	301,167	-	-
593 - Office Equipment	812	4,500	455	4,500	4,500
594 - Buildings & Structures	-	-	900	5,000	5,000
595 - Landscaping Services	87,735	100,000	94,000	100,000	100,000
596 - Other Improvements	2,278	60,000	92,831	60,000	60,000
Restricted Funds:					
Child Safety	901	2,500	-	2,500	2,500
Court Technology	10,550	5,000	4,514	5,000	5,000
Court Security	4,080	5,000	-	5,000	5,000
Public TV	-	-	-	-	-
Police Restricted Funds	403	7,000	1,496	7,000	7,000
Transfer to Other Funds	120,000	140,000	140,000	100,000	100,000

# 2021-22 City of Clear Lake Shores Annual Budget Line Item Summary

## GENERAL FUND

Line Items	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
TOTAL	<u>\$ 2,494,940</u>	<u>\$ 2,802,286</u>	<u>\$ 2,843,330</u>	<u>\$ 2,776,869</u>	<u>\$ 2,677,869</u>

## 2021-22 Clear Lake Shores Annual Budget Personnel Summary

GENERAL FUND					
Department	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
City Council	0	0	0	0	0
Administration	1	1.5	1.5	1.5	1.5
City Secretary/Municipal Court	3.5	3.5	3.5	3.5	3.5
Police	9.5	10.5	10.5	10.5	10.5
Building Inspection	2	2	2	2	2
Swimming Pool	0	0	0	0	0
Public Works	2	2	2	2	2
Public Safety	0	0	0	0	0
General Government	0	0	0	0	0
<b>TOTAL</b>	<b>18</b>	<b>19.5</b>	<b>19.5</b>	<b>19.5</b>	<b>19.5</b>

## 2021-22 City of Clear Lake Shores Annual Budget

### CITY COUNCIL

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
110522	Dues, Memberships & Subscriptions	\$ 4,500	\$ 5,000	\$ 2,600	\$ 3,500	\$ 3,500
110525	Public Relations	8,917	10,000	7,350	10,000	10,000
110526	Employee Relations	2,232	4,000	2,200	2,500	2,500
110527	Election Expense	15,843	40,000	12,185	16,000	16,000
110530	Legal Expense	19,658	22,000	22,000	25,000	25,000
110532	Travel & Training	2,252	5,000	1,000	3,000	3,000
110546	Other Contractual Services	6,835	-	-	10,000	10,000
110555	Other Miscellaneous Supplies	3,219	500	1,200	1,500	1,500
110593	Office Equipment & Furnishings	-	-	-	-	-
	<b>Total City Council</b>	<b>\$ 63,456</b>	<b>\$ 86,500</b>	<b>\$ 48,535</b>	<b>\$ 71,500</b>	<b>\$ 71,500</b>

**City Council Explanations:**

- 110522 Galv. County Mayors & Councilmans Assn., Clear Lake Chamber of Commerce, League City Regional COC.
- 110525 Snow Day, NIE Stewart, Chamber Mmember/Boat Parade Sponsor, Chamber events, CCEF Leader in ME, Citizen Apprciation/engagement.
- 110526 Employee Appreciation Christmas Dinner and Recognitions.
- 110527 General Election Costs (voting machines, ballot, supplies & clerks).
- 110530 Costs of City Attorney (based on most recent fiscal years.)
- 110532 Costs to attend various seminars, training courses, etc. New council member training.
- 110546 Strategic Plan Update, Fire Service Study (\$2K)
- 110555 Council business cards, branded shirts, banners, flags, backdrop & supplies

## 2021-22 City of Clear Lake Shores Annual Budget

### ADMINISTRATION

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
111501	Wages & Salaries	\$ 119,067	\$ 125,000	\$ 121,000	\$ 125,000	\$ 125,000
111503	Medicare Tax	1,653	1,700	1,700	1,700	1,700
111504	Retirement	10,837	11,000	11,000	11,000	11,000
111505	Life, Medical, Dental and FSA	14,756	15,222	16,065	16,065	16,065
111520	Software & Computer Services	-	2,000	-	2,000	2,000
111522	Dues, Memberships & Subscriptions	512	500	649	500	500
111532	Travel & Training	1,320	3,000	1,400	3,000	3,000
111546	Other Contractual Services	33,545	41,000	41,000	41,000	41,000
111555	Other Miscellaneous Supplies	274	5,000	211	5,000	5,000
111593	Office Furniture & Equipment	812	2,000	-	2,000	2,000
	<b>Total Administration</b>	<b>\$ 182,777</b>	<b>\$ 206,422</b>	<b>\$ 193,025</b>	<b>\$ 207,265</b>	<b>\$ 207,265</b>

**Administration Explanations:**

- 111501 CA + Comms Specialist \$20.80/hr
- 111504 Retirement typically 10-11% salaries
- 111505 Costs for new year will not be known until renewal in December 2021; 5% holder entered in budget over FY21.
- 111520 Computer related services; software; hardware. Hardware.
- 111522 TMCA, GFOA dues & memberships.
- 111532 TML, TDEM and TCMA conferences and related training sessions.
- 111546 Accountant's Fees, City Administrator cell phone, VOIP integration/Service
- 111555 Office supplies (paper, printer ink, pens) Technology , monitors, microphones. Communications Specialist laptop
- 111593 Office furniture or equipment purchases if needed for Administration .

## 2021-22 City of Clear Lake Shores Annual Budget

### CITY SECRETARY/MUNICIPAL COURT

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
112501	Wages & Salaries	\$ 164,812	\$ 169,507	\$ 168,000	\$ 174,250	\$ 174,250
112503	Medicare Tax	2,347	2,403	2,403	2,511	2,511
112504	Retirement	15,935	15,972	15,940	16,400	16,400
112505	Life, Medical & Dental Insurance	31,587	33,432	36,800	37,800	37,800
112520	Software & Computer Services	-	15,300	-	12,000	12,000
112522	Dues, Memberships & Subscriptions	250	500	221	500	500
112532	Travel & Training	295	3,000	425	2,000	2,000
112546	Other Contractual Services	11,172	14,500	12,600	14,500	14,500
112555	Other Miscellaneous Supplies	3,734	7,000	3,500	7,000	7,000
112593	Office Furniture & Equipment	-	500	455	500	500
112650	Child Safety Expense - Restricted	901	2,500	-	2,500	2,500
112651	Court Technology- Restricted	10,550	5,000	4,514	5,000	5,000
112653	Court Building Security -Restricted	4,080	5,000	-	5,000	5,000
	<b>Total City Secretary/Muni Court.</b>	<b>\$ 245,663</b>	<b>\$ 274,614</b>	<b>\$ 244,858</b>	<b>\$ 279,961</b>	<b>\$ 279,961</b>

