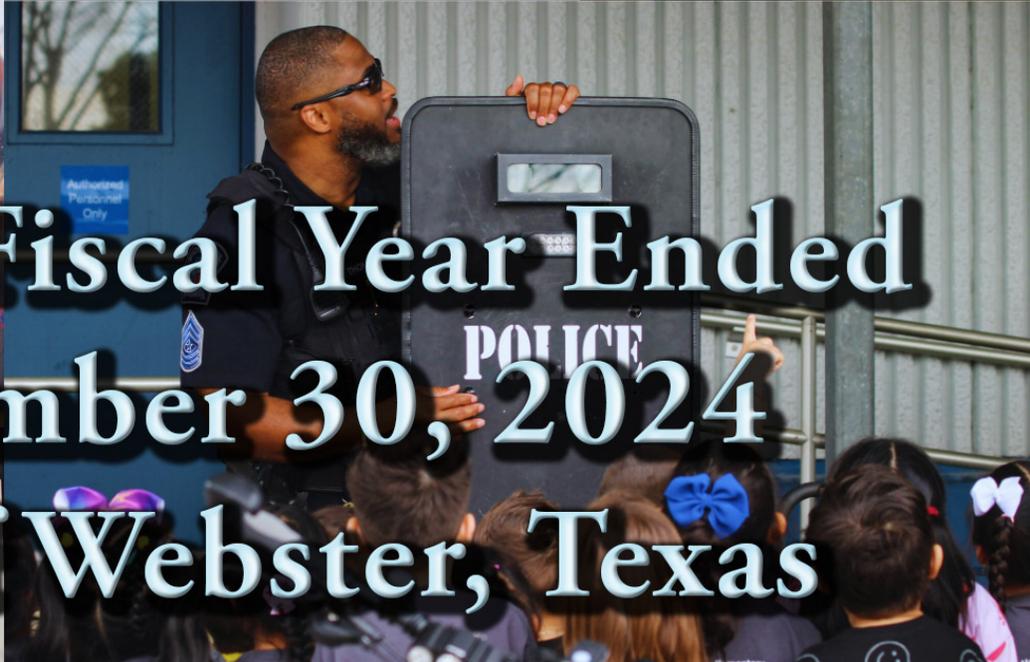
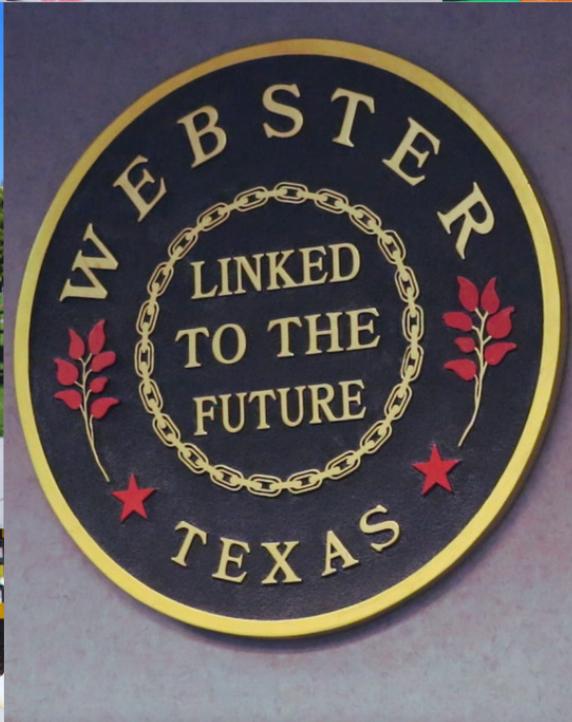


# ANNUAL COMPREHENSIVE FINANCIAL REPORT

THE CITY OF WEBSTER



For the Fiscal Year Ended  
September 30, 2024  
City of Webster, Texas

**CITY OF WEBSTER, TEXAS**  
**ANNUAL COMPREHENSIVE FINANCIAL REPORT**  
For the year ended September 30, 2024

CITY OF WEBSTER, TEXAS  
 ANNUAL COMPREHENSIVE FINANCIAL REPORT  
 For the year ended September 30, 2024

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CITY OF WEBSTER, TEXAS  
 ANNUAL COMPREHENSIVE FINANCIAL REPORT  
 For the year ended September 30, 2024

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## **INTRODUCTORY SECTION**



March 18, 2025

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, 2024. 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 4.1% to 4.5% during this fiscal year. Property values have increased by 31.8% over the last five years as both residential and commercial development continues throughout the area.

The Fiscal Year 2023-24 brought some good news in economic development. Listed below are just a few of the highlights:

- Great Wolf Lodge, the nation's leading indoor waterpark resort hotel and conference center, opened August 2024. Great Wolf Lodge features a 92,000 square foot indoor waterpark, 61,000 square foot family entertainment center, 532 family-friendly suites, and 13,000 square foot conference center. Great Wolf Lodge Gulf Coast Texas represents the only Great Wolf Lodge inside the entire Houston MSA and is on track to accommodate 800,000 visitors annually.
- Shops at Baybrook, located at the southeast corner of Interstate 45 and Bay Area Boulevard, transformed a defunct METRO park and ride into a vibrant retail center. As part of Project Gateway, this development placed approximately five acres on the City's tax rolls for the first time, as the property was previously owned by TxDOT. New businesses at Shops at Baybrook include Shake Shack, Kura Revolving Sushi Bar, Via 313 Pizzeria, Velvet Taco, and Sports Clips.
- Andretti purchased ten acres in the City's northwest quadrant to build its 96,000 square foot entertainment center.
- UTMB Clear Lake purchased approximately five acres on Orchard Street to expand healthcare operations.
- Terminix/Rentokil, one of the City's top sales tax generators, was retained and expanded at the NASA One Business Center.
- Several vacant former big box retailers were backfilled with new concepts, including Boot Barn, Skechers, Sun & Ski Sports, Painted Tree Boutiques, Cosmic Air Adventure Park, EOS Fitness, and East Bay Emporium.

### **Major Initiatives**

The largest revenue source in the General Fund is sales tax, accounting for approximately 53% of General Fund revenues. While sales tax collection is extremely difficult to predict, the Fiscal Year 2023-24 Annual Budget

anticipated revenue to increase by a conservative estimate of 2%. The local economy remained strong and sales tax revenue increased by 0.43% in the Fiscal Year 2023-24 over 2022-23.

Another large source of revenue is the ad valorem tax. The City's 2024 taxable property value rose 5.58% above the adjusted 2023 value. The Fiscal Year 2024-25 Annual Budget reflects a property tax rate of \$0.37483 per \$100 of valuation, 12.24% more than the \$0.33394 tax rate that was adopted for 2023-24.

General Fund expenditures are expected to increase by 7.3% to \$37,557,422. Personnel costs make up 60% of the General Fund budget. A 4% across the board cost-of-living increase was awarded to employees by City Council in the Fiscal Year 2024-25 budget. General Government capital projects in the Fiscal Year 2024-25 budget for various infrastructure projects have a total budget of \$15.3 million. Utility capital projects for water, wastewater, and sewer infrastructure improvements have a total budget of \$8.1 million. These projects will be funded by a combination of bond proceeds, impact fees, and other funding from state and federal sources.

### **Long-term Financial Planning**

A Capital Improvements Program for Fiscal Years 2025-29 adopted by City Council reflects \$52 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 Phases I and II, Flyway Drive Extension to State Highway 3, South East Transmission Line, and Lift Station #14 Rehabilitation and Force Main. The plan also incorporates the addition of water and sewer lines along new thoroughfares.

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, Chicken N Pickle, and Vida Mariscos all opened in 2024. Pop Stroke and Ambriza are slated to open in 2025. WEDC has started several major projects, including Flyway Park, a public parking lot, Flyway Boardwalk, and underground utilities.

### **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, 2024, 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. Crowe, LLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Webster's financial statements for the year ended September 30, 2024. 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, 2023. This represents the 35th 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 2024-25 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. This represents the 36th consecutive year that the City has received the award.

## **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,

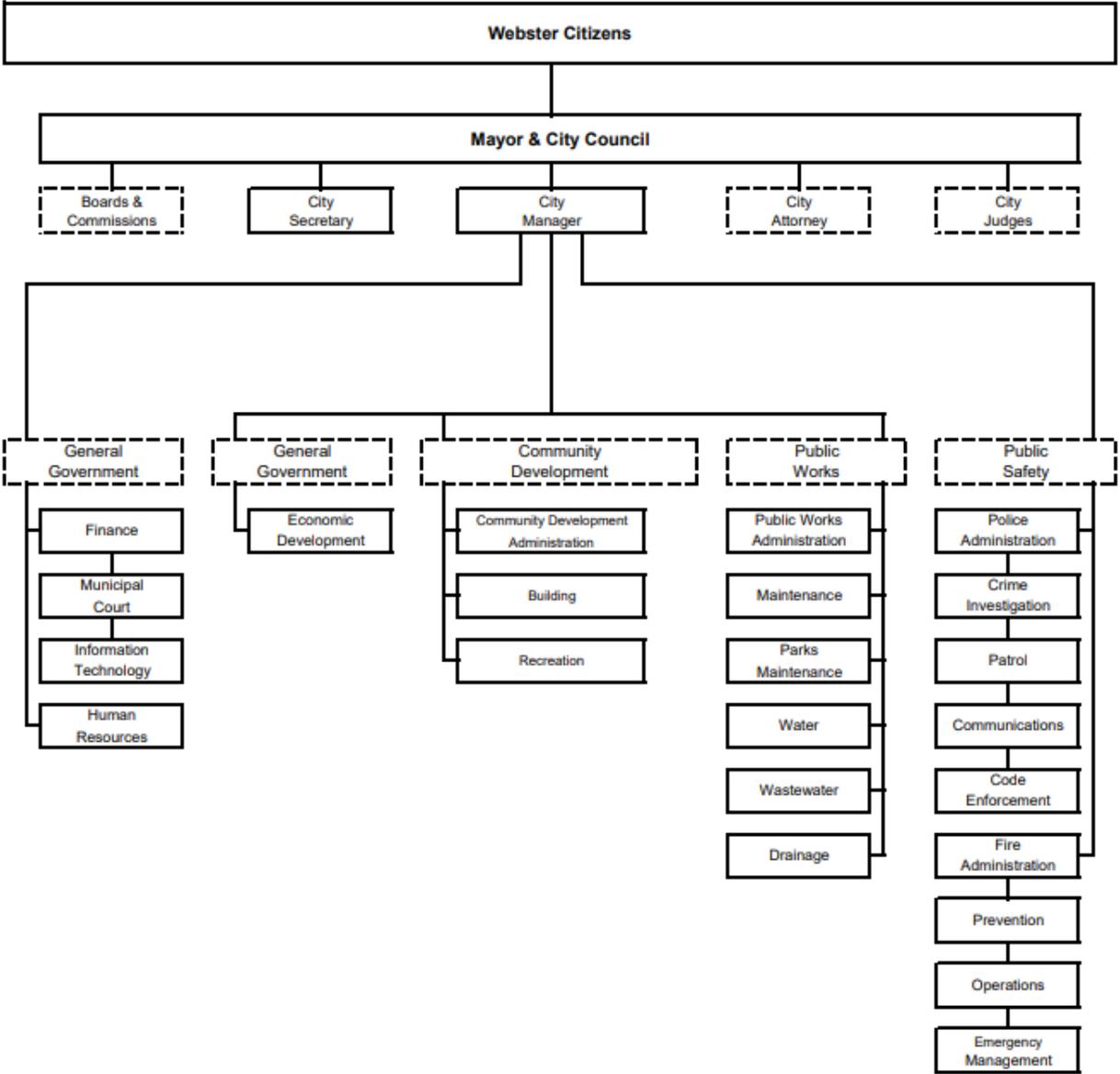


Kristen Woolley  
Director of Finance



Carrie Ditta  
Assistant Director of Finance

CITY OF WEBSTER, TEXAS  
ORGANIZATIONAL CHART  
September 30, 2024



CITY OF WEBSTER, TEXAS  
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING  
September 30, 2024



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, 2023

*Christopher P. Morill*

Executive Director/CEO

CITY OF WEBSTER, TEXAS  
 PRINCIPAL OFFICIALS  
 September 30, 2024

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| <u>City Officials</u> | <u>Elected Position</u>                        | <u>Term Expires</u> |
|-----------------------|--|---------------------|
| Donna Rogers          | Mayor  | 05/2026             |
| Jennifer Heidt        | Council Member – Position No. 1                | 05/2027             |
| Sam Davis             | Council Member – Position No. 2                | 05/2027             |
| Chris Vaughan         | Council Member – Position No. 3                | 05/2025             |
| Beverly Gaines        | Council Member – Position No. 4                | 05/2025             |
| Edward Lapeyre        | Council Member – Position No. 5 / Mayor ProTem | 05/2025             |
| Martin Graves         | Council Member – Position No. 6                | 05/2026             |

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

**FINANCIAL SECTION**

## INDEPENDENT AUDITORS' REPORT

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

**Report on the Audit of the Financial Statements*****Opinions***

We have audited the 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, 2024, 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 accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2024, 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 (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States (*Government Auditing Standards*). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Responsibilities of Management for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

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.

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(Continued)

## ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

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

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(Continued)

### ***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 as identified in the table of contents are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining 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 auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

### ***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated March 18, 2025 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Crowe LLP  
Crowe LLP

Houston, Texas  
March 18, 2025

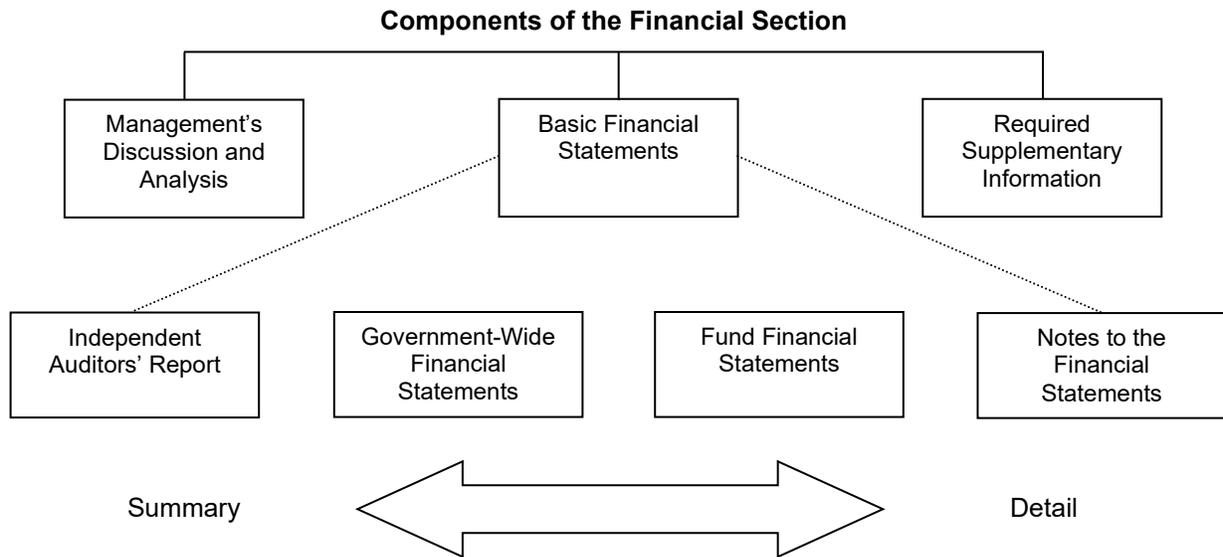
**MANAGEMENT'S DISCUSSION AND ANALYSIS**

CITY OF WEBSTER, TEXAS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended September 30, 2024

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The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Webster, Texas (the "City") for the year ended September 30, 2024. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

**Government-Wide Statements**

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the *accrual basis of accounting*, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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(Continued)

CITY OF WEBSTER, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024

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The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows – the accrual method rather than modified accrual that is 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*.

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(Continued)

CITY OF WEBSTER, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024

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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 and grant fund did not technically meet the criteria to be presented as a major fund, the City has elected to present them as major due to their 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 \$148,940,376 as of September 30, 2024 in the primary government. Compared to the prior year, the overall financial position of the City has increased by \$22,341,198.

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(Continued)

CITY OF WEBSTER, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

|   | Governmental<br>Activities |                      | Business-Type<br>Activities |                      | Total<br>Primary<br>Government |                       |
|---|----------------------------|----------------------|-----------------------------|----------------------|--------------------------------|-----------------------|
|   | 2024                       | 2023                 | 2024                        | 2023                 | 2024                           | 2023                  |
| <b>ASSETS</b>                             |                            |                      |                             |                      |                                |                       |
| Current and other assets                  | \$ 46,904,415              | \$ 64,650,602        | \$ 30,457,353               | \$ 34,281,697        | \$ 77,361,768                  | \$ 98,932,299         |
| Capital assets, net                       | <u>93,846,917</u>          | <u>64,563,597</u>    | <u>33,416,743</u>           | <u>23,115,629</u>    | <u>127,263,660</u>             | <u>87,679,226</u>     |
| Total assets                              | <u>140,751,332</u>         | <u>129,214,199</u>   | <u>63,874,096</u>           | <u>57,397,326</u>    | <u>204,625,428</u>             | <u>186,611,525</u>    |
| <b>DEFERRED OUTFLOWS<br/>ON RESOURCES</b> |                            |                      |                             |                      |                                |                       |
| Deferred charge on refunding              | -                          | -                    | 11,975                      | 13,707               | 11,975                         | 13,707                |
| Deferred outflows - pensions              | 5,211,295                  | 7,824,889            | 468,400                     | 702,625              | 5,679,695                      | 8,527,514             |
| Deferred outflows - TMRS OPEB             | 95,886                     | 108,676              | 18,912                      | 14,300               | 114,798                        | 122,976               |
| Deferred outflows - health OPEB           | <u>166,395</u>             | <u>71,336</u>        | <u>17,132</u>               | <u>8,640</u>         | <u>183,527</u>                 | <u>79,976</u>         |
| Total deferred outflows on resources      | <u>5,473,576</u>           | <u>8,004,901</u>     | <u>516,419</u>              | <u>739,272</u>       | <u>5,989,995</u>               | <u>8,744,173</u>      |
| <b>LIABILITIES</b>                        |                            |                      |                             |                      |                                |                       |
| Long-term liabilities                     | 34,119,410                 | 38,658,459           | 21,258,289                  | 22,511,106           | 55,377,699                     | 61,169,565            |
| Other liabilities                         | <u>3,349,254</u>           | <u>5,303,328</u>     | <u>2,121,708</u>            | <u>1,609,610</u>     | <u>5,470,962</u>               | <u>6,912,938</u>      |
| Total liabilities                         | <u>37,468,664</u>          | <u>43,961,787</u>    | <u>23,379,997</u>           | <u>24,120,716</u>    | <u>60,848,661</u>              | <u>68,082,503</u>     |
| <b>DEFERRED INFLOWS<br/>ON RESOURCES</b>  |                            |                      |                             |                      |                                |                       |
| Deferred inflows - pensions               | 297,452                    | 139,749              | 14,133                      | -                    | 311,585                        | 139,749               |
| Deferred inflows - TMRS OPEB              | 205,953                    | 257,412              | 27,149                      | 26,003               | 233,102                        | 283,415               |
| Deferred inflows - health OPEB            | 161,635                    | 182,665              | 18,936                      | 20,821               | 180,571                        | 203,486               |
| Deferred inflows - leases                 | <u>101,128</u>             | <u>228,487</u>       | <u>-</u>                    | <u>-</u>             | <u>101,128</u>                 | <u>228,487</u>        |
| Total deferred inflows on resources       | <u>766,168</u>             | <u>808,313</u>       | <u>60,218</u>               | <u>46,824</u>        | <u>826,386</u>                 | <u>855,137</u>        |
| <b>NET POSITION</b>                       |                            |                      |                             |                      |                                |                       |
| Net investment in capital assets          | 76,296,985                 | 56,332,945           | 22,215,251                  | 19,054,591           | 98,512,236                     | 75,387,536            |
| Restricted                                | 8,970,149                  | 10,762,148           | 16,959,905                  | 8,067,077            | 25,930,054                     | 18,829,225            |
| Unrestricted                              | <u>22,722,942</u>          | <u>25,353,907</u>    | <u>1,775,144</u>            | <u>6,847,390</u>     | <u>24,498,086</u>              | <u>32,201,297</u>     |
| Total net position                        | <u>\$ 107,990,076</u>      | <u>\$ 92,449,000</u> | <u>\$ 40,950,300</u>        | <u>\$ 33,969,058</u> | <u>\$ 148,940,376</u>          | <u>\$ 126,418,058</u> |

A portion of the primary government's net position, \$25,930,054 or 17 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, \$24,498,086 or 16 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

(Continued)

CITY OF WEBSTER, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024

**Statement of Activities**

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

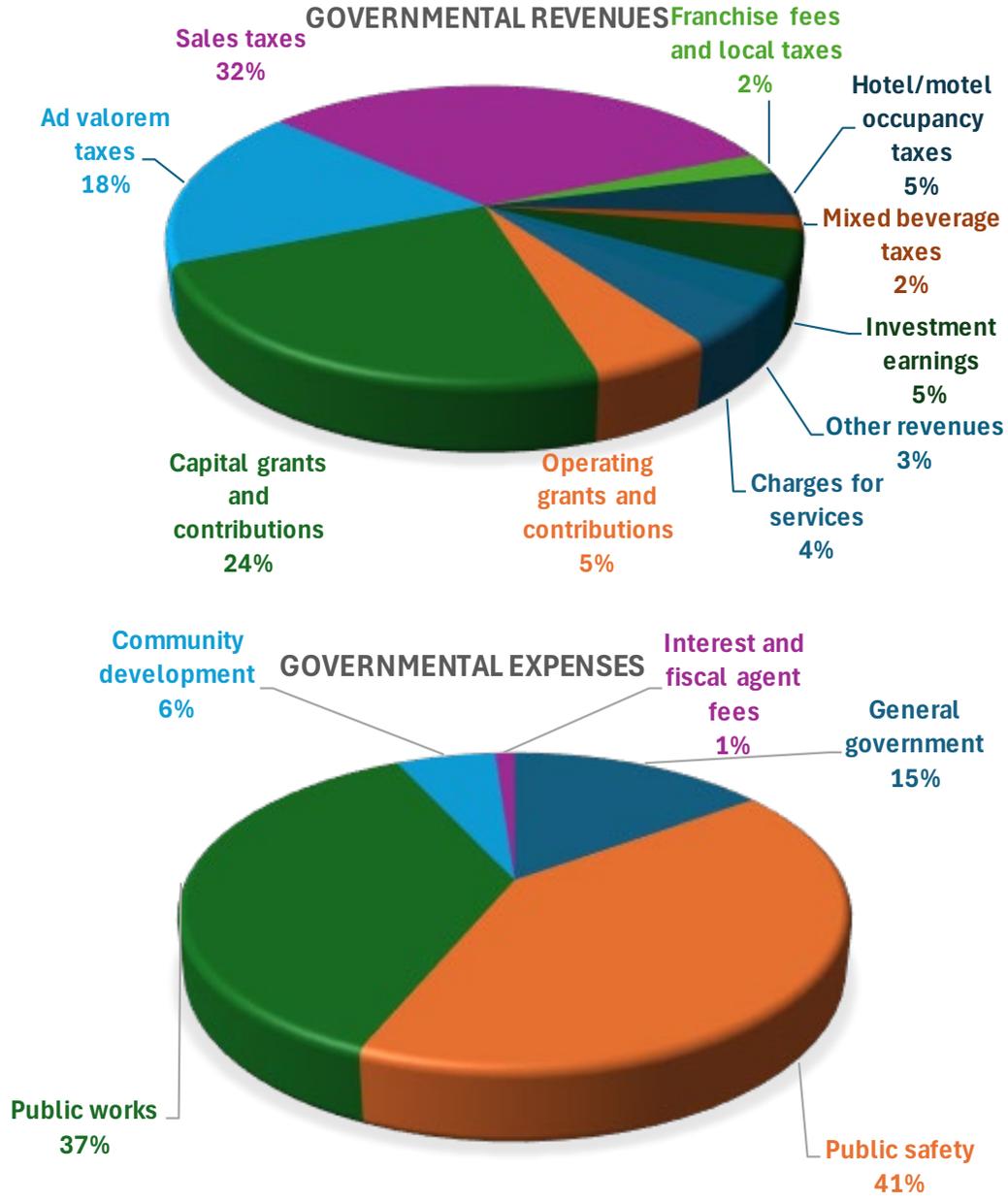
|  | Governmental<br>Activities |                      | Business-Type<br>Activities |                      | Total<br>Primary<br>Government |                       |
|--|----------------------------|----------------------|-----------------------------|----------------------|--------------------------------|-----------------------|
|  | <u>2024</u>                | <u>2023</u>          | <u>2024</u>                 | <u>2023</u>          | <u>2024</u>                    | <u>2023</u>           |
| <b>Revenues</b>                                  |                            |                      |                             |                      |                                |                       |
| Program revenues:                                |                            |                      |                             |                      |                                |                       |
| Charges for services                             | \$ 2,089,986               | \$ 2,269,147         | \$ 9,684,318                | \$ 8,172,093         | \$ 11,774,304                  | \$ 10,441,240         |
| Operating grants and contributions               | 2,846,741                  | 934,172              | -                           | 60,000               | 2,846,741                      | 994,172               |
| Capital grants and contributions                 | 12,900,542                 | 6,975,639            | 2,752,478                   | -                    | 15,653,020                     | 6,975,639             |
| General revenues:                                |                            |                      |                             |                      |                                |                       |
| Ad valorem taxes                                 | 9,658,454                  | 9,681,310            | -                           | -                    | 9,658,454                      | 9,681,310             |
| Sales taxes                                      | 17,535,608                 | 17,460,412           | -                           | -                    | 17,535,608                     | 17,460,412            |
| Franchise fees and local taxes                   | 1,279,313                  | 1,216,450            | -                           | -                    | 1,279,313                      | 1,216,450             |
| Hotel/motel occupancy taxes                      | 2,688,226                  | 2,135,713            | -                           | -                    | 2,688,226                      | 2,135,713             |
| Mixed beverage taxes                             | 813,059                    | 609,936              | -                           | -                    | 813,059                        | 609,936               |
| Investment earnings                              | 2,940,038                  | 2,765,924            | 1,578,994                   | 1,513,507            | 4,519,032                      | 4,279,431             |
| Other revenues                                   | 1,737,564                  | 409,243              | -                           | 1,165,466            | 1,737,564                      | 1,574,709             |
| <b>Total revenues</b>                            | <u>54,489,531</u>          | <u>44,457,946</u>    | <u>14,015,790</u>           | <u>10,911,066</u>    | <u>68,505,321</u>              | <u>55,369,012</u>     |
| <b>Expenses</b>                                  |                            |                      |                             |                      |                                |                       |
| General government                               | 5,914,204                  | 6,359,301            | -                           | -                    | 5,914,204                      | 6,359,301             |
| Public safety                                    | 16,323,332                 | 17,248,298           | -                           | -                    | 16,323,332                     | 17,248,298            |
| Public works                                     | 14,480,032                 | 5,402,172            | -                           | -                    | 14,480,032                     | 5,402,172             |
| Community development                            | 2,285,373                  | 4,846,515            | -                           | -                    | 2,285,373                      | 4,846,515             |
| Interest and fiscal agent fees on long-term debt | 445,513                    | 589,811              | -                           | -                    | 445,513                        | 589,811               |
| Water  | -                          | -                    | 3,750,269                   | 3,245,680            | 3,750,269                      | 3,245,680             |
| Wastewater                                       | -                          | -                    | 2,739,309                   | 2,911,849            | 2,739,309                      | 2,911,849             |
| Drainage   | -                          | -                    | 226,090                     | 276,434              | 226,090                        | 276,434               |
| <b>Total expenses</b>                            | <u>39,448,455</u>          | <u>34,446,097</u>    | <u>6,715,668</u>            | <u>6,433,963</u>     | <u>46,164,123</u>              | <u>40,880,060</u>     |
| Increase in net position before transfers        | 15,041,076                 | 10,047,024           | 7,300,122                   | 4,477,103            | 22,341,198                     | 14,488,952            |
| Transfers in (out)                               | <u>500,000</u>             | <u>500,000</u>       | <u>(500,000)</u>            | <u>(500,000)</u>     | <u>-</u>                       | <u>-</u>              |
| <b>Change in net position</b>                    | 15,541,076                 | 10,547,024           | 6,800,122                   | 3,977,103            | 22,341,198                     | 14,488,952            |
| Beginning 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>    |
| <b>Ending net position</b>                       | <u>\$ 107,990,076</u>      | <u>\$ 92,449,000</u> | <u>\$ 40,769,180</u>        | <u>\$ 33,969,058</u> | <u>\$ 148,759,256</u>          | <u>\$ 126,418,058</u> |

(Continued)

CITY OF WEBSTER, TEXAS  
 MANAGEMENT'S DISCUSSION AND ANALYSIS  
 For the Year Ended September 30, 2024

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



(Continued)

CITY OF WEBSTER, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024

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**Governmental Activities**

For the year ended September 30, 2024, revenues from governmental activities totaled \$54,489,531. Ad valorem and sales tax revenues continue to be the City's largest revenue sources. Ad valorem taxes decreased slightly compared to the prior year by \$22,856 primarily related to adjustments to prior year levy collections. Sales taxes increased in the amount of \$75,196 due to the continued economic growth within the City. Capital grants and contributions increased \$5,924,903 due to funds related to capital projects contributed by the WEDC.

