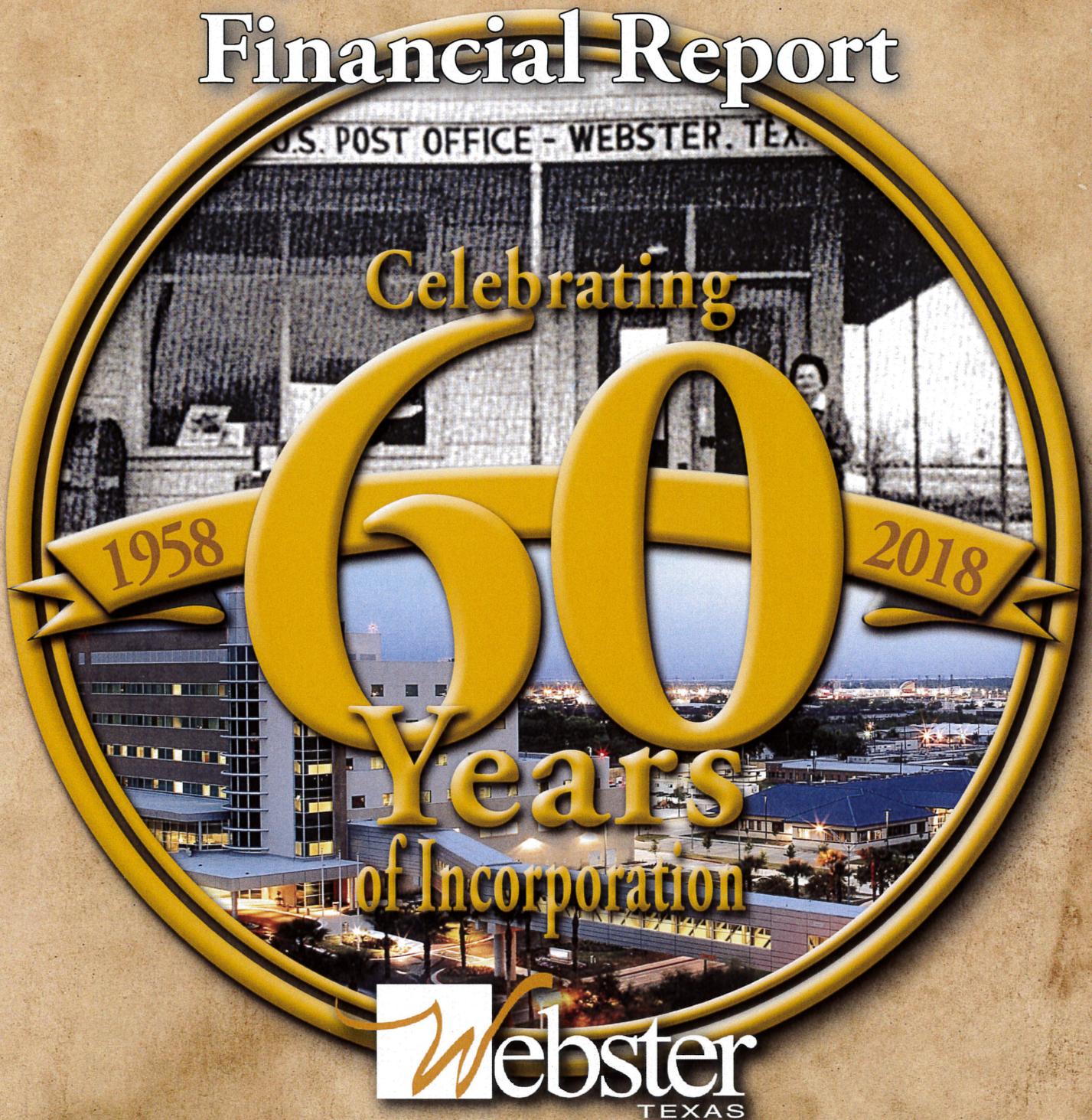


# City of Webster, Texas Comprehensive Annual Financial Report



For the Fiscal Year Ended September 30, 2019

***COMPREHENSIVE  
ANNUAL FINANCIAL REPORT***

***OF THE***

**CITY OF WEBSTER, TEXAS**

**For the Fiscal Year Ended  
September 30, 2019**

**CITY MANAGER**

**Danny Presley**

**Prepared by:**

**William Michael Rodgers, CPA  
Director of Finance**

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Accounting Technician**

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Accounting Technician**

**Hermelinda Kahanek  
Accounting Technician**

**Please visit us at our website: [www.cityofwebster.com](http://www.cityofwebster.com)**

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# CITY OF WEBSTER, TEXAS

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September 30, 2019

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***INTRODUCTORY SECTION***



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

February 7, 2020

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

It is with great pleasure that I present to you the Comprehensive Annual Financial Report (CAFR) of the City of Webster, Texas (the “City”) for the fiscal year ended September 30, 2019. The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the end result of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

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

### **Profile of the Government**

The City of Webster was considered a village from 1879 until 1958, the year it was incorporated. Webster’s population grew from 329 in 1960 to almost 11,000 today. The City adopted a council-manager form of government in 1994. Policymaking and legislative authority are vested in the City Council, consisting of the Mayor and six council members who are elected at large to serve staggered three-year terms. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies of the City Council; overseeing the day-to-day operations of the City; and hiring the department directors, subject to Council approval.

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

Webster maintains a budgetary control system to ensure expenditures are made in accordance with the annually adopted budget and the City Charter. The legal level of budgetary control is established at division levels within individual funds. Expenditures for each division shall not exceed the adopted budget for the division.

### **Local Economy**

Only twenty-five miles from downtown Houston, the City is ideally located halfway between Houston and Galveston on Interstate 45. Accordingly, the economy of the City is directly tied to activity in the Greater Bay Area Houston region. Webster is a center for excellence within the healthcare community, proven by the concentration of medical facilities in the City. Directly to the east of the City lies NASA's Johnson Space Center, a major employer and popular tourist destination.

The unemployment rate for the Houston metropolitan area declined to 3.9% from 4.1% one year ago. This is indicative of the strong growth in the Houston economy overall. Retail sales fell by one percent after peaking in October 2018. Property values have increased by three percent as both residential and commercial development continues throughout the area.

Fiscal year 2018-19 brought some good news in economic development. Listed below are just a few of the highlights:

- Costco Wholesale Corporation opened its 156,000 square foot retail facility in October 2018.
- Exclusive Furniture celebrated the grand opening of its 50,000 square foot store in March 2019.
- American Furniture Warehouse opened its 150,000 square foot showroom in August 2019.
- Thoroughfares have been completed to facilitate development on the City's south side.

### **Major Initiatives**

The largest revenue source in the General Fund is sales tax. While sales tax collection is extremely difficult to predict, the Fiscal Year 2019-20 Annual Budget anticipates revenue to rise by four percent. Most of the increase in sales tax can be attributed to the opening of American Furniture Warehouse. However, the growth stemming from that new store will be partially negated by the loss of a major retailer, Burlington Coat Factory, which is expected to close in the first quarter of 2020. The Webster Economic Development Corporation will continue its aggressive business recruitment and retention efforts.

Another large source of revenue is the ad valorem tax. The City's 2019 taxable property value rose 11% above the adjusted 2018 value. The Fiscal Year 2019-20 Annual Budget reflects a property tax rate of \$0.36200 per \$100 of valuation, 4% greater than the \$0.34794 tax rate that was adopted for 2018.

General Fund expenditures are expected to rise by 3% to \$24,889,720. Personnel costs, which make up 68% of the General Fund budget, climb by \$472,000 for merit increases that are awarded based upon the performance of the employee. Office furnishings at City Hall and the Police Department will be replaced. Significant maintenance projects in the public works budget include overlaying the pavement at Commerce Street,

constructing sidewalks along Bay Area Boulevard and Medical Center Boulevard, and replacing the pavilion flooring and lighting at city parks.

The Utility Fund continues its major maintenance projects at the wastewater treatment plant. An infiltration and inflow study will be performed to identify the source of storm water that flows into the sanitary sewer system during heavy rain events. An asset management system will be acquired to ensure the safe and reliable operation of the utility system through proper maintenance and monitoring of critical infrastructure.

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

A Capital Improvements Program adopted by City Council reflects \$34 million of general government and utility projects to be completed over the next five years. Major projects include the construction of the NASA Bypass Extension and an east-west shared use path, along with the repair of several streets. The plan also incorporates the addition of water and sewer lines along new thoroughfares. The five-year Capital Improvements Program projects the issuance of \$17 million in new debt.

The City of Webster and the Webster Economic Development Corporation have committed financial resources towards the development of Edgewater, a commercial and residential area within the City. Economic development incentives have also been offered to certain businesses. Details of these can be found in Note IV.E. and Note IV.G. of this report.

### **Relevant Financial Policies**

The City has followed a policy of maintaining a reserve level of not less than 25%, or three months of operational expenditures, for all City operating funds in the event of emergencies, financial recessions, and other unforeseen circumstances. The City's dependence upon sales tax adds substantial volatility to its revenue stream. Therefore, City Council approved a fund balance level of at least 33% for the General Fund and the Webster Economic Development Corporation. At September 30, 2019, all operating funds are compliant with this policy.

### **Independent Audit**

The City Charter requires an independent audit of the accounts of the City by an independent auditor. Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Webster's financial statements for the year ended September 30, 2019. The independent auditors' report is located at the front of the financial section of this report.

### **Awards**

The Government Finance Officers' Association (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2018. This represents the 31<sup>st</sup> consecutive year that the City has received the award. In order to be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. The Certificate of Achievement is held for a period of one year only. This report satisfies both generally accepted accounting principles and applicable legal requirements. I believe

our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and I am submitting it to GFOA to determine its eligibility for another certificate.

The City also received GFOA's Distinguished Budget Presentation Award for its Fiscal Year 2018-19 Annual Budget. In order to qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that the City of Webster's budget is proficient as an operations guide, financial plan, policy document, and communication device. The City has submitted its Fiscal Year 2019-20 Annual Budget to GFOA to determine its eligibility for another certificate. I believe it continues to meet the Distinguished Budget Presentation Award criteria.

**Acknowledgements**

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

Respectfully submitted,

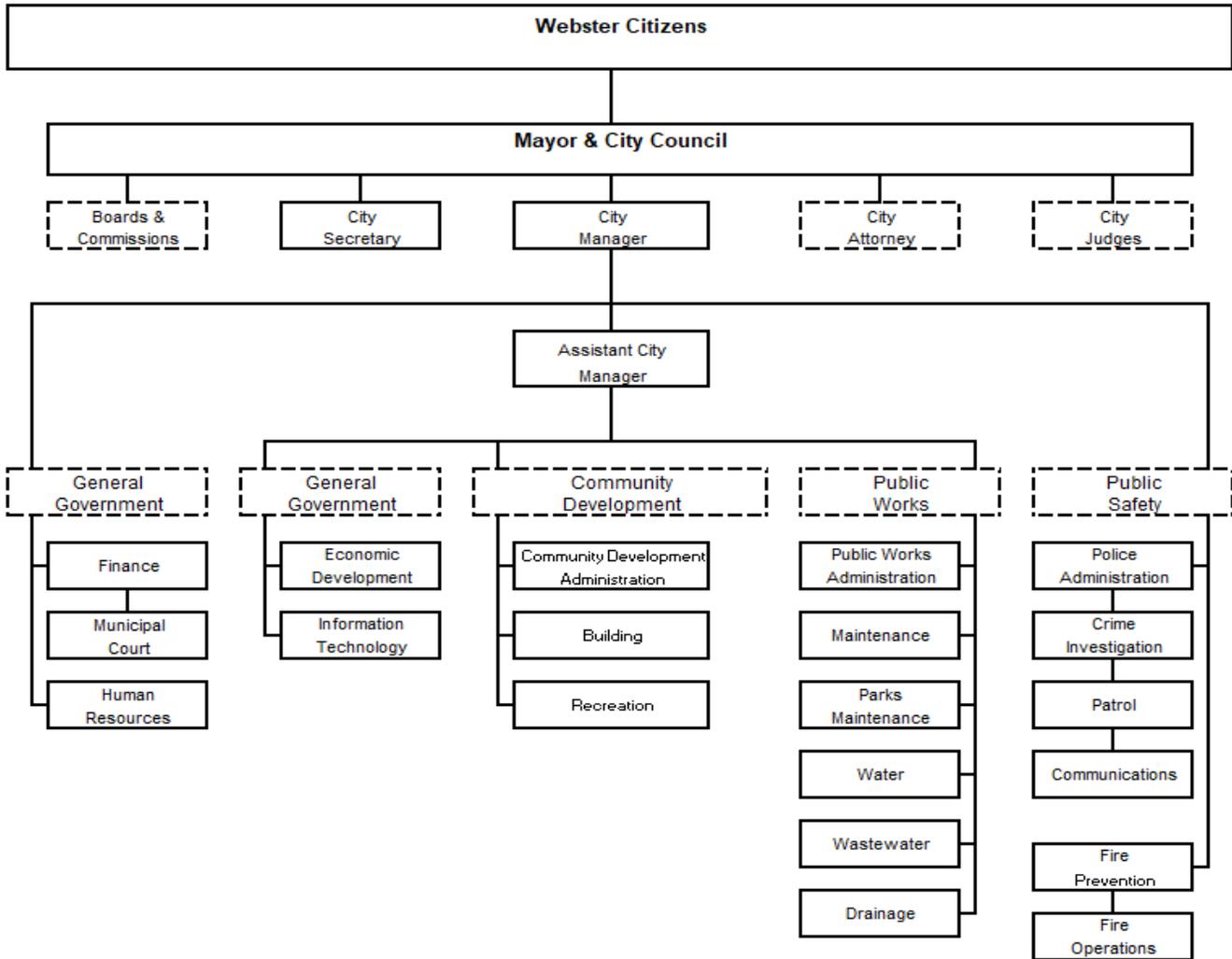
A handwritten signature in black ink that reads "Heather Wrightington". The signature is written in a cursive, flowing style.

Heather Wrightington, CPA  
Interim Director of Finance

# CITY OF WEBSTER, TEXAS

## ORGANIZATION CHART

September 30, 2019



**Legend:**

 Denotes Functions, Departments, and Appointments

 Denotes Divisions



Government Finance *Officers Association*

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Webster**  
**Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2018**

*Christopher P. Morrill*

Executive Director/CEO

**CITY OF WEBSTER, TEXAS**  
**PRINCIPAL OFFICIALS**  
September 30, 2019

<b>City Officials</b>	<b>Elected Position</b>	<b>Term Expires</b>
Donna Rogers	Mayor	05/2020
Jennifer Heidt	Council Member – Position No. 1	05/2021
Andrea Wilson	Council Member – Position No. 2	05/2021
Larry Tosto	Council Member – Position No. 3	05/2022
Beverly Gaines	Council Member – Position No. 4	05/2022
Edward Lapeyre	Council Member – Position No. 5	05/2022
Martin Graves	Council Member – Position No. 6	05/2020

<b>Key Staff</b>	<b>Position</b>
Daniel Presley	City Manager
Mike Ahrens	Assistant City Manager
Heather Wrightington, CPA	Interim Director of Finance
Marisela Garcia	City Secretary
Dick Gregg Jr.	City Attorney
James W. Woltz	City Judge
Derhyl J. Hebert	Director of Community Development
Carmen Williams	Director of Human Resources
Dean Spencer	Fire Chief
Betsy Giusto	Director of Economic Development
Shannon Hicks	Director of Public Works
Daniel Rogers	Police Chief

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***FINANCIAL SECTION***



## ***INDEPENDENT AUDITORS' REPORT***

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

### **Report on the Financial Statements**

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Webster, Texas (the "City"), as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements 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, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2019, 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.

## Other Matters

### *Required Supplementary Information*

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

### *Other 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 introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic financial statements.

The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the combining statements and schedules are fairly stated in all material respects in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

*BELT HARRIS PECHACEK, LLLP*

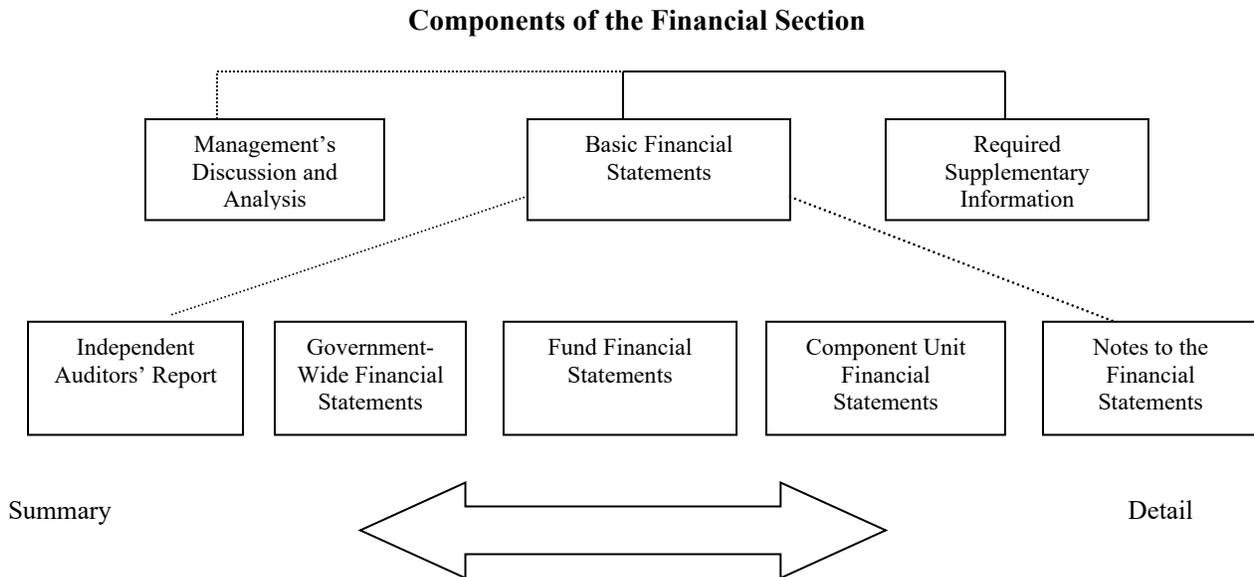
Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
February 7, 2020

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

**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2019

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Webster, Texas (the "City") for the year ended September 30, 2019. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

**THE STRUCTURE OF OUR ANNUAL REPORT**



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

**Government-Wide Statements**

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

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

**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

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

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

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

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

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

### **Fund Financial Statements**

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

#### ***Governmental Funds***

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

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

**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

The City maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, hotel occupancy tax fund, and the certificates of obligation (C.O.) series 2018, which are considered to be major funds. Data from the other seven governmental funds are combined into a single, aggregated presentation.

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

***Proprietary Funds***

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

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

**Notes to Financial Statements**

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

**Other Information**

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

**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$91,009,587 as of September 30, 2019 in the primary government. Compared to the prior year, the overall financial position of the City has increased by \$1,748,360.

