

CITY OF WEST UNIVERSITY PLACE, TEXAS

Comprehensive Annual Financial Report for
the Fiscal Year Ended December 31, 2018



City of West University Place, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2018

Officials Issuing Report:

David Beach
City Manager

Marie Kalka
Finance Director

City of West University Place, Texas
 Annual Financial Report
 For the Fiscal Year Ended December 31, 2018
 Table of Contents

**Page
Number**

Introductory Section

Letter of Transmittal	2
Organizational Chart	6
Certificate of Achievement for Excellence in Financial Reporting	7
Principal Officials	8

Financial Section

Independent Auditor's Report	11
Management's Discussion and Analysis (Required Supplementary Information)	15

Basic Financial Statements

Government-Wide Financial Statements:	
Statement of Net Position	27
Statement of Activities	28
Fund Financial Statements:	
Balance Sheet - Governmental Funds	30
Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	31
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	32
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	33
Statement of Net Position - Proprietary Funds	34
Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds	35
Statement of Cash Flows - Proprietary Funds	36
Notes to Financial Statements	37

Required Supplementary Information

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	68
Schedule of Changes in the Net Pension Liability and Related Ratios - Texas Municipal Retirement System	69
Schedule of the City's Contributions - Texas Municipal Retirement System	70
Schedule of Changes in Total OPEB Liability and Related Ratios - Texas Municipal Retirement System, Supplemental Death Benefits Fund	71
Schedule of Changes in Total OPEB Liability and Related Ratios - Retiree Health Care Plan	72

City of West University Place, Texas
 Annual Financial Report
 For the Fiscal Year Ended December 31, 2018
 Table of Contents - Continued

Combining and Individual Fund Statements and Schedules

Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Debt Service Fund.....	74
Combining Balance Sheet – Nonmajor Governmental Funds	76
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	78
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Parks Fund	80
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Tree Replacement Fund	81
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Court Technology/Security Fund	82
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – METRO Fund.....	83
Combining Statement of Net Position – Internal Service Funds	86
Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds	88
Combining Statement of Cash Flows – Internal Service Funds.....	90

Statistical Section

Net Position by Component	96
Changes in Net Position	98
Tax Revenues by Source, Governmental Activities	102
Fund Balances, Governmental Funds	104
Changes in Fund Balances, Governmental Funds	106
Tax Revenues by Source, Governmental Activities	108
Assessed Value and Actual Value of Taxable Property	110
Property Tax Rates - Direct and Overlapping Governments.....	112
Principal Property Taxpayers.....	115
Property Tax Levies and Collections.....	116
Ratios of Outstanding Debt by Type	118
Ratios of Net Bonded Debt to Assessed Value, Net Bonded Debt Per Capita, and Assessed and Estimated Actual Value of Taxable Property	120
Direct and Overlapping Governmental Activities Debt	123
Legal Debt Margin Information	124
Pledged Revenue Coverage	126
Demographic and Economic Statistics	128
Principal Employers	129
Full-Time Equivalent City Government Employees by Function.....	131
Operating Indicators by Function.....	132
Capital Asset Statistics by Function	134

Overall Compliance and Internal Control Section

Independent Auditor’s Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	138
Schedule of Findings and Responses	140

Introductory Section

June 20, 2019

The Honorable Mayor, City Council
Members, and Citizens of the
City of 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, 2018. This report is published to provide the City Council (the “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.

Weaver and Tidwell, LLP, Certified Public Accountants, have issued an unmodified (“clean”) opinion on the City’s financial statements for the year ended December 31, 2018. The independent auditor’s report is located at the front of the financial section of this report.

Management’s Discussion and Analysis (MD&A) immediately follows the independent auditor’s 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 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 organization is included within the City’s reporting entity:

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

LOCAL ECONOMY

The City encompasses a two 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 working 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 currently estimated at \$6.3 billion for the 2018 tax year. Among reasons for this strength are the City’s convenient proximities to the Texas Medical Center, downtown Houston, the Rice Village and Rice University, as well as the Galleria area.

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. The strength and continued diversity of the Metro Houston market area has a positive impact on the City.

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, exceptional school district 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.

LONG-TERM FINANCIAL PLANNING AND MAJOR INITIATIVES

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 believes 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 for employees and retirees. For retiree healthcare, at the November 17, 2008 Council meeting, Council adopted a new personnel handbook, with modifications that included elimination of City funded healthcare coverage for employees hired January 1, 2009 and thereafter.

The City has refunded several outstanding debt obligations from 2010 through 2017, resulting in total debt savings of over \$4.75M.

Capital expenditures are funded through annual allocations from the general fund, the water and sewer fund, the Congestion Mitigation/Traffic Management agreement funds received from the Metropolitan Transit Authority of Harris County or the issuance of debt. The allocations are transferred to the capital improvements fund for general capital projects, to the water and sewer capital reserve fund for water and sewer related projects, or to the transportation/drainage fund for qualifying projects.

General capital projects planned for the 2019 budget include the continuation of the virtual gate project, completion of WURC west side concrete parking lot, completion of PW maintenance parking lot/wash bay, and completion of the animal control shelter renovations.

Transportation/drainage projects planned for the 2019 budget include the Buffalo Speedway project, miscellaneous drainage improvements to improve street drainage, repair damaged storm drains, and remove low spots from roadways, and the design phase of Auden Street shared drainage system upgrade.

Additionally, water and sewer related projects planned in 2019 are WWTP fencing, WWTP Weir replacement, WWTP floodwater protection, water system chlorination upgrades, WWTP efficiency study, WWTP lighting replacement, and lift stations 1-12 lining project.

These projects are listed specifically in the annual budget in the capital project funds section.

RELEVANT FINANCIAL POLICIES

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 (the "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.

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, 2017. This was the 34th 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.

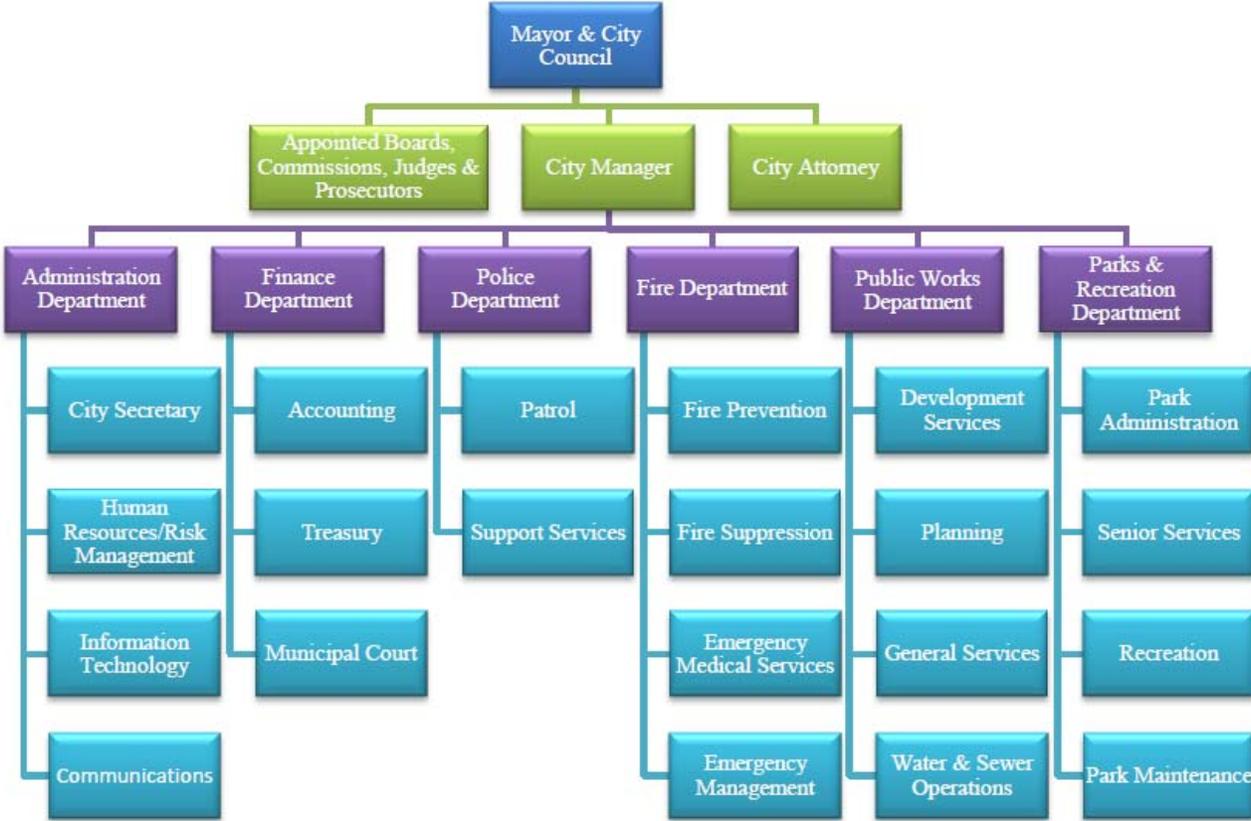
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. Appreciation is expressed to all City employees throughout the organization, especially to those who were instrumental in the successful completion of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

Respectfully submitted,



Marie Kalka
Finance Director

City of West University Place, Texas
 Organizational Chart
 December 31, 2018



City of West University Place, Texas
Certificate of Achievement
For Excellence in Financial Reporting



Government Finance Officers Association

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, 2017

Christopher P. Morill

Executive Director/CEO

City of West University Place, Texas
 Principal Officials
 December 31, 2018

City Officials	Term Expires	Elective Position
Bob Higley.....	05/2021	Mayor
Kevin Trautner	05/2021	Mayor Pro Tem
John P. Barnes.....	05/2021	Council Member
Lauri Lankford.....	05/2021	Council Member
Ed Sobash	05/2021	Council Member

Key Staff	Position
David Beach	City Manager
Thelma Gilliam	City Secretary
James Urban	Human Resources Director
Alan Petrov	City Attorney
Marie Kalka	Finance Director
Robert Loper	Municipal Court Judge
Ken Walker	Police Chief
Aaron Taylor	Fire Chief
Susan White	Parks and Recreation Director
Gary McFarland	Information Technology Director
Gerardo Barrera	Public Works Interim Director

Financial Section

This Page Intentionally Left Blank

Independent Auditor's Report

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

Report on the Financial Statements

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 fiscal year ended December 31, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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

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 of West University Place, Texas, as of December 31, 2018, and the respective changes in financial position, and, where applicable, cash flows thereof for the fiscal year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matters

As discussed in Note 1.F. to the basic financial statements, during the year ended December 31, 2018, the City implemented Governmental Accounting Standards Board Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*. Beginning net position has been restated as a result of the implementation of this statement. Our opinion is not modified with respect to this matter.

As discussed in Note 12 to the basic financial statements, the City restated beginning net position of the internal service funds to correct a misstatement in its previously issued 2017 financial statements. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the Management's Discussion and Analysis and the Required Supplementary Information, as listed in the table of contents, be presented to supplement the basic financial statements. 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.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The Introductory Section, Statistical Section and Combining and Individual Fund Statements and Schedules, as listed in the table of contents, are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

The Combining and Individual Fund Statements and Schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Combining and Individual Fund Statements and Schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Matter

The financial statements of the City for the year ended December 31, 2017, before the restatements described in Note 12, were audited by another auditor whose report dated June 15, 2018, expressed an unmodified opinion.

As part of our audit of the December 31, 2018 financial statements, we also audited the adjustments described in Note 12 that were applied to restate the 2017 financial statements. In our opinion, such adjustments are appropriate and have been properly applied. We were not engaged to audit, review, or apply any procedures to the 2017 financial statements of the entity other than with respect to the adjustments and, accordingly, we do not express an opinion or any other form of assurance on the 2017 financial statements as a whole.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 20, 2019 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

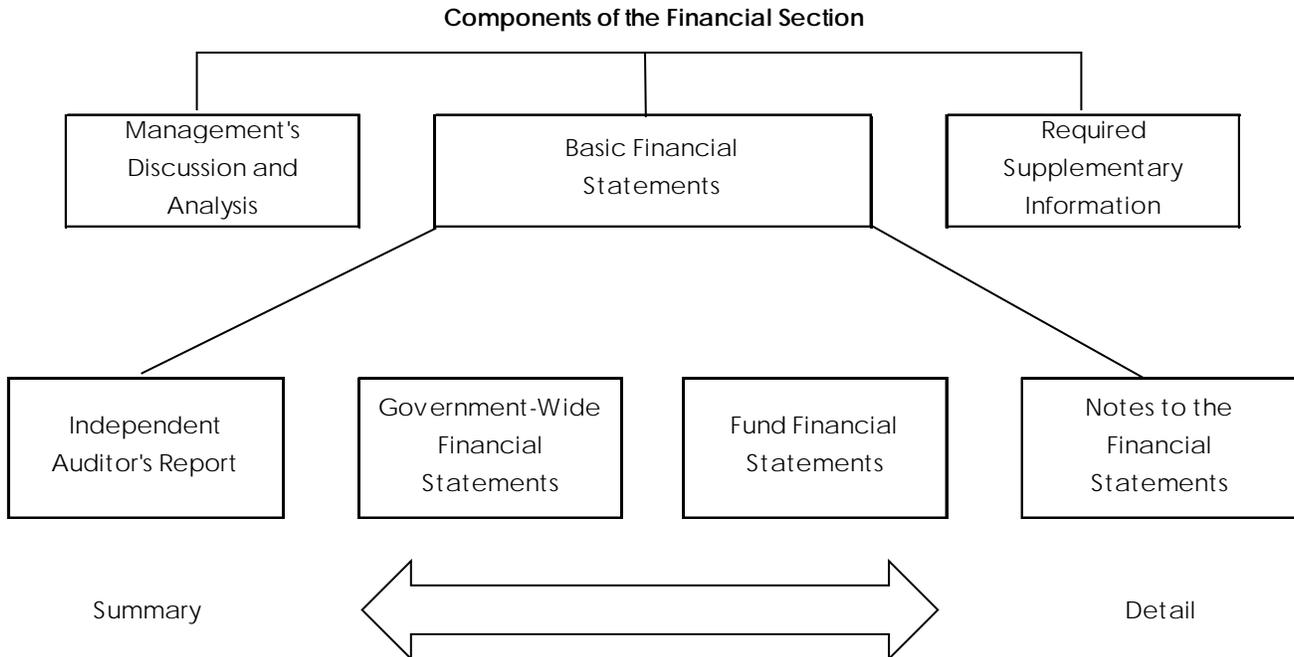
Houston, Texas
June 20, 2019

This Page Intentionally Left Blank

Management's Discussion and Analysis

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of West University Place, Texas (the "City") for the year ending December 31, 2018. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's basic financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



The City's basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements report information for the City as a whole. These statements include transactions and balances relating to all assets, including infrastructure capital assets. These statements are designed to provide information about costs of services, operating results, and financial position of the City as an economic entity. The Statement of Net Position and the Statement of Activities, which appear first in the City's financial statements, report information on the City's activities that enable the reader to understand the financial condition of the City. These statements are prepared using the accrual basis of accounting, which is similar to the accounting used by most private-sector companies. All of the current year's revenues and expenses are taken into account even if cash has not yet changed hands.

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial 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 position changed during the most recent year. All changes in net position 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 Position and the Statement of Activities divide the City's financials 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 tax-supported 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 and solid waste collection, as well as interest payments on debt issued for water and wastewater improvements.

The Friends of West University Parks Fund, although legally separate, functions for all practical purposes as a department of the City and, therefore, has been included as an integral part of the primary government.

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 11 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and debt service fund, which are considered to be major funds for reporting purposes.

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

Proprietary Funds

The City maintains two types of proprietary funds. Enterprise funds 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 vehicle and 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 Required Supplementary Information (RSI). The RSI includes a budgetary comparison schedule for the general fund, schedule of changes in net pension liability and related ratios for the Texas Municipal Retirement System (TMRS), schedule of contributions for TMRS, schedule of changes in total other postemployment liability and related ratios for the Texas Municipal Retirement System (TMRS), and schedule of changes in total other postemployment liability and related ratios for the Retiree Health Care Plan. RSI can be found after the notes to the basic financial statements.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of the City's financial position. Assets and deferred outflows of resources exceed liabilities and deferred inflows of resources by \$87,975,648 as of December 31, 2018. This compares with \$82,696,489 from the prior fiscal year. The largest portion of the City's net position, 83 percent, reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any outstanding debt used to acquire those assets. 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.

Statement of Net Position

The following table reflects the condensed statement of net position:

	Governmental Activities		Business-Type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Current and other assets	\$ 42,718,317	\$ 38,826,831	\$ 5,223,598	\$ 3,932,567	\$ 47,941,915	\$ 42,759,398
Capital assets	91,753,665	93,510,336	18,646,517	20,050,471	110,400,182	113,560,807
Total assets	134,471,982	132,337,167	23,870,115	23,983,038	158,342,097	156,320,205
Deferred charge on refunding	1,210,858	1,592,164	-	-	1,210,858	1,592,164
Deferred outflows - pensions	1,480,032	3,288,175	205,238	499,810	1,685,270	3,787,985
Deferred outflows - OPEB	332,132	-	46,058	-	378,190	-
Total deferred outflows of resources	3,023,022	4,880,339	251,296	499,810	3,274,318	5,380,149
Long-term liabilities outstanding	48,467,230	55,216,288	1,300,285	1,302,695	49,767,515	56,518,983
Other liabilities	2,352,615	2,347,385	763,309	733,018	3,115,924	3,080,403
Total liabilities	50,819,845	57,563,673	2,063,594	2,035,713	52,883,439	59,599,386
Property taxes	19,537,933	19,289,639	-	-	19,537,933	19,289,639
Deferred inflow - pensions	1,070,892	100,032	148,503	14,808	1,219,395	114,840
Total deferred inflows of resources	20,608,825	19,389,671	148,503	14,808	20,757,328	19,404,479
Net position:						
Net investment in capital assets	54,149,042	48,398,572	18,646,517	20,050,471	72,795,559	68,449,043
Restricted	2,869,031	3,030,359	-	-	2,869,031	3,030,359
Unrestricted	9,048,261	8,835,231	3,262,797	2,381,856	12,311,058	11,217,087
Total net position	\$ 66,066,334	\$ 60,264,162	\$ 21,909,314	\$ 22,432,327	\$ 87,975,648	\$ 82,696,489

A portion of the City's net position, \$2,869,031 or three percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$12,311,058 or 14 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$5,279,159 during the current fiscal year, an increase of six percent in comparison to the prior year. This overall increase includes an increase of \$8,372,119 resulting from the operations of the current fiscal year, offset by a decrease of \$3,092,960 resulting from adjustments to prior period net position related to the implementation of a new accounting standard and the correction of an error in the prior period financial statements. These prior period adjustments are detailed in Note 12 to the basic financial statements.

Of the \$8,372,199 increase in net position resulting from the operations of the current fiscal year, an increase of \$8,563,076 is attributable to the governmental activities, which primarily was a result of payment of debt resulting in increasing of net investment in capital assets. The increase in governmental activities is offset by a \$190,957 decrease in business-type activities, which is the result of net transfers of resources out of business type activities to governmental activities.

As noted previously, the City implemented a new accounting standard during the current fiscal year. The implementation of this standard, Governmental Accounting Standards Board Statement No. 75 (GASB 75) – *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions*, resulted in the recognition of \$378,190 in deferred outflows of resources related to other postemployment benefits (OPEBs) and an OPEB liability of \$4,652,988. Net position of the previous fiscal year was restated by a reduction of \$3,092,960 to reflect the deferred outflows of resources and OPEB liability balances as of the end of the previous fiscal year, as measured under GASB 75.

The implementation of GASB 75 in the current year results in the City's accounting for its OPEB liabilities and related deferred outflows and inflows of resources in a manner consistent with the accounting and measurement of the City's pension liabilities and related deferred outflows and inflows of resources, which are accounted for under GASB 68, *Accounting and Financial Reporting for Pensions*. As of December 31, 2018, the City reports a combined pension and OPEB liability of \$9,491,363, compared to \$11,772,704 as of December 31, 2017 (as restated). The decrease is due primarily to an increase in investment income accumulated on pension plan fiduciary net position. Further details can be found in the notes to the basic financial statements as well as the RSI following the notes.

