

City of West University Place, TX

Annual Comprehensive Financial Report



For the Fiscal Year Ended
December 31, 2022



City of West University Place, Texas
Annual Comprehensive Financial Report
For the Fiscal Year Ended December 31, 2022

Officials Issuing Report:

David Beach
City Manager

Marie Kalka
Finance Director

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Introductory Section

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June 5, 2023

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

The Finance Department is pleased to submit the Annual Comprehensive Financial Report (ACFR) for the City of West University Place, Texas (the "City") for the fiscal year ended December 31, 2022. 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, 2022. 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 \$7.5 billion for the 2022 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 2021, 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 2023 budget include transition to a new Enterprise Resource Planning (ERP) financial system, network improvements, radio replacements, new Public Works Facility, design of new Community Building and park improvements at Wier Park.

Transportation and drainage projects planned for the 2023 budget include major roadway and drainage improvements throughout the City, completion of the Buffalo Speedway project, sidewalk replacements, and completion of the Edloe Street pathway project.

Water and sewer related projects planned in 2023 include waterline replacements, design for the replacement of the Bellaire elevated storage tank, water well improvements, water storage tank painting, and sewer and manhole improvements.

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 ACFR for the fiscal year ended December 31, 2021. This was the 38th 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 ACFR 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 ACFR continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to the GFOA to determine its eligibility for another certificate.

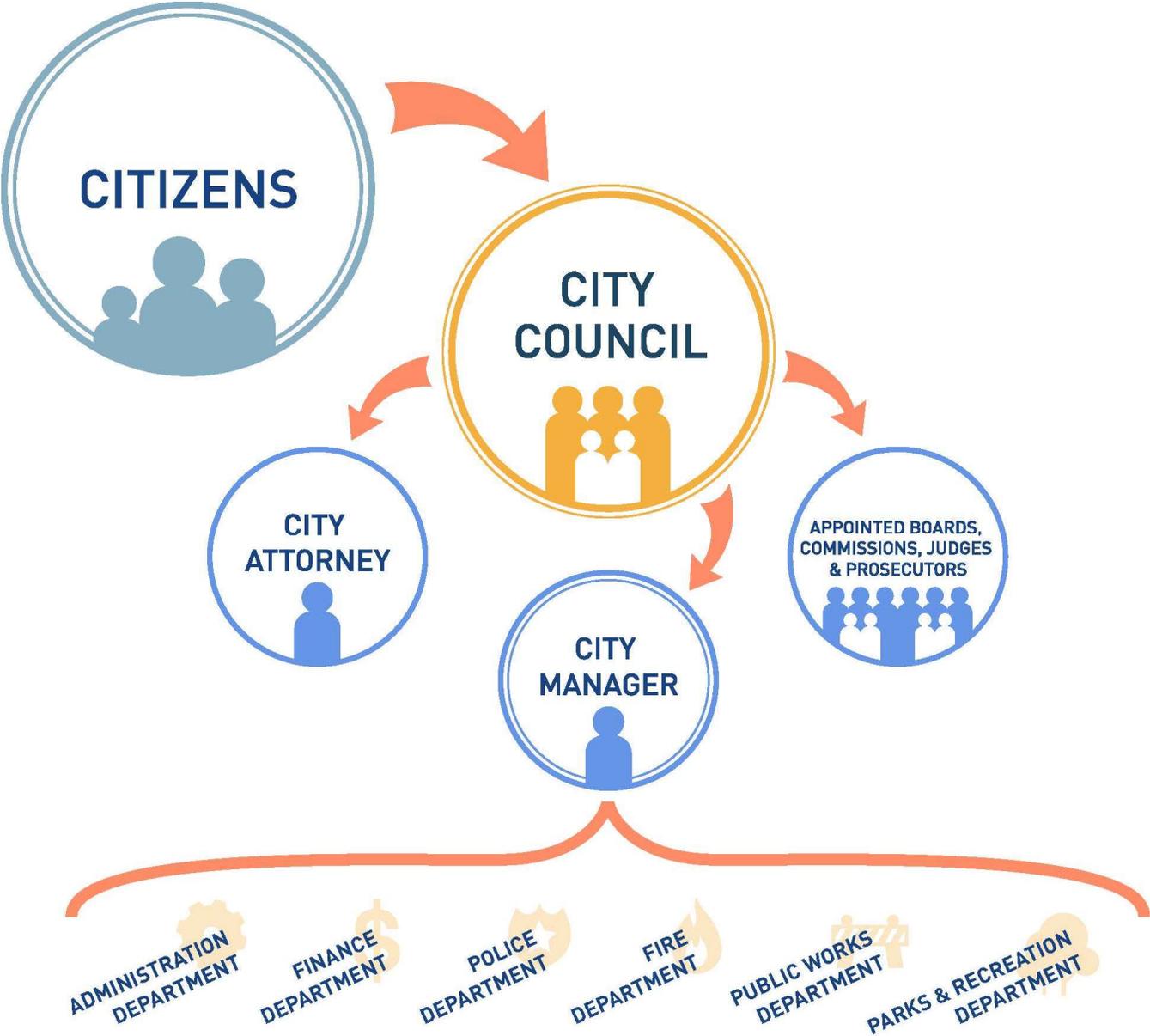
The preparation of this report would not have been possible without the efficient and dedicated service of the entire staff of the Finance Department. Appreciation is expressed to all City employees throughout the organization, especially to those who were instrumental in the successful completion of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

Respectfully submitted,



Marie Kalka
Finance Director

City of West University Place, Texas
Organizational Chart
December 31, 2022



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 Annual Comprehensive
Financial Report
For the Fiscal Year Ended

December 31, 2021

Christopher P. Morill

Executive Director/CEO

City of West University Place, Texas

Principal Officials

December 31, 2022

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
Marie Kalka.....	Finance Director
Robert Loper	Municipal Court Judge
Ken Walker.....	Police Chief
Jennifer Maxwell.....	Fire Chief
Susan White	Parks and Recreation Director
Russel Brown	Information Technology Director
Daniel Cameron.....	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 Audit of the Financial Statements

Opinions

We have audited the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West University Place, Texas (the City), as of and for the year ended December 31, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City, as of December 31, 2022, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Emphasis of Matter

As discussed in Note 1 to the basic financial statements, during the year ended December 31, 2022, the City implemented Governmental Accounting Standards Board Statement No. 87, *Leases*. Our opinions are not modified with respect to this matter.

Responsibilities of Management for the Financial Statements

The City's management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

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

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

Supplementary 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 Combining and Individual Fund Statements and Schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

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

Other Information Included in the Annual Comprehensive Financial Report

Management is responsible for the other information included in the Annual Comprehensive Financial Report. The other information comprises the Introductory and Statistical Sections but does not include the financial statements and our auditor's report thereon. Our opinions on the financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon. In connection with our audit of the financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated June 5, 2023 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 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.

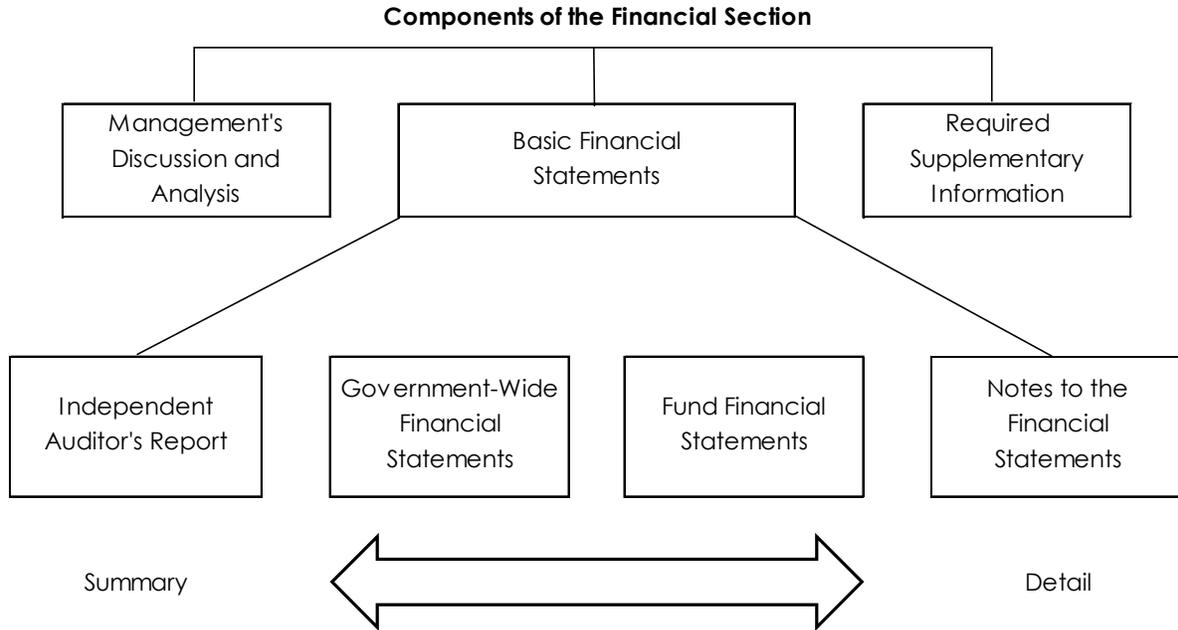
Conroe, Texas
June 5, 2023

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Management's Discussion and Analysis

The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of West University Place, Texas (the "City") for the year ending December 31, 2022. The analysis is based on currently known facts, decisions, or economic conditions. It presents short and long-term analysis of the City's activities, compares current year results with those of the prior year, and discusses the positive and negative aspects of that comparison. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's basic financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT



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

Government-Wide Financial Statements

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

The Statement of Net Position presents information on all of the City's assets, liabilities, and deferred outflows/inflows of resources, with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other nonfinancial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

The Statement of Activities presents information showing how the City's net position changed during the most recent year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows - the accrual method rather than modified accrual that is used in the fund level statements.

The Statement of Net Position and the Statement of Activities divide the City's financials into two classes of activities:

1. **Governmental Activities** - Most of the City's basic services are reported here including general government (administration and finance), public safety (police and fire protection), public works (streets and drainage), and public services (leisure services and community development). Interest payments on the City's tax-supported debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines, and permit fees finance most of these activities.
2. **Business-Type Activities** - Services involving a fee for those services are reported here. These services include the City's water and sewer services and solid waste collection, as well as interest payments on debt issued for water and wastewater improvements.

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

The government-wide financial statements can be found after the MD&A.

Fund Financial Statements

Funds may be considered as operating companies of the parent corporation, which is the City. They are usually segregated for specific activities or objectives. The City uses fund accounting to ensure and demonstrate compliance with finance related legal reporting requirements. The two categories of City funds are governmental and proprietary.

Governmental Funds

Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the year. Such information may be useful in evaluating the City's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the City's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

The City maintains 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 asset 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 exceeded liabilities and deferred inflows of resources by \$129,887,723 as of December 31, 2022. This compares with \$111,626,624 from the prior fiscal year. The largest portion of the City's net position, 54 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	
	2022	2021	2022	2021	2022	2021
Current and other assets	\$ 100,263,775	\$ 59,177,660	\$ 31,026,843	\$ 6,856,286	\$ 131,290,618	\$ 66,033,946
Capital assets	111,065,072	112,227,964	16,819,983	16,752,315	127,885,055	128,980,279
Total assets	211,328,847	171,405,624	47,846,826	23,608,601	259,175,673	195,014,225
Deferred charge on refunding	314,708	382,419	-	-	314,708	382,419
Deferred outflows - pensions	1,289,334	1,271,050	146,025	153,105	1,435,359	1,424,155
Deferred outflows - OPEB	412,050	484,241	46,666	59,416	458,716	543,657
Total deferred outflows of resources	2,016,092	2,137,710	192,691	212,521	2,208,783	2,350,231
Long-term liabilities outstanding	98,550,313	57,397,247	565,615	1,025,093	99,115,928	58,422,340
Other liabilities	6,276,588	4,853,849	856,089	599,131	7,132,677	5,452,980
Total liabilities	104,826,901	62,251,096	1,421,704	1,624,224	106,248,605	63,875,320
Property taxes	20,033,893	19,302,481	-	-	20,033,893	19,302,481
Deferred inflow - leases	316,682	-	-	-	316,682	-
Deferred inflow - pensions	3,292,837	1,360,512	372,934	163,880	3,665,771	1,524,392
Deferred inflow - OPEB	1,106,468	924,085	125,314	111,554	1,231,782	1,035,639
Total deferred inflows of resources	24,749,880	21,587,078	498,248	275,434	25,248,128	21,862,512
Net position:						
Net investment in capital assets	53,257,674	69,342,273	16,819,983	16,752,315	70,077,657	86,094,588
Restricted	2,920,529	2,943,928	-	-	2,920,529	2,943,928
Unrestricted	27,589,955	17,418,959	29,299,582	5,169,149	56,889,537	22,588,108
Total net position	\$ 83,768,158	\$ 89,705,160	\$ 46,119,565	\$ 21,921,464	\$ 129,887,723	\$ 111,626,624

A portion of the City's net position, \$2,920,529 or two percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net position, \$56,889,537 or 44 percent, may be used to meet the City's ongoing obligations to citizens and creditors.

The City's total net position increased by \$18,261,099 during the current fiscal year, an increase of 16 percent in comparison to the prior year. This overall increase results from the operations of the current fiscal year.

Of the \$18,261,099 increase in net position resulting from the operations of the current fiscal year, an increase of \$24,198,101 is attributable to the business-type activities. The increase in business-type activities is the result of an increase in consumption and solid waste rates, combined with \$21,348,826 of transfers from governmental activities. Governmental activities saw a decrease of \$5,937,002 in net position largely due to the net effect of the transfer to business-type activities and a \$10,427,737 gain on sale of land.

As of December 31, 2022, the City reports a combined pension and OPEB liability of \$4,759,041, compared to \$8,758,801 as of December 31, 2021. 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

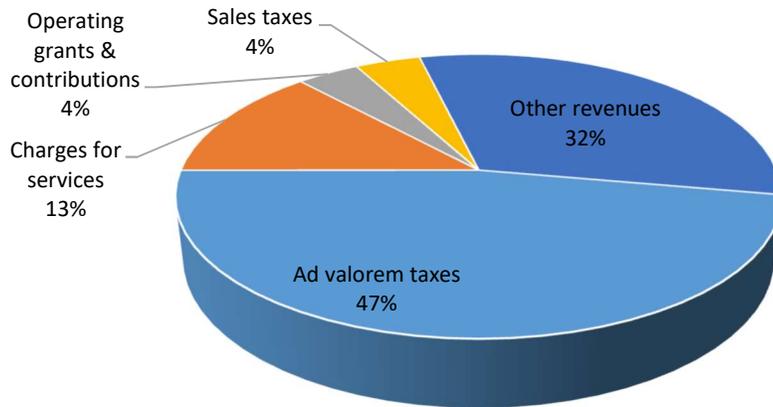
	Governmental Activities		Business-type Activities		Total Primary Government	
	2022	2021	2022	2021	2022	2021
Revenues:						
Program revenues:						
Charges for services	\$ 5,384,288	\$ 4,017,636	\$ 10,280,434	\$ 9,394,003	\$ 15,664,722	\$ 13,411,639
Operating grants and contributions	1,628,306	1,316,044	-	33,721	1,628,306	1,349,765
Capital grants and contributions	-	20,580	-	-	-	20,580
General revenues:						
Ad valorem taxes	19,362,232	19,791,677	-	-	19,362,232	19,791,677
Sales taxes	1,700,938	1,468,046	-	-	1,700,938	1,468,046
Franchise taxes	967,369	934,635	-	-	967,369	934,635
Other taxes	14,670	12,191	-	-	14,670	12,191
Investment earnings	866,705	25,700	234,252	2,435	1,100,957	28,135
Other revenues	665,607	517,339	8,153	10,133	673,760	527,472
Gain (Loss) on disposal of capital assets	10,427,737	25,051	-	-	10,427,737	25,051
Total revenues	41,017,852	28,128,899	10,522,839	9,440,292	51,540,691	37,569,191
Expenses:						
General government	4,065,085	4,158,747	-	-	4,065,085	4,158,747
Public safety	8,824,598	8,101,788	-	-	8,824,598	8,101,788
Public works	5,714,009	5,579,665	-	-	5,714,009	5,579,665
Public services	5,000,269	4,713,256	-	-	5,000,269	4,713,256
Interest and fees on debt	2,002,067	1,360,250	-	-	2,002,067	1,360,250
Water and sewer	-	-	6,331,101	6,125,137	6,331,101	6,125,137
Solid waste	-	-	1,342,463	1,246,487	1,342,463	1,246,487
Total expenses	25,606,028	23,913,706	7,673,564	7,371,624	33,279,592	31,285,330
Increase (decrease) in net position before transfers	15,411,824	4,215,193	2,849,275	2,068,668	18,261,099	6,283,861
Transfers	(21,348,826)	1,904,821	21,348,826	(1,904,821)	-	-
Change in net position	(5,937,002)	6,120,014	24,198,101	163,847	18,261,099	6,283,861
Net position - beginning	89,705,160	83,585,146	21,921,464	21,757,617	111,626,624	105,342,763
Net position - ending	\$ 83,768,158	\$ 89,705,160	\$ 46,119,565	\$ 21,921,464	\$ 129,887,723	\$ 111,626,624

Governmental expenses saw an increase due to several factors including the City continuing to rebound from COVID-19 with Parks programs, bond issuance costs and wages of public safety. Governmental revenues increased due to the gain on disposal of capital assets.

