



City of West University Place, Texas Comprehensive Annual Financial Report

For the Fiscal Year Ended
December 31, 2020

City of West University Place, Texas
Comprehensive Annual Financial Report
For the Fiscal Year Ended December 31, 2020

Officials Issuing Report:

David Beach
City Manager

Katherine DuBose
Finance Director

City of West University Place, Texas
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Introductory Section

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June 8, 2021

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, 2020. 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, 2020. 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 directors.

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 \$7.2 billion for the 2020 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 2020, resulting in total debt savings of over \$5.5M.

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 2021 budget include construction of the virtual gate project, storm water management program, facilities master plan, emergency storage room, and replacement of the server room HVAC system.

Transportation and drainage projects planned for the 2021 budget include the Buffalo Speedway project, street maintenance to alleviate ponding, sidewalk condition assessment, and pavement condition assessment.

Water and sewer related projects planned in 2021 include a booster pump replacement, wastewater treatment plant gate replacement, Wakeforest tank pipe repairs, Law Street water line installation, and wastewater treatment plant master plan design and preliminary engineering report.

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, 2019. This was the 36th 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.

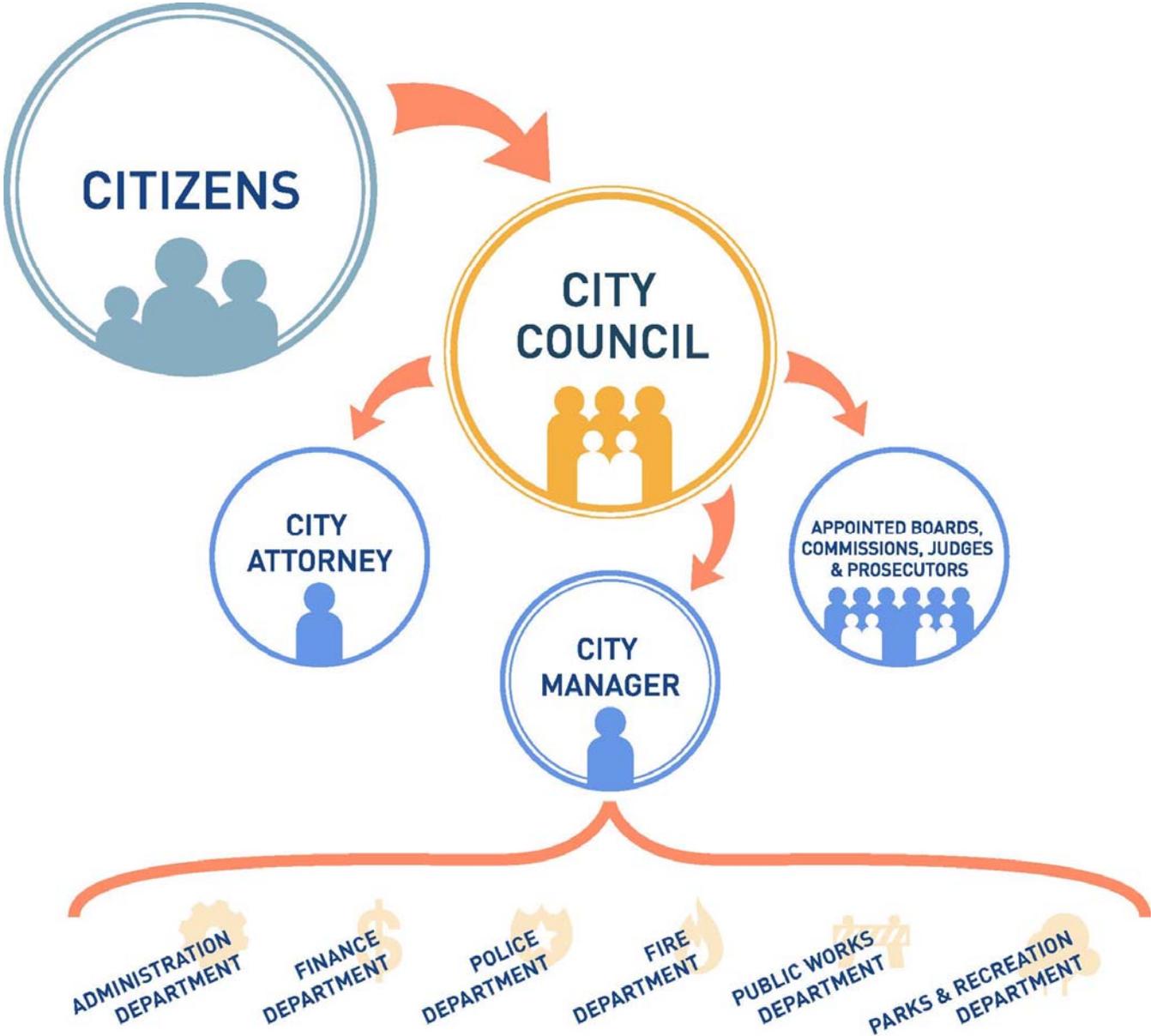
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. Appreciation is expressed to all City employees throughout the organization, especially to those who were instrumental in the successful completion of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



Katherine DuBose
Finance Director

City of West University Place, Texas
Organizational Chart
December 31, 2020



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, 2019

Christopher P. Morill

Executive Director/CEO

City of West University Place, Texas
 Principal Officials
 December 31, 2020

City Officials*	Term Expires	Elective Position
Susan Sample.....	05/2023	Mayor
John Montgomery.....	05/2023	Mayor Pro Tem
Melanie Bell	05/2023	Council Member
Shannon Carroll.....	05/2023	Council Member
John P. Barnes.....	05/2023	Council Member

* City Officials were each elected to a two-year term at the May 2021 election.

Key Staff	Position
David Beach	City Manager
Thelma Gilliam	City Secretary
James Urban	Human Resources Director
Scott Bounds, Olson & Olson	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
Kevin Davenport.....	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, 2020, 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, 2020, 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 Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations, Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance) and is also not a required part of the basic financial statements.

The Combining and Individual Fund Statements and Schedules and the Schedule of Expenditures of Federal Awards 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 and the Schedule of Federal Expenditures 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 8, 2021 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 8, 2021

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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 10 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, human resources expenses 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 \$105,342,763 as of December 31, 2020. This compares with \$96,155,054 from the prior fiscal year. The largest portion of the City's net position, 82 percent, reflects its investments in capital assets (e.g., land, buildings, 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	
	2020	2019	2020	2019	2020	2019
Current and other assets	\$ 77,262,311	\$ 49,513,688	\$ 6,495,888	\$ 6,552,380	\$ 83,758,199	\$ 56,066,068
Capital assets	92,633,545	92,037,581	17,106,431	17,377,397	109,739,976	109,414,978
Total assets	169,895,856	141,551,269	23,602,319	23,929,777	193,498,175	165,481,046
Deferred charge on refunding	470,597	829,552	-	-	470,597	829,552
Deferred outflows - pensions	1,312,749	3,238,954	168,465	453,349	1,481,214	3,692,303
Deferred outflows - OPEB	337,831	280,178	43,355	39,216	381,186	319,394
Total deferred outflows of resources	2,121,177	4,348,684	211,820	492,565	2,332,997	4,841,249
Long-term liabilities outstanding	64,162,377	48,539,903	1,130,664	1,777,357	65,293,041	50,317,260
Other liabilities	2,019,966	2,435,534	593,570	1,124,771	2,613,536	3,560,305
Total liabilities	66,182,343	50,975,437	1,724,234	2,902,128	67,906,577	53,877,565
Property taxes	19,660,212	20,082,063	-	-	19,660,212	20,082,063
Deferred inflow - pensions	1,467,963	31,503	188,383	4,409	1,656,346	35,912
Deferred inflow - OPEB	1,121,369	150,618	143,905	21,083	1,265,274	171,701
Total deferred inflows of resources	22,249,544	20,264,184	332,288	25,492	22,581,832	20,289,676
Net position:						
Net investment in capital assets	69,584,489	57,517,577	17,106,431	17,377,397	86,690,920	74,894,974
Restricted	3,392,309	2,997,088	-	-	3,392,309	2,997,088
Unrestricted	10,608,348	14,145,667	4,651,186	4,117,325	15,259,534	18,262,992
Total net position	\$ 83,585,146	\$ 74,660,332	\$ 21,757,617	\$ 21,494,722	\$ 105,342,763	\$ 96,155,054

A portion of the City's net position, \$3,392,309 or three percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$15,259,534 or 15 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$9,187,709 during the current fiscal year, an increase of ten percent in comparison to the prior year. This overall increase results from the operations of the current fiscal year.

Of the \$9,187,709 increase in net position resulting from the operations of the current fiscal year, an increase of \$8,924,814 is attributable to the governmental activities. This increase is comparable to the increase experienced during the prior fiscal year of \$8,593,998, and reflects a consistent trend of revenues in excess of expenses. Notable changes in the 2020 fiscal year include a decrease in public services and public safety expenses due to closures and other operational impacts related to COVID-19. The increase of \$262,895 in business-type activities is the result of an increase in charges for services due to an increase in rates and consumption.

As of December 31, 2020, the City reports a combined pension and OPEB liability of \$9,000,323, compared to \$13,663,610 as of December 31, 2019. The decrease in the combined liability is due primarily to investment income accumulated on pension plan fiduciary net position, which reduces the net pension liability. 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

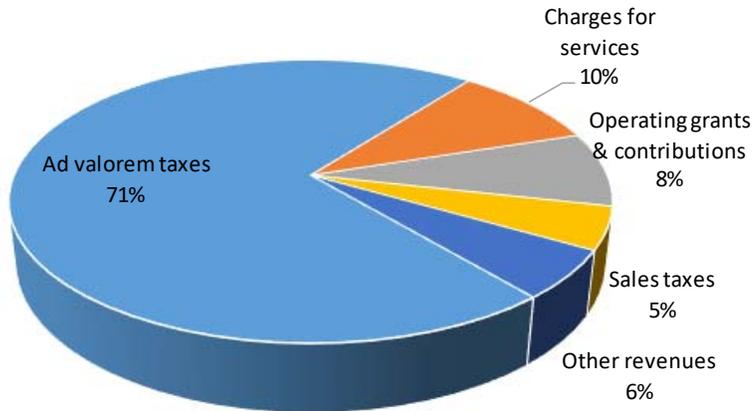
	Governmental Activities		Business-type Activities		Total Primary Government	
	2020	2019	2020	2019	2020	2019
Revenues:						
Program revenues:						
Charges for services	\$ 2,691,600	\$ 4,639,391	\$ 10,409,985	\$ 9,826,410	\$ 13,101,585	\$ 14,465,801
Operating grants and contributions	2,389,875	1,992,389	-	46,835	2,389,875	2,039,224
General revenues:						
Ad valorem taxes	20,131,628	19,605,795	-	-	20,131,628	19,605,795
Sales taxes	1,358,237	1,300,764	-	-	1,358,237	1,300,764
Franchise taxes	908,389	1,093,925	-	-	908,389	1,093,925
Other taxes	8,382	11,219	-	-	8,382	11,219
Investment earnings	217,543	646,955	22,265	85,075	239,808	732,030
Other revenues	405,857	321,553	741	2,288	406,598	323,841
Gain on disposal of capital assets	23,394	16,384	-	-	23,394	16,384
Total revenues	28,134,905	29,628,375	10,432,991	9,960,608	38,567,896	39,588,983
Expenses:						
General government	3,604,254	4,197,072	-	-	3,604,254	4,197,072
Public safety	8,360,703	8,400,062	-	-	8,360,703	8,400,062
Public works	4,861,110	4,747,662	-	-	4,861,110	4,747,662
Public services	3,930,407	5,178,811	-	-	3,930,407	5,178,811
Interest and fees on debt	1,197,800	1,266,808	-	-	1,197,800	1,266,808
Water and sewer	-	-	6,069,372	6,238,797	6,069,372	6,238,797
Solid waste	-	-	1,356,541	1,380,365	1,356,541	1,380,365
Total expenses	21,954,274	23,790,415	7,425,913	7,619,162	29,380,187	31,409,577
Increase (decrease) in net position before transfers	6,180,631	5,837,960	3,007,078	2,341,446	9,187,709	8,179,406
Transfers	2,744,183	2,756,038	(2,744,183)	(2,756,038)	-	-
Change in net position	8,924,814	8,593,998	262,895	(414,592)	9,187,709	8,179,406
Net position - beginning	74,660,332	66,066,334	21,494,722	21,909,314	96,155,054	87,975,648
Net position - ending	\$ 83,585,146	\$ 74,660,332	\$ 21,757,617	\$ 21,494,722	\$ 105,342,763	\$ 96,155,054

As previously described, the operational and community impacts of COVID-19 resulted in decreases in expenses related to facility closures, logistical delays, and other matters. The City also experienced decreases in governmental revenues due to these same factors, most notably in charges for services related to public services functions such as culture and recreation events, aquatic classes, memberships, and other community-related impacts of the pandemic.

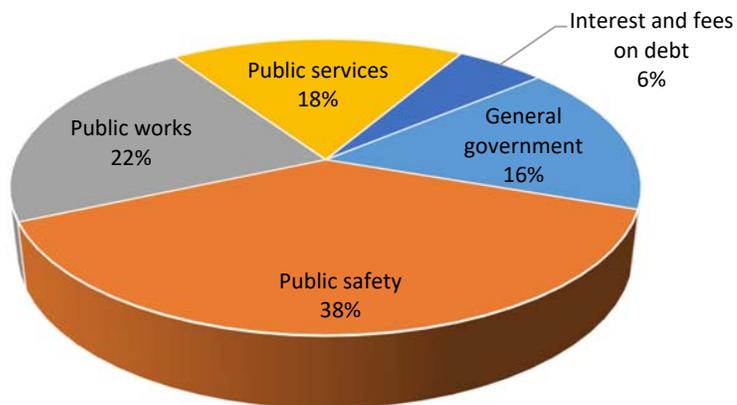
Charges for services for business-type activities increased \$583,575, which is an increase of six percent. This increase is due to the combined effects of an increase in rates and consumption. Operating expenses for business-type activities decreased by \$193,249. This decrease is primarily due to a decrease in personnel costs.

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

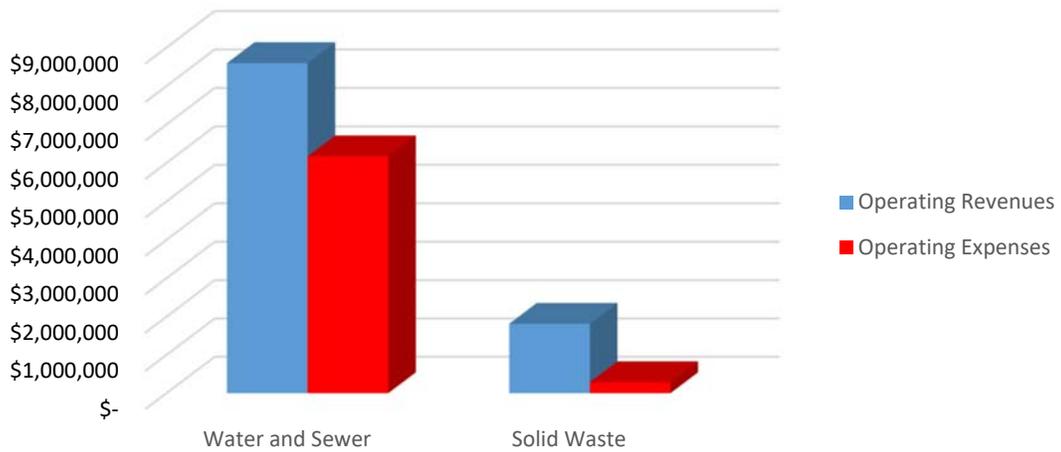
Governmental Revenues



Governmental Expenses



Business-Type Activities



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 \$47,073,625. Of this, \$241,156 is nonspendable, \$1,561,361 is restricted for debt service, \$31,328,283 is restricted to capital projects funds, \$67,055 is restricted for enabling legislation, \$1,063,113 is restricted for City parks, \$300,963 is restricted for METRO, \$299,221 is restricted for tree replacement, \$332,455 is restricted for governmental programming, and \$60,704 is assigned for purchases on order.

