

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

**CITY OF WEST UNIVERSITY
PLACE, TEXAS**

For the Year Ended
December 31, 2014

Officials Issuing Report:

**Michael Ross
City Manager**

**Rhonda Daugherty
Finance Director**

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CITY OF WEST UNIVERSITY PLACE, TEXAS

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CITY OF WEST UNIVERSITY PLACE, TEXAS

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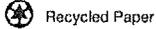
INTRODUCTORY SECTION

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City of West University Place

A Neighborhood City



June 10, 2015

The Honorable Mayor, City Council
Members, and Citizens of the
City of West University Place, Texas:

The Finance Department is pleased to submit the Comprehensive Annual Financial Report (CAFR) for the City of West University Place, Texas (the "City") for the fiscal year ended December 31, 2014. This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

We believe the data presented is accurate in all material respects and is organized in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City's financial activities have been included.

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unmodified ("clean") opinion on the City's financial statements for the year ended December 31, 2014. The independent auditors' report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City was incorporated in 1924 and became a Texas Home-Rule City in 1940. The City operates under the Council-Manager form of municipal government. The City Council is comprised of the Mayor and four Council members, who are responsible for passing ordinances, adopting the budget, appointing board and committee members, and appointing the City Manager. The Mayor and Council are elected on an at large, non-partisan basis for two-year terms. The City Manager is responsible for carrying out the policies and ordinances of the Mayor and Council, overseeing the day-to-day operations of the City, and appointing department heads.

The City provides a full range of municipal services. These services include police and fire protection, municipal court, streets, drainage, leisure services, water and sewer, solid waste collection and disposal, community development, and general administrative services. Based upon the criterion set forth in

generally accepted accounting principles, the following organizations are included within the City's reporting entity:

<u>Entity</u>	<u>Method of Inclusion</u>
Friends of West University Parks Fund	Blended

LOCAL ECONOMY

The City encompasses a 1.9 square mile area located a few blocks south of U.S. Highway 59 (the "Southwest Freeway") and approximately five miles from downtown Houston, Texas. The City is an integral part of the Houston metropolitan area and is completely surrounded by the cities of Houston, Bellaire and Southside Place. The City is primarily a residential area whose working inhabitants are employed throughout the Houston urban area. Rice University and the Texas Medical Center complex are located about one mile east of the City limits in the City of Houston.

There is almost no vacant and/or undeveloped land in the City, so construction generally involves rebuilding and remodeling. The City continues to enjoy a stable outlook, with property values at \$4.8 billion, up 183 percent since 1999. Among reasons for this strength is the City's convenient proximity to the Texas Medical Center, downtown Houston, the Rice Village and Rice University, as well as the Galleria area.

The City's tax rate is one of the lowest in the Houston area and is projected to remain relatively stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Houston area economy. In the December 9, 2011 issue of the Houston Business Journal, the City was ranked number one in a study of the best locations for quality of life in the United States. In its April 2013 publication, the Greater Houston Partnership said that "the Houston Metro area continues to set the pace for job growth in the nation, recording a 4.5 percent increase in employment from February 2012 to February 2013, according to data released by the U.S. Bureau of Labor Statistics (BLS)." This has had a positive impact on the City of West University Place.

The City's relative stability is the result of a desire for suburban families to live closer to work. The City's low crime rate and hometown appeal have attracted many of these families. These factors have contributed, and continue to contribute, to the relative stability of property values in the City.

The value of real property in the City is expected to increase in 2015. Expenditures are expected to remain steady with considerations for the continued competitive pressure on personnel costs and potential increases in the cost of employee health benefits.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

The City Council has adopted a series of financial standards and policies for operating and debt management. Management of the City has made every effort to comply with these standards and policies and believes we are currently in compliance.

The City has recognized the long-term financial implications of its pension and retiree health benefits. Regarding pensions, in an effort to reduce the City's unfunded liability and cost of the Texas Municipal Retirement System, the Council approved the elimination of the recurring cost of living adjustment (COLA) for employees and retirees. For retiree healthcare, at the November 17, 2008 Council meeting, Council adopted a new personnel handbook, modifications which included elimination of City funded healthcare coverage for employees hired January 1, 2009 and thereafter.

The City issued debt in 2009 and 2010 for the purposes of reconstructing the City's recreation facilities and constructing an expansion of the current City Hall for public safety improvement and enhancements. The recreation facilities reconstruction was completed in 2010 and the public safety expansion project was completed in 2011. The City issued debt in 2011 for the purpose of purchasing, constructing, modifying, or replacing storm water detention and drainage facilities. Additionally, the City has refunded several outstanding debt obligations in 2010, 2011, 2012 and 2013, resulting in total debt savings of \$3,853,214. As the opportunity presents itself, the City will consider refunding additional outstanding debt obligations; however, with most outstanding bonds at interest rates close to the current market rates, future refundings will be rare.

In May 2015, the City had planned to issue \$3 million in debt to fund the Public Works Maintenance Facility Relocation project, part of the Facilities Master Plan Update authorized by City Council in August 2014. The debt issuance ordinance was tabled by the current City Council for review and consideration by the next or future City Council.

Capital expenditures are funded through annual allocations from either the general fund or the water and sewer fund. The allocations are transferred to the capital reserve fund for general capital projects or to the water and sewer capital reserve fund for water and sewer related projects. General capital projects planned for the 2015 budget are replacement of air handlers for the Community Building (2) and the Scout House (2), epoxy painting of the Scout House floor, Thermo pavement marking, restriping of the school area of University Boulevard and striping of the City Center, replacing the gates and gate openers at public works operations and fleet maintenance, replacing the wall air conditioner units in public works traffic and fleet offices, building a block enclosure around the Centerpoint Energy transformers at public works, and installing heaters in the fleet maintenance bay. Additional water and sewer related projects planned in 2015 are completion of the fixed based meter reading project, ground storage tank rehabilitation, water well rehabilitation, belt filter press replacement and metal fence replacement at the Public Works maintenance yard. These projects and other future years' projects are listed specifically by fiscal year in the annual budget for each fiscal year in the capital project funds section.

RELEVANT FINANCIAL POLICIES

The City's accounting records for general governmental operations are maintained on a modified accrual basis, with the revenues being recorded when available and measurable and expenditures being recorded when the services or goods are received and the liabilities are incurred. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

In developing and maintaining the City's accounting system, consideration is given to the adequacy of the internal control structure. Internal accounting controls are designed to provide reasonable, but not absolute, assurance regarding: (1) the safeguarding of assets against loss from unauthorized use or disposition and (2) the reliability of financial records for preparing the financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that: (1) the cost of a control should not exceed the benefits likely to be derived and (2) the evaluation of costs and benefits requires estimates and judgments by management. All internal control evaluations occur within the above framework. We believe that the City's internal accounting controls adequately safeguard assets and provide reasonable assurance of proper recording of financial transactions.

The City Charter establishes the fiscal year as January 1 through December 31. The Charter requires the City Manager to submit a proposed budget and accompanying budget message to the Council each year. The proposed budget is reviewed by the Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items within a department within

any fund; however, any revisions that alter the total expenditures of any fund or department must be approved by the Council.

Budgetary control has been established at the department level. Monthly financial reports for Council are produced showing budget and actual revenues and expenditures. Individual line items are reviewed and analyzed for budgetary compliance.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2013. This was the 24th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies 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 CAFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. Appreciation is expressed to all City employees throughout the organization, especially to those who were instrumental in the successful completion of this report. Additionally, we thank the Mayor, Council, and City Manager for their support for maintaining the highest standards of professionalism in the management of the City's finances.

Respectfully submitted,

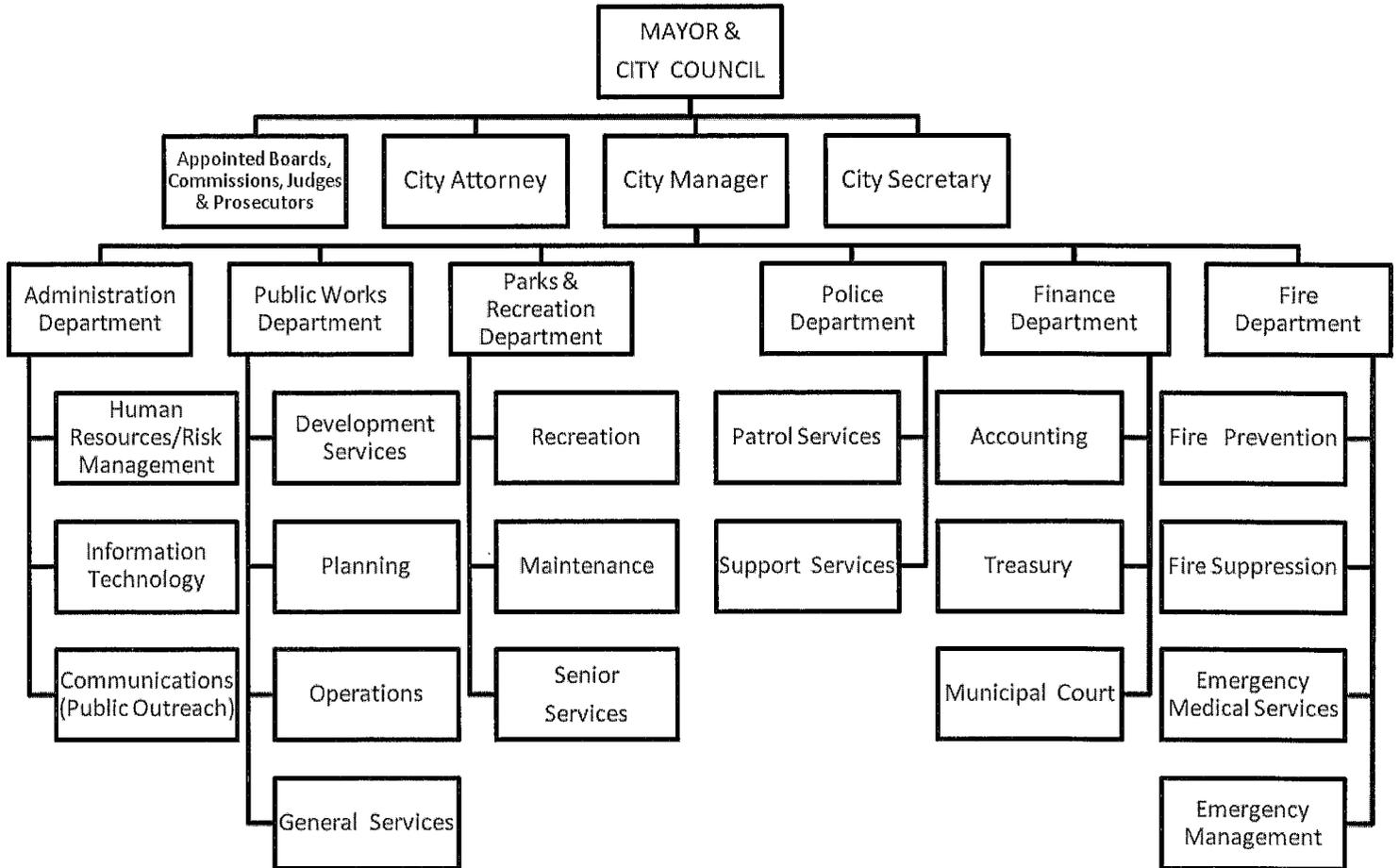


Rhonda Daugherty
Finance Director

CITY OF WEST UNIVERSITY PLACE, TEXAS

ORGANIZATIONAL CHART

December 31, 2014



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CITY OF WEST UNIVERSITY PLACE, TEXAS

*CERTIFICATE OF ACHIEVEMENT FOR
EXCELLENCE IN FINANCIAL REPORTING*



Government Finance Officers Association

Certificate of
Achievement
for Excellence
in Financial
Reporting

Presented to

City of West University Place,
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended

December 31, 2013



Executive Director/CEO

CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL OFFICIALS

December 31, 2014

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Bob Fry	Mayor	05/2015
Susan Sample	Mayor Pro Tem	05/2015
Ed Heathcott	Council Member	05/2015
Joan Johnson	Council Member	05/2015
Dick Yehle	Council Member	05/2015

<u>Key Staff</u>	<u>Position</u>
Michael Ross	City Manager
Chris Peifer	Assistant City Manager/Public Works Director
Thelma A. Lenz	City Secretary
Alan Petrov	City Attorney
Candelario Elizondo	City Judge
Tim O'Conner	Parks and Recreation Director
Aaron Taylor	Fire Chief
Wendy Standorf	Director of Human Resources
Rhonda Daugherty	Finance Director
Ken Walker	Police Chief

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
City Council Members of the
City of West University Place, Texas:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West University Place, Texas (the "City"), as of and for the year ended December 31, 2014, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

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

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

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

Partners

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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, each major fund, and the aggregate remaining fund information of the City as of December 31, 2014, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical section are presented for purposes of additional analysis and are not required parts of the basic 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
June 10, 2015

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

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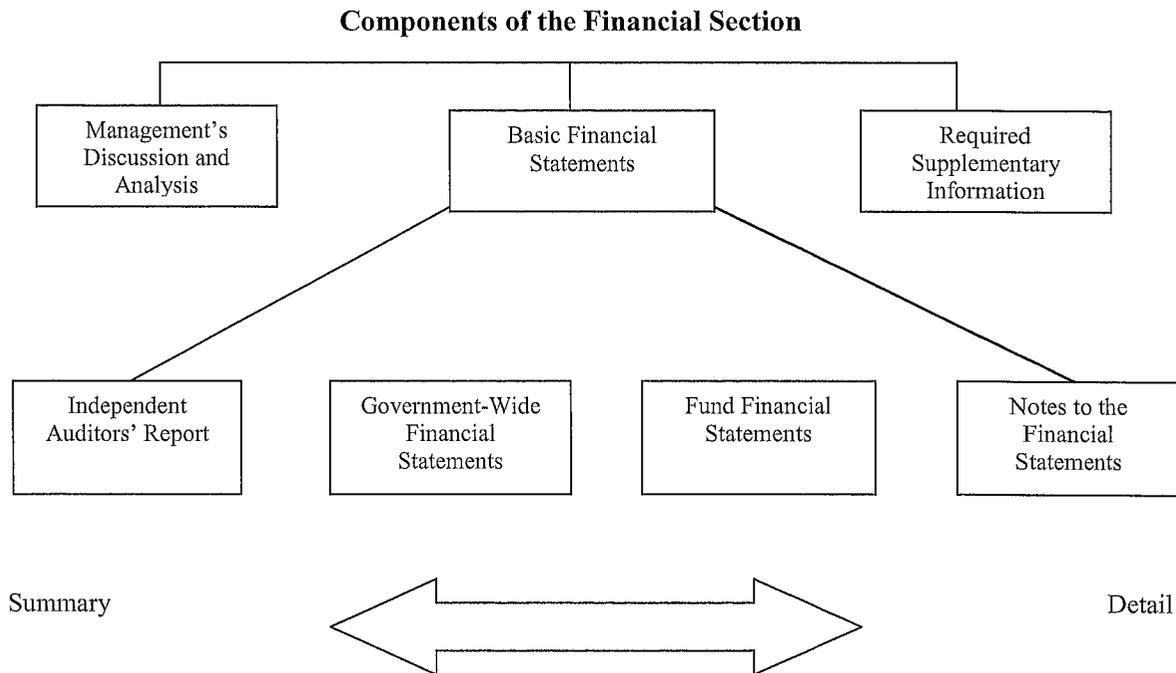
CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the Year Ended December 31, 2014

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of West University Place, Texas (the "City") for the year ending December 31, 2014. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's basic financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Statements

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

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2014

deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

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

1. *Governmental Activities* – Most of the City's basic services are reported here including general government (administration and finance), public safety (police and fire protection), public works (streets and drainage), and public services (leisure services and community development). Interest payments on the City's tax-supported debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines and permit fees finance most of these activities.
2. *Business-Type Activities* – Services involving a fee for those services are reported here. These services include the City's water and sewer services and solid waste collection, as well as interest payments on debt issued for water and wastewater improvements.