The largest portion of the City's net position (62.6 percent) reflects its investments in capital assets (e.g., land, City hall, police station, fleet equipment, streets, drainage systems, as well as the public works facilities), less any debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

**CONDENSED STATEMENT OF NET POSITION**

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
	Current and other assets	\$ 31,451,353	\$ 34,338,844	\$ 16,217,772	\$ 14,979,829	\$ 47,669,125
Capital assets, net	56,056,394	54,016,562	18,930,788	19,180,636	74,987,182	73,197,198
<b>Total Assets</b>	<b>87,507,747</b>	<b>88,355,406</b>	<b>35,148,560</b>	<b>34,160,465</b>	<b>122,656,307</b>	<b>122,515,871</b>
Deferred charge on refunding	110,363	198,125	20,632	22,363	130,995	220,488
Deferred outflows - pensions	4,550,257	1,835,661	399,286	153,281	4,949,543	1,988,942
Deferred outflows - OPEB	55,501	57,228	6,776	6,986	62,277	64,214
<b>Total Deferred Outflows of Resources</b>	<b>4,716,121</b>	<b>2,091,014</b>	<b>426,694</b>	<b>182,630</b>	<b>5,142,815</b>	<b>2,273,644</b>
Long-term liabilities	27,197,849	24,769,240	7,135,080	7,035,422	34,332,929	31,804,662
Other liabilities	1,557,227	1,276,201	852,251	813,164	2,409,478	2,089,365
<b>Total Liabilities</b>	<b>28,755,076</b>	<b>26,045,441</b>	<b>7,987,331</b>	<b>7,848,586</b>	<b>36,742,407</b>	<b>33,894,027</b>
Deferred inflows - pensions	-	1,310,393	-	94,159	-	1,404,552
Deferred inflows - OPEB	42,000	-	-	-	-	-
Deferred inflows - grants	-	229,709	5,128	-	47,128	229,709
<b>Total Deferred Inflows of Resources</b>	<b>42,000</b>	<b>1,540,102</b>	<b>5,128</b>	<b>94,159</b>	<b>47,128</b>	<b>1,634,261</b>
Net Position:						
Net investment						
in capital assets	43,894,810	43,367,530	13,128,913	13,056,170	57,023,723	56,423,700
Restricted	7,682,914	6,487,498	5,831,712	6,030,890	13,514,626	12,518,388
Unrestricted	11,849,068	13,005,849	8,622,170	7,313,290	20,471,238	20,319,139
<b>Total Net Position</b>	<b>\$ 63,426,792</b>	<b>\$ 62,860,877</b>	<b>\$ 27,582,795</b>	<b>\$ 26,400,350</b>	<b>\$ 91,009,587</b>	<b>\$ 89,261,227</b>

A portion of the primary government's net position, \$13,514,626 or 14.8 percent, represents resources that are subject to external restriction on how they may be used. These restrictions include monies accounted for in special revenue funds for which the use is legally restricted, monies restricted for debt service, and capital project funds that represent unspent debt proceeds at the fund level. The remaining balance of unrestricted net position, \$20,471,238 or 22.5 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

**Statement of Activities**

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2019	2018	2019	2018	2019	2018
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,864,917	\$ 2,270,423	\$ 6,001,546	\$ 6,005,041	\$ 7,866,463	\$ 8,275,464
Operating grants and contributions	1,385,287	1,219,729	-	-	1,385,287	1,219,729
Capital grants and contributions	852,322	8,260,014	648,616	-	1,500,938	8,260,014
General revenues:						
Ad valorem taxes	7,220,478	6,327,334	-	-	7,220,478	6,327,334
Sales taxes	13,273,282	13,410,874	-	-	13,273,282	13,410,874
Franchise fees and local taxes	1,195,418	1,208,514	-	-	1,195,418	1,208,514
Other taxes	2,287,260	2,136,761	-	-	2,287,260	2,136,761
Investment earnings	723,748	391,521	330,663	181,103	1,054,411	572,624
Other revenues	221,839	220,554	202,882	901,364	424,721	1,121,918
<b>Total Revenues</b>	<u>29,024,551</u>	<u>35,445,724</u>	<u>7,183,707</u>	<u>7,087,508</u>	<u>36,208,258</u>	<u>42,533,232</u>
<b>Expenses</b>						
General government	5,464,507	4,231,926	-	-	5,464,507	4,231,926
Public safety	14,069,697	12,735,131	-	-	14,069,697	12,735,131
Public works	5,640,056	4,451,450	-	-	5,640,056	4,451,450
Community development	3,127,916	4,567,713	-	-	3,127,916	4,567,713
Interest and fiscal agent fees on long-term debt	406,460	478,058	-	-	406,460	478,058
Water	-	-	2,688,574	2,516,141	2,688,574	2,516,141
Wastewater	-	-	2,727,533	2,525,584	2,727,533	2,525,584
Drainage	-	-	335,155	297,779	335,155	297,779
<b>Total Expenses</b>	<u>28,708,636</u>	<u>26,464,278</u>	<u>5,751,262</u>	<u>5,339,504</u>	<u>34,459,898</u>	<u>31,803,782</u>
<b>Increase (Decrease) in Net Position</b>						
<b>Before Transfers</b>	315,915	8,981,446	1,432,445	1,748,004	1,748,360	10,729,450
Transfers In (Out)	250,000	250,000	(250,000)	(250,000)	-	-
<b>Change in Net Position</b>	565,915	9,231,446	1,182,445	1,498,004	1,748,360	10,729,450
<b>Beginning Net Position</b>	62,860,877	53,629,431	26,400,350	24,902,346	89,261,227	78,531,777
<b>Ending Net Position</b>	<u>\$ 63,426,792</u>	<u>\$ 62,860,877</u>	<u>\$ 27,582,795</u>	<u>\$ 26,400,350</u>	<u>\$ 91,009,587</u>	<u>\$ 89,261,227</u>

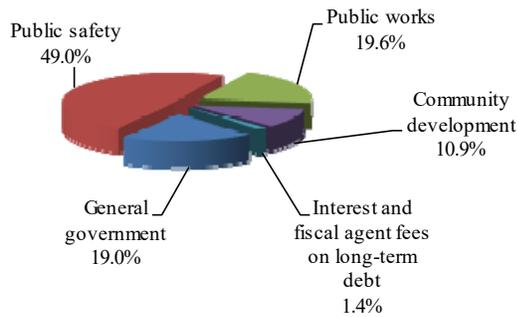
# CITY OF WEBSTER, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

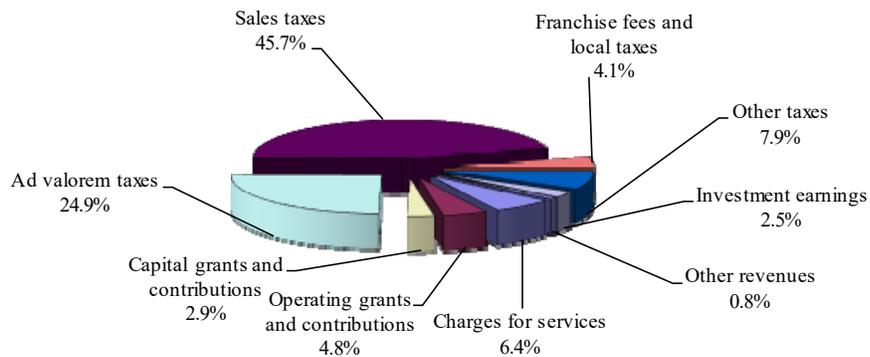
### For the Year Ended September 30, 2019

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

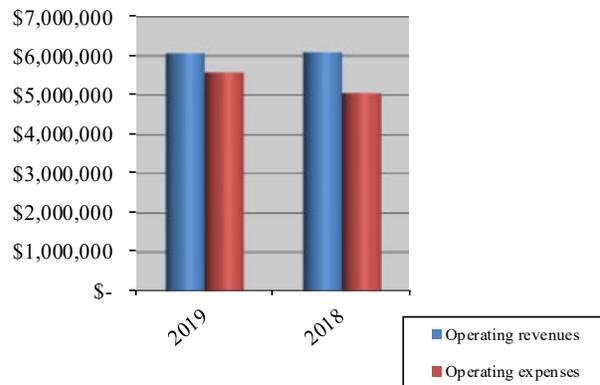
#### Governmental Activities - Expenses



#### Governmental Activities - Revenues



#### Business-Type Activities - Revenues and Expenses



**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

**Governmental Activities**

For the year ended September 30, 2019, revenues from governmental activities totaled \$29,024,551. Property and sales tax revenues continue to be the City's largest revenue sources. Property taxes increased compared to the prior year by \$893,144 as the result of higher assessed values of properties and an increase in the property tax rate. Capital grants and contributions decreased \$7,407,692 due to the construction in progress in the Destination Development and the Genesis Boulevard and the Rice Creek projects contributed by the WEDC started in prior year and completed in fiscal year 2019.

For the year ended September 30, 2019, expenses for governmental activities totaled \$28,708,636, which was an increase of \$2,244,358 compared to the prior year. General government, public safety, and public works all saw increases primarily related to the increase in the net pension liability.

**Business-Type Activities**

The City's business-type activities include the operations of providing water, wastewater, and drainage services. In comparison to the prior year, charges for services decreased by \$3,495 or 0.06 percent due to a decrease in consumption in fiscal year 2019. Total costs increased by \$411,758 or 7.7 percent due mainly to maintenance costs related to the City's treatment plant.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental Funds**

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

The City's governmental funds reflect a combined fund balance of \$25,490,491. Of this, \$92,958 is nonspendable consisting of prepaid items and inventory, \$2,431,308 is assigned, \$8,536,631 is restricted for various purposes, and \$14,429,594 remains as the portion unassigned.

There was a decrease in the combined fund balance of \$2,918,738 from the prior year. Compared to the prior year, revenues increased \$880,386 due mainly to increases in ad valorem tax revenues and other taxes. Expenditures increased \$5,211,729, primarily as a result of capital outlay. The City's fund balance policy for the general fund is a minimum four-month reserve. The general fund's unassigned fund balance of \$14,435,049 is \$6,674,977 over the minimum. Due to the volatility of sales tax revenue and the City's dependence upon it, maintaining a fund balance above the minimum is prudent.

There was an increase of \$122,633 in the general fund fund balance, bringing ending fund balance to \$14,528,007. Revenues were comparable to the prior year with an increase of \$89,769. Expenditures increased \$2,803,276 from the prior year due to increases in all functions.

There was an increase of \$18,607 in the debt service fund balance, bringing ending fund balance to \$721,416. The increase in ad valorem tax revenue was offset by an increase in debt service cost.

**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

The hotel occupancy tax fund experienced an increase in fund balance of \$1,142,064 as a result of additional tax revenue and less community development expenditures.

The C.O. series 2018 fund saw a decrease in fund balance of \$3,895,415 due to capital outlay expenditures from debt issued in the prior year.

**Proprietary Funds**

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

Revenues from charges for water decreased during the year by less than one percent due to a decrease in consumer consumption. Charges for wastewater increased by less than three percent. Drainage charges increased in comparison to the prior year by 4.4 percent. Operating expenses were comparable to the prior year with an increase of 10.0 percent. The overall increases in operating revenues, investment earnings, and capital contributions contributed to the increase in ending net position of \$1,192,947.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were \$679,899 less than budgeted revenues for 2019, with the largest negative variance in sales tax.

Actual expenditures were less than budgeted expenditures by \$1,081,835. All functions had positive budget variances, which were largely the result of conservative budgeting practices.

**CAPITAL ASSETS**

At September 30, 2019, the City's governmental activities funds had invested \$56,056,394 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net increase of \$2,039,832.

Major capital asset events during the year included the following:

- Construction in progress for the animal control shelter project of \$552,883
- Completion of the Rocket/Destination Development of \$675,833
- Completion of the Genesis project of 153,379

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

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$18,200,000. Of this amount, \$7,030,000 was general obligation debt, while certificates of obligation accounted for \$11,170,000.

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

**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2019**

Current underlying ratings on debt issues are as follows:

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

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

The City Council has adopted its annual budget and property tax rate for its fiscal year that begins on October 1, 2019. The budget includes total resources of \$47,043,960 and expenditures of \$41,787,260, including the activity of the WEDC. While anticipated revenue is greater than the originally adopted budget for fiscal Year (FY) 2018-19, expenditures fall slightly from the previous year. Growth in both sales and property taxes contribute to the growth in revenue. Rising personnel costs are due to annual pay increases for employees. Major street, sidewalk, and park maintenance projects continue. Offsetting these increases, capital expenses in the Equipment Replacement Fund decline by \$671,000 due to fewer acquisitions during FY 2019-20. Expenditures by the WEDC shrink by \$1,206,000 after fulfilling its commitment to Costco Wholesale Corporation during 2018.

The healthy economy can be demonstrated by the area's unemployment rate, which has decreased from 4.1% in 2018 to 3.9% in 2019. Property values within the City also jumped 11.9% above the adjusted 2018 taxable values to \$2.359 billion. The property tax rate increases from \$0.34794 to \$0.36200 per \$100 of taxable value to accumulate an additional \$1,205,000 for both operations and debt service. Sales tax revenue is predicted to rise by \$574,000, or 4%, with the opening of American Furniture Warehouse. Utility rates are essentially unchanged for FY 2019-20.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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***BASIC FINANCIAL STATEMENTS***

# CITY OF WEBSTER, TEXAS

## STATEMENT OF NET POSITION

September 30, 2019

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 19,490,569	\$ 9,758,752	\$ 29,249,321	\$ 10,715,395
Investments	8,921,421	5,409,785	14,331,206	-
Receivables (net of allowance for uncollectible)	3,127,858	858,828	3,986,686	716,992
Internal balances	(184,545)	184,545	-	-
Prepaid items	80,443	5,862	86,305	10,000
Inventory	15,607	-	15,607	-
Capital assets:				
Nondepreciable	6,114,417	433,946	6,548,363	2,814,414
Net depreciable capital assets	49,941,977	18,496,842	68,438,819	-
<b>Total Assets</b>	<u>87,507,747</u>	<u>35,148,560</u>	<u>122,656,307</u>	<u>14,256,801</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	110,363	20,632	130,995	73,861
Deferred outflows - pensions	4,550,257	399,286	4,949,543	-
Deferred outflows - OPEB	55,501	6,776	62,277	-
<b>Total Deferred Outflows of Resources</b>	<u>4,716,121</u>	<u>426,694</u>	<u>5,142,815</u>	<u>73,861</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,501,854	431,630	1,933,484	137,791
Customer deposits	8,300	405,136	413,436	-
Accrued interest payable	17,492	15,485	32,977	14,009
Unearned revenue	29,581	-	29,581	-
Noncurrent liabilities:				
Long-term liabilities due within one year	3,442,305	422,474	3,864,779	673,094
Long-term liabilities due in more than one year	23,755,544	6,712,606	30,468,150	9,104,774
<b>Total Liabilities</b>	<u>28,755,076</u>	<u>7,987,331</u>	<u>36,742,407</u>	<u>9,929,668</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - OPEB	42,000	5,128	47,128	-
<b>Total Deferred Inflows of Resources</b>	<u>42,000</u>	<u>5,128</u>	<u>47,128</u>	<u>-</u>
<b>NET POSITION</b>				
Net investment in capital assets	43,894,810	13,128,913	57,023,723	2,814,414
Restricted for:				
Debt service	725,620	632,443	1,358,063	147,243
Enabling legislation	6,957,294	-	6,957,294	-
Construction/capital improvements	-	5,199,269	5,199,269	2,948,807
Economic development	-	-	-	8,194,537
Unrestricted	11,849,068	8,622,170	20,471,238	(9,704,007)
<b>Total Net Position</b>	<u>\$ 63,426,792</u>	<u>\$ 27,582,795</u>	<u>\$ 91,009,587</u>	<u>\$ 4,400,994</u>

See Notes to Financial Statements.

# CITY OF WEBSTER, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2019

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 5,464,510	\$ 396,426	\$ 1,030,030	\$ -
Public safety	14,069,696	935,679	355,257	-
Public works	5,640,055	-	-	852,322
Community development	3,127,915	532,812	-	-
Interest and fiscal agent fees	406,460	-	-	-
<b>Total Governmental Activities</b>	<u>28,708,636</u>	<u>1,864,917</u>	<u>1,385,287</u>	<u>852,322</u>
<b>Business-Type Activities</b>				
Water	2,688,574	2,805,576	-	648,616
Wastewater	2,727,533	2,846,230	-	-
Drainage	335,155	349,740	-	-
<b>Total Business-Type Activities</b>	<u>5,751,262</u>	<u>6,001,546</u>	<u>-</u>	<u>648,616</u>
<b>Total Primary Government</b>	<u>\$ 34,459,898</u>	<u>\$ 7,866,463</u>	<u>\$ 1,385,287</u>	<u>\$ 1,500,938</u>
<b>Component Unit</b>				
Webster Economic Development Corporation	\$ 3,831,195	\$ -	\$ -	\$ -
<b>Total Component Unit</b>	<u>\$ 3,831,195</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

**General Revenues:**

- Ad valorem taxes
- Sales taxes
- Franchise fees and local taxes
- Other taxes
- Investment earnings
- Other revenues

Transfers

**Total General Revenues and Transfers**

**Change in Net Position**

**Beginning Net Position**

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Component Unit</b>
\$ (4,038,054)	\$ -	\$ (4,038,054)	\$ -
(12,778,760)	-	(12,778,760)	-
(4,787,733)	-	(4,787,733)	-
(2,595,103)	-	(2,595,103)	-
(406,460)	-	(406,460)	-
<u>(24,606,110)</u>	<u>-</u>	<u>(24,606,110)</u>	<u>-</u>
-	765,618	765,618	-
-	118,697	118,697	-
-	14,585	14,585	-
<u>-</u>	<u>898,900</u>	<u>898,900</u>	<u>-</u>
<u>(24,606,110)</u>	<u>898,900</u>	<u>(23,707,210)</u>	<u>-</u>
-	-	-	(3,831,195)
<u>-</u>	<u>-</u>	<u>-</u>	<u>(3,831,195)</u>
7,220,478	-	7,220,478	-
13,273,282	-	13,273,282	4,424,427
1,195,418	-	1,195,418	-
2,287,260	-	2,287,260	-
723,748	330,663	1,054,411	245,407
221,839	202,882	424,721	-
250,000	(250,000)	-	-
<u>25,172,025</u>	<u>283,545</u>	<u>25,455,570</u>	<u>4,669,834</u>
565,915	1,182,445	1,748,360	838,639
62,860,877	26,400,350	89,261,227	3,562,355
<u>\$ 63,426,792</u>	<u>\$ 27,582,795</u>	<u>\$ 91,009,587</u>	<u>\$ 4,400,994</u>

# CITY OF WEBSTER, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2019

	General	Debt Service	Hotel Occupancy Tax	C.O. Series 2018
<b>ASSETS</b>				
Cash and cash equivalents	\$ 5,900,384	\$ 721,143	\$ 6,367,479	\$ 1,381,129
Investments	6,722,369	-	-	-
Receivables (net of allowance for uncollectible)	2,810,741	67,026	137,088	217
Due from other funds	7,646	-	-	-
Prepaid items	77,351	-	-	-
Inventory	15,607	-	-	-
<b>Total Assets</b>	<b>\$ 15,534,098</b>	<b>\$ 788,169</b>	<b>\$ 6,504,567</b>	<b>\$ 1,381,346</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 871,789	\$ -	\$ 18,182	\$ 523,425
Customer deposits	8,300	-	-	-
Due to other funds	1,733	-	-	-
Unearned revenue	2,295	-	-	-
<b>Total Liabilities</b>	<b>884,117</b>	<b>-</b>	<b>18,182</b>	<b>523,425</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	121,974	66,753	-	-
<b>Total Deferred Inflows of Resources</b>	<b>121,974</b>	<b>66,753</b>	<b>-</b>	<b>-</b>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	77,351	-	-	-
Inventory	15,607	-	-	-
Restricted for:				
Debt service	-	721,416	-	-
Construction/capital improvements	-	-	-	857,921
Enabling legislation	-	-	6,486,385	-
Assigned to:				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Unassigned	14,435,049	-	-	-
<b>Total Fund Balances</b>	<b>14,528,007</b>	<b>721,416</b>	<b>6,486,385</b>	<b>857,921</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 15,534,098</b>	<b>\$ 788,169</b>	<b>\$ 6,504,567</b>	<b>\$ 1,381,346</b>

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ 2,374,571	\$ 16,744,706
519,531	7,241,900
18,906	3,033,978
-	7,646
-	77,351
-	15,607
<u>\$ 2,913,008</u>	<u>\$ 27,121,188</u>
\$ 3,145	\$ 1,416,541
-	8,300
7,646	9,379
5,455	7,750
<u>16,246</u>	<u>1,441,970</u>
-	188,727
<u>-</u>	<u>188,727</u>
-	77,351
-	15,607
-	721,416
-	857,921
470,909	6,957,294
207,896	207,896
2,223,412	2,223,412
(5,455)	14,429,594
<u>2,896,762</u>	<u>25,490,491</u>
<u>\$ 2,913,008</u>	<u>\$ 27,121,188</u>

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**CITY OF WEBSTER, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET**  
**OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
September 30, 2019

Total fund balances – total governmental funds \$ 25,490,491

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

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets – nondepreciable	6,114,417
Capital assets – net depreciable	49,941,977

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.

