

ANNUAL COMPREHENSIVE FINANCIAL REPORT

For the Fiscal Year
Ending September 30, 2021
City of Webster, Texas

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*ANNUAL COMPREHENSIVE
FINANCIAL REPORT*

OF THE

CITY OF WEBSTER, TEXAS

**For the Fiscal Year Ended
September 30, 2021**

CITY MANAGER

Michael K. Ahrens

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

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CITY OF WEBSTER, TEXAS

TABLE OF CONTENTS

September 30, 2021

| INTRODUCTORY SECTION | <u>Page</u> |
|--|--------------------|
| Letter of Transmittal | 1 |
| Organization Chart | 5 |
| Certificate of Achievement for Excellence in Financial Reporting | 6 |
| Principal Officials | 7 |
| | |
| FINANCIAL SECTION | |
| | |
| Independent Auditors' Report | 9 |
| | |
| Management's Discussion and Analysis (Required Supplementary Information) | 11 |
| | |
| Basic Financial Statements | |
| | |
| Government-Wide Financial Statements | |
| Statement of Net Position | 21 |
| Statement of Activities | 22 |
| Fund Financial Statements | |
| Balance Sheet – Governmental Funds | 24 |
| Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position | 27 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds | 28 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 31 |
| Statement of Net Position – Proprietary Funds | 33 |
| Statement of Revenues, Expenses, and Changes in Fund Net Position – Proprietary Funds | 35 |
| Statement of Cash Flows – Proprietary Funds | 36 |
| | |
| Notes to Financial Statements | 39 |
| | |
| Required Supplementary Information | |
| | |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: | |
| General Fund | 74 |
| Hotel Occupancy Tax Fund | 77 |
| Schedule of Changes in Net Pension Liability and Related Ratios – Texas Municipal Retirement System | 78 |
| Schedule of Contributions – Texas Municipal Retirement System | 80 |
| Schedule of Changes in Total OPEB Liability and Related Ratios – Texas Municipal Retirement System | 83 |
| Schedule of Changes in Total OPEB Liability and Related Ratios – Retiree Medical Program | 85 |

CITY OF WEBSTER, TEXAS

TABLE OF CONTENTS (Continued)

September 30, 2021

| Combining Statements and Schedules | <u>Page</u> |
|--|--------------------|
| Combining Balance Sheet – Nonmajor Governmental Funds | 88 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 90 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: | |
| Debt Service Fund | 92 |
| Special Revenue: | |
| Public Safety Fund | 93 |
| Municipal Court Programs Fund | 94 |
| Public, Educational, and Governmental Channel Fund | 95 |
| Combining Statement of Net Position – Internal Service Funds | 98 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds | 99 |
| Combining Statement of Cash Flows – Internal Service Funds | 100 |

STATISTICAL SECTION

| | |
|---|-----|
| Net Position by Component | 104 |
| Changes in Net Position | 106 |
| Tax Revenues by Source, Governmental Activities | 110 |
| Fund Balances, Governmental Funds | 112 |
| Changes in Fund Balance, Governmental Funds | 114 |
| Tax Revenues by Source, Governmental Activities | 116 |
| Assessed Value and Estimated Actual Value of Taxable Property | 118 |
| Property Tax Rates – Direct and Overlapping Governments | 120 |
| Principal Property Taxpayers | 122 |
| Principal Sales Tax Remitters | 123 |
| Property Tax Levies and Collections | 124 |
| Ratios of Outstanding Debt by Type | 126 |
| Ratios of General Bonded Debt Outstanding | 128 |
| Direct and Overlapping Governmental Activities Debt | 131 |
| Legal Debt Margin Information | 132 |
| Demographic and Economic Statistics | 134 |
| Principal Employers | 135 |
| Full-Time Equivalent Employees by Function | 137 |
| Operating Indicators by Function | 138 |
| Capital Asset Statistics by Function | 140 |

INTRODUCTORY SECTION



www.cityofwebster.com

April 7, 2022

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 Annual Comprehensive Financial Report (ACFR) of the City of Webster, Texas (the “City”) for the fiscal year ended September 30, 2021. 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 result of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

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

Profile of the Government

The City of Webster was considered a village from 1879 until 1958, the year it was incorporated. 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 increased from 4.1% to 8.2% during this fiscal year, largely due to the Coronavirus. Property values have increased by 17% over the last five years as both residential and commercial development continues throughout the area.

The fiscal year 2020-21 brought some good news in economic development. Listed below are just a few of the highlights:

- Shoot Point Blank, one of the nation's leading indoor gun range companies chose the NASA Bypass Business Park for its 15,000 square foot indoor, climate-controlled gun range.
- Groundbreaking on the infrastructure on the Flyway development began in 2021. Flyway is Webster's newest entertainment destination that will provide a vibrant food and beverage and entertainment experience organized around an event lawn, unique open space, boardwalk, and waterfront. Flyway will also be home to a new national waterpark resort hotel and conference center.

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 2020-21 Annual Budget anticipated revenue to decrease by 9% due to COVID. Despite mandatory closings of certain businesses for several months, sales tax revenue increased by 17% in the fiscal year 2020-2021 over 2019-2020.

Another large source of revenue is the ad valorem tax. The City's 2021 taxable property value rose 9.44% above the adjusted 2020 value. The Fiscal Year 2021-22 Annual Budget reflects a property tax rate of \$0.39334 per \$100 of valuation, 5.29% greater than the \$0.37357 tax rate that was adopted for 2020.

General Fund expenditures are expected to increase by 9% to \$26,389,538. Personnel costs make up 67% of the General Fund budget. A 4.6% across the board cost-of-living increase was awarded to employees by City Council in the fiscal year 2021-2022 budget. All capital projects were put on hold for the 2020-2021 budget in anticipation of declining revenues due to the Coronavirus; however, in the 2021-22 Annual Budget \$16.2 million is budgeted in the General Fund for various infrastructure projects. In the Utility fund, \$8.7 millions is budgeted for water, wastewater, and sewer infrastructure improvements. All of these will be funded by the issuance of new bonds.

Long-term Financial Planning

A Capital Improvements Program adopted by City Council reflects \$39 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, a new Fire Department ladder truck, and waterline replacement at the Police building. The plan also incorporates the addition of water and sewer lines along new thoroughfares. Major rehabilitation of wastewater facilities is included in the five-year Capital Improvements Program.

The City of Webster and the Webster Economic Development Corporation (WEDC) have committed financial resources towards the development of Flyway which will be an entertainment destination that will provide vibrant food and beverage businesses. In addition, WEDC has worked with a major hotel, conference center, and water park and has offered economic development incentives to bring this attraction to Webster.

Relevant Financial Policies

The City has followed a policy of maintaining a reserve level of not less than 25%, or three months, of operational expenditures for all City operating funds in the event of emergencies, financial recessions, and other unforeseen circumstances. The City's dependence upon sales tax adds substantial volatility to its revenue stream. Therefore, City Council approved a fund balance level of at least 33% for the General Fund and the Webster Economic Development Corporation. On September 30, 2021, all operating funds are compliant with this policy.

Independent Audit

The City Charter requires an independent audit of the accounts of the City by an independent auditor. Belt Harris Pechacek, LLLP, Certified Public Accountants, has issued an unmodified ("clean") opinion on the City of Webster's financial statements for the year ended September 30, 2021. The independent auditors' report is located at the front of the financial section of this report.

Awards

The Government Finance Officers' Association (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2020. This represents the 32nd consecutive year that the City has received the award. To be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized Annual Comprehensive Financial Report. The Certificate of Achievement is held for one year only. This report satisfies both generally accepted accounting principles and applicable legal requirements. I believe our current Annual Comprehensive 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 2020-21 Annual Budget. To qualify for the Distinguished Budget Presentation Award, the City's budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that the City of Webster's budget is proficient as an operations guide, financial plan, policy document, and communication

device. The City has submitted its Fiscal Year 2021-22 Annual Budget to GFOA to determine its eligibility for another certificate. I believe it continues to meet the Distinguished Budget Presentation Award criteria.

Acknowledgments

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,

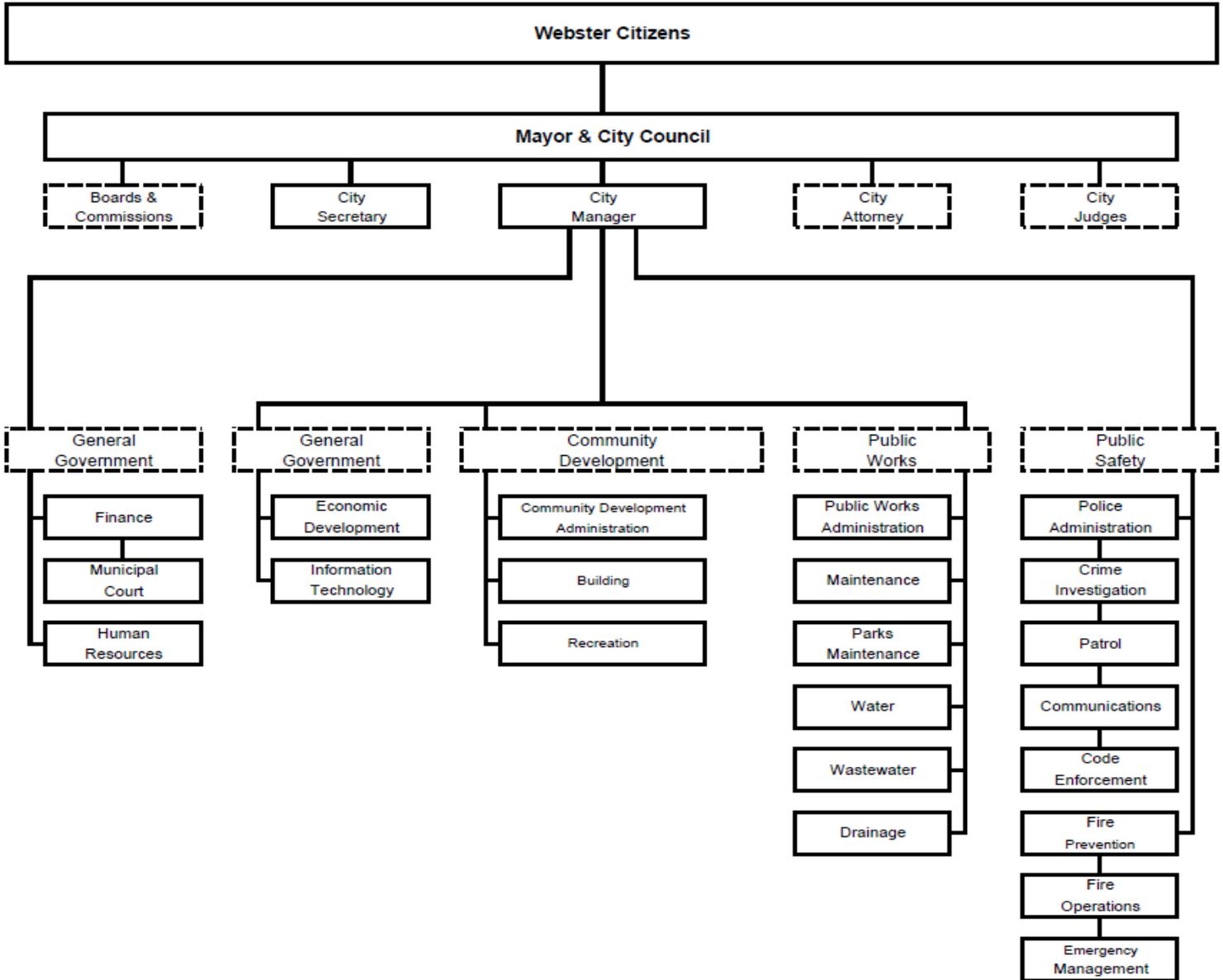
A handwritten signature in cursive script that reads "Elizabeth Free".

Elizabeth A. Free, MBA, CGFO, CPM, CPFIM
Director of Finance

CITY OF WEBSTER, TEXAS

ORGANIZATION CHART

September 30, 2021



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

CITY OF WEBSTER, TEXAS
PRINCIPAL OFFICIALS
 September 30, 2021

| City Officials | Elected Position | Term Expires |
|-----------------------|---------------------------------|---------------------|
| Donna Rogers | Mayor | 05/2023 |
| Jennifer Heidt | Council Member – Position No. 1 | 05/2024 |
| Bill Jones | Council Member – Position No. 2 | 05/2024 |
| 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 | 05/2023 |

| Key Staff | Position |
|------------------------|-----------------------------------|
| Michael Ahrens | City Manager |
| Elizabeth Free | Director of Finance |
| Michael Abner | Assistant Director of Finance |
| Dick Gregg Jr. | City Attorney |
| James W. Woltz | City Judge |
| Derhyl J. Hebert | Director of Community Development |
| Brenda Miller-Ferguson | Director of Human Resources |
| Warren Chappel | Fire Chief |
| Betsy Giusto | Director of Economic Development |
| John Warnement | Director of Public Works |
| Pete Bacon | Police Chief |

FINANCIAL SECTION

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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, 2021, 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, 2021, 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 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
April 7, 2022

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

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

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 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 fees, municipal court fines, and permit fees finance most of these activities.
2. Business-type activities – Services involving a fee for those services, which include the City's water distribution, wastewater collection/treatment, and drainage maintenance, are reported here.

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

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

Fund Financial Statements

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

Governmental Funds

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

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

The City maintains 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

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

balances for the general fund, debt service fund, hotel occupancy tax fund, and the grant fund, 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, debt service fund, and special revenue funds. Budgetary comparison schedules have been provided for the general fund and other budgeted funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds: enterprise and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise fund to account for its operations in water distribution, wastewater collection/treatment, and drainage maintenance, along with its water and wastewater impact fees and water construction projects. The 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 tax fund, schedules of changes in net pension liability and related ratios for the Texas Municipal Retirement System (TMRS), schedule of contributions for TMRS, and schedules of changes in total other postemployment benefits (OPEB) liability and related ratios for the City's OPEB plans. RSI can be found after the basic financial statements.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

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 \$101,296,850 as of September 30, 2021 in the primary government. Compared to the prior year, the overall financial position of the City has increased by \$10,288,913.

The largest portion of the City's net position (58.9 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 | |
|---|----------------------------|----------------------|-----------------------------|----------------------|--------------------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Current and other assets | \$ 39,560,293 | \$ 33,181,479 | \$ 16,253,185 | \$ 15,122,425 | \$ 55,813,478 | \$ 48,303,904 |
| Capital assets, net | 53,391,437 | 54,235,843 | 19,368,657 | 17,684,491 | 72,760,094 | 71,920,334 |
| Total Assets | 92,951,730 | 87,417,322 | 35,621,842 | 32,806,916 | 128,573,572 | 120,224,238 |
| Deferred charge on refunding | - | 22,600 | 17,169 | 18,901 | 17,169 | 41,501 |
| Deferred outflows - pensions | 1,641,653 | 1,857,224 | 141,736 | 157,612 | 1,783,389 | 2,014,836 |
| Deferred outflows - OPEB | 238,816 | 149,685 | 29,155 | 18,274 | 267,971 | 167,959 |
| Total Deferred Outflows of Resources | 1,880,469 | 2,029,509 | 188,060 | 194,787 | 2,068,529 | 2,224,296 |
| Long-term liabilities | 17,560,709 | 20,740,343 | 6,070,107 | 6,456,127 | 23,630,816 | 27,196,470 |
| Other liabilities | 2,820,099 | 1,372,941 | 667,981 | 677,142 | 3,488,080 | 2,050,083 |
| Total Liabilities | 20,380,808 | 22,113,284 | 6,738,088 | 7,133,269 | 27,118,896 | 29,246,553 |
| Deferred inflows - pensions | 1,975,951 | 1,938,851 | 152,493 | 149,290 | 2,128,444 | 2,088,141 |
| Deferred inflows - OPEB | 87,258 | 94,380 | 10,653 | 11,523 | 97,911 | 105,903 |
| Total Deferred Inflows of Resources | 2,063,209 | 2,033,231 | 163,146 | 160,813 | 2,226,355 | 2,194,044 |
| Net Position: | | | | | | |
| Net investment | | | | | | |
| in capital assets | 45,415,578 | 43,554,056 | 14,251,963 | 12,220,207 | 59,667,541 | 55,774,263 |
| Restricted | 9,478,502 | 8,377,683 | 7,620,251 | 6,926,462 | 17,098,753 | 15,304,145 |
| Unrestricted | 17,494,102 | 13,368,577 | 7,036,454 | 6,560,952 | 24,530,556 | 19,929,529 |
| Total Net Position | \$ 72,388,182 | \$ 65,300,316 | \$ 28,908,668 | \$ 25,707,621 | \$ 101,296,850 | \$ 91,007,937 |

A portion of the primary government's net position, \$17,098,753 or 16.9 percent, represents resources that are subject to external restriction on how they may be used. These restrictions include monies accounted for in special revenue funds for which the use is legally restricted, as well as monies restricted for debt service. The

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

remaining balance of unrestricted net position, \$24,530,556 or 24.2 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

Statement of Activities

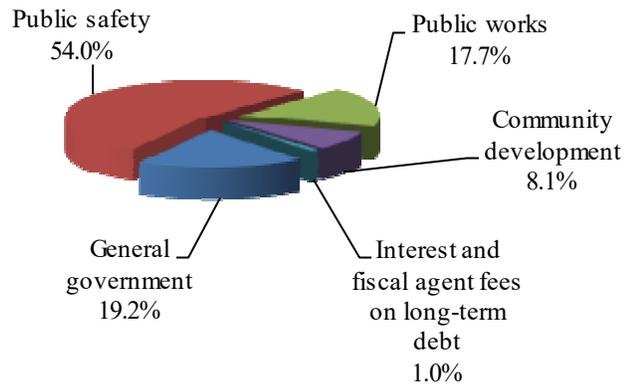
The following table provides a summary of the City's changes in net position:

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|----------------------------|----------------------|-----------------------------|----------------------|--------------------------------|----------------------|
| | 2021 | 2020 | 2021 | 2020 | 2021 | 2020 |
| Revenues | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 1,399,048 | \$ 2,059,794 | \$ 6,454,890 | \$ 5,811,061 | \$ 7,853,938 | \$ 7,870,855 |
| Operating grants and contributions | 1,162,556 | 1,681,614 | - | - | 1,162,556 | 1,681,614 |
| Capital grants and contributions | 2,252,716 | 84,464 | 2,814,893 | - | 5,067,609 | 84,464 |
| General revenues: | | | | | | |
| Ad valorem taxes | 8,506,855 | 8,000,761 | - | - | 8,506,855 | 8,000,761 |
| Sales taxes | 15,311,975 | 13,086,731 | - | - | 15,311,975 | 13,086,731 |
| Franchise fees and local taxes | 1,207,148 | 1,217,341 | - | - | 1,207,148 | 1,217,341 |
| Hotel/motel occupancy taxes | 1,586,633 | 1,218,242 | - | - | 1,586,633 | 1,218,242 |
| Mixed beverage taxes | 607,675 | 424,004 | - | - | 607,675 | 424,004 |
| Investment earnings | 29,299 | 321,100 | 7,877 | 129,816 | 37,176 | 450,916 |
| Other revenues | 235,594 | 136,938 | 333,958 | 422,428 | 569,552 | 559,366 |
| Total Revenues | <u>32,299,499</u> | <u>28,230,989</u> | <u>9,611,618</u> | <u>6,363,305</u> | <u>41,911,117</u> | <u>34,594,294</u> |
| Expenses | | | | | | |
| General government | 4,946,785 | 3,298,915 | - | - | 4,946,785 | 3,298,915 |
| Public safety | 13,880,104 | 13,926,797 | - | - | 13,880,104 | 13,926,797 |
| Public works | 4,552,171 | 5,712,574 | - | - | 4,552,171 | 5,712,574 |
| Community development | 2,087,324 | 3,239,529 | - | - | 2,087,324 | 3,239,529 |
| Interest and fiscal agent fees on long-term debt | 245,249 | 429,650 | - | - | 245,249 | 429,650 |
| Water | - | - | 3,020,405 | 3,762,138 | 3,020,405 | 3,762,138 |
| Wastewater | - | - | 2,565,807 | 3,742,233 | 2,565,807 | 3,742,233 |
| Drainage | - | - | 324,359 | 484,108 | 324,359 | 484,108 |
| Total Expenses | <u>25,711,633</u> | <u>26,607,465</u> | <u>5,910,571</u> | <u>7,988,479</u> | <u>31,622,204</u> | <u>34,595,944</u> |
| Increase (Decrease) in Net Position Before Transfers | 6,587,866 | 1,623,524 | 3,701,047 | (1,625,174) | 10,288,913 | (1,650) |
| Transfers in (out) | 500,000 | 250,000 | (500,000) | (250,000) | - | - |
| Change in Net Position | 7,087,866 | 1,873,524 | 3,201,047 | (1,875,174) | 10,288,913 | (1,650) |
| Beginning Net Position | 65,300,316 | 63,426,792 | 25,707,621 | 27,582,795 | 91,007,937 | 91,009,587 |
| Ending Net Position | <u>\$ 72,388,182</u> | <u>\$ 65,300,316</u> | <u>\$ 28,908,668</u> | <u>\$ 25,707,621</u> | <u>\$ 101,296,850</u> | <u>\$ 91,007,937</u> |

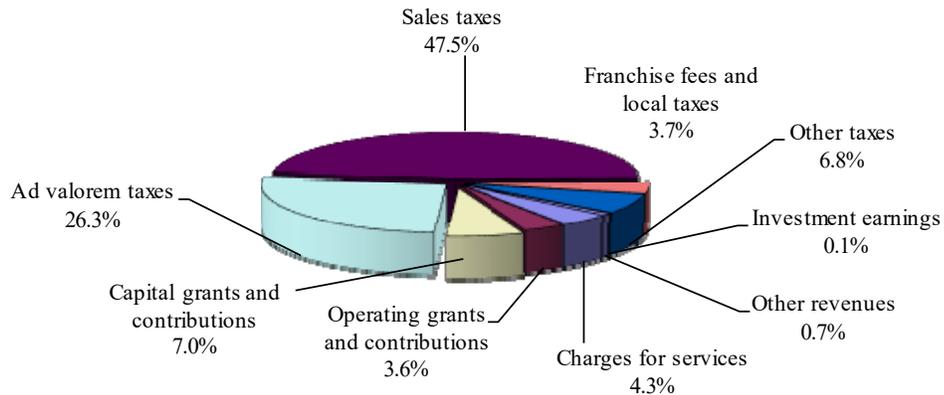
CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

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

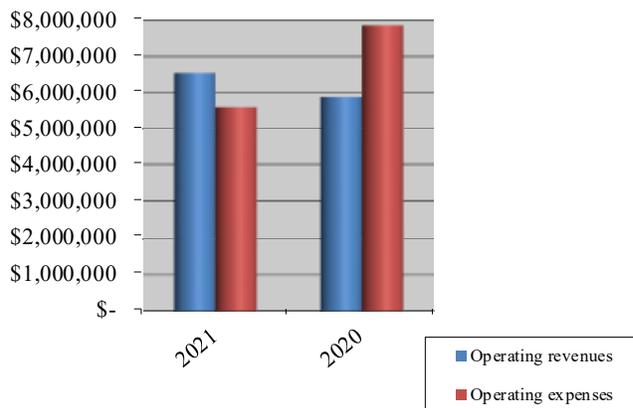
Governmental Activities - Expenses



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, 2021

Governmental Activities

For the year ended September 30, 2021, revenues from governmental activities totaled \$32,299,499. Ad valorem and sales tax revenues continue to be the City's largest revenue sources. Ad valorem taxes increased compared to the prior year by \$506,094 as the result of higher assessed values of properties and an increase in the property tax rate. Sales taxes increased in the amount of \$2,225,244 due to improved economic conditions within the City. Capital grants and contributions increased \$2,168,252 due to funds related to capital projects contributed by the WEDC in addition to assets conveyed to the City from the Harris County Municipal Utility District 481.

