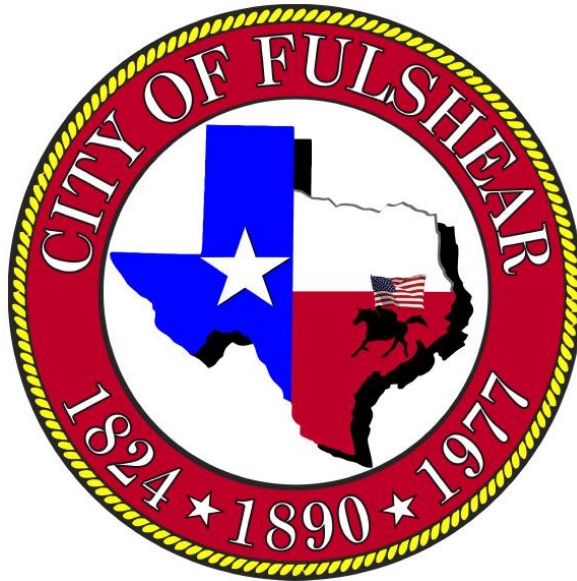


**CITY OF FULSHEAR, TEXAS**  
**COMPREHENSIVE ANNUAL FINANCIAL REPORT**  
**Year Ended September 30, 2020**



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*COMPREHENSIVE  
ANNUAL FINANCIAL REPORT*

of the

**CITY OF FULSHEAR, TEXAS**

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

**Prepared by  
Finance Department**

**Jack Harper, City Manager**

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# CITY OF FULSHEAR, TEXAS

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September 30, 2020

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## ***INTRODUCTORY SECTION***

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# CITY OF FULSHEAR

PO Box 279 /  
Fulshear, Texas 77441  
[www.fulsheartexas.gov](http://www.fulsheartexas.gov)

March 9, 2021

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

It is with great pleasure that we present to you a copy of the Comprehensive Annual Financial Report of the City of Fulshear, Texas (the City) for the fiscal year ended September 30, 2020. The responsibility for both the accuracy of the presented information and the completeness and fairness of the presentation of the data, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the results of operations of the various funds of the City, as well as the fund balances. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

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

The City's financial statements have been audited by Belt Harris Pechacek, LLLP, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City of the fiscal year ended September 30, 2020 are free of material misstatement.

The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2020, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

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 and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors.

## **Profile of the Government**

The City, incorporated on November 7, 1977, is located in northern Fort Bend County west of Houston, Texas, in a rapidly growing area of the County. The City currently occupies a land area of 12 square miles and serves an estimated population of 17,860. The City of Fulshear is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs when deemed appropriate by the governing council.

The City has operated under the Council-manager form of government since December 2015. Policy-making and legislative authority are vested in a governing council consisting of the Mayor and seven (7) Council members, two (2) of which shall be elected at large by majority vote, and five (5) of which shall be elected by majority vote of a single-member district in which they must reside. The governing council is responsible for, among other things,

passing ordinances, adopting the budget, appointing committees, and hiring both the City Manager, City Attorney and Municipal Judge. The City Manager is responsible for carrying out the policies and ordinances of the governing Council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City provides a full range of services, including police protection, public improvements, sanitation, repair and maintenance of infrastructure, recreation and general administrative services. As an independent political subdivision of the State of Texas governed by an elected Mayor and seven (7) Council members, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds for which the City, as the primary government, is accountable.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriation to the Finance Department. These requests serve as a starting point for developing a proposed budget. The Finance Department provides the information to the City Manager who then presents this proposed budget to the Council for review. The Council is required to hold public hearings on the proposed budget and to adopt a final budget no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund and department. Department heads may make requests to the City Manager for transfers of appropriations within a department. Transfers of appropriations between departments also require the approval of the City Manager, while transfers of appropriations between funds require approval of the City Council. The legal level of control is at the fund level. Budget-to-actual comparisons, by function, are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the general fund, this comparison is presented on Page 77 as part of required supplementary information. For governmental funds, other than the general fund, with appropriated annual budgets, this comparison is presented in the nonmajor governmental funds subsection of this report, which starts on Page 95.

### **Factors Affecting Financial Condition**

The information presented in the financial statements is better understood when it is considered from the broader perspective of the specific environment within which the City of Fulshear operates.

#### **Local Economy**

The first hill west of Houston is located in the heart of Fulshear, the fastest growing city in Texas according to 2020 population estimates. Fulshear has a highly educated, affluent demographic, with nearly 69% of the population holding a bachelor's degree or higher and earning a median household income of \$166,863.

Taxable values for Fiscal Year 2020 reflect an increase of 17.2 percent to \$1.77 billion. This property value increase is the result of continued development within the City including both residential and commercial construction.

Sales tax revenues increased 26.6 percent during fiscal year 2020. At this writing, for fiscal year 2021, sales taxes are 24 percent higher than the first three months of fiscal year 2020. New residential and commercial development continues to increase through the City and the surrounding area.

#### **Economic Outlook**

The largest revenue sources in the General Fund are property tax, sales tax, and building fees. These are all driven and sustained by continued growth of commercial and residential construction. The City has experienced significant commercial and retail growth over the last several years and expects the growth to continue based on preliminary development plans presented by various developers.

The significant growth in both commercial and residential development has led to an increase in building fees for permits and inspections. Building fee revenue increased by 10 percent for fiscal year 2020. At this writing, building fees are 48 percent higher for the first quarter of fiscal year 2021 than the first quarter of fiscal year 2020.

Within the next 12 months, we will see new residential development activity continue to exponentially grow to the west (Pulte Del Webb, Trendmaker, and Toll Brothers) and north (DR Horton and Johnson Development) of downtown Fulshear. These eventually will lead to a combined 8,000+ new residential units. In addition, new sections in Polo Ranch, Fulshear Run, Fulbrook on Fulshear Creek, Cross Creek Ranch, Jordan Ranch, and Tamarron will be coming online. Commercial construction activity continues to rapidly pick-up with a new business park at Rogers Road, multiple day-cares, Brazos Valley School Credit Union, Bank of America, and more. Shopping centers such as the Marcel Town Center, Shoppes at Cross Creek Ranch, and Market at Cross Creek Ranch, are completed and have already brought forth tenants such as Shipley's Donuts, Molina's Mexican Kitchen, Local Table, Main Squeeze Juice Company, a dental and doctor's office, and much more. Downtown Fulshear continues to draw varied development and redevelopment interest on the heels of the approved Livable Center Study. A large development is on the horizon, as well, for the area just east of downtown with plans for a walkable, commercial district with 160 higher-density townhomes. In the multi-family sector, the pace of growth is quickening, as well, with Parklane at Fulshear and Ascend at Tamarron completed and two more multi-family projects already slated in Cross Creek Ranch, one of which is to be age restricted.

## **Financial Information**

The City's management team is responsible for establishing and maintaining internal controls designed to ensure that the assets of the City are protected from loss, theft, or misuse and to ensure that adequate accounting data is compiled to allow for the preparation of financial statements in conformity with generally accepted accounting principles. Internal controls are designed to provide reasonable, but not absolute, assurance that these objectives are met. The concept of reasonable assurance recognizes that (1) the cost of the controls should not exceed the benefits likely to be derived and (2) the valuation of cost and benefits requires estimates and judgments to be made by management.

## **Budgeting Controls**

The City maintains budgetary controls to ensure compliance with legal provisions embodied in the annual appropriated budget approved by the City Council. Activities of the General Fund, Special Revenue Funds, Utility Fund, and Internal Service Funds are included in the annual operating budget. The City of Fulshear Development Corporation and the Fulshear Development Corporation, component units of the City, are budgeted separately but approved by the City Council as a component of the Annual Budget. A capital improvement plan is approved each year by the City Council and funded through a separate capital projects fund. The level of budgetary control (i.e., the level at which expenditures cannot legally exceed the appropriated amount) is established at the fund level. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

## **Debt Administration**

Currently, the City has issued no General Obligation Bonds or Certificates of Obligation. The City may issue General Obligation Bonds that are approved by voters in a capital improvements plan.

## **Lapse of Appropriations**

Every appropriation, except an appropriation for a capital expenditure, shall lapse at the close of the fiscal year to the extent that it has not been expended or encumbered. An appropriation for a capital expenditure shall continue in force until the purpose for which it was made has been accomplished or abandoned.

## **Awards**

The City received the Certificate of Achievement for Excellence in Financial Reporting from the Government Finance Officers' Association (GFOA) for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2019. In order to be awarded the Certificate of Achievement, the City published an easily readable and efficiently organized Comprehensive Annual Financial Report. This report satisfied both generally accepted accounting principles and applicable legal requirements. The Certificate of Achievement is held for a period of one year only.

The City will be submitting this report for the fiscal year ending September 30, 2020 to the GFOA for consideration of the award for the second year.

The City received the Distinguished Budget Presentation Award for the fiscal years beginning October 1, 2017, 2018, and 2019. The City has submitted the annual budget for fiscal year beginning October 1, 2020 to the GFOA for consideration of award for the fourth year. The award is made to those cities whose budget presentations meet very stringent presentation guidelines. The budget document must be of the very highest quality that reflects both the guidelines established by the National Advisory Council on State and Local Budgeting and the GFOA's recommended practices on budgeting.

### **Acknowledgements**

The preparation of this report would not have been possible without the efficient and dedicated services of the administrative staff of the City and the members of the Finance Department. We also would like to express our appreciation to all members of the departments who assisted and contributed to the preparation of this report. Credit must also be given to the Mayor and the City Council for their unfailing support for maintaining the highest standards of professionalism in the management of the City of Fulshear's finances.

Respectfully submitted,

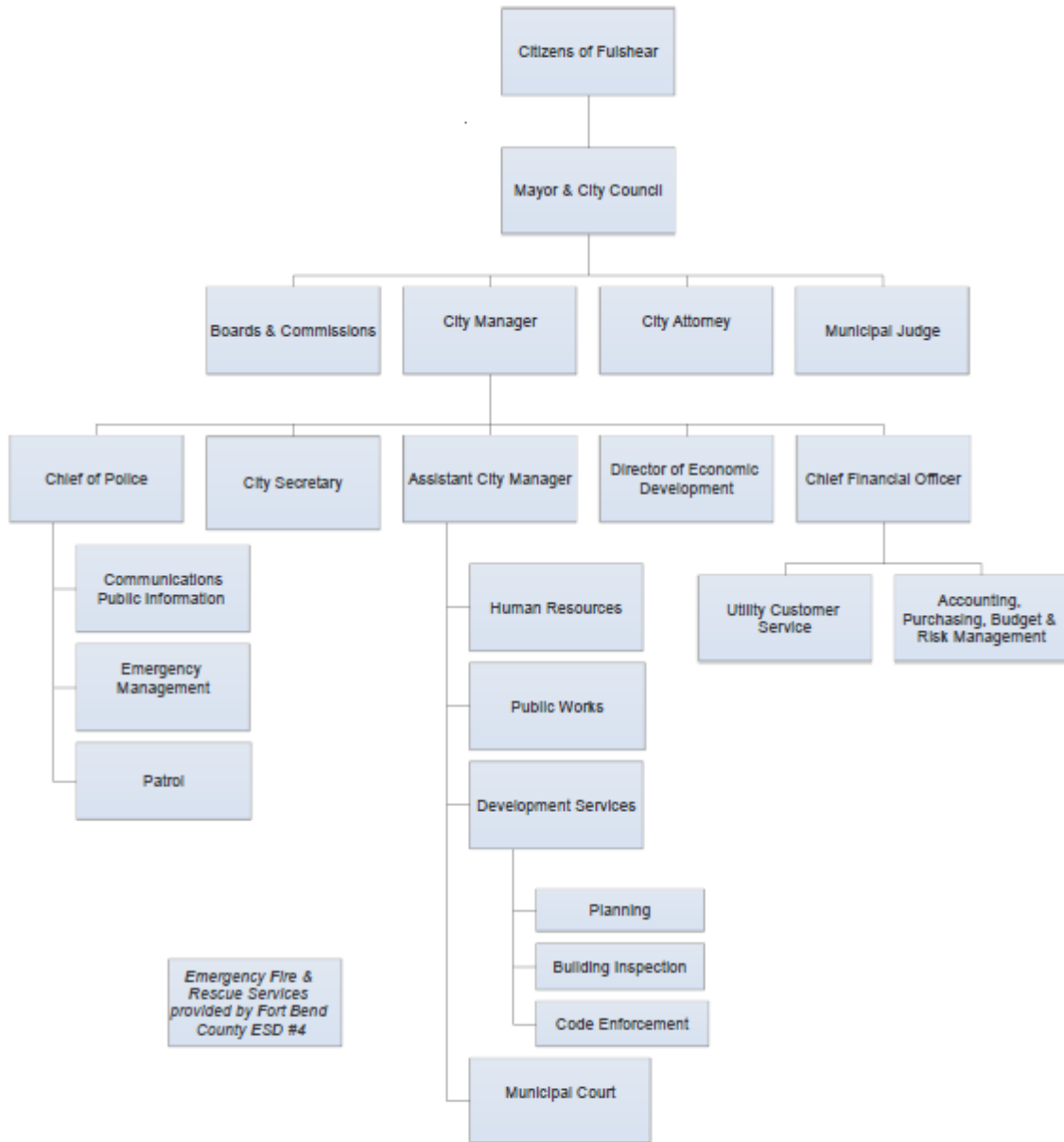


Erin Tureau, CPA  
Assistant Director of Finance

# CITY OF FULSHEAR, TEXAS

## ORGANIZATIONAL CHART

September 30, 2020



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Government Finance Officers Association

Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting

Presented to

**City of Fulshear  
Texas**

For its Comprehensive Annual  
Financial Report  
For the Fiscal Year Ended

September 30, 2019

*Christopher P. Morill*

Executive Director/CEO

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**CITY OF FULSHEAR, TEXAS**  
*LIST OF ELECTED AND APPOINTED OFFICIALS*  
 September 30, 2020

<b>Elected Officials</b>	<b>Position</b>
Aaron Groff	Mayor
Kaye Kahlich	Mayor Pro-Tem and Council Member
Kent Pool	Council Member
John Kelly	Council Member
Kevin White	Council Member
Debra Cates	Council Member
Lisa Kettler Martin	Council Member
Joel M. Patterson	Council Member

<b>Principal Officials</b>	<b>Position</b>
Jack Harper	City Manager
Kim Kopecky	City Secretary
Erin Tureau	Assistant Director of Finance
J. Grandy Randle	City Attorney

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***FINANCIAL SECTION***

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## ***INDEPENDENT AUDITORS' REPORT***

To the Honorable Mayor and  
Members of the City Council of the  
City of Fulshear, 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 units, each major fund, and the aggregate remaining fund information of the City of Fulshear, Texas (the "City"), as of and for the year ended September 30, 2020, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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

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

### **Auditors' Responsibility**

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

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

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

## Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component units, each major fund, and the aggregate remaining fund information of the City as of September 30, 2020, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

## Other Matters

### *Required Supplementary Information*

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

### *Other Information*

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

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

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

*BELT HARRIS PECHACEK, LLLP*

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
March 9, 2021

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

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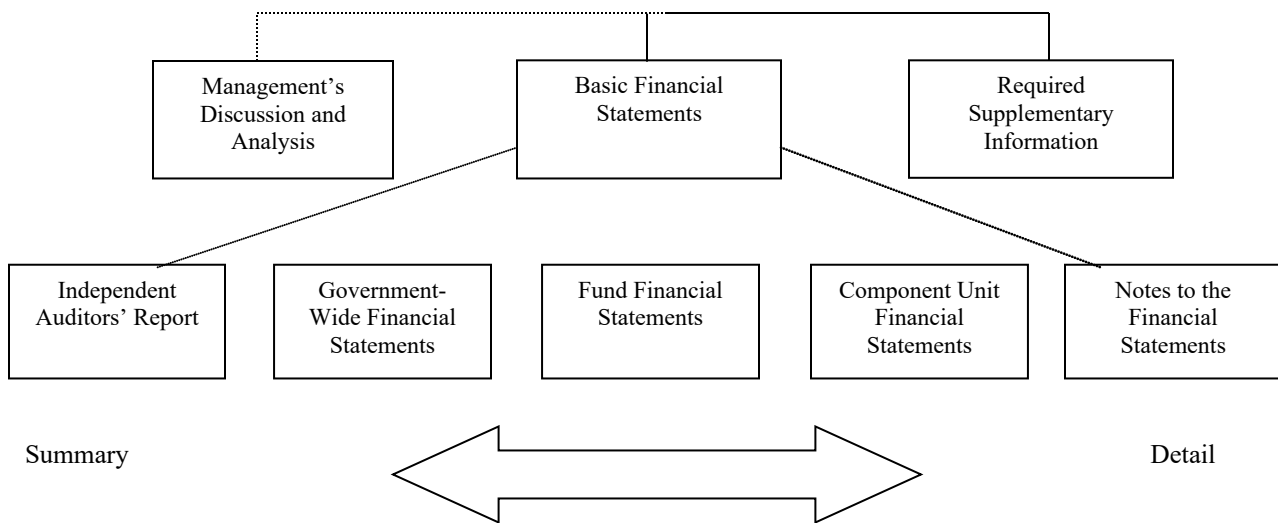


**CITY OF FULSHEAR, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
For the Year Ended September 30, 2020

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 Fulshear, Texas (the "City") for the year ending September 30, 2020. 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.

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

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

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* – The City's basic services are reported here including general government, permits and inspection, public safety, public works, and planning and development. Interest payments on the City's tax-supported debt are also reported here. Property tax, sales tax, franchise fees, municipal court fines, public improvement fees, sanitation and recycling fees, and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water and wastewater services.

The government-wide financial statements include not only the City itself (known as the primary government), but also legally separate economic development corporations for which the City is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself. The City's two discretely presented component units consist of the Fulshear Development Corporation and The City of Fulshear Development Corporation.

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*.

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, which is always considered to be a major fund for reporting purposes.

The City adopts an annual appropriated budget for its general fund, regional park fund, Fort Bend County Assistant District #7 fund, municipal court technology fund, municipal court building security fund, judicial

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

efficiency fund, child safety fund, police department donation fund, federal seizure fund, state seizure fund, and capital projects fund. Budgetary comparison schedules have been provided for each fund to demonstrate compliance with these budgets.

**Proprietary Funds**

The City maintains two types of proprietary funds. An enterprise fund is used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses an enterprise funds to account for its water distribution and wastewater collection/treatment operations. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses an internal service fund to collect and allocate costs for vehicle and equipment replacement. This internal service fund has 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 a budgetary comparison schedule for the general fund and schedule of changes in net pension liability and related ratios and schedule of contributions for the Texas Municipal Retirement System. RSI can be found after the notes to the basic financial statements.

**GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities by \$172,680,737 as of September 30, 2020 for the primary government. This compares with \$130,391,753 from the prior fiscal year. The largest portion of the City's net position, 89 percent, reflects its investments in capital assets (e.g., land, buildings and improvements, equipment, construction in progress, and infrastructure), less any outstanding debt 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.

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

**Statement of Net Position**

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 14,585,163	\$ 11,505,278	\$ 7,751,093	\$ 8,642,985	\$ 22,336,256	\$ 20,148,263
Capital assets, net	81,961,259	50,990,452	70,952,973	61,497,793	152,914,232	112,488,245
<b>Total Assets</b>	<b>96,546,422</b>	<b>62,495,730</b>	<b>78,704,066</b>	<b>70,140,778</b>	<b>175,250,488</b>	<b>132,636,508</b>
Deferred outflows - pensions	298,596	337,778	-	-	298,596	337,778
Long-term liabilities	390,851	457,494	-	-	390,851	457,494
Other liabilities	867,687	946,484	1,455,126	1,071,041	2,322,813	2,017,525
<b>Total Liabilities</b>	<b>1,258,538</b>	<b>1,403,978</b>	<b>1,455,126</b>	<b>1,071,041</b>	<b>2,713,664</b>	<b>2,475,019</b>
Deferred inflows - pensions	154,683	107,514	-	-	154,683	107,514
<b>Net Position:</b>						
Net investment in						
capital assets	81,961,259	50,990,452	70,952,973	61,497,793	152,914,232	112,488,245
Restricted	2,134,108	1,725,467	4,043,437	4,482,831	6,177,545	6,208,298
Unrestricted	11,336,430	8,606,097	2,252,530	3,089,113	13,588,960	11,695,210
<b>Total Net Position</b>	<b>\$ 95,431,797</b>	<b>\$ 61,322,016</b>	<b>\$ 77,248,940</b>	<b>\$ 69,069,737</b>	<b>\$ 172,680,737</b>	<b>\$ 130,391,753</b>

A portion of the primary government's net position, \$6,177,545 or 4 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$13,588,960 or 7 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$42,288,984 during the current fiscal year, an increase of 32 percent in comparison to the prior year net position. Total current and other assets increased \$2,187,993 as a result of operating surpluses in both the governmental and enterprise funds. Explanations for the increases in revenues are noted in subsequent paragraphs. Liabilities were comparable to the prior year increasing \$238,645 due to an increase in outstanding invoices at fiscal year end related to various projects and an increase in unused vacation and compensatory time (i.e., compensated absences). Capital assets increased \$40,425,987 primarily due to the purchase of vehicles, various other equipment, and infrastructure contributions received from developers.

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

**Statement of Activities**

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

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 5,438,766	\$ 5,318,362	\$ 8,543,284	\$ 8,407,022	\$ 13,982,050	\$ 13,725,384
Operating grants and contributions	1,231,506	500,238	-	60,235	1,231,506	560,473
Capital grants and contributions	33,504,918	5,253,705	9,879,143	2,181,719	43,384,061	7,435,424
General revenues:						
Ad valorem taxes	3,886,465	2,452,597	-	-	3,886,465	2,452,597
Sales taxes	2,564,696	2,068,489	-	-	2,564,696	2,068,489
Franchise fees	742,168	706,927	-	-	742,168	706,927
Investment earnings	137,711	217,509	116,838	158,651	254,549	376,160
Other revenues	449,135	525,421	128,437	66,205	577,572	591,626
<b>Total Revenues</b>	<b>47,955,365</b>	<b>17,043,248</b>	<b>18,667,702</b>	<b>10,873,832</b>	<b>66,623,067</b>	<b>27,917,080</b>
<b>Expenses</b>						
General government	4,011,528	3,450,668	-	-	4,011,528	3,450,668
Permits and inspections	1,283,592	929,161	-	-	1,283,592	929,161
Public safety	3,142,266	2,550,149	-	-	3,142,266	2,550,149
Public works	6,613,905	5,145,507	-	-	6,613,905	5,145,507
Planning and development	215,222	276,116	-	-	215,222	276,116
Water and wastewater	-	-	9,067,570	7,055,602	9,067,570	7,055,602
<b>Total Expenses</b>	<b>15,266,513</b>	<b>12,351,601</b>	<b>9,067,570</b>	<b>7,055,602</b>	<b>24,334,083</b>	<b>19,407,203</b>
<b>Increase in Net Position Before Transfers</b>	<b>32,688,852</b>	<b>4,691,647</b>	<b>9,600,132</b>	<b>3,818,230</b>	<b>42,288,984</b>	<b>8,509,877</b>
Transfers	1,420,929	877,365	(1,420,929)	(877,365)	-	-
<b>Change in Net Position</b>	<b>34,109,781</b>	<b>5,569,012</b>	<b>8,179,203</b>	<b>2,940,865</b>	<b>42,288,984</b>	<b>8,509,877</b>
Beginning net position	61,322,016	55,753,004	69,069,737	66,128,872	130,391,753	121,881,876
<b>Ending Net Position</b>	<b>\$ 95,431,797</b>	<b>\$ 61,322,016</b>	<b>\$ 77,248,940</b>	<b>\$ 69,069,737</b>	<b>\$ 172,680,737</b>	<b>\$ 130,391,753</b>

For the year ended September 30, 2020, revenues from governmental activities totaled \$47,955,365, an increase of \$30,912,117, compared to the prior year. Operating grants and contributions mainly increased from revenue recorded for a federal Coronavirus Relief Fund grant relating to reimbursement for expenses incurred due to the COVID-19 pandemic. Capital grants contributions increased due to contributions received from developers for street and storm sewer additions. Property tax revenue increased compared to the prior year as a result of an increase in the assessed value of properties and property tax rate. Sales tax revenue increased compared to the prior year due to an increase in economic activity and growth within the City. Investment earnings decreased from a decrease in interest rates.

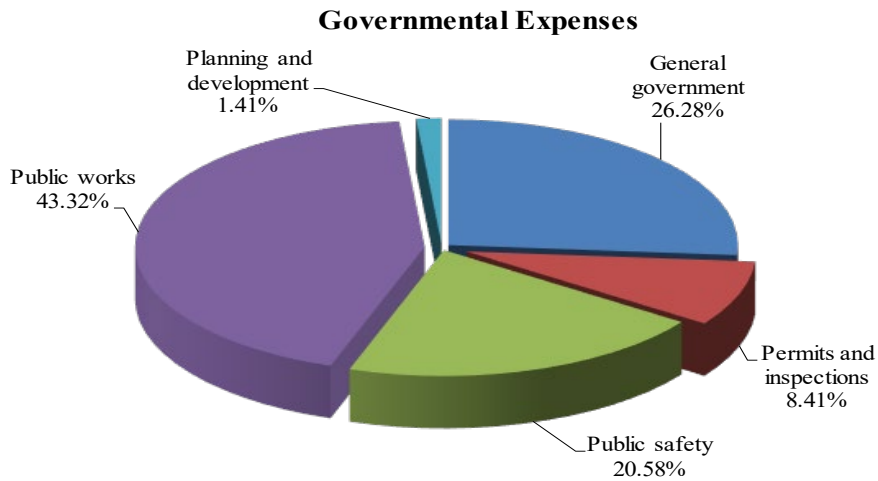
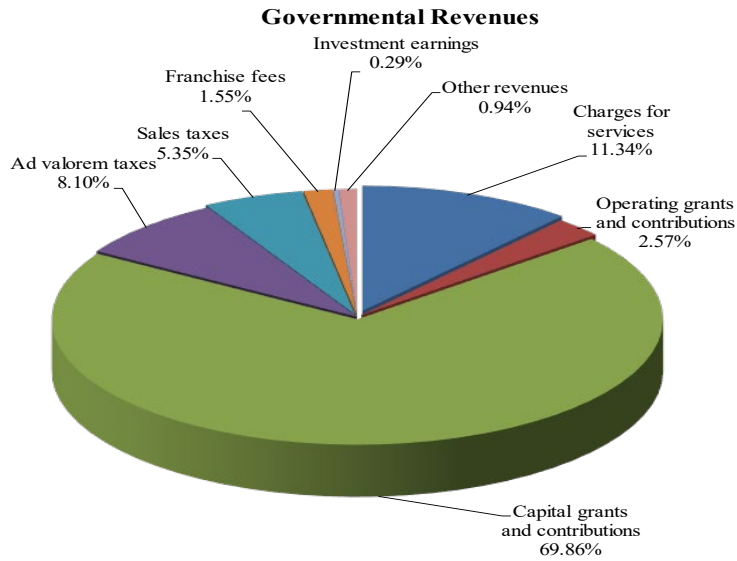
For the year ended September 30, 2020, expenses from governmental activities totaled \$15,266,513, an increase of \$2,914,912, compared to the prior year. Public works expenses increased largely due to an increase in the cost of contract sanitation services and facilities improvements related to office remodeling. Public safety expenses increased primarily due to COVID-19 and an increase in salaries expense. Expenses for general government increased primarily due to increases in amounts paid to other governmental entities for sales tax rebates and property tax rebates.

# CITY OF FULSHEAR, TEXAS

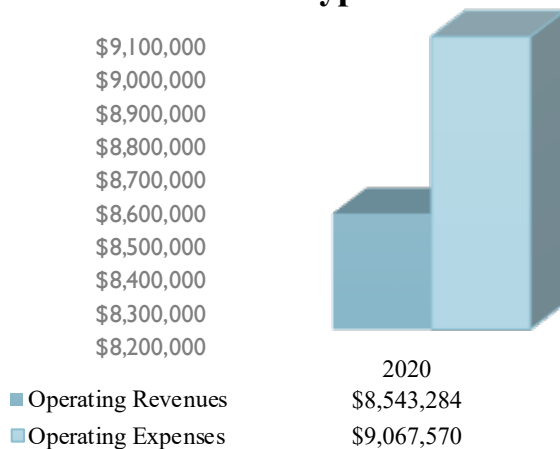
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### For the Year Ended September 30, 2020

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



#### Business-Type Activities



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

For the year ended September 30, 2020, revenues from business-type activities totaled \$18,667,702, an increase of \$7,793,870, compared to the prior year. Charges for services increased as a result of increased water and wastewater consumption. Capital grants and contributions increased due to contributions from developers for additions to the water and sewer system.

For the year ended September 30, 2020, expenses from business-type activities totaled \$9,067,570, an increase of \$2,011,968, compared to the prior year. Water and wastewater expenses increased in depreciation, water pumpage and tapping fees, and water and sewer system maintenance.

**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 \$13,364,465. Of this, \$2,134,108 is restricted, \$4,039,013 is assigned, \$55,529 is nonspendable, and \$7,135,815 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, total fund balance reached \$7,191,896. Of this, \$552 is restricted for public, education, and governmental (PEG) fees, \$55,529 is nonspendable for prepaid items, and \$7,135,815 is unassigned. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned and total fund balance represents 63 percent of total general fund expenditures.

There was a decrease in fund balance in the general fund of \$662,320 over the prior year. Revenues increased \$2,560,956 compared to the prior year largely due to increases in property tax revenues from an increase in both the tax rate and assessed values of properties, sales tax revenues from an increase in taxable sales within the City, and increased intergovernmental revenues. Expenditures increased \$1,533,220 compared to the prior year primarily due to increases in personnel-related expenditures, sanitation contract service rates, public safety, and intergovernmental expenditures. The general fund also made planned transfers to a non-major fund in the amount of \$3,705,000. The fund balance in non-major governmental funds increased by \$3,770,739 primarily because of transfers from other funds. Total combined fund balances for governmental funds at September 30, 2020 were \$13,364,465, reflecting an increase in governmental funds of \$3,108,419 from the prior year.

**Proprietary Funds** – The City's proprietary fund financial statements provides the same type of information found in the government-wide financial statements, but in more detail.

**GENERAL FUND BUDGETARY HIGHLIGHTS**

The amended budget included a planned decrease in fund balance in the amount of \$2,335,882. This budgeted decrease was largely attributable to the use of \$3,705,000 for planned transfers to the capital projects fund. The actual fund balance for the year decreased by \$662,320. Actual revenues exceeded the amended budget by \$1,466,719, primarily attributable to an increase in sales tax, licenses and permits, intergovernmental revenues as well as an increase in charges for services. The underlying basis for estimation of resource collection is historical trend analysis combined with a conservative approach to forecasting. The revenue estimates are based on linear trends and other economic indicators such as employment rates, housing statistics, and general overall consumer confidence.

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

Actual general fund expenditures were less than the amended budgeted expenditures by \$206,843 during the fiscal year. The largest positive variances were from permits and inspections and public safety.

**CAPITAL ASSETS**

At the end of fiscal year 2020, the City's governmental and business-type activities had invested \$152,914,232 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$40,425,987.

Major capital asset events during the year included the following:

- Developer contributions of infrastructure in the amount of \$33,504,918 for governmental activities and \$9,879,143 for business-type activities.
- Completion of water and wastewater lines along FM 359 in the amount of \$1,555,788.
- Seven vehicles were purchased, five for the police department and two for the public works department for the total amount of \$289,715.
- Two generators totaling \$142,059, one for the police department and one for the finance building.
- A John Deere backhoe in the amount of \$105,200.
- Improvements to the Irene Stern Park, including two shade structures totaling \$209,302.

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

**LONG-TERM DEBT**

At the end of the current year, the City reported long-term liabilities that consisted of \$202,602 in compensated absences and \$188,249 in net pension liability.

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

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

The City Council has adopted the City's 2021 budget. The approval of the budget provides funding for the City's operating and capital costs for the 2021 fiscal year. The City anticipates that revenue will remain fairly consistent with prior year. National, state, and local economic indicators preview a chance for a slowing of the economy, and, therefore, estimations for fiscal year 2021 and thereafter will be tailored with those conditions. The main contributors to the revenue are from ad valorem tax and sales tax generated by increased property value and commercial business through growth.

The City expects a 7 percent increase in expenditures. The increases are generated partially from the addition of new personnel in human resources, public works and communications, equipment for patrol units, workspace for facilities and parks operations, laser sign printer, school zone clocks, a 4 percent cost of living increase, police and purchasing personnel, and the funding of capital improvement projects.

The City looks forward to continued growth and development throughout the City. Residential construction continues to grow with five different subdivisions constantly opening sections, Marcel Town Center was completed and a new senior apartment community has been approved and should be completed in fiscal year 2021. More buildouts are expected in the Rogers Road warehouse/office building complex, Academix Village project on Fulshear Bend Drive, as well as another new major apartment community along FM 1093. The City is



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

poised for business growth in 2021 to come our way with the Fulshear Marketplace project at Syms and FM 1093. The City's sales tax continues to grow even during the global pandemic. However, we have budgeted at only 80% of our fiscal year 2020 collections.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the finances of the City. Questions concerning this report or requests for additional financial information should be directed to Erin Tureau, Assistant Director of Finance, 30603 FM 1093, Fulshear, TX, 77441; telephone 281-346-1796; or for general City information, visit the City's website at [www.fulsheartexas.gov](http://www.fulsheartexas.gov).

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***BASIC FINANCIAL STATEMENTS***

# CITY OF FULSHEAR, TEXAS

## STATEMENT OF NET POSITION

September 30, 2020

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b><u>Assets</u></b>			
Cash and equity in pooled cash	\$ 9,686,502	\$ 2,557,086	\$ 12,243,588
Investments	3,519,116	-	3,519,116
Receivables, net	1,301,816	868,625	2,170,441
Restricted cash and equity in pooled cash	22,200	4,325,382	4,347,582
Prepaid items	55,529	-	55,529
	14,585,163	7,751,093	22,336,256
Capital assets:			
Nondepreciable	3,210,109	526,082	3,736,191
Net depreciable capital assets	78,751,150	70,426,891	149,178,041
<b>Total Assets</b>	96,546,422	78,704,066	175,250,488
<b><u>Deferred Outflows of Resources</u></b>			
Deferred outflows - pensions	298,596	-	298,596
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	845,487	1,173,181	2,018,668
Customer deposits	22,200	281,945	304,145
	867,687	1,455,126	2,322,813
Noncurrent liabilities:			
Due within one year	182,342	-	182,342
Due in more than one year	208,509	-	208,509
<b>Total Liabilities</b>	1,258,538	1,455,126	2,713,664
<b><u>Deferred Inflows of Resources</u></b>			
Deferred inflows - pensions	154,683	-	154,683
<b><u>Net Position</u></b>			
Net investment in capital assets	81,961,259	70,952,973	152,914,232
Restricted for:			
Regional park	1,162,218	-	1,162,218
County Assistance District #7	605,412	-	605,412
Enabling legislation	120,766	-	120,766
Public safety	245,160	-	245,160
PEG fees	552	-	552
Economic development	-	-	-
Capital projects	-	4,043,437	4,043,437
Unrestricted	11,336,430	2,252,530	13,588,960
<b>Total Net Position</b>	\$ 95,431,797	\$ 77,248,940	\$ 172,680,737

See Notes to Financial Statements.

**Component Units**

<b>Fulshear Development Corporation</b>	<b>City of Fulshear Development Corporation</b>
\$ 3,154,895	\$ 3,064,641
-	-
207,671	205,398
-	-
-	-
<u>3,362,566</u>	<u>3,270,039</u>
-	-
-	-
<u>3,362,566</u>	<u>3,270,039</u>
-	-
-	-
6,139	5,815
-	-
<u>6,139</u>	<u>5,815</u>
-	-
-	-
<u>6,139</u>	<u>5,815</u>
-	-
-	-
-	-
-	-
-	-
3,356,427	3,264,224
-	-
-	-
<u>\$ 3,356,427</u>	<u>\$ 3,264,224</u>

# CITY OF FULSHEAR, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 4,011,528	\$ -	\$ 1,091,144	\$ -
Permits and inspections	1,283,592	4,405,115	-	-
Public safety	3,142,266	187,935	140,362	-
Public works	6,613,905	845,716	-	33,504,918
Planning and development	215,222	-	-	-
<b>Total Governmental Activities</b>	15,266,513	5,438,766	1,231,506	33,504,918
<b>Business-Type Activities</b>				
Water and wastewater	9,067,570	8,543,284	-	9,879,143
<b>Total Business-Type Activities</b>	9,067,570	8,543,284	-	9,879,143
<b>Total Primary Government</b>	\$ 24,334,083	\$ 13,982,050	\$ 1,231,506	\$ 43,384,061
<b>Component Units</b>				
Fulshear Development Corporation	\$ 303,366	\$ -	\$ -	\$ -
City of Fulshear Development Corporation	286,520	-	-	-
<b>Total Component Units</b>	\$ 589,886	\$ -	\$ -	\$ -

**General Revenues:**

Property taxes  
 Sales taxes  
 Franchise fees  
 Investment earnings  
 Other revenues  
 Transfers

**Total General Revenues and Transfers**

**Change in Net Position**

Beginning net position

**Ending Net Position**

See Notes to Financial Statements.

