

CITY OF FRIENDSWOOD, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

FISCAL YEAR ENDED
SEPTEMBER 30, 2023



City of
Friendswood
Texas

CITY OF FRIENDSWOOD, TEXAS

**ANNUAL COMPREHENSIVE
FINANCIAL REPORT
FOR THE FISCAL YEAR ENDED**

**Fiscal Year Ended
September 30, 2023**

Officials Issuing Report:

**Morad Kabiri
City Manager**

**Katina Hampton
Director of Administrative Services**

City of
Friendswood
Texas

CITY OF FRIENDSWOOD, TEXAS

TABLE OF CONTENTS

	<u>Page</u>
Introductory Section	
Letter of Transmittal	i
Principal Officials	v
GFOA Certificate of Achievement	vi
Organizational Chart	vii
Financial Section	
Independent Auditor's Report	3
Management's Discussion and Analysis	7
Basic Financial Statements:	
Government-Wide Financial Statements:	
Statement of Net Position	21
Statement of Activities	22
Fund Financial Statements:	
Balance Sheet - Governmental Funds	24
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	25
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	26
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	27
Statement of Net Position - Proprietary Funds	28
Statement of Revenues, Expenses and Changes in Net Position - Proprietary Funds	31
Statement of Cash Flows - Proprietary Funds	32
Notes to the Financial Statements	35
Required Supplementary Information:	
Schedule of Revenues, Expenditures, and Changes in Fund Balances - Budget and Actual - General Fund	74
Notes to Budgetary Schedule	83
Schedule of Changes in the Net Pension Liability and Related Ratios - Texas Municipal Retirement System	86
Schedule of City Contributions - Texas Municipal Retirement System	88
Notes to Schedule of Contributions	89
Schedule of Changes in the Total OPEB Liability and Related Ratios - Texas Municipal Retirement System Supplemental Death Benefits Fund	90
Schedule of Changes in the Total OPEB Liability and Related Ratios - City of Friendswood Retiree Health Care Plan	91

CITY OF FRIENDSWOOD, TEXAS

TABLE OF CONTENTS (continued)

	<u>Page</u>	
Financial Section (continued)		
Other Supplementary Information:		
Combining and Individual Fund Financial Statements and Schedules:		
Combining Balance Sheet - Nonmajor Governmental Funds	97	
Combining Statement of Revenues, Expenditures and Changes in Fund Balances - Nonmajor Governmental Funds	100	
Schedule of Revenue, Expenditures and Changes in Fund Balances - Budget and Actual:		
Police Investigation	103	
Fire/EMS Donation	104	
Municipal Court	105	
CDBG – DR Harris County	106	
Hazard Mitigation	107	
CDBG – DR Galveston County	108	
1776 Park	109	
Sidewalk Installation	110	
Park Land Dedication	111	
Street Improvement	112	
Debt Service	113	
Bond Construction	114	
	<u>Page</u>	<u>Table</u>
Statistical Section (Unaudited)		
Net Position by Component	118	1
Changes in Net Position	120	2
Fund Balances of Governmental Funds	124	3
Changes in Fund Balances of Governmental Funds	126	4
Assessed Value and Taxable Value of Property	128	5
Direct and Overlapping Property Tax Rates	130	6
Principal Property Taxpayers	131	7
Property Tax Levies and Collections	132	8
Ratios of Outstanding Debt by Type	133	9
Ratio of Net General Bonded Debt Outstanding	134	10
Direct and Overlapping Governmental Activities Debt	135	11
Legal Debt Margin Information	136	12
Pledged Revenue Coverage	137	13
Demographic and Economic Statistics	138	14
Principal Employers	139	15
Full-Time Equivalent City Government Employees by Function/Program	140	16
Operating Indicators by Function/Program	142	17
Capital Asset Statistics by Function/Program	144	18

INTRODUCTORY SECTION





CITY OF FRIENDSWOOD

March 22, 2024

The Honorable Mayor, Members of the City Council, and the Citizens of Friendswood:

The Annual Comprehensive Financial Report (ACFR) of the City of Friendswood for the fiscal year ended September 30, 2023, is hereby submitted. Responsibility for both the accuracy of the data, and the completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability of all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City Charter requires an annual audit of the financial statements of all of the various funds of the City by independent certified public accountants. The accounting firm of Whitley Penn LLP has performed such an audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2023, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2023, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

GAAP requires that management provide a narrative introduction, overview and analysis to accompany the basic financial statements in the form of Management’s Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. The City’s MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE CITY

Established in 1895 as a Quaker colony, the City of Friendswood is rich in heritage. The City was incorporated in 1960 and chartered a home-rule city under Texas law in 1971. The City operates under a Council-Manager form of government. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and six (6) Council Members. The Mayor and Council are responsible, among other things, for passing ordinances, adopting the budget, appointing board and committee members and hiring the City Manager, City Attorney, Municipal Judge, and City Secretary. The City Manager is responsible for carrying out the policies and ordinances of the City Council and overseeing the day-to-day operations of the City government, and for appointing heads of various departments. The Mayor and Council are elected on an at-large, non-partisan basis. The Mayor and Council are elected to serve no more than four consecutive three-year terms.

The City provides a full range of municipal services including public safety (police, fire and emergency medical), maintenance of streets and infrastructure, sanitation services, maintenance of the treated waste distribution system and both sanitary and storm sewer collection transmission systems, recreational activities and cultural events as well as general administrative services.

FACTORS AFFECTING FINANCIAL CONDITION

Location

Encompassing 21 square miles, Friendswood is located in southeast Texas near the Texas Gulf Coast, between downtown Houston and Galveston, spanning across two counties – northern Galveston County and southern Harris County. The current estimated population is 42,757. Residents and visitors can access Friendswood through FM 2351, FM 518, and FM 528 (NASA Parkway). Hobby Airport and Ellington Airport are located within a 15 minute drive from Friendswood, and Bush Intercontinental Airport is just 45 minutes away. Major sectors of the area’s economic base include aerospace, specialty chemicals, health care, retail, and tourism.

Community

Friendswood has been nationally recognized as one of the best places to live in the country. With low tax rates, outstanding public education, and the lowest crime rate in the region, Friendswood is the perfect place to live, work, and play. The city features beautiful parks and lush landscaping, along with a championship golf course. Children academically excel via two superior public school systems – Friendswood ISD and Clear Creek ISD. These attributes perfectly match Friendswood’s affluent resident base of well-educated, high-income families. More than 50% of residents work in executive, professional, and managerial positions and generate an average household income of over \$164,000, one of the highest in the Houston area.

Business

Friendswood is the perfect choice for many types of commercial enterprises. Target markets include professional offices, retail, commercial, and light industrial developments. A key City focus is to encourage redevelopment of the downtown area along FM 518, development of the City’s “panhandle” area near FM 2351 and most recently the development of 106 acres on FM 528 near Bay Area Blvd. City leaders have approved special tools and incentives to revitalize and develop these areas to promote mixed-use, multi-story developments with retail spaces, medical and office buildings, hotels and multi-family residential complexes. The City offers competitive business incentives, including a municipal grant program, tax abatement that includes “green” development, freeport tax exemption, downtown development fee waivers, and most recently the creation of a Tax Increment Reinvestment Zone.

Quality Lifestyle

As with any city, the goal is planning for continued quality growth to create a well-balanced community. Friendswood offers single-family residential housing in pleasant park-like settings, tucked-away from the busy stream of vehicular traffic. Friendswood is committed to attracting more local enterprises that will complement and enhance the unique community environment that has been carefully built over the past 100 years; one that has come to be cherished by residents and business owners alike.

LONG TERM PLANNING

Budgeting Controls

The objective of the City's budgetary controls is to ensure compliance with legal provisions embodied in the annual appropriated budget approved by Council. The charter requires the City Manager to submit a proposed budget and an accompanying message to the City Council on or before August 1. The council shall review and revise as deemed appropriate prior to general circulation for the public hearing. The Public Notice and Hearing must be posted in the city hall and published in the official newspaper. The budget must be adopted by the 15th of September or as soon thereafter as practical. The City legally adopts annual budgets for the General, Special Revenue and Debt Service Funds. Annual and project budgets are also adopted for the Proprietary and Capital Projects Funds, respectively.

The level of budgetary control; that is, the level at which expenditures cannot legally exceed the appropriated amount, is established by department within a fund. The City also maintains an encumbrance accounting system as one technique of accomplishing budgetary control. Encumbrances lapse at fiscal year end, but can be re-appropriated through a budget amendment the following fiscal year. The City Manager is authorized to transfer budgeted amounts within departments in any fund, but revisions that increase the total expenditures of any fund or transfers between departments must be approved by Council.

Multi-Year Financial Planning

A Multi-Year financial plan (MYFP) was developed in 2006. Originally, staff was directed to develop a plan to forecast the City's financial condition through 2020, the projected build-out date. The first version of this plan was drafted and later reduced in scope to a five year projection.

The MYFP is based on the City's strategic planning efforts, including the Comprehensive Land Use Plan, Vision 2020 and the Capital Improvements Plan. Departmental operational plans funding requirements to provide programs and services are included in the MYFP as well. Funding needs and available resources, both current and alternative revenue enhancements, are identified. Expenditures are projected based on departmental needs assessments and are organized based on "one-time" and "on-going" expenditures. In collaboration with Council, the plan is updated at least annually and serves as the basis of budget development.

Relevant Financial Policies

As part of the annual budget process, the City adopts Financial Management Policy Statements that establish a framework for fiscal decision making and that ensure that financial resources are available to meet the present and future needs of its citizens. These statements provide guidelines for financial planning and management, addressing every major financial function and process.

Most importantly, the Financial Management Policy requires that the City maintain the General Fund unassigned fund balance at a minimum of 90 days of prior year audited operating expenditures. Any unassigned funds after the fiscal year-end audit will be allowed to accumulate to build this 90-day reserve. After the General Fund has gathered sufficient resources, additional unassigned funds will be allowed to accumulate for future General Fund capital improvements.

The Financial Management Policy also requires the minimum working capital in the Water and Sewer Fund be 90 days of prior year audited operating expenditures. Any unrestricted funds after the fiscal year-end audit will be allowed to accumulate to build this 90-day reserve. After these funds have gathered sufficient resources, additional unrestricted funds will be allowed to accumulate in working capital for future utility /operating fund capital improvements.

Awards

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Friendswood for its annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the thirty-fifth consecutive year that the City has received this prestigious award. In order to be awarded a Certificate of Achievement, the City published an easily readable and efficiently organized annual comprehensive financial report. This report satisfied both generally accepted accounting principles and applicable legal requirements.

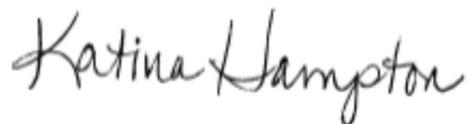
A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Acknowledgements

The preparation of the annual comprehensive financial report was made possible by the dedicated service of the entire staff of the Administrative Services Department. Each member of the department has my sincere appreciation for the contributions made in the preparation of this report.

In closing, I also express my thanks to the Mayor, members of the City Council and the City Manager for their leadership, interest and support in conducting the financial operations of the City in a responsible and progressive manner.

Sincerely,

A handwritten signature in cursive script that reads "Katina Hampton".

Katina Hampton
Director of Administrative Services

CITY OF FRIENDSWOOD, TEXAS

PRINCIPAL OFFICIALS

September 30, 2023

Elected Officials	Position	Term Expires
Mike Foreman	Mayor	May 2024
Steve Rockey	Council Member - Position No. 1	May 2024
Sally Branson	Council Member - Position No. 2	May 2026
Trish Hanks	Council Member - Position No. 3	May 2024
Robert J. Griffon	Council Member - Position No. 4	May 2025
Joe Matranga	Council Member - Position No. 5	May 2026
Brent Erenwert	Council Member - Position No. 6	May 2025

Key Staff

Position

Morad Kabiri	City Manager
Steven Rhea	Assistant City Manager
Katina Hampton	Director of Administrative Services
Aubrey Harbin	Director of Community Development
Jildardo Arias	Director of Engineering
Matt Riley	Library Director
Brian Mansfield	Director of Emergency Services
Haley Brown	Director of Human Resources
Terry Prindle	Director of Information Technology
Rene Ibarra	Director of Public Works
James Toney	Director of Parks and Recreation
Leticia Brysch	City Secretary
Christoper Rogers	Chief of Police
Karen Horner	City Attorney
James W. Woltz	Judge - Municipal Court



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Friendswood
Texas**

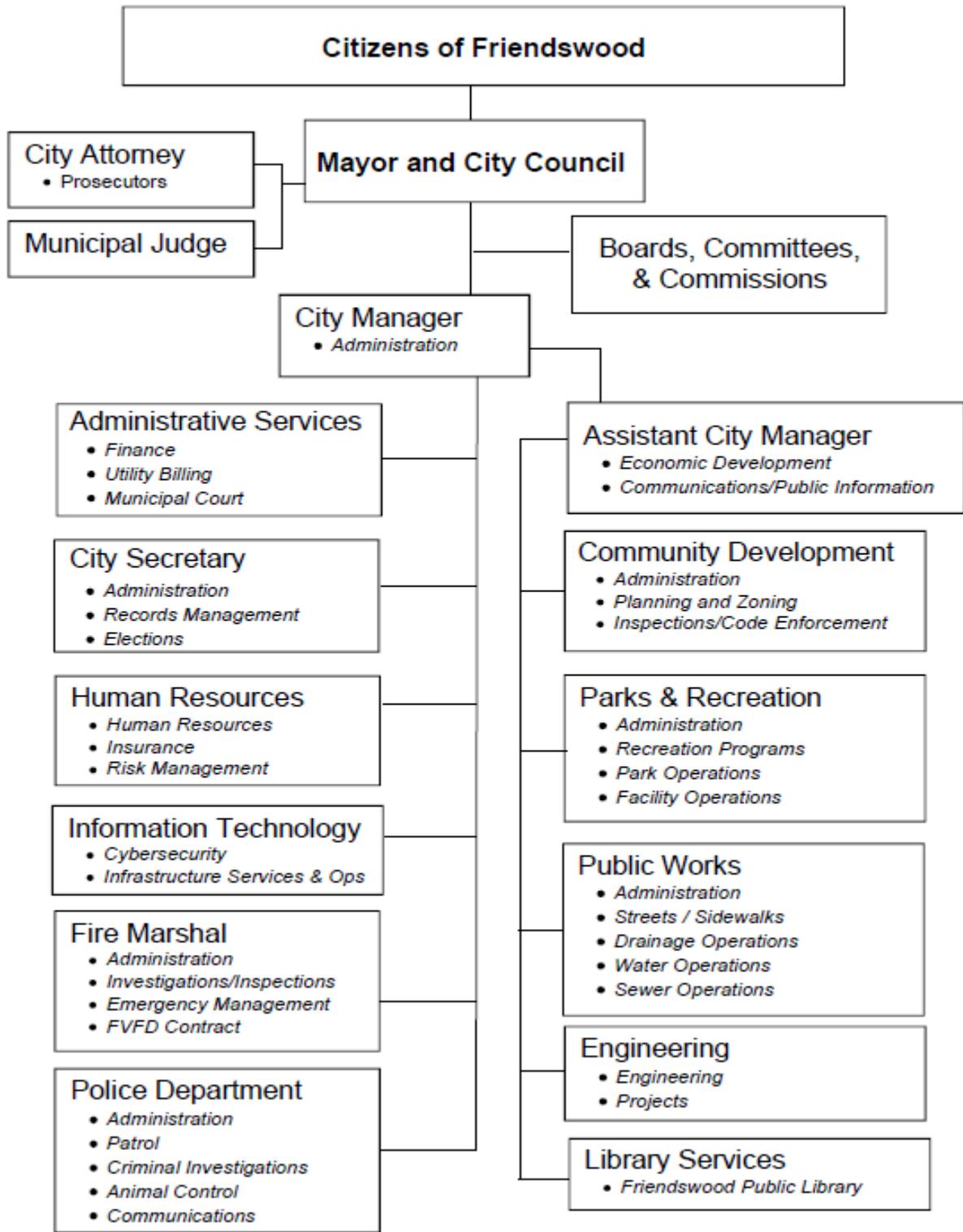
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2022

Christopher P. Merrill

Executive Director/CEO

CITY OF FRIENDSWOOD, TEXAS
ORGANIZATIONAL CHART





FINANCIAL SECTION



INDEPENDENT AUDITOR'S REPORT

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

Report on the Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of City of Friendswood, 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, based on our report and the report of other auditors, the accompanying financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2023, and the respective changes in financial position, and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of West Ranch Management District, a discretely presented component unit of the City, which represents 77%, 100%, and 75%, respectively, of the assets, liabilities, and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it related to the amounts included for West Ranch Management District, is based solely on the report of the other auditors. The financial statements of West Ranch Management District were not audited in accordance with *Government Auditing Standards*.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City, and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Responsibilities of Management for the Financial Statements

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

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

The Honorable Mayor and
Members of the City Council
City of Friendswood, Texas

Auditor’s Responsibilities for the Audit of the Financial Statements

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

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

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

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

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that management’s discussion and analysis, general fund budgetary comparison schedule, coronavirus state fiscal recovery fund budgetary comparison schedule, pension information, and other-post employment benefit information, as listed in 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.

The Honorable Mayor and
Members of the City Council
City of Friendswood, Texas

Supplementary Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual fund financial statements and schedules, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

Other Information

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

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

Other Reporting Required by Government Auditing Standards

In accordance with Government Auditing Standards, we have also issued our report dated March 22, 2024, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion of the effectiveness of the City's internal control over financial reporting or compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards in considering the City's internal control over financial reporting and compliance.


Houston, Texas
March 22, 2024



CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS

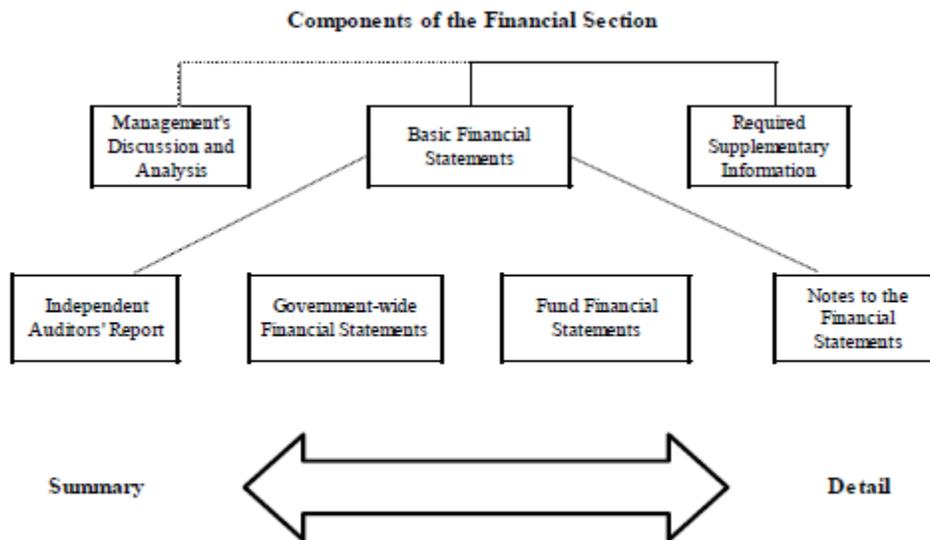
As management of the City of Friendswood, Texas ("the City"), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the fiscal year ended September 30, 2023. Please read this information in conjunction with the basic financial statements that follow this section.

Financial Highlights

Some of the City's financial highlights for the fiscal year ending September 30, 2023 include:

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$151,015,158.
- The City's total net position increased during the year by \$12,606,375. The City's net pension and total OPEB liabilities were \$18.9 million and \$1.6 million, respectively. The net pension liability increased by \$13.8 million and the total OPEB liability decreased by \$365.1 thousand compared to the prior year.
- As of the close of the current fiscal year, the City reported unrestricted net position of \$21,280,699.
- Program revenues of \$30,066,518 reduced the net cost of the City's functions to be financed from the City's general revenues to \$27,950,639 .

Overview of the Financial Statements



This discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The basic financial statements are comprised of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Government-wide Financial Statements

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

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

The Statement of Activities presents information showing how the City's net position changed during the most recent fiscal 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.

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (governmental activities) from functions that are intended to recover all or significant portion of their costs through user fees (business-type activities).

- Governmental activities – Most of the City's basic services are reported here including general government (mayor and council, city secretary, city manager, administrative services, human resources, information technology, and city attorney); public safety (police and fire marshal); engineering (capital projects administration); public works (streets and drainage); community development (building inspection and planning and zoning); parks and recreation (parks, facility operations and community activities) and library. Interest payments on the City's debt and internal lease payments are also reported here. Property tax, sales tax, franchise taxes, municipal court fines and permit fees finance most of the activities.
- Business-type activities – Services involving a fee for those services, which include the City's water and sewer system are reported here.
- Component Units – Activities of the West Ranch Management District and Friendswood Downtown Economic Development Corporation.

Fund Financial Statements

A fund is a self-balancing set of accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City uses two fund types – governmental and proprietary.

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements with the exclusion of internal service fund activity. However, unlike the government-wide financial statements, governmental funds 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 the 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, the reader may better understand the long-term impact of the government's near-term financial decisions. Both the governmental fund balance sheet and the governmental 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 fourteen governmental funds. Information is presented separately in the governmental funds balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balance for the General Fund, Coronavirus State and Local Fiscal Recovery Fund, and Bond Construction Fund, which are considered to be major funds. The other eleven funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the form of combining statements found in this report.

Proprietary Funds

The City maintains two types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its operation in water distribution and wastewater collection/treatment along with its water and wastewater impact fees, and water construction projects. Management would note that trash collection services are provided by a franchise agreement.

Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses an internal service fund to account for fleet management services. Because these services predominately benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Notes to the 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 fund financial statements. The notes are the last section of the basic financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents certain Required Supplementary Information ("RSI"). The City adopts an annual appropriated budget for its General Fund. A budgetary comparison schedule has been provided as RSI to demonstrate compliance with this budget. RSI can be found after the notes to the financial statements. The RSI also includes schedules related to the City's progress in funding its obligation to provide pension and other post-employment benefits to its employees.

The combining and individual fund financial statements and schedules that further support the information in the financial statements are presented immediately following the required supplementary information.

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Statement of Net Position

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$151,015,158 as of September 30, 2023 in the primary government, which is an increase in the City's overall financial position compared to the prior year.

The largest portion of the City's net position (79.3%) reflects its investments in capital assets (e.g., land, buildings and improvements, machinery and equipment, infrastructure, water and sewer system, construction in progress and water rights); less any debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the assets themselves cannot be used to liquidate these liabilities.

The following table reflects the condensed Statement of Net Position.

	Governmental Activities		Business-Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Current and other assets	\$ 73,574,397	\$ 48,901,051	\$ 39,975,446	\$ 42,738,547	\$ 113,549,843	\$ 91,639,598
Capital assets	123,606,676	115,789,091	77,842,844	71,551,212	201,449,520	187,340,303
Total Assets	197,181,073	164,690,142	117,818,290	114,289,759	314,999,363	278,979,901
Deferred Outflows of Resources	9,104,231	3,221,061	1,687,348	1,002,527	10,791,579	4,223,588
Total Assets and Deferred Outflows of Resources	206,285,304	167,911,203	119,505,638	115,292,286	325,790,942	283,203,489
Long-term liabilities	96,996,075	57,513,830	58,213,317	60,296,656	155,209,392	117,810,486
Other Liabilities	14,383,827	16,380,206	3,277,179	3,611,658	17,661,006	19,991,864
Total Liabilities	111,379,902	73,894,036	61,490,496	63,908,314	172,870,398	137,802,350
Deferred Inflows of Resources	1,783,691	6,282,137	121,695	710,219	1,905,386	6,992,356
Net Position:						
Net investment in capital assets	79,714,165	74,006,329	40,075,768	35,999,342	119,789,933	110,005,671
Restricted	7,105,294	5,059,835	2,839,232	2,897,578	9,944,526	7,957,413
Unrestricted	6,302,252	8,668,866	14,978,447	11,776,833	21,280,699	20,445,699
Total Net Position	\$ 93,121,711	\$ 87,735,030	\$ 57,893,447	\$ 50,673,753	\$ 151,015,158	\$ 138,408,783

A portion of the primary government's net position, \$9,944,526 or 6.6%, represents resources that are subject to external restrictions on how they may be used. These restrictions include monies accounted for in special revenue funds for which the use is legally restricted and capital project funds. The remaining balance of unrestricted net position, \$21,280,699 or 14.1%, may be used to meet the City's ongoing obligations to citizens and creditors.

