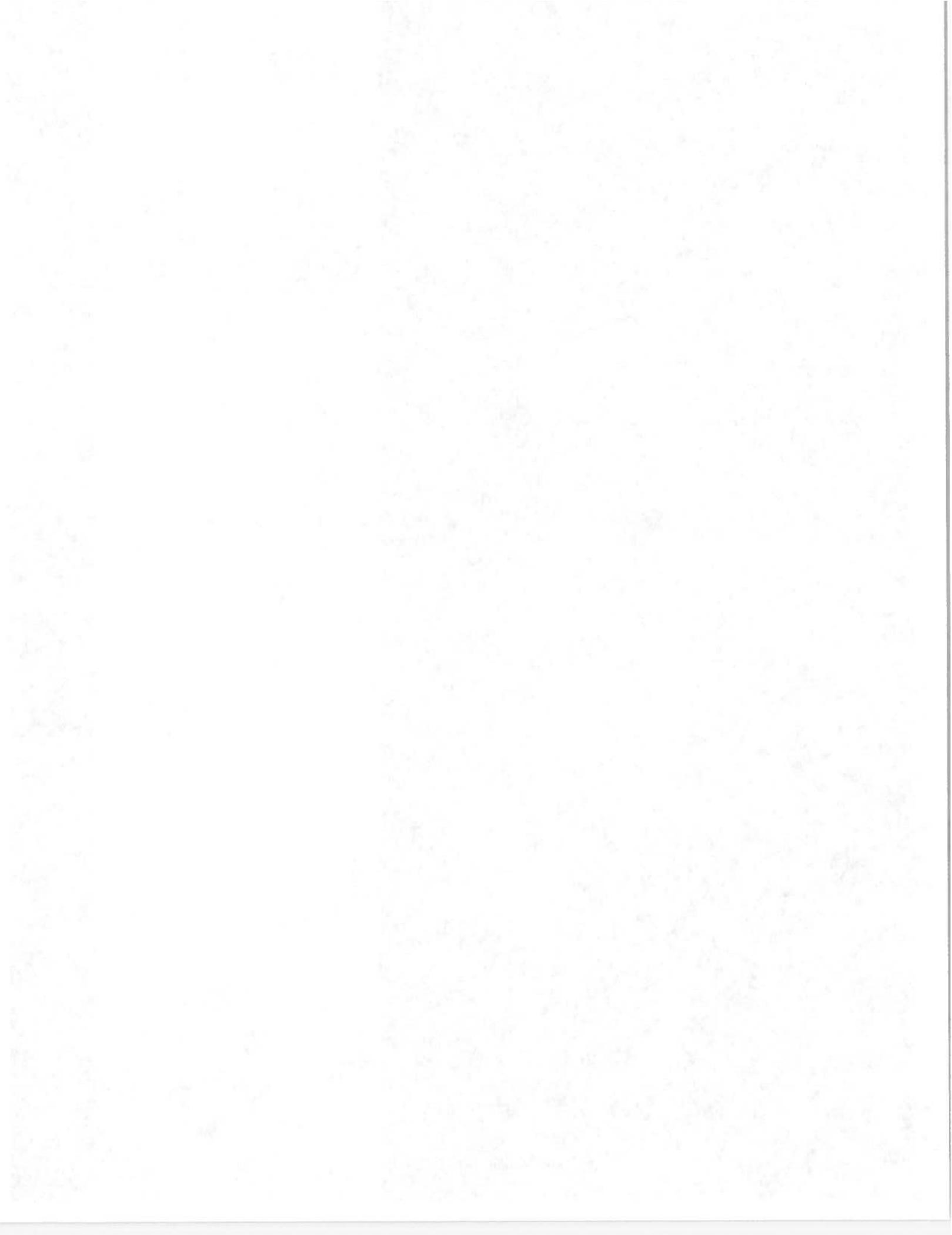


Operating Budget



*City of West University
Place, Texas
2005*



City of West University Place



2005 Operating Budget

City Officials

Burt Ballanfant
Mayor

Members of the City Council

Mike Farley
Teresa Fogler
Steven Segal
Mike Woods

Adopted October 4, 2004
Ordinance #1776

Michael Ross
City Manager

Walter Thomas
Finance Director

**CITY OF WEST UNIVERSITY PLACE
2005 ANNUAL BUDGET**

INTRODUCTION

This document has been prepared to help you learn of the issues affecting the community of West University Place. The most obvious function of a City Budget is to provide a **financial plan** for the coming year. West University Place's Budget is no exception and as such contains financial schedules and statistics. Financial plans cannot be prepared without defining what organization intends to accomplish and how it intends to go about reaching its goals. Because of this the *2005 Annual Operating Budget* serves as a **policy document** that presents the major policies governing the management of the City. It is also an **action plan** the give the public, elected officials and city staff information about what the City is doing and how efficiently it is being done. Finally, the *2005 Annual Operating Budget* is intended to be a communications tool, formally transmitting the City's financial and operating plan for the coming year.

FORMAT

The Financial/Operational section of the *2005 Annual Operating Budget* is grouped first by fund and then by department. Like most local governments, the City uses funds to account for its financial activities. A Fund is simply a device to segregate and account for public resources. Financial statements, including the adopted 2005 budget are presented for every fund. Like the checking account statement you receive from your bank, the statements show beginning balances, revenues, expenditures and ending balances for each year. Accompanying the statements are narrative discussions of each fund's financial activity for the prior year and the expected activity for 2005. Graphs and schedules have also been provided to help make certain points clearer.

Funds are divided into departments or projects. Each department is presented with a chart showing how it is organized, a brief statement describing the department's mission, a list of the department's accomplishments in 2004, and a discussion of what the department hopes to accomplish in 2005. Detailed schedules showing the department's finances over several years and information about staffing are also provided.

Detailed schedules showing the City's employees along with information about wages and salaries; details about the City's debt and revenues; details of departmental expenditures; and a glossary of terms are presented in the appendices.

Should you have any questions regarding the information presented in this document, please call the Finance Director, or any other staff members; their names and telephone numbers are on the final page of this document.

CITY OF WEST UNIVERSITY PLACE

2005 OPERATING BUDGET

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THE UNIVERSITY OF CHICAGO
DEPARTMENT OF CHEMISTRY

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City of West University Place

A Neighborhood City



October 29, 2004

Honorable Mayor Burt Ballanfant
City Council Members
City of West University Place
3800 University Boulevard
West University Place, Texas 77005

Dear Mayor Ballanfant and City Council Members:

In compliance with State law, the City's Charter and good management practices, we are pleased to submit the *2005 Annual Operating Budget (Budget)* for the City of West University Place. This budget has been developed with the goal of providing a wide range of quality services to and maintaining the quality of life for the citizens of the City of West University Place.

The Budget is a statement of policy, management and planning document, financial report and a means of communication with the citizens of West University Place. It reviews past accomplishments, identifies future needs, sets objectives for the coming year, and defines the purposes and resources to achieve those objectives.

Budget Preparation - Summertime marks the beginning of West University's budget process. In June of each year the City begins preparing the projections and estimates needed to compile the Budget. In July Department Heads meet with the City Manager and the Finance Director to review their goals, objectives and financial needs.

The receipt of the certified tax roll from the Harris County Appraisal District in early August starts the countdown to Council adoption. The City is required by State law to adopt a budget within 60 days of the receipt of the certified tax roll. During August and September Council and staff work together to finalize the Proposed Budget submitted by the City Manager in August. Public Hearings are held to obtain citizen input and finally, the Budget is adopted, usually in the first week of October.

Honorable Mayor Burt Ballanfant and City Council Members (*continued*)

2005 Budget Summary – The Budget includes no major changes in baseline city services. However, as we prepared the *Budget* it came to our attention that operating the Colonial Park Pool during the winter months should be carefully evaluated for effectiveness.

- Property Taxes - The City's *ad valorem* property tax rate will decrease by \$0.4467 per \$100 valuation to \$.4400 per \$100 valuation. The City's tax rate is divided into two components, the maintenance/operations rate and the debt service rate. In spite of a 5% growth in assessed values, the 2005 Operating Budget increases the maintenance/operations tax rate from 19.67 cents to 20 cents per \$100. This tax increase provides funding needed to re-establish the equipment replacement program.

The debt service tax rate decreased one cent from 25 cents per \$100 valuation to 24 cents per \$100 valuation due to higher growth in assessed values. Debt Service requirements have stabilized and, as assessed values grow, the tax rate needed to support these payments is expected to decline.

- Fees and Charges - In accordance with the City's Financial Policy, all fees and charges will be reviewed and adjusted to insure that charges are equitable and are covering the cost of the service.

- Water and Sewer rates. The City's revenue bond covenants require that net revenues (operating revenues plus interest) be at least equal to 110% of the principal and interest requirements for that year. In 2002 and 2003 the Water and Sewer Fund's net revenues fell short of that requirement. Council adopted a rate increase in December of 2003 as recommended by a Rate Analysis. An additional rate increase was adopted in July 2004 in response to a significant increase in the cost of treated surface water provided by the City of Houston.

The Rate Analysis recommends a 12% increase in revenues in 2005. Because Council increased rates mid-year, the amount of increase needed to follow the recommendation is 7%.

- Solid Waste service fees are projected to remain stable through 2005.

The collection of solid waste is currently accomplished with eight drivers and a crew chief using side loading trucks. The *2005 Operating Budget* recommends that this be changed to five drivers and a crew chief using rear loading trucks. Temporary labor will be used to collect the solid waste. The Equipment Replacement Fund is providing the financing for two rear-loading trucks. The *Budget* does not recommend a rate increase at this time.

- Infrastructure Replacement Program - This program, the largest public works project in the history of West University, should be completed by 2006.

October 29, 2004

Honorable Mayor Burt Ballanfant and City Council Members (*continued*)

- **Expenditures** - Operating expenditures in the General Fund are budgeted to grow 3.17% over last year's budgeted operating expenditures. This increase includes \$117,130 to be transferred to the Equipment Replacement Fund to restore this program, which was suspended in last year's budget.

Economic Condition and Outlook – The City of West University Place is located in Harris County, Texas. It is a community of homes located near to the Houston Medical Center, one of the world's largest medical complexes and Rice University. Its citizens are mostly professionals who work in downtown Houston or in the Medical Center. The City's original middle class image has been steadily changing as short commuting distance, low crime, nearby cultural and entertainment opportunities and small town ambiance have made West University into one of the Houston area's best locations to live.

Because of this trend, the City's economic outlook is very stable. Property values have more than doubled from \$1.3 billion in 1993 to \$2.73 billion in 2004. The rate of growth is expected to decline in the future, but reconstruction of existing housing should continue to add around \$20 million in additional value each year.

Financial Policies - An annual budget cannot be prepared without first determining where the organization intends to go and how it intends to get there. The Budget is the City's policy statement in that it represents priorities for the expenditure of public funds. This Budget has been created with these perspectives:

The City is a service organization. The most important asset of a service organization is trained, motivated, and properly led employees. The Budget recognizes the need to recruit, train and keep a workforce that is capable of delivering services at the level the citizens expect. The 2005 Budget includes:

- A 3% increase in salaries.
- Health care costs are expected to grow at 10%.
- Workers Compensation Insurance is projected to increase 50% due to poor experience.

The City's current services to citizens are to be given priority. Increases or decreases in service levels should be prominently and separately displayed. The Budget used baseline funding for all departments. Each department used last year's budget as a starting point for preparing this year's budget. There are no major changes to the baseline budget in 2005.

While the Budget finances the City's current service levels, winter month operations of the Colonial Park Pool do not meet the test of efficient and effective service delivery. The cost of a complete study of both the Colonial and Recreation Center's assets is included in the Budget to help determine how best to serve the public.

October 29, 2004

Honorable Mayor Burt Ballanfant and City Council Members (*continued*)

All fee schedules, user charges and charges for utility services should be reviewed and adjusted to ensure that rates are equitable and cover the cost of the service deemed appropriate by the City Council. As mentioned above a rate increase for Water and Sewer service is expected in 2005 based on the results of a water rate study.

Other fees and charges will be adjusted as needed to cover the cost of services.

