

*COMPREHENSIVE
ANNUAL FINANCIAL REPORT*

of the

**CITY OF WEST UNIVERSITY
PLACE, TEXAS**

For the Year Ended
December 31, 2010

Officials Issuing Report:

**Michael Ross
City Manager**

**Rhonda Daugherty
Finance Director**

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CITY OF WEST UNIVERSITY PLACE, TEXAS

TABLE OF CONTENTS

December 31, 2010

<u>INTRODUCTORY SECTION</u>		<u>Page</u>
Letter of Transmittal		3
Organizational Chart		7
Certificate of Achievement for Excellence in Financial Reporting		9
Principal Officials		10
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report		13
Management's Discussion and Analysis		17
<u>BASIC FINANCIAL STATEMENTS</u>		
Government-Wide Financial Statements		
Statement of Net Assets		29
Statement of Activities		30
Governmental Funds Financial Statements		
Balance Sheet – Governmental Funds		32
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds		34
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities		37
Proprietary Funds Financial Statements		
Statement of Net Assets		38
Statement of Revenues, Expenses, and Changes in Fund Net Assets		41
Statement of Cash Flows		42
Notes to Financial Statements		45
<u>REQUIRED SUPPLEMENTARY INFORMATION</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund		71
Schedule of Funding Progress – Texas Municipal Retirement System		73
Schedule of Funding Progress – Postemployment Healthcare Benefits		75
<u>COMBINING STATEMENTS AND SCHEDULES</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance– Budget and Actual – Debt Service Fund		79
Combining Balance Sheet – Nonmajor Governmental Funds		82
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds		86

CITY OF WEST UNIVERSITY PLACE, TEXAS

TABLE OF CONTENTS, *Continued*

December 31, 2010

	<u>Page</u>
Schedule of Revenues, Expenditures, and Changes in Fund Balances -- Budget and Actual:	
Nonmajor Special Revenue Funds:	
Parks	90
Tree Replacement	91
Court Technology	92
METRO Grant	93
Combining Statement of Net Assets – Internal Service Funds	96
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	97
Combining Statement of Cash Flows – Internal Service Funds	98

STATISTICAL SECTION

Net Assets by Component	100
Changes in Net Assets	102
Tax Revenues by Source, Governmental Activities	106
Fund Balances, Governmental Funds	108
Changes in Fund Balance, Governmental Funds	110
Tax Revenues by Source, Governmental Activities	112
Assessed Value and Actual Value of Taxable Property	114
Property Tax Rates – Direct and Overlapping Governments	116
Principal Property Taxpayers	119
Property Tax Levies and Collections	120
Ratios of Outstanding Debt by Type	122
Ratio of Net Bonded Debt to Assessed Value, Net Bonded Debt Per Capita, and Assessed and Estimated Actual Value of Taxable Property	124
Direct and Overlapping Governmental Activities Debt	127
Legal Debt Margin Information	128
Pledged-Revenue Coverage	130
Demographic and Economic Statistics	132
Principal Employers	133
Full-Time Equivalent City Government Employees by Function/Program	135
Operating Indicators by Function/Program	136
Capital Asset Statistics by Function/Program	138

INTRODUCTORY SECTION

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City of West University Place

A Neighborhood City

May 31, 2011

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

The Finance Department is pleased to submit the Comprehensive Annual Financial Report for the City of West University Place, Texas (the "City") for the fiscal year ended December 31, 2010. This report is published to provide the City Council, City staff, our citizens, our bondholders and other interested parties with detailed information concerning the financial condition and activities of the City government. Management assumes responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures.

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

Belt Harris Pechacek, LLLP, Certified Public Accountants, have issued an unqualified ("clean") opinion on the City's financial statements for the year ended December 31, 2010. The independent auditors' report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

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

The City provides a full range of municipal services. These services include police and fire protection, municipal court, streets, drainage, leisure services, water and sewer, solid waste collection

and disposal, community development, and general administrative services. Based upon the criterion set forth in generally accepted accounting principles, the following organizations are includable within the City's reporting entity:

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

ACCOUNTING SYSTEM AND BUDGETARY CONTROL

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

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

The City Charter establishes the fiscal year as January 1 through December 31. The Charter requires the City Manager to submit a proposed budget and accompanying budget message to the Council each year. The proposed budget is reviewed by the Council and is formally adopted by the passage of a budget ordinance. The City Manager is authorized to transfer budgeted amounts between line items within a department within any fund; however, any revisions that alter the total expenditures of any fund or department must be approved by the Council.

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

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. The City continues to enjoy a stable outlook, with property values at \$4.1 billion, up 134 percent since 1999. Among reasons for this strength is the City's convenient proximity to the Texas Medical Center, downtown Houston, the Rice Village and Rice University, as well as the Galleria area.

The economic condition of the entire Houston area has been slowly improving since August 2009 when it has been said that Houston "bottomed out." Housing and manufacturing have remained strong. The slow rebound in natural gas prices is offset by the shift to oil exploration. It has been said that the long term effects of the BP disaster are not known; however, it is certain that there will be increased regulation. It is believed that this will have a positive effect on Houston's employment and overall energy sector economy. Ultimately, Houston's economy will recover as consumers start spending and businesses begin investing and hiring.

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

The value of real property in the City is expected to be stable into 2011. Expenditures are expected to remain steady with considerations for the continued competitive pressure on personnel costs and potential increases in the cost of employee health benefits.

LONG-TERM FINANCIAL PLANNING

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

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

The City issued debt in 2009 and 2010 for the purposes of reconstructing the City's recreation facilities and constructing an expansion of the current City Hall for public safety improvement and enhancements. The recreation facilities reconstruction was completed in 2010 and the public safety expansion project is expected to be completed mid-year 2011. No additional debt issuance is planned in the near future.

In 2009, the City planned for the replacement of the belt press at the wastewater treatment plant, but was delayed due to a potential reimbursement grant for a generator replacement from a Community Development Block Grant administered by the Texas Department of Rural Affairs. The belt press and generator replacements are moving forward in 2011. Additional capital expenditures, funded through annual allocations from the water and sewer fund to the water and sewer capital reserve fund,

are planned over the next five years. These projects are listed specifically by fiscal year in the 2011 annual budget in the capital project funds section.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its CAFR for the fiscal year ended December 31, 2009. This was the 19th consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized CAFR that satisfies both generally accepted accounting principles and applicable legal requirements.

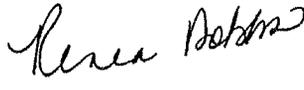
A Certificate of Achievement is valid for a period of one year only. We believe that our current CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

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

Respectfully submitted,



Rhonda Daugherty
Finance Director



Renea Dobbs
Treasurer

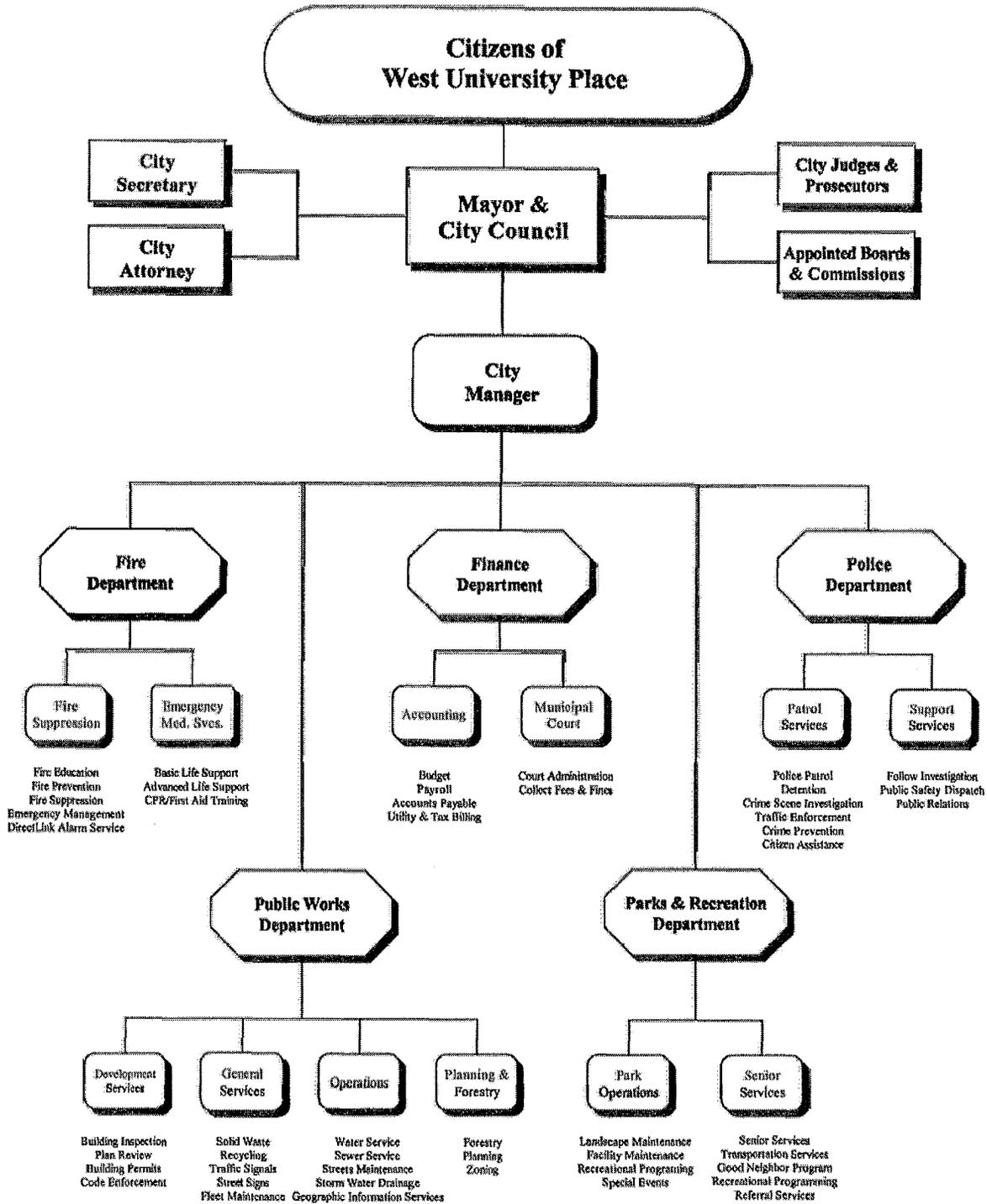


LaToya Jasper
Controller

CITY OF WEST UNIVERSITY PLACE, TEXAS

ORGANIZATIONAL CHART

December 31, 2010



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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, 2009

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. Emmer".

Executive Director

CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL OFFICIALS

December 31, 2010

<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, 2010, 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, 2010, 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. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the Required Supplementary Information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Providing Governmental & Nonprofit Audits Sealed with Excellence

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. 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 financial statements. The combining fund statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

BELT HARRIS PECHACEK, LLLP

Belt Harris Pechacek, LLLP
Certified Public Accountants
Houston, Texas
May 31, 2011

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

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CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

For the Year Ended December 31, 2010

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 18 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, recreation facilities fund, City hall/public safety expansion fund, and the 2010A certificates of obligation fund, which are considered to be major funds. The City adopts an annual

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended December 31, 2010

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

Proprietary Funds

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

The City also uses internal service funds to account for its 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 postemployment 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 \$57,756,614 as of December 31, 2010. 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, 2010. The largest portion of the City's net assets, 82 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, 2010

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	
	2010	2009	2010	2009	2010	2009
	Current and other assets	\$ 27,585,296	\$ 26,566,805	\$ 3,748,568	\$ 3,258,405	\$ 31,333,864
Capital assets, net	108,400,588	100,283,144	28,722,644	30,083,908	137,123,232	130,367,052
Total Assets	135,985,884	126,849,949	32,471,212	33,342,313	168,457,096	160,192,262
Long-term liabilities	85,262,202	69,537,640	6,526,466	12,421,640	91,788,668	81,959,280
Other liabilities	18,291,770	21,437,734	620,044	671,452	18,911,814	22,109,186
Total Liabilities	103,553,972	90,975,374	7,146,510	13,093,092	110,700,482	104,068,466
Net assets:						
Invested in capital assets, net of related debt	25,112,652	32,145,988	22,196,178	17,662,268	47,308,830	49,808,256
Restricted	1,977,589	2,466,227	785,000	745,000	2,762,589	3,211,227
Unrestricted	5,341,671	1,262,360	2,343,524	1,841,953	7,685,195	3,104,313
Total Net Assets	\$ 32,431,912	\$ 35,874,575	\$ 25,324,702	\$ 20,249,221	\$ 57,756,614	\$ 56,123,796

A portion of the City's net assets, \$2,762,589 or four percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$7,685,195 or fourteen percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$1,632,818 during the current fiscal year, an increase of two percent in comparison to the prior year. This increase is largely the result of a reduction in expenses within business-type activities.

