



COMPREHENSIVE ANNUAL FINANCIAL REPORT

For the Fiscal Year Ended
September 30, 2020
City of Webster, Texas

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***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

OF THE

CITY OF WEBSTER, TEXAS

**For the Fiscal Year Ended
September 30, 2020**

CITY MANAGER

Danny Presley

ASSISTANT CITY MANAGER

Michael Ahrens

Prepared by:

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

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CITY OF WEBSTER, TEXAS

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February 12, 2021

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

It is with great pleasure that I present to you the Comprehensive Annual Financial Report (CAFR) of the City of Webster, Texas (the “City”) for the fiscal year ended September 30, 2020. 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 3.9% to 4.1% during this fiscal year, largely due to the Coronavirus. Property values have increased by eight percent as both residential and commercial development continues throughout the area.

The fiscal year 2019-20 brought some good news in economic development. Listed below are just a few of the highlights:

- Houston's Physicians' Hospital began its three-story, 39,000 square feet addition.
- Absolute Volleyball Academy, a 55,000 state of the art facility located in the NASA Bypass Business Park celebrated its grand opening in September 2020.
- In March 2020, the City entered into an Economic Development Agreement with Great Wolf Lodge, an indoor water park resort hotel to locate its eighteenth facility in Webster. When finished the facility will have no less than 400,000 square feet of combined lodging and entertainment space and 75,000 square feet of a water park.

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 anticipates revenue to decrease by nine percent. Most of the decline in sales tax can be attributed to the closing of many businesses and lack of consumer confidence due to the Coronavirus Pandemic. The loss will be partially offset as businesses continue to open in Webster as things slowly return to normal. The Webster Economic Development Corporation will continue its aggressive business recruitment and retention efforts.

Another large source of revenue is the ad valorem tax. The City's 2020 taxable property value rose 7.95% above the adjusted 2019 value. The Fiscal Year 2020-21 Annual Budget reflects a property tax rate of \$0.37357 per \$100 of valuation, 1.16% greater than the \$0.36200 tax rate that was adopted for 2019.

General Fund expenditures are expected to decrease by 4.5% to \$23,914,500. Personnel costs, which make up 68% of the General Fund budget, climb by \$483,000 for merit increases that are awarded based upon the performance of the employee. All capital projects were put on hold for the 2020-2021 budget in anticipation of

declining revenues due to the Coronavirus. The fleet replacement schedule was put on hold this year and purchases were delayed until the 2021- 22 budget.

The Utility Fund's major maintenance projects for both water and wastewater were also delayed by a year. Engineering costs for several projects were the only budgeted capital expenditures in 2020-2021.

Long-term Financial Planning

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

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

Relevant Financial Policies

The City has followed a policy of maintaining a reserve level of not less than 25%, or three months of operational expenditures, for all City operating funds in the event of emergencies, financial recessions, and other unforeseen circumstances. The City's dependence upon sales tax adds substantial volatility to its revenue stream. Therefore, City Council approved a fund balance level of at least 33% for the General Fund and the Webster Economic Development Corporation. On September 30, 2020, 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, 2020. The independent auditors' report is located at the front of the financial section of this report.

Awards

The Government Finance Officers' Association (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. 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 Comprehensive Annual 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and I am submitting it to GFOA to determine its eligibility for another certificate.

The City also received GFOA's Distinguished Budget Presentation Award for its Fiscal Year 2018-19 Annual Budget. 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 2020-21 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,

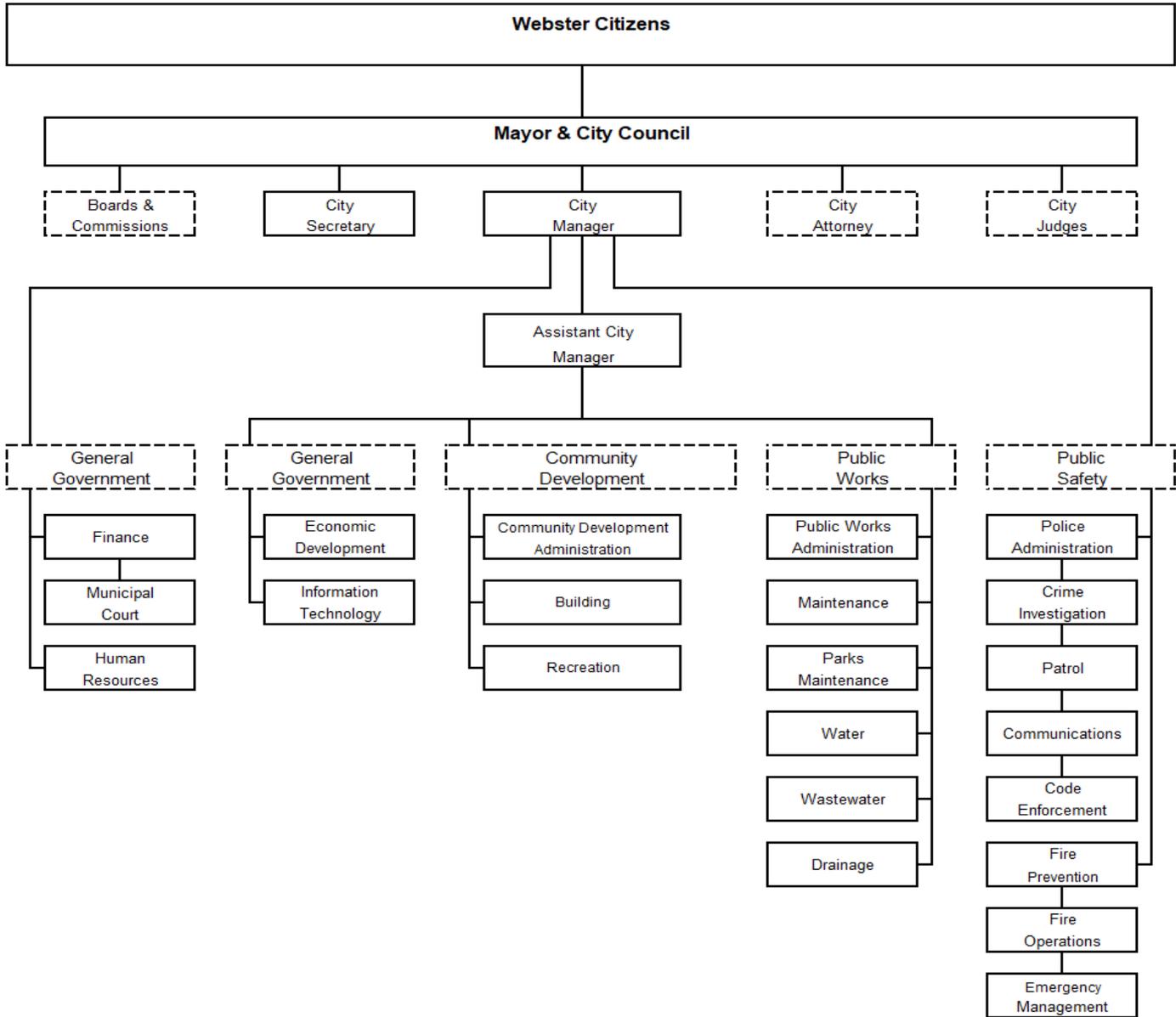
A handwritten signature in cursive script that reads "Elizabeth Free".

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

CITY OF WEBSTER, TEXAS

ORGANIZATION CHART

September 30, 2020



Legend:

 Denotes Functions, Departments, and Appointments

 Denotes Divisions



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

**City of Webster
Texas**

For its Comprehensive Annual
Financial Report
For the Fiscal Year Ended

September 30, 2019

Christopher P. Morill

Executive Director/CEO

CITY OF WEBSTER, TEXAS
PRINCIPAL OFFICIALS
 September 30, 2020

City Officials	Elected Position	Term Expires
Donna Rogers	Mayor	05/2023
Jennifer Heidt	Council Member – Position No. 1	05/2021
Andrea Wilson	Council Member – Position No. 2	05/2021
Larry Tosto	Council Member – Position No. 3	05/2022
Beverly Gaines	Council Member – Position No. 4	05/2022
Edward Lapeyre	Council Member – Position No. 5	05/2022
Martin Graves	Council Member – Position No. 6	05/2023

Key Staff	Position
Daniel Presley	City Manager
Mike Ahrens	Assistant City Manager
Elizabeth A. Free	Director of Finance
Michael Muscarello	City Secretary
Dick Gregg Jr.	City Attorney
James W. Woltz	City Judge
Derhyl J. Hebert	Director of Community Development
Carmen Williams	Director of Human Resources
Dean Spencer	Fire Chief
Betsy Giusto	Director of Economic Development
John Warnement	Director of Public Works
Pete Bacon	Police Chief

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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, 2020, 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, 2020, 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
February 12, 2021

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

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

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

1. Governmental activities – Most of the City's basic services are reported here, including: general government (City council, City secretary, City manager, finance, municipal court, human resources, and economic development), public safety (police, fire, and emergency management), community development (permitting, planning, and recreation), and public works (construction and maintenance of streets and parks). Fees payments on the City's debt are also reported here. Sales tax, property tax, franchise 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*.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

The City maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund and the hotel occupancy tax fund, which are considered to be major funds. Data from the other eight 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, 2020

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 \$90,391,937 as of September 30, 2020 in the primary government. Compared to the prior year, the overall financial position of the City has decreased by \$617,650.

The largest portion of the City's net position (61.7 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	
	2020	2019	2020	2019	2020	2019
	\$	\$	\$	\$	\$	\$
Current and other assets	32,565,479	31,451,353	15,122,425	16,217,772	47,687,904	47,669,125
Capital assets, net	54,235,843	56,056,394	17,684,491	18,930,788	71,920,334	74,987,182
Total Assets	86,801,322	87,507,747	32,806,916	35,148,560	119,608,238	122,656,307
Deferred charge on refunding	22,600	110,363	18,901	20,632	41,501	130,995
Deferred outflows - pensions	1,857,224	4,550,257	157,612	399,286	2,014,836	4,949,543
Deferred outflows - OPEB	149,685	55,501	18,274	6,776	167,959	62,277
Total Deferred Outflows of Resources	2,029,509	4,716,121	194,787	426,694	2,224,296	5,142,815
Long-term liabilities	20,740,343	27,197,849	6,456,127	7,135,080	27,196,470	34,332,929
Other liabilities	1,372,941	1,557,227	677,142	852,251	2,050,083	2,409,478
Total Liabilities	22,113,284	28,755,076	7,133,269	7,987,331	29,246,553	36,742,407
Deferred inflows - pensions	1,938,851	-	149,290	-	2,088,141	-
Deferred inflows - OPEB	94,380	42,000	11,523	5,128	105,903	47,128
Total Deferred Inflows of Resources	2,033,231	42,000	160,813	5,128	2,194,044	47,128
Net Position:						
Net investment						
in capital assets	43,554,056	43,894,810	12,220,207	13,128,913	55,774,263	57,023,723
Restricted	8,377,683	7,682,914	6,926,462	5,831,712	15,304,145	13,514,626
Unrestricted	12,752,577	11,849,068	6,560,952	8,622,170	19,313,529	20,471,238
Total Net Position	\$ 64,684,316	\$ 63,426,792	\$ 25,707,621	\$ 27,582,795	\$ 90,391,937	\$ 91,009,587

A portion of the primary government's net position, \$15,304,145 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 remaining balance of unrestricted net position, \$19,313,529 or 21.4 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Statement of Activities

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

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues						
Program revenues:						
Charges for services	\$ 2,059,794	\$ 1,864,917	\$ 5,811,061	\$ 6,001,546	\$ 7,870,855	\$ 7,866,463
Operating grants and contributions	1,065,614	1,385,287	-	-	1,065,614	1,385,287
Capital grants and contributions	84,464	852,322	-	648,616	84,464	1,500,938
General revenues:						
Ad valorem taxes	8,000,761	7,220,478	-	-	8,000,761	7,220,478
Sales taxes	13,086,731	13,273,282	-	-	13,086,731	13,273,282
Franchise fees and local taxes	1,217,341	1,318,479	-	-	1,217,341	1,318,479
Hotel/motel occupancy taxes	1,218,242	1,628,350	-	-	1,218,242	1,628,350
Mixed beverage taxes	424,004	535,849	-	-	424,004	535,849
Investment earnings	321,100	723,748	129,816	330,663	450,916	1,054,411
Other revenues	136,938	221,839	422,428	202,882	559,366	424,721
Total Revenues	27,614,989	29,024,551	6,363,305	7,183,707	33,978,294	36,208,258
Expenses						
General government	3,298,915	5,464,507	-	-	3,298,915	5,464,507
Public safety	13,926,797	14,069,697	-	-	13,926,797	14,069,697
Public works	5,712,574	5,640,056	-	-	5,712,574	5,640,056
Community development	3,239,529	3,127,916	-	-	3,239,529	3,127,916
Interest and fiscal agent fees on long-term debt	429,650	406,460	-	-	429,650	406,460
Water	-	-	3,762,138	2,688,574	3,762,138	2,688,574
Wastewater	-	-	3,742,233	2,727,533	3,742,233	2,727,533
Drainage	-	-	484,108	335,155	484,108	335,155
Total Expenses	26,607,465	28,708,636	7,988,479	5,751,262	34,595,944	34,459,898
Increase (Decrease) in Net Position						
Before Transfers	1,007,524	315,915	(1,625,174)	1,432,445	(617,650)	1,748,360
Transfers In (Out)	250,000	250,000	(250,000)	(250,000)	-	-
Change in Net Position	1,257,524	565,915	(1,875,174)	1,182,445	(617,650)	1,748,360
Beginning Net Position	63,426,792	62,860,877	27,582,795	26,400,350	91,009,587	89,261,227
Ending Net Position	\$ 64,684,316	\$ 63,426,792	\$ 25,707,621	\$ 27,582,795	\$ 90,391,937	\$ 91,009,587

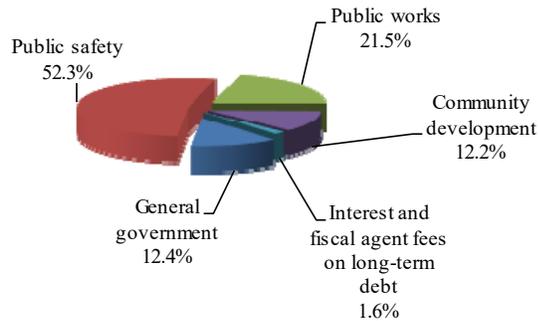
CITY OF WEBSTER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

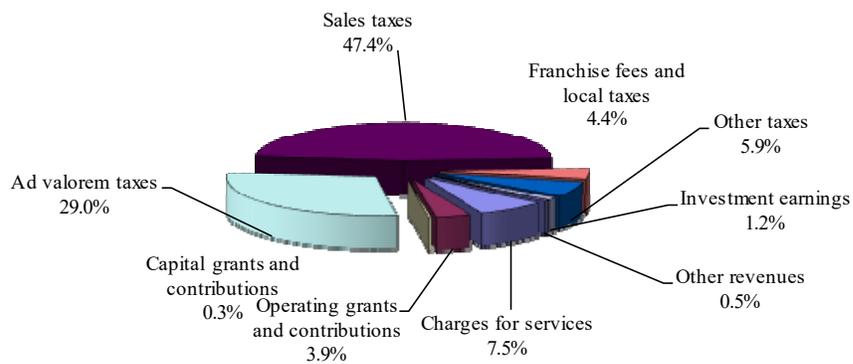
For the Year Ended September 30, 2020

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

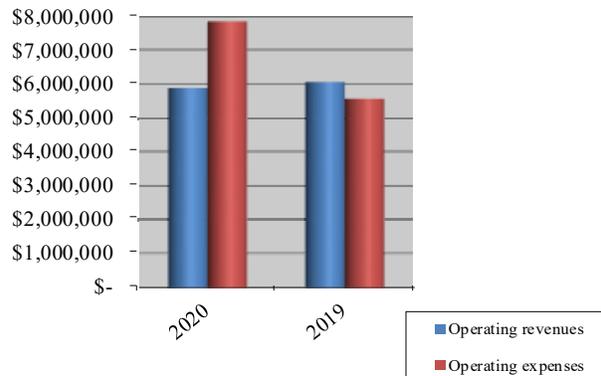
Governmental Activities - Expenses



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, 2020

Governmental Activities

For the year ended September 30, 2020, revenues from governmental activities totaled \$27,614,989. 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 \$780,283 as the result of higher assessed values of properties and an increase in the property tax rate. Capital grants and contributions decreased \$767,858 due to the construction in progress in the Destination Development and the Genesis Boulevard and the Rice Creek projects contributed by the WEDC in fiscal year 2019.