188,727

Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.

4,232,400

Some liabilities, including bonds payable and net pension liability, are not reported as liabilities in the governmental funds.

Accrued interest payable	(17,492)
Noncurrent liabilities due in one year	(3,442,305)
Noncurrent liabilities due in more than one year	(23,755,544)
Deferred charge on refunding	110,363
Deferred outflows - pension	4,550,257
Deferred outflows - OPEB	55,501
Deferred inflows - OPEB	(42,000)

**Net Position of Governmental Activities**

**\$ 63,426,792**

See Notes to Financial Statements.

**CITY OF WEBSTER, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2019**

	<u>General</u>	<u>Debt Service</u>	<u>Hotel Occupancy Tax</u>	<u>C.O. Series 2018</u>
<b>REVENUES</b>				
Ad valorem taxes	\$ 4,671,624	\$ 2,461,275	\$ -	\$ -
Sales taxes	13,273,282	-	-	-
Franchise fees	1,165,475	-	-	-
Other taxes	658,910	-	1,628,350	-
Licenses and permits	491,498	-	-	-
Fines and forfeitures	851,869	-	-	-
Charges for services	437,740	-	-	-
Intergovernmental	306,456	-	-	-
Investment earnings	344,121	20,829	127,424	48,919
Contributions	700,000	330,030	-	-
Other revenue	219,712	-	127	-
<b>Total Revenues</b>	<u>23,120,687</u>	<u>2,812,134</u>	<u>1,755,901</u>	<u>48,919</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	4,721,401	-	-	-
Public safety	12,843,090	-	-	-
Public works	3,783,052	-	-	-
Community development	1,932,672	-	569,437	-
<b>Capital Outlay</b>	-	-	-	3,944,334
<b>Debt Service</b>				
Principal	-	2,365,000	-	-
Interest and fiscal charges	-	428,527	-	-
<b>Total Expenditures</b>	<u>23,280,215</u>	<u>2,793,527</u>	<u>569,437</u>	<u>3,944,334</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(159,528)</u>	<u>18,607</u>	<u>1,186,464</u>	<u>(3,895,415)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	419,424	-	-	-
Transfers out	(138,904)	-	(44,400)	-
Sale of capital assets	1,641	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>282,161</u>	<u>-</u>	<u>(44,400)</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	122,633	18,607	1,142,064	(3,895,415)
<b>Beginning Fund Balances</b>	14,405,374	702,809	5,344,321	4,753,336
<b>Ending Fund Balances</b>	<u>\$ 14,528,007</u>	<u>\$ 721,416</u>	<u>\$ 6,486,385</u>	<u>\$ 857,921</u>

See Notes to Financial Statements.

<b>Nonmajor Governmental Funds</b>	<b>Total Governmental Funds</b>
\$ -	\$ 7,132,899
-	13,273,282
29,943	1,195,418
-	2,287,260
-	491,498
83,810	935,679
-	437,740
48,801	355,257
67,403	608,696
-	1,030,030
2,000	221,839
<u>231,957</u>	<u>27,969,598</u>
42,620	4,764,021
87,917	12,931,007
-	3,783,052
-	2,502,109
421,927	4,366,261
-	2,365,000
-	428,527
<u>552,464</u>	<u>31,139,977</u>
<u>(320,507)</u>	<u>(3,170,379)</u>
138,904	558,328
(125,024)	(308,328)
-	1,641
<u>13,880</u>	<u>251,641</u>
(306,627)	(2,918,738)
3,203,389	28,409,229
<u>\$ 2,896,762</u>	<u>\$ 25,490,491</u>

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**CITY OF WEBSTER, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2019**

Net changes in fund balances – total governmental funds	\$ (2,918,738)
Amounts reported for governmental activities in the Statement of Activities are different because:	
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Depreciation	(2,304,139)
Capital outlay	3,491,649
Capital contributions from component units and developers are not reported as revenues in the governmental funds.	852,322
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	87,579
The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.	
Principal repayments	2,365,000
Amortization of deferred charges	17,863
Accrued interest	4,204
Compensated absences	83,342
Net pension liability	(4,963,184)
Net OPEB liability	(19,392)
Amortization of deferred outflows - pensions	3,941,596
Amortization of deferred inflows - pensions	83,393
Amortization of deferred outflows - OPEB	(3,397)
Amortization of deferred inflows - OPEB	(40,330)
Internal service funds are used by management to charge the costs of certain capital assets and information technology services to individual funds. The net revenue (expense) is reported with governmental activities.	(111,853)
<b>Change in Net Position of Governmental Activities</b>	<b>\$ 565,915</b>

See Notes to Financial Statements.

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# CITY OF WEBSTER, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

September 30, 2019

	<b>Business-Type Activities Utility Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 9,758,752	\$ 2,745,863
Investments	5,409,785	1,679,521
Receivables, net	858,828	93,880
Due from other funds	1,733	-
Prepaid expenses	5,862	3,092
<b>Total Current Assets</b>	<b>16,034,960</b>	<b>4,522,356</b>
<b>Noncurrent Assets</b>		
Capital assets:		
Nondepreciable	433,946	70,720
Depreciable capital assets	40,322,298	6,232,302
Less: accumulated depreciation	(21,825,456)	(4,116,868)
<b>Total Capital Assets (Net)</b>	<b>18,930,788</b>	<b>2,186,154</b>
<b>Total Noncurrent Assets</b>	<b>18,930,788</b>	<b>2,186,154</b>
<b>Total Assets</b>	<b>34,965,748</b>	<b>6,708,510</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	20,632	-
Deferred outflows - pensions	399,286	105,577
Deferred outflows - OPEB	6,776	1,414
<b>Total Deferred Outflows of Resources</b>	<b>426,694</b>	<b>106,991</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	431,630	85,313
Accrued interest payable	15,485	-
Unearned revenue	-	21,831
Current portion of compensated absences	83,152	19,847
Customer deposits	405,136	-
Current portion of bonds payable (net of deferred charges)	339,322	-
<b>Total Current Liabilities</b>	<b>1,274,725</b>	<b>126,991</b>
<b>Noncurrent Liabilities</b>		
Compensated absences	17,124	4,805
Net pension liability	1,114,520	303,921
Total OPEB liability	97,777	20,330
Bonds payable (net of deferred charges)	5,483,185	-
<b>Total Noncurrent Liabilities</b>	<b>6,712,606</b>	<b>329,056</b>
<b>Total Liabilities</b>	<b>7,987,331</b>	<b>456,047</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred outflows - OPEB	5,128	1,070
<b>Total Deferred Inflows of Resources</b>	<b>5,128</b>	<b>1,070</b>
<b>NET POSITION</b>		
Net investment in capital assets	13,128,913	2,186,154
Restricted for debt service	632,443	-
Restricted for construction/capital improvements	5,199,269	-
Unrestricted	8,439,358	4,172,230
<b>Total Net Position</b>	<b>27,399,983</b>	<b>\$ 6,358,384</b>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	182,812	
Net position of business-type activities	<b>\$ 27,582,795</b>	

See Notes to Financial Statements.

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**CITY OF WEBSTER, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION**  
**PROPRIETARY FUNDS**

For the Year Ended September 30, 2019

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Fund</b>	<b>Internal Service Funds</b>
<b>OPERATING REVENUES</b>		
Water charges	\$ 2,805,576	\$ -
Wastewater charges	2,846,230	-
Drainage charges	349,740	-
Penalties and reconnect fees	25,633	-
Charges for services	-	4,435,926
Other revenue	40,579	90,197
<b>Total Operating Revenues</b>	<b>6,067,758</b>	<b>4,526,123</b>
<b>OPERATING EXPENSES</b>		
Personnel	1,547,963	2,809,652
Supplies	902,296	14,023
Maintenance	1,169,011	408,907
Services	717,178	208,532
Depreciation	1,221,975	776,205
<b>Total Operating Expenses</b>	<b>5,558,423</b>	<b>4,217,319</b>
<b>Operating Income</b>	<b>509,335</b>	<b>308,804</b>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	330,663	115,052
Interest expense	(182,337)	-
Impact fees	136,670	-
Gain on sale of capital assets	-	101,278
<b>Total Nonoperating Revenues</b>	<b>284,996</b>	<b>216,330</b>
<b>Income Before Transfers</b>	<b>794,331</b>	<b>525,134</b>
<b>TRANSFERS</b>		
Capital Contribution	648,616	-
Transfers (out)	(250,000)	-
<b>Change in Net Position</b>	<b>1,192,947</b>	<b>525,134</b>
<b>Beginning Net Position</b>	<b>26,207,036</b>	<b>5,833,250</b>
<b>Ending Net Position</b>	<b>\$ 27,399,983</b>	<b>\$ 6,358,384</b>
Change in net position before adjustment	\$ 1,192,947	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(10,502)	
Change in net position of business-type activities	<b>\$ 1,182,445</b>	

See Notes to Financial Statements.

# CITY OF WEBSTER, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2019

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Fund</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 6,040,504	\$ -
Receipts from interfund charges for equipment replacement	-	1,073,542
Receipts from interfund charges for information technology	-	944,649
Receipts from interfund charges for employee benefits	-	2,455,877
Payments to suppliers	(2,753,469)	(3,040,116)
Payments to employees	(1,457,078)	(334,261)
<b>Net Cash Provided by Operating Activities</b>	<b>1,829,957</b>	<b>1,099,691</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Impact fees	136,670	-
Transfers to other funds	(250,000)	-
<b>Net Cash (Used) by Noncapital Financing Activities</b>	<b>(113,330)</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(323,509)	(1,446,300)
Principal paid on debt	(300,000)	-
Interest paid on debt	(206,659)	-
Proceeds from sale of capital assets	-	101,278
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(830,168)</b>	<b>(1,345,022)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	3,134,581	1,079,266
Purchase of investments	(3,332,166)	(1,142,656)
Interest on investments	330,663	115,052
<b>Net Cash Provided by Investing Activities</b>	<b>133,078</b>	<b>51,662</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>1,019,537</b>	<b>(193,669)</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>8,739,215</b>	<b>2,939,532</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 9,758,752</b>	<b>\$ 2,745,863</b>

# CITY OF WEBSTER, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2019

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating income	\$ 509,335	\$ 308,804
Adjustments to Reconcile Operating Income to Net Cash Provided by Operating Activities:		
Depreciation	1,221,975	776,205
<b>Changes in Operating Assets and Liabilities:</b>		
<b>(Increase) Decrease in Current Assets:</b>		
Accounts receivable	(32,454)	9,785
Due from other funds	330	944
Prepaid expenses	799	(3,092)
Deferred outflows	(244,064)	(66,970)
<b>Increase (Decrease) in Current Liabilities:</b>		
Accounts payable and accrued liabilities	140,842	46,279
Compensated absences	2,653	1,393
Unearned revenue	-	(61,840)
Customer deposits	5,200	-
Due to component unit	(106,955)	-
Net pension liability	419,184	105,745
Total OPEB liability	2,143	378
Deferred inflows	(89,031)	(17,940)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,829,957</b>	<b>\$ 1,099,691</b>

See Notes to Financial Statements.

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**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS**  
For the Year Ended September 30, 2019

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

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

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

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

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

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

**Discretely Presented Component Unit**

**Webster Economic Development Corporation**

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

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

**B. Government-Wide Financial Statements**

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government and its component unit. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

**C. Basis of Presentation – Government-Wide Financial Statements**

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

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

**D. Basis of Presentation – Fund Financial Statements**

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

The City reports the following governmental funds:

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

The *debt service fund* is used to account for and report the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds include the hotel occupancy tax fund, public safety fund, municipal court program fund, grant fund, and the PEG channel fund. The special revenue funds are considered nonmajor funds for reporting purposes with the exception of the hotel occupancy tax fund, which is a major fund. The hotel occupancy tax fund's major revenue source is hotel occupancy tax.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30,2019**

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

The City reports the following enterprise fund:

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

Additionally, the City reports the following fund type:

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

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

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

**E. Measurement Focus and Basis of Accounting**

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

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

1. Cash and Cash Equivalents

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

2. Investments

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) and are recognized as expenditures when utilized.

4. Capital Assets

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

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

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

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

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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

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

6. Compensated Employee Absences

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

7. Long-Term Obligations

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

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

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

Assets acquired under the terms of a capital lease are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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

11. Estimates

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

12. Pensions

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

13. Other Postemployment Benefits

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the City's yearly contributions for retirees.

14. Comparative Data

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

**G. Revenues and Expenditures/Expenses**

1. Program Revenues

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

### A. Deficit Fund Balance

The grant fund reported a deficit fund balance of \$5,455 as of year end. The deficit will be eliminated upon meeting all eligibility criteria for the grant in the next fiscal year.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

**III. DETAILED NOTES ON ALL FUNDS**

**A. Deposits and Investments**

As of September 30, 2019, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 12,265,596	0.44
External investment pools	10,593,765	0.00
Total fair value	<u>\$ 22,859,361</u>	
Portfolio weighted average maturity		0.23

Fair Value Measurements

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

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

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset is not observable, the City will measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. The City does not have any investments that are measured using level 1 or level 3 inputs.

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

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

At September 30, 2019, the City had the following recurring fair value measurements:

	September 30 2019	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
<b>Investments by Fair Value Level</b>		
<u>U.S. Government Agency Bonds/Notes</u>		
Federal Home Loan Bank	\$ 1,316,170	\$ 1,316,170
Federal Home Loan Mortgage Corporation	1,939,597	1,939,597
Treasury Notes	6,572,716	6,572,716
Federal Farm Credit Bank	1,404,578	1,404,578
Treasury Bill	1,032,535	1,032,535
<b>Total</b>	\$ 12,265,596	\$ 12,265,596

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

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

*Credit risk.* The City’s investment policy limits investments in money market mutual funds rated as to investment quality not less than “AAA” by Standard & Poor’s. As of September 30, 2019, the City’s investments statewide investment pools included Texas CLASS, TexPool, and TexSTAR which were rated “AAAm” by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2019 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments were rated “AA+” by Standard & Poor’s.

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

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City’s deposits may not be returned to it. The City’s investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of September 30, 2019, market values of pledged securities and FDIC coverage exceeded bank balances.

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

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For the Year Ended September 30, 2019

TexPool

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

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

TexSTAR

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

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

Texas CLASS

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State of Texas. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the

**CITY OF WEBSTER, TEXAS**  
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For the Year Ended September 30, 2019

Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at [www.texasclass.com](http://www.texasclass.com).

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

**B. Receivables**

The following comprise receivable balances at year end:

**Governmental Funds**

	<b>General</b>	<b>Debt Service</b>	<b>Hotel Occupancy Tax</b>	<b>C.O Series 2018</b>	<b>Nonmajor Funds</b>
Ad valorem taxes	\$ 121,963	\$ 67,122	\$ -	\$ -	\$ -
Other taxes	2,385,860	-	130,979	-	6,637
Accounts	-	-	-	-	2,191
Accrued interest	37,000	284	6,109	217	2,296
Intergovernmental	-	-	-	-	5,455
Other	265,930	-	-	-	2,327
Less allowance	(12)	(380)	-	-	-
	<u>\$ 2,810,741</u>	<u>\$ 67,026</u>	<u>\$ 137,088</u>	<u>\$ 217</u>	<u>\$ 18,906</u>

**Proprietary Funds**

	<b>Enterprise</b>	<b>Internal Service</b>
Accounts	\$ 900,108	\$ 88,406
Accrued interest	28,154	5,474
Less allowance	(69,434)	-
	<u>\$ 858,828</u>	<u>\$ 93,880</u>

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

**C. Capital Assets**

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases/ Reclassifications	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 4,078,406	\$ 1,289,923	\$ -	\$ 5,368,329
Construction in progress	10,090,012	1,518,461	(10,862,385)	746,088
Total capital assets not being depreciated	<u>14,168,418</u>	<u>2,808,384</u>	<u>(10,862,385)</u>	<u>6,114,417</u>
Other capital assets:				
Buildings and improvements	24,878,047	-	-	24,878,047
Furniture and equipment	11,588,580	4,439,151	(1,770,324)	14,257,407
Infrastructure	48,502,867	9,729,145	-	58,232,012
Total other capital assets	<u>84,969,494</u>	<u>14,168,296</u>	<u>(1,770,324)</u>	<u>97,367,466</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,043,752)	(648,172)	-	(11,691,924)
Furniture and equipment	(8,593,707)	(1,323,702)	1,193,620	(8,723,789)
Infrastructure	(25,483,891)	(1,525,885)	-	(27,009,776)
Total accumulated depreciation	<u>(45,121,350)</u>	<u>(3,497,759)</u>	<u>1,193,620</u>	<u>(47,425,489)</u>
Other capital assets, net	<u>39,848,144</u>	<u>10,670,537</u>	<u>(576,704)</u>	<u>49,941,977</u>
<b>Governmental Activities Capital Assets, Net</b>	<u>\$ 54,016,562</u>	<u>\$ 13,478,921</u>	<u>\$ (11,439,089)</u>	<u>56,056,394</u>
				(12,271,947)
				110,363
			<b>Net Investment in Capital Assets</b>	<u>\$ 43,894,810</u>

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

Depreciation was charged to governmental functions as follows:

General government	\$ 212,741
Public safety	834,123
Public works	1,106,646
Community development	568,044
Internal service funds	776,205
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 3,497,759</u>

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
<b>Component Unit:</b>				
Capital assets not being depreciated:				
Land	\$ 2,814,414	\$ -	\$ -	\$ 2,814,414
<b>Total Capital Assets Not Being Depreciated</b>	<u>\$ 2,814,414</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,814,414</u>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 102,269	\$ -	\$ -	\$ 102,269
Construction in progress	37,468	294,209	-	331,677
Total capital assets not being depreciated	<u>139,737</u>	<u>294,209</u>	<u>-</u>	<u>433,946</u>
Other capital assets:				
Building and improvements	26,889,374	383,168	-	27,272,542
Furniture and equipment	228,509	-	-	228,509
Water and wastewater system	12,526,499	294,748	-	12,821,247
Total other capital assets	<u>39,644,382</u>	<u>677,916</u>	<u>-</u>	<u>40,322,298</u>
Less accumulated depreciation for:				
Building and improvements	(11,461,494)	(851,515)	-	(12,313,009)
Furniture and equipment	(79,981)	(34,301)	-	(114,282)
Water and wastewater system	(9,062,006)	(336,159)	-	(9,398,165)
Total accumulated depreciation	<u>(20,603,481)</u>	<u>(1,221,975)</u>	<u>-</u>	<u>(21,825,456)</u>
Other capital assets, net	<u>19,040,901</u>	<u>(544,059)</u>	<u>-</u>	<u>18,496,842</u>
<b>Business-Type Activities Capital Assets, Net</b>	<u>\$ 19,180,638</u>	<u>\$ (249,850)</u>	<u>\$ -</u>	<u>18,930,788</u>
				Less debt associated with capital assets (5,822,507)
				Plus deferred charge on refunding 20,632
				<b>Net Investment in Capital Assets</b> <u>\$ 13,128,913</u>

Depreciation was charged to business-type functions as follows:

Water	\$ 440,820
Wastewater	781,155
<b>Total Business-Type Activities Depreciation Expense</b>	<u>\$ 1,221,975</u>

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

**D. Long-Term Debt**

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due Within One Year</u>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 5,120,000	\$ -	\$ (1,675,000)	\$ 3,445,000	\$ 1,705,000
Certificates of obligation	9,950,000	-	(690,000)	9,260,000	715,000
Plus bond premium	530,493		(105,625)	424,868	105,625
	<u>15,600,493</u>	<u>-</u>	<u>(2,470,625)</u>	<u>13,129,868</u>	<u>2,525,625</u>
Other liabilities:					
Net pension liability	7,163,468	4,963,184	-	12,126,652	-
Total OPEB liability	783,355	19,392	-	802,747	-
Compensated absences	1,221,924	900,438	(983,780)	1,138,582	916,680
<b>Total Governmental Activities</b>	<u>\$ 24,769,240</u>	<u>\$ 5,883,014</u>	<u>\$ (3,454,405)</u>	<u>\$ 27,197,849</u>	<u>\$ 3,442,305</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 3,820,000	\$ -	\$ (235,000)	\$ 3,585,000	\$ 245,000
Certificates of obligation	1,975,000	-	(65,000)	1,910,000	70,000
Plus bond premiums	351,829	-	(24,322)	327,507	24,322
Net pension liability	695,336	419,184	-	1,114,520	-
Total OPEB liability	95,634	2,143	-	97,777	-
Compensated absences	97,623	83,605	(80,952)	100,276	83,152
<b>Total Business-Type Activities</b>	<u>\$ 7,035,422</u>	<u>\$ 504,932</u>	<u>\$ (405,274)</u>	<u>\$ 7,135,080</u>	<u>\$ 422,474</u>
<b>WEDC:</b>					
Bonds payable	\$ 10,035,000	\$ -	\$ (620,000)	\$ 9,415,000	\$ 625,000
Plus bond premiums	410,962	-	(48,094)	362,868	48,094
<b>Total WEDC</b>	<u>\$ 10,445,962</u>	<u>\$ -</u>	<u>\$ (668,094)</u>	<u>\$ 9,777,868</u>	<u>\$ 673,094</u>

(1) Debt associated with governmental capital assets \$ 13,129,868

(2) Debt associated with business-type capital assets \$ 5,822,507

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
<b><u>Governmental Activities</u></b>		
<b>General Obligation Bonds</b>		
General Obligation Refunding Bonds		
Series 2013	1.50-2.00%	\$ 2,400,000
Series 2010	4.00-4.50%	1,045,000
<b>Total General Obligation Bonds</b>		<u>3,445,000</u>
<b>Certificates of Obligation</b>		
Tax and Revenue Certificates of Obligation		
Series 2012	2.00-3.00%	4,640,000
Series 2018A	3.00-4.00%	4,620,000
<b>Total Certificates of Obligation</b>		<u>9,260,000</u>
<b>Total Governmental Activities Long-Term Debt</b>		<u>\$ 12,705,000</u>
<b><u>Business-Type Activities</u></b>		
<b>General Obligation Bonds</b>		
Water and Sewer Refunding Bonds, Series 2014	3.00-4.00%	\$ 3,585,000
<b>Total General Obligation Bonds</b>		<u>3,585,000</u>
<b>Certificates of Obligation</b>		
Tax and Revenue Certificates of Obligation, Series 2018B	3.50-4.00%	1,910,000
<b>Total Certificates of Obligation</b>		<u>1,910,000</u>
<b>Total Business-Type Activities Long-Term Debt</b>		<u>\$ 5,495,000</u>
<b><u>WEDC</u></b>		
Sales Tax Revenue Refunding Bonds		
Series 2015	2.00-4.00%	\$ 1,005,000
Sales Tax Revenue Bonds		
Series 2017	3.75-5.00%	8,410,000
<b>Total Sales Tax Revenue Bonds</b>		<u>\$ 9,415,000</u>

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

**General Obligation and Public Improvement Bonds**

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2020	\$ 1,705,000	\$ 59,913
2021	1,740,000	19,738
<b>Total</b>	<b>\$ 3,445,000</b>	<b>\$ 79,651</b>

Year Ending Sept. 30	Business-Type Activities	
	Principal	Interest
2020	\$ 245,000	\$ 121,063
2021	255,000	111,263
2022	265,000	101,063
2023	270,000	90,463
2024	285,000	79,663
2025-2029	1,570,000	252,925
2030-2031	695,000	32,550
<b>Total</b>	<b>\$ 3,585,000</b>	<b>\$ 788,990</b>

Certificates of Obligation

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

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2020	\$ 715,000	\$ 299,450
2021	750,000	273,025
2022	780,000	245,425
2023	805,000	216,825
2024	840,000	187,150
2025-2029	4,090,000	482,750
2030-2032	1,280,000	58,650
<b>Total</b>	<b>\$ 9,260,000</b>	<b>\$ 1,763,275</b>

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

Year Ending Sept. 30	Business-Type Activities	
	Principal	Interest
2020	\$ 70,000	\$ 71,550
2021	70,000	68,400
2022	75,000	65,500
2023	80,000	62,400
2024	80,000	59,200
2025-2029	455,000	244,100
2030-2034	555,000	144,263
2035-2038	525,000	37,363
<b>Total</b>	<b>\$ 1,910,000</b>	<b>\$ 752,776</b>

Revenue Bonds – WEDC

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

Year Ending Sept. 30	WEDC	
	Principal	Interest
2020	\$ 625,000	\$ 339,944
2021	635,000	324,444
2022	405,000	307,094
2023	425,000	286,844
2024	445,000	265,594
2025-2029	2,545,000	1,026,019
2030-2034	2,990,000	570,431
2035-2036	1,345,000	76,125
<b>Total</b>	<b>\$ 9,415,000</b>	<b>\$ 3,196,495</b>

Federal Arbitrage

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

**E. Interfund Transactions**

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

Transfer In	Transfer Out	Amounts
General Fund	Utility Fund	\$ 250,000
General Fund	Hotel Fund	44,400
General Fund	Nonmajor Governmental Funds	125,024
Nonmajor Governmental Funds	General Fund	138,904
		\$ 558,328

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

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

Receivable Fund	Payable Fund	Amounts
General Fund	Nonmajor Governmental Fund	\$ 7,646
Utility Fund	General Fund	1,733
		\$ 9,379

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

**IV. OTHER INFORMATION**

**A. Risk Management**

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

**B. Contingent Liabilities**

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

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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

**C. Pension Plan**

**Texas Municipal Retirement System**

Plan Description

The City participates as one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by 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 TMRS 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 issues a publicly available comprehensive annual financial report that can be obtained at [www.tmr.com](http://www.tmr.com).

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

Benefits Provided

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

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

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

	<u>2019</u>	<u>2018</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	105
Inactive employees entitled to, but not yet receiving, benefits	99
Active employees	162
<b>Total</b>	<b>366</b>

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (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 seven percent of their annual gross earnings during the fiscal year. The required contribution rates for the City were 16.89 percent and 17.41 percent in calendar years 2018 and 2019, respectively. The City’s contributions to TMRS for the fiscal year ended September 30, 2019 were \$2,149,621, which was greater than the required contributions by \$6,633.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2018 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year	
Overall payroll growth	3.00% per year	
Investment rate of return	6.75%, net of pension plan investment expense, including inflation	

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109 percent and female rates multiplied by 103 percent with a 3-year set-forward for both males and females. In addition, a 3.0 percent minimum mortality rated is applied to reflect the impairment for younger members who become disabled. The rates are projects on a fully generational basis by scale BB to account for future mortality improvements subject to the 3.0 percent floor.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and annuity purchase rate are based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, TMRS adopted the EAN actuarial cost method and a one-time change to the amortization policy. 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 weighing the expected future real rates of return by the target 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, the actuary focused on the area between (1) arithmetic mean (aggressive without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>
Domestic equity	17.50%
International equity	17.50%
Core fixed income	10.00%
Non-core fixed income	20.00%
Real return	10.00%
Real estate	10.00%
Absolute return	10.00%
Private equity	5.00%
<b>Total</b>	<b>100.00%</b>

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. 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 TPL.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

Changes in the NPL

	Increase (Decrease)		
	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
	(A)	(B)	(A) - (B)
Changes for the year:			
Service cost	\$ 2,253,187	\$ -	\$ 2,253,187
Interest	4,147,333	-	4,147,333
Changes in current period benefits	-	-	-
Difference between expected and actual experience	200,666	-	200,666
Changes in assumptions	-	-	-
Contributions - employer	-	2,030,123	(2,030,123)
Contributions - employee	-	830,559	(830,559)
Net investment income	-	(1,609,157)	1,609,157
Benefit payments, including refunds of employee contributions	(2,469,495)	(2,469,495)	-
Administrative expense	-	(31,083)	31,083
Other changes	-	(1,624)	1,624
<b>Net Changes</b>	<b>4,131,691</b>	<b>(1,250,677)</b>	<b>5,382,368</b>
Balance at December 31, 2017	61,550,129	53,691,325	7,858,804
<b>Balance at December 31, 2018</b>	<b>\$ 65,681,820</b>	<b>\$ 52,440,648</b>	<b>\$ 13,241,172</b>

Sensitivity of the NPL to Changes in the Discount Rate

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 22,952,994	13,241,172	\$ 5,321,747

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](http://www.tmr.com).

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

For the fiscal year ended September 30, 2019, the City recognized pension expense of \$3,166,836.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

At September 30, 2019, the City reported deferred outflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>
Differences between expected and actual economic experience	\$ 518,915
Changes in actuarial assumptions	27,629
Difference between projected and actual investment earning	2,769,210
Contributions subsequent to the measurement date	1,633,789
<b>Total</b>	<b>\$ 4,949,543</b>

\$1,633,789 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2020. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended September 30</b>	<b>Pension Expense</b>
2020	\$ 1,095,535
2021	582,339
2022	557,076
2023	1,080,804
<b>Total</b>	<b>\$ 3,315,754</b>

**D. Other Postemployment Benefits**

1. TMRS – Supplemental Death Benefit Fund

Plan Description

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

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

Benefits

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated). Participation in the SDBF as of December 31, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	75
Inactive employees entitled to, but not yet receiving, benefits	21
Active employees	162
<b>Total</b>	<b>258</b>

Total OPEB Liability

The City's total OPEB liability of \$501,662 was measured as of December 31, 2018 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2018 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.71%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality rates-disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3 year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

\* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

The actuarial assumptions used in the December 31, 2018 valuation were based on the results of an actuarial experience study for the period December 31, 2010 to December 31, 2014.

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 22,544
Interest	16,581
Differences between expected and actual experience	9,787
Change in assumptions	(35,138)
Benefit payments	(3,560)
Net Changes	10,214
Beginning Balance	491,448
Ending Balance	\$ 501,662

There were no changes of assumptions or other inputs that affected measurement of the total OPEB liability during the measurement period.

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

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

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

	<b>1% Decrease in Discount Rate (2.71%)</b>	<b>Discount Rate (3.71%)</b>	<b>1% Increase in Discount Rate (4.71%)</b>
City's Total OPEB Liability	\$ 597,151	\$ 501,662	\$ 427,851

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$41,406. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual experience	\$ 8,306	\$ -
Changes in actuarial assumptions	28,196	29,822
Contributions subsequent to the measurement date	2,815	-
<b>Total</b>	<b>\$ 39,317</b>	<b>\$ 29,822</b>

\$2,815 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the of total OPEB liability for the fiscal year ending September 30, 2020.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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

<u>Year Ended</u> <u>September 30</u>	<u>OPEB Expense</u>
2020	\$ 2,281
2021	2,281
2022	2,281
2023	2,281
2024	(102)
Thereafter	(2,341)
<b>Total</b>	<u><u>\$ 6,681</u></u>

2. Postemployment Healthcare Plan

Plan Description

The City administers a single-employer defined benefit OPEB plan, known as the Retiree Medical Program (the “Program”). The Program offers medical, dental, and vision insurance benefits to eligible retirees and their spouses. Retirees are responsible for the full active premium for continued medical coverage as a retiree and for their spouse, if elected. Upon the death of the retiree, the spouse is eligible for the Consolidated Omnibus Budget Reconciliation Act (COBRA).

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

A separate, audited GAAP basis OPEB plan report is not available for this Program.

Participation in the Program as of December 31, 2018 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	2
Active employees	<u>157</u>
<b>Total</b>	<u><u>159</u></u>

Funding Policy

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

Total OPEB Liability

The City’s total OPEB liability of \$398,862 was measured as of December 31, 2018 and was determined by an actuarial valuation as of December 31, 2017.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2017 actuarial valuation that was rolled forward to December 31, 2018, was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

Inflation	2.50%
Salary increases	3.50% to 10.50% including inflation
Discount rate	3.71%*
Actuarial cost method	Individual entry-age
Demographic assumptions	Based on the experience study covering the four-year period ending December 31, 2014 as conducted for TMRS.
Mortality	For healthy retirees, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements.
Health care trend rates	Initial rate of 7.50% declining to an ultimate rate of 4.25% after 15 years.
Participation rates	15% for members retiring at age 55 and after; 5% for members retiring before age 55; retirees are assumed to discontinue coverage at Medicare age

The discount rate changed from 3.31% as of December 31, 2017 to 3.81 as of December 31, 2018.

The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Changes in the Total OPEB Liability

	<b>Total OPEB Liability</b>
Changes for the year:	
Service cost	\$ 24,227
Interest	13,114
Difference between expected and actual experience	(2,070)
Changes in assumptions	(17,044)
Benefit payments	(6,906)
Net Changes	11,321
Beginning Balance	387,541
Ending Balance	<u>\$ 398,862</u>

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

Sensitivity of Total OPEB Liability to the Discount Rate

Regarding the sensitivity of the total OPEB liability to changes in the discount rate, the following presents the Program's total OPEB liability, calculated using a discount rate of 3.71%, as well as what the Program's total OPEB liability would be if it were calculated using a discount rate that is one percent lower or one percent higher:

	<b>1% Decrease in Discount Rate (2.71%)</b>	<b>Discount Rate (3.71%)</b>	<b>1% Increase in Discount Rate (4.71%)</b>
City's Total OPEB Liability	\$ 442,774	\$ 398,862	\$ 359,041

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

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

	<b>1% Decrease</b>	<b>Current Healthcare Cost Trend Rate Assumption</b>	<b>1% Increase</b>
City's Total OPEB Liability	\$ 342,701	\$ 398,862	\$ 466,847

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$37,429. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Changes in actuarial assumptions	\$ 16,251	\$ 15,432
Differences between expected and actual experience	-	1,874
Contributions subsequent to the measurement date	6,707	-
<b>Total</b>	<b>\$ 22,958</b>	<b>\$ 17,306</b>

\$6,707 reported as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date will be recognized as a reduction of the total OPEB liability for the fiscal year ending September 30, 2020.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2019

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

<u>Year Ended</u> <u>September 30</u>	<u>OPEB Expense</u>
2020	\$ 88
2021	88
2022	88
2023	88
2024	88
Thereafter	(1,495)
<b>Total</b>	<u><u>\$ (1,055)</u></u>

**E. Commitments**

Development Agreement/Utility Services Contract

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

The District consists of 536 acres within the City to construct and finance a water distribution and a wastewater collection system, drainage facilities, navigation facilities, recreational facilities, and certain other improvements. Upon completion of the facilities, with the exception of the detention facilities and navigation system, the District will convey the facilities to the City free and clear of all liens and encumbrances. The City shall incorporate the conveyed facilities into the City’s system and provide services equivalent in quality to other City customers.

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

The Developer will make certain improvements and incur financing costs, of which up to \$2,605,600 will be subject to reimbursement by the City based upon the increase in taxable value within the District. The City shall be obligated to pay the Developer \$1,355,600 when the taxable value in the District increases by \$195,000,000 over the base value of the property as determined by the Harris County Appraisal District. The City agreed to pay the Developer \$1,250,000 in February 2009 as an advance towards the total amount due. As of September 30, 2019, the total taxable value of property within the District was approximately \$106,000,000. The date when property values will increase beyond the payment threshold is undeterminable.

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2019**

**F. Joint Ventures**

Southeast Water Purification Plant (SEWPP)

On February 24, 1988, the City entered into a joint venture agreement (the “Venture”) with the City of Houston, Gulf Coast Water Authority (City of Galveston and City of League City), the City of Nassau Bay, Clear Brook City Municipal Utility District, the LaPorte Area Water Authority, the Harris County Municipal Utility District No. 55, the City of Pasadena, the City of South Houston, the City of Friendswood, and Baybrook Municipal Utility District No. 1 for the construction and operation of the Southeast Water Purification Plant (SEWPP). The City of Houston acts as the managing participant in the Venture. Members of the Venture are entitled to their proportionate share of the SEWPP’s water production and share its operating costs on the same basis. The City’s percentage of ownership in SEWPP is 1.91 percent. As of September 30, 2019, the City’s total investment in SEWPP totaled \$5,501,009. The net investment reported is \$2,509,132, which includes accumulated depreciation of \$2,991,877.

Agreement with WEDC

WEDC agreed to pay \$330,030 of the City’s tax-supported debt that was issued in 2000. The agreement extends until the debt matures in 2021.

**G. Tax Abatements and Economic Incentives**

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

Programs may rebate a flat amount or percentage of property taxes or sales taxes that are received by the City or WEDC. They may result in fee reductions such as utility charges or building inspection fees. Some agreements may take the form of one-time incentive payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure, or other expenses. For fiscal year 2019, the WEDC made incentive payments of \$1,250,000 under the following agreements. No tax rebates or fee reductions were provided by the City during year.

◦ WEDC made the second of two economic development assistance payments in the amount of \$1,250,000 to Costco Wholesale Corporation in accordance with the Economic Development Agreement that was executed on January 9, 2018. The financial assistance was utilized for infrastructure, site development, and construction costs for a 150,000 square foot facility that will grow the sales tax base, ensure the City’s long-term commercial vibrancy, and result in an increase in employment. A total of \$2,500,000 was paid in two phases. This first payment became due after Costco purchased the land and commenced construction of the primary building. A second payment of the same amount was due after the work was completed and a Certificate of Occupancy had been issued. Costco Wholesale must remain open for a period of five years or return the entire amount of financial assistance that was provided.

**CITY OF WEBSTER, TEXAS**  
***NOTES TO FINANCIAL STATEMENTS (Continued)***  
**For the Year Ended September 30, 2019**

° On December 7, 2017, the City executed a Chapter 380 Economic Development Agreement (the “Agreement”) with American Furniture Warehouse in order to make feasible the construction and operation of a new commercial business that will result in an increase in employment, commercial sales activity, and taxable property value within the City. The financial assistance package will be in the form of a rebate of a portion of the City’s sales tax that is generated by the retailer. The retailer must maintain a certain dollar amount of annual taxable sales to be eligible to receive the sales tax rebate. The maximum amount of financial assistance that could be provided over the 180 month term of the Agreement is \$7,000,000. American Furniture Warehouse opened for business on August 31, 2019.

