

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Fiscal Year Ended December 31, 2007



City of West
University Place

***COMPREHENSIVE
ANNUAL FINANCIAL REPORT***

of the

**CITY OF WEST UNIVERSITY
PLACE, TEXAS**

Year Ended
December 31, 2007

Officials Issuing Report:

**Michael Ross
City Manager**

**Walter Thomas
Finance Director**

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CITY OF WEST UNIVERSITY PLACE, TEXAS

TABLE OF CONTENTS

December 31, 2007

	<u>Page</u>
<u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	3
Organizational Chart	7
Certificate of Achievement for Excellence in Financial Reporting	8
Principal Officials	9
<u>FINANCIAL SECTION</u>	
Independent Auditors' Report	13
Management's Discussion and Analysis	17
<u>BASIC FINANCIAL STATEMENTS</u>	
Government-Wide Financial Statements	
Statement of Net Assets	29
Statement of Activities	30
Fund Financial Statements	
Governmental Funds Financial Statements	
Balance Sheet - Governmental Funds	32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	37
Proprietary Funds Financial Statements	
Statement of Net Assets	38
Statement of Revenues, Expenses, and Changes in Fund Net Assets	42
Statement of Cash Flows	44
Notes to Financial Statements	49
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual: General Fund	71
Schedule of Funding Progress – Texas Municipal Retirement System	73
<u>COMBINING STATEMENTS AND SCHEDULES</u>	
Schedule of Revenues, Expenditures, and Changes in Fund Balance- Budget and Actual: Debt Service Fund	77
Combining Balance Sheet – Nonmajor Governmental Funds	80
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	82

CITY OF WEST UNIVERSITY PLACE, TEXAS

TABLE OF CONTENTS

December 31, 2007

	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual:	
Special Revenue Funds:	
Parks	84
Tree Replacement	85
Court Technology	86
METRO Grant	87
Combining Balance Sheet-Internal Service Funds	90
Combining Statement of Revenues, Expenditures, and Changes in Net Assets – Internal Service Funds	92
Combining Statement of Cash Flows – Internal Service Funds	94
 <u>STATISTICAL SECTION</u> 	
Net Assets by Component – Last Five Years	98
Changes in Net Assets – Last Five Years	100
Tax Revenues by Source, Governmental Activities – Last Five Years (accrual basis)	104
Fund Balances, Governmental Funds – Last Ten Years	106
Changes in Fund Balance, Governmental Funds – Last Ten Years	108
Tax Revenues by Source, Governmental Activities – Last Ten Years (modified accrual basis)	110
Assessed Value and Actual Value of Taxable Property – Last Ten Years	112
Property Tax Rates – Direct and Overlapping Governments – Last Ten Years	114
Principal Property Taxpayers – Current Year and Five Years Ago	117
Property Tax Levies and Collections – Last Ten Years	118
Ratios of Outstanding Debt by Type – Last Five Years	120
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	122
Direct and Overlapping Governmental Activities Debt	125
Legal Debt Margin Information – Last Five Years	126
Pledged-Revenue Coverage – Last Ten Years	128
Demographic and Economic Statistics	130
Principal Employers – Current Year	131
Full-Time Equivalent City Government Employees by Function/Program – Last Ten Years	133
Operating Indicators by Function/Program – Last Five Years	134
Capital Asset Statistics by Function/Program – Last Five Years	136

INTRODUCTORY SECTION

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June 30, 2008

To the Citizens of the City of West
University Place:

The Comprehensive Annual Financial Report of the City of West University Place (the "City") for the fiscal year ended December 31, 2007 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 is accurate in all material respects and is 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 Belt Harris & Associates, LLLP., a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City for the fiscal year ended December 31, 2007, 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's financial statements for fiscal year ended December 31, 2007, 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. The City 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 the City, 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 \$3.5 billion in 2007. In 2007, 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 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 the City.

For the Future – Growth in the value of real property in the City is expected to continue to be robust into 2009. Expenditures are also expected to grow due to competitive pressure on personnel costs and a sharp increase in the cost of employee health benefits.

Long-Term Planning – As a part of the fiscal year 2008 budget process, the Mayor, Council, and City Staff updated a multi-year capital improvement program. Several projects in this plan were

scheduled for construction in 2008:

- **College Street/Bellaire Boulevard Transportation Improvements:** This project, estimated to cost \$6.5 million, is to be funded by a \$4.3 million grant from METRO and a loan of \$2.2 million from General Fund Reserves which will be repaid from the proceeds of a future bond sale.
- **Emergency Power Generation:** The City plans to spend \$500,000 to upgrade its current emergency power generation system to provide sufficient capacity to power the City's emergency operations.
- **Technology Improvements:** Current computer servers and networking infrastructure will be upgraded and consolidated to reduce maintenance costs. This project is expected to cost \$50,000.
- **Phase II of Streetlight Replacement Project:** A \$1.2 million project to replace streetlights was moved from the planning stage to implementation.
- **Acquisition and Development of Parks:** In 2006, voters approved \$2 million to be spent acquiring and developing parks in target areas of the City. In 2007, \$420,000 of this authorization was used to acquire property on Corondo Court. Other acquisitions will be made as property becomes available in the targeted areas.

FINANCIAL INFORMATION

Budgeting Controls The City Charter of the City establishes the fiscal year as January 1 through December 31. The Charter requires the City Manager to submit a proposed budget and accompanying budget message to the Council each year. The proposed budget is presented to the Council at a series of budget work sessions. Department directors have an opportunity to make a budget presentation to the 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 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 Enterprise 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 Council.

Cash Management Cash temporarily idle during the year was invested in U.S. Treasury Bills and Notes, Agency Discount Notes, Medium Term Notes, and a local government investment pool (Texpool). The average yield on investments for the year was approximately 4.8%. 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, 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 for its comprehensive annual financial report for the fiscal year ended December 31, 2006. This was the sixteenth 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, 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,

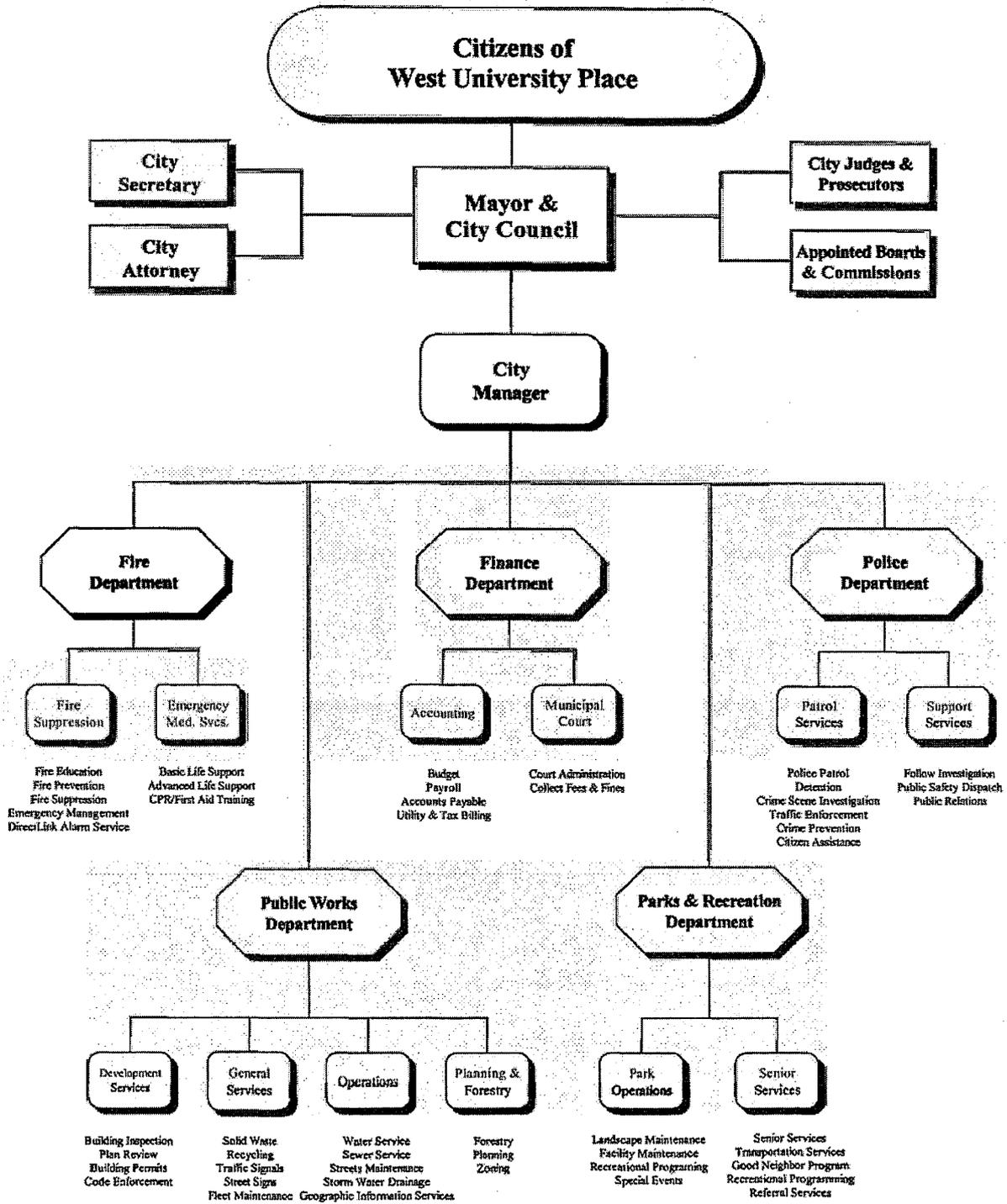


Walter Thomas
Finance Director

CITY OF WEST UNIVERSITY PLACE, TEXAS

ORGANIZATIONAL CHART

December 31, 2007



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, 2006

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.



Oliver S. Cox

President

Jeffrey R. Emery

Executive Director

CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL OFFICIALS

December 31, 2007

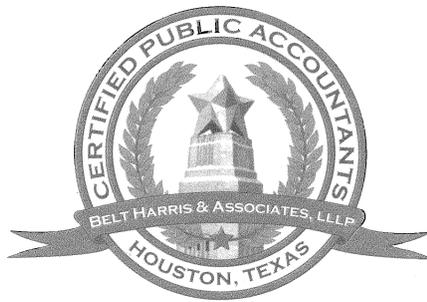
<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Bob Kelly	Mayor	05/2009
Bob Fry	Council Member	05/2009
Phyllis Cohen	Council Member	05/2009
Chuck Guffey	Council Member	05/2009
Michael Talianchich	Council Member	05/2009

<u>Key Staff</u>	<u>Position</u>
Michael Ross	City Manager
Chris Peifer	Assistant City Manager/Public Works Director
Gayle Schultz	Acting 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, 2007, 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 auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, 2007, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

The Management's Discussion and Analysis, budgetary comparison information, and pension information 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.