For the year ended September 30, 2020, expenses for governmental activities totaled \$26,607,465, which was a decrease of \$2,101,171 compared to the prior year. General government and public safety experienced the greatest decreases due to more maintenance and repair costs in the prior year.

Business-Type Activities

The City's business-type activities include the operations of providing water, wastewater, and drainage services. In comparison to the prior year, charges for services decreased by \$190,485 or 3.17 percent due to a decrease in consumption in fiscal year 2020. Total costs increased by \$2,237,217 or 38.9 percent due mainly to maintenance costs related to the City's treatment plant.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

The City's governmental funds reflect a combined fund balance of \$26,377,451. Of this, \$33,940 is nonspendable consisting of prepaid items and inventory, \$2,698,874 is assigned, \$8,581,406 is restricted for various purposes, and \$15,063,231 remains as the portion unassigned.

There was an increase in the combined fund balance of \$886,960 from the prior year. Compared to the prior year, revenues decreased \$509,542 due mainly to a decrease in intergovernmental revenues, investment earnings, and other taxes. Expenditures decreased \$4,074,890, 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 \$15,063,388 is \$7,547,866 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 \$569,321 in the general fund balance, bringing ending fund balance to \$15,097,328. Revenues were comparable to the prior year with an increase of \$179,610. Expenditures decreased \$733,648 from the prior year due to decreases in all functions.

There was a decrease of \$85,681 in the debt service fund balance, bringing ending fund balance to \$635,735. The decrease in revenues of \$130,998 is mainly due to a decrease in ad valorem tax revenue. The increase in expenditures of \$105,500 is due to a current refunding in the current year.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

The hotel occupancy tax fund experienced an increase in fund balance of \$741,354 as a result of tax revenue exceeding community development expenditures.

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 decreased during the year by less than one percent due to a decrease in consumer consumption. Drainage charges were comparable to the prior year. Operating expenses increased by 41 percent with the greatest increases in supplies and maintenance costs for the utility system.

GENERAL FUND BUDGETARY HIGHLIGHTS

The General fund operating budget was amended to provide for an additional \$336,100 in costs to cover unanticipated expenditures at the time the original budget was adopted. Significant increases were provided for both City Council and City Secretary for legal fees and a severance payout.

General fund actual revenues were less than anticipated in virtually every category with the exception of licenses and permits as well as contributions. Actual revenues were a net \$1,217,603 less than budgeted for fiscal year 2020.

Actual expenditures were less than budgeted expenditures by \$2,074,253. All functions had positive budget variances, which were largely the result of conservative budgeting practices.

CAPITAL ASSETS

At September 30, 2020, the City's governmental activities had invested \$54,235,843 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net decrease of \$1,820,551.

Major capital asset events during the year included the following:

- Completion of the animal control shelter project of \$1,154,616
- Purchase of 10 vehicles in the amount of \$490,420

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$14,820,000. Of this amount, \$8,795,000 was general obligation debt, while certificates of obligation accounted for \$6,025,000.

The City issued \$3,715,000 in series 2020 general obligation refunding bonds during the year in order to defease the outstanding balance on the series 2012 certificates of obligation and reduce future debt service by \$255,488 over the next twelve years.

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

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

Current underlying ratings on debt issues are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Webster City Council has adopted its annual budget and property tax rate for its fiscal year that begins on October 1, 2020. The budget includes total resources of \$44,867,020 and expenditures of \$43,169,840, including the activity of the Webster Economic Development Corporation. While anticipated revenue is lower than the originally adopted budget for FY 2020-21, expenditures rise slightly from the previous year. A decrease in sales tax and Municipal Court revenue due to the COVID Pandemic has contributed to the decline in overall revenue. Growth in property taxes helped to mitigate the effects of the decline in sales tax. Rising personnel costs are due to annual pay increases for employees. The major street, sidewalk, and park maintenance projects were pushed back a year due to the anticipated effects of the COVID crisis. Capital expenses in the Equipment Replacement Fund were put on hold for the 2020-2021 budget as a cost-saving measure. Expenditures by the Webster Economic Development Corporation increase by \$1,000,000 due to an obligation to reimburse Medistar \$1,000,000 for infrastructure at Destination Development.

Webster's economy was impacted by COVID due to the high level of hospitality and restaurants in Webster. Unemployment rates have increased from 3.9% in 2019 to 4.1% in December of 2020. Property values within the City of Webster also jumped 7.97% above the adjusted 2019 taxable values to \$2.392 billion. The property tax rate increases from \$0.36200 to \$0.37357 per \$100 of taxable value will accumulate an additional \$659,637 for both operations and debt service per the Property Tax Assessor. Sales tax revenue is predicted to decrease by \$1,747,000 or 9.52% with the closing of businesses and lack of consumer confidence. Utility rates are increased by 7% for residential customers and 3% for non-residential customers for FY 2020-21 per the utility rate study conducted in 2017.

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 yearend, 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.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2020

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.

CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

September 30, 2020

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 25,268,334	\$ 12,690,145	\$ 37,958,479	\$ 13,456,625
Investments	4,510,088	1,472,955	5,983,043	-
Receivables (net of allowance for uncollectible)	2,969,764	742,678	3,712,442	779,203
Internal balances	(216,647)	216,647	-	-
Prepaid items	23,995	-	23,995	-
Inventory	9,945	-	9,945	-
Capital assets:				
Nondepreciable	5,939,300	102,269	6,041,569	2,814,414
Net depreciable capital assets	48,296,543	17,582,222	65,878,765	-
Total Assets	<u>86,801,322</u>	<u>32,806,916</u>	<u>119,608,238</u>	<u>17,050,242</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	22,600	18,901	41,501	36,930
Deferred outflows - pensions	1,857,224	157,612	2,014,836	-
Deferred outflows - OPEB	149,685	18,274	167,959	-
Total Deferred Outflows of Resources	<u>2,029,509</u>	<u>194,787</u>	<u>2,224,296</u>	<u>36,930</u>
LIABILITIES				
Accounts payable and accrued liabilities	1,345,921	232,987	1,578,908	1,085,121
Customer deposits	5,100	429,650	434,750	-
Accrued interest payable	18,043	14,505	32,548	13,444
Unearned revenue	3,877	-	3,877	-
Noncurrent liabilities:				
Long-term liabilities due within one year	3,590,866	439,645	4,030,511	683,094
Long-term liabilities due in more than one year	17,149,477	6,016,482	23,165,959	8,421,680
Total Liabilities	<u>22,113,284</u>	<u>7,133,269</u>	<u>29,246,553</u>	<u>10,203,339</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	1,938,851	149,290	2,088,141	-
Deferred inflows - OPEB	94,380	11,523	105,903	-
Total Deferred Inflows of Resources	<u>2,033,231</u>	<u>160,813</u>	<u>2,194,044</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	43,554,056	12,220,207	55,774,263	2,814,414
Restricted for:				
Debt service	635,184	1,232,470	1,867,654	150,807
Enabling legislation	7,742,499	-	7,742,499	-
Construction/capital improvements	-	5,693,992	5,693,992	2,980,385
Economic development	-	-	-	10,006,069
Unrestricted	12,752,577	6,560,952	19,313,529	(9,067,842)
Total Net Position	<u>\$ 64,684,316</u>	<u>\$ 25,707,621</u>	<u>\$ 90,391,937</u>	<u>\$ 6,883,833</u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,298,915	\$ 310,821	\$ 1,030,030	\$ -
Public safety	13,926,797	624,231	35,584	-
Public works	5,712,574	-	-	84,464
Community development	3,239,529	1,124,742	-	-
Interest and fiscal agent fees	429,650	-	-	-
Total Governmental Activities	<u>26,607,465</u>	<u>2,059,794</u>	<u>1,065,614</u>	<u>84,464</u>
Business-Type Activities				
Water	3,762,138	2,736,693	-	-
Wastewater	3,742,233	2,722,213	-	-
Drainage	484,108	352,155	-	-
Total Business-Type Activities	<u>7,988,479</u>	<u>5,811,061</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 34,595,944</u>	<u>\$ 7,870,855</u>	<u>\$ 1,065,614</u>	<u>\$ 84,464</u>
Component Unit				
Webster Economic Development Corporation	\$ 1,978,946	\$ -	\$ -	\$ -
Total Component Unit	<u>\$ 1,978,946</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
\$ (1,958,064)	\$ -	\$ (1,958,064)	\$ -
(13,266,982)	-	(13,266,982)	-
(5,628,110)	-	(5,628,110)	-
(2,114,787)	-	(2,114,787)	-
(429,650)	-	(429,650)	-
<u>(23,397,593)</u>	<u>-</u>	<u>(23,397,593)</u>	<u>-</u>
-	(1,025,445)	(1,025,445)	-
-	(1,020,020)	(1,020,020)	-
-	(131,953)	(131,953)	-
-	(2,177,418)	(2,177,418)	-
<u>(23,397,593)</u>	<u>(2,177,418)</u>	<u>(25,575,011)</u>	<u>-</u>
-	-	-	(1,978,946)
-	-	-	<u>(1,978,946)</u>
8,000,761	-	8,000,761	-
13,086,731	-	13,086,731	4,362,244
1,217,341	-	1,217,341	-
1,218,242	-	1,218,242	-
424,004	-	424,004	-
321,100	129,816	450,916	99,541
136,938	422,428	559,366	-
250,000	(250,000)	-	-
<u>24,655,117</u>	<u>302,244</u>	<u>24,957,361</u>	<u>4,461,785</u>
1,257,524	(1,875,174)	(617,650)	2,482,839
63,426,792	27,582,795	91,009,587	4,400,994
<u>\$ 64,684,316</u>	<u>\$ 25,707,621</u>	<u>\$ 90,391,937</u>	<u>\$ 6,883,833</u>

CITY OF WEBSTER, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2020

	General	Debt Service	Hotel Occupancy Tax	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 8,902,540	\$ 635,703	\$ 7,089,311	\$ 3,479,201
Investments	4,510,088	-	-	-
Receivables (net of allowance for uncollectible)	2,759,501	69,443	138,428	2,392
Due from other funds	157	-	-	-
Prepaid items	23,995	-	-	-
Inventory	9,945	-	-	-
Total Assets	\$ 16,206,226	\$ 705,146	\$ 7,227,739	\$ 3,481,593
LIABILITIES				
Accounts payable and accrued liabilities	\$ 959,771	\$ -	\$ -	\$ 62,395
Customer deposits	5,100	-	-	-
Due to other funds	3,625	-	-	157
Unearned revenue	1,485	-	-	2,392
Total Liabilities	969,981	-	-	64,944
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	138,917	69,411	-	-
Total Deferred Inflows of Resources	138,917	69,411	-	-
FUND BALANCES				
Nonspendable:				
Prepaid items	23,995	-	-	-
Inventory	9,945	-	-	-
Restricted for:				
Debt service	-	635,735	-	-
Construction/capital improvements	-	-	-	203,172
Enabling legislation	-	-	7,227,739	514,760
Emergency management	-	-	-	-
Tax increment reinvestment zone	-	-	-	-
PEG channel	-	-	-	-
Assigned to:				
Special revenue	-	-	-	251,731
Capital projects	-	-	-	2,447,143
Unassigned	15,063,388	-	-	(157)
Total Fund Balances	15,097,328	635,735	7,227,739	3,416,649
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,206,226	\$ 705,146	\$ 7,227,739	\$ 3,481,593

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 20,106,755
4,510,088

2,969,764
157
23,995
9,945

\$ 27,620,704

\$ 1,022,166
5,100
3,782
3,877
1,034,925

208,328
208,328

23,995
9,945

635,735
203,172
7,742,499
-
-
-

251,731
2,447,143
15,063,231
26,377,451

\$ 27,620,704

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CITY OF WEBSTER, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2020

Total fund balances – total governmental funds \$ 26,377,451

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	5,939,300
Capital assets – net depreciable	48,296,543

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

208,328

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.

4,624,802

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

Accrued interest payable	(18,043)
Noncurrent liabilities due in one year	(3,590,866)
Noncurrent liabilities due in more than one year	(17,149,477)
Deferred charge on refunding	22,600
Deferred outflows - pension	1,857,224
Deferred inflows - pension	(1,938,851)
Deferred outflows - OPEB	149,685
Deferred inflows - OPEB	(94,380)

Net Position of Governmental Activities

\$ 64,684,316

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, 2020

	<u>General</u>	<u>Debt Service</u>	<u>Hotel Occupancy Tax</u>	<u>Nonmajor Governmental Funds</u>
REVENUES				
Ad valorem taxes	\$ 5,638,664	\$ 2,342,496	\$ -	\$ -
Sales taxes	13,086,731	-	-	-
Franchise fees	1,192,072	-	-	25,269
Hotel/motel occupancy taxes	-	-	1,218,242	-
Mixed beverage taxes	424,004	-	-	-
Licenses and permits	1,108,417	-	-	-
Fines and forfeitures	528,631	-	-	95,600
Charges for services	327,146	-	-	-
Intergovernmental	-	-	-	35,584
Investment earnings	171,060	8,610	53,379	37,183
Contributions	700,000	330,030	-	-
Other revenue	123,572	-	25	13,341
Total Revenues	<u>23,300,297</u>	<u>2,681,136</u>	<u>1,271,646</u>	<u>206,977</u>
EXPENDITURES				
Current				
General government	4,252,101	-	-	14,790
Public safety	12,765,269	-	-	53,174
Public works	3,704,412	-	-	-
Community development	1,824,785	-	481,482	-
Capital Outlay	-	-	-	1,070,047
Debt Service				
Principal	-	2,420,000	-	-
Interest and fiscal charges	-	351,186	-	-
Bond issuance costs	-	127,841	-	-
Total Expenditures	<u>22,546,567</u>	<u>2,899,027</u>	<u>481,482</u>	<u>1,138,011</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>753,730</u>	<u>(217,891)</u>	<u>790,164</u>	<u>(931,034)</u>
OTHER FINANCING SOURCES (USES)				
Issuance of debt	-	3,715,000	-	-
Premium on debt issuance	-	832,448	-	-
Payment to refunding bond escrow agent	-	(4,415,238)	-	-
Transfers in	310,810	-	-	605,000
Transfers out	(605,000)	-	(48,810)	(12,000)
Sale of capital assets	109,781	-	-	-
Total Other Financing Sources (Uses)	<u>(184,409)</u>	<u>132,210</u>	<u>(48,810)</u>	<u>593,000</u>
Net Change in Fund Balances	569,321	(85,681)	741,354	(338,034)
Beginning Fund Balances	14,528,007	721,416	6,486,385	3,754,683
Ending Fund Balances	<u>\$ 15,097,328</u>	<u>\$ 635,735</u>	<u>\$ 7,227,739</u>	<u>\$ 3,416,649</u>

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 7,981,160
13,086,731
1,217,341
1,218,242
424,004
1,108,417
624,231
327,146
35,584
270,232
1,030,030
136,938
27,460,056

4,266,891
12,818,443
3,704,412
2,306,267
1,070,047

2,420,000
351,186
127,841

27,065,087

394,969

3,715,000
832,448
(4,415,238)
915,810
(665,810)
109,781

491,991

886,960

25,490,491

\$ 26,377,451

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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, 2020

Net changes in fund balances – total governmental funds	\$	886,960
Amounts reported for governmental activities in the Statement of Activities are different because:		
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.		
Depreciation		(2,953,231)
Capital outlay		1,048,216
Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.		
		19,601
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		2,420,000
Issuance of debt		(3,715,000)
Premium on debt issued		(832,448)
Payment to refunding bond escrow agent		4,360,000
Amortization of deferred charges		105,166
Accrued interest		(551)
Compensated absences		(129,657)
Net pension liability		4,247,033
Total OPEB liability		(85,351)
Amortization of deferred outflows - pensions		(230,052)
Amortization of deferred inflows - pensions		(4,401,832)
Amortization of deferred outflows - OPEB		94,184
Amortization of deferred inflows - OPEB		(52,380)
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.		
		392,402
Change in Net Position of Governmental Activities	\$	<u>1,257,524</u>