**Net (Expense) Revenue and Changes in Net Position**

<b>Primary Government</b>			<b>Component Units</b>	
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>	<b>Fulshear Development Corporation</b>	<b>City of Fulshear Development Corporation</b>
\$ (2,920,384)	\$ -	\$ (2,920,384)	\$ -	\$ -
3,121,523	-	3,121,523	-	-
(2,813,969)	-	(2,813,969)	-	-
27,736,729	-	27,736,729	-	-
(215,222)	-	(215,222)	-	-
<u>24,908,677</u>	<u>-</u>	<u>24,908,677</u>	<u>-</u>	<u>-</u>
-	9,354,857	9,354,857	-	-
-	9,354,857	9,354,857	-	-
<u>24,908,677</u>	<u>9,354,857</u>	<u>34,263,534</u>	<u>-</u>	<u>-</u>
-	-	-	(303,366)	-
-	-	-	-	(286,520)
-	-	-	<u>(303,366)</u>	<u>(286,520)</u>
3,886,465	-	3,886,465	-	-
2,564,696	-	2,564,696	1,036,980	1,036,981
742,168	-	742,168	-	-
137,711	116,838	254,549	39,404	38,189
449,135	128,437	577,572	-	-
1,420,929	(1,420,929)	-	-	-
<u>9,201,104</u>	<u>(1,175,654)</u>	<u>8,025,450</u>	<u>1,076,384</u>	<u>1,075,170</u>
34,109,781	8,179,203	42,288,984	773,018	788,650
61,322,016	69,069,737	130,391,753	2,583,409	2,475,574
<u>\$ 95,431,797</u>	<u>\$ 77,248,940</u>	<u>\$ 172,680,737</u>	<u>\$ 3,356,427</u>	<u>\$ 3,264,224</u>

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# CITY OF FULSHEAR, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

September 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b><u>Assets</u></b>			
Cash and equity in pooled cash	\$ 3,265,227	\$ 6,109,229	\$ 9,374,456
Investments	3,519,116	-	3,519,116
Receivables, net	1,185,579	116,237	1,301,816
Prepaid items	55,529	-	55,529
Restricted cash and equity in pooled cash	22,200	-	22,200
<b>Total Assets</b>	<b>\$ 8,047,651</b>	<b>\$ 6,225,466</b>	<b>\$ 14,273,117</b>
<b><u>Liabilities</u></b>			
Accounts payable	\$ 564,894	\$ 52,897	\$ 617,791
Accrued expenditures	227,696	-	227,696
Customer deposits	22,200	-	22,200
<b>Total Liabilities</b>	<b>814,790</b>	<b>52,897</b>	<b>867,687</b>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenue - property taxes	40,965	-	40,965
<b><u>Fund Balances</u></b>			
Nonspendable:			
Prepaid items	55,529	-	55,529
Restricted for:			
Regional park	-	1,162,218	1,162,218
County Assistance District #7	-	605,412	605,412
Enabling legislation	-	120,766	120,766
Public safety	-	245,160	245,160
PEG fees	552	-	552
Assigned to:			
Capital projects	-	4,039,013	4,039,013
Unassigned	7,135,815	-	7,135,815
<b>Total Fund Balances</b>	<b>7,191,896</b>	<b>6,172,569</b>	<b>13,364,465</b>
<b>Total Liabilities, Deferred Inflows of Resources, and Fund Balances</b>	<b>\$ 8,047,651</b>	<b>\$ 6,225,466</b>	<b>\$ 14,273,117</b>

See Notes to Financial Statements.

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

Total fund balances for governmental funds		\$	13,364,465
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	3,210,109		
Capital assets - depreciable	<u>78,751,150</u>		
			81,961,259
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.			
			40,965
Long-term liabilities and deferred outflows and deferred inflows related to the net pension liability are deferred in the governmental funds.			
Net pension liability	(188,249)		
Deferred outflows - pensions	298,596		
Deferred inflows - pensions	<u>(154,683)</u>		
			(44,336)
An internal service fund is used by management to account for the cost of vehicle and equipment replacement. The assets and liabilities of the internal service fund are included in the governmental activities in the Statement of Net Position			
Internal service fund net position	474,680		
Capital assets accounted for in capital assets used in governmental activities.	<u>(162,634)</u>		
			312,046
Some liabilities, such as compensated absences, are not reported as liabilities in the governmental funds.			
Noncurrent liabilities due in one year	(182,342)		
Noncurrent liabilities due in more than one year	<u>(20,260)</u>		
			<u>(202,602)</u>
<b>Net Position of Governmental Activities</b>		<b>\$</b>	<b><u>95,431,797</u></b>

See Notes to Financial Statements.

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# CITY OF FULSHEAR, TEXAS

## STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES GOVERNMENTAL FUNDS

For the Year Ended September 30, 2020

	General	Nonmajor Governmental Funds	Total Governmental Funds
<b>Revenues</b>			
Property taxes	\$ 3,873,300	\$ -	\$ 3,873,300
Sales taxes	2,095,526	469,170	2,564,696
Franchise fees	742,168	-	742,168
Public improvement fees	507,474	-	507,474
Licenses and permits	2,422,642	-	2,422,642
Fines and forfeitures	173,998	13,937	187,935
Charges for services	2,320,715	-	2,320,715
Investment earnings	97,017	36,198	133,215
Intergovernmental	1,112,064	123,573	1,235,637
Other revenue	10,117	434,887	445,004
<b>Total Revenues</b>	13,355,021	1,077,765	14,432,786
<b>Expenditures</b>			
<b>Current:</b>			
General government	3,840,529	-	3,840,529
Permit and inspections	1,260,907	-	1,260,907
Public safety	3,036,192	5,657	3,041,849
Public works	2,954,915	-	2,954,915
Planning and development	215,596	-	215,596
<b>Capital Outlay</b>	38,561	850,119	888,680
<b>Total Expenditures</b>	11,346,700	855,776	12,202,476
<b>Excess of Revenues Over Expenditures</b>	2,008,321	221,989	2,230,310
<b>Other Financing Sources (Uses)</b>			
Transfers in	1,034,359	3,955,000	4,989,359
Transfers (out)	(3,705,000)	(406,250)	(4,111,250)
<b>Total Other Financing Sources (Uses)</b>	(2,670,641)	3,548,750	878,109
<b>Net Change in Fund Balances</b>	(662,320)	3,770,739	3,108,419
Beginning fund balances	7,854,216	2,401,830	10,256,046
<b>Ending Fund Balances</b>	\$ 7,191,896	\$ 6,172,569	\$ 13,364,465

See Notes to Financial Statements.

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**CITY OF FULSHEAR, TEXAS**  
**RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE**  
**STATEMENT OF ACTIVITIES**  
**For the Year Ended September 30, 2020**

Net changes in fund balances - total governmental funds \$ 3,108,419

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	(3,201,506)
Capital outlay, net of disposals	39,431

Capital assets for governmental funds contributed by business-type funds are recorded as transfers in the Statement of Activities.	542,820
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Capital contributions by developers are not recorded in governmental funds as the contributions do not represent current financial resources.	33,504,918
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Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds.	13,165
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Governmental funds report the payment of pension contributions as an expenditure; whereas, these payments are treated as reduction in the net pension liability on the Statement of Activities.

Change in net pension liability	107,991
Change in deferred outflows - pensions	(94,689)
Change in deferred inflows - pensions	8,338

Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. Compensated absences	(41,348)
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An internal service fund is used by management to account for the cost of vehicle and equipment replacement. The net revenue is reported with governmental activities.	122,242
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<b>Change in Net Position of Governmental Activities</b>	<b>\$ 34,109,781</b>
--	----------------------

See Notes to Financial Statements.

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# CITY OF FULSHEAR, TEXAS

## STATEMENT OF NET POSITION

### PROPRIETARY FUNDS

September 30, 2020

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Vehicle Replacement
<b><u>Assets</u></b>		
Current assets:		
Cash and equity in pooled cash	\$ 2,557,086	\$ 312,046
Receivables, net	868,625	-
Restricted cash and equity in pooled cash	4,325,382	-
<b>Total Current Assets</b>	7,751,093	312,046
Noncurrent assets:		
Capital assets:		
Land	526,082	-
Buildings	110,372	-
Utility system	82,408,349	-
Machinery and equipment	262,893	227,508
Less accumulated depreciation	(12,354,723)	(64,874)
<b>Total Capital Assets,</b>		
<b>Net of Accumulated Depreciation</b>	70,952,973	162,634
<b>Total Noncurrent Assets</b>	70,952,973	162,634
<b>Total Assets</b>	78,704,066	474,680
<b><u>Liabilities</u></b>		
Current liabilities:		
Accounts payable	1,173,181	-
Customer deposits	281,945	-
<b>Total Current Liabilities</b>	1,455,126	-
<b>Total Liabilities</b>	1,455,126	-
<b><u>Net Position</u></b>		
Net investment in capital assets	70,952,973	162,634
Restricted for capital projects	4,043,437	-
Unrestricted	2,252,530	312,046
<b>Total Net Position</b>	\$ 77,248,940	\$ 474,680

See Notes to Financial Statements.

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**CITY OF FULSHEAR, TEXAS**  
**STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET POSITION**  
**PROPRIETARY FUNDS**  
For the Year Ended September 30, 2020

	<u>Business-Type Activities</u> <u>Water and Wastewater</u>	<u>Governmental Activities</u> <u>Vehicle Replacement</u>
<b><u>Operating Revenues</u></b>		
Charges for services	\$ 8,543,284	\$ 153,998
Other revenues	125,937	-
<b>Total Operating Revenues</b>	<b>8,669,221</b>	<b>153,998</b>
<b><u>Operating Expenses</u></b>		
Supplies	94,803	-
Contractual services	1,453,412	-
Utilities	337,409	-
Repairs and maintenance	2,233,808	-
Other operating expenses	3,511,206	-
Depreciation	1,979,752	45,502
<b>Total Operating Expenses</b>	<b>9,610,390</b>	<b>45,502</b>
<b>Operating Income (Loss)</b>	<b>(941,169)</b>	<b>108,496</b>
<b><u>Nonoperating Revenues</u></b>		
Investment earnings	116,838	4,496
Sale of capital asset	2,500	9,250
<b>Total Nonoperating Revenues</b>	<b>119,338</b>	<b>13,746</b>
<b>Income (Loss) Before Contributions and Transfers</b>	<b>(821,831)</b>	<b>122,242</b>
<b><u>Contributions and Transfers</u></b>		
Capital contributions	9,879,143	-
Transfers in	200,000	-
Transfers (out)	(1,078,109)	-
<b>Total Contributions and Transfers</b>	<b>9,001,034</b>	<b>-</b>
<b>Change in Net Position</b>	<b>8,179,203</b>	<b>122,242</b>
Beginning net position	69,069,737	352,438
<b>Ending Net Position</b>	<b>\$ 77,248,940</b>	<b>\$ 474,680</b>

See Notes to Financial Statements.

# CITY OF FULSHEAR, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2020

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Wastewater</b>	<b>Vehicle Replacement</b>
<b><u>Cash Flows from Operating Activities</u></b>		
Receipts from customers and users	\$ 8,556,250	\$ 153,998
Payments to suppliers	(7,289,976)	-
<b>Net Cash Provided by Operating Activities</b>	<b>1,266,274</b>	<b>153,998</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>		
Transfers in	200,000	-
Transfers (out)	(1,078,109)	-
<b>Net Cash Provided (Used) for Noncapital Financing Activities</b>	<b>(878,109)</b>	<b>-</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>		
Acquisition and construction of capital assets	(1,555,789)	(130,646)
Sales of capital assets	2,500	9,250
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(1,553,289)</b>	<b>(121,396)</b>
<b><u>Cash Flows from Investing Activities</u></b>		
Interest on investments	116,838	4,496
<b>Net Cash Provided by Investing Activities</b>	<b>116,838</b>	<b>4,496</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>(1,048,286)</b>	<b>37,098</b>
Beginning cash and cash equivalents	7,930,754	274,948
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 6,882,468</b>	<b>\$ 312,046</b>
Unrestricted cash and equity in pooled cash	\$ 2,557,086	\$ 312,046
Restricted cash and equity in pooled cash	4,325,382	-
<b>Total Cash and Equity in Pooled Cash</b>	<b>\$ 6,882,468</b>	<b>\$ 312,046</b>

See Notes to Financial Statements.

# CITY OF FULSHEAR, TEXAS

## STATEMENT OF CASH FLOWS

### PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2020

	<b>Business-Type Activities</b>	<b>Governmental Activities</b>
	<b>Water and Wastewater</b>	<b>Vehicle Replacement</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>		
Operating income (Loss)	\$ (941,169)	\$ 108,496
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:		
Depreciation	1,979,752	45,502
<b>Changes in Operating Assets and Liabilities:</b>		
<b>(Increase) Decrease in:</b>		
Accounts receivable	(156,394)	-
<b>Increase (Decrease) in:</b>		
Accounts payable and accrued liabilities	340,662	-
Customer deposits	43,423	-
	<u>\$ 1,266,274</u>	<u>\$ 153,998</u>
<b>Net Cash Provided by Operating Activities</b>		
<b>Noncash Capital Activities:</b>		
Capital assets contributed during the year	<u>\$ 9,879,143</u>	<u>\$ -</u>

See Notes to Financial Statements.

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

**I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

**A. Reporting Entity**

The City of Fulshear, Texas (the “City”) was incorporated in 1977 and operated as a “Type A, General Law” city until May 2016; wherein the voters elected to become a “Home Rule Charter”, which provided for a “Council-Manager” form of government; whereas the City Council is the principal legislative body of the City composed of seven council members who serve two-year terms. The Mayor presides at the City Council meetings. The City Manager is the chief executive officer of the City and is responsible to the City Council for the management of all City affairs placed in the City Manager’s charge by or under the charter.

The City provides the following services: general government, permits and inspections, public safety, public works, planning and development, and waster and wastewater.

The City is an independent political subdivision of the State of Texas (the “State”) governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City’s financial reporting entity. The component units listed below are considered discretely presented component units and are part of the reporting entity. No other entities have been included in the City’s reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

**Discretely Presented Component Units**

**City of Fulshear Development Corporation**

After voter approval on August 29, 2007, the City formed the City of Fulshear Development Corporation (CDC), a 4A development corporation. The Board of Directors is appointed by and serves at the discretion of the City Council. City Council approval is required for budgets and bonded debt issuances. The CDC was created to manage and supervise the programs and activities with revenues from their portion (one-half percent) of the sales tax increase of one percent, allowed by state law and approved by voters on August 29, 2007. The revenues are limited to manufacturing and industrial development.

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

**Fulshear Development Corporation**

After voter approval on August 29, 2007, the City formed the Fulshear Development Corporation (FDC), a 4B development corporation. The Board of Directors are appointed by and serve at the discretion of the City Council. City Council approval is required for budgets and bonded debt issuances. The FDC was created to manage and supervise the programs and activities with revenues from their portion (one-half percent) of the sales tax increase of one percent, allowed by state law and approved by voters on August 29, 2007. The revenues are limited to quality of life improvements, including economic development that will attract and retain primary employers.

The component units are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the City. In the event of dissolution, net position of the CDC and the FDC shall be conveyed back to the City. Separate financial statements are not available for the CDC and FDC.

**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 activities of the primary government and its component units. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, 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 funds and the internal service fund, while business-type activities incorporate data from the City's enterprise fund. Separate financial statements are provided for governmental funds and proprietary funds.

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

**D. Basis of Presentation – Fund Financial Statements**

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



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

The City reports the following governmental funds:

The *general fund* is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales taxes, franchise fees, public improvement fees, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, permits and inspections, public safety, public works, and planning and development. The general fund is always considered a major fund for reporting purposes.

The *special revenue funds* are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds are considered nonmajor funds for reporting purposes.

The *capital projects fund* is used to account for the expenditures of resources accumulated for capital improvement projects. The capital projects fund is considered a nonmajor fund for reporting purposes.

The City reports the following enterprise fund:

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

Additionally, the City reports the following fund type:

The *internal service fund* accounts for services provided to other departments of the primary government on a cost reimbursement basis. The City's internal service fund is used to account for vehicle and equipment replacement.

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 fund) 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.

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

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

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

**1. Cash and Cash Equivalents**

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools, 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.

The City maintains a pooled cash account. Each fund whose monies are deposited in the pooled cash account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "cash and equity in pooled cash." For cash management purposes, the City has a sweep arrangement with the bank to transfer cash balances to a money market mutual fund account each day. Cash in excess of current requirements is invested in various interest-bearing securities and disclosed as part of the City's investments.

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

**2. Investments**

Investments, except for certain investment pools and money market funds, are reported at fair value based on quoted market prices. The City categorizes fair value measurements of its investments based on the hierarchy established by Generally Accepted Accounting Principles. The investment pool operates in accordance with appropriate state laws and regulations and is reported at amortized cost. Money market funds, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations and commercial paper that have a remaining maturity of one year or less upon acquisition, are reported at amortized cost. Investments in nonparticipating interest earning contracts, such as certificates of deposit, are reported at cost.

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
- Direct obligations of the State
- Fully collateralized certificates of deposit
- Statewide investment pools
- Repurchase agreements, reverse purchase agreements, bankers' acceptances, and commercial paper
- Related no-load money market mutual funds

**3. Restricted Assets**

Certain proceeds of bonds, as well as other resources set aside for specific purposes, are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants or contractual agreements.

**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 Governmental Accounting Standards Board (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 one year. 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 enterprise 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 FULSHEAR, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings and improvements	20 to 50 years
Improvements other than buildings	5 to 50 years
Machinery and equipment	5 to 10 years
Water and sewer system	20 to 50 years
Infrastructure	30 to 50 years

**5. Deferred Outflows/Inflows of Resources**

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

Deferred outflows/inflows of resources are amortized as follows:

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

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, compensatory, and sick pay benefits. Vacation and compensatory amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. Vacation and compensatory pay is accrued in the Statement of Net Position when incurred in governmental activities. A liability for those amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignation and retirement. Vacation can be accumulated up to 240 hours. Sick leave, which can accrue up to 480 hours, and personal time must be taken within the fiscal year.

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

**7. Long-Term Obligations**

In the government-wide financial statements and proprietary fund types in the fund financial statements, other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type Statement of Net Position.