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

For the Year Ended December 31, 2010

Statement of Activities:

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

CHANGES IN NET ASSETS

	Governmental		Business-Type		Total	
	Activities		Activities		Primary	
	2010	2009	2010	2009	2010	2009
Revenues						
Program revenues:						
Charges for services	\$ 2,390,248	\$ 4,763,231	\$ 7,404,344	\$ 7,247,790	\$ 9,794,592	\$ 12,011,021
Operating grants and contributions	263,780	360,310	-	-	263,780	360,310
Capital grants and contributions	369,316	441,231	-	-	369,316	441,231
General revenues:						
Ad valorem taxes	15,102,267	14,075,782	-	-	15,102,267	14,075,782
Sales taxes	1,050,079	946,726	-	-	1,050,079	946,726
Franchise taxes	1,207,429	1,162,420	-	-	1,207,429	1,162,420
Other taxes	11,144	12,485	-	-	11,144	12,485
Investment earnings	73,035	210,481	7,833	20,715	80,868	231,196
Other revenues	424,381	446,112	-	-	424,381	446,112
Gain on sale of capital asset	32,466	-	-	-	32,466	-
Total Revenues	20,924,145	22,418,778	7,412,177	7,268,505	28,336,322	29,687,283
Expenses						
General government	3,150,380	2,841,391	-	-	3,150,380	2,841,391
Public safety	6,287,887	6,217,723	-	-	6,287,887	6,217,723
Public works	4,549,951	4,046,079	-	-	4,549,951	4,046,079
Public services	2,734,441	4,421,189	-	-	2,734,441	4,421,189
Interest and fiscal agent						
fees on long-term debt	3,453,311	2,860,685	-	-	3,453,311	2,860,685
Water and sewer	-	-	5,415,974	5,686,180	5,415,974	5,686,180
Solid waste	-	-	1,111,560	1,161,724	1,111,560	1,161,724
Total Expenses	20,175,970	20,387,067	6,527,534	6,847,904	26,703,504	27,234,971
Increase (Decrease) in Net Assets						
Before Transfers	748,175	2,031,711	884,643	420,601	1,632,818	2,452,312
Transfers	(4,190,838)	1,040,000	4,190,838	(1,040,000)	-	-
Change in Net Assets	(3,442,663)	3,071,711	5,075,481	(619,399)	1,632,818	2,452,312
Beginning Net Assets	35,874,575	32,802,864	20,249,221	20,868,620	56,123,796	53,671,484
Ending Net Assets	\$ 32,431,912	\$ 35,874,575	\$ 25,324,702	\$ 20,249,221	\$ 57,756,614	\$ 56,123,796

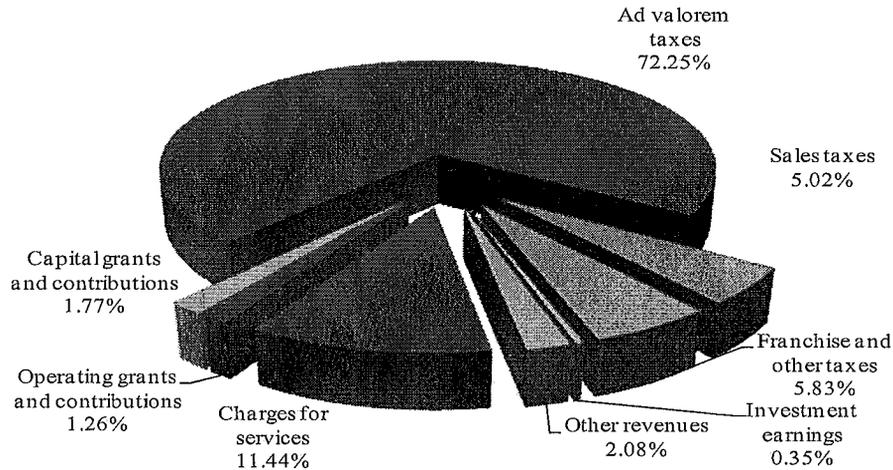
CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

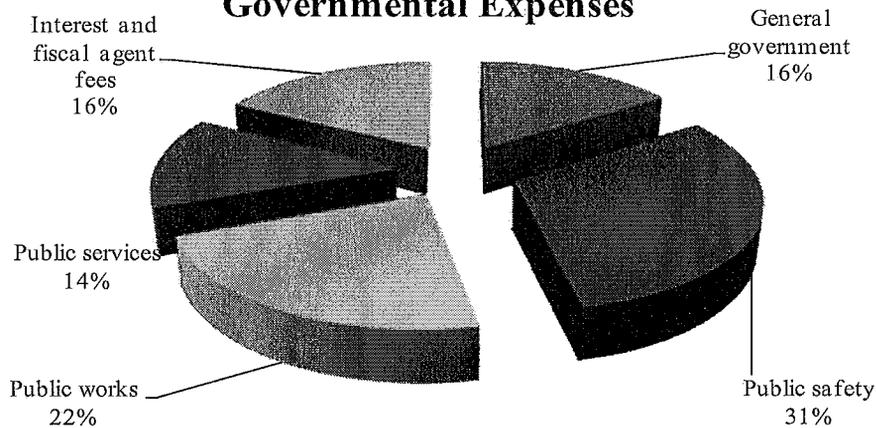
For the Year Ended December 31, 2010

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

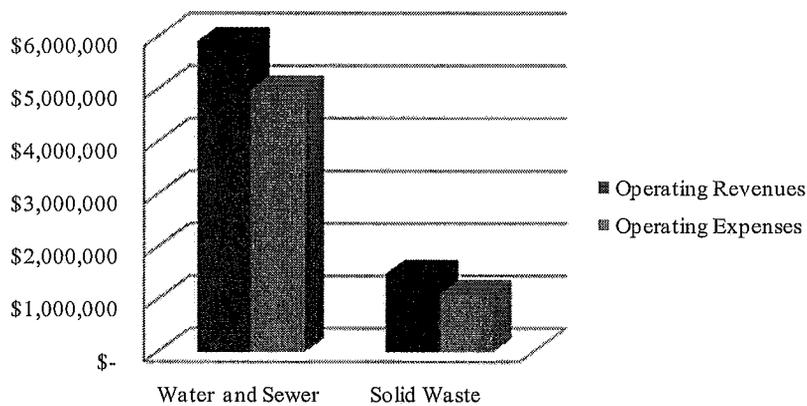
Governmental Revenues



Governmental Expenses



Business-type Activities



CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended December 31, 2010

For the year ended December 31, 2010, revenues from governmental activities totaled \$20,924,145. Overall governmental revenues remained comparable. There was a decrease in operating and capital grants due to the receipt of Hurricane Ike, METRO, and Harris County grants and contributions in the previous fiscal year. Property tax revenues, which are the City's largest revenue source, increased by seven percent because of the increase in the property values over the prior year.

For the year ended December 31, 2010, expenses for governmental activities totaled \$20,175,970, a decrease of \$211,097 or one percent from last year.

Operating revenues and expenses for business-type activities were comparable to those of the prior year. Charges for services increased \$156,554, or two percent, because of an increase in water and sewer rates in the current 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 \$9,416,017. Of this, \$153,172 is reserved for prepaids and inventory, \$992,033 for debt service, \$266,205 for capital purchases, \$68,700 for tree replacement, \$278,789 for park improvements, \$31,016 for court technology, and \$410,238 for an asset held for resale.

There was an increase in the combined fund balance of \$3,720,541 compared to the prior year. This is largely attributable to the issuance of permanent improvement and refunding bonds in the current year.

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 \$3,107,736, while total fund balance reached \$3,668,774. 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 23 percent of total general fund expenditures, while total fund balance represents 28 percent of the total general fund expenditures. The general fund demonstrated an overall increase of \$487,433 primarily due to greater than expected cultural and recreation center revenues.

The debt service fund has a total fund balance of \$992,033, all of which is reserved for the payment of debt service. Revenues closely matched expenditures with an overall net increase in fund balance for the year of \$37,346.

The recreation facilities fund accounts for bonds issued to finance the construction of new recreation facilities. For the year, there was an increase in fund balance of \$20,131.

The City hall/public safety expansion fund is new for 2010 and was established to account for bonds issued to finance the construction of the City hall and police department expansion project. For the year, there was an increase in fund balance of \$2,555,266.

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, Continued

For the Year Ended December 31, 2010

The 2010A certificates of obligation fund is new for 2010 and was established to account for bonds issued to finance the constructions costs for the expansion of City hall. For the year, there was an increase in fund balance of \$898,405.

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.

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of \$472,828 in the general fund. However, the net change in fund balance increased by \$487,433, resulting in a positive variance of \$960,261 from actual over budgeted as amended.

Actual general fund revenues were greater than the original and amended budgeted revenues by \$739,391 during 2010. This net increase includes the positive variances of \$140,829 for franchise fee revenues and \$351,990 for charges for services.

Actual expenditures were less than budgeted amounts in total by \$219,736 for the fiscal year.

CAPITAL ASSETS

At the end of year 2010, the City's governmental activities funds had invested \$108,400,588 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$8,117,444. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of \$2,433,454.

Major capital asset events during the year included the following:

- Continuation of parks and recreation facilities reconstruction in the amount of \$5,357,430
- Continuation of city hall expansion/public safety facility construction for \$4,216,066
- Various West University recreational center additions in the amount of \$513,091

More detailed information about the City's capital assets is presented in the notes 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 \$89,150,000. Of this amount, \$61,205,000 was general obligation debt, \$6,610,000 was revenue bond debt, and certificates of obligation accounted for \$21,335,000.

During the year, the City had a net increase in the long-term debt of \$20,060,556. The City issued \$8,485,000 of certificates of obligation and \$5,000,000 of permanent improvement bonds to finance the construction of the City hall expansion/public safety facility and \$11,145,000 of permanent improvement refunding bonds to partially refund series 2002 general obligation bonds and fully refund revenue bonds series 2001A and 2001B.

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

MANAGEMENT'S DISCUSSION AND ANALYSIS, *Continued*

For the Year Ended December 31, 2010

Current underlying ratings on debt issues are as follows:

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

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved a \$31.2 million budget for fiscal year 2011. The budget incorporates a slight increase in the property tax rate necessary due to the decreased assessed valuation for tax year 2010 as well as the increased cost of providing services. The City's tax rate is one of the lowest in the Houston area and is projected to remain relatively stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Houston area economy. 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.

The water and sewer fund had been a source of concern because of a series of wet years and dramatic increases in debt service which had steadily decreased reserves and pushed the fund into non-compliance with its bond covenants. The City Council took action in late 2003 by increasing water and sewer rates. Since then, the City has carefully monitored the performance of utility services and increased rates as needed. The Fiscal 2011 budget included a 13% water rate and 9% wastewater rate increase to fund the increased costs of operations. 4.52% of the water rate increase is directly attributable to a 13% increase in treated water rates in January 2011 from the City of Houston.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

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BASIC FINANCIAL STATEMENTS

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CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS

December 31, 2010

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	\$ 15,129,330	\$ 2,756,840	\$ 17,886,170
Receivables, net of allowances	10,907,243	813,327	11,720,570
Inventory	2,372	-	2,372
Prepays and other assets	224,371	9,955	234,326
Deferred charges	911,742	168,446	1,080,188
Land available for sale	410,238	-	410,238
Capital assets:			
Non-depreciable capital assets	33,323,420	205,798	33,529,218
Depreciable capital assets, net	75,077,168	28,516,846	103,594,014
Total Assets	135,985,884	32,471,212	168,457,096
Liabilities			
Accounts payable and accrued liabilities	1,496,926	507,066	2,003,992
Unearned revenue	15,278,661	-	15,278,661
Accrued bond interest	1,516,183	112,978	1,629,161
Noncurrent liabilities:			
Due within one year	5,239,580	785,000	6,024,580
Due in more than one year	80,022,622	5,741,466	85,764,088
Total Liabilities	103,553,972	7,146,510	110,700,482
Net Assets			
Invested in capital assets, net of related debt	25,112,652	22,196,178	47,308,830
Restricted for:			
Capital projects	687,512	-	687,512
Debt service	929,670	785,000	1,714,670
Park improvements	349,861	-	349,861
Public safety	10,546	-	10,546
Unrestricted	5,341,671	2,343,524	7,685,195
Total Net Assets	\$ 32,431,912	\$ 25,324,702	\$ 57,756,614

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,150,380	\$ -	\$ 263,780	\$ -
Public safety	6,287,887	734,150	-	-
Public works	4,549,951	-	-	-
Public services	2,734,441	1,656,098	-	369,316
Interest on long-term debt	3,453,311	-	-	-
Total Governmental Activities	20,175,970	2,390,248	263,780	369,316
Business-Type Activities				
Water and sewer	5,415,974	5,917,931	-	-
Solid waste	1,111,560	1,486,413	-	-
Total Business-Type Activities	6,527,534	7,404,344	-	-
Total Primary Government	\$ 26,703,504	\$ 9,794,592	\$ 263,780	\$ 369,316

General Revenues:

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

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets

Primary Government		
Governmental Activities	Business-Type Activities	Total
\$ (2,886,600)	\$ -	\$ (2,886,600)
(5,553,737)	-	(5,553,737)
(4,549,951)	-	(4,549,951)
(709,027)	-	(709,027)
(3,453,311)	-	(3,453,311)
<u>(17,152,626)</u>	<u>-</u>	<u>(17,152,626)</u>
-	501,957	501,957
-	374,853	374,853
-	876,810	876,810
<u>(17,152,626)</u>	<u>876,810</u>	<u>(16,275,816)</u>
15,102,267	-	15,102,267
1,050,079	-	1,050,079
1,207,429	-	1,207,429
11,144	-	11,144
73,035	7,833	80,868
424,381	-	424,381
32,466	-	32,466
(4,190,838)	4,190,838	-
<u>13,709,963</u>	<u>4,198,671</u>	<u>17,908,634</u>
(3,442,663)	5,075,481	1,632,818
<u>35,874,575</u>	<u>20,249,221</u>	<u>56,123,796</u>
<u>\$ 32,431,912</u>	<u>\$ 25,324,702</u>	<u>\$ 57,756,614</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

BALANCE SHEET GOVERNMENTAL FUNDS

December 31, 2010

<u>Assets</u>	Capital Projects			
	General	Debt Service	Recreation Facilities	City Hall/Public Safety Expansion
Current assets:				
Cash and equity in pooled cash and investments	\$ 5,694,400	\$ 3,453,996	\$ 178,620	\$ 3,363,599
Receivables, net	5,764,064	5,048,681	75,000	-
Due from other funds	232,000	-	-	-
Inventory	-	-	-	-
Prepaid costs	150,800	-	-	-
Asset held for resale	410,238	-	-	-
Total Assets	\$ 12,251,502	\$ 8,502,677	\$ 253,620	\$ 3,363,599
<u>Liabilities and Fund Balances</u>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 544,666	\$ 70,611	\$ -	\$ 808,333
Due to other funds	-	-	-	-
Deferred revenue	8,038,062	7,440,033	-	-
Total Liabilities	8,582,728	7,510,644	-	808,333
Fund balances:				
Reserved for:				
Prepays and inventory	150,800	-	-	-
Debt service	-	992,033	-	-
Capital purchases	-	-	-	-
Tree replacement	-	-	-	-
Park improvements	-	-	-	-
Court technology	-	-	-	-
Asset held for resale	410,238	-	-	-
Unreserved, undesignated reported in:				
General fund	3,107,736	-	-	-
Special revenue funds	-	-	-	-
Capital projects funds	-	-	253,620	2,555,266
Total Fund Balances	3,668,774	992,033	253,620	2,555,266
Total Liabilities and Fund Balances	\$ 12,251,502	\$ 8,502,677	\$ 253,620	\$ 3,363,599

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

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

Capital assets, non-depreciable

Capital assets, net depreciable

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

Internal service funds are used by management to charge the costs of certain capital assets to individual funds.

The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.

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

Accrued interest payable

Non-current liabilities due in one year

Non-current liabilities due in more than one year

Deferred charges for issuance costs

Net Assets of Governmental Activities

See Notes to Financial Statements.

<u>Capital Projects</u>		
<u>2010A</u>	<u>Nonmajor</u>	
<u>Certificates of</u>	<u>Governmental</u>	
<u>Obligation</u>	<u>Funds</u>	<u>Total</u>
\$ 898,405	\$ 1,166,872	\$ 14,755,892
-	19,498	10,907,243
-	-	232,000
-	2,372	2,372
-	-	150,800
-	-	410,238
<u>\$ 898,405</u>	<u>\$ 1,188,742</u>	<u>\$ 26,458,545</u>

\$ -	\$ 29,825	\$ 1,453,435
-	110,998	110,998
-	-	15,478,095
-	140,823	17,042,528

-	2,372	153,172
-	-	992,033
-	266,205	266,205
-	68,700	68,700
-	278,789	278,789
-	31,016	31,016
-	-	410,238
-	-	3,107,736
-	(20,470)	(20,470)
898,405	421,307	4,128,598
898,405	1,047,919	9,416,017
<u>\$ 898,405</u>	<u>\$ 1,188,742</u>	

33,323,420
74,190,845

199,434

1,168,839

(1,516,183)
(5,239,580)
(80,022,622)

911,742
\$ 32,431,912

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

GOVERNMENTAL FUNDS

For the Year Ended December 31, 2010

	Capital Projects			
	General	Debt Service	Recreation Facilities	City Hall/Public Safety Expansion
Revenues				
Ad valorem taxes	\$ 7,947,492	\$ 7,146,193	\$ -	\$ -
Sales taxes	1,050,079	-	-	-
Franchise taxes	1,207,429	-	-	-
Other taxes	11,144	-	-	-
Permits, licenses, and fees	413,173	-	-	-
Fines and forfeitures	255,105	-	-	-
Charges for services	1,656,098	-	-	-
Intergovernmental	-	-	-	-
Contributions	-	-	-	-
Investment earnings	28,741	8,604	3,343	16,269
Other revenue	281,596	-	111,475	1,000
Total Revenues	12,850,857	7,154,797	114,818	17,269
Expenditures				
Current:				
General government	2,919,174	-	-	-
Public safety	5,956,779	-	-	-
Public works	2,586,314	-	-	-
Public service	1,782,291	-	-	-
Capital outlay	-	-	6,119,858	4,403,619
Debt service:				
Principal	-	3,903,250	-	-
Interest and fiscal agent fees	-	3,214,201	-	-
Bond issuance costs	-	-	100,567	107,698
Total Expenditures	13,244,558	7,117,451	6,220,425	4,511,317
Excess (Deficiency) of Revenues Over (Under) Expenditures	(393,701)	37,346	(6,105,607)	(4,494,048)
Other Financing Sources (Uses)				
Transfers in	940,000	-	990,702	24,162
Transfers (out)	(60,000)	-	-	-
Proceeds from sale of capital asset	1,134	-	31,332	-
Bonds issued	-	-	5,000,000	6,900,000
Premium	-	-	103,704	125,152
Payment to refunded bond escrow agent	-	-	-	-
Total Other Financing Sources (Uses)	881,134	-	6,125,738	7,049,314
Net Change in Fund Balances	487,433	37,346	20,131	2,555,266
Beginning Fund Balances	3,181,341	954,687	233,489	-
Ending Fund Balances	\$ 3,668,774	\$ 992,033	\$ 253,620	\$ 2,555,266

See Notes to Financial Statements.

<u>Capital Projects</u> 2010A Certificates of Obligation	<u>Nonmajor Governmental Funds</u>	<u>Total</u>
\$ -	\$ -	\$ 15,093,685
-	-	1,050,079
-	-	1,207,429
-	-	11,144
-	48,246	461,419
-	17,626	272,731
-	-	1,656,098
-	263,780	263,780
-	369,316	369,316
1,121	13,369	71,447
-	-	394,071
1,121	712,337	20,851,199
-	-	2,919,174
-	-	5,956,779
-	-	2,586,314
-	345,045	2,127,336
-	122,217	10,645,694
-	-	3,903,250
-	-	3,214,201
211,666	-	419,931
211,666	467,262	31,772,679
(210,545)	245,075	(10,921,480)
-	62,587	2,017,451
(705,000)	(585,702)	(1,350,702)
-	-	32,466
12,730,000	-	24,630,000
630,836	-	859,692
(11,546,886)	-	(11,546,886)
1,108,950	(523,115)	14,642,021
898,405	(278,040)	3,720,541
-	1,325,959	5,695,476
\$ 898,405	\$ 1,047,919	\$ 9,416,017

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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, 2010

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

Net changes in fund balances - total governmental funds	\$ 3,720,541
<p>Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.</p>	
Capital asset expenditures	10,017,463
Depreciation expense	(1,927,710)
<p>The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.</p>	
Principal payments	3,316,364
Amortization of bond issuance costs, premiums, and discounts	(29,622)
Bonds issued	(24,630,000)
Payment to refunded bond escrow agent	6,391,886
Accrued interest	(62,363)
Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.	8,582
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.	(352,751)
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue (expense) is reported with governmental activities.	<u>104,947</u>
Change in Net Assets of Governmental Activities	\$ <u>(3,442,663)</u>

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS (Page 1 of 2)

PROPRIETARY FUNDS

December 31, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 2,507,379	\$ 249,461	\$ 2,756,840	\$ 373,438
Accounts receivable, net	668,709	144,618	813,327	-
Prepaid costs	9,955	-	9,955	73,571
Total Current Assets	3,186,043	394,079	3,580,122	447,009
Deferred charges	168,446	-	168,446	-
Capital assets:				
Land	193,875	-	193,875	-
Construction in process	11,923	-	11,923	-
Buildings and improvements	459,625	-	459,625	-
Furniture and equipment	685,122	-	685,122	2,377,246
Water and sewer system	54,406,562	-	54,406,562	-
Less: accumulated depreciation	(27,034,463)	-	(27,034,463)	(1,490,923)
Total Capital Assets (Net)	28,722,644	-	28,722,644	886,323
Total Noncurrent Assets	28,891,090	-	28,891,090	886,323
Total Assets	\$ 32,077,133	\$ 394,079	\$ 32,471,212	\$ 1,333,332

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS (Page 2 of 2)

PROPRIETARY FUNDS

December 31, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
Liabilities				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 414,288	\$ 92,778	\$ 507,066	\$ 43,491
Due to other funds	-	-	-	121,002
Accrued interest payable	112,978	-	112,978	-
Revenue bonds due within one year	785,000	-	785,000	-
	Total Current Liabilities	92,778	1,405,044	164,493
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and deferred amounts on refunding)	5,741,466	-	5,741,466	-
	Total Noncurrent Liabilities	-	5,741,466	-
	Total Liabilities	92,778	7,146,510	164,493
Net Assets				
Invested in capital assets, net of related debt	22,196,178	-	22,196,178	886,323
Restricted for debt service	785,000	-	785,000	-
Unrestricted	2,042,223	301,301	2,343,524	282,516
	Total Net Assets	301,301	25,324,702	1,168,839

See Notes to Financial Statements.

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

For the Year Ended December 31, 2010

	<u>Business-Type Activities - Enterprise Funds</u>			<u>Governmental Activities - Internal Service Funds</u>
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
<u>Operating Revenues</u>				
Charges for sales and services	\$ 5,917,931	\$ 1,237,919	\$ 7,155,850	\$ 2,851,183
Other revenues	-	248,494	248,494	31,106
Total Operating Revenues	<u>5,917,931</u>	<u>1,486,413</u>	<u>7,404,344</u>	<u>2,882,289</u>
<u>Operating Expenses</u>				
Costs of sales and services	2,254,333	485,781	2,740,114	2,903,065
Personnel	908,864	625,779	1,534,643	-
Depreciation	1,840,282	-	1,840,282	203,588
Total Operating Expenses	<u>5,003,479</u>	<u>1,111,560</u>	<u>6,115,039</u>	<u>3,106,653</u>
Operating Income (Loss)	<u>914,452</u>	<u>374,853</u>	<u>1,289,305</u>	<u>(224,364)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	6,694	1,139	7,833	1,588
Interest expense	(412,495)	-	(412,495)	-
Gain on sale of assets	-	-	-	30,310
Capital contribution	5,155,000	-	5,155,000	-
Total Nonoperating Revenues (Expenses)	<u>4,749,199</u>	<u>1,139</u>	<u>4,750,338</u>	<u>31,898</u>
Income (Loss) Before Transfers	<u>5,663,651</u>	<u>375,992</u>	<u>6,039,643</u>	<u>(192,466)</u>
Transfers in	-	-	-	300,000
Transfers (out)	(684,162)	(280,000)	(964,162)	(2,587)
Change in Net Assets	<u>4,979,489</u>	<u>95,992</u>	<u>5,075,481</u>	<u>104,947</u>
Beginning Net Assets	<u>20,043,912</u>	<u>205,309</u>	<u>20,249,221</u>	<u>1,063,892</u>
Ending Net Assets	<u>\$ 25,023,401</u>	<u>\$ 301,301</u>	<u>\$ 25,324,702</u>	<u>\$ 1,168,839</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, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 6,006,234	\$ 1,500,763	\$ 7,506,997	\$ 2,811,718
Payments to suppliers	(2,265,296)	(486,226)	(2,751,522)	(3,297,681)
Payments to employees	(908,864)	(625,779)	(1,534,643)	-
Net Cash Provided (Used) by Operating Activities	2,832,074	388,758	3,220,832	(485,963)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfer from other funds	-	-	-	300,000
Transfer to other funds	(684,162)	(280,000)	(964,162)	(2,587)
Net Cash Provided (Used) by Noncapital Financing Activities	(684,162)	(280,000)	(964,162)	297,413
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(498,508)	-	(498,508)	(231,279)
Principal paid on capital debt	(745,000)	-	(745,000)	-
Interest paid on capital debt	(412,495)	-	(412,495)	-
Proceeds from sale of capital assets	-	-	-	30,310
Net Cash (Used) by Capital and Related Financing Activities	(1,656,003)	-	(1,656,003)	(200,969)
<u>Cash Flows from Investing Activities</u>				
Interest received	6,694	1,139	7,833	1,588
Net Cash Provided by Investing Activities	6,694	1,139	7,833	1,588
Net Increase (Decrease) in Cash and Cash Equivalents	498,603	109,897	608,500	(387,931)
<u>Cash and Cash Equivalents, Beginning of Year</u>				
Unrestricted cash and cash equivalents	1,702,219	139,564	1,841,783	761,369
Restricted cash and cash equivalents	306,557	-	306,557	-
Beginning cash and cash equivalents	2,008,776	139,564	2,148,340	761,369
Ending Cash and Cash Equivalents	\$ 2,507,379	\$ 249,461	\$ 2,756,840	\$ 373,438
Ending Cash and Cash Equivalents:				
Unrestricted cash and cash equivalents	\$ 2,507,379	\$ 249,461	\$ 2,756,840	\$ 373,438
Restricted cash and cash equivalents	-	-	-	-
	\$ 2,507,379	\$ 249,461	\$ 2,756,840	\$ 373,438

