

City of Webster, Texas Comprehensive Annual Financial Report



For the Fiscal Year Ended September 30, 2014

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

OF THE

CITY OF WEBSTER, TEXAS

**For the Fiscal Year Ended
September 30, 2014**

CITY MANAGER

Wayne J. Sabo

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

CITY OF WEBSTER, TEXAS

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INTRODUCTORY SECTION



www.cityofwebster.com

December 30, 2014

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, 2014. The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of my knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the end result of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City’s financial activities have been included.

Management assumes full responsibility for the completeness and reliability of the information contained in this report, based upon a comprehensive framework of internal controls that it has established for this purpose. Because the cost of internal control should not exceed anticipated benefits, the objective is to provide reasonable, rather than absolute, assurance that the financial statements are free of any material misstatements.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

Profile of the Government

The City of Webster was considered a village from 1879 until 1958, the year it was incorporated. Webster’s population grew from 329 in 1960 to 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 healthcare community, proven by the concentration of medical facilities in the City. Directly to the east of the City lies NASA’s Johnson Space Center, a major employer and popular tourist destination.

The area economy is thriving after the downturn in 2010. Annual sales tax revenue for the City of Webster surpassed \$15,000,000 for the first time ever. The unemployment rate for the Houston metropolitan area decreased to 4.9 percent from 6.2 percent 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 2013-14 brought some good news in economic development. Listed below are just a few of the highlights:

- The recently completed Bay Area Regional Medical Center began accepting patients in 2014.
- Construction is underway at 110 East Medical Center Boulevard where the Webster Rehabilitation Hospital will locate its 60,000 square foot rehabilitation hospital.
- Sears Outlet, Harbor Freight Tools, and Luby’s/Fuddruckers now have successful stores in the City.
- The Webster Economic Development Corporation executed a development agreement with TopGolf International to bring its premier entertainment venue to Webster.

Major Initiatives

The largest revenue source in the General Fund is sales tax. While sales tax is extremely difficult to predict, the Fiscal Year 2014-15 Annual Budget anticipates revenue to grow by 2.7 percent. Although modest increases from existing stores are anticipated next year, the growth from new stores will be partially offset by the loss of one major retailer who recently located just outside of the City limits.

Another large source of revenue is the ad valorem tax. The City’s 2014 taxable value increased 2.6 percent from the adjusted 2013 taxable value. With the rise in property value, the Fiscal Year 2014-15 Annual Budget reflects a declining property tax rate of \$0.24874 per \$100 of valuation.

Healthy reserves in the General Fund will allow the City to procure several capital items. A splash pad will be constructed at Texas Avenue Park to provide kid-friendly water play at the park. Flooring inside the City Hall, Public Works, and Recreation buildings will be replaced. Public safety radios must be updated to meet new federal standards.

The Utility Fund has just over \$6.45 million of bonds outstanding. 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 \$0.05 per 1,000 gallons. The drainage fee does not change from the previous year. 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 \$29 million of general government and utility projects to be completed over the next five years. The construction of a shared use path along FM 270, the repair of the track at Walnut Park, and the renovation of the Community House are all scheduled for the upcoming year. The Fiscal Year 2014-15 Annual Budget also appropriates funds for water tank painting and 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. In 2014, the Webster Economic Development Corporation partnered with TopGolf International to build TopGolf Webster. 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 percent, 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 percent for the General Fund and the Webster Economic Development Corporation. At September 30, 2014, 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, 2014. The independent auditors' report is located at the front of the financial section of this report.

Awards

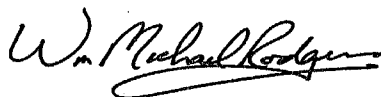
The Government Finance Officers' Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2013. This represents the 28th consecutive year the City has received the award. 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 2013-14 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 2014-15 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,

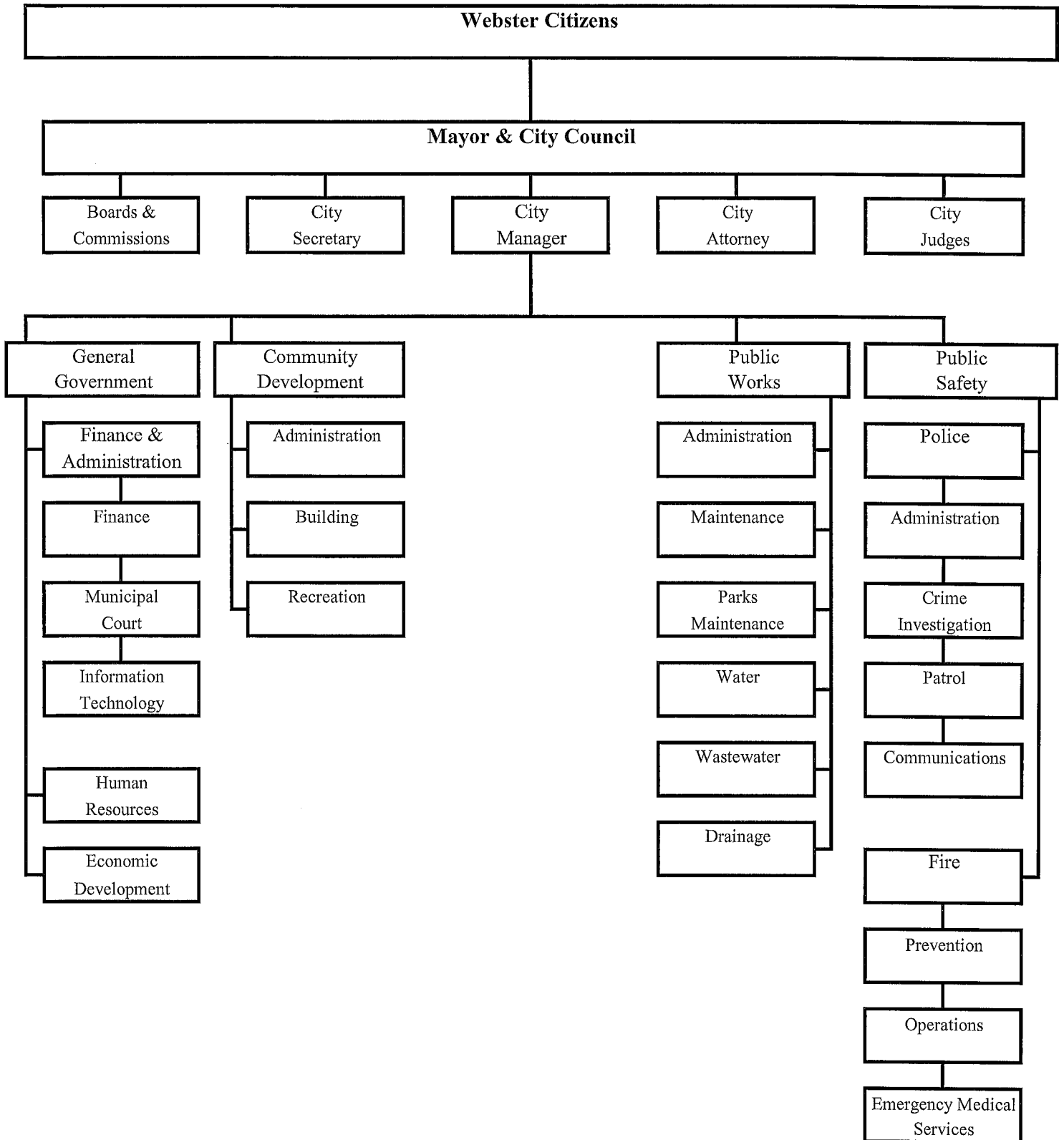
A handwritten signature in black ink, reading "Wm Michael Rodgers". The signature is fluid and cursive, with a long horizontal stroke at the end.

William Michael Rodgers, CPA
Director of Finance

CITY OF WEBSTER, TEXAS

ORGANIZATION CHART

September 30, 2014





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, 2013

A handwritten signature in black ink, reading "Jeffrey R. Emen". The signature is written in a cursive, flowing style.

Executive Director/CEO

CITY OF WEBSTER, TEXAS

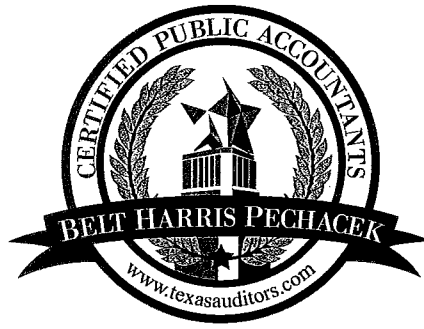
PRINCIPAL OFFICIALS

September 30, 2014

City Officials	Elected Position	Term Expires
Donna Rogers	Mayor	05/2017
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
Martin Graves	Council Member – Position No. 6	05/2017

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
Danny Presley	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

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, 2014, 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.

Partners

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Governmental
Audit Quality Center

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, 2014, 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 30, 2014

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

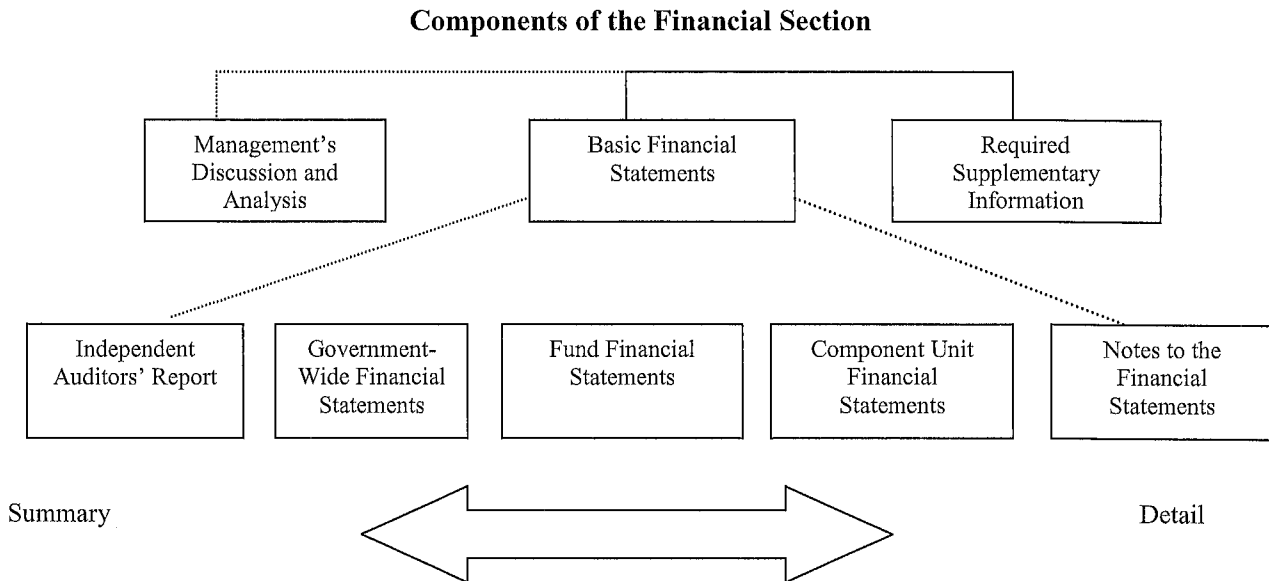
CITY OF WEBSTER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended September 30, 2014

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, 2014. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred 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, 2014

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, 2014

The City maintains 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. 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. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

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

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes budgetary comparison schedules for the general fund and hotel occupancy fund 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, 2014

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities by \$85,015,894 as of September 30, 2014 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 (62.4 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:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 26,414,577	\$ 24,537,583	\$ 9,251,886	\$ 8,579,887	\$ 35,666,463	\$ 33,117,470
Capital assets, net	52,646,229	53,399,334	24,160,180	24,726,791	76,806,409	78,126,125
Total Assets	79,060,806	77,936,917	33,412,066	33,306,678	112,472,872	111,243,595
Deferred charge on refunding	549,174	636,936	29,289	-	578,463	636,936
Total Deferred Outflows of Resources	549,174	636,936	29,289	-	578,463	636,936
Long-term liabilities	19,335,615	20,782,793	6,933,474	7,024,653	26,269,089	27,807,446
Other liabilities	1,064,529	1,266,547	701,823	525,331	1,766,352	1,791,878
Total Liabilities	20,400,144	22,049,340	7,635,297	7,549,984	28,035,441	29,599,324
Net Position:						
Net investment						
in capital assets	35,649,793	34,959,498	17,433,119	17,869,153	53,082,912	52,828,651
Restricted	5,337,239	4,242,481	3,726,464	3,337,873	9,063,703	7,580,354
Unrestricted	18,222,804	17,322,534	4,646,475	4,549,668	22,869,279	21,872,202
Total Net Position	\$ 59,209,836	\$ 56,524,513	\$ 25,806,058	\$ 25,756,694	\$ 85,015,894	\$ 82,281,207

A portion of the primary government's net position, \$9,063,703 or 10.7 percent, represents resources that are subject to external restriction on how they may be used. These restrictions include monies accounted for in special revenue funds for 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, \$22,869,279 or 26.9 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, 2014

Statement of Activities

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 2,093,838	\$ 1,888,014	\$ 4,628,180	\$ 4,488,373	\$ 6,722,018	\$ 6,376,387
Operating grants and contributions	1,158,002	1,136,571	-	-	1,158,002	1,136,571
Capital grants and contributions	390,324	385,355	-	-	390,324	385,355
General revenues:						
Ad valorem taxes	4,245,156	4,003,896	-	-	4,245,156	4,003,896
Sales taxes	11,409,472	10,716,276	-	-	11,409,472	10,716,276
Franchise and local taxes	1,103,397	1,119,510	-	-	1,103,397	1,119,510
Other taxes	1,775,967	1,447,797	-	-	1,775,967	1,447,797
Investment earnings	24,038	55,583	19,521	13,054	43,559	68,637
Other revenues	111,488	175,570	223,033	738,931	334,521	914,501
Gain (loss) on disposal of capital assets	67,238	84,719	(21,723)	-	45,515	84,719
Total Revenues	<u>22,378,920</u>	<u>21,013,291</u>	<u>4,849,011</u>	<u>5,240,358</u>	<u>27,227,931</u>	<u>26,253,649</u>
Expenses						
General government	3,433,495	3,080,566	-	-	3,433,495	3,080,566
Public safety	9,919,950	10,243,794	-	-	9,919,950	10,243,794
Public works	3,661,162	4,440,657	-	-	3,661,162	4,440,657
Community development	2,463,304	1,744,564	-	-	2,463,304	1,744,564
Interest and fiscal agent fees on long-term debt	465,686	649,178	-	-	465,686	649,178
Water	-	-	2,089,815	1,952,327	2,089,815	1,952,327
Wastewater	-	-	2,254,186	2,128,511	2,254,186	2,128,511
Drainage	-	-	205,646	256,681	205,646	256,681
Total Expenses	<u>19,943,597</u>	<u>20,158,759</u>	<u>4,549,647</u>	<u>4,337,519</u>	<u>24,493,244</u>	<u>24,496,278</u>
Increase (Decrease) in Net Position						
Before Transfers	2,435,323	854,532	299,364	902,839	2,734,687	1,757,371
Transfers In (Out)	<u>250,000</u>	<u>250,000</u>	<u>(250,000)</u>	<u>(250,000)</u>	<u>-</u>	<u>-</u>
Change in Net Position	2,685,323	1,104,532	49,364	652,839	2,734,687	1,757,371
Beginning Net Position	<u>56,524,513</u>	<u>55,419,981</u>	<u>25,756,694</u>	<u>25,103,855</u>	<u>82,281,207</u>	<u>80,523,836</u>
Ending Net Position	<u>\$ 59,209,836</u>	<u>\$ 56,524,513</u>	<u>\$ 25,806,058</u>	<u>\$ 25,756,694</u>	<u>\$ 85,015,894</u>	<u>\$ 82,281,207</u>

