

ANNUAL FINANCIAL REPORT

of the

CITY OF WALLER, TEXAS

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

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CITY OF WALLER, TEXAS

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September 30, 2023

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INDEPENDENT AUDITORS' REPORT

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

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City of Waller, Texas (the "City"), as of and for the year ended September 30, 2023, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, and each major fund of the City as of September 30, 2023, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibility of Management for the Financial Statements

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with generally accepted auditing standards, we:

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis, budgetary comparison information, schedule 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.

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 schedule and other statements are presented for purposes of additional analysis and are not required parts of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the schedule and other statements are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
February 2, 2024

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MANAGEMENT'S DISCUSSION AND ANALYSIS

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

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* – The City's tax supported services are reported here, including general government, public safety, permits/code enforcement, public works, and culture and recreation. Interest payments on the City's debt are also reported here. Property tax, sales 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 are reported here. These services include the City's gas, water, and sewer services.

The government-wide financial statements include not only the City itself (known as the primary government), but also a legally separate economic development corporation 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 fiscal year. Such information may be useful in evaluating the City's near-term financing requirements.

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

The City maintains four individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental funds statement of revenues, expenditures, and changes in fund balances for the general fund, the debt service fund, the capital projects fund, and the special revenue fund.

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

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

Proprietary Funds

The City maintains one type of proprietary fund, enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, sewer collection/treatment operations, and gas operations. The proprietary fund financial statements provide separate information for the water distribution and sewer collection/treatment operations and gas operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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 a budgetary comparison schedule for the general fund and schedules of changes in net pension and total other postemployment benefits liability and related ratios and schedule of contributions for the Texas Municipal Retirement System. 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. Assets and deferred outflows exceeded liabilities and deferred inflows by \$33,063,271 at year end.

A large portion of the City's net position, 41 percent, reflects its investments in capital assets (e.g. land, City hall, police station, drainage systems, as well as the public works facilities) less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

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

Statement of Net Position

The following tables reflect the condensed Statement of Net Position:

	2023			
	Governmental	Business-Type	Reconciliation	Total
	Activities	Activities		Primary
				Government
Current and other assets	\$ 25,053,639	\$ 3,347,972	\$ -	\$ 28,401,611
Noncurrent assets	10,660,114	15,573,498	-	26,233,612
Total Assets	35,713,753	18,921,470	-	54,635,223
Deferred outflows - pensions	351,755	127,625	-	479,380
Deferred outflows - OPEB	11,996	-	-	11,996
Total Deferred Outflows of Resources	363,751	127,625	-	491,376
Long-term liabilities	19,435,971	293,659	-	19,729,630
Other liabilities	1,796,220	479,798	-	2,276,018
Total Liabilities	21,232,191	773,457	-	22,005,648
Deferred inflows - pensions	5,612	-	-	5,612
Deferred inflows - OPEB	52,068	-	-	52,068
Total Deferred Inflows of Resources	57,680	-	-	57,680
Net Position:				
Net investment in capital assets	2,746,098	15,573,498	(4,601,964)	13,717,632
Restricted	2,471,518	-	-	2,471,518
Unrestricted	9,570,017	2,702,140	4,601,964	16,874,121
Total Net Position	\$ 14,787,633	\$ 18,275,638	\$ -	\$ 33,063,271
	2022			
	Governmental	Business-Type	Reconciliation	Total
	Activities	Activities		Primary
				Government
Current and other assets	\$ 23,962,706	\$ 3,207,480	\$ -	\$ 27,170,186
Noncurrent assets	9,250,307	13,367,871	-	22,618,178
Total Assets	33,213,013	16,575,351	-	49,788,364
Deferred outflows - pensions	173,028	23,381	-	196,409
Deferred outflows - OPEB	20,250	-	-	20,250
Deferred charge on refunding	1,490	-	-	1,490
Total Deferred Outflows of Resources	194,768	23,381	-	218,149
Long-term liabilities	19,630,485	72,804	-	19,703,289
Other liabilities	2,415,063	204,706	-	2,619,769
Total Liabilities	22,045,548	277,510	-	22,323,058
Deferred inflows - pensions	239,075	38,872	-	277,947
Deferred inflows - OPEB	14,819	-	-	14,819
Total Deferred Inflows of Resources	253,894	38,872	-	292,766
Net Position:				
Net investment in capital assets	1,473,873	13,367,871	(3,888,702)	10,953,042
Restricted	2,316,480	-	-	2,316,480
Unrestricted	7,317,986	2,914,479	3,888,702	14,121,167
Total Net Position	\$ 11,108,339	\$ 16,282,350	\$ -	\$ 27,390,689

A portion of the primary government's net position, \$2,471,518, represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net position, \$16,874,121, may be used to meet the City's ongoing obligation to citizens and creditors. The overall condition of the City increased \$5,672,582 during the year.

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

A reconciliation is used to move the debt and related net unspent proceeds associated with business-type activities for capital assets to the unrestricted net position to give a better picture of the total primary government unrestricted net position.

Total assets are \$54,635,223, an increase of \$4,846,859 compared to prior year. Current and other assets increased compared to the prior year mainly due to an increase in cash and cash equivalents due to an operating surplus. Noncurrent assets increased compared to the prior year primarily due to an increase in the construction and acquisition of capital assets. Total liabilities are \$22,005,648, a decrease of \$317,410 compared to prior year. Total liabilities decreased compared to the prior year mostly due to the use of grant awards and developer revenues that were unspent in the prior year. Total deferred outflows of resources are \$491,376, an increase of \$273,227 compared to the prior year. Total deferred inflows of resources are \$57,680, a decrease of \$235,086 compared to prior year. The increase in deferred outflows of resources and related decrease in deferred inflows of resources was due to the net differences between projected and actual investment earnings on pension plan assets.

Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2023	2022	2023	2022	2023	2022
Revenues						
Program revenues:						
Charges for services	\$ 4,006,787	\$ 2,681,584	\$ 3,188,920	\$ 3,103,155	\$ 7,195,707	\$ 5,784,739
Operating grants and contributions	111,517	131,287	-	-	111,517	131,287
Capital grants and contributions	508,617	328,684	-	-	508,617	328,684
General revenues:						
Property taxes	2,716,969	2,925,971	-	-	2,716,969	2,925,971
Sales taxes	3,782,096	3,246,323	-	-	3,782,096	3,246,323
Franchise fees	389,203	373,209	-	-	389,203	373,209
Investment income	1,124,771	163,563	120,756	20,374	1,245,527	183,937
Other revenues	37,003	33,331	-	-	37,003	33,331
Total Revenues	12,676,963	9,883,952	3,309,676	3,123,529	15,986,639	13,007,481
Expenses						
General government	1,763,889	2,001,150	-	-	1,763,889	2,001,150
Public safety	1,860,653	1,983,278	-	-	1,860,653	1,983,278
Permits/code enforcement	917,488	811,394	-	-	917,488	811,394
Public works	1,693,921	1,607,117	-	-	1,693,921	1,607,117
Culture and recreation	160,802	201,134	-	-	160,802	201,134
Interest and fiscal agent fees	697,749	471,600	-	-	697,749	471,600
Gas	-	-	766,105	881,538	766,105	881,538
Water and sewer	-	-	2,453,450	1,915,840	2,453,450	1,915,840
Total Expenses	7,094,502	7,075,673	3,219,555	2,797,378	10,314,057	9,873,051
Increase in Net Position Before Transfers	5,582,461	2,808,279	90,121	326,151	5,672,582	3,134,430
Transfers in (out)	(1,903,167)	(835,726)	1,903,167	835,726	-	-
Change in Net Position	3,679,294	1,972,553	1,993,288	1,161,877	5,672,582	3,134,430
Beginning net position	11,108,339	9,135,786	16,282,350	15,120,473	27,390,689	24,256,259
Ending Net Position	\$ 14,787,633	\$ 11,108,339	\$ 18,275,638	\$ 16,282,350	\$ 33,063,271	\$ 27,390,689

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

Overall, governmental activities revenues increased \$2,793,011. Charges for services increased by \$1,325,203 largely due to increases in building permits, court collections, impact fees, and developer contributions. Investment income increased \$961,208 due to an increase in total investments and interest rates. Sales tax revenue increased \$535,773 primarily due to an increase in taxable sales within the City. Governmental activities expenses increased \$18,829 primarily due to increases in interest and fiscal agent fees from an increase in expenses related to debt obligations and permits and code enforcement from an increase in development within the City.

Overall, business-type activities revenues increased \$186,147 mainly due to an increase in charges for services from an increase in water and sewer revenues as a result of higher customer consumption and investment income from an increase in interest rates. Business-type activities expenses increased \$422,177 mostly due to an increase in water and sewer repair and maintenance expenses.

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 financing requirements. In particular, the unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the fiscal year.

The City's governmental funds reflect a combined fund balance of \$23,209,510. Of the total governmental fund balance, \$21,043 is nonspendable in the form of inventory and \$8,561,116 is restricted for debt service, enabling legislation, capital projects, and special projects. \$80,000 is assigned for street projects and fleet reserve. The remaining balance of \$14,547,351 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, the unassigned fund balance of the general fund was \$14,547,351. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total expenditures. Unassigned fund balance represents 239 percent of total general fund expenditures, while total fund balance represents 244 percent of total general fund expenditures. General fund revenues increased \$1,263,330 compared to the prior year largely due to increases in investment income from an increase in total investments and interest rates, sales tax revenues from an increase in taxable sales within the City, and licenses and permits revenues due to an increase in building permits issued. Expenditures increased \$1,084,028 compared to the prior year due primarily to an increase in capital outlay, professional and contracted services, and payroll expenditures.

