

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2009



City of Webster, Texas

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

OF THE

CITY OF WEBSTER, TEXAS

**For the Fiscal Year Ended
September 30, 2009**

CITY MANAGER

Wayne J. Sabo

Prepared by:

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

**Melinda Caperton, CGFO
Accounting Manager**

**Stephen Shen, CGFO
Senior Accountant**

**Carol Fontenot
Accounting Technician**

**Debbie Pinkston
Accounting Technician**

**Jo Ellen Canning
Accounting Technician**

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CITY OF WEBSTER, TEXAS

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INTRODUCTORY SECTION



www.cityofwebster.com

December 18, 2009

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, 2009. 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 our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the end results of operation 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.

The CAFR is presented in three sections: Introductory, Financial and Statistical. The Introductory Section includes this transmittal letter, the City's organizational chart, and a list of principal officials. The Financial Section includes Management's Discussion and Analysis (MD&A), Basic Financial Statements, Required Supplementary Information, Combining and Individual Fund Financial Statements and Other Supplemental Information, as well as the independent auditors' report. The Statistical Section includes selected financial and demographic information generally presented on a multi-year basis.

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 just under 10,000 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; for overseeing the day-to-day operations of the City; and for 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); community development (construction and maintenance of

streets, 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.

Local Economy

The City of Webster, Texas, is the "Gateway to the Bay Area." 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 developing as a center for excellence within the health care 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 that is contributing to the construction of new hotels in Webster.

While the Houston region as a whole has fared better than the rest of the nation over the past year, the effects of the financial downturn are now being felt in Webster. The unemployment rate for the Houston metropolitan area rose from 5.1% in September 2008 to 8.5 % in September 2009. Property values have modestly declined from the preceding year. While economic growth has slowed, commercial development does continue throughout the area. The City enjoys a greater density of retail business than many other communities. As a result, Webster collects a greater amount of sales tax revenue on a per-capita basis than other municipalities in Harris County. Despite the economic downturn, the City is optimistic for future expansion of its sales tax base.

Fiscal year 2008-09 brought a great deal of news in economic development. Listed below are just a few of the highlights.

- Construction was temporarily halted at the planned nine-story, 350,000 square foot medical facility after St. Luke's Episcopal Hospital announced its intention to withdraw from the project. The developer still plans to complete the building with another tenant.
- Four new hotels opened during the year: Staybridge Suites, Hilton Garden Inn, Holiday Inn, and Marriott Springhill Suites. Sixteen hotels are now located in the City. Upon its opening in February 2010, Holiday Inn Express will increase the total room count in Webster to over 1500.
- A second LEED gold-certified "green" building, 253 Medical Center Boulevard, adds three stories and 48,000 square feet of new medical office space in Webster's medical district. The mirror building to 251 Medical Center Boulevard, this space is fully occupied by IDEV Technologies, Inc., an innovative biotech company.
- Construction continues at Webster's newest residential community, Edgewater. This 574-acre development will add 2,600 residents and a minimum of 375,000 square feet of retail over several years.

Major Initiatives

The largest revenue source in the General Fund is sales tax. In recent years, the City has experienced sales tax revenue growth in excess of 10%. Growth slowed considerably during fiscal years 2008 and 2009 to 2.3% and 1.1% respectively. The fiscal year 2009-10 budget predicts revenue to actually decrease by 8.1% due to a weak economy and the closing or relocation of three major retailers. Combined with an anticipated decline in sales from the general sales tax base, this loss may contribute to the first contraction in sales tax revenue since 2004.

Another large source of revenue is the ad valorem tax. The City's 2009 taxable value decreased 1.1% from the adjusted 2008 taxable value. Due to the decline in property value, the fiscal year 2009-10 budget requires a property tax increase of \$0.02652 per \$100 of valuation.

Public safety continues to be a major initiative for the City. The Fire Department added twelve permanent part-time firefighters (8.1 full-time equivalent positions) to man one fire station on a 24-hour, seven day per week basis. A full-time Assistant Fire Marshal position was created to facilitate more frequent inspections of commercial structures. Another K-9 unit will be added to concentrate on narcotics detection and tracking. The fiscal year 2009-10 annual budget also establishes a full-time Emergency Management Coordinator position to prepare and protect the public during a crisis.

Street and sidewalk maintenance remains a priority for the citizens of Webster. Public Works will continue its comprehensive sidewalk construction and maintenance program. Funding will be provided for landscaping of Bay Area Boulevard after the recently completed traffic mitigation project. Other projects include the replacement of an air conditioner and the repair of two roofs.

In 2009, the City of Webster and the Webster Economic Development Corporation revised its commitment of financial resources towards the development of Edgewater, a commercial and residential area within the City. Originally executed in 2006, the developer agreed to make certain improvements to the property, subject to incremental reimbursements by the City based upon the additional property value for the site. The amended agreement caps the total commitment to the developer at \$12.97 million and reallocates funding between the City and the Webster Economic Development Corporation. The first incremental payment of \$3.75 million was made in March 2009.

The Utility Fund has revenue bonds outstanding in the amount \$8.15 million. This debt funded the expansion of the wastewater treatment plant. In March 2009, City Council approved a five-year schedule of rate changes according to a consultant's study. Council has proven its commitment to this study by increasing water and wastewater rates as recommended. The fiscal year 2009-10 budget also includes a new drainage division within the Utility Fund to focus on the quality of storm water runoff in the City. The new division will be funded with a new drainage fee.

Independent Audit

The City Charter requires an independent audit of the accounts of the City by an independent auditor. Belt Harris & Associates, LLLP, Certified Public Accountants, have issued an unqualified (“clean”) opinion on the City of Webster’s financial statements for the year ended September 30, 2009. The independent auditors’ report is located at the front of the financial section of this report.

Awards

The Government Finance Officers’ Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2008. This represents the 23rd consecutive year the City has received the award. In order to be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfies both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only. 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 2008-09 Annual Budget. In order to qualify for the Distinguished Budget Presentation Award, the City’s budget document was judged according to its compliance with specific guidelines established by GFOA. These guidelines help ensure that the City of Webster’s budget is proficient as an operations guide, financial plan, policy document, and communication device. The City has submitted its fiscal year 2009-10 Annual Budget to GFOA to determine its eligibility for another certificate. I believe it continues to meet the Distinguished Budget Presentation Award criteria.

Acknowledgements

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

Respectfully submitted,

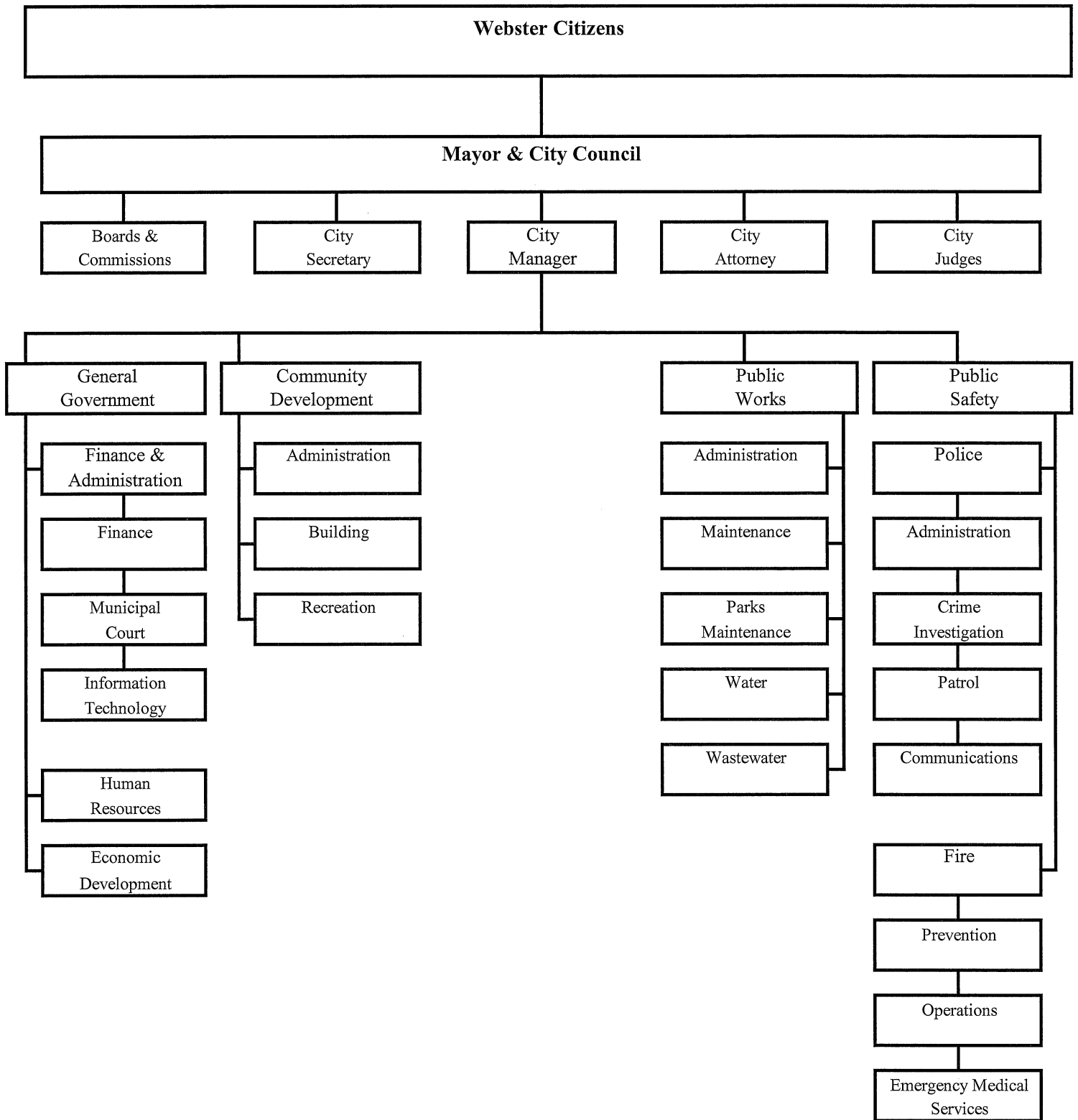


William Michael Rodgers, CPA
Director of Finance

CITY OF WEBSTER, TEXAS

ORGANIZATION CHART

September 30, 2009



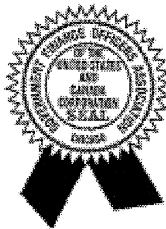
Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of Webster
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2008

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A stylized, handwritten signature in black ink, appearing to be "J.R. Emerson".

President

A handwritten signature in black ink, appearing to be "Jeffrey R. Emerson".

Executive Director

CITY OF WEBSTER, TEXAS

PRINCIPAL OFFICIALS

September 30, 2009

City Officials	Elected Position	Term Expires
Floyd Myers	Mayor	05/2011
Melvin Ellis	Council Member – Position No. 1	05/2012
Beverly Gaines	Council Member – Position No. 2	05/2012
Mel Donehue	Council Member – Position No. 3	05/2010
Steve Waltz	Council Member – Position No. 4	05/2010
Natalie Dolan	Council Member – Position No. 5	05/2010
Donna Rogers	Council Member – Position No. 6	05/2011

Key Staff	Position
Wayne J. Sabo	City Manager
Wm. Michael Rodgers, CPA	Director of Finance
Pauline Small	City Secretary
Dick Gregg, III	City Attorney/Prosecutor
Glenn Chaney	City Judge
Raymond J. Smiley	Police Chief
Derhyl J. Hebert	Director of Community Development
Sara S. Gallagher	Director of Human Resources
Patrick Shipp	Fire Chief
Dr. Betsy Giusto	Director of Economic Development
Shannon Hicks	Director of Public Works

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FINANCIAL SECTION



INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Webster, Texas (the "City"), as of September 30, 2009 and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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 aggregate discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2009, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The Management's Discussion and Analysis on pages 11 through 19, budgetary comparison information on pages 69 through 71, and schedules of funding progress on pages 73 through 75, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 and individual nonmajor fund financial statements, schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Belt Harris & Associates, LLLP

Belt Harris & Associates, LLLP
Certified Public Accountants
Houston, Texas
December 18, 2009

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

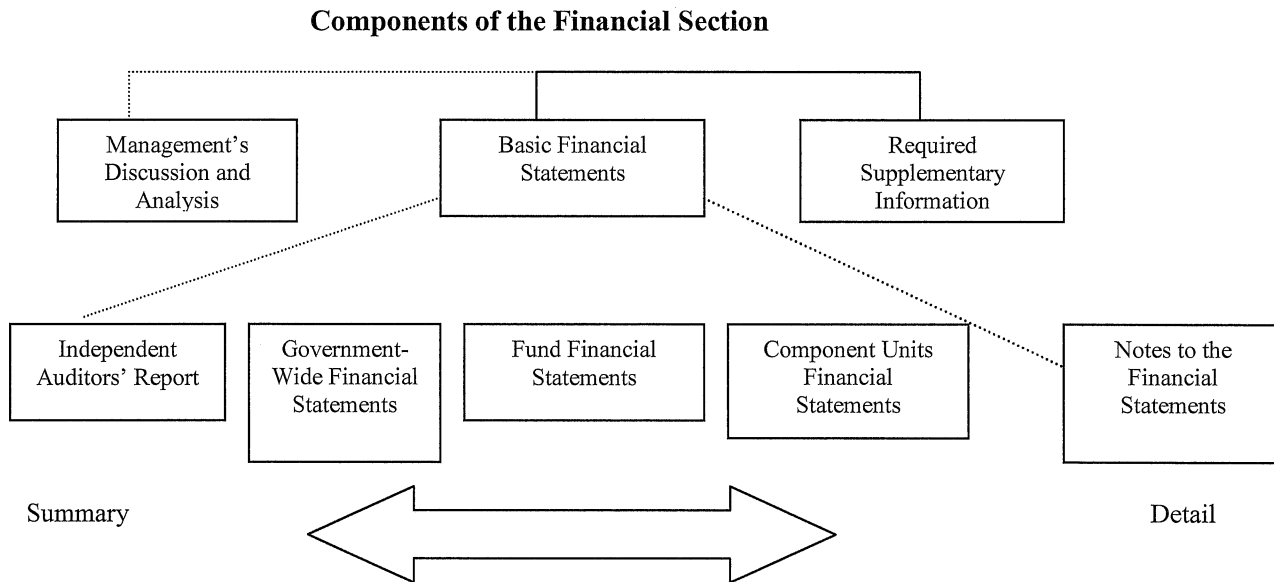
CITY OF WEBSTER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

For the Year Ended September 30, 2009

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the City of Webster's (the "City") financial activities for the year ending September 30, 2009. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. GASB Statement No. 34 establishes the content of the minimum requirements for the MD&A. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The comprehensive annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as well as the MD&A and certain other required supplementary information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Government-Wide Financial Statements

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

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*
For the Year Ended September 30, 2009

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

The Statement of Activities presents information showing how the City's net assets changed during the most recent year. All changes in the net assets 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 Assets and the Statement of Activities divide the City into three 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, and human resources), public safety (police, fire, and emergency medical services), and community development (building, engineering, recreational, parks, and economic development). Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines, and permit fees finance most of these activities.
2. Business-type activities – Services involving a fee for those services, which include the City's water distribution and wastewater collection/treatment, are reported here.
3. Component units – The City of Webster itself is the primary government. The Webster Economic Development Corporation (WEDC) is established as a separate legal entity. The City maintains financial accountability, thus WEDC is reported as a *component unit*, separate from the financial transactions of the City.

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 of Webster. 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.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

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

The City maintains 12 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 and the debt service fund, which are considered to be major funds. Management has elected to present the hotel occupancy tax fund as a major fund with singular presentation rather than aggregated with the other special revenue funds. Data from the other ten governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund. A budgetary comparison schedule has been provided for the general fund to demonstrate compliance with this budget.

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 and wastewater collection/treatment, along with its water and sewer impact fees, and water construction projects. Management would note that sanitary collection services are provided by a third party contract, which provides its own billing function. The 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 and information technology department. Because both of these services predominately 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 starting on page 39 are the last section of the basic financial statements.

Other Information

In addition to basic financial statements, the MD&A, and accompanying notes, this report also presents certain required supplementary information (RSI). The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and hotel occupancy tax fund along with schedules of funding progress for the Texas Municipal Retirement System, Texas Emergency Services Retirement System, and the City's other post-employment healthcare benefit. 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, 2009

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City of Webster, assets exceed liabilities by \$78,337,107 as of September 30, 2009 in the primary government, which is an improvement in the City's overall financial position compared to the prior year.