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities Utility Fund	Governmental Activities Internal Service Funds
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 12,690,145	\$ 5,161,579
Investments	1,472,955	-
Receivables, net	742,678	-
Due from other funds	423	3,202
Total Current Assets	14,906,201	5,164,781
Noncurrent Assets		
Capital assets:		
Nondepreciable	102,269	-
Depreciable capital assets	40,657,029	6,262,545
Less: accumulated depreciation	(23,074,807)	(4,233,792)
Total Capital Assets (Net)	17,684,491	2,028,753
Total Noncurrent Assets	17,684,491	2,028,753
Total Assets	32,590,692	7,193,534
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	18,901	-
Deferred outflows - pensions	157,612	40,150
Deferred outflows - OPEB	18,274	3,849
Total Deferred Outflows of Resources	194,787	43,999
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	232,987	323,755
Accrued interest payable	14,505	-
Current portion of compensated absences	90,323	22,554
Customer deposits	429,650	-
Current portion of bonds payable (net of deferred charges)	349,322	-
Total Current Liabilities	1,116,787	346,309
Noncurrent Liabilities		
Compensated absences	18,601	5,460
Net pension liability	755,821	213,435
Total OPEB liability	108,197	22,504
Bonds payable (net of deferred charges)	5,133,863	-
Total Noncurrent Liabilities	6,016,482	241,399
Total Liabilities	7,133,269	587,708
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pensions	149,290	32,969
Deferred inflows - OPEB	11,523	2,440
Total Deferred Inflows of Resources	160,813	35,409
NET POSITION		
Net investment in capital assets	12,220,207	2,028,753
Restricted for debt service	1,232,470	-
Restricted for construction/capital improvements	5,693,992	-
Unrestricted	6,344,728	4,585,663
Total Net Position	25,491,397	\$ 6,614,416
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	216,224	
Net position of business-type activities	\$ 25,707,621	

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, 2020

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Water charges	\$ 2,736,693	\$ -
Wastewater charges	2,722,213	-
Drainage charges	352,155	-
Penalties and reconnect fees	41,475	-
Charges for services	-	3,908,546
Other revenue	32,651	23,709
Total Operating Revenues	5,885,187	3,932,255
OPERATING EXPENSES		
Personnel	1,506,289	2,703,685
Supplies	1,339,589	12,980
Maintenance	2,926,646	77,752
Services	830,274	310,548
Depreciation	1,249,351	748,122
Total Operating Expenses	7,852,149	3,853,087
Operating Income (Loss)	(1,966,962)	79,168
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	129,816	50,868
Interest expense	(169,742)	-
Impact fees	348,302	-
Gain on sale of capital assets	-	125,996
Total Nonoperating Revenues	308,376	176,864
Income (Loss) Before Transfers	(1,658,586)	256,032
TRANSFERS		
Transfers (out)	(250,000)	-
Change in Net Position	(1,908,586)	256,032
Beginning Net Position	27,399,983	6,358,384
Ending Net Position	\$ 25,491,397	\$ 6,614,416
Change in net position before adjustment	\$ (1,908,586)	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	33,412	
Change in net position of business-type activities	\$ (1,875,174)	

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, 2020

	Business-Type Activities	Governmental Activities
	Utility Fund	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 6,025,851	\$ -
Receipts from interfund charges for equipment replacement	-	877,568
Receipts from interfund charges for information technology	-	788,810
Receipts from interfund charges for employee benefits	-	2,337,926
Payments to suppliers	(5,288,960)	(2,503,966)
Payments to employees	(1,458,328)	(350,286)
Net Cash Provided (Used) by Operating Activities	(721,437)	1,150,052
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Impact fees	348,302	-
Transfers to other funds	(250,000)	-
Net Cash Provided by Noncapital Financing Activities	98,302	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(3,054)	(590,721)
Principal paid on debt	(315,000)	-
Interest paid on debt	(194,064)	-
Proceeds from sale of capital assets	-	125,996
Net Cash (Used) by Capital and Related Financing Activities	(512,118)	(464,725)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	6,754,011	2,822,177
Purchase of investments	(2,817,181)	(1,142,656)
Interest on investments	129,816	50,868
Net Cash Provided by Investing Activities	4,066,646	1,730,389
Net Increase in Cash and Cash Equivalents	2,931,393	2,415,716
Beginning Cash and Cash Equivalents	9,758,752	2,745,863
Ending Cash and Cash Equivalents	\$ 12,690,145	\$ 5,161,579

CITY OF WEBSTER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2020

	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)	\$ (1,966,962)	\$ 79,168
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	1,249,351	748,122
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	116,150	93,880
Due from other funds	1,310	(3,202)
Prepaid expenses	5,862	3,092
Deferred outflows	231,907	62,992
Increase (Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	(199,623)	238,442
Compensated absences	8,648	3,362
Unearned revenue	-	(21,831)
Customer deposits	24,514	-
Net pension liability	(358,699)	(90,486)
Total OPEB liability	10,420	2,174
Deferred inflows	155,685	34,339
Net Cash Provided (Used) by Operating Activities	\$ (721,437)	\$ 1,150,052

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2020

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

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

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

Discretely Presented Component Unit

Webster Economic Development Corporation

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

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

B. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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.

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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.

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

4. Capital Assets

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

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

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

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

5. Deferred Outflows/Inflows of Resources

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

Deferred outflows/inflows of resources are amortized as follows:

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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.

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

11. Estimates

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

12. Pensions

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

13. Other Postemployment Benefits

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

14. Comparative Data

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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 a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control in the approved budget is the division level within a fund. The City Manager may transfer appropriations within a division without seeking the approval of City Council, but changes to the total appropriation for a given division can only be enacted by the Mayor and Council through a budget amendment ordinance. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made during the year.

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

A. Deficit Fund Balance

The grant fund reported a deficit fund balance of \$156 as of year end. The deficit will be eliminated upon meeting all eligibility criteria for the grant in the next fiscal year.

B. Expenditures in Excess of Appropriations

Expenditures exceeded appropriations at the legal level of control for the debt service fund related to the payment to refunding bond escrow agent and bond issuance costs in the amount of \$4,415,238 and \$127,841. However, City Council did authorize this transaction with the Ordinance authorizing the issuance of the series 2020 General Obligation Refunding bonds.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2020, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 4,985,983	1.03
Certificates of deposit	997,059	1.56
External investment pools	15,040,178	0.00
Total fair value	<u>\$ 21,023,220</u>	
Portfolio weighted average maturity		0.29

Fair Value Measurements

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

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

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

At September 30, 2020, the City had the following recurring fair value measurements:

Investments by Fair Value Level	September 30, 2020	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
<u>U.S. Government Agency Bonds/Notes</u>		
US Treasury	\$ 615,633	\$ 615,633
Federal Home Loan Bank	2,392,030	2,392,030
Federal Farm Credit Bank	1,978,320	1,978,320
External investment pool, TX-FIT	7,001,239	7,001,239
Total	\$ 11,987,222	\$ 11,987,222

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, 2020, 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, 2020 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, 2020, 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, 2020

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, 2020

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. The cash pool 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, the pool is managed as a dollar-in/dollar-out product and has a floating net asset value. The fair value of the position in the pool is the same as the value of the pool shares. The pool 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 the pool's net asset value using third party supplied, mark-to-market pricing with internal validation and monitoring. Water Walker Investments (WWI) serves as the pools' investment advisor. Fitch ratings has assigned AAf/S1 fund credit quality rating and fund market risk sensitivity rating as of yearend. 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 the pool 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.

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	<u>General</u>	<u>Debt Service</u>	<u>Hotel Occupancy Tax</u>	<u>Nonmajor Funds</u>
Ad valorem taxes	\$ 138,978	\$ 69,774	\$ -	\$ -
Other taxes	2,521,383	-	138,428	-
Accrued interest	18,231	-	-	-
Intergovernmental	-	-	-	2,392
Other	80,910	-	-	-
Less allowance	(1)	(331)	-	-
	<u>\$ 2,759,501</u>	<u>\$ 69,443</u>	<u>\$ 138,428</u>	<u>\$ 2,392</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Proprietary Funds

	<u>Enterprise</u>
Accounts	\$ 836,299
Accrued interest	1,923
Less allowance	<u>(95,544)</u>
	<u>\$ 742,678</u>

C. Capital Assets

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

	<u>Primary Government</u>			
	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,368,329	\$ -	\$ -	\$ 5,368,329
Construction in progress	<u>746,088</u>	<u>1,050,220</u>	<u>(1,225,337)</u>	<u>570,971</u>
Total capital assets not being depreciated	<u>6,114,417</u>	<u>1,050,220</u>	<u>(1,225,337)</u>	<u>5,939,300</u>
Other capital assets:				
Buildings and improvements	24,878,047	1,154,616	-	26,032,663
Furniture and equipment	14,257,407	1,004,150	(850,969)	14,410,588
Infrastructure	58,232,012	-	-	58,232,012
Total other capital assets	<u>97,367,466</u>	<u>2,158,766</u>	<u>(850,969)</u>	<u>98,675,263</u>
Less accumulated depreciation for:				
Buildings and improvements	(11,691,924)	(641,458)	-	(12,333,382)
Furniture and equipment	(8,723,789)	(1,339,329)	850,969	(9,212,149)
Infrastructure	<u>(27,009,776)</u>	<u>(1,823,413)</u>	<u>-</u>	<u>(28,833,189)</u>
Total accumulated depreciation	<u>(47,425,489)</u>	<u>(3,804,200)</u>	<u>850,969</u>	<u>(50,378,720)</u>
Other capital assets, net	<u>49,941,977</u>	<u>(1,645,434)</u>	<u>-</u>	<u>48,296,543</u>
Governmental Activities Capital Assets, Net	<u>\$ 56,056,394</u>	<u>\$ (595,214)</u>	<u>\$ (1,225,337)</u>	<u>54,235,843</u>
				(10,704,387)
				<u>22,600</u>
			Net Investment in Capital Assets	<u>\$ 43,554,056</u>

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Depreciation was charged to governmental functions as follows:

General government	\$	212,737
Public safety		884,405
Public works		1,081,585
Community development		877,350
Internal service funds		748,123
Total Governmental Activities Depreciation Expense		<u><u>\$ 3,804,200</u></u>

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

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

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

Remaining commitments under related construction contracts for general government construction projects at September 30, 2020 are as follows:

<u>Project Description</u>	<u>Authorized Budget</u>	<u>Expenditures</u>	<u>Remaining Commitment</u>
Monument Park	\$ 101,500	\$ 73,957	\$ 27,543
Egret Bay Park	380,000	-	380,000
Blossom Paving/Drainage	850,000	30,695	819,305
Nasa Bypass Extension	500,000	83,663	416,337
Bay Area Sidewalks	125,000	32,647	92,353
Commerce Street Overlay	200,000	164,049	35,951
Medical Center Sidewalks	300,000	61,325	238,675
FM 270 Park	193,500	91,325	102,175
City Hall Fountain	45,000	14,826	30,174
Destination Development	6,773,900	5,119,507	1,654,393
	<u>\$ 9,468,900</u>	<u>\$ 5,671,994</u>	<u>\$ 3,796,906</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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	331,677	3,054	(334,731)	-
Total capital assets not being depreciated	<u>433,946</u>	<u>3,054</u>	<u>(334,731)</u>	<u>102,269</u>
Other capital assets:				
Building and improvements	27,272,542	334,731	-	27,607,273
Furniture and equipment	228,509	-	-	228,509
Water and wastewater system	12,821,247	-	-	12,821,247
Total other capital assets	<u>40,322,298</u>	<u>334,731</u>	<u>-</u>	<u>40,657,029</u>
Less accumulated depreciation for:				
Building and improvements	(12,313,009)	(871,484)	-	(13,184,493)
Furniture and equipment	(114,282)	(31,568)	-	(145,850)
Water and wastewater system	(9,398,165)	(346,299)	-	(9,744,464)
Total accumulated depreciation	<u>(21,825,456)</u>	<u>(1,249,351)</u>	<u>-</u>	<u>(23,074,807)</u>
Other capital assets, net	<u>18,496,842</u>	<u>(914,620)</u>	<u>-</u>	<u>17,582,222</u>
Business-Type Activities Capital Assets, Net	<u>\$ 18,930,788</u>	<u>\$ (911,566)</u>	<u>\$ (334,731)</u>	<u>17,684,491</u>
				Less debt associated with capital assets (5,483,185)
				Plus deferred charge on refunding 18,901
				<u>Net Investment in Capital Assets</u> <u>\$ 12,220,207</u>

Depreciation was charged to business-type functions as follows:

Water	\$ 450,840
Wastewater	798,511
Total Business-Type Activities Depreciation Expense	<u>\$ 1,249,351</u>

Remaining commitments under related construction contracts for business-type construction projects at September 30, 2020 are as follows:

<u>Project Description</u>	<u>Authorized Budget</u>	<u>Expenditures</u>	<u>Remaining Commitment</u>
42" Water Line	\$ 400,000	\$ 121,431	\$ 278,569
Jasmine 12" Wtr/Swr Ln	268,650	-	268,650
	<u>\$ 668,650</u>	<u>\$ 121,431</u>	<u>\$ 547,219</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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	\$ 3,445,000	\$ 3,715,000	\$ (1,705,000)	\$ 5,455,000	\$ 1,960,000
Certificates of obligation	9,260,000	-	(5,075,000)	4,185,000	455,000
Plus bond premium	424,868	832,448	(192,929)	1,064,387	154,798
	<u>13,129,868</u>	<u>4,547,448</u>	<u>(6,972,929)</u>	<u>10,704,387</u>	<u>2,569,798</u>
Other liabilities:					
Net pension liability	12,126,652	-	(4,247,033)	7,879,619	-
Total OPEB liability	802,747	85,351	-	888,098	-
Compensated absences	1,138,582	1,046,338	(916,681)	1,268,239	1,021,068
Total Governmental Activities	<u>\$ 27,197,849</u>	<u>\$ 5,679,137</u>	<u>\$ (12,136,643)</u>	<u>\$ 20,740,343</u>	<u>\$ 3,590,866</u>
Business-Type Activities:					
General obligation bonds	\$ 3,585,000	\$ -	\$ (245,000)	\$ 3,340,000 ⁽²⁾	\$ 255,000
Certificates of obligation	1,910,000	-	(70,000)	1,840,000 ⁽²⁾	70,000
Plus bond premiums	327,507	-	(24,322)	303,185 ⁽²⁾	24,322
Net pension liability	1,114,520	-	(358,699)	755,821	-
Total OPEB liability	97,777	10,420	-	108,197	-
Compensated absences	100,276	91,800	(83,152)	108,924	90,323
Total Business-Type Activities	<u>\$ 7,135,080</u>	<u>\$ 102,220</u>	<u>\$ (781,173)</u>	<u>\$ 6,456,127</u>	<u>\$ 439,645</u>
WEDC:					
Bonds payable	\$ 9,415,000	\$ -	\$ (625,000)	\$ 8,790,000	\$ 635,000
Plus bond premiums	362,868	-	(48,094)	314,774	48,094
Total WEDC	<u>\$ 9,777,868</u>	<u>\$ -</u>	<u>\$ (673,094)</u>	<u>\$ 9,104,774</u>	<u>\$ 683,094</u>

(1) Debt associated with governmental capital assets \$ 10,704,387

(2) Debt associated with business-type capital assets \$ 5,483,185

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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 2013	1.50-2.00%	\$ 1,205,000
Series 2010	4.00-4.50%	535,000
Series 2020	3.00%	3,715,000
Total General Obligation Bonds		5,455,000
Certificates of Obligation		
Tax and Revenue Certificates of Obligation		
Series 2018A	3.00-4.00%	4,185,000
Total Certificates of Obligation		4,185,000
Total Governmental Activities Long-Term Debt		\$ 9,640,000
<u>Business-Type Activities</u>		
General Obligation Bonds		
Water and Sewer Refunding Bonds, Series 2014	3.00-4.00%	\$ 3,340,000
Total General Obligation Bonds		3,340,000
Certificates of Obligation		
Tax and Revenue Certificates of Obligation, Series 2018B	3.50-4.00%	1,840,000
Total Certificates of Obligation		1,840,000
Total Business-Type Activities Long-Term Debt		\$ 5,180,000
<u>WEDC</u>		
Sales Tax Revenue Refunding Bonds		
Series 2015	2.00-4.00%	\$ 480,000
Sales Tax Revenue Bonds		
Series 2017	3.75-5.00%	8,310,000
Total Component Unit Long-Term Debt		\$ 8,790,000

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

Current Refunding

In the current year the City issued \$3,715,000 in general obligation refunding bonds, series 2020 with an interest rate of five percent. The proceeds were used to provide for a current refunding of \$4,360,000 of outstanding certificates of obligation, series 2012 which had interest at three percent. The net proceeds of \$4,547,447 (including a \$832,448 premium and after payment of \$132,210 in underwriting fees and other issuance costs) were deposited in an irrevocable trust with an escrow agent to provide funds for the future debt service payment on the refunded bonds. As a result, the series 2012 certificates of obligation are

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

considered defeased and the liability for those certificates has been removed from the statement of net position. The reacquisition price exceeded the net carrying amount of the debt by \$55,238 and has been expensed based on materiality. The current refunding reduced future total debt service payments by \$255,488 and resulted in an economic gain of \$231,192.

