

# City of Webster, Texas Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2017



***COMPREHENSIVE  
ANNUAL FINANCIAL REPORT  
OF THE  
CITY OF WEBSTER, TEXAS***

**For the Fiscal Year Ended  
September 30, 2017**

**CITY MANAGER**

**Wayne J. Sabo**

**Prepared by:**

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

**Melinda Caperton, MS, CGFO  
Accounting Manager**

**Stephen Shen, CGFO  
Senior Accountant**

**Carol Fontenot  
Accounting Technician**

**Debbie Pinkston  
Accounting Technician**

**Hermelinda Kahanek  
Accounting Technician**

**Please visit us at our website: [www.cityofwebster.com](http://www.cityofwebster.com)**

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# CITY OF WEBSTER, TEXAS

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# **CITY OF WEBSTER, TEXAS**

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## ***INTRODUCTORY SECTION***



February 7, 2018

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, 2017. 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 from any material misstatements. Management’s Discussion and Analysis (MD&A) immediately follows the independent auditors’ report and provides a narrative introduction, overview, and analysis of the basic financial statements. MD&A complements this letter of transmittal and should be read in conjunction with it.

### **Profile of the Government**

The City of Webster was considered a village from 1879 until 1958, the year it was incorporated. Webster’s population grew from 329 in 1960 to almost 12,000 today. The City adopted a council-manager form of government in 1994. Policymaking and legislative authority are vested in the City Council, consisting of the Mayor and six council members who are elected at large to serve staggered three-year terms. The City Council is responsible for passing ordinances, adopting the budget, appointing committees, and hiring the City Manager. The City Manager is responsible for carrying out the policies of the City Council; overseeing the day-to-day operations of the City; and hiring the department directors, subject to Council approval.

The City provides a full range of municipal services as authorized by ordinance and the City Charter. This includes public safety (police and fire protection), public works (construction and maintenance of streets and parks), community development (permitting, planning, and recreation services), general government activities (City administration), and utilities (water and wastewater treatment and distribution). The reporting units are the City’s funds, all of which are included in this report. The Webster Economic Development Corporation is reported as a component unit for which the City is financially accountable.

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

### **Local Economy**

Only twenty-five miles from downtown Houston, the City is ideally located halfway between Houston and Galveston on Interstate 45. Accordingly, the economy of the City is directly tied to activity in the Greater Bay Area Houston region. Webster is a center for excellence within the healthcare community, proven by the concentration of medical facilities in the City. Directly to the east of the City lies NASA's Johnson Space Center, a major employer and popular tourist destination.

The unemployment rate for the Houston metropolitan area declined to 4.8% from 5.7% one year ago, reflecting an economy that has finally recovered from the two-year slide in oil prices that began in 2014. The improvement in the rate of unemployment did not translate into retail activity, however, as annual sales tax revenue fell by 3.1%. Property values have increased modestly over the previous year as both residential and commercial development continues throughout the area.

Fiscal year 2016-17 brought some good news in economic development. Listed below are just a few of the highlights:

- Construction began on the new 24-acre, 1,000,000 square foot Odyssey Business Park.
- Home2 Suites by Hilton, the eighteenth hotel in the City, is now open on West Texas Avenue.
- Emmons Motor Company, a new 48,600 square foot auto dealership, is nearing completion.
- Concrete is being poured to create Genesis Boulevard, a four-lane thoroughfare on the City's west side.

### **Major Initiatives**

The largest revenue source in the General Fund is sales tax. While sales tax collection is extremely difficult to predict, the Fiscal Year 2017-18 Annual Budget anticipates revenue to remain flat after falling more than 3% during 2017. The expansion of the nearby mall has directly increased competition for our top retailers and restaurants. Nontaxable internet sales also pose a threat. Although the Webster Economic Development Corporation has aggressively ramped up its business recruitment and retention efforts, it may take several months before significant sales taxes are generated from new commercial sites.

Another large source of revenue is the ad valorem tax. The City's 2017 taxable property value rose 2.2% above the adjusted 2016 value. The Fiscal Year 2017-18 Annual Budget reflects a property tax rate of \$0.31725 per \$100 of valuation, 11.51% greater than the \$0.28450 tax rate that was adopted for 2016.

A new Assistant Fire Chief position is created to enhance the executive leadership of the department. By eliminating the funding for one Shift Commander position, personnel costs in the Fire Department increase only marginally. Building maintenance costs rise considerably to replace several air conditioners, security cameras, and various pieces of furniture for the civic center. Public Works plans for the future as it funds the design of the

NASA Bypass Extension from Interstate 45 to NASA Parkway/FM 528 in accordance with the Capital Improvements Program.

Water rates rise, in part, to support a \$10 million debt issuance to replace the 42-inch water line that extends from the Southeast Water Purification Plant in Houston through the City of Webster. The plant, along with the line being replaced, provides the City with all of its water. Major maintenance projects also push the sewer rates upward.

### **Long-term Financial Planning**

A Capital Improvements Program adopted by City Council reflects \$45 million of general government and utility projects to be completed over the next five years. Major projects include the construction of NASA Bypass Extension and an east-west shared use path. The five-year plan also incorporates the purchase of two fire engines and construction of a new animal shelter. The Fiscal Year 2017-18 Annual Budget anticipates the issuance of utility bonds to replace the 42 inch water line from the Southeast Water Purification Plant to Webster.

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. A discussion can be found in Note IV.E. of this report.

### **Relevant Financial Policies**

The City has followed a policy of maintaining a reserve level of not less than 25%, or three months of operational expenditures, for all City operating funds in the event of emergencies, financial recessions, and other unforeseen circumstances. The City's dependence upon sales tax adds substantial volatility to its revenue stream. Therefore, City Council approved a fund balance level of at least 33% for the General Fund and the Webster Economic Development Corporation. At September 30, 2017, 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, 2017. The independent auditors' report is located at the front of the financial section of this report.

### **Awards**

The Government Finance Officers' Association (GFOA) awarded the City a Certificate of Achievement for Excellence in Financial Reporting for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2016. This represents the 29<sup>th</sup> 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. The Certificate of Achievement is held for a period of one year only. This report satisfies both generally accepted accounting principles and applicable legal requirements. I believe

our current Comprehensive Annual Financial Report continues to meet the Certificate of Achievement requirements, and I am submitting it to GFOA to determine its eligibility for another certificate.

The City also received GFOA's Distinguished Budget Presentation Award for its Fiscal Year 2016-17 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 2017-18 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 staff of the Finance Division for the tremendous amount of time and effort that went into the preparation of this report.

Respectfully submitted,

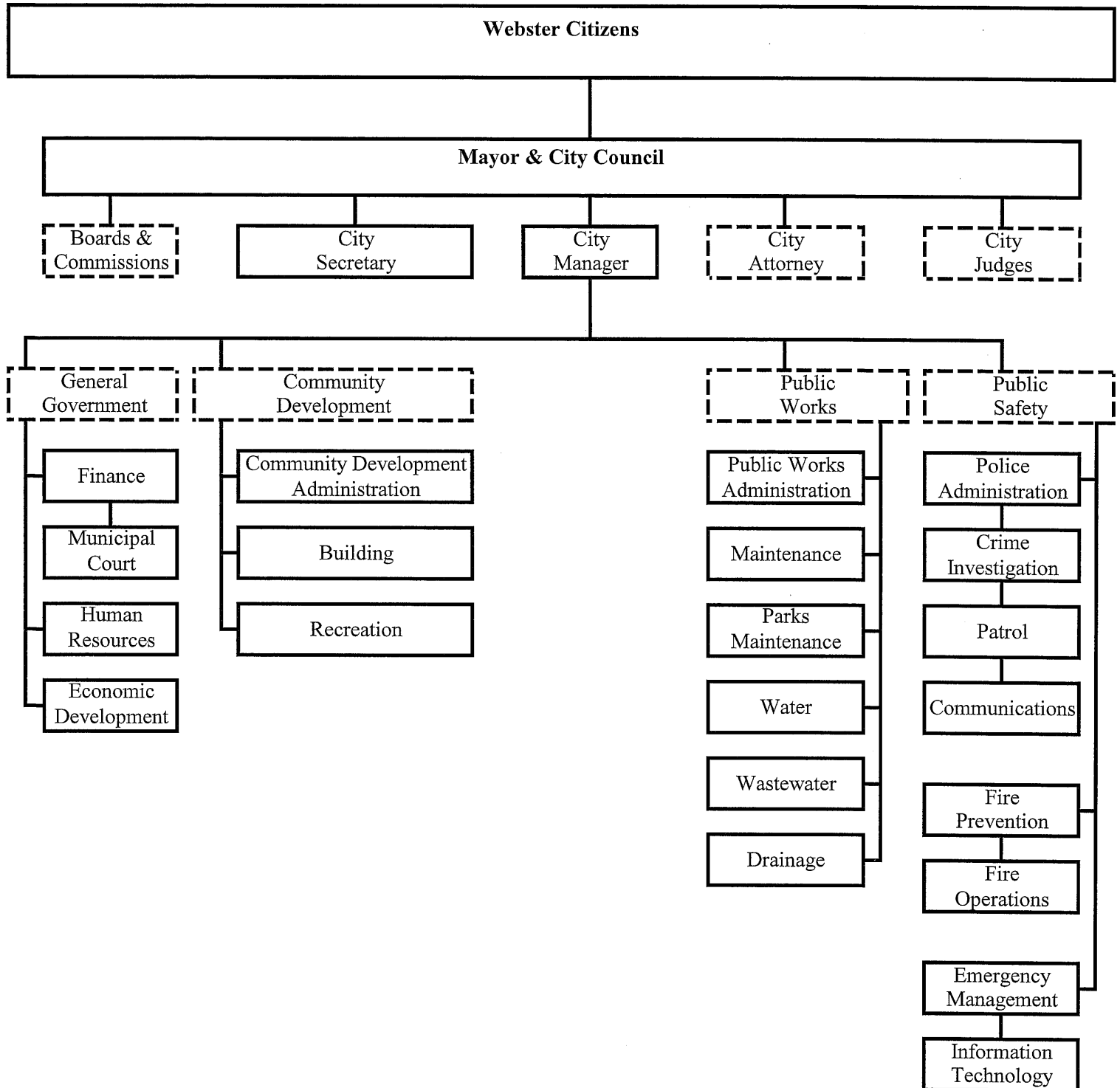
A handwritten signature in black ink, reading "Wm Michael Rodgers". The signature is fluid and cursive, with a horizontal line underlining the name.

William Michael Rodgers, CPA  
Director of Finance

# CITY OF WEBSTER ORGANIZATION CHART

## ORGANIZATION CHART

September 30, 2017



### Legend:



Denotes Functions, Departments, and Appointments



Denotes Divisions



Government Finance Officers Association

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

Presented to

**City of Webster  
Texas**

For its Comprehensive Annual  
Financial Report  
for the Fiscal Year Ended

**September 30, 2016**

*Christopher P. Morrell*

Executive Director/CEO

# CITY OF WEBSTER, TEXAS

## PRINCIPAL OFFICIALS

September 30, 2017

City Officials	Elected Position	Term Expires
Donna Rogers	Mayor	05/2020
Jennifer Heidt	Council Member – Position No. 1	05/2018
Andrea Wilson	Council Member – Position No. 2	05/2018
Larry Tosto	Council Member – Position No. 3	05/2019
Beverly Gaines	Council Member – Position No. 4	05/2019
Edward Lapeyre	Council Member – Position No. 5	05/2019
Martin Graves	Council Member – Position No. 6	05/2020

Key Staff	Position
Wayne J. Sabo	City Manager
Wm. Michael Rodgers, CPA	Director of Finance
Crystal Roan	City Secretary
Dick Gregg Jr.	City Attorney
James W. Woltz	City Judge
Daniel Presley	Police Chief
Derhyl J. Hebert	Director of Community Development
Carmen Williams	Director of Human Resources
Patrick Shipp	Fire Chief
Dr. Betsy Giusto	Director of Economic Development
Shannon Hicks	Director of Public Works
Joe Ferro	Director of Emergency Management

## ***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, 2017, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

### **Management's Responsibility for the Financial Statements**

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

### **Auditors' Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City as of September 30, 2017, 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, schedule of changes in net pension liability and related ratios, schedule of contributions, and schedule 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  
February 7, 2018

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

# CITY OF WEBSTER, TEXAS

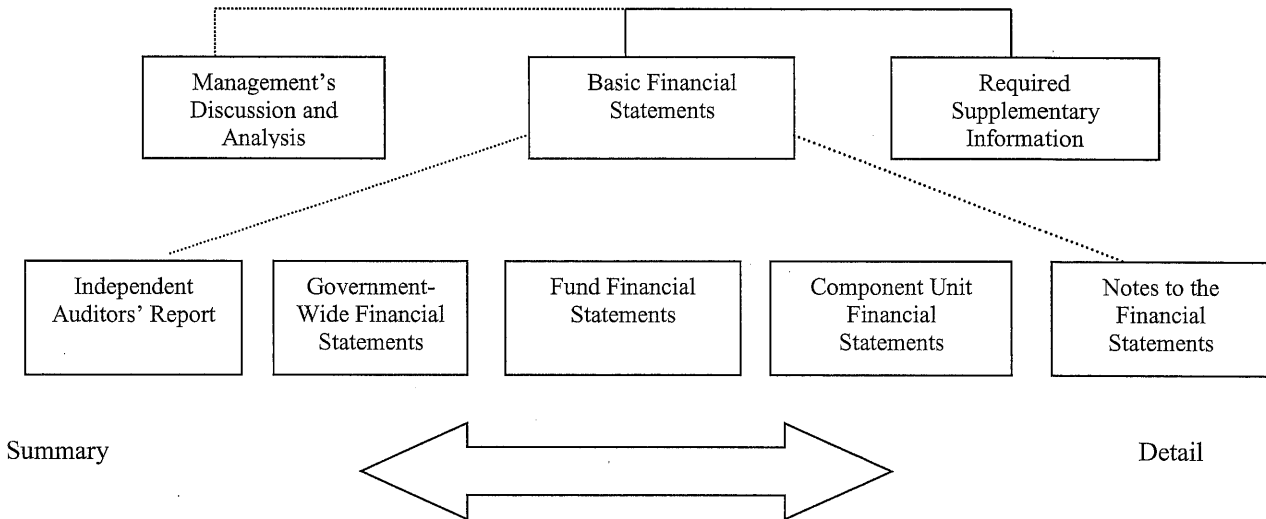
## MANAGEMENT'S DISCUSSION AND ANALYSIS

**For the Year Ended September 30, 2017**

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, 2017. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City’s activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City’s financial statements, which follow this section.

## THE STRUCTURE OF OUR ANNUAL REPORT

## Components of the Financial Section



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

## Government-Wide Statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows 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 nonfinancial 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, 2017**

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

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

1. Governmental activities – Most of the City's basic services are reported here, including: general government (City council, City secretary, City manager, finance, municipal court, human resources, and economic development), public safety (police, fire, and emergency management), community development (permitting, planning, and recreation), and public works (construction and maintenance of streets and parks). 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. 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, 2017**

The City maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and hotel occupancy tax fund, which are considered to be major funds. Management has elected to present the debt service fund as major fund with singular presentation rather than aggregated with the other nonmajor funds. Data from the other eight governmental funds are combined into a single, aggregated presentation.

The City adopts an annual appropriated budget for its general fund. 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, schedules of changes in net pension liability and related ratios for the Texas Municipal Retirement System (TMRS), schedule of contributions for TMRS, and a schedule of funding progress for 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, 2017

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$78,967,636 as of September 30, 2017 in the primary government. Compared to the prior year, the overall financial position of the City has decreased by \$1,174,248.

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

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	<b>Governmental Activities</b>		<b>Business-Type Activities</b>		<b>Total Primary Government</b>	
	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 27,226,872	\$ 27,956,100	\$ 11,868,372	\$ 10,510,336	\$ 39,095,244	\$ 38,466,436
Capital assets, net	48,317,828	49,413,161	20,206,300	21,620,118	68,524,128	71,033,279
<b>Total Assets</b>	<b>75,544,700</b>	<b>77,369,261</b>	<b>32,074,672</b>	<b>32,130,454</b>	<b>107,619,372</b>	<b>109,499,715</b>
Deferred charge on refunding	285,887	373,650	24,095	25,826	309,982	399,476
Deferred outflows - pension	3,203,599	3,736,865	297,181	347,461	3,500,780	4,084,326
<b>Total Deferred Outflows of Resources</b>	<b>3,489,486</b>	<b>4,110,515</b>	<b>321,276</b>	<b>373,287</b>	<b>3,810,762</b>	<b>4,483,802</b>
Long-term liabilities	23,165,719	24,737,835	6,863,695	7,146,540	30,029,414	31,884,375
Other liabilities	1,294,143	968,228	568,066	645,921	1,862,209	1,614,149
<b>Total Liabilities</b>	<b>24,459,862</b>	<b>25,706,063</b>	<b>7,431,761</b>	<b>7,792,461</b>	<b>31,891,623</b>	<b>33,498,524</b>
Deferred inflows - pension	147,401	313,455	14,416	29,654	161,817	343,109
Deferred inflows - grants	409,058	-	-	-	409,058	-
<b>Total Deferred Inflows of Resources</b>	<b>556,459</b>	<b>313,455</b>	<b>14,416</b>	<b>29,654</b>	<b>570,875</b>	<b>343,109</b>
Net Position:						
Net investment						
in capital assets	36,391,591	35,633,525	14,377,497	15,480,229	50,769,088	51,113,754
Restricted	7,095,149	7,527,380	5,148,438	4,697,276	12,243,587	12,224,656
Unrestricted	10,531,125	12,299,353	5,423,836	4,504,121	15,954,961	16,803,474
<b>Total Net Position</b>	<b>\$ 54,017,865</b>	<b>\$ 55,460,258</b>	<b>\$ 24,949,771</b>	<b>\$ 24,681,626</b>	<b>\$ 78,967,636</b>	<b>\$ 80,141,884</b>

A portion of the primary government's net position, \$12,243,587 or 15.5 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, \$15,954,961 or 20.2 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, 2017

**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	
	2017	2016	2017	2016	2017	2016
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 1,902,661	\$ 1,906,748	\$ 5,102,070	\$ 5,153,171	\$ 7,004,731	\$ 7,059,919
Operating grants and contributions	1,120,533	1,314,106	-	-	1,120,533	1,314,106
Capital grants and contributions	1,732,351	13,531	-	-	1,732,351	13,531
General revenues:						
Ad valorem taxes	5,531,228	4,298,407	-	-	5,531,228	4,298,407
Sales taxes	11,798,915	12,183,773	-	-	11,798,915	12,183,773
Franchise and local taxes	1,215,747	1,176,498	-	-	1,215,747	1,176,498
Other taxes	1,825,145	1,893,417	-	-	1,825,145	1,893,417
Investment earnings	117,515	101,170	30,696	25,390	148,211	126,560
Other revenues	149,689	125,463	530,527	495,888	680,216	621,351
Gain (loss) on disposal of capital assets	48,974	193,329	-	-	48,974	193,329
<b>Total Revenues</b>	<b>25,442,758</b>	<b>23,206,442</b>	<b>5,663,293</b>	<b>5,674,449</b>	<b>31,106,051</b>	<b>28,880,891</b>
<b>Expenses</b>						
General government	4,373,967	3,995,852	-	-	4,373,967	3,995,852
Public safety	13,499,815	12,215,661	-	-	13,499,815	12,215,661
Public works	4,403,146	4,269,413	-	-	4,403,146	4,269,413
Community development	4,502,088	2,631,773	-	-	4,502,088	2,631,773
Interest and fiscal agent fees on long-term debt	356,135	399,768	-	-	356,135	399,768
Water	-	-	2,328,079	2,530,323	2,328,079	2,530,323
Wastewater	-	-	2,486,477	2,674,312	2,486,477	2,674,312
Drainage	-	-	330,592	223,621	330,592	223,621
<b>Total Expenses</b>	<b>27,135,151</b>	<b>23,512,467</b>	<b>5,145,148</b>	<b>5,428,256</b>	<b>32,280,299</b>	<b>28,940,723</b>
<b>Increase (Decrease) in Net Position</b>						
<b>Before Transfers</b>	<b>(1,692,393)</b>	<b>(306,025)</b>	<b>518,145</b>	<b>246,193</b>	<b>(1,174,248)</b>	<b>(59,832)</b>
Transfers In (Out)	250,000	250,000	(250,000)	(250,000)	-	-
<b>Change in Net Position</b>	<b>(1,442,393)</b>	<b>(56,025)</b>	<b>268,145</b>	<b>(3,807)</b>	<b>(1,174,248)</b>	<b>(59,832)</b>
<b>Beginning Net Position</b>	<b>55,460,258</b>	<b>55,516,283</b>	<b>24,681,626</b>	<b>24,685,433</b>	<b>80,141,884</b>	<b>80,201,716</b>
<b>Ending Net Position</b>	<b>\$ 54,017,865</b>	<b>\$ 55,460,258</b>	<b>\$ 24,949,771</b>	<b>\$ 24,681,626</b>	<b>\$ 78,967,636</b>	<b>\$ 80,141,884</b>