There was an increase in the combined fund balance of \$27,885,312 compared to the prior year. This is largely attributable to the issuance of debt in 2020.

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 \$11,819,314, while total fund balance reached \$12,453,629. 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 66 percent of total general fund expenditures, while total fund balance represents 69 percent of the total general fund expenditures. The general fund demonstrated an overall increase of \$2,556,331 primarily due to lower than anticipated expenditures as a result of COVID-19, as further described in the Government-Wide Financial Analysis on the previous pages.

The debt service fund has a total fund balance of \$1,561,361, all of which is restricted for the payment of debt service. Expenditures exceeded revenues by \$1,227,322, with an overall net increase in fund balance after other funding sources and uses for the year of \$644,940. This increase in fund balance is primarily due to transfers in from the capital projects and water and sewer funds for debt obligations.

The capital projects fund has a total fund balance of \$31,328,283, all of which is restricted to capital projects funds. Expenditures exceeded revenues by \$2,781,109, with an overall net increase in fund balance after other funding sources for the year of \$24,921,865. This increase in fund balance is primarily due to the issuance of debt in 2020.

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 \$175,813 in the general fund. Budget amendments throughout the year resulted in an increase of \$61,432. However, fund balance increased by \$2,556,331, resulting in a positive variance of \$2,494,899 from actual over budgeted as amended.

Actual general fund revenues were less than the amended budgeted revenues by \$688,499 during 2020. This net variance includes the negative variances of \$1,502,178 for charges for services and \$122,849 for investment earnings.

Actual expenditures were less than budgeted amounts in total by \$3,078,322 for the fiscal year. This net variance is due to positive variances of \$580,247 for general government, \$1,081,271 for public safety, \$300,030 for public works and \$1,116,774 for public services.

Capital Assets

At the end of fiscal year 2020, the City's governmental and business-type activities had invested \$92,633,545 and \$17,106,431, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of \$595,964 and decrease of \$270,966, respectively.

Major capital assets events during the year included the following:

- Colonial Pool Plaster Replacement for \$87,951
- Colonial Park Improvements for \$158,391
- Bissonnet Water Line Improvements for \$639,400
- Construction in progress for various City projects in the amount of \$2,858,196

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 \$50,025,000. Of this amount, \$21,185,000 was general obligation debt and \$28,840,000 was certificates of obligation debt. During the year, the City had a net increase in long-term debt of \$19,498,380.

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:

	<u>Standard and Poor's</u>
General obligation bonds	AAA
Certificates of obligation	AAA

Economic Factors and Next Year's Budget

The City Council approved a \$56.4 million operating budget for fiscal year 2021. The budget maintains the property tax rate at \$0.294066 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 2021 budget did not increase or decrease the water and sewer rates from 2020.

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, 2020

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 49,863,443	\$ 3,167,964	\$ 53,031,407
Investments	10,319,009	1,077,082	11,396,091
Receivables, net of allowances	13,582,186	1,527,787	15,109,973
Internal balances	(723,055)	723,055	-
Due from other governments	2,907,760	-	2,907,760
Inventory	15,309	-	15,309
Prepays	1,297,659	-	1,297,659
Capital assets:			
Nondepreciable capital assets	13,277,881	511,078	13,788,959
Depreciable capital assets, net	79,355,664	16,595,353	95,951,017
Total assets	169,895,856	23,602,319	193,498,175
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	470,597	-	470,597
Deferred outflows - pension	1,312,749	168,465	1,481,214
Deferred outflows - other postemployment benefits	337,831	43,355	381,186
Total deferred outflows of resources	2,121,177	211,820	2,332,997
LIABILITIES			
Accounts payable and accrued liabilities	1,533,991	593,570	2,127,561
Unearned revenue	7,165	-	7,165
Accrued interest payable	478,810	-	478,810
Noncurrent liabilities:			
Due within one year - bonds, certificates of obligation, compensated absences	4,440,529	96,131	4,536,660
Due in more than one year			
Bonds, certificates of obligation, compensated absences	51,745,168	10,890	51,756,058
Net pension liability	4,932,751	633,017	5,565,768
Other postemployment benefits liability	3,043,929	390,626	3,434,555
Total liabilities	66,182,343	1,724,234	67,906,577
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	19,660,212	-	19,660,212
Deferred inflows - pension	1,467,963	188,383	1,656,346
Deferred inflows - other postemployment benefits	1,121,369	143,905	1,265,274
Total deferred inflows of resources	22,249,544	332,288	22,581,832
NET POSITION			
Net investment in capital assets	69,584,489	17,106,431	86,690,920
Restricted for:			
Debt service	1,329,502	-	1,329,502
Enabling legislation	67,055	-	67,055
City parks	1,063,113	-	1,063,113
METRO	300,963	-	300,963
Tree replacement	299,221	-	299,221
Governmental programming	332,455	-	332,455
Unrestricted	10,608,348	4,651,186	15,259,534
TOTAL NET POSITION	\$ 83,585,146	\$ 21,757,617	\$ 105,342,763

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, 2020

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 3,604,254	\$ -	\$ 679,118	\$ -
Public safety	8,360,703	948,986	916,694	-
Public works	4,861,110	907,850	393,699	-
Public services	3,930,407	834,764	400,364	-
Interest on long-term debt	1,197,800	-	-	-
Total governmental activities	21,954,274	2,691,600	2,389,875	-
Business-type activities:				
Water and sewer	6,069,372	8,596,188	-	-
Solid waste	1,356,541	1,813,797	-	-
Total business-type activities	7,425,913	10,409,985	-	-
TOTAL PRIMARY GOVERNMENT	\$ 29,380,187	\$ 13,101,585	\$ 2,389,875	\$ -
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>
\$ (2,925,136)	\$ -	\$ (2,925,136)
(6,495,023)	-	(6,495,023)
(3,559,561)	-	(3,559,561)
(2,695,279)	-	(2,695,279)
(1,197,800)	-	(1,197,800)
(16,872,799)	-	(16,872,799)
-	2,526,816	2,526,816
-	457,256	457,256
-	2,984,072	2,984,072
(16,872,799)	2,984,072	(13,888,727)
20,131,628	-	20,131,628
1,358,237	-	1,358,237
908,389	-	908,389
8,382	-	8,382
217,543	22,265	239,808
405,857	741	406,598
23,394	-	23,394
2,744,183	(2,744,183)	-
25,797,613	(2,721,177)	23,076,436
8,924,814	262,895	9,187,709
74,660,332	21,494,722	96,155,054
<u>\$ 83,585,146</u>	<u>\$ 21,757,617</u>	<u>\$ 105,342,763</u>

City of West University Place, Texas
Balance Sheet - Governmental Funds
December 31, 2020

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 15,649,821	\$ 3,371,788	\$ 23,351,055	\$ 1,563,281	\$ 43,935,945
Investments	20,796	-	7,939,162	343,751	8,303,709
Receivables, net of allowances	8,945,585	4,416,044	82,265	138,292	13,582,186
Due from other funds	298,541	-	-	378,968	677,509
Due from other governments	1,903,091	1,004,669	-	-	2,907,760
Inventory	15,309	-	-	-	15,309
Prepays	225,847	-	-	-	225,847
TOTAL ASSETS	\$ 27,058,990	\$ 8,792,501	\$ 31,372,482	\$ 2,424,292	\$ 69,648,265
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,161,701	\$ -	\$ 44,199	\$ 209,073	\$ 1,414,973
Due to other funds	39,353	192,642	-	484,867	716,862
Unearned revenue	7,165	-	-	-	7,165
Total liabilities	1,208,219	192,642	44,199	693,940	2,139,000
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	13,188,231	7,038,498	-	-	20,226,729
Unavailable revenue - warrants	163,873	-	-	-	163,873
Unavailable revenue - ambulance services	45,038	-	-	-	45,038
Total deferred inflows of resources	13,397,142	7,038,498	-	-	20,435,640
FUND BALANCES					
Nonspendable:					
Inventory	15,309	-	-	-	15,309
Prepays	225,847	-	-	-	225,847
Restricted for:					
Debt service	-	1,561,361	-	-	1,561,361
Capital projects funds	-	-	31,328,283	-	31,328,283
Enabling legislation	-	-	-	67,055	67,055
City parks	-	-	-	1,063,113	1,063,113
METRO	-	-	-	300,963	300,963
Tree replacement	-	-	-	299,221	299,221
Governmental programming	332,455	-	-	-	332,455
Assigned to:					
Purchases on order	60,704	-	-	-	60,704
Unassigned	11,819,314	-	-	-	11,819,314
Total fund balances	12,453,629	1,561,361	31,328,283	1,730,352	47,073,625
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 27,058,990	\$ 8,792,501	\$ 31,372,482	\$ 2,424,292	\$ 69,648,265

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, 2020

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 47,073,625

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)	\$ 13,277,881	
Capital assets, depreciable, net (excluding internal service)	77,514,282	90,792,163

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	\$ 566,517	
Warrants	163,873	
Ambulance services	45,038	775,428

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.

9,725,916

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	\$(50,025,000)	
Premiums on bonds and certificates of obligation	(4,822,936)	
Accrued interest on bonds and certificates of obligation	(478,810)	
Compensated absences	(1,322,907)	
Deferred charge on refunding	470,597	
Net pension liability	(4,759,850)	
Deferred outflows of resources - pension	1,266,735	
Deferred inflows of resources - pension	(1,416,508)	
Other postemployment benefits liability	(2,937,234)	
Deferred outflows of resources - other postemployment benefits	325,990	
Deferred inflows of resources - other postemployment benefits	(1,082,063)	(64,781,986)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 83,585,146

City of West University Place, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2020

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
REVENUES					
Ad valorem taxes	\$ 12,307,660	\$ 7,755,310	\$ -	\$ -	\$ 20,062,970
Sales taxes	1,358,237	-	-	-	1,358,237
Franchise taxes	908,389	-	-	-	908,389
Other taxes	8,382	-	-	-	8,382
Permits, licenses, and fees	648,152	-	-	44,750	692,902
Fines and forfeitures	110,580	-	-	9,722	120,302
Charges for services	1,954,822	-	-	-	1,954,822
Intergovernmental	940,669	-	634,237	679,118	2,254,024
Contributions	-	-	-	400,364	400,364
Investment earnings	103,151	10,332	39,329	8,240	161,052
Other revenues	405,857	-	-	-	405,857
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	18,745,899	7,765,642	673,566	1,142,194	28,327,301
EXPENDITURES					
Current:					
General government	3,160,460	-	-	12,218	3,172,678
Public safety	8,450,215	-	-	-	8,450,215
Public works	3,184,914	-	-	7,829	3,192,743
Public services	3,032,351	-	-	230,241	3,262,592
Capital outlay	102,904	-	3,204,163	579,730	3,886,797
Debt service:					
Principal	-	8,060,000	-	-	8,060,000
Interest and fiscal agent fees	-	768,808	-	-	768,808
Bond issuance costs	-	164,156	250,512	-	414,668
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	17,930,844	8,992,964	3,454,675	830,018	31,208,501
Excess (deficiency) of revenues over (under) expenditures	815,055	(1,227,322)	(2,781,109)	312,176	(2,881,200)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,740,691	1,872,262	550,000	586,860	4,749,813
Transfers out	-	-	(788,079)	(1,136,860)	(1,924,939)
Refunding bonds issued	-	10,780,000	-	-	10,780,000
Certificates of obligation issued	-	-	24,070,000	-	24,070,000
Premium on refunding bonds and certificates of obligation issued	-	648,681	3,871,053	-	4,519,734
Sale of capital assets	585	-	-	-	585
Payments to refunded bond escrow agent	-	(11,428,681)	-	-	(11,428,681)
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources (uses)	1,741,276	1,872,262	27,702,974	(550,000)	30,766,512
Net change in fund balances	2,556,331	644,940	24,921,865	(237,824)	27,885,312
Fund balance, beginning of year	9,897,298	916,421	6,406,418	1,968,176	19,188,313
	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
FUND BALANCES, END OF YEAR	\$ 12,453,629	\$ 1,561,361	\$ 31,328,283	\$ 1,730,352	\$ 47,073,625

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, 2020

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS

\$ 27,885,312

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	\$ 3,744,036	
Depreciation expense	<u>(3,233,930)</u>	510,106

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

Property taxes	\$ 68,658	
Warrants	(89,738)	
Ambulance services	13,312	
Grants	<u>(264,513)</u>	(272,281)

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	\$ (34,850,000)	
Premium on debt issued	(4,519,734)	
Principal repayments	8,060,000	
Payments to refunded bond escrow agent	11,485,427	
Amortization of bond premiums	292,825	
Amortization of deferred charges on refunding	(325,853)	
Change in accrued interest	(38,042)	
Compensated absences	<u>(136,854)</u>	(20,032,231)

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

Change in net pension liability	\$ 2,816,996	
Change in deferred outflows of resources - pension	(1,799,546)	
Change in deferred inflows of resources - pension	(1,386,684)	
Change in other postemployment benefits liability	832,891	
Change in deferred outflows of resources - other postemployment benefits	60,748	
Change in deferred inflows of resources - other postemployment benefits	<u>(939,475)</u>	(415,070)

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.

