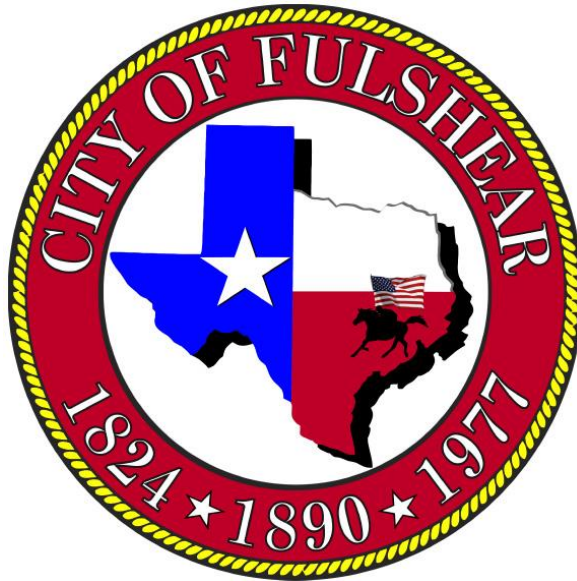


CITY OF FULSHEAR, TEXAS

ANNUAL COMPREHENSIVE FINANCIAL REPORT

Year Ended September 30, 2021



*ANNUAL
COMPREHENSIVE
FINANCIAL REPORT*

of the

CITY OF FULSHEAR, TEXAS

For the Year Ended
September 30, 2021

Prepared by
Finance Department

Jack Harper, City Manager

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CITY OF FULSHEAR, TEXAS

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INTRODUCTORY SECTION

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CITY OF FULSHEAR

PO Box 279 /
Fulshear, Texas 77441
www.fulsheartexas.gov

March 15, 2022

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 Annual Comprehensive Financial Report (ACFR) of the City of Fulshear, Texas (the “City”) for the fiscal year ended September 30, 2021. 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 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, 2021, 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 estimate 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, 2021, are fairly presented in conformity with GAAP. The independent auditor's 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.

Profile of the Government

The City, incorporated on November 7, 1977, is located in northern Fort Bend County (the “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 16,856. 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 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, however, require the approval of the City Council. Budget-to-actual comparisons 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 fund subsection of this report, which starts on Page 90.

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 2021 population estimates. Fulshear has a highly educated, affluent demographic, with nearly 68.5% of the population holding a bachelor's degree or higher and earning a median household income of \$166,863.

Taxable values for Fiscal Year 2021 reflect an increase of 10.4 percent to \$1.99 billion. This property value increase is the result of continued development within the City including both residential and commercial construction.

Sales tax revenues increased 25.6 percent during fiscal year 2021. At this writing, for fiscal year 2022, sales taxes are 11 percent higher than the first three months of fiscal year 2021. 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 36 percent for fiscal year 2021. At this writing, building fees are 6% percent higher for the first quarter of fiscal year 2022 than the first quarter of fiscal year 2021.

Within the next 12 months, we will see new residential development activity continue to exponentially grow to the west with Fulshear Lakes (Sam Yager), Fulshear Del Webb (Pulte), and Pecan Ridge (TriPointe/Toll Brothers) coming online. Development will also quickly begin on our north with Cross Creek West (Johnson Development) and Tamarron West (DR Horton). 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 Rd., multiple day-cares, Elite Dermatology, Culver's, 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, Marco's Pizza, Texas Children's Pediatrics, a dental office 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 three more multi-family projects already slated in Cross Creek Ranch, one of which is to be age restricted, and another two within Jordan Ranch.

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 Fund 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 Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Fulshear for its annual comprehensive financial report for the fiscal year ended September 30, 2020. This was the second consecutive year that the government has achieved this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized annual comprehensive financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current annual comprehensive financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to GFOA to determine its eligibility for another certificate.

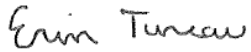
The City has received the Distinguished Budget Presentation Award for the fiscal year beginning October 1, 2017, 2018, 2019, 2020, 2021 and, most recently, 2022. This is the sixth consecutive year that the City has submitted the annual budget for this award. The award is made to those cities whose budget 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,

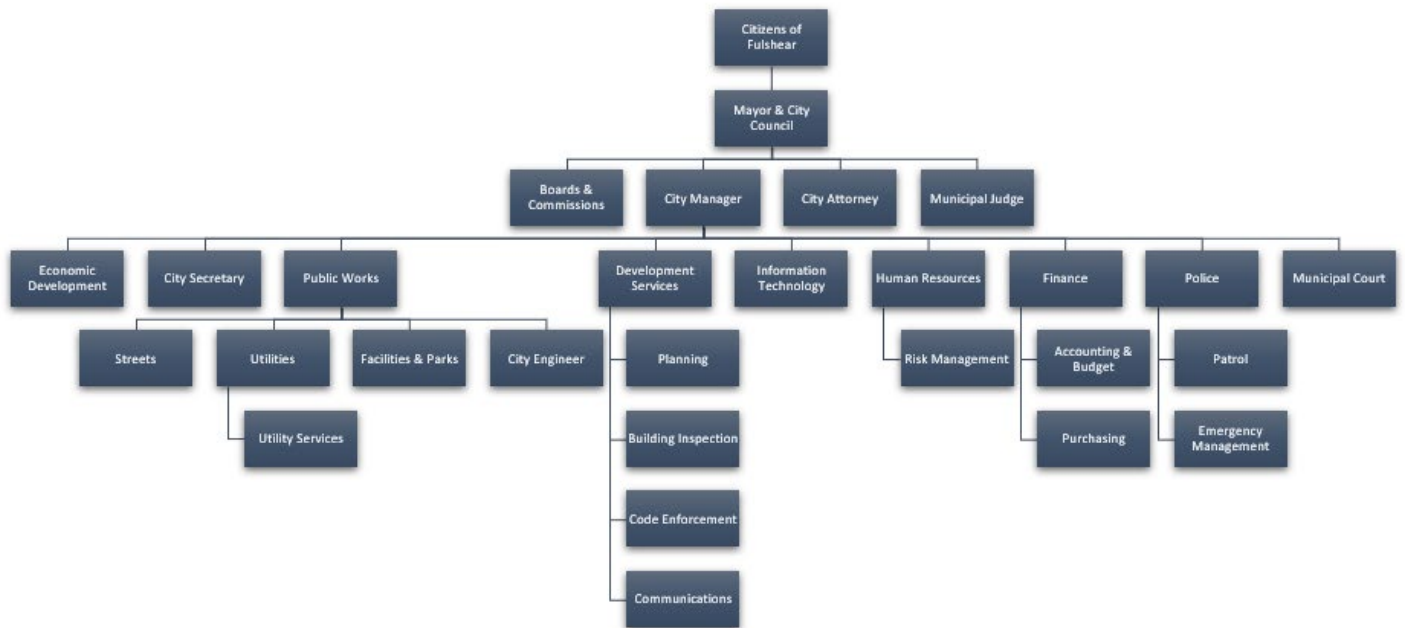
A handwritten signature in black ink that reads "Erin Tureau". The signature is written in a cursive, flowing style.

Erin Tureau, CPA
Director of Finance

CITY OF FULSHEAR, TEXAS

ORGANIZATIONAL CHART

September 30, 2021



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CITY OF FULSHEAR, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING
September 30, 2021



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of Fulshear
Texas

For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Morill

Executive Director/CEO

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CITY OF FULSHEAR, TEXAS
LIST OF ELECTED AND APPOINTED OFFICIALS
 September 30, 2021

Elected Officials	Position
Aaron Groff	Mayor
Debra Cates	Mayor Pro-Tem and Council Member
Sara Johnson	Council Member
Kaye Kahlich	Council Member
John Kelly	Council Member
Lisa Kettler Martin	Council Member
Joel M. Patterson	Council Member
Kent Pool	Council Member
Principal Officials	Position
Jack Harper	City Manager
Kim Kopecky	City Secretary
Erin Tureau	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, 2021, 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, 2021, 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 15, 2022

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

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CITY OF FULSHEAR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

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, and the capital projects fund, which is considered a major fund for reporting purposes.

CITY OF FULSHEAR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

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 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 \$205,584,572 as of September 30, 2021 for the primary government. This compares with \$172,218,513 from the prior fiscal year. The largest portion of the City's net position, 88 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, 2021

Statement of Net Position

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2021	2020	2021	2020	2021	2020
Current and other assets	\$ 18,164,854	\$ 14,122,939	\$ 10,362,647	\$ 7,751,093	\$ 28,527,501	\$ 21,874,032
Capital assets, net	110,759,689	81,961,259	79,400,163	70,952,973	190,159,852	152,914,232
Total Assets	128,924,543	96,084,198	89,762,810	78,704,066	218,687,353	174,788,264
Deferred outflows - pensions	346,307	298,596	-	-	346,307	298,596
Long-term liabilities	9,294,082	390,851	-	-	9,294,082	390,851
Other liabilities	2,872,193	867,687	1,143,190	1,455,126	4,015,383	2,322,813
Total Liabilities	12,166,275	1,258,538	1,143,190	1,455,126	13,309,465	2,713,664
Deferred inflows - pensions	139,623	154,683	-	-	139,623	154,683
Net Position:						
Net investment in capital assets	101,902,094	81,961,259	79,400,163	70,952,973	181,302,257	152,914,232
Restricted	3,424,584	2,134,108	3,806,195	4,043,437	7,230,779	6,177,545
Unrestricted	11,638,274	10,874,206	5,413,262	2,252,530	17,051,536	13,126,736
Total Net Position	\$ 116,964,952	\$ 94,969,573	\$ 88,619,620	\$ 77,248,940	\$ 205,584,572	\$ 172,218,513

A portion of the primary government's net position, \$7,230,779 or 4 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$17,051,536 or 8 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$33,366,059 during the current fiscal year, an increase of 19 percent in comparison to the prior year net position. Total current and other assets increased \$6,653,469 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 increased \$10,595,801 primarily due to the City's note payable for \$8,900,000 issued during the year. Capital assets increased \$37,245,620 primarily due to the purchase of facilities for the future City hall, 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, 2021

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	
	2021	2020	2021	2020	2021	2020
Revenues						
Program revenues:						
Charges for services	\$ 7,600,387	\$ 5,438,766	\$ 12,351,533	\$ 8,543,284	\$ 19,951,920	\$ 13,982,050
Operating grants and contributions	911,915	769,282	-	-	911,915	769,282
Capital grants and contributions	19,346,141	33,504,918	10,153,994	9,879,143	29,500,135	43,384,061
General revenues:						
Ad valorem taxes	4,424,409	3,886,465	-	-	4,424,409	3,886,465
Sales taxes	3,408,918	2,564,696	-	-	3,408,918	2,564,696
Franchise fees	838,423	742,168	-	-	838,423	742,168
Investment earnings	39,567	137,711	22,516	116,838	62,083	254,549
Other revenues	943,715	449,135	187,945	128,437	1,131,660	577,572
Total Revenues	37,513,475	47,493,141	22,715,988	18,667,702	60,229,463	66,160,843
Expenses						
General government	4,381,518	4,011,528	-	-	4,381,518	4,011,528
Permits and inspections	1,633,693	1,283,592	-	-	1,633,693	1,283,592
Public safety	3,632,495	3,142,266	-	-	3,632,495	3,142,266
Public works	6,733,998	6,613,905	-	-	6,733,998	6,613,905
Planning and development	166,557	215,222	-	-	166,557	215,222
Interest and fiscal agent fees	73,795	-	-	-	73,795	-
Water and wastewater	-	-	10,241,348	9,067,570	10,241,348	9,067,570
Total Expenses	16,622,056	15,266,513	10,241,348	9,067,570	26,863,404	24,334,083
Increase in Net Position Before Transfers	20,891,419	32,226,628	12,474,640	9,600,132	33,366,059	41,826,760
Transfers	1,103,960	1,420,929	(1,103,960)	(1,420,929)	-	-
Change in Net Position	21,995,379	33,647,557	11,370,680	8,179,203	33,366,059	41,826,760
Beginning net position	94,969,573	61,322,016	77,248,940	69,069,737	172,218,513	130,391,753
Ending Net Position	\$ 116,964,952	\$ 94,969,573	\$ 88,619,620	\$ 77,248,940	\$ 205,584,572	\$ 172,218,513

For the year ended September 30, 2021, revenues from governmental activities totaled \$37,513,475, a decrease of \$9,979,666, compared to the prior year. Operating grants and contributions increased due to grant funds received for COVID-19 in the current year. Capital grants and contributions decreased due to less contributions received from developers for street and storm sewer additions in the prior year compared to the current year. Property tax revenue increased compared to the prior year because of an increase in the assessed value of properties, while the actual property tax rate decreased. Sales tax revenue, public improvement fees, and license and permit fees revenues 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.