**8. Net Position Flow Assumption**

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

**9. Fund Balance Flow Assumptions**

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

**10. Fund Balance Policies**

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

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. 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.

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

**11. Estimates**

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

**12. 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' fiduciary net position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

**13. Other Postemployment Benefits**

The City participates in a single-employer, unfunded, defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The funding policy for the SDBF program is to assure that adequate resources are available to meet all death benefit payments for the upcoming year. Benefit payments are treated as being equal to the employer's yearly contributions for retirees. Benefit payments and refunds are due and payable in accordance with the benefit terms. Information about the City's total OPEB liability, deferred outflows of resources, deferred inflows of resources, and OPEB expense is provided by TMRS from reports prepared by their consulting actuary.

**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 October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

**3. Proprietary Funds Operating and Nonoperating Revenues and Expenses**

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise fund and internal service fund are charges to customers for sales and services. The

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

enterprise fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise fund and internal service fund include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

**II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY**

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects fund, which adopts 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, as defined by the charter, is at the fund level for all funds. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended September 30, 2020.

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 ACTIVITIES AND FUNDS**

**A. Deposits and Investments**

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

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
Certificates of deposit	\$ 1,503,334	0.90
Money market funds	6,648,206	0.00
Texas CLASS	11,290,480	0.06
United States treasury note	2,015,781	0.34
<b>Total Fair Value</b>	<b>\$ 21,457,801</b>	
Portfolio weighted average maturity		0.13

*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 policy requires that investment pools must be rated no lower than 'AAA' or 'AAA-m'. As of September 30, 2020, the City's investments in Texas CLASS were rated 'AAAm' by Standard & Poor's.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that the City's deposits may not be returned in the event of a bank failure. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of September 30, 2020, fair market values of pledged securities and FDIC coverage exceeded bank balances for both the City and the discretely presented component units.

*Custodial credit risk – investments.* For an investment, this is the risk that the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside

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

party in the event of the failure of the counterparty. The City's investment policy requires that it will seek to safekeep securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, shall be conducted on a delivery versus payment basis or commercial book entry system as utilized by the Federal Reserve and shall be protected through the use of a third-party custody/safekeeping agent.

**Texas CLASS**

The Texas Cooperative Liquid Assets Securities System Trust – Texas (CLASS) is a public funds investment pool under Section 2256.016 of the Public Funds Investment Act, Texas Government Code, as amended. CLASS is created under an amended and restated trust agreement, dated as of December 14, 2011 (the "Agreement"), among certain Texas governmental entities investing in CLASS (the "Participants"), with Cutwater Investor Services Corporation as program administrator and Wells Fargo Bank Texas, NA as custodian. CLASS is not SEC registered and is not subject to regulation by the State. Under the Agreement, however, CLASS is administered and supervised by a seven-member board of trustees (the "Board"), whose members are investment officers of the Participants, elected by the Participants for overlapping two-year terms. In the Agreement and by resolution of the Board, CLASS has contracted with Cutwater Investors Service Corporation to provide for the investment and management of the public funds of CLASS. Separate financial statements for CLASS may be obtained from CLASS' website at [www.texasclass.com](http://www.texasclass.com).

CLASS is an external investment pool measured at amortized cost. In order to meet the criteria to be recorded at amortized cost, CLASS must transact at a stable net asset value per share and maintain certain maturity, quality, liquidity, and diversification requirements within CLASS. CLASS transacts at a net asset value of \$1.00 per share, has weighted average maturities of 60 days or less, and weighted average lives of 120 days or less. The City's balance is considered the fair value of their investment in CLASS.



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

**B. Receivables**

Amounts are aggregated into a single accounts receivable line (net of allowance for uncollectibles) for certain funds and aggregated columns. Below is the detail of receivables for the general fund, the nonmajor governmental funds in the aggregate, the enterprise fund, and the discretely presented component units including the applicable allowances for uncollectible accounts:

	<b>General</b>	<b>Nonmajor Funds</b>	<b>Water and Wastewater</b>	<b>Total</b>
Property taxes	\$ 40,965	\$ -	\$ -	\$ 40,965
Other taxes	504,322	115,101	-	619,423
Accounts	39,983	-	874,893	914,876
Intergovernmental	602,650	-	-	602,650
Other	1,136	1,136	-	2,272
Less allowance	(3,477)	-	(6268)	(9,745)
	<u>\$ 1,185,579</u>	<u>\$ 116,237</u>	<u>\$ 868,625</u>	<u>\$ 2,170,441</u>

	<b>Fulshear Development Corporation</b>	<b>City of Fulshear Development Corporation</b>
Other taxes	\$ 205,398	\$ 205,398
Other	2,273	-
	<u>\$ 207,671</u>	<u>\$ 205,398</u>

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

**C. Capital Assets**

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	Reclassifications (Decreases)	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 3,210,109	\$ -	\$ -	\$ 3,210,109
<b>Total capital assets not         being depreciated</b>	<u>3,210,109</u>	<u>-</u>	<u>-</u>	<u>3,210,109</u>
Other capital assets				
Infrastructure	56,607,616	33,689,908	-	90,297,524
Buildings and improvements	998,232	24,311	-	1,022,543
Machinery and equipment	1,342,813	550,672	(47,076)	1,846,409
<b>Total other capital assets</b>	<u>58,948,661</u>	<u>34,264,891</u>	<u>(47,076)</u>	<u>93,166,476</u>
Less accumulated depreciation for:				
Infrastructure	(9,669,348)	(3,005,106)	-	(12,674,454)
Buildings and improvements	(611,011)	(28,897)	-	(639,908)
Machinery and equipment	(887,959)	(260,081)	47,076	(1,100,964)
<b>Total accumulated depreciation</b>	<u>(11,168,318)</u>	<u>(3,294,084)</u>	<u>47,076</u>	<u>(14,415,326)</u>
<b>Other capital assets, net</b>	<u>47,780,343</u>	<u>30,970,807</u>	<u>-</u>	<u>78,751,150</u>
<b>Governmental Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 50,990,452</u>	<u>\$ 30,970,807</u>	<u>\$ -</u>	<u>81,961,259</u>
<b>Net Investment in Capital Assets</b>				<u>\$ 81,961,259</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 63,736
Permits and inspections	18,406
Public safety	145,919
Public works	3,066,023
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 3,294,084</u>

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

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>Reclassifications (Decreases)</u>	<u>Ending Balance</u>
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 526,082	\$ -	\$ -	\$ 526,082
<b>Total capital assets not being depreciated</b>	<u>526,082</u>	<u>-</u>	<u>-</u>	<u>526,082</u>
Other capital assets				
Water and sewer system	70,973,417	11,434,932	-	82,408,349
Buildings and improvements	110,372	-	-	110,372
Machinery and equipment	262,893	-	-	262,893
<b>Total other capital assets</b>	<u>71,346,682</u>	<u>11,434,932</u>	<u>-</u>	<u>82,781,614</u>
Less accumulated depreciation for:				
Water and sewer system	(10,183,210)	(1,958,439)	-	(12,141,649)
Buildings and improvements	(85,891)	(2,759)	-	(88,650)
Machinery and equipment	(105,870)	(18,554)	-	(124,424)
<b>Total accumulated depreciation</b>	<u>(10,374,971)</u>	<u>(1,979,752)</u>	<u>-</u>	<u>(12,354,723)</u>
<b>Other capital assets, net</b>	<u>60,971,711</u>	<u>9,455,180</u>	<u>-</u>	<u>70,426,891</u>
<b>Business-Type Activities</b>				
<b>Capital Assets, Net</b>	<u>\$ 61,497,793</u>	<u>\$ 9,455,180</u>	<u>\$ -</u>	<u>70,952,973</u>
<b>Net Investment in Capital Assets</b>				<u>\$ 70,952,973</u>

Depreciation expense for business-type functions was \$1,979,752.

**D. Long-Term Debt**

The following is a summary of changes in the City's total governmental long-term liabilities for the year end:

	<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>					
Compensated absences	\$ 161,254	\$ 274,116	\$ (232,768)	\$ 202,602	\$ 182,342
Net pension liability	<u>296,240</u>	<u>-</u>	<u>(107,991)</u>	<u>188,249</u>	<u>-</u>
<b>Total Governmental Activities</b>	<u>\$ 457,494</u>	<u>\$ 274,116</u>	<u>\$ (232,768)</u>	<u>\$ 390,851</u>	<u>\$ 182,342</u>
<b>Long-term debt due in more than one year</b>				<u>\$ 208,509</u>	

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 and net pension liability are liquidated by the general fund.

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

**E. Interfund Receivables, Payables, and Transfers**

Transfers between funds were made during the year were as follows:

<u>Transfer Out</u>	<u>Transfer In</u>	<u>Amounts</u>
General	Nonmajor governmental	\$ 3,705,000
Nonmajor governmental	Water and wastewater	200,000
Nonmajor governmental	Nonmajor governmental	206,250
Water and wastewater	General	1,034,359
Water and wastewater	Nonmajor governmental	43,750
		<u>\$ 5,189,359</u>

- The general fund transferred \$3,705,000 to the nonmajor governmental funds to fund current and future capital improvements.
- The water and wastewater fund transferred funds to the general fund and nonmajor governmental funds to contribute towards the costs of various projects.
- Nonmajor governmental funds transferred funds to the water and wastewater fund and other nonmajor governmental funds to contribute towards the costs of related projects.

**F. Restricted Assets**

The balances of the restricted cash accounts recognized by the City are as follows:

	<u>General</u>	<u>Water and Wastewater</u>
<b>Restricted for:</b>		
Customer deposits	\$ 22,200	\$ 281,945
Contractual capital reserve	-	4,043,437
<b>Total Restricted Assets</b>	<u>\$ 22,200</u>	<u>\$ 4,325,382</u>

**G. Fund Equity**

As of September 30, 2020, \$120,766 of the City's total fund balance/net position is restricted by enabling legislation.

**H. Restatement of Net Position**

The City has previously reported the water and wastewater fund separately between City facilities and Cross Creek Ranch facilities. The two funds have been combined into one fund, the water and wastewater fund, for reporting purposes. Accordingly, the beginning net position for business-type activities has been restated to reflect the change in presentation.

	<u>City of Fulshear Facility</u>	<u>Cross Creek Ranch Facility</u>	<u>Water and Wastewater</u>
<b>Beginning net position as reported</b>	\$ 11,950,096	\$ 57,119,641	\$ -
<b>Restatement of net position</b>	(11,950,096)	(57,119,641)	69,069,737
<b>Restated beginning net position</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 69,069,737</u>

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

**IV. OTHER INFORMATION**

**A. Risk Management**

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

**B. Contingent Liabilities**

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

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.

**Interlocal Agreement**

On January 22, 2018, City Council approved an Interlocal Agreement (the "Agreement") with Fort Bend County (the "County") for a County managed mobility project. In March 2020, the Agreement was amended and restated to include the Texas Heritage Parkway Improvement District (THPID). THPID will manage the construction of the proposed parkway from I-10 to approximately 2100 feet south of FM 1093 (the "Project"). Upon completion of the Project, the County and the City shall maintain that portion of the Project within its own jurisdiction, and THPID shall maintain the landscaping and beautification related to the Project. The County will contribute 70 percent of 50 percent of the eligible Project costs for the County/Fulshear segment. At the time of the Agreement, the estimated County contribution was \$13,285,674. The City will contribute 30 percent of 50 percent of the eligible Project costs for the County/Fulshear segment. At the time of the Agreement, the estimated City contribution was \$5,693,860. The County will issue debt or otherwise finance an amount necessary to pay for the County contribution and the City contribution as these costs become due and payable. The City will make annual payments to the County of principal and interest payments equal to the City contribution amortized for a period of not more than 25 years at an interest rate not less than the County's interest costs and issuance costs, and with such other terms and payment structure as may be approved by the County Auditor and the City's Finance Director. The actual annual City payment schedule will be fixed when the County first makes payments pursuant to the Agreement. The final payment amounts are not known at this time.

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

**COVID-19**

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have significant negative impact on the operating activities and results of the City. The occurrence and extent of such impact will depend on future developments, including (i) the duration and spread of the virus, (ii) government quarantine measures, (iii) the effects on the financial markets, and (iv) the effects of the economy overall, all of which are uncertain.

**C. Pension Plan**

**Texas Municipal Retirement System**

Plan Description

The City participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by TMRS. TMRS is an agency created by the State 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. The TMRS Act places the general administration and management of TMRS with a six-member Board of Trustees (the “Board”). Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at [www.tmr.com](http://www.tmr.com).

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

Benefits Provided

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

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

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

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

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

Employees Covered by Benefit Terms

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

Inactive employees or beneficiaries currently receiving benefits	2
Inactive employees entitled to, but not yet receiving, benefits	24
Active employees	56
<b>Total</b>	<b>82</b>

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 7.69 percent and 7.93 percent in calendar years 2020 and 2019, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2020 were \$313,516, which were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019 and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial Assumptions

The TPL in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% per year
Overall payroll growth	2.75% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-Distinct 2019 Municipal Retirees of Texas mortality tables. The rates for active members, healthy retirees, and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees are used with a four-year set-forward for males and a three-year set-forward for females. In addition, a 3.5 percent and 3.0 percent minimum mortality rate is applied for males and females, respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were

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

adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for the annuity purchase rates is based on the mortality experience investigation study covering 2009 through 2011 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital 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 weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
<b>Total</b>	<b>100.0%</b>	

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.



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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

Changes in the NPL

	<u>Increase (Decrease)</u>		
Changes for the year:			
Service cost	\$ 521,639	\$ -	\$ 521,639
Interest	131,826	-	131,826
Changes in current period benefits	-	-	-
Difference between expected and actual experience	(8,488)	-	(8,488)
Changes in assumptions	14,328	-	14,328
Contributions - employer	-	291,914	(291,914)
Contributions - employee	-	257,690	(257,690)
Net investment income	-	218,957	(218,957)
Benefit payments, including refunds of employee contributions	(21,990)	(21,990)	-
Administrative expense	-	(1,229)	1,229
Other changes	-	(36)	36
<b>Net Changes</b>	<u>637,315</u>	<u>745,306</u>	<u>(107,991)</u>
Balance at December 31, 2018	<u>1,703,153</u>	<u>1,406,913</u>	<u>296,240</u>
<b>Balance at December 31, 2019</b>	<u><u>\$ 2,340,468</u></u>	<u><u>\$ 2,152,219</u></u>	<u><u>\$ 188,249</u></u>

Sensitivity of the NPL to Changes in the Discount Rate

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

	<b>1% Decrease in Discount Rate (5.75%)</b>	<b>Discount Rate (6.75%)</b>	<b>1% Increase in Discount Rate (7.75%)</b>
City's Net Pension Liability	<u>\$ 593,090</u>	<u>\$ 188,249</u>	<u>\$ (141,874)</u>

Pension Plan Fiduciary Net Position

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

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

For the fiscal year ended September 30, 2020, the City recognized pension expense of \$291,866.

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**NOTES TO FINANCIAL STATEMENTS (Continued)**  
For the Year Ended September 30, 2020

At September 30, 2020, 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	\$ 44,149	\$ 99,176
Changes in actuarial assumptions	24,295	-
Difference between projected and actual investment earnings	-	55,507
Contributions subsequent to the measurement date	230,152	-
<b>Total</b>	<b>\$ 298,596</b>	<b>\$ 154,683</b>

\$230,152 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the NPL for the fiscal year ending September 30, 2021. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Fiscal Year Ended September 30</b>	<b>Pension Expense</b>
2021	\$ (14,250)
2022	(14,221)
2023	(6,209)
2024	(30,950)
2025	(7,342)
Thereafter	(13,267)
<b>Total</b>	<b>\$ (86,239)</b>

**D. Other Postemployment Benefits**

**TMRS – Supplemental Death Benefit**

Plan Description

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

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

The contributions to the SDBF are pooled for investment purposes with those of the Pension Trust Fund (PTF). The TMRS Act requires the PTF to allocate a five percent interest credit from

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

investment income to the SDBF on an annual basis each December 31 based on the mean balance in the SDBF during the year.

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death). The death benefit for retirees is considered an OPEB and is a fixed amount of \$7,500. As the SDBF covers both active and retiree participants with no segregation of assets, the SDBF is considered to be an unfunded OPEB plan (i.e., no assets are accumulated).

The City's contributions to the OPEB plan for the fiscal year 2020 was \$404, which equaled the required contribution amount.

Based on the net position effect of \$49,105 (total OPEB liability of \$53,594 as of the measurement date of December 31, 2019), management has determined the effects of GASB 75 are not material to the financial statements and the amounts have not been recorded in the government-wide financial statements.

**E. Operating Leases**

The City entered into a lease agreement with AUC Group for a wastewater treatment plant, effective November 1, 2017, for an initial term of 60 months at \$14,345 per month. The lease will continue for successive 90-day periods thereafter at \$13,325 per month.

Effective June 1, 2020, the City entered into a lease for office and warehouse space for the term of 24 months at \$11,760 per month.

The future minimum lease payments are as follows:

2021	\$ 313,260
2022	108,425
Total	<u>\$421,685</u>

**F. Developer Agreement/Municipal Utility District Contracts**

The City has entered into multiple developer agreements (the "Agreements") and related utility agreements with several Municipal Utility Districts (MUDs), created by the developers, whose boundaries overlap the boundaries of the City. The MUDs' construct water, sanitary sewer, public streets, and drainage facilities to serve the areas within the MUDs and issue bonds to finance such facilities. The MUDs release their security interests in the facilities to the City, and the City operates and maintains the systems via contracted third parties. The City's original Agreements with these MUDs state that the City is to rebate all property tax revenue collected but \$0.10 per \$100 valuation of the property tax rate. On July 16, 2019 all Agreements for tax rebate payments were amended to a percentage of the property tax rate.

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

The rebate percentage is as follows:

<u>Property Tax Rate Per \$100 of Assessed Value</u>	<u>Tax Rebate Percentage</u>
\$0.219999 or less	0.62510%
\$0.22 - \$0.239999	0.07%
\$0.24 - \$0.259999	0.08%
\$0.26 - \$0.279999	0.09%
\$0.28 - \$0.299999	0.10%
\$0.30 or higher	0.11%

As part of the Agreements, the City had to deposit \$4,716,250 into a “CCR Reserve Account” (the “Funds”). The Funds will be used solely to pay each work item that exceeds \$5,000 for repair, replacement, or rehabilitation of City water, sanitary sewer, storm sewer, and street facilities located within the “project” per the Agreements. Funds may only be payable to independent contractors of the City and shall not be used for City costs of overhead, administration, or employee salaries or benefits. The City is not required to deposit any Funds into the CCR Reserve Account, and all interest and investment earnings accrued on the Funds in the CCR Reserve Account shall solely be used for the permitted costs noted above. As of September 30, 2020, the CCR Reserve Account had a balance of \$4,043,437.