The largest portion of the City's net assets (70.7 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 used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Assets

The following table reflects the condensed Statement of Net Assets:

CONDENSED STATEMENT OF NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 19,872,397	\$ 18,580,042	\$ 5,882,774	\$ 8,014,403	\$ 25,755,171	\$ 26,594,445
Capital assets, net	56,871,743	55,410,510	24,511,528	20,511,257	81,383,271	75,921,767
Total Assets	76,744,140	73,990,552	30,394,302	28,525,660	107,138,442	102,516,212
Long-term liabilities	18,981,446	20,155,023	8,159,013	8,435,132	27,140,459	28,590,155
Other liabilities	1,187,094	1,341,530	473,782	1,852,748	1,660,876	3,194,278
Total Liabilities	20,168,540	21,496,553	8,632,795	10,287,880	28,801,335	31,784,433
Net Assets:						
Invested in capital assets, net of related debt	38,656,099	36,295,260	16,697,191	13,676,387	55,353,290	49,971,647
Restricted	6,335,017	4,878,125	2,853,477	3,314,199	9,188,494	8,192,324
Unrestricted	11,584,484	11,320,614	2,210,839	1,247,194	13,795,323	12,567,808
Total Net Assets	\$ 56,575,600	\$ 52,493,999	\$ 21,761,507	\$ 18,237,780	\$ 78,337,107	\$ 70,731,779

A portion of the primary government's net assets, \$9,188,494 or 11.7 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 municipal court programs as well as capital project funds that represent unspent bond proceeds at the fund level. The remaining balance of unrestricted net assets, \$13,795,323 or 17.6 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, 2009

Statement of Activities

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

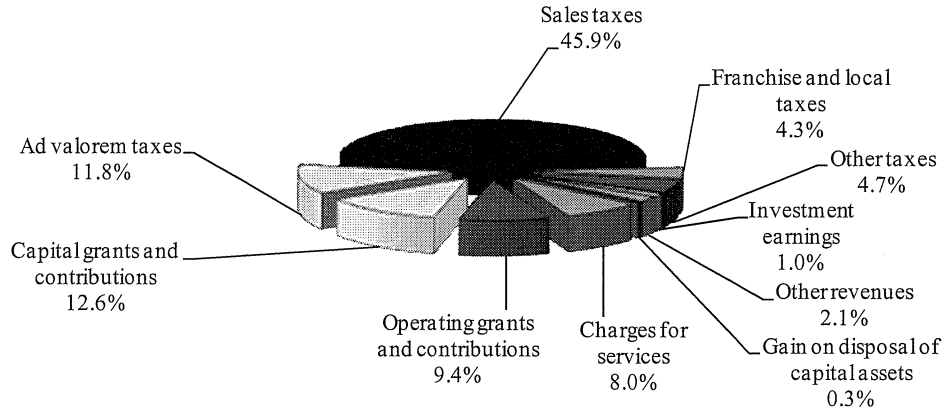
CHANGES IN NET ASSETS

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Revenues						
Program revenues:						
Charges for services	\$ 1,898,917	\$ 2,305,890	\$ 3,454,962	\$ 3,005,866	\$ 5,353,879	\$ 5,311,756
Operating grants and contributions	2,236,981	1,584,928	-	-	2,236,981	1,584,928
Capital grants and contributions	3,001,168	220,542	3,412,361	-	6,413,529	220,542
General revenues:						
Ad valorem taxes	2,801,925	2,614,259	-	-	2,801,925	2,614,259
Sales taxes	10,922,780	11,000,547	-	-	10,922,780	11,000,547
Franchise and local taxes	1,014,492	1,016,549	-	-	1,014,492	1,016,549
Other taxes	1,126,527	1,012,157	-	-	1,126,527	1,012,157
Investment earnings	236,386	533,397	65,851	347,054	302,237	880,451
Other revenues	508,982	190,782	196,361	256,674	705,343	447,456
Gain on disposal of capital assets	66,215	70,055	-	15,951	66,215	86,006
Total Revenues	<u>23,814,373</u>	<u>20,549,106</u>	<u>7,129,535</u>	<u>3,625,545</u>	<u>30,943,908</u>	<u>24,174,651</u>
Expenses						
General government	3,518,765	4,372,934	-	-	3,518,765	4,372,934
Public safety	8,275,633	7,438,134	-	-	8,275,633	7,438,134
Community development	7,245,743	5,666,080	-	-	7,245,743	5,666,080
Interest and fiscal agent fees on long-term debt	938,611	1,352,133	-	-	938,611	1,352,133
Water	-	-	1,722,540	1,676,357	1,722,540	1,676,357
Sewer	-	-	1,637,288	1,531,042	1,637,288	1,531,042
Total Expenses	<u>19,978,752</u>	<u>18,829,281</u>	<u>3,359,828</u>	<u>3,207,399</u>	<u>23,338,580</u>	<u>22,036,680</u>
Increase in Net Assets						
Before Transfers	3,835,621	1,719,825	3,769,707	418,146	7,605,328	2,137,971
Transfers In (Out)	245,980	455,633	(245,980)	(455,633)	-	-
Change in Net Assets	4,081,601	2,175,458	3,523,727	(37,487)	7,605,328	2,137,971
Beginning Net Assets	<u>52,493,999</u>	<u>50,318,541</u>	<u>18,237,780</u>	<u>18,275,267</u>	<u>70,731,779</u>	<u>68,593,808</u>
Ending Net Assets	<u>\$ 56,575,600</u>	<u>\$ 52,493,999</u>	<u>\$ 21,761,507</u>	<u>\$ 18,237,780</u>	<u>\$ 78,337,107</u>	<u>\$ 70,731,779</u>

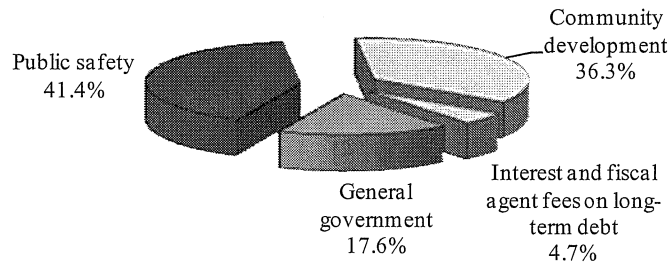
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

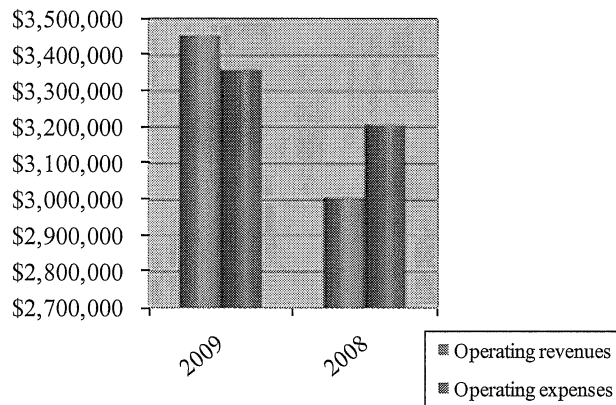
Governmental Activities - Revenues



Governmental Activities - Expenses



Business-Type Activities - Revenues and Expenses



CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

Governmental Activities

For the year ended September 30, 2009, revenues from governmental activities totaled \$23,814,373. Property and sales tax revenues continue to be the City's largest revenue sources. Sales tax revenue decreased by \$77,767 because of the weak economy and the loss of a few large retailers. Capital contributions increased by \$2,780,626 due to the donation of capital assets from the developer for the Edgewater project, as well as a capital contribution from WEDC. Charges for services decreased by \$406,973 over the last year with the largest attributing factors being a decrease in citations written. Investment income fell by \$297,011 as a result of lower interest rates.

Other taxes increased 11.3 percent over the prior year primarily as a result of an increase in hotel occupancy taxes from the addition of new hotels. Franchise fees collected from electric, gas, cable, and telecommunications utilities were almost unchanged with a total of \$1,014,492 for the year ended September 30, 2009.

For the year ended September 30, 2009, expenses for governmental activities totaled \$19,978,752. This represents an increase of \$1,149,471 over last year. This was largely due to increases in community development expenses related to the Edgewater development. Expenses per capita were \$2,111, up \$122 from last year.

Business-Type Activities

The City's business-type activities include the operations of providing water and sewer services. In comparison to the prior year, operating revenues increased by \$449,096 or 14.9 percent. The City raised residential and commercial rates in accordance with a five-year utility rate study. Operating costs are higher than the prior year due to an increase in maintenance and repair during the year.

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 of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 \$16,414,444. Of this, \$1,147,627 is designated and \$6,636,368 is reserved for outside restrictions, prepaid expenses, and a fund advance.

There was an increase in the combined fund balance of \$1,496,300 over the prior year. This is largely attributable to a partial reimbursement for utility relocation work completed. The City's fund balance policy for the general fund is a minimum 3-month reserve. The general fund's unreserved, undesignated fund balance of \$8,630,449 is estimated to be \$4,816,134 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 \$94,639 in the debt service fund balance to \$1,400,456. Principal and interest debt service payments totaled \$2,060,305 for the year.

The hotel occupancy tax fund experienced a decrease in fund balance of \$1,325,375, which can be primarily attributed to a planned transfer to the parks and landscaping capital projects fund.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

Proprietary Funds

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

Revenues from charges for water and wastewater increased during the year by 12.7 percent and 17.3 percent, respectively. Operating expenses increased by 10.9 percent due to increased personnel costs. There was an increase in ending net assets of \$3,531,539 due to capital contributions.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were \$23,385 less than budgeted revenues for 2009. This variance can be attributed to the negative variance of \$374,225 for fines and forfeitures as a result of a decrease in citations issued during the year. However, this was partially offset by a \$217,221 positive variance in sales tax revenue.

Actual expenditures, including transfers, were less than budgeted expenditures by \$2,335,675. This is largely the result of a smaller than expected transfer to the general projects fund.

During the 2009 year, City Council amended the budget to re-appropriate monies to pay for expenses related to Hurricane Ike and to transfer personnel costs between divisions of the police department.

CAPITAL ASSETS

At September 30, 2009, the City's governmental activities funds had invested \$56,871,743 in a variety of capital assets and infrastructure. This represents a net increase of \$1,461,233. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in the amount of \$2,238,545.

Major capital asset events during the current year include the following:

- Completion of the Wastewater Treatment Plant Expansion in the amount of \$8,197,835;
- Accepted assets contributed from the developer in the Edgewater development in the amount of \$5,928,841;
- Completion of the NASA Road 1 Bypass Phase I in the amount of \$2,223,331;
- Purchase of a fire truck in the amount of \$604,572.

Construction in progress at year end represents numerous ongoing projects, the largest of which relates to the NASA Road 1 Bypass Phase II.

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

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued
For the Year Ended September 30, 2009

LONG-TERM DEBT

At the end of the current year, the City had total bonds, certificates of obligation, obligations to the State, and lease agreements outstanding of \$26,745,000. Of this amount, \$15,165,000 was general obligation debt, while certificates of obligation account for \$3,720,000. The remaining \$7,860,000 consisted of business-type revenue bonds.

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

Current underlying ratings on debt issues are as follows:

	<u>Moody's Investors Service</u>	<u>Standard and Poor's</u>
General obligation bonds	A3	AA-

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In September 2009, the Webster City Council approved an expenditure budget in the amount of \$32,741,460, two percent less than the previous year. The fiscal year 2009-2010 annual budget incorporates significant service enhancements in the areas of public safety; including 24-hour staffing at one fire station, the addition of an Assistant Fire Marshal position, and the creation of a full-time Emergency Management Coordinator position. Along with a modest property tax increase, a significant use of fund balance is required.

Property tax values within the City of Webster decreased one percent from the adjusted 2008 taxable values. Respectively, ad valorem tax rates increased \$0.02652 to \$0.23252 per \$100 of taxable value. The fiscal year 2009-2010 annual budget predicts a decrease in sales tax revenue of eight percent due to a weak economy and the closing of three major retailers. This would be the first contraction of sales tax revenue since 2004. Sales tax receipts comprise 60 percent of the revenues for the general fund and 40 percent of the revenues for all funds, including the component unit. Water and wastewater rates increased in accordance with a new five-year rate study that was completed in 2009. In addition, a drainage fee will be implemented in fiscal year 2009-2010.

The Houston metropolitan area has not experienced the severe financial difficulties like other areas of the nation. However, the downturn is now being felt in the City as the unemployment rate has increased to 8.5 percent and economic growth has slowed. Construction was temporarily halted at the planned nine-story, 350,000 square foot medical facility after St. Luke's Episcopal Hospital announced its intention to withdraw from the project. In contrast, four new hotels opened during the year. Construction continues at the City's newest residential community, Edgewater, which will add 2,600 residents and a minimum of 375,000 square feet of retail over several years.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances for all those with an interest in 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.

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BASIC FINANCIAL STATEMENTS

CITY OF WEBSTER, TEXAS

STATEMENT OF NET ASSETS

September 30, 2009

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 9,474,483	\$ 4,561,227	\$ 14,035,710	\$ 3,767,201
Investments	7,539,656	602,766	8,142,422	4,211,803
Receivables (net of allowance for uncollectible)	2,555,771	401,919	2,957,690	519,941
Internal balances	4,543	(4,543)	-	-
Prepaid items	66,793	4,768	71,561	2,106
Inventory	8,240	-	8,240	-
Deferred charges	222,911	316,637	539,548	358,246
Capital assets:				
Non-depreciable	5,892,049	141,652	6,033,701	-
Net depreciable capital assets	50,979,694	24,369,876	75,349,570	-
Total Assets	<u>76,744,140</u>	<u>30,394,302</u>	<u>107,138,442</u>	<u>8,859,297</u>
LIABILITIES				
Accounts payable and accrued liabilities	1,047,232	203,309	1,250,541	28,136
Customer deposits	12,300	255,881	268,181	-
Accrued interest payable	66,109	14,592	80,701	24,921
Net OPEB obligation	61,453	-	61,453	-
Noncurrent liabilities:				
Long-term liabilities due within one year	1,714,682	333,097	2,047,779	714,380
Long-term liabilities due in more than one year	17,266,764	7,825,916	25,092,680	13,152,544
Total Liabilities	<u>20,168,540</u>	<u>8,632,795</u>	<u>28,801,335</u>	<u>13,919,981</u>
NET ASSETS				
Invested in capital assets, net of related debt	38,656,099	16,697,191	55,353,290	-
Restricted for:				
Debt service	1,403,989	5,869	1,409,858	96,364
Special projects	836,062	-	836,062	-
Construction/capital improvements	4,094,966	2,847,608	6,942,574	5,596,044
Economic development	-	-	-	2,716,316
Unrestricted	11,584,484	2,210,839	13,795,323	(13,469,408)
Total Net Assets	<u>\$ 56,575,600</u>	<u>\$ 21,761,507</u>	<u>\$ 78,337,107</u>	<u>\$ (5,060,684)</u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2009

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 3,518,765	\$ 211,429	\$ 1,030,030
Public safety	8,275,633	1,310,891	148,092
Community development	7,245,743	376,597	1,058,859
Interest and fiscal agent fees	938,611	-	-
Total Governmental Activities	19,978,752	1,898,917	2,236,981
Business-Type Activities			
Water	1,722,540	1,771,314	-
Sewer	1,637,288	1,683,648	-
Total Business-Type Activities	3,359,828	3,454,962	-
Total Primary Government	\$ 23,338,580	\$ 5,353,879	\$ 2,236,981
Component Units			
Webster Economic Development Corporation	\$ 4,828,955	\$ -	\$ -
Total Component Units	\$ 4,828,955	\$ -	\$ -

General Revenues:

- Ad valorem taxes
- Sales taxes
- Franchise and local taxes
- Other taxes
- Investment earnings
- Other revenues
- Gain on sale/retirement of capital assets
- Transfers

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Assets

Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
\$ -	\$ (2,277,306)	\$ -	\$ (2,277,306)	\$ -
-	(6,816,650)	-	(6,816,650)	-
3,001,168	(2,809,119)	-	(2,809,119)	-
-	(938,611)	-	(938,611)	-
<u>3,001,168</u>	<u>(12,841,686)</u>	<u>-</u>	<u>(12,841,686)</u>	<u>-</u>
3,412,361	-	3,461,135	3,461,135	-
-	-	46,360	46,360	-
<u>3,412,361</u>	<u>-</u>	<u>3,507,495</u>	<u>3,507,495</u>	<u>-</u>
<u>\$ 6,413,529</u>	<u>(12,841,686)</u>	<u>3,507,495</u>	<u>(9,334,191)</u>	<u>-</u>
\$ -	-	-	-	(4,828,955)
<u>\$ -</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>(4,828,955)</u>
	2,801,925	-	2,801,925	-
	10,922,780	-	10,922,780	3,640,927
	1,014,492	-	1,014,492	-
	1,126,527	-	1,126,527	-
	236,386	65,851	302,237	118,805
	508,982	196,361	705,343	-
	66,215	-	66,215	-
	245,980	(245,980)	-	-
	<u>16,923,287</u>	<u>16,232</u>	<u>16,939,519</u>	<u>3,759,732</u>
	4,081,601	3,523,727	7,605,328	(1,069,223)
	52,493,999	18,237,780	70,731,779	(3,991,461)
	<u>\$ 56,575,600</u>	<u>\$ 21,761,507</u>	<u>\$ 78,337,107</u>	<u>\$ (5,060,684)</u>

CITY OF WEBSTER, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2009

	General	Debt Service	Hotel Occupancy Tax	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,486,685	\$ 793,009	\$ 472,613	\$ 3,765,909
Investments	4,822,208	602,766	-	989,901
Receivables (net of allowance for uncollectible)	1,827,003	94,282	50,348	287,882
Due from other funds	65,885	-	-	-
Deposits	200	-	-	-
Advances to other funds	288,156	-	-	-
Prepaid items	66,793	-	-	-
Inventory	8,240	-	-	-
Total Assets	\$ 10,565,170	\$ 1,490,057	\$ 522,961	\$ 5,043,692
LIABILITIES				
Accounts payable and accrued liabilities	\$ 924,217	\$ -	\$ 34	\$ 12,847
Grants payable	-	-	-	56,799
Insurance payable	-	-	-	20,021
Customer deposits	12,300	-	-	-
Due to other funds	3,269	-	-	67,317
Deferred revenue	21,031	89,601	-	-
Total Liabilities	960,817	89,601	34	156,984
FUND BALANCES				
Reserved for:				
Prepaid items	66,793	-	-	-
Inventory	8,240	-	-	-
Debt service	-	1,400,456	-	-
Special revenue	-	-	522,927	313,135
Capital projects	-	-	-	4,094,966
Advances	229,851	-	-	-
Unreserved, designated for:				
Emergencies	-	-	-	82,443
Construction/capital improvements	-	-	-	380,159
Equipment replacement	-	-	-	16,005
Developer reimbursement	617,000	-	-	-
Other post-employment benefits	52,020	-	-	-
Unreserved and undesignated	8,630,449	-	-	-
Total Fund Balances	9,604,353	1,400,456	522,927	4,886,708
Total Liabilities and Fund Balances	\$ 10,565,170	\$ 1,490,057	\$ 522,961	\$ 5,043,692