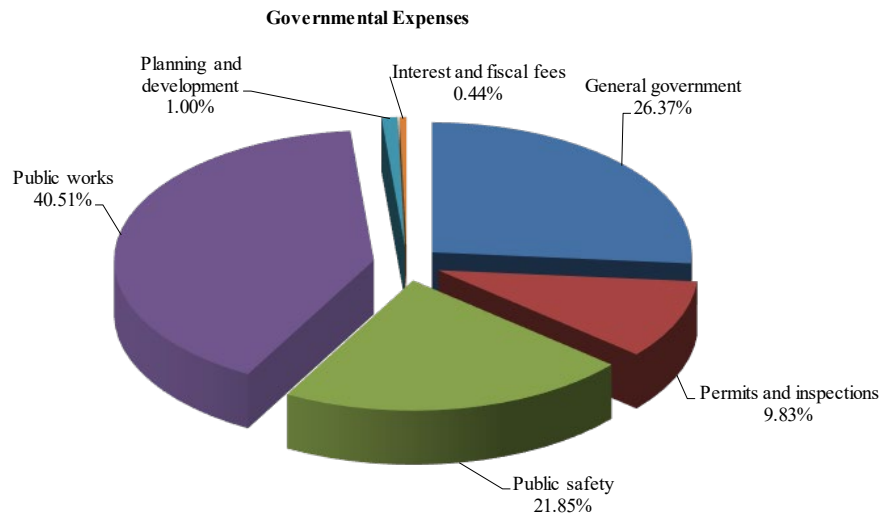
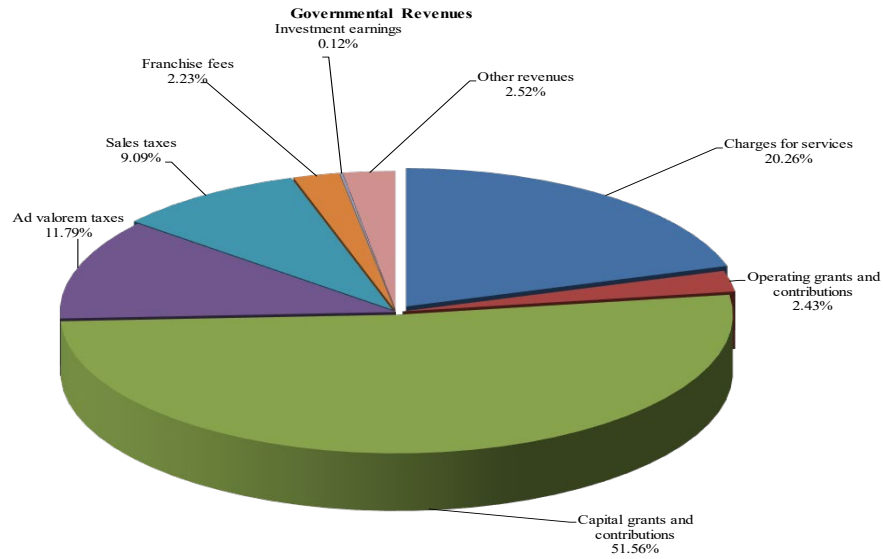
For the year ended September 30, 2021, expenses from governmental activities totaled \$16,622,056, an increase of \$1,355,543, compared to the prior year. All expense categories, with the exception of planning and development, increased primarily due to inflation and increases in amounts paid to other governmental entities for sales tax rebates and property tax rebates. The City also began paying interest on their loan for the future City hall.

CITY OF FULSHEAR, TEXAS

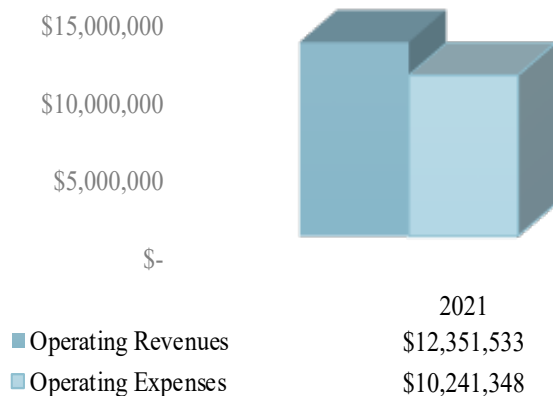
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended September 30, 2021

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, 2021

For the year ended September 30, 2021, revenues from business-type activities totaled \$22,715,988, an increase of \$4,048,286, 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, 2021, expenses from business-type activities totaled \$10,241,348, an increase of \$1,173,778, compared to the prior year. Water and wastewater expenses increased in depreciation, water pumpage and tapping fees, while water and sewer system maintenance expenditures decreased.

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 \$14,902,001. Of this, \$3,424,584 is restricted, \$4,010,262 is assigned, and \$7,467,155 is unassigned.

The general fund is the chief operating fund of the City. At the end of the current year, total fund balance reached \$7,467,707. Of this, \$552 is restricted for public, education, and governmental fees and \$7,467,155 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 29 percent of total general fund expenditures.

There was an increase in fund balance in the general fund of \$738,035 over the prior year. Revenues increased \$3,070,383 compared to the prior year largely due to increases in property tax revenues from an increase in assessed values of properties, sales tax revenues from an increase in taxable sales within the City, and increased intergovernmental revenues. Expenditures increased \$14,420,393 compared to the prior year primarily due to increases in capital outlay expenditures related to the future City hall, general government, public safety and public works. The general fund also made planned transfers to a nonmajor fund in the amount of \$372,750.

The fund balance in the capital projects decreased by \$28,751 because capital outlay exceeded intergovernmental and grant revenues and transfers in for the current year.

The fund balance in the nonmajor governmental funds increased by \$1,290,476 primarily because of transfers from other funds, grants, and park contributions. Total combined fund balances for governmental funds at September 30, 2021 were \$14,902,001, reflecting an increase in governmental funds of \$1,999,760 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 \$5,335,802. This budgeted decrease was largely attributable to capital outlay. The actual fund balance for the year increased by \$738,035. Actual revenues exceeded the amended budget by \$2,211,013, primarily attributable to increases in sales tax,

CITY OF FULSHEAR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

franchise fees, charges for services, and intergovernmental revenues. 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.

Actual general fund expenditures were more than the amended budgeted expenditures by \$7,496,052 during the fiscal year. The largest positive variance was in general government. There were also negative variances for public safety and interest and fiscal charges. Capital outlay had the largest negative variance due to the addition of facilities for the future City hall, which is partially offset by loan proceeds.

CAPITAL ASSETS

At the end of fiscal year 2021, the City's governmental and business-type activities had invested \$190,159,852 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$37,245,620.

Major capital asset events during the year included the following:

- Developer contributions of infrastructure in the amount of \$17,593,747 for governmental activities and \$10,237,389 for business-type activities
- Land purchases totaling \$1,093,571
- Eight vehicles were purchased, five for the police and public works department for the total amount of \$277,214
- Completion of water and wastewater lines along FM 359 for \$131,112
- Infrastructure for an advanced metering system to remotely collect customer water usage and data in real time for \$56,250

The City also had construction in progress totaling \$14,078,702 comprised of the following:

- Purchase of facilities and design of the future City hall for \$13,357,458.
- Downtown eastside storm sewer project for \$103,199
- Lean and Penn drainage improvements for \$236,979
- Lift station and water plant system rehabilitation project for \$122,300
- FM 359 crossing project for \$177,370
- Wastewater plant expansion project for \$81,396

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 \$256,036 in compensated absences, \$180,451 in net pension liability, and \$8,857,595 in a note payable.

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 2022 budget. The approval of the budget provides funding for the City's operating and capital costs for the 2022 fiscal year. The City anticipates that revenue will remain fairly consistent

CITY OF FULSHEAR, TEXAS
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
For the Year Ended September 30, 2021

with prior year. National, state, and local economic indicators preview a chance for a slowing of the economy and, therefore, estimations for fiscal year 2022 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 17 percent decrease in expenditures. The decrease is due to the purchase of a City hall building in fiscal year 2021. The prior year budget included closing costs associated with the building. Additionally, the City Manager placed a hiring freeze on any new employees for fiscal year 2022 due to limited space while the new City hall is being built. The fiscal year 2022 budget is primarily capital projects focused with little change in the general fund budget compared to prior year, but increased spending in the City's capital projects fund.

The City looks forward to continued growth and development throughout the City. Residential construction continues to grow with multiple existing subdivisions opening new sections and new neighborhoods online. These include Pecan Ridge, Del Webb Fulshear, Tamarron West, Cross Creek West, and Summerview. Marcel Town Center was completed and will house the new City hall in fiscal year 2022. More buildouts are expected in the Rogers Road warehouse/office building complex, Cross Creek Plaza project on Fulshear Bend Drive, as well as two new major apartment communities along FM 1093, and another along Fulshear Bend Drive. Finally, this is all boosted by continued development along FM 1463 in downtown. The City's sales tax continues to grow even during the global pandemic with collections exceeding budgeted amounts for fiscal year 2021. This trend is expected to continue.

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, Finance Director, 30603 FM 1093, Fulshear, TX, 77441; telephone 281-346-1796; or for general City information, visit the City's website at www.fulsheartexas.gov.

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BASIC FINANCIAL STATEMENTS

CITY OF FULSHEAR, TEXAS

STATEMENT OF NET POSITION

September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and equity in pooled cash	\$ 9,788,779	\$ 5,098,420	\$ 14,887,199
Investments	7,160,033	-	7,160,033
Receivables, net	1,195,942	1,123,676	2,319,618
Restricted cash and equity in pooled cash	20,100	4,140,551	4,160,651
	18,164,854	10,362,647	28,527,501
Capital assets:			
Nondepreciable	18,008,827	907,147	18,915,974
Net depreciable capital assets	92,750,862	78,493,016	171,243,878
	110,759,689	79,400,163	190,159,852
Total Assets	128,924,543	89,762,810	218,687,353
<u>Deferred Outflows of Resources</u>			
Deferred outflows - pensions	346,307	-	346,307
	346,307	-	346,307
<u>Liabilities</u>			
Accounts payable and accrued liabilities	1,128,246	808,834	1,937,080
Customer deposits	20,100	334,356	354,456
Unearned revenue - grants	1,723,847	-	1,723,847
	2,872,193	1,143,190	4,015,383
Noncurrent liabilities:			
Due within one year	407,577	-	407,577
Due in more than one year	8,886,505	-	8,886,505
	9,294,082	-	9,294,082
Total Liabilities	12,166,275	1,143,190	13,309,465
<u>Deferred Inflows of Resources</u>			
Deferred inflows - pensions	139,623	-	139,623
	139,623	-	139,623
<u>Net Position</u>			
Net investment in capital assets	101,902,094	79,400,163	181,302,257
Restricted for:			
Regional park	2,032,027	-	2,032,027
County Assistance District #7	993,804	-	993,804
Enabling legislation	152,424	-	152,424
Public safety	245,777	-	245,777
PEG fees	552	-	552
Economic development	-	-	-
Capital projects	-	3,806,195	3,806,195
Unrestricted	11,638,274	5,413,262	17,051,536
Total Net Position	\$ 116,964,952	\$ 88,619,620	\$ 205,584,572

See Notes to Financial Statements.