The debt service fund has a total fund balance of \$371,661, all of which is restricted for payment of debt service. The net decrease in fund balance during the current year in the debt service fund was \$155,363 primarily due to debt service costs in excess of property tax collections and interest earnings.

The capital projects fund has a fund balance of \$6,506,648, all of which is restricted for capital projects. The net decrease in fund balance of \$1,286,050 was primarily due to an increase in construction projects.

The special revenue fund has a fund balance of \$1,485,504, all of which is restricted for enabling legislation and special projects. The net increase of \$241,991 was mostly the net result of an increase in funds restricted for enabling legislation and a decrease in restricted funds for special projects.

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

Proprietary Funds – The City's gas and water and sewer funds' operating expenses exceeded operating revenues by \$30,635. Nonoperating revenue was \$120,756, which was comprised of investment income. The gas and water and sewer funds transferred \$678,593 to repay the capital projects fund and general fund. The water and sewer fund had capital contributions from the capital projects fund of \$2,581,760.

GENERAL FUND BUDGETARY HIGHLIGHTS

The general fund reported a positive revenue budget variance of \$2,191,796. This variance is primarily due to more sales taxes and investment income revenue than expected. Total expenditures had a positive budget variance of \$617,120 from the final budget due mainly to less expenditures than anticipated in public safety.

CAPITAL ASSETS

At the end of the year, the City's governmental activities and business-type activities had invested \$26,233,612 in a variety of capital assets and infrastructure (net of accumulated depreciation). The capital assets also include the right-to-use assets that are associated with a lease liability.

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds, certificates of obligation, and a lease liability of \$18,556,300. Of this amount, \$7,850,000 was general obligation bonds debt, \$10,535,000 was certificates of obligation debt, and \$171,300 was a lease liability.

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City is experiencing a period of growth. Property values are increasing, commercial development continues, property and sales tax revenues are expanding, and the City is thriving.

The City adopted a fiscal year 2023-2024 general fund expenditure budget of \$7,591,571, which is an increase of 14% from the prior year budget. The City budgeted for fiscal year 2023-2024 general fund revenues of \$7,996,702, which is an increase of 19%. The City approved a 2023-2024 Maintenance and Operation tax rate of \$0.3210 and an Interest and Sinking tax rate of \$0.1694 for a total of \$0.4904 per \$100 of property valuation.

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 the City Secretary, City of Waller, P.O. Box 239, Waller, Texas 77484.

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BASIC FINANCIAL STATEMENTS

CITY OF WALLER, TEXAS

STATEMENT OF NET POSITION

September 30, 2023

Primary Government

	Primary Government			Total
	Governmental Activities	Business-Type Activities	Reconciliation	
<u>Assets</u>				
Current assets:				
Cash and cash equivalents	\$ 17,845,437	\$ 2,834,079	\$ -	\$ 20,679,516
Restricted cash and cash equivalents	6,370,335	80,994	-	6,451,329
Receivables (net of allowance for uncollectible)	816,824	379,566	-	1,196,390
Inventory	21,043	53,333	-	74,376
	25,053,639	3,347,972	-	28,401,611
Noncurrent assets:				
Nondepreciable capital assets	772,247	2,774,130	-	3,546,377
Net depreciable/amortizable capital assets	9,887,867	12,799,368	-	22,687,235
	10,660,114	15,573,498	-	26,233,612
Total Assets	35,713,753	18,921,470	-	54,635,223
<u>Deferred Outflows of Resources</u>				
Deferred outflows - pensions	351,755	127,625	-	479,380
Deferred outflows - OPEB	11,996	-	-	11,996
Total Deferred Outflows of Resources	363,751	127,625	-	491,376
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	1,537,907	398,804	-	1,936,711
Customer deposits	-	80,994	-	80,994
Unearned revenue	148,006	-	-	148,006
Accrued interest payable	110,307	-	-	110,307
	1,796,220	479,798	-	2,276,018
Noncurrent liabilities:				
Due within one year	548,618	16,390	-	565,008
Due in more than one year	18,887,353	277,269	-	19,164,622
	19,435,971	293,659	-	19,729,630
Total Liabilities	21,232,191	773,457	-	22,005,648
<u>Deferred Inflows of Resources</u>				
Deferred inflows - pensions	5,612	-	-	5,612
Deferred inflows - OPEB	52,068	-	-	52,068
Total Deferred Inflows of Resources	57,680	-	-	57,680
<u>Net Position</u>				
Net investment in capital assets	2,746,098	15,573,498	(4,601,964)	13,717,632
Restricted for:				
Debt service	295,512	-	-	295,512
Enabling legislation	1,462,263	-	-	1,462,263
Capital projects	493,199	-	-	493,199
Special projects	220,544	-	-	220,544
Unrestricted	9,570,017	2,702,140	4,601,964	16,874,121
Total Net Position	\$ 14,787,633	\$ 18,275,638	\$ -	\$ 33,063,271

See Notes to Financial Statements.

**Component
Unit**

\$ 5,386,195
-
208,234
-
<u>5,594,429</u>
-
-
-
<u>5,594,429</u>
-
-
-
29,518
-
-
-
<u>29,518</u>
19,736
2,193
<u>21,929</u>
<u>51,447</u>
-
-
-
-
-
5,542,982
<u>\$ 5,542,982</u>

CITY OF WALLER, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 1,763,889	\$ 634,820	\$ 108,633	\$ -
Public safety	1,860,653	714,026	2,884	-
Permits/code enforcement	917,488	1,015,212	-	-
Public works	1,693,921	1,642,689	-	508,617
Culture and recreation	160,802	40	-	-
Interest and fees on debt	697,749	-	-	-
Total Governmental Activities	7,094,502	4,006,787	111,517	508,617
Business-Type Activities				
Gas	766,105	1,153,401	-	-
Water and sewer	2,453,450	2,035,519	-	-
Total Business-Type Activities	3,219,555	3,188,920	-	-
Total Primary Government	\$ 10,314,057	\$ 7,195,707	\$ 111,517	\$ 508,617
Component Unit				
Waller Economic Development Corporation	\$ 765,191	\$ -	\$ -	\$ -

General Revenues:

- Taxes
 - Property taxes
 - Sales tax
 - Franchise fees and local taxes
- Investment income
- Other revenue
- Transfers

**Total General Revenues and Transfers
Change in Net Position**

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (1,020,436)	\$ -	\$ (1,020,436)	\$ -
(1,143,743)	-	(1,143,743)	-
97,724	-	97,724	-
457,385	-	457,385	-
(160,762)	-	(160,762)	-
(697,749)	-	(697,749)	-
<u>(2,467,581)</u>	<u>-</u>	<u>(2,467,581)</u>	<u>-</u>
-	387,296	387,296	-
-	(417,931)	(417,931)	-
-	(30,635)	(30,635)	-
<u>(2,467,581)</u>	<u>(30,635)</u>	<u>(2,498,216)</u>	<u>-</u>
-	-	-	(765,191)
2,716,969	-	2,716,969	-
3,782,096	-	3,782,096	1,258,805
389,203	-	389,203	-
1,124,771	120,756	1,245,527	244,550
37,003	-	37,003	4,950
<u>(1,903,167)</u>	<u>1,903,167</u>	<u>-</u>	<u>-</u>
<u>6,146,875</u>	<u>2,023,923</u>	<u>8,170,798</u>	<u>1,508,305</u>
3,679,294	1,993,288	5,672,582	743,114
11,108,339	16,282,350	27,390,689	4,799,868
<u>\$ 14,787,633</u>	<u>\$ 18,275,638</u>	<u>\$ 33,063,271</u>	<u>\$ 5,542,982</u>

CITY OF WALLER, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS September 30, 2023

	General	Debt Service	Capital Projects	Special Revenue
<u>Assets</u>				
Cash and cash equivalents	\$ 14,826,317	\$ 375,561	\$ 877,906	\$ 1,765,653
Restricted cash and cash equivalents	-	-	6,370,335	-
Receivables, net	763,020	34,158	-	19,646
Inventory	21,043	-	-	-
Total Assets	\$ 15,610,380	\$ 409,719	\$ 7,248,241	\$ 1,785,299
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 640,625	\$ 3,900	\$ 629,388	\$ 263,994
Unearned revenue	-	-	112,205	35,801
Total Liabilities	640,625	3,900	741,593	299,795
<u>Deferred Inflows of Resources</u>				
Unavailable revenue - property taxes	58,098	34,158	-	-
Unavailable revenue - garbage collections	65,960	-	-	-
	124,058	34,158	-	-
<u>Fund Balances</u>				
Nonspendable:				
Inventory	21,043	-	-	-
Restricted for:				
Debt service	-	371,661	-	-
Enabling legislation	-	-	-	1,462,263
Capital projects	-	-	6,506,648	-
Special projects	197,303	-	-	23,241
Assigned:				
Street/fleet reserve	80,000	-	-	-
Unassigned	14,547,351	-	-	-
Total Fund Balances	14,845,697	371,661	6,506,648	1,485,504
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 15,610,380	\$ 409,719	\$ 7,248,241	\$ 1,785,299

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 17,845,437
6,370,335
816,824
21,043
\$ 25,053,639

\$ 1,537,907
148,006
1,685,913

92,256
65,960
158,216

21,043

371,661
1,462,263
6,506,648
220,544

80,000
14,547,351
23,209,510

\$ 25,053,639

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

Total fund balances for governmental funds		\$ 23,209,510
Adjustments for the Statement of Net Position:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets - nondepreciable	772,247	
Capital assets - net depreciable/amortizable	9,887,867	10,660,114
Long-term liabilities and deferred outflows and deferred inflows related to the net pension and total OPEB liability are not reported in the governmental funds.		
Net pension liability	(707,322)	
Total OPEB liability	(109,926)	
Deferred outflows - pensions	351,755	
Deferred outflows - OPEB	11,996	
Deferred inflows - pensions	(5,612)	
Deferred inflows - OPEB	(52,068)	(511,177)
Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the governmental funds.		
		158,216
Some liabilities, including bonds payable, certificates of obligation, tax notes, lease liability, and compensated absences, are not reported as liabilities in the governmental funds.		
Accrued interest payable	(110,307)	
Noncurrent liabilities due in one year	(548,618)	
Noncurrent liabilities due in more than one year	(18,070,105)	(18,729,030)
Net Position of Governmental Activities		\$ 14,787,633

See Notes to Financial Statements.

