

# CITY OF WEST UNIVERSITY PLACE, TEXAS

Comprehensive Annual Financial Report  
for the Fiscal Year Ended December 31, 2011



*COMPREHENSIVE  
ANNUAL FINANCIAL REPORT*

of the

**CITY OF WEST UNIVERSITY  
PLACE, TEXAS**

For the Year Ended  
December 31, 2011

**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, 2011

<b><u>INTRODUCTORY SECTION</u></b>		<b><u>Page</u></b>
Letter of Transmittal		3
Organizational Chart		7
Certificate of Achievement for Excellence in Financial Reporting		9
Principal Officials		10
<b><u>FINANCIAL SECTION</u></b>		
<b>Independent Auditors' Report</b>		13
<b>Management's Discussion and Analysis (Required Supplementary Information)</b>		17
<b><u>BASIC FINANCIAL STATEMENTS</u></b>		
<b>Government-Wide Financial Statements</b>		
Statement of Net Assets		29
Statement of Activities		30
<b>Governmental Funds Financial Statements</b>		
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
<b>Proprietary Funds Financial Statements</b>		
Statement of Net Assets		38
Statement of Revenues, Expenses, and Changes in Fund Net Assets		41
Statement of Cash Flows		42
<b>Notes to Financial Statements</b>		45
<b><u>REQUIRED SUPPLEMENTARY INFORMATION</u></b>		
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 – Post Employment Healthcare Benefits		75
<b><u>COMBINING STATEMENTS AND SCHEDULES</u></b>		
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, 2011

	<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	97
Combining Statement of Revenues, Expenses, and Changes in Net Assets – Internal Service Funds	98
Combining Statement of Cash Flows – Internal Service Funds	99

### STATISTICAL SECTION

Net Assets by Component	102
Changes in Net Assets	104
Tax Revenues by Source, Governmental Activities	108
Fund Balances, Governmental Funds	110
Changes in Fund Balance, Governmental Funds	112
Tax Revenues by Source, Governmental Activities	114
Assessed Value and Actual Value of Taxable Property	116
Property Tax Rates – Direct and Overlapping Governments	118
Principal Property Taxpayers	121
Property Tax Levies and Collections	122
Ratios of Outstanding Debt by Type	124
Ratio of Net Bonded Debt to Assessed Value, Net Bonded Debt Per Capita, and Assessed and Estimated Actual Value of Taxable Property	126
Direct and Overlapping Governmental Activities Debt	129
Legal Debt Margin Information	130
Pledged-Revenue Coverage	132
Demographic and Economic Statistics	134
Principal Employers	135
Full-Time Equivalent City Government Employees by Function/Program	137
Operating Indicators by Function/Program	138
Capital Asset Statistics by Function/Program	140

## ***INTRODUCTORY SECTION***

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# City of West University Place

*A Neighborhood City*



May 4, 2012

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 (CAFR) for the City of West University Place, Texas (the “City”) for the fiscal year ended December 31, 2011. 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, 2011. 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. Accounting records for the City's utilities and other proprietary activities are maintained on the accrual basis.

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

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

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

### **ECONOMIC CONDITION AND OUTLOOK**

The City encompasses a 1.9 square mile area located a few blocks south of U.S. Highway 59 (the "Southwest Freeway") and approximately five miles from downtown Houston, Texas. The City is an integral part of the Houston metropolitan area and is completely surrounded by the cities of Houston, Bellaire and Southside Place. The City is primarily a residential area whose 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 stable. The slow rebound in natural gas prices is offset by the shift to oil exploration. It is believed that the April 10, 2010 British Petroleum oil disaster in the Gulf of Mexico 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’s relative stability is the result of a desire for suburban families to live closer to work. The City’s low crime rate and hometown appeal have attracted many of these families. These factors have contributed, and continue to contribute, to the relative stability of property values in the City.

The value of real property in the City is expected to be stable into 2013. 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 was completed in 2011. The City issued debt in 2011 for the purpose of purchasing, constructing, modifying or replacing storm water detention and drainage facilities. 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 moved forward in 2011 and will be completed in 2012. 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 2012 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, 2010. This was the 20<sup>th</sup> consecutive year the City has received this prestigious award. In order to be awarded a Certificate of Achievement, a government must publish an easily readable and efficiently organized 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

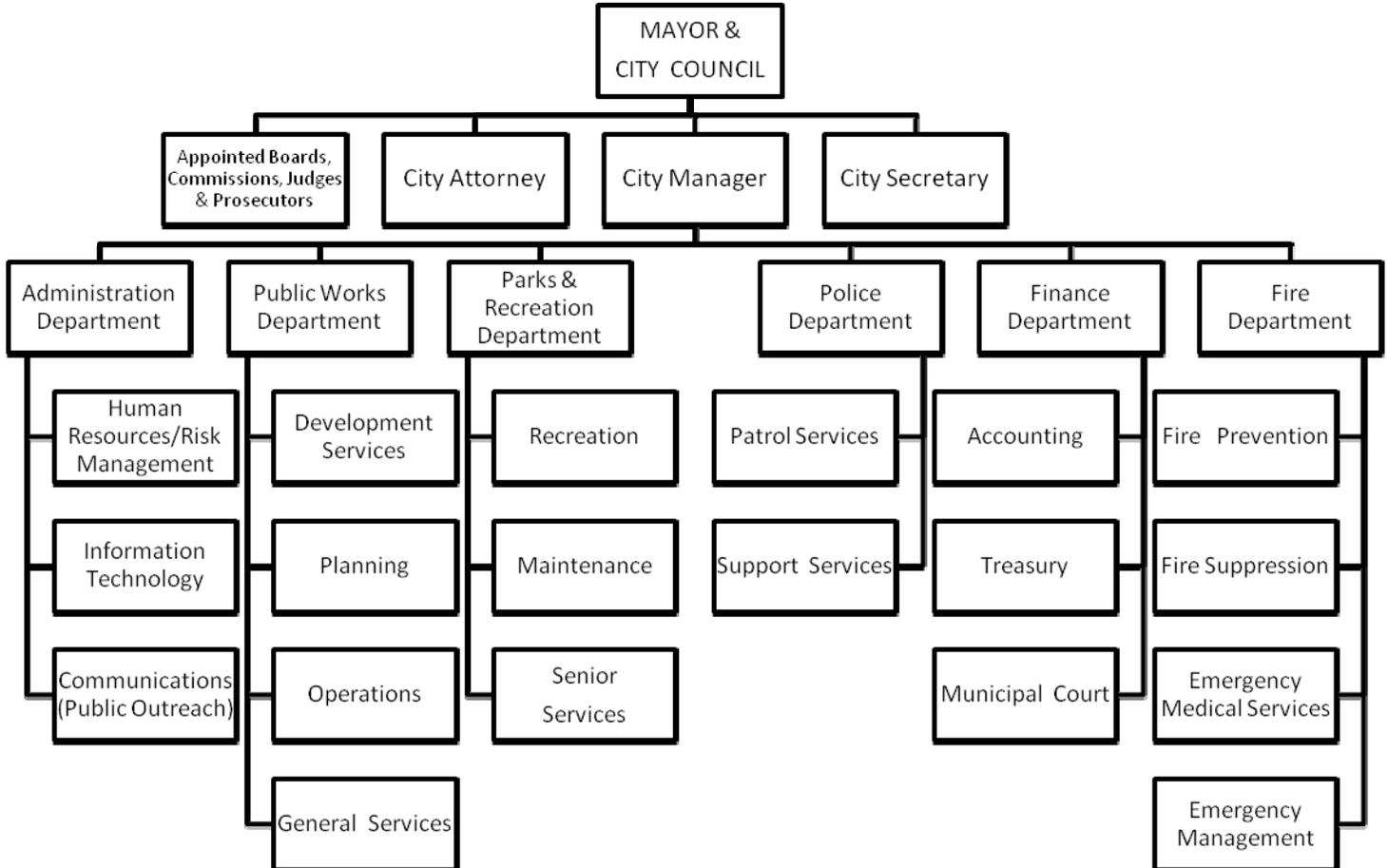


LaToya Jasper  
Controller

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## ORGANIZATIONAL CHART

December 31, 2011



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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, 2010

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.



*Linda C. Davison*

President

*Jeffrey R. Emer*

Executive Director

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PRINCIPAL OFFICIALS

December 31, 2011

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Bob Fry	Mayor	05/2013
Susan Sample	Mayor Pro Tem	05/2013
Ed Heathcott	Council Member	05/2013
Joan Johnson	Council Member	05/2013
Dick Yehle	Council Member	05/2013

<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, 2011, 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, 2011, 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, identified as Required Supplementary Information on the table of contents, are not required parts of the basic financial statements but are supplementary information required by the 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.

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 required parts of the financial statements. The combining statements and schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the 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 4, 2012

***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, 2011**

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 services (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, and City hall/public safety expansion fund, which are considered to be major funds. The City adopts an annual appropriated budget for its general fund, debt service fund, and

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2011**

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 health benefits and technology management. These internal service funds have been included within governmental activities in the government-wide financial statements.

**Notes to Financial Statements**

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

**Other Information**

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain RSI. The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and schedules of funding progress for Texas Municipal Retirement System and post employment healthcare benefits. The 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 \$60,264,128 as of December 31, 2011. The largest portion of the City's net assets, 87 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, 2011**

**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	
	2011	2010	2011	2010	2011	2010
Current and other assets	\$ 24,223,344	\$ 27,585,296	\$ 5,585,770	\$ 3,748,568	\$ 29,809,114	\$ 31,333,864
Capital assets, net	109,389,109	108,400,588	27,237,191	28,722,644	136,626,300	137,123,232
<b>Total Assets</b>	<b>133,612,453</b>	<b>135,985,884</b>	<b>32,822,961</b>	<b>32,471,212</b>	<b>166,435,414</b>	<b>168,457,096</b>
Long-term liabilities	82,177,890	85,262,202	5,751,365	6,526,466	87,929,255	91,788,668
Other liabilities	17,510,772	18,291,770	731,259	620,044	18,242,031	18,911,814
<b>Total Liabilities</b>	<b>99,688,662</b>	<b>103,553,972</b>	<b>6,482,624</b>	<b>7,146,510</b>	<b>106,171,286</b>	<b>110,700,482</b>
Net assets:						
Invested in capital assets, net of related debt	30,751,093	25,112,652	21,485,826	22,196,178	52,236,919	47,308,830
Restricted	2,300,415	1,977,589	720,000	785,000	3,020,415	2,762,589
Unrestricted	872,283	5,341,671	4,134,511	2,343,524	5,006,794	7,685,195
<b>Total Net Assets</b>	<b>\$ 33,923,791</b>	<b>\$ 32,431,912</b>	<b>\$ 26,340,337</b>	<b>\$ 25,324,702</b>	<b>\$ 60,264,128</b>	<b>\$ 57,756,614</b>

A portion of the City's net assets, \$3,020,415 or five percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, \$5,006,794 or eight percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by \$2,507,514 during the current fiscal year, an increase of four percent in comparison to the prior year. This increase is largely the result of an increase in revenues within business-type activities.

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2011**

**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	
	2011	2010	2011	2010	2011	2010
<b>Revenues</b>						
Program revenues:						
Charges for services	\$ 2,529,004	\$ 2,390,248	\$ 10,774,080	\$ 7,404,344	\$ 13,303,084	\$ 9,794,592
Operating grants and contributions	259,000	263,780	-	-	259,000	263,780
Capital grants and contributions	360,741	369,316	-	-	360,741	369,316
General revenues:						
Ad valorem taxes	15,322,434	15,102,267	-	-	15,322,434	15,102,267
Sales taxes	997,318	1,050,079	-	-	997,318	1,050,079
Franchise taxes	1,148,390	1,207,429	-	-	1,148,390	1,207,429
Other taxes	8,994	11,144	-	-	8,994	11,144
Investment earnings	33,333	73,035	8,369	7,833	41,702	80,868
Other revenues	347,242	424,381	-	-	347,242	424,381
Gain on sale of capital asset	10,686	32,466	-	-	10,686	32,466
<b>Total Revenues</b>	<b>21,017,142</b>	<b>20,924,145</b>	<b>10,782,449</b>	<b>7,412,177</b>	<b>31,799,591</b>	<b>28,336,322</b>
<b>Expenses</b>						
General government	2,785,502	3,150,380	-	-	2,785,502	3,150,380
Public safety	5,870,061	6,287,887	-	-	5,870,061	6,287,887
Public works	5,176,660	4,549,951	-	-	5,176,660	4,549,951
Public services	3,858,501	2,734,441	-	-	3,858,501	2,734,441
Interest and fiscal agent						
fees on long-term debt	3,351,762	3,453,311	-	-	3,351,762	3,453,311
Water and sewer	-	-	6,927,509	5,415,974	6,927,509	5,415,974
Solid waste	-	-	1,322,082	1,111,560	1,322,082	1,111,560
<b>Total Expenses</b>	<b>21,042,486</b>	<b>20,175,970</b>	<b>8,249,591</b>	<b>6,527,534</b>	<b>29,292,077</b>	<b>26,703,504</b>
<b>Increase (Decrease) in Net Assets</b>						
<b>Before Transfers</b>	(25,344)	748,175	2,532,858	884,643	2,507,514	1,632,818
Transfers	1,517,223	(4,190,838)	(1,517,223)	4,190,838	-	-
<b>Change in Net Assets</b>	<b>1,491,879</b>	<b>(3,442,663)</b>	<b>1,015,635</b>	<b>5,075,481</b>	<b>2,507,514</b>	<b>1,632,818</b>
Beginning Net Assets	32,431,912	35,874,575	25,324,702	20,249,221	57,756,614	56,123,796
<b>Ending Net Assets</b>	<b>\$ 33,923,791</b>	<b>\$ 32,431,912</b>	<b>\$ 26,340,337</b>	<b>\$ 25,324,702</b>	<b>\$ 60,264,128</b>	<b>\$ 57,756,614</b>