CITY OF FULSHEAR, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 4,381,518	\$ -	\$ 409,366	\$ -
Permits and inspections	1,633,693	6,434,371	-	-
Public safety	3,632,495	346,257	502,549	-
Public works	6,733,998	819,759	-	19,346,141
Planning and development	166,557	-	-	-
Interest and fiscal agent fees	73,795	-	-	-
Total Governmental Activities	16,622,056	7,600,387	911,915	19,346,141
Business-Type Activities				
Water and wastewater	10,241,348	12,351,533	-	10,153,994
Total Business-Type Activities	10,241,348	12,351,533	-	10,153,994
Total Primary Government	\$ 26,863,404	\$ 19,951,920	\$ 911,915	\$ 29,500,135
Component Units				
Fulshear Development Corporation	\$ 1,045,140	\$ -	\$ -	\$ -
City of Fulshear Development Corporation	1,045,138	-	-	-
Total Component Units	\$ 2,090,278	\$ -	\$ -	\$ -

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

Primary Government			Component Units	
Governmental Activities	Business-Type Activities	Total	Fulshear Development Corporation	City of Fulshear Development Corporation
\$ (3,972,152)	\$ -	\$ (3,972,152)	\$ -	\$ -
4,800,678	-	4,800,678	-	-
(2,783,689)	-	(2,783,689)	-	-
13,431,902	-	13,431,902	-	-
(166,557)	-	(166,557)	-	-
(73,795)	-	(73,795)	-	-
<u>11,236,387</u>	<u>-</u>	<u>11,236,387</u>	<u>-</u>	<u>-</u>
-	12,264,179	12,264,179	-	-
-	12,264,179	12,264,179	-	-
<u>11,236,387</u>	<u>12,264,179</u>	<u>23,500,566</u>	<u>-</u>	<u>-</u>
-	-	-	(1,045,140)	-
-	-	-	-	(1,045,138)
-	-	-	<u>(1,045,140)</u>	<u>(1,045,138)</u>
4,424,409	-	4,424,409	-	-
3,408,918	-	3,408,918	1,304,242	1,304,242
838,423	-	838,423	-	-
39,567	22,516	62,083	9,110	8,877
943,715	187,945	1,131,660	-	-
1,103,960	(1,103,960)	-	-	-
<u>10,758,992</u>	<u>(893,499)</u>	<u>9,865,493</u>	<u>1,313,352</u>	<u>1,313,119</u>
21,995,379	11,370,680	33,366,059	268,212	267,981
94,969,573	77,248,940	172,218,513	3,356,427	3,264,224
<u>\$ 116,964,952</u>	<u>\$ 88,619,620</u>	<u>\$ 205,584,572</u>	<u>\$ 3,624,639</u>	<u>\$ 3,532,205</u>

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CITY OF FULSHEAR, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2021

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Assets				
Cash and equity in pooled cash	\$ 1,963,687	\$ 4,357,845	\$ 3,098,771	\$ 9,420,303
Investments	7,160,033	-	-	7,160,033
Receivables, net	870,172	-	325,770	1,195,942
Restricted cash and equity in pooled cash	20,100	-	-	20,100
Total Assets	\$ 10,013,992	\$ 4,357,845	\$ 3,424,541	\$ 17,796,378
Liabilities				
Accounts payable	\$ 673,070	\$ 347,583	\$ 509	\$ 1,021,162
Accrued expenditures	74,495	-	-	74,495
Unearned revenue - grants	1,723,847	-	-	1,723,847
Customer deposits	20,100	-	-	20,100
Total Liabilities	2,491,512	347,583	509	2,839,604
Deferred Inflows of Resources				
Unavailable revenue - property taxes	54,773	-	-	54,773
Fund Balances				
Restricted for:				
Regional park	-	-	2,032,027	2,032,027
County Assistance District #7	-	-	993,804	993,804
Enabling legislation	-	-	152,424	152,424
Public safety	-	-	245,777	245,777
PEG fees	552	-	-	552
Assigned to:				
Capital projects	-	4,010,262	-	4,010,262
Unassigned	7,467,155	-	-	7,467,155
Total Fund Balances	7,467,707	4,010,262	3,424,032	14,902,001
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 10,013,992	\$ 4,357,845	\$ 3,424,541	\$ 17,796,378

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, 2021

Total fund balances for governmental funds		\$ 14,902,001
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	4,311,190	
Capital assets - depreciable	106,448,499	110,759,689
Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.		
		54,773
Deferred outflows and deferred inflows related to the net position liability are deferred in the governmental funds.		
Deferred outflows - pensions	346,307	
Deferred inflows - pensions	(139,623)	206,684
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 Statement of Net Position.		
Internal service fund net position	648,940	
Capital assets accounted for in capital assets used in governmental activities.	(313,053)	335,887
Some liabilities, such as note payable and compensated absences, are not reported as liabilities in the governmental funds.		
Noncurrent liabilities due in one year	(407,577)	
Noncurrent liabilities due in more than one year	(8,886,505)	(9,294,082)
Net Position of Governmental Activities		\$ 116,964,952

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, 2021

	General	Capital Projects	Nonmajor Governmental Funds	Total Governmental Funds
Revenues				
Property taxes	\$ 4,410,601	\$ -	\$ -	\$ 4,410,601
Sales taxes	2,662,098	-	746,820	3,408,918
Franchise fees	838,423	-	-	838,423
Public improvement fees	1,084,891	-	-	1,084,891
Licenses and permits	3,284,590	-	-	3,284,590
Fines and forfeitures	313,289	-	32,968	346,257
Charges for services	2,884,649	-	-	2,884,649
Investment earnings	22,346	9,693	6,623	38,662
Intergovernmental	891,881	1,752,394	20,034	2,664,309
Other revenue	32,635	-	879,000	911,635
Total Revenues	16,425,403	1,762,087	1,685,445	19,872,935
Expenditures				
Current:				
General government	4,196,323	-	-	4,196,323
Permit and inspections	1,624,519	-	-	1,624,519
Public safety	3,468,487	-	21,694	3,490,181
Public works	3,146,114	-	-	3,146,114
Planning and development	166,260	-	-	166,260
Capital Outlay	13,049,189	2,088,588	525	15,138,302
Debt Service:				
Principal	42,405	-	-	42,405
Interest and fiscal charges	73,795	-	-	73,795
Total Expenditures	25,767,092	2,088,588	22,219	27,877,899
Excess (Deficiency) of Revenues Over (Under) Expenditures	(9,341,689)	(326,501)	1,663,226	(8,004,964)
Other Financing Sources (Uses)				
Loan proceeds	8,900,000	-	-	8,900,000
Transfers in	1,179,724	297,750	-	1,477,474
Transfers (out)	-	-	(372,750)	(372,750)
Total Other Financing Sources (Uses)	10,079,724	297,750	(372,750)	10,004,724
Net Change in Fund Balances	738,035	(28,751)	1,290,476	1,999,760
Beginning fund balances	6,729,672	4,039,013	2,133,556	12,902,241
Ending Fund Balances	\$ 7,467,707	\$ 4,010,262	\$ 3,424,032	\$ 14,902,001

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, 2021

Net changes in fund balances - total governmental funds \$ 1,999,760

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	(3,863,857)
Capital outlay	15,012,301
Disposals	(26,392)

Capital assets for governmental funds contributed by business-type funds are recorded as transfers in the Statement of Activities. 82,631

Capital contributions by developers are not recorded in governmental funds as the contributions do not represent current financial resources. 17,593,747

Revenues in the Statement of Activities that do not provide current financial resources are not reported as revenues in the funds. 13,808

The issuance of long-term debt (e.g., bonds, notes, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.

Note payable	(8,900,000)
Principal expenditures	42,405

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	7,798
Change in deferred outflows - pensions	47,711
Change in deferred inflows - pensions	15,060

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. (53,434)

Compensated absences

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. 23,841

Change in Net Position of Governmental Activities \$ 21,995,379

See Notes to Financial Statements.

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CITY OF FULSHEAR, TEXAS

STATEMENT OF NET POSITION

PROPRIETARY FUNDS

September 30, 2021

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Vehicle Replacement
<u>Assets</u>		
Current assets:		
Cash and equity in pooled cash	\$ 5,098,420	\$ 368,476
Receivables, net	1,123,676	-
Restricted cash and equity in pooled cash	4,140,551	-
Total Current Assets	10,362,647	368,476
Noncurrent assets:		
Capital assets:		
Land	907,147	-
Buildings	110,372	-
Utility system	92,751,705	-
Machinery and equipment	262,893	472,409
Less accumulated depreciation	(14,631,954)	(159,356)
Total Capital Assets,		
Net of Accumulated Depreciation	79,400,163	313,053
Total Noncurrent Assets	79,400,163	313,053
Total Assets	89,762,810	681,529
<u>Liabilities</u>		
Current liabilities:		
Accounts payable	808,834	32,589
Customer deposits	334,356	-
Total Current Liabilities	1,143,190	32,589
Total Liabilities	1,143,190	32,589
<u>Net Position</u>		
Net investment in capital assets	79,400,163	313,053
Restricted for capital projects	3,806,195	-
Unrestricted	5,413,262	335,887
Total Net Position	\$ 88,619,620	\$ 648,940

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, 2021

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Vehicle Replacement
<u>Operating Revenues</u>		
Charges for services	\$ 12,351,533	\$ 153,126
Other revenues	187,945	-
Total Operating Revenues	12,539,478	153,126
<u>Operating Expenses</u>		
Supplies	162,180	-
Contractual services	1,749,274	-
Utilities	464,337	-
Repairs and maintenance	1,268,365	-
Other operating expenses	4,402,592	-
Depreciation	2,277,231	94,482
Total Operating Expenses	10,323,979	94,482
Operating Income	2,215,499	58,644
<u>Nonoperating Revenues</u>		
Investment earnings	22,516	905
Sale of capital asset	-	32,080
Total Nonoperating Revenues	22,516	32,985
Income Before Contributions and Transfers	2,238,015	91,629
<u>Contributions and Transfers</u>		
Capital contributions	10,237,389	82,631
Transfers in	200,000	-
Transfers (out)	(1,304,724)	-
Total Contributions and Transfers	9,132,665	82,631
Change in Net Position	11,370,680	174,260
Beginning net position	77,248,940	474,680
Ending Net Position	\$ 88,619,620	\$ 648,940

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, 2021

	Business-Type Activities	Governmental Activities
	Water and Wastewater	Vehicle Replacement
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 12,336,838	\$ 153,126
Payments to suppliers	(8,411,095)	32,589
Net Cash Provided by Operating Activities	3,925,743	185,715
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers in	200,000	-
Transfers (out)	(1,304,724)	-
Net Cash (Used) for Noncapital Financing Activities	(1,104,724)	-
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	(487,032)	(162,270)
Sales of capital assets	-	32,080
Net Cash (Used) by Capital and Related Financing Activities	(487,032)	(130,190)
<u>Cash Flows from Investing Activities</u>		
Interest on investments	22,516	905
Net Cash Provided by Investing Activities	22,516	905
Net Increase in Cash and Cash Equivalents	2,356,503	56,430
Beginning cash and cash equivalents	6,882,468	312,046
Ending Cash and Cash Equivalents	\$ 9,238,971	\$ 368,476
Unrestricted cash and equity in pooled cash	\$ 5,098,420	\$ 368,476
Restricted cash and equity in pooled cash	4,140,551	-
Total Cash and Equity in Pooled Cash	\$ 9,238,971	\$ 368,476

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, 2021

	<u>Business-Type Activities</u>	<u>Governmental Activities</u>
	<u>Water and Wastewater</u>	<u>Vehicle Replacement</u>
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities		
Operating income	\$ 2,215,499	\$ 58,644
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation	2,277,231	94,482
Changes in Operating Assets and Liabilities:		
(Increase) Decrease in:		
Accounts receivable	(255,051)	-
Increase (Decrease) in:		
Accounts payable and accrued liabilities	(364,347)	32,589
Customer deposits	52,411	-
	<u>3,925,743</u>	<u>185,715</u>
Net Cash Provided by Operating Activities	\$ 3,925,743	\$ 185,715
Noncash Capital Activities:		
Capital assets contributed during the year	<u>\$ 10,237,389</u>	<u>\$ 82,631</u>

See Notes to Financial Statements.

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CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS
For the Year Ended September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of Fulshear, Texas City (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, 2021

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 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, 2021

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 *capital projects fund* is used to account for the expenditures of resources accumulated for capital improvement projects. The capital projects fund is 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 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, 2021

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, 2021

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, 2021

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 assets 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 assets 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, 2021

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, 2021

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.

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 collected based on rates adopted in the year of the levy. The 2020 tax levy was used to finance the City's 2021 fiscal year. Assessed values are determined as of January 1 of each year. Taxes are levied around October and are due upon receipt. Taxes are delinquent the following February 1. Penalty and interest attach thereafter.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles except the capital projects fund, which adopts a project length budget. The original budget is adopted by the

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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, 2021.

Expenditures exceeded appropriations at the legal level of control as follows:

Funds	Variance
Child Safety	\$ 160
Police Department Donation	\$ 12,034

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, 2021, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity in (Years)	Rating
Certificates of deposit	\$ 983,738	0.23	AA+
Municipal and state bonds	2,653,275	1.45	AA
Debt securities	1,995,598	2.18	AA
Texas CLASS	18,277,153	0.15	AAAm
United States treasury note	1,527,422	1.83	AA+
Total Fair Value	\$ 25,437,186		
Portfolio weighted average maturity		0.55	

Fair Value

The City categorizes its fair value measurements within a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.