The Friends of West University Parks Fund, although legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

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 City'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 12 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2014

balances for the general fund and debt service fund, which are considered to be major funds for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, and select special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

Proprietary Funds

The City maintains two types of proprietary funds, enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, and solid waste operations. The proprietary fund financial statements provide separate information for the water and sewer and solid waste funds. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses internal service funds to account for its vehicle and equipment replacement services and for expenses associated with health benefits and technology management. These internal service funds have been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund and schedules of funding progress for Texas Municipal Retirement System and other postemployment healthcare benefits. 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. For the City, assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$68,710,008 as of December 31, 2014. This compares with \$65,456,811 from the prior fiscal year. The largest portion of the City's net position, 85 percent, reflects its investments in capital assets (e.g., land, building, equipment, improvements, 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. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2014

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Current and other assets	\$ 28,853,073	\$ 27,400,148	\$ 4,696,632	\$ 5,876,874	\$ 33,549,705	\$ 33,277,022
Capital assets, net	100,956,857	102,640,007	23,969,294	24,687,036	124,926,151	127,327,043
Total Assets	129,809,930	130,040,155	28,665,926	30,563,910	158,475,856	160,604,065
Deferred charge on refunding	2,022,081	2,424,957	57,299	65,485	2,079,380	2,490,442
Total Deferred Outflows of Resources	2,022,081	2,424,957	57,299	65,485	2,079,380	2,490,442
Long-term liabilities	67,628,517	74,080,164	3,853,314	4,466,577	71,481,831	78,546,741
Other liabilities	2,228,898	2,157,757	758,891	567,222	2,987,789	2,724,979
Total Liabilities	69,857,415	76,237,921	4,612,205	5,033,799	74,469,620	81,271,720
Property taxes	17,375,608	16,365,976	-	-	17,375,608	16,365,976
Total Deferred Inflows of Resources	17,375,608	16,365,976	-	-	17,375,608	16,365,976
Net Position:						
Net investment in capital assets	38,347,094	34,881,486	20,173,279	20,285,944	58,520,373	55,167,430
Restricted	1,580,648	2,197,619	695,000	675,000	2,275,648	2,872,619
Unrestricted	4,671,246	2,782,110	3,242,741	4,634,652	7,913,987	7,416,762
Total Net Position	\$ 44,598,988	\$ 39,861,215	\$ 24,111,020	\$ 25,595,596	\$ 68,710,008	\$ 65,456,811

A portion of the City's net position, \$2,275,648 or three percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$7,913,987 or 13 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$3,253,197 during the current fiscal year, an increase of five percent in comparison to the prior year. This included an increase of \$4,737,773 in the governmental activities, which primarily was a result of an increase in revenues related to capital grants and contributions and ad valorem taxes, as well as a decrease in expenses for transfers out. The decrease in business-type activities of \$1,484,576 is primarily a result of decreased revenue for charges for services attributed to the decrease in water usage due to improved drought conditions during the fiscal year.

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2014

Statement of Activities:

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

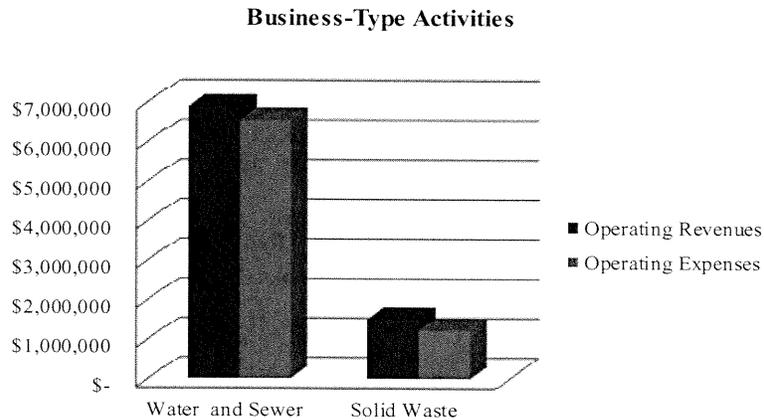
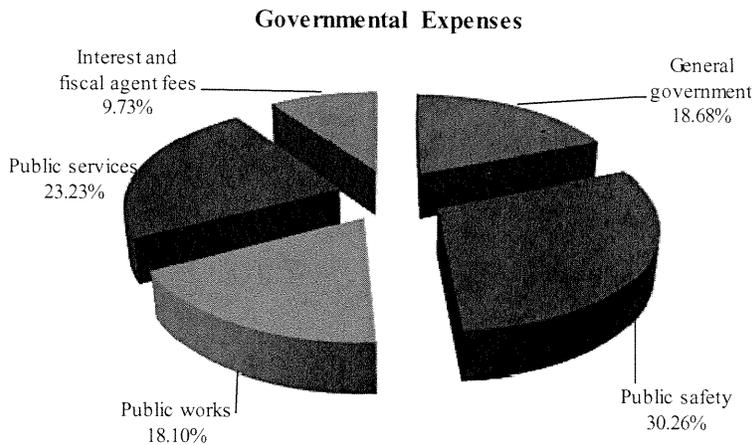
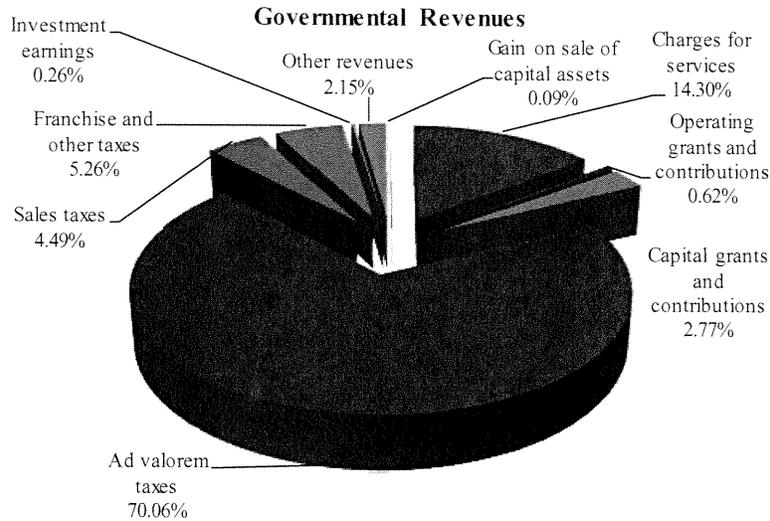
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2014	2013	2014	2013	2014	2013
Revenues						
Program revenues:						
Charges for services	\$ 3,346,991	\$ 3,274,513	\$ 8,382,003	\$ 9,066,358	\$ 11,728,994	\$ 12,340,871
Operating grants and contributions	145,819	259,000	-	-	145,819	259,000
Capital grants and contributions	647,940	454,115	-	-	647,940	454,115
General revenues:						
Ad valorem taxes	16,397,049	15,821,018	-	-	16,397,049	15,821,018
Sales taxes	1,051,890	957,658	-	-	1,051,890	957,658
Franchise taxes	1,214,227	1,170,448	-	-	1,214,227	1,170,448
Other taxes	15,713	11,546	-	-	15,713	11,546
Investment earnings	60,784	35,087	17,823	9,534	78,607	44,621
Other revenues	503,889	320,123	-	-	503,889	320,123
Gain (loss) on sale of capital asset	21,354	23,909	(218,751)	-	(197,397)	23,909
Total Revenues	<u>23,405,656</u>	<u>22,327,417</u>	<u>8,181,075</u>	<u>9,075,892</u>	<u>31,586,731</u>	<u>31,403,309</u>
Expenses						
General government	3,811,192	3,049,656	-	-	3,811,192	3,049,656
Public safety	6,176,586	6,515,194	-	-	6,176,586	6,515,194
Public works	3,693,099	3,944,561	-	-	3,693,099	3,944,561
Public services	4,741,209	4,433,865	-	-	4,741,209	4,433,865
Interest and fiscal agent fees on long-term debt	1,986,301	2,178,324	-	-	1,986,301	2,178,324
Water and sewer	-	-	6,699,341	6,092,231	6,699,341	6,092,231
Solid waste	-	-	1,225,806	1,376,583	1,225,806	1,376,583
Total Expenses	<u>20,408,387</u>	<u>20,121,600</u>	<u>7,925,147</u>	<u>7,468,814</u>	<u>28,333,534</u>	<u>27,590,414</u>
Increase in Net Position Before Transfers	2,997,269	2,205,817	255,928	1,607,078	3,253,197	3,812,895
Transfers in (out)	1,740,504	1,943,100	(1,740,504)	(1,943,100)	-	-
Change in Net Position	4,737,773	4,148,917	(1,484,576)	(336,022)	3,253,197	3,812,895
Beginning net position	39,861,215	35,712,298	25,595,596	25,931,618	65,456,811	61,643,916
Ending Net Position	<u>\$ 44,598,988</u>	<u>\$ 39,861,215</u>	<u>\$ 24,111,020</u>	<u>\$ 25,595,596</u>	<u>\$ 68,710,008</u>	<u>\$ 65,456,811</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2014

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



For the year ended December 31, 2014, revenues from governmental activities totaled \$23,405,656, compared with \$22,327,417 in the prior year. This increase of \$1,078,239 occurred primarily as the result of \$576,031 in

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2014

additional property tax revenue, as well as an increase of \$193,825 in capital grants and contributions and an increase of \$94,232 in sales tax revenue. Increased property tax valuations and sales throughout the City attributed to the increase in property tax revenue and sales taxes, respectively. The increase in capital grants and contributions is due to an increase in funds received from the friends of the parks fund.

For the year ended December 31, 2014, expenses for governmental activities totaled \$20,408,387, an increase of \$286,787 or one percent from last year, which is comparable to prior year. The overall increase is primarily due to increases in general government expenses and public services, offset slightly by decreases in public safety and public works expenses.

Charges for services for business-type activities decreased \$684,355 or eight percent, because of a decrease in water usage due to improved drought conditions during the year. Operating expenses for business-type activities increased by \$456,333. This increase is primarily due to an increase in professional service expenses during the year related to new meter readings.

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 \$8,215,556. Of this, \$173,305 is nonspendable, \$167,039 is restricted for debt service, \$32,327 is restricted for enabling legislation, \$42,677 is restricted for capital projects, \$1,013,847 is restricted for City parks, \$146,498 is restricted for METRO, \$14,261 is restricted for special projects, \$163,999 is restricted for governmental programming, \$210,000 is assigned for City operations, \$146,680 is assigned for tree replacement, and \$753,365 is assigned to capital projects funds.

There was an increase in the combined fund balance of \$270,518 compared to the prior year. This is largely attributable to increases in property and sales tax revenue.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$5,351,558, while total fund balance reached \$5,896,490. 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 fund balance represents 37 percent of total general fund expenditures, while total fund balance represents 41 percent of the total general fund expenditures. The general fund demonstrated an overall increase of \$1,219,658 primarily due to increases in property, sales, and franchise tax revenue, as well as increases in charges for services and other revenue. A decrease in expenditures related to public safety and public works also contributed to the increase in fund balance.

The debt service fund has a total fund balance of \$167,039, all of which is restricted for the payment of debt service. Expenditures exceeded revenues by \$307,133, with an overall net increase in fund balance after transfers for the year of \$71,371. This increase in fund balance is due to transfers in from the water and sewer fund for its portion of debt related to governmental activities.

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2014

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$534,998 in the general fund. However, fund balance increased by \$1,219,658, resulting in a positive variance of \$1,754,656 from actual over budgeted as amended.

Actual general fund revenues were greater than the amended budgeted revenues by \$988,116 during 2014. This net variance includes the positive variances of \$65,509 for ad valorem tax revenue, \$201,817 for permits, licenses, and fees and \$488,171 for charges for services.

Actual expenditures were less than budgeted amounts in total by \$766,540 for the fiscal year. This net variance is due to positive variances of \$145,142 for general government, \$83,583 for public safety, \$334,215 for public works, and \$203,600 for public service.

CAPITAL ASSETS

At the end of fiscal year 2014, the City's governmental and business-type activities funds had invested \$100,956,857 and \$23,969,294, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents net decreases of \$1,683,150 and \$717,742, respectively.

Major capital asset events during the year included the following:

- Purchase of five vehicles in the amount of \$408,174
- Purchase of City Hall equipment in the amount of \$96,062
- Purchase of Police department equipment in the amount of \$59,688
- Purchase of Parks and Recreation equipment in the amount of \$105,232
- Construction in progress for Ruskin and W. College Rehabilitation Project in the amount of \$441,438

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 had total bonds and certificates of obligation outstanding of \$67,310,000. Of this amount, \$51,775,000 was general obligation debt, \$3,785,000 was revenue bond debt, and certificates of obligation accounted for \$11,750,000. During the year, the City had a net decrease in long-term debt of \$7,064,910.

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

Current underlying ratings on debt issues are as follows:

	Moody's Investors Service	Standard and Poor's
Water revenue bonds	Aa2	AA

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

For the Year Ended December 31, 2014

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved a \$34.4 million operating budget for fiscal year 2015. The budget has a decrease in the property tax rate in the amount of \$0.01221 per \$100 value. The ability to slightly lower the current tax rate was made possible by the increase in appraised market values for the City. The City's tax rate is one of the lowest in the Houston area and is projected to remain relatively stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Houston area economy. Growth in assessed values is over 15 percent in the last five years (since 2009), with about ten percent attributable to the growth from 2013 to 2014. For the immediate future, the rate of growth is expected to remain steady with reconstruction continuing to impact the value of property well into the future. In the December 9, 2011 issue of the Houston Business Journal, the City was ranked number one in a study of the best locations for quality of life in the United States. In its April 2013 publication, the Greater Houston Partnership said that "the Houston Metro area continues to set the pace for job growth in the nation, recording a 4.5 percent increase in employment from February 2012 to February 2013, according to data released by the U.S. Bureau of Labor Statistics (BLS)." This will have a positive impact on the City.

The water and sewer fund had been a source of concern because of a series of wet years and dramatic increases in debt service, which had steadily decreased reserves and pushed the fund into non-compliance with its bond covenants. The City Council took action in late 2003 by increasing water and sewer rates. Since then, the City has carefully monitored the performance of utility services and increased rates as needed. The adopted fiscal 2015 budget maintains the 2014 water and sewer rates; however, the City Council approved an ordinance in April 2015 to increase the water rates due to an increase in the cost of treated water purchased from the City of Houston. Additional revenue from water and sewer sales due to the historical Texas drought in 2011 has been instrumental in allowing the City to set aside funds for high dollar, non-recurring expenditures in the near future fiscal years.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Rhonda Daugherty, Finance Director, 3800 University Boulevard, West University Place, TX, 77005; telephone 713.662.5816; or for general City information, visit the City's website at www.westutx.gov.

BASIC FINANCIAL STATEMENTS

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET POSITION

December 31, 2014

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Cash and equity in pooled cash and investments	\$ 15,834,855	\$ 3,438,827	\$ 19,273,682
Cash with fiscal agent	1,405,377	-	1,405,377
Cash and cash equivalents	895,157	-	895,157
Investments	201,320	-	201,320
Receivables, net of allowances	10,267,118	1,257,805	11,524,923
Inventory	29,589	-	29,589
Prepays	219,657	-	219,657
Capital assets:			
Non-depreciable capital assets	6,739,480	425,156	7,164,636
Depreciable capital assets, net	94,217,377	23,544,138	117,761,515
Total Assets	129,809,930	28,665,926	158,475,856
<u>Deferred Outflows of Resources</u>			
Deferred charge on refunding	2,022,081	57,299	2,079,380
<u>Liabilities</u>			
Accounts payable and accrued liabilities	1,484,509	692,771	2,177,280
Accrued interest payable	744,389	66,120	810,509
Noncurrent liabilities:			
Due within one year	7,306,747	751,303	8,058,050
Due in more than one year	60,321,770	3,102,011	63,423,781
Total Liabilities	69,857,415	4,612,205	74,469,620
<u>Deferred Inflows of Resources</u>			
Property taxes	17,375,608	-	17,375,608
<u>Net Position</u>			
Net investment in capital assets	38,347,094	20,173,279	58,520,373
Restricted for:			
Capital projects	42,677	-	42,677
Debt service	167,039	695,000	862,039
Enabling legislation	32,327	-	32,327
City parks	1,013,847	-	1,013,847
METRO	146,498	-	146,498
Special projects	14,261	-	14,261
Governmental programming	163,999	-	163,999
Unrestricted	4,671,246	3,242,741	7,913,987
Total Net Position	\$ 44,598,988	\$ 24,111,020	\$ 68,710,008

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,811,192	\$ -	\$ 145,819	\$ -
Public safety	6,176,586	187,347	-	-
Public works	3,693,099	711,155	-	-
Public services	4,741,209	2,448,489	-	647,940
Interest on long-term debt	1,986,301	-	-	-
Total Governmental Activities	20,408,387	3,346,991	145,819	647,940
Business-Type Activities				
Water and sewer	6,699,341	6,868,133	-	-
Solid waste	1,225,806	1,513,870	-	-
Total Business-Type Activities	7,925,147	8,382,003	-	-
Total Primary Government	\$ 28,333,534	\$ 11,728,994	\$ 145,819	\$ 647,940

General Revenues:

- Ad valorem taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Investment earnings
- Other revenues
- Gain (loss) on sale of capital assets
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning net position

Ending Net Position

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Position

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (3,665,373)	\$ -	\$ (3,665,373)
(5,989,239)	-	(5,989,239)
(2,981,944)	-	(2,981,944)
(1,644,780)	-	(1,644,780)
(1,986,301)	-	(1,986,301)
<u>(16,267,637)</u>	<u>-</u>	<u>(16,267,637)</u>
-	168,792	168,792
-	288,064	288,064
<u>-</u>	<u>456,856</u>	<u>456,856</u>
<u>(16,267,637)</u>	<u>456,856</u>	<u>(15,810,781)</u>
16,397,049	-	16,397,049
1,051,890	-	1,051,890
1,214,227	-	1,214,227
15,713	-	15,713
60,784	17,823	78,607
503,889	-	503,889
21,354	(218,751)	(197,397)
1,740,504	(1,740,504)	-
<u>21,005,410</u>	<u>(1,941,432)</u>	<u>19,063,978</u>
4,737,773	(1,484,576)	3,253,197
<u>39,861,215</u>	<u>25,595,596</u>	<u>65,456,811</u>
<u>\$ 44,598,988</u>	<u>\$ 24,111,020</u>	<u>\$ 68,710,008</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2014

	General	Debt Service	Nonmajor Governmental	Total Governmental Funds
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 9,668,805	\$ 3,316,213	\$ 1,313,334	\$ 14,298,352
Cash with fiscal agent	751,886	653,491	-	1,405,377
Cash and cash equivalents	-	-	895,157	895,157
Investments	-	-	201,320	201,320
Receivables, net	5,510,248	4,405,717	301,663	10,217,628
Due from other funds	189,097	-	-	189,097
Inventory	27,217	-	2,372	29,589
Prepaid costs	143,716	-	-	143,716
Total Assets	\$ 16,290,969	\$ 8,375,421	\$ 2,713,846	\$ 27,380,236
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 967,241	\$ 1,000	\$ 372,722	\$ 1,340,963
Due to other funds	-	-	189,097	189,097
Total Liabilities	967,241	1,000	561,819	1,530,060
<u>Deferred Inflow of Resources</u>				
Unavailable revenue - property taxes	9,427,238	8,207,382	-	17,634,620
<u>Fund Balances</u>				
Nonspendable:				
Inventory	27,217	-	2,372	29,589
Prepaid items	143,716	-	-	143,716
Restricted for:				
Debt service	-	167,039	-	167,039
Enabling legislation	-	-	32,327	32,327
Capital projects	-	-	42,677	42,677
City parks	-	-	1,013,847	1,013,847
METRO	-	-	146,498	146,498
Special projects	-	-	14,261	14,261
Governmental programming	163,999	-	-	163,999
Assigned to:				
City operations	210,000	-	-	210,000
Tree replacement	-	-	146,680	146,680
Capital projects funds	-	-	753,365	753,365
Unassigned:				
General fund	5,351,558	-	-	5,351,558
Total Fund Balances	5,896,490	167,039	2,152,027	8,215,556
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 16,290,969	\$ 8,375,421	\$ 2,713,846	\$ 27,380,236

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET
TO THE STATEMENT OF NET POSITION
December 31, 2014

Total fund balances for governmental funds \$ 8,215,556

Amounts reported for governmental activities in the Statement of Net Position are different, because:

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

Capital assets, non-depreciable	6,739,480	
Capital assets, net depreciable	<u>93,185,023</u>	
		99,924,503

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.	259,012
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Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Position.	2,550,742
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Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest	(744,389)	
Deferred charge on refunding	2,022,081	
Non-current liabilities due in one year	(7,306,747)	
Non-current liabilities due in more than one year	<u>(60,321,770)</u>	
		<u>(66,350,825)</u>

\$ 44,598,988

See Notes to Financial Statements.

