

ANNUAL COMPREHENSIVE FINANCIAL REPORT



For the Fiscal Year Ended
September 30, 2023
City of Webster, Texas

*ANNUAL COMPREHENSIVE
FINANCIAL REPORT*

OF THE

CITY OF WEBSTER, TEXAS

**For the Fiscal Year Ended
September 30, 2023**

CITY MANAGER

Michael K. Ahrens

Prepared by:

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Director of Finance**

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

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CITY OF WEBSTER, TEXAS

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March 5, 2024

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, 2023. 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.

Local Economy

Only twenty-five 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.

The unemployment rate for the Houston metropolitan area increased from 4.2% to 4.4% during this fiscal year as growth has slowed to pre-pandemic levels. Property values have increased by 36.0% over the last five years as both residential and commercial development continues throughout the area.

The Fiscal Year 2022-23 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, 532 suites, and is opening in November 2024.
- Shops at Baybrook, which is transforming a defunct METRO park and ride into a vibrant retail center, began construction in Q4 2022 and has several restaurants opening in Q1 2024. This project places approximately 5 acres on the City's tax rolls for the first time as the property was previously owned by TxDOT.
- During Q3 2024, Absolute Volleyball Academy (AVA) completed eight state of the art outdoor sand volleyball courts that complement the 55,000 square foot indoor venue. AVA hosts multiple tournaments each year that attract players and coaches from all over the state.

Major Initiatives

The largest revenue source in the General Fund is sales tax, accounting for approximately 56% of General Fund revenues. While sales tax collection is extremely difficult to predict, the Fiscal Year 2022-23 Annual Budget anticipated revenue to increase by a conservative estimate of 3%. The local economy continued to see growth and sales tax revenue increased by 7.3% in the Fiscal Year 2022-23 over 2021-22.

Another large source of revenue is the ad valorem tax. The City's 2023 taxable property value rose 22% above the adjusted 2022 value. The Fiscal Year 2023-24 Annual Budget reflects a property tax rate of \$0.33394 per \$100 of valuation, 8.5% less than the \$0.34674 tax rate that was adopted for 2022-23.

General Fund expenditures are expected to increase by 15.2% to \$35,000,407. Personnel costs make up 58% of the General Fund budget. A 5% across the board cost-of-living increase was awarded to employees by City

Council in the Fiscal Year 2023-24 budget. General Government capital projects in the Fiscal Year 2023-24 budget for various infrastructure projects have a total budget of \$20.8 million. Utility capital projects for water, wastewater, and sewer infrastructure improvements have a total budget of \$16.4 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 2024-28 adopted by City Council reflects \$37 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 and NASA Parkway Improvements. 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 (WEDC) have continued 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, will open November 2024, Chicken N Pickle will open February 2024, and Vida Mariscos and Pop Stroke are slated to open in late 2024.

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, 2023, 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, 2023. 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, 2022. This represents the 34th 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 2022-23 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 2023-24 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

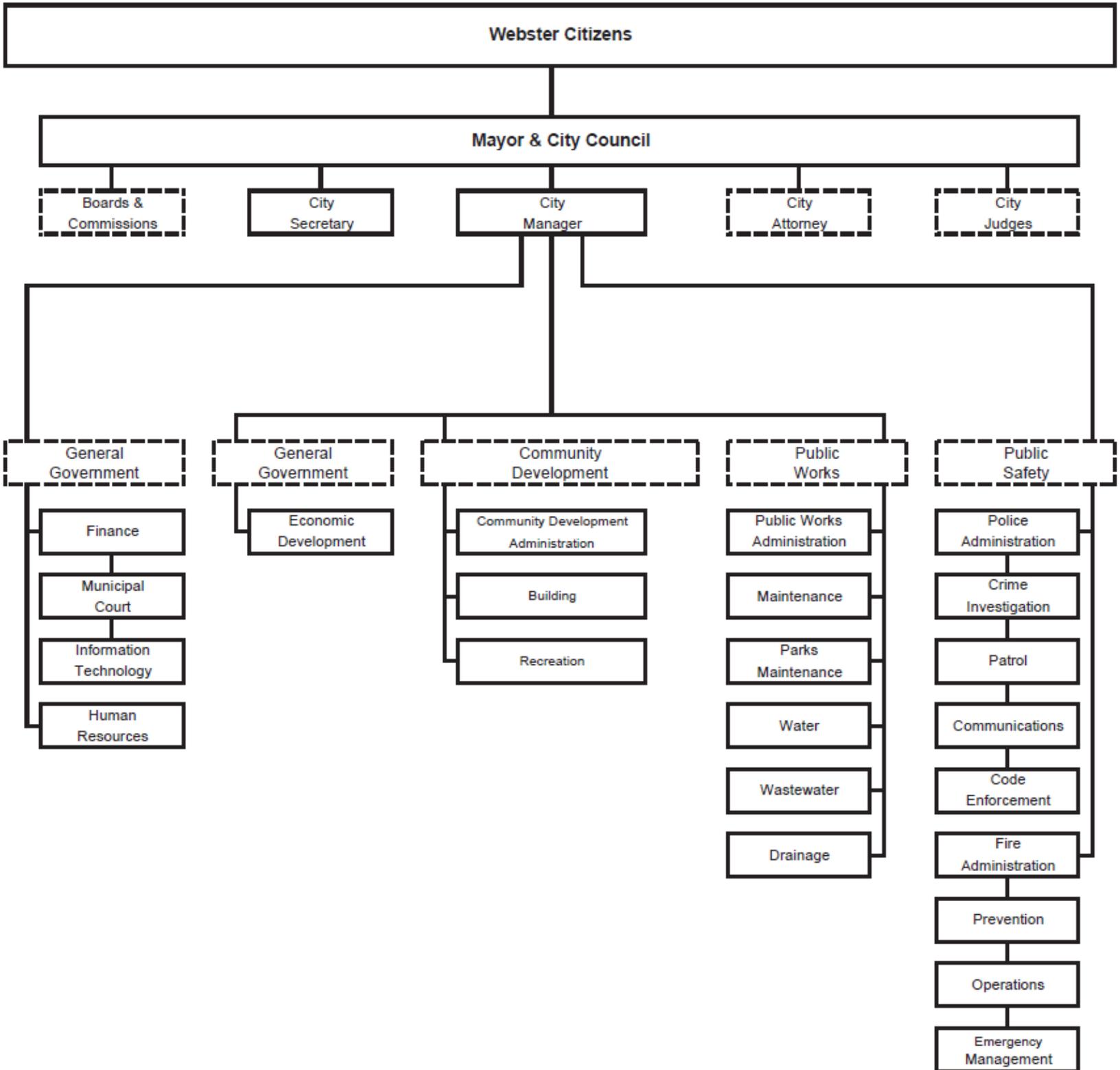


Carrie Ditta
Assistant Director of Finance

CITY OF WEBSTER, TEXAS

ORGANIZATION CHART

September 30, 2023



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, 2022

Christopher P. Morrill

Executive Director/CEO

CITY OF WEBSTER, TEXAS
PRINCIPAL OFFICIALS
September 30, 2023

City Officials	Elected Position	Term Expires
Donna Rogers	Mayor	05/2026
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	05/2026

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

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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, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

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.9 to the financial statements, the City adopted new accounting guidance, Governmental Accounting Standards Board Statement No. 96, *Subscription-Based Information Technology Arrangements*, in fiscal year 2023. 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' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an 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 is the responsibility of management and, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the 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, 2024

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***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, 2023

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 Certificates 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, 2023

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 proprietary funds 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 the 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 notes to 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 \$126,418,058 as of September 30, 2023 in the primary government. Compared to the prior year, the overall financial position of the City has increased by \$14,524,127.

The largest portion of the City's net position (59.6 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, 2023

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 64,650,602	\$ 62,596,192	\$ 34,281,697	\$ 32,556,950	\$ 98,932,299	\$ 95,153,142
Capital assets, net	64,563,597	56,696,950	23,115,629	20,895,522	87,679,226	77,592,472
Total Assets	<u>129,214,199</u>	<u>119,293,142</u>	<u>57,397,326</u>	<u>53,452,472</u>	<u>186,611,525</u>	<u>172,745,614</u>
Deferred charge on refunding	-	-	13,707	15,438	13,707	15,438
Deferred outflows - pensions	7,824,889	2,011,251	702,625	171,939	8,527,514	2,183,190
Deferred outflows - TMRS OPEB	108,676	144,882	14,300	17,688	122,976	162,570
Deferred outflows - health OPEB	71,336	68,932	8,640	8,415	79,976	77,347
Total Deferred Outflows of Resources	<u>8,004,901</u>	<u>2,225,065</u>	<u>739,272</u>	<u>213,480</u>	<u>8,744,173</u>	<u>2,438,545</u>
Long-term liabilities	38,658,459	30,210,065	22,511,106	22,530,920	61,169,565	52,740,985
Other liabilities	5,303,328	4,731,681	1,609,610	764,554	6,912,938	5,496,235
Total Liabilities	<u>43,961,787</u>	<u>34,941,746</u>	<u>24,120,716</u>	<u>23,295,474</u>	<u>68,082,503</u>	<u>58,237,220</u>
Deferred inflows - pensions	139,749	4,332,624	-	354,346	139,749	4,686,970
Deferred inflows - TMRS OPEB	257,412	67,262	26,003	8,211	283,415	75,473
Deferred inflows - health OPEB	182,665	130,782	20,821	15,966	203,486	146,748
Deferred inflows - leases	228,487	143,817	-	-	228,487	143,817
Total Deferred Inflows of Resources	<u>808,313</u>	<u>4,674,485</u>	<u>46,824</u>	<u>378,523</u>	<u>855,137</u>	<u>5,053,008</u>
Net Position:						
Net investment in capital assets	56,332,945	47,800,701	19,054,591	15,824,251	75,387,536	63,624,952
Restricted	10,762,148	10,958,673	8,067,077	7,957,319	18,829,225	18,915,992
Unrestricted	25,353,907	23,142,602	6,847,390	6,210,385	32,201,297	29,352,987
Total Net Position	<u>\$ 92,449,000</u>	<u>\$ 81,901,976</u>	<u>\$ 33,969,058</u>	<u>\$ 29,991,955</u>	<u>\$ 126,418,058</u>	<u>\$ 111,893,931</u>

A portion of the primary government's net position, \$18,829,225 or 14.9 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, \$32,201,297 or 25.5 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, 2023

Statement of Activities

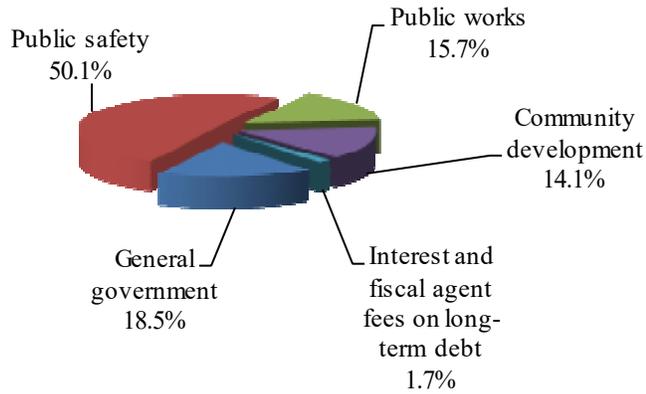
The following table provides a summary of the City's changes in net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 2,269,147	\$ 2,507,925	\$ 8,172,093	\$ 6,798,062	\$ 10,441,240	\$ 9,305,987
Operating grants and contributions	934,172	722,853	60,000	-	994,172	722,853
Capital grants and contributions	6,975,639	3,189,328	-	-	6,975,639	3,189,328
General revenues:						
Ad valorem taxes	9,681,310	9,379,739	-	-	9,681,310	9,379,739
Sales taxes	17,460,412	16,265,939	-	-	17,460,412	16,265,939
Franchise fees and local taxes	1,216,450	1,158,594	-	-	1,216,450	1,158,594
Hotel/motel occupancy taxes	2,135,713	1,877,277	-	-	2,135,713	1,877,277
Mixed beverage taxes	609,936	592,076	-	-	609,936	592,076
Investment earnings	2,765,924	134,402	1,513,507	192,164	4,279,431	326,566
Other revenues	409,243	348,174	1,165,466	658,800	1,574,709	1,006,974
Total Revenues	44,493,121	36,176,307	10,911,066	7,649,026	55,404,187	43,825,333
Expenses						
General government	6,359,301	5,552,193	-	-	6,359,301	5,552,193
Public safety	17,248,298	14,122,132	-	-	17,248,298	14,122,132
Public works	5,402,172	4,688,090	-	-	5,402,172	4,688,090
Community development	4,846,515	2,207,827	-	-	4,846,515	2,207,827
Interest and fiscal agent fees on long-term debt	589,811	669,622	-	-	589,811	669,622
Water	-	-	3,245,680	3,024,839	3,245,680	3,024,839
Wastewater	-	-	2,911,849	2,721,435	2,911,849	2,721,435
Drainage	-	-	276,434	319,465	276,434	319,465
Total Expenses	34,446,097	27,239,864	6,433,963	6,065,739	40,880,060	33,305,603
Increase in Net Position						
Before Transfers	10,047,024	8,936,443	4,477,103	1,583,287	14,524,127	10,519,730
Transfers in (out)	500,000	500,000	(500,000)	(500,000)	-	-
Change in Net Position	10,547,024	9,436,443	3,977,103	1,083,287	14,524,127	10,519,730
Beginning Net Position	81,901,976	72,465,533	29,991,955	28,908,668	111,893,931	101,374,201
Ending Net Position	\$ 92,449,000	\$ 81,901,976	\$ 33,969,058	\$ 29,991,955	\$ 126,418,058	\$ 111,893,931

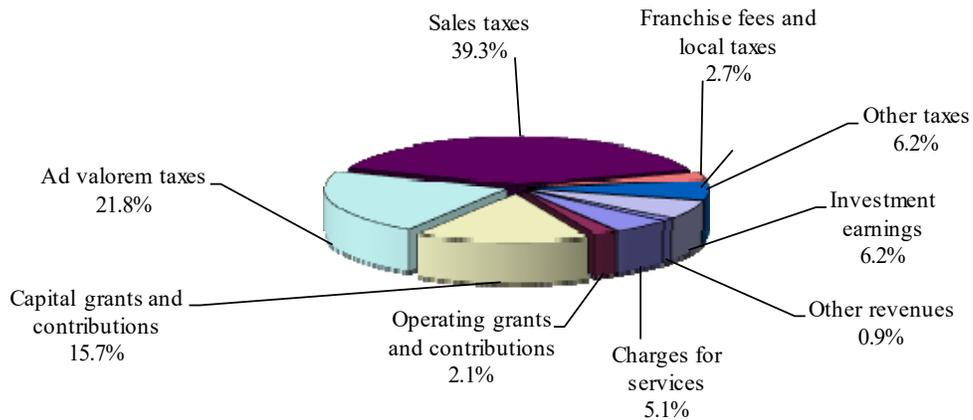
CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

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

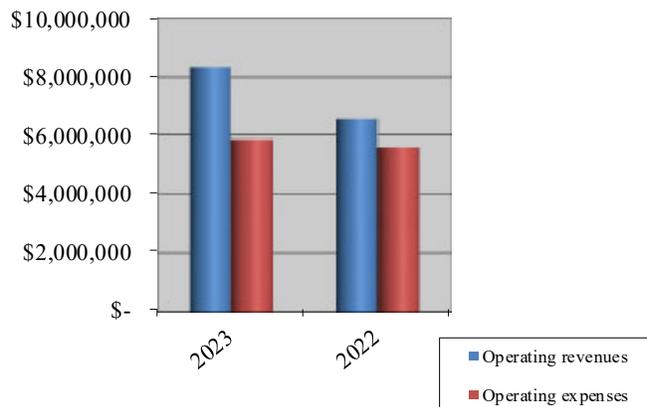
Governmental Activities - Expenses



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, 2023

Governmental Activities

For the year ended September 30, 2023, revenues from governmental activities totaled \$44,493,121. 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 \$301,571 as the result of higher assessed values of properties. Sales taxes increased in the amount of \$1,194,473 due to the continued economic growth within the City. Capital grants and contributions increased \$3,786,311 due to funds related to capital projects contributed by the WEDC. Investment income also saw an increase of \$2,631,522 primarily related to increases in interest rates on the City's investments.

For the year ended September 30, 2023, expenses for governmental activities totaled \$34,446,097, which was an increase of \$7,206,233 compared to the prior year. All functions of expenses saw an increase in fiscal year 2023 with the exception of interest expense. These increases are primarily related to changes in the TMRS pension plan for the City's employees, as well as general increases in salaries and benefits for City employees.