Belt Harris & Associates, LLP

June 30, 2008

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

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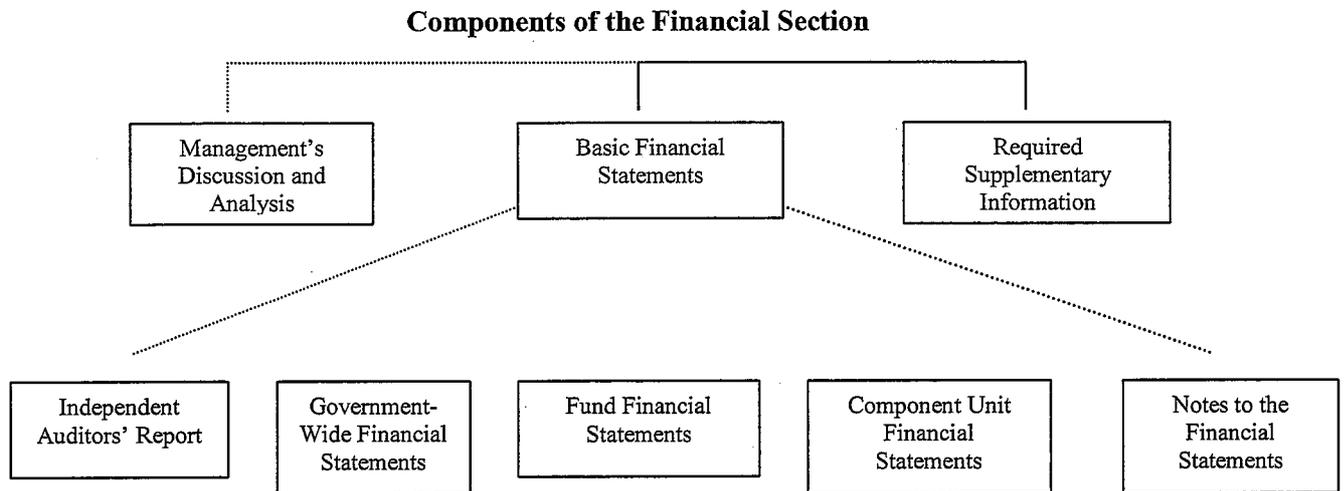
CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS (MD&A)

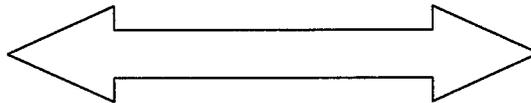
December 31, 2007

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of West University Place (the "City") for the year ending December 31, 2007. 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. Governmental Accounting Standards Board (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



Summary



Detail

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. 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, 2007

The Statement of Net Assets presents information on all of the City'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 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 as 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. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

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

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

The City maintains 13 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 adopts an annual appropriated

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

December 31, 2007

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, assets exceed liabilities by \$45,714,898 as of December 31, 2007. 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, 2007. The largest portion of the City's net assets, 82%, 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, 2007

Statement of Net Assets:

The following table reflects the condensed statement of net assets:

SUMMARY OF STATEMENT OF NET ASSETS

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2007	2006	2007	2006	2007	2006
Current and other assets	\$ 23,636,800	\$ 23,515,145	\$ 2,089,467	\$ 1,891,489	\$ 25,726,267	\$ 25,406,634
Capital assets, net	83,005,706	80,894,007	33,392,251	35,192,242	116,397,957	116,086,249
Total Assets	106,642,506	104,409,152	35,481,718	37,083,731	142,124,224	141,492,883
Long-term liabilities	62,077,506	65,878,709	13,121,912	13,804,549	75,199,418	79,683,258
Other liabilities	19,991,344	19,161,269	1,218,564	1,016,076	21,209,908	20,177,345
Total Liabilities	82,068,850	85,039,978	14,340,476	14,820,625	96,409,326	99,860,603
Net Assets:						
Invested in capital assets, net of related debt	17,515,320	11,786,607	19,768,268	20,924,046	37,283,588	32,710,653
Restricted	4,491,985	3,605,569	1,566,557	813,673	6,058,542	4,419,242
Unrestricted	2,566,351	3,976,998	(193,583)	525,387	2,372,768	4,502,385
Total Net Assets	\$ 24,573,656	\$ 19,369,174	\$ 21,141,242	\$ 22,263,106	\$ 45,714,898	\$ 41,632,280

A portion of the City's net assets, \$6,058,542 or 13%, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$2,372,768 or 5%, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$4,082,618 during the current fiscal year, an increase of 10% 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, 2007

Statement of Activities:

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

CHANGES IN NET ASSETS

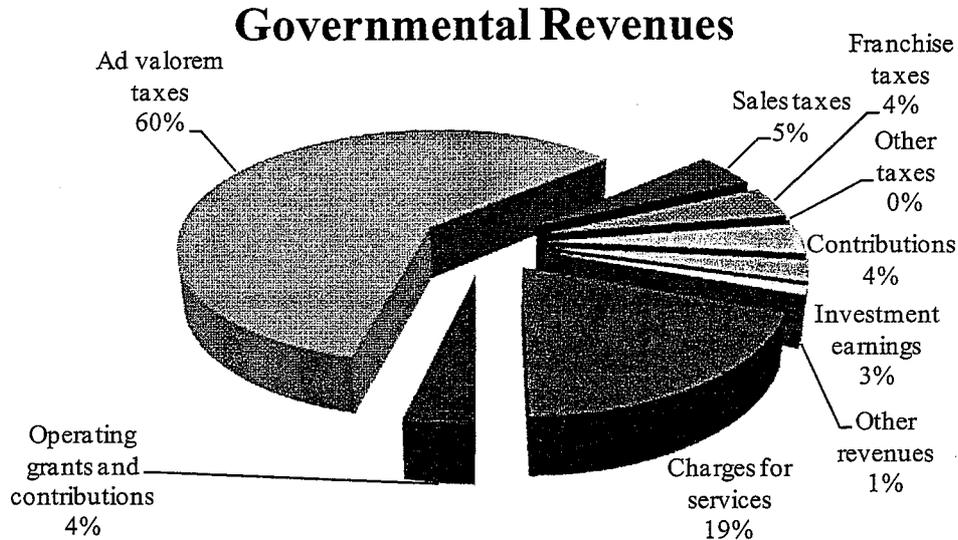
	Governmental Activities		Business-Type Activities		Total Primary Government	
	2007	2006	2007	2006	2007	2006
Revenues						
Program revenues:						
Charges for services	\$ 4,299,946	\$ 2,108,282	\$ 5,633,282	\$ 5,739,970	\$ 9,933,228	\$ 7,848,252
Operating grants and contributions	843,941	259,000	-	-	843,941	259,000
General revenues:						
Ad valorem taxes	13,262,401	12,636,535	-	-	13,262,401	12,636,535
Sales taxes	1,026,948	1,028,946	-	-	1,026,948	1,028,946
Franchise taxes	933,834	1,000,930	-	-	933,834	1,000,930
Other taxes	15,010	14,795	-	-	15,010	14,795
Contributions	891,760	326,656	-	-	891,760	326,656
Investment earnings	622,787	695,749	39,173	72,757	661,960	768,506
Other revenues	254,997	1,828,944	362,559	139,805	617,556	1,968,749
Total Revenues	22,151,624	19,899,837	6,035,014	5,952,532	28,186,638	25,852,369
Expenses						
General government	4,552,568	2,706,514	-	-	4,552,568	2,706,514
Public safety	4,904,003	5,187,464	-	-	4,904,003	5,187,464
Public works	3,288,626	2,654,368	-	-	3,288,626	2,654,368
Public services	1,972,400	1,874,113	-	-	1,972,400	1,874,113
Interest and fiscal agent fees on long-term debt	3,169,545	2,984,308	-	-	3,169,545	2,984,308
Water and Sewer Systems	-	-	5,297,894	5,084,326	5,297,894	5,084,326
Solid Waste	-	-	918,984	844,754	918,984	844,754
Total Expenses	17,887,142	15,406,767	6,216,878	5,929,080	24,104,020	21,335,847
Increase (Decrease) in Net Assets Before Transfers	4,264,482	4,493,070	(181,864)	23,452	4,082,618	4,516,522
Transfers	940,000	1,053,941	(940,000)	(1,053,941)	-	-
Change in Net Assets	5,204,482	5,547,011	(1,121,864)	(1,030,489)	4,082,618	4,516,522
Beginning Net Assets	19,369,174	13,822,163	22,263,106	23,293,595	41,632,280	37,115,758
Ending Net Assets	\$ 24,573,656	\$ 19,369,174	\$ 21,141,242	\$ 22,263,106	\$ 45,714,898	\$ 41,632,280

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2007

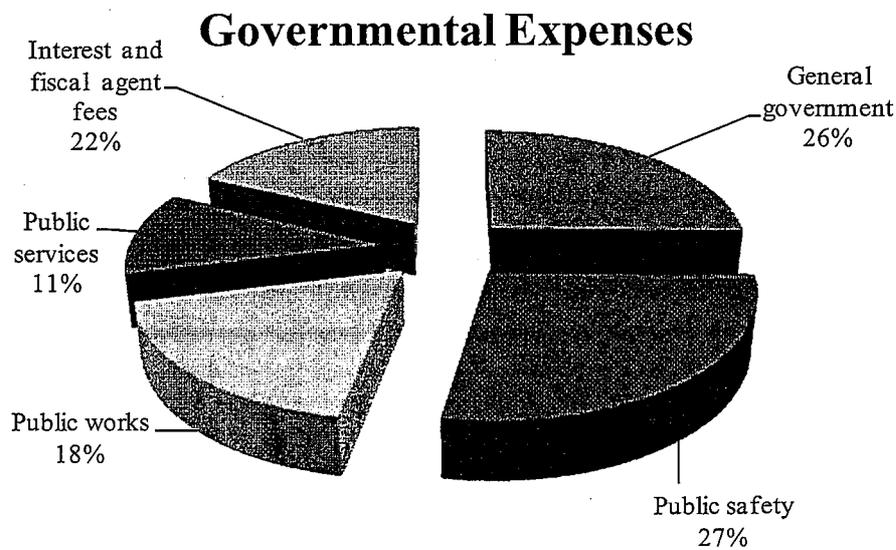
Graphic presentations of selected data from the summary tables follow to assist in the analysis of the City's activities.



For the year ended December 31, 2007, revenues from governmental activities totaled \$22,151,624. Overall governmental revenues decreased by 11%. Property tax revenues, which are the City's largest revenue source, increased by a modest 3% because of the increase in assessed property values in the prior year. The City's investment earnings declined 10%. The City is continuing to heavily invest in U.S. Agencies as well as TexPool.

Franchise fees, collected from electric, gas, cable and telephone/telecommunications utilities, totaled \$933,834 for the year ended December 31, 2007, a decrease of 7% from the prior year.

This graph shows the governmental function expenses of the City:



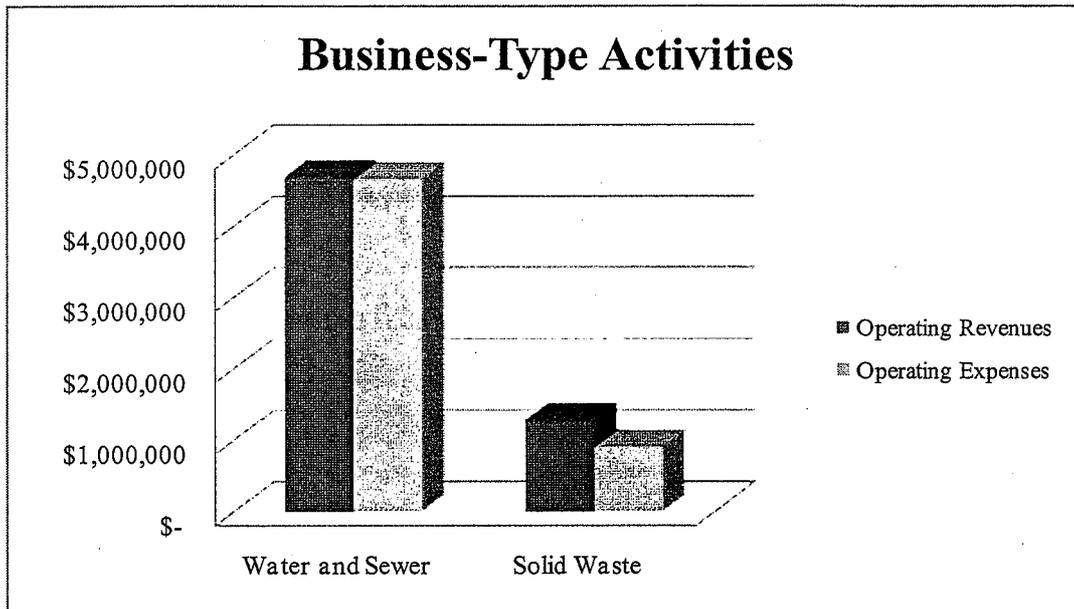
CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2007

For the year ended December 31, 2007, expenses for governmental activities totaled \$17,887,142. This represents an increase of \$2,480,375 from last year. The majority of this difference can be attributed to the increase in general government expenditures. Public works, public services and interest expenditures account for the remaining increase in expenses.