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.

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

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2021	\$ 1,960,000	\$ 199,988
2022	235,000	168,875
2023	245,000	156,875
2024	265,000	144,125
2025	280,000	130,500
2026-2030	1,655,000	420,125
2031-2035	815,000	41,375
Total	\$ 5,455,000	\$ 1,261,863

Year Ending Sept. 30	Business-Type Activities	
	Principal	Interest
2021	\$ 255,000	\$ 111,263
2022	265,000	101,063
2023	270,000	90,463
2024	285,000	79,663
2025	300,000	68,975
2026-2030	1,610,000	205,495
2031	355,000	11,005
Total	\$ 3,340,000	\$ 667,927

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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
2021	\$ 455,000	\$ 146,650
2022	475,000	128,050
2023	490,000	108,750
2024	510,000	88,750
2025	535,000	67,850
2026-2030	1,720,000	81,225
Total	\$ 4,185,000	\$ 621,275

Year Ending Sept. 30	Business-Type Activities	
	Principal	Interest
2021	\$ 70,000	\$ 68,400
2022	75,000	65,500
2023	80,000	62,400
2024	80,000	59,200
2025	85,000	55,900
2026-2030	475,000	225,500
2031-2035	575,000	123,150
2036-2038	400,000	21,175
Total	\$ 1,840,000	\$ 681,225

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Revenue Bonds – WEDC

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

Year Ending Sept. 30	WEDC	
	Principal	Interest
2021	\$ 635,000	\$ 324,444
2022	405,000	307,094
2023	425,000	286,844
2024	445,000	265,594
2025	470,000	243,344
2026-2030	2,635,000	934,969
2031-2035	3,090,000	468,575
2036	685,000	25,688
Total	\$ 8,790,000	\$ 2,856,552

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.

E. Interfund Transactions

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

Transfer In	Transfer Out	Amounts
General Fund	Utility Fund	\$ 250,000
General Fund	Hotel Fund	48,810
General Fund	Nonmajor Governmental Funds	12,000
Nonmajor Governmental Funds	General Fund	605,000
		\$ 915,810

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

Receivable Fund	Payable Fund	Amounts
General Fund	Nonmajor Governmental Fund	\$ 157
Utility Fund	General Fund	423
Internal Service Fund	General Fund	3,202
		\$ 3,782

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, 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 yearend, 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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

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

Benefits Provided

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

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

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

	<u>2020</u>	<u>2019</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	112
Inactive employees entitled to, but not yet receiving, benefits	104
Active employees	159
Total	375

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 17.41 percent and 17.70 percent in calendar years 2019 and 2020, respectively. The City’s contributions to TMRS for the fiscal year ended September 30, 2020 were \$2,136,732.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of December 31, 2019 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, 2019 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	

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB (10) mortality tables with the Public Safety table used for males and the general employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5 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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates (APRs) 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	100.00%	

Discount Rate

The discount rate used to measure the TPL was 6.75 percent. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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	\$ 2,381,462	\$ -	\$ 2,381,462
Interest	4,422,476	-	4,422,476
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(282,083)	-	(282,083)
Changes in assumptions	(17,053)	-	(17,053)
Contributions - employer	-	2,171,634	(2,171,634)
Contributions - employee	-	873,230	(873,230)
Net investment income	-	8,112,856	(8,112,856)
Benefit payments, including refunds of employee contributions	(2,708,785)	(2,708,785)	-
Administrative expense	-	(45,810)	45,810
Other changes	-	(1,376)	1,376
Net Changes	3,796,017	8,401,749	(4,605,732)
Balance at December 31, 2018	65,681,820	52,440,647	13,241,173
Balance at December 31, 2019	\$ 69,477,837	\$ 60,842,396	\$ 8,635,441

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	\$ 18,922,219	8,635,441	\$ 235,096

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$2,554,733.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

At September 30, 2020, 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	\$ 405,979	\$ 225,747
Changes in actuarial assumptions	9,086	13,386
Difference between projected and actual investment earning	-	1,849,008
Contributions subsequent to the measurement date	1,599,771	-
Total	\$ 2,014,836	\$ 2,088,141

\$1,599,771 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, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ended September 30	Pension Expense
2021	\$ (396,613)
2022	(421,876)
2023	101,851
2024	(956,438)
Total	\$ (1,673,076)

E. Other Postemployment Benefits

1. TMRS – Supplemental Death Benefits Fund

Plan Description

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

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	81
Inactive employees entitled to, but not yet receiving, benefits	23
Active employees	159
Total	263

Total OPEB Liability

The City's total OPEB liability of \$586,259 was measured as of December 31, 2019 and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75%*
Retirees' share of benefit-related costs	Zero
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
Mortality rates-service retirees	2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.
Mortality rates-disabled retirees	2019 Municipal Retirees of Texas Mortality Tables with a 4 year set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

* The discount rate is based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

The actuarial assumptions used in the December 31, 2019 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

		<u>Total OPEB Liability</u>
Changes for the year:		
Service cost	\$	19,949
Interest		18,912
Differences between expected and actual experience		(45,724)
Change in assumptions		95,201
Benefit payments		<u>(3,741)</u>
Net Changes		84,597
Balance at September 30, 2019		<u>501,662</u>
Balance at September 30, 2020	\$	<u>586,259</u>

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 (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	<u>\$ 714,582</u>	<u>\$ 586,259</u>	<u>\$ 487,661</u>

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$48,650. 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	\$ 6,826	\$ 38,786
Changes in actuarial assumptions	102,835	24,506
Contributions subsequent to the measurement date	2,711	-
Total	<u>\$ 112,372</u>	<u>\$ 63,292</u>

\$2,711 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, 2021.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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>
2021	\$ 9,789
2022	9,789
2023	9,789
2024	7,406
2025	5,167
Thereafter	4,429
Total	\$ 46,369

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, 2019 is summarized below:

Inactive employees or beneficiaries currently receiving benefits	3
Active employees	152
Total	155

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 \$410,036 was measured as of December 31, 2019 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, 2020

Actuarial Assumptions and Other Inputs

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

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	2.75% as of December 31, 2019
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% for members retiring at age 55 and after; 5% for members retiring before age 55; retirees are assumed to discontinue coverage at Medicare age.

The discount rate changed from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019. 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	\$ 23,448
Interest	14,726
Difference between expected and actual experience	(29,907)
Changes in assumptions	30,221
Benefit payments	(27,314)
	Net Changes
	11,174
Balance at September 30, 2019	398,862
Balance at September 30, 2020	\$ 410,036

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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 2.75%, 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 (1.75%)	Discount Rate (2.75%)	1% Increase in Discount Rate (3.75%)
City's Total OPEB Liability	\$ 452,159	\$ 410,036	\$ 370,979

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	\$ 352,533	\$ 410,036	\$ 479,466

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

For the year ended September 30, 2020, the City recognized OPEB expense of \$38,291. 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	\$ 41,753	\$ 13,819
Differences between expected and actual experience	-	28,792
Contributions subsequent to the measurement date	13,834	-
Total	\$ 55,587	\$ 42,611

\$13,834 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, 2021.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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>
2021	\$ 117
2022	117
2023	117
2024	117
2025	117
Thereafter	(1,443)
Total	<u><u>\$ (858)</u></u>

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. 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, 2020, the total taxable value of property within the District was approximately \$106,000,000. The date when property values will increase beyond the payment threshold is undeterminable.

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

G. 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, 2020, the City’s total investment in SEWPP totaled \$5,501,009. The net investment reported is \$2,337,579, which includes accumulated depreciation of \$3,141,659.

Agreement with WEDC

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

H. 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. 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 2020, the WEDC made incentive payments of \$32,842, \$26,000 was for escrow for Destination Development. The remaining \$7,842 was for MCI / Verizon redesign of facilities in the City. No tax rebates or fee reductions were provided by the City of which during the year.

° On February 4, 2020, the City passed a resolution authorizing the expenditure of \$600,000 from the WEDC to promote new business enterprise within Project Gateway which was a project developed by the WEDC in 2016.

° On February 4, 2020, the City passed a resolution authorizing an advanced funding agreement with the Texas Department of Transportation for infrastructure improvements at the southeast intersection of I-45 and Bay Area Boulevard, which is also a part of Project Gateway.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2020

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

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, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Budgeted Amounts		2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
	Original Budget	Budget as Amended			
REVENUES					
Ad valorem taxes	\$ 5,972,930	\$ 5,972,930	\$ 5,638,664	\$ (334,266)	\$ 4,671,624
Sales taxes	13,760,000	13,760,000	13,086,731	(673,269)	13,273,282
Franchise fees	1,240,890	1,240,890	1,192,072	(48,818)	1,288,536
Mixed beverage taxes	492,790	492,790	424,004	(68,786)	535,849
Licenses and permits	538,160	538,160	1,108,417	570,257	491,498
Fines and forfeitures	921,440	921,440	528,631	(392,809)	851,869
Charges for services	431,960	431,960	327,146	(104,814)	437,740
Other	164,880	164,880	123,572	(41,308)	219,712
Investment earnings	294,850	294,850	171,060	(123,790)	344,121
Contributions	700,000	700,000	700,000	-	700,000
Total Revenues	24,517,900	24,517,900	23,300,297	(1,217,603)	22,814,231
EXPENDITURES					
General government					
City council	517,180	678,810	624,807	54,003	563,011
City secretary	669,860	755,070	565,501	189,569	707,346
City manager	712,330	719,700	640,006	79,694	762,159
Finance	968,670	981,270	931,821	49,449	1,009,200
Municipal court	705,550	705,550	590,572	114,978	704,896
Human resources	596,180	597,180	456,540	140,640	586,539
Economic development	477,090	477,090	442,854	34,236	388,250
Total general government	4,646,860	4,914,670	4,252,101	662,569	4,721,401
Public safety					
Police					
Administration	2,116,320	2,116,320	2,077,895	38,425	1,635,259
CID	1,020,040	1,026,840	1,009,746	17,094	1,006,465
Patrol	4,633,630	4,658,630	4,449,542	209,088	4,680,897
Communications	1,437,800	1,437,800	1,300,016	137,784	1,513,798
Total police	9,207,790	9,239,590	8,837,199	402,391	8,836,419
Emergency management	-	3,290	3,287	3	-
Fire					
Prevention	1,169,650	1,169,650	737,904	431,746	1,028,206
Operations	3,338,030	3,338,030	3,186,879	151,151	2,978,465
Total fire	4,507,680	4,507,680	3,924,783	582,897	4,006,671
Total public safety	13,715,470	13,750,560	12,765,269	985,291	12,843,090

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, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Budgeted Amounts		2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
	Original Budget	Budget as Amended			
Public works					
Administrative	\$ 995,850	\$ 1,020,850	\$ 979,780	\$ 41,070	\$ 963,780
Maintenance	1,673,610	1,676,110	1,566,325	109,785	1,801,215
Parks	1,249,400	1,249,400	1,158,307	91,093	1,018,057
Total public works	<u>3,918,860</u>	<u>3,946,360</u>	<u>3,704,412</u>	<u>241,948</u>	<u>3,783,052</u>
Community development					
Community development					
Administrative	673,330	674,430	662,932	11,498	682,554
Building	818,690	823,290	779,373	43,917	785,243
Recreational	511,510	511,510	382,480	129,030	464,875
Total community development	<u>2,003,530</u>	<u>2,009,230</u>	<u>1,824,785</u>	<u>184,445</u>	<u>1,932,672</u>
Total Expenditures	<u>24,284,720</u>	<u>24,620,820</u>	<u>22,546,567</u>	<u>2,074,253</u>	<u>23,280,215</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>233,180</u>	<u>(102,920)</u>	<u>753,730</u>	<u>856,650</u>	<u>(465,984)</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	310,810	310,810	310,810	-	419,424
Transfers out	(607,500)	(607,500)	(605,000)	2,500	(138,904)
Sale of capital assets	12,870	12,870	109,781	96,911	1,641
Total Other Financing Sources (Uses)	<u>(283,820)</u>	<u>(283,820)</u>	<u>(184,409)</u>	<u>99,411</u>	<u>282,161</u>
Net Change in Fund Balance	<u>\$ (50,640)</u>	<u>\$ (386,740)</u>	<u>569,321</u>	<u>\$ 956,061</u>	<u>\$ (183,823)</u>
Beginning Fund Balance			<u>14,556,183</u>		
Ending Fund Balance			<u>\$ 15,125,504</u>		

Notes to Required Supplementary Information:

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

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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, 2020
With Comparative Totals for the Year Ended September 30, 2019

	<u>Budgeted Amounts</u>		<u>2020</u> <u>Actual</u>	<u>Variance</u> <u>with Final</u> <u>Budget</u> <u>Positive</u> <u>(Negative)</u>	<u>2019</u> <u>Actual</u>
	<u>Original</u> <u>Budget</u>	<u>Budget as</u> <u>Amended</u>			
REVENUES					
Hotel/motel occupancy taxes	\$ 1,650,000	\$ 1,650,000	\$ 1,218,242	\$ (431,758)	\$ 1,628,350
Other revenue	-	-	25	25	127
Investment earnings	122,770	122,770	53,379	(69,391)	127,424
Total Revenues	<u>1,772,770</u>	<u>1,772,770</u>	<u>1,271,646</u>	<u>(501,124)</u>	<u>1,755,901</u>
EXPENDITURES					
Community development	580,900	580,900	481,482	99,418	569,437
Total Expenditures	<u>580,900</u>	<u>580,900</u>	<u>481,482</u>	<u>99,418</u>	<u>569,437</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,191,870</u>	<u>1,191,870</u>	<u>790,164</u>	<u>(401,706)</u>	<u>1,186,464</u>
OTHER FINANCING (USES)					
Transfers out	(48,810)	(48,810)	(48,810)	-	(44,400)
Total Other Financing (Uses)	<u>(48,810)</u>	<u>(48,810)</u>	<u>(48,810)</u>	<u>-</u>	<u>(44,400)</u>
Net Change in Fund Balance	<u>\$ 1,143,060</u>	<u>\$ 1,143,060</u>	741,354	<u>\$ (401,706)</u>	<u>\$ 1,142,064</u>
Beginning Fund Balance			<u>6,486,385</u>		
Ending Fund Balance			<u>\$ 7,227,739</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, 2020

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

Measurement Year

2018		2019	
\$	2,253,187	\$	2,381,462
	4,147,333		4,422,476
	200,666		(282,083)
	-		(17,053)
	(2,469,495)		(2,708,785)
	<u>4,131,691</u>		<u>3,796,017</u>
	<u>61,550,129</u>		<u>65,681,820</u>
\$	<u>65,681,820</u>	\$	<u>69,477,837</u>

\$	2,030,123	\$	2,171,634
	830,559		873,230
	(1,609,157)		8,112,856
	(2,469,495)		(2,708,785)
	(31,083)		(45,810)
	(1,624)		(1,376)
	<u>(1,250,677)</u>		<u>8,401,749</u>
	<u>53,691,325</u>		<u>52,440,647</u>
\$	<u>52,440,648</u>	\$	<u>60,842,396</u>
\$	<u>13,241,172</u>	\$	<u>8,635,441</u>

79.84% 87.57%

\$	11,865,122	\$	12,468,389
	111.60%		69.26%

CITY OF WEBSTER, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2020

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

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	26 years
Asset valuation method	10 year smoothed market; 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB (10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

Other Information:

There were no benefit changes during the year.

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

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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, 2020

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

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

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

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Inflation	2.0%
Salary increases	3.50% to 11.5% including inflation.
Discount rate	2.75%
Administrative expenses	All administrative expenses are paid through the PTF and accounted for under reporting requirements under GASB Statement No. 68.
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 years set-forward for males and a 3 year set-forward for females. In addition, a 3.5% and 3% minimum mortality rate will be applied to reflect the impairment for younger members who become disabled for males and females, respectively. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

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, 2019. Changes in assumptions include the annual change in the municipal bond index rate. There were no benefit changes during the year.

