

ANNUAL COMPREHENSIVE FINANCIAL REPORT

THE CITY OF WEBSTER

For the Fiscal Year Ended
September 30, 2022
City of Webster, Texas

*ANNUAL COMPREHENSIVE
FINANCIAL REPORT*

OF THE

CITY OF WEBSTER, TEXAS

**For the Fiscal Year Ended
September 30, 2022**

CITY MANAGER

Michael K. Ahrens

Prepared by:

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Please visit us at our website: www.cityofwebster.com

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CITY OF WEBSTER, TEXAS

TABLE OF CONTENTS

September 30, 2022

INTRODUCTORY SECTION	<u>Page</u>
Letter of Transmittal	1
Organization Chart	5
Certificate of Achievement for Excellence in Financial Reporting	6
Principal Officials	7
FINANCIAL SECTION	
Independent Auditors' Report	9
Management's Discussion and Analysis (Required Supplementary Information)	13
Basic Financial Statements	
Government-Wide Financial Statements	
Statement of Net Position	23
Statement of Activities	24
Fund Financial Statements	
Balance Sheet – Governmental Funds	26
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	29
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	30
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Net Position – Proprietary Funds	34
Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds	37
Statement of Cash Flows – Proprietary Funds	38
Notes to Financial Statements	41
Required Supplementary Information	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
General Fund	76
Hotel Occupancy Tax Fund	79
Grant Fund	81
Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System	82
Schedule of Contributions – Texas Municipal Retirement System	84
Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System	86
Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Medical Program	88

CITY OF WEBSTER, TEXAS

TABLE OF CONTENTS (Continued)

September 30, 2022

Combining Statements and Schedules	<u>Page</u>
Combining Balance Sheet – Nonmajor Governmental Funds	92
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	94
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual:	
Debt Service Fund	96
Special Revenue:	
Public Safety Fund	97
Municipal Court Programs Fund	98
Public, Educational, and Governmental Channel Fund	97
Combining Statement of Net Position – Internal Service Funds	102
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	103
Combining Statement of Cash Flows – Internal Service Funds	104
 STATISTICAL SECTION	
Net Position by Component	108
Changes in Net Position	110
Tax Revenues by Source, Governmental Activities	114
Fund Balances, Governmental Funds	116
Changes in Fund Balance, Governmental Funds	118
Assessed Value and Estimated Actual Value of Taxable Property	120
Property Tax Rates – Direct and Overlapping Governments	122
Principal Property Taxpayers	124
Sales Tax Revenue Payers by Industry	125
Property Tax Levies and Collections	126
Ratios of Outstanding Debt by Type	128
Ratios of General Bonded Debt Outstanding	130
Direct and Overlapping Governmental Activities Debt	133
Legal Debt Margin Information	134
Demographic and Economic Statistics	136
Principal Employers	137
Full-Time Equivalent Employees by Function	139
Operating Indicators by Function	140
Capital Asset Statistics by Function	142

INTRODUCTORY SECTION



www.cityofwebster.com

March 6, 2023

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

It is with great pleasure that we present to you the Annual Comprehensive Financial Report (ACFR) of the City of Webster, Texas (the “City”) for the Fiscal Year ended September 30, 2022. The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the result of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than an absolute, assurance that the financial statements are free from any material misstatements. Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Webster was considered a village from 1879 until 1958, the year it was incorporated. The City’s population grew from 329 in 1960 to approximately 12,000 today. The City adopted a council-manager form of government in 1994. Policymaking and legislative authority are vested in the City Council, consisting of the Mayor and six Council members who are elected at large to serve staggered three-year terms. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies of the City Council; overseeing the day-to-day operations of the City; and hiring the department directors, subject to Council approval.

The City provides a full range of municipal services as authorized by ordinance and the City Charter. This includes public safety (police and fire protection), public works (construction and maintenance of streets and parks), community development (permitting, planning, and recreation services), general government activities (City administration), and utilities (water and wastewater treatment and distribution). The reporting units are the City’s funds, all of which are included in this report. The Webster Economic Development Corporation is reported as a component unit for which the City is financially accountable.

The City maintains a budgetary control system to ensure expenditures are made in accordance with the annually adopted budget and the City Charter. The legal level of budgetary control is established at division levels within individual funds. Expenditures for each division shall not exceed the adopted budget for the division. The annual budget includes financial information regarding the general fund, hotel occupancy tax fund, grant fund, debt service fund, public safety fund, municipal court fund, and the public, educational, and governmental channel fund.

Local Economy

Only 25 miles from downtown Houston, the City is ideally located halfway between Houston and Galveston on Interstate 45. Accordingly, the economy of the City is directly tied to activity in the Greater Bay Area Houston region. The City is a center for excellence within the healthcare community, proven by the concentration of medical facilities in the City. Directly to the east of the City lies NASA's Johnson Space Center, a major employer and popular tourist destination. In order to promote local economic development, spur economic improvement, and generate job creation within the local economy, the City has entered into certain tax abatement agreements with local entities. The City believes these agreements have and will continue to enhance the local economy into the future. More detailed information on these abatements can be found in the notes to the financial statements.

The unemployment rate for the Houston metropolitan area decreased from 5.7% to 4.2% during this fiscal year, as the area continues to recover from the impacts of the global pandemic. Property values have increased by 29.8% over the last five years as both residential and commercial development continues throughout the area.

The Fiscal Year 2021-22 brought some good news in economic development. Listed below are just a few of the highlights:

- Great Wolf Lodge broke ground in September 2022. The nation's leading indoor waterpark resort hotel and conference center chose the City of Webster for its only location within the Houston area. The resort features a 95,000 square foot indoor waterpark and is projected to open in quarter 2 2024.
- Chicken N Pickle, a sports-focused dining, entertainment, and recreation venue announced plans to open in quarter 4 2023. Pickleball is the fastest growing sport in the U.S. and the venue features both indoor and outdoor courts.
- Axiom Space transformed a 147,000 square foot retail box into the world's first commercial space station development center, along with another 180,000 square feet of space to create NASA's next generation astronaut spacesuits to support the Artemis lunar mission.

Major Initiatives

The largest revenue source in the General Fund is sales tax, accounting for approximately 62% of General Fund revenues. While sales tax collection is extremely difficult to predict, the Fiscal Year 2021-22 Annual Budget anticipated revenue to remain flat. The local economy continued to see significant improvement after the end of pandemic related restrictions and sales tax revenue increased by 6.2% in the Fiscal Year 2021-22 over 2020-21.

Another large source of revenue is the ad valorem tax. The City's 2022 taxable property value rose 21.0% above the adjusted 2021 value. The Fiscal Year 2022-23 Annual Budget reflects a property tax rate of \$0.34674 per \$100 of valuation, 13.4% less than the \$0.39334 tax rate that was adopted for 2021-22.

General Fund expenditures are expected to increase by 11.5% to \$29,845,867. Personnel costs make up 64.0% of the General Fund budget. A 3.7% across the board cost-of-living increase was awarded to employees by City Council in the Fiscal Year 2022-23 budget. General Government capital projects in the Fiscal Year 2022-23 budget for various infrastructure projects have a total budget of \$21.7 million. Utility capital projects for water, wastewater, and sewer infrastructure improvements have a total budget of \$8.1 million. These projects will be funded by a combination of bond proceeds, impact fees, and other funding from state and federal sources.

Long-term Financial Planning

A Capital Improvements Program for Fiscal Years 2023-27 adopted by City Council reflects \$63 million of General Government and Utility projects to be completed over the next five years. Major projects include the construction of the NASA Bypass Extension, NASA Parkway Improvements, and a new Civic Center/Recreation Building. The plan also incorporates the addition of water and sewer lines along new thoroughfares. Major rehabilitation of wastewater facilities is included in the five-year Capital Improvements Program.

The City of Webster and the Webster Economic Development Corporation have started the development of Flyway which will be an entertainment destination that will provide vibrant food and beverage businesses. Great Wolf Lodge, the nation's leading indoor waterpark resort hotel and conference center, broke ground in Flyway in September 2022.

Relevant Financial Policies

The City has followed a policy of maintaining a reserve level of not less than 25%, or three months, of operational expenditures for all City operating funds in the event of emergencies, financial recessions, and other unforeseen circumstances. The City's dependence upon sales tax adds substantial volatility to its revenue stream. Therefore, City Council approved a fund balance level of at least 33% for the General Fund and the Webster Economic Development Corporation. On September 30, 2022, all operating funds are compliant with this policy.

Independent Audit

The City Charter requires an independent audit of the accounts of the City by an independent auditor. Belt Harris Pechacek, LLLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Webster's financial statements for the year ended September 30, 2022. The independent auditors' report is located at the front of the financial section of this report.

Awards

The Government Finance Officers' Association (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. This represents the 33rd consecutive year that the City has received the award. To be

awarded the Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. The Certificate of Achievement is held for one year only. This report satisfies both generally accepted accounting principles and applicable legal requirements. We believe our current Annual Comprehensive Financial Report continues to meet the Certificate of Achievement requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

The City also received GFOA's Distinguished Budget Presentation Award for its Fiscal Year 2021-22 Annual Budget. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that the City of Webster's budget is proficient as an operations guide, financial plan, policy document, and communication device. The City has submitted its Fiscal Year 2022-23 Annual Budget to GFOA to determine its eligibility for another certificate. We believe it continues to meet the Distinguished Budget Presentation Award criteria.

Acknowledgments

We would like to thank the Mayor, members of the City Council, and the City Manager for their strong leadership and support that help make this report possible. We would also like to thank the entire staff of the Finance Division for the tremendous amount of time and effort that went into the preparation of this report.

Respectfully submitted,



Kristen Woolley
Director of Finance

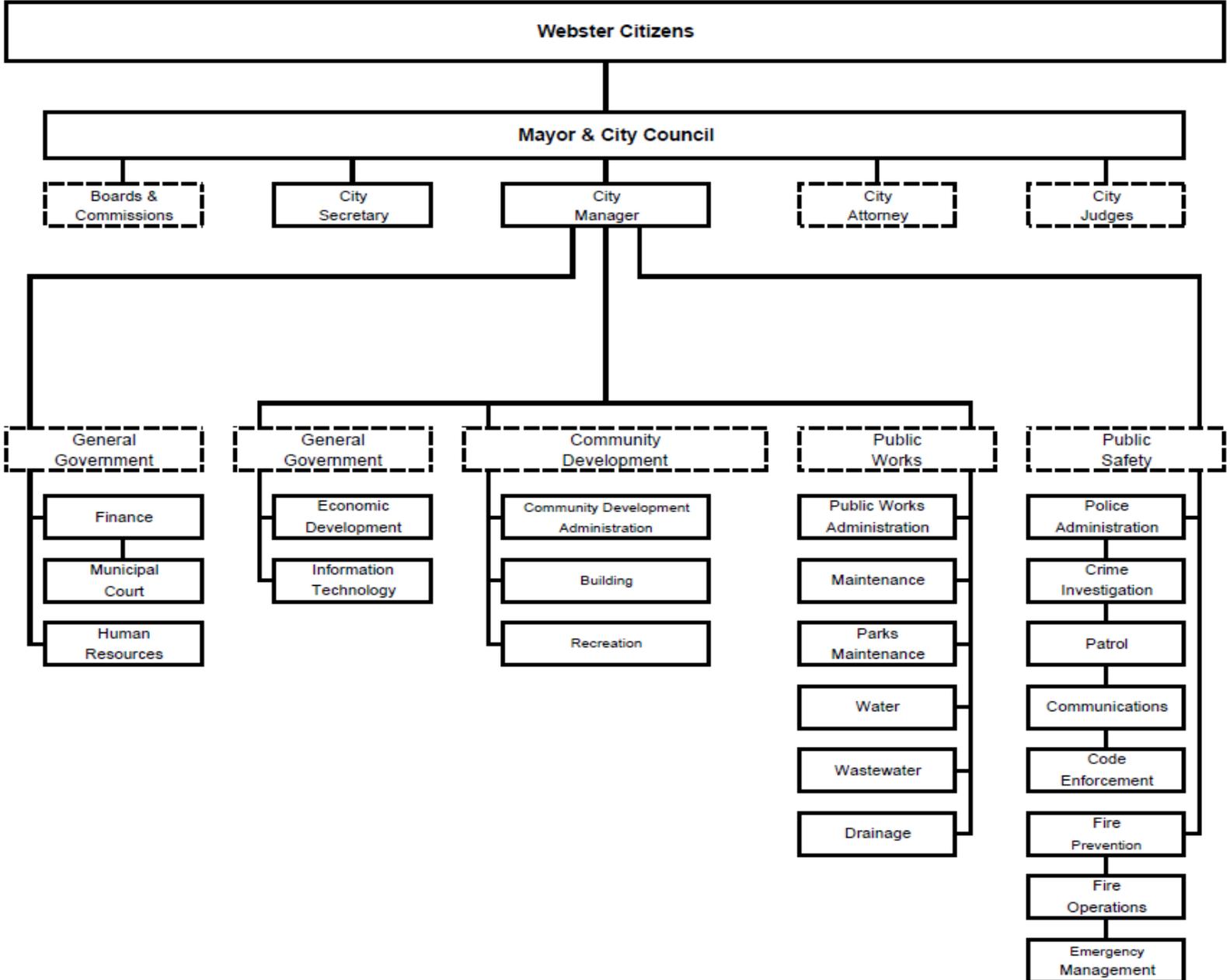


Carrie Ditta
Assistant Director of Finance

CITY OF WEBSTER, TEXAS

ORGANIZATION CHART

September 30, 2022



Legend:

 Denotes Functions, Departments, and Appointments

 Denotes Divisions

CITY OF WEBSTER, TEXAS
*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Webster
Texas**

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

Executive Director/CEO

CITY OF WEBSTER, TEXAS
PRINCIPAL OFFICIALS
 September 30, 2022

City Officials	Elected Position	Term Expires
Donna Rogers	Mayor	05/2023
Jennifer Heidt	Council Member – Position No. 1	05/2024
Bill Jones	Council Member – Position No. 2	05/2024
Chris Vaughan	Council Member – Position No. 3	05/2025
Beverly Gaines	Council Member – Position No. 4 / Mayor Pro Tem	05/2025
Edward Lapeyre	Council Member – Position No. 5	05/2025
Martin Graves	Council Member – Position No. 6	05/2023

Key Staff	Position
Michael Ahrens	City Manager
Kristen Woolley	Director of Finance
Carrie Ditta	Assistant Director of Finance
Michael Muscarello	City Secretary
Dick Gregg Jr.	City Attorney
James W. Woltz	City Judge
Derhyl J. Hebert	Director of Community Development
Brenda Miller-Ferguson	Director of Human Resources
Dean Spencer	Fire Chief
Betsy Giusto	Director of Economic Development
John Warnement	Director of Public Works
Pete Bacon	Police Chief

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

Opinions

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 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. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Change in Accounting Principle

As described in Note I. F.16 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 87, *Leases*, in fiscal year 2022. Our opinion is not modified with respect to this matter.

Responsibility of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America 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.

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

Auditors' Responsibility 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 auditors' 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 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, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedules of changes in net pension and total other postemployment liability and related ratios, and schedule of contributions, identified as Required Supplementary Information on the table of contents, be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining statements and schedules are presented for purposes of additional analysis and are not required parts 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 statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditors' report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
March 6, 2023

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

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CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual used in the fund level statements.

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

1. Governmental activities – Most of the City's basic services are reported here, including: general government (City Council, City Secretary, City Manager, finance, municipal court, human resources, and economic development), public safety (police, fire, and emergency management), community development (permitting, planning, and recreation), and public works (construction and maintenance of streets and parks). Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise fees, municipal court fines, and permit fees finance most of these activities.
2. Business-type activities – Services involving a fee for those services, which include the City's water distribution, wastewater collection/treatment, and drainage maintenance, are reported here.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation, the Webster Economic Development Corporation (WEDC), for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 12 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, debt service fund, hotel occupancy tax fund, grant fund, and the Certificate of Obligation Series 2021A fund, which are considered to be major funds. While the debt service fund did not

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

technically meet the criteria to be presented as a major fund, the City has elected to present it as major due to its significance. Data from the remaining governmental funds are combined into a single, aggregated presentation.

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

Proprietary Funds

The City maintains two types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its operations in water distribution, wastewater collection/treatment, and drainage maintenance, along with its water and wastewater impact fees and water construction projects. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for its equipment replacement program, information technology department, and employee benefit program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and hotel occupancy tax fund, schedules of changes in net pension liability and related ratios for the Texas Municipal Retirement System (TMRS), schedule of contributions for TMRS, and schedules of changes in total other postemployment benefits (OPEB) liability and related ratios for the City's OPEB plans. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$111,816,580 as of September 30, 2022 in the primary government. Compared to the prior year, the overall financial position of the City has increased by \$10,519,730.

The largest portion of the City's net position (56.8 percent) reflects its investments in capital assets (e.g., land, City Hall, police station, fleet equipment, streets, drainage systems, as well as the public works facilities), less any debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 62,596,192	\$ 39,560,293	\$ 32,556,950	\$ 16,253,185	\$ 95,153,142	\$ 55,813,478
Capital assets, net	56,221,692	53,391,437	20,895,522	19,368,657	77,117,214	72,760,094
Total Assets	118,817,884	92,951,730	53,452,472	35,621,842	172,270,356	128,573,572
Deferred charge on refunding	-	-	15,438	17,169	15,438	17,169
Deferred outflows - pensions	2,011,251	1,641,653	171,939	141,736	2,183,190	1,783,389
Deferred outflows - TMRS OPEB	144,882	160,099	17,688	21,057	162,570	181,156
Deferred outflows - health OPEB	68,932	78,717	8,415	8,098	77,347	86,815
Total Deferred Outflows of Resources	2,225,065	1,880,469	213,480	188,060	2,438,545	2,068,529
Long-term liabilities	29,812,158	17,560,709	22,530,920	6,070,107	52,343,078	23,630,816
Other liabilities	4,731,681	2,820,099	764,554	667,981	5,496,235	3,488,080
Total Liabilities	34,543,839	20,380,808	23,295,474	6,738,088	57,839,313	27,118,896
Deferred inflows - pensions	4,332,624	1,975,951	354,346	152,493	4,686,970	2,128,444
Deferred inflows - TMRS OPEB	67,262	53,384	8,211	6,517	75,473	59,901
Deferred inflows - health OPEB	130,782	33,874	15,966	4,136	146,748	38,010
Deferred inflows - leases	143,817	-	-	-	143,817	-
Total Deferred Inflows of Resources	4,674,485	2,063,209	378,523	163,146	5,053,008	2,226,355
Net Position:						
Net investment in capital assets	47,723,350	45,415,578	15,824,251	14,251,963	63,547,601	59,667,541
Restricted	10,958,673	9,478,502	7,957,319	7,620,251	18,915,992	17,098,753
Unrestricted	23,142,602	17,494,102	6,210,385	7,036,454	29,352,987	24,530,556
Total Net Position	\$ 81,824,625	\$ 72,388,182	\$ 29,991,955	\$ 28,908,668	\$ 111,816,580	\$ 101,296,850

A portion of the primary government's net position, \$18,915,992 or 16.9 percent, represents resources that are subject to external restriction on how they may be used. These restrictions include monies accounted for in special revenue funds for which the use is legally restricted, as well as monies restricted for debt service. The remaining balance of unrestricted net position, \$29,352,987 or 26.3 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Statement of Activities

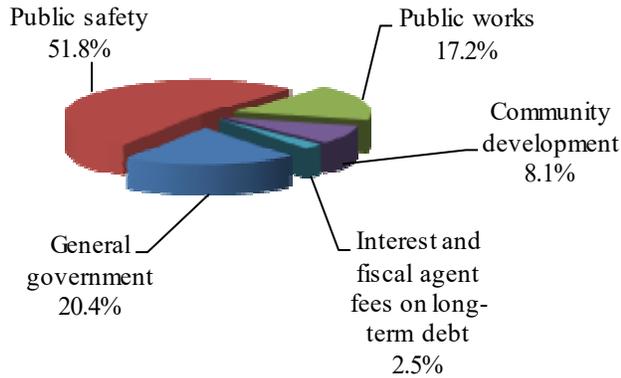
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues						
Program revenues:						
Charges for services	\$ 2,507,925	\$ 1,399,048	\$ 6,798,062	\$ 6,454,890	\$ 9,305,987	\$ 7,853,938
Operating grants and contributions	722,853	1,162,556	-	-	722,853	1,162,556
Capital grants and contributions	3,189,328	2,252,716	-	2,814,893	3,189,328	5,067,609
General revenues:						
Ad valorem taxes	9,379,739	8,506,855	-	-	9,379,739	8,506,855
Sales taxes	16,265,939	15,311,975	-	-	16,265,939	15,311,975
Franchise fees and local taxes	1,158,594	1,207,148	-	-	1,158,594	1,207,148
Hotel/motel occupancy taxes	1,877,277	1,586,633	-	-	1,877,277	1,586,633
Mixed beverage taxes	592,076	607,675	-	-	592,076	607,675
Investment earnings	134,402	29,299	192,164	7,877	326,566	37,176
Other revenues	348,174	235,594	658,800	333,958	1,006,974	569,552
Total Revenues	36,176,307	32,299,499	7,649,026	9,611,618	43,825,333	41,911,117
Expenses						
General government	5,552,193	4,946,785	-	-	5,552,193	4,946,785
Public safety	14,122,132	13,880,104	-	-	14,122,132	13,880,104
Public works	4,688,090	4,552,171	-	-	4,688,090	4,552,171
Community development	2,207,827	2,087,324	-	-	2,207,827	2,087,324
Interest and fiscal agent fees on long-term debt	669,622	245,249	-	-	669,622	245,249
Water	-	-	3,024,839	3,020,405	3,024,839	3,020,405
Wastewater	-	-	2,721,435	2,565,807	2,721,435	2,565,807
Drainage	-	-	319,465	324,359	319,465	324,359
Total Expenses	27,239,864	25,711,633	6,065,739	5,910,571	33,305,603	31,622,204
Increase in Net Position						
Before Transfers	8,936,443	6,587,866	1,583,287	3,701,047	10,519,730	10,288,913
Transfers in (out)	500,000	500,000	(500,000)	(500,000)	-	-
Change in Net Position	9,436,443	7,087,866	1,083,287	3,201,047	10,519,730	10,288,913
Beginning Net Position	72,388,182	65,300,316	28,908,668	25,707,621	101,296,850	91,007,937
Ending Net Position	\$ 81,824,625	\$ 72,388,182	\$ 29,991,955	\$ 28,908,668	\$ 111,816,580	\$ 101,296,850

