COMPREHENSIVE
ANNUAL FINANCIAL REPORT

of the

CITY OF WEST UNIVERSITY PLACE, TEXAS

Year Ended
December 31, 2008

Officials Issuing Report:

Michael Ross
City Manager

Rhonda Daugherty
Finance Director

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CITY OF WEST UNIVERSITY PLACE, TEXAS

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INTRODUCTORY SECTION

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City of West University Place

A Neighborhood City

Recycled Paper

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

The Comprehensive Annual Financial Report ("CAFR") of the City of West University Place, Texas (the "City") for the fiscal year ended December 31, 2008 is hereby submitted. Responsibility for both the accuracy of the data, and completeness and fairness of the presentation, including all disclosures, rests with management. We believe the data, as presented, is accurate in all material respects and is presented 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.

In developing and evaluating the City's accounting system, consideration is given to the adequacy of internal accounting controls. These controls are designed to provide reasonable, but not absolute, assurance regarding the safeguarding of assets against loss from unauthorized use or disposition, and the reliability of financial records for preparing financial statements and maintaining accountability for assets. The concept of reasonable assurance recognizes that the cost of a control should not exceed the benefits likely to be derived, and the evaluation of costs and benefits requires estimates and judgments by management. We believe that the City's current system of internal controls adequately safeguards assets and provides reasonable assurance of proper recording of financial transactions.

As required by the City's charter, the financial statements have been audited by Belt Harris & Associates, LLLP, a firm of certified public accountants. The goal of the independent audit was to provide reasonable assurances that the financial statements of the City for the fiscal year ended December 31, 2008, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for fiscal year ended December 31, 2008, are presented in conformity with generally accepted accounting principles (GAAP).

The Comprehensive Annual Financial Report is presented in three sections: Introductory, Financial and Statistical. The introductory section includes this transmittal letter and the City's organizational chart. The financial section includes auditor's report on the financial statements, a narrative introduction, overview and analysis required by GAAP in the form of the Management's Discussion and Analysis (MD&A), the basic financial statements, fund financial statements, and combining and individual financial statements. This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditors. The statistical section includes selected unaudited financial and demographic information generally presented on a multi-year basis.

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 Mayor and Council are responsible for passing ordinances, adopting the budget, appointing board and committee members, and hiring the City Manager. The City Manager is responsible for carrying out the policies and ordinances of the Mayor and Council, overseeing the day-to-day operations of the City, and appointing department heads. The mayor and council are elected on an at large, non-partisan basis. The Mayor and Council members are elected for two-year terms.

The City provides a full range of municipal services. These services include police and fire protection, municipal court, streets, drainage, leisure services, water and sewer, solid waste collection and disposal, community development, and general administrative services. Based upon the criterion set forth in generally accepted accounting principles, the following organizations are includable within the City's reporting entity:

Entity	Method of Inclusion
Friends of West University Place Parks Fund, Inc.	Blended

ECONOMIC CONDITION AND OUTLOOK

The City of West University Place, Texas encompasses a 1.9 square mile area located a few blocks south of U.S. Highway 59 (the "Southwest Freeway") and approximately five miles from downtown Houston, Texas. The City is an integral part of the Houston metropolitan area and is completely surrounded by the Cities of Houston, Bellaire and Southside Place. The City is primarily a residential area whose approximately 15,500 inhabitants are employed throughout the Houston urban area. Rice University and the Texas Medical Center complex are located about one mile east of the city limits in the City of Houston.

There is almost no vacant and/or undeveloped land in the City, so construction generally involves rebuilding and remodeling. In the mid-1980s, building activity took off at a blistering pace. Property values soared as a result. The taxable assessed value of property in the City rose from $768 million in 1988 to over $3.75 billion in 2008. In 2008, the City gained approximately $84.6 million in increased property values from new construction.

The economic condition of the entire Houston area has been steadily improving since the recession that halted growth in the late 1980s. The economy is much more diverse so it will be less likely to suffer wild swings that were the hallmark of the past. The collapse of Enron, the merger of Compaq with Hewlett Packard, and Continental Airlines' continued woes have challenged the resiliency of the Houston area economy. These events slowed growth, but the economy has proved stable. The City of West University Place's stability and growth is the result of a trend for suburban families to move closer to work. The City's low crime rate and hometown appeal has attracted many of these families. These factors have contributed and continue to contribute to the growth in property values in the City.

For the Future – Growth in the value of real property in the City is expected to continue to be stable into 2010. Expenditures are expected to remain steady with considerations for the continued competitive pressure on personnel costs and potential increases in the cost of employee health benefits.

Long-Term Planning – As a part of the fiscal year 2009 budget process, the Mayor, Council, and City Staff updated a multi-year capital improvement program. Several projects in this plan were scheduled for 2008 and are continuing into 2009:

- **College Street/Bellaire Boulevard Transportation Improvements:** This project is in construction continuing from 2008 with an anticipated completion by late summer or early autumn of 2009. The project is primarily funded by a $4.3 million grant from METRO and a grant of $1.85 million from Harris County.
- **Emergency Auxiliary Power:** This project is continuing from its 2008 design phase and is funded by a $500,000 budget appropriation and a $100,000 budget transfer from Contract Water Purchase savings for the installation of generators at the City Hall/EOC/Fire Station Municipal Building, Public Works Administration Building, PW Fleet Station and the Milton Water Pump Station to provide continuity of service to our residents in times of emergency.
- **Technology Improvements:** The City continues to upgrade and consolidate the computer servers and networking infrastructure, bringing them back to industry standards and best practices. The long term goal is to minimize additional assets as new technologies are introduced, minimize future maintenance costs and, at the same time, provide high availability and disaster recovery through the use of technologies such as clustering, virtualization and other techniques.
- **Phase II of Streetlight Replacement Project:** A $1.2 million project to replace streetlights was moved from the planning stage to implementation. All Phase II installations are complete with the exception of those which are in the College Ave/Riley Street Construction Area; those will be installed later this summer. The balance of the project is in the process of completing its punch list.
- **Reconstruction of Recreation Facilities:** In November 2008, voters approved a $13.8 million bond authorization for the purpose of improving certain park facilities in the City. The first year of the bonds were sold in February 2009 in the amount of $8,800,000 for the project. The remaining bonds will be sold in late 2009 to early 2010.
- **Wakeforest Water Treatment Plant:** Long term planning over the last two years has included the recoating and rehabilitation of the water storage tanks and pump house at the Wakeforest Treatment Plant. Contracts have been signed and work is scheduled to be completed by the end of calendar 2009. The project has been funded through annual allocations from the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund. $500,000 was earmarked for this project.
- **Wastewater Treatment Plant Belt Press:** Long term planning has been in place to purchase a replacement for one of the two existing belt press devices at the wastewater treatment plant. We anticipate this to be brought forward within the next 12 to 24 months. Further funding is projected to be from the annual allocation from the Water and Sewer Fund to the Water and Sewer Capital Reserve Fund. Current estimates on cost are projected to not exceed $300,000.

FINANCIAL INFORMATION

Budgeting Controls The City Charter of the City 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 presented to the Council at a series of budget work sessions. Department directors have an opportunity to make a budget presentation to the Council and are available for questions. Copies of the proposed budget are made available to the public and the press, and the public hearing schedule is confirmed. Before the public hearings are held, notices of the public hearings on the proposed budget are posted and published in the newspaper. After public hearings at two consecutive regular Council meetings, the Council may adopt the proposed budget, with or without amendment. The budget ordinance is to be adopted no later than 60 days after receiving the Certified Tax Roll from the Harris County Appraisal District which is usually received around August 12 each year. The Council adopts the tax rate ordinance at the same meeting as the budget. The City maintains budgetary control by adopting an annual operating budget for its funds. Detail control is maintained at the line item level by encumbering available funds at the time a purchase order is written. Appropriations lapse at the end of the year excluding capital project budgets. The City Manager is authorized to transfer budgeted amounts within departments within any fund. However, any revisions that alter the total expenditures of any fund or department must be approved by the Council.

Cash Management Cash temporarily idle during the year was invested in U.S. Treasury Bills and Notes, Agency Discount Notes, Medium Term Notes, and a local government investment pool (Texpool). The weighted average yield on investments for the year was approximately 4.114% The primary objectives of the City's investment policy, in priority order, are safety (preservation of capital), liquidity (to provide adequate and timely working funds), and return on investment (obtaining a rate of return commensurate with investment risk constraints and cash flow needs). All deposits were either insured by federal deposit insurance or collateralized and the collateral was held by a trustee bank in the City's name, which is the lowest category of risk as defined by the Governmental Accounting Standards Board.

Risk Management Insurance coverage for property, liability, and workers' compensation is provided by the Texas Municipal League Intergovernmental Risk Pool, a State Insurance Pool. Contributions to the Risk Pool for workers' rates are based on the City's past claims history. The Risk Pool retains a limit of loss and reinsurance companies insure the risks beyond those limits. During the fiscal year, representatives from the Risk Pool physically reviewed City facilities to identify possible risks. City employees also participated in Risk Pool sponsored safety training classes.

AWARDS AND ACKNOWLEDGEMENTS

Awards The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended December 31, 2007. This was the 17th 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 Comprehensive Annual Financial Report. This report must satisfy 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 Comprehensive Annual Financial Report continues to meet the Certificate of Achievement Program's requirements, and we are submitting it to GFOA to determine its eligibility for another certificate.

Acknowledgements The preparation of this report could not have been accomplished on a timely basis without the dedicated endeavors of the entire staff of the Finance Department. Appreciation is expressed to City employees throughout the organization, especially to all employees who were instrumental in the successful completion of this report. Additionally, we thank the Mayor, Council, and City Manager for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

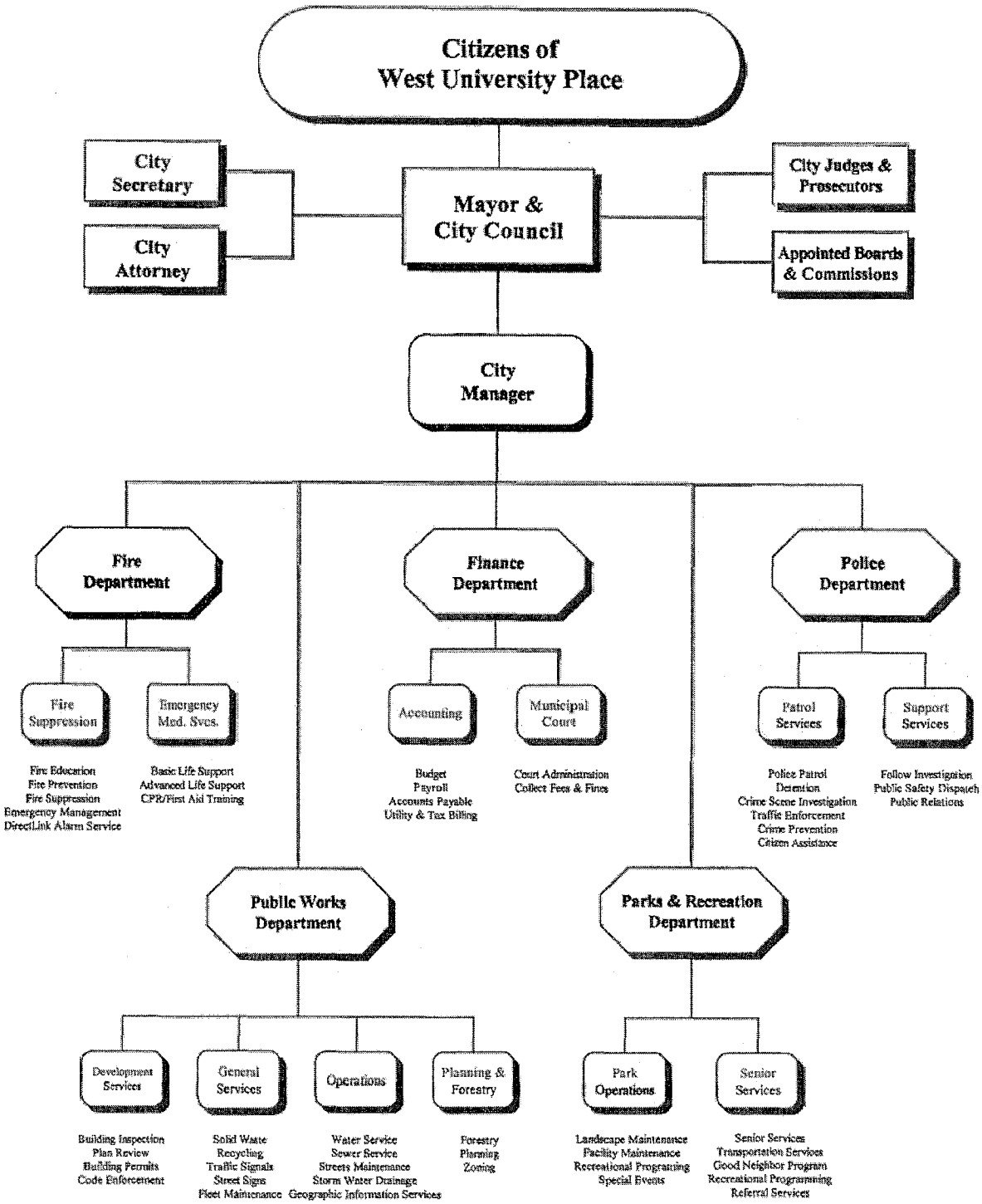
Rhonda Daugherty
Finance Director

Alan Tumey
Assistant Finance Director

CITY OF WEST UNIVERSITY PLACE, TEXAS

ORGANIZATIONAL CHART

December 31, 2008



Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West University Place, Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
December 31, 2007

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

President

Executive Director

CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL OFFICIALS

December 31, 2008

City Officials	Elective Position	Term Expires
Bob Kelly	Mayor	05/2009
Bob Fry	Council Member	05/2009
Phyllis Cohen	Council Member	05/2009
Chuck Guffey	Council Member	05/2009
Michael Talianchich	Council Member	05/2009

Key Staff	Position
Michael Ross	City Manager
Chris Peifer	Assistant City Manager/Public Works Director
Thelma A. Lenz	City Secretary
Alan Petrov	City Attorney
Candelario Elizondo	City Judge
Tim O'Conner	Parks and Recreation Director
Steve Ralls	Fire Chief
Wendy Standorf	Director of Human Resources
Rhonda Daugherty	Finance Director
Ken Walker	Police Chief

FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

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

We have audited the accompanying financial statements of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City of West University Place, Texas (the "City"), as of December 31, 2008, and for the year then ended, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, each major fund, and the aggregate remaining fund information of the City as of December 31, 2008, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated June 17, 2009, 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, grant agreements and other matters. The purpose of that report is 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and important for assessing the results of our audit.

The Management's Discussion and Analysis, budgetary comparison information, and pension information are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The introductory section, combining statements and schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining fund statements and schedules have been subjected to auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Belt Harris & Associates, LLLP

Belt Harris & Associates, LLLP
Certified Public Accountants
Houston, Texas
June 17, 2009

MANAGEMENT'S DISCUSSION AND ANALYSIS

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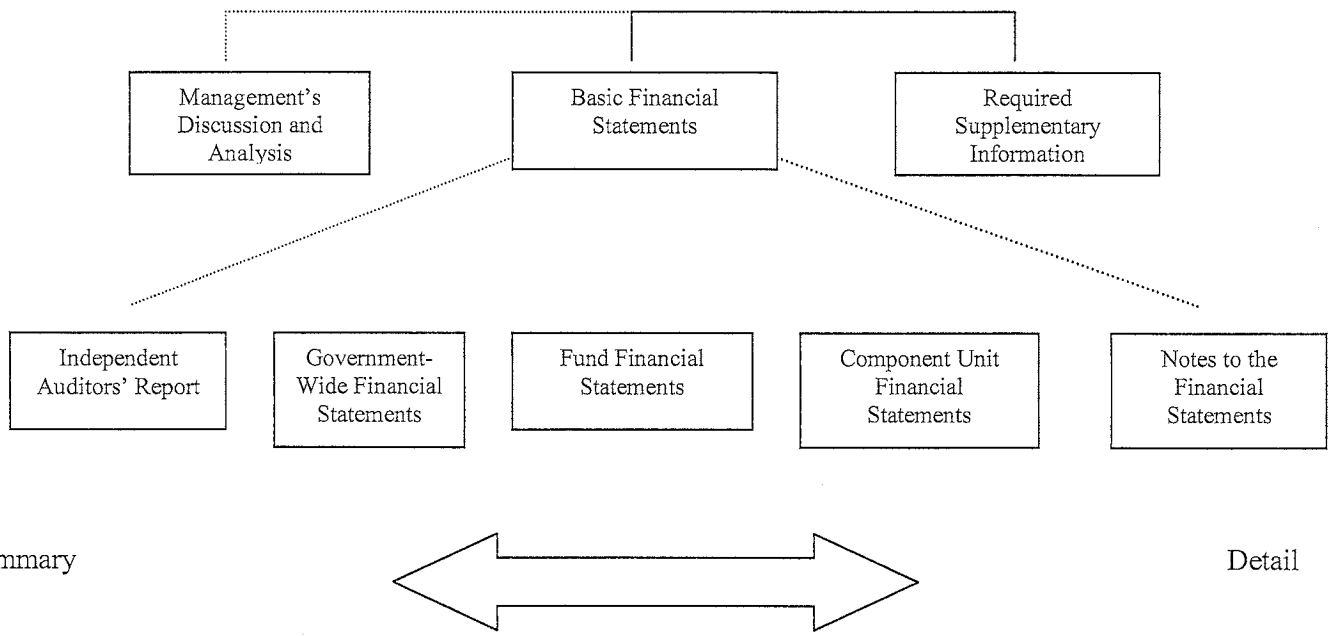
The purpose of the Management's Discussion and Analysis (MD&A) is to give the readers an objective and easily readable analysis of the financial activities of the City of West University Place, Texas (the "City") for the year ending December 31, 2008. The analysis is based on currently known facts, decisions, 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. Governmental Accounting Standards Board (GASB) Statement No. 34 establishes the content of the minimum requirements for MD&A. Please read the MD&A in conjunction with the transmittal letter at the front of this report and the City's financial statements, which follow this section.