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.

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 \$8,016,385. Of this \$1,208,268 is reserved for debt service, \$30,570 for prepaids and inventory, \$50,455 for tree replacement, \$401,478 for an asset held for resale, and \$806,167 for capital purchases.

There was a decrease in the combined fund balance of \$875,363 over the prior year. This is largely attributable to the continuation of construction projects. All capital project funds demonstrated a decrease in fund balance with the exception of the streetlights project fund.

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 \$2,457,227, while total fund balance reached \$2,886,664. 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, 2007

total fund expenditures. Unreserved, undesignated fund balance represents 22.7% of total general fund expenditures. The general fund demonstrated an overall decrease of \$1,281,543 primarily due to large transfers out of the general fund.

The debt service fund has a total fund balance of \$1,208,268, 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 \$39,196. This increase can be attributed to the growth in property tax revenues as well as investment earnings.

The infrastructure replacement fund recorded a decrease of \$842,509 and the sidewalk constructions fund recorded a decrease of \$446,100. Both of these funds are for specific construction projects that are near completion, resulting in a lower fund balance.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$2,190,490 in the general fund. However, the net change in fund balance decreased by \$1,281,543, resulting in a positive variance of \$908,947 from budgeted as amended over actual.

Actual general fund revenues exceeded original and amended budgeted revenues by \$629,116 during 2007. This increase includes the positive variances of \$181,778 for investment earnings and \$193,344 for franchise revenues.

Expenses in general government administration exceeded budgeted amounts by \$56,151 for the fiscal year. This variance can be attributed to increased legal costs for the City.

GENERAL FUND BUDGETARY HIGHLIGHTS

	<u>Final Budget</u>	<u>Actual</u>
Revenues		
Taxes	\$ 7,857,010	\$ 8,195,745
Other	2,451,400	2,741,781
Total	<u>10,308,410</u>	<u>10,937,526</u>
Expenditures		
Expenditures	<u>11,113,900</u>	<u>10,834,069</u>
Other Financing Sources		
Transfers in	940,000	940,000
Transfers (out)	<u>(2,325,000)</u>	<u>(2,325,000)</u>
Total	<u>(1,385,000)</u>	<u>(1,385,000)</u>
Change in Fund Balance	<u>\$ (2,190,490)</u>	<u>\$ (1,281,543)</u>

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

December 31, 2007

CAPITAL ASSETS

At the end of year 2007, the City's governmental activities funds had invested \$83,005,706 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$2,111,699. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of \$2,070,091.

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

- Continuation of the Area 10 and 11B Street and Drainage System Projects for \$1,021,138
- Sidewalk construction in the amount of \$1,507,306

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 \$78,965,000. Of this amount, \$52,670,000 was general obligation debt, \$13,915,000 was revenue bond debt, and certificates of obligation accounted for \$12,380,000.

During the year, the City had a net reduction in the long-term debt of \$4,210,737. The City did not issue any new debt this year.

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 Council approved a \$25.4 million budget for the City's major operating funds (General, Debt Service, Water Utility, and Solid Waste) for calendar year 2008. The budget incorporates an 8.9% decrease in the property tax rate made possible by an 11% 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 and sewer fund had been a source of concern because of a series of wet years and dramatic increases in debt service which had steadily decreased reserves and pushed the fund into non-compliance with its bond covenants. The City Council took action in late 2003 by increasing water and sewer rates. Since then, the City has carefully monitored the performance of this utility and increased rates as needed with the last increase being in December 2007.

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BASIC FINANCIAL STATEMENTS

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CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS

December 31, 2007

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	\$ 14,332,644	\$ 271,881	\$ 14,604,525
Cash with fiscal agent	6,141	-	6,141
Receivables, net of allowances	7,970,450	943,100	8,913,550
Internal balances	500,000	(500,000)	-
Inventory	2,611	-	2,611
Prepays and other assets	128,470	-	128,470
Deferred charges	295,006	187,929	482,935
Land available for sale	401,478	-	401,478
Restricted assets:			
Cash and equity in pooled cash	-	1,186,557	1,186,557
Capital assets:			
Land	5,864,089	193,875	6,057,964
Construction in progress	16,299,116	-	16,299,116
Depreciable capital assets, net	60,842,501	33,198,376	94,040,877
Total Assets	106,642,506	35,481,718	142,124,224
Liabilities			
Accounts payable and accrued liabilities	1,869,738	324,056	2,193,794
Unearned revenue	12,646,760	-	12,646,760
Accrued bond interest	1,036,603	204,508	1,241,111
Noncurrent liabilities:			
Due within one year	4,438,243	690,000	5,128,243
Due in more than one year	62,077,506	13,121,912	75,199,418
Total Liabilities	82,068,850	14,340,476	96,409,326
Net Assets			
Invested in capital assets, net of related debt	17,515,320	19,768,268	37,283,588
Restricted for:			
Capital projects	984,660	686,557	1,671,217
Debt service	171,665	880,000	1,051,665
Special revenue projects	2,934,182	-	2,934,182
Assets held for resale	401,478	-	401,478
Unrestricted	2,566,351	(193,583)	2,372,768
Total Net Assets	\$ 24,573,656	\$ 21,141,242	\$ 45,714,898

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2007

Functions/Programs	Expenses	Program Revenues	
		Charges for Services	Operating Grants and Contributions
Primary Government			
Governmental Activities			
General government	\$ 4,552,568	\$ 3,523,007	\$ -
Public safety	4,904,003	196,070	843,941
Public works	3,288,626	-	-
Public services	1,972,400	580,869	-
Interest on long-term debt	3,169,545	-	-
Total Governmental Activities	17,887,142	4,299,946	843,941
Business-Type Activities			
Water and sewer	5,297,894	4,702,577	-
Solid waste	918,984	930,705	-
Total Business-Type Activities	6,216,878	5,633,282	-
Total Primary Government	\$ 24,104,020	\$ 9,933,228	\$ 843,941

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

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (1,029,561)	\$ -	\$ (1,029,561)
(3,863,992)	-	(3,863,992)
(3,288,626)	-	(3,288,626)
(1,391,531)	-	(1,391,531)
(3,169,545)	-	(3,169,545)
<u>(12,743,255)</u>	<u>-</u>	<u>(12,743,255)</u>
-	(595,317)	(595,317)
-	11,721	11,721
<u>-</u>	<u>(583,596)</u>	<u>(583,596)</u>
<u>(12,743,255)</u>	<u>(583,596)</u>	<u>(13,326,851)</u>
13,262,401	-	13,262,401
1,026,948	-	1,026,948
933,834	-	933,834
15,010	-	15,010
891,760	-	891,760
622,787	39,173	661,960
254,997	362,559	617,556
940,000	(940,000)	-
<u>17,947,737</u>	<u>(538,268)</u>	<u>17,409,469</u>
5,204,482	(1,121,864)	4,082,618
<u>19,369,174</u>	<u>22,263,106</u>	<u>41,632,280</u>
<u>\$ 24,573,656</u>	<u>\$ 21,141,242</u>	<u>\$ 45,714,898</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2007

	Capital Projects			
	General	Debt Service	Infrastructure Replacement	Sidewalk Construction
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 5,043,534	\$ 3,963,143	\$ 353,842	\$ 316,864
Cash with fiscal agent	-	-	-	-
Receivables, net	4,211,009	3,758,691	-	-
Due from other funds	920,000	-	-	-
Inventory	-	-	-	-
Prepaid costs	27,959	-	-	-
Asset held for resale	401,478	-	-	-
Total Assets	\$ 10,603,980	\$ 7,721,834	\$ 353,842	\$ 316,864
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	\$ 1,043,381	\$ 44,908	\$ 192,514	\$ 221,489
Due to other funds	-	-	-	-
Deferred revenue	6,673,935	6,468,658	-	-
Total Liabilities	7,717,316	6,513,566	192,514	221,489
Fund Balances:				
Reserved for:				
Prepays and inventory	27,959	-	-	-
Debt service	-	1,208,268	-	-
Capital purchases	-	-	-	-
Tree replacement	-	-	-	-
Asset held for resale	401,478	-	-	-
Unreserved, undesignated reported in:				
General fund	2,457,227	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	161,328	95,375
Total Fund Balances	2,886,664	1,208,268	161,328	95,375
Total Liabilities and Fund Balances	\$ 10,603,980	\$ 7,721,834	\$ 353,842	\$ 316,864

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.

<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ 4,269,378	\$ 13,946,761
6,141	6,141
750	7,970,450
-	920,000
2,611	2,611
-	27,959
-	401,478
<u>\$ 4,278,880</u>	<u>\$ 23,275,400</u>

\$ 194,130	\$ 1,696,422
420,000	420,000
-	13,142,593
<u>614,130</u>	<u>15,259,015</u>

2,611	30,570
-	1,208,268
806,167	806,167
50,455	50,455
-	401,478
-	2,457,227
2,883,727	2,883,727
(78,210)	178,493
<u>3,664,750</u>	<u>8,016,385</u>
<u>\$ 4,278,880</u>	

22,163,205
60,143,401

495,833

1,012,178

(1,036,603)

(4,438,243)

(62,077,506)

295,006

\$ 24,573,656

CITY OF WEST UNIVERSITY PLACE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2007

	General	Debt Service	Capital Projects	
			Infrastructure Replacement	Sidewalk Construction
Revenues				
Taxes	\$ 8,195,745	\$ 6,738,071	\$ -	\$ -
Permits, licenses, and fees	549,994	-	-	-
Fines and forfeitures	183,580	-	-	-
Charges for services	1,381,586	-	-	-
Intergovernmental	-	-	-	-
Contributions	-	-	-	-
Investment earnings	388,778	102,472	34,936	25,213
Other revenue	237,843	-	12,565	-
Total Revenues	10,937,526	6,840,543	47,501	25,213
Expenditures				
Current:				
General government	2,312,853	-	-	-
Public safety	4,931,044	-	-	-
Public works	1,927,231	-	-	-
Public service	1,662,941	-	-	-
Capital outlay	-	-	890,010	1,134,313
Debt service:				
Principal	-	3,612,472	-	-
Interest and fiscal agent fees	-	3,188,875	-	-
Total Expenditures	10,834,069	6,801,347	890,010	1,134,313
Excess (Deficiency) of Revenues Over (Under) Expenditures	103,457	39,196	(842,509)	(1,109,100)
Other Financing Sources (Uses)				
Transfers in	940,000	-	-	663,000
Transfers (out)	(2,325,000)	-	-	-
Total Other Financing Sources (Uses)	(1,385,000)	-	-	663,000
Net Change in Fund Balance	(1,281,543)	39,196	(842,509)	(446,100)
Beginning Fund Balances	4,168,207	1,169,072	1,003,837	541,475
Ending Fund Balances	\$ 2,886,664	\$ 1,208,268	\$ 161,328	\$ 95,375

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total
\$ -	\$ 14,933,816
30,875	580,869
12,490	196,070
-	1,381,586
843,941	843,941
891,760	891,760
51,194	602,593
-	250,408
<u>1,830,260</u>	<u>19,681,043</u>
-	2,312,853
-	4,931,044
-	1,927,231
122,152	1,785,093
1,714,515	3,738,838
-	3,612,472
-	3,188,875
<u>1,836,667</u>	<u>21,496,406</u>
<u>(6,407)</u>	<u>(1,815,363)</u>
3,328,336	4,931,336
<u>(1,666,336)</u>	<u>(3,991,336)</u>
<u>1,662,000</u>	<u>940,000</u>
1,655,593	(875,363)
<u>2,009,157</u>	<u>8,891,748</u>
<u>\$ 3,664,750</u>	<u>\$ 8,016,385</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, 2007

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

Net changes in fund balances - total governmental funds	\$ (875,363)
<p>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.</p>	
Capital asset expenditures	3,916,415
Depreciation expense	(1,780,469)
<p>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.</p>	
Principal payments	3,641,597
Amortization of bond issuance costs, premiums, and discounts	(24,583)
<p>Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.</p>	
	304,377
<p>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.</p>	
	(44,584)
<p>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.</p>	
	67,092
Change in Net Assets of Governmental Activities	\$ 5,204,482

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS (Page 1 of 2)

PROPRIETARY FUNDS

December 31, 2007

Business-Type Activities-Enterprise Funds

	Water and Sewer	Solid Waste	Total
Assets			
Current assets:			
Cash and equity in pooled cash and investments	\$ 7,886	\$ 263,995	\$ 271,881
Accounts receivable, net of allowances	790,835	152,265	943,100
Prepaid costs	-	-	-
Total Current Assets	798,721	416,260	1,214,981
Noncurrent assets:			
Restricted cash and equity in pooled cash	1,186,557	-	1,186,557
Total Restricted Assets	1,186,557	-	1,186,557
Deferred charges	187,929	-	187,929
Capital assets:			
Land	193,875	-	193,875
Buildings and improvements	459,625	-	459,625
Furniture and equipment	774,641	-	774,641
Water and sewer system	53,690,402	-	53,690,402
Less: accumulated depreciation	(21,726,292)	-	(21,726,292)
Total Capital Assets (Net of Accumulated Depreciation)	33,392,251	-	33,392,251
Total Noncurrent Assets	34,766,737	-	34,766,737
Total Assets	\$ 35,565,458	\$ 416,260	\$ 35,981,718

See Notes to Financial Statements.