Level 2 inputs are inputs other than quoted prices included within Level 1 that are observable for an asset or liability, either directly or indirectly.

Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Fair value is measured in a manner consistent with one of the three approaches: market approach, cost approach, and the income approach. The valuation methodology used is based upon whichever technique is the most appropriate and provides the best representation of fair value for that particular asset or liability. The market approach uses prices and other relevant information generated by market transactions involving identical or comparable assets, liabilities, or groups of assets and liabilities. The cost approach reflects the amount that would be required to replace the present service capacity of an asset. The income approach converts future amounts, such as cash flows, to a single current (discounted) amount.

As of September 30, 2021, the City had the following recurring fair value measurements:

	<u>September 30, 2021</u>	<u>Fair Value Measurements Using</u>		
		<u>Quoted Prices in Active Markets for Identical</u>	<u>Significant Other Observable Inputs (Level 2)</u>	<u>Significant Unobservable Inputs (Level 3)</u>
Investments by Fair Value Level				
<u>U.S. Government Agency Bonds/Notes</u>				
Federal Home Loan Mortgage Corporation	\$ 1,995,598	\$ -	\$ 1,995,598	\$ -
Treasury Notes	1,527,422	-	1,527,422	-
Municipal Bonds	2,653,275	-	2,653,275	-
Total	<u>\$ 6,176,295</u>	<u>\$ -</u>	<u>\$ 6,176,295</u>	<u>\$ -</u>

U. S. Government agency bonds and notes and municipal bonds are classified in Level 2 of the fair value hierarchy and are valued using the market approach.

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, 2021, the City’s investments in the investment pool 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, 2021, 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 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

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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.

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.

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:

	General	Nonmajor Funds	Water and Wastewater	Total
Property taxes	\$ 54,773	\$ -	\$ -	\$ 54,773
Other taxes	638,438	324,634	-	963,072
Accounts	176,296	-	1,129,943	1,306,239
Intergovernmental	3,005	-	-	3,005
Other	1,136	1,136	-	2,272
Less allowance	(3,476)	-	(6,268)	(9,744)
	<u>\$ 870,172</u>	<u>\$ 325,770</u>	<u>\$ 1,123,675</u>	<u>\$ 2,319,617</u>

	Fulshear Development Corporation	City of Fulshear Development Corporation
Other taxes	\$ 271,922	\$ 271,922
Other	2,273	162
	<u>\$ 274,195</u>	<u>\$ 272,084</u>

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 3,210,109	\$ 1,101,081	\$ -	\$ 4,311,190
Construction in progress	-	13,697,637	-	13,697,637
Total capital assets not being depreciated	3,210,109	14,798,718	-	18,008,827
Other capital assets				
Infrastructure	90,153,180	17,586,243	-	107,739,423
Buildings and improvements	904,034	9,644	(102,844)	810,834
Machinery and equipment	2,109,262	294,074	(104,133)	2,299,203
Total other capital assets	93,166,476	17,889,961	(206,977)	110,849,460
Less accumulated depreciation for:				
Infrastructure	(12,674,455)	(3,591,314)	-	(16,265,769)
Buildings and improvements	(590,953)	(22,972)	82,275	(531,650)
Machinery and equipment	(1,149,918)	(249,571)	98,310	(1,301,179)
Total accumulated depreciation	(14,415,326)	(3,863,857)	180,585	(18,098,598)
Other capital assets, net	78,751,150	14,026,104	(26,392)	92,750,862
Governmental Activities				
Capital Assets, Net	\$ 81,961,259	\$ 14,026,104	\$ (26,392)	110,759,689
			Less associated debt	(8,857,595)
			Net Investment in Capital Assets	\$ 101,902,094

Depreciation was charged to governmental functions as follows:

General government	\$ 41,017
Permits and inspections	5,517
Public safety	138,721
Public works	3,678,602
Total Governmental Activities Depreciation Expense	\$ 3,863,857

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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>
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 526,082	\$ -	\$ -	\$ 526,082
Construction in progress	-	381,065	-	381,065
Total capital assets not being depreciated	<u>526,082</u>	<u>381,065</u>	<u>-</u>	<u>907,147</u>
Other capital assets				
Water and sewer system	82,408,349	10,343,356	-	92,751,705
Buildings and improvements	110,372	-	-	110,372
Machinery and equipment	262,893	-	-	262,893
Total other capital assets	<u>82,781,614</u>	<u>10,343,356</u>	<u>-</u>	<u>93,124,970</u>
Less accumulated depreciation for:				
Water and sewer system	(12,141,649)	(2,255,918)	-	(14,397,567)
Buildings and improvements	(88,650)	(2,759)	-	(91,409)
Machinery and equipment	(124,424)	(18,554)	-	(142,978)
Total accumulated depreciation	<u>(12,354,723)</u>	<u>(2,277,231)</u>	<u>-</u>	<u>(14,631,954)</u>
Other capital assets, net	<u>70,426,891</u>	<u>8,066,125</u>	<u>-</u>	<u>78,493,016</u>
Business-Type Activities				
Capital Assets, Net	<u>\$ 70,952,973</u>	<u>\$ 8,066,125</u>	<u>\$ -</u>	<u>\$ 79,400,163</u>
Net Investment in Capital Assets				<u>\$ 79,400,163</u>

Depreciation expense for business-type functions was \$2,277,231.

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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>
Governmental Activities:					
Note payable	\$ -	\$ 8,900,000	\$ (42,405)	\$ 8,857,595 *	\$ 177,145
Other liabilities:					
Compensated absences	\$ 202,602	\$ 181,612	\$ (128,178)	\$ 256,036	\$ 230,432
Net pension liability	188,249	-	(7,798)	180,451	-
Total Governmental Activities	<u>\$ 390,851</u>	<u>\$ 9,081,612</u>	<u>\$ (178,381)</u>	<u>\$ 9,294,082</u>	<u>\$ 407,577</u>
				<u>\$ 8,886,505</u>	
				<u>\$ 8,857,595</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, net pension liability, and principal and interest payments on note are liquidated by the general fund.

Long term debt at year end was comprised of the following note payable:

<u>Description</u>	<u>Interest Rate Payable</u>	<u>Amount Original Issue</u>	<u>Balance</u>
<u>Governmental Activities</u>			
Note Payable - Bancorp South Bank	* 3.25%	<u>\$ 8,900,000</u>	<u>\$ 8,857,595</u>
*Rate for first ten years of note			

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

The annual requirements to amortize the note payable outstanding at year-end were as follows (based on the interest rate of 3.25%):

Fiscal Year Ending Sept. 30	Total Principal Due	Total Interest Due	Total Due
2022	\$ 177,145	\$ 287,657	\$ 464,802
2023	185,432	279,369	464,801
2024	191,549	273,250	464,799
2025	197,868	266,932	464,800
2026	204,394	260,406	464,800
2027-2031	1,127,851	1,196,147	2,323,998
2032-2036	1,327,328	996,674	2,324,002
2037-2041	1,561,190	762,812	2,324,002
2042-2046	1,836,256	487,746	2,324,002
2047-2051	2,048,582	164,531	2,213,113
Total	\$ 8,857,595	\$ 4,975,524	\$ 13,833,119

New Debt

On June 18, 2021, the City issued a note payable (the “Note”) in the amount of \$8,900,000 to help finance the purchase and remodel of facilities for the future City hall. The Note carries an interest rate of 3.25% for the first ten years and is for the total term of thirty years. The City makes monthly installments on the Note, which will be payable in full in June of 2051.

E. Interfund Receivables, Payables, and Transfers

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

Transfer Out	Transfer In	Amounts
Water and wastewater	General	\$ 1,179,724
Nonmajor governmental	Capital projects	172,750
Nonmajor governmental	Water and wastewater	200,000
Water and wastewater	Capital projects	125,000
		<u>\$ 1,677,474</u>

- The water and wastewater fund transferred funds to the general fund and nonmajor capital projects fund to contribute towards the costs of various projects.
- The nonmajor regional park and county assistance district no. 7 nonmajor funds transferred funds to the water and wastewater fund and to the nonmajor capital projects fund to contribute towards the costs of related projects.

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

F. Restricted Assets

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

	General	Water and Wastewater
Restricted for:		
Customer deposits	\$ 20,100	\$ 334,356
Contractual capital reserve	-	3,806,195
Total Restricted Assets	\$ 20,100	\$ 4,140,551

G. Fund Equity

As of September 30, 2021, \$152,424 of the City's total fund balance/net position is restricted by enabling legislation.

H. Restatement of Net Position

The City previously recorded accounts receivable from Fort Bend County for funds related to reimbursement of COVID-19 expenditures. Due to timing differences of the payments, accounts receivable was overstated. Accordingly, the beginning net position for governmental activities and beginning fund balance for the general fund has been restated to reflect the change.

	General	Governmental Activities
Beginning fund balance/net position as reported	\$ 7,191,896	\$ 95,431,797
Restate accounts receivable	(462,224)	(462,224)
Restated Beginning Fund Balance/Net Position	\$ 6,729,672	\$ 94,969,573

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

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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.

The continued spread of the COVID-19 pandemic has given a rise in uncertainties that may have a 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 effect on the financial markets, and (iv) the effect on the economy overall, all of which are unknown at this time.

Interlocal Agreement

On January 22, 2018, the 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/City 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/City 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.

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 of Texas. 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 of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report that can be obtained at www.tmr.com.

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

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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:

	2021	2020
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

Employees Covered by Benefit Terms

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	3
Inactive employees entitled to, but not yet receiving, benefits	23
Active employees	62
Total	88

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 7.26 percent and 7.69 percent in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the fiscal year ended September 30, 2021 were \$369,240 which were greater than the required contributions.

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2020 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, 2020, 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 adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The postretirement 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 weighing the expected future real rates of return by the target allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive).

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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%
Total	100.0%	

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 TMRS fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL

Changes in the NPL

	<u>Primary Government</u>		
	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability (A)</u>	<u>Plan Fiduciary Net Position (B)</u>	<u>Net Pension Liability (A) - (B)</u>
Changes for the year:			
Service cost	\$ 575,445	\$ -	\$ 575,445
Interest	175,040	-	175,040
Changes in current period benefits	-	-	-
Difference between expected and actual experience	18,149	-	18,149
Changes in assumptions	-	-	-
Contributions - employer	-	320,909	(320,909)
Contributions - employee	-	292,104	(292,104)
Net investment income	-	164,517	(164,517)
Benefit payments, including refunds of employee contributions	(70,019)	(70,019)	-
Administrative expense	-	(1,057)	1,057
Other changes	-	(41)	41
Net Changes	698,615	706,413	(7,798)
Balance at December 31, 2019	2,340,468	2,152,219	188,249
Balance at December 31, 2020	\$ 3,039,083	\$ 2,858,632	\$ 180,451

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 696,674	\$ 180,451	\$ (241,167)

Pension Plan Fiduciary Net Position

Detailed information about the TMRS fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmrs.com.

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

For the fiscal year ended September 30, 2021, the City recognized pension expense of \$298,683.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 48,271	\$ 82,349
Changes in actuarial assumptions	19,541	-
Difference between projected and actual investment earnings	-	57,274
Contributions subsequent to the measurement date	278,495	-
Total	\$ 346,307	\$ 139,623

\$278,495 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, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Fiscal Year Ended September 30	Pension Expense
2022	\$ (15,492)
2023	(7,480)
2024	(32,221)
2025	(8,611)
2026	(10,909)
Thereafter	2,902
Total	\$ (71,811)

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

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

Benefits

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).

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 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 2021 was \$471, which equaled the required contribution amount.

Based on the net position effect of \$91,367 (total OPEB liability of \$77,760 as of the measurement date of December 31, 2020), 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.

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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:

2022	<u>\$ 108,425</u>
Total	<u>\$ 108,425</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.

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 Cross Creek Ranch 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, 2021, the CCR Reserve Account had a balance of \$3,806,195.

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.

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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

Entity	Final Year of Agreement Term*	Fiscal Year 2021 Expenditures
Fulshear MUD No. 1	2048	\$ 114,836
Fort Bend County MUD No. 170	2045	148,383
Fort Bend County MUD No. 171	2040	214,642
Fort Bend County MUD No. 172	2044	387,628
Fort Bend County MUD No. 173	2047	282,765
		\$ 1,148,254

* 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 a 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, 2021, the City received \$879,000 in regional park fees.

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 (the “Tract”) 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 \$286,139 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 2021, the City recognized expenditures of \$44,042 related to this Agreement.

