

*COMPREHENSIVE  
ANNUAL FINANCIAL REPORT*

*of the*

**CITY OF WEST UNIVERSITY  
PLACE, TEXAS**

**For the Year Ended  
December 31, 2009**

**Officials Issuing Report:**

**Michael Ross  
City Manager**

**Rhonda Daugherty  
Finance Director**

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

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December 31, 2009

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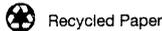
***INTRODUCTORY SECTION***

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# City of West University Place

*A Neighborhood City*



May 4, 2010

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

The Comprehensive Annual Financial Report (“CAFR”) of the City of West University Place, Texas (the “City”) for the fiscal year ended December 31, 2009 is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects and is presented in a manner designed to present fairly the financial position and results of operations of the City as measured by the financial activity of its various funds. All disclosures necessary to enable the reader to gain the maximum understanding of the City’s financial activities have been included.

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 Pechacek, 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, 2009 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, 2009, 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 the auditors’ 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 Parks Fund	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 15,500 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. The taxable assessed value of property in the City rose from \$768 million in 1988 to over \$4.1 billion in 2009. In 2009, the City gained approximately \$303 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 have 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 stable into 2010. Expenditures are expected to remain steady with considerations for the continued competitive pressure on personnel costs and potential increases in the cost of employee health benefits.

**Long-Term Planning** – As a part of the fiscal year 2009 budget process, the Mayor, Council, and City Staff updated a multi-year capital improvement program. Several projects in this plan were scheduled for 2009 and are continuing into 2010:

- **College Street/Bellaire Boulevard Transportation Improvements:** This project is in construction continuing from 2009 with an anticipated completion by late summer or early autumn of 2010. The project is primarily funded by a \$4.3 million grant from METRO and a grant of \$1.85 million from Harris County.
- **Emergency Auxiliary Power:** This project is continuing from 2009 and is funded by a \$500,000 budget appropriation and a \$100,000 budget transfer from Contract Water Purchase savings for the installation of generators at the City Hall/EOC/Fire Station Municipal Building, Public Works Administration Building, PW Fleet Station and the Milton Water Pump Station to provide continuity of service to our residents in times of emergency.
- **Technology Improvements:** The City continues to upgrade and consolidate the computer servers and networking infrastructure, bringing them back to industry standards and best practices. The long term goal is to minimize additional assets as new technologies are introduced, minimize future maintenance costs and, at the same time, provide high availability and disaster recovery through the use of technologies such as clustering, virtualization and other techniques.
- **Reconstruction of Recreation Facilities:** In November 2008, voters approved a \$13.8 million bond authorization for the purpose of improving certain park facilities in the City. The first year of the bonds were sold in February 2009 in the amount of \$8,800,000 for the project. The remaining bonds will be sold in early 2010.
- **Wakeforest Water Treatment Plant:** Long term planning over the last two years has included the recoating and rehabilitation of the water storage tanks and pump house at the Wakeforest Treatment Plant. Contracts have been signed and work is scheduled to be completed by the end of calendar 2010. The project has been funded through annual allocations from the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund. \$500,000 was earmarked for this project.
- **Wastewater Treatment Plant Belt Press:** Long term planning has been in place to purchase a replacement for one of the two existing belt press devices at the wastewater treatment plant. We anticipate this to be brought forward within the next 12 months. Further funding is projected to be from the annual allocation from the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund. Current estimates on cost are projected to not exceed \$300,000.

## **FINANCIAL INFORMATION**

**Budgeting Controls** The City Charter establishes the fiscal year as January 1 through December 31. The Charter requires the City Manager to submit a proposed budget and accompanying budget message to the Council each year. The proposed budget is 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 31 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 its funds. Detail control is maintained at the line item level by encumbering available funds at the time a purchase order is written. Appropriations lapse at the end of the year excluding capital project budgets. 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 weighted average yield on investments for the year was approximately 1.416 percent. 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.

**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, 2008. This was the 18<sup>th</sup> 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. Appreciation is expressed to City employees throughout the organization, especially to all employees who were instrumental in the successful completion of this report. Additionally, we 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,



Rhonda Daugherty  
Finance Director

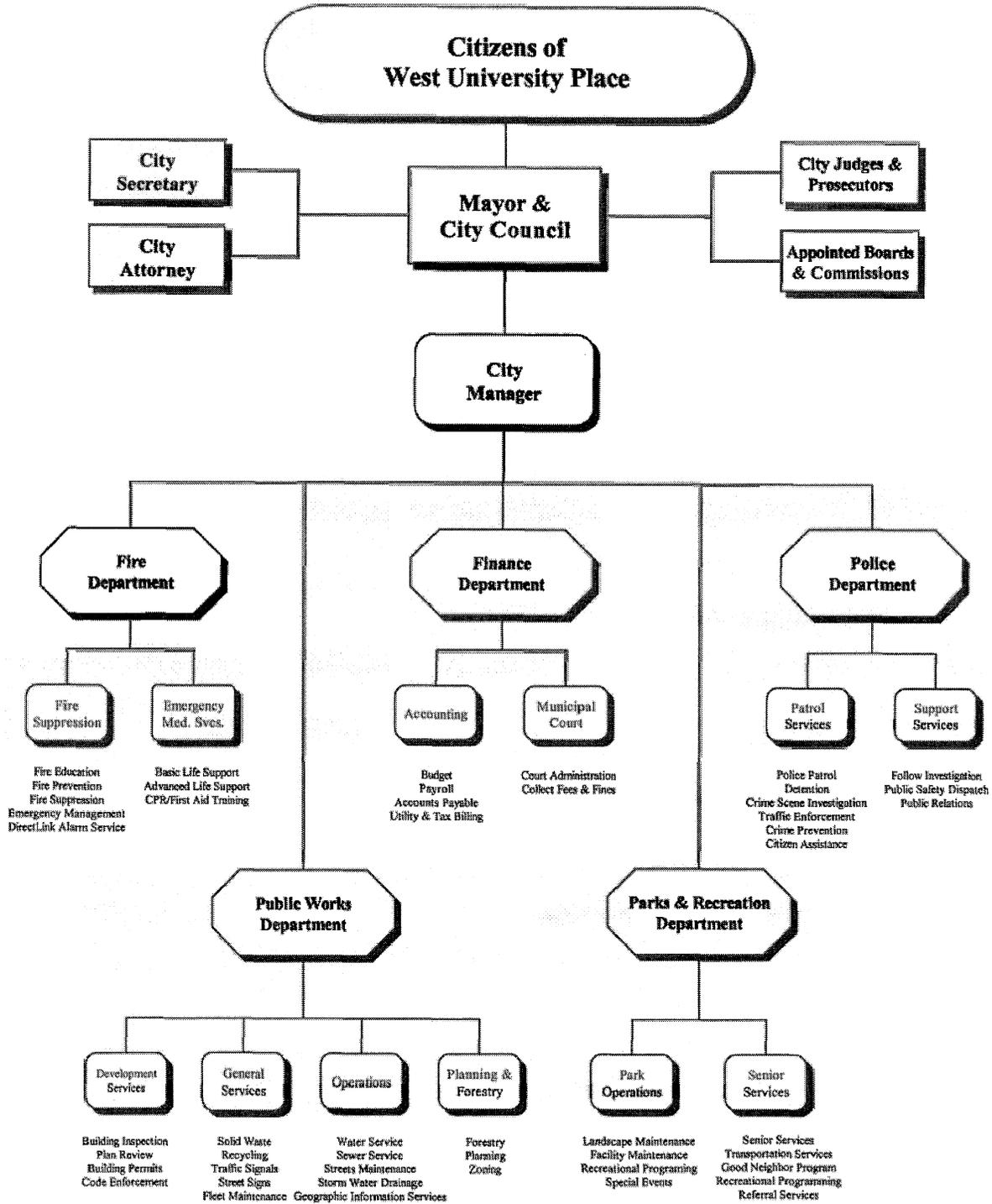


Renea Dobbs  
Treasurer

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## ORGANIZATIONAL CHART

December 31, 2009



**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, 2008

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



A handwritten signature in black ink, appearing to read "M. L. Post".

President

A handwritten signature in black ink, appearing to read "Jeffrey R. Emer".

Executive Director

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PRINCIPAL OFFICIALS

December 31, 2009

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Bob Kelly	Mayor	05/2011
Bob Fry	Council Member	05/2011
George Boehme	Council Member	05/2011
Chuck Guffey	Council Member	05/2011
Steven Segal	Council Member	05/2011

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

***FINANCIAL SECTION***

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## INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West University Place, Texas (the "City"), as of and for the year ended, December 31, 2009, 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, 2009, and the respective changes in financial position and, where applicable, cash flows 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 schedules of funding progress 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 section 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 and statistical sections 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.

*B*ELT *H*ARRIS *P*ECHACEK, LLLP

Belt Harris Pechacek, LLLP  
*Certified Public Accountants*  
Houston, Texas  
May 4, 2010

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

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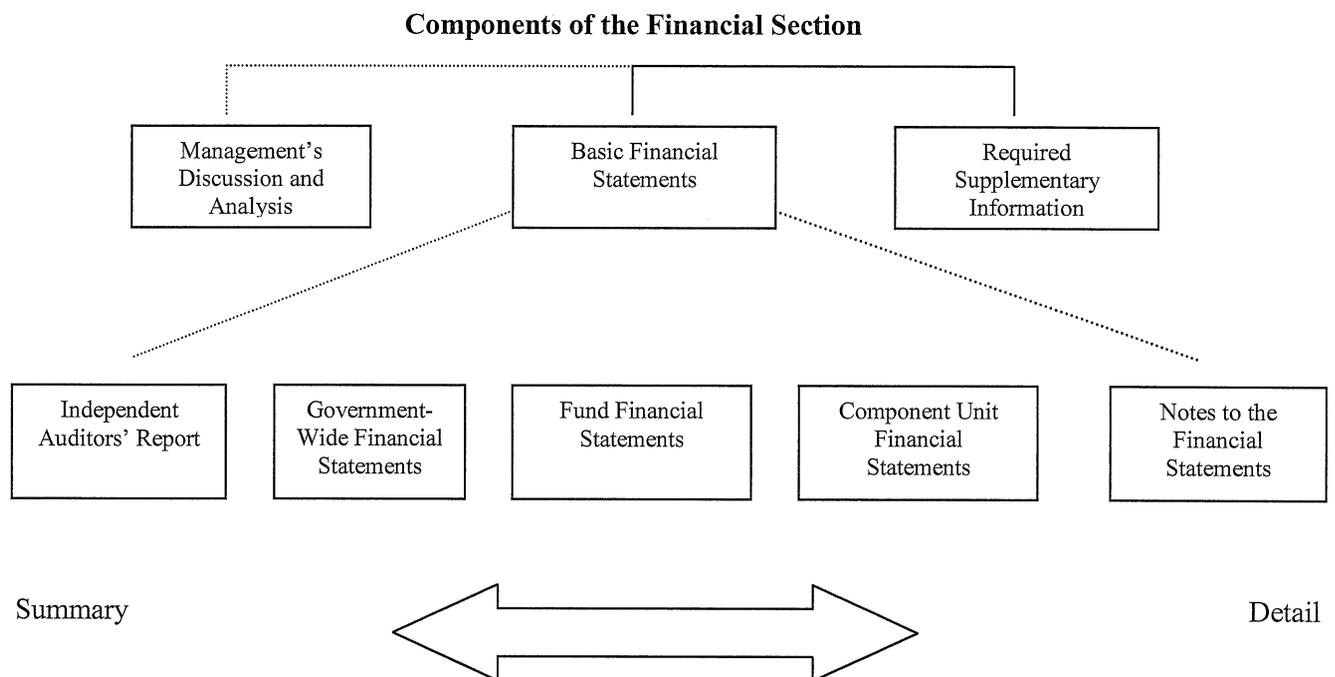
# CITY OF WEST UNIVERSITY PLACE, TEXAS

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

For The Year Ended December 31, 2009

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of West University Place, Texas (the "City") for the year ending December 31, 2009. 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 the MD&A. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

### THE STRUCTURE OF OUR ANNUAL REPORT



The comprehensive annual financial report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as the MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

### Government-Wide Statements

The government-wide statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Assets and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. 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*

For The Year Ended December 31, 2009

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 general government (administration and finance), public safety (police and fire protection), public works (streets and drainage), and public service (leisure services and community development). 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 16 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, debt service fund, and the recreation facilities fund, which are considered to be major funds. The City adopts an annual appropriated budget for its general fund, debt service fund, and select

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**For The Year Ended December 31, 2009**

special revenue funds. Budgetary comparison schedules have been provided for these funds to demonstrate compliance with these budgets.

**Proprietary Funds**

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

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

**Notes to Financial Statements**

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

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain RSI. The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and schedules of funding progress for Texas Municipal Retirement System and post employment healthcare benefits. 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 \$56,384,238 as of December 31, 2009. 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, 2009. The largest portion of the City's net assets, 88 percent, 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 cannot be used to liquidate these liabilities.

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
For The Year Ended December 31, 2009

**Statement of Net Assets:**

The following table reflects the condensed Statement of Net Assets:

**SUMMARY OF STATEMENT OF NET ASSETS**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
Current and other assets	\$ 26,717,554	\$ 26,787,393	\$ 3,236,491	\$ 2,963,518	\$ 29,954,045	\$ 29,750,911
Capital assets, net	100,283,144	86,397,058	30,083,908	31,642,202	130,367,052	118,039,260
<b>Total Assets</b>	<b>127,000,698</b>	<b>113,184,451</b>	<b>33,320,399</b>	<b>34,605,720</b>	<b>160,321,097</b>	<b>147,790,171</b>
Long-term liabilities	69,406,033	62,728,245	12,421,640	13,129,276	81,827,673	75,857,521
Other liabilities	21,437,734	17,653,342	671,452	607,823	22,109,186	18,261,165
<b>Total Liabilities</b>	<b>90,843,767</b>	<b>80,381,587</b>	<b>13,093,092</b>	<b>13,737,099</b>	<b>103,936,859</b>	<b>94,118,686</b>
Net Assets:						
Invested in capital assets, net of related debt	32,145,988	24,421,719	17,662,268	18,512,926	49,808,256	42,934,645
Restricted	2,616,976	6,470,948	745,000	715,000	3,361,976	7,185,948
Unrestricted	1,393,967	1,910,197	1,820,039	1,640,695	3,214,006	3,550,892
<b>Total Net Assets</b>	<b>\$ 36,156,931</b>	<b>\$ 32,802,864</b>	<b>\$ 20,227,307</b>	<b>\$ 20,868,621</b>	<b>\$ 56,384,238</b>	<b>\$ 53,671,485</b>

A portion of the City's net assets, \$3,361,976 or six percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$3,214,006 or six percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$2,712,754 during the current fiscal year, an increase of five percent in comparison to the prior year. This increase is largely the result of an increase in property tax revenues for governmental activities.