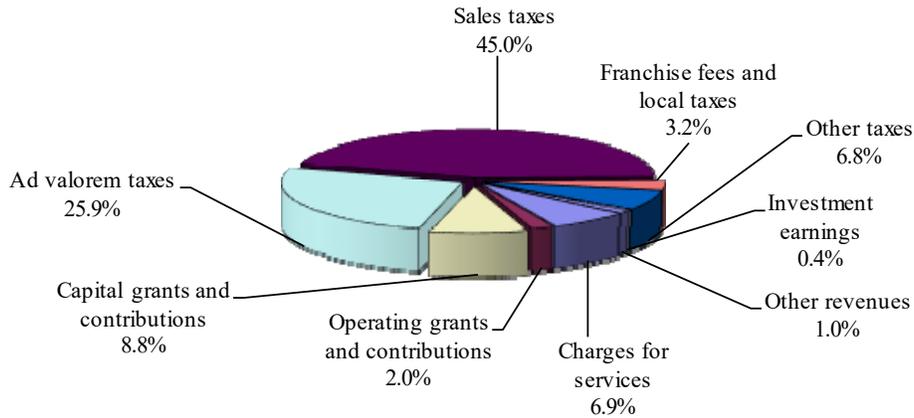
CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

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

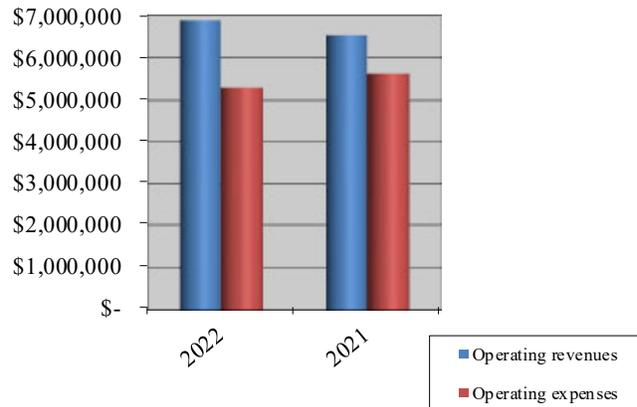
Governmental Activities - Expenses



Governmental Activities - Revenues



Business-Type Activities - Revenues and Expenses



CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

Governmental Activities

For the year ended September 30, 2022, revenues from governmental activities totaled \$36,176,307. Ad valorem and sales tax revenues continue to be the City's largest revenue sources. Ad valorem taxes increased compared to the prior year by \$872,884 as the result of higher assessed values of properties and an increase in the property tax rate. Sales taxes increased in the amount of \$953,964 due to the improved economic conditions within the City. Capital grants and contributions increased \$936,612 due to funds related to capital projects contributed by the WEDC in addition to assets conveyed to the City from the Harris County Municipal Utility District (MUD) 481.

For the year ended September 30, 2022, expenses for governmental activities totaled \$27,239,864, which was an increase of \$1,528,231 compared to the prior year. The largest increase was in general government due to increases in City Council attorney fees related to ongoing lawsuits, new software in the finance department, and economic development initiatives. This increase was also combined with an increase in interest and fiscal agent fees related to the issuance of new debt in the current year.

Business-Type Activities

The City's business-type activities include the operations of providing water, wastewater, and drainage services. In comparison to the prior year, charges for services increased by \$343,172 or 5.3 percent due to an increase in consumption and rates in fiscal year 2022. Capital grant and contributions decreased by \$2,814,893 due to capital assets conveyed to the City from the Harris County MUD 481 in the prior year. Total costs increased by \$155,168 or 2.6 percent due sewer projects in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

The City's governmental funds reflect a combined fund balance of \$52,601,431. Of this, \$1,580,212 is nonspendable consisting of prepaid items and inventory, \$2,012,269 is assigned, \$26,151,114 is restricted for various purposes, and \$22,857,836 remains as the portion unassigned.

There was an increase in the fund balance of the total governmental funds of \$20,821,584 from the prior year. Compared to the prior year, revenues increased \$2,928,321 due mainly to increases in sales tax revenues, ad valorem taxes, and an increase in licenses and permits related to construction permits. Expenditures increased \$4,763,094, primarily due to an increase in public safety and public works expenditures in the current year. The City's fund balance policy for the general fund is a minimum four-month reserve. The general fund's unassigned fund balance of \$22,875,808 is \$14,441,983 over the minimum. Due to the volatility of sales tax revenue and the City's dependence upon it, maintaining a fund balance above the minimum is prudent.

There was an increase of \$3,186,680 in the general fund fund balance, bringing ending fund balance to \$22,963,372. Revenues increased \$2,275,213 compared to the prior year due to increases in sales tax revenues

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

and ad valorem taxes, and an increase in construction permits. Expenditures increased \$3,179,131 from the prior year due to increases in public safety and public works functions mainly due to maintenance and repair costs.

There was an increase of \$80,512 in the debt service fund fund balance, bringing ending fund balance to \$677,775. The increase in revenues of \$195,634 is mainly due to an increase in ad valorem tax revenue. The increase in expenditures of \$76,650 is due to an increase in interest and fiscal charged related to the issuance of new debt.

The hotel occupancy tax fund experienced an increase in fund balance of \$1,391,670 as a result of tax revenue exceeding expenditures.

The grant fund fund balance remained the same with assets and liabilities both totaling \$2,843,005.

The Certificate of Obligation, Series 2021A fund experienced an increase in fund balance of \$16,609,828 as a result from funds received from the issuance of new debt in the current year.

Proprietary Funds

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

Revenues from charges for services for water and wastewater increased during the year by 5.3 percent due to an increase in consumer consumption and rates. Drainage charges were comparable to the prior year. Operating expenses decreased by 6.5 percent with the greatest decreases in services and maintenance related to the completion of water line and sewer projects costs in the prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund operating budget was amended to provide for an additional \$365,790 in costs to cover unanticipated expenditures at the time the original budget was adopted. Significant increases were provided for the public safety and public works departments.

General fund actual revenues were more than anticipated with the biggest impact on sales taxes revenue. Actual revenues were a net \$2,446,879 more than budgeted for fiscal year 2022.

Actual expenditures were less than budgeted expenditures by net \$1,453,854. All functions had positive budget variances.

CAPITAL ASSETS

At September 30, 2022, the City's governmental and business-type activities had invested \$77,117,214 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net increase of \$4,357,120.

Major capital asset events during the year included the following:

- Ongoing Great Wolf Lodge project in the amount of \$359,588.
- Ongoing Flway project in the amount of \$1,768,464.
- Ongoing Fairway Drive project in the amount of \$1,061,276.
- Ongoing NASA Bypass project in the amount of \$506,657.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2022

- Ongoing NASA Parkway improvement project in the amount of \$710,453.
- Ongoing City of Houston cost share water lines in the amount of \$961,894
- Completion of the Old Galveston Road water lines in the amount of \$838,823.
- Purchase of 8 Chevrolet Tahoe vehicles totaling \$383,704.

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$40,360,000. Of this amount, \$6,080,000 was general obligation debt, while certificates of obligation accounted for \$34,280,000.

More detailed information about the City's long-term liabilities is presented in note III. D. to the financial statements.

Current underlying ratings on debt issues are as follows:

	Standard and
	Poor's
	<hr style="width: 50%; margin: 0 auto;"/>
General obligation bonds	AA+

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council has adopted its annual budget and property tax rate for its fiscal year that begins on October 1, 2022. The budget includes total resources of \$69,591,094 and expenditures of \$71,723,595, including the activity of the EDC. Anticipated revenue was higher than the originally adopted for fiscal year 2021-2022, due in large part to the growth in sales tax revenue and permit revenue. The City anticipated a decline in permit revenues due to increasing construction costs; however permit revenues came in at \$733,603 more than anticipated. For fiscal year 2022-23 growth in property taxes added \$555,873 to the general fund. Sales tax is anticipated to grow. Rising personnel costs are due to annual pay increases for employees and the addition of 8 new full-time positions. Capital improvements and infrastructure projects are budgeted at \$21,721,796 for general government projects and \$8,079,502 for utility projects in the 2022-23 budget. These projects will be financed with a combination of bond proceeds, impact fees, and funding from other state and federal sources. The 2022-23 budget for the equipment replacement fund includes \$1,224,282 in expenses for fleet purchases. Expenditures by the EDC increased with the Flyway development.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Director of Finance, City Hall, 101 Pennsylvania, Webster, TX; telephone 281-316-4102; or for general City information, visit the City's website at www.cityofwebster.com.

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BASIC FINANCIAL STATEMENTS

CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

September 30, 2022

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 50,621,835	\$ 30,574,329	\$ 81,196,164	\$ 13,492,885
Investments	6,966,729	995,600	7,962,329	-
Receivables (net of allowance for uncollectible)	3,513,730	888,212	4,401,942	919,439
Internal balances	(96,599)	96,599	-	-
Prepaid items	1,564,624	2,210	1,566,834	150,381
Inventory	25,873	-	25,873	-
Capital assets:				
Nondepreciable	10,847,926	447,467	11,295,393	23,795,038
Net depreciable capital assets	45,373,766	20,448,055	65,821,821	-
Total Assets	118,817,884	53,452,472	172,270,356	38,357,743
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	15,438	15,438	-
Deferred outflows - pensions	2,011,251	171,939	2,183,190	-
Deferred outflows - TMRS OPEB	144,882	17,688	162,570	-
Deferred outflows - health OPEB	68,932	8,415	77,347	-
Total Deferred Outflows of Resources	2,225,065	213,480	2,438,545	-
LIABILITIES				
Accounts payable and accrued liabilities	1,856,666	264,130	2,120,796	577,273
Customer deposits	7,900	447,818	455,718	-
Accrued interest payable	22,555	52,606	75,161	46,525
Unearned revenue	2,844,560	-	2,844,560	-
Noncurrent liabilities:				
Long-term liabilities due within one year	3,439,610	1,085,286	4,524,896	1,111,168
Long-term liabilities due in more than one year	26,372,548	21,445,634	47,818,182	27,375,513
Total Liabilities	34,543,839	23,295,474	57,839,313	29,110,479
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	4,332,624	354,346	4,686,970	-
Deferred inflows - TMRS OPEB	67,262	8,211	75,473	-
Deferred inflows - health OPEB	130,782	15,966	146,748	-
Deferred inflows - lease	143,817	-	143,817	-
Total Deferred Inflows of Resources	4,674,485	378,523	5,053,008	-
NET POSITION				
Net investment in capital assets	47,723,350	15,824,251	63,547,601	3,307,258
Restricted for:				
Debt service	680,239	1,831,436	2,511,675	826,324
Enabling legislation	10,278,434	-	10,278,434	-
Construction/capital improvements	-	6,125,883	6,125,883	183,192
Economic development	-	-	-	4,930,490
Unrestricted	23,142,602	6,210,385	29,352,987	-
Total Net Position	\$ 81,824,625	\$ 29,991,955	\$ 111,816,580	\$ 9,247,264

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 5,552,193	\$ 369,438	\$ 700,000	\$ -
Public safety	14,122,132	795,161	22,853	-
Public works	4,688,090	-	-	3,189,328
Community development	2,207,827	1,343,326	-	-
Interest and fiscal agent fees	669,622	-	-	-
Total Governmental Activities	27,239,864	2,507,925	722,853	3,189,328
Business-Type Activities				
Water	3,024,839	3,390,031	-	-
Wastewater	2,721,435	3,049,997	-	-
Drainage	319,465	358,034	-	-
Total Business-Type Activities	6,065,739	6,798,062	-	-
Total Primary Government	\$ 33,305,603	\$ 9,305,987	\$ 722,853	\$ 3,189,328
Component Unit				
Webster Economic Development Corporation	\$ 5,130,247	\$ -	\$ -	\$ -
Total Component Unit	\$ 5,130,247	\$ -	\$ -	\$ -

General Revenues:

- Ad valorem taxes
- Sales taxes
- Franchise fees
- Hotel/motel occupancy taxes
- Mixed beverage taxes
- Investment earnings
- Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (4,482,755)	\$ -	\$ (4,482,755)	\$ -
(13,304,118)	-	(13,304,118)	-
(1,498,762)	-	(1,498,762)	-
(864,501)	-	(864,501)	-
(669,622)	-	(669,622)	-
<u>(20,819,758)</u>	<u>-</u>	<u>(20,819,758)</u>	<u>-</u>
-	365,192	365,192	-
-	328,562	328,562	-
-	38,569	38,569	-
<u>-</u>	<u>732,323</u>	<u>732,323</u>	<u>-</u>
<u>(20,819,758)</u>	<u>732,323</u>	<u>(20,087,435)</u>	<u>-</u>
-	-	-	(5,130,247)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(5,130,247)</u>
9,379,739	-	9,379,739	-
16,265,939	-	16,265,939	5,421,980
1,158,594	-	1,158,594	-
1,877,277	-	1,877,277	-
592,076	-	592,076	-
134,402	192,164	326,566	90,590
348,174	658,800	1,006,974	9,973
500,000	(500,000)	-	-
<u>30,256,201</u>	<u>350,964</u>	<u>30,607,165</u>	<u>5,522,543</u>
9,436,443	1,083,287	10,519,730	392,296
72,388,182	28,908,668	101,296,850	8,854,968
<u>\$ 81,824,625</u>	<u>\$ 29,991,955</u>	<u>\$ 111,816,580</u>	<u>\$ 9,247,264</u>

CITY OF WEBSTER, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2022

	General	Debt Service	Hotel Occupancy Tax	Grant
ASSETS				
Cash and cash equivalents	\$ 15,277,793	\$ 677,775	\$ 9,683,341	\$ 2,843,005
Investments	5,994,859	-	-	-
Receivables (net of allowance for uncollectible)	3,299,432	78,056	135,549	-
Due from other funds	1,268	-	-	-
Prepaid items	61,691	-	77,725	-
Inventory	25,873	-	-	-
Total Assets	\$ 24,660,916	\$ 755,831	\$ 9,896,615	\$ 2,843,005
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,379,810	\$ -	\$ 175,244	\$ -
Customer deposits	7,900	-	-	-
Due to other funds	2,252	-	-	-
Unearned revenue	1,555	-	-	2,843,005
Total Liabilities	1,391,517	-	175,244	2,843,005
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	162,210	78,056	-	-
Unavailable revenue - lease	143,817	-	-	-
Total Deferred Inflows of Resources	306,027	78,056	-	-
FUND BALANCES				
Nonspendable:				
Prepaid items	61,691	-	77,725	-
Inventory	25,873	-	-	-
Restricted for:				
Debt service	-	677,775	-	-
Construction/capital improvements	-	-	-	-
Enabling legislation	-	-	9,643,646	-
Assigned to:				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Unassigned	22,875,808	-	-	-
Total Fund Balances	22,963,372	677,775	9,721,371	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 24,660,916	\$ 755,831	\$ 9,896,615	\$ 2,843,005

See Notes to Financial Statements.

C.O. Series 2021A	Nonmajor Governmental	Total Governmental Funds
\$ 15,294,192	\$ 2,790,444	\$ 46,566,550
-	-	5,994,859
-	-	3,513,037
-	-	1,268
1,414,923	-	1,554,339
-	-	25,873
<u>\$ 16,709,115</u>	<u>\$ 2,790,444</u>	<u>\$ 57,655,926</u>
\$ 99,287	\$ 160,091	\$ 1,814,432
-	-	7,900
-	1,268	3,520
-	-	2,844,560
<u>99,287</u>	<u>161,359</u>	<u>4,670,412</u>
-	-	240,266
-	-	143,817
<u>-</u>	<u>-</u>	<u>384,083</u>
1,414,923	-	1,554,339
-	-	25,873
-	-	677,775
15,194,905	-	15,194,905
-	634,788	10,278,434
-	244,528	244,528
-	1,767,741	1,767,741
-	(17,972)	22,857,836
<u>16,609,828</u>	<u>2,629,085</u>	<u>52,601,431</u>
<u>\$ 16,709,115</u>	<u>\$ 2,790,444</u>	<u>\$ 57,655,926</u>

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CITY OF WEBSTER, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2022

Total fund balances – total governmental funds	\$ 52,601,431
Amounts reported for governmental activities in the Statement of Net Position are different because:	
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.	
Capital assets – nondepreciable	10,847,926
Capital assets – net depreciable	45,373,766
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	
	240,266
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	
	4,901,552
Some liabilities, including bonds payable and net pension and other postemployment benefits (OPEB) liabilities, are not reported as liabilities in the governmental funds.	
Accrued interest payable	(22,555)
Noncurrent liabilities due in one year	(3,439,610)
Noncurrent liabilities due in more than one year	(26,372,548)
Deferred outflows - pension	2,011,251
Deferred inflows - pension	(4,332,624)
Deferred outflows - TMRS OPEB	144,882
Deferred outflows - health OPEB	68,932
Deferred inflows - TMRS OPEB	(67,262)
Deferred inflows - health OPEB	(130,782)
Net Position of Governmental Activities	<u><u>\$ 81,824,625</u></u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

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

For the Year Ended September 30, 2022

	General	Debt Service	Hotel Occupancy Tax	Grant
REVENUES				
Ad valorem taxes	\$ 6,453,424	\$ 2,914,136	\$ -	\$ -
Sales taxes	16,265,939	-	-	-
Franchise fees	1,178,560	-	-	-
Hotel/motel occupancy taxes	-	-	1,877,277	-
Mixed beverage taxes	592,076	-	-	-
Licenses and permits	1,295,721	-	-	-
Fines and forfeitures	760,821	-	-	-
Charges for services	371,567	-	-	-
Intergovernmental	19,477	-	-	-
Investment earnings	(77,196)	5,896	47,045	-
Contributions	700,000	-	-	-
Other revenue	285,886	-	-	-
Total Revenues	27,846,275	2,920,032	1,924,322	-
EXPENDITURES				
Current				
General government	4,603,097	-	-	-
Public safety	14,572,623	-	-	-
Public works	4,212,970	-	-	-
Community development	1,912,784	-	414,152	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	-	1,920,000	-	-
Interest and fiscal charges	-	919,520	-	-
Total Expenditures	25,301,474	2,839,520	414,152	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,544,801	80,512	1,510,170	-
OTHER FINANCING SOURCES (USES)				
Transfers in	627,500	-	-	-
Transfers out	-	-	(118,500)	-
Issuance of long-term debt	-	-	-	-
Premium on the issuance of long-term debt	-	-	-	-
Proceeds from sale of capital assets	14,379	-	-	-
Total Other Financing Sources (Uses)	641,879	-	(118,500)	-
Net Change in Fund Balances	3,186,680	80,512	1,391,670	-
Beginning Fund Balances	19,776,692	597,263	8,329,701	-
Ending Fund Balances	\$ 22,963,372	\$ 677,775	\$ 9,721,371	\$ -

See Notes to Financial Statements.

C.O. Series 2021A	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 9,367,560
-	-	16,265,939
-	25,510	1,204,070
-	-	1,877,277
-	-	592,076
-	-	1,295,721
-	34,340	795,161
-	-	371,567
-	3,376	22,853
123,448	11,325	110,518
-	-	700,000
-	62,288	348,174
<u>123,448</u>	<u>136,839</u>	<u>32,950,916</u>
-	22,726	4,625,823
-	26,651	14,599,274
-	-	4,212,970
-	-	2,326,936
1,217,111	525,568	1,742,679
-	-	1,920,000
156,943	-	1,076,463
<u>1,374,054</u>	<u>574,945</u>	<u>30,504,145</u>
<u>(1,250,606)</u>	<u>(438,106)</u>	<u>2,446,771</u>
-	-	627,500
-	(9,000)	(127,500)
14,855,000	-	14,855,000
3,005,434	-	3,005,434
-	-	14,379
<u>17,860,434</u>	<u>(9,000)</u>	<u>18,374,813</u>
16,609,828	(447,106)	20,821,584
-	3,076,191	31,779,847
<u>\$ 16,609,828</u>	<u>\$ 2,629,085</u>	<u>\$ 52,601,431</u>

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CITY OF WEBSTER, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2022

Net changes in fund balances – total governmental funds \$ 20,821,584

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.

Depreciation	(3,732,514)
Capital outlay	3,373,441

Capital contributions from component units and developers are not reported as revenues in the governmental funds.	3,189,328
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	12,179
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued, whereas these amounts are deferred and amortized in the Statement of Net Position. In addition, pension and other postemployment benefits (OPEB) expenses and the amortization of deferred items are accounted for in the Statement of Activities.