**Governmental
Activities -
Internal Service
Funds**

\$	385,883
	-
	<u>100,511</u>
	<u>486,394</u>
	<u>-</u>
	<u>-</u>
	-
	-
	-
	1,825,145
	-
	<u>(1,126,045)</u>
	<u>699,100</u>
	<u>699,100</u>
\$	<u><u>1,185,494</u></u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS (Page 2 of 2)

PROPRIETARY FUNDS

December 31, 2007

Business-Type Activities-Enterprise Funds

	Water and Sewer	Solid Waste	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable and accrued liabilities	\$ 253,774	\$ 70,282	\$ 324,056
Accrued interest payable	204,508	-	204,508
Due to other funds	500,000	-	500,000
Revenue bonds due in less than one year	690,000	-	690,000
	Total Current Liabilities	70,282	1,718,564
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discounts and deferred amounts on refunding)	13,121,912	-	13,121,912
	Total Noncurrent Liabilities	-	13,121,912
	Total Liabilities	70,282	14,840,476
<u>Net Assets</u>			
Invested in capital assets, net of related debt	19,768,268	-	19,768,268
Restricted for capital projects	686,557	-	686,557
Restricted for debt service	880,000	-	880,000
Unrestricted	(539,561)	345,978	(193,583)
	Total Net Assets	\$ 345,978	\$ 21,141,242

See Notes to Financial Statements.

**Governmental
Activities -
Internal Service
Funds**

\$ 173,316

-

-

-

173,316

-

-

173,316

699,100

-

-

313,078

\$ 1,012,178

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

For the Year Ended December 31, 2007

	<u>Business-Type Activities-Enterprise Funds</u>		
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<u>Operating Revenues</u>			
Charges for sales and services	\$ 4,702,577	\$ 930,705	\$ 5,633,282
Other revenues	-	362,559	362,559
Total Operating Revenues	4,702,577	1,293,264	5,995,841
<u>Operating Expenses</u>			
Costs of sales and services	2,001,719	364,617	2,366,336
Personnel	853,224	554,367	1,407,591
Depreciation	1,818,990	-	1,818,990
Total Operating Expenses	4,673,933	918,984	5,592,917
Operating Income	28,644	374,280	402,924
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	27,062	12,111	39,173
Interest expense	(623,961)	-	(623,961)
Gain (loss) on sale of assets	-	-	-
Total Nonoperating Revenues (Expenses)	(596,899)	12,111	(584,788)
Income (Loss) Before Transfers	(568,255)	386,391	(181,864)
Transfers in	-	250,000	250,000
Transfers (out)	(660,000)	(530,000)	(1,190,000)
Change in Net Assets	(1,228,255)	106,391	(1,121,864)
Beginning Net Assets	22,023,519	239,587	22,263,106
Ending Net Assets	\$ 20,795,264	\$ 345,978	\$ 21,141,242

See Notes to Financial Statements.

**Governmental
Activities -
Internal Service
Funds**

\$	2,139,491
	<u>1,930</u>
	2,141,421
	1,904,748
	-
	<u>194,364</u>
	2,099,112
	<u>42,309</u>
	20,194
	-
	<u>4,589</u>
	24,783
	67,092
	-
	<u>-</u>
	67,092
	<u>945,086</u>
\$	<u><u>1,012,178</u></u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended December 31, 2007

Business-Type Activities-Enterprise Funds

	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 4,654,297	\$ 1,300,649	\$ 5,954,946
Payments to suppliers	(1,854,257)	(334,592)	(2,188,849)
Payments to employees	(853,224)	(554,367)	(1,407,591)
Net Cash Provided by Operating Activities	1,946,816	411,690	2,358,506
<u>Cash Flows from Noncapital</u>			
<u>Financing Activities</u>			
Transfer from other funds	-	250,000	250,000
Transfer to other funds	(660,000)	(530,000)	(1,190,000)
Net Cash (Used) by Capital and Related Financing Activities	(660,000)	(280,000)	(940,000)
<u>Cash Flows from Capital and Related</u>			
<u>Financing Activities</u>			
Acquisition and construction of capital assets	(27,058)	-	(27,058)
Principal paid on capital debt	(665,000)	-	(665,000)
Interest paid on capital debt	(595,114)	-	(595,114)
Proceeds from sale of capital assets	-	-	-
Net Cash Provided (Used) by Capital and Related Financing Activities	(1,287,172)	-	(1,287,172)
<u>Cash Flows from Investing Activities</u>			
Interest received	27,062	12,111	39,173
Net Cash Provided by Investing Activities	27,062	12,111	39,173
Net Increase in Cash and Cash Equivalents	26,706	143,801	170,507
<u>Cash and Cash Equivalents, Beginning of Year</u>			
Unrestricted cash and cash equivalents	354,064	120,194	474,258
Restricted cash and cash equivalents	813,673	-	813,673
Beginning cash and cash equivalents	1,167,737	120,194	1,287,931
Ending Cash and Cash Equivalents	\$ 1,194,443	\$ 263,995	\$ 1,458,438
<u>Ending Cash and Cash Equivalents:</u>			
Unrestricted cash and cash equivalents	\$ 7,886	\$ 263,995	\$ 271,881
Restricted cash and cash equivalents	1,186,557	-	1,186,557
	\$ 1,194,443	\$ 263,995	\$ 1,458,438

See Notes to Financial Statements.

**Governmental
Activities -
Internal Service
Funds**

\$ 2,120,924
(1,847,853)

-

273,071

-

-

-

(170,118)

-

-

4,589

(165,529)

20,194

20,194

127,736

258,147

-

258,147

\$ 385,883

\$ 385,883

-

\$ 385,883

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended December 31, 2007

	Business-Type Activities-Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Reconciliation of Operating Income to Net Cash Provided (Used) by Operating Activities			
Operating income	\$ 28,644	\$ 374,280	\$ 402,924
Adjustments to reconcile operating income to net cash provided by operating activities:			
Depreciation	1,818,990	-	1,818,990
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Accounts receivable	(48,280)	7,385	(40,895)
Due from other funds	-	-	-
Prepaid costs	-	-	-
Increase (Decrease) in Current Liabilities:			
Accounts payable and accrued liabilities	147,462	30,025	177,487
Due to other funds	-	-	-
	Net Cash Provided by Operating Activities	\$ 411,690	\$ 2,358,506
	\$ 1,946,816	\$ 411,690	\$ 2,358,506

See Notes to Financial Statements.

**Governmental
Activities -
Internal Service
Funds**

\$ 42,309

194,364

93,407

36,243

(100,511)

157,406

(150,147)

\$ 273,071

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CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS

December 31, 2007

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, 2007

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 Activities) 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, 2007

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), Tree Replacement 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, Drainage Improvement Fund, and Street Light Project 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, 2007

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. The Technology Management Fund accounts for technology services.

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, 2007

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, 2007

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, 2007

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, 2007

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. An annual budget is not adopted for the blended component unit Friends of West University Parks Fund, Inc.

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:	
Administration	\$56,151
Parks Fund:	
Capital outlay	\$11,302
Court Technology Fund:	
Capital outlay	\$465
METRO Grant Fund:	
Transfers out	\$1,252,000

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2007

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, 2007, market values of pledged securities were \$1,392,377 and bank balances were \$1,623,171 leaving balance of \$230,794 uncollateralized.

As of December 31, 2007, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. Agencies	\$ 9,699,631	0.85
TexPool	3,883,217	0.00
Total fair value	<u>\$ 13,582,848</u>	
Portfolio weighted average maturity		0.61

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, 2007

B. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Water and		Nonmajor
			Sewer	Solid Waste	
Ad valorem taxes	\$ 3,873,632	\$ 3,758,691	\$ -	\$ -	\$ -
Other taxes	284,587	-	-	-	-
Accounts	54,024	-	917,563	177,402	-
Other	105	-	-	-	750
Less allowance	(1,339)	-	(126,728)	(25,137)	-
	<u>\$ 4,211,009</u>	<u>\$ 3,758,691</u>	<u>\$ 790,835</u>	<u>\$ 152,265</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)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 5,864,089	\$ -	\$ -	\$ 5,864,089
Construction in progress	21,355,482	3,496,161	(8,552,527)	16,299,116
Total capital assets not being depreciated	<u>27,219,571</u>	<u>3,496,161</u>	<u>(8,552,527)</u>	<u>22,163,205</u>
Other capital assets:				
Buildings and improvements	7,966,099	8,525,734	-	16,491,833
Machinery and equipment	5,317,033	718,422	(105,258)	5,930,197
Infrastructure	56,744,478	-	-	56,744,478
Total other capital assets	<u>70,027,610</u>	<u>9,244,156</u>	<u>(105,258)</u>	<u>79,166,508</u>
Less accumulated depreciation for:				
Buildings and improvements	(4,099,807)	(459,904)	-	(4,559,711)
Machinery and equipment	(3,826,449)	(475,297)	99,258	(4,202,488)
Infrastructure	(8,426,918)	(1,134,890)	-	(9,561,808)
Total accumulated depreciation	<u>(16,353,174)</u>	<u>(2,070,091)</u>	<u>99,258</u>	<u>(18,324,007)</u>
Other capital assets, net	<u>53,674,436</u>	<u>7,174,065</u>	<u>(6,000)</u>	<u>60,842,501</u>
Totals	<u>\$ 80,894,007</u>	<u>\$ 10,670,226</u>	<u>\$ (8,558,527)</u>	<u>83,005,706</u>

Less associated debt (65,490,386)

Invested in Capital Assets, Net of Related Debt \$ 17,515,320

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, 2007

Depreciation was charged to governmental functions as follows:

General government	\$ 173,543
Public safety	158,502
Public works	1,372,870
Public service	170,812
Capital assets held by the City's Internal Service Fund are charged to various functions based on their usage of the assets	<u>194,364</u>
Total Governmental Activities Depreciation Expense	<u>\$ 2,070,091</u>

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 193,875	\$ -	\$ -	\$ 193,875
Total capital assets not being depreciated	<u>193,875</u>	<u>-</u>	<u>-</u>	<u>193,875</u>
Other capital assets:				
Buildings	459,625	-	-	459,625
Water and sewer system	53,703,598	-	(13,196)	53,690,402
Machinery and equipment	788,502	19,000	(32,861)	774,641
Total other capital assets	<u>54,951,725</u>	<u>19,000</u>	<u>(46,057)</u>	<u>54,924,668</u>
Less accumulated depreciation for:				
Buildings	(253,325)	(18,385)	-	(271,710)
Water and sewer system	(19,033,403)	(1,777,543)	13,196	(20,797,750)
Machinery and equipment	(666,631)	(23,062)	32,861	(656,832)
Total accumulated depreciation	<u>(19,953,359)</u>	<u>(1,818,990)</u>	<u>46,057</u>	<u>(21,726,292)</u>
Other capital assets, net	<u>34,998,366</u>	<u>(1,799,990)</u>	<u>-</u>	<u>33,198,376</u>
Totals	<u>\$ 35,192,241</u>	<u>\$ (1,799,990)</u>	<u>\$ -</u>	33,392,251
			Less associated debt	<u>13,623,983</u>
			Invested in Capital Assets, Net of Related Debt	<u>\$ 19,768,268</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	<u>\$ 1,818,990</u>
Total Business-Type Activities Depreciation Expense	<u>\$ 1,818,990</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2007