**City Secretary/Municipal Court Explanations:**

- 112501 Three full-time positions & one Judge. Can reduce \$16k for 1/2 time clerk to PD.
- 112501 2% merit-based increase excluding judge.
- 112504 Retirement typically 10-11% of salaries.
- 112505 Costs for new year will not be known until renewal in December 2021; 5% increase pre-loaded, estimate.
- 112520 Version 10 Incode upgrade \$11,300, or similar cloud-based product.
- 112522 Dues for Municipal Court Clerks and Texas City Secretaries organizations.
- 112532 Seminars being done virtually.
- 112546 Prosecutor Fees & Harris County Warrant System Fees. Judge wages moved to 112501 in 2017.
- 112555 Office supplies for court & city secretary. Increased notification due to COVID-19 restrictions.
- 112593 Furniture or Equipment if needed for court or city secretary offices.
- 112650 Promotion supplies for the children's program through CLSPD. (Parades & Give Aways)
- 112651 Reserved for Municipal Court software annual maintenance & technology related items for court.
- 112653 Reserved for maintenance of security related items for use in the court (cameras, detectors, etc).

## 2021-22 City of Clear Lake Shores Annual Budget

### POLICE

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
114501	Wages & Salaries	\$ 603,944	\$ 645,000	\$ 608,000	\$ 650,000	\$ 650,000
114502	Overtime	1,352	1,500	830	1,500	1,500
114503	Medicare Tax	8,933	9,259	9,200	9,532	9,532
114504	Retirement	68,664	72,306	70,000	74,415	74,415
114505	Life, Medical & Dental Insurance	127,617	129,600	138,000	136,080	136,080
114506	Police Holiday Pay	20,819	24,000	18,500	24,000	24,000
114507	Certification Pay	13,767	14,200	13,900	15,000	15,000
114509	Severance Pay	14,975	-	-	-	-
114520	Software & Computer Services	9,420	13,000	38,900	12,000	12,000
114522	Dues, Memberships & Subscriptions	1,380	3,000	1,890	3,000	3,000
114532	Travel & Training	1,711	9,000	5,168	5,000	5,000
114533	Radio Maintenance/User Fees	2,520	2,800	2,520	2,600	2,600
114534	Vehicle & Equipment Maintenance	28,234	28,000	12,600	28,000	28,000
114539	Jail/Dispatch Services	6,320	17,500	-	17,500	17,500
114542	Fuel & Lube	19,291	28,000	24,000	28,000	28,000
114545	Uniforms	4,676	5,200	2,161	3,500	3,500
114552	Safety Equipment & Supplies	5,165	5,200	-	5,200	5,200
114555	Other Miscellaneous Supplies	6,461	15,000	6,800	15,000	15,000
114592	Radios	-	6,500	-	6,500	6,500
114654	Police Restricted Funds	403	7,000	1,496	7,000	7,000
	<b>Total Police</b>	<b>\$ 945,651</b>	<b>\$ 1,036,065</b>	<b>\$ 953,965</b>	<b>\$ 1,043,827</b>	<b>\$ 1,043,827</b>

**Police Explanations:**

- 114501 Chief/AC 2% merit-based pool. Officers are 2.5% annual step program.
- 114501 Step Pay Increases (Longevity) will be applied at anniversary date plus certification pay.
- 114504 Retirement typically 10-11% of salaries.
- 114505 Costs for new year will not be known until renewal in December 2021; 5% increase pre-loaded, estimate.
- 115520 MiFi & Hot Spot devices, OSSI/MFR Annual Fees, new computers. Laptops in cars will be updated to O365 OS.
- 114522 Chief's and Asst. Chief's dues to IACP, TCOP and TCLEDDS & TLO Subscription.
- 114532 Training courses required to maintain certification hours.
- 114534 As vehicles age and add miles, they require more maintenance.
- 114542 Fuel costs are expected to be higher.
- 114545 Officer turnover causes an increase in uniform costs, changes in uniforms from class A to B.
- 114552 Includes the cost of the replacement of 4 safety vest as well as other safety related costs.

## 2021-22 City of Clear Lake Shores Annual Budget

114555	Police ID cards, warrant postcards, office & evidence supplies, citation books & drug & alcohol testing kits.
114592	Galveston County Emergency Management annual radio airtime for 28 radios.
114654	Items purchased with donations to the CLSPD.

## 2021-22 City of Clear Lake Shores Annual Budget

### BUILDING INSPECTIONS/CODE ENFORCEMENT

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
115501	Wages & Salaries	\$ 125,519	\$ 129,400	\$ 130,000	\$ 133,250	\$ 133,250
115503	Medicare Tax	1,803	1,830	1,800	1,830	1,830
115504	Retirement	13,624	13,718	13,718	13,718	13,718
115505	Life, Medical & Dental Insurance	11,655	12,600	12,600	12,600	12,600
115520	Software & Computer Services	-	7,000	-	10,000	10,000
115522	Dues, Memberships & Subscriptions	100	500	-	500	500
115529	Contract Inspection Services	1,888	10,000	1,375	7,500	7,500
115532	Travel & Training	4,757	5,000	6,235	5,000	5,000
115546	Other Contractual Services	749	800	1,354	1,500	1,500
115555	Other Miscellaneous Supplies	1,621	1,200	960	1,200	1,200
	<b>Total Building Insp./Code Enf.</b>	<b>\$ 161,714</b>	<b>\$ 182,048</b>	<b>\$ 168,042</b>	<b>\$ 187,098</b>	<b>\$ 187,098</b>

**Building Inspection/Code Enforcement Explanations:**

- 115501 \$129,400 base wages with 2.5% merit based increase added.
- 115504 Retirement typically 10-11% of salaries.
- 115505 Costs for new year will not be known until renewal in December 2021; 5% increase pre-loaded, estimate.
- 115520 Scanning of commercial plans and electronic record.
- 115522 Inspector and the Asst. City Secretary's dues to various organizations.
- 115529 Fire Marshal Services, anticipated drainage plan reviews.
- 115532 Inspector and the Asst. City Secretary's travel & training to maintain certifications.
- 115546 Building Official cell phone, cloud storage plans.