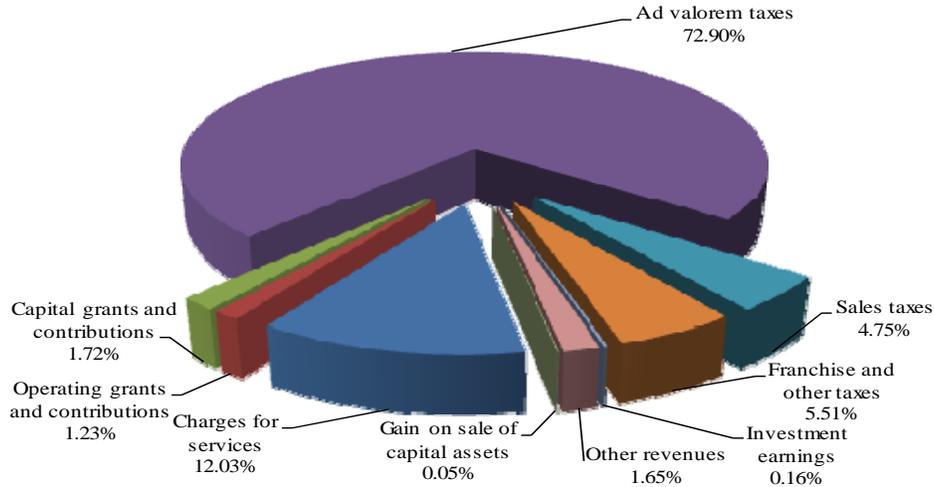
# CITY OF WEST UNIVERSITY PLACE, TEXAS

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

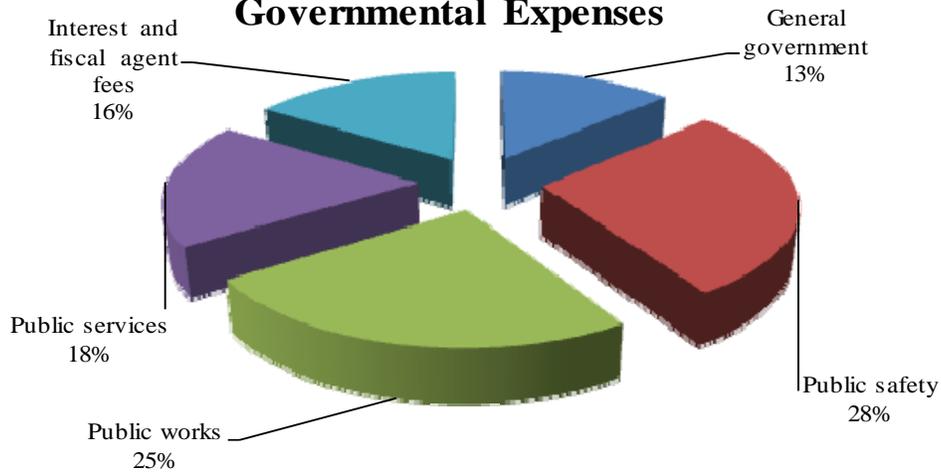
### For the Year Ended December 31, 2011

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

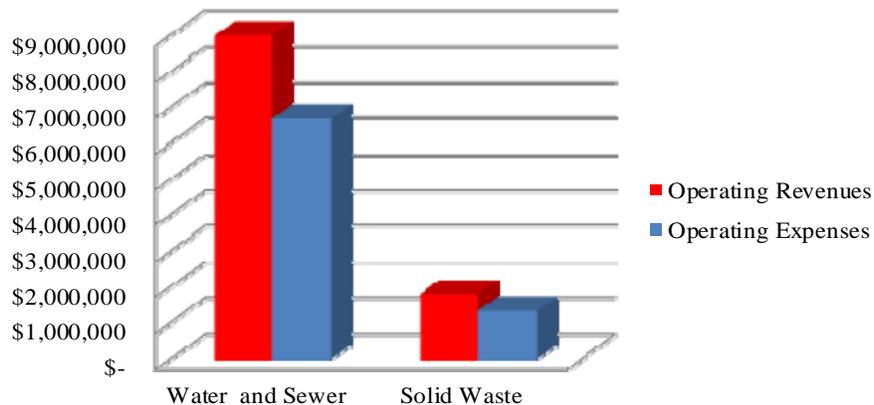
### Governmental Revenues



### Governmental Expenses



### Business-Type Activities



**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2011**

For the year ended December 31, 2011, revenues from governmental activities totaled \$21,017,142. Overall governmental revenues remained comparable.

For the year ended December 31, 2011, expenses for governmental activities totaled \$21,042,486, an increase of \$866,516 or 4 percent from last year. This is primarily due to an increase in public works and public services expenses, largely attributed to increased fuel costs as well as an increase in depreciation expense.

Operating revenues for business-type activities increased by a total of \$3,370,272. Of this amount, charges for services increased \$3,369,736, or 46 percent, because of an increase in water and sewer rates in the current year and additional water usage due to drought conditions during the year. Operating expenses for business-type activities increased by \$1,722,057. This increase is primarily due to increased water usage during the 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, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

The City's governmental funds reflect a combined fund balance of \$6,480,041. Of this, \$132,637 is nonspendable, \$446,094 is restricted for debt service, \$43,349 is restricted for enabling legislation, \$1,007,634 is restricted for capital projects, \$410,238 is restricted for an asset held for resale, \$271,507 is restricted for City Parks, \$121,593 is restricted for METRO, \$68,606 is assigned to special revenue funds, and \$459,969 is assigned to capital projects funds.

There was a decrease in the combined fund balance of \$2,935,976 compared to the prior year. This is largely attributable to planned capital outlay expenditures.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$3,538,757, while total fund balance reached \$4,079,260. As a measure of the general fund's liquidity, it may be useful to compare both unassigned fund balance and total fund balance to total fund expenditures. Unassigned fund balance represents 28 percent of total general fund expenditures, while total fund balance represents 33 percent of the total general fund expenditures. The general fund demonstrated an overall increase of \$410,486 primarily due to an increase in charges for services and other revenues, as well as a decrease in total expenditures.

The debt service fund has a total fund balance of \$446,094, all of which is restricted for the payment of debt service. Expenditures exceeded revenues by \$748,322, with an overall net decrease in fund balance for the year of \$545,939 after transfers. This decrease is due to the bond payment exceeding property taxes collected.

The City hall/public safety expansion fund was established to account for bonds issued to finance the construction of the City hall and police department expansion project. At the end of the current year, total fund balance was \$105,917, all of which is restricted for capital projects. For the year, there was a decrease in fund balance of \$2,449,349, as a result of continued construction related to the City hall and police department expansion project.

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

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2011**

**GENERAL FUND BUDGETARY HIGHLIGHTS**

There had been a planned decrease in budgeted fund balance in the amount of \$524,610 in the general fund. However, the net change in fund balance increased by \$410,486, resulting in a positive variance of \$935,096 from actual over budgeted as amended.

Actual general fund revenues were greater than the amended budgeted revenues by \$179,980 during 2011. This net variance includes the positive variances of \$108,494 for permits, licenses, and fees and \$232,338 for charges for services.

Actual expenditures were less than budgeted amounts in total by \$751,888 for the fiscal year, due to positive variances across all departments.

**CAPITAL ASSETS**

At the end of year 2011, the City's governmental activities funds had invested \$109,389,109 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$988,521. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of \$3,535,293.

Major capital asset events during the year included the following:

- City hall expansion/public safety facility for \$7,586,821
- Parks and recreation facilities in the amount of \$15,933,096
- Storm drainage detention in the amount of \$403,700

More detailed information about the City's capital assets is presented in note III.C. to the financial statements.

**LONG-TERM DEBT**

At the end of the current year, the City had total bonds and certificates of obligation outstanding of \$84,755,000. Of this amount, \$57,015,000 was general obligation debt, \$5,825,000 was revenue bond debt, and certificates of obligation accounted for \$21,915,000.

During the year, the City had a net decrease in the long-term debt of \$3,859,413 . The City issued \$910,000 of certificates of obligation to finance the drainage detention for the College Street Transportation and Drainage Project and \$4,790,000 of permanent improvement refunding bonds to partially refund series 2002 general obligation bonds.

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

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**For the Year Ended December 31, 2011**

Current underlying ratings on debt issues are as follows:

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

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

The City Council approved a \$32.65 million operating budget for fiscal year 2012. The budget has no increase in the property tax rate. The ability to maintain the current tax rate was made possible by the diligent efforts of the staff to keep expenditures controlled as well as the changes in the structure of the Texas Municipal Retirement System ("TMRS") funds under the recently passed SB350 legislation. The City's TMRS funding rate was reduced from 15.71 percent of payroll to 10.40 percent as a result of this restructuring. The City's tax rate is one of the lowest in the Houston area and is projected to remain relatively stable into the future due to projected stability in taxable values, the political stability of the community, and the underlying strength in the Houston area economy. Growth in assessed values is at almost 30 percent in the last five years (since 2006), although showing a slight decrease in the last two years. For the future, while the rate of growth is expected to remain slow, reconstruction will continue to impact the value of property well into the future. Additionally, the City was recently ranked number one in a study of the best quality of life in the United States, according to the Houston Business Journal's December 9, 2011 article.

The water and sewer fund had been a source of concern because of a series of wet years and dramatic increases in debt service which had steadily decreased reserves and pushed the fund into non-compliance with its bond covenants. The City Council took action in late 2003 by increasing water and sewer rates. Since then, the City has carefully monitored the performance of utility services and increased rates as needed. The adopted fiscal 2012 budget maintains the 2011 water and sewer rates, however, the City Council approved an ordinance in April 2012 to increase the water rates due to an increase in the cost of treated water purchased from the City of Houston. Additional revenue from water and sewer sales due to the historical Texas drought in 2011 has been instrumental in allowing the City to set aside funds for high dollar non-recurring expenditures in the near future fiscal years.

**CONTACTING THE CITY'S FINANCIAL MANAGEMENT**

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Rhonda Daugherty, Finance Director, 3800 University Boulevard, West University Place, TX, 77005, telephone 713.662.5816, or for general City information, visit the City's website at [www.westutx.gov](http://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, 2011

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<b>Assets</b>			
Cash and equity in pooled cash and investments	\$ 11,971,168	\$ 4,052,104	\$ 16,023,272
Receivables, net of allowances	10,659,618	1,362,683	12,022,301
Inventory	2,372	-	2,372
Prepays and other assets	194,569	-	194,569
Deferred charges	985,379	170,983	1,156,362
Land available for sale	410,238	-	410,238
Capital assets:			
Non-depreciable capital assets	13,092,952	556,562	13,649,514
Depreciable capital assets, net	96,296,157	26,680,629	122,976,786
<b>Total Assets</b>	133,612,453	32,822,961	166,435,414
<b>Liabilities</b>			
Accounts payable and accrued liabilities	920,900	631,609	1,552,509
Unearned revenue	15,193,474	-	15,193,474
Accrued bond interest	1,396,398	99,650	1,496,048
Noncurrent liabilities:			
Due within one year	7,396,066	720,000	8,116,066
Due in more than one year	74,781,824	5,031,365	79,813,189
<b>Total Liabilities</b>	99,688,662	6,482,624	106,171,286
<b>Net Assets</b>			
Invested in capital assets, net of related debt	30,751,093	21,485,826	52,236,919
Restricted for:			
Capital projects	1,007,634	-	1,007,634
Debt service	446,094	720,000	1,166,094
Enabling legislation	43,349	-	43,349
City parks	271,507	-	271,507
METRO	121,593	-	121,593
Asset held for resale	410,238	-	410,238
Unrestricted	872,283	4,134,511	5,006,794
<b>Total Net Assets</b>	\$ 33,923,791	\$ 26,340,337	\$ 60,264,128

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2011

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
<b>Primary Government</b>				
<b>Governmental Activities</b>				
General government	\$ 2,785,502	\$ -	\$ 259,000	\$ -
Public safety	5,870,061	743,486	-	-
Public works	5,176,660	-	-	-
Public services	3,858,501	1,785,518	-	360,741
Interest on long-term debt	3,351,762	-	-	-
<b>Total Governmental Activities</b>	<u>21,042,486</u>	<u>2,529,004</u>	<u>259,000</u>	<u>360,741</u>
<b>Business-Type Activities</b>				
Water and sewer	6,927,509	8,986,444	-	-
Solid waste	1,322,082	1,787,636	-	-
<b>Total Business-Type Activities</b>	<u>8,249,591</u>	<u>10,774,080</u>	<u>-</u>	<u>-</u>
<b>Total Primary Government</b>	<u>\$ 29,292,077</u>	<u>\$ 13,303,084</u>	<u>\$ 259,000</u>	<u>\$ 360,741</u>

**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**

<b>Primary Government</b>		
<b>Governmental Activities</b>	<b>Business-Type Activities</b>	<b>Total</b>
\$ (2,526,502)	\$ -	\$ (2,526,502)
(5,126,575)	-	(5,126,575)
(5,176,660)	-	(5,176,660)
(1,712,242)	-	(1,712,242)
(3,351,762)	-	(3,351,762)
<u>(17,893,741)</u>	<u>-</u>	<u>(17,893,741)</u>
-	2,058,935	2,058,935
-	465,554	465,554
<u>-</u>	<u>2,524,489</u>	<u>2,524,489</u>
<u>(17,893,741)</u>	<u>2,524,489</u>	<u>(15,369,252)</u>
15,322,434	-	15,322,434
997,318	-	997,318
1,148,390	-	1,148,390
8,994	-	8,994
33,333	8,369	41,702
347,242	-	347,242
10,686	-	10,686
<u>1,517,223</u>	<u>(1,517,223)</u>	<u>-</u>
<u>19,385,620</u>	<u>(1,508,854)</u>	<u>17,876,766</u>
1,491,879	1,015,635	2,507,514
<u>32,431,912</u>	<u>25,324,702</u>	<u>57,756,614</u>
<u>\$ 33,923,791</u>	<u>\$ 26,340,337</u>	<u>\$ 60,264,128</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## BALANCE SHEET

### GOVERNMENTAL FUNDS

December 31, 2011

	General	Debt Service	City Hall/Public Safety Expansion	Nonmajor Governmental Funds
<b>Assets</b>				
Cash and equity in pooled cash and investments	\$ 5,917,623	\$ 3,154,796	\$ 149,227	\$ 1,966,284
Receivables, net	5,453,257	5,161,037	-	36,026
Due from other funds	465,979	-	-	-
Inventory	-	-	-	2,372
Prepaid costs	130,265	-	-	-
Asset held for resale	410,238	-	-	-
<b>Total Assets</b>	<b>\$ 12,377,362</b>	<b>\$ 8,315,833</b>	<b>\$ 149,227</b>	<b>\$ 2,004,682</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable and accrued liabilities	\$ 692,919	\$ 74,877	\$ 43,310	\$ 44,914
Due to other funds	-	-	-	110,998
Deferred revenue	7,605,183	7,794,862	-	-
<b>Total Liabilities</b>	<b>8,298,102</b>	<b>7,869,739</b>	<b>43,310</b>	<b>155,912</b>
Fund balances:				
Nonspendable:				
Prepaid items	130,265	-	-	-
Inventory	-	-	-	2,372
Restricted for:				
Debt service	-	446,094	-	-
Enabling legislation	-	-	-	43,349
Capital projects	-	-	105,917	901,717
City parks	-	-	-	271,507
METRO	-	-	-	121,593
Asset held for resale	410,238	-	-	-
Assigned to:				
Special revenue funds	-	-	-	68,606
Capital projects funds	-	-	-	459,969
Unassigned, reported in:				
General fund	3,538,757	-	-	-
Special revenue funds	-	-	-	(20,343)
<b>Total Fund Balances</b>	<b>4,079,260</b>	<b>446,094</b>	<b>105,917</b>	<b>1,848,770</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 12,377,362</b>	<b>\$ 8,315,833</b>	<b>\$ 149,227</b>	<b>\$ 2,004,682</b>

