



City of West University Place, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended December 31, 2019



City of West University Place, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2019

Officials Issuing Report:

David Beach
City Manager

Katherine DuBose
Finance Director

City of West University Place, Texas
 Annual Financial Report
 For the Fiscal Year Ended December 31, 2019
 Table of Contents

**Page
Number**

Introductory Section

| | |
|--|----|
| Letter of Transmittal | 4 |
| Organizational Chart | 8 |
| Certificate of Achievement for Excellence in Financial Reporting | 9 |
| Principal Officials | 10 |

Financial Section

| | |
|---|----|
| Independent Auditor's Report | 14 |
| Management's Discussion and Analysis (Required Supplementary Information) | 18 |

Basic Financial Statements

| | |
|--|----|
| Government-Wide Financial Statements: | |
| Statement of Net Position | 30 |
| Statement of Activities | 31 |
| Fund Financial Statements: | |
| Balance Sheet - Governmental Funds | 33 |
| Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position | 34 |
| Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds | 35 |
| Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities | 36 |
| Statement of Net Position - Proprietary Funds | 37 |
| Statement of Revenues, Expenses, and Changes in Net Position - Proprietary Funds | 38 |
| Statement of Cash Flows - Proprietary Funds | 39 |
| Notes to Financial Statements | 40 |

Required Supplementary Information

| | |
|---|----|
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund | 72 |
| Schedule of Changes in the Net Pension Liability and Related Ratios - Texas Municipal Retirement System | 73 |
| Schedule of the City's Contributions - Texas Municipal Retirement System | 75 |
| Schedule of Changes in Total OPEB Liability and Related Ratios - Texas Municipal Retirement System, Supplemental Death Benefits Fund | 77 |
| Schedule of Changes in Total OPEB Liability and Related Ratios - Retiree Health Care Plan | 78 |
| Notes to Required Supplementary Information | 80 |

City of West University Place, Texas
 Annual Financial Report
 For the Fiscal Year Ended December 31, 2019
 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..... | 83 |
| Combining Balance Sheet – Nonmajor Governmental Funds | 85 |
| Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds | 87 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Parks Fund | 89 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - Tree Replacement Fund | 90 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – Court Technology/Security Fund | 91 |
| Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual – METRO Fund..... | 92 |
| Combining Statement of Net Position – Internal Service Funds | 95 |
| Combining Statement of Revenues, Expenses, and Changes in Net Position – Internal Service Funds | 97 |
| Combining Statement of Cash Flows – Internal Service Funds..... | 99 |

Statistical Section

| | |
|---|-----|
| Net Position by Component | 105 |
| Changes in Net Position | 107 |
| Fund Balances, Governmental Funds | 111 |
| Changes in Fund Balances, Governmental Funds..... | 113 |
| Tax Revenues by Source, Governmental Funds..... | 115 |
| Assessed Value and Actual Value of Taxable Property | 117 |
| Property Tax Rates – Direct and Overlapping Governments | 119 |
| Principal Property Taxpayers..... | 122 |
| Property Tax Levies and Collections..... | 123 |
| Ratios of Outstanding Debt by Type | 125 |
| Ratios of Net Bonded Debt to Assessed Value, Net Bonded Debt per Capita, and Assessed and Estimated Actual Value of Taxable Property | 127 |
| Direct and Overlapping Governmental Activities Debt | 130 |
| Legal Debt Margin Information | 131 |
| Pledged Revenue Coverage | 133 |
| Demographic and Economic Statistics | 135 |
| Principal Employers | 136 |
| Full-Time Equivalent City Government Employees by Function..... | 138 |
| Operating Indicators by Function..... | 139 |
| Capital Asset Statistics by Function | 141 |

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> | 146 |
| Schedule of Findings and Responses | 148 |

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Introductory Section

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June 15, 2020

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, 2019. 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, 2019. The independent auditors’ report is located at the front of the financial section of this report.

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

PROFILE OF THE GOVERNMENT

The City was incorporated in 1924 and became a Texas Home-Rule City in 1940. The City operates under the Council-Manager form of municipal government. The 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 \$6.8 billion for the 2019 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 and political stability of the community. The relative stability is the result of a desire for suburban families to live closer to work. The City’s low crime rate, exceptional elementary school, 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 2020 budget includes construction of the virtual gate project, city-wide facilities conditions and vulnerability assessment, city-wide engineering traffic study, City Hall audio/video upgrades, and renovating existing bridges.

Transportation and drainage projects planned for the 2020 budget include the Buffalo Speedway project, College Avenue shared drainage system upgrade, and a drainage/modeling study that will include alternate storm water detention options.

Water and sewer related projects planned in 2020 include a water line replacement program, wastewater treatment plant clarifier automation, booster pump replacement, water pumping and storage study, wastewater treatment plant gate replacement, flow meter replacement, SCADA water system replacement, and feasibility studies for reclamation, floodwater, and inflow/infiltration.

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, 2018. This was the 35th 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.

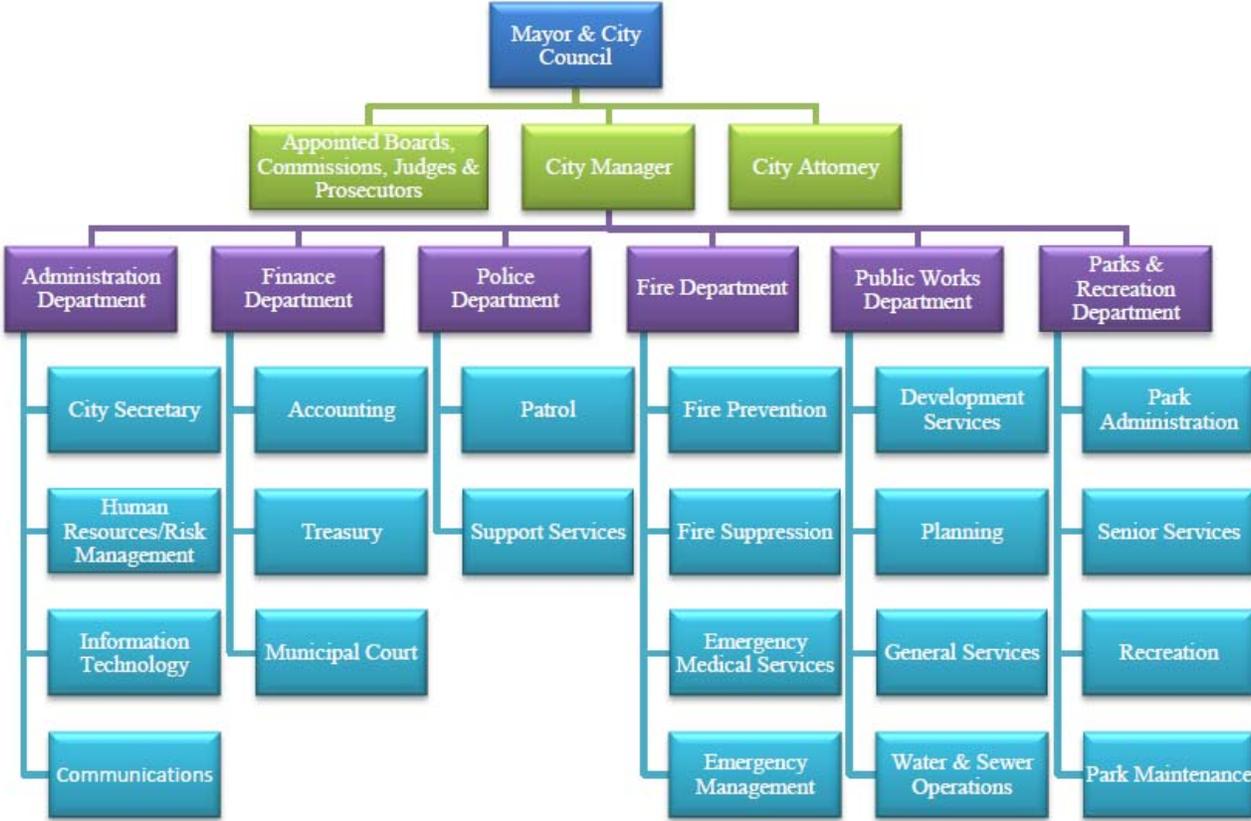
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. Appreciation is expressed to all City employees throughout the organization, especially to those who were instrumental in the successful completion of 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,

A handwritten signature in blue ink, appearing to read "K. DuBose".

Katherine DuBose
Finance Director

City of West University Place, Texas
 Organizational Chart
 December 31, 2019



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, 2018

Christopher P. Morill

Executive Director/CEO

City of West University Place, Texas
Principal Officials
December 31, 2019

| 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 |
| Katherine DuBose | Finance Director |
| Robert Loper | Municipal Court Judge |
| Ken Walker | Police Chief |
| Aaron Taylor | Fire Chief |
| Susan White | Parks and Recreation Director |
| Tim Dang..... | Information Technology Director |
| Gerardo Barrera | Public Works Director |

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Financial Section

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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, 2019, 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, 2019, 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.

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 this 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 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.

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

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated June 15, 2020 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 15, 2020

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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 8 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects 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 TMRS Supplemental Death Benefits Fund, 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 \$96,155,054 as of December 31, 2019. This compares with \$87,975,648 from the prior fiscal year. The largest portion of the City's net position, 78 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:

City of West University Place, Texas's Combined Net Position

| | Governmental Activities | | Business-Type Activities | | Total Primary Government | |
|---|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| | Current and other assets | \$ 49,513,688 | \$ 42,718,317 | \$ 6,552,380 | \$ 5,223,598 | \$ 56,066,068 |
| Capital assets | 92,037,581 | 91,753,665 | 17,377,397 | 18,646,517 | 109,414,978 | 110,400,182 |
| Total assets | 141,551,269 | 134,471,982 | 23,929,777 | 23,870,115 | 165,481,046 | 158,342,097 |
| Deferred charge on refunding | 829,552 | 1,210,858 | - | - | 829,552 | 1,210,858 |
| Deferred outflows - pensions | 3,238,954 | 1,480,032 | 453,349 | 205,238 | 3,692,303 | 1,685,270 |
| Deferred outflows - OPEB | 280,178 | 332,132 | 39,216 | 46,058 | 319,394 | 378,190 |
| Total deferred outflows of resources | 4,348,684 | 3,023,022 | 492,565 | 251,296 | 4,841,249 | 3,274,318 |
| Long-term liabilities outstanding | 48,539,903 | 48,467,230 | 1,777,357 | 1,300,285 | 50,317,260 | 49,767,515 |
| Other liabilities | 2,435,534 | 2,352,615 | 1,124,771 | 763,309 | 3,560,305 | 3,115,924 |
| Total liabilities | 50,975,437 | 50,819,845 | 2,902,128 | 2,063,594 | 53,877,565 | 52,883,439 |
| Property taxes | 20,082,063 | 19,537,933 | - | - | 20,082,063 | 19,537,933 |
| Deferred inflow - pensions | 31,503 | 1,070,892 | 4,409 | 148,503 | 35,912 | 1,219,395 |
| Deferred inflow - OPEB | 150,618 | - | 21,083 | - | 171,701 | - |
| Total deferred inflows of resources | 20,264,184 | 20,608,825 | 25,492 | 148,503 | 20,289,676 | 20,757,328 |
| Net position: | | | | | | |
| Net investment in capital assets | 57,517,577 | 54,149,042 | 17,377,397 | 18,646,517 | 74,894,974 | 72,795,559 |
| Restricted | 2,997,088 | 2,869,031 | - | - | 2,997,088 | 2,869,031 |
| Unrestricted | 14,145,667 | 9,048,261 | 4,117,325 | 3,262,797 | 18,262,992 | 12,311,058 |
| Total net position | \$ 74,660,332 | \$ 66,066,334 | \$ 21,494,722 | \$ 21,909,314 | \$ 96,155,054 | \$ 87,975,648 |

A portion of the City's net position, \$2,997,088 or three percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$18,262,992 or 19 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net position increased by \$8,179,406 during the current fiscal year, an increase of nine percent in comparison to the prior year. This overall increase results from the operations of the current fiscal year.

Of the \$8,179,406 increase in net position resulting from the operations of the current fiscal year, an increase of \$8,593,998 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 \$414,592 decrease in business-type activities, which is the result of net transfers of resources out of business type activities to governmental activities.

As of December 31, 2019, the City reports a combined pension and OPEB liability of \$13,663,610, compared to \$9,491,363 as of December 31, 2018. The increase is due primarily to an increase in service cost and interest and a decrease 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

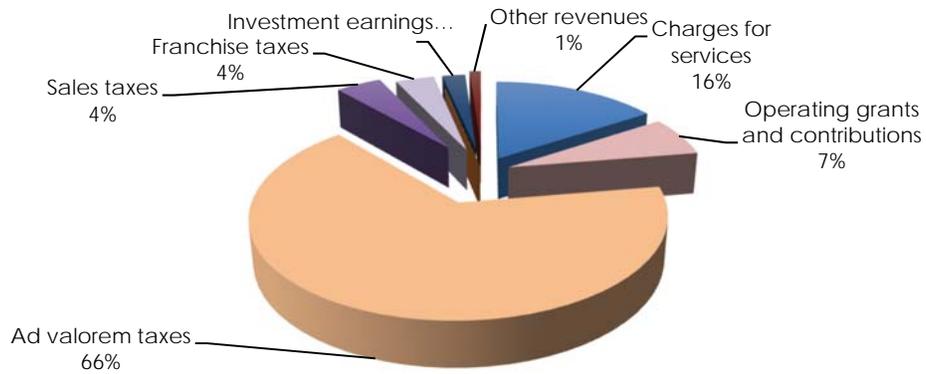
The following table reflects the City's changes in net position:

City of West University Place, Texas's Change in Net Position

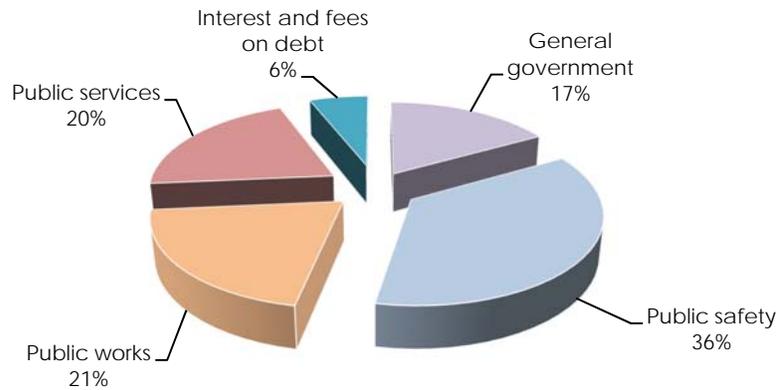
| | Governmental Activities | | Business-type Activities | | Total Primary Government | |
|---|----------------------------|----------------------|-----------------------------|----------------------|-----------------------------|----------------------|
| | 2019 | 2018 | 2019 | 2018 | 2019 | 2018 |
| Revenues: | | | | | | |
| Program revenues: | | | | | | |
| Charges for services | \$ 4,639,391 | \$ 4,234,303 | \$ 9,826,410 | \$ 9,651,548 | \$ 14,465,801 | \$ 13,885,851 |
| Operating grants and contributions | 1,992,389 | 1,647,584 | 46,835 | 74,545 | 2,039,224 | 1,722,129 |
| General revenues: | | | | | | |
| Ad valorem taxes | 19,605,795 | 19,304,056 | - | - | 19,605,795 | 19,304,056 |
| Sales taxes | 1,300,764 | 1,172,256 | - | - | 1,300,764 | 1,172,256 |
| Franchise taxes | 1,093,925 | 1,128,060 | - | - | 1,093,925 | 1,128,060 |
| Other taxes | 11,219 | 13,528 | - | - | 11,219 | 13,528 |
| Investment earnings | 646,955 | 432,447 | 85,075 | 40,370 | 732,030 | 472,817 |
| Other revenues | 321,553 | 528,572 | 2,288 | 12,665 | 323,841 | 541,237 |
| Gain on disposal of capital assets | 16,384 | - | - | - | 16,384 | - |
| Total revenues | 29,628,375 | 28,460,806 | 9,960,608 | 9,779,128 | 39,588,983 | 38,239,934 |
| Expenses: | | | | | | |
| General government | 4,197,072 | 3,805,870 | - | - | 4,197,072 | 3,805,870 |
| Public safety | 8,400,062 | 8,172,672 | - | - | 8,400,062 | 8,172,672 |
| Public works | 4,747,662 | 4,628,774 | - | - | 4,747,662 | 4,628,774 |
| Public services | 5,178,811 | 4,616,244 | - | - | 5,178,811 | 4,616,244 |
| Interest and fees on debt | 1,266,808 | 1,354,716 | - | - | 1,266,808 | 1,354,716 |
| Water and sewer | - | - | 6,238,797 | 5,966,645 | 6,238,797 | 5,966,645 |
| Solid waste | - | - | 1,380,365 | 1,322,894 | 1,380,365 | 1,322,894 |
| Total expenses | 23,790,415 | 22,578,276 | 7,619,162 | 7,289,539 | 31,409,577 | 29,867,815 |
| Increase (decrease) in net position before transfers | 5,837,960 | 5,882,530 | 2,341,446 | 2,489,589 | 8,179,406 | 8,372,119 |
| Transfers | 2,756,038 | 2,680,546 | (2,756,038) | (2,680,546) | - | - |
| Change in net position | 8,593,998 | 8,563,076 | (414,592) | (190,957) | 8,179,406 | 8,372,119 |
| Net position - beginning | 66,066,334 | 60,264,162 | 21,909,314 | 22,432,327 | 87,975,648 | 82,696,489 |
| Prior period adjustments | - | (2,760,904) | - | (332,056) | - | (3,092,960) |
| Net position - beginning, as restated | 66,066,334 | 57,503,258 | 21,909,314 | 22,100,271 | 87,975,648 | 79,603,529 |
| Net position - ending | \$ 74,660,332 | \$ 66,066,334 | \$ 21,494,722 | \$ 21,909,314 | \$ 96,155,054 | \$ 87,975,648 |

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

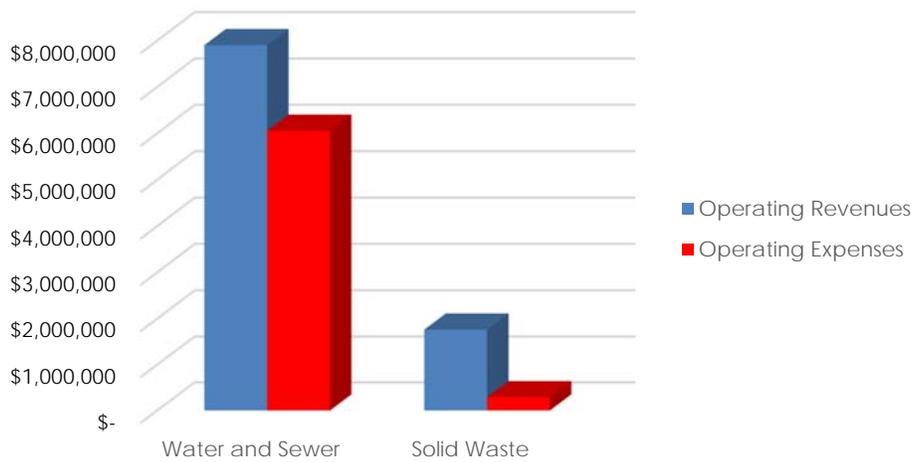
Governmental Revenues



Governmental Expenses



Business-Type Activities



For the year ended December 31, 2019, revenues from governmental activities totaled \$29,628,375, compared with \$28,460,806 in the prior year. This increase of \$1,167,569 occurred primarily as the result of \$405,088 increase in charges for services, due primarily to an increase in parks and recreation revenues including aquatics class fees, \$344,805 increase in operating grants and contributions, as well as \$301,739 increase in property tax revenue. Increased property tax valuations throughout the City attributed to the increase in property tax revenue. Finally, investment earnings saw a \$214,508 increase due to market rate increases.