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CITY OF WEBSTER, TEXAS
SCHEDULE OF CHANGES IN TOTAL OPEB LIABILITY AND RELATED RATIOS
RETIREE MEDICAL PROGRAM
For the Year Ended September 30, 2020

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

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

Notes to Required Supplementary Information:

Changes in Assumptions

Changes in assumptions reflect a change in the discount rate from 3.71% as of December 31, 2018 to 2.75% as of December 31, 2019, revised TMRS demographic and salary increase assumptions, and updates to the health care trend assumption.

Changes in Benefits

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

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NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

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

Capital Projects Funds

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

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

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

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

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, 2020

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant	PEG Channel
ASSETS				
Cash and cash equivalents	\$ 251,731	\$ 214,927	\$ -	\$ 300,780
Receivables	-	-	2,392	-
Total Assets	\$ 251,731	\$ 214,927	\$ 2,392	\$ 300,780
 LIABILITIES				
Accounts payable	\$ -	\$ 947	\$ -	\$ -
Due to other funds	-	-	157	-
Unearned revenue	-	-	2,392	-
Total Liabilities	-	947	2,549	-
 FUND BALANCES				
Restricted for:				
Enabling legislation	-	213,980	-	300,780
Construction/capital improvements	-	-	-	-
Assigned to:				
Special revenue	251,731	-	-	-
Capital projects	-	-	-	-
Unassigned	-	-	(157)	-
Total Fund Balances	251,731	213,980	(157)	300,780
 Total Liabilities and Fund Balances	\$ 251,731	\$ 214,927	\$ 2,392	\$ 300,780

Capital Project Funds

Street Construction	Other Capital Projects	General Projects	C.O. Series 2018	Total Nonmajor Governmental Funds
\$ 951,535	\$ 564,525	\$ 935,259	\$ 260,444	\$ 3,479,201
-	-	-	-	2,392
<u>\$ 951,535</u>	<u>\$ 564,525</u>	<u>\$ 935,259</u>	<u>\$ 260,444</u>	<u>\$ 3,481,593</u>
\$ -	\$ -	\$ 4,176	\$ 57,272	\$ 62,395
-	-	-	-	157
-	-	-	-	2,392
<u>-</u>	<u>-</u>	<u>4,176</u>	<u>57,272</u>	<u>64,944</u>
-	-	-	-	514,760
-	-	-	203,172	203,172
-	-	-	-	251,731
951,535	564,525	931,083	-	2,447,143
-	-	-	-	(157)
<u>951,535</u>	<u>564,525</u>	<u>931,083</u>	<u>203,172</u>	<u>3,416,649</u>
<u>\$ 951,535</u>	<u>\$ 564,525</u>	<u>\$ 935,259</u>	<u>\$ 260,444</u>	<u>\$ 3,481,593</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2020

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant	PEG Channel
REVENUES				
Fines and forfeitures	\$ 64,820	\$ 30,780	\$ -	\$ -
Franchise fees	-	-	-	25,269
Investment earnings	1,447	1,707	-	-
Intergovernmental	5,092	-	30,492	-
Other revenue	456	12,885	-	-
Total Revenues	<u>71,815</u>	<u>45,372</u>	<u>30,492</u>	<u>25,269</u>
EXPENDITURES				
General government	-	14,790	-	-
Public safety	27,980	-	25,194	-
Capital outlay	-	-	-	-
Total Expenditures	<u>27,980</u>	<u>14,790</u>	<u>25,194</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>43,835</u>	<u>30,582</u>	<u>5,298</u>	<u>25,269</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(12,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(12,000)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	43,835	18,582	5,298	25,269
Beginning Fund Balances	<u>207,896</u>	<u>195,398</u>	<u>(5,455)</u>	<u>275,511</u>
Ending Fund Balances	<u>\$ 251,731</u>	<u>\$ 213,980</u>	<u>\$ (157)</u>	<u>\$ 300,780</u>

Capital Project Funds

Street Construction	Other Capital Projects	General Projects	C.O. Series 2018	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ 95,600
-	-	-	-	25,269
11,058	4,716	4,460	13,795	37,183
-	-	-	-	35,584
-	-	-	-	13,341
<u>11,058</u>	<u>4,716</u>	<u>4,460</u>	<u>13,795</u>	<u>206,977</u>
-	-	-	-	14,790
-	-	-	-	53,174
<u>30,695</u>	<u>72,145</u>	<u>298,663</u>	<u>668,544</u>	<u>1,070,047</u>
<u>30,695</u>	<u>72,145</u>	<u>298,663</u>	<u>668,544</u>	<u>1,138,011</u>
<u>(19,637)</u>	<u>(67,429)</u>	<u>(294,203)</u>	<u>(654,749)</u>	<u>(931,034)</u>
-	-	605,000	-	605,000
-	-	-	-	(12,000)
-	-	<u>605,000</u>	-	<u>593,000</u>
(19,637)	(67,429)	310,797	(654,749)	(338,034)
<u>971,172</u>	<u>631,954</u>	<u>620,286</u>	<u>857,921</u>	<u>3,754,683</u>
<u>\$ 951,535</u>	<u>\$ 564,525</u>	<u>\$ 931,083</u>	<u>\$ 203,172</u>	<u>\$ 3,416,649</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, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Budgeted Amounts		2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
	Original Budget	Budget as Amended			
REVENUES					
Ad valorem taxes	\$ 2,488,120	\$ 2,488,120	\$ 2,342,496	\$ (145,624)	\$ 2,461,275
Contributions	330,030	330,030	330,030	-	330,030
Investment earnings	20,600	20,600	8,610	(11,990)	20,829
Total Revenues	<u>2,838,750</u>	<u>2,838,750</u>	<u>2,681,136</u>	<u>(157,614)</u>	<u>2,812,134</u>
EXPENDITURES					
Principal	2,420,000	2,420,000	2,420,000	-	2,365,000
Interest and fiscal charges	361,870	361,870	351,186	10,684	428,527
Bond issuance costs	-	-	127,841	(127,841) *	-
Total Expenditures	<u>2,781,870</u>	<u>2,781,870</u>	<u>2,899,027</u>	<u>(117,157)</u>	<u>2,793,527</u>
(Excess) of Revenues					
(Over) Expenditures	<u>56,880</u>	<u>56,880</u>	<u>(217,891)</u>	<u>(274,771)</u>	<u>18,607</u>
OTHER FINANCING SOURCES					
Refunding bonds issued	-	-	3,715,000	3,715,000	-
Premium on refunding bond	-	-	832,448	832,448	-
Payment to refunding bond escrow agent	-	-	(4,415,238)	(4,415,238) *	-
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>132,210</u>	<u>132,210</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 56,880</u>	<u>\$ 56,880</u>	<u>(85,681)</u>	<u>\$ (142,561)</u>	<u>\$ 18,607</u>
Beginning Fund Balance			<u>721,416</u>		
Ending Fund Balance			<u>\$ 635,735</u>		

Notes to Supplementary Information:

- *Expenditures exceed appropriations as the legal level of control.

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, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
REVENUES					
Fines and forfeitures	\$ 15,000	\$ 15,000	\$ 64,820	\$ 49,820	\$ 29,226
Investment earnings	4,000	4,000	1,447	(2,553)	4,696
Intergovernmental	5,350	5,350	5,092	(258)	5,248
Other revenue	750	750	456	(294)	2,000
Total Revenues	<u>25,100</u>	<u>25,100</u>	<u>71,815</u>	<u>46,715</u>	<u>41,170</u>
EXPENDITURES					
Public safety	<u>46,000</u>	<u>46,000</u>	<u>27,980</u>	<u>18,020</u>	<u>32,190</u>
Net Change in Fund Balance	<u>\$ (20,900)</u>	<u>\$ (20,900)</u>	43,835	<u>\$ 64,735</u>	<u>\$ 8,980</u>
Beginning Fund Balance			<u>207,896</u>		
Ending Fund Balance			<u>\$ 251,731</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, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
REVENUES					
Fines and forfeitures	\$ 55,710	\$ 55,710	\$ 30,780	\$ (24,930)	\$ 54,584
Investment earnings	4,400	4,400	1,707	(2,693)	4,447
Other revenue	-	-	12,885	12,885	-
Total Revenues	<u>60,110</u>	<u>60,110</u>	<u>45,372</u>	<u>(14,738)</u>	<u>59,031</u>
EXPENDITURES					
General government	<u>47,000</u>	<u>47,000</u>	<u>14,790</u>	<u>32,210</u>	<u>42,620</u>
Excess of Revenues Over Expenditures	<u>13,110</u>	<u>13,110</u>	<u>30,582</u>	<u>17,472</u>	<u>16,411</u>
OTHER FINANCING (USES)					
Transfers out	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>	<u>(12,000)</u>
Total Other Financing (Uses)	<u>(12,000)</u>	<u>(12,000)</u>	<u>(12,000)</u>	<u>-</u>	<u>(12,000)</u>
Net Change in Fund Balance	<u>\$ 1,110</u>	<u>\$ 1,110</u>	<u>18,582</u>	<u>\$ 17,472</u>	<u>\$ 4,411</u>
Beginning Fund Balance			<u>195,398</u>		
Ending Fund Balance			<u>\$ 213,980</u>		

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

For the Year Ended September 30, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
REVENUES					
Intergovernmental	\$ 59,500	\$ 50,500	\$ 30,492	\$ (20,008)	\$ 43,553
Total Revenues	<u>59,500</u>	<u>50,500</u>	<u>30,492</u>	<u>(20,008)</u>	<u>43,553</u>
EXPENDITURES					
Public safety	62,000	53,000	25,194	27,806	55,727
(Excess) of Revenues					
(Over) Expenditures	<u>(2,500)</u>	<u>(2,500)</u>	<u>5,298</u>	<u>7,798</u>	<u>(12,174)</u>
OTHER FINANCING					
SOURCES					
Transfers in	2,500	2,500	-	(2,500)	13,904
Total Other Financing					
Sources	<u>2,500</u>	<u>2,500</u>	<u>-</u>	<u>(2,500)</u>	<u>13,904</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	5,298	<u>\$ 5,298</u>	<u>\$ 1,730</u>
Beginning Fund Balance			<u>(5,455)</u>		
Ending Fund Balance			<u>\$ (157)</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, 2020
With Comparative Totals for the Year Ended September 30, 2019

	Original Budgeted Amounts	Final Budgeted Amounts	2020 Actual	Variance with Final Budget Positive (Negative)	2019 Actual
REVENUES					
Franchise fees	\$ 35,000	\$ 35,000	\$ 25,269	\$ (9,731)	\$ 29,943
Total Revenues	<u>35,000</u>	<u>35,000</u>	<u>25,269</u>	<u>(9,731)</u>	<u>29,943</u>
 Net Change in Fund Balance	 <u>\$ 35,000</u>	 <u>\$ 35,000</u>	 25,269	 <u>\$ (9,731)</u>	 <u>\$ 29,943</u>
 Beginning Fund Balance			 <u>275,511</u>		
 Ending Fund Balance			 <u>\$ 300,780</u>		

INTERNAL SERVICE FUNDS

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

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

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

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

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

September 30, 2020

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 4,710,213	\$ 451,285	\$ 81	\$ 5,161,579
Due from other funds	-	3,202	-	3,202
Total Current Assets	<u>4,710,213</u>	<u>454,487</u>	<u>81</u>	<u>5,164,781</u>
Noncurrent assets				
Capital assets:				
Depreciable capital assets	5,455,346	807,199	-	6,262,545
Less: accumulated depreciation	(3,780,445)	(453,347)	-	(4,233,792)
Total Capital Assets (Net)	<u>1,674,901</u>	<u>353,852</u>	<u>-</u>	<u>2,028,753</u>
Total Noncurrent Assets	<u>1,674,901</u>	<u>353,852</u>	<u>-</u>	<u>2,028,753</u>
Total Assets	<u>6,385,114</u>	<u>808,339</u>	<u>81</u>	<u>7,193,534</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pensions	-	40,150	-	40,150
Deferred outflows - OPEB	-	3,849	-	3,849
Total Deferred Outflows of Resources	<u>-</u>	<u>43,999</u>	<u>-</u>	<u>43,999</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	266,880	56,875	-	323,755
Current portion of compensated absences	-	22,554	-	22,554
Total Current Liabilities	<u>266,880</u>	<u>79,429</u>	<u>-</u>	<u>346,309</u>
Noncurrent liabilities				
Compensated absences	-	5,460	-	5,460
Net pension liability	-	213,435	-	213,435
Total OPEB liability	-	22,504	-	22,504
Total Noncurrent Liabilities	<u>-</u>	<u>241,399</u>	<u>-</u>	<u>241,399</u>
Total Liabilities	<u>266,880</u>	<u>320,828</u>	<u>-</u>	<u>587,708</u>
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pensions	-	32,969	-	32,969
Deferred inflows - OPEB	-	2,440	-	2,440
Total Deferred Inflows of Resources	<u>-</u>	<u>35,409</u>	<u>-</u>	<u>35,409</u>
NET POSITION				
Net investment in capital assets	1,674,901	353,852	-	2,028,753
Unrestricted	4,443,333	142,249	81	4,585,663
Total Net Position	<u>\$ 6,118,234</u>	<u>\$ 496,101</u>	<u>\$ 81</u>	<u>\$ 6,614,416</u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2020

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
OPERATING REVENUES				
Charges for services	\$ 818,040	\$ 752,580	\$ 2,337,926	\$ 3,908,546
Other income	23,709	-	-	23,709
Total Operating Revenues	<u>841,749</u>	<u>752,580</u>	<u>2,337,926</u>	<u>3,932,255</u>
OPERATING EXPENSES				
Personnel	-	365,759	2,337,926	2,703,685
Supplies	-	12,980	-	12,980
Maintenance	1,655	76,097	-	77,752
Services	-	310,548	-	310,548
Depreciation	621,832	126,290	-	748,122
Total Operating Expenses	<u>623,487</u>	<u>891,674</u>	<u>2,337,926</u>	<u>3,853,087</u>
Operating Income (Loss)	<u>218,262</u>	<u>(139,094)</u>	<u>-</u>	<u>79,168</u>
NONOPERATING REVENUES				
Investment earnings	47,300	3,549	19	50,868
Gain on sale of capital assets	125,996	-	-	125,996
Total Nonoperating Revenues	<u>173,296</u>	<u>3,549</u>	<u>19</u>	<u>176,864</u>
Change in Net Position	391,558	(135,545)	19	256,032
Beginning Net Position	<u>5,726,676</u>	<u>631,646</u>	<u>62</u>	<u>6,358,384</u>
Ending Net Position	<u>\$ 6,118,234</u>	<u>\$ 496,101</u>	<u>\$ 81</u>	<u>\$ 6,614,416</u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 1 of 2)
For the Year Ended September 30, 2020

	<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	\$ 877,568	\$ -	\$ -	\$ 877,568
Receipts from interfund charges for information technology	-	788,810	-	788,810
Receipts from interfund charges for employee benefits	-	-	2,337,926	2,337,926
Payments to suppliers	265,225	(431,265)	(2,337,926)	(2,503,966)
Payments to employees	-	(350,286)	-	(350,286)
Net Cash Provided by Operating Activities	<u>1,142,793</u>	<u>7,259</u>	<u>-</u>	<u>1,150,052</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(550,953)	(39,768)	-	(590,721)
Proceeds from sale of capital assets	125,996	-	-	125,996
Net Cash (Used) by Capital and Related Financing Activities	<u>(424,957)</u>	<u>(39,768)</u>	<u>-</u>	<u>(464,725)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	2,822,177	-	-	2,822,177
Purchase of investments	(1,142,656)	-	-	(1,142,656)
Interest on investments	47,300	3,549	19	50,868
Net Cash Provided by Investing Activities	<u>1,726,821</u>	<u>3,549</u>	<u>19</u>	<u>1,730,389</u>
Net Increase (Decrease) in Cash and Cash Equivalents	2,444,657	(28,960)	19	2,415,716
Beginning Cash and Cash Equivalents	<u>2,265,556</u>	<u>480,245</u>	<u>62</u>	<u>2,745,863</u>
Ending Cash and Cash Equivalents	<u><u>\$ 4,710,213</u></u>	<u><u>\$ 451,285</u></u>	<u><u>\$ 81</u></u>	<u><u>\$ 5,161,579</u></u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2020

	Equipment Replacement	Information Technology	Employee Benefit	Total Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities				
Operating income (loss)	\$ 218,262	\$ (139,094)	\$ -	\$ 79,168
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	621,832	126,290	-	748,122
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	57,650	36,230	-	93,880
Due from other funds	-	(3,202)	-	(3,202)
Prepaid expenses	-	3,092	-	3,092
Deferred outflows	-	62,992	-	62,992
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	266,880	(28,438)	-	238,442
Unearned revenue	(21,831)	-	-	(21,831)
Compensated absences	-	3,362	-	3,362
Net pension liability	-	(90,486)	-	(90,486)
Total OPEB liability	-	2,174	-	2,174
Deferred inflows	-	34,339	-	34,339
Net Cash Provided by Operating Activities	\$ 1,142,793	\$ 7,259	\$ -	\$ 1,150,052

See Notes to Financial Statements.