THE STRUCTURE OF OUR ANNUAL REPORT

Components of the Financial Section



The Comprehensive Annual Financial Report is presented as compliant with the financial reporting model in effect pursuant to GASB Statement No. 34. This financial reporting model requires governments to present certain basic financial statements as the MD&A and certain other Required Supplementary Information (RSI). The basic financial statements include (1) government-wide financial statements, (2) individual fund financial statements, and (3) notes to the financial statements.

Government-Wide Statements

The government-wide 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 cost of services, operating results, and financial position of the City as an economic entity. The Statement of Net Assets 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 Assets presents information on all of the City's assets and liabilities. The difference between the two is reported as *net assets*. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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

The Statement of Net Assets and the Statement of Activities divide the City into two classes of activities:

1. Governmental Activities - Most of the City's basic services are reported here including police and fire protection, municipal court, streets, drainage, leisure services, community development and general administrative services. Interest payments on the City's debt are also reported here. Sales tax, property tax, franchise taxes, municipal court fines and permit fees finance most of these activities.

2. Business-type Activities - Services involving a fee for those services are reported here. These services include the City's water and sewer services as well as solid waste collection.

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

FUND FINANCIAL STATEMENTS

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

Governmental Funds

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

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

The City maintains 15 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 the drainage improvement fund, which are considered to be major funds. 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 and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The City uses enterprise funds to account for its water distribution, wastewater collection/treatment, and solid waste operations. The proprietary fund financial statements provide separate information for the water distribution, wastewater collection/treatment, and solid waste funds. The basic proprietary fund financial statements can be found in the basic financial statements of this report.

The City also uses internal service funds to account for its equipment replacement services and for expenses associated with separated employees, health benefits, and technology management. These internal service funds have been included within governmental activities in the government-wide financial statements.

Notes to Financial Statements

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

Other Information

In addition to basic financial statements, MD&A, and accompanying notes, this report also presents certain Required Supplementary Information (RSI). The RSI that GASB Statement No. 34 requires includes budgetary comparison schedules for the general fund and schedule of funding progress for Texas Municipal Retirement System. RSI can be found after the basic financial statements.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of the City's financial position. For the City, assets exceed liabilities by $53,671,485 as of December 31, 2008. As required by GASB Statement No. 34, a comparative analysis of government-wide data has been presented as a component of the MD&A for the year ending December 31, 2008. The largest portion of the City's net assets, 80 percent, reflects its investments in capital assets (e.g., land, building, equipment, improvements, construction in progress, and infrastructure), less any debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

Statement of Net Assets:

The following table reflects the condensed statement of net assets:

SUMMARY OF STATEMENT OF NET ASSETS

	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Current and other assets	$ 26,787,393	$ 23,636,800	$ 2,963,518	$ 2,089,467	$ 29,750,911	$ 25,726,267
Capital assets, net	86,397,058	83,005,706	31,642,202	33,392,251	118,039,260	116,397,957
Total Assets	113,184,451	106,642,506	34,605,720	35,481,718	147,790,171	142,124,224
Long-term liabilities	62,728,245	62,077,506	13,129,276	13,121,912	75,857,521	75,199,418
Other liabilities	17,653,342	19,991,344	607,823	1,218,564	18,261,165	21,209,908
Total Liabilities	80,381,587	82,068,850	13,737,099	14,340,476	94,118,686	96,409,326
Net Assets:						
Invested in capital assets, net of related debt	24,421,719	17,515,320	18,512,926	19,768,268	42,934,645	37,283,588
Restricted	6,470,948	4,491,985	715,000	1,566,557	7,185,948	6,058,542
Unrestricted	1,910,197	2,566,351	1,640,695	(193,583)	3,550,892	2,372,768
Total Net Assets	$ 32,802,864	$ 24,573,656	$ 20,868,621	$ 21,141,242	$ 53,671,485	$ 45,714,898

A portion of the City's net assets, $7,185,948 or 13 percent, represents resources that are subject to external restriction on how they may be used. The remaining balance of unrestricted net assets, $3,550,892 or 7 percent, may be used to meet the City's ongoing obligation to citizens and creditors.

The City's total net assets increased by $7,956,587 during the current fiscal year, an increase of 17 percent in comparison to the prior year. This increase is largely the result of an increase in general revenues as well as a decrease in operating expenses for governmental activities.

Statement of Activities:

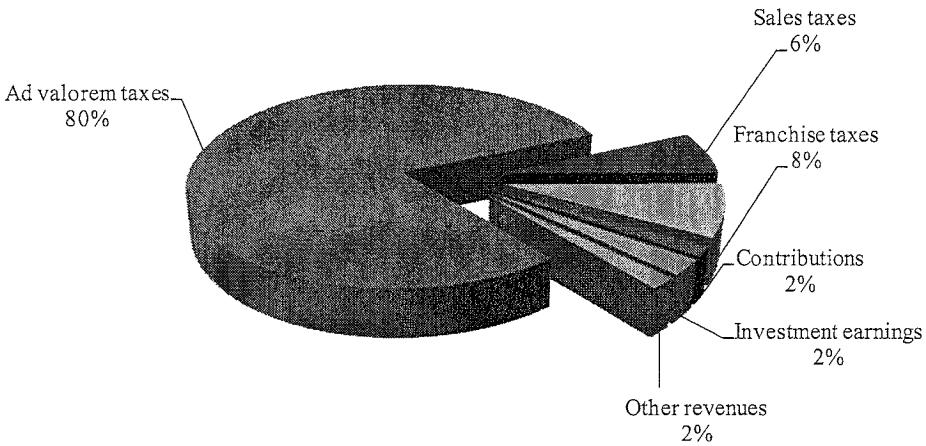
The following table provides a summary of the City's changes in net assets:

CHANGES IN NET ASSETS

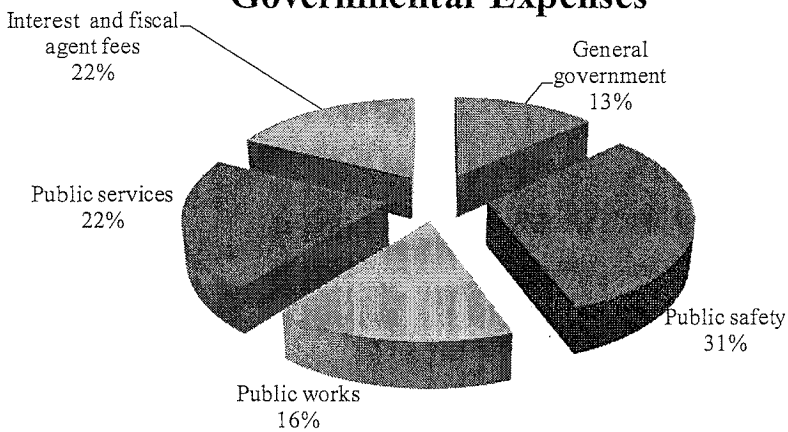
	Governmental Activities		Business-type Activities		Total Primary Government	
	2008	2007	2008	2007	2008	2007
Revenues						
Program revenues:						
Charges for services	$ 2,220,292	$ 4,299,946	$ 7,365,344	$ 5,633,282	$ 9,585,636	$ 9,933,228
Operating grants and contributions	1,675,641	843,941	-	-	1,675,641	843,941
Capital grants and contributions	5,291,500	-	-	-	5,291,500	-
General revenues:						
Ad valorem taxes	12,788,103	13,262,401	-	-	12,788,103	13,262,401
Sales taxes	1,042,096	1,026,948	-	-	1,042,096	1,026,948
Franchise taxes	1,312,260	933,834	-	-	1,312,260	933,834
Other taxes	15,643	15,010	-	-	15,643	15,010
Contributions	257,869	891,760	-	-	257,869	891,760
Investment earnings	394,218	622,787	51,361	39,173	445,579	661,960
Other revenues	288,659	254,997	-	362,559	288,659	617,556
Total Revenues	25,286,281	22,151,624	7,416,705	6,035,014	32,702,986	28,186,638
Expenses						
General government	2,387,061	4,552,568	-	-	2,387,061	4,552,568
Public safety	5,593,513	4,904,003	-	-	5,593,513	4,904,003
Public works	2,925,781	3,288,626	-	-	2,925,781	3,288,626
Public services	3,894,834	1,972,400	-	-	3,894,834	1,972,400
Interest and fiscal agent fees on long-term debt	3,195,884	3,169,545	-	-	3,195,884	3,169,545
Water and sewer systems	-	-	5,752,744	5,297,894	5,752,744	5,297,894
Solid waste	-	-	996,582	918,984	996,582	918,984
Total Expenses	17,997,073	17,887,142	6,749,326	6,216,878	24,746,399	24,104,020
Increase (Decrease) in Net Assets Before Transfers	7,289,208	4,264,482	667,379	(181,864)	7,956,587	4,082,618
Transfers	940,000	940,000	(940,000)	(940,000)	-	-
Change in Net Assets	8,229,208	5,204,482	(272,621)	(1,121,864)	7,956,587	4,082,618
Beginning Net Assets	24,573,656	19,369,174	21,141,242	22,263,106	45,714,898	41,632,280
Ending Net Assets	$ 32,802,864	$ 24,573,656	$ 20,868,621	$ 21,141,242	$ 53,671,485	$ 45,714,898

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

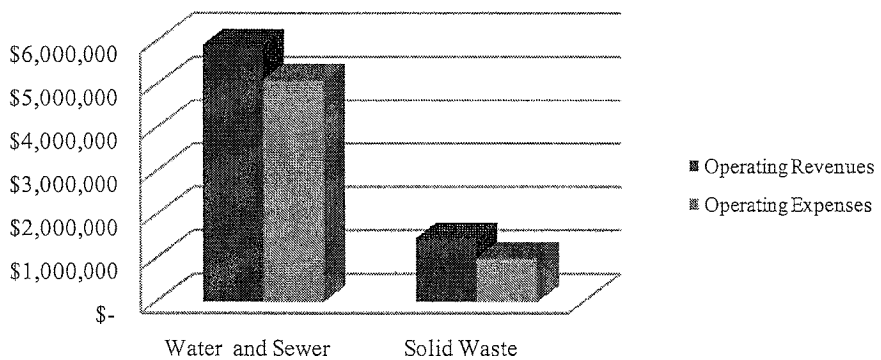
Governmental Revenues



Governmental Expenses



Business-type Activities



For the year ended December 31, 2008, revenues from governmental activities totaled $25,286,281. Overall governmental revenues increased by 14 percent. Property tax revenues, which are the City's largest revenue source, decreased by 4 percent because of the decrease in the property tax rate from the prior year. The City's investment earnings declined 38 percent. The City is continuing to heavily invest in U.S. Agencies as well as

TexPool. The City had a significant increase in operating grants and contributions due to the FEMA grant for Hurricane Ike expenditures, a METRO grant, and a grant from Harris County for drainage improvement projects.

For the year ended December 31, 2008, expenses for governmental activities totaled $17,997,073, which is comparable to the prior year. This represents a slight increase of $109,931 from last year. Public service expenses increased as a result of Hurricane Ike.

Operating revenues and expenses for business-type activities were comparable to those of the prior year. Charges for services increased $1,732,062 or 31 percent because of higher water consumption levels over the previous year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unreserved 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 $10,258,133. Of this $975,765 is reserved for debt service, $23,170 for prepaids and inventory, $67,578 for tree replacement, $410,238 for an asset held for resale, $941,720 for capital purchases, $749,075 for park improvements, and $8,996 for court technology.

There was an increase in the combined fund balance of $2,241,750 over the prior year. This is largely attributable to the reimbursements from FEMA for recovery of expenditures from Hurricane Ike.

The general fund is the chief operating fund of the City. At the end of the current year, unreserved, undesignated fund balance of the general fund was $3,580,317, while total fund balance reached $4,011,114. As a measure of the general fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved, undesignated fund balance represents 31.5 percent of total general fund expenditures, while total fund balance represents 35 percent of the total general fund expenditures. The general fund demonstrated an overall increase of $1,124,450 primarily due to a transfer from the enterprise funds.

The debt service fund has a total fund balance of $975,765, all of which is reserved for the payment of debt service. The net decrease in fund balance during the current year in the debt service fund was $232,503. This planned decrease can be attributed to the decrease in property tax revenues as well as investment earnings.

The drainage improvement fund recorded an increase of $446,813 in fund balance. This fund is for a specific construction project that began this year, with funding from METRO and Harris County.

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

GENERAL FUND BUDGETARY HIGHLIGHTS

There had been a planned decrease in budgeted fund balance in the amount of $53,589 in the general fund. However, the net change in fund balance increased by $1,124,450, resulting in a positive variance of $1,178,039 from budgeted as amended over actual.

Actual general fund revenues exceeded original and amended budgeted revenues by $510,685 during 2008. This increase includes the positive variances of $192,096 for sales tax revenues and $336,660 for franchise revenues.

Actual expenditures were less than budgeted amounts by $667,354 for the fiscal year. The greater positive variance was in police as a result of personnel vacancies within the department.

GENERAL FUND BUDGETARY HIGHLIGHTS

		Final Budget	Actual
Revenues			
Taxes:		$ 8,472,830	$ 9,019,681
Other		2,738,700	2,702,534
	Total	11,211,530	11,722,215
Expenditures			
Expenditures		12,040,630	11,373,276
	Total	12,040,630	11,373,276
Other Financing Sources			
Transfer in		940,000	940,000
Transfer (out)		(164,489)	(164,489)
	Total	775,511	775,511
Change in Fund Balance		$ (53,589)	$ 1,124,450

CAPITAL ASSETS

At the end of year 2008, the City's governmental activities funds had invested $86,397,058 in a variety of capital assets and infrastructure (net of accumulated depreciation). This represents a net increase of $3,391,348. Depreciation is included with the governmental capital assets as required by GASB Statement No. 34 with an increase in depreciation expense of $2,082,098.

Major capital asset events during the current year include the following:

- Continuation of the street and drainage system projects for $819,739
- Drainage construction in the amount of $2,821,097
- Street light project in the amount of $806,186

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

LONG-TERM DEBT

At the end of the current year, the City had total bonds and certificates of obligation outstanding of $74,585,000. Of this amount, $49,235,000 was general obligation debt, $13,225,000 was revenue bond debt, and certificates of obligation accounted for $12,125,000.

During the year, the City had a net reduction in the long-term debt of $4,919,639. The City did not issue any new debt this year.

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

Current underlying ratings on debt issues are as follows:

	Moody's Investors Service	Standard and Poor's
Water revenue bonds	Aaa	AAA

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The City Council approved a $26.5 million budget for calendar year 2009. The budget incorporates a 1.9 percent decrease in the property tax rate made possible by an 11 percent growth in assessed property values. West University Place's tax rate is one of the lowest in the Houston area and is projected to remain 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 water and sewer fund had been a source of concern because of a series of wet years and dramatic increases in debt service which had steadily decreased reserves and pushed the fund into non-compliance with its bond covenants. The City Council took action in late 2003 by increasing water and sewer rates. Since then, the City has carefully monitored the performance of this utility and increased rates as needed with the last increase being in December 2007.