## 2021-22 City of Clear Lake Shores Annual Budget

### PUBLIC WORKS

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
116501	Wages & Salaries	\$ 86,936	\$ 89,544	\$ 89,500	\$ 92,250	\$ 92,250
116502	Overtime	-	250	-	250	250
116503	Medicare Tax	1,092	1,260	1,260	1,291	1,291
116504	Retirement	9,435	9,718	9,712	10,045	10,045
116505	Life, Medical & Dental Insurance	30,709	32,458	32,600	34,125	34,125
116534	Vehicle & Equipment Maintenance	7,868	5,000	878	5,000	5,000
116535	Building & Property Maintenance	5,272	7,500	5,500	7,500	7,500
116542	Fuel & Lubricants	984	1,600	1,300	1,600	1,600
116545	Uniforms	2,475	2,500	2,500	2,500	2,500
116546	Other Contractual Services	-	-	-	-	-
116547	Communications	272	750	-	500	500
116550	Street Repair Materials	794	1,000	1,200	1,000	1,000
116551	Signs	3,543	2,000	800	1,500	1,500
116555	Other Miscellaneous Supplies	1,705	1,500	1,750	1,500	1,500
116556	Mosquito Control	490	500	500	500	500
116557	Small Tools & Equipment	82	500	703	1,000	1,000
<b>Total Public Works</b>		<b>\$ 151,656</b>	<b>\$ 156,080</b>	<b>\$ 148,203</b>	<b>\$ 160,561</b>	<b>\$ 160,561</b>

**Public Works Explanations:**

- 114501 \$89,544 base wages with 2.5% merit-based adder.
- 116504 Retirement typically 10-11% of salaries.
- 116505 Costs for new year will not be known until renewal in December 2021; 5% increase pre-loaded, estimate.
- 116535 Maintenance of city buildings, boat ramps, grounds & parks. Increase is for piped sprinklers in city parks.
- 116545 Cost of weekly laundering of public works employee's uniforms.
- 116547 Radio PW to City Hall, G4/LTE \$750 equip + 980/yr airtime, \$29/mo.
- 116550 Material used for street maintenance, bulk gravel, bag pathc, bag concrete/lime.
- 116551 Cost of maintaining traffic & various signs throughout the city as well as new signs.
- 116555 Items purchased for use in daily maintenance throughout the city.
- 116556 The cost of Mosquito Dunks.

## 2021-22 City of Clear Lake Shores Annual Budget

<b>PARKS and POOL</b>						
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Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
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**PARKS**

113535a	Parks Maintenance	\$ -	\$ -	\$ 385		
113558	Landscaping & Beautification	-	-	-	-	-
113594	Buildings & Structures	-	5,000	900	5,000	5,000
<b>Total Parks</b>		<b>\$ -</b>	<b>\$ 5,000</b>	<b>\$ 1,285</b>	<b>\$ 5,000</b>	<b>\$ 5,000</b>

**Park Explanations:**

113558 This committee/line item was dissolved. Landscaping for seasonal color added to account 119595.  
 113594 Maintain separate from Pools until these accounts are combined and renumbered in QBP.

<b>POOL</b>						
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117535a	Pool Maintenance	\$ 8,446	\$ 75,000	\$ 1,193	\$ 1,500	\$ 1,500
117540	Pool Operations	31,348	34,000	23,020	34,000	34,000
117546	Other Contractual Services	-	-	-	-	-
117596	Other Improvements	-	10,000	67,358	10,000	10,000
<b>Total Swimming Pool</b>		<b>\$ 39,794</b>	<b>\$ 119,000</b>	<b>\$ 91,571</b>	<b>\$ 45,500</b>	<b>\$ 45,500</b>

**Swimming Pool Explanations:**

117535a Outsourced monthly repairs & maintenance cost. Pool re-plaster/re-tile in FY21.  
 117540 Outsourced cost of pool servicing as well as lifeguards during the months of May, June, July & August.  
 117596 Key Code system \$5k, umbrella bases, reseal shade structures.

## 2021-22 City of Clear Lake Shores Annual Budget

### PUBLIC SAFETY/EMERGENCY MANAGEMENT

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY212 Approved
118536	Emergency Management	4,762	5,000	4,200	5,000	5,000
118537	Ambulance Services	35,000	35,000	38,953	37,200	37,200
118538	Animal Control Services	8,500	9,000	4,250	9,000	9,000
<b>Total Public Safety/Em. Mgmt.</b>		<b>\$ 48,262</b>	<b>\$ 49,000</b>	<b>\$ 47,403</b>	<b>\$ 51,200</b>	<b>\$ 51,200</b>

**Public Safety/Emergency Management Explanations:**

- 118536 Blackboard Connect System, supplies as needed for storms, training & travel for EMC.
- 118537 Services provided by GCHD. FY21 vs FY22 increase 6% due to employee turnover and retention.
- 118538 Bayou Animal Control Services, contracted amount billed quarterly.

## 2021-22 City of Clear Lake Shores Annual Budget

### GENERAL GOVERNMENT

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
119507	Other Employment Services	\$ 3,271	\$ 3,500	\$ 7,766	\$ 4,500	\$ 4,500
119510	Debt Service	74,960	77,209	77,209	79,525	79,525
119511	Interest Expense	19,997	17,748	19,997	15,432	15,432
119520	Software & Computer Services	53,120	75,000	64,100	70,000	70,000
119521	Utilities	43,684	48,000	43,972	48,000	48,000
119522	Dues, Memberships & Subscriptions	3,073	3,000	3,547	3,000	3,000
119523	Postage & Shipping	4,183	4,100	3,447	4,500	4,500
119524	Code Supplement Service	7,078	2,500	2,500	2,500	2,500
119528	Insurance & Bonds	61,581	65,000	59,208	63,000	63,000
119531	Audit Expense	20,771	22,000	21,342	18,000	18,000
119535	Building & Property Maintenance	11,023	25,000	11,500	15,000	15,000
119543	Children's Library	-	-	190	-	-
119546	Other Contractual Expense	33,057	25,000	29,832	30,000	30,000
119548	Hurricane Harvey Expenses	6,163	-	6,163	-	-
119553	Janitorial Expense	7,650	8,000	7,800	8,000	8,000
119554	Printed Materials (Notices etc.)	3,513	5,000	2,890	5,000	5,000
119555	Other Miscellaneous Supplies	10,040	7,500	12,725	7,500	7,500
119592	Capital Outlay -Land	-	-	301,167	-	-
119556	PEG Funds - Restricted	-	-	886	1,000	1,000
119592	Capitol Outlay - Land	301,167	-	-	-	-
119593	Office Furniture & Equipment	-	2,000	-	2,000	2,000
119595	Landscaping Services	87,735	100,000	94,000	100,000	100,000
119596	Other Improvements	2,278	50,000	25,473	50,000	50,000
	Transfers Out:					
119601	To Roads & Drainage Fund	100,000	100,000	100,000	75,000	75,000
119602	To Capital Equipment	20,000	40,000	40,000	25,000	25,000
	<b>Total General Government</b>	<b>\$ 874,345</b>	<b>\$ 680,557</b>	<b>\$ 935,714</b>	<b>\$ 626,957</b>	<b>\$ 626,957</b>

**General Government Explanations:**

- 119507 TXSUI -Texas State Unemployment Insurance adjusts annually based on previous year payout.
- 119510/511 Principal & Interest payment on Lee property purchase.
- 119520 Computer system support, email service, backup services. VOIP equipment and other computer related services as needed.
- 119520 \$15k New Server, \$4K/mo IT, POE Switches
- 119522 Sam's Club, Gulf Coast Coalition, H-GAC, Guidry News, Galveston Daily News, TML, Quickbooks Subscription, ERCOT

## 2021-22 City of Clear Lake Shores Annual Budget

- 119546 Credit Card Fees, Leased Copier, FSA Fees, Generator Maintenance. ASCAP, Archive Social, Cameras.
- 119548 Harvey has been closed out. However expect DAC reimbursement of \$12K.
- 119554 Election expense.
- 119595 Annual grounds maintenance & landscaping contract as well as addition of seasonal color throughout the city.
- 119595 Some savings realized this year as plants weathered seasons and better than in past.
- 119596 Minor improvements to city assets/facilities.