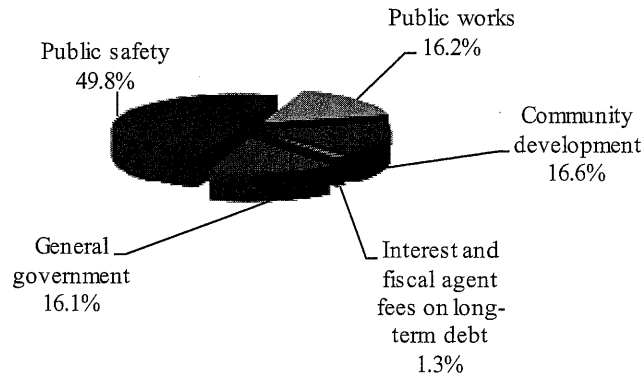
# CITY OF WEBSTER, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

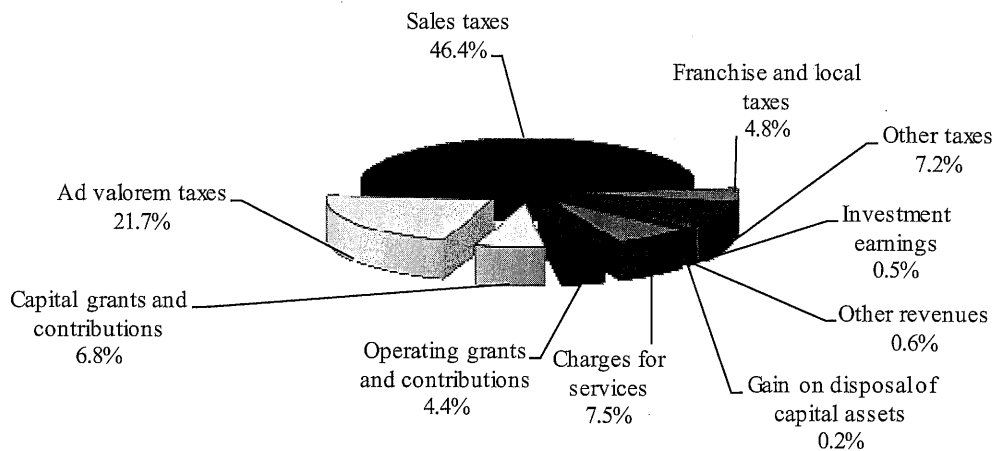
For the Year Ended September 30, 2017

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

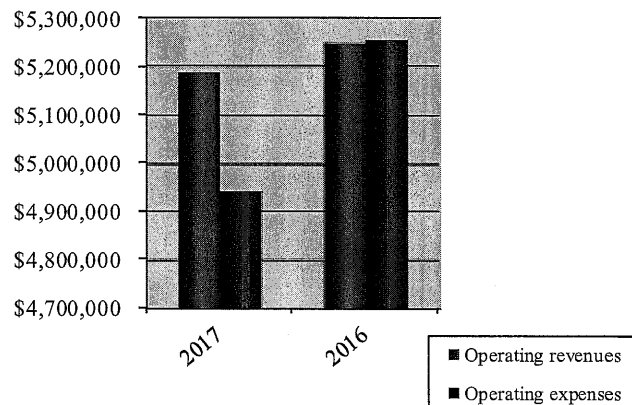
### Governmental Activities - Expenses



### Governmental Activities - Revenues



### Business-Type Activities - Revenues and Expenses



**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2017**

**Governmental Activities**

For the year ended September 30, 2017, revenues from governmental activities totaled \$25,442,758. Property and sales tax revenues continue to be the City's largest revenue sources. Sales tax revenue fell by \$384,858 due to a decrease in sales within the City. Property taxes increased compared to the prior year by \$1,232,821 as the result of higher assessed values of properties. Capital grants and contributions increased \$1,718,820 due to the construction in progress in the destination development project contributed by the WEDC, the donation of a parcel of land for a road easement, and the acquisition of two high water vehicles from federal surplus.

For the year ended September 30, 2017, expenses for governmental activities totaled \$27,135,151, which was an increase of \$3,622,684 compared to the prior year. This increase in expenses is largely due to additional investments made for community development, most notably the City's partnership with Space Center Houston to help fund the restoration of the historic mission control.

**Business-Type Activities**

The City's business-type activities include the operations of providing water, wastewater, and drainage services. In comparison to the prior year, charges for services decreased by \$51,101 or 0.99 percent due to less consumption. Total costs declined by \$283,108 or 5.22 percent due mainly to prior year maintenance costs related to the City's treatment plant.

**FINANCIAL ANALYSIS OF THE CITY'S FUNDS**

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

**Governmental Funds**

The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's 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 \$21,607,736. Of this, \$41,836 is nonspendable consisting of prepaid items and inventory, \$1,881,062 is assigned, \$7,091,408 is restricted for various purposes, and \$12,593,430 remains as the portion unassigned.

There was a decrease in the combined fund balance of \$1,929,537 from the prior year. Compared to the prior year, revenues increased \$633,672 due mainly to increases in property tax revenues, franchise fees, and construction-related permits. These revenue increases were partially offset by lower sales tax revenue and less intergovernmental revenue from grant activities compared to the prior year. Expenditures increased \$3,110,895 compared to the prior year. This increase was the result of funding the restoration of NASA's historic mission control by the hotel tax occupancy fund, as well as expenditures related to the dissolution of the City's Tax Increment Reinvestment Zone or TIRZ. The City's fund balance policy for the general fund is a minimum four-month reserve. The general fund's unassigned fund balance of \$12,593,430 is \$5,825,485 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 \$665,250 in the general fund fund balance, bringing ending fund balance to \$12,909,536. Revenues increased \$517,327 compared to the prior year. As mentioned above, there were

**CITY OF WEBSTER, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended September 30, 2017**

increases in revenues from property taxes, franchise fees, and permits compared to the prior year, which were partially offset by a decrease in sales tax revenues. Expenditures increased \$534,403 from the prior year in public safety due to costs incurred for debris removal in the aftermath of Hurricane Harvey.

There was an increase of \$24,223 in the debt service fund fund balance, bringing ending fund balance to \$811,169. The increase is due to property taxes in excess of principal and interest payments. Property tax revenues rose compared to the prior year due to an increase in the assessed values of properties within the City.

The hotel occupancy tax fund experienced an increase in fund balance of \$982,538. Compared to the prior year, the net change in fund balance was comparable even after a significant increase in expenditures of \$1,801,689, before accounting for a transfer of dollars from other funds of \$1,850,000. This increase is related to the City's partnership with Space Center Houston.

### **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 decreased during the year by 3.9 percent due to a decrease in consumer consumption. Charges for wastewater decreased, as well, by 2.9 percent due to a decrease in customer consumption. Drainage charges increased in comparison to the prior year by 54 percent. Operating expenses decreased by 6.0 percent, which contributed to the increase in ending net position of \$271,140.

### **GENERAL FUND BUDGETARY HIGHLIGHTS**

Actual revenues were \$278,366 less than budgeted revenues for 2017. This variance can be primarily attributed to negative variances of \$276,785 for sales taxes, \$99,688 for other taxes, and \$100,713 for fines and forfeitures. These negative variances were partially offset by a positive variance of \$69,696 for charges for services.

Actual expenditures were less than budgeted expenditures by \$1,063,876. All functions had positive budget variances, which were largely the result of conservative budgeting practices.

### **CAPITAL ASSETS**

At September 30, 2017, the City's governmental activities funds had invested \$48,317,828 in a variety of capital assets and infrastructure, net of accumulated depreciation. This represents a net decrease of \$1,095,333.

Major capital asset events during the year included the following:

- Acquisition of land of \$296,826
- Installation of playground equipment of \$98,789
- Construction in progress for Rocket and Genesis projects of \$1,580,363
- Completion of sidewalks along Kobayashi of \$175,463
- Acquisition of two high water vehicles valued at \$55,998

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, 2017**

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$17,540,000. Of this amount, \$10,810,000 was general obligation debt, while certificates of obligation accounted for \$5,170,000. The remaining \$1,560,000 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	
	Investors	Standard and
	Service	Poor's
General obligation bonds	A3	AA+

**ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

After months of preparation, workshops, and public hearings, the Webster City Council adopted its annual budget and property tax rate for its fiscal year that begins on October 1, 2017 (FY 2017-18). The budget for FY 2017-18 includes total resources of \$41,254,220 and expenditures of \$39,145,780, including the activity of the Webster Economic Development Corporation. Both of these amounts are less than the amended budget for FY 2016-17. While General Fund and Utility Fund costs are expected to climb by a total of \$1.6 million to support capital projects, the completion of a gift agreement with Space Center Houston and the dissolution of the Webster Tax Increment Reinvestment Zone #1 shrink expenditures in the special revenue funds by \$3.2 million. Webster Economic Development Corporation costs fall by \$6.7 million after several major projects were funded during the previous fiscal year.

Property values within the City of Webster jumped 2.2% above the adjusted 2016 taxable values to \$2.037 billion. The property tax rate increases from \$0.28450 to \$0.31725 per \$100 of taxable value to accumulate an additional \$645,000 for both operations and debt service. Sales tax revenue is predicted to remain flat after falling over 3% during 2017. Utility rates rise to support a future debt issuance and major maintenance projects.

The City is literally paving the way for future commercial development by constructing roads and other public infrastructure. Several key international businesses have been recruited to Magnolia Business Park. Groundbreaking for the new Odyssey Business Park has recently occurred. Economic development staff have been tirelessly working to secure retail, dining, and entertainment venues for the area.

**CITY OF WEBSTER, TEXAS**  
***MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)***  
**For the Year Ended September 30, 2017**

**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](http://www.cityofwebster.com).

## ***BASIC FINANCIAL STATEMENTS***

# CITY OF WEBSTER, TEXAS

## STATEMENT OF NET POSITION

September 30, 2017

	Primary Government			Component Unit
	Governmental Activities	Business-Type Activities	Total	
<b>ASSETS</b>				
Cash and cash equivalents	\$ 14,782,343	\$ 8,032,638	\$ 22,814,981	\$ 17,691,568
Investments	9,394,446	2,920,641	12,315,087	-
Receivables (net of allowance for uncollectible)	3,186,121	730,455	3,916,576	644,795
Internal balances	(177,874)	177,874	-	-
Prepaid items	28,651	6,764	35,415	-
Inventory	13,185	-	13,185	-
Capital assets:				
Nondepreciable	5,661,832	102,269	5,764,101	2,814,414
Net depreciable capital assets	42,655,996	20,104,031	62,760,027	-
<b>Total Assets</b>	<b>75,544,700</b>	<b>32,074,672</b>	<b>107,619,372</b>	<b>21,150,777</b>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred charge on refunding	285,887	24,095	309,982	147,722
Deferred outflows - pension	3,203,599	297,181	3,500,780	-
<b>Total Deferred Outflows of Resources</b>	<b>3,489,486</b>	<b>321,276</b>	<b>3,810,762</b>	<b>147,722</b>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	1,151,621	201,623	1,353,244	442,403
Customer deposits	5,800	352,572	358,372	-
Accrued interest payable	25,509	13,871	39,380	15,665
Unearned revenue	111,213	-	111,213	-
Noncurrent liabilities:				
Long-term liabilities due within one year	2,898,920	395,763	3,294,683	653,094
Long-term liabilities due in more than one year	20,266,799	6,467,932	26,734,731	10,445,962
<b>Total Liabilities</b>	<b>24,459,862</b>	<b>7,431,761</b>	<b>31,891,623</b>	<b>11,557,124</b>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pension	147,401	14,416	161,817	-
Deferred inflows - grants	409,058	-	409,058	-
<b>Total Deferred Inflows of Resources</b>	<b>556,459</b>	<b>14,416</b>	<b>570,875</b>	<b>-</b>
<b>NET POSITION</b>				
Net investment in capital assets	36,391,591	14,377,497	50,769,088	2,814,414
Restricted for:				
Debt service	814,910	663,870	1,478,780	128,011
Enabling legislation	6,280,239	-	6,280,239	-
Construction/capital improvements	-	4,484,568	4,484,568	7,742,819
Economic development	-	-	-	10,007,465
Unrestricted	10,531,125	5,423,836	15,954,961	(10,951,334)
<b>Total Net Position</b>	<b>\$ 54,017,865</b>	<b>\$ 24,949,771</b>	<b>\$ 78,967,636</b>	<b>\$ 9,741,375</b>

See Notes to Financial Statements.

# CITY OF WEBSTER, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2017

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 4,373,967	\$ 402,094	\$ 1,030,030	\$ -
Public safety	13,499,815	926,225	90,503	-
Public works	4,403,146	-	-	-
Community development	4,502,088	574,342	-	1,732,351
Interest and fiscal agent fees	356,135	-	-	-
<b>Total Governmental Activities</b>	<u>27,135,151</u>	<u>1,902,661</u>	<u>1,120,533</u>	<u>1,732,351</u>
<b>Business-Type Activities</b>				
Water	2,328,079	2,308,587	-	-
Wastewater	2,486,477	2,465,659	-	-
Drainage	330,592	327,824	-	-
<b>Total Business-Type Activities</b>	<u>5,145,148</u>	<u>5,102,070</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 32,280,299</u>	<u>\$ 7,004,731</u>	<u>\$ 1,120,533</u>	<u>\$ 1,732,351</u>
<b>Component Unit</b>				
Webster Economic Development Corporation	\$ 3,499,500	\$ -	\$ -	\$ -
<b>Total Component Unit</b>	<u>\$ 3,499,500</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			Component Unit
Governmental Activities	Business-Type Activities	Total	
\$ (2,941,843)	\$ -	\$ (2,941,843)	\$ -
(12,483,087)	-	(12,483,087)	-
(4,403,146)	-	(4,403,146)	-
(2,195,395)	-	(2,195,395)	-
(356,135)	-	(356,135)	-
(22,379,606)	-	(22,379,606)	-
-	(19,492)	(19,492)	-
-	(20,818)	(20,818)	-
-	(2,768)	(2,768)	-
-	(43,078)	(43,078)	-
(22,379,606)	(43,078)	(22,422,684)	-
-	-	-	(3,499,500)
-	-	-	(3,499,500)
5,531,228	-	5,531,228	-
11,798,915	-	11,798,915	3,932,972
1,215,747	-	1,215,747	-
1,825,145	-	1,825,145	-
117,515	30,696	148,211	97,715
149,689	530,527	680,216	6,325
48,974	-	48,974	825,506
250,000	(250,000)	-	-
20,937,213	311,223	21,248,436	4,862,518
(1,442,393)	268,145	(1,174,248)	1,363,018
55,460,258	24,681,626	80,141,884	8,378,357
\$ 54,017,865	\$ 24,949,771	\$ 78,967,636	\$ 9,741,375

# CITY OF WEBSTER, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2017

	General	Debt Service	Hotel Occupancy Tax	Nonmajor Governmental Funds
<b>ASSETS</b>				
Cash and cash equivalents	\$ 4,252,816	\$ 811,169	\$ 5,699,823	\$ 1,551,803
Investments	7,302,184	-	-	497,715
Receivables (net of allowance for uncollectible)	2,891,127	28,875	200,352	36,308
Due from other funds	17,322	-	-	-
Prepaid items	28,651	-	-	-
Inventory	13,185	-	-	-
<b>Total Assets</b>	<u>\$ 14,505,285</u>	<u>\$ 840,044</u>	<u>\$ 5,900,175</u>	<u>\$ 2,085,826</u>
<b>LIABILITIES</b>				
Accounts payable and accrued liabilities	\$ 1,031,242	\$ -	\$ 14,366	\$ 67,282
Customer deposits	5,800	-	-	-
Due to other funds	2,868	-	-	17,322
Unearned revenue	111,213	-	-	-
<b>Total Liabilities</b>	<u>1,151,123</u>	<u>-</u>	<u>14,366</u>	<u>84,604</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Unavailable revenue - property taxes	35,568	28,875	-	-
Unavailable revenue - grants	409,058	-	-	-
<b>Total Deferred Inflows of Resources</b>	<u>444,626</u>	<u>28,875</u>	<u>-</u>	<u>-</u>
<b>FUND BALANCES</b>				
Nonspendable:				
Prepaid items	28,651	-	-	-
Inventory	13,185	-	-	-
Restricted for:				
Debt service	-	811,169	-	-
Enabling legislation	-	-	5,885,809	394,430
Assigned to:				
Special revenue	-	-	-	109,794
Capital projects	-	-	-	1,496,998
Other post-employment benefits	274,270	-	-	-
Unassigned	12,593,430	-	-	-
<b>Total Fund Balances</b>	<u>12,909,536</u>	<u>811,169</u>	<u>5,885,809</u>	<u>2,001,222</u>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<u>\$ 14,505,285</u>	<u>\$ 840,044</u>	<u>\$ 5,900,175</u>	<u>\$ 2,085,826</u>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$	12,315,611
	7,799,899
	3,156,662
	17,322
	28,651
	13,185
\$	<u>23,331,330</u>

\$	1,112,890
	5,800
	20,190
	<u>111,213</u>
	<u>1,250,093</u>

	64,443
	<u>409,058</u>
	<u>473,501</u>

28,651
13,185

811,169
6,280,239

109,794
1,496,998
274,270
<u>12,593,430</u>
<u>21,607,736</u>

\$	<u>23,331,330</u>
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**CITY OF WEBSTER, TEXAS**  
**RECONCILIATION OF THE BALANCE SHEET**  
**OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF NET POSITION**  
**September 30, 2017**

Total fund balances – total governmental funds	\$	21,607,736
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Amounts reported for governmental activities in the Statement of Net Position are different because:

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

Capital assets – nondepreciable		5,661,832
Capital assets – net depreciable		42,655,996

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

64,443

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.