1,248,978

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES

\$ 8,924,814

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, 2020

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Totals Enterprise Funds	Total Internal Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 2,726,012	\$ 441,952	\$ 3,167,964	\$ 5,927,498
Investments	926,822	150,260	1,077,082	2,015,300
Receivables, net of allowances	1,216,757	311,030	1,527,787	-
Due from other funds	-	-	-	46,082
Prepays	-	-	-	1,071,812
Total current assets	4,869,591	903,242	5,772,833	9,060,692
Noncurrent assets				
Capital assets				
Land	193,875	-	193,875	-
Construction in progress	317,203	-	317,203	-
Buildings and improvements	459,625	-	459,625	-
Machinery and equipment	2,422,476	-	2,422,476	5,032,455
Water and sewer systems	58,174,929	-	58,174,929	-
Accumulated depreciation	(44,461,677)	-	(44,461,677)	(3,191,073)
Total capital assets (net of accumulated depreciation)	17,106,431	-	17,106,431	1,841,382
Total noncurrent assets	17,106,431	-	17,106,431	1,841,382
Total assets	21,976,022	903,242	22,879,264	10,902,074
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	118,535	49,930	168,465	46,014
Deferred outflows - other postemployment benefits	30,505	12,850	43,355	11,841
Total deferred outflows of resources	149,040	62,780	211,820	57,855
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	487,312	106,258	593,570	119,018
Due to other funds	3,503	2,067	5,570	1,159
Compensated absences	73,969	22,162	96,131	14,854
Total current liabilities	564,784	130,487	695,271	135,031
Noncurrent liabilities				
Compensated absences	5,094	5,796	10,890	-
Net pension liability	445,401	187,616	633,017	172,901
Other postemployment benefits liability	274,851	115,775	390,626	106,695
Total noncurrent liabilities	725,346	309,187	1,034,533	279,596
Total liabilities	1,290,130	439,674	1,729,804	414,627
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	132,549	55,834	188,383	51,455
Deferred inflows - other postemployment benefits	101,254	42,651	143,905	39,306
Total deferred inflows of resources	233,803	98,485	332,288	90,761
NET POSITION				
Net investment in capital assets	17,106,431	-	17,106,431	1,841,382
Unrestricted	3,494,698	427,863	3,922,561	8,613,159
TOTAL NET POSITION	\$ 20,601,129	\$ 427,863	\$ 21,028,992	\$ 10,454,541

Reconciliation to the government-wide statement of net position:

Adjustment to reflect internal service fund activities related to enterprise funds	728,625
Net position of business-type activities	<u>\$ 21,757,617</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, 2020

	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	\$ 8,596,188	\$ 1,813,797	\$ 10,409,985	\$ 5,248,417
Other revenues	-	741	741	2,270
Total operating revenues	8,596,188	1,814,538	10,410,726	5,250,687
OPERATING EXPENSES				
Costs of sales and services	3,440,362	1,052,161	4,492,523	3,010,307
Personnel	1,018,914	474,568	1,493,482	312,264
Repairs and maintenance	-	-	-	34,169
Depreciation	1,710,356	-	1,710,356	373,130
Total operating expenses	6,169,632	1,526,729	7,696,361	3,729,870
Operating income	2,426,556	287,809	2,714,365	1,520,817
NONOPERATING REVENUES				
Investment earnings	17,013	5,252	22,265	56,491
Gain on sale of capital assets	-	-	-	22,809
Total nonoperating revenues	17,013	5,252	22,265	79,300
Income before transfers	2,443,569	293,061	2,736,630	1,600,117
TRANSFERS				
Transfers out	(2,434,183)	(310,000)	(2,744,183)	(80,691)
Total transfers	(2,434,183)	(310,000)	(2,744,183)	(80,691)
Change in net position	9,386	(16,939)	(7,553)	1,519,426
Net position - beginning	20,591,743	444,802	21,036,545	8,935,115
NET POSITION, END OF YEAR	<u>\$ 20,601,129</u>	<u>\$ 427,863</u>	<u>\$ 21,028,992</u>	<u>\$ 10,454,541</u>
Reconciliation to the government-wide statement of activities:				
Adjustment to reflect internal service fund activities related to enterprise funds			270,448	
Change in net position for business-type activities			<u>\$ 262,895</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, 2020

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Solid Waste	Totals Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 8,737,110	\$ 1,833,959	\$ 10,571,069	\$ 2,270
Cash received from interfund charges for services	-	-	-	5,266,337
Cash payments to suppliers	(4,010,263)	(1,036,095)	(5,046,358)	(3,760,877)
Cash payments to employees	(1,083,777)	(468,857)	(1,552,634)	(464,331)
Net cash provided by operating activities	3,643,070	329,007	3,972,077	1,043,399
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers to other funds	(2,434,183)	(310,000)	(2,744,183)	(80,691)
Net cash used for noncapital financing activities	(2,434,183)	(310,000)	(2,744,183)	(80,691)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,439,390)	-	(1,439,390)	(524,198)
Proceeds from sale of capital assets	-	-	-	22,809
Net cash used for capital and related financing activities	(1,439,390)	-	(1,439,390)	(501,389)
CASH FLOWS FROM INVESTING ACTIVITIES				
(Purchase) sale of investments, net	1,026,017	136,607	1,162,624	1,733,720
Earnings on investments	17,013	5,252	22,265	56,491
Net cash provided by investing activities	1,043,030	141,859	1,184,889	1,790,211
Net increase in cash and cash equivalents	812,527	160,866	973,393	2,251,530
Cash and cash equivalents, beginning balance	1,913,485	281,086	2,194,571	3,675,968
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 2,726,012	\$ 441,952	\$ 3,167,964	\$ 5,927,498
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 2,426,556	\$ 287,809	\$ 2,714,365	\$ 1,520,817
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation and amortization	1,710,356	-	1,710,356	373,130
Changes in assets, liabilities and related deferrals:				
(Increase) decrease in assets and deferred outflows:				
Receivables, net of allowances	121,883	19,421	141,304	-
Due from other funds	-	-	-	17,920
Prepays	-	-	-	(773,983)
Deferred outflows - net pension liability	204,647	80,237	284,884	126,659
Deferred outflows - other postemployment benefits	(2,548)	(1,591)	(4,139)	3,095
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued liabilities	(548,200)	16,999	(531,201)	59,130
Due to other funds	(2,662)	(933)	(3,595)	(1,548)
Compensated absences	(6,887)	14,203	7,316	(3,482)
Net pension liability	(353,190)	(134,031)	(487,221)	(253,778)
Other postemployment benefits liability	(122,516)	(44,272)	(166,788)	(105,613)
Deferred inflows - net pension liability	129,406	54,568	183,974	49,776
Deferred inflows - other postemployment benefits	86,225	36,597	122,822	31,276
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,643,070	\$ 329,007	\$ 3,972,077	\$ 1,043,399

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

City of West University Place, Texas

Notes to the Financial Statements

Note 1. Summary of Significant Accounting Policies

A. Reporting Entity

The City of West University Place, Texas (the "City") was incorporated in 1924. The City has operated under a "Home Rule Charter" since 1940, which provides for a Council-Manager form of government. A Mayor and four Council members are elected by voters of the City at large for two year terms.

The City Council is the principal legislative body of the City. The City Manager is appointed by a majority vote of the City Council and is responsible to the Council for the administration of all the affairs of the City. The City Manager is responsible for the appointment and removal of department directors and employees, supervision and control of all City departments, and preparation of the annual budget.

The City provides the following services: public safety to include police and fire services, municipal court, leisure services, streets, drainage, water and sewer services, solid waste collection and disposal, community development, and general administration.

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The component unit listed below, although legally separate, is considered part of the reporting entity. No other entities have been included in the City's reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

Blended Component Unit

Friends of West University Parks Fund

Friends of West University Parks Fund (the "Corporation") has been included in the reporting entity as a blended component unit. The Corporation is a not-for-profit corporation 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 healthcare benefits. The human resources fund accounts for costs associated with non-insurance related human resources expenses. 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 or net asset value, 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 (PFIA), 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, and ambulance services 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.

City of West University Place, Texas

Notes to the Financial Statements

7. Long-Term Obligations

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

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

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

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with the interest earned in the debt service fund and a transfer of resources from the water and sewer fund for revenue bonds refunded through general obligation debt in a prior year. The debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

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 administered by TMRS and a single-employer defined benefit other postemployment benefits plan known as the Retiree Health Care 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.

City of West University Place, Texas

Notes to the Financial Statements

10. Net Position Flow Assumption

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

11. Fund Balance Flow Assumptions

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

12. Fund Balance Policies

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

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

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.

City of West University Place, Texas

Notes to the Financial Statements

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.

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, 2020. 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.

City of West University Place, Texas

Notes to the Financial Statements

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, 2020, significant encumbrances included in the governmental funds include \$60,704 in the general fund, \$852,622 in the capital projects fund and \$3,100 in the parks fund for purchases on order.

Note 3. Deposits and Investments

As of December 31, 2020, the City had the following deposits and investments:

	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Deposits		
Cash	\$ 1,335,889	
Cash equivalents:		
TexPool external investment pool	40,727,097	0.10
Texas CLASS external investment pool	10,701,889	0.24
Other	<u>266,532</u>	
Total	<u><u>\$ 53,031,407</u></u>	
Investments		
U.S. government agency bonds/notes	\$ 5,074,025	0.93
U.S. Treasury notes	6,112,523	0.67
Corporation's certificates of deposit	<u>209,543</u>	0.48
Total	<u><u>\$ 11,396,091</u></u>	
Portfolio weighted average maturity		0.25

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, 2020, 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 \$402,159 at December 31, 2020.

City of West University Place, Texas

Notes to the Financial Statements

Local Government Investment Pools

As of December 31, 2020, the City maintained balances in TexPool and Texas CLASS local government investment pools. The investment pool balances are not evidenced by securities that exist in physical or book entry form and, accordingly, do not have custodial risk.

TexPool policies require that local government deposits be used to purchase investments authorized by the PFIA. TexPool is a public funds investment pool created by the Texas Treasury Safekeeping Trust Company (the "Trust Company") to provide a safe environment for the placement of local government funds in authorized short-term, fully collateralized investments, including direct obligations of, or obligations guaranteed by, the United States or State of Texas or their agencies; federally insured certificates of deposit issued by Texas banks or savings and loans; and fully collateralized direct repurchase agreements secured by United States Government Agency securities and placed through a primary government securities dealer.

The Trust Company was incorporated by the State Treasurer by authority of the Texas Legislature as a special purpose trust company with direct access to the services of the Federal Reserve Bank to manage, disburse, transfer, safe keep, and invest public funds and securities more efficiently and economically. The State Comptroller of Public Accounts exercises oversight responsibility over TexPool. Oversight includes the ability to significantly influence operations, designation of management, and accountability for fiscal matters. TexPool uses amortized cost rather than fair value to report net position to compute share prices. The fair value of the position in TexPool is the same as the value of TexPool shares. Accordingly, the City's investments in TexPool are stated at amortized cost, which approximates fair value.

Texas Cooperative Liquid Assets Securities System ("Texas CLASS"), is governed by a board of trustees, elected annually by its participants. Texas CLASS is a local government investment pool emphasizing safety, liquidity, convenience and competitive yield. Since 1996, Texas CLASS has provided Texas public entities a safe and competitive investment alternative. Texas CLASS invests only in securities allowed by the PFIA. The City reports its investment in Texas CLASS at net asset value (NAV), which is the same as the value of the pool shares.

The local government investment pools do not have any limitations and restrictions on withdrawals such as notice periods or maximum transaction amounts. These pools do not impose any liquidity fees or redemption gates.

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.

City of West University Place, Texas

Notes to the Financial Statements

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 City investments are not required to be measured at fair value; these include its investments in the local government investment pools which are measured at amortized cost or NAV and are 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, 2020, 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	\$ 3,074,357	\$ -	\$ 3,074,357
Federal Farm Credit Bank	1,999,668	-	1,999,668
U.S. Treasury notes	6,112,523	6,112,523	-
Total	\$ 11,186,548	\$ 6,112,523	\$ 5,074,025

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.

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, 2020, the City's investments in local government investment pools were 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.

City of West University Place, Texas

Notes to the Financial Statements

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.

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	\$ 8,219,189	\$ 4,416,044	\$ -	\$ -	\$ -	\$ -
Other taxes	353,483	-	-	-	-	-
Accounts	2,143,438	-	-	-	1,410,280	349,286
Intergovernmental	42,625	-	82,265	138,292	-	-
Other	7,570	-	-	-	4,968	-
Less: Allowance	(1,820,720)	-	-	-	(198,491)	(38,256)
Totals	\$ 8,945,585	\$ 4,416,044	\$ 82,265	\$ 138,292	\$ 1,216,757	\$ 311,030

City of West University Place, Texas

Notes to the Financial Statements

Note 5. Capital Assets

The following is a summary of changes in capital assets for governmental activities for the year ended December 31, 2020:

	Beginning Balance	Increases	Reclassifications / (Decreases)	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 8,330,302	\$ -	\$ -	\$ 8,330,302
Construction in progress	2,089,383	2,858,196	-	4,947,579
Total capital assets, not being depreciated	10,419,685	2,858,196	-	13,277,881
Depreciable assets:				
Buildings and improvements	59,516,671	667,969	-	60,184,640
Machinery and equipment	9,225,798	676,859	(150,810)	9,751,847
Infrastructure	66,633,784	-	-	66,633,784
Total depreciable assets	135,376,253	1,344,828	(150,810)	136,570,271
Less accumulated depreciation for:				
Buildings and improvements	(21,552,959)	(1,837,948)	-	(23,390,907)
Machinery and equipment	(7,232,812)	(436,436)	150,810	(7,518,438)
Infrastructure	(24,972,586)	(1,332,676)	-	(26,305,262)
Total accumulated depreciation	(53,758,357)	(3,607,060)	150,810	(57,214,607)
Total depreciable assets, net	81,617,896	(2,262,232)	-	79,355,664
Governmental activities capital assets, net	\$ 92,037,581	\$ 595,964	\$ -	\$ 92,633,545

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	\$ 420,038
Public safety	11,057
Public works	1,964,942
Public service	837,893
Capital assets held by the City's internal service fund	373,130
Total governmental activities depreciation expense	\$ 3,607,060

City of West University Place, Texas

Notes to the Financial Statements

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

Projects	Approved Construction Budget	Stored and Completed To Date	Remaining Commitment
Buffalo Speedway Reconstruction	\$ 214,197	\$ 213,250	\$ 947
Buffalo Speedway - Roadway	1,768,601	1,541,632	226,969
Buffalo Speedway - Drainage	1,269,722	1,041,502	228,220
Virtual Gate Project	2,408,035	1,942,696	465,339
Total	\$ 5,660,555	\$ 4,739,080	\$ 921,475

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.

The following is a summary of changes in capital assets for business-type activities for the year ended December 31, 2020:

	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	219,866	724,770	(627,433)	317,203
Total capital assets, not being depreciated	413,741	724,770	(627,433)	511,078
Depreciable assets:				
Buildings and improvements	459,625	-	-	459,625
Water and sewer systems	56,868,106	679,390	627,433	58,174,929
Machinery and equipment	2,387,246	35,230	-	2,422,476
Total depreciable assets	59,714,977	714,620	627,433	61,057,030
Less accumulated depreciation for:				
Buildings and improvements	(459,625)	-	-	(459,625)
Water and sewer systems	(40,941,744)	(1,586,539)	-	(42,528,283)
Machinery and equipment	(1,349,952)	(123,817)	-	(1,473,769)
Total accumulated depreciation	(42,751,321)	(1,710,356)	-	(44,461,677)
Total depreciable assets, net	16,963,656	(995,736)	627,433	16,595,353
Business-type activities capital assets, net	\$ 17,377,397	\$ (270,966)	\$ -	\$ 17,106,431

City of West University Place, Texas

Notes to the Financial Statements

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

Water and sewer	\$ 1,710,356
Total business-type activities depreciation expense	\$ 1,710,356

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
Buffalo Speedway Reconstruction	\$ 26,193	\$ 25,161	\$ 1,032
Water Pumping and Storage Study	149,780	81,420	68,360
SCADA Water System Replacement	97,728	91,487	6,241
Total	\$ 273,701	\$ 198,068	\$ 75,633

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

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, 2020. In general, the City uses the general and debt service funds to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental activities:					
Bonds, notes and other payables:					
General obligation bonds	\$24,940,000	\$10,780,000	\$14,535,000	\$21,185,000	\$ 3,195,000
Certificates of obligation	9,560,000	24,070,000	4,790,000	28,840,000	340,000
Unamortized premiums and/or discounts	849,556	4,519,734	546,354	4,822,936	257,548
Total bonds, notes and other payables, net	35,349,556	39,369,734	19,871,354	54,847,936	3,792,548
Other liabilities:					
Compensated absences	1,204,389	587,155	453,783	1,337,761	647,981
Net pension liability	8,003,525	4,729,636	7,800,410	4,932,751	-
Other postemployment benefit liability	3,982,433	390,966	1,329,470	3,043,929	-
Total governmental activities	\$48,539,903	\$45,077,491	\$29,455,017	\$64,162,377	\$ 4,440,529
Business-type activities:					
Compensated absences	\$ 99,705	\$ 47,245	\$ 39,929	\$ 107,021	\$ 96,131
Net pension liability	1,120,238	515,120	1,002,341	633,017	-
Other postemployment benefit liability	557,414	40,945	207,733	390,626	-
Total business-type activities	\$ 1,777,357	\$ 603,310	\$ 1,250,003	\$ 1,130,664	\$ 96,131

City of West University Place, Texas

Notes to the Financial Statements

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

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

Description	Interest Rates	Balance
Governmental activities:		
General obligation bonds		
General obligation refunding		
Series 2016	1.45 %	\$ 745,000
Series 2017	2.01 %	9,660,000
Series 2020	2.00 - 4.00 %	<u>10,780,000</u>
Total general obligation bonds		<u>21,185,000</u>
Certificates of obligation		
Series 2011	2.00 - 2.25 %	730,000
Series 2019	3.00 - 4.00 %	4,040,000
Series 2020	3.00 - 5.00 %	<u>24,070,000</u>
Total certificates of obligation		<u>28,840,000</u>
Total governmental activities long-term debt		<u>\$ 50,025,000</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
2021	\$ 3,535,000	\$ 1,393,966	\$ 4,928,966
2022	4,985,000	1,470,019	6,455,019
2023	2,930,000	1,330,585	4,260,585
2024	2,985,000	1,237,387	4,222,387
2025	3,050,000	1,162,680	4,212,680
2026 - 2030	11,530,000	4,693,164	16,223,164
2031 - 2035	5,315,000	3,376,375	8,691,375
2036 - 2040	4,305,000	2,608,675	6,913,675
2041 - 2045	5,130,000	1,781,400	6,911,400
2046 - 2050	<u>6,260,000</u>	<u>646,000</u>	<u>6,906,000</u>
Totals	<u>\$ 50,025,000</u>	<u>\$ 19,700,251</u>	<u>\$ 69,725,251</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, 2020, 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 current and 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. As of December 31, 2020, there were no outstanding balances of defeased bonds.