For the year ended December 31, 2019, expenses for governmental activities totaled \$23,790,415, an increase of \$1,212,139 or five percent from last year. The overall increase is primarily due to increases in General Government, Public Safety, and Public Services.

Charges for services for business-type activities increased \$174,862, which is an increase of two percent. Operating expenses for business-type activities increased by \$329,623. This increase is primarily due to an increase in overall water consumption.

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 \$19,188,313. Of this, \$180,424 is nonspendable, \$916,421 is restricted for debt service, \$69,206 is restricted for enabling legislation, \$1,467,265 is restricted for City parks, \$171,747 is restricted for METRO, \$259,958 is restricted for tree replacement, \$332,455 is restricted for governmental programming, \$104,773 is assigned for purchases on order, and \$6,406,418 is assigned to capital projects funds.

There was an increase in the combined fund balance of \$5,250,020 compared to the prior year. This is largely attributable to increases in revenue from ad valorem taxes and investment earnings. Additionally, the issuance of debt in 2019 increased the governmental funds' fund balance.

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 \$9,279,646, while total fund balance reached \$9,897,298. 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 48 percent of total general fund expenditures, while total fund balance represents 51 percent of the total general fund expenditures. The general fund demonstrated an overall increase of \$1,663,340 primarily due to increases in revenue from charges for services, and lower than anticipated expenditures.

The debt service fund has a total fund balance of \$916,421, all of which is restricted for the payment of debt service. Expenditures exceeded revenues by \$1,152,655, with an overall net increase in fund balance after other funding sources for the year of \$48,130. This increase in fund balance is primarily due to ad valorem taxes collections.

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 increase in budgeted fund balance in the amount of \$37,383 in the general fund. Budget amendments throughout the year resulted in a decrease of \$810,999. However, fund balance increased by \$1,663,340, resulting in a positive variance of \$2,474,339 from actual over budgeted as amended.

Actual general fund revenues were greater than the amended budgeted revenues by \$1,168,638 during 2019. This net variance includes the positive variances of \$638,178 for charges for services and \$200,088 for permits, licenses, and fees.

Actual expenditures were less than budgeted amounts in total by \$1,218,541 for the fiscal year. This net variance is due to positive variances of \$196,074 for general government, \$749,455 for public safety, and \$284,879 for public works.

Capital Assets

At the end of fiscal year 2019, the City's governmental and business-type activities had invested \$92,037,581 and \$17,377,397, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$283,916 and decrease of \$1,269,120, respectively.

Major capital assets events during the year included the following:

- Purchase of 3807 Rice Blvd. for \$678,263
- Parking lot improvements of \$268,191
- Paving improvements of \$154,814
- Whitt Johnson Park for \$146,727
- Renovation of Recreation Center Lobby for \$80,425
- Construction in progress for various City projects in the amount of \$1,643,266

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 \$34,500,000. Of this amount, \$24,940,000 was general obligation debt and \$9,560,000 was certificates of obligation debt. During the year, the City had a net decrease in long-term debt of \$3,465,925.

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 \$79.71 million operating budget for fiscal year 2020. The budget maintains the property tax rate at \$0.30921 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. Additionally, the City issued general obligation refunding bonds in 2020 to refinance the 2010 bonds for interest cost 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 2020 budget incorporated an approximate 2.32% rate increase for water and 2.76% increase for sewer as compared to the 2019 rates.

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 \$6.8 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 Katherine DuBose, 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.

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Basic Financial Statements

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City of West University Place, Texas

Statement of Net Position

December 31, 2019

| | Primary Government | | |
|---|----------------------------|-----------------------------|----------------------|
| | Governmental Activities | Business-type Activities | Total |
| ASSETS | | | |
| Cash and cash equivalents | \$ 20,507,790 | \$ 2,194,571 | \$ 22,702,361 |
| Investments | 12,375,607 | 2,239,706 | 14,615,313 |
| Receivables, net of allowances | 12,100,362 | 1,669,091 | 13,769,453 |
| Internal balances | (449,012) | 449,012 | - |
| Due from other governments | 4,500,688 | - | 4,500,688 |
| Inventory | 1,807 | - | 1,807 |
| Prepays | 476,446 | - | 476,446 |
| Capital assets: | | | |
| Nondepreciable capital assets | 10,419,685 | 413,741 | 10,833,426 |
| Depreciable capital assets, net | 81,617,896 | 16,963,656 | 98,581,552 |
| Total assets | 141,551,269 | 23,929,777 | 165,481,046 |
| DEFERRED OUTFLOWS OF RESOURCES | | | |
| Deferred charge on refunding | 829,552 | - | 829,552 |
| Deferred outflows - pension | 3,238,954 | 453,349 | 3,692,303 |
| Deferred outflows - other postemployment benefits | 280,178 | 39,216 | 319,394 |
| Total deferred outflows of resources | 4,348,684 | 492,565 | 4,841,249 |
| LIABILITIES | | | |
| Accounts payable and accrued liabilities | 1,994,766 | 1,124,771 | 3,119,537 |
| Accrued interest payable | 440,768 | - | 440,768 |
| Noncurrent liabilities: | | | |
| Due within one year | 8,861,405 | 91,887 | 8,953,292 |
| Due in more than one year | 27,692,540 | 7,818 | 27,700,358 |
| Net pension liability | 8,003,525 | 1,120,238 | 9,123,763 |
| Other postemployment benefits liability | 3,982,433 | 557,414 | 4,539,847 |
| Total liabilities | 50,975,437 | 2,902,128 | 53,877,565 |
| DEFERRED INFLOWS OF RESOURCES | | | |
| Deferred inflows - property taxes | 20,082,063 | - | 20,082,063 |
| Deferred inflows - pension | 31,503 | 4,409 | 35,912 |
| Deferred inflows - other postemployment benefits | 150,618 | 21,083 | 171,701 |
| Total deferred inflows of resources | 20,264,184 | 25,492 | 20,289,676 |
| NET POSITION | | | |
| Net investment in capital assets | 57,517,577 | 17,377,397 | 74,894,974 |
| Restricted for: | | | |
| Debt service | 696,457 | - | 696,457 |
| Enabling legislation | 69,206 | - | 69,206 |
| City parks | 1,467,265 | - | 1,467,265 |
| METRO | 171,747 | - | 171,747 |
| Tree replacement | 259,958 | - | 259,958 |
| Governmental programming | 332,455 | - | 332,455 |
| Unrestricted | 14,145,667 | 4,117,325 | 18,262,992 |
| TOTAL NET POSITION | \$ 74,660,332 | \$ 21,494,722 | \$ 96,155,054 |

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, 2019

| Functions/Programs | Expenses | Program Revenues | | |
|--------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |
| PRIMARY GOVERNMENT | | | | |
| Governmental activities: | | | | |
| General government | \$ 4,197,072 | \$ - | \$ 650,382 | \$ - |
| Public safety | 8,400,062 | 1,248,210 | 75,925 | - |
| Public works | 4,747,662 | 981,741 | 643,525 | - |
| Public services | 5,178,811 | 2,409,440 | 622,557 | - |
| Interest on long-term debt | 1,266,808 | - | - | - |
| Total governmental activities | 23,790,415 | 4,639,391 | 1,992,389 | - |
| Business-type activities: | | | | |
| Water and sewer | 6,238,797 | 8,094,209 | 19,897 | - |
| Solid waste | 1,380,365 | 1,732,201 | 26,938 | - |
| Total business-type activities | 7,619,162 | 9,826,410 | 46,835 | - |
| TOTAL PRIMARY GOVERNMENT | \$ 31,409,577 | \$ 14,465,801 | \$ 2,039,224 | \$ - |
| General revenues: | | | | |
| Ad valorem taxes | | | | |
| Sales taxes | | | | |
| Franchise taxes | | | | |
| Other taxes | | | | |
| Investment earnings | | | | |
| Other revenues | | | | |
| Gain on disposal of capital assets | | | | |
| Transfers | | | | |
| Total general revenues and transfers | | | | |
| Change in net position | | | | |
| Net position - beginning | | | | |
| NET POSITION - ENDING | | | | |

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

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

| <u>Governmental Activities</u> | <u>Business-type Activities</u> | <u>Total</u> |
|------------------------------------|-------------------------------------|----------------------|
| \$ (3,546,690) | \$ - | \$ (3,546,690) |
| (7,075,927) | - | (7,075,927) |
| (3,122,396) | - | (3,122,396) |
| (2,146,814) | - | (2,146,814) |
| (1,266,808) | - | (1,266,808) |
| (17,158,635) | - | (17,158,635) |
| - | 1,875,309 | 1,875,309 |
| - | 378,774 | 378,774 |
| - | 2,254,083 | 2,254,083 |
| (17,158,635) | 2,254,083 | (14,904,552) |
| 19,605,795 | - | 19,605,795 |
| 1,300,764 | - | 1,300,764 |
| 1,093,925 | - | 1,093,925 |
| 11,219 | - | 11,219 |
| 646,955 | 85,075 | 732,030 |
| 321,553 | 2,288 | 323,841 |
| 16,384 | - | 16,384 |
| 2,756,038 | (2,756,038) | - |
| 25,752,633 | (2,668,675) | 23,083,958 |
| 8,593,998 | (414,592) | 8,179,406 |
| 66,066,334 | 21,909,314 | 87,975,648 |
| <u>\$ 74,660,332</u> | <u>\$ 21,494,722</u> | <u>\$ 96,155,054</u> |

City of West University Place, Texas
 Balance Sheet - Governmental Funds
 December 31, 2019

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental</u> | <u>Total Governmental Funds</u> |
|--|----------------------|--------------------------|-------------------------|------------------------------|---------------------------------|
| ASSETS | | | | | |
| Current assets: | | | | | |
| Cash and cash equivalents | \$ 9,457,153 | \$ 2,763,634 | \$ 3,473,948 | \$ 1,137,087 | \$ 16,831,822 |
| Investments | 4,135,952 | 259,601 | 3,545,399 | 685,635 | 8,626,587 |
| Receivables, net of allowances | 7,355,215 | 4,136,700 | 462,635 | 145,812 | 12,100,362 |
| Due from other governments | 2,761,010 | 1,739,678 | - | - | 4,500,688 |
| Inventory | 1,807 | - | - | - | 1,807 |
| Prepays | 178,617 | - | - | - | 178,617 |
| TOTAL ASSETS | \$ 23,889,754 | \$ 8,899,613 | \$ 7,481,982 | \$ 1,968,534 | \$ 42,239,883 |
| LIABILITIES | | | | | |
| Accounts payable and accrued liabilities | \$ 1,034,284 | \$ - | \$ 835,026 | \$ 358 | \$ 1,869,668 |
| Due to other funds | 52,130 | - | - | - | 52,130 |
| Total liabilities | 1,086,414 | - | 835,026 | 358 | 1,921,798 |
| DEFERRED INFLOWS OF RESOURCES | | | | | |
| Unavailable revenue - property taxes | 12,596,730 | 7,983,192 | - | - | 20,579,922 |
| Unavailable revenue - warrants | 253,611 | - | - | - | 253,611 |
| Unavailable revenue - ambulance services | 31,726 | - | - | - | 31,726 |
| Unavailable revenue - grants | 23,975 | - | 240,538 | - | 264,513 |
| Total deferred inflows of resources | 12,906,042 | 7,983,192 | 240,538 | - | 21,129,772 |
| FUND BALANCES | | | | | |
| Nonspendable: | | | | | |
| Inventory | 1,807 | - | - | - | 1,807 |
| Prepays | 178,617 | - | - | - | 178,617 |
| Restricted for: | | | | | |
| Debt service | - | 916,421 | - | - | 916,421 |
| Enabling legislation | - | - | - | 69,206 | 69,206 |
| City parks | - | - | - | 1,467,265 | 1,467,265 |
| METRO | - | - | - | 171,747 | 171,747 |
| Tree replacement | - | - | - | 259,958 | 259,958 |
| Governmental programming | 332,455 | - | - | - | 332,455 |
| Assigned to: | | | | | |
| Purchases on order | 104,773 | - | - | - | 104,773 |
| Capital projects funds | - | - | 6,406,418 | - | 6,406,418 |
| Unassigned | 9,279,646 | - | - | - | 9,279,646 |
| Total fund balances | 9,897,298 | 916,421 | 6,406,418 | 1,968,176 | 19,188,313 |
| TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES | \$ 23,889,754 | \$ 8,899,613 | \$ 7,481,982 | \$ 1,968,534 | \$ 42,239,883 |

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, 2019

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 19,188,313

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) | \$ 10,419,685 | |
| Capital assets, depreciable, net (excluding internal service) | <u>79,862,372</u> | 90,282,057 |

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 | \$ 497,859 | |
| Warrants | 253,611 | |
| Ambulance services | 31,726 | |
| Grants | <u>264,513</u> | 1,047,709 |

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 is included in the governmental activities in the statement of net position.

8,476,938

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 | \$(34,500,000) | |
| Premiums on bonds and certificates of obligation | (849,556) | |
| Accrued interest on bonds and certificates of obligation | (440,768) | |
| Compensated absences | (1,186,053) | |
| Deferred charge on refunding | 829,552 | |
| Net pension liability | (7,576,846) | |
| Deferred outflows of resources - pension | 3,066,281 | |
| Deferred inflows of resources - pension | (29,824) | |
| Other postemployment benefits liability | (3,770,125) | |
| Deferred outflows of resources - other postemployment benefits | 265,242 | |
| Deferred inflows of resources - other postemployment benefits | <u>(142,588)</u> | <u>(44,334,685)</u> |

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 74,660,332

City of West University Place, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2019

| | <u>General Fund</u> | <u>Debt Service Fund</u> | <u>Capital Projects</u> | <u>Nonmajor Governmental</u> | <u>Total Governmental Funds</u> |
|---|---------------------|--------------------------|-------------------------|------------------------------|---------------------------------|
| REVENUES | | | | | |
| Ad valorem taxes | \$ 11,868,672 | \$ 7,683,695 | \$ - | \$ - | \$ 19,552,367 |
| Sales taxes | 1,300,764 | - | - | - | 1,300,764 |
| Franchise taxes | 1,093,925 | - | - | - | 1,093,925 |
| Other taxes | 11,219 | - | - | - | 11,219 |
| Permits, licenses, and fees | 727,588 | - | - | 23,713 | 751,301 |
| Fines and forfeitures | 266,661 | - | - | 17,492 | 284,153 |
| Charges for services | 3,569,378 | - | - | - | 3,569,378 |
| Intergovernmental | 50,188 | - | 486,035 | 650,382 | 1,186,605 |
| Contributions | - | - | - | 622,557 | 622,557 |
| Investment earnings | 341,792 | 4,492 | 119,078 | 18,630 | 483,992 |
| Other revenues | 320,465 | - | - | 1,088 | 321,553 |
| Total revenues | 19,550,652 | 7,688,187 | 605,113 | 1,333,862 | 29,177,814 |
| EXPENDITURES | | | | | |
| Current: | | | | | |
| General government | 3,667,030 | - | - | 6,750 | 3,673,780 |
| Public safety | 8,103,931 | - | - | - | 8,103,931 |
| Public works | 2,980,965 | - | - | 50,362 | 3,031,327 |
| Public services | 4,071,067 | - | - | 388,713 | 4,459,780 |
| Capital outlay | 711,479 | - | 2,129,312 | 240,211 | 3,081,002 |
| Debt service: | | | | | |
| Principal | - | 7,910,000 | - | - | 7,910,000 |
| Interest and fiscal agent fees | - | 926,095 | - | - | 926,095 |
| Bond issuance costs | - | 4,747 | 93,221 | - | 97,968 |
| Total expenditures | 19,534,472 | 8,840,842 | 2,222,533 | 686,036 | 31,283,883 |
| Excess (deficiency) of revenues over (under) expenditures | 16,180 | (1,152,655) | (1,617,420) | 647,826 | (2,106,069) |
| OTHER FINANCING SOURCES (USES) | | | | | |
| Transfers in | 1,646,954 | 1,200,785 | 600,000 | 242,654 | 3,690,393 |
| Transfers out | - | - | (91,701) | (842,654) | (934,355) |
| Debt issued | - | - | 4,040,000 | - | 4,040,000 |
| Premium on debt issued | - | - | 559,845 | - | 559,845 |
| Sale of capital assets | 206 | - | - | - | 206 |
| Total other financing sources (uses) | 1,647,160 | 1,200,785 | 5,108,144 | (600,000) | 7,356,089 |
| Net change in fund balances | 1,663,340 | 48,130 | 3,490,724 | 47,826 | 5,250,020 |
| Fund balance, beginning of year | 8,233,958 | 868,291 | 2,915,694 | 1,920,350 | 13,938,293 |
| FUND BALANCES, END OF YEAR | \$ 9,897,298 | \$ 916,421 | \$ 6,406,418 | \$ 1,968,176 | \$ 19,188,313 |

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

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, 2019

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 5,250,020

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 | \$ 3,125,164 | |
| Depreciation expense | (3,203,845) | (78,681) |
| | | |

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (1,547)

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

| | | |
|--------------------|-----------|---------|
| Property taxes | \$ 53,428 | |
| Warrants | 57,377 | |
| Ambulance services | (22,818) | |
| Grants | 183,227 | 271,214 |
| | | |

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.

| | | |
|---|----------------|-----------|
| Par value of debt issued | \$ (4,040,000) | |
| Premium on debt issued | (559,845) | |
| Principal repayments | 7,910,000 | |
| Amortization of bond premiums | 155,770 | |
| Amortization of deferred charges on refunding | (381,306) | |
| Change in accrued interest | (17,209) | |
| Compensated absences | 50,778 | 3,118,188 |
| | | |

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 | \$ (3,544,532) | |
| Change in deferred outflows of resources - pension | 1,661,772 | |
| Change in deferred inflows of resources - pension | 986,423 | |
| Change in other postemployment benefits liability | 107,687 | |
| Change in deferred outflows of resources - other postemployment benefits | (49,942) | |
| Change in deferred inflows of resources - other postemployment benefits | (142,588) | (981,180) |
| | | |

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. 1,015,984

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 8,593,998

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

City of West University Place, Texas
Statement of Net Position
Proprietary Funds
December 31, 2019