3,877,001

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

Accrued interest payable		(25,509)
Noncurrent liabilities due in one year		(2,898,920)
Noncurrent liabilities due in more than one year		(20,266,799)
Deferred charge on refunding		285,887
Deferred outflows - pension		3,203,599
Deferred inflows - pension		(147,401)

**Net Position of Governmental Activities**

	\$	54,017,865
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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, 2017

	General	Debt Service	Hotel Occupancy Tax	Nonmajor Governmental Funds
<b>REVENUES</b>				
Ad valorem taxes	\$ 3,618,503	\$ 1,903,452	\$ -	\$ -
Sales taxes	11,798,915	-	-	-
Franchise fees	1,183,618	-	-	32,129
Other taxes	564,732	-	1,260,413	-
Licenses and permits	530,620	-	-	-
Fines and forfeitures	831,207	-	-	95,018
Charges for services	445,816	-	-	-
Intergovernmental	-	-	-	90,503
Investment earnings	69,539	4,016	16,764	11,998
Contributions	700,000	330,030	-	-
Other revenue	139,534	-	4,861	5,294
<b>Total Revenues</b>	<u>19,882,484</u>	<u>2,237,498</u>	<u>1,282,038</u>	<u>234,942</u>
<b>EXPENDITURES</b>				
<b>Current</b>				
General government	3,709,374	-	-	684,484
Public safety	11,883,263	-	-	143,990
Public works	2,960,663	-	-	-
Community development	1,750,535	-	2,107,900	-
<b>Capital Outlay</b>	-	-	-	367,844
<b>Debt Service</b>				
Principal	-	1,870,000	-	-
Interest and fiscal charges	-	343,275	-	-
<b>Total Expenditures</b>	<u>20,303,835</u>	<u>2,213,275</u>	<u>2,107,900</u>	<u>1,196,318</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(421,351)</u>	<u>24,223</u>	<u>(825,862)</u>	<u>(961,376)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	1,134,891	-	1,850,000	53,119
Transfers out	(53,119)	-	(41,600)	(2,693,291)
Sale of capital assets	4,829	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<u>1,086,601</u>	<u>-</u>	<u>1,808,400</u>	<u>(2,640,172)</u>
<b>Net Change in Fund Balances</b>	665,250	24,223	982,538	(3,601,548)
<b>Beginning Fund Balances</b>	12,244,286	786,946	4,903,271	5,602,770
<b>Ending Fund Balances</b>	<u>\$ 12,909,536</u>	<u>\$ 811,169</u>	<u>\$ 5,885,809</u>	<u>\$ 2,001,222</u>

See Notes to Financial Statements.

<b>Total Governmental Funds</b>	
\$	5,521,955
	11,798,915
	1,215,747
	1,825,145
	530,620
	926,225
	445,816
	90,503
	102,317
	1,030,030
	149,689
	<u>23,636,962</u>
	4,393,858
	12,027,253
	2,960,663
	3,858,435
	367,844
	1,870,000
	343,275
	<u>25,821,328</u>
	<u>(2,184,366)</u>
	3,038,010
	(2,788,010)
	4,829
	<u>254,829</u>
	(1,929,537)
	23,537,273
\$	<u><u>21,607,736</u></u>

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**CITY OF WEBSTER, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2017**

Net changes in fund balances – total governmental funds \$ (1,929,537)

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	(3,635,087)
Capital outlay	2,539,754

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	9,273
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The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when it is first issued, whereas these amounts are deferred and amortized in the Statement of Activities.

Principal repayments	1,870,000
Amortization of deferred charges	(16,601)
Accrued interest	3,741
Compensated absences	(92,749)
Net pension liability	(247,739)
Net OPEB obligation	(28,558)
Amortization of deferred outflows - pension	(533,266)
Amortization of deferred inflows - pension	166,054

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.

452,322

<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (1,442,393)</u></u></b>
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See Notes to Financial Statements.

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# CITY OF WEBSTER, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

September 30, 2017

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Utility Fund</u>	<u>Internal Service Funds</u>
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 8,032,638	\$ 2,466,732
Investments	2,920,641	1,594,547
Receivables, net	730,455	29,459
Due from other funds	87	2,781
Prepaid expenses	6,764	-
<b>Total Current Assets</b>	<u>11,690,585</u>	<u>4,093,519</u>
<b>Noncurrent Assets</b>		
Capital assets:		
Nondepreciable	102,269	-
Depreciable capital assets	39,504,646	4,901,915
Less: accumulated depreciation	(19,400,615)	(3,168,954)
<b>Total Capital Assets (Net)</b>	<u>20,206,300</u>	<u>1,732,961</u>
<b>Total Noncurrent Assets</b>	<u>20,206,300</u>	<u>1,732,961</u>
<b>Total Assets</b>	<u>31,896,885</u>	<u>5,826,480</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>		
Deferred charge on refunding	24,095	-
Deferred outflows - pension	297,181	84,746
<b>Total Deferred Outflows of Resources</b>	<u>321,276</u>	<u>84,746</u>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	201,623	38,731
Accrued interest payable	13,871	-
Current portion of compensated absences	67,946	14,275
Customer deposits	352,572	-
Current portion of bonds payable (net of deferred charges)	327,817	-
<b>Total Current Liabilities</b>	<u>963,829</u>	<u>53,006</u>
<b>Noncurrent Liabilities</b>		
Compensated absences	13,993	3,456
Net pension liability	894,501	248,059
Net other postemployment benefit obligation	34,357	7,182
Bonds payable (net of deferred charges)	5,525,081	-
<b>Total Noncurrent Liabilities</b>	<u>6,467,932</u>	<u>258,697</u>
<b>Total Liabilities</b>	<u>7,431,761</u>	<u>311,703</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>		
Deferred inflows - pension	14,416	3,605
<b>Total Deferred Inflows of Resources</b>	<u>14,416</u>	<u>3,605</u>
<b>NET POSITION</b>		
Net investment in capital assets	14,377,497	1,732,961
Restricted for debt service	663,870	-
Restricted for construction/capital improvements	4,484,568	-
Unrestricted	5,246,049	3,862,957
<b>Total Net Position</b>	<u>24,771,984</u>	<u>\$ 5,595,918</u>
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	177,787	
Net position of business-type activities	<u>\$ 24,949,771</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, 2017

	<b>Business-Type Activities Utility Fund</b>	<b>Governmental Activities Internal Service Funds</b>
<b>OPERATING REVENUES</b>		
Water charges	\$ 2,308,587	\$ -
Wastewater charges	2,465,659	-
Drainage charges	327,824	-
Penalties and reconnect fees	28,454	-
Charges for services	-	3,986,180
Other revenue	58,389	7,233
<b>Total Operating Revenues</b>	<u>5,188,913</u>	<u>3,993,413</u>
<b>OPERATING EXPENSES</b>		
Personnel	1,471,144	2,893,185
Supplies	636,120	13,313
Maintenance	606,557	105,362
Services	791,196	221,757
Depreciation	1,436,451	792,909
<b>Total Operating Expenses</b>	<u>4,941,468</u>	<u>4,026,526</u>
<b>Operating Income (Loss)</b>	<u>247,445</u>	<u>(33,113)</u>
<b>NONOPERATING REVENUES (EXPENSES)</b>		
Investment earnings	30,696	15,198
Interest expense	(200,685)	-
Impact fees	443,684	-
Gain on sale of capital assets	-	105,611
<b>Total Nonoperating Revenues</b>	<u>273,695</u>	<u>120,809</u>
<b>Income Before Transfers</b>	521,140	87,696
<b>TRANSFERS</b>		
Transfers (out)	<u>(250,000)</u>	<u>-</u>
<b>Change in Net Position</b>	271,140	87,696
<b>Beginning Net Position</b>	<u>24,500,844</u>	<u>5,508,222</u>
<b>Ending Net Position</b>	<u><u>\$ 24,771,984</u></u>	<u><u>\$ 5,595,918</u></u>
Change in net position before adjustment	\$ 271,140	
Adjustment to reflect the consolidation of internal service fund activities related to enterprise funds	<u>(2,995)</u>	
Change in net position of business-type activities	<u><u>\$ 268,145</u></u>	

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, 2017

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Utility Fund</b>	<b>Internal Service Funds</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Receipts from customers and users	\$ 5,130,436	\$ -
Receipts from interfund charges for equipment replacement	-	629,988
Receipts from interfund charges for information technology	-	759,403
Receipts from interfund charges for employee benefits	-	2,576,247
Payments to suppliers	(2,064,638)	(2,907,394)
Payments to employees	(1,456,410)	(300,168)
<b>Net Cash Provided by Operating Activities</b>	<b>1,609,388</b>	<b>758,076</b>
<b>CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES</b>		
Impact fees	443,684	-
Transfers to other funds	(250,000)	-
<b>Net Cash Provided by Noncapital Financing Activities</b>	<b>193,684</b>	<b>-</b>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>		
Acquisition and construction of capital assets	(22,633)	(448,048)
Principal paid on debt	(295,000)	-
Interest paid on debt	(218,502)	-
Proceeds from sale of capital assets	-	105,611
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(536,135)</b>	<b>(342,437)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Proceeds from sales and maturities of investments	1,379,238	1,001,997
Purchase of investments	(1,398,862)	(1,098,005)
Interest on investments	30,696	15,198
<b>Net Cash Provided (Used) by Investing Activities</b>	<b>11,072</b>	<b>(80,810)</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,278,009</b>	<b>334,829</b>
<b>Beginning Cash and Cash Equivalents</b>	<b>6,754,629</b>	<b>2,131,903</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 8,032,638</b>	<b>\$ 2,466,732</b>

# CITY OF WEBSTER, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2017

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Utility Fund</u>	<u>Internal Service Funds</u>
<b>Reconciliation of Operating Income (Loss)</b>		
<b>to Net Cash Provided (Used) by Operating Activities</b>		
Operating income (loss)	\$ 247,445	\$ (33,113)
Adjustments to Reconcile Operating Income (Loss) to		
Net Cash Provided by Operating Activities:		
Depreciation	1,436,451	792,909
<b>Changes in Operating Assets and Liabilities:</b>		
<b>(Increase) Decrease in Current Assets:</b>		
Accounts receivable	(64,093)	(27,775)
Due from other funds	1,039	(2,781)
Prepaid expenses	(344)	-
Deferred outflows	52,011	13,555
<b>Increase (Decrease) in Current Liabilities:</b>		
Accounts payable and accrued liabilities	(83,471)	12,066
Compensated absences	3,811	435
Customer deposits	5,616	-
Net pension liability	22,734	6,697
Net other post-employment benefit obligation	3,427	571
Deferred inflows	(15,238)	(4,488)
<b>Net Cash Provided by Operating Activities</b>	<u><u>\$ 1,609,388</u></u>	<u><u>\$ 758,076</u></u>

See Notes to Financial Statements.

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# **CITY OF WEBSTER, TEXAS**

## ***NOTES TO FINANCIAL STATEMENTS***

**For the Year Ended September 30, 2017**

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

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

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

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

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. The Webster Economic Development Corporation, although legally separate, is considered part of the reporting entity. 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. Additionally, prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

#### **Discretely Presented Component Unit**

##### **Webster Economic Development Corporation**

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

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.

The Board of Directors of the Webster Tax Increment Reinvestment Zone (TIRZ) Number One, a blended component unit of the City, approved the Second Amended Project Plan and Reinvestment Zone Financing Plan on October 18, 2016. The second amended plan removed all projects from the TIRZ along with all anticipated costs. On December 6, 2016, after two readings, the Webster City Council adopted an ordinance that approved the second amended plan. Together these actions effectively terminated the Webster Tax Increment Reinvestment Zone Number One and dissolved its Board of Directors. All funds that had been captured over the life of the TIRZ were returned to the contributing parties. Harris County and the City of Webster received \$646,851 and \$823,177 plus accrued interest.

**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.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

**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.

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 *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 *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 *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, and the general projects 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.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

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

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

**E. Measurement Focus and Basis of Accounting**

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

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

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

2. Investments

Investments are stated at fair value, except for investment pools which are stated at either amortized costs or net asset value. Investment incomes from the pools are allocated back to the respective funds based on each fund's equity in the pool.

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 acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has four items that qualify for reporting in this category on 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. Deferred outflows of resources are recognized for the difference between the projected and actual investment earnings on the pension plan assets. This amount is deferred and amortized over a period of five years. Deferred charges have been recognized for employer pension plan contributions that were made subsequent to the measurement date through the end of the City's fiscal year. This amount is deferred and recognized as a reduction to the net pension liability during the measurement period in which the contributions were made. Deferred charges have been recognized for changes in actuarial assumptions. This amount is deferred and amortized over the average of the expected service lives of pension plan members.

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 two items that qualify for reporting in this category in the government-wide Statement of Net Position. A deferred inflow has been recognized as a result of differences between the actuarial expectations and the actual economic experience of the City's defined benefit pension plan. This amount is deferred and amortized over the average of the expected service lives of pension plan members. Additionally, the City has deferred outflows related to a grant in which approval has not been provided by the grantee as of the end of the fiscal year for disaster-related expenses. At the fund level, the City has only one type of item, which arises only under a modified accrual basis of accounting, that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. This amount is deferred and recognized as an inflow of resources in the period that the amount becomes available.

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. Amounts accumulated may be paid to employees upon termination of employment or during employment in accordance with the City's personnel policy. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

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 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.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

10. Fund Balance Policies

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

Amounts that cannot be spent because they are either not in spendable form or legally or contractually required to be maintained intact are classified as nonspendable fund balance. Amounts that are externally imposed by creditors, grantors, contributors, or laws or regulations of other governments or imposed by law through constitutional provisions are classified as restricted.

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

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

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

11. Estimates

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

12. Pensions

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

13. Comparative Data

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

**G. Revenues and Expenditures/Expenses**

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**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, 2017, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. agencies	\$ 11,826,885	0.77
Certificates of deposit	490,000	0.72
External investment pools	7,005,155	0.12
Total fair value	\$ 19,322,040	
Portfolio weighted average maturity		0.49

Fair Value Measurements

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

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

At September 30, 2017, the City had the following recurring fair value measurements:

	9/30/2017	Fair Value Measurements Using Significant Other Observable Inputs (Level 2)
<b>Investments by fair value level</b>		
<u>U.S. Government Agency Bonds/Notes</u>		
Federal Home Loan Bank	\$ 2,087,713	\$ 2,087,713
Federal Home Loan Mortgage Corporation	3,793,167	3,793,167
Financing Corporation	515,731	515,731
Federal National Mortgage Association	997,360	997,360
Federal Farm Credit Bank	4,432,914	4,432,914
<b>Investments measured at amortized cost</b>		
<u>Investment Pools</u>		
TexPool	3,481,782	-
<b>Investments measured at Net Asset Value (NAV)</b>		
<u>Investment Pools</u>		
TexStar	3,523,373	-
<b>Total</b>	<u>\$ 18,832,040</u>	<u>\$ 11,826,885</u>

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk.* The City's investment policy limits investments in money market mutual funds rated as to investment quality not less than "AAA" by Standard & Poor's. As of September 30, 2017, the City's investments in TexPool and TexSTAR were rated "AAAm" by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of September 30, 2017 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, 2017, market values of pledged securities were \$23,989,577 and bank balances were \$20,351,040.

*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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

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. Standard & Poor's rated TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

TexPool operates in compliance with the Public Funds Investment Act, Chapter 2256, Texas Government Code. TexPool states all investments at amortized cost to value portfolio assets and follows the criteria established by GASB Statement No. 79, *Certain External Investment Pools and Pool Participants* for the use of amortized cost. Deposits and withdrawals can be made on any business day of the week. The investment pool has a redemption notice of one day which may be redeemed daily. TexPool may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pool's liquidity. There are no limits on the number of accounts a participant can have or the number of transactions.

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. J.P. Morgan Investment Management Inc. (JPMIM) and Hilltop Securities Inc. (HTS) serve as co-administrators. JPMIM provides investment management services and FirstSouthwest, a division of HTS, provides participant service and marketing. Custodial, fund accounting, and depository services are provided by JPMorgan Chase Bank, N.A. and/or its subsidiary, J.P. Morgan Investor Services Co. Transfer agency services are provided by Boston Financial Data Services, Inc.

TexSTAR states all investments at net asset value. The investment pool has a redemption notice of one day which may be redeemed daily. TexSTAR may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or a national state of emergency that affects the pool's liquidity.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**B. Receivables**

The following comprise receivable balances at year end:

**Governmental Funds**

	<b>General</b>	<b>Debt Service</b>	<b>Hotel Occupancy Tax</b>	<b>Nonmajor Funds</b>	<b>Component Unit</b>
Ad valorem taxes	\$ 35,744	\$ 30,261	\$ -	\$ -	\$ -
Other taxes	2,081,001	-	200,352	6,664	644,795
Accounts	251,186	-	-	27,410	-
Accrued interest	28,790	-	-	1,466	-
Intergovernmental	-	-	-	768	-
Other	494,582	-	-	-	-
Less allowance	(176)	(1,386)	-	-	-
	<u>\$ 2,891,127</u>	<u>\$ 28,875</u>	<u>\$ 200,352</u>	<u>\$ 36,308</u>	<u>\$ 644,795</u>

**Proprietary Funds**

	<b>Enterprise</b>	<b>Internal Service</b>
Accounts	\$ 765,129	\$ 25,205
Accrued interest	7,302	4,254
Less allowance	(41,976)	-
	<u>\$ 730,455</u>	<u>\$ 29,459</u>

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

**C. Capital Assets**

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,681,219	\$ 296,826	\$ -	\$ 3,978,045
Construction in progress	377	1,948,208	(264,798)	1,683,787
Total capital assets not being depreciated	<u>3,681,596</u>	<u>2,245,034</u>	<u>(264,798)</u>	<u>5,661,832</u>
Other capital assets:				
Buildings and improvements	24,878,047	-	-	24,878,047
Furniture and equipment	11,130,946	620,400	(322,510)	11,428,836
Infrastructure	47,937,590	322,751	(61,123)	48,199,218
Total other capital assets	<u>83,946,583</u>	<u>943,151</u>	<u>(383,633)</u>	<u>84,506,101</u>
Less accumulated depreciation for:				
Buildings and improvements	(9,682,750)	(701,767)	-	(10,384,517)
Furniture and equipment	(6,305,135)	(1,469,967)	301,067	(7,474,035)
Infrastructure	(22,227,133)	(1,785,520)	21,100	(23,991,553)
Total accumulated depreciation	<u>(38,215,018)</u>	<u>(3,957,254)</u>	<u>322,167</u>	<u>(41,850,105)</u>
Other capital assets, net	<u>45,731,565</u>	<u>(3,014,103)</u>	<u>(61,466)</u>	<u>42,655,996</u>
<b>Governmental Activities Capital     Assets, Net</b>	<u><u>\$ 49,413,161</u></u>	<u><u>\$ (769,069)</u></u>	<u><u>\$ (326,264)</u></u>	<u><u>48,317,828</u></u>
			Less debt associated with capital assets	(12,212,124)
			Plus deferred charge on refunding	285,887
			<b>Net Investment in Capital Assets</b>	<u><u>\$ 36,391,591</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 unit's name. Accordingly, component unit capital assets and construction in progress, with the exception of the land referred to above, are recorded in the governmental activities totals.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

Depreciation was charged to governmental functions as follows:

General government	\$ 219,233
Public safety	981,108
Public works	1,389,925
Community development	574,079
Internal service funds	792,909
<b>Total Governmental Activities Depreciation Expense</b>	<b><u>\$ 3,957,254</u></b>

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
<b>Component Unit:</b>				
Capital assets not being depreciated:				
Land	\$ 3,101,166	\$ -	\$ (286,752)	\$ 2,814,414
<b>Total Capital Assets Not Being Depreciated</b>	<b><u>\$ 3,101,166</u></b>	<b><u>\$ -</u></b>	<b><u>\$ (286,752)</u></b>	<b><u>\$ 2,814,414</u></b>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Decreases/ Reclassifications</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 102,269	\$ -	\$ -	\$ 102,269
Total capital assets not being depreciated	<u>102,269</u>	<u>-</u>	<u>-</u>	<u>102,269</u>
Other capital assets:				
Building and improvements	26,889,374	-	-	26,889,374
Furniture and equipment	88,773	-	-	88,773
Water and wastewater system	12,503,866	22,633	-	12,526,499
Total other capital assets	<u>39,482,013</u>	<u>22,633</u>	<u>-</u>	<u>39,504,646</u>
Less accumulated depreciation for:				
Building and improvements	(9,678,217)	(927,957)	-	(10,606,174)
Furniture and equipment	(64,029)	(7,425)	-	(71,454)
Water and wastewater system	(8,221,918)	(501,069)	-	(8,722,987)
Total accumulated depreciation	<u>(17,964,164)</u>	<u>(1,436,451)</u>	<u>-</u>	<u>(19,400,615)</u>
Other capital assets, net	<u>21,517,849</u>	<u>(1,413,818)</u>	<u>-</u>	<u>20,104,031</u>
<b>Business-Type Activities Capital Assets, Net</b>	<b><u>\$ 21,620,118</u></b>	<b><u>\$ (1,413,818)</u></b>	<b><u>\$ -</u></b>	<b><u>20,206,300</u></b>
				(5,852,898)
				24,095
				<b><u>\$ 14,377,497</u></b>