# CAPITAL PROJECTS FUND

Capital Project Funds are established to account for financial resources that are to be used to construct or otherwise acquire major, long-lived general government capital facilities – such as buildings, streets, highways, storm water drainage systems and bridges. Their principal purpose is to ensure and demonstrate the economical and legal expenditure of the dedicated financial resources, but they can also serve as cost accounting mechanisms for major capital outlay projects. Capital Project Funds must be used whenever they are legally or contractually required – even for non-major capital asset acquisitions or construction projects. They may also be used to account for any significant general government capital asset acquisition.

# SPECIAL REVENUE FUNDS

Special Revenue Funds are established to account for general government financial resources that are restricted by law or contractual agreement to specific purposes other than debt service or major capitol projects. Special revenue Funds exist if the government has resources dedicated to specific purposes.

**Rainy Day Fund:** The Rainy Day Fund includes funds the City has restricted to be used to recover from any disaster the city may experience or in the event the city experiences a serious financial downturn and additional revenue is needed to support basic city operations. First appeared Ordinance 2003-08, on September 2, 2003. In August 2020 Rainy Day Fund was merged into the General Fund.

**Capital Equipment Fund:** The Capital Equipment Fund was established by Resolution 2015-7, on April 7, 2015. The Fund was established to fund the acquisition and replacement of vehicles and other capital equipment. It allows the City Administrator, economic conditions permitting, to include in the annual budget an allocation of funds to be transferred from General Fund to Capital Equipment Fund. The transferred funds equal the calculated depreciation of existing equipment, so that over time, the Fund will develop a sufficient level of funding to pay for new and replacement vehicles and equipment without the need to incur debt. Only vehicles having an initial cost exceeding \$5,000 (five thousand dollars) shall be purchased by the Fund and the expenditure of the funds from this fund, shall be approved by the City Council.

## 2021-22 City of Clear Lake Shores Annual Budget

### CAPITAL EQUIPMENT FUND

#### Revenue

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
400480	Interest Earnings	\$ 5,058	\$ 5,000	\$ 3,217	\$ 3,500	\$ 3,500
400610	Transfers In from General Fund	80,000	20,000	20,000	40,000	40,000
	<b>Total Revenue</b>	<b>\$ 85,058</b>	<b>\$ 25,000</b>	<b>\$ 23,217</b>	<b>\$ 43,500</b>	<b>\$ 43,500</b>

#### Expenditures

414590	Vehicles & Accessories (Police)	\$ 72,738	\$ -	\$ -	\$ 52,000	\$ 52,000
416590	Vehicles & Accessories (Public Works)	-	-	-	\$ 35,000	\$ 35,000
	<b>Total Expenditures</b>	<b>\$ 72,738</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,000</b>	<b>\$ 87,000</b>

#### Financial Plan for the Year

Expected Fund Balance 10/1	\$ 201,300	\$ 213,620	\$ 213,620	\$ 236,837	\$ 236,837
Add: Revenue/Transfers In	85,058	25,000	23,217	43,500	43,500
Total Available for Appropriation	\$ 286,358	\$ 238,620	\$ 236,837	\$ 280,337	\$ 280,337
Less: Estimated Expenditures	72,738	-	-	87,000	87,000
Expected Fund Balance 9/30	\$ 213,620	\$ 238,620	\$ 236,837	\$ 193,337	\$ 193,337

**Explanations:**

- 414590 Replacement of one police vehicle (another because of recent accident) - total of two.
- 416590 Refurbishment of existing backhoe (1997 model). Identifying costs.

## 2021-22 City of Clear Lake Shores Annual Budget

<b>CAPITAL EQUIPMENT FUND</b>						
<b>Account</b>	<b>Description</b>	<b>FY20 Actual</b>	<b>FY21 Budget</b>	<b>FY21 Estimate</b>	<b>FY22 Request</b>	<b>FY22 Approved</b>
414590	Vehicles & Accessories (Police)	\$ 72,738	\$ -	\$ -	\$ 52,000	\$ 52,000
416590	Vehicles & Accessories (Public Works)	-	-	-	\$ 35,000	\$ 35,000
	<b>TOTAL</b>	<b>\$ 72,738</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 87,000</b>	<b>\$ 87,000</b>

## 2021-22 City of Clear Lake Shores Annual Budget

### ROADS & DRAINAGE

#### Revenue

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
200406	Dedicated Sales Tax	\$ 266,962	\$ 260,000	\$ 275,300	\$ 280,000	\$ 280,000
200480	Interest Earnings	19,576	18,500	12,175	11,800	11,800
200610	Transfers In from General Fund	100,000	100,000	100,000	100,000	100,000
	<b>Total Revenue</b>	<b>\$ 386,538</b>	<b>\$ 378,500</b>	<b>\$ 387,475</b>	<b>\$ 391,800</b>	<b>\$ 391,800</b>

#### Expenditures

216546	Other Contractual Services	\$ 22,395	\$ 30,000	\$ 2,593	\$ 30,000	\$ 30,000
216595	Other Infrastructure Improvements	244,260	450,000	-	500,000	500,000
	<b>Total Expenditures</b>	<b>\$ 266,655</b>	<b>\$ 480,000</b>	<b>\$ 2,593</b>	<b>\$ 530,000</b>	<b>\$ 530,000</b>

### Financial Plan for the Year

Expected Fund Balance 10/1	\$ 829,137	\$ 949,020	\$ 949,020	\$ 1,333,902	\$ 1,333,902
Add: Revenue/Transfers In	386,538	378,500	387,475	391,800	391,800
Total Available for Appropriation	\$ 1,215,675	\$ 1,327,520	\$ 1,336,495	\$ 1,725,702	\$ 1,725,702
Less: Estimated Expenditures	266,655	480,000	2,593	530,000	530,000
Expected Fund Balance 9/30	\$ 949,020	\$ 847,520	\$ 1,333,902	\$ 1,195,702	\$ 1,195,702

**Explanations:**

- 216546 Engineering fees on multiple street improvement projects.
- 216546 May have costs to bore streets to base to determine plan of action on roads.
- 216595 \$25k crack sealing and striping /\$25k road repairs plus planned projects of \$450,000.