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
For The Year Ended December 31, 2009

**Statement of Activities:**

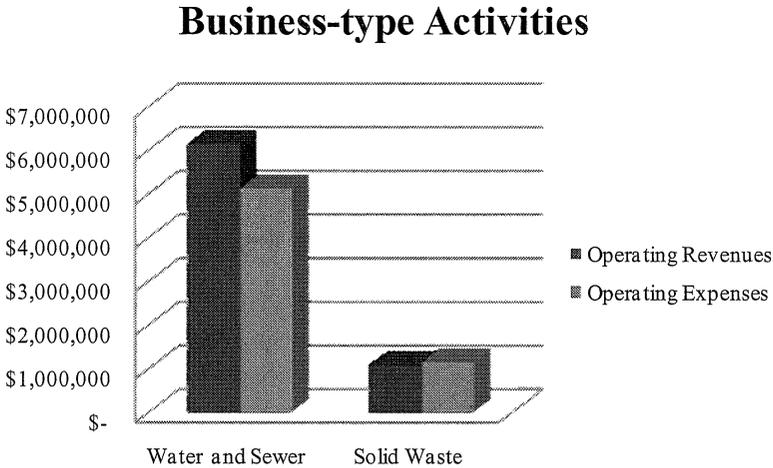
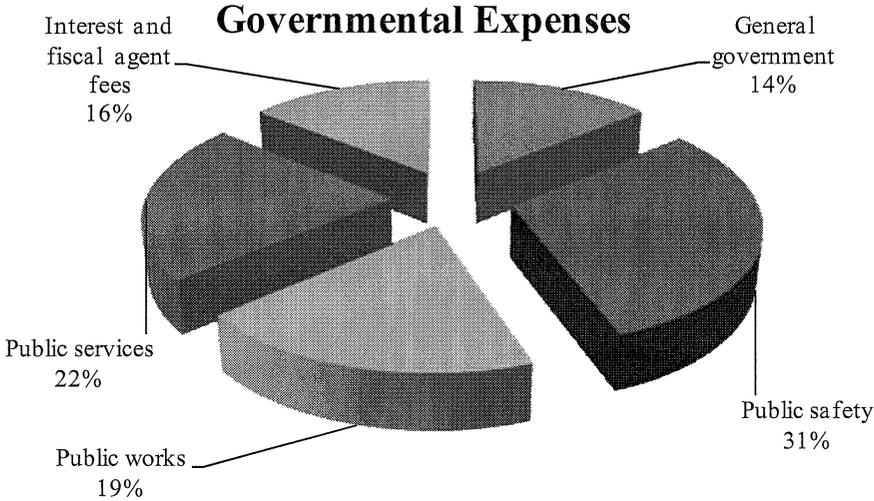
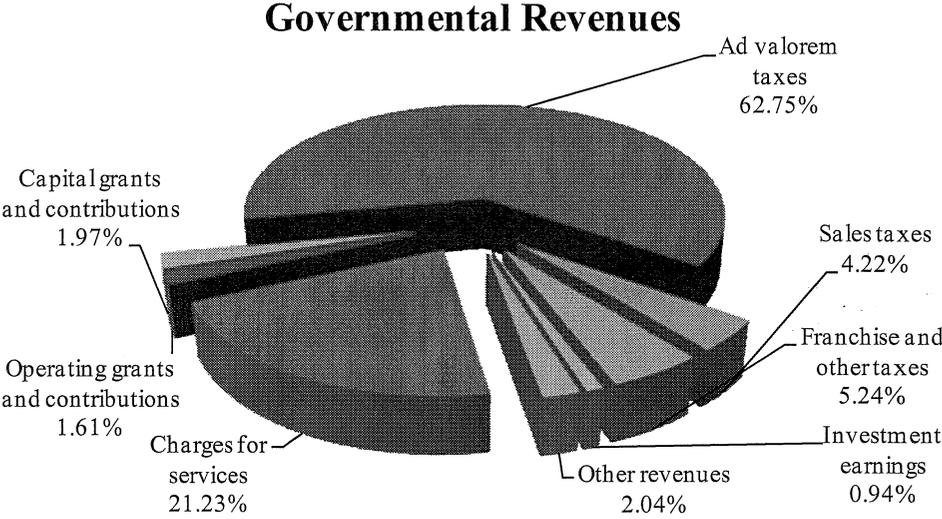
The following table provides a summary of the City's changes in net assets:

**CHANGES IN NET ASSETS**

	Governmental Activities		Business-type Activities		Total Primary Government	
	2009	2008	2009	2008	2009	2008
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 4,763,231	\$ 2,220,292	\$ 7,247,790	\$ 7,365,344	\$ 12,011,021	\$ 9,585,636
Operating grants and contributions	360,310	1,675,641	-	-	360,310	1,675,641
Capital grants and contributions	441,231	5,291,500	-	-	441,231	5,291,500
General revenues:						
Ad valorem taxes	14,075,782	12,788,103	-	-	14,075,782	12,788,103
Sales taxes	946,726	1,042,096	-	-	946,726	1,042,096
Franchise taxes	1,162,420	1,312,260	-	-	1,162,420	1,312,260
Other taxes	12,485	15,643	-	-	12,485	15,643
Contributions	-	257,869	-	-	-	257,869
Investment earnings	210,481	394,218	20,715	51,360	231,196	445,578
Other revenues	446,112	288,659	-	-	446,112	288,659
<b>Total Revenues</b>	<b>22,418,778</b>	<b>25,286,281</b>	<b>7,268,505</b>	<b>7,416,704</b>	<b>29,687,283</b>	<b>32,702,985</b>
<b>Expenses</b>						
General government	2,821,300	2,387,061	-	-	2,821,300	2,387,061
Public safety	6,139,313	5,593,513	-	-	6,139,313	5,593,513
Public works	3,866,861	2,925,781	-	-	3,866,861	2,925,781
Public services	4,416,552	3,894,834	-	-	4,416,552	3,894,834
Interest and fiscal agent fees on long-term debt	2,860,685	3,195,884	-	-	2,860,685	3,195,884
Water and sewer	-	-	5,708,094	5,752,744	5,708,094	5,752,744
Solid waste	-	-	1,161,724	996,582	1,161,724	996,582
<b>Total Expenses</b>	<b>20,104,711</b>	<b>17,997,073</b>	<b>6,869,818</b>	<b>6,749,326</b>	<b>26,974,529</b>	<b>24,746,399</b>
<b>Increase (Decrease) in Net Assets</b>						
<b>Before Transfers</b>	2,314,067	7,289,208	398,687	667,378	2,712,754	7,956,586
Transfers	1,040,000	940,000	(1,040,000)	(940,000)	-	-
<b>Change in Net Assets</b>	<b>3,354,067</b>	<b>8,229,208</b>	<b>(641,313)</b>	<b>(272,622)</b>	<b>2,712,754</b>	<b>7,956,586</b>
Beginning Net Assets	32,802,864	24,573,656	20,868,620	21,141,242	53,671,484	45,714,898
<b>Ending Net Assets</b>	<b>\$ 36,156,931</b>	<b>\$ 32,802,864</b>	<b>\$ 20,227,307</b>	<b>\$ 20,868,620</b>	<b>\$ 56,384,238</b>	<b>\$ 53,671,484</b>

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended December 31, 2009**

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



**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued***  
**For The Year Ended December 31, 2009**

For the year ended December 31, 2009, revenues from governmental activities totaled \$22,418,778. Overall governmental revenues decreased by 11 percent. There was a decrease in operating and capital grants due to the receipt of Hurricane Ike, METRO, and Harris County grants and contributions received the previous fiscal year. Property tax revenues, which are the City's largest revenue source, increased by ten percent because of the increase in the property values over the prior year.

For the year ended December 31, 2009, expenses for governmental activities totaled \$20,104,711, an increase of \$2,107,638 from last year. Public service and public safety expenses increased as a result of unfinished repair activities related to Hurricane Ike.

Operating revenues and expenses for business-type activities were comparable to those of the prior year. Charges for services decreased \$117,554 or two percent because of lower water consumption levels over the previous 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 on 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 \$5,846,225. Of this, \$36,670 is reserved for prepaids and inventory, \$954,687 for debt service, \$7,009 for capital purchases, \$57,606 for tree replacement, \$351,895 for park improvements, \$14,601 for court technology, and \$410,238 for an asset held for resale.

There was a decrease in the combined fund balance of \$4,411,908 compared to the prior year. This is largely attributable to the expenditures related to the street light and drainage construction projects.

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 \$2,736,833, while total fund balance reached \$3,181,341. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 21 percent of total general fund expenditures, while total fund balance represents 25 percent of the total general fund expenditures. The general fund demonstrated an overall decrease of \$829,773 primarily due to a planned budgetary decrease.

The debt service fund has a total fund balance of \$954,687, all of which is reserved for the payment of debt service. Revenues closely matched expenditures with an overall net decrease in fund balance for the year of \$21,078.

The recreation facilities fund is new for 2009 and was established to account for bonds issued to finance the construction of new recreation facilities. For the year, there was a decrease in fund balance of \$185,611.

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

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued**  
**For The Year Ended December 31, 2009**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There had been a planned decrease in budgeted fund balance in the amount of \$575,472 in the general fund. However, the net change in fund balance decreased by \$829,773, resulting in a negative variance of \$254,301 from budgeted as amended over actual.

Actual general fund revenues were less than the original and amended budgeted revenues by \$349,902 during 2009. This net decrease includes the negative variances of \$177,115 for permit, license, and fee revenues and \$270,759 for charges for services.

Actual expenditures were less than budgeted amounts in total by \$95,601 for the fiscal year.

**CAPITAL ASSETS**

At the end of year 2009, the City's governmental activities funds had invested \$100,283,144 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$13,886,086. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of \$2,663,483.

Major capital asset events during the year included the following:

- Continuation of the street and drainage system projects for \$3,619,330
- Parks construction in the amount of \$10,656,975
- Street light project in the amount of \$1,412,517

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 \$80,720,000. Of this amount, \$54,380,000 was general obligation debt, \$13,200,000 was revenue bond debt, and certificates of obligation accounted for \$13,140,000.

During the year, the City had a net increase in the long-term debt of \$5,681,845. The City issued \$1,295,000 of certificates of obligation and \$11,740,000 of general obligation bonds to finance the construction of the new recreation facilities and refund series 1998 general obligation bonds.

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:

	<b>Moody's Investors Service</b>	<b>Standard and Poor's</b>
Water revenue bonds	Aaa	AAA

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

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

**For The Year Ended December 31, 2009**

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

The City Council approved a \$28.7 million budget for fiscal year 2010. The budget incorporates a slight decrease in the property tax rate made possible by an eight percent growth in assessed property values. The City's tax rate is one of the lowest in the Houston area and is projected to remain stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Houston area economy.

The water and sewer fund had been a source of concern because of a series of wet years and dramatic increases in debt service which had steadily decreased reserves and pushed the fund into non-compliance with its bond covenants. The City Council took action in late 2003 by increasing water and sewer rates. Since then, the City has carefully monitored the performance of utility services and increased rates as needed.

Assessed values have grown almost 58 percent in the last six years (since 2004), and while the rate of growth is expected to slow, reconstruction will continue to impact the value of property well into the future.

### **CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

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

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***BASIC FINANCIAL STATEMENTS***

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF NET ASSETS

December 31, 2009

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equity in pooled cash and investments	\$ 14,224,280	\$ 1,841,783	\$ 16,066,063
Receivables, net of allowances	11,553,199	915,978	12,469,177
Internal balances	(1,136)	1,136	-
Inventory	2,400	-	2,400
Prepays and other assets	37,270	9,955	47,225
Deferred charges	491,303	161,082	652,385
Land available for sale	410,238	-	410,238
Restricted assets:			
Cash and equity in pooled cash	-	306,557	306,557
Capital assets:			
Non-depreciable capital assets	23,673,334	462,225	24,135,559
Depreciable capital assets, net	76,609,810	29,621,683	106,231,493
<b>Total Assets</b>	127,000,698	33,320,399	160,321,097
<b>Liabilities</b>			
Accounts payable and accrued liabilities	4,952,604	442,761	5,395,365
Unearned revenue	15,031,310	-	15,031,310
Accrued bond interest	1,453,820	228,691	1,682,511
Noncurrent liabilities:			
Due within one year	4,834,100	745,000	5,579,100
Due in more than one year	64,571,933	11,676,640	76,248,573
<b>Total Liabilities</b>	90,843,767	13,093,092	103,936,859
<b>Net Assets</b>			
Invested in capital assets, net of related debt	32,145,988	17,662,268	49,808,256
Restricted for:			
Capital projects	1,228,380	-	1,228,380
Debt service	721,168	745,000	1,466,168
Park improvements	411,901	-	411,901
Public safety	255,527	-	255,527
Unrestricted	1,393,967	1,820,039	3,214,006
<b>Total Net Assets</b>	\$ 36,156,931	\$ 20,227,307	\$ 56,384,238

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,821,300	\$ -	\$ 360,310	\$ 134,821
Public safety	6,139,313	525,650	-	-
Public works	3,866,861	-	-	-
Public services	4,416,552	4,237,581	-	306,410
Interest on long-term debt	2,860,685	-	-	-
<b>Total Governmental Activities</b>	20,104,711	4,763,231	360,310	441,231
<b>Business-type Activities</b>				
Water and sewer	5,708,094	6,151,138	-	-
Solid waste	1,161,724	1,096,652	-	-
<b>Total Business-Type Activities</b>	6,869,818	7,247,790	-	-
<b>Total Primary Government</b>	\$ 26,974,529	\$ 12,011,021	\$ 360,310	\$ 441,231

**General Revenues:**

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

**Total General Revenues and Transfers**

**Change in Net Assets**

Beginning Net Assets

**Ending Net Assets**

See Notes to Financial Statements.