For the year ended September 30, 2024, expenses for governmental activities totaled \$39,448,455, which was an increase of \$5,002,358 compared to the prior year. This increase is primarily attributed to public works due to increases in personnel costs along with increases in repairs and maintenance costs within the City.

**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 \$1,512,225 or 19 percent due to an increase in consumption and rates in fiscal year 2024. Total costs increased by \$281,705 or 4 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 \$39,936,344. Of this, \$375,349 is nonspendable consisting of prepaid items and inventory, \$2,226,665 is assigned, \$10,860,258 is restricted for various purposes, and \$26,474,072 remains as the portion unassigned.

There was a decrease in the fund balance of the total governmental funds of \$14,146,179 from the prior year. Compared to the prior year, revenues increased \$3,842,505 due mainly to increases in sales tax revenues, investment income related to higher interest rates on the City's investments, and intergovernmental revenue from federal grants. Expenditures increased \$19,473,138, primarily due to an increase in capital outlay 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 \$26,474,072 is \$15,790,420 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 \$39,706 in the general fund fund balance, bringing ending fund balance to \$26,749,926. Revenues increased \$426,255 compared to the prior year due to increases in sales tax revenues, and an increase in investment income. Expenditures increased \$4,434,781 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.

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(Continued)

CITY OF WEBSTER, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024

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There was a decrease of \$71,534 in the debt service fund fund balance, bringing ending fund balance to \$576,223. The decrease in revenues of \$34,385 is mainly due to a decrease in ad valorem tax revenue. The increase in expenditures of \$7,131 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 \$1,796,527 as a result of a large contribution to WEDC during the year.

The grant fund fund balance increased to \$23,241 solely due to interest earned on investments.

The Certificates of Obligation, Series 2021A fund experienced a decrease in fund balance of \$12,723,712 primarily related to the use of bond proceeds from the previous years 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 11 percent due to an increase in consumer consumption and rates. Drainage charges were comparable to the prior year. Operating expenses increased by about 5 percent with the greatest increases in supplies and services costs as a result of increases in the overall costs of service.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

The general fund operating budget was amended to provide for an additional \$967,711 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 \$876,464 more than budgeted for fiscal year 2024 with more than half the variance being attributable to investment income.

Actual expenditures were less than budgeted expenditures by net \$3,917,164. All functions had positive budget variances with the exception of emergency management and debt service.

### **CAPITAL ASSETS**

At September 30, 2024, the City's governmental and business-type activities had invested \$128,251,526 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net increase of \$39,657,496.

More detailed information about the City's capital assets is presented in Note 3 to the financial statements.

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(Continued)

CITY OF WEBSTER, TEXAS  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
For the Year Ended September 30, 2024

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**LONG-TERM DEBT**

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$34,460,000. Of this amount, \$5,015,000 was general obligation debt, while certificates of obligation accounted for \$29,445,000.

More detailed information about the City's long-term liabilities is presented in note 3 to the financial statements.

Current underlying ratings on debt issues are as follows:

|                          | Standard<br>and<br>Poor's |
|--------------------------|---------------------------|
| General obligation bonds | AA+                       |

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

The City Council has adopted its annual budget and property tax rate for its fiscal year that begins on October 1, 2024. The budget includes total resources of \$77,953,751 and expenditures of \$82,951,952, including the activity of the WEDC. Anticipated revenue was higher than the originally adopted for fiscal year 2023-24, due in large part to the growth in sales tax revenue, mixed beverage tax revenue, and interest revenue. For fiscal year 2024-25 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 24 new full-time positions. Expenditures in the general fund include the new Emergency Medical Services division. Capital improvements and infrastructure projects are budgeted at \$15,335,750 for general government projects and \$8,092,862 for utility projects in the 2024-25 budget. These projects will be financed with a combination of bond proceeds, impact fees, and funding from other state and federal sources. The 2024-25 budget for the equipment replacement fund includes \$1,378,200 in expenses for fleet purchases. Expenditures by the WEDC include \$11,500,000 for the funding of various Flyway development projects.

**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](http://www.cityofwebster.com).

## **BASIC FINANCIAL STATEMENTS**

CITY OF WEBSTER, TEXAS  
STATEMENT OF NET POSITION  
September 30, 2024

|   | Primary Government         |                             |                       | Component<br>Unit   |
|---|----------------------------|-----------------------------|-----------------------|---------------------|
|   | Governmental<br>Activities | Business-Type<br>Activities | Total                 |                     |
| <b>ASSETS</b>                               |                            |                             |                       |                     |
| Cash and cash equivalents                   | \$ 42,248,691              | \$ 21,121,441               | \$ 63,370,132         | \$ 9,723,910        |
| Investments                                 | -                          | 8,049,165                   | 8,049,165             | -                   |
| Receivables, net of allowances              | 4,265,632                  | 1,261,630                   | 5,527,262             | 972,019             |
| Internal balances                           | (2,679)                    | 2,679                       | -                     | -                   |
| Prepaid items                               | 371,510                    | 22,438                      | 393,948               | 133,074             |
| Inventory                                   | 21,261                     | -                           | 21,261                | -                   |
| Capital assets:                             |                            |                             |                       |                     |
| Nondepreciable/amortizable                  | 33,841,179                 | 11,929,130                  | 45,770,309            | 21,236,555          |
| Depreciable/amortizable capital assets, net | <u>60,005,738</u>          | <u>21,487,613</u>           | <u>81,493,351</u>     | <u>-</u>            |
| Total assets                                | <u>140,751,332</u>         | <u>63,874,096</u>           | <u>204,625,428</u>    | <u>32,065,558</u>   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>       |                            |                             |                       |                     |
| Deferred charge on refunding                | -                          | 11,975                      | 11,975                | -                   |
| Deferred outflows - pensions                | 5,211,295                  | 468,400                     | 5,679,695             | -                   |
| Deferred outflows - OPEB (TMRS)             | 95,886                     | 18,912                      | 114,798               | -                   |
| Deferred outflows - OPEB (Health)           | <u>166,395</u>             | <u>17,132</u>               | <u>183,527</u>        | <u>-</u>            |
| Total deferred inflows of resources         | <u>5,473,576</u>           | <u>516,419</u>              | <u>5,989,995</u>      | <u>-</u>            |
| <b>LIABILITIES</b>                          |                            |                             |                       |                     |
| Accounts payable and accrued liabilities    | 3,143,290                  | 1,572,245                   | 4,715,535             | 1,607,813           |
| Customer deposits                           | 6,000                      | 503,697                     | 509,697               | -                   |
| Accrued interest payable                    | 105,682                    | 45,766                      | 151,448               | 42,028              |
| Unearned revenue                            | 94,282                     | -                           | 94,282                | -                   |
| Long-term liabilities                       |                            |                             |                       |                     |
| Due within one year                         | 3,999,207                  | 1,234,106                   | 5,233,313             | 1,221,168           |
| Due in more than one year                   | <u>30,120,203</u>          | <u>20,024,183</u>           | <u>50,144,386</u>     | <u>24,993,177</u>   |
| Total liabilities                           | <u>37,468,664</u>          | <u>23,379,997</u>           | <u>60,848,661</u>     | <u>27,864,186</u>   |
| <b>DEFERRED INFLOWS OF RESOURCES</b>        |                            |                             |                       |                     |
| Deferred inflows - pensions                 | 297,452                    | 14,133                      | 311,585               | -                   |
| Deferred inflows - OPEB (TMRS)              | 205,953                    | 27,149                      | 233,102               | -                   |
| Deferred inflows - OPEB (Health)            | 161,635                    | 18,936                      | 180,571               | -                   |
| Deferred inflows - leases                   | <u>101,128</u>             | <u>-</u>                    | <u>101,128</u>        | <u>-</u>            |
| Total deferred inflows of resources         | <u>766,168</u>             | <u>60,218</u>               | <u>826,386</u>        | <u>-</u>            |
| <b>NET POSITION</b>                         |                            |                             |                       |                     |
| Net investment in capital assets            | 76,296,985                 | 22,215,251                  | 98,512,236            | (4,977,790)         |
| Restricted for:                             |                            |                             |                       |                     |
| Debt service                                | 470,541                    | 453,461                     | 924,002               | -                   |
| Enabling legislation                        | 8,372,574                  | -                           | 8,372,574             | -                   |
| Construction/capital improvements           | 127,034                    | 16,506,444                  | 16,633,478            | -                   |
| Economic development                        | -                          | -                           | -                     | 9,179,162           |
| Unrestricted                                | <u>22,722,942</u>          | <u>1,775,144</u>            | <u>24,498,086</u>     | <u>-</u>            |
| Total net position                          | <u>\$ 107,990,076</u>      | <u>\$ 40,950,300</u>        | <u>\$ 148,940,376</u> | <u>\$ 4,201,372</u> |

See notes to financial statements.

CITY OF WEBSTER, TEXAS  
STATEMENT OF ACTIVITIES  
For the year ended September 30, 2024

| Functions/Programs                       | Program Revenues     |                      |                                    |                                  | Net Revenue (Expense) and Changes in Net Position |                          |                       | Component Unit      |
|--|----------------------|----------------------|------------------------------------|----------------------------------|---|--------------------------|-----------------------|---------------------|
|  | Expenses             | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary Government                                |                          |                       |                     |
|  |                      |                      |                                    |                                  | Government Activities                             | Business-Type Activities | Total                 |                     |
| Primary Government                       |                      |                      |                                    |                                  |   |                          |                       |                     |
| Governmental activities                  |                      |                      |                                    |                                  |   |                          |                       |                     |
| General government                       | \$ 5,914,204         | \$ -                 | \$ 2,846,741                       | \$ 12,900,542                    | \$ 9,833,079                                      | \$ -                     | \$ 9,833,079          | \$ -                |
| Public safety                            | 16,323,332           | 1,443,339            | -                                  | -                                | (14,879,993)                                      | -                        | (14,879,993)          | -                   |
| Public works                             | 14,480,032           | -                    | -                                  | -                                | (14,480,032)                                      | -                        | (14,480,032)          | -                   |
| Community development                    | 2,285,373            | 646,647              | -                                  | -                                | (1,638,726)                                       | -                        | (1,638,726)           | -                   |
| Interest and fiscal charges              | 445,513              | -                    | -                                  | -                                | (445,513)   | -                        | (445,513)             | -                   |
| Total governmental activities            | <u>39,448,455</u>    | <u>2,089,986</u>     | <u>2,846,741</u>                   | <u>12,900,542</u>                | <u>(21,611,186)</u>                               | <u>-</u>                 | <u>(21,611,186)</u>   | <u>-</u>            |
| Business-type activities                 |                      |                      |                                    |                                  |   |                          |                       |                     |
| Water                                    | 3,750,269            | 5,012,221            | -                                  | 2,752,478                        | -   | 4,014,430                | 4,014,430             | -                   |
| Wastewater                               | 2,739,309            | 4,315,884            | -                                  | -                                | -   | 1,576,575                | 1,576,575             | -                   |
| Drainage                                 | 226,090              | 356,213              | -                                  | -                                | -   | 130,123                  | 130,123               | -                   |
| Total business-type activities           | <u>6,715,668</u>     | <u>9,684,318</u>     | <u>-</u>                           | <u>2,752,478</u>                 | <u>-</u>  | <u>5,721,128</u>         | <u>5,721,128</u>      | <u>-</u>            |
| Total primary government                 | <u>\$ 46,164,123</u> | <u>\$ 11,774,304</u> | <u>\$ 2,846,741</u>                | <u>\$ 15,653,020</u>             | <u>(21,611,186)</u>                               | <u>5,721,128</u>         | <u>(15,890,058)</u>   | <u>-</u>            |
| Component Units                          |                      |                      |                                    |                                  |   |                          |                       |                     |
| Webster Economic Development Corporation | <u>15,961,826</u>    | <u>-</u>             | <u>-</u>                           | <u>-</u>                         | <u>-</u>  | <u>-</u>                 | <u>-</u>              | <u>(15,961,826)</u> |
| Total component units                    | <u>\$ 15,961,826</u> | <u>\$ -</u>          | <u>\$ -</u>                        | <u>\$ -</u>                      | <u>-</u>  | <u>-</u>                 | <u>-</u>              | <u>(15,961,826)</u> |
| General revenues                         |                      |                      |                                    |                                  |   |                          |                       |                     |
| Ad valorem taxes                         |                      |                      |                                    |                                  | 9,658,454   | -                        | 9,658,454             | -                   |
| Sales taxes                              |                      |                      |                                    |                                  | 17,535,608  | -                        | 17,535,608            | 5,845,203           |
| Franchise fees                           |                      |                      |                                    |                                  | 1,279,313   | -                        | 1,279,313             | -                   |
| Hotel/motel occupancy taxes              |                      |                      |                                    |                                  | 2,688,226   | -                        | 2,688,226             | -                   |
| Mixed beverages taxes                    |                      |                      |                                    |                                  | 813,059   | -                        | 813,059               | -                   |
| Investment earnings                      |                      |                      |                                    |                                  | 2,940,038   | 1,578,994                | 4,519,032             | 741,901             |
| Other revenues                           |                      |                      |                                    |                                  | 1,559,227   | 181,120                  | 1,740,347             | -                   |
| Gain on sale of capital assets           |                      |                      |                                    |                                  | 178,337   | -                        | 178,337               | 1,389,591           |
| Transfers                                |                      |                      |                                    |                                  | 500,000   | (500,000)                | -                     | -                   |
| Total general revenues and transfers     |                      |                      |                                    |                                  | <u>37,152,262</u>                                 | <u>1,260,114</u>         | <u>38,412,376</u>     | <u>7,976,695</u>    |
| Change in net position                   |                      |                      |                                    |                                  | <u>15,541,076</u>                                 | <u>6,981,242</u>         | <u>22,522,318</u>     | <u>(7,985,131)</u>  |
| Beginning net position                   |                      |                      |                                    |                                  | <u>92,449,000</u>                                 | <u>33,969,058</u>        | <u>126,418,058</u>    | <u>12,186,503</u>   |
| Ending net position                      |                      |                      |                                    |                                  | <u>\$ 107,990,076</u>                             | <u>\$ 40,950,300</u>     | <u>\$ 148,940,376</u> | <u>\$ 4,201,372</u> |

See notes to financial statements.

CITY OF WEBSTER, TEXAS  
BALANCE SHEET  
GOVERNMENTAL FUNDS  
September 30, 2024

|  | General              | Debt<br>Service   | Hotel<br>Occupancy<br>Tax | Grant             | C.O. Series<br>2021A | Nonmajor<br>Governmental | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------|---------------------------|-------------------|----------------------|--------------------------|--------------------------------|
| <b>ASSETS</b>  |                      |                   |                           |                   |                      |                          |                                |
| Cash and cash equivalents  | \$ 24,824,341        | \$ 576,223        | \$ 7,870,947              | \$ 326,028        | \$ 2,233,501         | \$ 2,975,435             | \$ 38,806,475                  |
| Receivables, net   | 3,513,782            | 88,685            | 511,192                   | 74,377            | -                    | 77,596                   | 4,265,632                      |
| Due from other funds   | 168,712              | -                 | -                         | -                 | -                    | -                        | 168,712                        |
| Prepaid items  | 254,593              | -                 | 99,495                    | -                 | -                    | -                        | 354,088                        |
| Inventories  | 21,261               | -                 | -                         | -                 | -                    | -                        | 21,261                         |
| Total assets   | <u>\$ 28,782,689</u> | <u>\$ 664,908</u> | <u>\$ 8,481,634</u>       | <u>\$ 400,405</u> | <u>\$ 2,233,501</u>  | <u>\$ 3,053,031</u>      | <u>\$ 43,616,168</u>           |
| <b>LIABILITIES</b>   |                      |                   |                           |                   |                      |                          |                                |
| Accounts payable and accrued liabilities                               | \$ 1,720,773         | \$ -              | \$ 834,427                | \$ 14,132         | \$ 449,074           | \$ 1,504                 | \$ 3,019,910                   |
| Customer deposits  | 6,000                | -                 | -                         | -                 | -                    | -                        | 6,000                          |
| Due to other funds   | 2,679                | -                 | -                         | 168,712           | -                    | -                        | 171,391                        |
| Unearned revenue   | 3,755                | -                 | -                         | 90,527            | -                    | -                        | 94,282                         |
| Total liabilities  | <u>1,733,207</u>     | <u>-</u>          | <u>834,427</u>            | <u>273,371</u>    | <u>449,074</u>       | <u>1,504</u>             | <u>3,291,583</u>               |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                                   |                      |                   |                           |                   |                      |                          |                                |
| Unavailable revenue - property taxes                                   | 198,428              | 88,685            | -                         | -                 | -                    | -                        | 287,113                        |
| Unavailable revenue - leases   | 101,128              | -                 | -                         | -                 | -                    | -                        | 101,128                        |
| Total deferred inflows of resources                                    | <u>299,556</u>       | <u>88,685</u>     | <u>-</u>                  | <u>-</u>          | <u>-</u>             | <u>-</u>                 | <u>388,241</u>                 |
| <b>FUND BALANCES</b>   |                      |                   |                           |                   |                      |                          |                                |
| Nonspendable   |                      |                   |                           |                   |                      |                          |                                |
| Prepaid items  | 254,593              | -                 | 99,495                    | -                 | -                    | -                        | \$ 354,088                     |
| Inventory  | 21,261               | -                 | -                         | -                 | -                    | -                        | 21,261                         |
| Restricted   |                      |                   |                           |                   |                      |                          |                                |
| Debt service   | -                    | 576,223           | -                         | -                 | -                    | -                        | 576,223                        |
| Construction/capital improvements                                      | -                    | -                 | -                         | 127,034           | 1,784,427            | -                        | 1,911,461                      |
| Enabling legislation   | -                    | -                 | 7,547,712                 | -                 | -                    | 824,862                  | 8,372,574                      |
| Assigned   |                      |                   |                           |                   |                      |                          |                                |
| Special revenue  | -                    | -                 | -                         | -                 | -                    | 373,703                  | 373,703                        |
| Capital projects   | -                    | -                 | -                         | -                 | -                    | 1,852,962                | 1,852,962                      |
| Unassigned   | 26,474,072           | -                 | -                         | -                 | -                    | -                        | 26,474,072                     |
| Total fund balances  | <u>26,749,926</u>    | <u>576,223</u>    | <u>7,647,207</u>          | <u>127,034</u>    | <u>1,784,427</u>     | <u>3,051,527</u>         | <u>39,936,344</u>              |
| Total liabilities, deferred inflows<br>of resources, and fund balances | <u>\$ 28,782,689</u> | <u>\$ 664,908</u> | <u>\$ 8,481,634</u>       | <u>\$ 400,405</u> | <u>\$ 2,233,501</u>  | <u>\$ 3,053,031</u>      | <u>\$ 43,616,168</u>           |

See notes to financial statements.

CITY OF WEBSTER, TEXAS  
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET  
TO THE STATEMENT OF NET POSITION  
September 30, 2024

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|   |                       |
|---|-----------------------|
| Total fund balances for governmental funds  | \$ 39,936,344         |
| Amounts reported for governmental activities in the Statement of Net Position are different because:  |                       |
| Capital assets used in governmental activities are not financial resources are not reported in the governmental funds.  |                       |
| Capital assets - nondepreciable/amortizeable  | 33,841,179            |
| Capital assets - net depreciable/amortizeable   | 60,005,738            |
| Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.  |                       |
|   | 287,113               |
| 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. |                       |
|   | 3,336,258             |
| 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  | (105,682)             |
| Noncurrent liabilities due in one year  | (3,999,207)           |
| Noncurrent liabilities due in more than one year  | (30,120,203)          |
| Deferred outflows - pensions  | 5,211,295             |
| Deferred inflows - pensions   | (297,452)             |
| Deferred outflows - TMRS OPEB   | 95,886                |
| Deferred outflows - health OPEB   | 166,395               |
| Deferred inflows - TMRS OPEB  | (205,953)             |
| Deferred inflows - health OPEB  | <u>(161,635)</u>      |
| Net position of governmental activities   | <u>\$ 107,990,076</u> |

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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, 2024

|  | General              | Debt<br>Service   | Hotel<br>Occupancy<br>Tax | Grant             | C.O. Series<br>2021A | Nonmajor<br>Governmental | Total<br>Governmental<br>Funds |
|--|----------------------|-------------------|---------------------------|-------------------|----------------------|--------------------------|--------------------------------|
| <b>Revenues</b>  |                      |                   |                           |                   |                      |                          |                                |
| Ad valorem taxes   | \$ 6,857,571         | \$ 2,750,712      | \$ -                      | \$ -              | \$ -                 | \$ -                     | \$ 9,608,283                   |
| Sales taxes  | 17,535,608           | -                 | -                         | -                 | -                    | -                        | 17,535,608                     |
| Franchise fees   | 1,260,825            | -                 | -                         | -                 | -                    | 18,488                   | 1,279,313                      |
| Hotel/motel occupancy taxes                                  | -                    | -                 | 2,688,226                 | -                 | -                    | -                        | 2,688,226                      |
| Mixed beverage taxes   | 813,059              | -                 | -                         | -                 | -                    | -                        | 813,059                        |
| Licenses and permits   | 646,647              | -                 | -                         | -                 | -                    | -                        | 646,647                        |
| Fines and forfeitures  | 903,667              | -                 | -                         | -                 | -                    | 89,543                   | 993,210                        |
| Charges for services   | 450,129              | -                 | -                         | -                 | -                    | -                        | 450,129                        |
| Intergovernmental  | -                    | -                 | -                         | 2,754,229         | -                    | 92,512                   | 2,846,741                      |
| Investment earnings  | 1,392,054            | 47,086            | 522,185                   | 133,459           | 444,361              | 157,501                  | 2,696,646                      |
| Contributions  | 930,000              | -                 | -                         | -                 | -                    | -                        | 930,000                        |
| Other revenue  | 362,842              | 4,648             | 49,975                    | 72,626            | -                    | 139,136                  | 629,227                        |
| Total revenues   | <u>31,152,402</u>    | <u>2,802,446</u>  | <u>3,260,386</u>          | <u>2,960,314</u>  | <u>444,361</u>       | <u>497,180</u>           | <u>41,117,089</u>              |
| <b>Expenditures</b>  |                      |                   |                           |                   |                      |                          |                                |
| Current  |                      |                   |                           |                   |                      |                          |                                |
| General government   | 4,713,598            | -                 | -                         | -                 | -                    | 46,911                   | 4,760,509                      |
| Public safety  | 17,861,819           | -                 | -                         | 184,595           | -                    | 58,622                   | 18,105,036                     |
| Public works   | 7,121,480            | -                 | 4,631,863                 | 2,752,478         | -                    | -                        | 14,505,821                     |
| Community development  | 2,241,777            | -                 | -                         | -                 | -                    | -                        | 2,241,777                      |
| Capital outlay   | -                    | -                 | -                         | -                 | 13,168,073           | -                        | 13,168,073                     |
| Debt service   |                      |                   |                           |                   |                      |                          |                                |
| Principal  | 104,121              | 2,070,000         | -                         | -                 | -                    | -                        | 2,174,121                      |
| Interest and fiscal charges                                  | 8,159                | 803,980           | -                         | -                 | -                    | -                        | 812,139                        |
| Total expenditures   | <u>32,050,954</u>    | <u>2,873,980</u>  | <u>4,631,863</u>          | <u>2,937,073</u>  | <u>13,168,073</u>    | <u>105,533</u>           | <u>55,767,476</u>              |
| Excess (deficiency) of revenues<br>over (under) expenditures | <u>(898,552)</u>     | <u>(71,534)</u>   | <u>(1,371,477)</u>        | <u>23,241</u>     | <u>(12,723,712)</u>  | <u>391,647</u>           | <u>(14,650,387)</u>            |
| <b>Other Financing Sources (Uses)</b>                        |                      |                   |                           |                   |                      |                          |                                |
| Transfers in   | 934,050              | -                 | -                         | -                 | -                    | -                        | 934,050                        |
| Transfers (out)  | -                    | -                 | (425,050)                 | -                 | -                    | (9,000)                  | (434,050)                      |
| Proceeds from sale of capital assets                         | 4,208                | -                 | -                         | -                 | -                    | -                        | 4,208                          |
| Total other financing sources (uses)                         | <u>938,258</u>       | <u>-</u>          | <u>(425,050)</u>          | <u>-</u>          | <u>-</u>             | <u>(9,000)</u>           | <u>504,208</u>                 |
| Net change in fund balances                                  | 39,706               | (71,534)          | (1,796,527)               | 23,241            | (12,723,712)         | 382,647                  | (14,146,179)                   |
| Beginning fund balances                                      | <u>26,710,220</u>    | <u>647,757</u>    | <u>9,443,734</u>          | <u>103,793</u>    | <u>14,508,139</u>    | <u>2,668,880</u>         | <u>54,082,523</u>              |
| Ending fund balances   | <u>\$ 26,749,926</u> | <u>\$ 576,223</u> | <u>\$ 7,647,207</u>       | <u>\$ 127,034</u> | <u>\$ 1,784,427</u>  | <u>\$ 3,051,527</u>      | <u>\$ 39,936,344</u>           |

See notes to financial statements.