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 \$1,374,031 or 20.2 percent due to an increase in consumption and rates in fiscal year 2023. Total costs increased by \$368,224 or 6.1 percent due to increases in personnel costs, as well as additional repairs and maintenance costs incurred 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 \$54,082,523. Of this, \$1,737,771 is nonspendable consisting of prepaid items and inventory, \$1,941,441 is assigned, \$23,952,032 is restricted for various purposes, and \$26,451,279 remains as the portion unassigned.

There was an increase in the fund balance of the total governmental funds of \$1,481,092 from the prior year. Compared to the prior year, revenues increased \$4,323,668 due mainly to increases in sales tax revenues, ad valorem taxes, and an increase in investment income related to higher interest rates on the City's investments. Expenditures increased \$5,790,193, primarily due to an increase across all functions with the exception of general government and interest expenditures. The City's fund balance policy for the general fund is a minimum four-month reserve. The general fund's unassigned fund balance of \$26,451,279 is \$17,245,888 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 \$3,746,848 in the general fund fund balance, bringing ending fund balance to \$26,710,220. Revenues increased \$2,879,872 compared to the prior year due to increases in sales tax revenues, ad valorem taxes and an increase in investment income. Expenditures increased \$2,314,699 from the prior year primarily due to increases in public safety related to increases in personnel costs, as well as an increase in public works related to additional repairs and maintenance costs.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

There was a decrease of \$30,018 in the debt service fund fund balance, bringing ending fund balance to \$647,757. The decrease in revenues of \$83,201 is mainly due to a decrease in ad valorem tax revenue. The increase in expenditures of \$27,329 is due to an increase in principal payments on the City's debt.

The hotel occupancy tax fund experienced a decrease in fund balance of \$277,637 as a result of a large contribution to WEDC during the year.

The grant fund fund balance increased to \$103,793 solely due to interest earned on investments.

The Certificates of Obligation, Series 2021A fund experienced a decrease in fund balance of \$2,101,689 primarily related to the use of bond proceeds from the previous year on capital projects.

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 about 20 percent due to an increase in consumer consumption and rates. Drainage charges were comparable to the prior year. Operating expenses increased by about 10 percent with the greatest increases in personnel primarily related to increases in salaries and benefits for employees.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund operating budget was amended to provide for an additional \$547,200 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 investment earnings revenue. Actual revenues were a net \$2,187,575 more than budgeted for fiscal year 2023 with almost half the variance being attributable to investment income.

Actual expenditures were less than budgeted expenditures by net \$2,759,121. All functions had positive budget variances.

CAPITAL ASSETS

At September 30, 2023, the City's governmental and business-type activities had invested \$87,679,226 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net increase of \$10,086,754.

Major capital asset events during the year included the following:

- Ongoing Great Wolf Way project in the amount of \$1,788,974.
- Ongoing Flyway project in the amount of \$3,744,957.
- Ongoing Fairway Drive project in the amount of \$337,834.
- Ongoing NASA Parkway improvement project in the amount of \$2,583,766.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2023

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 \$37,485,000. Of this amount, \$5,565,000 was general obligation debt, while certificates of obligation accounted for \$31,920,000.

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
General obligation bonds	<hr/> 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, 2023. The budget includes total resources of \$69,229,224 and expenditures of \$83,233,894, including the activity of the WEDC. Anticipated revenue was higher than originally adopted for fiscal year 2022-23, due in large part to the growth in sales tax revenue, municipal court revenue, and interest revenue. The municipal court activity has continued to increase since the initial decline during the global pandemic. For fiscal year 2023-24 sales tax is to increase by a modest 2% over the previous fiscal year. Rising personnel costs are due to annual pay increases for employees and the addition of 1 new full-time position. Capital improvements and infrastructure projects are budgeted at \$20,835,750 for general government projects and \$16,407,181 for utility projects in the 2023-24 budget. These projects will be financed with a combination of bond proceeds, impact fees, and funding from other state and federal sources. The 2023-24 budget for the equipment replacement fund includes \$1,071,995 in expenses for fleet purchases. Expenditures by the WEDC increased with the Flyway development project.

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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CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

September 30, 2023

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 57,257,022	\$ 26,793,347	\$ 84,050,369	\$ 17,451,475
Investments	1,997,160	6,151,747	8,148,907	-
Receivables (net of allowance for uncollectible)	3,725,641	1,259,487	4,985,128	937,815
Internal balances	(75,766)	75,766	-	-
Prepaid items	1,721,993	1,350	1,723,343	134,227
Inventory	24,552	-	24,552	-
Capital assets:				
Nondepreciable/nonamortizeable	16,604,553	3,186,338	19,790,891	21,779,841
Net depreciable/amortizeable capital assets	47,959,044	19,929,291	67,888,335	-
Total Assets	129,214,199	57,397,326	186,611,525	40,303,358
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	-	13,707	13,707	-
Deferred outflows - pensions	7,824,889	702,625	8,527,514	-
Deferred outflows - TMRS OPEB	108,676	14,300	122,976	-
Deferred outflows - health OPEB	71,336	8,640	79,976	-
Total Deferred Outflows of Resources	8,004,901	739,272	8,744,173	-
LIABILITIES				
Accounts payable and accrued liabilities	2,363,821	1,087,321	3,451,142	694,817
Customer deposits	9,000	473,318	482,318	-
Accrued interest payable	67,891	48,971	116,862	46,525
Unearned revenue	2,862,616	-	2,862,616	-
Noncurrent liabilities:				
Long-term liabilities due within one year	3,709,949	1,130,752	4,840,701	1,161,168
Long-term liabilities due in more than one year	34,948,510	21,380,354	56,328,864	26,214,345
Total Liabilities	43,961,787	24,120,716	68,082,503	28,116,855
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	139,749	-	139,749	-
Deferred inflows - TMRS OPEB	257,412	26,003	283,415	-
Deferred inflows - health OPEB	182,665	20,821	203,486	-
Deferred inflows - leases	228,487	-	228,487	-
Total Deferred Inflows of Resources	808,313	46,824	855,137	-
NET POSITION				
Net investment in capital assets	56,332,945	19,054,591	75,387,536	(5,595,672)
Restricted for:				
Debt service	654,882	618,989	1,273,871	826,324
Enabling legislation	10,107,266	-	10,107,266	-
Construction/capital improvements	-	7,448,088	7,448,088	192,648
Economic development	-	-	-	16,763,203
Unrestricted	25,353,907	6,847,390	32,201,297	-
Total Net Position	\$ 92,449,000	\$ 33,969,058	\$ 126,418,058	\$ 12,186,503

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 6,359,301	\$ 367,433	\$ 930,000	\$ -
Public safety	17,248,298	1,108,447	4,172	-
Public works	5,402,172	-	-	6,975,639
Community development	4,846,515	793,267	-	-
Interest and fiscal agent fees	589,811	-	-	-
Total Governmental Activities	34,446,097	2,269,147	934,172	6,975,639
Business-Type Activities				
Water	3,245,680	4,122,497	60,000	-
Wastewater	2,911,849	3,698,483	-	-
Drainage	276,434	351,113	-	-
Total Business-Type Activities	6,433,963	8,172,093	60,000	-
Total Primary Government	\$ 40,880,060	\$ 10,441,240	\$ 994,172	\$ 6,975,639
Component Unit				
Webster Economic Development Corporation	\$ 9,320,086	\$ -	\$ 2,502,569	\$ -
Total Component Unit	\$ 9,320,086	\$ -	\$ 2,502,569	\$ -

General Revenues:

- Ad valorem taxes
- Sales taxes
- Franchise fees
- Hotel/motel occupancy taxes
- Mixed beverage taxes
- Investment earnings
- Other revenues
- Gain on sale/retirement of capital assets

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
\$ (5,061,868)	\$ -	\$ (5,061,868)	\$ -
(16,135,679)	-	(16,135,679)	-
1,573,467	-	1,573,467	-
(4,053,248)	-	(4,053,248)	-
(589,811)	-	(589,811)	-
<u>(24,267,139)</u>	<u>-</u>	<u>(24,267,139)</u>	<u>-</u>
-	936,817	936,817	-
-	786,634	786,634	-
-	74,679	74,679	-
<u>-</u>	<u>1,798,130</u>	<u>1,798,130</u>	<u>-</u>
<u>(24,267,139)</u>	<u>1,798,130</u>	<u>(22,469,009)</u>	<u>-</u>
-	-	-	(6,817,517)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(6,817,517)</u>
9,681,310	-	9,681,310	-
17,460,412	-	17,460,412	5,820,137
1,216,450	-	1,216,450	-
2,135,713	-	2,135,713	-
609,936	-	609,936	-
2,765,924	1,513,507	4,279,431	732,077
409,243	1,165,466	1,574,709	-
35,175	-	35,175	3,204,542
500,000	(500,000)	-	-
<u>34,814,163</u>	<u>2,178,973</u>	<u>36,993,136</u>	<u>9,756,756</u>
10,547,024	3,977,103	14,524,127	2,939,239
81,901,976	29,991,955	111,893,931	9,247,264
<u>\$ 92,449,000</u>	<u>\$ 33,969,058</u>	<u>\$ 126,418,058</u>	<u>\$ 12,186,503</u>

CITY OF WEBSTER, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2023

	General	Debt Service	Hotel Occupancy Tax	Grant
ASSETS				
Cash and cash equivalents	\$ 22,935,277	\$ 647,778	\$ 9,129,040	\$ 2,946,798
Investments	1,997,160	-	-	-
Receivables (net of allowance for uncollectible)	3,394,952	75,016	255,673	-
Prepaid items	234,389	-	63,907	-
Inventory	24,552	-	-	-
Total Assets	\$ 28,586,330	\$ 722,794	\$ 9,448,620	\$ 2,946,798
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,471,083	\$ 21	\$ 4,886	\$ -
Customer deposits	9,000	-	-	-
Due to other funds	2,704	-	-	-
Unearned revenue	2,910	-	-	2,843,005
Total Liabilities	1,485,697	21	4,886	2,843,005
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	161,926	75,016	-	-
Unavailable revenue - leases	228,487	-	-	-
Total Deferred Inflows of Resources	390,413	75,016	-	-
FUND BALANCES				
Nonspendable:				
Prepaid items	234,389	-	63,907	-
Inventory	24,552	-	-	-
Restricted for:				
Debt service	-	647,757	-	-
Construction/capital improvements	-	-	-	103,793
Enabling legislation	-	-	9,379,827	-
Assigned to:				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Unassigned	26,451,279	-	-	-
Total Fund Balances	26,710,220	647,757	9,443,734	103,793
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 28,586,330	\$ 722,794	\$ 9,448,620	\$ 2,946,798

See Notes to Financial Statements.

C.O. Series 2021A	Nonmajor Governmental	Total Governmental Funds
\$ 13,932,391	\$ 2,687,809	\$ 52,279,093
-	-	1,997,160
-	-	3,725,641
1,414,923	-	1,713,219
-	-	24,552
<u>\$ 15,347,314</u>	<u>\$ 2,687,809</u>	<u>\$ 59,739,665</u>
\$ 839,175	\$ 2,228	\$ 2,317,393
-	-	9,000
-	-	2,704
-	16,701	2,862,616
<u>839,175</u>	<u>18,929</u>	<u>5,191,713</u>
-	-	236,942
-	-	228,487
-	-	465,429
1,414,923	-	1,713,219
-	-	24,552
-	-	647,757
13,093,216	-	13,197,009
-	727,439	10,107,266
-	261,579	261,579
-	1,679,862	1,679,862
-	-	26,451,279
<u>14,508,139</u>	<u>2,668,880</u>	<u>54,082,523</u>
<u>\$ 15,347,314</u>	<u>\$ 2,687,809</u>	<u>\$ 59,739,665</u>

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CITY OF WEBSTER, TEXAS
RECONCILIATION OF THE
GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
September 30, 2023

Total fund balances – total governmental funds	\$ 54,082,523
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/amortizeable	16,604,553
Capital assets – net depreciable/amortizeable	47,959,044
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	
	236,942
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.	
	4,867,213
Some liabilities, and deferred items including bonds payable and net pension and other postemployment benefits (OPEB) liabilities, are not reported as liabilities or deferred items in the governmental funds.	
Accrued interest payable	(67,891)
Noncurrent liabilities due in one year	(3,709,949)
Noncurrent liabilities due in more than one year	(34,948,510)
Deferred outflows - pensions	7,824,889
Deferred inflows - pensions	(139,749)
Deferred outflows - TMRS OPEB	108,676
Deferred outflows - health OPEB	71,336
Deferred inflows - TMRS OPEB	(257,412)
Deferred inflows - health OPEB	(182,665)
Net Position of Governmental Activities	\$ 92,449,000

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, 2023

	General	Debt Service	Hotel Occupancy Tax	Grant
REVENUES				
Ad valorem taxes	\$ 6,898,211	\$ 2,786,423	\$ -	\$ -
Sales taxes	17,460,412	-	-	-
Franchise fees	1,194,706	-	-	-
Hotel/motel occupancy taxes	-	-	2,135,713	-
Mixed beverage taxes	609,936	-	-	-
Licenses and permits	742,177	-	-	-
Fines and forfeitures	1,061,404	-	-	-
Charges for services	418,523	-	-	-
Intergovernmental	-	-	-	-
Investment earnings	1,089,498	50,408	469,273	103,793
Contributions	930,000	-	-	-
Other revenue	321,280	-	4,240	-
Total Revenues	30,726,147	2,836,831	2,609,226	103,793
EXPENDITURES				
Current				
General government	4,363,219	-	-	-
Public safety	16,240,397	-	-	-
Public works	4,887,622	-	-	-
Community development	2,012,655	-	2,741,863	-
Capital Outlay	-	-	-	-
Debt Service				
Principal	106,795	1,965,000	-	-
Interest and fiscal charges	5,485	901,849	-	-
Total Expenditures	27,616,173	2,866,849	2,741,863	-
Excess (Deficiency) of Revenues Over (Under) Expenditures	3,109,974	(30,018)	(132,637)	103,793
OTHER FINANCING SOURCES (USES)				
Transfers in	654,000	-	-	-
Transfers out	(17,972)	-	(145,000)	-
Proceeds from sale of capital assets	846	-	-	-
Total Other Financing Sources (Uses)	636,874	-	(145,000)	-
Net Change in Fund Balances	3,746,848	(30,018)	(277,637)	103,793
Beginning Fund Balances	22,963,372	677,775	9,721,371	-
Ending Fund Balances	\$ 26,710,220	\$ 647,757	\$ 9,443,734	\$ 103,793

See Notes to Financial Statements.