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 8,518,216
6,414,875

2,259,515
65,885
200
288,156
66,793
8,240
\$ 17,621,880

\$ 937,098
56,799
20,021
12,300
70,586
110,632
1,207,436

66,793
8,240
1,400,456
836,062
4,094,966
229,851

82,443
380,159
16,005
617,000
52,020
8,630,449
16,414,444

\$ 17,621,880

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CITY OF WEBSTER, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET ASSETS
September 30, 2009

Total fund balances – total governmental funds	\$	16,414,444
Amounts reported for governmental activities in the Statement of Net Assets are different because:		
Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.		
Capital assets – non-depreciable		5,892,049
Capital assets – net depreciable		50,979,694
Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds.		
		110,632
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 Assets.		
		2,064,878
Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.		
Accrued interest payable		(66,109)
Net OPEB obligation		(61,453)
Non-current liabilities due in one year		(1,714,682)
Non-current liabilities due in more than one year		(17,266,764)
Deferred charges for issuance costs		222,911
		222,911
Net Assets of Governmental Activities	\$	56,575,600

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, 2009

	General	Debt Service	Hotel Occupancy Tax	Nonmajor Governmental Funds
REVENUES				
Property taxes	\$ 993,449	\$ 1,808,579	\$ -	\$ -
Sales taxes	10,828,541	-	-	-
Franchise fees	1,014,492	-	-	-
Other taxes	492,475	-	634,052	-
Licenses and permits	354,447	-	-	-
Fines and forfeitures	1,219,895	-	-	90,996
Charges for services	233,579	-	-	-
Other revenue	246,297	-	1,874	260,811
Investment earnings	134,990	16,335	31,981	20,892
Contributions	700,000	330,030	-	-
Intergovernmental	-	-	-	1,206,951
Total Revenues	<u>16,218,165</u>	<u>2,154,944</u>	<u>667,907</u>	<u>1,579,650</u>
EXPENDITURES				
Current				
General government	3,083,453	-	-	235,739
Public safety	7,677,384	-	-	201,720
Community development	4,496,423	-	292,074	-
Capital Outlay	-	-	-	1,350,549
Debt Service				
Principal	-	1,210,000	-	-
Interest and fiscal charges	-	850,305	-	-
Total Expenditures	<u>15,257,260</u>	<u>2,060,305</u>	<u>292,074</u>	<u>1,788,008</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>960,905</u>	<u>94,639</u>	<u>375,833</u>	<u>(208,358)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	320,960	-	35,882	2,483,845
Transfers out	(787,675)	-	(1,737,090)	(69,942)
Sale of capital assets	27,301	-	-	-
Total Other Financing Sources (Uses)	<u>(439,414)</u>	<u>-</u>	<u>(1,701,208)</u>	<u>2,413,903</u>
Net Change in Fund Balances	521,491	94,639	(1,325,375)	2,205,545
Beginning Fund Balances	9,082,862	1,305,817	1,848,302	2,681,163
Ending Fund Balances	<u>\$ 9,604,353</u>	<u>\$ 1,400,456</u>	<u>\$ 522,927</u>	<u>\$ 4,886,708</u>

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 2,802,028
10,828,541
1,014,492
1,126,527
354,447
1,310,891
233,579
508,982
204,198
1,030,030
1,206,951

20,620,666

3,319,192
7,879,104
4,788,497
1,350,549

1,210,000
850,305

19,397,647

1,223,019

2,840,687
(2,594,707)

27,301

273,281

1,496,300

14,918,144

\$ 16,414,444

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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, 2009

Net changes in fund balances – total governmental funds \$ 1,496,300

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	(1,805,132)
Capital outlay	787,776

Capital contributions from component units and developers are not reported as revenues in the governmental funds. 3,001,168

The Statement of Activities reports losses arising from the trade-in or sale of existing capital assets to acquire new capital assets. Conversely, governmental funds do not report any gain or loss on a trade-in of capital assets. (522,579)

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. (103)

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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when it is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.

Principal repayments	1,214,356
Payment of obligation to the state	94,239
Amortization of deferred charges	(91,839)
Accrued interest	3,533
Compensated absences	(70,971)
Net OPEB obligation	(61,453)

Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue (expense) is reported with governmental activities. 36,306

Change in Net Assets of Governmental Activities \$ 4,081,601

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS

STATEMENT OF NET ASSETS

PROPRIETARY FUNDS

September 30, 2009

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 4,561,227	\$ 956,267
Investments	602,766	1,124,781
Receivables, net	401,919	7,900
Due from other funds	3,269	1,432
Prepaid expenses	4,768	-
Total Current Assets	5,573,949	2,090,380
Noncurrent Assets		
Deferred charges	316,637	-
Capital assets:		
Non-depreciable	141,652	-
Depreciable capital assets	34,197,086	3,303,335
Less: accumulated depreciation	(9,827,210)	(1,959,222)
Total Capital Assets (Net)	24,511,528	1,344,113
Total Noncurrent Assets	24,828,165	1,344,113
Total Assets	30,402,114	3,434,493
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	203,309	33,314
Accrued interest payable	14,592	-
Current portion of advances from other funds	58,305	-
Current portion of compensated absences	46,868	8,411
Customer deposits	255,881	-
Matured bonds payable	227,924	-
Total Current Liabilities	806,879	41,725
Noncurrent Liabilities		
Advances from other funds	229,851	-
Compensated absences	9,652	935
Revenue bonds payable (net of unamortized discount)	7,586,413	-
Total Noncurrent Liabilities	7,825,916	935
Total Liabilities	8,632,795	42,660
NET ASSETS		
Invested in capital assets, net of related debt	16,697,191	1,344,113
Restricted for debt service	5,869	-
Restricted for construction/capital improvements	2,847,608	-
Unrestricted	2,218,651	2,047,720
Total Net Assets	21,769,319	\$ 3,391,833
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(7,812)	
Net assets of business-type activities	\$ 21,761,507	

See Notes to Financial Statements.

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

For the Year Ended September 30, 2009

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Water charges	\$ 1,771,314	\$ -
Sewer charges	1,683,648	-
Penalties and reconnect fees	34,557	-
Charges for services	-	1,014,440
Other revenue	39,913	-
Total Operating Revenues	3,529,432	1,014,440
OPERATING EXPENSES		
Personnel	1,147,657	302,507
Supplies	480,924	25,584
Maintenance	265,611	81,256
Services	518,627	165,783
Depreciation	573,431	472,513
Other expenses	-	9,405
Total Operating Expenses	2,986,250	1,057,048
Operating Income (Loss)	543,182	(42,608)
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	65,851	32,188
Interest expense	(365,766)	-
Capital contributions	3,412,361	1,316,886
Impact fees	109,180	-
Insurance reimbursements	12,711	-
Gain on sale of capital assets	-	56,795
Total Nonoperating Revenues	3,234,337	1,405,869
Income Before Transfers	3,777,519	1,363,261
Transfers in	4,020	-
Transfers out	(250,000)	-
Change in Net Assets	3,531,539	1,363,261
Beginning Net Assets	18,237,780	2,028,572
Ending Net Assets	\$ 21,769,319	\$ 3,391,833
Change in net assets before adjustment	3,531,539	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	(7,812)	
Change in net assets of business-type activities	\$ 3,523,727	

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, 2009

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 3,465,729	\$ 1,021,094
Payments to suppliers	(2,732,611)	(250,146)
Payments to employees	(1,148,757)	(293,161)
Net Cash Provided (Used) by Operating Activities	(415,639)	477,787
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Impact fees	109,180	-
Interfund loan payments	(57,096)	-
Transfers to other funds	(245,980)	-
Net Cash (Used) by Noncapital Financing Activities	(193,896)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(4,685,331)	(527,802)
Principal paid on debt	(220,000)	-
Interest paid on debt	(349,298)	-
Proceeds from sale of capital assets	-	56,795
Net Cash (Used) by Capital and Related Financing Activities	(5,254,629)	(471,007)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	5,158,645	1,046,213
Purchase of investments	(600,000)	(1,139,892)
Interest on investments	65,851	32,188
Net Cash Provided (Used) by Investing Activities	4,624,496	(61,491)
Net Decrease in Cash and Equivalents	(1,239,668)	(54,711)
Beginning Cash and Cash Equivalents	5,800,895	1,010,978
Ending Cash and Cash Equivalents	\$ 4,561,227	\$ 956,267

CITY OF WEBSTER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2009

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities		
Operating income (loss)	\$ 543,182	\$ (42,608)
Adjustments to Reconcile Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:		
Depreciation	573,431	472,513
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	(73,283)	6,654
Due from other funds	(2,580)	(1,432)
Prepaid expenses	(4,635)	-
Increase (Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	(1,460,234)	33,314
Compensated absences	(1,100)	9,346
Customer deposits	9,580	-
Net Cash Provided (Used) by Operating Activities	\$ (415,639)	\$ 477,787
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 3,412,361	\$ 1,316,886

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS

NOTES TO FINANCIAL STATEMENTS

September 30, 2009

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 and is responsible to the council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: general government (City Council, City Secretary, City Manager, finance, municipal court, and human resources), public safety (police, fire, and emergency medical services), community development (building, engineering, recreational, parks, and economic development), and water and sewer 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. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Webster Economic Development Corporation, although legally separate, is considered part of the reporting entity. In addition, the City of Webster Tax Increment Reinvestment Zone (TIRZ) No. 1 has been included as a blended component unit. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

Discretely Presented Component Unit

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 of Webster formed the WEDC, which was created by voters approving an additional sales tax.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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 assets of WEDC shall be conveyed to the City. The operations of the WEDC are presented as a governmental fund type. Separate financial statements of the WEDC may be obtained from the Finance Department of the City.

Blended Component Unit

City of Webster Tax Increment Reinvestment Zone (TIRZ) No.1

The entity was created under the authority of Chapter 311 of the Texas Tax Code to provide a financing mechanism to assist with the cost of constructing roads, utilities, and other public improvements within a primarily undeveloped area along Interstate 45 and NASA Parkway/FM 528 to foster private development. Most of the eleven members of the governing Board are appointed by City Council, of which seven are on the City Council. The City may, by ordinance or resolution, delegate to the Board any of the City's powers with respect to the administration, management, or operation of the TIRZ or implementation of the project plan for the TIRZ, except the power to issue bonds, the power to impose taxes or fees, the exercise of the power of eminent domain, and the final approval of the project plan.

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. Requirements of the statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations;
- Financial statements prepared using full accrual accounting for all of the City's activities;
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a Statement of Net Assets and a Statement of Activities. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- Invested in capital assets, net of related debt – This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

- Restricted – This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- Unrestricted – This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

C. Government-Wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements, with the exception of any interfund services provided or used. 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 for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds.

Governmental funds are those funds through which most governmental functions are typically financed. For the City, the governmental funds include:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, and community development.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include hotel occupancy tax fund, public safety fund, municipal court program fund, grant fund, emergency management fund, and the blended component unit – TIRZ No. 1. The special revenue funds are considered nonmajor funds for reporting purposes; however, the City has chosen to report the hotel occupancy tax fund as a major fund.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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

The *capital project funds* are used to account for the expenditures of resources accumulated from sales tax revenues and the sale of bonds and related interest earnings for capital improvement projects. The capital project funds include street construction, building construction, general projects fund, and other capital projects; all of which are considered nonmajor for reporting purposes.

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's (FASB) standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its proprietary funds as presented by GASB.

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

Additionally, the City reports *internal service funds*, which 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.

D. Measurement Focus and Basis of Accounting

The government-wide Statement of Net Assets and Statement of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements. The exception to this is any interfund services provided or used.

E. Assets, Liabilities, and Net Assets or Fund Equity

1. Deposits and Investments

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.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value except for "money market investments" and "2a7-like pools." Money market investments, which are short-term, highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool and TexSTAR, are reported using the pools' share price.

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

2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

Property taxes are levied during September of each year, are due upon receipt of the City's tax bill, and become delinquent on February 1 of the following year. The City's tax lien exists from January 1 (the assessment date) each year until the taxes are paid. The penalties and interest accumulate on the unpaid accounts until July 1, at which time the delinquent accounts are turned over to the tax attorney for legal action. 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.

A penalty of six percent and interest of one percent is added to delinquent taxes on February 1. The penalty amount increases to a maximum of 12 percent on July 1 of each year, with interest continuing to increase at one percent per month until the account is paid. An additional penalty of 20 percent is added in July for attorney costs. There are no discounts allowed on taxes.

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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 20 years
Infrastructure	20 to 50 years
Water and sewer system	20 to 50 years
Buildings and improvements	20 to 50 years

5. 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.

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Assets. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs 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. Issuance costs are reported as deferred charges.

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 interest earned in the debt service fund. Though 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 capital leases 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 general fund. Lease payments representing both principal and

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

interest are recorded as expenditures in the general fund upon payment, with an appropriate reduction of principal recorded in the government-wide financial statements.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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.

9. 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.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt a project length budget. In addition, the TIRZ No. 1 blended component unit does not have an adopted budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level in the general fund and all others are the fund level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2009, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 8,146,243	0.40
External investment pools	12,609,738	0.00
Total fair value	<u>\$ 20,755,981</u>	
Portfolio weighted average maturity		0.16

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, 2009, the City's investment in TexPool was rated AAAM by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2009 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments were rated not less than AAA by both Moody's and 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, 2009, market values of pledged securities were \$4,304,938 and bank balances were \$1,705,320.

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.

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

investment policy and management fee structure. Finally, Standard & Poor's rate 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.

TexSTAR

The Texas Short Term Asset Reserve Fund ("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. JPMorgan Fleming Asset Management (USA), Inc. and First Southwest Asset Management, Inc. act as co-administrators providing investment management services, participant services, and marketing, respectively. JPMorgan Chase Bank and/or its subsidiary, J.P. Morgan Investor Services, Inc., provide custodial, transfer agency, fund accounting, and depository services.

TexPool and TexSTAR operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool and TexSTAR use amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool and TexSTAR are the same as the value of TexPool and TexSTAR shares.

B. Receivables

The following comprise receivable balances at year end:

Governmental Funds

	General	Debt Service	Hotel Occupancy Tax	Nonmajor Funds	Component Unit
Ad valorem taxes	\$ 22,568	\$ 94,262	\$ -	\$ -	\$ -
Other taxes	1,713,490	-	50,348	-	505,858
Accounts	1,010	-	-	-	-
Accrued interest	38,972	330	-	1,134	14,083
Other	51,185	-	-	51,984	-
Intergovernmental	-	-	-	234,764	-
Less allowance	(222)	(310)	-	-	-
	<u>\$ 1,827,003</u>	<u>\$ 94,282</u>	<u>\$ 50,348</u>	<u>\$ 287,882</u>	<u>\$ 519,941</u>

Proprietary Funds

	Enterprise	Internal Service
Accounts	\$ 408,954	\$ -
Accrued interest	330	7,900
Less allowance	(7,365)	-
	<u>\$ 401,919</u>	<u>\$ 7,900</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

C. Capital Assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Decreases/ Reclassifications	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 2,780,057	\$ 607,815	\$ -	\$ 3,387,872
Construction in progress	4,930,142	654,436	(3,080,401)	2,504,177
Total capital assets not being depreciated	<u>7,710,199</u>	<u>1,262,251</u>	<u>(3,080,401)</u>	<u>5,892,049</u>
Other capital assets:				
Buildings and improvements	18,221,905	11,974	(123,604)	18,110,275
Furniture and equipment	7,618,968	1,214,443	53,754	8,887,165
Infrastructure	41,212,785	4,208,490	-	45,421,275
Total other capital assets	<u>67,053,658</u>	<u>5,434,907</u>	<u>(69,850)</u>	<u>72,418,715</u>
Less accumulated depreciation for:				
Buildings and improvements	(5,915,726)	(460,175)	123,058	(6,252,843)
Furniture and equipment	(4,193,898)	(783,004)	29,813	(4,947,089)
Infrastructure	(9,243,723)	(995,366)	-	(10,239,089)
Total accumulated depreciation	<u>(19,353,347)</u>	<u>(2,238,545)</u>	<u>152,871</u>	<u>(21,439,021)</u>
Other capital assets, net	47,700,311	3,196,362	83,021	50,979,694
Totals	<u>\$ 55,410,510</u>	<u>\$ 4,458,613</u>	<u>\$ (2,997,380)</u>	<u>\$ 56,871,743</u>
			Less debt associated with capital assets	(18,215,644)
			Invested in capital assets, net of related debt	<u>\$ 38,656,099</u>

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

Depreciation was charged to governmental functions as follows:

General government	\$ 232,808
Public safety	420,078
Community development	1,113,146
Internal service funds	<u>472,513</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,238,545</u>

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

Construction in progress and remaining commitments under related construction contracts for general government construction projects at year end were as follows:

Governmental Activities:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
Webster Space Walk	\$ 1,850,000	\$ 21,920	\$ 1,828,080
NASA Road 1 Bypass Phase 2	2,669,240	1,907,389	761,851
TRED Agreement - Methodist Tract	460,000	-	460,000
Nasa Road 1 bypass Phase 3	46,000	31,292	14,708
FM 270 Park	193,500	32,341	161,159
Phone System Upgrade	45,000	-	45,000
Totals	<u>\$ 5,263,740</u>	<u>\$ 1,992,942</u>	<u>\$ 3,270,798</u>