CITY OF WALLER, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended September 30, 2023

	General	Debt Service	Capital Projects	Special Revenue
Revenues				
Property taxes	\$ 1,644,898	\$ 1,072,071	\$ -	\$ -
Sales tax	3,782,096	-	-	-
Franchise fees and local taxes	153,154	-	-	236,049
Licenses and permits	1,015,212	-	-	-
Fines and forfeitures	660,836	-	-	53,190
Charges for services	634,820	-	-	-
Intergovernmental	108,633	-	-	511,501
Investment income	719,819	42,246	362,706	-
Other revenue	37,003	-	1,642,689	40
Total Revenues	8,756,471	1,114,317	2,005,395	800,780
Expenditures				
Current:				
General government	1,582,253	-	-	-
Public safety	1,854,825	-	-	17,822
Permits/code enforcement	925,900	-	-	-
Public works	1,577,865	-	-	508,617
Culture and recreation	110,387	-	-	26,350
Capital outlay	-	-	3,830,990	-
Debt service:				
Principal	41,134	575,000	-	-
Interest and fiscal charges	4,069	695,135	-	-
Total Expenditures	6,096,433	1,270,135	3,830,990	552,789
Excess (Deficiency) of Revenues Over (Under) Expenditures	2,660,038	(155,818)	(1,825,595)	247,991
Other Financing Sources (Uses)				
Transfers in	144,593	455	540,000	-
Transfers out	-	-	(455)	(6,000)
Leases	102,005	-	-	-
Total Other Financing Sources (Uses)	246,598	455	539,545	(6,000)
Net Change in Fund Balances	2,906,636	(155,363)	(1,286,050)	241,991
Beginning fund balances	11,939,061	527,024	7,792,698	1,243,513
Ending Fund Balances	\$ 14,845,697	\$ 371,661	\$ 6,506,648	\$ 1,485,504

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 2,716,969
3,782,096
389,203
1,015,212
714,026
634,820
620,134
1,124,771
1,679,732

12,676,963

1,582,253
1,872,647
925,900
2,086,482
136,737
3,830,990

616,134
699,204

11,750,347

926,616

685,048
(6,455)
102,005

780,598

1,707,214

21,502,296

\$ 23,209,510

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CITY OF WALLER, TEXAS
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Net changes in fund balances - total governmental funds \$ 1,707,214

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.

Capital outlay	1,823,851
Depreciation/amortization expense	(414,044)

Changes in pension and other postemployment benefits (OPEB) activity do not affect the fund balances on the statement of revenues, expenditures, and changes in fund balances for the governmental funds.

Changes in pension and OPEB activity that affect the City's net position are as follows:

Net pension liability	(369,087)
Total OPEB liability	44,993
Deferred outflows - pensions	178,727
Deferred outflows - OPEB	(8,254)
Deferred inflows - pensions	233,463
Deferred inflows - OPEB	(37,249)

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 they are first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Leases	(102,005)
Amortization of bond discount	(7,547)
Amortization of bond premiums	7,930
Change in deferred outflows of resources from refunded bonds	(1,490)
Change in compensated absences	4,096
Principal payment on debt and leases	616,134

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.

Accrued interest	2,562
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Change in Net Position of Governmental Activities	\$ 3,679,294
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See Notes to Financial Statements.

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CITY OF WALLER, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2023

	Gas	Water and Sewer	Total Proprietary Funds
<u>Assets</u>			
Current assets			
Cash and cash equivalents	\$ 1,666,431	\$ 1,167,648	\$ 2,834,079
Restricted cash and cash equivalents	31,884	49,110	80,994
Receivables, net	81,939	297,627	379,566
Inventory	19,900	33,433	53,333
Total Current Assets	1,800,154	1,547,818	3,347,972
Noncurrent assets			
Capital assets:			
Nondepreciable	-	2,774,130	2,774,130
Net depreciable capital assets	606,187	12,193,181	12,799,368
Total Noncurrent Assets	606,187	14,967,311	15,573,498
Total Assets	2,406,341	16,515,129	18,921,470
<u>Deferred Outflows of Resources</u>			
Deferred outflows - pensions	-	127,625	127,625
<u>Liabilities</u>			
Current liabilities			
Accounts payable and accrued liabilities	42,491	356,313	398,804
Customer deposits	31,884	49,110	80,994
Compensated absences	1,492	14,898	16,390
Total Current Liabilities	75,867	420,321	496,188
Noncurrent liabilities			
Net pension liability	-	275,448	275,448
Compensated absences	166	1,655	1,821
Total Noncurrent Liabilities	166	277,103	277,269
Total Liabilities	76,033	697,424	773,457
<u>Net Position</u>			
Net investment in capital assets	606,187	14,967,311	15,573,498
Unrestricted	1,724,121	978,019	2,702,140
Total Net Position	\$ 2,330,308	\$ 15,945,330	\$ 18,275,638

See Notes to Financial Statements.

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CITY OF WALLER, TEXAS

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

For the Year Ended September 30, 2023

	Gas	Water and Sewer	Total Proprietary Funds
<u>Operating Revenues</u>			
Charges for services	\$ 1,153,401	\$ 2,028,237	\$ 3,181,638
Other revenue	-	7,282	7,282
Total Operating Revenues	1,153,401	2,035,519	3,188,920
<u>Operating Expenses</u>			
Costs of sales and services	677,335	1,976,400	2,653,735
Depreciation	88,770	477,050	565,820
Total Operating Expenses	766,105	2,453,450	3,219,555
Operating Income (Loss)	387,296	(417,931)	(30,635)
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	59,963	60,793	120,756
Total Nonoperating Revenues	59,963	60,793	120,756
Income (Loss) Before Contributions and Transfers	447,259	(357,138)	90,121
<u>Contributions and Transfers</u>			
Capital contributions	-	2,581,760	2,581,760
Transfers out	(66,499)	(612,094)	(678,593)
Total Contributions and Transfers	(66,499)	1,969,666	1,903,167
Change in Net Position	380,760	1,612,528	1,993,288
Beginning net position	1,949,548	14,332,802	16,282,350
Ending Net Position	\$ 2,330,308	\$ 15,945,330	\$ 18,275,638

See Notes to Financial Statements.

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CITY OF WALLER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS

For the Year Ended September 30, 2023

	Gas	Water and Sewer	Total Proprietary Funds
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 1,213,531	\$ 1,962,378	\$ 3,175,909
Payments to suppliers and employees	(685,624)	(1,615,280)	(2,300,904)
Net Cash Provided by Operating Activities	527,907	347,098	875,005
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers (out)	(66,499)	(612,094)	(678,593)
Net Cash (Used) by Noncapital Financing Activities	(66,499)	(612,094)	(678,593)
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	-	(189,687)	(189,687)
Net Cash (Used) by Capital and Related Financing Activities	-	(189,687)	(189,687)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	59,963	60,793	120,756
Net Cash Provided by Investing Activities	59,963	60,793	120,756
Net Increase (Decrease) in Cash and Cash Equivalents	521,371	(393,890)	127,481
Beginning cash and cash equivalents	1,176,944	1,610,648	2,787,592
Ending Cash and Cash Equivalents	\$ 1,698,315	\$ 1,216,758	\$ 2,915,073
Ending Cash and Cash Equivalents			
Unrestricted cash and cash equivalents	\$ 1,666,431	\$ 1,167,648	\$ 2,834,079
Restricted cash and cash equivalents	31,884	49,110	80,994
	\$ 1,698,315	\$ 1,216,758	\$ 2,915,073
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ 387,296	\$ (417,931)	\$ (30,635)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	88,770	477,050	565,820
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	60,130	(73,141)	(13,011)
Deferred outflows - pensions	-	(104,244)	(104,244)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	(17,690)	270,518	252,828
Compensated absences	(1,888)	7,469	5,581
Net pension liability (asset)	-	215,274	215,274
Deferred inflows - pensions	-	(38,872)	(38,872)
Customer deposits	11,289	10,975	22,264
Net Cash Provided by Operating Activities	\$ 527,907	\$ 347,098	\$ 875,005
Noncash Investing, Capital, and Financing Activities:			
Contributions of capital assets	\$ -	\$ 2,581,760	\$ 2,581,760

See Notes to Financial Statements.

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Waller, Texas (the “City”) was incorporated under the laws of the State of Texas (the “State”) on October 16, 1947. The City is a general law city that operates under a council-mayor form of government. The City Council is the principal legislative body of the City.

The City provides the following services: general government, public safety, permit/code enforcement, public works, and culture and recreation.

The City is an independent political subdivision of the State governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component unit listed below, although legally separate, is considered part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, 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. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City’s financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additionally prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

Discretely Presented Component Unit

Waller Economic Development Corporation

The Waller Economic Development Corporation (WEDC) has been included in the reporting entity as a discretely presented component unit.

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 City Secretary.

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

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component unit. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, 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 the legally separate *component unit* for which the primary government is financially accountable.

C. Basis of Presentation – Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental 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 gas and water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenue include local property taxes, sales tax, franchise fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, permits/code enforcement, public works, and culture and recreation. The general fund is always considered a major fund for reporting purposes.