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
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds					
Series 1998	\$ 5,895,000	\$ -	\$ 820,000	\$ 5,075,000 *	\$ 1,075,000
Series 2000	1,825,000	-	255,000	1,570,000 *	335,000
Series 2003	23,175,000	-	2,175,000	21,000,000 *	2,000,000
Series 2005	25,050,000	-	25,000	25,025,000 *	25,000
Certificates of obligation					
Series 2001	2,955,000	-	100,000	2,855,000 *	100,000
Series 2003	9,675,000	-	150,000	9,525,000 *	155,000
Unamortized refunding items	378,704	-	29,131	349,573 *	-
Capital lease	473,285	-	87,466	385,819 *	90,922
	69,426,989	-	3,641,597	65,785,392	3,780,922
Other liabilities:					
Compensated absences	641,860	673,615	585,118	730,357	657,321
Total Governmental Activities	\$ 70,068,849	\$ 673,615	\$ 4,226,715	\$ 66,515,749	\$ 4,438,243
				\$ 62,077,506	
Business-Type Activities:					
Revenue bonds					
Series 2001A	\$ 3,340,000	\$ -	\$ 75,000	\$ 3,265,000 **	\$ 75,000
Series 2001B	2,745,000	-	75,000	2,670,000 **	75,000
Series 2005, refunding	8,495,000	-	515,000	7,980,000 **	540,000
(Less) unamortized premiums and or discounts	(110,451)	-	(7,363)	(103,088) **	-
Total Business-Type Activities	\$ 14,469,549	\$ -	\$ 657,637	\$ 13,811,912	\$ 690,000
				\$ 13,121,912	
*Debt associated with governmental activity capital assets				\$ 65,785,392	
Deferred charges				(295,006)	
Total Debt Associated with Governmental Activity Capital Assets				\$ 65,490,386	
**Debt associated with business-type activity capital assets				\$ 13,811,912	
Deferred charges				(187,929)	
Total Debt Associated with Business-Type Activity Capital Assets				\$ 13,623,983	

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, 2007

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

Description	Interest Rates	Balance
<u>Governmental Activities</u>		
General Obligation Bonds		
Permanent improvement		
Series 2000	5.25-6.75%	\$ 1,570,000
Permanent improvement and refunding		
Series 1998	3.65-5.625%	5,075,000
Series 2002	4.0-5.5%	21,000,000
Series 2005	2.45-5.25%	25,025,000
Total General Obligation Bonds		52,670,000
 Certificates of Obligation		
Series 2001	4.40%	2,855,000
Series 2003	3.15-4.0%	9,525,000
Total Certificates of Obligation		12,380,000
 Total Bond and Certificate Obligations		
		65,050,000
 Capital Leases		
Fire truck	3.95%	385,819
Total Capital Leases		385,819
 Total Governmental Activities Long-Term Debt		\$ 65,435,819
 <u>Business-Type Activities</u>		
Revenue Bonds		
Water and sewer, series 2001A	4.6-6.5%	\$ 3,265,000
Water and sewer, series 2001B	2.25-4.3%	2,670,000
Water and sewer, refunding series 2005	2.87-4.50%	7,980,000
Total Business-Type Activities Long-Term Debt		\$ 13,915,000

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	
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	4,430,000	2,270,969	820,000	460,670	7,981,639
2013-2017	25,800,000	7,776,991	4,610,000	1,766,401	39,953,392
2018-2022	18,965,000	2,381,826	5,550,000	642,737	27,539,563
Total	\$ 65,050,000	\$ 23,359,604	\$ 13,915,000	\$ 5,015,618	\$ 107,340,222

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

December 31, 2007

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, 2007, \$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, 2007, \$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:

Year Ending Dec 31	Governmental Activity		Total
	Principal	Interest	
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
Total	\$ 385,819	\$ 38,851	\$ 424,670

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, 2007

E. Interfund Transactions

The composition of interfund balances as of yearend was as follows:

Due To	Due From	Amounts
General Fund	Nonmajor governmental funds	\$ 420,000
	Water and Sewer	500,000
		\$ 920,000

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
General Fund	Capital Projects Fund	\$ 264,000
	Sidewalk Construction	663,000
	Solid Waste	250,000
	Streetlight Project	800,000
	Drainage Improvement	348,000
Water and Sewer	General Fund	660,000
Solid Waste	General Fund	280,000
	Drainage Improvement	250,000
Grant fund	Drainage Improvement	1,252,000
Friends of West University Place	Capital Projects Fund	414,336
		\$ 5,181,336

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, 2007

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

General Fund		
Reserved for prepaids and inventory	\$	27,959
Debt Service Fund		
Reserved for debt service	\$	1,208,268
Nonmajor Other Governmental Funds		
Reserved for inventory	\$	2,611
Reserved for capital purchases		806,167
Reserved for tree replacement		50,455

G. Restricted Assets

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

Water and Sewer Fund		
Restricted for construction	\$	306,557
Restricted for debt service		<u>880,000</u>
	\$	<u>1,186,557</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 2,596 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, 2007

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, 2007

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, 2006 valuation is effective for rates beginning January 2008).

All assumptions for the 12/31/06 valuations are contained in the 2006 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	
2005	\$ 893,021	100%	\$ -
2006	\$ 944,597	100%	\$ -
2007	\$ 931,489	100%	\$ -

Future Funding Requirements

In early December 2007 the TMRS Board of Trustees met and adopted actuarial changes that include a change from the Unit Credit actuarial cost method to the Projected Unit Credit actuarial cost method for all TMRS city plans as well as a closed amortization period of 30 years. The effect of these changes will result in an increase in city contribution rates for most Texas cities. Cities will have the option to increase their contributions over an eight-year phase-in period.

West University Place received a letter from the TMRS on 5/13/2008. If the City elects to use the eight year phase-in option its contribution rate will increase less than 1% in 2009, but the final projected increase in the contribution rate is estimated to be 4.91%

These changes are intended to help the TMRS system remain well-funded, to preserve members' benefits, and to give cities a more complete picture of the cost of benefits currently adopted. Management believes that while these possible increases will present additional challenges to the City during the budget process the City will be able to make necessary changes to mitigate any adverse financial impact to the City.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, *Continued*

December 31, 2007

D. Restatement

A special revenue fund, the Tree Replacement Fund was previously combined and reported with the general fund. This year the fund is reported separately.

	<u>General Fund</u>	<u>Tree Replacement</u>
Prior year ending net assets as reported	\$ 4,203,052	\$ -
Segregation of special fund	<u>(34,845)</u>	<u>34,845</u>
Restated beginning net assets	<u>\$ 4,168,207</u>	<u>\$ 34,845</u>

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REQUIRED SUPPLEMENTARY INFORMATION

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

For the Year Ended December 31, 2007

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Ad valorem	\$ 6,159,510	\$ 6,159,510	\$ 6,219,953	\$ 60,443
Franchise	755,500	755,500	948,844	193,344
Sales	942,000	942,000	1,026,948	84,948
Licenses and permits	487,260	487,260	549,994	62,734
Fines	256,450	256,450	183,580	(72,870)
Charges for services	1,246,690	1,287,690	1,381,586	93,896
Investment earnings	152,000	207,000	388,778	181,778
Other revenues	177,000	213,000	237,843	24,843
Total Revenues	10,176,410	10,308,410	10,937,526	629,116
Expenditures				
General government:				
Administration	794,000	794,000	850,151	(56,151) *
Finance	1,440,590	1,490,590	1,462,702	27,888
Public safety:				
Police	2,803,330	2,778,330	2,653,820	124,510
Fire	2,336,450	2,336,450	2,277,224	59,226
Public works	2,062,140	2,037,140	1,927,231	109,909
Public service	1,612,390	1,677,390	1,662,941	14,449
Total Expenditures	11,048,900	11,113,900	10,834,069	279,831
Excess of Revenues Over (Under) Expenditures	(872,490)	(805,490)	103,457	908,947
Other Financing Sources				
Transfers in	940,000	940,000	940,000	-
Transfers (out)	(264,000)	(2,325,000)	(2,325,000)	-
Total Other Financing Sources	676,000	(1,385,000)	(1,385,000)	-
Net Change in Fund Balance	\$ (196,490)	\$ (2,190,490)	(1,281,543)	\$ 908,947
Beginning Fund Balance			4,168,207	
Ending Fund Balance			\$ 2,886,664	

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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Actuarial Valuation date	12/31/2006	12/31/2005	12/31/2004	12/31/2003	12/31/2002
Actuarial Value of Assets	\$ 15,648,469	\$ 14,095,876	\$ 12,886,461	\$ 13,522,221	\$ 10,748,722
Actuarial Accrued Liability	\$ 22,702,928	\$ 20,777,707	\$ 19,196,674	\$ 19,648,251	\$ 14,372,452
Percentage Funded	68.9%	67.8%	67.1%	68.8%	74.8%
Unfunded Actuarial					
Accrued Liability	\$ 7,054,459	\$ 6,681,831	\$ 6,310,213	\$ 6,126,030	\$ 3,623,730
Annual Covered Payroll	\$ 5,711,947	\$ 5,700,977	\$ 5,545,016	\$ 5,708,418	\$ 4,902,792
Unfunded Actuarial Accrued Liability					
(UAAL) % of Covered Payroll	123.5%	117.2%	113.8%	107.3%	73.9%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	\$ 931,489	\$ 944,597	\$ 893,021	\$ 730,622	\$ 670,077
Contributions Made	\$ 931,489	\$ 944,597	\$ 893,021	\$ 730,622	\$ 670,077
NPO at the End of Period	\$ -				

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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, 2007

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Ad valorem taxes	\$ 6,733,100	\$ 6,738,071	\$ 4,971
Investment earnings	75,000	102,472	27,472
Total Revenues	<u>6,808,100</u>	<u>6,840,543</u>	<u>32,443</u>
Expenditures			
Debt service:			
Principal	3,612,480	3,612,472	8
Interest and fiscal agent fees	3,190,020	3,188,875	1,145
Total Expenditures	<u>6,802,500</u>	<u>6,801,347</u>	<u>1,153</u>
Net Change in Fund Balance	<u>\$ 5,600</u>	39,196	<u>\$ 33,596</u>
Beginning fund balance		<u>1,169,072</u>	
Ending Fund Balance		<u>\$ 1,208,268</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, 2007

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.

Homeland Security Fund

This fund accounts for the grants received for Homeland Security.

Tree Replacement Fund

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

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.