The City will avoid budget and accounting procedures that balance the current budget at the expense of future budgets. This means that postponing necessary operating expenditures, using short-term debt to finance operating expenditures (personnel, supplies, operating charges) or accruing future years revenues are to be avoided. The *Budget* meets this standard.

The City will follow long-range plans for capital improvements. A long-range plan for capital improvement should be prepared and updated each year. This plan may include (in years other than the first year of the plan) "un-funded" projects that carry out the City's long-term goals, but it should identify projects that can be completed with known funding sources.

The Infrastructure Replacement Program is in its final phase with completion of work in progress scheduled for 2006. The *Budget* allocates \$400,000 for drainage improvements and funds several major capital projects.

The City will maintain reserves adequate to ensure that resources are available annually for the replacement of vehicles and equipment. Current reserves are adequate, however contributions to the equipment replacement fund were frozen for 2004. Funding for this program will be resumed in 2005.

The City will maintain reserves that are adequate to protect against unforeseen events. The City's total reserves are adequate for a city the size of West U.

I commend the City Staff, and especially the Finance Department, for their many hours of work in preparing this proposed document. Also, I appreciate the guidance of the City Council in providing direction and parameters to this budgeting process. All your efforts will help protect the City of West University Place's quality of life.

Sincerely



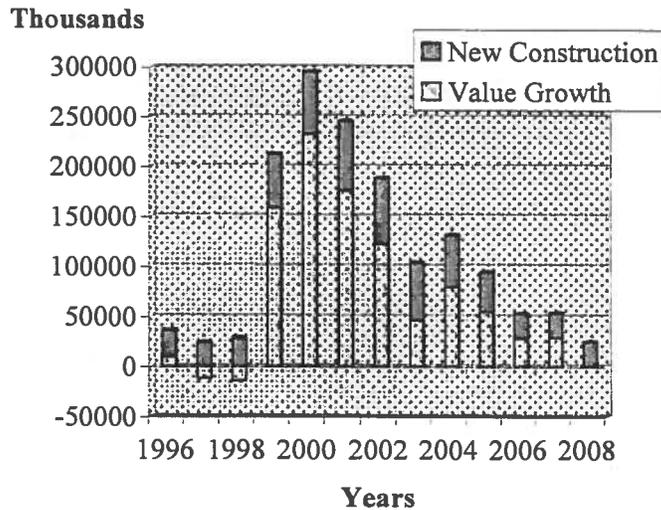
Michael Ross
City Manager

Budget 2005

Combined Summary of Revenues and Expenditures

	Beginning Balance	Property Taxes	Revenues			Expenditures	Ending Balance
			User Fees	Other	Total		
General Fund	\$ 2,867,425	\$ 5,446,630	\$ 539,680	\$ 4,053,570	\$ 10,039,880	\$ 9,979,190	\$ 2,928,115
Debt Service Fund	734,045	6,504,600	-	10,000	6,514,600	6,478,140	770,505
Water and Sewer Fund	607,310	-	4,755,000	20,000	4,775,000	4,730,800	651,510
Water and Sewer Capital Reserve	69,725	-	-	55,000	55,000	100,000	24,725
Solid Waste Fund	207,891	-	940,000	135,000	1,075,000	1,073,200	209,691
Capital Project Fund	45,228	-	-	484,000	484,000	480,000	49,228
Infrastructure Replacement Fund	9,001,025	-	-	350,000	350,000	9,108,560	242,465
Sidewalk Construction Fund	2,804,052	-	-	520,356	520,356	3,324,408	-
Drainage Improvement Fund	-	-	-	-	-	400,000	(400,000)
Equipment Replacement Fund	246,723	-	-	311,070	311,070	357,000	200,793
Parks Fund	14,353	-	-	2,100	2,100	15,000	1,453
Direct Dental Reimbursement	6,974	-	-	15,100	15,100	10,000	12,074
Senior Activity Fund	3,492	-	15,000	-	15,000	15,000	3,492
Court Technology Fund	2,936	-	-	14,000	14,000	14,000	2,936
Metro Grant Fund	-	-	-	264,000	264,000	259,000	5,000
Employee Separation Reserve	-	-	-	48,000	48,000	30,000	18,000
Total All Funds	\$16,611,179	\$11,951,230	\$6,249,680	\$ 6,282,196	\$24,483,106	\$36,374,298	\$ 4,719,987

Components of Growth in Assessed Values



Assessed values grew at a blistering pace in 1999, 2000, and 2001. These three years saw the assessed value increase over 42%. New construction added and average \$62 million for the five years ended in 2003. Assessed value growth is expected to decline to around 2% annually, with new construction averaging \$25 million.

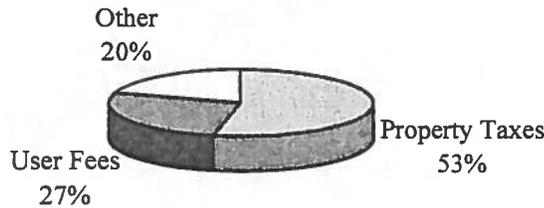
**CITY OF WEST UNIVERSITY PLACE
2005 BUDGET AT A GLANCE**

	General Fund	Debt Service Fund	Water Utility	Solid Waste	Total
Revenues					
Property Taxes	\$ 5,466,630	\$ 6,504,600	\$ -	\$ -	\$ 11,971,230
User Fees	299,480	-	4,755,000	938,000	5,992,480
Other	4,273,770	10,000	20,000	190,000	4,493,770
Total Revenues	\$ 10,039,880	\$ 6,514,600	\$ 4,775,000	\$ 1,128,000	\$ 22,457,480

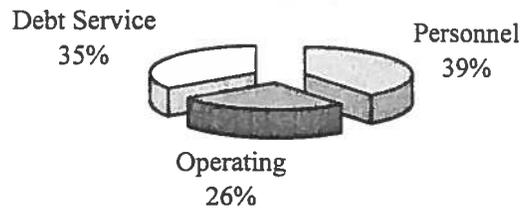
Operating Expenditures					
Personnel	\$ 7,480,080	\$ -	\$ 873,610	\$ 438,950	\$ 8,792,640
Operating	2,499,110	-	2,648,850	634,250	5,782,210
Debt Service	-	6,478,140	1,208,340	-	7,686,480
Total Expenditures	\$ 9,979,190	\$ 6,478,140	\$ 4,730,800	\$ 1,073,200	22,261,330

Capital Improvements					
Infrastructure Replacement					\$ 9,108,560
Sidewalk Replacement					3,324,408
General					512,600
Water and Sewer					50,000
					\$ 12,995,568

**2005 Operating Revenues
General, Debt Service and Utility Funds**



**2005 Operating Expenditures
General, Debt Service and Utility Funds**



2003 – 2005 WEST UNIVERSITY PLACE
CITY COUNCIL GOALS

1. **Remediate Flooding and Drainage in Priority Area 2**
Working with Harris County Flood Control District (HCFCD), City Council authorized Claunch & Miller to proceed with a Preliminary Engineering Report (PER) for an extreme event system. This extreme event concept will impact West University Place, Southside Place and the area of Houston served by Poor Farm Ditch. Upon completion of the PER, funding responsibilities will be established and a recommendation will be made to Council for implementation. Council has approved the detailed engineering design cost for the recommended improvements for 2005 with construction estimated to occur in 2006.
2. **Pursue Purchase and Development of Additional Park Space**
At Council's direction, Staff is specifically evaluating potential parkland purchase to serve the area bounded by Poor Farm Ditch to the West, Buffalo Speedway to the East, University Boulevard to the North and Holcombe to the South.
3. **Determine Cost and Feasibility of Milton St. Public Works Facilities Relocation**
At Council's request, Staff has been working with Broker (Marshal Klinkscales), to develop an information package to proceed with marketing this property for sale or lease. Based on results of bids, City Council will determine course of action. At City Council's direction, Staff is exploring the feasibility of privatizing the Solid Waste services.
4. **Determine Cost and Feasibility of Police Station Replacement/Relocation**
An engineer hired by the city has determined that the foundation of the Police Station is salvageable. Therefore, staff recommends that the existing building be renovated and expanded to include an Emergency Operations Center (EOC). Council approved design costs for 2005 with proposed construction in 2006. Funding source for construction has not been established.
5. **Streetlight Program Implementation**
Town Center Street Light Task Force has selected streetlights for demonstration on University Boulevard. Upon selection of light by City Council the Town Center project will be implemented. Subject to Council approval of a streetlight, \$75,000 has been budgeted annually for future year street light projects throughout the rest of the City.
6. **Gateway Signage Implementation/Completion**
Council approved proposed signs. Construction and installation of the signs for the Wesleyan @ Bissonnet and the Huffington Park signage is underway.
7. **Retention of Old Stock Housing**
Retention of Old Stock Housing has been an ongoing topic of discussion by the Building Standards Commission for several months. They have a draft recommendation that has been forwarded to the Zoning and Planning Commission. After consideration by the Zoning and Planning Commission, the recommendation will be presented to the City Council.

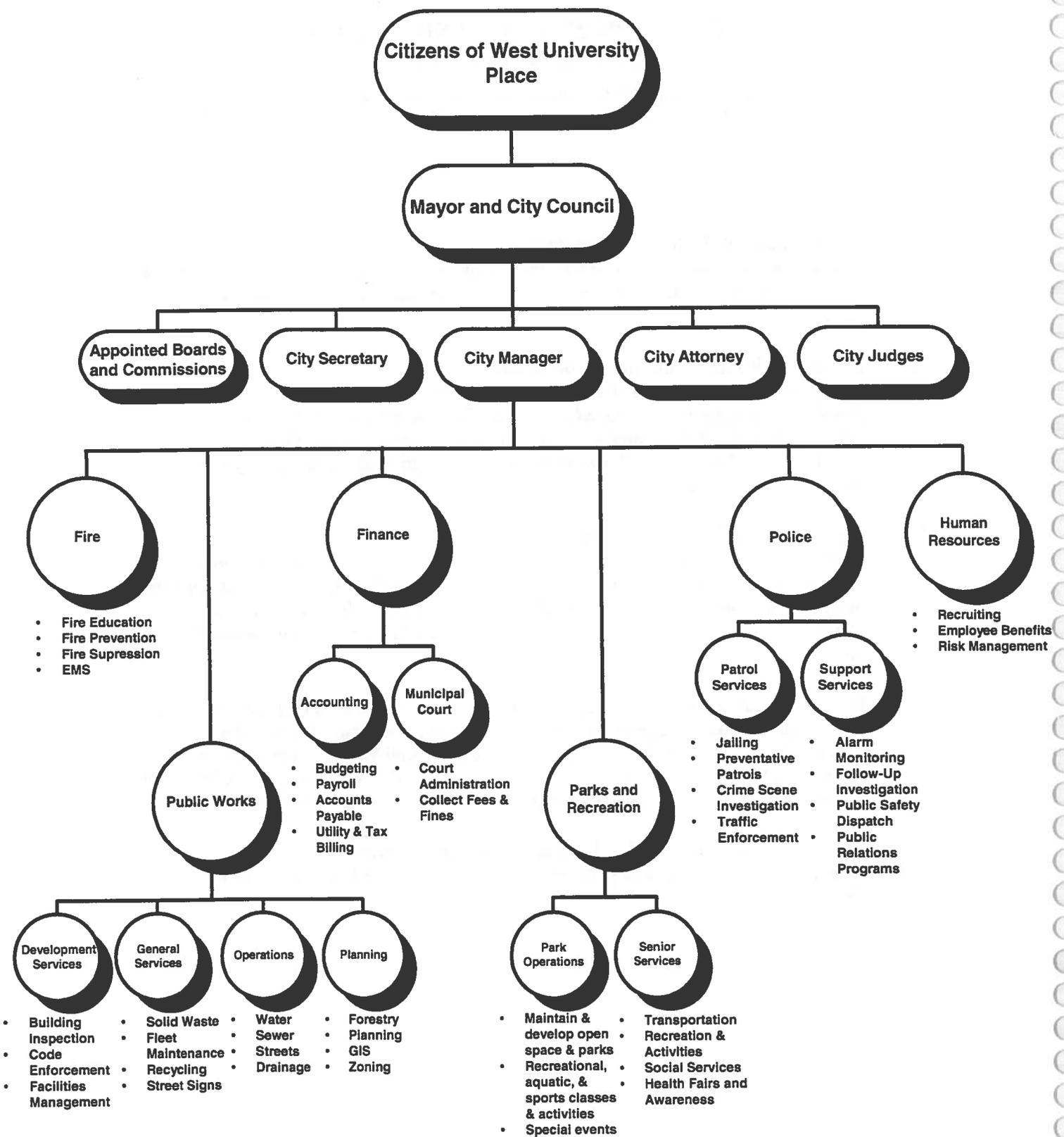
2003 – 2005 WEST UNIVERSITY PLACE
CITY COUNCIL GOALS