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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 2021, the City recognized expenditures of \$116,232 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.

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>
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 2021, the City recognized expenditures of \$20,000 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

CITY OF FULSHEAR, TEXAS
NOTES TO FINANCIAL STATEMENTS (Continued)
For the Year Ended September 30, 2021

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.

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>
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 2021, the City recognized expenditures of \$20,000 related to this Agreement.

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, 2021

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
	<u>Original Budget</u>	<u>Budget as Amended</u>		
Revenues				
Property taxes	\$ 4,525,993	\$ 4,525,993	\$ 4,410,601	\$ (115,392)
Sales taxes	1,448,662	1,448,662	2,662,098	1,213,436
Franchise fees	690,000	690,000	838,423	148,423
Public improvement fees	450,000	1,000,000	1,084,891	84,891
Licenses and permits	1,786,081	3,036,081	3,284,590	248,509
Fines and forfeitures	253,800	253,800	313,289	59,489
Charges for services	1,488,736	2,603,736	2,884,649	280,913
Investment earnings	75,502	75,502	22,346	(53,156)
Intergovernmental	415,000	476,616	891,881	415,265
Other revenue	104,000	104,000	32,635	(71,365)
Total Revenues	<u>11,237,774</u>	<u>14,214,390</u>	<u>16,425,403</u>	<u>2,211,013</u>
Expenditures				
Current:				
General government	5,386,559	5,575,659	4,196,323	1,379,336
Permits and inspection	1,610,693	1,410,693	1,624,519	(213,826)
Public safety	3,032,348	3,504,162	3,468,487	35,675
Public works	3,187,570	3,187,570	3,146,114	41,456
Planning and development	260,060	260,060	166,260	93,800
Capital outlay	162,800	4,216,696	13,049,189	(8,832,493)
Debt Service:				
Principal	-	42,405	42,405	-
Interest and fiscal charges	-	73,795	73,795	-
Total Expenditures	<u>13,640,030</u>	<u>18,271,040</u>	<u>25,767,092</u>	<u>(7,496,052) *</u>
(Deficiency) of Revenues (Under) Expenditures	<u>(2,402,256)</u>	<u>(4,056,650)</u>	<u>(9,341,689)</u>	<u>(5,285,039)</u>
Other Financing Sources (Uses)				
Loan proceeds	-		8,900,000	8,900,000
Transfers in	1,711,698	1,711,698	1,179,724	(531,974)
Transfers (out)	(2,455,250)	(2,990,850)	-	2,990,850
Total Other Financing Sources (Uses)	<u>(743,552)</u>	<u>(1,279,152)</u>	<u>10,079,724</u>	<u>11,358,876</u>
Net Change in Fund Balance	<u>\$ (3,145,808)</u>	<u>\$ (5,335,802)</u>	738,035	<u>\$ 6,073,837</u>
Beginning fund balance			<u>6,729,672</u>	
Ending Fund Balance			<u>\$ 7,467,707</u>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. *The financed portion of a building the City purchased was not budgeted for; however, the financing transaction was approved by Council, and the loan proceeds offsets the unbudgeted portion of the building purchase.

CITY OF FULSHEAR, TEXAS

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended September 30, 2021

	Measurement Year*			
	2014	2015	2016	2017
Total Pension Liability				
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)
Net Change in Total Pension Liability	161,693	194,207	275,088	455,289
Beginning total pension liability	292,846	454,539	648,746	923,834
Ending Total Pension Liability	<u>\$ 454,539</u>	<u>\$ 648,746</u>	<u>\$ 923,834</u>	<u>\$ 1,379,123</u>
Plan Fiduciary Net Position				
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)
Net Change in Plan Fiduciary Net Position	126,681	151,496	259,201	385,763
Beginning plan fiduciary net position	168,333	295,014	446,510	705,711
Ending Plan Fiduciary Net Position	<u>\$ 295,014</u>	<u>\$ 446,510</u>	<u>\$ 705,711</u>	<u>\$ 1,091,474</u>
Net Pension Liability	<u>\$ 159,525</u>	<u>\$ 202,236</u>	<u>\$ 218,123</u>	<u>\$ 287,649</u>
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	64.90%	68.83%	76.39%	79.14%
Covered Payroll	\$ 1,375,366	\$ 1,718,999	\$ 2,376,331	\$ 2,972,266
Net Pension Liability as a Percentage of Covered Payroll	11.60%	11.76%	9.18%	9.68%

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

Measurement Year*		
2018	2019	2020
\$ 426,439	\$ 521,639	\$ 575,445
104,412	131,826	175,040
-	-	-
(115,830)	(8,488)	18,149
-	14,328	-
<u>(90,991)</u>	<u>(21,990)</u>	<u>(70,019)</u>
324,030	637,315	698,615
<u>1,379,123</u>	<u>1,703,153</u>	<u>2,340,468</u>
<u>\$ 1,703,153</u>	<u>\$ 2,340,468</u>	<u>\$ 3,039,083</u>
\$ 229,320	\$ 291,914	\$ 320,909
210,661	257,690	292,104
(32,888)	218,958	164,517
(90,991)	(21,990)	(70,019)
(632)	(1,229)	(1,057)
<u>(31)</u>	<u>(37)</u>	<u>(41)</u>
315,439	745,306	706,413
<u>1,091,474</u>	<u>1,406,913</u>	<u>2,152,219</u>
<u>\$ 1,406,913</u>	<u>\$ 2,152,219</u>	<u>\$ 2,858,632</u>
<u>\$ 296,240</u>	<u>\$ 188,249</u>	<u>\$ 180,451</u>
82.61%	91.96%	94.06%
\$ 3,009,448	\$ 3,681,290	\$ 4,172,913
9.84%	5.11%	4.32%

CITY OF FULSHEAR, TEXAS
SCHEDULE OF CONTRIBUTIONS
TEXAS MUNICIPAL RETIREMENT SYSTEM
For the Year Ended September 30, 2021

	Fiscal Year			
	2012	2013	2014	2015
Actuarially determined contribution	\$ 11,801	\$ 8,826	\$ 39,619	\$ 69,687
Contributions in relation to the actuarially determined contribution	11,801	8,826	39,619	69,687
Contribution deficiency (excess)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 583,368	\$ 703,095	\$ 870,232	\$ 1,568,017
Contributions as a percentage of covered payroll	2.02%	1.26%	4.55%	4.44%

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	24 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 December 31, 2014 - December 31, 2018.
Mortality	Postretirement 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.

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ 105,268	\$ 148,255	\$ 201,087	\$ 270,698	\$ 313,516	\$ 346,680
<u>105,268</u>	<u>148,255</u>	<u>201,087</u>	<u>270,698</u>	<u>313,516</u>	<u>369,240</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ (22,560)</u>
\$ 2,155,862	\$ 2,779,644	\$ 3,025,711	\$ 3,445,477	\$ 4,044,113	\$ 4,705,312
4.88%	5.33%	6.65%	7.86%	7.75%	7.85%

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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. 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

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

CITY OF FULSHEAR, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
September 30, 2021

	Special Revenue Funds			
	Regional Park	Fort Bend County Assistance District #7	Municipal Court Technology	Municipal Court Building Security
Assets				
Cash and cash equivalents	\$ 2,030,891	\$ 669,170	\$ 70,710	\$ 58,390
Accounts receivable	1,136	324,634	-	-
Total Assets	\$ 2,032,027	\$ 993,804	\$ 70,710	\$ 58,390
Liabilities				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Total Liabilities	-	-	-	-
Fund Balances				
Restricted for:				
Regional park	2,032,027	-	-	-
County Assistance District #7	-	993,804	-	-
Enabling legislation	-	-	70,710	58,390
Public safety	-	-	-	-
Total Fund Balances	2,032,027	993,804	70,710	58,390
Total Liabilities and Fund Balances	\$ 2,032,027	\$ 993,804	\$ 70,710	\$ 58,390

Special Revenue Funds

Judicial Efficiency	Child Safety	Police Department Donation	Federal Seizure	State Seizure	Total Nonmajor Governmental Funds
\$ 4,052	\$ 19,781	\$ 7,519	\$ 115,569	\$ 122,689	\$ 3,098,771
-	-	-	-	-	325,770
<u>\$ 4,052</u>	<u>\$ 19,781</u>	<u>\$ 7,519</u>	<u>\$ 115,569</u>	<u>\$ 122,689</u>	<u>\$ 3,424,541</u>
\$ -	\$ 509	\$ -	\$ -	\$ -	\$ 509
-	509	-	-	-	509
-	-	-	-	-	2,032,027
-	-	-	-	-	993,804
4,052	19,272	-	-	-	152,424
-	-	7,519	115,569	122,689	245,777
<u>4,052</u>	<u>19,272</u>	<u>7,519</u>	<u>115,569</u>	<u>122,689</u>	<u>3,424,032</u>
<u>\$ 4,052</u>	<u>\$ 19,781</u>	<u>\$ 7,519</u>	<u>\$ 115,569</u>	<u>\$ 122,689</u>	<u>\$ 3,424,541</u>

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, 2021

	<u>Special Revenue Funds</u>			
	<u>Regional Park</u>	<u>Fort Bend County Assistance District #7</u>	<u>Municipal Court Technology</u>	<u>Municipal Court Building Security</u>
Revenues				
Sales tax	\$ -	\$ 746,820	\$ -	\$ -
Fines and forfeitures	-	-	10,359	12,449
Investment earnings	3,834	1,822	168	133
Intergovernmental	-	-	-	-
Other revenue	879,000	-	-	-
Total Revenues	<u>882,834</u>	<u>748,642</u>	<u>10,527</u>	<u>12,582</u>
Expenditures				
Public safety	-	-	-	-
Capital outlay	525	-	-	-
Total Expenditures	<u>525</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>882,309</u>	<u>748,642</u>	<u>10,527</u>	<u>12,582</u>
Other Financing Sources (Uses)				
Transfers (out)	(12,500)	(360,250)	-	-
Total Other Financing Sources (Uses)	<u>(12,500)</u>	<u>(360,250)</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	869,809	388,392	10,527	12,582
Beginning fund balances	1,162,218	605,412	60,183	45,808
Ending Fund Balances	<u>\$ 2,032,027</u>	<u>\$ 993,804</u>	<u>\$ 70,710</u>	<u>\$ 58,390</u>

Special Revenue Funds

Judicial Efficiency	Child Safety	Police Department Donation	Federal Seizure	State Seizure	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 746,820
15	10,145	-	-	-	32,968
11	38	-	299	318	6,623
-	-	20,034	-	-	20,034
-	-	-	-	-	879,000
<u>26</u>	<u>10,183</u>	<u>20,034</u>	<u>299</u>	<u>318</u>	<u>1,685,445</u>
-	1,660	20,034	-	-	21,694
-	-	-	-	-	525
-	<u>1,660</u>	<u>20,034</u>	-	-	<u>22,219</u>
<u>26</u>	<u>8,523</u>	-	<u>299</u>	<u>318</u>	<u>1,663,226</u>
-	-	-	-	-	(372,750)
-	-	-	-	-	(372,750)
26	8,523	-	299	318	1,290,476
<u>4,026</u>	<u>10,749</u>	<u>7,519</u>	<u>115,270</u>	<u>122,371</u>	<u>2,133,556</u>
<u>\$ 4,052</u>	<u>\$ 19,272</u>	<u>\$ 7,519</u>	<u>115,569</u>	<u>\$ 122,689</u>	<u>\$ 3,424,032</u>

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, 2021

Regional Park

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 1,250	\$ 1,250	\$ 3,834	\$ 2,584
Other revenue	200,000	200,000	879,000	679,000
Total Revenues	201,250	201,250	882,834	681,584
Expenditures				
Capital outlay	200,000	200,000	525	199,475
Excess of Revenues Over Expenditures	1,250	1,250	882,309	881,059
Other Financing Sources (Uses)				
Transfers (out)	(12,500)	(12,500)	(12,500)	-
Total Other Financing (Uses)	(12,500)	(12,500)	(12,500)	-
Net Change in Fund Balance	\$ (11,250)	\$ (11,250)	869,809	\$ 881,059
Beginning fund balance			1,162,218	
Ending Fund Balance			\$ 2,032,027	