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

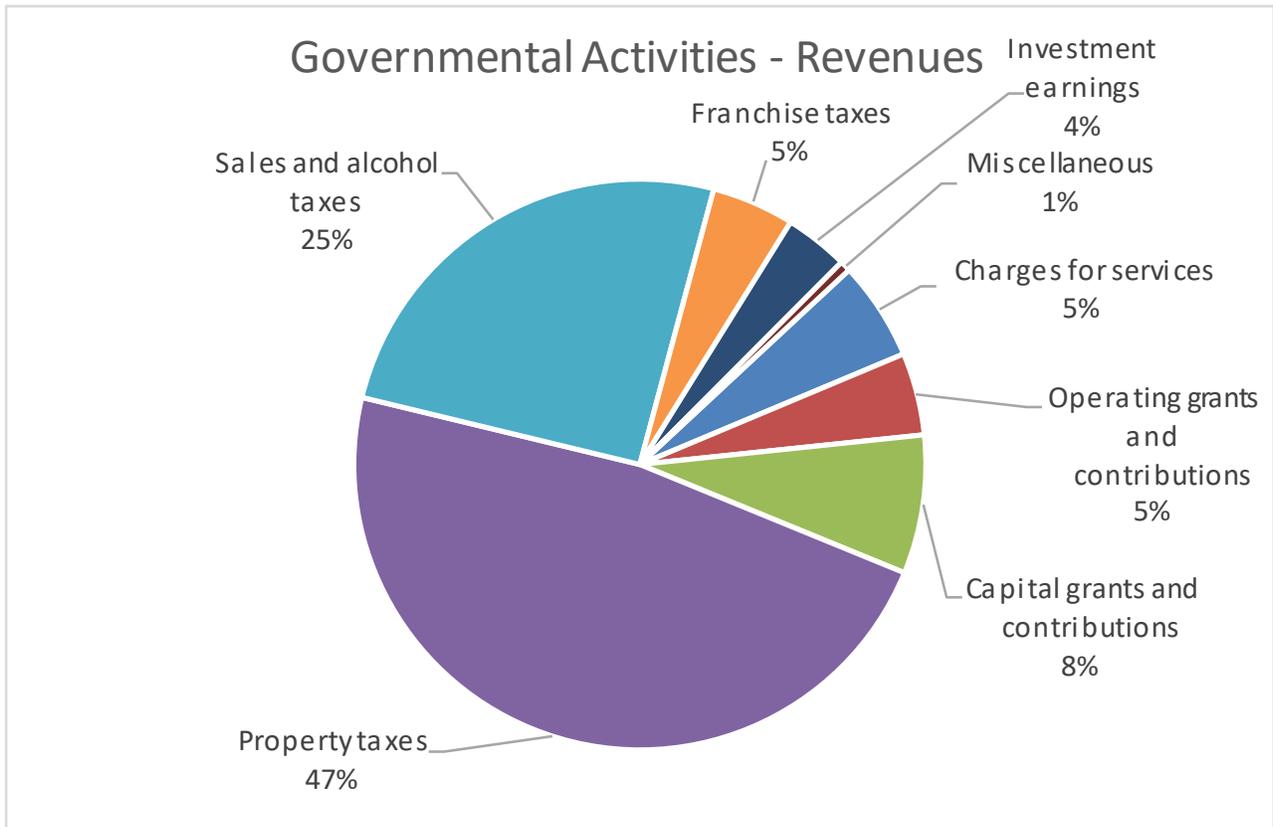
	Governmental Activities		Business Type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Revenues						
Program Revenues:						
Charges for services	\$ 2,680,917	\$ 2,848,589	\$ 21,293,632	\$ 19,419,622	\$ 23,974,549	\$ 22,268,211
Operating grants and contributions	2,229,755	841,537	104,354	289,181	2,334,109	1,130,718
Capital grants and contributions	3,757,860	2,620,495	-	-	3,757,860	2,620,495
General Revenues:						
Property taxes	22,731,678	20,845,938	-	-	22,731,678	20,845,938
Sales and alcohol taxes	12,126,784	11,176,190	-	-	12,126,784	11,176,190
Franchise taxes	2,235,689	2,170,152	-	-	2,235,689	2,170,152
Investment earnings	1,726,549	49,151	1,450,648	130,401	3,177,197	179,552
Miscellaneous	285,666	638,418	-	-	285,666	638,418
Total Revenues	47,774,898	41,190,470	22,848,634	19,839,204	70,623,532	61,029,674
Expenses						
General government	7,873,719	6,210,336	-	-	7,873,719	6,210,336
Public safety	18,526,954	15,655,859	-	-	18,526,954	15,655,859
Public works	6,990,046	6,994,042	-	-	6,990,046	6,994,042
Engineering	640,292	570,098	-	-	640,292	570,098
Community development	1,406,566	1,017,509	-	-	1,406,566	1,017,509
Parks and recreation	5,608,792	4,870,623	-	-	5,608,792	4,870,623
Library services	1,485,716	1,283,007	-	-	1,485,716	1,283,007
Water and sewer	-	-	12,075,080	11,124,562	12,075,080	11,124,562
Interest on long-term debt	1,659,932	1,268,435	1,750,060	1,861,881	3,409,992	3,130,316
Total Expenses	44,192,017	37,869,909	13,825,140	12,986,443	58,017,157	50,856,352
Increase (decrease) in net position						
before transfers	3,582,881	3,320,561	9,023,494	6,852,761	12,606,375	10,173,322
Transfers	1,803,800	1,795,683	(1,803,800)	(1,795,683)	-	-
Change in net position	5,386,681	5,116,244	7,219,694	5,057,078	12,606,375	10,173,322
Net Position - Beginning	87,735,030	82,618,786	50,673,753	45,616,675	138,408,783	128,235,461
Net Position - Ending	\$ 93,121,711	\$ 87,735,030	\$ 57,893,447	\$ 50,673,753	\$ 151,015,158	\$ 138,408,783

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

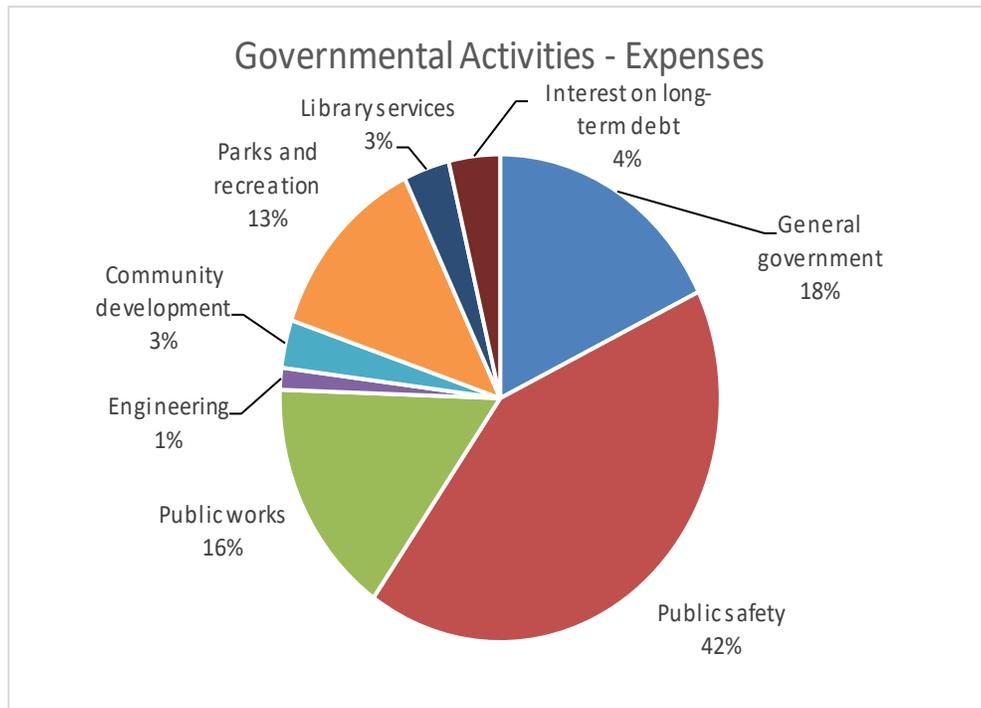
Governmental Activities

Governmental activities increased the City's net position by \$5,386,681. Key elements of this change are as follows:

- Property taxes continue to be the City's largest revenue source. Property tax revenue increased by \$1,885,740 as a result of new construction and property tax increases to cover operating expenses, deferred facilities maintenance, deferred equipment purchases and debt service obligations related to the general obligation bonds authorized by voters in 2013 and 2019.
- Sales and alcohol tax revenue remained strong during fiscal year 2023, providing a 8.51% increase for the year, from \$11.2 million to \$12.1 million. This increase is primarily a result of commercial growth and inflation.
- Operating grants and contributions increased \$1,388,218 from the prior year. This increase is primarily a result of the City's interlocal agreement with Harris County in which funds of \$1.2 million were received for the Blackhawk Boulevard Reconstruction project.
- Capital grants and contributions increased \$1,137,365 from the prior year. This increase is due to more activity with the CDBG-DR grants.
- Overall, total expenses increased \$6.3 million from the prior year. The largest increase of \$2,871,095 was in Public Safety which was primarily a result of an increase in personnel cost due to merit, pay plan adjustments, overtime as well as the cost to fund future retirement benefits. In addition, the Fire/EMS contract with the Friendswood Volunteer Fire Department increased approximately \$322 thousand. General Government had the next largest increase of \$1,663,383 resulting from increased software support services and personnel costs. In addition, an economic incentive grant in the amount of \$350 thousand was awarded for commercial development.



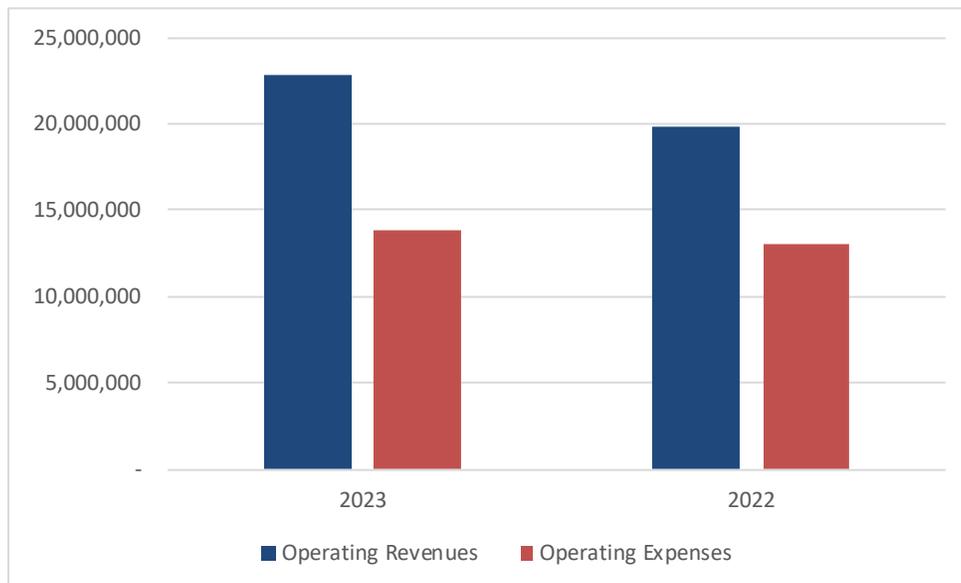
CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)



Business-Type Activities

Business-type activities increased the City’s net position by \$7,219,694. Key elements of this change are as follows:

- Revenues increased by \$3.0 million or 15.2% resulting from an increase in utility rates and consumption due to drought like conditions. Expenses increased \$839 thousand primarily a result of increased personnel costs, increased water purchases due to the drought and the purchase of additional automated meters for new development.



CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

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

At the end of the current fiscal year, the City's governmental funds reported combined ending fund balance of \$56,818,872. Approximately 19.55% of this amount or \$11,111,696 is unassigned fund balance; however, \$8.7 million is set aside for the 90-day operating reserve, as set forth in the City's financial policies.

The remaining \$45,707,176 is nonspendable, restricted, or assigned as follows:

0.78%	-	Nonspendable		
		Prepaid items	\$	430,434
		Permanent fund		11,501
		Total Nonspendable	\$	<u>441,935</u>
71.52%	-	Restricted		
		Public education and government channels	\$	566,041
		Debt service		30,793
		Municipal court operations		201,568
		Public safety operations		500,548
		Capital projects		39,335,309
		Total Restricted	\$	<u>40,634,259</u>
8.15%	-	Assigned		
		Subsequent year's budget appropriation of fund balance	\$	3,891,673
		Capital projects		739,309
		Total Assigned	\$	<u>4,630,982</u>

The General Fund is the chief operating fund of the City. At the end of the current fiscal year, total fund balance reached \$16.7 million of which unassigned fund balance of the General Fund was \$11.1 million. As a measure of the General Fund's liquidity, it may be useful to compare both unassigned and total fund balance to total fund expenditures. Unassigned fund balance represents 28.6% of total General Fund expenditures, while total fund balance represents 43.1% of that same amount. At year end, the City's operating reserve was \$8.7 million, representing 25% of total General Fund expenditures, excluding capital expenditures.

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Key differences between last year's General Fund activity and this year's include:

- \$4.4 million increase in total revenues – This increase is primarily related to an increase in property taxes of \$1.6 million due to new home construction as well as the increase in rates to cover operating costs and debt service payments. In addition, intergovernmental revenue increased \$1.4 million as a result of the City receiving \$1.2 million from Harris County for the Blackhawk Boulevard Reconstruction project. Investment income increased \$628 thousand due to the rise in interest rates.
- \$4.4 million increase in total expenditures – This increase in expenditures can be attributed to the following: \$1.6 million in capital improvements related to the Public Safety Building expansion and the Blackhawk Building renovation, \$1.3 million in Public Safety due to increased personnel costs and an increase in the Fire/EMS contract, \$905 thousand in General Government resulting from increased personnel and software support services costs and the awarding of an economic development grant, and \$612 thousand in Parks and Recreation due to the increased cost of utilities and contracts to maintain operations.

The Coronavirus State and Local Fiscal Recovery Fund has \$10.0 million of unearned revenue that will be expended in fiscal year 2024.

The fund balance of the Bond Construction Fund was \$33,540,466, an increase of \$25,387,754 compared to the prior year. This increase is related to the issuance of the remaining bonds that were approved by voters in 2019. These bonds were issued for drainage improvement projects.

Other non-major governmental funds fund balance increased by \$1,749,849. This increase is primarily a result of a sales tax collections for the Street Improvement fund exceeding improvement cost by \$1.8 million.

Proprietary Funds

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

At the end of the year, unrestricted net position was \$15.0 million for the Water and Sewer Fund. The total increase in the net position of the Water and Sewer Fund was \$7,219,694. Other factors concerning the finances of this fund have already been addressed in the discussion of the City's business-type activities.

Unrestricted net position of the Internal Service Fund was \$1,083,495. The net position of the Internal Service Fund increased by \$393,211 resulting from lease revenue from the City's participating funds.

General Fund Budgetary Highlights

The City made revisions to the original appropriations approved by the City Council. Budgeted revenues increased by \$1,323,418 or 4.08% and budgeted expenditures were increased by \$9,171,203 or 26.39%.

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Total revenues were above budget by \$1,983,264. The more significant variances are detailed below:

- \$1,037,519 over budget in sales and mixed beverage taxes as a result of commercial growth and inflation.
- \$296,193 over budget in miscellaneous revenue as a result of a reimbursement from Lakes of Falcon Ridge HOA for their portion of the Centennial Wall project.
- \$234,567 over budget in investment earnings due to increased interest rates resulting from inflation.
- \$191,589 over budget in franchise taxes as a result of increased gas and electric franchise fees and the receipt of unbudgeted Public Education and Government (PEG)/In-Kind fees.

Total expenditures of the General Fund were \$5.1 million below the final expenditure budget. The more significant variances are detailed below:

- \$656,119 below budget in general government expenditures as a result of a decrease in other services and charges (legal, contract, consulting, etc.).
- \$556,747 below budget in parks and recreation expenditures as a result of repairs and maintenance being approved in FY23 but completed in FY24.
- \$3,985,864 below budget in capital improvements due to projects either not being started or completed in FY23. These projects are primarily related to facility and streets improvements.

Capital Assets

The City's investment in capital assets (net of accumulated depreciation) for its governmental and business-type activities as of September 30, 2023 is \$201.4 million. The investment in capital assets include land, buildings and improvements, machinery and equipment, infrastructure, water and sewer system, water rights and construction in progress.

Major capital events during the year included the following:

- Business-type improvements include the completion of the Sanitary Sewer Assessment Phase IV construction, which was completed for \$1,367,517 and the purchase of property at 23 Wilderness Trail for \$832,798 to accommodate future water and sewer projects.
- Using grant funds, the City purchased properties along Deepwood Drive for a total cost of \$325,349 for flood mitigation projects.
- Necessary upgrades were made to improve the City's technological infrastructure for \$789,099.
- Heavy equipment purchases included a dump truck, an excavator, and a boom mower for a total cost of \$417,859.
- From the Vehicle Replacement Plan, the City purchased 9 new vehicles this year and the equipment to upfit an additional 13 vehicles from the previous year. The total cost was approximately \$953,296.
- Self-contained breathing apparatus packs for \$411,000 were purchased on behalf of the Friendswood Volunteer Fire Department using funds from the Fire and EMS Donation Fund.
- Furniture, fixtures, and equipment totaling \$935,424 was purchased for the Public Safety Expansion project, Blackhawk Building renovation project, and the reconstruction of Fire Station #2.
- The following major projects are in Construction in Progress at the end of fiscal year 2023: Parks Master Plan, Blackhawk Shelter, Blackhawk Building Renovation, Blackhawk Blvd Reconstruction, Fire Station #2, Public Safety Building, Centennial Park Wall, Utility Relocation at Clear Creek Utility Bridge, Forest Bend Detention Pond, Deepwood Flood Control, Friendswood Regional Detention Basin, Water System Improvement Study & Engineering, Lift Station Mitigation Program, 2023 Tank Rehabilitation, Automated Water Meter installation, and the 42" Southeast Transmission Line.

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
Land	\$ 32,720,334	\$ 32,355,840	\$ 1,152,271	\$ 319,473	\$ 33,872,605	\$ 32,675,313
Buildings and improvements	22,057,982	22,938,656	299,092	318,849	22,357,074	23,257,505
Machinery and equipment	9,242,231	7,845,397	2,417,307	2,596,552	11,659,538	10,441,949
Infrastructure	40,696,318	43,675,282	35,250,381	38,970,139	75,946,699	82,645,421
Right-to-use SBITA asset	88,617	176,744	-	-	88,617	176,744
Water rights	-	-	19,716,695	19,716,695	19,716,695	19,716,695
Construction in progress	18,801,194	8,797,172	19,007,098	9,629,504	37,808,292	18,426,676
	<u>\$ 123,606,676</u>	<u>\$ 115,789,091</u>	<u>\$ 77,842,844</u>	<u>\$ 71,551,212</u>	<u>\$ 201,449,520</u>	<u>\$ 187,340,303</u>

More detailed information on the City's capital assets is presented in Note 4 to the financial statements.

Debt Administration

At the end of the current fiscal year, the City had a total bonded debt, premiums and notes payable obligation of \$133.3 million.

	Governmental Activities		Business-type Activities		Totals	
	2023	2022	2023	2022	2023	2022
General obligation bonds	\$ 71,325,000	\$ 43,950,000	\$ 16,920,000	\$ 18,635,000	\$ 88,245,000	\$ 62,585,000
Revenue bonds	-	-	34,120,000	35,630,000	34,120,000	35,630,000
Premium on bond issuance	3,366,542	3,193,902	4,861,781	5,264,036	8,228,323	8,457,938
Notes payable	2,645,629	2,613,729	-	-	2,645,629	2,613,729
SBITA liability	92,494	176,744	-	-	92,494	176,744
	<u>\$ 77,429,665</u>	<u>\$ 49,934,375</u>	<u>\$ 55,901,781</u>	<u>\$ 59,529,036</u>	<u>\$ 133,331,446</u>	<u>\$ 109,463,411</u>

The City's General Obligation and Revenue Bonds bond ratings are listed below:

	Standard & Poor's
General Obligation Bonds	AA+
Revenues Bonds	AA-

More detailed information about the City's outstanding debt can be found in Note 5 to the financial statements.

CITY OF FRIENDSWOOD, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (continued)

Economic Factors and Next Year's Budgets and Rates

Friendswood continues to experience moderate growth. The City's current population is estimated to be 42,757. Friendswood is expected to reach build out with an estimated population of 58,012. The City is continuing to focus on economic development initiatives, including the revitalization of downtown as well as commercial and mixed-use development outside of the downtown area. These development projects include medical office buildings, hotels, retail and office spaces as well as multi-family complexes. In addition, to commercial growth the City is also experiencing residential growth with several large master-planned communities in progress or in the planning stages.

The City's largest single source of revenue in the General Fund continues to be ad valorem taxes. The adopted budget for fiscal year 2024 has a tax rate of \$0.500728 per \$100 taxable value. This rate consists of a maintenance and operation (M&O) tax rate of \$0.379450 and an interest and sinking (debt service) tax rate of \$0.121278. The rate was set based on a net assessed value of \$5,023,334,676. This is an increase of \$130,483,289 above certified values including supplemental rolls for tax year 2022. The City's financial management policy sets the guideline to maintain the fund balance and net position of the various operating funds at levels sufficient to protect the City's creditworthiness as well as its financial position from unforeseeable emergencies.

The City second largest source of revenue in the General Fund is sales tax. The City anticipates an increase in this revenue stream from the prior year and has adjusted the budget from \$8,621,519 to \$9,150,001. The franchise fees budget increased from \$2,044,100 to \$2,112,803 and the budget for licenses and permits has decreased from \$873,730 to \$753,524. If all projections are accurate, the total General Fund unassigned fund balance net of the 90 day operating requirement (\$8.7 million) is estimated to be approximately \$2.1 million on September 30, 2024.

Water revenues are budgeted at \$9,557,321 which is an increase of \$1,009,235 in revenues, or 11.81 percent. Sewer revenues are budgeted at \$9,568,474 which is an increase of \$530,894 or 5.9 percent. Water and Sewer Fund working capital net of the 90 day operating requirement (\$2.5 million) is projected to be \$6.4 million at the end of fiscal year 2024.

Pursuant to the City's financial management policy, funds in excess of the 90 day operating reserve are designated for future capital improvements.

Requests for Information

The financial report is designed to provide our citizens, customers, investors, and creditors with a general overview of the City's finance and to show the City's accountability for the money it receives. If you have questions about this report or need additional information, contact Administrative Services, P.O. Box 1288, Friendswood, Texas 77549-1288, or call Katina Hampton at 281-996-3221, or email khampton@friendswood.com.

Separately issued financial statements for the West Ranch Management District can be obtained by writing to: West Ranch Management District, a Component Unity of the City of Friendswood, c/o Allen Boone Humphries Robinson, LLP, 3200 Southwest Freeway, Suite 2600, Houston, Texas 77027.

BASIC FINANCIAL STATEMENTS



CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF NET POSITION
September 30, 2023

	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	West Ranch Management District	Friendswood Downtown EDC
Assets					
Cash and cash equivalents	\$ 7,492,092	\$ 3,581,022	\$ 11,073,114	\$ 225,017	\$ 677,713
Investments	59,489,532	13,151,105	72,640,637	4,860,757	2,489,457
Receivables, net of allowances					
Taxes	3,110,710	-	3,110,710	12,310	142,824
Leases	995,808	-	995,808	-	-
Customer accounts	488,383	4,926,480	5,414,863	-	-
Other	263,733	-	263,733	-	-
Accrued interest	29,427	14,054	43,481	137	2,576
Due from other governments	1,274,278	-	1,274,278	-	-
Prepaid items	430,434	95,415	525,849	4,398	-
Working capital deposit	-	571,884	571,884	-	-
Restricted investments	-	17,635,486	17,635,486	-	-
Capital Assets:					
Non-depreciable	51,521,528	39,876,064	91,397,592	7,695,748	505,174
Depreciable, net	72,085,148	37,966,780	110,051,928	345,439	-
Total Capital Assets	123,606,676	77,842,844	201,449,520	8,041,187	505,174
Total Assets	197,181,073	117,818,290	314,999,363	13,143,806	3,817,744
Deferred Outflows of Resources					
Deferred loss on issuance of refunding bonds	48,209	523,479	571,688	273,687	-
Deferred outflow of resources for pensions	8,732,353	1,122,271	9,854,624	-	-
Deferred outflow of resources for OPEB	323,669	41,598	365,267	-	-
Total Deferred Outflows of Resources	9,104,231	1,687,348	10,791,579	273,687	-
Total Assets and Deferred Outflows of Resources	206,285,304	119,505,638	325,790,942	13,417,493	3,817,744
Liabilities					
Accounts payable	2,047,743	2,277,751	4,325,494	25,783	-
Accrued liabilities	981,017	119,646	1,100,663	-	-
Retainage payable	929,652	167,881	1,097,533	-	9,909
Accrued interest	237,167	169,871	407,038	227,269	-
Unearned revenue	10,023,192	-	10,023,192	-	-
Customer deposits	66,544	542,030	608,574	-	-
Due to other governments	98,512	-	98,512	-	-
Noncurrent liabilities:					
Due within one year	3,720,611	3,370,285	7,090,896	900,000	-
Due in more than one year	74,959,594	52,657,922	127,617,516	17,141,921	-
Net pension liability	16,951,983	1,978,562	18,930,545	-	-
Total OPEB liability	1,363,887	206,548	1,570,435	-	-
Total Liabilities	111,379,902	61,490,496	172,870,398	18,294,973	9,909
Deferred Inflows of Resources					
Deferred gain on issuance of refunding bonds	51,521	24,260	75,781	-	-
Deferred inflows of resources for leases	974,036	-	974,036	-	-
Deferred inflows of resources for pensions	43,942	5,647	49,589	-	-
Deferred inflows of resources for OPEB	714,192	91,788	805,980	-	-
Total Deferred Inflows of Resources	1,783,691	121,695	1,905,386	-	-
Net Position					
Net investment in capital assets	79,714,165	40,075,768	119,789,933	6,512,015	-
Restricted for:					
Public education and government channels	566,041	-	566,041	-	-
Debt service	30,793	2,759,284	2,790,077	2,029,067	-
Municipal court operations	201,568	-	201,568	-	-
Economic development	-	-	-	-	3,807,835
Public safety	500,548	-	500,548	-	-
Parks and recreation - nonexpendable	11,501	-	11,501	-	-
Capital projects	5,794,843	79,948	5,874,791	71,156	-
Unrestricted	6,302,252	14,978,447	21,280,699	(13,489,718)	-
Total Net Position	\$ 93,121,711	\$ 57,893,447	\$ 151,015,158	\$ (4,877,480)	\$ 3,807,835

CITY OF FRIENDSWOOD, 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	\$ 7,873,719	\$ 921,752	\$ 16,000	\$ -
Public safety	18,526,954	1,023,874	2,145,679	-
Public works	6,990,046	241,445	-	3,757,860
Engineering	640,292	-	-	-
Community development	1,406,566	-	-	-
Parks and recreation	5,608,792	493,846	68,076	-
Library services	1,485,716	-	-	-
Interest on long-term debt	1,659,932	-	-	-
Total Governmental Activities	<u>44,192,017</u>	<u>2,680,917</u>	<u>2,229,755</u>	<u>3,757,860</u>
Business-type Activities:				
Water and sewer	13,825,140	21,293,632	104,354	-
Total Business-type Activities	<u>13,825,140</u>	<u>21,293,632</u>	<u>104,354</u>	<u>-</u>
Total Primary Government	<u>58,017,157</u>	<u>23,974,549</u>	<u>2,334,109</u>	<u>3,757,860</u>
Component Units				
West Ranch Management District	913,045	-	-	-
Friendswood Downtown EDC	30,444	-	-	-
Total Component Units	<u>\$ 943,489</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF ACTIVITIES
For the Year Ended September 30, 2023

Functions/Programs	Net (Expense) Revenue and Changes in Net Position				
	Primary Government			Component Units	
	Governmental Activities	Business-type Activities	Total	West Ranch Management District	Friendswood Downtown EDC
Primary government					
Governmental Activities:					
General government	\$ (6,935,967)	\$ -	\$ (6,935,967)	\$ -	\$ -
Public safety	(15,357,401)	-	(15,357,401)	-	-
Public works	(2,990,741)	-	(2,990,741)	-	-
Engineering	(640,292)	-	(640,292)	-	-
Community development	(1,406,566)	-	(1,406,566)	-	-
Parks and recreation	(5,046,870)	-	(5,046,870)	-	-
Library services	(1,485,716)	-	(1,485,716)	-	-
Interest on long-term debt	(1,659,932)	-	(1,659,932)	-	-
Total Governmental Activities	(35,523,485)	-	(35,523,485)	-	-
Business-type Activities:					
Water and sewer	-	7,572,846	7,572,846	-	-
Total Business-type Activities	-	7,572,846	7,572,846	-	-
Total Primary Government	(35,523,485)	7,572,846	(27,950,639)	-	-
Component Units					
West Ranch Management District				(913,045)	-
Friendswood Downtown EDC				-	(30,444)
Total Component Units				(913,045)	(30,444)
General revenues:					
Taxes:					
Property taxes	22,731,678	-	22,731,678	2,269,540	-
Franchise and other taxes	2,235,689	-	2,235,689	-	-
Sales taxes	12,126,784	-	12,126,784	-	803,085
Interest	1,726,549	1,450,648	3,177,197	169,562	103,572
Miscellaneous	285,666	-	285,666	342,934	-
Transfers	1,803,800	(1,803,800)	-	-	-
Total General Revenues and Transfers	40,910,166	(353,152)	40,557,014	2,782,036	906,657
Change in net position	5,386,681	7,219,694	12,606,375	1,868,991	876,213
Net Position - Beginning	87,735,030	50,673,753	138,408,783	(6,746,471)	2,931,622
Net Position - Ending	\$ 93,121,711	\$ 57,893,447	\$ 151,015,158	\$ (4,877,480)	\$ 3,807,835

CITY OF FRIENDSWOOD, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
September 30, 2023

	General Fund	Coronavirus State Fiscal Recovery Fund	Bond Construction	Total Nonmajor Governmental Funds	Total Governmental Funds
Assets					
Cash and cash equivalents	\$ 3,595,467	\$ 2,217,263	\$ 35,374	\$ 1,412,325	\$ 7,260,429
Investments	10,443,545	8,144,712	34,866,060	5,184,240	58,638,557
Receivables, net of allowance:					
Taxes	2,625,155	-	-	485,555	3,110,710
Leases	995,808	-	-	-	995,808
Customer accounts	485,644	-	-	2,739	488,383
Other receivables	260,160	-	-	3,573	263,733
Accrued interest	14,261	8,821	-	5,488	28,570
Due from other funds	1,787,687	-	-	-	1,787,687
Due from other governments	9,462	-	-	1,264,816	1,274,278
Prepaid items	430,134	-	-	300	430,434
Total Assets	\$ 20,647,323	\$ 10,370,796	\$ 34,901,434	\$ 8,359,036	\$ 74,278,589
Liabilities, Deferred Inflows and Fund Balances					
Liabilities:					
Accounts payable	\$ 1,208,784	\$ -	\$ 710,187	\$ 128,772	\$ 2,047,743
Accrued liabilities	981,017	-	-	-	981,017
Due to other governments	98,512	-	-	-	98,512
Customer deposits	66,544	-	-	-	66,544
Retainage payable	87,846	-	650,781	191,025	929,652
Due to other funds	-	-	-	1,787,687	1,787,687
Unearned revenue	-	10,003,026	-	20,166	10,023,192
Total Liabilities	2,442,703	10,003,026	1,360,968	2,127,650	15,934,347
Deferred Inflows of Resources:					
Unavailable revenue	491,731	-	-	59,603	551,334
Leases	974,036	-	-	-	974,036
Total Deferred Inflows of resources	1,465,767	-	-	59,603	1,525,370
Fund Balances:					
Nonspendable:					
Prepaid items	430,134	-	-	300	430,434
Permanent fund	-	-	-	11,501	11,501
Restricted:					
Public education and government channels	566,041	-	-	-	566,041
Municipal court operations	-	-	-	201,568	201,568
Debt service	-	-	-	30,793	30,793
Public safety	-	-	-	500,548	500,548
Capital projects	-	367,770	33,540,466	5,427,073	39,335,309
Assigned:					
Subsequent year's budget appropriation of fund balance	3,891,673	-	-	-	3,891,673
Capital projects	739,309	-	-	-	739,309
Unassigned	11,111,696	-	-	-	11,111,696
Total Fund Balances	16,738,853	367,770	33,540,466	6,171,783	56,818,872
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 20,647,323	\$ 10,370,796	\$ 34,901,434	\$ 8,359,036	\$ 74,278,589

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

Total Fund Balance, Governmental Funds \$ 56,818,872

Amounts reported for governmental activities in the Statement of Net Position are different because:

Capital assets used in governmental activities are not current financial resources and therefore are not reported in the fund financial statement, but are reported in the governmental activities of the Statement of Net Position. 121,020,965

The assets and liabilities of certain internal service funds are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position. 3,669,206

Some liabilities are not due and payable in the current period and are not included in the fund financial statement, but are included in the governmental activities of the Statement of Net Position.