Per Article 11, Section 5, of the Texas Constitution and Section 26.012(7) of the Texas Tax Code, the annual payments constitute a “debt” of the City. Beginning with tax year 2019 fiscal year 2020, the City agreed to adopt and levy an interest and sinking tax rate sufficient to make annual payments.

The schedule below shows the MUDs with active utility Agreements currently receiving rebates from the City along with the final year each Agreement term ends:

<u>Entity</u>	<u>Final Year of Agreement Term*</u>	<u>Fiscal Year 2020 Expenditures</u>
Fulshear MUD No. 1	2048	\$ 95,831
Fort Bend County MUD No. 170	2045	113,597
Fort Bend County MUD No. 171	2040	197,658
Fort Bend County MUD No. 172	2044	340,269
Fort Bend County MUD No. 173	2047	213,805
		<u>\$ 961,160</u>

\* The City shall not be required to pay the annual payment to the District once the District no longer owes any District debt service.

**G. Regional Park Fund**

During 2004, the City entered into an Agreement (the “Agreement”) with Firethorne LTD. (the “Developer”) whereby the Developer would pay regional park fee for every lot per plat that the Developer finalized. The terms of the Agreement state that the regional park fees, plus interest earned, must be utilized in the development of a regional park within five years from the date the fees are paid to the City. Similar Agreements were signed with TMI, Inc., Fulshear Land Investment Partners, LTD., and Tamarron, L.P., excluding the five-year utilization clause. During the fiscal year ended September 30, 2020, the City received \$434,887 in regional park fees.

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

**H. Strategic Partnership Agreement**

Effective June 21, 2016, the City and Waller County Road Improvement District No. 1 (the “District”) entered into a Strategic Partnership Agreement (the “Agreement”) under which the City annexed a tract of land within the boundaries of the District for the limited purpose of levying a sales and use tax on commercial activities within such tract. The District continues to exercise all powers and functions of a road improvement district as provided by law with respect to the tract. As consideration for the District providing services as detailed in the Agreement, the City agreed to remit a portion of sales tax payments by the City and the District agreed to continue to develop, own, and to operate a water, wastewater, and drainage system within the District. The City agreed it will not annex the District for full purposes or commence any action to annex the District during the term of the Agreement, which is through December 31, 2046. During the current year, the City remitted \$242,924 in sales tax revenue related to the Agreement.

**I. Chapter 380 Economic Incentive Agreements**

Highland Homes – Houston, Ltd.

On April 1, 2015 the City entered into an economic development incentive agreement (the “Agreement”) with Highland Homes – Houston, Ltd. (the “Company”) in accordance with Chapter 380 of the Texas Local Government Code. The term of the Agreement is 10 years ending on March 31, 2025. The City has agreed to rebate 100% of the sales and use tax collections generated by the Company on a semi-annual basis. The Company will be engaged in the business of purchasing building materials for its use within the City. The Company will purchase items using a Texas Direct Payment Permit and generate local use tax revenue for the City. During fiscal year 2020, the City recognized expenditures of \$21,595 related to this Agreement.

Perry Homes, LLC

On January 1, 2018, the City entered into an economic development incentive agreement (the “Agreement”) with Perry Homes, LLC (the “Company”) in accordance with Chapter 380 of the Texas Local Government Code. The term of the Agreement is 10 years ending on December 31, 2028. The City has agreed to rebate 100% of the sales and use tax collections generated by the Company on a semi-annual basis. The Company will be engaged in the business of purchasing building materials for its use within the City. The Company will purchase items using a Texas Direct Payment Permit and generate local use tax revenue for the City. During fiscal year 2020, the City recognized expenditures of \$72,581 related to this agreement.

Thomas Blackburn

In November 2019, the City approved an economic development incentive agreement (the “Agreement”) with Thomas Blackburn (the “Landowner”) in accordance with Chapter 380 of the Texas Local Government Code. The term of the Agreement is 30 years. The Landowner proposed to develop a mixed-use office space and commercial property that will include mixed use, retail space, and/or restaurants. The Landowner will convey land to the City for the purposes of the realignment and construction of Huggins Drive and parking and public access. In return, the City has agreed to make annual “grant” payments and provide a fee credit not to exceed a combined maximum reimbursement amount of \$1,350,000. The fee credit, up to a maximum amount of \$75,000, may be used by the Landowner to cover capital recovery fees and standard tap fees associated with initial development for new construction.

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

The minimum annual “grant” payment will be equal to the greater of i) \$20,000 or ii) the combined total of the annual sales and use tax payment and the annual property tax increment payment each according to the schedule below:

<u>Calendar Year</u>	<u>Percentage Amount</u>
2020	50%
2021	50%
2022	70%
2023	70%
2024	70%
2025-2050	85%

The City also agrees that if the roadway paving and appurtenant utilities are not installed and open to the public between FM359 and Katy Fulshear Road within 48 months of the effective date of the Agreement, then interest in and to the roadway property shall automatically revert back to the Landowner; provided however, that the Agreement shall continue in full force and effect and; provided, however, that if the roadway property reverts back to the Landowner, the maximum reimbursement amount will be reduced to 50% of the original maximum reimbursement amount. The City agrees that if the roadway property reverts back to the Landowner, then the City shall either, at its sole discretion, i) pay the Landowner, within 45 days, an additional “grant” payment of \$278,348; or ii) cause the title of the property to be transferred back to the Landowner free and clear of all liens. During fiscal year 2020, the City recognized expenditures of \$298,348 related to this Agreement.

WSS-15 Fulshear Marketplace, LLC

In November 2019, the City approved an economic development incentive agreement (the “Agreement”) with WSS-15 Fulshear Marketplace, LLC (the “Developer”) in accordance with Chapter 380 of the Texas Local Government Code. The term of the Agreement is 30 years. The Developer proposed to develop a mixed-use residential and commercial property that will include mixed-use, retail space, and/or restaurants and will also reserve approximately 0.5 acre site for a future City Hall site. The Developer will convey land to the City for the purposes of the realignment and construction of Huggins Drive and providing regional drainage and an adjacent trail. In return, the City has agreed to make annual “grant” payments and provide a fee credit, up to a maximum amount equal to 285 standard connections multiplied by the standard connection fee to cover capital recovery fees and standard tap fees associated with initial development, for new construction not to exceed a combined maximum reimbursement amount of \$2,500,000.

For the calendar years 2020 through 2025, the annual “grant” payment amount will be the greater of i) \$20,000 or ii) the combined total of the annual sales and use tax payment and the annual property tax increment payment.

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

The minimum annual “grant” payment for the subsequent years will be equal to the combined total of the annual sales and use tax payment and the annual property tax increment payment each according to the schedule below:

<u>Calendar Year</u>	<u>Percentage Amount</u>
2020	50%
2021	50%
2022	70%
2023	70%
2024	70%
2025-2050	85%

The City also agrees that if the roadway paving and appurtenant utilities are not installed and open to the public between FM359 and Katy Fulshear Road within 48 months of the effective date of the Agreement, then interest in and to the roadway property shall automatically revert back to the Developer; provided however, that the Agreement shall continue in full force and effect; and provided, however, that if the roadway property reverts back to the Developer, the maximum reimbursement amount will be reduced by the Developer’s cost basis of the road property, which amount is equal to \$2.50 per square foot of land. During fiscal year 2020, the City recognized expenditures of \$20,000 related to this Agreement.

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***REQUIRED SUPPLEMENTARY INFORMATION***

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**CITY OF FULSHEAR, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**GENERAL FUND**

For the Year Ended September 30, 2020

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
<b>Revenues</b>				
Property taxes	\$ 4,016,322	\$ 4,016,322	\$ 3,873,300	\$ (143,022)
Sales taxes	1,685,048	1,685,048	2,095,526	410,478
Franchise fees	688,000	688,000	742,168	54,168
Public improvement fees	575,000	575,000	507,474	(67,526)
Licenses and permits	2,186,081	2,186,081	2,422,642	236,561
Fines and forfeitures	254,700	254,700	173,998	(80,702)
Charges for services	1,405,419	1,405,419	2,320,715	915,296
Investment earnings	152,506	152,506	97,017	(55,489)
Intergovernmental	913,926	923,926	1,112,064	188,138
Other revenue	1,300	1,300	10,117	8,817
<b>Total Revenues</b>	<u>11,878,302</u>	<u>11,888,302</u>	<u>13,355,021</u>	<u>1,466,719</u>
<b>Expenditures</b>				
Current:				
General government	3,618,411	3,906,761	3,840,529	66,232
Permits and inspection	1,155,007	1,420,507	1,260,907	159,600
Public safety	3,225,428	3,225,428	3,036,192	189,236
Public works	3,000,977	2,785,347	2,954,915	(169,568)
Planning and development	160,700	160,700	215,596	(54,896)
Capital outlay	54,800	54,800	38,561	16,239
<b>Total Expenditures</b>	<u>11,215,323</u>	<u>11,553,543</u>	<u>11,346,700</u>	<u>206,843</u>
<b>Excess of Revenues Over Expenditures</b>	<u>662,979</u>	<u>334,759</u>	<u>2,008,321</u>	<u>1,673,562</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,034,359	1,034,359	1,034,359	-
Transfers (out)	<u>(3,705,000)</u>	<u>(3,705,000)</u>	<u>(3,705,000)</u>	<u>-</u>
<b>Total Other Financing (Uses)</b>	<u>(2,670,641)</u>	<u>(2,670,641)</u>	<u>(2,670,641)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,007,662)</u>	<u>\$ (2,335,882)</u>	<u>(662,320)</u>	<u>\$ 1,673,562</u>
Beginning fund balance			<u>7,854,216</u>	
<b>Ending Fund Balance</b>			<u>\$ 7,191,896</u>	

Notes to Required Supplementary Information:

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

**CITY OF FULSHEAR, TEXAS**  
**SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended September 30, 2020**

	Measurement Year*			
	2014	2015	2016	2017
<b>Total Pension Liability</b>				
Service cost	\$ 93,711	\$ 156,945	\$ 231,217	\$ 294,849
Interest (on the total pension liability)	23,662	36,771	51,368	75,604
Changes in benefit terms	-	-	-	60,200
Difference between expected and actual experience	47,654	(9,944)	(795)	47,429
Change in assumptions	-	25,851	-	-
Benefit payments, including refunds of employee contributions	(3,334)	(15,416)	(6,702)	(22,793)
<b>Net Change in Total Pension Liability</b>	161,693	194,207	275,088	455,289
Beginning total pension liability	292,846	454,539	648,746	923,834
<b>Ending Total Pension Liability</b>	<u>\$ 454,539</u>	<u>\$ 648,746</u>	<u>\$ 923,834</u>	<u>\$ 1,379,123</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 51,713	\$ 80,804	\$ 117,152	\$ 162,285
Contributions - employee	68,767	85,950	118,817	148,613
Net investment income	9,644	436	30,293	98,192
Benefit payments, including refunds of employee contributions	(3,334)	(15,416)	(6,702)	(22,793)
Administrative expense	(101)	(265)	(341)	(507)
Other	(8)	(13)	(18)	(27)
<b>Net Change in Plan Fiduciary Net Position</b>	126,681	151,496	259,201	385,763
Beginning plan fiduciary net position	168,333	295,014	446,510	705,711
<b>Ending Plan Fiduciary Net Position</b>	<u>\$ 295,014</u>	<u>\$ 446,510</u>	<u>\$ 705,711</u>	<u>\$ 1,091,474</u>
<b>Net Pension Liability</b>	<u>\$ 159,525</u>	<u>\$ 202,236</u>	<u>\$ 218,123</u>	<u>\$ 287,649</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	64.90%	68.83%	76.39%	79.14%
<b>Covered Payroll</b>	\$ 1,375,366	\$ 1,718,999	\$ 2,376,331	\$ 2,972,266
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	11.60%	11.76%	9.18%	9.68%

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

<b>Measurement Year*</b>			
<b>2018</b>	<b>2019</b>		
\$ 426,439	\$ 521,639		
104,412	131,826		
-	-		
(115,830)	(8,488)		
-	14,328		
<u>(90,991)</u>	<u>(21,990)</u>		
324,030	637,315		
<u>1,379,123</u>	<u>1,703,153</u>		
<u>\$ 1,703,153</u>	<u>\$ 2,340,468</u>		
\$ 229,320	\$ 291,914		
210,661	257,690		
(32,888)	218,958		
(90,991)	(21,990)		
(632)	(1,229)		
<u>(31)</u>	<u>(37)</u>		
315,439	745,306		
<u>1,091,474</u>	<u>1,406,913</u>		
<u>\$ 1,406,913</u>	<u>\$ 2,152,219</u>		
<u>\$ 296,240</u>	<u>\$ 188,249</u>		
82.61%	91.96%		
\$ 3,009,448	\$ 3,681,290		
9.84%	5.11%		

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

	Fiscal Year			
	2011	2012	2013	2014
Actuarially determined contribution	\$ 22,882	\$ 11,801	\$ 8,826	\$ 39,619
Contributions in relation to the actuarially determined contribution	22,882	11,801	8,826	39,619
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 542,238	\$ 583,368	\$ 703,095	\$ 870,232
Contributions as a percentage of covered payroll	4.22%	2.02%	1.26%	4.55%

Notes to Required Supplementary Information:

1. Valuation Date:

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

2. Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	25 years
Asset valuation method	10 year smoothed market, 12% soft corridor
Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014-2018.
Mortality	Post retirement 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employees table used for females. The rates projected on a fully generational basis with scale UMP.

3. Other Information:

There were no benefit changes during the year.

<b>Fiscal Year</b>					
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 69,687	\$ 105,268	\$ 148,255	\$ 201,087	\$ 270,698	\$ 313,516
<u>69,687</u>	<u>105,268</u>	<u>148,255</u>	<u>201,087</u>	<u>270,698</u>	<u>313,516</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 1,568,017	\$ 2,155,862	\$ 2,779,644	\$ 3,025,711	\$ 3,445,477	\$ 4,044,113
4.44%	4.88%	5.33%	6.65%	7.86%	7.75%

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***COMBINING STATEMENTS  
AND SCHEDULES***

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## ***NONMAJOR GOVERNMENTAL FUNDS***

### **Special Revenue Funds**

Special revenue funds account for specific revenue sources that are restricted, committed, or assigned to expenditures for particular purposes.

The **Regional Park Fund** provides for the accounting of restricted funds for park land and park development.

The **Fort Bend County Assistance District #7 Fund** provides additional sales tax revenues from unincorporated areas of the City's extraterritorial jurisdiction area (ETA). These funds are collected via the State Comptroller and distributed to Fort Bend County and the County remits one-half of the remittance to the City on a quarterly basis. The funds are required to be spent on projects in the area covered by District #7 or projects that benefit District #7.

The **Municipal Court Technology Fund** is used to account for fees collected by the court for future improvements to the technology of the court facilities.

The **Municipal Court Building Security Fund** is used to account for fees collected by the court for future improvements to the security of the court facilities.

The **Judicial Efficiency Fund** is used to account for fees collected by the court that are to be used for the purpose of improving the efficiency of the administration of justice.

The **Child Safety Fund** is used to account for fees collected by the court that are to be used for the purpose of providing child safety.

The **Police Department Donation Fund** is used to account for donations collected that are to be used for the purpose of providing products and services for police operations.

The **Federal Seizure Fund** and the **State Seizure Fund** are used to account for seized funds collected that are to be used for the purpose of providing products and services for police activities that do not supplant operation budget.

### **Capital Projects Fund**

The **Capital Projects Fund** is used to account for the Capital Improvement Program projects that are detailed in the program and funded either by the issuing of debt or annual budget allocations.

**CITY OF FULSHEAR, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
**September 30, 2020**

	Special Revenue Funds			
	Regional Park	Fort Bend County Assistance District #7	Municipal Court Technology	Municipal Court Building Security
<b>Assets</b>				
Cash and cash equivalents	\$ 1,161,082	\$ 490,311	\$ 60,183	\$ 45,808
Accounts receivable	1,136	115,101	-	-
<b>Total Assets</b>	<b>\$ 1,162,218</b>	<b>\$ 605,412</b>	<b>\$ 60,183</b>	<b>\$ 45,808</b>
<b>Liabilities</b>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Fund Balances</b>				
Restricted for:				
Regional park	1,162,218	-	-	-
County Assistance District #7	-	605,412	-	-
Enabling legislation	-	-	60,183	45,808
Public safety	-	-	-	-
Assigned to:				
Capital projects	-	-	-	-
<b>Total Fund Balances</b>	<b>1,162,218</b>	<b>605,412</b>	<b>60,183</b>	<b>45,808</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 1,162,218</b>	<b>\$ 605,412</b>	<b>\$ 60,183</b>	<b>\$ 45,808</b>

**Special Revenue Funds**

<b>Judicial Efficiency</b>	<b>Child Safety</b>	<b>Police Department Donation</b>	<b>Federal Seizure</b>	<b>State Seizure</b>	<b>Capital Projects</b>
\$ 4,026	\$ 10,749	\$ 7,519	\$ 115,270	\$ 122,371	\$ 4,091,910
-	-	-	-	-	-
<u>\$ 4,026</u>	<u>\$ 10,749</u>	<u>\$ 7,519</u>	<u>\$ 115,270</u>	<u>\$ 122,371</u>	<u>\$ 4,091,910</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 52,897
-	-	-	-	-	52,897
-	-	-	-	-	-
-	-	-	-	-	-
4,026	10,749	-	-	-	-
-	-	7,519	115,270	122,371	-
-	-	-	-	-	4,039,013
<u>4,026</u>	<u>10,749</u>	<u>7,519</u>	<u>115,270</u>	<u>122,371</u>	<u>4,039,013</u>
<u>\$ 4,026</u>	<u>\$ 10,749</u>	<u>\$ 7,519</u>	<u>\$ 115,270</u>	<u>\$ 122,371</u>	<u>\$ 4,091,910</u>

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**CITY OF FULSHEAR, TEXAS**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
**September 30, 2020**

	<b>Total Nonmajor Governmental Funds</b>
<u>Assets</u>	<hr/>
Cash and cash equivalents	\$ 6,109,229
Accounts receivable	116,237
	<hr/>
<b>Total Assets</b>	<b>\$ 6,225,466</b>
	<hr/> <hr/>
<b>Liabilities</b>	
Accounts payable	\$ 52,897
	<hr/>
<b>Total Liabilities</b>	<b>52,897</b>
	<hr/> <hr/>
<b>Fund Balances</b>	
Restricted for:	
Regional park	1,162,218
County Assistance District #7	605,412
Enabling legislation	120,766
Public safety	245,160
Assigned to:	
Capital projects	4,039,013
	<hr/>
<b>Total Fund Balances</b>	<b>6,172,569</b>
	<hr/> <hr/>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 6,225,466</b>
	<hr/> <hr/>