C.O. Series 2021A	Nonmajor Governmental	Total Governmental Funds
\$ -	\$ -	\$ 9,684,634
-	-	17,460,412
-	21,744	1,216,450
-	-	2,135,713
-	-	609,936
-	-	742,177
-	47,043	1,108,447
-	-	418,523
-	4,172	4,172
729,274	112,631	2,554,877
-	-	930,000
-	83,723	409,243
<u>729,274</u>	<u>269,313</u>	<u>37,274,584</u>
-	51,706	4,414,925
-	15,375	16,255,772
-	-	4,887,622
-	-	4,754,518
2,830,963	171,409	3,002,372
-	-	2,071,795
-	-	907,334
<u>2,830,963</u>	<u>238,490</u>	<u>36,294,338</u>
<u>(2,101,689)</u>	<u>30,823</u>	<u>980,246</u>
-	17,972	671,972
-	(9,000)	(171,972)
-	-	846
-	8,972	500,846
<u>(2,101,689)</u>	<u>39,795</u>	<u>1,481,092</u>
16,609,828	2,629,085	52,601,431
<u>\$ 14,508,139</u>	<u>\$ 2,668,880</u>	<u>\$ 54,082,523</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, 2023

Net changes in fund balances – total governmental funds	\$ 1,481,092
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/Amortization	(3,857,094)
Capital outlay	4,748,102
Capital contributions from component units and developers are not reported as revenues in the governmental funds.	
	6,975,639
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	
	(3,324)
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 Activities. 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	1,965,000
Subscription payments	65,275
Amortization of deferred charges	404,379
Accrued interest	(45,336)
Compensated absences	(16,355)
Net pension liability	(11,115,455)
Total TMRS OPEB liability	207,557
Total health OPEB liability	41,205
Deferred outflows - pensions	5,813,638
Deferred inflows - pensions	4,192,875
Deferred outflows - TMRS OPEB	(36,206)
Deferred inflows - TMRS OPEB	(190,150)
Deferred outflows - health OPEB	2,404
Deferred inflows - health OPEB	(51,883)
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.	
	(34,339)
Change in Net Position of Governmental Activities	\$ 10,547,024

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

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

September 30, 2023

	Business-Type Activities Utility	Governmental Activities Internal Service
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 26,793,347	\$ 4,977,929
Investments	6,151,747	-
Receivables, net	1,259,487	-
Due from other funds	2,704	-
Prepaid expenses	1,350	8,774
Total Current Assets	34,208,635	4,986,703
Noncurrent Assets		
Capital assets:		
Nondepreciable/amortizeable	3,186,338	-
Depreciable/Amortizeable capital assets	46,850,635	7,848,594
Less: accumulated depreciation/amortization	(26,921,344)	(5,766,129)
Total Capital Assets (Net)	23,115,629	2,082,465
Total Noncurrent Assets	23,115,629	2,082,465
Total Assets	57,324,264	7,069,168
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	13,707	-
Deferred outflows - pensions	702,625	153,152
Deferred outflows - TMRS OPEB	14,300	1,798
Deferred outflows - health OPEB	8,640	3,055
Total Deferred Outflows of Resources	739,272	158,005
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	1,087,321	46,428
Accrued interest payable	48,971	-
Current portion of compensated absences	76,166	29,105
Customer deposits	473,318	-
Current portion of bonds payable (net of deferred charges)	1,054,586	-
Total Current Liabilities	2,740,362	75,533
Noncurrent Liabilities		
Compensated absences	50,620	7,045
Subscription liability	-	83,027
Net pension liability	1,414,044	330,997
Total TMRS OPEB liability	61,422	11,832
Total health OPEB liability	36,255	20,801
Bonds payable (net of deferred charges)	19,818,013	-
Total Noncurrent Liabilities	21,380,354	453,702
Total Liabilities	24,120,716	529,235
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	-	6,982
Deferred inflows - TMRS OPEB	26,003	5,049
Deferred inflows - health OPEB	20,821	4,242
Total Deferred Inflows of Resources	46,824	16,273

CITY OF WEBSTER, TEXAS

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

September 30, 2023

	<u>Business-Type Activities</u> <u>Utility</u>	<u>Governmental Activities</u> <u>Internal Service</u>
NET POSITION		
Net investment in capital assets	\$ 19,054,591	\$ 2,082,465
Restricted for debt service	618,989	-
Restricted for construction/capital improvements	7,448,088	-
Unrestricted	<u>6,774,328</u>	<u>4,599,200</u>
Total Net Position	<u>33,895,996</u>	<u>\$ 6,681,665</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	73,062	
Net position of business-type activities	<u>\$ 33,969,058</u>	

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, 2023

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Utility</u>	<u>Internal Service</u>
OPERATING REVENUES		
Water charges	\$ 4,122,497	\$ -
Wastewater charges	3,698,483	-
Drainage charges	351,113	-
Penalties and reconnect fees	72,403	-
Charges for services	-	4,412,161
Other revenue	99,992	44,842
Total Operating Revenues	<u>8,344,488</u>	<u>4,457,003</u>
OPERATING EXPENSES		
Personnel	1,869,742	3,121,089
Supplies	1,077,610	9,246
Maintenance	583,824	62,986
Services	940,159	337,704
Depreciation/Amortization	1,402,296	788,184
Total Operating Expenses	<u>5,873,631</u>	<u>4,319,209</u>
Operating Income	<u>2,470,857</u>	<u>137,794</u>
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	1,513,507	211,047
Interest expense	(539,047)	-
Impact fees	993,071	-
Intergovernmental	60,000	-
Gain on sale of capital assets	-	75,321
Total Nonoperating Revenues	<u>2,027,531</u>	<u>286,368</u>
Income Before Transfers	4,498,388	424,162
TRANSFERS		
Transfers (out)	<u>(500,000)</u>	<u>-</u>
Change in Net Position	3,998,388	424,162
Beginning Net Position	<u>29,897,608</u>	<u>6,257,503</u>
Ending Net Position	<u>\$ 33,895,996</u>	<u>\$ 6,681,665</u>
Change in net position before adjustment	\$ 3,998,388	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(21,285)</u>	
Change in net position of business-type activities	<u>\$ 3,977,103</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, 2023

	Business-Type Activities Utility	Governmental Activities Internal Service
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 7,998,713	\$ -
Receipts from interfund charges for equipment replacement	-	909,940
Receipts from interfund charges for information technology	-	803,550
Receipts from interfund charges for employee benefits	-	2,744,206
Payments to suppliers	(1,831,940)	(3,108,489)
Payments to employees	(1,684,772)	(334,224)
Net Cash Provided by Operating Activities	4,482,001	1,014,983
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Impact fees	993,071	-
Transfers to other funds	(500,000)	-
Net Cash Provided by Noncapital Financing Activities	553,071	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,622,403)	(1,350,576)
Principal paid on debt	(910,000)	-
Interest paid on debt	(641,011)	-
Proceeds from sale of capital assets	-	75,320
Net Cash (Used) by Capital and Related Financing Activities	(5,173,414)	(1,275,256)
CASH FLOWS FROM INVESTING ACTIVITIES		
Sale of investments	-	971,870
Purchase of investments	(5,156,147)	-
Interest on investments	1,513,507	211,047
Net Cash Provided (Used) by Investing Activities	(3,642,640)	1,182,917
Net Increase (Decrease) in Cash and Cash Equivalents	(3,780,982)	922,644
Beginning Cash and Cash Equivalents	30,574,329	4,055,285
Ending Cash and Cash Equivalents	\$ 26,793,347	\$ 4,977,929

CITY OF WEBSTER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2023

	Business-Type Activities	Governmental Activities
	Utility	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 2,470,857	\$ 137,794
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation/Amortization	1,402,296	788,184
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	(371,275)	693
Due from other funds	(452)	-
Prepaid expenses	860	1,511
Deferred outflows of resources	(525,792)	(108,655)
Increase (Decrease) in Liabilities:		
Accounts payable and accrued liabilities	769,245	4,225
Compensated absences	51,086	7,451
Subscription liability	-	41,520
Customer deposits	25,500	-
Net pension liability	1,014,651	208,877
Total TMRS OPEB liability	(19,221)	(5,065)
Total health OPEB liability	(4,055)	12,503
Deferred inflows of resources	(331,699)	(74,055)
Net Cash Provided by Operating Activities	\$ 4,482,001	\$ 1,014,983

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2023

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, 2023

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 major 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 exception of the hotel occupancy tax fund and the grant fund, which are major funds. The hotel

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

occupancy tax fund's major revenue source is hotel occupancy tax. The grants fund is used to track the proceeds and use of various grant programs for which the City is a grantee.

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 certificates 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 proprietary fund:

The *enterprise 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 transfers 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, 2023

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 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, 2023

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 net 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 net 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, 2023

- 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.
- Deferred inflows related to leases are amortized over the terms of the leases.

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.

The City also recognized a deferred inflow of unavailable resources that are related to leases receivable at the fund level under the modified accrual basis of accounting and on the Statement of Net Position under the full accrual basis of accounting. The revenue is recognized at the fund level and on the Statement of Net Position as the deferred inflow from leases receivable is amortized over the terms of the leases.

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

8. Leases

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. 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.

The City is a lessee for a noncancellable lease of equipment. The City would recognize a lease liability and an intangible, right-to-use lease asset (the “lease asset”) in the government-wide financial statements. The City’s leases to report are immaterial to the financial statements as a whole and are not recognized as a lease liability or a lease asset.

9. Subscription Based Information Technology Arrangements

The City has noncancellable subscription-based information technology arrangements (SBITAs) to finance the use of information technology software. The City recognizes a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the government-wide financial statements. The City recognizes a subscription liability with an initial, individual value of at least \$50,000 or more.

At the commencement of the SBITAs, the City initially measures the subscription liability at the present value of subscription payments expected to be made during the subscription term. Future subscription payments are discounted using either the implicit rate or the City’s incremental borrowing rate if the interest rate is not readily determinable. The subscription liability is reduced by the principal portion of the subscription payments made. The subscription asset is initially measured as the initial amount of the subscription liability, plus payments made before the commencement of the subscription term and capitalizable implementation costs. The subscription asset is reduced for any vendor incentives received. The subscription asset is amortized on a straight-line basis over the subscription term.

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

- The term includes the noncancellable period of the SBITAs plus option periods, in which one party may exercise, that the City is reasonably certain will be exercised.
- The subscription payments included in the measurement of the subscription liability are composed of fixed or fixed in substance payments and other payments associated with the SBITAs that the City is reasonably certain to make based on an assessment of all relevant factors.

The City monitors changes in circumstances that would required a remeasurement of its SBITAs and will remeasure the subscription liability and asset if certain changes occur that are expected to significantly affect the amount of the subscription liability. The subscription liabilities are reported with long-term debt and the subscription assets are reported with other capital assets on the Statement of Net Position.

10. 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.

11. 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.

12. 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

CITY OF WEBSTER, TEXAS
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For the Year Ended September 30, 2023

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

13. 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.

14. 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.

15. 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

16. 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.

17. 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.

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, 2023

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.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2023, the City had the following investments:

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 1,999,800	0.03
External investment pools	80,096,860	0.06
Total value	<u>\$ 82,096,660</u>	
Portfolio weighted average maturity		0.06

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 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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, 2023, the City had the following recurring fair value measurements:

	September 30, 2023	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	\$ 1,999,800	\$ 1,999,800
Total	\$ 1,999,800	\$ 1,999,800

U.S. Government agency bonds and notes 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, 2023, 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, 2023 consist of a variety of bonds and discount notes issued by the Federal Farm Credit Bank. 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 the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of September 30, 2023, 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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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.

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.

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NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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, 2023

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>Hotel Occupancy Tax</u>	<u>Component Unit</u>
Ad valorem taxes	\$ 161,975	\$ 75,118	\$ -	\$ -
Other taxes	2,917,304	-	255,673	937,815
Accrued interest	2,723	-	-	-
Other	312,999	-	-	-
Less allowance	(49)	(102)	-	-
	<u>\$ 3,394,952</u>	<u>\$ 75,016</u>	<u>\$ 255,673</u>	<u>\$ 937,815</u>

Proprietary Funds

	<u>Enterprise</u>
Accounts	\$ 1,352,079
Less allowance	(92,592)
	<u>\$ 1,259,487</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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	5,403,406	9,350,296	(3,593,669)	11,160,033
Total capital assets not being depreciated	<u>10,847,926</u>	<u>9,350,296</u>	<u>(3,593,669)</u>	<u>16,604,553</u>
Other capital assets:				
Buildings and improvements	26,746,057	955,946	-	27,702,003
Furniture and equipment	15,156,742	1,661,407	(155,420)	16,662,729
Right-to-use subscription asset	475,258	102,921	-	578,179
Infrastructure	60,793,315	3,287,832	-	64,081,147
Total other capital assets	<u>103,171,372</u>	<u>6,008,106</u>	<u>(155,420)</u>	<u>109,024,058</u>
Less accumulated depreciation/amortization for:				
Buildings and improvements	(13,650,549)	(735,801)	-	(14,386,350)
Furniture and equipment	(11,136,114)	(1,158,342)	114,428	(12,180,028)
Right-to-use subscription asset	-	(167,342)	-	(167,342)
Infrastructure	(32,535,685)	(1,795,609)	-	(34,331,294)
Total accumulated depreciation/amortization	<u>(57,322,348)</u>	<u>(3,857,094)</u>	<u>114,428</u>	<u>(61,065,014)</u>
Other capital assets, net	<u>45,849,024</u>	<u>2,151,012</u>	<u>(40,992)</u>	<u>47,959,044</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,696,950</u>	<u>\$ 11,501,308</u>	<u>\$ (3,634,661)</u>	<u>64,563,597</u>
*Beginning balances have been restated		Less debt associated with capital assets		(21,323,868)
		Plus unspent bond proceeds		13,093,216
		Net Investment in Capital Assets		<u>\$ 56,332,945</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 1,275,694
Public safety	731,015
Public works	1,096,492
Community development	22,256
Internal service funds	<u>731,637</u>
Total Governmental Activities	
Depreciation/Amortization Expense	<u>\$ 3,857,094</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, 2023

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

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Component Unit:				
Capital assets not being depreciated:				
Land	\$ 23,795,038	\$ -	\$ (2,015,197)	\$ 21,779,841
Total Capital Assets Not Being Depreciated	\$ 23,795,038	\$ -	\$ (2,015,197)	\$ 21,779,841
			Less debt associated with capital assets	(27,375,513)
			Net Investment in Capital Assets	\$ (5,595,672)

Remaining commitments under related construction contracts for general government construction projects at September 30, 2023 are as follows:

Governmental Activities:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Texas Ave Park Restrooms	\$ 580,394	\$ 248,773	\$ 331,621
NASA Parkway improvement	7,075,805	2,380,146	4,695,659
Great Wolf Lodge	1,557,585	1,183,108	374,477
Flyway Parcel 4	2,085,420	1,554,910	530,510
	\$ 11,299,204	\$ 5,366,937	\$ 5,932,267

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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	345,198	2,738,871	-	3,084,069
Total capital assets not being depreciated	<u>447,467</u>	<u>2,738,871</u>	<u>-</u>	<u>3,186,338</u>
Other capital assets:				
Building and improvements	30,699,078	331,278	-	31,030,356
Furniture and equipment	471,064	346,469	-	817,533
Water and wastewater system	14,796,961	205,785	-	15,002,746
Total other capital assets	<u>45,967,103</u>	<u>883,532</u>	<u>-</u>	<u>46,850,635</u>
Less accumulated depreciation for:				
Building and improvements	(14,883,016)	(967,115)	-	(15,850,131)
Furniture and equipment	(208,309)	(40,535)	-	(248,844)
Water and wastewater system	(10,427,723)	(394,646)	-	(10,822,369)
Total accumulated depreciation	<u>(25,519,048)</u>	<u>(1,402,296)</u>	<u>-</u>	<u>(26,921,344)</u>
Other capital assets, net	<u>20,448,055</u>	<u>(518,764)</u>	<u>-</u>	<u>19,929,291</u>
Business-Type Activities Capital Assets, Net	<u>\$ 20,895,522</u>	<u>\$ 2,220,107</u>	<u>\$ -</u>	<u>23,115,629</u>
				Less debt associated with capital assets (20,872,599)
				Plus deferred charge on refunding 13,707
				Plus unspent bond proceeds 16,797,854
				<u>Net Investment in Capital Assets \$ 19,054,591</u>

Depreciation was charged to business-type functions as follows:

Water	\$ 505,850
Wastewater	<u>896,446</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,402,296</u>

Remaining commitments under related construction contracts for business-type construction projects at September 30, 2023 are as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
Lift Station #5 Force Main	\$ 1,236,072	\$ 1,032,374	\$ 203,698
Wastewater Treatment Plant Aeration Improvements	4,227,000	126,112	4,100,888
Wastewater Treatment Plant Electrical Improvements	3,133,000	153,900	2,979,100
	<u>\$ 8,596,072</u>	<u>\$ 1,312,386</u>	<u>\$ 7,283,686</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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.