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

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

Capital assets, non-depreciable

Capital assets, net depreciable

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

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

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

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

Accrued interest payable

Non-current liabilities due in one year

Non-current liabilities due in more than one year

Deferred charges for issuance costs

**Net Assets of Governmental Activities**

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

\$ 11,187,930  
10,650,320  
465,979  
2,372  
130,265  
410,238  
\$ 22,847,104

\$ 856,020  
110,998  
15,400,045  
16,367,063

130,265  
2,372

446,094  
43,349  
1,007,634  
271,507  
121,593  
410,238

68,606  
459,969

3,538,757  
(20,343)  
6,480,041

13,092,952  
95,537,825  
206,571

1,195,311

(1,396,398)  
(7,396,066)  
(74,781,824)  
985,379

\$ 33,923,791

**CITY OF WEST UNIVERSITY PLACE, TEXAS**  
**STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES**  
**GOVERNMENTAL FUNDS**  
For the Year Ended December 31, 2011

	<u>General</u>	<u>Debt Service</u>	<u>City Hall/Public Safety Expansion</u>	<u>Nonmajor Governmental Funds</u>
<b>Revenues</b>				
Ad valorem taxes	\$ 7,958,641	\$ 7,356,656	\$ -	\$ -
Sales taxes	997,318	-	-	-
Franchise taxes	1,148,390	-	-	-
Other taxes	8,994	-	-	-
Permits, licenses, and fees	449,204	-	-	17,919
Fines and forfeitures	259,142	-	-	17,221
Charges for services	1,785,518	-	-	-
Intergovernmental	-	-	-	259,000
Contributions	-	-	-	360,741
Investment earnings	21,432	3,945	2,650	3,548
Other revenue	330,714	-	-	16,528
<b>Total Revenues</b>	<u>12,959,353</u>	<u>7,360,601</u>	<u>2,650</u>	<u>674,957</u>
<b>Expenditures</b>				
<b>Current:</b>				
General government	2,678,292	-	-	-
Public safety	5,492,793	-	-	-
Public works	2,504,438	-	-	-
Public service	1,847,303	-	-	489,288
<b>Capital outlay</b>	-	-	3,443,908	800,283
<b>Debt service:</b>				
Principal	-	4,671,167	-	-
Interest and fiscal agent fees	-	3,437,756	-	-
Bond issuance costs	-	-	-	141,802
<b>Total Expenditures</b>	<u>12,522,826</u>	<u>8,108,923</u>	<u>3,443,908</u>	<u>1,431,373</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>436,527</u>	<u>(748,322)</u>	<u>(3,441,258)</u>	<u>(756,416)</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,005,000	202,383	991,909	891,113
Transfers (out)	(1,034,269)	-	-	(1,508,582)
Sale of capital asset	3,228	-	-	-
Bonds issued	-	-	-	5,700,000
Premium	-	-	-	191,134
Payment to refunded bond escrow agent	-	-	-	(4,868,423)
<b>Total Other Financing Sources (Uses)</b>	<u>(26,041)</u>	<u>202,383</u>	<u>991,909</u>	<u>405,242</u>
<b>Net Change in Fund Balances</b>	410,486	(545,939)	(2,449,349)	(351,174)
Beginning Fund Balances	3,668,774	992,033	2,555,266	2,199,944
<b>Ending Fund Balances</b>	<u>\$ 4,079,260</u>	<u>\$ 446,094</u>	<u>\$ 105,917</u>	<u>\$ 1,848,770</u>

See Notes to Financial Statements.

**Total  
Governmental  
Funds**

---

\$ 15,315,297  
997,318  
1,148,390  
8,994  
467,123  
276,363  
1,785,518  
259,000  
360,741  
31,575  
347,242

---

20,997,561

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2,678,292  
5,492,793  
2,504,438  
2,336,591  
4,244,191

4,671,167  
3,437,756  
141,802

---

25,507,030

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(4,509,469)

---

3,090,405  
(2,542,851)  
3,228  
5,700,000  
191,134  
(4,868,423)

---

1,573,493

---

(2,935,976)

9,416,017

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\$ 6,480,041

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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, 2011**

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

Net changes in fund balances - total governmental funds	\$ (2,935,976)
<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	4,402,684
Depreciation expense	(3,286,172)
<p>The net affect of various miscellaneous transactions involving capital assets (i.e. sales, trade-ins, and donations) is to increase net assets.</p>	
Proceeds from sale of capital asset	(3,228)
<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	4,546,936
Amortization of bond issuance costs, premiums, and discounts	121,544
Bonds issued	(5,700,000)
Payment to refunded bond escrow agent	4,868,423
Accrued interest	119,785
<p>Revenues in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.</p>	
	7,137
<p>Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.</p>	
	(675,726)
<p>Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue (expense) is reported with governmental activities.</p>	
	<u>26,472</u>
<b>Change in Net Assets of Governmental Activities</b>	<b>\$ <u><u>1,491,879</u></u></b>

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

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

### PROPRIETARY FUNDS

December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
<b><u>Assets</u></b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 3,689,116	\$ 362,988	\$ 4,052,104	\$ 783,238
Accounts receivable, net	1,142,777	219,906	1,362,683	9,298
Prepaid costs	-	-	-	64,304
<b>Total Current Assets</b>	<b>4,831,893</b>	<b>582,894</b>	<b>5,414,787</b>	<b>856,840</b>
Deferred charges	170,983	-	170,983	-
Capital assets:				
Land	193,875	-	193,875	-
Construction in progress	362,687	-	362,687	-
Buildings and improvements	459,625	-	459,625	-
Furniture and equipment	703,907	-	703,907	2,412,021
Water and sewer system	54,406,562	-	54,406,562	-
Less: accumulated depreciation	(28,889,465)	-	(28,889,465)	(1,653,689)
<b>Total Capital Assets (Net)</b>	<b>27,237,191</b>	<b>-</b>	<b>27,237,191</b>	<b>758,332</b>
<b>Total Noncurrent Assets</b>	<b>27,408,174</b>	<b>-</b>	<b>27,408,174</b>	<b>758,332</b>
<b>Total Assets</b>	<b>\$ 32,240,067</b>	<b>\$ 582,894</b>	<b>\$ 32,822,961</b>	<b>\$ 1,615,172</b>

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

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

### PROPRIETARY FUNDS

December 31, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
<b>Liabilities</b>				
Current liabilities:				
Accounts payable and accrued liabilities	\$ 536,535	\$ 95,074	\$ 631,609	\$ 64,880
Due to other funds	-	-	-	354,981
Accrued interest payable	99,650	-	99,650	-
Revenue bonds due within one year	720,000	-	720,000	-
<b>Total Current Liabilities</b>	1,356,185	95,074	1,451,259	419,861
Noncurrent liabilities:				
Revenue bonds payable (net of unamortized discounts and deferred amounts on refunding)	5,031,365	-	5,031,365	-
<b>Total Noncurrent Liabilities</b>	5,031,365	-	5,031,365	-
<b>Total Liabilities</b>	6,387,550	95,074	6,482,624	419,861
<b>Net Assets</b>				
Invested in capital assets, net of related debt	21,485,826	-	21,485,826	758,332
Restricted for debt service	720,000	-	720,000	-
Unrestricted	3,646,691	487,820	4,134,511	436,979
<b>Total Net Assets</b>	\$ 25,852,517	\$ 487,820	\$ 26,340,337	\$ 1,195,311

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, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
<b><u>Operating Revenues</u></b>				
Charges for sales and services	\$ 8,986,444	\$ 1,438,421	\$ 10,424,865	\$ 2,170,690
Other revenues	-	349,215	349,215	36,182
<b>Total Operating Revenues</b>	<u>8,986,444</u>	<u>1,787,636</u>	<u>10,774,080</u>	<u>2,206,872</u>
<b><u>Operating Expenses</u></b>				
Costs of sales and services	3,704,471	801,783	4,506,254	2,875,251
Personnel	1,097,974	520,299	1,618,273	-
Repairs and maintenance	-	-	-	38,141
Depreciation	1,878,488	-	1,878,488	249,121
<b>Total Operating Expenses</b>	<u>6,680,933</u>	<u>1,322,082</u>	<u>8,003,015</u>	<u>3,162,513</u>
<b>Operating Income (Loss)</b>	<u>2,305,511</u>	<u>465,554</u>	<u>2,771,065</u>	<u>(955,641)</u>
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment earnings	7,404	965	8,369	1,758
Interest expense	(246,576)	-	(246,576)	-
Gain on sale of assets	-	-	-	10,686
<b>Total Nonoperating Revenues (Expenses)</b>	<u>(239,172)</u>	<u>965</u>	<u>(238,207)</u>	<u>12,444</u>
<b>Income (Loss) Before Transfers</b>	2,066,339	466,519	2,532,858	(943,197)
Transfers in	-	-	-	971,908
Transfers (out)	(1,237,223)	(280,000)	(1,517,223)	(2,239)
<b>Change in Net Assets</b>	829,116	186,519	1,015,635	26,472
Beginning Net Assets	<u>25,023,401</u>	<u>301,301</u>	<u>25,324,702</u>	<u>1,168,839</u>
<b>Ending Net Assets</b>	<u>\$ 25,852,517</u>	<u>\$ 487,820</u>	<u>\$ 26,340,337</u>	<u>\$ 1,195,311</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, 2011

	Business-Type Activities - Enterprise Funds			Governmental Activities - Internal Service Funds
	Water and Sewer	Solid Waste	Total	
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 8,512,376	\$ 1,712,348	\$ 10,224,724	\$ 2,197,574
Payments to suppliers	(3,578,235)	(799,487)	(4,377,722)	(2,648,757)
Payments to employees	(1,097,974)	(520,299)	(1,618,273)	-
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>3,836,167</b>	<b>392,562</b>	<b>4,228,729</b>	<b>(451,183)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfer from other funds	-	-	-	971,908
Transfer to other funds	(1,237,223)	(280,000)	(1,517,223)	(2,239)
<b>Net Cash Provided (Used) by Noncapital Financing Activities</b>	<b>(1,237,223)</b>	<b>(280,000)</b>	<b>(1,517,223)</b>	<b>969,669</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	(393,035)	-	(393,035)	(121,130)
Principal paid on capital debt	(785,000)	-	(785,000)	-
Interest paid on capital debt	(246,576)	-	(246,576)	-
Proceeds from sale of capital assets	-	-	-	10,686
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(1,424,611)</b>	<b>-</b>	<b>(1,424,611)</b>	<b>(110,444)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest received	7,404	965	8,369	1,758
<b>Net Cash Provided by Investing Activities</b>	<b>7,404</b>	<b>965</b>	<b>8,369</b>	<b>1,758</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>1,181,737</b>	<b>113,527</b>	<b>1,295,264</b>	<b>409,800</b>
<b>Cash and Cash Equivalents, Beginning of Year</b>	<b>2,507,379</b>	<b>249,461</b>	<b>2,756,840</b>	<b>373,438</b>
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 3,689,116</b>	<b>\$ 362,988</b>	<b>\$ 4,052,104</b>	<b>\$ 783,238</b>

See Notes to Financial Statements.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## STATEMENT OF CASH FLOWS PROPRIETARY FUNDS (Page 2 of 2) For the Year Ended December 31, 2011

	<u>Business-Type Activities - Enterprise Funds</u>			<b>Governmental Activities - Internal Service Funds</b>
	<u>Water and Sewer</u>	<u>Solid Waste</u>	<u>Total</u>	
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 2,305,511	\$ 465,554	\$ 2,771,065	\$ (955,641)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,878,488	-	1,878,488	249,121
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current Assets:</b>				
Accounts receivable	(474,068)	(75,288)	(549,356)	(9,298)
Prepaid costs	9,955	-	9,955	9,268
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable and accrued liabilities	116,281	2,296	118,577	21,389
Due to other funds	-	-	-	233,978
<b>Net Cash Provided (Used) by Operating Activities</b>	<u>\$ 3,836,167</u>	<u>\$ 392,562</u>	<u>\$ 4,228,729</u>	<u>\$ (451,183)</u>

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, 2011**

### **I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

#### **A. Reporting Entity**

The City of West University Place, Texas (the “City”) was incorporated in 1924. The City has operated under a “Home Rule Charter” since 1940 which provides for a Council-Manager form of government.

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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

### **B. Government-Wide 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 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. The general fund is always considered a major fund for reporting purposes.

##### **Special Revenue Funds**

The special revenue funds are used to account for and report the proceeds of specific revenue sources that are legally restricted or committed to expenditures for specified purposes. The special revenue funds include parks, Friends of West University Parks (blended component unit), tree replacement, court technology, METRO grant, and the emergency grant. The special revenue funds are considered nonmajor funds for reporting purposes.

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

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the Year Ended December 31, 2011**

### **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**

Capital projects funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets. These resources are accumulated from sales tax revenues and the sale of bonds and related interest earnings. The city hall/public safety expansion fund is considered a major fund for reporting purposes. The capital projects, capital reserve, infrastructure replacement, sidewalk construction, street light project, drainage improvements, recreation facilities, 2010A certificates of obligation, and 2011 certificates of obligation funds are 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.

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 healthcare benefits fund accounts for costs associated with retired or separated employees as well as healthcare benefits. The technology management fund accounts for technology services.

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

## **NOTES TO FINANCIAL STATEMENTS (Continued)**

**For the Year Ended December 31, 2011**

### **C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

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. Government-wide and proprietary fund equity consists of net assets. 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, the modified accrual basis of accounting. 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.

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 City and are recognized as revenue at that time.

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

Under the accrual basis 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.

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

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

The City's cash and cash equivalent are considered to be cash on hand, demand deposits, and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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 Government 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.” 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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the City as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

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

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

### 5. Compensated Employee Absences

It is the City's policy to permit employees to accumulate earned but unused vacation, sick pay benefits, and compensatory time. Amounts accumulated, up to certain amounts, may be paid to employees upon termination of employment. The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources are reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

### 6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities or business-type activities column on the Statement of Net Assets. The long-term debt consists primarily of bonds payable, certificates of obligation, 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.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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

Fund balances of governmental funds are classified as follows:

*Nonspendable fund balance* — represents amounts that cannot be spent because they are either in nonspendable form (such as inventory or prepaid insurance) or are legally required to remain intact (such as notes receivable or principal of a permanent fund).

*Restricted fund balance* — represents amounts that are constrained by external parties, constitutional provisions, or by enabling legislation.

*Committed fund balance* — represents amounts constrained to specific purposes by the City itself, using its highest level of decision-making authority (i.e., City Council). To be reported as committed, amounts cannot be used for any other purpose unless the City takes the same highest level action to remove or change the constraint. The commitment must be made prior to year end.

*Assigned fund balance* — represents amounts the City intends to use for a specific purpose. Intent can be expressed by the City Council or by an official or body to which the City Council delegates the authority. Assignments can be made at any time.