Statement of Activities

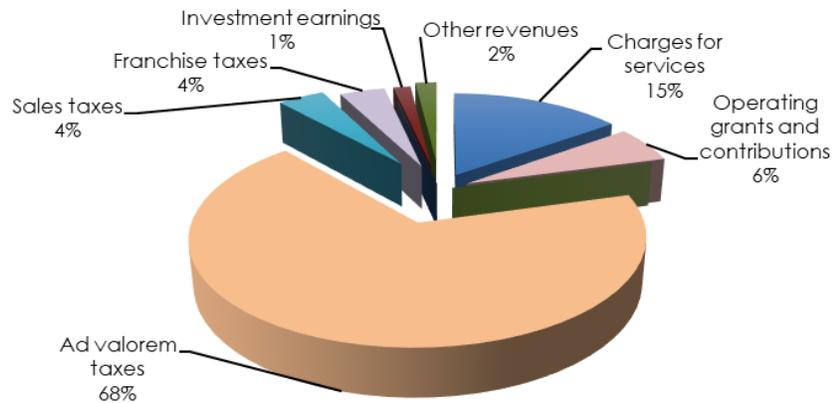
The following table reflects the City's changes in net position:

	Governmental Activities		Business-type Activities		Total Primary Government	
	2018	2017	2018	2017	2018	2017
Revenues:						
Program revenues:						
Charges for services	\$ 4,234,303	\$ 3,722,210	\$ 9,651,548	\$ 9,326,936	\$ 13,885,851	\$ 13,049,146
Operating grants and contributions	1,647,584	1,278,517	74,545	-	1,722,129	1,278,517
Capital grants and contributions	-	1,600,000	-	67,892	-	1,667,892
General revenues:						
Ad valorem taxes	19,304,056	18,614,853	-	-	19,304,056	18,614,853
Sales taxes	1,172,256	1,064,672	-	-	1,172,256	1,064,672
Franchise taxes	1,128,060	1,159,730	-	-	1,128,060	1,159,730
Other taxes	13,528	14,330	-	-	13,528	14,330
Investment earnings	432,447	122,556	40,370	17,706	472,817	140,262
Other revenues	528,572	455,033	12,665	-	541,237	455,033
Total revenues	28,460,806	28,031,901	9,779,128	9,412,534	38,239,934	37,444,435
Expenses:						
General government	3,805,870	3,880,070	-	-	3,805,870	3,880,070
Public safety	8,172,672	8,090,377	-	-	8,172,672	8,090,377
Public works	4,628,774	4,872,132	-	-	4,628,774	4,872,132
Public services	4,616,244	4,527,049	-	-	4,616,244	4,527,049
Interest and fees on debt	1,354,716	1,496,068	-	-	1,354,716	1,496,068
Water and sewer	-	-	5,966,645	6,125,682	5,966,645	6,125,682
Solid waste	-	-	1,322,894	1,392,583	1,322,894	1,392,583
Total expenses	22,578,276	22,865,696	7,289,539	7,518,265	29,867,815	30,383,961
Increase (decrease) in net position before transfers	5,882,530	5,166,205	2,489,589	1,894,269	8,372,119	7,060,474
Transfers	2,680,546	2,798,454	(2,680,546)	(2,798,454)	-	-
Change in net position	8,563,076	7,964,659	(190,957)	(904,185)	8,372,119	7,060,474
Net position - beginning	60,264,162	52,299,503	22,432,327	23,336,512	82,696,489	75,636,015
Prior period adjustments	(2,760,904)	-	(332,056)	-	(3,092,960)	-
Net position - beginning, as restated	57,503,258	52,299,503	22,100,271	23,336,512	79,603,529	75,636,015
Net position - ending	\$ 66,066,334	\$ 60,264,162	\$ 21,909,314	\$ 22,432,327	\$ 87,975,648	\$ 82,696,489

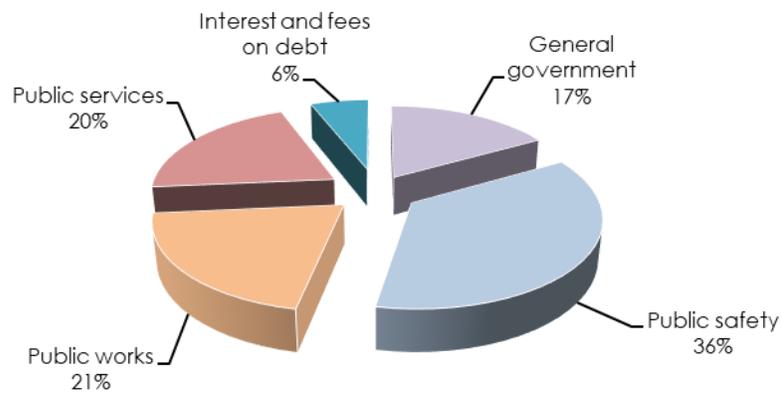
As noted previously, the City has adjusted the balance reported for net position of the prior period, as detailed in Note 12 to the basic financial statements.

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

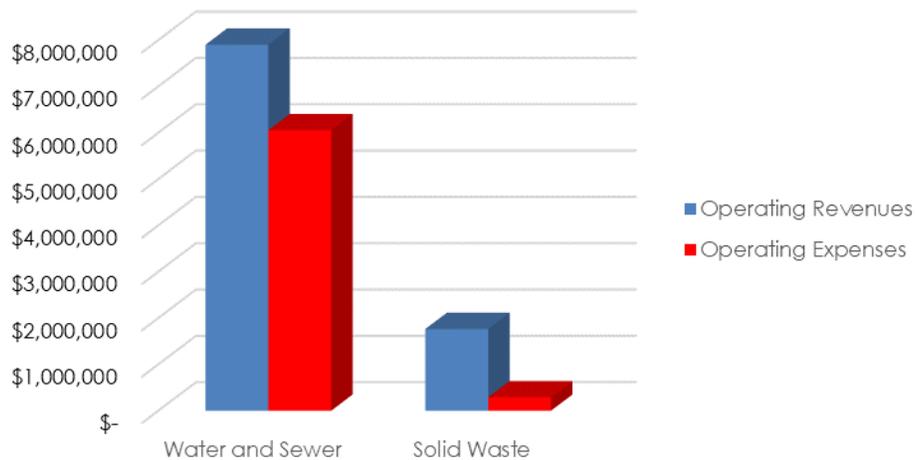
Governmental Revenues



Governmental Expenses



Business-Type Activities



For the year ended December 31, 2018, revenues from governmental activities totaled \$28,460,806, compared with \$28,031,901 in the prior year. This increase of \$428,905 occurred primarily as the result of \$512,093 increase in charges for services due primarily from an increase in permits and recognition of warrant and ambulance unavailable revenue. Also, \$369,067 change in operating grants and contributions, \$1,600,000 decrease in capital grants and contributions, as well as \$689,203 in additional property tax revenue. Capital grants and contributions decreased as a result of donated land that the City received during the 2017 fiscal year. Increased property tax valuations throughout the City attributed to the increase in property tax revenue. Finally, investment earnings saw a \$309,891 increase due to market rate increases.

For the year ended December 31, 2018, expenses for governmental activities totaled \$22,578,276, a decrease of \$287,420 or one percent from last year. The overall decrease is primarily due to decreases in Public Works and interest and fees on debt expenses.

Charges for services for business-type activities increased \$324,612, which is an increase of three percent. Operating expenses for business-type activities decreased by \$228,726. This decrease is primarily due to a decrease in depreciation and a change in the internal service fund allocation method between the governmental and business-type activities.

Financial Analysis of 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 \$13,938,293. Of this, \$189,376 is nonspendable, \$868,291 is restricted for debt service, \$56,954 is restricted for enabling legislation, \$1,461,899 is restricted for City parks, \$121,152 is restricted for METRO, \$280,345 is restricted for tree replacement, \$303,424 is restricted for governmental programming, \$118,377 is assigned for purchases on order, and \$2,915,694 is assigned to capital projects funds.

There was an increase in the combined fund balance of \$2,338,550 compared to the prior year. This is largely attributable to increases in revenue from ad valorem taxes, investment earnings, as well as, funds received from FEMA for Hurricane Harvey. In addition, expenditures decreased slightly overall for total governmental funds due to vacancies in several departments.

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 \$7,622,781, while total fund balance reached \$8,233,958. 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 42 percent of total general fund expenditures, while total fund balance represents 45 percent of the total general fund expenditures. The general fund demonstrated an overall increase of \$2,013,628 primarily due to increases in revenue and other financing sources related to ad valorem taxes, investment earnings, other revenues, and reimbursement from FEMA for Hurricane Harvey.

The debt service fund has a total fund balance of \$868,291, all of which is restricted for the payment of debt service. Expenditures exceeded revenues by \$1,232,075, with an overall net decrease in fund balance after other funding sources for the year of \$31,829. This decrease in fund balance is primarily due to ad valorem taxes not fully collected.

Proprietary Funds

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

General Fund Budgetary Highlights

There had been a planned decrease in budgeted fund balance in the amount of \$301,063 in the general fund with budget amendments throughout the year bringing the decrease to \$387,349. However, fund balance increased by \$2,013,628, resulting in a positive variance of \$2,400,977 from actual over budgeted as amended.

Actual general fund revenues were greater than the amended budgeted revenues by \$1,333,517 during 2018. This net variance includes the positive variances of \$574,083 for charges for services and \$280,609 for intergovernmental.

Actual expenditures were less than budgeted amounts in total by \$1,047,412 for the fiscal year. This net variance is due to positive variances of \$275,361 for general government, \$518,374 for public safety, \$174,846 for public works, and \$78,831 for public services.

Capital Assets

At the end of fiscal year 2018, the City's governmental and business-type activities funds had invested \$91,753,665 and \$18,646,517, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents net decreases of \$1,756,671 and \$1,403,954, respectively.

Major capital assets events during the year included the following:

- Construction paving projects of \$149,853
- Purchase of concrete mixer for \$27,875
- Replace Library AC for \$27,875
- Construction in progress for various City projects in the amount of \$281,069

More detailed information about the City's capital assets is presented in note 5 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 \$38,370,000. Of this amount, \$32,595,000 was general obligation debt and \$5,775,000 was certificates of obligation debt. During the year, the City had a net decrease in long-term debt of \$7,888,447.

More detailed information about the City's long-term liabilities is presented in note 6 to the financial statements.

Current underlying ratings on debt issues are as follows:

	Standard and Poor's
General obligation bonds	AAA
Certificates of obligation	AAA

Economic Factors and Next Year's Budget

The City Council approved a \$40.05 million operating budget for fiscal year 2019. The budget maintains the property tax rate at \$0.31680 per \$100 of valuation. 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.

The City has carefully monitored the performance of utility services and increased rates as needed for the water and sewer fund. As of January 2016, the water and sewer fund had no direct debt. General obligation refunding bonds were issued in 2010 and 2016 to refund all the outstanding revenue bonds for substantial interest rate savings. Funds are transferred from the water and sewer fund to the debt service fund to cover the annual debt service requirement attributable to these refunded bonds. The adopted fiscal year 2019 budget maintains the 2018 water and sewer rates as recommended in the completed 2017 water and sewer rate study.

The strength and continued diversity of the Metro Houston market area has a positive impact on the City. There is almost no vacant and/or undeveloped land in the City, so construction generally involves rebuilding and remodeling. For the immediate future, the rate of growth is expected to remain steady with reconstruction continuing to impact the value of property well into the future, as well as the recapture of value that has been capped at ten percent per year. The City continues to enjoy a stable outlook, with property values at \$6.3 billion. Among reasons for this strength are the City's convenient proximities to the Texas Medical Center, downtown Houston, the Rice Village, and Rice University, as well as the Galleria area. 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.

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 Marie Kalka, Finance Director, 3800 University Boulevard, West University Place, Texas, 77005; telephone 713.662.5816; or for general City information, visit the City's website at www.westutx.gov.

This Page Intentionally Left Blank

Basic Financial Statements

This Page Intentionally Left Blank

City of West University Place, Texas

Statement of Net Position

December 31, 2018

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 14,088,918	\$ 1,737,487	\$ 15,826,405
Investments	14,560,551	1,858,648	16,419,199
Receivables, net of allowances	11,001,418	1,400,076	12,401,494
Internal balances	(227,387)	227,387	-
Due from other governments	2,736,734	-	2,736,734
Inventory	15,527	-	15,527
Prepays	542,556	-	542,556
Capital assets:			
Nondepreciable capital assets	8,280,834	219,036	8,499,870
Depreciable capital assets, net	83,472,831	18,427,481	101,900,312
Total assets	134,471,982	23,870,115	158,342,097
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	1,210,858	-	1,210,858
Deferred outflows - pension	1,480,032	205,238	1,685,270
Deferred outflows - other postemployment benefits	332,132	46,058	378,190
Total deferred outflows of resources	3,023,022	251,296	3,274,318
LIABILITIES			
Accounts payable and accrued liabilities	1,929,056	763,309	2,692,365
Accrued interest payable	423,559	-	423,559
Noncurrent liabilities:			
Due within one year	8,667,009	85,982	8,752,991
Due in more than one year	31,464,755	58,406	31,523,161
Net pension liability	4,249,138	589,237	4,838,375
Other postemployment benefits liability	4,086,328	566,660	4,652,988
Total liabilities	50,819,845	2,063,594	52,883,439
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	19,537,933	-	19,537,933
Deferred inflows - pension	1,070,892	148,503	1,219,395
Total deferred inflows of resources	20,608,825	148,503	20,757,328
NET POSITION			
Net investment in capital assets	54,149,042	18,646,517	72,795,559
Restricted for:			
Debt service	645,257	-	645,257
Enabling legislation	56,954	-	56,954
City parks	1,461,899	-	1,461,899
METRO	121,152	-	121,152
Tree replacement	280,345	-	280,345
Governmental programming	303,424	-	303,424
Unrestricted	9,048,261	3,262,797	12,311,058
TOTAL NET POSITION	\$ 66,066,334	\$ 21,909,314	\$ 87,975,648

The Notes to Financial Statements are an integral part of this statement.

City of West University Place, Texas
Statement of Activities
For the Fiscal Year Ended December 31, 2018

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 3,805,870	\$ -	\$ 655,433	\$ -
Public safety	8,172,672	1,402,809	174,721	-
Public works	4,628,774	913,079	124,401	-
Public services	4,616,244	1,918,415	693,029	-
Interest on long-term debt	1,354,716	-	-	-
Total governmental activities	22,578,276	4,234,303	1,647,584	-
Business-type activities:				
Water and sewer	5,966,645	7,900,773	54,672	-
Solid waste	1,322,894	1,750,775	19,873	-
Total business-type activities	7,289,539	9,651,548	74,545	-
TOTAL PRIMARY GOVERNMENT	\$ 29,867,815	\$ 13,885,851	\$ 1,722,129	\$ -

General revenues:

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

Transfers

Total general revenues and transfers

Change in net position

Net position - beginning, as originally reported

Implementation of change in accounting principle (see Note 1)

Net position - beginning, as restated

NET POSITION - ENDING

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

Governmental Activities	Business-type Activities	Total
\$ (3,150,437)	\$ -	\$ (3,150,437)
(6,595,142)	-	(6,595,142)
(3,591,294)	-	(3,591,294)
(2,004,800)	-	(2,004,800)
(1,354,716)	-	(1,354,716)
(16,696,389)	-	(16,696,389)
-	1,988,800	1,988,800
-	447,754	447,754
-	2,436,554	2,436,554
(16,696,389)	2,436,554	(14,259,835)
19,304,056	-	19,304,056
1,172,256	-	1,172,256
1,128,060	-	1,128,060
13,528	-	13,528
432,447	40,370	472,817
528,572	12,665	541,237
2,680,546	(2,680,546)	-
25,259,465	(2,627,511)	22,631,954
8,563,076	(190,957)	8,372,119
60,264,162	22,432,327	82,696,489
(2,760,904)	(332,056)	(3,092,960)
57,503,258	22,100,271	79,603,529
<u>\$ 66,066,334</u>	<u>\$ 21,909,314</u>	<u>\$ 87,975,648</u>

City of West University Place, Texas
Balance Sheet - Governmental Funds
December 31, 2018

	General Fund	Debt Service Fund	Nonmajor Governmental	Total Governmental Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 6,411,092	\$ 1,782,795	\$ 2,642,149	\$ 10,836,036
Investments	6,855,750	1,907,117	2,320,640	11,083,507
Receivables, net of allowances	6,819,834	3,956,721	223,257	10,999,812
Due from other funds	34,769	-	4,738	39,507
Due from other governments	1,665,277	1,071,457	-	2,736,734
Inventory	15,527	-	-	15,527
Prepays	173,849	-	-	173,849
TOTAL ASSETS	\$ 21,976,098	\$ 8,718,090	\$ 5,190,784	\$ 35,884,972
LIABILITIES				
Accounts payable and accrued liabilities	\$ 1,286,316	\$ -	\$ 247,897	\$ 1,534,213
Due to other funds	58,531	-	39,507	98,038
Total liabilities	1,344,847	-	287,404	1,632,251
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - property taxes	12,132,565	7,849,799	-	19,982,364
Unavailable revenue - warrants	196,234	-	-	196,234
Unavailable revenue - ambulance services	54,544	-	-	54,544
Unavailable revenue - grants	13,950	-	67,336	81,286
Total deferred inflows of resources	12,397,293	7,849,799	67,336	20,314,428
FUND BALANCES				
Nonspendable:				
Inventory	15,527	-	-	15,527
Prepays	173,849	-	-	173,849
Restricted for:				
Debt service	-	868,291	-	868,291
Enabling legislation	-	-	56,954	56,954
City parks	-	-	1,461,899	1,461,899
METRO	-	-	121,152	121,152
Tree replacement	-	-	280,345	280,345
Governmental programming	303,424	-	-	303,424
Assigned to:				
Purchases on order	118,377	-	-	118,377
Capital projects funds	-	-	2,915,694	2,915,694
Unassigned	7,622,781	-	-	7,622,781
Total fund balances	8,233,958	868,291	4,836,044	13,938,293
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 21,976,098	\$ 8,718,090	\$ 5,190,784	\$ 35,884,972

The Notes to Financial Statements are an integral part of this statement.

City of West University Place, Texas

Reconciliation of the Governmental Funds Balance Sheet
to the Statement of Net Position
December 31, 2018

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 13,938,293

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

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

Capital assets, nondepreciable (excluding internal service)	\$ 8,280,834	
Capital assets, net depreciable (excluding internal service)	82,081,451	90,362,285

Other long-term assets are not available to pay for current period expenditures and, therefore, are reported as unavailable revenue in the governmental funds.

Property taxes	\$ 444,431	
Warrants	196,234	
Ambulance services	54,544	
Grants	81,286	776,495

Internal service funds are used by management to charge certain costs to individual funds. A portion of the assets, deferred outflows, liabilities and deferred inflows of the internal service funds are included in the governmental activities in the statement of net position. 7,460,954

Long-term liabilities and related deferred outflows and deferred inflows of resources are not due and payable in the current period and, therefore, are not reported as liabilities or deferrals in the governmental funds.

General obligation bonds and certificates of obligation	\$(38,370,000)	
Premiums on bonds and certificates of obligation	(445,481)	
Accrued interest on bonds and certificates of obligation	(423,559)	
Compensated absences	(1,236,831)	
Deferred charge on refunding	1,210,858	
Net pension liability	(4,032,314)	
Deferred outflows of resources - pension	1,404,509	
Deferred inflows of resources - pension	(1,016,247)	
Other postemployment benefits liability	(3,877,812)	
Deferred outflows of resources - other postemployment benefits	315,184	(46,471,693)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 66,066,334

City of West University Place, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2018

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Nonmajor Governmental</u>	<u>Total Governmental Funds</u>
REVENUES				
Ad valorem taxes	\$ 11,652,747	\$ 7,588,217	\$ -	\$ 19,240,964
Sales taxes	1,172,256	-	-	1,172,256
Franchise taxes	1,128,060	-	-	1,128,060
Other taxes	13,528	-	-	13,528
Permits, licenses, and fees	668,694	-	43,400	712,094
Fines and forfeitures	218,175	-	14,523	232,698
Charges for services	3,038,733	-	-	3,038,733
Intergovernmental	284,974	-	586,114	871,088
Contributions	-	-	661,479	661,479
Investment earnings	249,105	19,741	62,085	330,931
Other revenues	525,597	-	-	525,597
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	18,951,869	7,607,958	1,367,601	27,927,428
EXPENDITURES				
Current:				
General government	3,323,639	-	9,859	3,333,498
Public safety	8,155,677	-	-	8,155,677
Public works	2,992,352	-	27,427	3,019,779
Public services	3,693,301	-	307,678	4,000,979
Capital outlay	103,320	-	845,838	949,158
Debt service:				
Principal	-	7,770,000	-	7,770,000
Interest and fiscal agent fees	-	1,070,033	-	1,070,033
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	18,268,289	8,840,033	1,190,802	28,299,124
Excess (deficiency) of revenues over (under) expenditures	683,580	(1,232,075)	176,799	(371,696)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,530,048	1,200,246	1,227,290	3,957,584
Transfers out	(200,000)	-	(1,047,338)	(1,247,338)
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,330,048	1,200,246	179,952	2,710,246
Net change in fund balances	2,013,628	(31,829)	356,751	2,338,550
Fund balances, beginning of year	6,220,330	900,120	4,479,293	11,599,743
	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	<u>\$ 8,233,958</u>	<u>\$ 868,291</u>	<u>\$ 4,836,044</u>	<u>\$ 13,938,293</u>

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 Fiscal Year Ended December 31, 2018

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 2,338,550

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

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

Capital outlay	\$ 960,133	
Depreciation expense	(3,142,046)	(2,181,913)

Revenues in the statement of activities that do not provide current financial resources
are not reported as revenue in the funds.

Property taxes	\$ 63,092	
Warrants	81,286	
Ambulance services	54,544	
Grants	196,234	395,156

The issuance of long-term debt provides current financial resources to governmental
funds, while the repayment of principal of long-term debt consumes the current financial
resources of governmental funds. Also, governmental funds report the effect of premiums,
discounts, and similar items when it is first issued, whereas these amounts are deferred and
amortized in the statement of activities.