Principal repayments	1,920,000
Issuance of debt	(14,855,000)
Premium on debt issued	(3,005,434)
Amortization of deferred charges	404,377
Accrued interest	2,464
Compensated absences	(82,366)
Net pension liability	3,311,014
Total TMRS OPEB liability	(26,374)
Total health OPEB liability	82,336
Deferred outflows - pensions	369,598
Deferred inflows - pensions	(2,356,673)
Deferred outflows - TMRS OPEB	(15,218)
Deferred inflows - TMRS OPEB	(13,878)
Deferred outflows - health OPEB	25,595
Deferred inflows - health OPEB	(132,289)

Internal service funds are used by management to charge the costs of certain capital assets and information technology services to individual funds. The net revenue (expense) is reported with governmental activities.	144,273
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Change in Net Position of Governmental Activities	\$ 9,436,443
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See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION PROPRIETARY FUNDS (Page 1 of 2)

September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 30,574,329	\$ 4,055,285
Investments	995,600	971,870
Receivables, net	888,212	693
Due from other funds	2,252	-
Prepaid expenses	2,210	10,285
Total Current Assets	32,462,603	5,038,133
Noncurrent Assets		
Capital assets:		
Nondepreciable	447,467	-
Depreciable capital assets	45,967,103	6,568,039
Less: accumulated depreciation	(25,519,048)	(5,091,473)
Total Capital Assets (Net)	20,895,522	1,476,566
Total Noncurrent Assets	20,895,522	1,476,566
Total Assets	53,358,125	6,514,699
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	15,438	-
Deferred outflows - pensions	171,939	43,904
Deferred outflows - TMRS OPEB	17,688	3,973
Deferred outflows - health OPEB	8,415	1,473
Total Deferred Outflows of Resources	213,480	49,350
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	264,130	42,234
Accrued interest payable	52,606	-
Current portion of compensated absences	75,700	23,106
Customer deposits	447,818	-
Current portion of bonds payable (net of deferred charges)	1,009,586	-
Total Current Liabilities	1,849,840	65,340
Noncurrent Liabilities		
Compensated absences	50,311	5,593
Net pension liability	399,393	122,120
Total TMRS OPEB liability	80,643	16,867
Total health OPEB liability	40,310	8,298
Bonds payable (net of deferred charges)	20,874,977	-
Total Noncurrent Liabilities	21,445,634	152,878
Total Liabilities	23,295,474	218,218
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	354,346	85,284
Deferred inflows - TMRS OPEB	8,211	1,713
Deferred inflows - health OPEB	15,966	3,331
Total Deferred Inflows of Resources	378,523	90,328

CITY OF WEBSTER, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS (Page 2 of 2)
September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
NET POSITION		
Net investment in capital assets	15,824,251	1,476,566
Restricted for debt service	1,831,436	-
Restricted for construction/capital improvements	6,125,883	-
Unrestricted	6,116,038	4,778,937
Total Net Position	29,897,608	\$ 6,255,503
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	94,347	
Net position of business-type activities	\$ 29,991,955	

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2022

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Utility</u>	<u>Internal Service</u>
OPERATING REVENUES		
Water charges	\$ 3,390,031	\$ -
Wastewater charges	3,049,997	-
Drainage charges	358,034	-
Penalties and reconnect fees	51,177	-
Charges for services	-	3,946,143
Other revenue	64,030	86,101
Total Operating Revenues	<u>6,913,269</u>	<u>4,032,244</u>
OPERATING EXPENSES		
Personnel	1,499,941	2,808,860
Supplies	913,099	23,661
Maintenance	643,269	32,642
Services	984,262	294,858
Depreciation	1,225,756	707,166
Total Operating Expenses	<u>5,266,327</u>	<u>3,867,187</u>
Operating Income	<u>1,646,942</u>	<u>165,057</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	192,164	23,884
Interest expense	(571,974)	-
Impact fees	543,593	-
Bond issuance costs	(250,397)	-
Gain on sale of capital assets	-	76,105
Total Nonoperating Revenues	<u>(86,614)</u>	<u>99,989</u>
Income Before Transfers	1,560,328	265,046
TRANSFERS		
Transfers (out)	(500,000)	-
Change in Net Position	1,060,328	265,046
Beginning Net Position	<u>28,837,280</u>	<u>5,990,457</u>
Ending Net Position	<u>\$ 29,897,608</u>	<u>\$ 6,255,503</u>
Change in net position before adjustment	\$ 1,060,328	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	22,959	
Change in net position of business-type activities	<u>\$ 1,083,287</u>	

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 6,892,430	\$ -
Receipts from interfund charges for equipment replacement	-	754,275
Receipts from interfund charges for information technology	-	753,798
Receipts from interfund charges for employee benefits	-	2,524,136
Payments to suppliers	(2,466,322)	(2,873,248)
Payments to employees	(1,599,871)	(315,369)
Net Cash Provided by Operating Activities	2,826,237	843,592
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Impact fees	543,593	-
Transfers to other funds	(500,000)	-
Net Cash Provided by Noncapital Financing Activities	43,593	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(2,752,621)	(780,620)
Proceeds from issuance of debt	17,504,889	-
Principal paid on debt	(905,000)	-
Interest paid on debt	(671,560)	-
Proceeds from sale of capital assets	-	76,105
Net Cash Provided (Used) by Capital and Related Financing Activities	13,175,708	(704,515)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments	1,474,254	29,081
Interest on investments	192,164	23,884
Net Cash Provided by Investing Activities	1,666,418	52,965
Net Increase in Cash and Cash Equivalents	17,711,956	192,042
Beginning Cash and Cash Equivalents	12,862,373	3,863,243
Ending Cash and Cash Equivalents	\$ 30,574,329	\$ 4,055,285

CITY OF WEBSTER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 1,646,942	\$ 165,057
Adjustments to Reconcile Operating Income to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,225,756	707,166
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	(39,062)	(35)
Due from other funds	(2,252)	490
Prepaid expenses	(1,790)	(6,285)
Deferred outflows of resources	(25,420)	(6,207)
Increase (Decrease) in Liabilities:		
Accounts payable and accrued liabilities	78,350	1,559
Compensated absences	513	1,293
Customer deposits	18,223	-
Net pension liability	(283,593)	(72,327)
Total TMRS OPEB liability	3,045	6,359
Total health OPEB liability	(9,852)	(7,780)
Deferred inflows of resources	215,377	54,302
Net Cash Provided by Operating Activities	\$ 2,826,237	\$ 843,592

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2022

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Webster, Texas (the “City”) was incorporated under the laws of the State of Texas (the “State”) in 1958. The City has operated under a “Home Rule Charter” which provides for a Council-Manager form of government since January 15, 1994.

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

The City provides the following services: general government (City Council, City Secretary, City Manager, finance, municipal court, human resources, and economic development); public safety (police, fire, and emergency management); community development (permitting, planning, and recreation); public works (construction and maintenance of streets and parks); and water, wastewater, and drainage services.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. The economic development corporation listed below, although legally separate, is considered part of the reporting entity. No other entities have been included in the City’s reporting entity. As the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

Discretely Presented Component Unit

Webster Economic Development Corporation

Webster Economic Development Corporation (WEDC) has been included in the reporting entity as a discretely presented component unit. In 1999, the City formed the WEDC, which was created by voters approving an additional sales tax.

State law allows the WEDC to collect sales tax to assist in the promotion and development activities of the City. The WEDC began receiving sales tax in March 2000.

The WEDC was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Board of Directors is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of the WEDC shall be conveyed to the City. Separate financial statements of the WEDC may be obtained from the Finance Department of the City. Questions concerning this report or requests for additional financial information should be directed to Director of Finance, City Hall, 101 Pennsylvania,

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Webster, TX; telephone 281-316-4102; or for general City information, visit the City's website at www.cityofwebster.com.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component unit. 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 to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

The *debt service fund* is used to account for and report the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund does not qualify as a major fund, but the City has elected to present it as a major fund due to its significance.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds include the hotel occupancy tax fund; public safety fund; municipal court program fund; grant fund; and the public, educational, and government access channel fund. The special revenue funds are considered nonmajor funds for reporting purposes with the

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

exception of the hotel occupancy tax fund, which is a major fund. The hotel occupancy tax fund's major revenue source is hotel occupancy tax.

The *capital project funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital project funds include the street construction fund, other capital projects fund, general projects fund, and the certificate of obligation (C.O.) series 2018 and C.O Series 2021A funds. The C.O Series 2021A fund is considered a major fund for reporting purposes.

The City reports the following enterprise fund:

The *utility fund* is used to account for the operations that provide water and wastewater collection, wastewater treatment operations, and drainage. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The utility fund is considered a major fund for reporting purposes.

Additionally, the City reports the following fund type:

Internal service funds account for services provided to other departments of the City, or to other governments, on a cost reimbursement basis. The equipment replacement fund is used to account for equipment replacement and maintenance services. The information technology fund accounts for technology services. The employee benefit fund is used to account for insurance provided to City employees.

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

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

E. Measurement Focus and Basis of Accounting

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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

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

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

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments, except certain investment pools, commercial paper, money market funds, and investment contracts, are reported at fair value. The investment pools operate in accordance with appropriate state laws and regulations and are reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost. Investment income is allocated back to the respective funds based on each fund's equity in the investment.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following: direct obligations of the U.S. Government, fully collateralized certificates of deposit and money market accounts, and statewide investment pools.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of fuel. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) and are recognized as expenditures when utilized.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of four years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles	4 to 20 years
Furniture and equipment	5 to 15 years
Infrastructure	10 to 50 years
Water and wastewater system	10 to 40 years
Buildings and improvements	5 to 50 years

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

- Deferred outflows/inflows from pension/other postemployment benefits (OPEB) activities are amortized over the average of the expected service lives of pension/OPEB plan members, except for the net differences between the projected and actual investment earnings on the pension/OPEB plan assets, which are amortized over a period of five years.
- For employer pension/OPEB plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year, the amount is deferred and recognized as a reduction to the net pension/OPEB liability during the measurement period in which the contributions were made.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

- A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Lease receivable is amortized over the term of the lease.

At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. Amounts accumulated may be paid to employees upon termination of employment or during employment in accordance with the City's personnel policy. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund. Although a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

8. Net Position Flow Assumption

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

9. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

10. Fund Balance Policies

Fund balances of governmental funds are reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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

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

The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

The City strives to maintain an unassigned fund balance of not less than 25 percent of the budgeted operational expenditures in all City funds. Due to the volatile nature of a majority of its revenues, it is not deemed excessive for the City to maintain an unassigned fund balance in the general fund and WEDC at levels greater than 33 percent of the budgeted operational expenditures. The purpose of this unassigned balance is to alleviate significant unanticipated budget shortfalls and to ensure the orderly provisions of services to citizens. Should unassigned fund balance fall below the goal or have a deficiency, the City

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

will seek to reduce expenditures prior to increasing revenues to replenish fund balance within a reasonable timeframe.

11. Estimates

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

12. Postemployment Healthcare Benefits

Employees who retire with 10 years of service with the City and 20 years of service with the Texas Municipal Retirement System (TMRS) are eligible to elect health insurance coverage that they presently have in effect at the time of retirement at the full premium cost that is being paid by the City. After becoming Medicare eligible, the retiree will be required to enroll in Medicare Parts A and B in order to continue coverage under the City's medical program.

13. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources, and deferred inflows of resources related to pensions and pension expense, information about the fiduciary net position of the 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.

14. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

15. Comparative Data

Comparative total data for the prior year have been presented only for schedules of revenues, expenditures, and changes in fund balance – budget and actual in order to provide an understanding of the changes in the financial position and operations of these funds.

16. Lessor

The City is a lessor for a noncancellable lease of a building. The City recognizes a lease receivable and a deferred inflow of resources in the government-wide and governmental fund financial statements.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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

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

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

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes are levied during September of each year, are due upon receipt of the City's tax bill, and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid. The penalties and interest accumulate on the unpaid accounts until July 1, at which time the delinquent accounts are turned over to the tax attorney for legal action. A penalty of six percent and interest of one percent are added to delinquent taxes on February 1. The interest continues to accumulate on the account at one percent per month, but the penalty remains at a maximum of 12 percent until paid. An additional penalty of 20 percent is added in July for attorney costs. There are no discounts allowed on taxes.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budgets. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget is the division level within a fund. The City Manager may transfer appropriations within a division without seeking the approval of City Council, but changes to the total appropriation for a given division can only be enacted by the Mayor and Council through a budget amendment ordinance. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made during the year.

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

A. Deficit Fund Balance

As of the year ended September 30, 2022, C.O. Series 2018 fund had a deficit fund balance of \$17,972.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2022, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 7,480,426	0.69
Certificates of deposit	481,903	0.45
External investment pools	48,415,183	0.02
Total fair value	<u>\$ 56,377,512</u>	
Portfolio weighted average maturity		0.11

Fair Value Measurements

GASB Statement No. 72, *Fair Value Measurement and Application*, establishes an authoritative definition of fair value, sets a framework for measuring fair value, and requires additional disclosures about fair value measurements. The City categorizes the fair value measurements of its investments based on the hierarchy established by Generally Accepted Accounting Principles. The fair value hierarchy categorizes the inputs to valuation techniques used to measure fair value into three levels.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset is not observable, the City will measure fair value using another

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The City does not have any investments that are measured using level 1 or level 3 inputs.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

At September 30, 2022, the City had the following recurring fair value measurements:

	September 30, 2022	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
Investments by Fair Value Level		
<u>U.S. Government Agency Bonds/Notes</u>		
Federal Farm Credit Bank	\$ 3,612,125	\$ 3,612,125
Federal Home Loan Bank	2,167,528	2,167,528
Federal Home Loan Mortgage Corporation	1,700,773	1,700,773
External investment pool, TX-FIT	27,212,017	7,011,968
Total	\$ 34,692,443	\$ 14,492,394

U. S. Government agency bonds and notes, and the external investment pool are classified in Level 2 of the fair value hierarchy and are valued using the market approach.

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Credit risk. The City’s investment policy limits investments in money market mutual funds rated as to investment quality not less than “AAA” by Standard & Poor’s. As of September 30, 2022, the City’s investments in statewide investment pools were rated “AAAm” by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2022 consist of a variety of bonds and discount notes issued by the Federal Farm Credit Bank, the Federal Home Loan Bank, and the Federal Home Loan Mortgage Corporation. These investments were rated “AA+” by Standard & Poor’s.

Concentration of credit risk. The City’s investment policy does not allow for an investment in any one security type or financial institution that is in excess of 50 percent of the portfolio’s total investments.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of September 30, 2022, market values of pledged securities and FDIC coverage exceeded bank balances.

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

TexPool

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

TexPool is an external investment pool measured at amortized cost. In order to meet criteria to be recorded at amortized cost, TexPool must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within TexPool. TexPool transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. Investments held are highly rated by nationally recognized statistical rating organizations, have no more than 5% of the portfolio with one issuer (excluding U.S. government securities), and can meet reasonably foreseeable redemptions. TexPool has a redemption notice period of one day and may redeem daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool’s liquidity.

TexSTAR

Texas Short-Term Asset Reserve Program (TexSTAR) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexSTAR was created in April 2002 by contract among its participating governmental units and is governed by a board of directors. J.P. Morgan Investment Management Inc. (JPMIM) and Hilltop Securities Inc. (HTS) serve as co-administrators. JPMIM provides investment management services and First Southwest, a division of HTS, provides participant service and marketing. Custodial, fund accounting, and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary, J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc.

TexSTAR is measured at amortized cost. TexStar’s strategy is to seek preservation of principal, liquidity, and current income through investment in a diversified portfolio of short-term marketable securities. TexStar has a redemption notice period of one day and may redeem daily. TexSTAR may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the TexSTAR’s liquidity.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the “Agreement”), among certain Texas governmental entities investing in CLASS (the “Participants”), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the “Board”), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS’ website at www.texasclass.com.

CLASS is measured at amortized cost. CLASS has a redemption notice period of one day and may redeem daily. CLASS may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the CLASS’s liquidity.

Texas FIT

The Texas Fixed Income Trust (TX-FIT) cash pool is a high-quality money market alternative for local government investors. TX-FIT is a short-term investment product designed to add diversification with multiple assets classes and a competitive yield to other cash alternatives. Providing same day liquidity to participants, TX-FIT is managed as a dollar-in/dollar-out product and has a floating net asset value. The fair value of the position in TX-FIT is the same as the value of TX-FIT shares. TX-FIT has been established pursuant to Texas regulatory requirements under Chapter 2256 as an authorized local government investment pool that seeks current income with the additional objective of capital preservation and liquidity. The custodian of TX-FIT, U.S. Bank National Association, calculates TX-FIT’s net asset value using third-party supplied, mark-to-market pricing with internal validation and monitoring. Water Walker Investments serves as TX-FIT’s investment advisor. Fitch ratings has assigned “AAAf/S1” fund credit quality rating and fund market risk sensitivity rating as of year end. This rating indicates the highest underlying credit quality (or lowest vulnerability to default) and the S1 market risk sensitivity rating indicates a very low sensitivity to market risk.

The City has the right to redeem any or all of its investment in TX-FIT during normal operating hours of the administrator, U.S. Bank Global Fund Services. TX-FIT does reserve the right to suspend redemptions during periods of crisis that affect the financial markets of the United States.

TexasTERM

The Texas Term Local Government Investment Pool (“TexasTERM”) is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC, which also serves as the investment advisor. The reported value of TexasTERM is the same as the fair value of the TexasTERM shares. Investment options include TexasDAILY, a money market portfolio, that is rated “AAAm” by Standard and Poor’s, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured certificates of deposit from banks throughout the United States.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Hotel Occupancy Tax	Component Unit
Ad valorem taxes	\$ 162,215	\$ 78,100	\$ -	\$ -
Other taxes	2,867,962	-	135,549	919,439
Accrued interest	17,823	-	-	-
Other	251,436	-	-	-
Less allowance	(4)	(44)	-	-
	<u>\$ 3,299,432</u>	<u>\$ 78,056</u>	<u>\$ 135,549</u>	<u>\$ 919,439</u>

Proprietary Funds

	Enterprise	Internal Service
Accounts	\$ 974,836	\$ -
Accrued interest	-	693
Less allowance	(86,624)	-
	<u>\$ 888,212</u>	<u>\$ 693</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

C. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year:

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,444,520	\$ -	\$ -	\$ 5,444,520
Construction in progress	1,290,538	4,593,912	(481,044)	5,403,406
Total capital assets not being depreciated	<u>6,735,058</u>	<u>4,593,912</u>	<u>(481,044)</u>	<u>10,847,926</u>
Other capital assets:				
Buildings and improvements	26,152,944	593,113	-	26,746,057
Furniture and equipment	14,420,489	1,163,116	(426,863)	15,156,742
Infrastructure	60,087,941	705,374	-	60,793,315
Total other capital assets	<u>100,661,374</u>	<u>2,461,603</u>	<u>(426,863)</u>	<u>102,696,114</u>
Less accumulated depreciation for:				
Buildings and improvements	(12,996,129)	(654,420)	-	(13,650,549)
Furniture and equipment	(10,347,511)	(1,203,764)	415,161	(11,136,114)
Infrastructure	(30,661,355)	(1,874,330)	-	(32,535,685)
Total accumulated depreciation	<u>(54,004,995)</u>	<u>(3,732,514)</u>	<u>415,161</u>	<u>(57,322,348)</u>
Other capital assets, net	<u>46,656,379</u>	<u>(1,270,911)</u>	<u>(11,702)</u>	<u>45,373,766</u>
Governmental Activities Capital Assets, Net	<u>\$ 53,391,437</u>	<u>\$ 3,323,001</u>	<u>\$ (492,746)</u>	<u>56,221,692</u>
				(23,693,247)
				15,194,905
			Net Investment in Capital Assets	<u>\$ 47,723,350</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 1,065,564
Public safety	787,702
Public works	1,152,252
Community development	19,830
Internal service funds	<u>707,166</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,732,514</u>

All capital assets constructed or paid for with funds of the component unit are titled in the City's name, with the exception of land purchased during fiscal years 2011, 2021 and 2022, which is titled in the component unit's name. Accordingly, component unit capital assets and construction in progress, with the exception of the land referred to above, are recorded in the governmental activities totals.