In January 2020, the City issued \$10,780,000 in General Obligation Refunding Bonds, Series 2020 to refund \$3,460,000 of General Obligation Refunding Bonds, Series 2009, \$2,035,000 of General Obligation Bonds, Series 2010, \$1,245,000 of General Obligation Refunding Bonds, Series 2010, \$865,000 of Certificates of Obligation, Series 2009, \$2,805,000 of Certificates of Obligation, Series 2010, and \$855,000 of Certificates of Obligation, Series 2010A. The refunding resulted in a net present value saving of \$728,916 and a gross savings of \$773,619. The reacquisition price was more than the net carrying amount of the old debt by \$31,214. This amount is recorded as a deferred outflow and amortized over the life of the refunded debt.

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, 2020.

Note 7. Interfund Balances and Activity

1. Interfund Receivables and Payables

Interfund receivables and payables of the various funds at December 31, 2020 were as follows:

	Interfund Receivables	Interfund Payables
General	\$ 298,541	\$ 39,353
Internal Service	46,082	1,159
Water and Sewer	-	3,503
Solid Waste	-	2,067
Debt Service		192,642
Nonmajor	378,968	484,867
Totals	\$ 723,591	\$ 723,591

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:

	Transfers Out	Transfers In	Amounts
Water and sewer		General	\$ 1,250,000
Water and sewer		Debt service	1,184,183
Capital projects		Debt service	688,079
Nonmajor		Capital projects	550,000
Solid waste		General	310,000
Nonmajor		Nonmajor	586,860
Capital projects		General	100,000
Nonmajor		General	80,691
			<u>80,691</u>
Totals			<u>\$ 4,749,813</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 March 31, 2023; 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:

Year Ending December 31,	Annual Base Rent
2021	\$ 85,353
2022	87,915
2023	<u>22,140</u>
Total	<u>\$ 195,408</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

C. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures 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 888 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 that can be obtained at www.tmr.com.

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

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2019, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Benefits Provided

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

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

City of West University Place, Texas

Notes to the Financial Statements

The plan provisions adopted by the 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)	Any/20 60/5
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	0% of CPI Repeating
Supplemental death benefit - active employees and retirees	Yes

Employees Covered by Benefit Terms

At the December 31, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	117
Inactive employees entitled to but not yet receiving benefits	110
Active employees	114
Total	341

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 12.84% and 12.89% in calendar years 2019 and 2020, respectively. The City's contributions to TMRS for the year ended December 31, 2020, were \$1,284,330, and were equal to the required contributions.

Actuarial assumptions

The total pension liability in the December 31, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
Investment rate of return	6.75%, net of pension plan investment expense, including inflation

City of West University Place, Texas

Notes to the Financial Statements

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2109 actuarial valuation. The post-retirement mortality assumption for annuity purchase rates is based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 actuarial approach 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 for each major asset class are summarized in the following table:

Asset Class	Target Allocation	Long-term Expected Real Rate of Return (Arithmetic)
Global equity	30.0%	5.30%
Core fixed income	10.0%	1.25%
Non-core fixed income	20.0%	4.14%
Real return	10.0%	3.85%
Real estate	10.0%	4.00%
Absolute return	10.0%	3.48%
Private equity	10.0%	7.75%
Total	100%	

Discount Rate

The discount rate used to measure the total pension liability 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 total pension liability.

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, 2018	\$ 52,318,024	\$ 43,194,262	\$ 9,123,762
Changes for the year:			
Service cost	1,521,864	-	1,521,864
Interest	3,486,036	-	3,486,036
Difference between expected and actual experience	(199,694)	-	(199,694)
Changes of assumptions	197,990	-	197,990
Contributions - employer	-	1,248,609	(1,248,609)
Contributions - employee	-	680,706	(680,706)
Net investment income	-	6,673,742	(6,673,742)
Benefit payments, including refunds of employee contributions	(2,867,942)	(2,867,942)	-
Administrative expense	-	(37,732)	37,732
Other changes	-	(1,135)	1,135
Net changes	<u>2,138,254</u>	<u>5,696,248</u>	<u>(3,557,994)</u>
Balance at December 31, 2019	<u><u>\$ 54,456,278</u></u>	<u><u>\$ 48,890,510</u></u>	<u><u>\$ 5,565,768</u></u>

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

The following presents the net pension liability 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	\$ 12,927,394	\$ 5,565,768	\$ (510,976)

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, 2020, the City recognized pension expense of \$1,557,858.

At December 31, 2020, 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
	<u> </u>	<u> </u>
Differences between expected and actual economic experience	\$ 53,739	\$ 144,377
Changes in actuarial assumptions	143,145	-
Difference between projected and actual investment earnings		1,511,969
Contributions subsequent to the measurement date	<u>1,284,330</u>	<u>-</u>
Totals	<u>\$ 1,481,214</u>	<u>\$ 1,656,346</u>

\$1,284,330 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, 2021. 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,	
<u> </u>	
2021	\$ (396,693)
2022	(440,239)
2023	129,095
2024	<u>(751,625)</u>
Totals	<u>\$ (1,459,462)</u>

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.

City of West University Place, Texas

Notes to the Financial Statements

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.

Retiree Health Care Plan

The City administers a single-employer defined benefit other postemployment benefits 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, 2019. The actuarial valuation date for each OPEB plan was December 31, 2019.

Benefits Provided and Contributions

As of the valuation date for the December 31, 2019 measurement date, the following employees were covered by the benefit terms:

	<u>SDBF</u>	<u>RHCP</u>
Inactive employees currently receiving benefits	76	16
Inactive employees entitled to but not yet receiving benefits	42	-
Active employees	<u>114</u>	<u>37</u>
Totals	<u><u>232</u></u>	<u><u>53</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 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.

City of West University Place, Texas

Notes to the Financial Statements

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 were 0.05% and 0.04% in calendar years 2019 and 2020, respectively. The City's contributions to the SDBF for the year ended December 31, 2020 were \$3,986, and were equal to the required contributions.

Retiree Health Care Plan

Employees Hired January 1, 2009 and Thereafter:

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

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 though 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, 2019 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 11.5% including inflation
Discount rate	2.75%

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 7.00%, declining to an ultimate rate of 4.15% after 15 years.

City of West University Place, Texas

Notes to the Financial Statements

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor. The Entry Age Normal actuarial cost method is used.

The actuarial assumptions used in the December 31, 2019, valuations were developed primarily from an actuarial experience study of the four-year period from December 31, 2014 through December 31, 2018.

The discount rate (2.75%) was based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2019.

Changes in Total OPEB Liability

	Total OPEB Liability	
	SDBF	RHCP
Balance at December 31, 2018	\$ 444,033	\$4,095,814
Changes for the year:		
Service cost	15,559	81,434
Interest on total OPEB liability	16,672	150,456
Difference between expected and actual experience	(3,638)	(1,329,582)
Changes of assumptions or other inputs	94,469	36,423
Benefit payments	(4,862)	(162,223)
Net changes	118,200	(1,223,492)
Balance at December 31, 2019	\$ 562,233	\$2,872,322

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

The following presents the City's total OPEB liabilities calculated using the discount rate of 2.75%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (1.75%) or 1 percentage point higher (3.75%) than the current rate.

	1% Decrease in	Discount Rate	1% Increase in
	Discount Rate	(2.75%)	Discount Rate
	(1.75%)		(3.75%)
Total OPEB liability			
SDBF	\$ 689,044	\$ 562,233	\$ 465,786
RHCP	3,098,749	2,872,322	2,658,986

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 (6.0 % Decreasing to 3.15 %)	Healthcare Cost Trend Rate (7.0 % Decreasing to 4.15 %)	1% Increase Healthcare Cost Trend Rate (8.0 % Decreasing to 5.15 %)
Total OPEB liability RHCP	\$ 2,577,589	\$ 2,872,322	\$ 3,211,705

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

For the year ended December 31, 2020, the City recognized OPEB expense of \$47,076 for SDBF and \$34,003 for RHCP.

At December 31, 2020, 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	\$ -	\$ 14,163	\$ -	\$ 1,127,978
Changes in assumptions and other inputs	92,640	21,026	133,957	102,107
Contributions made subsequent to the measurement date	3,986	-	150,603	-
Totals	\$ 96,626	\$ 35,189	\$ 284,560	\$ 1,230,085

The \$3,986 and \$150,603 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, 2021. 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
2021	\$ 14,845	\$ (197,887)
2022	14,845	(197,887)
2023	9,954	(197,887)
2024	14,481	(197,887)
2025	3,326	(222,794)
Thereafter	-	(81,786)
Totals	\$ 57,451	\$ (1,096,128)

City of West University Place, Texas

Notes to the Financial Statements

Note 12. Subsequent Events

On March 9, 2021 the City redeemed a portion of the outstanding principal balance of General Obligation Refunding Bonds, Series 2017. A total of \$2,955,000 in principal, with original annual maturities between February 1, 2022 and February 1, 2028 and bearing interest at 2.01%, was redeemed at par plus accrued interest.

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Required Supplementary Information

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City of West University Place, Texas
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance – Budget and Actual
 General Fund
 For the Fiscal Year Ended December 31, 2020

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Taxes:				
Ad valorem taxes	\$ 12,349,948	\$ 12,349,948	\$ 12,307,660	\$ (42,288)
Sales taxes	1,184,000	1,184,000	1,358,237	174,237
Franchise taxes	985,500	985,500	908,389	(77,111)
Other taxes	11,000	11,000	8,382	(2,618)
Permits, licenses, and fees	574,000	574,000	648,152	74,152
Fines and forfeitures	206,400	206,400	110,580	(95,820)
Charges for services	3,457,000	3,457,000	1,954,822	(1,502,178)
Intergovernmental	26,250	26,250	940,669	914,419
Investment earnings	226,000	226,000	103,151	(122,849)
Other revenues	414,300	414,300	405,857	(8,443)
	<u>19,434,398</u>	<u>19,434,398</u>	<u>18,745,899</u>	<u>(688,499)</u>
EXPENDITURES				
General government:				
Administration	1,565,010	1,591,305	1,278,449	312,856
Finance	2,151,275	2,151,275	1,883,884	267,391
	<u>3,716,285</u>	<u>3,742,580</u>	<u>3,162,333</u>	<u>580,247</u>
Public safety:				
Police	5,575,200	5,661,486	4,737,557	923,929
Fire	3,870,000	3,870,000	3,712,658	157,342
	<u>9,445,200</u>	<u>9,531,486</u>	<u>8,450,215</u>	<u>1,081,271</u>
Public works	3,573,700	3,577,700	3,277,670	300,030
Public services	4,159,600	4,157,400	3,040,626	1,116,774
	<u>20,894,785</u>	<u>21,009,166</u>	<u>17,930,844</u>	<u>3,078,322</u>
Excess (deficiency) of revenues over expenditures	(1,460,387)	(1,574,768)	815,055	2,389,823
OTHER FINANCING SOURCES (USES)				
Transfers in	1,636,200	1,636,200	1,740,691	104,491
Sale of capital assets	-	-	585	585
	<u>1,636,200</u>	<u>1,636,200</u>	<u>1,741,276</u>	<u>105,076</u>
Net change in fund balance	175,813	61,432	2,556,331	2,494,899
Fund balance, beginning of year	9,897,298	9,897,298	9,897,298	-
FUND BALANCE, END OF YEAR	<u>\$ 10,073,111</u>	<u>\$ 9,958,730</u>	<u>\$ 12,453,629</u>	<u>\$ 2,494,899</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, 2020*

	Measurement Year		
	2019	2018	2017
TOTAL PENSION LIABILITY			
Service cost	\$ 1,521,864	\$ 1,476,922	\$ 1,517,363
Interest	3,486,036	3,341,122	3,188,261
Differences between expected and actual experience	(199,694)	27,091	198,868
Changes of assumptions	197,990	-	-
Benefit payments, including refunds of employee contributions	(2,867,942)	(2,573,516)	(2,665,812)
Net change in total pension liability	2,138,254	2,271,619	2,238,680
Total pension liability - beginning	52,318,024	50,046,405	47,807,725
TOTAL PENSION LIABILITY - ENDING (a)	\$ 54,456,278	\$ 52,318,024	\$ 50,046,405
PLAN FIDUCIARY NET POSITION			
Contributions - employer	\$ 1,248,609	\$ 1,280,159	\$ 1,261,304
Contributions - employee	680,706	660,639	651,628
Net investment income	6,673,742	(1,353,511)	5,596,814
Benefit payments, including refunds of employee contributions	(2,867,942)	(2,573,516)	(2,665,812)
Administrative expense	(37,732)	(26,172)	(29,014)
Other	(1,135)	(1,367)	(1,470)
Net change in plan fiduciary net position	5,696,248	(2,013,768)	4,813,450
Plan fiduciary net position - beginning	43,194,262	45,208,030	40,394,580
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 48,890,510	\$ 43,194,262	\$ 45,208,030
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 5,565,768	\$ 9,123,762	\$ 4,838,375
Plan fiduciary net position as a percentage of total pension liability	89.78%	82.56%	90.33%
Covered payroll	\$ 9,724,372	\$ 9,437,204	\$ 9,268,285
Net pension liability as a percentage of covered payroll	57.24%	96.68%	52.20%

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

Measurement Year		
2016	2015	2014
\$ 1,441,040	\$ 1,417,162	\$ 1,163,400
3,051,656	2,907,623	2,744,057
(154,304)	485,089	440,869
-	946,917	-
<u>(2,039,745)</u>	<u>(2,153,197)</u>	<u>(2,123,925)</u>
2,298,647	3,603,594	2,224,401
<u>45,509,078</u>	<u>41,905,484</u>	<u>39,681,083</u>
<u>\$ 47,807,725</u>	<u>\$ 45,509,078</u>	<u>\$ 41,905,484</u>
\$ 1,139,861	\$ 1,046,460	\$ 799,153
621,904	614,567	550,058
2,575,734	56,952	2,131,607
(2,039,745)	(2,153,197)	(2,123,925)
(29,101)	(34,692)	(22,258)
<u>(1,568)</u>	<u>(1,713)</u>	<u>(1,830)</u>
2,267,085	(471,623)	1,332,805
<u>38,127,495</u>	<u>38,599,118</u>	<u>37,266,313</u>
<u>\$ 40,394,580</u>	<u>\$ 38,127,495</u>	<u>\$ 38,599,118</u>
<u>\$ 7,413,145</u>	<u>\$ 7,381,583</u>	<u>\$ 3,306,366</u>
84.49%	83.78%	92.11%
\$ 8,884,334	\$ 8,767,969	\$ 7,803,300
83.44%	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, 2020*

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Actuarially determined contribution	\$ 1,284,330	\$ 1,248,609	\$ 1,280,642	\$ 1,255,853
Contributions in relation to the actuarially determined contribution	<u>(1,284,330)</u>	<u>(1,248,609)</u>	<u>(1,280,642)</u>	<u>(1,255,853)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 9,963,769	\$ 9,724,372	\$ 9,438,496	\$ 9,268,285
Contributions as a percentage of covered payroll	12.89%	12.84%	13.57%	13.55%