Principal repayments	\$ 7,770,000	
Amortization of bond premiums	118,447	
Amortization of deferred charges on refunding	(381,306)	
Change in accrued interest	(21,824)	
Compensated absences	(96,878)	7,388,439

The changes in net pension and other postemployment benefits liabilities and related
deferred outflows and deferred inflows of resources are reported in the statement of
activities, but do not require the use of current financial resources and, therefore,
are not reported as expenditures in the governmental funds. The net change consists
of the following:

Change in net pension liability	\$ 2,119,602	
Change in deferred outflows of resources - pension	(1,738,811)	
Change in deferred inflows of resources - pension	(921,150)	
Change in other postemployment benefits liability	(264,071)	
Change in deferred outflows of resources - other postemployment benefits	148,530	(655,900)

Internal service funds are used by management to charge the costs of certain
activities to individual funds. A portion of the net revenue of the internal service
funds is reported with governmental activities.

1,278,744

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 8,563,076

City of West University Place, Texas
Statement of Net Position
Proprietary Funds
December 31, 2018

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Totals Enterprise Funds	Total Internal Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 1,439,342	\$ 298,145	\$ 1,737,487	\$ 3,252,882
Investments	1,539,713	318,935	1,858,648	3,477,044
Receivables, net of allowances	1,093,342	306,734	1,400,076	1,606
Due from other funds	-	-	-	74,906
Prepays	-	-	-	368,707
Total current assets	4,072,397	923,814	4,996,211	7,175,145
Noncurrent assets				
Capital assets				
Land	193,875	-	193,875	-
Construction in progress	25,161	-	25,161	-
Buildings and improvements	459,625	-	459,625	-
Machinery and equipment	2,325,680	-	2,325,680	4,127,255
Water and sewer systems	56,703,215	-	56,703,215	-
Accumulated depreciation	(41,061,039)	-	(41,061,039)	(2,735,875)
Total capital assets (net of accumulated depreciation)	18,646,517	-	18,646,517	1,391,380
Total noncurrent assets	18,646,517	-	18,646,517	1,391,380
Total assets	22,718,914	923,814	23,642,728	8,566,525
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	146,015	59,223	205,238	75,523
Deferred outflows - other postemployment benefits	32,767	13,291	46,058	16,948
Total deferred outflows of resources	178,782	72,514	251,296	92,471
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	665,633	97,676	763,309	394,843
Due to other funds	9,245	3,421	12,666	3,709
Compensated absences	74,400	11,582	85,982	27,182
Total current liabilities	749,278	112,679	861,957	425,734
Noncurrent liabilities				
Compensated absences	58,406	-	58,406	52,270
Net pension liability	419,207	170,030	589,237	216,824
Other postemployment benefits liability	403,144	163,516	566,660	208,516
Total noncurrent liabilities	880,757	333,546	1,214,303	477,610
Total liabilities	1,630,035	446,225	2,076,260	903,344
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	105,651	42,852	148,503	54,645
Total deferred inflows of resources	105,651	42,852	148,503	54,645
NET POSITION				
Net investment in capital assets	18,646,517	-	18,646,517	1,391,380
Unrestricted	2,515,493	507,251	3,022,744	6,309,627
TOTAL NET POSITION	<u>\$ 21,162,010</u>	<u>\$ 507,251</u>	<u>\$ 21,669,261</u>	<u>\$ 7,701,007</u>
Reconciliation to the government-wide statement of net position:				
Adjustment to reflect internal service fund activities related to enterprise funds			240,053	
Net position of business-type activities			<u>\$ 21,909,314</u>	

The Notes to Financial Statements are an integral part of this statement.

City of West University Place, Texas
Statement of Revenues, Expenses, and Changes
in Net Position - Proprietary Funds
For the Fiscal Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Solid Waste	Totals Enterprise Funds	Activities Total Internal Service Funds
OPERATING REVENUES				
Charges for sales and services	\$ 7,900,773	\$ 1,750,775	\$ 9,651,548	\$ 5,241,614
Other revenues	-	12,665	12,665	7,156
Total operating revenues	7,900,773	1,763,440	9,664,213	5,248,770
OPERATING EXPENSES				
Costs of sales and services	3,178,510	976,181	4,154,691	2,789,795
Personnel	1,176,371	498,325	1,674,696	647,185
Repairs and maintenance	-	-	-	116,752
Depreciation	1,700,205	-	1,700,205	284,763
Total operating expenses	6,055,086	1,474,506	7,529,592	3,838,495
Operating income	1,845,687	288,934	2,134,621	1,410,275
NONOPERATING REVENUES (EXPENSES)				
Intergovernmental	54,672	19,873	74,545	33,731
Investment earnings	30,732	9,638	40,370	101,516
Gain on sale of capital assets	-	-	-	2,975
Total nonoperating revenues (expenses)	85,404	29,511	114,915	138,222
Income before contributions and transfers	1,931,091	318,445	2,249,536	1,548,497
CONTRIBUTIONS AND TRANSFERS				
Transfers in	29,700	-	29,700	-
Transfers out	(2,450,246)	(260,000)	(2,710,246)	(29,700)
Total contributions and transfers	(2,420,546)	(260,000)	(2,680,546)	(29,700)
Change in net position	(489,455)	58,445	(431,010)	1,518,797
Net position - beginning, as originally reported	21,889,699	542,628	22,432,327	6,219,163
Implementation of change in accounting principle (see Note 1)	(238,234)	(93,822)	(332,056)	(151,501)
Prior period adjustment (see Note 12)	-	-	-	114,548
Net position - beginning, as restated	21,651,465	448,806	22,100,271	6,182,210
NET POSITION, END OF YEAR	<u>\$ 21,162,010</u>	<u>\$ 507,251</u>	<u>\$ 21,669,261</u>	<u>\$ 7,701,007</u>
Reconciliation to the government-wide statement of activities:				
Adjustment to reflect internal service fund activities related to enterprise funds			240,053	
Change in net position for business-type activities			<u>\$ (190,957)</u>	

City of West University Place, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2018

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Solid Waste	Totals Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 8,072,270	\$ 1,770,897	\$ 9,843,167	\$ 7,156
Cash received from interfund charges for services	-	-	-	5,167,692
Cash payments to suppliers	(3,061,888)	(986,738)	(4,048,626)	(3,146,091)
Cash payments to employees	(1,150,289)	(476,664)	(1,626,953)	(574,607)
Net cash provided by operating activities	3,860,093	307,495	4,167,588	1,454,150
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	29,700	-	29,700	-
Transfers to other funds	(2,450,246)	(260,000)	(2,710,246)	(29,700)
Intergovernmental	54,672	19,873	74,545	33,731
Net cash used for noncapital financing activities	(2,365,874)	(240,127)	(2,606,001)	4,031
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(296,251)	-	(296,251)	(396,653)
Proceeds from sale of capital assets	-	-	-	2,975
Net cash used for capital and related financing activities	(296,251)	-	(296,251)	(393,678)
CASH FLOWS FROM INVESTING ACTIVITIES				
Purchase of investments, net	(809,412)	(93,600)	(903,012)	(1,156,658)
Earnings on investments	30,732	9,638	40,370	101,516
Net cash provided by investing activities	(778,680)	(83,962)	(862,642)	(1,055,142)
Net increase in cash and cash equivalents	419,288	(16,594)	402,694	9,361
Cash and cash equivalents, beginning balance	1,020,054	314,739	1,334,793	3,243,521
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 1,439,342	\$ 298,145	\$ 1,737,487	\$ 3,252,882
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 1,845,687	\$ 288,934	\$ 2,134,621	\$ 1,410,275
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation and amortization	1,700,205	-	1,700,205	284,763
Changes in assets, liabilities and related deferrals:				
(Increase) decrease in assets and deferred outflows:				
Receivables, net of allowances	215,294	26,768	242,062	33,109
Due from other funds	-	-	-	(74,906)
Prepays	-	-	-	(131,519)
Deferred outflows - net pension liability	225,661	68,911	294,572	69,332
Deferred outflows - other postemployment benefits	(15,439)	(6,264)	(21,703)	(7,986)
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued liabilities	120,908	(13,978)	106,930	(111,734)
Due to other funds	9,245	3,421	12,666	3,709
Unearned revenue	(57,328)	(19,311)	(76,639)	(32,125)
Compensated absences	4,306	(9,286)	(4,980)	13,967
Net pension liability	(308,333)	(81,240)	(389,573)	(65,595)
Other postemployment benefits liability	25,420	10,312	35,732	13,150
Deferred inflows - net pension liability	94,467	39,228	133,695	49,710
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,860,093	\$ 307,495	\$ 4,167,588	\$ 1,454,150

The Notes to Financial Statements are an integral part of this statement.

City of West University Place, Texas

Notes to the Financial Statements

Note 1. 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. A Mayor and four Council members are elected by voters of the City at large for two year terms.

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 component unit listed below, 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, the City Council. City Council approval is required for any projects of the Corporation that exceed \$1,000. In the event of dissolution, any assets of the Corporation will be transferred to the City. The operations of the Corporation are presented as a governmental fund type. Separate financial statements of the Corporation may be obtained from the Finance Department of the City.

City of West University Place, Texas

Notes to the Financial Statements

B. Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government. *Governmental activities*, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from *business-type activities*, which rely to a significant extent on fees and charges to external customers for support.

C. Basis of Presentation – Government-wide Financial Statements

While government-wide and fund financial statements are presented separately, they are interrelated. The governmental activities column incorporates data from governmental funds and internal service funds, while business-type activities incorporate data from the City's enterprise funds. Separate financial statements are provided for governmental funds and proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the City's water and wastewater functions and various other functions of the City. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation – Fund Financial Statements

The fund financial statements provide information about the City's funds, including its blended component unit. Separate statements for each fund category - governmental and proprietary - are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor funds.

The City reports the following governmental funds:

The *general fund* is used to account for and report all financial resources not accounted for and reported 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.

The *debt service fund* is used to account for the accumulation of resources that are restricted, committed, or assigned for the payment of principal and interest on long-term obligations of governmental funds. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

The *special revenue funds* are used to account for and report proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects. The special revenue funds are considered nonmajor funds for reporting purposes.

The *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. The capital projects funds are considered nonmajor funds for reporting purposes.

City of West University Place, Texas

Notes to the Financial Statements

The City reports the following enterprise funds:

The *enterprise funds* are used to account for and report 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 and solid waste funds are considered major funds for reporting purposes.

Additionally, the City reports the following fund type:

Internal service funds account for services provided to other departments or agencies of the primary government, or to other governments, on a cost reimbursement basis. The vehicle replacement and equipment replacement funds are used to account for vehicle and equipment replacement and maintenance services. The employee benefits fund accounts for costs associated with retired or separated employees, as well as healthcare benefits. The technology management fund accounts for technology services.

During the course of operations the City has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

E. Measurement Focus and Basis of Accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

The government-wide and proprietary fund financial statements are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

City of West University Place, Texas

Notes to the Financial Statements

The governmental fund financial statements are reported using the *current financial resources measurement focus* and the *modified accrual basis of accounting*. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Sales taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Property taxes, municipal court, ambulance services and all other revenue items are considered to be measurable and available only when cash is received by the City.

F. Adoption of New Accounting Standards

In fiscal year 2018, the City adopted Governmental Accounting Standards Board (GASB) Statement No. 75, *Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions* (GASB 75). The requirements of GASB 75 apply to the financial statements of all state and local government employers whose employees are provided postemployment benefits other than pensions ("other postemployment benefits" or "OPEB"). GASB 75 establishes standards for measuring and recognizing liabilities, deferred outflows and deferred inflows of resources, and expenses related to the OPEB plan. Requirements for note disclosures and Required Supplementary Information are also addressed. The implementation of GASB 75 has no impact on the City's governmental fund financial statements, which continue to report expenditures in the actual contribution amount. However, the adoption of GASB 75 resulted in the retroactive restatement of the City's beginning net position in the fiscal year 2018 government-wide and proprietary fund financial statements, which are reported using the economic resources measurement focus, to reflect the beginning-of-year OPEB liability and related deferred inflows and deferred outflows of resources as measured under GASB 75. See Note 12 for information regarding the restatement of beginning net position.

In June of 2018, the GASB issued Statement No. 89, *Accounting for Interest Cost Incurred Before the End of a Construction Period* (GASB 89). GASB 89 removes the previous requirement that interest cost incurred before the end of a construction period be capitalized and included in the historical cost of a capital asset in financial statements prepared using the economic resources measurement focus. Under GASB 89, such interest cost is expensed in the period in which the cost is incurred. The City adopted GASB 89 during fiscal year 2018 and the implementation of this new standard did not have a material effect on the financial statements.

G. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

1. Cash and Cash Equivalents

The City's cash and cash equivalents are considered to be cash on hand, demand deposits, balances in local government investment pools, 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.

City of West University Place, Texas

Notes to the Financial Statements

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.

2. Investments

Investments, with certain exceptions, are reported at fair value. The exceptions are investments in external investment pools and nonparticipating interest earning contracts, such as certificates of deposit, which are reported at amortized cost and a cost-based measure, respectively.

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, its agencies and instrumentalities
- Certificates of deposit that meet certain criteria
- Money market mutual funds that meet certain criteria
- Local government investment pools

3. Inventories and Prepaid Items

Inventories are valued at cost using the first-in/first-out (FIFO) method. The cost of such inventories is recorded as expenditures/expenses when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as expenditures/expenses when consumed rather than when purchased.

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, machinery and equipment, infrastructure (e.g. roads, bridges, sidewalks, and similar items), and water and sewer systems are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the 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 acquisition value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. 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.

Land and improvements and construction in progress are not depreciated. Buildings and improvements, machinery and equipment, infrastructure, and water and sewer systems of the primary government are depreciated using the straight-line method over the following estimated useful lives:

Asset Description	Estimated Useful Life
Buildings	10 to 50 years
Improvements	5 to 50 years
Machinery and equipment	3 to 30 years
Water and sewer system	5 to 60 years
Infrastructure	50 years

City of West University Place, Texas

Notes to the Financial Statements

5. *Deferred Outflows/Inflows of Resources*

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The City has the following items that qualify for reporting in this category:

In the government-wide and proprietary fund statements of net position:

- A deferred charge on refunding bonds results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.
- Deferred outflows related to net pension and other postemployment benefit liabilities result from differences in projected and actual earnings on plan investments, expected and actual economic experience, changes in actuarial assumptions and other inputs, and contributions made subsequent to the measurement date of each plan. These activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension and OPEB plan, except for projected and actual earnings differences on investments, which are amortized on a closed basis over a 5-year period, and contributions made subsequent to the measurement date of each plan, which are recognized in the subsequent fiscal year.

In addition to liabilities, the statement of financial position (or balance sheet) will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, *deferred inflows of resources*, represents an acquisition of net position (or fund balance) that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The City has the following items that qualify for reporting in this category:

In the governmental funds balance sheet:

- Unavailable revenues from property taxes, warrants, ambulance services, and grants are deferred and recognized as an inflow of resources in the period that the amounts become available.

In the government-wide and proprietary fund statements of net position:

- A deferred inflow of resources results from property taxes that were levied and/or collected in the current period for use in the subsequent period.
- Deferred inflows related to net pension liability results from differences in projected and actual earnings on plan investments, expected and actual economic experience, changes in actuarial assumptions and other inputs. These activities are amortized over the weighted average remaining service life of all participants in the respective qualified pension plan, except for projected and actual earnings differences on investments, which are amortized on a closed basis over a 5-year period.

City of West University Place, Texas

Notes to the Financial Statements

6. *Compensated 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 maximum amount of hours that can be carried from one year to the next is dependent on the number of years of service that the employee has with the City.

Length of Service (Months)	Maximum Vacation Leave Accrual		
	Full Time Employees	Shift Fire Department Personnel	3/4 time employees
1 - 48	160 hours	240 hours	120 hours
49 - 144	240 hours	360 hours	180 hours
145 - 240	320 hours	480 hours	240 hours
More than 240	400 hours	600 hours	225 hours

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is 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.

7. *Long-Term Obligations*

The government-wide financial statements and proprietary fund type fund financial statements report long-term debt and other long-term liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts are amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premiums or discounts.

The fund financial statements report bond premiums and discounts during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Long-term debt is recognized as a liability of a governmental fund when due, or when resources have been accumulated in the debt service fund for payment early in the following year. For other long-term obligations, only that portion expected to be paid from expendable available financial resources is reported as a fund liability of a governmental fund. Long-term liabilities expected to be paid from proprietary fund operations are accounted for in those funds.

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 the interest earned in the debt service fund and a transfer of resources from the water and sewer fund for revenue bonds refunded through general obligation debt in a prior year. The debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

City of West University Place, Texas

Notes to the Financial Statements

Assets acquired under the terms of a capital lease 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.

8. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value.

9. Other Postemployment Benefits (OPEB)

The City offers two OPEB plans, a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund ("SDBF") administered by TMRS and a single-employer defined benefit other postemployment benefits (OPEB) plan known as the Retiree Health Care Plan (the "Plan") administered by the City. Total OPEB liability, deferred outflows of resources and deferred inflows of resources related to total OPEB liability, and total OPEB expense have been determined on the same basis as they are reported by the Plans. For this purpose, the Plans recognize benefit payments when due and payable in accordance with the benefit terms.

10. Net Position Flow Assumption

Sometimes the City will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

11. Fund Balance Flow Assumptions

Sometimes the City will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the City's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

12. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The City itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance). The City reports the following classifications of fund balance:

Nonspendable fund balance – includes amounts that are not in spendable form or are legally or contractually required to be maintained intact.

City of West University Place, Texas

Notes to the Financial Statements

Restricted fund balance – includes amounts that have external constraints imposed upon the use of the resources by creditors, grantors, contributors, laws or regulations of other governments or imposed by law through constitutional provisions or enabling legislation.

Committed fund balance - includes amounts that can be used only for the specific purposes pursuant to constraints imposed by a formal action of the City's highest level of decision-making authority. The City Council is the highest level of decision-making authority for the City that can, by approval of a resolution prior to the end of the fiscal year, commit fund balance. Once approved, the limitation imposed by the resolution remains in place until a similar action is taken (the approval of another resolution) to remove or revise the limitation.

Assigned fund balance – includes amounts that are intended to be used by the City for specific purposes but do not meet the criteria to be classified as committed. The City Council has, by resolution, authorized the City's Finance Director to assign fund balance to a specific purpose as approved by the City's fund balance policy. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

It is the City's policy to achieve and maintain an unassigned fund balance in the general fund equal to 20 percent of estimated revenue for the current annual budget. The general fund is the only fund that reports a positive unassigned fund balance. All other operating fund reserves will be maintained at ten percent of the estimated revenue for the current annual budget and will be reported as restricted, committed, or assigned. Balances of less than the prescribed levels shall only be allowed with specific approval of City Council.

13. 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 deferred outflows and inflows of resources, and the 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.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as *program revenues* include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

City of West University Place, Texas

Notes to the Financial Statements

2. 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. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish *operating* revenues and expenses from *nonoperating* items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the enterprise funds and internal service funds are charges to customers for sales and services. The enterprise funds also recognize as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for the enterprise funds and internal service funds include the operating cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt project length budgets. 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 December 31, 2018. 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/security fund, and METRO fund are all special revenue funds that have adopted budgets.

B. Encumbrances

Encumbrance accounting is employed in governmental funds. Encumbrances (e.g., purchase orders, contracts) outstanding at year-end are reported as restricted, committed, or assigned fund balances as appropriate. Encumbrances represent the estimated amount of expenditures ultimately to result when these outstanding items are completed. The encumbrances do not constitute expenditures or liabilities in the current period because the commitments will be reappropriated and honored during the subsequent year.

As of December 31, 2018, significant encumbrances included in the governmental funds include fund balance assignments of \$118,377 in the general fund for purchase orders.

City of West University Place, Texas

Notes to the Financial Statements

Note 3. Deposits and Investments

As of December 31, 2018, the City had the following deposits and investments:

	Value	Weighted Average Maturity (Years)
Deposits		
Cash	\$ 3,810,700	
Cash equivalents:		
TexPool external investment pool	12,008,130	0.06
Other	7,575	
Total	\$ 15,826,405	
Investments		
U.S. government agency bonds/notes	12,974,152	0.44
U.S. Treasury notes	2,988,165	0.49
Corporation's certificates of deposit	456,882	0.44
Total	\$ 16,419,199	
Portfolio weighted average maturity		0.28

A. Deposits

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. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities, to the extent the deposits exceed FDIC coverage. As of December 31, 2018, the combined values of pledged securities and FDIC coverage exceeded bank balances for the City, excluding the bank balances of the Corporation, to which the City's investment policy collateralization requirements have not been extended. The Corporation's bank balances exceeded FDIC coverage by \$390,863 at December 31, 2018.

TexPool

TexPool is a local government investment pool, duly chartered and overseen by the State Comptroller's Office, and administered and managed by Federated Investors, Inc. State Street Bank serves as the custodial bank. TexPool's investment portfolio consists of U.S. Government securities; collateralized repurchase and reverse repurchase agreements; and AAA-rated money market mutual funds. The pool's investments are highly rated by nationally recognized statistical rating organizations, have no more than five percent concentrated in one issuer (excluding U.S. government securities), and are sufficiently liquid to meet reasonably foreseeable redemptions.

TexPool transacts at a net asset value of \$1.00 per share, and maintains a weighted average maturity of 60 days or less and a weighted average life of 120 days or less. TexPool has a redemption notice period of one day and investors may redeem daily. TexPool's authority may only impose restrictions on redemptions in the event of a general suspension of trading on major securities markets, general banking moratorium, or national state of emergency that affects TexPool's liquidity.

City of West University Place, Texas

Notes to the Financial Statements

B. Investments

The City's investments are stated at fair value, with certain exceptions described below. The City categorizes its fair value measurements within the fair value hierarchy established by GASB Statement No. 72, *Fair Value Measurement and Application*, which provides a framework for measuring fair value and establishes a three-level fair value hierarchy that describes the inputs that are used to measure assets and liabilities.

