

City of Webster, Texas

Space Exploration

Biomedical Research

Medicine

Robotics



Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2013

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

OF THE

CITY OF WEBSTER, TEXAS

For the Fiscal Year Ended
September 30, 2013

CITY MANAGER

Wayne J. Sabo

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CITY OF WEBSTER, TEXAS

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CITY OF WEBSTER, TEXAS

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INTRODUCTORY SECTION



December 20, 2013

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, 2013. The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the end 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.

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 over 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); public works (construction and maintenance of streets and parks); community development (permitting, planning, and recreation services); general government activities (City administration); and utilities (water and wastewater treatment and distribution). The reporting units are the City's funds, all of which are included in this report. The Webster Economic Development Corporation is reported as a component unit for which the City is financially accountable.

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

Local Economy

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 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.

Southeast Texas has recovered from the “Great Recession”. The unemployment rate for the Houston metropolitan area decreased slightly to 6.1% from 6.3% one year ago. Property values have increased over the previous year, and sales tax revenue continues to grow as commercial development continues 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.

Fiscal year 2012-13 brought some good news in economic development. Listed below are just a few of the highlights.

- Construction continues on Bay Area Regional Medical Center located at 200 Blossom Street. The nine-story 375,000 square foot acute-care hospital is scheduled to open in early 2014.
- The \$92 million expansion and renovation project at Clear Lake Regional Medical Center is complete.
- Nearly doubling the amount of retail space in each establishment, Golfsmith and Conn’s Home Plus are just two of the premier retailers that have expanded in Webster.

Major Initiatives

The largest revenue source in the General Fund is sales tax. For many years, the City experienced sales tax revenue growth in excess of 10%. Growth slowed considerably from 2008 to 2009 and declined by 9.6% in 2010 with the closing of three major retailers. Growth returned at rates ranging from 1.9% to 4.7% over the succeeding three years. The Fiscal Year 2013-14 Annual Budget conservatively predicts an increase of 0.6% as uncertainty remains in the minds of consumers.

Another large source of revenue is the ad valorem tax. The City’s 2013 taxable value increased 8.1% from the adjusted 2012 taxable value. With the rise in property value, the Fiscal Year 2013-14 Annual Budget reflects a declining property tax rate of \$0.26960 per \$100 of valuation.

Healthy reserves in the General Fund will allow the City to procure several capital items. The Fire Department will purchase several sets of personal protective equipment. Public Works will install a generator to provide emergency power to the Civic Center complex. After constructing a new station on State Highway 3, the former Fire Station #1 on Texas Avenue will be raised to construct additional parking space at Texas Avenue Park.

The Utility Fund has revenue bonds outstanding in the amount of \$6.9 million. This debt funded the expansion of the wastewater treatment plant. City Council approved a five-year schedule of rate changes in 2013. Water base and water volumetric rates remain unchanged. Wastewater base rates do not increase, but the wastewater volumetric rate rises by \$0.37 per 1,000 gallons. The drainage fee has been reduced by 20% to reflect lower program expenses. The capital reserve fee that was established for the sole purpose of building a reserve for bond issues related to major infrastructure rises by \$0.18 per 1,000 gallons in accordance with the three-year implementation plan.

Long-term Financial Planning

A Capital Improvements Program adopted by City Council reflects \$35 million of general government and utility projects to be completed over the next five years. Traffic preemption equipment and security cameras are scheduled for the upcoming year. The Fiscal Year 2013-14 Annual Budget also appropriates funds for water tank painting and various utility rehabilitation projects.

The City of Webster and the Webster Economic Development Corporation have committed financial resources towards the development of Edgewater, a commercial and residential area within the City. Originally executed in 2006 and subsequently amended in 2009, the developer agreed to make certain improvements to the property, subject to reimbursement by the City based upon the additional property value for the site. A second amendment in 2013 caps the total payment to the developer at \$7.17 million, a 45% reduction from the previous agreement. A discussion can be found in Note IV.E. of this report.

Relevant Financial Policies

The City has followed a policy of maintaining a reserve level of not less than 25%, or three months of operational expenditures, for all City operating funds in the event of emergencies, financial recessions, and other unforeseen circumstances. The City's dependence upon sales tax revenues adds substantial volatility to its revenue stream. Therefore, City Council has approved a fund balance level of at least 33% for the General Fund and the Webster Economic Development Corporation. At September 30, 2013, all operating funds are compliant with this policy.

Independent Audit

The City Charter requires an independent audit of the accounts of the City by an independent auditor. Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City of Webster's financial statements for the year ended September 30, 2013. 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, 2012. This represents the 27th 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 2012-13 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 2013-14 Annual Budget to GFOA to determine its eligibility for another certificate. I believe it continues to meet the Distinguished Budget Presentation Award criteria.

Acknowledgements

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

Respectfully submitted,

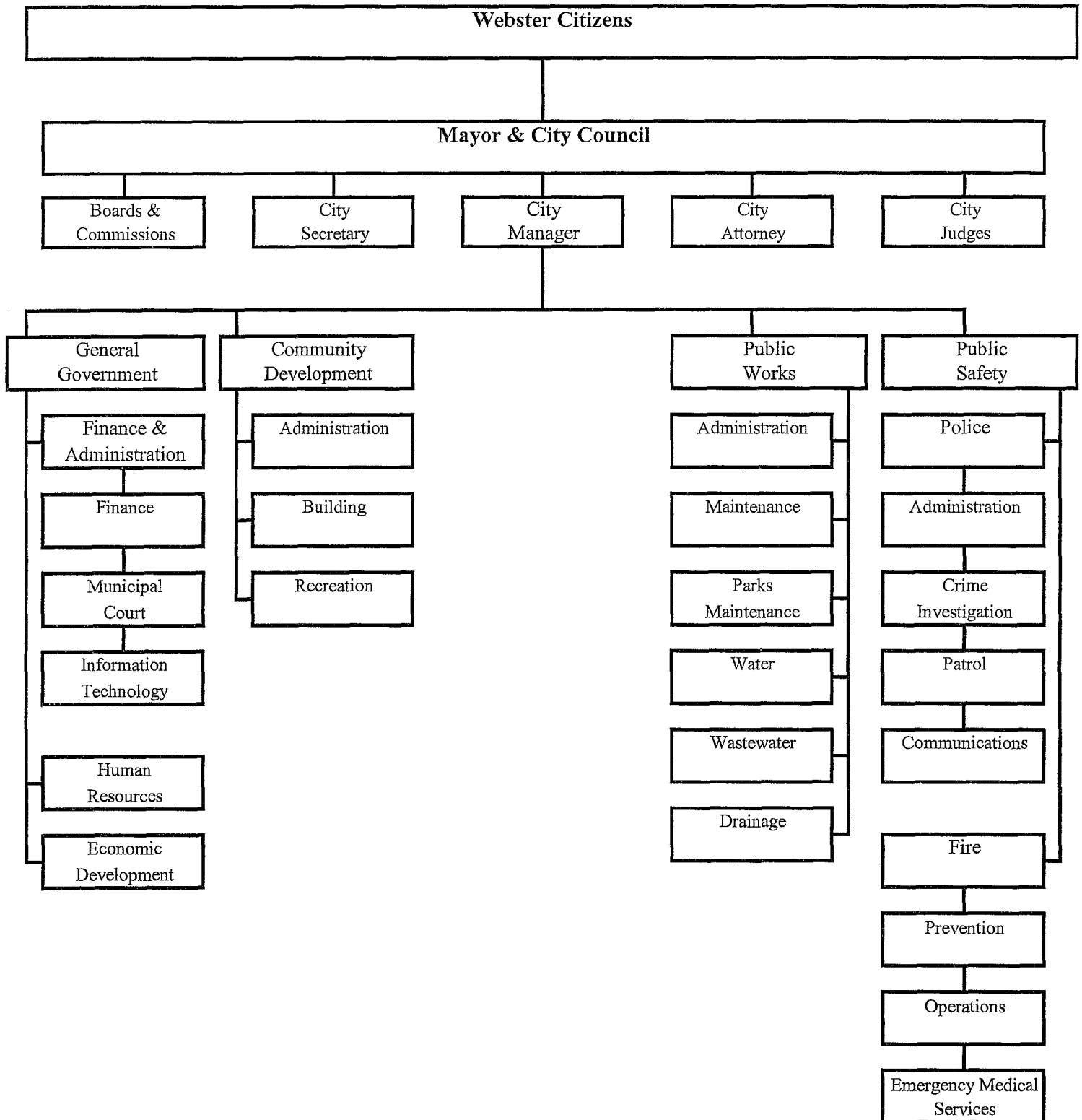
A handwritten signature in black ink, reading "Wm Michael Rodgers". The signature is fluid and cursive, with a horizontal line underlining the name.

William Michael Rodgers, CPA
Director of Finance

CITY OF WEBSTER, TEXAS

ORGANIZATION CHART

September 30, 2013





Government Finance Officers Association

**Certificate of
Achievement
for Excellence
in Financial
Reporting**

Presented to

**City of Webster
Texas**

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

September 30, 2012

Executive Director/CEO

CITY OF WEBSTER, TEXAS

PRINCIPAL OFFICIALS

September 30, 2013

City Officials	Elected Position	Term Expires
Floyd Myers	Mayor	05/2014
Diana Newland	Council Member – Position No. 1	05/2015
Alexandra Dietrich	Council Member – Position No. 2	05/2015
Larry Tosto	Council Member – Position No. 3	05/2016
Doug North	Council Member – Position No. 4	05/2016
Natalie Dolan	Council Member – Position No. 5	05/2016
Bill Jones	Council Member – Position No. 6	05/2014

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
City Council Members of the
City of Webster, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Webster, Texas (the "City"), as of and for the year ended September 30, 2013, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the City's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

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Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2013, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the financial statements.

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

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

 BELT HARRIS PECHACEK, LLP

Belt Harris Pechacek, LLP
Certified Public Accountants
Houston, Texas
December 20, 2013

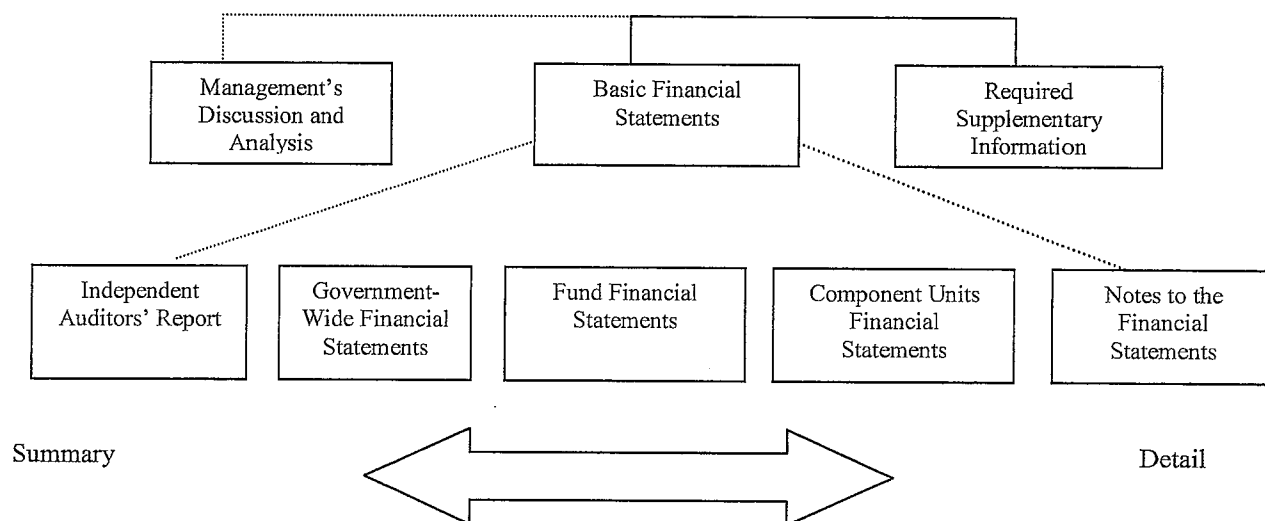
***MANAGEMENT'S DISCUSSION
AND ANALYSIS***

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS
For the Year Ended September 30, 2013

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of Webster, Texas (the "City") for the year ended September 30, 2013. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



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

Government-Wide Statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred inflows/outflows of resources, with the difference reported as *net position*. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other 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.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2013

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

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

1. Governmental activities – Most of the City's basic services are reported here, including: general government (city council, city secretary, city manager, finance, municipal court, human resources, and economic development); public safety (police, fire, and emergency medical services); community development (permitting, planning, and recreation); and public works (construction and maintenance of streets and parks). 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, wastewater collection/treatment, and drainage maintenance, are reported here.

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

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

Fund Financial Statements

Funds may be considered as operating companies of the parent corporation, which is the City 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.

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

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2013

The City maintains 14 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 certificates of obligation, series 2012 fund, which are considered to be major funds. Management has elected to present the hotel occupancy tax fund and the debt service fund as major funds with singular presentation rather than aggregated with the other non-major 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, wastewater collection/treatment, and drainage maintenance along with its water and wastewater impact fees, and water construction projects. Management would note that trash 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, information technology department, and employee benefit program. Because these services predominantly benefit governmental rather than business-type functions, they have been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and hotel occupancy fund and schedules of funding progress for the Texas Municipal Retirement System and the City's other post-employment healthcare benefits. 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, 2013

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City of Webster, assets and deferred outflows of resources exceed liabilities by \$82,281,207 as of September 30, 2013 in the primary government, which is an increase in the City's overall financial position compared to the prior year.

The largest portion of the City's net position (64.2 percent) reflects its investments in capital assets (e.g., land, city hall, police station, fleet equipment, streets, drainage systems, as well as the public works facilities), less any debt outstanding used to acquire those assets. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

CONDENSED STATEMENT OF NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Current and other assets	\$ 24,537,583	\$ 27,873,438	\$ 8,579,887	\$ 6,986,086	\$ 33,117,470	\$ 34,859,524
Capital assets, net	53,399,334	51,506,798	24,726,791	25,925,255	78,126,125	77,432,053
Total Assets	77,936,917	79,380,236	33,306,678	32,911,341	111,243,595	112,291,577
Deferred charge on refunding	636,936	502,607	-	-	636,936	502,607
Total Deferred Outflows of Resources	636,936	502,607	-	-	636,936	502,607
Long-term liabilities	20,782,793	22,503,007	7,024,653	7,272,201	27,807,446	29,775,208
Other liabilities	1,266,547	1,959,855	525,331	535,285	1,791,878	2,495,140
Total Liabilities	22,049,340	24,462,862	7,549,984	7,807,486	29,599,324	32,270,348
Net Position:						
Net investment						
in capital assets	34,959,498	31,186,591	17,869,153	18,814,693	52,828,651	50,001,284
Restricted	4,242,481	7,951,235	3,337,873	2,549,394	7,580,354	10,500,629
Unrestricted	17,322,534	16,282,155	4,549,668	3,739,768	21,872,202	20,021,923
Total Net Position	\$ 56,524,513	\$ 55,419,981	\$ 25,756,694	\$ 25,103,855	\$ 82,281,207	\$ 80,523,836

A portion of the primary government's net position, \$7,580,354 or 9.2 percent, represents resources that are subject to external restriction on how they may be used. These restrictions include monies accounted for in special revenue funds for which the use is legally restricted, monies restricted for debt service, and capital project funds that represent unspent bond proceeds at the fund level. The remaining balance of unrestricted net position, \$21,872,202 or 26.6 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, 2013

Statement of Activities

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

CHANGES IN NET POSITION

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2013	2012	2013	2012	2013	2012
Revenues						
Program revenues:						
Charges for services	\$ 1,888,014	\$ 2,081,127	\$ 4,376,570	\$ 4,318,765	\$ 6,264,584	\$ 6,399,892
Operating grants and contributions	1,136,571	1,113,356	-	-	1,136,571	1,113,356
Capital grants and contributions	385,355	1,203,465	111,803	423,900	497,158	1,627,365
General revenues:						
Ad valorem taxes	4,003,896	3,732,383	-	-	4,003,896	3,732,383
Sales taxes	10,716,276	10,495,149	-	-	10,716,276	10,495,149
Franchise and local taxes	1,119,510	1,100,207	-	-	1,119,510	1,100,207
Other taxes	1,447,797	1,302,318	-	-	1,447,797	1,302,318
Investment earnings	55,583	65,379	13,054	13,536	68,637	78,915
Other revenues	175,570	169,686	738,931	960,046	914,501	1,129,732
Gain on disposal of capital assets	84,719	100,753	-	-	84,719	100,753
Total Revenues	21,013,291	21,363,823	5,240,358	5,716,247	26,253,649	27,080,070
Expenses						
General government	3,080,566	3,494,720	-	-	3,080,566	3,494,720
Public safety	10,243,794	9,289,641	-	-	10,243,794	9,289,641
Public works	4,440,657	3,465,582	-	-	4,440,657	3,465,582
Community development	1,744,564	2,930,471	-	-	1,744,564	2,930,471
Interest and fiscal agent fees on long-term debt	649,178	509,182	-	-	649,178	509,182
Water	-	-	1,952,327	1,991,274	1,952,327	1,991,274
Wastewater	-	-	2,128,511	2,122,566	2,128,511	2,122,566
Drainage	-	-	256,681	288,343	256,681	288,343
Total Expenses	20,158,759	19,689,596	4,337,519	4,402,183	24,496,278	24,091,779
Increase (Decrease) in Net Position Before Transfers	854,532	1,674,227	902,839	1,314,064	1,757,371	2,988,291
Transfers In (Out)	250,000	250,000	(250,000)	(250,000)	-	-
Change in Net Position	1,104,532	1,924,227	652,839	1,064,064	1,757,371	2,988,291
Beginning Net Position	55,419,981	53,495,754	25,103,855	24,039,791	80,523,836	77,535,545
Ending Net Position	\$ 56,524,513	\$ 55,419,981	\$ 25,756,694	\$ 25,103,855	\$ 82,281,207	\$ 80,523,836