For the year ended September 30, 2021, expenses for governmental activities totaled \$25,711,633, which was a decrease of \$895,832 compared to the prior year. The functions with greatest decrease were public works due to a decrease in maintenance and repair costs and community development due to a decrease in personnel costs, tourism services and depreciation charged to this function.

Business-Type Activities

The City's business-type activities include the operations of providing water, wastewater, and drainage services. In comparison to the prior year, charges for services increased by \$643,829 or 11.08 percent due to an increase in consumption and rates in fiscal year 2021. Capital grant and contributions increased to \$2,814,893 due to capital assets conveyed to the City from the Harris County MUD 481. Total costs decreased by \$2,077,908 or 26.0 percent due mainly to maintenance costs that were expended in the prior year, as well as surface water purchases and a prior year water line contract.

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 \$31,779,847. Of this, \$144,303 is nonspendable consisting of prepaid items and inventory, \$2,335,640 is assigned, \$9,666,809 is restricted for various purposes, and \$19,633,095 remains as the portion unassigned.

There was an increase in the fund balance of the total governmental funds of \$4,786,396 from the prior year. Compared to the prior year, revenues increased \$1,946,539 due mainly to an increase in sales tax revenues and ad valorem taxes. Expenditures decreased \$1,324,036, primarily due to less capital outlay in the current year. The City's fund balance policy for the general fund is a minimum four-month reserve. The general fund's unassigned fund balance of \$19,633,095 is \$12,258,979 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 \$4,063,364 in the general fund balance, bringing ending fund balance to \$19,776,692. Revenues increased \$1,654,765 compared to the prior year due to an increase in sales tax revenues and ad valorem taxes. Expenditures decreased \$424,224 from the prior year due to decreases in all functions mainly due

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

to prior year maintenance and repair costs, legal and professional services, and contributions to the equipment replacement fund for capital purchases.

There was a decrease of \$38,472 in the debt service fund balance, bringing ending fund balance to \$597,263. The increase in revenues of \$43,262 is mainly due to an increase in ad valorem tax revenue. The decrease in expenditures of \$136,157 is due to bond issuance cost in the prior year.

The hotel occupancy tax fund experienced an increase in fund balance of \$1,101,962 as a result of tax revenue exceeding expenditures.

The Grant fund experienced an increase in fund balance of \$157 due to a transfer in from the general fund.

Proprietary Funds

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

Revenues from charges for services for water and wastewater increased during the year by 12 percent due to an increase in consumer consumption and rates. Drainage charges were comparable to the prior year. Operating expenses decreased by 29 percent with the greatest decreases in supplies, a water line contract and maintenance costs incurred in prior year.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General Fund operating budget was amended to provide for an additional \$294,175 in costs to cover unanticipated expenditures at the time the original budget was adopted. Significant increases were provided for the public safety department.

General fund actual revenues were more than anticipated with the biggest impact on sales taxes revenue. Actual revenues were a net \$2,308,522 more than budgeted for fiscal year 2021.

Actual expenditures were less than budgeted expenditures by \$2,086,332. All functions had positive budget variances, except for the finance department, which were largely the result of conservative budgeting practices.

CAPITAL ASSETS

At September 30, 2021, the City's governmental activities had invested \$53,391,437 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net decrease of \$844,406.

Major capital asset events during the year included the following:

- Ongoing GWL project in the amount of \$524,146
- Completion of the Commerce Street Overlay project in the amount of \$164,049
- Ongoing Bay Area Sidewalks project in the amount of \$174,438
- Ongoing Medical Center Sidewalks project in the amount of \$187,280

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

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$12,080,000. Of this amount, \$6,580,000 was general obligation debt, while certificates of obligation accounted for \$5,500,000.

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

Current underlying ratings on debt issues are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council has adopted its annual budget and property tax rate for its fiscal year that begins on October 1, 2021. The budget includes total resources of \$48,209,920 and expenditures of \$47,202,347, including the activity of the EDC. Anticipated revenue was higher than the originally adopted budget for fiscal year 2020-21, due in large part to the growth in sales tax revenue. The City anticipated a dramatic decline in sales tax due to COVID; however, sales tax came in \$2.7 million more than anticipated. For the fiscal year 2021-2022 growth in property taxes added \$998,772 to the general fund. Sales tax is anticipated to grow. Rising personnel costs are due to annual pay increases for employees. The major street, sidewalk, and park maintenance projects that were pushed back a year in the 2020-2021 budget due to the anticipated effects of the COVID crisis have been included in the 2021-2022 budget. Capital improvements and infrastructure projects are budgeted at \$17,700,000 in the general fund. Capital expenses in the utility fund are budgeted at \$8,729,103 for the 2021-2022 budget. These projects will be financed with the issuance of 2021A and 2021B series bonds. Capital expenses in the equipment replacement fund were put on hold for the 2020-2021 budget as a cost-saving measure. The 2021-2022 budget for the equipment replacement fund includes \$632,868 in expenses for fleet purchases. Expenditures by the EDC decreased with a reduction in economic development initiatives.

The City's economy was not impacted by COVID as much as was anticipated due to the unexpected increase in sales tax revenue. Unemployment rates have increased from 4.1% in 2020 to 8.2% in December of 2020. Property values within the City also jumped 9.4% above the adjusted 2020 taxable values to \$2.478 billion. The property tax rate increases from \$0.37357 to \$0.39334 per \$100 of taxable value will accumulate an additional \$824,222 for both operations and debt service per the Property Tax Assessor. Utility rates are increased by 7.0% for residential customers and 3.0% for nonresidential customers for fiscal year 2021-22 per the utility rate study conducted in 2017.

COVID-19

In March 2020, COVID-19 was recognized as a pandemic worldwide and in the United States, with local stay-at-home orders going into effect during 2020. Although the City could have been impacted negatively in the 2020-2021 fiscal year, the City continued to maintain 100% service levels to the citizens of Webster. The City anticipated that sales tax revenue would go down due to business closures; however, sales tax was up \$1.9 million over the previous year. The City is continuing to modify its operations to prevent the spread to the customers, staff, and the community as a whole, while balancing the community's needs. The City has made numerous changes to its operations, including provisions for customers and staff to wear masks, more frequent cleanings, and countless other changes. The City continues to monitor exposure levels with the customer, staff, and the

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

community as a whole, but to date, the general exposure threat level has been sufficiently low to continue with open doors; however, the City is ready to modify its plans if necessary.

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.

BASIC FINANCIAL STATEMENTS

CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

September 30, 2021

| | Primary Government | | | Component Unit |
|--|----------------------------|-----------------------------|----------------|-------------------|
| | Governmental Activities | Business-Type Activities | Total | |
| ASSETS | | | | |
| Cash and cash equivalents | \$ 29,232,079 | \$ 12,862,373 | \$ 42,094,452 | \$ 13,224,705 |
| Investments | 6,207,103 | 2,469,854 | 8,676,957 | - |
| Receivables (net of allowance for uncollectible) | 3,386,877 | 849,150 | 4,236,027 | 891,933 |
| Due from component unit | 657,319 | - | 657,319 | - |
| Internal balances | (71,388) | 71,388 | - | - |
| Prepaid items | 130,392 | 420 | 130,812 | 161,534 |
| Inventory | 17,911 | - | 17,911 | - |
| Capital assets: | | | | |
| Nondepreciable | 6,735,058 | 170,150 | 6,905,208 | 3,788,436 |
| Net depreciable capital assets | 46,656,379 | 19,198,507 | 65,854,886 | - |
| Total Assets | 92,951,730 | 35,621,842 | 128,573,572 | 18,066,608 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred charge on refunding | - | 17,169 | 17,169 | - |
| Deferred outflows - pensions | 1,641,653 | 141,736 | 1,783,389 | - |
| Deferred outflows - OPEB | 238,816 | 29,155 | 267,971 | - |
| Total Deferred Outflows of Resources | 1,880,469 | 188,060 | 2,068,529 | - |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | 1,369,262 | 224,922 | 1,594,184 | 119,916 |
| Due to primary government | - | - | - | 657,319 |
| Customer deposits | 5,200 | 429,595 | 434,795 | - |
| Accrued interest payable | 25,019 | 13,464 | 38,483 | 12,725 |
| Unearned revenue | 1,420,618 | - | 1,420,618 | - |
| Noncurrent liabilities: | | | | |
| Long-term liabilities due within one year | 1,821,184 | 439,714 | 2,260,898 | 422,779 |
| Long-term liabilities due in more than one year | 15,739,525 | 5,630,393 | 21,369,918 | 7,998,901 |
| Total Liabilities | 20,380,808 | 6,738,088 | 27,118,896 | 9,211,640 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows - pensions | 1,975,951 | 152,493 | 2,128,444 | - |
| Deferred inflows - OPEB | 87,258 | 10,653 | 97,911 | - |
| Total Deferred Inflows of Resources | 2,063,209 | 163,146 | 2,226,355 | - |
| NET POSITION | | | | |
| Net investment in capital assets | 45,415,578 | 14,251,963 | 59,667,541 | 3,788,436 |
| Restricted for: | | | | |
| Debt service | 590,287 | 1,830,210 | 2,420,497 | 151,984 |
| Enabling legislation | 8,888,215 | - | 8,888,215 | - |
| Construction/capital improvements | - | 5,790,041 | 5,790,041 | 182,274 |
| Economic development | - | - | - | 13,153,951 |
| Unrestricted | 17,494,102 | 7,036,454 | 24,530,556 | (8,421,677) |
| Total Net Position | \$ 72,388,182 | \$ 28,908,668 | \$ 101,296,850 | \$ 8,854,968 |

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

| Functions/Programs | Expenses | Program Revenues | | |
|--|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| Primary Government | | | | |
| Governmental Activities | | | | |
| General government | \$ 4,946,785 | \$ 260,706 | \$ 1,030,030 | \$ - |
| Public safety | 13,880,104 | 496,567 | 132,526 | - |
| Public works | 4,552,171 | - | - | 2,252,716 |
| Community development | 2,087,324 | 641,775 | - | - |
| Interest and fiscal agent fees | 245,249 | - | - | - |
| Total Governmental Activities | <u>25,711,633</u> | <u>1,399,048</u> | <u>1,162,556</u> | <u>2,252,716</u> |
| Business-Type Activities | | | | |
| Water | 3,020,405 | 3,298,561 | - | 2,814,893 |
| Wastewater | 2,565,807 | 2,802,099 | - | - |
| Drainage | 324,359 | 354,230 | - | - |
| Total Business-Type Activities | <u>5,910,571</u> | <u>6,454,890</u> | <u>-</u> | <u>2,814,893</u> |
| Total Primary Government | <u>\$ 31,622,204</u> | <u>\$ 7,853,938</u> | <u>\$ 1,162,556</u> | <u>\$ 5,067,609</u> |
| Component Unit | | | | |
| Webster Economic Development Corporation | \$ 3,141,299 | \$ - | \$ - | \$ - |
| Total Component Unit | <u>\$ 3,141,299</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |

General Revenues:

- Ad valorem taxes
- Sales taxes
- Franchise fees and local taxes
- Hotel/motel occupancy taxes
- Mixed beverage 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

| Primary Government | | | |
|------------------------------------|-------------------------------------|-----------------------|---------------------------|
| Governmental Activities | Business-Type Activities | Total | Component Unit |
| \$ (3,656,049) | \$ - | \$ (3,656,049) | \$ - |
| (13,251,011) | - | (13,251,011) | - |
| (2,299,455) | - | (2,299,455) | - |
| (1,445,549) | - | (1,445,549) | - |
| (245,249) | - | (245,249) | - |
| <u>(20,897,313)</u> | <u>-</u> | <u>(20,897,313)</u> | <u>-</u> |
| - | 3,093,049 | 3,093,049 | - |
| - | 236,292 | 236,292 | - |
| - | 29,871 | 29,871 | - |
| <u>-</u> | <u>3,359,212</u> | <u>3,359,212</u> | <u>-</u> |
| <u>(20,897,313)</u> | <u>3,359,212</u> | <u>(17,538,101)</u> | <u>-</u> |
| - | - | - | (3,141,299) |
| - | - | - | (3,141,299) |
| 8,506,855 | - | 8,506,855 | - |
| 15,311,975 | - | 15,311,975 | 5,103,992 |
| 1,207,148 | - | 1,207,148 | - |
| 1,586,633 | - | 1,586,633 | - |
| 607,675 | - | 607,675 | - |
| 29,299 | 7,877 | 37,176 | 8,442 |
| 235,594 | 333,958 | 569,552 | - |
| 500,000 | (500,000) | - | - |
| <u>27,985,179</u> | <u>(158,165)</u> | <u>27,827,014</u> | <u>5,112,434</u> |
| 7,087,866 | 3,201,047 | 10,288,913 | 1,971,135 |
| 65,300,316 | 25,707,621 | 91,007,937 | 6,883,833 |
| <u>\$ 72,388,182</u> | <u>\$ 28,908,668</u> | <u>\$ 101,296,850</u> | <u>\$ 8,854,968</u> |

CITY OF WEBSTER, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2021

| | General | Debt Service | Hotel Occupancy Tax | Grant |
|--|----------------------|-------------------|---------------------------|---------------------|
| ASSETS | | | | |
| Cash and cash equivalents | \$ 11,849,412 | \$ 597,263 | \$ 8,361,264 | \$ 1,418,698 |
| Investments | 5,206,152 | - | - | - |
| Receivables (net of allowance for uncollectible) | 3,119,452 | 73,330 | 193,437 | - |
| Due from component unit | 657,319 | - | - | - |
| Due from other funds | 20,690 | - | - | - |
| Prepaid items | 125,686 | - | - | - |
| Inventory | 17,911 | - | - | - |
| Total Assets | \$ 20,996,622 | \$ 670,593 | \$ 8,554,701 | \$ 1,418,698 |
| LIABILITIES | | | | |
| Accounts payable and accrued liabilities | \$ 1,057,563 | \$ - | \$ 225,000 | \$ - |
| Customer deposits | 5,200 | - | - | - |
| Due to other funds | 490 | - | - | - |
| Unearned revenue | 1,920 | - | - | 1,418,698 |
| Total Liabilities | 1,065,173 | - | 225,000 | 1,418,698 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Unavailable revenue - property taxes | 154,757 | 73,330 | - | - |
| Total Deferred Inflows of Resources | 154,757 | 73,330 | - | - |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid items | 125,686 | - | - | - |
| Inventory | 17,911 | - | - | - |
| Restricted for: | | | | |
| Debt service | - | 597,263 | - | - |
| Construction/capital improvements | - | - | - | - |
| Enabling legislation | - | - | 8,329,701 | - |
| Assigned to: | | | | |
| Special revenue | - | - | - | - |
| Capital projects | - | - | - | - |
| Unassigned | 19,633,095 | - | - | - |
| Total Fund Balances | 19,776,692 | 597,263 | 8,329,701 | - |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | \$ 20,996,622 | \$ 670,593 | \$ 8,554,701 | \$ 1,418,698 |

See Notes to Financial Statements.

| Nonmajor Governmental Funds | Total Governmental Funds |
|--|---|
| \$ 3,142,199 | \$ 25,368,836 |
| - | 5,206,152 |
| - | 3,386,219 |
| - | 657,319 |
| - | 20,690 |
| 706 | 126,392 |
| - | 17,911 |
| <u>\$ 3,142,905</u> | <u>\$ 34,783,519</u> |
| | |
| \$ 46,024 | \$ 1,328,587 |
| - | 5,200 |
| 20,690 | 21,180 |
| - | 1,420,618 |
| <u>66,714</u> | <u>2,775,585</u> |
| | |
| - | 228,087 |
| <u>-</u> | <u>228,087</u> |
| | |
| 706 | 126,392 |
| - | 17,911 |
| - | 597,263 |
| 181,331 | 181,331 |
| 558,514 | 8,888,215 |
| | |
| 250,421 | 250,421 |
| 2,085,219 | 2,085,219 |
| - | 19,633,095 |
| <u>3,076,191</u> | <u>31,779,847</u> |
| | |
| <u>\$ 3,142,905</u> | <u>\$ 34,783,519</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, 2021

Total fund balances – total governmental funds \$ 31,779,847

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 | 6,735,058 |
| Capital assets – net depreciable | 46,656,379 |

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

228,087

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.

4,757,279

Some liabilities, including bonds payable and net pension and other post employment benefits (OPEB) liabilities, are not reported as liabilities in the governmental funds.

| | |
|--|--------------|
| Accrued interest payable | (25,019) |
| Noncurrent liabilities due in one year | (1,821,184) |
| Noncurrent liabilities due in more than one year | (15,739,525) |
| Deferred outflows - pension | 1,641,653 |
| Deferred inflows - pension | (1,975,951) |
| Deferred outflows - OPEB | 238,816 |
| Deferred inflows - OPEB | (87,258) |

Net Position of Governmental Activities

\$ 72,388,182

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, 2021

| | <u>General</u> | <u>Debt Service</u> | <u>Hotel Occupancy Tax</u> | <u>Grant</u> |
|--|----------------------|-------------------------|------------------------------------|--------------|
| REVENUES | | | | |
| Ad valorem taxes | \$ 6,093,029 | \$ 2,394,067 | \$ - | \$ - |
| Sales taxes | 15,311,975 | - | - | - |
| Franchise fees | 1,180,699 | - | - | - |
| Hotel/motel occupancy taxes | - | - | 1,586,633 | - |
| Mixed beverage taxes | 607,675 | - | - | - |
| Licenses and permits | 598,253 | - | - | - |
| Fines and forfeitures | 436,719 | - | - | - |
| Charges for services | 304,228 | - | - | - |
| Intergovernmental | 121,004 | - | - | 3,354 |
| Investment earnings | 20,923 | 301 | 3,067 | - |
| Contributions | 700,000 | 330,030 | - | - |
| Other revenue | 196,557 | - | 431 | - |
| Total Revenues | <u>25,571,062</u> | <u>2,724,398</u> | <u>1,590,131</u> | <u>3,354</u> |
| EXPENDITURES | | | | |
| Current | | | | |
| General government | 4,078,887 | - | - | - |
| Public safety | 12,876,590 | - | - | 3,354 |
| Public works | 3,433,049 | - | - | - |
| Community development | 1,733,817 | - | 387,219 | - |
| Capital Outlay | - | - | - | - |
| Debt Service | | | | |
| Principal | - | 2,415,000 | - | - |
| Interest and fiscal charges | - | 347,870 | - | - |
| Total Expenditures | <u>22,122,343</u> | <u>2,762,870</u> | <u>387,219</u> | <u>3,354</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>3,448,719</u> | <u>(38,472)</u> | <u>1,202,912</u> | <u>-</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 609,950 | - | - | 157 |
| Transfers out | (157) | - | (100,950) | - |
| Proceeds from sale of capital assets | 4,852 | - | - | - |
| Total Other Financing Sources (Uses) | <u>614,645</u> | <u>-</u> | <u>(100,950)</u> | <u>157</u> |
| Net Change in Fund Balances | 4,063,364 | (38,472) | 1,101,962 | 157 |
| Beginning Fund Balances | 15,713,328 | 635,735 | 7,227,739 | (157) |
| Ending Fund Balances | <u>\$ 19,776,692</u> | <u>\$ 597,263</u> | <u>\$ 8,329,701</u> | <u>\$ -</u> |

See Notes to Financial Statements.

| Nonmajor Governmental Funds | Total Governmental Funds |
|--|---|
| \$ - | \$ 8,487,096 |
| - | 15,311,975 |
| 26,449 | 1,207,148 |
| - | 1,586,633 |
| - | 607,675 |
| - | 598,253 |
| 59,848 | 496,567 |
| - | 304,228 |
| 8,168 | 132,526 |
| 579 | 24,870 |
| - | 1,030,030 |
| 38,606 | 235,594 |
| <u>133,650</u> | <u>30,022,595</u> |
| 20,042 | 4,098,929 |
| 60,978 | 12,940,922 |
| - | 3,433,049 |
| - | 2,121,036 |
| 384,245 | 384,245 |
| - | 2,415,000 |
| - | 347,870 |
| <u>465,265</u> | <u>25,741,051</u> |
| <u>(331,615)</u> | <u>4,281,544</u> |
| - | 610,107 |
| (9,000) | (110,107) |
| - | 4,852 |
| <u>(9,000)</u> | <u>504,852</u> |
| (340,615) | 4,786,396 |
| 3,416,806 | 26,993,451 |
| <u>\$ 3,076,191</u> | <u>\$ 31,779,847</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, 2021

| | |
|--|---------------------|
| Net changes in fund balances – total governmental funds | \$ 4,786,396 |
| 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 | (3,774,706) |
| Capital outlay | 677,584 |
| Capital contributions from component units and developers are not reported as revenues in the governmental funds. | 2,252,716 |
| Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. | 19,759 |
| 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 | 2,415,000 |
| Amortization of deferred charges | 109,597 |
| Compensated absences | (51,208) |
| Net pension liability | 843,895 |
| Total OPEB liability | (160,252) |
| Amortization of deferred outflows - pensions | (215,571) |
| Amortization of deferred inflows - pensions | (37,100) |
| Amortization of deferred outflows - OPEB | 89,133 |
| Amortization of deferred inflows - OPEB | 7,122 |
| 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. | 132,477 |
| Change in Net Position of Governmental Activities | \$ 7,087,866 |