8. Evaluate Rezoning of Commercial Areas to Allow or Facilitate Rebuilding and Remodeling.
The Zoning and Planning Commission is currently reviewing this portion of the zoning regulations for possible recommendations to the City Council. Numerous concepts have been developed and communication has occurred with existing and potential owners in an attempt to develop a Planned District for the area.
9. Review of Building Codes and their Uniformity with the International Building Codes
Council has adopted recommendations on roofing materials and yard drain piping.
10. Evaluate Side Setbacks and Garage Requirements on Residences
This was an issue that came up with parking across the sidewalk. It was clarified and resolved by using the Municipal Court Judge's interpretation and subsequent City Manager memo.
11. Review of Tree Ordinance, Tree Master Plan, and Tree Fund
Council approved the revised Tree Ordinance on August 23, 2004. The Tree Master Plan survey has just been completed and the draft report is forthcoming.
12. Evaluate 80% Lot Coverage Rule
The City Council adopted the amendment that strengthened the existing Ordinance. Currently the Zoning & Planning Commission is reviewing Volumetric control or Scale Based Zoning for further consideration.
13. Increase Recycling in the City
Placement and collection rules in place are being enforced. Recycle Committee is using City Currents articles to educate residents on the value of recycling and is concentrating the effort on paper.
14. Review the City's Risk Exposure
Per Council's request the review has begun.
15. Enforcement of Parking Restrictions on sidewalks
It was clarified and resolved by using the Municipal Court Judge's interpretation and subsequent City Manager memo. Police are enforcing other sidewalk/driveway parking restrictions.
16. Establish use for the West U. Rec. Center
Staff presentation of existing concepts and past resident surveys occurred on October 4, 2004. Council Workshop discussion and appointment of Task Force is scheduled for October 25, 2004.
17. Establish a Bark Park or enter into an agreement with another city for use of the services

2003 – 2005 WEST UNIVERSITY PLACE
CITY COUNCIL GOALS

Council appointed Task Force to evaluate issue and make recommendation. Current plan is for Task Force to make recommendation to Council by the end of the calendar year.

18. Development of the Rice Pocket Park
Council approved the Friend's of the Park donation of \$25,000. Council appointed Task Force to begin selection process for consultant towards development of a final plan for park.
19. Pursue Regionalism/ Interlocal cooperation
Staff developed and negotiated a comprehensive interlocal agreement with Southside Place. The agreement is scheduled to come to City Council in November for consideration. Staff also continues to work with the Harris County Flood Control District on flooding and the City of Houston and the City of Bellaire on the establishment of railroad quite zones.
20. Train Noise Reduction/Toll Road Issues
Staff is continuing to work with the City of Houston, Union Pacific and the City of Bellaire on establishing quite zones at all 13 crossings (including our two). It appears that the quite zones will be in place by the end of this year or the first of next year. Council approved \$25,000 for the City of West University Place's contribution if necessary.
21. Review Building Materials: i.e., foundations, framing and rot resistant materials
The Building Standards Commission has looked at both foundation design and alternative building materials. The Chairman gave a foundation presentation to the Council on September 13. The BSC recommendation will be coming to City Council in November. The commission is still evaluating other alternative materials.
22. Evaluate Privatization of Solid Waste Collection Services
Began preliminary evaluation of other cities success of privatization of solid waste services.



FUND DESCRIPTION:

The General Fund accounts for revenue, expenditures, and transfers associated with municipal services not directly supported or accounted for in other funds.

FUND FINANCIAL ACTIVITY:

The General Fund finances nearly all of the City's services. Issues such as the *ad valorem* tax rate, fees, objectives, levels of service, the number of employees, salaries and benefits are all determined during the preparation of the General Fund's budget. The General Fund is the source of funds for all six of the City's departments: Police, Fire, Public Works, Parks and Recreation, Finance, and Administration.

Revenue Projections for 2004 The 2004 Budget forecasted revenues to finance the General Fund's services at \$9.59 million. Based on collections and data available on June 30, 2004, revenues are expected to fall short of this target.

While Sales Tax Collections are expected to exceed estimates, investment income; fines and court costs; and other revenues are not expected to meet targets. Altogether, revenues are expected to fall short of 2004

targets by \$53,600

Expenditure Estimated for 2004 The 2004 Budget appropriated \$9.54 million. Council amended the Budget by \$102,850 in January 2004 to provide operating funds for the West U Recreation Center, bringing the total budget to \$9.69 million. Based on expenditures through June 30, 2004, it appears that actual expenditures will fall just below the appropriated amount at \$9.67 million

Financial Position in 2004 - The City of West University Place's General Fund will close 2004 in sound fiscal condition. The estimated balance available for appropriation will be approximately \$2.85 million. This amount represents 28% of estimated 2005 expenditures. Put another way, the General Fund's Operations could be sustained for almost four months with no additional revenues.

While there is no formal standard of measure established to determine the amount of funds a City should retain in reserve, most analysts agree that it be no less than 25% of a fund's annual revenues. The primary purpose of fund balance is to provide a buffer against unforeseen financial events.

**GENERAL FUND
SUFFICIENCY OF FUND BALANCE**

Year	Revenues	25% of Revenue	Actual Fund Balance
2000	\$ 7,600,830	\$ 1,900,208	\$ 3,993,530
2001	7,632,530	1,908,133	2,993,248
2002	9,216,353	2,304,088	3,003,035
2003	9,056,383	2,264,096	2,845,162
2004	9,237,630	2,309,408	2,722,425
2005	10,029,880	2,507,470	2,783,115

Actual fund balance is projected for years ended December 31, 2004 and 2005 and does not include \$145,000 encumbered under the terms of the City Manager's contract.

2005 BUDGET

Projected 2005 Revenues. The City's General Fund Revenues for fiscal 2005 are forecasted to increase 4.67% over 2004 budgeted revenues. Total revenues are expected to be \$10.04 million.

Revenues from property taxes will grow by \$315,630, a 6.15% increase. The (*ad valorem*) tax rate dedicated to operations is proposed to be \$0.20 per \$100 in value, representing a \$0.0033 increase in this component of the total tax rate. The rate of growth in assessed values remained at about 5% in 2004, increasing from \$2.60 billion to \$2.73 billion due to new construction and the marketability of WestU property.

Revenues generated by the City's one-cent sales tax are budgeted at \$663,000, 13.33% higher than the \$585,000 budgeted in 2004. Collections of sales tax improved dramatically in 2004.

Franchise taxes provide \$953,000, or 9.50% of the City's General Fund revenues. This revenue source is expected to slightly increase as the price of electricity regains strength after de-regulation.

Historically low interest rates continue to depress estimated interest income earned on investing temporarily idle funds.

Revenue sources budgeted under the Fees for Services caption include ambulance service billing, alarm monitoring billing and other service related fees. In previous years

Street Light Fees were projected under this caption, but the Water and Sewer Rate restructuring that was enacted in January 2004 transferred this revenue into the Water and Sewer Fund.

As in previous years, the 2005 Budget anticipates a payment from the Water and Sewer Utility Enterprise Fund (\$645,000) and the Solid Waste Collection Fund (\$225,000). These payments are reimbursements from the Enterprise Funds for administrative costs. Meter reading, billing, accounting, legal, data processing and insurance are all budgeted in the General Fund in order to centralize these costs.

Expenditures in 2005. The Budget appropriates \$9.98 million in the General Fund. The General Fund's amended 2004 Budget was \$9,671.890, so this Budget represents a 3.17% increase in the total budget.

Personnel costs - Personnel costs, including benefits, amount to \$7.7 million or 77% of the budget, virtually the same as the 2004 Budget. Health care costs are projected to be substantially below the amount provided in the 2004 Budget. The 2005 Budget includes a 3% increase to salaries to be granted on the employee's anniversary date. Since the increase is implemented over the year, the budget impact is limited to approximately 1.5% in 2005.

**GENERAL FUND
AUTHORIZED POSITIONS**

Department	Number of authorizatons		
	2004	2005	Change
Administration	4.0	4.5	0.5
Finance	9.0	9.0	0.0
Police	33.0	32.0	(1.0)
Fire	24.0	24.5	0.5
Public Works	20.0	20.0	0.0
Parks	8.0	8.0	0.0
	98.0	98.0	0.0

In 2005 one position was transferred from Police - Communications to Administration (0.5) and Fire (0.5). One position was created in Public Works and another deleted.

**GENERAL FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
REVENUES:				
Property taxes	\$ 4,519,428	\$ 4,762,649	\$ 5,131,000	\$ 5,446,630
Franchise taxes	939,577	873,649	930,000	953,000
Sales taxes	1,098,625	777,290	640,000	663,000
Licenses and Permits	386,124	432,144	484,600	475,340
Fees for service	466,467	445,511	279,080	299,480
Other charges and fees	154,244	185,810	187,850	207,160
Recreation fees	325,209	455,631	439,700	539,680
Fines and court costs	304,811	243,931	250,000	273,400
Investment earnings	113,421	75,605	95,500	100,500
Other revenues	277,447	173,163	202,900	211,690
Interfund transactions	631,000	631,000	897,000	870,000
TOTAL REVENUES	9,216,353	9,056,383	9,537,630	10,039,880
EXPENDITURES:				
Administration	626,888	587,280	639,890	615,440
Finance	1,642,914	1,365,028	1,562,720	1,427,620
Police	2,669,209	2,732,486	2,666,050	2,677,480
Fire	1,758,727	1,969,198	2,060,350	2,240,250
Public Works	1,281,396	1,429,878	1,404,247	1,687,910
Parks and Recreation	1,082,432	1,130,386	1,327,110	1,330,490
TOTAL EXPENDITURES	9,061,566	9,214,256	9,660,367	9,979,190
NET REVENUE (EXPENDITURE)	154,787	(157,873)	(122,737)	60,690
BEGINNING BALANCE	2,993,248	3,148,035	2,990,162	2,867,425
ENDING BALANCE	3,148,035	2,990,162	2,867,425	2,928,115
ENCUMBERED	145,000	145,000	145,000	145,000
UNRESERVED FUND BALANCE	\$ 3,003,035	\$ 2,845,162	\$ 2,722,425	\$ 2,783,115

GENERAL FUND**SCHEDULE OF EXPENDITURES BY TYPE**

	2003 Actual	2003 Percent	2004 Estimate	2004 Percent	2005 Budget	2005 Percent
Personnel						
Salaries and wages	\$ 5,433,136	58.96%	\$ 5,660,726	58.60%	\$ 5,429,470	54.41%
Benefits	1,702,599	18.48%	1,875,807	19.42%	2,080,610	20.85%
Human resources	36,437	0.40%	17,900	0.19%	16,500	0.17%
Training	81,438	0.88%	82,040	0.85%	103,950	1.04%
Dues and publications	24,607	0.27%	23,255	0.24%	32,420	0.32%
Total Personnel	7,278,217	78.99%	7,659,728	79.29%	7,662,950	76.79%
Operating Charges						
Communication	124,367	1.35%	121,240	1.26%	137,110	1.37%
Community Relations	28,565	0.31%	36,900	0.38%	56,500	0.57%
Services	532,944	5.78%	567,200	5.87%	718,300	7.20%
Insurance	136,648	1.48%	144,880	1.50%	146,900	1.47%
Maintenance and repairs	310,326	3.37%	331,850	3.44%	330,740	3.31%
Equipment replacement	130,790	1.42%	-	-	117,130	1.17%
Supplies	197,964	2.15%	218,800	2.26%	234,980	2.35%
Utilities	234,513	2.55%	361,899	3.75%	287,000	2.88%
Other	143,942	1.56%	120,900	1.25%	133,580	1.34%
Total Operating Charges	1,840,059	19.97%	1,903,669	19.71%	2,162,240	21.67%
Capital outlay	95,980	1.04%	96,920	1.00%	154,000	1.54%
Total General Fund	\$ 9,214,256	100.00%	\$ 9,660,317	100.00%	\$ 9,979,190	100.00%