- Level 1 inputs are quoted prices (unadjusted) for identical assets or liabilities in active markets that a government can access at the measurement date.
- Level 2 inputs are inputs, other than quoted prices within Level 1, that are observable for an asset or liability, either directly or indirectly.
- Level 3 inputs are unobservable inputs for an asset or liability.

The fair value hierarchy gives the highest priority to Level 1 inputs and the lowest priority to Level 3 inputs. If a price for an identical asset or liability is not observable, a government should measure fair value using another valuation technique that maximizes the use of relevant observable inputs and minimizes the use of unobservable inputs. If the fair value of an asset or a liability is measured using inputs from more than one level of the fair value hierarchy, the measurement is considered to be based on the lowest priority level input that is significant to the entire measurement.

Certain of the City's investments are not required to be measured at fair value; these include its investment in the TexPool external investment pool, which is measured at amortized cost and is included in cash equivalents, and its investments (through the Corporation) in certificates of deposit, which are measured based on cost. These instruments are exempt from categorization within the fair value hierarchy.

As of December 31, 2018, the City had the following recurring fair value measurements:

Investments by Fair Value Level	Ending Balance	Fair Value Measurements Using	
		Quoted Prices in Active Markets (Level 1)	Other Observable Inputs (Level 2)
U.S. Government agency bonds/notes:			
Federal Home Loan Bank	\$ 4,965,559	\$ -	\$ 4,965,559
Federal Farm Credit Bank	2,998,601	-	2,998,601
Federal National Mortgage Association Notes	5,009,992	-	5,009,992
U.S. Treasury notes	2,988,165	2,988,165	-
Total	\$ 15,962,317	\$ 2,988,165	\$ 12,974,152

The U.S. government agency bonds and notes included in Level 2 of the fair value hierarchy are valued using a market approach based on a matrix pricing technique, whereby valuation is determined in reference to benchmark prices and interest rates.

City of West University Place, Texas

Notes to the Financial Statements

Interest rate risk

Interest rate risk is the risk that changes in interest rates may adversely affect the value of the investments. The City structures its investment portfolio so that securities mature to meet cash requirements for ongoing operations, and monitors interest rate risk using weighted average maturity analysis. In accordance with its investment policy, the City manages its exposure to declines in fair values by limiting the weighted average maturity of its investment portfolio as a whole to no more than 365 days. The maximum allowable stated maturity of any individual investment owed by the City shall not exceed three years from the date of purchase, unless matched to a specific cash flow.

Credit risk

The City's policy requires that investments are limited to only certain instruments that are authorized by the Public Funds Investment Act. Further specifications are that external investment pools must be rated no lower than "AAA" or an equivalent rating by at least one nationally recognized rating service, United States Treasury and agency investments are guaranteed (either express or implied) and backed by the full faith and credit of the United States or its respective agencies, and certificates of deposit are guaranteed or insured by the Federal Deposit Insurance Corporation (FDIC) or fully collateralized under an approved pledge agreement.

As of December 31, 2018, the City's investment in TexPool was rated "AAAm" by Standard & Poor's. The City's investments in U.S. agency bonds and notes were rated "AA+" by Standard & Poor's and its investment in U.S Treasury notes was rated "Aaa" by Moody's. The certificates of deposit are unrated.

Concentration of credit risk

The risk is the risk of loss attributed to the magnitude of a City's investment in a single issuer. The City's investment policy limits investments by security type and institution. With the exception of U.S. Treasury securities, government-sponsored enterprises (GSE's), interest-bearing checking accounts that are fully collateralized, and authorized local government pools, the City will diversify the entire portfolio to comply with the investment strategy. In no case shall any single investment transaction be more than twenty five-percent of the entire portfolio at the time of purchase of the security.

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 custody of securities is maintained 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 the Financial Statements

Note 4. Receivables

Amounts are aggregated into a single accounts receivable (net of allowances for uncollectibles) line for certain funds and aggregated columns. Below is the detail of receivables for the general fund, the debt service fund, the nonmajor governmental funds in the aggregate, the internal service funds in the aggregate, the enterprise funds, including the applicable allowances for uncollectible accounts:

	General	Debt Service	Nonmajor Governmental	Internal Service	Water and Sewer	Solid Waste	Total
Ad valorem taxes	\$ 6,081,861	\$ 3,956,721	\$ -	\$ -	\$ -	\$ -	\$ 10,038,582
Other taxes	351,168	-	-	-	-	-	351,168
Accounts	1,824,982	-	-	-	1,265,648	341,526	3,432,156
Intergovernmental	14,401	-	223,257	1,606	2,603	562	242,429
Other	5,930	-	-	-	4,968	-	10,898
Less: Allowance	(1,458,508)	-	-	-	(179,877)	(35,354)	(1,673,739)
Totals	\$ 6,819,834	\$ 3,956,721	\$ 223,257	\$ 1,606	\$ 1,093,342	\$ 306,734	\$ 12,401,494

Note 5. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended December 31, 2018:

	Beginning Balance	Increases	Reclassifications / (Decreases)	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 7,798,042	\$ -	\$ -	\$ 7,798,042
Construction in progress	266,751	281,069	(65,028)	482,792
Total capital assets, not being depreciated	8,064,793	281,069	(65,028)	8,280,834
Depreciable assets:				
Buildings and improvements	58,053,955	588,753	(34,972)	58,607,736
Machinery and equipment	8,274,391	800,316	(507,831)	8,566,876
Infrastructure	66,633,784	-	-	66,633,784
Total depreciable assets	132,962,130	1,389,069	(542,803)	133,808,396
Less accumulated depreciation for:				
Buildings and improvements	(18,096,796)	(1,746,321)	100,000	(19,743,117)
Machinery and equipment	(7,112,556)	(347,812)	507,831	(6,952,537)
Infrastructure	(22,307,235)	(1,332,676)	-	(23,639,911)
Total accumulated depreciation	(47,516,587)	(3,426,809)	607,831	(50,335,565)
Total depreciable assets, net	85,445,543	(2,037,740)	65,028	83,472,831
Governmental activities capital assets, net	\$ 93,510,336	\$ (1,756,671)	\$ -	\$ 91,753,665
Less: Long-term debt outstanding				(38,815,481)
Plus: Deferred charge on refunding				1,210,858
Net Investment in Capital Assets				\$ 54,149,042

City of West University Place, Texas

Notes to the Financial Statements

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

Depreciation expense was charged to governmental functions as follows:

Governmental activities:		
General government	\$	404,575
Public safety		5,331
Public works		1,907,750
Public service		824,390
Capital assets held by the City's internal service fund		284,763
Total governmental activities depreciation expense	\$	3,426,809

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2018:

	Beginning Balance	Increases	Reclassifications / (Decreases)	Ending Balance
Business-type activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 193,875	\$ -	\$ -	\$ 193,875
Construction in progress	41,914	10,667	(27,420)	25,161
Total capital assets, not being depreciated	235,789	10,667	(27,420)	219,036
Depreciable assets:				
Buildings and improvements	459,625	-	-	459,625
Water and sewer systems	56,437,682	238,113	27,420	56,703,215
Machinery and equipment	2,278,208	47,472	-	2,325,680
Total depreciable assets	59,175,515	285,585	27,420	59,488,520
Less accumulated depreciation for:				
Buildings and improvements	(455,560)	(4,065)	-	(459,625)
Water and sewer systems	(37,783,274)	(1,587,675)	-	(39,370,949)
Machinery and equipment	(1,121,999)	(108,466)	-	(1,230,465)
Total accumulated depreciation	(39,360,833)	(1,700,206)	-	(41,061,039)
Total depreciable assets, net	19,814,682	(1,414,621)	27,420	18,427,481
Business-type activities capital assets, net	\$ 20,050,471	\$ (1,403,954)	\$ -	\$ 18,646,517

Depreciation expense was charged to business-type functions as follows:

Water and sewer	\$ 1,700,206
Total business-type activities depreciation expense	\$ 1,700,206

City of West University Place, Texas

Notes to the Financial Statements

Remaining commitments under related construction contracts for general government construction projects at year end were as follows:

Projects	Approved Construction Budget	Stored and Completed To Date	Remaining Commitment
Virtual gate project	\$ 599,180	\$ 155,606	\$ 443,574
Buffalo speedway	1,946,675	284,686	1,661,989
Animal shelter	38,000	33,326	4,674
Construction at PARD admin	8,460	6,768	1,692
PW parking lot	175,000	-	175,000
Total	\$ 2,767,315	\$ 480,386	\$ 2,286,929

The remaining commitments above will be primarily financed through completion of construction with the resources of the capital projects funds, supplemented by the general fund and issuance of debt, as needed.

Note 6. Long-term Liabilities

The following is a summary of changes in the City's total long-term liabilities for the year ended December 31, 2018. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental activities:					
Bonds, notes and other payables:					
General obligation bonds	\$40,095,000	\$ -	\$ 7,500,000	\$32,595,000 *	\$ 7,655,000
Certificates of obligation	6,045,000	-	270,000	5,775,000 *	255,000
Unamortized premiums and/or discounts	563,928	-	118,447	445,481 *	118,447
Total bonds, notes and other payables, net	46,703,928	-	7,888,447	38,815,481	8,028,447
Other liabilities:					
Compensated absences	1,205,438	572,806	461,961	1,316,283	638,562
Net pension liability	6,434,335	4,409,983	6,595,180	4,249,138	-
Other postemployment benefit liability	3,828,634	433,328	175,634	4,086,328	-
Total governmental activities	\$58,172,335	\$ 5,416,117	\$15,121,222	\$48,467,230	\$ 8,667,009
Long-term debt due in more than one year				\$31,464,755	
*Debt associated with governmental activities capital assets				\$38,815,481	
Business-type activities:					
Compensated absences	\$ 149,368	\$ 63,487	\$ 68,467	\$ 144,388	\$ 85,982
Net pension liability	978,810	524,994	914,567	589,237	-
Total other postemployment benefit liability	530,925	60,090	24,355	566,660	-
Total business-type activities	\$ 1,659,103	\$ 648,571	\$ 1,007,389	\$ 1,300,285	\$ 85,982
Long-term debt due in more than one year				\$ 58,406	

City of West University Place, Texas

Notes to the Financial Statements

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, OPEB liability, and net pension liability 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.

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

Description	Interest Rates	Balance
Governmental activities:		
General obligation bonds		
Permanent improvement		
Series 2010	2.00 - 4.00 %	\$ 2,235,000
Permanent improvement and refunding		
Series 2009	2.50 - 4.50 %	4,055,000
Series 2010	2.00 - 4.00 %	3,700,000
Series 2011	2.00 - 3.00 %	800,000
Series 2012	2.00%	4,835,000
Series 2013	0.34 - 1.75 %	5,575,000
General obligation refunding		
Series 2016	1.45 %	1,545,000
Series 2017	2.01 %	9,850,000
Total general obligation bonds		<u>32,595,000</u>
Certificates of obligation		
Series 2009	2.50 - 4.50 %	970,000
Series 2010	2.00 - 4.00 %	3,005,000
Series 2010A	1.00 - 4.00 %	1,030,000
Series 2011	2.00 - 2.25 %	770,000
Total certificates of obligation		<u>5,775,000</u>
Total governmental activities long-term debt		<u>\$ 38,370,000</u>

The annual requirements to amortize general obligation bonds and certificates of obligation outstanding at year end were as follows:

Year Ending December 31,	Governmental Activities		
	Principal	Interest	Total
2019	\$ 7,910,000	\$ 920,492	\$ 8,830,492
2020	8,060,000	750,016	8,810,016
2021	3,475,000	604,956	4,079,956
2022	3,445,000	488,966	3,933,966
2023	2,605,000	383,291	2,988,291
2024-2028	12,875,000	806,579	13,681,579
Totals	<u>\$ 38,370,000</u>	<u>\$ 3,954,300</u>	<u>\$ 42,324,300</u>

City of West University Place, Texas

Notes to the Financial Statements

The City issues a variety of long-term debt instruments in order to acquire and/or construct major capital facilities (streets, drainage, public safety, water, and wastewater) and equipment for general government and enterprise fund activities. As of December 31, 2018, outstanding instruments include general obligation bonds and certificates of obligation. These obligations are secured by the proceeds of future ad valorem tax revenues levied on all taxable property located within the City and a limited subordinate lien on, and pledge of, net water and sewer system revenues. The City is not obligated in any manner for special assessment debt.

Defeased Bonds

In prior years, the City defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the defeased liabilities are not included in the City's financial statements. At December 31, 2018, the following outstanding bonds were considered defeased (with a call date of February 1, 2020):

- \$3,595,000 - Series 2009 permanent improvement and refunding bonds
- \$2,375,000 – Series 2010 permanent improvement bonds
- \$3,275,000 – Series 2010 certificates of obligation

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 (IRS) 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, a substantial liability to the City could result. The City has estimated that it does not have any arbitrage liability as of December 31, 2018.

Note 7. Interfund Balances and Activity

1. Interfund Receivables and Payables

Interfund receivables and payables of the various funds at December 31, 2018 were as follows:

	Interfund Receivables	Interfund Payables
General	\$ 34,769	\$ 58,531
Water and sewer	-	9,245
Solid waste	-	3,421
Nonmajor	79,644	43,216
Totals	\$ 114,413	\$ 114,413

Interfund balances consist of short-term lending/borrowing arrangements that have resulted primarily from expenditures that are paid by one fund and then charged back to the appropriate other fund. Additionally, some lending/borrowing may occur between two or more governmental funds due to earned revenues not being received from outside agencies until the subsequent year.

City of West University Place, Texas

Notes to the Financial Statements

2. *Interfund Transfers*

Transfers between funds during the year were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amounts</u>
General	Nonmajor	\$ 200,000
Water and sewer	Debt service	1,200,246
Water and sewer	General	1,250,000
Solid waste	General	260,000
Nonmajor	General	20,048
Nonmajor	Water and sewer	29,700
Nonmajor	Nonmajor	1,027,290
Totals		\$ 3,987,284

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. Transfers to the debt service fund are used to provide resources from the water and sewer fund to assist with debt service principal and interest payments when they become due.

Note 8. Leases

The City is the lessor of approximately 1.0874 acres of its land to Goode Cook, Inc. (the "Company"). This lease agreement (the "Lease") is an operating lease with fixed minimum rental payments with annually adjusted rates. The Lease expires July 31, 2022; however, at any time after July 31, 2016, the City may terminate the Lease by giving the Company a minimum of nine months' written notice. Rental income is earned from leasing this parcel of land to the Company.

The City is the lessor of a building to Cyclone Cycles (the "Company"). This lease agreement (the "Lease") is an operating lease with monthly rental payments of \$4,467. The Lease expires November 30, 2019.

Minimum guaranteed income on all City noncancelable operating leases is as follows:

<u>Year Ending December 31,</u>	<u>Annual Base Rent</u>
2019	\$ 82,051
2020	84,517
2021	87,055
2022	51,660
Total	\$ 305,283

City of West University Place, Texas

Notes to the Financial Statements

Note 9. 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 2,827 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 that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that 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.

Note 10. Defined Benefit Pension Plan

Plan Description

The City participates in one of 883 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (CAFR) that can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS.

Benefits Provided

TMRS provides retirement, disability, and death benefits. Benefit provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city-financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven payments options. Members may also choose to receive a portion of their benefit as a partial lump sum distribution in an amount equal to 12, 24, or 36 monthly payments, which cannot exceed 75% of the member's deposits and interest.

City of West University Place, Texas

Notes to the Financial Statements

The plan provisions are adopted by City were as follows:

	2018	2017
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/years of service)	60/5, 0/20	60/5, 0/20
Updated service credit	100% Repeating, Transfers	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating	70% of CPI Repeating

Employees Covered by Benefit Terms

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	108
Inactive employees entitled to but not yet receiving benefits	96
Active employees	118
Total	322

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the City matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal (EAN) actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 13.55% and 13.56% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended December 31, 2018, were \$1,280,642, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2017, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2017 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.0% per year
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

City of West University Place, Texas

Notes to the Financial Statements

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-distinct RP2000 Combined Healthy Mortality Table, with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. Based on the size of the City, rates are multiplied by an additional factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with males rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four year period from December 31, 2010 to December 31, 2014. They were adopted in 2015 and first used in the December 31, 2015 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. In conjunction with these changes first used in the December 31, 2013 valuation, the TMRS system adopted the Entry Age Normal actuarial cost method and a one-time change to the amortization policy. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, the actuary focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Domestic equity	17.5%	4.55%
International equity	17.5%	6.35%
Core fixed income	10.0%	1.00%
Non-core fixed income	20.0%	3.90%
Real return	10.0%	3.80%
Real estate	10.0%	4.50%
Absolute return	10.0%	3.75%
Private equity	5.0%	7.50%
Total	100%	

City of West University Place, Texas

Notes to the Financial Statements

Discount Rate

The discount rate used to measure the TPL was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's fiduciary net position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the TPL.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at December 31, 2016	\$ 47,807,725	\$ 40,394,580	\$ 7,413,145
Changes for the year:			
Service cost	1,517,363	-	1,517,363
Interest	3,188,261	-	3,188,261
Change of benefit terms	-	-	-
Difference between expected and actual experience	198,868	-	198,868
Changes of assumptions	-	-	-
Contributions - employer	-	1,261,304	(1,261,304)
Contributions - employee	-	651,628	(651,628)
Net investment income	-	5,596,814	(5,596,814)
Benefit payments, including refunds of employee contributions	(2,665,812)	(2,665,812)	-
Administrative expense	-	(29,014)	29,014
Other changes	-	(1,470)	1,470
Net changes	2,238,680	4,813,450	(2,574,770)
Balance at December 31, 2017	<u>\$ 50,046,405</u>	<u>\$ 45,208,030</u>	<u>\$ 4,838,375</u>

Sensitivity of the Net Pension Liability to Changes in the Discount Rate

The following presents the NPL of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
Net pension liability	\$ 11,637,721	\$ 4,838,375	\$ (775,167)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's fiduciary net position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at www.tmr.com.

City of West University Place, Texas

Notes to the Financial Statements

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

For the year ended December 31, 2018, the City recognized pension expense of \$1,918,594.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ 233,871	\$ 75,376
Changes in actuarial assumptions	170,757	-
Difference between projected and actual investment earnings	-	1,144,019
Contributions subsequent to the measurement date	1,280,642	-
Totals	\$ 1,685,270	\$ 1,219,395

\$1,280,642 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending December 31, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year Ending December 31,	
2019	\$ 321,182
2020	(28,904)
2021	(533,008)
2022	(574,037)
Totals	\$ (814,767)

Note 11. Other Postemployment Benefits Plans

In addition to the pension plan discussed in Note 10, the City offers other postemployment benefits (OPEBs) through two plans: Texas Municipal Retirement System's Supplemental Death Benefits Fund, and the City's single-employer Retiree Health Care Plan.

Plan Descriptions

Supplemental Death Benefits Fund

Texas Municipal Retirement System (TMRS) administers a defined benefit group-term life insurance plan known as the Supplemental Death Benefits Fund (SDBF). This is a voluntary program in which participating member cities may elect, by ordinance, to provide group-term life insurance coverage for their active members, including or not including retirees. Employers 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 City has elected to participate in the SDBF for its active members including retirees. As the SDBF covers both active and retiree participants, with no segregation of assets, the SDBF is considered to be an unfunded single-employer OPEB plan (i.e. no assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75) for City reporting.

City of West University Place, Texas

Notes to the Financial Statements

Retiree Health Care Plan

The City administers a single-employer defined benefit other postemployment benefits (OPEB) plan, known as the Retiree Health Care Plan (the RHCP). The RHCP offers medical benefits to eligible retirees and their spouses. The RHCP has no plan assets accumulated in a trust that meet the criteria in paragraph 4 of GASB Statement No. 75.

Total OPEB Liability

The City's total OPEB liability (TOL) for each of its OPEB plans was measured as of December 31, 2017 and was determined by actuarial valuations as of that date.

Benefits Provided

At the December 31, 2017 valuation and measurement date, the following employees were covered by the benefit terms:

	<u>SDBP</u>	<u>RHCP</u>
Inactive employees currently receiving benefits	70	16
Inactive employees entitled to but not yet receiving benefits	34	-
Active employees	<u>118</u>	<u>50</u>
Total	<u><u>222</u></u>	<u><u>66</u></u>

Supplemental Death Benefits Fund

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). The death benefit for retirees is considered an other postemployment benefit (OPEB) and is a fixed amount of \$7,500.

The member 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.

Contributions are made monthly based on the covered payroll of employee members of the participating member city. The contractually required contribution rate is determined annually for each city. The rate is based on the mortality and service experience of all employees covered by the SDBF and the demographics specific to the workforce of the city. There is a one-year delay between the actuarial valuation that serves as the basis for the employer contribution rate and the calendar year when the rate goes into effect. The funding policy of this plan is to assure that adequate resources are available to meet all death benefit payments for the upcoming year.

The retiree portion of contribution rates to the SDBF for the City was 0.05% in both calendar years 2017 and 2018. The City's contributions to the SDBF for the year ended December 31, 2018 were \$4,719, and were equal to the required contributions.

Retiree Health Care Plan

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.

City of West University Place, Texas

Notes to the Financial Statements

Employees Hired Prior to January 1, 2009:

Non-exempt Employees – If you retire through TMRS and have been employed full-time for the City for at least ten years immediately preceding the date of the retirement, you may continue coverage with the City's health plan.