CITY OF WEBSTER, TEXAS  
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,  
AND CHANGES IN FUND BALANCE OF THE GOVERNMENTAL FUND TO THE  
STATEMENT OF ACTIVITIES  
For the Year Ended September 30, 2024

Net changes in fund balances - total governmental funds \$ (14,146,179)

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/amortization expense.

|                                  |             |
|----------------------------------|-------------|
| Depreciation/Amortization        | (4,561,536) |
| Capital outlay, net of disposals | 20,944,314  |

|   |            |
|---|------------|
| Capital contributions from component units and developers are not reported as revenues in the governmental funds. | 12,900,542 |
|---|------------|

|  |        |
|--|--------|
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 50,171 |
|--|--------|

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 payments               | 2,070,000   |
| New subscriptions                | (419,899)   |
| Subscription payments            | 267,663     |
| Amortization of deferred charges | 404,377     |
| Accrued interest                 | (37,751)    |
| Compensated absences             | (159,421)   |
| Net pension liability            | 2,526,120   |
| Total TMRS OPEB liability        | (43,088)    |
| Total health OPEB liability      | (106,743)   |
| Deferred outflows - pensions     | (2,613,594) |
| Deferred inflows - pensions      | (157,703)   |
| Deferred outflows - TMRS OPEB    | (12,790)    |
| Deferred inflows - TMRS OPEB     | 21,030      |
| Deferred outflows - health OPEB  | 95,059      |
| Deferred inflows - health OPEB   | 51,459      |

|  |             |
|--|-------------|
| 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. | (1,530,955) |
|--|-------------|

|   |               |
|---|---------------|
| Change in net position of governmental activities | \$ 15,541,076 |
|---|---------------|

See notes to financial statements.

CITY OF WEBSTER, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2024

|  | Business-Type<br>Activities | Governmental<br>Activities  |
|--|-----------------------------|-----------------------------|
|  | <u>Utility</u>              | <u>Internal<br/>Service</u> |
| <b>ASSETS</b>                            |                             |                             |
| Current assets                           |                             |                             |
| Cash and cash equivalents                | \$ 21,121,441               | \$ 3,442,216                |
| Investments                              | 8,049,165                   | -                           |
| Receivables, net                         | 1,261,630                   | -                           |
| Due from other funds                     | 2,679                       | -                           |
| Prepaid expenses                         | 22,438                      | 17,422                      |
| Total assets                             | 30,457,353                  | 3,459,638                   |
| Noncurrent assets                        |                             |                             |
| Capital assets:                          |                             |                             |
| Nondepreciable/amortizable               | 11,929,130                  | -                           |
| Depreciable/amortizable capital assets   | 49,798,494                  | 10,449,350                  |
| Less: accumulated depreciation           | (28,310,881)                | (5,668,411)                 |
| Total noncurrent assets                  | 33,416,743                  | 4,780,939                   |
| Total assets                             | 63,874,096                  | 8,240,577                   |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>    |                             |                             |
| Deferred charge on refunding             | 11,975                      | -                           |
| Deferred outflows - pensions             | 468,400                     | 102,363                     |
| Deferred outflows - TMRS OPEB            | 18,912                      | 3,639                       |
| Deferred outflows - health OPEB          | 17,132                      | 2,806                       |
| Total deferred outflows of resources     | 516,419                     | 108,808                     |
| <b>LIABILITIES</b>                       |                             |                             |
| Current liabilities                      |                             |                             |
| Accounts payable and accrued liabilities | 1,572,245                   | 123,380                     |
| Accrued interest payable                 | 45,766                      | -                           |
| Compensated absences                     | 129,520                     | 36,848                      |
| Customer deposits                        | 503,697                     | -                           |
| Bonds payable - current                  | 1,104,586                   | -                           |
| Total current liabilities                | 3,355,814                   | 160,228                     |
| Noncurrent liabilities                   |                             |                             |
| Compensated absences                     | 14,391                      | 4,094                       |
| Subscription liability                   | -                           | 339,384                     |
| Net pension liability                    | 1,187,659                   | 281,908                     |
| Total TMRS OPEB liability                | 65,284                      | 13,982                      |
| Total health OPEB liability              | 45,800                      | 23,708                      |
| Bonds payable, net of deferred charges   | 18,711,049                  | -                           |
| Total noncurrent liabilities             | 20,024,183                  | 663,076                     |
| Total liabilities                        | 23,379,997                  | 823,304                     |

(Continued)

CITY OF WEBSTER, TEXAS  
STATEMENT OF NET POSITION  
PROPRIETARY FUNDS  
September 30, 2024

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|  | Business-Type<br>Activities | Governmental<br>Activities  |
|--|-----------------------------|-----------------------------|
|  | <u>Utility</u>              | <u>Internal<br/>Service</u> |
| <b>DEFERRED INFLOWS OF RESOURCES</b>             |                             |                             |
| Deferred inflows of resources - pensions         | 14,133                      | 10,047                      |
| Deferred inflows of resources - OPEB (TMRS)      | 27,149                      | 4,049                       |
| Deferred inflows of resources - OPEB (Health)    | 18,936                      | 3,832                       |
| Total deferred inflows of resources              | 60,218                      | 17,928                      |
| <b>NET POSITION</b>                              |                             |                             |
| Net investment in capital assets                 | 22,215,251                  | 4,780,939                   |
| Restricted for debt service                      | 453,461                     | -                           |
| Restricted for construction/capital improvements | 16,506,444                  | -                           |
| Unrestricted                                     | 1,775,144                   | 2,727,214                   |
| Total net position                               | \$ 40,950,300               | \$ 7,508,153                |

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See notes to financial statements.

CITY OF WEBSTER, TEXAS  
STATEMENT OF REVENUES, EXPENSES AND CHANGES  
IN FUND NET POSITION PROPRIETARY FUNDS  
For the year ended September 30, 2024

|                                  | Business-Type<br>Activities | Governmental<br>Activities  |
|----------------------------------|-----------------------------|-----------------------------|
|                                  | <u>Utility</u>              | <u>Internal<br/>Service</u> |
| Operating revenues               |                             |                             |
| Water charges                    | \$ 4,328,770                | \$ -                        |
| Wastewater charges               | 4,315,884                   | -                           |
| Drainage charges                 | 356,213                     | -                           |
| Penalties and reconnect fees     | 78,484                      | -                           |
| Charges for services             | -                           | 4,834,311                   |
| Other revenue                    | 181,120                     | 53,926                      |
| Total operating revenues         | 9,260,471                   | 4,888,237                   |
| Operating expenses               |                             |                             |
| Personnel services               | 1,896,700                   | 3,042,824                   |
| Supplies                         | 1,301,942                   | 12,622                      |
| Repairs and maintenance          | 82,404                      | 8,358                       |
| Services                         | 1,476,093                   | 369,620                     |
| Depreciation/Amortization        | 1,389,537                   | 1,045,846                   |
| Total operating expenses         | 6,146,676                   | 4,479,270                   |
| Operating income                 | 3,113,795                   | 408,967                     |
| Nonoperating revenues (expenses) |                             |                             |
| Investment earnings              | 1,578,994                   | 243,392                     |
| Interest expense                 | (495,930)                   | -                           |
| Impact fees                      | 604,967                     | -                           |
| Intergovernmental                | -                           | -                           |
| Capital contributions            | 2,752,478                   | -                           |
| Gain on sale of capital assets   | -                           | 174,129                     |
| Total nonoperating revenues      | 4,440,509                   | 417,521                     |
| Income before transfers          | 7,554,304                   | 826,488                     |
| Transfers                        |                             |                             |
| Transfers (out)                  | (500,000)                   | -                           |
| Total transfers                  | (500,000)                   | -                           |
| Change in net position           | 7,054,304                   | 826,488                     |
| Beginning net position           | 33,895,996                  | 6,681,665                   |
| Ending Net Position              | \$ 40,950,300               | \$ 7,508,153                |

See notes to financial statements.

CITY OF WEBSTER, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended September 30, 2024

|  | Business-Type<br>Activities<br><u>Utility</u> | Governmental<br>Activities<br><u>Internal Service</u> |
|--|---|---|
| <b>Cash flows from operating activities</b>                          |   |   |
| Receipts from customers and users                                    | \$ 9,288,731                                  | \$ -  |
| Receipts from interfund charges for equipment replacement            | -   | 916,956   |
| Receipts from interfund charges for information technology           | -   | 1,304,000   |
| Receipts from interfund charges for employee benefits                | -   | 2,667,281   |
| Payments to suppliers  | (2,396,603)                                   | (322,298)   |
| Payments to employees  | (1,856,306)                                   | (3,031,211)   |
| Net cash provided by operating activities                            | <u>5,035,822</u>                              | <u>1,534,728</u>                                      |
| <b>Cash flows from noncapital financing activities</b>               |   |   |
| Impact fees  | 604,967                                       | -   |
| Transfer to other funds  | (500,000)                                     | -   |
| Net cash provided by noncapital financing activities                 | <u>104,967</u>                                | <u>-</u>  |
| <b>Cash flows from capital and related financing activities</b>      |   |   |
| Acquisition and construction of capital assets                       | (11,002,165)                                  | (3,744,319)   |
| Principal paid on debt   | (955,000)                                     | (163,542)   |
| Interest paid on debt  | (434,524)                                     | -   |
| Proceeds from financing  | -   | 419,899   |
| Proceeds from sale of capital assets                                 | -   | 174,129   |
| Net cash provided (used) by capital and related financing activities | <u>(12,391,689)</u>                           | <u>(3,313,833)</u>                                    |
| <b>Cash flows from investing activities</b>                          |   |   |
| Purchase of investments  | (1,897,418)                                   | -   |
| Interest on investments  | 1,578,994                                     | 243,392   |
| Net cash provided by investing activities                            | <u>1,578,994</u>                              | <u>243,392</u>  |
| Net Increase (decrease) in cash and cash equivalents                 | (5,671,906)                                   | (1,535,713)   |
| Beginning cash and cash equivalents                                  | <u>26,793,347</u>                             | <u>4,977,929</u>                                      |
| Ending cash and cash equivalents                                     | <u>\$ 21,121,441</u>                          | <u>\$ 3,442,216</u>                                   |

(Continued)

CITY OF WEBSTER, TEXAS  
STATEMENT OF CASH FLOWS  
PROPRIETARY FUNDS  
For the year ended September 30, 2024

|   | Business-Type<br>Activities<br><u>Utility</u> | Governmental<br>Activities<br><u>Internal Service</u> |
|---|---|---|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities |   |   |
| Operating income  | \$ 3,113,795                                  | \$ 408,967  |
| Adjustments to reconcile operating income to net cash provided by operating activities:       |   |   |
| Depreciation/Amortization   | 1,389,537                                     | 1,045,846   |
| Changes in operating assets and liabilities   |   |   |
| (Increase) decrease in assets   |   |   |
| Accounts receivable   | (2,143)                                       | -   |
| Due from other funds  | 24  | -   |
| Prepaid expenses  | (21,088)                                      | (8,649)   |
| Deferred outflows of resources  | 222,853                                       | 49,197  |
| Increase (decrease) in  |   |   |
| Accounts payable and accrued liabilities  | 484,924                                       | 76,951  |
| Compensated absences  | 17,125  | 4,792   |
| Customer deposits   | 30,379  | -   |
| Net pension liability   | (226,385)                                     | (49,089)  |
| Total TMRS OPEB liability   | 3,862   | 2,150   |
| Total health OPEB liability   | 9,545   | 2,907   |
| Deferred inflows of resources   | <u>13,394</u>                                 | <u>1,656</u>  |
| Net cash provided by operating activities   | <u>\$ 5,035,822</u>                           | <u>\$ 1,534,728</u>                                   |
| <b>Noncash capital activities</b>   |   |   |
| Capital assets contributed during the year  | <u>\$ 2,752,478</u>                           | <u>\$ -</u>   |

See notes to financial statements.

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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 Units

**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, Webster, TX; telephone 281-316-4102; or for general City information, visit the City’s website at [www.cityofwebster.com](http://www.cityofwebster.com).

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

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 did not qualify as a major fund but the City elected to present it as major due to its significance, which are considered major funds. The hotel 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.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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 funds:

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.

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.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)

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.

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

Cash and Cash Equivalents: The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and balances in statewide investment pools. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with a maturity date of three months or less when purchased to be cash equivalents.

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.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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>Assets Depreciation</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                |

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.
- 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.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

At the fund level, the City recognized deferred inflows only under a modified accrual basis of accounting, that qualify 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 court fines and warrants, ambulance fees, and property taxes. These amounts are deferred and recognized as inflows of resources in the period that the amounts become 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 and is amortized over the terms of the leases.

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.

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.

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.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.
- 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.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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.

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

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

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

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

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

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

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.

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, and 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.

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.

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.

Other Postretirement 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.

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.

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(Continued)

**NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Revenues and Expenditures/Expenses:

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. Including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

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.

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.

**NOTE 2 - 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 ended September 30, 2024.

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.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS**

Deposits and Investments: As of September 30, 2024, the City and WEDC had the following investments:

| <u>Investment Type</u> | <u>Value</u>         | Weighted Average        |
|------------------------|----------------------|-------------------------|
|                        |                      | <u>Maturity (Years)</u> |
| Texas CLASS            | \$ 6,949,375         | 0.28                    |
| Texas FIT              | 22,917,743           | 0.01                    |
| Texas Term (Range)     | 17,668,739           | 0.01                    |
| TexPool                | 9,432,351            | 0.08                    |
| TexStar                | <u>14,874,993</u>    | 0.07                    |
| Total value            | <u>\$ 71,843,201</u> |                         |

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.

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.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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, 2024, 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, 2024 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, 2024, market values of pledged securities 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 safekeep securities at the financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

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

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

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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. 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](http://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.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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.

Receivables: The following comprise receivable balances at year end:

**Governmental Funds**

|                   | <u>General</u>      | <u>Debt<br/>Service</u> | <u>Hotel<br/>Occupancy<br/>Tax</u> | <u>Grant</u>     | <u>Nonmajor<br/>Governmental</u> | <u>Component<br/>Unit</u> |
|-------------------|---------------------|-------------------------|------------------------------------|------------------|----------------------------------|---------------------------|
| Ad valorem taxes  | \$ 199,390          | \$ 89,344               | \$ -                               | \$ -             | \$ -                             | \$ -                      |
| Other taxes       | 3,165,229           | -                       | 511,192                            | -                | -                                | 972,019                   |
| Intergovernmental | -                   | -                       | -                                  | 74,377           | 77,596                           | -                         |
| Other             | 150,125             | -                       | -                                  | -                | -                                | -                         |
| Less allowance    | <u>(962)</u>        | <u>(659)</u>            | <u>-</u>                           | <u>-</u>         | <u>-</u>                         | <u>-</u>                  |
| Total             | <u>\$ 3,513,782</u> | <u>\$ 88,685</u>        | <u>\$ 511,192</u>                  | <u>\$ 74,377</u> | <u>\$ 77,596</u>                 | <u>\$ 972,019</u>         |

**Proprietary Funds**

|                | <u>Enterprise</u>   |
|----------------|---------------------|
| Accounts       | \$ 1,271,458        |
| Less allowance | <u>(9,828)</u>      |
| Total          | <u>\$ 1,261,630</u> |

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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

|   | Primary Government   |               |                                   |                   |
|---|----------------------|---------------|-----------------------------------|-------------------|
|   | Beginning<br>Balance | Increases     | (Decreases)/<br>Reclassifications | Ending<br>Balance |
| <u>Governmental activities</u>                      |                      |               |                                   |                   |
| Capital assets not being depreciated:               |                      |               |                                   |                   |
| Land  | \$ 5,444,520         | \$ 6,745,786  | \$ -                              | \$ 12,190,306     |
| Construction in progress                            | 11,160,033           | 15,827,737    | (5,336,897)                       | 21,650,873        |
| Total capital assets not<br>being depreciated       | 16,604,553           | 22,573,523    | (5,336,897)                       | 33,841,179        |
| Other capital assets                                |                      |               |                                   |                   |
| Buildings and improvements                          | 27,702,003           | 1,169,167     | -                                 | 28,871,170        |
| Furniture and equipment                             | 16,662,729           | 5,824,689     | (1,193,648)                       | 21,293,770        |
| Right-to-use subscription asset                     | 578,179              | 419,900       | -                                 | 998,079           |
| Infrastructure                                      | 64,081,147           | 9,231,018     | -                                 | 73,312,165        |
| Total other capital assets                          | 109,024,058          | 16,644,774    | (1,193,648)                       | 124,475,184       |
| Less accumulated depreciation/<br>amortization for: |                      |               |                                   |                   |
| Buildings and improvements                          | (14,386,350)         | (799,379)     | -                                 | (15,185,729)      |
| Furniture and equipment                             | (12,180,028)         | (1,505,799)   | 1,157,104                         | (12,528,723)      |
| Right-to-use subscription asset                     | (167,342)            | (216,307)     | -                                 | (383,649)         |
| Infrastructure                                      | (34,331,294)         | (2,040,051)   | -                                 | (36,371,345)      |
| Total accumulated depreciation/<br>amortization     | (61,065,014)         | (4,561,536)   | 1,157,104                         | (64,469,446)      |
| Other capital assets, net                           | 47,959,044           | 12,083,238    | (36,544)                          | 60,005,738        |
| Governmental activities<br>capital assets, net      | \$ 64,563,597        | \$ 34,656,761 | \$ (5,373,441)                    | 93,846,917        |
|   |                      |               | Less associated debt              | (19,334,359)      |
|   |                      |               | Plus unspent bond proceeds        | 1,784,427         |
|   |                      |               | Net investment in capital assets  | \$ 76,296,985     |

Depreciation/amortization was charged to governmental functions as follows:

|   |              |
|---|--------------|
| General government  | \$ 1,376,393 |
| Public safety   | 845,523      |
| Public works  | 1,268,109    |
| Community development                                       | 25,665       |
| Internal service funds                                      | 1,045,846    |
| Total governmental activities depreciation and amortization | \$ 4,561,536 |

(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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.

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

|   | <u>Beginning<br/>Balance</u> | <u>Increases</u> | <u>(Decreases)/<br/>Reclassifications</u> | <u>Ending<br/>Balance</u> |
|---|------------------------------|------------------|---|---------------------------|
| Component Unit:   |                              |                  |   |                           |
| Capital assets not being depreciated                        |                              |                  |   |                           |
| Land  | \$ 21,779,841                | \$ -             | \$ (543,286)                              | \$ 21,236,555             |
| Total capital assets not<br>being depreciated               | <u>21,779,841</u>            | <u>-</u>         | <u>(543,286)</u>                          | <u>21,236,555</u>         |
| Discretely presented component<br>units capital assets, net | <u>\$ 21,779,841</u>         | <u>\$ -</u>      | <u>\$ (543,286)</u>                       | <u>21,236,555</u>         |
|   |                              |                  | Less debt associated with capital assets  | <u>(26,214,345)</u>       |
|   |                              |                  | Net investment in capital assets          | <u>\$ (4,977,790)</u>     |

Remaining commitments under related construction contracts for general government and projects at September 30, 2024 are as follows:

| <u>Project Description</u>       | <u>Authorized<br/>Contract</u> | <u>Contract<br/>Expenditures</u> | <u>Remaining<br/>Contract</u> |
|----------------------------------|--------------------------------|----------------------------------|-------------------------------|
| Civic Center Roof                | \$ 530,375                     | \$ 405,023                       | \$ 125,352                    |
| NASA Parkway improvement         | 7,510,636                      | 6,654,802                        | 855,834                       |
| Civic Center Complex Upgrade     | 466,147                        | 142,531                          | 323,616                       |
| Flyway Park                      | 1,309,844                      | 887,961                          | 421,883                       |
| Flyway - Parcel 13 Parking Lot   | 726,905                        | 128,036                          | 598,869                       |
| Flyway Boardwalk                 | 5,135,673                      | 2,427,302                        | 2,708,371                     |
| Flyway Drive                     | 2,719,658                      | 2,191,032                        | 528,626                       |
| Flyway West - Water Distribution | 3,204,017                      | 2,817,503                        | 386,514                       |
| Total                            | <u>\$ 21,603,255</u>           | <u>\$ 15,654,190</u>             | <u>\$ 5,949,065</u>           |

(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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

|   | Primary Government   |                      |                                   | Ending<br>Balance                                     |
|---|----------------------|----------------------|-----------------------------------|---|
|   | Beginning<br>Balance | Increases            | (Decreases)/<br>Reclassifications |   |
| <u>Business-type activities</u>                 |                      |                      |                                   |   |
| Capital assets not being depreciated            |                      |                      |                                   |   |
| Land  | \$ 102,269           | \$ -                 | \$ -                              | \$ 102,269  |
| Construction in progress                        | 3,084,069            | 10,143,124           | (1,400,332)                       | 11,826,861  |
| Total capital assets not<br>being depreciated   | <u>3,186,338</u>     | <u>10,143,124</u>    | <u>(1,400,332)</u>                | <u>11,929,130</u>                                     |
| Other capital assets                            |                      |                      |                                   |   |
| Buildings and improvements                      | 31,030,356           | 2,084,306            | -                                 | 33,114,662  |
| Furniture and equipment                         | 817,533              | 596,084              | -                                 | 1,413,617   |
| Water and wastewater system                     | 15,002,746           | 267,469              | -                                 | 15,270,215  |
| Total other capital assets                      | <u>46,850,635</u>    | <u>2,947,859</u>     | <u>-</u>                          | <u>49,798,494</u>                                     |
| Less accumulated depreciation for               |                      |                      |                                   |   |
| Buildings and improvements                      | (15,850,131)         | (1,030,720)          | -                                 | (16,880,851)  |
| Furniture and equipment                         | (248,844)            | (26,367)             | -                                 | (275,211)   |
| Water and wastewater system                     | (10,822,369)         | (332,450)            | -                                 | (11,154,819)  |
| Total accumulated depreciation                  | <u>(26,921,344)</u>  | <u>(1,389,537)</u>   | <u>-</u>                          | <u>(28,310,881)</u>                                   |
| Other capital assets, net                       | <u>19,929,291</u>    | <u>1,558,322</u>     | <u>-</u>                          | <u>21,487,613</u>                                     |
| Business-type activities<br>capital assets, net | <u>\$ 23,115,629</u> | <u>\$ 11,701,446</u> | <u>\$ (1,400,332)</u>             | <u>33,416,743</u>                                     |
|   |                      |                      |                                   | Less debt associated with capital assets (19,815,635) |
|   |                      |                      |                                   | Plus deferred charge on refunding 11,975              |
|   |                      |                      |                                   | Plus unspent bond proceeds 8,602,168                  |
|   |                      |                      |                                   | <u>\$ 22,215,251</u>                                  |

Depreciation was all charged to water and wastewater functions.

(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

Remaining commitments under related construction contracts for business-type construction projects at September 30, 2024 are as follows:

| <u>Project Description</u>                         | <u>Authorized<br/>Contract</u> | <u>Contract<br/>Expenditures</u> | <u>Remaining<br/>Contract</u> |
|--|--------------------------------|----------------------------------|-------------------------------|
| Wastewater Treatment Plant Electrical Improvements | \$ 3,152,117                   | \$ 1,462,351                     | \$ 1,689,766                  |
| Wastewater Treatment Plant Aeration Improvements   | <u>4,227,000</u>               | <u>1,684,825</u>                 | <u>2,542,175</u>              |
| Total  | <u>\$ 7,379,117</u>            | <u>\$ 3,147,176</u>              | <u>\$ 4,231,941</u>           |

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

|                                  | <u>Beginning<br/>Balances</u> | <u>Additions</u>    | <u>(Reductions)</u>   | <u>Ending<br/>Balances</u> | <u>Amounts<br/>Due Within<br/>One Year</u> |
|----------------------------------|-------------------------------|---------------------|-----------------------|----------------------------|--|
| <u>Governmental activities</u>   |                               |                     |                       |                            |  |
| Bonds, notes and other payables: |                               |                     |                       |                            |  |
| General obligation bonds         | \$ 3,015,000                  | \$ -                | \$ (265,000)          | \$ 2,750,000               | \$ 280,000                                 |
| Certificates of obligation       | 15,180,000                    | -                   | (1,805,000)           | 13,375,000                 | 1,895,000                                  |
| Bond premium                     | <u>3,128,868</u>              | <u>-</u>            | <u>(404,377)</u>      | <u>2,724,491</u>           | <u>404,377</u>                             |
|                                  | <u>21,323,868</u>             | <u>-</u>            | <u>(2,474,377)</u>    | <u>18,849,491</u>          | <u>(1) 2,579,377</u>                       |
| Other liabilities:               |                               |                     |                       |                            |  |
| Net pension liability            | 14,840,165                    | -                   | (2,526,120)           | 12,314,045                 | -  |
| Total OPEB liability (TMRS)      | 454,641                       | 43,088              | -                     | 497,729                    | -  |
| Total OPEB liability (Health)    | 288,985                       | 106,703             | -                     | 395,688                    | -  |
| Subscription liability           | 332,632                       | 419,899             | (267,663)             | 484,868                    | (1) -                                      |
| Compensated absences             | <u>1,418,168</u>              | <u>1,082,719</u>    | <u>(923,298)</u>      | <u>1,577,589</u>           | <u>1,419,830</u>                           |
| Total governmental activities    | <u>\$ 38,658,459</u>          | <u>\$ 1,652,409</u> | <u>\$ (6,191,458)</u> | <u>\$ 34,119,410</u>       | <u>\$ 3,999,207</u>                        |
| <u>Business-type activities</u>  |                               |                     |                       |                            |  |
| General obligation bonds         | \$ 2,550,000                  | \$ -                | \$ (285,000)          | \$ 2,265,000               | (2) \$ 300,000                             |
| Certificates of obligation       | 16,740,000                    | -                   | (670,000)             | 16,070,000                 | (2) 705,000                                |
| Bond premium                     | 1,582,599                     | -                   | (101,964)             | 1,480,635                  | (2) 99,586                                 |
| Net pension liability            | 1,414,044                     | -                   | (226,385)             | 1,187,659                  | -  |
| Total OPEB liability (TMRS)      | 61,422                        | 3,862               | -                     | 65,284                     | -  |
| Total OPEB liability (Health)    | 36,255                        | 9,545               | -                     | 45,800                     | -  |
| Compensated absences             | <u>126,786</u>                | <u>76,166</u>       | <u>(59,041)</u>       | <u>143,911</u>             | <u>129,520</u>                             |
| Total business-type activities   | <u>\$ 22,511,106</u>          | <u>\$ 89,573</u>    | <u>\$ (1,342,390)</u> | <u>\$ 21,258,289</u>       | <u>\$ 1,234,106</u>                        |
| WEDC:                            |                               |                     |                       |                            |  |
| Bonds payable                    | \$ 26,510,000                 | \$ -                | \$ (1,110,000)        | \$ 25,400,000              | (3) \$ 1,170,000                           |
| Bond premium                     | <u>865,513</u>                | <u>-</u>            | <u>(51,168)</u>       | <u>814,345</u>             | <u>(3) 51,168</u>                          |
| Total WEDC                       | <u>\$ 27,375,513</u>          | <u>\$ -</u>         | <u>\$ (1,161,168)</u> | <u>\$ 26,214,345</u>       | <u>\$ 1,221,168</u>                        |

Beginning balances have been restated

|  |                      |
|--|----------------------|
| (1) Debt associated with governmental capital assets             | <u>\$ 18,849,491</u> |
| (2) Debt associated with business-type activities capital assets | <u>\$ 19,815,635</u> |
| (4) Debt associated with WEDC capital assets                     | <u>\$ 26,214,345</u> |

(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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.