Less debt associated with capital assets  
Plus deferred charge on refunding  
**Net Investment in Capital Assets**

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

Depreciation was charged to business-type functions as follows:

Water	\$ 441,679
Wastewater	994,772
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$ 1,436,451</b>

**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>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 8,380,000	\$ -	\$ (1,615,000)	\$ 6,765,000 <sup>(1)</sup>	\$ 1,645,000
Certificates of obligation	5,425,000	-	(255,000)	5,170,000 <sup>(1)</sup>	260,000
Plus bond premium	348,286	-	(71,162)	277,124 <sup>(1)</sup>	71,162
	<u>14,153,286</u>	<u>-</u>	<u>(1,941,162)</u>	<u>12,212,124</u>	<u>1,976,162</u>
Other liabilities:					
Net pension liability	9,278,272	247,739	-	9,526,011	-
Net OPEB obligation	252,895	28,558	-	281,453	-
Compensated absences	1,053,382	940,834	(848,085)	1,146,131	922,758
<b>Total Governmental Activities</b>	<u>\$ 24,737,835</u>	<u>\$ 1,217,131</u>	<u>\$ (2,789,247)</u>	<u>\$ 23,165,719</u>	<u>\$ 2,898,920</u>
<b>Business-Type Activities:</b>					
General obligation bonds	\$ 4,260,000	\$ -	\$ (215,000)	\$ 4,045,000 <sup>(2)</sup>	\$ 225,000
Revenue bonds	1,640,000	-	(80,000)	1,560,000 <sup>(2)</sup>	85,000
Plus bond premiums	276,360	-	(18,527)	257,833 <sup>(2)</sup>	18,527
Less bond discount	(10,645)	-	710	(9,935) <sup>(2)</sup>	(710)
Net pension liability	871,767	22,734	-	894,501	-
Net OPEB obligation	30,930	3,427	-	34,357	-
Compensated absences	78,128	68,597	(64,786)	81,939	67,946
<b>Total Business-Type Activities</b>	<u>\$ 7,146,540</u>	<u>\$ 94,758</u>	<u>\$ (377,603)</u>	<u>\$ 6,863,695</u>	<u>\$ 395,763</u>
<b>WEDC:</b>					
Bonds payable	\$ 2,820,000	\$ 8,460,000	\$ (640,000)	\$ 10,640,000	\$ 605,000
Plus bond premiums	151,577	345,202	(37,723)	459,056	48,094
<b>Total WEDC</b>	<u>\$ 2,971,577</u>	<u>\$ 8,805,202</u>	<u>\$ (677,723)</u>	<u>\$ 11,099,056</u>	<u>\$ 653,094</u>

(1) Debt associated with governmental capital assets \$ 12,212,124

(2) Debt associated with business-type capital assets \$ 5,852,898

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

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.

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

Description	Interest Rates	Balance
<b><u>Governmental Activities</u></b>		
<b>General Obligation Bonds</b>		
General Obligation Refunding Bonds		
Series 2013	1.50-2.00%	\$ 4,750,000
General Obligation Refunding Bonds		
Series 2010	4.00-4.50%	2,015,000
<b>Total General Obligation Bonds</b>		<b>6,765,000</b>
<b>Certificates of Obligation</b>		
Tax and Revenue Certificates of Obligation		
Series 2012	2.00-3.00%	5,170,000
<b>Total Certificates of Obligation</b>		<b>5,170,000</b>
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 11,935,000</b>
<b><u>Business-Type Activities</u></b>		
<b>General Obligation Bonds</b>		
Water and Sewer Refunding Bonds, Series 2014	3.00-4.00%	\$ 4,045,000
<b>Total General Obligation Bonds</b>		<b>4,045,000</b>
<b>Revenue Bonds</b>		
Water and Sewer, Series 2008	3.75-4.30%	1,560,000
<b>Total Revenue Bonds</b>		<b>1,560,000</b>
<b>Total Business-Type Activities Long-Term Debt</b>		<b>\$ 5,605,000</b>
<b><u>WEDC</u></b>		
Sales Tax Revenue Refunding Bonds		
Series 2015	2.00-4.00%	\$ 2,180,000
Sales Tax Revenue Bonds		
Series 2017	3.75-5.00%	8,460,000
<b>Total Sales Tax Bonds</b>		<b>\$ 10,640,000</b>

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

**General Obligation and Public Improvement Bonds**

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

**CITY OF WEBSTER, TEXAS**  
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For the Year Ended September 30, 2017

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

<b>Year Ending Sept. 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 1,645,000	\$ 147,425
2019	1,675,000	103,288
2020	1,705,000	59,913
2021	1,740,000	19,738
<b>Total</b>	<b>\$ 6,765,000</b>	<b>\$ 330,364</b>

<b>Year Ending Sept. 30</b>	<b>Business-Type Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 225,000	\$ 139,463
2019	235,000	130,463
2020	245,000	121,063
2021	255,000	111,263
2022	265,000	101,063
2023-2027	1,475,000	349,900
2028-2031	1,345,000	105,700
<b>Total</b>	<b>\$ 4,045,000</b>	<b>\$ 1,058,915</b>

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:

<b>Year Ending Sept. 30</b>	<b>Governmental Activities</b>	
	<b>Principal</b>	<b>Interest</b>
2018	\$ 260,000	\$ 147,200
2019	270,000	141,900
2020	280,000	135,000
2021	295,000	126,375
2022	305,000	117,375
2023-2027	1,705,000	439,875
2028-2032	2,055,000	158,925
<b>Total</b>	<b>\$ 5,170,000</b>	<b>\$ 1,266,650</b>

**CITY OF WEBSTER, TEXAS**  
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For the Year Ended September 30, 2017

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
2018	\$ 85,000	\$ 65,121
2019	90,000	61,828
2020	90,000	58,340
2021	95,000	54,740
2022	100,000	50,940
2023-2027	560,000	188,130
2028-2031	540,000	59,555
<b>Total</b>	<b>\$ 1,560,000</b>	<b>\$ 538,654</b>

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 include the proceeds of a one-half of one percent sales and use tax. Annual debt service to maturity for these bonds is as follows:

Year Ending Sept. 30	WEDC	
	Principal	Interest
2018	\$ 605,000	\$ 378,044
2019	620,000	353,844
2020	625,000	339,944
2021	635,000	324,444
2022	405,000	307,094
2023-2027	2,340,000	1,225,269
2028-2032	2,810,000	754,819
2033-2036	2,600,000	244,925
	<b>\$ 10,640,000</b>	<b>\$ 3,928,383</b>

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 OF WEBSTER, TEXAS**  
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For the Year Ended September 30, 2017

City does not anticipate that it will have any arbitrage liability, it periodically engages an arbitrage consultant to perform the calculations in accordance with the IRS rules and regulations.

**E. Interfund Transactions**

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

Transfer In	Transfer Out	Amounts
General Fund	Utility Fund	\$ 250,000
General Fund	Hotel Fund	41,600
General Fund	Nonmajor Governmental Funds	843,291
Nonmajor Governmental Funds	General Fund	53,119
Hotel Fund	Nonmajor Governmental Funds	1,850,000
		<u>\$ 3,038,010</u>

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

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

Receivable Fund	Payable Fund	Amounts
General Fund	Nonmajor Governmental	\$ 17,322
Internal Service	General Fund	2,781
Utility Fund	General Fund	87
		<u>\$ 20,190</u>

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

**F. Fund Equity**

As of September 30, 2017, \$6,280,239 of the City's total fund balance is restricted by enabling legislation.

**IV. OTHER INFORMATION**

**A. Risk Management**

The City is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; and natural disasters for which the City participates along with over 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

**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 participates as one of 866 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the "TMRS Act") as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

Benefits Provided

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

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

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

	<u>2017</u>	<u>2016</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

Employees Covered by Benefit Terms

At the December 31, 2016 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	89
Inactive employees entitled to but not yet receiving benefits	90
Active employees	<u>164</u>
Total	<u><u>343</u></u>

Contributions

The contribution rates for employees in TMRS are either five percent, six percent, or seven percent of employee gross earnings, and the City-matching percentages are either 100 percent, 150 percent, or 200 percent, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute seven percent of their annual gross earnings during the fiscal year. The contribution rates for the City were 17.09 percent and 17.12 percent in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2017 were \$1,962,544, which was greater than the required contributions by \$3,219.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2016 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2016 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment, with male rates multiplied by 109 percent and female rates multiplied by 103 percent. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Disabled Retiree Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109 percent and female rates multiplied by 103 percent with a 3-year set-forward for both males and females. In addition, a 3.0 percent minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projects on a fully generational basis by scale BB to account for future mortality improvements subject to the 3.0 percent floor.

Actuarial assumptions used in the December 31, 2016 valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the EAN actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2014 valuation. After the Asset Allocation Study analysis and experience investigation study, the Board amended the long-term expected rate of return on pension plan investments from 7.00 percent to 6.75 percent. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). At its meeting on July 30, 2015, the TMRS Board approved a new portfolio target allocation. The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<b>Asset Class</b>	<b>Target Allocation</b>	<b>Long-Term Expected Real Rate of Return (Arithmetic)</b>
Domestic Equity	17.50%	4.55%
International Equity	17.50%	6.10%
Core Fixed Income	10.00%	1.00%
Non-Core Fixed Income	20.00%	3.65%
Real Return	10.00%	4.03%
Real Estate	10.00%	5.00%
Absolute Return	10.00%	4.00%
Private Equity	5.00%	8.00%
<b>Total</b>	<b>100.00%</b>	

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

Discount Rate

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

Changes in the NPL

		Increase (Decrease)		
		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability
		(A)	(B)	(A) - (B)
Changes for the year:				
Service cost		\$ 2,034,802	\$ -	\$ 2,034,802
Interest		3,601,279	-	3,601,279
Change of benefit terms		-	-	-
Difference between expected and actual experience		117,048	-	117,048
Changes of assumptions		-	-	-
Contributions - employer		-	1,844,815	(1,844,815)
Contributions - employee		-	755,629	(755,629)
Net investment income		-	2,916,911	(2,916,911)
Benefit payments, including refunds of employee contributions		(1,906,453)	(1,906,453)	-
Administrative expense		-	(32,925)	32,925
Other changes		-	(1,774)	1,774
	<b>Net Changes</b>	<b>3,846,676</b>	<b>3,576,203</b>	<b>270,473</b>
Balance at December 31, 2015		53,288,109	43,138,070	10,150,039
	<b>Balance at December 31, 2016</b>	<b>\$ 57,134,785</b>	<b>\$ 46,714,273</b>	<b>\$ 10,420,512</b>

Sensitivity of the NPL to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75 percent, as well as what the City's net pension liability would be if it were calculated using a discount rate that is one percentage point lower (5.75%) or one percentage point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 18,993,720	\$ 10,420,512	\$ 3,433,232

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

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

For the fiscal year ended September 30, 2017, the City recognized net pension expense of \$2,635,271.

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$ -	\$ 161,817
Changes in actuarial assumptions	64,713	-
Difference between projected and actual investment earning	1,932,075	-
Contributions subsequent to the measurement date	1,503,992	-
<b>Total</b>	<b>\$ 3,500,780</b>	<b>\$ 161,817</b>

\$1,503,992 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended September 30</b>	<b>Pension Expense</b>
2018	\$ 631,940
2019	631,941
2020	539,144
2021	25,948
2022	5,998
<b>Total</b>	<b>\$ 1,834,971</b>

**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. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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, 2017, the City offered the supplemental death benefit to both active and retired employees.

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**For the Year Ended September 30, 2017**

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 2017, 2016, and 2015 were \$3,441, \$3,315, and \$2,646, respectively. The City's contribution rates for the past three years are shown below:

	<u>2017</u>	<u>2016</u>	<u>2015</u>
Annual Req. Contrib. (Rate)	0.03%	0.03%	0.03%
Actual Contribution Made	0.03%	0.03%	0.03%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

**Post Employment Healthcare Plan**

Plan Description

The City administers a single-employer defined benefit OPEB plan, known as the Retiree Medical Program (the "Program"). The Program offers medical, dental, and vision insurance benefits to eligible retirees and their spouses. Retirees are responsible for the full active premium for continued medical coverage as a retiree and for their spouse, if elected. Upon the death of the retiree, the spouse is eligible for COBRA.

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

A separate, audited GAAP basis postemployment benefit plan report is not available for this 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 2017, the City has an assigned fund balance of \$274,270 for OPEB costs.

Annual OPEB Cost

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

**CITY OF WEBSTER, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2017

The annual OPEB cost for the fiscal year ending September 30, 2017 is as follows:

Annual Required Contribution (ARC)	\$ 31,365
Employer Contribution (estimate)	-
Interest on OPEB Obligation	12,063
Adjustment to the ARC	(11,443)
Annual OPEB Cost	<u>31,985</u>
Net Estimated Employer Contributions	-
Increase in Net OPEB obligation	<u>31,985</u>
Net OPEB Obligation-beginning of year	283,825
Net OPEB Obligation-end of year	<u><u>\$ 315,810</u></u>

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Program, and the net OPEB obligation for 2017 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
2015	\$ 24,392	0.00%	\$ 230,205	\$ 254,597
2016	\$ 29,228	0.00%	\$ 254,597	\$ 283,825
2017	\$ 31,985	5.74%	\$ 283,825	\$ 315,810

Funded Status and Funding Progress

As of December 31, 2015, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was \$248,960 and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$248,960. The annual covered payroll was \$9,934,459 and the UAAL as a percentage of the annual covered payroll was 2.5 percent.

Actuarial Methods and Assumptions

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

Since the last actuarial valuation, performed on December 31, 2012, the assumptions related to mortality and other demographic assumptions have been updated to match those used in the December 31, 2015 TMRS pension valuation. This change had a very minor impact on the ARC and associated liabilities. The inflation rate assumption was lowered from 3.00 percent to 2.50 percent. This change affected the discount rate assumption and the ultimate trend assumption. The discount rate for the unfunded scenario was decreased from 4.50 percent to 4.25 percent. This change increased the ARC and associated liabilities. The discount rate for the funding scenario was decreased from 7.50 percent to 7.00 percent. The trend rate assumption was reset to reflect the new inflation assumption and to better reflect the Program's anticipated experience.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
**For the Year Ended September 30, 2017**

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 percentage of payroll contributions
Amortization Period	30 years – open amortization
Asset Valuation Method	Market value
Payroll Growth	3.0% per annum
Investment Rate of Return	4.25%, net of expenses
Inflation Rate	2.5% per annum
Healthcare Cost Trend Rate (Initial/Ultimate)	7.5%/4.25%

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 ARC of the City's retiree health care plan are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The required schedule of funding progress presented as RSI provides multiyear trend information that shows whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

**E. Commitments**

Development Agreement/Utility Services Contract

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

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

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

The Developer will make certain improvements and incur financing costs, of which up to \$2,605,600 will be subject to reimbursement by the City based upon the increase in taxable value within the District. The City shall be obligated to pay the Developer \$1,355,600 when the taxable value in the District increases by \$195,000,000 over the base value of the property as determined by the Harris County Appraisal District. The City agreed to pay the Developer \$1,250,000 in February 2009 as an advance towards the total amount due. As of September 30, 2017, the total taxable value of property within the District was

**CITY OF WEBSTER, TEXAS**  
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**For the Year Ended September 30, 2017**

approximately \$106,000,000. The date when property values will increase beyond the payment threshold is undeterminable.

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

**F. Joint Ventures**

Southeast Water Purification Plant (SEWPP)

On February 24, 1988, the City entered into a joint venture agreement (the "Venture") with the City of Houston, Gulf Coast Water Authority (City of Galveston and City of League City), the City of Nassau Bay, Clear Brook City Municipal Utility District, the LaPorte Area Water Authority, the Harris County Municipal Utility District No. 55, the City of Pasadena, the City of South Houston, the City of Friendswood, and Baybrook Municipal Utility District No. 1 for the construction and operation of the Southeast Water Purification Plant (SEWPP). The City of Houston acts as the managing participant in the Venture. Members of the Venture are entitled to their proportionate share of the SEWPP's water production and share its operating costs on the same basis. The City's percentage of ownership in SEWPP is 1.91 percent. As of September 30, 2017, the City's total investment in SEWPP totaled \$5,501,009. The net investment reported is \$2,808,696, which includes accumulated depreciation of \$2,692,313.

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.

**G. Tax Abatements and Economic Incentives**

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

Programs may rebate a flat amount or percentage of property taxes or sales taxes that are received by the City or WEDC. They may result in fee reductions such as utility charges or building inspection fees. Some agreements may take the form of one-time incentive payments to offset moving expenses, tenant finish-outs, demolition costs, infrastructure, or other expenses. For fiscal year 2017, the WEDC made incentive payments of \$800,000 under the following agreements. No tax rebates or fee reductions were provided by the City.

**CITY OF WEBSTER, TEXAS**  
***NOTES TO FINANCIAL STATEMENTS (Continued)***  
**For the Year Ended September 30, 2017**

- ° The WEDC made a one-time economic development assistance payment in the amount of \$250,000 to a shopping center owner for constructing new retail space.
- ° The WEDC made the first of two economic development assistance payments in the amount of \$550,000 to a developer for land clearing, fill work, and site preparation. A second payment of the same amount will be due upon completion of the work.