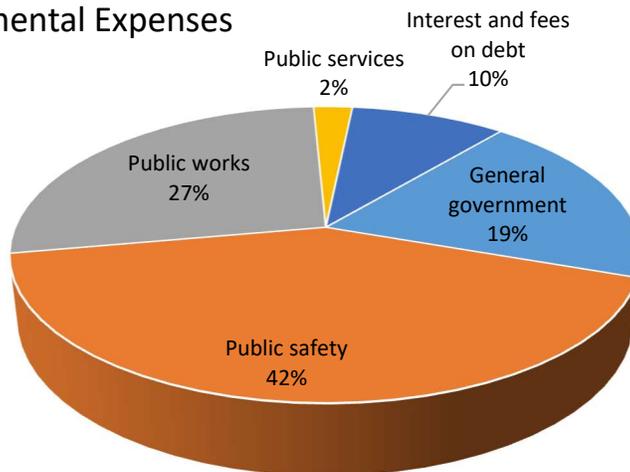
Charges for services for business-type activities increased \$886,431, which is an increase of nine percent. This increase is due to an increase in consumption and solid waste rates. Operating expenses for business-type activities increased by \$301,940. This increase is primarily due to an increase in cost of sales and services.

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

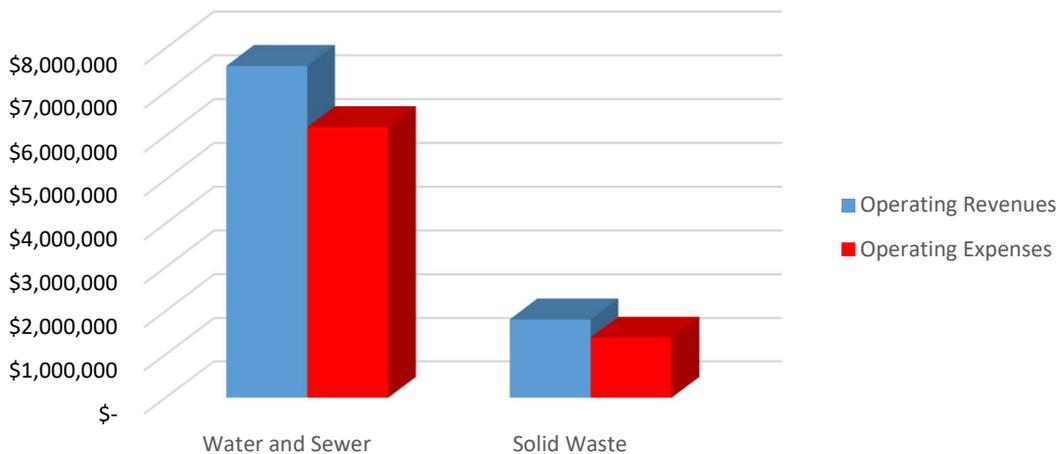
Governmental Revenues



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 \$65,677,039. Of this, \$268,562 is nonspendable, \$915,547 is restricted for debt service, \$34,773,839 is restricted to capital projects funds, \$107,079 is restricted for enabling legislation, \$1,464,240 is restricted for City parks, \$388,893 is restricted for METRO, \$377,870 is restricted for tree replacement, \$397,955 is restricted for governmental programming, and \$19,297,038 is assigned for capital projects and purchases on order.

There was an increase in the combined fund balance of \$39,045,411 compared to the prior year. This is largely attributable to the issuance of \$47,065,000 of certificates of obligation in the capital projects fund.

The general fund is the chief operating fund of the City. At the end of the current year, unassigned fund balance of the general fund was \$7,686,016, while total fund balance reached \$8,456,666. 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 37 percent of total general fund expenditures, while total fund balance represents 40 percent of the total general fund expenditures. The general fund demonstrated an overall decrease of \$1,190,547 primarily due to \$4,200,000 of transfers out to the capital projects fund to fund various City projects.

The debt service fund has a total fund balance of \$915,547, all of which is restricted for the payment of debt service. Expenditures exceeded revenues by \$387,208, with an overall net decrease in fund balance after other financing sources for the year of \$18,821. This decrease in fund balance is primarily due to scheduled debt service payments.

The capital projects fund has a total fund balance of \$53,966,744, of which \$34,773,839 is restricted and \$19,192,905 is assigned. Expenditures exceeded revenues by \$2,821,698, with an overall net increase in fund balance after other financing sources for the year of \$39,946,809. This increase in fund balance is primarily due to issuance of new debt and a sale of capital assets.

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 \$165,750 in the general fund. Budget amendments throughout the year resulted in a decrease of \$4,161,370. However, fund balance decreased by \$1,190,547, resulting in a positive variance of \$2,974,595 from actual over budgeted as amended.

Actual general fund revenues were more than the amended budgeted revenues by \$2,345,312 during 2022. This net variance includes the positive variances of \$400,938 for sales taxes, \$621,148 for permits, licenses, and fees, and \$898,811 for charges for services.

Actual expenditures were less than budgeted amounts in total by \$716,024 for the fiscal year. This net variance is due to positive variances of \$298,388 for general government, \$204,451 for public works and \$188,721 for public services.

Capital Assets

At the end of fiscal year 2022, the City's governmental and business-type activities had invested \$111,065,072 and \$16,819,983, respectively, in a variety of capital assets and infrastructure (net of accumulated depreciation/amortization). This represents a net decrease of \$1,162,892 and increase of \$67,668, respectively.

Major capital assets events during the year included the following:

- Split System Server Room for \$170,030
- Ford F550 for \$142,550
- Street Sweepers for \$258,542
- Construction in progress for various City projects in the amount of \$2,995,998

More detailed information about the City's capital assets is presented in note 4 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 \$85,715,000. Of this amount, \$5,360,000 was general obligation debt, \$73,750,000 was certificates of obligation debt and \$6,605,000 was private placement bonds. During the year, the City had a net increase in long-term debt of \$44,594,530 due to the issuance of \$47,065,000 of certificates of obligation.

More detailed information about the City's long-term liabilities is presented in note 7 to the financial statements.

Current underlying ratings on debt issues are as follows:

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

Economic Factors and Next Year's Budget

The City Council approved a \$32.5 million operating budget for fiscal year 2023. The budget includes a property tax rate of \$0.277402 per \$100 of valuation, which is a decrease from \$0.278522 per \$100 of valuation in 2022. 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. The adopted fiscal year 2023 budget did increase the water rates 6%, wastewater rates 3%, and solid waste 3.5% from 2022.

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 appraised at \$7.8 billion per the September 2022 appraisal rolls. Among reasons for this strength are the City's convenient proximities to the Texas Medical Center, downtown Houston, the Rice Village, and Rice University, as well as the Galleria area. The City's low crime rate and hometown appeal have attracted many of these families. These factors have contributed, and continue to contribute, to the relative stability of property values in the City.

Contacting the City's Financial Management

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

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Basic Financial Statements

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City of West University Place, Texas

Statement of Net Position

December 31, 2022

	Primary Government		
	Governmental Activities	Business-type Activities	Total
ASSETS			
Cash and cash equivalents	\$ 64,294,989	\$ 20,838,309	\$ 85,133,298
Investments	22,106,974	7,237,400	29,344,374
Receivables, net of allowances	12,862,285	1,499,639	14,361,924
Internal balances	(1,441,270)	1,441,270	-
Due from other governments	1,867,221	-	1,867,221
Inventory	12,735	-	12,735
Prepays	560,841	10,225	571,066
Capital assets:			
Capital assets, not being depreciated/amortized	32,578,758	2,032,227	34,610,985
Capital assets, being depreciated/amortized, net	78,486,314	14,787,756	93,274,070
Total assets	211,328,847	47,846,826	259,175,673
DEFERRED OUTFLOWS OF RESOURCES			
Deferred charge on refunding	314,708	-	314,708
Deferred outflows - pension	1,289,334	146,025	1,435,359
Deferred outflows - other postemployment benefits	412,050	46,666	458,716
Total deferred outflows of resources	2,016,092	192,691	2,208,783
LIABILITIES			
Accounts payable and accrued liabilities	1,426,450	856,089	2,282,539
Unearned revenue	3,869,376	-	3,869,376
Accrued interest payable	980,762	-	980,762
Noncurrent liabilities:			
Due within one year - bonds, certificates of obligation, leases, compensated absences	3,649,656	79,002	3,728,658
Due in more than one year			
Bonds, certificates of obligation, leases, compensated absences	90,625,774	2,455	90,628,229
Net pension liability	1,312,824	148,686	1,461,510
Other postemployment benefits liability	2,962,059	335,472	3,297,531
Total liabilities	104,826,901	1,421,704	106,248,605
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - property taxes	20,033,893	-	20,033,893
Deferred inflows - pension	3,292,837	372,934	3,665,771
Deferred inflows - other postemployment benefits	1,106,468	125,314	1,231,782
Deferred inflows - leases	316,682	-	316,682
Total deferred inflows of resources	24,749,880	498,248	25,248,128
NET POSITION			
Net investment in capital assets	53,257,674	16,819,983	70,077,657
Restricted for:			
Debt service	184,492	-	184,492
Enabling legislation	107,079	-	107,079
City parks	1,464,240	-	1,464,240
METRO	388,893	-	388,893
Tree replacement	377,870	-	377,870
Governmental programming	397,955	-	397,955
Unrestricted	27,589,955	29,299,582	56,889,537
TOTAL NET POSITION	\$ 83,768,158	\$ 46,119,565	\$ 129,887,723

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, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
PRIMARY GOVERNMENT				
Governmental activities:				
General government	\$ 4,065,085	\$ -	\$ 850,469	\$ -
Public safety	8,824,598	1,222,081	10,199	-
Public works	5,714,009	1,765,731	27,532	-
Public services	5,000,269	2,396,476	740,106	-
Interest on long-term debt	2,002,067	-	-	-
Total governmental activities	25,606,028	5,384,288	1,628,306	-
Business-type activities:				
Water and sewer	6,331,101	8,440,728	-	-
Solid waste	1,342,463	1,839,706	-	-
Total business-type activities	7,673,564	10,280,434	-	-
TOTAL PRIMARY GOVERNMENT	\$ 33,279,592	\$ 15,664,722	\$ 1,628,306	\$ -
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**

Governmental Activities	Business-type Activities	Total
\$ (3,214,616)	\$ -	\$ (3,214,616)
(7,592,318)	-	(7,592,318)
(3,920,746)	-	(3,920,746)
(1,863,687)	-	(1,863,687)
(2,002,067)	-	(2,002,067)
(18,593,434)	-	(18,593,434)
-	2,109,627	2,109,627
-	497,243	497,243
-	2,606,870	2,606,870
(18,593,434)	2,606,870	(15,986,564)
19,362,232	-	19,362,232
1,700,938	-	1,700,938
967,369	-	967,369
14,670	-	14,670
866,705	234,252	1,100,957
665,607	8,153	673,760
10,427,737	-	10,427,737
(21,348,826)	21,348,826	-
12,656,432	21,591,231	34,247,663
(5,937,002)	24,198,101	18,261,099
89,705,160	21,921,464	111,626,624
<u>\$ 83,768,158</u>	<u>\$ 46,119,565</u>	<u>\$ 129,887,723</u>

City of West University Place, Texas

Balance Sheet - Governmental Funds

December 31, 2022

	<u>General Fund</u>	<u>Debt Service Fund</u>	<u>Capital Projects Fund</u>	<u>Nonmajor Governmental Funds</u>	<u>Total Governmental Funds</u>
ASSETS					
Current assets:					
Cash and cash equivalents	\$ 10,238,756	\$ 2,310,931	\$ 43,029,369	\$ 1,781,416	\$ 57,360,472
Investments	3,555,262	802,615	14,944,625	396,029	19,698,531
Receivables, net of allowances	9,094,943	3,600,755	-	166,587	12,862,285
Due from other funds	-	-	-	129,211	129,211
Due from other governments	1,296,875	570,346	-	-	1,867,221
Inventory	12,735	-	-	-	12,735
Prepays	255,827	-	-	-	255,827
TOTAL ASSETS	\$ 24,454,398	\$ 7,284,647	\$ 57,973,994	\$ 2,473,243	\$ 92,186,282
LIABILITIES					
Accounts payable and accrued liabilities	\$ 1,206,526	\$ -	\$ 137,874	\$ 5,950	\$ 1,350,350
Due to other funds	-	-	-	129,211	129,211
Unearned revenue	-	-	3,869,376	-	3,869,376
Total liabilities	1,206,526	-	4,007,250	135,161	5,348,937
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue - property taxes	14,282,417	6,369,100	-	-	20,651,517
Unavailable revenue - warrants	137,140	-	-	-	137,140
Unavailable revenue - ambulance services	54,967	-	-	-	54,967
Deferred inflows - leases	316,682	-	-	-	316,682
Total deferred inflows of resources	14,791,206	6,369,100	-	-	21,160,306
FUND BALANCES					
Nonspendable:					
Inventory	12,735	-	-	-	12,735
Prepays	255,827	-	-	-	255,827
Restricted for:					
Debt service	-	915,547	-	-	915,547
Capital projects funds	-	-	34,773,839	-	34,773,839
Enabling legislation	-	-	-	107,079	107,079
City parks	-	-	-	1,464,240	1,464,240
METRO	-	-	-	388,893	388,893
Tree replacement	-	-	-	377,870	377,870
Governmental programming	397,955	-	-	-	397,955
Assigned	104,133	-	19,192,905	-	19,297,038
Unassigned	7,686,016	-	-	-	7,686,016
Total fund balances	8,456,666	915,547	53,966,744	2,338,082	65,677,039
TOTAL LIABILITIES, DEFERRED INFLOWS OF RESOURCES, AND FUND BALANCES	\$ 24,454,398	\$ 7,284,647	\$ 57,973,994	\$ 2,473,243	\$ 92,186,282

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, 2022

TOTAL FUND BALANCES - GOVERNMENTAL FUNDS \$ 65,677,039

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, not being depreciated/amortized	\$ 32,578,758	
Capital assets, net of accumulated depreciation/amortization	74,922,405	107,501,163

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	\$ 617,624	
Warrants	137,140	
Ambulance services	54,967	809,731

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.

11,309,372

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	\$(85,715,000)	
Premiums on bonds and certificates of obligation	(6,979,918)	
Accrued interest on bonds and certificates of obligation	(980,762)	
Leases payable	(9,989)	
Compensated absences	(1,483,869)	
Deferred charge on refunding	314,708	
Net pension liability	(1,256,625)	
Deferred outflows of resources - pension	1,234,141	
Deferred inflows of resources - pension	(3,151,879)	
Other postemployment benefits liability	(2,835,261)	
Deferred outflows of resources - other postemployment benefits	394,411	
Deferred inflows of resources - other postemployment benefits	(1,059,104)	(101,529,147)

NET POSITION OF GOVERNMENTAL ACTIVITIES \$ 83,768,158

City of West University Place, Texas
Statement of Revenues, Expenditures, and Changes
in Fund Balances - Governmental Funds
For the Fiscal Year Ended December 31, 2022

	General Fund	Debt Service Fund	Capital Projects Fund	Nonmajor Governmental Funds	Total Governmental Funds
REVENUES					
Ad valorem taxes	\$ 13,423,780	\$ 5,880,571	\$ -	\$ -	\$ 19,304,351
Sales taxes	1,700,938	-	-	-	1,700,938
Franchise taxes	967,369	-	-	-	967,369
Other taxes	14,670	-	-	-	14,670
Permits, licenses, and fees	1,316,648	-	-	33,813	1,350,461
Fines and forfeitures	212,829	-	-	29,760	242,589
Charges for services	3,787,311	-	-	-	3,787,311
Intergovernmental	37,731	-	-	850,469	888,200
Contributions	-	-	-	740,106	740,106
Investment earnings	171,884	34,039	511,516	16,044	733,483
Other revenues	665,607	-	-	-	665,607
Total revenues	22,298,767	5,914,610	511,516	1,670,192	30,395,085
EXPENDITURES					
Current:					
General government	3,701,429	-	393,072	93,123	4,187,624
Public safety	9,552,191	-	-	-	9,552,191
Public works	3,505,603	-	515,672	-	4,021,275
Public services	4,100,481	-	-	302,147	4,402,628
Capital outlay	76,497	-	2,003,500	39,493	2,119,490
Debt service:					
Principal	3,202	4,885,000	-	-	4,888,202
Interest and fiscal agent fees	570	1,411,629	-	-	1,412,199
Bond issuance costs	-	5,189	420,970	-	426,159
Total expenditures	20,939,973	6,301,818	3,333,214	434,763	31,009,768
Excess (deficiency) of revenues over (under) expenditures	1,358,794	(387,208)	(2,821,698)	1,235,429	(614,683)
OTHER FINANCING SOURCES (USES)					
Transfers in	1,650,659	368,387	5,800,000	139,811	7,958,857
Transfers out	(4,200,000)	-	(23,277,213)	(1,067,270)	(28,544,483)
Certificates of obligation issued	-	-	47,065,000	-	47,065,000
Premium on certificates of obligation issued	-	-	2,671,260	-	2,671,260
Sale of capital assets	-	-	10,509,460	-	10,509,460
Total other financing sources (uses)	(2,549,341)	368,387	42,768,507	(927,459)	39,660,094
Net change in fund balances	(1,190,547)	(18,821)	39,946,809	307,970	39,045,411
Fund balance, beginning of year	9,647,213	934,368	14,019,935	2,030,112	26,631,628
FUND BALANCES, END OF YEAR	\$ 8,456,666	\$ 915,547	\$ 53,966,744	\$ 2,338,082	\$ 65,677,039

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, 2022

NET CHANGE IN FUND BALANCES - GOVERNMENTAL FUNDS \$ 39,045,411

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/amortization expense.

