

***COMPREHENSIVE  
ANNUAL FINANCIAL REPORT***

of the

**CITY OF WEST UNIVERSITY  
PLACE, TEXAS**

Year Ended  
December 31, 2006

**Officials Issuing Report:**

**Michael Ross  
City Manager**

**Walter Thomas  
Finance Director**

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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 1, 2007

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

The Comprehensive Annual Financial Report of the City of West University Place, Texas (the "City") for the fiscal year ended December 31, 2006 is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with the City. To the best of our knowledge and belief, the enclosed data are accurate in all material respects and are reported in a manner designed to present fairly the financial position, results of operations and cash flows of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As required by the City's charter, the financial statements have been audited by Sandersen Knox and Belt, L.L.P., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City of West University Place for the fiscal year ended December 31, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City of West University Place's financial statements for fiscal year ended December 31, 2006, are presented in conformity with generally accepted accounting principles (GAAP).

The Comprehensive Annual Financial Report is presented in three sections: introductory, financial and statistical. The introductory section includes this transmittal letter and the City's organizational chart. The financial section includes auditor's report on the financial statements, a narrative introduction, overview and analysis required by GAAP in the form of the Management's Discussion and Analysis (MD&A), the basic financial statements, fund financial statements, and combining and individual financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors. The statistical section includes selected unaudited financial and demographic information generally presented on a multi-year basis.

## PROFILE OF THE GOVERNMENT

The City was incorporated in 1924 and became a Texas Home-Rule City in 1940. West University Place operates under the Council-Manager form of municipal government. The mayor and council are responsible for passing ordinances, adopting the budget, appointing board and committee members, and hiring the City Manager. 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 Mayor and Council are elected on an at large, non-partisan basis. The Mayor and Council members are elected for two-year terms.

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 includable within the City's reporting entity:

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

## ECONOMIC CONDITION AND OUTLOOK

The City of West University Place, Texas 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 approximately 14,211 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 West University Place, so construction generally involves rebuilding and remodeling. In the mid-1980s, building activity took off at a blistering pace. Property values soared as a result. Assessed value of property in the City rose from \$768 million in 1988 to over \$2.9 billion in 2006. In 2006, the City gained over \$67.5 million in increased property values from new construction.

The economic condition of the entire Houston area has been steadily improving since the recession that halted growth in the late 1980s. The economy is much more diverse so it will be less likely to suffer wild swings that were the hallmark of the past. The collapse of Enron, the merger of Compaq with Hewlett Packard and Continental Airlines' continued woes all have challenged the resiliency of the Houston area economy. These events slowed growth, but the economy has proved stable. The City of West University Place's stability and growth is the result of a trend for suburban families to move closer to work. The City's low crime rate and hometown appeal has attracted many of these families. These factors have contributed and continue to contribute to the growth in property values in West University Place.

**For the Future** Growth in the value of real property in the City is expected to continue to be robust into 2008. Expenditures are also expected to grow due to competitive pressure on personnel costs.

**Long term planning** As a part of the fiscal year 2007 budget process, the Mayor and Council and City Staff updated a multi-year capital improvements program. Several projects in this plan are moving from planning:

- A Park will be constructed.
- Transportation improvements aimed at relieving street flooding will be financed with a \$4.3 million grant from METRO.

- A new safer emergency operations center is planned along with a complete reconstruction of the police station.

These projects are expected to be implemented in fiscal year 2007.

## **FINANCIAL INFORMATION**

**Budgeting Controls** The City Charter of the City of West University Place 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 City Council each year. The proposed budget is presented to the City Council at a series of budget work sessions. Department directors have an opportunity to make a budget presentation to the City Council and are available for questions. Copies of the proposed budget are made available to the public and the press and the public hearing schedule is confirmed. Before the public hearings are held, notices of the public hearings on the proposed budget are posted and published in the newspaper. After public hearings at two consecutive regular City Council meetings, the Council may adopt the proposed budget, with or without amendment. The budget ordinance is to be adopted no later than 60 days after receiving the Certified Tax Roll from the Harris County Appraisal District which is usually received around August 12 each year. The Council adopts the tax rate ordinance at the same meeting as the budget. The City maintains budgetary control by adopting an annual operating budget for the General Fund, Debt Service Fund, Water and Sewer Fund, and Solid Waste Fund. Detail control is maintained at the line item level by encumbering available funds at the time a purchase order is written. Encumbrances do not lapse at fiscal year end. The City Manager is authorized to transfer budgeted amounts within departments within any fund. However, any revisions that alter the total expenditures of any fund or department must be approved by the City Council.

**Cash Management** Cash temporarily idle during the year was invested in U.S. Treasury Bills and Notes, Agency Discount Notes and Medium Term Notes and a local government investment pool (Texpool). The average yield on investments for the year was approximately 2.5%. The primary objectives of the City's investment policy, in priority order, are safety (preservation of capital), liquidity (to provide adequate and timely working funds), and return on investment (obtaining a rate of return commensurate with investment risk constraints and cash flow needs). All deposits were either insured by federal deposit insurance or collateralized and the collateral was held by a trustee bank in the City's name, which is the lowest category of risk as defined by the Governmental Accounting Standards Board. The City currently holds the Certificate of Distinction from the Government Treasurer's Organization of Texas for its investment policy.

**Risk Management** Insurance coverage for property, liability, and workers' compensation is provided by the Texas Municipal League Intergovernmental Risk Pool (the "Risk Pool"), a State Insurance Pool. Contributions to the Risk Pool for workers' rates are based on the City's past claims history. The Risk Pool retains a limit of loss and reinsurance companies insure the risks beyond those limits. During the fiscal year, representatives from the Risk Pool physically reviewed City facilities to identify possible risks. City employees also participated in Risk Pool sponsored safety training classes.

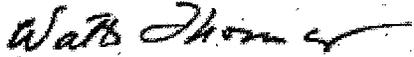
## **AWARDS AND ACKNOWLEDGEMENTS**

**Awards** The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of West University Place for its comprehensive annual financial report for the fiscal year ended December 31, 2005. This was the fifteenth 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 comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

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

**Acknowledgements** The preparation of this report could not have been accomplished on a timely basis without the dedicated endeavors of the entire staff of the Finance Department. I would like to express my sincere appreciation to all employees who contributed to the preparation. Additionally, I would also like to thank the Mayor, City Council, and City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

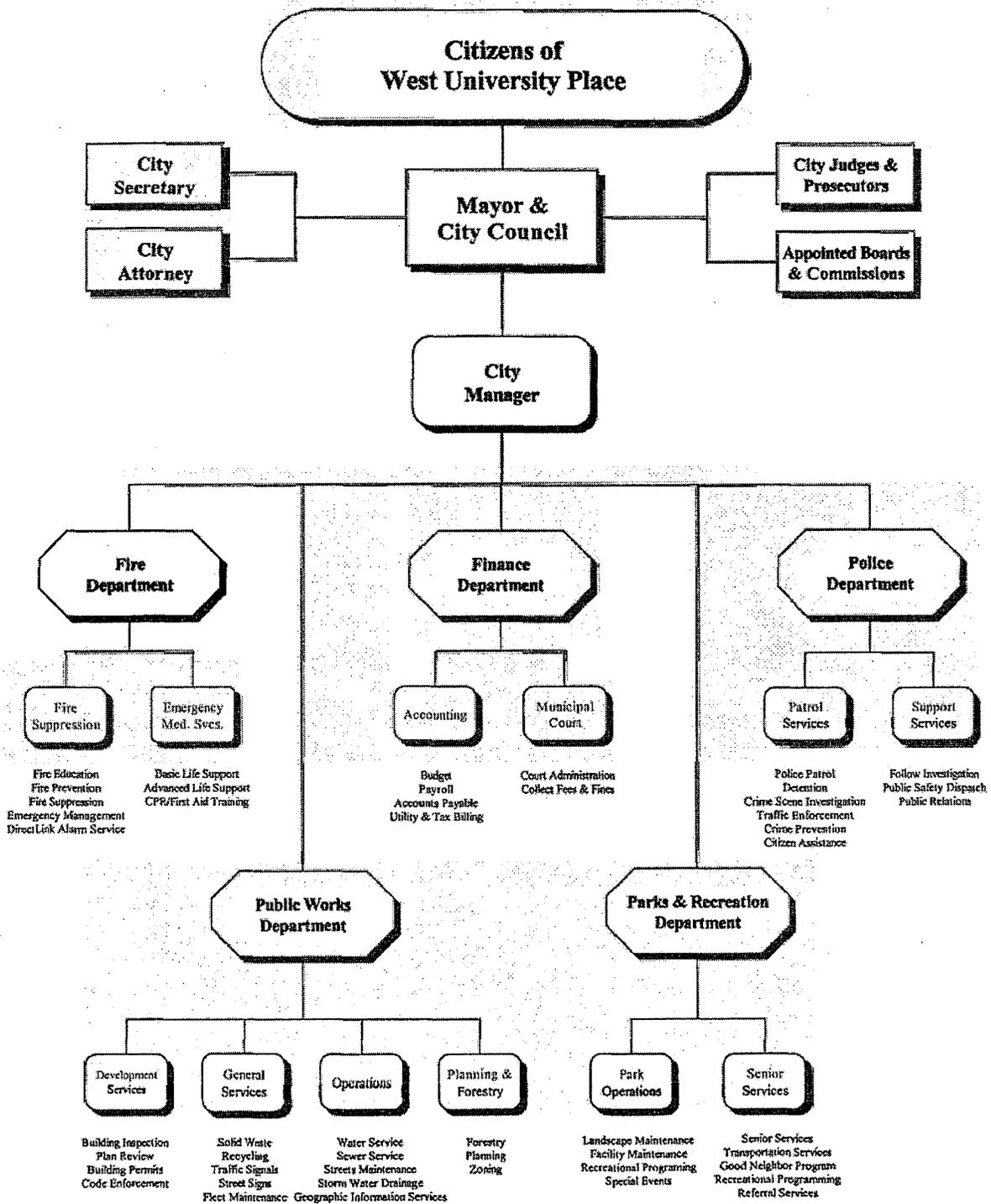
A handwritten signature in black ink that reads "Walter Thomas". The signature is written in a cursive style with a long horizontal flourish at the end.

Walter Thomas  
Finance Director

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## ORGANIZATIONAL CHART

December 31, 2006



# CITY OF WEST UNIVERSITY PLACE, TEXAS

## *CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING*

### 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, 2005

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.



A handwritten signature in cursive script, appearing to read "Ronald J. Blain".

President

A handwritten signature in cursive script, appearing to read "Jeffrey R. Emery".

Executive Director

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PRINCIPAL OFFICIALS

December 31, 2006

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Burt Ballanfant	Mayor	05/2007
Phyllis Cohen	Council Member	05/2007
Steven Segal	Council Member	05/2007
Mike Woods	Council Member	05/2007
Richard Yehle	Council Member	05/2007

<u>Key Staff</u>	<u>Position</u>
Michael Ross	City Manager
Chris Peifer	Assistant City Manager/Public Works Director
Kaylynn Holloway	City Secretary
Alan Petrov	City Attorney
Candelario Elizondo	City Judge
Tim O'Conner	Parks and Recreation Director
Steve Ralls	Fire Chief
Wendy Standorf	Director of Human Resources
Walter Thomas	Finance Director
Ken Walker	Police Chief

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***FINANCIAL SECTION***

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

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

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 December 31, 2006, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards 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 of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with generally accepted accounting principles in the United States of America.

The management's discussion and analysis on pages 17 through 25, budgetary comparison information on page 69, and pension information on page 71, are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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 tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Subsequent to the original release of the financial statements on June 29, 2007, we noted that retainage payable was understated in two funds, as more fully described in footnote IV D. to the financial statements. Accordingly, related accounts have been corrected and our report reissued and dual dated for footnote IV D. as to which the date is July 3, 2007.

A handwritten signature in cursive script, appearing to read "Sarah K. Burt".

June 19, 2007  
(except for Note IV.D., as to which the date is July 3, 2007)

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

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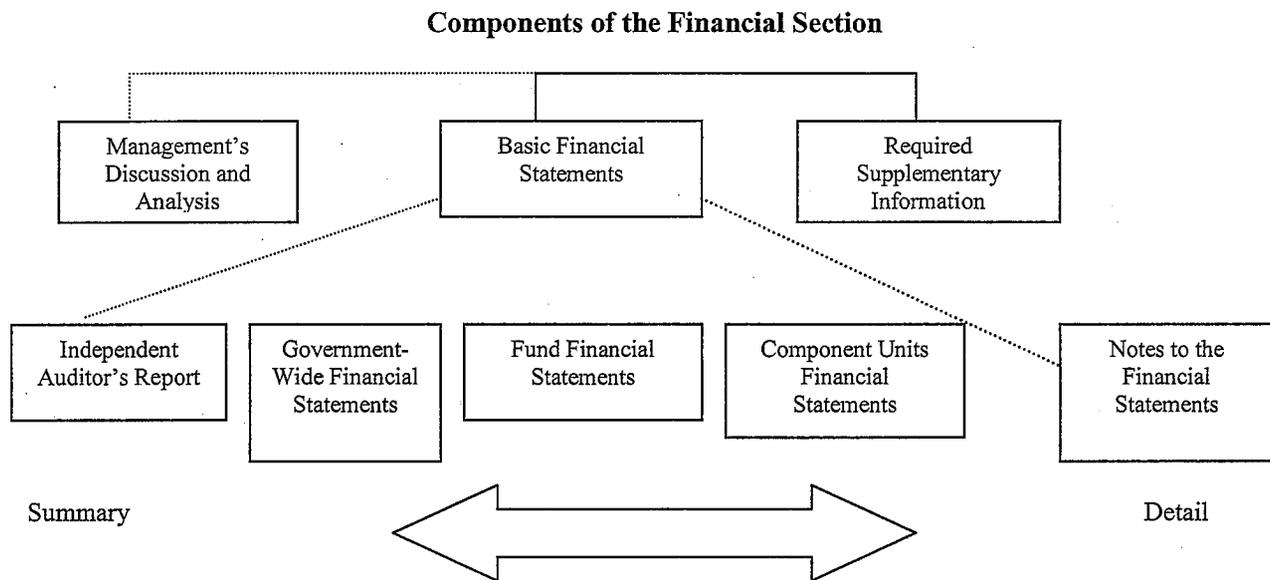
# CITY OF WEST UNIVERSITY PLACE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

December 31, 2006

The purpose of the management's discussion and analysis (MD&A) is to give the readers an objective and easily readable analysis of the City of West University Place's financial activities for the year ending December 31, 2006. 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. GASB Statement No. 34 establishes the content of the minimum requirements for MD&A. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

### THE STRUCTURE OF OUR ANNUAL REPORT



The Comprehensive Annual Financial Report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as the MD&A and certain other required supplementary information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

### 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 assets 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 of West University Place. 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.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2006

The statement of net assets presents information on all of the City of West University Place's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City of West University Place is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The statement of activities presents information showing how the City's net assets changed during the most recent year. All changes in the net assets 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 assets 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 police and fire protection, municipal court, streets, drainage, leisure services, community development and general administrative services. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines and permit fees finance most of these activities.
2. Business-type activities - Services involving a fee for those services are reported here. These services include the City's water and sewer services as well solid waste collection.