Fort Bend County Assistance District #7

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Sales tax	\$ 200,000	\$ 200,000	\$ 746,820	\$ 546,820
Investment earnings	5,000	5,000	1,822	(3,178)
Total Revenues	205,000	205,000	748,642	543,642
Excess of Revenues Over Expenditures	205,000	205,000	748,642	543,642
Other Financing Sources (Uses)				
Transfers (out)	(360,250)	(360,250)	(360,250)	-
Total Other Financing (Uses)	(360,250)	(360,250)	(360,250)	-
Net Change in Fund Balance	\$ (155,250)	\$ (155,250)	388,392	\$ 543,642
Beginning fund balance			605,412	
Ending Fund Balance			\$ 993,804	

Note to Supplementary Information:

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

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, 2021

Municipal Court Technology

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 4,000	\$ 4,000	\$ 10,359	\$ 6,359
Investment earnings	400	400	168	(232)
Total Revenues	4,400	4,400	10,527	6,127
Expenditures				
Public safety	11,000	11,000	-	11,000
Capital outlay	11,000	11,000	-	11,000
Total Expenditures	22,000	22,000	-	22,000
Net Change in Fund Balance	\$ (17,600)	\$ (17,600)	10,527	\$ 28,127
Beginning fund balance			60,183	
			Ending Fund Balance	\$ 70,710

Municipal Court Building Security

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 3,200	\$ 3,200	\$ 12,449	\$ 9,249
Investment earnings	300	300	133	(167)
Total Revenues	3,500	3,500	12,582	9,082
Expenditures				
Public safety	15,000	15,000	-	15,000
Capital outlay	15,000	15,000	-	15,000
Total Expenditures	30,000	30,000	-	30,000
Net Change in Fund Balance	\$ (26,500)	\$ (26,500)	12,582	\$ 39,082
Beginning fund balance			45,808	
			Ending Fund Balance	\$ 58,390

Note to Supplementary Information:

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

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, 2021

Judicial Efficiency				
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive Negative (Negative)
Revenues				
Fines and forfeitures	\$ 100	\$ 100	\$ 15	\$ (85)
Investment earnings	50	50	11	(39)
Total Revenues	150	150	26	(124)
Expenditures				
Public safety	2,000	2,000	-	2,000
Net Change in Fund Balance	\$ (1,850)	\$ (1,850)	26	\$ 1,876
Beginning fund balance			4,026	
		Ending Fund Balance	\$ 4,052	

Child Safety				
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive Negative (Negative)
Revenues				
Fines and forfeitures	\$ 2,500	\$ 2,500	\$ 10,145	\$ 7,645
Investment earnings	100	100	38	(62)
Total Revenues	2,600	2,600	10,183	7,583
Expenditures				
Public safety	1,500	1,500	1,660	(160) *
Net Change in Fund Balance	\$ 1,100	\$ 1,100	8,523	\$ 7,423
Beginning fund balance			10,749	
		Ending Fund Balance	\$ 19,272	

Note to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principals (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

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, 2021

Police Department Donation				Variance
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 200	\$ 200	\$ -	\$ (200)
Intergovernmental revenues	2,000	2,000	20,034	18,034
Total Revenues	2,200	2,200	20,034	17,834
Expenditures				
Public safety	8,000	8,000	20,034	(12,034) *
Net Change in Fund Balance	\$ (5,800)	\$ (5,800)	-	\$ 5,800
Beginning fund balance			7,519	
		Ending Fund Balance	\$ 7,519	

Federal Seizure				Variance
	Original Budgeted Amounts	Final Budgeted Amounts	Actual	with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 1,500	\$ 1,500	\$ 299	\$ (1,201)
Total Revenues	1,500	1,500	299	(1,201)
Expenditures				
Public safety	20,000	20,000	-	20,000
Net Change in Fund Balance	\$ (18,500)	\$ (18,500)	299	\$ 18,799
Beginning fund balance			115,270	
		Ending Fund Balance	\$ 115,569	

Note to Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principals (GAAP).
2. *Expenditures exceeded appropriations at the legal level of control.

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, 2021

		State Seizure			
		Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive Negative (Negative)
Revenues					
Investment earnings		\$ 100	\$ 100	\$ 318	\$ 218
Total Revenues		100	100	318	218
Expenditures					
Public safety		3,000	3,000	-	3,000
Net Change in Fund Balance		\$ (2,900)	\$ (2,900)	318	\$ 3,218
Beginning fund balance				122,371	
	Ending Fund Balance			\$ 122,689	

Note to Supplementary Information:

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

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

For the Year Ended September 30, 2021

Capital Projects

	Original Budgeted Amounts	Final Budgeted Amounts	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Investment earnings	\$ 12,000	\$ 12,000	\$ 9,693	\$ (2,307)
Intergovernmental	500,000	500,000	1,752,394	1,252,394
Total Revenues	<u>512,000</u>	<u>512,000</u>	<u>1,762,087</u>	<u>1,250,087</u>
Expenditures				
Capital outlay	4,121,000	4,121,000	2,088,588	2,032,412
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(3,609,000)</u>	<u>(3,609,000)</u>	<u>(326,501)</u>	<u>3,282,499</u>
Other Financing Sources				
Transfer in	3,173,500	3,173,500	297,750	(2,875,750)
Total Other Financing Sources	<u>3,173,500</u>	<u>3,173,500</u>	<u>297,750</u>	<u>(2,875,750)</u>
Net Change in Fund Balance	<u>\$ (435,500)</u>	<u>\$ (435,500)</u>	<u>(28,751)</u>	<u>\$ 406,749</u>
Beginning fund balance			4,039,013	
Ending Fund Balance			<u>\$ 4,010,262</u>	

CITY OF FULSHEAR, TEXAS
COMBINING STATEMENT OF NET POSITION
DISCRETELY PRESENTED COMPONENT UNITS
September 30, 2021

	Fulshear Development Corporation		
	General	Capital Projects	Total Governmental Funds
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 2,460,398	\$ 890,208	\$ 3,350,606
Receivables, net	274,195	-	274,195
Total Current Assets	2,734,593	890,208	3,624,801
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	-	162	162
Total Current Liabilities	-	162	162
<u>Net Position</u>			
Restricted for:			
Economic development	2,734,593	890,046	3,624,639
Total Net Position	\$ 2,734,593	\$ 890,046	\$ 3,624,639

City of Fulshear Development Corporation

<u>General</u>	<u>Capital Projects</u>	<u>Total Governmental Funds</u>
\$ 2,283,122	\$ 976,999	\$ 3,260,121
271,922	162	272,084
<u>2,555,044</u>	<u>977,161</u>	<u>3,532,205</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>-</u>	<u>-</u>	<u>-</u>
<u>2,555,044</u>	<u>977,161</u>	<u>3,532,205</u>
<u>\$ 2,555,044</u>	<u>\$ 977,161</u>	<u>\$ 3,532,205</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, 2021

	Fulshear Development Corporation		
	General	Capital Projects	Total Governmental Funds
Revenues			
Sales tax	\$ 1,304,242	\$ -	\$ 1,304,242
Investment earnings	5,675	3,435	9,110
Total Revenues	<u>1,309,917</u>	<u>3,435</u>	<u>1,313,352</u>
Expenses			
General government	206,263	838,877	1,045,140
Total Expenses	<u>206,263</u>	<u>838,877</u>	<u>1,045,140</u>
Income (Loss) Before Transfers	<u>1,103,654</u>	<u>(835,442)</u>	<u>268,212</u>
Transfers			
Transfer in	-	369,174	369,174
Transfer (out)	(369,174)	-	(369,174)
Total Transfers	<u>(369,174)</u>	<u>369,174</u>	<u>-</u>
Net Change in Net Position	734,480	(466,268)	268,212
Beginning net position	2,000,113	1,356,314	3,356,427
Total Net Position	<u>\$ 2,734,593</u>	<u>\$ 890,046</u>	<u>\$ 3,624,639</u>

City of Fulshear Development Corporation

General	Capital Projects	Total Governmental Funds
\$ 1,304,242	\$ -	\$ 1,304,242
5,217	3,660	8,877
<u>1,309,459</u>	<u>3,660</u>	<u>1,313,119</u>
206,261	838,877	1,045,138
<u>206,261</u>	<u>838,877</u>	<u>1,045,138</u>
<u>1,103,198</u>	<u>(835,217)</u>	<u>267,981</u>
-	369,174	369,174
<u>(369,174)</u>	<u>-</u>	<u>(369,174)</u>
<u>(369,174)</u>	<u>369,174</u>	<u>-</u>
734,024	(466,043)	267,981
<u>1,821,020</u>	<u>1,443,204</u>	<u>3,264,224</u>
<u>\$ 2,555,044</u>	<u>\$ 977,161</u>	<u>\$ 3,532,205</u>

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	102
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	112
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	122
<i>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.</i>	
Demographic and Economic Information	127
<i>These schedules offer demographic and economic indicators to help the reader understand</i>	
Operating Information	132
<i>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.</i>	

CITY OF FULSHEAR, TEXAS

NET POSITION BY COMPONENT

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities				
Net investment in capital assets	\$ 836,979	\$ 18,260,633	\$ 23,797,616	\$ 25,705,433
Restricted	369,611	709,984	1,156,792	1,515,599
Unrestricted	2,451,299	3,179,338	4,560,523	5,475,094
Total Governmental Activities Net Position	\$ 3,657,889	\$ 22,149,955	\$ 29,514,931	\$ 32,696,126
 Business-Type Activities				
Net investment in capital assets	\$ 10,798,612	\$ 23,563,837	\$ 30,581,919	\$ 32,998,255
Restricted	389,861	326,961	1,755,008	1,223,225
Unrestricted	363,227	1,076,677	2,692,052	3,908,853
Total Business-Type Activities Net Position	\$ 11,551,700	\$ 24,967,475	\$ 35,028,979	\$ 38,130,333
 Primary Government				
Net investment in capital assets	\$ 11,635,591	\$ 41,824,470	\$ 54,379,535	\$ 58,703,688
Restricted	759,472	1,036,945	2,911,800	2,738,824
Unrestricted	2,814,526	4,256,015	7,252,575	9,383,947
Total Primary Government Net Position	\$ 15,209,589	\$ 47,117,430	\$ 64,543,910	\$ 70,826,459

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

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

Fiscal Year

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 40,176,704	\$ 44,707,835	\$ 47,690,398	\$ 50,990,452	\$ 81,961,259	\$ 101,902,094
1,564,928	539,487	927,779	1,725,467	2,134,108	3,424,584
4,575,158	4,572,984	7,134,827	8,606,097	11,336,430	11,638,274
<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>	<u>\$ 116,964,952</u>
\$ 40,999,464	\$ 60,024,809	\$ 61,057,346	\$ 61,497,793	\$ 70,952,973	\$ 79,400,163
727,922	-	-	4,482,831	4,043,437	3,806,195
3,127,505	4,817,260	5,071,526	3,089,113	2,252,530	5,413,262
<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>	<u>\$ 88,619,620</u>
\$ 81,176,168	\$ 104,732,644	\$ 108,747,744	\$ 112,488,245	\$ 152,914,232	\$ 181,302,257
2,292,850	539,487	927,779	6,208,298	6,177,545	7,230,779
7,702,663	9,390,244	12,206,353	11,695,210	13,588,960	17,051,536
<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>	<u>\$ 205,584,572</u>

CITY OF FULSHEAR, TEXAS

CHANGES IN NET POSITION

Last Ten Years
(accrual basis of accounting)

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

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

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

Fiscal Year

	2015	2016	2017	2018	2019	2020	2021
\$	2,039,436	\$ 2,579,727	\$ 2,381,636	\$ 2,605,264	\$ 3,450,668	\$ 4,011,528	\$ 4,381,518
	528,461	322,415	814,579	957,063	929,161	1,283,592	1,633,693
	1,427,578	1,669,998	2,156,611	2,688,730	2,550,149	3,142,266	3,632,495
	1,249,674	2,150,127	3,366,308	3,547,933	5,145,507	6,613,905	6,733,998
	-	-	-	401,682	276,116	215,222	166,557
	-	-	-	-	-	-	73,795
	<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>	<u>16,622,056</u>
	<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>10,241,348</u>
	<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>10,241,348</u>
\$	<u><u>8,351,549</u></u>	<u><u>11,393,480</u></u>	<u><u>12,908,805</u></u>	<u><u>16,393,928</u></u>	<u><u>19,407,203</u></u>	<u><u>24,334,083</u></u>	<u><u>26,863,404</u></u>
\$	2,570,046	\$ 2,396,980	\$ 2,811,853	\$ 3,985,701	\$ 4,302,675	\$ 4,405,115	\$ 6,434,371
	193,757	170,117	216,794	305,589	349,532	187,935	346,257
	371,686	666,506	747,132	925,845	666,155	845,716	819,759
	29,246	28,133	268,355	267,975	500,238	1,231,506	911,915
	<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>19,346,141</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>	<u>27,858,443</u>
	<u>3,395,191</u>	<u>4,468,483</u>	<u>5,203,537</u>	<u>7,115,884</u>	<u>8,407,022</u>	<u>8,543,284</u>	<u>12,351,533</u>
	-	-	-	-	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>10,153,994</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>22,505,527</u>
\$	<u><u>12,164,962</u></u>	<u><u>28,939,051</u></u>	<u><u>32,898,858</u></u>	<u><u>18,551,600</u></u>	<u><u>21,721,281</u></u>	<u><u>58,597,617</u></u>	<u><u>50,363,970</u></u>
\$	717,741	\$ 12,105,321	\$ 116,180	\$ (246,288)	\$ (1,279,296)	\$ 24,908,677	\$ 11,236,387
	3,095,672	5,440,250	19,873,873	2,403,960	3,593,374	9,354,857	12,264,179
\$	<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>	<u>23,500,566</u>