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2021

| | Business-Type Activities Utility Fund | Governmental Activities Internal Service Funds |
|---|--|---|
| ASSETS | | |
| Current Assets | | |
| Cash and cash equivalents | \$ 12,862,373 | \$ 3,863,243 |
| Investments | 2,469,854 | 1,000,951 |
| Receivables, net | 849,150 | 658 |
| Due from other funds | - | 490 |
| Prepaid expenses | 420 | 4,000 |
| Total Current Assets | 16,181,797 | 4,869,342 |
| Noncurrent Assets | | |
| Capital assets: | | |
| Nondepreciable | 170,150 | - |
| Depreciable capital assets | 43,491,799 | 6,202,580 |
| Less: accumulated depreciation | (24,293,292) | (4,799,468) |
| Total Capital Assets (Net) | 19,368,657 | 1,403,112 |
| Total Noncurrent Assets | 19,368,657 | 1,403,112 |
| Total Assets | 35,550,454 | 6,272,454 |
| DEFERRED OUTFLOWS OF RESOURCES | | |
| Deferred charge on refunding | 17,169 | - |
| Deferred outflows - pensions | 141,736 | 37,376 |
| Deferred outflows - OPEB | 29,155 | 5,767 |
| Total Deferred Outflows of Resources | 188,060 | 43,143 |
| LIABILITIES | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities | 224,922 | 40,675 |
| Accrued interest payable | 13,464 | - |
| Current portion of compensated absences | 75,392 | 22,065 |
| Customer deposits | 429,595 | - |
| Current portion of bonds payable (net of deferred charges) | 364,322 | - |
| Total Current Liabilities | 1,107,695 | 62,740 |
| Noncurrent Liabilities | | |
| Compensated absences | 50,106 | 5,341 |
| Net pension liability | 682,986 | 194,447 |
| Total OPEB liability | 127,760 | 26,586 |
| Bonds payable (net of deferred charges) | 4,769,541 | - |
| Total Noncurrent Liabilities | 5,630,393 | 226,374 |
| Total Liabilities | 6,738,088 | 289,114 |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows - pensions | 152,493 | 33,804 |
| Deferred inflows - OPEB | 10,653 | 2,222 |
| Total Deferred Inflows of Resources | 163,146 | 36,026 |
| NET POSITION | | |
| Net investment in capital assets | 14,251,963 | 1,403,112 |
| Restricted for debt service | 1,830,210 | - |
| Restricted for construction/capital improvements | 5,790,041 | - |
| Unrestricted | 6,965,066 | 4,587,345 |
| Total Net Position | 28,837,280 | \$ 5,990,457 |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | 71,388 | |
| Net position of business-type activities | \$ 28,908,668 | |

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, 2021

| | Business-Type Activities | Governmental Activities |
|--|-------------------------------------|------------------------------------|
| | Utility Fund | Internal Service Funds |
| OPERATING REVENUES | | |
| Water charges | \$ 3,298,561 | \$ - |
| Wastewater charges | 2,802,099 | - |
| Drainage charges | 354,230 | - |
| Penalties and reconnect fees | 48,142 | - |
| Charges for services | - | 3,083,823 |
| Other revenue | 44,205 | 45,215 |
| Total Operating Revenues | 6,547,237 | 3,129,038 |
| OPERATING EXPENSES | | |
| Personnel | 1,439,685 | 2,695,595 |
| Supplies | 959,493 | 33,805 |
| Maintenance | 787,384 | 156,815 |
| Services | 1,203,958 | 206,869 |
| Depreciation | 1,218,485 | 714,107 |
| Total Operating Expenses | 5,609,005 | 3,807,191 |
| Operating Income (Loss) | 938,232 | (678,153) |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment earnings | 7,877 | 4,429 |
| Interest expense | (156,730) | - |
| Impact fees | 130,922 | - |
| Insurance proceeds | 110,689 | - |
| Gain (loss) on sale of capital assets | - | 49,765 |
| Total Nonoperating Revenues | 92,758 | 54,194 |
| Income (Loss) Before Transfers | 1,030,990 | (623,959) |
| TRANSFERS AND CONTRIBUTIONS | | |
| Capital Contributions | 2,814,893 | - |
| Transfers (out) | (500,000) | - |
| Change in Net Position | 3,345,883 | (623,959) |
| Beginning Net Position | 25,491,397 | 6,614,416 |
| Ending Net Position | \$ 28,837,280 | \$ 5,990,457 |
| Change in net position before adjustment | \$ 3,345,883 | |
| Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds | (144,836) | |
| Change in net position of business-type activities | \$ 3,201,047 | |

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, 2021

| | Business-Type Activities | Governmental Activities |
|--|-------------------------------------|------------------------------------|
| | Utility Fund | Internal Service Funds |
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Receipts from customers and users | \$ 6,440,710 | \$ - |
| Receipts from interfund charges for equipment replacement | - | 44,557 |
| Receipts from interfund charges for information technology | - | 732,600 |
| Receipts from interfund charges for employee benefits | - | 2,351,223 |
| Payments to suppliers | (2,959,938) | (3,029,080) |
| Payments to employees | (1,467,323) | (362,413) |
| Net Cash Provided (Used) by Operating Activities | 2,013,449 | (263,113) |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | |
| Impact fees | 130,922 | - |
| Insurance proceeds | 110,689 | - |
| Transfers to other funds | (500,000) | - |
| Net Cash (Used) by Noncapital Financing Activities | (258,389) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (87,758) | (88,466) |
| Principal paid on debt | (325,000) | - |
| Interest paid on debt | (181,052) | - |
| Proceeds from sale of capital assets | - | 49,765 |
| Net Cash (Used) by Capital and Related Financing Activities | (593,810) | (38,701) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of investments | (996,899) | (1,000,951) |
| Interest on investments | 7,877 | 4,429 |
| Net Cash (Used) by Investing Activities | (989,022) | (996,522) |
| Net Increase (Decrease) in Cash and Cash Equivalents | 172,228 | (1,298,336) |
| Beginning Cash and Cash Equivalents | 12,690,145 | 5,161,579 |
| Ending Cash and Cash Equivalents | \$ 12,862,373 | \$ 3,863,243 |

CITY OF WEBSTER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2021

| | Business-Type Activities Utility Fund | Governmental Activities Internal Service Funds |
|--|--|---|
| Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities | | |
| Operating income (loss) | \$ 938,232 | \$ (678,153) |
| Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities: | | |
| Depreciation | 1,218,485 | 714,107 |
| Changes in Operating Assets and Liabilities: | | |
| (Increase) Decrease in Current Assets: | | |
| Accounts receivable | (106,472) | (658) |
| Due from other funds | 423 | 2,712 |
| Prepaid expenses | (420) | (4,000) |
| Deferred outflows | 6,727 | 856 |
| Increase (Decrease) in Current Liabilities: | | |
| Accounts payable and accrued liabilities | (9,106) | (283,080) |
| Compensated absences | 16,574 | (608) |
| Customer deposits | (55) | - |
| Net pension liability | (72,835) | (18,988) |
| Total OPEB liability | 19,563 | 4,082 |
| Deferred inflows | 2,333 | 617 |
| Net Cash Provided (Used) by Operating Activities | \$ 2,013,449 | \$ (263,113) |

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

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. Questions concerning this report or requests for

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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.

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

The *debt service fund* is used to account for and report the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund 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 public, educational, and government access channel fund. The special revenue funds are considered nonmajor funds for reporting purposes with the

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

exception of the hotel occupancy tax and grant funds, which are major funds. The hotel occupancy tax fund's major revenue source is hotel occupancy tax. 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 *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 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under 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, 2021

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method and consist of fuel. Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) and are recognized as expenditures when utilized.

4. Capital Assets

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

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

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of 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 assets that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. In addition to liabilities, the statement of 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 assets that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time.

Deferred outflows/inflows of resources are amortized as follows:

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

- 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, 2021

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.

The general fund is the only fund that reports a positive unassigned fund balance amount. However, in governmental funds, other than the general fund, if expenditures incurred for specific purposes exceed the

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

amounts that are restricted, committed, or assigned to those purposes, it may be necessary to report a negative unassigned fund balance in that fund.

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

11. Postemployment Healthcare Benefits

Employees who retire with 10 years of service with the City and 20 years of service with the Texas Municipal Retirement System (TMRS) are eligible to elect health insurance coverage that they presently have in effect at the time of retirement at the full premium cost that is being paid by the City. After becoming Medicare eligible, the retiree will be required to enroll in Medicare Parts A and B in order to continue coverage under the City's medical program.

12. 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.

13. 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.

14. Other Postemployment Benefits

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

15. Comparative Data

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects funds, which adopt project length budget's. 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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. Expenditures in Excess of Appropriations

Expenditures exceeded appropriations at the legal level of control for the general fund related to the finance department and transfers out.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2021, the City had the following investments:

| <u>Investment Type</u> | <u>Fair Value</u> | <u>Weighted Average Maturity (Years)</u> |
|-------------------------------------|----------------------|--|
| U.S. agencies | \$ 7,201,230 | 1.37 |
| Certificates of deposit | 1,475,728 | 0.85 |
| External investment pools | 16,054,616 | 0.12 |
| Total fair value | <u>\$ 24,731,574</u> | |
| Portfolio weighted average maturity | | 0.53 |

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

At September 30, 2021, the City had the following recurring fair value measurements:

| | September 30, 2021 | Fair Value Measurements Using Significant Other Observable Inputs (Level 2) |
|---|-----------------------|--|
| Investments by Fair Value Level | | |
| <u>U.S. Government Agency Bonds/Notes</u> | | |
| Federal Farm Credit Bank | \$ 3,181,798 | \$ 3,181,798 |
| Federal Home Loan Bank | 2,269,432 | 2,269,432 |
| Federal Home LN MTG Corp | 1,750,000 | 1,750,000 |
| External investment pool, TX-FIT | 7,011,968 | 7,011,968 |
| Total | \$ 14,213,198 | \$ 14,213,198 |

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, 2021, the City’s investments statewide investment pools were rated “AAAm” by Standard & Poor’s. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2021 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank 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, 2021, 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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 Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at www.texasclass.com.

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

Texas FIT

The Texas Fixed Income Trust (TX-FIT) cash pool is a high-quality money market alternative for local government investors. TX-FIT is a short-term investment product designed to add diversification with multiple assets classes and a competitive yield to other cash alternatives. Providing same day liquidity to participants, TX-FIT is managed as a dollar-in/dollar-out product and has a floating net asset value. The fair value of the position in the TX-FIT is the same as the value of the TX-FIT shares. TX-FIT has been established pursuant to Texas regulatory requirements under Chapter 2256 as an authorized local government investment pool that seeks current income with the additional objective of capital preservation and liquidity. The custodian of TX-FIT, U.S. Bank National Association, calculates TX-FIT's net asset value using third-party supplied, mark-to-market pricing with internal validation and monitoring. Water Walker Investments serves as TX-FIT's investment advisor. Fitch ratings has assigned AAaf/S1 fund credit quality rating and fund market risk sensitivity rating as of year end. This rating indicates the highest underlying credit quality (or lowest vulnerability to default) and the S1 market risk sensitivity rating indicates a very low sensitivity to market risk.

The City has the right to redeem any or all of its investment in TX-FIT during normal operating hours of the administrator, U.S. Bank Global Fund Services. TX-FIT does reserve the right to suspend redemptions during periods of crisis that affect the financial markets of the United States.

TexasTERM

The Texas Term Local Government Investment Pool ("TexasTERM") is a local government investment pool organized under the authority of the Interlocal Cooperation Act, Chapter 791, Texas Government Code, and the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexasTERM is administered by PFM Asset Management LLC, which also serves as the investment advisor. The reported value of TexasTERM is the same as the fair value of the TexasTERM shares. Investment options include TexasDAILY, a money market portfolio, that is rated AAAM by Standard and Poor's, and TexasTERM CD Purchase Program, a fixed rate, fixed-term investment option enabling investors to invest in FDIC insured certificates of deposit from banks throughout the United States.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

| | General | Debt Service | Hotel Occupancy Tax | Component Unit |
|------------------|---------------------|---------------------|------------------------------------|---------------------------|
| Ad valorem taxes | \$ 154,782 | \$ 73,455 | \$ - | \$ - |
| Other taxes | 2,857,519 | - | 193,437 | 891,933 |
| Accrued interest | 19,282 | - | - | - |
| Other | 87,894 | - | - | - |
| Less allowance | (25) | (125) | - | - |
| | <u>\$ 3,119,452</u> | <u>\$ 73,330</u> | <u>\$ 193,437</u> | <u>\$ 891,933</u> |

Proprietary Funds

| | Enterprise | Internal Service |
|------------------|-------------------|-----------------------------|
| Accounts | \$ 930,318 | \$ - |
| Accrued interest | 1,887 | 658 |
| Less allowance | (83,055) | - |
| | <u>\$ 849,150</u> | <u>\$ 658</u> |

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

C. Capital Assets

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

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.

| | Primary Government | | | Ending Balance |
|--|----------------------|---------------------|--|----------------------|
| | Beginning Balance | Increases | Decreases/ Reclassifications | |
| Governmental Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 5,368,329 | \$ 76,191 | \$ - | \$ 5,444,520 |
| Construction in progress | 570,971 | 959,807 | (240,240) | 1,290,538 |
| Total capital assets not being depreciated | <u>5,939,300</u> | <u>1,035,998</u> | <u>(240,240)</u> | <u>6,735,058</u> |
| Other capital assets: | | | | |
| Buildings and improvements | 26,032,663 | 120,281 | - | 26,152,944 |
| Furniture and equipment | 14,410,588 | 158,332 | (148,431) | 14,420,489 |
| Infrastructure | 58,232,012 | 1,855,929 | - | 60,087,941 |
| Total other capital assets | <u>98,675,263</u> | <u>2,134,542</u> | <u>(148,431)</u> | <u>100,661,374</u> |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (12,333,382) | (662,747) | - | (12,996,129) |
| Furniture and equipment | (9,212,149) | (1,283,793) | 148,431 | (10,347,511) |
| Infrastructure | (28,833,189) | (1,828,166) | - | (30,661,355) |
| Total accumulated depreciation | <u>(50,378,720)</u> | <u>(3,774,706)</u> | <u>148,431</u> | <u>(54,004,995)</u> |
| Other capital assets, net | <u>48,296,543</u> | <u>(1,640,164)</u> | <u>-</u> | <u>46,656,379</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 54,235,843</u> | <u>\$ (604,166)</u> | <u>\$ (240,240)</u> | <u>53,391,437</u> |
| | | | Less debt associated with capital assets | (8,157,190) |
| | | | Plus unspent bond proceeds | 181,331 |
| | | | Net Investment in Capital Assets | <u>\$ 45,415,578</u> |

Depreciation was charged to governmental functions as follows:

| | |
|---|---------------------|
| General government | \$ 1,059,635 |
| Public safety | 864,839 |
| Public works | 1,109,790 |
| Community development | 26,335 |
| Internal service funds | 714,107 |
| Total Governmental Activities Depreciation Expense | <u>\$ 3,774,706</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, 2021

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

| Component Unit: | Beginning Balance | Increases | Decreases/ Reclassifications | Ending Balance |
|---|------------------------------|-------------------|---|---------------------------|
| Capital assets not being depreciated: | | | | |
| Land | \$ 2,814,414 | \$ 974,022 | \$ - | \$ 3,788,436 |
| Total Capital Assets Not Being Depreciated | \$ 2,814,414 | \$ 974,022 | \$ - | \$ 3,788,436 |

Remaining commitments under related construction contracts for general government construction projects at September 30, 2021 are as follows:

Governmental Activities:

| Project Description | Authorized Contract | Contract Expenditures | Remaining Commitment |
|----------------------------|--------------------------------|----------------------------------|---------------------------------|
| Blossom Paving/Drainage | \$ 850,000 | \$ 30,695 | \$ 819,305 |
| Nasa Bypass Extension | 500,000 | 83,858 | 416,142 |
| Bay Area Sidewalks | 230,000 | 207,086 | 22,914 |
| Medical Center Sidewalks | 300,000 | 248,606 | 51,394 |
| City Hall Fountain | 193,710 | 25,353 | 168,357 |
| Great Wolf Lodge | 2,000,000 | 515,027 | 1,484,973 |
| Flyway | 6,773,900 | 179,913 | 6,593,987 |
| | \$ 10,847,610 | \$ 1,290,538 | \$ 9,557,072 |

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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

| | <u>Beginning Balance</u> | <u>Increases</u> | <u>Decreases/ Reclassifications</u> | <u>Ending Balance</u> |
|---|------------------------------|---------------------|---|--|
| Business-Type Activities: | | | | |
| Capital assets not being depreciated: | | | | |
| Land | \$ 102,269 | \$ - | \$ - | \$ 102,269 |
| Construction in progress | - | 67,881 | - | 67,881 |
| Total capital assets not being depreciated | <u>102,269</u> | <u>67,881</u> | <u>-</u> | <u>170,150</u> |
| Other capital assets: | | | | |
| Building and improvements | 27,607,273 | 2,814,893 | - | 30,422,166 |
| Furniture and equipment | 228,509 | 19,877 | - | 248,386 |
| Water and wastewater system | 12,821,247 | - | - | 12,821,247 |
| Total other capital assets | <u>40,657,029</u> | <u>2,834,770</u> | <u>-</u> | <u>43,491,799</u> |
| Less accumulated depreciation for: | | | | |
| Building and improvements | (13,184,493) | (855,156) | - | (14,039,649) |
| Furniture and equipment | (145,850) | (31,675) | - | (177,525) |
| Water and wastewater system | (9,744,464) | (331,654) | - | (10,076,118) |
| Total accumulated depreciation | <u>(23,074,807)</u> | <u>(1,218,485)</u> | <u>-</u> | <u>(24,293,292)</u> |
| Other capital assets, net | <u>17,582,222</u> | <u>1,616,285</u> | <u>-</u> | <u>19,198,507</u> |
| Business-Type Activities Capital Assets, Net | <u>\$ 17,684,491</u> | <u>\$ 1,684,166</u> | <u>\$ -</u> | <u>19,368,657</u> |
| | | | | Less debt associated with capital assets (5,133,863) |
| | | | | Plus deferred charge on refunding 17,169 |
| | | | | <u>Net Investment in Capital Assets</u> <u>\$ 14,251,963</u> |

Depreciation was charged to business-type functions as follows:

| | |
|--|---------------------|
| Water | \$ 378,375 |
| Wastewater | 840,110 |
| Total Business-Type Activities Depreciation Expense | <u>\$ 1,218,485</u> |

Remaining commitments under related construction contracts for business-type construction projects at September 30, 2021 are as follows:

| Business-Type Activities: | Authorized Contract | Contract Expenditures | Remaining Commitment |
|----------------------------------|--------------------------------|----------------------------------|---------------------------------|
| <u>Project Description</u> | <u></u> | <u></u> | <u></u> |
| Lift Station #5 Force Main | \$ 81,900 | \$ 67,881 | \$ 14,019 |

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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> |
|--|------------------------------|---------------------|-----------------------|---------------------------|--|
| Governmental Activities: | | | | | |
| Bonds, notes and other payables: | | | | | |
| General obligation bonds | \$ 5,455,000 | \$ - | \$ (1,960,000) | \$ 3,495,000 | \$ 235,000 |
| Certificates of obligation | 4,185,000 | - | (455,000) | 3,730,000 | 475,000 |
| Plus bond premium | 1,064,387 | - | (132,197) | 932,190 | 103,834 |
| | <u>10,704,387</u> | <u>-</u> | <u>(2,547,197)</u> | <u>8,157,190</u> | <u>813,834</u> |
| Other liabilities: | | | | | |
| Net pension liability | 7,879,619 | - | (843,895) | 7,035,724 | - |
| Total OPEB liability (TMRS) | 522,674 | 113,149 | - | 635,823 | - |
| Total OPEB liability (Health) | 365,424 | 47,101 | - | 412,525 | - |
| Compensated absences | 1,268,239 | 1,019,462 | (968,254) | 1,319,447 | 1,007,350 |
| Total Governmental Activities | <u>\$ 20,740,343</u> | <u>\$ 1,179,712</u> | <u>\$ (4,359,346)</u> | <u>\$ 17,560,709</u> | <u>\$ 1,821,184</u> |
| Business-Type Activities: | | | | | |
| General obligation bonds | \$ 3,340,000 | \$ - | \$ (255,000) | \$ 3,085,000 | \$ 265,000 |
| Certificates of obligation | 1,840,000 | - | (70,000) | 1,770,000 | 75,000 |
| Plus bond premiums | 303,185 | - | (24,322) | 278,863 | 24,322 |
| Net pension liability | 755,821 | - | (72,835) | 682,986 | - |
| Total OPEB liability (TMRS) | 63,585 | 13,813 | - | 77,398 | - |
| Total OPEB liability (Health) | 44,612 | 5,750 | - | 50,362 | - |
| Compensated absences | 108,924 | 82,009 | (65,435) | 125,498 | 75,392 |
| Total Business-Type Activities | <u>\$ 6,456,127</u> | <u>\$ 101,572</u> | <u>\$ (487,592)</u> | <u>\$ 6,070,107</u> | <u>\$ 439,714</u> |
| WEDC: | | | | | |
| Bonds payable | \$ 8,790,000 | \$ - | \$ (635,000) | \$ 8,155,000 | \$ 405,000 |
| Plus bond premiums | 314,774 | - | (48,094) | 266,680 | 17,779 |
| Total WEDC | <u>\$ 9,104,774</u> | <u>\$ -</u> | <u>\$ (683,094)</u> | <u>\$ 8,421,680</u> | <u>\$ 422,779</u> |
| (1) Debt associated with governmental capital assets | | | \$ 8,157,190 | | |
| (2) Debt associated with business-type capital assets | | | \$ 5,133,863 | | |

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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

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

| <u>Description</u> | <u>Interest Rates</u> | <u>Balance</u> |
|--|-----------------------|---------------------|
| <u>Governmental Activities</u> | | |
| General Obligation Bonds | | |
| General Obligation Refunding Bonds | | |
| Series 2020 | 3.00% | \$ 3,495,000 |
| Total General Obligation Bonds | | <u>3,495,000</u> |
| | | |
| Certificates of Obligation | | |
| Tax and Revenue Certificates of Obligation | | |
| Series 2018A | 3.00-4.00% | 3,730,000 |
| Total Certificates of Obligation | | <u>3,730,000</u> |
| Total Governmental Activities Long-Term Debt | | <u>\$ 7,225,000</u> |
| | | |
| <u>Business-Type Activities</u> | | |
| General Obligation Bonds | | |
| Water and Sewer Refunding Bonds, Series 2014 | 3.00-4.00% | \$ 3,085,000 |
| Total General Obligation Bonds | | <u>3,085,000</u> |
| | | |
| Certificates of Obligation | | |
| Tax and Revenue Certificates of Obligation, Series 2018B | 3.50-4.00% | 1,770,000 |
| Total Certificates of Obligation | | <u>1,770,000</u> |
| Total Business-Type Activities Long-Term Debt | | <u>\$ 4,855,000</u> |
| | | |
| <u>WEDC</u> | | |
| Sales Tax Revenue Bonds | | |
| Series 2017 | 3.75-5.00% | \$ 8,155,000 |
| Total Component Unit Long-Term Debt | | <u>\$ 8,155,000</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, 2021