*Unassigned fund balance* — represents amounts that are available for any purpose. Positive amounts are reported only in the general fund. Other governmental funds might report a negative balance in this classification because of overspending for specific purposes for which amounts had been restricted, committed, or assigned.

When an expenditure is incurred for which restricted, committed, assigned, or unassigned fund balances are available, the City considers amounts to have been spent first out of restricted, then committed, then assigned funds, and finally unassigned funds.

The City Council is the City's highest level of decision-making authority and the formal action that is required to be taken to establish, modify, or rescind a fund balance commitment is a resolution approved by the Council at the City's Council meeting. The resolution must either be approved or

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

## ***NOTES TO FINANCIAL STATEMENTS (Continued)***

**For the Year Ended December 31, 2011**

rescinded, as applicable, prior to the last day of the fiscal year for which the commitment is made. The amount subject to the constraint may be determined in the subsequent period.

The City Council has authorized the City's Finance Director to assign fund balance to a specific purpose as approved by the fund balance policy.

It is the policy of the City to achieve and maintain an unassigned fund balance in the general fund equal to 20 percent of estimated revenue for the current annual budget. All other operating fund reserves will be maintained at 10 percent of the estimated revenue for the current annual budget. Balances of less than the prescribed levels shall only be allowed with specific approval of City Council.

If unassigned fund balance exceeds the target set by policy, the City may use surpluses for one-time expenditures. If unassigned fund balance falls below the target, the City will reduce recurring expenditures to eliminate any structural deficit for such period as necessary until the unassigned fund balance meets the minimum balance as required by this policy.

### **8. Post Employment Healthcare Benefits**

The City provides post employment healthcare benefits as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by the employees who elect coverage under 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 or the emergency grant fund. The parks fund, tree replacement fund, court technology fund, and METRO grant fund are all special revenue funds that have adopted budgets.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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 special revenue and internal service funds noted below had deficit fund balance/net assets at year end.

Emergency grant fund	\$20,343
Healthcare benefits fund	\$298,097

### III. DETAILED NOTES ON ALL FUNDS

#### A. Deposits and Investments

As of December 31, 2011, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. agencies	\$ 5,497,660	1.56
TexPool	10,393,215	0.00
<b>Total fair value</b>	<b>\$ 15,890,875</b>	
Portfolio weighted average maturity		0.54

*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, 2011, 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, 2011, 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, 2011

### TexPool

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

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

### **B. Receivables**

The following comprise receivable balances at year end:

	<u>General</u>	<u>Debt Service</u>	<u>Nonmajor</u>	<u>Internal Service Funds</u>	<u>Water and Sewer</u>	<u>Solid Waste</u>
Ad valorem taxes	\$ 5,035,479	\$ 5,161,037	\$ -	\$ -	\$ -	\$ -
Other taxes	295,156	-	-	-	-	-
Accounts	100,836	-	-	-	1,312,580	251,800
Intergovernmental	-	-	19,498	-	-	-
Other	23,141	-	16,528	9,298	8,960	-
Less allowance	(1,355)	-	-	-	(178,763)	(31,894)
	<u>\$ 5,453,257</u>	<u>\$ 5,161,037</u>	<u>\$ 36,026</u>	<u>\$ 9,298</u>	<u>\$ 1,142,777</u>	<u>\$ 219,906</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, 2011**

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)	
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 6,298,042	\$ -	\$ -	\$ 6,298,042
Construction in progress	27,025,378	3,486,663	(23,717,131)	6,794,910
Total capital assets not being depreciated	<u>33,323,420</u>	<u>3,486,663</u>	<u>(23,717,131)</u>	<u>13,092,952</u>
Other capital assets:				
Buildings and improvements	33,435,558	24,120,832	(615,842)	56,940,548
Machinery and equipment	6,989,177	633,450	(728,819)	6,893,808
Infrastructure	59,001,159	-	-	59,001,159
Total other capital assets	<u>99,425,894</u>	<u>24,754,282</u>	<u>(1,344,661)</u>	<u>122,835,515</u>
Less accumulated depreciation for:				
Buildings and improvements	(6,530,273)	(1,733,173)	615,842	(7,647,604)
Machinery and equipment	(4,746,346)	(622,097)	728,819	(4,639,624)
Infrastructure	(13,072,107)	(1,180,023)	-	(14,252,130)
Total accumulated depreciation	<u>(24,348,726)</u>	<u>(3,535,293)</u>	<u>1,344,661</u>	<u>(26,539,358)</u>
Other capital assets, net	<u>75,077,168</u>	<u>21,218,989</u>	<u>-</u>	<u>96,296,157</u>
<b>Totals</b>	<u>\$ 108,400,588</u>	<u>\$ 24,705,652</u>	<u>\$ (23,717,131)</u>	109,389,109
			Less associated debt	(79,522,145)
			Plus unspent bond proceeds	884,129
			<b>Invested in Capital Assets, Net of Related Debt</b>	<u>\$ 30,751,093</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 513,998
Public safety	99,004
Public works	1,249,407
Public service	1,423,763
Capital assets held by the City's internal service fund	<u>249,121</u>
<b>Total Governmental Activities Depreciation Expense</b>	<u>\$ 3,535,293</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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

	Primary Government			Ending Balance
	Beginning Balance	Increases	(Decreases)/ Reclassifications	
<b>Business-Type Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 193,875	\$ -	\$ -	\$ 193,875
Construction in progress	11,923	350,764	-	362,687
Total capital assets not being depreciated	205,798	350,764	-	556,562
Other capital assets:				
Buildings	459,625	-	-	459,625
Water and sewer systems	54,406,562	-	-	54,406,562
Machinery and equipment	685,122	42,271	(23,486)	703,907
Total other capital assets	55,551,309	42,271	(23,486)	55,570,094
Less accumulated depreciation for:				
Buildings	(326,865)	(18,385)	-	(345,250)
Water and sewer systems	(26,161,435)	(1,827,716)	-	(27,989,151)
Machinery and equipment	(546,163)	(32,387)	23,486	(555,064)
Total accumulated depreciation	(27,034,463)	(1,878,488)	23,486	(28,889,465)
Other capital assets, net	28,516,846	(1,836,217)	-	26,680,629
<b>Totals</b>	\$ 28,722,644	\$ (1,485,453)	\$ -	27,237,191
			Less associated debt	(5,751,365)
			<b>Invested in Capital Assets, Net of Related Debt</b>	<b>\$ 21,485,826</b>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,878,488
<b>Total Business-Type Activities Depreciation Expense</b>	<b>\$ 1,878,488</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

### D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
<b>Governmental Activities:</b>					
Bonds, notes and other payables:					
General obligation bonds	\$ 61,205,000	\$ 4,790,000	\$ 8,980,000	\$ 57,015,000 *	\$ 4,695,000
Certificates of obligation	21,335,000	910,000	330,000	21,915,000 *	515,000
Unamortized refunding items	645,805	191,134	244,794	592,145 *	-
Accreted interest	221,031	5,753	-	226,784	-
Capital leases	102,131	-	102,131	-	-
	83,508,967	5,896,887	9,656,925	79,748,929	5,210,000
Other liabilities:					
Compensated absences	636,054	64,647	5,987	694,714	625,243
Net pension obligation	572,381	513,371	-	1,085,752	977,177
Net OPEB obligation	544,800	103,695	-	648,495	583,646
	85,262,202	6,578,600	9,662,912	82,177,890	7,396,066
<b>Total Governmental Activities</b>	\$ 85,262,202	\$ 6,578,600	\$ 9,662,912	\$ 82,177,890	\$ 7,396,066
			<b>Long-term debt due in more than one year</b>	\$ 74,781,824	
<b>Business-Type Activities:</b>					
Revenue bonds	\$ 6,610,000	\$ -	\$ 785,000	\$ 5,825,000 **	\$ 720,000
(Less) unamortized premiums and or discounts	(83,534)	-	(9,899)	(73,635) **	-
	6,526,466	-	775,101	5,751,365	720,000
<b>Total Business-Type Activities</b>	\$ 6,526,466	\$ -	\$ 775,101	\$ 5,751,365	\$ 720,000
			<b>Long-term debt due in more than one year</b>	\$ 5,031,365	
			<b>*Debt associated with governmental activity capital assets</b>	\$ 79,522,145	
			<b>**Debt associated with business-type activity capital assets</b>	\$ 5,751,365	

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

### Advance Refundings

The City issued \$4,790,000 of permanent improvement refunding bonds, series 2011 to provide resources to purchase United States securities that were placed in an irrevocable trust for the purpose of partially refunding the permanent improvement and refunding bonds, series 2002. Accordingly, the trust account assets and the liability for the defeased bonds are not included in the City's financial statements. The reacquisition price exceeded the net carrying amount of the old debt by \$204,667. This amount is being netted against the new debt and amortized over the remaining life of

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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 nine years by \$213,995 and resulted in an economic gain of \$113,577. At December 31, 2011, \$4,745,000 of permanent improvement and refunding bonds, Series 2002 was considered defeased related to the 2011 refunding.

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

Description	Interest Rates	Balance
<b><u>Governmental Activities</u></b>		
<b>General Obligation Bonds</b>		
Permanent improvement		
Series 2010	2.00-4.00%	\$ 5,000,000
Permanent improvement and refunding		
Series 2002	4.0-5.5%	2,215,000
Series 2005	2.45-5.25%	22,895,000
Series 2009	2.50-4.50%	11,150,000
Series 2010	1.00-3.00%	10,965,000
Series 2011	2.00-3.00%	4,790,000
<b>Total General Obligation Bonds</b>		<b>57,015,000</b>
<b>Certificates of Obligation</b>		
Series 2001	4.40%	2,420,000
Series 2003	3.15-4.0%	8,820,000
Series 2009	2.50-4.50%	1,280,000
Series 2010	2.00-4.00%	6,900,000
Series 2010A	1.00-3.00%	1,585,000
Series 2011	2.00-2.25%	910,000
<b>Total Certificates of Obligation</b>		<b>21,915,000</b>
<b>Total Governmental Activities Long-Term Debt</b>		<b>\$ 78,930,000</b>
<b><u>Business-Type Activities</u></b>		
<b>Revenue Bonds</b>		
Water and sewer, series 2001B	2.25-4.3%	100,000
Water and sewer, refunding series 2005	2.87-4.50%	5,725,000
<b>Total Business-Type Activities Long-Term Debt</b>		<b>\$ 5,825,000</b>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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

Year Ending Dec 31	<u>Governmental Activity</u>		<u>Business-Type Activity</u>		Total
	Principal	Interest	Principal	Interest	
2012	\$ 5,210,000	\$ 3,196,015	\$ 720,000	\$ 225,323	\$ 9,351,338
2013	5,455,000	2,815,149	645,000	198,585	9,113,734
2014	5,685,000	2,638,595	675,000	172,185	9,170,780
2015	5,955,000	2,421,494	695,000	144,351	9,215,845
2016	6,190,000	2,185,723	725,000	115,516	9,216,239
2017-2021	32,190,000	6,657,434	1,975,000	298,818	41,121,252
2022-2026	12,820,000	2,417,016	390,000	8,580	15,635,596
2027-2028	5,425,000	230,474	-	-	5,655,474
<b>Total</b>	<b>\$ 78,930,000</b>	<b>\$ 22,561,900</b>	<b>\$ 5,825,000</b>	<b>\$ 1,163,358</b>	<b>\$ 108,480,258</b>

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

### Capital Leases

The assets acquired through capital leases are as follows:

<u>Asset:</u>	<u>Governmental Activities</u>
Machinery and equipment	\$ 483,333
Less: Accumulated depreciation	(241,666)
<b>Total</b>	<b>\$ 241,667</b>

### Federal Arbitrage

The Tax Reform Act of 1986 instituted certain arbitrage restrictions consisting of complex regulations with respect to issuance of tax-exempt bonds after August 31, 1986. Arbitrage regulations deal with the investment of tax-exempt bond proceeds at an interest yield greater than the interest yield paid to bondholders. Generally, all interest paid to bondholders can be retroactively rendered taxable if applicable rebates are not reported and paid to the Internal Revenue Service at least every five years for applicable bond issues. Accordingly, there is the risk that if such calculations are not performed or not performed correctly could result in a substantial liability to the City. The City 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, 2011

### 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	354,981
		\$ 465,979

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	Internal service	\$ 969,669
General	Nonmajor	64,600
Nonmajor	City hall/public safety expansion	982,069
Nonmajor	Nonmajor	526,513
Water and sewer	Nonmajor	300,000
Water and sewer	Debt service	202,383
Water and sewer	General	725,000
Water and sewer	City hall/public safety expansion	9,840
Solid waste	General	280,000
Internal service	Internal service	2,239
		\$ 4,062,313

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.

## 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. Subsequent Events

On March 12, 2012, the City issued \$8,555,000 of permanent improvement refunding bonds, series 2012 to provide resources to purchase United States securities that were placed in an irrevocable trust for the purpose of partially refunding the certificates of obligation, series 2003. The interest rate on the bonds is 2.00%, and the maturity date is February 1, 2020.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

### C. 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.

### D. Pension Plans

#### Texas Municipal Retirement System

##### Plan Description

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

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

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

	<u>2011</u>	<u>2010</u>
Employee deposit rate	7.00%	7.00%
Matching ratio (City to employee)	2 to 1	2 to 1
Years required for vesting	5	5
Service requirement eligibility (expressed as age/yrs of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI	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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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, 2009 valuation is effective for rates beginning January 2011).

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

Annual required contribution (ARC)	\$	1,664,578
Interest on Net Pension Obligation (NPO)		42,929
Adjustment to the ARC		(35,519)
Annual Pension Cost (APC)		1,671,988
Contributions made		(1,158,618)
Increase in net pension obligation		513,370
Net pension obligation-beginning of year		572,381
Net pension obligation-end of year		\$ 1,085,751

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
2009	\$ 1,500,985	1,230,725	81.99%	\$ 270,260
2010	\$ 1,761,054	1,458,933	82.84%	\$ 572,381
2011	\$ 1,671,988	1,158,618	69.30%	\$ 1,085,751

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

The required contribution rate for fiscal year 2011 was determined as part of the December 31, 2009 actuarial valuation. Additional information as of the latest actuarial valuation, December 31, 2010, also follows:

	<u>2011</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
Actuarial Valuation Date	12/31/2010- Restructured	12/31/10- Prior to Restructuring	12/31/2009	12/31/2008
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level % of Payroll	Level % of Payroll	Level % of Payroll	Level % of Payroll
Remaining Amortization Period	27.1 years- Closed period	27.1 years - Closed period	28.1 years - Closed period	29 Years - Closed period
Amortization Period for New Gains/Losses	30 years	30 years	30 years	30 years
Asset Valuation Method	10-year smoothed market	10-year smoothed market	10-year smoothed market	Amortized cost
Investment Rate of Return	7.0%	7.5%	7.5%	7.5%
Projected Salary Increases	Varies by age and service	Varies by age and service	Varies by age and service	Varies by age and service
Includes Inflation at	3.00%	3.00%	3.00%	3.00%
Cost of Living Adjustments	0.0%	0.0%	2.1%	2.1%

In June, 2011, SB 350 was enacted by the Texas Legislature resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report.