The government-wide financial statements can be found after the MD&A.

### FUND FINANCIAL STATEMENTS

Funds may be considered as operating companies of the parent corporation, which is the City of West University Place. They are usually segregated for specific activities or objectives. The City of West University Place uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

#### Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on *near-term inflows and outflows of spendable resources*, as well as *on balances of spendable resources* available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

# **CITY OF WEST UNIVERSITY PLACE, TEXAS**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued***

**December 31, 2006**

The City of West University Place maintains 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, which is considered to be a major fund. The City of West University Place adopts an annual appropriated budget for its general fund and each of the 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 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 distribution, wastewater collection/treatment, 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 equipment replacement services and for expenses associated with separated employees and health benefits. 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 that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and schedule of funding progress for Texas Municipal Retirement System. RSI can be found after the basic financial statements.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City of West University Place, assets exceed liabilities by \$41,632,280 as of December 31, 2006, in the primary government. As required by GASB Statement No. 34, a comparative analysis of government-wide data has been presented as a component of the MD&A for the year ending December 31, 2006. The largest portion of the City's net assets (78.6%) reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. 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 can not be used to liquidate these liabilities.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2006

### Statement of Net Assets:

The following table reflects the condensed statement of net assets:

#### SUMMARY OF STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
	\$	\$	\$	\$	\$	\$
Current and other assets	23,515,145	20,305,537	1,891,489	2,158,800	25,406,634	22,464,337
Capital assets, net	80,894,007	75,710,453	35,192,242	36,698,904	116,086,249	112,409,357
<b>Total Assets</b>	<b>104,409,152</b>	<b>96,015,990</b>	<b>37,083,731</b>	<b>38,857,704</b>	<b>141,492,883</b>	<b>134,873,694</b>
Long-term liabilities	65,878,709	69,043,225	13,804,549	14,247,409	79,683,258	83,290,634
Other liabilities	19,161,269	13,150,602	1,016,076	1,316,700	20,177,345	14,467,302
<b>Total Liabilities</b>	<b>85,039,978</b>	<b>82,193,827</b>	<b>14,820,625</b>	<b>15,564,109</b>	<b>99,860,603</b>	<b>97,757,936</b>
Net Assets:						
Invested in capital assets, net of related debt	11,786,607	2,285,217	20,924,046	21,776,495	32,710,653	24,061,712
Restricted	3,605,569	8,550,763	813,673	622,627	4,419,242	9,173,390
Unrestricted	3,976,998	2,986,183	525,387	894,473	4,502,385	3,880,656
<b>Total Net Assets</b>	<b>\$ 19,369,174</b>	<b>\$ 13,822,163</b>	<b>\$ 22,263,106</b>	<b>\$ 23,293,595</b>	<b>\$ 41,632,280</b>	<b>\$ 37,115,758</b>

A portion of the primary government's net assets, \$4,419,242 or 10.7%, represents resources that are subject to external restriction on how they may be used. This is a decrease of 51.9%, primarily as a result of the City utilizing these restricted funds to continue infrastructure improvements. The remaining balance of unrestricted net assets, \$4,502,385 or 10.9%, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$4,516,522 during the current fiscal year, an increase of 12.2% in comparison to the prior year. This increase is largely the result of an increase in general revenues as well as a decrease in operating expenses.

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**December 31, 2006**

**Statement of Activities:**

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

**CHANGES IN NET ASSETS**

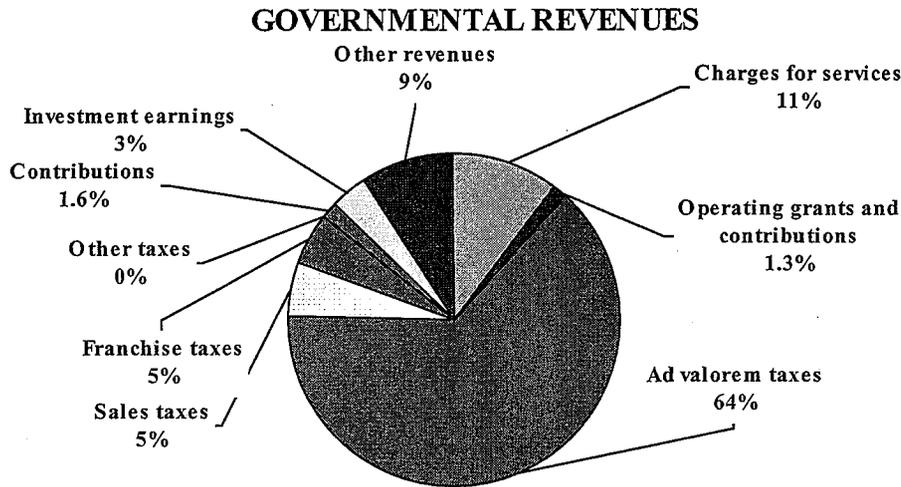
	Governmental Activities		Business-type Activities		Total Primary Government	
	2006	2005	2006	2005	2006	2005
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,108,282	\$ 2,315,601	\$ 5,739,970	\$ 6,010,960	\$ 7,848,252	\$ 8,326,561
Operating grants and contributions	259,000	16,915	-	-	259,000	16,915
Capital grants and contributions	-	370,864	-	-	-	370,864
General revenues:						
Ad valorem taxes	12,636,535	12,132,958	-	-	12,636,535	12,132,958
Sales taxes	1,028,946	745,716	-	-	1,028,946	745,716
Franchise taxes	1,000,930	913,998	-	-	1,000,930	913,998
Other taxes	14,795	15,460	-	-	14,795	15,460
Contributions	326,656	268,081	-	-	326,656	268,081
Investment earnings	695,749	458,208	72,757	21,374	768,506	479,582
Other revenues	1,828,944	222,044	139,805	216,047	1,968,749	438,091
Loss on sale of capital assets	-	(25,950)	-	-	-	(25,950)
<b>Total Revenues</b>	<b>19,899,837</b>	<b>17,433,895</b>	<b>5,952,532</b>	<b>6,248,381</b>	<b>25,852,369</b>	<b>23,682,276</b>
<b>Expenses</b>						
General government	2,706,514	2,594,417	-	-	2,706,514	2,594,417
Public safety	5,187,464	5,109,968	-	-	5,187,464	5,109,968
Public works	2,654,368	3,073,735	-	-	2,654,368	3,073,735
Public services	1,874,113	1,840,117	-	-	1,874,113	1,840,117
Interest and fiscal agent fees on long-term debt	2,984,308	3,501,076	-	-	2,984,308	3,501,076
Water and Sewer Systems	-	-	5,084,326	5,083,562	5,084,326	5,083,562
Solid Waste	-	-	844,754	850,366	844,754	850,366
<b>Total Expenses</b>	<b>15,406,767</b>	<b>16,119,313</b>	<b>5,929,080</b>	<b>5,933,928</b>	<b>21,335,847</b>	<b>22,053,241</b>
<b>Increase (Decrease) in Net Assets</b>						
<b>Before Transfers</b>	4,493,070	1,314,582	23,452	314,453	4,516,522	1,629,035
Transfers	1,053,941	870,000	(1,053,941)	(870,000)	-	-
<b>Change in Net Assets</b>	<b>5,547,011</b>	<b>2,184,582</b>	<b>(1,030,489)</b>	<b>(555,547)</b>	<b>4,516,522</b>	<b>1,629,035</b>
Net assets, beginning of year	13,822,163	11,637,581	23,293,595	23,849,142	37,115,758	35,486,723
<b>Net Assets, End of Year</b>	<b>\$ 19,369,174</b>	<b>\$ 13,822,163</b>	<b>\$ 22,263,106</b>	<b>\$ 23,293,595</b>	<b>\$ 41,632,280</b>	<b>\$ 37,115,758</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2006

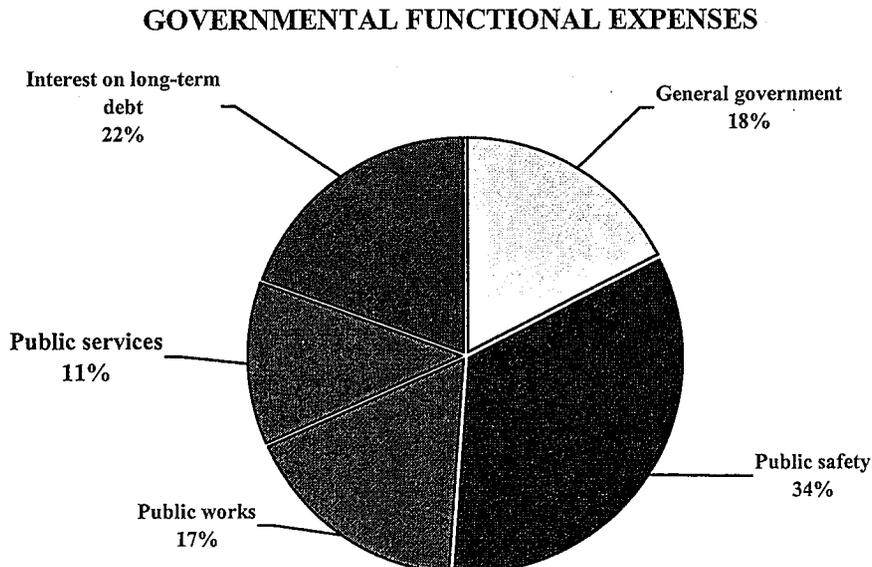
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.



For the year ended December 31, 2006, revenues from governmental activities totaled \$19,899,837. Property tax revenues are the City's largest revenue source. Property tax revenue increased by modest 5% because of the increase in assessed property values in the prior year. In addition, sales tax increased over 38% during the current fiscal year. Investment earnings were also up in comparison to the prior year, a dramatic 52%. The City is continuing to heavily invest in U.S. Agencies as well as TexPool, accounting for these strong investment earnings.

Franchise fees, collected from electric, gas, cable and telephone/telecommunications utilities, totaled \$1,000,930 for the year ended December 31, 2006, an increase of 10% from the prior year.

This graph shows the governmental function expenses of the City:



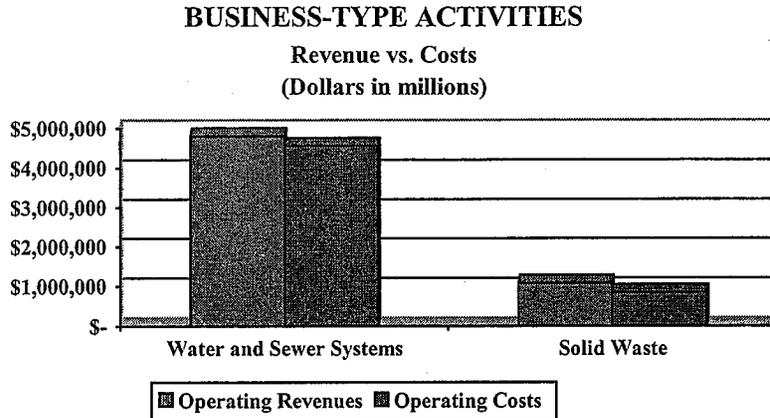
# CITY OF WEST UNIVERSITY PLACE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2006

For the year ended December 31, 2006, expenses for governmental activities totaled \$15,406,767. This represents a decrease of \$712,546 from last year. Over 40% of this aggregate decrease can be attributed to the decrease in interest on long-term debt, due to the City's advance refunding of several series of permanent improvement bonds in 2005. Public works account for the remaining decrease in expenses. A contributing factor in the decrease of this expense included net decreases in compensated absences for this functional expense. Expenses per capita were \$1,084, a decrease over last year of 4%.

Business-type activities are shown comparing operating costs to revenues generated by related services.



Operating revenues and expenses for business-type activities were comparable to those of the prior year. Transfers included the donation of several capital assets purchased by solid waste to governmental activities.

### 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 of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 \$8,891,748. Of this \$1,169,072 is reserved for debt service, \$18,127 for prepaids and inventory, and \$486,766 for capital purchases.

There was a decrease in the combined fund balance of \$3,016,552 over the prior year. This is largely attributable to the continuation of both infrastructure replacement and sidewalk construction projects. These projects are expected to be complete by the end of the next fiscal year. All other funds as presented on the governmental funds statement of revenues, expenditures, and changes in fund balances experienced a positive net change in fund balance.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved, undesignated fund balance of the general fund was \$4,187,536, while total fund balance reached \$4,203,052. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2006

total fund expenditures. Unreserved, undesignated fund balance represents 40% of total general fund expenditures, while total fund balance represents 41% of that same amount.

The debt service fund has a total fund balance of \$1,169,072, all of which is reserved for the payment of debt service. The net increase in fund balance during the current year in the debt service fund was \$172,145. This increase can be attributed to the growth in property tax revenues as well as investment earnings.

### GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned increase in budgeted fund balance in the amount of \$712,140 in the general fund. However, the net change in fund balance increased by \$830,011 resulting in a positive variance of \$117,871 from budgeted as amended over actual.

Actual general fund revenues exceeded original and amended budgeted revenues by \$89,153 during 2006. This increase includes the positive variances of \$168,377 for charges for services and \$52,225 for franchise revenues.

Expenses in Public service exceeded budgeted amounts by \$26,545 for the fiscal year. This variance can be attributed to increased utility costs for the City.

### GENERAL FUND BUDGETARY HIGHLIGHTS - YEAR 2006

	Original and Amended Budget	Actual
<b><u>Revenues</u></b>		
Taxes	\$ 7,897,790	\$ 7,909,827
Other	2,433,070	2,510,186
Total	10,330,860	10,420,013
 <b><u>Expenditures</u></b>		
Expenditures	10,488,720	10,462,932
 <b><u>Other Financing Sources</u></b>		
Transfers in	870,000	872,930
Total	870,000	872,930
<b>Change in Fund Balance</b>	<b>\$ 712,140</b>	<b>\$ 830,011</b>

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.