CITY OF FULSHEAR, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

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

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

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

Fiscal Year

<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,273,932	\$ 1,574,219	\$ 1,834,115	\$ 2,155,867	\$ 2,452,597	\$ 3,886,465	\$ 4,424,409
380,718	384,885	514,470	647,039	706,927	742,168	3,408,918
665,127	689,508	827,480	1,552,395	2,068,489	2,564,696	838,423
9,527	21,867	47,221	107,636	217,509	137,711	39,567
222,988	115,358	244,036	532,474	525,421	449,135	943,715
-	(1,270,494)	(79,986)	1,183,575	877,365	1,420,929	1,103,960
<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>	<u>10,758,992</u>
5,682	13,814	33,319	77,531	158,651	116,838	22,516
-	-	-	138,496	66,205	128,437	187,945
-	1,270,494	79,986	(1,183,575)	(877,365)	(1,420,929)	(1,103,960)
<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>(893,499)</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>	<u>\$ 9,865,493</u>
\$ 3,270,033	\$ 13,620,664	\$ 3,503,516	\$ 5,932,698	\$ 5,569,012	\$ 34,109,781	\$ 21,995,379
3,101,354	6,724,558	19,987,178	1,436,412	2,940,865	8,179,203	11,370,680
<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>	<u>\$ 33,366,059</u>

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

	Fiscal Year			
	2012	2013	2014	2015
General Fund				
Nonspendable	\$ 100	\$ 100	\$ -	\$ -
Restricted	-	131,733	131,733	131,733
Unassigned	2,328,542	3,094,550	4,303,085	5,307,210
Total General Fund	<u>\$ 2,328,642</u>	<u>\$ 3,226,383</u>	<u>\$ 4,434,818</u>	<u>\$ 5,438,943</u>
 All Other Governmental Funds				
Restricted	\$ 369,611	\$ 578,251	\$ 1,025,059	\$ 1,383,866
Assigned	83,724	65,750	270,908	271,113
Total All Other Governmental Funds	<u>\$ 453,335</u>	<u>\$ 644,001</u>	<u>\$ 1,295,967</u>	<u>\$ 1,654,979</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 Annual Comprehensive Financial Report

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

Fiscal Year

2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ 55,529	\$ -
-	-	-	552	552	552
3,206,004	3,579,243	6,321,266	7,853,664	7,135,815	7,467,155
<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>	<u>\$ 7,467,707</u>
\$ 1,564,928	\$ 392,134	\$ 953,176	\$ 1,724,915	\$ 2,133,556	\$ 3,424,032
1,440,178	1,274,680	833,515	676,915	4,039,013	4,010,262
<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>	<u>\$ 7,434,294</u>

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

Last Ten Years
(modified accrual basis of accounting)

	Fiscal Year			
	2012	2013	2014	2015
Revenues				
Property taxes	\$ 581,481	\$ 747,961	\$ 966,619	\$ 1,264,271
Sales taxes	333,383	404,418	522,563	665,127
Franchise fees	128,454	173,011	197,620	380,718
Public improvement fees	74,263	181,628	531,303	345,803
Licenses and permits	661,739	1,503,252	1,401,279	1,872,346
Fines and forfeitures	98,298	129,108	159,109	193,957
Charges for services	633,747	461,282	574,811	744,125
Intergovernmental	-	-	-	-
Capital grant and contributions	21,000	-	-	-
Investment earnings	9,838	7,112	7,993	9,529
Other revenues	178,371	275,384	608,248	578,740
Total Revenues	2,720,574	3,883,156	4,969,545	6,054,616
Expenditures				
General government	788,429	972,303	1,215,147	2,014,649
Permits and inspections	-	185,015	406,484	517,507
Public safety	476,212	639,517	880,686	1,382,908
Public works	399,239	198,683	341,709	466,294
Planning and development	-	-	-	-
Capital outlay	645,940	778,667	76,363	310,121
Debt service				
Principal	42,686	19,240	8,045	-
Interest	1,789	1,324	642	-
Total Expenditures	2,354,295	2,794,749	2,929,076	4,691,479
Excess (Deficiency) of Revenues Over (Under) Expenditures	366,279	1,088,407	2,040,469	1,363,137
Other Financing Sources (Uses)				
Loan proceeds	-	-	-	-
Capital leases	24,478	-	-	-
Sale of capital assets	375	-	-	-
Transfers in	275,000	525,370	23,218	42,650
Transfers out	(275,000)	(525,370)	(280,862)	(42,650)
Total Other Financing Sources (Uses)	24,853	-	(257,644)	-
Net Change in Fund Balances	\$ 391,132	\$ 1,088,407	\$ 1,782,825	\$ 1,363,137
Debt service as a percentage of noncapital expenditures	2.60%	1.02%	0.30%	0.00%

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

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

Fiscal Year

	2016	2017	2018	2019	2020	2021
\$	1,556,311	\$ 1,857,472	\$ 2,137,299	\$ 2,494,667	\$ 3,873,300	\$ 4,410,601
	689,508	827,480	1,526,998	2,068,489	2,564,696	3,408,918
	361,528	514,470	647,039	706,927	742,168	838,423
	216,099	232,276	353,186	519,551	507,474	1,084,891
	1,731,465	1,993,927	2,759,307	2,201,606	2,422,642	3,284,590
	170,292	214,685	305,589	349,532	187,935	346,257
	1,129,918	1,344,285	1,800,981	2,071,531	2,320,715	2,884,649
	-	255,917	236,838	545,213	1,235,637	2,664,309
	-	-	-	-	-	-
	21,867	46,505	106,854	217,509	133,215	38,662
	381,027	383,996	366,797	480,446	445,004	911,635
	<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>	<u>19,872,935</u>
	2,712,933	2,430,917	2,683,837	3,177,750	3,840,529	4,196,323
	297,752	791,896	540,513	830,779	1,260,907	1,624,519
	1,579,291	2,157,402	2,367,813	2,545,850	3,041,849	3,490,181
	740,437	1,872,025	2,218,008	2,791,761	2,954,915	3,146,114
	-	-	401,682	276,522	215,596	166,260
	539,920	1,303,840	376,107	762,085	888,680	15,138,302
	-	-	-	-	-	42,405
	-	-	-	-	-	73,795
	<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>	<u>27,877,899</u>
	387,682	(885,067)	1,652,928	1,270,724	2,230,310	(8,004,964)
	-	-	-	-	-	8,900,000
	-	-	-	-	-	-
	-	-	-	-	-	-
	1,707,760	1,140,928	1,378,575	1,202,365	4,989,359	1,477,474
	(2,978,254)	(1,220,914)	(195,000)	(325,000)	(4,111,250)	(372,750)
	<u>(1,270,494)</u>	<u>(79,986)</u>	<u>1,183,575</u>	<u>877,365</u>	<u>878,109</u>	<u>10,004,724</u>
\$	<u>(882,812)</u>	<u>(965,053)</u>	<u>2,836,503</u>	<u>2,148,089</u>	<u>3,108,419</u>	<u>1,999,760</u>
	0.00%	0.00%	0.00%	0.00%	0.00%	0.90%

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

	Fiscal Year			
	2012	2013	2014	2015
One to Three Family Residences	\$ 179,105,310	\$ 265,605,630	\$ 343,235,210	\$ 551,206,916
Agriculture Value	80,912,780	78,310,890	92,420,620	86,252,280
Commercial Property	98,477,920	104,186,000	126,424,910	172,331,340
Personal Property Value	7,083,434	8,654,622	12,562,884	12,094,152
Less: Tax Exempt Property	<u>120,119,059</u>	<u>132,046,664</u>	<u>158,539,541</u>	<u>195,581,525</u>
Total Taxable Assessed Valuation	<u>\$ 245,460,385</u>	<u>\$ 324,710,478</u>	<u>\$ 416,104,083</u>	<u>\$ 626,303,163</u>
Total Direct Tax Rate	\$ 0.20592	\$ 0.20366	\$ 0.19713	\$ 0.17829

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

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 816,201,256	\$ 926,516,590	\$ 1,149,298,638	\$ 1,391,292,963	\$ 1,577,410,200	\$ 1,873,004,915
82,898,180	107,753,270	122,805,510	135,634,040	131,838,530	109,025,310
209,501,120	269,791,580	456,557,613	460,680,152	611,963,722	749,747,445
14,580,274	36,613,901	38,591,624	28,305,001	61,917,738	36,855,590
<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>632,488,088</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>	<u>\$ 2,136,145,172</u>
\$ 0.16163	\$ 0.15690	\$ 0.15869	\$ 0.16251	\$ 0.21851	\$ 0.20707

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

	Fiscal Year			
	2012	2013	2014	2015
City of Fulshear:				
Operating tax rate	\$ 0.205920	\$ 0.203660	\$ 0.197130	\$ 0.178290
Total Direct Rates	<u>\$ 0.205920</u>	<u>\$ 0.203660</u>	<u>\$ 0.197130</u>	<u>\$ 0.178290</u>
Lamar Consolidated School District	\$ 1.390050	\$ 1.390050	\$ 1.390050	\$ 1.390050
Katy Independent School District	1.526600	1.526600	1.526600	1.526600
Fort Bend County	0.480960	0.480760	0.484760	0.472760
Total Direct and Overlapping Rates	<u>\$ 3.603530</u>	<u>\$ 3.601070</u>	<u>\$ 3.598540</u>	<u>\$ 4.890300</u>
Total Assessed Valuation	<u>\$ 245,460,385</u>	<u>\$ 324,710,478</u>	<u>\$ 416,104,083</u>	<u>\$ 626,303,163</u>

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

2016	2017	2018	2019	2020	2021
\$ 0.161630	\$ 0.156900	\$ 0.158690	\$ 0.162510	\$ 0.218510	\$ 0.207070
<u>\$ 0.161630</u>	<u>\$ 0.156900</u>	<u>\$ 0.158690</u>	<u>\$ 0.162510</u>	<u>\$ 0.218510</u>	<u>\$ 0.207070</u>
\$ 1.390050	\$ 1.390050	\$ 1.390050	\$ 1.390050	\$ 1.320000	\$ 1.269100
1.516600	1.516600	1.516600	1.516600	1.443200	1.416600
0.465000	0.458000	0.453000	0.445000	0.444700	0.435876
<u>\$ 4.872540</u>	<u>\$ 4.865540</u>	<u>\$ 4.860540</u>	<u>\$ 4.852540</u>	<u>\$ 3.426410</u>	<u>\$ 3.328646</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>	<u>\$ 2,136,145,172</u>

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CITY OF FULSHEAR, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Four Years Ago*

Property Taxpayer	2021			2018		
	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation	Taxable Assessed Valuation	Rank	% of Total Assessed Valuation
CCR 21 LLC	\$ 37,347,910	1	1.75%	\$ -	N/A	0.00%
HEB Grocery Company LP	16,007,340	2	0.75%	-	N/A	0.00%
Trendmaker Homes Inc	9,284,250	3	0.43%	12,655,470	4	0.94%
Marcel Town Center	9,818,750	4	0.46%	-	N/A	0.00%
Fulshear Bend Self Storage LLC	9,700,928	5	0.45%	-	N/A	0.00%
CCR Texas Holding LP	17,372,350	6	0.81%	7,037,120	8	0.52%
Cross Creek Commons-Partnership A LP	7,973,750	7	0.37%	-	N/A	0.00%
H-E-B LP	7,325,750	8	0.34%	-	N/A	0.00%
DHK Fulshear LP	7,173,660	9	0.34%	14,357,210	3	1.07%
Fulshear Land Partners LTD	6,711,710	10	0.31%	-	N/A	0.00%
CCR Loan Subsidiary 1 LP	6,605,720	N/A	0.31%	21,094,050	2	1.57%
CCOC LLC	6,037,390	N/A	0.28%	42,799,809	1	3.18%
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	<u>141,359,508</u>		<u>6.62%</u>	<u>129,905,753</u>		<u>9.69%</u>
Other Taxpayers	<u>1,994,785,664</u>		<u>93.38%</u>	<u>1,216,032,418</u>		<u>90.31%</u>
Total	<u><u>\$ 2,136,145,172</u></u>		<u><u>100.00%</u></u>	<u><u>\$ 1,345,938,171</u></u>		<u><u>100.00%</u></u>