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STATISTICAL SECTION

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

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	118
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	138
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			
	2011	2012	2013	2014
Governmental activities				
Net investment in capital assets	\$ 34,788,233	\$ 31,186,591	\$ 34,959,498	\$ 35,649,793
Restricted	2,756,384	7,951,235	4,242,481	5,337,239
Unrestricted	16,302,442	16,633,460	17,322,534	13,312,086
Total Governmental Activities Net Position	<u>\$ 53,847,059</u>	<u>\$ 55,771,286</u>	<u>\$ 56,524,513</u>	<u>\$ 54,299,118</u>
Business-type activities				
Net investment in capital assets	\$ 18,839,292	\$ 18,814,693	\$ 17,869,153	\$ 17,433,119
Restricted	2,336,262	2,549,394	3,337,873	3,726,464
Unrestricted	3,137,696	4,013,227	4,549,668	4,182,768
Total Business-Type Activities Net Position	<u>\$ 24,313,250</u>	<u>\$ 25,377,314</u>	<u>\$ 25,756,694</u>	<u>\$ 25,342,351</u>
Primary government				
Net investment in capital assets	\$ 53,627,525	\$ 50,001,284	\$ 52,828,651	\$ 53,082,912
Restricted	5,092,646	10,500,629	7,580,354	9,063,703
Unrestricted	19,440,138	20,646,687	21,872,202	17,494,854
Total Primary Government Net Position	<u>\$ 78,160,309</u>	<u>\$ 81,148,600</u>	<u>\$ 82,281,207</u>	<u>\$ 79,641,469</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 36,328,271	\$ 35,633,525	\$ 36,391,591	\$ 43,367,530	\$ 43,894,810	\$ 43,554,056
6,440,743	7,527,380	7,095,149	6,487,498	7,682,914	8,377,683
12,747,269	12,299,353	10,142,691	13,005,849	11,849,068	12,752,577
<u>\$ 55,516,283</u>	<u>\$ 55,460,258</u>	<u>\$ 53,629,431</u>	<u>\$ 62,860,877</u>	<u>\$ 63,426,792</u>	<u>\$ 64,684,316</u>
\$ 16,453,147	\$ 15,480,229	\$ 14,377,497	\$ 13,056,170	\$ 13,128,913	\$ 12,220,207
4,287,928	4,697,276	5,148,438	6,030,890	5,831,712	6,926,462
3,944,358	4,504,121	5,376,411	7,313,290	8,622,170	6,560,952
<u>\$ 24,685,433</u>	<u>\$ 24,681,626</u>	<u>\$ 24,902,346</u>	<u>\$ 26,400,350</u>	<u>\$ 27,582,795</u>	<u>\$ 25,707,621</u>
\$ 52,781,418	\$ 51,113,754	\$ 50,769,088	\$ 56,423,700	\$ 57,023,723	\$ 55,774,263
10,728,671	12,224,656	12,243,587	12,518,388	13,514,626	15,304,145
16,691,627	16,803,474	15,519,102	20,319,139	20,471,238	19,313,529
<u>\$ 80,201,716</u>	<u>\$ 80,141,884</u>	<u>\$ 78,531,777</u>	<u>\$ 89,261,227</u>	<u>\$ 91,009,587</u>	<u>\$ 90,391,937</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Expenses				
Governmental activities				
General government	\$ 3,810,971	\$ 3,494,720	\$ 3,080,566	\$ 3,433,495
Public safety	8,705,059	9,289,641	10,243,794	9,919,950
Public works ⁽¹⁾	3,273,335	3,465,582	4,440,657	3,661,162
Community development ⁽¹⁾	2,724,785	2,930,471	1,744,564	2,463,304
Interest and fiscal agent fees on long-term debt	648,743	509,182	649,178	465,686
Total Governmental Activities Expenses	<u>19,162,893</u>	<u>19,689,596</u>	<u>20,158,759</u>	<u>19,943,597</u>
Business-type activities				
Water	1,939,942	1,991,274	1,952,327	2,089,815
Wastewater	2,034,661	2,122,566	2,128,511	2,254,186
Drainage	326,725	288,343	256,681	205,646
Total Business-Type Activities Expenses	<u>4,301,328</u>	<u>4,402,183</u>	<u>4,337,519</u>	<u>4,549,647</u>
Total Primary Government Expenses	<u>\$ 23,464,221</u>	<u>\$ 24,091,779</u>	<u>\$ 24,496,278</u>	<u>\$ 24,493,244</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 150,660	\$ 178,404	\$ 108,135	\$ 320,302
Public safety	1,201,472	1,244,467	1,302,894	1,288,379
Community development	339,664	658,256	476,985	485,157
Operating grants and contributions	1,192,871	1,113,356	1,136,571	1,158,002
Capital grants and contributions	4,526	1,203,465	385,355	390,324
Total Governmental Activities Program Revenues	<u>2,889,193</u>	<u>4,397,948</u>	<u>3,409,940</u>	<u>3,642,164</u>
Business-type activities				
Charges for services				
Water	1,869,325	1,953,541	2,081,707	2,125,888
Wastewater	1,960,596	2,082,345	2,147,674	2,293,096
Drainage	314,831	282,879	258,992	209,196
Capital grants and contributions	894,767	423,900	-	-
Total Business-Type Activities Program Revenues	<u>5,039,519</u>	<u>4,742,665</u>	<u>4,488,373</u>	<u>4,628,180</u>
Total Primary Government Program Revenues	<u>\$ 7,928,712</u>	<u>\$ 9,140,613</u>	<u>\$ 7,898,313</u>	<u>\$ 8,270,344</u>
Net (Expense)/Revenue				
Governmental activities	\$ (16,273,700)	\$ (15,291,648)	\$ (16,748,819)	\$ (16,301,433)
Business-type activities	738,191	340,482	150,854	78,533
Total Primary Government Net Expense	<u>\$ (15,535,509)</u>	<u>\$ (14,951,166)</u>	<u>\$ (16,597,965)</u>	<u>\$ (16,222,900)</u>

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

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	3,719,190	\$ 3,995,852	\$ 4,373,967	\$ 4,231,926	\$ 5,464,510	\$ 3,298,915
	10,439,069	12,215,661	13,499,815	12,735,131	14,069,696	13,926,797
	4,763,763	4,269,413	4,403,146	4,451,450	5,640,055	5,712,574
	2,525,988	2,631,773	4,502,088	4,567,713	3,127,915	3,239,529
	435,134	399,768	356,135	478,058	406,460	429,650
	<u>21,883,144</u>	<u>23,512,467</u>	<u>27,135,151</u>	<u>26,464,278</u>	<u>28,708,636</u>	<u>26,607,465</u>
	2,641,539	2,530,323	2,328,079	2,516,141	2,688,574	3,762,138
	2,788,256	2,674,312	2,486,477	2,525,584	2,727,533	3,742,233
	240,780	223,621	330,592	297,779	335,155	484,108
	<u>5,670,575</u>	<u>5,428,256</u>	<u>5,145,148</u>	<u>5,339,504</u>	<u>5,751,262</u>	<u>7,988,479</u>
\$	<u>27,553,719</u>	<u>28,940,723</u>	<u>32,280,299</u>	<u>31,803,782</u>	<u>34,459,898</u>	<u>34,595,944</u>
\$	334,944	\$ 337,838	\$ 402,094	\$ 391,105	\$ 396,426	\$ 310,821
	967,522	1,001,903	926,225	1,038,825	935,679	624,231
	518,334	567,007	574,342	840,493	532,812	1,124,742
	1,172,763	1,314,106	1,120,533	1,219,729	1,385,287	1,065,614
	207,280	13,531	1,732,351	8,260,014	852,322	84,464
	<u>3,200,843</u>	<u>3,234,385</u>	<u>4,755,545</u>	<u>11,750,166</u>	<u>4,102,526</u>	<u>3,209,872</u>
	2,289,664	2,402,095	2,308,587	2,829,763	2,805,576	2,736,693
	2,416,837	2,538,787	2,465,659	2,840,383	2,846,230	2,722,213
	208,706	212,289	327,824	334,985	349,740	352,155
	-	-	-	-	648,616	-
	<u>4,915,207</u>	<u>5,153,171</u>	<u>5,102,070</u>	<u>6,005,131</u>	<u>6,650,162</u>	<u>5,811,061</u>
\$	<u>8,116,050</u>	<u>8,387,556</u>	<u>9,857,615</u>	<u>17,755,297</u>	<u>10,752,688</u>	<u>9,020,933</u>
\$	(18,682,301)	\$ (20,278,082)	\$ (22,379,606)	\$ (14,714,112)	\$ (24,606,110)	\$ (23,397,593)
	(755,368)	(275,085)	(43,078)	665,537	898,900	(2,177,418)
\$	<u>(19,437,669)</u>	<u>(20,553,167)</u>	<u>(22,422,684)</u>	<u>(14,048,575)</u>	<u>(23,707,210)</u>	<u>(25,575,011)</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Revenues and Other Changes in Net Position				
Governmental activities				
Ad valorem taxes	\$ 3,349,978	\$ 3,732,383	\$ 4,003,896	\$ 4,245,156
Sales taxes	10,270,148	10,495,149	10,716,276	11,409,472
Franchise fees and local taxes	1,093,727	1,100,207	1,119,510	1,103,397
Other taxes	1,241,624	1,302,318	1,447,797	1,775,967
Hotel/motel occupancy taxes	-	-	-	-
Mixed beverage taxes	-	-	-	-
Investment earnings	44,039	65,379	55,583	24,038
Other revenues	135,353	169,686	175,570	111,488
Gain on sale of capital assets	4,500	100,753	84,719	67,238
Transfers	250,000	250,000	250,000	250,000
Total Governmental Activities	<u>16,389,369</u>	<u>17,215,875</u>	<u>17,853,351</u>	<u>18,986,756</u>
Business-type activities				
Investment earnings	14,923	13,536	13,054	19,521
Other revenues	185,840	960,046	738,931	223,033
Loss on sale of capital assets	-	-	-	(21,723)
Transfers	(250,000)	(250,000)	(250,000)	(250,000)
Total Business-Type Activities	<u>(49,237)</u>	<u>723,582</u>	<u>501,985</u>	<u>(29,169)</u>
Total Primary Government	<u>\$ 16,340,132</u>	<u>\$ 17,939,457</u>	<u>\$ 18,355,336</u>	<u>\$ 18,957,587</u>
Change in Net Position				
Governmental activities	\$ 115,669	\$ 1,924,227	\$ 1,104,532	\$ 2,685,323
Business-type activities	688,954	1,064,064	652,839	49,364
Total Primary Government	<u>\$ 804,623</u>	<u>\$ 2,988,291</u>	<u>\$ 1,757,371</u>	<u>\$ 2,734,687</u>

Fiscal Year

	2015	2016	2017	2018	2019	2020
\$	4,041,031	\$ 4,298,407	\$ 5,531,228	\$ 6,327,334	\$ 7,220,478	\$ 8,000,761
	12,268,588	12,183,773	11,798,915	13,410,874	13,273,282	13,086,731
	1,124,931	1,176,498	1,215,747	1,208,514	1,195,418	1,217,341
	1,909,860	1,893,417	1,825,145	2,136,761	2,287,260	-
	-	-	-	-	-	1,218,242
	-	-	-	-	-	424,004
	88,227	101,170	117,515	391,521	723,748	321,100
	114,116	125,463	149,689	220,554	221,839	136,938
	102,713	193,329	48,974	-	-	-
	250,000	250,000	250,000	250,000	250,000	250,000
	<u>19,899,466</u>	<u>20,222,057</u>	<u>20,937,213</u>	<u>23,945,558</u>	<u>25,172,025</u>	<u>24,655,117</u>
	26,243	25,390	30,696	181,103	330,663	129,816
	322,207	495,888	530,527	901,364	202,882	422,428
	-	-	-	-	-	-
	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>(250,000)</u>
	<u>98,450</u>	<u>271,278</u>	<u>311,223</u>	<u>832,467</u>	<u>283,545</u>	<u>302,244</u>
\$	<u><u>19,997,916</u></u>	<u><u>20,493,335</u></u>	<u><u>21,248,436</u></u>	<u><u>24,778,025</u></u>	<u><u>25,455,570</u></u>	<u><u>24,957,361</u></u>
\$	1,217,165	\$ (56,025)	\$ (1,442,393)	\$ 9,231,446	\$ 565,915	\$ 1,257,524
	(656,918)	(3,807)	268,145	1,498,004	1,182,445	(1,875,174)
\$	<u><u>560,247</u></u>	<u><u>(59,832)</u></u>	<u><u>(1,174,248)</u></u>	<u><u>10,729,450</u></u>	<u><u>1,748,360</u></u>	<u><u>(617,650)</u></u>

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

<u>Source</u>	<u>Fiscal Year</u>			
	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Ad valorem	\$ 3,349,978	\$ 3,732,383	\$ 4,003,896	\$ 4,245,156
Sales	10,270,148	10,495,149	10,716,276	11,409,472
Franchise fees	1,093,727	1,100,207	1,119,510	1,103,397
Other taxes	1,241,624	1,302,318	1,447,797	1,775,967
Hotel occupancy taxes	-	-	-	-
Mixed beverage taxes	-	-	-	-
Total	<u>\$ 15,955,477</u>	<u>\$ 16,630,057</u>	<u>\$ 17,287,479</u>	<u>\$ 18,533,992</u>

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

Fiscal Year						Change
2015	2016	2017	2018	2019	2020*	2019-2020
\$ 4,041,031	\$ 4,298,407	\$ 5,531,228	\$ 6,327,334	\$ 7,220,478	\$ 8,000,761	26.4%
12,268,588	12,183,773	11,798,915	13,410,874	13,273,282	13,086,731	-2.4%
1,124,931	1,176,498	1,215,747	1,208,514	1,195,418	1,217,341	0.7%
1,909,860	1,893,417	1,825,145	2,136,761	2,287,260	-	N/A
-	-	-	-	-	1,218,242	
-	-	-	-	-	424,004	
<u>\$ 19,344,410</u>	<u>\$ 19,552,095</u>	<u>\$ 20,371,035</u>	<u>\$ 23,083,483</u>	<u>\$ 23,976,438</u>	<u>\$ 23,947,079</u>	-0.1%

CITY OF WEBSTER, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
General Fund				
Nonspendable	\$ 889,606	\$ 51,394	\$ 36,872	\$ 47,809
Assigned	164,811	220,639	179,658	199,758
Unassigned	8,974,754	10,236,151	11,190,474	12,230,288
Total General Fund	<u>\$ 10,029,171</u>	<u>\$ 10,508,184</u>	<u>\$ 11,407,004</u>	<u>\$ 12,477,855</u>
All Other Governmental Funds				
Nonspendable	\$ 325	\$ 1,014	\$ 7,600	\$ 12,500
Restricted	2,753,771	7,948,938	4,236,152	5,334,900
Assigned, reported in:				
Capital project funds	4,381,647	4,376,477	4,434,282	4,376,391
Special revenue funds	115,591	91,485	122,340	113,288
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 7,251,334</u>	<u>\$ 12,417,914</u>	<u>\$ 8,800,374</u>	<u>\$ 9,837,079</u>

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 37,507	\$ 38,100	\$ 41,836	\$ 75,304	\$ 92,958	\$ 33,940
220,943	246,283	274,270	274,270	-	-
12,875,981	11,959,903	12,593,430	14,055,800	14,435,049	15,063,388
<u>\$ 13,134,431</u>	<u>\$ 12,244,286</u>	<u>\$ 12,909,536</u>	<u>\$ 14,405,374</u>	<u>\$ 14,528,007</u>	<u>\$ 15,097,328</u>
\$ 1,610	\$ -	\$ -	\$ -	\$ -	\$ -
6,438,064	7,524,435	7,091,408	11,237,021	8,536,631	8,581,406
3,306,955	3,678,188	1,496,998	2,575,103	2,223,412	2,447,143
111,117	96,589	109,794	198,916	207,896	251,731
(23,775)	(3,225)	-	(7,185)	(5,455)	(157)
<u>\$ 9,833,971</u>	<u>\$ 11,295,987</u>	<u>\$ 8,698,200</u>	<u>\$ 14,003,855</u>	<u>\$ 10,962,484</u>	<u>\$ 11,280,123</u>