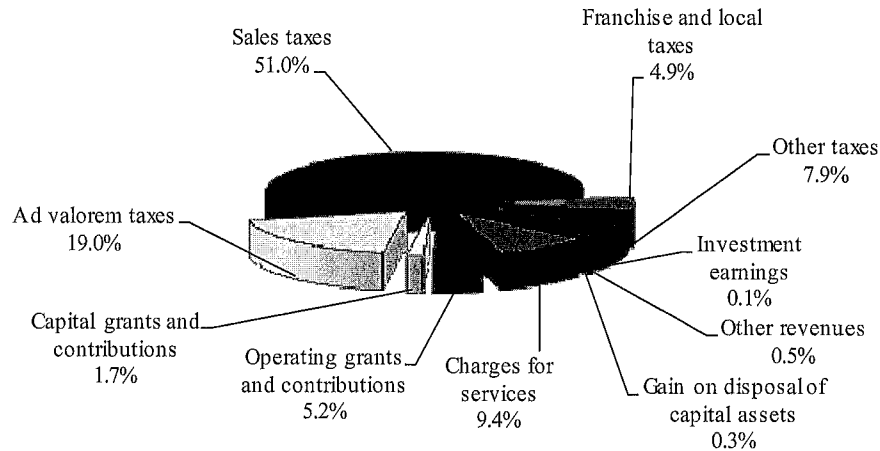
CITY OF WEBSTER, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

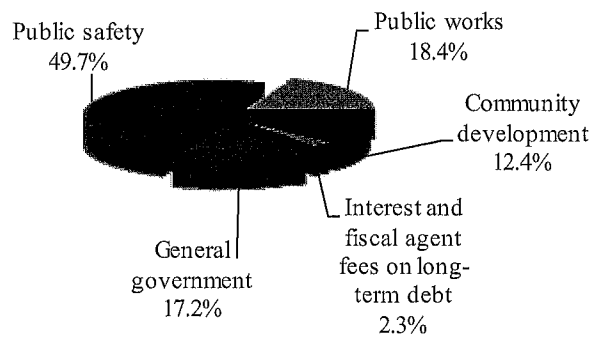
For the Year Ended September 30, 2014

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

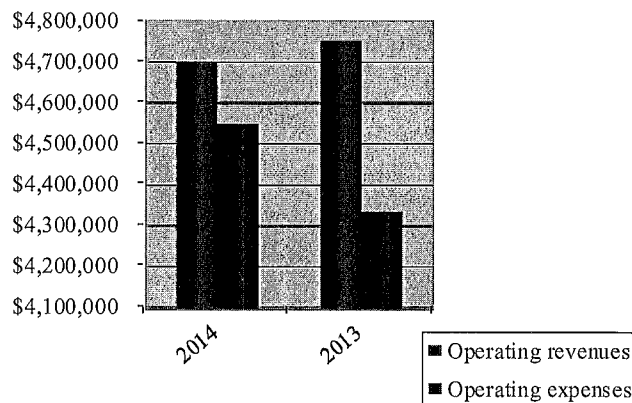
Governmental Activities - Revenues



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, 2014

Governmental Activities

For the year ended September 30, 2014, revenues from governmental activities totaled \$22,378,920. Property and sales tax revenues continue to be the City's largest revenue sources. Sales tax revenue increased by \$693,196 due to an improvement in economic conditions. Operating grants and contributions increased by \$21,431 due to a slight increase in the amount of state grants received. Capital grants and contributions increased by \$4,969 due to an increase in federal grants received during the year offset by a developer contribution received in the prior year. Investment income decreased by \$31,545 as a result of an increase in unrealized losses on various investments. Other taxes increased 22.7 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 \$1,103,397 for the year ended September 30, 2014.

For the year ended September 30, 2014, expenses for governmental activities totaled \$19,943,597, which was similar to last year. Expenses per capita were \$1,750, down \$37 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 \$139,807 or 3.1 percent due to an increase in prices offset by a decrease in consumption. Operating costs increased by \$212,128 or 4.9 percent due to an increase in personnel, contractual and professional, repair and maintenance, and bond amortization costs.

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 \$22,314,934. Of this, \$60,309 is nonspendable consisting of prepaid items and inventory, \$4,689,437 is assigned, and \$5,334,900 is restricted for various purposes.

There was an increase in the combined fund balance of \$2,107,556 from the prior year. This is largely attributable to an increase in sales tax revenues, hotel occupancy tax revenues, property tax revenues, mixed drink tax revenues, and charges for services as a result of outsourcing emergency medical services. The City's fund balance policy for the general fund is a minimum four-month reserve. The general fund's unassigned fund balance of \$12,230,288 is estimated to be \$6,625,833 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 \$1,070,851 in the general fund balance, bringing ending fund balance to \$12,477,855. This increase is mainly due to an increase in sales tax revenue, property tax revenue, mixed drink tax revenue and charges for services revenue, and a decrease in transfers out. These increases in revenue were offset by an increase in public safety expenditures due to an increase in personnel expenditures and contributions to the Equipment Replacement Fund.

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

There was an increase of \$121,430 in the debt service fund balance, bringing ending fund balance to \$969,351. The increase is due to property tax revenues in excess of scheduled debt payments.

The hotel occupancy tax fund experienced an increase in fund balance of \$836,353, which can be primarily attributed to an increase in tax revenue due to higher hotel occupancy.

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 2.1 percent due to an increase in capital reserve rates. Charges for wastewater increased by 6.8 percent due to an increase in the wastewater volumetric rate. Drainage charges decreased by 19.9 percent due to a 20.0 percent rate reduction. Operating expenses increased by 2.8 percent, which contributed to the increase in ending net position of \$13,380.

GENERAL FUND BUDGETARY HIGHLIGHTS

Actual revenues were \$886,430 more than budgeted revenues for 2014. This variance can be primarily attributed to positive variances of \$98,624 for property taxes, \$355,032 for sales taxes, \$147,398 for other taxes, \$133,945 for license and permits and \$181,094 for charges for services.

Actual expenditures were less than budgeted expenditures by \$525,255. All departments had positive budget variances which were largely the result of lower than anticipated costs for personnel and services.

CAPITAL ASSETS

At September 30, 2014, the City's governmental activities funds had invested \$52,646,229 in a variety of capital assets and infrastructure. This represents a net decrease of \$753,105.

Major capital asset events during the year included the following:

- Completion of the Texas Avenue parking lot in the amount of \$309,300
- Purchase of park equipment in the amount of \$129,934
- Purchase of portable radios, dispatch software, and cameras/recording equipment through the UASI grant in the amount of \$383,958
- Purchase of a generator in the amount of \$125,470
- Purchase of fire equipment in the amount of \$209,507

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

CITY OF WEBSTER, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2014

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$23,510,000. Of this amount, \$15,810,000 was general obligation debt, while certificates of obligation accounted for \$5,905,000. The remaining \$1,795,000 consisted of business-type revenue bonds.

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

Current underlying ratings on debt issues are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

In September 2014, the City Council approved an expenditure budget of \$38,652,640. The primary cause for the 11.6 percent growth over the previous year is the creation of the Employee Benefits Trust Fund during fiscal year 2014-15. This new internal service fund accounts for the \$2,250,000 of insurance costs incurred by the City. Capital outlay increases by \$813,180 to procure significant items. Personnel costs also escalate by \$790,940.

Property tax values within the City increased 2.6 percent above the adjusted 2013 taxable values. The property tax rate declines from \$0.26960 to \$0.24874 per \$100 of taxable value. After increasing 6.5 percent in 2014, the Fiscal Year 2014-15 Annual Budget conservatively predicts sales tax revenue to grow at the rate of 2.7 percent in 2015. Sales tax receipts comprise 60.1 percent of the revenues for the General Fund and 40.2 percent of the revenues for all funds, including the component unit. With the exception of an increasing wastewater volumetric rate, utility rates remain unchanged. The capital reserve fee goes up by \$0.18 per 1,000 gallons in accordance with the three-year implementation plan.

The booming economy can be demonstrated by the area's unemployment rate, which decreased from 6.2 percent in 2013 to 4.9 percent in 2014. A record level of annual sales tax revenue is being reported for the fiscal year just ended. Rising property values are foreseen with the opening of Bay Area Regional Medical Center and the recent groundbreaking for the Webster Rehabilitation Hospital. The Webster Economic Development Corporation's "destination development" project is coming to fruition after an agreement was reached with the premier entertainment venue, TopGolf International.

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, 2014

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
ASSETS				
Cash and cash equivalents	\$ 14,539,954	\$ 5,773,587	\$ 20,313,541	\$ 9,046,417
Investments	9,335,481	2,842,557	12,178,038	-
Receivables (net of allowance for uncollectible)	2,578,669	530,283	3,108,952	643,394
Internal balances	(99,836)	99,836	-	-
Prepaid items	35,584	5,623	41,207	-
Inventory	24,725	-	24,725	-
Capital assets:				
Non-depreciable	3,911,681	642,846	4,554,527	3,101,166
Net depreciable capital assets	48,734,548	23,517,334	72,251,882	-
Total Assets	<u>79,060,806</u>	<u>33,412,066</u>	<u>112,472,872</u>	<u>12,790,977</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charge on refunding	549,174	29,289	578,463	157,608
LIABILITIES				
Accounts payable and accrued liabilities	1,025,755	358,937	1,384,692	4,818
Customer deposits	3,900	319,496	323,396	-
Accrued interest payable	34,874	23,390	58,264	15,964
Noncurrent liabilities:				
Long-term liabilities due within one year	2,466,914	365,101	2,832,015	1,200,764
Long-term liabilities due in more than one year	16,868,701	6,568,373	23,437,074	7,934,655
Total Liabilities	<u>20,400,144</u>	<u>7,635,297</u>	<u>28,035,441</u>	<u>9,156,201</u>
NET POSITION				
Net investment in capital assets	35,649,793	17,433,119	53,082,912	3,101,166
Restricted for:				
Debt service	971,690	28,658	1,000,348	127,065
Enabling legislation	4,365,549	-	4,365,549	-
Construction/capital improvements	-	3,697,806	3,697,806	4,689,338
Economic development	-	-	-	4,852,626
Unrestricted	18,222,804	4,646,475	22,869,279	(8,977,811)
Total Net Position	<u>\$ 59,209,836</u>	<u>\$ 25,806,058</u>	<u>\$ 85,015,894</u>	<u>\$ 3,792,384</u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,433,495	\$ 320,302	\$ 1,030,030	\$ -
Public safety	9,919,950	1,288,379	127,972	390,324
Public works	3,661,162	-	-	-
Community development	2,463,304	485,157	-	-
Interest and fiscal agent fees	465,686	-	-	-
Total Governmental Activities	<u>19,943,597</u>	<u>2,093,838</u>	<u>1,158,002</u>	<u>390,324</u>
Business-Type Activities				
Water	2,089,815	2,125,888	-	-
Wastewater	2,254,186	2,293,096	-	-
Drainage	205,646	209,196	-	-
Total Business-Type Activities	<u>4,549,647</u>	<u>4,628,180</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 24,493,244</u>	<u>\$ 6,722,018</u>	<u>\$ 1,158,002</u>	<u>\$ 390,324</u>
Component Unit				
Webster Economic Development Corporation	\$ 1,601,466	\$ -	\$ -	\$ -
Total Component Unit	<u>\$ 1,601,466</u>	<u>\$ -</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			
Primary Government			
Governmental Activities	Business-Type Activities	Total	Component Unit
\$ (2,083,163)	\$ -	\$ (2,083,163)	\$ -
(8,113,275)	-	(8,113,275)	-
(3,661,162)	-	(3,661,162)	-
(1,978,147)	-	(1,978,147)	-
(465,686)	-	(465,686)	-
(16,301,433)	-	(16,301,433)	-
-	36,073	36,073	-
-	38,910	38,910	-
-	3,550	3,550	-
-	78,533	78,533	-
(16,301,433)	78,533	(16,222,900)	-
-	-	-	(1,601,466)
-	-	-	(1,601,466)
4,245,156	-	4,245,156	-
11,409,472	-	11,409,472	3,803,157
1,103,397	-	1,103,397	-
1,775,967	-	1,775,967	-
24,038	19,521	43,559	8,446
111,488	223,033	334,521	-
67,238	(21,723)	45,515	-
250,000	(250,000)	-	-
18,986,756	(29,169)	18,957,587	3,811,603
2,685,323	49,364	2,734,687	2,210,137
56,524,513	25,756,694	82,281,207	1,582,247
\$ 59,209,836	\$ 25,806,058	\$ 85,015,894	\$ 3,792,384

CITY OF WEBSTER, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

September 30, 2014

	General	Debt Service	Hotel Occupancy Tax	Nonmajor Governmental Funds
ASSETS				
Cash and cash equivalents	\$ 3,700,856	\$ 969,340	\$ 2,914,793	\$ 5,348,795
Investments	7,351,423	-	-	495,176
Receivables (net of allowance for uncollectible)	2,293,086	50,074	113,468	119,704
Due from other funds	110,648	-	-	-
Deposits	200	-	-	-
Prepaid items	23,084	-	-	12,500
Inventory	24,725	-	-	-
Total Assets	<u>\$ 13,504,022</u>	<u>\$ 1,019,414</u>	<u>\$ 3,028,261</u>	<u>\$ 5,976,175</u>
LIABILITIES				
Accounts payable and accrued liabilities	\$ 972,517	\$ -	\$ 59	\$ 26,001
Customer deposits	3,900	-	-	-
Due to other funds	2,878	-	-	110,648
Total Liabilities	<u>979,295</u>	<u>-</u>	<u>59</u>	<u>136,649</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable revenue - property taxes	<u>46,872</u>	<u>50,063</u>	<u>-</u>	<u>-</u>
FUND BALANCES				
Nonspendable:				
Prepaid items	23,084	-	-	12,500
Inventory	24,725	-	-	-
Restricted for:				
Debt service	-	969,351	-	-
Enabling legislation	-	-	3,028,202	1,337,347
Assigned to:				
Special revenue	-	-	-	113,288
Capital projects	-	-	-	4,376,391
Other post-employment benefits	199,758	-	-	-
Unassigned	12,230,288	-	-	-
Total Fund Balances	<u>12,477,855</u>	<u>969,351</u>	<u>3,028,202</u>	<u>5,839,526</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 13,504,022</u>	<u>\$ 1,019,414</u>	<u>\$ 3,028,261</u>	<u>\$ 5,976,175</u>

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 12,933,784
7,846,599

2,576,332

110,648

200

35,584

24,725

\$ 23,527,872

\$ 998,577

3,900

113,526

1,116,003

96,935

35,584

24,725

969,351

4,365,549

113,288

4,376,391

199,758

12,230,288

22,314,934

\$ 23,527,872

CITY OF WEBSTER, TEXAS
RECONCILIATION OF THE BALANCE SHEET
OF GOVERNMENTAL FUNDS TO THE
STATEMENT OF NET POSITION
September 30, 2014

Total fund balances – total governmental funds	\$	22,314,934
------------------------------------------------	----	------------

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		3,911,681
Capital assets – net depreciable		48,734,548

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		96,935
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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.		2,973,053
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Some liabilities, including bonds payable, are not reported as liabilities in the governmental funds.		
Accrued interest payable		(34,874)
Non-current liabilities due in one year		(2,466,914)
Non-current liabilities due in more than one year		(16,868,701)
Deferred charge on refunding		549,174

Net Position of Governmental Activities	\$	59,209,836
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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, 2014

	General	Debt Service	Hotel Occupancy Tax	Nonmajor Governmental Funds
REVENUES				
Ad valorem taxes	\$ 2,587,734	\$ 1,685,128	\$ -	\$ -
Sales taxes	11,409,472	-	-	-
Franchise fees	1,076,058	-	-	27,339
Other taxes	575,288	-	1,200,679	-
Licenses and permits	444,015	-	-	-
Fines and forfeitures	1,144,875	-	-	143,504
Charges for services	361,444	-	-	-
Intergovernmental	-	-	-	518,296
Investment earnings	6,560	930	2,429	5,558
Contributions	700,000	330,030	-	-
Other revenue	101,484	-	944	9,060
Total Revenues	<u>18,406,930</u>	<u>2,016,088</u>	<u>1,204,052</u>	<u>703,757</u>
EXPENDITURES				
Current				
General government	3,289,786	-	-	52,242
Public safety	9,218,921	-	-	560,160
Public works	2,741,805	-	-	-
Community development	1,562,853	-	330,799	-
Capital Outlay	-	-	-	820,334
Debt Service				
Principal	-	1,460,000	-	-
Interest and fiscal charges	-	451,425	-	-
Total Expenditures	<u>16,813,365</u>	<u>1,911,425</u>	<u>330,799</u>	<u>1,432,736</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>1,593,565</u>	<u>104,663</u>	<u>873,253</u>	<u>(728,979)</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	306,900	16,767	-	844,668
Transfers out	(844,668)	-	(36,900)	(36,767)
Sale of capital assets	15,054	-	-	-
Total Other Financing Sources (Uses)	<u>(522,714)</u>	<u>16,767</u>	<u>(36,900)</u>	<u>807,901</u>
Net Change in Fund Balances	1,070,851	121,430	836,353	78,922
Beginning Fund Balances	11,407,004	847,921	2,191,849	5,760,604
Ending Fund Balances	<u>\$ 12,477,855</u>	<u>\$ 969,351</u>	<u>\$ 3,028,202</u>	<u>\$ 5,839,526</u>

See Notes to Financial Statements.