WEDC:

NASA Road 1 Bypass Extension	\$ 142,300	\$ 51,362	\$ 90,938
Bay Area Blvd Traffic Mitigation Project	529,500	417,443	112,057
Rice Creek Lane Phase 2	4,326,140	157,323	4,168,817
Totals	<u>\$ 4,997,940</u>	<u>\$ 626,128</u>	<u>\$ 4,371,812</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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	7,341,269	1,100,472	(8,402,358)	39,383
Total capital assets not being depreciated	<u>7,443,538</u>	<u>1,100,472</u>	<u>(8,402,358)</u>	<u>141,652</u>
Other capital assets:				
Building and improvements	12,738,984	10,069,857	-	22,808,841
Furniture and equipment	256,054	27,438	(144,576)	138,916
Vehicles	247,595	-	(247,595)	-
Water and sewer system	9,359,407	1,889,922	-	11,249,329
Total other capital assets	<u>22,602,040</u>	<u>11,987,217</u>	<u>(392,171)</u>	<u>34,197,086</u>
Less accumulated depreciation for:				
Building and improvements	(3,494,199)	(308,949)	-	(3,803,148)
Furniture and equipment	(148,294)	(7,758)	63,989	(92,063)
Vehicles	(216,553)	-	216,553	-
Water and sewer system	(5,675,275)	(256,724)	-	(5,931,999)
Total accumulated depreciation	<u>(9,534,321)</u>	<u>(573,431)</u>	<u>280,542</u>	<u>(9,827,210)</u>
Other capital assets, net	13,067,719	11,413,786	(111,629)	24,369,876
Totals	<u>\$ 20,511,257</u>	<u>\$ 12,514,258</u>	<u>\$ (8,513,987)</u>	<u>\$ 24,511,528</u>
			Less debt associated with capital assets	(7,814,337)
			Invested in capital assets, net of related debt	<u>\$ 16,697,191</u>

Depreciation was charged to business-type functions as follows:

Water	\$ 258,449
Sewer	<u>314,982</u>
Total Business-type Activities Depreciation Expense	<u>\$ 573,431</u>

Construction in progress and remaining commitments under related construction contracts for enterprise fund projects at year end were as follows:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
Plumley Generator	\$ 81,000	\$ 39,384	\$ 41,616
Sewer Rehab	75,000	-	75,000
Magnolia WWTP Expansion	8,354,500	8,197,835	156,665
Totals	<u>\$ 8,510,500</u>	<u>\$ 8,237,219</u>	<u>\$ 273,281</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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	\$ 16,205,000	\$ -	\$ (1,040,000)	\$ 15,165,000 ⁽¹⁾	\$ 1,080,000
Certificates of obligation	3,890,000	-	(170,000)	3,720,000 ⁽¹⁾	55,000
Less deferred charges	(749,268)	-	64,047	(685,221) ⁽¹⁾	(64,047)
Obligation to state	212,047	-	(94,239)	117,808	94,239
Capital lease	20,221	-	(4,356)	15,865 ⁽¹⁾	15,865
	<u>19,578,000</u>	<u>-</u>	<u>(1,244,548)</u>	<u>18,333,452</u>	<u>1,181,057</u>
Other liabilities:					
Compensated absences	577,023	545,506	(474,535)	647,994	533,625
Total Governmental Activities	\$ 20,155,023	\$ 545,506	\$ (1,719,083)	\$ 18,981,446	\$ 1,714,682
Business-Type Activities:					
Interfund loan payable	\$ 345,252	\$ -	\$ (57,096)	\$ 288,156	\$ 58,305
Revenue bonds	8,080,000	-	(220,000)	7,860,000 ⁽²⁾	230,000
Less bond discount	(47,739)	-	2,076	(45,663) ⁽²⁾	(2,076)
Compensated absences	57,620	46,680	(47,780)	56,520	46,868
Total Business-Type Activities	\$ 8,435,133	\$ 46,680	\$ (322,800)	\$ 8,159,013	\$ 333,097
WEDC					
Bonds payable	\$ 14,800,000	\$ -	\$ (675,000)	\$ 14,125,000 ⁽¹⁾	\$ 710,000
Less deferred charges	(324,379)	-	27,033	(297,346) ⁽¹⁾	(27,033)
Obligation to state	70,683	-	(31,413)	39,270	31,413
Total WEDC	\$ 14,546,304	\$ -	\$ (679,380)	\$ 13,866,924	\$ 714,380

(1) Debt associated with governmental capital assets

Total debt associated with governmental activities \$ 18,215,644

Total debt associated with WEDC \$ 13,827,654

(2) Debt associated with business-type capital assets

\$ 7,814,337

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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

<u>Description</u>	<u>Interest Rates</u>	<u>Balance</u>
Governmental Activities		
Public Improvement Bonds		
Public Improvement Refunding Bonds		
Series 2000B	5.35-6.00%	\$ 2,310,000
Total Public Improvement Bonds		<u>2,310,000</u>
General Obligation Bonds		
General Obligation Refunding Bonds		
Series 2003	2.50-3.25%	2,905,000
General Obligation Refunding Bonds		
Series 2005	3.00-4.125%	9,950,000
Total General Obligation Bonds		<u>12,855,000</u>
	Total Bonds	<u>15,165,000</u>
Certificates of Obligation		
Tax and Revenue Certificates of Obligation		
Series 2000A	5.90-6.00%	2,950,000
Tax and Revenue Certificates of Obligation		
Series 2005	3.25-4.125%	770,000
Total Certificates of Obligation		<u>3,720,000</u>
Capital Leases		
Vehicle	7.90%	15,865
Total Capital Leases		<u>15,865</u>
Total Governmental Activities Long-Term Debt		<u>\$ 18,885,000</u>
Business-type Activities		
Revenue Bonds		
Water and Sewer, series 2006	4.00-4.50%	\$ 5,720,000
Water and Sewer, series 2008	3.30-4.30%	2,140,000
Total Business-type Activities Long-Term Debt		<u>\$ 7,860,000</u>
WEDC		
Sales Tax Revenue Bonds		
Series 2000	5.20-5.75%	\$ 710,000
Sales Tax Revenue Improvement and Refunding Bonds		
Series 2006	3.75-5.00%	13,415,000
Total WEDC		<u>\$ 14,125,000</u>

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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 is from taxes levied on all taxable property located within the City. Annual debt service requirements to maturity for these bonds are as follows:

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2010	\$ 1,080,000	598,029
2011	1,115,000	558,955
2012	1,160,000	519,149
2013	1,200,000	476,307
2014	1,250,000	429,149
2015-2019	6,595,000	1,265,238
2020-2021	2,765,000	118,172
Total	\$ 15,165,000	\$ 3,964,999

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 sewer system revenues. Annual debt service requirements to maturity for these obligations are as follows:

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2010	\$ 55,000	\$ 206,049
2011	60,000	204,036
2012	60,000	201,861
2013	65,000	199,518
2014	65,000	196,999
2015-2019	2,090,000	777,911
2020-2021	1,325,000	77,006
Total	\$ 3,720,000	\$ 1,863,380

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

Revenue Bonds

The City also issues bonds where the City pledges income derived from the acquired or constructed assets to pay for debt service. Revenue bonds were issued to finance construction and improvements to the water and sewer system. Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending Sept. 30	Business-type Activities	
	Principal	Interest
2010	\$ 230,000	\$ 333,890
2011	235,000	325,097
2012	245,000	316,103
2013	255,000	306,653
2014	265,000	296,803
2015-2019	1,490,000	1,319,888
2020-2024	1,830,000	982,329
2025-2029	2,255,000	543,100
2030-2031	1,055,000	70,915
Total	\$ 7,860,000	\$ 4,494,778

Revenue Bonds – WEDC

The City's component unit, the Webster Economic Development Corporation, has also issued revenue bonds to finance economic improvements, payable from a lien on and pledge of revenues which includes 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
2010	\$ 710,000	\$ 601,416
2011	1,025,000	564,496
2012	1,025,000	526,059
2013	1,075,000	487,109
2014	1,150,000	442,765
2015-2019	6,500,000	1,409,288
2020-2021	2,640,000	174,910
Total	\$ 14,125,000	\$ 4,206,043

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

Advance Refunding

In 2005, the City defeased certain portions of tax and revenue certificates of obligation, series 2000A in the amount of \$5,550,000 and certain portions of public improvement and refunding bonds, series 2000B in the amount of \$3,665,000 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At September 30, 2009, \$5,550,000 of tax and revenue certificates of obligation, series 2000A, and \$3,665,000 of public improvement and refunding bonds, series 2000B, outstanding were considered defeased related to the 2005 refunding.

Advance Refunding – WEDC

In 2006, the Webster Economic Development Corporation issued \$13,415,000 of sales tax improvement and refunding bonds to provide resources to purchase direct obligations of the United States of America that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments in the amount of \$9,595,000 for a portion of the Corporation's outstanding sales tax revenue bonds, series 2000. As a result, the refunded portions of the bonds are considered to be defeased and the liability has been removed from the component unit column of the Statement of Net Assets. At September 30, 2009, \$9,595,000 of sale tax revenue bonds, series 2000 were considered defeased relating to the 2006 refunding.

Capital Lease

The City has entered into a lease agreement as lessee for financing the acquisition of a vehicle for the City Manager. The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2009, are as follows:

Year	Governmental Activities	
Ending	Principal	Interest
<u>Sept. 30</u>	<u> </u>	<u> </u>
2010	\$ 15,865	\$ 403
Total	\$ 15,865	\$ 403

The historical cost of the vehicle was \$26,453. After deducting accumulated depreciation of \$10,347, the net book value is \$16,106.

Obligations to State – Refund of Sales Tax

The City was notified on August 10, 2006 by the Texas State Comptroller of Public Accounts that the State had remitted \$502,621 in local sales tax receipts to the City in error. A large taxpayer filed amended reports to correct an alleged reporting error that had occurred from May 2002 through January 2006. The City has agreed to repay the State in 47 monthly installments of \$10,471 being withheld from the sales tax remittance each month from the Texas State Comptroller of Public Accounts that began in March 2007 with the final payment of \$10,484 being withheld in February 2011. While the City has entered into a repayment agreement, the City is currently appealing the finding as reported by the Texas Comptroller of Public Accounts.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

E. Interfund Transactions

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

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General Fund	Nonmajor Governmental	\$ 783,655
General Fund	Utility Fund	4,020
Hotel Occupancy Tax Fund	General Fund	36,900
Hotel Occupancy Tax Fund	Nonmajor Governmental	1,700,190
Nonmajor Governmental Funds		
Street Construction	Hotel Occupancy Tax Fund	35,882
Municipal Court Programs	General Fund	34,060
Utility Fund	General Fund	250,000
		<u>\$ 2,844,707</u>

Capital assets related to the component unit in the amount of \$484,958 were contributed to governmental activities. Other amounts transferred between funds related to amounts collected by general, enterprise, hotel occupancy tax – special revenue, and other nonmajor governmental funds for various governmental expenditures and debt payments.

The compositions of interfund balances as of year end were as follows:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amounts</u>
General Fund	Nonmajor Governmental	\$ 67,286
Utility Fund	General Fund	3,269
Information Technology	Nonmajor Governmental	31
		<u>\$ 70,586</u>

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

The advance loan from the general fund to the enterprise fund is a ten-year note for the painting of the Magnolia and Blossom/Plumley water plant. The loan bears interest at the rate of 2.1 percent per annum and is payable in quarterly installments. The following is the repayment schedule:

<u>Years</u>	<u>Principal</u>	<u>Interest</u>	<u>Annual Requirement</u>
2010	\$ 58,305	\$ 5,595	\$ 63,900
2011	59,539	4,361	63,900
2012	60,799	3,101	63,900
2013	62,087	1,813	63,900
2014	47,426	488	47,914
	<u>\$ 288,156</u>	<u>\$ 15,358</u>	<u>\$ 303,514</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

F. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balances for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

As of September 30, 2009, \$797,181 of the City's total fund balance is restricted by enabling legislation.

Change in Beginning Fund Balance

The beginning fund balance for nonmajor governmental funds has been changed due to a change in presentation of the equipment replacement fund from a special revenue fund to an internal service fund.

	Nonmajor Governmental Funds	Internal Service Funds
Prior year ending fund balance/ net assets as reported	\$ 4,709,735	\$ -
Reclass due to change in presentation	(2,028,572)	2,028,572
New beginning fund balance/ net assets	\$ 2,681,163	\$ 2,028,572

Negative Net Assets of WEDC

WEDC has issued debt for the construction of capital assets owned by the City. These capital assets are included in the City's net assets in the category "invested in net assets, net of related debt." However, since the WEDC does not report the capital assets, WEDC's debt is included in unrestricted net assets. In total, the WEDC reports negative net assets related to its reporting of the debt, while the City reports the related asset.

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool 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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

The City has several claims outstanding in which the plaintiffs have not filed suit. Although the outcome of these claims is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a materially adverse effect on the financial condition of the City.

The City was notified on August 10, 2006 by the Texas State Comptroller of Public Accounts that the State had remitted \$502,621 in local sales tax receipts to the City in error. A large taxpayer filed amended reports to correct an alleged reporting error that had occurred from May 2002 through January 2006. The City is currently appealing the finding as reported by the Texas State Comptroller of Public Accounts.

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 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's rules and regulations.

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. Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 833 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8611; in addition the report is available on TMRS' website at www.TMRS.com.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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>2009</u>	<u>2008</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 Repeating	70% of CPI Repeating

Benefits

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. City financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit. This is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence, and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 29-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as Updated Service Credits and Annuity Increases.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 2009). The annual pension cost and the net pension obligation (asset) are as follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual Req. Contrib. (ARC)	\$ 1,149,721	\$ 1,096,806	\$ 1,009,045
Contributions Made	1,149,721	1,096,806	1,009,045
NPO at the End of Period	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2006 and 2007 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	29 Years - Closed period	30 Years - Closed period	25 Years - Open period
Asset Valuation Method	Amortized cost	Amortized cost	Amortized cost
Investment Rate of Return	7.5%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.1%	2.1%	NA

The funded status as of December 31, 2008, the most recent valuation date, is as follows:

	<u>2009</u>
Actuarial Valuation Date	12/31/2008
Actuarial Value of Assets	\$ 15,574,063
Actuarial Accrued Liability	\$ 24,479,493
Percentage Funded	63.6%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 8,905,430
Annual Covered Payroll	\$ 8,175,105
UAAL as a Percentage of Covered Payroll	108.9%

The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

2. Texas Emergency Services Retirement System

The Texas Emergency Services Retirement System (TESRS) year is from September 1 through the following August 31. Actuarial valuations are performed biennially in even numbered years. The following is the latest information available on TESRS as of August 31, 2008.

Plan Description

The Fire Fighters' Pension Commissioner is the administrator of TESRS, a cost-sharing multiple employer pension system established and administered by the State of Texas to provide pension benefits for emergency services personnel who serve without significant monetary remuneration. TESRS is considered a component unit of the State of Texas financial reporting entity and is included in the State's financial reports as a pension trust fund. At August 31, 2008, there were 186 fire or emergency services departments participating in TESRS. Eligible participants include volunteer emergency services personnel who are members in good standing of a participant department.

At August 31, 2008, TESRS membership consisted of:

Retirees and beneficiaries currently receiving benefits	1,939
Terminated members entitled to benefits but not yet receiving them	1,975
Active participants (vested and nonvested)	4,340

Of the 4,340 active participants, four were covered by the City.

Senate Bill 411, 65th Legislature, Regular Session (1977), created TESRS and established the applicable benefit provisions. The 79th Legislature, Regular Session (2005), recodified the provisions and gave the TESRS Board of Trustees authority to establish vesting requirements, contributions levels, benefit formulas, and eligibility requirements by board rule. The benefit provisions include retirement benefits, as well as death and disability benefits.

Eligible members include emergency services personnel who provide services related to fire, rescue, and emergency medical services and who serve without remuneration while members in good standing of a participating department. In addition, eligible members include auxiliary employees who receive limited compensation from a political subdivision of Texas and who are certified by the political subdivision as being regularly engaged in the performance of duties for a participating department. Members are 50 percent vested after the tenth year of service, with the vesting percent increasing 10 percent for each of the next five years of service so that a member becomes 100 percent vested with 15 years of service.

Upon reaching age 55, a vested member may retire and receive a monthly pension equal to his vested percentage multiplied by six times the governing body's average monthly contribution over the member's years of qualified service. For years of service in excess of 15 years, this monthly benefit is increased at the rate of 6.2 percent compounded annually.

On- and off-duty death benefits and on-duty disability benefits are dependent on whether or not the member was engaged in the performance of duties at the time of death or disability. Death benefits include a lump-sum amount and continuing monthly payments to a member's surviving spouse and dependent children.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

Funding Policy

Contribution provisions were established by S.B. 411, 65th Legislature, Regular Session (1977) and were amended by board rule in 2006. No contributions are required by individual members of participating departments. The governing bodies of participating departments are required to contribute at least the minimum prescribed amount per month for each active member and may contribute more. Additional contributions may be made by a governing body to pay for granting credit for service before the department began participating in TESRS (prior service). The State may also be required to make annual contributions of a limited amount to make TESRS actuarially sound.