* GASB Statement No. 68 requires 10 years of data; however, seven 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>2016</u>	<u>2015</u>	<u>2014</u>
\$ 1,139,862	\$ 1,045,142	\$ 799,153
<u>(1,139,862)</u>	<u>(1,045,142)</u>	<u>(799,153)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 8,884,334	\$ 8,767,969	\$ 7,803,300
12.83%	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, 2020*

	Measurement Year		
	2019	2018	2017
TOTAL OPEB LIABILITY			
Service cost	\$ 15,559	\$ 16,043	\$ 13,963
Interest on total OPEB liability	16,672	15,703	15,533
Difference between expected and actual experience	(3,638)	(18,010)	-
Changes of assumptions	94,469	(33,730)	37,637
Benefit payments	(4,862)	(4,719)	(4,654)
Net change in total OPEB liability	118,200	(24,713)	62,479
Total OPEB liability - beginning	444,033	468,746	406,267
TOTAL OPEB LIABILITY - ENDING	\$ 562,233	\$ 444,033	\$ 468,746
Covered payroll	\$ 9,724,372	\$ 9,437,204	\$ 9,268,285
Total OPEB liability as a percentage of covered payroll	5.78%	4.71%	5.06%

* GASB Statement No. 75 requires 10 years of data; however, three 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, 2020*

	Measurement Year		
	2019	2018	2017
TOTAL OPEB LIABILITY			
Service cost	\$ 81,434	\$ 108,738	\$ 97,428
Interest on total OPEB liability	150,456	137,266	148,390
Difference between expected and actual experience	(1,329,582)	(8,500)	-
Changes of assumptions	36,423	(142,721)	180,101
Benefit payments	(162,223)	(183,211)	(175,442)
Net change in total OPEB liability	(1,223,492)	(88,428)	250,477
Total OPEB liability - beginning	4,095,814	4,184,242	3,933,765
TOTAL OPEB LIABILITY - ENDING	\$ 2,872,322	\$ 4,095,814	\$ 4,184,242
Covered-employee payroll	\$ 3,404,781	\$ 4,355,388	\$ 4,661,508
Total OPEB liability as a percentage of covered payroll	84.36%	94.04%	89.76%

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

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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2014</u>
Inflation	2.50%	2.50%	3.00%
Overall payroll growth	2.75%	3.00%	3.00%
Investment rate of return (net of pension plan investment expense, including inflation)	6.75%	6.75%	7.00%
Discount rate	6.75%	6.75%	7.00%

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

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

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

Fiscal Years:	December 31, 2020	December 31, 2016 - December 31, 2019	December 31, 2014 - December 31, 2015
Actuarial cost method	Entry age normal	Entry age normal	Entry age normal
Amortization method	Level percentage of payroll, closed	Level percentage of payroll, closed	Level percentage of payroll, closed
Remaining amortization period	26 Years	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, 12% soft corridor	10 year smoothed market, 15% soft corridor	10 year smoothed market, 15% soft corridor
Inflation	2.50%	2.50%	3.00%
Salary increases	3.5% to 11.5%, including inflation	3.5% to 10.5%, including inflation	3.5% to 12%, including inflation
Investment rate of return	6.75%	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 2019 valuation pursuant to an experience study of the period 2014 - 2018.	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	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.	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.

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.

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

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, 2019</u>	<u>December 31, 2018</u>	<u>December 31, 2017</u>
Salary increases	3.5% to 11.5%	3.5% to 10.5%	3.5% to 10.5%
Discount rate	2.75%	3.71%	3.31%
RHCP only:			
Healthcare cost trend rate	7.0%, decreasing to 4.15%	7.5%, decreasing to 5.25%	7.5%, decreasing to 5.25%

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.

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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, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 7,843,241	\$ 7,843,241	\$ 7,755,310	\$ (87,931)
Investment earnings	20,300	20,300	10,332	(9,968)
Total revenues	7,863,541	7,863,541	7,765,642	(97,899)
EXPENDITURES				
Debt Service:				
Principal	8,060,000	8,060,000	8,060,000	-
Interest and fiscal agent fees	937,783	937,783	768,808	168,975
Bond Issuance Costs	50,000	50,000	164,156	(114,156)
Total expenditures	9,047,783	9,047,783	8,992,964	54,819
Excess (deficiency) of revenues over expenditures	(1,184,242)	(1,184,242)	(1,227,322)	(43,080)
OTHER FINANCING SOURCES (USES)				
Transfers In	1,184,183	1,184,183	1,872,262	688,079
Refunding bonds issued	-	-	10,780,000	10,780,000
Premium on refunding bonds	-	-	648,681	648,681
Payments to refunded bond escrow agent	-	-	(11,428,681)	(11,428,681)
Total other financing sources (uses)	1,184,183	1,184,183	1,872,262	688,079
Net change in fund balance	(59)	(59)	644,940	644,999
Fund balance, beginning of year	916,421	916,421	916,421	-
FUND BALANCE, END OF YEAR	\$ 916,362	\$ 916,362	\$ 1,561,361	\$ 644,999

City of West University Place, Texas

Nonmajor Governmental Funds

December 31, 2020

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 **Truancy Prevention Fund** is used to account for a portion of traffic fines set aside for expenditures related to the position of juvenile case manager.

The **Municipal Jury Fund** is used to account for a portion of traffic fines set aside for juror reimbursements and otherwise finance jury services.

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, 2020

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Truancy Prevention Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ -	\$ 1,168,542	\$ 223,301	\$ 1,783
Investments	-	209,543	75,920	606
Receivables, net of allowances	-	-	-	-
Due from other funds	378,968	-	-	-
Total assets	<u>\$ 378,968</u>	<u>\$ 1,378,085</u>	<u>\$ 299,221</u>	<u>\$ 2,389</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 209,073	\$ -	\$ -	\$ -
Due to other funds	105,899	378,968	-	-
Total liabilities	314,972	378,968	-	-
Fund Balances:				
Restricted for:				
Enabling legislation	-	-	-	2,389
City parks	63,996	999,117	-	-
METRO	-	-	-	-
Tree replacement	-	-	299,221	-
Total fund balances	<u>63,996</u>	<u>999,117</u>	<u>299,221</u>	<u>2,389</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 378,968</u>	<u>\$ 1,378,085</u>	<u>\$ 299,221</u>	<u>\$ 2,389</u>

Special Revenue Funds

Municipal Jury Fund	Court Technology/ Security	METRO	Total Nonmajor Governmental Funds
\$ 36	\$ 48,222	\$ 121,397	\$ 1,563,281
12	16,396	41,274	343,751
-	-	138,292	138,292
-	-	-	378,968
<u>\$ 48</u>	<u>\$ 64,618</u>	<u>\$ 300,963</u>	<u>\$ 2,424,292</u>
\$ -	\$ -	\$ -	\$ 209,073
-	-	-	484,867
-	-	-	693,940
48	64,618	-	67,055
-	-	-	1,063,113
-	-	300,963	300,963
-	-	-	299,221
<u>48</u>	<u>64,618</u>	<u>300,963</u>	<u>1,730,352</u>
<u>\$ 48</u>	<u>\$ 64,618</u>	<u>\$ 300,963</u>	<u>\$ 2,424,292</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, 2020

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Truancy Prevention Fund
REVENUES				
Permits, licenses, and fees	\$ -	\$ -	\$ 44,750	\$ -
Fines and forfeitures	-	-	-	2,389
Intergovernmental	-	-	-	-
Contributions	-	400,364	-	-
Investment earnings	469	4,986	2,342	-
Total revenues	469	405,350	47,092	2,389
EXPENDITURES				
Current:				
General government	-	-	-	-
Public works	-	-	7,829	-
Public services	34,887	195,354	-	-
Capital outlay	579,730	-	-	-
Total expenditures	614,617	195,354	7,829	-
Excess (deficiency) of revenues over (under) expenditures	(614,148)	209,996	39,263	2,389
OTHER FINANCING SOURCES (USES)				
Transfers in	586,860	-	-	-
Transfers out	-	(586,860)	-	-
Total other financing sources (uses)	586,860	(586,860)	-	-
Net change in fund balances	(27,288)	(376,864)	39,263	2,389
Fund balances, beginning of year	91,284	1,375,981	259,958	-
FUND BALANCE, END OF YEAR	\$ 63,996	\$ 999,117	\$ 299,221	\$ 2,389

Special Revenue Funds			
Municipal Jury Fund	Court Technology/ Security	METRO	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ -	\$ 44,750
48	7,285	-	9,722
-	-	679,118	679,118
-	-	-	400,364
-	345	98	8,240
48	7,630	679,216	1,142,194
-	12,218	-	12,218
-	-	-	7,829
-	-	-	230,241
-	-	-	579,730
-	12,218	-	830,018
48	(4,588)	679,216	312,176
-	-	-	586,860
-	-	(550,000)	(1,136,860)
-	-	(550,000)	(550,000)
48	(4,588)	129,216	(237,824)
-	69,206	171,747	1,968,176
<u>\$ 48</u>	<u>\$ 64,618</u>	<u>\$ 300,963</u>	<u>\$ 1,730,352</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, 2020

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Contributions	\$ 50,500	\$ 50,500	\$ -	\$ (50,500)
Investment earnings	900	900	469	(431)
Other revenues	478,000	613,851	586,860 *	(26,991)
Total revenues	529,400	665,251	587,329	(77,922)
EXPENDITURES				
Current:				
Public services	43,000	43,000	34,887	8,113
Capital outlay	478,000	613,851	579,730	34,121
Total expenditures	521,000	656,851	614,617	42,234
Net change in fund balance	8,400	8,400	(27,288)	(35,688)
Fund balance, beginning of year	91,284	91,284	91,284	-
FUND BALANCE, END OF YEAR	<u>\$ 99,684</u>	<u>\$ 99,684</u>	<u>\$ 63,996</u>	<u>\$ (35,688)</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, 2020

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Permits, licenses, and fees	\$ 30,000	\$ 30,000	\$ 44,750	\$ 14,750
Investment earnings	4,600	4,600	2,342	(2,258)
Total revenues	34,600	34,600	47,092	12,492
EXPENDITURES				
Current:				
Public works	50,000	50,000	7,829	42,171
Total expenditures	50,000	50,000	7,829	42,171
Net change in fund balance	(15,400)	(15,400)	39,263	54,663
Fund balance, beginning of year	259,958	259,958	259,958	-
FUND BALANCE, END OF YEAR	\$ 244,558	\$ 244,558	\$ 299,221	\$ 54,663

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, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 16,000	\$ 13,000	\$ 7,285	\$ (5,715)
Investment earnings	700	700	345	(355)
Total revenues	16,700	13,700	7,630	(6,070)
EXPENDITURES				
Current:				
General government	17,000	12,500	12,218	282
Total expenditures	17,000	12,500	12,218	282
Net change in fund balance	(300)	1,200	(4,588)	(5,788)
Fund balance, beginning of year	69,206	69,206	69,206	-
FUND BALANCE, END OF YEAR	\$ 68,906	\$ 70,406	\$ 64,618	\$ (5,788)

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, 2020

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 592,000	\$ 592,000	\$ 679,118	\$ 87,118
Investment earnings	200	200	98	(102)
Total revenues	592,200	592,200	679,216	87,016
OTHER FINANCING SOURCES (USES)				
Transfers out	(550,000)	(550,000)	(550,000)	-
Total other financing sources (uses)	(550,000)	(550,000)	(550,000)	-
Net change in fund balance	42,200	42,200	129,216	87,016
Fund balance, beginning of year	171,747	171,747	171,747	-
FUND BALANCE, END OF YEAR	\$ 213,947	\$ 213,947	\$ 300,963	\$ 87,016

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City of West University Place, Texas

Internal Service Funds

December 31, 2020

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.

The **Human Resource Services Fund** is used to account for and report costs associated with non-insurance related human resources expenses to departments or agencies of the City on a cost reimbursement basis.

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, 2020

	<u>Vehicle Replacement Fund</u>	<u>Equipment Replacement Fund</u>
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 1,934,371	\$ 2,342,393
Investments	657,670	796,394
Due from other funds	-	-
Prepays	<u>747,617</u>	<u>-</u>
Total current assets	3,339,658	3,138,787
Noncurrent assets:		
Capital assets:		
Machinery and equipment	3,646,120	933,149
Less: accumulated depreciation	<u>(2,585,805)</u>	<u>(241,903)</u>
Total capital assets (net of accumulated depreciation)	<u>1,060,315</u>	<u>691,246</u>
Total noncurrent assets	<u>1,060,315</u>	<u>691,246</u>
Total assets	4,399,973	3,830,033
DEFERRED OUTFLOWS OF RESOURCES		
Deferred outflows - pension	-	-
Deferred outflows - other postemployment benefits	<u>-</u>	<u>-</u>
Total deferred outflows of resources	-	-
LIABILITIES		
Current liabilities:		
Accounts payable and accrued liabilities	-	37,362
Due to other funds	-	-
Compensated absences	<u>-</u>	<u>-</u>
Total current liabilities	-	37,362
Noncurrent liabilities:		
Net pension liability	-	-
Other postemployment benefits liability	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>
Total liabilities	-	37,362
DEFERRED INFLOWS OF RESOURCES		
Deferred inflows - pension	-	-
Deferred inflows - other postemployment benefits	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-
NET POSITION		
Net investment in capital assets	1,060,315	691,246
Unrestricted	<u>3,339,658</u>	<u>3,101,425</u>
TOTAL NET POSITION	<u>\$ 4,399,973</u>	<u>\$ 3,792,671</u>

<u>Employee Benefits Fund</u>	<u>Human Resource Services Fund</u>	<u>Technology Management Fund</u>	<u>Total Internal Service Funds</u>
\$ 1,204,966	\$ 70,689	\$ 375,079	\$ 5,927,498
409,678	24,034	127,524	2,015,300
46,082	-	-	46,082
73,767	-	250,428	1,071,812
<hr/>	<hr/>	<hr/>	<hr/>
1,734,493	94,723	753,031	9,060,692
-	-	453,186	5,032,455
-	-	(363,365)	(3,191,073)
<hr/>	<hr/>	<hr/>	<hr/>
-	-	89,821	1,841,382
<hr/>	<hr/>	<hr/>	<hr/>
-	-	89,821	1,841,382
<hr/>	<hr/>	<hr/>	<hr/>
1,734,493	94,723	842,852	10,902,074
-	-	46,014	46,014
-	-	11,841	11,841
<hr/>	<hr/>	<hr/>	<hr/>
-	-	57,855	57,855
16,393	13,389	51,874	119,018
-	-	1,159	1,159
-	-	14,854	14,854
<hr/>	<hr/>	<hr/>	<hr/>
16,393	13,389	67,887	135,031
-	-	172,901	172,901
-	-	106,695	106,695
<hr/>	<hr/>	<hr/>	<hr/>
-	-	279,596	279,596
<hr/>	<hr/>	<hr/>	<hr/>
16,393	13,389	347,483	414,627
-	-	51,455	51,455
-	-	39,306	39,306
<hr/>	<hr/>	<hr/>	<hr/>
-	-	90,761	90,761
-	-	89,821	1,841,382
<hr/>	<hr/>	<hr/>	<hr/>
1,718,100	81,334	372,642	8,613,159
<hr/>	<hr/>	<hr/>	<hr/>
<u>\$ 1,718,100</u>	<u>\$ 81,334</u>	<u>\$ 462,463</u>	<u>\$ 10,454,541</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, 2020