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

| Fiscal Year Ending Sept. 30 | Governmental Activities | |
|--|--------------------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 235,000 | \$ 168,875 |
| 2023 | 245,000 | 156,875 |
| 2024 | 265,000 | 144,125 |
| 2025 | 280,000 | 130,500 |
| 2026 | 295,000 | 116,125 |
| 2027-2031 | 1,755,000 | 334,875 |
| 2032-2036 | 420,000 | 10,500 |
| Total | \$ 3,495,000 | \$ 1,061,875 |

| Fiscal Year Ending Sept. 30 | Business-Type Activities | |
|--|---------------------------------|-------------------|
| | Principal | Interest |
| 2022 | \$ 265,000 | \$ 101,063 |
| 2023 | 270,000 | 90,463 |
| 2024 | 285,000 | 79,663 |
| 2025 | 300,000 | 68,975 |
| 2026 | 305,000 | 59,975 |
| 2027-2031 | 1,660,000 | 156,525 |
| Total | \$ 3,085,000 | \$ 556,664 |

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 |
| 2022 | \$ 475,000 | \$ 128,050 |
| 2023 | 490,000 | 108,750 |
| 2024 | 510,000 | 88,750 |
| 2025 | 535,000 | 67,850 |
| 2026 | 555,000 | 46,050 |
| 2027-2031 | 1,165,000 | 35,175 |
| Total | \$ 3,730,000 | \$ 474,625 |

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

| Fiscal Year Ending Sept. 30 | Business-Type Activities | |
|--------------------------------------|--------------------------|-------------------|
| | Principal | Interest |
| 2022 | \$ 75,000 | \$ 65,500 |
| 2023 | 80,000 | 62,400 |
| 2024 | 80,000 | 59,200 |
| 2025 | 85,000 | 55,900 |
| 2026 | 85,000 | 52,500 |
| 2027-2031 | 495,000 | 206,100 |
| 2032-2036 | 600,000 | 101,776 |
| 2037-2038 | 270,000 | 9,451 |
| Total | \$ 1,770,000 | \$ 612,827 |

Revenue Bonds – WEDC

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

| Fiscal Year Ending Sept. 30 | WEDC | |
|--------------------------------------|---------------------|---------------------|
| | Principal | Interest |
| 2022 | \$ 405,000 | \$ 307,094 |
| 2023 | 425,000 | 286,844 |
| 2024 | 445,000 | 265,594 |
| 2025 | 470,000 | 243,344 |
| 2026 | 490,000 | 224,544 |
| 2027-2031 | 2,725,000 | 844,520 |
| 2032-2036 | 3,195,000 | 360,171 |
| Total | \$ 8,155,000 | \$ 2,532,111 |

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, 2021

E. Interfund Transactions

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

| <u>Transfer In</u> | <u>Transfer Out</u> | <u>Amounts</u> |
|--------------------|-----------------------------|-------------------|
| General Fund | Utility Fund | \$ 500,000 |
| General Fund | Hotel Fund | 100,950 |
| General Fund | Nonmajor Governmental Funds | 9,000 |
| Grant Fund | General Fund | 157 |
| | | <u>\$ 610,107</u> |

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

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

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amounts</u> |
|------------------------|----------------------------|------------------|
| General Fund | Nonmajor Governmental Fund | \$ 20,690 |
| Internal Service Fund | General Fund | 490 |
| | | <u>\$ 21,180</u> |

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. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends,

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. COVID-19

In March 2020, COVID-19 was recognized as a pandemic both worldwide and in the United States with local stay at-home orders going into effect. The City navigated through this time by alternating the schedules of its employees due to the various City functions needing to continue to run through this time. The City followed the directions of the State in relations to Municipal Court. The Municipal Court was closed until the City came up with an acceptable plan to monitor social distancing, require masks, and provide hand sanitizers. Subsequent to the second wave of the COVID outbreak, the State is now requiring Municipal Court to be held via Zoom meetings. While the initial event occurred prior to year end, the City was, subsequent to year end, continuing to modify its operations to prevent the spread to customer, staff, and the community as a whole, while balancing the needs of the community. The City has made numerous changes to its operations, including provisions for customer and staff to wear masks, more frequent cleanings, and numerous other changes. While such changes cause a significant hardship and have increased expenses, such increases are nominal in comparison to the overall budget. The City is continuing to monitor exposure levels with customer, staff, and the community as a whole but, to date, the overall exposure threat level has been sufficiently low to continue with open doors; however, the City is ready to modify its plans if necessary.

D. Pension Plan

Texas Municipal Retirement System

Plan Description

The City participates as one of 895 plans in the defined benefit cash-balance plan administered by TMRS. TMRS is a statewide public retirement plan created by the State and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the “TMRS Act”) as an agent multiple-employer retirement system for employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State. TMRS issues a publicly available Annual Comprehensive Financial Report that can be obtained at www.tmr.com.

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

Benefits Provided

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

At retirement, the 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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>2021</u> | <u>2020</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 |

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 114 |
| Inactive employees entitled to, but not yet receiving, benefits | 115 |
| Active employees | <u>163</u> |
| Total | <u><u>392</u></u> |

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 17.39 percent and 17.70 percent in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$2,198,357.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

| | |
|---------------------------|--|
| Inflation | 2.50% per year |
| Overall payroll growth | 2.75% per year |
| Investment rate of return | 6.75%, net of pension plan investment expense, including inflation |

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciations, 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> | <u>Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|-----------------------|--------------------------|--|
| Global Equity | 30.00% | 5.30% |
| Core fixed income | 10.00% | 1.25% |
| Non-core fixed income | 20.00% | 4.14% |
| Real return | 10.00% | 3.85% |
| Real estate | 10.00% | 4.00% |
| Absolute return | 10.00% | 3.48% |
| Private equity | 10.00% | 7.75% |
| Total | <u>100.00%</u> | |

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 TMRS'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, 2021

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 | \$ 2,389,895 | \$ - | \$ 2,389,895 |
| Interest | 4,684,967 | - | 4,684,967 |
| Difference between expected and actual experience | (297,793) | - | (297,793) |
| Contributions - employer | - | 2,224,036 | (2,224,036) |
| Contributions - employee | - | 879,562 | (879,562) |
| Net investment income | - | 4,621,252 | (4,621,252) |
| Benefit payments, including refunds of employee contributions | (2,531,744) | (2,531,744) | - |
| Administrative expense | - | (29,884) | 29,884 |
| Other changes | - | (1,166) | 1,166 |
| Net Changes | 4,245,325 | 5,162,056 | (916,731) |
| Balance at December 31, 2019 | 69,477,837 | 60,842,396 | 8,635,441 |
| Balance at December 31, 2020 | \$ 73,723,162 | \$ 66,004,452 | \$ 7,718,710 |

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 | \$ 18,589,528 | \$ 7,718,710 | \$ (1,157,869) |

Pension Plan Fiduciary Net Position

Detailed information about the TMRS'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.

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

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$1,553,377.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

At September 30, 2021, the City reported deferred outflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual economic experience | \$ 209,295 | \$ 391,929 |
| Changes in actuarial assumptions | - | 9,718 |
| Difference between projected and actual investment earning | - | 1,726,797 |
| Contributions subsequent to the measurement date | 1,574,094 | - |
| Total | \$ 1,783,389 | \$ 2,128,444 |

\$1,574,094 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Fiscal Year Ended September 30 | Pension Expense |
|---|----------------------------|
| 2022 | \$ (591,374) |
| 2023 | (67,647) |
| 2024 | (1,125,938) |
| 2025 | (134,190) |
| Total | \$ (1,919,149) |

E. Other Postemployment Benefits

1. TMRS – Supplemental Death Benefits Fund

Plan Description

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

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

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from investment income

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

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, 2020 is summarized below:

| | |
|--|------------|
| Inactive employees or beneficiaries currently receiving benefits | 84 |
| Inactive employees entitled to, but not yet receiving, benefits | 27 |
| Active employees | 163 |
| Total | 274 |

Total OPEB Liability

The City's total OPEB liability of \$713,221 was measured as of December 31, 2020 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Inflation | 2.5% |
| Salary increases | 3.5% to 11.5% including inflation |
| Discount rate | 2.0%* |
| 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. |
| Mortality rates-service retirees | 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. |
| Mortality rates-disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. |

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The actuarial assumptions used in the December 31, 2020 valuation were based on the results of an actuarial experience study for the period December 31, 2014 to December 31, 2018.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|--|---------------------------------|
| Changes for the year: | |
| Service cost | \$ 26,387 |
| Interest | 16,433 |
| Differences between expected and actual experience | (10,515) |
| Change in assumptions | 98,427 |
| Benefit payments | (3,770) |
| Net Changes | 126,962 |
| Balance at December 31, 2019 | 586,259 |
| Balance at December 31, 2020 | \$ 713,221 |

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:

| | 1% Decrease in Discount Rate (1.00%) | Discount Rate (2.00%) | 1% Increase in Discount Rate (3.00%) |
|-----------------------------|---|----------------------------------|---|
| City's Total OPEB Liability | \$ 880,808 | \$ 713,221 | \$ 586,317 |

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$66,410. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Differences between expected and actual experience | \$ 5,345 | \$ 40,712 |
| Changes in actuarial assumptions | 165,247 | 19,190 |
| Contributions subsequent to the measurement date | 9,052 | - |
| Total | \$ 179,644 | \$ 59,902 |

\$9,052 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, 2022.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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> |
|--|---------------------|
| 2022 | \$ 23,590 |
| 2023 | 23,590 |
| 2024 | 21,207 |
| 2025 | 18,968 |
| 2026 | 18,230 |
| Thereafter | 5,105 |
| Total | \$ 110,690 |

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 generally accepted accounting principles basis OPEB plan report is not available for this Program.

Participation in the Program as of December 31, 2020 is summarized below:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 3 |
| Active employees | <u>152</u> |
| Total | <u>155</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 \$462,887 was measured as of December 31, 2020 and was determined by an actuarial valuation as of December 31, 2019.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Actuarial Assumptions and Other Inputs

The total OPEB liability in the December 31, 2019 actuarial valuation, rolled forward to December 31, 2020, was determined using the following actuarial assumptions and other inputs applied to all periods included in the measurement, unless otherwise specified:

| | |
|-------------------------|---|
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.50% including inflation |
| Discount rate | 2.00% as of December 31, 2020 |
| Actuarial cost method | Individual entry-age |
| Demographic assumptions | Based on the experience study covering the four-year period ending December 31, 2018 as conducted for TMRS. |
| Mortality | For healthy retirees, the gender-distinct 2019 Municipal Retirees of Texas mortality tables are used. The rates are projected on a fully generational basis using the ultimate mortality improvement rates in the MP tables to account for future mortality improvements. |
| Health care trend rates | Initial rate of 7.00% declining to an ultimate rate of 4.15% after 15 years. |
| Participation rates | 15.00% for members retiring at age 55 and after; 5.00% for members retiring before age 55; retirees are assumed to discontinue coverage at Medicare age. |

The discount rate changed from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020. Additionally, the demographic assumptions were updated to reflect the 2019 TMRS Experience Study and the health care trend rates were updated to better reflect the plan's anticipated experience.

Changes in the Total OPEB Liability

| | Total OPEB Liability |
|---|-------------------------------------|
| Changes for the year: | |
| Service cost | \$ 26,701 |
| Interest | 11,182 |
| Difference between expected and actual experience | 15,330 |
| Changes in assumptions | 33,206 |
| Benefit payments | (33,568) |
| | Net Changes |
| | 52,851 |
| Balance at December 31, 2019 | 410,036 |
| | Balance at December 31, 2020 |
| | \$ 462,887 |

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 2%, 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:

| | 1% Decrease in Discount Rate | Discount Rate | 1% Increase in Discount Rate |
|-----------------------------|---|----------------------|---|
| City's Total OPEB Liability | \$ 509,951 | \$ 462,887 | \$ 418,929 |

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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:

| | 1% Decrease | Current Healthcare Cost Trend Rate Assumption | 1% Increase |
|-----------------------------|--------------------|--|--------------------|
| City's Total OPEB Liability | <u>\$ 392,795</u> | <u>\$ 462,887</u> | <u>\$ 548,475</u> |

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

For the year ended September 30, 2021, the City recognized OPEB expense of \$42,534. The City reported deferred outflows/inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Changes in actuarial assumptions | \$ 67,137 | \$ 12,207 |
| Differences between expected and actual experience | 13,898 | 25,802 |
| Contributions subsequent to the measurement date | 7,292 | - |
| Total | <u>\$ 88,327</u> | <u>\$ 38,009</u> |

\$7,292 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, 2022.

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

| Year Ended September 30 | OPEB Expense |
|------------------------------------|---------------------|
| 2022 | \$ 4,651 |
| 2023 | 4,651 |
| 2024 | 4,651 |
| 2025 | 4,651 |
| 2026 | 4,651 |
| Thereafter | 19,771 |
| Total | <u>\$ 43,026</u> |

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

3. Aggregate OPEB Plan Information

Below are aggregate amounts for all OPEB plans:

| <u>OPEB Liabilities</u> | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> | <u>OPEB Expense</u> |
|-----------------------------|---|--|---------------------|
| \$ 1,176,108 | \$ 267,971 | \$ 97,911 | \$ 108,944 |

F. Commitments

Development Agreement/Utility Services Contract

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

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

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

The Developer will make certain improvements and incur financing costs, of which up to \$2,605,600 will be subject to reimbursement by the City based upon the increase in taxable value within the District. The City shall be obligated to pay the Developer \$1,355,600 when the taxable value in the District increases by \$195,000,000 over the base value of the property as determined by the Harris County Appraisal District. The City agreed to pay the Developer \$1,250,000 in February 2009 as an advance towards the total amount due. As of September 30, 2021, the total taxable value of property within the District was approximately \$182,494,256. The date when property values will increase beyond the payment threshold is undeterminable.

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

G. Restatement of Fund Balance/Net Position

Beginning fund balance for the general fund and beginning net position for governmental activities have been restated to recognize a grant accrual related to the Coronavirus Relief Fund (CRF) grant.

| | Governmental Activities | General Fund |
|--|------------------------------------|-------------------------|
| Beginning net position/fund balance as reported | \$ 64,684,316 | \$ 15,097,328 |
| CRF receivable accrual | 616,000 | 616,000 |
| Beginning net position/fund balance, restated | \$ 65,300,316 | \$ 15,713,328 |

H. 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, 2021, the City’s total investment in SEWPP totaled \$5,411,122. The net investment reported is \$2,190,237, which includes accumulated depreciation of \$3,220,885.

Agreement with WEDC

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

I. Tax Abatements and Economic Incentives

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

Programs may rebate a flat amount or percentage of property taxes or sales taxes that are received by the City or the 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 the fiscal year 2021, the WEDC made incentive payments of \$836,510 to WB Nasa Bypass for the completion of 83,651 square feet of net

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

leasable space under the terms of the development agreement. In addition, \$974,022 was used for the purchase of property for the location of the development of Great Wolf Lodge, a conference center, resort hotel, and indoor water park. No tax rebates or fee reductions were provided by the City during the year.

On April 13, 2021, the City authorized the President of the WEDC to enter into a development agreement with Medistar 528/NASA 1 LLC for project infrastructure work in Flyway. The total cost of the project infrastructure work will be \$1,597,393.50. The WEDC is responsible for \$416,375 of the cost. In addition, the WEDC will cover \$1,000,000 of the cost of Medistar's portion of the infrastructure cost.

J. Subsequent Events

On October 1, 2021, the City issued the certificates of obligation, series 2021A and 2021B (the "Bonds") in the amount of \$14,855,000 and \$16,250,000 respectively.

The issuance of combination tax and revenue certificate of obligation, series 2021A will be used for the purchase of firefighting trucks, machinery, and equipment, construction, renovation, and equipment of various City owned buildings, road and street repairs and improvements, land acquisition including the property located at the southwest corner of IH45 and FM 528 for the purpose of the NASA Bypass Extension, and professional services rendered in connection with the foregoing. The Bonds have a maturity date of March 1, 2031 and interest rates that range from 4.00% to 5.00%.

The issuance of combination tax and revenue certificates of obligations, series 2021B will be used for construction, and acquisitions and repair of utility system improvements, road and street repairs and improvements, professional services rendered in connection with foregoing. The Bonds have a maturity date of March 1, 2041 and interest rates that range from 2.10% to 5.00%.

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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, 2021
With Comparative Totals for the Year Ended September 30, 2020

| | Budgeted Amounts | | 2021 Actual | Variance with Final Budget Positive (Negative) | 2020 Actual |
|---------------------------------|--------------------|----------------------|-------------------|--|-------------------|
| | Original Budget | Budget as Amended | | | |
| REVENUES | | | | | |
| Ad valorem taxes | \$ 6,328,690 | \$ 6,328,690 | \$ 6,093,029 | \$ (235,661) | \$ 5,638,664 |
| Sales taxes | 12,575,000 | 12,575,000 | 15,311,975 | 2,736,975 | 13,086,731 |
| Franchise fees | 1,266,110 | 1,266,110 | 1,180,699 | (85,411) | 1,192,072 |
| Mixed beverage taxes | 510,770 | 510,770 | 607,675 | 96,905 | 424,004 |
| Licenses and permits | 533,700 | 533,700 | 598,253 | 64,553 | 1,108,417 |
| Fines and forfeitures | 690,370 | 690,370 | 436,719 | (253,651) | 528,631 |
| Charges for services | 362,190 | 362,190 | 304,228 | (57,962) | 327,146 |
| Other | 165,570 | 165,570 | 196,557 | 30,987 | 123,572 |
| Intergovernmental | - | - | 121,004 | 121,004 | 616,000 |
| Investment earnings | 130,140 | 130,140 | 20,923 | (109,217) | 171,060 |
| Contributions | 700,000 | 700,000 | 700,000 | - | 700,000 |
| Total Revenues | 23,262,540 | 23,262,540 | 25,571,062 | 2,308,522 | 23,916,297 |
| EXPENDITURES | | | | | |
| General government | | | | | |
| City council | 516,900 | 516,900 | 328,913 | 187,987 | 624,807 |
| City secretary | 636,360 | 650,360 | 587,200 | 63,160 | 565,501 |
| City manager | 719,610 | 719,610 | 678,319 | 41,291 | 640,006 |
| Finance | 969,610 | 969,610 | 971,109 | (1,499) * | 931,821 |
| Municipal court | 721,900 | 721,900 | 589,214 | 132,686 | 590,572 |
| Human resources | 609,300 | 609,300 | 484,592 | 124,708 | 456,540 |
| Economic development | 456,030 | 456,030 | 439,540 | 16,490 | 442,854 |
| Total general government | 4,629,710 | 4,643,710 | 4,078,887 | 564,823 | 4,252,101 |
| Public safety | | | | | |
| Police | | | | | |
| Administration | 2,003,080 | 2,126,148 | 1,791,003 | 335,145 | 2,077,895 |
| CID | 996,140 | 996,140 | 894,271 | 101,869 | 1,009,746 |
| Patrol | 4,603,390 | 4,617,482 | 4,413,331 | 204,151 | 4,449,542 |
| Communications | 1,425,980 | 1,429,735 | 1,278,805 | 150,930 | 1,300,016 |
| Code enforcement | 228,830 | 236,830 | 133,782 | 103,048 | - |
| Total police | 9,257,420 | 9,406,335 | 8,511,192 | 895,143 | 8,837,199 |
| Emergency management | 152,940 | 152,940 | 137,027 | 15,913 | 3,287 |
| Fire | | | | | |
| Prevention | 976,530 | 979,493 | 853,439 | 126,054 | 737,904 |
| Operations | 3,308,650 | 3,420,847 | 3,374,932 | 45,915 | 3,186,879 |
| Total fire | 4,285,180 | 4,400,340 | 4,228,371 | 171,969 | 3,924,783 |
| Total public safety | 13,695,540 | 13,959,615 | 12,876,590 | 1,083,025 | 12,765,269 |

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, 2021
With Comparative Totals for the Year Ended September 30, 2020

| | Budgeted Amounts | | 2021 Actual | Variance with Final Budget Positive (Negative) | 2020 Actual |
|---|--------------------|----------------------|----------------------|--|---------------------|
| | Original Budget | Budget as Amended | | | |
| Public works | | | | | |
| Administrative | \$ 953,860 | \$ 963,272 | \$ 931,301 | \$ 31,971 | \$ 979,780 |
| Maintenance | 1,579,680 | 1,583,959 | 1,423,406 | 160,553 | 1,566,325 |
| Parks | 1,158,520 | 1,160,929 | 1,078,342 | 82,587 | 1,158,307 |
| Total public works | <u>3,692,060</u> | <u>3,708,160</u> | <u>3,433,049</u> | <u>275,111</u> | <u>3,704,412</u> |
| Community development | | | | | |
| Community development | | | | | |
| Administrative | 683,620 | 683,620 | 665,254 | 18,366 | 662,932 |
| Building | 735,170 | 735,170 | 696,278 | 38,892 | 779,373 |
| Recreational | 478,400 | 478,400 | 372,285 | 106,115 | 382,480 |
| Total community development | <u>1,897,190</u> | <u>1,897,190</u> | <u>1,733,817</u> | <u>163,373</u> | <u>1,824,785</u> |
| Total Expenditures | <u>23,914,500</u> | <u>24,208,675</u> | <u>22,122,343</u> | <u>2,086,332</u> | <u>22,546,567</u> |
| Excess (Deficiency) of Revenue Over (Under) Expenditures | <u>(651,960)</u> | <u>(946,135)</u> | <u>3,448,719</u> | <u>4,394,854</u> | <u>1,369,730</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 609,950 | 609,950 | 609,950 | - | 310,810 |
| Transfers out | - | - | (157) | (157) * | (605,000) |
| Sale of capital assets | 29,590 | 29,590 | 4,852 | (24,738) | 109,781 |
| Total Other Financing Sources | <u>639,540</u> | <u>639,540</u> | <u>614,645</u> | <u>(24,895)</u> | <u>(184,409)</u> |
| Net Change in Fund Balance | <u>\$ (12,420)</u> | <u>\$ (306,595)</u> | <u>4,063,364</u> | <u>\$ 4,369,959</u> | <u>\$ 1,185,321</u> |
| Beginning Fund Balance | | | <u>15,713,328</u> | | |
| Ending Fund Balance | | | <u>\$ 19,776,692</u> | | |

Notes to Required Supplementary Information:

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

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CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL OCCUPANCY TAX FUND
For the Year Ended September 30, 2021
With Comparative Totals for the Year Ended September 30, 2020

| | <u>Budgeted Amounts</u> | | <u>2021</u> <u>Actual</u> | <u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u> | <u>2020</u> <u>Actual</u> |
|---|----------------------------------|------------------------------------|------------------------------|---|------------------------------|
| | <u>Original</u> <u>Budget</u> | <u>Budget as</u> <u>Amended</u> | | | |
| REVENUES | | | | | |
| Hotel/motel occupancy taxes | \$ 1,400,000 | \$ 1,400,000 | \$ 1,586,633 | \$ 186,633 | \$ 1,218,242 |
| Other revenue | - | - | 431 | 431 | 25 |
| Investment earnings | 56,390 | 56,390 | 3,067 | (53,323) | 53,379 |
| Total Revenues | <u>1,456,390</u> | <u>1,456,390</u> | <u>1,590,131</u> | <u>133,741</u> | <u>1,271,646</u> |
| EXPENDITURES | | | | | |
| Community development | 537,800 | 537,800 | 387,219 | 150,581 | 481,482 |
| Total Expenditures | <u>537,800</u> | <u>537,800</u> | <u>387,219</u> | <u>150,581</u> | <u>481,482</u> |
| Excess of Revenues Over Expenditures | <u>918,590</u> | <u>918,590</u> | <u>1,202,912</u> | <u>284,322</u> | <u>790,164</u> |
| OTHER FINANCING SOURCES | | | | | |
| (USES) | | | | | |
| Transfers out | (100,950) | (100,950) | (100,950) | - | (48,810) |
| Total Other Financing (Uses) | <u>(100,950)</u> | <u>(100,950)</u> | <u>(100,950)</u> | <u>-</u> | <u>(48,810)</u> |
| Net Change in Fund Balance | <u>\$ 817,640</u> | <u>\$ 817,640</u> | 1,101,962 | <u>\$ 284,322</u> | <u>\$ 741,354</u> |
| Beginning Fund Balance | | | <u>7,227,739</u> | | |
| Ending Fund Balance | | | <u>\$ 8,329,701</u> | | |

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, 2021

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

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

| Measurement Year | | |
|-------------------------|----------------------|----------------------|
| 2018 | 2019 | 2020 |
| \$ 2,253,187 | \$ 2,381,462 | \$ 2,389,895 |
| 4,147,333 | 4,422,476 | 4,684,967 |
| 200,666 | (282,083) | (297,793) |
| - | (17,053) | - |
| <u>(2,469,495)</u> | <u>(2,708,785)</u> | <u>(2,531,744)</u> |
| 4,131,691 | 3,796,017 | 4,245,325 |
| <u>61,550,129</u> | <u>65,681,820</u> | <u>69,477,837</u> |
| <u>\$ 65,681,820</u> | <u>\$ 69,477,837</u> | <u>\$ 73,723,162</u> |
| | | |
| \$ 2,030,123 | \$ 2,171,634 | \$ 2,224,036 |
| 830,559 | 873,230 | 879,562 |
| (1,609,157) | 8,112,856 | 4,621,252 |
| (2,469,495) | (2,708,785) | (2,531,744) |
| (31,083) | (45,810) | (29,884) |
| <u>(1,624)</u> | <u>(1,376)</u> | <u>(1,166)</u> |
| (1,250,677) | 8,401,749 | 5,162,056 |
| <u>53,691,325</u> | <u>52,440,647</u> | <u>60,842,396</u> |
| <u>\$ 52,440,648</u> | <u>\$ 60,842,396</u> | <u>\$ 66,004,452</u> |
| | | |
| <u>\$ 13,241,172</u> | <u>\$ 8,635,441</u> | <u>\$ 7,718,710</u> |
| | | |
| 79.84% | 87.57% | 89.53% |
| \$ 11,865,122 | \$ 12,468,389 | \$ 12,565,166 |
| | | |
| 111.60% | 69.26% | 61.43% |

CITY OF WEBSTER, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|---|
| Actuarial cost method | Entry age normal |
| Amortization method | Level percentage of payroll, closed |
| Remaining amortization period | 25 years |
| Asset valuation method | 10 year smoothed market; 12.00% soft corridor |
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.50% including inflation |
| Investment rate of return | 6.75% |
| Retirement age | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period December 31, 2014- December 31, 2018. |
| Mortality | Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP. |

Other Information:

There were no benefit changes during the year.

Fiscal Year *

| <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|--------------------|-------------------|---------------|---------------|
| \$ 1,980,522 | \$ 2,142,988 | \$ 2,136,732 | \$ 2,198,357 |
| 1,999,992 | 2,149,621 | 2,136,732 | 2,198,357 |
| <u>\$ (19,470)</u> | <u>\$ (6,633)</u> | <u>\$ -</u> | <u>\$ -</u> |
| \$ 11,687,367 | \$ 12,398,994 | \$ 12,122,464 | \$ 12,578,627 |
| 17.11% | 17.34% | 17.63% | 17.48% |

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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, 2021

| | Measurement Year* | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Total OPEB Liability | | | | |
| Service cost | \$ 19,757 | \$ 22,544 | \$ 19,949 | \$ 26,387 |
| Interest (on the total OPEB liability) | 16,131 | 16,581 | 18,912 | 16,433 |
| Differences between expected and actual experience | - | 9,787 | (45,724) | (10,515) |
| Changes in assumptions | 40,429 | (35,138) | 95,201 | 98,427 |
| Benefit payments** | (3,487) | (3,560) | (3,741) | (3,770) |
| Net Change in Total OPEB Liability | <u>72,830</u> | <u>10,214</u> | <u>84,597</u> | <u>126,962</u> |
| Beginning total OPEB liability | <u>418,618</u> | <u>491,448</u> | <u>501,662</u> | <u>586,259</u> |
| Ending Total OPEB Liability | <u>\$ 491,448</u> | <u>\$ 501,662</u> | <u>\$ 586,259</u> | <u>\$ 713,221</u> |
| Covered Payroll | \$ 11,622,051 | \$ 11,865,122 | \$ 12,468,389 | \$ 12,565,166 |
| Total OPEB Liability as a Percentage of Covered Payroll | 4.23% | 4.23% | 4.70% | 5.68% |

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

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

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

| | |
|-------------------------------|--|
| Actuarial cost method | Entry age normal |
| Inflation | 2.50% |
| Salary increases | 3.50% to 11.5% including inflation. |
| Discount rate | 2.00% |
| Administrative expenses | All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB. |
| Mortality - service retirees | 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with sale UMP. |
| Mortality - disabled retirees | 2019 Municipal Retirees of Texas Mortality Tables with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. |

3. Other Information:

No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75 to pay related benefits. The discount rate was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2020.

There were no changes in assumptions.

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, 2021

| | Measurement Year* | | | |
|---|--------------------------|--------------------------|--------------------------|--------------------------|
| | 2017 | 2018 | 2019 | 2020 |
| Total OPEB Liability | | | | |
| Service cost | \$ 21,164 | \$ 24,227 | \$ 23,448 | \$ 26,701 |
| Interest (on the total OPEB liability) | 13,248 | 13,114 | 14,726 | 11,182 |
| Difference between expected and actual experience (of the total OPEB liability) | - | (2,070) | (29,907) | 15,330 |
| Changes in assumptions | 20,043 | (17,044) | 30,221 | 33,206 |
| Benefit payments | (8,119) | (6,906) | (27,314) | (33,568) |
| Net Change in Total OPEB Liability | <u>46,336</u> | <u>11,321</u> | <u>11,174</u> | <u>52,851</u> |
| Beginning total OPEB liability | <u>341,205</u> | <u>387,541</u> | <u>398,862</u> | <u>410,036</u> |
| Ending Total OPEB Liability | <u><u>\$ 387,541</u></u> | <u><u>\$ 398,862</u></u> | <u><u>\$ 410,036</u></u> | <u><u>\$ 462,887</u></u> |
| Covered Payroll | \$ 11,810,502 | \$ 12,086,789 | \$ 11,197,820 | \$ 11,268,613 |
| Total OPEB Liability as a Percentage of Covered Payroll | 3.28% | 3.30% | 3.66% | 4.11% |

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

Notes to Required Supplementary Information:

1. Changes in Assumptions

Changes in assumptions reflect a change in the discount rate from 2.75% as of December 31, 2019 to 2.00% as of December 31, 2020, revised TMRS demographic and salary increase assumptions, and updates to the health care trend assumption.

2. Changes in Benefits

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

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

Capital Projects Funds

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

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

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

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

The C.O. Series 2018 fund accounts for the expenditure of these debt proceeds for capital improvements.

CITY OF WEBSTER, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2021

| | Special Revenue Funds | | | Capital Project Funds |
|--|-----------------------|--------------------------|-------------------|-----------------------|
| | Public Safety | Municipal Court Programs | PEG Channel | Street Construction |
| | ASSETS | | | |
| Cash and cash equivalents | \$ 260,421 | \$ 232,259 | \$ 327,229 | \$ 951,646 |
| Prepaid items | - | 706 | - | - |
| Total Assets | \$ 260,421 | \$ 232,965 | \$ 327,229 | \$ 951,646 |
| LIABILITIES | | | | |
| Accounts payable | \$ 10,000 | \$ 974 | \$ - | \$ - |
| Due to other funds | - | - | - | - |
| Total Liabilities | 10,000 | 974 | - | - |
| FUND BALANCES | | | | |
| Nonspendable: | | | | |
| Prepaid items | - | 706 | - | - |
| Restricted for: | | | | |
| Enabling legislation | - | 231,285 | 327,229 | - |
| Construction/capital improvements | - | - | - | - |
| Assigned to: | | | | |
| Special revenue | 250,421 | - | - | - |
| Capital projects | - | - | - | 951,646 |
| Total Fund Balances | 250,421 | 231,991 | 327,229 | 951,646 |
| Total Liabilities and Fund Balances | \$ 260,421 | \$ 232,965 | \$ 327,229 | \$ 951,646 |

Capital Project Funds

| Other Capital Projects | General Projects | C.O. Series 2018 | Total Nonmajor Governmental Funds |
|-----------------------------------|-----------------------------|-----------------------------|--|
| \$ 564,588 | \$ 603,920 | \$ 202,136 | \$ 3,142,199 |
| - | - | - | 706 |
| <u>\$ 564,588</u> | <u>\$ 603,920</u> | <u>\$ 202,136</u> | <u>\$ 3,142,905</u> |
| | | | |
| \$ - | \$ 34,935 | \$ 115 | \$ 46,024 |
| - | - | 20,690 | 20,690 |
| - | 34,935 | 20,805 | 66,714 |
| | | | |
| - | - | - | 706 |
| - | - | - | 558,514 |
| - | - | 181,331 | 181,331 |
| - | - | - | 250,421 |
| 564,588 | 568,985 | - | 2,085,219 |
| <u>564,588</u> | <u>568,985</u> | <u>181,331</u> | <u>3,076,191</u> |
| | | | |
| <u>\$ 564,588</u> | <u>\$ 603,920</u> | <u>\$ 202,136</u> | <u>\$ 3,142,905</u> |

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

| | Special Revenue Funds | | | Capital Project Funds |
|--|-----------------------|--------------------------|-------------------|-----------------------|
| | Public Safety | Municipal Court Programs | PEG Channel | Street Construction |
| REVENUES | | | | |
| Fines and forfeitures | \$ 36,679 | \$ 23,169 | \$ - | \$ - |
| Franchise fees | - | - | 26,449 | - |
| Investment earnings | 21 | 78 | - | 111 |
| Intergovernmental | 8,168 | - | - | - |
| Other revenue | 14,800 | 23,806 | - | - |
| Total Revenues | <u>59,668</u> | <u>47,053</u> | <u>26,449</u> | <u>111</u> |
| EXPENDITURES | | | | |
| General government | - | 20,042 | - | - |
| Public safety | 60,978 | - | - | - |
| Capital outlay | - | - | - | - |
| Total Expenditures | <u>60,978</u> | <u>20,042</u> | <u>-</u> | <u>-</u> |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | <u>(1,310)</u> | <u>27,011</u> | <u>26,449</u> | <u>111</u> |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | - | (9,000) | - | - |
| Total Other Financing Sources (Uses) | <u>-</u> | <u>(9,000)</u> | <u>-</u> | <u>-</u> |
| Net Change in Fund Balances | (1,310) | 18,011 | 26,449 | 111 |
| Beginning Fund Balances | <u>251,731</u> | <u>213,980</u> | <u>300,780</u> | <u>951,535</u> |
| Ending Fund Balances | <u>\$ 250,421</u> | <u>\$ 231,991</u> | <u>\$ 327,229</u> | <u>\$ 951,646</u> |

Capital Project Funds

| Other Capital Projects | General Projects | C.O. Series 2018 | Total Nonmajor Governmental Funds |
|-----------------------------------|-----------------------------|-----------------------------|--|
| \$ - | \$ - | \$ - | \$ 59,848 |
| - | - | - | 26,449 |
| 63 | 87 | 219 | 579 |
| - | - | - | 8,168 |
| - | - | - | 38,606 |
| <u>63</u> | <u>87</u> | <u>219</u> | <u>133,650</u> |
| - | - | - | 20,042 |
| - | - | - | 60,978 |
| - | 362,185 | 22,060 | 384,245 |
| - | <u>362,185</u> | <u>22,060</u> | <u>465,265</u> |
| <u>63</u> | <u>(362,098)</u> | <u>(21,841)</u> | <u>(331,615)</u> |
| - | - | - | (9,000) |
| - | - | - | <u>(9,000)</u> |
| 63 | (362,098) | (21,841) | (340,615) |
| <u>564,525</u> | <u>931,083</u> | <u>203,172</u> | <u>3,416,806</u> |
| <u>\$ 564,588</u> | <u>\$ 568,985</u> | <u>\$ 181,331</u> | <u>\$ 3,076,191</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, 2021
With Comparative Totals for the Year Ended September 30, 2020

| | Budgeted Amounts | | 2021 Actual | Variance with Final Budget Positive (Negative) | 2020 Actual |
|---|--------------------|----------------------|-------------------|--|--------------------|
| | Original Budget | Budget as Amended | | | |
| REVENUES | | | | | |
| Ad valorem taxes | \$ 2,476,100 | \$ 2,476,100 | \$ 2,394,067 | \$ (82,033) | \$ 2,342,495 |
| Contributions | 330,030 | 330,030 | 330,030 | - | 330,030 |
| Investment earnings | 9,230 | 9,230 | 301 | (8,929) | 8,610 |
| Total Revenues | <u>2,815,360</u> | <u>2,815,360</u> | <u>2,724,398</u> | <u>(90,962)</u> | <u>2,681,135</u> |
| EXPENDITURES | | | | | |
| Principal | 2,415,000 | 2,415,000 | 2,415,000 | - | 2,420,000 |
| Interest and fiscal charges | 349,140 | 349,140 | 347,870 | 1,270 | 351,186 |
| Bond issuance costs | - | - | - | - | 127,841 |
| Other debt service - refunding escrow | - | - | - | - | 4,415,238 |
| Total Expenditures | <u>2,764,140</u> | <u>2,764,140</u> | <u>2,762,870</u> | <u>1,270</u> | <u>7,314,265</u> |
| Excess (Deficit) of Revenues Over (Under) Expenditures | <u>51,220</u> | <u>51,220</u> | <u>(38,472)</u> | <u>(89,692)</u> | <u>(4,633,130)</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Refunding bonds issued | - | - | - | - | 3,715,000 |
| Premium on refunding bond | - | - | - | - | 832,448 |
| Total Other Financing Sources | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>4,547,448</u> |
| Net Change in Fund Balance | <u>\$ 51,220</u> | <u>\$ 51,220</u> | <u>(38,472)</u> | <u>\$ (89,692)</u> | <u>\$ (85,682)</u> |
| Beginning Fund Balance | | | <u>635,735</u> | | |
| Ending Fund Balance | | | <u>\$ 597,263</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, 2021
With Comparative Totals for the Year Ended September 30, 2020

| | Original Budgeted Amounts | Final Budgeted Amounts | 2021 Actual | Variance with Final Budget Positive (Negative) | 2020 Actual |
|-----------------------------------|---------------------------------|------------------------------|-------------------|--|------------------|
| REVENUES | | | | | |
| Fines and forfeitures | \$ 10,000 | \$ 10,000 | \$ 36,679 | \$ 26,679 | \$ 64,820 |
| Investment earnings | 1,620 | 1,620 | 21 | (1,599) | 1,447 |
| Intergovernmental | 5,350 | 5,350 | 8,168 | 2,818 | 5,092 |
| Other revenue | 750 | 750 | 14,800 | 14,050 | 456 |
| Total Revenues | <u>17,720</u> | <u>17,720</u> | <u>59,668</u> | <u>41,948</u> | <u>71,815</u> |
| EXPENDITURES | | | | | |
| Public safety | <u>46,000</u> | <u>66,707</u> | <u>60,978</u> | <u>5,729</u> | <u>27,980</u> |
| Net Change in Fund Balance | <u>\$ (28,280)</u> | <u>\$ (48,987)</u> | (1,310) | <u>\$ 47,677</u> | <u>\$ 43,835</u> |
| Beginning Fund Balance | | | <u>251,731</u> | | |
| Ending Fund Balance | | | <u>\$ 250,421</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, 2021
With Comparative Totals for the Year Ended September 30, 2020

| | Original Budgeted Amounts | Final Budgeted Amounts | 2021 Actual | Variance with Final Budget Positive (Negative) | 2020 Actual |
|---|---------------------------------|------------------------------|-------------------|--|-----------------|
| REVENUES | | | | | |
| Fines and forfeitures | \$ 52,640 | \$ 52,640 | \$ 23,169 | \$ (29,471) | \$ 30,780 |
| Investment earnings | 1,770 | 1,770 | 78 | (1,692) | 1,707 |
| Other revenue | - | - | 23,806 | 23,806 | 12,885 |
| Total Revenues | <u>54,410</u> | <u>54,410</u> | <u>47,053</u> | <u>(7,357)</u> | <u>32,487</u> |
| EXPENDITURES | | | | | |
| General government | <u>31,570</u> | <u>31,570</u> | <u>20,042</u> | <u>11,528</u> | <u>14,790</u> |
| Excess of Revenues Over Expenditures | <u>22,840</u> | <u>22,840</u> | <u>27,011</u> | <u>4,171</u> | <u>17,697</u> |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers out | <u>(9,000)</u> | <u>(9,000)</u> | <u>(9,000)</u> | <u>-</u> | <u>(12,000)</u> |
| Total Other Financing (Uses) | <u>(9,000)</u> | <u>(9,000)</u> | <u>(9,000)</u> | <u>-</u> | <u>(12,000)</u> |
| Net Change in Fund Balance | <u>\$ 13,840</u> | <u>\$ 13,840</u> | <u>18,011</u> | <u>\$ 4,171</u> | <u>\$ 5,697</u> |
| Beginning Fund Balance | | | <u>213,980</u> | | |
| Ending Fund Balance | | | <u>\$ 231,991</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, 2021
With Comparative Totals for the Year Ended September 30, 2020

| | <u>Original Budgeted Amounts</u> | <u>Final Budgeted Amounts</u> | <u>2021 Actual</u> | <u>Variance with Final Budget Positive (Negative)</u> | <u>2020 Actual</u> |
|---------------------------------------|--|---------------------------------------|------------------------|---|------------------------|
| REVENUES | | | | | |
| Franchise fees | \$ 35,000 | \$ 35,000 | \$ 26,449 | \$ (8,551) | \$ 25,269 |
| Total Revenues | <u>35,000</u> | <u>35,000</u> | <u>26,449</u> | <u>(8,551)</u> | <u>25,269</u> |
| Net Change in Fund Balance | <u>\$ 35,000</u> | <u>\$ 35,000</u> | 26,449 | <u>\$ (8,551)</u> | <u>\$ 25,269</u> |
| Beginning Fund Balance | | | <u>300,780</u> | | |
| Ending Fund Balance | | | <u>\$ 327,229</u> | | |

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INTERNAL SERVICE FUNDS

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

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

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

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

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

September 30, 2021

| | <u>Equipment Replacement</u> | <u>Information Technology</u> | <u>Employee Benefit</u> | <u>Total Funds</u> |
|---|----------------------------------|-----------------------------------|-----------------------------|------------------------|
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 3,433,429 | \$ 429,728 | \$ 86 | \$ 3,863,243 |
| Investments | 1,000,951 | - | - | 1,000,951 |
| Receivables, net | 658 | - | - | 658 |
| Due from other funds | - | 490 | - | 490 |
| Prepaid expenses | - | 4,000 | - | 4,000 |
| Total Current Assets | <u>4,435,038</u> | <u>434,218</u> | <u>86</u> | <u>4,869,342</u> |
| Noncurrent assets | | | | |
| Capital assets: | | | | |
| Depreciable capital assets | 5,376,537 | 826,043 | - | 6,202,580 |
| Less: accumulated depreciation | (4,240,541) | (558,927) | - | (4,799,468) |
| Total Capital Assets (Net) | <u>1,135,996</u> | <u>267,116</u> | <u>-</u> | <u>1,403,112</u> |
| Total Noncurrent Assets | <u>1,135,996</u> | <u>267,116</u> | <u>-</u> | <u>1,403,112</u> |
| Total Assets | <u>5,571,034</u> | <u>701,334</u> | <u>86</u> | <u>6,272,454</u> |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows - pensions | - | 37,376 | - | 37,376 |
| Deferred outflows - OPEB | - | 5,767 | - | 5,767 |
| Total Deferred Outflows of Resources | <u>-</u> | <u>43,143</u> | <u>-</u> | <u>43,143</u> |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 19,673 | 21,002 | - | 40,675 |
| Current portion of compensated absences | - | 22,065 | - | 22,065 |
| Total Current Liabilities | <u>19,673</u> | <u>43,067</u> | <u>-</u> | <u>62,740</u> |
| Noncurrent liabilities | | | | |
| Compensated absences | - | 5,341 | - | 5,341 |
| Net pension liability | - | 194,447 | - | 194,447 |
| Total OPEB liability | - | 26,586 | - | 26,586 |
| Total Noncurrent Liabilities | <u>-</u> | <u>226,374</u> | <u>-</u> | <u>226,374</u> |
| Total Liabilities | <u>19,673</u> | <u>269,441</u> | <u>-</u> | <u>289,114</u> |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows - pensions | - | 33,804 | - | 33,804 |
| Deferred inflows - OPEB | - | 2,222 | - | 2,222 |
| Total Deferred Inflows of Resources | <u>-</u> | <u>36,026</u> | <u>-</u> | <u>36,026</u> |
| NET POSITION | | | | |
| Net investment in capital assets | 1,135,996 | 267,116 | - | 1,403,112 |
| Unrestricted | 4,415,365 | 171,894 | 86 | 4,587,345 |
| Total Net Position | <u>\$ 5,551,361</u> | <u>\$ 439,010</u> | <u>\$ 86</u> | <u>\$ 5,990,457</u> |