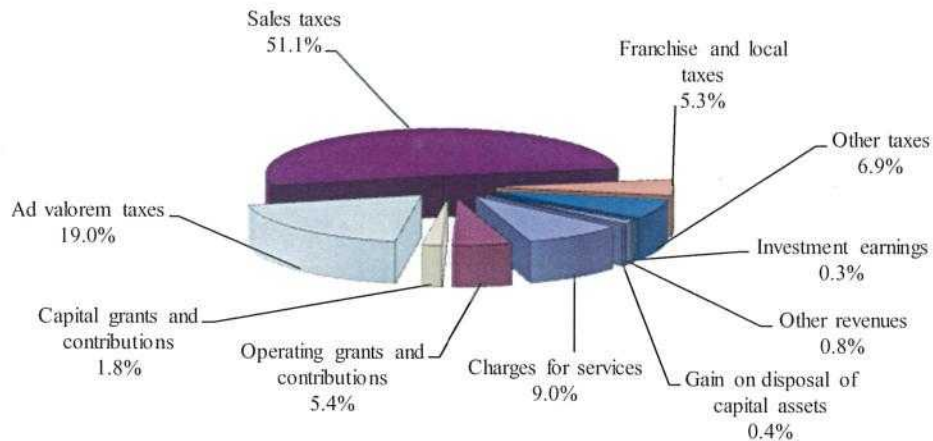
CITY OF WEBSTER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

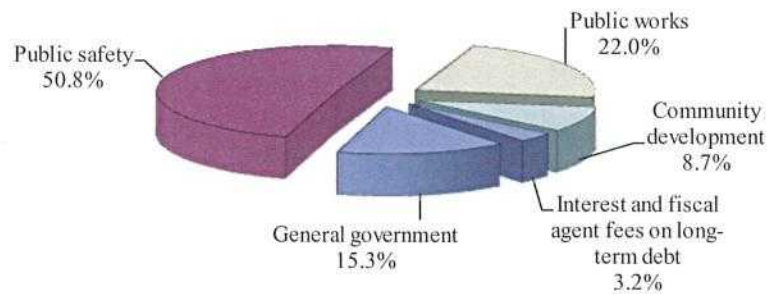
For the Year Ended September 30, 2013

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

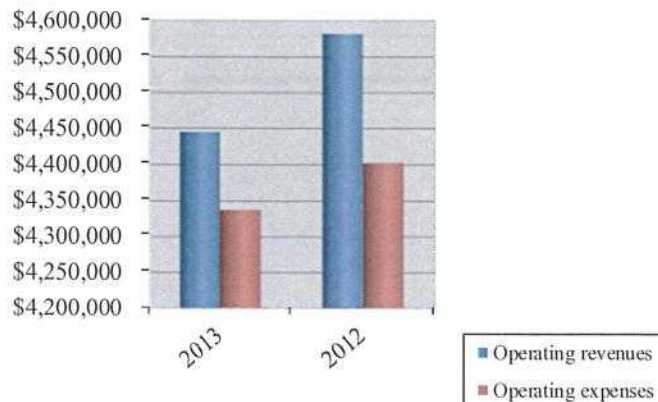
Governmental Activities - Revenues



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, 2013

Governmental Activities

For the year ended September 30, 2013, revenues from governmental activities totaled \$21,013,291. Property and sales tax revenues continue to be the City's largest revenue sources. Sales tax revenue increased by \$221,127 due to an improvement in economic conditions. Operating grants and contributions increased by \$23,215 due to a slight increase in the amount of state grants received. Capital contributions decreased by \$818,110 due to a decrease in federal grants received during the year. Investment income decreased by \$9,796 as a result of a decrease in interest rates. Other taxes increased 11.2 percent over the prior year primarily as a result of an increase in hotel occupancy taxes due to increased occupancy. Franchise fees collected from electric, gas, cable, and telecommunications utilities were almost unchanged with a total of \$1,119,510 for the year ended September 30, 2013.

For the year ended September 30, 2013, expenses for governmental activities totaled \$20,158,759 which was similar to last year. Expenses per capita were \$1,787, down \$51 from last year.

Business-Type Activities

The City's business-type activities include the operations of providing water, wastewater, and drainage services. In comparison to the prior year, operating revenues increased by \$57,805 or 1.3 percent due to an increase in consumption. Operating costs were slightly lower than the prior year primarily due to a decrease in water system and drainage maintenance. Capital contributions decreased \$312,097 due to fewer developer contributions.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

Governmental Funds

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

The City's governmental funds reflect a combined fund balance of \$20,207,378. Of this, \$44,472 is nonspendable consisting of prepaid items and inventory, \$4,736,280 is assigned, and \$4,236,152 is restricted for various purposes.

There was a decrease in the combined fund balance of \$2,718,720 from the prior year. This is largely attributable to an increase in capital outlay expenditures. The City's fund balance policy for the general fund is a minimum four-month reserve. The general fund's unassigned fund balance of \$11,190,474 is estimated to be \$5,870,583 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 \$898,820 in the general fund balance, bringing ending fund balance to \$11,407,004. This increase is mainly due to an increase in sales tax revenue, property tax revenue, and fines and forfeitures revenue.

There was a decrease of \$382,942 in the debt service fund balance, bringing ending fund balance to \$847,921. The decrease is primarily due to the early extinguishment of the certificates of obligation, series 2005.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2013

The hotel occupancy tax fund experienced an increase in fund balance of \$618,872, which can be primarily attributed to an increase in tax revenue due to higher hotel occupancy.

The certificates of obligation, series 2012 fund experienced a decrease in fund balance of \$3,988,060, due to capital outlay expenditures related to completion of the central fire station and police department renovation during the year.

Proprietary Funds

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

Revenues from charges for water increased during the year by 0.8 percent due to increased consumption. Charges for wastewater increased by 3.1 percent due to an increase in the wastewater volumetric rate. Drainage charges decreased by 8.4 percent due to a 10 percent rate reduction. Operating expenses decreased by 0.8 percent, which contributed to the increase in ending net position of \$629,176.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were \$371,296 more than budgeted revenues for 2013. This variance can be primarily attributed to positive variances of \$100,245 for license and permits and \$127,863 for property taxes.

Actual expenditures were less than budgeted expenditures by \$966,149. This is largely the result of lower than anticipated costs for personnel and services.

CAPITAL ASSETS

At September 30, 2013, the City's governmental activities funds had invested \$53,399,334 in a variety of capital assets and infrastructure. This represents a net increase of \$1,892,536.

Major capital asset events during the year included the following:

- Completion of the central fire station in the amount of \$5,880,512
- Completion of the police department renovation in the amount of \$252,729
- Purchase of a 5.323 acre tract of land in the amount of \$332,517

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, 2013

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$25,410,000. Of this amount, \$12,385,000 was general obligation debt, while certificates of obligation accounted for \$6,130,000. The remaining \$6,895,000 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:

	Moody's Investors Service	Standard and Poor's
General obligation bonds	A3	AA-

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In September 2013, the Webster City Council approved an expenditure budget of \$34,634,020. One of the main drivers behind the 2.7% growth over the previous year is due to transfers to other funds increasing by \$1,027,170 to procure significant capital items. Personnel costs also escalated by \$394,150. Debt service appropriations for fiscal year 2013-14 decline by \$679,130 with the refinancing of existing debt in 2013.

Property tax values within the City of Webster increased 8.1% above the adjusted 2012 taxable values. The property tax rate declines from \$0.28528 to \$0.26960 per \$100 of taxable value. After increasing 2.6% in 2013, the Fiscal Year 2013-14 Annual Budget conservatively predicts an increase of 0.6% in 2014. Sales tax receipts comprise 61.1% of the revenues for the General Fund and 42.6% of the revenues for all funds, including the component unit. With the exception of an increasing wastewater volumetric rate, water and wastewater rates remain unchanged. The drainage fee decreases by 20%. The capital reserve fee goes up by \$0.18 per 1,000 gallons in accordance with the three-year implementation plan.

The recovering economy can be demonstrated by the area's unemployment rate, which decreased from 6.3% in 2012 to 6.1% in 2013. Construction continues on Bay Area Regional Medical Center located at 200 Blossom Street. The nine-story 375,000 square foot acute-care hospital is scheduled to open in early 2014. The \$92 million expansion and renovation project at Clear Lake Regional Medical Center is now complete. Nearly doubling the amount of retail space in each establishment, Golfsmith and Conn's Home Plus are just two of the premier retailers that have expanded in Webster.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

September 30, 2013

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 12,943,001	\$ 5,163,327	\$ 18,106,328	\$ 8,023,745
Investments	9,305,403	2,863,717	12,169,120	-
Receivables (net of allowance for uncollectible)	2,310,873	482,017	2,792,890	580,070
Internal balances	(66,166)	66,166	-	-
Prepaid items	26,885	4,660	31,545	414
Inventory	17,587	-	17,587	-
Capital assets:				
Non-depreciable	3,868,920	124,188	3,993,108	3,101,166
Net depreciable capital assets	49,530,414	24,602,603	74,133,017	-
Total Assets	<u>77,936,917</u>	<u>33,306,678</u>	<u>111,243,595</u>	<u>11,705,395</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	636,936	-	636,936	183,868
LIABILITIES				
Accounts payable and accrued liabilities	1,185,634	212,517	1,398,151	4,014
Deficit consolidated cash	33,700	-	33,700	-
Customer deposits	10,000	300,516	310,516	-
Accrued interest payable	37,213	12,298	49,511	18,347
Noncurrent liabilities:				
Long-term liabilities due within one year	2,115,552	338,217	2,453,769	1,150,764
Long-term liabilities due in more than one year	18,667,241	6,686,436	25,353,677	9,133,891
Total Liabilities	<u>22,049,340</u>	<u>7,549,984</u>	<u>29,599,324</u>	<u>10,307,016</u>
NET POSITION				
Net investment in capital assets	34,959,498	17,869,153	52,828,651	3,101,166
Restricted for:				
Debt service	854,250	15,844	870,094	123,173
Enabling legislation	3,303,204	-	3,303,204	-
Construction/capital improvements	85,027	3,322,029	3,407,056	4,686,549
Economic development	-	-	-	3,772,146
Unrestricted	17,322,534	4,549,668	21,872,202	(10,100,787)
Total Net Position	<u>\$ 56,524,513</u>	<u>\$ 25,756,694</u>	<u>\$ 82,281,207</u>	<u>\$ 1,582,247</u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2013

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 3,080,566	\$ 108,135	\$ 1,030,030
Public safety	10,243,794	1,302,894	106,541
Public works	4,440,657	-	-
Community development	1,744,564	476,985	-
Interest and fiscal agent fees	649,178	-	-
Total Governmental Activities	<u>20,158,759</u>	<u>1,888,014</u>	<u>1,136,571</u>
Business-Type Activities			
Water	1,952,327	1,969,904	-
Wastewater	2,128,511	2,147,674	-
Drainage	256,681	258,992	-
Total Business-Type Activities	<u>4,337,519</u>	<u>4,376,570</u>	<u>-</u>
Total Primary Government	<u>\$ 24,496,278</u>	<u>\$ 6,264,584</u>	<u>\$ 1,136,571</u>
Component Units			
Webster Economic Development Corporation	\$ 1,635,790	\$ -	\$ -
Total Component Units	<u>\$ 1,635,790</u>	<u>\$ -</u>	<u>\$ -</u>

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 Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position				
Capital Grants and Contributions	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
\$ -	\$ (1,942,401)	\$ -	\$ (1,942,401)	\$ -
148,022	(8,686,337)	-	(8,686,337)	-
-	(4,440,657)	-	(4,440,657)	-
237,333	(1,030,246)	-	(1,030,246)	-
-	(649,178)	-	(649,178)	-
385,355	(16,748,819)	-	(16,748,819)	-
111,803	-	129,380	129,380	-
-	-	19,163	19,163	-
-	-	2,311	2,311	-
111,803	-	150,854	150,854	-
\$ 497,158	(16,748,819)	150,854	(16,597,965)	-
\$ -	-	-	-	(1,635,790)
\$ -	-	-	-	(1,635,790)
	4,003,896	-	4,003,896	-
	10,716,276	-	10,716,276	3,572,092
	1,119,510	-	1,119,510	-
	1,447,797	-	1,447,797	-
	55,583	13,054	68,637	9,575
	175,570	738,931	914,501	2,000
	84,719	-	84,719	-
	250,000	(250,000)	-	-
	17,853,351	501,985	18,355,336	3,583,667
	1,104,532	652,839	1,757,371	1,947,877
	55,419,981	25,103,855	80,523,836	(365,630)
\$ 56,524,513	\$ 25,756,694	\$ 82,281,207	\$ 1,582,247	

CITY OF WEBSTER, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2013

	General	Debt Service	Hotel Occupancy Tax	Certificates of Obligation, Series 2012
ASSETS				
Cash and cash equivalents	\$ 3,042,946	\$ 847,902	\$ 2,075,463	\$ 250,509
Investments	7,280,944	-	-	-
Receivables (net of allowance for uncollectible)	2,068,804	83,424	117,175	-
Deposits	200	-	-	-
Prepaid items	19,285	-	-	-
Inventory	17,587	-	-	-
Total Assets	<u>\$ 12,429,766</u>	<u>\$ 931,326</u>	<u>\$ 2,192,638</u>	<u>\$ 250,509</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 966,334	\$ -	\$ 789	\$ 165,482
Deficit consolidated cash	-	-	-	-
Customer deposits	10,000	-	-	-
Due to other funds	5,192	-	-	-
Total Liabilities	<u>981,526</u>	<u>-</u>	<u>789</u>	<u>165,482</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>41,236</u>	<u>83,405</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	19,285	-	-	-
Inventory	17,587	-	-	-
Restricted for:				
Debt service	-	847,921	-	-
Construction/capital improvements	-	-	-	85,027
Enabling legislation	-	-	2,191,849	-
Assigned to:				
Special revenue	-	-	-	-
Capital projects	-	-	-	-
Other post-employment benefits	179,658	-	-	-
Unassigned	11,190,474	-	-	-
Total Fund Balances	<u>11,407,004</u>	<u>847,921</u>	<u>2,191,849</u>	<u>85,027</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 12,429,766</u>	<u>\$ 931,326</u>	<u>\$ 2,192,638</u>	<u>\$ 250,509</u>

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ 5,150,666	\$ 11,367,486
515,659	7,796,603
40,311	2,309,714
-	200
7,600	26,885
-	17,587
<u>\$ 5,714,236</u>	<u>\$ 21,518,475</u>

\$ 4,959	\$ 1,137,564
33,700	33,700
-	10,000
-	5,192
<u>38,659</u>	<u>1,186,456</u>

<u>-</u>	<u>124,641</u>
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7,600	26,885
-	17,587
-	847,921
-	85,027
1,111,355	3,303,204
122,340	122,340
4,434,282	4,434,282
-	179,658
-	11,190,474
<u>5,675,577</u>	<u>20,207,378</u>
<u>\$ 5,714,236</u>	<u>\$ 21,518,475</u>

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CITY OF WEBSTER, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2013

Total fund balances – total governmental funds	\$ 20,207,378
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets – non-depreciable	3,868,920
Capital assets – net depreciable	49,530,414

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.	124,641
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Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	2,976,230
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Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.