Total Governmental Funds	
\$	4,272,862
	11,409,472
	1,103,397
	1,775,967
	444,015
	1,288,379
	361,444
	518,296
	15,477
	1,030,030
	111,488
	<u>22,330,827</u>
	3,342,028
	9,779,081
	2,741,805
	1,893,652
	820,334
	1,460,000
	<u>451,425</u>
	<u>20,488,325</u>
	<u>1,842,502</u>
	1,168,335
	(918,335)
	<u>15,054</u>
	<u>265,054</u>
	2,107,556
	<u>20,207,378</u>
\$	<u><u>22,314,934</u></u>

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, 2014

Net changes in fund balances – total governmental funds \$ 2,107,556

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	(3,056,589)
Capital outlay	1,453,615

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.

849,869

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

(27,706)

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	1,460,000
Amortization of deferred charges	(16,600)
Accrued interest	2,339
Compensated absences	(58,255)
Net pension obligation	(4,711)
Net OPEB obligation	(21,018)

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.

(3,177)

Change in Net Position of Governmental Activities

\$ 2,685,323

See Notes to Financial Statements.

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CITY OF WEBSTER, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2014

	<u>Business-Type Activities Utility Fund</u>	<u>Governmental Activities - Internal Service Funds</u>
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 5,773,587	\$ 1,606,170
Investments	2,842,557	1,488,882
Receivables, net	530,283	2,137
Due from other funds	2,878	-
Prepaid expenses	5,623	-
Total Current Assets	<u>9,154,928</u>	<u>3,097,189</u>
Noncurrent Assets		
Capital assets:		
Non-depreciable	642,846	-
Depreciable capital assets	38,920,738	4,408,407
Less: accumulated depreciation	(15,403,404)	(2,834,098)
Total Capital Assets (Net)	<u>24,160,180</u>	<u>1,574,309</u>
Total Noncurrent Assets	<u>24,160,180</u>	<u>1,574,309</u>
Total Assets	<u>33,315,108</u>	<u>4,671,498</u>
DEFERRED OUTFLOWS OF RESOURCES		
Deferred charge on refunding	<u>29,289</u>	<u>-</u>
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	358,937	27,178
Accrued interest payable	23,390	-
Current portion of compensated absences	77,284	1,734
Customer deposits	319,496	-
Current portion of bonds payable (net of deferred charges)	287,817	-
Total Current Liabilities	<u>1,066,924</u>	<u>28,912</u>
Noncurrent Liabilities		
Compensated absences	15,916	11,298
Net pension obligation	58,686	16,080
Net other postemployment benefit obligation	25,238	5,209
Bonds payable (net of deferred charges)	6,468,533	-
Total Noncurrent Liabilities	<u>6,568,373</u>	<u>32,587</u>
Total Liabilities	<u>7,635,297</u>	<u>61,499</u>
NET POSITION		
Net investment in capital assets	17,433,119	1,574,309
Restricted for debt service	28,658	-
Restricted for construction/capital improvements	3,697,806	-
Unrestricted	4,549,517	3,035,690
Total Net Position	<u>25,709,100</u>	<u>\$ 4,609,999</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	96,958	
Net position of business-type activities	<u>\$ 25,806,058</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, 2014

	Business-Type Activities	Governmental Activities -
	Utility Fund	Internal Service Funds
OPERATING REVENUES		
Water charges	\$ 2,125,888	\$ -
Wastewater charges	2,293,096	-
Drainage charges	209,196	-
Penalties and reconnect fees	27,329	-
Charges for services	-	3,306,548
Other revenue	34,572	21,055
Total Operating Revenues	4,690,081	3,327,603
OPERATING EXPENSES		
Personnel	1,291,621	2,288,865
Supplies	504,694	27,420
Maintenance	482,686	89,014
Services	658,623	185,248
Depreciation	1,226,513	444,729
Total Operating Expenses	4,164,137	3,035,276
Operating Income	525,944	292,327
NONOPERATING REVENUES (EXPENSES)		
Investment earnings	19,521	8,561
Interest expense	(421,494)	-
Impact fees	161,132	-
Gain (loss) on sale of capital assets	(21,723)	52,184
Total Nonoperating Revenues (Expenses)	(262,564)	60,745
Income Before Contributions and Transfers	263,380	353,072
CONTRIBUTIONS AND TRANSFERS		
Transfers out	(250,000)	-
Change in Net Position	13,380	353,072
Beginning Net Position	25,695,720	4,256,927
Ending Net Position	\$ 25,709,100	\$ 4,609,999
Change in net position before adjustment	\$ 13,380	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	35,984	
Change in net position of business-type activities	\$ 49,364	

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, 2014

	Business-Type Activities Utility Fund	Governmental Activities - Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers and users	\$ 4,660,795	\$ 3,326,425
Payments to suppliers	(1,516,429)	(322,574)
Payments to employees	(1,281,512)	(2,287,341)
Net Cash Provided by Operating Activities	1,862,854	716,510
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Impact fees	161,132	-
Transfers to other funds	(250,000)	-
Net Cash (Used) by Noncapital Financing Activities	(88,868)	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(659,902)	(767,300)
Issuance of refunding bonds	4,976,501	-
Principal paid on debt	(5,100,000)	-
Interest paid on debt	(399,283)	-
Proceeds from sale of capital assets	(21,723)	52,966
Net Cash (Used) by Capital and Related Financing Activities	(1,204,407)	(714,334)
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from sales and maturities of investments	1,520,058	(478,980)
Purchase of investments	(1,498,898)	498,898
Interest on investments	19,521	8,561
Net Cash Provided by Investing Activities	40,681	28,479
Net Increase in Cash and Cash Equivalents	610,260	30,655
Beginning Cash and Cash Equivalents	5,163,327	1,575,515
Ending Cash and Cash Equivalents	\$ 5,773,587	\$ 1,606,170

CITY OF WEBSTER, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2014

	<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	\$ 525,944	\$ 292,327
Adjustments to Reconcile Operating Income to		
Net Cash Provided by Operating Activities:		
Depreciation	1,226,513	444,729
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in Current Assets:		
Accounts receivable	(48,266)	(1,178)
Due from other funds	2,314	-
Prepaid expenses	(963)	-
Deferred outflows	(29,289)	-
Increase (Decrease) in Current Liabilities:		
Accounts payable and accrued liabilities	157,512	(20,892)
Compensated absences	7,408	(1,127)
Customer deposits	18,980	-
Net pension obligation	55	1,989
Net other post-employment benefit obligation	2,646	662
Net Cash Provided by Operating Activities	<u><u>\$ 1,862,854</u></u>	<u><u>\$ 716,510</u></u>

See Notes to Financial Statements.

CITY OF WEBSTER, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended September 30, 2014

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 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 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, 2014

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

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 11 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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, 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 street construction fund, other capital projects fund, general projects fund, and the certificates of obligation, series 2012 fund. The capital project funds are considered nonmajor for reporting purposes.

The City reports the following enterprise fund:

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

Additionally, the City reports the following fund type:

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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.

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

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.

3. Inventories and Prepaid Items

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

4. Capital Assets

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

5. Deferred Outflows/Inflows of Resources

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

6. Compensated Employee Absences

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

7. Long-Term Obligations

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

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

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

10. Fund Balance Policies

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

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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.

11. Estimates

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

12. Comparative Data

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

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of September 30, 2014, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 10,063,288	0.86
Certificates of deposit	2,114,749	1.59
External investment pools	6,942,121	0.00
Total fair value	<u>\$ 19,120,158</u>	
Portfolio weighted average maturity		0.63

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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, 2014, 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, 2014 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, 2014, market values of pledged securities were \$21,205,290 and bank balances were \$18,988,562.

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 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 fair value to report net

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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	\$ 47,325	\$ 51,949	\$ -	\$ -	\$ -
Other taxes	2,169,614	-	113,468	6,134	643,394
Accounts	2,343	-	-	12,345	-
Accrued interest	10,429	-	-	2,054	-
Intergovernmental	-	-	-	99,171	-
Other	63,816	-	-	-	-
Less allowance	(441)	(1,875)	-	-	-
	<u>\$ 2,293,086</u>	<u>\$ 50,074</u>	<u>\$ 113,468</u>	<u>\$ 119,704</u>	<u>\$ 643,394</u>

Proprietary Funds

	Enterprise	Internal Service
Accounts	\$ 561,617	\$ -
Accrued interest	4,235	2,137
Less allowance	(35,569)	-
	<u>\$ 530,283</u>	<u>\$ 2,137</u>

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

C. Capital Assets

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

	Beginning Balance	Increases	Decreases/ Reclassifications	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,670,011	\$ 11,208	\$ -	\$ 3,681,219
Construction in progress	198,909	790,999	(759,446)	230,462
Total capital assets not being depreciated	<u>3,868,920</u>	<u>802,207</u>	<u>(759,446)</u>	<u>3,911,681</u>
Other capital assets:				
Buildings and improvements	24,435,803	299,310	(102,058)	24,633,055
Furniture and equipment	9,494,069	1,496,998	(749,445)	10,241,622
Infrastructure	46,787,930	466,049	-	47,253,979
Total other capital assets	<u>80,717,802</u>	<u>2,262,357</u>	<u>(851,503)</u>	<u>82,128,656</u>
Less accumulated depreciation for:				
Buildings and improvements	(7,891,717)	(613,502)	102,058	(8,403,161)
Furniture and equipment	(5,630,863)	(900,611)	747,811	(5,783,663)
Infrastructure	(17,664,808)	(1,542,476)	-	(19,207,284)
Total accumulated depreciation	<u>(31,187,388)</u>	<u>(3,056,589)</u>	<u>849,869</u>	<u>(33,394,108)</u>
Other capital assets, net	<u>49,530,414</u>	<u>(794,232)</u>	<u>(1,634)</u>	<u>48,734,548</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 53,399,334</u></u>	<u><u>\$ 7,975</u></u>	<u><u>\$ (761,080)</u></u>	<u><u>52,646,229</u></u>
			Less debt associated with capital assets	(17,545,610)
			Plus deferred charge on refunding	549,174
			Net Investment in Capital Assets	<u><u>\$ 35,649,793</u></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, 2014

Depreciation was charged to governmental functions as follows:

General government	\$ 228,488
Public safety	741,353
Public works	1,067,075
Community development	574,944
Internal service funds	<u>444,729</u>
Total Governmental Activities Depreciation Expense	<u>\$ 3,056,589</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:

<u>Project Description</u>	<u>Authorized Contract</u>	<u>Contract Expenditures</u>	<u>Remaining Commitment</u>
Packer Court	<u>\$ 650,000</u>	<u>\$ 41,153</u>	<u>\$ 608,847</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	\$ 3,101,166	\$ -	\$ -	\$ 3,101,166
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, 2014

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	518,658	-	540,577
Total capital assets not being depreciated	124,188	518,658	-	642,846
Other capital assets:				
Building and improvements	26,256,761	148,745	(41,054)	26,364,452
Furniture and equipment	95,286	7,535	(40,603)	62,218
Water and wastewater system	12,487,381	6,687	-	12,494,068
Total other capital assets	38,839,428	162,967	(81,657)	38,920,738
Less accumulated depreciation for:				
Building and improvements	(6,975,510)	(867,698)	19,443	(7,823,765)
Furniture and equipment	(88,741)	(4,540)	40,491	(52,790)
Water and wastewater system	(7,172,574)	(354,275)	-	(7,526,849)
Total accumulated depreciation	(14,236,825)	(1,226,513)	59,934	(15,403,404)
Other capital assets, net	24,602,603	(1,063,546)	(21,723)	23,517,334
Business-Type Activities Capital Assets, Net	\$ 24,726,791	\$ (544,888)	\$ (21,723)	24,160,180
			Less debt associated with capital assets	(6,756,350)
			Plus deferred charge on refunding	29,289
			Net Investment in Capital Assets	\$ 17,433,119

Depreciation was charged to business-type functions as follows:

Water	\$ 430,285
Wastewater	796,228
Total Business-Type Activities Depreciation Expense	\$ 1,226,513

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

Project Description	Authorized Contract	Contract Expenditures	Remaining Commitment
Clarifier Rehab	\$ 600,000	\$ 524,922	\$ 75,078
Water Tank Painting	500,000	15,655	484,345
	\$ 1,100,000	\$ 540,577	\$ 559,423

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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	\$ 12,385,000	\$ -	\$ (1,235,000)	\$ 11,150,000 ⁽¹⁾	\$ 1,385,000
Certificates of obligation	6,130,000	-	(225,000)	5,905,000 ⁽¹⁾	235,000
Plus bond premium	561,772	-	(71,162)	490,610 ⁽¹⁾	71,162
	<u>19,076,772</u>	<u>-</u>	<u>(1,531,162)</u>	<u>17,545,610</u>	<u>1,691,162</u>
Other liabilities:					
Net pension obligation	616,788	4,711	-	621,499	-
Net OPEB obligation	183,949	21,018	-	204,967	-
Compensated absences	905,284	785,801	(727,546)	963,539	775,752
Total Governmental Activities	<u>\$ 20,782,793</u>	<u>\$ 811,530</u>	<u>\$ (2,258,708)</u>	<u>\$ 19,335,615</u>	<u>\$ 2,466,914</u>
Business-Type Activities:					
General obligation bonds	\$ -	\$ 4,660,000	\$ -	\$ 4,660,000 ⁽²⁾	\$ 195,000
Revenue bonds	6,895,000	-	(5,100,000)	1,795,000 ⁽²⁾	75,000
Plus bond premiums	-	316,501	(3,087)	313,414 ⁽²⁾	18,527
Less bond discount	(37,362)	-	25,298	(12,064) ⁽²⁾	(710)
Net pension obligation	58,631	55	-	58,686	-
Net OPEB obligation	22,592	2,646	-	25,238	-
Compensated absences	85,792	78,549	(71,141)	93,200	77,284
Total Business-Type Activities	<u>\$ 7,024,653</u>	<u>\$ 5,057,751</u>	<u>\$ (5,148,930)</u>	<u>\$ 6,933,474</u>	<u>\$ 365,101</u>
WEDC:					
Bonds payable	\$ 10,290,000	\$ -	\$ (1,150,000)	\$ 9,140,000	\$ 1,200,000
Less bond discount	(5,345)	-	764	(4,581)	764
Total WEDC	<u>\$ 10,284,655</u>	<u>\$ -</u>	<u>\$ (1,149,236)</u>	<u>\$ 9,135,419</u>	<u>\$ 1,200,764</u>