The funded status as of December 31, 2010, under the two separate actuarial valuations, is presented as follows:

	<u>2011 (1)</u>	<u>2011 (2)</u>
Actuarial Valuation Date	12/31/2010	12/31/2010
Actuarial Value of Assets	\$ 29,734,410	\$ 16,463,556
Actuarial Accrued Liability	\$ 34,703,943	\$ 24,024,829
Percentage Funded	85.7%	68.5%
Unfunded Actuarial Accrued Liability (UAAL)	\$ 4,969,533	\$ 7,561,273
Annual Covered Payroll	\$ 7,764,415	\$ 7,764,415
UAAL as a Percentage of Covered Payroll	64.0%	97.4%

(1) Actuarial valuation performed under the new fund structure

(2) Actuarial valuation performed under the original fund structure

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information 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.

### E. Other Post Employment Benefits

#### Healthcare Plan

##### Plan Description

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

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

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

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

Non-exempt Employees – If a non-exempt employee retires through TMRS and has been employed full-time for the City for at least 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.

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.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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	\$	307,220
Interest on net OPEB obligation		24,516
Adjustment to annual required contribution		(22,714)
Annual OPEB cost (expense)		309,022
Contributions made		(205,327)
Increase in net OPEB obligation		103,695
Net OPEB obligation-beginning of year		544,800
Net OPEB obligation-end of year	\$	648,495

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the Plan, and the net OPEB obligation for 2011 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
2009	\$ 358,920	43.70%	\$ 224,374	\$ 426,427
2010	\$ 299,682	60.50%	\$ 426,427	\$ 544,800
2011	\$ 309,022	66.40%	\$ 544,800	\$ 648,495

### 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, 2010 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 the financial statements, presents multiyear trend information about whether

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NOTES TO FINANCIAL STATEMENTS (Continued)

For the Year Ended December 31, 2011

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
Medical Trend	9.0% in 2010, grading down by 0.5% per year until the ultimate rate of 4.5% in 2019 and later

### TMRS - Supplemental Death Benefits Plan

#### Plan Description

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

The death benefit for active employees provides a lump-sum payment approximately equal to the employee's annual salary (calculated based on the employee's actual earnings, for the 12-month period preceding the month of death); retired employees are insured for \$7,500; this coverage is an "other post employment benefit," or OPEB. The obligations of this plan are payable only from the SDBF and are not an obligation of, or a claim against, the Pension Trust Fund. For the year ended December 31, 2011, 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, 2011

The City's contribution rate to the TMRS SDBF, for the retiree portion, for the years ended December 31, 2011, 2010, and 2009 are shown below. Annual SDBF costs were \$2,994, \$3,106, and \$2,772 for 2011, 2010, and 2009 respectively.

	<u>2011</u>	<u>2010</u>	<u>2009</u>
Annual Req. Contrib. (Rate)	0.04%	0.04%	0.04%
Actual Contribution Made	0.04%	0.04%	0.04%
Percentage of ARC Contrib.	100.00%	100.00%	100.00%

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***REQUIRED SUPPLEMENTARY INFORMATION***

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

For the Year Ended December 31, 2011

	<u>Original Budget Amounts</u>	<u>Final Budget Amounts</u>	<u>Actual Amounts</u>	<u>Variance with Final Budget Positive (Negative)</u>
<b>Revenues</b>				
Taxes:				
Ad valorem	\$ 7,928,850	\$ 7,928,850	\$ 7,958,641	\$ 29,791
Sales	1,097,390	1,097,390	997,318	(100,072)
Franchise	1,159,720	1,159,720	1,148,390	(11,330)
Other taxes	11,160	11,160	8,994	(2,166)
Permits, licenses, and fees	340,710	340,710	449,204	108,494
Fines	222,930	222,930	259,142	36,212
Charges for services	1,553,180	1,553,180	1,785,518	232,338
Investment earnings	97,508	97,508	21,432	(76,076)
Other revenues	285,736	367,925	330,714	(37,211)
<b>Total Revenues</b>	<u>12,697,184</u>	<u>12,779,373</u>	<u>12,959,353</u>	<u>179,980</u>
<b>Expenditures</b>				
General government:				
Administration	989,548	1,012,900	1,012,886	14
Finance	1,714,559	1,691,207	1,665,406	25,801
Total government expenditures	<u>2,704,107</u>	<u>2,704,107</u>	<u>2,678,292</u>	<u>25,815</u>
Public safety:				
Police	3,130,307	3,132,115	2,965,781	166,334
Fire	2,559,569	2,640,036	2,527,012	113,024
Total public safety expenditures	<u>5,689,876</u>	<u>5,772,151</u>	<u>5,492,793</u>	<u>279,358</u>
Public works	2,633,893	2,633,893	2,504,438	129,455
Public service	2,164,563	2,164,563	1,847,303	317,260
<b>Total Expenditures</b>	<u>13,192,439</u>	<u>13,274,714</u>	<u>12,522,826</u>	<u>751,888</u>
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	<u>(495,255)</u>	<u>(495,341)</u>	<u>436,527</u>	<u>931,868</u>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,005,000	1,005,000	1,005,000	-
Transfers (out)	(1,034,269)	(1,034,269)	(1,034,269)	-
Sale of capital asset	-	-	3,228	3,228
<b>Total Other Financing (Uses)</b>	<u>(29,269)</u>	<u>(29,269)</u>	<u>(26,041)</u>	<u>3,228</u>
<b>Net Change in Fund Balance</b>	<u>\$ (524,524)</u>	<u>\$ (524,610)</u>	<u>410,486</u>	<u>\$ 935,096</u>
Beginning Fund Balance			<u>3,668,774</u>	
<b>Ending Fund Balance</b>			<u>\$ 4,079,260</u>	

Notes to Required Supplementary Information:

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

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF FUNDING PROGRESS

### TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended December 31, 2011

Fiscal year	<u>2011 (1)</u>	<u>2011 (2)</u>	<u>2010</u>	<u>2009</u>
Actuarial Valuation Date	12/31/2010	12/31/2010	12/31/2009	12/31/2008
Actuarial Value of Assets	\$ 29,734,410	\$ 16,463,556	\$ 17,408,411	\$ 16,731,413
Actuarial Accrued Liability	\$ 34,703,943	\$ 24,024,829	\$ 24,892,439	\$ 29,134,847
Percentage Funded	85.7%	68.5%	69.9%	57.4%
Unfunded Actuarial				
Accrued Liability	\$ 4,969,533	\$ 7,561,273	\$ 7,484,028	\$ 12,403,434
Annual Covered Payroll	\$ 7,764,415	\$ 7,764,415	\$ 6,929,774	\$ 6,588,322
Unfunded Actuarial Accrued Liability				
(UAAL) % of Covered Payroll	64.0%	97.4%	108.0%	188.3%
Net Pension Obligation (NPO)				
at the Beginning of Period	\$ 572,381	\$ 572,381	\$ 270,260	\$ -
Annual Pension Cost (APC)	1,671,988	1,671,988	1,761,054	1,500,985
Contributions Made	1,158,618	1,158,618	1,458,933	1,230,725
<b>NPO at the End of Period</b>	<u>\$ 1,085,751</u>	<u>\$ 1,085,751</u>	<u>\$ 572,381</u>	<u>\$ 270,260</u>

(1) Actuarial valuation performed under the new fund structure

(2) Actuarial valuation performed under the original fund structure

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF FUNDING PROGRESS

### POSTEMPLOYMENT HEALTHCARE BENEFITS

For the Year Ended December 31, 2011

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

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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, 2011

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>			
Ad valorem taxes	\$ 7,319,069	\$ 7,356,656	\$ 37,587
Investment earnings	5,000	3,945	(1,055)
<b>Total Revenues</b>	7,324,069	7,360,601	36,532
<b>Expenditures</b>			
Debt service:			
Principal	4,671,167	4,671,167	-
Interest and fiscal agent fees	3,440,956	3,437,756	3,200
<b>Total Expenditures</b>	8,112,123	8,108,923	3,200
<b>(Deficiency) of Revenues (Under) Expenditures</b>	(788,054)	(748,322)	39,732
<b>Other Financing Sources</b>			
Transfers in	202,383	202,383	-
<b>Total Other Financing Sources</b>	202,383	202,383	-
<b>Net Change in Fund Balance</b>	\$ (585,671)	(545,939)	\$ 39,732
Beginning fund balance		992,033	
<b>Ending Fund Balance</b>		\$ 446,094	

Notes to Supplementary Information:

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

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## NONMAJOR GOVERNMENTAL FUNDS

December 31, 2011

### SPECIAL REVENUE FUNDS

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

#### **Parks Fund**

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

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

This fund 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.

#### **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 and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays including the acquisition or construction of capital facilities and other capital assets.

#### **Capital Projects Fund**

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

#### **Capital Reserve Fund**

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

#### **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.

#### **Recreation Facilities Fund**

This fund is used to account for bonds issued to finance the construction of new recreation facilities.

#### **2010A Certificates of Obligation**

This fund is used to account for bonds issued to finance the construction of the City hall and police department expansion project.

#### **2011 Certificates of Obligation**

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

December 31, 2011

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Court Technology
<b><u>Assets</u></b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ 16,031	\$ 257,280	\$ 68,606	\$ 43,349
Accounts receivable	-	-	-	-
Inventory	-	2,372	-	-
<b>Total Assets</b>	<b>\$ 16,031</b>	<b>\$ 259,652</b>	<b>\$ 68,606</b>	<b>\$ 43,349</b>
<b><u>Liabilities and Fund Balances</u></b>				
Liabilities:				
Accounts payable	\$ 1,804	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>1,804</b>	<b>-</b>	<b>-</b>	<b>-</b>
Fund balances:				
Nonspendable:				
Inventory	-	2,372	-	-
Restricted for:				
Enabling legislation	-	-	-	43,349
Capital projects	-	-	-	-
City parks	14,227	257,280	-	-
METRO	-	-	-	-
Assigned to:				
Special revenue funds	-	-	68,606	-
Capital projects funds	-	-	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>14,227</b>	<b>259,652</b>	<b>68,606</b>	<b>43,349</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 16,031</b>	<b>\$ 259,652</b>	<b>\$ 68,606</b>	<b>\$ 43,349</b>

Special Revenue Funds		Capital Projects Funds			
METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Infrastructure Replacement	Sidewalk Construction
\$ 121,593	\$ 71,157	\$ 28,445	\$ 107,995	\$ 7	\$ 2,185
-	19,498	-	-	-	-
-	-	-	-	-	-
<u>\$ 121,593</u>	<u>\$ 90,655</u>	<u>\$ 28,445</u>	<u>\$ 107,995</u>	<u>\$ 7</u>	<u>\$ 2,185</u>
\$ -	\$ -	\$ 3,118	\$ -	\$ -	\$ -
-	110,998	-	-	-	-
-	110,998	3,118	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
121,593	-	-	-	-	-
-	-	25,327	107,995	7	2,185
-	(20,343)	-	-	-	-
<u>121,593</u>	<u>(20,343)</u>	<u>25,327</u>	<u>107,995</u>	<u>7</u>	<u>2,185</u>
<u>\$ 121,593</u>	<u>\$ 90,655</u>	<u>\$ 28,445</u>	<u>\$ 107,995</u>	<u>\$ 7</u>	<u>\$ 2,185</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING BALANCE SHEET

NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

December 31, 2011

### Capital Projects Funds

	Street Light Project	Drainage Improvement	Recreation Facilities	2010A Certificates of Obligation
<b>Assets</b>				
Current assets:				
Cash and equity in pooled cash and investments	\$ -	\$ 361,947	\$ 3,560	\$ 108
Accounts receivable	-	-	16,528	-
Inventory	-	-	-	-
<b>Total Assets</b>	<b>\$ -</b>	<b>\$ 361,947</b>	<b>\$ 20,088</b>	<b>\$ 108</b>
<b>Liabilities and Fund Balances</b>				
Liabilities:				
Accounts payable	\$ -	\$ 37,492	\$ -	\$ -
Due to other funds	-	-	-	-
<b>Total Liabilities</b>	<b>-</b>	<b>37,492</b>	<b>-</b>	<b>-</b>
Fund balances:				
Nonspendable:				
Inventory	-	-	-	-
Restricted for:				
Enabling legislation	-	-	-	-
Capital projects	-	-	20,088	108
City parks	-	-	-	-
METRO	-	-	-	-
Assigned to:				
Special revenue funds	-	-	-	-
Capital projects funds	-	324,455	-	-
Unassigned	-	-	-	-
<b>Total Fund Balances</b>	<b>-</b>	<b>324,455</b>	<b>20,088</b>	<b>108</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ -</b>	<b>\$ 361,947</b>	<b>\$ 20,088</b>	<b>\$ 108</b>

<u>Capital Projects Fund 2011 Certificates of Obligation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ 884,021	\$ 1,966,284
-	36,026
-	2,372
\$ 884,021	\$ 2,004,682
\$ 2,500	\$ 44,914
-	110,998
2,500	155,912
-	2,372
-	43,349
881,521	901,717
-	271,507
-	121,593
-	68,606
-	459,969
-	(20,343)
881,521	1,848,770
\$ 884,021	\$ 2,004,682

# 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, 2011

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Court Technology
<b><u>Revenues</u></b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ 17,221
Permits, licenses, and fees	-	-	17,919	-
Intergovernmental	-	-	-	-
Contributions	7,006	353,735	-	-
Investment earnings	41	21	177	103
Other revenue	-	-	-	-
<b>Total Revenues</b>	7,047	353,756	18,096	17,324
<b><u>Expenditures</u></b>				
Current:				
Public service	-	361,377	18,190	-
Debt service:				
Bond issuance costs	-	-	-	-
Capital outlay	6,708	-	-	4,991
<b>Total Expenditures</b>	6,708	361,377	18,190	4,991
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	339	(7,621)	(94)	12,333
<b>Other Financing Sources (Uses)</b>				
Transfers in	-	-	-	-
Transfers (out)	-	-	-	-
Bonds issued	-	-	-	-
Premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	-	-	-	-
<b>Net Change in Fund Balances</b>	339	(7,621)	(94)	12,333
Beginning Fund Balances	13,888	267,273	68,700	31,016
<b>Ending Fund Balances</b>	\$ 14,227	\$ 259,652	\$ 68,606	\$ 43,349