Bonds and certificates of obligation payable	(71,325,000)
Notes payable	(2,645,629)
SBITA payable	(92,494)
Compensated absences	(1,250,540)
Accrued interest payable	(237,167)
Unamortized premium on bonds	(3,366,542)

Unavailable revenues in the governmental fund statements is recognized as revenue in the government-wide financial statements. 551,334

Deferred gain on refunding	(51,521)
Deferred loss on refunding	48,209

Certain other long-term assets and liabilities are not available to pay current period expenditures and therefore are not reported in this fund financial statement, but are reported in the governmental activities of the Statement of Net Position.

Net pension liability	(16,951,983)
Total OPEB liability	(1,363,887)
Deferred outflows and inflows of resources related to the net pension liability	8,688,411
Deferred outflows and inflows of resources related to the total OPEB liability	(390,523)

Net Position of Governmental Activities in the Statement of Net Position \$ 93,121,711

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

	General Fund	Coronavirus State Fiscal Recovery Fund	Bond Construction	Total Nonmajor Governmental Funds	Total Governmental Funds
Revenues					
Property taxes	\$ 18,122,796	\$ -	\$ -	\$ 4,602,691	\$ 22,725,487
Sales taxes	9,717,528	-	-	2,409,256	12,126,784
Franchise fees and other	2,235,689	-	-	-	2,235,689
Fines and forfeitures	834,135	-	-	61,442	895,577
Permits and fees	1,800,725	-	-	60,600	1,861,325
Intergovernmental	1,973,125	-	-	3,757,860	5,730,985
Investment income (loss)	612,954	369,436	479,377	230,205	1,691,972
Donations	112,474	-	-	183,494	295,968
Miscellaneous	348,413	-	-	1,682	350,095
Total Revenues	<u>35,757,839</u>	<u>369,436</u>	<u>479,377</u>	<u>11,307,230</u>	<u>47,913,882</u>
Expenditures					
Current:					
General government	6,893,644	-	-	42,734	6,936,378
Public safety	16,640,299	-	-	-	16,640,299
Public works	2,749,650	-	11,001	811,675	3,572,326
Engineering	641,204	-	-	-	641,204
Community development	1,293,280	-	-	-	1,293,280
Parks and recreation	4,914,245	-	-	4,093	4,918,338
Library services	1,401,299	-	-	-	1,401,299
Debt service:					
Principal	84,250	-	-	3,293,100	3,377,350
Interest and other charges	-	-	311,664	1,597,147	1,908,811
Capital outlay	<u>4,175,531</u>	<u>-</u>	<u>5,080,622</u>	<u>4,230,970</u>	<u>13,487,123</u>
Total Expenditures	<u>38,793,402</u>	<u>-</u>	<u>5,403,287</u>	<u>9,979,719</u>	<u>54,176,408</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(3,035,563)</u>	<u>369,436</u>	<u>(4,923,910)</u>	<u>1,327,511</u>	<u>(6,262,526)</u>
Other Financing Sources (Uses)					
Issuance of capital-related debt	-	-	29,775,000	-	29,775,000
Notes payable issued	514,000	-	-	411,000	925,000
Premium on bond issuance	-	-	536,664	4,470	541,134
Insurance recoveries	69,683	-	-	-	69,683
Transfers in	1,803,800	-	-	6,868	1,810,668
Transfers out	(16,335)	-	-	-	(16,335)
Sale of capital assets	18,181	-	-	-	18,181
Total Other Financing Sources (Uses)	<u>2,389,329</u>	<u>-</u>	<u>30,311,664</u>	<u>422,338</u>	<u>33,123,331</u>
Net change in fund balances	(646,234)	369,436	25,387,754	1,749,849	26,860,805
Fund Balances - Beginning	<u>17,385,087</u>	<u>(1,666)</u>	<u>8,152,712</u>	<u>4,421,934</u>	<u>29,958,067</u>
Fund Balances - Ending	<u>\$ 16,738,853</u>	<u>\$ 367,770</u>	<u>\$ 33,540,466</u>	<u>\$ 6,171,783</u>	<u>\$ 56,818,872</u>

CITY OF FRIENDSWOOD, 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 Change in Fund Balances - Total Governmental Funds \$ 26,860,805

Amounts reported for Governmental Activities in the Statement of Activities are different because:

Governmental funds report outlays for capital assets as expenditures because such outlays use current financial resources. In contrast, the Statement of Activities reports only a portion of the outlay as expense. The outlay is allocated over the assets' estimated useful lives as depreciation/amortization expense for the period.

Capital outlay	13,488,086
Depreciation/amortization expense	(5,891,025)

Governmental funds do not present revenues that are not available to pay current obligations. In contrast, such revenues are reported in the Statement of Activities when earned.

Unavailable property tax revenue and other revenues	(207,749)
---	-----------

Governmental funds report proceeds from long-term debt as current financial resources. In contrast, the Statement of Activities treats such issuance of debt as a liability. Governmental funds report repayment of long-term debt principal as an expenditure, In contrast, the Statement of Activities treats such repayments as a reduction in long-term liabilities.

Debt service principal	3,293,100
SBITA principal	84,250
Proceeds from issuance of long-term debt	(29,775,000)
Proceeds from notes payable	(925,000)
Premium from issuance of long-term debt	(541,134)

Contributions are treated as expenditures in the fund based financial statements, but are treated as reductions in the City's net pension/OBEB liability in the statement of net position. This amount is the difference between contributions and net pension/OPEB expense (revenue) for the current fiscal year.

Pension	(1,481,350)
OPEB	(53,232)

Some expenses reported in the statement of activities do not require the use of current financial resources and these are not reported as expenditures in governmental funds:

(Increase) decrease in accrued interest	(118,365)
(Increase) decrease in compensated absences	(106,197)
Amortization of deferred loss on refunding	(6,506)
Amortization of deferred gain on refunding	4,293
Amortization of premium on bonds	368,494

Internal service fund is used by management to charge the cost of fleet management to individual funds. The change in net position of the internal service fund is included in the governmental activities in the statement of activities.

	393,211
Change in Net Position of Governmental Activities	<u>\$ 5,386,681</u>

CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities		Governmental Activities	
	Enterprise Fund		Internal Service	
	Water and Sewer			
Assets				
Current Assets				
Cash and cash equivalents	\$	3,581,022	\$	231,663
Investments		13,151,105		850,975
Accounts receivable, net of allowance:				
Customer accounts		4,926,480		-
Accrued interest		14,054		857
Prepays and other assets		95,415		-
Restricted investments		17,635,486		-
Total Current Assets		39,403,562		1,083,495
Non-current Assets				
Working capital deposit		571,884		-
Capital Assets:				
Land		1,152,271		-
Construction in progress		19,007,098		-
Water rights		19,716,695		-
Buildings and improvements		683,906		-
Machinery and equipment		7,934,769		5,862,037
Water and sewer systems		76,058,499		-
Accumulated depreciation		(46,710,394)		(3,276,326)
Total Capital Assets		77,842,844		2,585,711
Total Non-current Assets		78,414,728		2,585,711
Total Assets		117,818,290		3,669,206
Deferred Outflows of Resources				
Deferred loss on bond refunding		523,479		-
Deferred outflows - pension related		1,122,271		-
Deferred outflows - OPEB related		41,598		-
Total Deferred Outflows of Resources		1,687,348		-
Total Assets and Deferred Outflows of Resources		119,505,638		3,669,206

CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF NET POSITION
PROPRIETARY FUNDS
September 30, 2023

	Business-Type Activities		Governmental Activities	
	Enterprise Fund		Internal Service	
	Water and Sewer			
Liabilities				
Current Liabilities				
Accounts payable	\$	2,277,751	\$	-
Accrued liabilities		119,646		-
Accrued interest		169,871		-
Customer deposits		542,030		-
Retainage payable		167,881		-
Compensated absences		25,285		-
Bonds and other long-term debt payable		3,345,000		-
Total Current Liabilities		<u>6,647,464</u>		<u>-</u>
Non-current Liabilities				
Compensated absences		101,141		-
Net Pension liability		1,978,562		-
Total OPEB liability		206,548		-
Bonds and other long-term debt payable		52,556,781		-
Total Non-current Liabilities		<u>54,843,032</u>		<u>-</u>
Total Liabilities		<u>61,490,496</u>		<u>-</u>
Deferred Inflows of Resources				
Deferred gain on issuance of refunding bonds		24,260		-
Deferred inflows - pension related		5,647		-
Deferred inflows of resources for OPEB		91,788		-
Total Deferred Inflows of Resources		<u>121,695</u>		<u>-</u>
Total Liabilities and Deferred Inflows of Resources		<u>61,612,191</u>		<u>-</u>
Net Position				
Net investment in capital assets		40,075,768		2,585,711
Restricted for capital projects		79,948		-
Restricted for debt service		2,759,284		-
Unrestricted		14,978,447		1,083,495
Total Net Position	\$	<u>57,893,447</u>	\$	<u>3,669,206</u>



CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF REVENUES, EXPENSES AND CHANGES IN NET POSITION
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-Type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service
Operating Revenues		
Charges for services	\$ 21,092,670	\$ 998,340
Miscellaneous	200,962	35,224
Total Operating Revenues	<u>21,293,632</u>	<u>1,033,564</u>
Operating Expenses		
Personnel services	3,140,920	-
Sewer operations	2,337,235	-
Water purchases	2,144,603	-
Repairs and maintenance	814,793	-
Supplies	184,000	-
Other services and charges	1,433,517	-
Depreciation	2,020,012	630,721
Total Operating Expenses	<u>12,075,080</u>	<u>630,721</u>
Operating income	<u>9,218,552</u>	<u>402,843</u>
Non-Operating Revenues (Expenses)		
Intergovernmental	104,354	-
Investment income	1,450,648	34,577
Loss on disposal of capital assets	-	(53,676)
Interest expense	(1,750,060)	-
Total Non-Operating Revenues (Expenses)	<u>(195,058)</u>	<u>(19,099)</u>
Income before transfers	9,023,494	383,744
Transfers in	-	9,467
Transfers out	(1,803,800)	-
Change in net position	7,219,694	393,211
Net position - Beginning	<u>50,673,753</u>	<u>3,275,995</u>
Total Net Position - Ending	<u>\$ 57,893,447</u>	<u>\$ 3,669,206</u>

CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-Type Activities Enterprise Fund	Governmental Activities
	Water and Sewer	Internal Service
Cash flows from operating activities		
Cash received from customers	\$ 20,328,341	\$ -
Receipts from interfund charges for fleet management	-	1,033,564
Cash payments to suppliers for goods and services	(7,404,810)	(46,406)
Cash payments to employees for services	(2,931,256)	-
Net cash provided by operating activities	9,992,275	987,158
Cash flows from noncapital financing activities		
Transfer in from other funds	-	9,467
Transfers out to other funds	(1,803,800)	-
Operating grants	79,646	-
Net cash provided (used) by noncapital financing activities	(1,724,154)	9,467
Cash flows from capital and related financing activities		
Acquisition and construction of property, plant and equipment	(8,149,560)	(851,245)
Disposal of capital assets	-	(53,676)
Capital grants	24,708	-
Repayment of debt	(3,225,000)	-
Interest paid on debt	(2,101,100)	-
Net cash provided (used) by capital and related financing activities	(13,450,952)	(904,921)
Cash flows from investing activities		
Purchase of investments	(2,776,206)	(175,233)
Investment income	1,444,852	34,289
Net cash provided (used) by investing activities	(1,331,354)	(140,944)
Net increase (decrease) in cash and cash equivalents	(6,514,185)	(49,240)
Cash and Cash Equivalents, Beginning	27,730,693	280,903
Cash and Cash Equivalents, Ending	\$ 21,216,508	\$ 231,663
Reconciliation of Total Cash and Cash Equivalents		
Current assets - cash and cash equivalents	\$ 3,581,022	\$ 231,663
Restricted assets - cash and cash equivalents	17,635,486	-
	\$ 21,216,508	\$ 231,663

CITY OF FRIENDSWOOD, TEXAS
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS
For the Year Ended September 30, 2023

	Business-type Activities - Enterprise Funds	Governmental Activities
	Water and Sewer	Internal Service
Reconciliation of operating income to net cash provided (used) by operating activities:		
Operating income	\$ 9,218,552	\$ 402,843
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,020,012	630,721
Change in assets, deferred inflows and outflows, and liabilities:		
Decrease (increase) in customer receivable	(936,891)	-
Decrease (increase) in prepaids and other assets	(32,191)	-
Decrease (increase) in deferred outflow for pensions	(754,178)	-
Decrease (increase) in deferred outflow for OPEB	5,418	
Increase (decrease) in accounts payable	(417,075)	(46,406)
Increase (decrease) in accrued liabilities	(41,396)	-
Increase (decrease) in customer deposits	(28,400)	-
Increase (decrease) in deferred inflows for pensions	(625,245)	-
Increase (decrease) in deferred inflows for OPEB	39,753	-
Increase (decrease) in total OPEB liability	(41,578)	-
Increase (decrease) in net pension liability	1,568,478	-
Increase (decrease) in compensated absences	17,016	-
Total Adjustments	<u>773,723</u>	<u>584,315</u>
Net cash provided by operating activities	<u><u>\$ 9,992,275</u></u>	<u><u>\$ 987,158</u></u>



CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS

Note 1. Summary of Significant Accounting Policies

The City of Friendswood, Texas (“the City”) was incorporated on October 15, 1960. The City charter provides for a City Council-City Manager form of government. The Mayor and six Council members are elected from the City at large serving three-year terms. The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for law enforcement, appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget. The Mayor resides at meetings of the City Council and can vote. The City provides the following services: public safety, streets, parks and recreation, library, water and sewer, sanitation, planning and zoning, building inspection, code enforcement, and general administrative services.

A. Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected six- member Council and Mayor and is considered a primary government. As required by generally accepted accounting principles, these 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. Based on these considerations, the West Ranch Management District and Friendswood Downtown Economic Development Corporation have been included in the City’s reporting entity as discretely presented component units. 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.

Consideration regarding the potential for inclusion of other entities, organizations, or functions in the City’s financial reporting entity is based on criteria prescribed by general 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 financial independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to other organizations for which the nature and significance of the relationship with the primary government are such that exclusion would cause the reporting entity’s financial statements to be misleading or incomplete.

The West Ranch Management District (“the District”), a discretely presented component unit, was created under Section 59, Article XVI of the Texas Constitution added by an Act of the 79th Legislature of the State of Texas, effective June 17, 2005, in accordance with the Texas Water Code, Chapter 54. The District operates in accordance with Chapters 3837, Texas Special District Local Laws Code, Chapters 49 and 54 of the Texas Water Code and Chapter 375 of the Texas Local Government Code, and is subject to the continuing supervision of the Texas Commission on Environmental Quality. The District was created to promote and encourage employment and the public welfare within the District. The affairs of the District are managed by a Board of Directors composed of persons appointed by the City Council. The City is financially accountable for the District because City Council must approve any debt issuances. Complete financial statements from the component may be obtained at the District’s administrative office.

The Friendswood Downtown Economic Development Corporation (“FDEDC”) was incorporated August 1, 2016 as a nonprofit economic development corporation under the Development Corporation Act. The citizens of Friendswood voted to pass a one- half cent sales tax dedicated to support and enhance the welfare and prosperity of the citizens of the City and of this State by promotion of economic development and growth by encouraging the development of new business enterprises and the retention or expansion of existing business enterprises.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

A. Reporting Entity (continued)

To serve this purpose, the Corporation shall have the authority and power of a Type B corporation to undertake projects as described in Subchapter C of Chapter 501 of the Local Government Code and Chapter 505 of the Local Government Code, including undertaking projects as authorized by law, including but not limited to projects to promote new or expanded business enterprises in the downtown area as defined by the City of Friendswood Downtown District Map, including but not limited to streets, targeted infrastructure, paved sidewalks, pedestrian amenities including lighting, benches, signage, and other related public improvements, and the maintenance and operations expenses for any of the above-described projects. A separate governing board oversees FDEDC, which is appointed by Friendswood City Council, and consists of members of City Council, City's management, and individuals from the community. The City can remove appointed board members and approves the FDEDC's budget. The FDEDC is reported as a discretely presented component unit because the governing body is not identical to the governing body of the City, the FDEDC does not solely serve the City, and the City has the ability to impose its will on FDEDC. Complete financial statements of the FDEDC may be obtained by contacting FDEDC's administration office.

B. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all activities of the primary government and its component unit. For the most part, the effect of interfund activity has been removed from these statements. *Governmental activities*, which normally are supported by taxes and intergovernmental revenue, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financial accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenue. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenue includes 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 that are restricted to meeting the operations or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenue are reported instead as general revenue.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the *economic 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 government considered revenue to be available if collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, including subscription-based technology arrangements (SBITA) liabilities, as well as expenditures related to compensated absences and claims and judgements, are recorded only when payment is due.

Property taxes, franchise taxes, sales taxes, and interest associated with the current fiscal period are all considered to be susceptible to accrual and, accordingly, have been recognized as revenue of the current fiscal period. All of revenue items are considered to be measurable and available only when cash is received by the City.

The City reports the following major governmental funds:

The **General Fund** is the City's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **Coronavirus State and Local Fiscal Recovery Fund** is used to account for federal funds related to the fiscal recovery of Coronavirus. Funds will be used for water and sewer infrastructure projects.

The **Bond Construction Fund** is used to account for the construction of public facilities, and park, street and drainage improvements that are funded by the proceeds from Permanent Improvement Bonds.

Other governmental funds is a summarization of all the non-major governmental funds.

The City reports the following major enterprise fund:

The **Water and Sewer Fund** is used to account for the activities of the City's water and wastewater operations.

Additionally, the City reports the following fund type:

The **Internal Service Fund** is used to account for fleet management services provided to other departments of the City on a cost reimbursement basis.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are charges between the City's water and sewer function and various other functions of the government. Elimination of these charges would distort the direct costs and program revenue reported for the various functions concerned.

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 Water and Sewer enterprise fund and of the City's internal service fund are charges to customers for sales and services. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenue and expenses not meeting this definition are reported as nonoperating revenue and expenses.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance

Cash and Investments

Cash and investments include cash on hand, deposits with financial institutions, short-term investments in a state-managed public funds investment pool account (TexPool), and a privately managed public funds investment pool (Texas Class). Other investments consist mainly of U.S. government treasury bills, treasury notes and other U.S. government obligations. Restricted cash and investments are assets restricted for specific use. Restricted includes cash deposits with financial institutions and investment pools.

The City maintains a pooled cash and investments account for all funds of the City. Each fund's positive equity in the pooled cash account is presented as "cash and investments" in the financial statements. Negative equity balances are reclassified and are reflected as interfund accounts payable. Interest income and interest expense are allocated monthly to each respective individual fund based on their representative fund balances.

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.

Investments for the City are reported at fair value, except for the position in investment pools. The City's investment in pools are reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method.

TexPool and Texas Class have a redemption notice period of one day and may redeem daily. The investment pool'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 the pool's liquidity.

Property Taxes

All trade and property tax receivables are shown net of an allowance for uncollectible accounts. Management estimates an allowance for trade accounts receivable based on past experience, historical losses, and other pertinent factors.

The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value less exemptions. The City's property taxes are billed and collected by Galveston County. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year.

Property taxes are prorated between operations and debt service based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.487314 per \$100 of assessed valuation that were prorated between operations and debt service in the amounts of \$0.388560 and \$0.098754, respectively. The resulting tax levies were approximately \$18.1 and \$4.6 million for operations and debt service, respectively, based on a total taxable valuation of approximately \$4.6 billion for the 2022 tax year.

West Ranch Management District bond resolutions require that the District levy and collect an ad valorem debt service tax sufficient to pay interest and principal on bonds when due. During the year ended July 31, 2023, the District levied an ad valorem tax at the rate of \$0.1650 per \$100 of assessed valuation, which resulted in tax levy of \$1.2 million on the taxable valuation of approximately \$753.1 million for the 2022 tax year.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Interfund Receivables/Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (i.e., the current portion of interfund loans”). All other outstanding balances between funds are reported as “due to/from other funds.” Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as “internal balances.”

Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements. The City applies the consumption method in accounting for prepaid items in the governmental funds.

Restricted Assets

Certain proceeds of the City’s enterprise fund revenue bonds, as well as certain resources set aside for their repayment, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants.

Contract with West Ranch Management District

The District approved a contract with the City effective August 15, 2005, as amended. Under the terms of the contract, the District is to pay for construction of water distribution, sanitary sewer, drainage, transportation, education and recreation facilities to serve the District.

The District shall be the owner of the system until the system is completed, approved by the City and conveyed to it, at which time ownership will vest in the City. The District will own and operate these facilities to serve the District. Pursuant to the contract, the District shall have a security interest therein until all bonds issued by the District are retired.

Capital Assets

Capital assets, which include property, plant, equipment, infrastructure, and water rights, are reported in the applicable governmental or business-type activities columns in the government- wide financial statements. The City defines capital assets as assets with an initial, individual cost of more than \$5,000 and an estimated historical cost if actual historical cost is not available. The City has established a SBITA recognition threshold of \$100,000. Donated capital assets are recorded at acquisition cost, which is the price that would be paid to acquire an asset with equivalent service potential at the acquisition date. The City’s water rights have an indefinite life.

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

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Capital Assets

The City's property, plant, equipment, and right-to-use SBITA assets are depreciated/amortized using the straight-line method over the following useful lives:

Right-to-use SBITA asset	2 years
Buildings and improvements	20-50 years
Machinery and equipment	5 - 10 years
Infrastructure	40-50 years
Water and sewer system	40-50 years

The West Ranch Management District's capital assets are depreciated using the straight-line method over estimated useful lives of 10 to 45 years.

Compensated Absences

The City's employees earn vacation leave, which may either be taken or accumulated, up to certain amounts, until paid upon resignation or retirement. All vacation leave pay is accrued when incurred in the government-wide and proprietary fund financial statements. A liability for these amounts is reported in the governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

Long-term Debt

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 straight-line method, which approximates the effective interest method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance cost are expenses in the period incurred.

Leases

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

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

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

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

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Leases (continued)

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

Subscription-Based Information Technology Arrangements

The City is under a contract for SBITA for governmental software. The agreement/contract is noncancellable and the City recognizes a SBITA liability and an intangible right-to-use SBITA asset in the government-wide financial statements. The City recognizes SBITA liabilities with an initial, individual value of \$100,000 or more.

At the commencement of the SBITA, the City initially measures the SBITA liability at the present value of payments expected to be made during the SBITA term. Subsequently, the SBITA liability is reduced by the principal portion of SBITA payments made. The SBITA asset is initially measured as the initial amount of the SBITA liability, adjusted for payments made at or before the SBITA commencement date, plus certain initial direct costs. Subsequently, the SBITA asset is amortized on a straight-line basis over its useful life. Key estimates and judgments related to SBITA include how the City determines (1) the discount rate it uses to discount the expected SBITA payments to present value, (2) SBITA term, and (3) SBITA payments.

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

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

SBITA assets are reported with other capital assets and SBITA liabilities are reported with long-term debt on the statement of net position.

Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net assets that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

- Deferred loss on refunding debt - A deferred loss 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.

CITY OF FRIENDSWOOD, TEXAS

NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Deferred Outflows/Inflows of Resources (continued)

- Deferred outflows of resources for pension - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability and the results of 1) differences between projected and actual earnings on pension plan investments; 2) changes in actuarial assumptions; 3) differences between expected and actual actuarial experiences; and 4) changes in the City's proportional share of pension liabilities. The deferred outflows of resources related to pensions resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability in the next fiscal year. The deferred outflows resulting from differences between projected and actual earnings on pension plan investments will be amortized over a closed five year period. The remaining pension related deferred outflows will be amortized over the expected remaining service lives of all employees five year period.
- Deferred outflows of resources for other post-employment benefits (OPEB) - Reported in the government wide financial statement of net position, these deferred outflows result from OPEB plan contributions made after the measurement date of the total OPEB liability and the results of changes in assumptions and other inputs. The deferred outflows of resources resulting from City contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability in the next fiscal year. The other OPEB related outflow will be amortized over the expected remaining service lives of all employees (active and inactive employees) who are provided with OPEB benefits.

In addition to liabilities, the statement of financial position and/or balance sheet will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for leases - This deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.
- Deferred inflows of resources for pension - Reported in the government wide financial statement of net position, these deferred inflows result primarily from changes in actuarial assumptions. These pension related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with pensions through the pension plan.
- Deferred inflows of resources for gain on issuance of refunding bonds - Reported in the government wide financial statement of net position, these deferred inflows result primarily from differences from the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred inflows of resources for OPEB - Reported in the government wide financial statement of net position, this deferred inflow results primarily from 1) changes in actuarial assumptions; and 2) differences between expected and actual actuarial experiences. These OPEB related deferred inflows will be amortized over the expected remaining service lives of all employees (active and inactive employees) that are provided with OPEB through the OPEB plans.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Pension

For purposes of measuring the net pension liability, pension related deferred outflows and inflows of resources, and pension expense, City specific information about its Fiduciary Net Position in the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

Other Post-Employment Benefits (OPEB)

The City provides its retirees the opportunity to maintain health insurance coverage by participating in the City's insurance plan. The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. The actual cost recorded in the governmental fund financial statements is the cost of the health benefits incurred on behalf of the retirees less the premiums collected from the retirees. Information regarding the City's total liability for this plan is obtained through a report prepared by Gabriel Roeder Smith & Company, the City's third-party actuary, in compliance with GASB Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*.

Additionally, the City participates in a defined-benefit group-term life insurance plan, both for current and retired employees, administered by the Texas Municipal Retirement System (TMRS). The City reports the total liability for this plan on the government-wide and proprietary fund financial statements. Information regarding the City's total OPEB liability is obtained from TMRS through a report prepared for the City by TMRS' consulting actuary, Gabriel Roeder Smith & Company, in compliance with GASB Statement No. 75.

Fund Balance

The governmental fund financial statements present fund balances based on classifications that comprise a hierarchy that is based primarily on the extent to which the City is bound to honor constraints on the specific purposes for which amounts in the respective governmental funds can be spent. The classifications used in the governmental fund financial statements are as follows:

Non-spendable – includes amounts that cannot be spent because they are either not in spendable form, or, for legal or contractual reasons, must be kept intact. This classification includes prepaid items and the fund balance of the City's permanent fund.

Restricted – includes fund balance amounts that are constrained for specific purposes which are imposed by providers, such as creditors or amounts restricted due to constitutional provision or enabling legislation. This classification includes retirement of long-term debt, construction programs, City ordinances, and other federal and state grants.

Committed – includes fund balance amounts that are constrained for specific purposes that are internally imposed by the City through formal action in an open meeting of the highest level of decision making authority. Committed fund balance is reported pursuant to resolution passes by the City Council.

Assigned – includes fund balance amounts that are self-imposed by the City to be used for particular purpose. Fund balance can be assigned by the City Council or the City Manager, pursuant to the City's fund balance policy. At September 30, 2023, the City's assigned fund balance included amounts assigned for encumbrances and capital projects.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

D. Assets, Liabilities, Deferred Outflows/Inflows and Net Position/Fund Balance (continued)

Fund Balance (continued)

Unassigned – includes residual positive fund balance within the general fund which has not been classified within the other above mentioned categories. Unassigned fund balance may also include negative balances for any governmental fund if expenditures exceed amounts restricted, committed, or assigned for those specific purposes.

When both restricted and unrestricted fund balances are available for use, it is the City’s policy to use restricted fund balance first, then unrestricted fund balance. Furthermore, committed fund balances are reduced first, followed by assigned amounts and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of those unrestricted fund balance classifications are available.

The City has established a minimum fund balance policy whereby the City’s unassigned general fund balance will be maintained at levels sufficient to protect the City’s creditworthiness, as well as its financial position, from unforeseeable emergencies. The City will strive to maintain the unassigned general fund balance at a minimum of 90 days of prior year audited operating expenditures.

Net Position

Government-Wide Financial Statements:

The Statement of Net Position includes the following categories of net position:

Net investment in capital assets – the component unit of net position that reports the difference between capital assets less both the accumulated depreciation and the outstanding balance of debt, net of premiums and discounts, that is directly attributable to the acquisition, construction or improvement of these capital assets.

Restricted – Net position is reported as restricted when there are limitations imposed on its use either through the enabling legislation adopted by the City or through external restrictions imposed by creditors, grantors, or laws or regulations of other governments.

Unrestricted – the difference between assets, deferred outflows and inflows, and liabilities that are not reported in any of the classifications above.

Use of 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 and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual amounts could differ materially from those estimates.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 1. Summary of Significant Accounting Policies (continued)

E. Implementation of New Accounting Standards

The following GASB pronouncements were effective during fiscal year 2023.