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|--|--|--------------------|--------------------------------|--|
| | Water and Sewer | Solid Waste | Totals Enterprise Funds | Activities Total Internal Service Funds |
| ASSETS | | | | |
| Current assets | | | | |
| Cash and cash equivalents | \$ 1,913,485 | \$ 281,086 | \$ 2,194,571 | \$ 3,675,968 |
| Investments | 1,952,839 | 286,867 | 2,239,706 | 3,749,020 |
| Receivables, net of allowances | 1,338,640 | 330,451 | 1,669,091 | - |
| Due from other funds | - | - | - | 64,002 |
| Prepays | - | - | - | 297,829 |
| Total current assets | 5,204,964 | 898,404 | 6,103,368 | 7,786,819 |
| Noncurrent assets | | | | |
| Capital assets | | | | |
| Land | 193,875 | - | 193,875 | - |
| Construction in progress | 219,866 | - | 219,866 | - |
| Buildings and improvements | 459,625 | - | 459,625 | - |
| Machinery and equipment | 2,387,246 | - | 2,387,246 | 4,724,277 |
| Water and sewer systems | 56,868,106 | - | 56,868,106 | - |
| Accumulated depreciation | (42,751,321) | - | (42,751,321) | (2,968,753) |
| Total capital assets (net of accumulated depreciation) | 17,377,397 | - | 17,377,397 | 1,755,524 |
| Total noncurrent assets | 17,377,397 | - | 17,377,397 | 1,755,524 |
| Total assets | 22,582,361 | 898,404 | 23,480,765 | 9,542,343 |
| DEFERRED OUTFLOWS OF RESOURCES | | | | |
| Deferred outflows - pension | 323,182 | 130,167 | 453,349 | 172,673 |
| Deferred outflows - other postemployment benefits | 27,957 | 11,259 | 39,216 | 14,936 |
| Total deferred outflows of resources | 351,139 | 141,426 | 492,565 | 187,609 |
| LIABILITIES | | | | |
| Current liabilities | | | | |
| Accounts payable and accrued liabilities | 1,035,512 | 89,259 | 1,124,771 | 125,098 |
| Due to other funds | 6,165 | 3,000 | 9,165 | 2,707 |
| Compensated absences | 78,132 | 13,755 | 91,887 | 18,336 |
| Total current liabilities | 1,119,809 | 106,014 | 1,225,823 | 146,141 |
| Noncurrent liabilities | | | | |
| Compensated absences | 7,818 | - | 7,818 | - |
| Net pension liability | 798,591 | 321,647 | 1,120,238 | 426,679 |
| Other postemployment benefits liability | 397,367 | 160,047 | 557,414 | 212,308 |
| Total noncurrent liabilities | 1,203,776 | 481,694 | 1,685,470 | 638,987 |
| Total liabilities | 2,323,585 | 587,708 | 2,911,293 | 785,128 |
| DEFERRED INFLOWS OF RESOURCES | | | | |
| Deferred inflows - pension | 3,143 | 1,266 | 4,409 | 1,679 |
| Deferred inflows - other postemployment benefits | 15,029 | 6,054 | 21,083 | 8,030 |
| Total deferred inflows of resources | 18,172 | 7,320 | 25,492 | 9,709 |
| NET POSITION | | | | |
| Net investment in capital assets | 17,377,397 | - | 17,377,397 | 1,755,524 |
| Unrestricted | 3,214,346 | 444,802 | 3,659,148 | 7,179,591 |
| TOTAL NET POSITION | \$ 20,591,743 | \$ 444,802 | 21,036,545 | \$ 8,935,115 |
| Reconciliation to the government-wide statement of net position: | | | | |
| Adjustment to reflect internal service fund activities related to enterprise funds | | | 458,177 | |
| Net position of business-type activities | | | <u>\$ 21,494,722</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, 2019

| | Business-Type Activities - Enterprise Funds | | | Governmental |
|--|--|--------------------|--|---|
| | Water and Sewer | Solid Waste | Totals Enterprise Funds | Total Internal Service Funds |
| OPERATING REVENUES | | | | |
| Charges for sales and services | \$ 8,094,209 | \$ 1,732,201 | \$ 9,826,410 | \$ 5,195,482 |
| Other revenues | - | 2,288 | 2,288 | 42,252 |
| Total operating revenues | 8,094,209 | 1,734,489 | 9,828,698 | 5,237,734 |
| OPERATING EXPENSES | | | | |
| Costs of sales and services | 3,379,740 | 994,395 | 4,374,135 | 3,163,619 |
| Personnel | 1,239,419 | 533,450 | 1,772,869 | 616,471 |
| Repairs and maintenance | - | - | - | 81,674 |
| Depreciation | 1,690,282 | - | 1,690,282 | 322,550 |
| Total operating expenses | 6,309,441 | 1,527,845 | 7,837,286 | 4,184,314 |
| Operating income | 1,784,768 | 206,644 | 1,991,412 | 1,053,420 |
| NONOPERATING REVENUES (EXPENSES) | | | | |
| Intergovernmental | 19,897 | 26,938 | 46,835 | - |
| Investment earnings | 71,106 | 13,969 | 85,075 | 162,963 |
| Gain on sale of capital assets | - | - | - | 17,725 |
| Total nonoperating revenues (expenses) | 91,003 | 40,907 | 131,910 | 180,688 |
| Income before contributions and transfers | 1,875,771 | 247,551 | 2,123,322 | 1,234,108 |
| CONTRIBUTIONS AND TRANSFERS | | | | |
| Transfers out | (2,446,038) | (310,000) | (2,756,038) | - |
| Total contributions and transfers | (2,446,038) | (310,000) | (2,756,038) | - |
| Change in net position | (570,267) | (62,449) | (632,716) | 1,234,108 |
| Net position - beginning | 21,162,010 | 507,251 | 21,669,261 | 7,701,007 |
| NET POSITION, END OF YEAR | \$ 20,591,743 | \$ 444,802 | \$ 21,036,545 | \$ 8,935,115 |
| Reconciliation to the government-wide statement of activities: | | | | |
| Adjustment to reflect internal service fund activities related to enterprise funds | | | 218,124 | |
| Change in net position for business-type activities | | | <u>\$ (414,592)</u> | |

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

City of West University Place, Texas
Statement of Cash Flows
Proprietary Funds
For the Fiscal Year Ended December 31, 2019

| | 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 | \$ 7,840,251 | \$ 1,710,772 | \$ 9,551,023 | \$ 42,252 |
| Cash received from interfund charges for services | - | - | - | 5,207,992 |
| Cash payments to suppliers | (3,004,281) | (1,003,233) | (4,007,514) | (3,509,842) |
| Cash payments to employees | (1,172,504) | (487,573) | (1,660,077) | (604,014) |
| Net cash provided by operating activities | 3,663,466 | 219,966 | 3,883,432 | 1,136,388 |
| CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES | | | | |
| Transfers to other funds | (2,446,038) | (310,000) | (2,756,038) | - |
| Intergovernmental | 19,897 | 26,938 | 46,835 | - |
| Net cash used for noncapital financing activities | (2,426,141) | (283,062) | (2,709,203) | - |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | | | |
| Acquisition and construction of capital assets | (421,162) | - | (421,162) | (622,014) |
| Proceeds from sale of capital assets | - | - | - | 17,725 |
| Net cash used for capital and related financing activities | (421,162) | - | (421,162) | (604,289) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | |
| (Purchase) sale of investments, net | (413,126) | 32,068 | (381,058) | (271,976) |
| Earnings on investments | 71,106 | 13,969 | 85,075 | 162,963 |
| Net cash provided by (used for) investing activities | (342,020) | 46,037 | (295,983) | (109,013) |
| Net increase (decrease) in cash and cash equivalents | 474,143 | (17,059) | 457,084 | 423,086 |
| Cash and cash equivalents, beginning balance | 1,439,342 | 298,145 | 1,737,487 | 3,252,882 |
| CASH AND CASH EQUIVALENTS, ENDING BALANCE | \$ 1,913,485 | \$ 281,086 | \$ 2,194,571 | \$ 3,675,968 |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | | | |
| Operating income | \$ 1,784,768 | \$ 206,644 | \$ 1,991,412 | \$ 1,053,420 |
| Adjustments to reconcile operating income to cash provided by operating activities: | | | | |
| Depreciation and amortization | 1,690,282 | - | 1,690,282 | 322,550 |
| Changes in assets, liabilities and related deferrals: | | | | |
| (Increase) decrease in assets and deferred outflows: | | | | |
| Receivables, net of allowances | (245,298) | (23,717) | (269,015) | 1,606 |
| Due from other funds | - | - | - | 10,904 |
| Prepays | - | - | - | 70,878 |
| Deferred outflows - net pension liability | (177,167) | (70,944) | (248,111) | (97,150) |
| Deferred outflows - other postemployment benefits | 4,810 | 2,032 | 6,842 | 2,012 |
| Increase (decrease) in liabilities and deferred inflows: | | | | |
| Accounts payable and accrued liabilities | 369,879 | (8,417) | 361,462 | (334,425) |
| Due to other funds | (3,080) | (421) | (3,501) | (1,002) |
| Compensated absences | (46,856) | 2,173 | (44,683) | (61,116) |
| Net pension liability | 379,384 | 151,617 | 531,001 | 209,855 |
| Other postemployment benefits liability | (5,777) | (3,469) | (9,246) | 3,792 |
| Deferred inflows - net pension liability | (102,508) | (41,586) | (144,094) | (52,966) |
| Deferred inflows - other postemployment benefits | 15,029 | 6,054 | 21,083 | 8,030 |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | \$ 3,663,466 | \$ 219,966 | \$ 3,883,432 | \$ 1,136,388 |

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 *capital projects fund* is 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 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.

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. 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.

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
- Interest bearing checking accounts that are fully collateralized at 102% of the ledger balance

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.

City of West University Place, Texas

Notes to the Financial Statements

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:

| <u>Asset Description</u> | <u>Estimated Useful Life</u> |
|--------------------------|------------------------------|
| 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 |

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. The deferred outflows of resources related to City contributions subsequent to the measurement date will be recognized as a reduction of the liability in the next fiscal year. 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.

City of West University Place, Texas

Notes to the Financial Statements

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 and other postemployment benefit liabilities 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.

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.

City of West University Place, Texas

Notes to the Financial Statements

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.

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.

City of West University Place, Texas

Notes to the Financial Statements

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.

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 10 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.

City of West University Place, Texas

Notes to the Financial Statements

G. 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.

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, 2019. An annual budget is not adopted for the blended component unit, Friends of West University Parks Fund. The parks fund, tree replacement fund, court technology/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, 2019, significant encumbrances included in the governmental funds include fund balance assignments of \$104,773 in the general fund and \$3,378,796 in the capital projects fund for purchase orders.

City of West University Place, Texas

Notes to the Financial Statements

Note 3. Deposits and Investments

As of December 31, 2019, the City had the following deposits and investments:

| | <u>Value</u> | <u>Weighted Average Maturity (Years)</u> |
|--|----------------------|--|
| Deposits | | |
| Cash | \$ 1,573,549 | |
| Cash equivalents: | | |
| TexPool external investment pool | 21,116,977 | 0.10 |
| Other | 11,835 | |
| | <u>22,702,361</u> | |
| Total | \$ 22,702,361 | |
| Investments | | |
| U.S. government agency bonds/notes | \$ 9,074,074 | 0.44 |
| U.S. Treasury notes | 5,081,247 | 0.72 |
| Corporation's certificates of deposit | 459,992 | 0.22 |
| | <u>14,615,313</u> | |
| Total | \$ 14,615,313 | |
| Portfolio weighted average maturity | | 0.27 |

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, 2019, 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 \$399,964 at December 31, 2019.

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, 2019, 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 | \$ 4,035,128 | \$ - | \$ 4,035,128 |
| Federal Farm Credit Bank | 1,008,186 | - | 1,008,186 |
| Federal Home Loan Mortgage Corp. | 2,019,837 | - | 2,019,837 |
| Federal National Mortgage Association Notes | 2,010,923 | - | 2,010,923 |
| U.S. Treasury notes | 5,081,247 | 5,081,247 | - |
| Total | \$ 14,155,321 | \$ 5,081,247 | \$ 9,074,074 |

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, 2019, the City's investment in TexPool was rated "AAAm" by Standard & Poor's. The City's investments in U.S. agency bonds and notes and U.S. Treasury notes were 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 capital projects fund, the nonmajor governmental funds in the aggregate, and the enterprise funds, including the applicable allowances for uncollectible accounts:

| | General | Debt Service | Capital Projects | Nonmajor Governmental | Water and Sewer | Solid Waste |
|-------------------|---------------------|---------------------|-------------------|-----------------------|---------------------|-------------------|
| Ad valorem taxes | \$ 6,476,892 | \$ 4,127,200 | \$ - | \$ - | \$ - | \$ - |
| Other taxes | 432,975 | - | - | - | - | - |
| Accounts | 2,128,467 | - | - | - | 1,513,549 | 365,805 |
| Intergovernmental | 24,874 | - | 462,635 | 145,812 | - | - |
| Other | 12,044 | 9,500 | - | - | 4,968 | - |
| Less: Allowance | (1,720,037) | - | - | - | (179,877) | (35,354) |
| Totals | \$ 7,355,215 | \$ 4,136,700 | \$ 462,635 | \$ 145,812 | \$ 1,338,640 | \$ 330,451 |

Note 5. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended December 31, 2019:

| | Beginning Balance | Increases | Reclassifications / (Decreases) | Ending Balance |
|--|----------------------|-------------------|---------------------------------|----------------------|
| Governmental activities: | | | | |
| Capital assets, not being depreciated: | | | | |
| Land and improvements | \$ 7,798,042 | \$ 532,260 | \$ - | \$ 8,330,302 |
| Construction in progress | 482,792 | 1,643,266 | (36,675) | 2,089,383 |
| Total capital assets, not being depreciated | 8,280,834 | 2,175,526 | (36,675) | 10,419,685 |
| Depreciable assets: | | | | |
| Buildings and improvements | 58,607,736 | 872,260 | 36,675 | 59,516,671 |
| Machinery and equipment | 8,566,876 | 764,072 | (105,150) | 9,225,798 |
| Infrastructure | 66,633,784 | - | - | 66,633,784 |
| Total depreciable assets | 133,808,396 | 1,636,332 | (68,475) | 135,376,253 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (19,743,117) | (1,809,842) | - | (21,552,959) |
| Machinery and equipment | (6,952,537) | (383,878) | 103,603 | (7,232,812) |
| Infrastructure | (23,639,911) | (1,332,675) | - | (24,972,586) |
| Total accumulated depreciation | (50,335,565) | (3,526,395) | 103,603 | (53,758,357) |
| Total depreciable assets, net | 83,472,831 | (1,890,063) | 35,128 | 81,617,896 |
| Governmental activities capital assets, net | \$ 91,753,665 | \$ 285,463 | \$ (1,547) | \$ 92,037,581 |
| Less: Long-term debt outstanding | | | | (35,349,556) |
| Plus: Deferred charge on refunding | | | | 829,552 |
| Net Investment in Capital Assets | | | | \$ 57,517,577 |

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 | \$ 409,688 |
| Public safety | 9,122 |
| Public works | 1,952,933 |
| Public service | 832,102 |
| Capital assets held by the City's internal service fund | <u>322,550</u> |
| Total governmental activities depreciation expense | <u>\$ 3,526,395</u> |

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 | \$ 285,572 | \$ 313,608 |
| Buffalo Speedway - Roadway | 1,756,223 | 898,641 | 857,582 |
| Buffalo Speedway - Drainage | <u>1,246,348</u> | <u>635,348</u> | <u>611,000</u> |
| Total | <u>\$ 3,601,751</u> | <u>\$ 1,819,561</u> | <u>\$ 1,782,190</u> |

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, as well as funding by grant proceeds.

City of West University Place, Texas

Notes to the Financial Statements

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2019:

| | 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 | 25,161 | 194,705 | - | 219,866 |
| Total capital assets, not being depreciated | 219,036 | 194,705 | - | 413,741 |
| Depreciable assets: | | | | |
| Buildings and improvements | 459,625 | - | - | 459,625 |
| Water and sewer systems | 56,703,215 | 164,891 | - | 56,868,106 |
| Machinery and equipment | 2,325,680 | 61,566 | - | 2,387,246 |
| Total depreciable assets | 59,488,520 | 226,457 | - | 59,714,977 |
| Less accumulated depreciation for: | | | | |
| Buildings and improvements | (459,625) | - | - | (459,625) |
| Water and sewer systems | (39,370,949) | (1,570,795) | - | (40,941,744) |
| Machinery and equipment | (1,230,465) | (119,487) | - | (1,349,952) |
| Total accumulated depreciation | (41,061,039) | (1,690,282) | - | (42,751,321) |
| Total depreciable assets, net | 18,427,481 | (1,463,825) | - | 16,963,656 |
| Business-type activities capital assets, net | \$ 18,646,517 | \$ (1,269,120) | \$ - | \$ 17,377,397 |

City of West University Place, Texas

Notes to the Financial Statements

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

| | |
|--|----------------------------|
| Water and sewer | <u>\$ 1,690,282</u> |
| Total business-type activities depreciation expense | <u><u>\$ 1,690,282</u></u> |

Remaining commitments under related construction contracts for business-type construction projects at year end were as follows:

| Projects | Approved Construction Budget | Stored and Completed To Date | Remaining Commitment |
|------------------------------------|------------------------------------|------------------------------------|--------------------------|
| Water System Disinfection Upgrades | \$ 49,980 | \$ 42,395 | \$ 7,585 |
| Wastewater Lift Station Lining | <u>418,000</u> | <u>120,782</u> | <u>297,218</u> |
| Total | <u><u>\$ 467,980</u></u> | <u><u>\$ 163,177</u></u> | <u><u>\$ 304,803</u></u> |

The remaining commitments above will be primarily financed through completion of construction with the resources of water and sewer fees collected by the City.

City of West University Place, Texas

Notes to the Financial Statements

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, 2019. 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 | \$32,595,000 | \$ - | \$ 7,655,000 | \$24,940,000 * | \$ 7,795,000 |
| Certificates of obligation | 5,775,000 | 4,040,000 | 255,000 | 9,560,000 * | 265,000 |
| Unamortized premiums and/or discounts | 445,481 | 559,845 | 155,770 | 849,556 * | 155,771 |
| Total bonds, notes and other payables, net | 38,815,481 | 4,599,845 | 8,065,770 | 35,349,556 | 8,215,771 |
| Other liabilities: | | | | | |
| Compensated absences | 1,316,283 | 386,590 | 498,484 | 1,204,389 | 645,634 |
| Net pension liability | 4,249,138 | 5,456,889 | 1,702,502 | 8,003,525 | - |
| Other postemployment benefit liability | 4,086,328 | 243,288 | 347,183 | 3,982,433 | - |
| Total governmental activities | \$48,467,230 | \$10,686,612 | \$10,613,939 | \$48,539,903 | \$ 8,861,405 |
| Long-term debt due in more than one year | | | | <u>\$39,678,498</u> | |
| * Debt associated with governmental activities capital assets | | | | <u>\$35,349,556</u> | |

| | Beginning Balance | Additions | Reductions | Ending Balance | Amounts Due Within One Year |
|--|----------------------|-------------------|-------------------|---------------------|-----------------------------------|
| Business-type activities: | | | | | |
| Compensated absences | \$ 144,388 | \$ 4,401 | \$ 49,084 | \$ 99,705 | \$ 91,887 |
| Net pension liability | 589,237 | 769,296 | 238,295 | 1,120,238 | - |
| Total other postemployment benefit liability | 566,660 | 34,103 | 43,349 | 557,414 | - |
| Total business-type activities | \$ 1,300,285 | \$ 807,800 | \$ 330,728 | \$ 1,777,357 | \$ 91,887 |
| Long-term debt due in more than one year | | | | <u>\$ 1,685,470</u> | |

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.