## 2021-22 City of Clear Lake Shores Annual Budget

<b>ROADS &amp; DRAINAGE FUND</b>						
<b>Account</b>	<b>Description</b>	<b>FY20 Actual</b>	<b>FY21 Budget</b>	<b>FY21 Estimate</b>	<b>FY22 Request</b>	<b>FY22 Approved</b>
216546	Other Contractual Services	\$ 22,395	\$ 30,000	\$ 2,593	\$ 30,000	\$ 30,000
216595	Other Infrastructure Improvements	244,260	450,000	-	500,000	500,000
	<b>TOTAL</b>	<b>\$ 266,655</b>	<b>\$ 480,000</b>	<b>\$ 2,593</b>	<b>\$ 530,000</b>	<b>\$ 530,000</b>

# COMPONENT UNITS

A governmental component unit is a legally separate organization that may be fiscally dependent on the primary government. An organization is fiscally dependent on the primary government if it is unable to adopt its budget, levy taxes, set rates or charges, or issue bonded debt without approval by the primary government.

**Plaza Ten 06 Corporation:** The Plaza Ten 06 Corporation is a non-profit corporation and is a local government corporation organized by the City pursuant to Subchapter D of Chapter 431 of the Texas Transportation Code for acquiring land and /or buildings within the City limits or extraterritorial jurisdiction (ETJ) of the City and the subsequent planning for and redevelopment of such properties (Resolution 2008-06, April 16, 2008). The Board of Directors consists of five members appointed by, and who serve at the discretion of, the City Council. City Council approval is required for annual budgets and bonded debt issuance. The City Council may dissolve the Corporation at any time with a majority vote and, in the event of dissolution, net position of the Corporation shall be conveyed to the City.

**Economic Development Corporation (EDC):** The EDC was developed by the City after voters approved and additional sales tax (Resolution 99-14, May 18, 1999). The corporation was created under the Texas Development Corporation Act of 1979 which allows City's to collect sales tax for the purpose of promoting, assisting and enhancing economic and development activities on behalf of the City. The Board of Directors are appointed by and serve at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the EDC shall be conveyed to the City.

## 2021-22 City of Clear Lake Shores Annual Budget

<b>PLAZA TEN 06 CORPORATION</b>
<b>Revenue</b>

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
800480	Interest Income	\$ 792	\$ 1,100	\$ 657	\$ 750	\$ 750
800488	Lease Revenue -Okie's	20,000	24,000	24,360	\$ 48,000	\$ 48,000
	<b>Total Revenue</b>	<b>\$ 20,792</b>	<b>\$ 25,100</b>	<b>\$ 25,017</b>	<b>\$ 48,750</b>	<b>\$ 48,750</b>

<b>Expenditures</b>						
	Plaza Ten 06 Corporation	\$ 670	\$ 1,700	\$ 4,046	\$ 2,500	\$ 2,500
	<b>Total Expenditures</b>	<b>\$ 670</b>	<b>\$ 1,700</b>	<b>\$ 4,046</b>	<b>\$ 2,500</b>	<b>\$ 2,500</b>

<b>Financial Plan for the Year</b>						
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Expected Fund Balance 10/1	\$	26,982	\$	47,104	\$	47,104	\$	68,075	\$	68,075
Add: Revenue/Transfers In		20,792		25,100		25,017		48,750		48,750
Total Available for Appropriation	\$	47,774	\$	72,204	\$	72,121	\$	116,825	\$	116,825
Less: Estimated Expenditures		670		1,700		4,046		2,500		2,500
Expected Fund Balance 9/30	\$	47,104	\$	70,504	\$	68,075	\$	114,325	\$	114,325

**Explanations:**

800488 Recommend keeping a small balance for any unexpected costs regarding property or building.

## 2021-22 City of Clear Lake Shores Annual Budget

### PLAZA TEN 06 CORPORATION

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
825521	Utilities	\$ 670	\$ 700	\$ 931	\$ 1,000	\$ 1,000
825528	Insurance & Bonds	-	1,000		\$ 1,000	\$ 1,000
825546	Other Contractual Services	-	-	\$ 3,115	-	-
825555	Other Miscellaneous Supplies	-	-	-	-	-
<b>TOTAL</b>		<b>\$ 670</b>	<b>\$ 1,700</b>	<b>\$ 4,046</b>	<b>\$ 2,000</b>	<b>\$ 2,000</b>

**Explanations:**

- 825521 Utilities for food truck lot, adjacent lot owned by City, west parking lot lighting/water.
- 825528 Bonding of 100k for officers of Plaza 10-06 Corp. (only if account reaches \$100K balance)
- 825546 Gas line install (\$1900)/Roof repairs (\$1200).

## 2021-22 City of Clear Lake Shores Annual Budget

### ECONOMIC DEVELOPMENT CORPORATION

#### Revenue

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
900406	Dedicated Sales Tax	\$ 266,962	\$ 260,000	\$ 275,300	\$ 280,000	\$ 280,000
900478	Okie's Operational Revenue	1,532	-	-	-	-
900480	Interest Income	22,562	18,500	9,674	9,000	9,000
	<b>Total Revenue</b>	<b><u>\$ 291,056</u></b>	<b><u>\$ 278,500</u></b>	<b><u>\$ 284,974</u></b>	<b><u>\$ 289,000</u></b>	<b><u>\$ 289,000</u></b>

#### Expenditures

Economic Development Corporation	\$ 452,689	\$ 668,500	\$ 469,153	\$ 348,500	\$ 348,500
<b>Total Expenditures</b>	<b><u>\$ 452,689</u></b>	<b><u>\$ 668,500</u></b>	<b><u>\$ 469,153</u></b>	<b><u>\$ 348,500</u></b>	<b><u>\$ 348,500</u></b>

#### Financial Plan for the Year

Expected Fund Balance 10/1	\$ 885,802	\$ 724,170	\$ 724,170	\$ 539,992	\$ 539,992
Add: Revenue/Transfers In	291,056	278,500	284,974	289,000	289,000
Total Available for Appropriation	\$ 1,176,859	\$ 1,002,670	\$ 1,009,144	\$ 828,992	\$ 828,992
Less: Estimated Expenditures	452,689	668,500	469,153	348,500	348,500
Expected Fund Balance 9/30	\$ 724,170	\$ 334,170	\$ 539,992	\$ 480,492	\$ 480,492