(1) Debt associated with governmental capital assets \$ 17,545,610

(2) Debt associated with business-type capital assets \$ 6,756,350

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, 2014

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%	\$ 7,910,000
General Obligation Refunding Bonds Series 2010	2.00-4.50%	3,240,000
Total General Obligation Bonds		11,150,000
Certificates of Obligation		
Tax and Revenue Certificates of Obligation Series 2012	1.50-3.00%	5,905,000
Total Certificates of Obligation		5,905,000
Total Governmental Activities Long-Term Debt		\$ 17,055,000
<u>Business-Type Activities</u>		
General Obligation Bonds		
Water and Sewer Refunding Bonds, Series 2014	3.00-4.00%	\$ 4,660,000
Total General Obligation Bonds		4,660,000
Revenue Bonds		
Water and Sewer, Series 2008	3.30-4.30%	1,795,000
Total Revenue Bonds		1,795,000
Total Business-Type Activities Long-Term Debt		\$ 6,455,000
<u>WEDC</u>		
Sales Tax Revenue Improvement and Refunding Bonds Series 2006	3.75-4.375%	\$ 9,140,000

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, 2014

General Obligation and Public Improvement Bonds

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

Year Ending Sept. 30	Governmental Activities		Business-Type Activities	
	Principal	Interest	Principal	Interest
2015	\$ 1,385,000	\$ 259,375	\$ 195,000	\$ 177,734
2016	1,385,000	227,875	205,000	156,263
2017	1,615,000	189,425	215,000	148,063
2018	1,645,000	147,425	225,000	139,463
2019	1,675,000	103,288	235,000	130,463
2020-2024	3,445,000	79,650	1,320,000	503,513
2025-2029	-	-	1,570,000	252,925
2030-2031	-	-	695,000	32,550
Total	\$ 11,150,000	\$ 1,007,038	\$ 4,660,000	\$ 1,540,974

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
2015	\$ 235,000	\$ 160,338
2016	245,000	156,738
2017	255,000	152,350
2018	260,000	147,200
2019	270,000	141,900
2020-2024	1,525,000	585,225
2025-2029	1,835,000	333,675
2030-2032	1,280,000	58,650
Total	\$ 5,905,000	\$ 1,736,076

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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
2015	\$ 75,000	\$ 73,840
2016	80,000	71,121
2017	80,000	68,121
2018	85,000	65,121
2019	90,000	61,828
2020-2024	500,000	253,090
2025-2029	600,000	140,125
2030-2032	285,000	18,490
Total	\$ 1,795,000	\$ 751,736

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
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	1,320,000	173,090
2020-2021	2,640,000	174,910
Total	\$ 9,140,000	\$ 1,584,198

Current Refunding

During fiscal year 2014, the City issued \$4,660,000 of general obligation refunding bonds, series 2014 for the current refunding of \$4,835,000 of water and sewer system revenue bonds, series 2006. The refunding was to take advantage of lower interest rates and reduce total future debt service payments. The reacquisition price exceeded the net carrying amount of the old debt by \$29,289. This amount is being amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued. This refunding resulted in an economic gain of \$652,804 and a reduction of \$813,101 in future debt service payments over the next 17 years.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Federal Arbitrage

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

E. Interfund Transactions

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

Transfer In	Transfer Out	Amounts
General Fund	Utility Fund	\$ 250,000
General Fund	Hotel Occupancy Tax Fund	36,900
General Fund	Nonmajor Governmental	20,000
Debt Service Fund	Nonmajor Governmental	16,767
Nonmajor Governmental	General Fund	844,668
		\$ 1,168,335

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

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

Receivable Fund	Payable Fund	Amounts
General Fund	Nonmajor Governmental	\$ 110,648
Utility Fund	General Fund	2,878
		\$ 113,526

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

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with over 2,700 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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

C. Pension Plans

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' 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:

	2014	2013
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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) cost method (EAN was first used in the December 31, 2013 valuation; previously, the Projected Unit Credit actuarial cost method had been used). This rate consists of the normal cost contribution rate 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 for an employee is the contribution rate which, if applied to a member's compensation throughout their period of anticipated covered service with the municipality, would be sufficient to meet all benefits payable on their behalf. The salary-weighted average of the individual rates is the total normal cost rate. The prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. 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.

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

Annual required contribution (ARC)	\$ 1,571,641
Interest on net pension obligation (NPO)	47,279
Adjustment to the ARC	<u>(42,514)</u>
Annual pension cost (APC)	1,576,406
Contributions made	<u>(1,571,640)</u>
Increase in NPO	4,766
NPO-beginning of year	<u>675,419</u>
NPO-end of year	<u><u>\$ 680,185</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>
2012	\$ 1,448,652	\$ 1,402,841	96.84%	\$ 669,726
2013	\$ 1,474,969	\$ 1,469,276	99.61%	\$ 675,419
2014	\$ 1,576,406	\$ 1,571,640	99.70%	\$ 680,185

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

The required contribution rates for fiscal year 2014 were determined as part of the December 31, 2011 and 2012 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2013, also follows:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	30 Years - Closed period	25.2 Years - Closed period	26.2 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	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress

In October 2013, the TMRS Board approved actuarial changes in (a) the funding method from Projected Unit Credit to Entry Age Normal, (b) the post-retirement mortality assumptions used in calculating liabilities and contribution rates and in the development of the Annuity Purchase Rate factors, and (c) the amortization policy. These actuarial changes were effective with the December 31, 2013 actuarial valuation. For a complete description of the new actuarial cost method and assumptions, please see the December 31, 2013 TMRS Comprehensive Annual Financial Report.

The funded status as of December 31, 2013, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	\$ 36,837,362
Actuarial Accrued Liability (AAL)	\$ 46,216,483
Percentage Funded	79.7%
Unfunded AAL (UAAL)	\$ 9,379,121
Annual Covered Payroll	\$ 9,022,680
UAAL as a Percentage of Covered Payroll	104.0%

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

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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

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, 2014, the City offered the supplemental death benefit to both active and retired employees.

Contributions

The City contributes to the SDBF at a contractually required rate as determined by an annual actuarial valuation. The rate is equal to the cost of providing one-year term life insurance. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year; the intent is not to pre-fund retiree term life insurance during employees' entire careers.

The City's contributions to the TMRS SDBF for the fiscal years ended 2014, 2013, and 2012 were \$1,864, \$1,773, and \$1,728, respectively. The City's contribution rates for the past three years are shown below:

	<u>2014</u>	<u>2013</u>	<u>2012</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%

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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 2014, the City has an assigned fund balance of \$199,758 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.

The annual OPEB cost for the fiscal year ending September 30, 2014 is as follows:

Annual Required Contribution (ARC)	\$ 23,450
Interest on OPEB Obligation	8,262
Adjustment to the ARC	<u>(8,048)</u>
Annual OPEB Cost	23,664
Net Estimated Employer Contributions	<u>-</u>
Increase in Net OPEB obligation	23,664
Net OPEB Obligation-beginning of year	206,541
Net OPEB Obligation-end of year	<u><u>\$ 230,205</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for 2014 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
2012	\$ 69,035	7.24%	\$ 189,821	\$ 253,856
2013	\$ (47,021)	-0.63%	\$ 253,856	\$ 206,541
2014	\$ 23,664	0.00%	\$ 206,541	\$ 230,205

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 \$9,022,680 and the UAAL as a percentage of the annual covered payroll was 2.0 percent.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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.

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 percent-of-payroll contributions
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.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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 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, 2014, the total taxable value of property within the District was approximately \$82,000,000. The date when property values will increase beyond the payment threshold is undeterminable.

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

Destination Development Project

The WEDC executed an Economic Development Agreement with TopGolf International (the “Developer”) on March 11, 2014. The Developer agreed to acquire land and construct TopGolf Webster, a 65,000 square foot, super-regional, premier golf entertainment complex. In return, the WEDC agreed to reimburse the Developer \$750,000 to offset the cost of certain improvements to be made to the property. Payment to the Developer will be made in two phases. WEDC will reimburse \$375,000 to the Developer when all building permits have been issued and vertical construction has begun. The final \$375,000 will be paid to the Developer after the certificate of occupancy is issued. Both payments are expected within eighteen months. TopGolf Webster must remain open to the public for a minimum of five years or the funds must be refunded to the WEDC.

CITY OF WEBSTER, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2014

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, 2014, the City's total investment in SEWPP totaled \$5,432,895. The net investment reported is \$3,261,229, which includes accumulated depreciation of \$2,171,666.

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.

REQUIRED SUPPLEMENTARY INFORMATION

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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, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2013 Actual
	Original Budget	Budget as Amended	Actual		
REVENUES					
Ad valorem taxes	\$ 2,489,110	\$ 2,489,110	\$ 2,587,734	\$ 98,624	\$ 2,165,303
Sales taxes	10,664,440	11,054,440	11,409,472	355,032	10,716,276
Franchise fees	1,067,140	1,067,140	1,076,058	8,918	1,092,135
Other taxes	427,890	427,890	575,288	147,398	461,048
Licenses and permits	310,070	310,070	444,015	133,945	393,030
Fines and forfeitures	1,161,890	1,161,890	1,144,875	(17,015)	1,170,938
Charges for services	180,350	180,350	361,444	181,094	185,563
Other	105,610	105,610	101,484	(4,126)	116,031
Investment earnings	24,000	24,000	6,560	(17,440)	35,752
Contributions	700,000	700,000	700,000	-	700,000
Total Revenues	17,130,500	17,520,500	18,406,930	886,430	17,036,076
EXPENDITURES					
General government					
City council	202,000	202,000	194,904	7,096	202,858
City secretary	478,350	478,350	461,866	16,484	430,258
City manager	451,980	451,980	439,192	12,788	353,940
Finance	958,880	905,400	805,673	99,727	924,297
Municipal court	661,360	661,360	652,406	8,954	606,727
Human resources	397,660	397,660	387,944	9,716	373,304
Economic development	354,920	354,920	347,801	7,119	328,976
Total general government	3,505,150	3,451,670	3,289,786	161,884	3,220,360
Public safety					
Police					
Administration	1,057,800	1,057,190	1,022,719	34,471	1,012,040
CID	821,830	807,730	769,819	37,911	791,043
Patrol	4,057,680	4,057,680	3,989,989	67,691	3,744,515
Communications	1,222,870	1,222,870	1,198,144	24,726	1,172,763
Total police	7,160,180	7,145,470	6,980,671	164,799	6,720,361
Fire					
Prevention	360,530	360,530	345,739	14,791	362,425
Operations	1,956,100	1,956,100	1,892,511	63,589	1,617,257
Total fire	2,316,630	2,316,630	2,238,250	78,380	1,979,682
Total public safety	9,476,810	9,462,100	9,218,921	243,179	8,700,043

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, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2013 Actual
	Original Budget	Budget as Amended	Actual		
Public works					
Administrative	759,300	759,300	753,639	5,661	387,818
Maintenance	1,189,060	1,227,060	1,200,691	26,369	1,260,029
Parks	850,410	850,410	787,475	62,935	741,600
Engineering	-	-	-	-	203,781
Total public works	<u>2,798,770</u>	<u>2,836,770</u>	<u>2,741,805</u>	<u>94,965</u>	<u>2,593,228</u>
Community development					
Administrative	\$ 621,340	\$ 621,340	\$ 619,274	\$ 2,066	\$ 576,275
Building	620,970	620,970	612,970	8,000	567,077
Recreational	345,770	345,770	330,609	15,161	302,688
Total community development	<u>1,588,080</u>	<u>1,588,080</u>	<u>1,562,853</u>	<u>25,227</u>	<u>1,446,040</u>
Total Expenditures	<u>17,368,810</u>	<u>17,338,620</u>	<u>16,813,365</u>	<u>525,255</u>	<u>15,959,671</u>
Excess (Deficiency) of Revenue Over (Under) Expenditures	<u>(238,310)</u>	<u>181,880</u>	<u>1,593,565</u>	<u>1,411,685</u>	<u>1,076,405</u>
OTHER FINANCING SOURCES (USES)					
Transfers in	308,900	308,900	306,900	(2,000)	780,065
Transfers out	(415,640)	(873,830)	(844,668)	29,162	(961,415)
Sale of capital assets	1,000	1,000	15,054	14,054	3,765
Total Other Financing Sources (Uses)	<u>(105,740)</u>	<u>(563,930)</u>	<u>(522,714)</u>	<u>41,216</u>	<u>(177,585)</u>
Net Change in Fund Balance	<u>\$ (344,050)</u>	<u>\$ (382,050)</u>	<u>1,070,851</u>	<u>\$ 1,452,901</u>	<u>\$ 898,820</u>
Beginning Fund Balance			<u>11,407,004</u>		
Ending Fund Balance			<u>\$ 12,477,855</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, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2013 Actual
	Original Budget	Budget as Amended	Actual		
REVENUES					
Hotel occupancy taxes	\$ 876,270	\$ 876,270	\$ 1,200,679	\$ 324,409	\$ 986,749
Other revenue	490	490	944	454	-
Investment earnings	1,540	1,540	2,429	889	2,048
Total Revenues	<u>878,300</u>	<u>878,300</u>	<u>1,204,052</u>	<u>325,752</u>	<u>988,797</u>
EXPENDITURES					
Community development	841,400	841,400	330,799	510,601	333,025
Total Expenditures	<u>841,400</u>	<u>841,400</u>	<u>330,799</u>	<u>510,601</u>	<u>333,025</u>
Excess of Revenues Over Expenditures	<u>36,900</u>	<u>36,900</u>	<u>873,253</u>	<u>836,353</u>	<u>655,772</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>836,353</u>	<u>\$ 836,353</u>	<u>\$ 618,872</u>
Beginning Fund Balance			<u>2,191,849</u>		
Ending Fund Balance			<u>\$ 3,028,202</u>		

Note to Required Supplementary Information:

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

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

Fiscal year	2012	2013	2014
Actuarial Valuation Date	12/31/2011	12/31/2012	12/31/2013
Actuarial Value of Assets	\$ 30,575,870	\$ 33,538,506	\$ 36,837,362
Actuarial Accrued Liability	\$ 39,180,804	\$ 41,620,731	\$ 46,216,483
Percentage Funded	78.0%	80.6%	79.7%
Unfunded Actuarial			
Accrued Liability (UAAL)	\$ 8,604,934	\$ 8,082,225	\$ 9,379,121
Annual Covered Payroll	\$ 8,525,881	\$ 8,708,632	\$ 9,022,680
UAAL % of Covered Payroll	100.9%	92.8%	104.0%
Net Pension Obligation (NPO)			
at the Beginning of Period	\$ 623,915	\$ 669,726	\$ 675,419
Annual Pension Cost (APC)	1,448,652	1,474,969	1,576,406
Contributions Made	1,402,841	1,469,276	1,571,640
NPO at the End of Period	\$ 669,726	\$ 675,419	\$ 680,185

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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%	\$ 8,708,632	4.4%
12/31/12	\$ -	\$ 182,766	\$ 182,766	0.0%	\$ 9,022,680	2.0%

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

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

The Certificates of Obligation, Series 2012 Fund accounts for the capital projects funded by the certificates of obligation, series 2012 bond issuance.