	Beginning Balance*	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 3,260,000	\$ -	\$ (245,000)	\$ 3,015,000	\$ 265,000
Certificates of obligation	16,900,000	-	(1,720,000)	15,180,000	1,805,000
Plus bond premium	3,533,247	-	(404,379)	3,128,868	404,377
	<u>23,693,247</u>	<u>-</u>	<u>(2,369,379)</u>	<u>21,323,868</u> ⁽¹⁾	<u>2,474,377</u>
Other liabilities:					
Net pension liability	3,724,710	11,115,455	-	14,840,165	-
Total OPEB liability (TMRS)	662,198	-	(207,557)	454,641	-
Total OPEB liability (Health)	330,190	-	(41,205)	288,985	-
Subscription liability	397,907	102,921	(168,196)	332,632	152,853
Compensated absences	1,401,813	1,086,588	(1,070,233)	1,418,168	1,082,719
Total Governmental Activities	<u>\$ 30,210,065</u>	<u>\$ 12,304,964</u>	<u>\$ (3,856,570)</u>	<u>\$ 38,658,459</u>	<u>\$ 3,709,949</u>
Business-Type Activities:					
General obligation bonds	\$ 2,820,000	\$ -	\$ (270,000)	\$ 2,550,000 ⁽²⁾	\$ 285,000
Certificates of obligation	17,380,000	-	(640,000)	16,740,000 ⁽²⁾	670,000
Plus bond premiums	1,684,563	-	(101,964)	1,582,599 ⁽²⁾	99,586
Net pension liability	399,393	1,014,651	-	1,414,044	-
Total OPEB liability (TMRS)	80,643	-	(19,221)	61,422	-
Total OPEB liability (Health)	40,310	-	(4,055)	36,255	-
Compensated absences	126,011	76,476	(75,701)	126,786	76,166
Total Business-Type Activities	<u>\$ 22,530,920</u>	<u>\$ 1,091,127</u>	<u>\$ (1,110,941)</u>	<u>\$ 22,511,106</u>	<u>\$ 1,130,752</u>
WEDC:					
Bonds payable	\$ 27,570,000	\$ -	\$ (1,060,000)	\$ 26,510,000 ⁽³⁾	\$ 1,110,000
Plus bond premiums	916,681	-	(51,168)	865,513 ⁽³⁾	51,168
Total WEDC	<u>\$ 28,486,681</u>	<u>\$ -</u>	<u>\$ (1,111,168)</u>	<u>\$ 27,375,513</u>	<u>\$ 1,161,168</u>
*Beginning balances have been restated					
(1) Debt associated with governmental capital assets			<u>\$ 21,323,868</u>		
(2) Debt associated with business-type capital assets			<u>\$ 20,872,599</u>		
(3) Debt associated with WEDC capital assets			<u>\$ 27,375,513</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, 2023

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%	\$ 3,015,000
Total General Obligation Bonds		<u>3,015,000</u>
Certificates of Obligation		
Tax and Revenue Certificates of Obligation, Series 2018A	3.00 - 4.00%	2,765,000
Tax and Revenue Certificates of Obligation, Series 2021A	4.00 - 5.00%	12,415,000
Total Certificates of Obligation		<u>15,180,000</u>
Total Governmental Activities Long-Term Debt		<u>\$ 18,195,000</u>
<u>Business-Type Activities</u>		
General Obligation Bonds		
Water and Sewer Refunding Bonds, Series 2014	3.00 - 4.00%	\$ 2,550,000
Total General Obligation Bonds		<u>2,550,000</u>
Certificates of Obligation		
Tax and Revenue Certificates of Obligation, Series 2018B	3.50 - 4.00%	1,615,000
Tax and Revenue Certificates of Obligation, Series 2021B	2.00 - 5.00%	15,125,000
Total Certificates of Obligation		<u>16,740,000</u>
Total Business-Type Activities Long-Term Debt		<u>\$ 19,290,000</u>
<u>WEDC</u>		
Sales Tax Revenue Bonds, Series 2017	3.75 - 5.00%	\$ 7,325,000
Sales Tax Revenue Bonds, Series 2022	4.00 - 5.00%	19,185,000
Total Component Unit Long-Term Debt		<u>\$ 26,510,000</u>

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

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
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	330,000	85,000	320,000	41,375
2029-2033	1,535,000	159,375	1,025,000	64,325
Total	<u>\$ 3,015,000</u>	<u>\$ 736,125</u>	<u>\$ 2,550,000</u>	<u>\$ 365,138</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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
2024	\$ 1,805,000	\$ 658,825	\$ 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	2,170,000	292,300	815,000	374,255
2029-2033	5,245,000	355,875	4,660,000	1,280,413
2034-2038	-	-	5,330,000	611,064
2039-2042	-	-	3,050,000	96,523
Total	\$ 15,180,000	\$ 2,745,450	\$ 16,740,000	\$ 4,229,050

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
2024	\$ 1,110,000	\$ 1,069,794
2025	1,170,000	1,014,294
2026	1,225,000	960,494
2027	1,280,000	904,144
2028	1,340,000	845,244
2029-2033	7,485,000	3,413,439
2034-2038	7,570,000	1,903,364
2039-2042	5,330,000	543,400
Total	\$ 26,510,000	\$ 10,654,173

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, 2023, the value of the lease receivable is \$123,713. The Lessee is required to make monthly fixed payments of \$1,850. The lease has an interest rate of 1.08%. The value of the deferred inflow of resources as of September 30, 2023 was \$122,397, and the City recognized lease revenue of \$21,344 during the fiscal year. The Lessee has one extension option of 60 months.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

On October 1, 2022, the City entered into a 24 month lease as lessor for the use of Acadian Ambulance - Fire Station 1 & 2. An initial lease receivable was recorded in the amount of \$212,029. As of September 30, 2023, the value of the lease receivable is \$107,425. The lessee is required to make monthly fixed payments of \$9,108. The lease has an interest rate of 3.207%. The value of the deferred inflow of resources as of September 30, 2023 was \$106,014, and the City recognized lease revenue of \$106,014 during the fiscal year. The lessee has one extension option for 12 months.

The following table illustrates the future payments expected:

Fiscal Year	Governmental Activities	
Ending Sept. 30	Principal	Interest
2024	\$ 128,392	\$ 3,108
2025	21,195	1,005
2026	21,425	775
2027	21,658	542
2028	21,893	307
2029-2033	16,575	75
Total	\$ 231,138	\$ 5,812

Subscription Based Information Technology Arrangements

On November 21, 2022, the City entered into a 36-month subscription for the use of Cisco Data Security Software. An initial subscription liability was recorded in the amount of \$102,921. As of September 30, 2023, the value of the subscription liability is \$67,515. The City is required to make annual fixed payments of \$35,406. The subscription has an interest rate of 3.2380%. The value of the right-to-use subscription asset as of September 30, 2023 is \$102,921 with accumulated amortization of \$29,542.

On October 1, 2022, the City entered into a 19-month subscription for the use of Cisco CyberGard. An initial subscription liability was recorded in the amount of \$41,507. As of September 30, 2023, the value of the subscription liability is \$15,512. The City is required to make monthly fixed payments of \$2,240. The subscription has an interest rate of 3.2380%. The value of the right-to-use subscription asset as of September 30, 2023 is \$43,507 with accumulated amortization of \$27,005.

On October 1, 2022, the City entered into a 45-month subscription for the use of Evidence Management Software. An initial subscription liability was recorded in the amount of \$206,889. As of September 30, 2023, the value of the subscription liability is \$139,294. The City is required to make annual fixed payments of \$74,160. The subscription has an interest rate of 3.2687%. The value of the right-to-use subscription as of September 30, 2023 is \$230,609 with accumulated amortization of \$60,510.

On October 1, 2022, the City entered into a 48-month subscription for the use of Open Gov - Budgeting Software. An initial subscription liability was recorded in the amount of \$149,511. As of September 30, 2023, the value of the subscription liability is \$110,311. The City is required to make annual fixed payments of \$39,200. The subscription has an interest rate of 3.2687%. The value of the right-to-use subscription as of September 30, 2023 is \$201,141 with accumulated amortization of \$50,285.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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 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 and enterprise funds during the year were as follows:

Transfer In	Transfer Out	Amounts
General Fund	Utility Fund	\$ 500,000
General Fund	Hotel Occupancy Tax Fund	145,000
General Fund	Nonmajor Governmental Funds	9,000
Nonmajor Governmental Funds	General Fund	17,972
		\$ 671,972

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.

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, 2023

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

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

	<u>2023</u>	<u>2022</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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	141
Inactive employees entitled to, but not yet receiving, benefits	118
Active employees	174
Total	<u><u>433</u></u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching percentages are either 100%, 150%, or 200%, 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 17.08% and 17.52% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$2,394,434, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate 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. The assumptions were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for the 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 appreciation, as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, TMRS' 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 public equity	35%	7.7%
Core fixed income	6%	4.9%
Non-core fixed income	20%	8.7%
Other public and private markets	12%	8.1%
Real estate	12%	5.8%
Hedge funds	5%	6.9%
Private equity	10%	11.8%
Total	100%	

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 member and employer contributions will be made at the rates specified in statute. Based on that assumption, TMRS's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the 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	\$ 2,495,511	\$ -	\$ 2,495,511
Interest	5,261,364	-	5,261,364
Difference between expected and actual experience	2,167,063	-	2,167,063
Contributions - employer	-	2,313,296	(2,313,296)
Contributions - employee	-	924,263	(924,263)
Net investment income	-	(5,452,839)	5,452,839
Benefit payments, including refunds of employee contributions	(4,138,324)	(4,138,324)	-
Administrative expense	-	(47,150)	47,150
Other changes	-	56,264	(56,264)
Net Changes	5,785,614	(6,344,490)	12,130,104
Balance at December 31, 2021	78,767,535	74,643,430	4,124,105
Balance at December 31, 2022	\$ 84,553,149	\$ 68,298,940	\$ 16,254,209

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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	\$ 28,267,953	\$ 16,254,209	\$ 6,162,259

Pension Plan Fiduciary Net Position

Detailed information about TMRS's fiduciary net position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at tmrs.com.

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$3,632,995.

At September 30, 2023, 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	\$ 2,026,860	\$ 137,364
Changes in actuarial assumptions	-	2,385
Difference between projected and actual investment earnings	4,778,845	-
Contributions subsequent to the measurement date	1,721,809	-
Total	\$ 8,527,514	\$ 139,749

\$1,721,809 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, 2024. 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
2024	\$ 789,638
2025	1,781,385
2026	1,822,321
2027	2,272,612
Total	\$ 6,665,956

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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 Supplemental Death Benefits Fund (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 SDBF’s funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

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, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	97
Inactive employees entitled to, but not yet receiving, benefits	27
Active employees	174
Total	<u>298</u>

Total OPEB Liability

The City’s total OPEB liability of \$516,062 was measured as of December 31, 2022 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, 2023

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2022 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	4.05%
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements of GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

The actuarial assumptions used in the December 31, 2022 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 and 2024 rates as determined in the December 31, 2021 and December 31, 2022 actuarial valuations, respectively.

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 42,252
Interest	13,939
Differences between expected and actual experience	(7,550)
Change in assumptions	(262,415)
Benefit payments	(13,204)
Net Changes	(226,978)
Balance at December 31, 2021	743,040
Balance at December 31, 2022	\$ 516,062

The discount rate increased from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. There were no other changes of assumptions or 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, 2023

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 (3.05%)	Discount Rate (4.05%)	1% Increase in Discount Rate (5.05%)
City's Total OPEB Liability	\$ 616,162	\$ 516,062	\$ 437,912

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$35,485.

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	\$ 2,382	\$ 53,767
Changes in actuarial assumptions	109,505	229,648
Contributions subsequent to the measurement date	11,089	-
Total	\$ 122,976	\$ 283,415

\$11,089 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, 2024.

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
2024	\$ (23,089)
2025	(25,328)
2026	(26,066)
2027	(39,190)
2028	(42,979)
Thereafter	(14,876)
Total	\$ (171,528)

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, 2023

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, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	2	
Active employees	156	
Total	158	

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 \$325,440 was measured as of December 31, 2022 and was determined by an actuarial valuation as of December 31, 2022.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2021 actuarial valuation, rolled forward to December 31, 2022, 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*	4.05%
Actuarial cost method	Individual entry-age normal
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (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 published through 2019 to account for future mortality improvements.
Health care trend rates	Non-Medicare: initial rate of 7.00% declining to an ultimate rate of 4.15%
Participation rates	15% for members retiring at age 55 and after; 5% for members retiring before age 55; Retirees are assumed to discontinue coverage at Medicare age.

*The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

Changes in the Total OPEB Liability

	Total OPEB Liability
Changes for the year:	
Service cost	\$ 34,940
Interest	6,963
Difference between expected and actual experience	11,823
Changes in assumptions	(79,652)
Benefit payments	(19,134)
Net Changes	(45,060)
Balance at December 31, 2021	370,500
Balance at December 31, 2022	\$ 325,440

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 4.05%, 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 (3.05%)	Current Discount Rate Assumption (4.05%)	1% Increase in Discount Rate (5.05%)
City's Total OPEB Liability	\$ 359,435	\$ 325,440	\$ 294,746

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	\$ 281,113	\$ 325,440	\$ 379,011

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$29,319.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

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	\$ 51,496	\$ 106,684
Differences between expected and actual experience	21,780	96,802
Contributions subsequent to the measurement date	6,700	-
Total	\$ 79,976	\$ 203,486

\$6,700 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, 2024. 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
2024	\$ (12,584)
2025	(12,584)
2026	(12,584)
2027	(12,584)
2028	(13,397)
Thereafter	(66,477)
Total	\$ (130,210)

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
\$ 841,502	\$ 202,952	\$ 486,901	\$ 64,804

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, 2023

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, 2023, the total taxable value of property within the District was approximately \$263,574,778. 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 Net Position

Beginning net position for governmental activities and the information technology fund has been restated as a result of implementation of GASB Statement No. 96, *Subscription Based Information Technology Arrangements*.

	Governmental Activities	Information Technology
Beginning net position as reported	\$ 81,824,625	\$ 469,611
Right-to-use subscription asset	475,258	43,507
Subscription liability	(397,907)	(41,507)
Beginning net position, restated	\$ 81,901,976	\$ 471,611

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, 2023, the City’s total investment in SEWPP totaled \$5,411,122. The net investment reported is \$1,896,430, which includes accumulated depreciation of \$3,514,693

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2023

H. 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 its component unit. 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 2023, the Webster Economic Development Corporation made incentive payments of \$175,880 to WB Nasa Bypass for the completion of 17,588 square feet of net leasable space under the terms of the Development Agreement. The Webster Economic Development Corporation reimbursed \$500,000 in impact and permit fees to GWR Webster LLC under the terms of the Development Agreement. For the fiscal year 2023, the City of Webster made incentive payments of \$167,857 to American Furniture Warehouse Co. under the terms of the Chapter 380 Economic Development Agreement

I. 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.

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REQUIRED SUPPLEMENTARY INFORMATION

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Budgeted Amounts		2023 Actual	Variance with Final Budget	2022 Actual
	Original Budget	Budget as Amended		Positive (Negative)	
REVENUES					
Ad valorem taxes	\$ 7,093,497	\$ 7,093,497	\$ 6,898,211	\$ (195,286)	\$ 6,453,424
Sales taxes	16,823,365	16,823,365	17,460,412	637,047	16,265,939
Franchise fees	1,168,065	1,168,065	1,194,706	26,641	1,178,560
Mixed beverage taxes	615,000	615,000	609,936	(5,064)	592,076
Licenses and permits	617,105	617,105	742,177	125,072	1,295,721
Fines and forfeitures	689,000	689,000	1,061,404	372,404	760,821
Charges for services	380,240	380,240	418,523	38,283	371,567
Other	182,300	182,300	321,280	138,980	285,886
Intergovernmental	-	-	-	-	19,477
Investment earnings	40,000	40,000	1,089,498	1,049,498	(77,196)
Contributions	930,000	930,000	930,000	-	700,000
Total Revenues	28,538,572	28,538,572	30,726,147	2,187,575	27,846,275
EXPENDITURES					
General government					
City council	514,532	552,940	382,690	170,250	500,110
City secretary	675,073	675,073	631,740	43,333	595,534
City manager	516,840	516,840	494,279	22,561	490,393
Finance	1,127,521	1,054,441	994,461	59,980	1,126,582
Municipal court	722,473	722,473	703,623	18,850	635,687
Human resources	572,404	572,404	514,548	57,856	527,145
Economic development	698,633	698,633	641,878	56,755	727,646
Total general government	4,827,476	4,792,804	4,363,219	429,585	4,603,097
Public safety					
Police					
Administration	2,378,100	2,358,900	2,101,732	257,168	2,232,041
CID	1,076,266	1,076,265	992,089	84,176	961,511
Patrol	6,064,915	6,064,915	5,652,773	412,142	5,156,503
Communications	1,645,826	1,645,826	1,540,255	105,571	1,182,619
Code enforcement	214,820	214,620	168,234	46,386	166,034
Total police	11,379,927	11,360,526	10,455,083	905,443	9,698,708
Emergency management	208,555	208,555	191,911	16,644	193,407
Fire					
Prevention	542,570	542,570	519,157	23,413	925,356
Operations	2,536,032	2,620,078	2,590,036	30,042	3,755,152
Administration	2,529,085	2,541,585	2,484,210	57,375	-
Total fire	5,607,687	5,704,233	5,593,403	110,830	4,680,508
Total public safety	17,196,169	17,273,314	16,240,397	1,032,917	14,572,623

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Budgeted Amounts		2023 Actual	Variance with Final Budget Positive (Negative)	2022 Actual
	Original Budget	Budget as Amended			
Public works					
Administrative	\$ 1,345,440	\$ 1,404,940	\$ 1,158,607	\$ 246,333	\$ 939,860
Maintenance	2,198,405	2,263,288	2,080,051	183,237	1,841,206
Parks	2,082,310	2,314,402	1,648,964	665,438	1,431,904
Total public works	<u>5,626,155</u>	<u>5,982,630</u>	<u>4,887,622</u>	<u>1,095,008</u>	<u>4,212,970</u>
Community development					
Administrative	770,340	770,340	735,479	34,861	687,348
Building	732,262	732,262	724,550	7,712	732,017
Recreational	693,664	711,664	552,626	159,038	493,419
Total community development	<u>2,196,266</u>	<u>2,214,266</u>	<u>2,012,655</u>	<u>201,611</u>	<u>1,912,784</u>
Debt Service					
Principal	-	106,795	106,795	-	-
Interest	-	5,485	5,485	-	-
Total debt service	<u>-</u>	<u>112,280</u>	<u>112,280</u>	<u>-</u>	<u>-</u>
Total Expenditures	<u>29,846,066</u>	<u>30,375,294</u>	<u>27,616,173</u>	<u>2,759,121</u>	<u>25,301,474</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,307,494)</u>	<u>(1,836,722)</u>	<u>3,109,974</u>	<u>4,946,696</u>	<u>2,544,801</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	654,000	654,000	654,000	-	627,500
Transfers out	-	(17,972)	(17,972)	-	-
Sale of capital assets	15,000	15,000	846	(14,154)	14,379
Total Other Financing Sources	<u>669,000</u>	<u>651,028</u>	<u>636,874</u>	<u>(14,154)</u>	<u>641,879</u>
Net Change in Fund Balance	<u>\$ (638,494)</u>	<u>\$ (1,185,694)</u>	<u>3,746,848</u>	<u>\$ 4,932,542</u>	<u>\$ 3,186,680</u>
Beginning Fund Balance			<u>22,963,372</u>		
Ending Fund Balance			<u>\$ 26,710,220</u>		