GASB Statement No. 96 *Subscription-Based Information Technology Arrangements (SBITA)*, was issued in May 2020 and was effective for periods beginning after June 15, 2022. This Statement (1) defines a SBITA; (2) establishes that a SBITA results in a right-to-use subscription asset—an intangible asset—and a corresponding subscription liability; (3) provides the capitalization criteria for outlays other than subscription payments, including implementation costs of a SBITA; and (4) requires note disclosures regarding a SBITA. To the extent relevant, the standards for SBITAs are based on the standards established in Statement No. 87, *Leases*, as amended. The City has evaluated the effects of this standard and has determined that it does impact the financial statements. As such the City has incorporated such SBITAs into its capital assets and long-term liabilities on both the face of the financial statements and the note disclosures.

Note 2. Cash and Investments

Under provisions of state and local statutes, the City’s investment policies, and provisions of the City’s depository contract with an area financial institution, the City is authorized to place available deposits and investments in the following:

1. Obligations of the U.S., it’s agencies and instrumentalities;
2. Certificates of Deposit issued by state and national banks or savings or loan associations domiciled in this state that are guaranteed or insured by the Federal Deposit Insurance Corporation or collateralized in accordance with Section 2256.010, the Texas Government Code, in face amounts not to exceed \$100,000;
3. No-load money market mutual funds; and
4. TexPool and Texas CLASS.

The City Council has adopted a written investment policy regarding the investments of its funds as defined by the Public Funds Investment Act of 1995 (Chapter 2256, Texas Government Code). The investments of the City are in compliance with the Council’s investment policies. The City did not have any derivative investment products during the current year. All significant legal and contractual provisions for investments were complied with during the year.

At September 30, 2023, the carrying amount of the City and Friendswood Downtown Economic Development Corporation’s deposits was \$11,750,827 and the bank balance of \$11,727,729.

As of September 30, 2023, the City and Friendswood Downtown Economic Development Corporation held the following investments.

	<u>Reported Value of Investments</u>	<u>Weighted Average Maturity (Days)</u>
Investment pools:		
TexPool	\$ 7,193,654	28
Texas CLASS	77,748,191	49
Total investment pools	<u>84,941,845</u>	
Debt Securities:		
Federal Farm Credit Bonds	1,969,592	184
Federal Home Loan Bank Bonds	3,462,880	204
Federal Home Loan Mortgage Corporation	1,440,100	272
Federal National Mortgage Association	951,163	386
Total debt securities	<u>7,823,735</u>	
Total investments	<u>\$ 92,765,580</u>	

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2. Cash and Investments (continued)

The City categorizes its fair value measurements within the fair value hierarchy established by generally accepted accounting principles. The hierarchy is based on the valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted prices in active markets for identical assets; Level 2 inputs are significant other observable inputs; and Level 3 inputs are significant unobservable inputs. The valuation techniques used in the fair value measurement are based on quoted market closing prices for Level 2 inputs.

The City has the following recurring fair value measurements as of September 30, 2023:

	<u>Fair Value / Amortized Cost</u>	<u>Level 1 Inputs</u>	<u>Level 2 Inputs</u>	<u>Level 3 Inputs</u>
Investment Securities:				
Federal Farm Credit Bank	\$ 1,969,592	\$ -	\$ 1,969,592	\$ -
Federal Home Loan Bank	3,462,880	-	3,462,880	-
Federal Home Loan Mortgage Corp.	1,440,100	-	1,440,100	-
Federal National Mortgage Assoc.	951,163	-	951,163	-
Total Investment Securities	<u>\$ 7,823,735</u>	<u>\$ -</u>	<u>\$ 7,823,735</u>	<u>\$ -</u>

The City invests in Texas Local Government Investment Pool (TexPool), which was created under the Interlocal Cooperation Act, Texas Government Code Ann. Chapter 791 and the Texas Public Funds Investment Act. The Texas Treasury Safekeeping Trust Company (“the Trust”) is trustee of TexPool and is a limited purpose trust company authorized pursuant to Texas Government Code Ann. Section 404.103 for which the Texas State Comptroller is sole officer, director and shareholder. The advisory board of TexPool is composed of members appointed pursuant to the requirements of the Texas Public Funds Investment Act.

The City invests in Texas CLASS Investment Pool which was established in 1996 pursuant to the Texas Public Funds Investment Act. The pool is governed by a 7-member board of trustees, who are elected by pool participants. The Cutwater Investor Services Corp. serves as the pools program administrator and Wells Fargo Bank Texas, NA, serves as custodian.

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

Custodial Credit Risk. 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. State statutes require that all deposits in financial institutions be fully collateralized by U.S. Government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a fair value of not less than the principal amount of deposits. As of September 30, 2023, all of the City’s cash deposits with financial institutions were collateralized with securities held by the pledging financial institution in the City’s name.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 2. Cash and Investments (continued)

Credit Risk

Credit Risk. It is the City’s policy to limit its investments to investment types with an investment quality rating not less than A or its equivalent by a nationally recognized statistical rating organization. The City’s investments as of September 30, 2023, were rated as follows:

<u>Investment Type:</u>	<u>Credit Quality Rating</u>	<u>Rating Agency</u>
Investment Pools:		
Texas CLASS	AAAm	Standard & Poor's
TexPool	AAAm	Standard & Poor's
Debt Securities:		
Federal Home Loan Mortgage Corp.	Aaa	Moody's Investor Service
Federal Home Loan Bank	Aaa	Moody's Investor Service
Federal Farm Credit Bank	Aaa	Moody's Investor Service
Federal National Mortgage Association	Aaa	Moody's Investor Service

Note 3. Receivables and Deferred Inflows of Resources

Receivables as of September 30, 2023 for the City’s individual major funds and nonmajor funds in the aggregate including the applicable allowances for uncollectible accounts, are as follows:

	<u>Governmental Funds</u>		<u>Proprietary Fund</u>	
	<u>General</u>	<u>Nonmajor</u>	<u>Water and Sewer</u>	<u>Total</u>
Receivables:				
Property taxes	\$ 272,975	\$ 58,808	\$ -	\$ 331,783
Penalties and interest	134,474	22,936	-	157,410
Sales tax	1,727,118	428,472	-	2,155,590
Franchise taxes	613,509	-	-	613,509
Customer accounts	360,968	2,739	5,205,639	5,569,346
Court fines	859,271	-	-	859,271
Leases	995,808	-	-	995,808
Other	260,160	3,573	-	263,733
Gross receivables	5,224,283	516,528	5,205,639	10,946,450
Less: allowance for uncollectibles	(857,516)	(24,661)	(279,159)	(1,161,336)
Net total receivables	<u>\$ 4,366,767</u>	<u>\$ 491,867</u>	<u>\$ 4,926,480</u>	<u>\$ 9,785,114</u>

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 3. Receivables and Deferred Inflows of Resources (continued)

Governmental funds reported deferred inflows of resources in connection with receivables for revenue that is not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred inflows of resources for unavailable revenues reported in the governmental funds were as follows:

	Deferred Inflows of Resources
General Fund:	
Delinquent property taxes	\$ 176,887
Property tax penalties and interest	100,990
Court fines	171,854
Grants	33,834
Leases	974,036
Miscellaneous	8,166
Total General Fund	1,465,767
Nonmajor funds:	
Delinquent property taxes	40,216
Property tax penalties and interest	15,631
Court fines	3,756
Total Nonmajor Funds	59,603
Total governmental funds	\$ 1,525,370

Note 4. Capital Assets

Capital assets activity for the primary government for the fiscal year ended September 30, 2023, is as follows:

Governmental activities	Beginning Balance as restated	Increases	Reclassification/ Decreases	Ending Balance
Capital assets, not being depreciated/amortized:				
Land	\$ 32,355,840	\$ 364,494	\$ -	\$ 32,720,334
Construction in progress	8,797,172	10,243,904	(239,882)	18,801,194
Total capital assets, not being depreciated/amortized	41,153,012	10,608,398	(239,882)	51,521,528
Capital assets, being depreciated/amortized:				
Buildings and improvements	46,352,029	501,160	-	46,853,189
Machinery and equipment	21,219,383	3,331,824	(67,440)	24,483,767
Infrastructure	105,214,782	-	-	105,214,782
Right-to-use SBITA asset	176,744	-	-	176,744
Total capital assets, being depreciated/amortized	172,962,938	3,832,984	(67,440)	176,728,482
Less accumulated depreciation/amortization for:				
Buildings & improvements	(23,413,373)	(1,381,834)	-	(24,795,207)
Machinery and equipment	(13,373,986)	(2,072,821)	205,271	(15,241,536)
Infrastructure	(61,539,500)	(2,978,964)	-	(64,518,464)
Right-to-use SBITA asset	-	(88,127)	-	(88,127)
Total accumulated depreciation/amortization	(98,326,859)	(6,521,746)	205,271	(104,643,334)
Total capital assets - being depreciated/amortized	74,636,079	(2,688,762)	137,831	72,085,148
Governmental capital assets, net	\$ 115,789,091	\$ 7,919,636	\$ (102,051)	\$ 123,606,676

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4. Capital Assets (continued)

Business-type activities	Beginning Balance	Increases	Reclassification/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 319,473	\$ 832,798	\$ -	\$ 1,152,271
Water rights	19,716,695	-	-	19,716,695
Construction in progress	9,629,504	7,135,579	2,242,015	19,007,098
Total capital assets, not being depreciated	29,665,672	7,968,377	2,242,015	39,876,064
Capital assets, being depreciated:				
Buildings and improvements	683,906	-	-	683,906
Machinery and equipment	7,878,937	55,832	-	7,934,769
Water and sewer system	78,013,079	1,654,952	(3,609,532)	76,058,499
Total capital assets, being depreciated	86,575,922	1,710,784	(3,609,532)	84,677,174
Less accumulated depreciation for:				
Buildings and improvements	(365,057)	(19,757)	-	(384,814)
Machinery and equipment	(5,282,385)	(235,077)	-	(5,517,462)
Water and sewer system	(39,042,940)	(1,765,178)	-	(40,808,118)
Total accumulated depreciation	(44,690,382)	(2,020,012)	-	(46,710,394)
Total capital assets - being depreciated	41,885,540	(309,228)	(3,609,532)	37,966,780
Business-type capital assets, net	\$ 71,551,212	\$ 7,659,149	\$ (1,367,517)	\$ 77,842,844

Capital assets activity for the discretely presented component units for the fiscal year ended September 30, 2023, is as follows:

Component Unit	Beginning Balance	Increases	Reclassification/ Decreases	Ending Balance
Capital assets, not being depreciated:				
Land	\$ 7,762,414	\$ -	\$ (66,666)	\$ 7,695,748
Construction in progress	-	505,174	-	505,174
Total capital assets, not being depreciated	7,762,414	505,174	(66,666)	8,200,922
Capital assets, being depreciated:				
Water production and distribution facilities	483,467	-	-	483,467
Total capital assets, being depreciated	483,467	-	-	483,467
Less accumulated depreciation for:				
Water production and distribution facilities	(127,282)	(10,746)	-	(138,028)
Total accumulated depreciation	(127,282)	(10,746)	-	(138,028)
Total capital assets - being depreciated	356,185	(10,746)	-	345,439
Component Unit capital assets, net	\$ 8,118,599	\$ 494,428	\$ (66,666)	\$ 8,546,361

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4. Capital Assets (continued)

Depreciation/Amortization

Depreciation/amortization expense was charged to functions/programs of the City as follows:

	Depreciation/ Amortization Expense
Primary Government	
Governmental activities:	
General government	\$ 615,626
Public safety	1,317,872
Public works	3,365,034
Community development	17,651
Parks and recreation	574,842
Capital assets held by the City's internal service fund are charged to the various functions based on their usage	630,721
Total Governmental activities	<u>6,521,746</u>
Business-type activities:	
Water and sewer	<u>2,020,012</u>
Total Business-type activities:	2,020,012
Total Primary Government	<u><u>\$ 8,541,758</u></u>

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 4. Capital Assets (continued)

Construction commitments

The City has active construction projects as of September 30, 2023. At year end, the City’s commitments with contractors were as follows:

Projects	Construction Commitment	Construction in Progress	Remaining Commitment
Governmental funds:			
Parks Master Plan	\$ 146,200	\$ 101,420	\$ 44,780
Blackhawk Emergency Shelter	871,475	28,400	843,075
Blackhawk Building Renovation	3,577,797	1,989,186	1,588,611
Blackhawk Blvd Reconstruction	2,394,576	258,564	2,136,012
Fire Station #2	4,745,568	4,559,306	186,262
Public Safety Building	6,387,158	6,115,905	271,253
Centennial Wall	452,247	428,175	24,072
Utility Relocation at Clear Creek Utility Bridge	240,200	223,550	16,650
Forest Bend Detention Pond	3,954,602	3,895,068	59,534
Deepwood Flood Control	251,369	214,737	36,632
Friendswood Regional Detention Basin	954,233	954,233	-
Access Control Project	65,300	32,650	32,650
	<u>24,040,725</u>	<u>18,801,194</u>	<u>5,239,531</u>
Enterprise funds:			
Southeast Transmission Water Line Settlement	\$ 20,489,887	\$ 5,134,296	\$ 15,355,591
Lift Station Mitigation Program	4,784,904	889,053	3,895,851
Automated Water Meters	8,995,300	8,991,024	4,276
Water Systems Improvements	2,454,824	1,481,064	973,760
2023 Tank Rehabilitation Project	1,556,675	-	1,556,675
Lift Station SCADA Server Upgrade	91,229	49,369	41,860
Fire Station #2	191,244	82,589	108,655
Blackhawk Building Construction	2,123,692	2,114,466	9,226
Blackhawk Boulevard	297,734	265,237	32,497
Blackhawk Shelter	92,000	-	92,000
	<u>41,077,489</u>	<u>19,007,098</u>	<u>22,070,391</u>
Component unit:			
FEDDC FM 518 Illumination	\$ 2,371,974	\$ 505,174	\$ 1,866,800
	<u>2,371,974</u>	<u>505,174</u>	<u>1,866,800</u>
Total Commitments	<u>\$ 67,490,188</u>	<u>\$ 38,313,466</u>	<u>\$ 29,176,722</u>

The remaining commitment amounts were encumbered at year end. The encumbrances and related appropriation lapse at the end of the fiscal year, but they are re-appropriated and become a part of the subsequent year’s budget because performance under the executory contract is expected in the next year. At year end, the amount of significant encumbrances expected to be honored upon performance by the vendors in the next year were \$3,891,673 for General Fund.

Note 5. Long-term Debt

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities and equipment for governmental and business-type activities. These instruments include general obligation bonds, certificates of obligation, revenue bonds, and notes payable. These debt obligations are secured by either future tax revenue, water and sewer system revenue, or liens on property and equipment. Debt obligations that are intended to be repaid from water and sewer system revenue have been recorded as business-type activities. All other long-term obligations of the City are considered to be governmental type activities.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Long-term Debt (continued)

Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service (IRS) at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed, or 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. There was no liability for arbitrage recorded as of year-end.

Bonds Payable and Certificates of Obligation

The following schedule summarizes the terms of the City’s general obligation bonds, combination tax and revenue bonds, and certificates of obligation outstanding and their corresponding allocations to the governmental and business-type activities at September 30, 2023:

	Original Issue Amount	Final Maturity	Interest Rates	Governmental Activities	Business-Type Activities
General Obligation Bonds:					
2014 General Obligation Refunding	\$ 8,805,000	2028	2.0% - 4.0%	\$ 1,430,000	\$ 4,005,000
2015 General Obligation Refunding	9,595,000	2030	2.0% - 3.0%	5,945,000	-
2016 General Obligation Permanent Improvement and Refunding	19,095,000	2031	2.0% - 5.0%	6,510,000	6,190,000
2016A General Obligation Refunding	9,765,000	2034	2.0% - 4.0%	-	6,725,000
2017 General Obligation Bonds	5,605,000	2031	2.0% - 4.0%	3,885,000	-
2020 General Obligation and Refunding Bonds	10,465,000	2050	2.0% - 4.0%	9,220,000	-
2021 General Obligation and Refunding Bonds	16,235,000	2051	2.375% - 4.0%	14,560,000	-
2023 General Obligation Bonds	27,995,000	2053	4.0% - 5.0%	29,775,000	-
Total general obligation bonds				<u>71,325,000</u>	<u>16,920,000</u>
Revenue Bonds:					
2016 Waterworks and Sewer System	5,735,000	2036	2.0% - 4.0%	-	4,105,000
2018 Waterworks and Sewer System	20,170,000	2038	4.0% - 5.0%	-	17,285,000
2021 Waterworks and Sewer System	13,690,000	2041	3.0% - 4.0%	-	12,730,000
Total revenue bonds				<u>-</u>	<u>34,120,000</u>
Total				<u>\$ 71,325,000</u>	<u>\$ 51,040,000</u>

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Long-term Debt (continued)

Bonds Payable and Certificates of Obligation (continued)

Annual debt service requirements for the City’s bonds and revenue bonds are as follows:

Fiscal Year	Governmental Activities		Business-type Activities		Total
	Principal	Interest	Principal	Interest	
2024	\$ 2,485,000	\$ 2,846,566	\$ 3,345,000	\$ 1,973,275	\$ 10,649,841
2025	2,840,000	2,663,788	3,485,000	1,837,125	10,825,913
2026	2,965,000	2,555,988	3,685,000	1,687,950	10,893,938
2027	3,085,000	2,438,997	3,760,000	1,528,000	10,811,997
2028	3,210,000	2,312,388	3,930,000	1,362,225	10,814,613
2029-2033	14,575,000	9,504,439	17,340,000	4,316,600	45,736,039
2034-2038	10,770,000	6,929,845	12,830,000	1,510,225	32,040,070
2039-2043	10,165,000	4,945,852	2,665,000	121,575	17,897,427
2044-2048	10,760,000	3,101,674	-	-	13,861,674
2049-2053	10,470,000	989,558	-	-	11,459,558
	<u>\$ 71,325,000</u>	<u>\$ 38,289,095</u>	<u>\$ 51,040,000</u>	<u>\$ 14,336,975</u>	<u>\$ 174,991,070</u>

Changes in the City’s long-term liability activity for the year ended September 30, 2023, are as follows:

	Beginning Balance as restated	Additions	Reductions	Ending Balance	Due Within One Year
Primary Government					
Governmental activities:					
General obligation bonds	\$ 43,950,000	\$ 29,775,000	\$ (2,400,000)	\$ 71,325,000	\$ 2,485,000
Premium on bond issuance	3,193,902	541,134	(368,494)	3,366,542	-
Notes payable	2,613,729	925,000	(893,100)	2,645,629	893,009
SBITA payable	176,744	-	(84,250)	92,494	92,494
Compensated absences	1,144,343	1,369,826	(1,263,629)	1,250,540	250,108
Governmental activity					
Long-term liabilities	<u>\$ 51,078,718</u>	<u>\$ 32,610,960</u>	<u>\$ (5,009,473)</u>	<u>\$ 78,680,205</u>	<u>\$ 3,720,611</u>
	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Business-type activities:					
Revenue bonds	35,630,000	\$ -	\$ (1,510,000)	\$ 34,120,000	\$ 1,575,000
General obligation bonds	18,635,000	-	(1,715,000)	16,920,000	1,770,000
Premium on bond issuance	5,264,036	-	(402,255)	4,861,781	-
Compensated absences	109,410	175,841	(158,825)	126,426	25,285
Business-type activity					
Long-term liabilities	<u>\$ 59,638,446</u>	<u>\$ 175,841</u>	<u>\$ (3,786,080)</u>	<u>\$ 56,028,207</u>	<u>\$ 3,370,285</u>
Total Primary government	<u>\$ 110,717,164</u>	<u>\$ 32,786,801</u>	<u>\$ (8,795,553)</u>	<u>\$ 134,708,412</u>	<u>\$ 7,090,896</u>

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Long-term Debt (continued)

Bonds Payable and Certificates of Obligation (continued)

The compensated absences, net pension liability and total OPEB liabilities attributable to the governmental activities will be liquidated primarily by the General Fund.

West Ranch Management District

The following schedule summarizes the terms of the West Ranch Management District’s general obligation bonds at July 31, 2023:

General Obligation Bonds:	Amounts Outstanding	Interest Rates	Range of Maturities	Callable Date *
Road Series 2014	\$ 1,780,000	2.00% - 3.75%	2023-2040	September 1, 2022
Series 2015	3,530,000	2.950% - 4.125%	2023-2030	September 1, 2023
Series 2016	2,080,000	3.00% - 4.00%	2031-2040	September 1, 2024
Refunding Series 2016	540,000	2.00% - 4.00%	2023-2026	September 1, 2024
Series 2020	8,735,000	2.00% - 4.00%	2023-2040	September 1, 2025
Refunding Series 2016	1,520,000	2.00% - 4.00%	2023-2040	September 1, 2025
Total general obligation bonds	\$ 18,185,000			

* Or any date thereafter, callable at par plus accrued interest to the date of redemption.

Annual debt service requirements for the District’s bonds are as follows:

Fiscal Year	Principal	Interest	Total
2024	\$ 900,000	\$ 530,329	\$ 1,430,329
2025	930,000	497,763	1,427,763
2026	970,000	461,806	1,431,806
2027	1,005,000	426,238	1,431,238
2028	1,065,000	393,396	1,458,396
2029-2033	5,205,000	1,484,082	6,689,082
2034-2038	4,865,000	818,269	5,683,269
2039-2041	3,245,000	145,358	3,390,358
	\$ 18,185,000	\$ 4,757,241	\$ 22,942,241

The District’s bonds are payable from the proceeds of an ad valorem tax levied upon all property within the District subject to taxation, without limitation as to rate or amount.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Long-term Debt (continued)

Bonds Payable and Certificates of Obligation (continued)

West Ranch Management District (continued)

Changes in the discretely presented component units' long-term liabilities for the year end July 31, 2023, are as follows:

West Ranch Management District	Beginning Balance	Increase	Decrease	Ending Balance	Due Within One Year
Component Unit					
General obligation bonds	\$ 19,050,000	\$ -	\$ (865,000)	\$ 18,185,000	\$ 900,000
Discount on bonds	(213,410)	-	12,284	(201,126)	-
Premium on bonds	67,448	-	(9,401)	58,047	-
Developer advances	40,000	-	(40,000)	-	-
Due to developer	369,600	-	(369,600)	-	-
Total	<u>\$ 19,313,638</u>	<u>\$ -</u>	<u>\$ (1,271,717)</u>	<u>\$ 18,041,921</u>	<u>\$ 900,000</u>

At July 31, 2023, the District had \$3,775,000 of unlimited tax bonds and recreational facilities' bonds authorized, but unissued, for the purposes of acquiring, constructing and improving recreational facilities, transportation, education, and the water, sanitary sewer and drainage systems within the District.

A developer of the District has advanced \$40,000 to the District for operating expenses. The District has agreed to pay these amounts, plus interest, to the extent approved by the Commission from the proceeds of future bond sales. These amounts have been paid in fiscal year 2023.

The developer of the District has constructed underground utilities on behalf of the District. The District's engineer estimates reimbursable costs for completed projects are \$369,600. The District has agreed to reimburse the developers for these amounts, plus interest, to the extent approved by the Texas Commission on Environmental Quality from the proceeds of future bond sales. These amounts have been paid in fiscal year 2023.

Defeasance of Bonds

The City defeased certain bonds by placing the proceeds of new bonds in an irrevocable trust to provide future debt service payments on the old bonds. Accordingly, the trust account assets and liabilities for the defeased bonds are not included in the City's financial statements. On September 30, 2023, the City has no bonds considered defeased that were outstanding.

Notes Payable

During the current fiscal year, the City entered into a five-year agreement for the acquisition and use of an ambulance and related equipment. An initial liability was recorded in the amount of \$925,000 during the current fiscal year. The City is required to make annual principal and interest payments of \$204,587. The agreement has an interest rate of 4.45%.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 5. Long-term Debt (continued)

Notes Payable (continued)

The following is a summary of future notes payments due on this machinery and equipment:

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>
2024	\$ 893,009	\$ 84,582
2025	585,639	58,242
2026	573,838	39,093
2027	593,143	19,888
Total	<u>\$ 2,645,629</u>	<u>\$ 201,805</u>

Pledged Revenues

On February 1, 2016, the City issued \$5,735,000 in Waterworks and Sewer System Revenue Bonds, Series 2016. On December 3, 2018, the City issued \$20,170,000 in Waterworks and Sewer System Revenue Bonds, Series 2018. On February 4, 2021, the City issued \$13,690,000 in Water and Sewer System Revenue Bonds, Series 2021. These bonds represent special obligations of the City and are payable solely from a first lien on and pledge of the net revenues of the City’s waterworks and sanitary sewer system. The proceeds of the bonds were and are to be used to finance sanitary sewer and waterworks system extensions and improvements. The outstanding revenue bonds have a final maturity of March 1, 2036 for the 2016 bonds, March 1, 2038 for the 2018 bonds, and March 1, 2041 for the 2021 bonds. The City will commit revenues each year the bonds are outstanding. At September 30, 2023, the remaining principal on the series 2016, 2018 and 2021 bonds was \$4,105,000, \$17,285,000, and \$12,730,000, respectively. Principal and interest payments for the fiscal year were \$1,510,000 and \$1,372,275, respectively. Net pledged revenue in 2023 produced 421 percent of the current debt service requirement.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 6. Interfund Balances and Transfers

Due to/from Other Funds

The City had interfund receivable and payable balances at September 30, 2023 as follows:

<u>Due To</u>	<u>Due From</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	HMGP Acquisition and Demolition	\$ 205,178	Expenditures funded by General Fund pending grant reimbursement.
General Fund	2017 CDBG- DR Harvey - Harris County	1,248,144	Expenditures funded by General Fund pending grant reimbursement.
General Fund	2017 CDBG- DR Harvey - Galveston County	334,365	Expenditures funded by General Fund pending grant reimbursement.
		<u>\$ 1,787,687</u>	

Interfund Transfers

The composition of interfund transfers for the year ended September 30, 2023, were as follows:

<u>Transfer In</u>	<u>Transfers Out</u>	<u>Amount</u>	<u>Purpose</u>
General Fund	Water and Sewer Fund	\$ 1,803,800	Budgeted annual transfers for indirect water and sewer costs by the General Fund
Internal Service Fund	General Fund	9,467	To fund new vehicle for Public Works and Fire Marshal Office
Nonmajor governmental f General Fund		6,868	To fund expenditures not reimbursable by the CDBG-DR Grant
		<u>\$ 1,820,135</u>	

Note 6. Leases

Lease Receivable

The City leases real property to third parties for the placement of their telecommunication towers. The City recognized \$37,653 in lease revenue and \$29,164 in interest revenue during the current fiscal year related to these leases. As of September 30, 2023, the City’s receivable for lease payments was \$995,808. Also, the City has a deferred inflow of resources associated with this lease that will be recognized as revenue over the lease term. As of September 30, 2023, the balance of the deferred inflow of resources was \$974,036.

Note 7. SBITA Liabilities

During the current fiscal year, the City entered into a two-year SBITA agreement for the acquisition of governmental software. An initial SBITA liability was recorded in the amount of \$176,744 during the current fiscal year. As of September 30, 2023, the value of the SBITA liability was \$92,494. There are no variable payments. The City is required to make annual principal and interest payments of \$84,250 and \$95,500 respectively. The SBITA has an interest rate of 3.25%. The value of the right-to-use asset as of the end of the current fiscal year was \$176,744 and had accumulated amortization of \$88,127. There are no commitments under SBITAs before the commencement of the subscription term.

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

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2024	\$ 92,494	\$ 3,006	\$ 95,500

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System

Texas Municipal Retirement System

Plan Description and Provisions

The City participates as one of 901 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS a report (ACFR) that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven actuarially equivalent payments options. Members may also choose to receive a portion of their benefit as a Partial Lump Sum Distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

The City has approved an annually repeating (automatic) basis monetary credit referred to as an updated service credit (USC) which is a theoretical amount which takes into account salary increases or plan improvements. If at any time during their career an employee earns a USC, this amount remains in their account earning interest at 5% until retirement. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer match plus employer-financed monetary credits, such as USC, with interest were used to purchase an annuity. Additionally, City provides on an annually repeating (automatic) basis cost of living adjustments (COLA) for retirees equal to a percentage of the change in the consumer price index (CPI).

A summary of plan provisions for the City are as follows:

Employee deposit rate:	7%
Matching ratio (City to employee):	2 to 1
Years required for vesting:	5
Service retirement eligibility:	Vested at age 60 or 20 years at any age
Updated Service Credit:	100% Repeating
Annuity increase to retirees	50% of CPI; Repeating
Supplement death benefit – active Employees and retirees	Yes

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

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	169
Inactive employees entitled to but not yet receiving benefits	132
Active employees	<u>228</u>
Total	<u>529</u>

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the State law governing TMRS, the contribution rate for each City is determined annually by the consulting actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City were 16.27% and 16.33% in calendar years 2022 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$3,039,855 and were equal to the required contributions.