Accrued interest payable	(37,213)
Non-current liabilities due in one year	(2,115,552)
Non-current liabilities due in more than one year	(18,667,241)
Deferred charge on refunding	636,936

Net Position of Governmental Activities	\$ 56,524,513
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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, 2013

	General	Debt Service	Hotel Occupancy Tax	Certificates of Obligation, Series 2012
REVENUES				
Property taxes	\$ 2,165,303	\$ 1,792,847	\$ -	\$ -
Sales taxes	10,716,276	-	-	-
Franchise fees	1,092,135	-	-	-
Other taxes	461,048	-	986,749	-
Licenses and permits	434,055	-	-	-
Fines and forfeitures	1,170,938	-	-	-
Charges for services	151,065	-	-	-
Intergovernmental	-	-	-	-
Investment earnings	35,752	1,354	2,048	2,556
Contributions	700,000	330,030	-	-
Other revenue	109,504	-	-	-
Total Revenues	<u>17,036,076</u>	<u>2,124,231</u>	<u>988,797</u>	<u>2,556</u>
EXPENDITURES				
Current				
General government	3,220,360	-	-	-
Public safety	8,700,043	-	-	-
Public works	2,593,228	-	-	-
Community development	1,446,040	-	333,025	-
Capital Outlay	-	-	-	3,796,027
Debt Service				
Principal	-	1,915,000	-	-
Interest and fiscal charges	-	652,250	-	-
Payment to refunding bond escrow agent	-	8,734,966	-	-
Other debt service - refunding escrow	-	115,000	-	-
Total Expenditures	<u>15,959,671</u>	<u>11,417,216</u>	<u>333,025</u>	<u>3,796,027</u>
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	<u>1,076,405</u>	<u>(9,292,985)</u>	<u>655,772</u>	<u>(3,793,471)</u>
OTHER FINANCING SOURCES (USES)				
Refunding bonds issued	-	8,555,000	-	-
Premium on refunding bonds	-	326,338	-	-
Transfers in	780,065	28,705	-	-
Transfers out	(961,415)	-	(36,900)	(194,589)
Sale of capital assets	3,765	-	-	-
Total Other Financing Sources (Uses)	<u>(177,585)</u>	<u>8,910,043</u>	<u>(36,900)</u>	<u>(194,589)</u>
Net Change in Fund Balances	898,820	(382,942)	618,872	(3,988,060)
Beginning Fund Balances	10,508,184	1,230,863	1,572,977	4,073,087
Ending Fund Balances	<u>\$ 11,407,004</u>	<u>\$ 847,921</u>	<u>\$ 2,191,849</u>	<u>\$ 85,027</u>

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,958,150
-	10,716,276
27,375	1,119,510
-	1,447,797
-	434,055
131,956	1,302,894
-	151,065
491,896	491,896
7,257	48,967
-	1,030,030
66,066	175,570
724,550	20,876,210
89,236	3,309,596
229,302	8,929,345
-	2,593,228
-	1,779,065
905,556	4,701,583
-	1,915,000
-	652,250
-	8,734,966
-	115,000
1,224,094	32,730,033
(499,544)	(11,853,823)
-	8,555,000
-	326,338
1,156,004	1,964,774
(521,870)	(1,714,774)
-	3,765
634,134	9,135,103
134,590	(2,718,720)
5,540,987	22,926,098
\$ 5,675,577	\$ 20,207,378

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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, 2013

Net changes in fund balances – total governmental funds \$ (2,718,720)

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

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Depreciation	(3,213,341)
Capital outlay	4,688,001

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.	417,876
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	45,746
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal repayments	1,915,000
General obligation bonds issued	(8,555,000)
Premium on general obligation bonds issued	(326,338)
Payment to refunding bond escrow agent	8,734,966
Other debt service - refunding escrow	115,000
Amortization of deferred charges	(3,257)
Accrued interest	6,329
Compensated absences	(64,613)
Net pension obligation	(3,414)
Net OPEB obligation	42,199

Internal service funds are used by management to charge the costs of certain capital assets and information technology services to individual funds. The net revenue (expense) is reported with governmental activities.	24,098
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Change in Net Position of Governmental Activities	\$ 1,104,532
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See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2013

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,163,327	\$ 1,575,515
Investments	2,863,717	1,508,800
Receivables, net	482,017	959
Due from other funds	5,192	-
Prepaid expenses	4,660	-
Total Current Assets	<u>8,518,913</u>	<u>3,085,274</u>
Noncurrent Assets		
Capital assets:		
Non-depreciable	124,188	-
Depreciable capital assets	38,839,429	3,945,432
Less: accumulated depreciation	(14,236,826)	(2,692,912)
Total Capital Assets (Net)	<u>24,726,791</u>	<u>1,252,520</u>
Total Noncurrent Assets	<u>24,726,791</u>	<u>1,252,520</u>
Total Assets	<u>33,245,704</u>	<u>4,337,794</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	212,517	48,070
Accrued interest payable	12,298	-
Current portion of compensated absences	71,141	1,884
Customer deposits	300,516	-
Matured bonds payable	267,076	-
Total Current Liabilities	<u>863,548</u>	<u>49,954</u>
Noncurrent Liabilities		
Compensated absences	14,651	12,275
Net pension obligation	58,631	14,091
Net other postemployment benefit obligation	22,592	4,547
Revenue bonds payable (net of unamortized discount)	6,590,562	-
Total Noncurrent Liabilities	<u>6,686,436</u>	<u>30,913</u>
Total Liabilities	<u>7,549,984</u>	<u>80,867</u>
NET POSITION		
Net investment in capital assets	17,869,153	1,252,520
Restricted for debt service	15,844	-
Restricted for construction/capital improvements	3,322,029	-
Unrestricted	4,488,694	3,004,407
Total Net Position	<u>25,695,720</u>	<u>\$ 4,256,927</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	60,974	
Net position of business-type activities	<u>\$ 25,756,694</u>	

See Notes to Financial Statements.

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

For the Year Ended September 30, 2013

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
OPERATING REVENUES		
Water charges	\$ 1,969,904	\$ -
Wastewater charges	2,147,674	-
Drainage charges	258,992	-
Penalties and reconnect fees	25,800	-
Charges for services	-	3,059,353
Other revenue	43,366	1,863
Total Operating Revenues	4,445,736	3,061,216
OPERATING EXPENSES		
Personnel	1,194,696	2,098,898
Supplies	606,376	14,886
Maintenance	394,574	95,626
Services	578,408	216,883
Depreciation	1,276,758	436,503
Total Operating Expenses	4,050,812	2,862,796
Operating Income	394,924	198,420
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	13,054	6,616
Interest expense	(310,370)	-
Impact fees	669,765	-
Gain on sale of capital assets	-	80,954
Total Nonoperating Revenues (Expenses)	372,449	87,570
Income Before Contributions and Transfers	767,373	285,990
CONTRIBUTIONS AND TRANSFERS		
Capital contributions	111,803	-
Transfers out	(250,000)	-
Change in Net Position	629,176	285,990
Beginning Net Position	25,066,544	3,970,937
Ending Net Position	\$ 25,695,720	\$ 4,256,927
Change in net position before adjustment	\$ 629,176	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	23,663	
Change in net position of business-type activities	\$ 652,839	

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, 2013

	<u>Business-Type Activities - Utility Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,476,210	\$ 3,057,334
Payments to suppliers	(1,602,379)	(297,127)
Payments to employees	(1,186,482)	(2,096,429)
Net Cash Provided by Operating Activities	<u>1,687,349</u>	<u>663,778</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Impact fees	669,765	-
Transfers to other funds	(250,000)	-
Net Cash Provided by Noncapital Financing Activities	<u>419,765</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	33,509	(696,603)
Principal paid on debt	(255,000)	-
Interest paid on debt	(308,297)	-
Proceeds from sale of capital assets	-	80,954
Net Cash (Used) by Capital and Related Financing Activities	<u>(529,788)</u>	<u>(615,649)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	267,828	981,035
Purchase of investments	(1,349,774)	(992,883)
Interest on investments	13,054	6,616
Net Cash (Used) by Investing Activities	<u>(1,068,892)</u>	<u>(5,232)</u>
Net Increase in Cash and Cash Equivalents	508,434	42,897
Beginning Cash and Cash Equivalents	<u>4,654,893</u>	<u>1,532,618</u>
Ending Cash and Cash Equivalents	<u><u>\$ 5,163,327</u></u>	<u><u>\$ 1,575,515</u></u>

CITY OF WEBSTER, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2013

	<u>Business-Type Activities Utility Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
Reconciliation of Operating Income		
to Net Cash Provided by Operating Activities		
Operating income	\$ 394,924	\$ 198,420
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	1,276,758	436,503
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	21,334	(27)
Due from other funds	(1,053)	-
Prepaid expenses	(39)	2,917
Increase (Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	(21,929)	27,351
Due to other funds	-	(3,855)
Compensated absences	8,214	2,469
Customer deposits	9,140	-
Net Cash Provided by Operating Activities	<u><u>\$ 1,687,349</u></u>	<u><u>\$ 663,778</u></u>
Noncash investing, capital, and financing activities:		
Contributions of capital assets	\$ 111,803	\$ -

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2013

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. The Webster Economic Development Corporation, although legally separate, is considered part of the reporting entity. 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. As the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

Considerations regarding the potential for inclusion of other entities, organizations, or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. The elements considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body, it is legally separate, and it is fiscally independent of other state and local governments. Additional criteria pertain to organizations for which the primary government is financially accountable and 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.

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

The WEDC was created by the City under the Texas Development Corporation Act of 1979 for the purpose of promoting, assisting, and enhancing economic and development activities on behalf of the City. The Board of Directors is appointed by and serves at the discretion of the City Council. City Council approval is required for annual budgets and bonded debt issuance. In the event of dissolution, net position of WEDC shall be conveyed to the City. 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. Government-Wide Financial Statements

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

C. Basis of Presentation – Government-Wide Financial Statements

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

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

D. Basis of Presentation – Fund Financial Statements

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

The City reports the following governmental funds:

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

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

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

The *capital project funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets. The capital project funds include the certificates of obligation, series 2012 fund, street construction fund, building construction fund, general projects fund, and other capital projects fund. The certificates of obligation, series 2012 fund is considered a major fund for reporting purposes. The remaining capital project funds are considered nonmajor for reporting purposes.

The City reports the following enterprise fund:

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

Additionally, the City reports the following fund type:

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

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

E. Measurement Focus and Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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

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 Government Code. In summary, the City is authorized to invest in the following: direct obligations of the U.S. Government, fully collateralized certificates of deposit and money market accounts, and statewide investment pools.

2. Inventories and Prepaid Items

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

3. 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)
For the Year Ended September 30, 2013

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

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

4. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The City only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position that applies to a future period(s) and so will *not* be recognized as an inflow of resources (revenue) until that time. The City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

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 or business-type activities Statement of Net Position. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as a liability 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. Issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However,

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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 and discounts are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount.

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 wastewater 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 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. Net Position Flow Assumption

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

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

Nonspendable fund balance represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

Restricted fund balance represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

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

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

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

10. 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.

11. 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2013, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. agencies	\$ 10,172,878	1.27
Certificates of deposit	1,996,242	0.76
External investment pools	6,930,447	0.00
Total fair value	\$ 19,099,567	
Portfolio weighted average maturity		0.76

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, 2013, the City's investment in TexPool and TexSTAR 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, 2013 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, Federal Home Loan Mortgage Corporation, and the Federal Farm Credit Bank. These investments were rated AA+ by Standard & Poor's.

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

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities with a collective market value of at least 102 percent. As of September 30, 2013, market values of pledged securities were \$19,668,730 and bank balances were \$15,413,097.

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)
For the Year Ended September 30, 2013

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	\$ 41,758	\$ 85,440	\$ -	\$ -	\$ -
Other taxes	1,961,821	-	117,175	5,735	580,070
Accounts	1,660	-	-	29,172	-
Accrued interest	8,619	-	-	876	-
Intergovernmental	-	-	-	4,528	-
Other	55,458	-	-	-	-
Less allowance	(512)	(2,016)	-	-	-
	<u>\$ 2,068,804</u>	<u>\$ 83,424</u>	<u>\$ 117,175</u>	<u>\$ 40,311</u>	<u>\$ 580,070</u>

Proprietary Funds

	Enterprise	Internal Service
Accounts	\$ 514,862	\$ -
Accrued interest	3,100	959
Less allowance	(35,945)	-
	<u>\$ 482,017</u>	<u>\$ 959</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

C. Capital Assets

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,337,494	\$ 332,517	\$ -	\$ 3,670,011
Construction in progress	2,690,546	4,232,245	(6,723,882)	198,909
Total capital assets not being depreciated	<u>6,028,040</u>	<u>4,564,762</u>	<u>(6,723,882)</u>	<u>3,868,920</u>
Other capital assets:				
Buildings and improvements	18,247,728	6,201,075	(13,000)	24,435,803
Furniture and equipment	8,842,812	1,056,133	(404,876)	9,494,069
Infrastructure	46,780,141	7,789	-	46,787,930
Total other capital assets	<u>73,870,681</u>	<u>7,264,997</u>	<u>(417,876)</u>	<u>80,717,802</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,499,737)	(404,980)	13,000	(7,891,717)
Furniture and equipment	(5,089,451)	(946,288)	404,876	(5,630,863)
Infrastructure	(15,802,735)	(1,862,073)	-	(17,664,808)
Total accumulated depreciation	<u>(28,391,923)</u>	<u>(3,213,341)</u>	<u>417,876</u>	<u>(31,187,388)</u>
Other capital assets, net	45,478,758	4,051,656	-	49,530,414
Totals	<u>\$ 51,506,798</u>	<u>\$ 8,616,418</u>	<u>\$ (6,723,882)</u>	<u>53,399,334</u>
			Less debt associated with capital assets	(19,076,772)
			Plus deferred charge on refunding	636,936
			Net Investment in Capital Assets	<u>\$ 34,959,498</u>

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

Depreciation was charged to governmental functions as follows:

General government	\$ 233,609
Public safety	619,094
Public works	1,897,260
Community development	26,874
Internal service funds	<u>436,504</u>
Total Governmental Activities Depreciation Expense	\$ <u>3,213,341</u>

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

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>
Texas Avenue Park Parking	<u>\$ 31,000</u>	<u>\$ 5,760</u>	<u>\$ 25,240</u>

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

Component Unit:	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
Capital assets not being depreciated:				
Land	<u>\$ 3,101,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,101,166</u>
Total capital assets not being depreciated	<u>\$ 3,101,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 3,101,166</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 102,269	\$ -	\$ -	\$ 102,269
Construction in progress	-	21,919	-	21,919
Total capital assets not being depreciated	102,269	21,919	-	124,188
Other capital assets:				
Building and improvements	26,256,761	-	-	26,256,761
Furniture and equipment	95,286	-	-	95,286
Water and wastewater system	12,431,006	56,375	-	12,487,381
Total other capital assets	38,783,053	56,375	-	38,839,428
Less accumulated depreciation for:				
Building and improvements	(6,078,189)	(897,321)	-	(6,975,510)
Furniture and equipment	(81,049)	(7,692)	-	(88,741)
Water and wastewater system	(6,800,829)	(371,745)	-	(7,172,574)
Total accumulated depreciation	(12,960,067)	(1,276,758)	-	(14,236,825)
Other capital assets, net	25,822,986	(1,220,383)	-	24,602,603
Totals	\$ 25,925,255	\$ (1,198,464)	\$ -	24,726,791
		Less debt associated with capital assets		(6,857,638)
		Net Investment in Capital Assets		\$ 17,869,153

Depreciation was charged to business-type functions as follows:

Water	\$ 453,866
Wastewater	822,892
	<hr/>
Total Business-Type Activities Depreciation Expense	\$ 1,276,758

Construction in progress and remaining commitments under related construction contracts for business-type construction projects at year end were as follows:

Business-Type Activities:

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Clarifier Rehab	\$ 450,000	\$ 21,919	\$ 428,081

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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	\$ 13,705,000	\$ 8,555,000	\$ (9,875,000)	\$ 12,385,000 ⁽¹⁾	\$ 1,235,000
Certificates of obligation	6,845,000	-	(715,000)	6,130,000 ⁽¹⁾	225,000
Plus bond premium	272,815	326,338	(37,381)	561,772 ⁽¹⁾	(71,994)
	<u>20,822,815</u>	<u>8,881,338</u>	<u>(10,627,381)</u>	<u>19,076,772</u>	<u>1,388,006</u>
Other liabilities:					
Net pension obligation	613,374	3,414	-	616,788	-
Net OPEB obligation	226,148	-	(42,199)	183,949	-
Compensated absences	840,671	741,746	(677,133)	905,284	727,546
Total Governmental Activities	<u>\$ 22,503,008</u>	<u>\$ 9,626,498</u>	<u>\$ (11,346,713)</u>	<u>\$ 20,782,793</u>	<u>\$ 2,115,552</u>
Business-Type Activities:					
Revenue bonds	\$ 7,150,000	\$ -	\$ (255,000)	\$ 6,895,000 ⁽²⁾	\$ 265,000
Less bond discount	(39,438)	-	2,076	(37,362) ⁽²⁾	2,076
Net pension obligation	56,352	2,279	-	58,631	-
Net OPEB obligation	27,708	-	(5,116)	22,592	-
Compensated absences	77,579	72,544	(64,331)	85,792	71,141
Total Business-Type Activities	<u>\$ 7,272,201</u>	<u>\$ 74,823</u>	<u>\$ (322,371)</u>	<u>\$ 7,024,653</u>	<u>\$ 338,217</u>
WEDC					
Bonds payable	\$ 11,365,000	\$ -	\$ (1,075,000)	\$ 10,290,000	\$ 1,150,000
Less bond discount	(6,109)	-	764	(5,345)	764
Total WEDC	<u>\$ 11,358,891</u>	<u>\$ -</u>	<u>\$ (1,074,236)</u>	<u>\$ 10,284,655</u>	<u>\$ 1,150,764</u>