Assessed values have grown almost 41 percent in the last five years (since 2004), and while the rate of growth is expected to slow, reconstruction will continue to impact the value of property well into the future.

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

This financial report is designed to provide a general overview of the City's finances. Questions concerning this report or requests for additional financial information should be directed to Rhonda Daugherty, Finance Director, 3800 University Boulevard, West University Place, TX, 77005, telephone 713.662.5186, or for general City information, visit the City's website at www.westu.org.

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BASIC FINANCIAL STATEMENTS

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CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS

December 31, 2008

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
Assets			
Cash and equity in pooled cash and investments	$ 13,204,582	$ 1,394,309	$ 14,598,891
Receivables, net of allowances	12,433,157	1,087,010	13,520,167
Internal balances	326,838	1,136	327,974
Inventory	2,611	-	2,611
Prepaids and other assets	139,544	-	139,544
Deferred charges	270,423	174,506	444,929
Land available for sale	410,238	-	410,238
Restricted assets:			
Cash and equity in pooled cash	-	306,557	306,557
Capital assets:			
Non-depreciable capital assets	25,993,155	213,875	26,207,030
Depreciable capital assets, net	60,403,903	31,428,327	91,832,230
Total Assets	113,184,451	34,605,720	147,790,171
Liabilities			
Accounts payable and accrued liabilities	2,187,659	367,526	2,555,185
Unearned revenue	13,957,074	-	13,957,074
Accrued bond interest	1,220,301	240,297	1,460,598
Net OPEB obligation	288,308	-	288,308
Noncurrent liabilities:			
Due within one year	4,647,130	715,000	5,362,130
Due in more than one year	58,081,115	12,414,276	70,495,391
Total Liabilities	80,381,587	13,737,099	94,118,686
Net Assets			
Invested in capital assets, net of related debt	24,421,719	18,512,926	42,934,645
Restricted for:			
Capital projects	4,154,300	-	4,154,300
Debt service	792,067	715,000	1,507,067
Special revenue projects	1,114,343	-	1,114,343
Assets held for resale	410,238	-	410,238
Unrestricted	1,910,197	1,640,695	3,550,892
Total Net Assets	$ 32,802,864	$ 20,868,621	$ 53,671,485

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

Functions/Programs	Expenses	Program Revenues: Charges for Services	Program Revenues: Operating Grants and Contributions	Program Revenues: Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	$ 2,387,061	$ -	$ 1,675,641	$ 5,291,500
Public safety	5,593,513	817,411	-	-
Public works	2,925,781	-	-	-
Public services	3,894,834	1,402,881	-	-
Interest on long-term debt	3,195,884	-	-	-
Total Governmental Activities	17,997,073	2,220,292	1,675,641	5,291,500
Business-type Activities				
Water and sewer	5,752,744	5,912,369	-	-
Solid waste	996,582	1,452,975	-	-
Total Business-Type Activities	6,749,326	7,365,344	-	-
Total Primary Government	$ 24,746,399	$ 9,585,636	$ 1,675,641	$ 5,291,500

General Revenues:

Ad valorem taxes

Sales taxes

Franchise taxes

Other taxes

Contributions

Investment earnings

Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Assets

Beginning Net Assets

Ending Net Assets

See Notes to Financial Statements.

Net Revenue (Expense) and Changes in Net Assets		
Primary Government		
Governmental Activities	Business-type Activities	Total
$ 4,580,080	$ -	$ 4,580,080
(4,776,102)	-	(4,776,102)
(2,925,781)	-	(2,925,781)
(2,491,953)	-	(2,491,953)
(3,195,884)	-	(3,195,884)
(8,809,640)	-	(8,809,640)
-	159,625	159,625
-	456,393	456,393
-	616,018	616,018
(8,809,640)	616,018	(8,193,622)
12,788,103	-	12,788,103
1,042,096	-	1,042,096
1,312,260	-	1,312,260
15,643	-	15,643
257,869	-	257,869
394,218	51,361	445,579
288,659	-	288,659
940,000	(940,000)	-
17,038,848	(888,639)	16,150,209
8,229,208	(272,621)	7,956,587
24,573,656	21,141,242	45,714,898
$ 32,802,864	$ 20,868,621	$ 53,671,485

CITY OF WEST UNIVERSITY PLACE, TEXAS

BALANCE SHEET

GOVERNMENTAL FUNDS

December 31, 2008

	General	Debt Service	Capital Project Drainage Improvement	Nonmajor Governmental Funds
Assets				
Current assets:				
Cash and equity in pooled cash and investments	$ 4,063,688	$ 2,657,996	$ 3,142,997	$ 3,117,320
Receivables, net	5,908,102	5,141,504	-	1,383,551
Due from other funds	1,594,835	-	-	64,903
Inventory	-	-	-	2,611
Prepaid costs	20,559	-	-	-
Asset held for resale	410,238	-	-	-
Total Assets	$ 11,997,422	$ 7,799,500	$ 3,142,997	$ 4,568,385
Liabilities and Fund Balances				
Liabilities:				
Accounts payable and accrued liabilities	$ 663,773	$ 6,925	$ 592,056	$ 515,172
Due to other funds	-	-	-	1,332,900
Deferred revenue	7,322,535	6,816,810	-	-
Total Liabilities	7,986,308	6,823,735	592,056	1,848,072
Fund Balances:				
Reserved for:				
Prepaids and inventory	20,559	-	-	2,611
Debt service	-	975,765	-	-
Capital purchases	-	-	-	941,720
Tree replacement	-	-	-	67,578
Park improvements	-	-	-	749,075
Court technology	-	-	-	8,996
Asset held for resale	410,238	-	-	-
Unreserved, undesignated reported in:				
General fund	3,580,317	-	-	-
Special revenue funds	-	-	-	281,814
Capital projects funds	-	-	2,550,941	668,519
Total Fund Balances	4,011,114	975,765	2,550,941	2,720,313
Total Liabilities and Fund Balances	$ 11,997,422	$ 7,799,500	$ 3,142,997	$ 4,568,385

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

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

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

Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The assets and liabilities of the internal service funds are included in the governmental activities in the Statement of Net Assets.

Long-term liabilities are not due and payable in the current period and, therefore, are not reported in the funds.
- Accrued interest payable
- Net OPEB obligation
- Non-current liabilities due in one year
- Non-current liabilities due in more than one year
- Deferred charges for issuance costs

Net Assets of Governmental Activities

See Notes to Financial Statements.

	Total
$	12,982,001
	12,433,157
	1,659,738
	2,611
	20,559
	410,238
$	27,508,304

$	1,777,926
	1,332,900
	14,139,345
	17,250,171
	23,170
	975,765
	941,720
	67,578
	749,075
	8,996
	410,238
	3,580,317
	281,814
	3,219,460
	10,258,133
	25,993,155
	59,518,681
	182,271
	817,055
	(1,220,301)
	(288,308)
	(4,647,130)
	(58,081,115)
	270,423
$	32,802,864

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Year Ended December 31, 2008

	General	Debt Service	Capital Project Drainage Improvement	Nonmajor Governmental Funds
Revenues				
Ad valorem taxes	$ 6,649,682	$ 6,451,983	$ -	$ -
Sales taxes	1,042,096	-	-	-
Franchise taxes	1,312,260	-	-	-
Other taxes	15,643	-	-	-
Permits, licenses, and fees	477,332	-	-	17,795
Fines and forfeitures	318,179	-	-	4,105
Charges for services	1,402,881	-	-	-
Intergovernmental	-	-	5,291,500	1,675,641
Contributions	-	-	-	257,869
Investment earnings	238,745	84,039	-	56,380
Other revenue	265,397	-	-	-
Total Revenues	11,722,215	6,536,022	5,291,500	2,011,790
Expenditures				
Current:				
General government	2,329,591	-	-	-
Public safety	5,242,522	-	-	-
Public works	1,935,450	-	-	-
Public service	1,865,713	-	-	2,003,985
Capital outlay	-	-	2,994,687	1,119,304
Debt service:				
Principal	-	3,780,922	-	-
Interest and fiscal agent fees	-	2,987,603	-	-
Total Expenditures	11,373,276	6,768,525	2,994,687	3,123,289
Excess (Deficiency) of Revenues Over (Under) Expenditures	348,939	(232,503)	2,296,813	(1,111,499)
Other Financing Sources (Uses)				
Transfers in	940,000	-	-	3,678,732
Transfers (out)	(164,489)	-	(1,850,000)	(1,664,243)
Total Other Financing Sources (Uses)	775,511	-	(1,850,000)	2,014,489
Net Change in Fund Balance	1,124,450	(232,503)	446,813	902,990
Beginning Fund Balances	2,886,664	1,208,268	2,104,128	1,817,323
Ending Fund Balances	$ 4,011,114	$ 975,765	$ 2,550,941	$ 2,720,313

See Notes to Financial Statements.

	Total
$	13,101,665
	1,042,096
	1,312,260
	15,643
	495,127
	322,284
	1,402,881
	6,967,141
	257,869
	379,164
	265,397
	25,561,527
	2,329,591
	5,242,522
	1,935,450
	3,869,698
	4,113,991
	3,780,922
	2,987,603
	24,259,777
	1,301,750
	4,618,732
	(3,678,732)
	940,000
	2,241,750
	8,016,383
$	10,258,133

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CITY OF WEST UNIVERSITY PLACE, TEXAS

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

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

Net changes in fund balances - total governmental funds	$ 2,241,750
Governmental funds report capital outlays as expenditures. However, in the Statement of Activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.	
Capital asset expenditures	4,984,154
Depreciation expense	(1,778,926)
The issuance of long-term debt (e.g., bonds, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts and similar items when debt is first issued; whereas, these amounts are deferred and amortized in the Statement of Activities.	
Principal payments	3,810,053
Amortization of bond issuance costs, premiums, and discounts	(24,583)
Revenue in the Statement of Activities that does not provide current financial resources are not reported as revenue in the funds.	(313,562)
Some expenses reported in the Statement of Activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	(494,555)
Internal service funds are used by management to charge the costs of certain capital assets to individual funds. The net revenue (expense) is reported with governmental activities.	(195,123)
Change in Net Assets of Governmental Activities	$ 8,229,208

See Notes to Financial Statements.

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS (Page 1 of 2)

PROPRIETARY FUNDS

December 31, 2008

	Business-Type Activities-Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Assets			
Current assets:			
Cash and equity in pooled cash and investments	$ 875,228	$ 519,081	$ 1,394,309
Accounts receivable, net	932,537	154,473	1,087,010
Prepaid costs	-	-	-
Due from other funds	1,136	-	1,136
Total Current Assets	1,808,901	673,554	2,482,455
Noncurrent assets:			
Restricted cash and equity in pooled cash	306,557	-	306,557
Total Restricted Assets	306,557	-	306,557
Deferred charges	174,506	-	174,506
Capital assets:			
Land	193,875	-	193,875
Construction in process	20,000	-	20,000
Buildings and improvements	459,625	-	459,625
Furniture and equipment	635,851	-	635,851
Water and sewer system	53,727,186	-	53,727,186
Less: accumulated depreciation	(23,394,335)	-	(23,394,335)
Total Capital Assets (Net)	31,642,202	-	31,642,202
Total Noncurrent Assets	32,123,265	-	32,123,265
Total Assets	$ 33,932,166	$ 673,554	$ 34,605,720

See Notes to Financial Statements.

Governmental Activities - Internal Service Funds
$ 222,581
-
118,985
-
341,566
-
-
-
-
-
-
2,101,586
-
(1,216,364)
885,222
885,222
$ 1,226,788

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF NET ASSETS (Page 2 of 2)

PROPRIETARY FUNDS

December 31, 2008

	Business-Type Activities-Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Liabilities			
Current liabilities:			
Accounts payable and accrued liabilities	$ 239,675	$ 127,851	$ 367,526
Due to other funds	-	-	-
Accrued interest payable	240,297	-	240,297
Revenue bonds due within one year	715,000	-	715,000
Total Current Liabilities	1,194,972	127,851	1,322,823
Noncurrent liabilities:			
Revenue bonds payable (net of unamortized discounts and deferred amounts on refunding)	12,414,276	-	12,414,276
Total Noncurrent Liabilities	12,414,276	-	12,414,276
Total Liabilities	13,609,248	127,851	13,737,099
Net Assets			
Invested in capital assets, net of related debt	18,512,926	-	18,512,926
Restricted for debt service	715,000	-	715,000
Unrestricted	1,094,992	545,703	1,640,695
Total Net Assets	$ 20,322,918	$ 545,703	$ 20,868,621

See Notes to Financial Statements.

Governmental Activities - Internal Service Funds
$ 81,760
327,973
-
-
409,733
-
-
409,733
885,222
-
(68,167)
$ 817,055

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET ASSETS

PROPRIETARY FUNDS

For the Year Ended December 31, 2008

	Business-Type Activities-Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Operating Revenues			
Charges for sales and services	$ 5,912,369	$ 939,641	$ 6,852,010
Other revenues	-	513,334	513,334
Total Operating Revenues	5,912,369	1,452,975	7,365,344
Operating Expenses			
Costs of sales and services	2,519,689	437,510	2,957,199
Personnel	787,283	559,072	1,346,355
Depreciation	1,807,607	-	1,807,607
Total Operating Expenses	5,114,579	996,582	6,111,161
Operating Income (Loss)	797,790	456,393	1,254,183
Nonoperating Revenues (Expenses)			
Investment earnings	28,029	23,332	51,361
Interest expense	(638,165)	-	(638,165)
Gain on sale of assets	-	-	-
Total Nonoperating Revenues (Expenses)	(610,136)	23,332	(586,804)
Income (Loss) Before Transfers	187,654	479,725	667,379
Transfers (out)	(660,000)	(280,000)	(940,000)
Change in Net Assets	(472,346)	199,725	(272,621)
Beginning Net Assets	20,795,264	345,978	21,141,242
Ending Net Assets	$ 20,322,918	$ 545,703	$ 20,868,621

See Notes to Financial Statements.

Governmental Activities - Internal Service Funds
$ 2,313,406
1,181
2,314,587
2,332,920
-
215,106
2,548,026
(233,439)
15,054
-
23,262
38,316
(195,123)
-
(195,123)
1,012,178
$ 817,055

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended December 31, 2008

	Business-Type Activities-Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Cash Flows from Operating Activities			
Receipts from customers and users	$ 5,270,667	$ 1,450,767	$ 6,721,434
Payments to suppliers	(2,447,998)	(379,941)	(2,827,939)
Payments to employees	(787,283)	(559,072)	(1,346,355)
Net Cash Provided by Operating Activities	2,035,386	511,754	2,547,140
Cash Flows from Noncapital Financing Activities			
Transfer to other funds	(660,000)	(280,000)	(940,000)
Net Cash (Used) by Capital and Related Financing Activities	(660,000)	(280,000)	(940,000)
Cash Flows from Capital and Related Financing Activities			
Acquisition and construction of capital assets	(148,259)	-	(148,259)
Principal paid on capital debt	(690,000)	-	(690,000)
Interest paid on capital debt	(577,814)	-	(577,814)
Proceeds from sale of capital assets	-	-	-
Net Cash (Used) by Capital and Related Financing Activities	(1,416,073)	-	(1,416,073)
Cash Flows from Investing Activities			
Interest received	28,029	23,332	51,361
Net Cash Provided by Investing Activities	28,029	23,332	51,361
Net Increase (Decrease) in Cash and Cash Equivalents	(12,658)	255,086	242,428
Cash and Cash Equivalents, Beginning of Year			
Unrestricted cash and cash equivalents	7,886	263,995	271,881
Restricted cash and cash equivalents	1,186,557	-	1,186,557
Beginning cash and cash equivalents	1,194,443	263,995	1,458,438
Ending Cash and Cash Equivalents	$ 1,181,785	$ 519,081	$ 1,700,866
Ending Cash and Cash Equivalents:			
Unrestricted cash and cash equivalents	$ 875,228	$ 519,081	$ 1,394,309
Restricted cash and cash equivalents	306,557	-	306,557
	$ 1,181,785	$ 519,081	$ 1,700,866

See Notes to Financial Statements.