### CAPITAL ASSETS

At the end of year 2006, the City's governmental activities funds had invested \$80,894,007 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$5,183,554. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of \$1,837,668.

Major capital asset events during the current year include the following:

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2006

- Continuation of the Area 10 and 11B Street and Drainage System Projects for \$3,281,632
- Sidewalk construction in the amount of \$3,173,673

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 \$83,155,000. Of this amount, \$55,945,000 was general obligation debt, \$14,580,000 was revenue bond debt, and certificates of obligation accounted for \$12,630,000.

During the year, the City had a net reduction in the long-term debt of \$3,404,131. In addition, the City entered into a capital lease with Bank of America for the purchase of a fire truck in the amount of \$473,285. However, as of year end, the City had not received the fire truck.

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	Aaa	AAA

### ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City of West University Place City Council approved a \$23.9 million budget for the City's major operating funds (General, Debt Service, Water Utility, and Solid Waste) for calendar year 2007. The budget incorporates a 7% decrease in the property tax rate made possible by a 10% growth in assessed property values. West University Place's tax rate is one of the lowest in the Houston area and is projected to remain stable into the future due to steady growth in assessed values, the political stability of the community, and the underlying strength in the Houston area economy.

The Water Utility Fund had been a source of concern because a series of wetter years and dramatic increases in debt service 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 this utility and increased rates as needed with the last increase being in April 2006.

Assessed values have grown almost 25% in the last five years and, while the rate of growth is expected to slow, reconstruction will continue to impact the value of property well into the future.

### CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City of West University Place's finances for all those with an interest in the City's finances. Questions concerning this report or requests for additional financial information should be directed to Walter Thomas, Finance Director, 3800 University Boulevard, West University Place, TX, 77005, telephone 713.662.5186, or for general City information, visit the City's website at [www.westfu.org](http://www.westfu.org).

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## ***BASIC FINANCIAL STATEMENTS***

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF NET ASSETS

December 31, 2006

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equity in pooled cash and investments	\$ 14,828,602	\$ 474,258	\$ 15,302,860
Cash with fiscal agent	486,766	-	486,766
Receivables, net of allowances	7,362,061	902,205	8,264,266
Internal balances	500,000	(500,000)	-
Inventory	2,611	-	2,611
Prepays and other assets	15,516	-	15,516
Deferred charges	319,589	201,353	520,942
Restricted assets:			
Cash and equity in pooled cash	-	813,673	813,673
Capital assets:			
Land	5,864,089	193,875	6,057,964
Construction in progress	21,355,482	-	21,355,482
Depreciable capital assets, net	53,674,436	34,998,367	88,672,803
<b>Total assets</b>	<b>104,409,152</b>	<b>37,083,731</b>	<b>141,492,883</b>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	1,243,853	146,569	1,390,422
Unearned revenue	12,646,760	-	12,646,760
Accrued bond interest	1,080,516	204,507	1,285,023
Noncurrent liabilities:			
Due within one year	4,190,140	665,000	4,855,140
Due in more than one year	65,878,709	13,804,549	79,683,258
<b>Total liabilities</b>	<b>85,039,978</b>	<b>14,820,625</b>	<b>99,860,603</b>
<b>Net Assets</b>			
Invested in capital assets, net of related debt	11,786,607	20,924,046	32,710,653
Restricted for:			
Capital projects	2,240,303	313,673	2,553,976
Debt service	88,556	500,000	588,556
Special revenue projects	1,276,710	-	1,276,710
Unrestricted	3,976,998	525,387	4,502,385
<b>Total net assets</b>	<b>\$ 19,369,174</b>	<b>\$ 22,263,106</b>	<b>\$ 41,632,280</b>

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF ACTIVITIES

For the year ended December 31, 2006

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
<b>Primary Government</b>			
<b>Governmental Activities</b>			
General government	\$ 2,706,514	\$ 1,260,376	\$ -
Public safety	5,187,464	267,609	259,000
Public works	2,654,368	-	-
Public services	1,874,113	580,297	-
Interest on long-term debt	2,984,308	-	-
<b>Total Governmental Activities</b>	<b>15,406,767</b>	<b>2,108,282</b>	<b>259,000</b>
<b>Business-type Activities</b>			
Water and sewer	5,084,326	4,795,073	-
Solid waste	844,754	944,897	-
<b>Total Business-type Activities</b>	<b>5,929,080</b>	<b>5,739,970</b>	<b>-</b>
<b>Total Primary Government</b>	<b>\$ 21,335,847</b>	<b>\$ 7,848,252</b>	<b>\$ 259,000</b>

**General Revenues:**

- Ad valorem taxes
- Sales taxes
- Franchise taxes
- Other taxes
- Contributions
- Investment earnings
- Other revenues
- Transfers

**Total General Revenues and Transfers**

**Change in Net Assets**

**Beginning Net Assets**

**Ending Net Assets**

See Notes to Financial Statements.

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

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (1,446,138)	\$ -	\$ (1,446,138)
(4,660,855)	-	(4,660,855)
(2,654,368)	-	(2,654,368)
(1,293,816)	-	(1,293,816)
(2,984,308)	-	(2,984,308)
<u>(13,039,485)</u>	<u>-</u>	<u>(13,039,485)</u>
-	(289,253)	(289,253)
-	100,143	100,143
<u>-</u>	<u>(189,110)</u>	<u>(189,110)</u>
<u>(13,039,485)</u>	<u>(189,110)</u>	<u>(13,228,595)</u>
12,636,535	-	12,636,535
1,028,946	-	1,028,946
1,000,930	-	1,000,930
14,795	-	14,795
326,656	-	326,656
695,749	72,757	768,506
1,828,944	139,805	1,968,749
1,053,941	(1,053,941)	-
<u>18,586,496</u>	<u>(841,379)</u>	<u>17,745,117</u>
5,547,011	(1,030,489)	4,516,522
<u>13,822,163</u>	<u>23,293,595</u>	<u>37,115,758</u>
<u>\$ 19,369,174</u>	<u>\$ 22,263,106</u>	<u>\$ 41,632,280</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2006

	General	Debt Service	Capital Projects	
			Infrastructure Replacement	Sidewalk Construction
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 6,554,260	\$ 4,292,163	\$ 1,215,118	\$ 932,172
Cash with fiscal agent	-	-	-	-
Receivables, net	3,640,255	3,627,649	-	-
Due from other funds	758,540	-	-	-
Inventory	-	-	-	-
Prepaid costs	15,516	-	-	-
<b>Total Assets</b>	<b>\$ 10,968,571</b>	<b>\$ 7,919,812</b>	<b>\$ 1,215,118</b>	<b>\$ 932,172</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 596,892	\$ 44,908	\$ 211,281	\$ 390,697
Due to other funds	36,243	-	-	-
Deferred revenue	6,132,384	6,705,832	-	-
<b>Total Liabilities</b>	<b>6,765,519</b>	<b>6,750,740</b>	<b>211,281</b>	<b>390,697</b>
Fund Balances:				
Reserved for:				
Prepays and inventory	15,516	-	-	-
Debt service	-	1,169,072	-	-
Capital purchases	-	-	-	-
Unreserved, undesignated reported in:				
General fund	4,187,536	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	1,003,837	541,475
<b>Total Fund Balances</b>	<b>4,203,052</b>	<b>1,169,072</b>	<b>1,003,837</b>	<b>541,475</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 10,968,571</b>	<b>\$ 7,919,812</b>	<b>\$ 1,215,118</b>	<b>\$ 932,172</b>

Amounts reported for governmental activities in the statement of net assets 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

Capital assets, net depreciable

Other long-term assets are not available to pay for current period expenditures and, therefore, are deferred in the funds.

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 assets.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.

Accrued interest payable

Non-current liabilities due in one year

Non-current liabilities due in more than one year

Deferred charges for issuance costs

### Net Assets of Governmental Activities

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total
\$ 1,576,743	\$ 14,570,456
486,766	486,766
750	7,268,654
-	758,540
2,611	2,611
-	15,516
<u>\$ 2,066,870</u>	<u>\$ 23,102,543</u>

\$ 75	\$ 1,243,853
92,483	128,726
-	12,838,216
<u>92,558</u>	<u>14,210,795</u>

2,611	18,127
-	1,169,072
486,766	486,766
-	4,187,536
1,276,710	1,276,710
208,225	1,753,537
<u>1,974,312</u>	<u>8,891,748</u>
<u>\$ 2,066,870</u>	

27,219,571  
52,951,089

191,456

945,086

(1,080,516)  
(4,190,140)  
(65,878,709)  
319,589

\$ 19,369,174

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**

For the year ended December 31, 2006

	General	Debt Service	Capital Projects	
			Infrastructure Replacement	Sidewalk Construction
<b>Revenues</b>				
Taxes	\$ 7,909,827	\$ 6,748,355	\$ -	\$ -
Permits, licenses, and fees	580,297	-	-	-
Fines and forfeitures	250,849	-	-	-
Charges for services	1,260,376	-	-	-
Intergovernmental	-	-	-	-
Contributions	-	-	-	-
Investment earnings	268,377	118,703	165,039	110,859
Other revenue	150,287	-	1,173,668	490,356
<b>Total Revenues</b>	<b>10,420,013</b>	<b>6,867,058</b>	<b>1,338,707</b>	<b>601,215</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	2,381,154	-	-	-
Public safety	5,028,528	-	-	-
Public works	1,557,955	-	-	-
Public service	1,495,295	-	-	-
Capital outlay	-	-	3,336,197	3,173,697
<b>Debt service:</b>				
Principal	-	3,375,000	-	-
Interest and fiscal agent fees	-	3,319,913	-	-
<b>Total Expenditures</b>	<b>10,462,932</b>	<b>6,694,913</b>	<b>3,336,197</b>	<b>3,173,697</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(42,919)</b>	<b>172,145</b>	<b>(1,997,490)</b>	<b>(2,572,482)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	872,930	-	-	52,682
Transfers (out)	-	-	(667,783)	-
Capital lease proceeds	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>872,930</b>	<b>-</b>	<b>(667,783)</b>	<b>52,682</b>
<b>Net Change in Fund Balance</b>	<b>830,011</b>	<b>172,145</b>	<b>(2,665,273)</b>	<b>(2,519,800)</b>
Beginning fund balances	3,373,041	996,927	3,669,110	3,061,275
<b>Ending Fund Balances</b>	<b>\$ 4,203,052</b>	<b>\$ 1,169,072</b>	<b>\$ 1,003,837</b>	<b>\$ 541,475</b>

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total
\$ -	\$ 14,658,182
-	580,297
16,760	267,609
-	1,260,376
259,000	259,000
326,656	326,656
25,915	688,893
-	1,814,311
<u>628,331</u>	<u>19,855,324</u>
-	2,381,154
-	5,028,528
-	1,557,955
216,913	1,712,208
330,509	6,840,403
-	3,375,000
-	3,319,913
<u>547,422</u>	<u>24,215,161</u>
<u>80,909</u>	<u>(4,359,837)</u>
615,101	1,540,713
(2,930)	(670,713)
473,285	473,285
<u>1,085,456</u>	<u>1,343,285</u>
1,166,365	(3,016,552)
<u>807,947</u>	<u>11,908,300</u>
<u>\$ 1,974,312</u>	<u>\$ 8,891,748</u>

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# 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, 2006

Amounts reported for governmental activities in the statement of activities are different because:

Net changes in fund balances - total governmental funds	\$ (3,016,552)
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. This is the amount by which capital outlays was more than depreciation in the current period.	5,246,419
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 assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the statement of activities.	
Capital lease proceeds	(473,285)
Principal payments	3,375,000
Amortization of bond issuance costs, premiums, and discounts	4,547
Revenue in the statement of activities that does not provide current financial resources are not reported as revenue in the funds.	23,024
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.	293,102
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.	<u>94,756</u>
<b>Change in Net Assets of Governmental Activities</b>	<u><u>\$ 5,547,011</u></u>

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS (Page 1 of 2)

## PROPRIETARY FUNDS

December 31, 2006

### Business-Type Activities-Enterprise Funds

**Assets**

Current assets:

	Water and Sewer	Solid Waste	Total
Cash and equity in pooled cash and investments	\$ 354,064	\$ 120,194	\$ 474,258
Accounts receivable, net of allowances	742,555	159,650	902,205
Due from other funds	-	-	-

<b>Total Current Assets</b>	1,096,619	279,844	1,376,463
-----------------------------	-----------	---------	-----------

Noncurrent assets:

Restricted cash and equity in pooled cash	813,673	-	813,673
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<b>Total Restricted Assets</b>	813,673	-	813,673
--------------------------------	---------	---	---------

Deferred charges	201,353	-	201,353
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Capital assets:

Land	193,875	-	193,875
Buildings and improvements	459,625	-	459,625
Furniture and equipment	788,503	-	788,503
Water and sewer system	53,703,598	-	53,703,598
Construction in progress	-	-	-
Less: accumulated depreciation	(19,953,359)	-	(19,953,359)

<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	35,192,242	-	35,192,242
---	------------	---	------------

<b>Total Noncurrent Assets</b>	36,207,268	-	36,207,268
--------------------------------	------------	---	------------

<b>Total Assets</b>	\$ 37,303,887	\$ 279,844	\$ 37,583,731
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See Notes to Financial Statements.

**Governmental  
Activities -  
Internal Service  
Funds**

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\$ 258,146  
93,407  

---

36,243

---

387,796

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-

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-

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-

1,659,028

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(935,681)

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723,347

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723,347

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\$ 1,111,143

# CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS (Page 2 of 2)

## PROPRIETARY FUNDS

December 31, 2006.

	<b>Business-Type Activities-Enterprise Funds</b>		
	<b>Water and Sewer</b>	<b>Solid Waste</b>	<b>Total</b>
<b><u>Liabilities</u></b>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 106,312	\$ 40,257	\$ 146,569
Accrued interest payable	204,507	-	204,507
Due to other funds	500,000	-	500,000
Revenue bonds	665,000	-	665,000
	<b>1,475,819</b>	<b>40,257</b>	<b>1,516,076</b>
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discounts and deferred amounts on refunding)	13,804,549	-	13,804,549
	<b>13,804,549</b>	<b>-</b>	<b>13,804,549</b>
	<b>15,280,368</b>	<b>40,257</b>	<b>15,320,625</b>
<b><u>Net Assets</u></b>			
Invested in capital assets, net of related debt	20,924,046	-	20,924,046
Restricted for capital projects	313,673	-	313,673
Restricted for debt service	500,000	-	500,000
Unrestricted	285,800	239,587	525,387
	<b>\$ 22,023,519</b>	<b>\$ 239,587</b>	<b>\$ 22,263,106</b>

See Notes to Financial Statements.