GENERAL FUND**SCHEDULE OF EXPENDITURES BY PURPOSE**

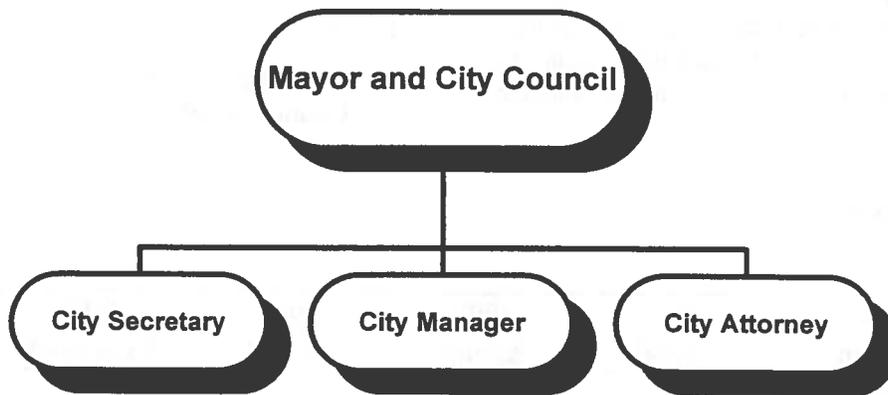
	2003 Actual	2003 Percent	2004 Estimated	2004 Percent	2005 Budget	2005 Percent
Administration						
City Management	587,280	6.37%	639,890	6.62%	615,440	6.17%
Finance	1,365,028	14.81%	1,562,720	16.18%	1,427,620	14.31%
Total Administration	1,952,308	21.19%	2,202,610	22.80%	2,043,060	20.47%
Public Safety						
Police	2,732,486	29.65%	2,666,050	27.60%	2,677,480	26.83%
Fire	1,969,198	21.37%	2,060,350	21.33%	2,240,250	22.45%
Total Public Safety	4,701,684	51.03%	4,726,400	48.93%	4,917,730	49.28%
Public Works	1,429,878	15.52%	1,404,247	14.54%	1,687,910	16.91%
Recreation and Leisure	1,130,386	12.27%	1,327,060	13.74%	1,330,490	13.33%
Total General Fund	\$ 9,214,256	100.00%	\$ 9,660,317	100.00%	\$ 9,979,190	100.00%

GENERAL FUND
SCHEDULE OF REVENUES BY SOURCE

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Taxes	\$ 6,557,629	\$ 6,379,303	\$ 6,701,000	\$ 7,091,110
Licenses and perm its	386,124	432,144	484,600	465,340
Fee for service	466,467	427,216	279,080	299,480
Other charges and fees	154,245	185,811	187,850	207,160
Recreation	475,993	445,511	439,700	539,680
Fines and court costs	304,812	243,931	250,000	263,400
Other revenues:				
Interest	113,421	75,605	80,000	95,500
Southside Place	-	106,748	125,000	125,000
Other	126,662	129,114	93,400	83,210
Interfund transactions	631,000	631,000	897,000	870,000
Total revenues	\$ 9,216,353	\$ 9,056,383	\$ 9,537,630	\$ 10,039,880

The change in "Fee for service" beginning in 2004 stems from the elimination of the street light charge.

ADMINISTRATION



Department Mission

To effectively and efficiently implement and administer the policies as established by the City Council.

ACTIVITY SUMMARY

The Department of Administration is responsible to the City Council for the efficient delivery of City services. The City Manager serves as chief administrative officer and has day-to-day responsibility for the operation of all City activities. The City Secretary is responsible to the City Council for maintaining ordinances, resolutions, meeting minutes, and legally required publications. The City Attorney provides City Council with general counsel, litigation, contract review, and ordinance review.

- * Projects coordinator was funded in Water and Sewer Fund.
- * One half of an administrative assistant position was added.

Accomplishments in 2004:

- * Replaced retiring Personnel/Risk Manager.

Goals for 2005:

- * Continue progress towards meeting City Councils goals.

Budget Changes:

Account Description	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Administration					
Personnel	\$ 360,001	\$ 442,246	\$ 428,759	\$ 446,150	\$ 444,190
Operating charges	214,654	179,545	66,404	63,940	67,650
Capital	517	5,098	16	14,500	-
Total	575,172	626,889	495,179	524,590	511,840
Council					
Personnel	-	-	1,314	4,550	4,550
Operating charges	-	-	90,787	110,750	99,050
Capital	-	-	-	-	-
Total	-	-	92,101	115,300	103,600
Total Department	\$ 575,172	\$ 626,889	\$ 587,280	\$ 639,890	\$ 615,440

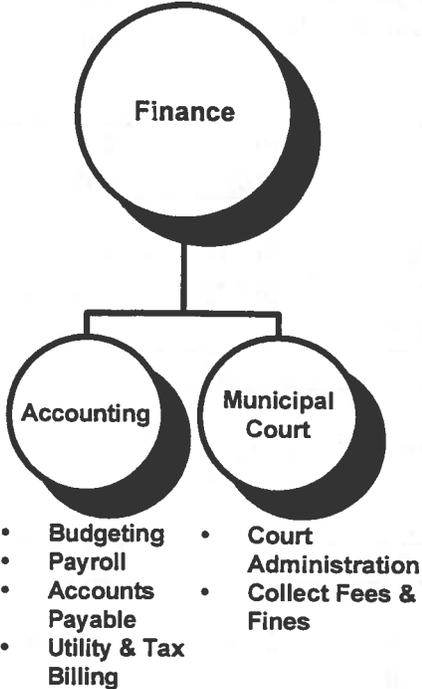
STAFFING SCHEDULE

POSITION	GRADE	2004	2005	SALARY RANGE	
		BUDGET	BUDGET	MINIMUM	MAXIMUM
Administration					
City Manager	NC	1	1	123,574	
City Secretary	NC	1	1	70,587	
Personnel/Risk Manager	42	1	1	49,502	66,526
Administrative Assistant	38	-	0.5	34,934	46,949
Assistant to City Manager	39	1	1	41,803	56,179
Total administration		4	4.5		

NC - These positions are appointed, salary is set by the City Council

** Salary ranges are adjusted annually December 31 based on C.P.I.

FINANCE



DEPARTMENT MISSION

To provide useful financial management services to other City Departments, timely and accurate billing to citizens, fair and efficient administration of the municipal court, and useful financial reporting to the City's financial stakeholders.

FINANCE

ACTIVITY SUMMARY

The Finance Department provide a wide range of financial and administrative services to citizens and other City Departments including: utility and tax billing, purchasing, budgeting, risk management, cash management, personnel, payroll, accounts payable, and financial reporting. The Finance Department directs the administration of the City's Municipal Court. Finally, expenditures and transfers that cannot be allocated to other departments in a satisfactory way are included in this budget.

Accomplishments in 2004:

- * Completed Comprehensive Annual Financial Report in accordance with the new report model mandated by GASB 34.
- * Outsourced utility bill printing.

Goals for 2005:

- * Review accounting internal control over payroll transactions.
- * Document monthly closing procedures.

Account Description	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Finance					
Personnel	\$ 389,767	\$ 434,913	\$ 426,523	\$ 443,370	\$ 450,610
Operating charges	343,705	326,572	328,764	319,400	335,100
Capital	16,291	-	3,455	4,500	3,000
Total	749,763	761,485	758,742	767,270	788,710
Municipal Court					
Personnel	156,387	149,711	160,219	169,330	171,310
Operating charges	20,794	9,087	7,664	7,400	9,200
Capital	3,124	-	-	-	-
Total	180,305	158,798	167,883	176,730	180,510
City-Wide Charges					
Operating charges	1,304,938	722,631	438,403	618,720	458,400
Total	1,304,938	722,631	438,403	618,720	458,400
Total Department	\$2,235,006	\$1,642,914	\$1,365,028	\$1,562,720	\$1,427,620

STAFFING SCHEDULE

POSITION	GRADE	2004 BUDGET	2005 BUDGET	SALARY RANGE	
				MINIMUM	MAXIMUM
Finance					
<i>Accounting</i>					
Finance Director	ER1	1	1	63,857	85,569
Assistant Finance Director	42	1	1	49,502	66,526
Deputy Tax/Assessor Collector	39	1	1	41,803	56,179
Accounting Specialist	37	3	3	30,884	41,506
Cashier	34	1	1	26,032	34,986
<i>Municipal Court</i>					
Municipal Court Clerk	39	1	1	41,803	56,179
Deputy Court Clerk	34	1	1	26,032	34,986
Total Finance		9	9		

** Salary ranges are adjusted annually December 31 based on C.P.I.

POLICE



DEPARTMENT MISSION

To preserve the peace and to protect life and property by enforcing State, Federal and local laws.

POLICE

ACTIVITY SUMMARY

The Police Department is responsible for preserving the peace and law enforcement in the City.

Budget Changes

- * Direct Link administration was transferred to Fire Department and one Dispatcher Position was deleted.

Accomplishments in 2004:

- * Connected to the SETCIC Regional Warrant system allowing Municipal Court warrants to be entered into the system.
- * New higher quality uniforms were issued to the officers.
- * The evidence/property storage room was renovated allowing better control and

tracking of evidence.

Goals for 2005:

- * A new telephone and dispatch recording system will be installed.
- * Old video cameras in patrol vehicles will be replaced with digital cameras as the old cameras wear out.
- * A new digital recorder will be installed in dispatch to monitor security cameras.
- * New computer connections with the Houston Police Department and Harris County are being installed. These connections will allow officers to check HPD and Harris Co. crime records on line.

Account Description	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Police					
Personnel	\$1,727,940	\$1,890,250	\$1,956,467	\$1,896,210	\$1,930,520
Operating charges	315,449	230,061	235,843	194,740	276,870
Capital	33,021	33,171	25,699	7,200	-
Total	2,076,410	2,153,482	2,218,009	2,098,150	2,207,390
Communications					
Personnel	325,534	457,152	442,905	493,400	453,090
Operating charges	66,306	58,574	71,572	74,500	17,000
Capital	-	-	-	-	-
Total	391,840	515,726	514,477	567,900	470,090
Total Department	\$2,468,250	\$2,669,208	\$2,732,486	\$2,666,050	\$2,677,480

STAFFING SCHEDULE

POSITION	GRADE	2004	2005	SALARY RANGE	
		BUDGET	BUDGET	MINIMUM	MAXIMUM
Police Department					
Police					
Chief	ER2	1	1	75,800	102,683
Captain	ER1	1	1	63,965	82,645
Police Lieutenant	PL	2	2	58,626	78,789
Police Sergeant	PS	5	4	50,979	68,512
Police Officer	PO	16	17	40,784	54,810
Communications					
Administrative Assistant	38	1	1	35,737	48,029
Police Dispatcher	PD	9	8	31,661	42,549
Total Police		35	34		

** Salary ranges are adjusted annually December 31 based on C.P.I.

FIRE



- Fire Education
- Fire Prevention
- Fire Suppression
- EMS
- Emergency Management
- DirectLink Alarm Program

DEPARTMENT MISSION

Dedicated to the preservation of lives and property.

FIRE

ACTIVITY SUMMARY

The Fire Department is responsible for protecting lives and property from fire and natural disasters. The City's Fire Department provides fire suppression, emergency medical services with advanced life support capability practiced by trained paramedics, fire inspections, and emergency management services. The Department also has assumed responsibility for the operations of the central alarm monitoring system, Direct Link.

Budget Changes:

- * One half of administrative assistant position added to administer Direct Link and provide administrative support.
- * Mosquito spraying was transferred to Public Works.