(1) Debt associated with governmental capital assets \$ 19,076,772

(2) Debt associated with business-type capital assets \$ 6,857,638

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, net pension obligation, and net other post employment benefit obligation 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)
For the Year Ended September 30, 2013

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

Description	Interest Rates	Balance
<u>Governmental Activities</u>		
General Obligation Bonds		
General Obligation Refunding Bonds Series 2013	1.50-2.00%	\$ 8,505,000
General Obligation Refunding Bonds Series 2010	2.00-4.50%	3,880,000
Total General Obligation Bonds		12,385,000
Certificates of Obligation		
Tax and Revenue Certificates of Obligation Series 2012	1.50-3.00%	6,130,000
Total Certificates of Obligation		6,130,000
Total Governmental Activities Long-Term Debt		\$ 18,515,000
<u>Business-Type Activities</u>		
Revenue Bonds		
Water and Sewer, Series 2006	4.00-4.50%	\$ 5,025,000
Water and Sewer, Series 2008	3.30-4.30%	1,870,000
Total Business-Type Activities Long-Term Debt		\$ 6,895,000
<u>WEDC</u>		
Sales Tax Revenue Improvement and Refunding Bonds Series 2006	3.75-5.00%	\$ 10,290,000

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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
2014	\$ 1,235,000	\$ 285,575
2015	1,385,000	259,375
2016	1,385,000	227,875
2017	1,615,000	189,425
2018	1,645,000	147,425
2019-2021	5,120,000	182,938
Total	\$ 12,385,000	\$ 1,292,613

Certificates of Obligation

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

Year Ending Sept. 30	Governmental Activities	
	Principal	Interest
2014	\$ 225,000	\$ 164,350
2015	235,000	160,338
2016	245,000	156,738
2017	255,000	152,350
2018	260,000	147,200
2019-2023	1,465,000	628,725
2024-2028	1,770,000	387,750
2029-2032	1,675,000	102,975
Total	\$ 6,130,000	\$ 1,900,426

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

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 wastewater system. Annual debt service requirements to maturity for revenue bonds are as follows:

Year Ending Sept. 30	Business-Type Activities	
	Principal	Interest
2014	\$ 265,000	\$ 296,803
2015	275,000	286,484
2016	285,000	275,765
2017	295,000	264,565
2018	310,000	252,965
2019-2023	1,755,000	1,057,788
2024-2028	2,165,000	639,055
2029-2031	1,545,000	139,610
Total	\$ 6,895,000	\$ 3,213,035

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
2014	\$ 1,150,000	\$ 442,765
2015	1,200,000	385,265
2016	1,325,000	337,265
2017	1,330,000	284,265
2018	1,325,000	229,403
2019-2021	3,960,000	348,000
Total	\$ 10,290,000	\$ 2,026,963

Current Refunding

During fiscal year 2013, the City issued \$8,555,000 of general obligation refunding bonds, series 2013 and contributed \$115,000 to provide resources to purchase U.S. Government State and Local Government Series securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$8,675,000 of general obligation refunding bonds, series 2005. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the government-wide financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$670,426. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This refunding was undertaken to reduce total debt service payments over the next nine years by \$1,162,843 and resulted in an economic gain of \$1,111,827.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

E. Interfund Transactions

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

Transfer Out	Transfer In	Amounts
General Fund	Nonmajor Governmental	\$ 961,415
Hotel Occupancy Tax Fund	General Fund	36,900
Nonmajor Governmental	Debt Service Fund	28,705
Nonmajor Governmental	General Fund	493,165
Certificates of Obligation, Series 2012	Nonmajor Governmental	194,589
Utility Fund	General Fund	250,000
		<u>\$ 1,964,774</u>

Amounts transferred between funds related to amounts collected by general, enterprise, internal service, 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:

Receivable Fund	Payable Fund	Amounts
Utility Fund	General Fund	<u>\$ 5,192</u>

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

F. Fund Equity

Negative Net Position of WEDC

WEDC has issued debt for the construction of capital assets owned by the City. The capital assets are included in the City's net position in the category "net investment in capital assets". However, WEDC does not report the capital assets titled in the City's name. The negative unrestricted net position of WEDC is a result of reporting the debt of WEDC without offsetting capital assets.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

G. Restatement of Net Position

In the fiscal year ending September 30, 2013, the City implemented GASB Statement No. 65, *Items Previously Reported as Assets and Liabilities*. In accordance with this statement, beginning net position of the governmental activities, business-type activities, the utility fund, the component unit and have been reduced by \$351,305, \$273,459, \$273,459, and \$260,539, respectively, to remove previously capitalized bond issuance costs.

See below for a reconciliation of changes in beginning net position:

	Governmental Activities	Business-Type Activities	Utility Fund	Component Unit
Beginning net position	\$ 55,771,286	\$ 25,377,314	\$ 25,340,003	\$ (105,091)
Restatement - bond issuance costs	(351,305)	(273,459)	(273,459)	(260,539)
Beginning net position - restated	<u>\$ 55,419,981</u>	<u>\$ 25,103,855</u>	<u>\$ 25,066,544</u>	<u>\$ (365,630)</u>

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

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

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

C. Pension Plans

1. Texas Municipal Retirement System

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), 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 TMRS. This report may be obtained from TMRS's website at www.TMRS.com.

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>2013</u>	<u>2012</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 retirement 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

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 30-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.

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

The annual pension cost and the net pension obligation (asset) are as follows:

Annual required contribution (ARC)	\$ 1,469,277
Interest on net pension obligation (NPO)	46,881
Adjustment to the ARC	(41,189)
Annual pension cost (APC)	<u>1,474,969</u>
Contributions made	<u>(1,469,276)</u>
Increase in NPO	5,693
NPO-beginning of year	<u>669,726</u>
NPO-end of year	<u><u>\$ 675,419</u></u>

Three-year trend information for the annual pension cost (APC) is as follows:

<u>Fiscal Year</u>	<u>Annual Pension Cost (APC)</u>	<u>Actual Contribution Made</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
2011	\$ 1,500,844	1,289,361	85.91%	\$ 623,915
2012	\$ 1,448,652	1,402,841	96.84%	\$ 669,726
2013	\$ 1,474,969	1,469,276	99.61%	\$ 675,419

The required contribution rates for fiscal year 2013 were determined as part of the December 31, 2010 and 2011 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2012, also follows:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Actuarial Valuation Date	12/31/2012	12/31/2011	12/31/2010
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	25.2 Years - Closed period	26.2 Years - Closed period	27.2 Years - Closed period
Amortization Period for New Gains/Losses	30 Years	30 Years	30 Years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Investment Rate of Return	7.0%	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 Cost of Living Adjustments	3.00%	3.00%	3.00%
	2.1%	2.1%	2.1%

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

Funded Status and Funding Progress

The funded status as of December 31, 2012, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date		12/31/2012
Actuarial Value of Assets	\$	33,538,506
Actuarial Accrued Liability	\$	41,620,731
Percentage Funded		80.6%
Unfunded Actuarial Accrued Liability (UAAL)	\$	8,082,225
Annual Covered Payroll	\$	8,708,632
UAAL as a Percentage of Covered Payroll		92.8%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. 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.

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 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, 2013, 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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the fiscal years ended 2013, 2012, and 2011 were \$1,773, \$1,728, and \$1,697, respectively. The City's contribution rates for the past three years are shown below:

	<u>2013</u>	<u>2012</u>	<u>2011</u>
Annual Req. Contrib. (Rate)	0.02%	0.02%	0.02%
Actual Contribution Made	0.02%	0.02%	0.02%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

2. Post Employment 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 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 ten years of service from the City and are also eligible for a pension from TMRS. For employees who become disabled prior to eligibility for retirement, retiree medical benefits are not available. The City requires retirees to enroll in Medicare Parts A and B upon becoming eligible in order to continue coverage under the City's medical program.

Funding Policy

The City has elected to subsidize premiums for the Program and funding is provided on a pay-as-you-go basis. For fiscal year 2013, the City has an assigned fund balance of \$179,658 for OPEB costs.

Annual OPEB Cost

The City's annual OPEB cost (expense) is calculated based on the annual required contribution (ARC) of the employer, an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of accrual that is projected to recognize the normal cost each year and to amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

The annual OPEB cost for the fiscal year ending September 30, 2013 is as follows:

Annual Required Contribution (ARC)	\$ 196,681
Interest on OPEB Obligation	10,154
Adjustment to the ARC	(253,856)
Annual OPEB Cost	(47,021)
Net Estimated Employer Contributions	294
Decrease in Net OPEB obligation	(47,315)
Net OPEB Obligation-beginning of year	253,856
Net OPEB Obligation-end of year	<u>\$ 206,541</u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for 2013 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
2011	\$ 66,457	3.00%	\$ 125,364	\$ 189,821
2012	\$ 69,035	7.24%	\$ 189,821	\$ 253,856
2013	\$ (47,021)	-0.63%	\$ 253,856	\$ 206,541

Funded Status and Funding Progress

As of December 31, 2012, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$182,766 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$182,766. The annual covered payroll was \$8,708,632 and the UAAL as a percentage of the annual covered payroll was 2.1 percent.

Actuarial Methods and Assumptions

The Projected Unit Credit actuarial cost method is used to calculate the GASB ARC for the City's retiree health care plan. Using the plan benefits, the present health premiums and a set of actuarial assumptions, the anticipated future payments are projected. The projected unit credit method then provides for a systematic recognition of the cost of these anticipated payments. The yearly ARC is computed to cover the cost of benefits being earned by covered members as well as to amortize a portion of the unfunded accrued liability.

Since the last actuarial valuation, performed on October 1, 2010, the assumption related to age-rated costs has changed, resulting in a significant decrease in the actuarial accrued liability.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

Projections of health benefits are based on the Program as understood by the City and include the types of benefits in force at the valuation date and the pattern of sharing benefit costs between the City and its employees to that point. Actuarial calculations reflect a long-term perspective and employ methods and assumptions that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. Significant methods and assumptions were as follows:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Amortization Period	30 years -- open amortization*
Asset Valuation Method	Market value
Payroll Growth	3.0% per annum
Investment Rate of Return	4.0%, net of expenses
Inflation Rate	3.0% per annum
Healthcare Cost Trend Rate (Initial/Ultimate)	7.5%/4.5%

* A one-year amortization period was used for the fiscal year ending September 30, 2013.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events in the future. Amounts determined regarding the funded status and the annual required contributions of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as RSI provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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 \$2,605,600 will be subject to reimbursement by the City based upon the increase in taxable value within the District. The

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2013

City shall be obligated to pay the Developer \$1,355,600 when the taxable value in the District increases by \$195,000,000 over the base value of the property as determined by the Harris County Appraisal District. The City agreed to pay the Developer \$1,250,000 in February 2009 as an advance towards the total amount due. As of September 30, 2013, the total taxable value of property within the District was approximately \$70,000,000. The date when property values will increase beyond the payment threshold is undeterminable.

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

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, 2013, the City's total investment in SEWPP totaled \$5,262,378. The net investment reported is \$3,239,370, which includes accumulated depreciation of \$2,023,008.

Agreement with WEDC

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

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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, 2013
With Comparative Totals for the Year Ended September 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Budget as Amended	Actual		
REVENUES					
Property taxes	\$ 2,037,440	\$ 2,037,440	\$ 2,165,303	\$ 127,863	\$ 2,291,618
Sales taxes	10,685,000	10,685,000	10,716,276	31,276	10,495,149
Franchise fees	1,096,680	1,096,680	1,092,135	(4,545)	1,074,263
Other taxes	423,500	423,500	461,048	37,548	434,222
Licenses and permits	333,810	333,810	434,055	100,245	616,215
Fines and forfeitures	1,167,180	1,167,180	1,170,938	3,758	1,128,536
Charges for services	124,940	124,940	151,065	26,125	220,445
Other	69,740	69,740	109,504	39,764	156,523
Investment earnings	26,490	26,490	35,752	9,262	39,642
Contributions	700,000	700,000	700,000	-	700,000
Total Revenues	16,664,780	16,664,780	17,036,076	371,296	17,156,613
EXPENDITURES					
General government					
City council	238,060	238,060	202,858	35,202	174,520
City secretary	443,240	443,240	430,258	12,982	421,181
City manager	444,710	415,530	353,940	61,590	327,812
Finance	1,007,850	1,007,850	924,297	83,553	910,736
Municipal court	671,530	671,530	606,727	64,803	648,897
Human resources	391,370	391,370	373,304	18,066	345,284
Economic development	339,930	339,930	328,976	10,954	315,589
Total general government	3,536,690	3,507,510	3,220,360	287,150	3,144,019
Public safety					
Police	6,963,190	6,963,190	6,720,361	242,829	6,449,715
Fire	2,079,820	2,079,820	1,979,682	100,138	2,587,858
Total public safety	9,043,010	9,043,010	8,700,043	342,967	9,037,573
Public works					
Administrative	424,220	424,220	387,818	36,402	383,504
Maintenance	1,300,490	1,300,490	1,260,029	40,461	1,120,423
Parks	840,040	840,040	741,600	98,440	761,527
Engineering	212,480	212,480	203,781	8,699	198,047
Total public works	2,777,230	2,777,230	2,593,228	184,002	2,463,501

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, 2013
With Comparative Totals for the Year Ended September 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Budget as Amended	Actual		
Community development					
Community development					
Administrative	\$ 612,700	\$ 612,700	576,275	\$ 36,425	\$ 584,667
Building	636,240	636,240	567,077	69,163	579,276
Recreational	349,130	349,130	302,688	46,442	308,522
Total community development	<u>1,598,070</u>	<u>1,598,070</u>	<u>1,446,040</u>	<u>152,030</u>	<u>1,472,465</u>
Total Expenditures	<u>16,955,000</u>	<u>16,925,820</u>	<u>15,959,671</u>	<u>966,149</u>	<u>16,117,558</u>
Revenues Over (Under) Expenditures	<u>(290,220)</u>	<u>(261,040)</u>	<u>1,076,405</u>	<u>1,337,445</u>	<u>1,039,055</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	320,960	780,070	780,065	(5)	320,960
Transfers out	(150,640)	(1,034,020)	(961,415)	72,605	(907,500)
Sale of capital assets	1,000	1,000	3,765	2,765	26,498
Total Other Financing Sources (Uses)	<u>171,320</u>	<u>(252,950)</u>	<u>(177,585)</u>	<u>75,365</u>	<u>(560,042)</u>
Net Change in Fund Balance	<u>\$ (118,900)</u>	<u>\$ (513,990)</u>	<u>898,820</u>	<u>\$ 1,412,810</u>	<u>\$ 479,013</u>
Beginning Fund Balance			<u>10,508,184</u>		
Ending Fund Balance			<u>\$ 11,407,004</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, 2013
With Comparative Totals for the Year Ended September 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Budget as Amended	Actual		
REVENUES					
Hotel occupancy taxes	\$ 785,500	\$ 785,500	\$ 986,749	\$ 201,249	\$ 868,096
Other revenue	1,500	1,500	-	(1,500)	613
Investment earnings	1,150	1,150	2,048	898	1,521
Total Revenues	<u>788,150</u>	<u>788,150</u>	<u>988,797</u>	<u>200,647</u>	<u>870,230</u>
EXPENDITURES					
Community services	751,250	751,250	333,025	418,225	493,627
Total Expenditures	<u>751,250</u>	<u>751,250</u>	<u>333,025</u>	<u>418,225</u>	<u>493,627</u>
Revenues Over Expenditures	<u>36,900</u>	<u>36,900</u>	<u>655,772</u>	<u>618,872</u>	<u>376,603</u>
OTHER FINANCING (USES)					
Transfers out	(36,900)	(36,900)	(36,900)	-	(36,900)
Total Other Financing (Uses)	<u>(36,900)</u>	<u>(36,900)</u>	<u>(36,900)</u>	<u>-</u>	<u>(36,900)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>618,872</u>	<u>\$ 618,872</u>	<u>\$ 339,703</u>
Beginning Fund Balance			<u>1,572,977</u>		
Ending Fund Balance			<u>\$ 2,191,849</u>		

Note to Required Supplementary Information:

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

CITY OF WEBSTER, TEXAS
SCHEDULE OF FUNDING PROGRESS
TEXAS MUNICIPAL RETIREMENT SYSTEM

Fiscal year	2011	2012	2013
Actuarial Valuation Date	12/31/2010	12/31/2011	12/31/2012
Actuarial Value of Assets	\$ 27,763,966	\$ 30,575,870	\$ 33,538,506
Actuarial Accrued Liability	\$ 36,594,643	\$ 39,180,804	\$ 41,620,731
Percentage Funded	75.9%	78.0%	80.6%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 8,830,677	\$ 8,604,934	\$ 8,082,225
Annual Covered Payroll	\$ 8,581,419	\$ 8,525,881	\$ 8,708,632
UAAL % of Covered Payroll	102.9%	100.9%	92.8%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ 412,432	\$ 623,915	\$ 669,726
Annual Pension Cost (APC)	1,500,844	1,448,652	1,474,969
Contributions Made	1,289,361	1,402,841	1,469,276
NPO at the End of Period	\$ 623,915	\$ 669,726	\$ 675,419

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

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (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%	\$ 8,175,105	5.0%
10/01/10	\$ -	\$ 383,710	\$ 383,710	0.0%	\$ 8,525,881	4.5%
12/31/12	\$ -	\$ 182,766	\$ 182,766	0.0%	\$ 8,708,632	2.1%

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COMBINING STATEMENTS AND SCHEDULES

NONMAJOR GOVERNMENTAL FUNDS

Special Revenue Funds

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

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

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

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

The 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.