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2021

| | <u>Equipment Replacement</u> | <u>Information Technology</u> | <u>Employee Benefit</u> | <u>Total Funds</u> |
|------------------------------------|----------------------------------|-----------------------------------|-----------------------------|------------------------|
| OPERATING REVENUES | | | | |
| Charges for services | \$ - | \$ 732,600 | \$ 2,351,223 | \$ 3,083,823 |
| Other income | 45,215 | - | - | 45,215 |
| Total Operating Revenues | <u>45,215</u> | <u>732,600</u> | <u>2,351,223</u> | <u>3,129,038</u> |
| OPERATING EXPENSES | | | | |
| Personnel | - | 344,372 | 2,351,223 | 2,695,595 |
| Supplies | - | 33,805 | - | 33,805 |
| Maintenance | 57,712 | 99,103 | - | 156,815 |
| Services | - | 206,869 | - | 206,869 |
| Depreciation | 608,527 | 105,580 | - | 714,107 |
| Total Operating Expenses | <u>666,239</u> | <u>789,729</u> | <u>2,351,223</u> | <u>3,807,191</u> |
| Operating (Loss) | <u>(621,024)</u> | <u>(57,129)</u> | <u>-</u> | <u>(678,153)</u> |
| NONOPERATING REVENUES | | | | |
| Investment earnings | 4,386 | 38 | 5 | 4,429 |
| Gain on sale of capital assets | 49,765 | - | - | 49,765 |
| Total Nonoperating Revenues | <u>54,151</u> | <u>38</u> | <u>5</u> | <u>54,194</u> |
| Change in Net Position | <u>(566,873)</u> | <u>(57,091)</u> | <u>5</u> | <u>(623,959)</u> |
| Beginning Net Position | <u>6,118,234</u> | <u>496,101</u> | <u>81</u> | <u>6,614,416</u> |
| Ending Net Position | <u>\$ 5,551,361</u> | <u>\$ 439,010</u> | <u>\$ 86</u> | <u>\$ 5,990,457</u> |

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2021

| | <u>Equipment Replacement</u> | <u>Information Technology</u> | <u>Employee Benefit</u> | <u>Total Funds</u> |
|--|----------------------------------|-----------------------------------|-----------------------------|------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | |
| Receipts from interfund charges for equipment replacement | \$ 44,557 | \$ - | \$ - | \$ 44,557 |
| Receipts from interfund charges for information technology | - | 732,600 | - | 732,600 |
| Receipts from interfund charges for employee benefits | - | - | 2,351,223 | 2,351,223 |
| Payments to suppliers | (304,919) | (372,938) | (2,351,223) | (3,029,080) |
| Payments to employees | - | (362,413) | - | (362,413) |
| Net Cash (Used) by Operating Activities | <u>(260,362)</u> | <u>(2,751)</u> | <u>-</u> | <u>(263,113)</u> |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (69,622) | (18,844) | - | (88,466) |
| Proceeds from sale of capital assets | 49,765 | - | - | 49,765 |
| Net Cash (Used) by Capital and Related Financing Activities | <u>(19,857)</u> | <u>(18,844)</u> | <u>-</u> | <u>(38,701)</u> |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| Purchase of investments | (1,000,951) | - | - | (1,000,951) |
| Interest on investments | 4,386 | 38 | 5 | 4,429 |
| Net Cash Provided (Used) by Investing Activities | <u>(996,565)</u> | <u>38</u> | <u>5</u> | <u>(996,522)</u> |
| Net Increase (Decrease) in Cash and Cash Equivalents | (1,276,784) | (21,557) | 5 | (1,298,336) |
| Beginning Cash and Cash Equivalents | <u>4,710,213</u> | <u>451,285</u> | <u>81</u> | <u>5,161,579</u> |
| Ending Cash and Cash Equivalents | <u>\$ 3,433,429</u> | <u>\$ 429,728</u> | <u>\$ 86</u> | <u>\$ 3,863,243</u> |

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2021

| | <u>Equipment Replacement</u> | <u>Information Technology</u> | <u>Employee Benefit</u> | <u>Total Funds</u> |
|---|----------------------------------|-----------------------------------|-----------------------------|------------------------|
| Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities | | | | |
| Operating (loss) | \$ (621,024) | \$ (57,129) | \$ - | \$ (678,153) |
| Adjustments to reconcile operating (loss) to net cash (used) by operating activities: | | | | |
| Depreciation | 608,527 | 105,580 | - | 714,107 |
| Changes in Operating Assets and Liabilities: | | | | |
| (Increase) Decrease in Current Assets: | | | | |
| Accounts receivable | (658) | - | - | (658) |
| Due from other funds | - | 2,712 | - | 2,712 |
| Prepaid expenses | - | (4,000) | - | (4,000) |
| Deferred outflows | - | 856 | - | 856 |
| Increase (Decrease) in Current Liabilities: | | | | |
| Accounts payable and accrued liabilities | (247,207) | (35,873) | - | (283,080) |
| Compensated absences | - | (608) | - | (608) |
| Net pension liability | - | (18,988) | - | (18,988) |
| Total OPEB liability | - | 4,082 | - | 4,082 |
| Deferred inflows | - | 617 | - | 617 |
| Net Cash (Used) by Operating Activities | <u>\$ (260,362)</u> | <u>\$ (2,751)</u> | <u>\$ -</u> | <u>\$ (263,113)</u> |

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STATISTICAL SECTION

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STATISTICAL SECTION

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

| Contents | Page |
|--|-------------|
| Financial Trends | 104 |
| 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 | 126 |
| 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 | 134 |
| 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 | 137 |
| 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 | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Governmental activities | | | | |
| Net investment in capital assets | \$ 31,186,591 | \$ 34,959,498 | \$ 35,649,793 | \$ 36,328,271 |
| Restricted | 7,951,235 | 4,242,481 | 5,337,239 | 6,440,743 |
| Unrestricted | 16,633,460 | 17,322,534 | 13,312,086 | 12,747,269 |
| Total Governmental Activities Net Position | <u>\$ 55,771,286</u> | <u>\$ 56,524,513</u> | <u>\$ 54,299,118</u> | <u>\$ 55,516,283</u> |
| | | | | |
| Business-type activities | | | | |
| Net investment in capital assets | \$ 18,814,693 | \$ 17,869,153 | \$ 17,433,119 | \$ 16,453,147 |
| Restricted | 2,549,394 | 3,337,873 | 3,726,464 | 4,287,928 |
| Unrestricted | 4,013,227 | 4,549,668 | 4,182,768 | 3,944,358 |
| Total Business-Type Activities Net Position | <u>\$ 25,377,314</u> | <u>\$ 25,756,694</u> | <u>\$ 25,342,351</u> | <u>\$ 24,685,433</u> |
| | | | | |
| Primary government | | | | |
| Net investment in capital assets | \$ 50,001,284 | \$ 52,828,651 | \$ 53,082,912 | \$ 52,781,418 |
| Restricted | 10,500,629 | 7,580,354 | 9,063,703 | 10,728,671 |
| Unrestricted | 20,646,687 | 21,872,202 | 17,494,854 | 16,691,627 |
| Total Primary Government Net Position | <u>\$ 81,148,600</u> | <u>\$ 82,281,207</u> | <u>\$ 79,641,469</u> | <u>\$ 80,201,716</u> |

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|-----------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 35,633,525 | \$ 36,391,591 | \$ 43,367,530 | \$ 43,894,810 | \$ 43,554,056 | \$ 45,415,578 |
| 7,527,380 | 7,095,149 | 6,487,498 | 7,682,914 | 8,377,683 | 9,478,502 |
| 12,299,353 | 10,142,691 | 13,005,849 | 11,849,068 | 13,368,577 | 17,494,102 |
| <u>\$ 55,460,258</u> | <u>\$ 53,629,431</u> | <u>\$ 62,860,877</u> | <u>\$ 63,426,792</u> | <u>\$ 65,300,316</u> | <u>\$ 72,388,182</u> |
| | | | | | |
| \$ 15,480,229 | \$ 14,377,497 | \$ 13,056,170 | \$ 13,128,913 | \$ 12,220,207 | \$ 14,251,963 |
| 4,697,276 | 5,148,438 | 6,030,890 | 5,831,712 | 6,926,462 | 7,620,251 |
| 4,504,121 | 5,376,411 | 7,313,290 | 8,622,170 | 6,560,952 | 7,036,454 |
| <u>\$ 24,681,626</u> | <u>\$ 24,902,346</u> | <u>\$ 26,400,350</u> | <u>\$ 27,582,795</u> | <u>\$ 25,707,621</u> | <u>\$ 28,908,668</u> |
| | | | | | |
| \$ 51,113,754 | \$ 50,769,088 | \$ 56,423,700 | \$ 57,023,723 | \$ 55,774,263 | \$ 59,667,541 |
| 12,224,656 | 12,243,587 | 12,518,388 | 13,514,626 | 15,304,145 | 17,098,753 |
| 16,803,474 | 15,519,102 | 20,319,139 | 20,471,238 | 19,929,529 | 24,530,556 |
| <u>\$ 80,141,884</u> | <u>\$ 78,531,777</u> | <u>\$ 89,261,227</u> | <u>\$ 91,009,587</u> | <u>\$ 91,007,937</u> | <u>\$ 101,296,850</u> |

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

| | Fiscal Year | | | |
|--|------------------------|------------------------|------------------------|------------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Expenses | | | | |
| Governmental activities | | | | |
| General government | \$ 3,494,720 | \$ 3,080,566 | \$ 3,433,495 | \$ 3,719,190 |
| Public safety | 9,289,641 | 10,243,794 | 9,919,950 | 10,439,069 |
| Public works | 3,465,582 | 4,440,657 | 3,661,162 | 4,763,763 |
| Community development | 2,930,471 | 1,744,564 | 2,463,304 | 2,525,988 |
| Interest and fiscal agent fees on long-term debt | 509,182 | 649,178 | 465,686 | 435,134 |
| Total Governmental Activities Expenses | <u>19,689,596</u> | <u>20,158,759</u> | <u>19,943,597</u> | <u>21,883,144</u> |
| Business-type activities | | | | |
| Water | 1,991,274 | 1,952,327 | 2,089,815 | 2,641,539 |
| Wastewater | 2,122,566 | 2,128,511 | 2,254,186 | 2,788,256 |
| Drainage | 288,343 | 256,681 | 205,646 | 240,780 |
| Total Business-Type Activities Expenses | <u>4,402,183</u> | <u>4,337,519</u> | <u>4,549,647</u> | <u>5,670,575</u> |
| Total Primary Government Expenses | <u>\$ 24,091,779</u> | <u>\$ 24,496,278</u> | <u>\$ 24,493,244</u> | <u>\$ 27,553,719</u> |
| Program Revenues | | | | |
| Governmental activities | | | | |
| Charges for services | | | | |
| General government | \$ 178,404 | \$ 108,135 | \$ 320,302 | \$ 334,944 |
| Public safety | 1,244,467 | 1,302,894 | 1,288,379 | 967,522 |
| Community development | 658,256 | 476,985 | 485,157 | 518,334 |
| Operating grants and contributions | 1,113,356 | 1,136,571 | 1,158,002 | 1,172,763 |
| Capital grants and contributions | 1,203,465 | 385,355 | 390,324 | 207,280 |
| Total Governmental Activities Program Revenues | <u>4,397,948</u> | <u>3,409,940</u> | <u>3,642,164</u> | <u>3,200,843</u> |
| Business-type activities | | | | |
| Charges for services | | | | |
| Water | 1,953,541 | 2,081,707 | 2,125,888 | 2,289,664 |
| Wastewater | 2,082,345 | 2,147,674 | 2,293,096 | 2,416,837 |
| Drainage | 282,879 | 258,992 | 209,196 | 208,706 |
| Capital grants and contributions | 423,900 | - | - | - |
| Total Business-Type Activities Program Revenues | <u>4,742,665</u> | <u>4,488,373</u> | <u>4,628,180</u> | <u>4,915,207</u> |
| Total Primary Government Program Revenues | <u>\$ 9,140,613</u> | <u>\$ 7,898,313</u> | <u>\$ 8,270,344</u> | <u>\$ 8,116,050</u> |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (15,291,648) | \$ (16,748,819) | \$ (16,301,433) | \$ (18,682,301) |
| Business-type activities | 340,482 | 150,854 | 78,533 | (755,368) |
| Total Primary Government Net Expense | <u>\$ (14,951,166)</u> | <u>\$ (16,597,965)</u> | <u>\$ (16,222,900)</u> | <u>\$ (19,437,669)</u> |

Fiscal Year

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ | 3,995,852 | \$ 4,373,967 | \$ 4,231,926 | \$ 5,464,510 | \$ 3,298,915 | \$ 4,946,785 |
| | 12,215,661 | 13,499,815 | 12,735,131 | 14,069,696 | 13,926,797 | 13,880,104 |
| | 4,269,413 | 4,403,146 | 4,451,450 | 5,640,055 | 5,712,574 | 4,552,171 |
| | 2,631,773 | 4,502,088 | 4,567,713 | 3,127,915 | 3,239,529 | 2,087,324 |
| | 399,768 | 356,135 | 478,058 | 406,460 | 429,650 | 245,249 |
| | <u>23,512,467</u> | <u>27,135,151</u> | <u>26,464,278</u> | <u>28,708,636</u> | <u>26,607,465</u> | <u>25,711,633</u> |
| | 2,530,323 | 2,328,079 | 2,516,141 | 2,688,574 | 3,762,138 | 3,020,405 |
| | 2,674,312 | 2,486,477 | 2,525,584 | 2,727,533 | 3,742,233 | 2,565,807 |
| | 223,621 | 330,592 | 297,779 | 335,155 | 484,108 | 324,359 |
| | <u>5,428,256</u> | <u>5,145,148</u> | <u>5,339,504</u> | <u>5,751,262</u> | <u>7,988,479</u> | <u>5,910,571</u> |
| \$ | <u>28,940,723</u> | <u>32,280,299</u> | <u>31,803,782</u> | <u>34,459,898</u> | <u>34,595,944</u> | <u>31,622,204</u> |
| \$ | 337,838 | \$ 402,094 | \$ 391,105 | \$ 396,426 | \$ 310,821 | \$ 260,706 |
| | 1,001,903 | 926,225 | 1,038,825 | 935,679 | 624,231 | 496,567 |
| | 567,007 | 574,342 | 840,493 | 532,812 | 1,124,742 | 641,775 |
| | 1,314,106 | 1,120,533 | 1,219,729 | 1,385,287 | 1,065,614 | 1,162,556 |
| | 13,531 | 1,732,351 | 8,260,014 | 852,322 | 84,464 | 2,252,716 |
| | <u>3,234,385</u> | <u>4,755,545</u> | <u>11,750,166</u> | <u>4,102,526</u> | <u>3,209,872</u> | <u>4,814,320</u> |
| | 2,402,095 | 2,308,587 | 2,829,763 | 2,805,576 | 2,736,693 | 3,298,561 |
| | 2,538,787 | 2,465,659 | 2,840,383 | 2,846,230 | 2,722,213 | 2,802,099 |
| | 212,289 | 327,824 | 334,985 | 349,740 | 352,155 | 354,230 |
| | - | - | - | 648,616 | - | 2,814,893 |
| | <u>5,153,171</u> | <u>5,102,070</u> | <u>6,005,131</u> | <u>6,650,162</u> | <u>5,811,061</u> | <u>9,269,783</u> |
| \$ | <u>8,387,556</u> | <u>9,857,615</u> | <u>17,755,297</u> | <u>10,752,688</u> | <u>9,020,933</u> | <u>14,084,103</u> |
| \$ | (20,278,082) | \$ (22,379,606) | \$ (14,714,112) | \$ (24,606,110) | \$ (23,397,593) | \$ (20,897,313) |
| | (275,085) | (43,078) | 665,537 | 898,900 | (2,177,418) | 3,359,212 |
| \$ | <u>(20,553,167)</u> | <u>(22,422,684)</u> | <u>(14,048,575)</u> | <u>(23,707,210)</u> | <u>(25,575,011)</u> | <u>(17,538,101)</u> |

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 |
| General Revenues and Other Changes in Net Position | | | | |
| Governmental activities | | | | |
| Ad valorem taxes | \$ 3,732,383 | \$ 4,003,896 | \$ 4,245,156 | \$ 4,041,031 |
| Sales taxes | 10,495,149 | 10,716,276 | 11,409,472 | 12,268,588 |
| Franchise fees and local taxes | 1,100,207 | 1,119,510 | 1,103,397 | 1,124,931 |
| Other taxes | 105,387 | 110,825 | 107,592 | 140,085 |
| Hotel/motel occupancy taxes | 868,096 | 986,749 | 1,200,679 | 1,287,763 |
| Mixed beverage taxes | 328,835 | 350,223 | 467,696 | 482,012 |
| Investment earnings | 65,379 | 55,583 | 24,038 | 88,227 |
| Other revenues | 169,686 | 175,570 | 111,488 | 114,116 |
| Gain on sale of capital assets | 100,753 | 84,719 | 67,238 | 102,713 |
| Transfers | 250,000 | 250,000 | 250,000 | 250,000 |
| Total Governmental Activities | <u>17,215,875</u> | <u>17,853,351</u> | <u>18,986,756</u> | <u>19,899,466</u> |
| Business-type activities | | | | |
| Investment earnings | 13,536 | 13,054 | 19,521 | 26,243 |
| Other revenues | 960,046 | 738,931 | 223,033 | 322,207 |
| Loss on sale of capital assets | - | - | (21,723) | - |
| Transfers | (250,000) | (250,000) | (250,000) | (250,000) |
| Total Business-Type Activities | <u>723,582</u> | <u>501,985</u> | <u>(29,169)</u> | <u>98,450</u> |
| Total Primary Government | <u>\$ 17,939,457</u> | <u>\$ 18,355,336</u> | <u>\$ 18,957,587</u> | <u>\$ 19,997,916</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 1,924,227 | \$ 1,104,532 | \$ 2,685,323 | \$ 1,217,165 |
| Business-type activities | 1,064,064 | 652,839 | 49,364 | (656,918) |
| Total Primary Government | <u>\$ 2,988,291</u> | <u>\$ 1,757,371</u> | <u>\$ 2,734,687</u> | <u>\$ 560,247</u> |

Fiscal Year

| | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
|----|-------------------|-----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 4,298,407 | \$ 5,531,228 | \$ 6,327,334 | \$ 7,220,478 | \$ 8,000,761 | \$ 8,506,855 |
| | 12,183,773 | 11,798,915 | 13,410,874 | 13,273,282 | 13,086,731 | 15,311,975 |
| | 1,176,498 | 1,215,747 | 1,208,514 | 1,195,418 | 1,217,341 | 1,207,148 |
| | 141,983 | 137,999 | 128,481 | 123,061 | - | - |
| | 1,261,327 | 1,260,413 | 1,480,689 | 1,628,350 | 1,218,242 | 1,586,633 |
| | 490,107 | 426,733 | 527,591 | 535,849 | 424,004 | 607,675 |
| | 101,170 | 117,515 | 391,521 | 723,748 | 321,100 | 29,299 |
| | 125,463 | 149,689 | 220,554 | 221,839 | 136,938 | 235,594 |
| | 193,329 | 48,974 | - | - | - | - |
| | 250,000 | 250,000 | 250,000 | 250,000 | 250,000 | 500,000 |
| | <u>20,222,057</u> | <u>20,937,213</u> | <u>23,945,558</u> | <u>25,172,025</u> | <u>24,655,117</u> | <u>27,985,179</u> |
| | 25,390 | 30,696 | 181,103 | 330,663 | 129,816 | 7,877 |
| | 495,888 | 530,527 | 901,364 | 202,882 | 422,428 | 333,958 |
| | - | - | - | - | - | - |
| | <u>(250,000)</u> | <u>(250,000)</u> | <u>(250,000)</u> | <u>(250,000)</u> | <u>(250,000)</u> | <u>(500,000)</u> |
| | <u>271,278</u> | <u>311,223</u> | <u>832,467</u> | <u>283,545</u> | <u>302,244</u> | <u>(158,165)</u> |
| \$ | <u>20,493,335</u> | <u>\$ 21,248,436</u> | <u>\$ 24,778,025</u> | <u>\$ 25,455,570</u> | <u>\$ 24,957,361</u> | <u>\$ 27,827,014</u> |
| \$ | (56,025) | \$ (1,442,393) | \$ 9,231,446 | \$ 565,915 | \$ 1,257,524 | \$ 7,087,866 |
| | (3,807) | 268,145 | 1,498,004 | 1,182,445 | (1,875,174) | 3,201,047 |
| \$ | <u>(59,832)</u> | <u>\$ (1,174,248)</u> | <u>\$ 10,729,450</u> | <u>\$ 1,748,360</u> | <u>\$ (617,650)</u> | <u>\$ 10,288,913</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>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| Ad valorem | \$ 3,732,383 | \$ 4,003,896 | \$ 4,245,156 | \$ 4,041,031 |
| Sales | 10,495,149 | 10,716,276 | 11,409,472 | 12,268,588 |
| Franchise fees | 1,100,207 | 1,119,510 | 1,103,397 | 1,124,931 |
| Other taxes | 1,302,318 | 1,447,797 | 1,775,967 | 1,909,860 |
| Hotel occupancy taxes | - | - | - | - |
| Mixed beverage taxes | - | - | - | - |
| Total | <u>\$ 16,630,057</u> | <u>\$ 17,287,479</u> | <u>\$ 18,533,992</u> | <u>\$ 19,344,410</u> |

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

| Fiscal Year | | | | | | Change |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------|
| 2016 | 2017 | 2018 | 2019 | 2020* | 2021 | 2020-2021 |
| \$ 4,298,407 | \$ 5,531,228 | \$ 6,327,334 | \$ 7,220,478 | \$ 8,000,761 | \$ 8,506,855 | 6.3% |
| 12,183,773 | 11,798,915 | 13,410,874 | 13,273,282 | 13,086,731 | 15,311,975 | 17.0% |
| 1,176,498 | 1,215,747 | 1,208,514 | 1,195,418 | 1,217,341 | 1,207,148 | -0.8% |
| 1,893,417 | 1,825,145 | 2,136,761 | 2,287,260 | - | - | N/A |
| - | - | - | - | 1,218,242 | 1,586,633 | 30.2% |
| - | - | - | - | 424,004 | 607,675 | 43.3% |
| <u>\$ 19,552,095</u> | <u>\$ 20,371,035</u> | <u>\$ 23,083,483</u> | <u>\$ 23,976,438</u> | <u>\$ 23,947,079</u> | <u>\$ 27,220,286</u> | 13.7% |