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

| <u>Description</u>                                       | <u>Interest Rate</u> | <u>Balance</u>       |
|--|----------------------|----------------------|
| <u>Governmental activities</u>                           |                      |                      |
| General obligation bonds                                 |                      |                      |
| General Obligation Refunding Bonds, Series 2020          | 3.00%                | \$ 2,750,000         |
| Total general obligation bonds                           |                      | <u>2,750,000</u>     |
| Certificates of obligation                               |                      |                      |
| Tax and Revenue Certificates of Obligation, Series 2018A | 3.00-4.00%           | 2,255,000            |
| Tax and Revenue Certificates of Obligation, Series 2021A | 4.00-5.00%           | <u>11,120,000</u>    |
| Total certificates of obligation                         |                      | <u>13,375,000</u>    |
| Total Governmental Activities Long-Term Debt             |                      | <u>\$ 16,125,000</u> |
| <u>Business-type activities</u>                          |                      |                      |
| General obligation bonds                                 |                      |                      |
| Water and Sewer Refunding Bonds, Series 2014             | 3.00-4.00%           | \$ 2,265,000         |
| Total General Obligation Bonds                           |                      | <u>2,265,000</u>     |
| Certificates of Obligation                               |                      |                      |
| Tax and Revenue Certificates of Obligation, Series 2018B | 3.50-4.00%           | 1,535,000            |
| Tax and Revenue Certificates of Obligation, Series 2021B | 2.00-5.00%           | <u>14,535,000</u>    |
| Total Certificates of Obligation                         |                      | <u>16,070,000</u>    |
| Total Business-Type Activities Long-Term Debt            |                      | <u>\$ 18,335,000</u> |
| WEDC   |                      |                      |
| Sales Tax Revenue Bonds, Series 2017                     | 3.75-5.00%           | \$ 6,880,000         |
| Sales Tax Revenue Bonds, Series 2022                     | 4.00-5.00%           | <u>18,520,000</u>    |
| Total Component Unit Long-Term Debt                      |                      | <u>\$ 25,400,000</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.

(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

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

| Fiscal<br>Year Ended<br>September 30, | Governmental Activities |                   | Business-Type Activities |                   |
|---------------------------------------|-------------------------|-------------------|--------------------------|-------------------|
|                                       | Principal               | Interest          | Principal                | Interest          |
| 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                                  | 350,000                 | 68,000            | 330,000                  | 31,775            |
| 2030-2034                             | <u>1,185,000</u>        | <u>91,375</u>     | <u>695,000</u>           | <u>32,550</u>     |
| Total                                 | <u>\$ 2,750,000</u>     | <u>\$ 592,000</u> | <u>\$ 2,265,000</u>      | <u>\$ 285,475</u> |

Certificates of Obligations: 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<br>Year Ended<br>September 30, | Governmental Activities |                     | Business-Type Activities |                     |
|---------------------------------------|-------------------------|---------------------|--------------------------|---------------------|
|                                       | Principal               | Interest            | Principal                | Interest            |
| 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                                  | 1,665,000               | 202,325             | 855,000                  | 333,480             |
| 2030-2034                             | 3,580,000               | 153,550             | 4,825,000                | 1,115,163           |
| 2035-2039                             | -                       | -                   | 5,305,000                | 495,939             |
| 2040-2041                             | <u>-</u>                | <u>-</u>            | <u>2,055,000</u>         | <u>43,418</u>       |
| Total                                 | <u>\$ 13,375,000</u>    | <u>\$ 2,086,625</u> | <u>\$ 16,070,000</u>     | <u>\$ 3,710,395</u> |

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(Continued)

CITY OF WEBSTER, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended September 30, 2024

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

**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<br>Year Ended<br><u>September 30,</u> | <u>WEDC</u>          |                     |
|--|----------------------|---------------------|
|  | <u>Principal</u>     | <u>Interest</u>     |
| 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   | 1,395,000            | 788,844             |
| 2030-2034                                    | 7,760,000            | 3,134,833           |
| 2035-2039                                    | 7,155,000            | 1,606,326           |
| 2040-2041                                    | <u>4,075,000</u>     | <u>330,200</u>      |
| Total  | <u>\$ 25,400,000</u> | <u>\$ 9,584,379</u> |

**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, 2024, the value of the lease receivable is \$102,746. 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, 2024 was \$101,128, and the City recognized lease revenue of \$20,986 during the fiscal year. The Lessee has one extension option of 60 months.

The following table illustrates the future payments expected:

| Fiscal<br>Year Ended<br><u>September 30,</u> | <u>Governmental Activities</u> |                 |
|--|--------------------------------|-----------------|
|  | <u>Principal</u>               | <u>Interest</u> |
| 2025   | \$ 21,214                      | \$ 986          |
| 2026   | 21,444                         | 756             |
| 2027   | 21,677                         | 523             |
| 2028   | 21,912                         | 288             |
| 2029   | <u>16,499</u>                  | <u>60</u>       |
|  | <u>\$ 102,746</u>              | <u>\$ 2,613</u> |

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(Continued)

CITY OF WEBSTER, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended September 30, 2024

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**NOTE 3 - DETAILED NOTES ON ALL FUNDS (Continued)**

Subscription Based Information Technology Arrangements: As of September 30, 2024, the City had 5 active subscriptions with payments ranging from \$2,600 to \$73,080, and interest rates that range from 2.42 to 3.51%. As of the end of the fiscal year the total subscription liability was \$484,868. The combined value of the right to use assets at the end of the year was \$998,079 with accumulated amortization of \$383,649.

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.

Interfund Transfers, Receivables, and Payables: Transfers between the primary governmental and enterprise funds during the year were as follows:

| <u>Transfer In</u> | <u>Transfer Out</u>         | <u>Amounts</u>    |
|--------------------|-----------------------------|-------------------|
| General Fund       | Utility Fund                | \$ 500,000        |
| General Fund       | Hotel Occupancy Tax Fund    | 425,050           |
| General Fund       | Nonmajor Governmental Funds | <u>9,000</u>      |
|                    |                             | <u>\$ 934,050</u> |

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.

Due to and due from amounts between funds for the fiscal year were as follows:

| <u>Due to</u> | <u>Due from</u> | <u>Amounts</u>    |
|---------------|-----------------|-------------------|
| General Fund  | Grant Fund      | \$ 168,712        |
| Utility Fund  | General Fund    | <u>2,679</u>      |
|               |                 | <u>\$ 171,391</u> |

Amounts due to/from other funds are considered to be short-term loans and are expected to be repaid within one year.

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(Continued)

#### **NOTE 4 - OTHER INFORMATION**

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.

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. 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.

#### Pension Plan

##### **Texas Municipal Retirement System**

Pension Plans: 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](http://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.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 4 - OTHER INFORMATION** (Continued)

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:

|  | 2024                      | 2023                      |
|--|---------------------------|---------------------------|
| 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<br>(expressed as age/yrs 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, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

|  |     |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 147 |
| Inactive employees entitled to, but not yet receiving, benefits  | 127 |
| Active employees   | 180 |
| Total  | 454 |

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 17.52% and 18.09% in calendar years 2023 and 2024, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2024 were \$3,603,470, which were equal to the required contributions.

Net Pension Liability/(Asset): The City's Net Pension Liability (NPL) was measured as of December 31, 2023, 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, 2023 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 |

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 4 - OTHER INFORMATION** (Continued)

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with 110% of the Public Safety table used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 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 setforward 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 the most recent Scale MP2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2018 to December 31, 2012. The assumptions were adopted in 2023 and first used in the December 31, 2023 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 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<br/>Allocation</u> | <u>Long-Term<br/>Expected Real<br/>Rate of Return<br/>(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                   | <u>10%</u>                   | 11.8%  |
| <br>Total                        | <br><u>100%</u>              |  |

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

**NOTE 4 - OTHER INFORMATION** (Continued)

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)

|   | Increase (Decrease)               |                                       |                                       |
|---|-----------------------------------|---------------------------------------|---------------------------------------|
|   | Total Pension<br>Liability<br>(A) | Plan Fiduciary<br>Net Position<br>(B) | Net Pension<br>Liability<br>(A) - (B) |
| Changes for the year:   |                                   |                                       |                                       |
| Service cost  | \$ 2,717,026                      | \$ -                                  | \$ 2,717,026                          |
| Interest  | 5,677,420                         | -                                     | 5,677,420                             |
| Difference between expected and actual experience             | 515,052                           | -                                     | 515,052                               |
| Changes of assumptions  | (360,122)                         | -                                     | (360,122)                             |
| Contributions - employer                                      | -                                 | 2,441,002                             | (2,441,002)                           |
| Contributions - employee                                      | -                                 | 1,000,412                             | (1,000,412)                           |
| Net investment income   | -                                 | 7,911,107                             | (7,911,107)                           |
| Benefit payments, including refunds of employee contributions | (3,603,470)                       | (3,603,470)                           | -                                     |
| Administrative expense  | -                                 | (50,289)                              | 50,289                                |
| Other changes   | -                                 | (351)                                 | 351                                   |
| Net Changes   | 4,945,906                         | 7,698,411                             | (2,752,505)                           |
| Balance at December 31, 2022                                  | 84,553,149                        | 68,298,940                            | 16,254,209                            |
| Balance at December 31, 2023                                  | <u>\$ 89,499,055</u>              | <u>\$ 75,997,351</u>                  | <u>\$ 13,501,704</u>                  |

Sensitivity of the NPL(A) 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<br>in Discount<br>Rate (5.75%) | Current<br>Discount<br>Rate (6.75%) | 1% Increase<br>in Discount<br>Rate (7.75%) |
|------------------------------|--|-------------------------------------|--|
| City's Net Pension Liability | <u>\$ 26,274,624</u>                       | <u>\$ 13,501,704</u>                | <u>\$ 3,038,250</u>                        |

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 [www.tmrs.com](http://www.tmrs.com).

(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 4 - OTHER INFORMATION** (Continued)

Pension Expense and Deferred Outflows/Deferred Inflows of Resources Related to Pension: For the fiscal year ended September 30, 2024, the City recognized pension expense of \$2,998,301.

At September 30, 2024, the City reported deferred outflows of resources related to pensions from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Difference between expected and actual economic experience  | \$ 1,779,126                                  | \$ 31,313                                    |
| Changes in actuarial assumptions                            | -   | 280,272                                      |
| Difference between projected and actual investment earnings | 1,888,615                                     | -  |
| Contributions subsequent to the measurement date            | <u>2,011,954</u>                              | <u>-</u>                                     |
| <br>Total   | <br><u>\$ 5,679,695</u>                       | <br><u>\$ 311,585</u>                        |

\$2,011,954 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <u>Fiscal Year ended September 30,</u> | <u>Pension<br/>Expense</u> |
|--|----------------------------|
| 2025                                   | \$ 1,155,552               |
| 2026                                   | 1,196,488                  |
| 2027                                   | 1,646,777                  |
| 2028                                   | <u>(642,661)</u>           |
| <br>Total                              | <br><u>\$ 3,356,156</u>    |

**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.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 4 - OTHER INFORMATION** (Continued)

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. There are no assets accumulated in a GASB-compliant trust related to this plan.

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, 2023 is summarized below:

|  |                   |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 99                |
| Inactive employees entitled to, but not yet receiving, benefits  | 24                |
| Active employees   | <u>180</u>        |
| Total  | <u><u>303</u></u> |

Total OPEB Liability: The City's total OPEB liability of \$563,013 was measured as of December 31, 2023 and was determined by an actuarial valuation as of that date.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 4 - OTHER INFORMATION** (Continued)

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2023 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                         | 3.60% to 11.85% including inflation   |
| Discount rate*                           | 3.77%   |
| 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence)   |
| Mortality rates-disabled retirees        | 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. |

The actuarial assumptions used in the December 31, 2023 valuation were based on the results of an actuarial experience study for the period December 31, 2022. The assumptions were adopted in 2023 and first used in the December 31, 2023 actuarial valuation.

Changes in the Total OPEB Liability

|   | <u>Total OPEB<br/>Liability</u> |
|---|---------------------------------|
| Changes for the year:                             |                                 |
| Service cost                                      | \$ 21,383                       |
| Interest  | 21,016                          |
| Difference between expected and actual experience | (7,023)                         |
| Changes in assumptions                            | 27,256                          |
| Benefit payments                                  | <u>(15,681)</u>                 |
| Net changes                                       | 46,951                          |
| Balance at September 30, 2023                     | <u>516,062</u>                  |
| Balance at September 30, 2024                     | <u>\$ 563,013</u>               |

The discount rate decreased from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. 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.

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 4 - OTHER INFORMATION** (Continued)

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<br>in Discount<br>Rate (2.77%) | Discount<br>Rate (3.77%) | 1% Increase<br>in Discount<br>Rate (4.77%) |
|-----------------------------|--|--------------------------|--|
| City's Total OPEB Liability | <u>\$ 668,955</u>                          | <u>\$ 563,013</u>        | <u>\$ 479,939</u>                          |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2024, the City recognized OPEB expense of \$22,394.

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

|  | Deferred<br>Outflows of<br><u>Resources</u> | Deferred<br>Inflows of<br><u>Resources</u> |
|--|---|--|
| Differences between expected and actual experience | \$ 901                                      | \$ 44,337                                  |
| Changes in actuarial assumptions                   | 100,910                                     | 188,765                                    |
| Contributions subsequent to the measurement date   | <u>12,987</u>                               | <u>-</u>                                   |
| Total  | <u>\$ 114,798</u>                           | <u>\$ 233,102</u>                          |

\$12,987 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, 2025.

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

| <u>Fiscal Year ended September 30,</u> | <u>Pension<br/>Expense</u> |
|--|----------------------------|
| 2025                                   | \$ (22,244)                |
| 2026                                   | (22,982)                   |
| 2027                                   | (36,106)                   |
| 2028                                   | (39,895)                   |
| 2029                                   | (11,791)                   |
| Thereafter                             | <u>1,727</u>               |
| Total                                  | <u>\$ (131,291)</u>        |

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(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

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 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. There are no assets accumulated in a GASB-compliant trust related to this plan.

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, 2023 is summarized below:

|  |                   |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 4                 |
| Active employees   | <u>172</u>        |
| Total  | <u><u>176</u></u> |

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

Total OPEB Liability: The City's total OPEB liability of \$441,488 was measured as of December 31, 2023 and was determined by an actuarial valuation as of December 31, 2023

Actuarial Assumptions and Other Inputs: The total OPEB liability in the December 31, 2022 actuarial valuation, rolled forward to December 31, 2023, was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

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(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

**NOTE 4 - OTHER INFORMATION (Continued)**

|                         |  |
|-------------------------|--|
| Inflation               | 2.50%  |
| Salary increases        | 3.60% to 11.85% including inflation  |
| Discount rate*          | 3.77%  |
| 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 rate  | Non-Medicare: initial rate of 7.20% declining to an ultimate rate of 4.25% after 15 years.   |
| Participation rates     | 15% for members retiring at age 55 and after;<br>5% for members retiring before age 55;<br>Retirees are assumed to discontinue coverage at Medicare age.   |

\*The discount rate changed from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023,.

Changes in the Total OPEB Liability

|   | Total OPEB<br>Liability  |
|---|--------------------------|
| Changes for the year:                             |                          |
| Service cost                                      | \$ 27,359                |
| Interest  | 13,082                   |
| Difference between expected and actual experience | 69,356                   |
| Changes of assumptions                            | 38,484                   |
| Benefit payments *                                | <u>(32,233)</u>          |
| Net changes                                       | 116,048                  |
| Balance at December 31, 2022                      | <u>325,440</u>           |
| Balance at December 31, 2023                      | <u><u>\$ 441,488</u></u> |

Sensitivity of the Total OPEB Liability to Changes in 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 3.77%, 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<br>in Discount<br>Rate (2.77%) | Discount<br>Rate (3.77%) | 1% Increase<br>in Discount<br>Rate (4.77%) |
|-----------------------------|--|--------------------------|--|
| City's Total OPEB Liability | <u>\$ 483,318</u>                          | <u>\$ 441,488</u>        | <u>\$ 403,746</u>                          |

(Continued)

CITY OF WEBSTER, TEXAS  
NOTES TO FINANCIAL STATEMENTS  
For the Year Ended September 30, 2024

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**NOTE 4 - OTHER INFORMATION (Continued)**

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:

|                             | <u>1% Decrease</u> | Current<br>Healthcare Cost<br>Trend Rate<br>Assumption | <u>1% Increase</u> |
|-----------------------------|--------------------|--|--------------------|
| City's Total OPEB Liability | \$ 390,739         | \$ 441,488   | \$ 502,604         |

OPEB Expense and Deferred Outflows/Inflows of Resources Related to OPEB: For the year ended September 30, 2024, the City recognized OPEB expense of \$37,717. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

|   | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> |
|---|---|--|
| Changes in actuarial assumptions                  | \$ 82,286                                     | \$ 85,493                                    |
| Difference between expected and actual experience | 78,940  | 95,078                                       |
| Contributions subsequent to the measurement date  | <u>22,301</u>                                 | <u>-</u>                                     |
| Total   | <u>\$ 183,527</u>                             | <u>\$ 180,571</u>                            |

\$22,301 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, 2025. Amounts reported as deferred outflows/inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Fiscal Year ended September 30.</u> | <u>OPEB<br/>Expense</u> |
|--|-------------------------|
| 2025                                   | \$ (2,724)              |
| 2026                                   | (2,724)                 |
| 2027                                   | (2,724)                 |
| 2028                                   | (3,537)                 |
| 2029                                   | (3,846)                 |
| Thereafter                             | <u>(3,790)</u>          |
| Total                                  | <u>\$ (19,345)</u>      |

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(Continued)

CITY OF WEBSTER, TEXAS  
 NOTES TO FINANCIAL STATEMENTS  
 For the Year Ended September 30, 2024

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**NOTE 4 - OTHER INFORMATION** (Continued)

3. Aggregate OPEB Plan Information

Below are aggregate amounts for all OPEB plans:

| <u>OPEB<br/>Liabilities</u> | <u>Deferred<br/>Outflows of<br/>Resources</u> | <u>Deferred<br/>Inflows of<br/>Resources</u> | <u>OPEB<br/>Expense</u> |
|-----------------------------|---|--|-------------------------|
| \$ 1,004,501                | \$ 298,325                                    | \$ 413,673                                   | \$ 60,111               |

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 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, 2024, the total taxable value of property within the District was approximately \$259,281,475. 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.

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(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

**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, 2024, the City’s total investment in SEWPP totaled \$5,411,123. The net investment reported is \$1,749,527, which includes accumulated depreciation of \$3,661,596

**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 2024, the Webster Economic Development Corporation made incentive payments of \$245,250 to WB Nasa Bypass for the completion of 24,525 square feet of net leasable space under the terms of the Development Agreement. The Webster Economic Development Corporation made incentive payments of \$7,930 to Chicken N Pickle under the terms of the Economic Development Agreement. For the fiscal year 2024, the City of Webster made incentive payments of \$160,528 to American Furniture Warehouse Co. under the terms of the Chapter 380 Economic Development Agreement. The City of Webster made incentive payments of \$3,267,325 to GWR Webster LLC under the terms of the Amended and Restated Economic Development Agreement.

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(Continued)

**NOTE 4 - OTHER INFORMATION** (Continued)

**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, 2024. 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. This agreement was renewed until March 31, 2025.

**REQUIRED SUPPLEMENTARY INFORMATION**

CITY OF WEBSTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND  
For the year ended September 30, 2024

|                                 | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---------------------------------|---------------------------------|------------------------------|-------------------|---|
| <b>Revenues</b>                 |                                 |                              |                   |   |
| Ad valorem taxes                | \$ 7,083,463                    | \$ 7,083,463                 | \$ 6,857,571      | \$ (225,892)  |
| Sales taxes                     | 17,420,820                      | 17,420,820                   | 17,535,608        | 114,788   |
| Franchise fees                  | 1,251,940                       | 1,251,940                    | 1,260,825         | 8,885   |
| Mixed beverage taxes            | 600,000                         | 600,000                      | 813,059           | 213,059   |
| Licenses and permits            | 625,815                         | 625,815                      | 646,647           | 20,832  |
| Fines and forfeitures           | 989,000                         | 989,000                      | 903,667           | (85,333)  |
| Charges for services            | 374,115                         | 374,115                      | 450,129           | 76,014  |
| Other                           | 214,300                         | 214,300                      | 362,842           | 148,542   |
| Investment earnings             | 786,485                         | 786,485                      | 1,392,054         | 605,569   |
| Contributions                   | 930,000                         | 930,000                      | 930,000           | -   |
| <b>Total revenues</b>           | <u>30,275,938</u>               | <u>30,275,938</u>            | <u>31,152,402</u> | <u>876,464</u>  |
| <b>Expenditures</b>             |                                 |                              |                   |   |
| <b>Current</b>                  |                                 |                              |                   |   |
| <b>General government</b>       |                                 |                              |                   |   |
| City council                    | 525,455                         | 525,455                      | 338,911           | 186,544   |
| City secretary                  | 759,119                         | 773,220                      | 726,803           | 46,417  |
| City manager                    | 543,458                         | 543,458                      | 476,053           | 67,405  |
| Finance                         | 1,184,657                       | 1,198,657                    | 1,144,118         | 54,539  |
| Municipal court                 | 832,155                         | 832,155                      | 783,508           | 48,647  |
| Human resources                 | 594,432                         | 594,432                      | 565,956           | 28,476  |
| Economic development            | 772,842                         | 772,842                      | 678,249           | 94,593  |
| <b>Total general government</b> | <u>5,212,118</u>                | <u>5,240,219</u>             | <u>4,713,598</u>  | <u>526,621</u>  |
| <b>Public safety</b>            |                                 |                              |                   |   |
| <b>Police</b>                   |                                 |                              |                   |   |
| Administration                  | 2,627,338                       | 2,701,048                    | 2,573,134         | 127,914   |
| CID                             | 1,684,412                       | 1,684,412                    | 1,254,963         | 429,449   |
| Patrol                          | 5,967,649                       | 6,007,650                    | 6,189,107         | (181,457) *   |
| Communications                  | 1,708,378                       | 1,708,378                    | 1,633,272         | 75,106  |
| Code enforcement                | 213,203                         | 213,203                      | 179,953           | 33,250  |
| <b>Total police</b>             | <u>12,200,980</u>               | <u>12,314,691</u>            | <u>11,830,429</u> | <u>484,262</u>  |
| <b>Emergency management</b>     | <u>211,871</u>                  | <u>211,871</u>               | <u>221,713</u>    | <u>(9,842) *</u>  |
| <b>Fire</b>                     |                                 |                              |                   |   |
| Prevention                      | 578,521                         | 578,521                      | 564,579           | 13,942  |
| Operations                      | 2,801,190                       | 2,801,190                    | 2,607,184         | 194,006   |
| Administration                  | 3,803,587                       | 3,945,115                    | 2,637,914         | 1,307,201   |
| <b>Total fire</b>               | <u>7,183,298</u>                | <u>7,324,826</u>             | <u>5,809,677</u>  | <u>1,515,149</u>  |
| <b>Total public safety</b>      | <u>19,596,149</u>               | <u>19,851,388</u>            | <u>17,861,819</u> | <u>1,989,569</u>  |

(Continued)

CITY OF WEBSTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES  
IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND  
For the year ended September 30, 2024

|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts    | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|----------------------|---|
| Public works  |                                 |                              |                      |   |
| Administrative  | 1,435,754                       | 1,469,104                    | 1,359,898            | 109,206   |
| Maintenance   | 4,271,306                       | 4,344,456                    | 3,471,377            | 873,079   |
| Parks   | <u>2,177,777</u>                | <u>2,726,648</u>             | <u>2,290,205</u>     | <u>436,443</u>  |
| Total public works  | <u>7,884,837</u>                | <u>8,540,208</u>             | <u>7,121,480</u>     | <u>1,418,728</u>  |
| Community development   |                                 |                              |                      |   |
| Administrative  | 832,237                         | 832,237                      | 817,880              | 14,357  |
| Building  | 834,521                         | 863,521                      | 840,163              | 23,358  |
| Recreational  | <u>640,545</u>                  | <u>640,545</u>               | <u>583,734</u>       | <u>56,811</u>   |
| Total community development                                     | <u>2,307,303</u>                | <u>2,336,303</u>             | <u>2,241,777</u>     | <u>94,526</u>   |
| Debt service  |                                 |                              |                      |   |
| Principal   | -                               | -                            | 104,121              | (104,121) *   |
| Interest  | <u>-</u>                        | <u>-</u>                     | <u>8,159</u>         | <u>(8,159) *</u>  |
| Total debt service  | <u>-</u>                        | <u>-</u>                     | <u>112,280</u>       | <u>(112,280)</u>  |
| Total expenditures  | <u>35,000,407</u>               | <u>35,968,118</u>            | <u>32,050,954</u>    | <u>3,917,164</u>  |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>(4,724,469)</u>              | <u>(5,692,180)</u>           | <u>(898,552)</u>     | <u>4,793,628</u>  |
| Other financing sources (uses)                                  |                                 |                              |                      |   |
| Transfers in  | 919,800                         | 934,050                      | 934,050              | -   |
| Sale of capital assets  | <u>15,000</u>                   | <u>15,000</u>                | <u>4,208</u>         | <u>(10,792)</u>   |
| Total other financing (uses)                                    | <u>934,800</u>                  | <u>949,050</u>               | <u>938,258</u>       | <u>(10,792)</u>   |
| Net change in fund balance                                      | <u>\$ (3,789,669)</u>           | <u>\$ (4,743,130)</u>        | 39,706               | <u>\$ 4,782,836</u>                                     |
| Beginning fund balance  |                                 |                              | <u>26,710,220</u>    |   |
| Ending fund balance   |                                 |                              | <u>\$ 26,749,926</u> |   |

**Notes to Required Supplementary Information:**

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. \*Expenditures exceeded appropriations at the legal level of control.