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

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-type Activities</b>	<b>Total</b>
\$ (2,326,169)	\$ -	\$ (2,326,169)
(5,613,663)	-	(5,613,663)
(3,866,861)	-	(3,866,861)
127,439	-	127,439
(2,860,685)	-	(2,860,685)
<u>(14,539,939)</u>	<u>-</u>	<u>(14,539,939)</u>
-	443,044	443,044
-	(65,072)	(65,072)
-	377,972	377,972
<u>(14,539,939)</u>	<u>377,972</u>	<u>(14,161,967)</u>
14,075,782	-	14,075,782
946,726	-	946,726
1,162,420	-	1,162,420
12,485	-	12,485
210,481	20,715	231,196
446,112	-	446,112
1,040,000	(1,040,000)	-
<u>17,894,006</u>	<u>(1,019,285)</u>	<u>16,874,721</u>
3,354,067	(641,313)	2,712,754
<u>32,802,864</u>	<u>20,868,620</u>	<u>53,671,484</u>
<u>\$ 36,156,931</u>	<u>\$ 20,227,307</u>	<u>\$ 56,384,238</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project Recreation Facilities</u>	<u>Nonmajor Governmental Funds</u>
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 3,828,294	\$ 3,000,541	\$ 2,617,485	\$ 4,016,591
Receivables, net	6,114,428	5,197,736	-	241,035
Due from other funds	1,594,835	-	-	1,580,962
Inventory	-	-	-	2,400
Prepaid costs	34,270	-	-	-
Asset held for resale	410,238	-	-	-
<b>Total Assets</b>	<u>\$ 11,982,065</u>	<u>\$ 8,198,277</u>	<u>\$ 2,617,485</u>	<u>\$ 5,840,988</u>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 790,880	\$ 31,272	\$ 2,803,096	\$ 1,096,220
Due to other funds	-	-	-	2,848,960
Deferred revenue	8,009,844	7,212,318	-	-
<b>Total Liabilities</b>	<u>8,800,724</u>	<u>7,243,590</u>	<u>2,803,096</u>	<u>3,945,180</u>
Fund Balances:				
Reserved for:				
Prepays and inventory	34,270	-	-	2,400
Debt service	-	954,687	-	-
Capital purchases	-	-	-	7,009
Tree replacement	-	-	-	57,606
Park improvements	-	-	-	351,895
Court technology	-	-	-	14,601
Asset held for resale	410,238	-	-	-
Unreserved, undesignated reported in:				
General fund	2,736,833	-	-	-
Special revenue funds	-	-	-	240,926
Capital projects funds	-	-	(185,611)	1,221,371
<b>Total Fund Balances</b>	<u>3,181,341</u>	<u>954,687</u>	<u>(185,611)</u>	<u>1,895,808</u>
<b>Total Liabilities and Fund Balances</b>	<u>\$ 11,982,065</u>	<u>\$ 8,198,277</u>	<u>\$ 2,617,485</u>	<u>\$ 5,840,988</u>

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.

**Total**

\$ 13,462,911  
11,553,199  
3,175,797  
2,400  
34,270  
410,238  
\$ 28,638,815

\$ 4,721,468  
2,848,960  
15,222,162  
22,792,590

36,670  
954,687  
7,009  
57,606  
351,895  
14,601  
410,238

2,736,833  
240,926  
1,035,760  
5,846,225

23,673,334  
75,751,178

190,852

1,063,892

(1,453,820)  
(4,834,100)  
(64,571,933)  
491,303

\$ 36,156,931

# CITY OF WEST UNIVERSITY PLACE, TEXAS

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

For the Year Ended December 31, 2009

	<u>General</u>	<u>Debt Service</u>	<u>Capital Project Recreation Facilities</u>	<u>Nonmajor Governmental Funds</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 7,286,707	\$ 6,780,493	\$ -	\$ -
Sales taxes	946,726	-	-	-
Franchise taxes	1,162,420	-	-	-
Other taxes	12,485	-	-	-
Permits, licenses, and fees	330,155	-	-	20,965
Fines and forfeitures	164,007	-	-	10,523
Charges for services	1,186,941	-	-	-
Intergovernmental	-	-	-	495,131
Contributions	-	-	-	306,410
Investment earnings	123,434	15,990	-	65,947
Other revenue	275,933	-	154,247	-
<b>Total Revenues</b>	<b>11,488,808</b>	<b>6,796,483</b>	<b>154,247</b>	<b>898,976</b>
<b>Expenditures</b>				
<b>Current:</b>				
General government	2,638,596	-	-	-
Public safety	6,091,415	-	-	-
Public works	2,167,936	-	-	-
Public service	1,849,394	-	-	1,954,468
Capital outlay	-	-	10,211,606	3,079,005
Debt service:				
Principal	-	3,969,515	-	-
Interest and fiscal agent fees	-	2,848,046	-	-
Bond issuance costs	-	-	171,760	54,876
<b>Total Expenditures</b>	<b>12,747,341</b>	<b>6,817,561</b>	<b>10,383,366</b>	<b>5,088,349</b>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<b>(1,258,533)</b>	<b>(21,078)</b>	<b>(10,229,119)</b>	<b>(4,189,373)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	940,000	-	1,054,744	3,587,058
Transfers (out)	(511,240)	-	-	(4,080,562)
Bonds issued	-	-	11,740,000	1,295,000
Premium	-	-	271,208	12,431
Payment to refunded bond escrow agent	-	-	(3,022,444)	-
<b>Total Other Financing Sources (Uses)</b>	<b>428,760</b>	<b>-</b>	<b>10,043,508</b>	<b>813,927</b>
<b>Net Change in Fund Balance</b>	<b>(829,773)</b>	<b>(21,078)</b>	<b>(185,611)</b>	<b>(3,375,446)</b>
Beginning Fund Balances	4,011,114	975,765	-	5,271,254
<b>Ending Fund Balances</b>	<b>\$ 3,181,341</b>	<b>\$ 954,687</b>	<b>\$ (185,611)</b>	<b>\$ 1,895,808</b>

See Notes to Financial Statements.

**Total**

\$ 14,067,200  
946,726  
1,162,420  
12,485  
351,120  
174,530  
1,186,941  
495,131  
306,410  
205,371  
430,180

19,338,514

2,638,596  
6,091,415  
2,167,936  
3,803,862  
13,290,611

3,969,515  
2,848,046  
226,636

35,036,617

(15,698,103)

5,581,802  
(4,591,802)  
13,035,000  
283,639  
(3,022,444)

11,286,195

(4,411,908)

10,258,133

\$ 5,846,225

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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, 2009**

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

Net changes in fund balances - total governmental funds \$ (4,411,908)

Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital asset expenditures	15,865,883
Depreciation expense	(1,953,207)

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.

Principal payments	4,134,378
Amortization of bond issuance costs, premiums, and discounts	(62,759)
Bond proceeds	(13,035,000)
Payment to refunded bond escrow agent	3,022,444

Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.	8,581
--	-------

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.	(461,182)
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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.	246,837
--	---------

<b>Change in Net Assets of Governmental Activities</b>	<b>\$ <u>3,354,067</u></b>
--	----------------------------

See Notes to Financial Statements.

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF NET ASSETS (Page 1 of 2)

### PROPRIETARY FUNDS

December 31, 2009

	Business-Type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 1,702,219	\$ 139,564	\$ 1,841,783	\$ 761,369
Accounts receivable, net	757,010	158,968	915,978	-
Prepaid costs	9,955	-	9,955	3,000
Due from other funds	1,136	-	1,136	-
<b>Total Current Assets</b>	<b>2,470,320</b>	<b>298,532</b>	<b>2,768,852</b>	<b>764,369</b>
Noncurrent assets:				
Restricted cash and equity in pooled cash	306,557	-	306,557	-
<b>Total Restricted Assets</b>	<b>306,557</b>	<b>-</b>	<b>306,557</b>	<b>-</b>
Deferred charges	161,082	-	161,082	-
Capital assets:				
Land	193,875	-	193,875	-
Construction in process	268,350	-	268,350	-
Buildings and improvements	459,625	-	459,625	-
Furniture and equipment	621,516	-	621,516	2,190,535
Water and sewer system	53,734,723	-	53,734,723	-
Less: accumulated depreciation	(25,194,181)	-	(25,194,181)	(1,331,903)
<b>Total Capital Assets (Net)</b>	<b>30,083,908</b>	<b>-</b>	<b>30,083,908</b>	<b>858,632</b>
<b>Total Noncurrent Assets</b>	<b>30,551,547</b>	<b>-</b>	<b>30,551,547</b>	<b>858,632</b>
<b>Total Assets</b>	<b>\$ 33,021,867</b>	<b>\$ 298,532</b>	<b>\$ 33,320,399</b>	<b>\$ 1,623,001</b>

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF NET ASSETS (Page 2 of 2)

### PROPRIETARY FUNDS

December 31, 2009

	Business-Type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 349,538	\$ 93,223	\$ 442,761	\$ 43,421
Due to other funds	-	-	-	327,973
Deficit pooled cash and investments	-	-	-	187,715
Accrued interest payable	228,691	-	228,691	-
Revenue bonds due within one year	745,000	-	745,000	-
	<b>Total Current Liabilities</b>	<b>93,223</b>	<b>1,416,452</b>	<b>559,109</b>
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and deferred amounts on refunding)	11,676,640	-	11,676,640	-
	<b>Total Noncurrent Liabilities</b>	<b>-</b>	<b>11,676,640</b>	<b>-</b>
	<b>Total Liabilities</b>	<b>93,223</b>	<b>13,093,092</b>	<b>559,109</b>
<b>Net Assets</b>				
Invested in capital assets, net of related debt	17,662,268	-	17,662,268	858,632
Restricted for debt service	745,000	-	745,000	-
Unrestricted	1,614,730	205,309	1,820,039	205,260
	<b>Total Net Assets</b>	<b>205,309</b>	<b>20,227,307</b>	<b>1,063,892</b>

See Notes to Financial Statements.

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

For the Year Ended December 31, 2009

	<u>Business-Type Activities-Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
<b><u>Operating Revenues</u></b>				
Charges for sales and services	\$ 6,151,138	\$ 932,826	\$ 7,083,964	\$ 3,050,640
Other revenues	-	163,826	163,826	503
<b>Total Operating Revenues</b>	<u>6,151,138</u>	<u>1,096,652</u>	<u>7,247,790</u>	<u>3,051,143</u>
<b><u>Operating Expenses</u></b>				
Costs of sales and services	2,375,094	479,431	2,854,525	2,658,703
Personnel	953,645	682,293	1,635,938	-
Depreciation	1,813,174	-	1,813,174	216,143
<b>Total Operating Expenses</b>	<u>5,141,913</u>	<u>1,161,724</u>	<u>6,303,637</u>	<u>2,874,846</u>
<b>Operating Income (Loss)</b>	<u>1,009,225</u>	<u>(65,072)</u>	<u>944,153</u>	<u>176,297</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment earnings	16,037	4,678	20,715	5,110
Interest expense	(566,181)	-	(566,181)	-
Gain on sale of assets	-	-	-	15,430
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(550,144)</u>	<u>4,678</u>	<u>(545,466)</u>	<u>20,540</u>
<b>Income (Loss) Before Transfers</b>	459,081	(60,394)	398,687	196,837
Transfers in	-	-	-	50,000
Transfers (out)	(760,000)	(280,000)	(1,040,000)	-
<b>Change in Net Assets</b>	<u>(300,919)</u>	<u>(340,394)</u>	<u>(641,313)</u>	<u>246,837</u>
Beginning Net Assets	<u>20,322,917</u>	<u>545,703</u>	<u>20,868,620</u>	<u>817,055</u>
<b>Ending Net Assets</b>	<u>\$ 20,021,998</u>	<u>\$ 205,309</u>	<u>\$ 20,227,307</u>	<u>\$ 1,063,892</u>

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended December 31, 2009

	Business-Type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 6,316,710	\$ 1,092,157	\$ 7,408,867	\$ 3,167,126
Payments to suppliers	(2,246,836)	(514,059)	(2,760,895)	(2,509,325)
Payments to employees	(953,645)	(682,293)	(1,635,938)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,116,229</b>	<b>(104,195)</b>	<b>3,012,034</b>	<b>657,801</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfer from other funds	-	-	-	50,000
Transfer to other funds	(760,000)	(280,000)	(1,040,000)	-
<b>Net Cash Provided (Used) by Noncapital and Related Financing Activities</b>	<b>(760,000)</b>	<b>(280,000)</b>	<b>(1,040,000)</b>	<b>50,000</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	(255,887)	-	(255,887)	(189,553)
Principal paid on capital debt	(715,000)	-	(715,000)	-
Interest paid on capital debt	(566,181)	-	(566,181)	-
Proceeds from sale of capital assets	(8,207)	-	(8,207)	15,430
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(1,545,275)</b>	<b>-</b>	<b>(1,545,275)</b>	<b>(174,123)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest received	16,037	4,678	20,715	5,110
<b>Net Cash Provided by Investing Activities</b>	<b>16,037</b>	<b>4,678</b>	<b>20,715</b>	<b>5,110</b>
<b>Net Increase (Decrease) in Cash and Cash Equivalents</b>	<b>826,991</b>	<b>(379,517)</b>	<b>447,474</b>	<b>538,788</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>				
Unrestricted cash and cash equivalents	875,228	519,081	1,394,309	222,581
Restricted cash and cash equivalents	306,557	-	306,557	-
<b>Beginning cash and cash equivalents</b>	<b>1,181,785</b>	<b>519,081</b>	<b>1,700,866</b>	<b>222,581</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 2,008,776</b>	<b>\$ 139,564</b>	<b>\$ 2,148,340</b>	<b>\$ 761,369</b>
<b>Ending Cash and Cash Equivalents:</b>				
Unrestricted cash and cash equivalents	\$ 1,702,219	\$ 139,564	\$ 1,841,783	\$ 761,369
Restricted cash and cash equivalents	306,557	-	306,557	-
	<b>\$ 2,008,776</b>	<b>\$ 139,564</b>	<b>\$ 2,148,340</b>	<b>\$ 761,369</b>

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended December 31, 2009

	Business-Type Activities-Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 1,009,225	\$ (65,072)	\$ 944,153	\$ 176,297
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,813,174	-	1,813,174	216,143
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current Assets:</b>				
Accounts receivable	175,527	(4,495)	171,032	-
Prepaid costs	(9,955)	-	(9,955)	115,984
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable and accrued liabilities	128,258	(34,628)	93,630	(38,339)
Due to other funds	-	-	-	187,716
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 3,116,229</b>	<b>\$ (104,195)</b>	<b>\$ 3,012,034</b>	<b>\$ 657,801</b>

See Notes to Financial Statements.

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

## **NOTES TO FINANCIAL STATEMENTS**

**For The Year Ended December 31, 2009**

### **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, although legally separate, is considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

#### **Blended Component Unit**

##### **Friends of West University Parks Fund**

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

For The Year Ended December 31, 2009

### 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 requirements 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.

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

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

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For The Year Ended December 31, 2009**

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, friends of the parks (blended component unit), homeland security, tree replacement, court technology, METRO grant, and the Emergency Grant. 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 recreation facilities fund is considered a major fund for reporting purposes with the capital projects, capital reserve, infrastructure replacement, sidewalk construction, street light project, and drainage improvements 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 November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

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

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For The Year Ended December 31, 2009**

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.

### **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.

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.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For The Year Ended December 31, 2009

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

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

#### **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.”

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For The Year Ended December 31, 2009

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.

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

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

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**For The Year Ended December 31, 2009**

### **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 a liability 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 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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For The Year Ended December 31, 2009

purpose. Designations of fund balance represent tentative management plans that are subject to change.

### 8. Post-Employment Healthcare Benefits

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

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

### 9. 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. The parks fund, tree replacement fund, court technology fund, and METRO grant fund are all special revenue funds that have adopted budgets.

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

### A. Excess of Expenditures Over Appropriations

Parks Fund	
Capital Outlay	\$131

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For The Year Ended December 31, 2009

### B. Deficit Fund Equity

The individual capital project and special revenue funds noted below had a deficit balance at year end, as indicated.