**Governmental  
Activities -  
Internal Service  
Funds**

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\$ -  
-  
166,057  
-

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166,057

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-

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-

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166,057

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723,347

-

-

221,739

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\$ 945,086

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

### PROPRIETARY FUNDS

For the year ended December 31, 2006

#### Business-Type Activities-Enterprise Funds

	Water and Sewer	Solid Waste	Total
<b><u>Operating Revenues</u></b>			
Charges for sales and services	\$ 4,795,073	\$ 944,897	\$ 5,739,970
Other revenues	4,955	134,850	139,805
<b>Total Operating Revenues</b>	4,800,028	1,079,747	5,879,775
<b><u>Operating Expenses</u></b>			
Costs of sales and services	1,910,005	336,774	2,246,779
Personnel	827,993	507,980	1,335,973
Depreciation	1,815,756	-	1,815,756
<b>Total Operating Expenses</b>	4,553,754	844,754	5,398,508
<b>Operating Income</b>	246,274	234,993	481,267
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	42,453	30,304	72,757
Interest expense	(530,572)	-	(530,572)
Gain (loss) on sale of assets	-	-	-
<b>Total Nonoperating Revenues (Expenses)</b>	(488,119)	30,304	(457,815)
<b>Income (Loss) Before Transfers</b>	(241,845)	265,297	23,452
Transfers (out)	(645,000)	(408,941)	(1,053,941)
<b>Change in Net Assets</b>	(886,845)	(143,644)	(1,030,489)
Beginning net assets	22,910,364	383,231	23,293,595
<b>Ending Net Assets</b>	\$ 22,023,519	\$ 239,587	\$ 22,263,106

See Notes to Financial Statements.

**Governmental  
Activities -  
Internal Service  
Funds**

\$	317,521
	<u>26,011</u>
	343,532
	<u>69,599</u>
	-
	<u>181,267</u>
	250,866
	<u>92,666</u>
	6,856
	-
	<u>(4,766)</u>
	2,090
	94,756
	-
	94,756
	<u>850,330</u>
\$	<u>945,086</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

*STATEMENT OF CASH FLOWS*  
*PROPRIETARY FUNDS (Page 1 of 2)*  
 For the year ended December 31, 2006

Business-Type Activities-Enterprise Funds

	Water and Sewer	Solid Waste	Total
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers and users	\$ 4,768,493	\$ 1,052,255	\$ 5,820,748
Payments to suppliers	(1,603,163)	(346,731)	(1,949,894)
Payments to employees	(827,993)	(507,980)	(1,335,973)
<b>Net Cash Provided by Operating Activities</b>	<b>2,337,337</b>	<b>197,544</b>	<b>2,534,881</b>
<b><u>Cash Flows from Noncapital</u></b>			
<b><u>Financing Activities</u></b>			
Transfer to other funds	(645,000)	(408,941)	(1,053,941)
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(645,000)</b>	<b>(408,941)</b>	<b>(1,053,941)</b>
<b><u>Cash Flows from Capital and Related</u></b>			
<b><u>Financing Activities</u></b>			
Acquisition and construction of capital assets	(309,093)	-	(309,093)
Principal paid on capital debt	(675,000)	-	(675,000)
Interest paid on capital debt	(597,295)	-	(597,295)
Proceeds from sale of capital assets	-	-	-
<b>Net Cash Provided (Used) by Capital and Related Financing Activities</b>	<b>(1,581,388)</b>	<b>-</b>	<b>(1,581,388)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest received	42,453	30,304	72,757
<b>Net Cash Provided by Investing Activities</b>	<b>42,453</b>	<b>30,304</b>	<b>72,757</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>153,402</b>	<b>(181,093)</b>	<b>(27,691)</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>			
Unrestricted cash and cash equivalents	391,708	301,287	692,995
Restricted cash and cash equivalents	622,627	-	622,627
<b>Beginning cash and cash equivalents</b>	<b>1,014,335</b>	<b>301,287</b>	<b>1,315,622</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 1,167,737</b>	<b>\$ 120,194</b>	<b>\$ 1,287,931</b>
<b>Ending Cash and Cash Equivalents:</b>			
Unrestricted cash and cash equivalents	\$ 354,064	\$ 120,194	\$ 474,258
Restricted cash and cash equivalents	813,673	-	813,673
	<b>\$ 1,167,737</b>	<b>\$ 120,194</b>	<b>\$ 1,287,931</b>

See Notes to Financial Statements.

**Governmental  
Activities -  
Internal Service  
Funds**

\$ 364,029  
(69,599)  
-  
294,430

-

-

(128,568)

-

-

5,400

(123,168)

6,856

6,856

178,118

80,028

-

80,028

\$ 258,146

\$ 258,146

-

\$ 258,146

# CITY OF WEST UNIVERSITY PLACE, TEXAS

*STATEMENT OF CASH FLOWS*  
*PROPRIETARY FUNDS (Page 2 of 2)*  
 For the year ended December 31, 2006

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 246,274	\$ 234,993	\$ 481,267
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	1,815,756	-	1,815,756
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in Current Assets:</b>			
Accounts receivable	(31,535)	(27,492)	(59,027)
Due from other funds	-	-	-
<b>Increase (Decrease) in Current Liabilities:</b>			
Accounts payable and accrued liabilities	(193,158)	(9,957)	(203,115)
Due to other funds	500,000	-	500,000
	<u>\$ 2,337,337</u>	<u>\$ 197,544</u>	<u>\$ 2,534,881</u>
<b>Net Cash Provided by Operating Activities</b>	<u>\$ 2,337,337</u>	<u>\$ 197,544</u>	<u>\$ 2,534,881</u>

See Notes to Financial Statements.

**Governmental  
Activities -  
Internal Service  
Funds**

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\$ 92,666

181,267

(93,407)

(36,243)

-

150,147

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\$ 294,430

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS

December 31, 2006

### 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" which provides for a Council-Manager form of government since 1940.

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, Inc., 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, Inc.**

Friends of West University Parks Fund, Inc. (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. 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.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

### B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments*. Certain of the significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (MD&A) section providing an analysis of the City’s overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City’s activities.
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets and a statement of activities. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt**—This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted**—This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted**—This component of net assets consists of net assets that do not meet the definition of “restricted” or “invested in capital assets, net of related debt.”

### C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The statement of activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City’s governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

### **Governmental Funds**

Governmental funds are those funds through which most governmental functions are typically financed.

#### **General Fund**

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and public service.

#### **Special Revenue Funds**

The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include Parks Fund, Friends of the Parks Fund (blended component unit), Senior Activity Fund, Court Technology Fund, and the METRO Grant Fund. The special revenue funds are considered nonmajor funds for reporting purposes.

#### **Debt Service Fund**

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

#### **Capital Projects Funds**

The capital projects funds are used to account for the expenditures of resources accumulated from sales tax revenues and the sale of bonds and related interest earnings for capital improvement projects. The Infrastructure Replacement Fund and the Sidewalk Construction Fund are considered major funds for reporting purposes with the Capital Projects Fund and Drainage Improvement Fund reported as nonmajor funds.

### **Proprietary Fund Types**

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all financial Accounting Standards Board's standards issued prior to

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

The proprietary fund types used by the City include the following:

### **Enterprise Funds**

The enterprise funds are used to account for 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 and the Solid Waste Fund are considered major funds for reporting purposes.

Additionally, the government reports the following fund types:

### **Internal Service Funds**

Internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Equipment Replacement Fund is used to account for equipment replacement and maintenance services. The Health Benefits Fund accounts for costs associated with retired or separated employees as well as health benefits.

## **D. Measurement Focus and Basis of Accounting**

The government-wide statements of net assets and statements of activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

Under modified accrual accounting, expenditures are recognized in the accounting period in which the liability is incurred, if measurable, except for interest on general long-term debt, which is recognized when due.

The accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net assets, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

### **E. Assets, Liabilities, and Net Assets or Fund Equity**

#### **1. Deposits and Investments**

The City maintains a pooled cash and investments account. Each fund whose monies are deposited in the pooled cash and investment account has equity therein, and interest earned on the investment of these monies is allocated based upon relative equity at the previous month end. Amounts on deposit in interest bearing accounts and other investments are displayed on the combined balance sheet as "Cash and equity in pooled cash and investments."

In accordance with GASB Statement No. 31 *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, 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 Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Money Market Mutual Funds that meet certain criteria
- Statewide investment pools

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

### 2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

#### 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. Inventories and Prepaid Items

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

### 4. Capital assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government 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.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

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

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	20 to 50 years
Improvements	5 to 50 years
Equipment	5 to 10 years
Water and sewer system	20 to 30 years
Infrastructure	40 to 50 years

### 5. 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 estimated amount of compensation for services provided that is expected to be liquidated with expendable available financial resources are 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.

### 6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

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 interest earned in the debt service fund. Though 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 capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

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.

### 7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

### 8. Estimates

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

## II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt a project length budget. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control 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.

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.

### A. Excess of Expenditures Over Appropriations

For the year ended, expenditures exceeded appropriations at the legal level of control as follows:

General Fund:	
Public Service	\$26,545
Senior Activity	
Transfers (out)	\$2,930
Court Technology	
Capital outlay	\$2,221

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2006

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of December 31, 2006, market values of pledged securities were \$3,042,261 and bank balances were \$1,928,055.

As of December 31, 2006, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 8,902,374	0.5
TexPool	6,243,665	0.0
Total fair value	<u>\$ 15,146,039</u>	
Portfolio weighted average maturity		0.5

#### TexPool

TexPool was established as a trust company with the Treasurer of the State of Texas as trustee, segregated from all other trustees, investments, and activities of the trust company. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. Additionally, the State Comptroller has established an advisory board composed of both participants in TexPool and other persons who do not have a business relationship with TexPool. The advisory board members review the investment policy and management fee structure. Finally, Standard & Poor's rate TexPool AAAM. As a requirement to maintain the rating, weekly portfolio information must be submitted to Standard & Poor's, as well as to the office of the Comptroller of Public Accounts for review.

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.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2006

### B. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Water and		Nonmajor
			Sewer	Solid Waste	
Ad valorem taxes	\$ 3,318,044	\$ 3,627,649	\$ -	\$ -	\$ -
Other taxes	237,345	-	-	-	-
Accounts	49,869	-	869,283	182,305	-
Other	35,657	-	-	-	750
Less allowance	(660)	-	(126,728)	(22,655)	-
	<u>\$ 3,640,255</u>	<u>\$ 3,627,649</u>	<u>\$ 742,555</u>	<u>\$ 159,650</u>	<u>\$ 750</u>

### C. Capital assets

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,864,089	\$ -	\$ -	\$ 5,864,089
Construction in progress	14,767,828	6,657,686	(70,032)	21,355,482
Total capital assets not being depreciated	<u>20,631,917</u>	<u>6,657,686</u>	<u>(70,032)</u>	<u>27,219,571</u>
Other capital assets:				
Buildings and improvements	7,966,099	-	-	7,966,099
Machinery and equipment	4,947,384	437,797	(68,148)	5,317,033
Infrastructure	56,738,542	5,936	-	56,744,478
Total other capital assets	<u>69,652,025</u>	<u>443,733</u>	<u>(68,148)</u>	<u>70,027,610</u>
Less accumulated depreciation for:				
Buildings and improvements	(3,818,259)	(281,548)	-	(4,099,807)
Machinery and equipment	(3,463,202)	(421,230)	57,983	(3,826,449)
Infrastructure	(7,292,028)	(1,134,890)	-	(8,426,918)
Total accumulated depreciation	<u>(14,573,489)</u>	<u>(1,837,668)</u>	<u>57,983</u>	<u>(16,353,174)</u>
Other capital assets, net	<u>55,078,536</u>	<u>(1,393,935)</u>	<u>(10,165)</u>	<u>53,674,436</u>
<b>Totals</b>	<u>\$ 75,710,453</u>	<u>\$ 5,263,751</u>	<u>\$ (80,197)</u>	<u>\$ 80,894,007</u>
				Less associated debt
				<u>(69,107,400)</u>
				<b>Invested in Capital Assets, Net of</b>
				<b>Related Debt</b>
				<u>\$ 11,786,607</u>

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2006

Depreciation was charged to governmental functions as follows:

General government	\$	164,304
Public safety		114,034
Public works		1,209,636
Public service		168,427
Capital assets held by the City's Internal Service Fund are charged to various functions based on their usage of the assets		181,267
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$</b>	<b><u>1,837,668</u></b>

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

	<u>Beginning Balance</u>	<u>Increases</u>	<u>(Decreases)/ Reclassifications</u>	<u>Ending Balance</u>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 193,875	\$ -	\$ -	\$ 193,875
Construction in progress	2,494,124	-	(2,494,124)	-
Total capital assets not being depreciated	2,687,999	-	(2,494,124)	193,875
Other capital assets:				
Buildings	459,625	-	-	459,625
Water and sewer system	50,900,381	2,803,217	-	53,703,598
Machinery and equipment	788,503	-	-	788,503
Total other capital assets	52,148,509	2,803,217	-	54,951,726
Less accumulated depreciation for:				
Buildings	(234,940)	(18,385)	-	(253,325)
Water and sewer system	(17,255,860)	(1,777,543)	-	(19,033,403)
Machinery and equipment	(646,803)	(19,828)	-	(666,631)
Total accumulated depreciation	(18,137,603)	(1,815,756)	-	(19,953,359)
Other capital assets, net	34,010,906	987,461	-	34,998,367
Totals	\$ 36,698,905	\$ 987,461	\$ (2,494,124)	\$ 35,192,242
			Less associated debt	(14,268,196)
			<b>Invested in Capital Assets, Net of Related Debt</b>	<b>\$ 20,924,046</b>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$	1,815,756
<b>Total Business-type Activities Depreciation Expense</b>	<b>\$</b>	<b><u>1,815,756</u></b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