Streetlight Project Fund

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2007

	Special Revenue Funds			
	Parks	Friends of the Parks	Homeland Security	Tree Replacement
<u>Assets</u>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 12,436	\$ 747,147	\$ -	\$ 53,735
Cash with fiscal agent	-	-	-	-
Accounts receivable	-	750	-	-
Inventory	-	2,611	-	-
Total Assets	\$ 12,436	\$ 750,508	\$ -	\$ 53,735
<u>Liabilities and Fund Balance</u>				
Liabilities:				
Accounts payable	\$ 1,242	\$ -	\$ -	\$ 3,280
Due to other funds	-	-	-	-
Total Liabilities	1,242	-	-	3,280
Fund balances:				
Reserved for inventory	-	2,611	-	-
Reserved for capital purchases	-	-	-	-
Reserved for tree replacement	-	-	-	50,455
Unreserved	11,194	747,897	-	-
Total Fund Balances	11,194	750,508	-	50,455
Total Liabilities and Fund Balances	\$ 12,436	\$ 750,508	\$ -	\$ 53,735

<u>Special Revenue Funds</u>		<u>Capital Projects Funds</u>			<u>Total</u>
<u>Court</u>	<u>METRO</u>	<u>Capital</u>	<u>Drainage</u>	<u>Street Light</u>	<u>Nonmajor</u>
<u>Technology</u>	<u>Grant</u>	<u>Projects</u>	<u>Improvement</u>	<u>Project</u>	<u>Governmental</u>
					<u>Funds</u>
\$ 13,857	\$ 6,651	\$ 530,959	\$ 2,104,567	\$ 800,026	\$ 4,269,378
-	-	6,141	-	-	6,141
-	-	-	-	-	750
-	-	-	-	-	2,611
<u>\$ 13,857</u>	<u>\$ 6,651</u>	<u>\$ 537,100</u>	<u>\$ 2,104,567</u>	<u>\$ 800,026</u>	<u>\$ 4,278,880</u>
\$ -	\$ -	\$ 189,169	\$ 439	\$ -	\$ 194,130
-	-	420,000	-	-	420,000
-	-	609,169	439	-	614,130
-	-	-	-	-	2,611
-	-	6,141	-	800,026	806,167
-	-	-	-	-	50,455
13,857	6,651	(78,210)	2,104,128	-	2,805,517
<u>13,857</u>	<u>6,651</u>	<u>(72,069)</u>	<u>2,104,128</u>	<u>800,026</u>	<u>3,664,750</u>
<u>\$ 13,857</u>	<u>\$ 6,651</u>	<u>\$ 537,100</u>	<u>\$ 2,104,567</u>	<u>\$ 800,026</u>	<u>\$ 4,278,880</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, 2007

	Special Revenue Funds			
	Parks	Friends of the Parks	Homeland Security	Tree Replacement
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Fees and permits	-	-	-	30,875
Intergovernmental	-	-	96,440	-
Contributions	6,182	885,578	-	-
Investment earnings	721	18,168	-	1,175
Total Revenues	6,903	903,746	96,440	32,050
Expenditures				
Current:				
Public service	-	105,712	-	16,440
Capital outlay	11,302	-	96,440	-
Total Expenditures	11,302	105,712	96,440	16,440
Excess of Revenues				
Over (Under) Expenditures	(4,399)	798,034	-	15,610
Other Financing Sources (Uses)				
Transfer in	-	-	-	-
Transfers (out)	-	(414,336)	-	-
Total Other Financing Sources (Uses)	-	(414,336)	-	-
Net Change in Fund Balances	(4,399)	383,698	-	15,610
Beginning Fund Balances	15,593	366,810	-	34,845
Ending Fund Balances	\$ 11,194	\$ 750,508	\$ -	\$ 50,455

Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
Court Technology	METRO Grant	Capital Projects	Drainage Improvement	Street Light Project	
\$ 12,490	\$ -	\$ -	\$ -	\$ -	\$ 12,490
-	-	-	-	-	30,875
-	259,000	-	488,501	-	843,941
-	-	-	-	-	891,760
32	16,550	14,522	-	26	51,194
<u>12,522</u>	<u>275,550</u>	<u>14,522</u>	<u>488,501</u>	<u>26</u>	<u>1,830,260</u>
-	-	-	-	-	122,152
4,965	-	1,459,918	141,890	-	1,714,515
<u>4,965</u>	<u>-</u>	<u>1,459,918</u>	<u>141,890</u>	<u>-</u>	<u>1,836,667</u>
<u>7,557</u>	<u>275,550</u>	<u>(1,445,396)</u>	<u>346,611</u>	<u>26</u>	<u>(6,407)</u>
-	-	678,336	1,850,000	800,000	3,328,336
-	(1,252,000)	-	-	-	(1,666,336)
-	(1,252,000)	678,336	1,850,000	800,000	1,662,000
7,557	(976,450)	(767,060)	2,196,611	800,026	1,655,593
6,300	983,101	694,991	(92,483)	-	2,009,157
<u>\$ 13,857</u>	<u>\$ 6,651</u>	<u>\$ (72,069)</u>	<u>\$ 2,104,128</u>	<u>\$ 800,026</u>	<u>\$ 3,664,750</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, 2007

	<u>Parks</u>		
	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Contributions	\$ 4,300	\$ 6,182	\$ 1,882
Investment earnings	100	721	621
Total Revenues	<u>4,400</u>	<u>6,903</u>	<u>2,503</u>
<u>Expenditures</u>			
Capital outlay	-	11,302	(11,302) *
Total Expenditures	<u>-</u>	<u>11,302</u>	<u>(11,302)</u>
Net Change in Fund Balance	<u>\$ 4,400</u>	<u>(4,399)</u>	<u>\$ (8,799)</u>
Beginning Fund Balance		<u>15,593</u>	
Ending Fund Balance		<u>\$ 11,194</u>	

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, 2007

	Tree Replacement		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Permits, licenses and fees	\$ 7,500	\$ 30,875	\$ 23,375
Investment earnings	-	1,175	1,175
Total Revenues	7,500	32,050	24,550
<u>Expenditures</u>			
Public services	39,000	16,440	22,560
Total Expenditures	39,000	16,440	22,560
Net Change in Fund Balance	\$ (31,500)	15,610	\$ 47,110
Beginning Fund Balance		34,845	
Ending Fund Balance		\$ 50,455	

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, 2007

	Court Technology		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	\$ 9,500	\$ 12,490	\$ 2,990
Investment earnings	25	32	7
Total Revenues	9,525	12,522	2,997
Expenditures			
Capital outlay	4,500	4,965	(465) *
Total Expenditures	4,500	4,965	(465)
Net Change in Fund Balance	\$ 5,025	7,557	\$ 2,532
Beginning Fund Balance		6,300	
Ending Fund Balance		\$ 13,857	

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, 2007

	METRO Grant		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Intergovernmental	\$ 259,000	\$ 259,000	\$ -
Investment earnings	-	16,550	16,550
Total Revenues	259,000	275,550	16,550
<u>Expenditures</u>			
Public service	589,000	-	589,000
Total Expenditures	589,000	-	589,000
<u>Other Financing Sources</u>			
Transfers (out)	-	(1,252,000)	(1,252,000) *
Total Other Financing Sources	-	(1,252,000)	(1,252,000)
Net Change in Fund Balance	\$ (330,000)	(976,450)	\$ (646,450)
Beginning Fund Balance		983,101	
Ending Fund Balance		\$ 6,651	

1. Excess of expenditures over appropriations.*

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CITY OF WEST UNIVERSITY PLACE, TEXAS

INTERNAL SERVICE FUNDS

December 31, 2007

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.

Technology Management Fund

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING NET ASSETS INTERNAL SERVICE FUNDS

December 31, 2007

	Equipment Replacement	Healthcare Benefits	Technology Management
<u>Assets</u>			
Current assets:			
Equity in pooled cash and investments	\$ 350,194	\$ (5,894)	\$ 41,583
Prepaid costs	-	100,511	-
Total Current Assets	350,194	94,617	41,583
Noncurrent assets:			
Capital assets:			
Machinery and equipment	1,825,145	-	-
Less: accumulated depreciation	(1,126,045)	-	-
Total Capital Assets (Net of Accumulated Depreciation)	699,100	-	-
Total Noncurrent Assets	699,100	-	-
Total Assets	1,049,294	94,617	41,583
<u>Liabilities</u>			
Current liabilities:			
Accounts payable	553	98,127	74,636
Due to other funds	-	-	-
Total Current Liabilities	553	98,127	74,636
Total Liabilities	553	98,127	74,636
<u>Net Assets</u>			
Invested in capital assets	699,100	-	-
Unrestricted	349,641	(3,510)	(33,053)
Total Net Assets	\$ 1,048,741	\$ (3,510)	\$ (33,053)

Total

\$ 385,883
100,511
486,394

1,825,145
(1,126,045)
699,100
699,100
1,185,494

173,316
-
173,316
173,316

699,100
313,078

\$ 1,012,178

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES,

AND CHANGES IN NET ASSETS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2007

	<u>Equipment Replacement</u>	<u>Healthcare Benefits</u>	<u>Technology Management</u>
<u>Operating Revenues</u>			
Charges for sales and services	\$ 291,887	\$ 1,382,394	\$ 465,210
Other revenues	1,730	200	-
Total Operating Revenues	<u>293,617</u>	<u>1,382,594</u>	<u>465,210</u>
<u>Operating Expenses</u>			
Costs of sales and services	-	1,400,607	504,141
Depreciation	194,364	-	-
Total Operating Expenses	<u>194,364</u>	<u>1,400,607</u>	<u>504,141</u>
Operating Income (Loss)	<u>99,253</u>	<u>(18,013)</u>	<u>(38,931)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment income	14,316	-	5,878
Gain (Loss) on sale of capital assets	4,589	-	-
Total Nonoperating Revenues (Expenses)	<u>18,905</u>	<u>-</u>	<u>5,878</u>
Change in Net Assets	118,158	(18,013)	(33,053)
Beginning Net Assets	<u>930,583</u>	<u>14,503</u>	<u>-</u>
Ending Net Assets	<u>\$ 1,048,741</u>	<u>\$ (3,510)</u>	<u>\$ (33,053)</u>

Total

\$ 2,139,491
1,930
2,141,421

1,904,748
194,364
2,099,112

42,309

20,194
4,589
24,783

67,092

945,086

\$ 1,012,178

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2007

	Equipment Replacement	Healthcare Benefits	Technology Management
<u>Cash Flows from Operating Activities</u>			
Receipts from customers and users	\$ 293,617	\$ 1,362,097	\$ 465,210
Payments to suppliers	(15,357)	(1,402,991)	(429,505)
Net Cash Provided by Operating Activities	278,260	(40,894)	35,705
<u>Cash Flows from Capital and Related Financing Activities</u>			
Acquisition and construction of capital assets	(170,118)	-	-
Proceeds from sale of capital assets	4,589	-	-
Net Cash (Used) by Capital and Related Financing Activities	(165,529)	-	-
<u>Cash Flows from Investing Activities</u>			
Interest received	14,316	-	5,878
Net Cash Provided by Investing Activities	14,316	-	5,878
Net Increase in Cash and Cash Equivalents	127,047	(40,894)	41,583
Beginning Cash and Cash Equivalents	223,147	35,000	-
Ending Cash and Cash Equivalents	\$ 350,194	\$ (5,894)	\$ 41,583
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</u>			
Operating income (loss)	\$ 99,253	\$ (18,013)	\$ (38,931)
Adjustments to reconcile operating income to net cash provided (used) by operating activities:			
Depreciation	194,364	-	-
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Accounts receivable	-	93,407	-
Due from other funds	-	36,243	-
Prepaid costs	-	(100,511)	-
Increase (Decrease) in Current Liabilities:			
Accounts payable	(15,357)	98,127	74,636
Due to other funds	-	(150,147)	-
Net Cash Provided by Operating Activities	\$ 278,260	\$ (40,894)	\$ 35,705

Total

\$ 2,120,924
(1,847,853)
273,071

(170,118)
4,589

(165,529)

20,194
20,194

127,736

258,147

\$ 385,883

\$ 42,309

194,364

93,407
36,243
(100,511)

157,406
(150,147)

\$ 273,071

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	98
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	110
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	120
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	130
<i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>	
Operating Information	134
<i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i>	

CITY OF WEST UNIVERSITY PLACE, TEXAS

NET ASSETS BY COMPONENT

Last Five Years (1)

	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	\$ 10,257,047	\$ 11,637,581	\$ 13,822,163	\$ 19,369,174
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	\$ 22,835,161	\$ 23,849,142	\$ 23,293,595	\$ 22,263,106
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	\$ 33,092,208	\$ 35,486,723	\$ 37,115,758	\$ 41,632,280

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

2007

\$ 17,515,320
4,491,985
2,566,351
\$ 24,573,656

\$ 19,768,267
1,186,557
186,418
\$ 21,141,242

\$ 37,283,587
5,678,542
2,752,769
\$ 45,714,898

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN NET ASSETS

Last Five Years (1)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
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>
Program Revenues				
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>
Net (Expense)/Revenue				
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>

2007

\$ 4,552,568
4,904,003
3,288,626
1,972,400
3,169,545
17,887,142

5,297,894
918,984
6,216,878
\$ 24,104,020

\$ 3,523,007
196,070
-
580,869
843,941
-
5,143,887

4,702,577
930,705
5,633,282
\$ 10,777,169

\$ (12,743,255)
(583,596)
\$ (13,326,851)

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN NET ASSETS (Continued)

Last Five Years (1)

	Fiscal Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
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
Total Governmental Activities	<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)
Total Business-Type Activities	<u>2,924,722</u>	<u>1,230,187</u>	<u>(632,579)</u>	<u>(841,379)</u>
Total Primary Government	<u>\$ 13,113,082</u>	<u>\$ 13,786,120</u>	<u>\$ 14,967,936</u>	<u>\$ 17,745,117</u>
Change in Net Assets				
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)
Total Primary Government	<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 five years are available at this time.