**CITY OF FULSHEAR, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
**For the Year Ended September 30, 2020**

	<b>Special Revenue Funds</b>			
	<b>Regional Park</b>	<b>Fort Bend County Assistance District #7</b>	<b>Municipal Court Technology</b>	<b>Municipal Court Building Security</b>
<b>Revenues</b>				
Sales tax	\$ -	\$ 469,170	\$ -	\$ -
Fines and forfeitures	-	-	5,260	5,076
Investment earnings	14,228	8,026	818	610
Intergovernmental	-	-	-	-
Other revenue	434,887	-	-	-
<b>Total Revenues</b>	<b>449,115</b>	<b>477,196</b>	<b>6,078</b>	<b>5,686</b>
<b>Expenditures</b>				
Public safety	-	-	-	-
Capital outlay	245,417	-	-	-
<b>Total Expenditures</b>	<b>245,417</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>203,698</b>	<b>477,196</b>	<b>6,078</b>	<b>5,686</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	(31,250)	(375,000)	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>(31,250)</b>	<b>(375,000)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>172,448</b>	<b>102,196</b>	<b>6,078</b>	<b>5,686</b>
Beginning fund balances	989,770	503,216	54,105	40,122
<b>Ending Fund Balances</b>	<b>\$ 1,162,218</b>	<b>\$ 605,412</b>	<b>\$ 60,183</b>	<b>\$ 45,808</b>



**Special Revenue Funds**

<b>Judicial Efficiency</b>	<b>Child Safety</b>	<b>Police Department Donation</b>	<b>Federal Seizure</b>	<b>State Seizure</b>	<b>Capital Projects</b>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
164	3,437	-	-	-	-
56	138	114	1,567	1,555	9,086
-	-	2,500	5,249	113,110	2,714
-	-	-	-	-	-
<u>220</u>	<u>3,575</u>	<u>2,614</u>	<u>6,816</u>	<u>114,665</u>	<u>11,800</u>
-	1,402	4,255	-	-	-
-	-	-	-	-	604,702
-	<u>1,402</u>	<u>4,255</u>	-	-	<u>604,702</u>
220	2,173	(1,641)	6,816	114,665	(592,902)
-	-	-	-	-	3,955,000
-	-	-	-	-	-
-	-	-	-	-	<u>3,955,000</u>
220	2,173	(1,641)	6,816	114,665	3,362,098
<u>3,806</u>	<u>8,576</u>	<u>9,160</u>	<u>108,454</u>	<u>7,706</u>	<u>676,915</u>
<u>\$ 4,026</u>	<u>\$ 10,749</u>	<u>\$ 7,519</u>	<u>115,270</u>	<u>\$ 122,371</u>	<u>\$ 4,039,013</u>

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**CITY OF FULSHEAR, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2020**

	<b>Total Nonmajor Governmental Funds</b>
<b><u>Revenues</u></b>	
Sales tax	\$ 469,170
Fines and forfeitures	13,937
Investment earnings	36,198
Intergovernmental	123,573
Other revenue	434,887
<b>Total Revenues</b>	<b>1,077,765</b>
 <b><u>Expenditures</u></b>	
Public safety	5,657
Capital outlay	850,119
<b>Total Expenditures</b>	<b>855,776</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>221,989</b>
 <b><u>Other Financing Sources (Uses)</u></b>	
Transfers in	3,955,000
Transfers (out)	(406,250)
<b>Total Other Financing Sources (Uses)</b>	<b>3,548,750</b>
<b>Net Change in Fund Balances</b>	<b>3,770,739</b>
Beginning fund balances	<b>2,401,830</b>
<b>Ending Fund Balances</b>	<b>\$ 6,172,569</b>

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**CITY OF FULSHEAR, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended September 30, 2020

<b>Regional Park</b>				
	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$ 2,500	\$ 2,500	\$ 14,228	\$ 11,728
Other revenue	200,000	200,000	434,887	234,887
<b>Total Revenues</b>	<u>202,500</u>	<u>202,500</u>	<u>449,115</u>	<u>246,615</u>
<b>Expenditures</b>				
Capital outlay	1,025,000	1,025,000	245,417	779,583
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(822,500)</u>	<u>(822,500)</u>	<u>203,698</u>	<u>1,026,198</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(31,250)	(31,250)	(31,250)	-
<b>Total Other Financing (Uses)</b>	<u>(31,250)</u>	<u>(31,250)</u>	<u>(31,250)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (853,750)</u>	<u>\$ (853,750)</u>	172,448	<u>\$ 1,026,198</u>
Beginning fund balance			<u>989,770</u>	
<b>Ending Fund Balance</b>			<u>\$ 1,162,218</u>	

<b>Fort Bend County Assistance District #7</b>				
	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Sales tax	\$ 250,000	\$ 250,000	\$ 469,170	\$ 219,170
Investment earnings	5,000	5,000	8,026	3,026
<b>Total Revenues</b>	<u>255,000</u>	<u>255,000</u>	<u>477,196</u>	<u>222,196</u>
<b>Excess of Revenues Over Expenditures</b>	<u>255,000</u>	<u>255,000</u>	<u>477,196</u>	<u>222,196</u>
<b>Other Financing Sources (Uses)</b>				
Transfers (out)	(375,000)	(375,000)	(375,000)	-
<b>Total Other Financing (Uses)</b>	<u>(375,000)</u>	<u>(375,000)</u>	<u>(375,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (120,000)</u>	<u>\$ (120,000)</u>	102,196	<u>\$ 222,196</u>
Beginning fund balance			<u>503,216</u>	
<b>Ending Fund Balance</b>			<u>\$ 605,412</u>	

**CITY OF FULSHEAR, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
**For the Year Ended September 30, 2020**

**Municipal Court Technology**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 4,000	\$ 4,000	\$ 5,260	\$ 1,260
Investment earnings	400	400	818	418
<b>Total Revenues</b>	<u>4,400</u>	<u>4,400</u>	<u>6,078</u>	<u>1,678</u>
<b>Expenditures</b>				
Public safety	11,000	11,000	-	11,000
Capital outlay	11,000	11,000	-	11,000
<b>Total Expenditures</b>	<u>22,000</u>	<u>22,000</u>	<u>-</u>	<u>22,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(17,600)</u>	<u>(17,600)</u>	<u>6,078</u>	<u>23,678</u>
<b>Net Change in Fund Balance</b>	<u>\$ (17,600)</u>	<u>\$ (17,600)</u>	<u>6,078</u>	<u>\$ 23,678</u>
Beginning fund balance			<u>54,105</u>	
			<u><b>Ending Fund Balance</b></u>	
			<u>\$ 60,183</u>	

**Municipal Court Building Security**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 3,200	\$ 3,200	\$ 5,076	\$ 1,876
Investment earnings	300	300	610	310
<b>Total Revenues</b>	<u>3,500</u>	<u>3,500</u>	<u>5,686</u>	<u>2,186</u>
<b>Expenditures</b>				
Public safety	15,000	15,000	-	15,000
Capital outlay	15,000	15,000	-	15,000
<b>Total Expenditures</b>	<u>30,000</u>	<u>30,000</u>	<u>-</u>	<u>30,000</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(26,500)</u>	<u>(26,500)</u>	<u>5,686</u>	<u>32,186</u>
<b>Net Change in Fund Balance</b>	<u>\$ (26,500)</u>	<u>\$ (26,500)</u>	<u>5,686</u>	<u>\$ 32,186</u>
Beginning fund balance			<u>40,122</u>	
			<u><b>Ending Fund Balance</b></u>	
			<u>\$ 45,808</u>	

**CITY OF FULSHEAR, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

For the Year Ended September 30, 2020

**Judicial Efficiency**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 100	\$ 100	\$ 164	\$ 64
Investment earnings	50	50	56	6
<b>Total Revenues</b>	<u>150</u>	<u>150</u>	<u>220</u>	<u>70</u>
<b>Expenditures</b>				
Public safety	2,000	2,000	-	2,000
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(1,850)</u>	<u>(1,850)</u>	<u>220</u>	<u>2,070</u>
<b>Net Change in Fund Balance</b>	<u>\$ (1,850)</u>	<u>\$ (1,850)</u>	<u>220</u>	<u>\$ 2,070</u>
Beginning fund balance			<u>3,806</u>	
<b>Ending Fund Balance</b>			<u>\$ 4,026</u>	

**Child Safety**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Fines and forfeitures	\$ 2,500	\$ 2,500	\$ 3,437	\$ 937
Investment earnings	100	100	138	38
<b>Total Revenues</b>	<u>2,600</u>	<u>2,600</u>	<u>3,575</u>	<u>975</u>
<b>Expenditures</b>				
Public safety	1,500	1,500	1,402	98
<b>Excess of Revenues Over Expenditures</b>	<u>1,100</u>	<u>1,100</u>	<u>2,173</u>	<u>1,073</u>
<b>Net Change in Fund Balance</b>	<u>\$ 1,100</u>	<u>\$ 1,100</u>	<u>2,173</u>	<u>\$ 1,073</u>
Beginning fund balance			<u>8,576</u>	
<b>Ending Fund Balance</b>			<u>\$ 10,749</u>	

**CITY OF FULSHEAR, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**

For the Year Ended September 30, 2020

**Police Department Donation**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$ 200	\$ 200	\$ 114	\$ (86)
Intergovernmental revenues	2,000	2,000	2,500	500
<b>Total Revenues</b>	<u>2,200</u>	<u>2,200</u>	<u>2,614</u>	<u>414</u>
<b>Expenditures</b>				
Public safety	8,000	8,000	4,255	3,745
<b>(Deficiency) of Revenues (Under) Expenditures</b>	<u>(5,800)</u>	<u>(5,800)</u>	<u>(1,641)</u>	<u>4,159</u>
<b>Net Change in Fund Balance</b>	<u>\$ (5,800)</u>	<u>\$ (5,800)</u>	<u>(1,641)</u>	<u>\$ 4,159</u>
Beginning fund balance			<u>9,160</u>	
		<b>Ending Fund Balance</b>	<u>\$ 7,519</u>	

**Federal Seizure**

	<b>Original Budgeted Amounts</b>	<b>Final Budgeted Amounts</b>	<b>Actual</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b>Revenues</b>				
Investment earnings	\$ 1,500	\$ 1,500	\$ 1,567	\$ 67
Intergovernmental revenues	-	-	5,249	5,249
<b>Total Revenues</b>	<u>1,500</u>	<u>1,500</u>	<u>6,816</u>	<u>5,316</u>
<b>Expenditures</b>				
Public safety	20,000	20,000	-	20,000
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(18,500)</u>	<u>(18,500)</u>	<u>6,816</u>	<u>25,316</u>
<b>Net Change in Fund Balance</b>	<u>\$ (18,500)</u>	<u>\$ (18,500)</u>	<u>6,816</u>	<u>\$ 25,316</u>
Beginning fund balance			<u>108,454</u>	
		<b>Ending Fund Balance</b>	<u>\$ 115,270</u>	



**CITY OF FULSHEAR, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND**  
**CHANGES IN FUND BALANCE - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS (Continued)**  
For the Year Ended September 30, 2020

State Seizure				
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment earnings	\$ 100	\$ 100	\$ 1,555	\$ 1,455
Intergovernmental revenues	-	-	113,110	113,110
<b>Total Revenues</b>	<u>100</u>	<u>100</u>	<u>114,665</u>	<u>114,565</u>
<b>Expenditures</b>				
Public safety	3,000	3,000	-	3,000
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(2,900)</u>	<u>(2,900)</u>	<u>114,665</u>	<u>117,565</u>
<b>Net Change in Fund Balance</b>	<u>\$ (2,900)</u>	<u>\$ (2,900)</u>	<u>114,665</u>	<u>\$ 117,565</u>
Beginning fund balance			<u>7,706</u>	
<b>Ending Fund Balance</b>			<u>\$ 122,371</u>	
<b>Capital Projects</b>				
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Investment earnings	\$ 12,000	\$ 12,000	\$ 9,086	\$ (2,914)
Intergovernmental	-	-	2,714	2,714
<b>Total Revenues</b>	<u>12,000</u>	<u>12,000</u>	<u>11,800</u>	<u>(200)</u>
<b>Expenditures</b>				
Capital outlay	5,225,000	5,634,465	604,702	5,029,763
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(5,213,000)</u>	<u>(5,622,465)</u>	<u>(592,902)</u>	<u>5,029,563</u>
<b>Other Financing Sources</b>				
Transfer in	4,912,250	4,912,250	3,955,000	(957,250)
<b>Total Other Financing Sources</b>	<u>4,912,250</u>	<u>4,912,250</u>	<u>3,955,000</u>	<u>(957,250)</u>
<b>Net Change in Fund Balance</b>	<u>\$ (300,750)</u>	<u>\$ (710,215)</u>	<u>3,362,098</u>	<u>\$ 4,072,313</u>
Beginning fund balance			<u>676,915</u>	
<b>Ending Fund Balance</b>			<u>\$ 4,039,013</u>	

**CITY OF FULSHEAR, TEXAS**  
**COMBINING STATEMENT OF NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
September 30, 2020

	Fulshear Development Corporation		
	General	Capital Projects	Total Governmental Funds
<b><u>Assets</u></b>			
Current Assets:			
Cash and cash equivalents	\$ 1,792,442	\$ 1,362,453	\$ 3,154,895
Receivables, net	207,671	-	207,671
<b>Total Current Assets</b>	2,000,113	1,362,453	3,362,566
<b><u>Liabilities</u></b>			
Current Liabilities:			
Accounts payable and accrued liabilities	-	6,139	6,139
<b>Total Current Liabilities</b>	-	6,139	6,139
<b><u>Net Position</u></b>			
Restricted for:			
Economic development	2,000,113	1,356,314	3,356,427
<b>Total Net Position</b>	\$ 2,000,113	\$ 1,356,314	\$ 3,356,427

**City of Fulshear Development Corporation**

<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
\$ 1,615,622	\$ 1,449,019	\$ 3,064,641
205,398	-	205,398
<u>1,821,020</u>	<u>1,449,019</u>	<u>3,270,039</u>
<u>-</u>	<u>5,815</u>	<u>5,815</u>
<u>-</u>	<u>5,815</u>	<u>5,815</u>
<u>1,821,020</u>	<u>1,443,204</u>	<u>3,264,224</u>
<u>\$ 1,821,020</u>	<u>\$ 1,443,204</u>	<u>\$ 3,264,224</u>

**CITY OF FULSHEAR, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENSES,**  
**AND CHANGES IN NET POSITION**  
**DISCRETELY PRESENTED COMPONENT UNITS**  
**For the Year Ended September 30, 2020**

	<b>Fulshear Development Corporation</b>		
	<b>General</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
<b>Revenues</b>			
Sales tax	\$ 1,036,980	\$ -	\$ 1,036,980
Investment earnings	29,591	9,813	39,404
<b>Total Revenues</b>	<b>1,066,571</b>	<b>9,813</b>	<b>1,076,384</b>
<b>Expenses</b>			
General government	217,607	85,759	303,366
<b>Total Expenses</b>	<b>217,607</b>	<b>85,759</b>	<b>303,366</b>
<b>Income (Loss) Before Transfers</b>	<b>848,964</b>	<b>(75,946)</b>	<b>773,018</b>
<b>Transfers</b>			
Transfer in	-	745,275	745,275
Transfer (out)	(745,275)	-	(745,275)
<b>Total Transfers</b>	<b>(745,275)</b>	<b>745,275</b>	<b>-</b>
<b>Net Change in Net Position</b>	<b>103,689</b>	<b>669,329</b>	<b>773,018</b>
Beginning net position	1,896,424	686,985	2,583,409
<b>Total Net Position</b>	<b>\$ 2,000,113</b>	<b>\$ 1,356,314</b>	<b>\$ 3,356,427</b>

**City of Fulshear Development Corporation**

<b>General</b>	<b>Capital Projects</b>	<b>Total Governmental Funds</b>
\$ 1,036,981	\$ -	\$ 1,036,981
22,364	15,825	38,189
<u>1,059,345</u>	<u>15,825</u>	<u>1,075,170</u>
215,454	71,066	286,520
<u>215,454</u>	<u>71,066</u>	<u>286,520</u>
843,891	(55,241)	788,650
-	745,275	745,275
<u>(745,275)</u>	<u>-</u>	<u>(745,275)</u>
<u>(745,275)</u>	<u>745,275</u>	<u>-</u>
98,616	690,034	788,650
<u>1,722,404</u>	<u>753,170</u>	<u>2,475,574</u>
<u>\$ 1,821,020</u>	<u>\$ 1,443,204</u>	<u>\$ 3,264,224</u>

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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.

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Financial Trends	106
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*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	116
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*These schedules contain information to help the reader assess the City's most significant local revenue source, the property tax.*

Debt Capacity	127
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*These schedules present information to help the reader assess the affordability of the City's current level of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	129
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*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	133
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*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 FULSHEAR, TEXAS

## NET POSITION BY COMPONENT

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 768,821	\$ 836,979	\$ 18,260,633	\$ 23,797,616
Restricted	228,005	369,611	709,984	1,156,792
Unrestricted	2,230,981	2,451,299	3,179,338	4,560,523
<b>Total Governmental Activities Net Position</b>	<b>\$ 3,227,807</b>	<b>\$ 3,657,889</b>	<b>\$ 22,149,955</b>	<b>\$ 29,514,931</b>
 <b>Business-Type Activities</b>				
Net investment in capital assets	\$ 9,768,635	\$ 10,798,612	\$ 23,563,837	\$ 30,581,919
Restricted	326,991	389,861	326,961	1,755,008
Unrestricted	170,624	363,227	1,076,677	2,692,052
<b>Total Business-Type Activities Net Position</b>	<b>\$ 10,266,250</b>	<b>\$ 11,551,700</b>	<b>\$ 24,967,475</b>	<b>\$ 35,028,979</b>
 <b>Primary Government</b>				
Net investment in capital assets	\$ 10,537,456	\$ 11,635,591	\$ 41,824,470	\$ 54,379,535
Restricted	554,996	759,472	1,036,945	2,911,800
Unrestricted	2,401,605	2,814,526	4,256,015	7,252,575
<b>Total Primary Government Net Position</b>	<b>\$ 13,494,057</b>	<b>\$ 15,209,589</b>	<b>\$ 47,117,430</b>	<b>\$ 64,543,910</b>

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.