Special Revenue Funds		Capital Projects Funds			
METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Infrastructure Replacement	Sidewalk Construction
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
259,000	-	-	-	-	-
-	-	-	-	-	-
88	127	257	203	32	6
-	-	-	-	-	-
<u>259,088</u>	<u>127</u>	<u>257</u>	<u>203</u>	<u>32</u>	<u>6</u>
-	-	109,721	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>-</u>	<u>-</u>	<u>109,721</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>259,088</u>	<u>127</u>	<u>(109,464)</u>	<u>203</u>	<u>32</u>	<u>6</u>
-	-	300,000	83,573	-	-
(403,700)	-	(142,039)	(39,896)	(13,076)	(5,897)
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
<u>(403,700)</u>	<u>-</u>	<u>157,961</u>	<u>43,677</u>	<u>(13,076)</u>	<u>(5,897)</u>
(144,612)	127	48,497	43,880	(13,044)	(5,891)
<u>266,205</u>	<u>(20,470)</u>	<u>(23,170)</u>	<u>64,115</u>	<u>13,051</u>	<u>8,076</u>
<u>\$ 121,593</u>	<u>\$ (20,343)</u>	<u>\$ 25,327</u>	<u>\$ 107,995</u>	<u>\$ 7</u>	<u>\$ 2,185</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, 2011

	Capital Projects Funds			
	Street Light Project	Drainage Improvement	Recreation Facilities	2010A Certificates of Obligation
<b>Revenues</b>				
Fines and forfeitures	\$ -	\$ -	\$ -	\$ -
Permits, licenses, and fees	-	-	-	-
Intergovernmental	-	-	-	-
Contributions	-	-	-	-
Investment earnings	-	1,057	147	1,095
Other revenue	-	-	16,528	-
<b>Total Revenues</b>	-	1,057	16,675	1,095
<b>Expenditures</b>				
Current:				
Public service	-	-	-	-
Debt service:				
Bond issuance costs	-	-	-	418
Capital outlay	-	441,192	347,392	-
<b>Total Expenditures</b>	-	441,192	347,392	418
<b>Excess (Deficiency) of Revenues Over (Under) Expenditures</b>	-	(440,135)	(330,717)	677
<b>Other Financing Sources (Uses)</b>				
Transfers in	6,655	403,700	97,185	-
Transfers (out)	-	(5,000)	-	(898,974)
Bonds issued	-	-	-	-
Premium	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	-
<b>Total Other Financing Sources (Uses)</b>	6,655	398,700	97,185	(898,974)
<b>Net Change in Fund Balances</b>	6,655	(41,435)	(233,532)	(898,297)
Beginning Fund Balances	(6,655)	365,890	253,620	898,405
<b>Ending Fund Balances</b>	\$ -	\$ 324,455	\$ 20,088	\$ 108

<u>Capital Projects Fund 2011 Certificates of Obligation</u>	<u>Total Nonmajor Governmental Funds</u>
\$ -	\$ 17,221
-	17,919
-	259,000
-	360,741
194	3,548
-	16,528
194	674,957
-	489,288
141,384	141,802
-	800,283
141,384	1,431,373
(141,190)	(756,416)
-	891,113
-	(1,508,582)
5,700,000	5,700,000
191,134	191,134
(4,868,423)	(4,868,423)
1,022,711	405,242
881,521	(351,174)
-	2,199,944
\$ 881,521	\$ 1,848,770

**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, 2011**

				Parks
				Variance with
				Final Budget
				Positive
				(Negative)
<u>Revenues</u>	Original Budget Amounts	Final Budget Amounts	Actual Amounts	
Contributions	\$ -	\$ -	\$ 7,006	\$ 7,006
Investment earnings	5,000	5,000	41	(4,959)
<b>Total Revenues</b>	5,000	5,000	7,047	2,047
<u>Expenditures</u>				
Capital outlay	14,455	14,455	6,708	7,747
<b>Total Expenditures</b>	14,455	14,455	6,708	7,747
<b>Net Change in Fund Balance</b>	\$ (9,455)	\$ (9,455)	339	\$ 9,794
Beginning Fund Balance			13,888	
<b>Ending Fund Balance</b>			\$ 14,227	

# 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, 2011

		Tree Replacement			
		Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>					
	Permits, licenses, and fees	\$ 10,000	\$ 10,000	17,919	\$ 7,919
	Investment earnings	100	100	177	77
	<b>Total Revenues</b>	10,100	10,100	18,096	7,996
<b>Expenditures</b>					
	Public services	40,000	40,000	18,190	21,810
	<b>Total Expenditures</b>	40,000	40,000	18,190	21,810
	<b>Net Change in Fund Balance</b>	\$ (29,900)	\$ (29,900)	(94)	\$ 29,806
	Beginning Fund Balance			68,700	
	<b>Ending Fund Balance</b>			\$ 68,606	

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES

### IN FUND BALANCES - BUDGET AND ACTUAL

#### NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2011

Court Technology				
	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
<b>Revenues</b>				
Fines and forfeitures	\$ 12,500	\$ 12,500	\$ 17,221	\$ 4,721
Investment earnings	-	-	103	103
<b>Total Revenues</b>	12,500	12,500	17,324	4,824
<b>Expenditures</b>				
Capital outlay	16,465	16,465	4,991	11,474
<b>Total Expenditures</b>	16,465	16,465	4,991	11,474
<b>Net Change in Fund Balance</b>	\$ (3,965)	\$ (3,965)	12,333	\$ 16,298
Beginning Fund Balance			31,016	
<b>Ending Fund Balance</b>			\$ 43,349	

**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, 2011**

	<b>METRO Grant</b>			<b>Variance with Final Budget Positive (Negative)</b>
	<b>Original Budget Amounts</b>	<b>Final Budget Amounts</b>	<b>Actual Amounts</b>	
<b>Revenues</b>				
Intergovernmental	\$ 259,000	\$ 259,000	\$ 259,000	\$ -
Investment earnings	-	-	88	88
<b>Total Revenues</b>	<u>259,000</u>	<u>259,000</u>	<u>259,088</u>	<u>88</u>
<b>Excess of Revenues Over Expenditures</b>	<u>259,000</u>	<u>259,000</u>	<u>259,088</u>	<u>88</u>
<b>Other Financing (Uses)</b>				
Transfers (out)	(266,164)	(403,700)	(403,700)	-
<b>Total Other Financing (Uses)</b>	<u>(266,164)</u>	<u>(403,700)</u>	<u>(403,700)</u>	<u>-</u>
<b>Net Change in Fund Balance</b>	<u>\$ (7,164)</u>	<u>\$ (144,700)</u>	<u>(144,612)</u>	<u>\$ 88</u>
Beginning Fund Balance			<u>266,205</u>	
<b>Ending Fund Balance</b>			<u>\$ 121,593</u>	

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

## ***INTERNAL SERVICE FUNDS***

**December 31, 2011**

### **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.

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING STATEMENT OF NET ASSETS

### INTERNAL SERVICE FUNDS

December 31, 2011

	<b>Equipment Replacement</b>	<b>Healthcare Benefits</b>	<b>Technology Management</b>	<b>Total Internal Service Funds</b>
<b><u>Assets</u></b>				
Current assets:				
Equity in pooled cash and investments	\$ 691,917	\$ -	\$ 91,321	\$ 783,238
Receivables	9,298	-	-	9,298
Prepaid costs	-	64,304	-	64,304
<b>Total Current Assets</b>	701,215	64,304	91,321	856,840
Noncurrent assets:				
Capital assets:				
Machinery and equipment	2,412,021	-	-	2,412,021
Less: accumulated depreciation	(1,653,689)	-	-	(1,653,689)
<b>Total Capital Assets (Net of Accumulated Depreciation)</b>	758,332	-	-	758,332
<b>Total Noncurrent Assets</b>	758,332	-	-	758,332
<b>Total Assets</b>	1,459,547	64,304	91,321	1,615,172
<b><u>Liabilities</u></b>				
Current liabilities:				
Accounts payable	5,609	16,124	43,147	64,880
Due to other funds	-	346,277	8,704	354,981
<b>Total Current Liabilities</b>	5,609	362,401	51,851	419,861
<b>Total Liabilities</b>	5,609	362,401	51,851	419,861
<b><u>Net Assets</u></b>				
Invested in capital assets	758,332	-	-	758,332
Unrestricted	695,606	(298,097)	39,470	436,979
<b>Total Net Assets</b>	\$ 1,453,938	\$ (298,097)	\$ 39,470	\$ 1,195,311

# 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, 2011

	<b>Equipment Replacement</b>	<b>Healthcare Benefits</b>	<b>Technology Management</b>	<b>Total Internal Service Funds</b>
<b><u>Operating Revenues</u></b>				
Charges for sales and services	\$ 417,474	\$ 1,554,625	\$ 198,591	\$ 2,170,690
Other revenues	35,925	6	251	36,182
<b>Total Operating Revenues</b>	453,399	1,554,631	198,842	2,206,872
<b><u>Operating Expenses</u></b>				
Repairs and maintenance	14,771	-	23,370	38,141
Costs of sales and services	-	1,803,711	1,071,540	2,875,251
Depreciation	249,121	-	-	249,121
<b>Total Operating Expenses</b>	263,892	1,803,711	1,094,910	3,162,513
<b>Operating Income (Loss)</b>	189,507	(249,080)	(896,068)	(955,641)
<b><u>Nonoperating Revenues (Expenses)</u></b>				
Investment earnings	1,595	-	163	1,758
Gain on sale of capital assets	10,686	-	-	10,686
Transfers in	2,239	-	969,669	971,908
Transfers (out)	-	-	(2,239)	(2,239)
<b>Total Nonoperating Revenues</b>	14,520	-	967,593	982,113
<b>Change in Net Assets</b>	204,027	(249,080)	71,525	26,472
Beginning Net Assets	1,249,911	(49,017)	(32,055)	1,168,839
<b>Ending Net Assets</b>	\$ 1,453,938	\$ (298,097)	\$ 39,470	\$ 1,195,311

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## COMBINING STATEMENT OF CASH FLOWS

### INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2011

	Equipment Replacement	Healthcare Benefits	Technology Management	Total Internal Service Funds
<b><u>Cash Flows from Operating Activities</u></b>				
Receipts from customers and users	\$ 444,101	\$ 1,554,631	\$ 198,842	\$ 2,197,574
Payments to suppliers	(19,012)	(1,554,631)	(1,075,114)	(2,648,757)
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>425,089</b>	<b>-</b>	<b>(876,272)</b>	<b>(451,183)</b>
<b><u>Cash Flows from Noncapital Financing Activities</u></b>				
Transfers in	2,239	-	969,669	971,908
Transfers (out)	-	-	(2,239)	(2,239)
<b>Net Cash Provided by Noncapital Financial Activities</b>	<b>2,239</b>	<b>-</b>	<b>967,430</b>	<b>969,669</b>
<b><u>Cash Flows from Capital and Related Financing Activities</u></b>				
Acquisition and construction of capital assets	(121,130)	-	-	(121,130)
Proceeds from sale of capital assets	10,686	-	-	10,686
<b>Net Cash (Used) by Capital and Related Financing Activities</b>	<b>(110,444)</b>	<b>-</b>	<b>-</b>	<b>(110,444)</b>
<b><u>Cash Flows from Investing Activities</u></b>				
Interest received	1,595	-	163	1,758
<b>Net Cash Provided by Investing Activities</b>	<b>1,595</b>	<b>-</b>	<b>163</b>	<b>1,758</b>
<b>Net Increase in Cash and Cash Equivalents</b>	<b>318,479</b>	<b>-</b>	<b>91,321</b>	<b>409,800</b>
Beginning Cash and Cash Equivalents	373,438	-	-	373,438
<b>Ending Cash and Cash Equivalents</b>	<b>\$ 691,917</b>	<b>\$ -</b>	<b>\$ 91,321</b>	<b>\$ 783,238</b>
<b>Reconciliation of Operating Income (Loss) to Net Cash Provided (Used) by Operating Activities</b>				
Operating income (loss)	\$ 189,507	\$ (249,080)	\$ (896,068)	\$ (955,641)
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	249,121	-	-	249,121
<b>Changes in Operating Assets and Liabilities:</b>				
<b>(Increase) Decrease in Current Assets:</b>				
Receivables	(9,298)	-	-	(9,298)
Prepaid costs	-	6,268	3,000	9,268
<b>Increase (Decrease) in Current Liabilities:</b>				
Accounts payable	(4,241)	8,834	16,796	21,389
Due to other funds	-	233,978	-	233,978
<b>Net Cash Provided (Used) by Operating Activities</b>	<b>\$ 425,089</b>	<b>\$ -</b>	<b>\$ (876,272)</b>	<b>\$ (451,183)</b>

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## ***STATISTICAL SECTION***

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

<b>Contents</b>	<b>Page</b>
Financial Trends	102
<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	114
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	124
<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	134
<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	138
<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 Nine Years (1)

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

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

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 17,515,320	\$ 24,421,719	\$ 32,145,988	\$ 25,112,652	\$ 30,751,093
4,491,985	6,470,948	2,466,227	1,977,589	2,300,415
2,566,351	1,910,197	1,262,360	5,341,671	872,283
<u>\$ 24,573,656</u>	<u>\$ 32,802,864</u>	<u>\$ 35,874,575</u>	<u>\$ 32,431,912</u>	<u>\$ 33,923,791</u>
\$ 19,768,267	\$ 18,512,926	\$ 17,662,268	\$ 22,196,178	\$ 21,485,826
1,186,557	715,000	745,000	785,000	720,000
186,418	1,640,695	1,841,953	2,343,524	4,134,511
<u>\$ 21,141,242</u>	<u>\$ 20,868,621</u>	<u>\$ 20,249,221</u>	<u>\$ 25,324,702</u>	<u>\$ 26,340,337</u>
\$ 37,283,587	\$ 42,934,645	\$ 49,808,256	\$ 47,308,830	\$ 52,236,919
5,678,542	7,185,948	3,211,227	2,762,589	3,020,415
2,752,769	3,550,892	3,104,313	7,685,195	5,006,794
<u>\$ 45,714,898</u>	<u>\$ 53,671,485</u>	<u>\$ 56,123,796</u>	<u>\$ 57,756,614</u>	<u>\$ 60,264,128</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CHANGES IN NET ASSETS

Last Nine Years (1)