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CITY OF WEST UNIVERSITY PLACE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2014

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
Revenues				
Ad valorem taxes	\$ 8,600,509	\$ 7,786,395	\$ -	\$ 16,386,904
Sales taxes	1,051,890	-	-	1,051,890
Franchise taxes	1,214,227	-	-	1,214,227
Other taxes	15,713	-	-	15,713
Permits, licenses, and fees	666,887	-	44,268	711,155
Fines and forfeitures	176,117	-	11,230	187,347
Charges for services	2,448,489	-	-	2,448,489
Intergovernmental	-	-	145,819	145,819
Contributions	-	-	647,940	647,940
Investment earnings	43,766	3,416	7,897	55,079
Other revenue	292,226	-	211,663	503,889
Total Revenues	<u>14,509,824</u>	<u>7,789,811</u>	<u>1,068,817</u>	<u>23,368,452</u>
Expenditures				
Current:				
General government	3,086,980	-	211,910	3,298,890
Public safety	6,271,557	-	-	6,271,557
Public works	2,262,843	-	-	2,262,843
Public services	2,761,282	-	458,173	3,219,455
Capital outlay	-	-	1,886,749	1,886,749
Debt service:				
Principal	-	6,190,000	-	6,190,000
Interest and fiscal agent fees	-	1,906,944	-	1,906,944
Total Expenditures	<u>14,382,662</u>	<u>8,096,944</u>	<u>2,556,832</u>	<u>25,036,438</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>127,162</u>	<u>(307,133)</u>	<u>(1,488,015)</u>	<u>(1,667,986)</u>
Other Financing Sources (Uses)				
Transfers in	1,560,000	378,504	1,025,624	2,964,128
Transfers (out)	(467,504)	-	(558,120)	(1,025,624)
Total Other Financing Sources	<u>1,092,496</u>	<u>378,504</u>	<u>467,504</u>	<u>1,938,504</u>
Net Change in Fund Balances	1,219,658	71,371	(1,020,511)	270,518
Beginning fund balances	4,676,832	95,668	3,172,538	7,945,038
Ending Fund Balances	<u>\$ 5,896,490</u>	<u>\$ 167,039</u>	<u>\$ 2,152,027</u>	<u>\$ 8,215,556</u>

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, 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 December 31, 2014

Net changes in fund balances - total governmental funds	\$	270,518
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.		
Capital outlay		1,824,203
Disposal of capital assets		(25,846)
Depreciation expense		(3,626,657)
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.		
Principal payments		6,150,000
Amortization of premium		236,364
Accreted interest		39,313
Amortization of deferred charges		(402,876)
Accrued interest		87,842
Revenues in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.		10,145
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Compensated absences		59,726
OPEB obligation		(25,618)
TMRS obligation		(8,138)
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue (expense) is reported with governmental activities.		148,797
Change in Net Position of Governmental Activities	\$	<u>4,737,773</u>

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET POSITION (Page 1 of 2)

PROPRIETARY FUNDS

December 31, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total Funds	Internal Service
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 3,379,434	\$ 59,393	\$ 3,438,827	\$ 1,536,503
Accounts receivable, net	1,014,127	243,678	1,257,805	49,490
Prepaid costs	-	-	-	75,941
Total Current Assets	4,393,561	303,071	4,696,632	1,661,934
Noncurrent assets:				
Capital assets:				
Land	193,875	-	193,875	-
Construction in progress	231,281	-	231,281	-
Buildings and improvements	459,625	-	459,625	-
Machinery and equipment	2,026,464	-	2,026,464	2,573,205
Water and sewer systems	55,054,674	-	55,054,674	-
Less: accumulated depreciation	(33,996,625)	-	(33,996,625)	(1,540,851)
Total Capital Assets, Net of Accumulated Depreciation	23,969,294	-	23,969,294	1,032,354
Total Noncurrent Assets	23,969,294	-	23,969,294	1,032,354
Total Assets	\$ 28,362,855	\$ 303,071	\$ 28,665,926	\$ 2,694,288

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET POSITION (Page 2 of 2)

PROPRIETARY FUNDS

December 31, 2014

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Total	Internal Service
<u>Deferred Outflows of Resources</u>				
Deferred charge on refunding	\$ 57,299	\$ -	\$ 57,299	\$ -
<u>Liabilities</u>				
Current liabilities:				
Accounts payable and accrued liabilities	598,701	94,070	692,771	143,546
Accrued interest payable	66,120	-	66,120	-
Compensated absences	43,903	12,400	56,303	-
Revenue bonds due within one year	695,000	-	695,000	-
Total Current Liabilities	1,403,724	106,470	1,510,194	143,546
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and premiums)	3,095,755	-	3,095,755	-
Compensated absences	4,878	1,378	6,256	-
Total Noncurrent Liabilities	3,100,633	1,378	3,102,011	-
Total Liabilities	4,504,357	107,848	4,612,205	143,546
<u>Net Position</u>				
Net investment in capital assets	20,173,279	-	20,173,279	1,032,354
Restricted for:				
Debt service	695,000	-	695,000	-
Unrestricted	3,047,518	195,223	3,242,741	1,518,388
Total Net Position	\$ 23,915,797	\$ 195,223	\$ 24,111,020	\$ 2,550,742

See Notes to Financial Statements.

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CITY OF WEST UNIVERSITY PLACE, TEXAS
STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION
PROPRIETARY FUNDS

For the Year Ended December 31, 2014

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental</u>
	<u>Water and</u>	<u>Solid</u>	<u>Total Funds</u>	<u>Internal</u>
	<u>Sewer</u>	<u>Waste</u>		<u>Service</u>
<u>Operating Revenues</u>				
Charges for sales and services	\$ 6,868,133	\$ 1,421,483	\$ 8,289,616	\$ 3,627,703
Other revenues	-	92,387	92,387	84,578
Total Operating Revenues	<u>6,868,133</u>	<u>1,513,870</u>	<u>8,382,003</u>	<u>3,712,281</u>
<u>Operating Expenses</u>				
Costs of sales and services	3,410,681	804,761	4,215,442	3,086,247
Personnel	1,169,744	421,045	1,590,789	-
Repairs and maintenance	-	-	-	35,296
Depreciation	1,956,981	-	1,956,981	271,000
Total Operating Expenses	<u>6,537,406</u>	<u>1,225,806</u>	<u>7,763,212</u>	<u>3,392,543</u>
Operating Income	<u>330,727</u>	<u>288,064</u>	<u>618,791</u>	<u>319,738</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	17,724	99	17,823	5,705
Interest expense	(161,935)	-	(161,935)	-
Gain/(loss) on disposal of property	(218,751)	-	(218,751)	21,354
Total Nonoperating Revenues (Expenses)	<u>(362,962)</u>	<u>99</u>	<u>(362,863)</u>	<u>27,059</u>
Income Before Transfers	<u>(32,235)</u>	<u>288,163</u>	<u>255,928</u>	<u>346,797</u>
Transfers in	-	198,000	198,000	-
Transfers (out)	(1,628,508)	(309,996)	(1,938,504)	(198,000)
Change in Net Position	<u>(1,660,743)</u>	<u>176,167</u>	<u>(1,484,576)</u>	<u>148,797</u>
Beginning net position	<u>25,576,540</u>	<u>19,056</u>	<u>25,595,596</u>	<u>2,401,945</u>
Ending Net Position	<u>\$ 23,915,797</u>	<u>\$ 195,223</u>	<u>\$ 24,111,020</u>	<u>\$ 2,550,742</u>

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2) For the Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Solid Waste	Total Funds	Internal Service
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 6,930,179	\$ 1,503,401	\$ 8,433,580	\$ 3,707,091
Payments to suppliers	(3,243,341)	(924,900)	(4,168,241)	(3,331,994)
Payments to employees	(1,120,963)	(407,267)	(1,528,230)	-
Net Cash Provided by Operating Activities	2,565,875	171,234	2,737,109	375,097
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers in	-	198,000	198,000	-
Transfers (out)	(1,628,508)	(309,996)	(1,938,504)	(198,000)
Net Cash (Used) by Noncapital Financing Activities	(1,628,508)	(111,996)	(1,740,504)	(198,000)
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(1,457,990)	-	(1,457,990)	(416,150)
Principal paid on capital debt	(675,000)	-	(675,000)	-
Interest and fiscal charges	(154,571)	-	(154,571)	-
Proceeds from sale of capital assets	-	-	-	21,354
Net Cash (Used) by Capital and Related Financing Activities	(2,287,561)	-	(2,287,561)	(394,796)
<u>Cash Flows from Investing Activities</u>				
Interest received	17,724	99	17,823	5,705
Net Cash Provided by Investing Activities	17,724	99	17,823	5,705
Net Increase (Decrease) in Cash and Equity in Pooled Cash and Investments	(1,332,470)	59,337	(1,273,133)	(211,994)
Beginning cash and equity in pooled cash and investments	4,711,904	56	4,711,960	1,748,497
Ending Cash and Equity in Pooled Cash and Investments	\$ 3,379,434	\$ 59,393	\$ 3,438,827	\$ 1,536,503

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended December 31, 2014

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Solid Waste	Total Funds	Internal Service
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income	\$ 330,727	\$ 288,064	\$ 618,791	\$ 319,738
Adjustments to reconcile operating income to net cash provided by operating activities:				
Depreciation	1,956,981	-	1,956,981	271,000
Changes in Operating Assets and Liabilities:				
(Increase) decrease in assets:				
Accounts receivable	62,046	(10,469)	51,577	(5,190)
Prepaid costs	-	-	-	(2,150)
Increase (decrease) in liabilities:				
Accounts payable and accrued liabilities	178,590	24,329	202,919	(87,298)
Due to other funds	-	(144,468)	(144,468)	(121,003)
Accrued interest payable	(11,250)	-	(11,250)	-
Compensated absences	48,781	13,778	62,559	-
Net Cash Provided by Operating Activities	\$ 2,565,875	\$ 171,234	\$ 2,737,109	\$ 375,097

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS

For the Year Ended December 31, 2014

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

The City of West University Place, Texas (the “City”) was incorporated in 1924. The City has operated under a “Home Rule Charter” since 1940, which provides for a Council-Manager form of government. A Mayor and four Council members are elected by voters of the City at large for two-year terms.

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

The City provides the following services: public safety to include police and fire services, municipal court, leisure services, streets, drainage, water and sewer services, solid waste collection and disposal, community development, and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. 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 Friends of West University Parks fund, although legally separate, is considered 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.

Blended Component Unit

Friends of West University Parks Fund

Friends of West University Parks Fund (the “Corporation”) has been included in the reporting entity as a blended component unit. The Corporation is a not-for-profit entity created to solicit private contributions for the beautification, improvement, and maintenance of the City’s parkland. The Corporation’s Board of Directors is appointed by, and serves at the discretion of, City Council. City Council approval is required for any projects of the Corporation that exceed \$1,000. In the event of dissolution, any assets of the Corporation will be transferred to the City.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

The operations of the Corporation are presented as a governmental fund type. Separate financial statements of the Corporation may be obtained from the Finance Department of the City.

B. Government-Wide Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the activities of the primary government. *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.

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 internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

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

D. Basis of Presentation – Fund Financial Statements

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

The City reports the following governmental funds:

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

The *debt service fund* is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest on all long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds are considered nonmajor funds for reporting purposes. The *capital projects funds* are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

construction of capital facilities and other capital assets. The capital projects funds are considered nonmajor funds for reporting purposes.

The City reports the following enterprise funds:

The *enterprise funds* are used to account for and report the operations that provide water and wastewater collection, wastewater treatment operations and solid waste collection and disposal. 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 water and sewer fund is considered a major fund for reporting purposes. The solid waste fund is not considered a major fund for reporting purposes but, due to its significance, the City has elected to present it as such.

Additionally, the City reports the following fund type:

Internal service funds account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The vehicle replacement and equipment replacement funds are used to account for vehicle and equipment replacement and maintenance services. The healthcare benefits fund accounts for costs associated with retired or separated employees, as well as healthcare benefits. The technology management fund accounts for technology services.

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

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

E. Measurement Focus and Basis of Accounting

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

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in statewide investment pools (TexPool), 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 pooled cash and investment accounts. Each fund whose monies are deposited in the pooled cash and investment accounts 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 and investments."

2. Investments

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Government Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. government
- Certificates of deposit that meet certain criteria
- Money market mutual funds that meet certain criteria
- Statewide investment pools

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method).

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

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

Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of 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.

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	10 to 50 years
Improvements	5 to 50 years
Machinery and equipment	3 to 30 years
Water and sewer system	5 to 60 years
Infrastructure	50 years

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

5. Deferred Outflows/Inflows of Resources

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

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

6. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The maximum amount of hours that can be accrued from one year to the next is dependent on the number of years of service that the employee has with the City.

Length of Service (Months)	Maximum Vacation Leave Accrual
1-48	160 hours
49-144	240 hours
145-240	320 hours
More than 240	400 hours

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

7. Long-Term Obligations

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

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

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

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

8. Net Position Flow Assumption

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

9. Fund Balance Flow Assumptions

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

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 fund balance.

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 approval of a resolution prior to the end of the fiscal year, commit fund balance. Once approved, the limitation imposed by the resolution remains in place until a similar action is taken (the approval of another resolution) 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 has, by resolution, authorized the City's Finance Director to assign fund balance to a specific purpose as approved by the City's fund balance policy. 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.

It is the City's policy to achieve and maintain an unassigned fund balance in the general fund equal to 20 percent of estimated revenue for the current annual budget. All other operating fund reserves will be maintained at ten percent of the estimated revenue for the current annual budget. Balances of less than the prescribed levels shall only be allowed with specific approval of City Council.

11. Post Employment Healthcare Benefits

The City provides post employment healthcare benefits as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by the employees who elect coverage under COBRA and the City incurs no direct costs.

For employees hired prior to January 1, 2009, the City provides continued healthcare coverage for eligible retirees until they become eligible for Medicare or other federal or state health insurance plans or if retirees become employed. The City pays 100 percent of the premium for the retiree. Spouses and dependents are eligible for continued coverage at the retirees' expense.

12. Estimates

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

G. Revenues and Expenditures/Expenses

1. Program Revenues

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

2. Property Taxes

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

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt project length budgets. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control as defined by the charter in the approved budget is the department level in the general fund and all others are the fund level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended December 31, 2014. An annual budget is not adopted for the blended component unit, Friends of West University Parks fund, or the emergency grant fund. The parks fund, tree replacement fund, court technology/security fund, and METRO grant fund are all special revenue funds that have adopted budgets.

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of December 31, 2014, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. agencies	\$ 12,074,074	1.36
TexPool	6,676,769	0.00
Corporation's certificates of deposit	201,320	0.01
Total Fair Value	\$ 18,952,163	
Portfolio weighted average maturity		0.87

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". United States agency investments must be issued in the United States and carry a rating of "AAA" or "AAAE" as provided by two of the top nationally recognized rating agencies. As of December 31, 2014, the City's investment in TexPool was rated "AAAm" and the City's investment in United States agencies was rated between "AA+" and "AAA" by Standard & Poor's. All other investments are guaranteed (either express or implied) by the full faith and credit of the United States Government or the issuing U.S. agency. More specifically, the U.S. agency securities held by the City as of December 31, 2014 consist of a variety of bonds and discount notes issued by the Federal Home Loan Bank, the Federal National Mortgage Association, and the Federal Farm Credit Bank. These investments were rated not less than "AAA" by Moody's and not less than "AA+" by Standard & Poor's.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of December 31, 2014, fair market values of pledged securities and FDIC coverage exceeded bank balances for the City. The Corporation's fair market values of pledged securities and FDIC coverage did not exceed bank balances. The Corporation was under collateralized by \$564,088.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rates TexPool "AAAm". As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the Office of the Comptroller of Public Accounts for review.