° The WEDC approved an Economic Development Agreement (the “Agreement”) with Baker Katz, LLC as exclusive agent to assist with the leasing and/or sale of land that is owned by WEDC. During the 24 month term of the Agreement, Baker Katz LLC has exclusive right to market the property. Baker Katz LLC shall receive a percentage of the sale price or total rental revenue as commission or fee for its services.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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

For the Year Ended September 30, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	<u>Budgeted Amounts</u>		<u>2019 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>			
<b>REVENUES</b>					
Ad valorem taxes	\$ 4,891,330	\$ 4,891,330	\$ 4,671,624	\$ (219,706)	\$ 4,478,040
Sales taxes	13,820,250	13,820,250	13,273,282	(546,968)	13,410,874
Franchise fees	1,156,290	1,156,290	1,165,475	9,185	1,178,172
Other taxes	622,410	622,410	658,910	36,500	656,072
Licenses and permits	618,030	618,030	491,498	(126,532)	796,789
Fines and forfeitures	921,430	921,430	851,869	(69,561)	890,760
Charges for services	439,210	439,210	437,740	(1,470)	434,809
Other	138,810	138,810	219,712	80,902	216,866
Investment earnings	186,370	186,370	344,121	157,751	194,111
Contributions	700,000	700,000	700,000	-	700,000
<b>Total Revenues</b>	<u>23,494,130</u>	<u>23,494,130</u>	<u>22,814,231</u>	<u>(679,899)</u>	<u>22,956,493</u>
<b>EXPENDITURES</b>					
<b>General government</b>					
City council	343,300	613,300	563,011	50,289	275,964
City secretary	726,770	726,770	707,346	19,424	675,940
City manager	685,560	805,560	762,159	43,401	423,640
Finance	977,460	1,027,460	1,009,200	18,260	931,508
Municipal court	688,200	708,200	704,896	3,304	634,678
Human resources	558,640	608,640	586,539	22,101	478,253
Economic development	434,630	434,630	388,250	46,380	395,491
<b>Total general government</b>	<u>4,414,560</u>	<u>4,924,560</u>	<u>4,721,401</u>	<u>203,159</u>	<u>3,815,474</u>
<b>Public safety</b>					
<b>Police</b>					
Administration	1,783,700	1,783,700	1,635,259	148,441	1,598,737
CID	999,140	1,019,140	1,006,465	12,675	838,065
Patrol	4,603,840	4,682,770	4,680,897	1,873	4,395,635
Communications	1,595,810	1,595,810	1,513,798	82,012	1,383,915
<b>Total police</b>	<u>8,982,490</u>	<u>9,081,420</u>	<u>8,836,419</u>	<u>245,001</u>	<u>8,216,352</u>
Emergency management	-	-	-	-	244,251
<b>Fire</b>					
Prevention	1,094,610	1,094,610	1,028,206	66,404	921,863
Operations	3,029,870	3,375,020	2,978,465	396,555	2,348,954
<b>Total fire</b>	<u>4,124,480</u>	<u>4,469,630</u>	<u>4,006,671</u>	<u>462,959</u>	<u>3,270,817</u>
<b>Total public safety</b>	<u>13,106,970</u>	<u>13,551,050</u>	<u>12,843,090</u>	<u>707,960</u>	<u>11,731,420</u>

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

For the Year Ended September 30, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	Budgeted Amounts		2019 Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Original Budget	Budget as Amended			
<b>Public works</b>					
Administrative	\$ 979,290	\$ 991,290	\$ 963,780	\$ 27,510	\$ 753,185
Maintenance	1,832,540	1,832,540	1,801,215	31,325	1,481,364
Parks	1,020,560	1,032,560	1,018,057	14,503	869,810
<b>Total public works</b>	<u>3,832,390</u>	<u>3,856,390</u>	<u>3,783,052</u>	<u>73,338</u>	<u>3,104,359</u>
<b>Community development</b>					
Community development					
Administrative	690,120	715,120	682,554	32,566	652,146
Building	835,470	835,470	785,243	50,227	747,238
Recreational	479,460	479,460	464,875	14,585	426,302
<b>Total community development</b>	<u>2,005,050</u>	<u>2,030,050</u>	<u>1,932,672</u>	<u>97,378</u>	<u>1,825,686</u>
<b>Total Expenditures</b>	<u>23,358,970</u>	<u>24,362,050</u>	<u>23,280,215</u>	<u>1,081,835</u>	<u>20,476,939</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>135,160</u>	<u>(867,920)</u>	<u>(465,984)</u>	<u>401,936</u>	<u>2,479,554</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	306,400	276,400	419,424	143,024	306,400
Transfers out	(125,000)	(138,920)	(138,904)	16	(1,376,179)
Sale of capital assets	9,470	9,470	1,641	(7,829)	11,638
<b>Total Other Financing Sources (Uses)</b>	<u>190,870</u>	<u>146,950</u>	<u>282,161</u>	<u>135,211</u>	<u>(1,058,141)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 326,030</u>	<u>\$ (720,970)</u>	<u>(183,823)</u>	<u>\$ 537,147</u>	<u>\$ 1,421,413</u>
<b>Beginning Fund Balance</b>			<u>14,740,006</u>		
<b>Ending Fund Balance</b>			<u>\$ 14,556,183</u>		

Notes to Required Supplementary Information:

- Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- Reconciliation to amounts reported on the Statement of Revenues, Expenditures, and Changes in Fund Balance:

Net change in fund balance	\$ (183,823)
Amounts accounted for in subfund	306,456
Net change in fund balance-page 30	<u>\$ 122,633</u>

**CITY OF WEBSTER, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**HOTEL OCCUPANCY TAX FUND**  
**For the Year Ended September 30, 2019**  
**With Comparative Totals for the Year Ended September 30, 2018**

	Budgeted Amounts		2019 Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Original Budget	Budget as Amended			
<b>REVENUES</b>					
Hotel occupancy taxes	\$ 1,649,020	\$ 1,649,020	\$ 1,628,350	\$ (20,670)	\$ 1,480,689
Other revenue	-	-	127	127	478
Investment earnings	99,300	99,300	127,424	28,124	74,785
<b>Total Revenues</b>	1,748,320	1,748,320	1,755,901	7,581	1,555,952
<b>EXPENDITURES</b>					
Community development	569,050	636,050	569,437	66,613	2,053,040
<b>Total Expenditures</b>	569,050	636,050	569,437	66,613	2,053,040
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	1,179,270	1,112,270	1,186,464	74,194	(497,088)
<b>OTHER FINANCING (USES)</b>					
Transfers out	(44,400)	(44,400)	(44,400)	-	(44,400)
<b>Total Other Financing (Uses)</b>	(44,400)	(44,400)	(44,400)	-	(44,400)
<b>Net Change in Fund Balance</b>	\$ 1,134,870	\$ 1,067,870	1,142,064	\$ 74,194	\$ (541,488)
<b>Beginning Fund Balance</b>			5,344,321		
<b>Ending Fund Balance</b>			\$ 6,486,385		

Note to Required Supplementary Information:

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

**CITY OF WEBSTER, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2019**

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

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

**Measurement Year**  
**2018**

\$ 2,253,187  
4,147,333  
200,666  
-  
(2,469,495)  
4,131,691

61,550,129

\$ 65,681,820

\$ 2,030,123  
830,559  
(1,609,157)  
(2,469,495)  
(31,083)  
(1,624)  
(1,250,677)

53,691,325

\$ 52,440,648

\$ 13,241,172

79.84%

\$ 11,865,122

111.60%

**CITY OF WEBSTER, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2019**

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

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

Notes to Required Supplementary Information:

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	27 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.5% 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 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

**Fiscal Year \***

<u>2018</u>	<u>2019</u>
\$ 1,980,522	\$ 2,142,988
1,999,992	2,149,621
<u>\$ (19,470)</u>	<u>\$ (6,633)</u>
\$ 11,687,367	\$ 12,398,994
17.11%	17.34%

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**CITY OF WEBSTER, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2019**

	Measurement Year*	
	2017	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 19,757	\$ 22,544
Interest (on the total OPEB liability)	16,131	16,581
Differences between expected and actual experience	-	9,787
Changes in assumptions	40,429	(35,138)
Benefit payments**	(3,487)	(3,560)
<b>Net Change in Total OPEB Liability</b>	<b>72,830</b>	<b>10,214</b>
Beginning total OPEB liability	418,618	491,448
<b>Ending Total OPEB Liability</b>	<b>\$ 491,448</b>	<b>\$ 501,662</b>
<b>Covered Payroll</b>	<b>\$ 11,622,051</b>	<b>\$ 11,865,122</b>
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	<b>4.23%</b>	<b>4.23%</b>

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

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

**Notes to Required Supplementary Information:**

**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
Inflation	2.5%
Salary increases	3.50% to 10.5% including inflation.
Discount rate	3.71%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality - service retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.
Mortality - disabled retirees	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

**Other Information:**

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

The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Changes in assumptions include the annual change in the municipal bond index rate.

There were no benefit changes during the year.

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**CITY OF WEBSTER, TEXAS**  
**SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS**  
**RETIREE MEDICAL PROGRAM**  
**For the Year Ended September 30, 2019**

	Measurement Year*	
	2017	2018
<b>Total OPEB Liability</b>		
Service cost	\$ 21,164	\$ 24,227
Interest (on the total OPEB liability)	13,248	13,114
Difference between expected and actual experience (of the total OPEB liability)	-	(2,070)
Changes in assumptions	20,043	(17,044)
Benefit payments	(8,119)	(6,906)
<b>Net Change in Total OPEB Liability</b>	<u>46,336</u>	<u>11,321</u>
Beginning total OPEB liability	<u>341,205</u>	<u>387,541</u>
<b>Ending Total OPEB Liability</b>	<u><u>\$ 387,541</u></u>	<u><u>\$ 398,862</u></u>
<b>Covered Payroll</b>	\$ 11,810,502	\$ 12,086,789
<b>Total OPEB Liability as a Percentage of Covered Payroll</b>	3.28%	3.30%

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

**Notes to Required Supplementary Information:**

Changes in Assumptions

Changes in assumptions reflect a change in the discount rate from 3.31% as of December 31, 2017 to 3.71% as of December 31, 2018.

Changes in Benefits

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

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***COMBINING STATEMENTS AND SCHEDULES***

## ***NONMAJOR GOVERNMENTAL FUNDS***

### **Special Revenue Funds**

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

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

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

The Grant Fund is used to account for the receipt of grant funds from the State or Federal Government. The use of these funds is governed by the terms of the grant.

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

### **Capital Projects Funds**

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

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

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

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

# CITY OF WEBSTER, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

September 30, 2019

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant	PEG Channel
<b>ASSETS</b>				
Cash and cash equivalents	\$ 207,557	\$ 197,043	\$ -	\$ 268,868
Investments	-	-	-	-
Receivables	339	57	7,646	6,643
<b>Total Assets</b>	<b>\$ 207,896</b>	<b>\$ 197,100</b>	<b>\$ 7,646</b>	<b>\$ 275,511</b>
 <b>LIABILITIES</b>				
Accounts payable	\$ -	\$ 1,702	\$ -	\$ -
Due to other funds	-	-	7,646	-
Unearned revenue	-	-	5,455	-
<b>Total Liabilities</b>	<b>-</b>	<b>1,702</b>	<b>13,101</b>	<b>-</b>
 <b>FUND BALANCES</b>				
Restricted for:				
Enabling legislation	-	195,398	-	275,511
Assigned to:				
Special revenue	207,896	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	(5,455)	-
<b>Total Fund Balances</b>	<b>207,896</b>	<b>195,398</b>	<b>(5,455)</b>	<b>275,511</b>
 <b>Total Liabilities and Fund Balances</b>	<b>\$ 207,896</b>	<b>\$ 197,100</b>	<b>\$ 7,646</b>	<b>\$ 275,511</b>

**Capital Project Funds**

<b>Street Construction</b>	<b>Other Capital Projects</b>	<b>General Projects</b>	<b>Total Nonmajor Governmental Funds</b>
\$ 449,346	\$ 631,043	\$ 620,714	\$ 2,374,571
519,531	-	-	519,531
2,295	911	1,015	18,906
<u>\$ 971,172</u>	<u>\$ 631,954</u>	<u>\$ 621,729</u>	<u>\$ 2,913,008</u>
\$ -	\$ -	\$ 1,443	\$ 3,145
-	-	-	7,646
-	-	-	5,455
<u>-</u>	<u>-</u>	<u>1,443</u>	<u>16,246</u>
-	-	-	470,909
-	-	-	207,896
971,172	631,954	620,286	2,223,412
-	-	-	(5,455)
<u>971,172</u>	<u>631,954</u>	<u>620,286</u>	<u>2,896,762</u>
<u>\$ 971,172</u>	<u>\$ 631,954</u>	<u>\$ 621,729</u>	<u>\$ 2,913,008</u>

**CITY OF WEBSTER, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2019

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant	PEG Channel
<b>REVENUES</b>				
Fines and forfeitures	\$ 29,226	\$ 54,584	\$ -	\$ -
Franchise fees	-	-	-	29,943
Investment earnings	4,696	4,447	-	-
Intergovernmental	5,248	-	43,553	-
Other revenue	2,000	-	-	-
<b>Total Revenues</b>	<u>41,170</u>	<u>59,031</u>	<u>43,553</u>	<u>29,943</u>
<b>EXPENDITURES</b>				
General government	-	42,620	-	-
Public safety	32,190	-	55,727	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>32,190</u>	<u>42,620</u>	<u>55,727</u>	<u>-</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>8,980</u>	<u>16,411</u>	<u>(12,174)</u>	<u>29,943</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	13,904	-
Transfers out	-	(12,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(12,000)</u>	<u>13,904</u>	<u>-</u>
<b>Net Change in Fund Balances</b>	8,980	4,411	1,730	29,943
<b>Beginning Fund Balances</b>	<u>198,916</u>	<u>190,987</u>	<u>(7,185)</u>	<u>245,568</u>
<b>Ending Fund Balances</b>	<u>\$ 207,896</u>	<u>\$ 195,398</u>	<u>\$ (5,455)</u>	<u>\$ 275,511</u>

**Capital Project Funds**

<b>Street Construction</b>	<b>Other Capital Projects</b>	<b>General Projects</b>	<b>Total Nonmajor Governmental Funds</b>
\$ -	\$ -	\$ -	\$ 83,810
-	-	-	29,943
31,794	13,686	12,780	67,403
-	-	-	48,801
-	-	-	2,000
<u>31,794</u>	<u>13,686</u>	<u>12,780</u>	<u>231,957</u>
-	-	-	42,620
-	-	-	87,917
384,800	-	37,127	421,927
<u>384,800</u>	<u>-</u>	<u>37,127</u>	<u>552,464</u>
<u>(353,006)</u>	<u>13,686</u>	<u>(24,347)</u>	<u>(320,507)</u>
-	-	125,000	138,904
<u>(113,024)</u>	<u>-</u>	<u>-</u>	<u>(125,024)</u>
<u>(113,024)</u>	<u>-</u>	<u>125,000</u>	<u>13,880</u>
(466,030)	13,686	100,653	(306,627)
<u>1,437,202</u>	<u>618,268</u>	<u>519,633</u>	<u>3,203,389</u>
<u>\$ 971,172</u>	<u>\$ 631,954</u>	<u>\$ 620,286</u>	<u>\$ 2,896,762</u>

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

For the Year Ended September 30, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	Budgeted Amounts		2019 Actual	Variance with Final Budget Positive (Negative)	2018 Actual
	Original Budget	Budget as Amended			
<b>REVENUES</b>					
Ad valorem taxes	\$ 2,461,670	\$ 2,461,670	\$ 2,461,275	\$ (395)	\$ 1,812,589
Contributions	330,030	330,030	330,030	-	330,030
Investment earnings	17,160	17,160	20,829	3,669	12,407
<b>Total Revenues</b>	<u>2,808,860</u>	<u>2,808,860</u>	<u>2,812,134</u>	<u>3,274</u>	<u>2,155,026</u>
<b>EXPENDITURES</b>					
Principal	2,365,000	2,365,000	2,365,000	-	1,905,000
Interest and fiscal charges	429,240	429,240	428,527	713	358,386
<b>Total Expenditures</b>	<u>2,794,240</u>	<u>2,794,240</u>	<u>2,793,527</u>	<u>713</u>	<u>2,263,386</u>
<b>Net Change in Fund Balance</b>	<u>\$ 14,620</u>	<u>\$ 14,620</u>	18,607	<u>\$ 3,987</u>	<u>\$ (108,360)</u>
<b>Beginning Fund Balance</b>			<u>702,809</u>		
<b>Ending Fund Balance</b>			<u>\$ 721,416</u>		

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

For the Year Ended September 30, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2019 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b>REVENUES</b>					
Fines and forfeitures	\$ 21,000	\$ 21,000	\$ 29,226	\$ 8,226	\$ 91,801
Investment earnings	2,100	2,100	4,696	2,596	1,894
Intergovernmental	5,400	5,400	5,248	(152)	5,433
Other revenue	4,900	4,900	2,000	(2,900)	1,220
<b>Total Revenues</b>	<u>33,400</u>	<u>33,400</u>	<u>41,170</u>	<u>7,770</u>	<u>100,348</u>
<b>EXPENDITURES</b>					
Public safety	<u>46,000</u>	<u>46,000</u>	<u>32,190</u>	<u>13,810</u>	<u>11,226</u>
<b>Net Change in Fund Balance</b>	<u>\$ (12,600)</u>	<u>\$ (12,600)</u>	8,980	<u>\$ 21,580</u>	<u>\$ 89,122</u>
<b>Beginning Fund Balance</b>			<u>198,916</u>		
<b>Ending Fund Balance</b>			<u>\$ 207,896</u>		

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

For the Year Ended September 30, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	2019 Actual	Variance with Final Budget Positive (Negative)	2018 Actual
<b>REVENUES</b>					
Fines and forfeitures	\$ 55,330	\$ 55,330	\$ 54,584	\$ (746)	\$ 56,264
Investment earnings	3,300	3,300	4,447	1,147	2,773
<b>Total Revenues</b>	<u>58,630</u>	<u>58,630</u>	<u>59,031</u>	<u>401</u>	<u>59,037</u>
<b>EXPENDITURES</b>					
General government	49,300	49,300	42,620	6,680	35,254
<b>Excess of Revenues Over Expenditures</b>	<u>9,330</u>	<u>9,330</u>	<u>16,411</u>	<u>7,081</u>	<u>23,783</u>
<b>OTHER FINANCING (USES)</b>					
Transfers out	(12,000)	(12,000)	(12,000)	-	(12,000)
<b>Total Other Financing (Uses)</b>	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>	<u>(12,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,670)</u>	<u>\$ (2,670)</u>	4,411	<u>\$ 7,081</u>	<u>\$ 11,783</u>
<b>Beginning Fund Balance</b>			<u>190,987</u>		
<b>Ending Fund Balance</b>			<u>\$ 195,398</u>		

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

For the Year Ended September 30, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	Original Budgeted Amounts	Final Budgeted Amounts	2019 Actual	Variance with Final Budget Positive (Negative)	2018 Actual
<b>REVENUES</b>					
Intergovernmental	\$ 34,460	\$ 57,220	\$ 43,553	\$ (13,667)	\$ 109,841
<b>Total Revenues</b>	<u>34,460</u>	<u>57,220</u>	<u>43,553</u>	<u>(13,667)</u>	<u>109,841</u>
<b>EXPENDITURES</b>					
Public safety	34,460	68,460	55,727	12,733	143,205
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>-</u>	<u>(11,240)</u>	<u>(12,174)</u>	<u>(934)</u>	<u>(33,364)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	-	10,840	13,904	3,064	26,179
<b>Total Other Financing Sources</b>	<u>-</u>	<u>10,840</u>	<u>13,904</u>	<u>3,064</u>	<u>26,179</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ (400)</u>	1,730	<u>\$ 2,130</u>	<u>\$ (7,185)</u>
<b>Beginning Fund Balance</b>			<u>(7,185)</u>		
<b>Ending Fund Balance</b>			<u>\$ (5,455)</u>		

**CITY OF WEBSTER, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**PUBLIC, EDUCATIONAL, AND GOVERNMENTAL CHANNEL FUND**  
For the Year Ended September 30, 2019  
With Comparative Totals for the Year Ended September 30, 2018

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>2019 Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2018 Actual</u>
<b>REVENUES</b>					
Franchise fees	\$ 32,000	\$ 32,000	\$ 29,943	\$ (2,057)	\$ 30,342
<b>Total Revenues</b>	<u>32,000</u>	<u>32,000</u>	<u>29,943</u>	<u>(2,057)</u>	<u>30,342</u>
 <b>Net Change in Fund Balance</b>	 <u>\$ 32,000</u>	 <u>\$ 32,000</u>	 29,943	 <u>\$ (2,057)</u>	 <u>\$ 30,342</u>
 <b>Beginning Fund Balance</b>			 <u>245,568</u>		
 <b>Ending Fund Balance</b>			 <u>\$ 275,511</u>		

## ***INTERNAL SERVICE FUNDS***

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

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

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

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

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

September 30, 2019

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 2,265,556	\$ 480,245	\$ 62	\$ 2,745,863
Investments	1,679,521	-	-	1,679,521
Receivables, net	57,650	36,230	-	93,880
Prepaid expenses	-	3,092	-	3,092
<b>Total Current Assets</b>	<u>4,002,727</u>	<u>519,567</u>	<u>62</u>	<u>4,522,356</u>
<b>Noncurrent assets</b>				
Capital assets:				
Nondepreciable	-	70,720	-	70,720
Depreciable capital assets	5,428,877	803,425	-	6,232,302
Less: accumulated depreciation	(3,683,097)	(433,771)	-	(4,116,868)
<b>Total Capital Assets (Net)</b>	<u>1,745,780</u>	<u>440,374</u>	<u>-</u>	<u>2,186,154</u>
<b>Total Noncurrent Assets</b>	<u>1,745,780</u>	<u>440,374</u>	<u>-</u>	<u>2,186,154</u>
<b>Total Assets</b>	<u>5,748,507</u>	<u>959,941</u>	<u>62</u>	<u>6,708,510</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	-	105,577	-	105,577
Deferred outflows - OPEB	-	1,414	-	1,414
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>106,991</u>	<u>-</u>	<u>106,991</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	-	85,313	-	85,313
Due to other funds	-	-	-	-
Unearned revenue	21,831	-	-	21,831
Current portion of compensated absences	-	19,847	-	19,847
<b>Total Current Liabilities</b>	<u>21,831</u>	<u>105,160</u>	<u>-</u>	<u>126,991</u>
<b>Noncurrent liabilities</b>				
Compensated absences	-	4,805	-	4,805
Net pension liability	-	303,921	-	303,921
Total OPEB liability	-	20,330	-	20,330
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>329,056</u>	<u>-</u>	<u>329,056</u>
<b>Total Liabilities</b>	<u>21,831</u>	<u>434,216</u>	<u>-</u>	<u>456,047</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - OPEB	-	1,070	-	1,070
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>1,070</u>	<u>-</u>	<u>1,070</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,745,780	440,374	-	2,186,154
Unrestricted	3,980,896	191,272	62	4,172,230
<b>Total Net Position</b>	<u>\$ 5,726,676</u>	<u>\$ 631,646</u>	<u>\$ 62</u>	<u>\$ 6,358,384</u>

See Notes to Financial Statements.