CITY OF WEBSTER, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
Revenues				
Taxes	\$ 15,965,845	\$ 16,639,457	\$ 17,241,733	\$ 18,561,698
Licenses and permits	301,990	616,215	434,055	444,015
Fines and forfeitures	1,201,472	1,244,467	1,302,894	1,288,379
Charges for services	188,334	220,445	151,065	361,444
Intergovernmental	149,841	1,286,791	491,896	518,296
Investment earnings	36,949	56,319	48,967	15,477
Contributions	1,030,030	1,030,030	1,030,030	1,030,030
Other revenues	135,353	169,686	175,570	111,488
Total Revenues	<u>19,009,814</u>	<u>21,263,410</u>	<u>20,876,210</u>	<u>22,330,827</u>
Expenditures				
General government	3,460,682	3,215,916	3,309,596	3,342,028
Public safety	8,328,825	10,299,323	8,929,345	9,779,081
Public works	2,479,238	2,463,501	2,593,228	2,741,805
Community development	1,933,770	1,966,092	1,779,065	1,893,652
Capital outlay	189,560	2,590,787	4,701,583	820,334
Debt service				
Principal	1,150,000	1,185,000	1,915,000	1,460,000
Interest	591,188	549,747	652,250	451,425
Payment to refunding bond escrow agent	-	-	8,734,966	-
Other debt service - refunding escrow	-	-	115,000	-
Total expenditures	<u>18,133,263</u>	<u>22,270,366</u>	<u>32,730,033</u>	<u>20,488,325</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	876,551	(1,006,956)	(11,853,823)	1,842,502
Other Financing Sources (Uses)				
Issuance of debt	-	6,250,000	8,555,000	-
Premium on debt	-	61,281	326,338	-
Transfers in	675,673	1,293,230	1,964,774	1,168,335
Transfers out	(425,673)	(978,460)	(1,714,774)	(918,335)
Sale of capital assets	-	26,498	3,765	15,054
Total Other Financing Sources	<u>250,000</u>	<u>6,652,549</u>	<u>9,135,103</u>	<u>265,054</u>
Net Change in Fund Balances	<u>\$ 1,126,551</u>	<u>\$ 5,645,593</u>	<u>\$ (2,718,720)</u>	<u>\$ 2,107,556</u>
Debt service as a percentage of noncapital expenditures	10.13%	9.84%	9.16%	10.04%

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 19,379,621	\$ 19,558,649	\$ 20,361,762	\$ 23,046,778	\$ 23,888,859	\$ 23,927,478
475,836	522,624	530,620	796,789	491,498	1,108,417
967,522	1,001,903	926,225	1,038,825	935,679	624,231
377,442	382,221	445,816	434,809	437,740	327,146
350,013	297,607	90,503	189,699	355,257	35,584
79,682	84,793	102,317	331,728	608,696	270,232
1,030,030	1,030,030	1,030,030	1,030,030	1,030,030	1,030,030
114,116	125,463	149,689	220,554	221,839	136,938
<u>22,774,262</u>	<u>23,003,290</u>	<u>23,636,962</u>	<u>27,089,212</u>	<u>27,969,598</u>	<u>27,460,056</u>
3,537,021	3,745,396	4,393,858	3,850,728	4,764,021	4,266,891
10,248,418	11,478,408	12,027,253	11,885,851	12,931,007	12,818,443
3,451,280	3,082,765	2,960,663	3,104,359	3,783,052	3,704,412
1,970,304	2,075,602	3,858,435	3,878,726	2,502,109	2,306,267
1,129,584	312,149	367,844	823,953	4,366,261	1,070,047
1,620,000	1,630,000	1,870,000	1,905,000	2,365,000	2,420,000
421,213	386,113	343,275	479,631	428,527	479,027
-	-	-	-	-	-
-	-	-	-	-	-
<u>22,377,820</u>	<u>22,710,433</u>	<u>25,821,328</u>	<u>25,928,248</u>	<u>31,139,977</u>	<u>27,065,087</u>
396,442	292,857	(2,184,366)	1,160,964	(3,170,379)	394,969
-	-	-	5,040,000	-	3,715,000
-	-	-	338,891	-	832,448
598,140	1,135,009	3,038,010	1,682,579	558,328	915,810
(348,140)	(885,009)	(2,788,010)	(1,432,579)	(308,328)	(665,810)
7,026	26,014	4,829	11,638	1,641	109,781
<u>257,026</u>	<u>276,014</u>	<u>254,829</u>	<u>5,640,529</u>	<u>251,641</u>	<u>491,991</u>
<u>\$ 653,468</u>	<u>\$ 568,871</u>	<u>\$ (1,929,537)</u>	<u>\$ 6,801,493</u>	<u>\$ (2,918,738)</u>	<u>\$ 886,960</u>
9.58%	9.08%	9.51%	9.46%	9.46%	11.14%

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>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
Ad valorem	\$ 3,383,915	\$ 3,741,783	\$ 3,958,150	\$ 4,272,862
Sales	10,246,579	10,495,149	10,716,276	11,409,472
Franchise fees	1,093,727	1,100,207	1,119,510	1,103,397
Other taxes	1,241,624	1,302,318	1,447,797	1,775,967
Hotel/motel occupancy taxes	-	-	-	-
Mixed beverage taxes	-	-	-	-
Total	<u><u>\$ 15,965,845</u></u>	<u><u>\$ 16,639,457</u></u>	<u><u>\$ 17,241,733</u></u>	<u><u>\$ 18,561,698</u></u>

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

Fiscal Year						Change
2015	2016	2017	2018	2019	2020*	2019-2020
\$ 4,076,242	\$ 4,304,961	\$ 5,521,955	\$ 6,290,629	\$ 7,132,899	\$ 7,981,160	26.9%
12,268,588	12,183,773	11,798,915	13,410,874	13,273,282	13,086,731	-2.4%
1,124,931	1,176,498	1,215,747	1,208,514	1,195,418	1,217,341	0.7%
1,909,860	1,893,417	1,825,145	2,136,761	2,287,260	-	N/A
-	-	-	-	-	1,218,242	
-	-	-	-	-	424,004	
<u>\$ 19,379,621</u>	<u>\$ 19,558,649</u>	<u>\$ 20,361,762</u>	<u>\$ 23,046,778</u>	<u>\$ 23,888,859</u>	<u>\$ 23,927,478</u>	0.2%

CITY OF WEBSTER, TEXAS

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

	Fiscal Year			
	2011	2012	2013	2014
Residential Property	\$ 293,907,235	\$ 294,533,220	\$ 306,197,554	\$ 330,001,810
Commercial Property	1,082,504,197	1,080,666,960	1,135,879,910	1,253,506,306
Industrial Property	38,805,041	47,334,112	47,223,760	79,361,600
	<u>1,415,216,473</u>	<u>1,422,534,292</u>	<u>1,489,301,224</u>	<u>1,662,869,716</u>
Total Assessed Value ⁽¹⁾				
Less: Tax Exempt Property	116,810,263	108,272,053	108,355,222	129,201,195
	<u>116,810,263</u>	<u>108,272,053</u>	<u>108,355,222</u>	<u>129,201,195</u>
Total Taxable Value	<u>\$ 1,298,406,210</u>	<u>\$ 1,314,262,239</u>	<u>\$ 1,380,946,002</u>	<u>\$ 1,533,668,521</u>
Taxable Value as a Percentage of Assessed Value	91.7%	92.4%	92.7%	92.2%
Total Direct Tax Rate ⁽²⁾	\$ 0.25750	\$ 0.28528	\$ 0.28528	\$ 0.26960

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, 2020.

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 356,197,833	\$ 407,408,534	\$ 445,750,390	\$ 484,050,384	\$ 511,919,552	\$ 586,393,526
1,341,014,646	1,502,301,531	1,574,051,436	1,603,370,416	1,641,583,756	1,797,236,442
47,712,504	47,151,199	44,564,513	53,786,163	41,964,510	65,005,585
1,744,924,983	1,956,861,264	2,064,366,339	2,141,206,963	2,195,467,818	2,448,635,553
128,993,448	134,154,251	133,984,134	143,759,374	154,797,425	214,603,667
<u>\$ 1,615,931,535</u>	<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>
92.6%	93.1%	93.5%	93.3%	92.9%	91.2%
\$ 0.24874	\$ 0.23447	\$ 0.28450	\$ 0.31725	\$ 0.34794	\$ 0.36200

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

	Fiscal Year			
	2011	2012	2013	2014
City of Webster by fund:				
General	\$ 0.14669	\$ 0.17470	\$ 0.15615	\$ 0.16455
Debt service	0.11081	0.11058	0.12913	0.10505
Total Direct Rates	<u>\$ 0.25750</u>	<u>\$ 0.28528</u>	<u>\$ 0.28528</u>	<u>\$ 0.26960</u>
Clear Creek School District	\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.39999
Harris County	0.38805	0.39117	0.40021	0.41455
Harris County Flood Control District	0.02923	0.02809	0.02809	0.02827
Port of Houston Authority	0.02054	0.01856	0.01952	0.01716
Harris County Hospital District	0.19216	0.19216	0.18216	0.17000
Harris County Department of Education	0.00658	0.00658	0.00662	0.00636
Total Direct and Overlapping Rates ⁽¹⁾	<u>\$ 2.25406</u>	<u>\$ 2.28184</u>	<u>\$ 2.28188</u>	<u>\$ 2.30593</u>

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					
2015	2016	2017	2018	2019	2020
\$ 0.15679	\$ 0.14733	\$ 0.18625	\$ 0.22549	\$ 0.22800	\$ 0.25536
0.09195	0.08714	0.09825	0.09176	0.11994	0.10664
<u>\$ 0.24874</u>	<u>\$ 0.23447</u>	<u>\$ 0.28450</u>	<u>\$ 0.31725</u>	<u>\$ 0.34794</u>	<u>\$ 0.36200</u>
\$ 1.40000	\$ 1.40000	\$ 1.40000	\$ 1.40000	\$ 1.40000	\$ 1.31000
0.41731	0.41923	0.41656	0.41801	0.41858	0.40713
0.02736	0.02733	0.02829	0.02831	0.02877	0.02792
0.01531	0.01342	0.01334	0.01256	0.01155	0.01074
0.17000	0.17000	0.17179	0.17110	0.17108	0.16591
0.00600	0.00542	0.00520	0.00520	0.00519	0.00500
<u>\$ 2.28472</u>	<u>\$ 2.26987</u>	<u>\$ 2.31968</u>	<u>\$ 2.35243</u>	<u>\$ 2.38311</u>	<u>\$ 2.28870</u>

CITY OF WEBSTER, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2020			2011		
	Assessed Value	Rank	% of Assessed Value	Assessed Value	Rank	% of Assessed Value
Clear Lake Regional Medical Center	\$ 141,360,145	1	5.77%	\$ 80,514,683	1	5.69%
HC200 Blossom Street LLC ⁽¹⁾	87,500,000	2	3.57%	-	-	0.00%
Centennial Edgewater LP ⁽¹⁾	46,000,000	3	1.88%	-	-	0.00%
Weingarten Realty Investors ⁽¹⁾	42,400,000	4	1.73%	-	-	0.00%
BR Everwood DST	45,910,354	5	1.87%	20,505,193	5	1.45%
Palomar Apartments	37,000,000	6	1.51%	39,325,000	2	2.78%
Marquis Clear Lake Apartments ⁽¹⁾	34,901,622	7	1.43%	-	-	0.00%
SOF Hidden Lake Owner ⁽¹⁾	30,000,000	8	1.23%	-	-	0.00%
Price Baybrook Ltd	32,418,684	9	1.32%	18,724,557	9	1.32%
G&E Healthcare REIT Mountain Plains	29,000,000	10	1.18%	19,048,150	8	1.35%
Webster Partners LP ⁽²⁾	-	-	0.00%	29,000,010	3	2.05%
NP SSP Baybrook LLC ⁽²⁾	-	-	0.00%	23,000,000	4	1.63%
Clear Lake Center LP ⁽²⁾	-	-	0.00%	19,716,624	6	1.39%
MPT Clear Lake LP ⁽²⁾	-	-	0.00%	19,361,948	7	1.37%
Clear Lake Central II/III Ltd ⁽²⁾	-	-	0.00%	18,101,253	10	1.28%
Subtotal	526,490,805		21.50%	287,297,418		20.30%
Other Taxpayers	1,922,144,748		78.50%	1,127,919,055		79.70%
Total	<u>\$ 2,448,635,553</u>		<u>100.00%</u>	<u>\$ 1,415,216,473</u>		<u>100.00%</u>

Source: Harris County Appraisal District

Notes:

⁽¹⁾ This taxpayer was not a top ten taxpayer in 2011. It is included in the Other Taxpayers subtotal.

⁽²⁾ This taxpayer is not a top ten taxpayer in 2020. 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>2020 Rank</u>	<u>2011 Rank</u>
American Furniture Warehouse ⁽¹⁾	1	-
Costco ⁽¹⁾	2	-
Academy Sports & Outdoors	3	2
ExxonMobil Corporation ⁽⁴⁾	4	9
Star Furniture	5	4
Pappa's Seafood House / Pappasito's Cantina	6	7
Ashley Furniture ⁽¹⁾	7	6
At Home Stores	8	11
Pennsylvania Tool Sales and Service ⁽¹⁾	9	-
Hobby Lobby Creative Center	10	13
Terminix International Company ⁽⁴⁾	11	-
Bed Bath & Beyond	12	3
Amazon.com ⁽⁴⁾	13	-
Burlington Coat Factory	14	8
Exclusive Furniture ⁽⁴⁾	15	-
Fry's Electronics	-	1
Cinemark USA	-	5
Conn's Appliances ⁽⁴⁾	-	10
Guitar Center / Music & Arts Center ⁽⁴⁾	-	12
Jared - The Galleria of Jewelry ⁽³⁾	-	14
Barnes & Noble ⁽⁴⁾	-	15

Source: State Comptroller's Office

Notes:

- ⁽¹⁾ This sales tax remitter was not located in the City in 2011.
- ⁽²⁾ This sales tax remitter is not located in the City in 2020.
- ⁽³⁾ This sales tax remitter was not a top fifteen sales tax remitter in 2011.
- ⁽⁴⁾ This sales tax remitter is not a top fifteen sales tax remitter in 2020.

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

	Fiscal Year			
	2011	2012	2013	2014
Taxes levied:				
Current year levy	\$ 3,396,948	\$ 3,750,982	\$ 3,937,528	\$ 4,234,778
Adjustments in subsequent years	(55,375)	(6,016)	537	(103,296)
Total of taxes levied ⁽¹⁾	<u>\$ 3,341,573</u>	<u>\$ 3,744,966</u>	<u>\$ 3,938,065</u>	<u>\$ 4,131,482</u>
Taxes collected:				
Collections in current year	\$ 3,361,585	\$ 3,730,576	\$ 3,921,147	\$ 4,187,311
Collections in subsequent years ⁽²⁾	(25,439)	10,672	13,012	(59,313)
Total of taxes collected	<u>\$ 3,336,146</u>	<u>\$ 3,741,248</u>	<u>\$ 3,934,159</u>	<u>\$ 4,127,998</u>
Collection rates:				
Percentage collected in current year	98.96%	99.46%	99.58%	98.88%
Percentage collected of total levy	99.84%	99.90%	99.90%	99.92%
Delinquent taxes:				
Total outstanding balance	\$ 5,427	\$ 3,717	\$ 3,906	\$ 3,484
Percentage of total levy outstanding	0.16%	0.10%	0.10%	0.08%

Notes:

⁽¹⁾ The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2020.