Exempt Employees – If you retire through TMRS and have minimum of ten years of service credit with TMRS of which five years immediately preceding the date of retirement were with the City, you 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 provides a subsidy to the retiree that varies based on the medical plan elected. Spouse and dependents are eligible for continued coverage. Retirees are responsible for all costs associated with spouse and dependent benefits, including premiums. Surviving spouses of deceased retirees are eligible for continued coverage through COBRA according to regulatory requirements. All benefits terminate when retiree becomes eligible for Medicare or other federal or state health insurance plans or if retiree becomes employed, including self-employment.

Employees who retire under a disability retirement are eligible for retiree health benefits if they have met the eligibility for a regular retirement upon their disability. TMRS retirement requirement: 5 years of service at age 60; or 20 years of service regardless of age.

Actuarial Assumptions

In the December 31, 2017 actuarial valuations, the total liabilities for the SDBF and RHCP OPEBs were determined using the following actuarial assumptions:

Inflation	2.5% per year
Salary increases	3.5% to 10.5% including inflation
Discount rate	3.31%

The retiree's share of benefit-related costs for the SDBF OPEB is assumed to be \$0, and the healthcare trend cost rate for the RHCP actuarial valuation is assumed at an initial rate of 7.50%, declining to an ultimate rate of 5.25% after 11 years. The ultimate trend rate includes a 1.00% adjustment for the excise tax.

Salary increases were based on a service-related table. Mortality rates for service retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. Mortality rates for disabled retirees were based on the RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. The rates are projected on a fully generational basis with scale BB to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions used in the December 31, 2017, valuations were developed primarily from an actuarial experience study of the four-year period from December 31, 2010 through December 31, 2014. For the SDBF OPEB, the post-mortality assumption for healthy annuitants and Annuity Purchase Rate (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. The Entry Age Normal Actuarial Cost Method is used for the SDBF actuarial valuation and the Individual Entry-Age Method is used for the RHCP actuarial valuation.

The discount rate (3.31%) was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2017.

City of West University Place, Texas

Notes to the Financial Statements

Changes in Total OPEB Liability

	Total OPEB Liability	
	SDBF	RHCP
Balance at December 31, 2016	\$ 406,267	\$ 3,933,765
Changes for the year:		
Service cost	13,963	97,428
Interest on Total OPEB Liability	15,533	148,390
Change of benefit terms	-	-
Difference between expected and actual experience	-	-
Changes of assumptions or other inputs	37,637	180,101
Benefit payments	(4,654)	(175,442)
Net changes	62,479	250,477
Balance at December 31, 2017	\$ 468,746	\$ 4,184,242

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

The following presents the total OPEB liability, calculated using the discount rate of 3.31%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1 percentage-point lower (2.31%) or 1 percentage-point higher (4.31%) than the current rate:

	1% Decrease in Discount Rate (2.31%)	Discount Rate (3.31%)	1% Increase in Discount Rate (4.31%)
Total OPEB liability			
SDBF	\$ 565,806	\$ 468,746	\$ 393,744
RHCP	4,565,769	4,184,242	3,831,384

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate

In addition, the following disclosure is applicable to the RHCP only. The following presents the total OPEB liability, calculated using the current healthcare rates, as well as what the City's total OPEB liability would be if it were calculated using a trend rate that is 1 percentage-point lower or 1 percentage-point higher than the current trend rate:

	1% Decrease Healthcare Cost Trend Rate (6.2 % Decreasing to 4.25 %)	Healthcare Cost Trend Rate (7.2 % Decreasing to 5.25 %)	1% Increase Healthcare Cost Trend Rate (8.2 % Decreasing to 6.25 %)
Total OPEB liability			
RHCP	\$ 3,724,673	\$ 4,184,242	\$ 4,719,912

City of West University Place, Texas

Notes to the Financial Statements

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended December 31, 2018, the City recognized OPEB expense of \$36,584 for SDBF and \$271,444 for RHCP.

At December 31, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	SDBF		RHCP	
	Deferred Outflows of Resources	Deferred Inflows of Resources	Deferred Outflows of Resources	Deferred Inflows of Resources
Changes in assumptions and other inputs	\$ 30,549	\$ -	\$ 154,476	\$ -
Contributions made subsequent to the measurement date	4,719	-	188,446	-
Totals	<u>\$ 35,268</u>	<u>\$ -</u>	<u>\$ 342,922</u>	<u>\$ -</u>

The \$4,719 and \$188,466 reported as deferred outflows of resources resulting from contributions subsequent to the measurement date for the SDBF and RHCP, respectively, will reduce the Total OPEB liability during the year ending December 31, 2019. The other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year Ending December 31,	SDBF	RHCP
2019	\$ 7,088	\$ 25,626
2020	7,088	25,626
2021	7,088	25,626
2022	7,088	25,626
2023	2,197	25,626
Thereafter	-	26,346
Totals	<u>\$ 30,549</u>	<u>\$ 154,476</u>

City of West University Place, Texas

Notes to the Financial Statements

Note 12. Restatements

The City's December 31, 2018 financial statements reflect restatements of beginning net position for the following items:

- Implementation of GASB Statement No. 75*
As described in Note 1.F, the City implemented GASB Statement No. 75 during the year ended December 31, 2018, resulting in a reduction of beginning net position by \$3,092,960. The reduction represents the recognition of an increase in the January 1, 2018 (beginning-of-year) OPEB liability of \$3,292,928, offset by January 1, 2018 deferred outflows of resources of \$199,968. These amounts were allocated on the government-wide and proprietary fund financial statements as shown in the table below. Refer to Note 11 for more information regarding the City's OPEB plans.
- Internal Service Fund Capital Assets – Correction of an Error*
Net position of the internal service funds as of January 1, 2018 was increased by \$114,548 to reflect the correction of an error related to capital assets. Certain capital assets of the internal service funds had been included in the governmental activities column on the government-wide statement of net position, but expensed in the fund financial statements. This difference represents an aggregate total asset cost of \$397,403, offset by accumulated depreciation of \$282,855 at December 31, 2017. The effect on the change in net position of the internal service funds for the year ended December 31, 2017 is an increase of \$48,386.

The following table presents the effects of these restatements on the City's December 31, 2018 financial statements:

	Governmental Activities	Business-Type Activities	Water and Sewer	Solid Waste	Internal Service
Beginning net position, as previously reported	\$ 60,264,162	\$ 22,432,327	\$ 21,889,699	\$ 542,628	\$ 6,219,163
Change in accounting principle	(2,760,904)	(332,056)	(238,234)	(93,822)	(151,501)
Correction of error	-	-	-	-	114,548
Beginning net position, restated	\$ 57,503,258	\$ 22,100,271	\$ 21,651,465	\$ 448,806	\$ 6,182,210

Note 13. Subsequent Event

Certificates of Obligation, Series 2019

On June 1, 2019, the City issued \$4,040,000 in Certificates of Obligation, Series 2019 which was approved by City Council on May 20, 2019 with Ordinance Number 2072. The proceeds from the sale of the certificates will be used to fund all or a portion of the City's contractual obligations incurred for the design, purchase, construction, installation and equipment of a traffic surveillance and security system (the Virtual Gate project).

This Page Intentionally Left Blank

Required Supplementary Information

City of West University Place, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 General Fund
 For the Fiscal Year Ended December 31, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem taxes	\$ 11,764,323	\$ 11,764,323	\$ 11,652,747	\$ (111,576)
Sales taxes	1,136,106	1,136,106	1,172,256	36,150
Franchise taxes	1,097,700	1,097,700	1,128,060	30,360
Other taxes	15,000	15,000	13,528	(1,472)
Permits, licenses, and fees	525,900	525,900	668,694	142,794
Charges for services	2,464,650	2,464,650	3,038,733	574,083
Fines and forfeitures	137,750	137,750	218,175	80,425
Intergovernmental	2,000	4,365	284,974	280,609
Investment earnings	80,810	80,810	249,105	168,295
Other revenues	391,748	391,748	525,597	133,849
Total revenues	17,615,987	17,618,352	18,951,869	1,333,517
EXPENDITURES				
General government:				
Administration	1,474,450	1,474,450	1,317,353	157,097
Finance	2,124,550	2,124,550	2,006,286	118,264
Total general government:	3,599,000	3,599,000	3,323,639	275,361
Public safety:				
Police	5,010,850	5,073,086	4,554,729	518,357
Fire	3,574,550	3,600,965	3,600,948	17
Total public safety:	8,585,400	8,674,051	8,155,677	518,374
Public works	3,263,750	3,263,750	3,088,904	174,846
Public services	3,778,900	3,778,900	3,700,069	78,831
Total expenditures	19,227,050	19,315,701	18,268,289	1,047,412
Excess (deficiency) of revenues over expenditures	(1,611,063)	(1,697,349)	683,580	2,380,929
OTHER FINANCING SOURCES (USES)				
Transfers in	1,510,000	1,510,000	1,530,048	20,048
Transfers out	(200,000)	(200,000)	(200,000)	-
Total other financing sources (uses)	1,310,000	1,310,000	1,330,048	20,048
Net change in fund balance	(301,063)	(387,349)	2,013,628	2,400,977
Fund balance, beginning of year	6,220,330	6,220,330	6,220,330	-
FUND BALANCE, END OF YEAR	\$ 5,919,267	\$ 5,832,981	\$ 8,233,958	\$ 2,400,977

Notes to Schedule of Revenue, Expenditures, and Changes in Fund Balance - Budget to Actual General Fund

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

City of West University Place, Texas
 Schedule of Changes in the Net Pension Liability
 and Related Ratios -
 Texas Municipal Retirement System
 For the Fiscal Year Ended December 31, 2018

	Measurement Year*			
	2017	2016	2015	2014
TOTAL PENSION LIABILITY				
Service cost	\$ 1,517,363	\$ 1,441,040	\$ 1,417,162	\$ 1,163,400
Interest	3,188,261	3,051,656	2,907,623	2,744,057
Differences between expected and actual experience	198,868	(154,304)	485,089	440,869
Changes of assumptions	-	-	946,917	-
Benefit payments, including refunds of employee contributions	(2,665,812)	(2,039,745)	(2,153,197)	(2,123,925)
Net change in total pension liability	2,238,680	2,298,647	3,603,594	2,224,401
Total pension liability - beginning	47,807,725	45,509,078	41,905,484	39,681,083
TOTAL PENSION LIABILITY - ENDING (a)	\$ 50,046,405	\$ 47,807,725	\$ 45,509,078	\$ 41,905,484
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 1,261,304	\$ 1,139,861	\$ 1,046,460	\$ 799,153
Contributions - employee	651,628	621,904	614,567	550,058
Net investment income	5,596,814	2,575,734	56,952	2,131,607
Benefit payments, including refunds of employee contributions	(2,665,812)	(2,039,745)	(2,153,197)	(2,123,925)
Administrative expense	(29,014)	(29,101)	(34,692)	(22,258)
Other	(1,470)	(1,568)	(1,713)	(1,830)
Net change in plan fiduciary net position	4,813,450	2,267,085	(471,623)	1,332,805
Plan fiduciary net position - beginning	40,394,580	38,127,495	38,599,118	37,266,313
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 45,208,030	\$ 40,394,580	\$ 38,127,495	\$ 38,599,118
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 4,838,375	\$ 7,413,145	\$ 7,381,583	\$ 3,306,366
Plan fiduciary net position as a percentage of total pension liability	90.33%	84.49%	83.78%	92.11%
Covered payroll	\$ 9,268,285	\$ 8,884,334	\$ 8,767,969	\$ 7,803,300
Net pension liability as a percentage of covered payroll	52.20%	83.44%	84.19%	42.37%

Notes to Schedule of Changes in the City's Net Pension Liability and Related Ratios

* GASB Statement No. 68 requires 10 years of data; however, four years of data is presented as the data for the years prior to 2014 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

City of West University Place, Texas
 Schedule of the City's Contributions -
 Texas Municipal Retirement System
 For the Fiscal Year Ended December 31, 2018

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>
Actuarially determined contribution	\$ 1,280,642	\$ 1,255,853	\$ 1,139,862	\$ 1,045,142	\$ 799,153
Contributions in relation to the actuarially determined contribution	(1,280,642)	(1,255,853)	(1,139,862)	(1,045,142)	(799,153)
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>				
Covered payroll	\$ 9,438,496	\$ 9,268,285	\$ 8,884,334	\$ 8,767,969	\$ 7,803,300
Contributions as a percentage of covered payroll	13.57%	13.55%	12.83%	11.92%	10.24%

Notes to Schedule of Contributions

GASB Statement No. 68 requires 10 years of data; however, five years of data is presented as the data for the years prior to 2014 is not available. Additionally, GASB Statement No. 68 requires that the information on this schedule correspond with the period covered as of the reporting date (the City's fiscal year).

Valuation date: Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial cost method	Entry age normal
Amortization method	Level percentage of payroll, closed
Remaining amortization period	28 years
Asset valuation method	10 year smoothed market; 15% soft corridor
Inflation	2.5%
Salary increases	3.5% to 10.5% including inflation
Investment rate of return	6.75%
Retirement age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

There were no benefit changes during the year.

City of West University Place, Texas

Schedule of Changes in Total OPEB

Liability and Related Ratios

Texas Municipal Retirement System – Supplemental Death Benefits Fund

For the Fiscal Year Ended December 31, 2018

	Measurement Year*
	2017
TOTAL OPEB LIABILITY	
Service cost	\$ 13,963
Interest on total OPEB liability	15,533
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	37,637
Benefit payments	(4,654)
	<hr/>
Net change in total OPEB liability	62,479
	<hr/>
Total OPEB liability - beginning	406,267
	<hr/>
TOTAL OPEB LIABILITY - ENDING	\$ 468,746
	<hr/>
Covered payroll	\$ 9,268,285
	<hr/>
Total OPEB liability as a percent age of covered payroll	5.06%

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios

* GASB Statement No. 75 requires 10 years of data; however, one year of data is presented as the data for the years prior to 2017 is not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

The TMRS Supplementary Death Benefit Fund (SDBF) is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

City of West University Place, Texas
 Schedule of Changes in Total OPEB
 Liability and Related Ratios
 Retiree Health Care Plan
 For the Fiscal Year Ended December 31, 2018

	Measurement Year*
	2017
TOTAL OPEB LIABILITY	
Service cost	\$ 97,428
Interest on total OPEB liability	148,390
Change of benefit terms	-
Difference between expected and actual experience	-
Changes of assumptions	180,101
Benefit payments	(175,442)
	<hr/>
Net change in total OPEB liability	250,477
	<hr/>
Total OPEB liability - beginning	3,933,765
	<hr/>
TOTAL OPEB LIABILITY - ENDING	\$ 4,184,242
	<hr/>
Covered-employee payroll	\$ 4,661,508
	<hr/>
Total OPEB liability as a percentage of covered payroll	89.76%

Notes to Schedule of Changes in the Total OPEB Liability and Related Ratios

* GASB Statement No. 75 requires 10 years of data; however, one year of data is presented as the data for the years prior to 2017 is not available. Additionally, GASB Statement No. 75 requires that information on this schedule correspond with the period covered as of the plan measurement date (December 31 of the prior year).

The Retiree Health Care Plan is considered to be an unfunded OPEB plan; therefore, no plan fiduciary net position and related ratios are reported in the above schedule.

Combining and Individual Fund Statements and Schedules

City of West University Place, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Debt Service Fund
 For the Fiscal Year Ended December 31, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 7,646,387	\$ 7,646,387	\$ 7,588,217	\$ (58,170)
Investment earnings	3,400	3,400	19,741	16,341
Total revenues	7,649,787	7,649,787	7,607,958	(41,829)
EXPENDITURES				
Debt Service:				
Principal	7,770,000	7,770,000	7,770,000	-
Interest and fiscal agent fees	1,080,033	1,080,033	1,070,033	10,000
Total expenditures	8,850,033	8,850,033	8,840,033	10,000
Excess (deficiency) of revenues over expenditures	(1,200,246)	(1,200,246)	(1,232,075)	(31,829)
OTHER FINANCING SOURCES (USES)				
Transfers in	1,200,246	1,200,246	1,200,246	-
Total other financing sources (uses)	1,200,246	1,200,246	1,200,246	-
Net change in fund balance	-	-	(31,829)	(31,829)
Fund balance, beginning of year	900,120	900,120	900,120	-
FUND BALANCE, END OF YEAR	\$ 900,120	\$ 900,120	\$ 868,291	\$ (31,829)

City of West University Place, Texas

Nonmajor Governmental Funds

December 31, 2018

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.

The **Parks Fund** is used to account for donations made by citizens for the specific purpose of improving the City's parks.

The **Friends of West University Parks Fund** is used to account 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.

The **Tree Replacement Fund** is used to account for permits and fines collected to replace trees within the City.

The **Court Technology/Security Fund** is used to account for a portion of traffic fines revenue set aside to acquire technology and provide security for the municipal court.

The **METRO Fund** is used to account for the proceeds of a multi-year transportation grant from METRO.

The **Emergency Grant 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.

The **Capital Projects Fund** is used to account for a wide range of construction projects and the acquisition of very costly capital equipment.

The **Capital Reserve Fund** is used to hold reserve funds to be spent on capital construction projects in the future.

The **Transportation Improvement Fund** is used to account for the cost and financing of capital projects to improve roads and the associated drainage issues.

City of West University Place, Texas

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2018

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Court Technology/ Security
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 53,082	\$ 899,886	\$ 135,450	\$ 27,638
Investments	56,784	456,882	144,895	29,566
Receivables, net of allowances	-	-	-	-
Due from other funds	4,738	-	-	-
Total assets	\$ 114,604	\$ 1,356,768	\$ 280,345	\$ 57,204
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 4,735	\$ -	\$ -	\$ 250
Due to other funds	-	4,738	-	-
Total liabilities	4,735	4,738	-	250
DEFERRED INFLOWS OF RESOURCES:				
Unavailable revenue - grants	-	-	-	-
Total deferred inflows of resources	-	-	-	-
Fund Balances:				
Restricted for:				
Enabling legislation	-	-	-	56,954
City parks	109,869	1,352,030	-	-
METRO	-	-	-	-
Tree replacement	-	-	280,345	-
Assigned to:				
Capital projects funds	-	-	-	-
Total fund balances	109,869	1,352,030	280,345	56,954
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 114,604	\$ 1,356,768	\$ 280,345	\$ 57,204

Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
METRO	Emergency Grant	Capital Projects	Capital Reserve	Transportation Improvement	
\$ -	\$ -	\$ 185,318	\$ 317,178	\$ 1,023,597	\$ 2,642,149
-	-	198,241	339,296	1,094,976	2,320,640
155,921	-	-	-	67,336	223,257
-	-	-	-	-	4,738
<u>\$ 155,921</u>	<u>\$ -</u>	<u>\$ 383,559</u>	<u>\$ 656,474</u>	<u>\$ 2,185,909</u>	<u>\$ 5,190,784</u>
\$ -	\$ -	\$ -	\$ -	\$ 242,912	\$ 247,897
34,769	-	-	-	-	39,507
34,769	-	-	-	242,912	287,404
-	-	-	-	67,336	67,336
-	-	-	-	67,336	67,336
-	-	-	-	-	56,954
-	-	-	-	-	1,461,899
121,152	-	-	-	-	121,152
-	-	-	-	-	280,345
-	-	383,559	656,474	1,875,661	2,915,694
<u>121,152</u>	<u>-</u>	<u>383,559</u>	<u>656,474</u>	<u>1,875,661</u>	<u>4,836,044</u>
<u>\$ 155,921</u>	<u>\$ -</u>	<u>\$ 383,559</u>	<u>\$ 656,474</u>	<u>\$ 2,185,909</u>	<u>\$ 5,190,784</u>

City of West University Place, Texas

Combining Statement of Revenues, Expenditures, and
 Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Fiscal Year Ended December 31, 2018

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Court Technology/ Security
REVENUES				
Permits, licenses, and fees	\$ -	\$ -	\$ 43,400	\$ -
Fines and forfeitures	-	-	-	14,523
Intergovernmental	-	-	-	-
Contributions	51,960	609,519	-	-
Investment earnings	2,750	7,342	4,690	926
Total revenues	54,710	616,861	48,090	15,449
EXPENDITURES				
Current:				
General government	-	-	-	9,859
Public works	-	-	27,427	-
Public services	17,999	289,679	-	-
Capital outlay	421,685	-	-	-
Total expenditures	439,684	289,679	27,427	9,859
Excess (deficiency) of revenues over (under) expenditures	(384,974)	327,182	20,663	5,590
OTHER FINANCING SOURCES (USES)				
Transfers in	295,290	-	-	-
Transfers out	-	(295,290)	-	-
Total other financing sources (uses)	295,290	(295,290)	-	-
Net change in fund balances	(89,684)	31,892	20,663	5,590
Fund balances, beginning of year	199,553	1,320,138	259,682	51,364
FUND BALANCE, END OF YEAR	\$ 109,869	\$ 1,352,030	\$ 280,345	\$ 56,954

Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
METRO	Emergency Grant	Capital Projects	Capital Reserve	Transportation Improvement	
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 43,400
-	-	-	-	-	14,523
586,114	-	-	-	-	586,114
-	-	-	-	-	661,479
1,264	100	10,853	3,901	30,259	62,085
587,378	100	10,853	3,901	30,259	1,367,601
-	-	-	-	-	9,859
-	-	-	-	-	27,427
-	-	-	-	-	307,678
-	-	48,311	-	375,842	845,838
-	-	48,311	-	375,842	1,190,802
587,378	100	(37,458)	3,901	(345,583)	176,799
-	-	200,000	-	732,000	1,227,290
(732,000)	(20,048)	-	-	-	(1,047,338)
(732,000)	(20,048)	200,000	-	732,000	179,952
(144,622)	(19,948)	162,542	3,901	386,417	356,751
265,774	19,948	221,017	652,573	1,489,244	4,479,293
<u>\$ 121,152</u>	<u>\$ -</u>	<u>\$ 383,559</u>	<u>\$ 656,474</u>	<u>\$ 1,875,661</u>	<u>\$ 4,836,044</u>

City of West University Place, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Nonmajor Special Revenue Funds – Parks Fund
 For the Fiscal Year Ended December 31, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Contributions	\$ 42,700	\$ 42,700	\$ 51,960	\$ 9,260
Investment earnings	900	900	2,750	1,850
Total revenues	43,600	43,600	54,710	11,110
EXPENDITURES				
Current:				
Public services	146,900	146,900	17,999	128,901
Capital outlay	500,000	519,918	421,685	98,233
Total expenditures	646,900	666,818	439,684	227,134
Excess (deficiency) of revenues over expenditures	(603,300)	(623,218)	(384,974)	238,244
OTHER FINANCING SOURCES (USES)				
Transfers in	500,000	500,000	295,290	(204,710)
Total other financing sources (uses)	500,000	500,000	295,290	(204,710)
Net change in fund balance	(103,300)	(123,218)	(89,684)	33,534
Fund balance, beginning of year	199,553	199,553	199,553	-
FUND BALANCE, END OF YEAR	<u>\$ 96,253</u>	<u>\$ 76,335</u>	<u>\$ 109,869</u>	<u>\$ 33,534</u>

City of West University Place, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Tree Replacement Fund

For the Fiscal Year Ended December 31, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Permits, licenses, and fees	\$ 40,000	\$ 40,000	\$ 43,400	\$ 3,400
Investment earnings	900	900	4,690	3,790
Total revenues	40,900	40,900	48,090	7,190
EXPENDITURES				
Current:				
Public works	33,000	33,000	27,427	5,573
Total expenditures	33,000	33,000	27,427	5,573
Net change in fund balance	7,900	7,900	20,663	12,763
Fund balance, beginning of year	259,682	259,682	259,682	-
FUND BALANCE, END OF YEAR	\$ 267,582	\$ 267,582	\$ 280,345	\$ 12,763

City of West University Place, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Court Technology/Security Fund

For the Fiscal Year Ended December 31, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 9,500	\$ 12,000	\$ 14,523	\$ 2,523
Investment earnings	150	150	926	776
Total revenues	9,650	12,150	15,449	3,299
EXPENDITURES				
Current:				
General government	15,000	17,500	9,859	7,641
Total expenditures	15,000	17,500	9,859	7,641
Net change in fund balance	(5,350)	(5,350)	5,590	10,940
Fund balance, beginning of year	51,364	51,364	51,364	-
FUND BALANCE, END OF YEAR	\$ 46,014	\$ 46,014	\$ 56,954	\$ 10,940

City of West University Place, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Budget and Actual
 Nonmajor Special Revenue Funds – METRO Fund
 For the Fiscal Year Ended December 31, 2018

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 568,000	\$ 568,000	\$ 586,114	\$ 18,114
Investment earnings	650	650	1,264	614
Total revenues	568,650	568,650	587,378	18,728
OTHER FINANCING SOURCES (USES)				
Transfers out	(732,000)	(732,000)	(732,000)	-
Total other financing sources (uses)	(732,000)	(732,000)	(732,000)	-
Net change in fund balance	(163,350)	(163,350)	(144,622)	18,728
Fund balance, beginning of year	265,774	265,774	265,774	-
FUND BALANCE, END OF YEAR	<u>\$ 102,424</u>	<u>\$ 102,424</u>	<u>\$ 121,152</u>	<u>\$ 18,728</u>

This Page Intentionally Left Blank

City of West University Place, Texas

Internal Service Funds

December 31, 2018

INTERNAL SERVICE FUNDS

Internal Service Funds are used to account for the financing of goods or services provided by one department to other departments of the City and to other governmental units, on a cost reimbursement basis.

The **Vehicle Replacement Fund** is used to account for and report vehicle replacement and maintenance services to departments or agencies of the City on a cost reimbursement basis.

The **Equipment Replacement Fund** is used to account for and report equipment replacement and maintenance services to departments or agencies of the City on a cost reimbursement basis.

The **Employee Benefits Fund** is used to account for and report the costs associated with healthcare benefits to departments or agencies of the City on a cost reimbursement basis, as well as costs associated with retired and separated employees.

The **Technology Management Fund** is used to account for and report the costs associated with technology management services to departments or agencies of the City on a cost reimbursement basis.

City of West University Place, Texas
Combining Statement of Net Position
Internal Service Funds
December 31, 2018

	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,266,817	\$ 1,182,374
Investments	1,355,158	1,264,825
Receivables, net of allowances	-	-
Due from other funds	-	-
Prepays	-	-
	<hr/>	<hr/>
Total current assets	2,621,975	2,447,199
Noncurrent assets:		
Capital assets:		
Machinery and equipment	3,123,994	588,388
Less: accumulated depreciation	(2,336,370)	(78,349)
	<hr/>	<hr/>
Total capital assets (net of accumulated depreciation)	787,624	510,039
Total noncurrent assets	<hr/>	<hr/>
	787,624	510,039
Total assets	<hr/>	<hr/>
	3,409,599	2,957,238
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	-	-
Deferred outflows - other postemployment benefits	-	-
	<hr/>	<hr/>
Total deferred outflows of resources	-	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	530	317,070
Due to other funds	-	-
Compensated absences	-	-
	<hr/>	<hr/>
Total current liabilities	530	317,070
Noncurrent liabilities:		
Compensated absences	-	-
Net pension liability	-	-
Other postemployment benefits liability	-	-
	<hr/>	<hr/>
Total noncurrent liabilities	-	-
Total liabilities	<hr/>	<hr/>
	530	317,070
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	-	-
	<hr/>	<hr/>
Total deferred inflows of resources	-	-
NET POSITION		
Net investment in capital assets	787,624	510,039
Unrestricted	2,621,445	2,130,129
	<hr/>	<hr/>
TOTAL NET POSITION	<u>\$ 3,409,069</u>	<u>\$ 2,640,168</u>

<u>Employee Benefits</u>	<u>Technology Management</u>	<u>Total Internal Service Funds</u>
\$ 613,153	\$ 190,538	\$ 3,252,882
653,237	203,824	3,477,044
-	1,606	1,606
74,906	-	74,906
231,263	137,444	368,707
<u>1,572,559</u>	<u>533,412</u>	<u>7,175,145</u>
-	414,873	4,127,255
-	(321,156)	(2,735,875)
<u>-</u>	<u>93,717</u>	<u>1,391,380</u>
-	93,717	1,391,380
<u>1,572,559</u>	<u>627,129</u>	<u>8,566,525</u>
-	75,523	75,523
-	16,948	16,948
<u>-</u>	<u>92,471</u>	<u>92,471</u>
36,629	40,614	394,843
-	3,709	3,709
-	27,182	27,182
<u>36,629</u>	<u>71,505</u>	<u>425,734</u>
-	52,270	52,270
-	216,824	216,824
-	208,516	208,516
<u>-</u>	<u>477,610</u>	<u>477,610</u>
36,629	549,115	903,344
<u>-</u>	<u>54,645</u>	<u>54,645</u>
-	54,645	54,645
-	93,717	1,391,380
1,535,930	22,123	6,309,627
<u>\$ 1,535,930</u>	<u>\$ 115,840</u>	<u>\$ 7,701,007</u>

City of West University Place, Texas
Combining Statement of Revenues, Expenses,
and Changes in Net Position
Internal Service Funds
For the Fiscal Year Ended December 31, 2018

	Vehicle Replacement	Equipment Replacement
OPERATING REVENUES		
Charges for sales and services	\$ 694,300	\$ 653,500
Other revenues	-	6,417
Total operating revenues	694,300	659,917
OPERATING EXPENSES		
Costs of sales and services	-	-
Personnel	-	-
Repairs and maintenance	70,467	24,501
Depreciation	180,412	47,080
Total operating expenses	250,879	71,581
Operating income	443,421	588,336
NONOPERATING REVENUES (EXPENSES)		
Intergovernmental	-	-
Investment earnings	41,915	35,994
Gain on sale of capital assets	875	2,100
Total nonoperating revenues (expenses)	42,790	38,094
Income before contributions and transfers	486,211	626,430
CONTRIBUTIONS AND TRANSFERS		
Transfers out	-	-
Total contributions and transfers	-	-
Change in net position	486,211	626,430
Net position - beginning, as originally reported	2,922,858	2,013,738
Implementation of change in accounting principle (see Note 1)	-	-
Prior period adjustment (see Note 12)	-	-
Net position - beginning, as restated	2,922,858	2,013,738
NET POSITION, END OF YEAR	\$ 3,409,069	\$ 2,640,168

<u>Employee Benefits</u>	<u>Technology Management</u>	<u>Total Internal Service Funds</u>
\$ 2,326,614	\$ 1,567,200	\$ 5,241,614
-	739	7,156
2,326,614	1,567,939	5,248,770
2,046,605	743,190	2,789,795
-	647,185	647,185
-	21,784	116,752
-	57,271	284,763
2,046,605	1,469,430	3,838,495
280,009	98,509	1,410,275
-	33,731	33,731
17,850	5,757	101,516
-	-	2,975
17,850	39,488	138,222
297,859	137,997	1,548,497
(29,700)	-	(29,700)
(29,700)	-	(29,700)
268,159	137,997	1,518,797
1,267,771	14,796	6,219,163
-	(151,501)	(151,501)
-	114,548	114,548
1,267,771	(22,157)	6,182,210
<u>\$ 1,535,930</u>	<u>\$ 115,840</u>	<u>\$ 7,701,007</u>

City of West University Place, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2018

	<u>Vehicle Replacement</u>	<u>Equipment Replacement</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ -	\$ 6,417
Cash received from interfund charges for services	694,300	656,068
Cash payments to suppliers	(75,214)	(94,936)
Cash payments to employees	-	-
	<hr/>	<hr/>
Net cash provided by operating activities	619,086	567,549
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	-
Intergovernmental	-	-
	<hr/>	<hr/>
Net cash used for noncapital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(297,139)	(63,074)
Proceeds from sale of capital assets	875	2,100
	<hr/>	<hr/>
Net cash used for capital and related financing activities	(296,264)	(60,974)
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of investments, net	(413,371)	(470,156)
Interest on investments	41,915	35,994
	<hr/>	<hr/>
Net cash provided by investing activities	(371,456)	(434,162)
Net increase (decrease) in cash and cash equivalents	(48,634)	72,413
Cash and cash equivalents, beginning balance	1,315,451	1,109,961
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, ENDING BALANCE	<u>\$ 1,266,817</u>	<u>\$ 1,182,374</u>
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES		
Operating income	\$ 443,421	\$ 588,336
Adjustments to reconcile operating income to cash provided by operating activities:		
Depreciation and amortization	180,412	47,080
Changes in assets, liabilities and related deferrals:		
(Increase) decrease in assets and deferred outflows:		
Receivables, net of allowances	-	2,568
Due from other funds	-	-
Prepays	-	-
Deferred outflows - pension	-	-
Deferred outflows - other postemployment benefits	-	-
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable and accrued liabilities	(4,747)	(70,435)
Due to other funds	-	-
Unearned Revenue	-	-
Compensated absences	-	-
Net pension liability	-	-
Other postemployment benefits liability	-	-
Deferred inflows - pension	-	-
	<hr/>	<hr/>
NET CASH PROVIDED BY OPERATING ACTIVITIES	<u>\$ 619,086</u>	<u>\$ 567,549</u>

Employee Benefits	Technology Management	Total Internal Service Funds
\$ -	\$ 739	\$ 7,156
2,251,730	1,565,594	5,167,692
(2,038,935)	(937,006)	(3,146,091)
-	(574,607)	(574,607)
212,795	54,720	1,454,150
(29,700)	-	(29,700)
-	33,731	33,731
(29,700)	33,731	4,031
-	(36,440)	(396,653)
-	-	2,975
-	(36,440)	(393,678)
(209,744)	(63,387)	(1,156,658)
17,850	5,757	101,516
(191,894)	(57,630)	(1,055,142)
(8,799)	(5,619)	9,361
621,952	196,157	3,243,521
<u>\$ 613,153</u>	<u>\$ 190,538</u>	<u>\$ 3,252,882</u>
\$ 280,009	\$ 98,509	\$ 1,410,275
-	57,271	284,763
22	30,519	33,109
(74,906)	-	(74,906)
(7,657)	(123,862)	(131,519)
-	69,332	69,332
-	(7,986)	(7,986)
15,327	(51,879)	(111,734)
-	3,709	3,709
-	(32,125)	(32,125)
-	13,967	13,967
-	(65,595)	(65,595)
-	13,150	13,150
-	49,710	49,710
<u>\$ 212,795</u>	<u>\$ 54,720</u>	<u>\$ 1,454,150</u>

This Page Intentionally Left Blank

Statistical Section

This Page Intentionally Left Blank

**Statistical Section
(Unaudited)**

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.

	<u>Page</u>
Financial Trends – Schedules 1-5	96
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity – Schedules 6-10	108
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity – Schedules 10-15	118
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information – Schedules 16-17	128
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	
Operating Information – Schedules 18-20	131
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.	

City of West University Place, Texas
Net Position by Component
Last Ten Fiscal Years

	<u>2018</u>	<u>2017*</u>	<u>2016</u>	<u>2015*</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 54,149,042	\$ 48,398,572	\$ 42,663,233	\$ 41,205,468
Restricted	2,869,031	3,030,359	2,543,238	2,246,833
Unrestricted	9,048,261	6,074,327	7,093,032	6,835,390
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 66,066,334</u>	<u>\$ 57,503,258</u>	<u>\$ 52,299,503</u>	<u>\$ 50,287,691</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 18,646,517	\$ 20,050,471	\$ 21,128,592	\$ 19,314,692
Restricted	-	-	-	725,000
Unrestricted	3,262,797	2,049,800	2,207,920	810,299
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 21,909,314</u>	<u>\$ 22,100,271</u>	<u>\$ 23,336,512</u>	<u>\$ 20,849,991</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 72,795,559	\$ 68,449,043	\$ 63,791,825	\$ 60,520,160
Restricted	2,869,031	3,030,359	2,543,238	2,971,833
Unrestricted	12,311,058	8,124,127	9,300,952	7,645,689
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 87,975,648</u>	<u>\$ 79,603,529</u>	<u>\$ 75,636,015</u>	<u>\$ 71,137,682</u>

*Restated balances

Schedule 1

2014*	2013	2012*	2011*	2010	2009
\$ 38,347,094	\$ 34,881,486	\$ 31,464,253	\$ 30,510,547	\$ 25,112,652	\$ 32,145,988
1,580,648	2,197,619	2,260,764	1,315,036	1,977,589	2,466,227
4,384,210	2,782,110	1,987,281	872,283	5,341,671	1,262,360
<u>\$ 44,311,952</u>	<u>\$ 39,861,215</u>	<u>\$ 35,712,298</u>	<u>\$ 32,697,866</u>	<u>\$ 32,431,912</u>	<u>\$ 35,874,575</u>
\$ 20,173,279	\$ 20,285,944	\$ 21,320,705	\$ 21,612,826	\$ 22,196,178	\$ 17,662,268
695,000	675,000	645,000	720,000	785,000	745,000
3,029,424	4,634,652	3,965,913	4,000,276	2,343,524	1,841,953
<u>\$ 23,897,703</u>	<u>\$ 25,595,596</u>	<u>\$ 25,931,618</u>	<u>\$ 26,333,102</u>	<u>\$ 25,324,702</u>	<u>\$ 20,249,221</u>
\$ 58,520,373	\$ 55,167,430	\$ 52,784,958	\$ 52,123,373	\$ 47,308,830	\$ 49,808,256
2,275,648	2,872,619	2,905,764	2,035,036	2,762,589	3,211,227
7,413,634	7,416,762	5,953,194	4,872,559	7,685,195	3,104,313
<u>\$ 68,209,655</u>	<u>\$ 65,456,811</u>	<u>\$ 61,643,916</u>	<u>\$ 59,030,968</u>	<u>\$ 57,756,614</u>	<u>\$ 56,123,796</u>

City of West University Place, Texas
Changes in Net Position
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
EXPENSES				
Governmental activities:				
General government	\$ 3,805,870	\$ 3,880,070	\$ 3,871,442	\$ 3,948,145
Public safety	8,172,672	8,090,377	7,563,086	6,773,509
Public works	4,628,774	4,872,132	4,603,321	4,009,850
Public services	4,616,244	4,527,049	4,518,987	4,560,152
Interest and fiscal agent fees on long-term debt	1,354,716	1,496,068	1,767,154	1,765,809
	<u>22,578,276</u>	<u>22,865,696</u>	<u>22,323,990</u>	<u>21,057,465</u>
Business-type activities:				
Water and sewer	5,966,645	6,125,682	6,582,306	8,150,632
Solid waste	1,322,894	1,392,583	1,277,986	1,221,960
	<u>7,289,539</u>	<u>7,518,265</u>	<u>7,860,292</u>	<u>9,372,592</u>
TOTAL EXPENSES	<u>\$ 29,867,815</u>	<u>\$ 30,383,961</u>	<u>\$ 30,184,282</u>	<u>\$ 30,430,057</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,402,809	\$ 174,386	\$ 142,624	\$ 198,840
Public works	913,079	588,353	555,453	665,089
Public services	1,918,415	2,959,471	2,638,584	2,607,192
Operating grants and contributions	1,647,584	1,278,517	546,599	558,668
Capital grants and contributions	-	1,600,000	579,630	554,244
	<u>5,881,887</u>	<u>6,600,727</u>	<u>4,462,890</u>	<u>4,584,033</u>
Business-type activities:				
Charges for services:				
Water and sewer	7,900,773	7,544,895	7,172,469	6,986,297
Solid waste	1,750,775	1,782,041	1,821,191	1,411,699
Operating grants and contributions	74,545	-	-	-
Capital grants and contributions	-	67,892	-	-
	<u>9,726,093</u>	<u>9,394,828</u>	<u>8,993,660</u>	<u>8,397,996</u>
TOTAL PROGRAM REVENUES	<u>\$ 15,607,980</u>	<u>\$ 15,995,555</u>	<u>\$ 13,456,550</u>	<u>\$ 12,982,029</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (16,696,389)	\$ (16,264,969)	\$ (17,861,100)	\$ (16,473,432)
Business-type activities	2,436,554	1,876,563	1,133,368	(974,596)
TOTAL NET EXPENSE	<u>\$ (14,259,835)</u>	<u>\$ (14,388,406)</u>	<u>\$ (16,727,732)</u>	<u>\$ (17,448,028)</u>

2014	2013	2012	2011	2010	2009
\$ 3,811,192	\$ 3,049,656	\$ 3,208,930	\$ 2,785,502	\$ 3,150,380	\$ 2,841,391
6,176,586	6,515,194	6,211,784	5,870,061	6,287,887	6,217,723
3,693,099	3,944,561	4,240,301	5,176,660	4,549,951	4,046,079
4,741,209	4,433,865	4,158,008	3,858,501	2,734,441	4,421,189
1,986,301	2,178,324	2,633,700	3,351,762	3,453,311	2,860,685
20,408,387	20,121,600	20,452,723	21,042,486	20,175,970	20,387,067
6,918,092	6,092,231	6,409,131	6,927,509	5,415,974	5,686,180
1,225,806	1,376,583	1,427,997	1,322,082	1,111,560	1,161,724
8,143,898	7,468,814	7,837,128	8,249,591	6,527,534	6,847,904
<u>\$ 28,552,285</u>	<u>\$ 27,590,414</u>	<u>\$ 28,289,851</u>	<u>\$ 29,292,077</u>	<u>\$ 26,703,504</u>	<u>\$ 27,234,971</u>
\$ 187,347	\$ 1,009,760	\$ 818,182	\$ 743,486	\$ 734,150	\$ 525,650
711,155	-	-	-	-	-
2,448,489	2,264,753	2,160,728	1,785,518	1,656,098	4,237,581
145,819	259,000	300,048	259,000	263,780	360,310
647,940	454,115	604,758	360,741	369,316	134,821
4,140,750	3,987,628	3,883,716	3,148,745	3,023,344	5,258,362
6,868,133	7,623,233	7,777,386	8,986,444	5,917,931	6,151,138
1,513,870	1,443,125	1,512,079	1,787,636	1,486,413	1,096,652
-	-	-	-	-	-
-	-	-	-	-	-
8,382,003	9,066,358	9,289,465	10,774,080	7,404,344	7,247,790
<u>\$ 12,522,753</u>	<u>\$ 13,053,986</u>	<u>\$ 13,173,181</u>	<u>\$ 13,922,825</u>	<u>\$ 10,427,688</u>	<u>\$ 12,506,152</u>
\$ (16,267,637)	\$ (16,133,972)	\$ (16,569,007)	\$ (17,893,741)	\$ (17,152,626)	\$ (15,128,705)
238,105	1,597,544	1,452,337	2,524,489	876,810	399,886
<u>\$ (16,029,532)</u>	<u>\$ (14,536,428)</u>	<u>\$ (15,116,670)</u>	<u>\$ (15,369,252)</u>	<u>\$ (16,275,816)</u>	<u>\$ (14,728,819)</u>