The *debt service fund* is used to account for 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 is considered a major fund for reporting purposes.

The *capital projects fund* is used to account for the expenditures of resources accumulated from sales tax revenues and the sale of bonds and related interest earnings for capital improvement projects. The capital projects fund is considered a major fund for reporting purposes.

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

The *special revenue fund* is used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue fund is considered a major fund for reporting purposes.

The City reports the following enterprise funds:

The *enterprise funds* are used to account for the operations that provide gas, water, and sewer operations. 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 gas and water and sewer funds are considered major funds for reporting purposes.

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 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 funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

E. Measurement Focus and Basis of Accounting

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

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

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

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 notes payable are reported as other financing sources.

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

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

1. Cash and Cash Equivalents

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

2. Investments

Investments, except for 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.

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 Governmental 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
- Statewide investment pools

3. Inventories

The costs of governmental fund type inventories are recorded as expenditures when consumed rather than when purchased (i.e., the first-in/first-out method).

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

4. Restricted Assets

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements. Restricted assets of the capital projects fund are restricted by bond covenants for repayment of debt and to finance construction projects. Restricted assets of the enterprise funds are restricted for customer deposits.

5. 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. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Vehicles and equipment	5 to 10 years
System infrastructure	30 to 40 years
Buildings	20 to 50 years

6. 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 position 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 position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

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

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.

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

7. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation 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 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.

8. 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

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

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.

9. Leases

The City is a lessee for noncancellable leases of vehicles and equipment. The City recognizes a lease liability and an intangible, right-to-use asset (the “lease asset”) in the government-wide financial statements.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis either over the term of the lease or the useful life of the asset (if the City is reasonably certain a purchase option will be recognized).

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

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancelable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and the purchase option price that the City is reasonably certain to exercise.

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

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the Statement of Net Position.

10. 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 would recognize a liability (the “subscription liability”) and an intangible, right-to-use subscription asset (the “subscription asset”) in the financial statements. The City’s SBITAs to report are immaterial to the financial statements as a whole and are not recognized as a subscription liability or a subscription asset.

11. 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

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

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.

12. 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.

13. 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. 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.

14. 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.

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

15. Pensions

For the purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS' 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.

16. Other Postemployment Benefits

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

Property taxes are levied during October 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. 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.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

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

new customers to the system. Operating expenses for the enterprise 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles, except for the capital projects fund which adopts a project length budget. 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, as defined by the charter, is at the department level for all funds. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were not made for the year ended September 30, 2023.

A. Expenditures in Excess of Appropriations

For the year ended September 30, 2023, expenditures exceeded appropriations at the legal level of control as follows:

General Fund		
General government	\$	39,150
Culture and recreation		2,792

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

<u>Investment Type</u>	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
External investment pools	\$ 1,607	0.08
Portfolio weighted average maturity		0.08

Credit risk. State law and the City’s investment policy limit investments to obligations of states, agencies, counties, cities, and other political subdivisions of any state rated as to investment quality by a nationally recognized investment rating firm not less than “A” or its equivalent. As of September 30, 2023, the City’s investment in TexPool was 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.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of September 30, 2023, market values of pledged securities and FDIC insurance exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City’s investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all

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

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. Finally, 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 the 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 five percent of 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’s authority 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.

B. Receivables

Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectibles) for certain funds and aggregated columns. Below is the detail of receivables for the general fund, the debt service fund, the special revenue fund, the enterprise funds, and the component unit, including the applicable allowances for uncollectible accounts:

	<u>General</u>	<u>Debt Service</u>	<u>Special Revenue</u>	<u>Gas</u>	<u>Water/Sewer</u>	<u>Component Unit</u>
Property taxes	\$ 58,098	\$ 34,158	\$ -	\$ -	\$ -	\$ -
Sales taxes	631,338	-	-	-	-	208,234
Accounts	51,885	-	-	72,932	262,044	-
Allowance	(13,242)	-	-	(14,560)	(69,764)	-
Other receivables	34,941	-	19,646	23,567	105,347	-
	<u>\$ 763,020</u>	<u>\$ 34,158</u>	<u>\$ 19,646</u>	<u>\$ 81,939</u>	<u>\$ 297,627</u>	<u>\$ 208,234</u>

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

C. Capital Assets

A summary of changes in capital assets for governmental activities for the year end is as follows:

	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated/amortized:				
Land	\$ 138,405	\$ -	\$ -	\$ 138,405
Construction in progress	720,062	1,636,621	(1,722,841)	633,842
Total capital assets not being depreciated/amortized	858,467	1,636,621	(1,722,841)	772,247
Other capital assets:				
Infrastructure	2,884,310	1,722,841	-	4,607,151
Buildings	8,189,199	-	-	8,189,199
Vehicles	549,243	85,225	-	634,468
Equipment	566,683	-	(18,533)	548,150
Right-to-use assets - vehicles and equipment	143,816	102,005	-	245,821
Total other capital assets	12,333,251	1,910,071	(18,533)	14,224,789
Less accumulated depreciation/amortization for:				
Infrastructure	(2,044,859)	(68,846)	-	(2,113,705)
Buildings	(921,242)	(235,179)	-	(1,156,421)
Vehicles	(458,735)	(42,536)	-	(501,271)
Equipment	(487,812)	(33,139)	18,533	(502,418)
Right-to-use assets - vehicles and equipment	(28,763)	(34,344)	-	(63,107)
Total accumulated depreciation/amortization	(3,941,411)	(414,044)	18,533	(4,336,922)
Other capital assets, net	8,391,840	1,496,027	-	9,887,867
Governmental Activities Capital Assets, Net	\$ 9,250,307	\$ 3,132,648	\$ (1,722,841)	10,660,114
			Less net associated debt	(7,914,016)
			Net Investment in Capital Assets	\$ 2,746,098

All capital assets constructed or paid for with funds of the component unit are titled in the City's name. Accordingly, component unit capital assets and construction in progress are recorded in the governmental activities totals.

Depreciation/amortization was charged to governmental functions as follows:

General government	\$ 212,472
Public safety	97,059
Public works	79,696
Cultural and recreation	24,817
Total Governmental Activities Depreciation/ Amortization Expense	\$ 414,044

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Ending Balance</u>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 341,671	\$ -	\$ -	\$ 341,671
Construction in progress	2,102,237	2,340,577	(2,010,355)	2,432,459
Total capital assets not being depreciated	<u>2,443,908</u>	<u>2,340,577</u>	<u>(2,010,355)</u>	<u>2,774,130</u>
Other capital assets:				
Building	137,300	-	-	137,300
Water/sewer system	15,126,825	2,010,355	(30,000)	17,107,180
Gas system	1,026,550	-	-	1,026,550
Equipment	788,475	430,870	-	1,219,345
Vehicles	142,330	-	-	142,330
Total other capital assets	<u>17,221,480</u>	<u>2,441,225</u>	<u>(30,000)</u>	<u>19,632,705</u>
Less accumulated depreciation for:				
Building	(60,539)	(3,247)	-	(63,786)
Water/sewer system	(5,232,355)	(415,418)	30,000	(5,617,773)
Gas system	(374,505)	(74,444)	-	(448,949)
Equipment	(538,410)	(60,534)	-	(598,944)
Vehicles	(91,708)	(12,177)	-	(103,885)
Total accumulated depreciation	<u>(6,297,517)</u>	<u>(565,820)</u>	<u>30,000</u>	<u>(6,833,337)</u>
Other capital assets, net	10,923,963	1,875,405	-	12,799,368
Business-Type Activities Capital Assets, Net	<u>\$ 13,367,871</u>	<u>\$ 4,215,982</u>	<u>\$ (2,010,355)</u>	<u>\$ 15,573,498</u>

Depreciation was charged to business-type functions as follows:

Gas	\$ 88,770
Water/Sewer	477,050
Total Business-Type Activities Depreciation Expense	<u>\$ 565,820</u>

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

D. Long-Term Debt

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

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 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.

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds:					
Series 2018	\$ 6,285,000	\$ -	\$ 145,000	\$ 6,140,000	\$ 150,000
Direct borrowing/placement:					
Series 2014 refunding	95,000	-	95,000	-	-
Series 2021 refunding	1,835,000	-	125,000	1,710,000	130,000
Total general obligation bonds	<u>8,215,000</u>	<u>-</u>	<u>365,000</u>	<u>7,850,000</u>	<u>280,000</u>
Certificates of obligation:					
Series 2017	2,615,000	-	80,000	2,535,000	85,000
Series 2022	8,000,000	-	-	8,000,000	45,000
Total certificates of obligation	<u>10,615,000</u>	<u>-</u>	<u>80,000</u>	<u>10,535,000</u>	<u>130,000</u>
Tax notes:					
Direct borrowing/placement:					
Series 2016	130,000	-	130,000	-	-
Leases liability	110,429	102,005	41,134	171,300	58,253
Other liabilities:					
Premiums	192,363	-	7,930	184,433	-
Discounts	(218,851)	-	7,547	(211,304)	-
Net pension liability (asset)	338,235	369,087	-	707,322	-
Total OPEB liability	154,919	-	44,993	109,926	-
Compensated absences	93,390	84,358	88,454	89,294	80,365
Total Governmental Activities	\$ 19,630,485	\$ 555,450	\$ 765,058	\$ 19,435,971	\$ 548,618
				<u>\$ 18,887,353</u>	
				\$ (10,595,383)	
				<u>2,681,367</u>	
				<u>\$ (7,914,016)</u>	
				\$ (7,934,046)	
				<u>3,332,082</u>	
				<u>\$ (4,601,964)</u>	