TexPool operates in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. TexPool uses amortized cost rather than market value to report net assets to compute share prices. Accordingly, the fair value of the position in TexPool is the same as the value of TexPool shares.

B. Receivables

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

	General	Debt Service	Nonmajor Governmental	Internal Service	Water and Sewer	Solid Waste
Ad valorem taxes	\$ 5,052,015	\$ 4,405,717	\$ -	\$ -	\$ -	\$ -
Other taxes	319,719	-	-	-	-	-
Accounts	116,254	-	-	-	1,178,182	275,790
Intergovernmental	-	-	100,308	-	-	-
Other	23,757	-	201,355	49,490	8,960	-
Less allowance	(1,497)	-	-	-	(173,015)	(32,112)
	<u>\$ 5,510,248</u>	<u>\$ 4,405,717</u>	<u>\$ 301,663</u>	<u>\$ 49,490</u>	<u>\$ 1,014,127</u>	<u>\$ 243,678</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

C. Capital Assets

A summary of changes in capital assets for the year end is as follows:

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,298,042	\$ -	\$ -	\$ 6,298,042
Construction in progress	-	441,438	-	441,438
Total capital assets not being depreciated	6,298,042	441,438	-	6,739,480
Other capital assets:				
Buildings and improvements	57,009,704	287,868	-	57,297,572
Machinery and equipment	8,078,621	707,143	(1,118,756)	7,667,008
Infrastructure	65,287,679	834,925	-	66,122,604
Total other capital assets	130,376,004	1,829,936	(1,118,756)	131,087,184
Less accumulated depreciation for:				
Buildings and improvements	(11,137,249)	(1,750,508)	-	(12,887,757)
Machinery and equipment	(5,909,042)	(824,697)	1,061,889	(5,671,850)
Infrastructure	(16,987,748)	(1,322,452)	-	(18,310,200)
Total accumulated depreciation	(34,034,039)	(3,897,657)	1,061,889	(36,869,807)
Other capital assets, net	96,341,965	(2,067,721)	(56,867)	94,217,377
Governmental Activities Capital Assets, Net	\$ 102,640,007	\$ (1,626,283)	\$ (56,867)	100,956,857
			Less associated debt	(64,674,521)
			Plus unspent bond proceeds	42,677
			Plus deferred charge on refunding	2,022,081
			Net Investment in Capital Assets	\$ 38,347,094

All capital assets constructed or paid for with funds of the component unit are titled in the City's name. Accordingly, component unit capital assets and construction in progress are recorded in the governmental activities totals.

Depreciation was charged to governmental functions as follows:

General government	\$ 554,318
Public safety	94,703
Public works	1,391,568
Public service	1,586,068
Capital assets held by the City's internal service fund	271,000
Total Governmental Activities Depreciation Expense	\$ 3,897,657

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

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

	Primary Government			Ending Balance
	Beginning Balance*	Increases	(Decreases)/ Reclassifications	
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 193,875	\$ -	\$ -	\$ 193,875
Construction in progress	53,858	1,263,111	(1,085,688)	231,281
Total capital assets not being depreciated	<u>247,733</u>	<u>1,263,111</u>	<u>(1,085,688)</u>	<u>425,156</u>
Other capital assets:				
Buildings and improvements	459,625	-	-	459,625
Water and sewer systems	54,780,429	1,185,010	(910,765)	55,054,674
Machinery and equipment	1,930,907	95,557	-	2,026,464
Total other capital assets	<u>57,170,961</u>	<u>1,280,567</u>	<u>(910,765)</u>	<u>57,540,763</u>
Less accumulated depreciation for:				
Buildings and improvements	(382,020)	(18,385)	-	(400,405)
Water and sewer systems	(31,645,570)	(1,833,798)	692,014	(32,787,354)
Machinery and equipment	(704,068)	(104,798)	-	(808,866)
Total accumulated depreciation	<u>(32,731,658)</u>	<u>(1,956,981)</u>	<u>692,014</u>	<u>(33,996,625)</u>
Other capital assets, net	24,439,303	(676,414)	(218,751)	23,544,138
Business-Type Activities Capital Assets, Net	<u>\$ 24,687,036</u>	<u>\$ 586,697</u>	<u>\$ (1,304,439)</u>	<u>23,969,294</u>
			Less associated debt	(3,853,314)
			Plus deferred charge on refunding	57,299
			Net Investment in Capital Assets	<u>\$ 20,173,279</u>

*Beginning balances have been adjusted.

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,956,981
Total Business-Type Activities Depreciation Expense	<u>\$ 1,956,981</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

D. Long-Term Debt

The following is a summary of changes in the City's total long-term liabilities for the year end. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and, accordingly, are not reported as fund liabilities in the governmental funds. The governmental activities compensated absences, net pension obligation, and net OPEB obligation are generally liquidated by the general fund. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 57,180,000	\$ -	\$ 5,405,000	\$ 51,775,000 **	\$ 5,645,000
Certificates of obligation	12,495,000	-	745,000	11,750,000 **	775,000
Unamortized refunding items	1,385,885	-	236,364	1,149,521 **	-
Accreted interest	39,313	-	39,313	-	-
	<u>71,100,198</u>	<u>-</u>	<u>6,425,677</u>	<u>64,674,521</u>	<u>6,420,000</u>
Other liabilities:					
Compensated absences	1,045,000	385,291	445,017	985,274	886,747
Net pension obligation	1,106,931	8,138	-	1,115,069	-
Net OPEB obligation	828,035	25,618	-	853,653	-
	<u>3,080,000</u>	<u>419,047</u>	<u>445,017</u>	<u>2,949,340</u>	<u>886,747</u>
Total Governmental Activities	<u>\$ 74,080,164</u>	<u>\$ 419,047</u>	<u>\$ 6,870,694</u>	<u>\$ 67,628,517</u>	<u>\$ 7,306,747</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 60,321,770</u>
				**Debt associated with governmental activities capital assets	<u>\$ 64,674,521</u>
Business-Type Activities:					
Revenue bonds	\$ 4,460,000	\$ -	\$ 675,000	\$ 3,785,000 ***	\$ 695,000
(Less) unamortized premiums and/or discounts	6,577	-	822	5,755 ***	-
	<u>4,466,577</u>	<u>-</u>	<u>675,822</u>	<u>3,790,755</u>	<u>695,000</u>
Other liabilities:					
Compensated absences	-	115,407	52,848	62,559	56,303
	<u>-</u>	<u>115,407</u>	<u>52,848</u>	<u>62,559</u>	<u>56,303</u>
Total Business-Type Activities	<u>\$ 4,466,577</u>	<u>\$ 115,407</u>	<u>\$ 728,670</u>	<u>\$ 3,853,314</u>	<u>\$ 751,303</u>
				<u>Long-term debt due in more than one year</u>	<u>\$ 3,102,011</u>
				***Debt associated with business-type activities capital assets	<u>\$ 3,853,314</u>

Prior year defeasance of debt. In prior years, the City defeased permanent improvement refunding bonds series 2005 by placing the proceeds of the new bonds in an irrevocable trust account to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. At December 31, 2014, \$14,980,000 of defeased bonds remain outstanding.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

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

Description	Interest Rates	Balance
<u>Governmental Activities</u>		
General Obligation Bonds		
Permanent improvement		
Series 2010	2.00-4.00%	\$ 4,910,000
Permanent improvement and refunding		
Series 2005	3.00-5.25%	2,535,000
Series 2009	2.50-4.50%	9,615,000
Series 2010	2.00-4.00%	7,900,000
Series 2011	2.00-3.00%	2,735,000
Series 2012	2.00%	8,145,000
Series 2013	0.34-1.75%	15,935,000
Total General Obligation Bonds		51,775,000
Certificates of Obligation		
Series 2001	4.40%	1,670,000
Series 2009	2.50-4.50%	1,155,000
Series 2010	2.00-4.00%	6,720,000
Series 2010A	1.00-4.00%	1,355,000
Series 2011	2.00-2.25%	850,000
Total Certificates of Obligation		11,750,000
Total Governmental Activities Long-Term Debt		\$ 63,525,000
 <u>Business-Type Activities</u>		
Revenue Bonds		
Water and sewer, refunding series 2005	3.00-4.40%	\$ 3,785,000
Total Business-Type Activities Long-Term Debt		\$ 3,785,000

The annual requirements to amortize general obligation bonds, certificates of obligation, and revenue bonds outstanding at year ending were as follows:

Year Ending Dec 31	Governmental Activities		Business-Type Activities		Total
	Principal	Interest	Principal	Interest	
2015	\$ 6,420,000	\$ 1,676,905	\$ 695,000	\$ 144,351	\$ 8,936,256
2016	6,580,000	1,513,721	725,000	115,516	8,934,237
2017	7,075,000	1,391,039	380,000	93,226	8,939,265
2018	7,230,000	1,245,489	405,000	76,931	8,957,420
2019	7,405,000	1,090,311	400,000	59,926	8,955,237
2020-2024	18,395,000	3,465,742	1,180,000	77,315	23,118,057
2025-2028	10,420,000	899,263	-	-	11,319,263
Total	\$ 63,525,000	\$ 11,282,470	\$ 3,785,000	\$ 567,265	\$ 79,159,735

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities (streets, drainage, public safety, water and wastewater) and equipment for general government and enterprise fund activities. These instruments include general obligation bonds,

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

certificates of obligation, and revenue bonds. Future ad valorem tax revenues, water and sewer system revenues, or liens on property and equipment secure these debt obligations.

General obligation bonds are direct obligations of the City for which its full faith and credit are pledged. Repayment of general obligation bonds are from taxes levied on all taxable property located within the City. The City is not obligated in any manner for special assessment debt.

Federal Arbitrage

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

E. Interfund Receivable and Payables

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

Due To	Due From	Amounts
General	Nonmajor	\$ 189,097

The outstanding balances between funds result mainly from the time lag between the dates that (1) interfund goods and services are provided or reimbursable expenditures occur, (2) transactions are recorded in the accounting system, and (3) payments between funds are made.

F. Interfund Transfers

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

Transfer Out	Transfer In	Amounts
General	Nonmajor	\$ 467,504
Nonmajor	Nonmajor	558,120
Water and sewer	Debt service	378,504
Water and sewer	General	1,250,004
Solid waste	General	309,996
Internal service	Solid waste	198,000
		\$ 3,162,128

Transfers to the general fund were subsidies for administrative expenditures. Other amounts transferred between funds related to amounts collected by the nonmajor governmental funds for various governmental expenditures.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

G. Leases

The City is the lessor of approximately 1.0874 acres of its land to Goode Cook, Inc (the "Company"). This lease agreement is an operating lease with fixed minimum rental payments with annually adjusted rates. The lease expires July 31, 2022; however, at any time after July 31, 2016, the City may terminate the lease by giving the Company a minimum of nine months written notice. Rental income is earned from leasing this parcel of land to the Company.

Minimum guaranteed income on all City non-cancelable operating leases is as follows:

Year Ending Dec 31	Annual Base Rent
2015	\$ 72,900
2016	75,085
2017	77,335
2018	79,657
2019	82,051
2020-2022	223,232
Total	\$ 610,260

IV. OTHER INFORMATION

A. Risk Management

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

B. Contingent Liabilities

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

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

C. Pension Plans

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and RSI for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by TMRS. This report may be obtained from TMRS' website at www.TMRS.com.

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

	<u>2014</u>	<u>2013</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/ yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI	0% of CPI

Contributions

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

The City contributes to the plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

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

Annual required contribution (ARC)	\$	799,349
Interest on net pension obligation (NPO)		77,485
Adjustment to the ARC		(69,675)
Annual pension cost (APC)		807,159
Contributions made		(799,021)
Increase in NPO		8,138
NPO-beginning of year		1,106,931
NPO-end of year	\$	1,115,069

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

Fiscal Year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2012	\$ 805,776	\$ 795,106	98.68%	\$ 1,096,421
2013	\$ 778,954	\$ 768,444	98.65%	\$ 1,106,931
2014	\$ 807,159	\$ 799,021	98.99%	\$ 1,115,069

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

	2014	2013	2012
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Cost Method	Entry Age Normal	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
GASB 25 Equivalent Single Amortization Period	30.0 years- Closed period	25.2 years- Closed period	26.2 years- Closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year smoothed market	10-year smoothed market	10-year smoothed market
Investment Rate of Return	7.0%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at Cost of Living Adjustments	3.00%	3.00%	3.00%
	0.0%	0.0%	0.0%

Funded Status and Funding Progress

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

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

	<u>2014</u>
Actuarial Valuation Date	12/31/2013
Actuarial Value of Assets	\$ 35,025,215
Actuarial Accrued Liability (AAL)	\$ 39,681,083
Percentage Funded	88.3%
Unfunded AAL (UAAL)	\$ 4,655,868
Annual Covered Payroll	\$ 7,922,009
UAAL as a Percentage of Covered Payroll	58.8%

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

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

D. Other Post Employment Benefits

1. Healthcare Plan

Plan Description

The City of West University Place Retiree Health Care Plan (the "Plan") is a single employer defined benefit healthcare plan administered by the City. The Plan provides medical benefits to eligible retirees and their spouses.

Employees Hired January 1, 2009 and Thereafter

A retiree and his or her covered dependent(s) may be eligible for continued coverage through COBRA according to regulatory requirements. Retirees may not add dependents after retiring. Retirees are responsible for all costs, including premiums and administrative fees, associated with COBRA benefits. Retiree/dependent COBRA benefits will be terminated if the City (or the City's third party administrator) does not receive the required contributions by the date due.

Employees Hired Prior to January 1, 2009

Non-exempt Employees – If a non-exempt employee retires through TMRS and has been employed full-time for the City for at least ten years immediately preceding the date of retirement, the employee may continue coverage with the City's health plan.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

Exempt Employees – If an exempt employee retires through TMRS and has a minimum of ten years of service credit with TMRS, of which three years immediately preceding the date of retirement were with the City, the employee may continue to be covered through the City’s health plan. The benefit includes basic medical coverage, excluding accidental death, life, disability and dental.

The City pays 100 percent of the premium for the retiree. Spouses and dependents are eligible for continued coverage. Retirees are responsible for all costs associated with spouse and dependent benefits. Surviving spouses of deceased retirees are eligible for continued coverage through COBRA according to regulatory requirements. All benefits terminate when the retiree becomes eligible for Medicare or other federal or state health insurance plans or if the retiree becomes employed.

Employees who retire under a disability retirement are eligible for retiree health benefits if they have met the eligibility for a regular retirement upon their disability. TMRS retirement requirement is five years of service at age 60 or 20 years of service regardless of age.

Funding Policy

The contribution requirements of Plan members and the City are established and may be amended by the City Council. Funding is provided on a pay-as-you-go basis.

Annual Other Post Employment Employee Benefit Cost

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

The annual OPEB cost for the fiscal year ending December 31, 2014 is as follows:

Annual required contribution	\$	356,181
Interest on net OPEB obligation		37,262
Adjustment to annual required contribution		<u>(49,724)</u>
Annual OPEB cost (expense)		343,719
Contributions made		<u>(318,101)</u>
Increase in net OPEB obligation		25,618
Net OPEB obligation-beginning of year		<u>828,035</u>
Net OPEB obligation-end of year		<u><u>\$ 853,653</u></u>

The City’s annual OPEB cost, the amount contributed by the City, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for fiscal year ending December 31, 2014 and the two preceding fiscal years are as follows:

Fiscal Year	Annual OPEB Cost (APC)	Employer Amount Contributed	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
				Beginning	Ending
2012	\$ 346,421	\$ 240,200	69.30%	\$ 648,495	\$ 754,716
2013	\$ 344,822	\$ 271,503	78.70%	\$ 754,716	\$ 828,035
2014	\$ 343,719	\$ 318,101	92.50%	\$ 828,035	\$ 853,653

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

Funded Status

As of December 31, 2011, the most recent actuarial valuation date, the City's retiree health care plan was zero percent funded with an estimated actuarial accrued liability exceeding actuarial assets by \$3,349,018. The annual covered payroll as of December 31, 2013 was \$7,764,719 and the ratio of the unfunded actuarial accrued liability to annual covered payroll was 43.1 percent.

Actuarial Methods and Assumptions

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

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

Significant methods and assumptions were as follows:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level dollar
Amortization Period	30 year, open amortization
Investment Rate of Return	4.50%, net of expenses
Inflation rate	3.00% per year
Healthcare Cost Trend Rate	Initial rate of 8.50% declining to an ultimate rate of 4.50% after 8 years

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

2. TMRS Supplemental Death Benefits Fund

Plan Description

The City also participates in the cost sharing multiple-employer defined benefit group-term life insurance plan operated by TMRS known as the Supplemental Death Benefits Fund (SDBF). The City elected, by ordinance, to provide group-term life insurance coverage to both current and retired employees. The City may terminate coverage under and discontinue participation in the SDBF by adopting an ordinance before November 1 of any year to be effective the following January 1.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2014

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. For the year ended December 31, 2014, the City offered the supplemental death benefit to both active and retired employees.