	<u>Vehicle Replacement Fund</u>	<u>Equipment Replacement Fund</u>
OPERATING REVENUES		
Charges for sales and services	\$ 672,355	\$ 683,000
Other revenues	-	2,270
	<hr/>	<hr/>
Total operating revenues	672,355	685,270
OPERATING EXPENSES		
Costs of sales and services	-	-
Personnel	-	-
Repairs and maintenance	-	18,343
Depreciation	242,327	91,149
	<hr/>	<hr/>
Total operating expenses	242,327	109,492
Operating income	430,028	575,778
NONOPERATING REVENUES		
Investment earnings	23,597	19,258
Gain on sale of capital assets	22,809	-
	<hr/>	<hr/>
Total nonoperating revenues	46,406	19,258
Income before transfers	476,434	595,036
TRANSFERS		
Transfers out	-	-
	<hr/>	<hr/>
Total transfers	-	-
Change in net position	476,434	595,036
Net position - beginning	3,923,539	3,197,635
	<hr/>	<hr/>
NET POSITION, END OF YEAR	<u>\$ 4,399,973</u>	<u>\$ 3,792,671</u>

<u>Employee Benefits Fund</u>	<u>Human Resource Services Fund</u>	<u>Technology Management Fund</u>	<u>Total Internal Service Funds</u>
\$ 1,962,662	\$ 249,900	\$ 1,680,500	\$ 5,248,417
-	-	-	2,270
1,962,662	249,900	1,680,500	5,250,687
1,883,724	90,415	1,036,168	3,010,307
-	-	312,264	312,264
-	-	15,826	34,169
-	-	39,654	373,130
1,883,724	90,415	1,403,912	3,729,870
78,938	159,485	276,588	1,520,817
7,693	2,540	3,403	56,491
-	-	-	22,809
7,693	2,540	3,403	79,300
86,631	162,025	279,991	1,600,117
-	(80,691)	-	(80,691)
-	(80,691)	-	(80,691)
86,631	81,334	279,991	1,519,426
1,631,469	-	182,472	8,935,115
<u>\$ 1,718,100</u>	<u>\$ 81,334</u>	<u>\$ 462,463</u>	<u>\$ 10,454,541</u>

City of West University Place, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2020

	Vehicle Replacement Fund	Equipment Replacement Fund
CASH FLOWS FROM OPERATING ACTIVITIES		
Cash received from customers and users	\$ -	\$ 2,270
Cash received from interfund charges for services	672,355	683,000
Cash payments to suppliers	(747,617)	19,019
Cash payments to employees	-	-
	<hr/>	<hr/>
Net cash provided by (used for) operating activities	(75,262)	704,289
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES		
Transfers to other funds	-	-
	<hr/>	<hr/>
Net cash used for noncapital financing activities	-	-
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES		
Acquisition and construction of capital assets	(322,216)	(148,379)
Proceeds from sale of capital assets	22,809	-
	<hr/>	<hr/>
Net cash used for capital and related financing activities	(299,407)	(148,379)
CASH FLOWS FROM INVESTING ACTIVITIES		
(Purchase) sale of investments, net	828,865	498,463
Interest on investments	23,597	19,258
	<hr/>	<hr/>
Net cash provided by (used for) investing activities	852,462	517,721
Net increase in cash and cash equivalents	477,793	1,073,631
Cash and cash equivalents, beginning balance	1,456,578	1,268,762
	<hr/>	<hr/>
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 1,934,371	\$ 2,342,393
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES		
Operating income	\$ 430,028	\$ 575,778
Adjustments to reconcile operating income to cash provided by (used for) operating activities:		
Depreciation and amortization	242,327	91,149
Changes in assets, liabilities and related deferrals:		
(Increase) decrease in assets and deferred outflows:		
Due from other funds	-	-
Prepays	(747,617)	-
Deferred outflows - pension	-	-
Deferred outflows - other postemployment benefits	-	-
Increase (decrease) in liabilities and deferred inflows:		
Accounts payable and accrued liabilities	-	37,362
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 (USED FOR) OPERATING ACTIVITIES	\$ (75,262)	\$ 704,289

<u>Employee Benefits Fund</u>	<u>Human Resource Services Fund</u>	<u>Technology Management Fund</u>	<u>Total Internal Service Funds</u>
\$ -	\$ -	\$ -	\$ 2,270
1,980,582	249,900	1,680,500	5,266,337
(1,762,586)	(77,026)	(1,192,667)	(3,760,877)
-	-	(464,331)	(464,331)
217,996	172,874	23,502	1,043,399
-	(80,691)	-	(80,691)
-	(80,691)	-	(80,691)
-	-	(53,603)	(524,198)
-	-	-	22,809
-	-	(53,603)	(501,389)
290,606	(24,034)	139,820	1,733,720
7,693	2,540	3,403	56,491
298,299	(21,494)	143,223	1,790,211
516,295	70,689	113,122	2,251,530
688,671	-	261,957	3,675,968
<u>\$ 1,204,966</u>	<u>\$ 70,689</u>	<u>\$ 375,079</u>	<u>\$ 5,927,498</u>
\$ 78,938	\$ 159,485	\$ 276,588	\$ 1,520,817
-	-	39,654	373,130
17,920	-	-	17,920
129,178	-	(155,544)	(773,983)
-	-	126,659	126,659
-	-	3,095	3,095
(8,040)	13,389	16,419	59,130
-	-	(1,548)	(1,548)
-	-	(3,482)	(3,482)
-	-	(253,778)	(253,778)
-	-	(105,613)	(105,613)
-	-	49,776	49,776
-	-	31,276	31,276
<u>\$ 217,996</u>	<u>\$ 172,874</u>	<u>\$ 23,502</u>	<u>\$ 1,043,399</u>

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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.

	<u>Page</u>
Financial Trends – Schedules 1-4	107
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	117
These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.	
Debt Capacity – Schedules 10-14	127
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	137
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	140
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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017*</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 69,584,489	\$ 57,517,577	\$ 54,149,042	\$ 48,398,572
Restricted	3,392,309	2,997,088	2,869,031	3,030,359
Unrestricted	10,608,348	14,145,667	9,048,261	6,074,327
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 83,585,146</u>	<u>\$ 74,660,332</u>	<u>\$ 66,066,334</u>	<u>\$ 57,503,258</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 17,106,431	\$ 17,377,397	\$ 18,646,517	\$ 20,050,471
Restricted	-	-	-	-
Unrestricted	4,651,186	4,117,325	3,262,797	2,049,800
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 21,757,617</u>	<u>\$ 21,494,722</u>	<u>\$ 21,909,314</u>	<u>\$ 22,100,271</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 86,690,920	\$ 74,894,974	\$ 72,795,559	\$ 68,449,043
Restricted	3,392,309	2,997,088	2,869,031	3,030,359
Unrestricted	15,259,534	18,262,992	12,311,058	8,124,127
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 105,342,763</u>	<u>\$ 96,155,054</u>	<u>\$ 87,975,648</u>	<u>\$ 79,603,529</u>

*Restated balances

Schedule 1

2016	2015*	2014*	2013	2012*	2011*
\$ 42,663,233	\$ 41,205,468	\$ 38,347,094	\$ 34,881,486	\$ 31,464,253	\$ 30,510,547
2,543,238	2,246,833	1,580,648	2,197,619	2,260,764	1,315,036
7,093,032	6,835,390	4,384,210	2,782,110	1,987,281	872,283
<u>\$ 52,299,503</u>	<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>
\$ 21,128,592	\$ 19,314,692	\$ 20,173,279	\$ 20,285,944	\$ 21,320,705	\$ 21,612,826
-	725,000	695,000	675,000	645,000	720,000
2,207,920	810,299	3,029,424	4,634,652	3,965,913	4,000,276
<u>\$ 23,336,512</u>	<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>
\$ 63,791,825	\$ 60,520,160	\$ 58,520,373	\$ 55,167,430	\$ 52,784,958	\$ 52,123,373
2,543,238	2,971,833	2,275,648	2,872,619	2,905,764	2,035,036
9,300,952	7,645,689	7,413,634	7,416,762	5,953,194	4,872,559
<u>\$ 75,636,015</u>	<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>

City of West University Place, Texas

Changes in Net Position

Last Ten Fiscal Years

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
EXPENSES				
Governmental activities:				
General government	\$ 3,604,254	\$ 4,197,072	\$ 3,805,870	\$ 3,880,070
Public safety	8,360,703	8,400,062	8,172,672	8,090,377
Public works	4,861,110	4,747,662	4,628,774	4,872,132
Public services	3,930,407	5,178,811	4,616,244	4,527,049
Interest and fiscal agent fees on long-term debt	1,197,800	1,266,808	1,354,716	1,496,068
Total governmental activities expenses	<u>21,954,274</u>	<u>23,790,415</u>	<u>22,578,276</u>	<u>22,865,696</u>
Business-type activities:				
Water and sewer	6,069,372	6,238,797	5,966,645	6,125,682
Solid waste	1,356,541	1,380,365	1,322,894	1,392,583
Total business-type activities expenses	<u>7,425,913</u>	<u>7,619,162</u>	<u>7,289,539</u>	<u>7,518,265</u>
TOTAL EXPENSES	<u>\$ 29,380,187</u>	<u>\$ 31,409,577</u>	<u>\$ 29,867,815</u>	<u>\$ 30,383,961</u>
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
Public safety	\$ 948,986	\$ 1,248,210	\$ 1,402,809	\$ 174,386
Public works	907,850	981,741	913,079	588,353
Public services	834,764	2,409,440	1,918,415	2,959,471
Operating grants and contributions	2,389,875	1,992,389	1,647,584	1,278,517
Capital grants and contributions	-	-	-	1,600,000
Total governmental activities program revenues	<u>5,081,475</u>	<u>6,631,780</u>	<u>5,881,887</u>	<u>6,600,727</u>
Business-type activities:				
Charges for services:				
Water and sewer	8,596,188	8,094,209	7,900,773	7,544,895
Solid waste	1,813,797	1,732,201	1,750,775	1,782,041
Operating grants and contributions	-	46,835	74,545	-
Capital grants and contributions	-	-	-	67,892
Total business-type activities program revenues	<u>10,409,985</u>	<u>9,873,245</u>	<u>9,726,093</u>	<u>9,394,828</u>
TOTAL PROGRAM REVENUES	<u>\$ 15,491,460</u>	<u>\$ 16,505,025</u>	<u>\$ 15,607,980</u>	<u>\$ 15,995,555</u>
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (16,872,799)	\$ (17,158,635)	\$ (16,696,389)	\$ (16,264,969)
Business-type activities	<u>2,984,072</u>	<u>2,254,083</u>	<u>2,436,554</u>	<u>1,876,563</u>
TOTAL NET EXPENSE	<u>\$ (13,888,727)</u>	<u>\$ (14,904,552)</u>	<u>\$ (14,259,835)</u>	<u>\$ (14,388,406)</u>

2016	2015	2014	2013	2012	2011
\$ 3,871,442	\$ 3,948,145	\$ 3,811,192	\$ 3,049,656	\$ 3,208,930	\$ 2,785,502
7,563,086	6,773,509	6,176,586	6,515,194	6,211,784	5,870,061
4,603,321	4,009,850	3,693,099	3,944,561	4,240,301	5,176,660
4,518,987	4,560,152	4,741,209	4,433,865	4,158,008	3,858,501
1,767,154	1,765,809	1,986,301	2,178,324	2,633,700	3,351,762
22,323,990	21,057,465	20,408,387	20,121,600	20,452,723	21,042,486
6,582,306	8,150,632	6,918,092	6,092,231	6,409,131	6,927,509
1,277,986	1,221,960	1,225,806	1,376,583	1,427,997	1,322,082
7,860,292	9,372,592	8,143,898	7,468,814	7,837,128	8,249,591
<u>\$ 30,184,282</u>	<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>
\$ 142,624	\$ 198,840	\$ 187,347	\$ 1,009,760	\$ 818,182	\$ 743,486
555,453	665,089	711,155	-	-	-
2,638,584	2,607,192	2,448,489	2,264,753	2,160,728	1,785,518
546,599	558,668	145,819	259,000	300,048	259,000
579,630	554,244	647,940	454,115	604,758	360,741
4,462,890	4,584,033	4,140,750	3,987,628	3,883,716	3,148,745
7,172,469	6,986,297	6,868,133	7,623,233	7,777,386	8,986,444
1,821,191	1,411,699	1,513,870	1,443,125	1,512,079	1,787,636
-	-	-	-	-	-
-	-	-	-	-	-
8,993,660	8,397,996	8,382,003	9,066,358	9,289,465	10,774,080
<u>\$ 13,456,550</u>	<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>
\$ (17,861,100)	\$ (16,473,432)	\$ (16,267,637)	\$ (16,133,972)	\$ (16,569,007)	\$ (17,893,741)
1,133,368	(974,596)	238,105	1,597,544	1,452,337	2,524,489
<u>\$ (16,727,732)</u>	<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>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Ad valorem taxes, levied for general purposes	\$ 12,349,123	\$ 11,903,540	\$ 11,692,751	\$ 10,907,681
Ad valorem taxes, levied for debt service	7,782,505	7,702,255	7,611,305	7,707,172
Sales taxes	1,358,237	1,300,764	1,172,256	1,064,672
Franchise and local taxes	908,389	1,093,925	1,128,060	1,159,730
Other taxes	8,382	11,219	13,528	14,330
Investment earnings	217,543	646,955	432,447	122,556
Other revenues	405,857	321,553	528,572	455,033
Gain on sale of capital assets	23,394	16,384	-	-
Loss on sale of asset held for resale	-	-	-	-
Transfers	2,744,183	2,756,038	2,680,546	2,798,454
	<u>25,797,613</u>	<u>25,752,633</u>	<u>25,259,465</u>	<u>24,229,628</u>
Business-type activities:				
Investment earnings	22,265	85,075	40,370	17,706
Other revenues	741	2,288	12,665	-
Gain on disposal of capital assets	-	-	-	-
Transfers	(2,744,183)	(2,756,038)	(2,680,546)	(2,798,454)
	<u>(2,721,177)</u>	<u>(2,668,675)</u>	<u>(2,627,511)</u>	<u>(2,780,748)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 23,076,436</u>	<u>\$ 23,083,958</u>	<u>\$ 22,631,954</u>	<u>\$ 21,448,880</u>
CHANGE IN NET POSITION				
Governmental activities	\$ 8,924,814	\$ 8,593,998	\$ 8,563,076	\$ 7,964,659
Business-type activities	262,895	(414,592)	(190,957)	(904,185)
TOTAL NET EXPENSE	<u>\$ 9,187,709</u>	<u>\$ 8,179,406</u>	<u>\$ 8,372,119</u>	<u>\$ 7,060,474</u>

	2016	2015	2014	2013	2012	2011
\$	9,994,947	\$ 9,360,277	\$ 8,605,582	\$ 8,087,360	\$ 7,527,047	\$ 7,962,210
	8,111,959	8,144,274	7,791,467	7,733,658	7,713,377	7,360,224
	1,051,361	1,117,336	1,051,890	957,658	1,003,897	997,318
	1,144,256	1,204,795	1,214,227	1,170,448	1,142,265	1,148,390
	15,955	17,625	15,713	11,546	9,685	8,994
	116,798	89,970	60,784	35,087	27,270	33,333
	735,113	398,199	503,889	320,123	286,619	347,242
	40,279	24,076	21,354	23,909	427	10,686
	-	-	-	-	(68,150)	-
	(1,337,756)	1,943,800	1,740,504	1,943,100	1,861,848	1,517,223
	19,872,912	22,300,352	21,005,410	20,282,889	19,504,285	19,385,620
	15,397	15,515	17,823	9,534	8,027	8,369
	-	-	-	-	-	-
	-	3,988	-	-	-	-
	1,337,756	(1,943,800)	(1,740,504)	(1,943,100)	(1,861,848)	(1,517,223)
	1,353,153	(1,924,297)	(1,722,681)	(1,933,566)	(1,853,821)	(1,508,854)
\$	21,226,065	\$ 20,376,055	\$ 19,282,729	\$ 18,349,323	\$ 17,650,464	\$ 17,876,766
\$	2,011,812	\$ 5,826,920	\$ 4,737,773	\$ 4,148,917	\$ 2,935,278	\$ 1,491,879
	2,486,521	(2,898,893)	(1,484,576)	(336,022)	(401,484)	1,015,635
\$	4,498,333	\$ 2,928,027	\$ 3,253,197	\$ 3,812,895	\$ 2,533,794	\$ 2,507,514