## 2021-22 City of Clear Lake Shores Annual Budget

### ECONOMIC DEVELOPMENT CORPORATION

Account	Description	FY20 Actual	FY21 Budget	FY21 Estimate	FY22 Request	FY22 Approved
926522	Dues, Memberships & Subscriptions	\$ 4,500	\$ 5,000	\$ 4,500	\$ 5,000	\$ 5,000
926525	Public Relations/Marketing				30,000	30,000
926532	Travel & Training	350	3,500	350	3,500	3,500
926541	Concert Series	10,050	12,000	12,000	12,000	12,000
926546	Other Contractual Services	45,327	45,000	45,327	45,000	45,000
926554	Printed Materials	3,000	1,000	3,000	1,000	1,000
926595	Other Infrastructure Improvements	15,000	152,000	15,000	152,000	152,000
926595	Dror Ave Project with Kemah/Galveston Co.	-	350,000	-		
926595e	Clear Lake Road Public Parking	88,976	100,000	88,976	100,000	100,000
926596	True North Marine 380 Grant	39,510	-	-	-	-
926700	Capital Contributions	245,976	-	300,000	-	-
	<b>TOTAL</b>	<b>\$ 452,689</b>	<b>\$ 668,500</b>	<b>\$ 469,153</b>	<b>\$ 348,500</b>	<b>\$ 348,500</b>

**Explanations:**

- 926525 Houston Bay Area CVB, Preparation for 60th Anniversary of CLS
- 926541 \$10K for entertainment/\$2K security
- 926554 With logo change new materials rolled out.
- 926595 Shellbottom Texas Park and Wildlife Grant (75% reimburse) \$152K, \$114K reimburse.
- 926595 Possible land acquisition for additional parking and building site.
- 926595e Construction completed. Phase three is landscaping and irrigation. Might consider paving.
- 926596 380 agreement completed, True North to make performance thresholds.
- 926700 EDC Offered COVID-19 Business Retention Grants/Dror ROW/Hurricane Nicholas Grants

# REFERENCE MATERIAL

Texas Municipal Retirement System

FY22 Holiday Schedule

## CITY OF CLEAR LAKE SHORES

### 2021-2022 HOLIDAY SCHEDULE

<u>2021</u>		<u>Civilian Hours</u>	<u>Police Hours</u>
Monday, October 11	Columbus Day	9	8
Thursday, November 11	Veteran's Day	9	8
Thursday & Friday, Nov 25-26	Thanksgiving and following	13	16
Friday, December 24	Christmas Eve	4	
Saturday, December 25	Christmas Day		8
Friday, December 31	New Year's Eve	4	8
<u>2022</u>			
Monday, February 21	President's Day	9	8
Friday, April 15	Good Friday	4	8
Monday, May 30	Memorial Day	9	8
Monday, July 4	Independence Day	9	8
Monday, September 5	Labor Day	9	8
Floating Holiday		<u>9</u>	<u>8</u>
	<b>TOTAL HOLIDAY HOURS</b>	<b>88</b>	<b>88</b>



June 4, 2021

City # 00263

City of Clear Lake Shores  
1006 South Shore Drive  
Clear Lake Shores, TX 77565

**Attention: Finance Director**

**Subject: 2022 City Contribution Rate**

Based on your TMRS plan provisions in effect as of April 1, 2021, your city's 2022 monthly contribution rates are shown below. These rates were determined by the December 31, 2020 actuarial valuation.

Normal Cost	9.13%
Prior Service	<u>1.53%</u>
Total Retirement Rate	10.66%
Supplemental Death Benefit	<u>0.15%</u>
Total Combined Contribution	10.81%

Detailed information on your city's TMRS plan is contained in the attached report. The Total Retirement Rate shown above represents the Actuarially Determined Employer Contribution (ADEC) for 2022.

If you have questions about your city's Contribution Rate or would like to evaluate potential changes in your TMRS plan, please contact me at 512-225-3760 or [lhardy@tmrs.com](mailto:lhardy@tmrs.com).

Sincerely,

A handwritten signature in blue ink that reads "Leslee S. Hardy".

Leslee S. Hardy, ASA, EA, FCA, MAAA  
Director of Actuarial Services

## Table of Contents

<b>Rate Stabilization Techniques</b>	A summary of the techniques currently available to assist cities in stabilizing their contribution rate.
<b>Executive Summary</b>	A comparison of the highlights of the December 31, 2020 and December 31, 2019 actuarial valuations for your city. Included are membership counts, asset information, actuarial information, and contribution rate requirements.
<b>Summary of Benefit Provisions</b>	A summary of plan provisions in effect as of April 1, 2021.
<b>Calculation of Contribution Requirements</b>	Details the calculation of the Full Retirement Rate (ADEC) and the Supplemental Death Rate, if applicable, for your city.
<b>UAAL/OAAL Amortization Bases and Payments</b>	Information on the Unfunded Actuarial Accrued Liability (UAAL)/Overfunded Actuarial Accrued Liability (OAAL) amortization bases and payments for your city.
<b>Reconciliation of Full Retirement Rate from Prior Actuarial Valuation Report</b>	A detailed reconciliation of changes in your city's Full Retirement Rate (ADEC) since the prior valuation.
<b>Historical and Projected Accumulation of the BAF Balance</b>	This schedule provides your city with historical cash flows, interest credits and the year-end balance of its Benefit Accumulation Fund (BAF), as well as projected values for calendar years 2021 and 2022.
<b>Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution</b>	An explanation of risk measurements associated with your city's TMRS plan.

## Rate Stabilization Techniques

Contribution rate stabilization is a strategic goal of the TMRS Board of Trustees. Since 2007, the Board has approved many actuarial changes to minimize short-term volatility in contribution rates while maximizing long-term System sustainability. Under the current funding policy in which rates are actuarially determined each year, contribution rate stabilization is fully optimized at the System level; therefore, any further rate stabilization must be achieved at the city level.

For cities with an Unfunded Actuarial Accrued Liability (UAAL), the most effective way for a city to stabilize its TMRS contribution rate is to determine an affordable contribution rate that exceeds the required rate and continue to pay that same rate even when the calculated rate decreases in subsequent valuations. These additional contributions at a predetermined fixed rate accomplish the following:

- Provide a stable annual contribution rate for budgeting purposes;
- Directly reduces the UAAL dollar for dollar;
- Pays off the UAAL quicker;
- Produce cost savings over the long run; and
- Provide a contribution rate cushion for future adverse plan experience.

For cities with an Overfunded Actuarial Accrued Liability (OAAL or surplus), the calculated contribution rate is determined by decreasing the normal cost rate (the cost of the current year accruals for active employees) by a prior service rate calculated to keep the funded ratio at approximately the current level. The result is a required contribution rate less than the normal cost. It is important to note that there is still a chance that adverse plan experience could result in the funded ratio dropping below 100%. In order to dampen contribution rate volatility and to increase the likelihood of maintaining a funded ratio greater than 100%, TMRS encourages cities in a surplus position to consider paying the full normal cost rate (or as much as possible toward the full normal cost rate) until the funded ratio is at least 110%.