Governmental Activities - Internal Service Funds
$ 2,521,069
(2,323,354)
-
197,715
-
-
(405,227)
-
-
23,262
(381,965)
15,054
15,054
(169,196)
391,777
-
391,777
$ 222,581
$ 222,581
-
$ 222,581

CITY OF WEST UNIVERSITY PLACE, TEXAS

STATEMENT OF CASH FLOWS

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended December 31, 2008

	Business-Type Activities-Enterprise Funds		
	Water and Sewer	Solid Waste	Total
Reconciliation of Operating Income (Loss) to Net Cash Provided by Operating Activities			
Operating income (loss)	$ 797,790	$ 456,393	$ 1,254,183
Adjustments to reconcile operating income (loss) to net cash provided by operating activities:			
Depreciation	1,807,607	-	1,807,607
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in Current Assets:			
Accounts receivable	(141,702)	(2,208)	(143,910)
Prepaid costs	-	-	-
Increase (Decrease) in Current Liabilities:			
Accounts payable and accrued liabilities	71,691	57,569	129,260
Due to other funds	(500,000)	-	(500,000)
Net Cash Provided by Operating Activities	$ 2,035,386	$ 511,754	$ 2,547,140

See Notes to Financial Statements.

Governmental Activities - Internal Service Funds
$ (233,439)
215,106
-
(18,475)
(45,973)
280,496
$ 197,715

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I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

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

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

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

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these basic financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations, or functions as part of the City's financial reporting entity. The Friends of West University Parks Fund, Inc., 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.

1. Blended Component Unit

<u>Friends of West University Parks Fund, Inc.</u>

Friends of West University Parks Fund, Inc. (the "Corporation") has been included in the reporting entity as a blended component unit. The Corporation is a not-for-profit entity created to solicit private contributions for the beautification, improvement, and maintenance of the City's parkland. The Corporation's Board of Directors is appointed by and serves at the discretion of City Council. City Council approval is required for any projects of the Corporation that exceed $1,000. In the event of dissolution, any assets of the Corporation will be transferred to the City. The operations of the Corporation are presented as a governmental fund type. Separate financial statements of the Corporation may be obtained from the Finance Department of the City.

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34, *Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments.* Certain requirements in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and results of operations.
- Financial statements prepared using full accrual accounting for all of the City's activities.
- A change in the fund financial statements to focus on the major funds.

GASB Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net assets and a statement of activities. It requires the classification of net assets into three components: invested in capital assets, net of related debt; restricted; and unrestricted. These classifications are defined as follows:

- **Invested in capital assets, net of related debt**—This component of net assets consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- **Restricted**—This component of net assets consists of constraints placed on net asset use through external constraints imposed by creditors (such as through debt covenants), grantors, contributors, or laws or regulations of other governments or constraints imposed by law through constitutional provisions or enabling legislation.
- **Unrestricted**—This component of net assets consists of net assets that do not meet the definition of "restricted" or "invested in capital assets, net of related debt."

C. Government-Wide and Fund Financial Statements

The Government-wide financial statements (i.e., the Statement of Net Assets and the Statement of Activities) report information about the City as a whole. These statements include all activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support.

The Statement of Activities presents a comparison between direct expenses and program revenues for each segment of the business-type activities of the City and for each function of the City's governmental activities. Direct expenses are those that are specifically associated with a program or function and, therefore, are clearly identifiable to a particular function. Program revenues include charges paid by the recipients of goods or services offered by the programs and grants that are restricted to meeting the operational or capital requirements of a particular program. Revenues that are not classified as program revenues, such as taxes and investment earnings, are presented as general revenues.

Separate financial statements are provided for governmental funds and proprietary funds. Major individual governmental funds and major individual enterprise funds are reported as separate columns

in the fund financial statements. In the fund financial statements, the accounts of the City are organized on the basis of funds, each of which is considered a separate accounting entity. The operations of each fund are accounted for with a separate set of self-balancing accounts that comprise its assets, liabilities, fund equity, revenues, and expenditures or expenses, as appropriate. Following is a description of the various funds:

1. Governmental Funds

Governmental funds are those funds through which most governmental functions are typically financed.

General Fund
The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, public safety, public works, and public service.

Special Revenue Funds
The special revenue funds are used to account for proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes. The special revenue funds include Parks Fund, Friends of the Parks Fund (blended component unit), Homeland Security, Tree Replacement Fund, Court Technology Fund, and the METRO Grant Fund. The special revenue funds are considered nonmajor funds for reporting purposes.

Debt Service Fund
The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of the City. The primary source of revenue for debt service is local property taxes. The debt service fund is considered a major fund for reporting purposes.

Capital Projects Funds
The capital projects funds are used to account for the expenditures of resources accumulated from sales tax revenues and the sale of bonds and related interest earnings for capital improvement projects. The Drainage Improvement Fund is considered a major fund for reporting purposes with the Capital Projects Fund, Capital Reserve Fund, Infrastructure Replacement Fund, Sidewalk Construction Fund, and Street Light Project Fund reported as nonmajor funds.

Proprietary Fund Types

Proprietary funds are used to account for activities that are similar to those often found in the private sector. All assets, liabilities, equities, revenues, expenses, and transfers relating to the government's business activities are accounted for through proprietary funds. The measurement focus is on determination of net income, financial position, and cash flows. Proprietary funds distinguish operating revenues and expenses from non-operating items. Operating revenues include charges for services. Operating expenses include costs of materials, contracts, personnel, and depreciation. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses. Proprietary fund types follow GAAP prescribed by the Governmental Accounting Standards Board (GASB) and all Financial Accounting Standards Board's standards issued prior to November 30, 1989. Subsequent to this date, the City accounts for its enterprise funds as presented by GASB.

The proprietary fund types used by the City include the following:

Enterprise Funds

The enterprise funds are used to account for the operations that provide water and wastewater collection, wastewater treatment operations and solid waste collection and disposal. The services are financed and operated in a manner similar to private business enterprises where the intent of the governing body is that the costs (expenses including depreciation) of providing goods or services to the general public on a continuing basis will be financed or recovered primarily through user charges. The Water and Sewer Fund and the Solid Waste Fund are considered major funds for reporting purposes.

Additionally, the government reports the following fund types:

Internal Service Funds

Internal service funds account for services provided to other departments or agencies of the government, or to other governments, on a cost reimbursement basis. The Equipment Replacement Fund is used to account for equipment replacement and maintenance services. The Health Benefits Fund accounts for costs associated with retired or separated employees as well as health benefits. The Technology Management Fund accounts for technology services.

D. Measurement Focus and Basis of Accounting

The Government-wide Statements of Net Assets and Statements of Activities and all proprietary funds are accounted for on a flow of economic resources measurement focus, accrual basis of accounting. With this measurement focus, all assets and all liabilities associated with the operations of these activities are included on the balance sheet. Proprietary fund equity consists of net assets. Proprietary fund-type operating statements present increases (i.e., revenues) and decreases (i.e., expenses) in net total assets.

The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. All governmental funds and component units are accounted for using a current financial resources measurement focus. With this measurement focus, only current assets and current liabilities generally are included on the balance sheet. Operating statements of these funds present increases (i.e., revenues and other financing sources) and decreases (i.e., expenditures and other financing uses) in net current assets.

The City utilizes the modified accrual basis of accounting in the governmental fund type and component units. Under the modified accrual basis of accounting, revenues are recognized in the accounting period when they are susceptible to accrual (i.e., when they are measurable and available). Measurable means the amount of the transaction can be determined and available means collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the City considers revenues available if they are collected within 60 days of the end of the current period. Revenues susceptible to accrual include charges for services and interest on temporary investments.

Property taxes, sales taxes, franchise taxes, and interest associated with the current period are all considered to be susceptible to accrual and so have been recognized as revenues of the current period. Other receipts and other taxes become measurable and available when cash is received by the government and are recognized as revenue at that time.

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

The accrual basis of accounting is used for the proprietary fund types. This basis of accounting recognizes revenues in the accounting period in which they are earned and become measurable, and expenses in the accounting period in which they are incurred and become measurable.

The statements of net assets, statements of activities, and financial statements of proprietary fund types are presented on the accrual basis of accounting. Under this method of accounting, revenues are recognized in the accounting period in which they are earned, and expenses in the accounting period in which they are incurred.

Generally, the effect of interfund activity has been eliminated from the government-wide financial statements.

E. Assets, Liabilities, and Net Assets or Fund Equity

1. Deposits and Investments

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

In accordance with GASB Statement No. 31 *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, Texas Governmental Code. In summary, the City is authorized to invest in the following:

Direct obligations of the U.S. Government
Money Market Mutual Funds that meet certain criteria
Statewide investment pools

2. Receivables

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a fund balance reserve account in applicable governmental funds to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of an allowance for uncollectibles.

Property taxes

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

3. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred (i.e., the purchase method). Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

4. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental or business-type activities columns in the government-wide financial statements. In accordance with GASB Statement No. 34, infrastructure has been capitalized retroactively. Capital assets are defined by the government as assets with an initial, individual cost of more than $5,000 and an estimated useful life in excess of one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years:

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

5. Compensated Employee Absences

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

6. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. The long-term debt consists primarily of bonds payable and accrued compensated absences.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest are reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations financed by proprietary funds are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the effective interest method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are reported as deferred charges.

The property tax rate is allocated each year between the general and debt service funds. The full amount estimated to be required for debt service on general obligation debt is provided by the tax along with interest earned in the debt service fund. Though a portion of the general obligation debt was directly related to the purchase of water and sewer infrastructure, the debt service expenditures are included in the governmental fund financial statements as they are expected to be paid from debt service tax revenues instead of water system revenues.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other

financing sources and as capital outlay expenditures in the applicable fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

7. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

8. Post-Employment Healthcare Benefits

The City provides post-employment healthcare benefits as mandated by the Consolidated Omnibus Budget Reconciliation Act (COBRA). The requirements established by COBRA are fully funded by the employees who elect coverage under the Act, and the City incurs no direct costs.

For employees hired prior to January 1, 2009, the City provides continued healthcare coverage for eligible retirees until they become eligible for Medicare or other federal or state health insurance plans or if retirees become employed. The City pays 100 percent of the premium for the retiree and spouses and dependents are eligible for continued coverage at the retiree's expense.

9. Estimates

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

II. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

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

Encumbrances represent the estimated amount of expenditures ultimately to result when unperformed contracts (in progress at year-end) are completed. Such encumbrances do not constitute expenditures or liabilities because the commitments will be reappropriated and honored during the subsequent year.

III. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Interest rate risk. In accordance with its investment policy, the City manages its exposure to declines in fair values by structuring the investment portfolio so that securities mature to meet cash requirements for ongoing operations and invest operating funds primarily in short-term securities.

Custodial credit risk – deposits. In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. The City's investment policy requires funds on deposit at the depository bank to be collateralized by securities. As of December 31, 2008, market values of pledged securities exceeded bank balances.

Custodial credit risk – investments. For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

As of December 31, 2008, the City had the following investments:

Investment Type	Fair Value	Weighted Average Maturity (Years)
U.S. Agencies	$ 7,968,327	0.85
TexPool	6,051,762	0.00
Total fair value	$ 14,020,089	
Portfolio weighted average maturity		0.48

TexPool

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

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

B. Receivables

The following comprise receivable balances at year end:

	General	Debt Service	Water and Sewer	Solid Waste	Nonmajor
Ad valorem taxes	$ 5,519,372	$ 5,141,504	$ -	$ -	$ -
Other taxes	256,620	-	-	-	-
Accounts	61,570	-	1,074,335	182,182	-
Intergovernmental	-	-	-	-	1,363,493
Other	71,844	-	-	-	20,058
Less allowance	(1,304)	-	(141,798)	(27,709)	-
	$ 5,908,102	$ 5,141,504	$ 932,537	$ 154,473	$ 1,383,551

C. Capital Assets

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

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

	Primary Government			
	Beginning Balance	Increases	(Decreases)	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	$ 5,864,089	$ -	$ -	$ 5,864,089
Construction in progress	16,299,116	3,829,950	-	20,129,066
Total capital assets not being depreciated	22,163,205	3,829,950	-	25,993,155
Other capital assets:				
Buildings and improvements	16,491,833	188,386	-	16,680,219
Machinery and equipment	5,930,197	648,926	(212,852)	6,366,271
Infrastructure	56,744,478	806,186	-	57,550,664
Total other capital assets	79,166,508	1,643,498	(212,852)	80,597,154
Less accumulated depreciation for:				
Buildings and improvements	(4,559,711)	(467,440)	-	(5,027,151)
Machinery and equipment	(4,202,488)	(463,644)	212,852	(4,453,280)
Infrastructure	(9,561,808)	(1,151,012)	-	(10,712,820)
Total accumulated depreciation	(18,324,007)	(2,082,096)	212,852	(20,193,251)
Other capital assets, net	60,842,501	(438,598)	-	60,403,903
Totals	$ 83,005,706	$ 3,391,352	$ -	86,397,058
			Less associated debt	(61,975,339)
			Invested in Capital Assets, Net of Related Debt	$ 24,421,719

Depreciation was charged to governmental functions as follows:

General government	$ 195,123
Public safety	121,358
Public works	1,377,852
Public service	172,659
Capital assets held by the City's Internal Service Fund are charged to various functions based on their usage of the assets	215,106
Total Governmental Activities Depreciation Expense	$ 2,082,098

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

	Beginning Balance	Increases	(Decreases)/ Reclassifications	Ending Balance
Business-type Activities:				
Capital assets not being depreciated:				
Land	$ 193,875	$ -	$ -	$ 193,875
Construction in progress	-	20,000	-	20,000
Total capital assets not being depreciated	193,875	20,000	-	213,875
Other capital assets:				
Buildings	459,625	-	-	459,625
Water and sewer system	53,690,395	36,791	-	53,727,186
Machinery and equipment	774,641	968	(139,758)	635,851
Total other capital assets	54,924,661	37,759	(139,758)	54,822,662
Less accumulated depreciation for:				
Buildings	(271,710)	(18,385)	-	(290,095)
Water and sewer system	(20,797,756)	(1,779,018)	-	(22,576,774)
Machinery and equipment	(657,020)	(10,204)	139,758	(527,466)
Total accumulated depreciation	(21,726,486)	(1,807,607)	139,758	(23,394,335)
Other capital assets, net	33,198,175	(1,769,848)	-	31,428,327
Totals	$ 33,392,050	$ (1,749,848)	$ -	31,642,202
			Less associated debt	(13,129,276)
			Invested in Capital Assets, Net of Related Debt	$ 18,512,926

Depreciation was charged to business-type functions as follows:

Water and sewer	$ 1,807,607
Total Business-type Activities Depreciation Expense	$ 1,807,607

D. Long-Term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General obligation bonds					
Series 1998	$ 5,075,000	$ -	$ 1,075,000	$ 4,000,000 *	$ 1,000,000
Series 2000	1,570,000	-	335,000	1,235,000 *	555,000
Series 2002	21,000,000	-	2,000,000	19,000,000 *	2,010,000
Series 2005	25,025,000	-	25,000	25,000,000 *	30,000
Certificates of obligation					
Series 2001	2,855,000	-	100,000	2,755,000 *	110,000
Series 2003	9,525,000	-	155,000	9,370,000 *	170,000
Unamortized refunding items	349,573	-	29,131	320,442 *	-
Capital lease	385,819	-	90,922	294,897 *	94,515
	65,785,392	-	3,810,053	61,975,339	3,969,515
Other liabilities:					
Compensated absences	730,357	449,498	426,950	752,905	677,615
Total Governmental Activities	$ 66,515,749	$ 449,498	$ 4,237,003	$ 62,728,244	$ 4,647,130
Long-term debt due in more than one year				$ 58,081,115	
Business-type Activities:					
Revenue bonds					
Series 2001A	$ 3,265,000	$ -	$ 75,000	$ 3,190,000 **	$ 80,000
Series 2001B	2,670,000	-	75,000	2,595,000 **	80,000
Series 2005, refunding	7,980,000	-	540,000	7,440,000 **	555,000
(Less) unamortized premiums and or discounts	(103,088)	-	(7,364)	(95,724) **	-
Total Business-Type Activities	$ 13,811,912	$ -	$ 682,636	$ 13,129,276	$ 715,000
Long-term debt due in more than one year				$ 12,414,276	
***Debt associated with governmental activity capital assets**				$ 61,975,339	
****Debt associated with business-type activity capital assets**				$ 13,129,276	

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

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

Description	Interest Rates	Balance
Governmental Activities		
General Obligation Bonds		
Permanent improvement		
Series 2000	5.25-6.75%	$ 1,235,000
Permanent improvement and refunding		
Series 1998	3.65-5.625%	4,000,000
Series 2002	4.0-5.5%	19,000,000
Series 2005	2.45-5.25%	25,000,000
Total General Obligation Bonds		49,235,000
Certificates of Obligation		
Series 2001	4.40%	2,755,000
Series 2003	3.15-4.0%	9,370,000
Total Certificates of Obligation		12,125,000
Total Bond and Certificate Obligations		61,360,000
Capital Leases		
Fire truck	3.95%	294,897
Total Capital Leases		294,897
Total Governmental Activities Long-Term Debt		$ 61,654,897
Business-type Activities		
Revenue Bonds		
Water and sewer, series 2001A	4.6-6.5%	$ 3,190,000
Water and sewer, series 2001B	2.25-4.3%	2,595,000
Water and sewer, refunding series 2005	2.87-4.50%	7,440,000
Total Business-type Activities Long-Term Debt		$ 13,225,000

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

Year Ending Dec 31	Governmental Activity Principal	Governmental Activity Interest	Business-Type Activity Principal	Business-Type Activity Interest	Total
2009	$ 3,875,000	$ 2,823,918	$ 715,000	$ 551,749	$ 7,965,667
2010	4,055,000	2,640,024	745,000	523,445	7,963,469
2011	4,235,000	2,461,785	785,000	492,802	7,974,587
2012	4,430,000	2,270,969	820,000	460,671	7,981,640
2013	4,650,000	2,052,777	845,000	427,382	7,975,159
2014-2018	27,155,000	6,171,267	4,830,000	1,505,786	39,662,053
2019-2022	12,960,000	605,310	4,485,000	413,416	18,463,726
Total	$ 61,360,000	$ 19,026,050	$ 13,225,000	$ 4,375,251	$ 97,986,301

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

Advance Refundings

In 2005, the City defeased certain permanent improvement bonds, series' 1996, 1998, and 2000 in the amount of $25,395,000 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At December 31, 2008, $5,290,000 of permanent improvement and refunding bonds, series 1998 and $18,045,000 of permanent improvement bonds, series 2000, were considered defeased related to the 2005 refunding.