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, 2024

|   | Hotel Occupancy Tax Fund        |                              |                     | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|---------------------|---|
|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts   |   |
| Investment earnings                     |                                 |                              |                     |   |
| <b>Revenues</b>                         |                                 |                              |                     |   |
| Hotel/motel occupancy taxes             | \$ 3,140,000                    | \$ 3,140,000                 | \$ 2,688,226        | \$ (451,774)  |
| Investment earnings                     | 414,000                         | 414,000                      | 522,185             | 108,185   |
| Other revenue                           | -                               | -                            | 49,975              | 49,975  |
| Total revenues                          | <u>3,554,000</u>                | <u>3,554,000</u>             | <u>3,260,386</u>    | <u>(293,614)</u>  |
| <b>Expenditures</b>                     |                                 |                              |                     |   |
| Current                                 |                                 |                              |                     |   |
| Public works                            | <u>6,938,600</u>                | <u>6,938,600</u>             | <u>4,631,863</u>    | <u>2,306,737</u>  |
| Total expenditures                      | <u>6,938,600</u>                | <u>6,938,600</u>             | <u>4,631,863</u>    | <u>2,306,737</u>  |
| Excess of revenues<br>over expenditures | <u>(3,384,600)</u>              | <u>(3,384,600)</u>           | <u>(1,371,477)</u>  | <u>2,013,123</u>  |
| <b>Other financing sources (uses)</b>   |                                 |                              |                     |   |
| Transfers (out)                         | <u>(410,800)</u>                | <u>(425,050)</u>             | <u>(425,050)</u>    | <u>-</u>  |
| Total other financing (uses)            | <u>(410,800)</u>                | <u>(425,050)</u>             | <u>(425,050)</u>    | <u>-</u>  |
| Net change in fund balance              | <u>\$ (3,795,400)</u>           | <u>\$ (3,809,650)</u>        | (1,796,527)         | <u>\$ 2,013,123</u>                                     |
| Beginning fund balance                  |                                 |                              | <u>9,443,734</u>    |   |
| Ending fund balance                     |                                 |                              | <u>\$ 7,647,207</u> |   |

**Notes to Required Supplementary Information:**

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

CITY OF WEBSTER, TEXAS  
SCHEDULE OF REVENUES, EXPENDITURES, AND  
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GRANT FUND  
For the Year Ended September 30, 2024

|                            | Grant Fund                      |                              |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------|---------------------------------|------------------------------|-------------------|---|
|                            | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts |   |
| <b>Revenues</b>            |                                 |                              |                   |   |
| Intergovernmental          | 3,236,338                       | 3,236,338                    | 2,754,229         | (482,109)   |
| Investment earnings        | 15,000                          | 15,000                       | 133,459           | 118,459   |
| Other revenue              | -                               | -                            | 72,626            | 72,626  |
| Total revenues             | <u>3,251,338</u>                | <u>3,251,338</u>             | <u>2,960,314</u>  | <u>(291,024)</u>  |
| <b>Expenditures</b>        |                                 |                              |                   |   |
| <b>Current</b>             |                                 |                              |                   |   |
| Public safety              | 394,942                         | 394,942                      | 184,595           | 210,347   |
| Public works               | <u>2,837,396</u>                | <u>2,837,396</u>             | <u>2,752,478</u>  | <u>84,918</u>   |
| Total expenditures         | <u>3,232,338</u>                | <u>3,232,338</u>             | <u>2,937,073</u>  | <u>295,265</u>  |
| Net change in fund balance | <u>\$ 19,000</u>                | <u>\$ 19,000</u>             | 23,241            | <u>\$ 4,241</u>   |
| Beginning fund balance     |                                 |                              | <u>103,793</u>    |   |
| Ending fund balance        |                                 |                              | <u>\$ 127,034</u> |   |

**Notes to Required Supplementary Information:**

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

CITY OF WEBSTER, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND  
RELATED RATIOS TEXAS MUNICIPAL RETIREMENT SYSTEM  
For the Year Ended September 30, 2024

|  | Measurement Year*    |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 | 2014                 |
| <b>Total pension liability</b>   |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Service cost   | \$ 2,717,026         | \$ 2,495,511         | \$ 2,432,504         | \$ 2,389,895         | \$ 2,381,462         | \$ 2,253,187         | \$ 2,170,999         | \$ 2,034,802         | \$ 1,862,711         | \$ 1,666,178         |
| Interest (on the total pension liability)                              | 5,677,420            | 5,261,364            | 4,957,027            | 4,684,967            | 4,422,476            | 4,147,333            | 3,853,328            | 3,601,279            | 3,471,212            | 3,249,390            |
| Difference between expected and actual experience                      | 515,052              | 2,167,063            | 658,790              | (297,793)            | (282,083)            | 200,666              | 658,895              | 117,048              | (48,477)             | (458,710)            |
| Change of assumptions  | (360,122)            | -                    | -                    | -                    | (17,053)             | -                    | -                    | -                    | 101,799              | -                    |
| Benefit payments, including refunds of employee contributions          | (3,603,470)          | (4,138,324)          | (3,003,948)          | (2,531,744)          | (2,708,785)          | (2,469,495)          | (2,267,878)          | (1,906,453)          | (1,513,054)          | (1,259,423)          |
| Net change in total pension liability                                  | 4,945,906            | 5,785,614            | 5,044,373            | 4,245,325            | 3,796,017            | 4,131,691            | 4,415,344            | 3,846,676            | 3,874,191            | 3,197,435            |
| Beginning total pension liability                                      | 84,553,149           | 78,767,535           | 73,723,162           | 69,477,837           | 65,681,820           | 61,550,129           | 57,134,785           | 53,288,109           | 49,413,918           | 46,216,483           |
| Ending total pension liability   | <u>\$ 89,499,055</u> | <u>\$ 84,553,149</u> | <u>\$ 78,767,535</u> | <u>\$ 73,723,162</u> | <u>\$ 69,477,837</u> | <u>\$ 65,681,820</u> | <u>\$ 61,550,129</u> | <u>\$ 57,134,785</u> | <u>\$ 53,288,109</u> | <u>\$ 49,413,918</u> |
| <b>Plan fiduciary net position</b>                                     |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Contributions - employer   | \$ 2,441,002         | \$ 2,313,296         | \$ 2,189,505         | \$ 2,224,036         | \$ 2,171,634         | \$ 2,030,123         | \$ 1,989,693         | \$ 1,844,815         | \$ 1,697,798         | \$ 1,594,872         |
| Contributions - employee   | 1,000,412            | 924,263              | 881,342              | 879,562              | 873,230              | 830,559              | 813,544              | 755,629              | 695,412              | 659,927              |
| Net investment income  | 7,911,107            | (5,452,839)          | 8,611,620            | 4,621,252            | 8,112,856            | (1,609,157)          | 6,476,946            | 2,916,911            | 62,331               | 2,233,106            |
| Benefit payments, including refunds of employee contributions          | (3,603,470)          | (4,138,324)          | (3,003,948)          | (2,531,744)          | (2,708,785)          | (2,469,495)          | (2,267,878)          | (1,906,453)          | (1,513,054)          | (1,259,423)          |
| Administrative expense   | (50,289)             | (47,150)             | (39,814)             | (29,884)             | (45,810)             | (31,083)             | (33,553)             | (32,925)             | (37,960)             | (23,312)             |
| Other  | (352)                | 56,264               | 273                  | (1,166)              | (1,376)              | (1,624)              | (1,700)              | (1,774)              | (1,875)              | (1,917)              |
| Net change in plan fiduciary net position                              | 7,698,410            | (6,344,490)          | 8,638,978            | 5,162,056            | 8,401,749            | (1,250,677)          | 6,977,052            | 3,576,203            | 902,652              | 3,203,253            |
| Beginning plan fiduciary net position                                  | 68,298,941           | 74,643,431           | 66,004,453           | 60,842,397           | 52,440,648           | 53,691,325           | 46,714,273           | 43,138,070           | 42,235,418           | 39,032,165           |
| Ending Plan Fiduciary Net Position                                     | <u>\$ 75,997,351</u> | <u>\$ 68,298,941</u> | <u>\$ 74,643,431</u> | <u>\$ 66,004,453</u> | <u>\$ 60,842,397</u> | <u>\$ 52,440,648</u> | <u>\$ 53,691,325</u> | <u>\$ 46,714,273</u> | <u>\$ 43,138,070</u> | <u>\$ 42,235,418</u> |
| Net Pension Liability  | <u>\$ 13,501,704</u> | <u>\$ 16,254,208</u> | <u>\$ 4,124,104</u>  | <u>\$ 7,718,709</u>  | <u>\$ 8,635,440</u>  | <u>\$ 13,241,172</u> | <u>\$ 7,858,804</u>  | <u>\$ 10,420,512</u> | <u>\$ 10,150,039</u> | <u>\$ 7,178,500</u>  |
| Plan fiduciary net position as a percentage of total pension liability | 84.91%               | 80.78%               | 94.76%               | 89.53%               | 87.57%               | 79.84%               | 87.23%               | 81.76%               | 80.95%               | 85.47%               |
| Covered Payroll  | \$ 14,255,122        | \$ 13,203,760        | \$ 12,590,600        | \$ 12,565,166        | \$ 12,468,389        | \$ 1,865,122         | \$ 11,622,051        | \$ 10,794,703        | \$ 9,934,459         | \$ 9,406,356         |
| Net pension liability as a percentage of covered payroll               | 94.71%               | 123.10%              | 32.76%               | 61.43%               | 69.26%               | 709.94%              | 67.62%               | 96.53%               | 102.17%              | 76.32%               |

CITY OF WEBSTER, TEXAS  
SCHEDULE OF CONTRIBUTIONS –  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
For the Year Ended September 30, 2024

|  | Fiscal Year      |                  |                  |                  |                  |                   |                    |                   |                   |                  |
|--|------------------|------------------|------------------|------------------|------------------|-------------------|--------------------|-------------------|-------------------|------------------|
|  | 2024             | 2023             | 2022             | 2021             | 2020             | 2019              | 2018               | 2017              | 2016              | 2015             |
| Actuarially determined contribution                                  | \$ 2,620,727     | \$ 2,394,434     | \$ 2,256,082     | \$ 2,198,357     | \$ 2,136,732     | \$ 2,142,988      | \$ 1,980,522       | \$ 1,959,325      | \$ 1,878,896      | \$ 1,659,156     |
| Contributions in relation to the actuarially determined contribution | <u>2,620,727</u> | <u>2,394,434</u> | <u>2,256,082</u> | <u>2,198,357</u> | <u>2,136,732</u> | <u>2,149,621</u>  | <u>1,999,992</u>   | <u>1,962,544</u>  | <u>1,888,630</u>  | <u>1,659,156</u> |
| Contribution deficiency (excess)                                     | <u>\$ -</u>      | <u>\$ (6,633)</u> | <u>\$ (19,470)</u> | <u>\$ (3,219)</u> | <u>\$ (9,734)</u> | <u>\$ -</u>      |
| Covered payroll  | \$ 14,387,018    | \$ 13,920,031    | \$ 12,903,435    | \$ 12,578,627    | \$ 12,122,464    | \$ 12,398,994     | \$ 11,687,367      | \$ 11,468,164     | \$ 11,051,083     | \$ 9,732,368     |
| Contributions as a percentage of covered payroll                     | 18.22%           | 17.20%           | 17.48%           | 17.48%           | 17.63%           | 17.28%            | 16.95%             | 17.08%            | 17.00%            | 17.05%           |

**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       22 years (longest amortization ladder)
  - Asset valuation method               10 year smoothed market; 12% soft corridor
  - Inflation                                 2.50%
  - Salary increases                       3.60% to 11.85% including inflation
  - Investment rate of return             6.75%
  - Retirement age                       Experience-based table of rates that vary by age. Last updated for the 2023 valuation pursuant to an experience study of the period ending 2022.
- Mortality                                 Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence). Pre-retirement: PUB(10) mortality tables, with the 110% of the Public Safety table used for males and the 100% of the General Employee table used for females. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).
3. Other information:  
There were no benefit changes during the year.

CITY OF WEBSTER, TEXAS  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND  
RELATED RATIOS – TEXAS MUNICIPAL RETIREMENT SYSTEM  
For the Year Ended September 30, 2024

|  | Measurement Year* |               |               |               |               |               |               |
|--|-------------------|---------------|---------------|---------------|---------------|---------------|---------------|
|  | 2023              | 2022          | 2021          | 2020          | 2019          | 2018          | 2017          |
| <b>Total OPEB liability</b>                                      |                   |               |               |               |               |               |               |
| Service cost   | \$ 21,383         | \$ 42,252     | \$ 39,031     | \$ 26,387     | \$ 19,949     | \$ 22,544     | \$ 19,757     |
| Interest (on the total pension liability)                        | 21,016            | 13,939        | 14,529        | 16,433        | 18,912        | 16,581        | 16,131        |
| Difference between expected and actual experience                | (7,023)           | (7,550)       | (35,080)      | (10,515)      | (45,724)      | 9,787         | -             |
| Changes of assumptions   | 27,256            | (262,415)     | 23,930        | 98,427        | 95,201        | (35,138)      | 40,429        |
| Benefit payments **  | (15,681)          | (13,204)      | (12,591)      | (3,770)       | (3,741)       | (3,560)       | (3,487)       |
| Net change in total OPEB liability                               | 46,951            | (226,978)     | 29,819        | 126,962       | 84,597        | 10,214        | 72,830        |
| Beginning total OPEB liability                                   | 516,062           | 743,040       | 713,221       | 586,259       | 501,662       | 491,448       | 418,618       |
| Ending total OPEB liability                                      | \$ 563,013        | \$ 516,062    | \$ 743,040    | \$ 713,221    | \$ 586,259    | \$ 501,662    | \$ 491,448    |
| Covered-employee payroll   | \$ 14,255,122     | \$ 13,203,760 | \$ 12,590,600 | \$ 12,565,166 | \$ 12,468,389 | \$ 11,865,122 | \$ 11,622,051 |
| Total OPEB liability as a percentage of covered-employee payroll | 3.95%             | 3.91%         | 5.90%         | 5.68%         | 4.70%         | 4.23%         | 4.23%         |

\* Only seven years of information is currently available. The City will continue to build this schedule over the next three-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                           | 2.0%  |
| Salary increases                    | 3.60% to 11.85% including inflation   |
| Discount rate *                     | 3.77%   |
| 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates are projected on a fully generational basis by the most recent Scale MP-2021 (with immediate convergence).  |
| Mortality rates - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4 yearsetforward 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 the most recent Scale MP-2021 (with immediate convergence) to account for future mortality improvements subject to the floor. |

3. Other information:

No assets are accumulated in a trust that meets the criteria 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, 2023.

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial study

CITY OF WEBSTER, TEXAS  
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND  
RELATED RATIOS RETIREE MEDICAL PROGRAM  
For the Year Ended September 30, 2024

|  | Measurement Year* |                   |                   |                   |                   |                   |                   |
|--|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|  | <u>2023</u>       | <u>2022</u>       | <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       |
| <b>Total OPEB liability</b>                                      |                   |                   |                   |                   |                   |                   |                   |
| Service cost   | \$ 27,359         | \$ 34,940         | \$ 34,254         | \$ 26,701         | \$ 23,448         | \$ 24,227         | \$ 21,164         |
| Interest (on the total OPEB liability)                           | 13,082            | 6,963             | 9,483             | 11,182            | 14,726            | 13,114            | 13,248            |
| Difference between expected and actual experience                | 69,356            | 11,823            | (93,619)          | 15,330            | (29,907)          | (2,070)           | -                 |
| Change of assumptions  | 38,484            | (79,652)          | (30,776)          | 33,206            | 30,221            | (17,044)          | 20,043            |
| Benefit payments   | (32,233)          | (19,134)          | (11,729)          | (33,568)          | (27,314)          | (6,906)           | (8,119)           |
| Net change in total OPEB liability                               | 116,048           | (45,060)          | (92,387)          | 52,851            | 11,174            | 11,321            | 46,336            |
| Beginning total OPEB liability                                   | <u>325,440</u>    | <u>370,500</u>    | <u>462,887</u>    | <u>410,036</u>    | <u>398,862</u>    | <u>387,541</u>    | <u>341,205</u>    |
| Ending total OPEB liability                                      | <u>\$ 441,488</u> | <u>\$ 325,440</u> | <u>\$ 370,500</u> | <u>\$ 462,887</u> | <u>\$ 410,036</u> | <u>\$ 398,862</u> | <u>\$ 387,541</u> |
| Covered-employee payroll   | \$ 12,923,530     | \$ 11,933,165     | \$ 11,357,778     | \$ 11,268,613     | \$ 11,197,820     | \$ 12,086,789     | \$ 11,810,502     |
| Total OPEB liability as a percentage of covered-employee payroll | 3.42%             | 2.73%             | 3.26%             | 4.11%             | 3.66%             | 3.30%             | 3.28%             |

\* Only seven years of information is currently available. The City will continue to build this schedule over the next three-year period.

**Notes to Required Supplementary Information:**

1. Changes in assumptions

Changes in assumptions reflect a change in discount rate from 4.05% as of December 31, 2022 to 3.77% as of December 31, 2023. and updates to the health care trend rates.

2. Other information:

No assets are accumulated in a trust that meets the criteria of GASB Statement No. 75 to pay related benefits for the pension/OPEB plan.

**COMBINING STATEMENTS AND SCHEDULES**

CITY OF WEBSTER, TEXAS  
NONMAJOR GOVERNMENTAL FUNDS

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**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.

CITY OF WEBSTER, TEXAS  
 COMBINING BALANCE SHEET  
 NONMAJOR GOVERNMENTAL FUNDS  
 September 30, 2024

|  | Special Revenue Funds |                                |                   | Capital Projects Funds |                           |                     | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|-----------------------|--------------------------------|-------------------|------------------------|---------------------------|---------------------|--|
|  | Public<br>Safety      | Municipal<br>Court<br>Programs | PEG<br>Channel    | Street<br>Construction | Other Capital<br>Projects | General<br>Projects |  |
| <b>ASSETS</b>  |                       |                                |                   |                        |                           |                     |  |
| Cash and cash equivalents  | \$ 373,703            | \$ 414,279                     | \$ 412,087        | \$ 1,062,030           | \$ 626,470                | \$ 86,866           | \$ 2,975,435                               |
| Accounts receivable  | -                     | -                              | -                 | 77,596                 | -                         | -                   | 77,596                                     |
| Total assets   | <u>\$ 373,703</u>     | <u>\$ 414,279</u>              | <u>\$ 412,087</u> | <u>\$ 1,139,626</u>    | <u>\$ 626,470</u>         | <u>\$ 86,866</u>    | <u>\$ 3,053,031</u>                        |
| <b>LIABILITIES</b>   |                       |                                |                   |                        |                           |                     |  |
| Accounts payable   | \$ -                  | \$ 1,504                       | \$ -              | \$ -                   | \$ -                      | \$ -                | \$ 1,504                                   |
| Total liabilities  | <u>-</u>              | <u>1,504</u>                   | <u>-</u>          | <u>-</u>               | <u>-</u>                  | <u>-</u>            | <u>1,504</u>                               |
| <b>FUND BALANCES</b>   |                       |                                |                   |                        |                           |                     |  |
| Restricted for   |                       |                                |                   |                        |                           |                     |  |
| Enabling legislation   | -                     | 412,775                        | 412,087           | -                      | -                         | -                   | 824,862                                    |
| Assigned   |                       |                                |                   |                        |                           |                     |  |
| Special revenue  | 373,703               | -                              | -                 | -                      | -                         | -                   | 373,703                                    |
| Capital projects   | -                     | -                              | -                 | 1,139,626              | 626,470                   | 86,866              | 1,852,962                                  |
| Total fund balances  | <u>373,703</u>        | <u>412,775</u>                 | <u>412,087</u>    | <u>1,139,626</u>       | <u>626,470</u>            | <u>86,866</u>       | <u>3,051,527</u>                           |
| Total liabilities, deferred inflows of<br>resources, and fund balances | <u>\$ 373,703</u>     | <u>\$ 414,279</u>              | <u>\$ 412,087</u> | <u>\$ 1,139,626</u>    | <u>\$ 626,470</u>         | <u>\$ 86,866</u>    | <u>\$ 3,053,031</u>                        |

CITY OF WEBSTER, TEXAS  
 COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND  
 CHANGES IN FUND BALANCES – NONMAJOR GOVERNMENTAL FUNDS  
 For the Year Ended September 30, 2024

|   | Special Revenue Funds |                                |                   | Capital Projects Funds |                           |                     | Total<br>Nonmajor<br>Governmental<br>Funds |
|---|-----------------------|--------------------------------|-------------------|------------------------|---------------------------|---------------------|--|
|   | Public<br>Safety      | Municipal<br>Court<br>Programs | PEG<br>Channel    | Street<br>Construction | Other Capital<br>Projects | General<br>Projects |  |
| <b>Revenues</b>   |                       |                                |                   |                        |                           |                     |  |
| Fines and forfeitures   | \$ 54,191             | \$ 35,352                      | \$ -              | \$ -                   | \$ -                      | \$ -                | \$ 89,543                                  |
| Franchise fees  | -                     | -                              | 18,488            | -                      | -                         | -                   | 18,488                                     |
| Investment earnings   | 21,842                | 21,039                         | 19,116            | 58,014                 | 32,658                    | 4,832               | 157,501                                    |
| Intergovernmental   | 92,512                | -                              | -                 | -                      | -                         | -                   | 92,512                                     |
| Other revenue   | 2,201                 | 59,339                         | -                 | 77,596                 | -                         | -                   | 139,136                                    |
| Total revenues  | <u>170,746</u>        | <u>115,730</u>                 | <u>37,604</u>     | <u>135,610</u>         | <u>32,658</u>             | <u>4,832</u>        | <u>497,180</u>                             |
| <b>Expenditures</b>   |                       |                                |                   |                        |                           |                     |  |
| Current   |                       |                                |                   |                        |                           |                     |  |
| General government  | -                     | 46,911                         | -                 | -                      | -                         | -                   | 46,911                                     |
| Public safety   | 58,622                | -                              | -                 | -                      | -                         | -                   | 58,622                                     |
| Total expenditures  | <u>58,622</u>         | <u>46,911</u>                  | <u>-</u>          | <u>-</u>               | <u>-</u>                  | <u>-</u>            | <u>105,533</u>                             |
| Excess (deficiency) of<br>revenues over (under)<br>expenditures | <u>112,124</u>        | <u>68,819</u>                  | <u>37,604</u>     | <u>135,610</u>         | <u>32,658</u>             | <u>4,832</u>        | <u>391,647</u>                             |
| <b>Other financing sources (uses)</b>                           |                       |                                |                   |                        |                           |                     |  |
| Transfers (out)   | -                     | (9,000)                        | -                 | -                      | -                         | -                   | (9,000)                                    |
| Total other financing sources (uses)                            | <u>-</u>              | <u>(9,000)</u>                 | <u>-</u>          | <u>-</u>               | <u>-</u>                  | <u>-</u>            | <u>(9,000)</u>                             |
| Net change in fund balance                                      | 112,124               | 59,819                         | 37,604            | 135,610                | 32,658                    | 4,832               | 382,647                                    |
| Beginning fund balance  | <u>261,579</u>        | <u>352,956</u>                 | <u>374,483</u>    | <u>1,004,016</u>       | <u>593,812</u>            | <u>82,034</u>       | <u>2,668,880</u>                           |
| Ending fund balance   | <u>\$ 373,703</u>     | <u>\$ 412,775</u>              | <u>\$ 412,087</u> | <u>\$ 1,139,626</u>    | <u>\$ 626,470</u>         | <u>\$ 86,866</u>    | <u>\$ 3,051,527</u>                        |

(Continued)

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, 2024

|                             | Debt Service                    |                              |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------|---------------------------------|------------------------------|-------------------|---|
|                             | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts |   |
| <b>Revenues</b>             |                                 |                              |                   |   |
| Ad valorem taxes            | \$ 2,873,840                    | \$ 2,873,840                 | \$ 2,750,712      | \$ (123,128)  |
| Investment earnings         | 42,700                          | 42,700                       | 47,086            | 4,386   |
| Other revenue               | <u>6,500</u>                    | <u>6,500</u>                 | <u>4,648</u>      | <u>(1,852)</u>  |
| Total revenues              | <u>2,923,040</u>                | <u>2,923,040</u>             | <u>2,802,446</u>  | <u>(120,594)</u>  |
| <b>Expenditures</b>         |                                 |                              |                   |   |
| <b>Current</b>              |                                 |                              |                   |   |
| Principal                   | 2,070,000                       | 2,070,000                    | 2,070,000         | -   |
| Interest and fiscal charges | <u>804,950</u>                  | <u>804,950</u>               | <u>803,980</u>    | <u>970</u>  |
| Total expenditures          | <u>2,874,950</u>                | <u>2,874,950</u>             | <u>2,873,980</u>  | <u>970</u>  |
| Net change in fund balance  | <u>\$ 48,090</u>                | <u>\$ 48,090</u>             | (71,534)          | <u>\$ (119,624)</u>                                     |
| Beginning fund balance      |                                 |                              | <u>647,757</u>    |   |
| Ending fund balance         |                                 |                              | <u>\$ 576,223</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, 2024

|                            | Public Safety                   |                              |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|----------------------------|---------------------------------|------------------------------|-------------------|---|
|                            | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts |   |
| <b>Revenues</b>            |                                 |                              |                   |   |
| Fines and forfeitures      | \$ 14,950                       | \$ 14,950                    | \$ 54,191         | \$ 39,241   |
| Investment earnings        | 6,300                           | 6,300                        | 21,842            | 15,542  |
| Intergovernmental          | 50,134                          | 50,134                       | 92,512            | 42,378  |
| Other revenue              | -                               | -                            | 2,201             | 2,201   |
| Total revenues             | <u>71,384</u>                   | <u>71,384</u>                | <u>170,746</u>    | <u>99,362</u>   |
| <b>Expenditures</b>        |                                 |                              |                   |   |
| Debt Service               |                                 |                              |                   |   |
| Public safety              | <u>81,325</u>                   | <u>81,325</u>                | <u>58,622</u>     | <u>22,703</u>   |
| Total expenditures         | <u>81,325</u>                   | <u>81,325</u>                | <u>58,622</u>     | <u>22,703</u>   |
| Net change in fund balance | <u>\$ (9,941)</u>               | <u>\$ (9,941)</u>            | 112,124           | <u>\$ 122,065</u>                                       |
| Beginning fund balance     |                                 |                              | <u>261,579</u>    |   |
| Ending fund balance        |                                 |                              | <u>\$ 373,703</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, 2024

|   | Municipal Court                 |                              |                   | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|---|---------------------------------|------------------------------|-------------------|---|
|   | Original<br>Budgeted<br>Amounts | Final<br>Budgeted<br>Amounts | Actual<br>Amounts |   |
| <b>Revenues</b>                         |                                 |                              |                   |   |
| Fines and forfeitures                   | \$ 118,850                      | \$ 118,850                   | \$ 35,352         | \$ (83,498)   |
| Investment earnings                     | 9,000                           | 9,000                        | 21,039            | 12,039  |
| Other revenue                           | -                               | -                            | 59,339            | 59,339  |
| Total revenues                          | <u>127,850</u>                  | <u>127,850</u>               | <u>115,730</u>    | <u>(12,120)</u>   |
| <b>Expenditures</b>                     |                                 |                              |                   |   |
| Current                                 |                                 |                              |                   |   |
| General government                      | <u>49,806</u>                   | <u>49,806</u>                | <u>46,911</u>     | <u>2,895</u>  |
| Total expenditures                      | <u>49,806</u>                   | <u>49,806</u>                | <u>46,911</u>     | <u>2,895</u>  |
| Excess of revenues<br>over expenditures | <u>78,044</u>                   | <u>78,044</u>                | <u>68,819</u>     | <u>(9,225)</u>  |
| <b>Other financing sources (uses)</b>   |                                 |                              |                   |   |
| Transfers (out)                         | <u>(9,000)</u>                  | <u>(9,000)</u>               | <u>(9,000)</u>    | <u>-</u>  |
| Total other financing (uses)            | <u>(9,000)</u>                  | <u>(9,000)</u>               | <u>(9,000)</u>    | <u>-</u>  |
| Net change in fund balance              | <u>\$ 69,044</u>                | <u>\$ 69,044</u>             | 59,819            | <u>\$ (9,225)</u>                                       |
| Beginning fund balance                  |                                 |                              | <u>352,956</u>    |   |
| Ending fund balance                     |                                 |                              | <u>\$ 412,775</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, 2024

|                            | Public, Educational, and Governmental Channel |                                     |                          |  |
|----------------------------|---|-------------------------------------|--------------------------|--|
|                            | Original<br>Budgeted<br><u>Amounts</u>        | Final<br>Budgeted<br><u>Amounts</u> | Actual<br><u>Amounts</u> | Variance with<br>Final Budget<br>Positive<br><u>(Negative)</u> |
| Revenues                   |   |                                     |                          |  |
| Franchise fees             | \$ 20,000                                     | \$ 20,000                           | \$ 18,488                | \$ (1,512)   |
| Investment earnings        | -   | -                                   | 19,116                   | 19,116   |
| Total revenues             | <u>20,000</u>                                 | <u>20,000</u>                       | <u>37,604</u>            | <u>17,604</u>  |
| Net change in fund balance | <u>\$ 20,000</u>                              | <u>\$ 20,000</u>                    | 37,604                   | <u>\$ 17,604</u>   |
| Beginning fund balance     |   |                                     | <u>374,483</u>           |  |
| Ending fund balance        |   |                                     | <u>\$ 412,087</u>        |  |