CITY OF WEBSTER, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 |
| General Fund | | | | |
| Nonspendable | \$ 51,394 | \$ 36,872 | \$ 47,809 | \$ 37,507 |
| Assigned | 220,639 | 179,658 | 199,758 | 220,943 |
| Unassigned | 10,236,151 | 11,190,474 | 12,230,288 | 12,875,981 |
| Total General Fund | <u>\$ 10,508,184</u> | <u>\$ 11,407,004</u> | <u>\$ 12,477,855</u> | <u>\$ 13,134,431</u> |
| | | | | |
| All Other Governmental Funds | | | | |
| Nonspendable | \$ 1,014 | \$ 7,600 | \$ 12,500 | \$ 1,610 |
| Restricted | 7,948,938 | 4,236,152 | 5,334,900 | 6,438,064 |
| Assigned, reported in: | | | | |
| Capital project funds | 4,376,477 | 4,434,282 | 4,376,391 | 3,306,955 |
| Special revenue funds | 91,485 | 122,340 | 113,288 | 111,117 |
| Unassigned | - | - | - | (23,775) |
| Total All Other Governmental Funds | <u>\$ 12,417,914</u> | <u>\$ 8,800,374</u> | <u>\$ 9,837,079</u> | <u>\$ 9,833,971</u> |

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 38,100 | \$ 41,836 | \$ 75,304 | \$ 92,958 | \$ 33,940 | \$ 143,597 |
| 246,283 | 274,270 | 274,270 | - | - | - |
| 11,959,903 | 12,593,430 | 14,055,800 | 14,435,049 | 15,063,388 | 19,633,095 |
| <u>\$ 12,244,286</u> | <u>\$ 12,909,536</u> | <u>\$ 14,405,374</u> | <u>\$ 14,528,007</u> | <u>\$ 15,097,328</u> | <u>\$ 19,776,692</u> |
| | | | | | |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 706 |
| 7,524,435 | 7,091,408 | 11,237,021 | 8,536,631 | 8,581,406 | 9,666,809 |
| 3,678,188 | 1,496,998 | 2,575,103 | 2,223,412 | 2,447,143 | 2,085,219 |
| 96,589 | 109,794 | 198,916 | 207,896 | 251,731 | 250,421 |
| (3,225) | - | (7,185) | (5,455) | (157) | - |
| <u>\$ 11,295,987</u> | <u>\$ 8,698,200</u> | <u>\$ 14,003,855</u> | <u>\$ 10,962,484</u> | <u>\$ 11,280,123</u> | <u>\$ 12,003,155</u> |

CITY OF WEBSTER, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

| | Fiscal Year | | | |
|--|---------------------|-----------------------|---------------------|-------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Revenues | | | | |
| Taxes | \$ 16,639,457 | \$ 17,241,733 | \$ 18,561,698 | \$ 19,379,621 |
| Licenses and permits | 616,215 | 434,055 | 444,015 | 475,836 |
| Fines and forfeitures | 1,244,467 | 1,302,894 | 1,288,379 | 967,522 |
| Charges for services | 220,445 | 151,065 | 361,444 | 377,442 |
| Intergovernmental | 1,286,791 | 491,896 | 518,296 | 350,013 |
| Investment earnings | 56,319 | 48,967 | 15,477 | 79,682 |
| Contributions | 1,030,030 | 1,030,030 | 1,030,030 | 1,030,030 |
| Other revenues | 169,686 | 175,570 | 111,488 | 114,116 |
| Total Revenues | 21,263,410 | 20,876,210 | 22,330,827 | 22,774,262 |
| Expenditures | | | | |
| General government | 3,215,916 | 3,309,596 | 3,342,028 | 3,537,021 |
| Public safety | 10,299,323 | 8,929,345 | 9,779,081 | 10,248,418 |
| Public works | 2,463,501 | 2,593,228 | 2,741,805 | 3,451,280 |
| Community development | 1,966,092 | 1,779,065 | 1,893,652 | 1,970,304 |
| Capital outlay | 2,590,787 | 4,701,583 | 820,334 | 1,129,584 |
| Debt service | | | | |
| Principal | 1,185,000 | 1,915,000 | 1,460,000 | 1,620,000 |
| Interest | 450,514 | 537,250 | 451,425 | 421,213 |
| Issuance costs | 99,233 | 115,000 | - | - |
| Payment to refunding bond escrow agent | - | 8,734,966 | - | - |
| Other debt service - refunding escrow | - | 115,000 | - | - |
| Total expenditures | 22,270,366 | 32,730,033 | 20,488,325 | 22,377,820 |
| Excess (Deficiency) of Revenues Over (Under) Expenditures | (1,006,956) | (11,853,823) | 1,842,502 | 396,442 |
| Other Financing Sources (Uses) | | | | |
| Issuance of debt | 6,250,000 | 8,555,000 | - | - |
| Premium on debt | 61,281 | 326,338 | - | - |
| Payment to refunding bond escrow agent | - | - | - | - |
| Transfers in | 1,293,230 | 1,964,774 | 1,168,335 | 598,140 |
| Transfers out | (978,460) | (1,714,774) | (918,335) | (348,140) |
| Sale of capital assets | 26,498 | 3,765 | 15,054 | 7,026 |
| Total Other Financing Sources | 6,652,549 | 9,135,103 | 265,054 | 257,026 |
| Net Change in Fund Balances | \$ 5,645,593 | \$ (2,718,720) | \$ 2,107,556 | \$ 653,468 |
| Debt service as a percentage of noncapital expenditures | 9.84% | 9.16% | 10.04% | 9.58% |

| Fiscal Year | | | | | |
|--------------------|-----------------------|---------------------|-----------------------|-------------------|---------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 19,558,649 | \$ 20,361,762 | \$ 23,046,778 | \$ 23,888,859 | \$ 23,927,478 | \$ 27,200,527 |
| 522,624 | 530,620 | 796,789 | 491,498 | 1,108,417 | 598,253 |
| 1,001,903 | 926,225 | 1,038,825 | 935,679 | 624,231 | 496,567 |
| 382,221 | 445,816 | 434,809 | 437,740 | 327,146 | 304,228 |
| 297,607 | 90,503 | 189,699 | 355,257 | 651,584 | 132,526 |
| 84,793 | 102,317 | 331,728 | 608,696 | 270,232 | 24,870 |
| 1,030,030 | 1,030,030 | 1,030,030 | 1,030,030 | 1,030,030 | 1,030,030 |
| 125,463 | 149,689 | 220,554 | 221,839 | 136,938 | 235,594 |
| <u>23,003,290</u> | <u>23,636,962</u> | <u>27,089,212</u> | <u>27,969,598</u> | <u>28,076,056</u> | <u>30,022,595</u> |
| 3,745,396 | 4,393,858 | 3,850,728 | 4,764,021 | 4,266,891 | 4,098,929 |
| 11,478,408 | 12,027,253 | 11,885,851 | 12,931,007 | 12,818,443 | 12,940,922 |
| 3,082,765 | 2,960,663 | 3,104,359 | 3,783,052 | 3,704,412 | 3,433,049 |
| 2,075,602 | 3,858,435 | 3,878,726 | 2,502,109 | 2,306,267 | 2,121,036 |
| 312,149 | 367,844 | 823,953 | 4,366,261 | 1,070,047 | 384,245 |
| 1,630,000 | 1,870,000 | 1,905,000 | 2,365,000 | 2,420,000 | 2,415,000 |
| 386,113 | 343,275 | 358,386 | 428,527 | 351,186 | 347,870 |
| - | - | 121,245 | - | 127,841 | - |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| <u>22,710,433</u> | <u>25,821,328</u> | <u>25,928,248</u> | <u>31,139,977</u> | <u>27,065,087</u> | <u>25,741,051</u> |
| 292,857 | (2,184,366) | 1,160,694 | (3,170,379) | 394,969 | 4,281,544 |
| - | - | 5,040,000 | - | 3,715,000 | - |
| - | - | 338,891 | - | 832,448 | - |
| - | - | - | - | (4,415,238) | - |
| 1,135,009 | 3,038,010 | 1,682,579 | 558,328 | 915,810 | 610,107 |
| (885,009) | (2,788,010) | (1,432,579) | (308,328) | (665,810) | (110,107) |
| 26,014 | 4,829 | 11,638 | 1,641 | 109,781 | 4,852 |
| <u>276,014</u> | <u>254,829</u> | <u>5,640,529</u> | <u>251,641</u> | <u>491,991</u> | <u>504,852</u> |
| <u>\$ 568,871</u> | <u>\$ (1,929,537)</u> | <u>\$ 6,801,223</u> | <u>\$ (2,918,738)</u> | <u>\$ 886,960</u> | <u>\$ 4,786,396</u> |
| 9.08% | 9.51% | 9.46% | 9.46% | 10.65% | 11.02% |

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>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> |
| Ad valorem | \$ 3,741,783 | \$ 3,958,150 | \$ 4,272,862 | \$ 4,076,242 |
| Sales | 10,495,149 | 10,716,276 | 11,409,472 | 12,268,588 |
| Franchise fees | 1,100,207 | 1,119,510 | 1,103,397 | 1,124,931 |
| Other taxes | 1,302,318 | 1,447,797 | 1,775,967 | 1,909,860 |
| Hotel/motel occupancy taxes | - | - | - | - |
| Mixed beverage taxes | - | - | - | - |
| Total | <u><u>\$ 16,639,457</u></u> | <u><u>\$ 17,241,733</u></u> | <u><u>\$ 18,561,698</u></u> | <u><u>\$ 19,379,621</u></u> |

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

| Fiscal Year | | | | | | Change |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|------------------|
| 2016 | 2017 | 2018 | 2019 | 2020* | 2021 | 2020-2021 |
| \$ 4,304,961 | \$ 5,521,955 | \$ 6,290,629 | \$ 7,132,899 | \$ 7,981,160 | \$ 8,487,096 | 6.3% |
| 12,183,773 | 11,798,915 | 13,410,874 | 13,273,282 | 13,086,731 | 15,311,975 | 17.0% |
| 1,176,498 | 1,215,747 | 1,208,514 | 1,195,418 | 1,217,341 | 1,207,148 | -0.8% |
| 1,893,417 | 1,825,145 | 2,136,761 | 2,287,260 | - | - | N/A |
| - | - | - | - | 1,218,242 | 1,586,633 | 30.2% |
| - | - | - | - | 424,004 | 607,675 | 43.3% |
| <u>\$ 19,558,649</u> | <u>\$ 20,361,762</u> | <u>\$ 23,046,778</u> | <u>\$ 23,888,859</u> | <u>\$ 23,927,478</u> | <u>\$ 27,200,527</u> | 13.7% |

CITY OF WEBSTER, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL TAXABLE VALUE OF TAXABLE PROPERTY

Last Ten Years

| | Fiscal Year | | | |
|--|------------------|------------------|------------------|------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Residential Property | \$ 294,533,220 | \$ 306,197,554 | \$ 330,001,810 | \$ 356,197,833 |
| Commercial Property | 1,080,666,960 | 1,135,879,910 | 1,253,506,306 | 1,341,014,646 |
| Industrial Property | 47,334,112 | 47,223,760 | 79,361,600 | 47,712,504 |
| | 1,422,534,292 | 1,489,301,224 | 1,662,869,716 | 1,744,924,983 |
| Total Assessed Value ⁽¹⁾ | | | | |
| Less: Tax Exempt Property | 108,272,053 | 108,355,222 | 129,201,195 | 128,993,448 |
| | \$ 1,314,262,239 | \$ 1,380,946,002 | \$ 1,533,668,521 | \$ 1,615,931,535 |
| Total Taxable Value | | | | |
| Taxable Value as a Percentage of Assessed Value | 92.4% | 92.7% | 92.2% | 92.6% |
| Total Direct Tax Rate ⁽²⁾ | \$ 0.28528 | \$ 0.28528 | \$ 0.26960 | \$ 0.24874 |

Source: Harris County Appraisal District

Notes:

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

⁽²⁾ Per \$100 of taxable value.

Assessed and taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2021.

| Fiscal Year | | | | | |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 407,408,534 | \$ 445,750,390 | \$ 484,050,384 | \$ 511,919,552 | \$ 586,393,526 | \$ 687,637,778 |
| 1,502,301,531 | 1,574,051,436 | 1,603,370,416 | 1,641,583,756 | 1,797,236,442 | 1,831,800,517 |
| 47,151,199 | 44,564,513 | 53,786,163 | 41,964,510 | 65,005,585 | 76,781,707 |
| 1,956,861,264 | 2,064,366,339 | 2,141,206,963 | 2,195,467,818 | 2,448,635,553 | 2,596,220,002 |
| 134,154,251 | 133,984,134 | 143,759,374 | 154,797,425 | 214,603,667 | 228,705,980 |
| <u>\$ 1,822,707,013</u> | <u>\$ 1,930,382,205</u> | <u>\$ 1,997,447,589</u> | <u>\$ 2,040,670,393</u> | <u>\$ 2,234,031,886</u> | <u>\$ 2,367,514,022</u> |
| 93.1% | 93.5% | 93.3% | 92.9% | 91.2% | 91.2% |
| \$ 0.23447 | \$ 0.28450 | \$ 0.31725 | \$ 0.34794 | \$ 0.36200 | \$ 0.37357 |

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

| | Fiscal Year | | | |
|--|-------------------|-------------------|-------------------|-------------------|
| | 2012 | 2013 | 2014 | 2015 |
| City of Webster by fund: | | | | |
| General | \$ 0.17470 | \$ 0.15615 | \$ 0.16455 | \$ 0.15679 |
| Debt service | 0.11058 | 0.12913 | 0.10505 | 0.09195 |
| Total Direct Rates | \$ 0.28528 | \$ 0.28528 | \$ 0.26960 | \$ 0.24874 |
| Clear Creek School District | \$ 1.36000 | \$ 1.36000 | \$ 1.39999 | \$ 1.40000 |
| Harris County | 0.39117 | 0.40021 | 0.41455 | 0.41731 |
| Harris County Flood Control District | 0.02809 | 0.02809 | 0.02827 | 0.02736 |
| Port of Houston Authority | 0.01856 | 0.01952 | 0.01716 | 0.01531 |
| Harris County Hospital District | 0.19216 | 0.18216 | 0.17000 | 0.17000 |
| Harris County Department of Education | 0.00658 | 0.00662 | 0.00636 | 0.00600 |
| Total Direct and Overlapping Rates ⁽¹⁾ | \$ 2.28184 | \$ 2.28188 | \$ 2.30593 | \$ 2.28472 |

Sources: Harris County Appraisal District, Clear Creek School District

Notes:

⁽¹⁾ Overlapping rates are those of local and county governments that apply within the City of Webster.

Not all overlapping rates apply to all City of Webster property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Tax rates are per \$100 of taxable value.

Fiscal Year

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 0.14733 | \$ 0.18625 | \$ 0.22549 | \$ 0.22800 | \$ 0.25536 | \$ 0.26810 |
| 0.08714 | 0.09825 | 0.09176 | 0.11994 | 0.10664 | 0.10547 |
| <u>\$ 0.23447</u> | <u>\$ 0.28450</u> | <u>\$ 0.31725</u> | <u>\$ 0.34794</u> | <u>\$ 0.36200</u> | <u>\$ 0.37357</u> |
| \$ 1.40000 | \$ 1.40000 | \$ 1.40000 | \$ 1.40000 | \$ 1.31000 | \$ 1.26590 |
| 0.41923 | 0.41656 | 0.41801 | 0.41858 | 0.40713 | 0.39116 |
| 0.02733 | 0.02829 | 0.02831 | 0.02877 | 0.02792 | 0.03142 |
| 0.01342 | 0.01334 | 0.01256 | 0.01155 | 0.01074 | 0.00991 |
| 0.17000 | 0.17179 | 0.17110 | 0.17108 | 0.16591 | 0.16671 |
| 0.00542 | 0.00520 | 0.00520 | 0.00519 | 0.00500 | 0.00499 |
| <u>\$ 2.26987</u> | <u>\$ 2.31968</u> | <u>\$ 2.35243</u> | <u>\$ 2.38311</u> | <u>\$ 2.28870</u> | <u>\$ 2.24366</u> |

CITY OF WEBSTER, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

| Property Taxpayer | 2021 | | | 2012 | | |
|---|-------------------------|------|---------------------|-------------------------|------|---------------------|
| | Assessed Value | Rank | % of Assessed Value | Assessed Value | Rank | % of Assessed Value |
| Clear Lake Regional Medical Center | \$ 157,879,329 | 1 | 6.08% | \$ 78,652,195 | 1 | 5.53% |
| HC200 Blossom Street LLC ⁽¹⁾ | 97,836,796 | 2 | 3.77% | - | - | 0.00% |
| CHCA Clear Lake LP ⁽¹⁾ | 68,000,641 | 3 | 2.62% | - | - | 0.00% |
| BR Everwood DST ⁽¹⁾ | 54,123,735 | 4 | 2.08% | - | - | 0.00% |
| BR Edgewater Dst ⁽¹⁾ | 51,561,636 | 5 | 1.99% | - | - | 0.00% |
| Weingarten Realty ⁽¹⁾ | 46,635,400 | 6 | 1.80% | - | - | 0.00% |
| Evergreen Tank Solutions ⁽¹⁾ | 45,399,084 | 7 | 1.75% | - | - | 0.00% |
| Marquis Clear Lake Apartments LP ⁽¹⁾ | 43,264,419 | 8 | 1.67% | - | - | 0.00% |
| SOF Hidden Lake Owner LP ⁽¹⁾ | 41,482,012 | 9 | 1.60% | - | - | 0.00% |
| Palomar Apartments LLC ⁽¹⁾ | 40,860,864 | 10 | 1.57% | - | - | 0.00% |
| Inland American Webster ⁽²⁾ | - | - | 0.00% | 41,055,000 | 2 | 2.89% |
| Texas Baybrook Square Center ⁽²⁾ | - | - | 0.00% | 35,599,993 | 3 | 2.50% |
| NP SSP Baybrook LLC ⁽²⁾ | - | - | 0.00% | 33,251,674 | 4 | 2.34% |
| Webster Partners LP ⁽²⁾ | - | - | 0.00% | 30,819,091 | 5 | 2.17% |
| US Housing Partners VIII LP ⁽²⁾ | - | - | 0.00% | 24,900,000 | 6 | 1.75% |
| Clear Lake Center LP ⁽²⁾ | - | - | 0.00% | 21,160,649 | 7 | 1.49% |
| G&E Healthcare REIT ⁽²⁾ | - | - | 0.00% | 20,926,054 | 8 | 1.47% |
| MPT Clear Lake LP ⁽²⁾ | - | - | 0.00% | 18,874,000 | 9 | 1.33% |
| Price Baybrook Ltd ⁽²⁾ | - | - | 0.00% | 18,724,557 | 10 | 1.32% |
| Subtotal | 647,043,916 | | 24.92% | 323,963,213 | | 22.77% |
| Other Taxpayers | 1,949,176,086 | | 75.08% | 1,098,571,079 | | 77.23% |
| Total | <u>\$ 2,596,220,002</u> | | <u>100.00%</u> | <u>\$ 1,422,534,292</u> | | <u>100.00%</u> |

Source: Harris County Appraisal District

Notes:

⁽¹⁾ This taxpayer was not a top ten taxpayer in 2012. It is included in the Other Taxpayers subtotal.

⁽²⁾ This taxpayer is not a top ten taxpayer in 2021. 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>2021 Rank</u> | <u>2012 Rank</u> |
|---|----------------------|----------------------|
| American Furniture Warehouse Co. ⁽¹⁾ | 1 | - |
| Costco Wholesale Corporation ⁽¹⁾ | 2 | - |
| Exxon Mobile Pipeline Company | 3 | 8 |
| Academy Ltd. | 4 | 2 |
| Star Furniture Company LLC | 5 | 3 |
| Pappas Restaurants Inc. | 6 | 7 |
| At Home Stores LLC | 7 | 14 |
| The Terminix International Company ⁽²⁾ | 8 | - |
| Bed Bath & Beyond | 9 | 4 |
| Hobby Lobby Stores Inc | 10 | 12 |
| Floor and Décor Outlets of America ⁽¹⁾ | 11 | - |
| Pennsylvania Tool Sales & Service Inc. ⁽¹⁾ | 12 | - |
| Exclusive Furniture Webster Corp ⁽¹⁾ | 13 | - |
| Ashley Furniture | 14 | 5 |
| Nordstrom Inc. ⁽¹⁾ | 15 | - |
| Cinemark USA ⁽³⁾ | - | 6 |
| Burlington Coat Factory ⁽³⁾ | - | 9 |
| Conn's Appliances ⁽³⁾ | - | 10 |
| Critical Infrastructure Solutions ⁽³⁾ | - | 11 |
| Jared - The Galleria of Jewelry ⁽³⁾ | - | 13 |

Source: State Comptroller's Office

Notes:

- ⁽¹⁾ This sales tax remitter was not located in the City in 2012.
- ⁽²⁾ This sales tax remitter was not a top fifteen sales tax remitter in 2012.
- ⁽³⁾ This sales tax remitter is not a top fifteen sales tax remitter in 2021.

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

| | Fiscal Year | | | |
|--|--------------|--------------|--------------|--------------|
| | 2012 | 2013 | 2014 | 2015 |
| Taxes levied: | | | | |
| Current year levy | \$ 3,750,982 | \$ 3,937,528 | \$ 4,234,778 | \$ 4,109,641 |
| Adjustments in subsequent years | (6,016) | 537 | (103,296) | (91,745) |
| Total of taxes levied ⁽¹⁾ | \$ 3,744,966 | \$ 3,938,065 | \$ 4,131,482 | \$ 4,017,896 |
| Taxes collected: | | | | |
| Collections in current year | \$ 3,730,576 | \$ 3,921,147 | \$ 4,187,311 | \$ 4,095,095 |
| Collections in subsequent years ⁽²⁾ | 10,672 | 13,012 | (59,313) | (80,873) |
| Total of taxes collected | \$ 3,741,248 | \$ 3,934,159 | \$ 4,127,998 | \$ 4,014,222 |
| Collection rates: | | | | |
| Percentage collected in current year | 99.46% | 99.58% | 98.88% | 99.65% |
| Percentage collected of total levy | 99.90% | 99.90% | 99.92% | 99.91% |
| Delinquent taxes: | | | | |
| Total outstanding balance | \$ 3,717 | \$ 3,897 | \$ 3,481 | \$ 3,671 |
| Percentage of total levy outstanding | 0.10% | 0.10% | 0.08% | 0.09% |

Notes:

⁽¹⁾ The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2021.