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, 2010

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating income (loss)	\$ 914,452	\$ 374,853	\$ 1,289,305	\$ (224,364)
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:				
Depreciation	1,840,282	-	1,840,282	203,588
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Accounts receivable	88,303	14,350	102,653	-
Prepaid costs	-	-	-	(70,571)
Increase (Decrease) in Current Liabilities:				
Accounts payable and accrued liabilities	(10,963)	(445)	(11,408)	70
Deficit in pooled cash and investments	-	-	-	(187,715)
Due to other funds	-	-	-	(206,971)
Net Cash Provided (Used) by Operating Activities	\$ 2,832,074	\$ 388,758	\$ 3,220,832	\$ (485,963)

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, 2010

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, 2010

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, 2010

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 West University 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, city hall/public safety expansion fund, and the 2010A certificates of obligations fund are considered major funds 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, 2010

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, 2010

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. Interfund services provided and used are not eliminated in the process of consolidation.

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

1. Deposits and Investments

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

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, 2010

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 is 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, 2010

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 or business-type activities column on the 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.

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

8. Postemployment Healthcare Benefits

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

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

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

Emergency grant fund	\$20,470
Capital projects fund	\$23,170
Street light project	\$6,655
Healthcare benefits	\$49,017
Technology management	\$32,055

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As of December 31, 2010, the City had the following investments:

<u>Investment Type</u>	<u>Fair Value</u>	<u>Weighted Average Maturity (Years)</u>
U.S. agencies	\$ 4,991,190	1.64
TexPool	11,946,388	0.08
Total fair value	<u>\$ 16,937,578</u>	
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, 2010, the City's investment in TexPool was rated AAAM and the City's investment in United States agencies was 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, 2010, 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, 2010

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>Recreation Facilities</u>	<u>Nonmajor</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>
Ad valorem taxes	\$ 5,450,403	\$ 5,048,681	\$ -	\$ -	\$ -	\$ -
Other taxes	264,769	-	-	-	-	-
Accounts	47,013	-	-	-	835,564	177,926
Intergovernmental	-	-	-	19,498	-	-
Other	3,939	-	75,000	-	253	-
Less allowance	(2,061)	-	-	-	(167,108)	(33,308)
	<u>\$ 5,764,064</u>	<u>\$ 5,048,681</u>	<u>\$ 75,000</u>	<u>\$ 19,498</u>	<u>\$ 668,709</u>	<u>\$ 144,618</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, 2010

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 6,298,042	\$ -	\$ -	\$ 6,298,042
Construction in progress	17,375,292	9,650,086	-	27,025,378
Total capital assets not being depreciated	23,673,334	9,650,086	-	33,323,420
Other capital assets:				
Buildings and improvements	33,454,543	56,015	(75,000)	33,435,558
Machinery and equipment	6,454,082	861,675	(326,580)	6,989,177
Infrastructure	58,963,181	37,978	-	59,001,159
Total other capital assets	98,871,806	955,668	(401,580)	99,425,894
Less accumulated depreciation for:				
Buildings and improvements	(5,774,859)	(779,414)	24,000	(6,530,273)
Machinery and equipment	(4,595,053)	(474,017)	322,724	(4,746,346)
Infrastructure	(11,892,084)	(1,180,023)	-	(13,072,107)
Total accumulated depreciation	(22,261,996)	(2,433,454)	346,724	(24,348,726)
Other capital assets, net	76,609,810	(1,477,786)	(54,856)	75,077,168
Totals	\$ 100,283,144	\$ 8,172,300	\$ (54,856)	108,400,588
			Less associated debt	(83,287,936)
			Invested in Capital Assets, Net of Related Debt	\$ 25,112,652

Depreciation was charged to governmental functions as follows:

General government	\$ 143,930
Public safety	81,148
Public works	1,249,407
Public service	755,381
Capital assets held by the City's internal service fund	203,588
Total Governmental Activities Depreciation Expense	\$ 2,433,454

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-Type Activities:				
Capital assets not being depreciated:				
Land	\$ 193,875	\$ -	\$ -	\$ 193,875
Construction in progress	268,350	381,211	(637,638)	11,923
Total capital assets not being depreciated	462,225	381,211	(637,638)	205,798
Other capital assets:				
Buildings	459,625	-	-	459,625
Water and sewer system	53,734,723	671,839	-	54,406,562
Machinery and equipment	621,516	63,606	-	685,122
Total other capital assets	54,815,864	735,445	-	55,551,309
Less accumulated depreciation for:				
Buildings	(308,480)	(18,385)	-	(326,865)
Water and sewer system	(24,356,959)	(1,804,476)	-	(26,161,435)
Machinery and equipment	(528,742)	(17,421)	-	(546,163)
Total accumulated depreciation	(25,194,181)	(1,840,282)	-	(27,034,463)
Other capital assets, net	29,621,683	(1,104,837)	-	28,516,846
Totals	\$ 30,083,908	\$ (723,626)	\$ (637,638)	28,722,644
			Less associated debt	(6,526,466)
			Invested in Capital Assets, Net of Related Debt	\$ 22,196,178

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,840,282
Total Business-Type Activities Depreciation Expense	\$ 1,840,282

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds	\$ 54,380,000	\$ 16,145,000	\$ 9,320,000	\$ 61,205,000 *	\$ 4,235,000
Certificates of obligation	13,140,000	8,485,000	290,000	21,335,000 *	330,000
Unamortized refunding items	416,775	859,692	630,662	645,805 *	-
Accreted interest	-	221,031	-	221,031	-
Capital leases	200,381	-	98,250	102,131 *	102,131
	<u>68,137,156</u>	<u>25,710,723</u>	<u>10,338,912</u>	<u>83,508,967</u>	<u>4,667,131</u>
Other liabilities:					
Compensated absences	703,797	32,196	99,939	636,054	572,449
Net pension obligation	270,260	302,121	-	572,381	-
Net OPEB obligation	426,427 ***	118,373	-	544,800	-
	<u>1,400,484</u>	<u>452,690</u>	<u>99,939</u>	<u>1,752,253</u>	<u>572,449</u>
Total Governmental Activities	<u>\$ 69,267,380</u>	<u>\$ 26,163,413</u>	<u>\$ 10,438,851</u>	<u>\$ 85,262,202</u>	<u>\$ 5,239,580</u>
Long-term debt due in more than one year				<u>\$ 80,022,622</u>	
Business-Type Activities:					
Revenue bonds	\$ 7,355,000	\$ -	\$ 745,000	\$ 6,610,000 **	\$ 785,000
(Less) unamortized premiums and or discounts	(88,360)	-	(4,826)	(83,534) **	-
	<u>7,266,640</u>	<u>-</u>	<u>740,174</u>	<u>6,526,466</u>	<u>785,000</u>
Total Business-Type Activities	<u>\$ 7,266,640</u>	<u>\$ -</u>	<u>\$ 740,174</u>	<u>\$ 6,526,466</u>	<u>\$ 785,000</u>
Long-term debt due in more than one year				<u>\$ 5,741,466</u>	
*Debt associated with governmental activity capital assets				\$ 83,287,936	
**Debt associated with business-type activity capital assets				\$ 6,526,466	

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

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.

Advance Refundings

The City issued \$11,145,000 of permanent improvement refunding bonds, series 2010 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 \$10,960,000 related to waterworks and sewer system revenue bonds, series 2001A and series 2010B, as well as permanent improvement refunding bonds, series 2002. 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 ten years by \$302,525 and resulted in an economic gain of \$285,745.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

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

Description	Interest Rates	Balance
<u>Governmental Activities</u>		
General Obligation Bonds		
Permanent improvement		
Series 2010	2.00-4.00%	\$ 5,000,000
Permanent improvement and refunding		
Series 2002	4.0-5.5%	9,115,000
Series 2005	2.45-5.25%	24,315,000
Series 2009	2.50-4.50%	11,630,000
Series 2010	1.00-3.00%	11,145,000
Total General Obligation Bonds		61,205,000
Certificates of Obligation		
Series 2001	4.40%	2,535,000
Series 2003	3.15-4.0%	9,020,000
Series 2009	2.50-4.50%	1,295,000
Series 2010	2.00-4.00%	6,900,000
Series 2010A	1.00-3.00%	1,585,000
Total Certificates of Obligation		21,335,000
Total Bond and Certificate Obligations		82,540,000
Capital Leases		
Fire truck	3.95%	102,131
Total Capital Leases		102,131
Total Governmental Activities Long-Term Debt		\$ 82,642,131
<u>Business-Type Activities</u>		
Revenue Bonds		
Water and sewer, series 2001A	4.6-6.5%	\$ 100,000
Water and sewer, series 2001B	2.25-4.3%	200,000
Water and sewer, refunding series 2005	2.87-4.50%	6,310,000
Total Business-Type Activities Long-Term Debt		\$ 6,610,000

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

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	
2011	\$ 4,540,000	\$ 3,425,956	\$ 785,000	\$ 255,154	\$ 9,006,110
2012	5,035,000	3,112,048	720,000	225,323	9,092,371
2013	5,400,000	2,915,119	645,000	198,585	9,158,704
2014	5,675,000	2,710,055	675,000	172,185	9,232,240
2015	5,925,000	2,475,056	695,000	144,350	9,239,406
2016-2020	35,455,000	8,104,294	2,305,000	388,534	46,252,828
2021-2025	12,535,000	2,900,266	785,000	34,381	16,254,647
2026-2028	7,975,000	512,350	-	-	8,487,350
Total	\$ 82,540,000	\$ 26,155,144	\$ 6,610,000	\$ 1,418,512	\$ 116,723,656

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	
2011	\$ 102,131	\$ 4,036	\$ 106,167

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>
Asset:	
Machinery and equipment	\$ 483,333
Less: Accumulated depreciation	(193,333)
Total	\$ 290,000

Federal Arbitrage

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

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	\$ 110,998
General fund	Internal service funds	121,002
		\$ 232,000

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

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

Transfer Out	Transfer In	Amounts
General	Nonmajor	\$ 60,000
Water and sewer	General	660,000
Solid waste	General	280,000
Nonmajor	Internal service	300,000
Internal service	Nonmajor	2,587
2010A	Recreational facilities	705,000
Nonmajor	Recreational facilities	285,702
Water and sewer	City hall/public safety expansion	24,162
		\$ 2,317,451

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.

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

General Fund	
Reserved for prepaids and inventory	\$ 150,800
Asset held for resale	410,238
Debt Service Fund	
Reserved for debt service	\$ 992,033
Nonmajor Other Governmental Funds	
Reserved for prepaids and inventory	\$ 2,372
Reserved for capital purchases	\$ 266,205
Reserved for tree replacement	\$ 68,700
Reserved for park improvements	\$ 278,789
Reserved for court technology	\$ 31,016

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

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.

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.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

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>2010</u>	<u>2009</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 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 and 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 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, 2008 valuation is effective for rates beginning January 2010).

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

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

Annual required contribution (ARC)	\$	1,758,638
Interest on Net Pension Obligation (NPO)		18,918
Adjustment to the ARC		(16,502)
Annual Pension Cost (APC)		1,761,054
Contributions made		(1,458,933)
Increase in net pension obligation		302,121
Net pension obligation-beginning of year		270,260
Net pension obligation-end of year	\$	572,381

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

Fiscal year	Annual Pension Cost (APC)	Actual Contribution Made	Percentage of APC Contributed	Net Pension Obligation
2008	\$ 991,837	991,837	100.00%	\$ -
2009	\$ 1,500,985	1,230,725	81.99%	\$ 270,260
2010	\$ 1,761,054	1,458,933	82.84%	\$ 572,381

The required contribution rates for fiscal year 2010 were determined as part of the December 31, 2009 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2009, also follows:

	2010	2009	2008
Actuarial Valuation Date	12/31/2009	12/31/2008	12/31/2007
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	28 Years - Closed period	29 Years - Closed period	30 Years - Closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years
Asset Valuation Method	10-year Smoothed Market	Amortized cost	Amortized cost
Investment Rate of Return	7.5%	7.5%	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%	2.10%

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, Continued

For the Year Ended December 31, 2010

The funded status as of December 31, 2009, the most recent valuation date, is as follows:

	<u>2010</u>
Actuarial Valuation Date	12/31/2009
Actuarial Value of Assets	\$ 17,408,411
Actuarial Accrued Liability	\$ 30,389,977
Percentage Funded	57.3%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 12,981,566
Annual Covered Payroll	\$ 6,929,774
UAAL as a Percentage of Covered Payroll	187.3%

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 Postemployment 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 ten 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 percent of the premium for the retiree. Spouses and dependents are eligible for continued coverage. Retirees are responsible for all costs associated with spouse and dependent benefits.