Contributions

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

The City's contributions to the TMRS SDBF for the years ended December 31, 2014, 2013, and 2012 were \$3,144, \$3,194, and \$3,106, respectively, which equaled the required contributions each year. The City's contribution rates for the past three years are shown below:

	<u>2014</u>	<u>2013</u>	<u>2012</u>
Annual Req. Contrib. (Rate)	0.04%	0.04%	0.04%
Actual Contribution Made	0.04%	0.04%	0.04%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

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REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WEST UNIVERSITY PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND

For the Year Ended December 31, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Ad valorem	\$ 8,535,000	\$ 8,535,000	\$ 8,600,509	\$ 65,509
Sales	1,000,000	1,000,000	1,051,890	51,890
Franchise	1,167,900	1,167,900	1,214,227	46,327
Other	10,000	10,000	15,713	5,713
Permits, licenses, and fees	465,070	465,070	666,887	201,817
Fines and forfeitures	172,300	172,300	176,117	3,817
Charges for services	1,960,318	1,960,318	2,448,489	488,171
Investment earnings	14,000	14,000	43,766	29,766
Other revenue	193,220	197,120	292,226	95,106
Total Revenues	<u>13,517,808</u>	<u>13,521,708</u>	<u>14,509,824</u>	<u>988,116</u>
Expenditures				
General government:				
Administration	1,126,590	1,172,417	1,172,417	-
Finance	2,067,610	2,059,705	1,914,563	145,142
Total general government expenditures	<u>3,194,200</u>	<u>3,232,122</u>	<u>3,086,980</u>	<u>145,142</u>
Public safety:				
Police	3,903,065	3,547,680	3,464,097	83,583
Fire	2,640,780	2,807,460	2,807,460	-
Total public safety expenditures	<u>6,543,845</u>	<u>6,355,140</u>	<u>6,271,557</u>	<u>83,583</u>
Public works	2,671,062	2,597,058	2,262,843	334,215
Public service	2,992,325	2,964,882	2,761,282	203,600
Total Expenditures	<u>15,401,432</u>	<u>15,149,202</u>	<u>14,382,662</u>	<u>766,540</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,883,624)</u>	<u>(1,627,494)</u>	<u>127,162</u>	<u>1,754,656</u>
Other Financing Sources (Uses)				
Transfers in	1,035,000	1,560,000	1,560,000	-
Transfers (out)	(200,000)	(467,504)	(467,504)	-
Total Other Financing Sources	<u>835,000</u>	<u>1,092,496</u>	<u>1,092,496</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ (1,048,624)</u>	<u>\$ (534,998)</u>	<u>1,219,658</u>	<u>\$ 1,754,656</u>
Beginning fund balance			<u>4,676,832</u>	
Ending Fund Balance			<u>\$ 5,896,490</u>	

Notes to Required Supplementary Information:

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

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF FUNDING PROGRESS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended December 31, 2014

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. The information presented below represents the City's schedule of funding progress.

Fiscal Year	<u>2014</u>	<u>2013</u>	<u>2012</u>
Actuarial Valuation Date	12/31/2013	12/31/2012	12/31/2011
Actuarial Value of Assets	\$ 35,025,215	\$ 33,241,449	\$ 31,698,316
Actuarial Accrued Liability (AAL)	\$ 39,681,083	\$ 37,450,723	\$ 35,814,690
Percentage Funded	88.3%	88.8%	88.5%
Unfunded AAL (UAAL)	\$ 4,655,868	\$ 4,209,274	\$ 4,116,374
Annual Covered Payroll	\$ 7,922,009	\$ 7,764,719	\$ 7,484,612
UAAL % of Covered Payroll	58.8%	54.2%	55.0%
Net Pension Obligation (NPO) at the Beginning of Period	\$ 1,106,931	\$ 1,096,421	\$ 1,085,751
Annual Pension Cost (APC)	807,159	778,954	805,776
Contributions Made	799,021	768,444	795,106
NPO at the End of Period	<u><u>\$ 1,115,069</u></u>	<u><u>\$ 1,106,931</u></u>	<u><u>\$ 1,096,421</u></u>

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF FUNDING PROGRESS

POST EMPLOYMENT HEALTHCARE BENEFITS

For the Year Ended December 31, 2014

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/07	\$ -	\$ 2,875,330	\$ 2,875,330	0.0%	\$ 6,848,075	42.0%
12/31/09	\$ -	\$ 3,300,494	\$ 3,300,494	0.0%	\$ 6,848,075	48.2%
12/31/11	\$ -	\$ 3,349,018	\$ 3,349,018	0.0%	\$ 7,764,719	43.1%

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***COMBINING STATEMENTS
AND SCHEDULES***

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CITY OF WEST UNIVERSITY PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND

For the Year Ended December 31, 2014

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Ad valorem taxes	\$ 7,733,400	\$ 7,733,400	\$ 7,786,395	\$ 52,995
Investment earnings	1,000	1,000	3,416	2,416
Total Revenues	7,734,400	7,734,400	7,789,811	55,411
<u>Expenditures</u>				
Debt service:				
Principal	6,190,000	6,190,000	6,190,000	-
Interest and fiscal agent fees	1,920,000	1,920,000	1,906,944	13,056
Total Expenditures	8,110,000	8,110,000	8,096,944	13,056
(Deficiency) of Revenues (Under) Expenditures	(375,600)	(375,600)	(307,133)	68,467
<u>Other Financing Sources (Uses)</u>				
Transfers in	378,500	378,500	378,504	4
Total Other Financing Sources	378,500	378,500	378,504	4
Net Change in Fund Balance	\$ 2,900	\$ 2,900	71,371	\$ 68,471
Beginning fund balance			95,668	
Ending Fund Balance			\$ 167,039	

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CITY OF WEST UNIVERSITY PLACE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2014

SPECIAL REVENUE FUNDS

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

Parks Fund

This fund is used to account for donations made by citizens for the specific purpose of improving the City's parks.

Friends of West University Parks Fund

This fund is used to account for the financial activity of the Friends of West University Parks. This fund's revenues are restricted to use in improving the City's parks.

Tree Replacement Fund

This fund is used to account for permits and fines collected to replace trees within the City.

Court Technology/Security Fund

This fund is used to account for a portion of traffic fines revenue set aside to acquire technology and provide security for the municipal court.

METRO Grant Fund

This fund is used to account for the proceeds of a multi-year transportation grant from METRO.

Emergency Grant Fund

This fund is used to account for the proceeds for disaster reimbursement.

CAPITAL PROJECTS FUNDS

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

Capital Projects Fund

This fund is used to account for a wide range of construction projects and the acquisition of very costly capital equipment.

Capital Reserve Fund

This fund is used to hold reserve funds to be spent on capital construction projects in the future.

Drainage Improvement Fund

This fund is used to account for the cost and financing of a major project to improve City drainage.

2011 Certificates of Obligation

This fund is used to account for bonds issued to finance the construction for the College Street Transportation Drainage Project.

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

December 31, 2014

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Court Technology/ Security
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 21,944	\$ -	\$ 147,305	\$ 32,327
Cash and cash equivalents	-	895,157	-	-
Investments	-	201,320	-	-
Accounts receivable	201,355	-	-	-
Inventory	-	2,372	-	-
Total Assets	\$ 223,299	\$ 1,098,849	\$ 147,305	\$ 32,327
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ 12,403	\$ 104,429	\$ 625	\$ -
Due to other funds	189,097	-	-	-
Total Liabilities	201,500	104,429	625	-
Fund balances:				
Nonspendable:				
Inventory	-	2,372	-	-
Restricted for:				
Enabling legislation	-	-	-	32,327
Capital projects	-	-	-	-
City parks	21,799	992,048	-	-
METRO	-	-	-	-
Special projects	-	-	-	-
Assigned to:				
Tree replacement	-	-	146,680	-
Capital projects funds	-	-	-	-
Total Fund Balances	21,799	994,420	146,680	32,327
Total Liabilities and Fund Balances	\$ 223,299	\$ 1,098,849	\$ 147,305	\$ 32,327

Special Revenue Funds		Capital Projects Funds			2011
METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Drainage Improvement	Certificates of Obligation
\$ 46,190	\$ 14,261	\$ 385,930	\$ 254,901	\$ 367,799	\$ 42,677
-	-	-	-	-	-
-	-	-	-	-	-
100,308	-	-	-	-	-
-	-	-	-	-	-
<u>\$ 146,498</u>	<u>\$ 14,261</u>	<u>\$ 385,930</u>	<u>\$ 254,901</u>	<u>\$ 367,799</u>	<u>\$ 42,677</u>
\$ -	\$ -	\$ 98,759	\$ -	\$ 156,506	\$ -
-	-	-	-	-	-
-	-	98,759	-	156,506	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	42,677
-	-	-	-	-	-
146,498	-	-	-	-	-
-	14,261	-	-	-	-
-	-	-	-	-	-
-	-	287,171	254,901	211,293	-
<u>146,498</u>	<u>14,261</u>	<u>287,171</u>	<u>254,901</u>	<u>211,293</u>	<u>42,677</u>
<u>\$ 146,498</u>	<u>\$ 14,261</u>	<u>\$ 385,930</u>	<u>\$ 254,901</u>	<u>\$ 367,799</u>	<u>\$ 42,677</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

December 31, 2014

	Total Nonmajor Governmental Funds
<u>Assets</u>	
Current assets:	
Cash and equity in pooled cash and investments	\$ 1,313,334
Cash and cash equivalents	895,157
Investments	201,320
Accounts receivable	301,663
Inventory	<u>2,372</u>
Total Assets	\$ <u>2,713,846</u>
<u>Liabilities and Fund Balances</u>	
Liabilities:	
Accounts payable	\$ 372,722
Due to other funds	<u>189,097</u>
Total Liabilities	<u>561,819</u>
Fund balances:	
Nonspendable:	
Inventory	2,372
Restricted for:	
Enabling legislation	32,327
Capital projects	42,677
City parks	1,013,847
METRO	146,498
Special projects	14,261
Assigned to:	
Tree replacement	146,680
Capital projects funds	<u>753,365</u>
Total Fund Balances	<u>2,152,027</u>
Total Liabilities and Fund Balances	\$ <u>2,713,846</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended December 31, 2014

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Court Technology/ Security
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 11,230
Permits, licenses, and fees	-	-	44,268	-
Intergovernmental	-	-	-	-
Contributions	9,285	638,655	-	-
Investment earnings	86	854	607	164
Other revenue	211,663	-	-	-
Total Revenues	221,034	639,509	44,875	11,394
Expenditures				
Current:				
General government	211,910	-	-	-
Public services	-	438,987	19,186	-
Capital outlay	-	-	-	12,776
Total Expenditures	211,910	438,987	19,186	12,776
Excess (Deficiency) of Revenues Over (Under) Expenditures	9,124	200,522	25,689	(1,382)
Other Financing Sources (Uses)				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-
Net Change in Fund Balances	9,124	200,522	25,689	(1,382)
Beginning fund balances	12,675	793,898	120,991	33,709
Ending Fund Balances	\$ 21,799	\$ 994,420	\$ 146,680	\$ 32,327

Special Revenue Funds		Capital Projects Funds			
METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Drainage Improvement	2011 Certificates of Obligation
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
145,819	-	-	-	-	-
-	-	-	-	-	-
478	115	1,313	1,303	2,782	195
-	-	-	-	-	-
<u>146,297</u>	<u>115</u>	<u>1,313</u>	<u>1,303</u>	<u>2,782</u>	<u>195</u>
-	-	-	-	-	-
-	-	-	-	-	-
-	-	370,522	20,000	648,526	834,925
-	-	370,522	20,000	648,526	834,925
<u>146,297</u>	<u>115</u>	<u>(369,209)</u>	<u>(18,697)</u>	<u>(645,744)</u>	<u>(834,730)</u>
-	34,128	517,496	215,004	258,996	-
(258,996)	-	-	(299,124)	-	-
<u>(258,996)</u>	<u>34,128</u>	<u>517,496</u>	<u>(84,120)</u>	<u>258,996</u>	<u>-</u>
(112,699)	34,243	148,287	(102,817)	(386,748)	(834,730)
<u>259,197</u>	<u>(19,982)</u>	<u>138,884</u>	<u>357,718</u>	<u>598,041</u>	<u>877,407</u>
<u>\$ 146,498</u>	<u>\$ 14,261</u>	<u>\$ 287,171</u>	<u>\$ 254,901</u>	<u>\$ 211,293</u>	<u>\$ 42,677</u>

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CITY OF WEST UNIVERSITY PLACE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended December 31, 2014

	Total Nonmajor Governmental Funds
<u>Revenues</u>	
Fines and forfeitures	\$ 11,230
Permits, licenses, and fees	44,268
Intergovernmental	145,819
Contributions	647,940
Investment earnings	7,897
Other revenue	211,663
Total Revenues	1,068,817
<u>Expenditures</u>	
Current:	
General government	211,910
Public services	458,173
Capital outlay	1,886,749
Total Expenditures	2,556,832
Excess (Deficiency) of Revenues Over (Under) Expenditures	(1,488,015)
<u>Other Financing Sources (Uses)</u>	
Transfers in	1,025,624
Transfers (out)	(558,120)
Total Other Financing Sources (Uses)	467,504
Net Change in Fund Balances	(1,020,511)
Beginning fund balances	3,172,538
Ending Fund Balances	\$ 2,152,027

CITY OF WEST UNIVERSITY PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2014

		Parks			
		<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>					
	Contributions	\$ 4,000	\$ 4,000	\$ 9,285	\$ 5,285
	Investment earnings	-	-	86	86
	Other revenue	-	-	211,663	211,663
	Total Revenues	<u>4,000</u>	<u>4,000</u>	<u>221,034</u>	<u>217,034</u>
<u>Expenditures</u>					
	General government	<u>7,000</u>	<u>214,929</u>	<u>211,910</u>	<u>3,019</u>
	Total Expenditures	<u>7,000</u>	<u>214,929</u>	<u>211,910</u>	<u>3,019</u>
	Net Change in Fund Balance	<u>\$ (3,000)</u>	<u>\$ (210,929)</u>	9,124	<u>\$ 220,053</u>
	Beginning fund balance			<u>12,675</u>	
	Ending Fund Balance			<u>\$ 21,799</u>	

CITY OF WEST UNIVERSITY PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2014

		Tree Replacement			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
	Permits, licenses, and fees	\$ 20,000	\$ 20,000	44,268	\$ 24,268
	Investment earnings	-	-	607	607
	Total Revenues	20,000	20,000	44,875	24,875
Expenditures					
	Public services	33,000	33,000	19,186	13,814
	Total Expenditures	33,000	33,000	19,186	13,814
	Net Change in Fund Balance	\$ (13,000)	\$ (13,000)	25,689	\$ 38,689
	Beginning fund balance			120,991	
	Ending Fund Balance			\$ 146,680	

CITY OF WEST UNIVERSITY PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2014

		<u>Court Technology/Security</u>			
		<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>					
	Fines and forfeitures	\$ 10,700	\$ 10,700	\$ 11,230	\$ 530
	Investment earnings	-	-	164	164
	Total Revenues	<u>10,700</u>	<u>10,700</u>	<u>11,394</u>	<u>694</u>
<u>Expenditures</u>					
	Capital outlay	<u>10,000</u>	<u>22,776</u>	<u>12,776</u>	<u>10,000</u>
	Total Expenditures	<u>10,000</u>	<u>22,776</u>	<u>12,776</u>	<u>10,000</u>
	Net Change in Fund Balance	<u>\$ 700</u>	<u>\$ (12,076)</u>	<u>(1,382)</u>	<u>\$ 10,694</u>
	Beginning fund balance			<u>33,709</u>	
	Ending Fund Balance			<u>\$ 32,327</u>	

CITY OF WEST UNIVERSITY PLACE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCES - BUDGET AND ACTUAL
NONMAJOR SPECIAL REVENUE FUNDS
For the Year Ended December 31, 2014

	<u>METRO Grant</u>			Variance with Final Budget Positive (Negative)
	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	
Revenues				
Intergovernmental	\$ 259,000	\$ 259,000	\$ 145,819	\$ (113,181)
Investment earnings	-	-	478	478
Total Revenues	<u>259,000</u>	<u>259,000</u>	<u>146,297</u>	<u>(112,703)</u>
Other Financing Sources (Uses)				
Transfers (out)	<u>(259,000)</u>	<u>(259,000)</u>	<u>(258,996)</u>	<u>4</u>
Total Other Financing (Uses)	<u>(259,000)</u>	<u>(259,000)</u>	<u>(258,996)</u>	<u>4</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	<u>(112,699)</u>	<u>\$ (112,699)</u>
Beginning fund balance			<u>259,197</u>	
Ending Fund Balance			<u>\$ 146,498</u>	

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CITY OF WEST UNIVERSITY PLACE, TEXAS

INTERNAL SERVICE FUNDS

December 31, 2014

Vehicle Replacement Fund

This internal service fund is used to account for and report vehicle replacement and maintenance services to departments or agencies of the City on a cost reimbursement basis.

Equipment Replacement Fund

This internal service fund is used to account for and report equipment replacement and maintenance services to departments or agencies of the City on a cost reimbursement basis.

Healthcare Benefits Fund

This internal service fund is used to account for and report the costs associated with health benefits to departments or agencies of the City on a cost reimbursement basis, as well as costs associated with retiring and separating employees.

Technology Management Fund

This internal service fund is used to account for and report the costs associated with technology management services to departments or agencies of the City on a cost reimbursement basis.