Net Pension Liability

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

Actuarial Assumptions

The Total Pension Liability in the December 31, 2022 actuarial valuation was determined using the following actuarial assumptions:

Actuarial cost method:	Entry age normal
Amortization method:	Level percentage of payroll, closed
Remaining amortization period:	23 years
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%

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Actuarial Assumptions (continued)

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 actives, 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 is 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 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 in fiscal year 2020 are summarized in the table below:

	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35.0%	7.70%
Core Fixed Income	6.0%	4.90%
Non-Core Fixed Income	20.0%	8.70%
Other Public and Private Markets	12.0%	8.10%
Real Estate	12.0%	5.80%
Hedge Funds	5.0%	6.90%
Private Equity	10.0%	11.80%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability 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 pension plan’s Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

Changes in the Net Pension Liability

	<u>Total Pension Liability</u>	<u>Increase (Decrease) Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
Balance at 12/31/2021	\$ 96,863,664	\$ 91,705,874	\$ 5,157,790
Changes for the year:			
Service Cost	3,205,331	-	3,205,331
Interest (on the Total Pension Liability)	6,508,227	-	6,508,227
Difference between expected and actual experience	1,493,003	-	1,493,003
Changes of assumptions	-	-	-
Benefit payments, including refunds of employee contributions	(4,096,292)	(4,096,292)	-
Contributions – employer	-	2,879,665	(2,879,665)
Contributions – employee	-	1,238,946	(1,238,946)
Net investment income	-	(6,696,002)	6,696,002
Administrative Expense	-	(57,928)	57,928
Other	-	69,125	(69,125)
Balance at 12/31/2022	\$ 103,973,933	\$ 85,043,388	\$ 18,930,545

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the net pension liability (asset) of the City, calculated using the discount rate of 6.75%, as well as what the City’s net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease in Discount Rate (5.75%)</u>	<u>Current Single Rate Discount Rate (6.75%)</u>	<u>1% Increase in Discount Rate (7.75%)</u>
City's net pension liability	\$ 33,425,805	\$ 18,930,545	\$ 7,025,492

Pension Plan Fiduciary Net Position

Detailed information about the pension plan’s Fiduciary Net Position is available in a separately issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 8. Employee Retirement System (continued)

Texas Municipal Retirement System (continued)

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

For the year ended September 30, 2023, the City recognized a pension expense of \$4,710,265.

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

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference in expected and actual economic experience	\$ 1,725,609	\$ (49,589)
Changes in actuarial assumptions	47,269	-
Difference between projected and actual investment earnings	5,850,262	-
Contributions subsequent to the measurement date	<u>2,231,484</u>	<u>-</u>
Total	<u><u>\$ 9,854,624</u></u>	<u><u>\$ (49,589)</u></u>

The \$2,231,484 reported as deferred outflows of resources related to pension resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expenses as follows:

	<u>Net Deferred Outflows (Inflows) of Resources</u>
2024	\$ 974,311
2025	1,932,022
2026	1,982,604
2027	2,684,614
Thereafter	<u>-</u>
Total	<u><u>\$ 7,573,551</u></u>

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions

TMRS Supplemental Death Benefits Fund

Benefit Plan Description

The City's single-employer defined benefit group-term life insurance plan is operated by the Texas Municipal Retirement System (TMRS) via 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 City 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 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); retired employees are insured for \$7,500; this coverage is another post-employment benefit (OPEB). 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).

Membership in the plan as of the measurement date of December 31, 2022 was as follows:

Inactive employees currently receiving benefits	114
Inactive employees entitled to but not yet receiving benefits	31
Active employees	<u>228</u>
Total	<u>373</u>

Contributions

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city (currently 0.30% of covered payroll). The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to prefund retiree term life insurance during employees' entire careers. As such, contributions are utilized to fund active member deaths on a pay-as-you-go basis; any excess contributions and investment income over payments then become net position available for benefits.

Discount Rate

The TMRS SDBF program is treated as unfunded OPEB plan because the SDBF trust covers both active employees and retirees and the assets are not segregated for these groups. Under GASB Statement No. 75, the discount rate for an unfunded OPEB plan should be based on 20-year tax-exempt AA or higher Municipal Bonds. Therefore, a discount rate of 4.05% based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2022.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

TMRS Supplemental Death Benefits Fund (continued)

Actuarial Assumptions

The City’s total OPEB liability was measured at December 31, 2022 and was determined by an actuarial valuation as of that date using the following actuarial assumptions:

Valuation Date: December 31, 2022

Methods and Assumptions:

Inflation:	2.50%
Salary Increases:	3.50% to 11.50%, including inflation
Discount rate *:	4.05%
Retirees’ share of benefit related costs:	\$0
Administrative expenses:	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates – service retirees:	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates – disabled retirees:	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

*The discount rate was based on the Fidelity Index’s “20-Year Municipal GO AA Index” rate as of December 31,2022.

Note: 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.

Changes in the Total OPEB Liability

Service cost	\$	51,328
Interest		16,968
Changes of benefit terms		-
Difference between expected and actual experience		122
Changes of assumptions		(326,179)
Benefit payments		(12,389)
Net change in total OPEB liability		(270,150)
Total OPEB liability - beginning		<u>902,708</u>
Total OPEB liability - ending	\$	<u>632,558</u>

Ending total OPEB liability is \$632,558 as of December 31, 2022. Changes of assumptions reflect a change in the discount rate from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

TMRS Supplemental Death Benefits Fund (continued)

Sensitivity Analysis

The following presents the total OPEB liability of the employer, calculated using the discount rate of 4.05%, as well as what the City’s total OPEB liability would be if it were calculated using a discount rate that is 1 percentage point lower (3.05%) or 1 percentage point higher (5.05%) than the current rate. Note that the healthcare cost trend rate does not affect the total OPEB liability, so sensitivity to the healthcare cost trend rate is not shown.

	1% Decrease to 3.05%	Current Discount Rate Assumption 4.05%	1% Increase to 5.05%
	\$ 757,005	\$ 632,558	\$ 535,641

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$37,685 related to the TMRS Supplemental Death Benefit Fund and OPEB expense of \$73,598 related to the City’s retiree healthcare plan for total OPEB expense of \$111,283. As of September 30, 2023, the City reported deferred outflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual experience	\$ 101	\$ (55,072)
Changes in assumptions and other inputs	125,084	(281,709)
Contributions made subsequent to the measurement date	12,298	-
Total	\$ 137,483	\$ (336,781)

The \$12,298 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 year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expenses as follows:

	Net Deferred Outflows (Inflows) of Resources
2024	\$ (36,057)
2025	(32,902)
2026	(37,015)
2027	(48,184)
2028	(52,619)
Thereafter	(4,819)
Total	\$ (211,596)

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP)

Plan Description

The City’s defined benefit OPEB plan, City of Friendswood Retiree Health Care Plan (RHCP), provides OPEB through an implicit healthcare premium for retirees for all permanent full-time employees of the City. RHCP is a single-employer defined benefit OPEB plan administered by the City. At this time, no assets are accumulated in a trust to fund the future requirements of the RHCP.

Benefits Provided

RHCP provides access to post retirement employees by offering a “blended premium” structure, that is, the overall health care premiums for active employees and non-Medicare retirees, are stated in terms of a single “blended premium”. The difference between the underlying retiree claims and the blended overall health care premium is referred to as an “implicit” subsidy. Because the underlying claims costs for a non-Medicare retiree are on average higher than the blended premium, there is a positive implicit subsidy for the non-Medicare retirees.

Employees covered by benefit terms. At December 31, 2022, the following employees were covered by the benefit terms:

Retirees and beneficiaries	5
Inactive, nonretired members	0
Active members	<u>219</u>
Total	<u>224</u>

Total OPEB Liability

The City’s total OPEB liability of \$937,877 was measured as of December 31, 2022, and was determined by an actuarial valuation as of December 31, 2022.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP) (continued)

Actuarial Assumptions and Methods

The actuarial valuation was performed as of December 31, 2022. 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:

Valuation Date: December 31, 2022

Measurement Date: December 31, 2022

Methods and Assumptions:

Actuarial Cost Method:	Individual Entry-Age Normal
Discount Rate:	4.05% as of December 31, 2022
Inflation:	2.50%
Salary Increases:	3.50% to 11.50%, including inflation
Demographic Assumptions:	Based on the experience study covering the four year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).
Mortality:	For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rate are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables published through 2019 to account for future mortality improvements.
Health Care Trend Rates:	Initial rate of 7.00% declining to an ultimate rate of 4.25% after 12 years.
Participation Rates:	It was assumed 20% of employees retiring at the age of 50 or over would choose to receive retiree health care coverage through the City. Employees retiring before the age of 50 were not assumed to elect coverage.

Other Information:

Notes: The discount rate changed from 1.84% as of December 31, 2021 to 4.05% as of December 31, 2022. Additionally, the period of service used for the allocation of service costs was changed to only reflect service with the City.

Discount Rate

For plans that do not have formal assets, the discount rate should equal the tax-exempt municipal bond rate based on an index of 20-year general obligation bonds with an average AA credit rating as of the measurement date. For the purpose of this valuation, the municipal bond rate is 4.05% (based on the daily rate closest to but not later than the measurement date of the Fidelity "20-Year Municipal GO AA Index"). The discount rate was 1.84% as of the prior measurement date.

Plan Assets

There are no plan assets accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP) (continued)

Changes in the Total OPEB Liability

Service cost	\$	89,471
Interest		19,387
Changes of benefit terms		-
Difference between expected and actual experience		74,496
Changes of assumptions		(230,413)
Benefit payments		(47,887)
Net change in total OPEB liability		<u>(94,946)</u>
Total OPEB liability - beginning		<u>1,032,823</u>
Total OPEB liability - ending	\$	<u>937,877</u>

The ending Total OPEB Liability was \$937,877 as of December 31, 2022.

Sensitivity of the total OPEB liability to changes in the discount rate

The following presents the plan’s total OPEB liability, calculated using a discount rate of 4.05%, as well as what the plan’s total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

<u>1% Decrease to 3.05%</u>	<u>Current Discount Rate Assumption 4.05%</u>	<u>1% Increase to 5.05%</u>
\$ 1,034,303	\$ 937,877	\$ 850,988

Sensitivity of the total OPEB liability to changes in the healthcare cost trend rates

The following presents the plan’s total OPEB liability, calculated using the assumed trend rates as well as what the plan’s total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

<u>1% Decrease</u>	<u>Current Healthcare Cost Trend Rate Assumption</u>	<u>1% Increase</u>
\$ 831,715	\$ 937,877	\$ 1,062,748

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 9. Post Employee Benefits Other Than Pensions (continued)

Retiree Health Care Plan (RHCP) (continued)

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$37,685 related to the TMRS Supplemental Death Benefit Fund and OPEB expense of \$73,598 related to the City’s retiree healthcare plan for total OPEB expense of \$111,283. As of September 30, 2023, the City reported deferred outflows 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 experience	\$ 83,151	\$ (173,690)
Changes assumptions	125,550	(295,509)
Contributions subsequent to the measurement date	19,083	-
Total	<u>\$ 227,784</u>	<u>\$ (469,199)</u>

The \$19,083 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 year ending September 30, 2024. Other amounts reported as deferred outflows and inflows of resources related to OPEB, excluding contributions subsequent to the measurement date, will be recognized in OPEB expenses as follows:

<u>Fiscal Year</u>	<u>Net Deferred Outflows (Inflows) of Resources</u>
2023	\$ (35,260)
2024	(35,260)
2025	(35,260)
2026	(36,902)
2027	(31,101)
Thereafter	(86,715)
Total	<u>\$ (260,498)</u>

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies

Southeast Water Purification Plant

The City has entered into a contract with the City of Houston for construction, operating and maintaining a water purification plant known as Southeast Water Purification Plant. The City's pro rata share of the actual pumping construction costs is 1.33 percent. Due to the fact that the City is responsible for its pro rata share of maintaining the water purification plant, the City capitalizes its pro rata share of capital improvements.

The City began receiving water from the plant on October 15, 1990. The City is billed on a monthly basis for the actual gallons of water received times the City's pro rata share of actual costs. At the end of each quarter, the City of Houston computes the total operation and maintenance expenses for the quarter just ended, recalculates the cost per one thousand gallons, and adjusts previous billings on the next invoice.

The relationship of the parties is of a fiduciary character, no partnership or joint venture is created by this contract.

Blackhawk Regional Wastewater Treatment Facility

On December 12, 1974, the City entered into an agreement with Gulf Coast Waste Disposal Authority to construct the Blackhawk Regional Wastewater Treatment Facility. The Blackhawk Wastewater Treatment Facility was constructed in the early 1980s and is a regional wastewater treatment plant serving MUD 55, Baybrook MUD 1, City of Houston and the City of Friendswood. The plant has a capacity of 9.25 million gallons per day (MGD) and is operated and maintained by Gulf Coast Waste Disposal Authority. Friendswood is the majority owner having 52.465% or 4.853 MGD of its capacity.

As a part of the contract with Gulf Coast Waste Disposal Authority, the City and all participants pay their share of operational costs and expenses (direct and indirect) incurred monthly at the Blackhawk Wastewater Treatment Facility based upon actual flows. This includes the maintenance of the plant and the creation and maintenance of reasonable reserves for repairs and other contingencies. Capital expenditures on the other hand shall be the responsibility of all participants based upon their purchased capacity in the plant. For Friendswood, that equates to 52.465% for capital projects identified and approved at the plant.

Federal and State Programs

The City recognizes grant monies received as reimbursement for costs incurred in certain federal and state programs it administers as revenue. Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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; injuries to employees; and natural disasters. The City's risk management program encompasses obtaining property and liability insurance through Texas Municipal League (TML), an Intergovernmental Risk Pool. The City has not had any significant reduction in insurance coverage and the amounts of insurance settlements have not exceeded insurance coverage for any of the last three years. The participation of the City in TML is limited to payment of premiums. During the year ended September 30, 2023, the City paid premiums to TML for provision of various liability, property and casualty insurance. The City has various deductible amounts ranging from \$500 to \$5,000 on various policies.

CITY OF FRIENDSWOOD, TEXAS
NOTES TO THE FINANCIAL STATEMENTS (continued)

Note 10. Commitments and Contingencies (continued)

The City also provides workers' compensation insurance on its employees through TML. Workers' compensation is subject to change when audited by TML. At year-end, September 30, 2023, the City believed the amounts paid on workers' compensation would not change significantly from the amounts recorded.

During the year ended September 30, 2023, employees of the City were covered by a health and dental insurance plan. The City pays 90% of the monthly premium of employees choosing individual coverage only. The City pays 70% of the monthly premium for employees choosing to cover themselves and their dependents.

Note 11. Subsequent Events

In December 2023, the City Council approved the establishment of the Reinvestment Zone Number One, City of Friendswood, and the creation of the Friendswood City Center Public Improvement District in January 2024.



REQUIRED SUPPLEMENTARY INFORMATION

CITY OF FRIENDSWOOD, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND**

For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Positive (Negative)
	Original	Final		
Revenues				
Property taxes	\$ 18,006,381	\$ 18,006,381	\$ 18,122,796	\$ 116,415
Sales and alcohol taxes	8,680,009	8,680,009	9,717,528	1,037,519
Franchise taxes	2,044,100	2,044,100	2,235,689	191,589
Fines and forfeitures	922,160	922,160	834,135	(88,025)
Permits and fees	1,740,360	1,760,360	1,800,725	40,365
Intergovernmental	618,060	1,829,218	1,973,125	143,907
Investment earnings	378,387	378,387	612,954	234,567
Donations	17,000	101,740	112,474	10,734
Miscellaneous	44,700	52,220	348,413	296,193
Total Revenues	32,451,157	33,774,575	35,757,839	1,983,264
Expenditures				
General Government:				
Mayor and Council - Governing Body:				
Supplies and maintenance	11,700	11,700	9,570	2,130
Other services and charges	71,508	69,008	59,733	9,275
Total Governing Body	83,208	80,708	69,303	11,405
City Attorney:				
Personnel services	339,111	339,111	356,262	(17,151)
Supplies	1,160	2,861	2,677	184
Other services and charges	51,748	50,047	27,846	22,201
Total City Attorney	392,019	392,019	386,785	5,234
City Manager - Administration:				
Personnel services	776,571	776,571	780,379	(3,808)
Supplies	21,780	20,180	12,368	7,812
Other services and charges	38,350	39,950	30,357	9,593
Total Administration	836,701	836,701	823,104	13,597
City Manager - Economic Development:				
Supplies	5,000	5,000	147	4,853
Other services and charges	59,820	409,820	375,790	34,030
Total Economic Development	64,820	414,820	375,937	38,883
City Secretary - Municipal Clerk:				
Personnel services	497,227	497,227	492,796	4,431
Supplies	7,370	8,390	7,913	477
Other services and charges	97,412	122,241	110,853	11,388
Total Municipal Clerk	602,009	627,858	611,562	16,296

CITY OF FRIENDSWOOD, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
General Government (continued):				
Administrative Services - Finance:				
Personnel services	\$ 1,048,263	\$ 1,048,263	\$ 1,041,574	\$ 6,689
Supplies	7,930	12,520	11,709	811
Other services and charges	311,061	307,822	262,445	45,377
Total Finance	<u>1,367,254</u>	<u>1,368,605</u>	<u>1,315,728</u>	<u>52,877</u>
Administrative Services - Municipal Court:				
Personnel services	427,344	427,344	439,278	(11,934)
Supplies	9,680	9,680	4,928	4,752
Other services and charges	29,425	29,425	22,815	6,610
Total Municipal Court	<u>466,449</u>	<u>466,449</u>	<u>467,021</u>	<u>(572)</u>
Human Resources - Administration:				
Personnel services	397,716	397,716	387,737	9,979
Supplies	11,700	9,200	3,264	5,936
Other services and charges	87,131	88,806	56,277	32,529
Total Administration	<u>496,547</u>	<u>495,722</u>	<u>447,278</u>	<u>48,444</u>
Human Resources - Insurance:				
Other services and charges	<u>321,754</u>	<u>325,054</u>	<u>283,474</u>	<u>41,580</u>
Total Insurance	<u>321,754</u>	<u>325,054</u>	<u>283,474</u>	<u>41,580</u>

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
General Government (continued):				
Human resources - Risk Management:				
Personnel services	\$ 155,152	\$ 155,152	\$ 155,088	\$ 64
Supplies	10,960	27,603	18,522	9,081
Other services and charges	40,740	31,440	11,417	20,023
Total Risk Management	206,852	214,195	185,027	29,168
Information Technology - Administration:				
Personnel services	784,569	784,569	773,820	10,749
Supplies	80,290	119,566	72,647	46,919
Repairs and maintenance	65,630	65,630	35,992	29,638
Other services and charges	1,011,304	1,357,867	1,045,966	311,901
Total Administration	1,941,793	2,327,632	1,928,425	399,207
Total General Government	6,779,406	7,549,763	6,893,644	656,119
Public Safety:				
Police Department - Administration:				
Personnel services	958,111	958,111	967,944	(9,833)
Supplies	30,760	55,807	28,163	27,644
Repairs and maintenance	77,507	18,263	14,899	3,364
Other services and charges	91,227	347,973	265,376	82,597
Total Administration	1,157,605	1,380,154	1,276,382	103,772
Police Department - Communications:				
Personnel services	1,290,816	1,234,116	1,206,218	27,898
Supplies	10,400	11,191	5,689	5,502
Repairs and maintenance	33,700	70,700	25,025	45,675
Other services and charges	22,190	18,118	12,764	5,354
Total Communications	1,357,106	1,334,125	1,249,696	84,429
Police Department - Patrol:				
Personnel services	6,526,512	6,517,598	6,724,474	(206,876)
Supplies	343,175	363,504	330,499	33,005
Repairs and maintenance	231,400	266,022	261,666	4,356
Other services and charges	681,755	685,521	685,559	(38)
Total Patrol	7,782,842	7,832,645	8,002,198	(169,553)
Police Department - Patrol - DOT Program:				
Personnel services	109,058	109,104	118,175	(9,071)
Supplies	7,060	6,560	5,931	629
Repairs and maintenance	1,250	4,950	4,884	66
Other services and charges	13,260	10,060	8,768	1,292
Total Patrol - DOT Program	130,628	130,674	137,758	(7,084)

CITY OF FRIENDSWOOD, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
Public Safety (continued):				
Police Department - Criminal Investigation:				
Personnel services	\$ 2,064,588	\$ 1,904,744	\$ 1,833,970	\$ 70,774
Supplies	60,500	61,897	54,748	7,149
Repairs and maintenance	53,900	33,805	33,197	608
Other services and charges	196,353	190,698	184,266	6,432
Total Criminal Investigation	<u>2,375,341</u>	<u>2,191,144</u>	<u>2,106,181</u>	<u>84,963</u>
Police Department - Animal Control:				
Personnel services	362,576	362,575	382,624	(20,049)
Supplies	33,750	47,312	36,091	11,221
Repairs and maintenance	12,000	9,000	5,925	3,075
Other services and charges	69,492	79,592	67,695	11,897
Total Animal Services	<u>477,818</u>	<u>498,479</u>	<u>492,335</u>	<u>6,144</u>
Fire Marshal - Administration:				
Personnel services	978,289	978,289	1,018,564	(40,275)
Supplies	37,430	45,670	44,129	1,541
Repairs and maintenance	11,000	11,478	10,627	851
Other services and charges	79,694	79,444	76,625	2,819
Total Administration	<u>1,106,413</u>	<u>1,114,881</u>	<u>1,149,945</u>	<u>(35,064)</u>
Fire Marshal - Emergency Management:				
Personnel services	102,932	102,932	108,508	(5,576)
Supplies	24,300	31,475	29,715	1,760
Repairs and maintenance	5,000	3,000	1,560	1,440
Other services and charges	50,190	59,104	45,616	13,488
Total Emergency Management	<u>182,422</u>	<u>196,511</u>	<u>185,399</u>	<u>11,112</u>
Fire Marshal - Fire/EMS Administration:				
Other services and charges	1,963,400	1,963,400	2,040,405	(77,005)
Total Fire/EMS Administration	<u>1,963,400</u>	<u>1,963,400</u>	<u>2,040,405</u>	<u>(77,005)</u>
Total Public Safety	<u>16,533,575</u>	<u>16,642,013</u>	<u>16,640,299</u>	<u>1,714</u>

CITY OF FRIENDSWOOD, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
Public Works:				
Administration:				
Personnel services	\$ 263,038	\$ 263,038	\$ 263,660	\$ (622)
Supplies	4,020	4,720	4,123	597
Other services and charges	13,365	16,313	4,910	11,403
Total Administration	280,423	284,071	272,693	11,378
Streets:				
Personnel services	861,972	861,972	998,612	(136,640)
Supplies	164,515	152,615	146,787	5,828
Repairs and maintenance	151,830	498,565	438,126	60,439
Other services and charges	465,794	461,721	525,927	(64,206)
Total Streets	1,644,111	1,974,873	2,109,452	(134,579)
Drainage:				
Personnel services	326,286	326,286	308,430	17,856
Supplies	17,600	15,481	13,062	2,419
Repairs and maintenance	66,000	65,052	33,006	32,046
Other services and charges	16,310	14,010	13,007	1,003
Total Drainage	426,196	420,829	367,505	53,324
Total Public Works	2,350,730	2,679,773	2,749,650	(69,877)
Engineering:				
Capital Projects Administration:				
Personnel services	502,851	502,851	549,405	(46,554)
Supplies	14,985	22,005	21,594	411
Repairs and maintenance	2,000	2,863	2,322	541
Other services and charges	100,718	84,828	67,883	16,945
Total Capital Projects Administration:	620,554	612,547	641,204	(28,657)
Total Engineering	620,554	612,547	641,204	(28,657)
Community Development:				
Administration:				
Personnel services	382,772	382,772	380,208	2,564
Supplies	6,680	6,560	4,251	2,309
Other services and charges	15,795	10,564	8,295	2,269
Total Administration	405,247	399,896	392,754	7,142

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL (WITH VARIANCES)
 GENERAL FUND
 For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
Community Development (continued):				
Planning and Zoning:				
Personnel services	\$ 417,751	\$ 417,751	\$ 360,848	\$ 56,903
Supplies	5,250	3,250	2,432	818
Other services and charges	50,305	57,656	37,672	19,984
Total Planning and Zoning	473,306	478,657	400,952	77,705
Inspection and Code Enforcement:				
Personnel services	428,532	428,532	437,032	(8,500)
Supplies	11,310	11,310	8,326	2,984
Repairs and maintenance	3,650	3,650	2,995	655
Other services and charges	67,230	71,730	51,221	20,509
Total Inspection and Code Enforcement	510,722	515,222	499,574	15,648
Total Community Development	1,389,275	1,393,775	1,293,280	100,495
Parks and recreation:				
Administration:				
Personnel services	303,798	303,798	354,495	(50,697)
Supplies	4,450	13,684	13,641	43
Repairs and maintenance	32,950	33,840	29,913	3,927
Total Administration	341,198	351,322	398,049	(46,727)
Recreation Programs:				
Personnel services	353,167	353,167	332,296	20,871
Supplies	21,000	25,708	25,510	198
Other services and charges	129,870	145,212	139,061	6,151
Total Recreation programs	504,037	524,087	496,867	27,220
July 4th Program:				
Personnel services	32,103	32,103	54,509	(22,406)
Supplies	4,450	5,216	5,215	1
Other services and charges	101,100	105,334	103,212	2,122
Total July 4th Program	137,653	142,653	162,936	(20,283)
Summer Day Camp Program:				
Personnel services	120,619	120,619	89,279	31,340
Supplies	18,000	22,791	22,793	(2)
Other services and charges	51,774	46,983	44,905	2,078
Total Summer Day Camp Program	190,393	190,393	156,977	33,416

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
 BUDGET AND ACTUAL (WITH VARIANCES)
 GENERAL FUND
 For the Year Ended September 30, 2023

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
Parks and recreation (continued):				
Keep Friendswood Beautiful committee:				
Supplies	\$ 13,900	\$ 13,755	\$ 13,803	\$ (48)
Repairs and maintenance	2,500	5,253	5,075	178
Other services and charges	37,514	41,294	40,457	837
Total Keep Friendswood Beautiful committee	53,914	60,302	59,335	967
Stevenson Park pool:				
Personnel services	78,944	78,944	70,176	8,768
Supplies	31,300	38,590	31,568	7,022
Repairs and maintenance	9,000	15,917	15,908	9
Other services and charges	23,020	21,261	18,547	2,714
Total Stevenson park pool	142,264	154,712	136,199	18,513
Senior Activity Center:				
Personnel services	189,230	189,230	189,555	(325)
Supplies	10,960	10,345	6,605	3,740
Repairs and maintenance	4,000	12,985	7,148	5,837
Other services and charges	19,704	26,724	24,625	2,099
Total Senior Activity Center	223,894	239,284	227,933	11,351
Park Operations:				
Personnel services	870,890	870,890	897,242	(26,352)
Supplies	111,570	120,977	111,388	9,589
Repairs and maintenance	588,000	246,719	207,951	38,768
Other services and charges	602,245	911,855	901,423	10,432
Total Park Operations	2,172,705	2,150,441	2,118,004	32,437
Facility Operations:				
Supplies	45,000	43,144	36,220	6,924
Repairs and maintenance	314,001	710,306	386,910	323,396
Other services and charges	1,044,240	904,348	734,815	169,533
Total Facility Operations	1,403,241	1,657,798	1,157,945	499,853
Total parks and recreation	5,169,299	5,470,992	4,914,245	556,747
Library:				
Administration:				
Personnel services	1,209,731	1,209,731	1,216,097	(6,366)
Supplies	158,785	172,559	157,349	15,210
Repairs and maintenance	2,482	3,016	1,016	2,000
Other services and charges	22,122	30,598	26,837	3,761
Total Administration	1,393,120	1,415,904	1,401,299	14,605
Total library	1,393,120	1,415,904	1,401,299	14,605

CITY OF FRIENDSWOOD, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (WITH VARIANCES)
GENERAL FUND
For the Year Ended September 30, 2023**

	Budgeted Amounts		Actual Amounts	Variance with Final budget - Positive (Negative)
	Original	Final		
Expenditures (continued)				
Capital improvements:				
Repairs and Maintenance	\$ -	\$ -	\$ -	\$ -
Other services and charges	-	27,007	26,817	190
Capital outlay	519,000	8,134,388	4,148,714	3,985,674
Total capital improvements	519,000	8,161,395	4,175,531	3,985,864
Debt service:				
Principal on long-term debt	-	-	84,250	(84,250)
Total debt service	-	-	84,250	(84,250)
Total Expenditures	34,754,959	43,926,162	38,793,402	5,132,760
Excess (deficiency) of revenues over expenditures	(2,303,802)	(10,151,587)	(3,035,563)	7,116,024
Other Financing Sources (Uses)				
Insurance recoveries	-	63,799	69,683	5,884
Sale of capital assets	-	-	18,181	18,181
Notes payable issued	-	514,000	514,000	-
Transfers in	1,803,800	1,803,800	1,803,800	-
Transfers out	-	(16,335)	(16,335)	-
Total Other Financing Sources (Uses)	1,803,800	2,365,264	2,389,329	24,065
Net change in fund balances	(500,002)	(7,786,323)	(646,234)	7,140,089
Fund Balances - Beginning	17,385,087	17,385,087	17,385,087	-
Fund Balances - Ending	\$ 16,885,085	\$ 9,598,764	\$ 16,738,853	\$ 7,140,089

CITY OF FRIENDSWOOD, TEXAS

**SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES –
BUDGET AND ACTUAL (WITH VARIANCES)
CORONAVIRUS STATE FISCAL RECOVERY FUND
For the Year Ended September 30, 2023**

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Investment earnings	\$ 86,249	\$ 86,249	\$ 369,436	\$ 283,187
Total Revenues	<u>86,249</u>	<u>86,249</u>	<u>369,436</u>	<u>283,187</u>
Expenditures				
Current:	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	86,249	86,249	369,436	283,187
Fund Balances - Beginning	<u>(1,666)</u>	<u>(1,666)</u>	<u>(1,666)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 84,583</u>	<u>\$ 84,583</u>	<u>\$ 367,770</u>	<u>\$ 283,187</u>

Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles.