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

Capital Projects Funds

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

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

The 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 (Page 1 of 2)
September 30, 2013

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant Fund	Emergency Management
ASSETS				
Cash and cash equivalents	\$ 122,340	\$ 170,110	\$ -	\$ -
Investments	-	-	-	-
Receivables	-	-	33,700	-
Prepaid items	7,600	-	-	-
Total Assets	<u>\$ 129,940</u>	<u>\$ 170,110</u>	<u>\$ 33,700</u>	<u>\$ -</u>
LIABILITIES				
Accounts payable	\$ -	\$ 721	\$ -	\$ -
Deficit consolidated cash	-	-	33,700	-
Total Liabilities	<u>-</u>	<u>721</u>	<u>33,700</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	7,600	-	-	-
Restricted for:				
Enabling legislation	-	169,389	-	-
Assigned to:				
Special revenue	122,340	-	-	-
Capital projects	-	-	-	-
Total Fund Balances	<u>129,940</u>	<u>169,389</u>	<u>-</u>	<u>-</u>
Total Liabilities and Fund Balances	<u>\$ 129,940</u>	<u>\$ 170,110</u>	<u>\$ 33,700</u>	<u>\$ -</u>

Special Revenue Funds		Capital Project Funds			
TIRZ No. 1	PEG Channel	Street Construction	Building Construction	Other Capital Projects	General Projects Fund
\$ 853,313	\$ 82,918	\$ 1,217,646	\$ 119	\$ 2,507,886	\$ 196,334
-	-	515,659	-	-	-
-	5,735	876	-	-	-
-	-	-	-	-	-
<u>\$ 853,313</u>	<u>\$ 88,653</u>	<u>\$ 1,734,181</u>	<u>\$ 119</u>	<u>\$ 2,507,886</u>	<u>\$ 196,334</u>
\$ -	\$ -	\$ 399	\$ -	\$ 3,839	\$ -
-	-	-	-	-	-
-	-	399	-	3,839	-
-	-	-	-	-	-
853,313	88,653	-	-	-	-
-	-	-	-	-	-
-	-	1,733,782	119	2,504,047	196,334
<u>853,313</u>	<u>88,653</u>	<u>1,733,782</u>	<u>119</u>	<u>2,504,047</u>	<u>196,334</u>
<u>\$ 853,313</u>	<u>\$ 88,653</u>	<u>\$ 1,734,181</u>	<u>\$ 119</u>	<u>\$ 2,507,886</u>	<u>\$ 196,334</u>

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CITY OF WEBSTER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
September 30, 2013

	Total Nonmajor Governmental Funds
ASSETS	
Cash and cash equivalents	\$ 5,150,666
Investments	515,659
Receivables	40,311
Prepaid items	7,600
Total Assets	<u><u>\$ 5,714,236</u></u>
LIABILITIES	
Accounts payable	\$ 4,959
Deficit consolidated cash	33,700
Total Liabilities	<u>38,659</u>
FUND BALANCES	
Nonspendable:	
Prepaid items	7,600
Restricted for:	
Enabling legislation	1,111,355
Assigned to:	
Special revenue	122,340
Capital projects	4,434,282
Total Fund Balances	<u>5,675,577</u>
Total Liabilities and Fund Balances	<u><u>\$ 5,714,236</u></u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2013

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant Fund	Emergency Management
REVENUES				
Fines and forfeitures	\$ 55,214	\$ 76,742	\$ -	\$ -
Franchise fees	-	-	-	-
Investment earnings	153	186	-	-
Intergovernmental	-	-	177,193	-
Other revenue	3,150	-	-	62,916
Total Revenues	<u>58,517</u>	<u>76,928</u>	<u>177,193</u>	<u>62,916</u>
EXPENDITURES				
General government	-	89,236	-	-
Public safety	21,076	-	208,226	-
Capital outlay	-	-	-	-
Total Expenditures	<u>21,076</u>	<u>89,236</u>	<u>208,226</u>	<u>-</u>
Revenues Over (Under)				
Expenditures	<u>37,441</u>	<u>(12,308)</u>	<u>(31,033)</u>	<u>62,916</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	31,033	-
Transfers out	-	(34,060)	-	(159,105)
Total Other Financing Sources (Uses)	<u>-</u>	<u>(34,060)</u>	<u>31,033</u>	<u>(159,105)</u>
Net Change in Fund Balances	37,441	(46,368)	-	(96,189)
Beginning Fund Balances	<u>92,499</u>	<u>215,757</u>	<u>-</u>	<u>96,189</u>
Ending Fund Balances	<u>\$ 129,940</u>	<u>\$ 169,389</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds		Capital Project Funds			
TIRZ No. 1	PEG Channel	Street Construction	Building Construction	Other Capital Projects	General Projects Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	27,375	-	-	-	-
974	-	3,299	-	2,268	377
77,370	-	237,333	-	-	-
-	-	-	-	-	-
78,344	27,375	240,632	-	2,268	377
-	-	-	-	-	-
-	-	-	-	-	-
-	-	471,108	2,880	9,600	421,968
-	-	471,108	2,880	9,600	421,968
78,344	27,375	(230,476)	(2,880)	(7,332)	(421,591)
76,182	-	-	-	410,000	638,789
-	-	-	-	(28,705)	(300,000)
76,182	-	-	-	381,295	338,789
154,526	27,375	(230,476)	(2,880)	373,963	(82,802)
698,787	61,278	1,964,258	2,999	2,130,084	279,136
\$ 853,313	\$ 88,653	\$ 1,733,782	\$ 119	\$ 2,504,047	\$ 196,334

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CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2013

	Total Nonmajor Governmental Funds
REVENUES	
Fines and forfeitures	\$ 131,956
Franchise fees	27,375
Investment earnings	7,257
Intergovernmental	491,896
Other revenue	66,066
Total Revenues	<u>724,550</u>
EXPENDITURES	
General government	89,236
Public safety	229,302
Capital outlay	905,556
Total Expenditures	<u>1,224,094</u>
Revenues Over (Under)	
Expenditures	<u>(499,544)</u>
OTHER FINANCING SOURCES (USES)	
Transfers in	1,156,004
Transfers out	(521,870)
Total Other Financing Sources (Uses)	<u>634,134</u>
Net Change in Fund Balances	134,590
Beginning Fund Balances	<u>5,540,987</u>
Ending Fund Balances	<u><u>\$ 5,675,577</u></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, 2013
With Comparative Totals for the Year Ended September 30, 2012

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2012 Actual
	Original Budget	Budget as Amended	Actual		
REVENUES					
Property taxes	\$ 1,698,050	\$ 1,698,050	\$ 1,792,847	\$ 94,797	\$ 1,450,165
Contributions	330,030	330,030	330,030	-	330,030
Investment earnings	790	790	1,354	564	1,029
Total Revenues	<u>2,028,870</u>	<u>2,028,870</u>	<u>2,124,231</u>	<u>95,361</u>	<u>1,781,224</u>
EXPENDITURES					
Principal	1,865,000	1,915,000	1,915,000	-	1,185,000
Interest and fiscal charges	756,870	656,370	652,250	4,120	549,747
Payment to escrow agent	-	8,734,970	8,734,966	4	-
Other debt service - refunding escrow	-	115,000	115,000	-	-
Total Expenditures	<u>2,621,870</u>	<u>11,421,340</u>	<u>11,417,216</u>	<u>4,124</u>	<u>1,734,747</u>
Revenues Over (Under) Expenditures	<u>(593,000)</u>	<u>(9,392,470)</u>	<u>(9,292,985)</u>	<u>99,485</u>	<u>46,477</u>
OTHER FINANCING SOURCES					
Transfers in	-	-	28,705	28,705	606,930
Refunding bonds issued	-	8,555,000	8,555,000	-	-
Premium on refunding bond	-	244,470	326,338	81,868	-
Total Other Financing Sources	<u>-</u>	<u>8,799,470</u>	<u>8,910,043</u>	<u>110,573</u>	<u>606,930</u>
Net Change in Fund Balance	<u>\$ (593,000)</u>	<u>\$ (593,000)</u>	<u>(382,942)</u>	<u>\$ 210,058</u>	<u>\$ 653,407</u>
Beginning Fund Balance			<u>1,230,863</u>		
Ending Fund Balance			<u>\$ 847,921</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, 2013
With Comparative Totals for the Year Ended September 30, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REVENUES					
Fines and forfeitures	\$ 242,000	\$ 242,000	\$ 55,214	\$ (186,786)	\$ 43,136
Investment earnings	100	100	153	53	122
Other revenue	22,500	22,500	3,150	(19,350)	12,550
Total Revenues	<u>264,600</u>	<u>264,600</u>	<u>58,517</u>	<u>(206,083)</u>	<u>55,808</u>
EXPENDITURES					
Public safety	300,300	300,300	21,076	279,224	79,225
Revenues Over (Under) Expenditures	<u>(35,700)</u>	<u>(35,700)</u>	<u>37,441</u>	<u>73,141</u>	<u>(23,417)</u>
Net Change in Fund Balance	<u>\$ (35,700)</u>	<u>\$ (35,700)</u>	<u>37,441</u>	<u>\$ 73,141</u>	<u>\$ (23,417)</u>
Beginning Fund Balance			<u>92,499</u>		
Ending Fund Balance			<u>\$ 129,940</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, 2013
With Comparative Totals for the Year Ended September 30, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REVENUES					
Fines and forfeitures	\$ 77,290	\$ 77,290	\$ 76,742	\$ (548)	\$ 72,795
Investment earnings	240	240	186	(54)	261
Total Revenues	<u>77,530</u>	<u>77,530</u>	<u>76,928</u>	<u>(602)</u>	<u>73,056</u>
EXPENDITURES					
General government	124,250	124,250	89,236	35,014	71,897
Revenues Over					
(Under) Expenditures	<u>(46,720)</u>	<u>(46,720)</u>	<u>(12,308)</u>	<u>34,412</u>	<u>1,159</u>
OTHER FINANCING (USES)					
Transfers out	(34,060)	(34,060)	(34,060)	-	(34,060)
Total Other Financing (Uses)	<u>(34,060)</u>	<u>(34,060)</u>	<u>(34,060)</u>	<u>-</u>	<u>(34,060)</u>
Net Change in Fund Balance	<u>\$ (80,780)</u>	<u>\$ (80,780)</u>	<u>(46,368)</u>	<u>\$ 34,412</u>	<u>\$ (32,901)</u>
Beginning Fund Balance			<u>215,757</u>		
Ending Fund Balance			<u>\$ 169,389</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, 2013
With Comparative Totals for the Year Ended September 30, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REVENUES					
Intergovernmental	\$ 523,000	\$ 523,000	\$ 177,193	\$ (345,807)	\$ 976,865
Total Revenues	<u>523,000</u>	<u>523,000</u>	<u>177,193</u>	<u>(345,807)</u>	<u>976,865</u>
EXPENDITURES					
Public safety	558,640	558,640	208,226	350,414	1,067,812
Revenues (Under)					
Expenditures	<u>(35,640)</u>	<u>(35,640)</u>	<u>(31,033)</u>	<u>4,607</u>	<u>(90,947)</u>
OTHER FINANCING SOURCES					
Transfers in	35,640	35,640	31,033	(4,607)	90,947
Total Other Financing Sources	<u>35,640</u>	<u>35,640</u>	<u>31,033</u>	<u>(4,607)</u>	<u>90,947</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>	<u>\$ -</u>
Beginning Fund Balance			<u>-</u>		
Ending Fund Balance			<u>\$ -</u>		

CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
TAX INCREMENT REINVESTMENT ZONE NO. 1

For the Year Ended September 30, 2013
With Comparative Totals for the Year Ended September 30, 2012

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2012 Actual
REVENUES					
Intergovernmental	\$ 76,000	\$ 76,000	\$ 77,370	\$ 1,370	\$ 59,016
Investment earnings	580	580	974	394	808
Total Revenues	<u>76,580</u>	<u>76,580</u>	<u>78,344</u>	<u>1,764</u>	<u>59,824</u>
EXPENDITURES					
Economic development	<u>191,580</u>	<u>191,580</u>	<u>-</u>	<u>191,580</u>	<u>-</u>
Revenues Over					
(Under) Expenditures	<u>(115,000)</u>	<u>(115,000)</u>	<u>78,344</u>	<u>193,344</u>	<u>59,824</u>
OTHER FINANCING					
SOURCES					
Transfers in	<u>115,000</u>	<u>115,000</u>	<u>76,182</u>	<u>(38,818)</u>	<u>40,769</u>
Total Other Financing					
Sources	<u>115,000</u>	<u>115,000</u>	<u>76,182</u>	<u>(38,818)</u>	<u>40,769</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>154,526</u>	<u>\$ 154,526</u>	<u>\$ 100,593</u>
Beginning Fund Balance			<u>698,787</u>		
Ending Fund Balance			<u>\$ 853,313</u>		

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INTERNAL SERVICE FUNDS

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

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

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

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

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
September 30, 2013

	Equipment Replacement	Information Technology	Employee Benefit	Total Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,183,490	\$ 392,016	\$ 9	\$ 1,575,515
Investments	1,508,800	-	-	1,508,800
Receivables, net	959	-	-	959
Total Current Assets	<u>2,693,249</u>	<u>392,016</u>	<u>9</u>	<u>3,085,274</u>
Noncurrent assets				
Capital assets:				
Machinery and equipment	3,626,065	319,367	-	3,945,432
Less: accumulated depreciation	(2,517,895)	(175,017)	-	(2,692,912)
Total Capital Assets (Net)	<u>1,108,170</u>	<u>144,350</u>	<u>-</u>	<u>1,252,520</u>
Total Noncurrent Assets	<u>1,108,170</u>	<u>144,350</u>	<u>-</u>	<u>1,252,520</u>
Total Assets	<u>3,801,419</u>	<u>536,366</u>	<u>9</u>	<u>4,337,794</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	330	47,740	-	48,070
Current portion of compensated absences	-	1,884	-	1,884
Total Current Liabilities	<u>330</u>	<u>49,624</u>	<u>-</u>	<u>49,954</u>
Noncurrent liabilities				
Compensated absences	-	12,275	-	12,275
Net pension obligation	-	14,091	-	14,091
Net other post employment benefit obligation	-	4,547	-	4,547
Total Noncurrent Liabilities	<u>-</u>	<u>30,913</u>	<u>-</u>	<u>30,913</u>
Total Liabilities	<u>330</u>	<u>80,537</u>	<u>-</u>	<u>80,867</u>
NET POSITION				
Net investment in capital assets	1,108,170	144,350	-	1,252,520
Unrestricted	2,692,919	311,479	9	3,004,407
Total Net Position	<u>\$ 3,801,089</u>	<u>\$ 455,829</u>	<u>\$ 9</u>	<u>\$ 4,256,927</u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended September 30, 2013

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
OPERATING REVENUES				
Charges for services	\$ 476,610	\$ 756,520	\$ 1,826,223	\$ 3,059,353
Other income	1,863	-	-	1,863
Total Operating Revenues	<u>478,473</u>	<u>756,520</u>	<u>1,826,223</u>	<u>3,061,216</u>
OPERATING EXPENSES				
Personnel	-	272,675	1,826,223	2,098,898
Supplies	-	14,886	-	14,886
Maintenance	-	95,626	-	95,626
Services	-	216,883	-	216,883
Depreciation	383,109	53,394	-	436,503
Total Operating Expenses	<u>383,109</u>	<u>653,464</u>	<u>1,826,223</u>	<u>2,862,796</u>
Operating Income	<u>95,364</u>	<u>103,056</u>	<u>-</u>	<u>198,420</u>
NONOPERATING REVENUES				
Investment earnings	6,133	474	9	6,616
Gain on sale of capital assets	80,954	-	-	80,954
Total Nonoperating Revenues	<u>87,087</u>	<u>474</u>	<u>9</u>	<u>87,570</u>
Change in Net Position	182,451	103,530	9	285,990
Beginning Net Position	<u>3,618,638</u>	<u>352,299</u>	<u>-</u>	<u>3,970,937</u>
Ending Net Position	<u>\$ 3,801,089</u>	<u>\$ 455,829</u>	<u>\$ 9</u>	<u>\$ 4,256,927</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, 2013

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from users	\$ 474,591	\$ 756,520	\$ 1,826,223	\$ 3,057,334
Payments to suppliers	330	(297,457)	-	(297,127)
Payments to employees	-	(270,206)	(1,826,223)	(2,096,429)
Net Cash Provided by Operating Activities	<u>474,921</u>	<u>188,857</u>	<u>-</u>	<u>663,778</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(634,055)	(62,548)	-	(696,603)
Proceeds from sale of capital assets	<u>80,954</u>	<u>-</u>	<u>-</u>	<u>80,954</u>
Net Cash (Used) by Capital and Related Financing Activities	<u>(553,101)</u>	<u>(62,548)</u>	<u>-</u>	<u>(615,649)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	981,035	-	-	981,035
Purchase of investments	(992,883)	-	-	(992,883)
Interest on investments	<u>6,133</u>	<u>474</u>	<u>9</u>	<u>6,616</u>
Net Cash Provided (Used) by Investing Activities	<u>(5,715)</u>	<u>474</u>	<u>9</u>	<u>(5,232)</u>
Net Increase (Decrease) in Cash and Cash Equivalents	<u>(83,895)</u>	<u>126,783</u>	<u>9</u>	<u>42,897</u>
Beginning Cash and Cash Equivalents	<u>1,267,385</u>	<u>265,233</u>	<u>-</u>	<u>1,532,618</u>
Ending Cash and Cash Equivalents	<u>\$ 1,183,490</u>	<u>\$ 392,016</u>	<u>\$ 9</u>	<u>\$ 1,575,515</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2013

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
Reconciliation of Operating Income to Net Cash Provided by Operating Activities				
Operating income	\$ 95,364	\$ 103,056	\$ -	\$ 198,420
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	383,109	53,394	-	436,503
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(27)	-	-	(27)
Prepaid expenses	-	2,917	-	2,917
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	330	27,021	-	27,351
Due to other funds	(3,855)	-	-	(3,855)
Compensated absences	-	2,469	-	2,469
Net Cash Provided by Operating Activities	<u>\$ 474,921</u>	<u>\$ 188,857</u>	<u>\$ -</u>	<u>\$ 663,778</u>

See Notes to Financial Statements.