Capital assets for governmental activities include capital assets held in the internal service funds.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

The following is a summary of changes in capital assets for the component unit for the year:

Component Unit:	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Capital assets not being depreciated:				
Land	\$ 3,788,436	\$ 20,006,602	\$ -	\$ 23,795,038
Total Capital Assets Not Being Depreciated	\$ 3,788,436	\$ 20,006,602	\$ -	\$ 23,795,038
			Less debt associated with capital assets	(20,487,780)
			Net Investment in Capital Assets	\$ 3,307,258

Remaining commitments under related construction contracts for general government construction projects at September 30, 2022 are as follows:

Governmental Activities:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Blossom paving/drainage	\$ 850,000	\$ 30,695	\$ 819,305
NASA Bypass extension	500,000	83,858	416,142
Fire kitchen remodel	98,089	45,394	52,695
Replace Piping from Central Chiller Plant	326,122	303,615	22,507
NASA Bypass extension phase 1	873,970	506,657	367,313
NASA Parkway improvement	736,497	710,454	26,043
Great Wolf Lodge	2,000,000	713,080	1,286,920
Flyway	6,773,900	1,948,377	4,825,523
Fairway Drive	1,466,649	1,061,276	405,373
	\$ 13,625,227	\$ 5,403,406	\$ 8,221,821

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

The following is a summary of changes in capital assets for business-type activities for the year:

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 102,269	\$ -	\$ -	\$ 102,269
Construction in progress	67,881	277,317	-	345,198
Total capital assets not being depreciated	<u>170,150</u>	<u>277,317</u>	<u>-</u>	<u>447,467</u>
Other capital assets:				
Building and improvements	30,422,166	276,912	-	30,699,078
Furniture and equipment	248,386	222,678	-	471,064
Water and wastewater system	12,821,247	1,975,714	-	14,796,961
Total other capital assets	<u>43,491,799</u>	<u>2,475,304</u>	<u>-</u>	<u>45,967,103</u>
Less accumulated depreciation for:				
Building and improvements	(14,039,649)	(843,367)	-	(14,883,016)
Furniture and equipment	(177,525)	(30,784)	-	(208,309)
Water and wastewater system	(10,076,118)	(351,605)	-	(10,427,723)
Total accumulated depreciation	<u>(24,293,292)</u>	<u>(1,225,756)</u>	<u>-</u>	<u>(25,519,048)</u>
Other capital assets, net	<u>19,198,507</u>	<u>1,249,548</u>	<u>-</u>	<u>20,448,055</u>
Business-Type Activities Capital Assets, Net	<u>\$ 19,368,657</u>	<u>\$ 1,526,865</u>	<u>\$ -</u>	<u>20,895,522</u>
				Less debt associated with capital assets (21,884,563)
				Plus deferred charge on refunding 15,438
				Plus unspent bond proceeds 16,797,854
				<u>Net Investment in Capital Assets \$ 15,824,251</u>

Depreciation was charged to business-type functions as follows:

Water	\$ 395,930
Wastewater	<u>829,826</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,225,756</u>

Remaining commitments under related construction contracts for business-type construction projects at September 30, 2022 are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
Lift Station #5 Force Main	\$ 180,445	\$ 104,036	\$ 76,409
Wastewater Treatment Plant Electrical Improvements	249,876	241,162	8,714
	<u>\$ 430,321</u>	<u>\$ 345,198</u>	<u>\$ 85,123</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

D. Long-Term Debt

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 3,495,000	\$ -	\$ (235,000)	\$ 3,260,000	\$ 245,000
Certificates of obligation	3,730,000	14,855,000	(1,685,000)	16,900,000	1,720,000
Plus bond premium	932,190	3,005,434	(404,377)	3,533,247	404,377
	<u>8,157,190</u>	<u>17,860,434</u>	<u>(2,324,377)</u>	<u>23,693,247</u>	<u>2,369,377</u>
Other liabilities:					
Net pension liability	7,035,724	-	(3,311,014)	3,724,710	-
Total OPEB liability (TMRS)	635,823	26,375	-	662,198	-
Total OPEB liability (Health)	412,525	-	(82,335)	330,190	-
Compensated absences	1,319,447	1,089,716	(1,007,350)	1,401,813	1,070,233
Total Governmental Activities	<u>\$ 17,560,709</u>	<u>\$ 18,976,525</u>	<u>\$ (6,725,076)</u>	<u>\$ 29,812,158</u>	<u>\$ 3,439,610</u>
Business-Type Activities:					
General obligation bonds	\$ 3,085,000	\$ -	\$ (265,000)	\$ 2,820,000	(2) \$ 270,000
Certificates of obligation	1,770,000	16,250,000	(640,000)	17,380,000	(2) 640,000
Plus bond premiums	278,863	1,505,286	(99,586)	1,684,563	(2) 99,586
Net pension liability	682,986	-	(283,593)	399,393	-
Total OPEB liability (TMRS)	77,398	3,245	-	80,643	-
Total OPEB liability (Health)	50,362	-	(10,052)	40,310	-
Compensated absences	125,498	75,905	(75,392)	126,011	75,700
Total Business-Type Activities	<u>\$ 6,070,107</u>	<u>\$ 17,834,436</u>	<u>\$ (1,373,623)</u>	<u>\$ 22,530,920</u>	<u>\$ 1,085,286</u>
WEDC:					
Bonds payable	\$ 8,155,000	\$ 19,820,000	\$ (405,000)	\$ 27,570,000	\$ 1,060,000
Plus bond premiums	266,680	670,562	(20,561)	916,681	51,168
Total WEDC	<u>\$ 8,421,680</u>	<u>\$ 20,490,562</u>	<u>\$ (425,561)</u>	<u>\$ 28,486,681</u>	<u>\$ 1,111,168</u>
(1) Debt associated with governmental capital assets				<u>\$ 23,693,247</u>	
(2) Debt associated with business-type capital assets				<u>\$ 21,884,563</u>	
(3) Debt associated with WEDC capital assets				<u>\$ 20,487,780</u>	

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Long-term debt at year end was comprised of the following debt issues:

Description	Interest Rates	Balance
<u>Governmental Activities</u>		
General Obligation Bonds		
General Obligation Refunding Bonds, Series 2020	3.00%	\$ 3,260,000
Total General Obligation Bonds		<u>3,260,000</u>
Certificates of Obligation		
Tax and Revenue Certificates of Obligation, Series 2018A	3.00 - 4.00%	3,255,000
Tax and Revenue Certificates of Obligation, Series 2021A	4.00 - 5.00%	13,645,000
Total Certificates of Obligation		<u>16,900,000</u>
Total Governmental Activities Long-Term Debt		<u>\$ 20,160,000</u>
<u>Business-Type Activities</u>		
General Obligation Bonds		
Water and Sewer Refunding Bonds, Series 2014	3.00 - 4.00%	\$ 2,820,000
Total General Obligation Bonds		<u>2,820,000</u>
Certificates of Obligation		
Tax and Revenue Certificates of Obligation, Series 2018B	3.50 - 4.00%	1,695,000
Tax and Revenue Certificates of Obligation, Series 2021B	2.00 - 5.00%	15,685,000
Total Certificates of Obligation		<u>17,380,000</u>
Total Business-Type Activities Long-Term Debt		<u>\$ 20,200,000</u>
<u>WEDC</u>		
Sales Tax Revenue Bonds, Series 2017	3.75 - 5.00%	\$ 7,750,000
Sales Tax Revenue Bonds, Series 2022	4.00 - 5.00%	19,820,000
Total Component Unit Long-Term Debt		<u>\$ 27,570,000</u>

The City is not obligated in any manner for special assessment debt.

New Debt

Series 2021A

On October 1, 2021, the City issued the Combination Tax and Revenue Certificate of Obligation, Series 2021A (the "Certificates") in the amount of \$14,855,000 for the use of purchasing firefighting trucks, machinery, and equipment; construction, renovation, and equipment of various City owned buildings; road and street repairs and improvements; land acquisition including the property located at the southwest corner of IH45 and FM 528 for the purchase of the NASA Bypass Extension; and professional services rendered in connection with the foregoing. The Certificates have a maturity date of March 1, 2031 and carry an interest rate of 4.00% to 5.00%.

Series 2021B

On October 1, 2021, the City issued the Combination Tax and Revenue Certificate of Obligation, Series 2021B (the "Certificates") in the amount of \$16,250,000 for the use for construction, and acquisition and repair of utility system improvements; road and street repairs and improvements; and professional services rendered in connection with the foregoing. The Certificates have a maturity date of March 1, 2041 and carry an interest rate of 2.00% to 5.00%.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Series 2022

On September 1, 2022, WEDC issued the Sales Tax Revenue Bonds, Series 2022 (the “Bonds”) for use to finance (1) the purchase of land and construction of building, equipment, facilities, and improvements located within the city limits of the City to be used for recreational or community facilities and to promote new or expended business development. The principal on the Bonds totaled \$19,820,000 and carry an interest rate of 4.00% to 5.00%. The Bonds will mature in September of 2042.

General Obligation and Public Improvement Bonds

The City issues general obligation and public improvement bonds to provide funds for the acquisition and construction of major capital facilities. General obligation and public improvement bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds for governmental activities is from taxes levied on all taxable property located within the City, while repayment of general obligation bonds for business-type activities will be paid with utility rate revenue.

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

Fiscal Year Ending Sept. 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
	2023	\$ 245,000	\$ 156,875	\$ 270,000
2024	265,000	144,125	285,000	79,663
2025	280,000	130,500	300,000	68,975
2026	295,000	116,125	305,000	59,975
2027	310,000	101,000	315,000	50,825
2028-2032	1,865,000	244,375	1,345,000	105,700
Total	\$ 3,260,000	\$ 893,000	\$ 2,820,000	\$ 455,601

Certificates of Obligation

The City has issued tax and revenue certificates of obligation to provide funds for the acquisition and construction of major capital facilities. Certificates of obligation are direct obligations of the City for which its full faith and credit are pledged. Repayment of certificates is from taxes levied on all taxable property located within the City, as well as a lien on water and wastewater system revenues. Annual debt service requirements to maturity for these obligations are as follows:

Fiscal Year Ending Sept. 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
	2023	\$ 1,720,000	\$ 741,950	\$ 640,000
2024	1,805,000	685,825	670,000	518,655
2025	1,895,000	571,550	705,000	485,105
2026	1,985,000	480,000	735,000	449,955
2027	2,080,000	386,900	775,000	413,080
2028-2032	7,415,000	648,175	4,475,000	1,464,475
2033-2037	-	-	5,220,000	726,089
2038-2042	-	-	4,160,000	171,691
Total	\$ 16,900,000	\$ 3,514,400	\$ 17,380,000	\$ 4,779,655

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Revenue Bonds – WEDC

The City’s component unit, the WEDC, has also issued revenue bonds to finance economic improvements, payable from a lien on, and pledge of, revenues which include the proceeds of a one-half of one percent sales and use tax. Annual debt service to maturity for these bonds is as follows:

Fiscal Year Ending Sept. 30	WEDC	
	Principal	Interest
2023	\$ 1,060,000	\$ 1,122,794
2024	1,110,000	1,069,794
2025	1,170,000	1,014,294
2026	1,225,000	860,494
2027	1,280,000	904,144
2028-2032	7,220,000	3,687,320
2033-2037	7,970,000	2,213,327
2038-2042	6,535,000	804,800
Total	\$ 27,570,000	\$ 11,676,967

Lessor

On October 1, 2021, the City entered into a 92-month lease as lessor for the use of AT&T (the “Lessee”) towers located at 217 Pennsylvania Avenue. An initial lease receivable was recorded in the amount of \$165,124. As of September 30, 2022, the value of the lease receivable is \$144,455. The Lessee is required to make monthly fixed payments of \$1,850. The lease has an interest rate of 1.08%. The infrastructure estimated useful life was 0 months as of the lease commencement. The value of the deferred inflow of resources as of September 30, 2022 was \$143,817, and the City recognized lease revenue of \$21,306 during the fiscal year. The Lessee has one extension option of 60 months.

The following table illustrates the future payments the receivable and deferred inflow of resources will be changed by:

Fiscal Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2023	\$ 20,742	\$ 1,458
2024	20,967	1,232
2025	21,195	1,005
2026	21,425	775
2027	21,658	542
2028-2029	38,468	382
Total	\$ 144,455	\$ 5,394

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or not performed correctly, it could result in a substantial liability to the City. Although the

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

City does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with the IRS rules and regulations.

E. Interfund Transactions

Transfers between the primary governmental funds during the year were as follows:

Transfer In	Transfer Out	Amounts
General Fund	Utility Fund	\$ 500,000
General Fund	Hotel Occupancy Tax Fund	118,500
General Fund	Nonmajor Governmental Funds	9,000
		\$ 627,500

Amounts transferred between funds related to amounts collected by the general, utility, hotel, and other nonmajor governmental funds for various governmental expenditures and debt payments.

The composition of interfund balances as of year end was as follows:

Receivable Fund	Payable Fund	Amounts
Utility Fund	General Fund	\$ 2,252
General Fund	Nonmajor	1,268
		\$ 3,520

Amounts recorded as due to/from are considered to be temporary loans and will be repaid during the following year.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with over 2,617 other entities in the Texas Municipal League’s Intergovernmental Risk Pools (the “Pool”). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

The City is a defendant in a lawsuit. Although the outcome of this lawsuit is not presently determinable, it is the opinion of the City’s management that resolution of this matter will not have a material adverse effect on the financial condition of the City.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 901 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the “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 (the “Board”), however, TMRS does not receive any funding from the State. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee’s contributions, with interest, and the City-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payment options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75 percent of the member’s deposits and interest.

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

	<u>2022</u>	<u>2021</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yr of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

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	123
Inactive employees entitled to, but not yet receiving, benefits	124
Active employees	169
Total	<u><u>416</u></u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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 (1½ 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 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 City were required to contribute 7% of their annual gross earnings during the fiscal year. The required contribution rates for the City were 17.52% and 17.39% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2022 were \$2,256,082.

Net Pension Liability

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

Actuarial Assumptions

The TPL 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
Investment rate of return	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 active members, 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.

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, 2019 actuarial valuation. The postretirement mortality assumption for annuity purchase rates 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 appreciations, 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 weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. In determining their best

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global equity	35.00%	7.55%
Core fixed income	6.00%	2.00%
Non-core fixed income	20.00%	5.68%
Real return	12.00%	7.22%
Real estate	12.00%	6.85%
Hedge funds	5.00%	5.35%
Private equity	10.00%	10.00%
Total	<u>100.00%</u>	

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in the NPL

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 2,432,504	\$ -	\$ 2,432,504
Interest	4,957,027	-	4,957,027
Difference between expected and actual experience	658,790	-	658,790
Contributions - employer	-	2,189,505	(2,189,505)
Contributions - employee	-	881,342	(881,342)
Net investment income	-	8,611,620	(8,611,620)
Benefit payments, including refunds of employee contributions	(3,003,948)	(3,003,948)	-
Administrative expense	-	(39,814)	39,814
Other changes	-	273	(273)
Net Changes	5,044,373	8,638,978	(3,594,605)
Balance at December 31, 2020	73,723,162	66,004,452	7,718,710
Balance at December 31, 2021	<u>\$ 78,767,535</u>	<u>\$ 74,643,430</u>	<u>\$ 4,124,105</u>

*For TMRS, the "changes in current period benefits" includes substantively automatic benefit status changes, if applicable.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's NPL would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one 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%)
City's Net Pension Liability	\$ 15,644,808	\$ 4,124,105	\$ (5,283,045)

Pension Plan Fiduciary Net Position

Detailed information about the TMRS's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pensions

For the fiscal year ended September 30, 2022, the City recognized pension expense of \$820,199.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 542,519	\$ 264,647
Changes in actuarial assumptions	-	6,052
Difference between projected and actual investment earnings	-	4,416,271
Contributions subsequent to the measurement date	1,640,671	-
Total	\$ 2,183,190	\$ 4,686,970

\$1,640,671 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 NPL for the fiscal 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:

Fiscal Year Ended September 30	Pension Expense
2023	\$ (748,502)
2024	(1,806,793)
2025	(815,046)
2026	(774,110)
Total	\$ (4,144,451)

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

D. Other Postemployment Benefits

1. TMRS – Supplemental Death Benefits Fund

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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 member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	87
Inactive employees entitled to, but not yet receiving, benefits	29
Active employees	169
Total	<u><u>285</u></u>

Total OPEB Liability

The City's total OPEB liability of \$743,040 was measured as of December 31, 2021 and was determined by an actuarial valuation as of that date.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

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	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 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 3.0% 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 is 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. Due to the higher mortality rates associated with the global pandemic, the TMRS Board adopted changes to the assumptions and methodology used for calculating 2023 rates as determined in the December 31, 2021 actuarial valuation.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 39,031
Interest	14,529
Differences between expected and actual experience	(35,080)
Change in assumptions	23,930
Benefit payments	<u>(12,591)</u>
Net Changes	29,819
Balance at December 31, 2020	<u>713,221</u>
Balance at December 31, 2021	<u><u>\$ 743,040</u></u>

The discount rate decreased from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021. There were no other changes of assumptions or the other inputs that affected measurement of the total OPEB liability during the measurement period.

There were no changes of benefit terms that affected measurement of the total OPEB liability during the measurement period.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (0.84%)	Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)
City's Total OPEB Liability	\$ 919,863	\$ 743,040	\$ 609,265

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$75,369.

The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 3,863	\$ 61,599
Changes in actuarial assumptions	149,342	13,874
Contributions subsequent to the measurement date	9,365	-
Total	\$ 162,570	\$ 75,473

\$9,365 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the of total OPEB liability for the fiscal year ending September 30, 2023.

Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Ended September 30	OPEB Expense
2023	\$ 21,809
2024	19,426
2025	17,187
2026	16,449
2027	3,325
Thereafter	(464)
Total	\$ 77,732

2. Postemployment Healthcare Plan

Plan Description

The City administers a single-employer defined benefit OPEB plan, known as the Retiree Medical Program (the "Program"). The Program offers medical, dental, and vision insurance benefits to eligible retirees and their spouses. Retirees are responsible for the full active premium for continued medical

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

coverage as a retiree and for their spouse, if elected. Upon the death of the retiree, the spouse is eligible for coverage under the Consolidated Omnibus Budget Reconciliation Act.

Employees are eligible for retiree health benefits if they retire with at least ten years of service from the City and are also eligible for a pension from TMRS. For employees who become disabled prior to eligibility for retirement, retiree medical benefits are not available. The City requires retirees to enroll in Medicare Parts A and B upon becoming eligible in order to continue coverage under the City’s medical program.

A separate, audited generally accepted accounting principles basis OPEB plan report is not available for this Program.

Participation in the Program as of December 31, 2021 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	2	
Active employees	156	
Total	<u>158</u>	

Funding Policy

The City has elected to subsidize premiums for the Program by offering retirees the ability to participate in the same plan as active employees even though the retiree is responsible for 100% of the monthly premium. Funding is provided on a pay-as-you-go basis.

Total OPEB Liability

The City’s total OPEB liability of \$370,500 was measured as of December 31, 2021 and was determined by an actuarial valuation as of December 31, 2021.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation, rolled forward to December 31, 2021, 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%*	
Actuarial cost method	Individual entry-age	
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for TMRS.	
Mortality	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements.	
Health care trend rates	Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years.	
Participation rates	15.00% for members retiring at age 55 and after; 5.00% for members retiring before age 55; retirees are assumed to discontinue coverage at Medicare age.	

The discount rate changed from 2.00% as of December 31, 2020 to 1.84% as of December 31, 2021.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 34,254
Interest	9,483
Difference between expected and actual experience	(93,619)
Changes in assumptions	(30,776)
Benefit payments	(11,729)
Net Changes	(92,387)
Balance at December 31, 2020	462,887
Balance at December 31, 2021	\$ 370,500

Sensitivity of Total OPEB Liability to the Discount Rate

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Program's total OPEB liability, calculated using a discount rate of 1.84%, as well as what the Program's total OPEB liability would be if it were calculated using a discount rate that is 1% lower or 1% higher:

	1% Decrease in Discount Rate (0.84%)	Current Discount Rate Assumption (1.84%)	1% Increase in Discount Rate (2.84%)
City's Total OPEB Liability	\$ 408,609	\$ 370,500	\$ 335,524

Sensitivity of Total OPEB Liability to the Healthcare Costs Trend Rate Assumption

Regarding the sensitivity of the total OPEB liability to changes in the healthcare cost trend rates, the following presents the Program's total OPEB liability, calculated using the assumed trend rates, as well as what the Program's total OPEB liability would be if it were calculated using a trend rate that is 1% lower or 1% higher:

	1% Decrease	Current Healthcare Cost Trend Rate Assumption	1% Increase
City's Total OPEB Liability	\$ 318,952	\$ 370,500	\$ 433,117

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB

For the year ended September 30, 2022, the City recognized OPEB expense of \$37,334.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in actuarial assumptions	\$ 59,317	\$ 38,637
Differences between expected and actual experience	12,466	108,111
Contributions subsequent to the measurement date	5,564	-
Total	\$ 77,347	\$ 146,748

\$5,564 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2023. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Fiscal Year Year Ended September 30	OPEB Expense
2023	\$ (6,403)
2024	(6,403)
2025	(6,403)
2026	(6,403)
2027	(6,403)
Thereafter	(42,950)
Total	\$ (74,965)

3. Aggregate OPEB Plan Information

Below are aggregate amounts for all OPEB plans:

OPEB Liabilities	Deferred Outflows of Resources	Deferred Inflows of Resources	OPEB Expense
\$ 1,113,540	\$ 239,917	\$ 222,221	\$ 112,703

E. Commitments

Development Agreement/Utility Services Contract

The City and, in some cases, the WEDC have entered into a series of agreements (the “Agreements”) with Cherokee Webster Development, L.P. and Cherokee Webster Investors, L.P., as successors in interest to Cherokee Webster, L.P. (the “Developer”) on behalf of and to be created by the Harris County Municipal Utility District No. 481 (the “District”). The Agreements provide for the creation of a municipal utility district (Harris County Municipal Utility District No. 481) and for construction, operation, maintenance, financing, and reimbursement of development costs within the development area and related matters.

The District consists of 536 acres within the City to construct and finance a water distribution and a wastewater collection system, drainage facilities, navigation facilities, recreational facilities, and certain other improvements (the “Facilities”). Upon completion of the Facilities, with the exception of the detention facilities and navigation system, the District will convey the Facilities to the City free and clear

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

of all liens and encumbrances. The City shall incorporate the conveyed Facilities into the City’s system and provide services equivalent in quality to other City customers.

The District will own and maintain the detention facilities and navigation system and the City will have no responsibility with respect thereto. The City may dissolve the District after 40 years or after construction of the Facilities and reimbursement of the Developer.

The Developer will make certain improvements and incur financing costs, of which up to \$2,605,600 will be subject to reimbursement by the City based upon the increase in taxable value within the District. The City shall be obligated to pay the Developer \$1,355,600 when the taxable value in the District increases by \$195,000,000 over the base value of the property as determined by the Harris County Appraisal District. The City agreed to pay the Developer \$1,250,000 in February 2009 as an advance towards the total amount due. As of September 30, 2022, the total taxable value of property within the District was approximately \$214,980,546. The date when property values will increase beyond the payment threshold is undeterminable.

In addition to the City contribution, the WEDC shall pay the Developer the actual cost of certain improvements, not to exceed \$4,562,500. The WEDC paid \$2,500,000 in February 2009 and will pay an additional amount up to \$2,062,500 pending completion of defined criteria by the Developer. Future reimbursement will be based upon construction of retail/commercial space within the District.

F. Restatement of Fund Balance

Beginning fund balance for the general fund have been restated as a result of implementation of GASB Standard No. 87, *Leases*.