Contribution Required and Contribution Made

The contribution requirement per active emergency services personnel member per month is not actuarially determined. Rather, the minimum contribution provisions were set by Board rule. For the year ending August 31, 2008, total contributions (dues and prior service) of \$2,439,339 were paid into TESRS by the political subdivisions served by the member volunteer emergency services personnel. In addition, the state appropriated \$8,800,000 for the fiscal year ending August 31, 2008. Total contributions were equal to those required by the state statute and were greater than the contributions required based on the August 31, 2006 actuarial valuation. For 2009, 2008, and 2007 respectively, \$1,500 (0.06 percent), \$5,000 (0.20 percent), and \$7,600 (0.37 percent), was contributed by the City of Webster.

The purpose of the biennial actuarial valuation is to test the adequacy of the contribution arrangement to determine if it is adequate to pay the benefits that have been promised. The actuarial valuations as of August 31, 2008 revealed the adequacy of the expected contributions from the political subdivisions (dues and prior service contributions) together with the actual state appropriations for the fiscal year ending August 31, 2009 (\$415,405 to help pay for TESRS's administrative expenses) and with the assumed continuation of legislative appropriations of (1) the maximum state contribution amount in future years as is necessary for TESRS to have a 30-year amortization period, and (2) approximately \$425,000 each year to help pay for TESRS's administrative expenses. Expected contributions for the fiscal year ending August 31, 2009 are equal to the contributions required.

The last actuarial valuation was conducted on August 31, 2008. The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Entry Age
Amortization Method	Level Dollar, Open
Remaining Amortization Period	6 Years
Asset Valuation Method	Market value smoothed by a 5-year deferred recognition method with a 90%/110% corridor on market value
Investment Rate of Return	8%
Projected Salary Increases	N/A
Includes Inflation at	3.5%
Cost of Living Adjustments	None

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

Three-Year Contribution Information for the Statewide Plan

<u>Fiscal year</u>	<u>Annual Pension Percentage of ARC</u>		<u>Net Pension Obligation</u>
	<u>Cost (ARC)</u>	<u>Contributions</u>	
2007	\$ 7,600	100%	\$ -
2008	5,000	100%	-
2009	1,500	100%	-

D. Other Post Employment Benefits

1. TMRS – Supplemental Death Benefit Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (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 City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended September 30, 2009, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate 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.

The City's contribution rate to the TMRS SDBF, for the retiree portion, for the year ended September 30, 2009 is shown below.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual Req. Contrib. (Rate)	0.02%	0.03%	0.02%
Actual Contribution Made	0.02%	0.03%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

2. Postemployment Healthcare Plan

Plan Description

The City administers a single-employer defined benefit Other Post-Employment Benefits (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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

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 COBRA.

Employees are eligible for retiree health benefits if they retire with at least 10 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.

Funding Policy

The City has elected to subsidize premiums for the plan and funding is provided on a pay-as-you-go basis. For fiscal year 2009, the City has designated fund balance of \$60,560 for OPEB costs.

Annual OPEB Cost

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost of the year, the amount actually contributed to the plan, and the City's net OPEB obligation.

Annual required contribution	\$	61,453
Contributions made		-
		61,453
Increase in net OPEB obligation		61,453
Net OPEB obligation-beginning of year		-
Net OPEB obligation-end of year	\$	61,453

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years are as follows:

Fiscal year	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
			Beginning	Ending
2007	\$ N/A	N/A	\$ N/A	\$ N/A
2008	\$ N/A	N/A	\$ N/A	\$ N/A
2009*	\$ 61,453	0.00%	\$ -	\$ 61,453

* First year of implementation of GASB 45

Funded Status and Funding Progress

As of October 1, 2008, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$61,453, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$61,453.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
 September 30, 2009

subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Remaining Amortization Period	30 years – Open period
Asset Valuation Method	Market value
Investment Rate of Return	4.0%
Healthcare Cost Trend Rate (Initial/Ultimate)	9.0%/5.0%

E. Joint Ventures

Development Agreement/Utility Services Contract

The City, and in some cases the WEDC, has entered into a series of 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 \$6.72 million will be subject to incremental reimbursements by the City based on value increases sufficient to support debt issuances. The City shall be obligated to pay the Developer upon each \$90 million increase to the base value of the property as determined by the Harris County Appraisal District,

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2009

prompting the issuance of certificates of obligation. The City agreed to pay the Developer \$1.25 million in February 2009 as an advance towards the first increment. In addition, the WEDC shall pay the Developer the actual cost of certain improvements, not to exceed \$6.25 million. WEDC paid \$2.5 million in February 2009 and will pay \$3.75 million pending completion of defined criteria by the Developer.

As of September 30, 2009, several sections of the project have been platted. Construction of the apartments near the entry of the development has been completed. Construction of single-family residential units has begun. The estimated date in which the value of the property will increase by \$90 million is June 1, 2011.

Southeast Water Purification Plant (SEWPP)

On February 24, 1988, the City entered into a joint venture agreement with the City of Houston; Gulf Coast Water Authority (City of Galveston, 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 plant'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, 2009, the City's total investment in SEWPP totaled \$5,352,264. The net investment reported is \$3,943,782, which includes accumulated depreciation of \$1,408,482.

F. Subsequent Event

Municipal Drainage Utility System

On May 19, 2009, the City adopted an ordinance establishing a municipal drainage utility system under the provisions of the Municipal Drainage Utility System Act, section 552.041 of the Texas Local Government Code, in order to provide drainage for all real property and thereby protect the public from loss of life and property caused by surface water overflows, surface water stagnation, and pollution arising from non-point source run-off.

Effective October 1, 2009, the drainage system became a public utility with the service area being the area within the City's boundaries. All of the City's existing drainage facilities, materials, and supplies were incorporated into the system. A drainage charge will be imposed to recover the cost of the service and to fund future drainage system construction by the City. This charge will be levied against all real property in the service area except those exempted by ordinance. The City will bill the drainage charge, identified separately, with the City's other public utility billings. No separate deposit will be required as a precondition to accepting surface flow into the drainage system.

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REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended September 30, 2009
With Comparative Totals for the Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance	2008 Actual
	Original Budget	Budget as Amended		with Final Budget Positive (Negative)	
REVENUES					
Property taxes	\$ 950,150	\$ 950,150	\$ 993,449	\$ 43,299	\$ 596,601
Sales taxes	10,611,320	10,611,320	10,828,541	217,221	10,906,308
Franchise fees	1,025,510	1,025,510	1,014,492	(11,018)	1,016,549
Other taxes	405,250	405,250	492,475	87,225	417,035
Licenses and permits	492,010	492,010	354,447	(137,563)	470,577
Fines and forfeitures	1,594,120	1,594,120	1,219,895	(374,225)	1,494,600
Charges for services	212,240	212,240	233,579	21,339	207,036
Other	63,300	63,300	246,297	182,997	130,081
Investment earnings	187,650	187,650	134,990	(52,660)	257,957
Contributions	700,000	700,000	700,000	-	700,000
Intergovernmental	-	-	-	-	47,293
Total Revenues	16,241,550	16,241,550	16,218,165	(23,385)	16,244,037
EXPENDITURES					
General government					
City council	308,760	308,760	188,425	120,335	243,730
City secretary	417,530	417,530	402,087	15,443	354,094
City manager	292,580	292,580	241,112	51,468	562,872
Finance	1,218,270	1,238,470	1,192,066	46,404	1,120,046
Municipal court	704,110	704,110	676,918	27,192	588,251
Information technology	-	-	-	-	387,408
Human resources	399,000	399,000	382,845	16,155	351,142
Total general government	3,340,250	3,360,450	3,083,453	276,997	3,607,543
Public safety					
Police	6,689,690	6,689,690	6,170,610	519,080	6,003,571
Fire	1,556,080	1,556,080	1,506,774	49,306	1,427,096
Total public safety	8,245,770	8,245,770	7,677,384	568,386	7,430,667
Community development					
Community development					
Administrative	619,700	619,700	587,017	32,683	579,776
Building	631,580	631,580	610,497	21,083	554,841
Engineering	208,660	208,660	198,358	10,302	167,947
Recreational	390,200	390,200	335,994	54,206	344,356
Public works					
Administrative	486,930	482,910	469,144	13,766	466,053
Maintenance	1,406,950	1,406,950	1,295,251	111,699	1,239,946
Parks	737,630	737,630	690,955	46,675	583,692

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, 2009
With Comparative Totals for the Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	2008 Actual
	Original Budget	Budget as Amended			
Community development					
Economic development					
Economic development	\$ 336,580	\$ 336,580	\$ 309,207	\$ 27,373	\$ 182,867
Public relations	-	-	-	-	95,293
Total community development	<u>4,818,230</u>	<u>4,814,210</u>	<u>4,496,423</u>	<u>317,787</u>	<u>4,214,771</u>
Total Expenditures	<u>16,404,250</u>	<u>16,420,430</u>	<u>15,257,260</u>	<u>1,163,170</u>	<u>15,252,981</u>
Revenues Over (Under) Expenditures	<u>(162,700)</u>	<u>(178,880)</u>	<u>960,905</u>	<u>1,139,785</u>	<u>991,056</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	430,060	430,060	320,960	(109,100)	785,340
Transfers out	(1,885,360)	(1,960,180)	(787,675)	1,172,505	(605,670)
Sale of capital assets	2,000	2,000	27,301	25,301	70,055
Total Other Financing Sources (Uses)	<u>(1,453,300)</u>	<u>(1,528,120)</u>	<u>(439,414)</u>	<u>1,088,706</u>	<u>249,725</u>
Net Change in Fund Balance	<u>\$ (1,616,000)</u>	<u>\$ (1,707,000)</u>	<u>521,491</u>	<u>\$ 2,228,491</u>	<u>\$ 1,240,781</u>
Beginning Fund Balance			<u>9,082,862</u>		
Ending Fund Balance			<u>\$ 9,604,353</u>		

Notes 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 REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
HOTEL OCCUPANCY TAX FUND
For the Year Ended September 30, 2009
With Comparative Totals for the Year Ended September 30, 2008

	Budgeted Amounts		Actual	Variance with Final Budget Positive (Negative)	2008 Actual
	Original Budget	Budget as Amended			
REVENUES					
Hotel occupancy taxes	\$ 748,810	\$ 748,810	\$ 634,052	\$ (114,758)	\$ 595,122
Charges for services-civic center	-	-	-	-	35,903
Other revenue	1,436,480	1,436,480	1,874	(1,434,606)	964
Investment earnings	22,500	22,500	31,981	9,481	58,379
Total Revenues	2,207,790	2,207,790	667,907	(1,539,883)	690,368
EXPENDITURES					
General government	-	-	-	-	28,813
Community services	470,700	470,700	292,074	178,626	289,022
Total Expenditures	470,700	470,700	292,074	178,626	317,835
Revenues Over Expenditures	1,737,090	1,737,090	375,833	(1,361,257)	372,533
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	35,882	35,882	-
Transfers out	(1,737,090)	(1,737,090)	(1,737,090)	-	(232,910)
Total Other Financing (Uses)	(1,737,090)	(1,737,090)	(1,701,208)	35,882	(232,910)
Revenues and Other Financing Sources Over Expenditures and Other Financing Sources	\$ -	\$ -	(1,325,375)	\$ (1,325,375)	\$ 139,623
Beginning Fund Balance			1,848,302		
Ending Fund Balance			\$ 522,927		

Note 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 FUNDING PROGRESS TEXAS MUNICIPAL RETIREMENT SYSTEM

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarial Valuation date	12/31/2004	12/31/2005	12/31/2006	12/31/2007	12/31/2008
Actuarial Value of Assets	\$ 13,197,647	\$ 14,422,387	\$ 15,824,518	\$ 16,019,736	\$ 15,574,063
Actuarial Accrued Liability	\$ 16,969,658	\$ 18,380,137	\$ 19,877,538	\$ 23,523,191	\$ 24,479,493
Percentage Funded	77.8%	78.5%	79.6%	68.1%	63.6%
Unfunded Actuarial					
Accrued Liability	\$ 3,772,011	\$ 3,957,750	\$ 4,053,020	\$ 7,503,455	\$ 8,905,430
Annual Covered Payroll	\$ 5,848,356	\$ 6,171,175	\$ 6,619,487	\$ 6,791,817	\$ 8,175,105
Unfunded Actuarial Accrued Liability					
(UAAL) % of Covered Payroll	64.5%	64.1%	61.2%	110.5%	108.9%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	935,036	943,394	1,009,045	1,096,806	1,149,721
Contributions Made	935,036	943,394	1,009,045	1,096,806	1,149,721
NPO at the End of Period	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>	<u><u>\$ -</u></u>

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CITY OF WEBSTER, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS EMERGENCY SERVICES RETIREMENT SYSTEM

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal Year	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
Actuarial Valuation Date	8/31/2004	8/31/2004	8/31/2006	8/31/2008 ⁽¹⁾	8/31/2008 ⁽¹⁾
Actuarial Value of Assets	\$ 38,140,501	\$ 38,140,501	\$ 42,268,305	\$ 60,987,157	\$ 60,987,157
Actuarial Accrued Liability	\$ 51,567,426	\$ 51,567,426	\$ 58,082,828	\$ 64,227,341	\$ 64,227,341
Percentage Funded	74.0%	74.0%	72.8%	95.0%	95.0%
Unfunded Actuarial					
Accrued Liability	\$ 13,426,925	\$ 13,426,925	\$ 15,814,523	\$ 3,240,184	\$ 3,240,184
Total Members Covered	7,994	7,994	8,061	8,254	8,254
Unfunded Actuarial Accrued Liability					
(UAAL) Per Member Covered	\$ 1,680	\$ 1,680	\$ 1,962	\$ 393	\$ 393
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	11,650	13,000	7,600	5,000	1,500
Contributions Made	11,650	13,000	7,600	5,000	1,500
NPO at the End of Period	\$ -	\$ -	\$ -	\$ -	\$ -

An actuarial valuation is performed every two years.

⁽¹⁾ Changes in actuarial assumptions were reflected in this valuation.

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CITY OF WEBSTER, TEXAS
SCHEDULE OF FUNDING PROGRESS
POST-EMPLOYMENT HEALTHCARE BENEFITS¹

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
10/01/08	\$ -	\$ 407,606	\$ 407,606	0.0%	N/A	N/A

¹ 2009 is the first year the City is required to implement GASB Statement No. 45 and the requirements have been implemented prospectively, therefore, the above illustration does not reflect similar information for the two preceding years.

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COMBINING STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

Special revenue funds account for the proceeds of specific revenue sources that are legally restricted to expenditures for specific purposes.

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 Emergency Management Fund is used to account for funds received from the State or Federal Government restricted in use for the purpose of preparation, reaction, and post-disaster clean up to emergency conditions.

The TIRZ No.1 Fund is used to account for revenues associated with the creation of the City of Webster Tax Increment Reinvestment Zone No. 1 and to pay for associated project costs.

Capital Projects Funds

Capital projects funds account for financial resources used for the acquisition and/or construction of major capital improvements.

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

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

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

CITY OF WEBSTER, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

September 30, 2009

Special Revenue Funds

	Public Safety	Municipal Court Programs	Grant Fund	Emergency Management
ASSETS				
Cash and cash equivalents	\$ 28,229	\$ 274,755	\$ 11,914	\$ -
Investments	-	-	-	-
Receivables	-	-	865	233,899
Total Assets	\$ 28,229	\$ 274,755	\$ 12,779	\$ 233,899
LIABILITIES				
Accounts payable	\$ 233	\$ 470	\$ 1,894	\$ 7,350
Grants payable	-	-	-	56,799
Insurance payable	-	-	-	20,021
Due to other funds	-	31	-	67,286
Total Liabilities	233	501	1,894	151,456
FUND BALANCES				
Reserved:				
Public safety	27,996	-	10,885	-
Municipal court	-	274,254	-	-
Capital projects	-	-	-	-
Unreserved and designated:				
Emergencies	-	-	-	82,443
Construction	-	-	-	-
Equipment replacement	-	-	-	-
Total Fund Balances	27,996	274,254	10,885	82,443
Total Liabilities and Fund Balance	\$ 28,229	\$ 274,755	\$ 12,779	\$ 233,899

Special Revenue	Capital Project Funds				Total Nonmajor Governmental Funds
TIRZ No. 1	Street Construction	Building Construction	Other Capital Projects	General Projects Fund	
\$ 204,925	\$ 1,928,018	\$ 123,250	\$ 1,178,813	\$ 16,005	\$ 3,765,909
-	-	-	989,901	-	989,901
51,984	-	-	1,134	-	287,882
<u>\$ 256,909</u>	<u>\$ 1,928,018</u>	<u>\$ 123,250</u>	<u>\$ 2,169,848</u>	<u>\$ 16,005</u>	<u>\$ 5,043,692</u>
\$ -	\$ -	\$ -	\$ 2,900	\$ -	\$ 12,847
-	-	-	-	-	56,799
-	-	-	-	-	20,021
-	-	-	-	-	67,317
-	-	-	2,900	-	156,984
-	-	-	-	-	38,881
-	-	-	-	-	274,254
-	1,928,018	-	2,166,948	-	4,094,966
-	-	-	-	-	82,443
256,909	-	123,250	-	-	380,159
-	-	-	-	16,005	16,005
<u>256,909</u>	<u>1,928,018</u>	<u>123,250</u>	<u>2,166,948</u>	<u>16,005</u>	<u>4,886,708</u>
<u>\$ 256,909</u>	<u>\$ 1,928,018</u>	<u>\$ 123,250</u>	<u>\$ 2,169,848</u>	<u>\$ 16,005</u>	<u>\$ 5,043,692</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2009