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 POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Year			
	2004	2005	2006	2007
Governmental activities				
Net investment in capital assets	\$ 29,047,446	\$ 28,559,397	\$ 33,987,295	\$ 34,682,185
Restricted	2,145,738	3,909,606	2,864,520	5,080,935
Unrestricted	8,047,965	9,753,629	10,256,328	10,649,642
Total Governmental Activities Net Position	<u>\$ 39,241,149</u>	<u>\$ 42,222,632</u>	<u>\$ 47,108,143</u>	<u>\$ 50,412,762</u>
Business-type activities				
Net investment in capital assets	\$ 13,113,572	\$ 13,018,963	\$ 12,990,258	\$ 13,239,394
Restricted	968,225	1,711,882	1,782,536	2,743,668
Unrestricted	1,199,605	1,096,759	2,673,199	2,292,205
Total Business-Type Activities Net Position	<u>\$ 15,281,402</u>	<u>\$ 15,827,604</u>	<u>\$ 17,445,993</u>	<u>\$ 18,275,267</u>
Primary government				
Net investment in capital assets	\$ 42,161,018	\$ 41,578,360	\$ 46,977,553	\$ 47,921,579
Restricted	3,113,963	5,621,488	4,647,056	7,824,603
Unrestricted	9,247,570	10,850,388	12,929,527	12,941,847
Total Primary Government Net Position	<u>\$ 54,522,551</u>	<u>\$ 58,050,236</u>	<u>\$ 64,554,136</u>	<u>\$ 68,688,029</u>

Year					
2008	2009	2010	2011	2012	2013
\$ 36,295,260	\$ 38,656,099	\$ 35,859,223	\$ 34,788,233	\$ 31,186,591	\$ 34,959,498
4,878,125	6,335,017	5,906,096	2,756,384	7,951,235	4,242,481
11,320,614	11,584,484	11,966,071	16,302,442	16,633,460	17,322,534
<u>\$ 52,493,999</u>	<u>\$ 56,575,600</u>	<u>\$ 53,731,390</u>	<u>\$ 53,847,059</u>	<u>\$ 55,771,286</u>	<u>\$ 56,524,513</u>
\$ 13,676,387	\$ 16,697,191	\$ 18,060,249	\$ 18,839,292	\$ 18,814,693	\$ 17,869,153
3,314,199	2,853,477	2,684,805	2,336,262	2,549,394	3,337,873
1,247,194	2,210,839	2,879,242	3,137,696	4,013,227	4,549,668
<u>\$ 18,237,780</u>	<u>\$ 21,761,507</u>	<u>\$ 23,624,296</u>	<u>\$ 24,313,250</u>	<u>\$ 25,377,314</u>	<u>\$ 25,756,694</u>
\$ 49,971,647	\$ 55,353,290	\$ 53,919,472	\$ 53,627,525	\$ 50,001,284	\$ 52,828,651
8,192,324	9,188,494	8,590,901	5,092,646	10,500,629	7,580,354
12,567,808	13,795,323	14,845,313	19,440,138	20,646,687	21,872,202
<u>\$ 70,731,779</u>	<u>\$ 78,337,107</u>	<u>\$ 77,355,686</u>	<u>\$ 78,160,309</u>	<u>\$ 81,148,600</u>	<u>\$ 82,281,207</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION

Last Ten Years
(accrual basis of accounting)

	Year			
	2004	2005	2006	2007
Expenses				
Governmental activities				
General government	\$ 3,319,970	\$ 3,266,448	\$ 3,715,779	\$ 3,127,988
Public safety	6,105,672	6,436,542	6,485,161	7,186,702
Public works ⁽¹⁾	-	-	-	-
Community development ⁽¹⁾	3,505,191	3,817,687	4,187,250	5,562,641
Interest and fiscal agent fees on long-term debt	1,121,506	1,165,289	1,242,184	1,317,336
Total Governmental Activities Expenses	<u>14,052,339</u>	<u>14,685,966</u>	<u>15,630,374</u>	<u>17,194,667</u>
Business-type activities				
Water	1,343,896	1,331,436	1,314,426	1,347,623
Wastewater	1,168,643	1,181,352	1,172,291	1,468,095
Drainage	-	-	-	-
Total Business-Type Activities Expenses	<u>2,512,539</u>	<u>2,512,788</u>	<u>2,486,717</u>	<u>2,815,718</u>
Total Primary Government Expenses	<u>\$ 16,564,878</u>	<u>\$ 17,198,754</u>	<u>\$ 18,117,091</u>	<u>\$ 20,010,385</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 43,253	\$ 53,809	\$ 123,184	\$ 150,143
Public safety	819,980	841,367	1,094,780	1,331,735
Community development	305,699	640,068	443,971	516,178
Operating grants and contributions	1,074,146	1,664,269	1,043,288	1,082,168
Capital grants and contributions	717,841	972,830	4,143,859	1,147,059
Total Governmental Activities Program Revenues	<u>2,960,919</u>	<u>4,172,343</u>	<u>6,849,082</u>	<u>4,227,283</u>
Business-type activities				
Charges for services				
Water	1,115,767	1,298,509	1,436,718	1,502,776
Wastewater	939,458	1,057,025	1,280,748	1,398,083
Drainage	-	-	-	-
Capital grants and contributions	-	-	377,000	-
Total Business-Type Activities Program Revenues	<u>2,055,225</u>	<u>2,355,534</u>	<u>3,094,466</u>	<u>2,900,859</u>
Total Primary Government Program Revenues	<u>\$ 5,016,144</u>	<u>\$ 6,527,877</u>	<u>\$ 9,943,548</u>	<u>\$ 7,128,142</u>
Net (Expense)/Revenue				
Governmental activities	\$ (11,091,420)	\$ (10,513,623)	\$ (8,781,292)	\$ (12,967,384)
Business-type activities	(457,314)	(157,254)	607,749	85,141
Total Primary Government Net Expense	<u>\$ (11,548,734)</u>	<u>\$ (10,670,877)</u>	<u>\$ (8,173,543)</u>	<u>\$ (12,882,243)</u>

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

Year					
2008	2009	2010	2011	2012	2013
\$ 4,372,934	\$ 3,518,765	\$ 3,231,366	\$ 3,810,971	\$ 3,494,720	\$ 3,080,566
7,438,134	8,275,633	8,945,639	8,705,059	9,289,641	10,243,794
-	-	3,813,092	3,273,335	3,465,582	4,440,657
5,666,080	7,245,743	3,359,280	2,724,785	2,930,471	1,744,564
1,352,133	938,611	802,010	648,743	509,182	649,178
18,829,281	19,978,752	20,151,387	19,162,893	19,689,596	20,158,759
1,676,357	1,722,540	1,854,204	1,939,942	1,991,274	1,952,327
1,531,042	1,637,288	1,891,447	2,034,661	2,122,566	2,128,511
-	-	328,732	326,725	288,343	256,681
3,207,399	3,359,828	4,074,383	4,301,328	4,402,183	4,337,519
\$ 22,036,680	\$ 23,338,580	\$ 24,225,770	\$ 23,464,221	\$ 24,091,779	\$ 24,496,278
\$ 184,886	\$ 211,429	\$ 155,730	\$ 150,660	\$ 178,404	\$ 108,135
1,592,374	1,310,891	1,418,862	1,201,472	1,244,467	1,302,894
528,630	376,597	357,679	339,664	658,256	476,985
1,584,928	2,236,981	1,252,410	1,192,871	1,113,356	1,136,571
220,542	3,001,168	29,579	4,526	1,203,465	385,355
4,111,360	7,137,066	3,214,260	2,889,193	4,397,948	3,409,940
1,571,025	1,771,314	1,756,318	1,869,325	1,953,541	1,969,904
1,434,841	1,683,648	1,791,595	1,960,596	2,082,345	2,147,674
-	-	311,377	314,831	282,879	258,992
-	3,412,361	238,564	894,767	423,900	111,803
3,005,866	6,867,323	4,097,854	5,039,519	4,742,665	4,488,373
\$ 7,117,226	\$ 14,004,389	\$ 7,312,114	\$ 7,928,712	\$ 9,140,613	\$ 7,898,313
\$ (14,717,921)	\$ (12,841,686)	\$ (16,937,127)	\$ (16,273,700)	\$ (15,291,648)	\$ (16,748,819)
(201,533)	3,507,495	23,471	738,191	340,482	150,854
\$ (14,919,454)	\$ (9,334,191)	\$ (16,913,656)	\$ (15,535,509)	\$ (14,951,166)	\$ (16,597,965)

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Year			
	2004	2005	2006	2007
General Revenues and Other Changes in Net Position				
Governmental activities				
Ad valorem taxes	\$ 1,979,032	\$ 2,274,512	\$ 2,228,993	\$ 2,407,997
Sales taxes	7,739,590	8,972,603	9,563,065	10,773,089
Franchise and local taxes	740,553	777,018	822,881	982,871
Other taxes	677,721	748,656	869,890	999,567
Investment earnings	158,718	299,161	544,246	710,004
Other revenues	75,861	127,736	201,238	381,250
Gain (loss) on sale of capital assets	21,955	-	-	(372,365)
Transfers	270,420	295,420	(563,510)	389,590
Total Governmental Activities	11,663,850	13,495,106	13,666,803	16,272,003
Business-Type activities				
Investment earnings	37,997	82,182	197,176	531,946
Other revenues	271,441	916,694	249,954	601,777
Gain (loss) on sale of capital assets	-	-	-	-
Transfers	(270,420)	(295,420)	563,510	(389,590)
Total Business-type Activities	39,018	703,456	1,010,640	744,133
Total Primary Government	\$ 11,702,868	\$ 14,198,562	\$ 14,677,443	\$ 17,016,136
Change in Net Position				
Governmental activities	\$ 572,430	\$ 2,981,483	\$ 4,885,511	\$ 3,304,619
Business-Type activities	(418,296)	546,202	1,618,389	829,274
Total Primary Government	\$ 154,134	\$ 3,527,685	\$ 6,503,900	\$ 4,133,893

Year					
2008	2009	2010	2011	2012	2013
\$ 2,614,259	\$ 2,801,925	\$ 3,144,351	\$ 3,349,978	\$ 3,732,383	\$ 4,003,896
11,000,547	10,922,780	9,883,594	10,270,148	10,495,149	10,716,276
1,016,549	1,014,492	1,076,618	1,093,727	1,100,207	1,119,510
1,012,157	1,126,527	1,188,572	1,241,624	1,302,318	1,447,797
533,397	236,386	56,944	44,039	65,379	55,583
190,782	508,982	273,551	135,353	169,686	175,570
70,055	66,215	44,725	4,500	100,753	84,719
455,633	245,980	(1,575,438)	250,000	250,000	250,000
16,893,379	16,923,287	14,092,917	16,389,369	17,215,875	17,853,351
347,054	65,851	12,940	14,923	13,536	13,054
256,674	196,361	250,940	185,840	960,046	738,931
15,951	-	-	-	-	-
(455,633)	(245,980)	1,575,438	(250,000)	(250,000)	(250,000)
164,046	16,232	1,839,318	(49,237)	723,582	501,985
\$ 17,057,425	\$ 16,939,519	\$ 15,932,235	\$ 16,340,132	\$ 17,939,457	\$ 18,355,336
\$ 2,175,458	\$ 4,081,601	\$ (2,844,210)	\$ 115,669	\$ 1,924,227	\$ 1,104,532
(37,487)	3,523,727	1,862,789	688,954	1,064,064	652,839
\$ 2,137,971	\$ 7,605,328	\$ (981,421)	\$ 804,623	\$ 2,988,291	\$ 1,757,371

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

Source	Year			
	2004	2005	2006	2007
Ad valorem	\$ 1,979,032	\$ 2,274,512	\$ 2,228,993	\$ 2,407,997
Sales	7,739,590	8,972,603	9,563,065	10,773,089
Franchise fees	740,553	777,018	822,881	982,871
Other taxes	677,721	748,656	869,890	999,567
Total	<u>\$ 11,136,896</u>	<u>\$ 12,772,789</u>	<u>\$ 13,484,829</u>	<u>\$ 15,163,524</u>

Year						Change
2008	2009	2010	2011	2012	2013	2012-2013
\$ 2,614,259	\$ 2,801,925	\$ 3,144,351	\$ 3,349,978	\$ 3,732,383	\$ 4,003,896	7.3%
11,000,547	10,922,780	9,883,594	10,270,148	10,495,149	10,716,276	2.1%
1,016,549	1,014,492	1,076,618	1,093,727	1,100,207	1,119,510	1.8%
1,012,157	1,126,527	1,188,572	1,241,624	1,302,318	1,447,797	11.2%
<u>\$ 15,643,512</u>	<u>\$ 15,865,724</u>	<u>\$ 15,293,135</u>	<u>\$ 15,955,477</u>	<u>\$ 16,630,057</u>	<u>\$ 17,287,479</u>	4.0%

CITY OF WEBSTER, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Year			
	2004	2005	2006	2007
General Fund				
Nonspendable	\$ 13,143	\$ 129,460	\$ 12,195	\$ 71,297
Assigned	509,537	455,918	401,165	345,252
Unassigned	5,859,685	6,099,901	7,365,162	7,425,532
Total General Fund	<u>\$ 6,382,365</u>	<u>\$ 6,685,279</u>	<u>\$ 7,778,522</u>	<u>\$ 7,842,081</u>
 All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ -
Restricted	366,178	852,624	933,696	1,205,440
Assigned, reported in:				
Capital project funds	2,497,912	3,825,346	2,135,028	3,573,955
Special revenue funds	1,761,021	2,944,444	3,135,703	4,048,554
Total All Other Governmental Funds	<u>\$ 4,625,111</u>	<u>\$ 7,622,414</u>	<u>\$ 6,204,427</u>	<u>\$ 8,827,949</u>

Year					
2008	2009	2010	2011	2012	2013
\$ 107,542	\$ 75,033	\$ 40,273	\$ 889,606	\$ 51,394	\$ 36,872
288,156	898,871	950,221	164,811	220,639	179,658
8,687,164	8,630,449	8,296,652	8,974,754	10,236,151	11,190,474
<u>\$ 9,082,862</u>	<u>\$ 9,604,353</u>	<u>\$ 9,287,146</u>	<u>\$ 10,029,171</u>	<u>\$ 10,508,184</u>	<u>\$ 11,407,004</u>
\$ 810	\$ -	\$ -	\$ 325	\$ 1,014	\$ 7,600
1,305,817	1,400,456	524,365	2,753,771	7,948,938	4,236,152
2,167,484	4,234,221	4,478,279	4,381,647	4,376,477	4,434,282
4,389,743	1,175,414	1,864,164	115,591	91,485	122,340
<u>\$ 7,863,854</u>	<u>\$ 6,810,091</u>	<u>\$ 6,866,808</u>	<u>\$ 7,251,334</u>	<u>\$ 12,417,914</u>	<u>\$ 8,800,374</u>