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, 2010

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

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

Funding Policy

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

Annual 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	\$	298,272
Interest on net OPEB obligation		19,189
Adjustment to annual required contribution		(17,779)
Annual OPEB cost (expense)		299,682
Contributions made		181,309
Increase in net OPEB obligation		118,373
Net OPEB obligation-beginning of year		426,427
Net OPEB obligation-end of year	\$	544,800

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2010 and the two preceding years are as follows:

Fiscal year	Annual OPEB Cost (APC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation	
			Beginning	Ending
2010	\$ 299,682	60.50%	\$ 426,427	\$ 544,800
2009	\$ 358,920	43.70%	\$ 224,374	\$ 426,427
2008	\$ 347,746	35.50%	\$ -	\$ 224,374

Funded Status and Funding Progress

As of December 31, 2009, the most recent actuarial valuation date, the plan was zero percent funded. The actuarial accrued liability for benefits was \$3,300,494, and the actuarial value of assets was \$0, resulting in an unfunded actuarial accrued liability (UAAL) of \$3,300,494. The annual covered payroll as of December 31, 2009 was \$6,848,075 and the UAAL as a percentage of this number was 48.2 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

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended December 31, 2010

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 year open period
Asset Valuation Method	Market value
Investment Rate of Return	4.5%, net of expenses
Projected Salary Increases	3.0% per year
Healthcare Cost Trend Rate (Initial/Ultimate)	9.0%/4.5%
Inflation rate	3.0% per year

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 postemployment 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 December 31, 2010, 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.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NOTES TO FINANCIAL STATEMENTS, *Continued*

For the Year Ended December 31, 2010

The City's contribution rate to the TMRS SDBF, for the retiree portion, for the years ended December 31, 2010, 2009, and 2008 are shown below. Annual pension costs were \$3,106, \$2,772, and \$2,586 for 2010, 2009, and 2008 respectively.

	2010	2009	2008
Annual Req. Contrib. (Rate)	0.04%	0.04%	0.05%
Actual Contribution Made	0.04%	0.04%	0.05%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

E. Change in Beginning Net Assets/Fund Balance

The City has restated beginning net assets/fund balances for governmental activities and the recreational facilities, capital projects, and the parks funds due to the reclassification of a sale and purchase of land, as well as revenue received from the Friends of West University recorded in the prior year. The City has also restated beginning net assets for business-type activities and the water and sewer fund due to an overstatement of retainage payable in the prior year. Beginning net assets for governmental activities have also been increased for a reduction in the City's other postemployment benefits liability and decreased due to the recording of a net pension obligation for the prior year.

	Governmental Activities	Recreational Facilities	Capital Projects	Parks
Prior year ending net assets as reported	\$ 36,156,931	\$ (185,611)	\$ 396,031	\$ 162,541
Purchase and sale of land	(344)	419,100	(419,444)	-
Revenue received from FOW	(150,405)	-	-	(150,405)
OPEB liability	138,653	-	-	-
Net Pension Obligation (NPO)	(270,260)	-	-	-
Restated beginning net assets	\$ 35,874,575	\$ 233,489	\$ (23,413)	\$ 12,136
	Business-Type Activities	Water and Sewer		
Prior year ending net assets as reported	\$ 20,227,307	\$ 20,021,998		
Overstated construction costs	21,914	21,914		
Restated beginning net assets	\$ 20,249,221	\$ 20,043,912		

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, 2010

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Ad valorem	\$ 7,908,384	\$ 7,908,384	\$ 7,947,492	\$ 39,108
Sales	960,380	960,380	1,050,079	89,699
Franchise	1,066,600	1,066,600	1,207,429	140,829
Other taxes	13,900	13,900	11,144	(2,756)
Permits, licenses, and fees	288,600	288,600	413,173	124,573
Fines	191,100	191,100	255,105	64,005
Charges for services	1,304,108	1,304,108	1,656,098	351,990
Investment earnings	130,000	130,000	28,741	(101,259)
Other revenues	248,394	248,394	281,596	33,202
Total Revenues	<u>12,111,466</u>	<u>12,111,466</u>	<u>12,850,857</u>	<u>739,391</u>
Expenditures				
General government:				
Administration	1,033,234	1,118,709	1,106,347	12,362
Finance	1,708,269	1,813,344	1,812,827	517
Total government expenditures	<u>2,741,503</u>	<u>2,932,053</u>	<u>2,919,174</u>	<u>12,879</u>
Public safety:				
Police	3,375,031	3,266,932	3,162,569	104,363
Fire	2,734,741	2,842,841	2,794,210	48,631
Total public safety expenditures	<u>6,109,772</u>	<u>6,109,773</u>	<u>5,956,779</u>	<u>152,994</u>
Public works	2,690,759	2,629,511	2,586,314	43,197
Public service	1,922,256	1,792,957	1,782,291	10,666
Total Expenditures	<u>13,464,290</u>	<u>13,464,294</u>	<u>13,244,558</u>	<u>219,736</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>(1,352,824)</u>	<u>(1,352,828)</u>	<u>(393,701)</u>	<u>959,127</u>
Other Financing Sources (Uses)				
Transfers in	940,000	940,000	940,000	-
Transfers (out)	(60,000)	(60,000)	(60,000)	-
Proceeds from sale of capital asset	-	-	1,134	1,134
Total Other Financing Sources (Uses)	<u>880,000</u>	<u>880,000</u>	<u>881,134</u>	<u>1,134</u>
Net Change in Fund Balance	<u>\$ (472,824)</u>	<u>\$ (472,828)</u>	487,433	<u>\$ 960,261</u>
Beginning Fund Balance			<u>3,181,341</u>	
Ending Fund Balance			<u>\$ 3,668,774</u>	

Notes to Required Supplementary Information:

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

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF FUNDING PROGRESS

TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended December 31, 2010

Fiscal year	2010	2009	2008	2007	2006
Actuarial Valuation Date	12/31/2009	12/31/2008	12/31/2007	12/31/2006	12/31/2005
Actuarial Value of Assets	\$ 17,408,411	\$ 16,731,413	\$ 16,779,245	\$ 15,648,469	\$ 14,095,876
Actuarial Accrued Liability	\$ 30,389,977	\$ 29,134,847	\$ 28,129,514	\$ 22,702,928	\$ 20,777,707
Percentage Funded	57.3%	57.4%	59.6%	68.9%	67.8%
Unfunded Actuarial					
Accrued Liability	\$ 12,981,566	\$ 12,403,434	\$ 11,350,269	\$ 7,054,459	\$ 6,681,831
Annual Covered Payroll	\$ 6,929,774	\$ 6,588,322	\$ 5,970,726	\$ 5,711,947	\$ 5,700,977
Unfunded Actuarial Accrued Liability					
(UAAL) % of Covered Payroll	187.3%	188.3%	190.1%	123.5%	117.2%
Net Pension Obligation (NPO)					
at the Beginning of Period	\$ 270,260	\$ -	\$ -	\$ -	\$ -
Annual Pension Cost (APC)	1,761,054	1,500,985	991,837	931,489	944,597
Contributions Made	1,458,933	1,230,725	991,837	931,489	944,597
NPO at the End of Period	<u>\$ 572,381</u>	<u>\$ 270,260</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF FUNDING PROGRESS

POSTEMPLOYMENT HEALTHCARE BENEFITS

For the Year Ended December 31, 2010

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]
12/31/09	\$ -	\$ 3,300,494	\$ 3,300,494	0.0%	\$ 6,848,075	48.2%

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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, 2010

	<u>Original and Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Ad valorem taxes	\$ 7,118,075	\$ 7,146,193	\$ 28,118
Investment earnings	14,000	8,604	(5,396)
Total Revenues	<u>7,132,075</u>	<u>7,154,797</u>	<u>22,722</u>
<u>Expenditures</u>			
Debt service:			
Principal	3,911,167	3,903,250	7,917
Interest and fiscal agent fees	3,214,283	3,214,201	82
Total Expenditures	<u>7,125,450</u>	<u>7,117,451</u>	<u>7,999</u>
Net Change in Fund Balance	<u>\$ 6,625</u>	<u>37,346</u>	<u>\$ 30,721</u>
Beginning fund balance		<u>954,687</u>	
Ending Fund Balance		<u>\$ 992,033</u>	

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CITY OF WEST UNIVERSITY PLACE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2010

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 West University Parks Fund

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

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, 2010

	Special Revenue Funds			
	Parks	Friends of the Parks	Homeland Security	Tree Replacement
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 13,888	\$ 264,901	\$ -	\$ 68,700
Accounts receivable	-	-	-	-
Inventory	-	2,372	-	-
Total Assets	\$ 13,888	\$ 267,273	\$ -	\$ 68,700
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	-
Fund balances:				
Reserved for inventory	-	2,372	-	-
Reserved for capital purchases	-	-	-	-
Reserved for tree replacement	-	-	-	68,700
Reserved for park improvements	13,888	264,901	-	-
Reserved for court technology	-	-	-	-
Unreserved for special revenues	-	-	-	-
Unreserved for capital projects	-	-	-	-
Total Fund Balances	13,888	267,273	-	68,700
Total Liabilities and Fund Balances	\$ 13,888	\$ 267,273	\$ -	\$ 68,700

Special Revenue Funds			Capital Projects Funds		
Court Technology	METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Infrastructure Replacement
\$ 31,016	\$ 266,205	\$ 71,030	\$ -	\$ 64,115	\$ 13,051
-	-	19,498	-	-	-
-	-	-	-	-	-
<u>\$ 31,016</u>	<u>\$ 266,205</u>	<u>\$ 90,528</u>	<u>\$ -</u>	<u>\$ 64,115</u>	<u>\$ 13,051</u>
\$ -	\$ -	\$ -	\$ 23,170	\$ -	\$ -
-	-	110,998	-	-	-
-	-	110,998	23,170	-	-
-	-	-	-	-	-
-	266,205	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
31,016	-	-	-	-	-
-	-	(20,470)	-	-	-
-	-	-	(23,170)	64,115	13,051
<u>31,016</u>	<u>266,205</u>	<u>(20,470)</u>	<u>(23,170)</u>	<u>64,115</u>	<u>13,051</u>
<u>\$ 31,016</u>	<u>\$ 266,205</u>	<u>\$ 90,528</u>	<u>\$ -</u>	<u>\$ 64,115</u>	<u>\$ 13,051</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

December 31, 2010

	Capital Project Funds			Total Nonmajor Governmental Funds
	Sidewalk Construction	Street Light Project	Drainage Improvement	
Assets				
Current assets:				
Cash and equity in pooled cash and investments	\$ 8,076	\$ -	\$ 365,890	\$ 1,166,872
Accounts receivable	-	-	-	19,498
Inventory	-	-	-	2,372
Total Assets	\$ 8,076	\$ -	\$ 365,890	\$ 1,188,742
Liabilities and Fund Balances				
Liabilities:				
Accounts payable	\$ -	\$ 6,655	\$ -	\$ 29,825
Due to other funds	-	-	-	110,998
Total Liabilities	-	6,655	-	140,823
Fund balances:				
Reserved for inventory	-	-	-	2,372
Reserved for capital purchases	-	-	-	266,205
Reserved for tree replacement	-	-	-	68,700
Reserved for park improvements	-	-	-	278,789
Reserved for court technology	-	-	-	31,016
Unreserved for special revenues	-	-	-	(20,470)
Unreserved for capital projects	8,076	(6,655)	365,890	421,307
Total Fund Balances	8,076	(6,655)	365,890	1,047,919
Total Liabilities and Fund Balances	\$ 8,076	\$ -	\$ 365,890	\$ 1,188,742

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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, 2010

	Special Revenue Funds			
	Parks	Friends of the Parks	Homeland Security	Tree Replacement
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Permits, licenses, and fees	-	-	-	48,246
Intergovernmental	-	-	-	-
Contributions	15,222	354,094	-	-
Investment earnings	24	1,048	-	-
Total Revenues	15,246	355,142	-	48,246
Expenditures				
Current:				
Public service	-	279,623	-	23,152
Capital outlay	13,494	-	-	-
Total Expenditures	13,494	279,623	-	23,152
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,752	75,519	-	25,094
Other Financing Sources (Uses)				
Transfers in	-	-	2,587	-
Transfers (out)	-	-	-	(14,000)
Total Other Financing Sources (Uses)	-	-	2,587	(14,000)
Net Change in Fund Balances	1,752	75,519	2,587	11,094
Beginning Fund Balances	12,136	191,754	(2,587)	57,606
Ending Fund Balances	\$ 13,888	\$ 267,273	\$ -	\$ 68,700