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant Fund	Emergency Management
REVENUES				
Fines and forfeitures	\$ 15,515	\$ 75,481	\$ -	\$ -
Investment earnings	105	2,239	-	-
Intergovernmental	10,946	-	39,976	97,170
Other revenue	83,281	-	-	93,621
Total Revenues	<u>109,847</u>	<u>77,720</u>	<u>39,976</u>	<u>190,791</u>
EXPENDITURES				
General government	-	44,562	-	191,177
Public safety	103,700	-	29,091	-
Capital projects	-	-	-	-
Total Expenditures	<u>103,700</u>	<u>44,562</u>	<u>29,091</u>	<u>191,177</u>
Revenues Over (Under)				
Expenditures	<u>6,147</u>	<u>33,158</u>	<u>10,885</u>	<u>(386)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	-	-
Transfers out	-	(34,060)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(34,060)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	6,147	(902)	10,885	(386)
Beginning Fund Balances	<u>21,849</u>	<u>275,156</u>	<u>-</u>	<u>82,829</u>
Ending Fund Balances	<u>\$ 27,996</u>	<u>\$ 274,254</u>	<u>\$ 10,885</u>	<u>\$ 82,443</u>

Special Revenue	Capital Project Funds				Total Nonmajor Governmental Funds
TIRZ No. 1	Street Construction	Building Construction	Other Capital Projects	General Projects Fund	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 90,996
1,080	7,808	982	5,614	3,064	20,892
-	1,058,859	-	-	-	1,206,951
51,984	31,925	-	-	-	260,811
<u>53,064</u>	<u>1,098,592</u>	<u>982</u>	<u>5,614</u>	<u>3,064</u>	<u>1,579,650</u>
-	-	-	-	-	235,739
-	-	-	-	68,929	201,720
-	2,036	-	98,513	1,250,000	1,350,549
-	2,036	-	98,513	1,318,929	1,788,008
<u>53,064</u>	<u>1,096,556</u>	<u>982</u>	<u>(92,899)</u>	<u>(1,315,865)</u>	<u>(208,358)</u>
70,000	-	-	1,700,190	713,655	2,483,845
-	(35,882)	-	-	-	(69,942)
<u>70,000</u>	<u>(35,882)</u>	<u>-</u>	<u>1,700,190</u>	<u>713,655</u>	<u>2,413,903</u>
123,064	1,060,674	982	1,607,291	(602,210)	2,205,545
<u>133,845</u>	<u>867,344</u>	<u>122,268</u>	<u>559,657</u>	<u>618,215</u>	<u>2,681,163</u>
<u>\$ 256,909</u>	<u>\$ 1,928,018</u>	<u>\$ 123,250</u>	<u>\$ 2,166,948</u>	<u>\$ 16,005</u>	<u>\$ 4,886,708</u>

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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, 2009
 With Comparative Totals for the Year Ended September 30, 2008

	Original and Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
REVENUES				
Property taxes	\$ 1,736,370	\$ 1,808,579	\$ 72,209	\$ 2,026,471
Contributions	330,030	330,030	-	330,030
Investment earnings	34,700	16,335	(18,365)	55,237
Total Revenues	<u>2,101,100</u>	<u>2,154,944</u>	<u>53,844</u>	<u>2,411,738</u>
EXPENDITURES				
Principal	1,210,000	1,210,000	-	860,998
Interest and fiscal charges	854,030	850,305	3,725	1,450,363
Total Expenditures	<u>2,064,030</u>	<u>2,060,305</u>	<u>3,725</u>	<u>2,311,361</u>
Revenues Over (Under) Expenditures	<u>\$ 37,070</u>	94,639	<u>\$ 57,569</u>	<u>\$ 100,377</u>
Beginning Fund Balance		<u>1,305,817</u>		
Ending Fund Balance		<u>\$ 1,400,456</u>		

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

For the Year Ended September 30, 2009
With Comparative Totals for the Year Ended September 30, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
REVENUES					
Fines and forfeitures	\$ 5,920	\$ 5,920	\$ 15,515	\$ 9,595	\$ 2,201
Investment earnings	100	100	105	5	407
Intergovernmental	6,200	10,970	10,946	(24)	16,981
Other revenue	5,930	88,180	83,281	(4,899)	2,963
Total Revenues	<u>18,150</u>	<u>105,170</u>	<u>109,847</u>	<u>4,677</u>	<u>22,552</u>
EXPENDITURES					
Public safety	18,150	106,100	103,700	2,400	8,437
Revenues Over (Under) Expenditures	<u>\$ -</u>	<u>\$ (930)</u>	6,147	<u>\$ 7,077</u>	<u>\$ 14,115</u>
Beginning Fund Balance			<u>21,849</u>		
Ending Fund Balance			<u>\$ 27,996</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, 2009
With Comparative Totals for the Year Ended September 30, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
REVENUES					
Fines and forfeitures	\$ 82,860	\$ 82,860	\$ 75,481	\$ (7,379)	\$ 95,573
Investment earnings	5,060	5,060	2,239	(2,821)	7,144
Total Revenues	<u>87,920</u>	<u>87,920</u>	<u>77,720</u>	<u>(10,200)</u>	<u>102,717</u>
EXPENDITURES					
General government	80,170	80,170	44,562	35,608	40,056
Revenues Over (Under) Expenditures	<u>7,750</u>	<u>7,750</u>	<u>33,158</u>	<u>25,408</u>	<u>62,661</u>
OTHER FINANCING SOURCES (USES)					
Transfers out	(34,060)	(34,060)	(34,060)	-	(28,590)
Total Other Financing (Uses)	<u>(34,060)</u>	<u>(34,060)</u>	<u>(34,060)</u>	<u>-</u>	<u>(28,590)</u>
Net Change in Fund Balances	<u>\$ (26,310)</u>	<u>\$ (26,310)</u>	(902)	<u>\$ 25,408</u>	<u>\$ 34,071</u>
Beginning Fund Balance			<u>275,156</u>		
Ending Fund Balance			<u>\$ 274,254</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, 2009
 With Comparative Totals for the Year Ended September 30, 2008

	<u>Original Budgeted Amounts</u>	<u>Final Budgeted Amounts</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>	<u>2008 Actual</u>
REVENUES					
Intergovernmental	\$ 382,500	\$ 382,500	\$ 39,976	\$ (342,524)	\$ -
Investment earnings	50	50	-	(50)	-
Total Revenues	<u>382,550</u>	<u>382,550</u>	<u>39,976</u>	<u>(342,574)</u>	<u>-</u>
EXPENDITURES					
Public safety	<u>382,500</u>	<u>382,500</u>	<u>29,091</u>	<u>353,409</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>\$ 50</u>	<u>\$ 50</u>	<u>10,885</u>	<u>\$ 10,835</u>	<u>\$ -</u>
Beginning Fund Balance			<u>-</u>		
Ending Fund Balance			<u>\$ 10,885</u>		

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

For the Year Ended September 30, 2009
 With Comparative Totals for the Year Ended September 30, 2008

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2008 Actual
REVENUES					
Investment earnings	\$ -	\$ -	\$ -	\$ -	\$ 2,842
Intergovernmental	-	235,000	97,170	(137,830)	490,624
Other income	-	147,000	93,621	(53,379)	-
Total Revenues	-	382,000	190,791	(191,209)	493,466
EXPENDITURES					
General government	-	465,000	191,177	273,823	-
Revenues Over (Under) Expenditures	-	(83,000)	(386)	82,614	493,466
OTHER FINANCING SOURCES (USES)					
Transfers in	-	-	-	-	135,813
Transfers out	(109,100)	(109,100)	-	109,100	(17,700)
Total Other Financing Sources (Uses)	(109,100)	(109,100)	-	109,100	118,113
Net Change in Fund Balances	\$ (109,100)	\$ (192,100)	(386)	\$ 191,714	\$ 611,579
Beginning Fund Balance			82,829		
Ending Fund Balance			\$ 82,443		

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INTERNAL SERVICE FUNDS

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

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

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

CITY OF WEBSTER, TEXAS

COMBINING BALANCE SHEET

INTERNAL SERVICE FUNDS

September 30, 2009

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 837,316	\$ 118,951	\$ 956,267
Investments	1,124,781	-	1,124,781
Receivables, net	7,900	-	7,900
Due from other funds	-	1,432	1,432
Total Current Assets	<u>1,969,997</u>	<u>120,383</u>	<u>2,090,380</u>
Noncurrent assets			
Capital assets:			
Machinery and equipment	3,230,061	73,274	3,303,335
Less: accumulated depreciation	<u>(1,948,414)</u>	<u>(10,808)</u>	<u>(1,959,222)</u>
Total Capital Assets (Net)	<u>1,281,647</u>	<u>62,466</u>	<u>1,344,113</u>
Total Noncurrent Assets	<u>1,281,647</u>	<u>62,466</u>	<u>1,344,113</u>
Total Assets	<u>3,251,644</u>	<u>182,849</u>	<u>3,434,493</u>
LIABILITIES			
Current liabilities			
Accounts payable and accrued liabilities	-	33,314	33,314
Current portion of compensated absences	<u>-</u>	<u>8,411</u>	<u>8,411</u>
Total Current Liabilities	<u>-</u>	<u>41,725</u>	<u>41,725</u>
Noncurrent liabilities			
Compensated absences	<u>-</u>	<u>935</u>	<u>935</u>
Total Noncurrent Liabilities	<u>-</u>	<u>935</u>	<u>935</u>
Total Liabilities	<u>-</u>	<u>42,660</u>	<u>42,660</u>
NET ASSETS			
Invested in capital assets, net of related debt	1,281,647	62,466	1,344,113
Unrestricted	<u>1,969,997</u>	<u>77,723</u>	<u>2,047,720</u>
Total Net Assets	<u>\$ 3,251,644</u>	<u>\$ 140,189</u>	<u>\$ 3,391,833</u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET ASSETS
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2009

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Total</u>
OPERATING REVENUES			
Charges for services	\$ 278,940	\$ 735,500	\$ 1,014,440
Total Operating Revenues	<u>278,940</u>	<u>735,500</u>	<u>1,014,440</u>
OPERATING EXPENSES			
Personnel	-	302,507	302,507
Supplies	-	25,584	25,584
Maintenance	-	81,256	81,256
Services	-	165,783	165,783
Depreciation	461,705	10,808	472,513
Other expenses	-	9,405	9,405
Total Operating Expenses	<u>461,705</u>	<u>595,343</u>	<u>1,057,048</u>
Operating Income (Loss)	<u>(182,765)</u>	<u>140,157</u>	<u>(42,608)</u>
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	32,156	32	32,188
Contributions	1,316,886	-	1,316,886
Gain on sale of capital assets	56,795	-	56,795
Total Nonoperating Revenues (Expenses)	<u>1,405,837</u>	<u>32</u>	<u>1,405,869</u>
Income Before Transfers	1,223,072	140,189	1,363,261
Change in Net Assets	1,223,072	140,189	1,363,261
Beginning Net Assets	<u>2,028,572</u>	<u>-</u>	<u>2,028,572</u>
Ending Net Assets	<u>\$ 3,251,644</u>	<u>\$ 140,189</u>	<u>\$ 3,391,833</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, 2009

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from users	\$ 285,594	\$ 735,500	\$ 1,021,094
Payments to suppliers	-	(250,146)	(250,146)
Payments to employees	-	(293,161)	(293,161)
Net Cash Provided by Operating Activities	<u>285,594</u>	<u>192,193</u>	<u>477,787</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(454,528)	(73,274)	(527,802)
Proceeds from sales of capital assets	56,795	-	56,795
Net Cash (Used) by Capital and Related Financing Activities	<u>(397,733)</u>	<u>(73,274)</u>	<u>(471,007)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Proceeds from sales and maturities of investments	1,046,213	-	1,046,213
Purchase of investments	(1,139,892)	-	(1,139,892)
Interest on investments	32,156	32	32,188
Net Cash Provided (Used) by Investing Activities	<u>(61,523)</u>	<u>32</u>	<u>(61,491)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	(173,662)	118,951	(54,711)
Beginning Cash and Cash Equivalents	<u>1,010,978</u>	<u>-</u>	<u>1,010,978</u>
Ending Cash and Cash Equivalents	<u>\$ 837,316</u>	<u>\$ 118,951</u>	<u>\$ 956,267</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2009

	Equipment Replacement	Information Technology	Total
Reconciliation of Operating Income (Loss)			
to Net Cash Provided (Used) by Operating Activities			
Operating income (loss)	\$ (182,765)	\$ 140,157	\$ (42,608)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:			
Depreciation	461,705	10,808	472,513
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Accounts receivable	6,654	-	6,654
Due from other funds	-	(1,432)	(1,432)
Increase (Decrease) in Current Liabilities:			
Accounts payable and accrued liabilities	-	33,314	33,314
Compensated absences	-	9,346	9,346
	-	9,346	9,346
Net Cash Provided by Operating Activities	\$ 285,594	\$ 192,193	\$ 477,787
Noncash investing, capital, and financing activities:			
Contributions of capital assets from government	\$ 1,316,886	\$ -	\$ 1,316,886

See Notes to Financial Statements.

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STATISTICAL SECTION

STATISTICAL SECTION

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

Contents	Page
Financial Trends	98
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	112
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity	120
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	128
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	131
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 ASSETS BY COMPONENT

Last Seven Years ⁽¹⁾
(accrual basis of accounting)

	Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 27,733,166	\$ 29,047,446	\$ 28,559,397	\$ 33,987,295
Restricted	1,501,035	2,145,738	3,909,606	2,864,520
Unrestricted	9,434,518	8,047,965	9,753,629	10,256,328
Total Governmental Activities Net Assets	<u>\$ 38,668,719</u>	<u>\$ 39,241,149</u>	<u>\$ 42,222,632</u>	<u>\$ 47,108,143</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 13,676,380	\$ 13,113,572	\$ 13,018,963	\$ 12,990,258
Restricted	694,529	968,225	1,711,882	1,782,536
Unrestricted	1,328,789	1,199,605	1,096,759	2,673,199
Total Business-type Activities Net Assets	<u>\$ 15,699,698</u>	<u>\$ 15,281,402</u>	<u>\$ 15,827,604</u>	<u>\$ 17,445,993</u>
Primary government				
Invested in capital assets, net of related debt	\$ 41,409,546	\$ 42,161,018	\$ 41,578,360	\$ 46,977,553
Restricted	2,195,564	3,113,963	5,621,488	4,647,056
Unrestricted	10,763,307	9,247,570	10,850,388	12,929,527
Total Primary Government Net Assets	<u>\$ 54,368,417</u>	<u>\$ 54,522,551</u>	<u>\$ 58,050,236</u>	<u>\$ 64,554,136</u>

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 34,682,185	\$ 36,295,260	\$ 38,656,099
5,080,935	4,878,125	6,335,017
10,649,642	11,320,614	11,584,484
<u>\$ 50,412,762</u>	<u>\$ 52,493,999</u>	<u>\$ 56,575,600</u>

\$ 13,239,394	\$ 13,676,387	\$ 16,697,191
2,743,668	3,314,199	2,853,477
2,292,205	1,247,194	2,210,839
<u>\$ 18,275,267</u>	<u>\$ 18,237,780</u>	<u>\$ 21,761,507</u>

\$ 47,921,579	\$ 49,971,647	\$ 55,353,290
7,824,603	8,192,324	9,188,494
12,941,847	12,567,808	13,795,323
<u>\$ 68,688,029</u>	<u>\$ 70,731,779</u>	<u>\$ 78,337,107</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET ASSETS

Last Seven Years ⁽¹⁾

(accrual basis of accounting)

	Year			
	2003	2004	2005	2006
Expenses				
Governmental activities				
General government	\$ 3,379,338	\$ 3,319,970	\$ 3,266,448	\$ 3,715,779
Public safety	6,160,314	6,105,672	6,436,542	6,485,161
Community development	3,659,727	3,505,191	3,817,687	4,187,250
Interest and fiscal agent fees on long-term debt	1,138,356	1,121,506	1,165,289	1,242,184
Total Governmental Activities Expenses	<u>14,337,735</u>	<u>14,052,339</u>	<u>14,685,966</u>	<u>15,630,374</u>
Business-type activities				
Water	1,131,837	1,343,896	1,331,436	1,314,426
Sewer	1,033,796	1,168,643	1,181,352	1,172,291
Total Business-type Activities Expenses	<u>2,165,633</u>	<u>2,512,539</u>	<u>2,512,788</u>	<u>2,486,717</u>
Total Primary Government Expenses	<u>\$ 16,503,368</u>	<u>\$ 16,564,878</u>	<u>\$ 17,198,754</u>	<u>\$ 18,117,091</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 39,212	\$ 43,253	\$ 53,809	\$ 123,184
Public safety	652,594	819,980	841,367	1,094,780
Community development	233,376	305,699	640,068	443,971
Operating grants and contributions	1,118,955	1,074,146	1,664,269	1,043,288
Capital grants and contributions	729,851	717,841	972,830	4,143,859
Total Governmental Activities Program Revenues	<u>2,773,988</u>	<u>2,960,919</u>	<u>4,172,343</u>	<u>6,849,082</u>
Business-type activities				
Charges for services				
Water	1,143,080	1,115,767	1,298,509	1,436,718
Sewer	946,727	939,458	1,057,025	1,280,748
Capital grants and contributions	-	-	-	377,000
Total Business-type Activities Program Revenues	<u>2,089,807</u>	<u>2,055,225</u>	<u>2,355,534</u>	<u>3,094,466</u>
Total Primary Government Program Revenues	<u>\$ 4,863,795</u>	<u>\$ 5,016,144</u>	<u>\$ 6,527,877</u>	<u>\$ 9,943,548</u>
Net (Expense)/Revenue				
Governmental activities	\$ (11,563,747)	\$ (11,091,420)	\$ (10,513,623)	\$ (8,781,292)
Business-type activities	(75,826)	(457,314)	(157,254)	607,749
Total Primary Government Net Expense	<u>\$ (11,639,573)</u>	<u>\$ (11,548,734)</u>	<u>\$ (10,670,877)</u>	<u>\$ (8,173,543)</u>