***REQUIRED SUPPLEMENTARY INFORMATION***

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

For the Year Ended September 30, 2017  
With Comparative Totals for the Year Ended September 30, 2016

	Budgeted Amounts			Variance with Final Budget	
	Original Budget	Budget as Amended	2017 Actual	Positive (Negative)	2016 Actual
<b>REVENUES</b>					
Ad valorem taxes	\$ 3,577,160	\$ 3,577,160	\$ 3,618,503	\$ 41,343	\$ 2,702,850
Sales taxes	12,075,700	12,075,700	11,798,915	(276,785)	12,183,773
Franchise fees	1,190,720	1,190,720	1,183,618	(7,102)	1,142,791
Other taxes	664,420	664,420	564,732	(99,688)	632,090
Licenses and permits	484,320	484,320	530,620	46,300	522,624
Fines and forfeitures	931,920	931,920	831,207	(100,713)	921,039
Charges for services	376,120	376,120	445,816	69,696	382,221
Other	108,020	108,020	139,534	31,514	116,315
Investment earnings	52,470	52,470	69,539	17,069	61,454
Contributions	700,000	700,000	700,000	-	700,000
<b>Total Revenues</b>	<b>20,160,850</b>	<b>20,160,850</b>	<b>19,882,484</b>	<b>(278,366)</b>	<b>19,365,157</b>
<b>EXPENDITURES</b>					
<b>General government</b>					
City council	276,810	276,810	258,192	18,618	217,012
City secretary	602,170	644,040	629,804	14,236	578,110
City manager	285,880	298,450	285,437	13,013	523,016
Finance	851,940	1,075,920	1,062,760	13,160	845,644
Municipal court	716,350	714,350	620,407	93,943	657,889
Human resources	464,900	476,600	465,251	11,349	490,298
Economic development	382,680	394,140	387,523	6,617	383,599
<b>Total general government</b>	<b>3,580,730</b>	<b>3,880,310</b>	<b>3,709,374</b>	<b>170,936</b>	<b>3,695,568</b>
<b>Public safety</b>					
<b>Police</b>					
Administration	1,716,670	1,762,730	1,695,193	67,537	1,370,970
CID	894,850	922,050	851,539	70,511	815,556
Patrol	4,360,310	4,491,540	4,276,142	215,398	4,950,287
Communications	1,351,330	1,366,510	1,357,319	9,191	1,361,242
<b>Total police</b>	<b>8,323,160</b>	<b>8,542,830</b>	<b>8,180,193</b>	<b>362,637</b>	<b>8,498,055</b>
Emergency management	327,900	355,910	320,062	35,848	-
<b>Fire</b>					
Prevention	668,660	681,430	664,971	16,459	416,609
Operations	2,462,450	2,535,750	2,301,536	234,214	2,307,044
<b>Total fire</b>	<b>3,131,110</b>	<b>3,217,180</b>	<b>2,966,507</b>	<b>250,673</b>	<b>2,723,653</b>
<b>Total public safety</b>	<b>11,782,170</b>	<b>12,115,920</b>	<b>11,466,762</b>	<b>649,158</b>	<b>11,221,708</b>

**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, 2017  
With Comparative Totals for the Year Ended September 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	
	Original Budget	Budget as Amended	2017 Actual		2016 Actual
<b>Public works</b>					
Administrative	\$ 711,540	\$ 752,670	\$ 687,045	\$ 65,625	\$ 732,928
Maintenance	1,347,600	1,443,200	1,387,252	55,948	1,409,623
Parks	932,470	929,380	886,366	43,014	940,214
<b>Total public works</b>	<u>2,991,610</u>	<u>3,125,250</u>	<u>2,960,663</u>	<u>164,587</u>	<u>3,082,765</u>
<b>Community development</b>					
Community development					
Administrative	641,090	688,500	650,187	38,313	695,764
Building	745,380	755,830	726,350	29,480	705,319
Recreational	372,850	385,400	373,998	11,402	368,308
<b>Total community development</b>	<u>1,759,320</u>	<u>1,829,730</u>	<u>1,750,535</u>	<u>79,195</u>	<u>1,769,391</u>
<b>Total Expenditures</b>	<u>20,113,830</u>	<u>20,951,210</u>	<u>19,887,334</u>	<u>1,063,876</u>	<u>19,769,432</u>
<b>Excess (Deficiency) of Revenue Over (Under) Expenditures</b>	<u>47,020</u>	<u>(790,360)</u>	<u>(4,850)</u>	<u>785,510</u>	<u>(404,275)</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	305,100	305,100	1,134,891	829,791	306,500
Transfers out	(638,600)	(29,600)	(53,119)	(23,519) *	(818,384)
Sale of capital assets	1,000	1,000	4,829	3,829	26,014
<b>Total Other Financing Sources (Uses)</b>	<u>(332,500)</u>	<u>276,500</u>	<u>1,086,601</u>	<u>810,101</u>	<u>(485,870)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (285,480)</u>	<u>\$ (513,860)</u>	<u>1,081,751</u>	<u>\$ 1,595,611</u>	<u>\$ (890,145)</u>
<b>Beginning Fund Balance</b>			<u>12,244,286</u>		
<b>Ending Fund Balance</b>			<u>\$ 13,326,037</u>		

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. Reconciliation to amounts reported on the Statement of Revenues, Expenditures, and Changes in

Fund Balance:

Net change in fund balance	\$ 1,081,751
Amounts accounted for in subfund	(416,501)
Net change in fund balance-page 28	<u>\$ 665,250</u>

3. \*Transfers did not exceed appropriations at the legal level of control as transfers out accounts are budgeted by division but are presented separately for reporting purposes.

**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, 2017**  
**With Comparative Totals for the Year Ended September 30, 2016**

	<b>Budgeted Amounts</b>			<b>Variance with Final Budget Positive (Negative)</b>	<b>2016 Actual</b>
	<b>Original Budget</b>	<b>Budget as Amended</b>	<b>Actual</b>		
<b>REVENUES</b>					
Hotel occupancy taxes	\$ 1,348,240	\$ 1,348,240	\$ 1,260,413	\$ (87,827)	\$ 1,261,327
Other revenue	650	650	4,861	4,211	-
Investment earnings	4,250	4,250	16,764	12,514	5,760
<b>Total Revenues</b>	<u>1,353,140</u>	<u>1,353,140</u>	<u>1,282,038</u>	<u>(71,102)</u>	<u>1,267,087</u>
<b>EXPENDITURES</b>					
Community development	396,770	3,896,770	2,107,900	1,788,870	306,211
<b>Total Expenditures</b>	<u>396,770</u>	<u>3,896,770</u>	<u>2,107,900</u>	<u>1,788,870</u>	<u>306,211</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>956,370</u>	<u>(2,543,630)</u>	<u>(825,862)</u>	<u>1,717,768</u>	<u>960,876</u>
<b>OTHER FINANCING (USES)</b>					
Transfers in	-	-	1,850,000	1,850,000	-
Transfers out	(41,600)	(41,600)	(41,600)	-	(43,000)
<b>Total Other Financing Sources (Uses)</b>	<u>(41,600)</u>	<u>(41,600)</u>	<u>1,808,400</u>	<u>1,850,000</u>	<u>(43,000)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 914,770</u>	<u>\$ (2,585,230)</u>	<u>982,538</u>	<u>\$ 3,567,768</u>	<u>\$ 917,876</u>
<b>Beginning Fund Balance</b>			<u>4,903,271</u>		
<b>Ending Fund Balance</b>			<u>\$ 5,885,809</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 CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
For the Year Ended September 30, 2017

	Measurement Year		
	2016	2015	2014
<b>Total Pension Liability</b>			
Service cost	\$ 2,034,802	\$ 1,862,711	\$ 1,666,178
Interest (on the total pension liability)	3,601,279	3,471,212	3,249,390
Difference between expected and actual experience	117,048	(48,477)	(458,710)
Change of assumptions	-	101,799	-
Benefit payments, including refunds of employee contributions	(1,906,453)	(1,513,054)	(1,259,423)
<b>Net Change in Total Pension Liability</b>	<b>3,846,676</b>	<b>3,874,191</b>	<b>3,197,435</b>
<b>Beginning Total Pension Liability</b>	<b>53,288,109</b>	<b>49,413,918</b>	<b>46,216,483</b>
<b>Ending Total Pension Liability</b>	<b>\$ 57,134,785</b>	<b>\$ 53,288,109</b>	<b>\$ 49,413,918</b>
<b>Plan Fiduciary Net Position</b>			
Contributions - employer	\$ 1,844,815	\$ 1,697,798	\$ 1,594,872
Contributions - employee	755,629	695,412	659,927
Net investment income	2,916,911	62,331	2,233,106
Benefit payments, including refunds of employee contributions	(1,906,453)	(1,513,054)	(1,259,423)
Administrative expense	(32,925)	(37,960)	(23,312)
Other	(1,774)	(1,875)	(1,917)
<b>Net Change in Plan Fiduciary Net Position</b>	<b>3,576,203</b>	<b>902,652</b>	<b>3,203,253</b>
<b>Beginning Plan Fiduciary Net Position</b>	<b>43,138,070</b>	<b>42,235,418</b>	<b>39,032,165</b>
<b>Ending Plan Fiduciary Net Position</b>	<b>\$ 46,714,273</b>	<b>\$ 43,138,070</b>	<b>\$ 42,235,418</b>
<b>Net Pension Liability</b>	<b>\$ 10,420,512</b>	<b>\$ 10,150,039</b>	<b>\$ 7,178,500</b>
<b>Plan Fiduciary Net Position as a Percentage of</b>			
<b>Total Pension Liability</b>	<b>81.76%</b>	<b>80.95%</b>	<b>85.47%</b>
<b>Covered Employee Payroll</b>	<b>\$ 10,794,703</b>	<b>\$ 9,934,459</b>	<b>\$ 9,406,356</b>
<b>Net Pension Liability as a Percentage of</b>			
<b>Covered Employee Payroll</b>	<b>96.53%</b>	<b>102.17%</b>	<b>76.32%</b>

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

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**CITY OF WEBSTER, TEXAS**  
**SCHEDULE OF CONTRIBUTIONS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2017**

	Fiscal Year *			
	2014	2015	2016	2017
Actuarially determined contribution	\$ 1,571,641	\$ 1,659,156	\$ 1,878,896	\$ 1,959,325
Contributions in relation to the				
actuarially determined contribution	1,571,641	1,659,156	1,888,630	1,962,544
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (9,734)</u>	<u>\$ (3,219)</u>
Covered employee payroll	\$ 9,318,357	\$ 9,732,368	\$ 11,051,083	\$ 11,468,164
Contributions as a percentage of				
covered employee payroll	16.87%	17.05%	17.09%	17.11%

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

Notes to Required Supplementary Information:

Valuation Date:

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

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll
Remaining amortization period	29 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.50%
Salary increases	3.50% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

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

<b>Actuarial Valuation Date</b>	<b>Actuarial Value of Assets (a)</b>	<b>Actuarial Accrued Liability (AAL) Projected Unit Credit (b)</b>	<b>Unfunded AAL (UAAL) (b-a)</b>	<b>Funded Ratio (a/b)</b>	<b>Annual Covered Payroll (c)</b>	<b>UAAL as a Percentage of Covered Payroll [(b-a)/c]</b>
10/01/08	\$ -	\$ 407,606	\$ 407,606	0.0%	\$ 8,175,105	5.0%
10/01/10	\$ -	\$ 383,710	\$ 383,710	0.0%	\$ 9,022,680	4.3%
12/31/12	\$ -	\$ 182,766	\$ 182,766	0.0%	\$ 9,406,356	1.9%
12/31/15	\$ -	\$ 248,960	\$ 248,960	0.0%	\$ 9,934,459	2.5%

## ***COMBINING STATEMENTS AND SCHEDULES***

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## ***NONMAJOR GOVERNMENTAL FUNDS***

### **Special Revenue Funds**

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

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

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

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

The 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.

# CITY OF WEBSTER, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS

September 30, 2017

Special Revenue Funds				
	Public Safety	Municipal Court Programs	Grant	TIRZ No. 1
<b>ASSETS</b>				
Cash and cash equivalents	\$ 111,351	\$ 180,669	\$ -	\$ -
Investments	-	-	-	-
Receivables	-	-	28,178	-
<b>Total Assets</b>	<u>\$ 111,351</u>	<u>\$ 180,669</u>	<u>\$ 28,178</u>	<u>\$ -</u>
<b>LIABILITIES</b>				
Accounts payable	\$ 1,557	\$ 1,465	\$ 10,856	\$ -
Due to other funds	-	-	17,322	-
<b>Total Liabilities</b>	<u>1,557</u>	<u>1,465</u>	<u>28,178</u>	<u>-</u>
<b>FUND BALANCES</b>				
Restricted for:				
Enabling legislation	-	179,204	-	-
Assigned to:				
Special revenue	109,794	-	-	-
Capital projects	-	-	-	-
<b>Total Fund Balances</b>	<u>109,794</u>	<u>179,204</u>	<u>-</u>	<u>-</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 111,351</u>	<u>\$ 180,669</u>	<u>\$ 28,178</u>	<u>\$ -</u>

<b>Special Revenue Funds</b>	<b>Capital Project Funds</b>			<b>Total Nonmajor Governmental Funds</b>
<b>PEG Channel</b>	<b>Street Construction</b>	<b>Other Capital Projects</b>	<b>General Projects</b>	
\$ 208,562	\$ 209,283	\$ 726,469	\$ 115,469	\$ 1,551,803
-	497,715	-	-	497,715
6,664	1,466	-	-	36,308
<u>\$ 215,226</u>	<u>\$ 708,464</u>	<u>\$ 726,469</u>	<u>\$ 115,469</u>	<u>\$ 2,085,826</u>
\$ -	\$ 53,404	\$ -	\$ -	\$ 67,282
-	-	-	-	17,322
<u>-</u>	<u>53,404</u>	<u>-</u>	<u>-</u>	<u>84,604</u>
215,226	-	-	-	394,430
-	-	-	-	109,794
-	655,060	726,469	115,469	1,496,998
<u>215,226</u>	<u>655,060</u>	<u>726,469</u>	<u>115,469</u>	<u>2,001,222</u>
<u>\$ 215,226</u>	<u>\$ 708,464</u>	<u>\$ 726,469</u>	<u>\$ 115,469</u>	<u>\$ 2,085,826</u>

**CITY OF WEBSTER, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
For the Year Ended September 30, 2017

	Special Revenue Funds			
	Public Safety	Municipal Court Programs	Grant	TIRZ No. 1
<b>REVENUES</b>				
Fines and forfeitures	\$ 40,418	\$ 54,600	\$ -	\$ -
Franchise fees	-	-	-	-
Investment earnings	86	1,078	-	180
Intergovernmental	5,371	-	85,132	-
Other revenue	5,294	-	-	-
<b>Total Revenues</b>	<u>51,169</u>	<u>55,678</u>	<u>85,132</u>	<u>180</u>
<b>EXPENDITURES</b>				
General government	-	32,436	-	652,048
Public safety	37,964	-	106,026	-
Capital outlay	-	-	-	-
<b>Total Expenditures</b>	<u>37,964</u>	<u>32,436</u>	<u>106,026</u>	<u>652,048</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>13,205</u>	<u>23,242</u>	<u>(20,894)</u>	<u>(651,868)</u>
<b>OTHER FINANCING SOURCES (USES)</b>				
Transfers in	-	-	27,119	-
Transfers out	-	(13,500)	-	(829,791)
<b>Total Other Financing Sources (Uses)</b>	<u>-</u>	<u>(13,500)</u>	<u>27,119</u>	<u>(829,791)</u>
<b>Net Change in Fund Balances</b>	13,205	9,742	6,225	(1,481,659)
<b>Beginning Fund Balances</b>	<u>96,589</u>	<u>169,462</u>	<u>(6,225)</u>	<u>1,481,659</u>
<b>Ending Fund Balances</b>	<u>\$ 109,794</u>	<u>\$ 179,204</u>	<u>\$ -</u>	<u>\$ -</u>

Special Revenue Funds	Capital Project Funds			Total Nonmajor Governmental Funds
PEG Channel	Street Construction	Other Capital Projects	General Projects	
\$ -	\$ -	\$ -	\$ -	\$ 95,018
32,129	-	-	-	32,129
-	5,094	5,469	91	11,998
-	-	-	-	90,503
-	-	-	-	5,294
32,129	5,094	5,469	91	234,942
-	-	-	-	684,484
-	-	-	-	143,990
-	271,148	79,431	17,265	367,844
-	271,148	79,431	17,265	1,196,318
32,129	(266,054)	(73,962)	(17,174)	(961,376)
-	-	-	26,000	53,119
-	-	(1,850,000)	-	(2,693,291)
-	-	(1,850,000)	26,000	(2,640,172)
32,129	(266,054)	(1,923,962)	8,826	(3,601,548)
183,097	921,114	2,650,431	106,643	5,602,770
\$ 215,226	\$ 655,060	\$ 726,469	\$ 115,469	\$ 2,001,222

**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, 2017  
With Comparative Totals for the Year Ended September 30, 2016

	Budgeted Amounts			Variance with Final Budget Positive (Negative)	2016 Actual
	Original Budget	Budget as Amended	Actual		
<b>REVENUES</b>					
Ad valorem taxes	\$ 1,886,750	\$ 1,886,750	\$ 1,903,452	\$ 16,702	\$ 1,602,111
Contributions	330,030	330,030	330,030	-	330,030
Investment earnings	1,240	1,240	4,016	2,776	1,899
<b>Total Revenues</b>	<u>2,218,020</u>	<u>2,218,020</u>	<u>2,237,498</u>	<u>19,478</u>	<u>1,934,040</u>
<b>EXPENDITURES</b>					
Principal	1,870,000	1,870,000	1,870,000	-	1,630,000
Interest and fiscal charges	<u>343,780</u>	<u>343,780</u>	<u>343,275</u>	<u>505</u>	<u>386,113</u>
<b>Total Expenditures</b>	<u>2,213,780</u>	<u>2,213,780</u>	<u>2,213,275</u>	<u>505</u>	<u>2,016,113</u>
<b>Net Change in Fund Balance</b>	<u>\$ 4,240</u>	<u>\$ 4,240</u>	24,223	<u>\$ 19,983</u>	<u>\$ (82,073)</u>
<b>Beginning Fund Balance</b>			<u>786,946</u>		
<b>Ending Fund Balance</b>			<u>\$ 811,169</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, 2017  
With Comparative Totals for the Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
<b>REVENUES</b>					
Fines and forfeitures	\$ 100,000	\$ 100,000	\$ 40,418	\$ (59,582)	\$ 15,667
Investment earnings	100	100	86	(14)	89
Intergovernmental	4,730	4,730	5,371	641	4,515
Other revenue	600	600	5,294	4,694	9,148
<b>Total Revenues</b>	<u>105,430</u>	<u>105,430</u>	<u>51,169</u>	<u>(54,261)</u>	<u>29,419</u>
<b>EXPENDITURES</b>					
Public safety	46,000	54,170	37,964	16,206	33,822
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>59,430</u>	<u>51,260</u>	<u>13,205</u>	<u>(38,055)</u>	<u>(4,403)</u>
<b>OTHER FINANCING (USES)</b>					
Transfers out	(10,130)	(1,960)	-	1,960	(10,125)
<b>Total Other Financing (Uses)</b>	<u>(10,130)</u>	<u>(1,960)</u>	<u>-</u>	<u>1,960</u>	<u>(10,125)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 49,300</u>	<u>\$ 49,300</u>	13,205	<u>\$ (36,095)</u>	<u>\$ (14,528)</u>
<b>Beginning Fund Balance</b>			<u>96,589</u>		
<b>Ending Fund Balance</b>			<u>\$ 109,794</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, 2017  
With Comparative Totals for the Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
<b>REVENUES</b>					
Fines and forfeitures	\$ 64,960	\$ 64,960	\$ 54,600	\$ (10,360)	\$ 65,197
Investment earnings	260	260	1,078	818	449
<b>Total Revenues</b>	<u>65,220</u>	<u>65,220</u>	<u>55,678</u>	<u>(9,542)</u>	<u>65,646</u>
<b>EXPENDITURES</b>					
General government	<u>49,850</u>	<u>49,850</u>	<u>32,436</u>	<u>17,414</u>	<u>49,828</u>
<b>Excess of Revenues Over Expenditures</b>	<u>15,370</u>	<u>15,370</u>	<u>23,242</u>	<u>7,872</u>	<u>15,818</u>
<b>OTHER FINANCING (USES)</b>					
Transfers out	<u>(13,500)</u>	<u>(13,500)</u>	<u>(13,500)</u>	<u>-</u>	<u>(13,500)</u>
<b>Total Other Financing (Uses)</b>	<u>(13,500)</u>	<u>(13,500)</u>	<u>(13,500)</u>	<u>-</u>	<u>(13,500)</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,870</u>	<u>\$ 1,870</u>	<u>9,742</u>	<u>\$ 7,872</u>	<u>\$ 2,318</u>
<b>Beginning Fund Balance</b>			<u>169,462</u>		
<b>Ending Fund Balance</b>			<u>\$ 179,204</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, 2017  
With Comparative Totals for the Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
<b>REVENUES</b>					
Intergovernmental	\$ 486,760	\$ 486,760	\$ 85,132	\$ (401,628)	\$ 199,833
<b>Total Revenues</b>	<u>486,760</u>	<u>486,760</u>	<u>85,132</u>	<u>(401,628)</u>	<u>199,833</u>
<b>EXPENDITURES</b>					
Public safety	<u>500,490</u>	<u>500,490</u>	<u>106,026</u>	<u>394,464</u>	<u>222,878</u>
<b>(Deficiency) of Revenues</b>					
<b>(Under) Expenditures</b>	<u>(13,730)</u>	<u>(13,730)</u>	<u>(20,894)</u>	<u>(7,164)</u>	<u>(23,045)</u>
<b>OTHER FINANCING SOURCES</b>					
Transfers in	<u>13,730</u>	<u>13,730</u>	<u>27,119</u>	<u>13,389</u>	<u>38,985</u>
<b>Total Other Financing Sources</b>	<u>13,730</u>	<u>13,730</u>	<u>27,119</u>	<u>13,389</u>	<u>38,985</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>\$ -</u>	<u>6,225</u>	<u>\$ 6,225</u>	<u>\$ 15,940</u>
<b>Beginning Fund Balance</b>			<u>(6,225)</u>		
<b>Ending Fund Balance</b>			<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, 2017  
With Comparative Totals for the Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
<b>REVENUES</b>					
Intergovernmental	\$ 93,260	\$ 93,260	\$ -	\$ (93,260)	\$ 93,259
Investment earnings	1,350	1,350	180	(1,170)	1,760
<b>Total Revenues</b>	<u>94,610</u>	<u>94,610</u>	<u>180</u>	<u>(94,430)</u>	<u>95,019</u>
<b>EXPENDITURES</b>					
Economic development	-	652,050	652,048	2	-
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>94,610</u>	<u>(557,440)</u>	<u>(651,868)</u>	<u>(94,428)</u>	<u>95,019</u>
<b>OTHER FINANCING SOURCES (USES)</b>					
Transfers in	135,000	135,000	-	(135,000)	119,524
Transfers (out)	-	(829,800)	(829,791)	9	-
<b>Total Other Financing Sources (Uses)</b>	<u>135,000</u>	<u>(694,800)</u>	<u>(829,791)</u>	<u>(134,991)</u>	<u>119,524</u>
<b>Net Change in Fund Balance</b>	<u>\$ 229,610</u>	<u>\$ (1,252,240)</u>	<u>(1,481,659)</u>	<u>\$ (229,419)</u>	<u>\$ 214,543</u>
<b>Beginning Fund Balance</b>			<u>1,481,659</u>		
<b>Ending Fund Balance</b>			<u>\$ -</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, 2017  
With Comparative Totals for the Year Ended September 30, 2016