Capital outlay	\$ 1,647,646	
Depreciation/amortization expense	(3,575,943)	(1,928,297)

The net effect of miscellaneous transactions involving capital assets (transfers, adjustments and dispositions) is an increase (decrease) to net position. (131,323)

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

Property taxes	\$ 57,881	
Warrants	(5,782)	
Ambulance services	9,709	61,808

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	\$ (47,065,000)	
Premium on debt issued	(2,671,260)	
Principal repayments	4,885,000	
Amortization of bond premiums	256,730	
Amortization of deferred charges on refunding	(67,711)	
Change in accrued interest	(349,670)	
Lease principal repayments	3,202	
Compensated absences	(33,167)	(45,041,876)

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

Change in net pension liability	\$ 3,018,184	
Change in deferred outflows of resources - pension	19,215	
Change in deferred inflows of resources - pension	(1,851,442)	
Change in other postemployment benefits liability	363,363	
Change in deferred outflows of resources - other postemployment benefits	(69,705)	
Change in deferred inflows of resources - other postemployment benefits	(175,542)	1,304,073

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. 753,202

CHANGE IN NET POSITION OF GOVERNMENTAL ACTIVITIES \$ (5,937,002)

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, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Totals	Total
			Enterprise Funds	Internal Service Funds
ASSETS				
Current assets				
Cash and cash equivalents	\$ 20,326,280	\$ 512,029	\$ 20,838,309	\$ 6,934,517
Investments	7,059,566	177,834	7,237,400	2,408,443
Receivables, net of allowances	1,178,223	321,416	1,499,639	-
Prepays	10,225	-	10,225	305,014
Total current assets	28,574,294	1,011,279	29,585,573	9,647,974
Noncurrent assets				
Capital assets				
Land	193,875	-	193,875	-
Construction in progress	1,838,352	-	1,838,352	-
Buildings and improvements	459,625	-	459,625	-
Machinery and equipment	2,430,167	-	2,430,167	7,115,757
Water and sewer systems	59,004,124	-	59,004,124	-
Right of use asset - equipment	-	-	-	71,050
Accumulated depreciation/amortization	(47,106,160)	-	(47,106,160)	(3,622,898)
Total capital assets (net of accumulated depreciation/amortization)	16,819,983	-	16,819,983	3,563,909
Total noncurrent assets	16,819,983	-	16,819,983	3,563,909
Total assets	45,394,277	1,011,279	46,405,556	13,211,883
DEFERRED OUTFLOWS OF RESOURCES				
Deferred outflows - pension	102,444	43,581	146,025	55,193
Deferred outflows - other postemployment benefits	32,739	13,927	46,666	17,639
Total deferred outflows of resources	135,183	57,508	192,691	72,832
LIABILITIES				
Current liabilities				
Accounts payable and accrued liabilities	736,754	119,335	856,089	76,100
Leases payable	-	-	-	19,155
Compensated absences	52,860	26,142	79,002	33,491
Total current liabilities	789,614	145,477	935,091	128,746
Noncurrent liabilities				
Leases payable	-	-	-	34,008
Compensated absences	-	2,455	2,455	-
Net pension liability	104,311	44,375	148,686	56,199
Other postemployment benefits liability	235,351	100,121	335,472	126,798
Total noncurrent liabilities	339,662	146,951	486,613	217,005
Total liabilities	1,129,276	292,428	1,421,704	345,751
DEFERRED INFLOWS OF RESOURCES				
Deferred inflows - pension	261,633	111,301	372,934	140,958
Deferred inflows - other postemployment benefits	87,914	37,400	125,314	47,364
Total deferred inflows of resources	349,547	148,701	498,248	188,322
NET POSITION				
Net investment in capital assets	16,819,983	-	16,819,983	3,510,746
Unrestricted	27,230,654	627,658	27,858,312	9,239,896
TOTAL NET POSITION	\$ 44,050,637	\$ 627,658	\$ 44,678,295	\$ 12,750,642
Reconciliation to the government-wide statement of net position:				
Adjustment to reflect internal service fund activities related to enterprise funds			1,441,270	
Net position of business-type activities			<u>\$ 46,119,565</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, 2022

	Business-Type Activities - Enterprise Funds			Governmental
	Water and Sewer	Solid Waste	Totals Enterprise Funds	Activities Total Internal Service Funds
OPERATING REVENUES				
Charges for sales and services	\$ 8,440,728	\$ 1,839,706	\$ 10,280,434	\$ 6,312,176
Other revenues	-	8,153	8,153	118
Total operating revenues	8,440,728	1,847,859	10,288,587	6,312,294
OPERATING EXPENSES				
Costs of sales and services	4,249,688	1,059,553	5,309,241	3,389,599
Personnel	890,651	398,399	1,289,050	477,282
Repairs and maintenance	-	-	-	27,145
Depreciation/amortization	1,571,855	-	1,571,855	585,048
Total operating expenses	6,712,194	1,457,952	8,170,146	4,479,074
Operating income	1,728,534	389,907	2,118,441	1,833,220
NONOPERATING REVENUES (EXPENSES)				
Investment earnings	224,496	9,756	234,252	133,222
Gain on sale of capital assets	-	-	-	49,600
Interest expense	-	-	-	(3,058)
Total nonoperating revenues	224,496	9,756	234,252	179,764
Income before transfers and capital contributions	1,953,030	399,663	2,352,693	2,012,984
TRANSFERS AND CAPITAL CONTRIBUTIONS				
Transfers in	23,276,463	-	23,276,463	-
Transfers out	(1,617,637)	(310,000)	(1,927,637)	(763,200)
Change in net position	23,611,856	89,663	23,701,519	1,249,784
Net position - beginning	20,438,781	537,995	20,976,776	11,500,858
NET POSITION, END OF YEAR	\$ 44,050,637	\$ 627,658	\$ 44,678,295	\$ 12,750,642
Reconciliation to the government-wide statement of activities:				
Adjustment to reflect internal service fund activities related to enterprise funds			496,582	
Change in net position for business-type activities			<u>\$ 24,198,101</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, 2022

	Business-Type Activities - Enterprise Funds			Governmental Activities
	Water and Sewer	Solid Waste	Totals Enterprise Funds	Total Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash received from customers and users	\$ 8,431,241	\$ 1,832,470	\$ 10,263,711	\$ 118
Cash received from interfund charges for services	-	-	-	6,312,176
Cash payments to suppliers	(4,040,678)	(1,027,668)	(5,068,346)	(3,428,502)
Cash payments to employees	(1,041,737)	(464,147)	(1,505,884)	(545,134)
Net cash provided by operating activities	3,348,826	340,655	3,689,481	2,338,658
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Transfers from other funds	23,276,463	-	23,276,463	-
Transfers to other funds	(1,617,637)	(310,000)	(1,927,637)	(763,200)
Intergovernmental	31,670	2,051	33,721	123
Net cash provided by (used for) noncapital financing activities	21,690,496	(307,949)	21,382,547	(763,077)
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Acquisition and construction of capital assets	(1,639,523)	-	(1,639,523)	(1,472,363)
Proceeds from sale of capital assets	-	-	-	49,600
Principal (paid) received on leases payable	-	-	-	(17,887)
Interest paid	-	-	-	(3,058)
Net cash used for capital and related financing activities	(1,639,523)	-	(1,639,523)	(1,443,708)
CASH FLOWS FROM INVESTING ACTIVITIES				
Sale (purchase) of investments	(7,059,566)	(177,834)	(7,237,400)	(2,408,443)
Earnings on investments	224,496	9,756	234,252	133,222
Net cash used for investing activities	(6,835,070)	(168,078)	(7,003,148)	(2,275,221)
Net increase (decrease) in cash and cash equivalents	16,564,729	(135,372)	16,429,357	(2,143,348)
Cash and cash equivalents, beginning balance	3,761,551	647,401	4,408,952	9,077,865
CASH AND CASH EQUIVALENTS, ENDING BALANCE	\$ 20,326,280	\$ 512,029	\$ 20,838,309	\$ 6,934,517
RECONCILIATION OF OPERATING INCOME TO NET CASH PROVIDED BY OPERATING ACTIVITIES				
Operating income	\$ 1,728,534	\$ 389,907	\$ 2,118,441	\$ 1,833,220
Adjustments to reconcile operating income to cash provided by operating activities:				
Depreciation and amortization	1,571,855	-	1,571,855	585,048
Changes in assets, liabilities and related deferrals:				
(Increase) decrease in assets and deferred outflows:				
Receivables, net of allowances	(16,325)	(15,389)	(31,714)	-
Prepays	(9,225)	-	(9,225)	(52,393)
Deferred outflows - net pension liability	4,542	2,538	7,080	931
Deferred outflows - other postemployment benefits	8,865	3,885	12,750	2,486
Increase (decrease) in liabilities and deferred inflows:				
Accounts payable and accrued liabilities	225,073	31,885	256,958	37,878
Compensated absences	73	2,110	2,183	316
Net pension liability	(272,128)	(117,896)	(390,024)	(141,279)
Other postemployment benefits liability	(49,499)	(22,138)	(71,637)	(15,273)
Deferred inflows - net pension liability	147,117	61,937	209,054	80,883
Deferred inflows - other postemployment benefits	9,944	3,816	13,760	6,841
NET CASH PROVIDED BY OPERATING ACTIVITIES	\$ 3,348,826	\$ 340,655	\$ 3,689,481	\$ 2,338,658

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 \$50,000. In the event of dissolution, any assets of the Corporation will be transferred to the City. Funding of the Corporation is for the exclusive benefit of the City, and therefore the Corporation is included in the reporting entity on a "blended" basis, and 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 asset replacement funds are used to account for vehicle and asset 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:

- Obligations of the U.S. government, its agencies and instrumentalities, including letters of credit
- Obligations of the state of Texas
- 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

City of West University Place, Texas

Notes to the Financial Statements

3. Inventories and Prepaid Items

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

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

4. Capital Assets

Capital assets, which include land and improvements, construction in progress, buildings and improvements, machinery and equipment, right of use assets – 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/amortized. Buildings and improvements, machinery and equipment, right of use assets – equipment, infrastructure, and water and sewer systems of the primary government are depreciated/amortized 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
Right of use assets - equipment	3 to 4 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 assets 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.

City of West University Place, Texas

Notes to the Financial Statements

- 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. The other items 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.

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 assets (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.
- Deferred inflows related to leases will be adjusted over the life of the lease by the current portion of the principal received.

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.
- Deferred inflows related to leases will be adjusted over the life of the lease by the current portion of the principal received.

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

City of West University Place, Texas

Notes to the Financial Statements

The estimated amount of compensation for services provided that is expected to be liquidated with expendable, available financial resources is reported as an expenditure and a fund liability of the governmental fund that will pay it when it matures or becomes due. Amounts of vested or accumulated vacation leave that are not expected to be liquidated with expendable, available financial resources are maintained separately and represent a reconciling item between the fund and government-wide presentations.

7. Long-Term Obligations

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

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

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

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

8. Leases

Lessee

With the exception of short-term leases, when the City is a lessee in noncancellable lease arrangements the City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the government-wide and proprietary fund financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more. For leases not meeting these criteria, lease payments are recognized as outflows of resources based on the payment provisions of the contract.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

City of West University Place, Texas

Notes to the Financial Statements

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position. The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

Lessor

With the exception of short-term leases and certain regulated leases, when the City is a lessor in noncancellable lease arrangements the City recognizes a lease receivable and a deferred inflow of resources in the government-wide, proprietary fund, and governmental fund financial statements. For short-term leases and excluded regulated leases, lease revenues are recognized as inflows of resources based on the payment provisions of the contract.

At the commencement of a lease, the City initially measures the lease receivable at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable is reduced by the principal portion of lease payments received. The deferred inflow of resources is initially measured as the initial amount of the lease receivable, adjusted for lease payments received at or before the lease commencement date. Subsequently, the deferred inflow of resources is recognized as revenue over the life of the lease term.

Key estimates and judgments include how the City determines (1) the discount rate it uses to discount the expected lease receipts to present value, (2) lease term, and (3) lease receipts.

- The City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease.
- Lease receipts included in the measurement of the lease receivable is composed of fixed payments from the lessee.

The City monitors changes in circumstances that would require a remeasurement of its lease, and will remeasure the lease receivable and deferred inflows of resources if certain changes occur that are expected to significantly affect the amount of the lease receivable.

9. 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.

City of West University Place, Texas

Notes to the Financial Statements

10. 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.

11. Implementation of GASB Statement No. 87, Leases

The City implemented GASB Statement No. 87, *Leases* ("GASB 87") during the fiscal year ended December 31, 2022. GASB 87 requires recognition of certain lease assets, liabilities, and deferred inflows of resources for leases that previously were classified as operating leases and were previously recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under GASB 87, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources.

The City implemented GASB 87 as of the beginning of the fiscal year, resulting in recognition of approximately \$487,000 in lease receivables and deferred inflows of resources within the general fund and governmental activities in the government-wide financial statements, related to leasing arrangements under which the City is the lessor. Additionally, the City recognized approximately \$84,000 of lease assets and leases payable within the governmental activities in the government-wide financial statements as of January 1, 2022. The cumulative effect of retroactive implementation was not material and therefore, GASB 87 was implemented without restatement of net position or fund balances previously reported.

12. 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.

13. 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.

14. 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:

City of West University Place, Texas

Notes to the Financial Statements

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 Manager 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. Assigned fund balance in the general fund represents encumbrances for purchases on order. Assigned fund balance in the capital projects fund is for future capital projects and purchases.

It is the City's policy to achieve and maintain an unassigned fund balance in the general fund equal to 20 percent of estimated expenditures for the current annual budget. The general fund is the only fund that reports a positive unassigned fund balance. The debt service fund will maintain a fund balance at 10 percent of the annual debt service requirements or a fund balance reserve as required by bond ordinances, whichever is greater. All enterprise funds will maintain working capital equal to 10 percent of the estimated operating expenditures for the current annual budget. The vehicle and asset replacement internal service funds will maintain fund balance equal to 20 percent of the total gross capital assets. The technology management, employee benefits, and human resources internal service funds will maintain fund balance equal to 20 percent of the estimated operating expenditures for the current annual budget.

15. 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.

City of West University Place, Texas

Notes to the Financial Statements

2. Property Taxes

Property taxes are levied during October of each year and are due upon receipt of the City's tax bill. Taxes become delinquent, with an enforceable lien on property, on February 1 of the following year.

3. Proprietary Funds Operating and Nonoperating Revenues and Expenses

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

Note 2. Stewardship, Compliance and Accountability

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) except the capital projects funds, which adopt project length budgets. The original budget is adopted by the City Council prior to the beginning of the year. The legal level of control, as defined by the charter, in the approved budget is the department level in the general fund and all others are the fund level. The City Manager may transfer appropriations within a department without seeking the approval of City Council. Appropriations lapse at the end of the year, excluding capital project budgets. Supplemental budget appropriations were made for the year ended December 31, 2022. An annual budget is not adopted for the blended component unit, Friends of West University Parks Fund. The parks fund, tree replacement fund, truancy prevention fund, municipal jury fund, court technology/security fund, and METRO fund are all special revenue funds that have adopted budgets.

B. Encumbrances

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

As of December 31, 2022, significant encumbrances included in the governmental funds include \$104,133 in the general fund, \$5,351 in the parks fund, and \$1,416,020 in the capital projects fund for purchases on order.

City of West University Place, Texas

Notes to the Financial Statements

Note 3. Deposits and Investments

As of December 31, 2022, the City had the following deposits and investments:

	<u>Value</u>	<u>Weighted Average Maturity (Years)</u>
Deposits		
Cash	\$ 6,651,264	
Cash equivalents:		
TexPool external investment pool	58,360,505	0.04
Texas CLASS external investment pool	19,843,842	0.27
Other	<u>277,687</u>	
Total	<u>\$ 85,133,298</u>	
Investments		
U.S. government agency bonds/notes	\$ 14,587,150	0.58
U.S. Treasury notes	14,546,313	0.61
Corporation's certificates of deposit	<u>210,911</u>	0.48
Total	<u>\$ 29,344,374</u>	
Portfolio weighted average maturity		0.23

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, 2022, the combined values of pledged securities and FDIC coverage exceeded bank balances for the City. The City's investment policy collateralization requirements have not been extended to the Corporation. The Corporation's bank balances exceeded FDIC coverage by \$470,791 at December 31, 2022.

Local Government Investment Pools

As of December 31, 2022, 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.

City of West University Place, Texas

Notes to the Financial Statements

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.

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.

City of West University Place, Texas

Notes to the Financial Statements

As of December 31, 2022, 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	\$ 14,587,150	\$ -	\$ 14,587,150
U.S. Treasury notes	14,546,313	14,546,313	-
Total	\$ 29,133,463	\$ 14,546,313	\$ 14,587,150

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 owned 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 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, 2022, the City's investments in local government investment pools were rated "AAAm" by Standard & Poor's. The certificates of deposit are unrated.

Concentration of Credit Risk

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

City of West University Place, Texas

Notes to the Financial Statements

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	Nonmajor Governmental	Water and Sewer	Solid Waste	Total
Ad valorem taxes	\$ 7,987,652	\$ 3,600,755	\$ -	\$ -	\$ -	\$ 11,588,407
Other taxes	444,113	-	-	-	-	444,113
Accounts	2,756,643	-	-	1,199,399	326,838	4,282,880
Intergovernmental	1,223	-	166,587	-	-	167,810
Other	5,670	-	-	-	-	5,670
Less: Allowance	(2,100,358)	-	-	(21,176)	(5,422)	(2,126,956)
Totals	\$ 9,094,943	\$ 3,600,755	\$ 166,587	\$ 1,178,223	\$ 321,416	\$ 14,361,924

Lease Receivable

The City is a lessor in noncancelable lease agreements for certain facilities and properties. The leases range from one to twenty years. The City recognized \$170,787 in lease revenue during the current fiscal year related to these leases. The lease receivable for the City was \$309,022 and is included in accounts receivable in the government-wide and fund financial statements. Additionally, the City has deferred inflow of resources associated with these leases that will be recognized as revenue over the lease term. The balance of the deferred inflow of resources was \$316,682 as of December 31, 2022.