**CITY OF WEBSTER, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**INTERNAL SERVICE FUNDS**  
**For the Year Ended September 30, 2019**

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 1,000,120	\$ 979,929	\$ 2,455,877	\$ 4,435,926
Other income	90,197	-	-	90,197
<b>Total Operating Revenues</b>	<u>1,090,317</u>	<u>979,929</u>	<u>2,455,877</u>	<u>4,526,123</u>
<b>OPERATING EXPENSES</b>				
Personnel	-	353,775	2,455,877	2,809,652
Supplies	-	14,023	-	14,023
Maintenance	-	408,907	-	408,907
Services	-	208,532	-	208,532
Depreciation	699,314	76,891	-	776,205
<b>Total Operating Expenses</b>	<u>699,314</u>	<u>1,062,128</u>	<u>2,455,877</u>	<u>4,217,319</u>
<b>Operating Income (Loss)</b>	<u>391,003</u>	<u>(82,199)</u>	<u>-</u>	<u>308,804</u>
<b>NONOPERATING REVENUES</b>				
Investment earnings	101,179	13,854	19	115,052
Gain on sale of capital assets	101,278	-	-	101,278
<b>Total Nonoperating Revenues</b>	<u>202,457</u>	<u>13,854</u>	<u>19</u>	<u>216,330</u>
<b>Change in Net Position</b>	593,460	(68,345)	19	525,134
<b>Beginning Net Position</b>	<u>5,133,216</u>	<u>699,991</u>	<u>43</u>	<u>5,833,250</u>
<b>Ending Net Position</b>	<u>\$ 5,726,676</u>	<u>\$ 631,646</u>	<u>\$ 62</u>	<u>\$ 6,358,384</u>

See Notes to Financial Statements.

**CITY OF WEBSTER, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS (Page 1 of 2)**  
For the Year Ended September 30, 2019

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund charges for equipment replacement	\$ 1,073,542	\$ -	\$ -	\$ 1,073,542
Receipts from interfund charges for information technology	-	944,649	-	944,649
Receipts from interfund charges for employee benefits	-	-	2,455,877	2,455,877
Payments to suppliers	-	(584,239)	(2,455,877)	(3,040,116)
Payments to employees	-	(334,261)	-	(334,261)
<b>Net Cash Provided by Operating Activities</b>	<u>1,073,542</u>	<u>26,149</u>	<u>-</u>	<u>1,099,691</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(1,295,979)	(150,321)	-	(1,446,300)
Proceeds from sale of capital assets	101,278	-	-	101,278
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(1,194,701)</u>	<u>(150,321)</u>	<u>-</u>	<u>(1,345,022)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	1,079,266	-	-	1,079,266
Purchase of investments	(1,142,656)	-	-	(1,142,656)
Interest on investments	101,179	13,854	19	115,052
<b>Net Cash Provided by Investing Activities</b>	<u>37,789</u>	<u>13,854</u>	<u>19</u>	<u>51,662</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	(83,370)	(110,318)	19	(193,669)
<b>Beginning Cash and Cash Equivalents</b>	<u>2,348,926</u>	<u>590,563</u>	<u>43</u>	<u>2,939,532</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 2,265,556</u>	<u>\$ 480,245</u>	<u>\$ 62</u>	<u>\$ 2,745,863</u>

**CITY OF WEBSTER, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS (Page 2 of 2)**  
For the Year Ended September 30, 2019

	<b>Equipment Replacement</b>	<b>Information Technology</b>	<b>Employee Benefit</b>	<b>Total Funds</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	\$ 391,003	\$ (82,199)	\$ -	\$ 308,804
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	699,314	76,891	-	776,205
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current Assets:</b>				
Accounts receivable	45,065	(35,280)	-	9,785
Due from other funds	-	944	-	944
Prepaid expenses	-	(3,092)	-	(3,092)
Deferred outflows	-	(66,970)	-	(66,970)
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable and accrued liabilities	-	46,279	-	46,279
Unearned revenue	(61,840)	-	-	(61,840)
Compensated absences	-	1,393	-	1,393
Net pension liability	-	105,745	-	105,745
Total OPEB liability	-	378	-	378
Deferred inflows	-	(17,940)	-	(17,940)
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 1,073,542</b>	<b>\$ 26,149</b>	<b>\$ -</b>	<b>\$ 1,099,691</b>

See Notes to Financial Statements.

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***STATISTICAL SECTION***

# ***STATISTICAL SECTION***

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

<b>Contents</b>	<b>Page</b>
Financial Trends	102
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	116
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	124
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	132
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	136
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

# CITY OF WEBSTER, TEXAS

## NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
Governmental activities				
Net investment in capital assets	\$ 35,859,223	\$ 34,788,233	\$ 31,186,591	\$ 34,959,498
Restricted	5,906,096	2,756,384	7,951,235	4,242,481
Unrestricted	11,966,071	16,302,442	16,633,460	17,322,534
Total Governmental Activities Net Position	<u>\$ 53,731,390</u>	<u>\$ 53,847,059</u>	<u>\$ 55,771,286</u>	<u>\$ 56,524,513</u>
Business-type activities				
Net investment in capital assets	\$ 18,060,249	\$ 18,839,292	\$ 18,814,693	\$ 17,869,153
Restricted	2,684,805	2,336,262	2,549,394	3,337,873
Unrestricted	2,879,242	3,137,696	4,013,227	4,549,668
Total Business-Type Activities Net Position	<u>\$ 23,624,296</u>	<u>\$ 24,313,250</u>	<u>\$ 25,377,314</u>	<u>\$ 25,756,694</u>
Primary government				
Net investment in capital assets	\$ 53,919,472	\$ 53,627,525	\$ 50,001,284	\$ 52,828,651
Restricted	8,590,901	5,092,646	10,500,629	7,580,354
Unrestricted	14,845,313	19,440,138	20,646,687	21,872,202
Total Primary Government Net Position	<u>\$ 77,355,686</u>	<u>\$ 78,160,309</u>	<u>\$ 81,148,600</u>	<u>\$ 82,281,207</u>

**Fiscal Year**

<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$ 35,649,793	\$ 36,328,271	\$ 35,633,525	\$ 36,391,591	\$ 43,367,530	\$ 43,894,810
5,337,239	6,440,743	7,527,380	7,095,149	6,487,498	7,682,914
13,312,086	12,747,269	12,299,353	10,142,691	13,005,849	11,849,068
<u>\$ 54,299,118</u>	<u>\$ 55,516,283</u>	<u>\$ 55,460,258</u>	<u>\$ 53,629,431</u>	<u>\$ 62,860,877</u>	<u>\$ 63,426,792</u>
\$ 17,433,119	\$ 16,453,147	\$ 15,480,229	\$ 14,377,497	\$ 13,056,170	\$ 13,128,913
3,726,464	4,287,928	4,697,276	5,148,438	6,030,890	5,831,712
4,182,768	3,944,358	4,504,121	5,376,411	7,313,290	8,622,170
<u>\$ 25,342,351</u>	<u>\$ 24,685,433</u>	<u>\$ 24,681,626</u>	<u>\$ 24,902,346</u>	<u>\$ 26,400,350</u>	<u>\$ 27,582,795</u>
\$ 53,082,912	\$ 52,781,418	\$ 51,113,754	\$ 50,769,088	\$ 56,423,700	\$ 57,023,723
9,063,703	10,728,671	12,224,656	12,243,587	12,518,388	13,514,626
17,494,854	16,691,627	16,803,474	15,519,102	20,319,139	20,471,238
<u>\$ 79,641,469</u>	<u>\$ 80,201,716</u>	<u>\$ 80,141,884</u>	<u>\$ 78,531,777</u>	<u>\$ 89,261,227</u>	<u>\$ 91,009,587</u>

# CITY OF WEBSTER, TEXAS

## CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>Expenses</b>				
Governmental activities				
General government	\$ 3,231,366	\$ 3,810,971	\$ 3,494,720	\$ 3,080,566
Public safety	8,945,639	8,705,059	9,289,641	10,243,794
Public works <sup>(1)</sup>	3,813,092	3,273,335	3,465,582	4,440,657
Community development <sup>(1)</sup>	3,359,280	2,724,785	2,930,471	1,744,564
Interest and fiscal agent fees on long-term debt	802,010	648,743	509,182	649,178
Total Governmental Activities Expenses	<u>20,151,387</u>	<u>19,162,893</u>	<u>19,689,596</u>	<u>20,158,759</u>
Business-type activities				
Water	1,854,204	1,939,942	1,991,274	1,952,327
Wastewater	1,891,447	2,034,661	2,122,566	2,128,511
Drainage	328,732	326,725	288,343	256,681
Total Business-Type Activities Expenses	<u>4,074,383</u>	<u>4,301,328</u>	<u>4,402,183</u>	<u>4,337,519</u>
Total Primary Government Expenses	<u>\$ 24,225,770</u>	<u>\$ 23,464,221</u>	<u>\$ 24,091,779</u>	<u>\$ 24,496,278</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 155,730	\$ 150,660	\$ 178,404	\$ 108,135
Public safety	1,418,862	1,201,472	1,244,467	1,302,894
Community development	357,679	339,664	658,256	476,985
Operating grants and contributions	1,252,410	1,192,871	1,113,356	1,136,571
Capital grants and contributions	29,579	4,526	1,203,465	385,355
Total Governmental Activities Program Revenues	<u>3,214,260</u>	<u>2,889,193</u>	<u>4,397,948</u>	<u>3,409,940</u>
Business-type activities				
Charges for services				
Water	1,756,318	1,869,325	1,953,541	2,081,707
Wastewater	1,791,595	1,960,596	2,082,345	2,147,674
Drainage	311,377	314,831	282,879	258,992
Capital grants and contributions	238,564	894,767	423,900	-
Total Business-Type Activities Program Revenues	<u>4,097,854</u>	<u>5,039,519</u>	<u>4,742,665</u>	<u>4,488,373</u>
Total Primary Government Program Revenues	<u>\$ 7,312,114</u>	<u>\$ 7,928,712</u>	<u>\$ 9,140,613</u>	<u>\$ 7,898,313</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (16,937,127)	\$ (16,273,700)	\$ (15,291,648)	\$ (16,748,819)
Business-type activities	23,471	738,191	340,482	150,854
Total Primary Government Net Expense	<u>\$ (16,913,656)</u>	<u>\$ (15,535,509)</u>	<u>\$ (14,951,166)</u>	<u>\$ (16,597,965)</u>

<sup>(1)</sup> Beginning in 2010, the public works function has been separated from the community development function. This change has been implemented prospectively.

**Fiscal Year**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$	3,433,495	\$ 3,719,190	\$ 3,995,852	\$ 4,373,967	\$ 4,231,926	\$ 5,464,510
	9,919,950	10,439,069	12,215,661	13,499,815	12,735,131	14,069,696
	3,661,162	4,763,763	4,269,413	4,403,146	4,451,450	5,640,055
	2,463,304	2,525,988	2,631,773	4,502,088	4,567,713	3,127,915
	465,686	435,134	399,768	356,135	478,058	406,460
	<u>19,943,597</u>	<u>21,883,144</u>	<u>23,512,467</u>	<u>27,135,151</u>	<u>26,464,278</u>	<u>28,708,636</u>
	2,089,815	2,641,539	2,530,323	2,328,079	2,516,141	2,688,574
	2,254,186	2,788,256	2,674,312	2,486,477	2,525,584	2,727,533
	205,646	240,780	223,621	330,592	297,779	335,155
	<u>4,549,647</u>	<u>5,670,575</u>	<u>5,428,256</u>	<u>5,145,148</u>	<u>5,339,504</u>	<u>5,751,262</u>
\$	<u>24,493,244</u>	<u>27,553,719</u>	<u>28,940,723</u>	<u>32,280,299</u>	<u>31,803,782</u>	<u>34,459,898</u>
\$	320,302	\$ 334,944	\$ 337,838	\$ 402,094	\$ 391,105	\$ 396,426
	1,288,379	967,522	1,001,903	926,225	1,038,825	935,679
	485,157	518,334	567,007	574,342	840,493	532,812
	1,158,002	1,172,763	1,314,106	1,120,533	1,219,729	1,385,287
	390,324	207,280	13,531	1,732,351	8,260,014	852,322
	<u>3,642,164</u>	<u>3,200,843</u>	<u>3,234,385</u>	<u>4,755,545</u>	<u>11,750,166</u>	<u>4,102,526</u>
	2,125,888	2,289,664	2,402,095	2,308,587	2,829,763	2,805,576
	2,293,096	2,416,837	2,538,787	2,465,659	2,840,383	2,846,230
	209,196	208,706	212,289	327,824	334,985	349,740
	-	-	-	-	-	648,616
	<u>4,628,180</u>	<u>4,915,207</u>	<u>5,153,171</u>	<u>5,102,070</u>	<u>6,005,131</u>	<u>6,650,162</u>
\$	<u>8,270,344</u>	<u>8,116,050</u>	<u>8,387,556</u>	<u>9,857,615</u>	<u>17,755,297</u>	<u>10,752,688</u>
\$	(16,301,433)	\$ (18,682,301)	\$ (20,278,082)	\$ (22,379,606)	\$ (14,714,112)	\$ (24,606,110)
	78,533	(755,368)	(275,085)	(43,078)	665,537	898,900
\$	<u>(16,222,900)</u>	<u>(19,437,669)</u>	<u>(20,553,167)</u>	<u>(22,422,684)</u>	<u>(14,048,575)</u>	<u>(23,707,210)</u>

# CITY OF WEBSTER, TEXAS

## CHANGES IN NET POSITION (Continued)

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Ad valorem taxes	\$ 3,144,351	\$ 3,349,978	\$ 3,732,383	\$ 4,003,896
Sales taxes	9,883,594	10,270,148	10,495,149	10,716,276
Franchise fees and local taxes	1,076,618	1,093,727	1,100,207	1,119,510
Other taxes	1,188,572	1,241,624	1,302,318	1,447,797
Investment earnings	56,944	44,039	65,379	55,583
Other revenues	273,551	135,353	169,686	175,570
Gain (loss) on sale of capital assets	44,725	4,500	100,753	84,719
Transfers	(1,575,438)	250,000	250,000	250,000
Total Governmental Activities	<u>14,092,917</u>	<u>16,389,369</u>	<u>17,215,875</u>	<u>17,853,351</u>
Business-type activities				
Investment earnings	12,940	14,923	13,536	13,054
Other revenues	250,940	185,840	960,046	738,931
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	1,575,438	(250,000)	(250,000)	(250,000)
Total Business-Type Activities	<u>1,839,318</u>	<u>(49,237)</u>	<u>723,582</u>	<u>501,985</u>
Total Primary Government	<u>\$ 15,932,235</u>	<u>\$ 16,340,132</u>	<u>\$ 17,939,457</u>	<u>\$ 18,355,336</u>
<b>Change in Net Position</b>				
Governmental activities	\$ (2,844,210)	\$ 115,669	\$ 1,924,227	\$ 1,104,532
Business-type activities	1,862,789	688,954	1,064,064	652,839
Total Primary Government	<u>\$ (981,421)</u>	<u>\$ 804,623</u>	<u>\$ 2,988,291</u>	<u>\$ 1,757,371</u>

**Fiscal Year**

	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$	4,245,156	\$ 4,041,031	\$ 4,298,407	\$ 5,531,228	\$ 6,327,334	\$ 7,220,478
	11,409,472	12,268,588	12,183,773	11,798,915	13,410,874	13,273,282
	1,103,397	1,124,931	1,176,498	1,215,747	1,208,514	1,195,418
	1,775,967	1,909,860	1,893,417	1,825,145	2,136,761	2,287,260
	24,038	88,227	101,170	117,515	391,521	723,748
	111,488	114,116	125,463	149,689	220,554	221,839
	67,238	102,713	193,329	48,974	-	-
	250,000	250,000	250,000	250,000	250,000	250,000
	<u>18,986,756</u>	<u>19,899,466</u>	<u>20,222,057</u>	<u>20,937,213</u>	<u>23,945,558</u>	<u>25,172,025</u>
	19,521	26,243	25,390	30,696	181,103	330,663
	223,033	322,207	495,888	530,527	901,364	202,882
	(21,723)	-	-	-	-	-
	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>
	<u>(29,169)</u>	<u>98,450</u>	<u>271,278</u>	<u>311,223</u>	<u>832,467</u>	<u>283,545</u>
\$	<u><u>18,957,587</u></u>	<u><u>19,997,916</u></u>	<u><u>20,493,335</u></u>	<u><u>21,248,436</u></u>	<u><u>24,778,025</u></u>	<u><u>25,455,570</u></u>
\$	2,685,323	\$ 1,217,165	\$ (56,025)	\$ (1,442,393)	\$ 9,231,446	\$ 565,915
	49,364	(656,918)	(3,807)	268,145	1,498,004	1,182,445
\$	<u><u>2,734,687</u></u>	<u><u>560,247</u></u>	<u><u>(59,832)</u></u>	<u><u>(1,174,248)</u></u>	<u><u>10,729,450</u></u>	<u><u>1,748,360</u></u>