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)	2016 Actual
<b>REVENUES</b>					
Franchise fees	\$ 35,500	\$ 35,500	\$ 32,129	\$ (3,371)	\$ 33,707
<b>Total Revenues</b>	<u>35,500</u>	<u>35,500</u>	<u>32,129</u>	<u>(3,371)</u>	<u>33,707</u>
 <b>Net Change in Fund Balance</b>	 <u>\$ 35,500</u>	 <u>\$ 35,500</u>	 32,129	 <u>\$ (3,371)</u>	 <u>\$ 33,707</u>
 <b>Beginning Fund Balance</b>			<u>183,097</u>		
 <b>Ending Fund Balance</b>			<u>\$ 215,226</u>		

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## ***INTERNAL SERVICE FUNDS***

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

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

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

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

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

September 30, 2017

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
<b>ASSETS</b>				
<b>Current assets</b>				
Cash and cash equivalents	\$ 1,889,404	\$ 577,289	\$ 39	\$ 2,466,732
Investments	1,594,547	-	-	1,594,547
Receivables, net	29,459	-	-	29,459
Due from other funds	-	2,781	-	2,781
<b>Total Current Assets</b>	<u>3,513,410</u>	<u>580,070</u>	<u>39</u>	<u>4,093,519</u>
<b>Noncurrent assets</b>				
Capital assets:				
Machinery and equipment	4,377,442	524,473	-	4,901,915
Less: accumulated depreciation	(2,873,103)	(295,851)	-	(3,168,954)
<b>Total Capital Assets (Net)</b>	<u>1,504,339</u>	<u>228,622</u>	<u>-</u>	<u>1,732,961</u>
<b>Total Noncurrent Assets</b>	<u>1,504,339</u>	<u>228,622</u>	<u>-</u>	<u>1,732,961</u>
<b>Total Assets</b>	<u>5,017,749</u>	<u>808,692</u>	<u>39</u>	<u>5,826,480</u>
<b>DEFERRED OUTFLOWS OF RESOURCES</b>				
Deferred outflows - pensions	-	84,746	-	84,746
<b>Total Deferred Outflows of Resources</b>	<u>-</u>	<u>84,746</u>	<u>-</u>	<u>84,746</u>
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Accounts payable and accrued liabilities	-	38,731	-	38,731
Current portion of compensated absences	-	14,275	-	14,275
<b>Total Current Liabilities</b>	<u>-</u>	<u>53,006</u>	<u>-</u>	<u>53,006</u>
<b>Noncurrent liabilities</b>				
Compensated absences	-	3,456	-	3,456
Net pension liability	-	248,059	-	248,059
Net other post employment benefit obligation	-	7,182	-	7,182
<b>Total Noncurrent Liabilities</b>	<u>-</u>	<u>258,697</u>	<u>-</u>	<u>258,697</u>
<b>Total Liabilities</b>	<u>-</u>	<u>311,703</u>	<u>-</u>	<u>311,703</u>
<b>DEFERRED INFLOWS OF RESOURCES</b>				
Deferred inflows - pensions	-	3,605	-	3,605
<b>Total Deferred Inflows of Resources</b>	<u>-</u>	<u>3,605</u>	<u>-</u>	<u>3,605</u>
<b>NET POSITION</b>				
Net investment in capital assets	1,504,339	228,622	-	1,732,961
Unrestricted	3,513,410	349,508	39	3,862,957
<b>Total Net Position</b>	<u>\$ 5,017,749</u>	<u>\$ 578,130</u>	<u>\$ 39</u>	<u>\$ 5,595,918</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, 2017

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
<b>OPERATING REVENUES</b>				
Charges for services	\$ 657,763	\$ 752,170	\$ 2,576,247	\$ 3,986,180
Other income	-	7,233	-	7,233
<b>Total Operating Revenues</b>	<u>657,763</u>	<u>759,403</u>	<u>2,576,247</u>	<u>3,993,413</u>
<b>OPERATING EXPENSES</b>				
Personnel	-	316,938	2,576,247	2,893,185
Supplies	-	13,313	-	13,313
Maintenance	-	105,362	-	105,362
Services	-	221,757	-	221,757
Depreciation	700,513	92,396	-	792,909
<b>Total Operating Expenses</b>	<u>700,513</u>	<u>749,766</u>	<u>2,576,247</u>	<u>4,026,526</u>
<b>Operating Income (Loss)</b>	<u>(42,750)</u>	<u>9,637</u>	<u>-</u>	<u>(33,113)</u>
<b>NONOPERATING REVENUES</b>				
Investment earnings	14,689	502	7	15,198
Gain on sale of capital assets	105,611	-	-	105,611
<b>Total Nonoperating Revenues</b>	<u>120,300</u>	<u>502</u>	<u>7</u>	<u>120,809</u>
<b>Change in Net Position</b>	77,550	10,139	7	87,696
<b>Beginning Net Position</b>	<u>4,940,199</u>	<u>567,991</u>	<u>32</u>	<u>5,508,222</u>
<b>Ending Net Position</b>	<u>\$ 5,017,749</u>	<u>\$ 578,130</u>	<u>\$ 39</u>	<u>\$ 5,595,918</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, 2017

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>				
Receipts from interfund charges for equipment replacement	\$ 629,988	\$ -	\$ -	\$ 629,988
Receipts from interfund charges for information technology	-	759,403	-	759,403
Receipts from interfund charges for employee benefits	-	-	2,576,247	2,576,247
Payments to suppliers	-	(331,147)	(2,576,247)	(2,907,394)
Payments to employees	-	(300,168)	-	(300,168)
<b>Net Cash Provided by Operating Activities</b>	<u>629,988</u>	<u>128,088</u>	<u>-</u>	<u>758,076</u>
<b>CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES</b>				
Acquisition and construction of capital assets	(441,799)	(6,249)	-	(448,048)
Proceeds from sale of capital assets	<u>105,611</u>	<u>-</u>	<u>-</u>	<u>105,611</u>
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<u>(336,188)</u>	<u>(6,249)</u>	<u>-</u>	<u>(342,437)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>				
Proceeds from sales and maturities of investments	1,001,997	-	-	1,001,997
Purchase of investments	(1,098,005)	-	-	(1,098,005)
Interest on investments	<u>14,689</u>	<u>502</u>	<u>7</u>	<u>15,198</u>
<b>Net Cash Provided (Used) by Investing Activities</b>	<u>(81,319)</u>	<u>502</u>	<u>7</u>	<u>(80,810)</u>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	212,481	122,341	7	334,829
<b>Beginning Cash and Cash Equivalents</b>	<u>1,676,923</u>	<u>454,948</u>	<u>32</u>	<u>2,131,903</u>
<b>Ending Cash and Cash Equivalents</b>	<u>\$ 1,889,404</u>	<u>\$ 577,289</u>	<u>\$ 39</u>	<u>\$ 2,466,732</u>

**CITY OF WEBSTER, TEXAS**  
**COMBINING STATEMENT OF CASH FLOWS**  
**INTERNAL SERVICE FUNDS (Page 2 of 2)**  
For the Year Ended September 30, 2017

	<u>Equipment Replacement</u>	<u>Information Technology</u>	<u>Employee Benefit</u>	<u>Total Funds</u>
<b>Reconciliation of Operating Income to Net Cash Provided by Operating Activities</b>				
Operating income (loss)	\$ (42,750)	\$ 9,637	\$ -	\$ (33,113)
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	700,513	92,396	-	792,909
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current     Assets:</b>				
Accounts receivable	(27,775)	-	-	(27,775)
Due from other funds	-	(2,781)	-	(2,781)
Deferred outflows	-	13,555	-	13,555
<b>Increase (Decrease) in Current     Liabilities:</b>				
Accounts payable and accrued liabilities	-	12,066	-	12,066
Compensated absences	-	435	-	435
Net pension liability	-	6,697	-	6,697
Net other post employment benefit obligation	-	571	-	571
Deferred inflows	-	(4,488)	-	(4,488)
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 629,988</u>	<u>\$ 128,088</u>	<u>\$ -</u>	<u>\$ 758,076</u>

See Notes to Financial Statements.

***STATISTICAL SECTION***

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## ***STATISTICAL SECTION***

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

<b>Contents</b>	<b>Page</b>
Financial Trends	98
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	110
These schedules contain information to help the reader assess the City's most significant local revenue sources.	
Debt Capacity	120
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	128
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information	131
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

# CITY OF WEBSTER, TEXAS

## NET POSITION BY COMPONENT

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
Governmental activities				
Net investment in capital assets	\$ 36,295,260	\$ 38,656,099	\$ 35,859,223	\$ 34,788,233
Restricted	4,878,125	6,335,017	5,906,096	2,756,384
Unrestricted	11,320,614	11,584,484	11,966,071	16,302,442
Total Governmental Activities Net Position	<u>\$ 52,493,999</u>	<u>\$ 56,575,600</u>	<u>\$ 53,731,390</u>	<u>\$ 53,847,059</u>
Business-type activities				
Net investment in capital assets	\$ 13,676,387	\$ 16,697,191	\$ 18,060,249	\$ 18,839,292
Restricted	3,314,199	2,853,477	2,684,805	2,336,262
Unrestricted	1,247,194	2,210,839	2,879,242	3,137,696
Total Business-Type Activities Net Position	<u>\$ 18,237,780</u>	<u>\$ 21,761,507</u>	<u>\$ 23,624,296</u>	<u>\$ 24,313,250</u>
Primary government				
Net investment in capital assets	\$ 49,971,647	\$ 55,353,290	\$ 53,919,472	\$ 53,627,525
Restricted	8,192,324	9,188,494	8,590,901	5,092,646
Unrestricted	12,567,808	13,795,323	14,845,313	19,440,138
Total Primary Government Net Position	<u>\$ 70,731,779</u>	<u>\$ 78,337,107</u>	<u>\$ 77,355,686</u>	<u>\$ 78,160,309</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 31,186,591	\$ 34,959,498	\$ 35,649,793	\$ 36,328,271	\$ 35,633,525	\$ 36,391,591
7,951,235	4,242,481	5,337,239	6,440,743	7,527,380	7,095,149
16,633,460	17,322,534	13,312,086	12,747,269	12,299,353	10,531,125
<u>\$ 55,771,286</u>	<u>\$ 56,524,513</u>	<u>\$ 54,299,118</u>	<u>\$ 55,516,283</u>	<u>\$ 55,460,258</u>	<u>\$ 54,017,865</u>
\$ 18,814,693	\$ 17,869,153	\$ 17,433,119	\$ 16,453,147	\$ 15,480,229	\$ 14,377,497
2,549,394	3,337,873	3,726,464	4,287,928	4,697,276	5,148,438
4,013,227	4,549,668	4,182,768	3,944,358	4,504,121	5,423,836
<u>\$ 25,377,314</u>	<u>\$ 25,756,694</u>	<u>\$ 25,342,351</u>	<u>\$ 24,685,433</u>	<u>\$ 24,681,626</u>	<u>\$ 24,949,771</u>
\$ 50,001,284	\$ 52,828,651	\$ 53,082,912	\$ 52,781,418	\$ 51,113,754	\$ 50,769,088
10,500,629	7,580,354	9,063,703	10,728,671	12,224,656	12,243,587
20,646,687	21,872,202	17,494,854	16,691,627	16,803,474	15,954,961
<u>\$ 81,148,600</u>	<u>\$ 82,281,207</u>	<u>\$ 79,641,469</u>	<u>\$ 80,201,716</u>	<u>\$ 80,141,884</u>	<u>\$ 78,967,636</u>

# CITY OF WEBSTER, TEXAS

## CHANGES IN NET POSITION

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
<b>Expenses</b>				
Governmental activities				
General government	\$ 4,372,934	\$ 3,518,765	\$ 3,231,366	\$ 3,810,971
Public safety	7,438,134	8,275,633	8,945,639	8,705,059
Public works <sup>(1)</sup>	-	-	3,813,092	3,273,335
Community development <sup>(1)</sup>	5,666,080	7,245,743	3,359,280	2,724,785
Interest and fiscal agent fees on long-term debt	1,352,133	938,611	802,010	648,743
Total Governmental Activities Expenses	<u>18,829,281</u>	<u>19,978,752</u>	<u>20,151,387</u>	<u>19,162,893</u>
Business-type activities				
Water	1,676,357	1,722,540	1,854,204	1,939,942
Wastewater	1,531,042	1,637,288	1,891,447	2,034,661
Drainage	-	-	328,732	326,725
Total Business-Type Activities Expenses	<u>3,207,399</u>	<u>3,359,828</u>	<u>4,074,383</u>	<u>4,301,328</u>
Total Primary Government Expenses	<u>\$ 22,036,680</u>	<u>\$ 23,338,580</u>	<u>\$ 24,225,770</u>	<u>\$ 23,464,221</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 184,886	\$ 211,429	\$ 155,730	\$ 150,660
Public safety	1,592,374	1,310,891	1,418,862	1,201,472
Community development	528,630	376,597	357,679	339,664
Operating grants and contributions	1,584,928	2,236,981	1,252,410	1,192,871
Capital grants and contributions	220,542	3,001,168	29,579	4,526
Total Governmental Activities Program Revenues	<u>4,111,360</u>	<u>7,137,066</u>	<u>3,214,260</u>	<u>2,889,193</u>
Business-type activities				
Charges for services				
Water	1,571,025	1,771,314	1,756,318	1,869,325
Wastewater	1,434,841	1,683,648	1,791,595	1,960,596
Drainage	-	-	311,377	314,831
Capital grants and contributions	-	3,412,361	238,564	894,767
Total Business-Type Activities Program Revenues	<u>3,005,866</u>	<u>6,867,323</u>	<u>4,097,854</u>	<u>5,039,519</u>
Total Primary Government Program Revenues	<u>\$ 7,117,226</u>	<u>\$ 14,004,389</u>	<u>\$ 7,312,114</u>	<u>\$ 7,928,712</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (14,717,921)	\$ (12,841,686)	\$ (16,937,127)	\$ (16,273,700)
Business-type activities	(201,533)	3,507,495	23,471	738,191
Total Primary Government Net Expense	<u>\$ (14,919,454)</u>	<u>\$ (9,334,191)</u>	<u>\$ (16,913,656)</u>	<u>\$ (15,535,509)</u>

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 3,494,720	\$ 3,080,566	\$ 3,433,495	\$ 3,719,190	\$ 3,995,852	\$ 4,373,967
9,289,641	10,243,794	9,919,950	10,439,069	12,215,661	13,499,815
3,465,582	4,440,657	3,661,162	4,763,763	4,269,413	4,403,146
2,930,471	1,744,564	2,463,304	2,525,988	2,631,773	4,502,088
509,182	649,178	465,686	435,134	399,768	356,135
19,689,596	20,158,759	19,943,597	21,883,144	23,512,467	27,135,151
1,991,274	1,952,327	2,089,815	2,641,539	2,530,323	2,328,079
2,122,566	2,128,511	2,254,186	2,788,256	2,674,312	2,486,477
288,343	256,681	205,646	240,780	223,621	330,592
4,402,183	4,337,519	4,549,647	5,670,575	5,428,256	5,145,148
\$ 24,091,779	\$ 24,496,278	\$ 24,493,244	\$ 27,553,719	\$ 28,940,723	\$ 32,280,299
\$ 178,404	\$ 108,135	\$ 320,302	\$ 334,944	\$ 337,838	\$ 402,094
1,244,467	1,302,894	1,288,379	967,522	1,001,903	926,225
658,256	476,985	485,157	518,334	567,007	574,342
1,113,356	1,136,571	1,158,002	1,172,763	1,314,106	1,120,533
1,203,465	385,355	390,324	207,280	13,531	1,732,351
4,397,948	3,409,940	3,642,164	3,200,843	3,234,385	4,755,545
1,953,541	2,081,707	2,125,888	2,289,664	2,402,095	2,308,587
2,082,345	2,147,674	2,293,096	2,416,837	2,538,787	2,465,659
282,879	258,992	209,196	208,706	212,289	327,824
423,900	-	-	-	-	-
4,742,665	4,488,373	4,628,180	4,915,207	5,153,171	5,102,070
\$ 9,140,613	\$ 7,898,313	\$ 8,270,344	\$ 8,116,050	\$ 8,387,556	\$ 9,857,615
\$ (15,291,648)	\$ (16,748,819)	\$ (16,301,433)	\$ (18,682,301)	\$ (20,278,082)	\$ (22,379,606)
340,482	150,854	78,533	(755,368)	(275,085)	(43,078)
\$ (14,951,166)	\$ (16,597,965)	\$ (16,222,900)	\$ (19,437,669)	\$ (20,553,167)	\$ (22,422,684)

# CITY OF WEBSTER, TEXAS

## CHANGES IN NET POSITION (Continued)

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2008	2009	2010	2011
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Ad valorem taxes	\$ 2,614,259	\$ 2,801,925	\$ 3,144,351	\$ 3,349,978
Sales taxes	11,000,547	10,922,780	9,883,594	10,270,148
Franchise and local taxes	1,016,549	1,014,492	1,076,618	1,093,727
Other taxes	1,012,157	1,126,527	1,188,572	1,241,624
Investment earnings	533,397	236,386	56,944	44,039
Other revenues	190,782	508,982	273,551	135,353
Gain (loss) on sale of capital assets	70,055	66,215	44,725	4,500
Transfers	455,633	245,980	(1,575,438)	250,000
Total Governmental Activities	<u>16,893,379</u>	<u>16,923,287</u>	<u>14,092,917</u>	<u>16,389,369</u>
Business-type activities				
Investment earnings	347,054	65,851	12,940	14,923
Other revenues	256,674	196,361	250,940	185,840
Gain (loss) on sale of capital assets	15,951	-	-	-
Transfers	(455,633)	(245,980)	1,575,438	(250,000)
Total Business-Type Activities	<u>164,046</u>	<u>16,232</u>	<u>1,839,318</u>	<u>(49,237)</u>
Total Primary Government	<u>\$ 17,057,425</u>	<u>\$ 16,939,519</u>	<u>\$ 15,932,235</u>	<u>\$ 16,340,132</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 2,175,458	\$ 4,081,601	\$ (2,844,210)	\$ 115,669
Business-type activities	(37,487)	3,523,727	1,862,789	688,954
Total Primary Government	<u>\$ 2,137,971</u>	<u>\$ 7,605,328</u>	<u>\$ (981,421)</u>	<u>\$ 804,623</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 3,732,383	\$ 4,003,896	\$ 4,245,156	\$ 4,041,031	\$ 4,298,407	\$ 5,531,228
10,495,149	10,716,276	11,409,472	12,268,588	12,183,773	11,798,915
1,100,207	1,119,510	1,103,397	1,124,931	1,176,498	1,215,747
1,302,318	1,447,797	1,775,967	1,909,860	1,893,417	1,825,145
65,379	55,583	24,038	88,227	101,170	117,515
169,686	175,570	111,488	114,116	125,463	149,689
100,753	84,719	67,238	102,713	193,329	48,974
250,000	250,000	250,000	250,000	250,000	250,000
17,215,875	17,853,351	18,986,756	19,899,466	20,222,057	20,937,213
13,536	13,054	19,521	26,243	25,390	30,696
960,046	738,931	223,033	322,207	495,888	530,527
-	-	(21,723)	-	-	-
(250,000)	(250,000)	(250,000)	(250,000)	(250,000)	(250,000)
723,582	501,985	(29,169)	98,450	271,278	311,223
\$ 17,939,457	\$ 18,355,336	\$ 18,957,587	\$ 19,997,916	\$ 20,493,335	\$ 21,248,436
\$ 1,924,227	\$ 1,104,532	\$ 2,685,323	\$ 1,217,165	\$ (56,025)	\$ (1,442,393)
1,064,064	652,839	49,364	(656,918)	(3,807)	268,145
\$ 2,988,291	\$ 1,757,371	\$ 2,734,687	\$ 560,247	\$ (59,832)	\$ (1,174,248)