The City also defeased certain waterworks and sewer system revenue bonds, series' 1996A, 1996B, and 1998A in 2005 in the amount of $8,655,000 by placing the proceeds of new bonds in an irrevocable trust to provide for all future debt service payments on the old bonds. Accordingly, the trust account assets and liability for the defeased bonds are not included in the City's financial statements. At December 31, 2008, $4,060,000 of revenue bonds, series 1998A was considered defeased related to the 2005 refunding.

Federal Arbitrage

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

Capital Leases

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

Year Ending Dec 31	Governmental Activity Principal	Interest	Total
2009	$ 94,515	$ 11,652	$ 106,167
2010	98,250	7,918	106,168
2011	102,132	4,036	106,168
Total	$ 294,897	$ 23,606	$ 318,503

The assets acquired through capital leases are as follows:

	Governmental Activities
Asset:	
Machinery and equipment	$ 483,333
Less: Accumulated depreciation	(96,667)
Total	$ 386,666

E. Interfund Transactions

The composition of interfund balances as of year end was as follows:

Due To	Due From	Amounts
General fund	Nonmajor governmental funds	$ 1,266,862
General fund	Internal service funds	327,973
Nonmajor governmental funds	Nonmajor governmental funds	64,903
Water and Sewer fund	Nonmajor governmental funds	1,136
		$ 1,660,874

Amounts recorded as "due to/from" are considered to be temporary loans and will be repaid during the following year.

Transfers between the primary government funds during the year were as follows:

Transfer Out	Transfer In	Amounts
General	Non Major	$ 164,489
Water and Sewer	General	660,000
Solid Waste	General	280,000
Capital Project Drainage Improvement	Non Major	1,850,000
Non Major	Non Major	1,664,243
		$ 4,618,732

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.

F. Fund Equity

The City records fund balance reserves on the fund level to indicate that a portion of the fund balance is legally restricted for a specific future use or to indicate that a portion of the fund balance is not available for expenditure.

The following is a list of fund balances reserved or designated recognized by the City:

General Fund		
Reserved for prepaids and inventory	$	20,559
Asset held for resale		410,238
Debt Service Fund		
Reserved for debt service	$	975,765
Nonmajor Other Governmental Funds		
Reserved for inventory	$	2,611
Reserved for capital purchases		941,720
Reserved for tree replacement		67,578
Reserved for park improvements		749,075
Reserved for court technology		8,996

G. Restricted Assets

The balance of the restricted cash account in the water and sewer fund recognized by the City is as follows:

Water and Sewer Fund		
Restricted for debt service		715,000
	$	715,000

IV. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with 2,596 other entities in the Texas Municipal League's Intergovernmental Risk Pools (the "Pool"). The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool, outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

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

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

C. Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), one of 827 currently administered by TMRS, an agent multiple-employer public employee retirement system.

Benefits depend upon the sum of the employee's contributions to the plan, with interest, and the City financed monetary credits, with interest. At the date the plan began, the City granted monetary credits for service rendered before the plan began of a theoretical amount at least equal to two times what would have been contributed by the employee, with interest, prior to establishment of the plan. Monetary credits for service since the plan began are a percentage (100%, 150%, or 200%) of the employee's accumulated contributions. In addition, the City can grant, as often as annually, another type of monetary credit referred to as an updated service credit which is a theoretical amount which, when added to the employee's accumulated contributions and the monetary credits for service since the plan began, would be the total monetary credits and employee contributions accumulated with interest if the current employee contribution rate and city matching percent had always been in existence and if the employee's salary had always been the average of his salary in the last three years that are one year before the effective date. At retirement, the benefit is calculated as if the sum of the employee's accumulated contributions with interest and the employer-financed monetary credits with interest were used to purchase an annuity.

Members can retire at ages 60 and above with 5 or more years of service or with 20 years of service regardless of age. A member is vested after 5 years. The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS and within the actuarial constraints also in the statutes.

Contributions

The contribution rate for the employees is 7 percent, and the City's matching ratio is currently two to one, both as adopted by City Council. Under the state law governing TMRS, the actuary annually determines the City contribution rate. This rate consists of the normal cost contribution rate and the prior service contribution rate, both of which are calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the currently accruing monetary credits due to the City matching percent, which are the obligation of the City as of an employee's retirement date, not at the time the employee's contributions are made. The normal cost contribution rate is the actuarially determined percent of payroll necessary to satisfy the obligation of the City to each employee at the time his/her retirement becomes effective. The prior service contribution rate amortizes the unfunded (over funded) actuarial liability (asset) over the remainder of the plan's 25-year amortization period. The projected unit credit actuarial cost method is used for determining the City contribution rate. Both the employees and the City make contributions monthly.

Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that serves as the basis for the rate and the calendar year when the rate goes into effect (i.e., December 31, 2006 valuation is effective for rates beginning January 2008).

All assumptions for the 12/31/06 valuations are contained in the 2006 TMRS Comprehensive Annual Financial Report, a copy of which may be obtained by writing to P.O. Box 149153, Austin, Texas 78714-9153. The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected Unit Credit
Amortization Method	Level % of Payroll
Remaining Amortization Period	30 Years - Closed period
Asset Valuation Method	Amortized cost
Investment Rate of Return	7%
Projected Salary Increases	Varies by age and service
Includes Inflation at	3.0%
Cost of Living Adjustments	2.1% (3.0% CPI)

Three-Year Contribution Information

	Annual Pension Percentage of ARC		Net Pension
Fiscal year	Cost (ARC)	Contributions	Obligation
2005	$ 872,988	100%	$ -
2006	$ 933,302	100%	$ -
2007	$ 991,837	100%	$ -

Future Funding Requirements

At its December 8, 2007 meeting, the TMRS Board of Trustees adopted actuarial assumptions to be used in the actuarial valuation for the year ended December 31, 2007. A summary of actuarial assumptions and definitions can be found in the December 31, 2007 TMRS Comprehensive Annual Financial Report (CAFR).

Since its inception, TMRS has used the Unit Credit actuarial funding method. This method accounts for liability accrued as of the valuation date, but does not project the potential future liability of provisions adopted by a city. Two-thirds of the cities participating in TMRS have adopted the Updated Service Credit and Annuity Increases provisions on an annually repeating basis. For the December 31, 2007 valuation, the TMRS Board determined that the Projected Unit Credit (PUC) funding method should be used, which facilitates advance funding for future updated service credits and annuity increases that are adopted on an annually repeating basis. In addition, the Board also adopted a change in the amortization period from a 25-year "open" to a 25-year "closed" period. TMRS Board of Trustee rules provide that, whenever a change in actuarial assumptions or methods results in a contribution rate increase in an amount greater than 0.5%, the amortization period will be increased to 30 years, unless a city requests that the period remain at 25 years. For cities with repeating features, these changes would likely result initially in higher required contributions and lower funded ratios; however, the funded ratio should show steady improvement over time. To assist in this transition to higher rates, the Board also approved an eight-year phase-in period, which will allow cities the opportunity to increase their contributions gradually (approx. 12.5% each year) to their full rate (or their required contribution rate). If the changes in actuarial funding method and assumptions had not been adopted for the 2007 valuation, the city's unfunded actuarial accrued liability would have been $7,385,654 and the funded ratio would have been 69.4%.

In addition, TMRS is currently working on its legislative package for 2009. There is a possibility that the Investment rate of return (IRR) assumption of 7% would need to be lowered if desired legislation for the 2009 session is unsuccessful. Maintaining a 7% IRR assumption is contingent in part on the continued diversification of the TMRS portfolio, from an almost exclusive bond portfolio to a portfolio that includes equities as well. If state legislation needed to facilitate the continued diversification is not enacted, TMRS may have to revisit the continued diversification of the portfolio and consider reducing the assumed IRR. A reduction in the IRR would result in increased actuarial accrued liabilities, thus causing further increases in City contribution rates, following the December 31, 2009 actuarial valuation.

D. Other Post Employment Benefits

1. Healthcare Plan

Plan Description

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

Employees hired January 1, 2009 and there after

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 10 years immediately preceding the date of retirement, you may continue coverage with the City's health plan.

Exempt Employees – If you retire through TMRS and have minimum of 10 years of service credit with TMRS of which three 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 pays 100% of the premium for the retiree. Spouse and dependents are eligible for continued coverage. Retirees are responsible for all costs associated with spouse and dependent benefits.

All benefits terminate when retiree becomes eligible for Medicare or other federal or state health insurance plans or if retiree becomes employed.

Employees who retire under a disability retirement are eligible for retiree health benefits if they have met the eligibility for a regular retirement upon their disability.

TMRS retirement requirement: 5 years of service at age 60; or 20 years of service regardless of age.

Funding Policy

The contribution requirements of plan members and the City are established and may be amended by the City Council. Funding is provided on a pay-as-you-go basis. For fiscal year 2008, the City contributed $59,438 to the plan, which represents current premiums. Plan members receiving benefits contributed $10,866; their required contribution is $418.80 per month for retiree and children-only coverage, $591.22 for retiree and spouse only, or $1,083.90 for retiree and family for health.

Annual OPEB Cost

The City's annual OPEB cost (expense) is calculated based on the annual required contribution of the employer (ARC), an amount actuarially determined in accordance with the parameters of GASB Statement 45. The ARC represents a level of funding that, if paid on an ongoing basis, is projected to cover normal cost each year and amortize any unfunded actuarial liabilities (or funding excess) over a period not to exceed thirty years. The following table shows the components of the City's annual OPEB cost for the year, the amount actually contributed to the plan, and the City's net OPEB obligation.

Annual required contribution	$	347,746
Contributions made		59,438
Increase in net OPEB obligation		288,308
Net OPEB obligation-beginning of year		-
Net OPEB obligation-end of year	$	288,308

The City's annual OPEB cost, the percentage of annual OPEB cost contributed to the plan, and the net OPEB obligation for 2008 and the two preceding years are as follows:

Fiscal year	Annual OPEB Cost (ARC)	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation Beginning	Net OPEB Obligation Ending
2008*	$ 347,746	34.47%	$ -	$ 288,308

* 2008 is the first year the City is required to implement GASB statement No. 34 and the requirements have been implemented prospectively, therefore, the above illustration does not reflect similar information for the two preceding years.

Funded Status and Funding Progress

As of December 31, 2007, the most recent actuarial valuation date, the plan was 0.00 percent funded. The actuarial accrued liability for benefits was $2,875,330, and the actuarial value of assets was $0, resulting in an unfunded actuarial accrued liability (UAAL) of $2,875,330.

Actuarial valuations of an ongoing plan involve estimates of the value of reported amounts and assumptions about the probability of occurrence of events far into the future. Examples include assumptions about future employment, mortality, and the healthcare cost trend. Amounts determined regarding the funded status of the plan and the annual required contributions of the employer are subject to continual revision as actual results are compared with past expectations and new estimates are made about the future. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multiyear trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liabilities for benefits.

Actuarial Methods and Assumptions

Projections of benefits for financial reporting purposes are based on the substantive plan (the plan as understood by the employer and the plan members) and include the types of benefits provided at the time of each valuation and the historical pattern of sharing of benefit costs between the employer and plan members to that point. The actuarial methods and assumptions used include techniques that are designed to reduce the effects of short-term volatility in actuarial accrued liabilities and the actuarial value of assets, consistent with the long-term perspective of the calculations.

The following is a summary of the actuarial assumptions:

Actuarial Cost Method	Projected unit credit
Amortization Method	Level % of payroll
Amortization Period	30 years
Asset Valuation Method	Market value
Investment Rate of Return	4.5%
Projected Salary Increases	Varies with age and years of service.
Healthcare Cost Trend Rate (Initial/Ultimate)	10.0%/4.5%

2. Supplemental Death Benefits Plan

Plan Description

The City participates in a cost-sharing multiple-employer defined benefit group-term life insurance plan operated by the Texas Municipal Retirement System (TMRS). This plan is referred to as the Supplemental Death Benefits Fund (SDBF). This plan provides group term life insurance coverage to current eligible employees and to retired employees. The coverage provided to retired employees is a postemployment benefit other than pension benefits (OPEB).

The Supplemental Death Benefits Fund (SDBF) is a cost-sharing multiple-employer defined benefit group term life insurance plan operated by the Texas Municipal Retirement System (TMRS); this is a separate trust administered by the TMRS Board of Trustees. TMRS issues a publicly available Comprehensive Annual Financial Report (CAFR) that includes financial and supplementary information for the SDBF. That report may be obtained from the TMRS website at www.TMRS.com.

Funding Policy

Each participating employer contributes to the SDBF at a contractually required rate. An annual actuarial valuation is performed and the contractual rate is determined using the unit credit method for providing one-year term life insurance. The City's contributions to the SDBF for the year ended December 31, 2008, was $17,582 which equaled the contractually required contributions each year.

E. Hurricane Ike

Prior to making landfall on September 13, 2008, the National Hurricane Center forecasted that Hurricane Ike, a category 4 hurricane, would likely come ashore just west of the City, placing the City on the "dirty side" of the storm. In the days leading up to landfall, revised forecasts placed the storm's path directly across the City. Actual landfall occurred in Galveston Texas. Although, at landfall, the storm was rated as a category 2 hurricane, Ike was unusually large and had a storm surge disproportional to its wind speed (category). The storm resulted in extensive flooding, wind damage, and a massive amount of debris removal. Ike's damage along the Gulf Coast could reach U.S. $31.5 billion, which would make it the third costliest hurricane on record.

The City incurred substantial expenses: planning and preparing for the event, providing refuge and assistance to citizens of the area, manning emergency operations, and cleaning up debris. Many of these expenditures incurred by the City are expected to be reimbursed by the Federal Emergency Management Agency (FEMA). The City has estimated the amount it anticipates to recover from FEMA for the portion of expenditures incurred. However, FEMA's policies have and will likely change; therefore, the actual reimbursement could differ from the amount estimated based on the City's current understanding and interpretation of FEMA's policies.

F. Subsequent Events

Issuance of Debt

Subsequent to year end on February 1, 2009 the City issued certificates of obligation bonds, series 2009 for $1,295,000. Proceeds from the sale of the certificates will be used for purchasing, constructing and replacing street and drainage facilities and emergency power generators. The City also issued permanent improvement and refunding bonds, series 2009 for $11,740,000 on March 1, 2009. Proceeds from the sale of the bonds will be used for improvements to parks within the City and to refund the series 1998 outstanding bonds in full.

TMRS

On May 26, 2009 Governor Rick Perry signed HB360 which amends the TMRS Act by providing the following:

1. Guarantee members an annual interest credit of at least 5.00% and a 5.00% discount rate used in setting the annuity purchase rate for retirees;

2. Include unrealized gains and losses in the crediting/charging of interest to city accounts;

3. Credit variable annual interest rates to cities, including negative rates.

These changes enable TMRS to continue the diversification of the System's investments, which will enhance risk management and support higher returns, thereby helping to mitigate the need for future city contribution rate increases.