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-Type Activities:					
Net pension liability (asset)	\$ 60,174	\$ 215,274	\$ -	\$ 275,448	\$ -
Compensated absences	12,630	17,478	11,897	18,211	16,390
Total Business-Type Activities	\$ 72,804	\$ 232,752	\$ 11,897	\$ 293,659	\$ 16,390
				Long-term liabilities due in more than one year \$ 277,269	
					Amounts Due Within One Year
Component Unit:					
Compensated absences	\$ 22,578	\$ 3,142	\$ 3,791	\$ 21,929	\$ 19,736
				Long-term liabilities due in more than one year \$ 2,193	

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

Description	Interest Rates	Balance
<u>Governmental Activities</u>		
General Obligation Bonds		
General Obligation Bonds, Series 2018	3.75-5.00%	\$ 6,140,000
General Obligation Refunding Bonds, Series 2021	1.51%	1,710,000
Certificates of Obligation		
Certificates of Obligation, Series 2017	3.00-3.50%	2,535,000
Certificates of Obligation, Series 2022	4.00-4.25%	8,000,000
Total Bonds and Certificates of Obligation		18,385,000
Total General Long-Term Debt		\$ 18,385,000

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

The annual requirements to amortize bond and certificate debt issues outstanding at year end were as follows:

Fiscal Year Ending Sept. 30	Long-Term Debt					
	General Obligation Bonds Series 2018		General Obligation Bonds (Direct borrowing/placement) Series 2021		Certificates of Obligation Series 2017 and 2022	
	Principal	Interest	Principal	Interest	Principal	Interest
2024	\$ 150,000	\$ 233,881	\$ 130,000	\$ 25,821	\$ 130,000	\$ 416,850
2025	160,000	226,381	135,000	23,858	125,000	412,500
2026	160,000	219,981	140,000	21,820	135,000	408,400
2027	165,000	213,581	145,000	19,706	135,000	403,900
2028	170,000	206,981	155,000	17,516	135,000	399,450
2029-2033	955,000	926,906	825,000	51,717	735,000	1,928,500
2034-2038	1,150,000	725,406	180,000	2,718	1,605,000	1,758,985
2039-2043	1,485,000	494,481	-	-	2,030,000	1,413,063
2044-2048	1,745,000	201,939	-	-	2,510,000	964,538
2049-2051	-	-	-	-	2,995,000	258,187
Total	\$ 6,140,000	\$ 3,449,537	\$ 1,710,000	\$ 163,156	\$ 10,535,000	\$ 8,364,373

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds, certificates of obligation, and tax notes are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to the 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 are not performed correctly, a substantial liability to the City could result. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the rules and regulations of the IRS.

E. Lease Liability

The City was a lessee for the acquisition and use of vehicles and related equipment. As of September 30, 2023, the value of the lease liability was \$171,300. The City made principal and interest payments on the lease in fiscal year 2023 for \$45,204. The City will continue to make principal and interest payments on the leases through the fiscal year 2028. The interest rate on the vehicles being leased is 3.27%. The vehicles are amortized based on the useful life of the assets as the City expects to exercise the purchase option at the end of the lease term. The value of the right-to-use assets for vehicles for fiscal year 2023 was \$245,821 and had accumulated amortization of \$63,107.

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

The future principal and interest lease payments as of September 30, 2023 were as follows:

Fiscal Year Ending Sept. 30	Principal	Interest	Total
2024	\$ 58,253	\$ 5,282	\$ 63,535
2025	60,169	3,366	63,535
2026	22,904	1,388	24,292
2027	18,717	654	19,371
2028	11,257	185	11,442
	\$ 171,300	\$ 10,875	\$ 182,175

F. Interfund Transactions

Transfers between the primary government’s funds during the year were as follows:

Transfer In	Transfer Out	Amounts
General Fund	Special Revenue Fund	\$ 6,000
General Fund	Water and Sewer Fund	72,094
General Fund	Gas Fund	66,499
Debt Service Fund	Capital Projects Fund	455
Capital Projects Fund	Water and Sewer Fund	540,000
		\$ 685,048

Amounts transferred from the special revenue fund, water and sewer fund, and gas fund to the general fund are related to their portion of certain governmental expenditures. Amounts transferred from the capital projects fund to the debt service fund are related to interest earned on bond proceeds. Amounts transferred from the water and sewer fund to the capital projects fund are related to business-type capital projects.

G. Fund Equity

As of September 30, 2023, \$1,462,263 of the City’s total governmental fund balance is restricted by enabling legislation.

H. Restricted Assets

As of September 30, 2023, the City held restricted cash and cash equivalents in the capital projects fund, the gas fund, and the water and sewer fund for the following purposes:

	Capital Projects	Gas	Water and Sewer
Customer deposits	\$ -	\$ 31,884	\$ 49,110
Bond proceeds	6,175,422	-	-
Funds restricted for capital projects	194,913	-	-
Total	\$ 6,370,335	\$ 31,884	\$ 49,110

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

I. Restatement of Fund Balance/Net Position

Beginning fund balance in the capital projects fund was restated to clear reconciling items from prior years. Beginning net position in the water and sewer fund was restated to recognize capital assets conveyed to the City by Waller County Municipal Utility District No. 33 in fiscal year 2022.

	<u>Capital Projects</u>	<u>Governmental Activities</u>	<u>Water and Sewer</u>	<u>Business-Type Activities</u>
Prior year ending fund balance/net position	\$ 7,741,982	\$ 11,057,623	\$ 10,237,427	\$ 12,186,975
Cash adjustment	50,716	50,716	-	-
Assets conveyed by other entity	-	-	4,095,375	4,095,375
Beginning Fund Balance/Net Position - Restated	<u>\$ 7,792,698</u>	<u>\$ 11,108,339</u>	<u>\$ 14,332,802</u>	<u>\$ 16,282,350</u>

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 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 that exceeded coverage amounts for the past three fiscal years.

B. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 909 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the Texas Government Code, Title 8, Subtitle G (the “TMRS Act”) as an agent multiple-employer retirement system for municipal employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees (the “Board”); however, TMRS does not receive any funding from the State. TMRS issues a publicly available annual comprehensive financial report that can be obtained at tmrs.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

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

amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member contributions and interest.

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

	<u>2023</u>	<u>2022</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/25	60/5, 0/25
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI

Employees Covered by Benefit Terms

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	22
Inactive employees entitled to, but not yet receiving, benefits	35
Active employees	38
Total	<u>95</u>

Contributions

Member contribution rates in TMRS are either 5%, 6%, or 7% of the member's total compensation, and the City-matching ratios are either 1:1 (1 to 1), 1.5:1 (1½ to 1), or 2:1 (2 to 1), both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal actuarial cost method. The City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 11.00% and 11.36% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2023 were \$243,176, which was equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2022 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

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

Actuarial Assumptions

The TPL in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

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

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

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

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global public equity	35.00%	7.70%
Core fixed income	6.00%	4.90%
Non-core fixed income	20.00%	8.70%
Other public and private markets	12.00%	8.10%
Real estate	12.00%	5.80%
Hedge funds	5.00%	6.90%
Private equity	10.00%	11.80%
Total	<u>100.00%</u>	

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

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the TMRS 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 Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Changes for the year:			
Service cost	\$ 318,954	\$ -	\$ 318,954
Interest	324,641	-	324,641
Change of benefit terms	-	-	-
Difference between expected and actual experience	(8,418)	-	(8,418)
Contributions - employer	-	225,048	(225,048)
Contributions - employee	-	143,212	(143,212)
Net investment income	-	(317,980)	317,980
Benefit payments, including refunds of employee contributions	(254,615)	(254,615)	-
Administrative expense	-	(2,766)	2,766
Other changes	-	3,302	(3,302)
Net Changes	380,562	(203,799)	584,361
Balance at December 31, 2021	4,777,331	4,378,922	398,409
Balance at December 31, 2022	\$ 5,157,893	\$ 4,175,123	\$ 982,770

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 1,561,849	\$ 982,770	\$ 498,142

Pension Plan Fiduciary Net Position

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

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

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

For the fiscal year ended September 30, 2023, the City recognized pension expense of \$272,231.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 15,078	\$ 5,612
Net difference between projected and actual investment earnings	278,673	-
Contributions subsequent to the measurement date	185,629	-
Total	\$ 479,380	\$ 5,612

\$185,629 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2024	\$ 22,997
2025	68,170
2026	74,263
2027	122,709
Total	\$ 288,139

C. Other Postemployment Benefits

TMRS Supplemental Death Benefits Fund

Plan Description

The City participates in an OPEB plan administered by TMRS. TMRS administers the defined benefit group-term life insurance plan known as the SDBF. This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers may terminate coverage under, and discontinue participation in, the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The member city contributes to the SDBF at a contractually required rate (based on the covered payroll of employee members) as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. The intent is not to pre-fund retiree term life insurance during employees' entire careers. No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75).

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

As such, the SDBF is considered to be a single-employer unfunded OPEB defined benefit plan with benefit payments treated as being equal to the employer's yearly contributions for retirees.

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The SDBF's funding policy assures that adequate resources are available to meet all death benefit payments for the upcoming year. The SDBF is a pay-as-you-go fund, and any excess contributions are available for future SDBF benefits.

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2022 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	14
Inactive employees entitled to, but not yet receiving, benefits	7
Active employees	38
Total	59

Total OPEB Liability

The City's total OPEB liability of \$109,926 was measured as of December 31, 2022 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%*
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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

The actuarial assumptions used in the December 31, 2022 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018. Due to the higher mortality rates associated with the global pandemic, the TMRS board adopted changes to the

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

assumptions and methodology used for calculating 2023 rates as determined in the December 31, 2022 actuarial valuation.