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

Source	Fiscal Year			
	2008	2009	2010	2011
Ad valorem	\$ 2,614,259	\$ 2,801,925	\$ 3,144,351	\$ 3,349,978
Sales	11,000,547	10,922,780	9,883,594	10,270,148
Franchise fees	1,016,549	1,014,492	1,076,618	1,093,727
Other taxes	1,012,157	1,126,527	1,188,572	1,241,624
Total	<u>\$ 15,643,512</u>	<u>\$ 15,865,724</u>	<u>\$ 15,293,135</u>	<u>\$ 15,955,477</u>

Fiscal Year						Change
2012	2013	2014	2015	2016	2017	2016-2017
\$ 3,732,383	\$ 4,003,896	\$ 4,245,156	\$ 4,041,031	\$ 4,298,407	\$ 5,531,228	28.7%
10,495,149	10,716,276	11,409,472	12,268,588	12,183,773	11,798,915	-3.2%
1,100,207	1,119,510	1,103,397	1,124,931	1,176,498	1,215,747	3.3%
1,302,318	1,447,797	1,775,967	1,909,860	1,893,417	1,825,145	-3.6%
<u>\$ 16,630,057</u>	<u>\$ 17,287,479</u>	<u>\$ 18,533,992</u>	<u>\$ 19,344,410</u>	<u>\$ 19,552,095</u>	<u>\$ 20,371,035</u>	4.2%

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

	Fiscal Year			
	2008	2009	2010	2011
General Fund				
Nondisposable	\$ 107,542	\$ 75,033	\$ 40,273	\$ 889,606
Assigned	288,156	898,871	950,221	164,811
Unassigned	8,687,164	8,630,449	8,296,652	8,974,754
Total General Fund	<u>\$ 9,082,862</u>	<u>\$ 9,604,353</u>	<u>\$ 9,287,146</u>	<u>\$ 10,029,171</u>
All Other Governmental Funds				
Nondisposable	\$ 810	\$ -	\$ -	\$ 325
Restricted	1,305,817	1,400,456	524,365	2,753,771
Assigned, reported in:				
Capital project funds	2,167,484	4,234,221	4,478,279	4,381,647
Special revenue funds	4,389,743	1,175,414	1,864,164	115,591
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 7,863,854</u>	<u>\$ 6,810,091</u>	<u>\$ 6,866,808</u>	<u>\$ 7,251,334</u>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 51,394	\$ 36,872	\$ 47,809	\$ 37,507	\$ 38,100	\$ 41,836
220,639	179,658	199,758	220,943	246,283	274,270
10,236,151	11,190,474	12,230,288	12,875,981	11,959,903	12,593,430
<u>\$ 10,508,184</u>	<u>\$ 11,407,004</u>	<u>\$ 12,477,855</u>	<u>\$ 13,134,431</u>	<u>\$ 12,244,286</u>	<u>\$ 12,909,536</u>
\$ 1,014	\$ 7,600	\$ 12,500	\$ 1,610	\$ -	\$ -
7,948,938	4,236,152	5,334,900	6,438,064	7,524,435	7,091,408
4,376,477	4,434,282	4,376,391	3,306,955	3,678,188	1,496,998
91,485	122,340	113,288	111,117	96,589	109,794
-	-	-	(23,775)	(3,225)	-
<u>\$ 12,417,914</u>	<u>\$ 8,800,374</u>	<u>\$ 9,837,079</u>	<u>\$ 9,833,971</u>	<u>\$ 11,295,987</u>	<u>\$ 8,698,200</u>

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

	Fiscal Year			
	2008	2009	2010	2011
<b>Revenues</b>				
Taxes	\$ 15,558,086	\$ 15,771,588	\$ 15,213,296	\$ 15,965,845
Licenses and permits	470,577	354,447	328,389	301,990
Fines and forfeitures	1,592,374	1,310,891	1,418,862	1,201,472
Charges for services	242,939	233,579	185,020	188,334
Intergovernmental	554,898	1,206,951	209,380	149,841
Investment earnings	533,397	204,198	50,164	36,949
Contributions	1,030,030	1,030,030	1,030,030	1,030,030
Other revenues	190,782	508,982	273,551	135,353
<b>Total Revenues</b>	<b>20,173,083</b>	<b>20,620,666</b>	<b>18,708,692</b>	<b>19,009,814</b>
<b>Expenditures</b>				
General government	4,193,306	3,319,192	3,450,702	3,460,682
Public safety	8,335,646	7,879,104	8,314,199	8,328,825
Public works	-	-	2,505,572	2,479,238
Community development	4,503,793	4,788,497	1,929,381	1,933,770
Capital outlay	1,077,980	1,350,549	196,605	189,560
Debt service				
Principal	860,998	1,210,000	1,135,000	1,150,000
Interest	1,450,363	850,305	839,487	591,188
Payment to refunded bond escrow agent	-	-	-	-
Other debt service - refunding escrow	-	-	-	-
<b>Total expenditures</b>	<b>20,422,086</b>	<b>19,397,647</b>	<b>18,370,946</b>	<b>18,133,263</b>
<b>Excess (Deficiency) of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(249,003)</b>	<b>1,223,019</b>	<b>337,746</b>	<b>876,551</b>
<b>Other Financing Sources (Uses)</b>				
Issuance of debt	-	-	6,075,000	-
Premium on debt	-	-	306,893	-
Payment to refunded bond escrow agent	-	-	(7,233,220)	-
Transfers in	2,580,586	2,840,687	906,302	675,673
Transfers out	(2,124,953)	(2,594,707)	(656,302)	(425,673)
Sale of capital assets	70,055	27,301	3,091	-
<b>Total Other Financing Sources (Uses)</b>	<b>525,688</b>	<b>273,281</b>	<b>(598,236)</b>	<b>250,000</b>
<b>Net Change in Fund Balances</b>	<b>\$ 276,685</b>	<b>\$ 1,496,300</b>	<b>\$ (260,490)</b>	<b>\$ 1,126,551</b>
<b>Debt service as a percentage</b>				
<b>of noncapital expenditures</b>	<b>13.14%</b>	<b>11.42%</b>	<b>10.86%</b>	<b>10.13%</b>

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 16,639,457	\$ 17,241,733	\$ 18,561,698	\$ 19,379,621	\$ 19,558,649	\$ 20,361,762
616,215	434,055	444,015	475,836	522,624	530,620
1,244,467	1,302,894	1,288,379	967,522	1,001,903	926,225
220,445	151,065	361,444	377,442	382,221	445,816
1,286,791	491,896	518,296	350,013	297,607	90,503
56,319	48,967	15,477	79,682	84,793	102,317
1,030,030	1,030,030	1,030,030	1,030,030	1,030,030	1,030,030
169,686	175,570	111,488	114,116	125,463	149,689
21,263,410	20,876,210	22,330,827	22,774,262	23,003,290	23,636,962
3,215,916	3,309,596	3,342,028	3,537,021	3,745,396	4,393,858
10,299,323	8,929,345	9,779,081	10,248,418	11,478,408	12,027,253
2,463,501	2,593,228	2,741,805	3,451,280	3,082,765	2,960,663
1,966,092	1,779,065	1,893,652	1,970,304	2,075,602	3,858,435
2,590,787	4,701,583	820,334	1,129,584	312,149	367,844
1,185,000	1,915,000	1,460,000	1,620,000	1,630,000	1,870,000
549,747	652,250	451,425	421,213	386,113	343,275
-	8,734,966	-	-	-	-
-	115,000	-	-	-	-
22,270,366	32,730,033	20,488,325	22,377,820	22,710,433	25,821,328
(1,006,956)	(11,853,823)	1,842,502	396,442	292,857	(2,184,366)
6,250,000	8,555,000	-	-	-	-
61,281	326,338	-	-	-	-
-	-	-	-	-	-
1,293,230	1,964,774	1,168,335	598,140	1,135,009	3,038,010
(978,460)	(1,714,774)	(918,335)	(348,140)	(885,009)	(2,788,010)
26,498	3,765	15,054	7,026	26,014	4,829
6,652,549	9,135,103	265,054	257,026	276,014	254,829
\$ 5,645,593	\$ (2,718,720)	\$ 2,107,556	\$ 653,468	\$ 568,871	\$ (1,929,537)
9.84%	9.16%	10.04%	9.58%	9.08%	9.51%

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

Source	Fiscal Year			
	2008	2009	2010	2011
Ad valorem	\$ 2,623,072	\$ 2,802,028	\$ 3,158,751	\$ 3,383,915
Sales	10,906,308	10,828,541	9,789,355	10,246,579
Franchise fees	1,016,549	1,014,492	1,076,618	1,093,727
Other taxes	1,012,157	1,126,527	1,188,572	1,241,624
Total	<u>\$ 15,558,086</u>	<u>\$ 15,771,588</u>	<u>\$ 15,213,296</u>	<u>\$ 15,965,845</u>

Fiscal Year						Change
2012	2013	2014	2015	2016	2017	2016-2017
\$ 3,741,783	\$ 3,958,150	\$ 4,272,862	\$ 4,076,242	\$ 4,304,961	\$ 5,521,955	28.3%
10,495,149	10,716,276	11,409,472	12,268,588	12,183,773	11,798,915	-3.2%
1,100,207	1,119,510	1,103,397	1,124,931	1,176,498	1,215,747	3.3%
1,302,318	1,447,797	1,775,967	1,909,860	1,893,417	1,825,145	-3.6%
<u>\$ 16,639,457</u>	<u>\$ 17,241,733</u>	<u>\$ 18,561,698</u>	<u>\$ 19,379,621</u>	<u>\$ 19,558,649</u>	<u>\$ 20,361,762</u>	4.1%

# CITY OF WEBSTER, TEXAS

## ASSESSED VALUE AND ESTIMATED ACTUAL TAXABLE VALUE OF TAXABLE PROPERTY

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Residential Property	\$ 251,466,620	\$ 289,230,681	\$ 314,011,758	\$ 293,907,235
Commercial Property	851,343,808	1,099,390,159	1,137,670,784	1,082,504,197
Industrial Property	46,262,229	45,620,283	30,822,429	38,805,041
Total Assessed Value <sup>(1)</sup>	1,149,072,657	1,434,241,123	1,482,504,971	1,415,216,473
Less: Tax Exempt Property	103,130,587	116,588,760	122,073,281	116,810,263
Total Taxable Value	<u>\$ 1,045,942,070</u>	<u>\$ 1,317,652,363</u>	<u>\$ 1,360,431,690</u>	<u>\$ 1,298,406,210</u>
Taxable Value as a Percentage of Assessed Value	91.0%	91.9%	91.8%	91.7%
Total Direct Tax Rate <sup>(2)</sup>	0.24887	0.20600	0.23252	0.25750

Source: Harris County Appraisal District

Notes:

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

<sup>(2)</sup> Per \$100 of taxable value.

Assessed and taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2017.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 294,533,220	\$ 306,197,554	\$ 330,001,810	\$ 356,197,833	\$ 407,406,368	\$ 445,750,390
1,080,666,960	1,135,879,910	1,253,621,976	1,341,291,922	1,503,050,952	1,585,402,626
47,334,112	47,223,760	79,361,600	47,712,504	47,151,199	44,564,513
1,422,534,292	1,489,301,224	1,662,985,386	1,745,202,259	1,957,608,519	2,075,717,529
108,272,053	108,355,222	129,201,516	129,018,377	134,175,644	134,627,303
<u>\$ 1,314,262,239</u>	<u>\$ 1,380,946,002</u>	<u>\$ 1,533,783,870</u>	<u>\$ 1,616,183,882</u>	<u>\$ 1,823,432,875</u>	<u>\$ 1,941,090,226</u>
92.4%	92.7%	92.2%	92.6%	93.1%	93.5%
0.28528	0.28528	0.26960	0.24874	0.23447	0.28450

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

	Fiscal Year			
	2008	2009	2010	2011
City of Webster by fund:				
General	\$ 0.05672	\$ 0.07335	\$ 0.11333	\$ 0.14669
Debt service	0.19215	0.13265	0.11919	0.11081
<b>Total Direct Rates</b>	<u>\$ 0.24887</u>	<u>\$ 0.20600</u>	<u>\$ 0.23252</u>	<u>\$ 0.25750</u>
Clear Creek School District	\$ 1.32000	\$ 1.36000	\$ 1.36000	\$ 1.36000
Harris County	0.39239	0.38923	0.39224	0.38805
Harris County Flood Control District	0.03106	0.03086	0.02922	0.02923
Port of Houston Authority	0.01437	0.01773	0.01636	0.02054
Harris County Hospital District	0.19216	0.19216	0.19216	0.19216
Harris County Department of Education	0.00585	0.00584	0.00605	0.00658
<b>Total Direct and Overlapping Rates <sup>(1)</sup></b>	<u>\$ 2.20470</u>	<u>\$ 2.20182</u>	<u>\$ 2.22855</u>	<u>\$ 2.25406</u>

Sources: Harris County Appraisal District, Clear Creek School District

Notes:

<sup>(1)</sup> Overlapping rates are those of local and county governments that apply within the City of Webster. Not all overlapping rates apply to all City of Webster property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

Tax rates are per \$100 of taxable value.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 0.17470	\$ 0.15615	\$ 0.16455	\$ 0.15679	\$ 0.14733	\$ 0.18625
0.11058	0.12913	0.10505	0.09195	0.08714	0.09825
<u>\$ 0.28528</u>	<u>\$ 0.28528</u>	<u>\$ 0.26960</u>	<u>\$ 0.24874</u>	<u>\$ 0.23447</u>	<u>\$ 0.28450</u>
\$ 1.36000	\$ 1.36000	\$ 1.39999	\$ 1.40000	\$ 1.40000	\$ 1.40000
0.39117	0.40021	0.41455	0.41731	0.41923	0.41656
0.02809	0.02809	0.02827	0.02736	0.02733	0.02829
0.01856	0.01952	0.01716	0.01531	0.01342	0.01334
0.19216	0.18216	0.17000	0.17000	0.17000	0.17179
0.00658	0.00662	0.00636	0.00600	0.00542	0.00520
<u>\$ 2.28184</u>	<u>\$ 2.28188</u>	<u>\$ 2.30593</u>	<u>\$ 2.28472</u>	<u>\$ 2.26987</u>	<u>\$ 2.31968</u>

# CITY OF WEBSTER, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2017			2008		
	Assessed Value	Rank	% of Assessed Value	Assessed Value	Rank	% of Assessed Value
Clear Lake Regional Medical Center	\$ 157,703,308	1	8.12%	\$ 70,326,600	1	6.72%
HC200 Blossom Street LLC <sup>(1)</sup>	98,279,634	2	5.06%	-		
Centennial Edgewater LP <sup>(1)</sup>	46,380,134	3	2.39%	-		
Weingarten Realty Investors	43,000,000	4	2.22%	15,483,470	8	1.48%
Price Baybrook Ltd	37,160,597	5	1.91%	17,373,560	4	1.66%
Marquis Clear Lake Apartments	37,140,210	6	1.91%	45,499,970	2	4.35%
ROC II TX Preserve LLC	33,310,680	7	1.72%	17,195,000	5	1.64%
G&E Healthcare REIT Mountain Plains	29,758,500	8	1.53%	15,000,000	9	1.43%
GS Seven Palms LP <sup>(1)</sup>	28,916,000	9	1.49%			
WDOP Sub I LP	25,881,893	10	1.33%	16,900,000	6	1.62%
Clear Lake Central II/III Ltd <sup>(2)</sup>	-			20,411,940	3	1.95%
Medistar Webster Medical Center Ltd <sup>(2)</sup>	-			16,481,740	7	1.58%
Clear Lake Center LP <sup>(2)</sup>	-			14,953,260	10	1.43%
Subtotal	\$ 537,530,956		27.69%	\$ 249,625,540		23.87%
Other Taxpayers	1,403,559,270		72.31%	796,316,530		76.13%
Total	\$ 1,941,090,226		100.00%	\$ 1,045,942,070		100.00%

Source: Harris County Appraisal District

**Notes:**

<sup>(1)</sup> This taxpayer was not a top ten taxpayer in 2008. It is included in the Other Taxpayers subtotal.

<sup>(2)</sup> This taxpayer is not a top ten taxpayer in 2017. 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	2017 Rank	2008 Rank
Academy Sports & Outdoors	1	2
Fry's Electronics	2	1
Star Furniture	3	4
Bed Bath & Beyond	4	6
Ashley Furniture <sup>(1)</sup>	5	-
Cinemark USA	6	10
Pappa's Seafood House / Pappasito's Cantina	7	12
Burlington Coat Factory	8	9
At Home Stores	9	7
Conn's Appliances	10	5
Hobby Lobby Creative Center <sup>(3)</sup>	11	-
Nordstrom <sup>(1)</sup>	12	-
Jared - The Galleria of Jewelry	13	15
TopGolf <sup>(1)</sup>	14	-
The Terminix International Company <sup>(1)</sup>	15	-
Home Depot <sup>(2)</sup>	-	3
Circuit City <sup>(2)</sup>	-	8
Office Depot <sup>(4)</sup>	-	11
Barnes & Noble <sup>(4)</sup>	-	13
Robbins Bros <sup>(4)</sup>	-	14

Source: State Comptroller's Office

### Notes:

- <sup>(1)</sup> This sales tax remitter was not located in the City in 2008.
- <sup>(2)</sup> This sales tax remitter is not located in the City in 2017.
- <sup>(3)</sup> This sales tax remitter was not a top fifteen sales tax remitter in 2008.
- <sup>(4)</sup> This sales tax remitter is not a top fifteen sales tax remitter in 2017.

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

	Fiscal Year			
	2008	2009	2010	2011
<b>Taxes levied:</b>				
Current year levy	\$ 2,601,370	\$ 2,777,777	\$ 3,177,329	\$ 3,396,948
Adjustments in subsequent years	5,474	(61,585)	(21,644)	(55,375)
Total of taxes levied <sup>(1)</sup>	<u>\$ 2,606,844</u>	<u>\$ 2,716,192</u>	<u>\$ 3,155,685</u>	<u>\$ 3,341,573</u>
<b>Taxes collected:</b>				
Collections in current year	\$ 2,575,739	\$ 2,745,125	\$ 3,155,944	\$ 3,361,585
Collections in subsequent years <sup>(2)</sup>	26,644	(32,482)	(4,407)	(25,686)
Total of taxes collected	<u>\$ 2,602,383</u>	<u>\$ 2,712,643</u>	<u>\$ 3,151,537</u>	<u>\$ 3,335,899</u>
<b>Collection rates:</b>				
Percentage collected in current year	99.01%	98.82%	99.33%	98.96%
Percentage collected of total levy	99.83%	99.87%	99.87%	99.83%
<b>Delinquent taxes:</b>				
Total outstanding balance	4,461	3,549	4,148	5,673
Percentage of total levy outstanding	0.17%	0.13%	0.13%	0.17%

Notes:

<sup>(1)</sup> The tax levy reflects the certified and uncertified property values of each fiscal year as of September 30, 2017.