Special Revenue Funds			Capital Projects Funds		
Court Technology	METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Infrastructure Replacement
\$ 17,626	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	259,000	4,780	-	-	-
-	-	-	-	-	-
76	196	-	7,474	2,344	28
<u>17,702</u>	<u>259,196</u>	<u>4,780</u>	<u>7,474</u>	<u>2,344</u>	<u>28</u>
-	-	4,292	-	-	-
1,287	-	-	-	53,015	-
<u>1,287</u>	<u>-</u>	<u>4,292</u>	<u>-</u>	<u>53,015</u>	<u>-</u>
16,415	259,196	488	7,474	(50,671)	28
-	-	-	-	60,000	-
-	-	(264,471)	(7,231)	(300,000)	-
-	-	(264,471)	(7,231)	(240,000)	-
16,415	259,196	(263,983)	243	(290,671)	28
14,601	7,009	243,513	(23,413)	354,786	13,023
<u>\$ 31,016</u>	<u>\$ 266,205</u>	<u>\$ (20,470)</u>	<u>\$ (23,170)</u>	<u>\$ 64,115</u>	<u>\$ 13,051</u>

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, 2010

	Capital Project Funds			Total Nonmajor Governmental Funds
	Sidewalk Construction	Street Light Project	Drainage Improvement	
Revenues				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 17,626
Permits, licenses, and fees	-	-	-	48,246
Intergovernmental	-	-	-	263,780
Contributions	-	-	-	369,316
Investment earnings	2,179	-	-	13,369
	2,179	-	-	712,337
Total Revenues	2,179	-	-	712,337
Expenditures				
Current:				
Public service	-	37,978	-	345,045
Capital outlay	638	-	53,783	122,217
	638	37,978	53,783	467,262
Total Expenditures	638	37,978	53,783	467,262
Excess (Deficiency) of Revenues Over (Under) Expenditures	1,541	(37,978)	(53,783)	245,075
Other Financing Sources (Uses)				
Transfers in	-	-	-	62,587
Transfers (out)	-	-	-	(585,702)
	-	-	-	(523,115)
Total Other Financing Sources (Uses)	-	-	-	(523,115)
Net Change in Fund Balances	1,541	(37,978)	(53,783)	(278,040)
Beginning Fund Balances	6,535	31,323	419,673	1,325,959
Ending Fund Balances	\$ 8,076	\$ (6,655)	\$ 365,890	\$ 1,047,919

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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, 2010

		Parks			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues					
Contributions	\$	4,000	\$ 8,500	\$ 15,222	\$ 6,722
Investment earnings		50	50	24	(26)
Total Revenues		4,050	8,550	15,246	6,696
Expenditures					
Capital outlay		9,000	13,500	13,494	6
Total Expenditures		9,000	13,500	13,494	6
Net Change in Fund Balance	\$	(4,950)	(4,950)	1,752	\$ 6,702
Beginning Fund Balance				12,136	
Ending Fund Balance				\$ 13,888	

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, 2010

Tree Replacement

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>				
Permits, licenses, and fees	\$ 10,300	\$ 12,200	\$ 48,246	\$ 36,046
Total Revenues	<u>10,300</u>	<u>12,200</u>	<u>48,246</u>	<u>36,046</u>
<u>Expenditures</u>				
Public services	35,255	37,155	23,152	14,003
Total Expenditures	<u>35,255</u>	<u>37,155</u>	<u>23,152</u>	<u>14,003</u>
<u>Other Financing (Uses)</u>				
Transfers (out)	-	-	(14,000)	(14,000)
Total Other Financing (Uses)	<u>-</u>	<u>-</u>	<u>(14,000)</u>	<u>(14,000)</u>
Net Change in Fund Balance	<u>\$ (24,955)</u>	<u>\$ (24,955)</u>	11,094	<u>\$ 36,049</u>
Beginning Fund Balance			<u>57,606</u>	
Ending Fund Balance			<u>\$ 68,700</u>	

CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

IN FUND BALANCES - BUDGET AND ACTUAL

NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2010

	Court Technology			Variance with
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Final Budget Positive (Negative)
Revenues				
Fines and forfeitures	\$ 9,000	\$ 9,000	\$ 17,626	\$ 8,626
Investment earnings	30	30	76	46
Total Revenues	9,030	9,030	17,702	8,672
Expenditures				
Capital outlay	10,000	10,000	1,287	8,713
Total Expenditures	10,000	10,000	1,287	8,713
Net Change in Fund Balance	\$ (970)	\$ (970)	16,415	\$ 17,385
Beginning Fund Balance			14,601	
Ending Fund Balance			\$ 31,016	

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, 2010

	METRO Grant			
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Intergovernmental	\$ 259,000	\$ 259,000	\$ 259,000	\$ -
Investment earnings	-	-	196	196
Total Revenues	259,000	259,000	259,196	196
Other Financing (Uses)				
Transfers (out)	(266,151)	(266,151)	-	266,151
Total Other Financing (Uses)	(266,151)	(266,151)	-	266,151
Net Change in Fund Balance	\$ (7,151)	\$ (7,151)	259,196	\$ 266,347
Beginning Fund Balance			7,009	
Ending Fund Balance			\$ 266,205	

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CITY OF WEST UNIVERSITY PLACE, TEXAS

INTERNAL SERVICE FUNDS

December 31, 2010

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, 2010

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
<u>Assets</u>				
Current assets:				
Equity in pooled cash and investments	\$ 373,438	\$ -	\$ -	\$ 373,438
Prepaid costs	-	70,571	3,000	73,571
Total Current Assets	373,438	70,571	3,000	447,009
Noncurrent assets:				
Capital assets:				
Machinery and equipment	2,377,246	-	-	2,377,246
Less: accumulated depreciation	(1,490,923)	-	-	(1,490,923)
Total Capital Assets (Net of Accumulated Depreciation)	886,323	-	-	886,323
Total Noncurrent Assets	886,323	-	-	886,323
Total Assets	1,259,761	70,571	3,000	1,333,332
<u>Liabilities</u>				
Current liabilities:				
Accounts payable	9,850	7,290	26,351	43,491
Due to other funds	-	112,298	8,704	121,002
Total Current Liabilities	9,850	119,588	35,055	164,493
Total Liabilities	9,850	119,588	35,055	164,493
<u>Net Assets</u>				
Invested in capital assets	886,323	-	-	886,323
Unrestricted	363,588	(49,017)	(32,055)	282,516
Total Net Assets	\$ 1,249,911	\$ (49,017)	\$ (32,055)	\$ 1,168,839

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, 2010

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
<u>Operating Revenues</u>				
Charges for sales and services	\$ 339,504	\$ 1,461,609	\$ 1,050,070	\$ 2,851,183
Other revenues	-	31,106	-	31,106
Total Operating Revenues	339,504	1,492,715	1,050,070	2,882,289
<u>Operating Expenses</u>				
Costs of sales and services	104,393	1,745,825	1,052,847	2,903,065
Depreciation	203,588	-	-	203,588
Total Operating Expenses	307,981	1,745,825	1,052,847	3,106,653
Operating (Loss)	31,523	(253,110)	(2,777)	(224,364)
<u>Nonoperating Revenues (Expenses)</u>				
Investment earnings	1,555	-	33	1,588
Gain on sale of capital assets	30,310	-	-	30,310
Transfers in	-	-	300,000	300,000
Transfers (out)	-	(2,587)	-	(2,587)
Total Nonoperating Revenues (Expenses)	31,865	(2,587)	300,033	329,311
Change in Net Assets	63,388	(255,697)	297,256	104,947
Beginning Net Assets	1,186,523	206,680	(329,311)	1,063,892
Ending Net Assets	\$ 1,249,911	\$ (49,017)	\$ (32,055)	\$ 1,168,839

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING STATEMENT OF CASH FLOWS

INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2010

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
<u>Cash Flows from Operating Activities</u>				
Receipts from customers and users	\$ 339,504	\$ 1,422,144	\$ 1,050,070	\$ 2,811,718
Payments to suppliers	(102,184)	(1,845,394)	(1,350,103)	(3,297,681)
Net Cash Provided (Used) by Operating Activities	237,320	(423,250)	(300,033)	(485,963)
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers in	-	-	300,000	300,000
Transfers (out)	-	(2,587)	-	(2,587)
Net Cash Provided (Used) by Noncapital Financial Activities	-	(2,587)	300,000	297,413
<u>Cash Flows from Capital and Related Financing Activities</u>				
Acquisition and construction of capital assets	(231,279)	-	-	(231,279)
Proceeds from sale of capital assets	30,310	-	-	30,310
Net Cash (Used) by Capital and Related Financing Activities	(200,969)	-	-	(200,969)
<u>Cash Flows from Investing Activities</u>				
Interest received	1,555	-	33	1,588
Net Cash Provided by Investing Activities	1,555	-	33	1,588
Net Increase (Decrease) in Cash and Cash Equivalents	37,906	(425,837)	-	(387,931)
Beginning Cash and Cash Equivalents	335,532	425,837	-	761,369
Ending Cash and Cash Equivalents	\$ 373,438	\$ -	\$ -	\$ 373,438
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating (loss)	\$ 31,523	\$ (253,110)	\$ (2,777)	\$ (224,364)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation	203,588	-	-	203,588
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Prepaid costs	-	(70,571)	-	(70,571)
Increase (Decrease) in Current Liabilities:				
Accounts payable	2,209	3,060	(5,199)	70
Deficit in pooled cash and investments	-	-	(187,715)	(187,715)
Due to other funds	-	(102,629)	(104,342)	(206,971)
Net Cash Provided (Used) by Operating Activities	\$ 237,320	\$ (423,250)	\$ (300,033)	\$ (485,963)

STATISTICAL SECTION

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

Contents	Page
Financial Trends	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 Eight 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
Total Governmental Activities Net Assets	\$ 10,257,047	\$ 11,637,581	\$ 13,822,163	\$ 19,369,174
Business-type activities				
Invested in capital assets, net of related debt	\$ 22,140,957	\$ 22,647,508	\$ 21,776,495	\$ 20,924,046
Restricted	1,180,254	1,532,649	622,627	813,673
Unrestricted	(486,050)	(331,015)	894,473	525,387
Total Business-Type Activities Net Assets	\$ 22,835,161	\$ 23,849,142	\$ 23,293,595	\$ 22,263,106
Primary government				
Invested in capital assets, net of related debt	\$ 29,952,528	\$ 31,485,890	\$ 24,061,712	\$ 32,710,653
Restricted	1,485,750	1,896,127	9,156,033	4,419,242
Unrestricted	1,653,930	2,104,706	3,898,013	4,502,385
Total Primary Government Net Assets	\$ 33,092,208	\$ 35,486,723	\$ 37,115,758	\$ 41,632,280

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 17,515,320	\$ 24,421,719	\$ 32,145,988	\$ 25,112,652
4,491,985	6,470,948	2,466,227	1,977,589
2,566,351	1,910,197	1,262,360	5,341,671
<u>\$ 24,573,656</u>	<u>\$ 32,802,864</u>	<u>\$ 35,874,575</u>	<u>\$ 32,431,912</u>
\$ 19,768,267	\$ 18,512,926	\$ 17,662,268	\$ 22,196,178
1,186,557	715,000	745,000	785,000
186,418	1,640,695	1,841,953	2,343,524
<u>\$ 21,141,242</u>	<u>\$ 20,868,621</u>	<u>\$ 20,249,221</u>	<u>\$ 25,324,702</u>
\$ 37,283,587	\$ 42,934,645	\$ 49,808,256	\$ 47,308,830
5,678,542	7,185,948	3,211,227	2,762,589
2,752,769	3,550,892	3,104,313	7,685,195
<u>\$ 45,714,898</u>	<u>\$ 53,671,485</u>	<u>\$ 56,123,796</u>	<u>\$ 57,756,614</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN NET ASSETS

Last Eight Years (1)