Accomplishments in 2004:

- * Replaced Fire Chief.
- * Reorganization of Fire Department Personnel.
- * Awarded Office of Domestic Preparedness Grant amounting to \$55,000.

Goals for 2005

- * Update emergency management capabilities and preparedness.
- * Emphasize training firefighter safety.
- * Increase the number of subscribers to the City's Direct Link program.

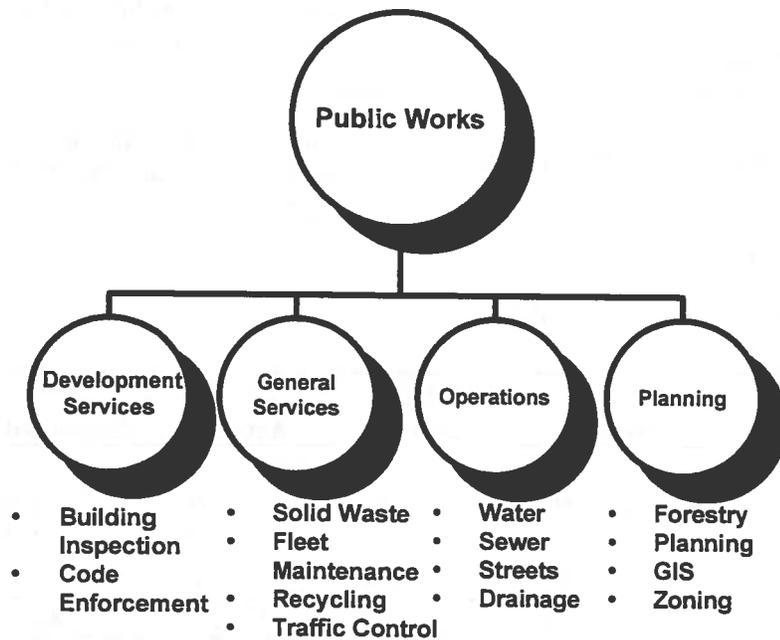
Account Description	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Fire					
Personnel	\$1,494,212	\$1,610,414	\$1,827,196	\$1,946,700	\$2,001,900
Operating charges	154,995	144,750	119,877	113,650	183,350
Capital	14,124	3,563	22,125	13,520	55,000
Total	1,663,331	1,758,727	1,969,198	2,073,870	2,240,250
Total Department	\$1,663,331	\$1,758,727	\$1,969,198	\$2,073,870	\$2,240,250

STAFFING SCHEDULE

POSITION	GRADE	2004	2005	SALARY RANGE	
		BUDGET	BUDGET	MINIMUM	MAXIMUM
Fire Department					
Chief	ER2	1	1	74,906	100,374
Fire Marshal	FM	1	1	57,645	77,470
Fire Captain	FC	3	3	57,645	77,470
Fire Lieutenant	FL	3	3	48,038	64,559
Firefighter	FF	15	15	37,677	50,634
Administrative Assistant	38	-	0.5	34,934	46,949
Communications Officer/IT Manag	CO	1	1	57,645	77,470
Total-Fire Department		24	24.5		

** Salary ranges are adjusted annually December 31 based on C.P.I.

PUBLIC WORKS



DEPARTMENT MISSION

The Department's mission is to provide the following services: (1) maintain the City's streets at a level consistent with a modern urban area; (2) maintain the City's drainage system to insure that storm water is removed at the peak levels for which the system was designed; (3) insure the City's fleet of motor vehicles are maintained at highest standards of safety and efficiency; and (4) enforce the City's building, plumbing, and electrical codes to insure the construction and maintenance of safe residential and commercial structures.

ACTIVITY SUMMARY

The Public Works Department is responsible for the City's civil engineering, utility, and internal maintenance services. This diverse department encompasses planning, street and drainage maintenance, enforcing building codes, solid waste collection and city vehicle maintenance.

Budget Changes:

- * Facilities Management Division transferred to Parks and Recreation.
- * Mosquito spraying transferred to General Services Division
- * All vehicle maintenance concentrated in General Services.

- * Developed GIS timetable and began implementation.
- * Coordinated "Meet the City" day.
- * Completed city-wide traffic sign replacement program.
- * Completed data collection and conditions database for all City storm sewers, and correlated with GIS, creating the baseline for the storm sewer preventive maintenance program.

Goals for 2005:

- * Continue implementation of GIS, developing additional data layers and maps.

Accomplishments in 2004:

- * Developed a master tree plan and a master tree inventory.

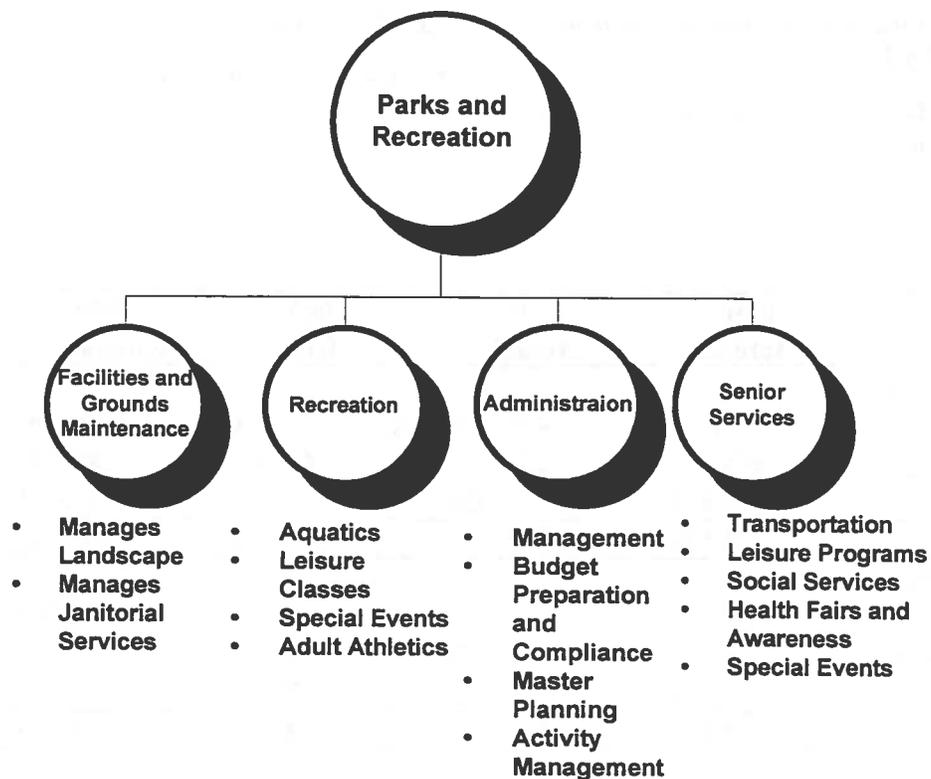
Account Description	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Administration					
Personnel	\$ 208,869	\$ 170,077	\$ 223,720	\$ 237,300	\$ 249,390
Operating charges	47,850	48,732	47,198	41,250	62,120
Capital	1,781	3,000	3,000	-	-
Total	258,500	221,809	273,918	278,550	311,510
Development Services					
Personnel	436,829	490,206	480,660	370,547	414,670
Operating charges	38,002	78,984	81,763	41,450	38,230
Capital	1,998	2,955	3,196	3,500	4,500
Total	476,829	572,145	565,619	415,497	457,400
General Services-General Fund					
Personnel	-	-	269,973	324,330	320,920
Operating charges	-	-	75,554	51,370	179,300
Capital	-	-	1,489	-	-
Total	-	-	347,016	375,700	500,220
Operations-General Fund					
Personnel	398,374	378,300	187,692	146,380	145,220
Operating charges	289,082	108,288	55,303	28,400	60,630
Capital	5,253	851	-	-	-
Total	692,709	487,439	242,995	174,780	205,850
Planning					
Personnel	-	-	-	136,020	147,670
Operating charges	-	-	-	20,500	63,760
Capital	-	-	-	3,200	1,500
Total	-	-	-	159,720	212,930
Total Department	\$1,428,038	\$1,281,393	\$1,429,548	\$1,404,247	\$1,687,910

STAFFING SCHEDULE

POSITION	GRADE	2004	2005	SALARY RANGE	
		BUDGET	BUDGET	MINIMUM	MAXIMUM
<i>Public Works</i>					
<i>Public Works Administration</i>					
Asst. City Manager\Public Works I	ER3	1	1	84,291	112,950
Office Manager	39	1	1	41,803	56,179
Public Works Secretary	34	1	1	26,032	34,986
<i>Development Services</i>					
Chief Building Official	43	1	1	53,214	71,312
Plans Examiner	39	1	1	41,803	56,179
Senior Inspector	39	1	2	41,803	56,179
Building Inspector	38	1	1	35,737	48,029
Code Enforcement/ACO	38	1	1	35,737	48,029
Development Svcs Secretary	36	2	2	29,672	39,877
<i>Planning</i>					
City Planner/Forester	43	1	1	53,214	71,312
Planning & Development Assistant	38	1	1	35,737	48,029
<i>General Services</i>					
General Service Superintendent	43	1	1	53,214	71,312
Crew Leader	37	1	1	30,884	41,506
Traffic Technician	37	1	1	30,884	41,506
Mechanic	36	1	1	29,672	39,877
Laborer	32	1	1	22,393	30,095
<i>Operations</i>					
Equipment Operator	35	2	1	28,458	38,246
Maintenance Worker - Street	32	2	2	22,393	30,095
Total-Public Works		21	21		

** Salary ranges are adjusted annually December 31 based on C.P.I.

PARKS AND RECREATION



DEPARTMENT MISSION

To provide the City residents of all ages quality leisure programs and activities in safe and well maintained parks and recreation facilities.

ACTIVITY SUMMARY

The Parks and Recreation Department is responsible for planning, implementing and evaluating a variety of recreational and leisure activities for all ages. The Department also oversees landscape maintenance and janitorial service.

* Budget was divided into five cost centers: Administration, Colonial Park, WestU Rec Center, Facilities Maintenance and Senior Services.

Budget Changes:

- * Facilities maintenance transferred from Public Works
- * West U Recreation Center budgeted for a full year

Accomplishments in 2004:

- * Hired new Parks and Recreation Director.

Goals for 2005:

- * Develop WestU Recreation Center plan.

Account Description	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Community Bldg					
Personnel	\$ 391,767	\$ 459,840	\$ 513,078	\$ 546,290	\$ 236,800
Operating charges	243,845	225,141	246,766	285,300	116,810
Capital	7,888	500	-	14,020	6,000
Total	643,500	685,481	759,844	845,610	359,610
Senior Services					
Personnel	123,467	123,348	142,890	120,910	125,520
Operating charges	25,791	27,093	24,000	24,190	27,040
Capital	6,148	3,560	2,096	-	9,000
Total	155,406	154,001	168,986	145,100	161,560
Recreation Center					
Personnel	-	-	-	17,040	20,700
Operating charges	-	-	-	86,630	40,650
Capital	-	-	-	-	-
Total	-	-	-	103,670	61,350
Facility Management					
Personnel	77,097	77,892	42,853	72,330	126,070
Operating charges	168,040	162,056	158,703	160,400	346,540
Capital	5,665	-	-	-	-
Total	250,802	239,948	201,556	232,730	472,610
Colonial Park					
Personnel	-	-	-	-	236,950
Operating charges	-	-	-	-	33,410
Capital	-	-	-	-	5,000
Total	-	-	-	-	275,360
Total Department	\$ 1,049,708	\$ 1,079,430	\$ 1,130,386	\$ 1,327,110	\$ 1,330,490

STAFFING SCHEDULE

POSITION	GRADE	2004	2005	SALARY RANGE	
		BUDGET	BUDGET	MINIMUM	MAXIMUM
<i>Parks and Recreation</i>					
<i>Parks and Recreation</i>					
Parks and Recreation Director	ER1	1	1	63,857	85,569
Administrative Assistant	38	1	1	35,737	48,029
Friends of West U Parks Director	NC	1	1	30,997 (current)	
<i>Senior Services</i>					
Senior Services Manager	40	1	1	43,622	58,624
Senior Activity Coordinator	34	1	1	26,032	34,986
<i>Facility Maintenance</i>					
Building Maintenance Supervisor	39	1	1	41,803	56,179
Parks & Rec Maintenance I	32	1	1	22,393	30,095
<i>Colonial Park</i>					
Recreation Manager	40	1	1	43,622	58,624
<i>Total-Parks and Recreation</i>		8	8		

NC - These positions are appointed, salary is set by the City Council

*** Salary ranges are adjusted annually December 31 based on C.P.I.*

FUND DESCRIPTION

The Debt Service Fund is established by ordinances authorizing the issuance of general obligation bonds. These same ordinances call for an ad valorem (property) tax to be levied in sufficient amount to produce the funds needed to satisfy the City's annual debt service requirements for its general obligation Bonds.