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

<u>Source</u>	<u>Fiscal Year</u>			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Ad valorem	\$ 3,144,351	\$ 3,349,978	\$ 3,732,383	\$ 4,003,896
Sales	9,883,594	10,270,148	10,495,149	10,716,276
Franchise fees	1,076,618	1,093,727	1,100,207	1,119,510
Other taxes	1,188,572	1,241,624	1,302,318	1,447,797
 Total	 <u>\$ 15,293,135</u>	 <u>\$ 15,955,477</u>	 <u>\$ 16,630,057</u>	 <u>\$ 17,287,479</u>

<b>Fiscal Year</b>						<b>Change</b>
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2018-2019</b>
\$ 4,245,156	\$ 4,041,031	\$ 4,298,407	\$ 5,531,228	\$ 6,327,334	\$ 7,220,478	14.1%
11,409,472	12,268,588	12,183,773	11,798,915	13,410,874	13,273,282	-1.0%
1,103,397	1,124,931	1,176,498	1,215,747	1,208,514	1,195,418	-1.1%
1,775,967	1,909,860	1,893,417	1,825,145	2,136,761	2,287,260	7.0%
<u>\$ 18,533,992</u>	<u>\$ 19,344,410</u>	<u>\$ 19,552,095</u>	<u>\$ 20,371,035</u>	<u>\$ 23,083,483</u>	<u>\$ 23,976,438</u>	3.9%

**CITY OF WEBSTER, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
General Fund				
Nonspendable	\$ 40,273	\$ 889,606	\$ 51,394	\$ 36,872
Assigned	950,221	164,811	220,639	179,658
Unassigned	8,296,652	8,974,754	10,236,151	11,190,474
Total General Fund	<u>\$ 9,287,146</u>	<u>\$ 10,029,171</u>	<u>\$ 10,508,184</u>	<u>\$ 11,407,004</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ 325	\$ 1,014	\$ 7,600
Restricted	524,365	2,753,771	7,948,938	4,236,152
Assigned, reported in:				
Capital project funds	4,478,279	4,381,647	4,376,477	4,434,282
Special revenue funds	1,864,164	115,591	91,485	122,340
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 6,866,808</u>	<u>\$ 7,251,334</u>	<u>\$ 12,417,914</u>	<u>\$ 8,800,374</u>

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 47,809	\$ 37,507	\$ 38,100	\$ 41,836	\$ 75,304	\$ 92,958
199,758	220,943	246,283	274,270	274,270	-
12,230,288	12,875,981	11,959,903	12,593,430	14,055,800	14,435,049
<u>\$ 12,477,855</u>	<u>\$ 13,134,431</u>	<u>\$ 12,244,286</u>	<u>\$ 12,909,536</u>	<u>\$ 14,405,374</u>	<u>\$ 14,528,007</u>
\$ 12,500	\$ 1,610	\$ -	\$ -	\$ -	\$ -
5,334,900	6,438,064	7,524,435	7,091,408	11,237,021	8,536,631
4,376,391	3,306,955	3,678,188	1,496,998	2,575,103	2,223,412
113,288	111,117	96,589	109,794	198,916	207,896
-	(23,775)	(3,225)	-	(7,185)	(5,455)
<u>\$ 9,837,079</u>	<u>\$ 9,833,971</u>	<u>\$ 11,295,987</u>	<u>\$ 8,698,200</u>	<u>\$ 14,003,855</u>	<u>\$ 10,962,484</u>

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

Last Ten Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2010	2011	2012	2013
<b>Revenues</b>				
Taxes	\$ 15,213,296	\$ 15,965,845	\$ 16,639,457	\$ 17,241,733
Licenses and permits	328,389	301,990	616,215	434,055
Fines and forfeitures	1,418,862	1,201,472	1,244,467	1,302,894
Charges for services	185,020	188,334	220,445	151,065
Intergovernmental	209,380	149,841	1,286,791	491,896
Investment earnings	50,164	36,949	56,319	48,967
Contributions	1,030,030	1,030,030	1,030,030	1,030,030
Other revenues	273,551	135,353	169,686	175,570
<b>Total Revenues</b>	<b>18,708,692</b>	<b>19,009,814</b>	<b>21,263,410</b>	<b>20,876,210</b>
<b>Expenditures</b>				
General government	3,450,702	3,460,682	3,215,916	3,309,596
Public safety	8,314,199	8,328,825	10,299,323	8,929,345
Public works	2,505,572	2,479,238	2,463,501	2,593,228
Community development	1,929,381	1,933,770	1,966,092	1,779,065
Capital outlay	196,605	189,560	2,590,787	4,701,583
Debt service				
Principal	1,135,000	1,150,000	1,185,000	1,915,000
Interest	839,487	591,188	549,747	652,250
Payment to refunded bond escrow agent	-	-	-	8,734,966
Other debt service - refunding escrow	-	-	-	115,000
<b>Total expenditures</b>	<b>18,370,946</b>	<b>18,133,263</b>	<b>22,270,366</b>	<b>32,730,033</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>337,746</b>	<b>876,551</b>	<b>(1,006,956)</b>	<b>(11,853,823)</b>
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	6,075,000	-	6,250,000	8,555,000
Premium on debt	306,893	-	61,281	326,338
Payment to refunded bond escrow agent	(7,233,220)	-	-	-
Transfers in	906,302	675,673	1,293,230	1,964,774
Transfers out	(656,302)	(425,673)	(978,460)	(1,714,774)
Sale of capital assets	3,091	-	26,498	3,765
<b>Total Other Financing Sources (Uses)</b>	<b>(598,236)</b>	<b>250,000</b>	<b>6,652,549</b>	<b>9,135,103</b>
<b>Net Change in Fund Balances</b>	<b>\$ (260,490)</b>	<b>\$ 1,126,551</b>	<b>\$ 5,645,593</b>	<b>\$ (2,718,720)</b>
<b>Debt service as a percentage of noncapital expenditures</b>	<b>10.86%</b>	<b>10.13%</b>	<b>9.84%</b>	<b>9.16%</b>

<b>Fiscal Year</b>						
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	
\$ 18,561,698	\$ 19,379,621	\$ 19,558,649	\$ 20,361,762	\$ 23,046,778	\$ 23,888,859	
444,015	475,836	522,624	530,620	796,789	491,498	
1,288,379	967,522	1,001,903	926,225	1,038,825	935,679	
361,444	377,442	382,221	445,816	434,809	437,740	
518,296	350,013	297,607	90,503	189,699	355,257	
15,477	79,682	84,793	102,317	331,728	608,696	
1,030,030	1,030,030	1,030,030	1,030,030	1,030,030	1,030,030	
111,488	114,116	125,463	149,689	220,554	221,839	
<u>22,330,827</u>	<u>22,774,262</u>	<u>23,003,290</u>	<u>23,636,962</u>	<u>27,089,212</u>	<u>27,969,598</u>	
3,342,028	3,537,021	3,745,396	4,393,858	3,850,728	4,764,021	
9,779,081	10,248,418	11,478,408	12,027,253	11,885,851	12,931,007	
2,741,805	3,451,280	3,082,765	2,960,663	3,104,359	3,783,052	
1,893,652	1,970,304	2,075,602	3,858,435	3,878,726	2,502,109	
820,334	1,129,584	312,149	367,844	823,953	4,366,261	
1,460,000	1,620,000	1,630,000	1,870,000	1,905,000	2,365,000	
451,425	421,213	386,113	343,275	479,631	428,527	
-	-	-	-	-	-	
-	-	-	-	-	-	
<u>20,488,325</u>	<u>22,377,820</u>	<u>22,710,433</u>	<u>25,821,328</u>	<u>25,928,248</u>	<u>31,139,977</u>	
1,842,502	396,442	292,857	(2,184,366)	1,160,964	(3,170,379)	
-	-	-	-	5,040,000	-	
-	-	-	-	338,891	-	
-	-	-	-	-	-	
1,168,335	598,140	1,135,009	3,038,010	1,682,579	558,328	
(918,335)	(348,140)	(885,009)	(2,788,010)	(1,432,579)	(308,328)	
15,054	7,026	26,014	4,829	11,638	1,641	
<u>265,054</u>	<u>257,026</u>	<u>276,014</u>	<u>254,829</u>	<u>5,640,529</u>	<u>251,641</u>	
<u>\$ 2,107,556</u>	<u>\$ 653,468</u>	<u>\$ 568,871</u>	<u>\$ (1,929,537)</u>	<u>\$ 6,801,493</u>	<u>\$ (2,918,738)</u>	
10.04%	9.58%	9.08%	9.51%	9.46%	10.10%	

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

<u>Source</u>	<u>Fiscal Year</u>			
	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>
Ad valorem	\$ 3,158,751	\$ 3,383,915	\$ 3,741,783	\$ 3,958,150
Sales	9,789,355	10,246,579	10,495,149	10,716,276
Franchise fees	1,076,618	1,093,727	1,100,207	1,119,510
Other taxes	1,188,572	1,241,624	1,302,318	1,447,797
 Total	 <u>\$ 15,213,296</u>	 <u>\$ 15,965,845</u>	 <u>\$ 16,639,457</u>	 <u>\$ 17,241,733</u>

<b>Fiscal Year</b>						<b>Change</b>
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2018-2019</b>
\$ 4,272,862	\$ 4,076,242	\$ 4,304,961	\$ 5,521,955	\$ 6,290,629	\$ 7,132,899	13.4%
11,409,472	12,268,588	12,183,773	11,798,915	13,410,874	13,273,282	-1.0%
1,103,397	1,124,931	1,176,498	1,215,747	1,208,514	1,195,418	-1.1%
1,775,967	1,909,860	1,893,417	1,825,145	2,136,761	2,287,260	7.0%
<u>\$ 18,561,698</u>	<u>\$ 19,379,621</u>	<u>\$ 19,558,649</u>	<u>\$ 20,361,762</u>	<u>\$ 23,046,778</u>	<u>\$ 23,888,859</u>	3.7%

# CITY OF WEBSTER, TEXAS

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

	Fiscal Year			
	2010	2011	2012	2013
Residential Property	\$ 314,011,758	\$ 293,907,235	\$ 294,533,220	\$ 306,197,554
Commercial Property	1,137,670,784	1,082,504,197	1,080,666,960	1,135,879,910
Industrial Property	30,822,429	38,805,041	47,334,112	47,223,760
<b>Total Assessed Value <sup>(1)</sup></b>	<b>1,482,504,971</b>	<b>1,415,216,473</b>	<b>1,422,534,292</b>	<b>1,489,301,224</b>
Less: Tax Exempt Property	122,073,281	116,810,263	108,272,053	108,355,222
<b>Total Taxable Value</b>	<b><u>\$ 1,360,431,690</u></b>	<b><u>\$ 1,298,406,210</u></b>	<b><u>\$ 1,314,262,239</u></b>	<b><u>\$ 1,380,946,002</u></b>
Taxable Value as a Percentage of Assessed Value	91.8%	91.7%	92.4%	92.7%
Total Direct Tax Rate <sup>(2)</sup>	\$ 0.23252	\$ 0.25750	\$ 0.28528	\$ 0.28528

Source: Harris County Appraisal District

Notes:

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

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

Assessed and taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2019.

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 330,001,810	\$ 356,197,833	\$ 407,408,534	\$ 445,750,390	\$ 484,050,384	\$ 511,923,627
1,253,506,306	1,341,014,646	1,502,301,531	1,574,281,997	1,608,445,624	1,671,301,827
<u>79,361,600</u>	<u>47,712,504</u>	<u>47,151,199</u>	<u>44,564,513</u>	<u>53,786,163</u>	<u>41,964,510</u>
1,662,869,716	1,744,924,983	1,956,861,264	2,064,596,900	2,146,282,171	2,225,189,964
<u>129,201,195</u>	<u>128,993,448</u>	<u>134,154,251</u>	<u>134,014,905</u>	<u>143,353,445</u>	<u>154,281,073</u>
<u>\$ 1,533,668,521</u>	<u>\$ 1,615,931,535</u>	<u>\$ 1,822,707,013</u>	<u>\$ 1,930,581,995</u>	<u>\$ 2,002,928,726</u>	<u>\$ 2,070,908,891</u>
92.2%	92.6%	93.1%	93.5%	93.3%	93.1%
\$ 0.26960	\$ 0.24874	\$ 0.23447	\$ 0.28450	\$ 0.31725	\$ 0.34794

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

	Fiscal Year			
	2010	2011	2012	2013
City of Webster by fund:				
General	\$ 0.11333	\$ 0.14669	\$ 0.17470	\$ 0.15615
Debt service	0.11919	0.11081	0.11058	0.12913
<b>Total Direct Rates</b>	<u>\$ 0.23252</u>	<u>\$ 0.25750</u>	<u>\$ 0.28528</u>	<u>\$ 0.28528</u>
Clear Creek School District	\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.36000
Harris County	0.39224	0.38805	0.39117	0.40021
Harris County Flood Control District	0.02922	0.02923	0.02809	0.02809
Port of Houston Authority	0.01636	0.02054	0.01856	0.01952
Harris County Hospital District	0.19216	0.19216	0.19216	0.18216
Harris County Department of Education	0.00605	0.00658	0.00658	0.00662
<b>Total Direct and Overlapping Rates <sup>(1)</sup></b>	<u>\$ 2.22855</u>	<u>\$ 2.25406</u>	<u>\$ 2.28184</u>	<u>\$ 2.28188</u>

Sources: Harris County Appraisal District, Clear Creek School District

Notes:

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

Tax rates are per \$100 of taxable value.

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 0.16455	\$ 0.15679	\$ 0.14733	\$ 0.18625	\$ 0.22549	\$ 0.22800
0.10505	0.09195	0.08714	0.09825	0.09176	0.11994
<u>\$ 0.26960</u>	<u>\$ 0.24874</u>	<u>\$ 0.23447</u>	<u>\$ 0.28450</u>	<u>\$ 0.31725</u>	<u>\$ 0.34794</u>
\$ 1.39999	\$ 1.40000	\$ 1.40000	\$ 1.40000	\$ 1.40000	\$ 1.40000
0.41455	0.41731	0.41923	0.41656	0.41801	0.41858
0.02827	0.02736	0.02733	0.02829	0.02831	0.02877
0.01716	0.01531	0.01342	0.01334	0.01256	0.01155
0.17000	0.17000	0.17000	0.17179	0.17110	0.17108
0.00636	0.00600	0.00542	0.00520	0.00520	0.00519
<u>\$ 2.30593</u>	<u>\$ 2.28472</u>	<u>\$ 2.26987</u>	<u>\$ 2.31968</u>	<u>\$ 2.35243</u>	<u>\$ 2.38311</u>

# CITY OF WEBSTER, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2019			2010		
	Assessed Value	Rank	% of Assessed Value	Assessed Value	Rank	% of Assessed Value
Clear Lake Regional Medical Center	\$ 137,390,178	1	6.17%	\$ 81,507,417	1	5.50%
HC200 Blossom Street LLC <sup>(1)</sup>	86,000,000	2	3.86%	-	-	-
Centennial Edgewater LP <sup>(1)</sup>	46,000,000	3	2.07%	-	-	-
Weingarten Realty Investors	40,200,000	4	1.81%	26,000,000	4	1.75%
Preserve Apartments LP	44,529,000	5	2.00%	20,500,000	9	1.38%
G&E Healthcare REIT Mountain Plains	33,188,884	6	1.49%	21,450,543	8	1.45%
Price Baybrook Ltd	32,139,135	7	1.44%	25,000,000	5	1.69%
Marquis Clear Lake Apartments	32,412,041	8	1.46%	49,525,569	2	3.34%
Fairfield Skylar Point LLC <sup>(1)</sup>	26,561,453	9	1.19%	-	-	-
Clear Lake Center LP	27,913,580	10	1.25%	21,964,600	7	1.48%
Webster Partners LP <sup>(2)</sup>	-	-	-	30,719,827	3	2.07%
Clear Lake Central II/III Ltd <sup>(2)</sup>	-	-	-	23,711,000	6	1.60%
Texas Baybrook Square <sup>(2)</sup>	-	-	-	19,260,359	10	1.30%
Subtotal	506,334,271		22.75%	319,639,315		21.56%
Other Taxpayers	1,718,855,693		77.25%	1,162,865,656		78.44%
Total	<u>\$ 2,225,189,964</u>		<u>100.00%</u>	<u>\$ 1,482,504,971</u>		<u>100.00%</u>

Source: Harris County Appraisal District

Notes:

<sup>(1)</sup> This taxpayer was not a top ten taxpayer in 2010. It is included in the Other Taxpayers subtotal.

<sup>(2)</sup> This taxpayer is not a top ten taxpayer in 2019. It is included in the Other Taxpayers subtotal.

# CITY OF WEBSTER, TEXAS

## PRINCIPAL SALES TAX REMITTERS

Current Year and Nine Years Ago

<u>Sales Tax Remitter</u>	<u>2019 Rank</u>	<u>2010 Rank</u>
Costco <sup>(1)</sup>	1	-
Academy Sports & Outdoors	2	2
Fry's Electronics	3	1
Pappa's Seafood House / Pappasito's Cantina	4	7
Star Furniture	5	4
Ashley Furniture <sup>(1)</sup>	6	-
Cinemark USA	7	5
Burlington Coat Factory	8	6
At Home Stores	9	9
Bed Bath & Beyond	10	3
Hobby Lobby Creative Center	11	13
Nordstrom <sup>(1)</sup>	12	-
Pennsylvania Tool Sales and Service <sup>(1)</sup>	13	-
Cavender's Boot City <sup>(2)</sup>	14	-
Jared - The Galleria of Jewelry <sup>(2)</sup>	15	-
Guitar Center / Music & Arts Center <sup>(3)</sup>	-	8
United Space Alliance <sup>(3)</sup>	-	10
Barnes & Noble <sup>(3)</sup>	-	11
Conn's Appliances <sup>(3)</sup>	-	12
ExxonMobil Corporation <sup>(3)</sup>	-	14
Office Depot <sup>(3)</sup>	-	15

Source: State Comptroller's Office

Notes:

- <sup>(1)</sup> This sales tax remitter was not located in the City in 2010.
- <sup>(2)</sup> This sales tax remitter was not a top fifteen sales tax remitter in 2010.
- <sup>(3)</sup> This sales tax remitter is not a top fifteen sales tax remitter in 2019.

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Taxes levied:</b>				
Current year levy	\$ 3,177,329	\$ 3,396,948	\$ 3,750,982	\$ 3,937,528
Adjustments in subsequent years	(21,646)	(55,375)	(6,016)	537
Total of taxes levied <sup>(1)</sup>	<u>\$ 3,155,683</u>	<u>\$ 3,341,573</u>	<u>\$ 3,744,966</u>	<u>\$ 3,938,065</u>
<b>Taxes collected:</b>				
Collections in current year	\$ 3,155,944	\$ 3,361,585	\$ 3,730,576	\$ 3,921,147
Collections in subsequent years <sup>(2)</sup>	(4,170)	(25,439)	10,658	12,958
Total of taxes collected	<u>\$ 3,151,774</u>	<u>\$ 3,336,146</u>	<u>\$ 3,741,234</u>	<u>\$ 3,934,105</u>
<b>Collection rates:</b>				
Percentage collected in current year	99.33%	98.96%	99.46%	99.58%
Percentage collected of total levy	99.88%	99.84%	99.90%	99.90%
<b>Delinquent taxes:</b>				
Total outstanding balance	\$ 3,909	\$ 5,427	\$ 3,732	\$ 3,960
Percentage of total levy outstanding	0.12%	0.16%	0.10%	0.10%

Notes:

<sup>(1)</sup> The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2019.