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, 2022:

	Beginning Balance	Increases	Reclassifications / (Decreases)	Ending Balance
Governmental activities:				
Capital assets, not being depreciated:				
Land and improvements	\$ 9,180,302	\$ -	\$ -	\$ 9,180,302
Construction in progress	26,129,490	1,507,170	(4,238,204)	23,398,456
	<u>35,309,792</u>	<u>1,507,170</u>	<u>(4,238,204)</u>	<u>32,578,758</u>
Total capital assets, not being depreciated				
Depreciable assets:				
Buildings and improvements	59,998,639	-	(117,505)	59,881,134
Machinery and equipment	9,539,988	1,538,011	3,904,570	14,982,569
Right of use assets - equipment*	84,241	-	-	84,241
Infrastructure	66,664,911	-	(31,126)	66,633,785
	<u>136,287,779</u>	<u>1,538,011</u>	<u>3,755,939</u>	<u>141,581,729</u>
Total depreciable assets				
Less accumulated depreciation/amortization for:				
Buildings and improvements	(25,104,482)	(1,787,441)	75,446	(26,816,477)
Machinery and equipment	(6,581,005)	(1,017,916)	275,496	(7,323,425)
Right of use assets - equipment*	-	(22,958)	-	(22,958)
Infrastructure	(27,599,879)	(1,332,676)	-	(28,932,555)
	<u>(59,285,366)</u>	<u>(4,160,991)</u>	<u>350,942</u>	<u>(63,095,415)</u>
Total accumulated depreciation/amortization				
Total depreciable assets, net	<u>77,002,413</u>	<u>(2,622,980)</u>	<u>4,106,881</u>	<u>78,486,314</u>
Governmental activities capital assets, net	<u>\$ 112,312,205</u>	<u>\$ (1,115,810)</u>	<u>\$ (131,323)</u>	<u>\$ 111,065,072</u>

* Right of use assets - equipment have been adjusted to reflect a beginning balance upon adoption of GASB 87, Leases.

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/amortization expense was charged to governmental functions as follows:

Governmental activities:	
General government	\$ 411,308
Public safety	405,044
Public works	1,931,218
Public service	828,373
Capital assets held by the City's internal service fund	<u>585,048</u>
Total governmental activities depreciation/amortization expense	<u>\$ 4,160,991</u>

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	\$ 20,946,619	\$ 20,835,904	\$ 110,715
Public Works Campus	662,000	278,722	383,278
Weslayan Traffic Signal	73,550	60,419	13,131
Facility Master Plan	42,000	-	42,000
HVAC Replacement Program	170,030	-	170,030
Poor Farm Ditch	50,089	41,500	8,589
City-Wide Street and Drainage	2,974,964	2,207,843	767,121
Total	\$ 24,919,252	\$ 23,424,388	\$ 1,494,864

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, 2022:

	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	481,185	1,488,828	(131,661)	1,838,352
Total capital assets, not being depreciated	675,060	1,488,828	(131,661)	2,032,227
Depreciable assets:				
Buildings and improvements	459,625	-	-	459,625
Water and sewer systems	58,920,920	249,692	(166,488)	59,004,124
Machinery and equipment	2,409,454	32,664	(11,951)	2,430,167
Total depreciable assets	61,789,999	282,356	(178,439)	61,893,916
Less accumulated depreciation for:				
Buildings and improvements	(459,625)	-	-	(459,625)
Water and sewer systems	(44,009,470)	(1,400,526)	166,488	(45,243,508)
Machinery and equipment	(1,243,649)	(171,329)	11,951	(1,403,027)
Total accumulated depreciation	(45,712,744)	(1,571,855)	178,439	(47,106,160)
Total depreciable assets, net	16,077,255	(1,289,499)	-	14,787,756
Business-type activities capital assets, net	\$ 16,752,315	\$ 199,329	\$ (131,661)	\$ 16,819,983

City of West University Place, Texas

Notes to the Financial Statements

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

Water and sewer	<u>\$ 1,571,855</u>
Total business-type activities depreciation expense	<u><u>\$ 1,571,855</u></u>

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

Projects	Approved Construction Budget	Stored and Completed To Date	Remaining Commitment
Waterline Replacement Program	\$ 244,525	\$ 133,577	\$ 110,948
Water Pumping and Storage Study	28,780	27,593	1,187
Wakeforest Tank Repairs	29,727	-	29,727
SCADA Lift Stations	461,697	263,852	197,845
Law St Waterline Installation	<u>49,470</u>	<u>43,366</u>	<u>6,104</u>
Total	<u><u>\$ 814,199</u></u>	<u><u>\$ 468,388</u></u>	<u><u>\$ 345,811</u></u>

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

City of West University Place, Texas

Notes to the Financial Statements

Note 6. Long-term Liabilities

The following is a summary of changes in the City's total long-term liabilities for the year ended December 31, 2022. In general, the City uses the general, debt service and internal 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	\$ 8,065,000	\$ -	\$ 2,705,000	\$ 5,360,000	\$ 2,220,000
Certificates of obligation	28,500,000	47,065,000	1,815,000	73,750,000	605,000
Private placement general obligation bonds	6,970,000	-	365,000	6,605,000	-
Unamortized premiums and/or discounts	4,565,388	2,671,260	256,730	6,979,918	-
Total bonds, notes and other payables, net	48,100,388	49,736,260	5,141,730	92,694,918	2,825,000
Other liabilities:					
Leases payable*	84,241	-	21,089	63,152	22,520
Compensated absences	1,483,877	601,775	568,292	1,517,360	802,136
Net pension liability	4,472,287	4,923,078	8,082,541	1,312,824	-
Other postemployment benefit liability	3,340,695	249,266	627,902	2,962,059	-
Total governmental activities	\$57,481,488	\$55,510,379	\$14,441,554	\$98,550,313	\$ 3,649,656

* Leases payable has been adjusted to reflect a beginning balance upon adoption of GASB 87, Leases.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Business-type activities:					
Compensated absences	\$ 79,274	\$ 62,882	\$ 60,699	\$ 81,457	\$ 79,002
Net pension liability	538,710	525,372	915,396	148,686	-
Other postemployment benefit liability	407,109	1,413	73,050	335,472	-
Total business-type activities	\$ 1,025,093	\$ 589,667	\$ 1,049,145	\$ 565,615	\$ 79,002

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 leases payable, 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.

During the year ended December 31, 2022, the City issued \$47,065,000 Certificates of Obligation, Series 2022. Proceeds of the certificates are being used to provide funds for the planning and construction of a public works facility; improvements to the City's streets, roads, and stormwater drainage system; and improvements and repairs to the City's water and sanitary sewers, and wastewater system, including repairs and improvements to the City's wastewater treatment plant.

City of West University Place, Texas

Notes to the Financial Statements

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

Description	Interest Rates	Balance
Governmental activities:		
General obligation bond		
General obligation refunding, Series 2020	2.00 - 4.00 %	\$ 5,360,000
Total general obligation bonds		<u>5,360,000</u>
Certificates of obligation		
Series 2011	2.00 - 2.25 %	250,000
Series 2019	3.00 - 4.00 %	3,830,000
Series 2020	3.00 - 5.00 %	22,605,000
Series 2022	4.25 - 5.00%	47,065,000
Total certificates of obligation		<u>73,750,000</u>
Private placement general obligation bond		
General obligation refunding, Series 2017	2.01 %	6,605,000
Total private placement bonds		<u>6,605,000</u>
Totals		<u><u>\$ 85,715,000</u></u>

The annual requirements to amortize debt outstanding at year end were as follows:

Year Ending December 31,	General Obligation Bond and Certificates of Obligation			Private Placement General Obligation Bond		
	Principal	Interest	Total	Principal	Interest	Total
2023	\$ 2,825,000	\$ 2,881,515	\$ 5,706,515	-	\$ 132,761	\$ 132,761
2024	4,460,000	3,275,612	7,735,612	175,000	131,002	306,002
2025	2,110,000	3,145,447	5,255,447	1,540,000	113,766	1,653,766
2026	2,180,000	3,054,776	5,234,776	1,590,000	82,310	1,672,310
2027	2,270,000	2,956,976	5,226,976	1,630,000	49,949	1,679,949
2028 - 2032	12,770,000	13,068,076	25,838,076	1,670,000	16,784	1,686,784
2033 - 2037	13,805,000	9,989,475	23,794,475	-	-	-
2038 - 2042	15,485,000	6,956,339	22,441,339	-	-	-
2043 - 2047	19,300,000	3,055,913	22,355,913	-	-	-
2048 - 2050	3,905,000	-	3,905,000	-	-	-
Totals	<u>\$ 79,110,000</u>	<u>\$ 48,384,129</u>	<u>\$ 127,494,129</u>	<u>\$ 6,605,000</u>	<u>\$ 526,572</u>	<u>\$ 7,131,572</u>

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, 2022, outstanding instruments include a general obligation bond, certificates of obligation and a private placement general obligation bond. 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.

City of West University Place, Texas

Notes to the Financial Statements

Defeased Bonds

In prior years, the City defeased certain outstanding bonds by placing proceeds of new bonds in irrevocable escrow accounts to provide for all future debt service payments on the old bonds. Accordingly, the escrow account assets and the defeased liabilities are not included in the City's financial statements. As of December 31, 2022, there were no outstanding balances of defeased bonds.

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, 2022.

Leases Payable

The City has entered into lease agreements as lessee for various types of equipment. The leases allow the City the right-to-use the leased assets over the term of the lease. The City is required to make principal and interest payments at its incremental borrowing rate or the interest rate stated or implied within the lease. The lease rate, term, and ending lease liability as of December 31, 2022 are as follows:

Description	Matures	Interest Rate (%)	Ending Balance
Governmental activities:			
Printers	2025	5%	\$ 9,989
Phone System	2025	5%	28,691
Tower	2025	5%	13,558
Repeater Antennas	2025	5%	10,914
Total governmental activities			\$ 63,152

The future principal and interest lease payments as of December 31, 2022, are as follows:

Year Ending December 31,	Governmental Activities	
	Principal	Interest
2023	\$ 22,520	\$ 2,537
2024	24,037	1,376
2025	16,595	337
Totals	\$ 63,152	\$ 4,250

City of West University Place, Texas

Notes to the Financial Statements

Note 7. Interfund Balances and Activity

1. Interfund Receivables and Payables

Interfund receivables and payables of the various funds at December 31, 2022 were as follows:

	<u>Interfund Receivables</u>	<u>Interfund Payables</u>
Nonmajor	\$ 129,211	\$ 129,211
Totals	<u>\$ 129,211</u>	<u>\$ 129,211</u>

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

2. Interfund Transfers

Transfers between funds during the year were as follows:

<u>Transfers Out</u>	<u>Transfers In</u>	<u>Amounts</u>
General	Capital projects	\$ 4,200,000
Capital projects	Debt service	750
Capital projects	Water and sewer	23,276,463
Nonmajor	Capital projects	925,000
Nonmajor	General	2,459
Nonmajor	Nonmajor	139,811
Internal Service Fund	General	88,200
Internal Service Fund	Capital projects	675,000
Water and sewer	Debt service	367,637
Water and sewer	General	1,250,000
Solid waste	General	310,000
		<u>\$ 31,235,320</u>
Totals		

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. Transfers to the capital projects fund were to fund various City projects. Transfers from capital projects fund to water and sewer fund are to fund various City water and sewer projects.

City of West University Place, Texas

Notes to the Financial Statements

Note 8. 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 2,824 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements that exceeded coverage amounts for the past three years.

B. Contingent Liabilities

Amounts received or receivable from granting agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amounts of expenditures that may be disallowed by the grantor cannot be determined at this time although the City expects such amounts, if any, to be immaterial.

Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. Liabilities include an amount for claims that have been incurred but not reported. Claim liabilities are calculated considering the effects of inflation, recent claim settlement trends, including frequency and amount of payouts, and other economic and social factors. No claim liabilities are reported at year end.

Note 9. Defined Benefit Pension Plan

Plan Description

The City participates in one of 901 plans in the defined benefit cash-balance 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 annual comprehensive financial report that can be obtained at www.tmr.com.

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

Benefits Provided

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

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

City of West University Place, Texas

Notes to the Financial Statements

The plan provisions 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 retirement eligibility (expressed as age/years of service)	Any/20, 60/5
Updated service credit	100% Repeating, Transfers
Annuity increase (to retirees)	70% of CPI Repeating
Supplemental death benefit - active employees and retirees	Yes

Employees Covered by Benefit Terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	123
Inactive employees entitled to but not yet receiving benefits	121
Active employees	131
Total	375

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 City's contribution rate is based on the liabilities created from the benefit plan options selected by the City and any changes in benefits or actual experience over time.

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 12.83% and 12.91% in calendar years 2021 and 2022, respectively. The City's contributions to TMRS for the year ended December 31, 2022, were \$1,401,904, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the NPL was determined by an actuarial valuation as of that date.

Actuarial assumptions

The total pension liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.50% 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, 2019 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. 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 public equity	35%	7.55%
Core fixed income	6%	2.00%
Non-core fixed income	20%	5.68%
Other public and private markets	12%	7.22%
Real estate	12%	6.85%
Hedge funds	5%	5.35%
Private equity	10%	10.00%
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, 2020	\$ 56,729,521	\$ 51,718,524	\$ 5,010,997
Changes for the year:			
Service cost	1,626,626	-	1,626,626
Interest	3,790,629	-	3,790,629
Difference between expected and actual experience	(204,386)	-	(204,386)
Contributions - employer	-	1,330,973	(1,330,973)
Contributions - employee	-	726,173	(726,173)
Net investment income	-	6,736,192	(6,736,192)
Benefit payments, including refunds of employee contributions	(2,770,742)	(2,770,742)	-
Administrative expense	-	(31,196)	31,196
Other changes	-	214	(214)
Net changes	<u>2,442,127</u>	<u>5,991,614</u>	<u>(3,549,487)</u>
Balance at December 31, 2021	<u><u>\$ 59,171,648</u></u>	<u><u>\$ 57,710,138</u></u>	<u><u>\$ 1,461,510</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	\$ 9,324,401	\$ 1,461,510	\$ (5,047,626)

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, 2022, the City recognized pension income of \$17,405.

At December 31, 2022, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 202,811
Changes in actuarial assumptions	33,455	-
Difference between projected and actual investment earnings	-	3,462,960
Contributions subsequent to the measurement date	1,401,904	-
Totals	\$ 1,435,359	\$ 3,665,771

\$1,401,904 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, 2023. 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,
2023	\$ (679,135)
2024	(1,547,442)
2025	(756,703)
2026	(649,036)
Totals	\$ (3,632,316)

Note 10. Other Postemployment Benefits Plans

In addition to the pension plan discussed in Note 9, 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, 2021. The actuarial valuation dates for the Supplemental Death Benefits Fund and Retiree Health Care OPEB plans was December 31, 2021.

Benefits Provided and Contributions

Membership in the plans as of the measurement date of December 31, 2021 was as follows:

	<u>SDBF</u>	<u>RHCP</u>
Inactive employees currently receiving benefits	83	11
Inactive employees entitled to but not yet receiving benefits	39	-
Active employees	<u>131</u>	<u>31</u>
Totals	<u><u>253</u></u>	<u><u>42</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.

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.

City of West University Place, Texas

Notes to the Financial Statements

The retiree portion of contribution rates to the SDBF for the City were 0.14% and 0.13% in calendar years 2021 and 2022, respectively. The City's contributions to the SDBF for the year ended December 31, 2022 were \$12,700 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 through COBRA according to regulatory requirements. All benefits terminate when retiree becomes eligible for Medicare or other federal or state health insurance plans or if retiree becomes employed, including self-employment.

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

Actuarial Assumptions

The total OPEB liabilities were determined using the following actuarial assumptions and other inputs.

Inflation	2.50%
Salary increases	3.50% to 11.50% including inflation
Discount rate	1.84% - based on the Fidelity Index's "20-Year Municipal GO AA Index" rate as of December 31, 2021.

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

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 4.25% after 13 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 OPEB plans are treated as unfunded plans because 1) the SDBF trust covers both actives and retirees and the assets are not segregated for these groups, and 2) the RHCP plan is a pay-as-you go plan.

Changes in Total OPEB Liability

	Total OPEB Liability	
	SDBF	RHCP
Balance at December 31, 2020	\$ 674,224	\$3,073,580
Changes for the year:		
Service cost	24,897	98,089
Interest on total OPEB liability	13,588	60,878
Difference between expected and actual experience	(7,135)	(519,916)
Changes of assumptions or other inputs	21,997	29,293
Benefit payments	(14,523)	(157,441)
Net changes	38,824	(489,097)
Balance at December 31, 2021	\$ 713,048	\$2,584,483

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 1.84%, as well as what the liabilities would be if they were calculated using a discount rate that is 1 percentage point lower (0.84%) or 1 percentage point higher (2.84%) than the current rate.

	1% Decrease in Discount Rate (0.84%)		Discount Rate (1.84%)	1% Increase in Discount Rate (2.84%)	
Total OPEB liability					
SDBF	\$ 874,261		\$ 713,048		\$ 589,373
RHCP	2,771,495		2,584,483		2,405,020

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	Healthcare Cost Trend Rate	1% Increase Healthcare Cost Trend Rate
Total OPEB liability			
RHCP	\$ 2,334,837	\$ 2,584,483	\$ 2,869,977

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

For the year ended December 31, 2022, the City recognized OPEB expense of \$72,742 for SDBF and OPEB income of \$94,790 for RHCP.