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

| Fiscal Year | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
| \$ 4,332,762 | \$ 5,553,590 | \$ 6,398,295 | \$ 7,220,033 | \$ 8,085,885 | \$ 8,756,424 |
| (62,834) | (75,232) | (84,985) | (151,297) | (125,113) | - |
| <u>\$ 4,269,928</u> | <u>\$ 5,478,358</u> | <u>\$ 6,313,310</u> | <u>\$ 7,068,736</u> | <u>\$ 7,960,771</u> | <u>\$ 8,756,424</u> |
| | | | | | |
| \$ 4,319,844 | \$ 5,533,548 | \$ 6,342,680 | \$ 7,087,461 | \$ 8,013,501 | \$ 8,695,181 |
| (53,449) | (58,790) | (36,710) | (119,776) | (93,568) | - |
| <u>\$ 4,266,395</u> | <u>\$ 5,474,758</u> | <u>\$ 6,305,970</u> | <u>\$ 6,967,685</u> | <u>\$ 7,919,933</u> | <u>\$ 8,695,181</u> |
| | | | | | |
| 99.70% | 99.64% | 99.13% | 98.16% | 99.10% | 99.30% |
| 99.92% | 99.93% | 99.88% | 98.57% | 99.49% | 99.30% |
| | | | | | |
| \$ 3,295 | \$ 3,444 | \$ 7,083 | \$ 96,894 | \$ 40,838 | \$ 61,243 |
| 0.08% | 0.06% | 0.11% | 1.37% | 0.51% | 0.70% |

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

| | Fiscal Year | | | |
|---|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Primary Government | | | | |
| Governmental Activities: | | | | |
| General obligation bonds | \$ 13,917,821 | \$ 12,889,868 | \$ 11,586,796 | \$ 10,133,724 |
| Certificates of obligation | 6,904,994 | 6,186,904 | 5,958,814 | 5,720,724 |
| Subtotal | <u>20,822,815</u> | <u>19,076,772</u> | <u>17,545,610</u> | <u>15,854,448</u> |
| Business-Type Activities: | | | | |
| Revenue bonds | 7,110,562 | 6,857,638 | 1,782,936 | 1,708,646 |
| General obligation bonds ⁽¹⁾ | - | - | 4,973,414 | 4,759,886 |
| Certificates of obligation ⁽²⁾ | - | - | - | - |
| Total Primary Government | <u>\$ 27,933,377</u> | <u>\$ 25,934,410</u> | <u>\$ 24,301,960</u> | <u>\$ 22,322,980</u> |
| Component Unit Activities ⁽³⁾: | | | | |
| Sales tax revenue bonds | \$ 11,358,890 | \$ 10,284,655 | \$ 9,135,419 | \$ 3,666,892 |
| Personal Income ^{(4) (5)} | \$ 329,329,968 | \$ 319,567,907 | \$ 297,898,128 | \$ 298,499,256 |
| Primary Government Debt as a Percentage of Personal Income | 8.48% | 8.12% | 8.16% | 7.48% |
| Population ⁽⁶⁾ | 10,704 | 11,279 | 11,398 | 11,421 |
| Primary Government Debt per Capita | \$ 2,610 | \$ 2,299 | \$ 2,132 | \$ 1,955 |

Notes:

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

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

Fiscal Year

| <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 8,680,652 | \$ 6,997,580 | \$ 5,284,508 | \$ 3,541,436 | \$ 6,263,783 | \$ 4,206,049 |
| 5,472,634 | 5,214,545 | 10,315,986 | 9,588,432 | 4,440,604 | 3,951,141 |
| <u>14,153,286</u> | <u>12,212,125</u> | <u>15,600,494</u> | <u>13,129,868</u> | <u>10,704,387</u> | <u>8,157,190</u> |
| 1,629,356 | 1,550,065 | - | - | - | - |
| 4,536,359 | 4,302,832 | 4,059,305 | 3,805,779 | 3,542,252 | 3,268,725 |
| - | - | 2,087,524 | 2,016,729 | 1,940,933 | 1,865,138 |
| <u>\$ 20,319,001</u> | <u>\$ 18,065,022</u> | <u>\$ 21,747,323</u> | <u>\$ 18,952,376</u> | <u>\$ 16,187,572</u> | <u>\$ 13,291,053</u> |
| \$ 2,971,577 | \$ 11,099,055 | \$ 10,445,962 | \$ 9,777,868 | \$ 9,104,773 | \$ 8,421,680 |
| \$ 283,747,644 | \$ 289,127,448 | \$ 279,009,468 | \$ 269,582,472 | \$ 274,616,784 | \$ 292,508,334 |
| 7.16% | 6.25% | 7.79% | 7.03% | 5.89% | 4.54% |
| 11,498 | 11,716 | 11,306 | 10,924 | 11,128 | 11,853 |
| \$ 1,767 | \$ 1,542 | \$ 1,924 | \$ 1,735 | \$ 1,455 | \$ 1,121 |

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

| | Fiscal Year | | | |
|--|----------------------|----------------------|----------------------|----------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Taxable Value of Property ⁽¹⁾ | | | | |
| All property | \$ 1,314,262,239 | \$ 1,380,946,002 | \$ 1,533,668,521 | \$ 1,615,931,535 |
| Net Bonded Debt ⁽²⁾ | | | | |
| Gross bonded debt | \$ 20,822,815 | \$ 19,076,772 | \$ 17,545,610 | \$ 15,854,448 |
| Less debt service funds | 1,230,863 | 847,921 | 969,351 | 869,019 |
| Net Bonded Debt | <u>\$ 19,591,952</u> | <u>\$ 18,228,851</u> | <u>\$ 16,576,259</u> | <u>\$ 14,985,429</u> |
| Ratio of Net Bonded Debt to Taxable Value | 1.49% | 1.32% | 1.08% | 0.93% |
| Population ⁽³⁾ | 10,704 | 11,279 | 11,398 | 11,421 |
| Net Bonded Debt per Capita | \$ 1,830 | \$ 1,616 | \$ 1,454 | \$ 1,312 |

Notes:

- ⁽¹⁾ Taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2021.
⁽²⁾ Net bonded debt reflects obligations supported by a pledge of ad valorem taxes.
⁽³⁾ Population was estimated using data received from the Harris County Appraisal District.

| Fiscal Year | | | | | |
|----------------------|----------------------|----------------------|----------------------|----------------------|---------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 1,822,707,013 | \$ 1,930,382,205 | \$ 1,997,447,589 | \$ 2,040,670,393 | \$ 2,234,031,886 | \$ 2,367,514,022 |
| \$ 14,153,286 | \$ 12,212,125 | \$ 15,600,494 | \$ 13,129,868 | \$ 10,704,387 | \$ 8,157,190 |
| 786,946 | 811,169 | 702,808 | 721,417 | 635,703 | 597,263 |
| <u>\$ 13,366,340</u> | <u>\$ 11,400,956</u> | <u>\$ 14,897,686</u> | <u>\$ 12,408,451</u> | <u>\$ 10,068,684</u> | <u>\$ 7,559,927</u> |
| 0.73% | 0.59% | 0.75% | 0.61% | 0.45% | 0.32% |
| 11,498 | 11,716 | 11,306 | 10,924 | 11,128 | 11,853 |
| \$ 1,162 | \$ 973 | \$ 1,318 | \$ 1,136 | \$ 905 | \$ 638 |

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CITY OF WEBSTER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2021

| Governmental Unit | Debt Outstanding | As Of | Estimated Percentage Applicable ⁽¹⁾ | Amount Applicable to Primary Government |
|--|-----------------------------|--------------|---|--|
| Clear Creek ISD | \$ 1,032,420,000 | 9/30/2021 | 8.49% | \$ 87,652,458 |
| Clear Lake City Water Authority | 108,375,000 | 9/30/2021 | 4.22% | 4,573,425 |
| Harris County | 1,723,192,125 | 9/30/2021 | 0.41% | 7,065,088 |
| Harris Co. Dept of Education | 20,185,000 | 9/30/2021 | 0.41% | 82,759 |
| Harris Co. Flood Control District | 590,725,000 | 9/30/2021 | 0.41% | 2,421,973 |
| Harris Co. Hospital District | 81,540,000 | 9/30/2021 | 0.41% | 334,314 |
| Harris Co. MUD #481 | 13,865,000 | 9/30/2021 | 100.00% | 13,865,000 |
| Port of Houston Authority | 492,439,397 | 9/30/2021 | 0.41% | <u>2,019,002</u> |
| Subtotal, overlapping debt | | | | 118,014,017 |
| City Direct Debt ⁽²⁾ | \$ 8,272,585 | 9/30/2021 | 100.00% | <u>8,157,190</u> |
| Total Direct and Overlapping Debt | | | | <u><u>\$ 126,171,207</u></u> |

Source: Municipal Advisory Council of Texas

Notes:

⁽¹⁾ Estimated Percentage Applicable obtained from Municipal Advisory Council of Texas.

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

⁽³⁾ Excludes general obligation bonds pledged by utility revenues.

CITY OF WEBSTER, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

| | Fiscal Year | | | |
|---|------------------|------------------|------------------|------------------|
| | 2012 | 2013 | 2014 | 2015 |
| Debt limit ⁽¹⁾ | \$ 142,253,429 | \$ 148,930,122 | \$ 166,286,972 | \$ 174,492,498 |
| Total net debt applicable to limit | 19,591,952 | 18,228,851 | 16,576,259 | 14,985,429 |
| Legal debt margin | \$ 122,661,477 | \$ 130,701,271 | \$ 149,710,713 | \$ 159,507,069 |
| Total net debt applicable to the limit as a percentage of debt limit | 13.77% | 12.24% | 9.97% | 8.59% |
| Legal Debt Margin Calculation | | | | |
| Assessed value | \$ 1,422,534,292 | \$ 1,489,301,224 | \$ 1,662,869,716 | \$ 1,744,924,983 |
| Debt limit (10% of assessed value) | 142,253,429 | 148,930,122 | 166,286,972 | 174,492,498 |
| Debt applicable to limit: | | | | |
| General obligation bonds | 13,917,821 | 12,889,868 | 16,560,210 | 14,893,610 |
| Certificates of obligation | 6,904,994 | 6,186,904 | 5,958,814 | 5,720,724 |
| Less: debt pledged by utility revenues | - | - | (4,973,414) | (4,759,886) |
| Less: amount set aside for repayment of general obligation debt | (1,230,863) | (847,921) | (969,351) | (869,019) |
| Total net debt applicable to limit | 19,591,952 | 18,228,851 | 16,576,259 | 14,985,429 |
| Legal debt margin | \$ 122,661,477 | \$ 130,701,271 | \$ 149,710,713 | \$ 159,507,069 |

Notes:

⁽¹⁾ All taxable property in the City of Webster is subject to the assessment, levy, and collection by the City of an annual ad valorem tax levied, within the limits prescribed by law, sufficient to provide for the payment of principal and interest on debt issued by the government. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for all City purposes. The City operates under a Home-Rule Charter, which adopts the constitutional provisions. Administratively, the Attorney General of the State of Texas will only permit the allocation of \$1.50 of the \$2.50 maximum for all general obligation debt service, as calculated at the time of issuance. The City's total tax rate of \$0.37357 and debt rate of \$0.10547 are well below the maximum rates allowed by law.

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

| Fiscal Year | | | | | |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| \$ 195,686,126 | \$ 206,436,663 | \$ 214,120,696 | \$ 219,546,782 | \$ 244,863,555 | \$ 259,622,000 |
| 13,366,340 | 11,400,956 | 14,897,686 | 12,408,451 | 10,068,652 | 7,559,927 |
| <u>\$ 182,319,786</u> | <u>\$ 195,035,707</u> | <u>\$ 199,223,010</u> | <u>\$ 207,138,331</u> | <u>\$ 234,794,903</u> | <u>\$ 252,062,073</u> |
| 6.83% | 5.52% | 6.96% | 5.65% | 4.11% | 2.91% |
| \$ 1,956,861,264 | \$ 2,064,366,339 | \$ 2,141,206,963 | \$ 2,195,467,818 | \$ 2,448,635,553 | \$ 2,596,220,002 |
| 195,686,126 | 206,436,663 | 214,120,696 | 219,546,782 | 244,863,555 | 259,622,000 |
| 13,217,011 | 11,300,412 | 9,343,813 | 7,347,215 | 9,806,035 | 7,474,774 |
| 5,472,634 | 5,214,545 | 12,403,510 | 11,605,161 | 6,381,537 | 5,816,279 |
| (4,536,359) | (4,302,832) | (6,146,829) | (5,822,508) | (5,483,185) | (5,133,863) |
| <u>(786,946)</u> | <u>(811,169)</u> | <u>(702,808)</u> | <u>(721,417)</u> | <u>(635,735)</u> | <u>(597,263)</u> |
| <u>13,366,340</u> | <u>11,400,956</u> | <u>14,897,686</u> | <u>12,408,451</u> | <u>10,068,652</u> | <u>7,559,927</u> |
| <u>\$ 182,319,786</u> | <u>\$ 195,035,707</u> | <u>\$ 199,223,010</u> | <u>\$ 207,138,331</u> | <u>\$ 234,794,903</u> | <u>\$ 252,062,073</u> |

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

| Fiscal Year Ended Sept. 30 | Population ⁽¹⁾ | Personal Income ^{(2) (3)} | Per Capita Personal Income ⁽²⁾ | Median Age ⁽²⁾ | School Enrollment ⁽⁴⁾ | Unemployment Rate ⁽⁵⁾ |
|---|----------------------------------|---|--|--------------------------------------|---|---|
| 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% |
| 2020 | 11,128 | \$ 274,616,784 | \$ 24,678 | 28.9 | 3,675 | 9.6% |
| 2021 | 11,853 | \$ 292,508,334 | \$ 24,678 | 30.1 | 3,895 | 6.1% |

Sources:

⁽¹⁾ Population was estimated using data received from the Harris County Appraisal District and the US Census Bureau.

⁽²⁾ Sperling's BestPlaces

⁽³⁾ Personal income information is a total for the year.

⁽⁴⁾ Clear Creek Independent School District

⁽⁵⁾ Bureau of Labor Statistics

CITY OF WEBSTER, TEXAS

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago ⁽¹⁾

| Employer | Number of Employees | |
|-----------------------------------|---------------------|--------------------|
| | 2021 | 2012 |
| Academy Sports & Outdoors | 100-199 | Data not Available |
| ARI-Armaturen | 1-100 | Data not Available |
| Costco | 100-199 | Data not Available |
| HCA Houston Healthcare Clear Lake | 500+ | Data not Available |
| Houston Physicians' Hospital | 200-299 | Data not Available |
| KBR | 500+ | Data not Available |
| Kindred Hospital | 200-299 | Data not Available |
| Leidos | 500+ | Data not Available |
| Olympus | 1-100 | Data not Available |
| United Fire Group | 1-100 | Data not Available |
| UTMB Clear Lake | 500+ | Data not Available |

Source: City of Webster

Notes:

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

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

| | Fiscal Year | | | | | | | | | |
|--|-------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|
| | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| <u>General Fund:</u> | | | | | | | | | | |
| City Secretary | 4 | 4 | 4 | 4 | 5 | 5 | 5 | 5 | 5 | 5 |
| City Manager | 2 | 2 | 2 | 2 | 2 | 1 | 1 | 3 | 3 | 2 |
| Finance | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Municipal Court | 7 | 7 | 7 | 7 | 6 | 6 | 5 | 5 | 5 | 5 |
| Human Resources | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| Community Development | | | | | | | | | | |
| Administration | 6 | 6 | 6 | 6 | 6 | 5 | 5 | 5 | 5 | 5 |
| Building | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 6 |
| Recreation Programs | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Public Works | | | | | | | | | | |
| Administration | 3 | 3 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 7 |
| Maintenance | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 10 | 11 |
| Parks Maintenance | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Engineering | 2 | 2 | - | - | - | - | - | - | - | - |
| Police | | | | | | | | | | |
| Administration | 4 | 4 | 4 | 4 | 6 | 9 | 8 | 8 | 9 | 8 |
| Criminal Investigation | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 | 7 |
| Patrol | 37 | 38 | 38 | 37 | 36 | 35 | 36 | 36 | 36 | 37 |
| Communications | 16 | 15 | 15 | 16 | 15 | 15 | 15 | 17 | 16 | 16 |
| Code Enforcement | - | - | - | - | - | - | - | - | - | 2 |
| Fire | | | | | | | | | | |
| Prevention | 3 | 3 | 3 | 3 | 3 | 5 | 5 | 7 | 7 | 6 |
| Operations | 14 | 14 | 14 | 14 | 17 | 15 | 16 | 15 | 15 | 15 |
| Emergency Management | | | | | | | | | | |
| Emergency Management | - | - | - | - | - | 2 | 2 | - | - | 1 |
| Economic Development | | | | | | | | | | |
| Economic Development | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 | 3 |
| General Fund Total | 142 | 142 | 142 | 142 | 145 | 147 | 147 | 151 | 151 | 153 |
| <u>Utility Fund:</u> | | | | | | | | | | |
| Water | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 9 |
| Sewer | 7 | 7 | 7 | 7 | 7 | 8 | 7 | 7 | 7 | 7 |
| Drainage | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 2 | 3 |
| Utility Fund Total | 17 | 17 | 17 | 17 | 17 | 18 | 17 | 17 | 17 | 18 |
| <u>Information Technology Fund:</u> | | | | | | | | | | |
| Information Technology | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| IT Fund Total | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| Total City Positions | 163 | 163 | 163 | 163 | 166 | 168 | 167 | 171 | 171 | 174 |

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

| Function / Program | Fiscal Year | | | |
|---|---------------|---------------|---------------|---------------|
| | 2012 | 2013 | 2014 | 2015 |
| Police | | | | |
| Arrests | 3,055 | 2,775 | 2,067 | 1,883 |
| Accident reports | 971 | 1,055 | 1,100 | 1,218 |
| Citations | 7,663 | 7,764 | 7,000 | 4,880 |
| Offense reports | 2,366 | 2,197 | 1,856 | 2,107 |
| Calls for service | 31,782 | 26,686 | 22,766 | 21,187 |
| Fire | | | | |
| Emergency responses | 857 | 892 | 907 | 1199 |
| Fire incidents | 57 | 73 | 60 | 74 |
| Average response time | 4 min, 23 sec | 4 min, 35 sec | 4 min, 49 sec | 4 min, 44 sec |
| Water | | | | |
| New accounts | 238 | 221 | 189 | 186 |
| Average daily consumption (millions of gallons) | 1.763 | 1.797 | 1.724 | 1.687 |
| Total consumption (millions of gallons) | 643.460 | 655.945 | 629.159 | 615.620 |
| Peak daily consumption (millions of gallons) | 2.534 | 2.623 | 2.783 | 2.801 |
| Sewer | | | | |
| Average daily sewage treatment (millions of gallons) | 1.444 | 1.426 | 1.455 | 1.280 |
| Total consumption (millions of gallons) | 527.061 | 520.640 | 531.100 | 468.360 |
| Peak daily consumption (millions of gallons) | 2.819 | 2.510 | 3.099 | 2.845 |

Source: Various City departments

| Fiscal Year | | | | | |
|--------------------|---------------|--------------|---------------|---------------|---------------|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 |
| 1,674 | 1,679 | 1,678 | 1,470 | 995 | 1,047 |
| 1,352 | 1,176 | 1,149 | 1,145 | 953 | 971 |
| 6,364 | 5,421 | 4,795 | 4,293 | 2,250 | 2,073 |
| 2,267 | 2,543 | 1,240 | 3,309 | 2,523 | 2,394 |
| 23,402 | 22,413 | 25,141 | 20,661 | 16,767 | 17,997 |
| 1696 | 1833 | 1969 | 1966 | 1460 | 1820 |
| 63 | 100 | 94 | 69 | 57 | 87 |
| 4 min, 14 sec | 4 min, 10 sec | 4 min, 4 sec | 4 min, 24 sec | 4 min, 29 sec | 3 min, 35 sec |
| 189 | 247 | 244 | 302 | 181 | 163 |
| 1.605 | 1.542 | 1.603 | 1.520 | 1.802 | 1.950 |
| 587.253 | 563.416 | 599.500 | 555.183 | 660.135 | 712.446 |
| 3.091 | 1.912 | 3.268 | 2.503 | 2.518 | 2.739 |
| 1.292 | 1.280 | 1.260 | 1.368 | 1.32 | 1.154 |
| 471.600 | 467.000 | 458.870 | 500.731 | 483.825 | 420.720 |
| 3.000 | 2.960 | 2.880 | 3.590 | 3.170 | 3.170 |

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

| Function / Program | Fiscal Year | | | |
|---|-------------|-------|-------|-------|
| | 2012 | 2013 | 2014 | 2015 |
| Police | | | | |
| Stations | 1 | 1 | 1 | 1 |
| Patrol units | 47 | 47 | 47 | 48 |
| Fire stations | 2 | 2 | 2 | 2 |
| Other public works | | | | |
| Streets (miles - centerlines) | 25.10 | 24.90 | 24.90 | 25.90 |
| Streetlights | 977 | 1,007 | 1,008 | 1,008 |
| Parks and recreation | | | | |
| Parks | 5 | 5 | 5 | 5 |
| Parks acreage | 26.00 | 26.00 | 26.00 | 26.00 |
| Baseball / softball diamonds | 2 | 2 | 2 | 2 |
| Community centers | 1 | 1 | 1 | 1 |
| Water | | | | |
| Water mains (miles) | 50.70 | 50.70 | 50.50 | 52.00 |
| Fire hydrants | 644 | 643 | 644 | 665 |
| Storage capacity (millions of gallons) | 2.95 | 2.95 | 2.95 | 2.95 |
| Sewer | | | | |
| Sanitary sewers (miles) | 32.6 | 32.90 | 33.40 | 34.20 |
| Storm sewers (miles) | 25.00 | 25.50 | 23.80 | 24.60 |
| Open ditch / creek / canal drainage (miles) | 7.40 | 6.70 | 6.70 | 6.20 |
| Treatment capacity (millions of gallons) | 3.30 | 3.30 | 3.30 | 3.30 |

Source: Various City departments

| Fiscal Year | | | | | | |
|--------------------|-------------|-------------|-------------|-------------|-------------|--|
| 2016 | 2017 | 2018 | 2019 | 2020 | 2021 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 48 | 49 | 47 | 47 | 45 | 34 | |
| 2 | 2 | 2 | 2 | 2 | 2 | |
| 25.10 | 25.30 | 26.20 | 26.60 | 27.00 | 29.60 | |
| 1,049 | 1,111 | 1,070 | 1,112 | 1,149 | 1,185 | |
| 5 | 5 | 5 | 5 | 5 | 5 | |
| 26.00 | 26.00 | 26.00 | 26.00 | 26.00 | 26.00 | |
| 2 | 2 | 2 | 2 | 2 | 2 | |
| 1 | 1 | 1 | 1 | 1 | 1 | |
| 52.80 | 52.90 | 55.30 | 56.50 | 56.00 | 57.50 | |
| 673 | 682 | 712 | 630 | 665 | 685 | |
| 2.95 | 2.95 | 2.95 | 2.95 | 2.95 | 2.95 | |
| 34.90 | 34.90 | 35.80 | 35.70 | 36.70 | 38.50 | |
| 26.50 | 25.50 | 26.40 | 27.10 | 27.50 | 29.10 | |
| 8.60 | 6.20 | 6.00 | 6.40 | 5.30 | 5.30 | |
| 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | 3.30 | |

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