### D. Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 59,095,000	\$ -	\$ 3,150,000	\$ 55,945,000 *	\$ 3,275,000
Certificates of obligation	12,855,000	-	225,000	12,630,000 *	250,000
Unamortized refunding items	407,835	-	29,131	378,704 *	-
Capital leases	-	473,285	-	473,285 *	87,466
	<u>72,357,835</u>	<u>473,285</u>	<u>3,404,131</u>	<u>69,426,989</u>	<u>3,612,466</u>
Other liabilities:					
Compensated absences	603,904	581,470	543,514	641,860	577,674
<b>Total Governmental Activities</b>	<u>\$ 72,961,739</u>	<u>\$ 1,054,755</u>	<u>\$ 3,947,645</u>	<u>\$ 70,068,849</u>	<u>\$ 4,190,140</u>
<b>Long-term debt due in more than one year</b>				<u>\$ 65,878,709</u>	
<b>Business-type Activities:</b>					
Revenue bonds	\$ 15,255,000	\$ -	\$ 675,000	\$ 14,580,000 **	\$ 665,000
(Less) unamortized premiums and or discounts	(332,591)	-	(222,140)	(110,451) **	-
<b>Total Business-type Activities</b>	<u>\$ 14,922,409</u>	<u>\$ -</u>	<u>\$ 452,860</u>	<u>\$ 14,469,549</u>	<u>\$ 665,000</u>
<b>Long-term debt due in more than one year</b>				<u>\$ 13,804,549</u>	
<b>*Debt associated with governmental activity capital assets</b>				\$ 69,426,989	
Deferred charges				(319,589)	
<b>Total debt associated with governmental activity capital assets</b>				<u>\$ 69,107,400</u>	
<b>**Debt associated with business-type activity capital assets</b>				\$ 14,469,549	
Deferred charges				(201,353)	
<b>Total debt associated with business-type activity capital assets</b>				<u>\$ 14,268,196</u>	

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2006

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

Description	Interest Rates	Balance
<b><u>Governmental Activities</u></b>		
<b>General Obligation Bonds</b>		
Permanent improvement		
Series 2000	5.25-6.75%	\$ 1,825,000
Permanent improvement and refunding		
Series 1998	3.65-5.625%	5,895,000
Series 2002	4.0-5.5%	23,175,000
Series 2005	2.45-5.25%	25,050,000
<b>Total General Obligation Bonds</b>		<b>55,945,000</b>
 <b>Certificates of Obligation</b>		
Series 2001	4.40%	2,955,000
Series 2003	3.15-4.0%	9,675,000
<b>Total Certificates of Obligation</b>		<b>12,630,000</b>
<b>Total Bond and Certificate Obligations</b>		<b>68,575,000</b>
 <b>Capital Leases</b>		
Fire truck	3.95%	473,285
<b>Total Capital Leases</b>		<b>473,285</b>
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 69,048,285</b>
 <b><u>Business-type Activities</u></b>		
<b>Revenue Bonds</b>		
Water and sewer, series 2001A	4.6-6.5%	\$ 3,340,000
Water and sewer, series 2001B	2.25-4.3%	2,745,000
Water and sewer, refunding series 2005	2.87-4.50%	8,495,000
<b>Total Business-type Activities Long-Term Debt</b>		<b>\$ 14,580,000</b>

The annual requirements to amortize bond and certificate debt issues outstanding at year ending were as follows:

Year Ending Dec 31	Governmental Activity		Business-type Activity		Total
	Principal	Interest	Principal	Interest	
2007	\$ 3,525,000	\$ 3,166,330	\$ 665,000	\$ 601,873	\$ 7,958,203
2008	3,690,000	3,004,091	690,000	577,814	7,961,905
2009	3,875,000	2,823,918	715,000	551,749	7,965,667
2010	4,055,000	2,640,024	745,000	523,446	7,963,470
2011	4,235,000	2,461,785	785,000	492,801	7,974,586
2012-2016	24,530,000	9,018,498	4,415,000	1,952,257	39,915,755
2017-2021	24,665,000	2,381,826	5,500,000	891,105	33,437,931
2022	-	-	1,065,000	25,455	1,090,455
<b>Total</b>	<b>\$ 68,575,000</b>	<b>\$ 25,496,472</b>	<b>\$ 14,580,000</b>	<b>\$ 5,616,500</b>	<b>\$ 114,267,972</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

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.

### Advance Refundings

In 2005, the City defeased certain permanent improvement bonds, series' 1996, 1998, and 2000 in the amount of \$25,395,000 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At December 31, 2006, \$5,290,000 of permanent improvement and refunding bonds, series 1998 and \$18,045,000 of permanent improvement bonds, series 2000, were considered defeased related to the 2005 refunding.

The City also defeased certain waterworks and sewer system revenue bonds, series' 1996A, 1996B, and 1998A in 2005 in the amount of \$8,655,000 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At December 31, 2006, \$4,060,000 of revenue bonds, series 1998A was considered defeased related to the 2005 refunding.

### 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 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 could result in a substantial liability to the City. The City periodically engages an arbitrage consultant to perform the calculations in accordance with the IRS's rules and regulations.

### Capital Leases

The annual requirements to amortize capital leases outstanding at year end were as follows:

<u>Year</u> <u>Ending</u> <u>Dec 31</u>	<u>Governmental Activity</u>		<u>Total</u>
	<u>Principal</u>	<u>Interest</u>	
2007	\$ 87,466	\$ 18,701	\$ 106,167
2008	90,922	15,245	106,167
2009	94,515	11,652	106,167
2010	98,250	7,918	106,168
2011	102,132	4,036	106,168
<b>Total</b>	<b>\$ 473,285</b>	<b>\$ 57,552</b>	<b>\$ 530,837</b>

As of year end, the City had not taken possession of the fire truck and according there is no asset and related accumulated depreciation values related to this obligation.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

### E. Interfund Transactions

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

Due To:	Due From:	Amounts
General Fund	Nonmajor governmental funds	\$ 92,483
	Equipment Replacement *	15,910
	Health Benefits *	150,147
	Water and Sewer	500,000
Health Benefits*	General Fund	36,243
		\$ 794,783

\* Internal service funds

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

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

Transfer Out	Transfer In	Amounts
Water and Sewer	General Fund	\$ 645,000
Solid Waste	General Fund	225,000
	Governmental activities *	183,941
Infrastructure Replacement	Sidewalk Construction	52,682
	Nonmajor governmental funds	765,101
Nonmajor governmental funds	General Fund	2,930
		\$ 1,874,654

\*Solid waste transferred capital assets acquired during the year.

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.

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

### F. Fund Equity

The City records fund balance reserves on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditure.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

The following is a list of fund balances reserved or designated recognized by the City:

<b>General Fund</b>		
Reserved for prepaids and inventory	\$	15,516
<b>Debt Service Fund</b>		
Reserved for debt service	\$	1,169,072
<b>Nonmajor Other Governmental Funds</b>		
Reserved for inventory	\$	2,611
Reserved for capital purchases		486,766

### G. Restricted Assets

The balance of the restricted cash account in the water and sewer fund recognized by the City is as follows:

<b>Water and Sewer Fund</b>		
Restricted for construction	\$	313,673
Restricted for debt service		500,000
	<u>\$</u>	<u>813,673</u>

## 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 2,539 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.

The City is a defendant in several lawsuits. Although the outcome of these lawsuits is not presently determinable, it is the opinion of the City's management that resolution of these matters will not have a material adverse effect of the financial condition of the City.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

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

### C. Pension Plans

#### 1. Texas Municipal Retirement Systems

##### 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), one of 811 currently administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percent (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

##### Contributions

The contribution rate for the employees is 7%, and the City's matching ratio is currently two to one, both as adopted by City Council. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2006

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 (i.e., December 31, 2005 valuation is effective for rates beginning January 2007).

All assumptions for the 12/31/05 valuations are contained in the 2005 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Unit Credit
Amortization Method	Level % of Payroll
Remaining Amortization Period	25 Years - Open period
Asset Valuation Method	Amortized cost
Investment Rate of Return	7%
Projected Salary Increases	None
Includes Inflation at	3.5%
Cost of Living Adjustments	None

### Three-Year Contribution Information

Fiscal year	Annual Pension Percentage of ARC		Net Pension Obligation
	Cost (ARC)	Contributions	
2004	\$ 730,622	100%	\$ -
2005	\$ 893,021	100%	\$ -
2006	\$ 944,597	100%	\$ -

#### **D. Retainage Payable**

Subsequent to the release of the financial statements, additional information was discovered relating to the recording of a retainage payable in two funds for construction activity. The cumulative effect of recording this payable resulted in an increase in liabilities and expenditures of \$539,772, of which \$390,096 was recorded in the Sidewalk Construction Fund and \$149,676 in the Infrastructure Replacement Fund.

***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, 2006

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 5,891,350	\$ 5,928,220	\$ 5,865,156	\$ (63,064)
Franchise	976,200	963,500	1,015,725	52,225
Sales	710,300	1,006,070	1,028,946	22,876
Licenses and permits	484,700	557,260	580,297	23,037
Fines	201,800	250,850	250,849	(1)
Charges for services	1,102,910	1,233,260	1,260,376	27,116
Investment earnings	100,000	100,000	268,377	168,377
Other revenues	190,710	291,700	150,287	(141,413)
<b>Total Revenues</b>	<b>9,657,970</b>	<b>10,330,860</b>	<b>10,420,013</b>	<b>89,153</b>
<b>Expenditures</b>				
General government:				
Administration	644,630	919,630	911,548	8,082
Finance	1,472,330	1,472,330	1,469,606	2,724
Public safety:				
Police	2,846,070	2,726,070	2,707,128	18,942
Fire	2,329,390	2,329,390	2,321,400	7,990
Public works	1,812,550	1,572,550	1,557,955	14,595
Public service	1,394,750	1,468,750	1,495,295	(26,545) *
<b>Total Expenditures</b>	<b>10,499,720</b>	<b>10,488,720</b>	<b>10,462,932</b>	<b>25,788</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(841,750)</b>	<b>(157,860)</b>	<b>(42,919)</b>	<b>114,941</b>
<b>Other Financing Sources</b>				
Transfers in	870,000	870,000	872,930	2,930
<b>Total Other Financing Sources</b>	<b>870,000</b>	<b>870,000</b>	<b>872,930</b>	<b>2,930</b>
<b>Net Change in Fund Balance</b>	<b>\$ 28,250</b>	<b>\$ 712,140</b>	<b>830,011</b>	<b>\$ 117,871</b>
Beginning fund balance			3,373,041	
<b>Ending Fund Balance</b>			<b>\$ 4,203,052</b>	

Notes to Required Supplementary Information:

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
2. Excess of expenditures over appropriations \*

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF FUNDING PROGRESS- TEXAS MUNICIPAL RETIREMENT SYSTEM

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal year	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>	<u>2002</u>
Actuarial Valuation date	12/31/2005	12/31/2004	12/31/2003	12/31/2002	12/31/2001
Actuarial Value of Assets	\$ 14,095,876	\$ 12,886,461	\$ 13,522,221	\$ 10,748,722	\$ 9,745,961
Actuarial Accrued Liability	\$ 20,777,707	\$ 19,196,674	\$ 19,648,251	\$ 14,372,452	\$ 13,228,490
Percentage Funded	67.8%	67.1%	68.8%	74.8%	73.7%
Unfunded Actuarial					
Accrued Liability	\$ 6,681,831	\$ 6,310,213	\$ 6,126,030	\$ 3,623,730	\$ 3,482,529
Annual Covered Payroll	\$ 5,700,977	\$ 5,545,016	\$ 5,708,418	\$ 4,902,792	\$ 4,018,383
Unfunded Actuarial Accrued Liability					
(UAAL) % of Covered Payroll	117.2%	113.8%	107.3%	73.9%	86.7%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	\$ 944,597	\$ 893,021	\$ 730,622	\$ 670,077	\$ 568,996
Contributions Made	\$ 944,597	\$ 893,021	\$ 730,622	\$ 670,077	\$ 568,996
<b>NPO at the End of Period</b>	<b>\$ -</b>				

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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, 2006

	<u>Original and Amended Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>			
Ad valorem taxes	\$ 6,652,670	\$ 6,748,355	\$ 95,685
Investment earnings	42,000	118,703	76,703
<b>Total Revenues</b>	<u>6,694,670</u>	<u>6,867,058</u>	<u>172,388</u>
<b>Expenditures</b>			
Debt service:			
Principal	3,375,000	3,375,000	-
Interest and fiscal agent fees	3,319,670	3,319,913	(243)
<b>Total Expenditures</b>	<u>6,694,670</u>	<u>6,694,913</u>	<u>(243)</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>172,145</u>	<u>\$ 172,145</u>
Beginning fund balance		<u>996,927</u>	
<b>Ending Fund Balance</b>		<u>\$ 1,169,072</u>	

#### Notes to Required Supplementary Information:

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

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# **CITY OF WEST UNIVERSITY PLACE, TEXAS**

## *NONMAJOR GOVERNMENTAL FUNDS*

December 31, 2005

### **SPECIAL REVENUE FUNDS**

**Special Revenue Funds** are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

#### **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 the Parks Fund**

This fund accounts for the financial activity of the Friends of West University Parks Fund, Inc. This fund's revenues are restricted to use in improving the City's parks.

#### **Senior Activity Fund**

This fund is used to account for donations made to provide activities for the City's senior citizens.

#### **Court Technology Fund**

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

#### **METRO Grant Fund**

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

### **CAPITAL PROJECTS FUNDS**

**Capital Projects Funds** are used to account for resources used in the acquisition or construction of major general 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.