CITY OF WEBSTER, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2014

Special Revenue Funds				
	Public Safety	Municipal Court Programs	Grant	TIRZ No. 1
ASSETS				
Cash and cash equivalents	\$ 130,337	\$ 177,230	\$ -	\$ 1,048,641
Investments	-	-	-	-
Receivables	-	-	111,516	-
Prepaid items	12,500	-	-	-
Total Assets	<u><u>\$ 142,837</u></u>	<u><u>\$ 177,230</u></u>	<u><u>\$ 111,516</u></u>	<u><u>\$ 1,048,641</u></u>
LIABILITIES				
Accounts payable	\$ 17,049	\$ 4,516	\$ 868	\$ -
Due to other funds	-	-	110,648	-
Total Liabilities	<u><u>17,049</u></u>	<u><u>4,516</u></u>	<u><u>111,516</u></u>	<u><u>-</u></u>
FUND BALANCES				
Nonspendable:				
Prepaid items	12,500	-	-	-
Restricted for:				
Enabling legislation	-	172,714	-	1,048,641
Assigned to:				
Special revenue	113,288	-	-	-
Capital projects	-	-	-	-
Total Fund Balances	<u><u>125,788</u></u>	<u><u>172,714</u></u>	<u><u>-</u></u>	<u><u>1,048,641</u></u>
Total Liabilities and Fund Balances	<u><u>\$ 142,837</u></u>	<u><u>\$ 177,230</u></u>	<u><u>\$ 111,516</u></u>	<u><u>\$ 1,048,641</u></u>

Special Revenue Funds		Capital Project Funds			Total Nonmajor Governmental Funds
PEG Channel	Street Construction	Other Capital Projects	General Projects	Certificates of Obligation, Series 2012	
\$ 109,858	\$ 1,559,037	\$ 2,321,874	\$ 1,818	\$ -	\$ 5,348,795
-	495,176	-	-	-	495,176
6,134	2,054	-	-	-	119,704
-	-	-	-	-	12,500
<u>\$ 115,992</u>	<u>\$ 2,056,267</u>	<u>\$ 2,321,874</u>	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ 5,976,175</u>
\$ -	\$ 3,568	\$ -	\$ -	\$ -	\$ 26,001
-	-	-	-	-	110,648
-	3,568	-	-	-	136,649
-	-	-	-	-	12,500
115,992	-	-	-	-	1,337,347
-	-	-	-	-	113,288
-	2,052,699	2,321,874	1,818	-	4,376,391
<u>115,992</u>	<u>2,052,699</u>	<u>2,321,874</u>	<u>1,818</u>	<u>-</u>	<u>5,839,526</u>
<u>\$ 115,992</u>	<u>\$ 2,056,267</u>	<u>\$ 2,321,874</u>	<u>\$ 1,818</u>	<u>\$ -</u>	<u>\$ 5,976,175</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2014

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant	TIRZ No. 1
REVENUES				
Fines and forfeitures	\$ 68,005	\$ 75,499	\$ -	\$ -
Franchise fees	-	-	-	-
Investment earnings	193	68	-	1,114
Intergovernmental	4,710	-	437,302	76,284
Other revenue	9,060	-	-	-
Total Revenues	<u>81,968</u>	<u>75,567</u>	<u>437,302</u>	<u>77,398</u>
EXPENDITURES				
General government	-	52,242	-	-
Public safety	86,120	-	474,040	-
Capital outlay	-	-	-	-
Total Expenditures	<u>86,120</u>	<u>52,242</u>	<u>474,040</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(4,152)</u>	<u>23,325</u>	<u>(36,738)</u>	<u>77,398</u>
OTHER FINANCING SOURCES (USES)				
Transfers in	-	-	36,738	117,930
Transfers out	-	(20,000)	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>(20,000)</u>	<u>36,738</u>	<u>117,930</u>
Net Change in Fund Balances	(4,152)	3,325	-	195,328
Beginning Fund Balances	<u>129,940</u>	<u>169,389</u>	<u>-</u>	<u>853,313</u>
Ending Fund Balances	<u>\$ 125,788</u>	<u>\$ 172,714</u>	<u>\$ -</u>	<u>\$ 1,048,641</u>

Special Revenue Funds	Capital Project Funds				Total Nonmajor Governmental Funds
PEG Channel	Street Construction	Other Capital Projects	General Projects	Certificates of Obligation, Series 2012	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 143,504
27,339	-	-	-	-	27,339
-	2,392	1,578	128	85	5,558
-	-	-	-	-	518,296
-	-	-	-	-	9,060
27,339	2,392	1,578	128	85	703,757
-	-	-	-	-	52,242
-	-	-	-	-	560,160
-	73,475	483,870	194,644	68,345	820,334
-	73,475	483,870	194,644	68,345	1,432,736
27,339	(71,083)	(482,292)	(194,516)	(68,260)	(728,979)
-	390,000	300,000	-	-	844,668
-	-	-	-	(16,767)	(36,767)
-	390,000	300,000	-	(16,767)	807,901
27,339	318,917	(182,292)	(194,516)	(85,027)	78,922
88,653	1,733,782	2,504,166	196,334	85,027	5,760,604
\$ 115,992	\$ 2,052,699	\$ 2,321,874	\$ 1,818	\$ -	\$ 5,839,526

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, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original Budget	Budget as Amended	Actual		2013 Actual
REVENUES					
Ad valorem taxes	\$ 1,585,100	\$ 1,585,100	\$ 1,685,128	\$ 100,028	\$ 1,792,847
Contributions	330,030	330,030	330,030	-	330,030
Investment earnings	1,120	1,120	930	(190)	1,354
Total Revenues	<u>1,916,250</u>	<u>1,916,250</u>	<u>2,016,088</u>	<u>99,838</u>	<u>2,124,231</u>
EXPENDITURES					
Principal	1,460,000	1,460,000	1,460,000	-	1,915,000
Interest and fiscal charges	451,930	451,930	451,425	505	652,250
Payment to escrow agent	-	-	-	-	8,734,966
Other debt service - refunding escrow	-	-	-	-	115,000
Total Expenditures	<u>1,911,930</u>	<u>1,911,930</u>	<u>1,911,425</u>	<u>505</u>	<u>11,417,216</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>4,320</u>	<u>4,320</u>	<u>104,663</u>	<u>100,343</u>	<u>(9,292,985)</u>
OTHER FINANCING SOURCES					
Transfers in	-	-	16,767	16,767	28,705
Refunding bonds issued	-	-	-	-	8,555,000
Premium on refunding bond	-	-	-	-	326,338
Total Other Financing Sources	<u>-</u>	<u>-</u>	<u>16,767</u>	<u>16,767</u>	<u>8,910,043</u>
Net Change in Fund Balance	<u>\$ 4,320</u>	<u>\$ 4,320</u>	<u>121,430</u>	<u>\$ 117,110</u>	<u>\$ (382,942)</u>
Beginning Fund Balance			<u>847,921</u>		
Ending Fund Balance			<u>\$ 969,351</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, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
REVENUES					
Fines and forfeitures	\$ 214,090	\$ 214,090	\$ 68,005	\$ (146,085)	\$ 55,214
Investment earnings	90	90	193	103	153
Intergovernmental	-	-	4,710	4,710	-
Other revenue	1,000	1,000	9,060	8,060	3,150
Total Revenues	<u>215,180</u>	<u>215,180</u>	<u>81,968</u>	<u>(133,212)</u>	<u>58,517</u>
EXPENDITURES					
Public safety	<u>276,200</u>	<u>276,200</u>	<u>86,120</u>	<u>190,080</u>	<u>21,076</u>
Net Change in Fund Balance	<u>\$ (61,020)</u>	<u>\$ (61,020)</u>	<u>(4,152)</u>	<u>\$ 56,868</u>	<u>\$ 37,441</u>
Beginning Fund Balance			<u>129,940</u>		
Ending Fund Balance			<u>\$ 125,788</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, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
REVENUES					
Fines and forfeitures	\$ 74,560	\$ 74,560	\$ 75,499	\$ 939	\$ 76,742
Investment earnings	200	200	68	(132)	186
Total Revenues	<u>74,760</u>	<u>74,760</u>	<u>75,567</u>	<u>807</u>	<u>76,928</u>
EXPENDITURES					
General government	<u>58,230</u>	<u>58,230</u>	<u>52,242</u>	<u>5,988</u>	<u>89,236</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>16,530</u>	<u>16,530</u>	<u>23,325</u>	<u>6,795</u>	<u>(12,308)</u>
OTHER FINANCING (USES)					
Transfers out	<u>(22,000)</u>	<u>(22,000)</u>	<u>(20,000)</u>	<u>2,000</u>	<u>(34,060)</u>
Total Other Financing (Uses)	<u>(22,000)</u>	<u>(22,000)</u>	<u>(20,000)</u>	<u>2,000</u>	<u>(34,060)</u>
Net Change in Fund Balance	<u>\$ (5,470)</u>	<u>\$ (5,470)</u>	<u>3,325</u>	<u>\$ 8,795</u>	<u>\$ (46,368)</u>
Beginning Fund Balance			<u>169,389</u>		
Ending Fund Balance			<u>\$ 172,714</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, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
REVENUES					
Intergovernmental	\$ 731,500	\$ 731,500	\$ 437,302	\$ (294,198)	\$ 177,193
Total Revenues	<u>731,500</u>	<u>731,500</u>	<u>437,302</u>	<u>(294,198)</u>	<u>177,193</u>
EXPENDITURES					
Public safety	<u>767,140</u>	<u>767,140</u>	<u>474,040</u>	<u>293,100</u>	<u>208,226</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(35,640)</u>	<u>(35,640)</u>	<u>(36,738)</u>	<u>(1,098)</u>	<u>(31,033)</u>
OTHER FINANCING SOURCES					
Transfers in	<u>35,640</u>	<u>35,640</u>	<u>36,738</u>	<u>1,098</u>	<u>31,033</u>
Total Other Financing Sources	<u>35,640</u>	<u>35,640</u>	<u>36,738</u>	<u>1,098</u>	<u>31,033</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, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
REVENUES					
Intergovernmental	\$ 81,000	\$ 81,000	\$ 76,284	\$ (4,716)	\$ 77,370
Investment earnings	700	700	1,114	414	974
Total Revenues	<u>81,700</u>	<u>81,700</u>	<u>77,398</u>	<u>(4,302)</u>	<u>78,344</u>
EXPENDITURES					
Economic development	<u>161,700</u>	<u>161,700</u>	<u>-</u>	<u>161,700</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(80,000)</u>	<u>(80,000)</u>	<u>77,398</u>	<u>157,398</u>	<u>78,344</u>
OTHER FINANCING SOURCES					
Transfers in	<u>80,000</u>	<u>80,000</u>	<u>117,930</u>	<u>37,930</u>	<u>76,182</u>
Total Other Financing Sources	<u>80,000</u>	<u>80,000</u>	<u>117,930</u>	<u>37,930</u>	<u>76,182</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>195,328</u>	<u>\$ 195,328</u>	<u>\$ 154,526</u>
Beginning Fund Balance			<u>853,313</u>		
Ending Fund Balance			<u>\$ 1,048,641</u>		

CITY OF WEBSTER, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND
CHANGES IN FUND BALANCE - BUDGET AND ACTUAL
PUBLIC, EDUCATIONAL, AND GOVERNMENTAL CHANNEL FUND
For the Year Ended September 30, 2014
With Comparative Totals for the Year Ended September 30, 2013

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2013 Actual
REVENUES					
Franchise fees	\$ 24,000	\$ 24,000	\$ 27,339	\$ 3,339	\$ 27,375
Total Revenues	<u>24,000</u>	<u>24,000</u>	<u>27,339</u>	<u>3,339</u>	<u>27,375</u>
EXPENDITURES					
Community development	<u>24,000</u>	<u>24,000</u>	<u>-</u>	<u>24,000</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>27,339</u>	<u>\$ 27,339</u>	<u>\$ 27,375</u>
Beginning Fund Balance			<u>88,653</u>		
Ending Fund Balance			<u>\$ 115,992</u>		

INTERNAL SERVICE FUNDS

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

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

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

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

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

September 30, 2014

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,197,182	\$ 408,969	\$ 19	\$ 1,606,170
Investments	1,488,882	-	-	1,488,882
Receivables, net	2,137	-	-	2,137
Total Current Assets	<u>2,688,201</u>	<u>408,969</u>	<u>19</u>	<u>3,097,189</u>
Noncurrent assets				
Capital assets:				
Machinery and equipment	3,973,725	434,682	-	4,408,407
Less: accumulated depreciation	(2,596,467)	(237,631)	-	(2,834,098)
Total Capital Assets (Net)	<u>1,377,258</u>	<u>197,051</u>	<u>-</u>	<u>1,574,309</u>
Total Noncurrent Assets	<u>1,377,258</u>	<u>197,051</u>	<u>-</u>	<u>1,574,309</u>
Total Assets	<u>4,065,459</u>	<u>606,020</u>	<u>19</u>	<u>4,671,498</u>
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	8,639	18,539	-	27,178
Current portion of compensated absences	-	1,734	-	1,734
Total Current Liabilities	<u>8,639</u>	<u>20,273</u>	<u>-</u>	<u>28,912</u>
Noncurrent liabilities				
Compensated absences	-	11,298	-	11,298
Net pension obligation	-	16,080	-	16,080
Net other post employment benefit obligation	-	5,209	-	5,209
Total Noncurrent Liabilities	<u>-</u>	<u>32,587</u>	<u>-</u>	<u>32,587</u>
Total Liabilities	<u>8,639</u>	<u>52,860</u>	<u>-</u>	<u>61,499</u>
NET POSITION				
Net investment in capital assets	1,377,258	197,051	-	1,574,309
Unrestricted	2,679,562	356,109	19	3,035,690
Total Net Position	<u>\$ 4,056,820</u>	<u>\$ 553,160</u>	<u>\$ 19</u>	<u>\$ 4,609,999</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, 2014

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
OPERATING REVENUES				
Charges for services	\$ 577,710	\$ 761,670	\$ 1,967,168	\$ 3,306,548
Other income	-	21,055	-	21,055
Total Operating Revenues	<u>577,710</u>	<u>782,725</u>	<u>1,967,168</u>	<u>3,327,603</u>
OPERATING EXPENSES				
Personnel	-	321,697	1,967,168	2,288,865
Supplies	-	27,420	-	27,420
Maintenance	-	89,014	-	89,014
Services	-	185,248	-	185,248
Depreciation	382,115	62,614	-	444,729
Total Operating Expenses	<u>382,115</u>	<u>685,993</u>	<u>1,967,168</u>	<u>3,035,276</u>
Operating Income	<u>195,595</u>	<u>96,732</u>	<u>-</u>	<u>292,327</u>
NONOPERATING REVENUES				
Investment earnings	7,952	599	10	8,561
Gain on sale of capital assets	52,184	-	-	52,184
Total Nonoperating Revenues	<u>60,136</u>	<u>599</u>	<u>10</u>	<u>60,745</u>
Change in Net Position	255,731	97,331	10	353,072
Beginning Net Position	<u>3,801,089</u>	<u>455,829</u>	<u>9</u>	<u>4,256,927</u>
Ending Net Position	<u>\$ 4,056,820</u>	<u>\$ 553,160</u>	<u>\$ 19</u>	<u>\$ 4,609,999</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, 2014