Recreation facilities fund	\$185,611
Homeland security fund	\$2,587

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

As of December 31, 2009, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Agencies	\$ 7,968,327	0.85
TexPool	6,051,762	0.00
Total fair value	\$ 14,020,089	
Portfolio weighted average maturity		0.48

*Interest rate risk.* In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

*Credit risk.* The City's policy requires that investment pools must be rated no lower than AAA or AAA-m. United States Agency investments must be issued in the United States and carry a rating of AAA or AAAe as provided by two of the top nationally recognized rating agencies. As of December 31, 2009, the City's investment in TexPool were rated AAAM and the City's investment in United States Agencies were rated between AAA and AAAe by Standard & Poor's.

*Custodial credit risk – deposits.* In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of December 31, 2009, market values of pledged securities exceeded bank balances.

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For The Year Ended December 31, 2009

### 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.

### **B. Receivables**

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>
Ad valorem taxes	\$ 5,768,509	\$ 5,197,736	\$ -	\$ -	\$ -
Other taxes	274,576	-	-	-	-
Accounts	66,255	-	-	915,866	189,378
Intergovernmental	-	-	241,035	-	-
Other	6,879	-	-	-	-
Less allowance	(1,791)	-	-	(158,856)	(30,410)
	<u>\$ 6,114,428</u>	<u>\$ 5,197,736</u>	<u>\$ 241,035</u>	<u>\$ 757,010</u>	<u>\$ 158,968</u>

### **C. Capital Assets**

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

For The Year Ended December 31, 2009

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 5,864,089	\$ 433,953	\$ -	\$ 6,298,042
Construction in progress	20,129,066	14,276,305	(17,030,079)	17,375,292
Total capital assets not being depreciated	25,993,155	14,710,258	(17,030,079)	23,673,334
Other capital assets:				
Buildings and improvements	16,680,219	17,099,324	(325,000)	33,454,543
Machinery and equipment	6,366,271	357,549	(269,738)	6,454,082
Infrastructure	57,550,664	1,412,517	-	58,963,181
Total other capital assets	80,597,154	18,869,390	(594,738)	98,871,806
Less accumulated depreciation for:				
Buildings and improvements	(5,027,151)	(1,072,708)	325,000	(5,774,859)
Machinery and equipment	(4,453,280)	(411,511)	269,738	(4,595,053)
Infrastructure	(10,712,820)	(1,179,264)	-	(11,892,084)
Total accumulated depreciation	(20,193,251)	(2,663,483)	594,738	(22,261,996)
Other capital assets, net	60,403,903	16,205,907	-	76,609,810
<b>Totals</b>	<b>\$ 86,397,058</b>	<b>\$ 30,916,165</b>	<b>\$ (17,030,079)</b>	<b>100,283,144</b>
			Less associated debt	(68,137,156)
			<b>Invested in Capital Assets, Net of Related Debt</b>	<b>\$ 32,145,988</b>

Depreciation was charged to governmental functions as follows:

General government	\$ 147,425
Public safety	118,799
Public works	1,248,044
Public service	932,747
Capital assets held by the City's internal service fund are charged to various functions based on their usage of the assets	216,468
<b>Total Governmental Activities Depreciation Expense</b>	<b>\$ 2,663,483</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

For The Year Ended December 31, 2009

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

	<b>Beginning Balance</b>	<b>Increases</b>	<b>(Decreases)/ Reclassifications</b>	<b>Ending Balance</b>
<b>Business-type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 193,875	\$ -	\$ -	\$ 193,875
Construction in progress	20,000	248,350	-	268,350
Total capital assets not being depreciated	213,875	248,350	-	462,225
Other capital assets:				
Buildings	459,625	-	-	459,625
Water and sewer system	53,727,186	7,537	-	53,734,723
Machinery and equipment	635,851	-	(14,335)	621,516
Total other capital assets	54,822,662	7,537	(14,335)	54,815,864
Less accumulated depreciation for:				
Buildings	(290,095)	(18,385)	-	(308,480)
Water and sewer system	(22,576,774)	(1,780,185)	-	(24,356,959)
Machinery and equipment	(527,466)	(14,604)	13,328	(528,742)
Total accumulated depreciation	(23,394,335)	(1,813,174)	13,328	(25,194,181)
Other capital assets, net	31,428,327	(1,805,637)	(1,007)	29,621,683
<b>Totals</b>	\$ 31,642,202	\$ (1,557,287)	\$ (1,007)	30,083,908
			Less associated debt	(12,421,640)
			<b>Invested in Capital Assets, Net of Related Debt</b>	<b>\$ 17,662,268</b>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,813,174
<b>Total Business-type Activities Depreciation Expense</b>	<b>\$ 1,813,174</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

For The Year Ended December 31, 2009

### 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.

	<b>Beginning Balance</b>	<b>Additions</b>	<b>Reductions</b>	<b>Ending Balance</b>	<b>Amounts Due within One Year</b>
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds					
Series 1998	\$ 4,000,000	\$ -	\$ 4,000,000	\$ - *	\$ -
Series 2000	1,235,000	-	555,000	680,000 *	680,000
Series 2002	19,000,000	-	2,010,000	16,990,000 *	2,070,000
Series 2005	25,000,000	-	30,000	24,970,000 *	655,000
Series 2009	-	11,740,000	-	11,740,000 *	110,000
Certificates of obligation					
Series 2001	2,755,000	-	110,000	2,645,000 *	110,000
Series 2003	9,370,000	-	170,000	9,200,000 *	180,000
Series 2009	-	1,295,000	-	1,295,000 *	-
Unamortized refunding items	320,442	125,464	29,131	416,775 *	-
Capital lease	294,897	-	94,516	200,381 *	98,250
	<u>61,975,339</u>	<u>13,160,464</u>	<u>6,998,647</u>	<u>68,137,156</u>	<u>3,903,250</u>
Other liabilities:					
Compensated absences	752,905	180,874	229,982	703,797	422,278
OPEB	288,308	276,772	-	565,080	508,572
	<u>1,041,213</u>	<u>457,646</u>	<u>229,982</u>	<u>1,268,877</u>	<u>930,850</u>
<b>Total Governmental Activities</b>	<b>\$ 63,016,552</b>	<b>\$ 13,618,110</b>	<b>\$ 7,228,629</b>	<b>\$ 69,406,033</b>	<b>\$ 4,834,100</b>
<b>Long-term debt due in more than one year</b>				<b>\$ 64,571,933</b>	
<b>Business-type Activities:</b>					
<b>Revenue bonds</b>					
Series 2001A	\$ 3,190,000	\$ -	\$ 80,000	\$ 3,110,000 **	\$ 85,000
Series 2001B	2,595,000	-	80,000	2,515,000 **	85,000
Series 2005, refunding	7,440,000	-	555,000	6,885,000 **	575,000
(Less) unamortized premiums and/or discounts	(95,724)	-	(7,364)	(88,360) **	-
	<u>13,129,276</u>	<u>-</u>	<u>707,636</u>	<u>12,421,640</u>	<u>745,000</u>
<b>Total Business-Type Activities</b>	<b>\$ 13,129,276</b>	<b>\$ -</b>	<b>\$ 707,636</b>	<b>\$ 12,421,640</b>	<b>\$ 745,000</b>
<b>Long-term debt due in more than one year</b>				<b>\$ 11,676,640</b>	
<b>*Debt associated with governmental activity capital assets</b>				<b>\$ 68,137,156</b>	
<b>**Debt associated with business-type activity capital assets</b>				<b>\$ 12,421,640</b>	

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

For The Year Ended December 31, 2009

### Advance Refundings

The City issued \$11,740,000 of permanent improvement and refunding bonds to provide resources to purchase United States securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$2,940,000 of refunded general obligation bonds series 1998. As a result, the refunded bonds are considered to be defeased and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$82,444. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is shorter than the life of the new debt issued. This advance refunding was undertaken to reduce total debt service payments over the next 10 years by \$302,525 and resulted in an economic gain of \$285,745.

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

Description	Interest Rates	Balance
<b><u>Governmental Activities</u></b>		
<b>General Obligation Bonds</b>		
Permanent improvement		
Series 2000	5.25-6.75%	\$ 680,000
Permanent improvement and refunding		
Series 2002	3.65-5.625%	16,990,000
Series 2005	4.0-5.5%	24,970,000
Series 2009	2.50-4.50%	11,740,000
<b>Total General Obligation Bonds</b>		<b>54,380,000</b>
 <b>Certificates of Obligation</b>		
Series 2001	4.40%	2,645,000
Series 2003	3.15-4.0%	9,200,000
Series 2009	2.50-4.50%	1,295,000
<b>Total Certificates of Obligation</b>		<b>13,140,000</b>
<b>Total Bond and Certificates of Obligation</b>		<b>67,520,000</b>
 <b>Capital Leases</b>		
Fire truck	3.95%	200,381
<b>Total Capital Leases</b>		<b>200,381</b>
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 67,720,381</b>
 <b><u>Business-type Activities</u></b>		
<b>Revenue Bonds</b>		
Water and sewer, series 2001A	4.6-6.5%	\$ 3,110,000
Water and sewer, series 2001B	2.25-4.3%	2,515,000
Water and sewer, refunding series 2005	2.87-4.50%	6,885,000
<b>Total Business-type Activities Long-Term Debt</b>		<b>\$ 12,510,000</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

For The Year Ended December 31, 2009

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	
2010	\$ 3,805,000	\$ 3,193,283	\$ 745,000	\$ 523,446	\$ 8,266,729
2011	4,385,000	2,819,191	785,000	492,801	8,481,992
2012	4,705,000	2,630,731	820,000	460,670	8,616,401
2013	4,920,000	2,412,564	845,000	427,383	8,604,947
2014	5,155,000	2,178,553	875,000	392,383	8,600,936
2015-2019	23,260,000	6,079,828	3,955,000	1,175,958	34,470,786
2020-2024	16,025,000	2,178,482	4,485,000	413,416	23,101,898
2025-2028	5,265,000	612,488	-	-	5,877,488
<b>Total</b>	<b>\$ 67,520,000</b>	<b>\$ 22,105,120</b>	<b>\$ 12,510,000</b>	<b>\$ 3,886,057</b>	<b>\$ 106,021,177</b>

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.

### 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	
2010	\$ 98,250	\$ 7,918	\$ 106,168
2011	102,131	4,036	106,167
<b>Total</b>	<b>\$ 200,381</b>	<b>\$ 11,954</b>	<b>\$ 212,335</b>

The assets acquired through capital leases are as follows:

	Governmental Activities
<b>Asset:</b>	
Machinery and equipment	\$ 483,333
Less: Accumulated depreciation	(145,000)
<b>Total</b>	<b>\$ 338,333</b>

### 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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For The Year Ended December 31, 2009

periodically engages an arbitrage consultant to perform the calculations in accordance with IRS rules and regulations.

### E. Interfund Transactions

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

Due To	Due From	Amounts
General fund	Nonmajor governmental funds	\$ 1,266,862
General fund	Internal service funds	327,973
Nonmajor governmental funds	Nonmajor governmental funds	1,580,962
Water and sewer fund	Nonmajor governmental funds	1,136
		\$ 3,176,933

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	Nonmajor	\$ 511,240
Water and sewer	General	660,000
Water and sewer	Nonmajor	100,000
Solid waste	General	280,000
Nonmajor	Internal service funds	50,000
Nonmajor	Nonmajor	2,975,818
Nonmajor	Capital projects recreation facilities	1,054,744
		\$ 5,631,802

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.

### 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 expenditures.

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**For The Year Ended December 31, 2009**

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

<b>Debt Service Fund</b>	
Reserved for debt service	\$ 954,687
<b>Nonmajor Other Governmental Funds</b>	
Reserved for inventory	\$ 2,400
Reserved for capital purchases	\$ 7,009
Reserved for tree replacement	\$ 57,606
Reserved for park improvements	\$ 351,895
Reserved for court technology	\$ 14,601

**G. Restricted Assets**

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

<b>Water and Sewer Fund</b>	
Restricted for debt service	<u>\$ 306,557</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 2,617 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

**B. Contingent Liabilities**

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

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

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
For The Year Ended December 31, 2009

**C. Pension Plans**

**Texas Municipal Retirement System**

*Plan Description*

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 833 administered by TMRS, an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and Required Supplementary Information (RSI) for TMRS. The report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the system. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8611. In addition, the report is available on TMRS' website at [www.TMRS.com](http://www.TMRS.com).

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

	<u>2009</u>	<u>2008</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

***Benefits***

Upon retirement, benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City-financed monetary credits, with interest. City financed monetary credits are composed of three sources: prior service credits, current service credits, and updated service credits. 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. This 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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For The Year Ended December 31, 2009

contributions, with interest, and the employer-financed monetary credits, with interest, were used to purchase an annuity.

### *Contributions*

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contribution and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the remainder of the plan's 30-year amortization period. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits such as Updated Service Credits and Annuity Increases.

The City contributes to the TMRS Plan at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2007 valuation is effective for rates beginning January 2009). The annual pension cost and the net pension obligation (NPO) (asset) are as follows:

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Annual Req. Contrib. (ARC)	\$ 1,185,256	\$ 991,837	\$ 931,489
Contributions Made	1,185,256	991,837	931,489
NPO at the End of Period	\$ -	\$ -	\$ -

The required contribution rates for fiscal year 2009 were determined as part of the December 31, 2007 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2008, also follows:

	<b>2009</b>	<b>2008</b>	<b>2007</b>
Actuarial Valuation Date	12/31/2008	12/31/2007	12/31/2006
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	29 Years - Closed period	30 Years - Closed period	25 Years - Open period
Asset Valuation Method	Amortized cost	Amortized cost	Amortized cost
Investment Rate of Return	7.5%	7.0%	7.0%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%
Cost of Living Adjustments	2.10%	2.10%	NA

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

For The Year Ended December 31, 2009

The funded status as of December 31, 2008, the most recent valuation date, is as follows:

	<u>2009</u>
Actuarial Valuation Date	12/31/2008
Actuarial Value of Assets	\$ 16,731,416
Actuarial Accrued Liability	\$ 29,134,847
Percentage Funded	57.4%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 12,403,434
Annual Covered Payroll	\$ 6,588,322
UAAL as a Percentage of Covered Payroll	188.3%

The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

### D. Other Post Employment Benefits

#### Healthcare Plan

##### *Plan Description*

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

##### Employees hired January 1, 2009 and thereafter

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

##### Employees hired prior to January 1, 2009

Non-exempt Employees – If a non-exempt employee retires through TMRS and has been employed full-time for the City for at least 10 years immediately preceding the date of retirement, the employee may continue coverage with the City's health plan.

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

The City pays 100% of the premium for the retiree. Spouses and dependents are eligible for continued coverage. Retirees are responsible for all costs associated with spouse and dependent benefits.

All benefits terminate when the retiree becomes eligible for Medicare or other federal or state health insurance plans or if the retiree becomes employed.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, *Continued*

For The Year Ended December 31, 2009

Employees who retire under a disability retirement are eligible for retiree health benefits if they have met the eligibility for a regular retirement upon their disability.

TMRS retirement requirement is five years of service at age 60 or 20 years of service regardless of age.