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 3,127,988	\$ 4,372,934	\$ 3,518,765
7,186,702	7,438,134	8,275,633
5,562,641	5,666,080	7,245,743
1,317,336	1,352,133	938,611
<u>17,194,667</u>	<u>18,829,281</u>	<u>19,978,752</u>
1,347,623	1,676,357	1,722,540
1,468,095	1,531,042	1,637,288
<u>2,815,718</u>	<u>3,207,399</u>	<u>3,359,828</u>
<u>\$ 20,010,385</u>	<u>\$ 22,036,680</u>	<u>\$ 23,338,580</u>
\$ 150,143	\$ 184,886	\$ 211,429
1,331,735	1,592,374	1,310,891
516,178	528,630	376,597
1,082,168	1,584,928	2,236,981
1,147,059	220,542	3,001,168
<u>4,227,283</u>	<u>4,111,360</u>	<u>7,137,066</u>
1,502,776	1,571,025	1,771,314
1,398,083	1,434,841	1,683,648
-	-	3,412,361
<u>2,900,859</u>	<u>3,005,866</u>	<u>6,867,323</u>
<u>\$ 7,128,142</u>	<u>\$ 7,117,226</u>	<u>\$ 14,004,389</u>
\$ (12,967,384)	\$ (14,717,921)	\$ (12,841,686)
85,141	(201,533)	3,507,495
<u>\$ (12,882,243)</u>	<u>\$ (14,919,454)</u>	<u>\$ (9,334,191)</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET ASSETS (Continued)

Last Six Years ⁽¹⁾

(accrual basis of accounting)

	Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
Governmental activities				
Ad valorem taxes	\$ 1,828,882	\$ 1,979,032	\$ 2,274,512	\$ 2,228,993
Sales taxes	7,682,515	7,739,590	8,972,603	9,563,065
Franchise and local taxes	771,355	740,553	777,018	822,881
Other taxes	786,138	677,721	748,656	869,890
Investment earnings	184,263	158,718	299,161	544,246
Other revenues	34,779	75,861	127,736	201,238
Gain (loss) on sale of capital assets	20,568	21,955	-	-
Transfers	(144,483)	270,420	295,420	(563,510)
Total Governmental Activities	11,164,017	11,663,850	13,495,106	13,666,803
Business-type activities				
Investment earnings	30,828	37,997	82,182	197,176
Other revenues	136,000	271,441	916,694	249,954
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	144,483	(270,420)	(295,420)	563,510
Total Business-type Activities	311,311	39,018	703,456	1,010,640
Total Primary Government	\$ 11,475,328	\$ 11,702,868	\$ 14,198,562	\$ 14,677,443
Change in Net Assets				
Governmental activities	\$ (399,730)	\$ 572,430	\$ 2,981,483	\$ 4,885,511
Business-type activities	235,485	(418,296)	546,202	1,618,389
Total Primary Government	\$ (164,245)	\$ 154,134	\$ 3,527,685	\$ 6,503,900

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$	2,407,997	\$ 2,614,259	\$ 2,801,925
	10,773,089	11,000,547	10,922,780
	982,871	1,016,549	1,014,492
	999,567	1,012,157	1,126,527
	710,004	533,397	236,386
	381,250	190,782	508,982
	(372,365)	70,055	66,215
	389,590	455,633	245,980
	<u>16,272,003</u>	<u>16,893,379</u>	<u>16,923,287</u>
	531,946	347,054	65,851
	601,777	256,674	196,361
	-	15,951	-
	<u>(389,590)</u>	<u>(455,633)</u>	<u>(245,980)</u>
	744,133	164,046	16,232
\$	<u>17,016,136</u>	<u>17,057,425</u>	<u>16,939,519</u>
\$	3,304,619	\$ 2,175,458	\$ 4,081,601
	829,274	(37,487)	3,523,727
\$	<u>4,133,893</u>	<u>2,137,971</u>	<u>7,605,328</u>

CITY OF WEBSTER, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Seven Years ⁽¹⁾
(accrual basis of accounting)

Source	2003	2004	2005	2006
Ad valorem	\$ 1,828,882	\$ 1,979,032	\$ 2,274,512	\$ 2,228,993
Sales	7,682,515	7,739,590	8,972,603	9,563,065
Franchise fees	771,355	740,553	777,018	822,881
Other taxes	786,138	677,721	748,656	869,890
	<u>\$ 11,068,890</u>	<u>\$ 11,136,896</u>	<u>\$ 12,772,789</u>	<u>\$ 13,484,829</u>

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Change 2008-2009</u>
\$ 2,407,997	\$ 2,614,259	\$ 2,801,925	7.2%
10,773,089	11,000,547	10,922,780	-0.7%
982,871	1,016,549	1,014,492	-0.2%
<u>999,567</u>	<u>1,012,157</u>	<u>1,126,527</u>	11.3%
<u>\$ 15,163,524</u>	<u>\$ 15,643,512</u>	<u>\$ 15,865,724</u>	1.4%

CITY OF WEBSTER, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Seven Years ⁽¹⁾
(modified accrual basis of accounting)

	Year			
	2003	2004	2005	2006
General Fund				
Reserved	\$ 13,263	\$ 522,680	\$ 585,378	\$ 413,360
Unreserved	6,163,015	5,859,685	6,099,901	7,365,162
Total General Fund	<u>\$ 6,176,278</u>	<u>\$ 6,382,365</u>	<u>\$ 6,685,279</u>	<u>\$ 7,778,522</u>
All Other Governmental Funds				
Reserved	\$ 1,598,960	\$ 2,291,890	\$ 4,055,991	\$ 3,009,329
Unreserved, reported in:				
Capital project funds	654,344	606,322	1,898,544	1,697,029
Special revenue funds	3,015,725	1,726,899	1,667,879	1,498,069
Total All Other Governmental Funds	<u>\$ 5,269,029</u>	<u>\$ 4,625,111</u>	<u>\$ 7,622,414</u>	<u>\$ 6,204,427</u>

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 416,549	\$ 395,698	\$ 304,884
7,425,532	8,687,164	9,299,469
<u>\$ 7,842,081</u>	<u>\$ 9,082,862</u>	<u>\$ 9,604,353</u>
\$ 5,340,646	\$ 4,878,125	\$ 6,331,484
1,629,508	256,113	339,352
1,857,795	2,729,616	139,255
<u>\$ 8,827,949</u>	<u>\$ 7,863,854</u>	<u>\$ 6,810,091</u>

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

Last Seven Years ⁽¹⁾
(modified accrual basis of accounting)

	Year			
	2003	2004	2005	2006
Revenues				
Taxes	\$ 11,087,784	\$ 10,991,009	\$ 12,601,416	\$ 13,693,412
Licenses and permits	233,376	305,699	640,068	443,971
Fines and forfeitures	652,594	819,980	841,367	1,094,780
Charges for services	39,212	43,253	53,809	123,184
Intergovernmental	63,925	44,116	134,239	13,258
Investment earnings	184,263	158,718	299,161	544,246
Contributions	1,055,030	1,030,030	1,530,030	1,030,030
Other revenues	34,779	75,861	127,736	164,710
Total Revenues	13,350,963	13,468,666	16,227,826	17,107,591
Expenditures				
General government	2,534,476	2,444,528	2,509,122	2,887,475
Public safety	5,777,489	5,650,560	6,166,468	6,230,882
Community development	3,427,866	3,226,909	3,423,059	3,704,006
Capital outlay	681,683	803,175	523,251	1,990,889
Debt service				
Principal	1,969,224	1,000,650	819,689	940,182
Interest	1,355,519	1,077,279	1,395,072	1,151,919
Total expenditures	15,746,257	14,203,101	14,836,661	16,905,353
Excess of Revenues Over (Under) Expenditures	(2,395,294)	(734,435)	1,391,165	202,238
Other Financing Sources (Uses)				
Issuance of debt	4,935,000	-	11,705,000	-
Premium on debt	13,711	-	4,470	-
Discount on debt	-	-	(46,545)	-
Payment to refunded bond escrow agent	(4,816,625)	-	(10,049,293)	-
Transfers in	1,125,040	556,063	1,669,368	1,621,661
Transfers out	(894,020)	(285,643)	(1,373,948)	(2,185,171)
Proceeds from capital lease	-	-	-	-
Sale of capital assets	36,773	26,184	-	36,528
Total Other Financing Sources (Uses)	399,879	296,604	1,909,052	(526,982)
Net Change in Fund Balances	\$ (1,995,415)	\$ (437,831)	\$ 3,300,217	\$ (324,744)
Debt service as a percentage of noncapital expenditures	22.41%	15.66%	15.79%	14.37%

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 15,080,159	\$ 15,558,086	\$ 15,771,588
516,178	470,577	354,447
1,331,735	1,592,374	1,310,891
150,143	242,939	233,579
52,138	554,898	1,206,951
710,004	533,397	204,198
1,030,030	1,030,030	1,030,030
381,250	190,782	508,982
<u>19,251,637</u>	<u>20,173,083</u>	<u>20,620,666</u>
2,952,100	4,193,306	3,319,192
6,795,850	8,335,646	7,879,104
4,569,811	4,503,793	4,788,497
572,345	1,077,980	1,350,549
1,010,266	860,998	1,210,000
1,110,595	1,450,363	850,305
<u>17,010,967</u>	<u>20,422,086</u>	<u>19,397,647</u>
2,240,670	(249,003)	1,223,019
-	-	-
-	-	-
-	-	-
-	-	-
2,699,003	2,580,586	2,840,687
(2,309,413)	(2,124,953)	(2,594,707)
26,453	-	-
30,368	70,055	27,301
<u>446,411</u>	<u>525,688</u>	<u>273,281</u>
<u>\$ 2,687,081</u>	<u>\$ 276,685</u>	<u>\$ 1,496,300</u>
13.30%	13.14%	12.44%

CITY OF WEBSTER, TEXAS
TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Seven Years ⁽¹⁾
(modified accrual basis of accounting)

Source	2003	2004	2005	2006
Ad valorem	\$ 1,847,776	\$ 2,005,495	\$ 2,275,492	\$ 2,232,964
Sales	7,682,515	7,567,240	8,800,250	9,767,677
Franchise fees	771,355	740,553	777,018	822,881
Other taxes	786,138	677,721	748,656	869,890
	<u>\$ 11,087,784</u>	<u>\$ 10,991,009</u>	<u>\$ 12,601,416</u>	<u>\$ 13,693,412</u>

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Change 2008-2009</u>
\$ 2,438,400	\$ 2,623,072	\$ 2,802,028	6.8%
10,659,321	10,906,308	10,828,541	-0.7%
982,871	1,016,549	1,014,492	-0.2%
<u>999,567</u>	<u>1,012,157</u>	<u>1,126,527</u>	11.3%
<u>\$ 15,080,159</u>	<u>\$ 15,558,086</u>	<u>\$ 15,771,588</u>	1.4%

CITY OF WEBSTER, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years ⁽¹⁾

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Residential Property	\$ -	\$ 161,749,510	\$ 171,310,610	\$ 183,423,560
Commercial Property	-	530,530,650	573,020,560	569,548,840
Industrial Property	-	36,484,450	39,377,650	38,938,490
Less: Tax Exempt Property	-	12,337,670	15,414,720	22,946,700
Total Taxable Assessed Value ⁽²⁾	<u>\$ 719,784,010</u>	<u>\$ 716,426,940</u>	<u>\$ 768,294,100</u>	<u>\$ 768,964,190</u>
Total Direct Tax Rate	0.26070	0.26000	0.26000	0.24000

Source: Harris County Appraisal District

⁽¹⁾ The requirement for statistical data is ten years; only nine years of detailed data is available at this time.

⁽²⁾ Property is assessed at estimated actual value.

Presented are the estimated actual value for each fiscal year as of September 30, 2009.

Tax rates are per \$100 of assessed value.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 188,198,130	\$ 185,853,920	\$ 203,358,348	\$ 220,709,618	\$ 250,889,152	\$ 293,023,729
577,844,650	588,166,020	706,100,328	752,655,187	850,478,601	1,079,659,012
39,320,230	48,278,150	57,356,684	57,158,522	46,263,195	29,301,727
<u>25,094,880</u>	<u>26,274,610</u>	<u>100,650,221</u>	<u>98,904,993</u>	<u>102,670,263</u>	<u>110,701,197</u>
<u>\$ 780,268,130</u>	<u>\$ 796,023,480</u>	<u>\$ 866,165,139</u>	<u>\$ 931,618,334</u>	<u>\$ 1,044,960,685</u>	<u>\$ 1,291,283,271</u>
0.25100	0.26800	0.25750	0.25750	0.24887	0.20600

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
City of Webster by fund:				
General	-	0.02000	0.02000	0.02000
Debt service	<u>0.26073</u>	<u>0.24000</u>	<u>0.24000</u>	<u>0.22000</u>
Total Direct Rates	<u><u>0.26073</u></u>	<u><u>0.26000</u></u>	<u><u>0.26000</u></u>	<u><u>0.24000</u></u>
Clear Creek School District	1.59856	1.70080	1.74000	1.74000
Harris County	0.39483	0.35902	0.38814	0.38814
Harris County Flood Control District	0.08000	0.06173	0.04174	0.04174
Port of Houston Authority	0.02040	0.01830	0.01989	0.01989
Harris County Hospital District	0.14650	0.20268	0.19021	0.19021
Harris County Department of Education	<u>0.00629</u>	<u>0.00629</u>	<u>0.00629</u>	<u>0.00629</u>
Total Direct and Overlapping Rates ⁽¹⁾	<u><u>2.50731</u></u>	<u><u>2.60882</u></u>	<u><u>2.64627</u></u>	<u><u>2.62627</u></u>

Source: Harris County Appraisal District, Clear Creek School District

⁽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).

Note: Tax rates are per \$100 of assessed valuation.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
0.04053	0.05446	0.05000	0.04904	0.05672	0.07335
<u>0.21047</u>	<u>0.21354</u>	<u>0.20750</u>	<u>0.20846</u>	<u>0.19215</u>	<u>0.13265</u>
<u>0.25100</u>	<u>0.26800</u>	<u>0.25750</u>	<u>0.25750</u>	<u>0.24887</u>	<u>0.20600</u>
1.73000	1.74500	1.77500	1.63000	1.32000	1.36000
0.38803	0.39986	0.39986	0.40239	0.39239	0.38923
0.04174	0.03318	0.03322	0.03241	0.03106	0.03086
0.02000	0.01673	0.01474	0.01302	0.01437	0.01773
0.19021	0.19021	0.19216	0.19216	0.19216	0.19216
<u>0.00629</u>	<u>0.00629</u>	<u>0.00629</u>	<u>0.00629</u>	<u>0.00585</u>	<u>0.00584</u>
<u>2.62727</u>	<u>2.65927</u>	<u>2.67877</u>	<u>2.53377</u>	<u>2.20470</u>	<u>2.20182</u>

CITY OF WEBSTER, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Seven Years Ago ⁽¹⁾

Property Tax Payer	2009			2002		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Clear Lake Regional Medical Center	\$ 83,785,248	1	6.49%	\$ 42,238,720	1	5.50%
Inland American Webster	63,600,000	2	4.93%	16,821,860	8	2.19%
Medistar Webster Medical Center	43,937,251	3	3.40%	-	-	-
Texas Baybrook Square Center	40,463,143	4	3.13%	7,369,700	-	0.96%
NP SSP Baybrook LLC	33,255,740	5	2.58%	16,057,810	9	2.09%
Price Baybrook Ltd	29,115,849	6	2.25%	24,513,770	2	3.19%
El Camino Village of Texas	28,506,552	7	2.21%	17,479,490	5	2.28%
Rockwell International	25,200,000	8	1.95%	19,803,750	4	2.58%
Clear Lake Center LP	25,180,404	9	1.95%	17,277,930	6	2.25%
US Housing Partners VIII LP	23,018,250	10	1.78%	22,826,200	3	2.97%
WDOP Sub I LP	17,997,642	-	1.39%	17,149,980	7	2.23%
UDR Camino Village, LP	15,498,742	-	1.20%	12,633,960	10	1.64%
Subtotal	\$ 429,558,821		33.27%	\$ 214,173,170		27.88%
Other Taxpayers	861,724,450		66.73%	554,120,930		72.12%
Total	<u>\$ 1,291,283,271</u>		<u>100.00%</u>	<u>\$ 768,294,100</u>		<u>100.00%</u>

Source: Harris County Appraisal District

⁽¹⁾ The requirement for statistical data is ten years; only the current year and seven years ago is available.

CITY OF WEBSTER, TEXAS

PRINCIPAL SALES TAX REMITTERS

Current Year and Six Years Ago ⁽¹⁾

Sales Tax Remitter	Sales Tax Rate ^{(2) (3)}	2009 Rank	2003 Rank
Fry's Electronics	\$ 0.0200000	1	n/a
Academy Sports & Outdoors	\$ 0.0200000	2	n/a
Star Furniture	\$ 0.0200000	3	2
Bed Bath & Beyond	\$ 0.0200000	4	12
Home Depot	\$ 0.0200000	5	1
Conn's Appliances	\$ 0.0200000	6	6
Cinemark USA	\$ 0.0200000	7	7
Garden Ridge	\$ 0.0200000	8	4
Pappa's Seafood House / Pappasito's Cantina	\$ 0.0200000	9	9
Bel Furniture	\$ 0.0200000	10	n/a
Office Depot	\$ 0.0200000	11	8
Barnes & Noble	\$ 0.0200000	12	11
PS America	\$ 0.0200000	13	n/a
Hobby Lobby Creative Center	\$ 0.0200000	14	19
Guitar Center	\$ 0.0200000	15	n/a
Burlington Coat Factory	\$ 0.0200000	16	10
Old Navy	\$ 0.0200000	19	14
Reliant Energy	\$ 0.0200000	30	15
The Sports Authority	\$ 0.0200000	36	13
CompUSA Stores	\$ 0.0200000	n/a	3
Kmart	\$ 0.0200000	n/a	5

Source: State Comptroller's Office

⁽¹⁾ The requirement for statistical data is ten years; only the current year and six years ago is available.