CITY OF WEBSTER, TEXAS  
INTERNAL SERVICE FUNDS

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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, 2024

|  | Equipment<br>Replacement | Information<br>Technology | Employee<br>Benefit | Total<br>Funds      |
|--|--------------------------|---------------------------|---------------------|---------------------|
| <b>ASSETS</b>                                  |                          |                           |                     |                     |
| Current assets                                 |                          |                           |                     |                     |
| Cash and cash equivalents                      | \$ 2,959,898             | \$ 482,318                | \$ -                | \$ 3,442,216        |
| Prepaid expenses                               | -                        | 17,422                    | -                   | 17,422              |
| Noncurrent assets                              |                          |                           |                     |                     |
| Capital assets                                 |                          |                           |                     |                     |
| Depreciable/amortizeable capital assets        | 8,559,063                | 1,890,287                 | -                   | 10,449,350          |
| Less: accumulated depreciation                 | (4,576,439)              | (1,091,972)               | -                   | (5,668,411)         |
| Total assets                                   | <u>6,942,522</u>         | <u>1,298,055</u>          | -                   | <u>8,240,577</u>    |
| <b>DEFERRED OUTFLOWS OF RESOURCES</b>          |                          |                           |                     |                     |
| Deferred outflows of resources - pensions      | -                        | 102,363                   | -                   | 102,363             |
| Deferred outflows of resources - OPEB (TMRS)   | -                        | 3,639                     | -                   | 3,639               |
| Deferred outflows of resources - OPEB (Health) | -                        | 2,806                     | -                   | 2,806               |
| Total deferred outflows of resources           | <u>-</u>                 | <u>108,808</u>            | <u>-</u>            | <u>108,808</u>      |
| <b>LIABILITIES</b>                             |                          |                           |                     |                     |
| Current liabilities                            |                          |                           |                     |                     |
| Accounts payable and accrued liabilities       | 63,120                   | 60,260                    | -                   | 123,380             |
| Current portion of compensated absences        | -                        | 36,893                    | -                   | 36,893              |
| Noncurrent liabilities:                        |                          |                           |                     |                     |
| Compensated absences                           | -                        | 4,049                     | -                   | 4,049               |
| Subscription liability                         | -                        | 339,384                   | -                   | 339,384             |
| Net pension liability                          | -                        | 281,908                   | -                   | 281,908             |
| Total pension liability (TMRS)                 | -                        | 13,982                    | -                   | 13,982              |
| Total OPEB liability (Health)                  | -                        | 23,708                    | -                   | 23,708              |
| Total liabilities                              | <u>63,120</u>            | <u>760,184</u>            | <u>-</u>            | <u>823,304</u>      |
| <b>DEFERRED INFLOWS OF RESOURCES</b>           |                          |                           |                     |                     |
| Deferred inflows of resources - pensions       | -                        | 10,047                    | -                   | 10,047              |
| Deferred inflows of resources - OPEB (TMRS)    | -                        | 4,049                     | -                   | 4,049               |
| Deferred inflows of resources - OPEB (Health)  | -                        | 3,832                     | -                   | 3,832               |
| Total deferred inflows of resources            | <u>-</u>                 | <u>17,928</u>             | <u>-</u>            | <u>17,928</u>       |
| <b>NET POSITION</b>                            |                          |                           |                     |                     |
| Net investment in capital assets               | 3,982,624                | 798,315                   | -                   | 4,780,939           |
| Unrestricted                                   | <u>2,896,778</u>         | <u>(169,564)</u>          | <u>-</u>            | <u>2,727,214</u>    |
| Total net position                             | <u>\$ 6,879,402</u>      | <u>\$ 628,751</u>         | <u>\$ -</u>         | <u>\$ 7,508,153</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, 2024

|   | <u>Equipment<br/>Replacement</u> | <u>Information<br/>Technology</u> | <u>Employee<br/>Benefit</u> | <u>Total<br/>Funds</u> |
|---|----------------------------------|-----------------------------------|-----------------------------|------------------------|
| <b>Operating revenues</b>               |                                  |                                   |                             |                        |
| Charges for services                    | \$ 863,030                       | \$ 1,304,000                      | \$ 2,667,281                | \$ 4,834,311           |
| Other income                            | <u>53,926</u>                    | <u>-</u>                          | <u>-</u>                    | <u>53,926</u>          |
| Total operating revenues                | <u>916,956</u>                   | <u>1,304,000</u>                  | <u>2,667,281</u>            | <u>4,888,237</u>       |
| <b>Operating expenses</b>               |                                  |                                   |                             |                        |
| Personnel                               | -                                | 375,543                           | 2,667,281                   | 3,042,824              |
| Supplies                                | -                                | 12,622                            | -                           | 12,622                 |
| Maintenance                             | -                                | 8,358                             | -                           | 8,358                  |
| Services                                | -                                | 369,620                           | -                           | 369,620                |
| Depreciation/Amortization               | <u>764,223</u>                   | <u>281,623</u>                    | <u>-</u>                    | <u>1,045,846</u>       |
| Total operating expenses                | <u>764,223</u>                   | <u>1,047,766</u>                  | <u>2,667,281</u>            | <u>4,479,270</u>       |
| Operating income (loss)                 | <u>152,733</u>                   | <u>256,234</u>                    | <u>-</u>                    | <u>408,967</u>         |
| <b>Nonoperating revenues (expenses)</b> |                                  |                                   |                             |                        |
| Investment earnings                     | 222,343                          | 21,049                            | -                           | 243,392                |
| Gain on sale of capital assets          | <u>174,129</u>                   | <u>-</u>                          | <u>-</u>                    | <u>174,129</u>         |
| Total nonoperating revenues             | <u>396,472</u>                   | <u>21,049</u>                     | <u>-</u>                    | <u>417,521</u>         |
| Change in net position                  | 549,205                          | 277,283                           | -                           | 826,488                |
| Beginning net position                  | <u>6,330,197</u>                 | <u>351,468</u>                    | <u>-</u>                    | <u>6,681,665</u>       |
| Ending net position                     | <u>\$ 6,879,402</u>              | <u>\$ 628,751</u>                 | <u>\$ -</u>                 | <u>\$ 7,508,153</u>    |

CITY OF WEBSTER, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the year ended September 30, 2024

|  | Equipment<br>Replacement | Information<br>Technology | Employee<br>Benefit | Total Internal<br>Service Funds |
|--|--------------------------|---------------------------|---------------------|---------------------------------|
| <b>Cash flows from operating activities</b>                          |                          |                           |                     |                                 |
| Receipts from interfund charges for equipment replacement            | \$ 916,956               | \$ -                      | \$ -                | \$ 916,956                      |
| Receipts from interfund charges for information technology           | -                        | 1,304,000                 | -                   | 1,304,000                       |
| Receipts from interfund charges for employee benefits                | -                        | -                         | 2,667,281           | 2,667,281                       |
| Payments to suppliers  | 58,223                   | (380,521)                 | -                   | (322,298)                       |
| Payments to employees  | -                        | (363,930)                 | (2,667,281)         | (3,031,211)                     |
| Net cash provided by operating activities                            | <u>975,179</u>           | <u>559,549</u>            | <u>-</u>            | <u>1,534,728</u>                |
| <b>Cash flows from capital and related financing activities</b>      |                          |                           |                     |                                 |
| Acquisition and construction of capital assets                       | (2,996,627)              | (747,692)                 | -                   | (3,744,319)                     |
| Principal paid on SBITA liability                                    | -                        | (163,542)                 | -                   | (163,542)                       |
| Proceeds from financing  | -                        | 419,899                   | -                   | 419,899                         |
| Proceeds from sale of capital assets                                 | <u>174,129</u>           | <u>-</u>                  | <u>-</u>            | <u>174,129</u>                  |
| Net cash provided (used) by capital and related financing activities | <u>(2,822,498)</u>       | <u>(491,335)</u>          | <u>-</u>            | <u>(3,313,833)</u>              |
| <b>Cash flows from investing activities</b>                          |                          |                           |                     |                                 |
| Interest on investments  | <u>222,343</u>           | <u>21,049</u>             | <u>-</u>            | <u>243,392</u>                  |
| Net cash provided by investing activities                            | <u>222,343</u>           | <u>21,049</u>             | <u>-</u>            | <u>243,392</u>                  |
| Net Increase (decrease) in cash and cash equivalents                 | (1,624,976)              | 89,263                    | -                   | (1,535,713)                     |
| Beginning cash and cash equivalents                                  | <u>4,584,874</u>         | <u>393,055</u>            | <u>-</u>            | <u>4,977,929</u>                |
| Ending cash and cash equivalents                                     | <u>\$ 2,959,898</u>      | <u>\$ 482,318</u>         | <u>\$ -</u>         | <u>\$ 3,442,216</u>             |

(Continued)

CITY OF WEBSTER, TEXAS  
 COMBINING STATEMENT OF CASH FLOWS  
 INTERNAL SERVICE FUNDS  
 For the year ended September 30, 2024

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|   | <u>Equipment<br/>Replacement</u> | <u>Information<br/>Technology</u> | <u>Employee<br/>Benefit</u> | <u>Total Internal<br/>Service Funds</u> |
|---|----------------------------------|-----------------------------------|-----------------------------|---|
| Reconciliation of operating income (loss) to net cash provided (used) by operating activities |                                  |                                   |                             |   |
| Operating income  | \$ 152,733                       | \$ 256,234                        | \$ -                        | \$ 408,967                              |
| Adjustments to reconcile operating income to net cash provided by operating activities:       |                                  |                                   |                             |   |
| Depreciation/Amortization   | 764,223                          | 281,623                           | -                           | 1,045,846                               |
| Changes in operating assets and liabilities   |                                  |                                   |                             |   |
| (Increase) decrease in assets   |                                  |                                   |                             |   |
| Accounts receivable   | -                                | -                                 | -                           | -                                       |
| Prepaid expenses  | -                                | (8,649)                           | -                           | (8,649)                                 |
| Deferred outflows of resources  | -                                | 49,197                            | -                           | 49,197                                  |
| Increase (decrease) in  |                                  |                                   |                             |   |
| Accounts payable and accrued liabilities  | 58,223                           | 18,728                            | -                           | 76,951                                  |
| Compensated absences  | -                                | 4,792                             | -                           | 4,792                                   |
| Net pension liability   | -                                | (49,089)                          | -                           | (49,089)                                |
| Total TMRS OPEB liability   | -                                | 2,150                             | -                           | 2,150                                   |
| Total health OPEB liability   | -                                | 2,907                             | -                           | 2,907                                   |
| Deferred inflows of resources   | -                                | 1,656                             | -                           | 1,656                                   |
|   | <u>          </u>                | <u>          </u>                 | <u>          </u>           | <u>          </u>                       |
| Net cash provided by operating activities   | <u>\$ 975,179</u>                | <u>\$ 559,549</u>                 | <u>\$ -</u>                 | <u>\$ 1,534,728</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.

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| Financial Trends   | 88  |
| 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   | 94  |
| These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.  |     |
| Debt Capacity  | 99  |
| 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   | 103 |
| 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  | 106 |
| 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           |                       |                       |                       |                      |                      |                      |                      |                      |                      |
|---|-----------------------|-----------------------|-----------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2024                  | 2023                  | 2022                  | 2021                  | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
| <b>Governmental activities</b>              |                       |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 76,296,985         | \$ 56,332,945         | \$ 47,800,701         | \$ 45,415,578         | \$ 43,554,056        | \$ 43,894,810        | \$ 43,367,530        | \$ 36,391,591        | \$ 35,633,525        | \$ 36,328,271        |
| Restricted                                  | 8,970,149             | 10,762,148            | 10,958,673            | 9,478,502             | 8,377,683            | 7,682,914            | 6,487,498            | 7,095,149            | 7,527,380            | 6,440,743            |
| Unrestricted                                | <u>22,722,942</u>     | <u>25,353,907</u>     | <u>23,142,602</u>     | <u>17,494,102</u>     | <u>13,368,577</u>    | <u>11,849,068</u>    | <u>13,005,849</u>    | <u>10,142,691</u>    | <u>12,299,353</u>    | <u>12,747,269</u>    |
| Total governmental activities net position  | <u>\$ 107,990,076</u> | <u>\$ 92,449,000</u>  | <u>\$ 81,901,976</u>  | <u>\$ 72,388,182</u>  | <u>\$ 65,300,316</u> | <u>\$ 63,426,792</u> | <u>\$ 62,860,877</u> | <u>\$ 53,629,431</u> | <u>\$ 55,460,258</u> | <u>\$ 55,516,283</u> |
| <b>Business-type activities</b>             |                       |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 22,215,251         | \$ 19,054,591         | \$ 15,824,251         | \$ 14,251,963         | \$ 12,220,207        | \$ 13,128,913        | \$ 13,056,170        | \$ 14,377,497        | \$ 15,480,229        | \$ 16,453,147        |
| Restricted                                  | 16,959,905            | 8,067,077             | 7,957,319             | 7,620,251             | 6,926,462            | 5,831,712            | 6,030,890            | 5,148,438            | 4,697,276            | 4,287,928            |
| Unrestricted                                | <u>1,775,144</u>      | <u>6,847,390</u>      | <u>6,210,385</u>      | <u>7,036,454</u>      | <u>6,560,952</u>     | <u>8,622,170</u>     | <u>7,313,290</u>     | <u>5,376,411</u>     | <u>4,504,121</u>     | <u>3,944,358</u>     |
| Total business-type activities net position | <u>\$ 40,950,300</u>  | <u>\$ 33,969,058</u>  | <u>\$ 29,991,955</u>  | <u>\$ 28,908,668</u>  | <u>\$ 25,707,621</u> | <u>\$ 27,582,795</u> | <u>\$ 26,400,350</u> | <u>\$ 24,902,346</u> | <u>\$ 24,681,626</u> | <u>\$ 24,685,433</u> |
| <b>Primary government</b>                   |                       |                       |                       |                       |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets            | \$ 98,512,236         | \$ 75,387,536         | \$ 63,624,952         | \$ 59,667,541         | \$ 55,774,263        | \$ 57,023,723        | \$ 56,423,700        | \$ 50,769,088        | \$ 51,113,754        | \$ 52,781,418        |
| Restricted                                  | 25,930,054            | 18,829,225            | 18,915,992            | 17,098,753            | 15,304,145           | 13,514,626           | 12,518,388           | 12,243,587           | 12,224,656           | 10,728,671           |
| Unrestricted                                | <u>24,498,086</u>     | <u>32,201,297</u>     | <u>29,352,987</u>     | <u>24,530,556</u>     | <u>19,929,529</u>    | <u>20,471,238</u>    | <u>20,319,139</u>    | <u>15,519,102</u>    | <u>16,803,474</u>    | <u>16,691,627</u>    |
| Total primary government net position       | <u>\$ 148,940,376</u> | <u>\$ 126,418,058</u> | <u>\$ 111,893,931</u> | <u>\$ 101,296,850</u> | <u>\$ 91,007,937</u> | <u>\$ 91,009,587</u> | <u>\$ 89,261,227</u> | <u>\$ 78,531,777</u> | <u>\$ 80,141,884</u> | <u>\$ 80,201,716</u> |

CITY OF WEBSTER, TEXAS  
CHANGES IN NET POSITION  
Last Ten Years  
(accrual basis of accounting)

|  | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|--|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|  | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
| <b>Expenses</b>                                  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                               | \$ 5,914,204         | \$ 6,359,301         | \$ 5,552,193         | \$ 4,946,785         | \$ 3,298,915         | \$ 5,464,510         | \$ 4,231,926         | \$ 4,373,967         | \$ 3,995,852         | \$ 3,719,190         |
| Public safety                                    | 16,323,332           | 17,248,298           | 14,122,132           | 13,880,104           | 13,926,797           | 14,069,696           | 12,735,131           | 13,499,815           | 12,215,661           | 10,439,069           |
| Public works                                     | 14,480,032           | 5,402,172            | 4,688,090            | 4,552,171            | 5,712,574            | 5,640,055            | 4,451,450            | 4,403,146            | 4,269,413            | 4,763,763            |
| Community development                            | 2,285,373            | 4,846,515            | 2,207,827            | 2,087,324            | 3,239,529            | 3,127,915            | 4,567,713            | 4,502,088            | 2,631,773            | 2,525,988            |
| Interest and fiscal agent fees on long-term debt | 445,513              | 589,811              | 669,622              | 245,249              | 429,650              | 406,460              | 478,058              | 356,135              | 399,768              | 435,134              |
| Total governmental activities expenses           | <u>39,448,455</u>    | <u>34,446,097</u>    | <u>27,239,864</u>    | <u>25,711,633</u>    | <u>26,607,465</u>    | <u>28,708,636</u>    | <u>26,464,278</u>    | <u>27,135,151</u>    | <u>23,512,467</u>    | <u>21,883,144</u>    |
| Business-type activities                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water  | 3,750,269            | 3,245,680            | 3,024,839            | 3,020,405            | 3,762,138            | 2,688,574            | 2,516,141            | 2,328,079            | 2,530,323            | 2,641,539            |
| Wastewater                                       | 2,739,309            | 2,911,849            | 2,721,435            | 2,565,807            | 3,742,233            | 2,727,533            | 2,525,584            | 2,486,477            | 2,674,312            | 2,788,256            |
| Drainage   | 226,090              | 276,434              | 319,465              | 324,359              | 484,108              | 335,155              | 297,779              | 330,592              | 223,621              | 240,780              |
| Total business-type activities expenses          | <u>6,715,668</u>     | <u>6,433,963</u>     | <u>6,065,739</u>     | <u>5,910,571</u>     | <u>7,988,479</u>     | <u>5,751,262</u>     | <u>5,339,504</u>     | <u>5,145,148</u>     | <u>5,428,256</u>     | <u>5,670,575</u>     |
| Total expenses                                   | <u>\$ 46,164,123</u> | <u>\$ 40,880,060</u> | <u>\$ 33,305,603</u> | <u>\$ 31,622,204</u> | <u>\$ 34,595,944</u> | <u>\$ 34,459,898</u> | <u>\$ 31,803,782</u> | <u>\$ 32,280,299</u> | <u>\$ 28,940,723</u> | <u>\$ 27,553,719</u> |
| <b>Program revenues</b>                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Governmental activities                          |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General government                               | \$ -                 | \$ 367,433           | \$ 369,438           | \$ 260,706           | \$ 310,821           | \$ 396,426           | \$ 391,105           | \$ 402,094           | \$ 337,838           | \$ 334,944           |
| Public safety                                    | 1,443,339            | 1,108,447            | 795,161              | 496,567              | 624,231              | 935,679              | 1,038,825            | 926,225              | 1,001,903            | 967,522              |
| Community development                            | 646,647              | 793,267              | 1,343,326            | 641,775              | 1,124,742            | 532,812              | 840,493              | 574,342              | 567,007              | 518,334              |
| Operating grants and contributions               | 2,846,741            | 934,172              | 722,853              | 1,162,556            | 1,065,614            | 1,385,287            | 1,219,729            | 1,120,533            | 1,314,106            | 1,172,763            |
| Capital grants and contributions                 | 12,900,542           | 6,975,639            | 3,189,328            | 2,252,716            | 84,464               | 852,322              | 8,260,014            | 1,732,351            | 13,531               | 207,280              |
| Total governmental activities program revenues   | <u>17,837,269</u>    | <u>10,178,958</u>    | <u>6,420,106</u>     | <u>4,814,320</u>     | <u>3,209,872</u>     | <u>4,102,526</u>     | <u>11,750,166</u>    | <u>4,755,545</u>     | <u>3,234,385</u>     | <u>3,200,843</u>     |
| Business-type activities                         |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Charges for services                             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Water  | \$ 5,012,221         | \$ 4,122,497         | \$ 3,390,031         | \$ 3,298,561         | \$ 2,736,693         | \$ 2,805,576         | \$ 2,829,763         | \$ 2,308,587         | \$ 2,402,095         | \$ 2,289,664         |
| Wastewater                                       | 4,315,884            | 3,698,483            | 3,049,997            | 2,802,099            | 2,722,213            | 2,846,230            | 2,840,383            | 2,465,659            | 2,538,787            | 2,416,837            |
| Drainage   | 356,213              | 351,113              | 358,034              | 354,230              | 352,155              | 349,740              | 334,985              | 327,824              | 212,289              | 208,706              |
| Operating grants and contributions               | -                    | 60,000               | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Capital grants and contributions                 | 2,752,478            | -                    | -                    | 2,814,893            | -                    | 648,616              | -                    | -                    | -                    | -                    |
| Total business-type activities revenues          | <u>12,436,796</u>    | <u>8,232,093</u>     | <u>6,798,062</u>     | <u>9,269,783</u>     | <u>5,811,061</u>     | <u>6,650,162</u>     | <u>6,005,131</u>     | <u>5,102,070</u>     | <u>5,153,171</u>     | <u>4,915,207</u>     |
| Total program revenues                           | <u>\$ 30,274,065</u> | <u>\$ 18,411,051</u> | <u>\$ 13,218,168</u> | <u>\$ 14,084,103</u> | <u>\$ 9,020,933</u>  | <u>\$ 10,752,688</u> | <u>\$ 17,755,297</u> | <u>\$ 9,857,615</u>  | <u>\$ 8,387,556</u>  | <u>\$ 8,116,050</u>  |

(Continued)

CITY OF WEBSTER, TEXAS  
 CHANGES IN NET POSITION  
 Last Ten Years  
 (accrual basis of accounting)

|  | Fiscal Year            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | 2024                   | 2023                   | 2022                   | 2021                   | 2020                   | 2019                   | 2018                   | 2017                   | 2016                   | 2015                   |
| Net (expense)/revenue                              |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                            | \$ (21,611,186)        | \$ (24,267,139)        | \$ (20,819,758)        | \$ (20,897,313)        | \$ (23,397,593)        | \$ (24,606,110)        | \$ (14,714,112)        | \$ (22,379,606)        | \$ (20,278,082)        | \$ (18,682,301)        |
| Business-type activities                           | 5,721,128              | 1,798,130              | 732,323                | 3,359,212              | (2,177,418)            | 898,900                | 665,627                | (43,078)               | (275,085)              | (755,368)              |
| Total primary government net expense               | <u>\$ (15,890,058)</u> | <u>\$ (22,469,009)</u> | <u>\$ (20,087,435)</u> | <u>\$ (17,538,101)</u> | <u>\$ (25,575,011)</u> | <u>\$ (23,707,210)</u> | <u>\$ (14,048,485)</u> | <u>\$ (22,422,684)</u> | <u>\$ (20,553,167)</u> | <u>\$ (19,437,669)</u> |
| General revenues and other changes in net position |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Ad valorem taxes                                   | \$ 9,658,454           | \$ 9,681,310           | \$ 9,379,739           | \$ 8,506,855           | \$ 8,000,761           | \$ 7,220,478           | \$ 6,327,334           | \$ 5,531,228           | \$ 4,298,407           | \$ 4,041,031           |
| Sales taxes  | 17,535,608             | 17,460,412             | 16,265,939             | 15,311,975             | 13,086,731             | 13,273,282             | 13,410,874             | 11,798,915             | 12,183,773             | 12,268,588             |
| Franchise fees and local taxes                     | 1,279,313              | 1,216,450              | 1,158,594              | 1,207,148              | 1,217,341              | 1,195,418              | 1,208,514              | 1,215,747              | 1,176,498              | 1,124,931              |
| Other taxes  | -                      | -                      | -                      | -                      | -                      | 123,061                | 128,481                | 137,999                | 141,983                | 140,085                |
| Hotel/motel occupancy taxes                        | 2,688,226              | 2,135,713              | 1,877,277              | 1,586,633              | 1,218,242              | 1,628,350              | 1,480,689              | 1,260,413              | 1,261,327              | 1,287,763              |
| Mixed beverage taxes                               | 813,059                | 609,936                | 592,076                | 607,675                | 424,004                | 535,849                | 527,591                | 426,733                | 490,107                | 482,012                |
| Investment earnings                                | 2,940,038              | 2,765,924              | 134,402                | 9,299                  | 321,100                | 723,748                | 391,521                | 117,515                | 101,170                | 88,227                 |
| Other revenues                                     | 1,559,227              | 409,243                | 348,174                | 235,594                | 136,938                | 221,839                | 220,554                | 149,689                | 125,463                | 114,116                |
| Gain on sale of capital assets                     | 178,337                | 35,175                 | -                      | -                      | -                      | -                      | -                      | 48,974                 | 193,329                | 102,713                |
| Transfers in (out)                                 | 500,000                | 500,000                | 500,000                | 500,000                | 250,000                | 250,000                | 250,000                | 250,000                | 250,000                | 250,000                |
| Total governmental activities                      | <u>37,152,262</u>      | <u>34,814,163</u>      | <u>30,256,201</u>      | <u>27,965,179</u>      | <u>24,655,117</u>      | <u>25,172,025</u>      | <u>23,945,558</u>      | <u>20,937,213</u>      | <u>20,222,057</u>      | <u>19,899,466</u>      |
| Business-type activities                           |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Investment earnings                                | 1,578,994              | 1,513,507              | 192,164                | 7,877                  | 129,816                | 330,663                | 181,103                | 30,696                 | 25,390                 | 26,243                 |
| Other revenues                                     | 181,120                | 1,165,466              | 658,800                | 333,958                | 422,428                | 202,882                | 901,364                | 530,527                | 495,888                | 322,207                |
| Transfers in (out)                                 | (500,000)              | (500,000)              | (500,000)              | (500,000)              | (250,000)              | (250,000)              | (250,000)              | (250,000)              | (250,000)              | (250,000)              |
| Total business-type activities                     | <u>1,260,114</u>       | <u>2,178,973</u>       | <u>350,964</u>         | <u>(158,165)</u>       | <u>302,244</u>         | <u>283,545</u>         | <u>832,467</u>         | <u>311,223</u>         | <u>271,278</u>         | <u>98,450</u>          |
| Total primary government                           | <u>\$ 38,412,376</u>   | <u>\$ 36,993,136</u>   | <u>\$ 30,607,165</u>   | <u>\$ 27,807,014</u>   | <u>\$ 24,957,361</u>   | <u>\$ 25,455,570</u>   | <u>\$ 24,778,025</u>   | <u>\$ 21,248,436</u>   | <u>\$ 20,493,335</u>   | <u>\$ 19,997,916</u>   |
| Changes in net position                            |                        |                        |                        |                        |                        |                        |                        |                        |                        |                        |
| Governmental activities                            | \$ 15,541,076          | \$ 10,547,024          | \$ 9,436,443           | \$ 7,067,866           | \$ 1,257,524           | \$ 565,915             | \$ 9,231,446           | \$ (1,442,393)         | \$ (56,025)            | \$ 1,217,165           |
| Business-type activities                           | 6,981,242              | 3,977,103              | 1,083,287              | 3,201,047              | (1,875,174)            | 1,182,445              | 1,498,094              | 268,145                | (3,807)                | (656,918)              |
| Total change in net position                       | <u>\$ 22,522,318</u>   | <u>\$ 14,524,127</u>   | <u>\$ 10,519,730</u>   | <u>\$ 10,268,913</u>   | <u>\$ (617,650)</u>    | <u>\$ 1,748,360</u>    | <u>\$ 10,729,540</u>   | <u>\$ (1,174,248)</u>  | <u>\$ (59,832)</u>     | <u>\$ 560,247</u>      |