2007

\$ 6,219,953
6,738,071
1,026,948
933,834
15,010
891,760
622,787
254,997
-
940,000
17,643,360.

39,173
362,559
(940,000)
(538,268)
\$ 17,105,092

\$ 4,900,105
(1,121,864)
\$ 3,778,241

CITY OF WEST UNIVERSITY PLACE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

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

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

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

	<u>2007</u>	<u>Change 2006-2007</u>
\$	12,958,024	2.5%
	1,026,948	-0.2%
	933,834	-6.7%
	15,010	1.5%
	<hr/>	
\$	<u>14,933,816</u>	1.7%

CITY OF WEST UNIVERSITY PLACE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	1998	1999	2000	2001
General Fund				
Reserved	\$ -	\$ 48,059	\$ 58,934	\$ 7,364
Unreserved	4,394,820	4,173,141	3,934,596	2,985,884
Total general fund	\$ 4,394,820	\$ 4,221,200	\$ 3,993,530	\$ 2,993,248
All Other Governmental Funds				
Reserved	\$ 13,927,927	\$ 10,951,602	\$ 27,915,848	\$ 20,188,647
Unreserved, reported in:				
Capital project funds	199,695	(551,473)	(81,464)	538,175
Nonmajor governmental funds	294,254	400,884	246,523	545,459
Total all other governmental funds	\$ 14,421,876	\$ 10,801,013	\$ 28,080,907	\$ 21,272,281

Fiscal Year

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 80,544	\$ 2,148,781	\$ 2,098,916	\$ 15,504	\$ 15,516	\$ 429,437
2,846,051	841,381	936,365	3,357,537	4,187,536	2,457,227
<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>	<u>\$ 2,886,664</u>
\$ 20,919,924	\$ 656,903	\$ 782,534	\$ 998,780	\$ 1,658,449	\$ 2,067,501
698,630	19,412,415	9,106,291	6,852,781	1,545,312	178,493
121,914	139,427	233,004	683,698	1,484,935	2,883,727
<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>	<u>\$ 5,129,721</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

	Fiscal Year			
	1998	1999	2000	2001
Revenues				
Taxes	\$ 7,495,912	\$ 7,972,546	\$ 8,987,973	\$ 9,963,477
Permits, licenses, and fees	558,469	396,484	496,677	472,081
Fines and forfeitures	184,813	307,058	274,001	276,815
Charges for services	702,131	796,763	914,686	901,544
Intergovernmental	125,318	650,459	1,055,425	259,000
Contributions	-	-	-	-
Investment earnings	1,120,750	1,288,324	1,015,579	1,720,839
Other revenues	317,661	343,348	553,268	389,693
Total Revenues	<u>10,505,054</u>	<u>11,754,982</u>	<u>13,297,609</u>	<u>13,983,449</u>
Expenditures				
General government	1,685,246	1,803,017	1,777,263	1,981,486
Public safety	2,892,950	2,952,688	3,525,192	4,019,282
Public works	1,288,618	1,435,693	1,490,417	1,515,164
Public service	709,674	866,489	987,209	896,309
Capital outlay	5,890,116	5,560,612	6,473,002	12,886,880
Debt service				
Principal	1,425,000	1,585,000	1,780,000	1,880,000
Interest	1,935,122	2,045,071	2,058,343	2,812,336
Total Expenditures	<u>15,826,726</u>	<u>16,248,570</u>	<u>18,091,426</u>	<u>25,991,457</u>
Excess of Revenues (Under) Expenditures	(5,321,672)	(4,493,588)	(4,793,817)	(12,008,008)
Other Financing Sources (Uses)				
Transfers in	1,310,390	1,172,500	1,986,950	1,790,600
Transfers out	(711,480)	(473,400)	(1,173,842)	(991,500)
Issuance of debt	14,901,901	-	21,107,933	3,325,000
Premium on debt issued	-	-	-	-
Payment to refunded bond escrow agent	(5,335,352)	-	-	-
Sale of capital assets	-	-	-	-
Total other financing sources	<u>10,165,459</u>	<u>699,100</u>	<u>21,921,041</u>	<u>4,124,100</u>
Net Change in Fund Balances	<u>\$ 4,843,787</u>	<u>\$ (3,794,488)</u>	<u>\$ 17,127,224</u>	<u>\$ (7,883,908)</u>
Debt service as a percentage of noncapital expenditures	33.82%	33.96%	33.04%	35.81%

Fiscal Year

	2002	2003	2004	2005	2006	2007
\$	11,534,667	\$ 12,416,216	\$ 13,263,355	\$ 13,803,975	\$ 14,658,182	\$ 14,933,816
	386,124	444,886	577,164	597,910	580,297	580,869
	319,388	243,931	193,322	186,844	267,609	196,070
	1,074,335	1,086,952	974,549	1,165,967	1,260,376	1,381,586
	277,769	307,784	1,392,662	387,779	259,000	843,941
	-	-	-	268,081	326,656	891,760
	655,918	511,267	336,967	457,078	688,893	602,593
	603,217	387,897	451,551	212,924	1,814,311	250,408
	<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>	<u>19,681,043</u>
	2,061,227	1,952,308	2,211,183	2,268,862	2,381,154	2,312,853
	4,336,152	4,701,684	4,616,019	4,769,582	5,028,528	4,931,044
	1,500,127	1,631,434	1,642,867	1,582,592	1,557,955	1,927,231
	941,302	1,015,026	1,255,857	1,579,982	1,712,208	1,785,093
	13,583,834	13,107,808	11,882,057	2,569,023	6,840,403	3,738,838
	2,185,000	2,295,000	2,685,000	2,900,000	3,375,000	3,612,472
	3,130,630	3,808,650	3,775,384	3,669,628	3,319,913	3,188,875
	<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>	<u>21,496,406</u>
	(12,886,854)	(13,112,977)	(10,878,797)	(2,259,111)	(4,359,837)	(1,815,363)
	1,691,111	631,000	837,000	1,139,000	1,540,713	4,931,336
	(1,002,862)	-	-	(269,000)	(670,713)	(3,991,336)
	29,180,987	9,918,331	-	25,075,000	473,285	-
	-	-	-	1,793,024	-	-
	(16,397,937)	-	-	(26,751,058)	-	-
	-	-	-	23,335	-	-
	<u>13,471,299</u>	<u>10,549,331</u>	<u>837,000</u>	<u>1,010,301</u>	<u>1,343,285</u>	<u>940,000</u>
\$	<u>584,445</u>	<u>(2,563,646)</u>	<u>(10,041,797)</u>	<u>(1,248,810)</u>	<u>(3,016,552)</u>	<u>(875,363)</u>
	37.55%	39.62%	39.91%	39.17%	38.62%	39.22%

CITY OF WEST UNIVERSITY PLACE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years

(modified accrual basis of accounting)

Function	Fiscal Year			
	1998	1999	2000	2001
Property	\$ 6,054,801	\$ 6,610,664	\$ 7,376,687	\$ 8,532,873
Sales	627,443	531,246	776,085	523,665
Franchise fee	804,005	818,326	786,672	533,646
Other taxes	9,663	12,310	10,587	9,981
	<u>\$ 7,495,912</u>	<u>\$ 7,972,546</u>	<u>\$ 8,950,031</u>	<u>\$ 9,600,165</u>

Fiscal Year						Change
2002	2003	2004	2005	2006	2007	2006-2007
\$ 9,717,905	\$ 11,481,442	\$ 11,691,541	\$ 12,128,801	\$ 12,613,511	\$ 12,958,024	2.7%
862,325	758,987	683,573	745,716	1,028,946	1,026,948	-0.2%
939,577	873,649	872,221	913,998	1,000,930	933,834	-6.7%
14,860	18,303	16,020	15,460	14,796	15,010	1.4%
<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>	<u>\$ 14,933,816</u>	1.9%

CITY OF WEST UNIVERSITY PLACE, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Residential Property	\$ 1,497,313,260	\$ 1,704,205,400	\$ 1,997,785,950	\$ 2,224,515,970
Commercial Property	48,657,800	54,608,270	56,534,900	64,388,870
Less: Tax Exempt Property	<u>(59,326,660)</u>	<u>(56,106,070)</u>	<u>(57,022,280)</u>	<u>(54,014,970)</u>
Total Taxable Assessed Value (1)	<u>\$ 1,486,644,400</u>	<u>\$ 1,702,707,600</u>	<u>\$ 1,997,298,570</u>	<u>\$ 2,234,889,870</u>
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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 2,391,518,150	\$ 2,544,734,110	\$ 2,680,629,150	\$ 2,816,526,599	\$ 3,032,378,632	\$ 3,518,127,265
60,317,070	52,571,420	56,271,940	79,232,269	200,638,039	111,498,007
<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>	<u>(133,439,938)</u>
<u>\$ 2,397,408,950</u>	<u>\$ 2,517,474,090</u>	<u>\$ 2,656,498,290</u>	<u>\$ 2,767,600,312</u>	<u>\$ 2,994,928,416</u>	<u>\$ 3,496,185,334</u>
0.42000	0.42000	0.43000	0.44670	0.43000	0.36600

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
City of West University Place by fund:				
General	\$ 0.21000	\$ 0.21000	\$ 0.20500	\$ 0.19500
Debt service	0.19000	0.21000	0.21500	0.22500
Total Direct Rates	<u>\$ 0.40000</u>	<u>\$ 0.42000</u>	<u>\$ 0.42000</u>	<u>\$ 0.42000</u>
Houston Independent School District	\$ 1.38400	\$ 1.45900	\$ 1.51900	\$ 1.51900
Harris County	0.41870	0.39480	0.39480	0.35900
Harris County Flood Control District	0.07420	0.08000	0.08000	0.06170
Port of Houston Authority	0.01960	0.02130	0.02040	0.01830
Harris County Hospital District	0.12380	0.14650	0.14650	0.20270
Harris County Dept. of Education	-	-	-	-
Houston Community College	0.06615	0.06615	0.08233	0.08133
Total Direct and Overlapping Rates (1)	<u><u>\$ 2.48645</u></u>	<u><u>\$ 2.58775</u></u>	<u><u>\$ 2.66303</u></u>	<u><u>\$ 2.66203</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>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 0.19000	\$ 0.19670	\$ 0.20000	\$ 0.20100	\$ 0.19200	\$ 0.18600
0.24000	0.25000	0.24000	0.22900	0.21000	0.18000
<u>\$ 0.43000</u>	<u>\$ 0.44670</u>	<u>\$ 0.44000</u>	<u>\$ 0.43000</u>	<u>\$ 0.40200</u>	<u>\$ 0.36600</u>
\$ 1.58000	\$ 1.58000	\$ 1.58000	\$ 1.62000	\$ 1.47570	\$ 1.15670
0.38390	0.38810	0.38800	0.39986	0.40239	0.39239
0.04760	0.04170	0.04170	0.03322	0.03241	0.03106
0.01830	0.01990	0.02000	0.01474	0.01302	0.01437
0.19020	0.19020	0.19020	0.19216	0.19216	0.19216
-	-	-	0.00629	0.00629	0.00585
0.08133	0.08133	0.09598	0.09577	0.09518	0.09243
<u>\$ 2.73133</u>	<u>\$ 2.74793</u>	<u>\$ 2.75588</u>	<u>\$ 2.79204</u>	<u>\$ 2.61915</u>	<u>\$ 2.25096</u>