City of West University Place, Texas

Notes to the Financial Statements

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 % | \$ 2,135,000 |
| Permanent improvement and refunding | | |
| Series 2009 | 2.50 - 4.50 % | 3,600,000 |
| Series 2010 | 2.00 - 4.00 % | 2,485,000 |
| Series 2011 | 2.00 - 3.00 % | 395,000 |
| Series 2012 | 2.00% | 2,990,000 |
| Series 2013 | 0.34 - 1.75 % | 2,445,000 |
| General obligation refunding | | |
| Series 2016 | 1.45 % | 1,135,000 |
| Series 2017 | 2.01 % | <u>9,755,000</u> |
| Total general obligation bonds | | <u>24,940,000</u> |
| Certificates of obligation | | |
| Series 2009 | 2.50 - 4.50 % | 920,000 |
| Series 2010 | 2.00 - 4.00 % | 2,905,000 |
| Series 2010A | 1.00 - 4.00 % | 945,000 |
| Series 2011 | 2.00 - 2.25 % | 750,000 |
| Series 2019 | 3.00 - 4.00 % | <u>4,040,000</u> |
| Total certificates of obligation | | <u>9,560,000</u> |
| Total governmental activities long-term debt | | <u>\$ 34,500,000</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 |
| 2020 | \$ 8,060,000 | \$ 930,783 | \$ 8,990,783 |
| 2021 | 3,575,000 | 762,956 | 4,337,956 |
| 2022 | 3,555,000 | 643,816 | 4,198,816 |
| 2023 | 2,710,000 | 534,391 | 3,244,391 |
| 2024 | 2,740,000 | 437,343 | 3,177,343 |
| 2025-2029 | 12,060,000 | 1,037,736 | 13,097,736 |
| 2030-2034 | <u>1,800,000</u> | <u>186,000</u> | <u>1,986,000</u> |
| Totals | <u>\$ 34,500,000</u> | <u>\$ 4,533,025</u> | <u>\$ 39,033,025</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, 2019, 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, 2019, 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, 2019.

Note 7. Interfund Balances and Activity

1. Interfund Receivables and Payables

Interfund receivables and payables of the various funds at December 31, 2019 were as follows:

| | Interfund Receivables | Interfund Payables |
|------------------|--------------------------|-----------------------|
| General | \$ - | \$ 52,130 |
| Internal Service | 64,002 | 2,707 |
| Water and Sewer | - | 6,165 |
| Solid Waste | - | 3,000 |
| Totals | <u>\$ 64,002</u> | <u>\$ 64,002</u> |

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> |
|----------------------|---------------------|----------------------------|
| Water and sewer | General | \$ 1,250,000 |
| Water and sewer | Debt service | 1,196,038 |
| Nonmajor | Capital projects | 600,000 |
| Nonmajor | Nonmajor | 242,654 |
| Solid waste | General | 310,000 |
| Capital projects | General | 86,954 |
| Capital projects | Debt service | 4,747 |
| Totals | | <u>\$ 3,690,393</u> |

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 to assist with debt service principal and interest payments when they become due as well as issuance costs.

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.

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

| <u>Year Ending</u> <u>December 31,</u> | <u>Annual</u> <u>Base Rent</u> |
|---|-----------------------------------|
| 2020 | \$ 84,517 |
| 2021 | 87,055 |
| 2022 | 51,660 |
| Total | <u>\$ 223,232</u> |

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 2,814 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.

City of West University Place, Texas

Notes to the Financial Statements

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 887 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.

The plan provisions are adopted by City were as follows:

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

City of West University Place, Texas

Notes to the Financial Statements

Employees Covered by Benefit Terms

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

| | |
|--|-------------------|
| Inactive employees or beneficiaries currently receiving benefits | 109 |
| Inactive employees entitled to but not yet receiving benefits | 103 |
| Active employees | <u>126</u> |
| Total | <u><u>338</u></u> |

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 13.56% and 12.84% in calendar years 2018 and 2019, respectively. The City's contributions to TMRS for the year ended December 31, 2019, were \$1,248,609, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018 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 |

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.

City of West University Place, Texas

Notes to the Financial Statements

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% | 4.30% |
| International equity | 17.5% | 6.10% |
| Core fixed income | 10.0% | 1.00% |
| Non-core fixed income | 20.0% | 3.39% |
| Real return | 10.0% | 3.78% |
| Real estate | 10.0% | 4.44% |
| Absolute return | 10.0% | 3.56% |
| Private equity | 5.0% | 7.75% |
| Total | 100% | |

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.

City of West University Place, Texas

Notes to the Financial Statements

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, 2017 | \$ 50,046,405 | \$ 45,208,030 | \$ 4,838,375 |
| Changes for the year: | | | |
| Service cost | 1,476,922 | - | 1,476,922 |
| Interest | 3,341,122 | - | 3,341,122 |
| Difference between expected and actual experience | 27,091 | - | 27,091 |
| Contributions - employer | - | 1,280,159 | (1,280,159) |
| Contributions - employee | - | 660,639 | (660,639) |
| Net investment income | - | (1,353,512) | 1,353,512 |
| Benefit payments, including refunds of employee contributions | (2,573,516) | (2,573,516) | - |
| Administrative expense | - | (26,172) | 26,172 |
| Other changes | - | (1,367) | 1,367 |
| Net changes | 2,271,619 | (2,013,769) | 4,285,388 |
| Balance at December 31, 2018 | \$ 52,318,024 | \$ 43,194,261 | \$ 9,123,763 |

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 | \$ 16,140,385 | \$ 9,123,763 | \$ 3,327,704 |

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, 2019, the City recognized pension expense of \$2,342,998.

At December 31, 2019, 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 | \$ 113,613 | \$ 35,912 |
| Difference between projected and actual investment earnings | 2,330,081 | - |
| Contributions subsequent to the measurement date | 1,248,609 | - |
| Totals | \$ 3,692,303 | \$ 35,912 |

\$1,248,609 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, 2020. 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, | |
|-----------------------------|---------------------|
| 2020 | \$ 859,509 |
| 2021 | 355,405 |
| 2022 | 311,859 |
| 2023 | 881,009 |
| Totals | \$ 2,407,782 |

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, 2018. The actuarial valuation date for the SDBF was December 31, 2018, and the valuation for RHCP was performed as of December 31, 2017 and update procedures were performed to roll forward the total OPEB liability to December 31, 2018.

Benefits Provided

As of the valuation date for the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

| | <u>SDBF</u> | <u>RHCP</u> |
|---|-------------------|------------------|
| Inactive employees currently receiving benefits | 72 | 16 |
| Inactive employees entitled to but not yet receiving benefits | 37 | - |
| Active employees | <u>126</u> | <u>50</u> |
| Totals | <u><u>235</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 retiree portion of contribution rates to the SDBF for the City was 0.05% in both calendar years 2018 and 2019. The City's contributions to the SDBF for the year ended December 31, 2019 were \$4,862, and were equal to the required contributions.

City of West University Place, Texas

Notes to the Financial Statements

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.

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, 2018 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 | 3.71% |

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.

City of West University Place, Texas

Notes to the Financial Statements

The actuarial assumptions used in the December 31, 2018, 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 (3.71%) was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2018.

Changes in Total OPEB Liability

| | Total OPEB Liability | |
|---|----------------------|--------------------|
| | SDBF | RHCP |
| Balance at December 31, 2017 | \$ 468,746 | \$4,184,242 |
| Changes for the year: | | |
| Service cost | 16,043 | 108,738 |
| Interest on Total OPEB Liability | 15,703 | 137,266 |
| Difference between expected and actual experience | (18,010) | (8,500) |
| Changes of assumptions or other inputs | (33,730) | (142,721) |
| Benefit payments | (4,719) | (183,211) |
| Net changes | (24,713) | (88,428) |
| Balance at December 31, 2018 | \$ 444,033 | \$4,095,814 |

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 3.71%, 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 (2.71%) or 1 percentage-point higher (4.71%) than the current rate:

| | 1% Decrease in Discount Rate (2.71%) | Discount Rate (3.71%) | 1% Increase in Discount Rate (4.71%) |
|----------------------|--|--------------------------|--|
| Total OPEB liability | | | |
| SDBF | \$ 534,890 | \$ 444,033 | \$ 373,873 |
| RHCP | 4,460,759 | 4,095,814 | 3,758,321 |

City of West University Place, Texas

Notes to the Financial Statements

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 (6.5 % Decreasing to 4.25 %) | Healthcare Cost Trend Rate (7.5 % Decreasing to 5.25 %) | 1% Increase Healthcare Cost Trend Rate (8.5 % Decreasing to 6.25 %) |
|----------------------|---|--|---|
| Total OPEB liability | | | |
| RHCP | \$ 3,629,073 | \$ 4,095,814 | \$ 4,639,364 |

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

For the year ended December 31, 2019, the City recognized OPEB expense of \$29,090 for SDBF and \$250,114 for RHCP.

At December 31, 2019, 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 |
| Difference between expected and actual experience | \$ - | \$ 14,618 | \$ - | \$ 7,291 |
| Changes in assumptions and other inputs | 23,461 | 27,378 | 128,849 | 122,414 |
| Contributions made subsequent to the measurement date | 4,862 | - | 162,222 | - |
| Totals | \$ 28,323 | \$ 41,996 | \$ 291,071 | \$ 129,705 |

The \$4,862 and \$162,222 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, 2020. 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 |
|-----------------------------|--------------------|-----------------|
| 2020 | \$ (2,656) | \$ 4,110 |
| 2021 | (2,656) | 4,110 |
| 2022 | (2,656) | 4,110 |
| 2023 | (7,547) | 4,110 |
| 2024 | (3,020) | 4,110 |
| Thereafter | - | (21,406) |
| Totals | \$ (18,535) | \$ (856) |

City of West University Place, Texas

Notes to the Financial Statements

Note 12. Subsequent Events

On January 1, 2020, the City issued \$10,780,000 in General Obligation Refunding Bonds, Series 2020. The bonds mature in varying amounts from 2021 through 2028 with coupons ranging from 2.00% to 4.00%. The proceeds from the sale of the bonds will be used to refund a portion of the City's outstanding obligations to achieve debt service savings.

The extent of the operational and financial impact the COVID-19 pandemic may have on the City has yet to be determined and is dependent on its duration and spread, any related operational restrictions and the overall economy. The City is unable to accurately predict how COVID-19 will affect the results of its operations because the virus's severity and the duration of the pandemic are uncertain.

Required Supplementary Information

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City of West University Place, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 General Fund
 For the Fiscal Year Ended December 31, 2019

| | Budget | | Actual | Variance Positive (Negative) |
|--|---------------------|---------------------|---------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Taxes: | | | | |
| Ad valorem taxes | \$ 11,920,468 | \$ 11,920,468 | \$ 11,868,672 | \$ (51,796) |
| Sales taxes | 1,110,900 | 1,110,900 | 1,300,764 | 189,864 |
| Franchise taxes | 1,085,500 | 1,085,500 | 1,093,925 | 8,425 |
| Other taxes | 14,000 | 14,000 | 11,219 | (2,781) |
| Permits, licenses, and fees | 527,500 | 527,500 | 727,588 | 200,088 |
| Fines and forfeitures | 154,200 | 154,200 | 266,661 | 112,461 |
| Charges for services | 2,931,200 | 2,931,200 | 3,569,378 | 638,178 |
| Intergovernmental | 26,250 | 26,250 | 50,188 | 23,938 |
| Investment earnings | 214,000 | 214,000 | 341,792 | 127,792 |
| Other revenues | 398,000 | 397,996 | 320,465 | (77,531) |
| | <u>18,382,018</u> | <u>18,382,014</u> | <u>19,550,652</u> | <u>1,168,638</u> |
| EXPENDITURES | | | | |
| General government: | | | | |
| Administration | 1,623,685 | 1,673,685 | 1,487,015 | 186,670 |
| Finance | 2,207,500 | 2,887,500 | 2,878,096 | 9,404 |
| | <u>3,831,185</u> | <u>4,561,185</u> | <u>4,365,111</u> | <u>196,074</u> |
| Public safety: | | | | |
| Police | 5,177,650 | 5,263,936 | 4,541,087 | 722,849 |
| Fire | 3,589,450 | 3,589,450 | 3,562,844 | 26,606 |
| | <u>8,767,100</u> | <u>8,853,386</u> | <u>8,103,931</u> | <u>749,455</u> |
| Public works | 3,247,150 | 3,277,550 | 2,992,671 | 284,879 |
| Public services | 4,059,200 | 4,060,892 | 4,072,759 | (11,867) |
| | <u>19,904,635</u> | <u>20,753,013</u> | <u>19,534,472</u> | <u>1,218,541</u> |
| Excess (deficiency) of revenues over expenditures | (1,522,617) | (2,370,999) | 16,180 | 2,387,179 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 1,560,000 | 1,560,000 | 1,646,954 | 86,954 |
| Sale of capital assets | - | - | 206 | 206 |
| | <u>1,560,000</u> | <u>1,560,000</u> | <u>1,647,160</u> | <u>87,160</u> |
| Net change in fund balance | 37,383 | (810,999) | 1,663,340 | 2,474,339 |
| Fund balance, beginning of year | 8,233,958 | 8,233,958 | 8,233,958 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 8,271,341</u> | <u>\$ 7,422,959</u> | <u>\$ 9,897,298</u> | <u>\$ 2,474,339</u> |

See Notes to Required Supplementary Information.

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, 2019*

| | Measurement Year | | |
|---|----------------------|----------------------|----------------------|
| | 2018 | 2017 | 2016 |
| TOTAL PENSION LIABILITY | | | |
| Service cost | \$ 1,476,922 | \$ 1,517,363 | \$ 1,441,040 |
| Interest | 3,341,122 | 3,188,261 | 3,051,656 |
| Differences between expected and actual experience | 27,091 | 198,868 | (154,304) |
| Changes of assumptions | - | - | - |
| Benefit payments, including refunds of employee contributions | (2,573,516) | (2,665,812) | (2,039,745) |
| Net change in total pension liability | 2,271,619 | 2,238,680 | 2,298,647 |
| Total pension liability - beginning | 50,046,405 | 47,807,725 | 45,509,078 |
| TOTAL PENSION LIABILITY - ENDING (a) | \$ 52,318,024 | \$ 50,046,405 | \$ 47,807,725 |
| PLAN FIDUCIARY NET POSITION | | | |
| Contributions - employer | \$ 1,280,159 | \$ 1,261,304 | \$ 1,139,861 |
| Contributions - employee | 660,639 | 651,628 | 621,904 |
| Net investment income | (1,353,511) | 5,596,814 | 2,575,734 |
| Benefit payments, including refunds of employee contributions | (2,573,516) | (2,665,812) | (2,039,745) |
| Administrative expense | (26,172) | (29,014) | (29,101) |
| Other | (1,367) | (1,470) | (1,568) |
| Net change in plan fiduciary net position | (2,013,768) | 4,813,450 | 2,267,085 |
| Plan fiduciary net position - beginning | 45,208,030 | 40,394,580 | 38,127,495 |
| PLAN FIDUCIARY NET POSITION - ENDING (b) | \$ 43,194,262 | \$ 45,208,030 | \$ 40,394,580 |
| NET PENSION LIABILITY - ENDING (a)-(b) | \$ 9,123,762 | \$ 4,838,375 | \$ 7,413,145 |
| Plan fiduciary net position as a percentage of total pension liability | 82.56% | 90.33% | 84.49% |
| Covered payroll | \$ 9,437,204 | \$ 9,268,285 | \$ 8,884,334 |
| Net pension liability as a percentage of covered payroll | 96.68% | 52.20% | 83.44% |

* 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 plan measurement date (December 31 of the prior year).

| <u>Measurement Year</u> | |
|-------------------------|----------------------|
| <u>2015</u> | <u>2014</u> |
| \$ 1,417,162 | \$ 1,163,400 |
| 2,907,623 | 2,744,057 |
| 485,089 | 440,869 |
| 946,917 | - |
| <u>(2,153,197)</u> | <u>(2,123,925)</u> |
| 3,603,594 | 2,224,401 |
| <u>41,905,484</u> | <u>39,681,083</u> |
| <u>\$ 45,509,078</u> | <u>\$ 41,905,484</u> |
| | |
| \$ 1,046,460 | \$ 799,153 |
| 614,567 | 550,058 |
| 56,952 | 2,131,607 |
| (2,153,197) | (2,123,925) |
| (34,692) | (22,258) |
| <u>(1,713)</u> | <u>(1,830)</u> |
| (471,623) | 1,332,805 |
| <u>38,599,118</u> | <u>37,266,313</u> |
| <u>\$ 38,127,495</u> | <u>\$ 38,599,118</u> |
| | |
| <u>\$ 7,381,583</u> | <u>\$ 3,306,366</u> |
| | |
| 83.78% | 92.11% |
| | |
| \$ 8,767,969 | \$ 7,803,300 |
| | |
| 84.19% | 42.37% |

City of West University Place, Texas
 Schedule of the City's Contributions -
 Texas Municipal Retirement System
 For the Fiscal Year Ended December 31, 2019*

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|--------------------|--------------------|--------------------|--------------------|
| Actuarially determined contribution | \$ 1,248,609 | \$ 1,280,642 | \$ 1,255,853 | \$ 1,139,862 |
| Contributions in relation to the actuarially determined contribution | <u>(1,248,609)</u> | <u>(1,280,642)</u> | <u>(1,255,853)</u> | <u>(1,139,862)</u> |
| CONTRIBUTIONS DEFICIENCY (EXCESS) | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| Covered payroll | \$ 9,724,372 | \$ 9,438,496 | \$ 9,268,285 | \$ 8,884,334 |
| Contributions as a percentage of covered payroll | 12.84% | 13.57% | 13.55% | 12.83% |

* GASB Statement No. 68 requires 10 years of data; however, six 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).

| <u>2015</u> | <u>2014</u> |
|--------------------|------------------|
| \$ 1,045,142 | \$ 799,153 |
| <u>(1,045,142)</u> | <u>(799,153)</u> |
| <u>\$ -</u> | <u>\$ -</u> |
| \$ 8,767,969 | \$ 7,803,300 |
| 11.92% | 10.24% |

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, 2019*

| | Measurement Year | |
|---|-------------------|-------------------|
| | 2018 | 2017 |
| TOTAL OPEB LIABILITY | | |
| Service cost | \$ 16,043 | \$ 13,963 |
| Interest on total OPEB liability | 15,703 | 15,533 |
| Difference between expected and actual experience | (18,010) | - |
| Changes of assumptions | (33,730) | 37,637 |
| Benefit payments | (4,719) | (4,654) |
| Net change in total OPEB liability | (24,713) | 62,479 |
| Total OPEB liability - beginning | 468,746 | 406,267 |
| TOTAL OPEB LIABILITY - ENDING | \$ 444,033 | \$ 468,746 |
| Covered payroll | \$ 9,437,204 | \$ 9,268,285 |
| Total OPEB liability as a percentage of covered payroll | 4.71% | 5.06% |

* GASB Statement No. 75 requires 10 years of data; however, two years 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).