CITY OF WEST UNIVERSITY PLACE, TEXAS
COMBINING STATEMENT OF NET POSITION
INTERNAL SERVICE FUNDS
December 31, 2014

	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Healthcare Benefits</u>	<u>Technology Management</u>
<u>Assets</u>				
Current assets:				
Equity in pooled cash and investments	\$ 801,689	\$ 245,632	\$ 460,395	\$ 28,787
Receivables	-	-	49,490	-
Prepaid costs	-	-	70,177	5,764
Total Current Assets	<u>801,689</u>	<u>245,632</u>	<u>580,062</u>	<u>34,551</u>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	2,573,205	-	-	-
Less: accumulated depreciation	<u>(1,540,851)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Capital Assets (Net of Accumulated Depreciation)	<u>1,032,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Noncurrent Assets	<u>1,032,354</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total Assets	<u>1,834,043</u>	<u>245,632</u>	<u>580,062</u>	<u>34,551</u>
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	5,124	-	24,169	114,253
Total Current Liabilities	<u>5,124</u>	<u>-</u>	<u>24,169</u>	<u>114,253</u>
Total Liabilities	<u>5,124</u>	<u>-</u>	<u>24,169</u>	<u>114,253</u>
<u>Net Position</u>				
Net investment in capital assets	1,032,354	-	-	-
Unrestricted	<u>796,565</u>	<u>245,632</u>	<u>555,893</u>	<u>(79,702)</u>
Total Net Position	<u>\$ 1,828,919</u>	<u>\$ 245,632</u>	<u>\$ 555,893</u>	<u>\$ (79,702)</u>

**Total
Internal
Service Funds**

\$ 1,536,503
49,490
75,941
1,661,934

2,573,205
(1,540,851)

1,032,354
1,032,354
2,694,288

143,546
143,546
143,546

1,032,354
1,518,388

\$ 2,550,742

CITY OF WEST UNIVERSITY PLACE, TEXAS
COMBINING STATEMENT OF REVENUES, EXPENSES,
AND CHANGES IN NET POSITION
INTERNAL SERVICE FUNDS
For the Year Ended December 31, 2014

	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>	<u>Healthcare Benefits</u>	<u>Technology Management</u>
<u>Operating Revenues</u>				
Charges for sales and services	\$ 437,508	\$ 55,500	\$ 1,965,703	\$ 1,168,992
Other revenues	-	19,427	65,151	-
Total Operating Revenues	<u>437,508</u>	<u>74,927</u>	<u>2,030,854</u>	<u>1,168,992</u>
<u>Operating Expenses</u>				
Repairs and maintenance	27,002	-	-	8,294
Costs of sales and services	-	-	1,591,292	1,494,955
Depreciation	271,000	-	-	-
Total Operating Expenses	<u>298,002</u>	<u>-</u>	<u>1,591,292</u>	<u>1,503,249</u>
Operating Income (Loss)	<u>139,506</u>	<u>74,927</u>	<u>439,562</u>	<u>(334,257)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	4,125	992	-	588
Gain on sale of capital assets	16,540	4,814	-	-
Total Nonoperating Revenues	<u>20,665</u>	<u>5,806</u>	<u>-</u>	<u>588</u>
Income (Loss) Before Transfers	160,171	80,733	439,562	(333,669)
Transfers (out)	(198,000)	-	-	-
Change in Net Position	(37,829)	80,733	439,562	(333,669)
Beginning net position	1,866,748	164,899	116,331	253,967
Ending Net Position	<u>\$ 1,828,919</u>	<u>\$ 245,632</u>	<u>\$ 555,893</u>	<u>\$ (79,702)</u>

Total Internal Service Funds	
\$	3,627,703
	<u>84,578</u>
	<u>3,712,281</u>
	35,296
	3,086,247
	<u>271,000</u>
	<u>3,392,543</u>
	319,738
	5,705
	<u>21,354</u>
	<u>27,059</u>
	346,797
	<u>(198,000)</u>
	148,797
	<u>2,401,945</u>
\$	<u>2,550,742</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2014

	Vehicle Replacement	Equipment Replacement	Healthcare Benefits	Technology Management
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 437,508	\$ 74,927	\$ 2,025,664	\$ 1,168,992
Payments to suppliers	(25,082)	-	(1,795,162)	(1,511,750)
Net Cash Provided (Used) by Operating Activities	412,426	74,927	230,502	(342,758)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers (out)	(198,000)	-	-	-
Net Cash (Used) by Noncapital Financial Activities	(198,000)	-	-	-
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(416,150)	-	-	-
Proceeds from sale of capital assets	16,540	4,814	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(399,610)	4,814	-	-
<u>Cash Flows from Investing Activities</u>				
Interest received	4,125	992	-	588
Net Cash Provided by Investing Activities	4,125	992	-	588
Net Increase (Decrease) in Equity in Pooled Cash and Investments	(181,059)	80,733	230,502	(342,170)
Beginning equity in pooled cash and investments	982,748	164,899	229,893	370,957
Ending Equity in Pooled Cash and Investments	\$ 801,689	\$ 245,632	\$ 460,395	\$ 28,787
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities:				
Operating income (loss)	\$ 139,506	\$ 74,927	\$ 439,562	\$ (334,257)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	271,000	-	-	-
Changes in Operating Assets and Liabilities:				
(Increase) decrease in assets:				
Receivables	-	-	(5,190)	-
Prepaid costs	-	-	3,614	(5,764)
Increase (decrease) in liabilities:				
Accounts payable	1,920	-	(95,185)	5,967
Due to other funds	-	-	(112,299)	(8,704)
Net Cash Provided (Used) by Operating Activities	\$ 412,426	\$ 74,927	\$ 230,502	\$ (342,758)

**Total
Internal
Service Funds**

\$ 3,707,091
(3,331,994)

375,097

(198,000)

(198,000)

(416,150)
21,354

(394,796)

5,705
5,705

(211,994)
1,748,497
\$ 1,536,503

\$ 319,738

271,000

(5,190)
(2,150)

(87,298)
(121,003)

\$ 375,097

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	108
<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	120
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	130
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	140
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	144
<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 WEST UNIVERSITY PLACE, TEXAS

NET POSITION BY COMPONENT

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities				
Net investment in capital assets	\$ 2,285,217	\$ 11,786,607	\$ 17,515,320	\$ 24,421,719
Restricted	8,533,406	3,605,569	4,491,985	6,470,948
Unrestricted	3,003,540	3,976,998	2,566,351	1,910,197
Total Governmental Activities Net Position	\$ 13,822,163	\$ 19,369,174	\$ 24,573,656	\$ 32,802,864
 Business-Type Activities				
Net investment in capital assets	\$ 21,776,495	\$ 20,924,046	\$ 19,768,267	\$ 18,512,926
Restricted	622,627	813,673	1,186,557	715,000
Unrestricted	894,473	525,387	186,418	1,640,695
Total Business-Type Activities Net Position	\$ 23,293,595	\$ 22,263,106	\$ 21,141,242	\$ 20,868,621
 Primary Government				
Net investment in capital assets	\$ 24,061,712	\$ 32,710,653	\$ 37,283,587	\$ 42,934,645
Restricted	9,156,033	4,419,242	5,678,542	7,185,948
Unrestricted	3,898,013	4,502,385	2,752,769	3,550,892
Total Primary Government Net Position	\$ 37,115,758	\$ 41,632,280	\$ 45,714,898	\$ 53,671,485

*Restated balances

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011*</u>	<u>2012*</u>	<u>2013</u>	<u>2014</u>
\$ 32,145,988	\$ 25,112,652	\$ 30,510,547	\$ 31,464,253	\$ 34,881,486	\$ 38,347,094
2,466,227	1,977,589	1,315,036	2,260,764	2,197,619	1,580,648
1,262,360	5,341,671	872,283	1,987,281	2,782,110	4,671,246
<u>\$ 35,874,575</u>	<u>\$ 32,431,912</u>	<u>\$ 32,697,866</u>	<u>\$ 35,712,298</u>	<u>\$ 39,861,215</u>	<u>\$ 44,598,988</u>
\$ 17,662,268	\$ 22,196,178	\$ 21,612,826	\$ 21,320,705	\$ 20,285,944	\$ 20,235,838
745,000	785,000	720,000	645,000	675,000	695,000
1,841,953	2,343,524	4,000,276	3,965,913	4,634,652	3,180,182
<u>\$ 20,249,221</u>	<u>\$ 25,324,702</u>	<u>\$ 26,333,102</u>	<u>\$ 25,931,618</u>	<u>\$ 25,595,596</u>	<u>\$ 24,111,020</u>
\$ 49,808,256	\$ 47,308,830	\$ 52,123,373	\$ 52,784,958	\$ 55,167,430	\$ 58,582,932
3,211,227	2,762,589	2,035,036	2,905,764	2,872,619	2,275,648
3,104,313	7,685,195	4,872,559	5,953,194	7,416,762	7,851,428
<u>\$ 56,123,796</u>	<u>\$ 57,756,614</u>	<u>\$ 59,030,968</u>	<u>\$ 61,643,916</u>	<u>\$ 65,456,811</u>	<u>\$ 68,710,008</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN NET POSITION

Last Ten Years

(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
Expenses				
Governmental activities				
General government	\$ 2,594,417	\$ 2,706,514	\$ 4,552,568	\$ 2,387,061
Public safety	5,109,968	5,187,464	4,904,003	5,593,513
Public works	3,073,735	2,654,368	3,288,626	2,925,781
Public services	1,840,117	1,874,113	1,972,400	3,894,834
Interest and fiscal agent fees on long-term debt	3,501,076	2,984,308	3,169,545	3,195,884
Total Governmental Activities Expenses	<u>16,119,313</u>	<u>15,406,767</u>	<u>17,887,142</u>	<u>17,997,073</u>
Business-type activities				
Water and sewer	5,083,562	5,084,326	5,297,894	5,752,744
Solid waste	850,366	844,754	918,984	996,582
Total Business-Type Activities Expenses	<u>5,933,928</u>	<u>5,929,080</u>	<u>6,216,878</u>	<u>6,749,326</u>
Total Expenses	<u>\$ 22,053,241</u>	<u>\$ 21,335,847</u>	<u>\$ 24,104,020</u>	<u>\$ 24,746,399</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	\$ 1,530,847	\$ 1,260,376	\$ 3,523,007	\$ -
Public safety	186,844	267,609	196,070	817,411
Public works	-	-	-	-
Public services	597,910	580,297	580,869	1,402,881
Operating grants and contributions	16,915	259,000	843,941	1,675,641
Capital grants and contributions	370,864	-	-	5,291,500
Total Governmental Activities Program Revenues	<u>2,703,380</u>	<u>2,367,282</u>	<u>5,143,887</u>	<u>9,187,433</u>
Business-type activities				
Charges for services				
Water and sewer	5,084,828	4,795,073	4,702,577	5,912,369
Solid waste	926,132	944,897	930,705	1,452,975
Total Business-Type Activities Program Revenues	<u>6,010,960</u>	<u>5,739,970</u>	<u>5,633,282</u>	<u>7,365,344</u>
Total Program Revenues	<u>\$ 8,714,340</u>	<u>\$ 8,107,252</u>	<u>\$ 10,777,169</u>	<u>\$ 16,552,777</u>
Net (Expense)/Revenue				
Governmental activities	\$ (13,415,933)	\$ (13,039,485)	\$ (12,743,255)	\$ (8,809,640)
Business-type activities	77,032	(189,110)	(583,596)	616,018
Total Net Expense	<u>\$ (13,338,901)</u>	<u>\$ (13,228,595)</u>	<u>\$ (13,326,851)</u>	<u>\$ (8,193,622)</u>

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 2,841,391	\$ 3,150,380	\$ 2,785,502	\$ 3,208,930	\$ 3,049,656	\$ 3,811,192
6,217,723	6,287,887	5,870,061	6,211,784	6,515,194	6,176,586
4,046,079	4,549,951	5,176,660	4,240,301	3,944,561	3,693,099
4,421,189	2,734,441	3,858,501	4,158,008	4,433,865	4,741,209
2,860,685	3,453,311	3,351,762	2,633,700	2,178,324	1,986,301
<u>20,387,067</u>	<u>20,175,970</u>	<u>21,042,486</u>	<u>20,452,723</u>	<u>20,121,600</u>	<u>20,408,387</u>
5,686,180	5,415,974	6,927,509	6,409,131	6,092,231	6,699,341
1,161,724	1,111,560	1,322,082	1,427,997	1,376,583	1,225,806
6,847,904	6,527,534	8,249,591	7,837,128	7,468,814	7,925,147
<u>\$ 27,234,971</u>	<u>\$ 26,703,504</u>	<u>\$ 29,292,077</u>	<u>\$ 28,289,851</u>	<u>\$ 27,590,414</u>	<u>\$ 28,333,534</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
525,650	734,150	743,486	818,182	1,009,760	187,347
-	-	-	-	-	711,155
4,237,581	1,656,098	1,785,518	2,160,728	2,264,753	2,448,489
360,310	263,780	259,000	300,048	259,000	145,819
134,821	369,316	360,741	604,758	454,115	647,940
<u>5,258,362</u>	<u>3,023,344</u>	<u>3,148,745</u>	<u>3,883,716</u>	<u>3,987,628</u>	<u>4,140,750</u>
6,151,138	5,917,931	8,986,444	7,777,386	7,623,233	6,868,133
1,096,652	1,486,413	1,787,636	1,512,079	1,443,125	1,513,870
7,247,790	7,404,344	10,774,080	9,289,465	9,066,358	8,382,003
<u>\$ 12,506,152</u>	<u>\$ 10,427,688</u>	<u>\$ 13,922,825</u>	<u>\$ 13,173,181</u>	<u>\$ 13,053,986</u>	<u>\$ 12,522,753</u>
\$ (15,128,705)	\$ (17,152,626)	\$ (17,893,741)	\$ (16,569,007)	\$ (16,133,972)	\$ (16,267,637)
399,886	876,810	2,524,489	1,452,337	1,597,544	456,856
<u>\$ (14,728,819)</u>	<u>\$ (16,275,816)</u>	<u>\$ (15,369,252)</u>	<u>\$ (15,116,670)</u>	<u>\$ (14,536,428)</u>	<u>\$ (15,810,781)</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN NET POSITION (Continued)

Last Ten Years
(accrual basis of accounting)

	Fiscal Year			
	2005	2006	2007	2008
General Revenues and Other Changes in Net Position				
Governmental activities				
Taxes				
Ad valorem taxes, levied for general purposes	\$ 5,337,999	\$ 5,888,180	\$ 6,219,953	\$ 6,487,224
Ad valorem taxes, levied for debt service	6,794,959	6,748,355	6,738,071	6,300,879
Sales taxes	745,716	1,028,946	1,026,948	1,042,096
Franchise and local taxes	913,998	1,000,930	933,834	1,312,260
Other taxes	15,460	14,795	15,010	15,643
Contributions	268,081	326,656	891,760	257,869
Investment earnings	458,208	695,749	622,787	394,218
Other revenues	222,044	1,828,944	254,997	288,659
Gain (loss) on sale of capital assets	(25,950)	-	-	-
(Loss) on sale of asset held for resale	-	-	-	-
Transfers	870,000	1,053,941	940,000	940,000
Total Governmental Activities	<u>15,600,515</u>	<u>18,586,496</u>	<u>17,643,360</u>	<u>17,038,848</u>
Business-type activities				
Investment earnings	21,374	72,757	39,173	51,361
Other revenues	216,047	139,805	362,559	-
(Loss) on disposal of capital assets	-	-	-	-
Transfers	(870,000)	(1,053,941)	(940,000)	(940,000)
Total Business-Type Activities	<u>(632,579)</u>	<u>(841,379)</u>	<u>(538,268)</u>	<u>(888,639)</u>
Total Primary Government	<u>\$ 14,967,936</u>	<u>\$ 17,745,117</u>	<u>\$ 17,105,092</u>	<u>\$ 16,150,209</u>
Change in Net Position				
Governmental activities	\$ 2,184,582	\$ 5,547,011	\$ 4,900,105	\$ 8,229,208
Business-type activities	(555,547)	(1,030,489)	(1,121,864)	(272,621)
Total Change in Net Position	<u>\$ 1,629,035</u>	<u>\$ 4,516,522</u>	<u>\$ 3,778,241</u>	<u>\$ 7,956,587</u>