Budgetary Information

The City's Code of Ordinances establishes the following framework for the preparation and format of the City's annual budget:

Content

The budget shall provide a complete financial plan of all City funds and activities and, except as required by law or this Charter, shall be in such form as the City Manager deems desirable or the Council may require. The budget shall begin with a clear general summary of its contents; shall show in details all estimated income, the proposed property tax levy, and all proposed expenditures for the ensuing fiscal years, including debt service and an itemized estimate of the expense of conducting each Department of the City. The proposed budget expenditures shall not exceed the total of estimated income. It shall also include, in separate sections:

- 1) Tax levies, rates and collections for the preceding five years.
- 2) The amount required for interest on the City's debts, for sinking fund and for maturing serial bonds.
- 3) The total amount of outstanding City debts, with a schedule of maturities on bond issues.
- 4) Anticipated net surplus of deficit for the ensuing fiscal year of each utility owned or operated by the City and the proposed method of its disposition, subsidiary budgets for each such utility giving detailed income and expenditure information shall be attached as appendices to the budget.
- 5) A capital program, which may be revised and extended each year to indicate capital improvements pending or in process of construction or acquisition, and shall include the following items which shall be attached as appendices to the budget:
 - a) A summary of proposed programs;
 - b) A list of all capital improvements which are proposed to be undertaken during the five fiscal years next ensuing, with appropriate supporting information as to the necessity for such improvements;
 - c) Cost estimates, method of financing and recommended time schedules from each such improvement; and
 - d) The estimated annual cost of operating and maintaining the facilities to bid constructed or acquired.
- 6) Such other information as may be required by the Council.

Submission

On or before the first day of August of each year, the City Manager shall submit to the Council a proposed budget and an accompanying message. The Council shall review the proposed budget and revise as deemed appropriate prior to general circulation for public hearing.

Public Notice and Hearing

The Council shall post in the City Hall and publish in the official newspaper a general summary of their proposed budget and a notice stating:

- 1) The times and places where copies of the message and budget are available for inspection by the public; and
- 2) The time and place, not less than ten nor more than 30 days after such publication, for a public hearing on the budget.

Amendment Before Adoption

After the public hearing, the Council may adopt the budget with or without amendment. In amending the budget, it may add or increase programs or amounts and may delete or decrease any programs or amounts, except expenditures required by law or for debt service or for estimated cash deficit, provided that no amendment to the budget shall increase the authorized expenditures to an amount greater than the total of estimated income plus funds available from prior years.

If the Council fails to adopt an annual budget before the start of the fiscal year to which it applies, appropriations of the last budget adopted shall be considered as adopted for the current fiscal year on a month to month, pro rata basis, until the annual budget is adopted. Adoption of the budget shall require an affirmative vote of at least a majority of all members of the Council. Adoption of the budget shall constitute appropriations of the amounts specified therein as expenditures from the funds indicated.

Amendments After Adoption

At any time during the fiscal year, the City Manager may transfer part or all of any unencumbered appropriation balance among programs within a department, division, or office, and, upon written request by the City Manager, the Council may be by ordinance transfer part or all of any unencumbered appropriation balance from one department, office, or agency to another.

No appropriation for debt service may be reduced or transferred and no appropriation may be reduced below any amount required by law to be appropriated or by more than the amount of the unencumbered balance thereof. The City Council made supplemental budgetary appropriation changes during the fiscal year. The reported budgetary data has been revised for these amendments legally authorized during the year.

Excess of Expenditures over Appropriations

For the year ended September 30, 2023, expenditures exceeded appropriations in the following departments (the legal level of budgetary control):

General Fund	
Fire marshal	\$100,957
Public works	\$69,877
Engineering	\$28,657
Debt service	\$84,250
Debt Service Fund	
Debt service - principal and interest	\$112,933
Bond Consutction Fund	
Debt service - interest and other charges	\$311,664
CDBG - DR Galveston County Fund	
Public works	\$129,082
CDBG - DR Harris County Fund	
Capital outlay	\$505,048
Fire/EMS Donation Fund	
Debt service - principal	\$18,905

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Nine Measurement Years**

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
A. Total pension liability				
1. Service Cost	\$ 3,205,331	\$ 3,032,100	\$ 2,979,569	\$ 2,738,906
2. Interest (on the Total Pension Liability)	6,508,227	6,110,807	5,780,980	5,345,140
3. Difference between expected and actual experience	1,493,003	788,166	(146,825)	1,150,459
4. Changes of assumptions	-	-	-	378,973
5. Benefit payments, including refunds of employee contributions	(4,096,292)	(4,163,654)	(3,343,679)	(3,210,157)
6. Net change in total pension liability	7,110,269	5,767,419	5,270,045	6,403,321
7. Total pension liability – beginning	96,863,664	91,096,245	85,826,200	79,422,879
8. Total pension liability – ending	<u>103,973,933</u>	<u>96,863,664</u>	<u>91,096,245</u>	<u>85,826,200</u>
B. Plan fiduciary net position				
1. Contributions – employer	2,879,665	2,777,049	2,620,564	2,395,398
2. Contributions – employee	1,238,946	1,174,582	1,158,078	1,068,692
3. Net investment income	(6,696,002)	10,611,017	5,713,369	10,053,454
4. Benefit payments, including refunds of employee contributions	(4,096,292)	(4,163,654)	(3,343,679)	(3,210,157)
5. Administrative Expense	(57,928)	(49,073)	(36,958)	(56,778)
6. Other	69,125	337	(1,442)	(1,704)
7. Net change in plan fiduciary net position	(6,662,486)	10,350,258	6,109,932	10,248,905
8. Plan fiduciary net position – beginning	91,705,874	81,355,616	75,245,684	64,996,779
9. Plan fiduciary net position – ending	<u>85,043,388</u>	<u>91,705,874</u>	<u>81,355,616</u>	<u>75,245,684</u>
C. Net pension liability (A.9 – B.9)	<u>\$ 18,930,545</u>	<u>\$ 5,157,790</u>	<u>\$ 9,740,629</u>	<u>\$ 10,580,516</u>
D. Plan fiduciary net position as a percentage of the total pension liability	81.79%	94.68%	89.31%	87.67%
E. Covered payroll	\$ 17,699,233	\$ 16,779,748	\$ 16,543,970	\$ 15,267,034
F. Net position liability as a percentage of covered payroll	106.96%	30.74%	58.88%	69.30%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

CITY OF FRIENDSWOOD, TEXAS

**SCHEDULE OF CHANGES IN THE NET PENSION LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Nine Measurement Years**

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
A. Total pension liability					
1. Service Cost	\$ 2,626,099	\$ 2,505,392	\$ 2,334,817	\$ 2,204,299	\$ 2,018,353
2. Interest (on the Total Pension Liability)	5,044,613	4,755,782	4,435,987	4,317,394	4,084,392
3. Difference between expected and actual experience	59,617	(60,180)	366,687	(1,032,789)	(736,093)
4. Changes of assumptions	-	-	-	847,469	-
5. Benefit payments, including refunds of employee contributions	<u>(3,458,824)</u>	<u>(2,505,921)</u>	<u>(2,464,107)</u>	<u>(2,256,734)</u>	<u>(2,005,311)</u>
6. Net change in total pension liability	4,271,505	4,695,073	4,673,384	4,079,639	3,361,341
7. Total pension liability – beginning	<u>75,151,374</u>	<u>70,456,304</u>	<u>65,782,920</u>	<u>61,703,281</u>	<u>58,341,940</u>
8. Total pension liability – ending	<u>79,422,879</u>	<u>75,151,377</u>	<u>70,456,304</u>	<u>65,782,920</u>	<u>61,703,281</u>
B. Plan fiduciary net position					
1. Contributions – employer	2,305,344	2,182,093	2,037,849	1,998,038	1,867,782
2. Contributions – employee	1,025,248	987,399	923,896	886,669	829,598
3. Net investment income	(2,013,270)	8,104,390	3,672,583	79,202	2,868,842
4. Benefit payments, including refunds of employee contributions	(3,458,824)	(2,505,921)	(2,464,107)	(2,256,734)	(2,005,311)
5. Administrative Expense	(38,892)	(41,987)	(41,467)	(48,239)	(29,949)
6. Other	<u>(2,032)</u>	<u>(2,127)</u>	<u>(2,234)</u>	<u>(2,383)</u>	<u>(2,462)</u>
7. Net change in plan fiduciary net position	<u>(2,182,426)</u>	<u>8,723,847</u>	<u>4,126,520</u>	<u>656,553</u>	<u>3,528,500</u>
8. Plan fiduciary net position – beginning	<u>67,179,205</u>	<u>58,455,358</u>	<u>54,328,838</u>	<u>53,672,285</u>	<u>50,143,785</u>
9. Plan fiduciary net position – ending	<u>64,996,779</u>	<u>67,179,205</u>	<u>58,455,358</u>	<u>54,328,838</u>	<u>53,672,285</u>
C. Net pension liability (A.9 – B.9)	<u>\$ 14,426,100</u>	<u>\$ 7,972,172</u>	<u>\$ 12,000,946</u>	<u>\$ 11,454,082</u>	<u>\$ 8,030,996</u>
D. Plan fiduciary net position as a percentage of the total pension liability	81.84%	89.39%	82.97%	82.59%	86.98%
E. Covered payroll	\$ 14,646,398	\$ 14,098,997	\$ 13,198,512	\$ 12,653,842	\$ 11,851,396
F. Net position liability as a percentage of covered payroll	98.50%	56.54%	90.93%	90.52%	67.76%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2014.

CITY OF FRIENDSWOOD, TEXAS
SCHEDULE OF CITY CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
Last Ten Fiscal Years

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially required contributions	\$ 3,039,855	\$ 2,844,852	\$ 2,721,688	\$ 2,485,117	\$ 2,376,185
Contributions in relation to the actuarially required contributions	<u>3,039,855</u>	<u>2,844,852</u>	<u>2,721,688</u>	<u>2,485,117</u>	<u>2,376,185</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered payroll	\$ 18,633,414	\$ 17,404,825	\$ 16,639,755	\$ 15,724,041	\$ 15,133,171
Contributions as a percentage of covered payroll	16.31%	16.35%	16.36%	15.80%	15.70%
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially required contributions	\$ 2,255,270	\$ 2,161,617	\$ 2,100,698	\$ 1,960,652	\$ 1,847,375
Contributions in relation to the actuarially required contributions	<u>2,255,270</u>	<u>2,161,617</u>	<u>2,100,698</u>	<u>1,960,652</u>	<u>1,847,375</u>
Contribution deficiency (excess)	<u>\$ -</u>				
City's covered payroll	\$ 14,385,208	\$ 13,986,135	\$ 13,525,613	\$ 12,423,310	\$ 11,781,281
Contributions as a percentage of covered payroll	15.68%	15.46%	15.53%	15.78%	15.68%

CITY OF FRIENDSWOOD, TEXAS
NOTES TO SCHEDULE OF CONTRIBUTIONS
For the Year Ended September 30, 2023

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	23 years
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 2014 – 2018
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information: There were no benefit changes during the year.

CITY OF FRIENDSWOOD, TEXAS

**SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS
TEXAS MUNICIPAL RETIREMENT SYSTEM SUPPLEMENTAL DEATH BENEFITS FUND
Last Six Measurement Years**

	2022	2021	2020
Service cost	\$ 51,328	\$ 45,305	\$ 36,397
Interest	16,968	17,025	20,150
Difference between expected and actual experience	122	(9,842)	(48,181)
Changes of assumptions	(326,179)	29,168	115,737
Benefit payments **	(12,389)	(15,102)	(4,963)
Net change in total OPEB liability	(270,150)	66,554	119,140
Total OPEB liability - beginning	902,708	836,154	717,014
Total OPEB liability - ending	\$ 632,558	\$ 902,708	\$ 836,154
Covered-employee payroll	\$ 17,699,233	\$ 16,779,748	\$ 16,543,970
Total OPEB liability as a percentage of covered-employee payroll	3.57%	5.38%	5.05%

	2019	2018	2017
Service cost	\$ 27,481	\$ 30,757	\$ 26,788
Interest	23,199	20,933	20,384
Difference between expected and actual experience	(60,356)	(7,425)	-
Changes of assumptions	118,183	(43,775)	49,777
Benefit payments **	(6,107)	(5,859)	(5,640)
Net change in total OPEB liability	102,400	(5,369)	91,309
Total OPEB liability - beginning	614,614	619,983	528,674
Total OPEB liability - ending	\$ 717,014	\$ 614,614	\$ 619,983
Covered-employee payroll	\$ 15,267,034	\$ 14,646,398	\$ 14,098,997
Total OPEB liability as a percentage of covered-employee payroll	4.70%	4.20%	4.40%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2017.
No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB 75 to pay related benefit.

** 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:

Changes of assumptions:

Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	4.05%
2021	1.84%
2020	2.00%
2019	2.75%
2018	3.71%
2017	3.31%

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF CHANGES IN THE TOTAL OPEB LIABILITY AND RELATED RATIOS

CITY OF FRIENDSWOOD RETIREE HEALTH CARE PLAN

Last Six Measurement Years

	2022	2021	2020
Service cost	\$ 89,471	\$ 60,759	\$ 60,972
Interest	19,387	22,218	30,484
Difference between expected and actual experience	74,496	11,967	(104,038)
Changes of assumptions	(230,413)	(111,991)	75,401
Benefit payments	(47,887)	(61,339)	(59,267)
Net change in total OPEB liability	(94,946)	(78,386)	3,552
Total OPEB liability - beginning	1,032,823	1,111,209	1,107,657
Total OPEB liability - ending	\$ 937,877	\$ 1,032,823	\$ 1,111,209
Covered-employee payroll	\$ 17,701,249	\$ 16,779,752	\$ 16,543,973
Total OPEB liability as a percentage of covered-employee payroll	5.30%	6.16%	6.72%

	2019	2018	2017
Service cost	\$ 46,995	\$ 53,919	\$ 44,637
Interest	36,314	37,843	39,497
Difference between expected and actual experience	8,768	(214,124)	4,573
Changes of assumptions	86,718	7,071	51,765
Benefit payments	(52,896)	(38,566)	(38,414)
Net change in total OPEB liability	125,899	(153,857)	102,058
Total OPEB liability - beginning	981,758	1,135,615	1,033,557
Total OPEB liability - ending	\$ 1,107,657	\$ 981,758	\$ 1,135,615
Covered-employee payroll	\$ 15,267,037	\$ 14,646,402	\$ 12,035,859
Total OPEB liability as a percentage of covered-employee payroll	7.26%	6.70%	9.44%

Note: Ten years of data should be presented in this schedule but data was unavailable prior to 2017.

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

Notes to Required Supplementary Information:

Methods and Assumptions Used to Determine Contribution Rates:

The demographic assumptions are based on the assumptions that were developed for the defined benefit plan in which the City participates (TMRS). The assumptions are based on the experience study covering the four year period ending December 31, 2018 as conducted for the Texas Municipal Retirement System (TMRS).

Changes of assumptions:

2022 – The spousal coverage and health care trend assumptions were modified.

2021 - The period of service used for allocation of service costs was changed to only reflect service with the City.

2019 - The demographic study and salary increase assumptions were updated to reflect the 2019 TMRS Experience Study.

2018 - The health care trend assumption was modified.

Changes of assumptions reflect the effects of changes in the discount rate each period. The following are the discount rates used in each period:

2022	4.05%
2021	1.84%
2020	2.00%
2019	2.75%
2018	3.71%
2017	3.31%

**COMBINING AND INDIVIDUAL FUND
FINANCIAL STATEMENTS AND SCHEDULES**



**NONMAJOR
GOVERNMENTAL FUNDS**

The **Special Revenue Funds** are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Police Investigation Fund – This fund is used to account for revenues that are restricted to police investigation expenditures.

Fire/EMS Donation Fund – This fund accounts for revenues that are restricted for Fire/EMS capital outlays and debt repayments.

Municipal Court Fund – This fund accounts for revenues that are restricted for court technology and building security. In 1999, the state legislature authorized a court technology and court security fee for municipal court fines. In 2019, the state legislature authorized additional fees for truancy and jury services.

Community Development Block Grant (CDBG) – Disaster Recovery (DR) Harris County – This fund is used to account for revenues that are restricted to the Community Development Block Grant – Disaster Recovery expenditures. Funds will be used for the Harris County side of the City.

Hazard Mitigation Grant Program – This fund is used to account for federal grants that are restricted to the acquisition and demolition of flood-prone residential structures located within the City.

Community Development Block Grant (CDBG) – Disaster Recovery (DR) Galveston County – This fund is used to account for revenues that are restricted to the Community Development Block Grant – Disaster Recovery expenditures. Funds will be used for the Galveston County side of the City.

The Permanent Fund is used to report resources that are legally restricted to the extent that only earnings, not principal, may be used for purposes that support the City's programs.

1776 Park Fund – This fund is used to account for assets held by the City in a trustee capacity and the earnings benefit this City Park.

**NONMAJOR
GOVERNMENTAL FUNDS (continued)**

Debt Service Funds are used to account for the accumulation of resources that are restricted, committed, or assigned for the repayment of principal and interest on long-term obligations of the governmental funds.

Debt Service Fund – This fund is used to account for the accumulation of resources for the payment of general long-term debt principal, interest and related costs.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

Sidewalk Installation Fund – This fund is used to account for receipts from developers to install sidewalks in neighborhood developments.

Park Land Dedication Fund – This fund is used to account for receipts from developers to build or enhance neighborhood and community parks.

Street Improvement Fund – This fund is used to record sales tax revenue collected for City's streets maintenance and improvements.

**MAJOR
GOVERNMENTAL FUNDS**

The **Special Revenue Funds** are used to account for specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specified purposes.

Coronavirus State and Local Fiscal Recovery Fund – This fund is used to account for federal funds related to the fiscal recovery of Coronavirus. Funds will be used for water and sewer infrastructure projects.

Capital Projects Funds are used to account for the acquisition and construction of major capital facilities.

Bond Construction Fund – is used to account for the construction of public facilities, and park, street and drainage improvements that are funded by the proceeds from Permanent Improvement Bonds.

	Special Revenue Funds			
	Police Investigation	Fires/EMS Donation	Municipal Court	CDBG - DR Harris County
Assets				
Cash and cash equivalents	\$ 29,059	\$ 78,587	\$ 44,186	\$ 150,900
Investments	103,066	288,673	162,305	554,302
Receivables, net of allowance:				
Taxes	-	-	-	-
Customer accounts	-	2,739	-	-
Other receivables	-	-	3,573	-
Accrued interest	125	385	172	-
Prepaid items	-	-	300	-
Due from other governments	-	-	-	764,243
Total Assets	\$ 132,250	\$ 370,384	\$ 210,536	\$ 1,469,445
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ 2,086	\$ -	\$ -	\$ 54,502
Retainage payable	-	-	4,912	166,799
Due to other funds	-	-	-	1,248,144
Unearned revenues	-	-	-	-
Total Liabilities	2,086	-	4,912	1,469,445
Deferred Inflows of Resources:				
Unavailable revenue	-	-	3,756	-
Total Deferred Inflows	-	-	3,756	-
Fund Balances:				
Nonspendable:				
Prepaid items	-	-	300	-
Permanent fund	-	-	-	-
Restricted:				
Municipal court operations	-	-	201,568	-
Debt service	-	-	-	-
Public safety	130,164	370,384	-	-
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	130,164	370,384	201,868	-
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 132,250	\$ 370,384	\$ 210,536	\$ 1,469,445

CITY OF FRIENDSWOOD, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2023

	Special Revenue Funds		Permanent	
	HMGP Acquisition & Demolition Project	CDBG - DR Galveston County	1776 Park Fund	Debt Service Fund
Assets				
Cash and cash equivalents	\$ -	\$ 23,895	\$ 2,459	\$ 6,146
Investments	-	87,775	9,032	22,580
Receivables, net of allowance:				
Taxes	-	-	-	57,083
Customer accounts	-	-	-	-
Other receivables	-	-	-	-
Accrued interest	-	-	10	831
Prepaid items	-	-	-	-
Due from other governments	205,178	295,395	-	-
Total Assets	<u>\$ 205,178</u>	<u>\$ 407,065</u>	<u>\$ 11,501</u>	<u>\$ 86,640</u>
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 21,540	\$ -	\$ -
Retainage payable	-	13,020	-	-
Due to other funds	205,178	334,365	-	-
Unearned revenues	-	20,166	-	-
Total Liabilities	<u>205,178</u>	<u>389,091</u>	<u>-</u>	<u>-</u>
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	55,847
Total Deferred Inflows	<u>-</u>	<u>-</u>	<u>-</u>	<u>55,847</u>
Fund Balances:				
Nonspendable:				
Prepaid items	-	-	-	-
Permanent fund	-	-	11,501	-
Restricted:				
Municipal court operations	-	-	-	-
Debt service	-	-	-	30,793
Public safety	-	-	-	-
Capital projects	-	17,974	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>-</u>	<u>17,974</u>	<u>11,501</u>	<u>30,793</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 205,178</u>	<u>\$ 407,065</u>	<u>\$ 11,501</u>	<u>\$ 86,640</u>

	Capital Projects Funds			
	Sidewalk Install Fund	Park Land Dedication Funds	Street Improvements Fund	Total Nonmajor Governmental Funds
Assets				
Cash and cash equivalents	\$ 1,307	\$ 15,457	\$ 1,060,329	\$ 1,412,325
Investments	4,803	56,779	3,894,925	5,184,240
Receivables, net of allowance:				
Taxes	-	-	428,472	485,555
Customer accounts	-	-	-	2,739
Other receivables	-	-	-	3,573
Accrued interest	5	47	3,913	5,488
Prepaid items	-	-	-	300
Due from other governments	-	-	-	1,264,816
Total Assets	\$ 6,115	\$ 72,283	\$ 5,387,639	\$ 8,359,036
Liabilities, Deferred Inflows of Resources, and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 50,644	\$ 128,772
Retainage payable	-	-	6,294	191,025
Due to other funds	-	-	-	1,787,687
Unearned revenues	-	-	-	20,166
Total Liabilities	-	-	56,938	2,127,650
Deferred Inflows of Resources:				
Unavailable revenue	-	-	-	59,603
Total Deferred Inflows	-	-	-	59,603
Fund Balances:				
Nonspendable:				
Prepaid items	-	-	-	300
Permanent fund	-	-	-	11,501
Restricted:				
Municipal court operations	-	-	-	201,568
Debt service	-	-	-	30,793
Public safety	-	-	-	500,548
Capital projects	6,115	72,283	5,330,701	5,427,073
Unassigned	-	-	-	-
Total Fund Balances	6,115	72,283	5,330,701	6,171,783
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 6,115	\$ 72,283	\$ 5,387,639	\$ 8,359,036

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

	<u>Special Revenue Funds</u>			
	<u>Police</u>	<u>Fires/EMS</u>	<u>Municipal Court</u>	<u>CDBG - DR Harris</u>
	<u>Investigation</u>	<u>Donation</u>		<u>County</u>
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ -
Sales taxes	-	-	-	-
Fines and forfeitures	5,060	-	56,382	-
Permits and fees	-	-	-	-
Intergovernmental	-	-	-	3,131,816
Miscellaneous	-	-	-	-
Donations	-	183,494	-	-
Investment income (loss)	7,339	17,214	7,850	-
Total Revenues	<u>12,399</u>	<u>200,708</u>	<u>64,232</u>	<u>3,131,816</u>
Expenditures				
Current:				
General government	-	-	42,734	-
Public works	-	-	-	-
Parks and recreation	-	-	-	-
Debt Service:				
Principal	-	206,438	-	-
Interest and other charges	-	17,298	-	-
Capital Outlay	<u>70,208</u>	<u>504,151</u>	<u>102,931</u>	<u>2,934,262</u>
Total Expenditures	<u>70,208</u>	<u>727,887</u>	<u>145,665</u>	<u>2,934,262</u>
Excess (deficiency) of revenues over (under) expenditures	<u>(57,809)</u>	<u>(527,179)</u>	<u>(81,433)</u>	<u>197,554</u>
Other Financing Sources (Uses)				
Premium on issuance of bonds	-	-	-	-
Transfers in	-	-	-	6,868
Notes payable issued	-	411,000	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>411,000</u>	<u>-</u>	<u>6,868</u>
Net change in fund balances	(57,809)	(116,179)	(81,433)	204,422
Fund Balances - Beginning	<u>187,973</u>	<u>486,563</u>	<u>283,301</u>	<u>(204,422)</u>
Fund Balances - Ending	<u>\$ 130,164</u>	<u>\$ 370,384</u>	<u>\$ 201,868</u>	<u>\$ -</u>

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

	Special Revenue Funds		Permanent	
	HMGP Acquisition & Demolition Project	CDBG - DR Galveston County	1776 Park Fund	Debt Service Fund
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 4,602,691
Sales taxes	-	-	-	-
Fines and forfeitures	-	-	-	-
Permits and fees	-	-	-	-
Intergovernmental	-	626,044	-	-
Miscellaneous	-	1,682	-	-
Donations	-	-	-	-
Investment income (loss)	-	-	408	43,768
Total Revenues	-	627,726	408	4,646,459
Expenditures				
Current:				
General government	-	-	-	-
Public works	-	169,264	-	-
Parks and recreation	-	-	-	-
Debt Service:				
Principal	-	-	-	3,086,662
Interest and other charges	-	-	-	1,579,849
Capital Outlay	-	467,163	-	-
Total Expenditures	-	636,427	-	4,666,511
Excess (deficiency) of revenues over (under) expenditures	-	(8,701)	408	(20,052)
Other Financing Sources (Uses)				
Premium on issuance of bonds	-	-	-	4,470
Transfers in	-	-	-	-
Notes payable issued	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	4,470
Net change in fund balances	-	(8,701)	408	(15,582)
Fund Balances - Beginning	-	26,675	11,093	46,375
Fund Balances - Ending	\$ -	\$ 17,974	\$ 11,501	\$ 30,793

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	Sidewalk Install Fund	Park Land Dedication Funds	Street Improvements Fund	
Revenues				
Property taxes	\$ -	\$ -	\$ -	\$ 4,602,691
Sales taxes	-	-	2,409,256	2,409,256
Fines and forfeitures	-	-	-	61,442
Permits and fees	-	60,600	-	60,600
Intergovernmental	-	-	-	3,757,860
Miscellaneous	-	-	-	1,682
Donations	-	-	-	183,494
Investment income (loss)	256	1,472	151,898	230,205
Total Revenues	256	62,072	2,561,154	11,307,230
Expenditures				
Current:				
General government	-	-	-	42,734
Public works	-	-	642,411	811,675
Parks and recreation	-	4,093	-	4,093
Debt Service:				
Principal	-	-	-	3,293,100
Interest and other charges	-	-	-	1,597,147
Capital Outlay	-	20,358	131,897	4,230,970
Total Expenditures	-	24,451	774,308	9,979,719
Excess (deficiency) of revenues over (under) expenditures	256	37,621	1,786,846	1,327,511
Other Financing Sources (Uses)				
Premium on issuance of bonds	-	-	-	4,470
Transfers in	-	-	-	6,868
Notes payable issued	-	-	-	411,000
Total Other Financing Sources (Uses)	-	-	-	422,338
Net change in fund balances	256	37,621	1,786,846	1,749,849
Fund Balances - Beginning	5,859	34,662	3,543,855	4,421,934
Fund Balances - Ending	\$ 6,115	\$ 72,283	\$ 5,330,701	\$ 6,171,783