At December 31, 2022, 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	\$ -	\$ 19,131	\$ 246	\$ 1,142,836
Changes in assumptions and other inputs	114,563	8,322	208,901	61,493
Contributions made subsequent to the measurement date	12,700	-	122,306	-
Totals	\$ 127,263	\$ 27,453	\$ 331,453	\$ 1,204,329

The \$12,700 and \$122,306 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, 2023. 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
2023	\$ 29,366	\$ (253,757)
2024	33,893	(253,757)
2025	20,761	(278,664)
2026	2,943	(137,656)
2027	147	(71,348)
Totals	\$ 87,110	\$ (995,182)

City of West University Place, Texas

Notes to the Financial Statements

Combined Totals for OPEB Plans

The combined totals for the two OPEB plans are as follows:

	SDBF	RHCP	Total
OPEB liability	\$ (713,048)	\$ (2,584,483)	\$ (3,297,531)
Deferred inflows	(27,453)	(1,204,329)	(1,231,782)
Deferred outflows	127,263	331,453	458,716
OPEB expense (benefit)	72,742	(94,790)	(22,048)

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, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Taxes:				
Ad valorem taxes	\$ 13,526,000	\$ 13,526,000	\$ 13,423,780	\$ (102,220)
Sales taxes	1,300,000	1,300,000	1,700,938	400,938
Franchise taxes	920,000	920,000	967,369	47,369
Other taxes	10,000	10,000	14,670	4,670
Permits, licenses, and fees	695,500	695,500	1,316,648	621,148
Fines and forfeitures	132,000	132,000	212,829	80,829
Charges for services	2,884,500	2,888,500	3,787,311	898,811
Intergovernmental	2,500	2,500	37,731	35,231
Investment earnings	12,150	12,150	171,884	159,734
Other revenues	454,200	466,805	665,607	198,802
Total revenues	19,936,850	19,953,455	22,298,767	2,345,312
EXPENDITURES				
General government:				
Administration	1,820,250	1,824,917	1,594,661	230,256
Finance	2,174,900	2,174,900	2,106,768	68,132
Total general government	3,995,150	3,999,817	3,701,429	298,388
Public safety:				
Police	5,560,750	5,664,750	5,663,990	760
Fire	3,952,300	3,911,905	3,888,201	23,704
Total public safety	9,513,050	9,576,655	9,552,191	24,464
Public works	3,663,800	3,737,982	3,533,531	204,451
Public services	4,336,500	4,337,771	4,149,050	188,721
Debt Service	-	-	3,772	(3,772)
Total expenditures	21,508,500	21,652,225	20,939,973	716,024
Excess (deficiency) of revenues over expenditures	(1,571,650)	(1,698,770)	1,358,794	3,061,336
OTHER FINANCING SOURCES (USES)				
Transfers in	1,737,400	1,737,400	1,650,659	(86,741)
Transfers out	-	(4,200,000)	(4,200,000)	-
Total other financing sources (uses)	1,737,400	(2,462,600)	(2,549,341)	(86,741)
Net change in fund balance	165,750	(4,161,370)	(1,190,547)	2,974,595
Fund balance, beginning of year	9,647,213	9,647,213	9,647,213	-
FUND BALANCE, END OF YEAR	\$ 9,812,963	\$ 5,485,843	\$ 8,456,666	\$ 2,974,595

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, 2022*

	Measurement Year			
	2021	2020	2019	2018
TOTAL PENSION LIABILITY				
Service cost	\$ 1,626,626	\$ 1,538,407	\$ 1,521,864	\$ 1,476,922
Interest	3,790,629	3,631,987	3,486,036	3,341,122
Differences between expected and actual experience	(204,386)	(60,607)	(199,694)	27,091
Changes of assumptions	-	-	197,990	-
Benefit payments, including refunds of employee contributions	(2,770,742)	(2,836,544)	(2,867,942)	(2,573,516)
Net change in total pension liability	2,442,127	2,273,243	2,138,254	2,271,619
Total pension liability - beginning	56,729,521	54,456,278	52,318,024	50,046,405
TOTAL PENSION LIABILITY - ENDING (a)	\$ 59,171,648	\$ 56,729,521	\$ 54,456,278	\$ 52,318,024
PLAN FIDUCIARY NET POSITION				
Contributions - employer	\$ 1,330,973	\$ 1,284,328	\$ 1,248,609	\$ 1,280,159
Contributions - employee	726,173	697,464	680,706	660,639
Net investment income	6,736,192	3,707,716	6,673,742	(1,353,511)
Benefit payments, including refunds of employee contributions	(2,770,742)	(2,836,544)	(2,867,942)	(2,573,516)
Administrative expense	(31,196)	(24,014)	(37,732)	(26,172)
Other	214	(936)	(1,135)	(1,367)
Net change in plan fiduciary net position	5,991,614	2,828,014	5,696,248	(2,013,768)
Plan fiduciary net position - beginning	51,718,524	48,890,510	43,194,262	45,208,030
PLAN FIDUCIARY NET POSITION - ENDING (b)	\$ 57,710,138	\$ 51,718,524	\$ 48,890,510	\$ 43,194,262
NET PENSION LIABILITY - ENDING (a)-(b)	\$ 1,461,510	\$ 5,010,997	\$ 5,565,768	\$ 9,123,762
Plan fiduciary net position as a percentage of total pension liability	97.53%	91.17%	89.78%	82.56%
Covered payroll	\$ 10,373,887	\$ 9,963,775	\$ 9,724,372	\$ 9,437,204
Net pension liability as a percentage of covered payroll	14.09%	50.29%	57.24%	96.68%

* GASB Statement No. 68 requires 10 years of data; however, eight 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				
2017	2016	2015	2014	
\$ 1,517,363	\$ 1,441,040	\$ 1,417,162	\$ 1,163,400	
3,188,261	3,051,656	2,907,623	2,744,057	
198,868	(154,304)	485,089	440,869	
-	-	946,917	-	
(2,665,812)	(2,039,745)	(2,153,197)	(2,123,925)	
2,238,680	2,298,647	3,603,594	2,224,401	
47,807,725	45,509,078	41,905,484	39,681,083	
<u>\$ 50,046,405</u>	<u>\$ 47,807,725</u>	<u>\$ 45,509,078</u>	<u>\$ 41,905,484</u>	
\$ 1,261,304	\$ 1,139,861	\$ 1,046,460	\$ 799,153	
651,628	621,904	614,567	550,058	
5,596,814	2,575,734	56,952	2,131,607	
(2,665,812)	(2,039,745)	(2,153,197)	(2,123,925)	
(29,014)	(29,101)	(34,692)	(22,258)	
(1,470)	(1,568)	(1,713)	(1,830)	
4,813,450	2,267,085	(471,623)	1,332,805	
40,394,580	38,127,495	38,599,118	37,266,313	
<u>\$ 45,208,030</u>	<u>\$ 40,394,580</u>	<u>\$ 38,127,495</u>	<u>\$ 38,599,118</u>	
<u>\$ 4,838,375</u>	<u>\$ 7,413,145</u>	<u>\$ 7,381,583</u>	<u>\$ 3,306,366</u>	
90.33%	84.49%	83.78%	92.11%	
\$ 9,268,285	\$ 8,884,334	\$ 8,767,969	\$ 7,803,300	
52.20%	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, 2022*

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Actuarially determined contribution	\$ 1,401,904	\$ 1,330,970	\$ 1,284,330	\$ 1,248,609
Contributions in relation to the actuarially determined contribution	<u>(1,401,904)</u>	<u>(1,330,970)</u>	<u>(1,284,330)</u>	<u>(1,248,609)</u>
CONTRIBUTIONS DEFICIENCY (EXCESS)	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
Covered payroll	\$ 10,859,055	\$ 10,373,887	\$ 9,963,775	\$ 9,724,372
Contributions as a percentage of covered payroll	12.91%	12.83%	12.89%	12.84%

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

2018	2017	2016	2015	2014
\$ 1,280,642	\$ 1,255,853	\$ 1,139,862	\$ 1,045,142	\$ 799,153
<u>(1,280,642)</u>	<u>(1,255,853)</u>	<u>(1,139,862)</u>	<u>(1,045,142)</u>	<u>(799,153)</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>
\$ 9,438,496	\$ 9,268,285	\$ 8,884,334	\$ 8,767,969	\$ 7,803,300
13.57%	13.55%	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, 2022*

	Measurement Year				
	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY					
Service cost	\$ 24,897	\$ 19,928	\$ 15,559	\$ 16,043	\$ 13,963
Interest on total OPEB liability	13,588	15,681	16,672	15,703	15,533
Difference between expected and actual experience	(7,135)	(12,592)	(3,638)	(18,010)	-
Changes of assumptions	21,997	92,960	94,469	(33,730)	37,637
Benefit payments	(14,523)	(3,986)	(4,862)	(4,719)	(4,654)
Net change in total OPEB liability	38,824	111,991	118,200	(24,713)	62,479
Total OPEB liability - beginning	674,224	562,233	444,033	468,746	406,267
TOTAL OPEB LIABILITY - ENDING	\$ 713,048	\$ 674,224	\$ 562,233	\$ 444,033	\$ 468,746
Covered-employee payroll	\$ 10,373,887	\$ 9,963,775	\$ 9,724,372	\$ 9,437,204	\$ 9,268,285
Total OPEB liability as a percentage of covered-employee payroll	6.87%	6.77%	5.78%	4.71%	5.06%

* GASB Statement No. 75 requires 10 years of data; however, five 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, 2022*

	Measurement Year				
	2021	2020	2019	2018	2017
TOTAL OPEB LIABILITY					
Service cost	\$ 98,089	\$ 107,506	\$ 81,434	\$ 108,738	\$ 97,428
Interest on total OPEB liability	60,878	78,390	150,456	137,266	148,390
Difference between expected and actual experience	(519,916)	360	(1,329,582)	(8,500)	-
Changes of assumptions	29,293	166,046	36,423	(142,721)	180,101
Benefit payments	(157,441)	(151,044)	(162,223)	(183,211)	(175,442)
Net change in total OPEB liability	(489,097)	201,258	(1,223,492)	(88,428)	250,477
Total OPEB liability - beginning	3,073,580	2,872,322	4,095,814	4,184,242	3,933,765
TOTAL OPEB LIABILITY - ENDING	<u>\$ 2,584,483</u>	<u>\$ 3,073,580</u>	<u>\$ 2,872,322</u>	<u>\$ 4,095,814</u>	<u>\$ 4,184,242</u>
Covered-employee payroll	\$ 3,235,056	\$ 3,615,974	\$ 3,404,781	\$ 4,355,388	\$ 4,661,508
Total OPEB liability as a percentage of covered-employee payroll	79.89%	85.00%	84.36%	94.04%	89.76%

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

Excess of Expenditures over Appropriations

For the fiscal year December 31, 2022 expenditures exceeded appropriations in the department (legal level or budgetary control) of the following funds:

<u>Fund</u>	<u>Department</u>	<u>Final Budget</u>	<u>Actual</u>	<u>Variance</u>	<u>Reason for Variance</u>
General Fund	Debt Service	\$ -	\$ 3,772	\$ (3,772)	Implementation of GASB 87, Leases

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, 2019 -	December 31, 2015 -	
	<u>December 31, 2021</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, 2022	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 as of December 31, 2020; declining annually to 24 years as of December 31, 2022	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, 2021</u>	<u>December 31, 2020</u>	<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 11.5%	3.5% to 11.5%	3.5% to 10.5%	3.5% to 10.5%
Discount rate	1.84%	2.00%	2.75%	3.71%	3.31%
RHCP only:					
Healthcare cost trend rate	7.0%, decreasing to 4.15%	7.0%, decreasing to 4.15%	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, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Ad valorem taxes	\$ 5,958,000	\$ 5,958,000	\$ 5,880,571	\$ (77,429)
Investment earnings	2,000	2,000	34,039	32,039
Total revenues	5,960,000	5,960,000	5,914,610	(45,390)
EXPENDITURES				
Debt service:				
Principal	4,885,000	4,885,000	4,885,000	-
Interest	1,411,700	1,411,700	1,411,629	71
Bond issuance costs and fiscal agent fees	8,250	8,250	5,189	3,061
Total expenditures	6,304,950	6,304,950	6,301,818	3,132
Excess (deficiency) of revenues over expenditures	(344,950)	(344,950)	(387,208)	(42,258)
OTHER FINANCING SOURCES (USES)				
Transfers in	367,637	367,637	368,387	750
Total other financing sources (uses)	367,637	367,637	368,387	750
Net change in fund balance	22,687	22,687	(18,821)	(41,508)
Fund balance, beginning of year	934,368	934,368	934,368	-
FUND BALANCE, END OF YEAR	\$ 957,055	\$ 957,055	\$ 915,547	\$ (41,508)

City of West University Place, Texas

Nonmajor Governmental Funds

December 31, 2022

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 the 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 **Tuancy 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 the Metropolitan Transit Authority of Harris County (METRO).

City of West University Place, Texas

Combining Balance Sheet
 Nonmajor Governmental Funds
 December 31, 2022

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Truancy Prevention Fund
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 8,066	\$ 1,248,412	\$ 280,462	\$ 12,991
Investments	2,801	210,911	97,408	4,512
Receivables, net of allowances	-	-	-	-
Due from other funds	129,211	-	-	-
Total assets	<u>\$ 140,078</u>	<u>\$ 1,459,323</u>	<u>\$ 377,870</u>	<u>\$ 17,503</u>
LIABILITIES AND FUND BALANCES				
Liabilities:				
Accounts payable and accrued liabilities	\$ 5,950	\$ -	\$ -	\$ -
Due to other funds	-	129,211	-	-
Total liabilities	5,950	129,211	-	-
Fund balances:				
Restricted for:				
Enabling legislation	-	-	-	17,503
City parks	134,128	1,330,112	-	-
METRO	-	-	-	-
Tree replacement	-	-	377,870	-
Total fund balances	<u>134,128</u>	<u>1,330,112</u>	<u>377,870</u>	<u>17,503</u>
TOTAL LIABILITIES AND FUND BALANCES	<u>\$ 140,078</u>	<u>\$ 1,459,323</u>	<u>\$ 377,870</u>	<u>\$ 17,503</u>

Special Revenue Funds

Municipal Jury Fund	Court Technology/ Security	METRO	Total Nonmajor Governmental Funds
\$ 295	\$ 66,190	\$ 165,000	\$ 1,781,416
103	22,988	57,306	396,029
-	-	166,587	166,587
-	-	-	129,211
<u>\$ 398</u>	<u>\$ 89,178</u>	<u>\$ 388,893</u>	<u>\$ 2,473,243</u>
\$ -	\$ -	\$ -	\$ 5,950
-	-	-	129,211
-	-	-	135,161
398	89,178	-	107,079
-	-	-	1,464,240
-	-	388,893	388,893
-	-	-	377,870
<u>398</u>	<u>89,178</u>	<u>388,893</u>	<u>2,338,082</u>
<u>\$ 398</u>	<u>\$ 89,178</u>	<u>\$ 388,893</u>	<u>\$ 2,473,243</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, 2022

	Special Revenue Funds			
	Parks	Friends of the Parks	Tree Replacement	Truancy Prevention Fund
REVENUES				
Permits, licenses, and fees	\$ -	\$ -	\$ 33,813	\$ -
Fines and forfeitures	-	-	-	10,448
Intergovernmental	-	-	-	-
Contributions	56,207	683,899	-	-
Investment earnings	1,707	4,497	5,156	214
Total revenues	57,914	688,396	38,969	10,662
EXPENDITURES				
Current:				
General government	89,702	-	-	-
Public services	29,119	273,028	-	-
Capital outlay	39,493	-	-	-
Total expenditures	158,314	273,028	-	-
Excess (deficiency) of revenues over (under) expenditures	(100,400)	415,368	38,969	10,662
OTHER FINANCING SOURCES (USES)				
Transfers in	139,811	-	-	-
Transfers out	-	(142,270)	-	-
Total other financing sources (uses)	139,811	(142,270)	-	-
Net change in fund balances	39,411	273,098	38,969	10,662
Fund balances, beginning of year	94,717	1,057,014	338,901	6,841
FUND BALANCE, END OF YEAR	\$ 134,128	\$ 1,330,112	\$ 377,870	\$ 17,503

Special Revenue Funds				Total Nonmajor Governmental Funds
Municipal Jury Fund	Court Technology/ Security	METRO		
\$ -	\$ -	\$ -	\$ 33,813	
254	19,058	-	29,760	
-	-	850,469	850,469	
-	-	-	740,106	
5	1,186	3,279	16,044	
259	20,244	853,748	1,670,192	
-	3,421	-	93,123	
-	-	-	302,147	
-	-	-	39,493	
-	3,421	-	434,763	
259	16,823	853,748	1,235,429	
-	-	-	139,811	
-	-	(925,000)	(1,067,270)	
-	-	(925,000)	(927,459)	
259	16,823	(71,252)	307,970	
139	72,355	460,145	2,030,112	
<u>\$ 398</u>	<u>\$ 89,178</u>	<u>\$ 388,893</u>	<u>\$ 2,338,082</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, 2022

	Budget		Actual	Variance
	Original	Final		Positive (Negative)
REVENUES				
Contributions	\$ 30,000	\$ 30,000	\$ 56,207	\$ 26,207
Investment earnings	100	100	1,707	1,607
Other revenues	192,500	192,500	139,811 *	(52,689)
Total revenues	222,600	222,600	197,725	(24,875)
EXPENDITURES				
Current:				
General government	-	-	89,702	(89,702)
Public services	40,000	40,000	29,119	10,881
Capital outlay	187,500	187,500	39,493	148,007
Total expenditures	227,500	227,500	158,314	69,186
Net change in fund balance	(4,900)	(4,900)	39,411	44,311
Fund balance, beginning of year	94,717	94,717	94,717	-
FUND BALANCE, END OF YEAR	<u>\$ 89,817</u>	<u>\$ 89,817</u>	<u>\$ 134,128</u>	<u>\$ 44,311</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, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Permits, licenses, and fees	\$ 50,000	\$ 50,000	\$ 33,813	\$ (16,187)
Investment earnings	500	500	5,156	4,656
Total revenues	50,500	50,500	38,969	(11,531)
EXPENDITURES				
Current:				
Public works	50,000	50,000	-	50,000
Total expenditures	50,000	50,000	-	50,000
Net change in fund balance	500	500	38,969	38,469
Fund balance, beginning of year	338,901	338,901	338,901	-
FUND BALANCE, END OF YEAR	\$ 339,401	\$ 339,401	\$ 377,870	\$ 38,469

City of West University Place, Texas

Schedule of Revenues, Expenditures, and Changes

in Fund Balance - Budget and Actual

Nonmajor Special Revenue Funds – Truancy Prevention Fund

For the Fiscal Year Ended December 31, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 3,100	\$ 3,100	\$ 10,448	\$ 7,348
Investment earnings	-	-	214	214
Total revenues	3,100	3,100	10,662	7,562
Net change in fund balance	3,100	3,100	10,662	7,562
Fund balance, beginning of year	6,841	6,841	6,841	-
FUND BALANCE, END OF YEAR	\$ 9,941	\$ 9,941	\$ 17,503	\$ 7,562