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, 2019*

| | <u>Measurement Year</u> | |
|---|-------------------------|---------------------|
| | <u>2018</u> | <u>2017</u> |
| TOTAL OPEB LIABILITY | | |
| Service cost | \$ 108,738 | \$ 97,428 |
| Interest on total OPEB liability | 137,266 | 148,390 |
| Difference between expected and actual experience | (8,500) | - |
| Changes of assumptions | (142,721) | 180,101 |
| Benefit payments | <u>(183,211)</u> | <u>(175,442)</u> |
| Net change in total OPEB liability | (88,428) | 250,477 |
| Total OPEB liability - beginning | <u>4,184,242</u> | <u>3,933,765</u> |
| TOTAL OPEB LIABILITY - ENDING | <u>\$ 4,095,814</u> | <u>\$ 4,184,242</u> |
| Covered-employee payroll | \$ 4,355,388 | \$ 4,661,508 |
| Total OPEB liability as a percentage of covered payroll | 94.04% | 89.76% |

* GASB Statement No. 75 requires 10 years of data; however, two years 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).

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City of West University Place, Texas
Notes to Required Supplementary Information

Note 1. Schedule of Revenues, Expenditures, and Changes in Fund Balance – Budget and Actual – General Fund

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

For the year ended December 31, 2019, there was an excess of expenditures over appropriations at the departmental level for Public Services in the General Fund.

Note 2. Pension

Schedule of Changes in the Net Pension Liability and Related Ratios – Texas Municipal Retirement System

The following actuarial assumptions affect trends in the amounts reported for the total pension liability:

| Measurement Date: | December 31, 2015 - | |
|---|--------------------------|--------------------------|
| | <u>December 31, 2018</u> | <u>December 31, 2014</u> |
| Inflation | 2.50% | 3.00% |
| Investment rate of return (net of pension plan investment expense, including inflation) | 6.75% | 7.00% |
| Discount rate | 6.75% | 7.00% |

Schedule of the City's Contributions - Texas Municipal Retirement System

The following methods and assumptions were used to determine contribution rates:

| Fiscal Years: | <u>December 31, 2016 - December 31, 2019</u> | <u>December 31, 2014 - December 31, 2015</u> |
|-------------------------------|--|--|
| Actuarial cost method | Entry age normal | Entry age normal |
| Amortization method | Level percentage of payroll, closed | Level percentage of payroll, closed |
| Remaining amortization period | 30 years as of December 31, 2016; declining annually to 27 years as of December 31, 2019 | 30 years |
| Asset valuation method | 10 year smoothed market, 15% soft corridor | 10 year smoothed market, 15% soft corridor |
| Inflation | 2.50% | 3.00% |
| Salary increases | 3.5% to 10.5%, including inflation | 3.5% to 12%, including inflation |
| Investment rate of return | 6.75% | 7.00% |
| 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. | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2010 valuation pursuant to an experience study of the period 2005 - 2009. |
| Mortality | RP2000 Combined Mortality Table with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. | RP2000 Combined Mortality Table with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB. |

City of West University Place, Texas
Notes to Required Supplementary Information

Other Information

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

There were no benefit changes during the periods presented.

Note 3. Other Postemployment Benefits

The following actuarial assumptions affect trends in the amounts reported for the total other postemployment benefits liabilities:

| Measurement Date: | <u>December 31, 2018</u> | <u>December 31, 2017</u> |
|-------------------|--------------------------|--------------------------|
| Discount rate | 3.71% | 3.31% |

Other Information

The City's OPEB plans are considered to be unfunded plans, as there are no assets accumulated in a trust to pay related benefits. Therefore plan fiduciary net position and related ratios are not reported in the accompanying schedules for the City's OPEB plans.

There were no benefit changes during the periods presented.

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, 2019

| | Budget | | Actual | Variance Positive (Negative) |
|--|-------------------|-------------------|-------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Ad valorem taxes | \$ 7,683,654 | \$ 7,683,654 | \$ 7,683,695 | \$ 41 |
| Investment earnings | 13,900 | 13,900 | 4,492 | (9,408) |
| Total revenues | 7,697,554 | 7,697,554 | 7,688,187 | (9,367) |
| EXPENDITURES | | | | |
| Debt Service: | | | | |
| Principal | 7,910,000 | 7,910,000 | 7,910,000 | - |
| Interest and fiscal agent fees | 929,492 | 929,492 | 926,095 | 3,397 |
| Bond Issuance Costs | 50,000 | 50,000 | 4,747 | 45,253 |
| Total expenditures | 8,889,492 | 8,889,492 | 8,840,842 | 48,650 |
| Excess (deficiency) of revenues over expenditures | (1,191,938) | (1,191,938) | (1,152,655) | 39,283 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers In | 1,196,038 | 1,196,038 | 1,200,785 | 4,747 |
| Total other financing sources (uses) | 1,196,038 | 1,196,038 | 1,200,785 | 4,747 |
| Net change in fund balance | 4,100 | 4,100 | 48,130 | 44,030 |
| Fund balance, beginning of year | 868,291 | 868,291 | 868,291 | - |
| FUND BALANCE, END OF YEAR | \$ 872,391 | \$ 872,391 | \$ 916,421 | \$ 44,030 |

City of West University Place, Texas

Nonmajor Governmental Funds

December 31, 2019

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.

City of West University Place, Texas

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2019

| | Parks | Friends of the Parks | Tree Replacement | Court Technology/ Security |
|--|------------------|-------------------------|---------------------|----------------------------------|
| ASSETS | | | | |
| Current assets: | | | | |
| Cash and cash equivalents | \$ 45,349 | \$ 915,989 | \$ 128,656 | \$ 34,257 |
| Investments | 46,281 | 459,992 | 131,302 | 34,961 |
| Receivables, net of allowances | - | - | - | - |
| Total assets | \$ 91,630 | \$ 1,375,981 | \$ 259,958 | \$ 69,218 |
| LIABILITIES AND FUND BALANCES | | | | |
| Liabilities: | | | | |
| Accounts payable and accrued liabilities | \$ 346 | \$ - | \$ - | \$ 12 |
| Total liabilities | 346 | - | - | 12 |
| Fund Balances: | | | | |
| Restricted for: | | | | |
| Enabling legislation | - | - | - | 69,206 |
| City parks | 91,284 | 1,375,981 | - | - |
| METRO | - | - | - | - |
| Tree replacement | - | - | 259,958 | - |
| Total fund balances | 91,284 | 1,375,981 | 259,958 | 69,206 |
| TOTAL LIABILITIES AND FUND BALANCES | \$ 91,630 | \$ 1,375,981 | \$ 259,958 | \$ 69,218 |

| <u>METRO</u> | <u>Total Nonmajor Governmental Funds</u> |
|-------------------|--|
| \$ 12,836 | \$ 1,137,087 |
| 13,099 | 685,635 |
| <u>145,812</u> | <u>145,812</u> |
| <u>\$ 171,747</u> | <u>\$ 1,968,534</u> |
| | |
| <u>\$ -</u> | <u>\$ 358</u> |
| - | 358 |
| | |
| - | 69,206 |
| - | 1,467,265 |
| 171,747 | 171,747 |
| - | 259,958 |
| <u>171,747</u> | <u>1,968,176</u> |
| <u>\$ 171,747</u> | <u>\$ 1,968,534</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, 2019

| | Parks | Friends of the Parks | Tree Replacement | Court Technology/ Security |
|--|------------------|-------------------------|---------------------|----------------------------------|
| REVENUES | | | | |
| Permits, licenses, and fees | \$ - | \$ - | \$ 23,713 | \$ - |
| Fines and forfeitures | - | - | - | 17,492 |
| Intergovernmental | - | - | - | - |
| Contributions | 48,130 | 574,427 | - | - |
| Investment earnings | 2,287 | 8,358 | 6,262 | 1,510 |
| Other revenues | 1,029 | 59 | - | - |
| Total revenues | 51,446 | 582,844 | 29,975 | 19,002 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | - | - | - | 6,750 |
| Public works | - | - | 50,362 | - |
| Public services | 72,474 | 316,239 | - | - |
| Capital outlay | 240,211 | - | - | - |
| Total expenditures | 312,685 | 316,239 | 50,362 | 6,750 |
| Excess (deficiency) of revenues over (under) expenditures | (261,239) | 266,605 | (20,387) | 12,252 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 242,654 | - | - | - |
| Transfers out | - | (242,654) | - | - |
| Total other financing sources (uses) | 242,654 | (242,654) | - | - |
| Net change in fund balances | (18,585) | 23,951 | (20,387) | 12,252 |
| Fund balances, beginning of year | 109,869 | 1,352,030 | 280,345 | 56,954 |
| FUND BALANCE, END OF YEAR | \$ 91,284 | \$ 1,375,981 | \$ 259,958 | \$ 69,206 |

| METRO | Total Nonmajor Governmental Funds |
|-------------------|---|
| \$ - | \$ 23,713 |
| - | 17,492 |
| 650,382 | 650,382 |
| - | 622,557 |
| 213 | 18,630 |
| - | 1,088 |
| <u>650,595</u> | <u>1,333,862</u> |
| - | 6,750 |
| - | 50,362 |
| - | 388,713 |
| <u>-</u> | <u>240,211</u> |
| <u>-</u> | <u>686,036</u> |
| 650,595 | 647,826 |
| - | 242,654 |
| <u>(600,000)</u> | <u>(842,654)</u> |
| <u>(600,000)</u> | <u>(600,000)</u> |
| 50,595 | 47,826 |
| <u>121,152</u> | <u>1,920,350</u> |
| <u>\$ 171,747</u> | <u>\$ 1,968,176</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, 2019

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|------------------|------------------|------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Contributions | \$ 45,500 | \$ 45,500 | \$ 48,130 | \$ 2,630 |
| Investment earnings | 1,400 | 1,400 | 2,287 | 887 |
| Other revenues | - | 88,000 | 243,683 * | 155,683 |
| Total revenues | 46,900 | 134,900 | 294,100 | 159,200 |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public services | 77,200 | 77,200 | 72,474 | 4,726 |
| Capital outlay | - | 88,000 | 240,211 | (152,211) |
| Total expenditures | 77,200 | 165,200 | 312,685 | (147,485) |
| Net change in fund balance | (30,300) | (30,300) | (18,585) | 11,715 |
| Fund balance, beginning of year | 109,869 | 109,869 | 109,869 | - |
| FUND BALANCE, END OF YEAR | <u>\$ 79,569</u> | <u>\$ 79,569</u> | <u>\$ 91,284</u> | <u>\$ 11,715</u> |

* Budget is prepared on a basis consistent with GAAP with the exception of GAAP-basis transfers which are reported as other revenues for budgetary purposes.

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, 2019

| | Budget | | Actual | Variance |
|----------------------------------|-------------------|-------------------|-------------------|------------------------|
| | Original | Final | | Positive (Negative) |
| REVENUES | | | | |
| Permits, licenses, and fees | \$ 30,000 | \$ 30,000 | \$ 23,713 | \$ (6,287) |
| Investment earnings | 3,800 | 3,800 | 6,262 | 2,462 |
| Total revenues | 33,800 | 33,800 | 29,975 | (3,825) |
| EXPENDITURES | | | | |
| Current: | | | | |
| Public works | 35,000 | 35,000 | 50,362 | (15,362) |
| Total expenditures | 35,000 | 35,000 | 50,362 | (15,362) |
| Net change in fund balance | (1,200) | (1,200) | (20,387) | (19,187) |
| Fund balance, beginning of year | 280,345 | 280,345 | 280,345 | - |
| FUND BALANCE, END OF YEAR | \$ 279,145 | \$ 279,145 | \$ 259,958 | \$ (19,187) |

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, 2019

| | Budget | | Actual | Variance Positive (Negative) |
|----------------------------------|------------------|------------------|------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Fines and forfeitures | \$ 9,500 | \$ 9,500 | \$ 17,492 | \$ 7,992 |
| Investment earnings | 600 | 600 | 1,510 | 910 |
| Total revenues | 10,100 | 10,100 | 19,002 | 8,902 |
| EXPENDITURES | | | | |
| Current: | | | | |
| General government | 8,750 | 8,750 | 6,750 | 2,000 |
| Total expenditures | 8,750 | 8,750 | 6,750 | 2,000 |
| Net change in fund balance | 1,350 | 1,350 | 12,252 | 10,902 |
| Fund balance, beginning of year | 56,954 | 56,954 | 56,954 | - |
| FUND BALANCE, END OF YEAR | \$ 58,304 | \$ 58,304 | \$ 69,206 | \$ 10,902 |

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, 2019

| | Budget | | Actual | Variance Positive (Negative) |
|---------------------------------------|------------------|------------------|-------------------|------------------------------------|
| | Original | Final | | |
| REVENUES | | | | |
| Intergovernmental | \$ 555,500 | \$ 555,500 | \$ 650,382 | \$ 94,882 |
| Investment earnings | 1,800 | 1,800 | 213 | (1,587) |
| Total revenues | 557,300 | 557,300 | 650,595 | 93,295 |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers out | (600,000) | (600,000) | (600,000) | - |
| Total other financing sources (uses) | (600,000) | (600,000) | (600,000) | - |
| Net change in fund balance | (42,700) | (42,700) | 50,595 | 93,295 |
| Fund balance, beginning of year | 121,152 | 121,152 | 121,152 | - |
| FUND BALANCE, END OF YEAR | \$ 78,452 | \$ 78,452 | \$ 171,747 | \$ 93,295 |

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City of West University Place, Texas

Internal Service Funds

December 31, 2019

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, 2019

| | <u>Vehicle Replacement</u> | <u>Equipment Replacement</u> |
|--|--------------------------------|----------------------------------|
| ASSETS | | |
| Current assets: | | |
| Cash and cash equivalents | \$ 1,456,578 | \$ 1,268,762 |
| Investments | 1,486,535 | 1,294,857 |
| Due from other funds | - | - |
| Prepays | - | - |
| | <hr/> | <hr/> |
| Total current assets | 2,943,113 | 2,563,619 |
| Noncurrent assets: | | |
| Capital assets: | | |
| Machinery and equipment | 3,505,854 | 784,770 |
| Less: accumulated depreciation | <u>(2,460,218)</u> | <u>(150,754)</u> |
| | <hr/> | <hr/> |
| Total capital assets (net of accumulated depreciation) | 1,045,636 | 634,016 |
| | <hr/> | <hr/> |
| Total noncurrent assets | 1,045,636 | 634,016 |
| | <hr/> | <hr/> |
| Total assets | 3,988,749 | 3,197,635 |
| 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 | 65,210 | - |
| Due to other funds | - | - |
| Compensated absences | - | - |
| | <hr/> | <hr/> |
| Total current liabilities | 65,210 | - |
| Noncurrent liabilities: | | |
| Net pension liability | - | - |
| Other postemployment benefits liability | - | - |
| | <hr/> | <hr/> |
| Total noncurrent liabilities | - | - |
| | <hr/> | <hr/> |
| Total liabilities | 65,210 | - |
| DEFERRED INFLOWS OF RESOURCES | | |
| Deferred inflows - pension | - | - |
| Deferred inflows - other postemployment benefits | - | - |
| | <hr/> | <hr/> |
| Total deferred inflows of resources | - | - |
| NET POSITION | | |
| Net investment in capital assets | 1,045,636 | 634,016 |
| Unrestricted | <u>2,877,903</u> | <u>2,563,619</u> |
| | <hr/> | <hr/> |
| TOTAL NET POSITION | <u>\$ 3,923,539</u> | <u>\$ 3,197,635</u> |

| <u>Employee Benefits</u> | <u>Technology Management</u> | <u>Total Internal Service Funds</u> |
|--------------------------|------------------------------|-------------------------------------|
| \$ 688,671 | \$ 261,957 | \$ 3,675,968 |
| 700,284 | 267,344 | 3,749,020 |
| 64,002 | - | 64,002 |
| 202,945 | 94,884 | 297,829 |
| <hr/> | <hr/> | <hr/> |
| 1,655,902 | 624,185 | 7,786,819 |
| - | 433,653 | 4,724,277 |
| - | (357,781) | (2,968,753) |
| <hr/> | <hr/> | <hr/> |
| - | 75,872 | 1,755,524 |
| <hr/> | <hr/> | <hr/> |
| - | 75,872 | 1,755,524 |
| <hr/> | <hr/> | <hr/> |
| 1,655,902 | 700,057 | 9,542,343 |
| - | 172,673 | 172,673 |
| - | 14,936 | 14,936 |
| <hr/> | <hr/> | <hr/> |
| - | 187,609 | 187,609 |
| 24,433 | 35,455 | 125,098 |
| - | 2,707 | 2,707 |
| - | 18,336 | 18,336 |
| <hr/> | <hr/> | <hr/> |
| 24,433 | 56,498 | 146,141 |
| - | 426,679 | 426,679 |
| - | 212,308 | 212,308 |
| <hr/> | <hr/> | <hr/> |
| - | 638,987 | 638,987 |
| <hr/> | <hr/> | <hr/> |
| 24,433 | 695,485 | 785,128 |
| - | 1,679 | 1,679 |
| - | 8,030 | 8,030 |
| <hr/> | <hr/> | <hr/> |
| - | 9,709 | 9,709 |
| - | 75,872 | 1,755,524 |
| 1,631,469 | 106,600 | 7,179,591 |
| <hr/> | <hr/> | <hr/> |
| <u>\$ 1,631,469</u> | <u>\$ 182,472</u> | <u>\$ 8,935,115</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, 2019

| | <u>Vehicle Replacement</u> | <u>Equipment Replacement</u> |
|---|--------------------------------|----------------------------------|
| OPERATING REVENUES | | |
| Charges for sales and services | \$ 648,300 | \$ 575,400 |
| Other revenues | 36,693 | 4,908 |
| | <hr/> | <hr/> |
| Total operating revenues | 684,993 | 580,308 |
| OPERATING EXPENSES | | |
| Costs of sales and services | - | - |
| Personnel | - | - |
| Repairs and maintenance | 38,897 | 7,841 |
| Depreciation | 213,520 | 72,405 |
| | <hr/> | <hr/> |
| Total operating expenses | 252,417 | 80,246 |
| Operating income | 432,576 | 500,062 |
| NONOPERATING REVENUES (EXPENSES) | | |
| Investment earnings | 66,044 | 55,530 |
| Gain on sale of capital assets | 15,850 | 1,875 |
| | <hr/> | <hr/> |
| Total nonoperating revenues (expenses) | 81,894 | 57,405 |
| Change in net position | 514,470 | 557,467 |
| Net position - beginning | 3,409,069 | 2,640,168 |
| | <hr/> | <hr/> |
| NET POSITION, END OF YEAR | <u>\$ 3,923,539</u> | <u>\$ 3,197,635</u> |

| <u>Employee Benefits</u> | <u>Technology Management</u> | <u>Total Internal Service Funds</u> |
|------------------------------|----------------------------------|---|
| \$ 2,354,682 | \$ 1,617,100 | \$ 5,195,482 |
| - | 651 | 42,252 |
| <hr/> | <hr/> | <hr/> |
| 2,354,682 | 1,617,751 | 5,237,734 |
| | | |
| 2,290,038 | 873,581 | 3,163,619 |
| - | 616,471 | 616,471 |
| - | 34,936 | 81,674 |
| - | 36,625 | 322,550 |
| <hr/> | <hr/> | <hr/> |
| 2,290,038 | 1,561,613 | 4,184,314 |
| | | |
| 64,644 | 56,138 | 1,053,420 |
| | | |
| 30,895 | 10,494 | 162,963 |
| - | - | 17,725 |
| <hr/> | <hr/> | <hr/> |
| 30,895 | 10,494 | 180,688 |
| | | |
| 95,539 | 66,632 | 1,234,108 |
| | | |
| 1,535,930 | 115,840 | 7,701,007 |
| <hr/> | <hr/> | <hr/> |
| \$ 1,631,469 | \$ 182,472 | \$ 8,935,115 |