Because additional contributions are entirely voluntary, a city may revert to paying the minimum required rate if financial circumstances change during the year. There is no formal action that needs to be taken by a city to contribute at a higher level than the required monthly minimum. Additional monthly contributions may be made during the normal payroll reporting process by simply filling out line 2. A. of Form TMRS 3 with the increased city contribution rate.

If your city would like to explore the impact of any of these rate stabilization techniques on your TMRS plan, please contact Leslee Hardy, Director of Actuarial Services, at [lhardy@tmrs.com](mailto:lhardy@tmrs.com).

## Executive Summary

Valuation as of	12/31/2020	12/31/2019
<b>Membership as of the Valuation Date</b>		
• Number of		
- Active members	18	17
- Retirees and beneficiaries	5	5
- Inactive members	<u>17</u>	<u>16</u>
- Total	40	38
• Prior year's payroll provided by TMRS	\$ 1,068,334	\$ 1,091,833
• Valuation Payroll	\$ 1,093,690	\$ 1,102,562
<b>Benefit Accumulation Fund (BAF) Assets</b>		
• Market BAF Balance	\$ 2,337,577	\$ 2,160,139
• BAF crediting rate	7.45%	15.42%
• Interest credited on beginning BAF balance	\$ 160,959	\$ 269,584
• Employer contributions	113,777	118,791
• Member contributions during year	64,100	65,510
• Benefit and refund payments	161,398	41,920
<b>Actuarial Value of Assets (AVA)</b>		
• Market BAF Balance	\$ 2,337,577	\$ 2,160,139
• Actuarial Value of Assets (AVA)	2,291,091	2,125,792
• AVA as a Percentage of BAF	98.0%	98.4%
• Return on AVA	7.00%	6.81%
<b>Actuarial Information</b>		
• Actuarial accrued liability (AAL)	\$ 2,528,772	\$ 2,403,376
• Actuarial value of assets (AVA)	2,291,091	2,125,792
• Unfunded actuarial accrued liability (UAAL)	237,681	277,584
• UAAL as % of pay	22.2%	25.4%
• Funded ratio (AVA/AAL)	90.6%	88.5%
• Employer normal cost	9.13%	9.06%
• Prior Service Rate	1.53%	1.71%
<b>Contribution Rates</b>		
	2022	2021
• Member	6.00%	6.00%
• Full retirement rate (ADEC)	10.66%	10.77%
• Supplemental Death rate	0.15%	0.13%
<b>Total Employer Contribution Estimates</b>		
	2022	2021
• Projected payroll	\$ 1,123,766	\$ 1,132,882
• Combined contribution rate	10.81%	10.90%
• Estimated employer contribution	\$ 121,479	\$ 123,484

Note: Results from prior year reflect the plan provisions shown on the next page.

## Summary of Benefit Provisions

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City in effect as of April 1, 2021 were as follows:

Employee deposit rate	6%
Matching ratio (city to employee)	2 to 1
Years required for vesting	5
Retirement Eligibility (Age/Service)	60/5, 0/20
Updated Service Credit	100% Repeating Transfers
Annuity Increase (to retirees)	70% of CPI Repeating
Supplemental Death Benefit to Active Employees	Yes
Supplemental Death Benefit to Retirees	Yes

If you have any questions about your city's benefit provisions or would like to discuss plan changes, please contact the City Services Department at [cityservices@tmrs.com](mailto:cityservices@tmrs.com).

## Calculation of Contribution Requirements

	From Valuation Report as of	
	<u>December 31, 2020</u>	<u>December 31, 2019</u>
1. Prior year's payroll reported to TMRS	\$ 1,068,334	\$ 1,091,833
2. Valuation payroll	1,093,690	1,102,562
3. Employer normal cost rate	9.13%	9.06%
4. Actuarial liabilities		
a. Active members	\$ 1,242,896	\$ 1,073,734
b. Inactive members	344,882	290,976
c. Annuitants	<u>940,994</u>	<u>1,038,666</u>
d. Total actuarial accrued liability	\$ 2,528,772	\$ 2,403,376
5. Actuarial value of assets	<u>2,291,091</u>	<u>2,125,792</u>
6. Unfunded actuarial accrued liability (UAAL) (4d - 5)	\$ 237,681	\$ 277,584
7. Funded ratio (5 / 4d)	90.6%	88.5%
8. Equivalent Single Amortization Period*	20.9 Years	22.2 Years
9. Assumed payroll growth rate	2.75%	2.75%
<hr/>		
Contribution Rates:	2022	2021
<hr/>		
10. Full retirement rate		
a. Normal cost	9.13%	9.06%
b. Prior service	<u>1.53%</u>	<u>1.71%</u>
c. Full retirement rate	10.66%	10.77%
11. Supplemental Death rate	0.15%	0.13%
12. Combined contribution rates (10c+11)	10.81%	10.90%

\* New Losses are laddered on a 20-year period.

## UAAL/OAAL Amortization Bases and Payments

Year Established	Description	Years Remaining	Remaining Base	Payment
2013	2013 Valuation (Fresh Start)	23	\$ 227,429	\$ 15,060
2013	2013 Benefit Change	16	29,507	2,498
2014	2014 Experience	19	14,850	1,114
2015	2015 Experience	20	18,076	1,310
2015	2015 Actuarial Changes	20	14,654	1,062
2016	2016 Experience	23	(43,583)	(2,886)
2017	2017 Experience	23	(9,544)	(632)
2018	2018 Experience	21	2,308	162
2019	2019 Experience	21	5,557	390
2019	2019 Actuarial Changes	21	17,627	1,237
2020	2020 Experience	23	<u>(39,200)</u>	<u>(2,596)</u>
	<b>Total</b>		237,681	16,719

TMRS amortizes the UAAL/OAAL through the process of laddering each base created during the valuation process. The City's UAAL/OAAL equals the total of the remaining amortization bases. The City's Prior Service Rate equals the total amortization payments divided by the valuation payroll (Item 2 of the prior page).

## Reconciliation of Full Retirement Rate from Prior Actuarial Valuation Report

Actuarial valuations are based on long-term assumptions, and results in a specific year can, and almost certainly will, differ as actual plan experience deviates from the assumptions. The following table provides a detailed breakdown of changes in your city's Full Retirement Rate (ADEC) from 2021 to 2022. A brief description of such changes follows the table.