FUND ACTIVITY

The City of West University Place uses debt financing to fund large capital investments. Streets, drainage, water and waste water systems are all constructed with borrowed funds. The Debt Service Fund does not finance all of the City's bonded debt service. The Water and Sewer Fund also provides funds to repay debt.

In 2005 the Debt Service Fund will finance \$6,448,135 of debt service virtually the same amount as in 2004.

In order to provide the funding for debt service payments, an ad valorem tax rate of \$0.24 per \$100 will be required in 2005, a decrease of 1 cent per \$100.

The City Charter limits the City's bonded debt to 5% of the assessed value. Since the projected assessed value for the City in 2004 is \$2.725 billion, the current debt limit under this provision is \$136,250,000. As of January 1, 2005 the City will owe a total of

\$90,625,000 to bondholders for all outstanding bonds. Of this total amount, the amount to be financed by the Debt Service Fund using property taxes will be \$75,170,000.

Steady growth in assessed values, the political stability of the community, and the underlying strength in the Houston Area economy has kept the City's credit ratings high in spite of a significant debt load.

FUTURE ACTIVITY

The assumptions used to project debt service costs into the future are:

- The City will issue \$4 million in Certificates of Obligation in the latter part of 2007.
- Assessed values will grow by 2% in 2005, 1.1% in 2006, and zero in 2007 and 2008
- New construction will add \$25 million to the appraisal roll annually.

Given these assumptions, the City's Debt Service requirements are expected to remain stable through 2011. The tax rate necessary to fund the City's debt service is projected to remain stable as the rate of increase in debt service declines. Growth in assessed values should offset debt service requirements of future bond issues.

	(Payable from Ad Valorem Taxes)			
	2004 Outstanding	2005 Retirements	2005 Outstanding	2005 Interest
2003 Certificates of Obligation	\$ 9,900,000	\$ 100,000	\$ 9,800,000	\$ 364,610
1996 Permanent Imp. Bonds*	2,550,000	240,000	2,310,000	137,020
1998 Permanent Imp. and Ref. Bonds	12,615,000	690,000	11,925,000	603,326
2000 Permanent Imp. Bonds	20,335,000	225,000	20,110,000	1,111,219
2002 Permanent Imp. Bonds	26,620,000	1,550,000	25,070,000	1,195,450
2002 YMCA Certificates	3,150,000	95,000	3,055,000	136,510
	\$ 75,170,000	\$ 2,900,000	\$ 72,270,000	\$ 3,548,135

**DEBT SERVICE FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
REVENUES:				
Ad valorem taxes	\$ 5,198,477	\$ 6,002,628	\$ 6,496,950	\$ 6,504,600
Interest on investments	48,007	34,179	10,000	10,000
Other	3,900	-	-	-
TOTAL REVENUES	5,250,384	6,036,807	6,506,950	6,514,600
EXPENDITURES:				
Debt service -principal	2,185,000	2,295,000	2,685,000	2,900,000
Debt service - interest and fiscal fees	3,130,630	3,653,487	3,744,050	3,578,140
TOTAL EXPENDITURES	5,315,630	5,948,487	6,429,050	6,478,140
NET REVENUES	(65,246)	88,320	77,900	36,460
BEGINNING BALANCE	633,071	567,825	656,145	734,045
ENDING BALANCE	\$ 567,825	\$ 656,145	\$ 734,045	\$ 770,505

**ASSESSED VALUES, DEBT SERVICE AND TAX RATES
ESTIMATED AND ACTUAL**

Budget Year	Assessed Value	Value Growth	Debt Service	Debt Service Tax Rate
1994	1,320,905,420	4.73%	2,390,780	0.1590
1995	1,373,046,390	3.95%	2,356,489	0.1486
1996	1,450,131,620	5.61%	2,636,489	0.1600
1997	1,481,163,540	2.14%	2,941,455	0.1700
1998	1,505,694,530	1.66%	3,357,122	0.1900
1999	1,567,240,600	4.09%	3,630,071	0.2100
2000	1,781,467,580	13.67%	3,838,343	0.2100
2001	2,022,417,900	13.53%	4,693,336	0.2150
2002	2,300,012,640	13.73%	5,315,630	0.2250
2003	2,488,973,270	8.22%	6,103,650	0.2400
1 2004	2,592,882,830	4.17%	6,507,000	0.2500
1 2005	2,725,000,000	5.10%	6,544,600	0.2400
2 2006	2,819,500,000	3.47%	6,759,100	0.2400
2 2007	2,872,700,000	1.89%	6,890,500	0.2400
2 2008	2,926,400,000	1.87%	7,018,200	0.2400
2 2009	2,951,400,000	0.85%	7,147,000	0.2500
2 2010	2,976,400,000	0.85%	7,206,400	0.2400

1 Projections based on Harris County Appraisal District actual or preliminary rolls

2 Projections based on \$25 million new construction and estimated assessed value grow

WATER UTILITY FUND

The Water and Sewer Fund is an Enterprise Fund. Enterprise funds are operated and accounted for like business enterprises in the private sector. Specifically, enterprise funds are meant to be self-supporting. The Water and Sewer Fund (Water Fund) accounts for the revenue, expenditures and transfers associated with the operation of the water and sanitary sewer system. User fees finance the system and its services.

To more clearly account for the major capital expenditures necessary to maintain the system, the Budget for the Water Fund has been divided into operating and capital sections. The operating section accounts for system operations, including personnel, supplies, services, and operating capital equipment. The capital section deals with unusual or very large capital projects. These projects generally are to renovate the water delivery or wastewater collection system to keep them in compliance with regulations and laws, safe, and in service.

The Water Fund's Budget is prepared using the modified accrual basis of accounting. Revenues are recognized when they are earned, because they are considered measurable and available to finance current operations. Expenditures are recognized when they are incurred. Debt service is recognized when paid.

In terms of revenue, the Water Fund produces less than a third of the revenues generated in City's General Fund. In spite of the smaller revenue base, the Water Fund's impact in the community may well exceed the General Fund's. Often the initial operation of a City is its Water Utility and, in many cases, the reason for incorporating a City is the need for drinking water and the sanitary disposal of wastewater.

Water and Sewer systems are capital intensive and expensive to construct. Operating costs are insignificant when compared to expenditures made to acquire and repair capital assets. The City has approximately

\$50 million invested in capital assets associated with the water and sewer utility. Put another way, the City could operate the water and sewer utility for ten years on the cash it has invested in the system's capital assets.

In order for the Water Fund to be self-supporting, the water and sewer service fees must reflect both the cost of operations and the cost of capital, or else the system will deteriorate. Typically, the cost of capital is reflected in the water and sewer rates by charging a rate sufficient to cover the operating costs *and the debt service costs associated with major capital maintenance*. Prior to 1995 the City did not follow this practice.

FUND FINANCIAL ACTIVITY:

2004 Financial Activity. At the beginning of this year, a series of wetter years and dramatic increases in debt service had steadily drained the Water and Sewer Fund reserves and pushed it into non-compliance with its bond covenants. Council took action in late 2003 by increasing water and sewer rates and water rates were increased again when the City of Houston announced a sharp increase in the price of treated surface water. These increases are beginning to have an impact. Revenues are expected to be \$4.3 million, sharply up from the \$3.1 million generated in 2003.

Operating expenditures are expected to be very close to the \$2.6 million provided in the 2004 Budget. Debt service and administrative costs will amount to \$1.9 million.

Altogether, Water Fund expenditures should amount to \$4.5 million.

The 2005 Budget. The Budget is based on total revenues of \$4.8 million. A 7% rate increase is required to reach this revenue projection. The water rate analysis delivered in 2003 projected rate increases in both 2004 and 2005.

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All water and sewer supported bonds have been issued and the debt service for these bonds reached \$1.3 million in 2003 and will remain constant into the future. Budgeted expenditures are \$4,730,800, or 12.28% over 2004. Much of this increase stems from transferring the street light charge to the water rate. System operations are expected to cost \$3,400,460, including the \$645,000 budgeted to reimburse the General Fund for costs it incurs on behalf of the Water Fund, and \$1,280,340 to pay the principal and interest on outstanding revenue bonds.

For the Future. The Water and Sewer Fund is the most difficult of all of the City's funds to predict. Water usage can vary dramatically with the weather. All projections and budgets are based on averages – which means they are

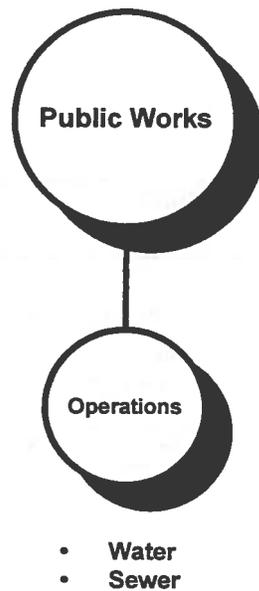
likely to vary considerably from actual. On average costs associated with operating the water and sewer utility are expected to increase about 2% a year for the next five years. Much of the system's delivery and collection infrastructure is new and costs should reflect savings associated with lower maintenance. Even so, other component parts of the system are aging; lift stations, elevated towers and water wells are all expected to need major overhauls in the foreseeable future.

A rate increase in 2005 is recommended. Future rate increases should be less dramatic but will be required to provide funds for capital projects that were not considered part of the infrastructure replacement program.

**WATER AND SEWER UTILITY FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
OPERATING REVENUES				
Service Charges	\$ 3,115,030	\$ 3,106,875	\$ 4,285,000	\$ 4,755,000
Interest Income	159,309	7,103	10,000	10,000
Loan from General Fund	-	937,130	-	-
Other revenues	119,172	-	-	10,000
TOTAL OPERATING REVENUES	3,393,511	4,051,108	4,295,000	4,775,000
EXPENDITURES				
Operations	2,416,602	2,357,195	2,584,840	2,755,460
Administration	441,000	441,000	635,000	645,000
Transfers to Other Funds	200,000	-	-	50,000
Debt Service	1,130,517	1,270,805	1,280,840	1,280,340
TOTAL EXPENDITURES	4,188,119	4,069,000	4,500,680	4,730,800
NET REVENUES (EXPENDITURES)	(794,608)	(17,892)	(205,680)	44,200
BEGINNING BALANCE	1,625,490	830,882	812,990	422,310
ENDING BALANCE	\$ 830,882	\$ 812,990	\$ 607,310	\$ 466,510

OPERATIONS WATER



DEPARTMENT MISSION

To meet the Citizen's demand for potable water and dispose of waste water in compliance with regulations and consideration of the environment.

WATER OPERATIONS

ACTIVITY SUMMARY

The City's Water Utility Operations are the responsibility of the Public Works Director.

Accomplishments in 2004:

- * Completed the Meter Change out/Audit program.
- * Completed final notifications for water and sewer relocations and began sealing old water mains.

Goals for 2005:

- * Complete sealing old water mains throughout the City.
- * Complete initial survey for monitoring infrastructure using Geographical Information System.