	General Fund
Beginning fund balance as reported	\$ 19,776,692
Lease receivable	165,124
Deferred inflows of resources - lease	(165,124)
Beginning fund balance, restated	\$ 19,776,692

G. Joint Ventures

Southeast Water Purification Plant (SEWPP)

On February 24, 1988, the City entered into a joint venture agreement (the “Venture”) with the City of Houston, Gulf Coast Water Authority (City of Galveston and City of League City), the City of Nassau Bay, Clear Brook City Municipal Utility District, the LaPorte Area Water Authority, the Harris County Municipal Utility District No. 55, the City of Pasadena, the City of South Houston, the City of Friendswood, and Baybrook Municipal Utility District No. 1 for the construction and operation of the Southeast Water Purification Plant (SEWPP). The City of Houston acts as the managing participant in the Venture. Members of the Venture are entitled to their proportionate share of the SEWPP’s water production and share its operating costs on the same basis. The City’s percentage of ownership in SEWPP is 1.91 percent. As of September 30, 2022, the City’s total investment in SEWPP totaled \$5,411,122. The net investment reported is \$2,043,335, which includes accumulated depreciation of \$3,367,788.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2022

I. Tax Abatements and Economic Incentives

The City and its component unit, the WEDC, have authority under Texas Local Government Code, Chapters 380 and 505, to adopt programs that promote local economic development, spur economic improvement, stimulate commercial activity, generate additional sales tax, and enhance the property tax base of the City (the “Programs”). These Programs may abate or rebate property taxes and sales taxes that are paid by the recipient. The Programs may also include incentive payments or reductions in fees that are not tied to taxes. Recipients may be eligible to receive economic assistance based on the employment impact, economic impact, or community impact of the project requesting assistance. Recipients receiving assistance generally commit to building or remodeling the real property and related infrastructure, demolishing and redeveloping outdated properties, expanding operations, renewing facility leases, or bringing targeted businesses into the City. Agreements generally contain recapture provisions that mandate repayment or termination if recipients do not meet the required provisions of the economic incentives.

Programs may rebate a flat amount or percentage of property taxes or sales taxes that are received by the City or the WEDC. They may result in fee reductions such as utility charges or building inspection fees. Some agreements may take the form of one-time incentive payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure, or other expenses. For the fiscal year 2022, the WEDC made incentive payments of \$267,520 to WB NASA Bypass for the completion of 26,752 square feet of net leasable space, and \$252,206 to American Furniture Warehouse Company, under the terms of the agreements.

J. Ambulance Services Agreement

On October 1, 2022, the City entered into an ambulance services agreement (the “Agreement”) with Acadian Ambulance Service, Inc (“Acadian”) to provide ambulance and emergency medical services to the residents of the City. The Agreement establishes Acadian as the City’s exclusive provider of primary emergency ambulance services of all calls originating in the area. Acadian will post two ALS type 1 ambulances at the Webster Fire Department Station #1. Each unit will be equipped with LUCAS device. One unit, known as Medic #14, will operate 24 hours per day seven days a week and one unit, known as Medic #15, will operate 12 hours per day. The agreement has an initial term of one year with the Agreement ending on midnight of September 30, 2023. Upon expiration of the initial term, this agreement shall be renewable for one additional three-year term at the discretion of the City. The City will furnish Acadian two portable 800 Mhz units and in exchange Acadian agrees to pay the City a monthly amount of \$1,438 for the communication equipment. As consideration for providing the availability of ambulance services, the City shall pay Acadian the total sum of \$1,438,000 with eleven monthly installments of \$119,833 and the twelfth monthly installment of \$119,837.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Page 1 of 2)
GENERAL FUND

For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	<u>Budgeted Amounts</u>		<u>2022 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2021 Actual</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		<u>2022 Actual</u>	
REVENUES					
Ad valorem taxes	\$ 6,645,228	\$ 6,645,228	\$ 6,453,424	\$ (191,804)	\$ 6,093,029
Sales taxes	14,913,868	14,913,868	16,265,939	1,352,071	15,311,975
Franchise fees	1,210,829	1,210,829	1,178,560	(32,269)	1,180,699
Mixed beverage taxes	490,191	490,191	592,076	101,885	607,675
Licenses and permits	562,118	562,118	1,295,721	733,603	598,253
Fines and forfeitures	406,856	406,856	760,821	353,965	436,719
Charges for services	299,450	299,450	371,567	72,117	304,228
Other	135,856	135,856	285,886	150,030	196,557
Intergovernmental	-	-	19,477	19,477	121,004
Investment earnings	35,000	35,000	(77,196)	(112,196)	20,923
Contributions	700,000	700,000	700,000	-	700,000
Total Revenues	<u>25,399,396</u>	<u>25,399,396</u>	<u>27,846,275</u>	<u>2,446,879</u>	<u>25,571,062</u>
EXPENDITURES					
General government					
City council	591,996	591,996	500,110	91,886	328,913
City secretary	686,745	686,745	595,534	91,211	587,200
City manager	496,771	496,771	490,393	6,378	678,319
Finance	1,160,709	1,160,709	1,126,582	34,127	971,109
Municipal court	726,406	726,406	635,687	90,719	589,214
Human resources	548,933	565,402	527,145	38,257	484,592
Economic development	836,347	836,347	727,646	108,701	439,540
Total general government	<u>5,047,907</u>	<u>5,064,376</u>	<u>4,603,097</u>	<u>461,279</u>	<u>4,078,887</u>
Public safety					
Police					
Administration	2,226,663	2,226,663	2,232,041	(5,378)	1,791,003
CID	1,055,275	1,055,275	961,511	93,764	894,271
Patrol	5,014,561	5,039,561	5,156,503	(116,942)	4,413,331
Communications	1,588,436	1,588,436	1,182,619	405,817	1,278,805
Code enforcement	193,729	193,729	166,034	27,695	133,782
Total police	<u>10,078,664</u>	<u>10,103,664</u>	<u>9,698,708</u>	<u>404,956</u>	<u>8,511,192</u>
Emergency management	<u>200,680</u>	<u>204,950</u>	<u>193,407</u>	<u>11,543</u>	<u>137,027</u>
Fire					
Prevention	1,049,539	1,049,539	925,356	124,183	853,439
Operations	3,728,167	3,808,623	3,755,152	53,471	3,374,932
Total fire	<u>4,777,706</u>	<u>4,858,162</u>	<u>4,680,508</u>	<u>177,654</u>	<u>4,228,371</u>
Total public safety	<u>15,057,050</u>	<u>15,166,776</u>	<u>14,572,623</u>	<u>594,153</u>	<u>12,876,590</u>

CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL (Page 2 of 2)
GENERAL FUND

For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	Budgeted Amounts		2022 Actual	Variance with Final Budget	2021 Actual
	Original Budget	Budget as Amended		Positive (Negative)	
Public works					
Administrative	\$ 1,067,130	\$ 1,097,130	\$ 939,860	\$ 157,270	\$ 931,301
Maintenance	1,955,139	1,955,139	1,841,206	113,933	1,423,406
Parks	1,256,084	1,465,679	1,431,904	33,775	1,078,342
Total public works	4,278,353	4,517,948	4,212,970	304,978	3,433,049
Community development					
Administrative	719,622	719,622	687,348	32,274	665,254
Building	761,181	761,181	732,017	29,164	696,278
Recreational	525,425	525,425	493,419	32,006	372,285
Total community development	2,006,228	2,006,228	1,912,784	93,444	1,733,817
Total Expenditures	26,389,538	26,755,328	25,301,474	1,453,854	22,122,343
Excess (Deficiency) of Revenues Over (Under) Expenditures	(990,142)	(1,355,932)	2,544,801	3,900,733	3,448,719
OTHER FINANCING SOURCES (USES)					
Transfers in	627,500	627,500	627,500	-	609,950
Transfers out	-	-	-	-	(157)
Sale of capital assets	80,404	80,404	14,379	(66,025)	4,852
Total Other Financing Sources	707,904	707,904	641,879	(66,025)	614,645
Net Change in Fund Balance	\$ (282,238)	\$ (648,028)	3,186,680	\$ 3,834,708	\$ 4,063,364
Beginning Fund Balance			19,776,692		
Ending Fund Balance			\$ 22,963,372		

Notes to Required Supplementary Information:

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

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CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL OCCUPANCY TAX FUND
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	Budgeted Amounts		2022 Actual	Variance with Final Budget	2021 Actual
	Original Budget	Budget as Amended		Positive (Negative)	
REVENUES					
Hotel/motel occupancy taxes	\$ 1,456,484	\$ 1,456,484	\$ 1,877,277	\$ 420,793	\$ 1,586,633
Other revenue	-	-	-	-	431
Investment earnings	56,390	56,390	47,045	(9,345)	3,067
Total Revenues	<u>1,512,874</u>	<u>1,512,874</u>	<u>1,924,322</u>	<u>411,448</u>	<u>1,590,131</u>
EXPENDITURES					
Community development	725,800	725,800	414,152	311,648	387,219
Total Expenditures	<u>725,800</u>	<u>725,800</u>	<u>414,152</u>	<u>311,648</u>	<u>387,219</u>
Excess of Revenues Over Expenditures	<u>787,074</u>	<u>787,074</u>	<u>1,510,170</u>	<u>723,096</u>	<u>1,202,912</u>
OTHER FINANCING (USES)					
Transfers out	(118,500)	(118,500)	(118,500)	-	(100,950)
Total Other Financing (Uses)	<u>(118,500)</u>	<u>(118,500)</u>	<u>(118,500)</u>	<u>-</u>	<u>(100,950)</u>
Net Change in Fund Balance	<u>\$ 668,574</u>	<u>\$ 668,574</u>	1,391,670	<u>\$ 723,096</u>	<u>\$ 1,101,962</u>
Beginning Fund Balance			<u>8,329,701</u>		
Ending Fund Balance			<u>\$ 9,721,371</u>		

Note to Required Supplementary Information:

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

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

For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	2022 Actual	Variance with Final Budget Positive (Negative)	2021 Actual
REVENUES					
Intergovernmental	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)	\$ 3,354
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>-</u>	<u>(4,000)</u>	<u>3,354</u>
EXPENDITURES					
Public safety	4,000	4,000	-	4,000	3,354
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	157
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>157</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ 157</u>
Beginning Fund Balance			<u>-</u>		
Ending Fund Balance			<u>\$ -</u>		

CITY OF WEBSTER, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2022

	Measurement Year			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 1,666,178	\$ 1,862,711	\$ 2,034,802	\$ 2,170,999
Interest (on the total pension liability)	3,249,390	3,471,212	3,601,279	3,853,328
Difference between expected and actual experience	(458,710)	(48,477)	117,048	658,895
Change in assumptions	-	101,799	-	-
Benefit payments, including refunds of employee contributions	(1,259,423)	(1,513,054)	(1,906,453)	(2,267,878)
Net Change in Total Pension Liability	<u>3,197,435</u>	<u>3,874,191</u>	<u>3,846,676</u>	<u>4,415,344</u>
Beginning Total Pension Liability	<u>46,216,483</u>	<u>49,413,918</u>	<u>53,288,109</u>	<u>57,134,785</u>
Ending Total Pension Liability	<u><u>\$ 49,413,918</u></u>	<u><u>\$ 53,288,109</u></u>	<u><u>\$ 57,134,785</u></u>	<u><u>\$ 61,550,129</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 1,594,872	\$ 1,697,798	\$ 1,844,815	\$ 1,989,693
Contributions - employee	659,927	695,412	755,629	813,544
Net investment income	2,233,106	62,331	2,916,911	6,476,946
Benefit payments, including refunds of employee contributions	(1,259,423)	(1,513,054)	(1,906,453)	(2,267,878)
Administrative expense	(23,312)	(37,960)	(32,925)	(33,553)
Other	(1,917)	(1,875)	(1,774)	(1,700)
Net Change in Plan Fiduciary Net Position	<u>3,203,253</u>	<u>902,652</u>	<u>3,576,203</u>	<u>6,977,052</u>
Beginning Plan Fiduciary Net Position	<u>39,032,165</u>	<u>42,235,418</u>	<u>43,138,070</u>	<u>46,714,273</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 42,235,418</u></u>	<u><u>\$ 43,138,070</u></u>	<u><u>\$ 46,714,273</u></u>	<u><u>\$ 53,691,325</u></u>
Net Pension Liability	<u><u>\$ 7,178,500</u></u>	<u><u>\$ 10,150,039</u></u>	<u><u>\$ 10,420,512</u></u>	<u><u>\$ 7,858,804</u></u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	85.47%	80.95%	81.76%	87.23%
Covered Payroll	\$ 9,406,356	\$ 9,934,459	\$ 10,794,703	\$ 11,622,051
Net Pension Liability as a Percentage of Covered Payroll	76.32%	102.17%	96.53%	67.62%

*Only eight years of information is currently available. The City will build this schedule over the next two-year period.

Measurement Year

	2018	2019	2020	2021
\$	2,253,187	\$ 2,381,462	\$ 2,389,895	\$ 2,432,504
	4,147,333	4,422,476	4,684,967	4,957,027
	200,666	(282,083)	(297,793)	658,790
	-	(17,053)	-	-
	(2,469,495)	(2,708,785)	(2,531,744)	(3,003,948)
	4,131,691	3,796,017	4,245,325	5,044,373
	61,550,129	65,681,820	69,477,837	73,723,162
\$	<u>65,681,820</u>	<u>\$ 69,477,837</u>	<u>\$ 73,723,162</u>	<u>\$ 78,767,535</u>
\$	2,030,123	\$ 2,171,634	\$ 2,224,036	\$ 2,189,505
	830,559	873,230	879,562	881,342
	(1,609,157)	8,112,856	4,621,252	8,611,620
	(2,469,495)	(2,708,785)	(2,531,744)	(3,003,948)
	(31,083)	(45,810)	(29,884)	(39,814)
	(1,624)	(1,376)	(1,166)	273
	(1,250,677)	8,401,749	5,162,056	8,638,978
	53,691,325	52,440,647	60,842,396	66,004,452
\$	<u>52,440,648</u>	<u>\$ 60,842,396</u>	<u>\$ 66,004,452</u>	<u>\$ 74,643,430</u>
\$	<u>13,241,172</u>	<u>\$ 8,635,441</u>	<u>\$ 7,718,710</u>	<u>\$ 4,124,105</u>
	79.84%	87.57%	89.53%	94.76%
\$	11,865,122	\$ 12,468,389	\$ 12,565,166	\$ 12,590,600
	111.60%	69.26%	61.43%	32.76%

CITY OF WEBSTER, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2022

	Fiscal Year *			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 1,571,641	\$ 1,659,156	\$ 1,878,896	\$ 1,959,325
Contributions in relation to the actuarially determined contribution	<u>1,571,641</u>	<u>1,659,156</u>	<u>1,888,630</u>	<u>1,962,544</u>
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,734)</u>	<u>\$ (3,219)</u>
Covered payroll	\$ 9,318,357	\$ 9,732,368	\$ 11,051,083	\$ 11,468,164
Contributions as a percentage of covered payroll	16.87%	17.05%	17.09%	17.11%

*Only nine years of information is currently available. The City will build this schedule over the next one year period.

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	24 years
Asset valuation method	10 year smoothed fair value; 12.00% 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 City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014-December 31, 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.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year *				
2018	2019	2020	2021	2022
\$ 1,980,522	\$ 2,142,988	\$ 2,136,732	\$ 2,198,357	\$ 2,256,082
<u>1,999,992</u>	<u>2,149,621</u>	<u>2,136,732</u>	<u>2,198,357</u>	<u>2,256,082</u>
<u>\$ (19,470)</u>	<u>\$ (6,633)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,687,367	\$ 12,398,994	\$ 12,122,464	\$ 12,578,627	\$ 12,903,435
17.11%	17.34%	17.63%	17.48%	17.48%

CITY OF WEBSTER, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2022

	Measurement Year*			
	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 19,757	\$ 22,544	\$ 19,949	\$ 26,387
Interest (on the total OPEB liability)	16,131	16,581	18,912	16,433
Differences between expected and actual experience	-	9,787	(45,724)	(10,515)
Changes in assumptions	40,429	(35,138)	95,201	98,427
Benefit payments**	(3,487)	(3,560)	(3,741)	(3,770)
Net Change in Total OPEB Liability	72,830	10,214	84,597	126,962
Beginning total OPEB liability	418,618	491,448	501,662	586,259
Ending Total OPEB Liability	\$ 491,448	\$ 501,662	\$ 586,259	\$ 713,221
Covered Payroll	\$ 11,622,051	\$ 11,865,122	\$ 12,468,389	\$ 12,565,166
Total OPEB Liability as a Percentage of Covered Payroll	4.23%	4.23%	4.70%	5.68%

*Only five years of information is currently available. The City will build this schedule over the next five-year period.

**Due to the SDBF being considered an unfunded OPEB plan under GASB 75, benefit payments are treated as being equal to the employer's yearly contributions for retirees.

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method Entry age normal

Inflation 2.50%

Salary increases 3.50% to 11.5% including inflation.

Discount rate 1.84%

Administrative expenses All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.

Mortality - service retirees 2019 Municipal Retirees of Texas Mortability Tables. The rates are projected on a fully generational basis with sale UMP.

Mortality - 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 3.0% 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.

3. Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits.

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

There were no changes in assumptions.

There were no benefit changes during the year.

Measurement
Year*
2021

\$ 39,031
14,529

(35,080)

23,930

(12,591)

29,819

713,221

\$ 743,040

\$ 12,590,600

5.90%

CITY OF WEBSTER, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE MEDICAL PROGRAM
For the Year Ended September 30, 2022

	Measurement Year*			
	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 21,164	\$ 24,227	\$ 23,448	\$ 26,701
Interest (on the total OPEB liability)	13,248	13,114	14,726	11,182
Difference between expected and actual experience (of the total OPEB liability)	-	(2,070)	(29,907)	15,330
Changes in assumptions	20,043	(17,044)	30,221	33,206
Benefit payments	(8,119)	(6,906)	(27,314)	(33,568)
Net Change in Total OPEB Liability	<u>46,336</u>	<u>11,321</u>	<u>11,174</u>	<u>52,851</u>
Beginning total OPEB liability	<u>341,205</u>	<u>387,541</u>	<u>398,862</u>	<u>410,036</u>
Ending Total OPEB Liability	<u><u>\$ 387,541</u></u>	<u><u>\$ 398,862</u></u>	<u><u>\$ 410,036</u></u>	<u><u>\$ 462,887</u></u>
Covered Payroll	\$ 11,810,502	\$ 12,086,789	\$ 11,197,820	\$ 11,268,613
Total OPEB Liability as a Percentage of Covered Payroll	3.28%	3.30%	3.66%	4.11%

*Only five years of information is currently available. The City will build this schedule over the next five-year period.

Notes to Required Supplementary Information:

1. Changes in Assumptions

There were no changes in assumption or other inputs that affected measurement of the total OPEB liability since the prior measurement period.

2. Changes in Benefits

There were no changes in benefit terms that affected measurement of the total OPEB liability during the measurement period.

Measurement
Year*
2021

\$ 34,254
9,483

(93,619)

(30,776)

(11,729)

(92,387)

462,887

\$ 370,500

\$ 11,357,778

3.26%

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COMBINING STATEMENTS AND SCHEDULES

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

The Public Safety Fund is used to account for the City's equitable share of cash and proceeds realized from forfeited property from cases aided by the City's law enforcement and prosecuted by appropriate governmental agencies, as well as donations to the City's fire department. All cash must be used for public safety purposes.

The Municipal Court Program Fund is used to account for court fines and fees that are legally restricted to be used in child safety, court security, judicial efficiency, and court technology programs.

The public, educational, and governmental access (PEG) Channel Fund is used to account for revenues received from local cablevision franchisees in accordance with Chapter 66 of the Texas Utilities Code. These funds can be spent only on capital items used to provide or enhance public, educational, and government access channel capacity, programming, and transmission.

Capital Projects Funds

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

The Street Construction Fund accounts for the cost of construction and improvements of the City's streets. These funds have been provided from the General Fund, Utility Fund, and Building Construction Fund.

The Other Capital Projects fund accounts for various capital improvements, including parks and landscaping, drainage, streets, Cherokee project and development costs, and City facilities and buildings. Funding has been provided through contributions from other funds, as well as the issuance of debt.

The General Projects Fund accounts for the acquisition of capital-related items. Funding has been provided from the General Fund.

The Certificate of Obligation (C.O.) Series 2018 fund accounts for the expenditure of these debt proceeds for capital improvements.