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

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 4,234,778	\$ 4,109,641	\$ 4,332,762	\$ 5,553,590	\$ 6,398,295	\$ 7,220,033
(103,296)	(91,474)	(62,574)	(75,274)	(66,795)	-
<u>\$ 4,131,482</u>	<u>\$ 4,018,167</u>	<u>\$ 4,270,188</u>	<u>\$ 5,478,316</u>	<u>\$ 6,331,500</u>	<u>\$ 7,220,033</u>
\$ 4,187,311	\$ 4,095,095	\$ 4,319,844	\$ 5,533,548	\$ 6,342,680	\$ 7,087,461
(59,397)	(80,953)	(54,114)	(65,079)	(26,874)	-
<u>\$ 4,127,914</u>	<u>\$ 4,014,142</u>	<u>\$ 4,265,730</u>	<u>\$ 5,468,469</u>	<u>\$ 6,315,806</u>	<u>\$ 7,087,461</u>
98.88%	99.65%	99.70%	99.64%	99.13%	98.16%
99.91%	99.90%	99.90%	99.82%	99.75%	98.16%
\$ 3,568	\$ 4,025	\$ 4,458	\$ 9,847	\$ 15,693	\$ 132,572
0.09%	0.10%	0.10%	0.18%	0.25%	1.84%

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General obligation bonds	\$ 15,920,000	\$ 14,830,000	\$ 13,917,821	\$ 12,889,868
Certificates of obligation	715,000	655,000	6,904,994	6,186,904
<b>Subtotal</b>	<u>16,635,000</u>	<u>15,485,000</u>	<u>20,822,815</u>	<u>19,076,772</u>
<b>Business-Type Activities:</b>				
Revenue bonds	7,586,412	7,353,487	7,110,562	6,857,638
General obligation bonds <sup>(1)</sup>	-	-	-	-
Certificates of obligation <sup>(2)</sup>	-	-	-	-
<b>Total Primary Government</b>	<u>\$ 24,221,412</u>	<u>\$ 22,838,487</u>	<u>\$ 27,933,377</u>	<u>\$ 25,934,410</u>
<b>Component Unit Activities <sup>(3)</sup>:</b>				
Sales Tax Revenue Bonds	\$ 13,407,362	\$ 12,383,126	\$ 11,358,890	\$ 10,284,655
<b>Personal Income <sup>(4) (5)</sup></b>	\$ 239,324,700	\$ 254,086,888	\$ 329,329,968	\$ 319,567,907
<b>Primary Government Debt as a Percentage of Personal Income</b>	10.12%	8.99%	8.48%	8.12%
<b>Population <sup>(6)</sup></b>	10,338	10,684	10,704	11,279
<b>Primary Government Debt per Capita</b>	\$ 2,343	\$ 2,138	\$ 2,610	\$ 2,299

Notes:

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

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

**Fiscal Year**

	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
\$	11,586,796	\$ 10,133,724	\$ 8,680,652	\$ 6,997,580	\$ 5,284,508	\$ 3,541,436
	5,958,814	5,720,724	5,472,634	5,214,545	10,315,986	9,588,432
	<u>17,545,610</u>	<u>15,854,448</u>	<u>14,153,286</u>	<u>12,212,125</u>	<u>15,600,494</u>	<u>13,129,868</u>
	1,782,936	1,708,646	1,629,356	1,550,065	-	-
	4,973,414	4,759,886	4,536,359	4,302,832	4,059,305	3,805,779
	-	-	-	-	2,087,524	2,016,728
\$	<u>24,301,960</u>	<u>22,322,980</u>	<u>20,319,001</u>	<u>18,065,022</u>	<u>21,747,323</u>	<u>18,952,375</u>
\$	9,135,419	\$ 3,666,892	\$ 2,971,577	\$ 11,099,055	\$ 10,445,962	\$ 9,777,868
\$	297,898,128	\$ 298,499,256	\$ 283,747,644	\$ 289,127,448	\$ 279,009,468	\$ 269,582,472
	8.16%	7.48%	7.16%	6.25%	7.79%	7.03%
	11,398	11,421	11,498	11,716	11,306	10,924
\$	2,132	\$ 1,955	\$ 1,767	\$ 1,542	\$ 1,924	\$ 1,735

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

	Fiscal Year			
	2010	2011	2012	2013
<b>Taxable Value of Property</b> <sup>(1)</sup>				
All property	\$ 1,360,431,690	\$ 1,298,406,210	\$ 1,314,262,239	\$ 1,380,946,002
<b>Net Bonded Debt</b> <sup>(2)</sup>				
Gross bonded debt	\$ 16,635,000	\$ 15,485,000	\$ 20,822,815	\$ 19,076,772
Less debt service funds	524,365	577,456	1,230,863	847,921
<b>Net Bonded Debt</b>	<u>\$ 16,110,635</u>	<u>\$ 14,907,544</u>	<u>\$ 19,591,952</u>	<u>\$ 18,228,851</u>
<b>Ratio of Net Bonded Debt to Taxable Value</b>	1.18%	1.15%	1.49%	1.32%
<b>Population</b> <sup>(3)</sup>	10,338	10,684	10,704	11,279
<b>Net Bonded Debt per Capita</b>	\$ 1,558	\$ 1,395	\$ 1,830	\$ 1,616

Notes:

- <sup>(1)</sup> Taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2019.
- <sup>(2)</sup> Net bonded debt reflects obligations supported by a pledge of ad valorem taxes.
- <sup>(3)</sup> Population was estimated using data received from the Harris County Appraisal District.

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 1,533,668,521	\$ 1,615,931,535	\$ 1,822,707,013	\$ 1,930,581,995	\$ 2,002,928,726	\$ 2,070,908,891
\$ 17,545,610	\$ 15,854,448	\$ 14,153,286	\$ 12,212,125	\$ 15,600,494	\$ 13,129,868
969,351	869,019	786,946	811,169	702,808	721,416
<u>\$ 16,576,259</u>	<u>\$ 14,985,429</u>	<u>\$ 13,366,340</u>	<u>\$ 11,400,956</u>	<u>\$ 14,897,686</u>	<u>\$ 12,408,452</u>
1.08%	0.93%	0.73%	0.59%	0.74%	0.60%
11,398	11,421	11,498	11,716	11,306	10,924
\$ 1,454	\$ 1,312	\$ 1,162	\$ 973	\$ 1,318	\$ 1,136

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**CITY OF WEBSTER, TEXAS**  
***DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT***  
September 30, 2019

<b>Governmental Unit</b>	<b>Debt Outstanding</b>	<b>As Of</b>	<b>Estimated Percentage Applicable <sup>(1)</sup></b>	<b>Amount Applicable to Primary Government</b>
Clear Creek ISD	\$ 1,019,030,000	9/30/2019	8.23%	\$ 83,866,169
Clear Lake City Water Authority	\$ 111,000,000	9/30/2019	4.30%	4,773,000
Harris County	\$ 2,042,497,125	9/30/2019	0.40%	8,169,989
Harris Co. Dept of Education	\$ 6,320,000	9/30/2019	0.40%	25,280
Harris Co. Flood Control District	\$ 83,075,000	9/30/2019	0.40%	332,300
Port of Houston Authority	\$ 593,754,397	9/30/2019	0.40%	<u>2,375,018</u>
<b>Subtotal, overlapping debt</b>				99,541,755
<b>City Direct Debt <sup>(2)</sup></b>	<b>\$ 13,129,868</b>	<b>9/30/2019</b>	<b>100.00%</b>	<u><b>13,129,868</b></u>
<b>Total Direct and Overlapping Debt</b>				<u><u><b>\$ 112,671,623</b></u></u>

Source: Municipal Advisory Council of Texas

Notes:

<sup>(1)</sup> Estimated Percentage Applicable obtained from Municipal Advisory Council of Texas.

<sup>(2)</sup> City Direct Debt is comprised of debt obligations supported by a pledge of ad valorem taxes.

# CITY OF WEBSTER, TEXAS

## LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2010	2011	2012	2013
Debt limit <sup>(1)</sup>	\$ 148,250,497	\$ 141,521,647	\$ 142,253,429	\$ 148,930,122
Total net debt applicable to limit	16,110,635	14,907,544	19,591,952	18,228,851
Legal debt margin	\$ 132,139,862	\$ 126,614,103	\$ 122,661,477	\$ 130,701,271
Total net debt applicable to the limit as a percentage of debt limit	10.87%	10.53%	13.77%	12.24%
<b>Legal Debt Margin Calculation</b>				
Assessed value	\$ 1,482,504,971	\$ 1,415,216,473	\$ 1,422,534,292	\$ 1,489,301,224
Debt limit (10% of assessed value)	148,250,497	141,521,647	142,253,429	148,930,122
Debt applicable to limit:				
General obligation bonds	15,920,000	14,830,000	13,917,821	12,889,868
Certificates of obligation	715,000	655,000	6,904,994	6,186,904
Less: debt pledged by utility revenues	-	-	-	-
Less: amount set aside for repayment of general obligation debt	(524,365)	(577,456)	(1,230,863)	(847,921)
Total net debt applicable to limit	16,110,635	14,907,544	19,591,952	18,228,851
Legal debt margin	\$ 132,139,862	\$ 126,614,103	\$ 122,661,477	\$ 130,701,271

Notes:

<sup>(1)</sup> All taxable property in the City of Webster is subject to the assessment, levy, and collection by the City of an annual ad valorem tax levied, within the limits prescribed by law, sufficient to provide for the payment of principal and interest on debt issued by the government. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for all City purposes. The City operates under a Home-Rule Charter, which adopts the constitutional provisions. Administratively, the Attorney General of the State of Texas will only permit the allocation of \$1.50 of the \$2.50 maximum for all general obligation debt service, as calculated at the time of issuance. The City's total tax rate of \$0.34794 and debt rate of \$0.11994 are well below the maximum rates allowed by law.

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

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>
\$ 166,286,972	\$ 174,492,498	\$ 195,686,126	\$ 206,459,690	\$ 214,628,217	\$ 222,518,996
<u>16,576,259</u>	<u>14,985,429</u>	<u>13,366,340</u>	<u>11,400,956</u>	<u>14,897,686</u>	<u>12,408,452</u>
<u><u>\$ 149,710,713</u></u>	<u><u>\$ 159,507,069</u></u>	<u><u>\$ 182,319,786</u></u>	<u><u>\$ 195,058,734</u></u>	<u><u>\$ 199,730,531</u></u>	<u><u>\$ 210,110,544</u></u>
9.97%	8.59%	6.83%	5.52%	6.94%	5.58%
\$ 1,662,869,716	\$ 1,744,924,983	\$ 1,956,861,264	\$ 2,064,596,900	\$ 2,146,282,171	\$ 2,225,189,964
166,286,972	174,492,498	195,686,126	206,459,690	214,628,217	222,518,996
16,560,210	14,893,610	13,217,011	11,300,412	9,343,813	7,347,215
5,958,814	5,720,724	5,472,634	5,214,545	12,403,510	11,605,160
(4,973,414)	(4,759,886)	(4,536,359)	(4,302,832)	(6,146,829)	(5,822,507)
<u>(969,351)</u>	<u>(869,019)</u>	<u>(786,946)</u>	<u>(811,169)</u>	<u>(702,808)</u>	<u>(721,416)</u>
<u>16,576,259</u>	<u>14,985,429</u>	<u>13,366,340</u>	<u>11,400,956</u>	<u>14,897,686</u>	<u>12,408,452</u>
<u><u>\$ 149,710,713</u></u>	<u><u>\$ 159,507,069</u></u>	<u><u>\$ 182,319,786</u></u>	<u><u>\$ 195,058,734</u></u>	<u><u>\$ 199,730,531</u></u>	<u><u>\$ 210,110,544</u></u>

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

<b>Fiscal Year Ended Sept. 30</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income <sup>(2) (3)</sup></b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Median Age <sup>(2)</sup></b>	<b>School Enrollment <sup>(4)</sup></b>	<b>Unemployment Rate <sup>(5)</sup></b>
2010	10,338	\$ 239,324,700	\$ 23,150	32.2	1,061	8.3%
2011	10,684	\$ 254,086,888	\$ 23,782	32.8	2,294	8.6%
2012	10,704	\$ 329,329,968	\$ 30,767	29.8	2,912	6.3%
2013	11,279	\$ 319,567,907	\$ 28,333	30.2	3,305	6.1%
2014	11,398	\$ 297,898,128	\$ 26,136	29.1	3,345	4.9%
2015	11,421	\$ 298,499,256	\$ 26,136	29.1	3,396	4.6%
2016	11,498	\$ 283,747,644	\$ 24,678	30.1	3,552	5.7%
2017	11,716	\$ 289,127,448	\$ 24,678	30.1	3,660	4.8%
2018	11,306	\$ 279,009,468	\$ 24,678	30.1	3,766	4.1%
2019	10,924	\$ 269,582,472	\$ 24,678	30.1	3,887	3.6%

Sources:

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

# CITY OF WEBSTER, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago <sup>(1)</sup>

Employer	Number of Employees	
	2019	2010
Academy Sports and Outdoors	100-199	Data not Available
Bay Area Rehabilitation Hospital	200-299	Data not Available
City of Webster	100-199	Data not Available
Clear Creek Independent School District	200-299	Data not Available
Clear Lake Regional Medical Center	500+	Data not Available
Costco	100-199	Data not Available
Houston Physicians Hospital	200-299	Data not Available
Kindred Hospital Clear Lake	200-299	Data not Available
Texas Gulf Coast Medical Group	200-299	Data not Available
Top Golf Webster	400-499	Data not Available

Source: City of Webster

Notes:

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

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

	Fiscal Year									
	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
<b>General Fund:</b>										
City Secretary	4	4	4	4	4	4	5	5	5	5
City Manager	2	2	2	2	2	2	2	1	1	3
Finance	6	6	6	6	6	6	6	6	6	6
Municipal Court	7	7	7	7	7	7	6	6	5	5
Human Resources	3	3	3	3	3	3	3	3	3	3
Community Development										
Administration	6	6	6	6	6	6	6	5	5	5
Building	7	7	7	7	7	7	7	7	7	7
Recreation Programs	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	3	3	3	3	5	5	5	5	5	6
Maintenance	10	10	10	10	10	10	10	10	10	10
Parks Maintenance	7	7	7	7	7	7	7	7	7	7
Engineering	2	2	2	2	-	-	-	-	-	-
Police										
Administration	4	4	4	4	4	4	6	9	8	8
Criminal Investigation	7	7	7	7	7	7	7	7	7	7
Patrol	37	37	37	38	38	37	36	35	36	36
Communications	16	16	16	15	15	16	15	15	15	17
Fire										
Prevention	3	3	3	3	3	3	3	5	5	7
Operations	14	14	14	14	14	14	17	15	16	15
Emergency Management										
Emergency Management	-	-	-	-	-	-	-	2	2	-
Economic Development										
Economic Development	3	3	3	3	3	3	3	3	3	3
<b>General Fund Total</b>	<b>142</b>	<b>142</b>	<b>142</b>	<b>142</b>	<b>142</b>	<b>142</b>	<b>145</b>	<b>147</b>	<b>147</b>	<b>151</b>
<b>Utility Fund:</b>										
Water	9	9	9	9	9	9	9	9	9	9
Sewer	7	7	7	7	7	7	7	8	7	7
Drainage	2	2	2	2	2	2	2	2	2	2
<b>Utility Fund Total</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>18</b>	<b>17</b>	<b>17</b>
<b>Information Technology Fund:</b>										
Information Technology	4	4	4	4	4	4	4	3	3	3
<b>IT Fund Total</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>	<b>3</b>	<b>3</b>
<b>Total City Positions</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>166</b>	<b>168</b>	<b>167</b>	<b>171</b>

Notes:

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

# CITY OF WEBSTER, TEXAS

## OPERATING INDICATORS BY FUNCTION

Last Ten Years

<b>Function / Program</b>	<b>Fiscal Year</b>			
	<b>2010</b>	<b>2011</b>	<b>2012</b>	<b>2013</b>
<b>Police</b>				
Arrests	3,451	3,030	3,055	2,775
Accident reports	855	952	971	1,055
Citations	7,699	6,725	7,663	7,764
Offense reports	2,392	2,316	2,366	2,197
Calls for service	32,974	32,553	31,782	26,686
<b>Fire</b>				
Emergency responses	878	794	857	892
Fire incidents	70	74	57	73
Average response time	4 min, 5 sec	4 min, 12 sec	4 min, 23 sec	4 min, 35 sec
<b>Water</b>				
New accounts	121	129	238	221
Average daily consumption (millions of gallons)	1.709	1.930	1.763	1.797
Total consumption (millions of gallons)	623.954	704.562	643.460	655.945
Peak daily consumption (millions of gallons)	2.940	2.726	2.534	2.623
<b>Sewer</b>				
Average daily sewage treatment (millions of gallons)	1.409	1.247	1.444	1.426
Total consumption (millions of gallons)	514.276	455.230	527.061	520.640
Peak daily consumption (millions of gallons)	3.192	2.696	2.819	2.510

Source: Various City departments

<sup>(1)</sup> Fiscal year 2019 data was not available at time of publication.

<b>Fiscal Year</b>					
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019 <sup>(1)</sup></b>
2,067	1,883	1,674	1,679	1,678	-
1,100	1,218	1,352	1,176	1,149	-
7,000	4,880	6,364	5,421	4,795	-
1,856	2,107	2,267	2,543	1,240	-
22,766	21,187	23,402	22,413	25,141	-
907	1199	1696	1833	1969	-
60	74	63	100	94	-
4 min, 49 sec	4 min, 44 sec	4 min, 14 sec	4 min, 10 sec	4 min, 4 sec	-
189	186	189	247	244	302
1.724	1.687	1.605	1.542	1.603	-
629.159	615.620	587.253	563.416	599.500	-
2.783	2.801	3.091	1.912	3.268	-
1.455	1.280	1.292	1.280	1.260	-
531.100	468.360	471.600	467.000	458.870	-
3.099	2.845	3.000	2.960	2.880	-

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

Function / Program	Fiscal Year			
	2010	2011	2012	2013
Police				
Stations	1	1	1	1
Patrol units	47	47	47	47
Fire stations	2	2	2	2
Other public works				
Streets (miles - centerlines)	23.2	25.1	25.1	24.9
Streetlights	929	978	977	1,007
Parks and recreation				
Parks	5	5	5	5
Parks acreage	26.0	26.0	26.0	26.0
Baseball / softball diamonds	2	2	2	2
Community centers	1	1	1	1
Water				
Water mains (miles)	49.1	50.3	50.7	50.7
Fire hydrants	631	642	644	643
Storage capacity (millions of gallons)	3.0	2.95	2.95	2.95
Sewer				
Sanitary sewers (miles)	31.0	32.0	32.6	32.9
Storm sewers (miles)	20.5	22.4	25.0	25.5
Open ditch / creek / canal drainage (miles)	7.1	7.3	7.4	6.7
Treatment capacity (millions of gallons)	3.3	3.30	3.30	3.30

Source: Various City departments

<b>Fiscal Year</b>						
<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	
1	1	1	1	1	1	
47	48	48	49	47	47	
2	2	2	2	2	2	
24.9	25.9	25.1	25.3	26.2	26.6	
1,008	1,008	1,049	1,111	1,070	1,112	
5	5	5	5	5	5	
26.0	26.0	26.0	26.0	26.0	26.0	
2	2	2	2	2	2	
1	1	1	1	1	1	
50.5	52.0	52.8	52.9	55.3	56.5	
644	665	673	682	712	630	
2.95	2.95	2.95	2.95	2.95	2.95	
33.4	34.2	34.9	34.9	35.8	35.7	
23.8	24.6	26.5	25.5	26.4	27.1	
6.7	6.2	8.6	6.2	6.0	6.4	
3.30	3.30	3.30	3.30	3.30	3.30	

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