Account Description	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Operations-Water					
Personnel	\$ 682,935	\$ 799,545	\$ 816,357	\$ 905,730	\$ 873,610
Operating charges	1,583,151	1,640,254	1,606,756	1,709,680	1,854,350
Capital	20,780	17,841	-	-	27,500
Total Department	\$ 2,286,866	\$ 2,457,640	\$ 2,423,113	\$ 2,615,410	\$ 2,755,460

STAFFING SCHEDULE

POSITION	GRADE	2004	2005	SALARY RANGE	
		BUDGET	BUDGET	MINIMUM	MAXIMUM
Water Fund					
Operations Superintendent	43	1	1	53,214	71,312
Project Coordinator	38	1	1	35,737	48,029
Field Service Supervisor	39	1	1	41,803	56,179
Plant Supervisor	39	1	1	41,803	56,179
Maintenance Worker-Field Service	33	2	2	23,606	31,725
Equipment Operator	35	1	1	28,458	38,246
Lead Plant Operator	37	1	1	30,884	41,506
Crew Leader	37	3	3	30,884	41,506
Data Acquisition Technician	35	-	1	28,458	38,246
Plant Operator	35	3	2	28,458	38,246
Total Water Fund		14	14		

** Salary ranges are adjusted annually December 31 based on C.P.I.

WATER UTILITY CAPITAL RESERVE FUND

The Water and Sewer Utility Capital Project Reserve Fund accounts for the financing of the major capital projects necessary to maintain the City's Water and Sewer Utility. The Reserve is to ensure that a sufficient fund balance is maintained to adequately finance major maintenance and repair projects.

Projects that cost \$25,000 or less are routinely budgeted in the Water and Sewer Operating Fund. This Fund plans for larger projects, which are unusual in both the size and scope of the work.

FUND ACTIVITY

The 2004 Budget provided \$145,000 to fund capital repairs and maintenance. During 2004, the City will spend an estimated \$70,000 replacing worn water meters and repairing a lift station.

For the future: The Water and Sewer system is developing a backlog of projects that will need funding in the future. Water well reconstruction, repair and repainting elevated storage tanks and repair and reconstruction of equipment used in treating waste water will require a steady flow of funds into the future.

**WATER AND SEWER FUND - CAPITAL PROJECTS RESERVE FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
BEGINNING BALANCE	\$ 308,512	\$ 324,639	\$ 134,725	\$ 69,725
REVENUES				
Transfers from:				
Water and Sewer Operating Func	200,000	-	-	50,000
Interest	15,399	3,651	5,000	5,000
TOTAL REVENUES	215,399	3,651	5,000	55,000
TOTAL AVAILABLE	523,911	328,290	139,725	124,725
EXPENDITURES				
Meter Replacement Program	-	100,652	20,000	-
Lift Station Repair	-	64,038	50,000	-
Paint Wake Forest Tank	-	-	-	-
Contingency	-	-	-	100,000
Completed Projects	199,272	28,875	-	-
TOTAL EXPENDITURES	199,272	193,565	70,000	100,000
ENDING BALANCE	\$ 324,639	\$ 134,725	\$ 69,725	\$ 24,725

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SOLID WASTE FUND

SOLID WASTE FUND

The City collects and disposes of solid waste for its citizens. The financial activity associated with this service is accounted for in an enterprise fund to insure that the solid waste service is truly fee supported.

FUND FINANCIAL ACTIVITY

Financial Activity in 2004. For the year ended December 31, 2004, the Solid Waste Fund is expected to bill an estimated \$938,000 for solid waste services. In addition to fees for solid waste collection the Fund is expected to realize another \$100,000 from the sale of recyclable materials.

The *direct* cost of providing solid waste services in 2004 is expected to amount to \$736,290, virtually the same as 2003. Direct costs include personnel, capital equipment, supplies, and services that can be directly related to the solid waste collection and disposal service. Of these costs the largest single cost is the fee for disposal of solid waste. Disposal fees increased in 2003 for the first time since 1998 due to both increased volume and higher charges

Truck Drive (Cost - loaded \$42,765.29)

SOLID WASTE FUND

STATEMENT OF REVENUES AND EXPENDITURES *210,000*

*50,000 for 1/2
10,000 for
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	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
OPERATING REVENUES				
Solid Waste Collection	864,748	941,585	938,000	940,000
Sales of Recyclables	-	106,586	100,000	125,000
Interest	1,796	3,177	10,000	10,000
Transfers from other funds	50,000	-	-	-
TOTAL OPERATING REVENUES	916,544	1,051,348	1,048,000	1,075,000
EXPENDITURES				
Operations	722,263	798,759	736,290	848,200
Administration	190,000	190,000	200,000	225,000
TOTAL EXPENDITURES	912,263	988,759	936,290	1,073,200
NET REVENUES (EXPENDITURES)	4,281	62,589	111,710	1,800
BEGINNING BALANCE	29,311	33,592	96,181	207,891
ENDING BALANCE	\$ 33,592	\$ 96,181	\$ 207,891	\$ 209,691

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resulting using a transfer station to receive the waste. We expect that landfill charges will remain stable in 2005.

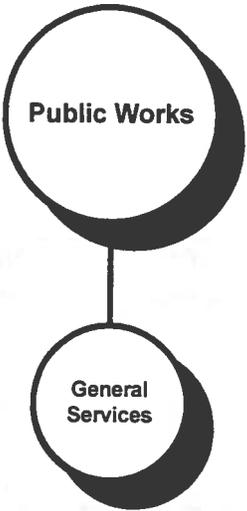
There are other costs that are more difficult to quantify. Administrative, risk management, and equipment depreciation are examples of indirect costs associated with the delivery of solid waste services. Primarily, the General Fund pays these costs. \$200,000 was provided toward reimbursing the General Fund for these indirect costs, bringing the total cost of service to \$936,290.

The 2005 Budget. The Solid Waste Fund's revenues in 2005 should be very similar to 2004. No fee increases are anticipated. Total revenues are expected to be \$1.1 million, similar to 2004.

Expenditures are expected to total \$1,073,200 including the \$225,000 payment to the General Fund.

For the Future. The cost of collecting and disposing of solid waste is expected to remain stable for the next several years.

GENERAL SERVICES SOLID WASTE



- Solid Waste

DEPARTMENT MISSION

To provide a solid waste collection and disposal service that is effective, efficient and environmentally responsible.

SOLID WASTE OPERATIONS

ACTIVITY SUMMARY

The Solid Waste Department reports to the City's Public Works Director. The Department collects solid waste from the City's residents and disposes of it; operates the City's recycling center; and collects limbs and other yard waste.

Major Budget Items:

- Landfill tipping fees (\$200,000).
- Payments to the General Fund for administration and insurance (\$225,000).

Accomplishments in 2004:

- Improved efficiency of curbside recycling and reduced overtime by reassigning collection days.

Goals for 2005:

- Convert to rear-load trucks and use temporary labor to control employee turnover and reduce costs.

Account Description	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Solid Waste Operations					
Personnel	\$ 386,076	\$ 391,275	\$ 426,256	\$ 366,290	\$ 411,760
Operating charges	356,795	330,987	372,694	370,000	374,250
Capital	4,500	-	-	-	35,000
Admin charge	190,000	190,000	190,000	200,000	225,000
Total Department	\$ 937,371	\$ 912,262	\$ 988,950	\$ 936,290	\$ 1,046,010

STAFFING SCHEDULE

POSITION	GRADE	2004	2005	SALARY RANGE	
		BUDGET	BUDGET	MINIMUM	MAXIMUM
Solid Waste Fund					
Crew Chief	37	1	1	30,884	41,506
Driver-Solid Waste	33	8	5	23,606	31,725
Equipment Operator-Recycling	35	1	1	28,458	38,246
Total Solid Waste Fund		10	7		

** Salary ranges are adjusted annually December 31 based on C.P.I.

CAPITAL PROJECT FUND

The Capital Project Fund finances the purchase or construction of expensive, highly specialized vehicles; equipment and vehicles having very long service lives; property; and buildings. Capital projects are characterized by their cost (normally exceeding \$25,000), the long operational life of the completed asset, and the impact they would have on a department's operating budget. Capital Projects are financed by debt proceeds, reserves, contributions, and interest earned on investments.

FUND ACTIVITY

The City's Capital Project Fund's 2004 Budget provided \$1,039,180 to fund projects. Most of these funds (\$954,180) were allocated to the Downtown/Edloe Street Project.

The Fund began 2004 with a \$320,496 on hand. During 2004 the Fund is expected to receive \$10,000 allocated from interest on investments.

2004 expenditures are expected to be \$335,268 leaving a Fund Balance of \$45,288.

2005 Appropriations.

Appropriations for 2005 include funding for projects underway when the current fiscal year ends on December 31, 2004 and three new projects.

Projects underway on January 1, 2004 are:

Agenda Management/Imaging software - Software to be used by the City Secretary to prepare Council Agendas and reduce the amount of paper files needed to document that process.

Multi-media Presentation for Council - multi-media presentation capability in City Council Chambers and the Bill Watson Conference Room.

Eight completely new projects have been proposed for funding:

Parks and Recreation Software - Managing an expanded recreation program would be eased by modern park and recreation management software. This software tracks enrollment, available classes, cancellations and other information needed by the Parks and Recreation staff to efficiently manage programs at an estimated cost of \$30,000 and annual maintenance of \$3,000.

West U Recreation Center/Colonial Park Master Plan - The City needs to develop a master plan to determine the best use of its resources. A master plan would provide guidance for development of Park and Recreation Facilities into the future at an estimated cost of \$40,000

Railroad Crossing Quiet Zone - The City's share of the construction of improvements to eliminate excessive train noise.

Police Station/EOC - The City's Police Station needs renovation, these funds will provide for design and expansion.

Street Light Replacement Program - Install streetlights as part of a multi-year program.

H.T.E./Internet Interface - Software and hardware to connect the City's administrative software to the Internet to allow on-line inquiry and payment of bills.

Drainage at City Facilities - Improvements to remove pollutants from storm water run off at City Facilities.

Rice Pocket Park/Courtyard - Improvements to the Rice Pocket Park and the Courtyard between the Recreation Building and Library.

For the Future. While many of the City's most immediate needs for capital have been met a changing community will demand high quality facilities and services. Funding for these projects has not been identified.

**Capital Project Fund
Project Schedule**

	Estimated Total Project Cost	Expenditures Through 2003	Estimated Expenditures 2004	Proposed Budget 2005
<i>Active Projects</i>				
Downtown/Edloe Street	\$ 297,426	\$ 108,518	\$ 188,908	\$ -
Agenda Management Software	35,000	-	15,000	10,000
Multi-media presentation for Council	50,000	-	25,000	25,000
Tree Inventory	31,360	-	31,360	-
Gateway Signs	100,000	-	50,000	-
<i>New Projects</i>				
Parks and Recreation software	30,000	-	-	30,000
Drainage at City-owned Facilities	125,000	-	-	25,000
Rice Pocket Park/Courtyard	250,000	-	-	125,000
WestU Rec Center/Colonial Park Master Plz	40,000	-	-	40,000
Police Station/EOC Expansion Renov	1,050,000	-	-	50,000
Railroad Crossing Quiet Zone	25,000	-	-	25,000
Street Light Replacement Program	75,000	-	-	75,000
West U Rec Center Imps	290,000	44,852	25,000	50,000
Contingency	25,000	-	-	25,000
Total Project Costs	\$ 2,423,786	\$ 153,370	\$ 335,268	\$ 480,000

**CAPITAL PROJECT FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
REVENUES:				
Transfers:				
General Fund	250,000	-	-	-
Recycling Fund	25,000	25,000	-	-
Grants:				
Texas Department of Transportation	16,498	48,784	-	-
Friends of West University Place Parks	529,111	-	40,000	215,000
Other	-	-	10,000	-
Interest	5,247	3,225	10,000	269,000
TOTAL REVENUES	825,856	77,009	60,000	484,000
EXPENDITURES	715,772	202,962	335,268	480,000
BEGINNING BALANCE	\$ 336,365	\$ 446,449	\$ 320,496	\$ 45,228
ENDING BALANCE	\$ 446,449	\$ 320,496	\$ 45,228	\$ 49,228

The Infrastructure Replacement Fund is used to account for the financing of the major capital projects associated with replacing the City's streets, drainage, water and waste water systems. This ambitious program was initiated in the early 1990s.