REQUIRED SUPPLEMENTARY INFORMATION

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL GENERAL FUND

For the Year Ended December 31, 2008

	Original Budget Amounts	Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues				
Taxes:				
Ad valorem	$ 6,632,630	$ 6,632,630	$ 6,649,682	$ 17,052
Sales	850,000	850,000	1,042,096	192,096
Franchise	975,600	975,600	1,312,260	336,660
Other taxes	14,600	14,600	15,643	1,043
Permits, licenses, and fees	695,840	695,840	477,332	(218,508)
Fines	248,200	248,200	318,179	69,979
Charges for services	1,324,700	1,324,700	1,402,881	78,181
Investment earnings	250,000	250,000	238,745	(11,255)
Other revenues	219,960	219,960	265,397	45,437
Total Revenues	11,211,530	11,211,530	11,722,215	510,685
Expenditures				
General government:				
Administration	868,380	920,000	886,907	33,093
Finance	1,488,870	1,488,870	1,442,684	46,186
Total Government Expenditures	2,357,250	2,408,870	2,329,591	79,279
Public safety:				
Police	3,123,280	3,123,280	2,756,413	366,867
Fire	2,528,310	2,537,340	2,486,109	51,231
Total Public Safety Expenditures	5,651,590	5,660,620	5,242,522	418,098
Public works	2,065,560	2,065,560	1,935,450	130,110
Public service	1,905,580	1,905,580	1,865,713	39,867
Total Expenditures	11,979,980	12,040,630	11,373,276	667,354
Excess of Revenues Over (Under) Expenditures	(768,450)	(829,100)	348,939	1,178,039
Other Financing Sources				
Transfers in	940,000	940,000	940,000	-
Transfers (out)	-	(164,489)	(164,489)	-
Total Other Financing Sources	940,000	775,511	775,511	-
Net Change in Fund Balance	$ 171,550	$ (53,589)	1,124,450	$ 1,178,039
Beginning Fund Balance			2,886,664	
Ending Fund Balance			$ 4,011,114	

Notes to Required Supplementary Information:

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

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF FUNDING PROGRESS-
TEXAS MUNICIPAL RETIREMENT SYSTEM

For the Year Ended December 31, 2008

The City's annual covered payroll and pension costs are actuarially valued on a calendar year basis. Because the City makes all the annually required contributions, no net pension obligation (NPO) exists. The information presented below represents the City's Schedule of Funding Progress.

Fiscal year	2008	2007	2006	2005	2004
Actuarial Valuation date	12/31/2007	12/31/2006	12/31/2005	12/31/2004	12/31/2003
Actuarial Value of Assets	$ 16,779,245	$ 15,648,469	$ 14,095,876	$ 12,886,461	$ 13,522,221
Actuarial Accrued Liability	$ 28,129,514	$ 22,702,928	$ 20,777,707	$ 19,196,674	$ 19,648,251
Percentage Funded	59.6%	68.9%	67.8%	67.1%	68.8%
Unfunded Actuarial Accrued Liability	$ 11,350,269	$ 7,054,459	$ 6,681,831	$ 6,310,213	$ 6,126,030
Annual Covered Payroll	$ 5,970,726	$ 5,711,947	$ 5,700,977	$ 5,545,016	$ 5,708,418
Unfunded Actuarial Accrued Liability (UAAL) % of Covered Payroll	190.1%	123.5%	117.2%	113.8%	107.3%
Net Pension Obligation (NPO) at the Beginning of Period	$	$ -	$ -	$ -	$ -
Annual Req. Contrib. (ARC)	$ 991,837	$ 931,489	$ 944,597	$ 893,021	$ 730,622
Contributions Made	$ 991,837	$ 931,489	$ 944,597	$ 893,021	$ 730,622
NPO at the End of Period	$ -	$ -	$ -	$ -	$ -

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF FUNDING PROGRESS-

POST-EMPLOYMENT HEALTHCARE BENEFITS[1]

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) - Entry Age (b)	Unfunded AAL (UAAL) (b-a)	Funded Ratio (a/b)	Annual Covered Payroll (c)	UAAL as a Percentage of Covered Payroll [(b-a)/c]
07/01/08	$ -	$ 2,875,330	$ 2,875,330	0.0%	$ 6,848,095	42.0%

[1] 2008 is the first year the City is required to implement GASB Statement No. 45 and the requirements have been implemented prospectively, therefore, the above illustration does not reflect similar information for the two preceding years.

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COMBINING STATEMENTS AND SCHEDULES

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL DEBT SERVICE FUND

For the Year Ended December 31, 2008

	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Ad valorem taxes	$ 6,403,500	$ 6,451,983	$ 48,483
Investment earnings	74,999	84,039	9,040
Total Revenues	6,478,499	6,536,022	57,523
Expenditures			
Debt service:			
Principal	3,796,180	3,780,922	15,258
Interest and fiscal agent fees	3,009,090	2,987,603	21,487
Total Expenditures	6,805,270	6,768,525	36,745
Net Change in Fund Balance	$ (326,771)	(232,503)	$ 94,268
Beginning fund balance		1,208,268	
Ending Fund Balance		$ 975,765	

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CITY OF WEST UNIVERSITY PLACE, TEXAS

NONMAJOR GOVERNMENTAL FUNDS

December 31, 2008

SPECIAL REVENUE FUNDS

Special Revenue Funds are used to account for specific revenues that are legally restricted to expenditures for particular purposes.

Parks Fund

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

Friends of the Parks Fund

This fund accounts for the financial activity of the Friends of West University Parks Fund, Inc. This fund's revenues are restricted to use in improving the City's parks.

Homeland Security Fund

This fund accounts for the grants received for Homeland Security.

Tree Replacement Fund

This fund is used to account for permits and fines collected to replace trees within the City.

Court Technology Fund

This fund is used to account for a portion of traffic fine revenue set aside to acquire technology for the municipal court.

METRO Grant Fund

This fund is used to account for the proceeds of a multi-year transportation grant from METRO.

Emergency Grant Fund

This fund is used to account for the proceeds for disaster reimbursement.

CAPITAL PROJECTS FUNDS

Capital Projects Funds are used to account for resources used in the acquisition or construction of major general capital assets.

Capital Projects Fund

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

Capital Reserve Fund

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

Infrastructure Replacement Fund

This fund is used to account for the cost and financing of a maintenance projects to improve infrastructure within the City.

Side Walk Construction Fund

This fund is used to account for the cost and financing of a major project to improve City Sidewalks.

Street Light Project Fund

This fund is used to account for the cost and financing of a major project to improve City Streetlights.

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING BALANCE SHEET -

NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

December 31, 2008

	Special Revenue Funds			
	Parks	Friends of the Parks	Homeland Security	Tree Replacement
Assets				
Current assets:				
Cash and equity in pooled cash and investments	$ 17,269	$ 731,056	$ -	$ 67,758
Accounts receivable	-	750	-	-
Due from other funds	-	-	-	-
Inventory	-	2,611	-	-
Total Assets	$ 17,269	$ 734,417	$ -	$ 67,758
Liabilities and Fund Balance				
Liabilities:				
Accounts payable	$ -	$ -	$ -	$ 180
Due to other funds	-	-	-	-
Total Liabilities	-	-	-	180
Fund balances:				
Reserved for inventory	-	2,611	-	-
Reserved for capital purchases	-	-	-	-
Reserved for tree replacement	-	-	-	67,578
Reserved for park improvements	17,269	731,806	-	-
Reserved for court technology	-	-	-	-
Unreserved for special revenues	-	-	-	-
Unreserved for capital projects	-	-	-	-
Total Fund Balances	17,269	734,417	-	67,578
Total Liabilities and Fund Balances	$ 17,269	$ 734,417	$ -	$ 67,758

Special Revenue Funds			Capital Projects Funds		
Court Technology	METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Infrastructure Replacement
$ 8,996	$ 6,880	$ -	$ 374,909	$ 626,046	$ 12,874
-	-	1,363,493	19,308	-	-
-	-	-	64,903	-	-
-	-	-	-	-	-
$ 8,996	$ 6,880	$ 1,363,493	$ 459,120	$ 626,046	$ 12,874
$ -	$ -	$ 168,779	$ -	$ 195	$ 342,093
-	-	912,900	420,000	-	-
-	-	1,081,679	420,000	195	342,093
-	-	-	-	-	-
-	6,880	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
8,996	-	-	-	-	-
-	-	281,814	-	-	-
-	-	-	39,120	625,851	(329,219)
8,996	6,880	281,814	39,120	625,851	(329,219)
$ 8,996	$ 6,880	$ 1,363,493	$ 459,120	$ 626,046	$ 12,874

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING BALANCE SHEET -
NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)
December 31, 2008

	Capital Project Funds		Total Nonmajor Governmental Funds
	Side Walk Construction	Street Light Project	
Assets			
Current assets:			
Cash and equity in pooled cash and investments	$ 336,692	$ 934,840	$ 3,117,320
Accounts receivable	-	-	1,383,551
Due from other funds	-	-	64,903
Inventory	-	-	2,611
Total Assets	$ 336,692	$ 934,840	$ 4,568,385
Liabilities and Fund Balance			
Liabilities:			
Accounts payable	$ 3,925	$ -	$ 515,172
Due to other funds	-	-	1,332,900
Total Liabilities	3,925	-	1,848,072
Fund balances:			
Reserved for inventory	-	-	2,611
Reserved for capital purchases	-	934,840	941,720
Reserved for tree replacement	-	-	67,578
Reserved for park improvements	-	-	749,075
Reserved for court technology	-	-	8,996
Unreserved for special revenues	-	-	281,814
Unreserved for capital projects	332,767	-	668,519
Total Fund Balances	332,767	934,840	2,720,313
Total Liabilities and Fund Balances	$ 336,692	$ 934,840	$ 4,568,385

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CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Page 1 of 2)

For the Year Ended December 31, 2008

	Special Revenue Funds			
	Parks	Friends of the Parks	Homeland Security	Tree Replacement
Revenues				
Fines and forfeitures	$ -	$ -	$ -	$ -
Permits, licenses, and fees	-	-	-	17,795
Intergovernmental	-	-	14,320	-
Contributions	6,815	251,054	-	-
Investment earnings	694	15,368	-	2,858
Total Revenues	7,509	266,422	14,320	20,653
Expenditures				
Current:				
Public service	-	98,270	14,320	3,530
Capital outlay	185,677	-	-	-
Total Expenditures	185,677	98,270	14,320	3,530
Excess of Revenues Over (Under) Expenditures	(178,168)	168,152	-	17,123
Other Financing Sources (Uses)				
Transfer in	184,243	-	-	-
Transfers (out)	-	(184,243)	-	-
Total Other Financing Sources (Uses)	184,243	(184,243)	-	-
Net Change in Fund Balances	6,075	(16,091)	-	17,123
Beginning Fund Balances	11,194	750,508	-	50,455
Ending Fund Balances	$ 17,269	$ 734,417	$ -	$ 67,578

Special Revenue Funds			Capital Projects Funds		
Court Technology	METRO Grant	Emergency Grant	Capital Projects	Capital Reserve	Infrastructure Replacement
$ 4,105	$ -	$ -	$ -	$ -	$ -
-	-	-	-	-	-
-	259,000	1,363,493	-	38,828	-
-	-	-	-	-	-
83	229	-	22,341	-	2,197
4,188	259,229	1,363,493	22,341	38,828	2,197
-	-	1,081,679	-	-	-
9,049	-	-	191,150	41,977	657,233
9,049	-	1,081,679	191,150	41,977	657,233
(4,861)	259,229	281,814	(168,809)	(3,149)	(655,036)
-	-	-	280,000	1,850,000	164,489
-	(259,000)	-	-	(1,221,000)	-
-	(259,000)	-	280,000	629,000	164,489
(4,861)	229	281,814	111,191	625,851	(490,547)
13,857	6,651	-	(72,071)	-	161,328
$ 8,996	$ 6,880	$ 281,814	$ 39,120	$ 625,851	$ (329,219)

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS (Page 2 of 2)

For the Year Ended December 31, 2008

	Capital Project Funds		Total Nonmajor Governmental Funds
	Side Walk Construction	Street Light Project	
Revenues			
Fines and forfeitures	$ -	$ -	$ 4,105
Permits, licenses, and fees	-	-	17,795
Intergovernmental	-	-	1,675,641
Contributions	-	-	257,869
Investment earnings	12,610	-	56,380
Total Revenues	12,610	-	2,011,790
Expenditures			
Current:			
Public service	-	806,186	2,003,985
Capital outlay	34,218	-	1,119,304
Total Expenditures	34,218	806,186	3,123,289
Excess of Revenues Over (Under) Expenditures	(21,608)	(806,186)	(1,111,499)
Other Financing Sources (Uses)			
Transfer in	259,000	941,000	3,678,732
Transfers (out)	-	-	(1,664,243)
Total Other Financing Sources (Uses)	259,000	941,000	2,014,489
Net Change in Fund Balances	237,392	134,814	902,990
Beginning Fund Balances	95,375	800,026	1,817,323
Ending Fund Balances	$ 332,767	$ 934,840	$ 2,720,313

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CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2008

	Parks		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Contributions	$ 4,300	$ 6,815	$ 2,515
Investment earnings	100	694	594
Total Revenues	4,400	7,509	3,109
Expenditures			
Capital outlay	4,400	185,677	(181,277)
Total Expenditures	4,400	185,677	(181,277)
Other Financing Sources			
Transfers in	-	184,243	184,243
Total Other Financing Sources	-	184,243	184,243
Net Change in Fund Balance	$ -	6,075	$ 6,075
Beginning Fund Balance		11,194	
Ending Fund Balance		$ 17,269	

CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2008

	Tree Replacement		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Permits, licenses, and fees	$ 30,000	$ 17,795	$ (12,205)
Investment earnings	1,000	2,858	1,858
Total Revenues	31,000	20,653	(10,347)
Expenditures			
Public services	50,000	3,530	46,470
Total Expenditures	50,000	3,530	46,470
Net Change in Fund Balance	$ (19,000)	17,123	$ 36,123
Beginning Fund Balance		50,455	
Ending Fund Balance		$ 67,578	

CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2008

	Court Technology		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Fines and forfeitures	$ 17,000	$ 4,105	$ (12,895)
Investment earnings	30	83	53
Total Revenues	17,030	4,188	(12,842)
Expenditures			
Capital outlay	24,500	9,049	15,451
Total Expenditures	24,500	9,049	15,451
Net Change in Fund Balance	$ (7,470)	(4,861)	$ 2,609
Beginning Fund Balance		13,857	
Ending Fund Balance		$ 8,996	

CITY OF WEST UNIVERSITY PLACE, TEXAS

SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES - BUDGET AND ACTUAL NONMAJOR SPECIAL REVENUE FUNDS

For the Year Ended December 31, 2008

	METRO Grant		
	Original and Final Budget Amounts	Actual Amounts	Variance with Final Budget Positive (Negative)
Revenues			
Intergovernmental	$ 259,000	$ 259,000	$ -
Investment earnings	-	229	229
Total Revenues	259,000	259,229	229
Other Financing Sources			
Transfers (out)	(259,000)	(259,000)	-
Total Other Financing Sources	(259,000)	(259,000)	-
Net Change in Fund Balance	$ -	229	$ 229
Beginning Fund Balance		6,651	
Ending Fund Balance		$ 6,880	

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Equipment Replacement Fund

This internal service fund is used to account for equipment replacement and maintenance services to departments or agencies of the City on a cost reimbursement basis.

Health Benefits Fund

This internal service fund is used to account for the costs associated with health benefits to departments or agencies of the City on a cost reimbursement basis as well as costs associated with retiring and separating employees.

Technology Management Fund

This internal service fund is used to account for the costs associated with technology management services to departments or agencies of the City on a cost reimbursement basis.