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
GENERAL FUND				
Nonspendable	241,156	180,424	189,376	184,871
Restricted	332,455	332,455	303,424	273,462
Assigned	60,704	104,773	118,377	119,000
Unassigned	11,819,314	9,279,646	7,622,781	5,642,997
TOTAL GENERAL FUND	<u>\$ 12,453,629</u>	<u>\$ 9,897,298</u>	<u>\$ 8,233,958</u>	<u>\$ 6,220,330</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	-	-	-	-
Restricted	34,619,996	2,884,597	2,788,641	2,756,897
Assigned	-	6,406,418	2,915,694	2,622,516
Unassigned	-	-	-	-
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 34,619,996</u>	<u>\$ 9,291,015</u>	<u>\$ 5,704,335</u>	<u>\$ 5,379,413</u>

*Restated balances

Schedule 3

2016	2015	2014	2013	2012*	2011
180,188	171,887	170,933	157,515	134,564	130,265
239,760	202,862	163,999	127,437	95,322	410,238
210,000	210,000	210,000	210,000	210,000	-
5,307,930	6,539,935	5,351,558	4,181,880	3,823,951	3,538,757
<u>\$ 5,937,878</u>	<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>
1,600	2,372	2,372	2,372	2,372	2,372
2,303,478	2,086,904	1,416,649	2,070,182	2,244,596	1,890,177
1,879,507	1,241,519	900,045	1,215,634	734,460	528,575
-	-	-	(19,982)	(20,161)	(20,343)
<u>\$ 4,184,585</u>	<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>

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

	2020	2019	2018	2017
REVENUES				
Taxes	\$ 22,337,978	\$ 21,958,275	\$ 21,554,808	\$ 20,832,729
Permits, licenses, and fees	692,902	751,301	712,094	588,353
Fines and forfeitures	120,302	284,153	232,698	174,386
Charges for services	1,954,822	3,569,378	3,038,733	2,959,471
Intergovernmental	2,254,024	1,186,605	871,088	532,336
Contributions	400,364	622,557	661,479	746,181
Investment earnings	161,052	483,992	330,931	80,160
Other revenue	405,857	321,553	525,597	441,874
Total revenues	28,327,301	29,177,814	27,927,428	26,355,490
EXPENDITURES				
General government	3,172,678	3,673,780	3,333,498	3,500,020
Public safety	8,450,215	8,103,931	8,155,677	8,072,917
Public works	3,192,743	3,031,327	3,019,779	3,224,684
Public services	3,262,592	4,459,780	4,000,979	3,870,475
Capital outlay	3,886,797	3,081,002	949,158	100,259
Debt service:				-
Principal	8,060,000	7,910,000	7,770,000	7,485,000
Interest	768,808	926,095	1,070,033	1,426,468
Bond issuance costs	414,668	97,968	-	82,050
Advance refunding escrow	-	-	-	-
Total expenditures	31,208,501	31,283,883	28,299,124	27,761,873
Excess (deficiency) of revenues over (under) expenditures	(2,881,200)	(2,106,069)	(371,696)	(1,406,383)
OTHER FINANCING SOURCES (USES)				
Transfers in	4,749,813	3,690,393	3,957,584	3,998,454
Transfers out	(1,924,939)	(934,355)	(1,247,338)	(1,200,000)
Issuance of debt	34,850,000	4,040,000	-	9,965,000
Premium on debt issued	4,519,734	559,845	-	-
Payment to refunded bond escrow agent	(11,428,681)	-	-	(9,881,593)
Sale of capital assets	585	206	-	1,802
Total other financing sources	30,766,512	7,356,089	2,710,246	2,883,663
NET CHANGE IN FUND BALANCE	\$ 27,885,312	\$ 5,250,020	\$ 2,338,550	\$ 1,477,280
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	32.15%	31.38%	32.33%	34.56%

*Restated balances

Schedule 4

	2016	2015	2014	2013	2012*	2011
\$	20,263,796	\$ 19,797,518	\$ 18,668,734	\$ 17,934,252	\$ 17,380,393	\$ 17,469,999
	555,453	665,089	711,155	796,562	609,037	467,123
	142,624	198,840	187,347	213,198	209,145	276,363
	2,638,584	2,607,192	2,448,489	2,264,753	2,160,728	1,785,518
	546,599	558,668	145,819	259,000	300,048	259,000
	579,630	554,244	647,940	454,115	604,758	360,741
	101,841	81,707	55,079	31,760	25,035	31,575
	735,113	398,199	503,889	320,123	218,469	347,242
	<u>25,563,640</u>	<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>
	3,458,898	3,495,513	3,298,890	2,582,560	2,427,755	2,678,292
	7,626,200	7,012,054	6,271,557	6,617,056	5,615,673	5,492,793
	3,023,532	2,473,106	2,262,843	2,596,798	2,628,156	2,504,438
	4,231,959	3,237,909	3,219,455	3,043,191	2,402,878	2,336,591
	332,992	236,947	1,886,749	209,284	214,662	4,244,191
	7,370,000	6,420,000	6,190,000	5,605,000	5,305,000	4,671,167
	1,544,984	1,690,655	1,906,944	2,320,806	3,015,941	3,437,756
	43,923	-	-	217,067	-	141,802
	30,903	-	-	350,000	100,000	-
	<u>27,663,391</u>	<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>
	(2,099,751)	295,273	(1,667,986)	(1,267,999)	(202,452)	(4,509,469)
	3,033,063	2,539,463	2,964,128	2,789,897	2,127,938	3,090,405
	(4,370,819)	(595,663)	(1,025,624)	(1,010,591)	(1,419,885)	(2,542,851)
	3,170,000	-	-	16,360,000	8,555,000	5,700,000
	-	-	-	-	282,219	191,134
	(71,785)	-	-	(16,151,373)	(8,676,911)	(4,868,423)
	6,276	850	-	-	-	3,228
	<u>1,766,735</u>	<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>(333,016)</u>	<u>\$ 2,239,923</u>	<u>\$ 270,518</u>	<u>\$ 719,934</u>	<u>\$ 665,909</u>	<u>\$ (2,935,976)</u>
	33.02%	33.16%	34.88%	33.97%	38.71%	38.14%

City of West University Place, Texas

Tax Revenues by Source

Governmental Funds

Last Ten Fiscal Years

Function	Change 2019-2020	2020	2019	2018	2017
Ad valorem	2.6%	\$ 20,062,970	\$ 19,552,367	\$ 19,240,964	\$ 18,593,997
Sales	4.4%	1,358,237	1,300,764	1,172,256	1,064,672
Franchise	-17.0%	908,389	1,093,925	1,128,060	1,159,730
Other taxes	-25.3%	8,382	11,219	13,528	14,330
TOTAL	1.7%	\$ 22,337,978	\$ 21,958,275	\$ 21,554,808	\$ 20,832,729

Schedule 5

2016		2015		2014		2013		2012		2011	
\$	18,052,224	\$	17,457,762	\$	16,386,904	\$	15,794,600	\$	15,224,546	\$	15,315,297
	1,051,361		1,117,336		1,051,890		957,658		1,003,897		997,318
	1,144,256		1,204,795		1,214,227		1,170,448		1,142,265		1,148,390
	15,955		17,625		15,713		11,546		9,685		8,994
\$	<u>20,263,796</u>	\$	<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>

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Residential property	\$ 6,414,653,708	\$ 6,189,403,563	\$ 6,181,792,257	\$ 5,880,687,603
Commercial property	365,925,870	121,621,384	315,402,455	305,286,953
Less: Tax exempt property	<u>(456,695,090)</u>	<u>(263,227,329)</u>	<u>(455,549,934)</u>	<u>(434,734,202)</u>
TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾	<u>\$ 6,323,884,488</u>	<u>\$ 6,047,797,618</u>	<u>\$ 6,041,644,778</u>	<u>\$ 5,751,240,354</u>
TOTAL DIRECT TAX RATE	0.30921	0.31680	0.31680	0.31680

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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 5,578,375,329	\$ 4,943,195,212	\$ 4,497,103,352	\$ 4,335,656,103	\$ 4,106,994,971	\$ 4,173,451,521
314,619,442	259,878,387	219,273,264	205,183,728	278,070,080	203,444,929
<u>(449,141,214)</u>	<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>\$ 5,443,853,557</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>
0.33179	0.36179	0.37400	0.37411	0.37411	0.37411

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
City of West University Place by fund:				
Direct rates:				
General	\$ 0.18969	\$ 0.19277	\$ 0.19214	\$ 0.18557
Debt service	0.11952	0.12403	0.12466	0.13123
	<hr/>	<hr/>	<hr/>	<hr/>
Total direct rates	0.30921	0.31680	0.31680	0.31680
Overlapping rates:				
Houston Independent School District	1.13310	1.13670	1.20670	1.20670
Harris County	0.39116	0.40713	0.41801	0.41656
Harris County Flood Control District	0.03142	0.02792	0.02831	0.02829
Port of Houston Authority	0.00991	0.01074	0.01256	0.01334
Harris County Hospital District	0.16671	0.16591	0.17110	0.17179
Harris County Department of Education	0.00499	0.00500	0.00520	0.00520
Houston Community College	0.10026	0.10026	0.10026	0.10026
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL DIRECT AND OVERLAPPING RATES ⁽¹⁾	\$ 2.14677	\$ 2.17046	\$ 2.25894	\$ 2.25894

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

2016	2015	2014	2013	2012	2011
\$ 0.18321	\$ 0.19356	\$ 0.19631	\$ 0.19125	\$ 0.18475	\$ 0.19443
0.14858	0.16823	0.17769	0.18286	0.18936	0.17968
0.33179	0.36179	0.37400	0.37411	0.37411	0.37411
1.19670	1.19670	1.18670	1.15670	1.15670	1.15670
0.41923	0.41731	0.41455	0.40021	0.39117	0.38805
0.02733	0.02736	0.02827	0.02809	0.02809	0.29230
0.01342	0.01531	0.01716	0.01952	0.01856	0.02054
0.17000	0.17000	0.17000	0.18216	0.19216	0.19216
0.00542	0.00600	0.00636	0.00662	0.00658	0.00658
0.10194	0.10689	0.09717	0.09717	0.09722	0.09222
<u>\$ 2.26583</u>	<u>\$ 2.30136</u>	<u>\$ 2.29421</u>	<u>\$ 2.26458</u>	<u>\$ 2.26459</u>	<u>\$ 2.52266</u>

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City of West University Place, Texas

Principal Property Taxpayers

Current Year and Nine Years Ago

Schedule 8

Property Taxpayer	2020			2011		
	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
U West Marketplace Association	\$ 11,656,793	1	0.18%	\$ 6,826,418	2	0.17%
Southwestern Bell	9,849,576	2	0.16%	-	n/a	0.00%
Retail Fund I Houston Rice	7,839,354	3	0.12%	-	n/a	0.00%
CenterPoint Energy Inc.	6,881,970	4	0.11%	5,004,370	3	0.12%
2715 Bissonnet LLC	6,757,223	5	0.11%	-	n/a	0.00%
DKGA / WUC LP	6,170,465	6	0.10%	-	n/a	0.00%
University Shops Houston LP	5,537,325	7	0.09%	-	n/a	0.00%
Steven J & Susan Kherkher	5,515,908	8	0.09%	-	n/a	0.00%
Manuel Rodriguez Sanchez	5,406,000	9	0.09%	-	n/a	0.00%
James M & Donna P Donnell	5,405,276	10	0.09%	-	n/a	0.00%
AT&T	-	n/a	0.00%	11,529,003	1	0.28%
Dupez Spine Sales LP	-	n/a	0.00%	4,967,402	4	0.12%
5650 Kirby Partnership	-	n/a	0.00%	4,591,828	5	0.11%
Kenneth & Kimberly Alo	-	n/a	0.00%	4,550,968	6	0.11%
Craig A & Patricia Biggio	-	n/a	0.00%	3,855,463	7	0.09%
Charles & Kimberly Yates	-	n/a	0.00%	3,582,009	8	0.09%
Timothy H & Elaine C Day	-	n/a	0.00%	3,568,180	9	0.09%
Beltika LLC	-	n/a	0.00%	3,518,404	10	0.09%
Subtotal	71,019,890		1.12%	51,994,045		1.27%
Other taxpayers	6,252,864,598		98.88%	4,028,216,772		98.73%
TOTAL	\$ 6,323,884,488		100.00%	\$ 4,080,210,817		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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Tax levy ⁽¹⁾	\$ 19,955,946	\$ 19,386,286	\$ 19,226,895	\$ 18,569,886
Current tax collected	19,837,526	19,299,113	19,136,864	18,493,310
Percentage of current tax collections	99.41%	99.55%	99.53%	99.59%
Delinquent tax collections ⁽²⁾	-	19,159	29,850	27,320
TOTAL TAX COLLECTIONS	<u>\$ 19,837,526</u>	<u>\$ 19,318,272</u>	<u>\$ 19,166,714</u>	<u>\$ 18,520,630</u>
TOTAL COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY	99.41%	99.65%	99.69%	99.73%
Outstanding delinquent taxes ⁽²⁾	\$ 118,420	\$ 68,014	\$ 60,181	\$ 49,256
OUTSTANDING DELINQUENT TAXES AS A PERCENTAGE OF LEVY	0.59%	0.35%	0.31%	0.27%

(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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$	18,066,779	\$ 17,430,603	\$ 16,367,997	\$ 15,778,014	\$ 15,193,428	\$ 15,265,103
	17,969,764	17,335,980	16,287,801	15,705,681	15,123,562	15,197,463
	99.46%	99.46%	99.51%	99.54%	99.54%	99.56%
	51,999	57,508	52,978	44,828	42,903	45,706
\$	<u>18,021,763</u>	<u>\$ 17,393,488</u>	<u>\$ 16,340,779</u>	<u>\$ 15,750,509</u>	<u>\$ 15,166,465</u>	<u>\$ 15,243,169</u>
	99.75%	99.79%	99.83%	99.83%	99.82%	99.86%
\$	45,016	\$ 37,115	\$ 27,218	\$ 27,505	\$ 26,963	\$ 21,934
	0.25%	0.21%	0.17%	0.17%	0.18%	0.14%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
GOVERNMENTAL ACTIVITIES				
General obligation bonds	\$ 21,780,445	\$ 25,207,864	\$ 32,972,156	\$ 40,581,448
Certificates of obligation	33,067,491	10,141,692	5,843,325	6,122,480
Subtotal	54,847,936	35,349,556	38,815,481	46,703,928
BUSINESS-TYPE ACTIVITIES				
Revenue bonds	-	-	-	-
TOTAL PRIMARY GOVERNMENT	<u>\$ 54,847,936</u>	<u>\$ 35,349,556</u>	<u>\$ 38,815,481</u>	<u>\$ 46,703,928</u>
Personal income ⁽¹⁾	-	-	-	-
DEBT AS A PERCENTAGE OF PERSONAL INCOME ⁽¹⁾	0%	0%	0%	0%
Population	15,585	15,676	15,477	15,433
DEBT PER CAPITA	\$ 3,519	\$ 2,255	\$ 2,508	\$ 3,026