#### **Drainage Improvement Fund**

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING BALANCE SHEET NONMAJOR GOVERNMENTAL FUNDS

December 31, 2006

	Special Revenue Funds			
	Parks	Friends of the Parks	Senior Activity	Court Technology
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 15,593	\$ 363,449	\$ -	\$ 6,300
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	750	-	-
Inventory	-	2,611	-	-
<b>Total Assets</b>	<b>\$ 15,593</b>	<b>\$ 366,810</b>	<b>\$ -</b>	<b>\$ 6,300</b>
<b>Liabilities and Fund Balance</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Reserved for inventory	-	2,611	-	-
Reserved for capital purchases	-	-	-	-
Unreserved	15,593	364,199	-	6,300
<b>Total Fund Balances</b>	<b>15,593</b>	<b>366,810</b>	<b>-</b>	<b>6,300</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 15,593</b>	<b>\$ 366,810</b>	<b>\$ -</b>	<b>\$ 6,300</b>

Special Revenue Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
METRO Grant	Capital Projects	Drainage Improvement	
\$ 983,101	\$ 208,300	\$ -	\$ 1,576,743
-	486,766	-	486,766
-	-	-	750
-	-	-	2,611
<u>\$ 983,101</u>	<u>\$ 695,066</u>	<u>\$ -</u>	<u>\$ 2,066,870</u>
\$ -	\$ 75	\$ -	\$ 75
-	-	92,483	92,483
-	75	92,483	92,558
-	-	-	2,611
-	486,766	-	486,766
983,101	208,225	(92,483)	1,484,935
983,101	694,991	(92,483)	1,974,312
<u>\$ 983,101</u>	<u>\$ 695,066</u>	<u>\$ -</u>	<u>\$ 2,066,870</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

*COMBINING STATEMENT OF REVENUES, EXPENDITURES,*

*AND CHANGES IN FUND BALANCE*

**NONMAJOR GOVERNMENTAL FUNDS**

For the year ended December 31, 2006

	Special Revenue Funds			
	Parks	Friends of the Parks	Senior Activity	Court Technology
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 16,760
Intergovernmental	-	-	-	-
Contributions	15,310	175,682	-	-
Investment earnings	784	6,204	-	225
<b>Total Revenues</b>	16,094	181,886	-	16,985
<b>Expenditures</b>				
Current:				
Public service	-	211,642	-	-
Capital outlay	11,309	-	-	17,121
<b>Total Expenditures</b>	11,309	211,642	-	17,121
<b>Excess of Revenues Over (Under) Expenditures</b>	4,785	(29,756)	-	(136)
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	-	-	-
Transfers (out)	-	-	(2,930)	-
Capital lease proceeds	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	(2,930)	-
<b>Net Change in Fund Balances</b>	4,785	(29,756)	(2,930)	(136)
Beginning fund balances	10,808	396,566	2,930	6,436
<b>Ending Fund Balances</b>	\$ 15,593	\$ 366,810	\$ -	\$ 6,300

Special Revenue Funds	Capital Projects Funds		Total Nonmajor Governmental Funds
METRO Grant	Capital Projects	Drainage Improvement	
\$ -	\$ -	\$ -	\$ 16,760
259,000	-	-	259,000
-	135,664	-	326,656
-	18,702	-	25,915
<u>259,000</u>	<u>154,366</u>	<u>-</u>	<u>628,331</u>
5,271	-	-	216,913
-	205,056	97,023	330,509
<u>5,271</u>	<u>205,056</u>	<u>97,023</u>	<u>547,422</u>
<u>253,729</u>	<u>(50,690)</u>	<u>(97,023)</u>	<u>80,909</u>
465,101	150,000	-	615,101
-	-	-	(2,930)
-	473,285	-	473,285
<u>465,101</u>	<u>623,285</u>	<u>-</u>	<u>1,085,456</u>
718,830	572,595	(97,023)	1,166,365
<u>264,271</u>	<u>122,396</u>	<u>4,540</u>	<u>807,947</u>
<u>\$ 983,101</u>	<u>\$ 694,991</u>	<u>\$ (92,483)</u>	<u>\$ 1,974,312</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCE - BUDGET AND ACTUAL

#### NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2006

	PARKS		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Contributions	\$ 2,500	\$ 15,310	\$ 12,810
Investment earnings	100	784	684
<b>Total Revenues</b>	<u>2,600</u>	<u>16,094</u>	<u>13,494</u>
<b>Expenditures</b>			
Capital outlay	<u>15,000</u>	<u>11,309</u>	<u>3,691</u>
<b>Total Expenditures</b>	<u>15,000</u>	<u>11,309</u>	<u>3,691</u>
<b>Net Change in Fund Balance</b>	<u>\$ (12,400)</u>	<u>4,785</u>	<u>\$ 17,185</u>
Beginning fund balance		<u>10,808</u>	
<b>Ending Fund Balance</b>		<u>\$ 15,593</u>	

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCE - BUDGET AND ACTUAL

#### NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2006

	SENIOR ACTIVITY		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Permits, licenses and fees	\$ -	\$ -	\$ -
Investment earnings	-	-	-
<b>Total Revenues</b>	-	-	-
<b><u>Other Financing (Uses)</u></b>			
Transfers (out)	-	(2,930)	(2,930) *
<b>Total Other Financing (Uses)</b>	-	(2,930)	(2,930)
<b>Net Change in Fund Balance</b>	\$ -	(2,930)	\$ (2,930)
Beginning fund balance		2,930	
<b>Ending Fund Balance</b>		\$ -	

1. Excess of expenditures over appropriations.\*

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCE - BUDGET AND ACTUAL

#### NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2006

	<b>COURT TECHNOLOGY</b>		
	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Fines and forfeitures	\$ 11,700	\$ 16,760	\$ 5,060
Investment earnings	25	225	200
<b>Total Revenues</b>	11,725	16,985	5,260
<b><u>Expenditures</u></b>			
Capital outlay	14,900	17,121	(2,221) *
<b>Total Expenditures</b>	14,900	17,121	(2,221)
<b>Net Change in Fund Balance</b>	\$ (3,175)	(136)	\$ 3,039
Beginning fund balance		6,436	
<b>Ending Fund Balance</b>		\$ 6,300	

1. Excess of expenditures over appropriations.\*

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCE - BUDGET AND ACTUAL

#### NONMAJOR SPECIAL REVENUE FUNDS

For the year ended December 31, 2006

	METRO GRANT		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b><u>Revenues</u></b>			
Intergovernmental	\$ 259,000	\$ 259,000	\$ -
Investment earnings	-	-	-
<b>Total Revenues</b>	259,000	259,000	-
<b><u>Expenditures</u></b>			
Public service	518,000	5,271	512,729
<b>Total Expenditures</b>	518,000	5,271	512,729
<b><u>Other Financing Sources</u></b>			
Transfers in	-	465,101	465,101
<b>Total Other Financing Sources</b>	-	465,101	465,101
<b>Net Change in Fund Balance</b>	\$ (259,000)	718,830	\$ 977,830
Beginning fund balance		264,271	
<b>Ending Fund Balance</b>		\$ 983,101	

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# **CITY OF WEST UNIVERSITY PLACE, TEXAS**

## *INTERNAL SERVICE FUNDS*

December 31, 2006

### **Equipment Replacement Fund**

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

### **Health Benefits Fund**

This internal service fund is used to account for 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.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING STATEMENT OF NET ASSETS

### INTERNAL SERVICE FUNDS

December 31, 2006

	Equipment Replacement	Healthcare Benefits	Total
<b><u>Assets</u></b>			
Current assets:			
Equity in pooled cash and investments	\$ 223,146	\$ 35,000	\$ 258,146
Accounts receivable	-	93,407	93,407
Due from other funds	-	36,243	36,243
<b>Total Current Assets</b>	<b>223,146</b>	<b>164,650</b>	<b>387,796</b>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	1,659,028	-	1,659,028
Less: accumulated depreciation	(935,681)	-	(935,681)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>723,347</b>	<b>-</b>	<b>723,347</b>
<b>Total Noncurrent Assets</b>	<b>723,347</b>	<b>-</b>	<b>723,347</b>
<b>Total Assets</b>	<b>946,493</b>	<b>164,650</b>	<b>1,111,143</b>
<b><u>Liabilities</u></b>			
Current liabilities:			
Due to other funds	15,910	150,147	166,057
<b>Total Current Liabilities</b>	<b>15,910</b>	<b>150,147</b>	<b>166,057</b>
<b>Total Liabilities</b>	<b>15,910</b>	<b>150,147</b>	<b>166,057</b>
<b><u>Net Assets</u></b>			
Invested in capital assets	723,347	-	723,347
Unrestricted	207,236	14,503	221,739
<b>Total Net Assets</b>	<b>\$ 930,583</b>	<b>\$ 14,503</b>	<b>\$ 945,086</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING STATEMENT OF REVENUES, EXPENSES,

### AND CHANGES IN FUND NET ASSETS

#### INTERNAL SERVICE FUNDS

For the year ended December 31, 2006

	Equipment Replacement	Healthcare Benefits	Total
<b><u>Operating Revenues</u></b>			
Charges for sales and services	\$ 257,800	\$ 59,721	\$ 317,521
Other revenues	14,633	11,378	26,011
<b>Total Operating Revenues</b>	272,433	71,099	343,532
<b><u>Operating Expenses</u></b>			
Costs of sales and services	10,821	58,778	69,599
Depreciation	181,267	-	181,267
<b>Total Operating Expenses</b>	192,088	58,778	250,866
<b>Operating Income (Loss)</b>	80,345	12,321	92,666
<b><u>Nonoperating Revenues (Expenses)</u></b>			
Investment income	6,856	-	6,856
(Loss) on sale of capital assets	(4,766)	-	(4,766)
<b>Total Nonoperating Revenues (Expenses)</b>	2,090	-	2,090
<b>Change in Net Assets</b>	82,435	12,321	94,756
Beginning net assets	848,148	2,182	850,330
<b>Ending Net Assets</b>	\$ 930,583	\$ 14,503	\$ 945,086

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING STATEMENT OF CASH FLOWS

### INTERNAL SERVICE FUNDS

For the year ended December 31, 2006

	Equipment Replacement	Healthcare Benefits	Total
<b><u>Cash Flows from Operating Activities</u></b>			
Receipts from customers and users	\$ 272,433	\$ 91,596	\$ 364,029
Payments to suppliers	(10,821)	(58,778)	(69,599)
<b>Net Cash Provided by Operating Activities</b>	<b>261,612</b>	<b>32,818</b>	<b>294,430</b>
<b><u>Cash Flows from Capital and Related</u></b>			
<b><u>Financing Activities</u></b>			
Acquisition and construction of capital assets	(128,568)	-	(128,568)
Proceeds from sale of capital assets	5,400	-	5,400
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(123,168)</b>	<b>-</b>	<b>(123,168)</b>
<b><u>Cash Flows from Investing Activities</u></b>			
Interest received	6,856	-	6,856
<b>Net Cash Provided by Investing Activities</b>	<b>6,856</b>	<b>-</b>	<b>6,856</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>145,300</b>	<b>32,818</b>	<b>178,118</b>
Beginning cash and cash equivalents	77,846	2,182	80,028
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 223,146</b>	<b>\$ 35,000</b>	<b>\$ 258,146</b>
<b>Reconciliation of Operating Income (Loss)</b>			
<b>to Net Cash Provided (Used) by Operating Activities</b>			
Operating income (loss)	\$ 80,345	\$ 12,321	\$ 92,666
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	181,267	-	181,267
<b>Changes in Operating Assets and Liabilities:</b>			
<b>(Increase) Decrease in Current Assets:</b>			
Accounts receivable	-	(93,407)	(93,407)
Due from other funds	-	(36,243)	(36,243)
<b>Increase (Decrease) in Current Liabilities:</b>			
Accounts payable	-	-	-
Due to other funds	-	150,147	150,147
<b>Net Cash Provided by Operating Activities</b>	<b>\$ 261,612</b>	<b>\$ 32,818</b>	<b>\$ 294,430</b>

# 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
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Financial Trends	93
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*These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.*

Revenue Capacity	104
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*These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.*

Debt Capacity	112
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*These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.*

Demographic and Economic Information	120
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*These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.*

Operating Information	122
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*These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.*

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NET ASSETS BY COMPONENT

Last Four Years (1)  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental activities				
Invested in capital assets, net of related debt	\$ 7,811,571	\$ 8,838,382	\$ 2,285,217	\$ 11,786,607
Restricted	305,496	363,478	8,533,406	3,605,569
Unrestricted	2,139,980	2,435,721	3,003,540	3,976,998
Total governmental activities net assets	<u>\$ 10,257,047</u>	<u>\$ 11,637,581</u>	<u>\$ 13,822,163</u>	<u>\$ 19,369,174</u>
Business-type activities				
Invested in capital assets, net of related debt	\$ 22,140,957	\$ 22,647,508	\$ 21,776,495	\$ 20,924,046
Restricted	1,180,254	1,532,649	622,627	813,673
Unrestricted	(486,050)	(331,015)	894,473	525,387
Total business-type activities net assets	<u>\$ 22,835,161</u>	<u>\$ 23,849,142</u>	<u>\$ 23,293,595</u>	<u>\$ 22,263,106</u>
Primary government				
Invested in capital assets, net of related debt	\$ 29,952,528	\$ 31,485,890	\$ 24,061,712	\$ 32,710,653
Restricted	1,485,750	1,896,127	9,156,033	4,419,242
Unrestricted	1,653,930	2,104,706	3,898,013	4,502,385
Total primary government net assets	<u>\$ 33,092,208</u>	<u>\$ 35,486,723</u>	<u>\$ 37,115,758</u>	<u>\$ 41,632,280</u>

(1) The requirement for statistical data is ten years; only four years are available at this time.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CHANGES IN NET ASSETS

Last Four Years (1)  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities				
General government	\$ 2,070,377	\$ 2,405,983	\$ 2,594,417	\$ 2,706,514
Public safety	4,816,966	4,826,905	5,109,968	5,187,464
Public works	2,554,406	2,587,621	3,073,735	2,654,368
Public services	1,148,718	1,368,549	1,840,117	1,874,113
Interest and fiscal agent fees on long-term debt	3,820,949	3,377,944	3,501,076	2,984,308
Total governmental activities expenses	<u>14,411,416</u>	<u>14,567,002</u>	<u>16,119,313</u>	<u>15,406,767</u>
Business-type activities				
Water and sewer	4,567,117	4,844,930	5,083,562	5,084,326
Solid waste	798,759	676,448	850,366	844,754
Total business-type activities expenses	<u>5,365,876</u>	<u>5,521,378</u>	<u>5,933,928</u>	<u>5,929,080</u>
Total primary government expenses	<u>\$ 19,777,292</u>	<u>\$ 20,088,380</u>	<u>\$ 22,053,241</u>	<u>\$ 21,335,847</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 428,859	\$ 551,379	\$ 1,530,847	\$ 1,260,376
Public safety	710,560	530,266	186,844	267,609
Public works	-	-	-	-
Public services	651,351	696,804	597,910	580,297
Operating grants and contributions	236,989	342,450	16,915	259,000
Capital grants and contributions	261,976	1,270,704	370,864	-
Total governmental activities program revenues	<u>2,289,735</u>	<u>3,391,603</u>	<u>2,703,380</u>	<u>2,367,282</u>
Business-type activities				
Charges for services				
Water and sewer	3,106,875	4,201,687	5,084,828	4,795,073
Solid waste	1,048,171	1,103,485	926,132	944,897
Total business-type activities program revenues	<u>4,155,046</u>	<u>5,305,172</u>	<u>6,010,960</u>	<u>5,739,970</u>
Total primary government program revenues	<u>\$ 6,444,781</u>	<u>\$ 8,696,775</u>	<u>\$ 8,714,340</u>	<u>\$ 8,107,252</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (12,121,681)	\$ (11,175,399)	\$ (13,415,933)	\$ (13,039,485)
Business-type activities	(1,210,830)	(216,206)	77,032	(189,110)
Total primary government net expense	<u>\$ (13,332,511)</u>	<u>\$ (11,391,605)</u>	<u>\$ (13,338,901)</u>	<u>\$ (13,228,595)</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CHANGES IN NET ASSETS (Continued)

Last Four Years (1)  
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
<b>General Revenues and Other Changes in Net Assets</b>				
Governmental activities				
Taxes				
Property taxes, levied for general purposes	\$ 4,765,758	\$ 5,134,667	\$ 5,337,999	\$ 5,888,180
Property taxes, levied for debt service	6,011,109	6,536,129	6,794,959	6,748,355
Sales taxes	758,947	683,572	745,716	1,028,946
Franchise and local taxes	873,649	872,221	913,998	1,000,930
Other taxes	18,343	16,021	15,460	14,795
Contributions	-	-	268,081	326,656
Investment earnings	515,414	338,969	458,208	695,749
Other revenues	159,582	197,645	222,044	1,828,944
Gain (loss) on sale of capital assets	-	-	(25,950)	-
Transfers	(2,914,442)	(1,223,291)	870,000	1,053,941
<b>Total governmental activities</b>	<u>10,188,360</u>	<u>12,555,933</u>	<u>15,600,515</u>	<u>18,586,496</u>
Business-type activities				
Investment earnings	10,280	6,896	21,374	72,757
Other revenues	-	-	216,047	139,805
Transfers	2,914,442	1,223,291	(870,000)	(1,053,941)
<b>Total business-type activities</b>	<u>2,924,722</u>	<u>1,230,187</u>	<u>(632,579)</u>	<u>(841,379)</u>
<b>Total primary government</b>	<u>\$ 13,113,082</u>	<u>\$ 13,786,120</u>	<u>\$ 14,967,936</u>	<u>\$ 17,745,117</u>
<b>Change in Net Assets</b>				
Governmental activities	\$ (1,933,321)	\$ 1,380,534	\$ 2,184,582	\$ 5,547,011
Business-type activities	1,713,892	1,013,981	(555,547)	(1,030,489)
<b>Total primary government</b>	<u>\$ (219,429)</u>	<u>\$ 2,394,515</u>	<u>\$ 1,629,035</u>	<u>\$ 4,516,522</u>

(1) The requirement for statistical data is ten years; only four years are available at this time.