City of West University Place, Texas

Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Budget and Actual
Nonmajor Special Revenue Funds – Municipal Jury Fund
For the Fiscal Year Ended December 31, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 100	\$ 100	\$ 254	\$ 154
Investment earnings	-	-	5	5
Total revenues	100	100	259	159
Net change in fund balance	100	100	259	159
Fund balance, beginning of year	139	139	139	-
FUND BALANCE, END OF YEAR	\$ 239	\$ 239	\$ 398	\$ 159

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, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Fines and forfeitures	\$ 9,000	\$ 9,000	\$ 19,058	\$ 10,058
Investment earnings	100	100	1,186	1,086
Total revenues	9,100	9,100	20,244	11,144
EXPENDITURES				
Current:				
General government	14,000	14,000	3,421	10,579
Total expenditures	14,000	14,000	3,421	10,579
Net change in fund balance	(4,900)	(4,900)	16,823	21,723
Fund balance, beginning of year	72,355	72,355	72,355	-
FUND BALANCE, END OF YEAR	\$ 67,455	\$ 67,455	\$ 89,178	\$ 21,723

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, 2022

	Budget		Actual	Variance Positive (Negative)
	Original	Final		
REVENUES				
Intergovernmental	\$ 675,000	\$ 675,000	\$ 850,469	\$ 175,469
Investment earnings	100	100	3,279	3,179
Total revenues	675,100	675,100	853,748	178,648
OTHER FINANCING USES				
Transfers out	(925,000)	(925,000)	(925,000)	-
Total other financing uses	(925,000)	(925,000)	(925,000)	-
Net change in fund balance	(249,900)	(249,900)	(71,252)	178,648
Fund balance, beginning of year	460,145	460,145	460,145	-
FUND BALANCE, END OF YEAR	\$ 210,245	\$ 210,245	\$ 388,893	\$ 178,648

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City of West University Place, Texas

Internal Service Funds

December 31, 2022

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 **Asset Replacement Fund** is used to account for and report asset 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, 2022

	Vehicle Replacement Fund	Asset Replacement Fund	Employee Benefits Fund
ASSETS			
Current assets:			
Cash and cash equivalents	\$ 2,435,208	\$ 2,632,213	\$ 865,513
Investments	845,778	914,200	300,603
Prepays	-	-	84,509
Total current assets	<u>3,280,986</u>	<u>3,546,413</u>	<u>1,250,625</u>
Noncurrent assets:			
Capital assets:			
Machinery and equipment	4,656,704	1,825,700	-
Right of use asset - equipment	-	-	-
Less: accumulated depreciation/amortization	<u>(2,732,818)</u>	<u>(495,006)</u>	<u>-</u>
Total capital assets (net of accumulated depreciation/amortization)	<u>1,923,886</u>	<u>1,330,694</u>	<u>-</u>
Total noncurrent assets	<u>1,923,886</u>	<u>1,330,694</u>	<u>-</u>
Total assets	<u>5,204,872</u>	<u>4,877,107</u>	<u>1,250,625</u>
DEFERRED OUTFLOWS OF RESOURCES			
Deferred outflows - pension	-	-	-
Deferred outflows - other postemployment benefits	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred outflows of resources	-	-	-
LIABILITIES			
Current liabilities:			
Accounts payable and accrued liabilities	-	-	3,643
Leases payable	-	-	-
Compensated absences	<u>-</u>	<u>-</u>	<u>-</u>
Total current liabilities	-	-	3,643
Noncurrent liabilities:			
Leases payable	-	-	-
Net pension liability	-	-	-
Other postemployment benefits liability	<u>-</u>	<u>-</u>	<u>-</u>
Total noncurrent liabilities	<u>-</u>	<u>-</u>	<u>-</u>
Total liabilities	-	-	3,643
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - pension	-	-	-
Deferred inflows - other postemployment benefits	<u>-</u>	<u>-</u>	<u>-</u>
Total deferred inflows of resources	-	-	-
NET POSITION			
Net investment in capital assets	1,923,886	1,330,694	-
Unrestricted	<u>3,280,986</u>	<u>3,546,413</u>	<u>1,246,982</u>
TOTAL NET POSITION	<u>\$ 5,204,872</u>	<u>\$ 4,877,107</u>	<u>\$ 1,246,982</u>

Human Resource Services Fund	Technology Management Fund	Total Internal Service Funds
\$ 431,656	\$ 569,927	\$ 6,934,517
149,919	197,943	2,408,443
-	220,505	305,014
<hr/>	<hr/>	<hr/>
581,575	988,375	9,647,974
-	633,353	7,115,757
-	71,050	71,050
-	(395,074)	(3,622,898)
<hr/>	<hr/>	<hr/>
-	309,329	3,563,909
<hr/>	<hr/>	<hr/>
-	309,329	3,563,909
<hr/>	<hr/>	<hr/>
581,575	1,297,704	13,211,883
-	55,193	55,193
-	17,639	17,639
<hr/>	<hr/>	<hr/>
-	72,832	72,832
9,568	62,889	76,100
-	19,155	19,155
-	33,491	33,491
<hr/>	<hr/>	<hr/>
9,568	115,535	128,746
-	34,008	34,008
-	56,199	56,199
-	126,798	126,798
<hr/>	<hr/>	<hr/>
-	217,005	217,005
<hr/>	<hr/>	<hr/>
9,568	332,540	345,751
-	140,958	140,958
-	47,364	47,364
<hr/>	<hr/>	<hr/>
-	188,322	188,322
-	256,166	3,510,746
572,007	593,508	9,239,896
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\$ 572,007	\$ 849,674	\$ 12,750,642

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, 2022

	Vehicle Replacement Fund	Asset Replacement Fund	Employee Benefits Fund
OPERATING REVENUES			
Charges for sales and services	\$ 698,895	\$ 1,297,007	\$ 1,998,992
Other revenues	-	-	-
Total operating revenues	698,895	1,297,007	1,998,992
OPERATING EXPENSES			
Costs of sales and services	8,998	-	2,007,399
Personnel	-	-	-
Repairs and maintenance	-	5,634	-
Depreciation/amortization	359,609	148,716	-
Total operating expenses	368,607	154,350	2,007,399
Operating income (loss)	330,288	1,142,657	(8,407)
NONOPERATING REVENUES (EXPENSES)			
Investment earnings	45,167	52,330	17,390
Gain on sale of capital assets	44,600	5,000	-
Interest expense	-	-	-
Total nonoperating revenues (expenses)	89,767	57,330	17,390
Income before transfers	420,055	1,199,987	8,983
TRANSFERS			
Transfers out	-	(675,000)	-
Change in net position	420,055	524,987	8,983
Net position - beginning	4,784,817	4,352,120	1,237,999
NET POSITION, END OF YEAR	\$ 5,204,872	\$ 4,877,107	\$ 1,246,982

Human Resource Services Fund	Technology Management Fund	Total Internal Service Funds
\$ 250,000	\$ 2,067,282	\$ 6,312,176
-	118	118
250,000	2,067,400	6,312,294
77,647	1,295,555	3,389,599
-	477,282	477,282
-	21,511	27,145
-	76,723	585,048
77,647	1,871,071	4,479,074
172,353	196,329	1,833,220
7,630	10,705	133,222
-	-	49,600
-	(3,058)	(3,058)
7,630	7,647	179,764
179,983	203,976	2,012,984
(88,200)	-	(763,200)
91,783	203,976	1,249,784
480,224	645,698	11,500,858
\$ 572,007	\$ 849,674	\$ 12,750,642

City of West University Place, Texas
Combining Statement of Cash Flows
Internal Service Funds
For the Year Ended December 31, 2022

	Vehicle Replacement Fund	Asset Replacement Fund	Employee Benefits Fund
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash received from customers and users	\$ -	\$ -	\$ -
Cash received from interfund charges for services	698,895	1,297,007	1,998,992
Cash payments to suppliers	(8,998)	(5,634)	(2,088,754)
Cash payments to employees	-	-	-
Net cash provided by (used for) operating activities	<u>689,897</u>	<u>1,291,373</u>	<u>(89,762)</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES			
Transfers to other funds	-	(675,000)	-
Intergovernmental	-	-	-
Net cash provided by (used for) noncapital financing activities	<u>-</u>	<u>(675,000)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES			
Acquisition and construction of capital assets	(656,666)	(648,370)	-
Proceeds from sale of capital assets	44,600	5,000	-
Principal paid on leases payable	-	-	-
Interest paid on leases payable	-	-	-
Net cash used for capital and related financing activities	<u>(612,066)</u>	<u>(643,370)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Sale (purchase) of investments	(845,778)	(914,200)	(300,603)
Interest on investments	45,167	52,330	17,390
Net cash used for investing activities	<u>(800,611)</u>	<u>(861,870)</u>	<u>(283,213)</u>
Net decrease in cash and cash equivalents	(722,780)	(888,867)	(372,975)
Cash and cash equivalents, beginning balance	<u>3,157,988</u>	<u>3,521,080</u>	<u>1,238,488</u>
CASH AND CASH EQUIVALENTS, ENDING BALANCE	<u><u>\$ 2,435,208</u></u>	<u><u>\$ 2,632,213</u></u>	<u><u>\$ 865,513</u></u>
RECONCILIATION OF OPERATING INCOME (LOSS) TO NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES			
Operating income (loss)	\$ 330,288	\$ 1,142,657	\$ (8,407)
Adjustments to reconcile operating income (loss) to cash provided by (used for) operating activities:			
Depreciation and amortization	359,609	148,716	-
Changes in assets, liabilities and related deferrals:			
(Increase) decrease in assets and deferred outflows:			
Prepays	-	-	(84,509)
Deferred outflows - pension	-	-	-
Deferred outflows - other postemployment benefits	-	-	-
Increase (decrease) in liabilities and deferred inflows:			
Accounts payable and accrued liabilities	-	-	3,154
Compensated absences	-	-	-
Net pension liability	-	-	-
Other postemployment benefits liability	-	-	-
Deferred inflows - pension	-	-	-
Deferred inflows - other postemployment benefits	-	-	-
NET CASH PROVIDED BY (USED FOR) OPERATING ACTIVITIES	<u><u>\$ 689,897</u></u>	<u><u>\$ 1,291,373</u></u>	<u><u>\$ (89,762)</u></u>

Human Resource Services Fund	Technology Management Fund	Total Internal Service Funds
\$ -	\$ 118	\$ 118
250,000	2,067,282	6,312,176
(77,616)	(1,247,500)	(3,428,502)
-	(545,134)	(545,134)
<hr/>		
172,384	274,766	2,338,658
(88,200)	-	(763,200)
-	123	123
<hr/>		
(88,200)	123	(763,077)
-	(167,327)	(1,472,363)
-	-	49,600
-	(17,887)	(17,887)
-	(3,058)	(3,058)
<hr/>		
-	(188,272)	(1,443,708)
(149,919)	(197,943)	(2,408,443)
7,630	10,705	133,222
<hr/>		
(142,289)	(187,238)	(2,275,221)
(58,105)	(100,621)	(2,143,348)
489,761	670,548	9,077,865
<hr/>		
\$ 431,656	\$ 569,927	\$ 6,934,517
\$ 172,353	\$ 196,329	\$ 1,833,220
-	76,723	585,048
-	32,116	(52,393)
-	931	931
-	2,486	2,486
31	34,693	37,878
-	316	316
-	(141,279)	(141,279)
-	(15,273)	(15,273)
-	80,883	80,883
-	6,841	6,841
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\$ 172,384	\$ 274,766	\$ 2,338,658

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Statistical Section

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Statistical Section (Unaudited)

This part of the City's annual comprehensive 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	110
<p>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</p>	
Revenue Capacity – Schedules 5-9	120
<p>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</p>	
Debt Capacity – Schedules 10-14	130
<p>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.</p>	
Demographic and Economic Information – Schedules 15-16	140
<p>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</p>	
Operating Information – Schedules 17-19	143
<p>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.</p>	

City of West University Place, Texas

Net Position by Component

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
GOVERNMENTAL ACTIVITIES				
Net investment in capital assets	\$ 53,257,674	\$ 69,342,273	\$ 69,584,489	\$ 57,517,577
Restricted	2,920,529	2,943,928	3,392,309	2,997,088
Unrestricted	<u>27,589,955</u>	<u>17,418,959</u>	<u>10,608,348</u>	<u>14,145,667</u>
TOTAL GOVERNMENTAL ACTIVITIES NET POSITION	<u>\$ 83,768,158</u>	<u>\$ 89,705,160</u>	<u>\$ 83,585,146</u>	<u>\$ 74,660,332</u>
BUSINESS-TYPE ACTIVITIES				
Net investment in capital assets	\$ 16,819,983	\$ 16,752,315	\$ 17,106,431	\$ 17,377,397
Restricted	-	-	-	-
Unrestricted	<u>29,299,582</u>	<u>5,169,149</u>	<u>4,651,186</u>	<u>4,117,325</u>
TOTAL BUSINESS-TYPE ACTIVITIES NET POSITION	<u>\$ 46,119,565</u>	<u>\$ 21,921,464</u>	<u>\$ 21,757,617</u>	<u>\$ 21,494,722</u>
PRIMARY GOVERNMENT				
Net investment in capital assets	\$ 70,077,657	\$ 86,094,588	\$ 86,690,920	\$ 74,894,974
Restricted	2,920,529	2,943,928	3,392,309	2,997,088
Unrestricted	<u>56,889,537</u>	<u>22,588,108</u>	<u>15,259,534</u>	<u>18,262,992</u>
TOTAL PRIMARY GOVERNMENT NET POSITION	<u>\$ 129,887,723</u>	<u>\$ 111,626,624</u>	<u>\$ 105,342,763</u>	<u>\$ 96,155,054</u>

*Restated balances

Schedule 1

<u>2018</u>	<u>2017*</u>	<u>2016</u>	<u>2015*</u>	<u>2014*</u>	<u>2013</u>
\$ 54,149,042	\$ 48,398,572	\$ 42,663,233	\$ 41,205,468	\$ 38,347,094	\$ 34,881,486
2,869,031	3,030,359	2,543,238	2,246,833	1,580,648	2,197,619
9,048,261	6,074,327	7,093,032	6,835,390	4,384,210	2,782,110
<u>\$ 66,066,334</u>	<u>\$ 57,503,258</u>	<u>\$ 52,299,503</u>	<u>\$ 50,287,691</u>	<u>\$ 44,311,952</u>	<u>\$ 39,861,215</u>
\$ 18,646,517	\$ 20,050,471	\$ 21,128,592	\$ 19,314,692	\$ 20,173,279	\$ 20,285,944
-	-	-	725,000	695,000	675,000
3,262,797	2,049,800	2,207,920	810,299	3,029,424	4,634,652
<u>\$ 21,909,314</u>	<u>\$ 22,100,271</u>	<u>\$ 23,336,512</u>	<u>\$ 20,849,991</u>	<u>\$ 23,897,703</u>	<u>\$ 25,595,596</u>
\$ 72,795,559	\$ 68,449,043	\$ 63,791,825	\$ 60,520,160	\$ 58,520,373	\$ 55,167,430
2,869,031	3,030,359	2,543,238	2,971,833	2,275,648	2,872,619
12,311,058	8,124,127	9,300,952	7,645,689	7,413,634	7,416,762
<u>\$ 87,975,648</u>	<u>\$ 79,603,529</u>	<u>\$ 75,636,015</u>	<u>\$ 71,137,682</u>	<u>\$ 68,209,655</u>	<u>\$ 65,456,811</u>

City of West University Place, Texas

Changes in Net Position

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
EXPENSES				
Governmental activities:				
General government	\$ 4,065,085	\$ 4,158,747	\$ 3,604,254	\$ 4,197,072
Public safety	8,824,598	8,101,788	8,360,703	8,400,062
Public works	5,714,009	5,579,665	4,861,110	4,747,662
Public services	5,000,269	4,713,256	3,930,407	5,178,811
Interest and fiscal agent fees on long-term debt	2,002,067	1,360,250	1,197,800	1,266,808
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities expenses	25,606,028	23,913,706	21,954,274	23,790,415
Business-type activities:				
Water and sewer	6,331,101	6,125,137	6,069,372	6,238,797
Solid waste	1,342,463	1,246,487	1,356,541	1,380,365
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities expenses	7,673,564	7,371,624	7,425,913	7,619,162
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL EXPENSES	\$ 33,279,592	\$ 31,285,330	\$ 29,380,187	\$ 31,409,577
PROGRAM REVENUES				
Governmental activities:				
Charges for services:				
Public safety	\$ 1,222,081	\$ 1,029,374	\$ 948,986	\$ 1,248,210
Public works	1,765,731	1,148,617	907,850	981,741
Public services	2,396,476	1,839,645	834,764	2,409,440
Operating grants and contributions	1,628,306	1,333,737	2,389,875	1,992,389
Capital grants and contributions	-	20,580	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total governmental activities program revenues	7,012,594	5,371,953	5,081,475	6,631,780
Business-type activities:				
Charges for services:				
Water and sewer	8,440,728	7,596,564	8,596,188	8,094,209
Solid waste	1,839,706	1,797,439	1,813,797	1,732,201
Operating grants and contributions	-	33,721	-	46,835
Capital grants and contributions	-	-	-	-
	<hr/>	<hr/>	<hr/>	<hr/>
Total business-type activities program revenues	10,280,434	9,427,724	10,409,985	9,873,245
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL PROGRAM REVENUES	\$ 17,293,028	\$ 14,799,677	\$ 15,491,460	\$ 16,505,025
NET (EXPENSE)/REVENUE				
Governmental activities	\$ (18,593,434)	\$ (18,541,753)	\$ (16,872,799)	\$ (17,158,635)
Business-type activities	2,606,870	2,056,100	2,984,072	2,254,083
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL NET EXPENSE	\$ (15,986,564)	\$ (16,485,653)	\$ (13,888,727)	\$ (14,904,552)