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

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

		<b>Year</b>							
		<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>			
\$	4,552,568	\$	2,387,061	\$	2,841,391	\$	3,150,380	\$	2,785,502
	4,904,003		5,593,513		6,217,723		6,287,887		5,870,061
	3,288,626		2,925,781		4,046,079		4,549,951		5,176,660
	1,972,400		3,894,834		4,421,189		2,734,441		3,858,501
	3,169,545		3,195,884		2,860,685		3,453,311		3,351,762
	<u>17,887,142</u>		<u>17,997,073</u>		<u>20,387,067</u>		<u>20,175,970</u>		<u>21,042,486</u>
	5,297,894		5,752,744		5,686,180		5,415,974		6,927,509
	918,984		996,582		1,161,724		1,111,560		1,322,082
	<u>6,216,878</u>		<u>6,749,326</u>		<u>6,847,904</u>		<u>6,527,534</u>		<u>8,249,591</u>
\$	<u>\$ 24,104,020</u>	\$	<u>\$ 24,746,399</u>	\$	<u>\$ 27,234,971</u>	\$	<u>\$ 26,703,504</u>	\$	<u>\$ 29,292,077</u>
\$	3,523,007	\$	-	\$	-	\$	-	\$	-
	196,070		817,411		525,650		734,150		743,486
	-		-		-		-		-
	580,869		1,402,881		4,237,581		1,656,098		1,785,518
	843,941		1,675,641		360,310		263,780		259,000
	-		5,291,500		134,821		369,316		360,741
	<u>5,143,887</u>		<u>9,187,433</u>		<u>5,258,362</u>		<u>3,023,344</u>		<u>3,148,745</u>
	4,702,577		5,912,369		6,151,138		5,917,931		8,986,444
	930,705		1,452,975		1,096,652		1,486,413		1,787,636
	<u>5,633,282</u>		<u>7,365,344</u>		<u>7,247,790</u>		<u>7,404,344</u>		<u>10,774,080</u>
\$	<u>\$ 10,777,169</u>	\$	<u>\$ 16,552,777</u>	\$	<u>\$ 12,506,152</u>	\$	<u>\$ 10,427,688</u>	\$	<u>\$ 13,922,825</u>
\$	(12,743,255)	\$	(8,809,640)	\$	(15,128,705)	\$	(17,152,626)	\$	(17,893,741)
	(583,596)		616,018		399,886		876,810		2,524,489
\$	<u>\$ (13,326,851)</u>	\$	<u>\$ (8,193,622)</u>	\$	<u>\$ (14,728,819)</u>	\$	<u>\$ (16,275,816)</u>	\$	<u>\$ (15,369,252)</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CHANGES IN NET ASSETS (Continued)

Last Nine Years (1)

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

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

Year				
2007	2008	2009	2010	2011
\$ 6,219,953	\$ 6,487,224	\$ 7,319,407	\$ 8,004,202	\$ 7,962,210
6,738,071	6,300,879	6,756,375	7,098,065	7,360,224
1,026,948	1,042,096	946,726	1,050,079	997,318
933,834	1,312,260	1,162,420	1,207,429	1,148,390
15,010	15,643	12,485	11,144	8,994
891,760	257,869	306,410	-	-
622,787	394,218	210,481	73,035	33,333
254,997	288,659	446,112	424,381	347,242
-	-	-	32,466	10,686
940,000	940,000	1,040,000	(4,190,838)	1,517,223
<u>17,643,360</u>	<u>17,038,848</u>	<u>18,200,416</u>	<u>13,709,963</u>	<u>19,385,620</u>
39,173	51,361	20,715	7,833	8,369
362,559	-	-	-	-
<u>(940,000)</u>	<u>(940,000)</u>	<u>(1,040,000)</u>	<u>4,190,838</u>	<u>(1,517,223)</u>
<u>(538,268)</u>	<u>(888,639)</u>	<u>(1,019,285)</u>	<u>4,198,671</u>	<u>(1,508,854)</u>
<u>\$ 17,105,092</u>	<u>\$ 16,150,209</u>	<u>\$ 17,181,131</u>	<u>\$ 17,908,634</u>	<u>\$ 17,876,766</u>
\$ 4,900,105	\$ 8,229,208	\$ 3,071,711	\$ (3,442,663)	\$ 1,491,879
(1,121,864)	(272,621)	(619,399)	5,075,481	1,015,635
<u>\$ 3,778,241</u>	<u>\$ 7,956,587</u>	<u>\$ 2,452,312</u>	<u>\$ 1,632,818</u>	<u>\$ 2,507,514</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Nine 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 nine years are available at this time.

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>Change 2010-2011</u>
\$ 12,958,024	\$ 12,788,103	\$ 13,462,911	\$ 15,102,267	\$ 15,322,434	1.5%
1,026,948	1,042,096	11,553,199	1,050,079	997,318	-5.0%
933,834	1,312,260	1,659,737	1,207,429	1,148,390	-4.9%
15,010	15,643	2,400	11,144	8,994	-19.3%
<u>\$ 14,933,816</u>	<u>\$ 15,158,102</u>	<u>\$ 26,678,247</u>	<u>\$ 17,370,919</u>	<u>\$ 17,477,136</u>	0.6%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## FUND BALANCES, GOVERNMENTAL FUNDS (1)

Last Ten Years

	Year			
	2002	2003	2004	2005
<b>General Fund</b>				
Reserved	\$ 80,544	\$ 2,148,781	\$ 2,098,916	\$ 15,504
Unreserved	2,846,051	841,381	936,365	3,357,537
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Unassigned	-	-	-	-
<b>Total General Fund</b>	<b>\$ 2,926,595</b>	<b>\$ 2,990,162</b>	<b>\$ 3,035,281</b>	<b>\$ 3,373,041</b>
<b>All Other Governmental Funds</b>				
Reserved	\$ 20,919,924	\$ 656,903	\$ 782,534	\$ 998,780
Unreserved, reported in:				
Capital project funds	698,630	19,412,415	9,106,291	6,852,781
Special revenue funds	121,914	139,427	233,004	683,698
Nonspendable	-	-	-	-
Restricted	-	-	-	-
Assigned	-	-	-	-
Unassigned	-	-	-	-
<b>Total All Other Governmental Funds</b>	<b>\$ 21,740,468</b>	<b>\$ 20,208,745</b>	<b>\$ 10,121,829</b>	<b>\$ 8,535,259</b>

(1) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged; only one fiscal year is available at this time. The City chose not to restate 2002 to 2010.

Year					
2006	2007	2008	2009	2010	2011
\$ 15,516	\$ 429,437	\$ 430,797	\$ 444,508	\$ 561,038	\$ -
4,187,536	2,457,227	3,580,317	2,736,833	3,107,736	-
-	-	-	-	-	130,265
-	-	-	-	-	410,238
-	-	-	-	-	3,538,757
<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>	<u>\$ 4,079,260</u>
\$ 1,658,449	\$ 2,067,501	\$ 2,745,745	\$ 1,388,198	\$ 1,639,115	\$ -
1,545,312	178,493	3,219,460	1,035,760	4,128,598	-
1,484,935	2,883,727	281,814	240,926	(20,470)	-
-	-	-	-	-	2,372
-	-	-	-	-	1,890,177
-	-	-	-	-	528,575
-	-	-	-	-	(20,343)
<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>	<u>\$ 2,400,781</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS

Last Ten Years

	Year			
	2002	2003	2004	2005
<b>Revenues</b>				
Taxes	\$ 11,534,667	\$ 12,416,216	\$ 13,263,355	\$ 13,803,975
Permits, licenses, and fees	386,124	444,886	577,164	597,910
Fines and forfeitures	319,388	243,931	193,322	186,844
Charges for services	1,074,335	1,086,952	974,549	1,165,967
Intergovernmental	277,769	307,784	1,392,662	387,779
Contributions	-	-	-	268,081
Investment earnings	655,918	511,267	336,967	457,078
Other revenues	603,217	387,897	451,551	212,924
<b>Total Revenues</b>	<b>14,851,418</b>	<b>15,398,933</b>	<b>17,189,570</b>	<b>17,080,558</b>
<b>Expenditures</b>				
General government	2,061,227	1,952,308	2,211,183	2,268,862
Public safety	4,336,152	4,701,684	4,616,019	4,769,582
Public works	1,500,127	1,631,434	1,642,867	1,582,592
Public service	941,302	1,015,026	1,255,857	1,579,982
Capital outlay	13,583,834	13,107,808	11,882,057	2,569,023
Debt service				
Principal	2,185,000	2,295,000	2,685,000	2,900,000
Interest	3,130,630	3,808,650	3,775,384	3,669,628
Bond issuance costs	-	-	-	-
<b>Total Expenditures</b>	<b>27,738,272</b>	<b>28,511,910</b>	<b>28,068,367</b>	<b>19,339,669</b>
<b>Excess (deficiency) of Revenues Over (Under) Expenditures</b>	<b>(12,886,854)</b>	<b>(13,112,977)</b>	<b>(10,878,797)</b>	<b>(2,259,111)</b>
<b>Other Financing Sources (Uses)</b>				
Transfers in	1,691,111	631,000	837,000	1,139,000
Transfers out	(1,002,862)	-	-	(269,000)
Issuance of debt	29,180,987	9,918,331	-	25,075,000
Premium on debt issued	-	-	-	1,793,024
Payment to refunded bond escrow agent	(16,397,937)	-	-	(26,751,058)
Sale of capital assets	-	-	-	23,335
<b>Total other financing sources</b>	<b>13,471,299</b>	<b>10,549,331</b>	<b>837,000</b>	<b>1,010,301</b>
<b>Net Change in Fund Balances</b>	<b>\$ 584,445</b>	<b>\$ (2,563,646)</b>	<b>\$ (10,041,797)</b>	<b>\$ (1,248,810)</b>
Debt service as a percentage of noncapital expenditures	37.55%	39.62%	39.91%	39.17%

		Year									
		2006	2007	2008	2009	2010	2011				
\$	14,658,182	\$	14,681,206	\$	15,471,664	\$	16,197,413	\$	17,362,337	\$	17,469,999
	580,297		580,869		495,127		351,120		461,419		467,123
	267,609		196,070		322,284		174,530		272,731		276,363
	1,260,376		1,381,586		1,402,881		1,186,941		1,656,098		1,785,518
	259,000		843,941		6,967,141		495,131		263,780		259,000
	326,656		891,760		257,869		306,410		369,316		360,741
	688,893		602,593		379,164		205,371		71,447		31,575
	1,814,311		250,408		265,397		430,180		394,071		347,242
	<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>		<u>20,997,561</u>
	2,381,154		2,312,853		2,329,591		2,638,596		2,919,174		2,678,292
	5,028,528		4,931,044		5,242,522		6,091,415		5,956,779		5,492,793
	1,557,955		1,927,231		1,935,450		2,167,936		2,586,314		2,504,438
	1,712,208		1,785,093		3,869,698		3,803,862		2,127,336		2,336,591
	6,840,403		3,738,838		4,113,991		13,290,611		10,645,694		4,244,191
	3,375,000		3,612,472		3,780,922		3,969,515		3,903,250		4,671,167
	3,319,913		3,188,875		2,987,603		2,848,046		3,214,201		3,437,756
	-		-		-		226,636		419,931		141,802
	<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>		<u>25,507,030</u>
	(4,359,837)		(2,067,973)		1,301,750		(15,689,521)		(10,921,480)		(4,509,469)
	1,540,713		4,931,336		4,618,732		4,065,742		2,017,451		3,090,405
	(670,713)		(3,991,336)		(3,678,732)		(3,075,742)		(1,350,702)		(2,542,851)
	473,285		-		-		13,035,000		24,630,000		5,700,000
	-		-		-		283,639		859,692		191,134
	-		-		-		(3,022,444)		(11,546,886)		(4,868,423)
	-		-		-		-		32,466		3,228
	<u>1,343,285</u>		<u>940,000</u>		<u>940,000</u>		<u>11,286,195</u>		<u>14,642,021</u>		<u>1,573,493</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>	\$	<u>(2,935,976)</u>
	38.53%		38.30%		33.60%		31.35%		33.69%		38.14%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES

Last Ten Years

(modified accrual basis of accounting)

Function	Year			
	2002	2003	2004	2005
Ad valorem	\$ 9,717,905	\$ 11,481,442	\$ 11,691,541	\$ 12,128,801
Sales	862,325	758,987	683,573	745,716
Franchise fee	939,577	873,649	872,221	913,998
Other taxes	14,860	18,303	16,020	15,460
	<u>\$ 11,534,667</u>	<u>\$ 13,132,381</u>	<u>13,263,355</u>	<u>\$ 13,803,975</u>

<b>Year</b>						<b>Change</b>
<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>	<b>2010-2011</b>
\$ 12,613,511	\$ 12,958,024	\$ 13,101,665	\$ 14,067,200	\$ 15,093,685	\$ 15,315,297	1.5%
1,028,946	1,026,948	1,042,096	946,726	1,050,079	997,318	-5.0%
1,000,930	933,834	1,312,260	1,162,420	1,207,429	1,148,390	-4.9%
14,796	15,010	15,643	12,485	11,144	8,994	-19.3%
<b>\$ 14,658,183</b>	<b>\$ 14,933,816</b>	<b>\$ 15,471,664</b>	<b>\$ 16,188,831</b>	<b>\$ 17,362,337</b>	<b>\$ 17,469,999</b>	0.6%

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
<b>Residential Property</b>	\$ 2,391,518,150	\$ 2,544,734,110	\$ 2,680,629,150	\$ 2,816,526,599
<b>Commercial Property</b>	60,317,070	52,571,420	56,271,940	79,232,269
<b>Less: Tax Exempt Property</b>	<u>(54,426,270)</u>	<u>(79,831,440)</u>	<u>(80,402,800)</u>	<u>(128,158,556)</u>
<b>Total Taxable Assessed Value (1)</b>	<u>\$ 2,397,408,950</u>	<u>\$ 2,517,474,090</u>	<u>\$ 2,656,498,290</u>	<u>\$ 2,767,600,312</u>
<b>Total Direct Tax Rate</b>	0.42000	0.42000	0.43000	0.44670

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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 3,032,378,632 200,638,039	\$ 3,518,127,265 111,498,007	\$ 3,835,791,345 129,077,944	\$ 4,287,201,794 125,992,897	\$ 4,173,451,521 203,444,929	\$ 4,106,994,971 278,070,080
<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>(325,525,373)</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>	<u>\$ 4,059,539,678</u>
0.43000	0.36600	0.35900	0.35875	0.37411	0.37411

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

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
City of West University Place by fund:				
General	\$ 0.19000	\$ 0.19670	\$ 0.20000	\$ 0.20100
Debt service	0.24000	0.25000	0.24000	0.22900
<b>Total Direct Rates</b>	<u>\$ 0.43000</u>	<u>\$ 0.44670</u>	<u>\$ 0.44000</u>	<u>\$ 0.43000</u>
Houston Independent School District	\$ 1.58000	\$ 1.58000	\$ 1.58000	\$ 1.62000
Harris County	0.38390	0.38810	0.38800	0.39986
Harris County Flood Control District	0.04760	0.04170	0.04170	0.03322
Port of Houston Authority	0.01830	0.01990	0.02000	0.01474
Harris County Hospital District	0.19020	0.19020	0.19020	0.19216
Harris County Dept. of Education	-	-	-	0.00629
Houston Community College	0.08133	0.08133	0.09598	0.09577
<b>Total Direct and Overlapping Rates (1)</b>	<u><u>\$ 2.73133</u></u>	<u><u>\$ 2.74793</u></u>	<u><u>\$ 2.75588</u></u>	<u><u>\$ 2.79204</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>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 0.19200	\$ 0.18600	\$ 0.18600	\$ 0.18893	\$ 0.19443	\$ 0.18475
0.21000	0.18000	0.17300	0.16982	0.17968	0.18936
<u>\$ 0.40200</u>	<u>\$ 0.36600</u>	<u>\$ 0.35900</u>	<u>\$ 0.35875</u>	<u>\$ 0.37411</u>	<u>\$ 0.37411</u>
\$ 1.47570	\$ 1.15670	\$ 1.15670	\$ 1.15670	\$ 1.15670	\$ 1.15670
0.40239	0.39239	0.38923	0.39224	0.38805	0.39117
0.03241	0.03106	0.03086	0.02922	0.29230	0.02809
0.01302	0.01437	0.01773	0.01636	0.02054	0.01856
0.19216	0.19216	0.19216	0.19216	0.19216	0.19216
0.00629	0.00585	0.00584	0.00605	0.00658	0.00658
0.09518	0.09243	0.09243	0.09222	0.09222	0.09722
<u>\$ 2.61915</u>	<u>\$ 2.25096</u>	<u>\$ 2.24395</u>	<u>\$ 2.24370</u>	<u>\$ 2.52266</u>	<u>\$ 2.26459</u>