CITY OF WEBSTER, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2022

	Special Revenue Funds			Capital Project Funds
	Public Safety	Municipal Court Programs	PEG Channel	Street Construction
ASSETS				
Cash and cash equivalents	\$ 244,528	\$ 282,940	\$ 352,739	\$ 955,526
Total Assets	\$ 244,528	\$ 282,940	\$ 352,739	\$ 955,526
 LIABILITIES				
Accounts payable	\$ -	\$ 891	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	891	-	-
 FUND BALANCES				
Restricted for:				
Enabling legislation	-	282,049	352,739	-
Assigned to:				
Special revenue	244,528	-	-	-
Capital projects	-	-	-	955,526
Unassigned	-	-	-	-
Total Fund Balances	244,528	282,049	352,739	955,526
 Total Liabilities and Fund Balances	\$ 244,528	\$ 282,940	\$ 352,739	\$ 955,526

Capital Project Funds

Other Capital Projects	General Projects	C.O. Series 2018	Total Nonmajor Governmental Funds
\$ 566,803	\$ 387,908	\$ -	\$ 2,790,444
<u>\$ 566,803</u>	<u>\$ 387,908</u>	<u>\$ -</u>	<u>\$ 2,790,444</u>
\$ -	\$ 142,496	\$ 16,704	\$ 160,091
-	-	1,268	1,268
<u>-</u>	<u>142,496</u>	<u>17,972</u>	<u>161,359</u>
-	-	-	634,788
-	-	-	244,528
566,803	245,412	-	1,767,741
-	-	(17,972)	(17,972)
<u>566,803</u>	<u>245,412</u>	<u>(17,972)</u>	<u>2,629,085</u>
<u>\$ 566,803</u>	<u>\$ 387,908</u>	<u>\$ -</u>	<u>\$ 2,790,444</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2022

	<u>Special Revenue Funds</u>			<u>Capital Project Funds</u>
	<u>Public Safety</u>	<u>Municipal Court Programs</u>	<u>PEG Channel</u>	<u>Street Construction</u>
REVENUES				
Fines and forfeitures	\$ 4,421	\$ 29,919	\$ -	\$ -
Franchise fees	-	-	25,510	-
Investment earnings	981	1,557	-	3,880
Intergovernmental	3,376	-	-	-
Other revenue	11,980	50,308	-	-
Total Revenues	<u>20,758</u>	<u>81,784</u>	<u>25,510</u>	<u>3,880</u>
EXPENDITURES				
General government	-	22,726	-	-
Public safety	26,651	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>26,651</u>	<u>22,726</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(5,893)</u>	<u>59,058</u>	<u>25,510</u>	<u>3,880</u>
OTHER FINANCING SOURCES (USES)				
Transfers out	-	(9,000)	-	-
Total Other Financing (Uses)	<u>-</u>	<u>(9,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	(5,893)	50,058	25,510	3,880
Beginning Fund Balances	<u>250,421</u>	<u>231,991</u>	<u>327,229</u>	<u>951,646</u>
Ending Fund Balances	<u>\$ 244,528</u>	<u>\$ 282,049</u>	<u>\$ 352,739</u>	<u>\$ 955,526</u>

Capital Project Funds

Other Capital Projects	General Projects	C.O. Series 2018	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 34,340
-	-	-	25,510
2,215	1,887	805	11,325
-	-	-	3,376
-	-	-	62,288
<u>2,215</u>	<u>1,887</u>	<u>805</u>	<u>136,839</u>
-	-	-	22,726
-	-	-	26,651
-	325,460	200,108	525,568
-	<u>325,460</u>	<u>200,108</u>	<u>574,945</u>
<u>2,215</u>	<u>(323,573)</u>	<u>(199,303)</u>	<u>(438,106)</u>
-	-	-	(9,000)
-	-	-	<u>(9,000)</u>
2,215	(323,573)	(199,303)	(447,106)
<u>564,588</u>	<u>568,985</u>	<u>181,331</u>	<u>3,076,191</u>
<u>\$ 566,803</u>	<u>\$ 245,412</u>	<u>\$ (17,972)</u>	<u>\$ 2,629,085</u>

CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	Budgeted Amounts		2022 Actual	Variance with Final Budget	2021 Actual
	Original Budget	Budget as Amended		Positive (Negative)	
REVENUES					
Ad valorem taxes	\$ 2,995,804	\$ 2,995,804	\$ 2,914,136	\$ (81,668)	\$ 2,394,067
Contributions	-	-	-	-	330,030
Investment earnings	500	500	5,896	5,396	301
Total Revenues	<u>2,996,304</u>	<u>2,996,304</u>	<u>2,920,032</u>	<u>(76,272)</u>	<u>2,724,398</u>
EXPENDITURES					
Principal	2,000,000	2,000,000	1,920,000	80,000	2,415,000
Interest and fiscal charges	924,332	924,332	919,520	4,812	347,870
Total Expenditures	<u>2,924,332</u>	<u>2,924,332</u>	<u>2,839,520</u>	<u>84,812</u>	<u>2,762,870</u>
Net Change in Fund Balance	<u>\$ 71,972</u>	<u>\$ 71,972</u>	80,512	<u>\$ 8,540</u>	<u>\$ (38,472)</u>
Beginning Fund Balance			<u>597,263</u>		
Ending Fund Balance			<u>\$ 677,775</u>		

CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC SAFETY FUND
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	2022 Actual	Variance with Final Budget Positive (Negative)	2021 Actual
REVENUES					
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 4,421	\$ (10,579)	\$ 36,679
Investment earnings	25	25	981	956	21
Intergovernmental	4,850	4,850	3,376	(1,474)	8,168
Other revenue	750	750	11,980	11,230	14,800
Total Revenues	<u>20,625</u>	<u>20,625</u>	<u>20,758</u>	<u>133</u>	<u>59,668</u>
EXPENDITURES					
Public safety	<u>46,000</u>	<u>46,000</u>	<u>26,651</u>	<u>19,349</u>	<u>60,978</u>
Net Change in Fund Balance	<u>\$ (25,375)</u>	<u>\$ (25,375)</u>	(5,893)	<u>\$ 19,482</u>	<u>\$ (1,310)</u>
Beginning Fund Balance			<u>250,421</u>		
Ending Fund Balance			<u>\$ 244,528</u>		

CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
MUNICIPAL COURT PROGRAMS FUND

For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	2022 Actual	Variance with Final Budget Positive (Negative)	2021 Actual
REVENUES					
Fines and forfeitures	\$ 23,496	\$ 23,496	\$ 29,919	\$ 6,423	\$ 23,169
Investment earnings	250	250	1,557	1,307	78
Other revenue	23,600	23,600	50,308	26,708	23,806
Total Revenues	<u>47,346</u>	<u>47,346</u>	<u>81,784</u>	<u>34,438</u>	<u>47,053</u>
EXPENDITURES					
General government	67,484	67,484	22,726	44,758	20,042
Excess (Deficit) of Revenues Over (Under) Expenditures	<u>(20,138)</u>	<u>(20,138)</u>	<u>59,058</u>	<u>79,196</u>	<u>27,011</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(9,000)	(9,000)	(9,000)	-	(9,000)
Total Other Financing (Uses)	<u>(9,000)</u>	<u>(9,000)</u>	<u>(9,000)</u>	<u>-</u>	<u>(9,000)</u>
Net Change in Fund Balance	<u>\$ (29,138)</u>	<u>\$ (29,138)</u>	50,058	<u>\$ 79,196</u>	<u>\$ 18,011</u>
Beginning Fund Balance			<u>231,991</u>		
Ending Fund Balance			<u>\$ 282,049</u>		

CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC, EDUCATIONAL, AND GOVERNMENTAL CHANNEL FUND
For the Year Ended September 30, 2022
With Comparative Totals for the Year Ended September 30, 2021

	Original Budgeted Amounts	Final Budgeted Amounts	2022 Actual	Variance with Final Budget Positive (Negative)	2021 Actual
REVENUES					
Franchise fees	\$ 27,000	\$ 27,000	\$ 25,510	\$ (1,490)	\$ 26,449
Total Revenues	<u>27,000</u>	<u>27,000</u>	<u>25,510</u>	<u>(1,490)</u>	<u>26,449</u>
Net Change in Fund Balance	<u>\$ 27,000</u>	<u>\$ 27,000</u>	25,510	<u>\$ (1,490)</u>	<u>\$ 26,449</u>
Beginning Fund Balance			<u>327,229</u>		
Ending Fund Balance			<u>\$ 352,739</u>		

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INTERNAL SERVICE FUNDS

Internal service funds are used to account for the financing of goods or services provided by one department to other departments of the City and to other government units, on a cost reimbursement basis.

Equipment Replacement Fund - This fund is used to account for equipment replacement services to City divisions on a cost reimbursement basis.

Information Technology Fund - This fund is used to account for all costs of providing general information technology services to City divisions on a cost reimbursement basis.

Employee Benefit Fund - This fund is used to account for the costs of providing insurance to the City's employees.

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS

September 30, 2022

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 3,540,268	\$ 514,925	\$ 92	\$ 4,055,285
Investments	971,870	-	-	971,870
Receivables, net	693	-	-	693
Prepaid expenses	-	10,285	-	10,285
Total Current Assets	<u>4,512,831</u>	<u>525,210</u>	<u>92</u>	<u>5,038,133</u>
Noncurrent assets				
Capital assets:				
Depreciable capital assets	5,741,996	826,043	-	6,568,039
Less: accumulated depreciation	(4,443,244)	(648,229)	-	(5,091,473)
Total Capital Assets (Net)	<u>1,298,752</u>	<u>177,814</u>	<u>-</u>	<u>1,476,566</u>
Total Noncurrent Assets	<u>1,298,752</u>	<u>177,814</u>	<u>-</u>	<u>1,476,566</u>
Total Assets	<u>5,811,583</u>	<u>703,024</u>	<u>92</u>	<u>6,514,699</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	-	43,904	-	43,904
Deferred outflows - TMRS OPEB	-	3,973	-	3,973
Deferred outflows - health OPEB	-	1,473	-	1,473
Total Deferred Outflows of Resources	<u>-</u>	<u>49,350</u>	<u>-</u>	<u>49,350</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	25,783	16,451	-	42,234
Current portion of compensated absences	-	23,106	-	23,106
Total Current Liabilities	<u>25,783</u>	<u>39,557</u>	<u>-</u>	<u>65,340</u>
Noncurrent liabilities				
Compensated absences	-	5,593	-	5,593
Net pension liability	-	122,120	-	122,120
Total TMRS OPEB liability	-	16,867	-	16,867
Total health OPEB liability	-	8,298	-	8,298
Total Noncurrent Liabilities	<u>-</u>	<u>152,878</u>	<u>-</u>	<u>152,878</u>
Total Liabilities	<u>25,783</u>	<u>192,435</u>	<u>-</u>	<u>218,218</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	-	85,284	-	85,284
Deferred inflows - TMRS OPEB	-	1,713	-	1,713
Deferred inflows - health OPEB	-	3,331	-	3,331
Total Deferred Inflows of Resources	<u>-</u>	<u>90,328</u>	<u>-</u>	<u>90,328</u>
NET POSITION				
Net investment in capital assets	1,298,752	177,814	-	1,476,566
Unrestricted	4,487,048	291,797	92	4,778,937
Total Net Position	<u>\$ 5,785,800</u>	<u>\$ 469,611</u>	<u>\$ 92</u>	<u>\$ 6,255,503</u>

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

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
OPERATING REVENUES				
Charges for services	\$ 668,257	\$ 753,750	\$ 2,524,136	\$ 3,946,143
Other income	86,053	48	-	86,101
Total Operating Revenues	<u>754,310</u>	<u>753,798</u>	<u>2,524,136</u>	<u>4,032,244</u>
OPERATING EXPENSES				
Personnel	-	284,724	2,524,136	2,808,860
Supplies	-	23,661	-	23,661
Maintenance	-	32,642	-	32,642
Services	-	294,858	-	294,858
Depreciation	617,864	89,302	-	707,166
Total Operating Expenses	<u>617,864</u>	<u>725,187</u>	<u>2,524,136</u>	<u>3,867,187</u>
Operating Income	<u>136,446</u>	<u>28,611</u>	<u>-</u>	<u>165,057</u>
NONOPERATING REVENUES				
Investment earnings	21,888	1,990	6	23,884
Gain on sale of capital assets	76,105	-	-	76,105
Total Nonoperating Revenues	<u>97,993</u>	<u>1,990</u>	<u>6</u>	<u>99,989</u>
Change in Net Position	234,439	30,601	6	265,046
Beginning Net Position	<u>5,551,361</u>	<u>439,010</u>	<u>86</u>	<u>5,990,457</u>
Ending Net Position	<u>\$ 5,785,800</u>	<u>\$ 469,611</u>	<u>\$ 92</u>	<u>\$ 6,255,503</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2022

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from interfund charges for equipment replacement	\$ 754,275	\$ -	\$ -	\$ 754,275
Receipts from interfund charges for information technology	-	753,798	-	753,798
Receipts from interfund charges for employee benefits	-	-	2,524,136	2,524,136
Payments to suppliers	6,110	(355,222)	(2,524,136)	(2,873,248)
Payments to employees	-	(315,369)	-	(315,369)
Net Cash Provided by Operating Activities	<u>760,385</u>	<u>83,207</u>	<u>-</u>	<u>843,592</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(780,620)	-	-	(780,620)
Proceeds from sale of capital assets	76,105	-	-	76,105
Net Cash (Used) by Capital and Related Financing Activities	<u>(704,515)</u>	<u>-</u>	<u>-</u>	<u>(704,515)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments	29,081	-	-	29,081
Interest on investments	21,888	1,990	6	23,884
Net Cash Provided by Investing Activities	<u>50,969</u>	<u>1,990</u>	<u>6</u>	<u>52,965</u>
Net Increase in Cash and Cash Equivalents	106,839	85,197	6	192,042
Beginning Cash and Cash Equivalents	<u>3,433,429</u>	<u>429,728</u>	<u>86</u>	<u>3,863,243</u>
Ending Cash and Cash Equivalents	<u>\$ 3,540,268</u>	<u>\$ 514,925</u>	<u>\$ 92</u>	<u>\$ 4,055,285</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2022

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income	\$ 136,446	\$ 28,611	\$ -	\$ 165,057
Adjustments to reconcile Operating Income to net cash provided by Operating Activities:				
Depreciation	617,864	89,302	-	707,166
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(35)	-	-	(35)
Due from other funds	-	490	-	490
Prepaid expenses	-	(6,285)	-	(6,285)
Deferred outflows of resources	-	(6,207)	-	(6,207)
Increase (Decrease) in Liabilities:				
Accounts payable and accrued liabilities	6,110	(4,551)	-	1,559
Compensated absences	-	1,293	-	1,293
Net pension liability	-	(72,327)	-	(72,327)
Total TMRS OPEB liability	-	6,359	-	6,359
Total health OPEB liability	-	(7,780)	-	(7,780)
Deferred inflows of resources	-	54,302	-	54,302
Net Cash Provided by Operating Activities	<u>\$ 760,385</u>	<u>\$ 83,207</u>	<u>\$ -</u>	<u>\$ 843,592</u>

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STATISTICAL SECTION

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STATISTICAL SECTION

This part of the City's annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and Required Supplementary Information says about the City's overall financial health.

Contents	Page
Financial Trends	108
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	120
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	128
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	136
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	139
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

CITY OF WEBSTER, TEXAS

NET POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Governmental activities				
Net investment in capital assets	\$ 34,959,498	\$ 35,649,793	\$ 36,328,271	\$ 35,633,525
Restricted	4,242,481	5,337,239	6,440,743	7,527,380
Unrestricted	17,322,534	13,312,086	12,747,269	12,299,353
Total Governmental Activities Net Position	<u>\$ 56,524,513</u>	<u>\$ 54,299,118</u>	<u>\$ 55,516,283</u>	<u>\$ 55,460,258</u>
Business-type activities				
Net investment in capital assets	\$ 17,869,153	\$ 17,433,119	\$ 16,453,147	\$ 15,480,229
Restricted	3,337,873	3,726,464	4,287,928	4,697,276
Unrestricted	4,549,668	4,182,768	3,944,358	4,504,121
Total Business-Type Activities Net Position	<u>\$ 25,756,694</u>	<u>\$ 25,342,351</u>	<u>\$ 24,685,433</u>	<u>\$ 24,681,626</u>
Primary government				
Net investment in capital assets	\$ 52,828,651	\$ 53,082,912	\$ 52,781,418	\$ 51,113,754
Restricted	7,580,354	9,063,703	10,728,671	12,224,656
Unrestricted	21,872,202	17,494,854	16,691,627	16,803,474
Total Primary Government Net Position	<u>\$ 82,281,207</u>	<u>\$ 79,641,469</u>	<u>\$ 80,201,716</u>	<u>\$ 80,141,884</u>

Fiscal Year

2017	2018	2019	2020	2021	2022
\$ 36,391,591	\$ 43,367,530	\$ 43,894,810	\$ 43,554,056	\$ 45,415,578	\$ 47,723,350
7,095,149	6,487,498	7,682,914	8,377,683	9,478,502	10,958,673
10,142,691	13,005,849	11,849,068	13,368,577	17,494,102	23,142,602
<u>\$ 53,629,431</u>	<u>\$ 62,860,877</u>	<u>\$ 63,426,792</u>	<u>\$ 65,300,316</u>	<u>\$ 72,388,182</u>	<u>\$ 81,824,625</u>
\$ 14,377,497	\$ 13,056,170	\$ 13,128,913	\$ 12,220,207	\$ 14,251,963	\$ 15,824,251
5,148,438	6,030,890	5,831,712	6,926,462	7,620,251	7,957,319
5,376,411	7,313,290	8,622,170	6,560,952	7,036,454	6,210,385
<u>\$ 24,902,346</u>	<u>\$ 26,400,350</u>	<u>\$ 27,582,795</u>	<u>\$ 25,707,621</u>	<u>\$ 28,908,668</u>	<u>\$ 29,991,955</u>
\$ 50,769,088	\$ 56,423,700	\$ 57,023,723	\$ 55,774,263	\$ 59,667,541	\$ 63,547,601
12,243,587	12,518,388	13,514,626	15,304,145	17,098,753	18,915,992
15,519,102	20,319,139	20,471,238	19,929,529	24,530,556	29,352,987
<u>\$ 78,531,777</u>	<u>\$ 89,261,227</u>	<u>\$ 91,009,587</u>	<u>\$ 91,007,937</u>	<u>\$ 101,296,850</u>	<u>\$ 111,816,580</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Expenses				
Governmental activities				
General government	\$ 3,080,566	\$ 3,433,495	\$ 3,719,190	\$ 3,995,852
Public safety	10,243,794	9,919,950	10,439,069	12,215,661
Public works	4,440,657	3,661,162	4,763,763	4,269,413
Community development	1,744,564	2,463,304	2,525,988	2,631,773
Interest and fiscal agent fees on long-term debt	649,178	465,686	435,134	399,768
Total Governmental Activities Expenses	<u>20,158,759</u>	<u>19,943,597</u>	<u>21,883,144</u>	<u>23,512,467</u>
Business-type activities				
Water	1,952,327	2,089,815	2,641,539	2,530,323
Wastewater	2,128,511	2,254,186	2,788,256	2,674,312
Drainage	256,681	205,646	240,780	223,621
Total Business-Type Activities Expenses	<u>4,337,519</u>	<u>4,549,647</u>	<u>5,670,575</u>	<u>5,428,256</u>
Total Primary Government Expenses	<u>\$ 24,496,278</u>	<u>\$ 24,493,244</u>	<u>\$ 27,553,719</u>	<u>\$ 28,940,723</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 108,135	\$ 320,302	\$ 334,944	\$ 337,838
Public safety	1,302,894	1,288,379	967,522	1,001,903
Community development	476,985	485,157	518,334	567,007
Operating grants and contributions	1,136,571	1,158,002	1,172,763	1,314,106
Capital grants and contributions	385,355	390,324	207,280	13,531
Total Governmental Activities Program Revenues	<u>3,409,940</u>	<u>3,642,164</u>	<u>3,200,843</u>	<u>3,234,385</u>
Business-type activities				
Charges for services				
Water	2,081,707	2,125,888	2,289,664	2,402,095
Wastewater	2,147,674	2,293,096	2,416,837	2,538,787
Drainage	258,992	209,196	208,706	212,289
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>4,488,373</u>	<u>4,628,180</u>	<u>4,915,207</u>	<u>5,153,171</u>
Total Primary Government Program Revenues	<u>\$ 7,898,313</u>	<u>\$ 8,270,344</u>	<u>\$ 8,116,050</u>	<u>\$ 8,387,556</u>
Net (Expense)/Revenue				
Governmental activities	\$ (16,748,819)	\$ (16,301,433)	\$ (18,682,301)	\$ (20,278,082)
Business-type activities	150,854	78,533	(755,368)	(275,085)
Total Primary Government Net Expense	<u>\$ (16,597,965)</u>	<u>\$ (16,222,900)</u>	<u>\$ (19,437,669)</u>	<u>\$ (20,553,167)</u>

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	4,373,967	\$ 4,231,926	\$ 5,464,510	\$ 3,298,915	\$ 4,946,785	\$ 5,552,193
	13,499,815	12,735,131	14,069,696	13,926,797	13,880,104	14,122,132
	4,403,146	4,451,450	5,640,055	5,712,574	4,552,171	4,688,090
	4,502,088	4,567,713	3,127,915	3,239,529	2,087,324	2,207,827
	356,135	478,058	406,460	429,650	245,249	669,622
	<u>27,135,151</u>	<u>26,464,278</u>	<u>28,708,636</u>	<u>26,607,465</u>	<u>25,711,633</u>	<u>27,239,864</u>
	2,328,079	2,516,141	2,688,574	3,762,138	3,020,405	3,024,839
	2,486,477	2,525,584	2,727,533	3,742,233	2,565,807	2,721,435
	330,592	297,779	335,155	484,108	324,359	319,465
	<u>5,145,148</u>	<u>5,339,504</u>	<u>5,751,262</u>	<u>7,988,479</u>	<u>5,910,571</u>	<u>6,065,739</u>
\$	<u>\$ 32,280,299</u>	<u>\$ 31,803,782</u>	<u>\$ 34,459,898</u>	<u>\$ 34,595,944</u>	<u>\$ 31,622,204</u>	<u>\$ 33,305,603</u>
\$	402,094	\$ 391,105	\$ 396,426	\$ 310,821	\$ 260,706	\$ 369,438
	926,225	1,038,825	935,679	624,231	496,567	795,161
	574,342	840,493	532,812	1,124,742	641,775	1,343,326
	1,120,533	1,219,729	1,385,287	1,065,614	1,162,556	722,853
	1,732,351	8,260,014	852,322	84,464	2,252,716	3,189,328
	<u>4,755,545</u>	<u>11,750,166</u>	<u>4,102,526</u>	<u>3,209,872</u>	<u>4,814,320</u>	<u>6,420,106</u>
	2,308,587	2,829,763	2,805,576	2,736,693	3,298,561	3,390,031
	2,465,659	2,840,383	2,846,230	2,722,213	2,802,099	3,049,997
	327,824	334,985	349,740	352,155	354,230	358,034
	-	-	648,616	-	2,814,893	-
	<u>5,102,070</u>	<u>6,005,131</u>	<u>6,650,162</u>	<u>5,811,061</u>	<u>9,269,783</u>	<u>6,798,062</u>
\$	<u>\$ 9,857,615</u>	<u>\$ 17,755,297</u>	<u>\$ 10,752,688</u>	<u>\$ 9,020,933</u>	<u>\$ 14,084,103</u>	<u>\$ 13,218,168</u>
\$	(22,379,606)	\$ (14,714,112)	\$ (24,606,110)	\$ (23,397,593)	\$ (20,897,313)	\$ (20,819,758)
	(43,078)	665,627	898,900	(2,177,418)	3,359,212	732,323
\$	<u>(22,422,684)</u>	<u>\$ (14,048,485)</u>	<u>\$ (23,707,210)</u>	<u>\$ (25,575,011)</u>	<u>\$ (17,538,101)</u>	<u>\$ (20,087,435)</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Revenues and Other Changes in Net Position				
Governmental activities				
Ad valorem taxes	\$ 4,003,896	\$ 4,245,156	\$ 4,041,031	\$ 4,298,407
Sales taxes	10,716,276	11,409,472	12,268,588	12,183,773
Franchise fees and local taxes	1,119,510	1,103,397	1,124,931	1,176,498
Other taxes	110,825	107,592	140,085	141,983
Hotel/motel occupancy taxes	986,749	1,200,679	1,287,763	1,261,327
Mixed beverage taxes	350,223	467,696	482,012	490,107
Investment earnings	55,583	24,038	88,227	101,170
Other revenues	175,570	111,488	114,116	125,463
Gain on sale of capital assets	84,719	67,238	102,713	193,329
Transfers	250,000	250,000	250,000	250,000
Total Governmental Activities	<u>17,853,351</u>	<u>18,986,756</u>	<u>19,899,466</u>	<u>20,222,057</u>
Business-type activities				
Investment earnings	13,054	19,521	26,243	25,390
Other revenues	738,931	223,033	322,207	495,888
Loss on sale of capital assets	-	(21,723)	-	-
Transfers	(250,000)	(250,000)	(250,000)	(250,000)
Total Business-Type Activities	<u>501,985</u>	<u>(29,169)</u>	<u>98,450</u>	<u>271,278</u>
Total Primary Government	<u>\$ 18,355,336</u>	<u>\$ 18,957,587</u>	<u>\$ 19,997,916</u>	<u>\$ 20,493,335</u>
Change in Net Position				
Governmental activities	\$ 1,104,532	\$ 2,685,323	\$ 1,217,165	\$ (56,025)
Business-type activities	652,839	49,364	(656,918)	(3,807)
Total Primary Government	<u>\$ 1,757,371</u>	<u>\$ 2,734,687</u>	<u>\$ 560,247</u>	<u>\$ (59,832)</u>