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
CASH FLOWS FROM OPERATING ACTIVITIES				
Receipts from users	\$ 576,532	\$ 782,725	\$ 1,967,168	\$ 3,326,425
Payments to suppliers	8,309	(330,883)	-	(322,574)
Payments to employees	-	(320,173)	(1,967,168)	(2,287,341)
Net Cash Provided by Operating Activities	<u>584,841</u>	<u>131,669</u>	<u>-</u>	<u>716,510</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(651,985)	(115,315)	-	(767,300)
Proceeds from sale of capital assets	52,966	-	-	52,966
Net Cash (Used) by Capital and Related Financing Activities	<u>(599,019)</u>	<u>(115,315)</u>	<u>-</u>	<u>(714,334)</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Proceeds from sales and maturities of investments	(478,980)	-	-	(478,980)
Purchase of investments	498,898	-	-	498,898
Interest on investments	7,952	599	10	8,561
Net Cash Provided by Investing Activities	<u>27,870</u>	<u>599</u>	<u>10</u>	<u>28,479</u>
Net Increase in Cash and Cash Equivalents	13,692	16,953	10	30,655
Beginning Cash and Cash Equivalents	<u>1,183,490</u>	<u>392,016</u>	<u>9</u>	<u>1,575,515</u>
Ending Cash and Cash Equivalents	<u>\$ 1,197,182</u>	<u>\$ 408,969</u>	<u>\$ 19</u>	<u>\$ 1,606,170</u>

CITY OF WEBSTER, TEXAS
COMBINING STATEMENT OF CASH FLOWS
INTERNAL SERVICE FUNDS (Page 2 of 2)
For the Year Ended September 30, 2014

	<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	\$ 195,595	\$ 96,732	\$ -	\$ 292,327
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	382,115	62,614	-	444,729
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	(1,178)	-	-	(1,178)
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	8,309	(29,201)	-	(20,892)
Compensated absences	-	(1,127)	-	(1,127)
Net pension obligation		1,989		1,989
Net other post employment benefit obligation		662		662
Net Cash Provided by Operating Activities	<u>\$ 584,841</u>	<u>\$ 131,669</u>	<u>\$ -</u>	<u>\$ 716,510</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	94
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	106
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	116
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	124
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	127
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			
	2005	2006	2007	2008
Governmental activities				
Net investment in capital assets	\$ 28,559,397	\$ 33,987,295	\$ 34,682,185	\$ 36,295,260
Restricted	3,909,606	2,864,520	5,080,935	4,878,125
Unrestricted	9,753,629	10,256,328	10,649,642	11,320,614
Total Governmental Activities Net Position	<u>\$ 42,222,632</u>	<u>\$ 47,108,143</u>	<u>\$ 50,412,762</u>	<u>\$ 52,493,999</u>
Business-type activities				
Net investment in capital assets	\$ 13,018,963	\$ 12,990,258	\$ 13,239,394	\$ 13,676,387
Restricted	1,711,882	1,782,536	2,743,668	3,314,199
Unrestricted	1,096,759	2,673,199	2,292,205	1,247,194
Total Business-Type Activities Net Position	<u>\$ 15,827,604</u>	<u>\$ 17,445,993</u>	<u>\$ 18,275,267</u>	<u>\$ 18,237,780</u>
Primary government				
Net investment in capital assets	\$ 41,578,360	\$ 46,977,553	\$ 47,921,579	\$ 49,971,647
Restricted	5,621,488	4,647,056	7,824,603	8,192,324
Unrestricted	10,850,388	12,929,527	12,941,847	12,567,808
Total Primary Government Net Position	<u>\$ 58,050,236</u>	<u>\$ 64,554,136</u>	<u>\$ 68,688,029</u>	<u>\$ 70,731,779</u>

Year					
2009	2010	2011	2012	2013	2014
\$ 38,656,099	\$ 35,859,223	\$ 34,788,233	\$ 31,186,591	\$ 34,959,498	\$ 35,649,793
6,335,017	5,906,096	2,756,384	7,951,235	4,242,481	5,337,239
11,584,484	11,966,071	16,302,442	16,633,460	17,322,534	18,222,804
<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>	<u>\$ 59,209,836</u>
\$ 16,697,191	\$ 18,060,249	\$ 18,839,292	\$ 18,814,693	\$ 17,869,153	\$ 17,433,119
2,853,477	2,684,805	2,336,262	2,549,394	3,337,873	3,726,464
2,210,839	2,879,242	3,137,696	4,013,227	4,549,668	4,646,475
<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>	<u>\$ 25,806,058</u>
\$ 55,353,290	\$ 53,919,472	\$ 53,627,525	\$ 50,001,284	\$ 52,828,651	\$ 53,082,912
9,188,494	8,590,901	5,092,646	10,500,629	7,580,354	9,063,703
13,795,323	14,845,313	19,440,138	20,646,687	21,872,202	22,869,279
<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>	<u>\$ 85,015,894</u>

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Year			
	2005	2006	2007	2008
Expenses				
Governmental activities				
General government	\$ 3,266,448	\$ 3,715,779	\$ 3,127,988	\$ 4,372,934
Public safety	6,436,542	6,485,161	7,186,702	7,438,134
Public works ⁽¹⁾	-	-	-	-
Community development ⁽¹⁾	3,817,687	4,187,250	5,562,641	5,666,080
Interest and fiscal agent fees on long-term debt	1,165,289	1,242,184	1,317,336	1,352,133
Total Governmental Activities Expenses	<u>14,685,966</u>	<u>15,630,374</u>	<u>17,194,667</u>	<u>18,829,281</u>
Business-type activities				
Water	1,331,436	1,314,426	1,347,623	1,676,357
Wastewater	1,181,352	1,172,291	1,468,095	1,531,042
Drainage	-	-	-	-
Total Business-Type Activities Expenses	<u>2,512,788</u>	<u>2,486,717</u>	<u>2,815,718</u>	<u>3,207,399</u>
Total Primary Government Expenses	<u>\$ 17,198,754</u>	<u>\$ 18,117,091</u>	<u>\$ 20,010,385</u>	<u>\$ 22,036,680</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 53,809	\$ 123,184	\$ 150,143	\$ 184,886
Public safety	841,367	1,094,780	1,331,735	1,592,374
Community development	640,068	443,971	516,178	528,630
Operating grants and contributions	1,664,269	1,043,288	1,082,168	1,584,928
Capital grants and contributions	972,830	4,143,859	1,147,059	220,542
Total Governmental Activities Program Revenues	<u>4,172,343</u>	<u>6,849,082</u>	<u>4,227,283</u>	<u>4,111,360</u>
Business-type activities				
Charges for services				
Water	1,298,509	1,436,718	1,502,776	1,571,025
Wastewater	1,057,025	1,280,748	1,398,083	1,434,841
Drainage	-	-	-	-
Capital grants and contributions	-	377,000	-	-
Total Business-Type Activities Program Revenues	<u>2,355,534</u>	<u>3,094,466</u>	<u>2,900,859</u>	<u>3,005,866</u>
Total Primary Government Program Revenues	<u>\$ 6,527,877</u>	<u>\$ 9,943,548</u>	<u>\$ 7,128,142</u>	<u>\$ 7,117,226</u>
Net (Expense)/Revenue				
Governmental activities	\$ (10,513,623)	\$ (8,781,292)	\$ (12,967,384)	\$ (14,717,921)
Business-type activities	(157,254)	607,749	85,141	(201,533)
Total Primary Government Net Expense	<u>\$ (10,670,877)</u>	<u>\$ (8,173,543)</u>	<u>\$ (12,882,243)</u>	<u>\$ (14,919,454)</u>

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

Year					
2009	2010	2011	2012	2013	2014
\$ 3,518,765	\$ 3,231,366	\$ 3,810,971	\$ 3,494,720	\$ 3,080,566	\$ 3,433,495
8,275,633	8,945,639	8,705,059	9,289,641	10,243,794	9,919,950
-	3,813,092	3,273,335	3,465,582	4,440,657	3,661,162
7,245,743	3,359,280	2,724,785	2,930,471	1,744,564	2,463,304
938,611	802,010	648,743	509,182	649,178	465,686
19,978,752	20,151,387	19,162,893	19,689,596	20,158,759	19,943,597
1,722,540	1,854,204	1,939,942	1,991,274	1,952,327	2,089,815
1,637,288	1,891,447	2,034,661	2,122,566	2,128,511	2,254,186
-	328,732	326,725	288,343	256,681	205,646
3,359,828	4,074,383	4,301,328	4,402,183	4,337,519	4,549,647
\$ 23,338,580	\$ 24,225,770	\$ 23,464,221	\$ 24,091,779	\$ 24,496,278	\$ 24,493,244
\$ 211,429	\$ 155,730	\$ 150,660	\$ 178,404	\$ 108,135	\$ 320,302
1,310,891	1,418,862	1,201,472	1,244,467	1,302,894	1,288,379
376,597	357,679	339,664	658,256	476,985	485,157
2,236,981	1,252,410	1,192,871	1,113,356	1,136,571	1,158,002
3,001,168	29,579	4,526	1,203,465	385,355	390,324
7,137,066	3,214,260	2,889,193	4,397,948	3,409,940	3,642,164
1,771,314	1,756,318	1,869,325	1,953,541	2,081,707	2,125,888
1,683,648	1,791,595	1,960,596	2,082,345	2,147,674	2,293,096
-	311,377	314,831	282,879	258,992	209,196
3,412,361	238,564	894,767	423,900	-	-
6,867,323	4,097,854	5,039,519	4,742,665	4,488,373	4,628,180
\$ 14,004,389	\$ 7,312,114	\$ 7,928,712	\$ 9,140,613	\$ 7,898,313	\$ 8,270,344
\$ (12,841,686)	\$ (16,937,127)	\$ (16,273,700)	\$ (15,291,648)	\$ (16,748,819)	\$ (16,301,433)
3,507,495	23,471	738,191	340,482	150,854	78,533
\$ (9,334,191)	\$ (16,913,656)	\$ (15,535,509)	\$ (14,951,166)	\$ (16,597,965)	\$ (16,222,900)

CITY OF WEBSTER, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Year			
	2005	2006	2007	2008
General Revenues and Other Changes in Net Position				
Governmental activities				
Ad valorem taxes	\$ 2,274,512	\$ 2,228,993	\$ 2,407,997	\$ 2,614,259
Sales taxes	8,972,603	9,563,065	10,773,089	11,000,547
Franchise and local taxes	777,018	822,881	982,871	1,016,549
Other taxes	748,656	869,890	999,567	1,012,157
Investment earnings	299,161	544,246	710,004	533,397
Other revenues	127,736	201,238	381,250	190,782
Gain (loss) on sale of capital assets	-	-	(372,365)	70,055
Transfers	295,420	(563,510)	389,590	455,633
Total Governmental Activities	<u>13,495,106</u>	<u>13,666,803</u>	<u>16,272,003</u>	<u>16,893,379</u>
Business-type activities				
Investment earnings	82,182	197,176	531,946	347,054
Other revenues	916,694	249,954	601,777	256,674
Gain (loss) on sale of capital assets	-	-	-	15,951
Transfers	(295,420)	563,510	(389,590)	(455,633)
Total Business-Type Activities	<u>703,456</u>	<u>1,010,640</u>	<u>744,133</u>	<u>164,046</u>
Total Primary Government	<u>\$ 14,198,562</u>	<u>\$ 14,677,443</u>	<u>\$ 17,016,136</u>	<u>\$ 17,057,425</u>
Change in Net Position				
Governmental activities	\$ 2,981,483	\$ 4,885,511	\$ 3,304,619	\$ 2,175,458
Business-type activities	546,202	1,618,389	829,274	(37,487)
Total Primary Government	<u>\$ 3,527,685</u>	<u>\$ 6,503,900</u>	<u>\$ 4,133,893</u>	<u>\$ 2,137,971</u>

Year					
2009	2010	2011	2012	2013	2014
\$ 2,801,925	\$ 3,144,351	\$ 3,349,978	\$ 3,732,383	\$ 4,003,896	\$ 4,245,156
10,922,780	9,883,594	10,270,148	10,495,149	10,716,276	11,409,472
1,014,492	1,076,618	1,093,727	1,100,207	1,119,510	1,103,397
1,126,527	1,188,572	1,241,624	1,302,318	1,447,797	1,775,967
236,386	56,944	44,039	65,379	55,583	24,038
508,982	273,551	135,353	169,686	175,570	111,488
66,215	44,725	4,500	100,753	84,719	67,238
245,980	(1,575,438)	250,000	250,000	250,000	250,000
16,923,287	14,092,917	16,389,369	17,215,875	17,853,351	18,986,756
65,851	12,940	14,923	13,536	13,054	19,521
196,361	250,940	185,840	960,046	738,931	223,033
-	-	-	-	-	(21,723)
(245,980)	1,575,438	(250,000)	(250,000)	(250,000)	(250,000)
16,232	1,839,318	(49,237)	723,582	501,985	(29,169)
\$ 16,939,519	\$ 15,932,235	\$ 16,340,132	\$ 17,939,457	\$ 18,355,336	\$ 18,957,587
\$ 4,081,601	\$ (2,844,210)	\$ 115,669	\$ 1,924,227	\$ 1,104,532	\$ 2,685,323
3,523,727	1,862,789	688,954	1,064,064	652,839	49,364
\$ 7,605,328	\$ (981,421)	\$ 804,623	\$ 2,988,291	\$ 1,757,371	\$ 2,734,687

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

Source	Year			
	2005	2006	2007	2008
Ad valorem	\$ 2,274,512	\$ 2,228,993	\$ 2,407,997	\$ 2,614,259
Sales	8,972,603	9,563,065	10,773,089	11,000,547
Franchise fees	777,018	822,881	982,871	1,016,549
Other taxes	748,656	869,890	999,567	1,012,157
Total	<u>\$ 12,772,789</u>	<u>\$ 13,484,829</u>	<u>\$ 15,163,524</u>	<u>\$ 15,643,512</u>

Year						Change
2009	2010	2011	2012	2013	2014	2013-2014
\$ 2,801,925	\$ 3,144,351	\$ 3,349,978	\$ 3,732,383	\$ 4,003,896	\$ 4,245,156	6.0%
10,922,780	9,883,594	10,270,148	10,495,149	10,716,276	11,409,472	6.5%
1,014,492	1,076,618	1,093,727	1,100,207	1,119,510	1,103,397	-1.4%
1,126,527	1,188,572	1,241,624	1,302,318	1,447,797	1,775,967	22.7%
<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>	<u>\$ 18,533,992</u>	7.2%

CITY OF WEBSTER, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

	Year			
	2005	2006	2007	2008
General Fund				
Nonspendable	\$ 129,460	\$ 12,195	\$ 71,297	\$ 107,542
Assigned	455,918	401,165	345,252	288,156
Unassigned	6,099,901	7,365,162	7,425,532	8,687,164
Total General Fund	<u>\$ 6,685,279</u>	<u>\$ 7,778,522</u>	<u>\$ 7,842,081</u>	<u>\$ 9,082,862</u>
All Other Governmental Funds				
Nonspendable	\$ -	\$ -	\$ -	\$ 810
Restricted	852,624	933,696	1,205,440	1,305,817
Assigned, reported in:				
Capital project funds	3,825,346	2,135,028	3,573,955	2,167,484
Special revenue funds	2,944,444	3,135,703	4,048,554	4,389,743
Total All Other Governmental Funds	<u>\$ 7,622,414</u>	<u>\$ 6,204,427</u>	<u>\$ 8,827,949</u>	<u>\$ 7,863,854</u>