(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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 43,401,666	\$ 46,904,963	\$ 52,775,550	\$ 58,445,351	\$ 62,271,173	\$ 57,530,495
10,292,415	11,113,193	11,898,971	12,654,747	13,154,781	22,218,433
53,694,081	58,018,156	64,674,521	71,100,098	75,425,954	79,748,928
-	3,094,933	3,790,755	4,466,577	5,112,399	5,751,365
\$ 53,694,081	\$ 61,113,089	\$ 68,465,276	\$ 75,566,675	\$ 80,538,353	\$ 85,500,293
-	-	-	-	-	-
0%	0%	0%	0%	0%	0%
15,516	15,604	15,369	15,221	15,109	14,787
\$ 3,461	\$ 3,917	\$ 4,455	\$ 4,965	\$ 5,330	\$ 5,782

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>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
NET TAXABLE ASSESSED VALUE				
All property	\$ 6,323,884,488	\$ 6,047,797,618	\$ 6,041,644,778	\$ 5,751,240,354
NET BONDED DEBT				
Gross bonded debt	\$ 54,847,936	\$ 35,349,556	\$ 38,815,481	\$ 46,703,928
Less: debt service funds	(1,329,502)	(696,457)	(868,291)	(900,120)
NET BONDED DEBT	<u>\$ 53,518,434</u>	<u>\$ 34,653,099</u>	<u>\$ 37,947,190</u>	<u>\$ 45,803,808</u>
RATIO OF THE NET BONDED DEBT TO ASSESSED VALUE	0.85%	0.57%	0.63%	0.80%
Population	<u>15,585</u>	<u>15,676</u>	<u>15,477</u>	<u>15,516</u>
NET BONDED DEBT PER CAPITA	<u>\$ 3,434</u>	<u>\$ 2,211</u>	<u>\$ 2,452</u>	<u>\$ 2,952</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

2016	2015	2014	2013	2012	2011
\$ 5,443,853,557	\$ 4,816,712,667	\$ 4,376,123,897	\$ 4,217,795,356	\$ 4,059,539,678	\$ 4,254,216,197
\$ 58,018,156 (912,718)	\$ 64,674,521 (566,276)	\$ 71,100,098 (167,039)	\$ 75,425,954 (95,668)	\$ 79,748,928 (276,963)	\$ 83,406,836 (446,094)
<u>\$ 57,105,438</u>	<u>\$ 64,108,245</u>	<u>\$ 70,933,059</u>	<u>\$ 75,330,286</u>	<u>\$ 79,471,965</u>	<u>\$ 82,960,742</u>
1.05%	1.33%	1.62%	1.79%	1.96%	1.95%
<u>15,516</u>	<u>15,604</u>	<u>15,369</u>	<u>15,221</u>	<u>15,109</u>	<u>14,787</u>
<u>\$ 3,680</u>	<u>\$ 4,108</u>	<u>\$ 4,615</u>	<u>\$ 4,949</u>	<u>\$ 5,260</u>	<u>\$ 5,610</u>

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City of West University Place, Texas
 Direct and Overlapping Governmental Activities Debt
 December 31, 2020

Schedule 12

	Net Bonded Debt Outstanding	Estimated Percentage Applicable ⁽¹⁾	Estimated Share of Overlapping Debt
DEBT REPAID WITH PROPERTY TAXES			
Governmental Unit:			
Harris County	\$ 1,743,427,125	1.15%	\$ 20,049,412
Harris County Dept of Education	20,185,000	1.15%	232,128
Harris County Flood Control District	334,270,000	1.15%	3,844,105
Harris County Hospital District	86,050,000	1.15%	989,575
Houston Community College	528,150,000	2.67%	14,101,605
Houston Independent School District	2,764,820,000	2.96%	81,838,672
Port of Houston Authority	492,439,397	1.15%	5,663,053
	<hr/>		<hr/>
Subtotal, overlapping debt	\$ 5,969,341,522		\$ 126,718,550
CITY DIRECT DEBT	\$ 54,847,936	100.00%	54,847,936
			<hr/>
TOTAL DIRECT AND OVERLAPPING DEBT			\$ 181,566,486
			<hr/> <hr/>

Source: Municipal Advisory Council of Texas

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

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
Debt limit	\$ 316,194,224	\$ 302,389,881	\$ 302,082,239	\$ 287,562,018
Total net debt applicable to limit	<u>54,847,936</u>	<u>35,349,556</u>	<u>37,947,190</u>	<u>45,803,808</u>
LEGAL DEBT MARGIN	<u>\$ 261,346,288</u>	<u>\$ 267,040,325</u>	<u>\$ 264,135,049</u>	<u>\$ 241,758,210</u>
Total net debt applicable to the limit as a percentage of debt limit	17.35%	11.69%	12.56%	15.93%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2020

Assessed value	\$ 6,323,884,488
Debt limit (5% of assessed value) ⁽¹⁾	316,194,224

Debt applicable to limit:

General obligation bonds and certificates of obligation, net of premium	54,847,936
Less: amount set aside for repayment of general obligation debt	<u>(1,329,502)</u>

Total net debt applicable to limit	<u>53,518,434</u>
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LEGAL DEBT MARGIN	<u>\$ 262,675,790</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>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 272,192,678	\$ 240,835,633	\$ 218,806,195	\$ 210,889,768	\$ 210,889,768	\$ 202,976,984
<u>57,105,438</u>	<u>64,108,245</u>	<u>70,933,059</u>	<u>75,330,286</u>	<u>73,605,191</u>	<u>56,568,906</u>
<u>\$ 215,087,240</u>	<u>\$ 176,727,388</u>	<u>\$ 147,873,136</u>	<u>\$ 135,559,482</u>	<u>\$ 137,284,577</u>	<u>\$ 146,408,078</u>
20.98%	26.62%	32.42%	35.72%	34.90%	27.87%

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

	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>
GROSS REVENUES ⁽¹⁾	\$ 8,596,188	\$ 8,094,209	\$ 7,900,773	\$ 7,544,895
OPERATING EXPENSES ⁽²⁾	<u>4,459,276</u>	<u>4,619,159</u>	<u>4,354,881</u>	<u>4,259,755</u>
NET REVENUES AVAILABLE FOR DEBT SERVICE	<u>\$ 4,136,912</u>	<u>\$ 3,475,050</u>	<u>\$ 3,545,892</u>	<u>\$ 3,285,140</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

<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>	<u>2012</u>	<u>2011</u>
\$ 7,172,469	\$ 6,986,297	\$ 6,868,133	\$ 7,623,233	\$ 7,777,386	\$ 8,986,455
<u>4,642,322</u>	<u>6,085,370</u>	<u>4,580,425</u>	<u>3,962,028</u>	<u>4,293,010</u>	<u>4,802,445</u>
<u>\$ 2,530,147</u>	<u>\$ 900,927</u>	<u>\$ 2,287,708</u>	<u>\$ 3,661,205</u>	<u>\$ 3,484,376</u>	<u>\$ 4,184,010</u>
\$ -	\$ 695,000	\$ 675,000	\$ 645,000	\$ 720,000	\$ 785,000
<u>-</u>	<u>144,351</u>	<u>172,185</u>	<u>198,585</u>	<u>225,323</u>	<u>255,154</u>
<u>\$ -</u>	<u>\$ 839,351</u>	<u>\$ 847,185</u>	<u>\$ 843,585</u>	<u>\$ 945,323</u>	<u>\$ 1,040,154</u>
N/A	1.07	2.70	4.34	3.69	4.02

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>
2020	15,585	42.10	1,283
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

(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	
	2020 Rank	2011 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>2020</u>	<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>
GENERAL FUND										
Administration	6	6	6	5	6	6	6	5	5	5
Finance	6	5	5	5	5	5	5	6	6	6
Police Department	38	38	38	38	35	35	35	35	35	32
Fire Department	23	23	23	23	23	23	23	23	23	24
Public Works	19	18	18	18	18	18	19	20	20	20
Parks and Recreation	12	12	12	12	12	12	11	11	11	11
Total General Fund	104	102	102	101	99	99	99	100	100	98
ENTERPRISE FUND										
Water	13	13	13	13	13	14	14	14	14	14
Solid Waste	7	7	7	7	7	6	6	8	8	8
Total Enterprise Fund	20	20	20	20	20	20	20	22	22	22
INTERNAL SERVICE FUND										
Administration	4	4	4	4	4	4	3	3	3	3
Total Internal Service Fund	4	4	4	4	4	4	3	3	3	3
TOTAL CITY POSITIONS	<u>128</u>	<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>

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	2020	2019	2018	2017
Police				
Arrests	116	245	269	231
Accident reports	89	157	151	142
Citations	969	3,100	3,073	2,260
Offense reports	707	750	761	609
Calls for service	19,317	25,367	29,719	24,844
Fire				
Emergency responses	727	716	698	675
Average response time	4:53	4:14	4:40	4:35
Fire incidents	701	779	723	805
Water				
New accounts	604	593	629	657
Source:				
Surface	53	62	58	59
Well	47	38	42	41
Average daily consumption (millions of gallons)	2.16	2.17	2.16	2.20
Number of million gallons of surface water pumped	415.31	492.12	462.52	477.01
Number of million gallons of well water pumped	372.56	300.47	328.84	326.45
Total consumption (millions of gallons)	787.87	792.59	791.36	803.46
Peak daily consumption (millions of gallons)	4.58	3.27	4.14	6.54
Sewer				
Average daily sewage treatment (millions of gallons)	1.15	1.15	1.18	1.12
Total consumption (millions of gallons)	417.21	422.63	400.68	409.46
Peak daily consumption (millions of gallons)	6.44	7.00	3.54	5.09

Source: Various City departments

Schedule 18

2016	2015	2014	2013	2012	2011
294	360	226	323	231	294
151	162	122	127	142	121
1,444	2,322	2,482	2,779	2,260	3,379
758	874	581	695	609	583
24,716	26,354	22,071	26,835	24,844	25,964
684	717	669	683	659	660
4:29	4:34	4:35	4:34	4:45	4:25
754	801	721	663	734	765
598	526	608	665	669	678
65	62	80	80	80	80
35	38	20	20	20	20
2.12	2.06	2.06	2.31	2.38	2.79
507.88	468.12	437.00	466.25	530.06	658.80
267.50	282.03	313.88	375.06	335.24	359.55
775.38	750.15	750.88	841.31	865.30	1,018.35
4.06	4.50	4.24	5.36	4.89	5.10
1.17	1.20	1.10	1.09	1.18	1.10
426.47	436.57	402.95	397.30	430.12	402.36
5.88	5.43	4.04	4.04	4.85	2.66

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

FUNCTION/PROGRAM	2020	2019	2018	2017
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	1,747	1,687
Parks and recreation				
Parks and Facilities	11	11	11	11
Parks acreage	13.2	13.2	13.2	13.2
Swimming pools	2	2	2	2
Baseball/softball/ soccer	2	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

2016	2015	2014	2013	2012	2011
1	1	1	1	1	1
8	8	7	7	7	7
1	1	1	1	1	1
53	46	46	46	43	43
1,687	1,687	1,687	1,687	1,687	1,687
11	9	9	9	9	9
13.1	13.7	13.7	13.7	13.7	13.7
2	2	2	2	2	2
-	-	-	-	-	6
5	5	5	5	5	5
2	2	2	2	2	2
-	-	-	-	-	-
3	3	3	3	3	3
56	40	40	40	40	40
347	357	357	357	357	357
3.65	3.65	3.65	3.65	3.65	3.65
44	40	40	40	40	40
34	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,
Internal Control and
Federal Awards Section**

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West University Place, Texas (the City) as of and for the fiscal year ended December 31, 2020, 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 8, 2021.

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. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

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 Member of the City Council of the
City of West University Place, Texas

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 8, 2021

Independent Auditor's Report on Compliance for Each Major Federal Program and Report on Internal Control over Compliance in Accordance with the Uniform Guidance

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

Report on Compliance for Each Major Federal Program

We have audited the City of West University Place, Texas' (the City) compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City's major federal programs for the fiscal year ended December 31, 2020. The City's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with federal statutes, regulations, and the terms and conditions of its federal awards applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City's compliance.

Opinion on Each Major Federal Program

In our opinion, the City complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the fiscal year ended December 31, 2020.

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

Report on Internal Control over Compliance

Management of the City is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected on a timely basis. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Weaver and Tidwell, L.L.P.

WEAVER AND TIDWELL, L.L.P.

Houston, Texas
June 8, 2021

City of West University Place, Texas
 Schedule of Expenditures of Federal Awards
 For the Fiscal Year Ended December 31, 2020

<u>Grantor/Program Title</u>	<u>Federal CFDA Number</u>	<u>Pass-Through Entity Identifying Number</u>	<u>Grant Funds Expended</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Highway Planning and Construction Cluster: Passed through the Texas Department of Transportation Highway Planning and Construction	20.205	0912-72-360	<u>\$ 393,699</u>
Total Highway Planning and Construction Cluster			<u>393,699</u>
TOTAL U.S. DEPARTMENT OF TRANSPORTATION			393,699
U.S. DEPARTMENT OF THE TREASURY			
Passed through Harris County, Texas COVID 19 - Coronavirus Relief Fund	21.019	0000011776	<u>862,180</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY			<u>862,180</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS			<u>\$ 1,255,879</u>

The Notes to Schedule of Expenditures of Federal Awards are an integral part of this schedule.

City of West University Place, Texas

Notes to the Schedule of Expenditures of Federal Awards
For the Fiscal Year Ended December 31, 2020

Note 1. Basis of Presentation

The accompanying schedule of expenditures of federal awards presents the activity of all applicable federal awards of the City of West University Place, Texas (the City). The City's reporting entity is defined in Note 1 to the City's basic financial statements. Federal awards received directly from federal agencies as well as federal awards passed through other government agencies are included in this schedule. The information on this schedule is prepared in accordance with the requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance).

Expenditures reported on the accompanying schedule of expenditures of federal awards are presented on the modified accrual basis of accounting, which is described in Note 1 to the City's basic financial statements. This basis of accounting recognizes expenditures in the accounting period in which the liability is incurred, if measurable. Such expenditures are recognized following the cost principles contained in the Uniform Guidance, wherein certain types of expenditures are not allowable or are limited as to reimbursement.

Note 2. Indirect Cost Rate

The City has elected not to use the 10 percent de minimis indirect cost rate as allowed under the Uniform Guidance.

Note 3. Availability of Federal Grant Funds

The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extended 60 days beyond the federal project period ending date, in accordance with provisions of the OMB Compliance Supplement.

Note 4. Relationship to Federal Financial Reports

Grant expenditure reports as of December 30, 2020, which have been submitted to grantor agencies will, in some cases, differ slightly from amounts disclosed herein. The reports prepared for grantor agencies are typically prepared at a later date and often reflect refined estimates of year-end accruals. The reports will agree at termination of the grant as the discrepancies noted are timing differences.

City of West University Place, Texas
 Schedule of Findings and Questioned Costs
 For the Fiscal Year Ended December 31, 2020

Section 1. Summary of Auditor's Results

Financial Statements

- 1. Type of auditor's report issued: Unmodified
- 2. Internal control over financial reporting:
 - a. Material weakness(es) identified? No
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- 3. Noncompliance material to financial statements noted? No

Federal Awards

- 4. Internal control over major programs:
 - a. Material weakness(es) identified? No
 - b. Significant deficiency(ies) identified that are not considered to be material weaknesses? None reported
- 5. Type of auditor's report issued on compliance for major programs: Unmodified
- 6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? No
- 7. Identification of major federal programs: CFDA 21.019: COVID-19 – Coronavirus Relief Fund
- 8. Dollar threshold used to distinguish between Type A and Type B federal programs: \$750,000
- 9. Auditee qualified as a low-risk auditee? No

Section 2. Financial Statement Findings

None reported.

Section 3. Federal Award Findings and Questioned Costs

None reported.

Summary Schedule of Prior Audit Findings

December 31, 2020

Finding 2019-001: Material Weakness in Internal Control over Financial Reporting—Financial Statement Misstatements

Fiscal year in which the finding initially occurred: 2019

Status: Fully corrected – corrective action was taken.