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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Budgeted Amounts		2023 Actual	Variance with Final Budget	2022 Actual
	Original Budget	Budget as Amended		Positive (Negative)	
REVENUES					
Hotel/motel occupancy taxes	\$ 1,650,000	\$ 1,650,000	\$ 2,135,713	\$ 485,713	\$ 1,877,277
Other revenue	-	(2,502,569)	4,240	2,506,809	-
Investment earnings	10,000	10,000	469,273	459,273	47,045
Total Revenues	<u>1,660,000</u>	<u>(842,569)</u>	<u>2,609,226</u>	<u>3,451,795</u>	<u>1,924,322</u>
EXPENDITURES					
Community development	658,315	3,160,884	2,741,863	419,021	414,152
Total Expenditures	<u>658,315</u>	<u>3,160,884</u>	<u>2,741,863</u>	<u>419,021</u>	<u>414,152</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,001,685</u>	<u>(4,003,453)</u>	<u>(132,637)</u>	<u>3,870,816</u>	<u>1,510,170</u>
OTHER FINANCING (USES)					
Transfers out	(145,000)	(145,000)	(145,000)	-	(118,500)
Total Other Financing (Uses)	<u>(145,000)</u>	<u>(145,000)</u>	<u>(145,000)</u>	<u>-</u>	<u>(118,500)</u>
Net Change in Fund Balance	<u>\$ 856,685</u>	<u>\$ (4,148,453)</u>	<u>(277,637)</u>	<u>\$ 3,870,816</u>	<u>\$ 1,391,670</u>
Beginning Fund Balance			<u>9,721,371</u>		
Ending Fund Balance			<u>\$ 9,443,734</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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	2023 Actual	Variance with Final Budget Positive (Negative)	2022 Actual
REVENUES					
Intergovernmental	\$ 4,000	\$ 4,000	\$ -	\$ (4,000)	\$ -
Investment earnings	-	-	103,793	103,793	-
Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>103,793</u>	<u>99,793</u>	<u>-</u>
EXPENDITURES					
Public safety	<u>4,000</u>	<u>4,000</u>	-	<u>4,000</u>	-
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	103,793	<u>\$ 103,793</u>	<u>\$ -</u>
Beginning Fund Balance			<u>-</u>		
Ending Fund Balance			<u>\$ 103,793</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, 2023

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

Measurement Year*

	2018	2019	2020	2021	2022
\$	2,253,187	\$ 2,381,462	\$ 2,389,895	\$ 2,432,504	\$ 2,495,511
	4,147,333	4,422,476	4,684,967	4,957,027	5,261,364
	200,666	(282,083)	(297,793)	658,790	2,167,063
	-	(17,053)	-	-	-
	<u>(2,469,495)</u>	<u>(2,708,785)</u>	<u>(2,531,744)</u>	<u>(3,003,948)</u>	<u>(4,138,324)</u>
	4,131,691	3,796,017	4,245,325	5,044,373	5,785,614
	<u>61,550,129</u>	<u>65,681,820</u>	<u>69,477,837</u>	<u>73,723,162</u>	<u>78,767,535</u>
\$	<u>65,681,820</u>	<u>69,477,837</u>	<u>73,723,162</u>	<u>78,767,535</u>	<u>84,553,149</u>
\$	2,030,123	\$ 2,171,634	\$ 2,224,036	\$ 2,189,505	\$ 2,313,296
	830,559	873,230	879,562	881,342	924,263
	(1,609,157)	8,112,856	4,621,252	8,611,620	(5,452,839)
	(2,469,495)	(2,708,785)	(2,531,744)	(3,003,948)	(4,138,324)
	(31,083)	(45,810)	(29,884)	(39,814)	(47,150)
	(1,624)	(1,376)	(1,166)	273	56,264
	<u>(1,250,677)</u>	<u>8,401,749</u>	<u>5,162,056</u>	<u>8,638,978</u>	<u>(6,344,490)</u>
	<u>53,691,325</u>	<u>52,440,647</u>	<u>60,842,396</u>	<u>66,004,452</u>	<u>74,643,430</u>
\$	<u>52,440,648</u>	<u>60,842,396</u>	<u>66,004,452</u>	<u>74,643,430</u>	<u>68,298,940</u>
\$	<u>13,241,172</u>	<u>8,635,441</u>	<u>7,718,710</u>	<u>4,124,105</u>	<u>16,254,209</u>
	79.84%	87.57%	89.53%	94.76%	80.78%
\$	11,865,122	\$ 12,468,389	\$ 12,565,166	\$ 12,590,600	\$ 13,203,760
	111.60%	69.26%	61.43%	32.76%	123.10%

CITY OF WEBSTER, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2023

	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%

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	16 years (longest amortization ladder)
Asset valuation method	10 year smoothed market; 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 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 1,980,522	\$ 2,142,988	\$ 2,136,732	\$ 2,198,357	\$ 2,256,082	\$ 2,394,434
1,999,992	2,149,621	2,136,732	2,198,357	2,256,082	2,394,434
<u>\$ (19,470)</u>	<u>\$ (6,633)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 11,687,367	\$ 12,398,994	\$ 12,122,464	\$ 12,578,627	\$ 12,903,435	\$ 13,920,031
17.11%	17.34%	17.63%	17.48%	17.48%	17.20%

CITY OF WEBSTER, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2023

	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 six years of information is currently available. The City will build this schedule over the next four-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 11.50% including inflation.

Discount rate* 4.05%

Administrative expenses All administrative expenses are paid through the PTF and accounted for under reporting requirements of GASB Statement No. 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.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial study for the period December 31, 2014 to December 31, 2018.

There were no benefit changes during the year.

Measurement Year*	
2021	2022
\$ 39,031	\$ 42,252
14,529	13,939
(35,080)	(7,550)
23,930	(262,415)
(12,591)	(13,204)
<u>29,819</u>	<u>(226,978)</u>
713,221	743,040
<u>\$ 743,040</u>	<u>\$ 516,062</u>
\$ 12,590,600	\$ 13,203,760
5.90%	3.91%

CITY OF WEBSTER, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE MEDICAL PROGRAM
For the Year Ended September 30, 2023

	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 six years of information is currently available. The City will build this schedule over the next four-year period.

Notes to Required Supplementary Information:

1. Changes in Assumptions

Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

2. Changes in Benefits

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

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.

Measurement Year*	
2021	2022
\$ 34,254	\$ 34,940
9,483	6,963
(93,619)	11,823
(30,776)	(79,652)
(11,729)	(19,134)
(92,387)	(45,060)
462,887	370,500
\$ 370,500	\$ 325,440
\$ 11,357,778	\$ 11,933,165
3.26%	2.73%

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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 Programs 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 Certificates 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, 2023

	Special Revenue Funds			Capital Project Funds
	Public Safety	Municipal Court Programs	PEG Channel	Street Construction
ASSETS				
Cash and cash equivalents	\$ 278,280	\$ 355,184	\$ 374,483	\$ 1,004,016
Total Assets	\$ 278,280	\$ 355,184	\$ 374,483	\$ 1,004,016
LIABILITIES				
Accounts payable	\$ -	\$ 2,228	\$ -	\$ -
Unearned revenue	16,701	-	-	-
Total Liabilities	16,701	2,228	-	-
FUND BALANCES				
Restricted for:				
Enabling legislation	-	352,956	374,483	-
Assigned to:				
Special revenue	261,579	-	-	-
Capital projects	-	-	-	1,004,016
Total Fund Balances	261,579	352,956	374,483	1,004,016
Total Liabilities and Fund Balances	\$ 278,280	\$ 355,184	\$ 374,483	\$ 1,004,016

Capital Project Funds

Other Capital Projects	General Projects	C.O. Series 2018	Total Nonmajor Governmental Funds
\$ 593,812	\$ 82,034	\$ -	\$ 2,687,809
<u>\$ 593,812</u>	<u>\$ 82,034</u>	<u>\$ -</u>	<u>\$ 2,687,809</u>
\$ -	\$ -	\$ -	\$ 2,228
<u>-</u>	<u>-</u>	<u>-</u>	<u>16,701</u>
<u>-</u>	<u>-</u>	<u>-</u>	<u>18,929</u>
-	-	-	727,439
-	-	-	261,579
<u>593,812</u>	<u>82,034</u>	<u>-</u>	<u>1,679,862</u>
<u>593,812</u>	<u>82,034</u>	<u>-</u>	<u>2,668,880</u>
<u>\$ 593,812</u>	<u>\$ 82,034</u>	<u>\$ -</u>	<u>\$ 2,687,809</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2023

	<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	\$ 7,017	\$ 40,026	\$ -	\$ -
Franchise fees	-	-	21,744	-
Investment earnings	13,281	15,820	-	48,490
Intergovernmental	4,172	-	-	-
Other revenue	7,956	75,767	-	-
Total Revenues	<u>32,426</u>	<u>131,613</u>	<u>21,744</u>	<u>48,490</u>
EXPENDITURES				
Current				
General government	-	51,706	-	-
Public safety	15,375	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>15,375</u>	<u>51,706</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,051</u>	<u>79,907</u>	<u>21,744</u>	<u>48,490</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(9,000)	-	-
Total Other Financing (Uses)	<u>-</u>	<u>(9,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	17,051	70,907	21,744	48,490
Beginning Fund Balances	<u>244,528</u>	<u>282,049</u>	<u>352,739</u>	<u>955,526</u>
Ending Fund Balances	<u>\$ 261,579</u>	<u>\$ 352,956</u>	<u>\$ 374,483</u>	<u>\$ 1,004,016</u>

Capital Project Funds

Other Capital Projects	General Projects	C.O. Series 2018	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 47,043
-	-	-	21,744
27,009	8,031	-	112,631
-	-	-	4,172
-	-	-	83,723
<u>27,009</u>	<u>8,031</u>	<u>-</u>	<u>269,313</u>
-	-	-	51,706
-	-	-	15,375
-	171,409	-	171,409
<u>-</u>	<u>171,409</u>	<u>-</u>	<u>238,490</u>
<u>27,009</u>	<u>(163,378)</u>	<u>-</u>	<u>30,823</u>
-	-	17,972	17,972
-	-	-	(9,000)
-	-	17,972	8,972
27,009	(163,378)	17,972	39,795
566,803	245,412	(17,972)	2,629,085
<u>\$ 593,812</u>	<u>\$ 82,034</u>	<u>\$ -</u>	<u>\$ 2,668,880</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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Budgeted Amounts		2023 Actual	Variance with Final Budget	2022 Actual
	Original Budget	Budget as Amended		Positive (Negative)	
REVENUES					
Ad valorem taxes	\$ 2,872,247	\$ 2,872,247	\$ 2,786,423	\$ (85,824)	\$ 2,914,136
Investment earnings	1,200	1,200	50,408	49,208	5,896
Total Revenues	<u>2,873,447</u>	<u>2,873,447</u>	<u>2,836,831</u>	<u>(36,616)</u>	<u>2,920,032</u>
EXPENDITURES					
Principal	1,965,000	1,965,000	1,965,000	-	1,920,000
Interest and fiscal charges	900,825	903,825	901,849	1,976	919,520
Total Expenditures	<u>2,865,825</u>	<u>2,868,825</u>	<u>2,866,849</u>	<u>1,976</u>	<u>2,839,520</u>
Net Change in Fund Balance	<u>\$ 7,622</u>	<u>\$ 4,622</u>	(30,018)	<u>\$ (34,640)</u>	<u>\$ 80,512</u>
Beginning Fund Balance			<u>677,775</u>		
Ending Fund Balance			<u>\$ 647,757</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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	2023 Actual	Variance with Final Budget Positive (Negative)	2022 Actual
REVENUES					
Fines and forfeitures	\$ 10,000	\$ 10,000	\$ 7,017	\$ (2,983)	\$ 4,421
Investment earnings	25	25	13,281	13,256	981
Intergovernmental	4,850	4,850	4,172	(678)	3,376
Other revenue	750	750	7,956	7,206	11,980
Total Revenues	<u>15,625</u>	<u>15,625</u>	<u>32,426</u>	<u>16,801</u>	<u>20,758</u>
EXPENDITURES					
Public safety	<u>46,000</u>	<u>46,000</u>	<u>15,375</u>	<u>30,625</u>	<u>26,651</u>
Net Change in Fund Balance	<u>\$ (30,375)</u>	<u>\$ (30,375)</u>	17,051	<u>\$ 47,426</u>	<u>\$ (5,893)</u>
Beginning Fund Balance			<u>244,528</u>		
Ending Fund Balance			<u>\$ 261,579</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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	Original Budgeted Amounts	Final Budgeted Amounts	2023 Actual	Variance with Final Budget Positive (Negative)	2022 Actual
REVENUES					
Fines and forfeitures	\$ 31,200	\$ 31,200	\$ 40,026	\$ 8,826	\$ 29,919
Investment earnings	250	250	15,820	15,570	1,557
Other revenue	15,300	15,300	75,767	60,467	50,308
Total Revenues	<u>46,750</u>	<u>46,750</u>	<u>131,613</u>	<u>84,863</u>	<u>81,784</u>
EXPENDITURES					
General government	29,725	64,725	51,706	13,019	22,726
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>17,025</u>	<u>(17,975)</u>	<u>79,907</u>	<u>97,882</u>	<u>59,058</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>\$ 8,025</u>	<u>\$ (26,975)</u>	70,907	<u>\$ 97,882</u>	<u>\$ 50,058</u>
Beginning Fund Balance			<u>282,049</u>		
Ending Fund Balance			<u>\$ 352,956</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, 2023
With Comparative Totals for the Year Ended September 30, 2022

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2023 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2022 Actual</u>
REVENUES					
Franchise fees	\$ 26,000	\$ 26,000	\$ 21,744	\$ (4,256)	\$ 25,510
Total Revenues	<u>26,000</u>	<u>26,000</u>	<u>21,744</u>	<u>(4,256)</u>	<u>25,510</u>
Net Change in Fund Balance	<u>\$ 26,000</u>	<u>\$ 26,000</u>	21,744	<u>\$ (4,256)</u>	<u>\$ 25,510</u>
Beginning Fund Balance			<u>352,739</u>		
Ending Fund Balance			<u>\$ 374,483</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, 2023

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,584,874	\$ 393,055	\$ -	\$ 4,977,929
Prepaid expenses	-	8,774	-	8,774
Total Current Assets	<u>4,584,874</u>	<u>401,829</u>	<u>-</u>	<u>4,986,703</u>
Noncurrent assets				
Capital assets:				
Depreciable/amortizeable capital assets	6,705,998	1,142,596	-	7,848,594
Less: accumulated depreciation/amortization	<u>(4,955,779)</u>	<u>(810,350)</u>	<u>-</u>	<u>(5,766,129)</u>
Total Capital Assets (Net)	<u>1,750,219</u>	<u>332,246</u>	<u>-</u>	<u>2,082,465</u>
Total Noncurrent Assets	<u>1,750,219</u>	<u>332,246</u>	<u>-</u>	<u>2,082,465</u>
Total Assets	<u>6,335,093</u>	<u>734,075</u>	<u>-</u>	<u>7,069,168</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	-	153,152	-	153,152
Deferred outflows - TMRS OPEB	-	1,798	-	1,798
Deferred outflows - health OPEB	-	3,055	-	3,055
Total Deferred Outflows of Resources	<u>-</u>	<u>158,005</u>	<u>-</u>	<u>158,005</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	4,896	41,532	-	46,428
Current portion of compensated absences	-	29,105	-	29,105
Total Current Liabilities	<u>4,896</u>	<u>70,637</u>	<u>-</u>	<u>75,533</u>
Noncurrent liabilities				
Compensated absences	-	7,045	-	7,045
Subscription liability	-	83,027	-	83,027
Net pension liability	-	330,997	-	330,997
Total TMRS OPEB liability	-	11,832	-	11,832
Total health OPEB liability	-	20,801	-	20,801
Total Noncurrent Liabilities	<u>-</u>	<u>453,702</u>	<u>-</u>	<u>453,702</u>
Total Liabilities	<u>4,896</u>	<u>524,339</u>	<u>-</u>	<u>529,235</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	-	6,982	-	6,982
Deferred inflows - TMRS OPEB	-	5,049	-	5,049
Deferred inflows - health OPEB	-	4,242	-	4,242
Total Deferred Inflows of Resources	<u>-</u>	<u>16,273</u>	<u>-</u>	<u>16,273</u>
NET POSITION				
Net investment in capital assets	1,750,219	332,246	-	2,082,465
Unrestricted	<u>4,579,978</u>	<u>19,222</u>	<u>-</u>	<u>4,599,200</u>
Total Net Position	<u>\$ 6,330,197</u>	<u>\$ 351,468</u>	<u>\$ -</u>	<u>\$ 6,681,665</u>