### ***Funding Policy***

The contribution requirements of plan members and the City are established and may be amended by the City Council. Funding is provided on a pay-as-you-go basis. For fiscal year 2009, the City contributed \$82,450 to the plan, which represents current premiums. Plan members receiving benefits contributed \$99,612; their required contribution is \$414.59 per month for retiree and children only coverage, \$483.03 for retiree and spouse only, or \$983.90 for retiree and family for health.

### ***Annual OPEB Cost***

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal costs each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed 30 years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation.

Annual required contribution	\$	358,178
Interest on net OPEB obligation		12,974
Adjustment to annual required contribution		(11,930)
Annual OPEB cost (expense)		359,222
Contributions made		82,450
Increase in net OPEB obligation		276,772
Net OPEB obligation-beginning of year		288,308
Net OPEB obligation-end of year	\$	565,080

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2009 and the two preceding years are as follows:

Fiscal year	Annual OPEB	Annual OPEB	Net OPEB Obligation	
	Cost (ARC)	Cost Contributed	Beginning	Ending
2009	\$ 358,178	23.02%	\$ 288,308	\$ 565,080
2008*	\$ 347,746	17.10%	\$ -	\$ 288,308

\* 2008 was the first year the City was required to implement GASB statement No. 45 and the requirements have been implemented prospectively, therefore, the above illustration reflects 2008 and 2009 information only.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

For The Year Ended December 31, 2009

### *Funded Status and Funding Progress*

As of December 31, 2007, the most recent actuarial valuation date, the plan was 0 percent funded. The actuarial accrued liability for benefits was \$2,875,330, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$2,875,330. The annual covered payroll as of December 31, 2007 was \$6,848,075 and the UAAL as a percentage of this number was 42 percent.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as RSI following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

### *Actuarial Methods and Assumptions*

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level % of payroll
Amortization Period	30 years
Asset Valuation Method	Market value
Investment Rate of Return	4.5%
Projected Salary Increases	Varies with age and years of service.
Healthcare Cost Trend Rate (Initial/Ulimate)	10.0%/4.5%

### **TMRS - Supplemental Death Benefits Plan**

#### *Plan Description*

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS, Continued

For The Year Ended December 31, 2009

December 31, 2009, the City offered the supplemental death benefit to both active and retired employees.

### *Contributions*

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

The City's contribution rate to the TMRS SDBF, for the retiree portion, for the years ended December 31, 2009, 2008, and 2007 are shown below.

	<u>2009</u>	<u>2008</u>	<u>2007</u>
Annual Req. Contrib. (Rate)	0.05%	0.05%	0.06%
Actual Contribution Made	0.05%	0.05%	0.06%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

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***REQUIRED SUPPLEMENTARY INFORMATION***

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

For the Year Ended December 31, 2009

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 7,291,180	\$ 7,291,180	\$ 7,286,707	\$ (4,473)
Sales	950,000	950,000	946,726	(3,274)
Franchise	1,004,750	1,004,750	1,162,420	157,670
Other taxes	14,600	14,600	12,485	(2,115)
Permits, licenses, and fees	507,270	507,270	330,155	(177,115)
Fines	142,410	142,410	164,007	21,597
Charges for services	1,457,700	1,457,700	1,186,941	(270,759)
Investment earnings	239,000	239,000	123,434	(115,566)
Other revenues	231,800	231,800	275,933	44,133
<b>Total Revenues</b>	<b>11,838,710</b>	<b>11,838,710</b>	<b>11,488,808</b>	<b>(349,902)</b>
<b>Expenditures</b>				
General government:				
Administration	908,290	1,042,500	1,042,443	57
Finance	1,447,840	1,596,160	1,596,153	7
Total government expenditures	2,356,130	2,638,660	2,638,596	64
Public safety:				
Police	3,385,590	3,295,457	3,290,406	5,051
Fire	2,759,720	2,801,036	2,801,009	27
Total public safety expenditures	6,145,310	6,096,493	6,091,415	5,078
Public works	2,263,590	2,183,999	2,167,936	16,063
Public service	2,021,740	1,923,790	1,849,394	74,396
<b>Total Expenditures</b>	<b>12,786,770</b>	<b>12,842,942</b>	<b>12,747,341</b>	<b>95,601</b>
<b>Excess of Revenues Over (Under) Expenditures</b>	<b>(948,060)</b>	<b>(1,004,232)</b>	<b>(1,258,533)</b>	<b>(254,301)</b>
<b>Other Financing Sources</b>				
Transfers in	940,000	940,000	940,000	-
Transfers (out)	(511,240)	(511,240)	(511,240)	-
<b>Total Other Financing Sources</b>	<b>428,760</b>	<b>428,760</b>	<b>428,760</b>	<b>-</b>
<b>Net Change in Fund Balance</b>	<b>\$ (519,300)</b>	<b>\$ (575,472)</b>	<b>(829,773)</b>	<b>\$ (254,301)</b>
Beginning Fund Balance			4,011,114	
<b>Ending Fund Balance</b>			<b>\$ 3,181,341</b>	

Notes to Required Supplementary Information:

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

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**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**SCHEDULE OF FUNDING PROGRESS**  
**TEXAS MUNICIPAL RETIREMENT SYSTEM**  
**For the Year Ended December 31, 2009**

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>2009</u>	<u>2008</u>	<u>2007</u>	<u>2006</u>	<u>2005</u>
Actuarial Valuation date	12/31/2008	12/31/2007	12/31/2006	12/31/2005	12/31/2004
Actuarial Value of Assets	\$ 16,731,416	\$ 16,779,245	\$ 15,648,469	\$ 14,095,876	\$ 12,886,461
Actuarial Accrued Liability	\$ 29,134,847	\$ 28,129,514	\$ 22,702,928	\$ 20,777,707	\$ 19,196,674
Percentage Funded	57.4%	59.6%	68.9%	67.8%	67.1%
Unfunded Actuarial					
Accrued Liability	\$ 12,403,434	\$ 11,350,269	\$ 7,054,459	\$ 6,681,831	\$ 6,310,213
Annual Covered Payroll	\$ 6,588,322	\$ 5,970,726	\$ 5,711,947	\$ 5,700,977	\$ 5,545,016
Unfunded Actuarial Accrued Liability					
(UAAL) % of Covered Payroll	188.3%	190.1%	123.5%	117.2%	113.8%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ -	\$ -	\$ -	\$ -	\$ -
Annual Req. Contrib. (ARC)	1,185,256	991,837	931,489	944,597	893,021
Contributions Made	1,185,256	991,837	931,489	944,597	893,021
<b>NPO at the End of Period</b>	<b>\$ -</b>				

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF FUNDING PROGRESS

### POST-EMPLOYMENT HEALTHCARE BENEFITS<sup>1</sup>

For the Year Ended December 31, 2009

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Projected Unit Credit (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
12/31/07	\$ -	\$ 2,875,330	\$ 2,875,330	0.0%	\$ 6,848,095	42.0%

<sup>1</sup> 2008 is the first year the City was required to implement GASB Statement No. 45. The next valuation will be performed in accordance with GASB Statement No. 45 parameters by December 31, 2010.

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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, 2009

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Ad valorem taxes	\$ 6,746,800	\$ 6,780,493	\$ 33,693
Investment earnings	75,000	15,990	(59,010)
<b>Total Revenues</b>	6,821,800	6,796,483	(25,317)
<b>Expenditures</b>			
Debt service:			
Principal	3,969,520	3,969,515	5
Interest and fiscal agent fees	2,855,570	2,848,046	7,524
<b>Total Expenditures</b>	6,825,090	6,817,561	7,529
<b>Net Change in Fund Balance</b>	\$ (3,290)	(21,078)	\$ (17,788)
Beginning fund balance		975,765	
<b>Ending Fund Balance</b>		\$ 954,687	

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

## ***NONMAJOR GOVERNMENTAL FUNDS***

December 31, 2009

### **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. 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.

#### **Emergency Grant Fund**

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

### **CAPITAL PROJECTS FUNDS**

**Capital Projects Funds** are used to account for 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.

#### **Capital Reserve Fund**

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

#### **Infrastructure Replacement Fund**

This fund is used to account for the cost and financing of maintenance projects to improve infrastructure within the City.

#### **Sidewalk Construction Fund**

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

#### **Street Light Project Fund**

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

#### **Drainage Improvement Fund**

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING BALANCE SHEET

### NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

December 31, 2009

	Special Revenue Funds			
	Parks	Friends of the Parks	Homeland Security	Tree Replacement
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 12,134	\$ 189,254	\$ -	\$ 61,382
Accounts receivable	150,407	100	-	-
Due from other funds	-	-	-	-
Inventory	-	2,400	-	-
<b>Total Assets</b>	<b>\$ 162,541</b>	<b>\$ 191,754</b>	<b>\$ -</b>	<b>\$ 61,382</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ 2,587	\$ 3,776
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>-</b>	<b>2,587</b>	<b>3,776</b>
Fund balances:				
Reserved for inventory	-	2,400	-	-
Reserved for capital purchases	-	-	-	-
Reserved for tree replacement	-	-	-	57,606
Reserved for park improvements	162,541	189,354	-	-
Reserved for court technology	-	-	-	-
Unreserved for special revenues	-	-	(2,587)	-
Unreserved for capital projects	-	-	-	-
<b>Total Fund Balances</b>	<b>162,541</b>	<b>191,754</b>	<b>(2,587)</b>	<b>57,606</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 162,541</b>	<b>\$ 191,754</b>	<b>\$ -</b>	<b>\$ 61,382</b>

Special Revenue Funds			Capital Projects Funds		
Court Technology	METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Infrastructure Replacement
\$ 14,601	\$ 7,009	\$ 1,069,489	\$ 1,586,030	\$ 604,786	\$ 13,023
-	-	90,528	-	-	-
-	-	-	64,902	-	466,060
-	-	-	-	-	-
<u>\$ 14,601</u>	<u>\$ 7,009</u>	<u>\$ 1,160,017</u>	<u>\$ 1,650,932</u>	<u>\$ 604,786</u>	<u>\$ 479,083</u>
\$ -	\$ -	\$ 3,604	\$ 34,901	\$ -	\$ 466,060
-	-	912,900	1,220,000	250,000	-
-	-	916,504	1,254,901	250,000	466,060
-	-	-	-	-	-
-	7,009	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
14,601	-	-	-	-	-
-	-	243,513	-	-	-
-	-	-	396,031	354,786	13,023
<u>14,601</u>	<u>7,009</u>	<u>243,513</u>	<u>396,031</u>	<u>354,786</u>	<u>13,023</u>
<u>\$ 14,601</u>	<u>\$ 7,009</u>	<u>\$ 1,160,017</u>	<u>\$ 1,650,932</u>	<u>\$ 604,786</u>	<u>\$ 479,083</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

December 31, 2009

	Capital Project Funds			Total Nonmajor Governmental Funds
	Sidewalk Construction	Street Light Project	Drainage Improvement	
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 458,883	\$ -	\$ -	\$ 4,016,591
Accounts receivable	-	-	-	241,035
Due from other funds	-	250,000	800,000	1,580,962
Inventory	-	-	-	2,400
<b>Total Assets</b>	<b>\$ 458,883</b>	<b>\$ 250,000</b>	<b>\$ 800,000</b>	<b>\$ 5,840,988</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ 661	\$ 218,677	\$ 365,954	\$ 1,096,220
Due to other funds	451,687	-	14,373	2,848,960
<b>Total Liabilities</b>	<b>452,348</b>	<b>218,677</b>	<b>380,327</b>	<b>3,945,180</b>
Fund balances:				
Reserved for inventory	-	-	-	2,400
Reserved for capital purchases	-	-	-	7,009
Reserved for tree replacement	-	-	-	57,606
Reserved for park improvements	-	-	-	351,895
Reserved for court technology	-	-	-	14,601
Unreserved for special revenues	-	-	-	240,926
Unreserved for capital projects	6,535	31,323	419,673	1,221,371
<b>Total Fund Balances</b>	<b>6,535</b>	<b>31,323</b>	<b>419,673</b>	<b>1,895,808</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 458,883</b>	<b>\$ 250,000</b>	<b>\$ 800,000</b>	<b>\$ 5,840,988</b>

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**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)**  
**For the Year Ended December 31, 2009**

	<b>Special Revenue Funds</b>			
	<b>Parks</b>	<b>Friends of the Parks</b>	<b>Homeland Security</b>	<b>Tree Replacement</b>
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Permits, licenses, and fees	-	-	-	20,965
Intergovernmental	-	-	12,620	-
Contributions	6,369	300,041	-	-
Investment earnings	128	1,735	-	658
<b>Total Revenues</b>	<b>6,497</b>	<b>301,776</b>	<b>12,620</b>	<b>21,623</b>
<b>Expenditures</b>				
Current:				
Public service	-	120,181	15,207	31,595
Debt service:				
Bond issuance costs	-	-	-	-
Capital outlay	11,631	-	-	-
<b>Total Expenditures</b>	<b>11,631</b>	<b>120,181</b>	<b>15,207</b>	<b>31,595</b>
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	<b>(5,134)</b>	<b>181,595</b>	<b>(2,587)</b>	<b>(9,972)</b>
<b>Other Financing Sources (Uses)</b>				
Transfer in	150,406	-	-	-
Transfers (out)	-	(724,258)	-	-
Bonds issued	-	-	-	-
Premium	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	<b>150,406</b>	<b>(724,258)</b>	<b>-</b>	<b>-</b>
<b>Net Change in Fund Balances</b>	<b>145,272</b>	<b>(542,663)</b>	<b>(2,587)</b>	<b>(9,972)</b>
Beginning Fund Balances	17,269	734,417	-	67,578
<b>Ending Fund Balances</b>	<b>\$ 162,541</b>	<b>\$ 191,754</b>	<b>\$ (2,587)</b>	<b>\$ 57,606</b>

Special Revenue Funds			Capital Projects Funds		
Court Technology	METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Infrastructure Replacement
\$ 10,523	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	259,000	88,690	-	-	-
-	-	-	-	-	-
47	129	-	58,225	-	148
10,570	259,129	88,690	58,225	-	148
-	-	126,991	247,977	-	-
-	-	-	54,876	-	-
4,965	-	-	-	8,805	123,966
4,965	-	126,991	302,853	8,805	123,966
5,605	259,129	(38,301)	(244,628)	(8,805)	(123,818)
-	-	-	1,148,852	512,740	466,060
-	(259,000)	-	(1,854,744)	(775,000)	-
-	-	-	1,295,000	-	-
-	-	-	12,431	-	-
-	(259,000)	-	601,539	(262,260)	466,060
5,605	129	(38,301)	356,911	(271,065)	342,242
8,996	6,880	281,814	39,120	625,851	(329,219)
\$ 14,601	\$ 7,009	\$ 243,513	\$ 396,031	\$ 354,786	\$ 13,023

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING STATEMENT OF REVENUES, EXPENDITURES,