City of West University Place, Texas
Changes in Net Position - Continued
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Ad valorem taxes, levied for general purposes	\$ 11,692,751	\$ 10,907,681	\$ 9,994,947	\$ 9,360,277
Ad valorem taxes, levied for debt service	7,611,305	7,707,172	8,111,959	8,144,274
Sales taxes	1,172,256	1,064,672	1,051,361	1,117,336
Franchise and local taxes	1,128,060	1,159,730	1,144,256	1,204,795
Other taxes	13,528	14,330	15,955	17,625
Contributions	-	-	-	-
Investment earnings	432,447	122,556	116,798	89,970
Other revenues	528,572	455,033	735,113	398,199
Gain on sale of capital assets	-	-	40,279	24,076
Loss on sale of asset held for resale	-	-	-	-
Transfers	2,680,546	2,798,454	(1,337,756)	1,943,800
	<u>25,259,465</u>	<u>24,229,628</u>	<u>19,872,912</u>	<u>22,300,352</u>
Business-type activities:				
Investment earnings	40,370	17,706	15,397	15,515
Other revenues	12,665	-	-	-
Gain on disposal of capital assets	-	-	-	3,988
Transfers	(2,680,546)	(2,798,454)	1,337,756	(1,943,800)
	<u>(2,627,511)</u>	<u>(2,780,748)</u>	<u>1,353,153</u>	<u>(1,924,297)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 22,631,954</u>	<u>\$ 21,448,880</u>	<u>\$ 21,226,065</u>	<u>\$ 20,376,055</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 8,563,076	\$ 7,964,659	\$ 2,011,812	\$ 5,826,920
Business-type activities	(190,957)	(904,185)	2,486,521	(2,898,893)
TOTAL NET EXPENSE	<u>\$ 8,372,119</u>	<u>\$ 7,060,474</u>	<u>\$ 4,498,333</u>	<u>\$ 2,928,027</u>

	2014	2013	2012	2011	2010	2009
\$	8,605,582	\$ 8,087,360	\$ 7,527,047	\$ 7,962,210	\$ 8,004,202	\$ 7,319,407
	7,791,467	7,733,658	7,713,377	7,360,224	7,098,065	6,756,375
	1,051,890	957,658	1,003,897	997,318	1,050,079	946,726
	1,214,227	1,170,448	1,142,265	1,148,390	1,207,429	1,162,420
	15,713	11,546	9,685	8,994	11,144	12,485
	-	-	-	-	-	306,410
	60,784	35,087	27,270	33,333	73,035	210,481
	503,889	320,123	286,619	347,242	424,381	446,112
	21,354	23,909	427	10,686	32,466	-
	-	-	(68,150)	-	-	-
	1,740,504	1,943,100	1,861,848	1,517,223	(4,190,838)	1,040,000
	21,005,410	20,282,889	19,504,285	19,385,620	13,709,963	18,200,416
	17,823	9,534	8,027	8,369	7,833	20,715
	-	-	-	-	-	-
	-	-	-	-	-	-
	(1,740,504)	(1,943,100)	(1,861,848)	(1,517,223)	4,190,838	(1,040,000)
	(1,722,681)	(1,933,566)	(1,853,821)	(1,508,854)	4,198,671	(1,019,285)
\$	19,282,729	\$ 18,349,323	\$ 17,650,464	\$ 17,876,766	\$ 17,908,634	\$ 17,181,131
\$	4,737,773	\$ 4,148,917	\$ 2,935,278	\$ 1,491,879	\$ (3,442,663)	\$ 3,071,711
	(1,484,576)	(336,022)	(401,484)	1,015,635	5,075,481	(619,399)
\$	3,253,197	\$ 3,812,895	\$ 2,533,794	\$ 2,507,514	\$ 1,632,818	\$ 2,452,312

City of West University Place, Texas
 Tax Revenues by Source, Governmental Activities
 Last Ten Fiscal Years

Function	Change 2017-2018	2018	2017	2016	2015
Property	3.7%	\$ 19,304,056	\$ 18,614,853	\$ 18,106,906	\$ 17,504,551
Sales	10.1%	1,172,256	1,064,672	1,051,361	1,117,336
Franchise	-2.7%	1,128,060	1,159,730	1,144,256	1,204,795
Other taxes	-5.6%	13,528	14,330	15,955	17,625
TOTAL	3.7%	\$ 21,617,900	\$ 20,853,585	\$ 20,318,478	\$ 19,844,307

Schedule 3

	2014	2013	2012	2011	2010	2009
\$	16,397,049	\$ 15,821,018	\$ 15,240,424	\$ 15,322,434	\$ 15,102,267	\$ 13,462,911
	1,051,890	957,658	1,003,897	997,318	1,050,079	11,553,199
	1,214,227	1,170,448	1,142,265	1,148,390	1,207,429	1,659,737
	15,713	11,546	9,685	8,994	11,144	2,400
\$	<u>18,678,879</u>	<u>\$ 17,960,670</u>	<u>\$ 17,396,271</u>	<u>\$ 17,477,136</u>	<u>\$ 17,370,919</u>	<u>\$ 26,678,247</u>

City of West University Place, Texas
Fund Balances, Governmental Funds ⁽¹⁾
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GENERAL FUND				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved	-	-	-	-
Nondisposable	189,376	184,871	180,188	171,887
Restricted	303,424	273,462	239,760	202,862
Assigned	118,377	119,000	210,000	210,000
Unassigned	7,622,781	5,642,997	5,307,930	6,539,935
TOTAL GENERAL FUND	<u>\$ 8,233,958</u>	<u>\$ 6,220,330</u>	<u>\$ 5,937,878</u>	<u>\$ 7,124,684</u>
ALL OTHER GOVERNMENTAL FUNDS				
Reserved	\$ -	\$ -	\$ -	\$ -
Unreserved, reported in:				
Capital projects funds	-	-	-	-
Special revenue funds	-	-	-	-
Nondisposable	-	-	1,600	2,372
Restricted	2,788,641	2,756,897	2,303,478	2,086,904
Assigned	2,915,694	2,622,516	1,879,507	1,241,519
Unassigned	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 5,704,335</u>	<u>\$ 5,379,413</u>	<u>\$ 4,184,585</u>	<u>\$ 3,330,795</u>

*Restated balances

(1) GASB Statement No. 54 requirement for statistical data is ten years with retroactive implementation encouraged; only eight fiscal years are available at this time. The City chose not to restate 2009 to 2010.

Schedule 4

2014	2013	2012*	2011	2010	2009
\$ -	\$ -	\$ -	\$ -	\$ 561,038	\$ 444,508
-	-	-	-	3,107,736	2,736,833
170,933	157,515	134,564	130,265	-	-
163,999	127,437	95,322	410,238	-	-
210,000	210,000	210,000	-	-	-
5,351,558	4,181,880	3,823,951	3,538,757	-	-
<u>\$ 5,896,490</u>	<u>\$ 4,676,832</u>	<u>\$ 4,263,837</u>	<u>\$ 4,079,260</u>	<u>\$ 3,668,774</u>	<u>\$ 3,181,341</u>
\$ -	\$ -	\$ -	\$ -	\$ 1,639,115	\$ 1,388,198
-	-	-	-	4,128,598	1,035,760
-	-	-	-	(20,470)	240,926
2,372	2,372	2,372	2,372	-	-
1,416,649	2,070,182	2,244,596	1,890,177	-	-
900,045	1,215,634	734,460	528,575	-	-
-	(19,982)	(20,161)	(20,343)	-	-
<u>\$ 2,319,066</u>	<u>\$ 3,268,206</u>	<u>\$ 2,961,267</u>	<u>\$ 2,400,781</u>	<u>\$ 5,747,243</u>	<u>\$ 2,664,884</u>

City of West University Place, Texas
Changes In Fund Balances
Governmental Funds
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
REVENUES				
Taxes	\$ 21,554,808	\$ 20,832,729	\$ 20,263,796	\$ 19,797,518
Permits, licenses, and fees	712,094	588,353	555,453	665,089
Fines and forfeitures	232,698	174,386	142,624	198,840
Charges for services	3,038,733	2,959,471	2,638,584	2,607,192
Intergovernmental	871,088	532,336	546,599	558,668
Contributions	661,479	746,181	579,630	554,244
Investment earnings	330,931	80,160	101,841	81,707
Other revenue	525,597	441,874	735,113	398,199
	<u>27,927,428</u>	<u>26,355,490</u>	<u>25,563,640</u>	<u>24,861,457</u>
EXPENDITURES				
General government	3,333,498	3,500,020	3,458,898	3,495,513
Public safety	8,155,677	8,072,917	7,626,200	7,012,054
Public works	3,019,779	3,224,684	3,023,532	2,473,106
Public services	4,000,979	3,870,475	4,231,959	3,237,909
Capital outlay	949,158	100,259	332,992	236,947
Debt service:		-		
Principal	7,770,000	7,485,000	7,370,000	6,420,000
Interest	1,070,033	1,426,468	1,544,984	1,690,655
Bond issuance costs	-	82,050	43,923	-
Payment to refunded bond escrow agent	-	-	71,785	-
Advance refunding escrow	-	-	30,903	-
	<u>28,299,124</u>	<u>27,761,873</u>	<u>27,735,176</u>	<u>24,566,184</u>
Excess (deficiency) of revenues over (under) expenditures	(371,696)	(1,406,383)	(2,171,536)	295,273
OTHER FINANCING SOURCES (USES)				
Transfers in	3,957,584	3,998,454	3,033,063	2,539,463
Transfers out	(1,247,338)	(1,200,000)	(4,370,819)	(595,663)
Issuance of debt	-	9,965,000	3,170,000	-
Premium on debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	(9,881,593)	-	-
Sale of capital assets	-	1,802	6,276	850
	<u>2,710,246</u>	<u>2,883,663</u>	<u>1,838,520</u>	<u>1,944,650</u>
NET CHANGE IN FUND BALANCE	<u>\$ 2,338,550</u>	<u>\$ 1,477,280</u>	<u>\$ (333,016)</u>	<u>\$ 2,239,923</u>
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	32.33%	34.56%	33.02%	33.16%

*Restated balances

Schedule 5

	2014	2013	2012*	2011	2010	2009
\$	18,668,734	\$ 17,934,252	\$ 17,380,393	\$ 17,469,999	\$ 17,362,337	\$ 16,197,413
	711,155	796,562	609,037	467,123	461,419	351,120
	187,347	213,198	209,145	276,363	272,731	174,530
	2,448,489	2,264,753	2,160,728	1,785,518	1,656,098	1,186,941
	145,819	259,000	300,048	259,000	263,780	495,131
	647,940	454,115	604,758	360,741	369,316	306,410
	55,079	31,760	25,035	31,575	71,447	205,371
	503,889	320,123	218,469	347,242	394,071	430,180
	<u>23,368,452</u>	<u>22,273,763</u>	<u>21,507,613</u>	<u>20,997,561</u>	<u>20,851,199</u>	<u>19,347,096</u>
	3,298,890	2,582,560	2,427,755	2,678,292	2,919,174	2,638,596
	6,271,557	6,617,056	5,615,673	5,492,793	5,956,779	6,091,415
	2,262,843	2,596,798	2,628,156	2,504,438	2,586,314	2,167,936
	3,219,455	3,043,191	2,402,878	2,336,591	2,127,336	3,803,862
	1,886,749	209,284	214,662	4,244,191	10,645,694	13,290,611
	6,190,000	5,605,000	5,305,000	4,671,167	3,903,250	3,969,515
	1,906,944	2,320,806	3,015,941	3,437,756	3,214,201	2,848,046
	-	217,067	-	141,802	419,931	226,636
	-	-	-	-	-	-
	-	350,000	100,000	-	-	-
	<u>25,036,438</u>	<u>23,541,762</u>	<u>21,710,065</u>	<u>25,507,030</u>	<u>31,772,679</u>	<u>35,036,617</u>
	(1,667,986)	(1,267,999)	(202,452)	(4,509,469)	(10,921,480)	(15,689,521)
	2,964,128	2,789,897	2,127,938	3,090,405	2,017,451	4,065,742
	(1,025,624)	(1,010,591)	(1,419,885)	(2,542,851)	(1,350,702)	(3,075,742)
	-	16,360,000	8,555,000	5,700,000	24,630,000	13,035,000
	-	-	282,219	191,134	859,692	283,639
	-	(16,151,373)	(8,676,911)	(4,868,423)	(11,546,886)	(3,022,444)
	-	-	-	3,228	32,466	-
	<u>1,938,504</u>	<u>1,987,933</u>	<u>868,361</u>	<u>1,573,493</u>	<u>14,642,021</u>	<u>11,286,195</u>
\$	<u>270,518</u>	<u>719,934</u>	<u>665,909</u>	<u>(2,935,976)</u>	<u>3,720,541</u>	<u>(4,403,326)</u>
	34.88%	33.97%	38.71%	38.14%	33.69%	33.60%

City of West University Place, Texas

Tax Revenues by Source

Governmental Activities

Last Ten Fiscal Years

Function	Change 2017-2018	2018	2017	2016	2015
Ad valorem	3.5%	\$ 19,240,964	\$ 18,593,997	\$ 18,052,224	\$ 17,457,762
Sales	10.1%	1,172,256	1,064,672	1,051,361	1,117,336
Franchise	-2.7%	1,128,060	1,159,730	1,144,256	1,204,795
Other taxes	-5.6%	13,528	14,330	15,955	17,625
TOTAL	3.5%	\$ 21,554,808	\$ 20,832,729	\$ 20,263,796	\$ 19,797,518

Schedule 6

2014	2013	2012	2011	2010	2009
\$ 16,386,904	\$ 15,794,600	\$ 15,224,546	\$ 15,315,297	\$ 15,093,685	\$ 14,067,200
1,051,890	957,658	1,003,897	997,318	1,050,079	946,726
1,214,227	1,170,448	1,142,265	1,148,390	1,207,429	1,162,420
15,713	11,546	9,685	8,994	11,144	12,485
<u>\$ 18,668,734</u>	<u>\$ 17,934,252</u>	<u>\$ 17,380,393</u>	<u>\$ 17,469,999</u>	<u>\$ 17,362,337</u>	<u>\$ 16,188,831</u>

City of West University Place, Texas
Assessed Value and Actual Value
Of Taxable Property
Last Ten Fiscal Years ⁽²⁾

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Residential property	\$ 6,181,792,257	\$ 5,880,687,603	\$ 5,578,375,329	\$ 4,943,195,212
Commercial property	315,402,455	305,286,953	314,619,442	259,878,387
Less: Tax exempt property	<u>(455,549,934)</u>	<u>(434,734,202)</u>	<u>(449,141,214)</u>	<u>(386,360,932)</u>
TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾	<u>\$ 6,041,644,778</u>	<u>\$ 5,751,240,354</u>	<u>\$ 5,443,853,557</u>	<u>\$ 4,816,712,667</u>
TOTAL DIRECT TAX RATE	0.31680	0.31680	0.33179	0.36179

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.

(2) Tax information was adjusted during fiscal year 2014 to reflect tax year assessed valuations.

Schedule 7

<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
\$ 4,497,103,352	\$ 4,335,656,103	\$ 4,106,994,971	\$ 4,173,451,521	\$ 4,287,201,794	\$ 3,835,791,345
219,273,264	205,183,728	278,070,080	203,444,929	125,992,897	129,077,944
(340,252,719)	(323,044,475)	(325,525,373)	(296,685,633)	(158,978,494)	(216,954,373)
<u>\$ 4,376,123,897</u>	<u>\$ 4,217,795,356</u>	<u>\$ 4,059,539,678</u>	<u>\$ 4,080,210,817</u>	<u>\$ 4,254,216,197</u>	<u>\$ 3,747,914,916</u>
0.37400	0.37411	0.37411	0.37411	0.35875	0.35900

City of West University Place, Texas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years ⁽²⁾

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
City of West University Place by fund:				
Direct rates:				
General	\$ 0.19214	\$ 0.18557	\$ 0.18321	\$ 0.19356
Debt service	0.12466	0.13123	0.14858	0.16823
	<hr/>	<hr/>	<hr/>	<hr/>
Total direct rates	0.31680	0.31680	0.33179	0.36179
Overlapping rates:				
Houston Independent School District	1.20670	1.20670	1.19670	1.19670
Harris County	0.41801	0.41656	0.41923	0.41731
Harris County Flood Control District	0.02831	0.02829	0.02733	0.02736
Port of Houston Authority	0.01256	0.01334	0.01342	0.01531
Harris County Hospital District	0.17110	0.17179	0.17000	0.17000
Harris County Department of Education	0.00520	0.00520	0.00542	0.00600
Houston Community College	0.10026	0.10026	0.10194	0.10689
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL DIRECT AND OVERLAPPING RATES ⁽¹⁾	\$ 2.25894	\$ 2.25894	\$ 2.26583	\$ 2.30136

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.

(2) Tax information was adjusted during fiscal year 2014 to reflect tax year assessed valuations.

Schedule 8

2014	2013	2012	2011	2010	2009
\$ 0.19631	\$ 0.19125	\$ 0.18475	\$ 0.19443	\$ 0.18893	\$ 0.18600
0.17769	0.18286	0.18936	0.17968	0.16982	0.17300
0.37400	0.37411	0.37411	0.37411	0.35875	0.35900
1.18670	1.15670	1.15670	1.15670	1.15670	1.15670
0.41455	0.40021	0.39117	0.38805	0.39224	0.38923
0.02827	0.02809	0.02809	0.29230	0.02922	0.03086
0.01716	0.01952	0.01856	0.02054	0.01636	0.01773
0.17000	0.18216	0.19216	0.19216	0.19216	0.19216
0.00636	0.00662	0.00658	0.00658	0.00605	0.00584
0.09717	0.09717	0.09722	0.09222	0.09222	0.09243
<u>\$ 2.29421</u>	<u>\$ 2.26458</u>	<u>\$ 2.26459</u>	<u>\$ 2.52266</u>	<u>\$ 2.24370</u>	<u>\$ 2.24395</u>

This Page Intentionally Left Blank

City of West University Place, Texas
Principal Property Taxpayers
Current Year and Nine Years Ago

Schedule 9

Property Taxpayer	2018			2009		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
U West Marketplace Association	\$ 11,719,254	1	0.19%	\$ 6,863,727	2	0.18%
Southwestern Bell	9,860,343	2	0.16%	-	n/a	0.00%
Retail Fund I Houston Rice	8,291,321	3	0.14%	-	n/a	0.00%
Webster Properties LP	6,171,187	4	0.10%	-	n/a	0.00%
CenterPoint Energy Inc.	6,152,910	5	0.10%	5,253,500	4	0.14%
University Shops Houston LP	5,986,838	6	0.10%			0.00%
DKGA / WUC LP	5,564,600	7	0.09%			0.00%
Sanders Don A	5,365,716	8	0.09%			0.00%
Craig A and Patricia Biggio	5,168,000	9	0.09%	-	n/a	0.00%
Donnell James M & Donna P	5,166,583	10	0.09%	-	n/a	0.00%
AT&T Corp.	-	n/a	0.00%	13,287,882	1	0.35%
5650 Kirby Partnership	-	n/a	0.00%	5,311,318	3	0.14%
Bardwell Building Co.	-	n/a	0.00%	4,828,574	5	0.13%
Kenneth and Kimberly Alo	-	n/a	0.00%	3,878,050	6	0.10%
Haghpeyker Family, LP	-	n/a	0.00%	3,819,360	7	0.10%
Beltika Llc	-	n/a	0.00%	3,781,258	8	0.10%
Jimmy Williamson	-	n/a	0.00%	3,704,250	9	0.10%
Gautam Gohel	-	n/a	0.00%	3,624,000	10	0.10%
Subtotal	69,446,752		1.15%	54,351,919		1.45%
Other taxpayers	5,972,198,026		98.85%	3,693,562,997		98.55%
TOTAL	\$ 6,041,644,778		100.00%	\$ 3,747,914,916		100.00%

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

City of West University Place, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Tax levy	\$ 19,245,565	\$ 18,580,835	\$ 18,062,162	\$ 17,426,385
Current tax collected	19,136,864	18,493,310	17,969,764	17,335,980
Percentage of current tax collections	99.44%	99.53%	99.49%	99.48%
Delinquent tax collections	-	19,274	43,903	53,606
TOTAL TAX COLLECTIONS	<u>\$ 19,136,864</u>	<u>\$ 18,512,584</u>	<u>\$ 18,013,667</u>	<u>\$ 17,389,586</u>
TOTAL COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY	99.44%	99.63%	99.73%	99.79%
Outstanding delinquent taxes	\$ 108,701	\$ 58,148	\$ 49,145	\$ 37,571
OUTSTANDING DELINQUENT TAXES AS A PERCENTAGE OF A LEVY	0.56%	0.31%	0.27%	0.22%

Schedule 10

2014	2013	2012	2011	2010	2009
\$ 16,365,976	\$ 15,778,014	\$ 15,193,428	\$ 15,265,103	\$ 15,031,309	\$ 13,951,979
16,287,801	15,705,681	15,123,562	15,197,463	14,977,921	13,895,039
99.52%	99.54%	99.54%	99.56%	99.64%	99.59%
51,588	44,828	42,603	45,418	32,309	39,387
<u>\$ 16,339,389</u>	<u>\$ 15,750,509</u>	<u>\$ 15,166,165</u>	<u>\$ 15,242,881</u>	<u>\$ 15,010,230</u>	<u>\$ 13,934,426</u>
99.84%	99.83%	99.82%	99.85%	99.86%	99.87%
\$ 27,218	\$ 27,505	\$ 27,263	\$ 22,221	\$ 21,079	\$ 17,550
0.17%	0.17%	0.18%	0.15%	0.14%	0.13%

City of West University Place, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GOVERNMENTAL ACTIVITIES				
General obligation bonds	\$ 32,972,156	\$ 40,581,448	\$ 43,401,666	\$ 46,904,963
Certificates of obligation	5,843,325	6,122,480	10,292,415	11,113,193
Capital leases	-	-	-	-
Subtotal	38,815,481	46,703,928	53,694,081	58,018,156
BUSINESS-TYPE ACTIVITIES				
Revenue bonds	-	-	-	3,094,933
TOTAL PRIMARY GOVERNMENT	<u>\$ 38,815,481</u>	<u>\$ 46,703,928</u>	<u>\$ 53,694,081</u>	<u>\$ 61,113,089</u>
Personal income ⁽¹⁾	-	-	-	-
DEBT AS A PERCENTAGE OF PERSONAL INCOME ⁽¹⁾	0%	0%	0%	0%
Population	15,477	15,433	15,516	15,604
DEBT PER CAPITA	\$ 2,508	\$ 3,026	\$ 3,461	\$ 3,917

(1) Personal income data is not available.