Change in Full Retirement Rate	
Full Rate from 12/31/2019 Valuation (2021 Rate)	10.77 %
Benefit Changes	0.00 %
Return on Actuarial Value of Assets	(0.03)
Contributions/Fully Amortized Prior Bases	0.03
Payroll Growth	0.05
Normal Cost	0.07
Liability Growth	(0.23)
Total Change	(0.11) %
Full Rate from 12/31/2020 Valuation (2022 Rate)	10.66 %

**Benefit Changes** - Shows the increase or decrease in the contribution rate associated with any plan changes.

**Return on Actuarial Value of Assets (AVA)** - Shows the change in the contribution rate associated with the return on the AVA being different than the assumed 6.75%. For the year ending December 31, 2020, the return on an AVA basis was 7.00%. The impact may show as 0.00% due to rounding.

**Contributions/Fully Amortized Prior Bases** - Shows the total increase or decrease in the contribution rate associated with contributions different than the Full Rate, the contribution lag, and the impact of the amortization bases which become fully amortized as of this valuation since payments for those bases are no longer part of the prior service rate calculation. Contributions different from the Full Rate may include phase-in contributions, contributions in excess of the Full Rate, and/or lump sum contributions. The effect of the contribution lag refers to the time delay between the actuarial valuation date and the date the contribution rate becomes effective (i.e., the Actuarial Valuation as of December 31, 2020 sets the rate effective for 2022). This impact is expected to become immaterial once a city is contributing the Full Rate and the Full Rate stabilizes.

**Payroll Growth** - Shows the increase or decrease in the contribution rate associated with higher or lower than expected growth in the member city's overall payroll. The amortization payments were calculated assuming payroll grows at 2.75% per year. Overall payroll growth greater (less) than 2.75% will typically cause a decrease (increase) in the prior service rate.

**Normal Cost** - Shows the increase or decrease in the contribution rate associated with changes in the average normal cost rate for the city's active members. The normal cost rate for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the city, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the city's total normal cost rate. The employer normal cost rate is the pay-weighted average of the individual normal cost rates less the employee deposit rate and will generally increase (decrease) as the average entry age of the group increases (decreases).

**Liability Growth** - Shows the increase or decrease in the contribution rate associated with larger or lower than expected growth in the city's overall plan liabilities. The most significant sources for variance will be turnover and individual salary increases differing from the assumptions.

## Historical and Projected Accumulation of the BAF Balance

Year Ending December 31.	Payroll for the Year	Effective Retirement Contribution Rate <sup>a</sup>	Employer Contributions for the Year	Member Contributions for the Year	Benefit Payments	External Cash Flow for the Year	Interest Credit	BAF Balance <sup>b</sup>
(1)	(2)	(3)	(4)	(5)	(6)	(7)	(8)	(9)
		(4) / (2)				(4) + (5) + (6)		
2018	\$ 1,025,626	11.17%	\$ 114,562	\$ 61,538	\$ (36,485)	\$ 139,615	\$ (51,065)	\$ 1,748,174
2019	1,091,833	10.88%	118,791	65,510	(41,920)	142,381	269,584	2,160,139
2020	1,068,334	10.65%	113,777	64,100	(161,398)	16,479	160,959	2,337,577
2021	1,093,690	10.77%	117,790	65,621	(114,124)	69,287	157,786	2,564,650
2022	1,123,766	10.66%	119,793	67,426	(101,991)	85,228	173,114	2,822,992

a. Effective retirement contribution rate is the actual rate determined by dividing the employer contribution received by the payroll paid.

b. BAF Balance may not sum due to rounding.

## **Risks Associated with Measuring the Accrued Liability and Actuarially Determined Contribution**

Risk measures help with illustrating the potential volatility in the accrued liability and the actuarially determined contribution that results from the differences between actual plan experience and the actuarial assumptions. Risks facing a pension plan evolve over time. A young plan with virtually no investments and paying few benefits may experience little investment risk. An older plan with a large number of members in pay status and a significant trust may be much more exposed to investment risk. Generally accepted plan maturity measures include the following:

Ratio of Market Value of Assets to Payroll	2.2
Ratio of Actuarial Accrued Liability to Payroll	2.4
Ratio of Actives to Retirees and Beneficiaries	3.6
Net Cash Flow as a Percentage of Market Value of Assets	0.7%
Duration of Liabilities	20.6
Change in Contribution Rate with 10% Decline in Assets (Smoothed)	0.15%
Change in Contribution Rate with 10% Decline in Assets (Unsmoothed)	1.52%

**Ratio of Market Value of Assets to Payroll** - The relationship between assets and payroll is a useful indicator of the potential volatility of contributions. For example, if the market value of assets is 4.0 times the payroll, a return on assets 5% different than assumed would equal 20% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in city contributions as a percentage of payroll.

**Ratio of Actuarial Accrued Liability to Payroll** - The ratio of liability to payroll may also be used as a measure of sensitivity of the liability itself. For example, if the actuarial accrued liability is 5.0 times the payroll, a change in liability 2% other than assumed would equal 10% of payroll. A higher (lower) or increasing (decreasing) level of this maturity measure generally indicates a higher (lower) or increasing (decreasing) volatility in liability (and also city contributions) as a percentage of payroll.

The relationship between the actuarial accrued liability and payroll is a useful indicator of the potential longer term asset-related volatility once the current UAAL is fully amortized. A funding policy that targets a funded ratio of 100% is expected to result in the ratio of assets to payroll and the ratio of liability to payroll converging over time.

**Ratio of Actives to Retirees and Beneficiaries** - A young plan with many active members and few retirees will have a high ratio of active to retirees. A mature open plan may have close to the same number of actives to retirees resulting in a ratio near 1.0. A super-mature or closed plan may have significantly more retirees than actives resulting in a ratio below 1.0.

**Net Cash Flow as a Percentage of Market Value of Assets** - A positive net cash flow means contributions exceed benefits and expenses. A negative cash flow means existing funds are being used to make payments. A certain amount of negative net cash flow is generally expected to occur when benefits are prefunded through a qualified

trust. Large negative net cash flows as a percent of assets may indicate a super-mature plan or a need for additional contributions.

**Duration of Liabilities** - The duration of the present value of future benefits may be used to approximate the sensitivity to a 1% change in the assumed rate of return. For example, duration of 10 indicates that the present value of future benefits would increase approximately 10% if the assumed rate of return were lowered 1%.

**Change in Contribution Rate with 10% Decline in Assets (Smoothed)** - This shows the rate impact in one year if the actuarial value of assets (AVA) was 10% lower than in the current actuarial valuation with the asset loss smoothed over a 10 year period as is done in the system-wide calculation of the AVA.

**Change in Contribution Rate with 10% Decline in Assets (Unsmoothed)**: This shows the rate impact if the actuarial value of assets was 10% lower than in the current actuarial valuation with the full asset loss recognized in the current valuation.