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

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

	Year			
	2007	2008	2009	2010
\$	4,552,568	\$ 2,387,061	\$ 2,841,391	\$ 3,150,380
	4,904,003	5,593,513	6,217,723	6,287,887
	3,288,626	2,925,781	4,046,079	4,549,951
	1,972,400	3,894,834	4,421,189	2,734,441
	3,169,545	3,195,884	2,860,685	3,453,311
	<u>17,887,142</u>	<u>17,997,073</u>	<u>20,387,067</u>	<u>20,175,970</u>
	5,297,894	5,752,744	5,686,180	5,415,974
	918,984	996,582	1,161,724	1,111,560
	<u>6,216,878</u>	<u>6,749,326</u>	<u>6,847,904</u>	<u>6,527,534</u>
\$	<u>24,104,020</u>	<u>\$ 24,746,399</u>	<u>\$ 27,234,971</u>	<u>\$ 26,703,504</u>
\$	3,523,007	\$ -	\$ -	\$ -
	196,070	817,411	525,650	734,150
	-	-	-	-
	580,869	1,402,881	4,237,581	1,656,098
	843,941	1,675,641	360,310	263,780
	-	5,291,500	134,821	369,316
	<u>5,143,887</u>	<u>9,187,433</u>	<u>5,258,362</u>	<u>3,023,344</u>
	4,702,577	5,912,369	6,151,138	5,917,931
	930,705	1,452,975	1,096,652	1,486,413
	<u>5,633,282</u>	<u>7,365,344</u>	<u>7,247,790</u>	<u>7,404,344</u>
\$	<u>10,777,169</u>	<u>\$ 16,552,777</u>	<u>\$ 12,506,152</u>	<u>\$ 10,427,688</u>
\$	(12,743,255)	\$ (8,809,640)	\$ (15,128,705)	\$ (17,152,626)
	(583,596)	616,018	399,886	876,810
\$	<u>(13,326,851)</u>	<u>\$ (8,193,622)</u>	<u>\$ (14,728,819)</u>	<u>\$ (16,275,816)</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN NET ASSETS (Continued)

Last Eight Years (1)

	Year			
	2003	2004	2005	2006
General Revenues and Other Changes in Net Assets				
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
Total Governmental Activities	<u>10,188,360</u>	<u>12,555,933</u>	<u>15,600,515</u>	<u>18,586,496</u>
Business-type activities				
Investment earnings	10,280	6,896	21,374	72,757
Other revenues	-	-	216,047	139,805
Transfers	2,914,442	1,223,291	(870,000)	(1,053,941)
Total Business-Type Activities	<u>2,924,722</u>	<u>1,230,187</u>	<u>(632,579)</u>	<u>(841,379)</u>
Total Primary Government	<u>\$ 13,113,082</u>	<u>\$ 13,786,120</u>	<u>\$ 14,967,936</u>	<u>\$ 17,745,117</u>
Change in Net Assets				
Governmental activities	\$ (1,933,321)	\$ 1,380,534	\$ 2,184,582	\$ 5,547,011
Business-type activities	1,713,892	1,013,981	(555,547)	(1,030,489)
Total Primary Government	<u>\$ (219,429)</u>	<u>\$ 2,394,515</u>	<u>\$ 1,629,035</u>	<u>\$ 4,516,522</u>

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

	Year			
	2007	2008	2009	2010
\$	6,219,953	\$ 6,487,224	\$ 7,319,407	\$ 8,004,202
	6,738,071	6,300,879	6,756,375	7,098,065
	1,026,948	1,042,096	946,726	1,050,079
	933,834	1,312,260	1,162,420	1,207,429
	15,010	15,643	12,485	11,144
	891,760	257,869	306,410	-
	622,787	394,218	210,481	73,035
	254,997	288,659	446,112	424,381
	-	-	-	32,466
	940,000	940,000	1,040,000	(4,190,838)
	<u>17,643,360</u>	<u>17,038,848</u>	<u>18,200,416</u>	<u>13,709,963</u>
	39,173	51,361	20,715	7,833
	362,559	-	-	-
	(940,000)	(940,000)	(1,040,000)	4,190,838
	<u>(538,268)</u>	<u>(888,639)</u>	<u>(1,019,285)</u>	<u>4,198,671</u>
\$	<u>17,105,092</u>	<u>16,150,209</u>	<u>17,181,131</u>	<u>17,908,634</u>
\$	4,900,105	\$ 8,229,208	\$ 3,071,711	\$ (3,442,663)
	(1,121,864)	(272,621)	(619,399)	5,075,481
\$	<u>3,778,241</u>	<u>7,956,587</u>	<u>2,452,312</u>	<u>1,632,818</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Eight 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 eight years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>Change 2009-2010</u>
\$ 12,958,024	\$ 12,788,103	\$ 13,462,911	\$ 15,102,267	5.3%
1,026,948	1,042,096	11,553,199	1,050,079	1008.7%
933,834	1,312,260	1,659,737	1,207,429	26.5%
15,010	15,643	2,400	11,144	-84.7%
<u>\$ 14,933,816</u>	<u>\$ 15,158,102</u>	<u>\$ 26,678,247</u>	<u>\$ 17,370,919</u>	76.0%

CITY OF WEST UNIVERSITY PLACE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS

Last Ten Years

	Year			
	2001	2002	2003	2004
General Fund				
Reserved	\$ 7,364	\$ 80,544	\$ 2,148,781	\$ 2,098,916
Unreserved	2,985,884	2,846,051	841,381	936,365
Total General Fund	\$ 2,993,248	\$ 2,926,595	\$ 2,990,162	\$ 3,035,281
All Other Governmental Funds				
Reserved	\$ 20,188,647	\$ 20,919,924	\$ 656,903	\$ 782,534
Unreserved, reported in:				
Capital project funds	538,175	698,630	19,412,415	9,106,291
Special revenue funds	545,459	121,914	139,427	233,004
Total All Other Governmental Funds	\$ 21,272,281	\$ 21,740,468	\$ 20,208,745	\$ 10,121,829

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 15,504	\$ 15,516	\$ 429,437	\$ 430,797	\$ 444,508	\$ 561,038
3,357,537	4,187,536	2,457,227	3,580,317	2,736,833	3,107,736
<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>	<u>\$ 3,668,774</u>
\$ 998,780	\$ 1,658,449	\$ 2,067,501	\$ 2,745,745	\$ 1,388,198	\$ 1,639,115
6,852,781	1,545,312	178,493	3,219,460	1,035,760	4,128,598
683,698	1,484,935	2,883,727	281,814	240,926	(20,470)
<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>	<u>\$ 5,747,243</u>

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

	Year			
	2001	2002	2003	2004
Revenues				
Taxes	\$ 9,963,477	\$ 11,534,667	\$ 12,416,216	\$ 13,263,355
Permits, licenses, and fees	472,081	386,124	444,886	577,164
Fines and forfeitures	276,815	319,388	243,931	193,322
Charges for services	901,544	1,074,335	1,086,952	974,549
Intergovernmental	259,000	277,769	307,784	1,392,662
Contributions	-	-	-	-
Investment earnings	1,720,839	655,918	511,267	336,967
Other revenues	389,693	603,217	387,897	451,551
Total Revenues	13,983,449	14,851,418	15,398,933	17,189,570
Expenditures				
General government	1,981,486	2,061,227	1,952,308	2,211,183
Public safety	4,019,282	4,336,152	4,701,684	4,616,019
Public works	1,515,164	1,500,127	1,631,434	1,642,867
Public service	896,309	941,302	1,015,026	1,255,857
Capital outlay	12,886,880	13,583,834	13,107,808	11,882,057
Debt service				
Principal	1,880,000	2,185,000	2,295,000	2,685,000
Interest	2,812,336	3,130,630	3,808,650	3,775,384
Bond issuance costs	-	-	-	-
Total Expenditures	25,991,457	27,738,272	28,511,910	28,068,367
Excess of Revenues Over (Under) Expenditures	(12,008,008)	(12,886,854)	(13,112,977)	(10,878,797)
Other Financing Sources (Uses)				
Transfers in	1,790,600	1,691,111	631,000	837,000
Transfers out	(991,500)	(1,002,862)	-	-
Issuance of debt	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	-	-	-	-
Total other financing sources	4,124,100	13,471,299	10,549,331	837,000
Net Change in Fund Balances	\$ (7,883,908)	\$ 584,445	\$ (2,563,646)	\$ (10,041,797)
Debt service as a percentage of noncapital expenditures	35.81%	37.55%	39.62%	39.91%

		Year									
		2005	2006	2007	2008	2009	2010				
\$	13,803,975	\$	14,658,182	\$	14,681,206	\$	15,471,664	\$	16,197,413	\$	17,362,337
	597,910		580,297		580,869		495,127		351,120		461,419
	186,844		267,609		196,070		322,284		174,530		272,731
	1,165,967		1,260,376		1,381,586		1,402,881		1,186,941		1,656,098
	387,779		259,000		843,941		6,967,141		495,131		263,780
	268,081		326,656		891,760		257,869		306,410		369,316
	457,078		688,893		602,593		379,164		205,371		71,447
	212,924		1,814,311		250,408		265,397		430,180		394,071
	<u>17,080,558</u>		<u>19,855,324</u>		<u>19,428,433</u>		<u>25,561,527</u>		<u>19,347,096</u>		<u>20,851,199</u>
	2,268,862		2,381,154		2,312,853		2,329,591		2,638,596		2,919,174
	4,769,582		5,028,528		4,931,044		5,242,522		6,091,415		5,956,779
	1,582,592		1,557,955		1,927,231		1,935,450		2,167,936		2,586,314
	1,579,982		1,712,208		1,785,093		3,869,698		3,803,862		2,127,336
	2,569,023		6,840,403		3,738,838		4,113,991		13,290,611		10,645,694
	2,900,000		3,375,000		3,612,472		3,780,922		3,969,515		3,903,250
	3,669,628		3,319,913		3,188,875		2,987,603		2,848,046		3,214,201
	-		-		-		-		226,636		419,931
	<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>		<u>31,772,679</u>
	(2,259,111)		(4,359,837)		(2,067,973)		1,301,750		(15,689,521)		(10,921,480)
	1,139,000		1,540,713		4,931,336		4,618,732		4,065,742		2,017,451
	(269,000)		(670,713)		(3,991,336)		(3,678,732)		(3,075,742)		(1,350,702)
	25,075,000		473,285		-		-		13,035,000		24,630,000
	1,793,024		-		-		-		283,639		859,692
	(26,751,058)		-		-		-		(3,022,444)		(11,546,886)
	23,335		-		-		-		-		32,466
	<u>1,010,301</u>		<u>1,343,285</u>		<u>940,000</u>		<u>940,000</u>		<u>11,286,195</u>		<u>14,642,021</u>
\$	<u>(1,248,810)</u>	\$	<u>(3,016,552)</u>	\$	<u>(1,127,973)</u>	\$	<u>2,241,750</u>	\$	<u>(4,403,326)</u>	\$	<u>3,720,541</u>
	39.17%		38.62%		39.22%		35.89%		36.74%		34.65%

CITY OF WEST UNIVERSITY PLACE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years

(modified accrual basis of accounting)

Function	Year			
	2001	2002	2003	2004
Ad valorem	\$ 8,532,873	\$ 9,717,905	\$ 11,481,442	\$ 11,691,541
Sales	523,665	862,325	758,987	683,573
Franchise fee	533,646	939,577	873,649	872,221
Other taxes	9,981	14,860	18,303	16,020
	<u>\$ 9,600,165</u>	<u>\$ 11,534,667</u>	<u>\$ 13,132,381</u>	<u>13,263,355</u>

Year						Change
2005	2006	2007	2008	2009	2010	2009-2010
\$ 12,128,801	\$ 12,613,511	\$ 12,958,024	\$ 13,101,665	\$ 14,067,200	\$ 15,093,685	7.3%
745,716	1,028,946	1,026,948	1,042,096	946,726	1,050,079	10.9%
913,998	1,000,930	933,834	1,312,260	1,162,420	1,207,429	3.9%
15,460	14,796	15,010	15,643	12,485	11,144	-10.7%
<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>	<u>\$ 17,362,337</u>	4.6%

CITY OF WEST UNIVERSITY PLACE, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Residential Property	\$ 2,224,515,970	\$ 2,391,518,150	\$ 2,544,734,110	\$ 2,680,629,150
Commercial Property	64,388,870	60,317,070	52,571,420	56,271,940
Less: Tax Exempt Property	<u>(54,014,970)</u>	<u>(54,426,270)</u>	<u>(79,831,440)</u>	<u>(80,402,800)</u>
Total Taxable Assessed Value (1)	<u>\$ 2,234,889,870</u>	<u>\$ 2,397,408,950</u>	<u>\$ 2,517,474,090</u>	<u>\$ 2,656,498,290</u>
Total Direct Tax Rate	0.41000	0.42000	0.42000	0.43000

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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 2,816,526,599	\$ 3,032,378,632	\$ 3,518,127,265	\$ 3,835,791,345	\$ 4,287,201,794	\$ 4,173,451,521
79,232,269	200,638,039	111,498,007	129,077,944	125,992,897	203,444,929
<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>(296,685,633)</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>	<u>\$ 4,080,210,817</u>
0.44670	0.43000	0.36600	0.35900	0.35875	0.37411