CITY OF WEBSTER, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years
(modified accrual basis of accounting)

	Year			
	2004	2005	2006	2007
Revenues				
Taxes	\$ 10,991,009	\$ 12,601,416	\$ 13,693,412	\$ 15,080,159
Licenses and permits	305,699	640,068	443,971	516,178
Fines and forfeitures	819,980	841,367	1,094,780	1,331,735
Charges for services	43,253	53,809	123,184	150,143
Intergovernmental	44,116	134,239	13,258	52,138
Investment earnings	158,718	299,161	544,246	710,004
Contributions	1,030,030	1,530,030	1,030,030	1,030,030
Other revenues	75,861	127,736	164,710	381,250
Total Revenues	13,468,666	16,227,826	17,107,591	19,251,637
Expenditures				
General government	2,444,528	2,509,122	2,887,475	2,952,100
Public safety	5,650,560	6,166,468	6,230,882	6,795,850
Public works	-	-	-	-
Community development	3,226,909	3,423,059	3,704,006	4,569,811
Capital outlay	803,175	523,251	1,990,889	572,345
Debt service				
Principal	1,000,650	819,689	940,182	1,010,266
Interest	1,077,279	1,395,072	1,151,919	1,110,595
Payment to refunded bond escrow agent	-	-	-	-
Other debt service - refunding escrow	-	-	-	-
Total expenditures	14,203,101	14,836,661	16,905,353	17,010,967
Excess of Revenues Over (Under) Expenditures	(734,435)	1,391,165	202,238	2,240,670
Other Financing Sources (Uses)				
Issuance of debt	-	11,705,000	-	-
Premium on debt	-	4,470	-	-
Discount on debt	-	(46,545)	-	-
Payment to refunded bond escrow agent	-	(10,049,293)	-	-
Transfers in	556,063	1,669,368	1,621,661	2,699,003
Transfers out	(285,643)	(1,373,948)	(2,185,171)	(2,309,413)
Proceeds from capital lease	-	-	-	26,453
Sale of capital assets	26,184	-	36,528	30,368
Total Other Financing Sources (Uses)	296,604	1,909,052	(526,982)	446,411
Net Change in Fund Balances	\$ (437,831)	\$ 3,300,217	\$ (324,744)	\$ 2,687,081
Debt service as a percentage of noncapital expenditures	15.66%	15.79%	14.37%	13.30%

Year					
2008	2009	2010	2011	2012	2013
\$ 15,558,086	\$ 15,771,588	\$ 15,213,296	\$ 15,965,845	\$ 16,639,457	\$ 17,241,733
470,577	354,447	328,389	301,990	616,215	434,055
1,592,374	1,310,891	1,418,862	1,201,472	1,244,467	1,302,894
242,939	233,579	185,020	188,334	220,445	151,065
554,898	1,206,951	209,380	149,841	1,286,791	491,896
533,397	204,198	50,164	36,949	56,319	48,967
1,030,030	1,030,030	1,030,030	1,030,030	1,030,030	1,030,030
190,782	508,982	273,551	135,353	169,686	175,570
20,173,083	20,620,666	18,708,692	19,009,814	21,263,410	20,876,210
4,193,306	3,319,192	3,450,702	3,460,682	3,215,916	3,309,596
8,335,646	7,879,104	8,314,199	8,328,825	10,299,323	8,929,345
-	-	2,505,572	2,479,238	2,463,501	2,593,228
4,503,793	4,788,497	1,929,381	1,933,770	1,966,092	1,779,065
1,077,980	1,350,549	196,605	189,560	2,590,787	4,701,583
860,998	1,210,000	1,135,000	1,150,000	1,185,000	1,915,000
1,450,363	850,305	839,487	591,188	549,747	652,250
-	-	-	-	-	8,734,966
-	-	-	-	-	115,000
20,422,086	19,397,647	18,370,946	18,133,263	22,270,366	32,730,033
(249,003)	1,223,019	337,746	876,551	(1,006,956)	(11,853,823)
-	-	6,075,000	-	6,250,000	8,555,000
-	-	306,893	-	61,281	326,338
-	-	-	-	-	-
-	-	(7,233,220)	-	-	-
2,580,586	2,840,687	906,302	675,673	1,293,230	1,964,774
(2,124,953)	(2,594,707)	(656,302)	(425,673)	(978,460)	(1,714,774)
-	-	-	-	-	-
70,055	27,301	3,091	-	26,498	3,765
525,688	273,281	(598,236)	250,000	6,652,549	9,135,103
\$ 276,685	\$ 1,496,300	\$ (260,490)	\$ 1,126,551	\$ 5,645,593	\$ (2,718,720)
13.14%	11.42%	10.86%	10.13%	9.84%	9.16%

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

Source	Year			
	2004	2005	2006	2007
Ad valorem	\$ 2,005,495	\$ 2,275,492	\$ 2,232,964	\$ 2,438,400
Sales	7,567,240	8,800,250	9,767,677	10,659,321
Franchise fees	740,553	777,018	822,881	982,871
Other taxes	677,721	748,656	869,890	999,567
Total	<u>\$ 10,991,009</u>	<u>\$ 12,601,416</u>	<u>\$ 13,693,412</u>	<u>\$ 15,080,159</u>

Year						Change
2008	2009	2010	2011	2012	2013	2012-2013
\$ 2,623,072	\$ 2,802,028	\$ 3,158,751	\$ 3,383,915	\$ 3,741,783	\$ 3,958,150	5.8%
10,906,308	10,828,541	9,789,355	10,246,579	10,495,149	10,716,276	2.1%
1,016,549	1,014,492	1,076,618	1,093,727	1,100,207	1,119,510	1.8%
1,012,157	1,126,527	1,188,572	1,241,624	1,302,318	1,447,797	11.2%
<u>\$ 15,558,086</u>	<u>\$ 15,771,588</u>	<u>\$ 15,213,296</u>	<u>\$ 15,965,845</u>	<u>\$ 16,639,457</u>	<u>\$ 17,241,733</u>	3.6%

CITY OF WEBSTER, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL TAXABLE VALUE OF TAXABLE PROPERTY

Last Ten Years

	Year			
	2004	2005	2006	2007
Residential Property	\$ 188,198,130	\$ 185,853,920	\$ 203,476,378	\$ 220,285,562
Commercial Property	577,844,650	588,166,020	706,003,613	754,933,521
Industrial Property	39,320,230	48,278,150	57,356,684	57,154,669
Total Assessed Value ⁽¹⁾	805,363,010	822,298,090	966,836,675	1,032,373,752
Less: Tax Exempt Property	25,094,880	26,274,610	100,696,203	99,229,886
Total Taxable Value	<u>\$ 780,268,130</u>	<u>\$ 796,023,480</u>	<u>\$ 866,140,472</u>	<u>\$ 933,143,866</u>
Taxable Value as a Percentage of Assessed Value	96.9%	96.8%	89.6%	90.4%
Total Direct Tax Rate ⁽²⁾	0.25100	0.26800	0.25750	0.25750

Source: Harris County Appraisal District

Notes:

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

⁽²⁾ Per \$100 of assessed value.

Assessed and taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2013.

Year					
2008	2009	2010	2011	2012	2013
\$ 251,466,620	\$ 289,228,607	\$ 314,011,758	\$ 293,907,235	\$ 294,533,220	\$ 309,254,621
851,485,612	1,099,418,485	1,137,743,192	1,082,655,042	1,081,842,057	1,141,103,918
46,263,195	45,621,080	30,822,429	38,805,228	47,334,112	47,227,941
1,149,215,427	1,434,268,172	1,482,577,379	1,415,367,505	1,423,709,389	1,497,586,480
103,253,547	116,603,130	122,088,088	116,825,070	108,314,140	115,362,434
<u>\$ 1,045,961,880</u>	<u>\$ 1,317,665,042</u>	<u>\$ 1,360,489,291</u>	<u>\$ 1,298,542,435</u>	<u>\$ 1,315,395,249</u>	<u>\$ 1,382,224,046</u>
91.0%	91.9%	91.8%	91.7%	92.4%	92.3%
0.24887	0.20600	0.23252	0.25750	0.28528	0.28528

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

	Year			
	2004	2005	2006	2007
City of Webster by fund:				
General	\$ 0.04053	\$ 0.05446	\$ 0.05000	\$ 0.04904
Debt service	0.21047	0.21354	0.20750	0.20846
Total Direct Rates	<u>\$ 0.25100</u>	<u>\$ 0.26800</u>	<u>\$ 0.25750</u>	<u>\$ 0.25750</u>
Clear Creek School District	\$ 1.73000	\$ 1.74500	\$ 1.77500	\$ 1.63000
Harris County	0.38803	0.39986	0.39986	0.40239
Harris County Flood Control District	0.04174	0.03318	0.03322	0.03241
Port of Houston Authority	0.02000	0.01673	0.01474	0.01302
Harris County Hospital District	0.19021	0.19021	0.19216	0.19216
Harris County Department of Education	0.00629	0.00629	0.00629	0.00629
Total Direct and Overlapping Rates ⁽¹⁾	<u>\$ 2.62727</u>	<u>\$ 2.65927</u>	<u>\$ 2.67877</u>	<u>\$ 2.53377</u>

Sources: Harris County Appraisal District, Clear Creek School District

Notes:

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

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

Tax rates are per \$100 of assessed value.

Year					
2008	2009	2010	2011	2012	2013
\$ 0.05672	\$ 0.07335	\$ 0.11333	\$ 0.14669	\$ 0.17470	\$ 0.15615
0.19215	0.13265	0.11919	0.11081	0.11058	0.12913
<u>\$ 0.24887</u>	<u>\$ 0.20600</u>	<u>\$ 0.23252</u>	<u>\$ 0.25750</u>	<u>\$ 0.28528</u>	<u>\$ 0.28528</u>
\$ 1.32000	\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.36000
0.39239	0.38923	0.39224	0.38805	0.39117	0.40021
0.03106	0.03086	0.02922	0.29233	0.02809	0.02809
0.01437	0.01773	0.01636	0.02054	0.01856	0.01952
0.19216	0.19216	0.19216	0.19216	0.19216	0.18216
0.00585	0.00584	0.00605	0.00658	0.00658	0.00662
<u>\$ 2.20470</u>	<u>\$ 2.20182</u>	<u>\$ 2.22855</u>	<u>\$ 2.51716</u>	<u>\$ 2.28184</u>	<u>\$ 2.28188</u>

CITY OF WEBSTER, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2013			2004		
	Assessed Value	Rank	% of Assessed Value	Assessed Value	Rank	% of Assessed Value
Clear Lake Regional Medical Center	\$ 81,195,547	1	5.42%	\$ 35,420,270	1	4.40%
GCCFC 2007-GG9 Webster Retail LLC	32,305,426	2	2.16%	15,843,960	8	1.97%
Villas at Edgewater Holdings LLC ⁽¹⁾	30,100,000	3	2.01%	-	-	0.00%
Marquis Clear Lake Apartments ⁽¹⁾	24,600,000	4	1.64%	-	-	0.00%
G&E Healthcare REIT Mountain Plains ⁽¹⁾	24,500,000	5	1.64%	-	-	0.00%
US Housing Partners VIII LP	23,771,065	6	1.59%	23,499,960	2	2.92%
Clear Lake Center LP	21,534,974	7	1.44%	16,651,910	7	2.07%
Inland American Webster	21,052,780	8	1.41%	18,279,090	5	2.27%
Price Baybrook Ltd	20,908,209	9	1.40%	18,733,970	4	2.33%
MPT Clear Lake LP ⁽¹⁾	19,447,734	10	1.30%	-	-	0.00%
Clear Lake Central II/III Ltd ⁽²⁾	-	-	0.00%	20,227,260	3	2.51%
WDOP Sub I LP ⁽²⁾	-	-	0.00%	17,249,980	6	2.14%
G & I VI Skylar Pointe LP ⁽²⁾	-	-	0.00%	15,789,950	9	1.96%
CRP TBG Waterford LP ⁽²⁾	-	-	0.00%	9,680,000	10	1.20%
Subtotal	\$ 299,415,735		19.99%	\$ 191,376,350		23.76%
Other Taxpayers	1,198,170,745		80.01%	613,986,660		76.24%
Total	\$ 1,497,586,480		100.00%	\$ 805,363,010		100.00%

Source: Harris County Appraisal District

Notes:

⁽¹⁾ This taxpayer was not a top ten taxpayer in 2004. It is included in the Other Taxpayers subtotal.

⁽²⁾ This taxpayer is not a top ten taxpayer in 2013. It is included in the Other Taxpayers subtotal.

CITY OF WEBSTER, TEXAS

PRINCIPAL SALES TAX REMITTERS

Current Year and Nine Years Ago

Sales Tax Remitter	Sales Tax Rate ^{(1) (2)}	2013 Rank	2004 Rank
Academy Sports & Outdoors ⁽³⁾	\$ 0.02000	1	-
Fry's Electronics ⁽³⁾	0.02000	2	-
Bed Bath & Beyond	0.02000	3	9
Star Furniture	0.02000	4	2
Ashley Furniture ⁽³⁾	0.02000	5	-
Pappa's Seafood House / Pappasito's Cantina	0.02000	6	7
Cinemark USA	0.02000	7	4
Burlington Coat Factory	0.02000	8	13
Hobby Lobby Creative Center ⁽⁵⁾	0.02000	9	-
Clear Lake Regional Medical Center ⁽⁵⁾	0.02000	10	-
Garden Ridge	0.02000	11	5
Conn's Appliances	0.02000	12	3
Jared - The Galleria of Jewelry ⁽⁵⁾	0.02000	13	-
Cavender's Boot City ⁽⁵⁾	0.02000	14	-
Critical Infrastructure Solutions ⁽³⁾	0.02000	15	-
Barnes & Noble ⁽⁶⁾	0.02000	-	8
Office Depot ⁽⁶⁾	0.02000	-	6
Reliant Energy ⁽⁶⁾	0.02000	-	14
Home Depot ⁽⁴⁾	0.02000	-	1
The Roomstore ⁽⁴⁾	0.02000	-	10
The Sports Authority ⁽⁴⁾	0.02000	-	11
Old Navy ⁽⁴⁾	0.02000	-	12
CompUSA Stores ⁽⁴⁾	0.02000	-	15

Source: State Comptroller's Office

Notes:

- ⁽¹⁾ This represents the City's portion only; the State's rate is \$0.0625.
- ⁽²⁾ The sales tax rate has remained the same since 2003.
- ⁽³⁾ This sales tax remitter was not located in the City in 2004.
- ⁽⁴⁾ This sales tax remitter is not located in the City in 2013.
- ⁽⁵⁾ This sales tax remitter was not a top fifteen sales tax remitter in 2004.
- ⁽⁶⁾ This sales tax remitter is not a top fifteen sales tax remitter in 2013.

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

	Year			
	2004	2005	2006	2007
Taxes levied:				
Current year levy	\$ 1,924,074	\$ 2,085,608	\$ 2,205,586	\$ 2,398,676
Adjustments in subsequent years	14,282	21,099	18,880	10,930
Total of taxes levied ⁽¹⁾	<u>1,938,356</u>	<u>2,106,707</u>	<u>2,224,466</u>	<u>2,409,607</u>
Taxes collected:				
Collections in current year	1,912,018	2,075,818	2,186,611	2,379,571
Collections in subsequent years ⁽²⁾	10,434	7,399	17,711	25,546
Total of taxes collected	<u>1,922,452</u>	<u>2,083,217</u>	<u>2,204,322</u>	<u>2,405,117</u>
Collection rates:				
Percentage collected in current year	99.37%	99.53%	99.14%	99.20%
Percentage collected of total levy	99.18%	98.88%	99.09%	99.81%
Delinquent taxes:				
Total outstanding balance	15,903	23,490	20,144	4,490
Percentage of total levy outstanding	0.83%	1.13%	0.91%	0.19%

Notes:

⁽¹⁾ The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2013.