2018	2017	2016	2015	2014	2013
\$ 3,805,870	\$ 3,880,070	\$ 3,871,442	\$ 3,948,145	\$ 3,811,192	\$ 3,049,656
8,172,672	8,090,377	7,563,086	6,773,509	6,176,586	6,515,194
4,628,774	4,872,132	4,603,321	4,009,850	3,693,099	3,944,561
4,616,244	4,527,049	4,518,987	4,560,152	4,741,209	4,433,865
1,354,716	1,496,068	1,767,154	1,765,809	1,986,301	2,178,324
<u>22,578,276</u>	<u>22,865,696</u>	<u>22,323,990</u>	<u>21,057,465</u>	<u>20,408,387</u>	<u>20,121,600</u>
5,966,645	6,125,682	6,582,306	8,150,632	6,918,092	6,092,231
1,322,894	1,392,583	1,277,986	1,221,960	1,225,806	1,376,583
<u>7,289,539</u>	<u>7,518,265</u>	<u>7,860,292</u>	<u>9,372,592</u>	<u>8,143,898</u>	<u>7,468,814</u>
<u>\$ 29,867,815</u>	<u>\$ 30,383,961</u>	<u>\$ 30,184,282</u>	<u>\$ 30,430,057</u>	<u>\$ 28,552,285</u>	<u>\$ 27,590,414</u>
\$ 1,402,809	\$ 174,386	\$ 142,624	\$ 198,840	\$ 187,347	\$ 1,009,760
913,079	588,353	555,453	665,089	711,155	-
1,918,415	2,959,471	2,638,584	2,607,192	2,448,489	2,264,753
1,647,584	1,278,517	546,599	558,668	145,819	259,000
-	1,600,000	579,630	554,244	647,940	454,115
<u>5,881,887</u>	<u>6,600,727</u>	<u>4,462,890</u>	<u>4,584,033</u>	<u>4,140,750</u>	<u>3,987,628</u>
7,900,773	7,544,895	7,172,469	6,986,297	6,868,133	7,623,233
1,750,775	1,782,041	1,821,191	1,411,699	1,513,870	1,443,125
74,545	-	-	-	-	-
-	67,892	-	-	-	-
<u>9,726,093</u>	<u>9,394,828</u>	<u>8,993,660</u>	<u>8,397,996</u>	<u>8,382,003</u>	<u>9,066,358</u>
<u>\$ 15,607,980</u>	<u>\$ 15,995,555</u>	<u>\$ 13,456,550</u>	<u>\$ 12,982,029</u>	<u>\$ 12,522,753</u>	<u>\$ 13,053,986</u>
\$ (16,696,389)	\$ (16,264,969)	\$ (17,861,100)	\$ (16,473,432)	\$ (16,267,637)	\$ (16,133,972)
2,436,554	1,876,563	1,133,368	(974,596)	238,105	1,597,544
<u>\$ (14,259,835)</u>	<u>\$ (14,388,406)</u>	<u>\$ (16,727,732)</u>	<u>\$ (17,448,028)</u>	<u>\$ (16,029,532)</u>	<u>\$ (14,536,428)</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
GENERAL REVENUES AND OTHER CHANGES IN NET POSITION				
Governmental activities:				
Taxes:				
Ad valorem taxes, levied for general purposes	\$ 13,473,906	\$ 12,951,147	\$ 12,349,123	\$ 11,903,540
Ad valorem taxes, levied for debt service	5,888,326	6,840,530	7,782,505	7,702,255
Sales taxes	1,700,938	1,468,046	1,358,237	1,300,764
Franchise and local taxes	967,369	934,635	908,389	1,093,925
Other taxes	14,670	12,191	8,382	11,219
Investment earnings	866,705	25,700	217,543	646,955
Other revenues	665,607	499,646	405,857	321,553
Gain on sale of capital assets	10,427,737	25,051	23,394	16,384
Loss on sale of asset held for resale	-	-	-	-
Transfers	<u>(21,348,826)</u>	<u>1,904,821</u>	<u>2,744,183</u>	<u>2,756,038</u>
Total governmental activities	12,656,432	24,661,767	25,797,613	25,752,633
Business-type activities:				
Investment earnings	234,252	2,435	22,265	85,075
Other revenues	8,153	10,133	741	2,288
Gain on disposal of capital assets	-	-	-	-
Transfers	<u>21,348,826</u>	<u>(1,904,821)</u>	<u>(2,744,183)</u>	<u>(2,756,038)</u>
Total business-type activities	<u>21,591,231</u>	<u>(1,892,253)</u>	<u>(2,721,177)</u>	<u>(2,668,675)</u>
TOTAL PRIMARY GOVERNMENT	<u>\$ 34,247,663</u>	<u>\$ 22,769,514</u>	<u>\$ 23,076,436</u>	<u>\$ 23,083,958</u>
CHANGE IN NET POSITION				
Governmental activities	\$ (5,937,002)	\$ 6,120,014	\$ 8,924,814	\$ 8,593,998
Business-type activities	<u>24,198,101</u>	<u>163,847</u>	<u>262,895</u>	<u>(414,592)</u>
TOTAL CHANGE IN NET POSITION	<u>\$ 18,261,099</u>	<u>\$ 6,283,861</u>	<u>\$ 9,187,709</u>	<u>\$ 8,179,406</u>

	2018	2017	2016	2015	2014	2013
\$	11,692,751	\$ 10,907,681	\$ 9,994,947	\$ 9,360,277	\$ 8,605,582	\$ 8,087,360
	7,611,305	7,707,172	8,111,959	8,144,274	7,791,467	7,733,658
	1,172,256	1,064,672	1,051,361	1,117,336	1,051,890	957,658
	1,128,060	1,159,730	1,144,256	1,204,795	1,214,227	1,170,448
	13,528	14,330	15,955	17,625	15,713	11,546
	432,447	122,556	116,798	89,970	60,784	35,087
	528,572	455,033	735,113	398,199	503,889	320,123
	-	-	40,279	24,076	21,354	23,909
	-	-	-	-	-	-
	2,680,546	2,798,454	(1,337,756)	1,943,800	1,740,504	1,943,100
	25,259,465	24,229,628	19,872,912	22,300,352	21,005,410	20,282,889
	40,370	17,706	15,397	15,515	17,823	9,534
	12,665	-	-	-	-	-
	-	-	-	3,988	-	-
	(2,680,546)	(2,798,454)	1,337,756	(1,943,800)	(1,740,504)	(1,943,100)
	(2,627,511)	(2,780,748)	1,353,153	(1,924,297)	(1,722,681)	(1,933,566)
\$	22,631,954	\$ 21,448,880	\$ 21,226,065	\$ 20,376,055	\$ 19,282,729	\$ 18,349,323
\$	8,563,076	\$ 7,964,659	\$ 2,011,812	\$ 5,826,920	\$ 4,737,773	\$ 4,148,917
	(190,957)	(904,185)	2,486,521	(2,898,893)	(1,484,576)	(336,022)
\$	8,372,119	\$ 7,060,474	\$ 4,498,333	\$ 2,928,027	\$ 3,253,197	\$ 3,812,895

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
GENERAL FUND				
Nonspendable	\$ 268,562	\$ 339,645	\$ 241,156	\$ 180,424
Restricted	397,955	372,371	332,455	332,455
Assigned	104,133	83,732	60,704	104,773
Unassigned	<u>7,686,016</u>	<u>8,851,465</u>	<u>11,819,314</u>	<u>9,279,646</u>
TOTAL GENERAL FUND	<u>\$ 8,456,666</u>	<u>\$ 9,647,213</u>	<u>\$ 12,453,629</u>	<u>\$ 9,897,298</u>
ALL OTHER GOVERNMENTAL FUNDS				
Nonspendable	-	-	-	-
Restricted	38,027,468	8,664,670	34,619,996	2,884,597
Assigned	19,192,905	8,319,745	-	6,406,418
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
TOTAL ALL OTHER GOVERNMENTAL FUNDS	<u>\$ 57,220,373</u>	<u>\$ 16,984,415</u>	<u>\$ 34,619,996</u>	<u>\$ 9,291,015</u>

*Restated balances

Schedule 3

2018	2017	2016	2015	2014	2013
\$ 189,376	\$ 184,871	\$ 180,188	\$ 171,887	\$ 170,933	\$ 157,515
303,424	273,462	239,760	202,862	163,999	127,437
118,377	119,000	210,000	210,000	210,000	210,000
<u>7,622,781</u>	<u>5,642,997</u>	<u>5,307,930</u>	<u>6,539,935</u>	<u>5,351,558</u>	<u>4,181,880</u>
<u>\$ 8,233,958</u>	<u>\$ 6,220,330</u>	<u>\$ 5,937,878</u>	<u>\$ 7,124,684</u>	<u>\$ 5,896,490</u>	<u>\$ 4,676,832</u>
-	-	1,600	2,372	2,372	2,372
2,788,641	2,756,897	2,303,478	2,086,904	1,416,649	2,070,182
2,915,694	2,622,516	1,879,507	1,241,519	900,045	1,215,634
-	-	-	-	-	(19,982)
<u>\$ 5,704,335</u>	<u>\$ 5,379,413</u>	<u>\$ 4,184,585</u>	<u>\$ 3,330,795</u>	<u>\$ 2,319,066</u>	<u>\$ 3,268,206</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
REVENUES				
Taxes	\$ 21,987,328	\$ 22,213,323	\$ 22,337,978	\$ 21,958,275
Permits, licenses, and fees	1,350,461	875,490	692,902	751,301
Fines and forfeitures	242,589	127,236	120,302	284,153
Charges for services	3,787,311	3,035,641	1,954,822	3,569,378
Intergovernmental	888,200	866,921	2,254,024	1,186,605
Contributions	740,106	466,693	400,364	622,557
Investment earnings	733,483	19,257	161,052	483,992
Other revenue	665,607	499,646	405,857	321,553
	<hr/>	<hr/>	<hr/>	<hr/>
Total revenues	30,395,085	28,104,207	28,327,301	29,177,814
EXPENDITURES				
General government	4,187,624	3,785,303	3,172,678	3,673,780
Public safety	9,552,191	8,702,975	8,450,215	8,103,931
Public works	4,021,275	3,550,808	3,192,743	3,031,327
Public services	4,402,628	3,922,705	3,262,592	4,459,780
Capital outlay	2,119,490	22,832,297	3,886,797	3,081,002
Debt service:				
Principal	4,888,202	6,496,435	8,060,000	7,910,000
Interest	1,412,199	1,364,103	768,808	926,095
Bond issuance costs	426,159	6,800	414,668	97,968
	<hr/>	<hr/>	<hr/>	<hr/>
Total expenditures	31,009,768	50,661,426	31,208,501	31,283,883
Excess (deficiency) of revenues over (under) expenditures	(614,683)	(22,557,219)	(2,881,200)	(2,106,069)
OTHER FINANCING SOURCES (USES)				
Transfers in	7,958,857	7,714,939	4,749,813	3,690,393
Transfers out	(28,544,483)	(5,599,717)	(1,924,939)	(934,355)
Issuance of debt	47,065,000	-	34,850,000	4,040,000
Premium on debt issued	2,671,260	-	4,519,734	559,845
Payment to refunded bond escrow agent	-	-	(11,428,681)	-
Sale of capital assets	10,509,460	-	585	206
	<hr/>	<hr/>	<hr/>	<hr/>
Total other financing sources	39,660,094	2,115,222	30,766,512	7,356,089
NET CHANGE IN FUND BALANCE	<hr/> \$ 39,045,411	<hr/> \$ (20,441,997)	<hr/> \$ 27,885,312	<hr/> \$ 5,250,020
DEBT SERVICE AS A PERCENTAGE OF NONCAPITAL EXPENDITURES	21.46%	27.80%	32.15%	31.38%

*Restated balances

Schedule 4

	2018	2017	2016	2015	2014	2013
	\$ 21,554,808	\$ 20,832,729	\$ 20,263,796	\$ 19,797,518	\$ 18,668,734	\$ 17,934,252
	712,094	588,353	555,453	665,089	711,155	796,562
	232,698	174,386	142,624	198,840	187,347	213,198
	3,038,733	2,959,471	2,638,584	2,607,192	2,448,489	2,264,753
	871,088	532,336	546,599	558,668	145,819	259,000
	661,479	746,181	579,630	554,244	647,940	454,115
	330,931	80,160	101,841	81,707	55,079	31,760
	525,597	441,874	735,113	398,199	503,889	320,123
	<u>27,927,428</u>	<u>26,355,490</u>	<u>25,563,640</u>	<u>24,861,457</u>	<u>23,368,452</u>	<u>22,273,763</u>
	3,333,498	3,500,020	3,458,898	3,495,513	3,298,890	2,582,560
	8,155,677	8,072,917	7,626,200	7,012,054	6,271,557	6,617,056
	3,019,779	3,224,684	3,023,532	2,473,106	2,262,843	2,596,798
	4,000,979	3,870,475	4,231,959	3,237,909	3,219,455	3,043,191
	949,158	100,259	332,992	236,947	1,886,749	209,284
	7,770,000	7,485,000	7,370,000	6,420,000	6,190,000	5,605,000
	1,070,033	1,426,468	1,544,984	1,690,655	1,906,944	2,320,806
	-	82,050	43,923	-	-	217,067
	-	-	30,903	-	-	350,000
	<u>28,299,124</u>	<u>27,761,873</u>	<u>27,663,391</u>	<u>24,566,184</u>	<u>25,036,438</u>	<u>23,541,762</u>
	(371,696)	(1,406,383)	(2,099,751)	295,273	(1,667,986)	(1,267,999)
	3,957,584	3,998,454	3,033,063	2,539,463	2,964,128	2,789,897
	(1,247,338)	(1,200,000)	(4,370,819)	(595,663)	(1,025,624)	(1,010,591)
	-	9,965,000	3,170,000	-	-	16,360,000
	-	-	-	-	-	-
	-	(9,881,593)	(71,785)	-	-	(16,151,373)
	-	1,802	6,276	850	-	-
	<u>2,710,246</u>	<u>2,883,663</u>	<u>1,766,735</u>	<u>1,944,650</u>	<u>1,938,504</u>	<u>1,987,933</u>
	<u>\$ 2,338,550</u>	<u>\$ 1,477,280</u>	<u>\$ (333,016)</u>	<u>\$ 2,239,923</u>	<u>\$ 270,518</u>	<u>\$ 719,934</u>
	32.33%	34.56%	33.02%	33.16%	34.88%	33.97%

City of West University Place, Texas

Tax Revenues by Source

Governmental Funds

Last Ten Fiscal Years

<u>Function</u>	<u>Change 2021-2022</u>	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Ad valorem	-2.5%	\$ 19,304,351	\$ 19,798,451	\$ 20,062,970	\$ 19,552,367
Sales	15.9%	1,700,938	1,468,046	1,358,237	1,300,764
Franchise	3.5%	967,369	934,635	908,389	1,093,925
Other taxes	20.3%	14,670	12,191	8,382	11,219
TOTAL	-1.0%	\$ 21,987,328	\$ 22,213,323	\$ 22,337,978	\$ 21,958,275

Schedule 5

	2018	2017	2016	2015	2014	2013
\$	19,240,964	\$ 18,593,997	\$ 18,052,224	\$ 17,457,762	\$ 16,386,904	\$ 15,794,600
	1,172,256	1,064,672	1,051,361	1,117,336	1,051,890	957,658
	1,128,060	1,159,730	1,144,256	1,204,795	1,214,227	1,170,448
	13,528	14,330	15,955	17,625	15,713	11,546
\$	<u>21,554,808</u>	<u>\$ 20,832,729</u>	<u>\$ 20,263,796</u>	<u>\$ 19,797,518</u>	<u>\$ 18,668,734</u>	<u>\$ 17,934,252</u>

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Residential property	\$ 7,016,248,670	\$ 6,788,866,975	\$ 6,414,653,708	\$ 6,189,403,563
Commercial property	462,520,077	426,425,638	365,925,870	121,621,384
Less: Tax exempt property	<u>(525,821,599)</u>	<u>(512,190,641)</u>	<u>(456,695,090)</u>	<u>(263,227,329)</u>
TOTAL TAXABLE ASSESSED VALUE ⁽¹⁾	<u>\$ 6,952,947,148</u>	<u>\$ 6,703,101,972</u>	<u>\$ 6,323,884,488</u>	<u>\$ 6,047,797,618</u>
TOTAL DIRECT TAX RATE	0.27852	0.29406	0.30921	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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 6,181,792,257	\$ 5,880,687,603	\$ 5,578,375,329	\$ 4,943,195,212	\$ 4,497,103,352	\$ 4,335,656,103
315,402,455	305,286,953	314,619,442	259,878,387	219,273,264	205,183,728
<u>(455,549,934)</u>	<u>(434,734,202)</u>	<u>(449,141,214)</u>	<u>(386,360,932)</u>	<u>(340,252,719)</u>	<u>(323,044,475)</u>
<u>\$ 6,041,644,778</u>	<u>\$ 5,751,240,354</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>
0.31680	0.31680	0.33179	0.36179	0.37400	0.37411

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
City of West University Place by fund:				
Direct rates:				
General	\$ 0.19380	\$ 0.19248	\$ 0.18969	\$ 0.19277
Debt service	0.08473	0.10158	0.11952	0.12403
	<hr/>	<hr/>	<hr/>	<hr/>
Total direct rates	0.27852	0.29406	0.30921	0.31680
Overlapping rates:				
Houston Independent School District	1.03720	1.09440	1.13310	1.13670
Harris County	0.34373	0.37693	0.39116	0.40713
Harris County Flood Control District	0.03055	0.03349	0.03142	0.02792
Port of Houston Authority	0.00799	0.08720	0.00991	0.01074
Harris County Hospital District	0.14831	0.16221	0.16671	0.16591
Harris County Department of Education	0.00490	0.00499	0.00499	0.00500
Houston Community College	0.09557	0.09909	0.10026	0.10026
	<hr/>	<hr/>	<hr/>	<hr/>
TOTAL DIRECT AND OVERLAPPING RATES ⁽¹⁾	\$ 1.94677	\$ 2.15237	\$ 2.14677	\$ 2.17046

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.