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

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
City of West University Place by fund:				
General	\$ 0.19500	\$ 0.19000	\$ 0.19670	\$ 0.20000
Debt service	0.22500	0.24000	0.25000	0.24000
Total Direct Rates	<u>\$ 0.42000</u>	<u>\$ 0.43000</u>	<u>\$ 0.44670</u>	<u>\$ 0.44000</u>
Houston Independent School District	\$ 1.51900	\$ 1.58000	\$ 1.58000	\$ 1.58000
Harris County	0.35900	0.38390	0.38810	0.38800
Harris County Flood Control District	0.06170	0.04760	0.04170	0.04170
Port of Houston Authority	0.01830	0.01830	0.01990	0.02000
Harris County Hospital District	0.20270	0.19020	0.19020	0.19020
Harris County Dept. of Education	-	-	-	-
Houston Community College	0.08133	0.08133	0.08133	0.09598
Total Direct and Overlapping Rates (1)	<u><u>\$ 2.66203</u></u>	<u><u>\$ 2.73133</u></u>	<u><u>\$ 2.74793</u></u>	<u><u>\$ 2.75588</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>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 0.20100	\$ 0.19200	\$ 0.18600	\$ 0.18600	\$ 0.18893	\$ 0.19443
0.22900	0.21000	0.18000	0.17300	0.16982	0.17968
<u>\$ 0.43000</u>	<u>\$ 0.40200</u>	<u>\$ 0.36600</u>	<u>\$ 0.35900</u>	<u>\$ 0.35875</u>	<u>\$ 0.37411</u>
\$ 1.62000	\$ 1.47570	\$ 1.15670	\$ 1.15670	\$ 1.15670	\$ 1.15670
0.39986	0.40239	0.39239	0.38923	0.39224	0.38805
0.03322	0.03241	0.03106	0.03086	0.02922	0.29230
0.01474	0.01302	0.01437	0.01773	0.01636	0.02054
0.19216	0.19216	0.19216	0.19216	0.19216	0.19216
0.00629	0.00629	0.00585	0.00584	0.00605	0.00658
0.09577	0.09518	0.09243	0.09243	0.09222	0.09222
<u>\$ 2.79204</u>	<u>\$ 2.61915</u>	<u>\$ 2.25096</u>	<u>\$ 2.24395</u>	<u>\$ 2.24370</u>	<u>\$ 2.24370</u>

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CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Eight Years Ago (1)

Property Taxpayer	2010			2002		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
AT&T	\$ 11,529,003	1	0.28%	\$ -	n/a	-
Southwestern Bell	-	n/a	-	13,795,450	1	0.56%
U West Marketplace Assoc	6,826,418	2	0.17%	3,871,740	3	0.15%
Centerpoint Energy Inc	5,004,370	3	0.12%	-	n/a	-
Dupey Spine Sales LP	4,967,402	4	0.12%	4,738,770	2	0.20%
5650 Kirby Partnership	4,591,828	5	0.11%	3,814,510	4	0.16%
Kenneth & Kimberly Alo	4,550,968	6	0.11%	2,172,500	10	0.09%
Craig A & Patricia Biggio	3,855,463	7	0.09%	2,627,400	5	0.12%
Charles & Kimberly Yates	3,582,009	8	0.09%	-	n/a	-
Timothy H & Elaine C Day	3,568,180	9	0.09%	-	n/a	-
Beltika LLC	3,518,404	10	0.09%	-	n/a	-
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	\$ 51,994,045		1.27%	\$ 40,108,630		1.67%
Other Taxpayers	4,028,216,772		98.73%	2,357,300,320		98.33%
Total	\$ 4,080,210,817		100.00%	\$ 2,397,408,950		100.00%

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 eight years ago is available at this time.

CITY OF WEST UNIVERSITY PLACE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>
Tax levy	\$ 8,703,604	\$ 9,630,400	\$ 10,680,077	\$ 11,581,528
Current tax collected	\$ 8,655,130	\$ 9,582,032	\$ 10,629,260	\$ 11,516,657
Percent of current tax collections	99.44%	99.50%	99.52%	99.44%
Delinquent tax collections	<u>\$ 45,690</u>	<u>\$ 42,495</u>	<u>\$ 45,503</u>	<u>\$ 53,913</u>
Total tax collections	<u>\$ 8,700,820</u>	<u>\$ 9,624,527</u>	<u>\$ 10,674,763</u>	<u>\$ 11,570,570</u>
Total collections as a percentage of current levy	99.97%	99.94%	99.95%	99.91%
Outstanding delinquent taxes	\$ 2,784	\$ 5,873	\$ 5,314	\$ 10,958
Outstanding delinquent taxes as percentage of current levy	0.03%	0.06%	0.05%	0.09%

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 12,192,921	\$ 12,621,201	\$ 12,890,583	\$ 13,951,979	\$ 15,031,309	\$ 15,265,103
\$ 12,124,169	\$ 12,539,957	\$ 11,944,071	\$ 13,928,931	\$ 14,979,583	\$ 6,331,728
99.44%	99.36%	92.66%	99.83%	99.66%	41.48%
\$ 50,981	\$ 57,821	\$ 28,776	\$ 28,776	\$ 54,926	\$ 34,256
<u>\$ 12,175,150</u>	<u>\$ 12,597,778</u>	<u>\$ 11,972,847</u>	<u>\$ 13,957,707</u>	<u>\$ 15,034,509</u>	<u>\$ 6,365,984</u>
99.85%	99.81%	92.88%	100.04%	100.02%	41.70%
\$ 17,771	\$ 23,423	\$ 35,850	\$ 81,139	\$ 190,853	\$ 202,537
0.15%	0.19%	0.28%	0.58%	1.27%	1.33%

CITY OF WEST UNIVERSITY PLACE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Eight Years (1)

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

(1) The requirement for statistical data is ten years; only eight 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>	<u>2010</u>
\$ 52,670,000	\$ 49,235,000	\$ 54,380,000	\$ 61,205,000
12,380,000	12,125,000	13,140,000	21,335,000
385,823	294,896	200,381	102,131
<u>\$ 65,435,823</u>	<u>\$ 61,654,896</u>	<u>\$ 67,720,381</u>	<u>\$ 82,642,131</u>
\$ 13,915,000	\$ 13,225,000	\$ 12,510,000	\$ 6,610,000
<u>\$ 79,350,823</u>	<u>\$ 74,879,896</u>	<u>\$ 80,230,381</u>	<u>\$ 89,252,131</u>
-	-	-	-
-	-	-	-
14,211	14,211	14,211	14,787
\$ 5,584	\$ 5,269	\$ 5,646	\$ 6,036

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

	2001	2002	2003	2004
Net Taxable Assessed Value				
All property	\$ 2,022,417,900	\$ 2,300,012,640	\$ 2,488,976,270	\$ 2,517,474,090
Net Bonded Debt				
Gross bonded debt	\$ 60,050,000	\$ 70,250,000	\$ 76,705,000	\$ 75,170,000
Less debt service funds	(633,071)	(567,825)	(656,144)	(782,534)
Net Bonded Debt	\$ 59,416,929	\$ 69,682,175	\$ 76,048,856	\$ 74,387,466
Ratio of Net Bonded Debt To Assessed Value	2.94%	3.03%	3.06%	2.95%
Population	14,211	14,211	14,211	14,211
Net Bonded Debt Per Capita	\$ 4,181	\$ 4,903	\$ 5,351	\$ 5,234

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 2,895,758,868	\$ 3,072,558,941	\$ 3,496,185,334	\$ 3,747,914,916	\$ 4,254,216,197	\$ 4,080,210,817
\$ 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>	\$ 61,205,000 <u>(992,033)</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>	<u>\$ 60,212,967</u>
2.44%	2.19%	1.83%	1.61%	1.56%	1.50%
14,211	14,211	14,211	14,211	14,211	14,787
\$ 4,981	\$ 4,743	\$ 4,492	\$ 4,249	\$ 4,684	\$ 4,300

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

Governmental Unit	<u>Net Bonded Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>Estimated Share of Overlapping Debt</u>
Debt Repaid with Property Taxes			
Houston ISD	\$ 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
City Direct Debt	\$ 60,212,967	100.00%	<u>60,212,967</u>
Total Direct and Overlapping Debt			<u><u>\$ 196,360,473</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, 2010

CITY OF WEST UNIVERSITY PLACE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Eight 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	\$ 4,080,210,817
Debt limit (5% of assessed value)	204,010,541
Debt applicable to limit:	
General obligation bonds	61,205,000
Less: amount set aside for repayment of general obligation debt	(992,033)
Total net debt applicable to limit	60,212,967
Legal debt margin	\$ 143,797,574

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 eight years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 174,809,267	\$ 194,317,845	\$ 212,710,810	\$ 204,010,541
63,841,732	64,074,235	60,212,967	60,212,967
<u>\$ 110,967,535</u>	<u>\$ 130,243,610</u>	<u>\$ 152,497,843</u>	<u>\$ 143,797,574</u>
36.52%	32.97%	28.31%	29.51%

CITY OF WEST UNIVERSITY PLACE, TEXAS

PLEDGED-REVENUE COVERAGE

Last Ten Years

	2001	2002	2003	2004
Gross Revenues (1)	\$ 3,274,339	\$ 3,358,111	\$ 3,106,875	\$ 4,204,407
Operating Expenses (2)	\$ 2,352,802	\$ 2,469,348	\$ 2,359,745	\$ 2,565,022
Net Revenues Available for Debt Service	\$ 921,537	\$ 888,763	\$ 747,130	\$ 1,639,385
Debt Service Requirements (3)				
Principal	\$ 350,000	\$ 360,000	\$ 510,000	\$ 540,000
Interest	489,684	801,739	765,160	740,339
Total	\$ 839,684	\$ 1,161,739	\$ 1,275,160	\$ 1,280,339
Coverage	1.10	0.77	0.59	1.28

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
\$ 5,098,008	\$ 4,842,481	\$ 4,702,577	\$ 5,912,369	\$ 6,151,138	\$ 5,917,931
\$ 2,780,664	\$ 2,737,998	\$ 4,673,933	\$ 5,114,579	\$ 5,141,913	\$ 5,003,479
\$ 2,317,344	\$ 2,104,483	\$ 28,644	\$ 797,790	\$ 1,009,225	\$ 914,452
\$ 565,000	\$ 675,000	\$ 690,000	\$ 715,000	\$ 745,000	\$ 785,000
714,225	597,295	601,873	577,813	523,446	255,154
<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>	<u>\$ 1,040,154</u>
1.81	1.65	0.02	0.62	0.80	0.88

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)
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
2010	14,787	-	-	39.30	1,165	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 ^{(2) (3)}

Current Year⁽¹⁾ and Four Years Ago

<u>Employer</u>	<u>2010 Rank</u>	<u>2006 Rank</u>
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 four 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									
	2001	2002	2003	2004	2005	2006	2007	2008	2009	2010
<u>General Fund:</u>										
Administration	4	4	4	4	4.5	4	4	4	5	5
Finance	10	9	9	9	9	8	8	8	7	7
Police Department	35	36	35	35	34	32	32	32	32	32
Fire Department	20	20	23	24	24.5	25	24	24	24	24
Public Works	22	23	23	21	21	21	20	19	19	21
Parks & Recreation	6	6	6	8	8	8	10	10	10	11
General Fund Total	97	98	100	101	101	98	98	97	97	100
<u>Enterprise Fund:</u>										
Water	14	15	14	14	14	14	14	12	12	12
Solid Waste	10	10	10	10	7	7	7	7	7	7
Enterprise Fund Total	24	25	24	24	21	21	21	19	19	19
<u>Internal Service Fund:</u>										
Administration	-	-	-	-	-	-	2	3	3	3
Internal Service Fund Total	-	-	-	-	-	-	2	3	3	3
TOTAL CITY POSITIONS	<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>	<u>122</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 Eight Years (1)

Function/Program	Fiscal Year			
	2003	2004	2005	2006
Police				
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
Fire				
Emergency responses	447	659	624	686
Fire incidents	650	655	776	740
Average response time	2:30	3:08	3:08	3:06
Water				
New accounts	879	915	760	860
Source:				
Water	80	80	80	80
Sewer	20	20	20	20
Average daily consumption (millions of gallons)	2.17	2.17	2.28	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
Sewer				
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 eight years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>
287	230	342	325
116	137	137	99
2,940	2,411	2,479	4,830
794	650	823	669
36,260	22,367	27,029	29,148
698	644	489	581
840	857	673	774
4:29	4:24	4:00	3:49
854	744	724	724
80	80	80	80
20	20	20	20
1.89	2.16	2.36	2.22
569.34	690.74	400.44	357.42
120.30	99.09	461.41	452.95
689.65	789.83	861.85	810.37
4.30	6.27	5.62	4.34
1.43	1.16	1.21	1.25
523.06	421.32	448.57	455.02
5.31	3.43	4.32	4.63

CITY OF WEST UNIVERSITY PLACE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Eight Years (1)

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

Source: Various City departments

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

2007	2008	2009	2010
1	1	1	1
7	7	7	7
1	1	1	1
43	43	43	43
747	690	1,694	1,694
9	9	9	9
12.6	12.6	14.0	14.0
2	2	2	2
6	6	6	6
5	5	5	5
2	2	2	2
1	1	0	0
2	2	2	2
40	40	40	40
357	357	357	357
3.65	3.65	3.65	3.65
40	40	40	40
32	32	32	32
1.32	1.32	1.32	1.32
2	2	2	2

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