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING BALANCE SHEET -
INTERNAL SERVICE FUNDS
December 31, 2008

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
Assets				
Current assets:				
Equity in pooled cash and investments	$ 222,581	$ -	$ -	$ 222,581
Prepaid costs	-	118,985	-	118,985
Total Current Assets	222,581	118,985	-	341,566
Noncurrent assets:				
Capital assets:				
Machinery and equipment	2,101,586	-	-	2,101,586
Less: accumulated depreciation	(1,216,364)	-	-	(1,216,364)
Total Capital Assets (Net of Accumulated Depreciation)	885,222	-	-	885,222
Total Noncurrent Assets	885,222	-	-	885,222
Total Assets	1,107,803	118,985	-	1,226,788
Liabilities				
Current liabilities:				
Accounts payable	24,595	13,495	43,670	81,760
Deficit pooled cash and investments	-	-	-	-
Due to other funds	-	214,927	113,046	327,973
Total Current Liabilities	24,595	228,422	156,716	409,733
Total Liabilities	24,595	228,422	156,716	409,733
Net Assets				
Invested in capital assets	885,222	-	-	885,222
Unrestricted	197,986	(109,437)	(156,716)	(68,167)
Total Net Assets	$ 1,083,208	$ (109,437)	$ (156,716)	$ 817,055

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN NET ASSETS - INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2008

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
Operating Revenues				
Charges for sales and services	$ 336,132	$ 1,321,258	$ 656,016	$ 2,313,406
Other revenues	1,000	181	-	1,181
Total Operating Revenues	337,132	1,321,439	656,016	2,314,587
Operating Expenses				
Costs of sales and services	125,468	1,427,366	780,086	2,332,920
Depreciation	215,106	-	-	215,106
Total Operating Expenses	340,574	1,427,366	780,086	2,548,026
Operating Income (Loss)	(3,442)	(105,927)	(124,070)	(233,439)
Nonoperating Revenues (Expenses)				
Investment earnings	14,647	-	407	15,054
Gain on sale of capital assets	23,262	-	-	23,262
Total Nonoperating Revenues (Expenses)	37,909	-	407	38,316
Change in Net Assets	34,467	(105,927)	(123,663)	(195,123)
Beginning Net Assets	1,048,741	(3,510)	(33,053)	1,012,178
Ending Net Assets	$ 1,083,208	$ (109,437)	$ (156,716)	$ 817,055

CITY OF WEST UNIVERSITY PLACE, TEXAS

COMBINING STATEMENT OF CASH FLOWS - INTERNAL SERVICE FUNDS

For the Year Ended December 31, 2008

	Equipment Replacement	Healthcare Benefits	Technology Management	Total
Cash Flows from Operating Activities				
Receipts from customers and users	$ 337,132	$ 1,445,841	$ 738,096	$ 2,521,069
Payments to suppliers	(97,427)	(1,445,841)	(780,086)	(2,323,354)
Net Cash Provided (Used) by Operating Activities	239,705	-	(41,990)	197,715
Cash Flows from Capital and Related Financing Activities				
Acquisition and construction of capital assets	(405,227)	-	-	(405,227)
Proceeds from sale of capital assets	23,262	-	-	23,262
Net Cash (Used) by Capital and Related Financing Activities	(381,965)	-	-	(381,965)
Cash Flows from Investing Activities				
Interest received	14,647	-	407	15,054
Net Cash Provided by Investing Activities	14,647	-	407	15,054
Net Decrease in Cash and Cash Equivalents	(127,613)	-	(41,583)	(169,196)
Beginning Cash and Cash Equivalents	350,194	-	41,583	391,777
Ending Cash and Cash Equivalents	$ 222,581	$ -	$ -	$ 222,581
Reconciliation of Operating (Loss) to Net Cash Provided (Used) by Operating Activities				
Operating (loss)	$ (3,442)	$ (105,927)	$ (124,070)	$ (233,439)
Adjustments to reconcile operating (loss) to net cash provided (used) by operating activities:				
Depreciation	215,106	-	-	215,106
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in Current Assets:				
Prepaid costs	-	(18,475)	-	(18,475)
Increase (Decrease) in Current Liabilities:				
Accounts payable	28,041	(84,631)	10,617	(45,973)
Due to other funds	-	209,033	71,463	280,496
Net Cash Provided (Used) by Operating Activities	$ 239,705	$ -	$ (41,990)	$ 197,715

STATISTICAL SECTION

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

Contents **Page**

Financial Trends 102

These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity 116

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

Debt Capacity 124

These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.

Demographic and Economic Information 134

These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information 138

These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.

CITY OF WEST UNIVERSITY PLACE, TEXAS

NET ASSETS BY COMPONENT -

Last Six Years (1)

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

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

2007	2008
$ 17,515,320	$ 24,421,719
4,491,985	6,470,948
2,566,351	1,910,197
$ 24,573,656	$ 32,802,864

$ 19,768,267	$ 18,512,926
1,186,557	715,000
186,418	1,640,695
$ 21,141,242	$ 20,868,621

$ 37,283,587	$ 42,934,645
5,678,542	7,185,948
2,752,769	3,550,892
$ 45,714,898	$ 53,671,485

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN NET ASSETS -

Last Six Years (1)

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

2007	2008
$ 4,552,568	$ 2,387,061
4,904,003	5,593,513
3,288,626	2,925,781
1,972,400	3,894,834
3,169,545	3,195,884
17,887,142	17,997,073
5,297,894	5,752,744
918,984	996,582
6,216,878	6,749,326
$ 24,104,020	$ 24,746,399
$ 3,523,007	$ -
196,070	817,411
-	-
580,869	1,402,881
843,941	1,675,641
-	5,291,500
5,143,887	9,187,433
4,702,577	5,912,369
930,705	1,452,975
5,633,282	7,365,344
$ 10,777,169	$ 16,552,777
$ (12,743,255)	$ (8,809,640)
(583,596)	616,018
$ (13,326,851)	$ (8,193,622)

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN NET ASSETS (Continued) -

Last Six Years (1)

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

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

2007	2008
$ 6,219,953	$ 6,487,224
6,738,071	6,300,879
1,026,948	1,042,096
933,834	1,312,260
15,010	15,643
891,760	257,869
622,787	394,218
254,997	288,659
-	-
940,000	940,000
17,643,360	17,038,848
39,173	51,361
362,559	-
(940,000)	(940,000)
(538,268)	(888,639)
$ 17,105,092	$ 16,150,209
$ 4,900,105	$ 8,229,208
(1,121,864)	(272,621)
$ 3,778,241	$ 7,956,587

CITY OF WEST UNIVERSITY PLACE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES -

Last Six Years (1)

(accrual basis of accounting)

Function	2003	2004	2005	2006
Property	$ 11,481,442	$ 11,670,796	$ 12,132,958	$ 12,636,535
Sales	777,290	667,552	730,156	1,028,946
Franchise fee	873,649	872,221	913,998	1,000,930
Other taxes	159,582	16,020	15,460	14,795
	$ 13,291,963	$ 13,226,589	$ 13,792,572	$ 14,681,206

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

2007	2008	Change 2007-2008
$ 12,958,024	$ 12,788,103	-1.3%
1,026,948	1,042,096	1.5%
933,834	1,312,260	40.5%
15,010	15,643	4.2%
$ 14,933,816	$ 15,158,102	1.5%

CITY OF WEST UNIVERSITY PLACE, TEXAS

FUND BALANCES, GOVERNMENTAL FUNDS -

Last Ten Years

	Year			
	1999	**2000**	**2001**	**2002**
General Fund				
Reserved	$ 48,059	$ 58,934	$ 7,364	$ 80,544
Unreserved	4,173,141	3,934,596	2,985,884	2,846,051
Total general fund	$ 4,221,200	$ 3,993,530	$ 2,993,248	$ 2,926,595
All Other Governmental Funds				
Reserved	$ 10,951,602	$ 27,915,848	$ 20,188,647	$ 20,919,924
Unreserved, reported in:				
Capital project funds	(551,473)	(81,464)	538,175	698,630
Special revenue funds	400,884	246,523	545,459	121,914
Total all other governmental funds	$ 10,801,013	$ 28,080,907	$ 21,272,281	$ 21,740,468

Year					
2003	2004	2005	2006	2007	2008
$ 2,148,781	$ 2,098,916	$ 15,504	$ 15,516	$ 429,437	$ 430,797
841,381	936,365	3,357,537	4,187,536	2,457,227	3,580,317
$ 2,990,162	$ 3,035,281	$ 3,373,041	$ 4,203,052	$ 2,886,664	$ 4,011,114
$ 656,903	$ 782,534	$ 998,780	$ 1,658,449	$ 2,067,501	$ 2,745,745
19,412,415	9,106,291	6,852,781	1,545,312	178,493	3,219,460
139,427	233,004	683,698	1,484,935	2,883,727	281,814
$ 20,208,745	$ 10,121,829	$ 8,535,259	$ 4,688,696	$ 5,129,721	$ 6,247,019

CITY OF WEST UNIVERSITY PLACE, TEXAS

CHANGES IN FUND BALANCE, GOVERNMENTAL FUNDS -

Last Ten Years

	Year			
	1999	**2000**	**2001**	**2002**
Revenues				
Taxes	$ 7,972,546	$ 8,987,973	$ 9,963,477	$ 11,534,667
Pemits, licenses, and fees	396,484	496,677	472,081	386,124
Fines and forfeitures	307,058	274,001	276,815	319,388
Charges for services	796,763	914,686	901,544	1,074,335
Intergovernmental	650,459	1,055,425	259,000	277,769
Contributions	-	-	-	-
Investment earnings	1,288,324	1,015,579	1,720,839	655,918
Other revenues	343,348	553,268	389,693	603,217
Total Revenues	11,754,982	13,297,609	13,983,449	14,851,418
Expenditures				
General government	1,803,017	1,777,263	1,981,486	2,061,227
Public safety	2,952,688	3,525,192	4,019,282	4,336,152
Public works	1,435,693	1,490,417	1,515,164	1,500,127
Public service	866,489	987,209	896,309	941,302
Capital outlay	5,560,612	6,473,002	12,886,880	13,583,834
Debt service				
Principal	1,585,000	1,780,000	1,880,000	2,185,000
Interest	2,045,071	2,058,343	2,812,336	3,130,630
Total Expenditures	16,248,570	18,091,426	25,991,457	27,738,272
Excess of Revenues (Under) Expenditures	(4,493,588)	(4,793,817)	(12,008,008)	(12,886,854)
Other Financing Sources (Uses)				
Transfers in	1,172,500	1,986,950	1,790,600	1,691,111
Transfers out	(473,400)	(1,173,842)	(991,500)	(1,002,862)
Issuance of debt	-	21,107,933	3,325,000	29,180,987
Premium on debt issued	-	-	-	-
Payment to refunded bond escrow agent	-	-	-	(16,397,937)
Sale of capital assets	-	-	-	-
Total other financing sources	699,100	21,921,041	4,124,100	13,471,299
Net Change in Fund Balances	$ (3,794,488)	$ 17,127,224	$ (7,883,908)	$ 584,445
Debt service as a percentage of noncapital expenditures	33.96%	33.04%	35.81%	37.55%

Year					
2003	2004	2005	2006	2007	2008
$ 12,416,216	$ 13,263,355	$ 13,803,975	$ 14,658,182	$ 14,933,816	$ 15,471,664
444,886	577,164	597,910	580,297	580,869	495,127
243,931	193,322	186,844	267,609	196,070	322,284
1,086,952	974,549	1,165,967	1,260,376	1,381,586	1,402,881
307,784	1,392,662	387,779	259,000	843,941	6,967,141
-	-	268,081	326,656	891,760	257,869
511,267	336,967	457,078	688,893	602,593	379,164
387,897	451,551	212,924	1,814,311	250,408	265,397
15,398,933	17,189,570	17,080,558	19,855,324	19,681,043	25,561,527
1,952,308	2,211,183	2,268,862	2,381,154	2,312,853	2,329,591
4,701,684	4,616,019	4,769,582	5,028,528	4,931,044	5,242,522
1,631,434	1,642,867	1,582,592	1,557,955	1,927,231	1,935,450
1,015,026	1,255,857	1,579,982	1,712,208	1,785,093	3,869,698
13,107,808	11,882,057	2,569,023	6,840,403	3,738,838	4,113,991
2,295,000	2,685,000	2,900,000	3,375,000	3,612,472	3,780,922
3,808,650	3,775,384	3,669,628	3,319,913	3,188,875	2,987,603
28,511,910	28,068,367	19,339,669	24,215,161	21,496,406	24,259,777
(13,112,977)	(10,878,797)	(2,259,111)	(4,359,837)	(1,815,363)	1,301,750
631,000	837,000	1,139,000	1,540,713	4,931,336	4,618,732
-	-	(269,000)	(670,713)	(3,991,336)	(3,678,732)
9,918,331	-	25,075,000	473,285	-	-
-	-	1,793,024	-	-	-
-	-	(26,751,058)	-	-	-
-	-	23,335	-	-	-
10,549,331	837,000	1,010,301	1,343,285	940,000	940,000
$ (2,563,646)	$ (10,041,797)	$ (1,248,810)	$ (3,016,552)	$ (875,363)	$ 2,241,750
39.62%	39.91%	39.17%	38.62%	39.22%	34.31%

CITY OF WEST UNIVERSITY PLACE, TEXAS

TAX REVENUES BY SOURCE, GOVERNMENTAL ACTIVITIES -

Last Ten Years

(modified accrual basis of accounting)

Function	Year 1999	2000	2001	2002
Ad valorem	$ 6,610,664	$ 7,376,687	$ 8,532,873	$ 9,717,905
Sales	531,246	776,085	523,665	862,325
Franchise fee	818,326	786,672	533,646	939,577
Other taxes	12,310	10,587	9,981	14,860
	$ 7,972,546	$ 8,950,031	$ 9,600,165	$ 11,534,667

Year						Change
2003	2004	2005	2006	2007	2008	2007-2008
$ 11,481,442	$ 11,691,541	$ 12,128,801	$ 12,613,511	$ 12,958,024	$ 13,101,665	1.1%
758,987	683,573	745,716	1,028,946	1,026,948	1,042,096	1.5%
873,649	872,221	913,998	1,000,930	933,834	1,312,260	40.5%
18,303	16,020	15,460	14,796	15,010	15,643	4.2%
$ 13,132,381	13,263,355	$ 13,803,975	$ 14,658,183	$ 14,933,816	$ 15,471,664	3.6%

CITY OF WEST UNIVERSITY PLACE, TEXAS

ASSESSED VALUE AND ACTUAL VALUE OF TAXABLE PROPERTY -

Last Ten Years

	1999	2000	2001	2002
Residential Property	$ 1,704,205,400	$ 1,997,785,950	$ 2,224,515,970	$ 2,391,518,150
Commercial Property	54,608,270	56,534,900	64,388,870	60,317,070
Less: Tax Exempt Property	(56,106,070)	(57,022,280)	(54,014,970)	(54,426,270)
Total Taxable Assessed Value (1)	$ 1,702,707,600	$ 1,997,298,570	$ 2,234,889,870	$ 2,397,408,950
Total Direct Tax Rate	0.40000	0.42000	0.41000	0.42000

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.

2003	2004	2005	2006	2007	2008
$ 2,544,734,110	$ 2,680,629,150	$ 2,816,526,599	$ 3,032,378,632	$ 3,518,127,265	$ 3,835,791,345
52,571,420	56,271,940	79,232,269	200,638,039	111,498,007	129,077,944
(79,831,440)	(80,402,800)	(128,158,556)	(238,088,255)	(133,439,938)	(216,954,373)
$ 2,517,474,090	$ 2,656,498,290	$ 2,767,600,312	$ 2,994,928,416	$ 3,496,185,334	$ 3,747,914,916
0.42000	0.43000	0.44670	0.43000	0.36600	0.35900

CITY OF WEST UNIVERSITY PLACE, TEXAS

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS -

Last Ten Years

	1999	2000	2001	2002
City of West University Place by fund:				
General	$ 0.21000	$ 0.20500	$ 0.19500	$ 0.19000
Debt service	0.21000	0.21500	0.22500	0.24000
Total Direct Rates	$ 0.42000	$ 0.42000	$ 0.42000	$ 0.43000
Houston Independent School District	$ 1.45900	$ 1.51900	$ 1.51900	$ 1.58000
Harris County	0.39480	0.39480	0.35900	0.38390
Harris County Flood Control District	0.08000	0.08000	0.06170	0.04760
Port of Houston Authority	0.02130	0.02040	0.01830	0.01830
Harris County Hospital District	0.14650	0.14650	0.20270	0.19020
Harris County Dept. of Education	-	-	-	-
Houston Community College	0.06615	0.08233	0.08133	0.08133
Total Direct and Overlapping Rates (1)	$ 2.58775	$ 2.66303	$ 2.66203	$ 2.73133

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.