Fiscal Year

	2017	2018	2019	2020	2021	2022
\$	5,531,228	\$ 6,327,334	\$ 7,220,478	\$ 8,000,761	\$ 8,506,855	\$ 9,379,739
	11,798,915	13,410,874	13,273,282	13,086,731	15,311,975	16,265,939
	1,215,747	1,208,514	1,195,418	1,217,341	1,207,148	1,158,594
	137,999	128,481	123,061	-	-	-
	1,260,413	1,480,689	1,628,350	1,218,242	1,586,633	1,877,277
	426,733	527,591	535,849	424,004	607,675	592,076
	117,515	391,521	723,748	321,100	29,299	134,402
	149,689	220,554	221,839	136,938	235,594	348,174
	48,974	-	-	-	-	-
	250,000	250,000	250,000	250,000	500,000	500,000
	<u>20,937,213</u>	<u>23,945,558</u>	<u>25,172,025</u>	<u>24,655,117</u>	<u>27,985,179</u>	<u>30,256,201</u>
	30,696	181,103	330,663	129,816	7,877	192,164
	530,527	901,364	202,882	422,428	333,958	658,800
	-	-	-	-	-	-
	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(500,000)</u>	<u>(500,000)</u>
	<u>311,223</u>	<u>832,467</u>	<u>283,545</u>	<u>302,244</u>	<u>(158,165)</u>	<u>350,964</u>
\$	<u>21,248,436</u>	<u>24,778,025</u>	<u>25,455,570</u>	<u>24,957,361</u>	<u>27,827,014</u>	<u>30,607,165</u>
\$	(1,442,393)	\$ 9,231,446	\$ 565,915	\$ 1,257,524	\$ 7,087,866	\$ 9,436,443
	268,145	1,498,094	1,182,445	(1,875,174)	3,201,047	1,083,287
\$	<u>(1,174,248)</u>	<u>10,729,540</u>	<u>1,748,360</u>	<u>(617,650)</u>	<u>10,288,913</u>	<u>10,519,730</u>

CITY OF WEBSTER, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES
Last Ten Years
(accrual basis of accounting)

Source	Fiscal Year			
	2013	2014	2015	2016
Ad valorem	\$ 4,003,896	\$ 4,245,156	\$ 4,041,031	\$ 4,298,407
Sales	10,716,276	11,409,472	12,268,588	12,183,773
Franchise fees	1,119,510	1,103,397	1,124,931	1,176,498
Other taxes	1,447,797	1,775,967	1,909,860	1,893,417
Hotel occupancy taxes	-	-	-	-
Mixed beverage taxes	-	-	-	-
Total	\$ 17,287,479	\$ 18,533,992	\$ 19,344,410	\$ 19,552,095

*In fiscal year 2020, the City began reporting hotel/motel occupancy taxes separate from mixed beverage taxes.

Fiscal Year						Change
2017	2018	2019	2020*	2021	2022	2021-2022
\$ 5,531,228	\$ 6,327,334	\$ 7,220,478	\$ 8,000,761	\$ 8,506,855	\$ 9,379,739	10.3%
11,798,915	13,410,874	13,273,282	13,086,731	15,311,975	16,265,939	6.2%
1,215,747	1,208,514	1,195,418	1,217,341	1,207,148	1,158,594	-4.0%
1,825,145	2,136,761	2,287,260	-	-	-	N/A
-	-	-	1,218,242	1,586,633	1,877,277	18.3%
-	-	-	424,004	607,675	592,076	-2.6%
\$ 20,371,035	\$ 23,083,483	\$ 23,976,438	\$ 23,947,079	\$ 27,220,286	\$ 29,273,625	7.5%

CITY OF WEBSTER, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
General Fund				
Nonspendable	\$ 36,872	\$ 47,809	\$ 37,507	\$ 38,100
Assigned	179,658	199,758	220,943	246,283
Unassigned	11,190,474	12,230,288	12,875,981	11,959,903
Total General Fund	<u>\$ 11,407,004</u>	<u>\$ 12,477,855</u>	<u>\$ 13,134,431</u>	<u>\$ 12,244,286</u>
All Other Governmental Funds				
Nonspendable	\$ 7,600	\$ 12,500	\$ 1,610	\$ -
Restricted	4,236,152	5,334,900	6,438,064	7,524,435
Assigned, reported in:				
Capital project funds	4,434,282	4,376,391	3,306,955	3,678,188
Special revenue funds	122,340	113,288	111,117	96,589
Unassigned	-	-	(23,775)	(3,225)
Total All Other Governmental Funds	<u>\$ 8,800,374</u>	<u>\$ 9,837,079</u>	<u>\$ 9,833,971</u>	<u>\$ 11,295,987</u>

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 41,836	\$ 75,304	\$ 92,958	\$ 33,940	\$ 143,597	\$ 87,564
274,270	274,270	-	-	-	-
12,593,430	14,055,800	14,435,049	15,063,388	19,633,095	22,875,808
<u>\$ 12,909,536</u>	<u>\$ 14,405,374</u>	<u>\$ 14,528,007</u>	<u>\$ 15,097,328</u>	<u>\$ 19,776,692</u>	<u>\$ 22,963,372</u>
\$ -	\$ -	\$ -	\$ -	\$ 706	\$ 1,492,648
7,091,408	11,237,021	8,536,631	8,581,406	9,666,809	26,151,114
1,496,998	2,575,103	2,223,412	2,447,143	2,085,219	1,767,741
109,794	198,916	207,896	251,731	250,421	244,528
-	(7,185)	(5,455)	(157)	-	(17,972)
<u>\$ 8,698,200</u>	<u>\$ 14,003,855</u>	<u>\$ 10,962,484</u>	<u>\$ 11,280,123</u>	<u>\$ 12,003,155</u>	<u>\$ 29,638,059</u>

CITY OF WEBSTER, TEXAS
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2013	2014	2015	2016
Revenues				
Taxes	\$ 17,241,733	\$ 18,561,698	\$ 19,379,621	\$ 19,558,649
Licenses and permits	434,055	444,015	475,836	522,624
Fines and forfeitures	1,302,894	1,288,379	967,522	1,001,903
Charges for services	151,065	361,444	377,442	382,221
Intergovernmental	491,896	518,296	350,013	297,607
Investment earnings	48,967	15,477	79,682	84,793
Contributions	1,030,030	1,030,030	1,030,030	1,030,030
Other revenues	175,570	111,488	114,116	125,463
Total Revenues	<u>20,876,210</u>	<u>22,330,827</u>	<u>22,774,262</u>	<u>23,003,290</u>
Expenditures				
General government	3,309,596	3,342,028	3,537,021	3,745,396
Public safety	8,929,345	9,779,081	10,248,418	11,478,408
Public works	2,593,228	2,741,805	3,451,280	3,082,765
Community development	1,779,065	1,893,652	1,970,304	2,075,602
Capital outlay	4,701,583	820,334	1,129,584	312,149
Debt service				
Principal	1,915,000	1,460,000	1,620,000	1,630,000
Interest	537,250	451,425	421,213	386,113
Issuance costs	115,000	-	-	-
Payment to refunding bond escrow agent	8,734,966	-	-	-
Other debt service - refunding escrow	115,000	-	-	-
Total expenditures	<u>32,730,033</u>	<u>20,488,325</u>	<u>22,377,820</u>	<u>22,710,433</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	(11,853,823)	1,842,502	396,442	292,857
Other Financing Sources (Uses)				
Issuance of debt	8,555,000	-	-	-
Premium on debt	326,338	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	1,964,774	1,168,335	598,140	1,135,009
Transfers out	(1,714,774)	(918,335)	(348,140)	(885,009)
Sale of capital assets	3,765	15,054	7,026	26,014
Total Other Financing Sources	<u>9,135,103</u>	<u>265,054</u>	<u>257,026</u>	<u>276,014</u>
Net Change in Fund Balances	<u>\$ (2,718,720)</u>	<u>\$ 2,107,556</u>	<u>\$ 653,468</u>	<u>\$ 568,871</u>
Debt service as a percentage				
of noncapital expenditures	9.16%	10.04%	9.58%	9.08%

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 20,361,762	\$ 23,046,778	\$ 23,888,859	\$ 23,927,478	\$ 27,200,527	\$ 29,306,922
530,620	796,789	491,498	1,108,417	598,253	1,295,721
926,225	1,038,825	935,679	624,231	496,567	795,161
445,816	434,809	437,740	327,146	304,228	371,567
90,503	189,699	355,257	651,584	132,526	22,853
102,317	331,728	608,696	270,232	24,870	110,518
1,030,030	1,030,030	1,030,030	1,030,030	1,030,030	700,000
149,689	220,554	221,839	136,938	235,594	348,174
<u>23,636,962</u>	<u>27,089,212</u>	<u>27,969,598</u>	<u>28,076,056</u>	<u>30,022,595</u>	<u>32,950,916</u>
4,393,858	3,850,728	4,764,021	4,266,891	4,098,929	4,625,823
12,027,253	11,885,851	12,931,007	12,818,443	12,940,922	14,599,274
2,960,663	3,104,359	3,783,052	3,704,412	3,433,049	4,212,970
3,858,435	3,878,726	2,502,109	2,306,267	2,121,036	2,326,936
367,844	823,953	4,366,261	1,070,047	384,245	1,742,679
1,870,000	1,905,000	2,365,000	2,420,000	2,415,000	1,920,000
343,275	358,386	428,527	351,186	347,870	1,076,463
-	121,245	-	127,841	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>25,821,328</u>	<u>25,928,248</u>	<u>31,139,977</u>	<u>27,065,087</u>	<u>25,741,051</u>	<u>30,504,145</u>
(2,184,366)	1,160,964	(3,170,379)	1,010,969	4,281,544	2,446,771
-	5,040,000	-	3,715,000	-	14,855,000
-	338,891	-	832,448	-	3,005,434
-	-	-	(4,415,238)	-	-
3,038,010	1,682,579	558,328	915,810	610,107	627,500
(2,788,010)	(1,432,579)	(308,328)	(665,810)	(110,107)	(127,500)
4,829	11,638	1,641	109,781	4,852	14,379
<u>254,829</u>	<u>5,640,529</u>	<u>251,641</u>	<u>491,991</u>	<u>504,852</u>	<u>18,374,813</u>
<u>\$ (1,929,537)</u>	<u>\$ 6,801,493</u>	<u>\$ (2,918,738)</u>	<u>\$ 1,502,960</u>	<u>\$ 4,786,396</u>	<u>\$ 20,821,584</u>
9.51%	9.46%	9.46%	10.65%	11.02%	11.04%

CITY OF WEBSTER, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL TAXABLE VALUE OF TAXABLE PROPERTY

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Residential Property	\$ 306,197,554	\$ 330,001,810	\$ 356,197,833	\$ 407,408,534
Commercial Property	1,135,879,910	1,253,506,306	1,341,014,646	1,502,301,531
Industrial Property	47,223,760	79,361,600	47,712,504	47,151,199
Total Assessed Value ⁽¹⁾	1,489,301,224	1,662,869,716	1,744,924,983	1,956,861,264
Less: Tax Exempt Property	108,355,222	129,201,195	128,993,448	134,154,251
Total Taxable Value	\$ 1,380,946,002	\$ 1,533,668,521	\$ 1,615,931,535	\$ 1,822,707,013
Taxable Value as a Percentage of Assessed Value	92.7%	92.2%	92.6%	93.1%
Total Direct Tax Rate ⁽²⁾	\$ 0.28528	\$ 0.26960	\$ 0.24874	\$ 0.23447

Source: Harris County Appraisal District

Notes:

⁽¹⁾ Chapter 23, Section 23.01 (a) of the Texas Tax Code states that all taxable property is assessed at 100% of its market value.

⁽²⁾ Per \$100 of taxable value.

Assessed and taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2022.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 445,750,390	\$ 484,050,384	\$ 511,919,552	\$ 586,393,526	\$ 687,637,778	\$ 708,077,699
1,574,051,436	1,603,370,416	1,641,583,756	1,797,236,442	1,831,800,517	1,895,329,551
44,564,513	53,786,163	41,964,510	65,005,585	76,781,707	76,658,037
2,064,366,339	2,141,206,963	2,195,467,818	2,448,635,553	2,596,220,002	2,680,065,287
133,984,134	143,759,374	154,797,425	214,603,667	228,705,980	234,003,784
<u>\$ 1,930,382,205</u>	<u>\$ 1,997,447,589</u>	<u>\$ 2,040,670,393</u>	<u>\$ 2,234,031,886</u>	<u>\$ 2,367,514,022</u>	<u>\$ 2,446,061,503</u>
93.5%	93.3%	92.9%	91.2%	91.2%	91.3%
\$ 0.28450	\$ 0.31725	\$ 0.34794	\$ 0.36200	\$ 0.37357	\$ 0.39334

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

	Fiscal Year			
	2013	2014	2015	2016
City of Webster by fund:				
General	\$ 0.15615	\$ 0.16455	\$ 0.15679	\$ 0.14733
Debt service	0.12913	0.10505	0.09195	0.08714
Total Direct Rates	\$ 0.28528	\$ 0.26960	\$ 0.24874	\$ 0.23447
Clear Creek School District	\$ 1.36000	\$ 1.39999	\$ 1.40000	\$ 1.40000
Harris County	0.40021	0.41455	0.41731	0.41923
Harris County Flood Control District	0.02809	0.02827	0.02736	0.02733
Port of Houston Authority	0.01952	0.01716	0.01531	0.01342
Harris County Hospital District	0.18216	0.17000	0.17000	0.17000
Harris County Department of Education	0.00662	0.00636	0.00600	0.00542
Total Direct and Overlapping Rates ⁽¹⁾	\$ 2.28188	\$ 2.30593	\$ 2.28472	\$ 2.26987

Sources: Harris County Appraisal District, Clear Creek School District

Notes:

⁽¹⁾ Overlapping rates are those of local and county governments that apply within the City of Webster. Not all overlapping rates apply to all City of Webster property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Tax rates are per \$100 of taxable value.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 0.18625	\$ 0.22549	\$ 0.22800	\$ 0.25536	\$ 0.26810	\$ 0.27103
0.09825	0.09176	0.11994	0.10664	0.10547	0.12231
<u>\$ 0.28450</u>	<u>\$ 0.31725</u>	<u>\$ 0.34794</u>	<u>\$ 0.36200</u>	<u>\$ 0.37357</u>	<u>\$ 0.39334</u>
\$ 1.40000	\$ 1.40000	\$ 1.40000	\$ 1.31000	\$ 1.26590	\$ 1.17970
0.41656	0.41801	0.41858	0.40713	0.39116	0.37693
0.02829	0.02831	0.02877	0.02792	0.03142	0.03349
0.01334	0.01256	0.01155	0.01074	0.00991	0.00872
0.17179	0.17110	0.17108	0.16591	0.16671	0.16221
0.00520	0.00520	0.00519	0.00500	0.00499	0.00499
<u>\$ 2.31968</u>	<u>\$ 2.35243</u>	<u>\$ 2.38311</u>	<u>\$ 2.28870</u>	<u>\$ 2.24366</u>	<u>\$ 2.15938</u>

CITY OF WEBSTER, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2022			2013		
	Assessed Value	Rank	% of Assessed Value	Assessed Value	Rank	% of Assessed Value
Clear Lake Regional Medical Center	\$ 157,879,329	1	5.89%	\$ 81,195,547	1	5.45%
HC200 Blossom Street LLC ⁽¹⁾	97,836,796	2	3.65%	-		
CHCA Clear Lake LP ⁽¹⁾	68,000,641	3	2.54%	-		
BR Everwood DST ⁽¹⁾	54,123,735	4	2.02%	-		
BR Edgewater Dst ⁽¹⁾	51,561,636	5	1.92%	-		
Weingarten Realty ⁽¹⁾	46,635,400	6	1.74%	-		
Evergreen Tank Solutions ⁽¹⁾	45,399,084	7	1.69%	-		
Marquis Clear Lake Apartments LP ⁽¹⁾	43,264,419	8	1.61%	-		
SOF Hidden Lake Owner LP ⁽¹⁾	41,482,012	9	1.55%	-		
Palomar Apartments LLC ⁽¹⁾	40,860,864	10	1.52%	-		
Inland American Webster ⁽²⁾				45,652,780	2	3.07%
Texas Baybrook Square Center ⁽²⁾				37,550,000	3	2.52%
NP SSP Baybrook LLC ⁽²⁾				32,305,426	4	2.17%
Webster Apartments ⁽²⁾				30,700,000	5	2.06%
GE Healthcare REIT ⁽²⁾				25,506,810	6	1.71%
US Housing Partners VIII LP ⁽²⁾				23,771,065	7	1.60%
Clear Lake Center LP ⁽²⁾				21,534,974	8	1.45%
Price Baybrook Ltd ⁽²⁾				20,908,209	9	1.40%
MPT Clear Lake LP ⁽²⁾				19,447,734	10	1.31%
Subtotal	647,043,916		24.14%	338,572,545		22.73%
Other Taxpayers	2,033,021,371		75.86%	1,150,728,679		77.27%
Total	<u>\$ 2,680,065,287</u>		<u>100.00%</u>	<u>\$ 1,489,301,224</u>		<u>100.00%</u>

Source: Harris County Appraisal District

Notes:

⁽¹⁾ This taxpayer was not a top ten taxpayer in 2013.

⁽²⁾ This taxpayer is not a top ten taxpayer in 2022.

CITY OF WEBSTER, TEXAS
SALES TAX REVENUE PAYERS BY INDUSTRY
Current Year and Nine Years Ago
(DOLLARS ARE IN MILLIONS)

Sales Tax Remitter	Fiscal Year 2022				Fiscal Year 2013			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agricultural, Forestry, Fishing and Hunting	4	0.06%	\$ 0.00	0.00%	2	0.05%	\$ 0.00	0.00%
Mining, Quarrying, and Oil and Gas Extraction	7	0.10%	0.02	0.10%	5	0.13%	0.01	0.08%
Utilities	43	0.63%	0.42	1.88%	48	1.27%	0.38	2.60%
Construction	394	5.75%	0.90	4.07%	297	7.83%	0.24	1.69%
Manufacturing	974	14.22%	1.11	4.98%	547	14.42%	0.62	4.28%
Wholesale Trade	1134	16.55%	1.35	6.09%	723	19.06%	1.82	12.61%
Retail Trade	2014	29.40%	10.62	47.83%	767	20.22%	6.40	44.29%
Transportation and Warehousing	30	0.44%	0.42	1.88%	18	0.47%	0.06	0.38%
Information	650	9.49%	0.77	3.48%	311	8.20%	0.77	5.33%
Finance and Insurance	108	1.58%	0.06	0.29%	99	2.61%	0.06	0.41%
Real Estate and Rental and Leasing	159	2.32%	0.30	1.37%	124	3.27%	0.13	0.89%
Professional, Scientific, and Technical Services	525	7.66%	0.39	1.77%	245	6.46%	0.24	1.67%
Management of Companies and Enterprises	7	0.10%	0.00	0.00%	9	0.24%	0.02	0.16%
Administrative and Support and Waste Management and Remediation Services	273	3.99%	0.68	3.08%	246	6.48%	0.32	2.19%
Educational Services	47	0.69%	0.01	0.06%	19	0.50%	0.00	0.02%
Health Care and Social Assistance	39	0.57%	0.18	0.82%	24	0.63%	0.27	1.84%
Arts, Entertainment, and Recreation	25	0.36%	0.45	2.02%	18	0.47%	0.18	1.21%
Accommodation and Food Services	140	2.04%	4.02	18.10%	108	2.85%	2.56	17.71%
Other Services (Except Public Administration)	172	2.51%	0.45	2.01%	111	2.93%	0.31	2.17%
Public Administration	4	0.06%	0.01	0.03%	9	0.24%	0.03	0.21%
Undefined	101	1.47%	0.03	0.13%	64	1.69%	0.04	0.24%
Total	6,850	100.00%	\$ 22.21	100.00%	3,794	100.00%	\$ 14.45	100.00%

Source: State Comptroller

Notes: Due to confidentiality issues, the names of the largest revenue payers are not available. The categories presented are intended to provide alternative information regarding the sources of the sales tax revenue.