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CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Five Years Ago (1)

Property Tax Payer	2007			2003		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Southwestern Bell	\$ 13,184,298	1	0.44%	\$ 21,606,830	1	0.86%
U West Marketplace Assoc	6,334,230	2	0.21%			
CenterPoint Energy	5,571,520	3	0.19%			
5650 Kirby Partnership	4,733,451	4	0.16%	3,775,690	4	0.15%
Bardwell Building Co.	4,534,528	5	0.15%			
Gohel Gautam	3,614,786	6	0.12%			
Kenneth & Kimberly Alo	3,525,500	7	0.12%			
Brick M & Lisa F Diemer	3,161,019	8	0.11%			
Craig A & Patricia Biggio	2,896,666	9	0.10%	2,331,900	8	0.09%
Jeffrey W VanGundy	2,755,283	10	0.09%			
Houston Lighting & Power		n/a		4,487,230	2	0.18%
Bellaire Shopping Center		n/a		3,943,040	3	0.16%
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%
Max & Christine Lukens		n/a		2,262,700	9	0.09%
Southwestern Bell Tele Co		n/a		2,099,369	10	0.08%
Subtotal	\$ 50,311,281		1.68%	\$ 47,751,459		1.90%
Other Taxpayers	2,944,617,135		98.32%	2,477,365,460		98.11%
Total	\$ 2,994,928,416		100.00%	\$ 2,525,116,919		100.01%

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>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Tax levy	\$ 6,022,837	\$ 6,564,512	\$ 7,305,615	\$ 8,703,604
Current tax collected	\$ 5,980,947	\$ 12,621,201	\$ 7,255,353	\$ 8,655,130
Percent of current tax collections	99.30%	12,539,957	99.31%	99.44%
Delinquent tax collections	<u>\$ 40,789</u>	<u>\$ 99.36%</u>	<u>\$ 47,478</u>	<u>\$ 42,601</u>
Total tax collections	<u>\$ 6,021,736</u>	<u>\$ 81,244</u>	<u>\$ 7,302,831</u>	<u>\$ 8,697,731</u>
Total collections as a percentage of current levy	99.98%	100	99.96%	99.93%
Outstanding delinquent taxes	\$ 1,101	\$ 2,784	\$ 2,784	\$ 5,873
Outstanding delinquent taxes as percentage of current levy	0.018%	0.042%	0.038%	0.067%

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 9,630,400	\$ 10,680,077	\$ 11,581,528	\$ 12,192,921	\$ 12,621,201	\$ 12,890,583
\$ 9,582,032	\$ 10,629,260	\$ 11,516,657	\$ 12,124,169	\$ 12,539,957	\$ 11,944,071
99.50%	99.52%	99.44%	99.44%	99.36%	92.66%
\$ 43,054	\$ 39,859	\$ 47,100	\$ 45,329	\$ 45,394	\$ 28,776
<u>\$ 9,625,086</u>	<u>\$ 10,669,119</u>	<u>\$ 11,563,757</u>	<u>\$ 12,169,498</u>	<u>\$ 12,585,351</u>	<u>\$ 11,972,847</u>
99.94%	99.90%	99.85%	99.81%	99.72%	92.88%
\$ 5,314	\$ 10,958	\$ 17,771	\$ 23,423	\$ 35,850	\$ 81,139
0.055%	0.103%	0.153%	0.192%	0.284%	0.629%

CITY OF WEST UNIVERSITY PLACE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Five Years (1)

	2003	2004	2005	2006
Primary Government				
Governmental Activities:				
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
Subtotal	\$ 77,855,000	\$ 75,170,000	\$ 71,950,000	\$ 69,048,285
Business-Type Activities:				
Revenue bonds	\$ 15,995,000	\$ 15,455,000	\$ 15,255,000	\$ 14,580,000
Total Primary Government	\$ 93,850,000	\$ 90,625,000	\$ 87,205,000	\$ 83,628,285
Personal Income (2)	-	-	-	-
Debt as a Percentage Of Personal Income (2)	-	-	-	-
Population	14,211	14,211	14,211	14,211
Debt per Capita	\$ 6,604	\$ 6,377	\$ 6,136	\$ 5,885

(1) The requirement for statistical data is ten years; only five 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.

2007

\$ 52,670,000
12,380,000
385,823
\$ 65,435,823

\$ 13,915,000
\$ 79,350,823

-

-

14,211

\$ 5,584

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

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Net Taxable Assessed Value				
All property	\$ 1,505,694,530	\$ 1,567,240,600	\$ 1,781,467,580	\$ 2,022,417,900
Net Bonded Debt				
Gross bonded debt	\$ 41,020,000	\$ 39,045,000	\$ 58,475,000	\$ 60,050,000
Less debt service funds	<u>636,948</u>	<u>811,335</u>	<u>838,547</u>	<u>633,071</u>
Net Bonded Debt	<u>\$ 40,383,052</u>	<u>\$ 38,233,665</u>	<u>\$ 57,636,453</u>	<u>\$ 59,416,929</u>
Ratio of Net Bonded Debt To Assessed Value	2.68%	2.44%	3.24%	2.94%
Population	12,920	12,920	14,211	14,211
Net Bonded Debt Per Capita	\$ 3,126	\$ 2,959	\$ 4,056	\$ 4,181

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 2,300,012,640	\$ 2,488,976,270	\$ 2,517,474,090	\$ 2,895,758,868	\$ 3,072,558,941	\$ 3,496,185,334
\$ 70,250,000 567,825	\$ 76,705,000 656,144	\$ 75,170,000 782,534	\$ 71,950,000 1,169,072	\$ 68,575,000 1,169,072	\$ 65,050,000 1,208,268
<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>	<u>\$ 63,841,732</u>
3.03%	3.06%	2.95%	2.44%	2.19%	1.83%
14,211	14,211	14,211	14,211	14,211	14,211
\$ 4,903	\$ 5,351	\$ 5,234	\$ 4,981	\$ 4,743	\$ 4,492

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CITY OF WEST UNIVERSITY PLACE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Houston ISD	\$ 1,922,647,494	2.800%	\$ 53,834,130
Harris County (2)(3)	2,297,949,000	1.120%	25,737,029
Harris Co. Flood Control District (3)	491,797,000	1.120%	5,508,126
Port of Houston Authority (3)	381,043,000	1.920%	<u>7,316,026</u>
Subtotal, overlapping debt			92,395,311
City Direct Debt	52,670,000	100.000%	<u>52,670,000</u>
Total Direct and Overlapping Debt			<u><u>\$ 145,065,311</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, 2007

CITY OF WEST UNIVERSITY PLACE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Five 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 2007

Assessed value	\$ 3,496,185,334
Debt limit (5% of assessed value)	174,809,267
Debt applicable to limit:	
General obligation bonds	65,050,000
Less: amount set aside for repayment of general obligation debt	(1,208,268)
Total net debt applicable to limit	63,841,732
Legal debt margin	\$ 110,967,535

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 five years are available at this time.

2007

\$ 174,809,267

63,841,732

\$ 110,967,535

36.52%

CITY OF WEST UNIVERSITY PLACE, TEXAS

PLEGDED-REVENUE COVERAGE

Last Ten Years

	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>
Gross Revenues (1)	\$ 3,366,410	\$ 3,413,889	\$ 3,427,821	\$ 3,274,339
Operating Expenses (2)	\$ 2,360,258	\$ 2,297,558	\$ 2,613,128	\$ 2,352,802
Net Revenues Available for Debt Service	\$ 1,006,152	\$ 1,116,331	\$ 814,693	\$ 921,537
Debt Service Requirements (3)				
Principal	\$ 220,000	\$ 225,000	\$ 335,000	\$ 350,000
Interest	316,630	484,177	510,759	489,684
Total	<u>\$ 536,630</u>	<u>\$ 709,177</u>	<u>\$ 845,759</u>	<u>\$ 839,684</u>
Coverage	1.87	1.57	0.96	1.10

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
\$ 3,358,111	\$ 3,106,875	\$ 4,204,407	\$ 5,098,008	\$ 4,842,481	\$ 4,702,577
\$ 2,469,348	\$ 2,359,745	\$ 2,565,022	\$ 2,780,664	\$ 2,737,998	\$ 4,673,933
\$ 888,763	\$ 747,130	\$ 1,639,385	\$ 2,317,344	\$ 2,104,483	\$ 28,644
\$ 360,000	\$ 510,000	\$ 540,000	\$ 565,000	\$ 675,000	\$ 690,000
801,739	765,160	740,339	714,225	597,295	601,873
<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>	<u>\$ 1,291,873</u>
0.77	0.59	1.28	1.81	1.65	0.02

CITY OF WEST UNIVERSITY PLACE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year Ended Dec 31	Population(1)	Personal Income(4)	Per Capita Personal Income (6)	Median Age (5)	School Enrollment(2)	Unemployment Rate(3)
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%
2007	14,211	-	N/A	39.30	981	4.10%

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.
- (6) Per Capita Personal Income data not available.

CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL EMPLOYERS

Current Year (1)

Employer

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.

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CITY OF WEST UNIVERSITY PLACE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Years

	Fiscal Year									
	1998	1999	2000	2001	2002	2003	2004	2005	2006	2007
<u>General Fund:</u>										
Administration	3	3	4	4	4	4	4	4.5	4	4
Finance	10	10	10	10	9	9	9	9	8	8
Police Department	28	28	35	35	36	35	35	34	32	32
Fire Department	20	21	21	20	20	23	24	24.5	25	24
Public Works	22	22	23	22	23	23	21	21	21	20
Parks & Recreation	6	6	6	6	6	6	8	8	8	10
General Fund Total	89	90	99	97	98	100	101	101	98	98
<u>Enterprise Fund:</u>										
Water	15	15	14	14	15	14	14	14	14	14
Solid Waste	9	9	10	10	10	10	10	7	7	7
Enterprise Fund Total	24	24	24	24	25	24	24	21	21	21
<u>Internal Service Fund:</u>										
Administration	0	0	0	0	0	0	0	0	0	2
Internal Service Fund Tot	0	0	0	0	0	0	0	0	0	2
TOTAL CITY POSITIONS	<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>	<u>121</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 Five Years (1)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
Police				
Arrests	145	321	366	432
Accident reports	186	139	138	123
Citations	5235	3675	3583	3,581
Offense reports	804	1018	1027	1,040
Calls for service	10896	11353	13688	25,790
Fire				
Emergency responses	447	659	624	686
Fire incidents	650	655	776	740
Average response time	2:30	3:08	3:08	3:06
Water				
New accounts	879	915	760	860
Source:				
Water	80	80	80	80
Sewer	20	20	20	20
Average daily consumption				
(millions of gallons)	2.17	2.17	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)	5.99	5.99	8.64	4.976
Sewer				
Average daily sewage treatment				
(millions of gallons)	1.354	1.423	1.271	1.356
Total consumption (millions of gallons)	0	0	452.618	495.25
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 five years are available at this time.

2007

287
116
2,940
794
36,260

698
840
4:29

854

80
20

1.889
569.341
120.303
689.645

4.300

1.433
523.063

5.314

CITY OF WEST UNIVERSITY PLACE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Five Years (1)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
Police				
Stations	1	1	1	1
Patrol units	9	9	7	7
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	43.0	43.0	43.0	43.0
Streetlights	690	690	690	690
Parks and recreation				
Parks	9	9	9	9
Parks acreage	12.6	12.6	12.6	12.6
Swimming pools	2	2	2	2
Baseball / softball diamonds	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
Water				
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
Sewer				
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 five years are available at this time.

2007

1
7
1

43.0
747

9
12.6
2
5
5
2
1
2

40.0
350
3.65

40.0
40.0
2.00
6.00

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