2003	2004	2005	2006	2007	2008
$ 0.19670	$ 0.20000	$ 0.20100	$ 0.19200	$ 0.18600	$ 0.18600
0.25000	0.24000	0.22900	0.21000	0.18000	0.17300
$ 0.44670	$ 0.44000	$ 0.43000	$ 0.40200	$ 0.36600	$ 0.35900
$ 1.58000	$ 1.58000	$ 1.62000	$ 1.47570	$ 1.15670	$ 1.15670
0.38810	0.38800	0.39986	0.40239	0.39239	0.38923
0.04170	0.04170	0.03322	0.03241	0.03106	0.03086
0.01990	0.02000	0.01474	0.01302	0.01437	0.01773
0.19020	0.19020	0.19216	0.19216	0.19216	0.19216
-	-	0.00629	0.00629	0.00585	0.00584
0.08133	0.09598	0.09577	0.09518	0.09243	0.09243
$ 2.74793	$ 2.75588	$ 2.79204	$ 2.61915	$ 2.25096	$ 2.24395

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CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL PROPERTY TAXPAYERS -

Current Year and Six Years Ago (1)

	2008			2003		
Property Tax Payer	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**	**Taxable Assessed Value**	**Rank**	**% of Taxable Assessed Value**
AT&T Corp.	$ 13,287,882	1	0.35%	$		
U West Marketplace Assoc	6,863,727	2	0.18%			
5650 Kirby Partnership	5,311,318	3	0.14%	3,775,690	4	0.15%
Centerpoint Energy, Inc.	5,253,500	4	0.14%			
Bardwell Building Co.	4,828,574	5	0.13%			
Kenneth & Kimberly Alo	3,878,050	6	0.10%			
Haghpeykar Family, LP	3,819,360	7	0.10%			
Beltika, LLC	3,781,258	8	0.10%			
Jimmy Williamson	3,704,250	9	0.10%			
Gautam Gohel	3,624,000	10	0.10%			
Southwestern Bell		n/a		21,606,830	1	0.86%
Houston Lighting & Power		n/a		4,487,230	2	0.18%
Bellaire Shopping Center		n/a		3,943,040	3	0.16%
Frank & Lillian Orson		n/a		2,460,100	5	0.10%
James L. Salners		n/a		2,435,900	6	0.10%
Brian & Carol Kirshon		n/a		2,348,700	7	0.09%
Craig A & Patricia Biggio		n/a		2,331,900	8	0.09%
Max & Christine Lukens		n/a		2,262,700	9	0.09%
Southwestern Bell Tele Co		n/a		2,099,369	10	0.08%
Subtotal	$ 54,351,919		1.45%	$ 47,751,459		1.90%
Other Taxpayers	3,693,562,997		98.55%	2,477,365,460		98.11%
Total	$ 3,747,914,916		100.00%	$ 2,525,116,919		100.01%

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

(1) The requirement for statistical date is the current year and nine years ago; only the current year and six years ago is available at this time.

CITY OF WEST UNIVERSITY PLACE, TEXAS

PROPERTY TAX LEVIES AND COLLECTIONS -

Last Ten Years

	1999	2000	2001	2002
Tax levy	$ 6,564,512	$ 7,305,615	$ 8,703,604	$ 9,630,400
Current tax collected	$ 12,621,201	$ 7,255,353	$ 8,655,130	$ 9,582,032
Percent of current tax collections	192.26%	99.31%	99.44%	99.50%
Delinquent tax collections	$ (6,059,473)	$ 48,453	$ 45,690	$ 42,495
Total tax collections	$ 12,621,199	$ 7,303,806	$ 8,700,820	$ 9,624,527
Total collections as a percentage of current levy	100%	99.98%	99.97%	99.94%
Outstanding delinquent taxes	$ 2,784	$ 1,809	$ 2,784	$ 5,873
Outstanding delinquent taxes as percentage of current levy	0.042%	0.025%	0.032%	0.061%

2003	2004	2005	2006	2007	2008
$ 10,680,077	$ 11,581,528	$ 12,192,921	$ 12,621,201	$ 12,890,583	$ 13,951,979
$ 10,629,260	$ 11,516,657	$ 12,124,169	$ 12,539,957	$ 11,944,071	$ 7,227,183
99.52%	99.44%	99.44%	99.36%	92.66%	51.80%
$ 45,503	$ 53,913	$ 50,981	$ 57,821	$ 28,776	$ 28,776
$ 10,674,763	$ 11,570,570	$ 12,175,150	$ 12,597,778	$ 11,972,847	$ 7,255,959
99.95%	99.91%	99.85%	99.81%	92.88%	52.01%
$ 5,314	$ 10,958	$ 17,771	$ 23,423	$ 35,850	$ 81,139
0.050%	0.095%	0.146%	0.186%	0.278%	0.582%

CITY OF WEST UNIVERSITY PLACE, TEXAS

RATIOS OF OUTSTANDING DEBT BY TYPE -

Last Six Years (1)

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

(1) The requirement for statistical data is ten years; only six years are available at this time.
(2) Personal income data is not available.

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

2007	2008
$ 52,670,000	$ 49,235,000
12,380,000	12,125,000
385,823	294,896
$ 65,435,823	$ 61,654,896
$ 13,915,000	$ 13,225,000
$ 79,350,823	$ 74,879,896
-	-
-	-
14,211	14,211
$ 5,584	$ 5,269

CITY OF WEST UNIVERSITY PLACE, TEXAS

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

Last Ten Years

	1999	2000	2001	2002
Net Taxable Assessed Value				
All property	$ 1,567,240,600	$ 1,781,467,580	$ 2,022,417,900	$ 2,300,012,640
Net Bonded Debt				
Gross bonded debt	$ 39,045,000	$ 58,475,000	$ 60,050,000	$ 70,250,000
Less debt service funds	811,335	838,547	633,071	567,825
Net Bonded Debt	$ 38,233,665	$ 57,636,453	$ 59,416,929	$ 69,682,175
Ratio of Net Bonded Debt To Assessed Value	2.44%	3.24%	2.94%	3.03%
Population	12,920	14,211	14,211	14,211
Net Bonded Debt Per Capita	$ 2,959	$ 4,056	$ 4,181	$ 4,903

2003	2004	2005	2006	2007	2008
$ 2,488,976,270	$ 2,517,474,090	$ 2,895,758,868	$ 3,072,558,941	$ 3,496,185,334	$ 3,747,914,916
$ 76,705,000	$ 75,170,000	$ 71,950,000	$ 68,575,000	$ 65,050,000	$ 61,360,000
656,144	782,534	1,169,072	1,169,072	1,208,268	975,765
$ 76,048,856	$ 74,387,466	$ 70,780,928	$ 67,405,928	$ 63,841,732	$ 60,384,235
3.06%	2.95%	2.44%	2.19%	1.83%	1.61%
14,211	14,211	14,211	14,211	14,211	14,211
$ 5,351	$ 5,234	$ 4,981	$ 4,743	$ 4,492	$ 4,249

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CITY OF WEST UNIVERSITY PLACE, TEXAS

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

Governmental Unit	Net Bonded Debt Outstanding	Estimated Percentage Applicable (1)	Estimated Share of Overlapping Debt
Debt Repaid with Property Taxes			
Houston ISD	$ 2,053,969,431	3.650%	$ 74,969,884
Harris County (2)(3)	2,290,251,222	1.410%	32,292,542
Houston Community College	199,185,000	3.260%	6,493,431
Harris Co. Flood Control District (3)	108,980,834	1.410%	1,536,630
Port of Houston Authority (3)	563,015,000	1.410%	7,938,512
Subtotal, overlapping debt			123,230,999
City Direct Debt	61,360,000	100.000%	61,360,000
Total Direct and Overlapping Debt			$ 184,590,999

Source: Harris County

(1) Estimated Percentage Applicable obtained from Municipal Advisory Council of Texas.

(2) Excludes Toll Road Tax Bonds. The County's policy and practice has been to provide payment of debt service on the outstanding Toll Road Tax Bonds from toll revenues and certain other funds, and to date, no tax has been collected to provide for such debt service.

(3) Debt outstanding is as of December 31, 2008

CITY OF WEST UNIVERSITY PLACE, TEXAS

LEGAL DEBT MARGIN INFORMATION -

Last Six Years (1)

	Year			
	2003	**2004**	**2005**	**2006**
Debt limit	$ 124,448,664	$ 125,873,705	$ 144,787,943	$ 153,627,947
Total net debt applicable to limit	76,048,856	74,387,466	70,953,073	67,405,928
Legal debt margin	$ 48,399,808	$ 51,486,239	$ 73,834,870	$ 86,222,019
Total net debt applicable to the limit as a percentage of debt limit	61.11%	59.10%	49.00%	43.88%

Legal Debt Margin Calculation for Fiscal Year 2008

Assessed value	$ 3,747,914,916
Debt limit (5% of assessed value)	187,395,746
Debt applicable to limit:	
General obligation bonds	61,360,000
Less: amount set aside for repayment of general obligation debt	(975,765)
Total net debt applicable to limit	60,384,235
Legal debt margin	$ 127,011,511

Note: The City's Home Rule Charter (1983), Section 7.07 limits all bonded debt to no more than 5% of the assessed valuation.

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

2007	2008
$ 174,809,267	$ 187,395,746
63,841,732	60,384,235
$ 110,967,535	$ 127,011,511
36.52%	32.22%

CITY OF WEST UNIVERSITY PLACE, TEXAS

PLEDGED-REVENUE COVERAGE -

Last Ten Years

	1999	2000	2001	2002
Gross Revenues (1)	$ 3,413,889	$ 3,427,821	$ 3,274,339	$ 3,358,111
Operating Expenses (2)	$ 2,297,558	$ 2,613,128	$ 2,352,802	$ 2,469,348
Net Revenues Available for Debt Service	$ 1,116,331	$ 814,693	$ 921,537	$ 888,763
Debt Service Requirements (3)				
Principal	$ 225,000	$ 335,000	$ 350,000	$ 360,000
Interest	484,177	510,759	489,684	801,739
Total	$ 709,177	$ 845,759	$ 839,684	$ 1,161,739
Coverage	1.57	0.96	1.10	0.77

(1) Total revenues including interest, excluding tap fees
(2) Total operating expenses less depreciation
(3) Includes revenue bonds only

2003	2004	2005	2006	2007	2008
$ 3,106,875	$ 4,204,407	$ 5,098,008	$ 4,842,481	$ 4,702,577	$ 5,912,369
$ 2,359,745	$ 2,565,022	$ 2,780,664	$ 2,737,998	$ 4,673,933	$ 5,114,579
$ 747,130	$ 1,639,385	$ 2,317,344	$ 2,104,483	$ 28,644	$ 797,790
$ 510,000	$ 540,000	$ 565,000	$ 675,000	$ 690,000	$ 715,000
765,160	740,339	714,225	597,295	601,873	577,813
$ 1,275,160	$ 1,280,339	$ 1,279,225	$ 1,272,295	$ 1,291,873	$ 1,292,813
0.59	1.28	1.81	1.65	0.02	0.62

CITY OF WEST UNIVERSITY PLACE, TEXAS

DEMOGRAPHIC AND ECONOMIC STATISTICS

Fiscal Year Ended Dec 31	Population (1)	Personal Income (4)	Per Capita Personal Income (6)	Median Age (5)	School Enrollment (2)	Unemployment Rate (3) (7)
1999	12,920	-	N/A	N/A	952	1.10%
2000	14,211	-	N/A	39.30	950	0.07%
2001	14,211	-	N/A	39.30	947	1.06%
2002	14,211	-	N/A	39.30	915	1.06%
2003	14,211	-	N/A	39.30	915	1.06%
2004	14,211	-	N/A	39.30	951	4.60%
2005	14,211	-	N/A	39.30	972	N/A
2006	14,211	-	N/A	39.30	981	N/A
2007	14,211	-	N/A	39.30	981	N/A
2008	14,211	-	N/A	39.30	980	N/A

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

CITY OF WEST UNIVERSITY PLACE, TEXAS

PRINCIPAL EMPLOYERS [(2) (3)]

Current Year [(1)]

Employer	2008 Rank	2006 Rank
AT&T	1	N/A
West University Elementary School	2	2
City of West University Place	3	3
Southwestern Bell	n/a	1

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

(1) The requirement is for the current year and nine years ago, only the current year and two years ago are available at this time.
(2) The number of employees of each of the employers is currently unavailable.
(3) The percentage of total employment is currently unavailable.

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CITY OF WEST UNIVERSITY PLACE, TEXAS

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM -

Last Ten Years

	Fiscal Year									
	1999	**2000**	**2001**	**2002**	**2003**	**2004**	**2005**	**2006**	**2007**	**2008**
General Fund:										
Administration	3	4	4	4	4	4	4.5	4	4	4
Finance	10	10	10	9	9	9	9	8	8	8
Police Department	28	35	35	36	35	35	34	32	32	32
Fire Department	21	21	20	20	23	24	24.5	25	24	24
Public Works	22	23	22	23	23	21	21	21	20	19
Parks & Recreation	6	6	6	6	6	8	8	8	10	10
General Fund Total	90	99	97	98	100	101	101	98	98	97
Enterprise Fund:										
Water	15	14	14	15	14	14	14	14	14	12
Solid Waste	9	10	10	10	10	10	7	7	7	7
Enterprise Fund Total	24	24	24	25	24	24	21	21	21	19
Internal Service Fund:										
Administration	0	0	0	0	0	0	0	0	2	3
Internal Service Fund Tot	0	0	0	0	0	0	0	0	2	3
TOTAL CITY POSITIONS	114	123	121	123	124	125	122	119	121	119

NOTES:

Around 20-35 temporary and seasonal employees are hired during the summer months as camp counselors, pool personnel and front desk. This count is not reflected above.

Around 6 contract personnel are used year round to augment solid waste crews. This count is not reflected above.

On-call firefighters (9) are not included.

School crossing guards (8) are not included.

CITY OF WEST UNIVERSITY PLACE, TEXAS

OPERATING INDICATORS BY FUNCTION/PROGRAM -

Last Six Years (1)

	Fiscal Year			
	2003	**2004**	**2005**	**2006**
Function/Program				
Police				
Arrests	145	321	366	432
Accident reports	186	139	138	123
Citations	5235	3675	3583	3,581
Offense reports	804	1018	1027	1,040
Calls for service	10896	11353	13688	25,790
Fire				
Emergency responses	447	659	624	686
Fire incidents	650	655	776	740
Average response time	2:30	3:08	3:08	3:06
Water				
New accounts	879	915	760	860
Source:				
Water	80	80	80	80
Sewer	20	20	20	20
Average daily consumption (millions of gallons)	2.17	2.17	2.279	2.149
Number of million gallons of surface water pumped	696.694	674.705	735.622	687.972
Number of million gallons of well water pumped	174.103	117.389	101.457	87.844
Total consumption (millions of gallons)	870.797	792.094	837.079	784.499
Peak daily consumption (millions of gallons)	5.99	5.99	8.64	4.976
Sewer				
Average daily sewage treatment (millions of gallons)	1.354	1.423	1.271	1.356
Total consumption (millions of gallons)	-	-	452.618	495.25
Peak daily consumption (millions of gallons)	4.685	5.123	4.684	6.707

Source: Various City departments

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

2007	2008
287	230
116	137
2,940	2,411
794	650
36,260	22,367
698	644
840	857
4:29	4:24
854	744
80	80
20	20
1.889	2.158
569.341	690.738
120.303	99.092
689.645	789.83
4.300	6.269
1.433	1.161
523.063	421.324
5.314	3.425

CITY OF WEST UNIVERSITY PLACE, TEXAS

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM -

Last Six Years (1)

	Fiscal Year			
	2003	2004	2005	2006
Function/Program				
Police				
Stations	1	1	1	1
Patrol units	9	9	7	7
Fire stations	1	1	1	1
Other public works				
Streets (miles - centerlines)	43.0	43.0	43.0	43.0
Streetlights	690	690	690	690
Parks and recreation				
Parks	9	9	9	9
Parks acreage	12.6	12.6	12.6	12.6
Swimming pools	2	2	2	2
Baseball / softball diamonds	5	5	5	5
Tennis courts	5	5	5	5
Racquetball/handball courts	2	2	2	2
Gymnasiums	1	1	1	1
Basketball courts	2	2	2	2
Water				
Water mains (miles)	40.0	40.0	40.0	40.0
Fire hydrants	324	357	357	357
Storage capacity (millions of gallons)	3.65	3.65	3.65	3.65
Sewer				
Sanitary sewers (miles)	40.0	40.0	40.0	40.0
Storm sewers (miles)	32.0	32.0	32.0	32.0
Open ditch / creek / canal drainage (miles)	1.32	1.32	1.32	1.32
Treatment capacity (millions of gallons)	2.00	2.00	2.00	2.00

Source: Various City departments

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

2007	2008
1	1
7	7
1	1
43.0	43.0
747	690
9	7
12.6	13.1
2	2
5	1
5	5
2	2
1	1
2	2
40.0	40.0
357	357
3.65	3.65
40.0	40.0
32.0	32.0
1.32	1.32
2.00	2.00

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