**Fiscal Year**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ 25,705,433	\$ 40,176,704	\$ 44,707,835	\$ 47,690,398	\$ 50,990,452	\$ 81,961,259
1,515,599	1,564,928	539,487	927,779	1,725,467	2,134,108
5,475,094	4,575,158	4,572,984	7,134,827	8,606,097	11,336,430
<u>\$ 32,696,126</u>	<u>\$ 46,316,790</u>	<u>\$ 49,820,306</u>	<u>\$ 55,753,004</u>	<u>\$ 61,322,016</u>	<u>\$ 95,431,797</u>
\$ 32,998,255	\$ 40,999,464	\$ 60,024,809	\$ 61,057,346	\$ 61,497,793	\$ 70,952,973
1,223,225	727,922	-	-	4,482,831	4,043,437
3,908,853	3,127,505	4,817,260	5,071,526	3,089,113	2,252,530
<u>\$ 38,130,333</u>	<u>\$ 44,854,891</u>	<u>\$ 64,842,069</u>	<u>\$ 66,128,872</u>	<u>\$ 69,069,737</u>	<u>\$ 77,248,940</u>
\$ 58,703,688	\$ 81,176,168	\$ 104,732,644	\$ 108,747,744	\$ 112,488,245	\$ 152,914,232
2,738,824	2,292,850	539,487	927,779	6,208,298	6,177,545
9,383,947	7,702,663	9,390,244	12,206,353	11,695,210	13,588,960
<u>\$ 70,826,459</u>	<u>\$ 91,171,681</u>	<u>\$ 114,662,375</u>	<u>\$ 121,881,876</u>	<u>\$ 130,391,753</u>	<u>\$ 172,680,737</u>

# CITY OF FULSHEAR, TEXAS

## CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
<b>Expenses</b>				
Governmental activities				
General government	\$ 775,237	\$ 791,786	\$ 550,662	\$ 1,256,952
Permits and inspections	-	-	187,965	376,897
Public safety	577,650	479,595	672,355	941,346
Public works	237,907	438,217	1,444,102	1,001,930
Planning and development	-	-	-	-
Interest and fiscal agent fees	3,127	1,789	1,674	292
<b>Total Governmental Activities Expenses</b>	<u>1,593,921</u>	<u>1,711,387</u>	<u>2,856,758</u>	<u>3,577,417</u>
<b>Business-Type Activities</b>				
Utilities	1,165,997	1,493,238	2,254,075	2,573,262
<b>Total Business-Type Activities Expenses</b>	<u>1,165,997</u>	<u>1,493,238</u>	<u>2,254,075</u>	<u>2,573,262</u>
<b>Total Expenses</b>	<u>\$ 2,759,918</u>	<u>\$ 3,204,625</u>	<u>\$ 5,110,833</u>	<u>\$ 6,150,679</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services:				
Permits and inspections	\$ -	\$ -	\$ 2,088,983	\$ 2,418,323
Public safety	553,044	760,037	124,058	149,468
Public works	557,235	708,010	40,858	71,922
Operating grants and contributions	-	-	5,000	30,259
Capital grants and contributions	21,711	51,514	1,745,415	6,595,732
<b>Total Governmental Activities Program Revenues</b>	<u>1,131,990</u>	<u>1,519,561</u>	<u>4,004,314</u>	<u>9,265,704</u>
Business-Type Activities				
Charges for services:				
Utilities	1,268,549	1,432,910	2,242,322	3,271,568
Operating grants and contributions	-	-	-	-
Capital grants and contributions	239,860	358,700	3,741,326	9,085,540
<b>Total Business-Type Activities Program Revenues</b>	<u>1,508,409</u>	<u>1,791,610</u>	<u>5,983,648</u>	<u>12,357,108</u>
<b>Total Program Revenues</b>	<u>\$ 2,640,399</u>	<u>\$ 3,311,171</u>	<u>\$ 9,987,962</u>	<u>\$ 21,622,812</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (461,931)	\$ (191,826)	\$ 1,147,556	\$ 5,688,287
Business-type activities	342,412	298,372	3,729,573	9,783,846
<b>Total Net Revenue (Expense)</b>	<u>\$ (119,519)</u>	<u>\$ 106,546</u>	<u>\$ 4,877,129</u>	<u>\$ 15,472,133</u>

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

**Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 2,039,436	\$ 2,579,727	\$ 2,381,636	\$ 2,605,264	\$ 3,450,668	\$ 4,011,528
528,461	322,415	814,579	957,063	929,161	1,283,592
1,427,578	1,669,998	2,156,611	2,688,730	2,550,149	3,142,266
1,249,674	2,150,127	3,366,308	3,547,933	5,145,507	6,613,905
-	-	-	401,682	276,116	215,222
-	-	-	-	-	-
<u>5,245,149</u>	<u>6,722,267</u>	<u>8,719,134</u>	<u>10,200,672</u>	<u>12,351,601</u>	<u>15,266,513</u>
3,106,400	4,671,213	4,189,671	6,193,256	7,055,602	9,067,570
<u>3,106,400</u>	<u>4,671,213</u>	<u>4,189,671</u>	<u>6,193,256</u>	<u>7,055,602</u>	<u>9,067,570</u>
<u>\$ 8,351,549</u>	<u>\$ 11,393,480</u>	<u>\$ 12,908,805</u>	<u>\$ 16,393,928</u>	<u>\$ 19,407,203</u>	<u>\$ 24,334,083</u>
\$ 2,570,046	\$ 2,396,980	\$ 2,811,853	\$ 3,985,701	\$ 4,302,675	\$ 4,405,115
193,757	170,117	216,794	305,589	349,532	187,935
371,686	666,506	747,132	925,845	666,155	845,716
29,246	28,133	268,355	267,975	500,238	1,231,506
<u>2,798,155</u>	<u>15,565,852</u>	<u>4,791,180</u>	<u>4,469,274</u>	<u>5,253,705</u>	<u>33,504,918</u>
<u>5,962,890</u>	<u>18,827,588</u>	<u>8,835,314</u>	<u>9,954,384</u>	<u>11,072,305</u>	<u>40,175,190</u>
3,395,191	4,468,483	5,203,537	7,115,884	8,407,022	8,543,284
-	-	-	-	60,235	-
<u>2,806,881</u>	<u>5,642,980</u>	<u>18,860,007</u>	<u>1,481,332</u>	<u>2,181,719</u>	<u>9,879,143</u>
<u>6,202,072</u>	<u>10,111,463</u>	<u>24,063,544</u>	<u>8,597,216</u>	<u>10,648,976</u>	<u>18,422,427</u>
<u>\$ 12,164,962</u>	<u>\$ 28,939,051</u>	<u>\$ 32,898,858</u>	<u>\$ 18,551,600</u>	<u>\$ 21,721,281</u>	<u>\$ 58,597,617</u>
\$ 717,741	\$ 12,105,321	\$ 116,180	\$ (246,288)	\$ (1,279,296)	\$ 24,908,677
3,095,672	5,440,250	19,873,873	2,403,960	3,593,374	9,354,857
<u>\$ 3,813,413</u>	<u>\$ 17,545,571</u>	<u>\$ 19,990,053</u>	<u>\$ 2,157,672</u>	<u>\$ 2,314,078</u>	<u>\$ 34,263,534</u>

# CITY OF FULSHEAR, TEXAS

## CHANGES IN NET POSITION (Continued)

Last Ten Years  
(accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
<b>General Revenues and Other Changes in Net Position</b>				
Governmental activities				
Property taxes	\$ 434,664	\$ 572,879	\$ 732,475	\$ 943,721
Franchise fees	123,906	128,454	173,011	197,620
Sales tax	242,167	333,383	404,418	522,563
Investment earnings	12,858	9,838	7,112	7,993
Other revenues	71,953	178,746	41,914	184,860
Transfers	376,871	(585,456)	-	(257,644)
<b>Total Governmental Activities</b>	<u>1,262,419</u>	<u>637,844</u>	<u>1,358,930</u>	<u>1,599,113</u>
Business-type activities				
Investment earnings	3,077	2,543	1,334	3,044
Other revenues	379,488	2,179	897	16,970
Transfers	(376,871)	585,456	-	257,644
<b>Total Business-Type Activities</b>	<u>5,694</u>	<u>590,178</u>	<u>2,231</u>	<u>277,658</u>
<b>Total Primary Government</b>	<u>\$ 1,268,113</u>	<u>\$ 1,228,022</u>	<u>\$ 1,361,161</u>	<u>\$ 1,876,771</u>
<b>Change in Net Position</b>				
Governmental activities	\$ 800,488	\$ 446,018	\$ 2,506,486	\$ 7,287,400
Business-type activities	348,106	888,550	3,731,804	10,061,504
<b>Total Change in Net Position</b>	<u>\$ 1,148,594</u>	<u>\$ 1,334,568</u>	<u>\$ 6,238,290</u>	<u>\$ 17,348,904</u>

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

**Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 1,273,932	\$ 1,574,219	\$ 1,834,115	\$ 2,155,867	\$ 2,452,597	\$ 3,886,465
380,718	384,885	514,470	647,039	706,927	742,168
665,127	689,508	827,480	1,552,395	2,068,489	2,564,696
9,527	21,867	47,221	107,636	217,509	137,711
222,988	115,358	244,036	532,474	525,421	449,135
-	(1,270,494)	(79,986)	1,183,575	877,365	1,420,929
<u>2,552,292</u>	<u>1,515,343</u>	<u>3,387,336</u>	<u>6,178,986</u>	<u>6,848,308</u>	<u>9,201,104</u>
5,682	13,814	33,319	77,531	158,651	116,838
-	-	-	138,496	66,205	128,437
-	1,270,494	79,986	(1,183,575)	(877,365)	(1,420,929)
<u>5,682</u>	<u>1,284,308</u>	<u>113,305</u>	<u>(967,548)</u>	<u>(652,509)</u>	<u>(1,175,654)</u>
<u>\$ 2,557,974</u>	<u>\$ 2,799,651</u>	<u>\$ 3,500,641</u>	<u>\$ 5,211,438</u>	<u>\$ 6,195,799</u>	<u>\$ 8,025,450</u>
\$ 3,270,033	\$ 13,620,664	\$ 3,503,516	\$ 5,932,698	\$ 5,569,012	\$ 34,109,781
3,101,354	6,724,558	19,987,178	1,436,412	2,940,865	8,179,203
<u>\$ 6,371,387</u>	<u>\$ 20,345,222</u>	<u>\$ 23,490,694</u>	<u>\$ 7,369,110</u>	<u>\$ 8,509,877</u>	<u>\$ 42,288,984</u>

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

	Fiscal Year			
	2011	2012	2013	2014
<b>General Fund</b>				
Nonspendable	\$ -	\$ 100	\$ 100	\$ -
Restricted	-	-	131,733	131,733
Unassigned	1,785,765	2,328,542	3,094,550	4,303,085
<b>Total General Fund</b>	<u>\$ 1,785,765</u>	<u>\$ 2,328,642</u>	<u>\$ 3,226,383</u>	<u>\$ 4,434,818</u>
<b>All Other Governmental Funds</b>				
Restricted	\$ 228,005	\$ 369,611	\$ 578,251	\$ 1,025,059
Assigned	377,075	83,724	65,750	270,908
<b>Total All Other Governmental Funds</b>	<u>\$ 605,080</u>	<u>\$ 453,335</u>	<u>\$ 644,001</u>	<u>\$ 1,295,967</u>

Note : In conforming to provisions of GASB Statement No. 54, fund balances of prior periods were restated to the new fund balance classifications.

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

**Fiscal Year**

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 55,529
131,733	-	-	-	552	552
5,307,210	3,206,004	3,579,243	6,321,266	7,853,664	7,135,815
<u>\$ 5,438,943</u>	<u>\$ 3,206,004</u>	<u>\$ 3,579,243</u>	<u>\$ 6,321,266</u>	<u>\$ 7,854,216</u>	<u>\$ 7,191,896</u>
\$ 1,383,866	\$ 1,564,928	\$ 392,134	\$ 953,176	\$ 1,724,915	\$ 2,133,556
271,113	1,440,178	1,274,680	833,515	676,915	4,039,013
<u>\$ 1,654,979</u>	<u>\$ 3,005,106</u>	<u>\$ 1,666,814</u>	<u>\$ 1,786,691</u>	<u>\$ 2,401,830</u>	<u>\$ 6,172,569</u>

**CITY OF FULSHEAR, TEXAS**  
**CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS**

Last Ten Years  
(modified accrual basis of accounting)

	Fiscal Year			
	2011	2012	2013	2014
<b>Revenues</b>				
Property taxes	\$ 415,340	\$ 581,481	\$ 747,961	\$ 966,619
Sales taxes	242,167	333,383	404,418	522,563
Franchise fees	123,906	128,454	173,011	197,620
Public improvement fees	78,362	74,263	181,628	531,303
Licenses and permits	482,847	661,739	1,503,252	1,401,279
Fines and forfeitures	70,197	98,298	129,108	159,109
Charges for services	478,873	633,747	461,282	574,811
Intergovernmental	-	-	-	-
Capital grant and contributions	21,711	21,000	-	-
Investment earnings	12,858	9,838	7,112	7,993
Other revenues	67,125	178,371	275,384	608,248
<b>Total Revenues</b>	<u>1,993,386</u>	<u>2,720,574</u>	<u>3,883,156</u>	<u>4,969,545</u>
<b>Expenditures</b>				
General government	741,775	788,429	972,303	1,215,147
Permits and inspections	-	-	185,015	406,484
Public safety	551,206	476,212	639,517	880,686
Public works	197,739	399,239	198,683	341,709
Planning and development	-	-	-	-
Capital outlay	-	645,940	778,667	76,363
Debt service				
Principal	32,661	42,686	19,240	8,045
Interest	3,127	1,789	1,324	642
<b>Total Expenditures</b>	<u>1,526,508</u>	<u>2,354,295</u>	<u>2,794,749</u>	<u>2,929,076</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	466,878	366,279	1,088,407	2,040,469
<b>Other Financing Sources (Uses)</b>				
Capital leases	-	24,478	-	-
Sale of capital assets	4,828	375	-	-
Transfers in	376,871	275,000	525,370	23,218
Transfers out	-	(275,000)	(525,370)	(280,862)
<b>Total Other Financing Sources (Uses)</b>	<u>381,699</u>	<u>24,853</u>	<u>-</u>	<u>(257,644)</u>
<b>Net Change in Fund Balances</b>	<u>\$ 848,577</u>	<u>\$ 391,132</u>	<u>\$ 1,088,407</u>	<u>\$ 1,782,825</u>
Debt service as a percentage of noncapital expenditures	2.34%	2.60%	1.02%	0.30%

Source: City's Annual Financial Report or Comprehensive Annual Financial Report

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.



**Fiscal Year**

	<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$	1,264,271	\$ 1,556,311	\$ 1,857,472	\$ 2,137,299	\$ 2,494,667	\$ 3,873,300
	665,127	689,508	827,480	1,526,998	2,068,489	2,564,696
	380,718	361,528	514,470	647,039	706,927	742,168
	345,803	216,099	232,276	353,186	519,551	507,474
	1,872,346	1,731,465	1,993,927	2,759,307	2,201,606	2,422,642
	193,957	170,292	214,685	305,589	349,532	187,935
	744,125	1,129,918	1,344,285	1,800,981	2,071,531	2,320,715
	-	-	255,917	236,838	545,213	1,235,637
	-	-	-	-	-	-
	9,529	21,867	46,505	106,854	217,509	133,215
	578,740	381,027	383,996	366,797	480,446	445,004
	<u>6,054,616</u>	<u>6,258,015</u>	<u>7,671,013</u>	<u>10,240,888</u>	<u>11,655,471</u>	<u>14,432,786</u>
	2,014,649	2,712,933	2,430,917	2,683,837	3,177,750	3,840,529
	517,507	297,752	791,896	540,513	830,779	1,260,907
	1,382,908	1,579,291	2,157,402	2,367,813	2,545,850	3,041,849
	466,294	740,437	1,872,025	2,218,008	2,791,761	2,954,915
	-	-	-	401,682	276,522	215,596
	310,121	539,920	1,303,840	376,107	762,085	888,680
	-	-	-	-	-	-
	-	-	-	-	-	-
	<u>4,691,479</u>	<u>5,870,333</u>	<u>8,556,080</u>	<u>8,587,960</u>	<u>10,384,747</u>	<u>12,202,476</u>
	1,363,137	387,682	(885,067)	1,652,928	1,270,724	2,230,310
	-	-	-	-	-	-
	-	-	-	-	-	-
	42,650	1,707,760	1,140,928	1,378,575	1,202,365	4,989,359
	<u>(42,650)</u>	<u>(2,978,254)</u>	<u>(1,220,914)</u>	<u>(195,000)</u>	<u>(325,000)</u>	<u>(4,111,250)</u>
	<u>-</u>	<u>(1,270,494)</u>	<u>(79,986)</u>	<u>1,183,575</u>	<u>877,365</u>	<u>878,109</u>
\$	<u>1,363,137</u>	<u>\$ (882,812)</u>	<u>\$ (965,053)</u>	<u>\$ 2,836,503</u>	<u>\$ 2,148,089</u>	<u>\$ 3,108,419</u>
	0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

**CITY OF FULSHEAR, TEXAS**  
**ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY**  
**Last Ten Years**

	<b>Fiscal Year</b>			
	<b>2011</b>	<b>2012</b>	<b>2013</b>	<b>2014</b>
One to Three Family Residences	\$ 110,208,430	\$ 179,105,310	\$ 265,605,630	\$ 343,235,210
Agriculture Value	76,557,470	80,912,780	78,310,890	92,420,620
Commercial Property	100,204,290	98,477,920	104,186,000	126,424,910
Personal Property Value	7,126,552	7,083,434	8,654,622	12,562,884
Less: Tax Exempt Property	<u>106,880,821</u>	<u>120,119,059</u>	<u>132,046,664</u>	<u>158,539,541</u>
Total Taxable Assessed Valuation	<u>\$ 187,215,921</u>	<u>\$ 245,460,385</u>	<u>\$ 324,710,478</u>	<u>\$ 416,104,083</u>
Total Direct Tax Rate	\$ 0.20592	\$ 0.20592	\$ 0.20366	\$ 0.19713

The value is the appraised value at original certification and fluctuates due to property owner protests and preliminary appraisal values at the time of certification.

All properties are assessed at 100% of actual taxable value. The difference between market value is the value of exemptions given for statutory purposes.

Tax rates are per \$100 of assessed value.