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

Schedule 11

2014	2013	2012	2011	2010	2009
\$ 52,775,550	\$ 58,445,351	\$ 62,271,173	\$ 57,530,495	\$ 61,763,373	\$ 54,795,999
11,898,971	12,654,747	13,154,781	22,218,433	21,643,463	13,140,776
-	-	-	-	102,131	200,381
64,674,521	71,100,098	75,425,954	79,748,928	83,508,967	68,137,156
3,790,755	4,466,577	5,112,399	5,751,365	6,526,466	12,421,640
<u>\$ 68,465,276</u>	<u>\$ 75,566,675</u>	<u>\$ 80,538,353</u>	<u>\$ 85,500,293</u>	<u>\$ 90,035,433</u>	<u>\$ 80,558,796</u>
-	-	-	-	-	-
0%	0%	0%	0%	0%	0%
15,369	15,221	15,109	14,787	14,787	14,211
\$ 4,455	\$ 4,965	\$ 5,330	\$ 5,782	\$ 6,089	\$ 5,669

City of West University Place, Texas
 Ratios of Net Bonded Debt to Assessed Value,
 Net Bonded Debt Per Capita, and Assessed
 and Estimated Actual Value of Taxable Property
 Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
NET TAXABLE ASSESSED VALUE				
All property	\$ 6,041,644,778	\$ 5,751,240,354	\$ 5,443,853,557	\$ 4,816,712,667
NET BONDED DEBT				
Gross bonded debt	\$ 38,815,481	\$ 46,703,928	\$ 53,694,081	\$ 58,018,156
Less: debt service funds	(868,291)	(900,120)	(912,718)	(566,276)
NET BONDED DEBT	<u>\$ 37,947,190</u>	<u>\$ 45,803,808</u>	<u>\$ 52,781,363</u>	<u>\$ 57,451,880</u>
RATIO OF THE NET BONDED DEBT TO ASSESSED VALUE	0.63%	0.80%	0.97%	1.19%
Population	<u>15,477</u>	<u>15,433</u>	<u>15,516</u>	<u>15,604</u>
NET BONDED DEBT PER CAPITA	<u>\$ 2,452</u>	<u>\$ 2,968</u>	<u>\$ 3,402</u>	<u>\$ 3,682</u>

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

Schedule 12

2014	2013	2012	2011	2010	2009
\$ 4,376,123,897	\$ 4,217,795,356	\$ 4,059,539,678	\$ 4,059,539,678	\$ 4,254,216,197	\$ 3,747,914,916
\$ 64,674,521 (167,039)	\$ 71,100,098 (95,668)	\$ 75,425,954 (276,963)	\$ 79,748,928 (446,094)	\$ 83,406,836 (992,033)	\$ 67,936,775 (954,687)
<u>\$ 64,507,482</u>	<u>\$ 71,004,430</u>	<u>\$ 75,148,991</u>	<u>\$ 79,302,834</u>	<u>\$ 82,414,803</u>	<u>\$ 66,982,088</u>
1.47%	1.68%	1.85%	1.95%	1.94%	1.79%
<u>15,369</u>	<u>15,221</u>	<u>15,109</u>	<u>14,787</u>	<u>14,787</u>	<u>14,211</u>
<u>\$ 4,197</u>	<u>\$ 4,665</u>	<u>\$ 4,974</u>	<u>\$ 5,363</u>	<u>\$ 5,573</u>	<u>\$ 4,713</u>

This Page Intentionally Left Blank

City of West University Place, Texas
 Direct and Overlapping Governmental Activities Debt
 December 31, 2018

Schedule 13

	Net Bonded Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
DEBT REPAYED WITH PROPERTY TAXES			
Governmental Unit:			
Harris County	\$ 2,050,758,022	1.27%	\$ 26,044,627
Harris County Dept of Education	6,320,000	1.27%	80,264
Harris County Flood Control District	83,075,000	1.27%	1,055,053
Harris County Hospital District	57,300,000	1.27%	727,710
Houston Community College	560,480,000	2.99%	16,758,352
Houston ISD	3,018,890,000	3.35%	101,132,815
Port of Houston Authority	593,754,397	1.27%	7,540,681
	<hr/>		<hr/>
Subtotal, overlapping debt	\$ 6,370,577,419		\$ 153,339,502
CITY DIRECT DEBT	\$ 38,370,000	100.00%	38,370,000
			<hr/>
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 191,709,502
			<hr/> <hr/>

Source: Municipal Advisory Council of Texas

(1) Estimated percentage applicable obtained from Municipal Advisory Council of Texas. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by determining the portion of the City's taxable assessed value that is within the City's boundaries and dividing it by the City's total taxable assessed value.

City of West University Place, Texas
Legal Debt Margin Information
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
Debt limit	\$ 302,082,239	\$ 287,562,018	\$ 272,192,678	\$ 240,835,633
Total net debt applicable to limit	<u>37,947,190</u>	<u>45,803,808</u>	<u>52,781,363</u>	<u>57,451,880</u>
LEGAL DEBT MARGIN	<u>\$ 264,135,049</u>	<u>\$ 241,758,210</u>	<u>\$ 219,411,315</u>	<u>\$ 183,383,753</u>
Total net debt applicable to the limit as a percentage of debt limit	12.56%	15.93%	19.39%	23.86%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2018

Assessed value	\$ 6,041,644,778
Debt limit (5% of assessed value) ⁽¹⁾	302,082,239
Debt applicable to limit:	
General obligation bonds	38,815,481
Less: amount set aside for repayment of general obligation debt	<u>(868,291)</u>
Total net debt applicable to limit	<u>37,947,190</u>
LEGAL DEBT MARGIN	<u>\$ 264,135,049</u>

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

Schedule 14

2014	2013	2012	2011	2010	2009
\$ 218,806,195	\$ 210,889,768	\$ 210,889,768	\$ 202,976,984	\$ 204,010,541	\$ 212,710,810
64,507,482	71,004,430	73,605,191	56,568,906	60,212,967	60,212,967
<u>\$ 154,298,713</u>	<u>\$ 139,885,338</u>	<u>\$ 137,284,577</u>	<u>\$ 146,408,078</u>	<u>\$ 143,797,574</u>	<u>\$ 152,497,843</u>
29.48%	33.67%	34.90%	27.87%	29.51%	28.31%

City of West University Place, Texas
Pledged Revenue Coverage
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>
GROSS REVENUES ⁽¹⁾	\$ 7,900,773	\$ 7,544,895	\$ 7,172,469	\$ 6,986,297
OPERATING EXPENSES ⁽²⁾	<u>4,354,881</u>	<u>4,259,755</u>	<u>4,642,322</u>	<u>6,085,370</u>
NET REVENUES AVAILABLE FOR DEBT SERVICE	<u>\$ 3,545,892</u>	<u>\$ 3,285,140</u>	<u>\$ 2,530,147</u>	<u>\$ 900,927</u>
DEBT SERVICE REQUIREMENTS ⁽³⁾				
Principal	\$ -	\$ -	\$ -	\$ 695,000
Interest	<u>-</u>	<u>-</u>	<u>-</u>	<u>144,351</u>
TOTAL	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,351</u>
COVERAGE	N/A	N/A	N/A	1.07

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Schedule 15

2014	2013	2012	2011	2010	2009
\$ 6,868,133	\$ 7,623,233	\$ 7,777,386	\$ 8,986,455	\$ 5,917,931	\$ 6,151,138
4,580,425	3,962,028	4,293,010	4,802,445	5,003,479	5,141,913
<u>\$ 2,287,708</u>	<u>\$ 3,661,205</u>	<u>\$ 3,484,376</u>	<u>\$ 4,184,010</u>	<u>\$ 914,452</u>	<u>\$ 1,009,225</u>
\$ 675,000	\$ 645,000	\$ 720,000	\$ 785,000	\$ 745,000	\$ 715,000
172,185	198,585	225,323	255,154	523,446	551,749
<u>\$ 847,185</u>	<u>\$ 843,585</u>	<u>\$ 945,323</u>	<u>\$ 1,040,154</u>	<u>\$ 1,268,446</u>	<u>\$ 1,266,749</u>
2.70	4.34	3.69	4.02	0.72	0.80

City of West University Place, Texas
 Demographic and Economic Statistics ⁽¹⁾⁽²⁾⁽³⁾
 Last Ten Fiscal Years

Schedule 16

Fiscal Year Ended December 31,	Population ⁽⁴⁾	Median Age	School Enrollment ⁽⁵⁾
2018	15,477	41.10	1,274
2017	15,433	42.80	1,307
2016	15,516	42.40	1,280
2015	15,604	41.80	1,253
2014	15,369	41.40	1,280
2013	15,221	41.40	1,210
2012	15,109	41.40	1,225
2011	14,787	39.30	1,215
2010	14,787	39.30	1,165
2009	14,211	39.30	1,272

(1) Personal income data not available.

(2) Per capita personal income data not available.

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

(4) Data source - Bureau of the Census

(5) The school enrollment reflects enrollment in public schools located within the City limits.

City of West University Place, Texas

Schedule 17

Principal Employers ⁽¹⁾⁽²⁾

Current Year and Nine Years Ago

Employer	Fiscal Year	
	2018 Rank	2009 Rank
Southwestern Bell	1	N/A
West University Elementary School	2	2
City of West University Place	3	3
AT&T	N/A	1

Note: The residents of the City of West University Place are primarily employed outside of the City limits.

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

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

This Page Intentionally Left Blank

City of West University Place, Texas

Schedule 18

Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>	<u>2010</u>	<u>2009</u>
GENERAL FUND										
Administration	6	5	6	6	6	5	5	5	5	5
Finance	5	5	5	5	5	6	6	6	7	7
Police Department	38	38	35	35	35	35	35	32	32	32
Fire Department	23	23	23	23	23	23	23	24	24	24
Public Works	18	18	18	18	19	20	20	20	21	19
Parks and Recreation	12	12	12	12	11	11	11	11	11	10
Total General Fund	102	101	99	99	99	100	100	98	100	97
ENTERPRISE FUND										
Water	13	13	13	14	14	14	14	14	12	12
Solid Waste	7	7	7	6	6	8	8	8	7	7
Total Enterprise Fund	20	20	20	20	20	22	22	22	19	19
INTERNAL SERVICE FUND										
Administration	4	4	4	4	3	3	3	3	3	3
Total Internal Service Fund	4	4	4	4	3	3	3	3	3	3
TOTAL CITY POSITIONS	126	125	123	123	122	125	125	123	122	119

Notes: Approximately 85-100 temporary and seasonal employees are hired during the summer months as aquatic & customer service personnel. This count is not reflected above. Eight contract personnel are used year round to augment solid waste crews. This count is not reflected above.

City of West University Place, Texas
Operating Indicators by Function
Last Ten Fiscal Years

FUNCTION/PROGRAM	2018	2017	2016	2015
Police				
Arrests	269	231	294	360
Accident reports	151	142	151	162
Citations	3,073	2,260	1,444	2,322
Offense reports	761	609	758	874
Calls for service	29,719	24,844	24,716	26,354
Fire				
Emergency responses	698	675	684	717
Average response time	4:40	4:35	4:29	4:34
Fire incidents	723	805	754	801
Water				
New accounts	629	657	598	526
Source:				
Surface	58	59	65	62
Well	42	41	35	38
Average daily consumption (millions of gallons)	2.16	2.20	2.12	2.06
Number of million gallons of surface water pumped	462.52	477.01	507.88	468.12
Number of million gallons of well water pumped	328.84	326.45	267.50	282.03
Total consumption (millions of gallons)	791.36	803.46	775.38	750.15
Peak daily consumption (millions of gallons)	4.14	6.54	4.06	4.50
Sewer				
Average daily sewage treatment (millions of gallons)	1.18	1.12	1.17	1.20
Total consumption (millions of gallons)	400.68	409.46	426.47	436.57
Peak daily consumption (millions of gallons)	3.54	5.09	5.88	5.43

Source: Various City departments

Schedule 19

2014	2013	2012	2011	2010	2009
226	323	231	294	325	342
122	127	142	121	99	137
2,482	2,779	2,260	3,379	4,830	2,479
581	695	609	583	669	823
22,071	26,835	24,844	25,964	29,148	27,029
669	683	659	660	581	489
4:35	4:34	4:45	4:25	3:49	4:00
721	663	734	765	774	673
608	665	669	678	724	724
80	80	80	80	80	80
20	20	20	20	20	20
2.06	2.31	2.38	2.79	2.22	2.36
437.00	466.25	530.06	658.80	357.42	400.44
313.88	375.06	335.24	359.55	452.95	461.41
750.88	841.31	865.30	1,018.35	810.37	861.85
4.24	5.36	4.89	5.10	4.34	5.62
1.10	1.09	1.18	1.10	1.25	1.21
402.95	397.30	430.12	402.36	455.02	448.57
4.04	4.04	4.85	2.66	4.63	4.32

City of West University Place, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

FUNCTION/PROGRAM	2018	2017	2016	2015
Police				
Stations	1	1	1	1
Patrol units	8	8	8	8
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	53	53	53	46
Streetlights	1,747	1,687	1,687	1,687
Parks and recreation				
Parks and Facilities	11	11	11	9
Parks acreage	13.2	13.2	13.1	13.7
Swimming pools	2	2	2	2
Baseball/softball/ soccer	2			
Tennis courts	5	5	5	5
Racquet ball/squash courts	2	2	2	2
Gymnasiums	-	-	-	-
Half-basketball courts	3	3	3	3
Water				
Water mains (miles)	56	56	56	40
Fire hydrants	347	347	347	357
Storage capacity (millions of gallons)	3.65	3.65	3.65	3.65
Sewer				
Sanitary sewers (miles)	44	44	44	40
Storm sewers (miles)	34	34	34	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

Schedule 20

2014	2013	2012	2011	2010	2009
1	1	1	1	1	1
7	7	7	7	7	7
1	1	1	1	1	1
46	46	43	43	43	43
1,687	1,687	1,687	1,687	1,694	1,694
9	9	9	9	9	9
13.7	13.7	13.7	13.7	14.0	14.0
2	2	2	2	2	2
			6	6	6
5	5	5	5	5	5
2	2	2	2	2	2
-	-	-	-	-	-
3	3	3	3	3	3
40	40	40	40	40	40
357	357	357	357	357	357
3.65	3.65	3.65	3.65	3.65	3.65
40	40	40	40	40	40
32	32	32	32	32	32
1.32	1.32	1.32	1.32	1.32	1.32
2	2	2	2	2	2

This Page Intentionally Left Blank

Overall Compliance and Internal Control Section

Independent Auditor's Report on Internal Control over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance with *Government Auditing Standards*

The Honorable Mayor
And Members of the City Council of the
City of West University Place, Texas

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2018, and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated June 20, 2019.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. However, as described in the accompanying schedule of findings and responses, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the deficiency described as finding 2018-001 in the accompanying schedule of findings and responses to be a material weakness.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the deficiency described as finding 2018-002 in the accompanying schedule of findings and responses to be a significant deficiency.

The Honorable Mayor
And Members of the City Council of the
City of West University Place, Texas

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

The City's Response to Findings

The City's response to the findings identified in our audit is described in the accompanying schedule of findings and responses. The City's response was not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on it.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
June 20, 2019

City of West University Place, Texas
Schedule of Findings and Responses
For the Fiscal Year Ended December 31, 2018

Finding 2018-001

Material Weakness in Internal Control over Financial Reporting—Financial Statement Misstatements

Criteria: "Internal control" is defined as a process effected by those charged with governance, management, and other personnel that is designed to provide reasonable assurance about the achievement of the entity's objectives with regard to the reliability of financial reporting, effectiveness and efficiency of operations, and compliance with applicable laws and regulations. With respect to the reliability of financial reporting, the existence of a material misstatement of an entity's financial statements is an indication of a material weakness in internal control.

Condition: The financial information for the period ended December 31, 2018 that was provided for audit included misstatements that were identified as a result of our audit procedures, and in one instance resulted in a material audit adjustment and restatement of net position - beginning net position of the City's Technology Management internal service fund was restated to recognize capital assets that had been expensed rather than capitalized in prior years. For financial accounting purposes, internal service funds are classified as proprietary funds and accordingly should be reported on a full accrual basis, which includes the capitalization and depreciation of assets that meet the specified criteria for capitalization.

During the audit we also noted that warrants receivable and ambulance service revenues receivable were not recognized in the City's financial statements as of December 31, 2018. The City's policy is to record revenue for these items only when cash is received, on the modified accrual basis which is applicable to the general fund, and therefore the associated revenues are deferred until collected. Audit adjustments were recorded to recognize net receivables of \$250,778 for these items in the general fund.

Cause: Because these errors were not detected prior to the information being provided for audit, there is an indication of a deficiency in internal control over financial reporting related to closing procedures, specifically review and reconciliation of accounting and financial reporting areas where there are differences in applicable bases of accounting (full versus modified accrual) and related asset/revenue recognition differences.

Effect or Potential Effect: Material misstatements of the City's financial statements were not prevented, or detected and corrected, by the City's system of internal control. Failure to establish effective closing procedures will allow possible misstatements to exist and continue without notice.

Recommendation: We noted that while the City had monthly and annual closing procedures in place, the process and related controls did not identify these misstatements. Therefore we recommend that management review the existing closing procedures and develop procedures to encompass consideration of the applicable basis of accounting and address the identification and recognition of these items.

Views of Responsible Official(s) and Planned Corrective Actions: With the staff turnover that has occurred over the last two years, many positive changes have been made to address issues found. Unfortunately this finding was not an area that was addressed. With the current new staff, it was our first year going through the year end process and we had followed the year end process implemented in previous years by previous staff and accepted by our previous auditors. This past year we had selected a new auditing firm in the hopes that a fresh set of eyes would help us to improve our processes and financial statements which this finding has exactly done. Staff has incorporated the basis of accounting into our annual closing procedures to assure all necessary items are recognized as required going forward.

City of West University Place, Texas
Schedule of Findings and Responses - Continued
For the Fiscal Year Ended December 31, 2018

Finding 2018-002

Significant Deficiency in Internal Control over Financial Reporting—Incomplete Cash Reconciliation

Criteria: One of the most fundamental and effective control procedures is bank account reconciliation. Reconciliation is a necessary procedure in order to identify errors and misstatements related to cash balances and transactions, and to ensure adequate control of spending and maintenance of liquidity.

Condition: The City's concentration bank account includes an unreconciled balance of approximately \$139 thousand as of December 31, 2018. This unreconciled balance is included as an "adjustments" line item on the reconciliation, as an additive item to reconcile from the bank balance to the general ledger balance. The December 31, 2017 reconciliation included a similar "adjustments" item, amounting to approximately \$143 thousand as of December 31, 2017.

Cause: An unreconciled balance has been carried forward for several years. This balance originated prior to the time when the City's current finance department personnel assumed their positions, and the City's current personnel have not located the origin of the balance.

Effect or Potential Effect: The unreconciled "adjustments" balance represents a potential misstatement (overstatement) of the City's cash balances.

Recommendation: We recommend that the City fully reconcile its cash accounts and investigate the unreconciled balances to the extent necessary to determine whether these "adjustments" should be written off or whether they represent current uncleared transactions.

Views of Responsible Official(s) and Planned Corrective Actions: This has been a repeat finding for numerous years; however, with staff turnover in the Treasurer position over the last couple of years it has been difficult, up until now, to implement a process to fully reconcile. The City's Finance Department reconciles every bank account every month and progress has been made over the last year to improve the reconciliation process by adding steps and processes to assure that the unreconciled amount remains unchanged. The approximate \$140 thousand unreconciled amount relates to prior years activity that has still yet to be identified. Moving forward the plan of the Finance Director and Treasurer is to continue the current bank reconciliation process that has added steps to eliminate any additional unreconciled adjustments. Any improvements that make the bank reconciliation process better will also be incorporated. We also are committed during 2019 to eliminating the unreconciled prior period amount by identifying and reconciling or recommending a write off.