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Four Years (1)  
(accrual basis of accounting)

<u>Function</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>Change 2005-2006</u>
Property	\$ 11,481,442	\$ 11,670,796	\$ 12,132,958	\$ 12,636,535	4.2%
Sales	777,290	667,552	730,156	1,028,946	40.9%
Franchise fee	873,649	872,221	913,998	1,000,930	9.5%
Other taxes	159,582	16,020	15,460	14,795	-4.3%
	<u>\$ 13,291,963</u>	<u>\$ 13,226,589</u>	<u>\$ 13,792,572</u>	<u>\$ 14,681,206</u>	6.4%

(1) The requirement for statistical data is ten years; only four years are available at this time.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	1997	1998	1999	2000
General Fund				
Reserved	\$ 88,752	\$ -	\$ 48,059	\$ 58,934
Unreserved	3,875,695	4,394,820	4,173,141	3,934,596
Total general fund	\$ 3,964,447	\$ 4,394,820	\$ 4,221,200	\$ 3,993,530
All Other Governmental Funds				
Reserved	\$ 7,699,519	\$ 13,927,927	\$ 10,951,602	\$ 27,915,848
Unreserved, reported in:				
Capital project funds	1,884,809	199,695	(551,473)	(81,464)
Nonmajor governmental funds	424,134	294,254	400,884	246,523
Total all other governmental funds	\$ 10,008,462	\$ 14,421,876	\$ 10,801,013	\$ 28,080,907

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 7,364	\$ 80,544	\$ 2,148,781	\$ 2,098,916	\$ 15,504	\$ 15,516
2,985,884	2,846,051	841,381	936,365	3,357,537	4,187,536
<u>\$ 2,993,248</u>	<u>\$ 2,926,595</u>	<u>\$ 2,990,162</u>	<u>\$ 3,035,281</u>	<u>\$ 3,373,041</u>	<u>\$ 4,203,052</u>
\$ 20,188,647	\$ 20,919,924	\$ 656,903	\$ 782,534	\$ 998,780	\$ 1,658,449
538,175	698,630	19,412,415	9,106,291	6,852,781	1,545,312
545,459	121,914	139,427	233,004	683,698	1,484,935
<u>\$ 21,272,281</u>	<u>\$ 21,740,468</u>	<u>\$ 20,208,745</u>	<u>\$ 10,121,829</u>	<u>\$ 8,535,259</u>	<u>\$ 4,688,696</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

(modified accrual basis of accounting)

	Fiscal Year			
	1997	1998	1999	2000
<b>Revenues</b>				
Taxes	\$ 6,910,111	\$ 7,495,912	\$ 7,972,546	\$ 8,987,973
Permits, licenses, and fees	421,159	558,469	396,484	496,677
Fines and forfeitures	367,165	184,813	307,058	274,001
Charges for services	1,488,771	702,131	796,763	914,686
Intergovernmental	565,919	125,318	650,459	1,055,425
Contributions	-	-	-	-
Investment earnings	1,100,372	1,120,750	1,288,324	1,015,579
Other revenues	281,251	317,661	343,348	553,268
<b>Total revenues</b>	<b>11,134,748</b>	<b>10,505,054</b>	<b>11,754,982</b>	<b>13,297,609</b>
<b>Expenditures</b>				
General government	1,462,013	1,685,246	1,803,017	1,777,263
Public safety	2,900,458	2,892,950	2,952,688	3,525,192
Public works	2,007,833	1,288,618	1,435,693	1,490,417
Public service	747,746	709,674	866,489	987,209
Capital outlay	2,993,082	5,890,116	5,560,612	6,473,002
Debt service				
Principal	1,085,000	1,425,000	1,585,000	1,780,000
Interest	1,856,475	1,935,122	2,045,071	2,058,343
<b>Total expenditures</b>	<b>13,052,607</b>	<b>15,826,726</b>	<b>16,248,570</b>	<b>18,091,426</b>
Excess of revenues over (under) expenditures	(1,917,859)	(5,321,672)	(4,493,588)	(4,793,817)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,430,000	1,310,390	1,172,500	1,986,950
Transfers out	(520,000)	(711,480)	(473,400)	(1,173,842)
Issuance of debt	650,000	14,901,901	-	21,107,933
Premium on debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	(5,335,352)	-	-
Sale of capital assets	-	-	-	-
<b>Total other financing sources</b>	<b>1,560,000</b>	<b>10,165,459</b>	<b>699,100</b>	<b>21,921,041</b>
<b>Net change in fund balances</b>	<b>\$ (357,859)</b>	<b>\$ 4,843,787</b>	<b>\$ (3,794,488)</b>	<b>\$ 17,127,224</b>
Debt service as a percentage of noncapital expenditures	29.24%	33.82%	33.96%	33.04%

Fiscal Year					
2001	2002	2003	2004	2005	2006
\$ 9,963,477	\$ 11,534,667	\$ 12,416,216	\$ 13,263,355	\$ 13,803,975	\$ 14,658,182
472,081	386,124	444,886	577,164	597,910	580,297
276,815	319,388	243,931	193,322	186,844	267,609
901,544	1,074,335	1,086,952	974,549	1,165,967	1,260,376
259,000	277,769	307,784	1,392,662	387,779	259,000
-	-	-	-	268,081	326,656
1,720,839	655,918	511,267	336,967	457,078	688,893
389,693	603,217	387,897	451,551	212,924	1,814,311
<u>13,983,449</u>	<u>14,851,418</u>	<u>15,398,933</u>	<u>17,189,570</u>	<u>17,080,558</u>	<u>19,855,324</u>
1,981,486	2,061,227	1,952,308	2,211,183	2,268,862	2,381,154
4,019,282	4,336,152	4,701,684	4,616,019	4,769,582	5,028,528
1,515,164	1,500,127	1,631,434	1,642,867	1,582,592	1,557,955
896,309	941,302	1,015,026	1,255,857	1,579,982	1,712,208
12,886,880	13,583,834	13,107,808	11,882,057	2,569,023	6,840,403
1,880,000	2,185,000	2,295,000	2,685,000	2,900,000	3,375,000
2,812,336	3,130,630	3,808,650	3,775,384	3,669,628	3,319,913
<u>25,991,457</u>	<u>27,738,272</u>	<u>28,511,910</u>	<u>28,068,367</u>	<u>19,339,669</u>	<u>24,215,161</u>
(12,008,008)	(12,886,854)	(13,112,977)	(10,878,797)	(2,259,111)	(4,359,837)
1,790,600	1,691,111	631,000	837,000	1,139,000	1,540,713
(991,500)	(1,002,861)	-	-	(269,000)	(670,713)
3,325,000	29,180,987	9,918,331	-	25,075,000	473,285
-	-	-	-	1,793,024	-
-	(16,397,937)	-	-	(26,751,058)	-
-	-	-	-	23,335	-
<u>4,124,100</u>	<u>13,471,300</u>	<u>10,549,331</u>	<u>837,000</u>	<u>1,010,301</u>	<u>1,343,285</u>
<u>\$ (7,883,908)</u>	<u>\$ 584,446</u>	<u>\$ (2,563,646)</u>	<u>\$ (10,041,797)</u>	<u>\$ (1,248,810)</u>	<u>\$ (3,016,552)</u>
35.81%	37.55%	39.62%	39.91%	39.26%	39.48%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years

(modified accrual basis of accounting)

Function	Fiscal Year			
	1997	1998	1999	2000
Property	\$ 5,650,077	\$ 6,054,801	\$ 6,610,664	\$ 7,376,687
Sales	537,074	627,443	531,246	776,085
Franchise fee	716,279	804,005	818,326	786,672
Other taxes	6,681	9,663	12,310	10,587
	<u>\$ 6,910,111</u>	<u>\$ 7,495,912</u>	<u>\$ 7,972,546</u>	<u>\$ 8,950,031</u>

Fiscal Year						Change
2001	2002	2003	2004	2005	2006	2004-2005
\$ 8,532,873	\$ 9,717,905	\$ 11,481,442	\$ 11,691,541	\$ 12,128,801	\$ 12,613,511	4.0%
523,665	862,325	758,987	683,573	745,716	1,028,946	38.0%
533,646	939,577	873,649	872,221	913,998	1,000,930	9.5%
9,981	14,860	18,303	16,020	15,460	14,796	-4.3%
<u>\$ 9,600,165</u>	<u>\$ 11,534,667</u>	<u>13,132,381</u>	<u>\$ 13,263,355</u>	<u>\$ 13,803,975</u>	<u>\$ 14,658,183</u>	6.2%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Residential Property	\$ 1,475,517,440	\$ 1,497,313,260	\$ 1,704,205,400	\$ 1,997,785,950
Commercial Property	55,906,970	48,657,800	54,608,270	56,534,900
Less: Tax Exempt Property	<u>(63,727,640)</u>	<u>(59,326,660)</u>	<u>(56,106,070)</u>	<u>(57,022,280)</u>
Total Taxable Assessed Value (1)	1,467,696,770	1,486,644,400	1,702,707,600	1,997,298,570
Total Direct Tax Rate	0.38000	0.40000	0.42000	0.41000

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.

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 2,224,515,970	\$ 2,391,518,150	\$ 2,544,734,110	\$ 2,680,629,150	\$ 2,816,526,599	\$ 3,032,378,632
64,388,870	60,317,070	52,571,420	56,271,940	79,232,269	200,638,039
<u>(54,014,970)</u>	<u>(54,426,270)</u>	<u>(79,831,440)</u>	<u>(80,402,800)</u>	<u>(128,158,556)</u>	<u>(238,088,255)</u>
2,234,889,870	2,397,408,950	2,517,474,090	2,656,498,290	2,767,600,312	2,994,928,416
0.42000	0.42000	0.43000	0.44670	0.43000	0.40200

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

Last Ten Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
City of West University Place by fund:				
General	\$ 0.21000	\$ 0.21000	\$ 0.21000	\$ 0.20500
Debt service	0.17000	0.19000	0.21000	0.21500
<b>Total Direct Rates</b>	<u>\$ 0.38000</u>	<u>\$ 0.40000</u>	<u>\$ 0.42000</u>	<u>\$ 0.42000</u>
Houston Independent School District	1.38400	1.38400	1.45900	1.51900
Harris County	0.42770	0.41870	0.39480	0.39480
Harris County Flood Control District	0.07420	0.07420	0.08000	0.08000
Port of Houston Authority	0.01600	0.01960	0.02130	0.02040
Harris County Hospital District	0.12380	0.12380	0.14650	0.14650
Harris County Dept. of Education	-	-	-	-
Houston Community College	0.06615	0.06615	0.06615	0.08233
<b>Total Direct and Overlapping Rates (1)</b>	<u><u>\$ 2.47185</u></u>	<u><u>\$ 2.48645</u></u>	<u><u>\$ 2.58775</u></u>	<u><u>\$ 2.66303</u></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.