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

| Sources               | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|-----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                       | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
| Ad valorem            | \$ 9,658,454         | \$ 9,681,310         | \$ 9,379,739         | \$ 8,506,855         | \$ 8,000,761         | \$ 7,220,478         | \$ 6,327,334         | \$ 5,531,228         | \$ 4,298,407         | \$ 4,041,031         |
| Sales                 | 17,535,608           | 17,460,412           | 16,265,939           | 15,311,975           | 13,086,731           | 13,273,282           | 13,410,874           | 11,798,915           | 12,183,773           | 12,268,588           |
| Franchise fees        | 1,279,313            | 1,216,450            | 1,158,594            | 1,207,148            | 1,217,341            | 1,195,418            | 1,208,514            | 1,215,747            | 1,176,498            | 1,124,931            |
| Other taxes           | -                    | -                    | -                    | -                    | -                    | 2,287,260            | 2,136,761            | 1,825,145            | 1,893,417            | 1,909,860            |
| Hotel occupancy taxes | 2,688,226            | 2,135,713            | 1,877,277            | 1,586,633            | 1,218,242            | -                    | -                    | -                    | -                    | -                    |
| Mixed beverage taxes  | 813,059              | 609,936              | 592,076              | 607,675              | 424,004              | -                    | -                    | -                    | -                    | -                    |
| <b>Total</b>          | <b>\$ 31,974,660</b> | <b>\$ 31,103,821</b> | <b>\$ 29,273,625</b> | <b>\$ 27,220,286</b> | <b>\$ 23,947,079</b> | <b>\$ 23,976,438</b> | <b>\$ 23,083,483</b> | <b>\$ 20,371,035</b> | <b>\$ 19,552,095</b> | <b>\$ 19,344,410</b> |

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

CITY OF WEBSTER, TEXAS  
 FUND BALANCES, GOVERNMENTAL FUNDS  
 Last Ten Years

|                                    | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                    | <u>2024</u>          | <u>2023</u>          | <u>2022</u>          | <u>2021</u>          | <u>2020</u>          | <u>2019</u>          | <u>2018</u>          | <u>2017</u>          | <u>2016</u>          | <u>2015</u>          |
| General fund                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                       | \$ 275,854           | \$ 258,941           | \$ 87,564            | \$ 143,597           | \$ 33,940            | \$ 92,958            | \$ 75,304            | \$ 41,836            | \$ 38,100            | \$ 37,507            |
| Assigned                           | -                    | -                    | -                    | -                    | -                    | -                    | 274,270              | 274,270              | 246,283              | 220,943              |
| Unassigned                         | <u>26,474,072</u>    | <u>26,451,279</u>    | <u>22,875,808</u>    | <u>19,633,095</u>    | <u>15,063,388</u>    | <u>14,435,049</u>    | <u>14,055,800</u>    | <u>12,593,430</u>    | <u>11,959,903</u>    | <u>12,875,981</u>    |
| Total general fund                 | <u>\$ 26,749,926</u> | <u>\$ 26,710,220</u> | <u>\$ 22,963,372</u> | <u>\$ 19,776,692</u> | <u>\$ 15,097,328</u> | <u>\$ 14,528,007</u> | <u>\$ 14,405,374</u> | <u>\$ 12,909,536</u> | <u>\$ 12,244,286</u> | <u>\$ 13,134,431</u> |
| All other governmental funds       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Nonspendable                       | \$ 99,495            | \$ 1,478,830         | \$ 1,492,648         | \$ 706               | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ -                 | \$ 1,610             |
| Restricted                         | 10,860,258           | 23,952,032           | 26,151,114           | 9,666,809            | 8,581,406            | 8,536,631            | 11,237,021           | 7,091,408            | 7,524,435            | 6,438,064            |
| Assigned, reported in:             |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Capital project funds              | 1,852,962            | 1,679,862            | 1,767,741            | 2,085,219            | 2,447,143            | 2,223,412            | 2,575,103            | 1,496,998            | 3,678,188            | 3,306,955            |
| Special revenue funds              | 373,703              | 261,579              | 244,528              | 250,421              | 251,731              | 207,896              | 198,916              | 109,794              | 96,589               | 111,117              |
| Unassigned                         | <u>-</u>             | <u>-</u>             | <u>(17,972)</u>      | <u>-</u>             | <u>(157)</u>         | <u>(5,455)</u>       | <u>(7,185)</u>       | <u>-</u>             | <u>(3,225)</u>       | <u>(23,775)</u>      |
| Total all other governmental funds | <u>\$ 13,186,418</u> | <u>\$ 27,372,303</u> | <u>\$ 29,638,059</u> | <u>\$ 12,003,155</u> | <u>\$ 11,280,123</u> | <u>\$ 10,962,484</u> | <u>\$ 14,003,855</u> | <u>\$ 8,698,200</u>  | <u>\$ 11,295,987</u> | <u>\$ 9,833,971</u>  |

CITY OF WEBSTER, TEXAS  
 CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS  
 Last Ten Years  
 (modified accrual basis of accounting)

|  | Fiscal Year            |                     |                      |                     |                     |                       |                     |                       |                   |                   |
|--|------------------------|---------------------|----------------------|---------------------|---------------------|-----------------------|---------------------|-----------------------|-------------------|-------------------|
|  | 2024                   | 2023                | 2022                 | 2021                | 2020                | 2019                  | 2018                | 2017                  | 2016              | 2015              |
| <b>Revenues</b>  |                        |                     |                      |                     |                     |                       |                     |                       |                   |                   |
| Taxes and fees   | \$ 31,924,489          | \$ 31,107,145       | \$ 29,306,922        | \$ 27,200,527       | \$ 23,927,478       | \$ 23,888,859         | \$ 23,046,778       | \$ 20,361,762         | \$ 19,558,649     | \$ 19,379,621     |
| Licenses and permits   | 646,647                | 742,177             | 1,295,721            | 598,253             | 1,108,417           | 491,498               | 796,789             | 530,620               | 522,624           | 475,836           |
| Fines and fees   | 993,210                | 1,108,447           | 795,161              | 496,567             | 624,231             | 935,679               | 1,038,825           | 926,225               | 1,001,903         | 967,522           |
| Charges for services   | 450,129                | 418,523             | 371,567              | 304,228             | 327,146             | 437,740               | 434,809             | 445,816               | 382,221           | 377,442           |
| Intergovernmental  | 2,846,741              | 4,172               | 22,853               | 132,526             | 651,584             | 355,257               | 189,699             | 90,503                | 297,607           | 350,013           |
| Investment earnings  | 2,696,646              | 2,554,877           | 110,518              | 24,870              | 270,232             | 608,696               | 331,728             | 102,317               | 84,793            | 79,682            |
| Contributions  | 930,000                | 930,000             | 700,000              | 1,030,030           | 1,030,030           | 1,030,030             | 1,030,030           | 1,030,030             | 1,030,030         | 1,030,030         |
| Other revenues   | 629,227                | 409,243             | 348,174              | 235,594             | 136,938             | 221,839               | 220,554             | 149,689               | 125,463           | 114,116           |
| <b>Total revenues</b>  | <b>41,117,089</b>      | <b>37,274,584</b>   | <b>32,950,916</b>    | <b>30,022,595</b>   | <b>28,076,056</b>   | <b>27,969,598</b>     | <b>27,089,212</b>   | <b>23,636,962</b>     | <b>23,003,290</b> | <b>22,774,262</b> |
| <b>Expenditures</b>  |                        |                     |                      |                     |                     |                       |                     |                       |                   |                   |
| General government   | 4,760,509              | 4,414,925           | 4,625,823            | 4,098,929           | 4,266,891           | 4,764,021             | 3,850,728           | 4,393,858             | 3,745,396         | 3,537,021         |
| Public safety  | 18,105,036             | 16,255,772          | 14,599,274           | 12,940,922          | 12,818,443          | 12,931,007            | 11,885,851          | 12,027,253            | 11,478,408        | 10,248,418        |
| Public works   | 14,505,821             | 4,887,622           | 4,212,970            | 3,433,049           | 3,704,412           | 3,783,052             | 3,104,359           | 2,960,663             | 3,082,765         | 3,451,280         |
| Community development  | 2,241,777              | 4,754,518           | 2,326,936            | 2,121,036           | 2,306,267           | 2,502,109             | 3,878,726           | 3,858,435             | 2,075,602         | 1,970,304         |
| Capital outlay   | 13,168,073             | 3,002,372           | 1,742,679            | 384,245             | 1,070,047           | 4,366,261             | 823,953             | 367,844               | 312,149           | 1,129,584         |
| Debt service   |                        |                     |                      |                     |                     |                       |                     |                       |                   |                   |
| Principal  | 2,174,121              | 2,071,795           | 1,920,000            | 2,415,000           | 2,420,000           | 2,365,000             | 1,905,000           | 1,870,000             | 1,630,000         | 1,620,000         |
| Interest   | 812,139                | 907,334             | 1,076,463            | 347,870             | 351,186             | 428,527               | 358,386             | 343,275               | 386,113           | 421,213           |
| Issuance costs   | -                      | -                   | -                    | -                   | 127,841             | -                     | 121,245             | -                     | -                 | -                 |
| <b>Total expenditures</b>  | <b>55,767,476</b>      | <b>36,294,338</b>   | <b>30,504,145</b>    | <b>25,741,051</b>   | <b>27,065,087</b>   | <b>31,139,977</b>     | <b>25,928,248</b>   | <b>25,821,328</b>     | <b>22,710,433</b> | <b>22,377,820</b> |
| <b>Excess (deficiency) of revenues over (under) expenditures</b> | <b>(14,650,387)</b>    | <b>980,246</b>      | <b>2,446,771</b>     | <b>4,281,544</b>    | <b>1,010,969</b>    | <b>(3,170,379)</b>    | <b>1,160,964</b>    | <b>(2,184,366)</b>    | <b>292,857</b>    | <b>396,442</b>    |
| <b>Other financing sources (uses)</b>                            |                        |                     |                      |                     |                     |                       |                     |                       |                   |                   |
| Issuance of debt   | -                      | -                   | 14,855,000           | -                   | 3,715,000           | -                     | 5,040,000           | -                     | -                 | -                 |
| Premium on debt  | -                      | -                   | 3,005,434            | -                   | 832,448             | -                     | 338,891             | -                     | -                 | -                 |
| Payment to refunding bond escrow agent                           | -                      | -                   | -                    | -                   | (4,415,238)         | -                     | -                   | -                     | -                 | -                 |
| Transfers in   | 934,050                | 671,972             | 627,500              | 610,107             | 915,810             | 558,328               | 1,682,579           | 3,038,010             | 1,135,009         | 598,140           |
| Transfers (out)  | (434,050)              | (171,972)           | (127,500)            | (110,107)           | (665,810)           | (308,328)             | (1,432,579)         | (2,788,010)           | (885,009)         | (348,140)         |
| Sale of capital assets   | 4,208                  | 846                 | 14,379               | 4,852               | 109,781             | 1,641                 | 11,638              | 4,829                 | 26,014            | 7,026             |
| <b>Total other financing sources (uses)</b>                      | <b>504,208</b>         | <b>500,846</b>      | <b>18,374,813</b>    | <b>504,852</b>      | <b>491,991</b>      | <b>251,641</b>        | <b>5,640,529</b>    | <b>254,829</b>        | <b>276,014</b>    | <b>257,026</b>    |
| <b>Net change in fund balances</b>                               | <b>\$ (14,146,179)</b> | <b>\$ 1,481,092</b> | <b>\$ 20,821,584</b> | <b>\$ 4,786,396</b> | <b>\$ 1,502,960</b> | <b>\$ (2,918,738)</b> | <b>\$ 6,801,493</b> | <b>\$ (1,929,537)</b> | <b>\$ 568,871</b> | <b>\$ 653,468</b> |
| Debt service as a percentage of noncapital expenditures:         | 7.01%                  | 9.44%               | 11.04%               | 11.02%              | 10.65%              | 9.46%                 | 9.46%               | 9.51%                 | 9.08%             | 9.58%             |

CITY OF WEBSTER, TEXAS  
 ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY  
 Last Ten Years

|  | Fiscal Year            |                        |                        |                        |                        |                        |                        |                        |                        |                        |
|--|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
|  | <u>2024</u>            | <u>2023</u>            | <u>2022</u>            | <u>2021</u>            | <u>2020</u>            | <u>2019</u>            | <u>2018</u>            | <u>2017</u>            | <u>2016</u>            | <u>2015</u>            |
| Residential property                               | \$ 918,108,817         | \$ 778,238,766         | \$ 708,077,699         | \$ 687,637,778         | \$ 586,393,526         | \$ 511,919,552         | \$ 484,050,384         | \$ 445,750,390         | \$ 407,408,534         | \$ 356,197,833         |
| Commercial property                                | 2,218,954,972          | 2,030,295,730          | 1,895,329,551          | 1,831,800,517          | 1,797,236,442          | 1,641,583,756          | 1,603,370,416          | 1,574,051,436          | 1,502,301,531          | 1,341,014,646          |
| Industrial property                                | 117,552,923            | 103,057,686            | 76,658,037             | 76,781,707             | 65,005,585             | 41,964,510             | 53,786,163             | 44,564,313             | 47,151,199             | 47,712,504             |
| Total Assessed Value <sup>(1)</sup>                | 3,254,616,712          | 2,911,592,182          | 2,680,065,287          | 2,596,220,002          | 2,448,635,553          | 2,195,467,818          | 2,141,206,963          | 2,064,366,139          | 1,956,861,264          | 1,744,924,983          |
| Less: tax exempt property                          | <u>258,238,168</u>     | <u>240,887,910</u>     | <u>234,003,784</u>     | <u>228,705,980</u>     | <u>214,603,667</u>     | <u>154,797,425</u>     | <u>143,759,374</u>     | <u>(133,984,134)</u>   | <u>(134,154,251)</u>   | <u>(128,993,448)</u>   |
| Total taxable assessed value                       | <u>\$2,996,378,544</u> | <u>\$2,670,704,272</u> | <u>\$2,446,061,503</u> | <u>\$2,367,514,022</u> | <u>\$2,234,031,886</u> | <u>\$2,040,670,393</u> | <u>\$1,997,447,589</u> | <u>\$2,198,350,273</u> | <u>\$2,091,015,515</u> | <u>\$1,873,918,431</u> |
| Taxable Value as a Percentage<br>of Assessed Value | 92.1%                  | 91.7%                  | 91.3%                  | 91.2%                  | 91.2%                  | 92.9%                  | 93.3%                  | 93.5%                  | 93.1%                  | 92.6%                  |
| Total direct tax rate <sup>(2)</sup>               | 0.33394                | 0.36475                | 0.39334                | 0.37357                | 0.36200                | 0.34794                | 0.31725                | 0.28450                | 0.23447                | 0.24874                |

Source: Harris Central Appraisal District

Notes:

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

<sup>(2)</sup> Per \$100 of taxable value.

Assessed and taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2023.

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

|   | Fiscal Year       |                   |                   |                   |                   |                   |                   |                   |                   |                   |
|---|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
|   | <u>2024</u>       | <u>2023</u>       | <u>2022</u>       | <u>2021</u>       | <u>2020</u>       | <u>2019</u>       | <u>2018</u>       | <u>2017</u>       | <u>2016</u>       | <u>2015</u>       |
| City of Webster by fund:                          |                   |                   |                   |                   |                   |                   |                   |                   |                   |                   |
| General   | \$ 0.23828        | \$ 0.25953        | \$ 0.27103        | \$ 0.26810        | \$ 0.25536        | \$ 0.22800        | \$ 0.22549        | \$ 0.18625        | \$ 0.14733        | \$ 0.15679        |
| Debt service                                      | 0.09566           | 0.10522           | 0.12231           | 0.10547           | 0.10664           | 0.11994           | 0.09176           | 0.09825           | 0.08714           | 0.09195           |
| Total direct rates                                | <u>\$ 0.33394</u> | <u>\$ 0.36475</u> | <u>\$ 0.39334</u> | <u>\$ 0.37357</u> | <u>\$ 0.36200</u> | <u>\$ 0.34794</u> | <u>\$ 0.31725</u> | <u>\$ 0.28450</u> | <u>\$ 0.23447</u> | <u>\$ 0.24874</u> |
| Clear Creek Independent School District           | \$ 0.97460        | \$ 1.11460        | \$ 1.17970        | \$ 1.26590        | \$ 1.31000        | \$ 1.40000        | \$ 1.40000        | \$ 1.40000        | \$ 1.40000        | \$ 1.40000        |
| Harris County                                     | 0.35007           | 0.34373           | 0.37693           | 0.39116           | 0.40713           | 0.41858           | 0.41801           | 0.41656           | 0.41923           | 0.41731           |
| Harris County Flood Control District              | 0.03105           | 0.03055           | 0.03349           | 0.03142           | 0.02792           | 0.02877           | 0.02831           | 0.02829           | 0.02733           | 0.02736           |
| Port of Houston Authority                         | 0.00574           | 0.00799           | 0.00872           | 0.00991           | 0.01074           | 0.01155           | 0.01256           | 0.01334           | 0.01342           | 0.01531           |
| Harris County Hospital District                   | 0.14343           | 0.14831           | 0.16221           | 0.16671           | 0.16591           | 0.17108           | 0.17110           | 0.17179           | 0.17000           | 0.17000           |
| Harris County Department of Education             | 0.00480           | 0.00490           | 0.00499           | 0.00499           | 0.00500           | 0.00519           | 0.00520           | 0.00520           | 0.00542           | 0.00600           |
| Total direct and overlapping rates <sup>(1)</sup> | <u>\$ 1.84363</u> | <u>\$ 2.01483</u> | <u>\$ 2.15938</u> | <u>\$ 2.24366</u> | <u>\$ 2.28870</u> | <u>\$ 2.38311</u> | <u>\$ 2.35243</u> | <u>\$ 2.31968</u> | <u>\$ 2.26987</u> | <u>\$ 2.28472</u> |

Sources: Harris Central Appraisal District, Clear Creek Independent School District

Notes:

<sup>(1)</sup> 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.

CITY OF WEBSTER, TEXAS  
PRINCIPAL PROPERTY TAXPAYERS  
Current Year and Nine Years Ago

| Property Tax Payer                                    | 2024                    |      |                             | 2015                    |      |                             |
|---|-------------------------|------|-----------------------------|-------------------------|------|-----------------------------|
|   | Taxable Assessed Value  | Rank | % of Taxable Assessed Value | Taxable Assessed Value  | Rank | % of Taxable Assessed Value |
| Clear Lake Regional Medical Center                    | \$ 213,511,792          | 1    | 6.56%                       | \$ 112,229,844          | 1    | 7.18%                       |
| HC200 Blossom Street LLC <sup>(1)</sup>               | 121,242,661             | 2    | 3.73%                       | -                       | 0    | 0.00%                       |
| BR Everwood DST <sup>(1)</sup>                        | 74,941,695              | 3    | 2.30%                       | -                       | 0    | 0.00%                       |
| Exxon Mobil Corp <sup>(1)</sup>                       | 73,442,985              | 4    | 2.26%                       | -                       | 0    | 0.00%                       |
| CHCA Clear Lake LP <sup>(1)</sup>                     | 64,283,083              | 5    | 1.98%                       | -                       | 0    | 0.00%                       |
| BR Edgewater Dst <sup>(1)</sup>                       | 58,463,110              | 6    | 1.80%                       | -                       | 0    | 0.00%                       |
| Palomar Apartments LLC <sup>(1)</sup>                 | 58,437,191              | 7    | 1.80%                       | -                       | 0    | 0.00%                       |
| S2 Hidden Lake LP <sup>(1)</sup>                      | 57,999,386              | 8    | 1.78%                       | -                       | 0    | 0.00%                       |
| Marquis Clear Lake Apartments LP                      | 55,655,718              | 9    | 1.71%                       | 32,150,000              | 4    | 2.06%                       |
| American Furniture Warehouse CO <sup>(1)</sup>        | 51,687,111              | 10   | 1.59%                       | -                       | 0    | 0.00%                       |
| Villas at Edgewater Holdings LLC <sup>(2)</sup>       | -                       | 0    | 0.00%                       | 38,813,491              | 2    | 2.48%                       |
| GCCFC 2007-GG9 Webster Retail LLC <sup>(2)</sup>      | -                       | 0    | 0.00%                       | 32,300,000              | 3    | 2.07%                       |
| G&E Healthcare REIT Mountain Plains <sup>(2)</sup>    | -                       | 0    | 0.00%                       | 26,521,253              | 5    | 1.70%                       |
| GS Seven Palms LP <sup>(2)</sup>                      | -                       | 0    | 0.00%                       | 24,129,560              | 6    | 1.54%                       |
| Bay Area Hospital Property Company LLC <sup>(2)</sup> | -                       | 0    | 0.00%                       | 23,976,691              | 7    | 1.53%                       |
| ROC II TX Preserve LLC <sup>(2)</sup>                 | -                       | 0    | 0.00%                       | 23,669,284              | 8    | 1.51%                       |
| Clear Lake Center LP <sup>(2)</sup>                   | -                       | 0    | 0.00%                       | 21,520,276              | 9    | 1.38%                       |
| Texas Baybrook Square Center <sup>(2)</sup>           | -                       | 0    | 0.00%                       | 21,382,610              | 10   | 1.37%                       |
| Subtotal  | 829,664,732             |      | 25.51%                      | 356,693,009             |      | 22.82%                      |
| Other taxpayers                                       | 2,424,951,980           |      | 74.51%                      | 1,207,289,597           |      | 77.19%                      |
| Total   | <u>\$ 3,254,616,712</u> |      | <u>100.02%</u>              | <u>\$ 1,563,982,606</u> |      | <u>100.01%</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.