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

	Fiscal Year			
	2013	2014	2015	2016
Taxes levied:				
Current year levy	\$ 3,937,528	\$ 4,234,778	\$ 4,109,641	\$ 4,332,762
Adjustments in subsequent years	537	(103,296)	(91,143)	(62,175)
Total of taxes levied ⁽¹⁾	\$ 3,938,065	\$ 4,131,482	\$ 4,018,498	\$ 4,270,587
 Taxes collected:				
Collections in current year	\$ 3,921,147	\$ 4,187,311	\$ 4,095,095	\$ 4,319,844
Collections in subsequent years ⁽²⁾	13,082	(59,258)	(80,186)	(52,620)
Total of taxes collected	\$ 3,934,229	\$ 4,128,053	\$ 4,014,909	\$ 4,267,224
 Collection rates:				
Percentage collected in current year	99.58%	98.88%	99.65%	99.70%
Percentage collected of total levy	99.90%	99.92%	99.91%	99.92%
 Delinquent taxes:				
Total outstanding balance	\$ 3,836	\$ 3,429	\$ 3,589	\$ 3,363
Percentage of total levy outstanding	0.10%	0.08%	0.09%	0.08%

Notes:

⁽¹⁾ The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2022.

⁽²⁾ Negative tax collections in subsequent years reflect refunds due to property tax hearing losses.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 5,553,590	\$ 6,398,295	\$ 7,220,033	\$ 8,085,885	\$ 8,756,424	\$ 9,365,610
(75,079)	(85,012)	(155,750)	(113,769)	(131,249)	-
<u>\$ 5,478,511</u>	<u>\$ 6,313,283</u>	<u>\$ 7,064,283</u>	<u>\$ 7,972,115</u>	<u>\$ 8,625,175</u>	<u>\$ 9,365,610</u>
\$ 5,533,548	\$ 6,342,680	\$ 7,087,461	\$ 8,013,501	\$ 8,695,181	\$ 9,295,978
(58,561)	(35,223)	(116,685)	(75,969)	(88,687)	-
<u>\$ 5,474,987</u>	<u>\$ 6,307,457</u>	<u>\$ 6,970,776</u>	<u>\$ 7,937,532</u>	<u>\$ 8,606,494</u>	<u>\$ 9,295,978</u>
99.64%	99.13%	98.16%	99.10%	99.30%	99.26%
99.94%	99.91%	98.68%	99.57%	99.78%	99.26%
\$ 3,525	\$ 5,825	\$ 93,507	\$ 34,583	\$ 18,682	\$ 69,632
0.06%	0.09%	1.32%	0.43%	0.22%	0.74%

CITY OF WEBSTER, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 12,889,868	\$ 11,586,796	\$ 10,133,724	\$ 8,680,652
Certificates of obligation	6,186,904	5,958,814	5,720,724	5,472,634
Subtotal	<u>19,076,772</u>	<u>17,545,610</u>	<u>15,854,448</u>	<u>14,153,286</u>
Business-Type Activities:				
Revenue bonds	6,857,638	1,782,936	1,708,646	1,629,356
General obligation bonds ⁽¹⁾	-	4,973,414	4,759,886	4,536,359
Certificates of obligation ⁽²⁾	-	-	-	-
Total Primary Government	<u>\$ 25,934,410</u>	<u>\$ 24,301,960</u>	<u>\$ 22,322,980</u>	<u>\$ 20,319,001</u>
Component Unit Activities ⁽³⁾:				
Sales Tax Revenue Bonds	<u>\$ 10,284,655</u>	<u>\$ 9,135,419</u>	<u>\$ 3,666,892</u>	<u>\$ 2,971,577</u>
Personal Income ^{(4) (5)}	\$ 319,567,907	\$ 297,898,128	\$ 298,499,256	\$ 283,747,644
Primary Government Debt as a Percentage of Personal Income	8.12%	8.16%	7.48%	7.16%
Population ⁽⁶⁾	11,279	11,398	11,421	11,498
Primary Government Debt per Capita	\$ 2,299	\$ 2,132	\$ 1,955	\$ 1,767

Notes:

- ⁽¹⁾ General obligation bonds refunded previously issued revenue bonds and are self-supporting from pledged utility revenues.
- ⁽²⁾ Certificates of obligation are self-supporting from pledged utility revenues.
- ⁽³⁾ Component unit activities are not included in the calculation of debt as a percentage of personal income or debt per capita.
- ⁽⁴⁾ Sperling's Best Places
- ⁽⁵⁾ Personal income information is a total for the year.
- ⁽⁶⁾ Population was estimated using data received from the Harris County Appraisal District and the US Census Bureau.

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

Fiscal Year

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 6,997,580	\$ 5,284,508	\$ 3,541,436	\$ 6,263,783	\$ 4,206,049	\$ 4,088,357
5,214,545	10,315,986	9,588,432	4,440,604	3,951,141	19,604,890
<u>12,212,125</u>	<u>15,600,494</u>	<u>13,129,868</u>	<u>10,704,387</u>	<u>8,157,190</u>	<u>23,693,247</u>
1,550,065	-	-	-	-	-
4,302,832	4,059,305	3,805,779	3,542,252	3,268,725	2,985,198
-	2,087,524	2,016,729	1,940,933	1,865,138	18,899,365
<u>\$ 18,065,022</u>	<u>\$ 21,747,323</u>	<u>\$ 18,952,376</u>	<u>\$ 16,187,572</u>	<u>\$ 13,291,053</u>	<u>\$ 45,577,810</u>
<u>\$ 11,099,055</u>	<u>\$ 10,445,962</u>	<u>\$ 9,777,868</u>	<u>\$ 9,104,773</u>	<u>\$ 8,421,680</u>	<u>\$ 28,486,681</u>
\$ 289,127,448	\$ 279,009,468	\$ 269,582,472	\$ 274,616,784	\$ 292,508,334	\$ 302,725,026
6.25%	7.79%	7.03%	5.89%	4.54%	15.06%
11,716	11,306	10,924	11,128	11,853	12,267
\$ 1,542	\$ 1,924	\$ 1,735	\$ 1,455	\$ 1,121	\$ 3,715

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

	Fiscal Year			
	2013	2014	2015	2016
Taxable Value of Property ⁽¹⁾				
All property	\$ 1,489,301,224	\$ 1,662,869,716	\$ 1,744,924,983	\$ 1,956,861,264
Net Bonded Debt ⁽²⁾				
Gross bonded debt	\$ 19,076,772	\$ 22,519,024	\$ 20,614,334	\$ 18,689,645
Less debt service funds	847,921	969,351	869,019	786,946
Net Bonded Debt	<u>\$ 18,228,851</u>	<u>\$ 21,549,673</u>	<u>\$ 19,745,315</u>	<u>\$ 17,902,699</u>
Ratio of Net Bonded Debt to Taxable Value	1.22%	1.30%	1.13%	0.91%
Population ⁽³⁾	11,279	11,398	11,421	11,498
Net Bonded Debt per Capita	\$ 1,616	\$ 1,891	\$ 1,729	\$ 1,557

Notes:

⁽¹⁾ Taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2022.

⁽²⁾ Net bonded debt reflects obligations supported by a pledge of ad valorem taxes.

⁽³⁾ Population was estimated using data received from the Harris County Appraisal District.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 2,064,366,339	\$ 2,141,206,963	\$ 2,195,467,818	\$ 2,448,635,553	\$ 2,596,220,002	\$ 2,680,065,287
\$ 16,514,957	\$ 37,347,817	\$ 32,082,244	\$ 26,891,959	\$ 21,448,243	\$ 23,693,247
811,169	702,808	721,417	635,703	597,263	677,775
<u>\$ 15,703,788</u>	<u>\$ 36,645,009</u>	<u>\$ 31,360,827</u>	<u>\$ 26,256,256</u>	<u>\$ 20,850,980</u>	<u>\$ 23,015,472</u>
0.76%	1.71%	1.43%	1.07%	0.80%	0.86%
11,716	11,306	10,924	11,128	11,853	12,267
\$ 1,340	\$ 3,241	\$ 2,871	\$ 2,359	\$ 1,759	\$ 1,876

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CITY OF WEBSTER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2022

Governmental Unit	Debt Outstanding	As Of	Estimated Percentage Applicable ⁽¹⁾	Amount Applicable to Primary Government
Clear Creek ISD	\$ 982,760,000	9/30/2022	8.49%	\$ 83,436,324
Clear Lake City Water Authority	\$ 101,370,000	9/30/2022	4.22%	4,277,814
Harris County	\$ 1,791,295,000	9/30/2022	0.41%	7,344,310
Harris Co. Dept. of Education	\$ 14,186,429	9/30/2022	0.41%	58,164
Harris Co. Flood Control District	\$ 820,125,000	9/30/2022	0.41%	3,362,513
Harris Co. Hospital District	\$ 76,385,000	9/30/2022	0.41%	313,179
Harris Co. MUD #481	\$ 22,605,000	9/30/2022	100.00%	22,605,000
Harris Co Toll Road	\$ -	9/30/2022	0.41%	-
Port of Houston Authority	\$ 555,550,000	9/30/2022	0.41%	<u>2,277,755</u>
Subtotal, overlapping debt				123,675,058
City Direct Debt ⁽²⁾	\$ 23,693,247	9/30/2022	100.00%	<u>23,693,247</u>
Total Direct and Overlapping Debt				<u><u>\$ 147,368,305</u></u>

Source: Municipal Advisory Council of Texas

Notes:

- ⁽¹⁾ Estimated Percentage Applicable obtained from Municipal Advisory Council of Texas.
⁽²⁾ City Direct Debt is comprised of debt obligations supported by a pledge of ad valorem taxes.
⁽³⁾ Excludes general obligation bonds pledged by utility revenues.

CITY OF WEBSTER, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2013	2014	2015	2016
Debt limit ⁽¹⁾	\$ 148,930,122	\$ 166,286,972	\$ 174,492,498	\$ 195,686,126
Total net debt applicable to limit	18,228,851	16,576,259	14,985,429	13,366,340
Legal debt margin	\$ 130,701,271	\$ 149,710,713	\$ 159,507,069	\$ 182,319,786
Total net debt applicable to the limit as a percentage of debt limit	12.24%	9.97%	8.59%	6.83%
Legal Debt Margin Calculation				
Assessed value	\$ 1,489,301,224	\$ 1,662,869,716	\$ 1,744,924,983	\$ 1,956,861,264
Debt limit (10% of assessed value)	148,930,122	166,286,972	174,492,498	195,686,126
Debt applicable to limit:				
General obligation bonds	12,889,868	16,560,210	14,893,610	13,217,011
Certificates of obligation	6,186,904	5,958,814	5,720,724	5,472,634
Less: debt pledged by utility revenues	-	(4,973,414)	(4,759,886)	(4,536,359)
Less: amount set aside for repayment of general obligation debt	(847,921)	(969,351)	(869,019)	(786,946)
Total net debt applicable to limit	18,228,851	16,576,259	14,985,429	13,366,340
Legal debt margin	\$ 130,701,271	\$ 149,710,713	\$ 159,507,069	\$ 182,319,786

Notes:

⁽¹⁾ All taxable property in the City of Webster is subject to the assessment, levy, and collection by the City of an annual ad valorem tax levied, within the limits prescribed by law, sufficient to provide for the payment of principal and interest on debt issued by the government. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for all City purposes. The City operates under a Home-Rule Charter, which adopts the constitutional provisions. Administratively, the Attorney General of the State of Texas will only permit the allocation of \$1.50 of the \$2.50 maximum for all general obligation debt service, as calculated at the time of issuance. The City's total tax rate of \$0.39334 and debt rate of \$0.12231 are well below the maximum rates allowed by law.

Chapter 1331 of the Texas Government Code places additional limits on municipalities with populations greater than 750,000. These entities may incur total bonded debt in an amount not to exceed ten percent of the total appraised value of property listed on the most recent appraisal roll. While this limit does not legally apply to the City of Webster, it does serve as a guideline. The total general long-term debt of the City is less than one percent of its total appraised value.

Fiscal Year					
2017	2018	2019	2020	2021	2022
\$ 206,436,634	\$ 214,120,696	\$ 219,546,782	\$ 244,863,555	\$ 259,622,000	\$ 268,006,529
11,400,956	14,897,686	12,408,451	10,068,684	7,559,927	23,015,472
<u>\$ 195,035,678</u>	<u>\$ 199,223,010</u>	<u>\$ 207,138,331</u>	<u>\$ 234,794,871</u>	<u>\$ 252,062,073</u>	<u>\$ 244,991,057</u>
5.52%	6.96%	5.65%	4.11%	2.91%	8.59%
\$ 2,064,366,339	\$ 2,141,206,963	\$ 2,195,467,818	\$ 2,448,635,553	\$ 2,596,220,002	\$ 2,680,065,287
206,436,634	214,120,696	219,546,782	244,863,555	259,622,000	268,006,529
11,300,412	9,343,813	7,347,215	9,806,035	7,474,774	7,073,555
5,214,545	12,403,510	11,605,161	6,381,537	5,816,279	38,504,255
(4,302,832)	(6,146,829)	(5,822,508)	(5,483,185)	(5,133,863)	(21,884,563)
(811,169)	(702,808)	(721,417)	(635,703)	(597,263)	(677,775)
<u>11,400,956</u>	<u>14,897,686</u>	<u>12,408,451</u>	<u>10,068,684</u>	<u>7,559,927</u>	<u>23,015,472</u>
<u>\$ 195,035,678</u>	<u>\$ 199,223,010</u>	<u>\$ 207,138,331</u>	<u>\$ 234,794,871</u>	<u>\$ 252,062,073</u>	<u>\$ 244,991,057</u>

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

Fiscal Year Ended Sept. 30	Population ⁽¹⁾	Personal Income ^{(2) (3)}	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
2013	11,279	\$ 319,567,907	\$ 28,333	30.2	3,305	6.1%
2014	11,398	\$ 297,898,128	\$ 26,136	29.1	3,345	4.9%
2015	11,421	\$ 298,499,256	\$ 26,136	29.1	3,396	4.6%
2016	11,498	\$ 283,747,644	\$ 24,678	30.1	3,552	5.7%
2017	11,716	\$ 289,127,448	\$ 24,678	30.1	3,660	4.8%
2018	11,306	\$ 279,009,468	\$ 24,678	30.1	3,766	4.1%
2019	10,924	\$ 269,582,472	\$ 24,678	30.1	3,887	3.6%
2020	11,128	\$ 274,616,784	\$ 24,678	28.9	3,675	9.6%
2021	11,853	\$ 292,508,334	\$ 24,678	30.1	3,895	6.1%
2022	12,267	\$ 302,725,026	\$ 24,678	28.9	4,061	4.2%

Sources:

- ⁽¹⁾ Population was estimated using data received from the Harris County Appraisal District and the US Census Bureau.
- ⁽²⁾ Sperling's BestPlaces
- ⁽³⁾ Personal income information is a total for the year.
- ⁽⁴⁾ Clear Creek Independent School District
- ⁽⁵⁾ Bureau of Labor Statistics

CITY OF WEBSTER, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago ⁽¹⁾

Employer	Number of Employees	
	2022	2013
Academy Sports & Outdoors	100-199	Data not Available
ARI-Armaturen	1-100	Data not Available
Costco	100-199	Data not Available
HCA Houston Healthcare Clear Lake	500+	Data not Available
Houston Physicians' Hospital	300-500	Data not Available
KBR	500+	Data not Available
Kindred Hospital	300-500	Data not Available
Leidos	500+	Data not Available
Olympus	1-100	Data not Available
United Fire Group	1-100	Data not Available
UTMB Clear Lake	500+	Data not Available

Source: City of Webster

Notes:

⁽¹⁾ The requirement for statistical data is current year and nine years ago.
Only the current year is available at this time.

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CITY OF WEBSTER, TEXAS
FULL-TIME EQUIVALENT EMPLOYEES BY FUNCTION
 Last Ten Years

	Fiscal Year									
	2013	2014	2015	2016	2017	2018	2019	2020	2021	2022
<u>General Fund:</u>										
City Secretary	4	4	4	5	5	5	5	5	5	5
City Manager	2	2	2	2	1	1	3	3	2	2
Finance	6	6	6	6	6	6	6	6	6	6
Municipal Court	7	7	7	6	6	5	5	5	5	5
Human Resources	3	3	3	3	3	3	3	3	3	3
Community Development										
Administration	6	6	6	6	5	5	5	5	5	5
Building	7	7	7	7	7	7	7	7	6	6
Recreation Programs	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	3	5	5	5	5	5	6	6	6	6
Maintenance	10	10	10	10	10	10	10	10	11	11
Parks Maintenance	7	7	7	7	7	7	7	7	7	7
Engineering	2	-	-	-	-	-	-	-	-	-
Police										
Administration	4	4	4	6	9	8	8	9	8	8
Criminal Investigation	7	7	7	7	7	7	7	7	7	7
Patrol	38	38	37	36	35	36	36	36	37	37
Communications	15	15	16	15	15	15	17	16	16	16
Code Enforcement	-	-	-	-	-	-	-	-	2	2
Fire										
Prevention	3	3	3	3	5	5	7	7	6	6
Operations	14	14	14	17	15	16	15	15	15	15
Emergency Management										
Emergency Management	-	-	-	-	2	2	-	1	1	1
Economic Development										
Economic Development	3	3	3	3	3	3	3	3	3	3
General Fund Total	142	142	142	145	147	147	151	152	152	152
<u>Utility Fund:</u>										
Water	9	9	9	9	9	9	9	9	9	9
Sewer	7	7	7	7	8	7	7	7	7	7
Drainage	2	2	2	2	2	2	2	3	3	3
Utility Fund Total	17	17	17	17	18	17	17	18	18	19
<u>Information Technology Fund:</u>										
Information Technology	4	4	4	4	3	3	3	3	3	3
Information Technology Fund Total	4	4	4	4	3	3	3	3	3	3
Total City Positions	163	163	163	166	168	167	171	173	173	173

Notes:

Around 10-16 seasonal employees are hired during the summer months as recreation staff. This count is not reflected above.
 A part-time seasonal school crossing guard is not included.

CITY OF WEBSTER, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function / Program	Fiscal Year			
	2013	2014	2015	2016
Police				
Arrests	2,775	2,067	1,883	1,674
Accident reports	1,055	1,100	1,218	1,352
Citations	7,764	7,000	4,880	6,364
Offense reports	2,197	1,856	2,107	2,267
Calls for service	26,686	22,766	21,187	23,402
Fire				
Emergency responses	892	907	1,199	1,696
Fire incidents	73	60	74	63
Average response time	4 min, 35 sec	4 min, 49 sec	4 min, 44 sec	4 min, 14 sec
Water				
New accounts	221	189	186	189
Average daily consumption (millions of gallons)	1.797	1.724	1.687	1.605
Total consumption (millions of gallons)	655.945	629.159	615.620	587.253
Peak daily consumption (millions of gallons)	2.623	2.783	2.801	3.091
Sewer				
Average daily sewage treatment (millions of gallons)	1.426	1.455	1.280	1.292
Total consumption (millions of gallons)	520.640	531.100	468.360	471.600
Peak daily consumption (millions of gallons)	2.510	3.099	2.845	3.000

Source: Various City departments

Fiscal Year					
2017	2018	2019	2020	2021	2022
1,679	1,678	1,470	995	1,047	1,096
1,176	1,149	1,145	953	971	1,155
5,421	4,795	4,293	2,250	2,073	3,573
2,543	1,240	3,309	2,523	2,394	2,458
22,413	25,141	20,661	16,767	17,997	21,871
1,833	1,969	1,966	1,460	1,820	2,056
100	94	69	57	87	47
4 min, 10 sec	4 min, 4 sec	4 min, 24 sec	4 min, 29 sec	3 min, 35 sec	3 min, 38 sec
247	244	302	181	163	307
1.542	1.603	1.520	1.802	1.950	2.037
563.416	599.500	555.183	660.135	712.446	744.296
1.912	3.268	2.503	2.518	2.739	2.582
1.28	1.26	1.368	1.32	1.154	1.263
467.000	458.870	500.731	483.825	420.720	461.000
2.960	2.880	3.590	3.170	3.170	2.140

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

Function / Program	Fiscal Year			
	2013	2014	2015	2016
Police				
Stations	1	1	1	1
Patrol units	47	47	48	48
Fire stations	2	2	2	2
Other public works				
Streets (miles - centerlines)	24.9	24.9	25.9	25.1
Streetlights	1,007	1,008	1,008	1,049
Parks and recreation				
Parks	5	5	5	5
Parks acreage	26.0	26.0	26.0	26.0
Baseball / softball diamonds	2	2	2	2
Community centers	1	1	1	1
Water				
Water mains (miles)	50.7	50.5	52.0	52.8
Fire hydrants	643	644	665	673
Storage capacity (millions of gallons)	3.0	3.0	3.0	3.0
Sewer				
Sanitary sewers (miles)	32.9	33.4	34.2	34.9
Storm sewers (miles)	25.5	23.8	24.6	26.5
Open ditch / creek / canal drainage (miles)	6.7	6.7	6.2	8.6
Treatment capacity (millions of gallons)	3.3	3.3	3.3	3.3

Source: Various City departments

Fiscal Year						
2017	2018	2019	2020	2021	2022	
1	1	1	1	1	1	
49	47	47	45	44	43	
2	2	2	2	2	2	
25.3	26.2	26.6	27.0	29.6	30.6	
1,111	1,070	1,112	1,149	1,185	1,196	
5	5	5	5	5	5	
26.0	26.0	26.0	26.0	26.0	26.0	
2	2	2	2	2	2	
1	1	1	1	1	1	
52.9	55.3	56.5	56.0	57.5	61.1	
682	712	630	665	685	715	
3.0	3.0	3.0	3.0	3.0	3.0	
34.9	35.8	35.7	36.7	38.5	40.9	
25.5	26.4	27.1	27.5	29.1	30.3	
6.2	6.0	6.4	5.3	5.3	5.4	
3.3	3.3	3.3	3.3	3.3	3.3	

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