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 0.19500	\$ 0.19000	\$ 0.19670	\$ 0.20000	\$ 0.20100	\$ 0.19200
0.22500	0.24000	0.25000	0.24000	0.22900	0.21000
<u>\$ 0.42000</u>	<u>\$ 0.43000</u>	<u>\$ 0.44670</u>	<u>\$ 0.44000</u>	<u>\$ 0.43000</u>	<u>\$ 0.40200</u>
1.51900	1.58000	1.58000	1.58000	1.62000	1.47570
0.35900	0.38390	0.38810	0.38800	0.39986	0.40239
0.06170	0.04760	0.04170	0.04170	0.03322	0.03241
0.01830	0.01830	0.01990	0.02000	0.01474	0.01302
0.20270	0.19020	0.19020	0.19020	0.19216	0.19216
-	-	-	-	0.00629	0.00629
0.08133	0.08133	0.08133	0.09598	0.09577	0.09518
<u>\$ 2.66203</u>	<u>\$ 2.73133</u>	<u>\$ 2.74793</u>	<u>\$ 2.75588</u>	<u>\$ 2.79204</u>	<u>\$ 2.61915</u>

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Four Years Ago (1)

Property Tax Payer	2006			2003		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Southwestern Bell	\$ 12,715,228	1	0.42%	\$ 21,606,830	1	0.87%
CenterPoint Energy, Inc.	5,919,230	2	0.20%			
U West Marketplace Assoc	5,223,389	3	0.17%			
Bardwell Building Co.	4,989,716	4	0.17%			
5650 Kirby Partnership	4,475,596	5	0.15%	3,775,690	4	0.15%
Kenneth and Kimberly Alo	3,875,000	6	0.13%			
5177 Builders LTD	3,841,124	7	0.13%			
Covington Builders	2,982,078	8	0.10%			
Echostar Satellite Corp.	2,977,900	9	0.10%			
Max and Christine Lukens	2,693,640	10	0.09%	2,262,700	9	0.09%
Southwestern Bell Tele Co		n/a		2,099,369	10	0.08%
Houston Lighting & Power		n/a		4,487,230	2	0.18%
Bellaire Shopping Center		n/a		3,943,040	3	0.16%
Craig and Patricia Biggio		n/a		2,331,900	8	0.09%
Frank and Lillian Orson		n/a		2,460,100	5	0.10%
James L. Salners		n/a		2,435,900	6	0.10%
Brian and Carol Kirshon		n/a		2,348,700	7	0.09%
Subtotal	\$ 49,692,901		1.66%	\$ 47,751,459		1.92%
Other Taxpayers	2,945,235,515		98.34%	2,441,221,811		98.08%
Total	<u>\$ 2,994,928,416</u>		<u>100.00%</u>	<u>\$ 2,488,973,270</u>		<u>100.00%</u>

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

(1) The requirement for statistical date is the current year and nine years ago; only the current year and four years ago is available at this time.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>
Tax levy	\$ 5,628,421	\$ 6,022,837	\$ 6,564,512	\$ 7,305,615
Current tax collected	\$ 5,386,852	\$ 5,980,947	\$ 6,524,907	\$ 7,255,353
Percent of current tax collections	95.71%	99.30%	99.40%	99.31%
Delinquent tax collections	\$ 240,468	\$ 40,081	\$ 36,821	\$ 44,389
Total tax collections	\$ 5,627,320	\$ 6,021,028	\$ 6,561,728	\$ 7,299,742
Total collections as a percentage of current levy	99.98%	99.97%	99.96%	99.92%
Outstanding delinquent taxes	\$ 1,101	\$ 1,809	\$ 2,784	\$ 5,873
Outstanding delinquent taxes as percentage of current levy	0.020%	0.030%	0.042%	0.080%

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	8,703,604	\$ 9,630,400	\$ 10,680,077	\$ 11,581,528	\$ 12,192,921	\$ 12,621,201
\$	8,655,130	\$ 9,582,032	\$ 10,629,260	\$ 11,516,657	\$ 12,124,169	\$ 12,539,957
	99.44%	99.50%	99.52%	99.44%	99.44%	99.36%
\$	43,160	\$ 37,410	\$ 33,046	\$ 41,448	\$ 32,902	\$ 105
\$	8,698,290	\$ 9,619,442	\$ 10,662,306	\$ 11,558,105	\$ 12,157,071	\$ 12,540,062
	99.94%	99.89%	99.83%	99.80%	99.71%	99.36%
\$	5,314	\$ 10,958	\$ 17,771	\$ 23,423	\$ 35,850	\$ 81,139
	0.061%	0.114%	0.166%	0.202%	0.294%	0.643%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Four Years (1)

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<b>PRIMARY GOVERNMENT</b>				
<b>Governmental Activities:</b>				
General obligation bonds	\$ 64,715,000	\$ 62,120,000	\$ 59,095,000	\$ 55,945,000
Certificates of obligation	13,140,000	13,050,000	12,855,000	12,630,000
Capital leases	-	-	-	473,285
<b>Subtotal</b>	<u>\$ 77,855,000</u>	<u>\$ 75,170,000</u>	<u>\$ 71,950,000</u>	<u>\$ 69,048,285</u>
<b>Business-Type Activities:</b>				
Revenue bonds	\$ 15,995,000	\$ 15,455,000	\$ 15,255,000	\$ 14,580,000
<b>TOTAL PRIMARY GOVERNMENT</b>	<u>\$ 93,850,000</u>	<u>\$ 90,625,000</u>	<u>\$ 87,205,000</u>	<u>\$ 83,628,285</u>
 <b>PERSONAL INCOME (2)</b>	 -	 -	 -	 -
 <b>DEBT AS A PERCENTAGE OF PERSONAL INCOME (2)</b>	 -	 -	 -	 -
 <b>POPULATION</b>	 14,211	 14,211	 14,211	 14,211
 <b>DEBT PER CAPITA</b>	 \$ 6,604	 \$ 6,377	 \$ 6,136	 \$ 5,885

(1) The requirement for statistical data is ten years; only four years are available at this time.

(2) Personal income data is not available.

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

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# 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*

	1997	1998	1999	2000
<b>NET TAXABLE ASSESSED VALUE</b>				
All property	\$ 1,481,163,540	\$ 1,505,694,530	\$ 1,567,240,600	\$ 1,781,467,580
<b>NET BONDED DEBT</b>				
Gross bonded debt	\$ 32,760,000	\$ 41,020,000	\$ 39,045,000	\$ 58,475,000
Less debt service funds	938,753	636,948	811,335	838,547
<b>Net Bonded Debt</b>	\$ 31,821,247	\$ 40,383,052	\$ 38,233,665	\$ 57,636,453
<b>RATIO OF NET BONDED DEBT TO ASSESSED VALUE</b>	2.15%	2.68%	2.44%	3.24%
<b>POPULATION</b>	12,920	12,920	12,920	14,211
<b>NET BONDED DEBT PER CAPITA</b>	\$ 2,463	\$ 3,126	\$ 2,959	\$ 4,056

<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$ 2,022,417,900	\$ 2,300,012,640	\$ 2,488,976,270	\$ 2,517,474,090	\$ 2,895,758,868	\$ 3,072,558,941
\$ 60,050,000	\$ 70,250,000	\$ 76,705,000	\$ 75,170,000	\$ 71,950,000	\$ 68,575,000
633,071	567,825	656,144	782,534	1,169,072	1,169,072
<u>\$ 59,416,929</u>	<u>\$ 69,682,175</u>	<u>\$ 76,048,856</u>	<u>\$ 74,387,466</u>	<u>\$ 70,780,928</u>	<u>\$ 67,405,928</u>
2.94%	3.03%	3.06%	2.95%	2.44%	2.19%
14,211	14,211	14,211	14,211	14,211	14,211
\$ 4,181	\$ 4,903	\$ 5,351	\$ 5,234	\$ 4,981	\$ 4,743

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

December 31, 2006

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
<b>Debt repaid with property taxes</b>			
Houston ISD	\$ 2,041,775,818	2.800%	\$ 57,169,723
Harris County (2)(3)	2,047,314,000	1.120%	22,929,917
Harris Co. Flood Control District (3)	329,765,000	1.120%	3,693,368
Port of Houston Authority (3)	339,221,000	1.920%	<u>6,513,043</u>
Subtotal, overlapping debt			90,306,051
City direct debt	57,636,453	100.000%	<u>57,636,453</u>
<b>Total direct and overlapping debt</b>			<u><u>\$ 147,942,504</u></u>

Source: Harris County

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

(2) Excludes Toll Road Tax Bonds. The County's policy and practice has been to provide payment of debt service on the outstanding Toll Road Tax Bonds from toll revenues and certain other funds, and to date, no tax has been collected to provide for such debt service.

(3) Debt outstanding is as of December 31, 2006

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## LEGAL DEBT MARGIN INFORMATION

Last Four Years (1)

	Fiscal Year			
	2003	2004	2005	2006
Debt limit	\$ 124,448,664	\$ 125,873,705	\$ 144,787,943	\$ 153,627,947
Total net debt applicable to limit	76,048,856	74,387,466	70,953,073	67,405,928
Legal debt margin	\$ 48,399,808	\$ 51,486,239	\$ 73,834,870	\$ 86,222,019
Total net debt applicable to the limit as a percentage of debt limit	61.11%	59.10%	49.00%	43.88%

### Legal Debt Margin Calculation for Fiscal Year 2006

Assessed value	\$ 3,072,558,941
Debt limit (5% of assessed value)	153,627,947
Debt applicable to limit:	
General obligation bonds	68,575,000
Less: amount set aside for repayment of general obligation debt	(1,169,072)
Total net debt applicable to limit	67,405,928
Legal debt margin	\$ 86,222,019

Note: The City's Home Rule Charter (1983), Section 7.07 limits all bonded debt to no more than 5% of the assessed valuation.

(1) The requirement for statistical data is ten years; only four years are available at this time.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PLEDGED-REVENUE COVERAGE

Last Ten Years

	1997	1998	1999	2000
Gross revenues (1)	\$ 2,968,012	\$ 3,366,410	\$ 3,413,889	\$ 3,427,821
Operating expenses (2)	\$ 1,990,369	\$ 2,360,258	\$ 2,297,558	\$ 2,613,128
Net revenues available for Debt Service	\$ 977,643	\$ 1,006,152	\$ 1,116,331	\$ 814,693
<b>DEBT SERVICE REQUIREMENTS (3)</b>				
Principal	\$ 5,000	\$ 220,000	\$ 225,000	\$ 335,000
Interest	251,590	316,630	484,177	510,759
Total	\$ 256,590	\$ 536,630	\$ 709,177	\$ 845,759
Coverage	3.81	1.87	1.57	0.96

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
\$	3,274,339	\$ 3,358,111	\$ 3,106,875	\$ 4,204,407	\$ 5,098,008	\$ 4,842,481
\$	2,352,802	\$ 2,469,348	\$ 2,359,745	\$ 2,565,022	\$ 2,780,664	\$ 2,737,998
\$	921,537	\$ 888,763	\$ 747,130	\$ 1,639,385	\$ 2,317,344	\$ 2,104,483
\$	350,000	\$ 360,000	\$ 510,000	\$ 540,000	\$ 565,000	\$ 675,000
	489,684	801,739	765,160	740,339	714,225	597,295
\$	<u>839,684</u>	\$ <u>1,161,739</u>	\$ <u>1,275,160</u>	\$ <u>1,280,339</u>	\$ <u>1,279,225</u>	\$ <u>1,272,295</u>
	1.10	0.77	0.59	1.28	1.81	1.65

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

<u>Fiscal Year Ended Dec 31</u>	<u>Population(1)</u>	<u>Personal Income(4)</u>	<u>Per Capita Personal Income (6)</u>	<u>Median Age (5)</u>	<u>School Enrollment(2)</u>	<u>Unemployment Rate(3)</u>
1997	12,920	-	N/A	N/A	885	0.90%
1998	12,920	-	N/A	N/A	885	0.90%
1999	12,920	-	N/A	N/A	952	1.10%
2000	14,211	-	N/A	39.30	950	0.07%
2001	14,211	-	N/A	39.30	947	1.06%
2002	14,211	-	N/A	39.30	915	1.06%
2003	14,211	-	N/A	39.30	915	1.06%
2004	14,211	-	N/A	39.30	951	4.60%
2005	14,211	-	N/A	39.30	972	6.00%
2006	14,211	-	N/A	39.30	981	3.70%

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 are not available.
- (5) Median age data prior to 2000 are not available.

# **CITY OF WEST UNIVERSITY PLACE, TEXAS**

## ***PRINCIPAL EMPLOYERS***

**Current Year (1)**

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### **Employer**

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Southwestern Bell  
West University Elementary School  
City of West University Place

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 one year ago are available at this time, which are the same.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
<b>General Fund:</b>										
Administration	3	3	3	4	4	4	4	4	4.5	4
Finance	12	10	10	10	10	9	9	9	9	8
Police Department	28	28	28	35	35	36	35	35	34	32
Fire Department	20	20	21	21	20	20	23	24	24.5	25
Public Works	21	22	22	23	22	23	23	21	21	21
Parks & Recreation	6	6	6	6	6	6	6	8	8	8
<b>General Fund Total</b>	90	89	90	99	97	98	100	101	101	98
<b>Enterprise Fund:</b>										
Water	15	15	15	14	14	15	14	14	14	14
Solid Waste	9	9	9	10	10	10	10	10	7	7
<b>Enterprise Fund Total</b>	24	24	24	24	24	25	24	24	21	21
<b>TOTAL CITY POSITIONS</b>	<u>114</u>	<u>113</u>	<u>114</u>	<u>123</u>	<u>121</u>	<u>123</u>	<u>124</u>	<u>125</u>	<u>122</u>	<u>119</u>

**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.

On-call firefighters (9) are not included.

School crossing guards (8) are not included.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## OPERATING INDICATORS BY FUNCTION/PROGRAM

Last Four Years (1)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
<b>Police</b>				
Arrests	145	321	366	432
Accident reports	186	139	138	123
Citations	5,235	3,675	3,583	3,581
Offense reports	804	1,018	1,027	1,040
Calls for service	10,896	11,353	13,688	25,790
<b>Fire</b>				
Emergency responses	447	659	624	686
Fire incidents	650	655	776	740
Average response time	2:30	3:08	3:08	3:06
<b>Water</b>				
New accounts	879	915	760	860
Source:				
Water	80	80	80	80
Sewer	20	20	20	20
Average daily consumption (millions of gallons)	2.170	2.170	2.279	2.149
Number of million gallons of surface water pumped	696.694	674.705	735.622	687.972
Number of million gallons of well water pumped	174.103	117.389	101.457	87.844
Total consumption (millions of gallons)	870.797	792.094	837.079	784.499
Peak daily consumption (millions of gallons)	5.990	5.990	8.640	4.976
<b>Sewer</b>				
Average daily sewage treatment (millions of gallons)	1.354	1.423	1.271	1.356
Total consumption (millions of gallons)	0.000	0.000	452.618	495.250
Peak daily consumption (millions of gallons)	4.685	5.123	4.684	6.707

Source: Various City departments

(1) The requirement for statistical data is ten years; only four years are available at this time.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Four Years (1)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
<b>Police</b>				
Stations	1	1	1	1
Patrol units	9	9	7	7
Fire stations	1	1	1	1
<b>Other public works</b>				
Streets (miles - centerlines)	43.0	43.0	43.0	43.0
Streetlights	690	690	690	690
<b>Parks and recreation</b>				
Parks	9	9	9	9
Parks acreage	12.6	12.6	12.6	12.6
Swimming pools	2	2	2	2
Baseball / softball diamonds	5	5	5	5
Tennis courts	5	5	5	5
Racquetball/handball courts	2	2	2	2
Gymnasiums	1	1	1	1
Basketball courts	2	2	2	2
<b>Water</b>				
Water mains (miles)	40.0	40.0	40.0	40.0
Fire hydrants	324	357	357	357
Storage capacity (millions of gallons)	3.65	3.65	3.65	3.65
<b>Sewer</b>				
Sanitary sewers (miles)	40.0	40.0	40.0	40.0
Storm sewers (miles)	32.0	32.0	32.0	32.0
Open ditch / creek / canal drainage (miles)	1.32	1.32	1.32	1.32
Treatment capacity (millions of gallons)	2.00	2.00	2.00	2.00

Source: Various City departments

(1) The requirement for statistical data is ten years; only four years are available at this time.