CITY OF WEBSTER, TEXAS  
SALES TAX REVENUE PAYERS BY INDUSTRY  
Current Year and Nine Years Ago

| Sales Tax Remitter   | 2024             |                |                 |               | 2015              |                |                 |                |
|--|------------------|----------------|-----------------|---------------|-------------------|----------------|-----------------|----------------|
|  | Number of Filers | % of Total     | Tax Liability   | % of Total    | Numbers of Filers | % of Total     | Tax Liability   | % of Total     |
| Agricultural, Forestry, Fishing and Hunting                              | 7                | 0.10%          | \$ -            | 0.00%         | 2                 | 0.05%          | \$ -            | 0.00%          |
| Mining, Quarrying, and Oil and Gas Extraction                            | 5                | 0.07%          | \$ 0.21         | 0.90%         | 9                 | 0.22%          | \$ 0.16         | 0.99%          |
| Utilities  | 43               | 0.61%          | \$ 0.59         | 2.52%         | 53                | 1.27%          | \$ 0.40         | 2.42%          |
| Construction   | 406              | 5.76%          | \$ 0.73         | 3.11%         | 259               | 6.23%          | \$ 0.31         | 1.90%          |
| Manufacturing  | 1007             | 14.29%         | \$ 0.98         | 4.16%         | 615               | 14.78%         | \$ 0.70         | 4.23%          |
| Wholesale Trade  | 1142             | 16.20%         | \$ 2.49         | 10.61%        | 794               | 19.09%         | \$ 1.84         | 11.19%         |
| Retail Trade   | 2033             | 28.84%         | \$ 9.49         | 40.48%        | 864               | 20.77%         | \$ 7.14         | 43.37%         |
| Transportation and Warehousing   | 30               | 0.43%          | \$ 0.51         | 2.17%         | 21                | 0.50%          | \$ 0.05         | 0.29%          |
| Information  | 694              | 9.85%          | \$ 0.97         | 4.12%         | 364               | 8.75%          | \$ 0.94         | 5.70%          |
| Finance and Insurance  | 117              | 1.66%          | \$ 0.09         | 0.38%         | 98                | 2.36%          | \$ 0.09         | 0.55%          |
| Real Estate and Rental and Leasing                                       | 143              | 2.03%          | \$ 0.30         | 1.30%         | 139               | 3.34%          | \$ 0.17         | 1.04%          |
| Professional, Scientific, and Technical Services                         | 603              | 8.55%          | \$ 0.46         | 1.97%         | 302               | 7.26%          | \$ 0.27         | 1.63%          |
| Management of Companies and Enterprises                                  | 11               | 0.16%          | \$ -            | 0.00%         | 6                 | 0.14%          | \$ 0.01         | 0.04%          |
| Administrative and Support and Waste Management and Remediation Services | 260              | 3.69%          | \$ 0.70         | 2.98%         | 246               | 5.91%          | \$ 0.48         | 2.90%          |
| Educational Services   | 48               | 0.68%          | \$ 0.02         | 0.07%         | 29                | 0.70%          | \$ 0.01         | 0.03%          |
| Health Care and Social Assistance  | 40               | 0.57%          | \$ 0.20         | 0.83%         | 30                | 0.72%          | \$ 0.17         | 1.06%          |
| Arts, Entertainment, and Recreation                                      | 26               | 0.37%          | \$ 0.48         | 2.04%         | 17                | 0.41%          | \$ 0.25         | 1.51%          |
| Accommodation and Food Services  | 162              | 2.30%          | \$ 4.64         | 19.81%        | 131               | 3.15%          | \$ 2.99         | 18.13%         |
| Other Services (Except Public Administration)                            | 181              | 2.57%          | \$ 0.48         | 2.04%         | 119               | 2.86%          | \$ 0.42         | 2.55%          |
| Public Administration  | 5                | 0.07%          | \$ -            | 0.01%         | 8                 | 0.19%          | \$ 0.05         | 0.28%          |
| Undefined  | 86               | 1.22%          | \$ 0.11         | 0.48%         | 54                | 1.30%          | \$ 0.03         | 0.20%          |
| <b>Total</b>   | <b>7,049</b>     | <b>100.02%</b> | <b>\$ 23.45</b> | <b>99.98%</b> | <b>4,160</b>      | <b>100.00%</b> | <b>\$ 16.48</b> | <b>100.01%</b> |

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          |                     |                     |                     |                     |                     |                     |                     |                     |                     |
|--|----------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
|  | 2024                 | 2023                | 2022                | 2021                | 2020                | 2019                | 2018                | 2017                | 2016                | 2015                |
| Taxes levied:                                  |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Current year levy                              | \$ 10,042,114        | \$ 9,888,825        | \$ 9,365,610        | \$ 8,756,424        | \$ 8,085,885        | \$ 7,220,033        | \$ 6,398,295        | \$ 5,553,590        | \$ 4,332,762        | \$ 4,109,641        |
| Adjustments in subsequent years                | -                    | -                   | (140,422)           | (170,550)           | (141,422)           | (156,715)           | (85,434)            | (75,191)            | (62,175)            | (91,143)            |
| Total of taxes levied <sup>(1)</sup>           | <u>\$ 10,042,114</u> | <u>\$ 9,888,825</u> | <u>\$ 9,225,188</u> | <u>\$ 8,585,874</u> | <u>\$ 7,944,463</u> | <u>\$ 7,063,318</u> | <u>\$ 6,312,861</u> | <u>\$ 5,478,399</u> | <u>\$ 4,270,587</u> | <u>\$ 4,018,498</u> |
| Taxes collected:                               |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Collections in current year                    | \$ 9,925,190         | \$ 9,803,928        | \$ 9,295,978        | \$ 8,695,181        | \$ 8,013,501        | \$ 7,087,461        | \$ 6,342,680        | \$ 5,533,548        | \$ 4,319,844        | \$ 4,095,095        |
| Collections in subsequent years <sup>(2)</sup> | -                    | -                   | (88,444)            | (125,220)           | (76,779)            | (116,441)           | (34,630)            | (58,350)            | (52,515)            | (80,068)            |
| Total of taxes collected                       | <u>\$ 9,925,190</u>  | <u>\$ 9,803,928</u> | <u>\$ 9,207,534</u> | <u>\$ 8,569,961</u> | <u>\$ 7,936,722</u> | <u>\$ 6,971,020</u> | <u>\$ 6,308,050</u> | <u>\$ 5,475,198</u> | <u>\$ 4,267,329</u> | <u>\$ 4,015,027</u> |
| Collection rates:                              |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Percentage collected in current year           | 98.84%               | 99.14%              | 99.26%              | 99.30%              | 99.10%              | 98.16%              | 99.13%              | 99.64%              | 997.00%             | 9965.00%            |
| Percentage collected of total levy             | 98.84%               | 99.14%              | 99.81%              | 99.81%              | 99.90%              | 98.69%              | 99.92%              | 99.64%              | 9.92%               | 99.91%              |
| Delinquent taxes:                              |                      |                     |                     |                     |                     |                     |                     |                     |                     |                     |
| Total outstanding balance                      | \$ 116,924           | \$ 84,897           | \$ 17,654           | \$ 15,914           | \$ 7,741            | \$ 92,298           | \$ 4,810            | \$ 3,202            | \$ 3,258            | \$ 3,471            |
| Percentage of total levy outstanding           | 1.16%                | 0.86%               | 0.19%               | 0.19%               | 0.10%               | 1.31%               | 0.08%               | 0.06%               | 0.08%               | 0.09%               |

Notes:

<sup>(1)</sup> The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2024.

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

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
| Governmental activities                                       |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| General obligation bonds                                      | \$ 3,252,937         | \$ 3,587,308         | \$ 4,088,357         | \$ 4,206,049         | \$ 6,263,783         | \$ 3,541,436         | \$ 5,284,508         | \$ 6,997,580         | \$ 8,680,652         | \$ 10,133,724        |
| Certificates of obligation                                    | 15,596,554           | 17,736,560           | 19,604,890           | 3,951,141            | 4,440,604            | 9,588,432            | 10,315,986           | 5,214,545            | 5,472,634            | 5,720,724            |
| Subscription liability  | 484,868              | 332,632              | -                    | -                    | -                    | -                    | -                    | -                    | -                    | -                    |
| Subtotal  | <u>19,334,359</u>    | <u>21,656,500</u>    | <u>23,693,247</u>    | <u>8,157,190</u>     | <u>10,704,387</u>    | <u>13,129,868</u>    | <u>15,600,494</u>    | <u>12,212,125</u>    | <u>14,153,286</u>    | <u>15,854,448</u>    |
| Business-type activities                                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Revenue bonds   | -                    | -                    | -                    | -                    | -                    | -                    | -                    | 1,550,065            | 1,629,356            | 1,708,646            |
| General obligation bonds <sup>(1)</sup>                       | 2,411,671            | 2,696,671            | 2,985,198            | 3,268,725            | 3,542,252            | 3,805,779            | 4,059,305            | 4,302,832            | 4,536,359            | 4,759,886            |
| Certificates of obligation <sup>(2)</sup>                     | <u>17,424,868</u>    | <u>18,175,928</u>    | <u>18,899,365</u>    | <u>1,865,138</u>     | <u>1,940,933</u>     | <u>2,016,729</u>     | <u>2,087,524</u>     | -                    | -                    | -                    |
| Total primary government                                      | <u>\$ 39,170,898</u> | <u>\$ 42,529,099</u> | <u>\$ 45,577,810</u> | <u>\$ 13,291,053</u> | <u>\$ 16,187,572</u> | <u>\$ 18,952,376</u> | <u>\$ 21,747,323</u> | <u>\$ 18,065,022</u> | <u>\$ 20,319,001</u> | <u>\$ 22,322,980</u> |
| Component Unit Activities <sup>(3)</sup> :                    |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Sales Tax Revenue Bonds                                       | \$ 26,214,346        | \$ 27,375,513        | \$ 28,486,681        | \$ 8,421,680         | \$ 9,104,773         | \$ 9,777,868         | \$ 10,445,962        | \$ 11,099,055        | \$ 2,971,577         | \$ 3,666,892         |
| Personal Income <sup>(4) (5)</sup>                            | \$ 420,611,646       | \$ 304,452,486       | \$ 302,725,026       | \$ 292,508,334       | \$ 274,616,784       | \$ 269,582,472       | \$ 279,009,468       | \$ 289,127,448       | \$ 283,747,644       | \$ 298,499,256       |
| Primary Government Debt as<br>a Percentage of Personal Income | 9.87%                | 13.86%               | 15.06%               | 4.54%                | 5.89%                | 7.03%                | 7.79%                | 6.25%                | 7.16%                | 7.48%                |
| Population <sup>(6)</sup>                                     | 12,467               | 12,337               | 12,267               | 1,153                | 11,128               | 10,924               | 11,306               | 11,716               | 11,498               | 11,421               |

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.

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

|   | Fiscal Year          |                      |                      |                      |                      |                      |                      |                      |                      |                      |
|---|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|   | 2024                 | 2023                 | 2022                 | 2021                 | 2020                 | 2019                 | 2018                 | 2017                 | 2016                 | 2015                 |
| Taxable value of property <sup>(1)</sup>  |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| All property                              | \$3,254,616,712      | \$2,911,592,182      | \$2,680,065,287      | \$2,596,220,002      | \$2,448,635,553      | \$2,195,467,818      | \$2,141,206,963      | \$2,064,366,339      | \$1,956,861,264      | \$1,744,924,983      |
| Net bonded debt <sup>(2)</sup>            |                      |                      |                      |                      |                      |                      |                      |                      |                      |                      |
| Gross bonded debt                         | \$ 21,261,162        | \$ 21,323,868        | \$ 23,693,247        | \$ 21,448,243        | \$ 26,891,959        | \$ 32,082,244        | \$ 37,347,817        | \$ 16,514,957        | \$ 18,689,645        | \$ 20,614,334        |
| Less debt service funds                   | <u>576,223</u>       | <u>647,757</u>       | <u>677,745</u>       | <u>597,263</u>       | <u>635,703</u>       | <u>21,417</u>        | <u>702,808</u>       | <u>811,169</u>       | <u>786,946</u>       | <u>869,019</u>       |
| Net bonded debt                           | <u>\$ 20,684,939</u> | <u>\$ 20,676,111</u> | <u>\$ 23,015,502</u> | <u>\$ 20,850,980</u> | <u>\$ 26,256,256</u> | <u>\$ 32,060,827</u> | <u>\$ 36,645,009</u> | <u>\$ 15,703,788</u> | <u>\$ 17,902,699</u> | <u>\$ 19,745,315</u> |
| Ratio of net bonded debt to taxable value | 0.65%                | 0.71%                | 0.86%                | 0.80%                | 1.07%                | 1.43%                | 1.71%                | 0.76%                | 0.91%                | 1.13%                |
| Population <sup>(3)</sup>                 | 12,467               | 12,337               | 12,267               | 11,853               | 11,128               | 10,924               | 11,306               | 11,716               | 11,498               | 11,421               |
| Net bonded debt per capita                | <u>\$ 1,693</u>      | <u>\$ 1,676</u>      | <u>\$ 1,876</u>      | <u>\$ 1,759</u>      | <u>\$ 2,359</u>      | <u>\$ 2,871</u>      | <u>\$ 3,241</u>      | <u>\$ 1,340</u>      | <u>\$ 1,557</u>      | <u>\$ 1,729</u>      |

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.

CITY OF WEBSTER, TEXAS  
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT  
Last Ten Years

|                                     | Debt<br><u>Outstanding</u> <sup>(4)</sup> | <u>As Of</u> | Estimated<br>Percentage<br><u>Applicable</u> <sup>(1)</sup> | Amount<br>Applicable to<br>Primary<br><u>Government</u> |
|-------------------------------------|---|--------------|---|---|
| Governmental Unit                   |   |              |   |   |
| Clear Creek ISD                     | \$1,065,675,000                           | 9/30/2024    | 7.44%   | \$ 79,286,220   |
| Clear Lake City Water Authority     | 131,245,000                               | 9/30/2024    | 4.08%   | 5,354,796   |
| Harris County                       | 2,424,019,039                             | 9/30/2024    | 0.41%   | 9,938,478   |
| Harris Co. Dept of Education        | 28,960,000                                | 9/30/2024    | 0.41%   | 118,736   |
| Harris Co. Flood Control District   | 968,445,000                               | 9/30/2024    | 0.41%   | 3,970,625   |
| Harris Co. Hospital District        | 65,285,000                                | 9/30/2024    | 0.41%   | 267,669   |
| Harris Co. MUD #481                 | 25,855,000                                | 9/30/2024    | 100.00%   | 25,855,000  |
| Harris Co Toll Road                 | -   | 9/30/2024    | 0.00%   | -   |
| Port of Houston Authority           | 426,134,397                               | 9/30/2024    | 0.41%   | <u>1,747,151</u>  |
| Subtotal, overlapping debt          |   |              |   | 126,538,674   |
| City direct debt <sup>(2) (3)</sup> | \$ 21,261,162                             | 9/30/2024    | 100.00%   | <u>21,261,162</u>                                       |
| Total direct and overlapping debt   |   |              |   | <u>\$ 147,799,836</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           |                       |                       |                       |                       |                       |                       |                       |                       |                       |
|--|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
|  | 2024                  | 2023                  | 2022                  | 2021                  | 2020                  | 2019                  | 2018                  | 2017                  | 2016                  | 2015                  |
| Debt limit <sup>(1)</sup>  | \$ 325,461,671        | \$ 291,159,218        | \$ 268,006,529        | \$ 259,622,000        | \$ 244,863,555        | \$ 219,546,782        | \$ 214,120,696        | \$ 206,436,634        | \$ 195,686,126        | \$ 174,492,498        |
| Total net debt applicable to limit                                   | <u>20,684,939</u>     | <u>20,676,112</u>     | <u>23,015,502</u>     | <u>7,559,927</u>      | <u>10,068,684</u>     | <u>12,408,451</u>     | <u>14,897,686</u>     | <u>11,400,956</u>     | <u>13,366,340</u>     | <u>14,985,429</u>     |
| Legal debt margin  | <u>\$ 304,776,732</u> | <u>\$ 270,483,106</u> | <u>\$ 244,991,027</u> | <u>\$ 252,062,073</u> | <u>\$ 234,794,871</u> | <u>\$ 207,138,331</u> | <u>\$ 199,223,010</u> | <u>\$ 195,035,678</u> | <u>\$ 182,319,786</u> | <u>\$ 159,507,069</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 6.49%                 | 7.10%                 | 8.59%                 | 2.91%                 | 4.11%                 | 5.65%                 | 6.96%                 | 5.52%                 | 6.83%                 | 8.59%                 |
| Legal debt margin calculation for fiscal year 2024                   |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| Assessed value   | \$ 3,254,616,712      | \$ 2,911,592,182      | \$ 2,680,065,287      | \$ 2,596,220,002      | \$ 2,448,635,553      | \$ 2,195,467,818      | \$ 2,141,206,963      | \$ 2,064,366,339      | \$ 1,956,861,264      | \$ 1,744,924,983      |
| Debt limit (10% of assessed value)                                   | 325,461,671           | 291,159,218           | 268,006,529           | 259,622,000           | 244,863,555           | 219,546,782           | 214,120,696           | 206,436,634           | 195,686,126           | 174,492,498           |
| Debt applicable to limit:  |                       |                       |                       |                       |                       |                       |                       |                       |                       |                       |
| General obligation bonds   | 5,664,608             | 6,283,979             | 7,073,555             | 7,474,774             | 9,806,035             | 7,347,215             | 9,343,813             | 11,300,412            | 13,217,011            | 14,893,610            |
| Certificates of obligation   | 33,021,422            | 35,912,488            | 38,504,255            | 5,816,279             | 6,381,537             | 11,605,161            | 12,403,510            | 5,214,545             | 5,472,634             | 5,720,724             |
| Less: debt pledged by utility revenues                               | (17,424,868)          | (20,872,599)          | (21,884,563)          | (5,133,863)           | (5,483,185)           | (5,822,508)           | (6,146,829)           | (4,302,832)           | (4,536,359)           | (4,759,886)           |
| Less: amount set aside for repayment of general obligation debt      | <u>(576,223)</u>      | <u>(647,757)</u>      | <u>(677,745)</u>      | <u>(597,263)</u>      | <u>(635,703)</u>      | <u>(721,417)</u>      | <u>(702,808)</u>      | <u>(811,169)</u>      | <u>(786,946)</u>      | <u>(869,019)</u>      |
| Total net debt applicable to limit                                   | <u>20,684,939</u>     | <u>20,676,111</u>     | <u>23,015,502</u>     | <u>7,559,927</u>      | <u>10,068,684</u>     | <u>12,408,451</u>     | <u>14,897,686</u>     | <u>11,400,956</u>     | <u>13,366,340</u>     | <u>14,985,429</u>     |
| Legal debt margin  | <u>\$ 304,776,732</u> | <u>\$ 270,483,107</u> | <u>\$ 244,991,027</u> | <u>\$ 252,062,073</u> | <u>\$ 234,794,871</u> | <u>\$ 207,138,331</u> | <u>\$ 199,223,010</u> | <u>\$ 195,035,678</u> | <u>\$ 182,319,786</u> | <u>\$ 159,507,069</u> |

Notes:

<sup>(1)</sup> 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.

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

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| <u>Fiscal Year<br/>Ended<br/>Sept. 30</u> | <u>Population</u> <sup>(1)</sup> | <u>Personal<br/>Income</u> <sup>(2) (3)</sup> | <u>Per Capita<br/>Personal<br/>Income</u> <sup>(2)</sup> | <u>Median<br/>Age</u> <sup>(2)</sup> | <u>School<br/>Enrollment</u> <sup>(4)</sup> | <u>Unemployment<br/>Rate</u> <sup>(5)</sup> |
|---|----------------------------------|---|--|--------------------------------------|---|---|
| 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                                      | 11,285                           | 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%  |
| 2024                                      | 12,467                           | 420,611,646                                   | 33,738   | 31.6                                 | 3,911                                       | 4.5%  |

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

CITY OF WEBSTER, TEXAS  
 PRINCIPAL EMPLOYERS  
 Current Year and Nine Years Ago

| <u>Employer</u>                   | Number of Employees |                    |
|-----------------------------------|---------------------|--------------------|
|                                   | 2024                | 2015               |
| Academy Sports & Outdoors         | 100+                | 100+               |
| American Furniture Warehouse      | 100+                | -                  |
| ARI-Armaturen                     | 100+                | -                  |
| Axiom Space                       | 900+                | -                  |
| CLS Health                        | 500+                | Data not Available |
| Costco                            | 200+                | -                  |
| HCA Houston Healthcare Clear Lake | 2000+               | Data not Available |
| Hobby Lobby                       | 100+                | Data not Available |
| Houston Physicians' Hospital      | 300+                | 200+               |
| KBR                               | Data not Available  | Data not Available |
| Kindred Hospital                  | 100+                | 200+               |
| Leidos                            | 250+                | Data not Available |
| Nanoracks                         | Data not Available  | Data not Available |
| Olympus                           | 100+                | Data not Available |
| Rothe Development                 | Data not Available  | Data not Available |
| United Fire Group                 | 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.

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

|                              | Fiscal Year |             |             |             |             |             |             |             |             |             |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
|                              | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
| General Fund:                |             |             |             |             |             |             |             |             |             |             |
| City Secretary               | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 4           |
| City Manager                 | 2           | 2           | 2           | 2           | 3           | 3           | 1           | 1           | 2           | 2           |
| Finance                      | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           | 6           |
| Municipal Court              | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 6           | 6           | 7           |
| Human Resources              | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           | 3           |
| Community Development        |             |             |             |             |             |             |             |             |             |             |
| Administration               | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 6           | 6           |
| Building                     | 6           | 6           | 6           | 6           | 7           | 7           | 7           | 7           | 7           | 7           |
| Recreation programs          | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Public works                 |             |             |             |             |             |             |             |             |             |             |
| Administration               | 9           | 7.5         | 5.5         | 5.5         | 6           | 6           | 5           | 5           | 5           | 5           |
| Maintenance                  | 11          | 11          | 11          | 11          | 10          | 10          | 10          | 10          | 10          | 10          |
| Parks Maintenance            | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           |
| Police                       |             |             |             |             |             |             |             |             |             |             |
| Administration               | 8           | 8           | 8           | 8           | 9           | 8           | 8           | 9           | 6           | 4           |
| Criminal investigation       | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           | 7           |
| Patrol                       | 40          | 40          | 37          | 37          | 36          | 36          | 36          | 35          | 36          | 37          |
| Communications               | 16          | 16          | 16          | 16          | 16          | 17          | 15          | 15          | 15          | 16          |
| Code enforcement             | 2           | 2           | 2           | 2           | -           | -           | -           | -           | -           | -           |
| Fire                         |             |             |             |             |             |             |             |             |             |             |
| Administration               | 3           | 3           | -           | -           | -           | -           | -           | -           | -           | -           |
| Prevention                   | 3           | 3           | 6           | 6           | 7           | 7           | 5           | 5           | 3           | 3           |
| Operations                   | 18          | 18          | 15          | 15          | 15          | 15          | 16          | 15          | 17          | 14          |
| Emergency management         |             |             |             |             |             |             |             |             |             |             |
| Emergency management         | 1           | 1           | 1           | 1           | 1           | -           | 2           | 2           | -           | -           |
| Economic Development         |             |             |             |             |             |             |             |             |             |             |
| Economic Development         | <u>3</u>    |
| General Fund Total           | 160.5       | 159.5       | 152         | 152         | 152         | 151         | 147         | 147         | 145         | 142         |
| Utility Fund:                |             |             |             |             |             |             |             |             |             |             |
| Water                        | 8.75        | 8.75        | 8.75        | 8.5         | 8.5         | 8.5         | 8.5         | 8.5         | 8.5         | 8.5         |
| Sewer                        | 6.75        | 6.75        | 6.75        | 6.5         | 6.5         | 6.5         | 6.5         | 7.5         | 6.5         | 6.5         |
| Drainage                     | <u>3</u>    | <u>3</u>    | <u>3</u>    | <u>3</u>    | <u>3</u>    | <u>2</u>    | <u>2</u>    | <u>2</u>    | <u>2</u>    | <u>2</u>    |
| Utility Fund Total           | 18.5        | 18.5        | 18.5        | 18          | 18          | 17          | 17          | 18          | 17          | 17          |
| Information Technology Fund: |             |             |             |             |             |             |             |             |             |             |
| Information technology       | <u>3</u>    | <u>4</u>    | <u>4</u>    |
| IT fund total                | <u>3</u>    | <u>4</u>    | <u>4</u>    |
| Total city positions         | <u>182</u>  | <u>181</u>  | <u>173</u>  | <u>173</u>  | <u>173</u>  | <u>171</u>  | <u>167</u>  | <u>168</u>  | <u>166</u>  | <u>163</u>  |

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   |               |               |               |               |               |              |               |               |               |
|---|---------------|---------------|---------------|---------------|---------------|---------------|--------------|---------------|---------------|---------------|
|   | <u>2024</u>   | <u>2023</u>   | <u>2022</u>   | <u>2021</u>   | <u>2020</u>   | <u>2019</u>   | <u>2018</u>  | <u>2017</u>   | <u>2016</u>   | <u>2015</u>   |
| <b>Police</b>   |               |               |               |               |               |               |              |               |               |               |
| Arrests   | 1,401         | 1,363         | 1,096         | 1,047         | 995           | 1,470         | 1,678        | 1,679         | 1,674         | 1,883         |
| Accident reports  | 947           | 1,115         | 1,155         | 971           | 953           | 1,145         | 1,149        | 1,176         | 1,352         | 1,218         |
| Citations   | 5,143         | 5,124         | 3,573         | 2,073         | 2,250         | 4,293         | 4,795        | 5,421         | 6,364         | 4,880         |
| Offense reports   | 2,974         | 3,186         | 2,458         | 2,394         | 2,523         | 3,309         | 1,240        | 2,543         | 2,267         | 2,107         |
| Calls for service                                       | 24,202        | 24,100        | 21,871        | 17,997        | 16,767        | 20,661        | 25,141       | 22,413        | 23,402        | 21,187        |
| <b>Fire</b>   |               |               |               |               |               |               |              |               |               |               |
| Emergency responses                                     | 2153          | 2169          | 2056          | 1820          | 1460          | 1966          | 969          | 1833          | 1696          | 1199          |
| Fire incidents  | 86            | 81            | 47            | 87            | 57            | 69            | 94           | 100           | 63            | 74            |
| Average response time                                   | 4 min, 48 sec | 3 min, 51 sec | 3 min, 38 sec | 3 min, 35 sec | 4 min, 29 sec | 4 min, 24 sec | 4 min, 4 sec | 4 min, 10 sec | 4 min, 14 sec | 4 min, 44 sec |
| <b>Water</b>  |               |               |               |               |               |               |              |               |               |               |
| New accounts  | 300           | 289           | 307           | 163           | 181           | 302           | 244          | 247           | 189           | 186           |
| Average daily consumption<br>(millions of gallons)      | 2,800         | 2.226         | 2.037         | 1.950         | 1.802         | 1.520         | 1.603        | 1.542         | 1.605         | 1.687         |
| Total consumption (millions of gallons)                 | 834,679       | 811.867       | 744.296       | 712.446       | 66.135        | 555.183       | 599.500      | 563.416       | 587.253       | 615.620       |
| Peak daily consumption<br>(millions of gallons)         | 7,326         | 3.916         | 2.582         | 2.739         | 2.518         | 2.503         | 3.268        | 1.912         | 3.091         | 2.801         |
| <b>Sewer</b>  |               |               |               |               |               |               |              |               |               |               |
| Average daily sewage treatment<br>(millions of gallons) | 1.565         | 1.33          | 1.263         | 1.154         | 1.32          | 1.368         | 1.26         | 1.28          | 1.292         | 1.280         |
| Total consumption (millions of gallons)                 | 573,440       | 486.000       | 461.000       | 420.720       | 483.825       | 500.731       | 458.870      | 467.000       | 471.600       | 468.360       |
| Peak daily consumption                                  |               |               |               |               |               |               |              |               |               |               |

Source: Various City departments

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

|   | <u>2024</u> | <u>2023</u> | <u>2022</u> | <u>2021</u> | <u>2020</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Function/program                            |             |             |             |             |             |             |             |             |             |             |
| Police                                      |             |             |             |             |             |             |             |             |             |             |
| Stations                                    | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Patrol units                                | 46          | 42          | 43          | 44          | 45          | 47          | 47          | 49          | 48          | 48          |
| Fire stations                               | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Other public works                          |             |             |             |             |             |             |             |             |             |             |
| Streets (miles - centerlines)               | 32.5        | 31.9        | 30.6        | 29.6        | 27.0        | 26.6        | 26.2        | 25.3        | 25.1        | 25.9        |
| Streetlights                                | 1,254       | 1,236       | 1,196       | 1,185       | 1,149       | 1,112       | 1,070       | 1,111       | 1,049       | 1,008       |
| Parks and recreation                        |             |             |             |             |             |             |             |             |             |             |
| Parks                                       | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           | 5           |
| Parks acreage                               | 26.0        | 26.0        | 26.0        | 26.0        | 26.0        | 26.0        | 26.0        | 26.0        | 26.0        | 26.0        |
| Baseball / softball diamonds                | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           | 2           |
| Community centers                           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Water                                       |             |             |             |             |             |             |             |             |             |             |
| Water main (miles)                          | 64.2        | 63.7        | 61.1        | 57.5        | 56.0        | 56.5        | 55.3        | 52.9        | 52.8        | 52.0        |
| Fire hydrants                               | 757         | 752         | 715         | 685         | 665         | 630         | 712         | 682         | 673         | 665         |
| Storage capacity (millions of gallons)      | 2.95        | 2.95        | 2.95        | 2.95        | 2.95        | 2.95        | 2.95        | 2.95        | 2.95        | 2.95        |
| Sewer                                       |             |             |             |             |             |             |             |             |             |             |
| Sanitary sewers (miles)                     | 42.4        | 41.9        | 40.9        | 38.5        | 36.7        | 35.7        | 35.8        | 34.9        | 34.9        | 34.2        |
| Storm sewers (miles)                        | 32.3        | 31.1        | 30.3        | 29.1        | 27.5        | 27.1        | 26.4        | 25.5        | 26.5        | 24.6        |
| Open ditch / creek / canal drainage (miles) | 6.2         | 5.9         | 5.4         | 5.3         | 5.3         | 6.4         | 6           | 6.2         | 8.6         | 6.2         |
| Treatment capacity (millions of gallons)    | 3.3         | 3.3         | 3.3         | 3.3         | 3.3         | 3.3         | 3.3         | 3.3         | 3.3         | 3.3         |