City of West University Place, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2019

| | <u>Vehicle Replacement</u> | <u>Equipment Replacement</u> |
|--|--------------------------------|----------------------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Cash received from customers and users | \$ 36,693 | \$ 4,908 |
| Cash received from interfund charges for services | 648,300 | 575,400 |
| Cash payments to suppliers | (38,897) | (324,911) |
| Cash payments to employees | - | - |
| | <hr/> | <hr/> |
| Net cash provided by operating activities | 646,096 | 255,397 |
| CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES | | |
| Acquisition and construction of capital assets | (406,852) | (196,382) |
| Proceeds from sale of capital assets | 15,850 | 1,875 |
| | <hr/> | <hr/> |
| Net cash used for capital and related financing activities | (391,002) | (194,507) |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| (Purchase) sale of investments, net | (131,377) | (30,032) |
| Interest on investments | 66,044 | 55,530 |
| | <hr/> | <hr/> |
| Net cash provided by (used for) investing activities | (65,333) | 25,498 |
| Net increase in cash and cash equivalents | 189,761 | 86,388 |
| Cash and cash equivalents, beginning balance | 1,266,817 | 1,182,374 |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS, ENDING BALANCE | <u>\$ 1,456,578</u> | <u>\$ 1,268,762</u> |
| RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES | | |
| Operating income | \$ 432,576 | \$ 500,062 |
| Adjustments to reconcile operating income to cash provided by operating activities: | | |
| Depreciation and amortization | 213,520 | 72,405 |
| Changes in assets, liabilities and related deferrals: | | |
| (Increase) decrease in assets and deferred outflows: | | |
| Receivables, net of allowances | - | - |
| 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 | - | (317,070) |
| Due to other funds | - | - |
| Compensated absences | - | - |
| Net pension liability | - | - |
| Other postemployment benefits liability | - | - |
| Deferred inflows - pension | - | - |
| Deferred inflows - other postemployment benefits | - | - |
| | <hr/> | <hr/> |
| NET CASH PROVIDED BY OPERATING ACTIVITIES | <u>\$ 646,096</u> | <u>\$ 255,397</u> |

| <u>Employee Benefits</u> | <u>Technology Management</u> | <u>Total Internal Service Funds</u> |
|--------------------------|------------------------------|-------------------------------------|
| \$ - | \$ 651 | \$ 42,252 |
| 2,365,586 | 1,618,706 | 5,207,992 |
| (2,273,916) | (872,118) | (3,509,842) |
| - | (604,014) | (604,014) |
| <hr/> | <hr/> | <hr/> |
| 91,670 | 143,225 | 1,136,388 |
| - | (18,780) | (622,014) |
| - | - | 17,725 |
| <hr/> | <hr/> | <hr/> |
| - | (18,780) | (604,289) |
| (47,047) | (63,520) | (271,976) |
| 30,895 | 10,494 | 162,963 |
| <hr/> | <hr/> | <hr/> |
| (16,152) | (53,026) | (109,013) |
| 75,518 | 71,419 | 423,086 |
| 613,153 | 190,538 | 3,252,882 |
| <hr/> | <hr/> | <hr/> |
| \$ 688,671 | \$ 261,957 | \$ 3,675,968 |
| <hr/> | <hr/> | <hr/> |
| \$ 64,644 | \$ 56,138 | \$ 1,053,420 |
| - | 36,625 | 322,550 |
| - | 1,606 | 1,606 |
| 10,904 | - | 10,904 |
| 28,318 | 42,560 | 70,878 |
| - | (97,150) | (97,150) |
| - | 2,012 | 2,012 |
| (12,196) | (5,159) | (334,425) |
| - | (1,002) | (1,002) |
| - | (61,116) | (61,116) |
| - | 209,855 | 209,855 |
| - | 3,792 | 3,792 |
| - | (52,966) | (52,966) |
| - | 8,030 | 8,030 |
| <hr/> | <hr/> | <hr/> |
| \$ 91,670 | \$ 143,225 | \$ 1,136,388 |

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Statistical Section

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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.

Page

Financial Trends – Schedules 1-4

105

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 5-9

115

These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity – Schedules 10-14

125

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 15-16

135

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 17-19

138

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>2019</u> | <u>2018</u> | <u>2017*</u> | <u>2016</u> |
|--|----------------------|----------------------|----------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| Net investment in capital assets | \$ 57,517,577 | \$ 54,149,042 | \$ 48,398,572 | \$ 42,663,233 |
| Restricted | 2,997,088 | 2,869,031 | 3,030,359 | 2,543,238 |
| Unrestricted | 14,145,667 | 9,048,261 | 6,074,327 | 7,093,032 |
| TOTAL GOVERNMENTAL ACTIVITIES NET POSITION | <u>\$ 74,660,332</u> | <u>\$ 66,066,334</u> | <u>\$ 57,503,258</u> | <u>\$ 52,299,503</u> |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Net investment in capital assets | \$ 17,377,397 | \$ 18,646,517 | \$ 20,050,471 | \$ 21,128,592 |
| Restricted | - | - | - | - |
| Unrestricted | 4,117,325 | 3,262,797 | 2,049,800 | 2,207,920 |
| TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION | <u>\$ 21,494,722</u> | <u>\$ 21,909,314</u> | <u>\$ 22,100,271</u> | <u>\$ 23,336,512</u> |
| PRIMARY GOVERNMENT | | | | |
| Net investment in capital assets | \$ 74,894,974 | \$ 72,795,559 | \$ 68,449,043 | \$ 63,791,825 |
| Restricted | 2,997,088 | 2,869,031 | 3,030,359 | 2,543,238 |
| Unrestricted | 18,262,992 | 12,311,058 | 8,124,127 | 9,300,952 |
| TOTAL PRIMARY GOVERNMENT NET POSITION | <u>\$ 96,155,054</u> | <u>\$ 87,975,648</u> | <u>\$ 79,603,529</u> | <u>\$ 75,636,015</u> |

*Restated balances

Schedule 1

| 2015* | 2014* | 2013 | 2012* | 2011* | 2010 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 41,205,468 | \$ 38,347,094 | \$ 34,881,486 | \$ 31,464,253 | \$ 30,510,547 | \$ 25,112,652 |
| 2,246,833 | 1,580,648 | 2,197,619 | 2,260,764 | 1,315,036 | 1,977,589 |
| 6,835,390 | 4,384,210 | 2,782,110 | 1,987,281 | 872,283 | 5,341,671 |
| <u>\$ 50,287,691</u> | <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> |
| \$ 19,314,692 | \$ 20,173,279 | \$ 20,285,944 | \$ 21,320,705 | \$ 21,612,826 | \$ 22,196,178 |
| 725,000 | 695,000 | 675,000 | 645,000 | 720,000 | 785,000 |
| 810,299 | 3,029,424 | 4,634,652 | 3,965,913 | 4,000,276 | 2,343,524 |
| <u>\$ 20,849,991</u> | <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> |
| \$ 60,520,160 | \$ 58,520,373 | \$ 55,167,430 | \$ 52,784,958 | \$ 52,123,373 | \$ 47,308,830 |
| 2,971,833 | 2,275,648 | 2,872,619 | 2,905,764 | 2,035,036 | 2,762,589 |
| 7,645,689 | 7,413,634 | 7,416,762 | 5,953,194 | 4,872,559 | 7,685,195 |
| <u>\$ 71,137,682</u> | <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> |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-------------------------------|-------------------------------|-------------------------------|-------------------------------|
| EXPENSES | | | | |
| Governmental activities: | | | | |
| General government | \$ 4,197,072 | \$ 3,805,870 | \$ 3,880,070 | \$ 3,871,442 |
| Public safety | 8,400,062 | 8,172,672 | 8,090,377 | 7,563,086 |
| Public works | 4,747,662 | 4,628,774 | 4,872,132 | 4,603,321 |
| Public services | 5,178,811 | 4,616,244 | 4,527,049 | 4,518,987 |
| Interest and fiscal agent fees on long-term debt | 1,266,808 | 1,354,716 | 1,496,068 | 1,767,154 |
| Total governmental activities expenses | <u>23,790,415</u> | <u>22,578,276</u> | <u>22,865,696</u> | <u>22,323,990</u> |
| Business-type activities: | | | | |
| Water and sewer | 6,238,797 | 5,966,645 | 6,125,682 | 6,582,306 |
| Solid waste | 1,380,365 | 1,322,894 | 1,392,583 | 1,277,986 |
| Total business-type activities expenses | <u>7,619,162</u> | <u>7,289,539</u> | <u>7,518,265</u> | <u>7,860,292</u> |
| TOTAL EXPENSES | <u>\$ 31,409,577</u> | <u>\$ 29,867,815</u> | <u>\$ 30,383,961</u> | <u>\$ 30,184,282</u> |
| PROGRAM REVENUES | | | | |
| Governmental activities: | | | | |
| Charges for services: | | | | |
| Public safety | \$ 1,248,210 | \$ 1,402,809 | \$ 174,386 | \$ 142,624 |
| Public works | 981,741 | 913,079 | 588,353 | 555,453 |
| Public services | 2,409,440 | 1,918,415 | 2,959,471 | 2,638,584 |
| Operating grants and contributions | 1,992,389 | 1,647,584 | 1,278,517 | 546,599 |
| Capital grants and contributions | - | - | 1,600,000 | 579,630 |
| Total governmental activities program revenues | <u>6,631,780</u> | <u>5,881,887</u> | <u>6,600,727</u> | <u>4,462,890</u> |
| Business-type activities: | | | | |
| Charges for services: | | | | |
| Water and sewer | 8,094,209 | 7,900,773 | 7,544,895 | 7,172,469 |
| Solid waste | 1,732,201 | 1,750,775 | 1,782,041 | 1,821,191 |
| Operating grants and contributions | 46,835 | 74,545 | - | - |
| Capital grants and contributions | - | - | 67,892 | - |
| Total business-type activities program revenues | <u>9,873,245</u> | <u>9,726,093</u> | <u>9,394,828</u> | <u>8,993,660</u> |
| TOTAL PROGRAM REVENUES | <u>\$ 16,505,025</u> | <u>\$ 15,607,980</u> | <u>\$ 15,995,555</u> | <u>\$ 13,456,550</u> |
| NET (EXPENSE)/REVENUE | | | | |
| Governmental activities | \$ (17,158,635) | \$ (16,696,389) | \$ (16,264,969) | \$ (17,861,100) |
| Business-type activities | <u>2,254,083</u> | <u>2,436,554</u> | <u>1,876,563</u> | <u>1,133,368</u> |
| TOTAL NET EXPENSE | <u>\$ (14,904,552)</u> | <u>\$ (14,259,835)</u> | <u>\$ (14,388,406)</u> | <u>\$ (16,727,732)</u> |

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|------------------------|------------------------|------------------------|------------------------|------------------------|------------------------|
| \$ 3,948,145 | \$ 3,811,192 | \$ 3,049,656 | \$ 3,208,930 | \$ 2,785,502 | \$ 3,150,380 |
| 6,773,509 | 6,176,586 | 6,515,194 | 6,211,784 | 5,870,061 | 6,287,887 |
| 4,009,850 | 3,693,099 | 3,944,561 | 4,240,301 | 5,176,660 | 4,549,951 |
| 4,560,152 | 4,741,209 | 4,433,865 | 4,158,008 | 3,858,501 | 2,734,441 |
| 1,765,809 | 1,986,301 | 2,178,324 | 2,633,700 | 3,351,762 | 3,453,311 |
| 21,057,465 | 20,408,387 | 20,121,600 | 20,452,723 | 21,042,486 | 20,175,970 |
| 8,150,632 | 6,918,092 | 6,092,231 | 6,409,131 | 6,927,509 | 5,415,974 |
| 1,221,960 | 1,225,806 | 1,376,583 | 1,427,997 | 1,322,082 | 1,111,560 |
| 9,372,592 | 8,143,898 | 7,468,814 | 7,837,128 | 8,249,591 | 6,527,534 |
| <u>\$ 30,430,057</u> | <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> |
| \$ 198,840 | \$ 187,347 | \$ 1,009,760 | \$ 818,182 | \$ 743,486 | \$ 734,150 |
| 665,089 | 711,155 | - | - | - | - |
| 2,607,192 | 2,448,489 | 2,264,753 | 2,160,728 | 1,785,518 | 1,656,098 |
| 558,668 | 145,819 | 259,000 | 300,048 | 259,000 | 263,780 |
| 554,244 | 647,940 | 454,115 | 604,758 | 360,741 | 369,316 |
| 4,584,033 | 4,140,750 | 3,987,628 | 3,883,716 | 3,148,745 | 3,023,344 |
| 6,986,297 | 6,868,133 | 7,623,233 | 7,777,386 | 8,986,444 | 5,917,931 |
| 1,411,699 | 1,513,870 | 1,443,125 | 1,512,079 | 1,787,636 | 1,486,413 |
| - | - | - | - | - | - |
| - | - | - | - | - | - |
| 8,397,996 | 8,382,003 | 9,066,358 | 9,289,465 | 10,774,080 | 7,404,344 |
| <u>\$ 12,982,029</u> | <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> |
| \$ (16,473,432) | \$ (16,267,637) | \$ (16,133,972) | \$ (16,569,007) | \$ (17,893,741) | \$ (17,152,626) |
| (974,596) | 238,105 | 1,597,544 | 1,452,337 | 2,524,489 | 876,810 |
| <u>\$ (17,448,028)</u> | <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> |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| GENERAL REVENUES AND OTHER CHANGES IN NET POSITION | | | | |
| Governmental activities: | | | | |
| Taxes: | | | | |
| Ad valorem taxes, levied for general purposes | \$ 11,903,540 | \$ 11,692,751 | \$ 10,907,681 | \$ 9,994,947 |
| Ad valorem taxes, levied for debt service | 7,702,255 | 7,611,305 | 7,707,172 | 8,111,959 |
| Sales taxes | 1,300,764 | 1,172,256 | 1,064,672 | 1,051,361 |
| Franchise and local taxes | 1,093,925 | 1,128,060 | 1,159,730 | 1,144,256 |
| Other taxes | 11,219 | 13,528 | 14,330 | 15,955 |
| Investment earnings | 646,955 | 432,447 | 122,556 | 116,798 |
| Other revenues | 321,553 | 528,572 | 455,033 | 735,113 |
| Gain on sale of capital assets | 16,384 | - | - | 40,279 |
| Loss on sale of asset held for resale | - | - | - | - |
| Transfers | 2,756,038 | 2,680,546 | 2,798,454 | (1,337,756) |
| | <u>25,752,633</u> | <u>25,259,465</u> | <u>24,229,628</u> | <u>19,872,912</u> |
| Total governmental activities | | | | |
| Business-type activities: | | | | |
| Investment earnings | 85,075 | 40,370 | 17,706 | 15,397 |
| Other revenues | 2,288 | 12,665 | - | - |
| Gain on disposal of capital assets | - | - | - | - |
| Transfers | (2,756,038) | (2,680,546) | (2,798,454) | 1,337,756 |
| | <u>(2,668,675)</u> | <u>(2,627,511)</u> | <u>(2,780,748)</u> | <u>1,353,153</u> |
| Total business-type activities | | | | |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 23,083,958</u> | <u>\$ 22,631,954</u> | <u>\$ 21,448,880</u> | <u>\$ 21,226,065</u> |
| CHANGE IN NET POSITION | | | | |
| Governmental activities | \$ 8,593,998 | \$ 8,563,076 | \$ 7,964,659 | \$ 2,011,812 |
| Business-type activities | (414,592) | (190,957) | (904,185) | 2,486,521 |
| TOTAL NET EXPENSE | <u>\$ 8,179,406</u> | <u>\$ 8,372,119</u> | <u>\$ 7,060,474</u> | <u>\$ 4,498,333</u> |

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----|-------------|---------------|---------------|---------------|---------------|----------------|
| \$ | 9,360,277 | \$ 8,605,582 | \$ 8,087,360 | \$ 7,527,047 | \$ 7,962,210 | \$ 8,004,202 |
| | 8,144,274 | 7,791,467 | 7,733,658 | 7,713,377 | 7,360,224 | 7,098,065 |
| | 1,117,336 | 1,051,890 | 957,658 | 1,003,897 | 997,318 | 1,050,079 |
| | 1,204,795 | 1,214,227 | 1,170,448 | 1,142,265 | 1,148,390 | 1,207,429 |
| | 17,625 | 15,713 | 11,546 | 9,685 | 8,994 | 11,144 |
| | 89,970 | 60,784 | 35,087 | 27,270 | 33,333 | 73,035 |
| | 398,199 | 503,889 | 320,123 | 286,619 | 347,242 | 424,381 |
| | 24,076 | 21,354 | 23,909 | 427 | 10,686 | 32,466 |
| | - | - | - | (68,150) | - | - |
| | 1,943,800 | 1,740,504 | 1,943,100 | 1,861,848 | 1,517,223 | (4,190,838) |
| | 22,300,352 | 21,005,410 | 20,282,889 | 19,504,285 | 19,385,620 | 13,709,963 |
| | 15,515 | 17,823 | 9,534 | 8,027 | 8,369 | 7,833 |
| | - | - | - | - | - | - |
| | 3,988 | - | - | - | - | - |
| | (1,943,800) | (1,740,504) | (1,943,100) | (1,861,848) | (1,517,223) | 4,190,838 |
| | (1,924,297) | (1,722,681) | (1,933,566) | (1,853,821) | (1,508,854) | 4,198,671 |
| \$ | 20,376,055 | \$ 19,282,729 | \$ 18,349,323 | \$ 17,650,464 | \$ 17,876,766 | \$ 17,908,634 |
| \$ | 5,826,920 | \$ 4,737,773 | \$ 4,148,917 | \$ 2,935,278 | \$ 1,491,879 | \$ (3,442,663) |
| | (2,898,893) | (1,484,576) | (336,022) | (401,484) | 1,015,635 | 5,075,481 |
| \$ | 2,928,027 | \$ 3,253,197 | \$ 3,812,895 | \$ 2,533,794 | \$ 2,507,514 | \$ 1,632,818 |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|---------------------|---------------------|---------------------|---------------------|
| GENERAL FUND | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved | - | - | - | - |
| Nonspendable | 180,424 | 189,376 | 184,871 | 180,188 |
| Restricted | 332,455 | 303,424 | 273,462 | 239,760 |
| Assigned | 104,773 | 118,377 | 119,000 | 210,000 |
| Unassigned | 9,279,646 | 7,622,781 | 5,642,997 | 5,307,930 |
| TOTAL GENERAL FUND | <u>\$ 9,897,298</u> | <u>\$ 8,233,958</u> | <u>\$ 6,220,330</u> | <u>\$ 5,937,878</u> |
| ALL OTHER GOVERNMENTAL FUNDS | | | | |
| Reserved | \$ - | \$ - | \$ - | \$ - |
| Unreserved, reported in: | | | | |
| Capital projects funds | - | - | - | - |
| Special revenue funds | - | - | - | - |
| Nonspendable | - | - | - | 1,600 |
| Restricted | 2,884,597 | 2,788,641 | 2,756,897 | 2,303,478 |
| Assigned | 6,406,418 | 2,915,694 | 2,622,516 | 1,879,507 |
| Unassigned | - | - | - | - |
| TOTAL ALL OTHER GOVERNMENTAL FUNDS | <u>\$ 9,291,015</u> | <u>\$ 5,704,335</u> | <u>\$ 5,379,413</u> | <u>\$ 4,184,585</u> |

*Restated balances

(1) GASB Statement No. 54 was implemented in 2011; therefore the years 2011 - 2019 are presented under GASB 54. The fiscal year 2010 data was not restated for GASB 54 presentation.