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

Year					
2008	2009	2010	2011	2012	2013
\$ 2,601,370	\$ 2,777,777	\$ 3,177,329	\$ 3,396,948	\$ 3,750,982	\$ 3,937,528
5,859	(61,441)	(21,377)	(55,821)	(1,934)	-
<u>2,607,229</u>	<u>2,716,336</u>	<u>3,155,952</u>	<u>3,341,127</u>	<u>3,749,048</u>	<u>3,937,528</u>
2,575,739	2,745,125	3,155,944	3,361,585	3,730,576	3,921,147
26,321	(33,303)	(6,835)	(29,548)	4,538	-
<u>2,602,060</u>	<u>2,711,822</u>	<u>3,149,109</u>	<u>3,332,037</u>	<u>3,735,114</u>	<u>3,921,147</u>
99.01%	98.82%	99.33%	98.96%	99.46%	99.58%
99.80%	99.83%	99.78%	99.73%	99.63%	99.58%
5,169	4,514	6,843	9,090	13,934	16,381
0.20%	0.16%	0.22%	0.27%	0.37%	0.42%

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

	Year			
	2004	2005	2006	2007
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 12,659,035	\$ 18,551,445	\$ 17,756,264	\$ 16,900,998
Certificates of obligation	8,500,000	4,355,000	4,210,000	4,055,000
Capital leases	158,655	-	-	24,247
Subtotal	<u>21,317,690</u>	<u>22,906,445</u>	<u>21,966,264</u>	<u>20,980,245</u>
Business-Type Activities:				
Revenue bonds	-	-	-	6,030,000
Total Primary Government	<u>\$ 21,317,690</u>	<u>\$ 22,906,445</u>	<u>\$ 21,966,264</u>	<u>\$ 27,010,245</u>
Component Unit Activities ⁽¹⁾:				
Sales Tax Revenue Bonds	\$ 13,375,000	\$ 12,820,000	\$ 16,055,000	\$ 15,445,000
Personal Income ^{(2) (3)}	\$ 262,284,736	\$ 236,243,150	\$ 280,866,250	\$ 223,392,930
Primary Government Debt as a Percentage of Personal Income	8.13%	9.70%	7.82%	12.09%
Population ⁽⁴⁾	9,923	8,695	8,750	9,465
Primary Government Debt per Capita	\$ 2,148	\$ 2,634	\$ 2,510	\$ 2,854

Notes:

⁽¹⁾ Component unit activities are not included in the calculation of debt as a percentage of personal income or debt per capita.

⁽²⁾ Sperling's BestPlaces

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

⁽⁴⁾ Population was estimated using data received from the Harris County Appraisal District.

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

Year					
2008	2009	2010	2011	2012	2013
\$ 16,205,000	\$ 15,165,000	\$ 15,920,000	\$ 14,830,000	\$ 13,705,000	\$ 12,385,000
3,890,000	3,720,000	715,000	655,000	6,845,000	6,130,000
20,221	15,865	-	-	-	-
20,115,221	18,900,865	16,635,000	15,485,000	20,550,000	18,515,000
8,080,000	7,860,000	7,630,000	7,395,000	7,150,000	6,895,000
\$ 28,195,221	\$ 26,760,865	\$ 24,265,000	\$ 22,880,000	\$ 27,700,000	\$ 25,410,000
\$ 14,800,000	\$ 14,125,000	\$ 13,415,000	\$ 12,390,000	\$ 11,365,000	\$ 10,290,000
\$ 223,982,980	\$ 232,951,740	\$ 239,324,700	\$ 254,086,888	\$ 329,329,968	\$ 319,567,907
12.59%	11.49%	10.14%	9.00%	8.41%	7.95%
9,490	9,870	10,338	10,684	10,704	11,279
\$ 2,971	\$ 2,711	\$ 2,347	\$ 2,142	\$ 2,588	\$ 2,253

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

	Year			
	2004	2005	2006	2007
Taxable Value of Property ⁽¹⁾				
All property	\$ 780,268,130	\$ 796,023,480	\$ 866,140,472	\$ 933,143,866
Net Bonded Debt ⁽²⁾				
Gross bonded debt	\$ 21,159,035	\$ 22,906,445	\$ 21,966,264	\$ 20,955,998
Less debt service funds	358,671	845,117	926,189	1,205,439
Net Bonded Debt	<u>\$ 20,800,364</u>	<u>\$ 22,061,328</u>	<u>\$ 21,040,075</u>	<u>\$ 19,750,559</u>
Ratio of Net Bonded Debt to Taxable Value	2.67%	2.77%	2.43%	2.12%
Population ⁽³⁾	9,923	8,695	8,750	9,465
Net Bonded Debt per Capita	\$ 2,096	\$ 2,537	\$ 2,405	\$ 2,087

Notes:

⁽¹⁾ Taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2013.

⁽²⁾ Net bonded debt reflects obligations supported by a pledge of ad valorem taxes.

⁽³⁾ Population was estimated using data received from the Harris County Appraisal District.

Year					
2008	2009	2010	2011	2012	2013
\$ 1,045,961,880	\$ 1,317,665,042	\$ 1,360,489,291	\$ 1,298,542,435	\$ 1,315,395,249	\$ 1,382,224,046
\$ 20,095,000	\$ 18,885,000	\$ 16,635,000	\$ 15,485,000	\$ 20,550,000	\$ 18,515,000
1,305,818	1,400,456	524,365	577,456	1,230,863	847,921
<u>\$ 18,789,182</u>	<u>\$ 17,484,544</u>	<u>\$ 16,110,635</u>	<u>\$ 14,907,544</u>	<u>\$ 19,319,137</u>	<u>\$ 17,667,079</u>
1.80%	1.33%	1.18%	1.15%	1.47%	1.28%
9,490	9,870	10,338	10,684	10,704	11,279
\$ 1,980	\$ 1,771	\$ 1,558	\$ 1,395	\$ 1,805	\$ 1,566

CITY OF WEBSTER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2013

	<u>Debt Outstanding</u>	<u>As Of</u>	<u>Estimated Percentage Applicable ⁽¹⁾</u>	<u>Amount Applicable to Primary Government</u>
Governmental Unit				
Clear Creek ISD	\$ 602,665,000	9/30/2013	9.39%	\$ 56,590,244
Clear Lake City Water Authority	92,495,000	9/30/2013	5.92%	5,475,704
Harris County	2,640,417,190	9/30/2013	0.48%	12,674,003
Harris Co. Dept of Education	7,605,000	9/30/2013	0.48%	36,504
Harris Co. Flood Control District	96,470,000	9/30/2013	0.48%	463,056
Port of Houston Authority	731,969,397	9/30/2013	0.48%	<u>3,513,453</u>
Subtotal, overlapping debt				78,752,963
City Direct Debt ⁽²⁾	18,515,000	9/30/2013	100.00%	<u>18,515,000</u>
Total Direct and Overlapping Debt				<u><u>\$ 97,267,963</u></u>

Source: Municipal Advisory Council of Texas

Notes:

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

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

CITY OF WEBSTER, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Year			
	2004	2005	2006	2007
Debt limit ⁽¹⁾	\$ 80,536,301	\$ 82,229,809	\$ 96,683,668	\$ 103,237,375
Total net debt applicable to limit	20,800,364	22,061,328	21,040,075	19,750,559
Legal debt margin	<u>\$ 59,735,937</u>	<u>\$ 60,168,481</u>	<u>\$ 75,643,593</u>	<u>\$ 83,486,816</u>
Total net debt applicable to the limit as a percentage of debt limit	25.83%	26.83%	21.76%	19.13%
Legal Debt Margin Calculation				
Assessed value	\$ 805,363,010	\$ 822,298,090	\$ 966,836,675	\$ 1,032,373,752
Debt limit (10% of assessed value)	80,536,301	82,229,809	96,683,668	103,237,375
Debt applicable to limit:				
General obligation bonds	21,159,035	22,906,445	21,966,264	20,955,998
Less: amount set aside for repayment of general obligation debt	(358,671)	(845,117)	(926,189)	(1,205,439)
Total net debt applicable to limit	<u>20,800,364</u>	<u>22,061,328</u>	<u>21,040,075</u>	<u>19,750,559</u>
Legal debt margin	<u>\$ 59,735,937</u>	<u>\$ 60,168,481</u>	<u>\$ 75,643,593</u>	<u>\$ 83,486,816</u>

Notes:

⁽¹⁾ All taxable property in the City of Webster is subject to the assessment, levy and collection by the City of an annual ad valorem tax levied, within the limits prescribed by law, sufficient to provide for the payment of principal and interest on debt issued by the government. Article XI, Section 5, of the Texas Constitution is applicable to the City, and limits its maximum ad valorem tax rate to \$2.50 per \$100 of assessed valuation for all City purposes. The City operates under a Home-Rule Charter, which adopts the constitutional provisions. Administratively, the Attorney General of the State of Texas will only permit the allocation of \$1.50 of the \$2.50 maximum for all general obligation debt service, as calculated at the time of issuance. The City's total tax rate of \$0.28528 and debt rate of \$0.12913 are well below the maximum rates allowed by law.

Chapter 1331 of the Texas Government Code places additional limits on municipalities with populations greater than 750,000. These entities may incur total bonded debt in an amount not to exceed ten percent of the total appraised value of property listed on the most recent appraisal roll. While this limit does not legally apply to the City of Webster, it does serve as a guideline. The total general long-term debt of the City is only 1.23% of its total appraised value.

2008	2009	2010	2011	2012	2013
\$ 114,921,543	\$ 143,426,817	\$ 148,257,738	\$ 141,536,751	\$ 142,370,939	\$ 149,758,648
18,789,182	17,484,544	16,110,635	14,907,544	19,319,137	17,667,079
<u>\$ 96,132,361</u>	<u>\$ 125,942,273</u>	<u>\$ 132,147,103</u>	<u>\$ 126,629,207</u>	<u>\$ 123,051,802</u>	<u>\$ 132,091,569</u>
16.35%	12.19%	10.87%	10.53%	13.57%	11.80%
\$ 1,149,215,427	\$ 1,434,268,172	\$ 1,482,577,379	\$ 1,415,367,505	\$ 1,423,709,389	\$ 1,497,586,480
114,921,543	143,426,817	148,257,738	141,536,751	142,370,939	149,758,648
20,095,000	18,885,000	16,635,000	15,485,000	20,550,000	18,515,000
(1,305,818)	(1,400,456)	(524,365)	(577,456)	(1,230,863)	(847,921)
18,789,182	17,484,544	16,110,635	14,907,544	19,319,137	17,667,079
<u>\$ 96,132,361</u>	<u>\$ 125,942,273</u>	<u>\$ 132,147,103</u>	<u>\$ 126,629,207</u>	<u>\$ 123,051,802</u>	<u>\$ 132,091,569</u>

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

Fiscal Year Ended Sept. 30	Population ⁽¹⁾	Personal Income ^{(2) (3)}	Per Capita Personal Income ⁽²⁾	Median Age ⁽²⁾	School Enrollment ⁽⁴⁾	Unemployment Rate ⁽⁵⁾
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	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	8.1%
2010	10,338	\$ 239,324,700	\$ 23,150	32.2	1,061	8.3%
2011	10,684	\$ 254,086,888	\$ 23,782	32.8	2,294	8.6%
2012	10,704	\$ 329,329,968	\$ 30,767	29.8	2,912	6.3%
2013	11,279	\$ 319,567,907	\$ 28,333	30.2	3,305	6.1%

Sources:

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

⁽²⁾ Sperling's BestPlaces

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

⁽⁴⁾ Clear Creek Independent School District; intermediate school was converted to a high school in 2006.

⁽⁵⁾ Bureau of Labor Statistics

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

Source: Bay Area Economic Partnership

Notes:

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 EMPLOYEES BY FUNCTION
 Last Ten Years

	2004	2005	2006	2007	2008	2009	2010	2011	2012	2013
<u>General Fund:</u>										
City Secretary	4	4	4	4	4	4	4	4	4	4
City Manager	1	1	1	1	1	1	2	2	2	2
Finance	7	7	7	7	6	6	6	6	6	6
Municipal Court	5	5	6	6	7	7	7	7	7	7
Information Technology	2	2	2	2	2	0	0	0	0	0
Human Resources	2.8	2.8	3	3	3	3	3	3	3	3
Community Development										
Administration	4.9	4.9	5.8	5.8	5.8	6	6	6	6	6
Building	6	6	6	7	7	7	7	7	7	7
Engineering	2	2	2	2	0	0	0	0	0	0
Recreation Programs	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	3	2	2	3	3.5	3.5	3	3	3	3
Maintenance	10	10	10	11	11	11	10	10	10	10
Parks Maintenance	4	4	5	6	6	6	7	7	7	7
Engineering					2	2	2	2	2	2
Police										
Administration	6	6	6	6	6	4	4	4	4	4
Criminal Investigation	7	7	7	7	6	7	7	7	7	7
Patrol	31	34	34	35	35	36	37	37	37	38
Communications	15	13	14	15	16	16	16	16	16	15
Technical Support	1	1	1	1	2	0	0	0	0	0
Fire										
Prevention	2.4	2.4	2.4	2.7	2.7	2.7	3	3	3	3
Operations	27	27	27	27	27	27	27	27	27	27
Economic Development										
Economic Development	3	2	2	2	2	3	3	3	3	3
Public Relations	1	1	1	1	1	0	0	0	0	0
General Fund Total	146.0	145.0	149.2	155.5	157.0	153.2	155	155	155	155
<u>Utility Fund:</u>										
Water	7	7	7	8	8.3	8.3	8.5	8.5	8.5	8.5
Sewer	6	6	6	7	7.3	7.3	6.5	6.5	6.5	6.5
Drainage	0	0	0	0	0.0	0.0	2.0	2.0	2.0	2.0
Utility Fund Total	13.0	13.0	13.0	15.0	15.5	15.5	17.0	17.0	17.0	17.0
<u>Information Technology Fund:</u>										
Information Technology	0	0	0	0	0	4	4	4	4	4
IT Fund Total	0.0	0.0	0.0	0.0	0.0	4.0	4.0	4.0	4.0	4.0
Total City Positions	159.0	158.0	162.2	170.5	172.5	172.7	176	176	176	176

Notes:

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

CITY OF WEBSTER, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function / Program	Year			
	2004	2005	2006	2007
Police				
Arrests	1,920	2,115	1,927	2,801
Accident reports	1,151	1,078	1,087	1,167
Citations	5,661	6,342	9,228	8,456
Offense reports	2,586	2,616	2,431	2,801
Calls for service	20,298	21,794	20,002	38,818
Fire				
Emergency responses	1,048	993	947	985
Fire incidents	57	83	91	73
Average response time	5 min, 31 sec	5 min, 56 sec	5 min, 30 sec	5 min, 43 sec
Water				
New accounts	186	182	190	168
Average daily consumption (millions of gallons)	1.446	1.419	1.637	1.650
Total consumption (millions of gallons)	527.667	518.260	597.816	610.670
Peak daily consumption (millions of gallons)	2.705	2.927	2.879	2.638
Sewer				
Average daily sewage treatment (millions of gallons)	1.234	1.161	1.271	1.489
Total consumption (millions of gallons)	451.755	416.620	464.230	541.127
Peak daily consumption (millions of gallons)	3.462	2.245	2.831	3.033

Source: Various City departments

Year					
2008	2009	2010	2011	2012	2013
3,119	3,133	3,451	3,030	3,055	2,775
1,024	947	855	952	971	1,055
8,554	6,516	7,699	6,725	7,663	7,764
2,470	2,268	2,392	2,316	2,366	2,197
39,786	35,840	32,974	32,553	31,782	26,686
935	1036	878	794	857	892
77	90	70	74	57	73
4 min, 53 sec	5 min, 0 sec	4 min, 5 sec	4 min, 12 sec	4 min, 23 sec	4 min, 35 sec
143	131	121	129	238	221
1.793	1.897	1.709	1.930	1.763	1.797
656.656	692.483	623.954	704.562	643.460	655.945
2.695	2.438	2.940	2.726	2.534	2.623
1.433	1.354	1.409	1.247	1.444	1.426
523.101	494.050	514.276	455.230	527.061	520.640
2.734	1.853	3.192	2.696	2.819	2.51

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

Function / Program	Year			
	2004	2005	2006	2007
Police				
Stations	1	1	1	1
Patrol units	38	43	43	48
Fire stations	2	2	2	2
Other public works				
Streets (miles - centerlines)	19.0	20.2	28.0	18.8
Streetlights	749	708	708	717
Parks and recreation				
Parks	3	4	4	5
Parks acreage	12.0	23.2	23.2	26.0
Baseball / softball diamonds	3	2	2	2
Swimming pools	1	1	1	1
Community centers	1	1	1	1
Water				
Water mains (miles)	39.8	39.1	43.2	44.5
Fire hydrants	484	492	568	578
Storage capacity (millions of gallons)	2.95	2.95	2.95	2.95
Sewer				
Sanitary sewers (miles)	26.9	27.2	27.8	28.8
Storm sewers (miles)	16.1	16.4	17.0	18.9
Open ditch / creek / canal drainage (miles)	3.5	3.5	5.4	4.0
Treatment capacity (millions of gallons)	1.65	1.65	1.65	1.65

Source: Various City departments

Year						
2008	2009	2010	2011	2012	2013	
1	1	1	1	1	1	
45	46	47	47	47	47	
2	2	2	2	2	2	
20.7	20.7	23.2	25.1	25.1	24.9	
692	910	929	978	977	1,007	
5	5	5	5	5	5	
26.0	26.0	26.0	26.0	26.0	26.0	
2	2	2	2	2	2	
0	0	0	0	0	0	
1	1	1	1	1	1	
46.8	48.7	49.1	50.3	50.7	50.7	
601	629	631	642	644	643	
2.95	2.95	2.95	2.95	2.95	2.95	
29.8	30.7	31.0	32.0	32.6	32.9	
19.7	20.8	20.5	22.4	25.0	25.5	
5.6	6.1	7.1	7.3	7.4	6.7	
1.65	3.30	3.30	3.30	3.30	3.30	

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