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

Fiscal Year					
2015	2016	2017	2018	2019	2020
\$ 4,109,641	\$ 4,332,762	\$ 5,553,590	\$ 6,398,295	\$ 7,220,033	\$ 8,085,885
(91,745)	(62,834)	(75,232)	(85,433)	(151,297)	-
<u>\$ 4,017,896</u>	<u>\$ 4,269,928</u>	<u>\$ 5,478,358</u>	<u>\$ 6,312,862</u>	<u>\$ 7,068,736</u>	<u>\$ 8,085,885</u>
\$ 4,095,095	\$ 4,319,844	\$ 5,533,548	\$ 6,342,680	\$ 7,087,461	\$ 8,013,501
(80,873)	(53,449)	(58,790)	(36,704)	(119,776)	-
<u>\$ 4,014,222</u>	<u>\$ 4,266,395</u>	<u>\$ 5,474,758</u>	<u>\$ 6,305,976</u>	<u>\$ 6,967,685</u>	<u>\$ 8,013,501</u>
99.65%	99.70%	99.64%	99.13%	98.16%	99.10%
99.91%	99.92%	99.93%	99.89%	98.57%	99.10%
\$ 3,674	\$ 3,532	\$ 3,601	\$ 6,886	\$ 101,051	\$ 72,383
0.09%	0.08%	0.07%	0.11%	1.43%	0.90%

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

	Fiscal Year			
	2011	2012	2013	2014
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 14,830,000	\$ 13,917,821	\$ 12,889,868	\$ 11,586,796
Certificates of obligation	655,000	6,904,994	6,186,904	5,958,814
Subtotal	<u>15,485,000</u>	<u>20,822,815</u>	<u>19,076,772</u>	<u>17,545,610</u>
Business-Type Activities:				
Revenue bonds	7,353,487	7,110,562	6,857,638	1,782,936
General obligation bonds ⁽¹⁾	-	-	-	4,973,414
Certificates of obligation ⁽²⁾	-	-	-	-
Total Primary Government	<u>\$ 22,838,487</u>	<u>\$ 27,933,377</u>	<u>\$ 25,934,410</u>	<u>\$ 24,301,960</u>
Component Unit Activities ⁽³⁾:				
Sales tax revenue bonds	\$ 12,383,126	\$ 11,358,890	\$ 10,284,655	\$ 9,135,419
Personal Income ^{(4) (5)}	\$ 254,086,888	\$ 329,329,968	\$ 319,567,907	\$ 297,898,128
Primary Government Debt as a Percentage of Personal Income	8.99%	8.48%	8.12%	8.16%
Population ⁽⁶⁾	10,684	10,704	11,279	11,398
Primary Government Debt per Capita	\$ 2,138	\$ 2,610	\$ 2,299	\$ 2,132

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.

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

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 10,133,724	\$ 8,680,652	\$ 6,997,580	\$ 5,284,508	\$ 3,541,436	\$ 6,263,783
5,720,724	5,472,634	5,214,545	10,315,986	9,588,432	4,440,604
<u>15,854,448</u>	<u>14,153,286</u>	<u>12,212,125</u>	<u>15,600,494</u>	<u>13,129,868</u>	<u>10,704,387</u>
1,708,646	1,629,356	1,550,065	-	-	-
4,759,886	4,536,359	4,302,832	4,059,305	3,805,779	3,542,252
-	-	-	2,087,524	2,016,729	1,940,933
<u>\$ 22,322,980</u>	<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>
\$ 3,666,892	\$ 2,971,577	\$ 11,099,055	\$ 10,445,962	\$ 9,777,868	\$ 9,104,774
\$ 298,499,256	\$ 283,747,644	\$ 289,127,448	\$ 279,009,468	\$ 269,582,472	\$ 274,616,784
7.48%	7.16%	6.25%	7.79%	7.03%	5.89%
11,421	11,498	11,716	11,306	10,924	11,128
\$ 1,955	\$ 1,767	\$ 1,542	\$ 1,924	\$ 1,735	\$ 1,455

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

	Fiscal Year			
	2011	2012	2013	2014
Taxable Value of Property ⁽¹⁾				
All property	\$ 1,298,406,210	\$ 1,314,262,239	\$ 1,380,946,002	\$ 1,533,668,521
Net Bonded Debt ⁽²⁾				
Gross bonded debt	\$ 15,485,000	\$ 20,822,815	\$ 19,076,772	\$ 17,545,610
Less debt service funds	577,456	1,230,863	847,921	969,351
Net Bonded Debt	<u>\$ 14,907,544</u>	<u>\$ 19,591,952</u>	<u>\$ 18,228,851</u>	<u>\$ 16,576,259</u>
Ratio of Net Bonded Debt to Taxable Value	1.15%	1.49%	1.32%	1.08%
Population ⁽³⁾	10,684	10,704	11,279	11,398
Net Bonded Debt per Capita	\$ 1,395	\$ 1,830	\$ 1,616	\$ 1,454

Notes:

- ⁽¹⁾ Taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2020.
⁽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					
2015	2016	2017	2018	2019	2020
\$ 1,615,931,535	\$ 1,822,707,013	\$ 1,930,382,205	\$ 1,997,447,589	\$ 2,040,670,393	\$ 2,234,031,886
\$ 15,854,448	\$ 14,153,286	\$ 12,212,125	\$ 15,600,494	\$ 13,129,868	\$ 10,704,387
869,019	786,946	811,169	702,808	721,417	635,735
<u>\$ 14,985,429</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>
0.93%	0.73%	0.59%	0.75%	0.61%	0.45%
11,421	11,498	11,716	11,306	10,924	11,128
\$ 1,312	\$ 1,162	\$ 973	\$ 1,318	\$ 1,136	\$ 905

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CITY OF WEBSTER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2020

Governmental Unit	Debt Outstanding	As Of	Estimated Percentage Applicable ⁽¹⁾	Amount Applicable to Primary Government
Clear Creek ISD	\$ 979,890,000	9/30/2020	8.49%	\$ 83,192,661
Clear Lake City Water Authority	\$ 117,675,000	9/30/2020	4.22%	4,965,885
Harris County	\$ 1,867,957,125	9/30/2020	0.41%	7,658,624
Harris Co. Dept of Education	\$ 6,320,000	9/30/2020	0.41%	25,912
Harris Co. Flood Control District	\$ 334,270,000	9/30/2020	0.41%	1,370,507
Port of Houston Authority	\$ 514,174,397	9/30/2020	0.41%	<u>2,108,115</u>
Subtotal, overlapping debt				99,321,704
City Direct Debt ⁽²⁾	\$ 10,715,948	9/30/2020	100.00%	<u>10,704,387</u>
Total Direct and Overlapping Debt				<u><u>\$ 110,026,091</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			
	2011	2012	2013	2014
Debt limit ⁽¹⁾	\$ 141,521,647	\$ 142,253,429	\$ 148,930,122	\$ 166,286,972
Total net debt applicable to limit	<u>14,907,544</u>	<u>19,591,952</u>	<u>18,228,851</u>	<u>16,576,259</u>
Legal debt margin	<u>\$ 126,614,103</u>	<u>\$ 122,661,477</u>	<u>\$ 130,701,271</u>	<u>\$ 149,710,713</u>
Total net debt applicable to the limit as a percentage of debt limit	10.53%	13.77%	12.24%	9.97%
Legal Debt Margin Calculation				
Assessed value	\$ 1,415,216,473	\$ 1,422,534,292	\$ 1,489,301,224	\$ 1,662,869,716
Debt limit (10% of assessed value)	141,521,647	142,253,429	148,930,122	166,286,972
Debt applicable to limit:				
General obligation bonds	14,830,000	13,917,821	12,889,868	16,560,210
Certificates of obligation	655,000	6,904,994	6,186,904	5,958,814
Less: debt pledged by utility revenues	-	-	-	(4,973,414)
Less: amount set aside for repayment of general obligation debt	<u>(577,456)</u>	<u>(1,230,863)</u>	<u>(847,921)</u>	<u>(969,351)</u>
Total net debt applicable to limit	<u>14,907,544</u>	<u>19,591,952</u>	<u>18,228,851</u>	<u>16,576,259</u>
Legal debt margin	<u>\$ 126,614,103</u>	<u>\$ 122,661,477</u>	<u>\$ 130,701,271</u>	<u>\$ 149,710,713</u>

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 \$0.36200 and debt rate of \$0.10664 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

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 174,492,498	\$ 195,686,126	\$ 206,436,663	\$ 214,120,696	\$ 219,546,782	\$ 244,863,555
14,985,429	13,366,340	11,400,956	14,897,686	12,408,451	10,068,652
<u>\$ 159,507,069</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>
8.59%	6.83%	5.52%	6.96%	5.65%	4.11%
\$ 1,744,924,983	\$ 1,956,861,264	\$ 2,064,366,339	\$ 2,141,206,963	\$ 2,195,467,818	\$ 2,448,635,553
174,492,498	195,686,126	206,436,663	214,120,696	219,546,782	244,863,555
14,893,610	13,217,011	11,300,412	9,343,813	7,347,215	9,806,035
5,720,724	5,472,634	5,214,545	12,403,510	11,605,161	6,381,537
(4,759,886)	(4,536,359)	(4,302,832)	(6,146,829)	(5,822,508)	(5,483,185)
(869,019)	(786,946)	(811,169)	(702,808)	(721,417)	(635,735)
14,985,429	13,366,340	11,400,956	14,897,686	12,408,451	10,068,652
<u>\$ 159,507,069</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>

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⁾
2011	10,684	\$ 254,086,888	\$ 23,782	32.8	2,294	8.6%
2012	10,704	\$ 329,329,968	\$ 30,767	29.8	2,912	6.3%
2013	11,279	\$ 319,567,907	\$ 28,333	30.2	3,305	6.1%
2014	11,398	\$ 297,898,128	\$ 26,136	29.1	3,345	4.9%
2015	11,421	\$ 298,499,256	\$ 26,136	29.1	3,396	4.6%
2016	11,498	\$ 283,747,644	\$ 24,678	30.1	3,552	5.7%
2017	11,716	\$ 289,127,448	\$ 24,678	30.1	3,660	4.8%
2018	11,306	\$ 279,009,468	\$ 24,678	30.1	3,766	4.1%
2019	10,924	\$ 269,582,472	\$ 24,678	30.1	3,887	3.6%
2020	11,128	\$ 274,616,784	\$ 24,678	28.9	3,675	9.6%

Sources:

- ⁽¹⁾ Population was estimated using data received from the Harris County Appraisal District.
- ⁽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	
	2020	2011
Academy Sports and Outdoors	100-199	Data not available
Bay Area Rehabilitation Hospital	200-299	Data not available
City of Webster	100-199	Data not available
Clear Creek Independent School District	200-299	Data not available
Clear Lake Regional Medical Center	500+	Data not available
Costco	100-199	Data not available
Houston Physicians Hospital	200-299	Data not available
Kindred Hospital Clear Lake	200-299	Data not available
Texas Gulf Coast Medical Group	200-299	Data not available
Top Golf Webster	400-499	Data not available

Source: City of Webster

Notes:

⁽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

	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
<u>General Fund:</u>										
City Secretary	4	4	4	4	4	5	5	5	5	5
City Manager	2	2	2	2	2	2	1	1	3	3
Finance	6	6	6	6	6	6	6	6	6	6
Municipal Court	7	7	7	7	7	6	6	5	5	5
Human Resources	3	3	3	3	3	3	3	3	3	3
Community Development										
Administration	6	6	6	6	6	6	5	5	5	5
Building	7	7	7	7	7	7	7	7	7	7
Recreation Programs	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	3	3	3	5	5	5	5	5	6	6
Maintenance	10	10	10	10	10	10	10	10	10	10
Parks Maintenance	7	7	7	7	7	7	7	7	7	7
Engineering	2	2	2	-	-	-	-	-	-	-
Police										
Administration	4	4	4	4	4	6	9	8	8	9
Criminal Investigation	7	7	7	7	7	7	7	7	7	7
Patrol	37	37	38	38	37	36	35	36	36	36
Communications	16	16	15	15	16	15	15	15	17	16
Fire										
Prevention	3	3	3	3	3	3	5	5	7	7
Operations	14	14	14	14	14	17	15	16	15	15
Emergency Management										
Emergency Management	-	-	-	-	-	-	2	2	-	-
Economic Development										
Economic Development	3	3	3	3	3	3	3	3	3	3
General Fund Total	142	142	142	142	142	145	147	147	151	151
<u>Utility Fund:</u>										
Water	9	9	9	9	9	9	9	9	9	9
Sewer	7	7	7	7	7	7	8	7	7	7
Drainage	2	2	2	2	2	2	2	2	2	2
Utility Fund Total	17	17	17	17	17	17	18	17	17	17
<u>Information Technology (IT) Fund:</u>										
Information Technology	4	4	4	4	4	4	3	3	3	3
IT Fund Total	4	4	4	4	4	4	3	3	3	3
Total City Positions	163	163	163	163	163	166	168	167	171	171

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			
	2011	2012	2013	2014
Police				
Arrests	3,030	3,055	2,775	2,067
Accident reports	952	971	1,055	1,100
Citations	6,725	7,663	7,764	7,000
Offense reports	2,316	2,366	2,197	1,856
Calls for service	32,553	31,782	26,686	22,766
Fire				
Emergency responses	794	857	892	907
Fire incidents	74	57	73	60
Average response time	4 min, 12 sec	4 min, 23 sec	4 min, 35 sec	4 min, 49 sec
Water				
New accounts	129	238	221	189
Average daily consumption (millions of gallons)	1.930	1.763	1.797	1.724
Total consumption (millions of gallons)	704.562	643.460	655.945	629.159
Peak daily consumption (millions of gallons)	2.726	2.534	2.623	2.783
Sewer				
Average daily sewage treatment (millions of gallons)	1.247	1.444	1.426	1.455
Total consumption (millions of gallons)	455.230	527.061	520.640	531.100
Peak daily consumption (millions of gallons)	2.696	2.819	2.510	3.099

Source: Various City departments

⁽¹⁾ Data was not available at time of publication.

Fiscal Year					
2015	2016	2017	2018	2019 ⁽¹⁾	2020 ⁽¹⁾
1,883	1,674	1,679	1,678	1,470	995
1,218	1,352	1,176	1,149	1,145	953
4,880	6,364	5,421	4,795	4,293	2,250
2,107	2,267	2,543	1,240	3,309	2,523
21,187	23,402	22,413	25,141	20,661	16,767
1199	1696	1833	1969	0	0
74	63	100	94	0	0
4 min, 44 sec	4 min, 14 sec	4 min, 10 sec	4 min, 4 sec	0 min, 0 sec	0 min, 0 sec
186	189	247	244	302	181
1.687	1.605	1.542	1.603	1.520	1.802
615.620	587.253	563.416	599.500	555.183	660.135
2.801	3.091	1.912	3.268	2.503	2.518
1.280	1.292	1.280	1.260	1.368	1.320
468.360	471.600	467.000	458.870	500.731	483.825
2.845	3.000	2.960	2.880	3.590	3.170

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

Function / Program	Fiscal Year			
	2011	2012	2013	2014
Police				
Stations	1	1	1	1
Patrol units	47	47	47	47
Fire stations	2	2	2	2
Other public works				
Streets (miles - centerlines)	25.1	25.1	24.9	24.9
Streetlights	978	977	1,007	1,008
Parks and recreation				
Parks	5	5	5	5
Parks acreage	26.0	26.0	26.0	26.0
Baseball / softball diamonds	2	2	2	2
Community centers	1	1	1	1
Water				
Water mains (miles)	50.3	50.7	50.7	50.5
Fire hydrants	642	644	643	644
Storage capacity (millions of gallons)	2.95	2.95	2.95	2.95
Sewer				
Sanitary sewers (miles)	32.0	32.6	32.9	33.4
Storm sewers (miles)	22.4	25.0	25.5	23.8
Open ditch / creek / canal drainage (miles)	7.3	7.4	6.7	6.7
Treatment capacity (millions of gallons)	3.30	3.30	3.30	3.30

Source: Various City departments

Fiscal Year						
2015	2016	2017	2018	2019	2020	
1	1	1	1	1	1	
48	48	49	47	47	45	
2	2	2	2	2	2	
25.9	25.1	25.3	26.2	26.6	27.0	
1,008	1,049	1,111	1,070	1,112	1,149	
5	5	5	5	5	5	
26.0	26.0	26.0	26.0	26.0	26.0	
2	2	2	2	2	2	
1	1	1	1	1	1	
52.0	52.8	52.9	55.3	56.5	56.0	
665	673	682	712	630	665	
2.95	2.95	2.95	2.95	2.95	2.95	
34.2	34.9	34.9	35.8	35.7	36.7	
24.6	26.5	25.5	26.4	27.1	27.5	
6.2	8.6	6.2	6	6.4	5.3	
3.30	3.30	3.30	3.30	3.30	3.30	

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