Source: County Tax/Assessor Reports

**Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 551,206,916	\$ 816,201,256	\$ 926,516,590	\$ 1,149,298,638	\$ 1,391,292,963	\$ 1,577,410,200
86,252,280	82,898,180	107,753,270	122,805,510	135,634,040	131,838,530
172,331,340	209,501,120	269,791,580	456,557,613	460,680,152	611,963,722
12,094,152	14,580,274	36,613,901	38,591,624	28,305,001	61,917,738
<u>195,581,525</u>	<u>241,737,243</u>	<u>287,313,916</u>	<u>421,315,214</u>	<u>507,459,167</u>	<u>615,166,327</u>
<u>\$ 626,303,163</u>	<u>\$ 881,443,587</u>	<u>\$ 1,053,361,425</u>	<u>\$ 1,345,938,171</u>	<u>\$ 1,508,452,989</u>	<u>\$ 1,767,963,863</u>
\$ 0.17829	\$ 0.16163	\$ 0.15690	\$ 0.15869	\$ 0.16251	\$ 0.21851

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

	Fiscal Year			
	2011	2012	2013	2014
<b>City of Fulshear:</b>				
Operating tax rate	\$ 0.205920	\$ 0.205920	\$ 0.203660	\$ 0.197130
<b>Total Direct Rates</b>	<b>\$ 0.205920</b>	<b>\$ 0.205920</b>	<b>\$ 0.203660</b>	<b>\$ 0.197130</b>
Lamar Consolidated School District	\$ 1.364550	\$ 1.390050	\$ 1.390050	\$ 1.390050
Katy Independent School District	1.526600	1.526600	1.526600	1.526600
Fort Bend County	0.480160	0.480960	0.480760	0.484760
<b>Total Direct and Overlapping Rates</b>	<b>\$ 3.577230</b>	<b>\$ 3.603530</b>	<b>\$ 3.601070</b>	<b>\$ 3.598540</b>
<b>Total Assessed Valuation</b>	<b>\$ 187,215,921</b>	<b>\$ 245,460,385</b>	<b>\$ 324,710,478</b>	<b>\$ 416,104,083</b>

Overlapping rates are those of local and county governments that apply within the City of Fulshear.

Not all overlapping rates apply to all City of Fulshear property owners (e.g., the county rates apply only to the portion of the City's property owners whose property is located within the geographic boundaries of the specific county).

Tax rates per \$100 of assessed valuation

Source: Tax department records of the various governments.

**Fiscal Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ 0.178290	\$ 0.161630	\$ 0.156900	\$ 0.158690	\$ 0.162510	\$ 0.218510
\$ 0.178290	\$ 0.161630	\$ 0.156900	\$ 0.158690	\$ 0.162510	\$ 0.218510
\$ 1.390050	\$ 1.390050	\$ 1.390050	\$ 1.390050	\$ 1.390050	\$ 1.390050
1.526600	1.516600	1.516600	1.516600	1.516600	1.443100
0.472760	0.465000	0.458000	0.453000	0.445000	0.444700
\$ 4.890300	\$ 4.872540	\$ 4.865540	\$ 4.860540	\$ 4.852540	\$ 3.496360
\$ 626,303,163	881,443,587	\$ 1,053,361,425	\$ 1,345,938,171	1,508,452,989	\$ 1,767,963,863

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# CITY OF FULSHEAR, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Three Years Ago\*

Property Taxpayer	2020			2018		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
CCR 21 LLC	\$ 37,347,910	1	2.11%	\$ -	N/A	0.00%
HEB Grocery Company LP	16,007,340	2	0.91%	-	N/A	0.00%
Trendmaker Homes Inc	10,029,280	3	0.57%	12,655,470	4	0.94%
Marcel Town Center	9,818,750	4	0.56%	-	N/A	0.00%
Fulshear Bend Self Storage LLC	9,700,928	5	0.55%	-	N/A	0.00%
CCR Texas Holding LP	8,549,700	6	0.48%	7,037,120	8	0.52%
Cross Creek Commons-Partnership A LP	7,973,545	7	0.45%	-	N/A	0.00%
H-E-B LP	7,325,750	8	0.41%	-	N/A	0.00%
DHK Fulshear LP	7,173,660	9	0.41%	14,357,210	3	1.07%
Fulshear Land Partners LTD	6,711,710	10	0.38%	-	N/A	0.00%
CCOC LLC	-	N/A	0.00%	42,799,809	1	3.18%
CCR Loan Subsidiary 1 LP	-	N/A	0.00%	21,094,050	2	1.57%
Landmark Industries	-	N/A	0.00%	12,202,394	5	0.91%
TLM-CCR Phase II LLC	-	N/A	0.00%	7,413,590	7	0.55%
A-S 132 S Fry Road-FM 1463 LP	-	N/A	0.00%	6,971,660	9	0.52%
Texas Petroleum Group LLC	-	N/A	0.00%	5,374,450	10	0.44%
Subtotal	120,638,573		6.82%	129,905,753		9.69%
Other Taxpayers	1,647,325,290		93.18%	1,216,032,418		90.31%
<b>Total</b>	\$ 1,767,963,863		100.00%	\$ 1,345,938,171		100.00%

\*Data from nine years ago is not available. Latest data available is for fiscal year 2018 (tax year 2017).

Taxable assessed value equals appraised value after exemptions.

Source: Fort Bend County Appraisal District

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

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

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Tax Rate</u>	<u>Total Tax Levy for Fiscal Year</u>	<u>Collected Within the Fiscal Year of the Levy</u>	
				<u>Amount Collected</u>	<u>Percentage of Levy</u>
2011	2010	\$ 0.205920	\$ 412,656	\$ 393,244	95.30%
2012	2011	\$ 0.205920	\$ 542,994	\$ 521,640	96.07%
2013	2012	\$ 0.203660	\$ 673,256	\$ 657,447	97.65%
2014	2013	\$ 0.197130	\$ 826,560	\$ 821,104	99.34%
2015	2014	\$ 0.178290	\$ 1,201,844	\$ 1,192,635	99.23%
2016	2015	\$ 0.161630	\$ 1,506,701	\$ 1,499,858	99.55%
2017	2016	\$ 0.156900	\$ 1,844,093	\$ 1,824,840	98.96%
2018	2017	\$ 0.158690	\$ 2,105,304	\$ 2,086,847	99.12%
2019	2018	\$ 0.162510	\$ 2,452,518	\$ 2,431,495	99.14%
2020	2019	\$ 0.218510	\$ 3,855,706	\$ 3,831,672	99.38%

Tax rate per \$100 assessed valuation

Source: City Finance Department and Fort Bend County Tax Office



<b>Collected in Subsequent Years</b>		<b>Total Collections to Date</b>	
<b>Amount Collected</b>		<b>Amount Collected</b>	<b>Percentage of Levy</b>
\$ 17,529		\$ 410,773	99.54%
\$ 19,571		\$ 541,211	99.67%
\$ 15,113		\$ 672,560	99.90%
\$ 4,772		\$ 825,876	99.92%
\$ 8,662		\$ 1,201,297	99.95%
\$ 6,226		\$ 1,506,084	99.96%
\$ 16,820		\$ 1,841,660	99.87%
\$ 15,385		\$ 2,102,232	99.85%
\$ 15,842		\$ 2,447,337	99.79%
\$ -		\$ 3,831,672	99.38%

# CITY OF FULSHEAR, TEXAS

## TAXABLE SALES BY CATEGORY

Last Ten Calendar Years  
(In Thousands of Dollars)

	Calendar Year			
	2011	2012	2013	2014
Public Administration	\$ -	\$ -	\$ -	\$ -
Admin/Support/Waste Mgmt/Remediation	440,142	356,696	512,242	736,591
Retail Trade	4,795,280	5,244,862	6,258,550	25,154,631
Construction	65,447	134,059	84,428	594
Manufacturing	215,628	570,401	532,885	847,415
Mining/Quarrying/Oil and Gas Extraction	-	-	42,875	-
Wholesale Trade	-	-	-	-
Transportation/Warehousing	-	8,181	-	13,988
Information	-	-	40,235	20,036
Arts/Entertainment/Recreation	-	7,886	10,496	6,689
Real Estate/Rental/Leasing	-	-	6,959	497,675
Other Services (except Public Administration)	666,252	698,929	647,901	908,401
Accommodation/Food Services	3,724,970	6,484,729	8,810,293	9,984,358
Professional/Scientific/Technical Services	64,195	67,472	103,953	457,417
<b>Total Taxable Sales</b>	<b>\$ 9,971,914</b>	<b>\$ 13,573,215</b>	<b>\$ 17,050,817</b>	<b>\$ 38,627,795</b>
City direct sales tax rate	1.00%	1.00%	1.00%	1.00%

The City direct sales tax rate includes the City only.

Source: State Comptrollers' Office

**Calendar Year**

<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>
\$ -	\$ -	\$ 565,074	\$ 898,342	\$ 1,172,402	\$ 1,010,743
717,428	717,120	797,500	836,334	918,553	488,571
43,500,951	45,332,799	49,982,542	67,978,562	71,302,554	36,319,831
844,183	3,213,700	2,696,718	4,219,686	84,961	61,418
1,203,498	821,844	1,154,776	1,168,178	2,701,743	1,478,788
-	-	-	1,092	1,393,917	1,170,227
-	-	901,333	3,485,625	-	-
22,741	28,541	35,725	38,839	3,876,199	154,222
-	-	-	-	-	-
6,588	122,357	492,043	-	26,908	25,433
1,211,971	825,650	995,769	1,164,401	504,284	122,489
1,045,581	1,178,494	1,905,629	2,277,977	1,169,951	588,526
9,998,796	11,857,090	13,417,178	15,784,354	2,344,643	948,930
394,905	272,884	353,454	648,247	18,543,452	8,753,170
<u>\$ 58,946,642</u>	<u>\$ 64,370,479</u>	<u>\$ 73,297,741</u>	<u>\$ 98,501,637</u>	<u>\$ 104,875,116</u>	<u>\$ 51,553,500</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

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

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Amount Applicable to Primary Government</u>
Katy Independent School District	\$ 1,888,706,959	7.27%	\$ 137,308,996
Lamar Consolidated Independent School District	\$ 1,138,945	3.48%	39,635
Fort Bend County	\$ 926,106,960	21.00%	194,482,462
Fort Bend County MUD #170	\$ 14,825,000	100.00%	14,825,000
Fort Bend County MUD #171	\$ 13,760,000	100.00%	13,760,000
Fort Bend County MUD #172	\$ 30,830,000	100.00%	30,830,000
Fort Bend County MUD #173	\$ 21,970,000	100.00%	21,970,000
Fulshear MUD#1	\$ 23,125,000	100.00%	23,125,000
Subtotal, overlapping debt			436,341,093
<b>City Direct Debt</b>		100.00%	<u>\$ -</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 436,341,093</u></u>
<b>Ratio of Total Direct and Overlapping Net Debt to Assessed Valuation (1)</b>			<u><u>24.68%</u></u>
<b>Direct and Overlapping Debt Per Capita (2)</b>			<u><u>\$ 13,914</u></u>

Source: Texas Municipal Advisory Council

Note: Overlapping governments are those that coincide, at least in part, with geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the property taxpayers of the City. This process recognizes that, when considering the City's ability to issue and repay long-term debt, the entire burden borne by the property taxpayers should be taken into account.

(1) See Schedule of Assessed Value and Estimated Actual Value of Taxable Property for valuation data.

(2) See the Schedule of Demographic and Economic Statistics for population data.

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**CITY OF FULSHEAR, 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)</sup></b>	<b>Per Capita Personal Income<sup>(2)</sup></b>	<b>Median Age<sup>(6)</sup></b>	<b>Public School Enrollment<sup>(3)</sup></b>	<b>Unemployment Rate<sup>(4)</sup></b>	<b>Education Level in Years of Formal Schooling<sup>(5)</sup></b>
2011	1,177	N/A	N/A	41.0	N/A	8.5%	14
2012	1,886	N/A	N/A	39.0	N/A	7.8%	14
2013	2,948	N/A	\$ 56,203	36.0	N/A	6.6%	14
2014	4,287	N/A	\$ 56,203	36.0	N/A	5.7%	14
2015	5,849	N/A	\$ 56,203	35.0	N/A	5.0%	14
2016	7,914	N/A	\$ 56,203	34.0	N/A	4.7%	14
2017	10,044	N/A	\$ 56,203	34.0	N/A	4.1%	14
2018	11,174	N/A	\$ 56,203	34.0	7,139	3.9%	14
2019	14,141	N/A	\$ 56,203	34.4	9,034	4.0%	14
2020	13,914	N/A	\$ 55,414	35.6	9,360	8.5%	14

Data sources:

- (1) United States Census Bureau, Public Data
- (2) Data to compute not available
- (3) United States Census Bureau
- (4) United States Census Bureau, American Fact Finder (some data not available)
- (5) Katy Independent School District & Lamar Consolidated ISD
- (6) United States Census Bureau, Public Data

Note: Personal income is a total for the year. Unemployment rate information is an adjusted yearly average. School enrollment is based on the start of the school year.

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# CITY OF FULSHEAR, TEXAS

## PRINCIPAL EMPLOYERS

Current Year and Two Years Ago\*

Employer	2020			2018		
	Employees	Percentage of Total Employment	Rank	Employees	Percentage of Total Employment	Rank
Katy ISD	494	27.46%	1	201	19.36%	3
Lamar Consolidated ISD	461	25.63%	2	368	35.45%	1
HEB #65	350	19.46%	3	325	31.31%	2
City of Fulshear	61	3.39%	4	56	5.39%	4
Aspen Utility Company	60	3.34%	5	-	-	-
Molina's Cantina	60	3.34%	6	-	-	-
Local Table	60	3.34%	7	-	-	-
Pier 36	38	2.11%	8	14	1.35%	7
Landmark Industries (Timewise)	36	2.00%	9	-	-	-
Children's Lighthouse	33	1.83%	10	-	-	-
Waggin' Tails Pet Ranch	28	1.56%	11	8	0.77%	10
Hacienda Real	25	1.39%	12	-	-	-
Civil Corp	24	1.33%	13	20	1.93%	5
Victor's Mexican Restaurant	24	1.33%	14	-	-	-
USPS	23	1.28%	15	-	-	-
Bahama Buck's	22	1.22%	16	-	-	-
Emergency Services District #4	-	-	-	20	1.93%	6
Ace Hardware	-	-	-	14	1.35%	8
Doziers	-	-	-	12	1.16%	9
	1,799	100.00%		1,038	100.00%	

\*Data from nine years ago is not available. Latest data available is for fiscal year 2018.

Source: Personnel department of each employer above

Note: Fiscal year 2018 is the first year for Comprehensive Annual Financial Report.

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

	Fiscal Year									
	2011	2012	2013	2014	2015	2016	2017	2018	2019	2020
<b><u>Governmental Activities:</u></b>										
Administrative	1	1	4	4	4	5	5	7	6	3
Human Resources	-	-	-	-	-	-	-	-	1	1
Municipal Court	1	1	1	1	1	2	2	2	2	2
City Secretary	1	1	1	1	2	2	2	2	4	2
Finance	1	1	1	1	3	2	3	3	3	5
Economic Development	-	-	-	1	1	2	2	2	2	2
Public Safety	12	14	15	16	17	18	22	24	26	27
Development Services	-	-	-	1	1	1	1	1	10	5
Building Inspection	4	4	6	6	6	6	7	9	0	5
Code Enforcement	-	-	-		1	1	1	1	1	1
Public Works	1	1	2	2	2	3	3	3	4	4
<b><u>Business-Type Activities:</u></b>										
Utilities	-	-	-	1	1	2	2.5	2.5	3	6
<b>Total City Positions</b>	<b>21</b>	<b>23</b>	<b>30</b>	<b>34</b>	<b>39</b>	<b>44</b>	<b>50</b>	<b>56.0</b>	<b>62.0</b>	<b>63</b>

Source: City Finance Department

Note: City Council members are not full-time paid employees and fire services are provided by the Emergency Medical District.

# CITY OF FULSHEAR, TEXAS

## OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function	Fiscal Year			
	2011	2012	2013	2014
<b>Police</b>				
Arrests	27	68	116	172
Parking violations	-	1	-	1
Traffic violations	2,457	3,448	3,454	5,624
<b>Highways and streets</b>				
Street resurfacing (miles)	4	-	1	-
Potholes repaired	6	6	6	6
Miles of Centerline Maintained				
Linear Feet of Paving (rehab/reconstructed)				
Linear Feet of Pavement Markings				
<b>Water</b>				
Average daily consumption (thousands of gallons)	-	631	656	895
Water main breaks	-	1	3	5
New connections	92	197	263	381
<b>Wastewater</b>				
Average daily effluent treated (thousands of gallons)	-	182	212	247

Source: Various City departments

Note: Some indicators are not available for the general government function

<b>Fiscal Year</b>						
<b>2015</b>	<b>2016</b>	<b>2017</b>	<b>2018</b>	<b>2019</b>	<b>2020</b>	
449	273	403	381	268	133	
1	22	5	6	15	10	
5,633	6,069	9,300	9,708	10,753	8,861	
-	-	1	-	-	-	
5	7	4	10	35	40	
					135	
					5,280	
					5,280	
904	1,046	1,224	1,328	1,468	2,221	
7	2	2	4	2	23	
479	569	688	-	751	729	
329	416	548	789	1,099	1,400	

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

Function	Fiscal Year			
	2011	2012	2013	2014
Public safety				
Police				
Stations	-	-	-	-
Patrol units	3	4	4	4
Highways and streets				
Streets (lane miles)	75	80	80	80
Streetlights	-	-	-	-
Culture and recreation				
Park acreage developed	5	5	5	5
Water				
Water wells	3	3	4	4
Water mains (miles)	35	40	43	45
Fire hydrants	455	520	558	588
Maximum daily capacity (thousands of gallons)	655	655	1,075	1,075
Sewer				
Sanitary sewers (miles)	34	36	39	41
Storm sewers (miles)	22	25	27	29
Maximum daily treatment capacity (thousands of gallons)	750	750	2,100	2,100

Source: Various City departments

Note: No capital asset indicators are available for the general government function.

Fiscal Year						
2015	2016	2017	2018	2019	2020	
1	1	1	1	1	1	1
7	10	12	12	12	12	15
80	89	89	89	89	89	135
-	-	146	146	-	-	2,307
5	25	25	25	25	25	25
4	4	4	4	4	6	7
48	49	49	49	49	54	79
626	641	641	641	641	706	985
1,075	1,745	1,745	1,745	1,765		2,143
43	45	45	45	50		95
31	34	34	34	37		73
2,100	2,100	2,100	2,100	2,100		2,100

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