*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 Annual Comprehensive 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>
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%
2021	2020	\$ 0.207070	\$ 4,410,271	\$ 4,389,959	99.54%

Tax rate per \$100 assessed valuation

Source: City Finance Department and Fort Bend County Tax Office

Collected in Subsequent Years		Total Collections to Date	
Amount Collected		Amount Collected	Percentage of Levy
\$ 19,571		\$ 541,211	99.67%
\$ 15,113		\$ 672,560	99.90%
\$ 4,772		\$ 825,876	99.92%
\$ 8,693		\$ 1,201,328	99.96%
\$ 7,582		\$ 1,507,440	100.05%
\$ 18,176		\$ 1,843,016	99.94%
\$ 15,417		\$ 2,102,264	99.86%
\$ 16,310		\$ 2,447,805	99.81%
\$ 1,249		\$ 3,832,921	99.41%
\$ -		\$ 4,389,959	99.54%

CITY OF FULSHEAR, TEXAS

TAXABLE SALES BY CATEGORY

Last Ten Calendar Years

(In Thousands of Dollars)

	Calendar Year			
	2012	2013	2014	2015
Agriculture/Forestry/Fishing/Hunting	\$ -	\$ -	\$ -	\$ -
Public Administration	-	-	-	-
Admin/Support/Waste Mgmt/Remediation	356,696	512,242	736,591	717,428
Retail Trade	5,244,862	6,258,550	25,154,631	43,500,951
Education Services	-	-	8,702	6,437
Construction	134,059	84,428	594	844,183
Manufacturing	570,401	532,885	847,415	1,203,498
Mining/Quarrying/Oil and Gas Extraction	-	42,875	-	-
Wholesale Trade	27,265,231	15,877,827	1,095,103	1,311,487
Transportation/Warehousing	8,181	-	13,988	22,741
Information	-	40,235	20,036	-
Arts/Entertainment/Recreation	7,886	10,496	6,689	6,588
Real Estate/Rental/Leasing	-	6,959	497,675	1,211,971
Other Services (except Public Administration)	698,929	647,901	908,401	1,045,581
Accommodation/Food Services	6,484,729	8,810,293	9,984,358	9,998,796
Professional/Scientific/Technical Services	67,472	103,953	457,417	394,905
Total Taxable Sales	\$ 40,838,446	\$ 32,928,644	\$ 39,731,600	\$ 60,264,566
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

2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ 7,970	\$ -	\$ -	\$ -
-	565,074	898,342	1,172,402	1,972,642	\$ 448,226
717,120	797,500	836,334	918,533	846,062	313,252
45,332,799	49,982,542	67,927,896	71,327,875	79,214,445	19,142,797
-	-	34,547	84,961	130,426	48,521
3,213,700	2,705,618	4,219,686	2,694,143	4,132,118	1,183,542
821,844	1,154,776	1,168,178	1,393,917	2,433,287	296,534
-	-	-	-	4,099	-
914,379	901,333	3,485,625	3,876,199	2,164,593	335,199
28,541	35,725	38,839	-	53,904	-
-	-	68,933	143,497	278,773	183,140
122,357	492,043	588,990	504,284	213,997	45,507
825,650	995,769	1,164,401	1,169,951	602,640	9,150
1,178,494	1,905,629	2,277,977	2,344,633	588,526	-
11,857,090	13,417,178	15,784,354	2,344,643	2,035,742	442,499
389,462	353,454	648,247	835,549	948,280	344,975
<u># 65,401,436</u>	<u>\$ 73,306,641</u>	<u>\$ 99,150,319</u>	<u>\$ 88,810,587</u>	<u>\$ 95,619,534</u>	<u>\$ 22,793,342</u>
1.00%	1.00%	1.00%	1.00%	1.00%	1.00%

CITY OF FULSHEAR, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2012	2013	2014	2015
Governmental Activities:				
Note payable	\$ -	\$ -	\$ -	\$ -
Capital lease	27,285	8,045	-	-
Total Prmiary Government	27,285	8,045	-	-
Estimated Full Property Value	\$ 365,579,444	\$ 456,757,142	\$ 574,643,624	\$ 821,884,688
Percentage of Full Property Value:	0.01%	0.00%	0.00%	0.00%
Population⁽¹⁾	1,886	2,948	4,287	5,849
Debt Per Capita:	14	3	-	-

Note: Details regarding the City's outstanding debt can be found in the Notes to the Financial Statements.

Data sources:

(1) United States Census Bureau, Public Data

Fiscal Year					
2016	2017	2018	2019	2020	2021
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,857,595
-	-	-	-	-	-
-	-	-	-	-	8,857,595
\$ 1,123,180,830	\$ 1,340,675,341	\$ 1,767,253,385	\$ 2,015,912,156	\$ 2,383,130,190	\$ 2,768,633,260
0.00%	0.00%	0.00%	0.00%	0.00%	0.32%
7,914	10,044	11,174	14,141	13,914	16,856
-	-	-	-	-	525

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CITY OF FULSHEAR, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
September 30, 2021

<u>Government Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable*</u>	<u>Amount Applicable to Primary Government</u>
Katy Independent School District	\$ 1,801,090,230	7.27%	\$ 130,939,260
Lamar Consolidated Independent School District	\$ 1,337,905	3.48%	46,559
Fort Bend County	\$ 632,156,589	21.00%	132,752,884
Fort Bend County MUD #170	\$ 17,475,000	100.00%	17,475,000
Fort Bend County MUD #171	\$ 13,260,000	100.00%	13,260,000
Fort Bend County MUD #172	\$ 31,500,000	100.00%	31,500,000
Fort Bend County MUD #173	\$ 21,485,000	100.00%	21,485,000
Fulshear MUD#1	\$ 27,620,000	100.00%	27,620,000
Fulshear MUD #2	\$ 4,330,000	100.00%	4,330,000
Fulshear MUD #3A	\$ 31,065,000	100.00%	31,065,000
Subtotal, overlapping debt			379,408,703
City Direct Debt		100.00%	<u>\$ 8,857,595</u>
Total Direct and Overlapping Debt			<u><u>\$ 388,266,298</u></u>
Ratio of Total Direct and Overlapping Net Debt to Assessed Valuation (1)			<u><u>18.18%</u></u>
Direct and Overlapping Debt Per Capita (2)			<u><u>\$ 16,856</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

Fiscal Year Ended Sept. 30	Population⁽¹⁾	Personal Income⁽²⁾	Per Capita Personal Income⁽²⁾	Median Age⁽⁶⁾	Public School Enrollment⁽³⁾	Unemployment Rate⁽⁴⁾	Education Level in Years of Formal Schooling⁽⁵⁾
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
2021	16,856	N/A	\$ 55,414	35.6	9,946	4.4%	14

Data sources:

- (1) United States Census Bureau, Public Data
- (2) Data to compute not available
- (3) United States Census Bureau/Katy and Lamar ISDs' figures
- (4) United States Census Bureau, American Fact Finder/St. Louis Fed
- (5) Katy Independent School District and 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 Four Years Ago*

Employer	2021			2018		
	Employees	Percentage of Total Employment	Rank	Employees	Percentage of Total Employment	Rank
Katy ISD	558	28.90%	1	201	19.36%	3
Lamar Consolidated ISD	437	22.63%	2	368	35.45%	1
HEB #65	351	18.18%	3	325	31.31%	2
City of Fulshear	70	3.63%	4	56	5.39%	4
Aspen Utility Company	60	3.11%	5	-	-	-
Molina's Cantina	60	3.11%	6	-	-	-
Local Table	60	3.11%	7	-	-	-
Pier 36	38	1.97%	8	14	1.35%	7
Landmark Industries (Timewise)	36	1.86%	9	-	-	-
Children's Lighthouse	38	1.97%	10	-	-	-
Waggin' Tails Pet Ranch	44	2.28%	11	8	0.77%	10
Hacienda Real	28	1.45%	12	-	-	-
Civil Corp	23	1.19%	13	20	1.93%	5
Victor's Mexican Restaurant	23	1.19%	14	-	-	-
USPS	23	1.19%	15	-	-	-
Bahama Buck's	22	1.14%	16	-	-	-
Emergency Services District #4	4	-		20	1.93%	6
Ace Hardware	16	-		14	1.35%	8
Dozers	18	-		12	1.16%	9
Total	1,931	96.89%		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 Annual Comprehensive Financial Report.

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

	Fiscal Year									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
<u>Governmental Activities:</u>										
Administrative	1	4	4	4	5	5	7	6	3	2
Human Resources	-	-	-	-	-	-	-	1	1	2
Municipal Court	1	1	1	1	2	2	2	2	2	1
City Secretary	1	1	1	2	2	2	2	4	2	2
Finance	1	1	1	3	2	3	3	3	5	4
Economic Development	-	-	1	1	2	2	2	2	2	2
Public Safety	14	15	16	17	18	22	24	26	27	27
Development Services	-	-	1	1	1	1	1	10	5	6
Building Inspection	4	6	6	6	6	7	9	-	5	5
Code Enforcement	-	-	-	1	1	1	1	1	1	1
Public Works	1	2	2	2	3	3	3	4	4	5
<u>Business-Type Activities:</u>										
Utilities	-	-	1	1	2	2.5	2.5	3	6	9
Total City Positions	23	30	34	39	44	50	56	62	63	66

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			
	2012	2013	2014	2015
Police				
Arrests	68	116	172	449
Parking violations	1	-	1	1
Traffic violations	3,448	3,454	5,624	5,633
Highways and streets				
Street resurfacing (miles)	-	1	-	-
Potholes repaired	6	6	6	5
Miles of centerline maintained	-	-	-	-
Linear feet of paving (rehab/reconstructed)	-	-	-	-
Linear feet of pavement Mmrkings	-	-	-	-
Water				
Average daily consumption (thousands of gallons)	631	656	895	904
Water main breaks	1	3	5	7
New connections	197	263	381	479
Wastewater				
Average daily effluent treated (thousands of gallons)	182	212	247	329

Source: Various City departments

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

Fiscal Year

2016	2017	2018	2019	2020	2021
273	403	381	268	133	201
22	5	6	15	10	99
6,069	9,300	9,708	10,753	8,861	12,818
-	1	-	-	-	-
7	4	10	35	40	25
-	-	-	-	135	185
-	-	-	-	-	-
-	-	-	-	5,280	5,280
1,046	1,224	1,328	1,468	2,221	2,225
2	2	4	2	23	-
569	688	-	751	729	1,198
416	548	789	1,099	1,400	1,256

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

Function	Fiscal Year			
	2012	2013	2014	2015
Public safety				
Police				
Stations	-	-	-	1
Patrol units	4	4	4	7
Highways and streets				
Streets (lane miles)	80	80	80	80
Streetlights	-	-	-	-
Culture and recreation				
Park acreage developed	5	5	5	5
Water				
Water wells	3	4	4	4
Water mains (miles)	40	43	45	48
Fire hydrants	520	558	588	626
Maximum daily capacity (thousands of gallons)	655	1,075	1,075	1,075
Sewer				
Sanitary sewers (miles)	36	39	41	43
Storm sewers (miles)	25	27	29	31
Maximum daily treatment capacity (thousands of gallons)	750	2,100	2,100	2,100

Source: Various City departments

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

Fiscal Year						
2016	2017	2018	2019	2020	2021	
1	1	1	1	1	1	
10	12	12	12	15	15	
89	89	89	89	135	185	
-	146	146	-	146	146	
25	25	25	25	25	25	
4	4	4	6	7	7	
49	49	49	54	79	94	
641	641	641	706	985	992	
1,745	1,745	1,745	1,765	2,143	2,801	
45	45	45	50	95	115	
34	34	34	37	73	90	
2,100	2,100	2,100	2,100	2,100	2,000	

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