Changes in the Total OPEB Liability

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	11,866
Interest		2,933
Difference between expected and actual experience		(12,592)
Changes of assumptions		(44,336)
Benefit payments		(2,864)
	Net Changes	(44,993)
Beginning balance		154,919
	Ending Balance	<u>\$ 109,926</u>

The discount rate increased from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. There were no other changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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:

	<u>1% Decrease in Discount Rate (3.05%)</u>	<u>Discount Rate (4.05%)</u>	<u>1% Increase in Discount Rate (5.05%)</u>
City's Total OPEB Liability	\$ 127,295	\$ 109,926	\$ 95,983

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$3,691.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	\$ -	\$ 17,628
Changes in actuarial assumptions	9,545	34,440
Contributions subsequent to the measurement date	2,451	-
Total	<u>\$ 11,996</u>	<u>\$ 52,068</u>

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

\$2,451 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2024.

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

Fiscal Year Ended September 30	OPEB Expense
2024	\$ (11,228)
2025	(12,566)
2026	(12,630)
2027	(6,099)
Total	\$ (42,523)

D. Chapter 380 Economic Development Agreements

Chapter 380, *Miscellaneous Provisions Relating to Municipal Planning and Development*, of the Texas Local Government Code provides the authority to the governing body of a municipality to establish and provide for the administration of one or more programs, including programs to promote state or local economic development and to stimulate business and commercial activity in the municipality.

Buc-ee’s, Ltd.

The City has entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with Buc-ee’s, Ltd. (the “Company”). The Company agreed to establish and maintain an office in the City that generates substantial taxable sales. The Company agreed to construct a retail store at least 33,000 square feet in size, in addition to creating a minimum of 120 jobs no later than 36 months following the opening of the store. The Agreement is for a term of 15 years. The City will remit back to the Company 75 percent (of the one percent collected by the City) of the sales tax revenues generated by the Company. During the current fiscal year, the City collected \$469,835 in reimbursable sales taxes from the sales of this business and recorded expenditures of \$352,376.

The City also agreed to construct a water line to the store. The Company agreed to advance \$215,000 to the City to be repaid by the City at a rate of 5.75 percent per annum. The repayments shall consist of one-eighth of one percent of sales tax revenue generated by the Company and remitted to the City each month. This repayment shall be paid monthly during the 15-year term of this Agreement. Once the reimbursable advance by the Company for the construction of the water line, plus interest, has been reimbursed by the City, payments shall cease and the parties shall have no further obligations under the Agreement. All payments made by the City to the Company for reimbursable costs shall be applied to the payments of accrued but unpaid interest on the outstanding balance of reimbursable costs first and then to the payment of all or any portion of the balance then outstanding second. The water line to the store was repaid in October 2020 and the obligation under this agreement ceased and the parties have no further obligation under the agreement.

The City entered into an infrastructure funding agreement (the “Funding Agreement”) with the WEDC in which the WEDC agreed to dedicate one-half of all sales tax generated by the Company for a period not to exceed 15 years. The City has agreed to use all funds granted by the WEDC for

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

the sole purpose of developing and constructing the infrastructure projects described in the Funding Agreement or other infrastructure projects specifically approved by the WEDC Board of Directors and City Council.

AFGlobal Corporation, LLC

On June 17, 2019, the City entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with AFGlobal Corporation, LLC (the “Company”). The Company agreed to certain property improvements while continuously occupying and using the improvements to produce oil and gas equipment. The Company will have, and maintain on the property, at least 150 full-time employees. Lastly, the Company will make every effort to maintain a minimum of \$20 million in appraised inventory on their property.

The City agreed to pay the Company, for a period of three years commencing on the effective date of the Agreement, an amount of money equal to 50 percent of the amount of ad valorem property taxes actually paid by the Company and received by the City for improvements to the property. If the City terminates the Agreement because of the Company’s default or breach of any provision as permitted by the Agreement, the Company will immediately reimburse the City for all payments the City has made to the Company. No payments were made by the City during fiscal year 2023 related to this Agreement.

Alegacy Development, LLC

On July 15, 2019, the City entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with Alegacy Development, LLC (the “Company”). The Company agreed to improvements constructed for the benefit of Laney Directional Drilling. The appraised value of the improvements constructed by the Company shall be an amount in excess of \$2,000,000.

The City agreed to pay the Company, for a period of three years, an amount of money equal to the amount of ad valorem property taxes actually paid by the Company and received by the City, derived from the improvements to the leased premises, for the tax years 2021, 2022, and 2023. “Improvements” shall mean the buildings, structures, and associated betterments for the commercial and industrial operations of Laney Directional Drilling, specifically a two-story building, a covered storage area, and shop, totaling approximately 34,290 square feet, constructed or expanded by the Company on the leased premises. If the City terminates the Agreement because of the Company’s default or breach of any provision as permitted by the Agreement, the Company will immediately reimburse the City for all payments the City has made to the Company. During the current fiscal year, the City paid \$12,708 to the Company.

Wolff Companies, LLC

On September 16, 2019, the WEDC entered into a Chapter 380 Economic Development Agreement (the “Agreement”) with Wolff Companies, LLC (the “Company”). The Company agreed to construct commercial/industrial park(s) and single family residential units (the “Project”). The estimated cost of the construction is \$1,009,669. Prior to receipt of payments from the WEDC, the Company shall provide a contractor’s closing statement or other documentation acceptable to the WEDC verifying the cost of construction of the Project facilities. The Company also agreed to construct the extension of Beacon Hill Boulevard, and entrance and exit ramps.

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

The WEDC also agreed to reimburse the Company for one-half the cost of construction of the Project, not to exceed \$500,000. The Project will be constructed in two stages. For stage one, the WEDC will reimburse the Company one-half the construction costs of certain project facilities, as outlined in the Agreement, up to a maximum of \$250,000. Payment of the funds is contingent upon the Company's completion of the construction of Beacon Hill Boulevard from Owens Road to the Utility Extension and the tying-in of the utility trunk line. For stage two, the WEDC will reimburse the Company one-half the construction costs of certain Project facilities, as outlined in the Agreement, up to a maximum of \$250,000. Payment of the funds is contingent upon the Company's construction of entrance and exit ramps to enable the property's access to and from US 290 and/or FM 362.

The WEDC is under no obligation to make payments for reimbursement of costs until completion of each stage. If the WEDC terminates the Agreement because of the Company's default or breach of any provision as permitted by the Agreement, the Company will immediately reimburse the WEDC for all payments the WEDC has made to the Company. In the event of termination of this Agreement after completion of the construction of stage one or stage two Project facilities, the Company shall be entitled to retain those grant funds previously paid to the Company by the WEDC. During the fiscal year, the WEDC paid \$250,000 to the Company.

R&L Carriers, Inc.

On June 15, 2020, the City entered into a Chapter 380 Economic Development Agreement (the "Agreement") with R&L Carriers, Inc. (the "Company"). The Company agreed to develop a commercial trucking terminal within the City limits while continuously occupying the facility (the "Property"). The Company will maintain on the Property at least 90 full-time employees and will make every effort to maintain a minimum of \$5,000,000 in personal property on the Property.

The City agreed to pay the Company, for tax years 2022, 2023, and 2024, an amount of money equal to 50 percent of the amount of ad valorem property taxes actually paid by the Company and received by the City for improvements to the Property. If the City terminates the Agreement because of the Company's default or breach of any provision as permitted by the Agreement, the Company will immediately reimburse the City for all payments the City has made to the Company. No payments were made by the City during fiscal year 2023 related to this Agreement.

Black Gold Land Holdings

On October 19, 2021, the WEDC entered into a Chapter 380 Economic Development Agreement (the "Agreement") with Black Gold Land Holdings (the "Developer"). The Developer agreed to construct a water, sanitary sewer, and gas system to Binford Business Park (the "Project") within the City limits. The total cost of the Project shall be no less than \$625,000. The Developer agreed, to the extent possible, to use local tradesmen and retailer for the employment and materials for the Project. In order to receive payment from the WEDC, the Developer shall submit engineered plans and engineer certified construction cost estimates for each portion of the Project, prior to the start of construction. The Developer shall also annually certify compliance with various requirements noted within the Agreement for the current year and for each subsequent year of the term.

The WEDC agreed to reimburse the Developer \$26,000 for each \$1,000,000 invested into the property during the previous year, not to exceed \$507,250. Payment will be made by the WEDC to the Developer within 60 days of receipt of the certification (invoice).

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

This Agreement shall commence as of the effective date and shall continue in effect for 10 years, unless terminated sooner under the provisions stated in the Agreement. If the WEDC terminates the Agreement because of the Developer's default or breach of any provision as permitted by the Agreement, the Developer will reimburse the WEDC for all payments the WEDC has made to the Developer within 30 days of the date of termination of the Agreement. No payments were made by the WEDC during fiscal year 2023 related to this Agreement.

Closner Tidelands, LLC

On July 17, 2023, the City entered into a Chapter 380 Economic Development Agreement (the "Agreement") with Closner Tidelands, LLC (the "Company"). The Company agreed to construct certain improvements located within the City limits (the "Property") and receive a certificate of occupancy by August 31, 2023. The Company will continuously occupy and use the Property and maintain at least 6 full-time employees.

The City agreed to pay the Company, for tax years 2024, 2025, and 2026, an amount of money equal to 50 percent of the amount of ad valorem property taxes actually paid by the Company and received by the City for improvements to the Property. If the City terminates the Agreement because of the Company's default or breach of any provision as permitted by the Agreement, the Company will immediately reimburse the City for all payments the City has made to the Company. During the fiscal year, the City paid \$9,500 to the Company.