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# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago

Property Taxpayer	2011			2002		
	Taxable Assessed Value	Rank	% of Taxable Assessed Value	Taxable Assessed Value	Rank	% of Taxable Assessed Value
AT&T	\$ 10,486,185	1	0.26%	\$ -	n/a	-
Southwestern Bell	-	n/a	0.00%	13,795,450	1	0.56%
U West Marketplace Assoc	6,898,301	2	0.17%	3,871,740	3	0.15%
Vincere Village Place LLC	5,024,085	3	0.12%	-	n/a	-
Centerpoint Energy Inc	4,953,780	4	0.12%	-	n/a	-
Dupey Spine Sales LP	-	n/a	-	4,738,770	2	0.20%
5177 Builders Ltd	4,523,657	5	0.11%	-	n/a	-
5650 Kirby Partnership	-	n/a	-	3,814,510	4	0.16%
Craig A & Patricia Biggio	3,940,000	6	0.10%	2,627,400	5	0.12%
James M & Donna P Donnell	3,823,302	7	0.09%	-	n/a	-
Kenneth & Kimberly Alo	3,763,854	8	0.09%	2,172,500	10	0.09%
Edmund P III & Kathryn L Segner	3,643,949	9	0.09%	-	n/a	-
Charles & Kimberly Yates	3,562,556	10	0.09%	-	n/a	-
Timothy H & Elaine C Day	-	n/a	-	-	n/a	-
Beltika LLC	-	n/a	-	-	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	\$ 50,619,669		1.25%	\$ 40,108,630		1.67%
Other Taxpayers	4,008,920,009		98.75%	2,357,300,320		98.33%
<b>Total</b>	<b>\$ 4,059,539,678</b>		<b>100.00%</b>	<b>\$ 2,397,408,950</b>		<b>100.00%</b>

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

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Years

	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>
Tax levy	\$ 9,630,400	\$ 10,680,077	\$ 11,581,528	\$ 12,192,921
Current tax collected	\$ 9,582,032	\$ 10,629,260	\$ 11,516,657	\$ 12,124,169
Percent of current tax collections	99.50%	99.52%	99.44%	99.44%
Delinquent tax collections	<u>\$ 42,495</u>	<u>\$ 45,503</u>	<u>\$ 53,913</u>	<u>\$ 50,981</u>
Total tax collections	<u>\$ 9,624,527</u>	<u>\$ 10,674,763</u>	<u>\$ 11,570,570</u>	<u>\$ 12,175,150</u>
Total collections as a percentage of current levy	99.94%	99.95%	99.91%	99.85%
Outstanding delinquent taxes	\$ 5,873	\$ 5,314	\$ 10,958	\$ 17,771
Outstanding delinquent taxes as percentage of current levy	0.06%	0.05%	0.09%	0.15%

<b>2006</b>	<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 12,621,201	\$ 12,890,583	\$ 13,951,979	\$ 15,031,309	\$ 15,265,103	\$ 15,193,428
\$ 12,539,957	\$ 11,944,071	\$ 13,928,931	\$ 14,979,583	\$ 6,331,728	\$ 5,203,530
99.36%	92.66%	99.83%	99.66%	41.48%	34.25%
\$ 57,821	\$ 28,776	\$ 28,776	\$ 54,926	\$ 34,256	\$ 42,841
<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>	<u>\$ 5,246,371</u>
99.81%	92.88%	100.04%	100.02%	41.70%	34.53%
\$ 23,423	\$ 35,850	\$ 81,139	\$ 190,853	\$ 202,537	\$ 206,571
0.19%	0.28%	0.58%	1.27%	1.33%	1.36%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## RATIOS OF OUTSTANDING DEBT BY TYPE

Last Nine Years (1)

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

(1) The requirement for statistical data is ten years; only nine 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>	<u>2011</u>
\$ 52,670,000	\$ 49,235,000	\$ 54,380,000	\$ 61,205,000	\$ 57,015,000
12,380,000	12,125,000	13,140,000	21,335,000	21,915,000
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>	<u>\$ 78,930,000</u>
\$ 13,915,000	\$ 13,225,000	\$ 12,510,000	\$ 6,610,000	\$ 5,825,000
<u>\$ 79,350,823</u>	<u>\$ 74,879,896</u>	<u>\$ 80,230,381</u>	<u>\$ 89,252,131</u>	<u>\$ 84,755,000</u>
-	-	-	-	-
-	-	-	-	-
14,211	14,211	14,211	14,787	14,787
<u>\$ 5,584</u>	<u>\$ 5,269</u>	<u>\$ 5,646</u>	<u>\$ 6,036</u>	<u>\$ 5,732</u>

# CITY OF WEST UNIVERSITY PLACE, TEXAS

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

Last Ten Years

	2002	2003	2004	2005
<b>Net Taxable Assessed Value</b>				
All property	\$ 2,300,012,640	\$ 2,488,976,270	\$ 2,517,474,090	\$ 2,895,758,868
<b>Net Bonded Debt</b>				
Gross bonded debt	\$ 70,250,000	\$ 76,705,000	\$ 75,170,000	\$ 71,950,000
Less debt service funds	(567,825)	(656,144)	(782,534)	(1,169,072)
<b>Net Bonded Debt</b>	<b>\$ 69,682,175</b>	<b>\$ 76,048,856</b>	<b>\$ 74,387,466</b>	<b>\$ 70,780,928</b>
<b>Ratio of Net Bonded Debt To Assessed Value</b>	3.03%	3.06%	2.95%	2.44%
<b>Population</b>	14,211	14,211	14,211	14,211
<b>Net Bonded Debt Per Capita</b>	<b>\$ 4,903</b>	<b>\$ 5,351</b>	<b>\$ 5,234</b>	<b>\$ 4,981</b>

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 3,072,558,941	\$ 3,496,185,334	\$ 3,747,914,916	\$ 4,254,216,197	\$ 4,080,210,817	\$ 4,059,539,678
\$ 68,575,000 (1,169,072)	\$ 65,050,000 (1,208,268)	\$ 61,360,000 (975,765)	\$ 67,520,000 (954,687)	\$ 61,205,000 (992,033)	\$ 57,015,000 (446,094)
<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>	<u>\$ 56,568,906</u>
2.19%	1.83%	1.61%	1.56%	1.50%	0.00%
14,211	14,211	14,211	14,211	14,787	14,787
<u>\$ 4,743</u>	<u>\$ 4,492</u>	<u>\$ 4,249</u>	<u>\$ 4,684</u>	<u>\$ 4,300</u>	<u>\$ 3,826</u>

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

	<b>Net Bonded Debt Outstanding</b>	<b>Estimated Percentage Applicable (1)</b>	<b>Estimated Share of Overlapping Debt</b>
<b>Debt Repaid with Property Taxes</b>			
<b>Governmental Unit</b>			
Houston ISD	\$ 2,416,341,628	1.41%	\$ 34,070,417
Harris County (2)(3)	8,160,000	1.41%	115,056
Houston Community College	105,482,945	1.41%	1,487,310
Harris Co. Flood Control District (3)	198,780,000	3.26%	6,480,228
Port of Houston Authority (3)	2,364,787,059	3.65%	86,314,728
	<u>544,664,397</u>	1.41%	<u>7,679,768</u>
Subtotal, overlapping debt	\$ 5,638,216,029		\$ 136,147,506
<b>City Direct Debt</b>	\$ 56,568,906	100.00%	<u>56,568,906</u>
		<b>Total Direct and Overlapping Debt</b>	<u><u>\$ 192,716,412</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, 2011

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## LEGAL DEBT MARGIN INFORMATION

Last Nine 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 2011

Assessed value	\$ 4,059,539,678
Debt limit (5% of assessed value)	202,976,984
Debt applicable to limit:	
General obligation bonds	57,015,000
Less: amount set aside for repayment of general obligation debt	(446,094)
Total net debt applicable to limit	56,568,906
Legal debt margin	\$ 146,408,078

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

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

<b>Year</b>				
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
\$ 174,809,267	\$ 194,317,845	\$ 212,710,810	\$ 204,010,541	\$ 202,976,984
<u>63,841,732</u>	<u>64,074,235</u>	<u>60,212,967</u>	<u>60,212,967</u>	<u>56,568,906</u>
<u><u>\$ 110,967,535</u></u>	<u><u>\$ 130,243,610</u></u>	<u><u>\$ 152,497,843</u></u>	<u><u>\$ 143,797,574</u></u>	<u><u>\$ 146,408,078</u></u>
36.52%	32.97%	28.31%	29.51%	27.87%

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## *PLEDGED-REVENUE COVERAGE*

Last Ten Years

	<b>2002</b>	<b>2003</b>	<b>2004</b>	<b>2005</b>
<b>Gross Revenues (1)</b>	\$ 3,358,111	\$ 3,106,875	\$ 4,204,407	\$ 5,098,008
<b>Operating Expenses (2)</b>	2,469,348	2,359,745	2,565,022	2,780,664
<b>Net Revenues Available for Debt Service</b>	\$ 888,763	\$ 747,130	\$ 1,639,385	\$ 2,317,344
<b>Debt Service Requirements (3)</b>				
<b>Principal</b>	\$ 360,000	\$ 510,000	\$ 540,000	\$ 565,000
<b>Interest</b>	801,739	765,160	740,339	714,225
<b>Total</b>	\$ 1,161,739	\$ 1,275,160	\$ 1,280,339	\$ 1,279,225
<b>Coverage</b>	0.77	0.59	1.28	1.81

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

<u>2006</u>	<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 4,842,481	\$ 4,702,577	\$ 5,912,369	\$ 6,151,138	\$ 5,917,931	\$ 8,986,455
<u>2,737,998</u>	<u>4,673,933</u>	<u>5,114,579</u>	<u>5,141,913</u>	<u>5,003,479</u>	<u>4,802,445</u>
<u>\$ 2,104,483</u>	<u>\$ 28,644</u>	<u>\$ 797,790</u>	<u>\$ 1,009,225</u>	<u>\$ 914,452</u>	<u>\$ 4,184,010</u>
\$ 675,000	\$ 690,000	\$ 715,000	\$ 745,000	\$ 785,000	\$ 720,000
597,295	601,873	577,813	523,446	255,154	225,323
<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>	<u>\$ 945,323</u>
1.65	0.02	0.62	0.80	0.88	4.43

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Years

Fiscal Year Ended Dec 31	Population (1)	Personal Income (4)	Per Capita Personal Income (6)	Median Age (5)	School Enrollment (2)	Unemployment Rate (3) (7)
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
2011	14,787	-	-	39.30	1,215	N/A

Data sources:

- (1) Bureau of the Census
- (2) The school enrollment reflects enrollment in schools located within the City limits.
- (3) Texas Workforce Commission
- (4) Personal income data are not available.
- (5) Median age data prior to 2000 are not available.
- (6) Per Capita Personal Income data not available.
- (7) Beginning 2005 and after, cities with population under 25,000 do not have unemployment information available.

# CITY OF WEST UNIVERSITY PLACE, TEXAS

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

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

<u>Employer</u>	<u>2011 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 five 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									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
<b><u>General Fund:</u></b>										
Administration	4	4	4	4.5	4	4	4	5	5	5
Finance	9	9	9	9	8	8	8	7	7	6
Police Department	36	35	35	34	32	32	32	32	32	32
Fire Department	20	23	24	24.5	25	24	24	24	24	24
Public Works	23	23	21	21	21	20	19	19	21	20
Parks & Recreation	6	6	8	8	8	10	10	10	11	11
<b>General Fund Total</b>	98	100	101	101	98	98	97	97	100	98
<b><u>Enterprise Fund:</u></b>										
Water	15	14	14	14	14	14	12	12	12	14
Solid Waste	10	10	10	7	7	7	7	7	7	8
<b>Enterprise Fund Total</b>	25	24	24	21	21	21	19	19	19	22
<b><u>Internal Service Fund:</u></b>										
Administration	-	-	-	-	-	2	3	3	3	3
<b>Internal Service Fund Total</b>	-	-	-	-	-	2	3	3	3	3
<b>Total City Positions</b>	<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>	<u>123</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 Nine Years (1)

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

Source: Various City departments

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

<b>Year</b>				
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
287	230	342	325	294
116	137	137	99	121
2,940	2,411	2,479	4,830	3,379
794	650	823	669	583
36,260	22,367	27,029	29,148	25,964
698	644	489	581	660
840	857	673	774	765
4:29	4:24	4:00	3:49	4:25
854	744	724	724	678
80	80	80	80	80
20	20	20	20	20
1.89	2.16	2.36	2.22	2.79
569.34	690.74	400.44	357.42	658.80
120.30	99.09	461.41	452.95	359.55
689.65	789.83	861.85	810.37	1,018.34
4.30	6.27	5.62	4.34	5.10
1.43	1.16	1.21	1.25	1.10
523.06	421.32	448.57	455.02	402.36
5.31	3.43	4.32	4.63	2.66

# CITY OF WEST UNIVERSITY PLACE, TEXAS

## CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Nine Years (1)

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

Source: Various City departments

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

<b>Year</b>				
<b>2007</b>	<b>2008</b>	<b>2009</b>	<b>2010</b>	<b>2011</b>
1	1	1	1	1
7	7	7	7	7
1	1	1	1	1
43	43	43	43	43
747	690	1,694	1,694	1,687
9	9	9	9	9
12.6	12.6	14.0	14.0	13.7
2	2	2	2	2
6	6	6	6	6
5	5	5	5	5
2	2	2	2	2
1	1	0	0	0
2	2	2	2	2
40	40	40	40	40
357	357	357	357	357
3.65	3.65	3.65	3.65	3.65
40	40	40	40	40
32	32	32	32	32
1.32	1.32	1.32	1.32	1.32
2	2	2	2	2

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3800 University Boulevard  
Houston, TX 77005