### AND CHANGES IN FUND BALANCES

#### NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended December 31, 2009

	Capital Project Funds			Total Nonmajor Governmental Funds
	Sidewalk Construction	Street Light Project	Drainage Improvement	
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 10,523
Permits, licenses, and fees	-	-	-	20,965
Intergovernmental	134,821	-	-	495,131
Contributions	-	-	-	306,410
Investment earnings	4,877	-	-	65,947
<b>Total Revenues</b>	139,698	-	-	898,976
<b>Expenditures</b>				
Current:				
Public service	-	1,412,517	-	1,954,468
Debt service:				
Bond issuance costs	-	-	-	54,876
Capital outlay	14,243	-	2,915,395	3,079,005
<b>Total Expenditures</b>	14,243	1,412,517	2,915,395	5,088,349
<b>Excess of Revenues</b>				
<b>Over (Under) Expenditures</b>	125,455	(1,412,517)	(2,915,395)	(4,189,373)
<b>Other Financing Sources (Uses)</b>				
Transfer in	-	509,000	800,000	3,587,058
Transfers (out)	(451,687)	-	(15,873)	(4,080,562)
Bonds issued	-	-	-	1,295,000
Premium	-	-	-	12,431
<b>Total Other Financing Sources (Uses)</b>	(451,687)	509,000	784,127	813,927
<b>Net Change in Fund Balances</b>	(326,232)	(903,517)	(2,131,268)	(3,375,446)
Beginning Fund Balances	332,767	934,840	2,550,941	5,271,254
<b>Ending Fund Balances</b>	\$ 6,535	\$ 31,323	\$ 419,673	\$ 1,895,808

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**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCES - BUDGET AND ACTUAL**  
**NONMAJOR SPECIAL REVENUE FUNDS**  
For the Year Ended December 31, 2009

	<b>Parks</b>		
	<b>Original and Final Budget Amounts</b>	<b>Actual Amounts</b>	<b>Variance with Final Budget Positive (Negative)</b>
<b><u>Revenues</u></b>			
Contributions	\$ 5,600	\$ 6,369	\$ 769
Investment earnings	600	128	(472)
<b>Total Revenues</b>	<b>6,200</b>	<b>6,497</b>	<b>297</b>
<b><u>Expenditures</u></b>			
Capital outlay	11,500	11,631	(131) *
<b>Total Expenditures</b>	<b>11,500</b>	<b>11,631</b>	<b>(131)</b>
<b><u>Other Financing Sources</u></b>			
Transfers in	-	150,406	150,406
<b>Total Other Financing Sources</b>	<b>-</b>	<b>150,406</b>	<b>150,406</b>
<b>Net Change in Fund Balance</b>	<b>\$ (5,300)</b>	<b>145,272</b>	<b>\$ 150,572</b>
Beginning Fund Balance		17,269	
<b>Ending Fund Balance</b>		<b>\$ 162,541</b>	

\* Expenditures exceeded appropriations at the legal level of control.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - BUDGET AND ACTUAL

#### NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2009

	Tree Replacement		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Permits, licenses, and fees	\$ 20,000	\$ 20,965	\$ 965
Investment earnings	1,500	658	(842)
<b>Total Revenues</b>	21,500	21,623	123
<b>Expenditures</b>			
Public services	65,000	31,595	33,405
<b>Total Expenditures</b>	65,000	31,595	33,405
<b>Net Change in Fund Balance</b>	\$ (43,500)	(9,972)	\$ 33,528
Beginning Fund Balance		67,578	
<b>Ending Fund Balance</b>		\$ 57,606	

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - BUDGET AND ACTUAL

#### NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2009

		Court Technology		
		Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
	Fines and forfeitures	\$ 10,000	\$ 10,523	\$ 523
	Investment earnings	30	47	17
	<b>Total Revenues</b>	10,030	10,570	540
<b>Expenditures</b>				
	Capital outlay	25,000	4,965	20,035
	<b>Total Expenditures</b>	25,000	4,965	20,035
	<b>Net Change in Fund Balance</b>	\$ (14,970)	5,605	\$ 20,575
	Beginning Fund Balance		8,996	
	<b>Ending Fund Balance</b>		\$ 14,601	

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - BUDGET AND ACTUAL

#### NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2009

		METRO Grant	
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Intergovernmental	\$ 259,000	\$ 259,000	\$ -
Investment earnings	-	129	129
<b>Total Revenues</b>	<u>259,000</u>	<u>259,129</u>	<u>129</u>
<b>Other Financing (Uses)</b>			
Transfers (out)	(259,000)	(259,000)	-
<b>Total Other Financing (Uses)</b>	<u>(259,000)</u>	<u>(259,000)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ -</u>	<u>129</u>	<u>\$ 129</u>
Beginning Fund Balance		<u>6,880</u>	
<b>Ending Fund Balance</b>		<u>\$ 7,009</u>	

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

## ***INTERNAL SERVICE FUNDS***

**December 31, 2009**

### **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.

### **Healthcare 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 STATEMENT OF NET ASSETS**  
**INTERNAL SERVICE FUNDS**

December 31, 2009

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
<b><u>Assets</u></b>				
Current assets:				
Equity in pooled cash and investments	\$ 335,532	\$ 425,837	\$ -	\$ 761,369
Prepaid costs	-	-	3,000	3,000
<b>Total Current Assets</b>	<b>335,532</b>	<b>425,837</b>	<b>3,000</b>	<b>764,369</b>
Noncurrent assets:				
Capital assets:				
Machinery and equipment	2,190,535	-	-	2,190,535
Less: accumulated depreciation	(1,331,903)	-	-	(1,331,903)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	<b>858,632</b>	<b>-</b>	<b>-</b>	<b>858,632</b>
<b>Total Noncurrent Assets</b>	<b>858,632</b>	<b>-</b>	<b>-</b>	<b>858,632</b>
<b>Total Assets</b>	<b>1,194,164</b>	<b>425,837</b>	<b>3,000</b>	<b>1,623,001</b>
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable	7,641	4,230	31,550	43,421
Deficit pooled cash and investments	-	-	187,715	187,715
Due to other funds	-	214,927	113,046	327,973
<b>Total Current Liabilities</b>	<b>7,641</b>	<b>219,157</b>	<b>332,311</b>	<b>559,109</b>
<b>Total Liabilities</b>	<b>7,641</b>	<b>219,157</b>	<b>332,311</b>	<b>559,109</b>
<b><u>Net Assets</u></b>				
Invested in capital assets	858,632	-	-	858,632
Unrestricted	327,891	206,680	(329,311)	205,260
<b>Total Net Assets</b>	<b>\$ 1,186,523</b>	<b>\$ 206,680</b>	<b>\$ (329,311)</b>	<b>\$ 1,063,892</b>

# 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, 2009

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
<b><u>Operating Revenues</u></b>				
Charges for sales and services	\$ 336,100	\$ 1,961,370	\$ 753,170	\$ 3,050,640
Other revenues	-	503	-	503
<b>Total Operating Revenues</b>	<b>336,100</b>	<b>1,961,873</b>	<b>753,170</b>	<b>3,051,143</b>
<b><u>Operating Expenses</u></b>				
Costs of sales and services	37,182	1,645,756	975,765	2,658,703
Depreciation	216,143	-	-	216,143
<b>Total Operating Expenses</b>	<b>253,325</b>	<b>1,645,756</b>	<b>975,765</b>	<b>2,874,846</b>
<b>Operating Income (Loss)</b>	<b>82,775</b>	<b>316,117</b>	<b>(222,595)</b>	<b>176,297</b>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment earnings	5,110	-	-	5,110
Gain on sale of capital assets	15,430	-	-	15,430
Transfers in	-	-	50,000	50,000
<b>Total Nonoperating Revenues (Expenses)</b>	<b>20,540</b>	<b>-</b>	<b>50,000</b>	<b>70,540</b>
<b>Change in Net Assets</b>	<b>103,315</b>	<b>316,117</b>	<b>(172,595)</b>	<b>246,837</b>
Beginning Net Assets	1,083,208	(109,437)	(156,716)	817,055
<b>Ending Net Assets</b>	<b>\$ 1,186,523</b>	<b>\$ 206,680</b>	<b>\$ (329,311)</b>	<b>\$ 1,063,892</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING STATEMENT OF CASH FLOWS

### INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2009

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 336,100	\$ 2,080,856	\$ 750,170	\$ 3,167,126
Payments to suppliers	(54,136)	(1,655,019)	(800,170)	(2,509,325)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>281,964</b>	<b>425,837</b>	<b>(50,000)</b>	<b>657,801</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers in	-	-	50,000	50,000
<b>Net Cash Provided by Noncapital Financial Activities</b>	<b>-</b>	<b>-</b>	<b>50,000</b>	<b>50,000</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	(189,553)	-	-	(189,553)
Proceeds from sale of capital assets	15,430	-	-	15,430
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(174,123)</b>	<b>-</b>	<b>-</b>	<b>(174,123)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest received	5,110	-	-	5,110
<b>Net Cash Provided by Investing Activities</b>	<b>5,110</b>	<b>-</b>	<b>-</b>	<b>5,110</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>112,951</b>	<b>425,837</b>	<b>-</b>	<b>538,788</b>
Beginning Cash and Cash Equivalents	222,581	-	-	222,581
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 335,532</b>	<b>\$ 425,837</b>	<b>\$ -</b>	<b>\$ 761,369</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 82,775	\$ 316,117	\$ (222,595)	\$ 176,297
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	216,143	-	-	216,143
<b>Changes in Operating Assets and Liabilities: (Increase) Decrease in Current Assets:</b>				
Prepaid costs	-	118,984	(3,000)	115,984
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable	(16,954)	(9,265)	(12,120)	(38,339)
Due to other funds	-	1	187,715	187,716
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 281,964</b>	<b>\$ 425,837</b>	<b>\$ (50,000)</b>	<b>\$ 657,801</b>

## ***STATISTICAL SECTION***

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

<b>Contents</b>	<b>Page</b>
Financial Trends	100
<i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>	
Revenue Capacity	112
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	122
<i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>	
Demographic and Economic Information	132
<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	136
<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 Seven Years (1)

	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
<b>Total Governmental Activities Net Assets</b>	<b>\$ 10,257,047</b>	<b>\$ 11,637,581</b>	<b>\$ 13,822,163</b>	<b>\$ 19,369,174</b>
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
<b>Total Business-Type Activities Net Assets</b>	<b>\$ 22,835,161</b>	<b>\$ 23,849,142</b>	<b>\$ 23,293,595</b>	<b>\$ 22,263,106</b>
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
<b>Total Primary Government Net Assets</b>	<b>\$ 33,092,208</b>	<b>\$ 35,486,723</b>	<b>\$ 37,115,758</b>	<b>\$ 41,632,280</b>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 17,515,320	\$ 24,421,719	\$ 32,145,988
4,491,985	6,470,948	2,616,976
2,566,351	1,910,197	1,393,967
<u>\$ 24,573,656</u>	<u>\$ 32,802,864</u>	<u>\$ 36,156,931</u>

\$ 19,768,267	\$ 18,512,926	\$ 17,662,268
1,186,557	715,000	745,000
186,418	1,640,695	1,820,039
<u>\$ 21,141,242</u>	<u>\$ 20,868,621</u>	<u>\$ 20,227,307</u>

\$ 37,283,587	\$ 42,934,645	\$ 49,808,256
5,678,542	7,185,948	3,361,976
2,752,769	3,550,892	3,214,006
<u>\$ 45,714,898</u>	<u>\$ 53,671,485</u>	<u>\$ 56,384,238</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CHANGES IN NET ASSETS

Last Seven Years (1)

	Year			
	2003	2004	2005	2006
<b>Expenses</b>				
Governmental activities				
General government	\$ 2,070,377	\$ 2,405,983	\$ 2,594,417	\$ 2,706,514
Public safety	4,816,966	4,826,905	5,109,968	5,187,464
Public works	2,554,406	2,587,621	3,073,735	2,654,368
Public services	1,148,718	1,368,549	1,840,117	1,874,113
Interest and fiscal agent fees on long-term debt	3,820,949	3,377,944	3,501,076	2,984,308
<b>Total Governmental Activities Expenses</b>	<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
<b>Total Business-Type Activities Expenses</b>	<u>5,365,876</u>	<u>5,521,378</u>	<u>5,933,928</u>	<u>5,929,080</u>
<b>Total Primary Government Expenses</b>	<u>\$ 19,777,292</u>	<u>\$ 20,088,380</u>	<u>\$ 22,053,241</u>	<u>\$ 21,335,847</u>
<b>Program Revenues</b>				
Governmental activities				
Charges for services				
General government	\$ 428,859	\$ 551,379	\$ 1,530,847	\$ 1,260,376
Public safety	710,560	530,266	186,844	267,609
Public works	-	-	-	-
Public services	651,351	696,804	597,910	580,297
Operating grants and contributions	236,989	342,450	16,915	259,000
Capital grants and contributions	261,976	1,270,704	370,864	-
<b>Total Governmental Activities Program Revenues</b>	<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
<b>Total Business-Type Activities Program Revenues</b>	<u>4,155,046</u>	<u>5,305,172</u>	<u>6,010,960</u>	<u>5,739,970</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 6,444,781</u>	<u>\$ 8,696,775</u>	<u>\$ 8,714,340</u>	<u>\$ 8,107,252</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (12,121,681)	\$ (11,175,399)	\$ (13,415,933)	\$ (13,039,485)
Business-type activities	(1,210,830)	(216,206)	77,032	(189,110)
<b>Total Primary Government Net Expense</b>	<u>\$ (13,332,511)</u>	<u>\$ (11,391,605)</u>	<u>\$ (13,338,901)</u>	<u>\$ (13,228,595)</u>

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

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 4,552,568	\$ 2,387,061	\$ 2,821,300
4,904,003	5,593,513	6,139,313
3,288,626	2,925,781	3,866,861
1,972,400	3,894,834	4,416,552
3,169,545	3,195,884	2,860,685
<u>17,887,142</u>	<u>17,997,073</u>	<u>20,104,711</u>
5,297,894	5,752,744	5,708,094
918,984	996,582	1,161,724
<u>6,216,878</u>	<u>6,749,326</u>	<u>6,869,818</u>
<u>\$ 24,104,020</u>	<u>\$ 24,746,399</u>	<u>\$ 26,974,529</u>
\$ 3,523,007	\$ -	\$ -
196,070	817,411	525,650
-	-	-
580,869	1,402,881	4,237,581
843,941	1,675,641	360,310
-	5,291,500	441,231
<u>5,143,887</u>	<u>9,187,433</u>	<u>5,564,772</u>
4,702,577	5,912,369	6,151,138
930,705	1,452,975	1,096,652
<u>5,633,282</u>	<u>7,365,344</u>	<u>7,247,790</u>
<u>\$ 10,777,169</u>	<u>\$ 16,552,777</u>	<u>\$ 12,812,562</u>
\$ (12,743,255)	\$ (8,809,640)	\$ (14,539,939)
(583,596)	616,018	377,972
<u>\$ (13,326,851)</u>	<u>\$ (8,193,622)</u>	<u>\$ (14,161,967)</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CHANGES IN NET ASSETS (Continued)