NaturaPCR

On July 17, 2023, the City entered into a Chapter 380 Economic Development Agreement (the "Agreement") with NaturaPCR (the "Company"). The Company agreed to obtain a certificate of occupancy, expand its facility in the City, and increase employees from the current 175 to between 300 and 400. The Company will extend City utilities to the property at an estimated cost of \$916,300. If the Company fails to complete construction of the expansion by April 30, 2024, the City may terminate the Agreement. The Company shall also annually certify compliance with various requirements noted within the Agreement for the current year and for each subsequent year of the term.

The City agreed to provide an economic incentive to the Company of 15% of the salary or wages earned by each new hire employee of the Company that resides within zip codes 77484, 77447, 77445, and 77446. The economic incentive for each new hire employee that resides outside of these zip codes is \$2,000. The economic incentive to the Company will be an amount not to exceed \$350,000. An incentive will be made by the City to the Company annually based on the number of fulltime new hire employees that have been employed by the Company for 12 consecutive months.

This Agreement shall commence as of the effective date and shall continue in effect through September 26, 2026, unless terminated sooner under the provisions stated in the Agreement. If the City terminates the Agreement because of the Company's default or breach of any provision as permitted by the Agreement, the Company will be liable and pay to the City the amount of any and all funds which the City has granted to the Company under the terms of the Agreement. No payments were made by the City during fiscal year 2023 related to this Agreement.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WALLER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended September 30, 2023

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 1,942,730	\$ 1,942,730	\$ 1,644,898	\$ (297,832)
Sales tax	2,205,000	2,205,000	3,782,096	1,577,096
Franchise fees and other taxes	153,000	153,000	153,154	154
Licenses and permits	1,091,200	1,091,200	1,015,212	(75,988)
Fines and forfeitures	479,245	479,245	660,836	181,591
Charges for services	540,900	540,900	634,820	93,920
Intergovernmental	88,000	88,000	108,633	20,633
Investment income	40,000	40,000	719,819	679,819
Other revenue	24,600	24,600	37,003	12,403
Total Revenues	6,564,675	6,564,675	8,756,471	2,191,796
<u>Expenditures</u>				
Current:				
General government	1,543,103	1,543,103	1,582,253	(39,150) *
Public safety	2,354,262	2,354,262	1,854,825	499,437
Permits/code enforcement	969,390	969,390	925,900	43,490
Public works	1,631,449	1,694,000	1,577,865	116,135
Culture and recreation	107,595	107,595	110,387	(2,792) *
Debt service:				
Principal	41,134	41,134	41,134	-
Interest and fiscal charges	4,069	4,069	4,069	-
Total Expenditures	6,651,002	6,713,553	6,096,433	617,120
Excess (Deficiency) of Revenues Over (Under) Expenditures	(86,327)	(148,878)	2,660,038	2,808,916
<u>Other Financing Sources (Uses)</u>				
Transfers in	179,593	179,593	144,593	(35,000)
Leases	-	-	102,005	102,005
Total Other Financing Sources	179,593	179,593	246,598	67,005
Change in Fund Balance	\$ 93,266	\$ 30,715	2,906,636	\$ 2,875,921
Beginning fund balance			11,939,061	
Ending Fund Balance			\$ 14,845,697	

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 WALLER, TEXAS
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2023

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
Service cost	\$ 107,477	\$ 132,493	\$ 125,064	\$ 130,525
Interest (on the total pension liability)	190,319	195,980	196,181	203,628
Changes of benefit terms	-	-	-	-
Difference between expected and actual experience	(33,536)	(81,153)	(22,342)	(35,472)
Change of assumptions	-	76,719	-	-
Benefit payments, including refunds of employee contributions	(165,870)	(225,930)	(201,383)	(181,215)
Net Change in Total Pension Liability	<u>98,390</u>	<u>98,109</u>	<u>97,520</u>	<u>117,466</u>
Beginning total pension liability	<u>2,748,044</u>	<u>2,846,434</u>	<u>2,944,543</u>	<u>3,042,063</u>
Ending Total Pension Liability	<u><u>\$ 2,846,434</u></u>	<u><u>\$ 2,944,543</u></u>	<u><u>\$ 3,042,063</u></u>	<u><u>\$ 3,159,529</u></u>
Plan Fiduciary Net Position				
Contributions - employer	\$ 60,449	\$ 63,296	\$ 51,823	\$ 63,564
Contributions - employee	67,345	74,434	66,101	70,784
Net investment income	162,554	4,374	194,353	413,613
Benefit payments, including refunds of employee contributions	(165,870)	(225,930)	(201,383)	(181,215)
Administrative expense	(1,697)	(2,664)	(2,196)	(2,145)
Other	(140)	(131)	(118)	(109)
Net Change in Plan Fiduciary Net Position	<u>122,641</u>	<u>(86,621)</u>	<u>108,580</u>	<u>364,492</u>
Beginning plan fiduciary net position	<u>2,841,326</u>	<u>2,963,967</u>	<u>2,877,346</u>	<u>2,985,926</u>
Ending Plan Fiduciary Net Position	<u><u>\$ 2,963,967</u></u>	<u><u>\$ 2,877,346</u></u>	<u><u>\$ 2,985,926</u></u>	<u><u>\$ 3,350,418</u></u>
Net Pension Liability (Asset)	<u><u>\$ (117,533)</u></u>	<u><u>\$ 67,197</u></u>	<u><u>\$ 56,137</u></u>	<u><u>\$ (190,889)</u></u>
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	104.13%	97.72%	98.15%	106.04%
Covered Payroll	\$ 1,346,908	\$ 1,488,686	\$ 1,322,025	\$ 1,415,675
City's Net Pension Liability (Asset) as a Percentage of Covered Payroll	-8.73%	4.51%	4.25%	-13.48%

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

		Measurement Year*				
		2018	2019	2020	2021	2022
\$		144,728	\$ 145,502	\$ 174,053	\$ 315,701	\$ 318,954
		210,854	219,944	231,717	296,093	324,641
		-	-	-	732,513	-
		(15,954)	(31,377)	(57,678)	40,000	(8,418)
		-	17,795	-	-	-
		(216,270)	(194,417)	(189,040)	(206,362)	(254,615)
		<u>123,358</u>	<u>157,447</u>	<u>159,052</u>	<u>1,177,945</u>	<u>380,562</u>
		<u>3,159,529</u>	<u>3,282,887</u>	<u>3,440,334</u>	<u>3,599,386</u>	<u>4,777,331</u>
\$		<u><u>3,282,887</u></u>	<u><u>3,440,334</u></u>	<u><u>3,599,386</u></u>	<u><u>4,777,331</u></u>	<u><u>5,157,893</u></u>
\$		67,340	\$ 67,560	\$ 79,822	\$ 98,014	\$ 225,048
		79,784	79,858	94,800	109,103	143,212
		(100,016)	489,688	273,794	503,917	(317,980)
		(216,270)	(194,417)	(189,040)	(206,362)	(254,615)
		(1,940)	(2,777)	(1,778)	(2,338)	(2,766)
		(100)	(84)	(69)	15	3,302
		<u>(171,202)</u>	<u>439,828</u>	<u>257,529</u>	<u>502,349</u>	<u>(203,799)</u>
		<u>3,350,418</u>	<u>3,179,216</u>	<u>3,619,044</u>	<u>3,876,573</u>	<u>4,378,922</u>
\$		<u><u>3,179,216</u></u>	<u><u>3,619,044</u></u>	<u><u>3,876,573</u></u>	<u><u>4,378,922</u></u>	<u><u>4,175,123</u></u>
\$		<u><u>103,671</u></u>	<u><u>(178,710)</u></u>	<u><u>(277,187)</u></u>	<u><u>398,409</u></u>	<u><u>982,770</u></u>
		96.84%	105.19%	107.70%	91.66%	80.95%
\$		1,595,682	\$ 1,597,163	\$ 1,895,999	\$ 1,994,320	\$ 2,045,891
		6.50%	-11.19%	-14.62%	19.98%	48.04%

CITY OF WALLER, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM (TMRS)
For the Year Ended September 30, 2023

	Fiscal Year			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 63,068	\$ 63,059	\$ 52,440	\$ 60,138
Contributions in relation to the actuarially determined contribution	63,068	63,059	52,440	60,138
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Covered payroll	\$ 1,335,275	\$ 1,465,534	\$ 1,308,850	\$ 1,386,384
Contributions as a percentage of covered covered payroll	4.30%	4.30%	4.01%	4.34%

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	20 years (longest amortization ladder)
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014 - December 31, 2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

Fiscal Year

2018	2019	2020	2021	2022	2023
\$ 67,108	\$ 63,442	\$ 71,321	\$ 82,396	\$ 201,622	\$ 243,176
67,108	67,246	76,196	86,320	201,622	243,176
\$ -	\$ (3,804)	\$ (4,875)	\$ (3,924)	\$ -	\$ -
<u>\$ 1,556,283</u>	<u>\$ 1,590,779</u>	<u>\$ 1,807,775</u>	<u>\$ 2,057,601</u>	<u>\$ 1,992,073</u>	<u>\$ 2,157,216</u>
4.31%	4.23%	4.21%	4.20%	10.12%	11.27%

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

	Measurement Year*			
	2017	2018	2019	2020
Total OPEB Liability				
Service cost	\$ 4,530	\$ 5,744	\$ 5,271	\$ 8,911
Interest (on the total OPEB liability)	3,801	3,843	4,227	3,705
Difference between expected and actual experience	-	(3,887)	(7,618)	(15,980)
Change of assumptions	7,511	(6,673)	18,145	16,053
Benefit payments**	(849)	(957)	(958)	(1,138)
Net Change in Total OPEB Liability	14,993	(1,930)	19,067	11,551
Beginning total OPEB liability	98,715	113,708	111,778	130,845
Ending Total OPEB Liability	\$ 113,708	\$ 111,778	\$ 130,845	\$ 142,396
Covered Payroll	\$ 1,415,675	\$ 1,595,682	\$ 1,597,163	\$ 1,895,999
Total OPEB Liability as a Percentage of Covered Payroll	8.03%	7.01%	8.19%	7.51%