⁽²⁾ This represents the City's portion only; the state's rate is \$0.0625.

⁽³⁾ The sales tax rate has remained the same since 2003.

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Tax levy	\$ 1,689,594	\$ 1,854,800	\$ 1,976,524	\$ 1,818,570
Current tax collected	\$ -	\$ -	\$ 1,921,917	\$ 1,788,647
Percent of current tax collections	-	-	97.24%	98.35%
Delinquent tax collections ⁽¹⁾	\$ -	\$ -	\$ 37,292	\$ 17,789
Total tax collections	\$ -	\$ -	\$ 1,959,209	\$ 1,806,436
Total collections as a percentage of current levy	-	-	99.12%	99.33%
Outstanding delinquent taxes	\$ -	\$ -	\$ 58,098	\$ 29,897
Outstanding delinquent taxes as a percentage of current levy	-	-	2.94%	1.64%

⁽¹⁾ Collections prior to 2002 are not available.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 1,940,214	\$ 2,115,135	\$ 2,223,263	\$ 2,398,676	\$ 2,601,370	\$ 2,777,777
\$ 1,912,018	\$ 2,075,818	\$ 2,186,611	\$ 2,379,571	\$ 2,575,739	\$ 2,745,125
98.55%	98.14%	98.35%	99.20%	99.01%	98.82%
\$ 6,016	\$ -	\$ 7,092	\$ 27,128	\$ 50,162	\$ 48,683
\$ 1,918,034	\$ 2,075,818	\$ 2,193,703	\$ 2,406,699	\$ 2,625,901	\$ 2,793,808
98.86%	98.14%	98.67%	100.33%	100.94%	100.58%
\$ 29,172	\$ 39,317	\$ 29,560	\$ 107,193	\$ 119,804	\$ 116,830
1.50%	1.86%	1.33%	4.47%	4.61%	4.21%

CITY OF WEBSTER, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
 Last Eight Years ⁽¹⁾

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 14,219,035	\$ 13,179,035	\$ 12,659,035	\$ 18,551,445
Certificates of obligation	9,275,000	8,900,000	8,500,000	4,355,000
Capital leases	575,772	239,257	158,655	-
Subtotal	<u>\$ 24,069,807</u>	<u>\$ 22,318,292</u>	<u>\$ 21,317,690</u>	<u>\$ 22,906,445</u>
Business-Type Activities:				
Revenue bonds	\$ -	\$ -	\$ -	\$ -
Total Primary Government	<u>\$ 24,069,807</u>	<u>\$ 22,318,292</u>	<u>\$ 21,317,690</u>	<u>\$ 22,906,445</u>
Component Unit				
Activities ⁽²⁾:				
Sales Tax Revenue Bonds	\$ 14,410,000	\$ 13,905,000	\$ 13,375,000	\$ 12,820,000
Personal Income ⁽³⁾⁽⁴⁾	\$ -	\$ -	\$ 262,284,736	\$ 236,243,150
Primary Government Debt as a Percentage of Personal Income	-	-	8.13%	9.70%
Population ⁽⁵⁾	10,308	10,323	9,923	8,695
Primary Government Debt per Capita	\$ 2,335	\$ 2,162	\$ 2,148	\$ 2,634

(1) The requirement for statistical data is ten years; only eight years are available at this time.

(2) Component unit activities are not included in the calculation of debt as a percentage of personal income or debt per capita.

(3) Personal income data prior to 2004 is not available.

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

(5) Population was estimated using data received from the Harris County Appraisal District.

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

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 17,756,264	\$ 16,900,998	\$ 16,205,000	\$ 15,165,000
4,210,000	4,055,000	3,890,000	3,720,000
-	24,247	20,221	15,865
<u>\$ 21,966,264</u>	<u>\$ 20,980,245</u>	<u>\$ 20,115,221</u>	<u>\$ 18,900,865</u>
\$ -	\$ 6,030,000	\$ 8,080,000	\$ 7,860,000
<u>\$ 21,966,264</u>	<u>\$ 27,010,245</u>	<u>\$ 28,195,221</u>	<u>\$ 26,760,865</u>
\$ 16,055,000	\$ 15,445,000	\$ 14,800,000	\$ 14,125,000
\$ 280,866,250	\$ 223,392,930	\$ 223,982,980	\$ 232,951,740
7.82%	12.09%	12.59%	11.49%
8,750	9,465	9,490	9,870
\$ 2,510	\$ 2,854	\$ 2,971	\$ 2,711

CITY OF WEBSTER, TEXAS
RATIO OF NET BONDED DEBT TO ASSESSED VALUE,
NET BONDED DEBT PER CAPITA, AND ASSESSED
AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY
Last Ten Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Net Taxable Assessed Value ⁽¹⁾				
All property	\$ 719,784,010	\$ 716,426,940	\$ 768,294,100	\$ 768,964,190
Net Bonded Debt				
Gross bonded debt	\$ 25,104,035	\$ 24,314,035	\$ 23,494,035	\$ 22,079,035
Less debt service funds	1,006,858	992,109	727,646	304,315
Net Bonded Debt	<u>\$ 24,097,177</u>	<u>\$ 23,321,926</u>	<u>\$ 22,766,389</u>	<u>\$ 21,774,720</u>
Ratio of Net Bonded Debt to Assessed Value	3.35%	3.26%	2.96%	2.83%
Population ⁽²⁾	8,790	9,083	10,308	10,323
Net Bonded Debt per Capita	\$ 2,741	\$ 2,568	\$ 2,209	\$ 2,109

⁽¹⁾ Shown are estimated actual values for each fiscal year as of September 30, 2009.

⁽²⁾ Population was estimated using data received from the Harris County Appraisal District.

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 780,268,130	\$ 796,023,480	\$ 866,165,139	\$ 931,618,334	\$ 1,044,960,685	\$ 1,291,283,271
\$ 21,159,035	\$ 22,906,445	\$ 21,966,264	\$ 20,955,998	\$ 20,095,000	\$ 18,885,000
366,178	852,624	933,697	1,205,440	1,305,817	1,400,456
<u>\$ 20,792,857</u>	<u>\$ 22,053,821</u>	<u>\$ 21,032,567</u>	<u>\$ 19,750,558</u>	<u>\$ 18,789,183</u>	<u>\$ 17,484,544</u>
2.66%	2.77%	2.43%	2.12%	1.80%	1.35%
9,923	8,695	8,750	9,465	9,490	9,870
\$ 2,095	\$ 2,536	\$ 2,404	\$ 2,087	\$ 1,980	\$ 1,771

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CITY OF WEBSTER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2009

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
Clear Creek ISD ⁽²⁾	\$ 680,064,022	8.980%	\$ 61,069,749
Clear Lake City Water Authority ⁽²⁾	63,490,000	7.030%	4,463,347
Harris County ⁽²⁾	2,314,191,221	0.520%	12,033,794
Harris Co. Flood Control District ⁽²⁾	108,980,834	0.520%	566,700
Harris Co. Toll Road Authority ⁽²⁾	665,570,000	0.520%	3,460,964
Port of Houston Authority ⁽²⁾	563,015,000	0.520%	<u>2,927,678</u>
Subtotal, overlapping debt			84,522,233
City Direct Debt		100.000%	<u>18,885,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 103,407,233</u></u>

Source: Coastal Securities, Ltd.

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

⁽²⁾ Debt outstanding is as of September 30, 2009.

CITY OF WEBSTER, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Seven Years ⁽¹⁾

	Year			
	2003	2004	2005	2006
Debt limit ⁽²⁾	\$ 76,896,419	\$ 78,026,813	\$ 79,602,348	\$ 86,616,514
Total net debt applicable to limit	21,774,720	20,792,857	22,053,821	21,032,567
Legal debt margin	\$ 55,121,699	\$ 57,233,956	\$ 57,548,527	\$ 65,583,947
Total net debt applicable to the limit as a percentage of debt limit	28.32%	26.65%	27.70%	24.28%

Legal Debt Margin Calculation for Fiscal Year 2009

Assessed value	\$ 1,291,283,271
Debt limit (10% of assessed value)	129,128,327
Debt applicable to limit:	
General obligation bonds	18,885,000
Less: amount set aside for repayment of general obligation debt	(1,400,456)
Total net debt applicable to limit	17,484,544
Legal debt margin	\$ 111,643,783

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

⁽²⁾ There is no statutory debt limit for small municipalities. However, the City uses the legal debt limit that was established for municipalities with a population of greater than 600,000 under Title IX, Chapter 1331 of the Texas Government Code as a guideline (10% of assessed value).

Under Article XI, Section 5 of the State of Texas Constitution, the maximum tax rate should not exceed \$2.50 per \$100 of assessed valuation. The City of Webster's property tax rate is \$0.20600 per \$100 of assessed valuation.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 93,161,833	\$ 104,496,069	\$ 129,128,327
19,750,558	18,789,183	17,484,544
<u>\$ 73,411,275</u>	<u>\$ 85,706,886</u>	<u>\$ 111,643,783</u>
21.20%	17.98%	13.54%

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

Fiscal Year Ended Sept. 30	Population⁽¹⁾	Personal Income⁽⁵⁾⁽⁶⁾	Per Capita Personal Income⁽²⁾	Median Age⁽⁵⁾	School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾
2000	8,790	\$ -	\$ -	-	1,756	1.8%
2001	9,083	\$ -	\$ -	-	1,872	1.9%
2002	10,308	\$ -	\$ -	-	1,507	2.6%
2003	10,323	\$ -	\$ -	-	1,359	3.0%
2004	9,923	\$ 262,284,736	\$ 26,432	34.0	1,332	2.7%
2005	8,695	\$ 236,243,150	\$ 27,170	34.6	1,390	5.3%
2006	8,750	\$ 280,866,250	\$ 32,099	36.1	878 ⁽⁷⁾	3.1%
2007	9,465	\$ 223,392,930	\$ 23,602	31.2	884	3.8%
2008	9,490	\$ 223,982,980	\$ 23,602	31.2	864	5.1%
2009	9,870	\$ 232,951,740	\$ 23,602	31.2	990	8.5%

Data sources:

- (1) Population was estimated using data received from the Harris County Appraisal District.
- (2) Sperling's BestPlaces, Claritas
- (3) Clear Creek Independent School District, City-Data.com
- (4) Bureau of Labor Statistics, Sperling's BestPlaces, Texas Workforce Commission
- (5) Sperling's BestPlaces, personal income and median age data prior to 2004 are not available.
- (6) Personal income information is a total for the year.
- (7) Intermediate school converted to a high school.

CITY OF WEBSTER, TEXAS

PRINCIPAL EMPLOYERS

Current Year

Employer

Academy Sports and Outdoors
Boeing
City of Webster
Clear Lake Regional Medical Center
Clear Lake Rehabilitation Hospital
Deke Slayton Cancer Center
Diagnostic Systems Laboratories
Fry's Electronics
HealthSouth Diagnostic Center
Lockheed Martin
Medical Plaza at Clear Lake
Texas Gulf Coast Medical Group
Triumph Hospital - Clear Lake
United Space Alliance

Source: Bay Area Economic Partnership

Note: Principal employers in the City are concentrated in the fields of medical/healthcare and aerospace. The City also has a high concentration of medium to small retailers. Number of employees data is not available at this time; therefore, the principal employers have not been ranked or presented for the current year along with ten years ago.

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CITY OF WEBSTER, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
General Fund:										
City Secretary	3	3.5	4	4	4	4	4	4	4	4
City Manager	1	1	1	1	1	1	1	1	1	1
Finance	8	9	8	7	7	7	7	7	6	6
Municipal Court	3.5	4	4	4	5	5	6	6	7	7
Information Technology	1	2	2	2	2	2	2	2	2	0
Human Resources	2	3	3	3	2.8	2.8	3	3	3	3
Community Development	16	17	17							
Administration				4.9	4.9	4.9	5.8	5.8	5.8	6
Building				7	6	6	6	7	7	7
Engineering				2	2	2	2	2	0	0
Recreation Programs				2	1	1	1	1	1	1
Public Works	20	20	20							
Administration				3	3	2	2	3	3.5	3.5
Maintenance				12	10	10	10	11	11	11
Parks Maintenance				4	4	4	5	6	6	6
Engineering									2	2
Police	58	59	61							
Administration				6	6	6	6	6	6	4
Criminal Investigation				7	7	7	7	7	6	7
Patrol				30	31	34	34	35	35	36
Communications				16	15	13	14	15	16	16
Technical Support					1	1	1	1	2	0
Fire	4	4.5	4.5							
Prevention				2.4	2.4	2.4	2.4	2.7	2.7	2.7
Operations				2	2	2	2	2	2	2
Economic Development										
Economic Development	4	3	4	3	3	2	2	2	2	3
Public Relations				1	1	1	1	1	1	0
General Fund Total	120.5	126	128.5	123.3	121	120	124.2	130.5	132	128.2
Utility Fund:										
Water	7	7	7	7	7	7	7	8	8.3	8.3
Sewer	9	9	9	7	6	6	6	7	7.3	7.3
Utility Fund Total	16	16	16	14	13	13	13	15	15.5	15.5
Information Technology Fund:										
Information Technology	0	0	0	0	0	0	0	0	0	4
IT Fund Total	0	0	0	0	0	0	0	0	0	4
Total City Positions	136.5	142	144.5	137.25	134	133	137.2	145.5	147.5	147.7

Notes:

Around 16-24 temporary and seasonal employees are hired during the summer months as recreation staff. This count is not reflected above.

Prior to 2002-03, a number of positions were split and reported in separate departments. There are no splits reported since prior years were not restated.

Day crew & volunteer/auxiliary firefighters (24) are not included.

A part-time seasonal school crossing guard is not included.

CITY OF WEBSTER, TEXAS
OPERATING INDICATORS BY FUNCTION / PROGRAM
Last Seven Years ⁽¹⁾

Function / Program	Year			
	2003	2004	2005	2006
Police				
Arrests	1,646	1,920	2,115	1,927
Accident reports	1,200	1,151	1,078	1,087
Citations	4,639	5,661	6,342	9,228
Offense reports	2,585	2,586	2,616	2,431
Calls for service	19,522	20,298	21,794	20,002
Fire				
Emergency responses	1,083	1,048	993	947
Fire incidents	78	57	83	91
Average response time	5 min, 0 sec	5 min, 31 sec	5 min, 56 sec	5 min, 30 sec
Water				
New accounts	154	186	182	190
Average daily consumption (millions of gallons)	1.409	1.446	1.419	1.637
Total consumption (millions of gallons)	514.277	527.667	518.260	597.816
Peak daily consumption (millions of gallons)	2.474	2.705	2.927	2.879
Sewer				
Average daily sewage treatment (millions of gallons)	1.220	1.234	1.161	1.271
Total consumption (millions of gallons)	445.412	451.755	416.620	464.230
Peak daily consumption (millions of gallons)	2.856	3.462	2.245	2.831

Source: Various City departments

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

2007	2008	2009
2,801	3,119	3,133
1,167	1,024	947
8,456	8,554	6,516
2,801	2,470	2,268
38,818	39,786	35,840
985	935	1036
73	77	90
5 min, 43 sec	4 min, 53 sec	5 min, 0 sec
168	144	140
1.650	1.793	1.897
610.670	656.656	692.483
2.638	2.695	2.438
1.489	1.433	1.354
541.127	523.101	494.050
3.033	2.734	1.853

CITY OF WEBSTER, TEXAS
CAPITAL ASSET STATISTICS BY FUNCTION / PROGRAM
 Last Seven Years ⁽¹⁾

Function / Program	Year			
	2003	2004	2005	2006
Police				
Stations	1	1	1	1
Patrol units	41	38	43	43
Fire stations	2	2	2	2
Other public works				
Streets (miles - centerlines)	19.0	19.0	20.2	28.0
Streetlights	716	749	708	708
Parks and recreation				
Parks	3	3	4	4
Parks acreage	12.0	12.0	23.2	23.2
Baseball / softball diamonds	3	3	2	2
Swimming pools	1	1	1	1
Community centers	1	1	1	1
Water				
Water mains (miles)	39.2	39.8	39.1	43.2
Fire hydrants	464	484	492	568
Storage capacity (millions of gallons)	2.95	2.95	2.95	2.95
Sewer				
Sanitary sewers (miles)	26.8	26.9	27.2	27.8
Storm sewers (miles)	16.1	16.1	16.4	17.0
Open ditch / creek / canal drainage (miles)	3.5	3.5	3.5	5.4
Treatment capacity (millions of gallons)	1.65	1.65	1.65	1.65

Source: Various City departments

⁽¹⁾ The requirement for statistical data is ten years; only seven years are available at this time.

2007	2008	2009
1	1	1
48	45	46
2	2	2
18.8	20.7	20.7
717	692	910
5	5	5
26	26	26
2	2	2
1	0	0
1	1	1
44.5	46.8	48.7
578	601	629
2.95	2.95	2.95
28.8	29.8	30.7
18.9	19.7	20.8
4	5.6	6.1
1.65	1.65	3.3