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 3,750,982	\$ 3,937,528	\$ 4,234,778	\$ 4,109,641	\$ 4,332,762	\$ 5,553,590
(6,016)	(1,570)	(103,279)	(92,709)	(61,308)	-
<u>\$ 3,744,966</u>	<u>\$ 3,935,958</u>	<u>\$ 4,131,499</u>	<u>\$ 4,016,932</u>	<u>\$ 4,271,454</u>	<u>\$ 5,553,590</u>
\$ 3,730,576	\$ 3,921,147	\$ 4,187,311	\$ 4,095,095	\$ 4,319,844	\$ 5,533,548
10,410	10,592	(60,221)	(83,223)	(54,302)	-
<u>\$ 3,740,986</u>	<u>\$ 3,931,739</u>	<u>\$ 4,127,090</u>	<u>\$ 4,011,872</u>	<u>\$ 4,265,542</u>	<u>\$ 5,533,548</u>
99.46%	99.58%	98.88%	99.65%	99.70%	99.64%
99.89%	99.89%	99.89%	99.87%	99.86%	99.64%
3,980	4,219	4,408	5,060	5,913	20,043
0.11%	0.11%	0.11%	0.13%	0.14%	0.36%

# CITY OF WEBSTER, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Year			
	2008	2009	2010	2011
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General obligation bonds	\$ 16,205,000	\$ 15,165,000	\$ 15,920,000	\$ 14,830,000
Certificates of obligation	3,890,000	3,720,000	715,000	655,000
Capital leases	20,221	15,865	-	-
<b>Subtotal</b>	<u>20,115,221</u>	<u>18,900,865</u>	<u>16,635,000</u>	<u>15,485,000</u>
<b>Business-Type Activities:</b>				
Revenue bonds	8,032,261	7,814,337	7,586,412	7,353,487
General obligation bonds <sup>(1)</sup>	-	-	-	-
<b>Total Primary Government</b>	<u>\$ 28,147,482</u>	<u>\$ 26,715,202</u>	<u>\$ 24,221,412</u>	<u>\$ 22,838,487</u>
<b>Component Unit Activities <sup>(2)</sup>:</b>				
Sales tax revenue bonds	\$ 14,790,834	\$ 14,116,598	\$ 13,407,362	\$ 12,383,126
<b>Personal Income <sup>(3) (4)</sup></b>	\$ 223,982,980	\$ 232,951,740	\$ 239,324,700	\$ 254,086,888
<b>Primary Government Debt as     a Percentage of Personal Income</b>	12.57%	11.47%	10.12%	8.99%
<b>Population <sup>(5)</sup></b>	9,490	9,870	10,338	10,684
<b>Primary Government Debt per Capita</b>	\$ 2,966	\$ 2,707	\$ 2,343	\$ 2,138

Notes:

<sup>(1)</sup> General obligation bonds refunded previously issued revenue bonds and are self-supporting from pledged utility revenues.

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

<sup>(3)</sup> Sperling's Best Places

<sup>(4)</sup> Personal income information is a total for the year.

<sup>(5)</sup> 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					
2012	2013	2014	2015	2016	2017
\$ 13,917,821	\$ 12,889,868	\$ 11,586,796	\$ 10,133,724	\$ 8,680,652	\$ 6,997,580
6,904,994	6,186,904	5,958,814	5,720,724	5,472,634	5,214,544
-	-	-	-	-	-
<u>20,822,815</u>	<u>19,076,772</u>	<u>17,545,610</u>	<u>15,854,448</u>	<u>14,153,286</u>	<u>12,212,124</u>
7,110,562	6,857,638	1,782,936	1,708,646	1,629,356	1,550,065
-	-	4,973,414	4,759,886	4,536,359	4,302,833
<u>\$ 27,933,377</u>	<u>\$ 25,934,410</u>	<u>\$ 24,301,960</u>	<u>\$ 22,322,980</u>	<u>\$ 20,319,001</u>	<u>\$ 18,065,022</u>
\$ 11,358,890	\$ 10,284,655	\$ 9,135,419	\$ 3,666,892	\$ 2,971,577	\$ 11,099,055
\$ 329,329,968	\$ 319,567,907	\$ 297,898,128	\$ 298,499,256	\$ 283,747,644	\$ 289,127,448
8.48%	8.12%	8.16%	7.48%	7.16%	6.25%
10,704	11,279	11,398	11,421	11,498	11,716
\$ 2,610	\$ 2,299	\$ 2,132	\$ 1,955	\$ 1,767	\$ 1,542

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

	Fiscal Year			
	2008	2009	2010	2011
<b>Taxable Value of Property</b> <sup>(1)</sup>				
All property	\$ 1,045,942,070	\$ 1,317,652,363	\$ 1,360,431,690	\$ 1,298,406,210
<b>Net Bonded Debt</b> <sup>(2)</sup>				
Gross bonded debt	\$ 20,095,000	\$ 18,885,000	\$ 16,635,000	\$ 15,485,000
Less debt service funds	1,305,818	1,400,456	524,365	577,456
<b>Net Bonded Debt</b>	<u>\$ 18,789,182</u>	<u>\$ 17,484,544</u>	<u>\$ 16,110,635</u>	<u>\$ 14,907,544</u>
<b>Ratio of Net Bonded Debt to Taxable Value</b>	1.80%	1.33%	1.18%	1.15%
<b>Population</b> <sup>(3)</sup>	9,490	9,870	10,338	10,684
<b>Net Bonded Debt per Capita</b>	\$ 1,980	\$ 1,771	\$ 1,558	\$ 1,395

Notes:

- <sup>(1)</sup> Taxable values reflect the certified and uncertified values of each fiscal year as of September 30, 2017.
- <sup>(2)</sup> Net bonded debt reflects obligations supported by a pledge of ad valorem taxes.
- <sup>(3)</sup> Population was estimated using data received from the Harris County Appraisal District.

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 1,314,262,239	\$ 1,380,946,002	\$ 1,533,783,870	\$ 1,616,183,882	\$ 1,823,432,875	\$ 1,941,090,226
\$ 20,822,815	\$ 19,076,772	\$ 17,545,610	\$ 15,854,448	\$ 14,153,286	\$ 12,212,124
1,230,863	847,921	969,351	869,019	786,946	811,169
<u>\$ 19,591,952</u>	<u>\$ 18,228,851</u>	<u>\$ 16,576,259</u>	<u>\$ 14,985,429</u>	<u>\$ 13,366,340</u>	<u>\$ 11,400,955</u>
1.49%	1.32%	1.08%	0.93%	0.73%	0.59%
10,704	11,279	11,398	11,421	11,498	11,716
\$ 1,830	\$ 1,616	\$ 1,454	\$ 1,312	\$ 1,162	\$ 973

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**CITY OF WEBSTER, TEXAS**  
**DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT**  
September 30, 2017

	<b>Debt Outstanding</b>	<b>As Of</b>	<b>Estimated Percentage Applicable <sup>(1)</sup></b>	<b>Amount Applicable to Primary Government</b>
<b>Governmental Unit</b>				
Clear Creek ISD	\$ 818,715,000	9/30/2017	8.19%	\$ 67,052,759
Clear Lake City Water Authority	\$ 75,835,000	9/30/2017	4.07%	3,086,485
Harris County	\$ 2,295,044,505	9/30/2017	0.40%	9,180,178
Harris Co. Dept of Education	\$ 6,780,000	9/30/2017	0.40%	27,120
Harris Co. Flood Control District	\$ 83,075,000	9/30/2017	0.40%	332,300
Port of Houston Authority	\$ 657,994,397	9/30/2017	0.40%	<u>2,631,978</u>
<b>Subtotal, overlapping debt</b>				82,310,819
<b>City Direct Debt <sup>(2)(3)</sup></b>	\$ 12,212,124	9/30/2017	100.00%	<u>12,212,124</u>
<b>Total Direct and Overlapping Debt</b>				<u><u>\$ 94,522,943</u></u>

Source: Municipal Advisory Council of Texas

Notes:

- <sup>(1)</sup> Estimated Percentage Applicable obtained from Municipal Advisory Council of Texas.  
<sup>(2)</sup> City Direct Debt is comprised of debt obligations supported by a pledge of ad valorem taxes.  
<sup>(3)</sup> Excludes general obligation bonds pledged by utility revenues.

# CITY OF WEBSTER, TEXAS

## LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2008	2009	2010	2011
Debt limit <sup>(1)</sup>	\$ 114,907,266	\$ 143,424,112	\$ 148,250,497	\$ 141,521,647
Total net debt applicable to limit	18,789,182	17,484,544	16,110,635	14,907,544
Legal debt margin	<u>\$ 96,118,084</u>	<u>\$ 125,939,568</u>	<u>\$ 132,139,862</u>	<u>\$ 126,614,103</u>
Total net debt applicable to the limit as a percentage of debt limit	16.35%	12.19%	10.87%	10.53%
<b>Legal Debt Margin Calculation</b>				
Assessed value	\$ 1,149,072,657	\$ 1,434,241,123	\$ 1,482,504,971	\$ 1,415,216,473
Debt limit (10% of assessed value)	114,907,266	143,424,112	148,250,497	141,521,647
Debt applicable to limit:				
General obligation bonds	20,095,000	18,885,000	16,635,000	15,485,000
Less: general obligation bonds pledged by utility revenues	-	-	-	-
Less: amount set aside for repayment of general obligation debt	<u>(1,305,818)</u>	<u>(1,400,456)</u>	<u>(524,365)</u>	<u>(577,456)</u>
Total net debt applicable to limit	18,789,182	17,484,544	16,110,635	14,907,544
Legal debt margin	<u>\$ 96,118,084</u>	<u>\$ 125,939,568</u>	<u>\$ 132,139,862</u>	<u>\$ 126,614,103</u>

Notes:

<sup>(1)</sup> 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 \$0.28450 and debt rate of \$0.09825 are well below the maximum rates allowed by law.

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

Fiscal Year					
2012	2013	2014	2015	2016	2017
\$ 142,253,429	\$ 148,930,122	\$ 166,298,539	\$ 174,520,226	\$ 195,760,852	\$ 207,571,753
19,591,952	18,228,851	16,576,259	14,985,429	13,366,341	11,400,956
<u>\$ 122,661,477</u>	<u>\$ 130,701,271</u>	<u>\$ 149,722,280</u>	<u>\$ 159,534,797</u>	<u>\$ 182,394,511</u>	<u>\$ 196,170,797</u>
13.77%	12.24%	9.97%	8.59%	6.83%	5.49%
\$ 1,422,534,292	\$ 1,489,301,224	\$ 1,662,985,386	\$ 1,745,202,259	\$ 1,957,608,519	\$ 2,075,717,529
142,253,429	148,930,122	166,298,539	174,520,226	195,760,852	207,571,753
20,822,815	19,076,772	22,519,024	20,614,334	18,689,645	16,514,957
-	-	(4,973,414)	(4,759,886)	(4,536,359)	(4,302,832)
(1,230,863)	(847,921)	(969,351)	(869,019)	(786,945)	(811,169)
19,591,952	18,228,851	16,576,259	14,985,429	13,366,341	11,400,956
<u>\$ 122,661,477</u>	<u>\$ 130,701,271</u>	<u>\$ 149,722,280</u>	<u>\$ 159,534,797</u>	<u>\$ 182,394,511</u>	<u>\$ 196,170,797</u>

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

<b>Fiscal Year Ended Sept. 30</b>	<b>Population <sup>(1)</sup></b>	<b>Personal Income <sup>(2) (3)</sup></b>	<b>Per Capita Personal Income <sup>(2)</sup></b>	<b>Median Age <sup>(2)</sup></b>	<b>School Enrollment <sup>(4)</sup></b>	<b>Unemployment Rate <sup>(5)</sup></b>
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%
2015	11,421	\$ 298,499,256	\$ 26,136	29.1	3,396	4.6%
2016	11,498	\$ 283,747,644	\$ 24,678	30.1	3,552	5.7%
2017	11,716	\$ 289,127,448	\$ 24,678	30.1	3,660	4.8%

Sources:

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

<sup>(2)</sup> Sperling's BestPlaces

<sup>(3)</sup> Personal income information is a total for the year.

<sup>(4)</sup> Clear Creek Independent School District

<sup>(5)</sup> Bureau of Labor Statistics

# CITY OF WEBSTER, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago <sup>(1)</sup>

Employer	Number of Employees	
	2017	2008
Academy Sports and Outdoors	100-199	Data not Available
Bay Area Regional Medical Center	500+	Data not Available
Bay Area Rehabilitation Hospital	200-299	Data not Available
City of Webster	100-199	Data not Available
Clear Creek Independent School District	200-299	Data not Available
Clear Lake Regional Medical Center	500+	Data not Available
Houston Physicians Hospital	200-299	Data not Available
Kindred Hospital Clear Lake	200-299	Data not Available
Texas Gulf Coast Medical Group	200-299	Data not Available
Top Golf Webster	400-499	Data not Available

Source: City of Webster

Notes:

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

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
<b><u>General Fund:</u></b>										
City Secretary	4	4	4	4	4	4	4	4	5	5
City Manager	1	1	2	2	2	2	2	2	2	1
Finance	6	6	6	6	6	6	6	6	6	6
Municipal Court	7	7	7	7	7	7	7	7	6	6
Information Technology	2	-	-	-	-	-	-	-	-	-
Human Resources	3	3	3	3	3	3	3	3	3	3
Community Development										
Administration	6	6	6	6	6	6	6	6	6	5
Building	7	7	7	7	7	7	7	7	7	7
Engineering	-	-	-	-	-	-	-	-	-	-
Recreation Programs	1	1	1	1	1	1	1	1	1	1
Public Works										
Administration	4	4	3	3	3	3	5	5	5	5
Maintenance	11	11	10	10	10	10	10	10	10	10
Parks Maintenance	6	6	7	7	7	7	7	7	7	7
Engineering	2	2	2	2	2	2	-	-	-	-
Police										
Administration	6	4	4	4	4	4	4	4	6	9
Criminal Investigation	6	7	7	7	7	7	7	7	7	7
Patrol	35	36	37	37	37	38	38	37	36	35
Communications	16	16	16	16	16	15	15	16	15	15
Technical Support	2	-	-	-	-	-	-	-	-	-
Fire										
Prevention	3	3	3	3	3	3	3	3	3	5
Operations	14	14	14	14	14	14	14	14	17	15
Emergency Management										
Emergency Management	-	-	-	-	-	-	-	-	-	2
Economic Development										
Economic Development	2	3	3	3	3	3	3	3	3	3
Public Relations	1	-	-	-	-	-	-	-	-	-
<b>General Fund Total</b>	<b>144</b>	<b>140</b>	<b>142</b>	<b>142</b>	<b>142</b>	<b>142</b>	<b>142</b>	<b>142</b>	<b>145</b>	<b>147</b>
<b><u>Utility Fund:</u></b>										
Water	8	8	9	9	9	9	9	9	9	9
Sewer	7	7	7	7	7	7	7	7	7	8
Drainage	-	-	2	2	2	2	2	2	2	2
<b>Utility Fund Total</b>	<b>16</b>	<b>16</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>17</b>	<b>18</b>
<b><u>Information Technology Fund:</u></b>										
Information Technology	-	4	4	4	4	4	4	4	4	3
<b>IT Fund Total</b>	<b>-</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>4</b>	<b>3</b>
<b>Total City Positions</b>	<b>160</b>	<b>160</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>163</b>	<b>166</b>	<b>168</b>

Notes:

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

# CITY OF WEBSTER, TEXAS

## OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function / Program	Fiscal Year			
	2008	2009	2010	2011
Police				
Arrests	3,119	3,133	3,451	3,030
Accident reports	1,024	947	855	952
Citations	8,554	6,516	7,699	6,725
Offense reports	2,470	2,268	2,392	2,316
Calls for service	39,786	35,840	32,974	32,553
Fire				
Emergency responses	935	1036	878	794
Fire incidents	77	90	70	74
Average response time	4 min, 53 sec	5 min, 0 sec	4 min, 5 sec	4 min, 12 sec
Water				
New accounts	143	131	121	129
Average daily consumption (millions of gallons)	1.793	1.897	1.709	1.930
Total consumption (millions of gallons)	656.656	692.483	623.954	704.562
Peak daily consumption (millions of gallons)	2.695	2.438	2.940	2.726
Sewer				
Average daily sewage treatment (millions of gallons)	1.433	1.354	1.409	1.247
Total consumption (millions of gallons)	523.101	494.050	514.276	455.230
Peak daily consumption (millions of gallons)	2.734	1.853	3.192	2.696

Source: Various City departments

Fiscal Year					
2012	2013	2014	2015	2016	2017
3,055	2,775	2,067	1,883	1,674	1,679
971	1,055	1,100	1,218	1,352	1,176
7,663	7,764	7,000	4,880	6,364	5,421
2,366	2,197	1,856	2,107	2,267	2,543
31,782	26,686	22,766	21,187	23,402	22,413
857	892	907	1199	1696	1833
57	73	60	74	63	100
4 min, 23 sec	4 min, 35 sec	4 min, 49 sec	4 min, 44 sec	4 min, 14 sec	4 min, 10 sec
238	221	189	186	189	247
1.763	1.797	1.724	1.687	1.605	1.542
643.460	655.945	629.159	615.620	587.253	563.416
2.534	2.623	2.783	2.801	3.091	1.912
1.444	1.426	1.455	1.280	1.292	1.28
527.061	520.640	531.100	468.360	471.600	467.000
2.819	2.510	3.099	2.845	3.000	2.960

# CITY OF WEBSTER, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function / Program	Fiscal Year			
	2008	2009	2010	2011
Police				
Stations	1	1	1	1
Patrol units	45	46	47	47
Fire stations	2	2	2	2
Other public works				
Streets (miles - centerlines)	20.7	20.7	23.2	25.1
Streetlights	692	910	929	978
Parks and recreation				
Parks	5	5	5	5
Parks acreage	26.0	26.0	26.0	26.0
Baseball / softball diamonds	2	2	2	2
Community centers	1	1	1	1
Water				
Water mains (miles)	46.8	48.7	49.1	50.3
Fire hydrants	601	629	631	642
Storage capacity (millions of gallons)	2.95	2.95	2.95	2.95
Sewer				
Sanitary sewers (miles)	29.8	30.7	31.0	32.0
Storm sewers (miles)	19.7	20.8	20.5	22.4
Open ditch / creek / canal drainage (miles)	5.6	6.1	7.1	7.3
Treatment capacity (millions of gallons)	1.65	3.30	3.30	3.30

Source: Various City departments

Fiscal Year						
2012	2013	2014	2015	2016	2017	
1	1	1	1	1	1	1
47	47	47	48	48	48	49
2	2	2	2	2	2	2
25.1	24.9	24.9	25.9	25.1	25.1	25.3
977	1,007	1,008	1,008	1,049	1,049	1,111
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
50.7	50.7	50.5	52.0	52.8	52.8	52.9
644	643	644	665	673	673	682
2.95	2.95	2.95	2.95	2.95	2.95	2.95
32.6	32.9	33.4	34.2	34.9	34.9	34.9
25.0	25.5	23.8	24.6	26.5	26.5	25.5
7.4	6.7	6.7	6.2	8.6	8.6	6.2
3.30	3.30	3.30	3.30	3.30	3.30	3.30