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	4.05%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB 68.
Mortality - service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality - disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

3. Other Information:

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

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

Measurement Year*

2021		2022	
\$	12,365	\$	11,866
	2,938		2,933
	(3,510)		(12,592)
	4,120		(44,336)
	(3,390)		(2,864)
	<u>12,523</u>		<u>(44,993)</u>
	<u>142,396</u>		<u>154,919</u>
\$	<u>154,919</u>	\$	<u>109,926</u>
\$	1,994,320	\$	2,045,891
	7.77%		5.37%

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SCHEDULE AND OTHER STATEMENTS

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CITY OF WALLER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Property taxes	\$ 1,299,705	\$ 1,299,705	\$ 1,072,071	\$ (227,634)
Investment income	1,000	1,000	42,246	41,246
Total Revenues	<u>1,300,705</u>	<u>1,300,705</u>	<u>1,114,317</u>	<u>(186,388)</u>
<u>Expenditures</u>				
Principal	575,000	575,000	575,000	-
Interest and fiscal charges	695,180	695,180	695,135	45
Total Expenditures	<u>1,270,180</u>	<u>1,270,180</u>	<u>1,270,135</u>	<u>45</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>30,525</u>	<u>30,525</u>	<u>(155,818)</u>	<u>(186,343)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers in	-	-	455	455
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>455</u>	<u>455</u>
Change in Fund Balance	<u>\$ 30,525</u>	<u>\$ 30,525</u>	<u>(155,363)</u>	<u>\$ (185,888)</u>
Beginning fund balance			<u>527,024</u>	
Ending Fund Balance			<u>\$ 371,661</u>	

Notes to Supplementary Information:

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

CITY OF WALLER, TEXAS
CONSOLIDATED COMBINING BALANCE SHEET
SUB-FUNDS SPECIAL REVENUE FUND (Page 1 of 2)
September 30, 2023

	<u>Freedom Festival</u>	<u>Police Department ED Grant</u>	<u>Hotel/Motel</u>	<u>Christmas Festival</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 3,406	\$ 1,368	\$ 1,124,158	\$ 2,951
Other receivables	-	-	19,646	-
Total Assets	<u>\$ 3,406</u>	<u>\$ 1,368</u>	<u>\$ 1,143,804</u>	<u>\$ 2,951</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ 5,599	\$ -
Unearned revenue	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>5,599</u>	<u>-</u>
<u>Fund Balances</u>				
Restricted for special projects	3,406	-	-	2,951
Restricted for enabling legislation	-	1,368	1,138,205	-
Total Fund Balances	<u>3,406</u>	<u>1,368</u>	<u>1,138,205</u>	<u>2,951</u>
Total Liabilities and Fund Balances	<u>\$ 3,406</u>	<u>\$ 1,368</u>	<u>\$ 1,143,804</u>	<u>\$ 2,951</u>

The City uses a consolidated special revenue fund which is classified as a major fund for reporting purposes. The consolidated special revenue fund is comprised of numerous individual special purpose activities which are considered to be sub-funds of the consolidated special revenue fund.

Court Technology	Building Security	Child Safety	Police Department Forfeiture	Library	Court Truancy
\$ 62,522	\$ 87,769	\$ 15,852	\$ 99,630	\$ 6,651	\$ 55,888
-	-	-	-	-	-
<u>\$ 62,522</u>	<u>\$ 87,769</u>	<u>\$ 15,852</u>	<u>\$ 99,630</u>	<u>\$ 6,651</u>	<u>\$ 55,888</u>
\$ 91	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
<u>91</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	6,651	-
62,431	87,769	15,852	99,630	-	55,888
<u>62,431</u>	<u>87,769</u>	<u>15,852</u>	<u>99,630</u>	<u>6,651</u>	<u>55,888</u>
<u>\$ 62,522</u>	<u>\$ 87,769</u>	<u>\$ 15,852</u>	<u>\$ 99,630</u>	<u>\$ 6,651</u>	<u>\$ 55,888</u>

CITY OF WALLER, TEXAS
CONSOLIDATED COMBINING BALANCE SHEET
SUB-FUNDS SPECIAL REVENUE FUND (Page 2 of 2)
September 30, 2023

	Police Department Click It Or Ticket	Court Jury	Tri-County Health Alliance	Coronavirus Relief
<u>Assets</u>				
Cash and cash equivalents	\$ 1,268	\$ 1,120	\$ 16,321	\$ 286,749
Other receivables	-	-	-	-
Total Assets	\$ 1,268	\$ 1,120	\$ 16,321	\$ 286,749
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ 240	\$ 258,064
Unearned revenue	-	-	7,116	28,685
Total Liabilities	-	-	7,356	286,749
<u>Fund Balances</u>				
Restricted for special projects	1,268	-	8,965	-
Restricted for enabling legislation	-	1,120	-	-
Total Fund Balances	1,268	1,120	8,965	-
Total Liabilities and Fund Balances	\$ 1,268	\$ 1,120	\$ 16,321	\$ 286,749

Total

\$ 1,765,653
19,646
\$ 1,785,299

\$ 263,994
35,801
299,795

23,241
1,462,263
1,485,504

\$ 1,785,299

CITY OF WALLER, TEXAS
CONSOLIDATED COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
SUB-FUNDS SPECIAL REVENUE FUND (Page 1 of 2)
For the Year Ended September 30, 2023

	<u>Freedom Festival</u>	<u>Police Department ED Grant</u>	<u>Hotel/Motel</u>	<u>Christmas Festival</u>
Revenues				
Franchise and local taxes	\$ -	\$ -	\$ 236,049	\$ -
Fines and forfeitures	-	-	-	-
Other revenue	-	-	-	-
Intergovernmental	-	-	-	-
Total Revenues	<u>-</u>	<u>-</u>	<u>236,049</u>	<u>-</u>
Expenditures				
Public safety	-	-	-	-
Public works	-	-	-	-
Culture and recreation	-	-	24,655	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>24,655</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>-</u>	<u>-</u>	<u>211,394</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers out	-	-	-	-
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	-	-	211,394	-
Beginning fund balances	<u>3,406</u>	<u>1,368</u>	<u>926,811</u>	<u>2,951</u>
Ending Fund Balances	<u>\$ 3,406</u>	<u>\$ 1,368</u>	<u>\$ 1,138,205</u>	<u>\$ 2,951</u>

The City uses a consolidated special revenue fund which is classified as a major fund for reporting purposes. The consolidated special revenue fund is comprised of numerous individual special purpose activities which are considered to be sub-funds of the consolidated special revenue fund.

Court Technology	Building Security	Child Safety	Police Department Forfeiture	Library	Court Truancy
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
15,283	18,259	1,262	-	-	18,026
-	-	-	-	40	-
-	-	-	-	-	-
<u>15,283</u>	<u>18,259</u>	<u>1,262</u>	<u>-</u>	<u>40</u>	<u>18,026</u>
13,608	1,330	-	-	-	-
-	-	-	-	-	-
-	-	-	-	1,695	-
<u>13,608</u>	<u>1,330</u>	<u>-</u>	<u>-</u>	<u>1,695</u>	<u>-</u>
<u>1,675</u>	<u>16,929</u>	<u>1,262</u>	<u>-</u>	<u>(1,655)</u>	<u>18,026</u>
-	(6,000)	-	-	-	-
-	(6,000)	-	-	-	-
1,675	10,929	1,262	-	(1,655)	18,026
<u>60,756</u>	<u>76,840</u>	<u>14,590</u>	<u>99,630</u>	<u>8,306</u>	<u>37,862</u>
<u>\$ 62,431</u>	<u>\$ 87,769</u>	<u>\$ 15,852</u>	<u>\$ 99,630</u>	<u>\$ 6,651</u>	<u>\$ 55,888</u>

CITY OF WALLER, TEXAS
CONSOLIDATED COMBINING STATEMENT OF REVENUES,
EXPENDITURES, AND CHANGES IN FUND BALANCES
SUB-FUNDS SPECIAL REVENUE FUND (Page 2 of 2)
For the Year Ended September 30, 2023

	Police Department Click It Or Ticket	Court Jury	Tri-County Health Alliance	Coronavirus Relief
Revenues				
Franchise and local taxes	\$ -	\$ -	\$ -	\$ -
Fines and forfeitures	-	360	-	-
Other revenue	-	-	-	-
Intergovernmental	-	-	2,884	508,617
Total Revenues	-	360	2,884	508,617
Expenditures				
Public safety	-	-	2,884	-
Public works	-	-	-	508,617
Culture and recreation	-	-	-	-
Total Expenditures	-	-	2,884	508,617
Excess (Deficiency) of Revenues Over (Under) Expenditures	-	360	-	-
Other Financing (Uses)				
Transfers out	-	-	-	-
Total Other Financing (Uses)	-	-	-	-
Net Change in Fund Balances	-	360	-	-
Beginning fund balances	1,268	760	8,965	-
Ending Fund Balances	\$ 1,268	\$ 1,120	\$ 8,965	\$ -

Total

\$	236,049
	53,190
	40
	511,501
	<u>800,780</u>
	17,822
	508,617
	26,350
	<u>552,789</u>
	<u>247,991</u>
	(6,000)
	<u>(6,000)</u>
	241,991
	1,243,513
\$	<u><u>1,485,504</u></u>

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