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

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
OPERATING REVENUES				
Charges for services	\$ 864,405	\$ 803,550	\$ 2,744,206	\$ 4,412,161
Other income	44,842	-	-	44,842
Total Operating Revenues	<u>909,247</u>	<u>803,550</u>	<u>2,744,206</u>	<u>4,457,003</u>
OPERATING EXPENSES				
Personnel	-	376,791	2,744,298	3,121,089
Supplies	-	9,246	-	9,246
Maintenance	4,896	58,090	-	62,986
Services	-	337,704	-	337,704
Depreciation/Amortization	626,063	162,121	-	788,184
Total Operating Expenses	<u>630,959</u>	<u>943,952</u>	<u>2,744,298</u>	<u>4,319,209</u>
Operating Income (Loss)	<u>278,288</u>	<u>(140,402)</u>	<u>(92)</u>	<u>137,794</u>
NONOPERATING REVENUES				
Investment earnings	190,788	20,259	-	211,047
Gain on sale of capital assets	75,321	-	-	75,321
Total Nonoperating Revenues	<u>266,109</u>	<u>20,259</u>	<u>-</u>	<u>286,368</u>
Change in Net Position	544,397	(120,143)	(92)	424,162
Beginning Net Position	<u>5,785,800</u>	<u>471,611</u>	<u>92</u>	<u>6,257,503</u>
Ending Net Position	<u>\$ 6,330,197</u>	<u>\$ 351,468</u>	<u>\$ -</u>	<u>\$ 6,681,665</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2023

	<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	\$ 909,940	\$ -	\$ -	\$ 909,940
Receipts from interfund charges for information technology	-	803,550	-	803,550
Receipts from interfund charges for employee benefits	-	-	2,744,206	2,744,206
Payments to suppliers	(25,782)	(338,409)	(2,744,298)	(3,108,489)
Payments to employees	-	(334,224)	-	(334,224)
Net Cash Provided (Used) by Operating Activities	<u>884,158</u>	<u>130,917</u>	<u>(92)</u>	<u>1,014,983</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,077,530)	(273,046)	-	(1,350,576)
Proceeds from sale of capital assets	75,320	-	-	75,320
Net Cash (Used) by Capital and Related Financing Activities	<u>(1,002,210)</u>	<u>(273,046)</u>	<u>-</u>	<u>(1,275,256)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale of investments	971,870	-	-	971,870
Interest on investments	190,788	20,259	-	211,047
Net Cash Provided by Investing Activities	<u>1,162,658</u>	<u>20,259</u>	<u>-</u>	<u>1,182,917</u>
Net Increase (Decrease) in Cash and Cash Equivalents	1,044,606	(121,870)	(92)	922,644
Beginning Cash and Cash Equivalents	<u>3,540,268</u>	<u>514,925</u>	<u>92</u>	<u>4,055,285</u>
Ending Cash and Cash Equivalents	<u>\$ 4,584,874</u>	<u>\$ 393,055</u>	<u>\$ -</u>	<u>\$ 4,977,929</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2023

	<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 (Used) by Operating Activities				
Operating income (Loss)	\$ 278,288	\$ (140,402)	\$ (92)	\$ 137,794
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	626,063	162,121	-	788,184
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	693	-	-	693
Prepaid expenses	-	1,511	-	1,511
Deferred outflows of resources	-	(108,655)	-	(108,655)
Increase (Decrease) in Liabilities:				
Accounts payable and accrued liabilities	(20,886)	25,111	-	4,225
Subscription liability	-	41,520	-	41,520
Compensated absences	-	7,451	-	7,451
Net pension liability	-	208,877	-	208,877
Total TMRS OPEB liability	-	(5,065)	-	(5,065)
Total health OPEB liability	-	12,503	-	12,503
Deferred inflows of resources	-	(74,055)	-	(74,055)
Net Cash Provided (Used) by Operating Activities	<u>\$ 884,158</u>	<u>\$ 130,917</u>	<u>\$ (92)</u>	<u>\$ 1,014,983</u>

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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	130
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	139
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	144
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			
	2014	2015	2016	2017
Governmental activities				
Net investment in capital assets	\$ 35,649,793	\$ 36,328,271	\$ 35,633,525	\$ 36,391,591
Restricted	5,337,239	6,440,743	7,527,380	7,095,149
Unrestricted	13,312,086	12,747,269	12,299,353	10,142,691
Total Governmental Activities Net Position	<u>\$ 54,299,118</u>	<u>\$ 55,516,283</u>	<u>\$ 55,460,258</u>	<u>\$ 53,629,431</u>
Business-type activities				
Net investment in capital assets	\$ 17,433,119	\$ 16,453,147	\$ 15,480,229	\$ 14,377,497
Restricted	3,726,464	4,287,928	4,697,276	5,148,438
Unrestricted	4,182,768	3,944,358	4,504,121	5,376,411
Total Business-Type Activities Net Position	<u>\$ 25,342,351</u>	<u>\$ 24,685,433</u>	<u>\$ 24,681,626</u>	<u>\$ 24,902,346</u>
Primary government				
Net investment in capital assets	\$ 53,082,912	\$ 52,781,418	\$ 51,113,754	\$ 50,769,088
Restricted	9,063,703	10,728,671	12,224,656	12,243,587
Unrestricted	17,494,854	16,691,627	16,803,474	15,519,102
Total Primary Government Net Position	<u>\$ 79,641,469</u>	<u>\$ 80,201,716</u>	<u>\$ 80,141,884</u>	<u>\$ 78,531,777</u>

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 43,367,530	\$ 43,894,810	\$ 43,554,056	\$ 45,415,578	\$ 47,800,701	\$ 56,332,945
6,487,498	7,682,914	8,377,683	9,478,502	10,958,673	10,762,148
13,005,849	11,849,068	13,368,577	17,494,102	23,142,602	25,353,907
<u>\$ 62,860,877</u>	<u>\$ 63,426,792</u>	<u>\$ 65,300,316</u>	<u>\$ 72,388,182</u>	<u>\$ 81,901,976</u>	<u>\$ 92,449,000</u>
\$ 13,056,170	\$ 13,128,913	\$ 12,220,207	\$ 14,251,963	\$ 15,824,251	\$ 19,054,591
6,030,890	5,831,712	6,926,462	7,620,251	7,957,319	8,067,077
7,313,290	8,622,170	6,560,952	7,036,454	6,210,385	6,847,390
<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>	<u>\$ 33,969,058</u>
\$ 56,423,700	\$ 57,023,723	\$ 55,774,263	\$ 59,667,541	\$ 63,624,952	\$ 75,387,536
12,518,388	13,514,626	15,304,145	17,098,753	18,915,992	18,829,225
20,319,139	20,471,238	19,929,529	24,530,556	29,352,987	32,201,297
<u>\$ 89,261,227</u>	<u>\$ 91,009,587</u>	<u>\$ 91,007,937</u>	<u>\$ 101,296,850</u>	<u>\$ 111,893,931</u>	<u>\$ 126,418,058</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Expenses				
Governmental activities				
General government	\$ 3,433,495	\$ 3,719,190	\$ 3,995,852	\$ 4,373,967
Public safety	9,919,950	10,439,069	12,215,661	13,499,815
Public works	3,661,162	4,763,763	4,269,413	4,403,146
Community development	2,463,304	2,525,988	2,631,773	4,502,088
Interest and fiscal agent fees on long-term debt	465,686	435,134	399,768	356,135
Total Governmental Activities Expenses	<u>19,943,597</u>	<u>21,883,144</u>	<u>23,512,467</u>	<u>27,135,151</u>
Business-type activities				
Water	2,089,815	2,641,539	2,530,323	2,328,079
Wastewater	2,254,186	2,788,256	2,674,312	2,486,477
Drainage	205,646	240,780	223,621	330,592
Total Business-Type Activities Expenses	<u>4,549,647</u>	<u>5,670,575</u>	<u>5,428,256</u>	<u>5,145,148</u>
Total Primary Government Expenses	<u>\$ 24,493,244</u>	<u>\$ 27,553,719</u>	<u>\$ 28,940,723</u>	<u>\$ 32,280,299</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 320,302	\$ 334,944	\$ 337,838	\$ 402,094
Public safety	1,288,379	967,522	1,001,903	926,225
Community development	485,157	518,334	567,007	574,342
Operating grants and contributions	1,158,002	1,172,763	1,314,106	1,120,533
Capital grants and contributions	390,324	207,280	13,531	1,732,351
Total Governmental Activities Program Revenues	<u>3,642,164</u>	<u>3,200,843</u>	<u>3,234,385</u>	<u>4,755,545</u>
Business-type activities				
Charges for services				
Water	2,125,888	2,289,664	2,402,095	2,308,587
Wastewater	2,293,096	2,416,837	2,538,787	2,465,659
Drainage	209,196	208,706	212,289	327,824
Operating grants and contributions	-	-	-	-
Capital grants and contributions	-	-	-	-
Total Business-Type Activities Program Revenues	<u>4,628,180</u>	<u>4,915,207</u>	<u>5,153,171</u>	<u>5,102,070</u>
Total Primary Government Program Revenues	<u>\$ 8,270,344</u>	<u>\$ 8,116,050</u>	<u>\$ 8,387,556</u>	<u>\$ 9,857,615</u>
Net (Expense)/Revenue				
Governmental activities	\$ (16,301,433)	\$ (18,682,301)	\$ (20,278,082)	\$ (22,379,606)
Business-type activities	78,533	(755,368)	(275,085)	(43,078)
Total Primary Government Net Expense	<u>\$ (16,222,900)</u>	<u>\$ (19,437,669)</u>	<u>\$ (20,553,167)</u>	<u>\$ (22,422,684)</u>

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 4,231,926	\$ 5,464,510	\$ 3,298,915	\$ 4,946,785	\$ 5,552,193	\$ 6,359,301
12,735,131	14,069,696	13,926,797	13,880,104	14,122,132	17,248,298
4,451,450	5,640,055	5,712,574	4,552,171	4,688,090	5,402,172
4,567,713	3,127,915	3,239,529	2,087,324	2,207,827	4,846,515
478,058	406,460	429,650	245,249	669,622	589,811
<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>	<u>34,446,097</u>
2,516,141	2,688,574	3,762,138	3,020,405	3,024,839	3,245,680
2,525,584	2,727,533	3,742,233	2,565,807	2,721,435	2,911,849
297,779	335,155	484,108	324,359	319,465	276,434
<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>6,433,963</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>	<u>\$ 40,880,060</u>
\$ 391,105	\$ 396,426	\$ 310,821	\$ 260,706	\$ 369,438	\$ 367,433
1,038,825	935,679	624,231	496,567	795,161	1,108,447
840,493	532,812	1,124,742	641,775	1,343,326	793,267
1,219,729	1,385,287	1,065,614	1,162,556	722,853	934,172
8,260,014	852,322	84,464	2,252,716	3,189,328	6,975,639
<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>	<u>10,178,958</u>
2,829,763	2,805,576	2,736,693	3,298,561	3,390,031	4,122,497
2,840,383	2,846,230	2,722,213	2,802,099	3,049,997	3,698,483
334,985	349,740	352,155	354,230	358,034	351,113
-	-	-	-	-	60,000
-	648,616	-	2,814,893	-	-
<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>8,232,093</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>	<u>\$ 18,411,051</u>
\$ (14,714,112)	\$ (24,606,110)	\$ (23,397,593)	\$ (20,897,313)	\$ (20,819,758)	\$ (24,267,139)
665,627	898,900	(2,177,418)	3,359,212	732,323	1,798,130
<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>	<u>\$ (22,469,009)</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Revenues and Other Changes in Net Position				
Governmental activities				
Ad valorem taxes	\$ 4,245,156	\$ 4,041,031	\$ 4,298,407	\$ 5,531,228
Sales taxes	11,409,472	12,268,588	12,183,773	11,798,915
Franchise fees and local taxes	1,103,397	1,124,931	1,176,498	1,215,747
Other taxes	107,592	140,085	141,983	137,999
Hotel/motel occupancy taxes	1,200,679	1,287,763	1,261,327	1,260,413
Mixed beverage taxes	467,696	482,012	490,107	426,733
Investment earnings	24,038	88,227	101,170	117,515
Other revenues	111,488	114,116	125,463	149,689
Gain on sale of capital assets	67,238	102,713	193,329	48,974
Transfers	250,000	250,000	250,000	250,000
Total Governmental Activities	<u>18,986,756</u>	<u>19,899,466</u>	<u>20,222,057</u>	<u>20,937,213</u>
Business-type activities				
Investment earnings	19,521	26,243	25,390	30,696
Other revenues	223,033	322,207	495,888	530,527
Loss on sale of capital assets	(21,723)	-	-	-
Transfers	(250,000)	(250,000)	(250,000)	(250,000)
Total Business-Type Activities	<u>(29,169)</u>	<u>98,450</u>	<u>271,278</u>	<u>311,223</u>
Total Primary Government	<u>\$ 18,957,587</u>	<u>\$ 19,997,916</u>	<u>\$ 20,493,335</u>	<u>\$ 21,248,436</u>
Change in Net Position				
Governmental activities	\$ 2,685,323	\$ 1,217,165	\$ (56,025)	\$ (1,442,393)
Business-type activities	49,364	(656,918)	(3,807)	268,145
Total Primary Government	<u>\$ 2,734,687</u>	<u>\$ 560,247</u>	<u>\$ (59,832)</u>	<u>\$ (1,174,248)</u>

Fiscal Year

	2018	2019	2020	2021	2022	2023
\$	6,327,334	\$ 7,220,478	\$ 8,000,761	\$ 8,506,855	\$ 9,379,739	\$ 9,681,310
	13,410,874	13,273,282	13,086,731	15,311,975	16,265,939	17,460,412
	1,208,514	1,195,418	1,217,341	1,207,148	1,158,594	1,216,450
	128,481	123,061	-	-	-	-
	1,480,689	1,628,350	1,218,242	1,586,633	1,877,277	2,135,713
	527,591	535,849	424,004	607,675	592,076	609,936
	391,521	723,748	321,100	29,299	134,402	2,765,924
	220,554	221,839	136,938	235,594	348,174	409,243
	-	-	-	-	-	35,175
	250,000	250,000	250,000	500,000	500,000	500,000
	<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>	<u>34,814,163</u>
	181,103	330,663	129,816	7,877	192,164	1,513,507
	901,364	202,882	422,428	333,958	658,800	1,165,466
	-	-	-	-	-	-
	(250,000)	(250,000)	(250,000)	(500,000)	(500,000)	(500,000)
	<u>832,467</u>	<u>283,545</u>	<u>302,244</u>	<u>(158,165)</u>	<u>350,964</u>	<u>2,178,973</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>	<u>\$ 36,993,136</u>
\$	9,231,446	\$ 565,915	\$ 1,257,524	\$ 7,087,866	\$ 9,436,443	\$ 10,547,024
	1,498,094	1,182,445	(1,875,174)	3,201,047	1,083,287	3,977,103
\$	<u>10,729,540</u>	<u>\$ 1,748,360</u>	<u>\$ (617,650)</u>	<u>\$ 10,288,913</u>	<u>\$ 10,519,730</u>	<u>\$ 14,524,127</u>

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

<u>Source</u>	<u>Fiscal Year</u>			
	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
Ad valorem	\$ 4,245,156	\$ 4,041,031	\$ 4,298,407	\$ 5,531,228
Sales	11,409,472	12,268,588	12,183,773	11,798,915
Franchise fees	1,103,397	1,124,931	1,176,498	1,215,747
Other taxes	1,775,967	1,909,860	1,893,417	1,825,145
Hotel occupancy taxes	-	-	-	-
Mixed beverage taxes	-	-	-	-
Total	\$ 18,533,992	\$ 19,344,410	\$ 19,552,095	\$ 20,371,035