Last Seven Years (1)

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 6,219,953	\$ 6,487,224	\$ 7,290,998
6,738,071	6,300,879	6,784,784
1,026,948	1,042,096	946,726
933,834	1,312,260	1,162,420
15,010	15,643	12,485
891,760	257,869	-
622,787	394,218	210,481
254,997	288,659	446,112
-	-	-
940,000	940,000	1,040,000
<u>17,643,360</u>	<u>17,038,848</u>	<u>17,894,006</u>
39,173	51,361	20,715
362,559	-	-
(940,000)	(940,000)	(1,040,000)
<u>(538,268)</u>	<u>(888,639)</u>	<u>(1,019,285)</u>
<u>\$ 17,105,092</u>	<u>\$ 16,150,209</u>	<u>\$ 16,874,721</u>
\$ 4,900,105	\$ 8,229,208	\$ 3,354,067
(1,121,864)	(272,621)	(641,313)
<u>\$ 3,778,241</u>	<u>\$ 7,956,587</u>	<u>\$ 2,712,754</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Seven 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 seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>Change 2008-2009</u>
\$ 12,958,024	\$ 12,788,103	\$ 14,075,782	10.1%
1,026,948	1,042,096	946,726	-9.2%
933,834	1,312,260	1,162,420	-11.4%
15,010	15,643	12,485	-20.2%
<u>\$ 14,933,816</u>	<u>\$ 15,158,102</u>	<u>\$ 16,197,413</u>	6.9%

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**FUND BALANCES, GOVERNMENTAL FUNDS**  
 Last Ten Years

	Year			
	2000	2001	2002	2003
General Fund				
Reserved	\$ 58,934	\$ 7,364	\$ 80,544	\$ 2,148,781
Unreserved	3,934,596	2,985,884	2,846,051	841,381
<b>Total General Fund</b>	<u>\$ 3,993,530</u>	<u>\$ 2,993,248</u>	<u>\$ 2,926,595</u>	<u>\$ 2,990,162</u>
All Other Governmental Funds				
Reserved	\$ 27,915,848	\$ 20,188,647	\$ 20,919,924	\$ 656,903
Unreserved, reported in:				
Capital project funds	(81,464)	538,175	698,630	19,412,415
Special revenue funds	246,523	545,459	121,914	139,427
<b>Total All Other Governmental Funds</b>	<u>\$ 28,080,907</u>	<u>\$ 21,272,281</u>	<u>\$ 21,740,468</u>	<u>\$ 20,208,745</u>

Year					
2004	2005	2006	2007	2008	2009
\$ 2,098,916	\$ 15,504	\$ 15,516	\$ 429,437	\$ 430,797	\$ 444,508
936,365	3,357,537	4,187,536	2,457,227	3,580,317	2,736,833
<u>\$ 3,035,281</u>	<u>\$ 3,373,041</u>	<u>\$ 4,203,052</u>	<u>\$ 2,886,664</u>	<u>\$ 4,011,114</u>	<u>\$ 3,181,341</u>
\$ 782,534	\$ 998,780	\$ 1,658,449	\$ 2,067,501	\$ 2,745,745	\$ 1,388,198
9,106,291	6,852,781	1,545,312	178,493	3,219,460	1,035,760
233,004	683,698	1,484,935	2,883,727	281,814	240,926
<u>\$ 10,121,829</u>	<u>\$ 8,535,259</u>	<u>\$ 4,688,696</u>	<u>\$ 5,129,721</u>	<u>\$ 6,247,019</u>	<u>\$ 2,664,884</u>

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS**  
 Last Ten Years

	Year			
	2000	2001	2002	2003
<b>Revenues</b>				
Taxes	\$ 8,987,973	\$ 9,963,477	\$ 11,534,667	\$ 12,416,216
Permits, licenses, and fees	496,677	472,081	386,124	444,886
Fines and forfeitures	274,001	276,815	319,388	243,931
Charges for services	914,686	901,544	1,074,335	1,086,952
Intergovernmental	1,055,425	259,000	277,769	307,784
Contributions	-	-	-	-
Investment earnings	1,015,579	1,720,839	655,918	511,267
Other revenues	553,268	389,693	603,217	387,897
<b>Total Revenues</b>	<u>13,297,609</u>	<u>13,983,449</u>	<u>14,851,418</u>	<u>15,398,933</u>
<b>Expenditures</b>				
General government	1,777,263	1,981,486	2,061,227	1,952,308
Public safety	3,525,192	4,019,282	4,336,152	4,701,684
Public works	1,490,417	1,515,164	1,500,127	1,631,434
Public service	987,209	896,309	941,302	1,015,026
Capital outlay	6,473,002	12,886,880	13,583,834	13,107,808
Debt service				
Principal	1,780,000	1,880,000	2,185,000	2,295,000
Interest	2,058,343	2,812,336	3,130,630	3,808,650
Bond issuance costs	-	-	-	-
<b>Total Expenditures</b>	<u>18,091,426</u>	<u>25,991,457</u>	<u>27,738,272</u>	<u>28,511,910</u>
<b>Excess of Revenues Over (Under) Expenditures</b>	(4,793,817)	(12,008,008)	(12,886,854)	(13,112,977)
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,986,950	1,790,600	1,691,111	631,000
Transfers out	(1,173,842)	(991,500)	(1,002,862)	-
Issuance of debt	21,107,933	3,325,000	29,180,987	9,918,331
Premium on debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	(16,397,937)	-
Sale of capital assets	-	-	-	-
<b>Total other financing sources</b>	<u>21,921,041</u>	<u>4,124,100</u>	<u>13,471,299</u>	<u>10,549,331</u>
<b>Net Change in Fund Balances</b>	<u>\$ 17,127,224</u>	<u>\$ (7,883,908)</u>	<u>\$ 584,445</u>	<u>\$ (2,563,646)</u>
Debt service as a percentage of noncapital expenditures	33.04%	35.81%	37.55%	39.62%

		Year									
		2004	2005	2006	2007	2008	2009				
\$	13,263,355	\$	13,803,975	\$	14,658,182	\$	14,681,206	\$	15,471,664	\$	16,188,831
	577,164		597,910		580,297		580,869		495,127		351,120
	193,322		186,844		267,609		196,070		322,284		174,530
	974,549		1,165,967		1,260,376		1,381,586		1,402,881		1,186,941
	1,392,662		387,779		259,000		843,941		6,967,141		495,131
	-		268,081		326,656		891,760		257,869		306,410
	336,967		457,078		688,893		602,593		379,164		205,371
	451,551		212,924		1,814,311		250,408		265,397		430,180
	<u>17,189,570</u>		<u>17,080,558</u>		<u>19,855,324</u>		<u>19,428,433</u>		<u>25,561,527</u>		<u>19,338,514</u>
	2,211,183		2,268,862		2,381,154		2,312,853		2,329,591		2,638,596
	4,616,019		4,769,582		5,028,528		4,931,044		5,242,522		6,091,415
	1,642,867		1,582,592		1,557,955		1,927,231		1,935,450		2,167,936
	1,255,857		1,579,982		1,712,208		1,785,093		3,869,698		3,803,862
	11,882,057		2,569,023		6,840,403		3,738,838		4,113,991		13,290,611
	2,685,000		2,900,000		3,375,000		3,612,472		3,780,922		3,969,515
	3,775,384		3,669,628		3,319,913		3,188,875		2,987,603		2,848,046
	-		-		-		-		-		226,636
	<u>28,068,367</u>		<u>19,339,669</u>		<u>24,215,161</u>		<u>21,496,406</u>		<u>24,259,777</u>		<u>35,036,617</u>
	(10,878,797)		(2,259,111)		(4,359,837)		(2,067,973)		1,301,750		(15,698,103)
	837,000		1,139,000		1,540,713		4,931,336		4,618,732		5,581,802
	-		(269,000)		(670,713)		(3,991,336)		(3,678,732)		(4,591,802)
	-		25,075,000		473,285		-		-		13,035,000
	-		1,793,024		-		-		-		283,639
	-		(26,751,058)		-		-		-		(3,022,444)
	-		23,335		-		-		-		-
	<u>837,000</u>		<u>1,010,301</u>		<u>1,343,285</u>		<u>940,000</u>		<u>940,000</u>		<u>11,286,195</u>
\$	<u>(10,041,797)</u>	\$	<u>(1,248,810)</u>	\$	<u>(3,016,552)</u>	\$	<u>(1,127,973)</u>	\$	<u>2,241,750</u>	\$	<u>(4,411,908)</u>
	39.91%		39.17%		38.62%		39.22%		35.89%		36.36%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years

(modified accrual basis of accounting)

Function	Year			
	2000	2001	2002	2003
Ad valorem	\$ 7,376,687	\$ 8,532,873	\$ 9,717,905	\$ 11,481,442
Sales	776,085	523,665	862,325	758,987
Franchise fee	786,672	533,646	939,577	873,649
Other taxes	10,587	9,981	14,860	18,303
	<u>\$ 8,950,031</u>	<u>\$ 9,600,165</u>	<u>\$ 11,534,667</u>	<u>\$ 13,132,381</u>

Year						Change
2004	2005	2006	2007	2008	2009	2008-2009
\$ 11,691,541	\$ 12,128,801	\$ 12,613,511	\$ 12,958,024	\$ 13,101,665	\$ 14,067,200	7.4%
683,573	745,716	1,028,946	1,026,948	1,042,096	946,726	-9.2%
872,221	913,998	1,000,930	933,834	1,312,260	1,162,420	-11.4%
16,020	15,460	14,796	15,010	15,643	12,485	-20.2%
<u>13,263,355</u>	<u>\$ 13,803,975</u>	<u>\$ 14,658,183</u>	<u>\$ 14,933,816</u>	<u>\$ 15,471,664</u>	<u>\$ 16,188,831</u>	4.6%

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
<b>Residential Property</b>	\$ 1,997,785,950	\$ 2,224,515,970	\$ 2,391,518,150	\$ 2,544,734,110
<b>Commercial Property</b>	56,534,900	64,388,870	60,317,070	52,571,420
<b>Less: Tax Exempt Property</b>	<u>(57,022,280)</u>	<u>(54,014,970)</u>	<u>(54,426,270)</u>	<u>(79,831,440)</u>
<b>Total Taxable Assessed Value (1)</b>	<u>\$ 1,997,298,570</u>	<u>\$ 2,234,889,870</u>	<u>\$ 2,397,408,950</u>	<u>\$ 2,517,474,090</u>
<b>Total Direct Tax Rate</b>	0.42000	0.41000	0.42000	0.42000

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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 2,680,629,150	\$ 2,816,526,599	\$ 3,032,378,632	\$ 3,518,127,265	\$ 3,835,791,345	\$ 4,287,201,794
56,271,940	79,232,269	200,638,039	111,498,007	129,077,944	125,992,897
<u>(80,402,800)</u>	<u>(128,158,556)</u>	<u>(238,088,255)</u>	<u>(133,439,938)</u>	<u>(216,954,373)</u>	<u>(158,978,494)</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>	<u>\$ 3,747,914,916</u>	<u>\$ 4,254,216,197</u>
0.43000	0.44670	0.43000	0.36600	0.35900	0.35875

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

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
City of West University Place by fund:				
General	\$ 0.20500	\$ 0.19500	\$ 0.19000	\$ 0.19670
Debt service	0.21500	0.22500	0.24000	0.25000
<b>Total Direct Rates</b>	<u>\$ 0.42000</u>	<u>\$ 0.42000</u>	<u>\$ 0.43000</u>	<u>\$ 0.44670</u>
Houston Independent School District	\$ 1.51900	\$ 1.51900	\$ 1.58000	\$ 1.58000
Harris County	0.39480	0.35900	0.38390	0.38810
Harris County Flood Control District	0.08000	0.06170	0.04760	0.04170
Port of Houston Authority	0.02040	0.01830	0.01830	0.01990
Harris County Hospital District	0.14650	0.20270	0.19020	0.19020
Harris County Dept. of Education	-	-	-	-
Houston Community College	0.08233	0.08133	0.08133	0.08133
<b>Total Direct and Overlapping Rates (1)</b>	<u><u>\$ 2.66303</u></u>	<u><u>\$ 2.66203</u></u>	<u><u>\$ 2.73133</u></u>	<u><u>\$ 2.74793</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>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 0.20000	\$ 0.20100	\$ 0.19200	\$ 0.18600	\$ 0.18600	\$ 0.18893
0.24000	0.22900	0.21000	0.18000	0.17300	0.16982
<u>\$ 0.44000</u>	<u>\$ 0.43000</u>	<u>\$ 0.40200</u>	<u>\$ 0.36600</u>	<u>\$ 0.35900</u>	<u>\$ 0.35875</u>
\$ 1.58000	\$ 1.62000	\$ 1.47570	\$ 1.15670	\$ 1.15670	\$ 1.15670
0.38800	0.39986	0.40239	0.39239	0.38923	0.39224
0.04170	0.03322	0.03241	0.03106	0.03086	0.02922
0.02000	0.01474	0.01302	0.01437	0.01773	0.01636
0.19020	0.19216	0.19216	0.19216	0.19216	0.19216
-	0.00629	0.00629	0.00585	0.00584	0.00605
0.09598	0.09577	0.09518	0.09243	0.09243	0.09222
<u>\$ 2.75588</u>	<u>\$ 2.79204</u>	<u>\$ 2.61915</u>	<u>\$ 2.25096</u>	<u>\$ 2.24395</u>	<u>\$ 2.24370</u>

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Seven Years Ago (1)

Property Taxpayer	2009			2002		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
Southwestern Bell	\$ 12,549,093	1	0.29%	\$ 13,795,450	1	0.56%
U West Marketplace Assoc	6,862,497	2	0.16%	3,871,740	3	0.15%
Bardwell Building Co	6,468,341	3	0.15%	-	n/a	-
Centerpoint Energy Inc	5,204,705	4	0.12%	4,738,770	2	0.20%
5650 Kirby Partnership	4,951,376	5	0.12%	3,814,510	4	0.16%
Kenneth & Kimberly Alo	4,265,855	6	0.10%	2,172,500	10	0.09%
Jimmy Williamson	4,254,044	7	0.10%	-	n/a	-
Durga Agrawal	4,171,710	8	0.10%	-	n/a	-
Beltika Llc	3,713,443	9	0.09%	-	n/a	-
Craig A & Patricia Biggio	3,504,966	10	0.08%	2,627,400	5	0.12%
Frank & Lillian Orson	-	n/a	-	2,316,600	6	0.10%
Max & Christine Lukens	-	n/a	-	2,280,600	7	0.10%
Brian & Carol Kirshon	-	n/a	-	2,263,700	8	0.10%
James & Karen Gerstner	-	n/a	-	2,227,360	9	0.09%
Subtotal	\$ 55,946,030		1.31%	\$ 40,108,630		1.67%
Other Taxpayers	4,198,270,167		98.68%	2,357,300,320		98.33%
<b>Total</b>	<b>\$ 4,254,216,197</b>		<b>100.00%</b>	<b>\$ 2,397,408,950</b>		<b>100.00%</b>