Year					
2009	2010	2011	2012	2013	2014
\$ 75,033	\$ 40,273	\$ 889,606	\$ 51,394	\$ 36,872	\$ 47,809
898,871	950,221	164,811	220,639	179,658	199,758
8,630,449	8,296,652	8,974,754	10,236,151	11,190,474	12,230,288
<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>	<u>\$ 12,477,855</u>
\$ -	\$ -	\$ 325	\$ 1,014	\$ 7,600	\$ 12,500
1,400,456	524,365	2,753,771	7,948,938	4,236,152	5,334,900
4,234,221	4,478,279	4,381,647	4,376,477	4,434,282	4,376,391
1,175,414	1,864,164	115,591	91,485	122,340	113,288
<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>	<u>\$ 9,837,079</u>

CITY OF WEBSTER, TEXAS
CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS
Last Ten Years
(modified accrual basis of accounting)

	Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 12,601,416	\$ 13,693,412	\$ 15,080,159	\$ 15,558,086
Licenses and permits	640,068	443,971	516,178	470,577
Fines and forfeitures	841,367	1,094,780	1,331,735	1,592,374
Charges for services	53,809	123,184	150,143	242,939
Intergovernmental	134,239	13,258	52,138	554,898
Investment earnings	299,161	544,246	710,004	533,397
Contributions	1,530,030	1,030,030	1,030,030	1,030,030
Other revenues	127,736	164,710	381,250	190,782
Total Revenues	16,227,826	17,107,591	19,251,637	20,173,083
Expenditures				
General government	2,509,122	2,887,475	2,952,100	4,193,306
Public safety	6,166,468	6,230,882	6,795,850	8,335,646
Public works	-	-	-	-
Community development	3,423,059	3,704,006	4,569,811	4,503,793
Capital outlay	523,251	1,990,889	572,345	1,077,980
Debt service				
Principal	819,689	940,182	1,010,266	860,998
Interest	1,395,072	1,151,919	1,110,595	1,450,363
Payment to refunded bond escrow agent	-	-	-	-
Other debt service - refunding escrow	-	-	-	-
Total expenditures	14,836,661	16,905,353	17,010,967	20,422,086
Excess (Deficiency) of Revenues				
Over (Under) Expenditures	1,391,165	202,238	2,240,670	(249,003)
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	1,669,368	1,621,661	2,699,003	2,580,586
Transfers out	(1,373,948)	(2,185,171)	(2,309,413)	(2,124,953)
Proceeds from capital lease	-	-	26,453	-
Sale of capital assets	-	36,528	30,368	70,055
Total Other Financing Sources (Uses)	1,909,052	(526,982)	446,411	525,688
Net Change in Fund Balances	\$ 3,300,217	\$ (324,744)	\$ 2,687,081	\$ 276,685
Debt service as a percentage				
of noncapital expenditures	15.79%	14.37%	13.30%	13.14%

Year					
2009	2010	2011	2012	2013	2014
\$ 15,771,588	\$ 15,213,296	\$ 15,965,845	\$ 16,639,457	\$ 17,241,733	\$ 18,561,698
354,447	328,389	301,990	616,215	434,055	444,015
1,310,891	1,418,862	1,201,472	1,244,467	1,302,894	1,288,379
233,579	185,020	188,334	220,445	151,065	361,444
1,206,951	209,380	149,841	1,286,791	491,896	518,296
204,198	50,164	36,949	56,319	48,967	15,477
1,030,030	1,030,030	1,030,030	1,030,030	1,030,030	1,030,030
508,982	273,551	135,353	169,686	175,570	111,488
20,620,666	18,708,692	19,009,814	21,263,410	20,876,210	22,330,827
3,319,192	3,450,702	3,460,682	3,215,916	3,309,596	3,342,028
7,879,104	8,314,199	8,328,825	10,299,323	8,929,345	9,779,081
-	2,505,572	2,479,238	2,463,501	2,593,228	2,741,805
4,788,497	1,929,381	1,933,770	1,966,092	1,779,065	1,893,652
1,350,549	196,605	189,560	2,590,787	4,701,583	820,334
1,210,000	1,135,000	1,150,000	1,185,000	1,915,000	1,460,000
850,305	839,487	591,188	549,747	652,250	451,425
-	-	-	-	8,734,966	-
-	-	-	-	115,000	-
19,397,647	18,370,946	18,133,263	22,270,366	32,730,033	20,488,325
1,223,019	337,746	876,551	(1,006,956)	(11,853,823)	1,842,502
-	6,075,000	-	6,250,000	8,555,000	-
-	306,893	-	61,281	326,338	-
-	-	-	-	-	-
-	(7,233,220)	-	-	-	-
2,840,687	906,302	675,673	1,293,230	1,964,774	1,168,335
(2,594,707)	(656,302)	(425,673)	(978,460)	(1,714,774)	(918,335)
-	-	-	-	-	-
27,301	3,091	-	26,498	3,765	15,054
273,281	(598,236)	250,000	6,652,549	9,135,103	265,054
\$ 1,496,300	\$ (260,490)	\$ 1,126,551	\$ 5,645,593	\$ (2,718,720)	\$ 2,107,556
11.42%	10.86%	10.13%	9.84%	9.16%	10.04%

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	2014	2013-2014
\$ 2,623,072	\$ 2,802,028	\$ 3,158,751	\$ 3,383,915	\$ 3,741,783	\$ 3,958,150	\$ 4,272,862	8.0%
10,906,308	10,828,541	9,789,355	10,246,579	10,495,149	10,716,276	11,409,472	6.5%
1,016,549	1,014,492	1,076,618	1,093,727	1,100,207	1,119,510	1,103,397	-1.4%
1,012,157	1,126,527	1,188,572	1,241,624	1,302,318	1,447,797	1,775,967	22.7%
<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>	<u>\$ 18,561,698</u>	7.7%

CITY OF WEBSTER, TEXAS

ASSESSED VALUE AND ESTIMATED ACTUAL TAXABLE VALUE OF TAXABLE PROPERTY

Last Ten Years

	Year			
	2005	2006	2007	2008
Residential Property	\$ 185,853,920	\$ 203,476,378	\$ 220,285,562	\$ 251,466,620
Commercial Property	588,166,020	706,003,613	754,816,651	851,347,408
Industrial Property	48,278,150	57,356,684	57,154,669	46,263,195
Total Assessed Value ⁽¹⁾	822,298,090	966,836,675	1,032,256,882	1,149,077,223
Less: Tax Exempt Property	26,274,610	100,696,203	99,229,886	103,130,587
Total Taxable Value	<u>\$ 796,023,480</u>	<u>\$ 866,140,472</u>	<u>\$ 933,026,996</u>	<u>\$ 1,045,946,636</u>
Taxable Value as a Percentage of Assessed Value	96.8%	89.6%	90.4%	91.0%
Total Direct Tax Rate ⁽²⁾	0.26800	0.25750	0.25750	0.24887

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, 2014.

Year					
2009	2010	2011	2012	2013	2014
\$ 289,230,681	\$ 314,011,758	\$ 293,907,235	\$ 294,533,220	\$ 306,197,554	\$ 331,449,719
1,099,406,491	1,137,674,550	1,082,629,051	1,081,612,333	1,137,926,910	1,285,388,878
45,620,283	30,822,429	38,805,041	47,334,112	47,223,760	79,361,600
1,434,257,455	1,482,508,737	1,415,341,327	1,423,479,665	1,491,348,224	1,696,200,197
116,588,760	122,073,281	116,810,263	108,300,053	108,305,271	130,408,743
<u>\$ 1,317,668,695</u>	<u>\$ 1,360,435,456</u>	<u>\$ 1,298,531,064</u>	<u>\$ 1,315,179,612</u>	<u>\$ 1,383,042,953</u>	<u>\$ 1,565,791,454</u>
91.9%	91.8%	91.7%	92.4%	92.7%	92.3%
0.20600	0.23252	0.25750	0.28528	0.28528	0.26960

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

	Year			
	2005	2006	2007	2008
City of Webster by fund:				
General	\$ 0.05446	\$ 0.05000	\$ 0.04904	\$ 0.05672
Debt service	0.21354	0.20750	0.20846	0.19215
Total Direct Rates	<u>\$ 0.26800</u>	<u>\$ 0.25750</u>	<u>\$ 0.25750</u>	<u>\$ 0.24887</u>
Clear Creek School District	\$ 1.74500	\$ 1.77500	\$ 1.63000	\$ 1.32000
Harris County	0.39986	0.39986	0.40239	0.39239
Harris County Flood Control District	0.03318	0.03322	0.03241	0.03106
Port of Houston Authority	0.01673	0.01474	0.01302	0.01437
Harris County Hospital District	0.19021	0.19216	0.19216	0.19216
Harris County Department of Education	0.00629	0.00629	0.00629	0.00585
Total Direct and Overlapping Rates ⁽¹⁾	<u>\$ 2.65927</u>	<u>\$ 2.67877</u>	<u>\$ 2.53377</u>	<u>\$ 2.20470</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					
2009	2010	2011	2012	2013	2014
\$ 0.07335	\$ 0.11333	\$ 0.14669	\$ 0.17470	\$ 0.15615	\$ 0.16455
0.13265	0.11919	0.11081	0.11058	0.12913	0.10505
<u>\$ 0.20600</u>	<u>\$ 0.23252</u>	<u>\$ 0.25750</u>	<u>\$ 0.28528</u>	<u>\$ 0.28528</u>	<u>\$ 0.26960</u>
\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.36000	\$ 1.39999
0.38923	0.39224	0.38805	0.39117	0.40021	0.41455
0.03086	0.02922	0.29233	0.02809	0.02809	0.28270
0.01773	0.01636	0.02054	0.01856	0.01952	0.01716
0.19216	0.19216	0.19216	0.19216	0.18216	0.17000
0.00584	0.00605	0.00658	0.00658	0.00662	0.00636
<u>\$ 2.20182</u>	<u>\$ 2.22855</u>	<u>\$ 2.51716</u>	<u>\$ 2.28184</u>	<u>\$ 2.28188</u>	<u>\$ 2.56036</u>

CITY OF WEBSTER, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2014			2005		
	Assessed Value	Rank	% of Assessed Value	Assessed Value	Rank	% of Assessed Value
Clear Lake Regional Medical Center	\$ 112,229,844	1	6.62%	\$ 35,420,240	1	4.31%
Villas at Edgewater Holdings LLC ⁽¹⁾	38,813,491	2	2.29%			
GCCFC 2007-GG9 Webster Retail LLC	32,300,000	3	1.90%	15,399,110	7	1.87%
Marquis Clear Lake Apartments ⁽¹⁾	32,150,000	4	1.90%			
G&E Healthcare REIT Mountain Plains ⁽¹⁾	26,521,253	5	1.56%			
GS Seven Palms LP	24,129,560	6	1.42%	17,696,970	5	2.15%
Bay Area Hospital Property Company LLC	23,976,691	7	1.41%			
ROC II TX Preserve LLC	23,669,284	8	1.40%	21,561,700	2	2.62%
Clear Lake Center LP	21,382,610	9	1.26%	13,264,270	8	1.61%
Texas Baybrook Square Center ⁽¹⁾	20,759,852	10	1.22%			
Clear Lake Central II/III Ltd ⁽²⁾				20,022,750	3	2.43%
Price Baybrook Ltd				18,733,970	4	2.28%
WDOP Sub I LP ⁽²⁾				16,572,980	6	2.02%
G & I VI Skylar Pointe LP ⁽²⁾				13,199,960	9	1.61%
CRP TBG Waterford LP ⁽²⁾				10,500,000	10	1.28%
Subtotal	\$ 355,932,585		20.98%	\$ 182,371,950		22.18%
Other Taxpayers	1,340,267,612		79.02%	639,926,140		77.82%
Total	<u>\$ 1,696,200,197</u>		<u>100.00%</u>	<u>\$ 822,298,090</u>		<u>100.00%</u>

Source: Harris County Appraisal District

Notes:

⁽¹⁾ This taxpayer was not a top ten taxpayer in 2005. It is included in the Other Taxpayers subtotal.

⁽²⁾ This taxpayer is not a top ten taxpayer in 2014. 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	2014 Rank	2005 Rank
Academy Sports & Outdoors ⁽¹⁾	1	-
Fry's Electronics	2	1
Star Furniture	3	3
Bed Bath & Beyond	4	13
Conn's Appliances	5	4
Ashley Furniture ⁽¹⁾	6	-
Cinemark USA	7	7
Pappa's Seafood House / Pappasito's Cantina	8	11
ExxonMobil Corporation ⁽³⁾	9	-
Burlington Coat Factory	10	6
Hobby Lobby Creative Center ⁽³⁾	11	-
Jared - The Galleria of Jewelry ⁽³⁾	12	-
Garden Ridge	13	5
Cavender's Boot City ⁽³⁾	14	-
J & S Protective Services ⁽¹⁾	15	-
Barnes & Noble ⁽⁴⁾	-	10
Office Depot ⁽⁴⁾	-	9
Home Depot ⁽²⁾	-	2
CompUSA Stores ⁽²⁾	-	8
Old Navy ⁽²⁾	-	12
The Roomstore ⁽²⁾	-	14
The Sports Authority ⁽²⁾	-	15

Source: State Comptroller's Office

Notes:

- ⁽¹⁾ This sales tax remitter was not located in the City in 2005.
- ⁽²⁾ This sales tax remitter is not located in the City in 2014.
- ⁽³⁾ This sales tax remitter was not a top fifteen sales tax remitter in 2005.
- ⁽⁴⁾ This sales tax remitter is not a top fifteen sales tax remitter in 2014.

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

	Year			
	2005	2006	2007	2008
Taxes levied:				
Current year levy	\$ 2,085,608	\$ 2,205,586	\$ 2,398,676	\$ 2,601,370
Adjustments in subsequent years	20,919	18,840	10,842	5,777
Total of taxes levied ⁽¹⁾	<u>\$ 2,106,527</u>	<u>\$ 2,224,426</u>	<u>\$ 2,409,518</u>	<u>\$ 2,607,147</u>
Taxes collected:				
Collections in current year	\$ 2,075,818	\$ 2,186,611	\$ 2,379,571	\$ 2,575,739
Collections in subsequent years ⁽²⁾	24,916	33,896	25,630	26,406
Total of taxes collected	<u>\$ 2,100,734</u>	<u>\$ 2,220,507</u>	<u>\$ 2,405,201</u>	<u>\$ 2,602,145</u>
Collection rates:				
Percentage collected in current year	99.53%	99.14%	99.20%	99.01%
Percentage collected of total levy	99.73%	99.82%	99.82%	99.81%
Delinquent taxes:				
Total outstanding balance	5,792	3,919	4,317	5,003
Percentage of total levy outstanding	0.28%	0.18%	0.18%	0.19%

Notes:

⁽¹⁾ The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2014.