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

Fiscal Year						Change
2018	2019	2020*	2021	2022	2023	2022-2023
\$ 6,327,334	\$ 7,220,478	\$ 8,000,761	\$ 8,506,855	\$ 9,379,739	\$ 9,681,310	3.2%
13,410,874	13,273,282	13,086,731	15,311,975	16,265,939	17,460,412	7.3%
1,208,514	1,195,418	1,217,341	1,207,148	1,158,594	1,216,450	5.0%
2,136,761	2,287,260	-	-	-	-	N/A
-	-	1,218,242	1,586,633	1,877,277	2,135,713	13.8%
-	-	424,004	607,675	592,076	609,936	3.0%
\$ 23,083,483	\$ 23,976,438	\$ 23,947,079	\$ 27,220,286	\$ 29,273,625	\$ 31,103,821	6.3%

CITY OF WEBSTER, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
General Fund				
Nonspendable	\$ 47,809	\$ 37,507	\$ 38,100	\$ 41,836
Assigned	199,758	220,943	246,283	274,270
Unassigned	12,230,288	12,875,981	11,959,903	12,593,430
Total General Fund	<u>\$ 12,477,855</u>	<u>\$ 13,134,431</u>	<u>\$ 12,244,286</u>	<u>\$ 12,909,536</u>
All Other Governmental Funds				
Nonspendable	\$ 12,500	\$ 1,610	\$ -	\$ -
Restricted	5,334,900	6,438,064	7,524,435	7,091,408
Assigned, reported in:				
Capital project funds	4,376,391	3,306,955	3,678,188	1,496,998
Special revenue funds	113,288	111,117	96,589	109,794
Unassigned	-	(23,775)	(3,225)	-
Total All Other Governmental Funds	<u>\$ 9,837,079</u>	<u>\$ 9,833,971</u>	<u>\$ 11,295,987</u>	<u>\$ 8,698,200</u>

Fiscal Year

<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 75,304	\$ 92,958	\$ 33,940	\$ 143,597	\$ 87,564	\$ 258,941
274,270	-	-	-	-	-
14,055,800	14,435,049	15,063,388	19,633,095	22,875,808	26,451,279
<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>	<u>\$ 26,710,220</u>
\$ -	\$ -	\$ -	\$ 706	\$ 1,492,648	\$ 1,478,830
11,237,021	8,536,631	8,581,406	9,666,809	26,151,114	23,952,032
2,575,103	2,223,412	2,447,143	2,085,219	1,767,741	1,679,862
198,916	207,896	251,731	250,421	244,528	261,579
(7,185)	(5,455)	(157)	-	(17,972)	-
<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>	<u>\$ 27,372,303</u>

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

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2014	2015	2016	2017
Revenues				
Taxes	\$ 18,561,698	\$ 19,379,621	\$ 19,558,649	\$ 20,361,762
Licenses and permits	444,015	475,836	522,624	530,620
Fines and forfeitures	1,288,379	967,522	1,001,903	926,225
Charges for services	361,444	377,442	382,221	445,816
Intergovernmental	518,296	350,013	297,607	90,503
Investment earnings	15,477	79,682	84,793	102,317
Contributions	1,030,030	1,030,030	1,030,030	1,030,030
Other revenues	111,488	114,116	125,463	149,689
Total Revenues	<u>22,330,827</u>	<u>22,774,262</u>	<u>23,003,290</u>	<u>23,636,962</u>
Expenditures				
General government	3,342,028	3,537,021	3,745,396	4,393,858
Public safety	9,779,081	10,248,418	11,478,408	12,027,253
Public works	2,741,805	3,451,280	3,082,765	2,960,663
Community development	1,893,652	1,970,304	2,075,602	3,858,435
Capital outlay	820,334	1,129,584	312,149	367,844
Debt service				
Principal	1,460,000	1,620,000	1,630,000	1,870,000
Interest	451,425	421,213	386,113	343,275
Issuance costs	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Other debt service - refunding escrow	-	-	-	-
Total expenditures	<u>20,488,325</u>	<u>22,377,820</u>	<u>22,710,433</u>	<u>25,821,328</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,842,502	396,442	292,857	(2,184,366)
Other Financing Sources (Uses)				
Issuance of debt	-	-	-	-
Premium on debt	-	-	-	-
Payment to refunding bond escrow agent	-	-	-	-
Transfers in	1,168,335	598,140	1,135,009	3,038,010
Transfers out	(918,335)	(348,140)	(885,009)	(2,788,010)
Sale of capital assets	15,054	7,026	26,014	4,829
Total Other Financing Sources	<u>265,054</u>	<u>257,026</u>	<u>276,014</u>	<u>254,829</u>
Net Change in Fund Balances	<u>\$ 2,107,556</u>	<u>\$ 653,468</u>	<u>\$ 568,871</u>	<u>\$ (1,929,537)</u>
Debt service as a percentage of noncapital expenditures	10.04%	9.58%	9.08%	9.51%

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 23,046,778	\$ 23,888,859	\$ 23,927,478	\$ 27,200,527	\$ 29,306,922	\$ 31,107,145
796,789	491,498	1,108,417	598,253	1,295,721	742,177
1,038,825	935,679	624,231	496,567	795,161	1,108,447
434,809	437,740	327,146	304,228	371,567	418,523
189,699	355,257	651,584	132,526	22,853	4,172
331,728	608,696	270,232	24,870	110,518	2,554,877
1,030,030	1,030,030	1,030,030	1,030,030	700,000	930,000
220,554	221,839	136,938	235,594	348,174	409,243
<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>	<u>37,274,584</u>
3,850,728	4,764,021	4,266,891	4,098,929	4,625,823	4,414,925
11,885,851	12,931,007	12,818,443	12,940,922	14,599,274	16,255,772
3,104,359	3,783,052	3,704,412	3,433,049	4,212,970	4,887,622
3,878,726	2,502,109	2,306,267	2,121,036	2,326,936	4,754,518
823,953	4,366,261	1,070,047	384,245	1,742,679	3,002,372
1,905,000	2,365,000	2,420,000	2,415,000	1,920,000	2,071,795
358,386	428,527	351,186	347,870	1,076,463	907,334
121,245	-	127,841	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<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>	<u>36,294,338</u>
1,160,964	(3,170,379)	1,010,969	4,281,544	2,446,771	980,246
5,040,000	-	3,715,000	-	14,855,000	-
338,891	-	832,448	-	3,005,434	-
-	-	(4,415,238)	-	-	-
1,682,579	558,328	915,810	610,107	627,500	671,972
(1,432,579)	(308,328)	(665,810)	(110,107)	(127,500)	(171,972)
11,638	1,641	109,781	4,852	14,379	846
<u>5,640,529</u>	<u>251,641</u>	<u>491,991</u>	<u>504,852</u>	<u>18,374,813</u>	<u>500,846</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>	<u>\$ 1,481,092</u>
9.46%	9.46%	10.65%	11.02%	11.04%	9.44%

CITY OF WEBSTER, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL TAXABLE VALUE OF TAXABLE PROPERTY Last Ten Years

	Fiscal Year			
	2014	2015	2016	2017
Residential Property	\$ 330,001,810	\$ 356,197,833	\$ 407,408,534	\$ 445,750,390
Commercial Property	1,253,506,306	1,341,014,646	1,502,301,531	1,574,051,436
Industrial Property	79,361,600	47,712,504	47,151,199	44,564,513
Total Assessed Value ⁽¹⁾	1,662,869,716	1,744,924,983	1,956,861,264	2,064,366,339
Less: Tax Exempt Property	129,201,195	128,993,448	134,154,251	133,984,134
Total Taxable Value	\$ 1,533,668,521	\$ 1,615,931,535	\$ 1,822,707,013	\$ 1,930,382,205
Taxable Value as a Percentage of Assessed Value	92.2%	92.6%	93.1%	93.5%
Total Direct Tax Rate ⁽²⁾	0.26960	0.24874	0.23447	0.28450

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, 2023.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 484,050,384	\$ 511,919,552	\$ 586,393,526	\$ 687,637,778	\$ 708,077,699	\$ 778,238,766
1,603,370,416	1,641,583,756	1,797,236,442	1,831,800,517	1,895,329,551	2,030,295,730
53,786,163	41,964,510	65,005,585	76,781,707	76,658,037	103,057,686
2,141,206,963	2,195,467,818	2,448,635,553	2,596,220,002	2,680,065,287	2,911,592,182
143,759,374	154,797,425	214,603,667	228,705,980	234,003,784	240,887,910
<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>	<u>\$ 2,670,704,272</u>
93.3%	92.9%	91.2%	91.2%	91.3%	91.7%
0.31725	0.34794	0.36200	0.37357	0.39334	0.36475

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

	Fiscal Year			
	2014	2015	2016	2017
City of Webster by fund:				
General	\$ 0.16455	\$ 0.15679	\$ 0.14733	\$ 0.18625
Debt service	0.10505	0.09195	0.08714	0.09825
Total Direct Rates	\$ 0.26960	\$ 0.24874	\$ 0.23447	\$ 0.28450
Clear Creek Independent School District	\$ 1.39999	\$ 1.40000	\$ 1.40000	\$ 1.40000
Harris County	0.41455	0.41731	0.41923	0.41656
Harris County Flood Control District	0.02827	0.02736	0.02733	0.02829
Port of Houston Authority	0.01716	0.01531	0.01342	0.01334
Harris County Hospital District	0.17000	0.17000	0.17000	0.17179
Harris County Department of Education	0.00636	0.00600	0.00542	0.00520
Total Direct and Overlapping Rates ⁽¹⁾	\$ 2.30593	\$ 2.28472	\$ 2.26987	\$ 2.31968

Sources: Harris Central Appraisal District, Clear Creek Independent 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					
2018	2019	2020	2021	2022	2023
\$ 0.22549	\$ 0.22800	\$ 0.25536	\$ 0.26810	\$ 0.27103	\$ 0.25953
0.09176	0.11994	0.10664	0.10547	0.12231	0.10522
<u>\$ 0.31725</u>	<u>\$ 0.34794</u>	<u>\$ 0.36200</u>	<u>\$ 0.37357</u>	<u>\$ 0.39334</u>	<u>\$ 0.36475</u>
\$ 1.40000	\$ 1.40000	\$ 1.31000	\$ 1.26590	\$ 1.17970	\$ 1.11460
0.41801	0.41858	0.40713	0.39116	0.37693	0.34373
0.02831	0.02877	0.02792	0.03142	0.03349	0.03055
0.01256	0.01155	0.01074	0.00991	0.00872	0.00799
0.17110	0.17108	0.16591	0.16671	0.16221	0.14831
0.00520	0.00519	0.00500	0.00499	0.00499	0.00490
<u>\$ 2.35243</u>	<u>\$ 2.38311</u>	<u>\$ 2.28870</u>	<u>\$ 2.24366</u>	<u>\$ 2.15938</u>	<u>\$ 2.01483</u>

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CITY OF WEBSTER, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2023			2014		
	Assessed Value	Rank	% of Assessed Value	Assessed Value	Rank	% of Assessed Value
Clear Lake Regional Medical Center	\$ 213,511,792	1	7.33%	\$ 112,229,844	1	6.75%
HC200 Blossom Street LLC ⁽¹⁾	121,242,661	2	4.16%			
BR Everwood DST ⁽¹⁾	74,941,695	3	2.57%			
Exxon Mobil Corp ⁽¹⁾	73,442,985	4	2.52%			
CHCA Clear Lake LP ⁽¹⁾	64,283,083	5	2.21%			
BR Edgewater Dst ⁽¹⁾	58,463,110	6	2.01%			
Palomar Apartments LLC ⁽¹⁾	58,437,191	7	2.01%			
S2 Hidden Lake LP ⁽¹⁾	57,999,386	8	1.99%			
Marquis Clear Lake Apartments LP	55,655,718	9	1.91%	32,150,000	4	1.93%
American Furniture Warehouse CO ⁽¹⁾	51,687,111	10	1.78%			
Villas at Edgewater Holdings LLC ⁽²⁾				38,813,491	2	2.33%
GCCFC 2007-GG9 Webster Retail LLC ⁽²⁾				32,300,000	3	1.94%
G&E Healthcare REIT Mountain Plains ⁽²⁾				26,521,253	5	1.59%
GS Seven Palms LP ⁽²⁾				24,129,560	6	1.45%
Bay Area Hospital Property Company LLC ⁽²⁾				23,976,691	7	1.44%
ROC II TX Preserve LLC ⁽²⁾				23,669,284	8	1.42%
Clear Lake Center LP ⁽²⁾				21,382,610	9	1.29%
Texas Baybrook Square Center ⁽²⁾				20,759,852	10	1.25%
Subtotal	\$ 829,664,732		28.50%	\$ 355,932,585		21.40%
Other Taxpayers	2,081,927,450		71.50%	1,306,937,131		78.60%
Total	<u>\$ 2,911,592,182</u>		<u>100.00%</u>	<u>\$ 1,662,869,716</u>		<u>100.00%</u>

Source: Harris Central Appraisal District

Notes:

⁽¹⁾ This taxpayer was not a top ten taxpayer in 2014.

⁽²⁾ This taxpayer is not a top ten taxpayer in 2023.

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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 2023				Fiscal Year 2014			
	Number of Filers	% of Total	Tax Liability	% of Total	Number of Filers	% of Total	Tax Liability	% of Total
Agricultural, Forestry, Fishing and Hunting	5	0.07%	\$ 0.00	0.00%	4	0.10%	\$ 0.00	0.00%
Mining, Quarrying, and Oil and Gas Extraction	7	0.10%	0.01	0.04%	10	0.25%	0.29	1.91%
Utilities	40	0.56%	0.48	2.05%	50	1.24%	0.39	2.57%
Construction	375	5.28%	0.95	4.09%	306	7.57%	0.35	2.28%
Manufacturing	994	14.01%	1.06	4.54%	604	14.95%	0.66	4.34%
Wholesale Trade	1162	16.37%	1.75	7.53%	766	18.96%	1.66	10.99%
Retail Trade	2097	29.55%	10.53	45.20%	789	19.53%	6.03	39.88%
Transportation and Warehousing	31	0.44%	0.62	2.65%	21	0.52%	0.48	3.21%
Information	705	9.93%	0.92	3.95%	355	8.79%	0.80	5.32%
Finance and Insurance	120	1.69%	0.07	0.29%	92	2.28%	0.07	0.46%
Real Estate and Rental and Leasing	154	2.17%	0.32	1.39%	132	3.27%	0.13	0.89%
Professional, Scientific, and Technical Services	628	8.85%	0.41	1.77%	278	6.88%	0.24	1.58%
Management of Companies and Enterprises	8	0.11%	0.00	0.00%	9	0.22%	0.01	0.04%
Administrative and Support and Waste Management and Remediation Services	264	3.72%	0.67	2.88%	238	5.89%	0.42	2.77%
Educational Services	41	0.58%	0.01	0.06%	23	0.57%	0.00	0.02%
Health Care and Social Assistance	43	0.61%	0.19	0.84%	28	0.69%	0.16	1.08%
Arts, Entertainment, and Recreation	25	0.35%	0.49	2.09%	17	0.42%	0.25	1.67%
Accommodation and Food Services	146	2.06%	4.30	18.48%	110	2.72%	2.72	18.00%
Other Services (Except Public Administration)	175	2.47%	0.48	2.06%	133	3.29%	0.33	2.18%
Public Administration	5	0.07%	0.01	0.02%	9	0.22%	0.04	0.30%
Undefined	72	1.01%	0.02	0.07%	66	1.63%	0.08	0.51%
Total	7097	100.00%	\$ 23.29	100.00%	4040	100.00%	\$ 15.11	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			
	2014	2015	2016	2017
Taxes levied:				
Current year levy	\$ 4,234,778	\$ 4,109,641	\$ 4,332,762	\$ 5,553,590
Adjustments in subsequent years	(103,296)	(91,143)	(62,175)	(75,191)
Total of taxes levied ⁽¹⁾	<u>\$ 4,131,482</u>	<u>\$ 4,018,498</u>	<u>\$ 4,270,587</u>	<u>\$ 5,478,399</u>
Taxes collected:				
Collections in current year	\$ 4,187,311	\$ 4,095,095	\$ 4,319,844	\$ 5,533,548
Collections in subsequent years ⁽²⁾	(59,258)	(80,068)	(52,515)	(58,350)
Total of taxes collected	<u>\$ 4,128,053</u>	<u>\$ 4,015,027</u>	<u>\$ 4,267,329</u>	<u>\$ 5,475,198</u>
Collection rates:				
Percentage collected in current year	98.88%	99.65%	99.70%	99.64%
Percentage collected of total levy	99.92%	99.91%	99.92%	99.94%
Delinquent taxes:				
Total outstanding balance	\$ 3,429	\$ 3,471	\$ 3,258	\$ 3,202
Percentage of total levy outstanding	0.08%	0.09%	0.08%	0.06%

Notes:

⁽¹⁾ The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2023.