Schedule 3

| 2015 | 2014 | 2013 | 2012* | 2011 | 2010 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 561,038 |
| - | - | - | - | - | 3,107,736 |
| 171,887 | 170,933 | 157,515 | 134,564 | 130,265 | - |
| 202,862 | 163,999 | 127,437 | 95,322 | 410,238 | - |
| 210,000 | 210,000 | 210,000 | 210,000 | - | - |
| 6,539,935 | 5,351,558 | 4,181,880 | 3,823,951 | 3,538,757 | - |
| <u>\$ 7,124,684</u> | <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> |
| \$ - | \$ - | \$ - | \$ - | \$ - | \$ 1,639,115 |
| - | - | - | - | - | 4,128,598 |
| - | - | - | - | - | (20,470) |
| 2,372 | 2,372 | 2,372 | 2,372 | 2,372 | - |
| 2,086,904 | 1,416,649 | 2,070,182 | 2,244,596 | 1,890,177 | - |
| 1,241,519 | 900,045 | 1,215,634 | 734,460 | 528,575 | - |
| - | - | (19,982) | (20,161) | (20,343) | - |
| <u>\$ 3,330,795</u> | <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> |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|---------------------------|---------------------------|---------------------------|---------------------------|
| REVENUES | | | | |
| Taxes | \$ 21,958,275 | \$ 21,554,808 | \$ 20,832,729 | \$ 20,263,796 |
| Permits, licenses, and fees | 751,301 | 712,094 | 588,353 | 555,453 |
| Fines and forfeitures | 284,153 | 232,698 | 174,386 | 142,624 |
| Charges for services | 3,569,378 | 3,038,733 | 2,959,471 | 2,638,584 |
| Intergovernmental | 1,186,605 | 871,088 | 532,336 | 546,599 |
| Contributions | 622,557 | 661,479 | 746,181 | 579,630 |
| Investment earnings | 483,992 | 330,931 | 80,160 | 101,841 |
| Other revenue | 321,553 | 525,597 | 441,874 | 735,113 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total revenues | 29,177,814 | 27,927,428 | 26,355,490 | 25,563,640 |
| EXPENDITURES | | | | |
| General government | 3,673,780 | 3,333,498 | 3,500,020 | 3,458,898 |
| Public safety | 8,103,931 | 8,155,677 | 8,072,917 | 7,626,200 |
| Public works | 3,031,327 | 3,019,779 | 3,224,684 | 3,023,532 |
| Public services | 4,459,780 | 4,000,979 | 3,870,475 | 4,231,959 |
| Capital outlay | 3,081,002 | 949,158 | 100,259 | 332,992 |
| Debt service: | | | - | |
| Principal | 7,910,000 | 7,770,000 | 7,485,000 | 7,370,000 |
| Interest | 926,095 | 1,070,033 | 1,426,468 | 1,544,984 |
| Bond issuance costs | 97,968 | - | 82,050 | 43,923 |
| Payment to refunded bond escrow agent | - | - | - | 71,785 |
| Advance refunding escrow | - | - | - | 30,903 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total expenditures | 31,283,883 | 28,299,124 | 27,761,873 | 27,735,176 |
| Excess (deficiency) of revenues over (under) expenditures | (2,106,069) | (371,696) | (1,406,383) | (2,171,536) |
| OTHER FINANCING SOURCES (USES) | | | | |
| Transfers in | 3,690,393 | 3,957,584 | 3,998,454 | 3,033,063 |
| Transfers out | (934,355) | (1,247,338) | (1,200,000) | (4,370,819) |
| Issuance of debt | 4,040,000 | - | 9,965,000 | 3,170,000 |
| Premium on debt issued | 559,845 | - | - | - |
| Payment to refunded bond escrow agent | - | - | (9,881,593) | - |
| Sale of capital assets | 206 | - | 1,802 | 6,276 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total other financing sources | 7,356,089 | 2,710,246 | 2,883,663 | 1,838,520 |
| NET CHANGE IN FUND BALANCE | <hr/> \$ 5,250,020 | <hr/> \$ 2,338,550 | <hr/> \$ 1,477,280 | <hr/> \$ (333,016) |
| DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES | 31.38% | 32.33% | 34.56% | 33.02% |

*Restated balances

Schedule 4

| | 2015 | 2014 | 2013 | 2012* | 2011 | 2010 |
|----|-------------------|-------------------|-------------------|-------------------|-----------------------|---------------------|
| \$ | 19,797,518 | \$ 18,668,734 | \$ 17,934,252 | \$ 17,380,393 | \$ 17,469,999 | \$ 17,362,337 |
| | 665,089 | 711,155 | 796,562 | 609,037 | 467,123 | 461,419 |
| | 198,840 | 187,347 | 213,198 | 209,145 | 276,363 | 272,731 |
| | 2,607,192 | 2,448,489 | 2,264,753 | 2,160,728 | 1,785,518 | 1,656,098 |
| | 558,668 | 145,819 | 259,000 | 300,048 | 259,000 | 263,780 |
| | 554,244 | 647,940 | 454,115 | 604,758 | 360,741 | 369,316 |
| | 81,707 | 55,079 | 31,760 | 25,035 | 31,575 | 71,447 |
| | 398,199 | 503,889 | 320,123 | 218,469 | 347,242 | 394,071 |
| | <u>24,861,457</u> | <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> |
| | 3,495,513 | 3,298,890 | 2,582,560 | 2,427,755 | 2,678,292 | 2,919,174 |
| | 7,012,054 | 6,271,557 | 6,617,056 | 5,615,673 | 5,492,793 | 5,956,779 |
| | 2,473,106 | 2,262,843 | 2,596,798 | 2,628,156 | 2,504,438 | 2,586,314 |
| | 3,237,909 | 3,219,455 | 3,043,191 | 2,402,878 | 2,336,591 | 2,127,336 |
| | 236,947 | 1,886,749 | 209,284 | 214,662 | 4,244,191 | 10,645,694 |
| | 6,420,000 | 6,190,000 | 5,605,000 | 5,305,000 | 4,671,167 | 3,903,250 |
| | 1,690,655 | 1,906,944 | 2,320,806 | 3,015,941 | 3,437,756 | 3,214,201 |
| | - | - | 217,067 | - | 141,802 | 419,931 |
| | - | - | - | - | - | - |
| | - | - | 350,000 | 100,000 | - | - |
| | <u>24,566,184</u> | <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> |
| | 295,273 | (1,667,986) | (1,267,999) | (202,452) | (4,509,469) | (10,921,480) |
| | 2,539,463 | 2,964,128 | 2,789,897 | 2,127,938 | 3,090,405 | 2,017,451 |
| | (595,663) | (1,025,624) | (1,010,591) | (1,419,885) | (2,542,851) | (1,350,702) |
| | - | - | 16,360,000 | 8,555,000 | 5,700,000 | 24,630,000 |
| | - | - | - | 282,219 | 191,134 | 859,692 |
| | - | - | (16,151,373) | (8,676,911) | (4,868,423) | (11,546,886) |
| | 850 | - | - | - | 3,228 | 32,466 |
| | <u>1,944,650</u> | <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>2,239,923</u> | <u>\$ 270,518</u> | <u>\$ 719,934</u> | <u>\$ 665,909</u> | <u>\$ (2,935,976)</u> | <u>\$ 3,720,541</u> |
| | 33.16% | 34.88% | 33.97% | 38.71% | 38.14% | 33.69% |

City of West University Place, Texas

Tax Revenues by Source

Governmental Funds

Last Ten Fiscal Years

| <u>Function</u> | <u>Change 2018-2019</u> | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|-----------------|-----------------------------|----------------------|----------------------|----------------------|----------------------|
| Ad valorem | 1.6% | \$ 19,552,367 | \$ 19,240,964 | \$ 18,593,997 | \$ 18,052,224 |
| Sales | 11.0% | 1,300,764 | 1,172,256 | 1,064,672 | 1,051,361 |
| Franchise | -3.0% | 1,093,925 | 1,128,060 | 1,159,730 | 1,144,256 |
| Other taxes | -17.1% | 11,219 | 13,528 | 14,330 | 15,955 |
| TOTAL | 1.9% | \$ 21,958,275 | \$ 21,554,808 | \$ 20,832,729 | \$ 20,263,796 |

Schedule 5

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ | 17,457,762 | \$ 16,386,904 | \$ 15,794,600 | \$ 15,224,546 | \$ 15,315,297 | \$ 15,093,685 |
| | 1,117,336 | 1,051,890 | 957,658 | 1,003,897 | 997,318 | 1,050,079 |
| | 1,204,795 | 1,214,227 | 1,170,448 | 1,142,265 | 1,148,390 | 1,207,429 |
| | 17,625 | 15,713 | 11,546 | 9,685 | 8,994 | 11,144 |
| | <u>19,797,518</u> | <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> |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|--------------------------------|--------------------------------|--------------------------------|--------------------------------|
| Residential property | \$ 6,189,403,563 | \$ 6,181,792,257 | \$ 5,880,687,603 | \$ 5,578,375,329 |
| Commercial property | 121,621,384 | 315,402,455 | 305,286,953 | 314,619,442 |
| Less: Tax exempt property | <u>(263,227,329)</u> | <u>(455,549,934)</u> | <u>(434,734,202)</u> | <u>(449,141,214)</u> |
| TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾ | <u>\$ 6,047,797,618</u> | <u>\$ 6,041,644,778</u> | <u>\$ 5,751,240,354</u> | <u>\$ 5,443,853,557</u> |
| TOTAL DIRECT TAX RATE | 0.31680 | 0.31680 | 0.31680 | 0.33179 |

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 6

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|-------------------------|
| \$ 4,943,195,212 | \$ 4,497,103,352 | \$ 4,335,656,103 | \$ 4,106,994,971 | \$ 4,173,451,521 | \$ 4,287,201,794 |
| 259,878,387 | 219,273,264 | 205,183,728 | 278,070,080 | 203,444,929 | 125,992,897 |
| <u>(386,360,932)</u> | <u>(340,252,719)</u> | <u>(323,044,475)</u> | <u>(325,525,373)</u> | <u>(296,685,633)</u> | <u>(158,978,494)</u> |
| <u>\$ 4,816,712,667</u> | <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> |
| 0.36179 | 0.37400 | 0.37411 | 0.37411 | 0.37411 | 0.35875 |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|--|-------------------|-------------------|-------------------|-------------------|
| City of West University Place by fund: | | | | |
| Direct rates: | | | | |
| General | \$ 0.19277 | \$ 0.19214 | \$ 0.18557 | \$ 0.18321 |
| Debt service | 0.12403 | 0.12466 | 0.13123 | 0.14858 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| Total direct rates | 0.31680 | 0.31680 | 0.31680 | 0.33179 |
| Overlapping rates: | | | | |
| Houston Independent School District | 1.13670 | 1.20670 | 1.20670 | 1.19670 |
| Harris County | 0.40713 | 0.41801 | 0.41656 | 0.41923 |
| Harris County Flood Control District | 0.02792 | 0.02831 | 0.02829 | 0.02733 |
| Port of Houston Authority | 0.01074 | 0.01256 | 0.01334 | 0.01342 |
| Harris County Hospital District | 0.16591 | 0.17110 | 0.17179 | 0.17000 |
| Harris County Department of Education | 0.00500 | 0.00520 | 0.00520 | 0.00542 |
| Houston Community College | 0.10026 | 0.10026 | 0.10026 | 0.10194 |
| | <hr/> | <hr/> | <hr/> | <hr/> |
| TOTAL DIRECT AND OVERLAPPING RATES ⁽¹⁾ | \$ 2.17046 | \$ 2.25894 | \$ 2.25894 | \$ 2.26583 |

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 7

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ | 0.19356 | \$ 0.19631 | \$ 0.19125 | \$ 0.18475 | \$ 0.19443 | \$ 0.18893 |
| | 0.16823 | 0.17769 | 0.18286 | 0.18936 | 0.17968 | 0.16982 |
| | 0.36179 | 0.37400 | 0.37411 | 0.37411 | 0.37411 | 0.35875 |
| | 1.19670 | 1.18670 | 1.15670 | 1.15670 | 1.15670 | 1.15670 |
| | 0.41731 | 0.41455 | 0.40021 | 0.39117 | 0.38805 | 0.39224 |
| | 0.02736 | 0.02827 | 0.02809 | 0.02809 | 0.29230 | 0.02922 |
| | 0.01531 | 0.01716 | 0.01952 | 0.01856 | 0.02054 | 0.01636 |
| | 0.17000 | 0.17000 | 0.18216 | 0.19216 | 0.19216 | 0.19216 |
| | 0.00600 | 0.00636 | 0.00662 | 0.00658 | 0.00658 | 0.00605 |
| | 0.10689 | 0.09717 | 0.09717 | 0.09722 | 0.09222 | 0.09222 |
| \$ | <u>2.30136</u> | <u>2.29421</u> | <u>2.26458</u> | <u>2.26459</u> | <u>2.52266</u> | <u>2.24370</u> |

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City of West University Place, Texas

Principal Property Taxpayers

Current Year and Nine Years Ago

Schedule 8

| Property Taxpayer | 2019 | | | 2010 | | |
|--------------------------------|-------------------------|------|--------------------------------------|-------------------------|------|--------------------------------------|
| | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value | Taxable Assessed Value | Rank | Percentage of Taxable Assessed Value |
| U West Marketplace Association | \$ 11,742,814 | 1 | 0.19% | \$ 6,862,497 | 2 | 0.16% |
| Southwestern Bell | 9,983,365 | 2 | 0.17% | 12,549,093 | 1 | 0.29% |
| Retail Fund I Houston Rice | 8,531,941 | 3 | 0.14% | - | n/a | 0.00% |
| CenterPoint Energy Inc. | 6,501,920 | 4 | 0.11% | 5,204,705 | 4 | 0.12% |
| DKGA / WUC LP | 6,285,135 | 5 | 0.10% | - | n/a | 0.00% |
| 2715 Bissonnet LLC | 6,172,292 | 6 | 0.10% | - | n/a | 0.00% |
| University Shops Houston LP | 5,953,973 | 7 | 0.10% | - | n/a | 0.00% |
| Steven J & Susan Kherkher | 5,432,730 | 8 | 0.09% | - | n/a | 0.00% |
| James M & Donna P Donnell | 5,410,655 | 9 | 0.09% | - | n/a | 0.00% |
| Timothoy H & Elaine C Day | 5,384,210 | 10 | 0.09% | - | n/a | 0.00% |
| Bardwell Building Co | - | n/a | 0.00% | 6,468,341 | 3 | 0.15% |
| 5650 Kirby Partnership | - | n/a | 0.00% | 4,951,376 | 5 | 0.12% |
| Kenneth and Kimberly Alo | - | n/a | 0.00% | 4,265,855 | 6 | 0.10% |
| Jimmy Williamson | - | n/a | 0.00% | 4,254,044 | 7 | 0.10% |
| Durga Agrawal | - | n/a | 0.00% | 4,171,710 | 8 | 0.10% |
| Beltika Llc | - | n/a | 0.00% | 3,713,443 | 9 | 0.09% |
| Craig A & Patricia Biggio | - | n/a | 0.00% | 3,504,966 | 10 | 0.08% |
| Subtotal | 71,399,035 | | 1.18% | 55,946,030 | | 1.32% |
| Other taxpayers | 5,976,398,583 | | 98.82% | 4,198,270,167 | | 98.68% |
| TOTAL | \$ 6,047,797,618 | | 100.00% | \$ 4,254,216,197 | | 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>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Tax levy ⁽¹⁾ | \$ 19,408,200 | \$ 19,203,205 | \$ 18,580,835 | \$ 18,062,162 |
| Current tax collected | 19,299,113 | 19,136,864 | 18,493,310 | 17,969,764 |
| Percentage of current tax collections | 99.44% | 99.65% | 99.53% | 99.49% |
| Delinquent tax collections ⁽²⁾ | - | 27,456 | 26,405 | 52,021 |
| TOTAL TAX COLLECTIONS | \$ 19,299,113 | \$ 19,164,320 | \$ 18,519,715 | \$ 18,021,785 |
| TOTAL COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY | 99.44% | 99.80% | 99.67% | 99.78% |
| Outstanding delinquent taxes ⁽²⁾ | \$ 109,087 | \$ 66,341 | \$ 50,677 | \$ 45,034 |
| OUTSTANDING DELINQUENT TAXES AS A PERCENTAGE OF LEVY | 0.56% | 0.35% | 0.27% | 0.25% |

(1) Tax Levy is presented net of cumulative adjustments.

(2) Cumulative collections in years subsequent to the tax year presented and outstanding balance as of the end of the latest fiscal year presented.