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

Year					
2009	2010	2011	2012	2013	2014
\$ 2,777,777	\$ 3,177,329	\$ 3,396,948	\$ 3,750,982	\$ 3,937,528	\$ 4,234,778
(61,432)	(21,384)	(55,948)	(3,423)	4,728	-
<u>\$ 2,716,345</u>	<u>\$ 3,155,945</u>	<u>\$ 3,341,000</u>	<u>\$ 3,747,559</u>	<u>\$ 3,942,256</u>	<u>\$ 4,234,778</u>
\$ 2,745,125	\$ 3,155,944	\$ 3,361,585	\$ 3,730,576	\$ 3,921,147	\$ 4,187,311
(32,519)	(4,442)	(26,951)	12,032	14,692	-
<u>\$ 2,712,606</u>	<u>\$ 3,151,502</u>	<u>\$ 3,334,634</u>	<u>\$ 3,742,608</u>	<u>\$ 3,935,839</u>	<u>\$ 4,187,311</u>
98.82%	99.33%	98.96%	99.46%	99.58%	98.88%
99.86%	99.86%	99.81%	99.87%	99.84%	98.88%
3,739	4,442	6,365	4,951	6,417	47,467
0.13%	0.14%	0.19%	0.13%	0.16%	1.12%

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

	Year			
	2005	2006	2007	2008
Primary Government				
Governmental Activities:				
General obligation bonds	\$ 18,551,445	\$ 17,756,264	\$ 16,900,998	\$ 16,205,000
Certificates of obligation	4,355,000	4,210,000	4,055,000	3,890,000
Capital leases	-	-	24,247	20,221
Subtotal	<u>22,906,445</u>	<u>21,966,264</u>	<u>20,980,245</u>	<u>20,115,221</u>
Business-Type Activities:				
Revenue bonds	-	-	5,997,216	8,032,261
General obligation bonds ⁽¹⁾	-	-	-	-
Total Primary Government	<u>\$ 22,906,445</u>	<u>\$ 21,966,264</u>	<u>\$ 26,977,461</u>	<u>\$ 28,147,482</u>
Component Unit Activities ⁽²⁾:				
Sales Tax Revenue Bonds	\$ 12,820,000	\$ 16,044,307	\$ 15,435,071	\$ 14,790,834
Personal Income ^{(3) (4)}	\$ 236,243,150	\$ 280,866,250	\$ 223,392,930	\$ 223,982,980
Primary Government Debt as a Percentage of Personal Income	9.70%	7.82%	12.08%	12.57%
Population ⁽⁵⁾	8,695	8,750	9,465	9,490
Primary Government Debt per Capita	\$ 2,634	\$ 2,510	\$ 2,850	\$ 2,966

Notes:

- ⁽¹⁾ General obligation bonds refunded previously issued revenue bonds and are self-supporting from pledged utility revenues.
- ⁽²⁾ Component unit activities are not included in the calculation of debt as a percentage of personal income or debt per capita.
- ⁽³⁾ Sperling's Best Places
- ⁽⁴⁾ Personal income information is a total for the year.
- ⁽⁵⁾ 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					
2009	2010	2011	2012	2013	2014
\$ 15,165,000	\$ 15,920,000	\$ 14,830,000	\$ 13,917,821	\$ 12,889,868	\$ 11,586,796
3,720,000	715,000	655,000	6,904,994	6,186,904	5,958,814
15,865	-	-	-	-	-
<u>18,900,865</u>	<u>16,635,000</u>	<u>15,485,000</u>	<u>20,822,815</u>	<u>19,076,772</u>	<u>17,545,610</u>
7,814,337	7,586,412	7,353,487	7,110,562	6,857,638	1,782,936
-	-	-	-	-	4,973,414
<u>\$ 26,715,202</u>	<u>\$ 24,221,412</u>	<u>\$ 22,838,487</u>	<u>\$ 27,933,377</u>	<u>\$ 25,934,410</u>	<u>\$ 24,301,960</u>
\$ 14,116,598	\$ 13,407,362	\$ 12,383,126	\$ 11,358,890	\$ 10,284,655	\$ 9,135,419
\$ 232,951,740	\$ 239,324,700	\$ 254,086,888	\$ 329,329,968	\$ 319,567,907	\$ 297,898,128
11.47%	10.12%	8.99%	8.48%	8.12%	8.16%
9,870	10,338	10,684	10,704	11,279	11,398
\$ 2,707	\$ 2,343	\$ 2,138	\$ 2,610	\$ 2,299	\$ 2,132

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

	Year			
	2005	2006	2007	2008
Taxable Value of Property ⁽¹⁾				
All property	\$ 796,023,480	\$ 866,140,472	\$ 933,026,996	\$ 1,045,946,636
Net Bonded Debt ⁽²⁾				
Gross bonded debt	\$ 22,906,445	\$ 21,966,264	\$ 20,955,998	\$ 20,095,000
Less debt service funds	845,117	926,189	1,205,439	1,305,818
Net Bonded Debt	<u>\$ 22,061,328</u>	<u>\$ 21,040,075</u>	<u>\$ 19,750,559</u>	<u>\$ 18,789,182</u>
Ratio of Net Bonded Debt to Taxable Value	2.77%	2.43%	2.12%	1.80%
Population ⁽³⁾	8,695	8,750	9,465	9,490
Net Bonded Debt per Capita	\$ 2,537	\$ 2,405	\$ 2,087	\$ 1,980

Notes:

⁽¹⁾ Taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2014.

⁽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					
2009	2010	2011	2012	2013	2014
\$ 1,317,668,695	\$ 1,360,435,456	\$ 1,298,531,064	\$ 1,315,179,612	\$ 1,383,042,953	\$ 1,565,791,454
\$ 18,885,000	\$ 16,635,000	\$ 15,485,000	\$ 20,822,815	\$ 19,076,772	\$ 17,545,610
1,400,456	524,365	577,456	1,230,863	847,921	969,351
<u>\$ 17,484,544</u>	<u>\$ 16,110,635</u>	<u>\$ 14,907,544</u>	<u>\$ 19,591,952</u>	<u>\$ 18,228,851</u>	<u>\$ 16,576,259</u>
1.33%	1.18%	1.15%	1.49%	1.32%	1.06%
9,870	10,338	10,684	10,704	11,279	11,398
\$ 1,771	\$ 1,558	\$ 1,395	\$ 1,830	\$ 1,616	\$ 1,454

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CITY OF WEBSTER, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2014

Governmental Unit	Debt Outstanding	As Of	Estimated Percentage Applicable ⁽¹⁾	Amount Applicable to Primary Government
Clear Creek ISD	\$ 857,880,000	9/30/2014	8.74%	\$ 74,978,712
Clear Lake City Water Authority	\$ 86,020,000	9/30/2014	5.92%	5,092,384
Harris County	\$ 2,474,458,204	9/30/2014	0.48%	11,877,399
Harris Co. Dept of Education	\$ 7,410,000	9/30/2014	0.48%	35,568
Harris Co. Flood Control District	\$ 89,990,000	9/30/2014	0.48%	431,952
Port of Houston Authority	\$ 717,624,397	9/30/2014	0.48%	<u>3,444,597</u>
Subtotal, overlapping debt				95,860,612
City Direct Debt ⁽²⁾	\$ 17,545,610	9/30/2014	100.00%	<u>17,545,610</u>
Total Direct and Overlapping Debt				<u><u>\$ 113,406,222</u></u>

Source: Municipal Advisory Council of Texas

Notes:

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

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

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

CITY OF WEBSTER, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Year			
	2005	2006	2007	2008
Debt limit ⁽¹⁾	\$ 82,229,809	\$ 96,683,668	\$ 103,225,688	\$ 114,907,722
Total net debt applicable to limit	22,061,328	21,040,075	19,750,559	18,789,182
Legal debt margin	<u>\$ 60,168,481</u>	<u>\$ 75,643,593</u>	<u>\$ 83,475,129</u>	<u>\$ 96,118,540</u>
Total net debt applicable to the limit as a percentage of debt limit	26.83%	21.76%	19.13%	16.35%

Legal Debt Margin Calculation

Assessed value	\$ 822,298,090	\$ 966,836,675	\$ 1,032,256,882	\$ 1,149,077,223
Debt limit (10% of assessed value)	82,229,809	96,683,668	103,225,688	114,907,722
Debt applicable to limit:				
General obligation bonds	22,906,445	21,966,264	20,955,998	20,095,000
Less: general obligation bonds pledged by utility revenues	-	-	-	-
Less: amount set aside for repayment of general obligation debt	(845,117)	(926,189)	(1,205,439)	(1,305,818)
Total net debt applicable to limit	<u>22,061,328</u>	<u>21,040,075</u>	<u>19,750,559</u>	<u>18,789,182</u>
Legal debt margin	<u>\$ 60,168,481</u>	<u>\$ 75,643,593</u>	<u>\$ 83,475,129</u>	<u>\$ 96,118,540</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 \$0.26960 and debt rate of \$0.10505 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 1.01% of its total appraised value.

Year					
2009	2010	2011	2012	2013	2014
\$ 143,425,746	\$ 148,250,874	\$ 141,534,133	\$ 142,347,967	\$ 149,134,822	\$ 169,620,020
17,484,544	16,110,635	14,907,544	19,591,952	18,228,851	16,889,673
<u>\$ 125,941,202</u>	<u>\$ 132,140,239</u>	<u>\$ 126,626,589</u>	<u>\$ 122,756,015</u>	<u>\$ 130,905,971</u>	<u>\$ 152,730,347</u>
12.19%	10.87%	10.53%	13.76%	12.22%	9.96%
\$ 1,434,257,455	\$ 1,482,508,737	\$ 1,415,341,327	\$ 1,423,479,665	\$ 1,491,348,224	\$ 1,696,200,197
143,425,746	148,250,874	141,534,133	142,347,967	149,134,822	169,620,020
18,885,000	16,635,000	15,485,000	20,822,815	19,076,772	22,519,024
-	-	-	-	-	(4,660,000)
(1,400,456)	(524,365)	(577,456)	(1,230,863)	(847,921)	(969,351)
17,484,544	16,110,635	14,907,544	19,591,952	18,228,851	16,889,673
<u>\$ 125,941,202</u>	<u>\$ 132,140,239</u>	<u>\$ 126,626,589</u>	<u>\$ 122,756,015</u>	<u>\$ 130,905,971</u>	<u>\$ 152,730,347</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⁾
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%
2014	11,398	\$ 297,898,128	\$ 26,136	29.1	3,345	4.9%

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.

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

	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
<u>General Fund:</u>										
City Secretary	4	4	4	4	4	4	4	4	4	4
City Manager	1	1	1	1	1	2	2	2	2	2
Finance	7	7	7	6	6	6	6	6	6	6
Municipal Court	5	6	6	7	7	7	7	7	7	7
Information Technology	2	2	2	2	-	-	-	-	-	-
Human Resources	3	3	3	3	3	3	3	3	3	3
Community Development										
Administration	5	6	6	6	6	6	6	6	6	6
Building	6	6	7	7	7	7	7	7	7	7
Engineering	2	2	2	-	-	-	-	-	-	-
Recreation Programs	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	2	2	3	4	4	3	3	3	3	3
Maintenance	10	10	11	11	11	10	10	10	10	10
Parks Maintenance	4	5	6	6	6	7	7	7	7	7
Engineering	-	-	-	2	2	2	2	2	2	2
Police										
Administration	6	6	6	6	4	4	4	4	4	4
Criminal Investigation	7	7	7	6	7	7	7	7	7	7
Patrol	34	34	35	35	36	37	37	37	38	38
Communications	13	14	15	16	16	16	16	16	15	15
Technical Support	1	1	1	2	-	-	-	-	-	-
Fire										
Prevention	2	2	3	3	3	3	3	3	3	3
Operations	27	27	27	27	27	27	27	27	27	27
Economic Development										
Economic Development	2	2	2	2	3	3	3	3	3	3
Public Relations	1	1	1	1	-	-	-	-	-	-
General Fund Total	145	149	156	157	153	155	155	155	155	155
<u>Utility Fund:</u>										
Water	7	7	8	8	8	9	9	9	9	9
Sewer	6	6	7	7	7	7	7	7	7	7
Drainage	-	-	-	-	-	2	2	2	2	2
Utility Fund Total	13	13	15	16	16	17	17	17	17	17
<u>Information Technology Fund:</u>										
Information Technology	-	-	-	-	4	4	4	4	4	4
IT Fund Total	-	-	-	-	4	4	4	4	4	4
Total City Positions	158	162	171	173	173	176	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			
	2005	2006	2007	2008
Police				
Arrests	2,115	1,927	2,801	3,119
Accident reports	1,078	1,087	1,167	1,024
Citations	6,342	9,228	8,456	8,554
Offense reports	2,616	2,431	2,801	2,470
Calls for service	21,794	20,002	38,818	39,786
Fire				
Emergency responses	993	947	985	935
Fire incidents	83	91	73	77
Average response time	5 min, 56 sec	5 min, 30 sec	5 min, 43 sec	4 min, 53 sec
Water				
New accounts	182	190	168	143
Average daily consumption (millions of gallons)	1.419	1.637	1.650	1.793
Total consumption (millions of gallons)	518.260	597.816	610.670	656.656
Peak daily consumption (millions of gallons)	2.927	2.879	2.638	2.695
Sewer				
Average daily sewage treatment (millions of gallons)	1.161	1.271	1.489	1.433
Total consumption (millions of gallons)	416.620	464.230	541.127	523.101
Peak daily consumption (millions of gallons)	2.245	2.831	3.033	2.734

Source: Various City departments

Year					
2009	2010	2011	2012	2013	2014
3,133	3,451	3,030	3,055	2,775	2,067
947	855	952	971	1,055	1,100
6,516	7,699	6,725	7,663	7,764	7,000
2,268	2,392	2,316	2,366	2,197	1,856
35,840	32,974	32,553	31,782	26,686	22,766
1036	878	794	857	892	907
90	70	74	57	73	60
5 min, 0 sec	4 min, 5 sec	4 min, 12 sec	4 min, 23 sec	4 min, 35 sec	4 min, 49 sec
131	121	129	238	221	189
1.897	1.709	1.930	1.763	1.797	1.724
692.483	623.954	704.562	643.460	655.945	629.159
2.438	2.940	2.726	2.534	2.623	2.783
1.354	1.409	1.247	1.444	1.426	1.455
494.050	514.276	455.230	527.061	520.640	531.100
1.853	3.192	2.696	2.819	2.510	3.099

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

Function / Program	Year			
	2005	2006	2007	2008
Police				
Stations	1	1	1	1
Patrol units	43	43	48	45
Fire stations	2	2	2	2
Other public works				
Streets (miles - centerlines)	20.2	28.0	18.8	20.7
Streetlights	708	708	717	692
Parks and recreation				
Parks	4	4	5	5
Parks acreage	23.2	23.2	26.0	26.0
Baseball / softball diamonds	2	2	2	2
Swimming pools	1	1	1	-
Community centers	1	1	1	1
Water				
Water mains (miles)	39.1	43.2	44.5	46.8
Fire hydrants	492	568	578	601
Storage capacity (millions of gallons)	2.95	2.95	2.95	2.95
Sewer				
Sanitary sewers (miles)	27.2	27.8	28.8	29.8
Storm sewers (miles)	16.4	17.0	18.9	19.7
Open ditch / creek / canal drainage (miles)	3.5	5.4	4.0	5.6
Treatment capacity (millions of gallons)	1.65	1.65	1.65	1.65

Source: Various City departments

Year						
2009	2010	2011	2012	2013	2014	
1	1	1	1	1	1	1
46	47	47	47	47	47	47
2	2	2	2	2	2	2
20.7	23.2	25.1	25.1	24.9	24.9	24.9
910	929	978	977	1,007	1,008	1,008
5	5	5	5	5	5	5
26.0	26.0	26.0	26.0	26.0	26.0	26.0
2	2	2	2	2	2	2
-	-	-	-	-	-	-
1	1	1	1	1	1	1
48.7	49.1	50.3	50.7	50.7	50.5	50.5
629	631	642	644	643	644	644
2.95	2.95	2.95	2.95	2.95	2.95	2.95
30.7	31.0	32.0	32.6	32.9	33.4	33.4
20.8	20.5	22.4	25.0	25.5	23.8	23.8
6.1	7.1	7.3	7.4	6.7	6.7	6.7
3.30	3.30	3.30	3.30	3.30	3.30	3.30