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 seven years ago is available at this time.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>
Tax levy	\$ 7,305,615	\$ 8,703,604	\$ 9,630,400	\$ 10,680,077
Current tax collected	\$ 7,255,353	\$ 8,655,130	\$ 9,582,032	\$ 10,629,260
Percent of current tax collections	99.31%	99.44%	99.50%	99.52%
Delinquent tax collections	<u>\$ 48,453</u>	<u>\$ 45,690</u>	<u>\$ 42,495</u>	<u>\$ 45,503</u>
Total tax collections	<u>\$ 7,303,806</u>	<u>\$ 8,700,820</u>	<u>\$ 9,624,527</u>	<u>\$ 10,674,763</u>
Total collections as a percentage of current levy	99.98%	99.97%	99.94%	99.95%
Outstanding delinquent taxes	\$ 1,809	\$ 2,784	\$ 5,873	\$ 5,314
Outstanding delinquent taxes as percentage of current levy	0.02%	0.03%	0.06%	0.05%

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 11,581,528	\$ 12,192,921	\$ 12,621,201	\$ 12,890,583	\$ 13,951,979	\$ 15,031,309
\$ 11,516,657	\$ 12,124,169	\$ 12,539,957	\$ 11,944,071	\$ 13,928,931	\$ 4,255,916
99.44%	99.44%	99.36%	92.66%	99.83%	28.31%
<u>\$ 53,913</u>	<u>\$ 50,981</u>	<u>\$ 57,821</u>	<u>\$ 28,776</u>	<u>\$ 28,776</u>	<u>\$ 54,926</u>
<u><u>\$ 11,570,570</u></u>	<u><u>\$ 12,175,150</u></u>	<u><u>\$ 12,597,778</u></u>	<u><u>\$ 11,972,847</u></u>	<u><u>\$ 13,957,707</u></u>	<u><u>\$ 4,310,842</u></u>
99.91%	99.85%	99.81%	92.88%	100.04%	28.68%
\$ 10,958	\$ 17,771	\$ 23,423	\$ 35,850	\$ 81,139	\$ 190,853
0.09%	0.15%	0.19%	0.28%	0.58%	1.27%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Seven Years (1)

	2003	2004	2005	2006
<b>Primary Government</b>				
<b>Governmental Activities:</b>				
General obligation bonds	\$ 64,715,000	\$ 62,120,000	\$ 59,095,000	\$ 55,945,000
Certificates of obligation	13,140,000	13,050,000	12,855,000	12,630,000
Capital leases	-	-	-	473,285
<b>Subtotal</b>	<b>\$ 77,855,000</b>	<b>\$ 75,170,000</b>	<b>\$ 71,950,000</b>	<b>\$ 69,048,285</b>
<b>Business-Type Activities:</b>				
Revenue bonds	\$ 15,995,000	\$ 15,455,000	\$ 15,255,000	\$ 14,580,000
<b>Total Primary Government</b>	<b>\$ 93,850,000</b>	<b>\$ 90,625,000</b>	<b>\$ 87,205,000</b>	<b>\$ 83,628,285</b>
 <b>Personal Income (2)</b>	-	-	-	-
 <b>Debt as a Percentage</b>				
<b>Of Personal Income (2)</b>	-	-	-	-
 <b>Population</b>	14,211	14,211	14,211	14,211
 <b>Debt per Capita</b>	\$ 6,604	\$ 6,377	\$ 6,136	\$ 5,885

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

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 52,670,000	\$ 49,235,000	\$ 54,380,000
12,380,000	12,125,000	13,140,000
385,823	294,896	200,381
<u>\$ 65,435,823</u>	<u>\$ 61,654,896</u>	<u>\$ 67,720,381</u>
\$ 13,915,000	\$ 13,225,000	\$ 12,510,000
<u>\$ 79,350,823</u>	<u>\$ 74,879,896</u>	<u>\$ 80,230,381</u>
-	-	-
-	-	-
14,211	14,211	14,211
\$ 5,584	\$ 5,269	\$ 5,646

# 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

	2000	2001	2002	2003
<b>Net Taxable Assessed Value</b>				
All property	\$ 1,781,467,580	\$ 2,022,417,900	\$ 2,300,012,640	\$ 2,488,976,270
<b>Net Bonded Debt</b>				
Gross bonded debt	\$ 58,475,000	\$ 60,050,000	\$ 70,250,000	\$ 76,705,000
Less debt service funds	(838,547)	(633,071)	(567,825)	(656,144)
<b>Net Bonded Debt</b>	<b>\$ 57,636,453</b>	<b>\$ 59,416,929</b>	<b>\$ 69,682,175</b>	<b>\$ 76,048,856</b>
<b>Ratio of Net Bonded Debt To Assessed Value</b>	3.24%	2.94%	3.03%	3.06%
<b>Population</b>	14,211	14,211	14,211	14,211
<b>Net Bonded Debt Per Capita</b>	\$ 4,056	\$ 4,181	\$ 4,903	\$ 5,351

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 2,517,474,090	\$ 2,895,758,868	\$ 3,072,558,941	\$ 3,496,185,334	\$ 3,747,914,916	\$ 4,254,216,197
\$ 75,170,000 <u>(782,534)</u>	\$ 71,950,000 <u>(1,169,072)</u>	\$ 68,575,000 <u>(1,169,072)</u>	\$ 65,050,000 <u>(1,208,268)</u>	\$ 61,360,000 <u>(975,765)</u>	\$ 67,520,000 <u>(954,687)</u>
<u>\$ 74,387,466</u>	<u>\$ 70,780,928</u>	<u>\$ 67,405,928</u>	<u>\$ 63,841,732</u>	<u>\$ 60,384,235</u>	<u>\$ 66,565,313</u>
2.95%	2.44%	2.19%	1.83%	1.61%	1.56%
14,211	14,211	14,211	14,211	14,211	14,211
\$ 5,234	\$ 4,981	\$ 4,743	\$ 4,492	\$ 4,249	\$ 4,684

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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>
<b>Debt Repaid with Property Taxes</b>			
Houston ISD	\$ 2,416,341,628	1.41%	\$ 34,070,417
Harris County (2)(3)	8,160,000	1.41%	115,056
Houston Community College	105,482,945	1.41%	1,487,310
Harris Co. Flood Control District (3)	198,780,000	3.26%	6,480,228
Port of Houston Authority (3)	2,364,787,059	3.65%	86,314,728
	<u>544,664,397</u>	1.41%	<u>7,679,768</u>
Subtotal, overlapping debt	\$ 5,638,216,029		\$ 136,147,506
<b>City Direct Debt</b>	\$ 66,565,313	100.00%	<u>66,565,313</u>
<b>Total Direct and Overlapping Debt</b>			<u><u>\$ 202,712,819</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, 2009

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## LEGAL DEBT MARGIN INFORMATION

Last Seven Years (1)

	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 2009

Assessed value	\$ 4,254,216,197
Debt limit (5% of assessed value)	212,710,810
Debt applicable to limit:	
General obligation bonds	67,520,000
Less: amount set aside for repayment of general obligation debt	(954,687)
Total net debt applicable to limit	66,565,313
Legal debt margin	\$ 146,145,497

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 seven years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 174,809,267	\$ 194,317,845	\$ 212,710,810
63,841,732	64,074,235	66,565,313
<u>\$ 110,967,535</u>	<u>\$ 130,243,610</u>	<u>\$ 146,145,497</u>
36.52%	32.97%	31.29%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PLEGDED-REVENUE COVERAGE

Last Ten Years

	2000	2001	2002	2003
<b>Gross Revenues (1)</b>	\$ 3,427,821	\$ 3,274,339	\$ 3,358,111	\$ 3,106,875
<b>Operating Expenses (2)</b>	\$ 2,613,128	\$ 2,352,802	\$ 2,469,348	\$ 2,359,745
<b>Net Revenues Available for Debt Service</b>	\$ 814,693	\$ 921,537	\$ 888,763	\$ 747,130
<b>Debt Service Requirements (3)</b>				
<b>Principal</b>	\$ 335,000	\$ 350,000	\$ 360,000	\$ 510,000
<b>Interest</b>	510,759	489,684	801,739	765,160
<b>Total</b>	\$ 845,759	\$ 839,684	\$ 1,161,739	\$ 1,275,160
<b>Coverage</b>	0.96	1.10	0.77	0.59

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>
\$ 4,204,407	\$ 5,098,008	\$ 4,842,481	\$ 4,702,577	\$ 5,912,369	\$ 6,151,138
\$ 2,565,022	\$ 2,780,664	\$ 2,737,998	\$ 4,673,933	\$ 5,114,579	\$ 5,141,913
\$ 1,639,385	\$ 2,317,344	\$ 2,104,483	\$ 28,644	\$ 797,790	\$ 1,009,225
\$ 540,000	\$ 565,000	\$ 675,000	\$ 690,000	\$ 715,000	\$ 745,000
740,339	714,225	597,295	601,873	577,813	523,446
<u>\$ 1,280,339</u>	<u>\$ 1,279,225</u>	<u>\$ 1,272,295</u>	<u>\$ 1,291,873</u>	<u>\$ 1,292,813</u>	<u>\$ 1,268,446</u>
1.28	1.81	1.65	0.02	0.62	0.80

# 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) (7)
2000	14,211	-	-	39.30	950	0.07%
2001	14,211	-	-	39.30	947	1.06%
2002	14,211	-	-	39.30	915	1.06%
2003	14,211	-	-	39.30	915	1.06%
2004	14,211	-	-	39.30	951	4.60%
2005	14,211	-	-	39.30	972	N/A
2006	14,211	-	-	39.30	981	N/A
2007	14,211	-	-	39.30	981	N/A
2008	14,211	-	-	39.30	980	N/A
2009	14,211	-	-	39.30	1,272	N/A

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.
- (7) Beginning 2005 and after, cities with population under 25,000 do not have unemployment information available.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PRINCIPAL EMPLOYERS <sup>(2) (3)</sup>

Current Year <sup>(1)</sup> and Three Years Ago

Employer	2009 Rank	2006 Rank
AT&T	1	N/A
West University Elementary School	2	2
City of West University Place	3	3
Southwestern Bell	N/A	1

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 three years ago are available at this time.

(2) The number of employees of each of the employers is currently unavailable.

(3) The percentage of total employment is currently unavailable.

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

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

Last Ten Years

	Fiscal Year									
	2000	2001	2002	2003	2004	2005	2006	2007	2008	2009
<b><u>General Fund:</u></b>										
Administration	4	4	4	4	4	4.5	4	4	4	5
Finance	10	10	9	9	9	9	8	8	8	7
Police Department	35	35	36	35	35	34	32	32	32	32
Fire Department	21	20	20	23	24	24.5	25	24	24	24
Public Works	23	22	23	23	21	21	21	20	19	19
Parks & Recreation	6	6	6	6	8	8	8	10	10	10
<b>General Fund Total</b>	99	97	98	100	101	101	98	98	97	97
<b><u>Enterprise Fund:</u></b>										
Water	14	14	15	14	14	14	14	14	12	12
Solid Waste	10	10	10	10	10	7	7	7	7	7
<b>Enterprise Fund Total</b>	24	24	25	24	24	21	21	21	19	19
<b><u>Internal Service Fund:</u></b>										
Administration	0	0	0	0	0	0	0	2	3	3
<b>Internal Service Fund Total</b>	0	0	0	0	0	0	0	2	3	3
<b>TOTAL CITY POSITIONS</b>	<u>123</u>	<u>121</u>	<u>123</u>	<u>124</u>	<u>125</u>	<u>122</u>	<u>119</u>	<u>121</u>	<u>119</u>	<u>119</u>

**NOTES:**

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

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

On-call firefighters (9) are not included.

School crossing guards (8) are not included.

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**OPERATING INDICATORS BY FUNCTION/PROGRAM**  
 Last Seven Years (1)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
<b>Police</b>				
Arrests	145	321	366	432
Accident reports	186	139	138	123
Citations	5,235	3,675	3,583	3,581
Offense reports	804	1,018	1,027	1,040
Calls for service	10,896	11,353	13,688	25,790
<b>Fire</b>				
Emergency responses	447	659	624	686
Fire incidents	650	655	776	740
Average response time	2:30	3:08	3:08	3:06
<b>Water</b>				
New accounts	879	915	760	860
Source:				
Water	80	80	80	80
Sewer	20	20	20	20
Average daily consumption (millions of gallons)	2.17	2.17	2.28	2.15
Number of million gallons of surface water pumped	696.69	674.71	735.62	687.97
Number of million gallons of well water pumped	174.10	117.39	101.46	87.84
Total consumption (millions of gallons)	870.80	792.09	837.08	784.50
Peak daily consumption (millions of gallons)	5.99	5.99	8.64	4.98
<b>Sewer</b>				
Average daily sewage treatment (millions of gallons)	1.35	1.42	1.27	1.36
Total consumption (millions of gallons)	-	-	452.62	495.25
Peak daily consumption (millions of gallons)	4.69	5.12	4.68	6.71

Source: Various City departments

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

2007	2008	2009
287	230	342
116	137	137
2,940	2,411	2,479
794	650	823
36,260	22,367	27,029
698	644	489
840	857	673
4:29	4:24	4:00
854	744	724
80	80	80
20	20	20
1.89	2.16	2.36
569.34	690.74	400.44
120.30	99.09	461.41
689.65	789.83	861.85
4.30	6.27	5.62
1.43	1.16	1.21
523.06	421.32	448.57
5.31	3.43	4.32

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
 Last Seven Years (1)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
<b>Police</b>				
Stations	1	1	1	1
Patrol units	9	9	7	7
Fire stations	1	1	1	1
<b>Other public works</b>				
Streets (miles - centerlines)	43	43	43	43
Streetlights	690	690	690	690
<b>Parks and recreation</b>				
Parks	9	9	9	9
Parks acreage	12.6	12.6	12.6	12.6
Swimming pools	2	2	2	2
Baseball / softball diamonds	5	6	6	6
Tennis courts	5	5	5	5
Racquetball/handball courts	2	2	2	2
Gymnasiums	1	1	1	1
Basketball courts	2	2	2	2
<b>Water</b>				
Water mains (miles)	40	40	40	40
Fire hydrants	324	357	357	357
Storage capacity (millions of gallons)	3.65	3.65	3.65	3.65
<b>Sewer</b>				
Sanitary sewers (miles)	40	40	40	40
Storm sewers (miles)	32	32	32	32
Open ditch / creek / canal drainage (miles)	1.32	1.32	1.32	1.32
Treatment capacity (millions of gallons)	2	2	2	2

Source: Various City departments

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

2007	2008	2009
1	1	1
7	7	7
1	1	1
43	43	43
747	690	1,694
9	9	9
12.6	12.6	14.0
2	2	2
6	6	6
5	5	5
2	2	2
1	1	0
2	2	2
40	40	40
357	357	357
3.65	3.65	3.65
40	40	40
32	32	32
1.32	1.32	1.32
2	2	2

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