Schedule 9

| | <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----|-------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ | 17,426,385 | \$ 16,365,976 | \$ 15,778,014 | \$ 15,193,428 | \$ 15,265,103 | \$ 15,031,309 |
| | 17,335,980 | 16,287,801 | 15,705,681 | 15,123,562 | 15,197,463 | 14,977,921 |
| | 99.48% | 99.52% | 99.54% | 99.54% | 99.56% | 99.64% |
| | <u>57,543</u> | <u>52,978</u> | <u>44,828</u> | <u>42,903</u> | <u>45,706</u> | <u>32,478</u> |
| \$ | <u>17,393,523</u> | \$ <u>16,340,779</u> | \$ <u>15,750,509</u> | \$ <u>15,166,465</u> | \$ <u>15,243,169</u> | \$ <u>15,010,399</u> |
| | 99.81% | 99.85% | 99.83% | 99.82% | 99.86% | 99.86% |
| \$ | 37,115 | \$ 27,218 | \$ 27,505 | \$ 26,963 | \$ 21,934 | \$ 20,910 |
| | 0.21% | 0.17% | 0.17% | 0.18% | 0.14% | 0.14% |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| GOVERNMENTAL ACTIVITIES | | | | |
| General obligation bonds | \$ 25,207,864 | \$ 32,972,156 | \$ 40,581,448 | \$ 43,401,666 |
| Certificates of obligation | 10,141,692 | 5,843,325 | 6,122,480 | 10,292,415 |
| Capital leases | - | - | - | - |
| Subtotal | 35,349,556 | 38,815,481 | 46,703,928 | 53,694,081 |
| BUSINESS-TYPE ACTIVITIES | | | | |
| Revenue bonds | - | - | - | - |
| TOTAL PRIMARY GOVERNMENT | <u>\$ 35,349,556</u> | <u>\$ 38,815,481</u> | <u>\$ 46,703,928</u> | <u>\$ 53,694,081</u> |
| Personal income ⁽¹⁾ | - | - | - | - |
| DEBT AS A PERCENTAGE OF PERSONAL INCOME ⁽¹⁾ | 0% | 0% | 0% | 0% |
| Population | 15,676 | 15,477 | 15,433 | 15,516 |
| DEBT PER CAPITA | \$ 2,255 | \$ 2,508 | \$ 3,026 | \$ 3,461 |

(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 10

| | 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|----|------------|---------------|---------------|---------------|---------------|---------------|
| \$ | 46,904,963 | \$ 52,775,550 | \$ 58,445,351 | \$ 62,271,173 | \$ 57,530,495 | \$ 61,763,373 |
| | 11,113,193 | 11,898,971 | 12,654,747 | 13,154,781 | 22,218,433 | 21,643,463 |
| | - | - | - | - | - | 102,131 |
| | 58,018,156 | 64,674,521 | 71,100,098 | 75,425,954 | 79,748,928 | 83,508,967 |
| | 3,094,933 | 3,790,755 | 4,466,577 | 5,112,399 | 5,751,365 | 6,526,466 |
| \$ | 61,113,089 | \$ 68,465,276 | \$ 75,566,675 | \$ 80,538,353 | \$ 85,500,293 | \$ 90,035,433 |
| | - | - | - | - | - | - |
| | 0% | 0% | 0% | 0% | 0% | 0% |
| | 15,604 | 15,369 | 15,221 | 15,109 | 14,787 | 14,787 |
| \$ | 3,917 | \$ 4,455 | \$ 4,965 | \$ 5,330 | \$ 5,782 | \$ 6,089 |

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>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| NET TAXABLE ASSESSED VALUE | | | | |
| All property | \$ 6,047,797,618 | \$ 6,041,644,778 | \$ 5,751,240,354 | \$ 5,443,853,557 |
| NET BONDED DEBT | | | | |
| Gross bonded debt | \$ 35,349,556 | \$ 38,815,481 | \$ 46,703,928 | \$ 53,694,081 |
| Less: debt service funds | (916,421) | (868,291) | (900,120) | (912,718) |
| NET BONDED DEBT | <u>\$ 34,433,135</u> | <u>\$ 37,947,190</u> | <u>\$ 45,803,808</u> | <u>\$ 52,781,363</u> |
| RATIO OF THE NET BONDED DEBT TO ASSESSED VALUE | 0.57% | 0.63% | 0.80% | 0.97% |
| Population | <u>15,676</u> | <u>15,477</u> | <u>15,433</u> | <u>15,516</u> |
| NET BONDED DEBT PER CAPITA | <u>\$ 2,197</u> | <u>\$ 2,452</u> | <u>\$ 2,968</u> | <u>\$ 3,402</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 11

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|----------------------------|----------------------------|---------------------------|----------------------------|----------------------------|----------------------------|
| \$ 4,816,712,667 | \$ 4,376,123,897 | \$ 4,217,795,356 | \$ 4,059,539,678 | \$ 4,059,539,678 | \$ 4,254,216,197 |
| \$ 58,018,156 (566,276) | \$ 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) |
| <u>\$ 57,451,880</u> | <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> |
| 1.19% | 1.47% | 1.68% | 1.85% | 1.95% | 1.94% |
| <u>15,604</u> | <u>15,369</u> | <u>15,221</u> | <u>15,109</u> | <u>14,787</u> | <u>14,787</u> |
| <u>\$ 3,682</u> | <u>\$ 4,197</u> | <u>\$ 4,665</u> | <u>\$ 4,974</u> | <u>\$ 5,363</u> | <u>\$ 5,573</u> |

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City of West University Place, Texas
 Direct and Overlapping Governmental Activities Debt
 December 31, 2019

Schedule 12

| | Net Bonded Debt Outstanding | Estimated Percentage Applicable ⁽¹⁾ | Estimated Share of Overlapping Debt |
|--|--|---|--|
| DEBT REPAYED WITH PROPERTY TAXES | | | |
| Governmental Unit: | | | |
| Harris County | \$ 1,885,182,125 | 1.16% | \$ 21,868,113 |
| Harris County Dept of Education | 6,320,000 | 1.16% | 73,312 |
| Harris County Flood Control District | 83,075,000 | 1.16% | 963,670 |
| Harris County Hospital District | 57,300,000 | 1.16% | 664,680 |
| Houston Community College | 560,480,000 | 2.67% | 14,964,816 |
| Houston ISD | 2,961,695,000 | 2.97% | 87,962,342 |
| Port of Houston Authority | <u>572,569,397</u> | 1.16% | <u>6,641,805</u> |
| Subtotal, overlapping debt | \$ 6,126,621,522 | | \$ 133,138,738 |
| CITY DIRECT DEBT | \$ 35,349,556 | 100.00% | <u>35,349,556</u> |
| TOTAL DIRECT AND OVERLAPPING DEBT | | | <u>\$ 168,488,294</u> |

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>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|------------------------------|------------------------------|------------------------------|------------------------------|
| Debt limit | \$ 302,389,881 | \$ 302,082,239 | \$ 287,562,018 | \$ 272,192,678 |
| Total net debt applicable to limit | <u>35,349,556</u> | <u>37,947,190</u> | <u>45,803,808</u> | <u>52,781,363</u> |
| LEGAL DEBT MARGIN | <u>\$ 267,040,325</u> | <u>\$ 264,135,049</u> | <u>\$ 241,758,210</u> | <u>\$ 219,411,315</u> |
| Total net debt applicable to the limit as a percentage of debt limit | 11.69% | 12.56% | 15.93% | 19.39% |

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2019

| | |
|--|------------------------------|
| Assessed v value | \$ 6,047,797,618 |
| Debt limit (5% of assessed v value) ⁽¹⁾ | 302,389,881 |
| Debt applicable to limit: | |
| General obligation bonds and certificates of obligation, net of premium | 35,349,556 |
| Less: amount set aside for repayment of general obligation debt | <u>(916,421)</u> |
| Total net debt applicable to limit | <u>34,433,135</u> |
| LEGAL DEBT MARGIN | <u>\$ 267,956,746</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 13

| <u>2015</u> | <u>2014</u> | <u>2013</u> | <u>2012</u> | <u>2011</u> | <u>2010</u> |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 240,835,633 | \$ 218,806,195 | \$ 210,889,768 | \$ 210,889,768 | \$ 202,976,984 | \$ 204,010,541 |
| <u>57,451,880</u> | <u>64,507,482</u> | <u>71,004,430</u> | <u>73,605,191</u> | <u>56,568,906</u> | <u>60,212,967</u> |
| <u>\$ 183,383,753</u> | <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> |
| 23.86% | 29.48% | 33.67% | 34.90% | 27.87% | 29.51% |

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

| | <u>2019</u> | <u>2018</u> | <u>2017</u> | <u>2016</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| GROSS REVENUES ⁽¹⁾ | \$ 8,094,209 | \$ 7,900,773 | \$ 7,544,895 | \$ 7,172,469 |
| OPERATING EXPENSES ⁽²⁾ | <u>4,619,159</u> | <u>4,354,881</u> | <u>4,259,755</u> | <u>4,642,322</u> |
| NET REVENUES AVAILABLE FOR DEBT SERVICE | <u>\$ 3,475,050</u> | <u>\$ 3,545,892</u> | <u>\$ 3,285,140</u> | <u>\$ 2,530,147</u> |
| DEBT SERVICE REQUIREMENTS ⁽³⁾ | | | | |
| Principal | \$ - | \$ - | \$ - | \$ - |
| Interest | <u>-</u> | <u>-</u> | <u>-</u> | <u>-</u> |
| TOTAL | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> |
| COVERAGE | N/A | N/A | N/A | N/A |

(1) Total revenues including interest, excluding tap fees

(2) Total operating expenses less depreciation

(3) Includes revenue bonds only

Schedule 14

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 6,986,297 | \$ 6,868,133 | \$ 7,623,233 | \$ 7,777,386 | \$ 8,986,455 | \$ 5,917,931 |
| 6,085,370 | 4,580,425 | 3,962,028 | 4,293,010 | 4,802,445 | 5,003,479 |
| <u>\$ 900,927</u> | <u>\$ 2,287,708</u> | <u>\$ 3,661,205</u> | <u>\$ 3,484,376</u> | <u>\$ 4,184,010</u> | <u>\$ 914,452</u> |
| \$ 695,000 | \$ 675,000 | \$ 645,000 | \$ 720,000 | \$ 785,000 | \$ 745,000 |
| 144,351 | 172,185 | 198,585 | 225,323 | 255,154 | 523,446 |
| <u>\$ 839,351</u> | <u>\$ 847,185</u> | <u>\$ 843,585</u> | <u>\$ 945,323</u> | <u>\$ 1,040,154</u> | <u>\$ 1,268,446</u> |
| 1.07 | 2.70 | 4.34 | 3.69 | 4.02 | 0.72 |

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

Schedule 15

| <u>Fiscal Year Ended December 31,</u> | <u>Population ⁽⁴⁾</u> | <u>Median Age</u> | <u>School Enrollment ⁽⁵⁾</u> |
|---|----------------------------------|-----------------------|---|
| 2019 | 15,676 | 41.10 | 1,304 |
| 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 |

(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 16

Principal Employers ⁽¹⁾⁽²⁾

Current Year and Nine Years Ago

| Employer | Fiscal Year | |
|-----------------------------------|-------------|-----------|
| | 2019 Rank | 2010 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.

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City of West University Place, Texas

Schedule 17

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

| | <u>2019</u> | <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> |
|------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| GENERAL FUND | | | | | | | | | | |
| Administration | 6 | 6 | 5 | 6 | 6 | 6 | 5 | 5 | 5 | 5 |
| Finance | 5 | 5 | 5 | 5 | 5 | 5 | 6 | 6 | 6 | 7 |
| Police Department | 38 | 38 | 38 | 35 | 35 | 35 | 35 | 35 | 32 | 32 |
| Fire Department | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 23 | 24 | 24 |
| Public Works | 18 | 18 | 18 | 18 | 18 | 19 | 20 | 20 | 20 | 21 |
| Parks and Recreation | 12 | 12 | 12 | 12 | 12 | 11 | 11 | 11 | 11 | 11 |
| Total General Fund | 102 | 102 | 101 | 99 | 99 | 99 | 100 | 100 | 98 | 100 |
| ENTERPRISE FUND | | | | | | | | | | |
| Water | 13 | 13 | 13 | 13 | 14 | 14 | 14 | 14 | 14 | 12 |
| Solid Waste | 7 | 7 | 7 | 7 | 6 | 6 | 8 | 8 | 8 | 7 |
| Total Enterprise Fund | 20 | 20 | 20 | 20 | 20 | 20 | 22 | 22 | 22 | 19 |
| INTERNAL SERVICE FUND | | | | | | | | | | |
| Administration | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| Total Internal Service Fund | 4 | 4 | 4 | 4 | 4 | 3 | 3 | 3 | 3 | 3 |
| TOTAL CITY POSITIONS | <u>126</u> | <u>126</u> | <u>125</u> | <u>123</u> | <u>123</u> | <u>122</u> | <u>125</u> | <u>125</u> | <u>123</u> | <u>122</u> |

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 | 2019 | 2018 | 2017 | 2016 |
|--|--------|--------|--------|--------|
| Police | | | | |
| Arrests | 245 | 269 | 231 | 294 |
| Accident reports | 157 | 151 | 142 | 151 |
| Citations | 3,100 | 3,073 | 2,260 | 1,444 |
| Offense reports | 750 | 761 | 609 | 758 |
| Calls for service | 25,367 | 29,719 | 24,844 | 24,716 |
| Fire | | | | |
| Emergency responses | 716 | 698 | 675 | 684 |
| Average response time | 4:14 | 4:40 | 4:35 | 4:29 |
| Fire incidents | 779 | 723 | 805 | 754 |
| Water | | | | |
| New accounts | 593 | 629 | 657 | 598 |
| Source: | | | | |
| Surface | 62 | 58 | 59 | 65 |
| Well | 38 | 42 | 41 | 35 |
| Average daily consumption (millions of gallons) | 2.17 | 2.16 | 2.20 | 2.12 |
| Number of million gallons of surface water pumped | 492.12 | 462.52 | 477.01 | 507.88 |
| Number of million gallons of well water pumped | 300.47 | 328.84 | 326.45 | 267.50 |
| Total consumption (millions of gallons) | 792.59 | 791.36 | 803.46 | 775.38 |
| Peak daily consumption (millions of gallons) | 3.27 | 4.14 | 6.54 | 4.06 |
| Sewer | | | | |
| Average daily sewage treatment (millions of gallons) | 1.15 | 1.18 | 1.12 | 1.17 |
| Total consumption (millions of gallons) | 422.63 | 400.68 | 409.46 | 426.47 |
| Peak daily consumption (millions of gallons) | 7.00 | 3.54 | 5.09 | 5.88 |

Source: Various City departments

Schedule 18

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|--------|--------|--------|--------|----------|--------|
| 360 | 226 | 323 | 231 | 294 | 325 |
| 162 | 122 | 127 | 142 | 121 | 99 |
| 2,322 | 2,482 | 2,779 | 2,260 | 3,379 | 4,830 |
| 874 | 581 | 695 | 609 | 583 | 669 |
| 26,354 | 22,071 | 26,835 | 24,844 | 25,964 | 29,148 |
| 717 | 669 | 683 | 659 | 660 | 581 |
| 4:34 | 4:35 | 4:34 | 4:45 | 4:25 | 3:49 |
| 801 | 721 | 663 | 734 | 765 | 774 |
| 526 | 608 | 665 | 669 | 678 | 724 |
| 62 | 80 | 80 | 80 | 80 | 80 |
| 38 | 20 | 20 | 20 | 20 | 20 |
| 2.06 | 2.06 | 2.31 | 2.38 | 2.79 | 2.22 |
| 468.12 | 437.00 | 466.25 | 530.06 | 658.80 | 357.42 |
| 282.03 | 313.88 | 375.06 | 335.24 | 359.55 | 452.95 |
| 750.15 | 750.88 | 841.31 | 865.30 | 1,018.35 | 810.37 |
| 4.50 | 4.24 | 5.36 | 4.89 | 5.10 | 4.34 |
| 1.20 | 1.10 | 1.09 | 1.18 | 1.10 | 1.25 |
| 436.57 | 402.95 | 397.30 | 430.12 | 402.36 | 455.02 |
| 5.43 | 4.04 | 4.04 | 4.85 | 2.66 | 4.63 |

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

| FUNCTION/PROGRAM | 2019 | 2018 | 2017 | 2016 |
|--|-------------|-------------|-------------|-------------|
| 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 | 53 |
| Streetlights | 1,747 | 1,747 | 1,687 | 1,687 |
| Parks and recreation | | | | |
| Parks and Facilities | 11 | 11 | 11 | 11 |
| Parks acreage | 13.2 | 13.2 | 13.2 | 13.1 |
| Swimming pools | 2 | 2 | 2 | 2 |
| Baseball/softball/ soccer | 2 | 2 | - | - |
| Tennis courts | 5 | 5 | 5 | 5 |
| Racquetball/squash courts | 2 | 2 | 2 | 2 |
| Gymnasiums | - | - | - | - |
| Half-basketball courts | 3 | 3 | 3 | 3 |
| Water | | | | |
| Water mains (miles) | 56 | 56 | 56 | 56 |
| Fire hydrants | 347 | 347 | 347 | 347 |
| Storage capacity (millions of gallons) | 3.65 | 3.65 | 3.65 | 3.65 |
| Sewer | | | | |
| Sanitary sewers (miles) | 44 | 44 | 44 | 44 |
| Storm sewers (miles) | 34 | 34 | 34 | 34 |
| 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 19

| 2015 | 2014 | 2013 | 2012 | 2011 | 2010 |
|-------|-------|-------|-------|-------|-------|
| 1 | 1 | 1 | 1 | 1 | 1 |
| 8 | 7 | 7 | 7 | 7 | 7 |
| 1 | 1 | 1 | 1 | 1 | 1 |
| 46 | 46 | 46 | 43 | 43 | 43 |
| 1,687 | 1,687 | 1,687 | 1,687 | 1,687 | 1,694 |
| 9 | 9 | 9 | 9 | 9 | 9 |
| 13.7 | 13.7 | 13.7 | 13.7 | 13.7 | 14.0 |
| 2 | 2 | 2 | 2 | 2 | 2 |
| - | - | - | - | 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 |

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Overall Compliance and Internal Control Section

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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, 2019, 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 15, 2020.

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.

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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that have not been identified. We did identify a certain deficiency in internal control, described in the accompanying schedule of findings and responses as item 2019-001 that we consider to be a material weakness.

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

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 15, 2020

City of West University Place, Texas
Schedule of Findings and Responses
For the Fiscal Year Ended December 31, 2019

Finding 2019-001

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 year ended December 31, 2019 that was provided for audit included misstatements that were identified as a result of our audit procedures. As a result, a material adjustment was required to correct cut-off errors in the City's reported balances of accounts payable and accrued liabilities.

The audit adjustments for the year ended December 31, 2019 to correct these cut-off errors were:

- Capital Projects fund – Decrease to accounts payable and accrued liabilities of approximately \$175 thousand to correct the net overstatement of this balance. This correction is the net effect of an overstatement of \$263 thousand that we detected as a result of our audit procedures, offset by an understatement of \$88 thousand that we detected as a result of our audit procedures. The \$263 thousand overstatement represents an invoice that was accrued as a liability as of December 31, 2019, but which should not have been accrued until January 2020. The \$88 thousand understatement represents the estimated liability incurred as of December 31, 2019 related to an invoice received subsequent to year end for which the service period included the period of December 2019 through February 2020.
- Water and Sewer fund – Increase to accounts payable and accrued liabilities of approximately \$130 thousand to correct the understatement of this balance. This understatement represents the water purchase expense for the month of December 2019 which should have been accrued as a liability as of December 31, 2019.

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 closing procedures to establish proper cut-off of accounts payable and accrued liabilities.

Effect or Potential Effect: Material misstatement of the City's financial statements was 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 cut-off of accounts payable and accrued liabilities.

Views of Responsible Official(s) and Planned Corrective Actions:

The Finance Director position was vacant for the immediate months following year end. With this vacancy, an additional level of review was not available. To address this finding, annual closing procedures will be developed to ensure invoice service periods are reviewed for proper cut-off.