Schedule 7

<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 0.19214	\$ 0.18557	\$ 0.18321	\$ 0.19356	\$ 0.19631	\$ 0.19125
0.12466	0.13123	0.14858	0.16823	0.17769	0.18286
0.31680	0.31680	0.33179	0.36179	0.37400	0.37411
1.20670	1.20670	1.19670	1.19670	1.18670	1.15670
0.41801	0.41656	0.41923	0.41731	0.41455	0.40021
0.02831	0.02829	0.02733	0.02736	0.02827	0.02809
0.01256	0.01334	0.01342	0.01531	0.01716	0.01952
0.17110	0.17179	0.17000	0.17000	0.17000	0.18216
0.00520	0.00520	0.00542	0.00600	0.00636	0.00662
0.10026	0.10026	0.10194	0.10689	0.09717	0.09717
<u>\$ 2.25894</u>	<u>\$ 2.25894</u>	<u>\$ 2.26583</u>	<u>\$ 2.30136</u>	<u>\$ 2.29421</u>	<u>\$ 2.26458</u>

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City of West University Place, Texas

Principal Property Taxpayers

Current Year and Nine Years Ago

Schedule 8

Property Taxpayer	2022			2013		
	Assessed Value	Rank	Percentage of Taxable Assessed Value	Taxable Assessed Value	Rank	Percentage of Taxable Assessed Value
Brixmor West U Marketplace LLC	\$ 11,590,851	1	0.17%	\$ 6,898,301	2	0.16%
Southwestern Bell	9,372,035	2	0.13%	-	n/a	0.00%
Centerpoint Energy Inc	8,196,370	3		4,953,780	4	0.12%
2715 Bissonnet LLC	7,979,390	4	0.11%	-	n/a	0.00%
Retail Fund I Houston Rice	7,926,965	5	0.11%	-	n/a	0.00%
Resident Current Owner 1	7,413,358	6	0.11%	-	n/a	0.00%
Jebbitt Property Rentals LLC	6,570,209	7	0.09%	-	n/a	0.00%
DKGA / WUC LP	6,238,014	8	0.09%	-	n/a	0.00%
Resident Current Owner 2	6,223,800	9	0.09%	-	n/a	0.00%
Resident Current Owner 3	6,078,419	10	0.09%	3,823,302	7	0.09%
AT&T	-	n/a	0.00%	10,486,185	1	0.25%
Vincere Village Place LLC	-	n/a	0.00%	5,024,085	3	0.12%
5177 Builders Ltd	-	n/a	0.00%	4,523,657	5	0.11%
Resident Current Owner 4	-	n/a	0.00%	3,940,000	6	0.09%
Resident Current Owner 5	-	n/a	0.00%	3,763,854	8	0.09%
Resident Current Owner 6	-	n/a	0.00%	3,643,949	9	0.09%
Resident Current Owner 7	-	n/a	0.00%	3,562,556	10	0.08%
Subtotal	77,589,411		1.00%	50,619,669		1.20%
Other taxpayers	6,875,357,737		98.88%	4,167,175,687		98.80%
TOTAL	\$ 6,952,947,148		99.88%	\$ 4,217,795,356		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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Tax levy ⁽¹⁾	\$ 19,272,235	\$ 19,700,273	\$ 19,954,324	\$ 19,378,101
Current tax collected	19,151,489	19,604,427	19,837,526	19,299,113
Percentage of current tax collections	99.37%	99.51%	99.41%	99.59%
Delinquent tax collections ⁽²⁾	-	16,921	54,374	34,083
TOTAL TAX COLLECTIONS	<u>\$ 19,151,489</u>	<u>\$ 19,621,348</u>	<u>\$ 19,891,900</u>	<u>\$ 19,333,196</u>
TOTAL COLLECTIONS AS A PERCENTAGE OF CURRENT LEVY	99.37%	99.60%	99.69%	99.77%
Outstanding delinquent taxes ⁽²⁾	\$ 120,746	\$ 78,925	\$ 62,424	\$ 44,905
OUTSTANDING DELINQUENT TAXES AS A PERCENTAGE OF LEVY	0.63%	0.40%	0.31%	0.23%

(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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	19,226,229	\$ 18,574,908	\$ 18,067,404	\$ 17,437,026	\$ 16,377,437	\$ 15,778,709
	19,136,864	18,493,310	17,969,764	17,335,980	16,287,801	15,705,681
	99.54%	99.56%	99.46%	99.42%	99.45%	99.54%
	45,214	37,447	58,510	62,541	57,553	50,385
<u>\$</u>	<u>19,182,078</u>	<u>\$ 18,530,757</u>	<u>\$ 18,028,274</u>	<u>\$ 17,398,521</u>	<u>\$ 16,345,354</u>	<u>\$ 15,756,066</u>
	99.77%	99.76%	99.78%	99.78%	99.80%	99.86%
\$	44,151	\$ 44,151	\$ 39,130	\$ 38,505	\$ 32,083	\$ 22,643
	0.23%	0.24%	0.22%	0.22%	0.20%	0.14%

City of West University Place, Texas

Ratios of Outstanding Debt by Type

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
GOVERNMENTAL ACTIVITIES				
General obligation bonds	\$ 5,792,453	\$ 15,539,529	\$ 21,780,445	\$ 25,207,864
Certificates of obligation	80,297,465	32,560,859	33,067,491	10,141,692
Private placement bonds	6,605,000	-	-	-
Leases payable	63,152	-	-	-
Subtotal	92,758,070	48,100,388	54,847,936	35,349,556
BUSINESS-TYPE ACTIVITIES				
Revenue bonds	-	-	-	-
TOTAL PRIMARY GOVERNMENT	\$ 92,758,070	\$ 48,100,388	\$ 54,847,936	\$ 35,349,556
Personal income ⁽¹⁾	-	-	-	-
DEBT AS A PERCENTAGE OF PERSONAL INCOME ⁽¹⁾	0%	0%	0%	0%
Population	14,724	14,955	15,585	15,676
DEBT PER CAPITA	\$ 6,300	\$ 3,216	\$ 3,519	\$ 2,255

(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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$	32,972,156	\$ 40,581,448	\$ 43,401,666	\$ 46,904,963	\$ 52,775,550	\$ 58,445,351
	5,843,325	6,122,480	10,292,415	11,113,193	11,898,971	12,654,747
	-	-	-	-	-	-
	-	-	-	-	-	-
	38,815,481	46,703,928	53,694,081	58,018,156	64,674,521	71,100,098
	-	-	-	3,094,933	3,790,755	4,466,577
\$	<u>38,815,481</u>	<u>\$ 46,703,928</u>	<u>\$ 53,694,081</u>	<u>\$ 61,113,089</u>	<u>\$ 68,465,276</u>	<u>\$ 75,566,675</u>
	-	-	-	-	-	-
	0%	0%	0%	0%	0%	0%
	15,477	15,433	15,516	15,604	15,369	15,221
\$	2,508	\$ 3,026	\$ 3,461	\$ 3,917	\$ 4,455	\$ 4,965

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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
NET TAXABLE ASSESSED VALUE				
All property	\$ 6,952,947,148	\$ 6,703,101,972	\$ 6,323,884,488	\$ 6,047,797,618
NET BONDED DEBT				
Gross bonded debt	\$ 92,758,070	\$ 48,100,388	\$ 54,847,936	\$ 35,349,556
Less: debt service funds	<u>(184,492)</u>	<u>(541,445)</u>	<u>(1,329,502)</u>	<u>(696,457)</u>
NET BONDED DEBT	<u>\$ 92,573,578</u>	<u>\$ 47,558,943</u>	<u>\$ 53,518,434</u>	<u>\$ 34,653,099</u>
RATIO OF THE NET BONDED DEBT TO ASSESSED VALUE	1.33%	0.71%	0.85%	0.57%
Population	<u>14,724</u>	<u>14,955</u>	<u>15,585</u>	<u>15,477</u>
NET BONDED DEBT PER CAPITA	<u>\$ 6,287</u>	<u>\$ 3,180</u>	<u>\$ 3,434</u>	<u>\$ 2,239</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

2018	2017	2016	2015	2014	2013
\$ 6,041,644,778	\$ 5,751,240,354	\$ 5,443,853,557	\$ 4,816,712,667	\$ 4,217,795,356	\$ 4,059,539,678
\$ 46,703,928 (868,291)	\$ 58,018,156 (900,120)	\$ 64,674,521 (912,718)	\$ 71,100,098 (566,276)	\$ 75,425,954 (167,039)	\$ 79,748,928 (95,668)
<u>\$ 45,835,637</u>	<u>\$ 57,118,036</u>	<u>\$ 63,761,803</u>	<u>\$ 70,533,822</u>	<u>\$ 75,258,915</u>	<u>\$ 79,653,260</u>
0.76%	0.99%	1.17%	1.46%	1.78%	1.96%
15,516	15,516	15,604	15,369	15,221	15,109
<u>\$ 2,954</u>	<u>\$ 3,681</u>	<u>\$ 4,086</u>	<u>\$ 4,589</u>	<u>\$ 4,944</u>	<u>\$ 5,272</u>

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City of West University Place, Texas

Direct and Overlapping Governmental Activities Debt

December 31, 2021

Schedule 12

	<u>Debt Outstanding</u>	<u>Percentage Applicable ⁽¹⁾</u>	<u>Estimated Share of Overlapping Debt</u>
DEBT REPAYED WITH PROPERTY TAXES			
Governmental Unit:			
Harris County	\$ 1,770,442,125	1.25%	\$ 22,130,527
Harris County Dept of Education	20,185,000	1.25%	252,313
Harris County Flood Control District	797,615,000	1.25%	9,970,188
Harris County Hospital District	76,385,000	1.25%	954,813
Houston Community College	469,970,000	2.82%	13,253,154
Houston Independent School District	2,336,360,000	3.30%	77,099,880
Port of Houston Authority	<u>445,749,397</u>	1.25%	<u>5,571,867</u>
Subtotal, overlapping debt	\$ 5,916,706,522		\$ 129,232,742
CITY DIRECT DEBT	\$ 92,758,070	100.00%	<u>92,758,070</u>
TOTAL DIRECT AND OVERLAPPING DEBT			<u><u>\$ 221,990,812</u></u>

Source: Municipal Advisory Council of Texas

(1) Estimated percentage applicable obtained from Municipal Advisory Council of Texas. The percentage of overlapping debt applicable is estimated using taxable assessed property values. Applicable percentages were estimated by

the City's total taxable assessed value.

City of West University Place, Texas

Legal Debt Margin Information

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
Debt limit	\$ 347,647,357	\$ 335,155,099	\$ 316,194,224	\$ 302,389,881
Total net debt applicable to limit	<u>92,758,070</u>	<u>48,100,388</u>	<u>54,847,936</u>	<u>35,349,556</u>
LEGAL DEBT MARGIN	<u>\$ 254,889,287</u>	<u>\$ 287,054,711</u>	<u>\$ 261,346,288</u>	<u>\$ 267,040,325</u>
Total net debt applicable to the limit as a percentage of debt limit	26.68%	14.35%	17.35%	11.69%

LEGAL DEBT MARGIN CALCULATION FOR FISCAL YEAR 2022

Assessed value	\$ 6,952,947,148
Debt limit (5% of assessed value) ⁽¹⁾	347,647,357
Debt applicable to limit:	
General obligation bonds and certificates of obligation, net of premium	92,758,070
Less: amount set aside for repayment of general obligation debt	<u>(184,492)</u>
Total net debt applicable to limit	<u>92,573,578</u>
	<u>\$ 255,073,779</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 302,082,239	\$ 287,562,018	\$ 272,192,678	\$ 240,835,633	\$ 218,806,195	\$ 210,889,768
<u>45,835,637</u>	<u>45,803,808</u>	<u>57,105,438</u>	<u>64,108,245</u>	<u>70,933,059</u>	<u>75,330,286</u>
<u>\$ 256,246,602</u>	<u>\$ 241,758,210</u>	<u>\$ 215,087,240</u>	<u>\$ 176,727,388</u>	<u>\$ 147,873,136</u>	<u>\$ 135,559,482</u>
15.17%	15.93%	20.98%	26.62%	32.42%	35.72%

City of West University Place, Texas

Pledged Revenue Coverage

Last Ten Fiscal Years

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
GROSS REVENUES ⁽¹⁾	\$ 8,440,728	\$ 7,596,564	\$ 8,596,188	\$ 8,094,209
OPERATING EXPENSES ⁽²⁾	<u>5,140,339</u>	<u>4,558,212</u>	<u>4,459,276</u>	<u>4,619,159</u>
NET REVENUES AVAILABLE FOR DEBT SERVICE	<u>\$ 3,300,389</u>	<u>\$ 3,038,352</u>	<u>\$ 4,136,912</u>	<u>\$ 3,475,050</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>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
\$ 7,900,773	\$ 7,544,895	\$ 7,172,469	\$ 6,986,297	\$ 6,868,133	\$ 7,623,233
<u>4,354,881</u>	<u>4,259,755</u>	<u>4,642,322</u>	<u>6,085,370</u>	<u>4,580,425</u>	<u>3,962,028</u>
<u>\$ 3,545,892</u>	<u>\$ 3,285,140</u>	<u>\$ 2,530,147</u>	<u>\$ 900,927</u>	<u>\$ 2,287,708</u>	<u>\$ 3,661,205</u>
\$ -	\$ -	\$ -	\$ 695,000	\$ 675,000	\$ 645,000
<u>-</u>	<u>-</u>	<u>-</u>	<u>144,351</u>	<u>172,185</u>	<u>198,585</u>
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 839,351</u>	<u>\$ 847,185</u>	<u>\$ 843,585</u>
N/A	N/A	N/A	1.07	2.70	4.34

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

Schedule 15

Fiscal Year Ended December 31,	Population ⁽⁴⁾	Median Age	School Enrollment ⁽⁵⁾
2022	14,724	41.30	1,131
2021	14,955	42.10	1,284
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

(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	2022 Rank	2013 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>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>	<u>2018</u>	<u>2017</u>	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
GENERAL FUND										
Administration	7	7	6	6	6	5	6	6	6	5
Finance	6	6	6	5	5	5	5	5	5	6
Police Department	39	38	38	38	38	38	35	35	35	35
Fire Department	23	23	23	23	23	23	23	23	23	23
Public Works	20	19	19	18	18	18	18	18	19	20
Parks and Recreation	12	12	12	12	12	12	12	12	11	11
Total General Fund	107	105	104	102	102	101	99	99	99	100
ENTERPRISE FUND										
Water	13	13	13	13	13	13	13	14	14	14
Solid Waste	7	7	7	7	7	7	7	6	6	8
Total Enterprise Fund	20	22								
INTERNAL SERVICE FUND										
Administration - Technology Management	4	4	4	4	4	4	4	4	3	3
Total Internal Service Fund	4	3	3							
TOTAL CITY POSITIONS	131	129	128	126	126	125	123	123	122	125

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

	<u>2022</u>	<u>2021</u>	<u>2020</u>	<u>2019</u>
FUNCTION/PROGRAM				
Police				
Arrests	181	120	116	245
Accident reports	126	124	89	157
Citations	4,391	1,669	969	3,100
Offense reports	685	640	707	750
Calls for service	25,263	23,558	19,317	25,367
Fire				
Emergency responses	870	804	727	716
Average response time	4:54	4:53	4:53	4:14
Fire incidents	854	931	701	779
Water				
New accounts	338	625	604	593
Source:				
Surface	59	53	53	62
Well	41	42	47	38
Average daily consumption (millions of gallons)	2.16	2.18	2.16	2.17
Number of million gallons of surface water pumped	462.27	391.22	415.31	492.12
Number of million gallons of well water pumped	324.55	286.83	372.56	300.47
Total consumption (millions of gallons)	786.82	678.05	787.87	792.59
Peak daily consumption (millions of gallons)	5.35	4.87	4.58	3.27
Sewer				
Average daily sewage treatment (millions of gallons)	0.80	1.06	1.15	1.15
Total treated (millions of gallons)	291.43	386.68	417.21	422.63
Peak daily intake (millions of gallons)	2.14	2.86	6.44	7.00

Source: Various City departments

Schedule 18

2018	2017	2016	2015	2014	2013
269	231	294	360	226	323
151	142	151	162	122	127
3,073	2,260	1,444	2,322	2,482	2,779
761	609	758	874	581	695
29,719	24,844	24,716	26,354	22,071	26,835
698	675	684	717	669	683
4:40	4:35	4:29	4:34	4:35	4:34
723	805	754	801	721	663
629	657	598	526	608	665
58	59	65	62	80	80
42	41	35	38	20	20
2.16	2.20	2.12	2.06	2.06	2.31
462.52	477.01	507.88	468.12	437.00	466.25
328.84	326.45	267.50	282.03	313.88	375.06
791.36	803.46	775.38	750.15	750.88	841.31
4.14	6.54	4.06	4.50	4.24	5.36
1.18	1.12	1.17	1.20	1.10	1.09
400.68	409.46	426.47	436.57	402.95	397.30
3.54	5.09	5.88	5.43	4.04	4.04

City of West University Place, Texas

Capital Asset Statistics by Function

Last Ten Fiscal Years

FUNCTION/PROGRAM	2022	2021	2020	2019
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	1,747
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	2
Tennis courts	5	5	5	5
Racquetball/squash courts	2	2	2	2
Half-basketball courts	3	3	3	3
Water				
Water mains (miles)	56	56	56	56
Fire hydrants	348	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

2018	2017	2016	2015	2014	2013
1	1	1	1	1	1
8	8	8	8	7	7
1	1	1	1	1	1
53	53	53	46	46	46
1,747	1,687	1,687	1,687	1,687	1,687
11	11	11	9	9	9
13.2	13.2	13.1	13.7	13.7	13.7
2	2	2	2	2	2
2	-	-	-	-	-
5	5	5	5	5	5
2	2	2	2	2	2
3	3	3	3	3	3
56	56	56	40	40	40
347	347	347	357	357	357
3.65	3.65	3.65	3.65	3.65	3.65
44	44	44	40	40	40
34	34	34	32	32	32
1.32	1.32	1.32	1.32	1.32	1.32
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Overall Compliance and Internal Control Section

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

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West University Place, Texas (the City) as of and for the year ended December 31, 2022, 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 5, 2023.

Report on 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) as a basis for designing 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 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.

Report on 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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

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

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.

Conroe, Texas
June 5, 2023