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 7,319,407	\$ 8,004,202	\$ 7,962,210	\$ 7,527,047	\$ 8,087,360	\$ 8,605,582
6,756,375	7,098,065	7,360,224	7,713,377	7,733,658	7,791,467
946,726	1,050,079	997,318	1,003,897	957,658	1,051,890
1,162,420	1,207,429	1,148,390	1,142,265	1,170,448	1,214,227
12,485	11,144	8,994	9,685	11,546	15,713
306,410	-	-	-	-	-
210,481	73,035	33,333	27,270	35,087	60,784
446,112	424,381	347,242	286,619	320,123	503,889
-	32,466	10,686	427	23,909	21,354
-	-	-	(68,150)	-	-
<u>1,040,000</u>	<u>(4,190,838)</u>	<u>1,517,223</u>	<u>1,861,848</u>	<u>1,943,100</u>	<u>1,740,504</u>
<u>18,200,416</u>	<u>13,709,963</u>	<u>19,385,620</u>	<u>19,504,285</u>	<u>20,282,889</u>	<u>21,005,410</u>
20,715	7,833	8,369	8,027	9,534	17,823
-	-	-	-	-	-
-	-	-	-	-	(218,751)
<u>(1,040,000)</u>	<u>4,190,838</u>	<u>(1,517,223)</u>	<u>(1,861,848)</u>	<u>(1,943,100)</u>	<u>(1,740,504)</u>
<u>(1,019,285)</u>	<u>4,198,671</u>	<u>(1,508,854)</u>	<u>(1,853,821)</u>	<u>(1,933,566)</u>	<u>(1,941,432)</u>
<u>\$ 17,181,131</u>	<u>\$ 17,908,634</u>	<u>\$ 17,876,766</u>	<u>\$ 17,650,464</u>	<u>\$ 18,349,323</u>	<u>\$ 19,063,978</u>
\$ 3,071,711	\$ (3,442,663)	\$ 1,491,879	\$ 2,935,278	\$ 4,148,917	\$ 4,737,773
(619,399)	5,075,481	1,015,635	(401,484)	(336,022)	(1,484,576)
<u>\$ 2,452,312</u>	<u>\$ 1,632,818</u>	<u>\$ 2,507,514</u>	<u>\$ 2,533,794</u>	<u>\$ 3,812,895</u>	<u>\$ 3,253,197</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years

(accrual basis of accounting)

Function	Fiscal Year			
	2005	2006	2007	2008
Property	\$ 12,132,958	\$ 12,636,535	\$ 12,958,024	\$ 12,788,103
Sales	730,156	1,028,946	1,026,948	1,042,096
Franchise	913,998	1,000,930	933,834	1,312,260
Other taxes	15,460	14,795	15,010	15,643
	<u>\$ 13,792,572</u>	<u>\$ 14,681,206</u>	<u>\$ 14,933,816</u>	<u>\$ 15,158,102</u>

Fiscal Year						Change
2009	2010	2011	2012	2013	2014	2013-2014
\$ 13,462,911	\$ 15,102,267	\$ 15,322,434	\$ 15,240,424	\$ 15,821,018	\$ 16,397,049	3.6%
11,553,199	1,050,079	997,318	1,003,897	957,658	1,051,890	9.8%
1,659,737	1,207,429	1,148,390	1,142,265	1,170,448	1,214,227	3.7%
2,400	11,144	8,994	9,685	11,546	15,713	36.1%
<u>\$ 26,678,247</u>	<u>\$ 17,370,919</u>	<u>\$ 17,477,136</u>	<u>\$ 17,396,271</u>	<u>\$ 17,960,670</u>	<u>\$ 18,678,879</u>	4.0%

CITY OF WEST UNIVERSITY PLACE, TEXAS
FUND BALANCES, GOVERNMENTAL FUNDS (1)
 Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
General Fund				
Reserved	\$ 15,504	\$ 15,516	\$ 429,437	\$ 430,797
Unreserved	3,357,537	4,187,536	2,457,227	3,580,317
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total General Fund	<u>\$ 3,373,041</u>	<u>\$ 4,203,052</u>	<u>\$ 2,886,664</u>	<u>\$ 4,011,114</u>
All Other Governmental Funds				
Reserved	\$ 998,780	\$ 1,658,449	\$ 2,067,501	\$ 2,745,745
Unreserved, reported in:				
Capital project funds	6,852,781	1,545,312	178,493	3,219,460
Special revenue funds	683,698	1,484,935	2,883,727	281,814
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
Total All Other Governmental Funds	<u>\$ 8,535,259</u>	<u>\$ 4,688,696</u>	<u>\$ 5,129,721</u>	<u>\$ 6,247,019</u>

(1) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged; only four fiscal years are available at this time. The City chose not to restate 2005 to 2010.

*Restated balances

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012*</u>	<u>2013</u>	<u>2014</u>
\$ 444,508	\$ 561,038	\$ -	\$ -	\$ -	\$ -
2,736,833	3,107,736	-	-	-	-
-	-	130,265	134,564	157,515	170,933
-	-	410,238	95,322	127,437	163,999
-	-	-	210,000	210,000	210,000
-	-	3,538,757	3,823,951	4,181,880	5,351,558
<u>\$ 3,181,341</u>	<u>\$ 3,668,774</u>	<u>\$ 4,079,260</u>	<u>\$ 4,263,837</u>	<u>\$ 4,676,832</u>	<u>\$ 5,896,490</u>
\$ 1,388,198	\$ 1,639,115	\$ -	\$ -	\$ -	\$ -
1,035,760	4,128,598	-	-	-	-
240,926	(20,470)	-	-	-	-
-	-	2,372	2,372	2,372	2,372
-	-	1,890,177	2,244,596	2,070,182	1,416,649
-	-	528,575	734,460	1,215,634	900,045
-	-	(20,343)	(20,161)	(19,982)	-
<u>\$ 2,664,884</u>	<u>\$ 5,747,243</u>	<u>\$ 2,400,781</u>	<u>\$ 2,961,267</u>	<u>\$ 3,268,206</u>	<u>\$ 2,319,066</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Revenues				
Taxes	\$ 13,803,975	\$ 14,658,182	\$ 14,681,206	\$ 15,471,664
Permits, licenses, and fees	597,910	580,297	580,869	495,127
Fines and forfeitures	186,844	267,609	196,070	322,284
Charges for services	1,165,967	1,260,376	1,381,586	1,402,881
Intergovernmental	387,779	259,000	843,941	6,967,141
Contributions	268,081	326,656	891,760	257,869
Investment earnings	457,078	688,893	602,593	379,164
Other revenues	212,924	1,814,311	250,408	265,397
Total Revenues	<u>17,080,558</u>	<u>19,855,324</u>	<u>19,428,433</u>	<u>25,561,527</u>
Expenditures				
General government	2,268,862	2,381,154	2,312,853	2,329,591
Public safety	4,769,582	5,028,528	4,931,044	5,242,522
Public works	1,582,592	1,557,955	1,927,231	1,935,450
Public services	1,579,982	1,712,208	1,785,093	3,869,698
Capital outlay	2,569,023	6,840,403	3,738,838	4,113,991
Debt service				
Principal	2,900,000	3,375,000	3,612,472	3,780,922
Interest	3,669,628	3,319,913	3,188,875	2,987,603
Bond issuance costs	-	-	-	-
Advance refunding escrow	-	-	-	-
Total Expenditures	<u>19,339,669</u>	<u>24,215,161</u>	<u>21,496,406</u>	<u>24,259,777</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	(2,259,111)	(4,359,837)	(2,067,973)	1,301,750
Other Financing Sources (Uses)				
Transfers in	1,139,000	1,540,713	4,931,336	4,618,732
Transfers out	(269,000)	(670,713)	(3,991,336)	(3,678,732)
Issuance of debt	25,075,000	473,285	-	-
Premium on debt issued	1,793,024	-	-	-
Payment to refunded bond escrow agent	(26,751,058)	-	-	-
Sale of capital assets	23,335	-	-	-
Total Other Financing Sources	<u>1,010,301</u>	<u>1,343,285</u>	<u>940,000</u>	<u>940,000</u>
Net Change in Fund Balances	<u>\$ (1,248,810)</u>	<u>\$ (3,016,552)</u>	<u>\$ (1,127,973)</u>	<u>\$ 2,241,750</u>
Debt service as a percentage of noncapital expenditures	39.17%	38.53%	38.30%	33.60%

Fiscal Year

2009	2010	2011	2012	2013	2014
\$ 16,197,413	\$ 17,362,337	\$ 17,469,999	\$ 17,380,393	\$ 17,934,252	\$ 18,668,734
351,120	461,419	467,123	609,037	796,562	711,155
174,530	272,731	276,363	209,145	213,198	187,347
1,186,941	1,656,098	1,785,518	2,160,728	2,264,753	2,448,489
495,131	263,780	259,000	300,048	259,000	145,819
306,410	369,316	360,741	604,758	454,115	647,940
205,371	71,447	31,575	25,035	31,760	55,079
430,180	394,071	347,242	218,469	320,123	503,889
<u>19,347,096</u>	<u>20,851,199</u>	<u>20,997,561</u>	<u>21,507,613</u>	<u>22,273,763</u>	<u>23,368,452</u>
2,638,596	2,919,174	2,678,292	2,427,755	2,582,560	3,298,890
6,091,415	5,956,779	5,492,793	5,615,673	6,617,056	6,271,557
2,167,936	2,586,314	2,504,438	2,628,156	2,596,798	2,262,843
3,803,862	2,127,336	2,336,591	2,402,878	3,043,191	3,219,455
13,290,611	10,645,694	4,244,191	214,662	209,284	1,886,749
3,969,515	3,903,250	4,671,167	5,305,000	5,605,000	6,190,000
2,848,046	3,214,201	3,437,756	3,015,941	2,320,806	1,906,944
226,636	419,931	141,802	-	217,067	-
-	-	-	100,000	350,000	-
<u>35,036,617</u>	<u>31,772,679</u>	<u>25,507,030</u>	<u>21,710,065</u>	<u>23,541,762</u>	<u>25,036,438</u>
(15,689,521)	(10,921,480)	(4,509,469)	(202,452)	(1,267,999)	(1,667,986)
4,065,742	2,017,451	3,090,405	2,127,938	2,789,897	2,964,128
(3,075,742)	(1,350,702)	(2,542,851)	(1,419,885)	(1,010,591)	(1,025,624)
13,035,000	24,630,000	5,700,000	8,555,000	16,360,000	-
283,639	859,692	191,134	282,219	-	-
(3,022,444)	(11,546,886)	(4,868,423)	(8,676,911)	(16,151,373)	-
-	32,466	3,228	-	-	-
<u>11,286,195</u>	<u>14,642,021</u>	<u>1,573,493</u>	<u>868,361</u>	<u>1,987,933</u>	<u>1,938,504</u>
<u>\$ (4,403,326)</u>	<u>\$ 3,720,541</u>	<u>\$ (2,935,976)</u>	<u>\$ 665,909</u>	<u>\$ 719,934</u>	<u>\$ 270,518</u>
31.68%	34.37%	38.39%	38.89%	34.82%	34.88%

CITY OF WEST UNIVERSITY PLACE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years

(modified accrual basis of accounting)

Function	Fiscal Year			
	2005	2006	2007	2008
Ad valorem	\$ 12,128,801	\$ 12,613,511	\$ 12,958,024	\$ 13,101,665
Sales	745,716	1,028,946	1,026,948	1,042,096
Franchise	913,998	1,000,930	933,834	1,312,260
Other taxes	15,460	14,796	15,010	15,643
	<u>\$ 13,803,975</u>	<u>\$ 14,658,183</u>	<u>\$ 14,933,816</u>	<u>\$ 15,471,664</u>

Fiscal Year						Change
2009	2010	2011	2012	2013	2014	2013-2014
\$ 14,067,200	\$ 15,093,685	\$ 15,315,297	\$ 15,224,546	\$ 15,794,600	\$ 16,386,904	3.8%
946,726	1,050,079	997,318	1,003,897	957,658	1,051,890	9.8%
1,162,420	1,207,429	1,148,390	1,142,265	1,170,448	1,214,227	3.7%
12,485	11,144	8,994	9,685	11,546	15,713	36.1%
<u>\$ 16,188,831</u>	<u>\$ 17,362,337</u>	<u>\$ 17,469,999</u>	<u>\$ 17,380,393</u>	<u>\$ 17,934,252</u>	<u>\$ 18,668,734</u>	4.1%

CITY OF WEST UNIVERSITY PLACE, TEXAS
ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY
 Last Ten Years

	Fiscal Year (2)			
	2005	2006	2007	2008
Residential Property	\$ 2,680,629,150	\$ 2,816,526,599	\$ 3,032,378,632	\$ 3,518,127,265
Commercial Property	56,271,940	79,232,269	200,638,039	111,498,007
Less: Tax Exempt Property	<u>(80,402,800)</u>	<u>(128,158,556)</u>	<u>(238,088,255)</u>	<u>(133,439,938)</u>
Total Taxable Assessed Value (1)	<u>\$ 2,656,498,290</u>	<u>\$ 2,767,600,312</u>	<u>\$ 2,994,928,416</u>	<u>\$ 3,496,185,334</u>
Total Direct Tax Rate	\$ 0.44000	\$ 0.43000	\$ 0.40200	\$ 0.36600

Source: Harris County Certified / Uncertified Tax Roll

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.
 Tax rates are per \$100 of assessed value.

(2) Tax information was adjusted during fiscal year 2014 to reflect tax year assessed valuations.

Fiscal Year (2)

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 3,835,791,345	\$ 4,287,201,794	\$ 4,173,451,521	\$ 4,106,994,971	\$ 4,335,656,103	\$ 4,497,103,352
129,077,944	125,992,897	203,444,929	278,070,080	205,183,728	219,273,264
<u>(216,954,373)</u>	<u>(158,978,494)</u>	<u>(296,685,633)</u>	<u>(325,525,373)</u>	<u>(323,044,475)</u>	<u>(340,252,719)</u>
<u>\$ 3,747,914,916</u>	<u>\$ 4,254,216,197</u>	<u>\$ 4,080,210,817</u>	<u>\$ 4,059,539,678</u>	<u>\$ 4,217,795,356</u>	<u>\$ 4,376,123,897</u>
\$ 0.35900	\$ 0.35875	\$ 0.37411	\$ 0.37411	\$ 0.37411	\$ 0.37400

CITY OF WEST UNIVERSITY PLACE, TEXAS
PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Years

	Fiscal Year (2)			
	2005	2006	2007	2008
City of West University Place by fund:				
General	\$ 0.20000	\$ 0.20100	\$ 0.19200	\$ 0.18600
Debt service	0.24000	0.22900	0.21000	0.18000
Total Direct Rates	<u>\$ 0.44000</u>	<u>\$ 0.43000</u>	<u>\$ 0.40200</u>	<u>\$ 0.36600</u>
Houston Independent School District	\$ 1.58000	\$ 1.62000	\$ 1.47570	\$ 1.15670
Harris County	0.38800	0.39986	0.40239	0.39239
Harris County Flood Control District	0.04170	0.03322	0.03241	0.03106
Port of Houston Authority	0.02000	0.01474	0.01302	0.01437
Harris County Hospital District	0.19020	0.19216	0.19216	0.19216
Harris County Department of Education	-	0.00629	0.00629	0.00585
Houston Community College	0.09598	0.09577	0.09518	0.09243
Total Direct and Overlapping Rates (1)	<u>\$ 2.75588</u>	<u>\$ 2.79204</u>	<u>\$ 2.61915</u>	<u>\$ 2.25096</u>

Tax rates per \$100 of assessed valuation
Source: Harris County Appraisal District

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

(2) Tax information was adjusted during fiscal year 2014 to reflect tax year assessed valuations.

Fiscal Year (2)

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 0.18600	\$ 0.18893	\$ 0.19443	\$ 0.18475	\$ 0.19125	\$ 0.19631
0.17300	0.16982	0.17968	0.18936	0.18286	0.17769
<u>\$ 0.35900</u>	<u>\$ 0.35875</u>	<u>\$ 0.37411</u>	<u>\$ 0.37411</u>	<u>\$ 0.37411</u>	<u>\$ 0.37400</u>
\$ 1.15670	\$ 1.15670	\$ 1.15670	\$ 1.15670	\$ 1.15670	\$ 1.18670
0.38923	0.39224	0.38805	0.39117	0.40021	0.41455
0.03086	0.02922	0.29230	0.02809	0.02809	0.02827
0.01773	0.01636	0.02054	0.01856	0.01952	0.01716
0.19216	0.19216	0.19216	0.19216	0.18216	0.17000
0.00584	0.00605	0.00658	0.00658	0.00662	0.00636
0.09243	0.09222	0.09222	0.09722	0.09717	0.09717
<u>\$ 2.24395</u>	<u>\$ 2.24370</u>	<u>\$ 2.52266</u>	<u>\$ 2.26459</u>	<u>\$ 2.26458</u>	<u>\$ 2.29421</u>

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CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	Fiscal Year (1)					
	2014			2005		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
AT&T	\$ 10,040,648	1	0.23%	\$ -	n/a	-
Southwestern Bell	-	n/a	-	13,795,450	1	0.52%
U West Marketplace Assoc	9,371,823	2	0.21%	3,871,740	3	0.15%
Vincere Village Place LLC	5,897,674	3	0.13%	-	n/a	-
Centerpoint Energy Inc	5,654,250	4	0.13%	4,738,770	2	0.18%
5650 Kirby Partnership	-	n/a	-	3,814,510	4	0.14%
Frank & Lillian Orson	-	n/a	-	2,316,600	6	0.09%
Craig A & Patricia Biggio	4,150,000	5	0.09%	2,627,400	5	0.10%
DKGA/WUC LP	4,136,599	6	0.09%	-	n/a	-
Marc & Krista Hensel	3,788,294	7	0.09%	-	n/a	-
Max & Christine Lukens	-	n/a	-	2,280,600	7	0.09%
James M & Donna P Donnell	3,765,676	8	0.09%	-	n/a	-
Timothy H. & Elaine C. Day	3,735,000	9	0.09%	-	n/a	-
Dolar S. & Shreekant N.	3,732,960	10	0.09%	-	n/a	-
Brian & Carol Kirshon	-	n/a	-	2,263,700	8	0.09%
Kenneth & Kimberly Alo	-	n/a	-	2,172,500	10	0.08%
Charles & Kimberly Yates	-	n/a	-	2,227,360	9	0.08%
Subtotal	54,272,924		1.24%	40,108,630		1.51%
Other Taxpayers	4,321,850,973		98.76%	2,616,389,660		98.49%
Total	\$ 4,376,123,897		100.00%	\$ 2,656,498,290		100.00%

Source: Harris County Tax Assessor-Collector's records.