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

POLICE INVESTIGATION

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ 5,060	\$ 5,060
Investment earnings	4,073	4,073	7,339	3,266
Total Revenues	<u>4,073</u>	<u>4,073</u>	<u>12,399</u>	<u>8,326</u>
Expenditures				
Capital outlay	-	76,505	70,208	6,297
Total Expenditures	<u>-</u>	<u>76,505</u>	<u>70,208</u>	<u>6,297</u>
Net change in fund balances	4,073	(72,432)	(57,809)	14,623
Fund Balances - Beginning	187,973	187,973	187,973	-
Fund Balances - Ending	<u>\$ 192,046</u>	<u>\$ 115,541</u>	<u>\$ 130,164</u>	<u>\$ 14,623</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

FIRE/EMS DONATION

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Donations	\$ 200,000	\$ 200,000	\$ 183,494	\$ (16,506)
Investment earnings	12,630	12,630	17,214	4,584
Total Revenues	<u>212,630</u>	<u>212,630</u>	<u>200,708</u>	<u>(11,922)</u>
Expenditures				
Debt service:				
Principal	187,533	187,533	206,438	(18,905)
Interest and other charges	22,272	22,272	17,298	4,974
Capital outlay	<u>114,800</u>	<u>571,329</u>	<u>504,151</u>	<u>67,178</u>
Total Expenditures	<u>324,605</u>	<u>781,134</u>	<u>727,887</u>	<u>53,247</u>
Excess (deficiency) of revenues over expenditures	<u>(111,975)</u>	<u>(568,504)</u>	<u>(527,179)</u>	<u>41,325</u>
Other Financing Sources (Uses)				
Notes payable issued	-	411,000	411,000	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>411,000</u>	<u>411,000</u>	<u>-</u>
Net change in fund balances	(111,975)	(157,504)	(116,179)	41,325
Fund Balances - Beginning	<u>486,563</u>	<u>486,563</u>	<u>486,563</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 374,588</u>	<u>\$ 329,059</u>	<u>\$ 370,384</u>	<u>\$ 41,325</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

MUNICIPAL COURT

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Fines and forfeitures	\$ 49,000	\$ 49,000	\$ 56,382	\$ 7,382
Investment earnings	5,450	5,450	7,850	2,400
Total Revenues	<u>54,450</u>	<u>54,450</u>	<u>64,232</u>	<u>9,782</u>
Expenditures				
Current:				
General government	55,914	55,914	42,734	13,180
Capital outlay	-	113,081	102,931	10,150
Total Expenditures	<u>55,914</u>	<u>168,995</u>	<u>145,665</u>	<u>23,330</u>
Net change in fund balances	(1,464)	(114,545)	(81,433)	33,112
Fund Balances - Beginning	<u>283,301</u>	<u>283,301</u>	<u>283,301</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 281,837</u>	<u>\$ 168,756</u>	<u>\$ 201,868</u>	<u>\$ 33,112</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

CDBG – DR HARRIS COUNTY

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental	\$ -	\$ 2,400,115	\$ 3,131,816	\$ 731,701
Total Revenues	<u>-</u>	<u>2,400,115</u>	<u>3,131,816</u>	<u>731,701</u>
Expenditures				
Capital outlay	-	2,429,214	2,934,262	(505,048)
Total Expenditures	<u>-</u>	<u>2,429,214</u>	<u>2,934,262</u>	<u>(505,048)</u>
Other Financing Sources (Uses)				
Transfers in	-	6,868	6,868	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>6,868</u>	<u>6,868</u>	<u>-</u>
Net change in fund balances	-	(22,231)	204,422	226,653
Fund Balances - Beginning	<u>(204,422)</u>	<u>(204,422)</u>	<u>(204,422)</u>	<u>-</u>
Fund Balances - Ending	<u>\$ (204,422)</u>	<u>\$ (226,653)</u>	<u>\$ -</u>	<u>\$ 226,653</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

Hazard Mitigation Grant Program

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental	\$ -	\$ -	\$ -	\$ -
Total Revenues	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Expenditures				
Current:				
Public works	-	-	-	-
Capital outlay	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund Balances - Beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances - Ending	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

CDBG - DR GALVESTON COUNTY

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Intergovernmental	\$ -	\$ 337,349	\$ 626,044	\$ 288,695
Miscellaneous revenue	-	1,682	1,682	-
Total Revenues	<u>-</u>	<u>339,031</u>	<u>627,726</u>	<u>288,695</u>
Expenditures				
Current:				
Public works	-	40,182	169,264	(129,082)
Capital outlay	-	514,444	467,163	47,281
Total Expenditures	<u>-</u>	<u>554,626</u>	<u>636,427</u>	<u>(81,801)</u>
Net change in fund balances	-	(215,595)	(8,701)	206,894
Fund Balances - Beginning	<u>26,675</u>	<u>26,675</u>	<u>26,675</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 26,675</u>	<u>\$ (188,920)</u>	<u>\$ 17,974</u>	<u>\$ 206,894</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

1776 PARK

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Investment earnings	\$ 230	\$ 230	\$ 408	\$ 178
Total Revenues	<u>230</u>	<u>230</u>	<u>408</u>	<u>178</u>
Expenditures				
Current	-	-	-	-
Total Expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	230	230	408	178
Fund Balances - Beginning	<u>11,093</u>	<u>11,093</u>	<u>11,093</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 11,323</u>	<u>\$ 11,323</u>	<u>\$ 11,501</u>	<u>\$ 178</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

SIDEWALK INSTALLATION

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	Variance with Final Budget - Positive (Negative)
Revenues				
Investment earnings	\$ 871	\$ 871	\$ 256	\$ (615)
Total Revenues	<u>871</u>	<u>871</u>	<u>256</u>	<u>(615)</u>
Expenditures				
Capital outlay	-	5,969	-	5,969
Total Expenditures	<u>-</u>	<u>5,969</u>	<u>-</u>	<u>5,969</u>
Net change in fund balances	871	(5,098)	256	5,354
Fund Balances - Beginning	<u>5,859</u>	<u>5,859</u>	<u>5,859</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 6,730</u>	<u>\$ 761</u>	<u>\$ 6,115</u>	<u>\$ 5,354</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

PARK LAND DEDICATION

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	variance with Final Budget - Positive (Negative)
Revenues				
Permit and fees	\$ 50,000	\$ 50,000	\$ 60,600	\$ 10,600
Investment earnings	1,800	1,800	1,472	(328)
Total Revenues	<u>51,800</u>	<u>51,800</u>	<u>62,072</u>	<u>10,272</u>
Expenditures				
Current:				
Parks and recreation	-	4,093	4,093	-
Capital outlay	-	20,358	20,358	-
Total Expenditures	<u>-</u>	<u>24,451</u>	<u>24,451</u>	<u>-</u>
Net change in fund balances	51,800	27,349	37,621	10,272
Fund Balances - Beginning	<u>34,662</u>	<u>34,662</u>	<u>34,662</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 86,462</u>	<u>\$ 62,011</u>	<u>\$ 72,283</u>	<u>\$ 10,272</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

STREET IMPROVEMENT

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Sales taxes	\$ 2,155,380	\$ 2,155,380	\$ 2,409,256	\$ 253,876
Investment earnings	37,480	37,480	151,898	114,418
Total Revenues	<u>2,192,860</u>	<u>2,192,860</u>	<u>2,561,154</u>	<u>368,294</u>
Expenditures				
Public works	-	644,289	642,411	1,878
Capital outlay	-	<u>727,556</u>	<u>131,897</u>	<u>595,659</u>
Total Expenditures	<u>-</u>	<u>1,371,845</u>	<u>774,308</u>	<u>597,537</u>
Net change in fund balances	2,192,860	821,015	1,786,846	965,831
Fund Balances - Beginning	<u>3,543,855</u>	<u>3,543,855</u>	<u>3,543,855</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 5,736,715</u>	<u>\$ 4,364,870</u>	<u>\$ 5,330,701</u>	<u>\$ 965,831</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

DEBT SERVICE FUND

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Property taxes	\$ 4,573,578	\$ 4,573,578	\$ 4,602,691	\$ 29,113
Investment earnings	18,186	18,186	43,768	25,582
Total Revenues	<u>4,591,764</u>	<u>4,591,764</u>	<u>4,646,459</u>	<u>54,695</u>
Expenditures				
Debt service:				
Principal	2,980,984	2,980,984	3,086,662	(105,678)
Interest and other charges	1,572,594	1,572,594	1,579,849	(7,255)
Total Expenditures	<u>4,553,578</u>	<u>4,553,578</u>	<u>4,666,511</u>	<u>(112,933)</u>
Other Financing Sources (Uses)				
Premium on bond issuance	-	-	4,470	4,470
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>4,470</u>	<u>4,470</u>
Net change in fund balances	38,186	38,186	(15,582)	(53,768)
Fund Balances - Beginning	46,375	46,375	46,375	-
Fund Balances - Ending	<u>\$ 84,561</u>	<u>\$ 84,561</u>	<u>\$ 30,793</u>	<u>\$ (53,768)</u>

CITY OF FRIENDSWOOD, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES

BUDGET AND ACTUAL

BOND CONSTRUCTION

For the Year Ended September 30, 2023

	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget - Positive (Negative)</u>
Revenues				
Investment earnings	\$ 323,943	\$ 323,943	\$ 479,377	\$ 155,434
Total Revenues	<u>323,943</u>	<u>323,943</u>	<u>479,377</u>	<u>155,434</u>
Expenditures				
Current:				
Public works	-	59,001	11,001	48,000
Parks and recreation	-	-	-	-
Debt service:				
Interest and other charges	-	-	311,664	(311,664)
Capital outlay	-	7,880,943	5,080,622	2,800,321
Total Expenditures	<u>-</u>	<u>7,939,944</u>	<u>5,403,287</u>	<u>2,536,657</u>
Other Financing Sources (Uses)				
Issuance of capital-related debt	-	-	29,775,000	29,775,000
Premium on issuance of bonds	-	-	536,664	536,664
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>30,311,664</u>	<u>30,311,664</u>
Net change in fund balances	323,943	(7,616,001)	25,387,754	33,003,755
Fund Balances - Beginning	<u>8,152,712</u>	<u>8,152,712</u>	<u>8,152,712</u>	<u>-</u>
Fund Balances - Ending	<u>\$ 8,476,655</u>	<u>\$ 536,711</u>	<u>\$ 33,540,466</u>	<u>\$ 33,003,755</u>

**STATISTICAL SECTION
(Unaudited)**



**STATISTICAL SECTION
(Unaudited)**

This part of the City of Friendswood’s annual comprehensive financial report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government’s overall financial health.

Contents Pages

<i>Financial Trends</i>	118
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	
<i>Revenue Capacity</i>	128
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	
<i>Debt Capacity</i>	133
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	
<i>Demographic and Economic Information</i>	138
This schedule offers demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	
<i>Operating Information</i>	142
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report relates to the services the government provides and activities it performs.	

Sources: Unless otherwise noted, the information in these schedules is derived from the annual comprehensive financial reports for the relevant year.

CITY OF FRIENDSWOOD, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Table 1
Page 1 of 2

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Governmental Activities					
Net investment in capital assets	\$ 79,714,165	\$ 74,006,329	\$ 72,240,727	\$ 68,990,597	\$ 66,823,023
Restricted	7,105,294	5,059,835	3,491,974	4,606,124	4,003,468
Unrestricted	6,302,252	8,668,866	6,886,085	2,563,947	5,402,312
Total Governmental Activities Net Position	<u>\$ 93,121,711</u>	<u>\$ 87,735,030</u>	<u>\$ 82,618,786</u>	<u>\$ 76,160,668</u>	<u>\$ 76,228,803</u>
Business-Type Activities					
Net investment in capital assets	\$ 40,075,768	\$ 35,999,342	\$ 32,910,959	\$ 32,242,803	\$ 27,038,046
Restricted	2,839,232	2,897,578	2,721,465	2,186,731	1,982,666
Unrestricted	14,978,447	11,776,833	9,984,251	8,438,509	12,077,564
Total Business-Type Activities Net Position	<u>\$ 57,893,447</u>	<u>\$ 50,673,753</u>	<u>\$ 45,616,675</u>	<u>\$ 42,868,043</u>	<u>\$ 41,098,276</u>
Primary Government					
Net investment in capital assets	\$ 119,789,933	\$ 110,005,671	\$ 105,151,686	\$ 101,233,400	\$ 93,861,069
Restricted	9,944,526	7,957,413	6,213,439	6,792,855	5,986,134
Unrestricted	21,280,699	20,445,699	16,870,336	11,002,456	17,479,876
Total Primary Government Net Positions	<u>\$ 151,015,158</u>	<u>\$ 138,408,783</u>	<u>\$ 128,235,461</u>	<u>\$ 119,028,711</u>	<u>\$ 117,327,079</u>

CITY OF FRIENDSWOOD, TEXAS
NET POSITION BY COMPONENT
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Table 1
Page 2 of 2

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Governmental Activities					
Net investment in capital assets	\$ 68,320,682	\$ 72,631,192	\$ 73,588,484	\$ 73,611,490	\$ 65,404,791
Restricted	4,085,999	2,534,312	1,405,907	1,179,764	653,496
Unrestricted	6,248,751	5,532,198	5,579,677	5,901,505	10,798,907
Total Governmental Activities Net Position	<u>\$ 78,655,432</u>	<u>\$ 80,697,702</u>	<u>\$ 80,574,068</u>	<u>\$ 80,692,759</u>	<u>\$ 76,857,194</u>
Business-Type Activities					
Net investment in capital assets	\$ 27,088,280	\$ 29,305,429	\$ 28,322,718	\$ 26,628,714	\$ 24,495,816
Restricted	582,697	260,703	99,006	27,468	90,395
Unrestricted	13,620,211	10,584,764	10,238,993	12,040,181	14,818,104
Total Business-Type Activities Net Position	<u>\$ 41,291,188</u>	<u>\$ 40,150,896</u>	<u>\$ 38,660,717</u>	<u>\$ 38,696,363</u>	<u>\$ 39,404,315</u>
Primary Government					
Net investment in capital assets	\$ 95,408,962	\$ 101,936,621	\$ 101,911,202	\$ 100,240,204	\$ 89,900,607
Restricted	4,668,696	2,795,015	1,504,913	1,207,232	743,891
Unrestricted	19,868,962	16,116,962	15,818,670	17,941,686	25,617,011
Total Primary Government Net Positions	<u>\$ 119,946,620</u>	<u>\$ 120,848,598</u>	<u>\$ 119,234,785</u>	<u>\$ 119,389,122</u>	<u>\$ 116,261,509</u>

CITY OF FRIENDSWOOD, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Table 2
Page 1 of 4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Expenses					
Governmental Activities:					
General government	\$ 7,873,719	\$ 6,210,336	\$ 5,867,654	\$ 6,119,806	\$ 5,912,467
Public safety	18,526,954	15,655,859	15,645,527	15,501,734	15,134,465
Public works	6,990,046	6,994,042	7,160,229	8,840,113	7,897,373
Engineering	640,292	570,098	506,959	434,976	-
Community development	1,406,566	1,017,509	1,035,202	1,122,506	1,359,878
Parks and recreation	5,608,792	4,870,623	4,604,943	4,439,511	4,839,076
Library services	1,485,716	1,283,007	1,221,740	1,214,130	1,257,970
Interest and fiscal charges	1,659,932	1,268,435	1,244,881	1,055,889	923,350
Total Government Activities Expenses	<u>44,192,017</u>	<u>37,869,909</u>	<u>37,287,135</u>	<u>38,728,665</u>	<u>37,324,579</u>
Business-Type Activities:					
Water and wastewater	12,017,020	11,178,323	11,864,245	12,071,159	11,507,880
Interest and other	1,808,120	1,808,120	1,808,120	1,733,123	1,579,182
Total Business-Type Activities	<u>13,825,140</u>	<u>12,986,443</u>	<u>13,672,365</u>	<u>13,804,282</u>	<u>13,087,062</u>
Total Primary Government Expenses	<u>\$ 58,017,157</u>	<u>\$ 50,856,352</u>	<u>\$ 50,959,500</u>	<u>\$ 52,532,947</u>	<u>\$ 50,411,641</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 921,752	\$ 974,029	\$ 871,362	\$ 930,686	\$ 751,112
Public safety	1,023,874	1,197,570	1,372,432	871,714	811,768
Public works	241,445	234,103	225,419	222,337	236,352
Community development	-	1,238	-	9,275	6,841
Parks and recreation	493,846	441,649	384,489	181,709	341,560
Library services	-	-	-	-	-
Operating grants and contributions	2,229,755	841,537	3,874,866	3,430,645	1,842,704
Capital grants and contributions	3,757,860	2,620,495	3,864,589	708,306	-
Total Governmental Activities Program Revenues:	<u>8,668,532</u>	<u>6,310,621</u>	<u>10,593,157</u>	<u>6,354,672</u>	<u>3,990,337</u>
Business-Type Activities:					
Charges for services:					
Water and wastewater	21,293,632	19,419,622	17,919,751	16,638,758	13,669,552
Operating grants and contributions	104,354	289,181	-	22,602	-
Total Business-Type activities Program Revenues	<u>21,397,986</u>	<u>19,708,803</u>	<u>17,919,751</u>	<u>16,661,360</u>	<u>13,669,552</u>
Total Primary Government Program Revenues	<u>\$ 30,066,518</u>	<u>\$ 26,019,424</u>	<u>\$ 28,512,908</u>	<u>\$ 23,016,032</u>	<u>\$ 17,659,889</u>
Net (Expense) Revenues					
Governmental activities	(35,523,485)	(31,559,288)	(26,693,978)	(32,373,993)	(33,334,242)
Business-type activities	7,572,846	6,722,360	4,247,386	2,857,078	582,490
Total Primary Government Net Expense	<u>\$ (27,950,639)</u>	<u>\$ (24,836,928)</u>	<u>\$ (22,446,592)</u>	<u>\$ (29,516,915)</u>	<u>\$ (32,751,752)</u>

CITY OF FRIENDSWOOD, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Table 2
Page 2 of 4

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Expenses					
Governmental Activities:					
General government	\$ 5,734,611	\$ 5,128,399	\$ 4,736,867	\$ 5,410,643	\$ 4,589,795
Public safety	17,538,040	15,861,719	13,101,691	11,763,659	11,236,402
Public works	6,267,824	4,429,664	4,429,482	3,933,288	3,921,658
Engineering	-	-	-	-	-
Community development	945,701	1,495,001	1,577,813	1,406,288	1,097,075
Parks and recreation	4,554,114	3,459,053	3,080,453	2,869,345	3,356,587
Library services	1,210,207	1,215,683	1,134,859	1,026,967	1,093,043
Interest and fiscal charges	953,509	953,146	862,654	730,614	630,542
Total Government Activities Expenses	<u>37,204,006</u>	<u>32,542,665</u>	<u>28,923,819</u>	<u>27,140,804</u>	<u>25,925,102</u>
Business-Type Activities:					
Water and wastewater	9,019,197	8,502,218	7,975,920	7,629,711	7,995,106
Interest and other	1,029,715	1,086,278	1,642,723	1,524,276	1,514,804
Total Business-Type Activities	<u>10,048,912</u>	<u>9,588,496</u>	<u>9,618,643</u>	<u>9,153,987</u>	<u>9,509,910</u>
Total Primary Government Expenses	<u>\$ 47,252,918</u>	<u>\$ 42,131,161</u>	<u>\$ 38,542,462</u>	<u>\$ 36,294,791</u>	<u>\$ 35,435,012</u>
Program Revenues					
Governmental activities:					
Charges for services:					
General government	\$ 861,271	\$ 1,004,968	\$ 1,002,022	\$ 807,245	\$ 912,910
Public safety	868,761	35,007	28,760	30,275	31,620
Public works	213,042	242,184	174,568	190,099	193,064
Community development	-	1,036,741	949,011	843,648	877,132
Parks and recreation	344,064	387,915	286,727	280,046	315,702
Library services	-	30,600	27,532	33,699	36,081
Operating grants and contributions	4,924,228	2,591,025	800,151	660,633	843,995
Capital grants and contributions	-	219,808	318,657	3,225,672	1,202,376
Total Governmental Activities Program Revenues:	<u>7,211,366</u>	<u>5,548,248</u>	<u>3,587,428</u>	<u>6,071,317</u>	<u>4,412,880</u>
Business-Type Activities:					
Charges for services:					
Water and wastewater	12,183,711	12,295,441	11,319,801	11,020,029	11,117,391
Operating grants and contributions	-	-	-	-	-
Total Business-Type activities Program Revenues	<u>12,183,711</u>	<u>12,295,441</u>	<u>11,319,801</u>	<u>11,020,029</u>	<u>11,117,391</u>
Total Primary Government Program Revenues	<u>\$ 19,395,077</u>	<u>\$ 17,843,689</u>	<u>\$ 14,907,229</u>	<u>\$ 17,091,346</u>	<u>\$ 15,530,271</u>
Net (Expense) Revenues					
Governmental activities	(29,992,640)	(26,994,417)	(25,336,391)	(21,069,487)	(21,502,222)
Business-type activities	2,134,799	2,706,945	1,701,158	1,866,042	1,607,481
Total Primary Government Net Expense	<u>\$ (27,857,841)</u>	<u>\$ (24,287,472)</u>	<u>\$ (23,635,233)</u>	<u>\$ (19,203,445)</u>	<u>\$ (19,894,741)</u>

CITY OF FRIENDSWOOD, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Table 2
Page 3 of 4

	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 22,731,678	\$ 20,845,938	\$ 19,163,858	\$ 18,731,549	\$ 18,111,247
Sales taxes	12,126,784	11,176,190	9,915,046	8,846,359	8,407,249
Franchise and other taxes	2,235,689	2,170,152	2,090,001	2,142,660	2,054,395
Other	-	-	-	-	-
Investment earnings	1,726,549	49,151	50,805	880,606	526,867
Gain (loss) on disposal of capital assets	-	-	-	-	-
Miscellaneous	285,666	638,418	390,533	269,855	351,165
Transfers	1,803,800	1,795,683	1,541,853	1,434,829	1,456,690
Total Governmental Activities	<u>40,910,166</u>	<u>36,675,532</u>	<u>33,152,096</u>	<u>32,305,858</u>	<u>30,907,613</u>
Business-Type Activities:					
Investment earnings	1,450,648	130,401	43,099	347,518	681,288
Gain (loss) on disposal of capital assets	-	-	-	-	-
Miscellaneous	-	-	-	-	-
Transfers	(1,803,800)	(1,795,683)	(1,541,853)	(1,434,829)	(1,456,690)
Total Business-Type Activities	<u>(353,152)</u>	<u>(1,665,282)</u>	<u>(1,498,754)</u>	<u>(1,087,311)</u>	<u>(775,402)</u>
Total Primary Government	<u>40,557,014</u>	<u>35,010,250</u>	<u>31,653,342</u>	<u>31,218,547</u>	<u>30,132,211</u>
Change in Net Position					
Governmental activities	5,386,681	5,116,244	6,458,118	(68,135)	(2,426,629)
Business-type activities	7,219,694	5,057,078	2,748,632	1,769,767	(192,912)
Total Primary Government	<u>\$ 12,606,375</u>	<u>\$ 10,173,322</u>	<u>\$ 9,206,750</u>	<u>\$ 1,701,632</u>	<u>\$ (2,619,541)</u>

CITY OF FRIENDSWOOD, TEXAS
CHANGES IN NET POSITION
LAST TEN FISCAL YEARS
(Accrual Basis of Accounting)

Table 2
Page 4 of 4

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Revenues and Other Changes in Net Position					
Governmental activities:					
Taxes:					
Property taxes	\$ 17,608,094	\$ 17,270,647	\$ 16,350,101	\$ 15,574,684	\$ 14,864,284
Sales taxes	7,965,662	6,482,367	5,393,920	5,291,186	4,693,484
Franchise and other taxes	1,617,121	1,661,654	1,779,234	1,726,557	1,673,615
Other	-	-	-	-	32,799
Investment earnings	321,468	187,001	149,003	79,071	109,849
Gain (loss) on disposal of capital assets	-	25,999	19,564	-	34,359
Miscellaneous	263,245	131,639	128,813	108,306	84,275
Transfers	1,554,849	1,358,744	1,397,065	1,226,205	1,799,344
Total Governmental Activities	<u>29,330,439</u>	<u>27,118,051</u>	<u>25,217,700</u>	<u>24,006,009</u>	<u>23,292,009</u>
Business-Type Activities:					
Investment earnings	200,449	141,978	95,825	49,138	40,713
Gain (loss) on disposal of capital assets	-	-	7,569	-	-
Miscellaneous	-	-	-	7,839	-
Transfers	(1,554,849)	(1,358,744)	(1,397,065)	(1,226,205)	(1,799,344)
Total Business-Type Activities	<u>(1,354,400)</u>	<u>(1,216,766)</u>	<u>(1,293,671)</u>	<u>(1,169,228)</u>	<u>(1,758,631)</u>
Total Primary Government	<u>27,976,039</u>	<u>25,901,285</u>	<u>23,924,029</u>	<u>22,836,781</u>	<u>21,533,378</u>
Change in Net Position					
Governmental activities	(662,201)	123,634	(118,691)	2,936,522	1,789,787
Business-type activities	780,399	1,490,179	407,487	696,814	(151,150)
Total Primary Government	<u>\$ 118,198</u>	<u>\$ 1,613,813</u>	<u>\$ 288,796</u>	<u>\$ 3,633,336</u>	<u>\$ 1,638,637</u>

CITY OF FRIENDSWOOD, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Table 3
Page 1 of 2

	2023	2022	2021	2020	2019
General fund					
Nonspendable	430,134	260,066	355,011	255,796	378,736
Restricted	566,041	460,154	597,908	650,424	727,704
Committed	-	-	-	-	-
Assigned	4,630,982	4,667,500	4,320,912	2,591,745	2,508,234
Unassigned	11,111,696	11,997,367	11,953,314	13,374,059	10,608,815
Total General Fund	16,738,853	17,385,087	17,227,145	16,872,024	14,223,489
All Other Governmental Funds					
Nonspendable	11,801	11,484	11,101	11,070	24,738
Restricted	40,068,218	12,740,909	18,106,088	4,757,183	5,568,395
Unassigned	-	(179,413)	(165,886)	(1,826,743)	-
Total Other Governmental Funds	40,080,019	12,572,980	17,951,303	2,941,510	5,593,133
Total Fund Balances of Governmental Funds	\$ 56,818,872	\$ 29,958,067	\$ 35,178,448	\$ 19,813,534	\$ 19,816,622

CITY OF FRIENDSWOOD, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Table 3
Page 2 of 2

	2018	2017	2016	2015	2014
General fund					
Nonspendable	371,610	434,750	646,778	822,226	143,201
Restricted	631,971	667,271	626,229	518,119	400,411
Committed	-	-	3,612	685,486	-
Assigned	4,229,725	2,893,697	2,706,897	2,773,419	1,421,875
Unassigned	9,052,000	9,547,039	9,776,031	8,760,424	10,554,183
Total General Fund	14,285,306	13,542,757	13,759,547	13,559,674	12,519,670
All Other Governmental Funds					
Nonspendable	24,307	31,869	31,721	31,378	31,241
Restricted	9,304,724	8,464,859	8,165,349	6,539,985	666,317
Unassigned	-	-	(193,750)	-	(239,078)
Total Other Governmental Funds	9,329,031	8,496,728	8,003,320	6,571,363	458,480
Total Fund Balances of Governmental Funds	\$ 23,614,337	\$ 22,039,485	\$ 21,762,867	\$ 20,131,037	\$ 12,978,150

CITY OF FRIENDSWOOD, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Table 4
Page 1 of 2