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

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 6,398,295	\$ 7,220,033	\$ 8,085,885	\$ 8,756,424	\$ 9,365,610	\$ 9,888,825
(85,434)	(156,715)	(141,422)	(170,550)	(140,422)	-
<u>\$ 6,312,861</u>	<u>\$ 7,063,318</u>	<u>\$ 7,944,463</u>	<u>\$ 8,585,874</u>	<u>\$ 9,225,188</u>	<u>\$ 9,888,825</u>
\$ 6,342,680	\$ 7,087,461	\$ 8,013,501	\$ 8,695,181	\$ 9,295,978	\$ 9,803,928
(34,630)	(116,441)	(76,779)	(125,220)	(88,444)	-
<u>\$ 6,308,050</u>	<u>\$ 6,971,020</u>	<u>\$ 7,936,722</u>	<u>\$ 8,569,961</u>	<u>\$ 9,207,534</u>	<u>\$ 9,803,928</u>
99.13%	98.16%	99.10%	99.30%	99.26%	99.14%
99.92%	98.69%	99.90%	99.81%	99.81%	99.14%
\$ 4,810	\$ 92,298	\$ 7,741	\$ 15,914	\$ 17,654	\$ 84,897
0.08%	1.31%	0.10%	0.19%	0.19%	0.86%

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

	Fiscal Year			
	2014	2015	2016	2017
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 11,586,796	\$ 10,133,724	\$ 8,680,652	\$ 6,997,580
Certificates of obligation	5,958,814	5,720,724	5,472,634	5,214,545
Subtotal	<u>17,545,610</u>	<u>15,854,448</u>	<u>14,153,286</u>	<u>12,212,125</u>
Business-Type Activities:				
Revenue bonds	1,782,936	1,708,646	1,629,356	1,550,065
General obligation bonds ⁽¹⁾	4,973,414	4,759,886	4,536,359	4,302,832
Certificates of obligation ⁽²⁾	-	-	-	-
Total Primary Government	<u>\$ 24,301,960</u>	<u>\$ 22,322,980</u>	<u>\$ 20,319,001</u>	<u>\$ 18,065,022</u>
Component Unit Activities ⁽³⁾:				
Sales Tax Revenue Bonds	\$ 9,135,419	\$ 3,666,892	\$ 2,971,577	\$ 11,099,055
Personal Income ⁽⁴⁾⁽⁵⁾	\$ 297,898,128	\$ 298,499,256	\$ 283,747,644	\$ 289,127,448
Primary Government Debt as a Percentage of Personal Income	8.16%	7.48%	7.16%	6.25%
Population ⁽⁶⁾	11,398	11,421	11,498	11,716
Primary Government Debt per Capita	\$ 2,132	\$ 1,955	\$ 1,767	\$ 1,542

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>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>
\$ 5,284,508	\$ 3,541,436	\$ 6,263,783	\$ 4,206,049	\$ 4,088,357	\$ 3,587,308
10,315,986	9,588,432	4,440,604	3,951,141	19,604,890	17,736,560
<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>	<u>21,323,868</u>
-	-	-	-	-	-
4,059,305	3,805,779	3,542,252	3,268,725	2,985,198	2,696,671
2,087,524	2,016,729	1,940,933	1,865,138	18,899,365	18,175,928
<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>\$ 42,196,466</u>
\$ 10,445,962	\$ 9,777,868	\$ 9,104,773	\$ 8,421,680	\$ 28,486,681	\$ 27,375,513
\$ 279,009,468	\$ 269,582,472	\$ 274,616,784	\$ 292,508,334	\$ 302,725,026	\$ 304,452,486
7.79%	7.03%	5.89%	4.54%	15.06%	13.86%
11,306	10,924	11,128	11,853	12,267	12,337
\$ 1,924	\$ 1,735	\$ 1,455	\$ 1,121	\$ 3,715	\$ 3,420

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

	Fiscal Year			
	2014	2015	2016	2017
Taxable Value of Property ⁽¹⁾				
All property	\$ 1,662,869,716	\$ 1,744,924,983	\$ 1,956,861,264	\$ 2,064,366,339
Net Bonded Debt ⁽²⁾				
Gross bonded debt	\$ 22,519,024	\$ 20,614,334	\$ 18,689,645	\$ 16,514,957
Less debt service funds	969,351	869,019	786,946	811,169
Net Bonded Debt	<u>\$ 21,549,673</u>	<u>\$ 19,745,315</u>	<u>\$ 17,902,699</u>	<u>\$ 15,703,788</u>
Ratio of Net Bonded Debt to Taxable Value	1.30%	1.13%	0.91%	0.76%
Population ⁽³⁾	11,398	11,421	11,498	11,716
Net Bonded Debt per Capita	\$ 1,891	\$ 1,729	\$ 1,557	\$ 1,340

Notes:

- ⁽¹⁾ Taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2023.
⁽²⁾ Net bonded debt reflects obligations supported by a pledge of ad valorem taxes.
⁽³⁾ Population was estimated using data received from the Harris Central Appraisal District.

Fiscal Year					
2018	2019	2020	2021	2022	2023
\$ 2,141,206,963	\$ 2,195,467,818	\$ 2,448,635,553	\$ 2,596,220,002	\$ 2,680,065,287	\$ 2,911,592,182
\$ 37,347,817	\$ 32,082,244	\$ 26,891,959	\$ 21,448,243	\$ 23,693,247	\$ 21,323,868
702,808	721,417	635,703	597,263	677,745	647,757
<u>\$ 36,645,009</u>	<u>\$ 31,360,827</u>	<u>\$ 26,256,256</u>	<u>\$ 20,850,980</u>	<u>\$ 23,015,502</u>	<u>\$ 20,676,111</u>
1.71%	1.43%	1.07%	0.80%	0.86%	0.71%
11,306	10,924	11,128	11,853	12,267	12,337
\$ 3,241	\$ 2,871	\$ 2,359	\$ 1,759	\$ 1,876	\$ 1,676

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CITY OF WEBSTER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2023

Governmental Unit	Debt Outstanding ⁽⁴⁾	As Of	Estimated Percentage Applicable ⁽¹⁾	Amount Applicable to Primary Government
Clear Creek ISD	\$ 993,980,000	9/30/2023	7.44%	\$ 73,952,112
Clear Lake City Water Authority	138,245,000	9/30/2023	4.08%	5,640,396
Harris County	1,977,981,319	9/30/2023	0.41%	8,109,723
Harris Co. Dept of Education	13,865,000	9/30/2023	0.41%	56,847
Harris Co. Flood Control District	1,009,015,000	9/30/2023	0.41%	4,136,962
Harris Co. Hospital District	70,970,000	9/30/2023	0.41%	290,977
Harris Co. MUD #481	21,130,000	9/30/2023	100.00%	21,130,000
Harris Co Toll Road	-	9/30/2023	0.41%	-
Port of Houston Authority	445,749,397	9/30/2023	0.41%	<u>1,827,573</u>
Subtotal, overlapping debt				115,144,589
City Direct Debt ^{(2) (3)}	\$ 21,323,869	9/30/2023	100.00%	<u>21,323,869</u>
Total Direct and Overlapping Debt				<u><u>\$ 136,468,458</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.
- ⁽⁴⁾ Gross debt outstanding. Some debt may be supported by other revenues and thus be considered self supporting debt.

CITY OF WEBSTER, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2014	2015	2016	2017
Debt limit ⁽¹⁾	\$ 166,286,972	\$ 174,492,498	\$ 195,686,126	\$ 206,436,634
Total net debt applicable to limit	16,576,259	14,985,429	13,366,340	11,400,956
Legal debt margin	\$ 149,710,713	\$ 159,507,069	\$ 182,319,786	\$ 195,035,678
Total net debt applicable to the limit as a percentage of debt limit	9.97%	8.59%	6.83%	5.52%
Legal Debt Margin Calculation				
Assessed value	\$ 1,662,869,716	\$ 1,744,924,983	\$ 1,956,861,264	\$ 2,064,366,339
Debt limit (10% of assessed value)	166,286,972	174,492,498	195,686,126	206,436,634
Debt applicable to limit:				
General obligation bonds	16,560,210	14,893,610	13,217,011	11,300,412
Certificates of obligation	5,958,814	5,720,724	5,472,634	5,214,545
Less: debt pledged by utility revenues	(4,973,414)	(4,759,886)	(4,536,359)	(4,302,832)
Less: amount set aside for repayment of general obligation debt	(969,351)	(869,019)	(786,946)	(811,169)
Total net debt applicable to limit	16,576,259	14,985,429	13,366,340	11,400,956
Legal debt margin	\$ 149,710,713	\$ 159,507,069	\$ 182,319,786	\$ 195,035,678

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 \$0.36475 and debt rate of \$0.10522 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					
2018	2019	2020	2021	2022	2023
\$ 214,120,696	\$ 219,546,782	\$ 244,863,555	\$ 259,622,000	\$ 268,006,529	\$ 291,159,218
14,897,686	12,408,451	10,068,684	7,559,927	23,015,502	20,676,112
<u>\$ 199,223,010</u>	<u>\$ 207,138,331</u>	<u>\$ 234,794,871</u>	<u>\$ 252,062,073</u>	<u>\$ 244,991,027</u>	<u>\$ 270,483,107</u>
6.96%	5.65%	4.11%	2.91%	8.59%	7.10%
\$ 2,141,206,963	\$ 2,195,467,818	\$ 2,448,635,553	\$ 2,596,220,002	\$ 2,680,065,287	\$ 2,911,592,182
214,120,696	219,546,782	244,863,555	259,622,000	268,006,529	291,159,218
9,343,813	7,347,215	9,806,035	7,474,774	7,073,555	6,283,979
12,403,510	11,605,161	6,381,537	5,816,279	38,504,255	35,912,488
(6,146,829)	(5,822,508)	(5,483,185)	(5,133,863)	(21,884,563)	(20,872,599)
<u>(702,808)</u>	<u>(721,417)</u>	<u>(635,703)</u>	<u>(597,263)</u>	<u>(677,745)</u>	<u>(647,757)</u>
14,897,686	12,408,451	10,068,684	7,559,927	23,015,502	20,676,112
<u>\$ 199,223,010</u>	<u>\$ 207,138,331</u>	<u>\$ 234,794,871</u>	<u>\$ 252,062,073</u>	<u>\$ 244,991,027</u>	<u>\$ 270,483,107</u>

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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⁾
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%
2023	12,337	\$ 304,452,486	\$ 24,678	31.6	3,908	4.1%

Sources:

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

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CITY OF WEBSTER, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago ⁽¹⁾

Employer	Number of Employees	
	2023	2014
Academy Sports & Outdoors	100-300	Data not Available
American Furniture Warehouse	100-300	-
ARI-Armaturen	50-100	Data not Available
Axiom Space	500+	-
CLS Health	500+	-
Costco	100-300	Data not Available
HCA Houston Healthcare Clear Lake	500+	Data not Available
Hobby Lobby	50-100	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
Nanoracks	50-100	-
Olympus	50-100	Data not Available
Rothe Development	300-500	-
United Fire Group	50-100	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									
	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
<u>General Fund:</u>										
City Secretary	4	4	5	5	5	5	5	5	5	5
City Manager	2	2	2	1	1	3	3	2	2	2
Finance	6	6	6	6	6	6	6	6	6	6
Municipal Court	7	7	6	6	5	5	5	5	5	5
Human Resources	3	3	3	3	3	3	3	3	3	3
Community Development										
Administration	6	6	6	5	5	5	5	5	5	5
Building	7	7	7	7	7	7	7	6	6	6
Recreation Programs	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	5	5	5	5	5	6	6	5.5	5.5	7.5
Maintenance	10	10	10	10	10	10	10	11	11	11
Parks Maintenance	7	7	7	7	7	7	7	7	7	7
Police										
Administration	4	4	6	9	8	8	9	8	8	8
Criminal Investigation	7	7	7	7	7	7	7	7	7	7
Patrol	38	37	36	35	36	36	36	37	37	40
Communications	15	16	15	15	15	17	16	16	16	16
Code Enforcement	-	-	-	-	-	-	-	2	2	2
Fire										
Administration	-	-	-	-	-	-	-	-	-	3
Prevention	3	3	3	5	5	7	7	6	6	3
Operations	14	14	17	15	16	15	15	15	15	18
Emergency Management										
Emergency Management	-	-	-	2	2	-	1	1	1	1
Economic Development										
Economic Development	3	3	3	3	3	3	3	3	3	3
General Fund Total	142	142	145	147	147	151	152	152	152	160
<u>Utility Fund:</u>										
Water	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.75	8.75
Sewer	6.5	6.5	6.5	7.5	6.5	6.5	6.5	6.5	6.75	6.75
Drainage	2	2	2	2	2	2	3	3	3	3
Utility Fund Total	17	17	17	18	17	17	18	18	18.5	18.5
<u>Information Technology Fund:</u>										
Information Technology	4	4	4	3	3	3	3	3	3	3
IT Fund Total	4	4	4	3	3	3	3	3	3	3
Total City Positions	163	163	166	168	167	171	173	173	173	181

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.
 A part-time bailiff is not included.

CITY OF WEBSTER, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function / Program	Fiscal Year			
	2014	2015	2016	2017
Police				
Arrests	2,067	1,883	1,674	1,679
Accident reports	1,100	1,218	1,352	1,176
Citations	7,000	4,880	6,364	5,421
Offense reports	1,856	2,107	2,267	2,543
Calls for service	22,766	21,187	23,402	22,413
Fire				
Emergency responses	907	1199	1696	1833
Fire incidents	60	74	63	100
Average response time	4 min, 49 sec	4 min, 44 sec	4 min, 14 sec	4 min, 10 sec
Water				
New accounts	189	186	189	247
Average daily consumption (millions of gallons)	1.724	1.687	1.605	1.542
Total consumption (millions of gallons)	629.159	615.620	587.253	563.416
Peak daily consumption (millions of gallons)	2.783	2.801	3.091	1.912
Sewer				
Average daily sewage treatment (millions of gallons)	1.455	1.280	1.292	1.28
Total consumption (millions of gallons)	531.100	468.360	471.600	467.000
Peak daily consumption (millions of gallons)	3.099	2.845	3.000	2.960

Source: Various City departments

Fiscal Year					
2018	2019	2020	2021	2022	2023
1,678	1,470	995	1,047	1,096	1,363
1,149	1,145	953	971	1,155	1,115
4,795	4,293	2,250	2,073	3,573	5,124
1,240	3,309	2,523	2,394	2,458	3,186
25,141	20,661	16,767	17,997	21,871	24,100
1969	1966	1460	1820	2056	2169
94	69	57	87	47	81
4 min, 4 sec	4 min, 24 sec	4 min, 29 sec	3 min, 35 sec	3 min, 38 sec	3 min, 51 sec
244	302	181	163	307	289
1.603	1.520	1.802	1.950	2.037	2.226
599.500	555.183	660.135	712.446	744.296	811.867
3.268	2.503	2.518	2.739	2.582	3.916
1.26	1.368	1.32	1.154	1.263	1.33
458.870	500.731	483.825	420.720	461.000	486.000
2.880	3.590	3.170	3.170	2.140	1.920

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

Function / Program	Fiscal Year			
	2014	2015	2016	2017
Police				
Stations	1	1	1	1
Patrol units	47	48	48	49
Fire stations	2	2	2	2
Other public works				
Streets (miles - centerlines)	24.9	25.9	25.1	25.3
Streetlights	1,008	1,008	1,049	1,111
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)	50.5	52.0	52.8	52.9
Fire hydrants	644	665	673	682
Storage capacity (millions of gallons)	2.95	2.95	2.95	2.95
Sewer				
Sanitary sewers (miles)	33.4	34.2	34.9	34.9
Storm sewers (miles)	23.8	24.6	26.5	25.5
Open ditch / creek / canal drainage (miles)	6.7	6.2	8.6	6.2
Treatment capacity (millions of gallons)	3.3	3.3	3.3	3.3

Source: Various City departments

Fiscal Year						
2018	2019	2020	2021	2022	2023	
1	1	1	1	1	1	
47	47	45	44	43	42	
2	2	2	2	2	2	
26.2	26.6	27.0	29.6	30.6	31.9	
1,070	1,112	1,149	1,185	1,196	1,236	
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	
55.3	56.5	56.0	57.5	61.1	63.7	
712	630	665	685	715	752	
2.95	2.95	2.95	2.95	2.95	2.95	
35.8	35.7	36.7	38.5	40.9	41.9	
26.4	27.1	27.5	29.1	30.3	31.1	
6	6.4	5.3	5.3	5.4	5.9	
3.3	3.3	3.3	3.3	3.3	3.3	

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