(1) Tax information was adjusted during fiscal year 2014 to reflect tax year assessed valuations.

CITY OF WEST UNIVERSITY PLACE, TEXAS
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Tax levy	\$ 11,581,528	\$ 12,192,921	\$ 12,621,201	\$ 12,890,583
Current tax collected	\$ 11,516,657	\$ 12,124,169	\$ 12,539,957	\$ 11,944,071
Percent of current tax collections	99.44%	99.44%	99.36%	92.66%
Delinquent tax collections	<u>\$ 53,913</u>	<u>\$ 50,981</u>	<u>\$ 57,821</u>	<u>\$ 28,776</u>
Total tax collections	<u>\$ 11,570,570</u>	<u>\$ 12,175,150</u>	<u>\$ 12,597,778</u>	<u>\$ 11,972,847</u>
Total collections as a percentage of current levy	99.91%	99.85%	99.81%	92.88%
Outstanding delinquent taxes	\$ 10,958	\$ 17,771	\$ 23,423	\$ 35,850
Outstanding delinquent taxes as percentage of current levy	0.09%	0.15%	0.19%	0.28%

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 13,951,979	\$ 15,031,309	\$ 15,265,103	\$ 15,193,428	\$ 15,778,014	\$ 16,365,976
\$ 13,895,039	\$ 14,977,921	\$ 15,197,463	\$ 15,123,562	\$ 15,705,681	\$ 16,287,801
99.59%	99.64%	99.56%	99.54%	99.54%	99.52%
\$ 42,286	\$ 34,246	\$ 42,841	\$ 31,077	\$ 25,738	\$ 24,032
<u>\$ 13,937,325</u>	<u>\$ 15,012,167</u>	<u>\$ 15,240,304</u>	<u>\$ 15,154,639</u>	<u>\$ 15,731,419</u>	<u>\$ 16,311,833</u>
99.89%	99.87%	99.84%	99.74%	99.70%	99.67%
\$ 81,139	\$ 190,853	\$ 202,537	\$ 206,571	\$ 222,473	\$ 205,926
0.58%	1.27%	1.33%	1.36%	1.41%	1.26%

CITY OF WEST UNIVERSITY PLACE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Governmental Activities:				
General obligation bonds	\$ 59,502,835	\$ 56,323,704	\$ 53,019,573	\$ 49,555,442
Certificates of obligation	12,855,000	12,630,000	12,380,000	12,125,000
Capital leases	-	473,285	385,819	294,897
Subtotal	72,357,835	69,426,989	65,785,392	61,975,339
Business-Type Activities:				
Revenue bonds	14,922,409	14,469,549	13,811,912	13,129,276
Total Primary Government	\$ 87,280,244	\$ 83,896,538	\$ 79,597,304	\$ 75,104,615
Personal Income (1)	-	-	-	-
Debt as a Percentage Of Personal Income (1)	-	-	-	-
Population	14,211	14,211	14,211	14,211
Debt Per Capita	\$ 6,142	\$ 5,904	\$ 5,601	\$ 5,285

(1) Personal income data is not available.

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

Fiscal Year					
2009	2010	2011	2012	2013	2014
\$ 54,795,999	\$ 61,763,373	\$ 57,530,495	\$ 62,271,173	\$ 58,445,351	\$ 52,775,550
13,140,776	21,643,463	22,218,433	13,154,781	12,654,747	11,898,971
200,381	102,131	-	-	-	-
<u>68,137,156</u>	<u>83,508,967</u>	<u>79,748,928</u>	<u>75,425,954</u>	<u>71,100,098</u>	<u>64,674,521</u>
12,421,640	6,526,466	5,751,365	5,112,399	4,466,577	3,790,755
<u>\$ 80,558,796</u>	<u>\$ 90,035,433</u>	<u>\$ 85,500,293</u>	<u>\$ 80,538,353</u>	<u>\$ 75,566,675</u>	<u>\$ 68,465,276</u>
-	-	-	-	-	-
-	-	-	-	-	-
14,211	14,787	14,787	15,109	15,221	15,369
<u>\$ 5,669</u>	<u>\$ 6,089</u>	<u>\$ 5,782</u>	<u>\$ 5,330</u>	<u>\$ 4,965</u>	<u>\$ 4,455</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

RATIO OF NET BONDED DEBT TO ASSESSED VALUE, NET BONDED DEBT PER CAPITA, AND ASSESSED AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Net Taxable Assessed Value				
All property	\$ 2,656,498,290	\$ 2,767,600,312	\$ 2,994,928,416	\$ 3,496,185,334
Net Bonded Debt				
Gross bonded debt	\$ 72,357,835	\$ 68,953,704	\$ 65,399,573	\$ 61,680,442
Less debt service funds	(1,169,072)	(1,169,072)	(1,208,268)	(975,765)
Net Bonded Debt	\$ 71,188,763	\$ 67,784,632	\$ 64,191,305	\$ 60,704,677
Ratio of Net Bonded Debt To Assessed Value	2.68%	2.45%	2.14%	1.74%
Population	14,211	14,211	14,211	14,211
Net Bonded Debt Per Capita	\$ 5,009	\$ 4,770	\$ 4,517	\$ 4,272

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 3,747,914,916	\$ 4,254,216,197	\$ 4,059,539,678	\$ 4,059,539,678	\$ 4,217,795,356	\$ 4,376,123,897
\$ 67,936,775 (954,687)	\$ 83,406,836 (992,033)	\$ 79,748,928 (446,094)	\$ 75,425,954 (273,963)	\$ 71,100,098 (95,668)	\$ 64,674,521 (167,039)
<u>\$ 66,982,088</u>	<u>\$ 82,414,803</u>	<u>\$ 79,302,834</u>	<u>\$ 75,151,991</u>	<u>\$ 71,004,430</u>	<u>\$ 64,507,482</u>
1.79%	1.50%	1.95%	1.85%	1.68%	1.47%
14,211	14,787	14,787	15,109	15,221	15,369
<u>\$ 4,713</u>	<u>\$ 4,300</u>	<u>\$ 5,363</u>	<u>\$ 4,974</u>	<u>\$ 4,665</u>	<u>\$ 4,197</u>

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CITY OF WEST UNIVERSITY PLACE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2014

	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Governmental Unit			
Harris County	\$ 2,396,117,860	1.45%	\$ 34,743,709
Harris County Dept of Education	7,210,000	1.45%	104,545
Harris County Flood Control District	87,400,000	1.45%	1,267,300
Harris County Toll Road	369,770,000	1.45%	5,361,665
Houston Community College	645,860,000	3.18%	20,538,348
Houston ISD	2,569,590,691	3.76%	96,616,610
Port of Houston Authority	<u>702,379,397</u>	1.45%	<u>10,184,501</u>
Subtotal, overlapping debt	\$ 6,778,327,948		168,816,678
City Direct Debt	\$ 64,674,521	100.00%	<u>64,674,521</u>
	Total Direct and Overlapping Debt		<u><u>\$ 233,491,199</u></u>

Source: Municipal Advisory Council of Texas

CITY OF WEST UNIVERSITY PLACE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Debt limit	\$ 144,787,943	\$ 153,627,947	\$ 174,809,267	\$ 194,317,845
Total net debt applicable to limit	70,953,073	67,405,928	63,841,732	64,074,235
Legal debt margin	\$ 73,834,870	\$ 86,222,019	\$ 110,967,535	\$ 130,243,610
Total net debt applicable to the limit as a percentage of debt limit	49.00%	43.88%	36.52%	32.97%

Legal Debt Margin Calculation for Fiscal Year 2014

Assessed value	\$ 4,376,123,897
Debt limit (5% of assessed value)	218,806,195
Debt applicable to limit:	
General obligation bonds	64,674,521
Less: amount set aside for repayment of general obligation debt	(167,039)
Total net debt applicable to limit	64,507,482
Legal debt margin	\$ 154,298,713

Note: The City's Home Rule Charter (1983), Section 7.07 limits all bonded debt to no more than five percent of the assessed valuation.

Fiscal Year					
<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 212,710,810	\$ 204,010,541	\$ 202,976,984	\$ 210,889,768	\$ 210,889,768	\$ 218,806,195
<u>60,212,967</u>	<u>60,212,967</u>	<u>56,568,906</u>	<u>73,605,191</u>	<u>71,004,430</u>	<u>64,507,482</u>
<u>\$ 152,497,843</u>	<u>\$ 143,797,574</u>	<u>\$ 146,408,078</u>	<u>\$ 137,284,577</u>	<u>\$ 139,885,338</u>	<u>\$ 154,298,713</u>
28.31%	29.51%	27.87%	34.90%	33.67%	29.48%

CITY OF WEST UNIVERSITY PLACE, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	Fiscal Year			
	2005	2006	2007	2008
Gross Revenues (1)	\$ 5,098,008	\$ 4,842,481	\$ 4,702,577	\$ 5,912,369
Operating Expenses (2)	2,780,664	2,737,998	4,673,933	5,114,579
Net Revenues Available for Debt Service	\$ 2,317,344	\$ 2,104,483	\$ 28,644	\$ 797,790
Debt Service Requirements (3)				
Principal	\$ 565,000	\$ 675,000	\$ 665,000	\$ 690,000
Interest	714,225	597,295	601,873	577,813
Total	\$ 1,279,225	\$ 1,272,295	\$ 1,266,873	\$ 1,267,813
Coverage	1.81	1.65	0.02	0.63

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Fiscal Year

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>
\$ 6,151,138	\$ 5,917,931	\$ 8,986,455	\$ 7,777,386	\$ 7,623,233	\$ 6,868,133
<u>5,141,913</u>	<u>5,003,479</u>	<u>4,802,445</u>	<u>4,293,010</u>	<u>3,962,028</u>	<u>4,580,425</u>
<u>\$ 1,009,225</u>	<u>\$ 914,452</u>	<u>\$ 4,184,010</u>	<u>\$ 3,484,376</u>	<u>\$ 3,661,205</u>	<u>\$ 2,287,708</u>
\$ 715,000	\$ 745,000	\$ 785,000	\$ 720,000	\$ 645,000	\$ 675,000
551,749	523,446	255,154	225,323	198,585	172,185
<u>\$ 1,266,749</u>	<u>\$ 1,268,446</u>	<u>\$ 1,040,154</u>	<u>\$ 945,323</u>	<u>\$ 843,585</u>	<u>\$ 847,185</u>
0.80	0.72	4.02	3.69	4.34	2.70

CITY OF WEST UNIVERSITY PLACE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Dec 31	Population (1)	Personal Income (4)	Per Capita Personal Income (5)	Median Age	School Enrollment (2)	Unemployment Rate (3) (6)
2005	14,211	-	-	39.30	972	N/A
2006	14,211	-	-	39.30	981	N/A
2007	14,211	-	-	39.30	981	N/A
2008	14,211	-	-	39.30	980	N/A
2009	14,211	-	-	39.30	1,272	N/A
2010	14,787	-	-	39.30	1,165	N/A
2011	14,787	-	-	39.30	1,215	N/A
2012	15,109	-	-	41.40	1,225	N/A
2013	15,221	-	-	41.40	1,210	N/A
2014	15,369	-	-	41.40	1,280	N/A

Data sources:

- (1) Bureau of the Census
- (2) The school enrollment reflects enrollment in schools located within the City limits.
- (3) Texas Workforce Commission
- (4) Personal income data not available.
- (5) Per capita personal income data not available.
- (6) Beginning 2005 and after, cities with population under 25,000 do not have unemployment information available.

CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL EMPLOYERS ^{(2) (3)}

Current Year ⁽¹⁾ and Eight Years Ago

Employer	Fiscal Year	
	2014	2006
	Rank	Rank
Southwestern Bell	1	1
West University Elementary School	2	2
City of West University Place	3	3

Note: The residents of the City of West University Place are primarily employed outside of the City limits.

- (1) The requirement is for the current year and nine years ago, only the current year and eight years ago are available at this time.
- (2) The number of employees of each of the employers is currently unavailable.
- (3) The percentage of total employment is currently unavailable.

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CITY OF WEST UNIVERSITY PLACE, TEXAS
FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 Last Ten Years

	Fiscal Year									
	2005	2006	2007	2008	2009	2010	2011	2012	2013	2014
General Fund:										
Administration	4.5	4	4	4	5	5	5	5	5	6
Finance	9	8	8	8	7	7	6	6	6	5
Police Department	34	32	32	32	32	32	32	35	35	35
Fire Department	24.5	25	24	24	24	24	24	23	23	23
Public Works	21	21	20	19	19	21	20	20	20	19
Parks & Recreation	8	8	10	10	10	11	11	11	11	11
General Fund Total	101	98	98	97	97	100	98	100	100	99
Enterprise Fund:										
Water	14	14	14	12	12	12	14	14	14	14
Solid Waste	7	7	7	7	7	7	8	8	8	6
Enterprise Fund Total	21	21	21	19	19	19	22	22	22	20
Internal Service Fund:										
Administration	-	-	2	3	3	3	3	3	3	3
Internal Service Fund Total	-	-	2	3	3	3	3	3	3	3
Total City Positions	122	119	121	119	119	122	123	125	125	122

Notes:

Around 20-35 temporary and seasonal employees are hired during the summer months as camp counselors, pool personnel, and front desk. This count is not reflected above.

Around 6 contract personnel are used year round to augment solid waste crews. This count is not reflected above.

CITY OF WEST UNIVERSITY PLACE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Police				
Arrests	366	432	287	230
Accident reports	138	123	116	137
Citations	3,583	3,581	2,940	2,411
Offense reports	1,027	1,040	794	650
Calls for service	13,688	25,790	36,260	22,367
Fire				
Emergency responses	624	686	698	644
Average response time	3:08	3:06	4:29	4:24
Fire incidents	776	740	840	857
Water				
New accounts	760	860	854	744
Source:				
Water	80	80	80	80
Sewer	20	20	20	20
Average daily consumption (millions of gallons)	2.28	2.15	1.89	2.16
Number of million gallons of surface water pumped	735.62	687.97	569.34	690.74
Number of million gallons of well water pumped	101.46	87.84	120.30	99.09
Total consumption (millions of gallons)	837.08	784.50	689.65	789.83
Peak daily consumption (millions of gallons)	8.64	4.98	4.30	6.27
Sewer				
Average daily sewage treatment (millions of gallons)	1.27	1.36	1.43	1.16
Total consumption (millions of gallons)	452.62	495.25	523.06	421.32
Peak daily consumption (millions of gallons)	4.68	6.71	5.31	3.43

Source: Various City departments

Fiscal Year

2009	2010	2011	2012	2013	2014
342	325	294	231	323	226
137	99	121	142	127	122
2,479	4,830	3,379	2,260	2,779	2,482
823	669	583	609	695	581
27,029	29,148	25,964	24,844	26,835	22,071
489	581	660	659	683	669
4:00	3:49	4:25	4:45	4:34	4:35
673	774	765	734	663	721
724	724	678	669	665	608
80	80	80	80	80	80
20	20	20	20	20	20
2.36	2.22	2.79	2.38	2.31	2.06
400.44	357.42	658.80	530.06	466.25	437.00
461.41	452.95	359.55	335.24	375.06	313.88
861.85	810.37	1018.34	869.48	841.31	750.88
5.62	4.34	5.10	4.89	5.36	4.24
1.21	1.25	1.10	1.18	1.09	1.10
448.57	455.02	402.36	430.12	397.30	402.95
4.32	4.63	2.66	4.85	4.04	4.04

CITY OF WEST UNIVERSITY PLACE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION

Last Ten Years

Function/Program	Fiscal Year			
	2005	2006	2007	2008
Police				
Stations	1	1	1	1
Patrol units	7	7	7	7
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	43	43	43	43
Streetlights	690	690	747	690
Parks and recreation				
Parks	9	9	9	9
Parks acreage	12.6	12.6	12.6	12.6
Swimming pools	2	2	2	2
Baseball / softball diamonds	6	6	6	6
Tennis courts	5	5	5	5
Racquetball/handball courts	2	2	2	2
Gymnasiums	1	1	1	1
Basketball courts	2	2	2	2
Water				
Water mains (miles)	40	40	40	40
Fire hydrants	357	357	357	357
Storage capacity (millions of gallons)	3.65	3.65	3.65	3.65
Sewer				
Sanitary sewers (miles)	40	40	40	40
Storm sewers (miles)	32	32	32	32
Open ditch / creek / canal drainage (miles)	1.32	1.32	1.32	1.32
Treatment capacity (millions of gallons)	2	2	2	2

Source: Various City departments

Fiscal Year

2009	2010	2011	2012	2013	2014
1	1	1	1	1	1
7	7	7	7	7	7
1	1	1	1	1	1
43	43	43	43	46	46
1,694	1,694	1,687	1,687	1,687	1,687
9	9	9	9	9	9
14.0	14.0	13.7	13.7	13.7	13.7
2	2	2	2	2	2
6	6	6	7	7	7
5	5	5	5	5	5
2	2	2	2	2	2
-	-	-	-	-	-
2	2	2	2	2	2
40	40	40	40	40	40
357	357	357	357	357	357
3.65	3.65	3.65	3.65	3.65	3.65
40	40	40	40	40	40
32	32	32	32	32	32
1.32	1.32	1.32	1.32	1.32	1.32
2	2	2	2	2	2

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