	2023	2022	2021	2020	2019
Revenues					
Taxes	\$ 37,087,960	\$ 34,192,280	\$ 30,974,155	\$ 29,712,771	\$ 28,389,651
Fines and forfeitures	895,577	1,052,940	1,219,096	780,717	866,812
Permits and fees	1,861,325	1,847,985	1,669,033	1,504,555	1,483,554
Intergovernmental	5,730,985	3,215,269	7,495,971	3,828,898	1,576,838
Investment earnings	1,691,972	49,580	48,609	274,405	518,221
Donations	295,968	255,638	264,938	274,945	290,069
Miscellaneous	350,095	345,364	124,627	719,721	18,777
Total Revenues	47,913,882	40,959,056	41,796,429	37,096,012	33,143,922
Expenditures					
General government	6,936,378	6,040,832	5,591,248	5,690,428	5,336,269
Public safety	16,640,299	15,370,261	14,897,465	14,306,864	13,545,539
Public works	3,572,326	5,765,313	4,612,796	6,021,313	4,127,539
Engineering	641,204	571,010	507,933	434,976	-
Community development	1,293,280	1,187,413	1,131,498	1,139,566	1,099,154
Parks and recreation	4,918,338	4,312,856	3,715,517	3,426,521	3,796,589
Library services	1,401,299	1,336,185	1,223,726	1,182,289	1,204,415
Capital outlay	13,487,123	10,277,134	7,037,490	12,865,475	6,219,243
Debt principal payment	3,377,350	2,840,720	2,556,282	2,221,257	2,168,876
Interest and other charges	1,908,811	1,624,891	1,567,472	1,285,807	1,112,127
Total expenditures	54,176,408	49,326,615	42,841,427	48,574,496	38,609,751
Excess of revenues over (under) expenditures	(6,262,526)	(8,367,559)	(1,044,998)	(11,478,484)	(5,465,829)
Other Financing Sources (Uses)					
Sale of capital assets	18,181	32,029	21,270	72,568	6,614
Insurance recoveries	69,683	74,126	175,351	8,548	235,443
Issuance of capital related debt	29,775,000	-	13,185,000	7,795,000	-
Issuance of notes payable	925,000	1,457,640	-	-	-
Issuance of capital lease	-	-	306,329	1,791,015	-
Refunding bonds issued	-	-	3,050,000	2,065,000	-
Payment to refunding escrow agent	-	-	(3,321,347)	(2,372,262)	-
Premium on issuance of debt	541,134	-	1,451,456	753,840	-
Transfers in	1,810,668	1,708,331	1,751,915	1,584,985	1,473,591
Transfers out	(16,335)	(124,948)	(210,062)	(223,298)	(47,534)
Total other financing sources (uses)	33,123,331	3,147,178	16,409,912	11,475,396	1,668,114
Net change in fund balances	\$ 26,860,805	\$ (5,220,381)	\$ 15,364,914	\$ (3,088)	\$ (3,797,715)
Debt service as a percentage of noncapital expenditures	13.0%	12.1%	11.7%	9.9%	10.1%

CITY OF FRIENDSWOOD, TEXAS
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS
LAST TEN FISCAL YEARS
(Modified Accrual Basis of Accounting)

Table 4
Page 2 of 2

	2018	2017	2016	2015	2014
Revenues					
Taxes	\$ 27,247,421	\$ 25,509,760	\$ 23,533,294	\$ 22,513,317	\$ 21,335,527
Fines and forfeitures	957,671	1,023,556	873,872	907,557	860,257
Permits and fees	1,566,656	1,708,357	1,450,939	1,349,264	1,385,898
Intergovernmental	4,398,836	1,763,974	664,427	3,536,980	1,791,451
Investment earnings	313,793	184,127	147,403	77,947	109,117
Donations	396,010	434,164	257,724	349,325	349,166
Miscellaneous	181,017	165,619	79,435	72,837	54,989
Total Revenues	35,061,404	30,789,557	27,007,094	28,807,227	25,886,405
Expenditures					
General government	5,440,888	4,975,926	4,385,321	5,343,160	4,306,143
Public safety	16,868,931	14,751,381	12,135,956	11,348,346	10,599,575
Public works	2,157,277	2,160,152	2,118,572	2,066,349	1,689,987
Engineering	-	-	-	-	-
Community development	985,309	893,663	954,103	925,947	1,092,982
Parks and recreation	3,511,146	3,339,864	3,032,979	2,917,857	2,772,072
Library services	1,200,512	1,172,245	1,096,614	1,036,843	1,083,043
Capital outlay	2,615,538	8,429,200	9,332,400	7,255,229	2,500,254
Debt principal payment	2,137,284	1,813,130	1,570,176	1,272,823	1,668,692
Interest and other charges	1,145,400	1,170,958	921,982	776,340	662,718
Total expenditures	36,062,285	38,706,519	35,548,103	32,942,894	26,375,466
Excess of revenues over (under) expenditures	(1,000,881)	(7,916,962)	(8,541,009)	(4,135,667)	(489,061)
Other Financing Sources (Uses)					
Sale of capital assets	9,135	12,757	2,743	99	6,325
Insurance recoveries	725,304	25,999	19,564	39,257	28,886
Issuance of capital related debt	485,305	5,605,000	7,345,000	9,595,000	-
Issuance of notes payable	-	-	-	-	-
Issuance of capital lease	-	756,006	-	-	-
Refunding bonds issued	-	-	-	2,840,000	-
Payment to refunding escrow agent	-	-	-	(3,058,663)	-
Premium on issuance of debt	-	435,074	1,484,593	646,746	-
Transfers in	1,402,989	1,364,399	1,503,442	1,544,662	1,799,344
Transfers out	(47,000)	(5,655)	(182,503)	(318,457)	-
Total other financing sources (uses)	2,575,733	8,193,580	10,172,839	11,288,644	1,834,555
Net change in fund balances	\$ 1,574,852	\$ 276,618	\$ 1,631,830	\$ 7,152,977	\$ 1,345,494
Debt service as a percentage of noncapital expenditures	9.8%	9.9%	9.2%	7.5%	9.8%

CITY OF FRIENDSWOOD, TEXAS
ASSESSED VALUE AND TAXABLE VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Table 5
Page 1 of 2

Fiscal Year	Tax Year	Residential Property	Commercial and Industrial Property	Other Property	Total Assessed Value
2014	2013	\$ 2,695,532,057	\$ 294,316,218	\$ 238,127,209	\$ 3,227,975,484
2015	2014	2,850,404,776	300,533,643	237,028,723	3,387,967,142
2016	2015	3,156,205,930	335,006,408	206,365,157	3,697,577,495
2017	2016	3,546,622,242	320,646,912	230,805,066	4,098,074,220
2018	2017	3,795,456,220	222,328,923	376,053,145	4,393,838,288
2019	2018	3,749,539,307	227,659,302	352,044,261	4,329,242,870
2020	2019	4,078,991,715	241,927,251	414,739,865	4,735,658,831
2021	2020	4,526,853,385	290,599,941	451,358,776	5,268,812,102
2022	2021	5,112,738,325	337,329,366	528,637,507	5,978,705,198
2023	2022	5,591,194,518	379,247,117	591,110,272	6,561,551,907

Source: Galveston Central Appraisal District, Harris County Appraisal District, and City of Friendswood records.

Note: Property in the City of Friendswood is reassessed once every two years on average. (Source: Galveston Central Appraisal District)
 Tax rates per \$100 of assessed value.
 Residential property includes both single-family and multi-family properties.

CITY OF FRIENDSWOOD, TEXAS
ASSESSED VALUE AND TAXABLE VALUE OF PROPERTY
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Tax Year	Less: Exemptions and Tax Exempt Property	Total Taxable Value	Total Direct Tax Rate
2014	2013	\$ 724,153,848	\$ 2,503,821,636	\$ 0.59140
2015	2014	761,444,427	2,626,522,715	0.59140
2016	2015	776,779,458	2,920,798,037	0.56870
2017	2016	977,353,948	3,120,720,272	0.54600
2018	2017	894,716,055	3,499,122,233	0.52735
2019	2018	955,005,811	3,374,237,059	0.53240
2020	2019	1,066,920,381	3,668,738,450	0.52140
2021	2020	1,349,948,370	3,918,863,732	0.48740
2022	2021	1,735,137,851	4,243,567,347	0.48731
2023	2022	1,947,407,979	4,614,143,928	0.48731

CITY OF FRIENDSWOOD, TEXAS
DIRECT AND OVERLAPPING PROPERTY TAX RATES
Last Ten Fiscal Years
(Unaudited)
(rate per \$100 of assessed value)

Table 6

Fiscal Year Ended September 30,	City Direct Rates			Overlapping Rates					
	General	Debt Service	Total Direct	Friendswood Independent School District	Clear Creek Independent School District	Galveston County Consolidate Drainage District	Galveston County	Harris County	
2014	\$ 0.5303	\$ 0.0611	\$ 0.5914	\$ 1.3670	\$ 1.4000	\$ 0.1400	\$ 0.5837	\$ 0.62998	
2015	0.5303	0.0611	0.5914	1.3670	1.4000	0.1350	0.5788	0.62998	
2016	0.4972	0.0715	0.5687	1.3670	1.4000	0.1150	0.5612	0.62998	
2017	0.4620	0.0840	0.5460	1.3870	1.4000	0.1120	0.5462	0.62998	
2018	0.4323	0.0950	0.5273	1.3670	1.4000	0.1080	0.5461	0.62998	
2019	0.4372	0.0952	0.5324	1.3670	1.4000	0.1080	0.5298	0.62998	
2020	0.4322	0.0893	0.5214	1.2594	1.3100	0.1122	0.5044	0.61170	
2021	0.3922	0.0952	0.4874	1.3440	1.2659	0.1131	0.4651	0.59920	
2022	0.3851	0.1022	0.4873	1.2394	1.1797	0.1320	0.4149	0.58135	
2023	0.3886	0.0988	0.4873	1.2094	1.1146	0.1298	0.3676	0.53548	

Source: Galveston County Tax Assessor/Collector and City of Friendswood records.

Note: Overlapping rates are those of local and county governments that apply to property owners within the City of Friendswood. Not all overlapping rates apply to all property owners. Overlapping rates for Friendswood Independent School District, Galveston County Consolidated Drainage District and Galveston County apply only to residents whose property is in Galveston County. Overlapping rates for Clear Creek Independent School District and Harris County apply only to residents whose property is in Harris County.

CITY OF FRIENDSWOOD, TEXAS
PRINCIPAL PROPERTY TAXPAYERS
CURRENT AND NINE YEARS AGO
(Unaudited)

Table 7

Taxpayer	2023			2014		
	Taxable Value	Rank	Percentage of Total City Taxable Assessed Value	Taxable Value	Rank	Percentage of Total City Taxable Assessed Value
Reserve at Autumn Creek LTD	\$ 35,632,199	1	0.77%	\$18,864,491	1	0.75%
Texas-New Mexico Power Co.	28,765,360	2	0.62%	12,084,650	3	0.48%
Bellevue at Clear Creek LP	23,669,000	3	0.51%	-	-	-
Kroger Co.	13,708,567	4	0.30%	13,570,271	2	0.54%
Tannos Land Holding III LLC	13,703,590	5	0.30%	-	-	-
Bay Meadows LLP	11,813,387	6	0.26%	-	-	-
The Beldon Friendswood LLC	11,000,150	7	0.24%	-	-	-
Frontier Land V P L L	11,000,000	8	0.24%	-	-	-
Taylor Morrison of Texas Inc	9,647,960	9	0.21%	-	-	-
A-S 108 Friendswood Crossing LP	8,451,620	10	0.18%	6,310,430	9	0.25%
Autumn Creek Dev LTD	-	-	-	9,046,190	4	0.36%
G&I VI Sky Hawk LP	-	-	-	9,292,240	5	0.37%
H E Butt Grocery Company	-	-	-	8,149,920	6	0.33%
HCP Friendswood LLC	-	-	-	6,995,240	8	0.28%
HSRE Friendswood LLC	-	-	-	7,535,390	7	0.30%
Timber Creek Holdings LP	-	-	-	5,646,290	10	0.23%
Total	167,391,833		3.63%	97,495,112		3.89%
All other taxpayers	4,446,752,095		96.37%	2,406,326,524		96.11%
	<u>4,614,143,928</u>		<u>100.00%</u>	<u>\$2,503,821,636</u>		<u>100.00%</u>

Source: Galveston Central Appraisal District and Harris County Appraisal District.

CITY OF FRIENDSWOOD, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
LAST TEN FISCAL YEARS
(Unaudited)

Table 8

Fiscal Year Ended September 30,	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections (adjustments) in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2014	\$ 14,747,526	\$ 14,656,257	99.38%	\$ 81,610	\$ 14,737,867	99.93%
2015	15,424,948	15,306,943	99.23%	105,556	15,412,499	99.92%
2016	16,431,153	16,264,080	98.98%	155,283	16,419,363	99.93%
2017	17,014,685	16,922,419	99.46%	80,214	17,002,633	99.93%
2018	17,633,192	17,554,220	99.55%	65,370	17,619,590	99.92%
2019	17,952,134	17,756,864	98.91%	180,445	17,937,309	99.92%
2020	18,682,563	18,605,868	99.59%	58,053	18,663,921	99.90%
2021	18,879,840	18,877,842	99.99%	(23,841)	18,854,001	99.86%
2022	20,843,713	20,793,321	99.76%	9,546	20,802,867	99.80%
2023	22,761,758	22,713,172	99.79%	-	22,713,172	99.79%

Source: Galveston County Tax Assessor/Collector and City of Friendswood records.

CITY OF FRIENDSWOOD, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Table 9

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income	Per Capita
	General Obligation Bonds	Notes Payable	SBITAs Payable	General Obligation Bonds	Water Revenue Bonds			
2014	\$ 18,815,000	\$ 623,407	\$ -	\$ -	\$ 31,830,000	\$ 51,268,407	0.35%	\$ 1,318
2015	24,525,285	360,584	-	9,875,671	24,663,416	59,424,956	0.40%	1,510
2016	31,768,805	180,408	-	33,238,357	6,109,871	71,297,441	0.46%	1,793
2017	36,067,806	668,284	-	31,160,729	5,871,129	73,767,948	0.47%	1,818
2018	34,065,657	791,305	-	29,028,108	5,627,385	69,512,455	0.42%	1,695
2019	32,023,508	436,620	-	26,845,483	27,039,600	86,345,211	0.49%	2,093
2020	38,058,822	1,861,762	-	24,587,858	26,037,385	90,545,827	0.49%	2,175
2021	49,809,357	1,681,709	-	22,310,234	40,736,057	114,537,357	0.57%	2,733
2022	47,143,902	2,613,729	-	20,447,609	39,081,427	109,286,667	0.51%	2,588
2023	74,691,542	2,645,629	92,494	18,534,984	37,366,797	133,331,446	0.61%	3,118

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

See Table 14 for personal income and population data. These ratios are calculated using personal income and population for the prior calendar year.

CITY OF FRIENDSWOOD, TEXAS
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
LAST TEN FISCAL YEARS
(Unaudited)

Table 10

Fiscal Year	Population	Taxable Value	General Bonded Debt Outstanding		Net General Bonded Debt	Percentage of Taxable Value Property	Per Capita
			General Obligation Bonds *	Less Debt Service Funds			
2014	38,911	\$ 2,503,821,636	\$ 19,491,826	\$ 130,147	\$ 18,684,853	0.75%	\$ 480
2015	39,458	2,626,522,715	34,400,956	147,193	34,253,763	1.30%	868
2016	39,767	2,920,798,037	65,007,162	159,686	64,847,476	2.22%	1,631
2017	40,570	3,120,720,272	67,228,535	115,152	67,113,383	2.15%	1,654
2018	41,003	3,499,122,233	63,093,765	-	63,093,765	1.80%	1,539
2019	41,253	3,374,237,059	58,868,991	18,302	58,850,689	1.74%	1,427
2020	41,637	3,668,738,450	62,646,680	31,909	62,614,771	1.71%	1,504
2021	41,916	3,918,863,732	72,119,591	10,608	72,108,983	1.84%	1,720
2022	42,222	4,243,567,347	67,591,511	46,376	67,545,135	1.59%	1,600
2023	42,757	4,614,143,928	93,226,526	30,793	93,195,733	2.02%	2,180

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

* Includes both Governmental Activities and Business-type Activities

CITY OF FRIENDSWOOD, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
AS OF September 30, 2023
(Unaudited)

Table 11

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable	Estimated Share of Overlapping Debt
Debt repaid with property taxes			
Friendswood Independent School District	\$189,905,000	100.00%	\$ 189,905,000
Clear Creek Independent School District	1,101,371,754	2.843%	31,311,999
Galveston County	203,115,000	7.220%	14,664,903
Harris County	3,757,467,000	0.148%	5,561,051
Subtotal, overlapping debt			241,442,953
City Direct Debt			77,337,171
Total Direct and Overlapping Debt			\$ 318,780,124

Source: Information was obtained from either the governmental unit's website or the finance department of the governmental unit.

Notes: Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City of Friendswood. The City's share of the debt of the overlapping governments is based on the ratio of the assessed value of the City's own property to that of each of the other governments. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying the debt--of each overlapping government.

CITY OF FRIENDSWOOD, TEXAS
LEGAL DEBT MARGIN INFORMATION
(UNAUDITED)

Table 12

As a City Council-City Manager form of government, the City of Friendswood is not limited by law in the amount of debt it may issue. The City's charter states:

"In keeping with the Constitution of the State of Texas and not contrary thereto, the City of Friendswood shall have the power to borrow money on the credit of the City for any public purpose not now or hereafter prohibited by the Constitution and laws of the State of Texas, and shall have the right to issue all tax bonds, revenue bonds, funding and refunding bonds, time warrants and other evidence of indebtedness as now authorized or as may hereafter be authorized to be issued by cities and towns by the laws of the State of Texas."

Article 11, Section 5 of the State of Texas Constitution states in part:

"but no tax for any purpose shall ever be lawful for any one year, which shall exceed two and one-half percent of the taxable property of such city"

The tax rate for fiscal year ended September 30, 2023 is \$0.4873 per \$100 of assessed valuation with assessed valuation being 100% of market value.

CITY OF FRIENDSWOOD, TEXAS
PLEDGED REVENUE COVERAGE
LAST TEN FISCAL YEARS
(Unaudited)

Table 13

Fiscal Year	Waterworks and Sewer Revenue Bonds						Coverage
	Utility Service Charges	Less: Operating Expenses	Net Available Revenue	Debt Service			
				Principal	Interest		
2014	\$ 11,117,391	\$ 6,376,510	\$ 4,740,881	\$ 1,165,000	\$ 1,504,006	1.78	
2015	11,020,029	6,220,331	4,799,698	1,205,000	1,153,522	2.04	
2016	11,319,801	6,361,229	4,958,572	-	481,140	10.31	
2017	12,295,441	6,911,675	5,383,766	220,000	184,100	13.32	
2018	12,183,711	7,205,293	4,978,418	225,000	179,250	12.32	
2019	13,130,943	9,378,672	3,752,271	230,000	787,319	3.69	
2020	16,638,758	10,050,967	6,587,791	905,000	952,470	3.55	
2021	17,690,843	9,690,325	8,000,518	935,000	1,113,685	3.91	
2022	19,408,330	9,130,574	10,277,756	1,450,000	1,221,488	3.85	
2023	21,293,632	10,055,068	11,238,564	1,510,000	1,162,374	4.21	

Notes: Details regarding the City's outstanding debt can be found in the notes to the financial statements. Operating expenses do not include interest, depreciation or amortization expenses.

CITY OF FRIENDSWOOD, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS
LAST TEN CALENDAR YEARS
(Unaudited)

Table 14

Calendar Year	Estimated Population	Personal Income	Per Capita Personal Income	Unemployment Rate
2014	38,911	\$ 14,741,197,000	\$ 46,917	3.4%
2015	39,358	14,774,880,000	47,011	3.7%
2016	39,767	15,463,890,000	47,991	4.9%
2017	40,570	15,682,608,000	47,605	4.7%
2018	41,003	16,443,373,000	49,079	4.3%
2019	41,253	17,497,755,000	51,785	3.2%
2020	41,637	18,561,154,000	54,250	5.9% ⁽¹⁾
2021	41,916	19,994,969,000	57,941	3.9%
2022	42,222	21,328,914,000	60,071	3.4%
2023	42,757	21,872,079,000	61,246	3.2%

Sources: Population information was provided from past financial reports. Unemployment rates, personal income and per capita personal income were obtained from the U.S. Department of Labor Bureau of Labor Statistics website or the Texas Workforce Commission website.

⁽¹⁾ Increase in unemployment rate is a result of the COVID-19 pandemic.

CITY OF FRIENDSWOOD, TEXAS
PRINCIPAL EMPLOYERS
CURRENT YEAR AND NINE YEARS AGO
(Unaudited)

Table 15

<u>Employer</u>	<u>2023</u>			<u>2014</u>	
	<u>Estimated Employees</u>	<u>Percentage of Total Employment</u>	<u>Rank</u>	<u>Estimated Employees</u>	<u>Rank</u>
Friendswood ISD	817	3.78%	1	700	1
HEB	505	2.34%	2	317	2
City of Friendswood	258	1.19%	3	232	4
Kroger	226	1.05%	4	292	3
Clear Creek ISD	173	0.80%	5	155	5
Friendship Haven Nursing Home	100	0.46%	6	140	6
McDonalds	102	0.47%	7	75	7
U.S. Post Office	75	0.35%	8	62	10
Morada (formerly Atria)	72	0.33%	9	-	
UTMB	60	0.28%	10	-	
Brookdale	-	-		69	8
Friendswood Healthcare (Autumn Hills)	-	-		65	9
Total	2,388	11.06%		2,107	

Source: City Manager's Office

Note: Percentage of total employment is based on total City employment of 21,601 for 2023.
Total City employment for 2014 is not available.

CITY OF FRIENDSWOOD, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS
(Unaudited)

Table 16
Page 1 of 2

<u>Function/Program</u>	Full-time Equivalent Employees as of September 30				
	2023	2022	2021	2020	2019
General Government:					
City Attorney	2.15	2.15	2.10	2.10	2.10
City Manager	4.00	4.00	6.00	6.00	5.00
City Secretary	4.00	4.00	4.00	4.00	5.00
Administrative Services	16.60	16.60	18.60	18.60	27.60
Human Resources	5.00	5.00	5.00	5.00	-
Information Technology	6.00	6.00	5.00	5.00	-
Public Safety:					
Police	90.40	90.38	90.38	90.38	90.38
Fire marshal	7.38	7.38	7.20	7.20	7.20
Public Works	24.00	23.00	23.00	23.00	23.00
Community Development	11.70	11.18	10.70	10.70	10.70
Engineering	8.45	7.45	7.00	7.00	6.00
Parks and Recreation	25.30	25.30	24.90	24.50	23.10
Library	15.62	15.62	14.97	14.97	14.97
Water	11.30	11.30	9.30	9.30	9.30
Sewer	11.00	11.00	11.00	11.00	11.00
Total City Employees:	<u>242.90</u>	<u>240.36</u>	<u>239.15</u>	<u>238.75</u>	<u>235.35</u>

Source: City of Friendswood Budget Documents

Notes:

In-house City Attorney added to staff in fiscal year 2015.

In fiscal year 2019, Engineering became an independent department, separate from Public Works.

In fiscal year 2020, Human Resources and Information Technology became independent departments, separate from Administrative Services.

CITY OF FRIENDSWOOD, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS
(Unaudited)

Table 16
Page 2 of 2

<u>Function/Program</u>	<u>Full-time Equivalent Employees as of September 30</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
General Government:					
City Attorney	2.10	1.00	1.00	1.00	-
City Manager	5.40	5.40	5.40	4.55	4.15
City Secretary	5.00	5.00	5.00	5.00	5.00
Administrative Services	27.60	27.70	27.70	28.70	28.70
Human Resources	-	-	-	-	-
Information Technology	-	-	-	-	-
Public Safety:					
Police	87.72	88.72	86.72	85.72	82.40
Fire marshal	6.60	6.60	6.60	6.60	6.50
Public Works	27.00	26.00	29.00	25.33	26.33
Community Development	10.70	11.70	11.70	10.89	10.89
Engineering	-	-	-	-	-
Parks and Recreation	21.90	20.90	19.63	19.63	19.03
Library	14.97	14.97	14.62	14.62	14.37
Water	9.30	8.30	8.30	8.30	9.30
Sewer	10.00	11.00	8.00	8.00	9.00
Total City Employees:	<u>228.29</u>	<u>227.29</u>	<u>223.67</u>	<u>218.34</u>	<u>215.67</u>

Source: City of Friendswood Budget Documents

Notes:

In-house City Attorney added to staff in fiscal year 2015.

In fiscal year 2019, Engineering became an independent department, separate from Public Works.

In fiscal year 2020, Human Resources and Information Technology became independent departments, separate from Administrative Services.

CITY OF FRIENDSWOOD, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS
(Unaudited)

Table 17
Page 1 of 2

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Community Development:					
Building permits issued	1,582	1,682	1,658	1,605	1,465
Building inspections conducted	9,297	9,325	9,998	9,124	9,251
Police:					
Physical arrests	100	1,051	1,368	847	1,190
Parking violations	6	11	36	17	26
Traffic violations	4,856	9,952	11,081	8,807	4,468
Fire Marshal:					
Inspections	983	1,315	1,730	1,146	1,448
Fire:					
Emergency responses	4,199	4,458	4,405	3,650	3,655
Fires extinguished	82	129	92	65	80
Parks and Recreation:					
Recreation participants	20,356	36,861	16,907	6,027	19,657
Facility reservations	3,060	5,356	1,033	3,166	3,293
Library:					
Volumes in collection	94,162	95,470	101,061	99,930	101,532
Total volumes borrowed	350,419	349,814	340,478	271,078	342,592
Water:					
New connections	87	136	92	185	169
Water main breaks	201	126	49	41	84
Average daily consumption (thousands of gallons)	6,217	5,714	5,064	5,319	5,129
Peak daily consumption	12,801	11,166	14,041	9,927	9,390
Sewer:					
Average daily sewage treatment (thousands of gallons)	3,072	2,840	3,255	3,113	3,345
Maximum daily flow (thousands of gallons)	11,558	8,369	11,006	10,520	12,491

Source: Various City departments and prior year ACFRs

CITY OF FRIENDSWOOD, TEXAS
OPERATING INDICATORS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS
(Unaudited)

Table 17
Page 2 of 2

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Community Development:					
Building permits issued	2,788	2,177	1,865	1,377	1,395
Building inspections conducted	14,157	12,134	11,026	12,145	10,611
Police:					
Physical arrests	1,145	903	1,464	1,479	1,596
Parking violations	15	61	44	63	58
Traffic violations	6,785	3,669	5,001	4,540	5,815
Fire Marshal:					
Inspections	1,139	1,233	1,354	1,512	1,427
Fire:					
Emergency responses	3,720	3,599	3,303	3,258	3,261
Fires extinguished	80	75	76	78	116
Parks and Recreation:					
Recreation participants	18,299	20,556	21,369	16,153	15,178
Facility reservations	2,123	1,004	1,444	1,443	728
Library:					
Volumes in collection	102,852	100,678	147,726	133,165	141,383
Total volumes borrowed	348,554	341,048	301,158	350,145	367,452
Water:					
New connections	125	137	183	-	193
Water main breaks	116	44	46	57	149
Average daily consumption (thousands of gallons)	5,455	5,282	4,963	4,970	5,171
Peak daily consumption	9,475	10,110	10,472	12,623	9,917
Sewer:					
Average daily sewage treatment (thousands of gallons)	3,117	3,286	3,382	3,306	2,867
Maximum daily flow (thousands of gallons)	10,370	12,766	12,188	11,237	10,770

Source: Various City departments and prior year ACFRs

CITY OF FRIENDSWOOD, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS
(Unaudited)

Table 18
Page 1 of 2

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2023</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Police					
Stations	1	1	1	1	1
Patrol units	48	29	38	31	33
Fire					
Stations	4	4	4	4	4
Public Works					
Streets - paved (miles)	223	221	221	185	176
Streets - unpaved (miles)	2	2	2	2	2
Traffic signals	3	3	3	3	3
Parks and Recreation					
Acreage	343	320	273	266	266
Parks	11	11	10	10	10
Swimming pool	1	1	1	1	1
Tennis courts	4	4	4	4	4
Library	1	1	1	1	1
Water					
Water mains (miles)	227	222	222	216	216
Fire hydrants	1,821	1,755	1,747	1,713	1,707
Connections	14,415	14,328	14,192	14,098	13,913
Storage capacity (thousands of gallons)	7,850	7,850	7,850	7,850	7,850
Sewer					
Sanitary sewers (miles)	184	182	182	202	202
Connections	13,324	13,241	13,132	13,029	12,870
Storm sewers (miles)	120	117	117	112	112
Treatment capacity (thousands of gallons)	9,250	9,250	9,250	9,250	9,250

Source: Various City departments and prior year ACFRs.

CITY OF FRIENDSWOOD, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
LAST TEN CALENDAR YEARS
(Unaudited)

Table 18
Page 2 of 2

<u>Function/Program</u>	<u>Fiscal Year</u>				
	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Police					
Stations	1	1	1	1	1
Patrol units	34	32	31	29	27
Fire					
Stations	4	4	4	4	4
Public Works					
Streets - paved (miles)	176	174	172	169	167
Streets - unpaved (miles)	2	2	2	2	2
Traffic signals	3	3	3	3	3
Parks and Recreation					
Acreage	266	266	266	232	189
Parks	9	9	9	8	8
Swimming pool	1	1	1	1	1
Tennis courts	4	4	4	4	4
Library	1	1	1	1	1
Water					
Water mains (miles)	216	214	212	209	207
Fire hydrants	1,707	1,690	1,672	1,631	1,610
Connections	13,744	13,619	13,482	13,289	13,093
Storage capacity (thousands of gallons)	7,850	7,850	7,850	8,100	8,000
Sewer					
Sanitary sewers (miles)	202	200	198	195	194
Connections	12,721	12,588	12,378	12,407	12,236
Storm sewers (miles)	112	110	109	106	105
Treatment capacity (thousands of gallons)	9,250	9,250	9,250	9,250	12,000

Source: Various City departments and prior year ACFRs.