Easily qualifying as the largest public works program in the history of the City, the infrastructure replacement program is being financed with debt, water and sewer revenues and grants. The program's broad public support was demonstrated in 1995, when the City's voters overwhelmingly approved a \$63,000,000 Bond Program.

The approach to this program is unique. Rather than defining the projects as an individual street project or drainage project, the City was divided into 12 priority areas. All infrastructure replacement within a priority area is undertaken as a single project. This approach allows the contractor economies of scale, which

translates into a lower total cost. Additionally, the disruption of City services is minimized.

In 2000 rising assessed values and a strong economic outlook persuaded city leaders to accelerate the pace of the program. The original plan called for completion of the last priority area in 2011, the accelerated schedule anticipates for the completion of the seven remaining priority areas by 2006.

PROGRAM FUNDING AND PROGRESS

The Infrastructure Replacement Program is in its final phase. In 2004 work on Priority Area 10 and 11B got underway.

FUND ACTIVITY

During 2004, work continued in priority areas 6B and 7A, 7B, 8, 9, 11A and 12. The 2005 budget appropriates funds to complete areas 10 and 11B.

INFRASTRUCTURE REPLACEMENT FUND PROJECT SCHEDULE

	Total Project Cost	Project Costs Through 2003	Estimated 2004	Proposed 2005
Area 10	\$ 8,504,000	\$ 450,393	\$ 2,309,927	\$ 5,743,680
Area 11B	7,042,000	1,537,640	2,382,775	2,839,880
Area 8	8,850,640	8,176,222	674,418	-
Area 9	8,353,000	7,245,120	1,107,880	-
Arbitrage rebate calculations	25,000	-	25,000	25,000
Contingency	100,000	-	-	500,000
	32,874,640	17,409,375	6,500,000	9,108,560

INFRASTRUCTURE REPLACEMENT FUND

**INFRASTRUCTURE REPLACEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
REVENUES					
Transfer from METRO	\$ 259,000	\$ 259,000	\$ 259,000	\$ 259,000	\$ 259,000
Interest earned	952,675	469,478	320,633	300,000	91,000
Bond Proceeds	6,390,000	12,596,240	9,789,277	-	-
TOTAL REVENUES	7,601,675	13,324,718	10,368,910	559,000	350,000
EXPENDITURES					
Capital Projects	11,788,108	15,581,175	13,319,194	6,500,000	9,108,560
TOTAL EXPENDITURES	11,788,108	15,581,175	13,319,194	6,500,000	9,108,560
BEGINNING BALANCE	24,335,199	20,148,766	17,892,309	14,942,025	9,001,025
ENDING BALANCE	\$ 20,148,766	\$ 17,892,309	\$ 14,942,025	\$ 9,001,025	\$ 242,465

SIDEWALK CONSTRUCTION FUND

The Sidewalk Construction Fund accounting for the replacement the City's sidewalks.

FUND ACTIVITY

During 2004 the Fund is expected to spend \$3.05 million leaving a fund balance of \$2.8 million.

The City was awarded a grant amounting to \$1.5 million and received \$1.01 million from this grant in 2004. Expenditures in 2005 are expected to amount to \$3.3 million, including \$185,750 earmarked for the Auden Street Pedestrian Project.

In 2005 the City expects to receive the balance of funds due from the grant.

**SIDEWALK CONSTRUCTION FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
REVENUES					
Proceeds from sale of bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from METRO	-	-	-	1,009,644	490,356
Interest earned on investments	-	113,143	77,061	35,000	30,000
TOTAL REVENUES	-	113,143	77,061	1,044,644	520,356
EXPENDITURES					
Sidewalk Construction	17,968	203,860	152,269	3,050,000	3,324,408
TOTAL EXPENDITURES	17,968	203,860	152,269	3,050,000	3,324,408
BEGINNING BALANCE	4,993,301	4,975,333	4,884,616	4,809,408	2,804,052
ENDING BALANCE	\$ 4,975,333	\$ 4,884,616	\$ 4,809,408	\$ 2,804,052	\$ -

SIDEWALK CONSTRUCTION FUND

DRAINAGE IMPROVEMENT FUND

The Drainage Improvement Fund is a new capital project fund to be used to account for the cost and financing of a major project to improve drainage in the City.

During 2005 the Fund is expected to spend \$400 thousand for engineering. Sources of funds for this project are expected to be the Harris County Flood Control District and a Bond Issue.

Since the Bonds are not expected to be issued until 2006, a reimbursement resolution will be needed in 2005.

FUND ACTIVITY

**DRAINAGE IMPROVEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	Actual 2001	Actual 2002	Actual 2003	Revised 2004	Proposed 2005
REVENUES					
Proceeds from sale of bonds	\$ -	\$ -	\$ -	\$ -	\$ -
Grants from HCFCFCD	-	-	-	110,000	-
Interest earned	-	-	-	-	-
TOTAL REVENUES	-	-	-	110,000	-
EXPENDITURES					
Drainage improvements	-	-	-	110,000	400,000
TOTAL EXPENDITURES	-	-	-	110,000	400,000
BEGINNING BALANCE	-	-	-	-	-
ENDING BALANCE	\$ -	\$ -	\$ -	\$ -	\$ (400,000)

DRAINAGE IMPROVEMENT FUND

EQUIPMENT REPLACEMENT FUND

The City uses a wide variety of equipment to provide services to its citizens. The Equipment Replacement Fund finances the purchase of equipment routinely used by the City such as automobiles, trucks, tractors, trailers, and vans. Each City Department contributes to the Equipment Replacement Fund based on the estimated life and replacement value of the equipment used. Equipment is purchased by the Fund when a combination of age and repair cost indicates that the machine has reached the end of its useful life.

The Equipment Replacement Fund was established in the 1998 Budget. Currently, the City has equipment that cost more than \$1.9 million in service. The cost to replace this equipment is estimated to exceed \$2.8 million.

The Fund began 2004 with a balance of \$279,103. Transfers from other funds are expected to provide \$173,050. Expenditures are expected to amount to \$212,680. In 2005 transfers from the General Fund were resumed and are expected to be \$298,820.

Requested expenditures total \$357,000, leaving a fund balance of \$200,793.

FUND ACTIVITY

**EQUIPMENT REPLACEMENT FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2001 Actual	2002 Actual	2003 Actual	2004 Actual	2005 Budget
REVENUES:					
Transfers:					
From General Fund	\$ 166,500	\$ 148,750	\$ 132,790	\$ -	\$ 125,770
From Water and Sewer Fund	63,800	-	63,800	65,800	65,800
From Solid Waste Fund	104,300	107,250	107,250	107,250	107,250
Other revenues	-	14,760	-	-	5,000
Interest	14,287	6,335	4,147	7,250	7,250
TOTAL REVENUES	348,887	277,095	307,987	180,300	311,070
TOTAL EXPENDITURES	292,497	226,724	281,065	212,680	357,000
BEGINNING BALANCE	145,420.00	201,810.00	252,181.00	279,103.00	246,723.00
ENDING BALANCE	\$ 201,810	\$ 252,181	\$ 279,103	\$ 246,723	\$ 200,793

EQUIPMENT REPLACEMENT FUND

EQUIPMENT REPLACEMENT LIST

	2001 Actual	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
<i>General Fund</i>					
Administration					
Telephone system	\$ -	\$ -	\$ -	\$ 140,000	\$ -
Police Department					
Automobiles	18,428	60,362	100,112	72,680	78,000
Radios	63,554	-	-	-	-
Alarm Monitoring Equipment	-	-	46,317	-	-
Finance Department					
Central data server (AS/400)	47,678	951	-	-	-
Fire Department					
Pickup truck	-	18,392	-	-	35,000
Breathing Air Compressor	-	-	16,736	-	-
Public Works Department					
Pickup trucks	28,137	-	33,835	-	14,000
Crew trucks	-	-	84,066	-	-
<i>Solid Waste Fund</i>					
Solid Waste Truck	134,700	147,019	-	-	230,000
TOTAL EXPENDITURES	\$ 292,497	\$ 226,724	\$ 281,066	\$ 212,680	\$ 357,000

SPECIAL REVENUE FUNDS

Special Revenue Funds are created to account for the proceeds of specific revenue sources that are restricted to expenditures for specific purposes. The City has six active: the *Parks Fund*, the *Senior Citizens Activity Fund*, the *Court Technology Fund*, the *Direct Dental Reimbursement Fund*, the *Employee Separation Benefit Fund* and the *METRO Grant Fund*.

THE PARKS FUND

The Parks Fund accounts for donations made by citizens for West U parks. The principal source of revenue is small donations made when paying utility bills. 2005 appropriations in the Parks Fund are \$15,000.

PARKS FUND

STATEMENT OF REVENUES AND EXPENDITURES

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Beginning Balance	\$ 8,070	\$ 9,416	\$ 12,153	\$ 14,353
Sources:				
Donations	1,156	2,573	2,000	2,000
Interest	190	164	200	100
Total Sources	1,346	2,737	2,200	2,100
Total Available	9,416	12,153	14,353	16,453
Expenditures	-	-	-	15,000
Ending Balance	\$ 9,416	\$ 12,153	\$ 14,353	\$ 1,453

THE SENIOR CITIZENS ACTIVITY FUND

The Senior Citizens Activity Fund has been created to account for revenues dedicated to senior citizen's activities. In the past these activities have been accounted for in a separate fund under the control of the Senior Citizens Board. In order to increase the internal controls over these funds and to comply with State and Local laws, accounting for this activity is being transferred to the Finance Department. In 2005 revenues, consisting of activity fees paid by seniors, are expected to amount to \$15,000. Expenditures on these activities are also expected to be \$15,000.

SENIOR CITIZENS FUND

STATEMENT OF REVENUES AND EXPENDITURES

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Beginning Balance	\$ 922	\$ 254	\$ 3,492	\$ 3,492
Sources:				
Activity fees	-	633	2,400	15,000
Donations	278	5,548	-	-
Interest	-	-	-	100
Total Sources	278	6,181	2,400	15,100
Total Available	1,200	6,435	5,892	18,592
Expenditures	946	2,943	2,400	15,000
Ending Balance	\$ 254	\$ 3,492	\$ 3,492	\$ 3,592

THE COURT TECHNOLOGY FUND

The Court Technology was created to account for revenues generated by a four dollar Court Technology Fee charged on every ticket issued in the City of West University Place. The funds generated by this fee may be spent on technology to support the operation of the City's Municipal Court. In 2005 revenues are expected to amount to \$14,000. Expenditures for computers and support are expected to amount to \$14,000.

COURT TECHNOLOGY FUND STATEMENT OF REVENUES AND EXPENDITURES

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Beginning Balance	\$ 2,489	\$ 1,604	\$ 2,936	\$ 2,936
Sources:				
Fines	14,576	12,143	14,000	14,000
Interest	43	43	-	-
Total Sources	14,619	12,186	14,000	14,000
Total Available	17,108	13,790	16,936	16,936
Expenditures	15,504	10,854	14,000	14,000
Ending Balance	\$ 1,604	\$ 2,936	\$ 2,936	\$ 2,936

THE DIRECT DENTAL REIMBURSEMENT FUND

The Direct Dental Reimbursement Fund was created to account for funds withheld from participating employees and City contributions towards a dental reimbursement benefit. In 2005 revenues are expected to amount to \$15,000. Expenditures for benefits are expected to amount to \$10,000.

DIRECT DENTAL REIMBURSEMENT RESERVE FUND STATEMENT OF REVENUES AND EXPENDITURES

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Beginning Balance	\$ -	\$ (1,059)	\$ 1,874	\$ 6,974
Sources:				
Contributions	24,857	18,294	15,000	15,000
Interest	-	15	100	100
Total Sources	24,857	18,309	15,100	15,100
Total Available	24,857	17,250	16,974	22,074
Expenditures	25,916	15,376	10,000	10,000
Ending Balance	\$ (1,059)	\$ 1,874	\$ 6,974	\$ 12,074

THE EMPLOYEE SEPARATION FUND

The Employee Separation Fund was created in 2005 to better account for the costs associated with retiring and separating employees. These costs can fluctuate widely from year to year based on the number and the longevity of retiring employees. In 2005 the City expects to transfer \$48,000 to this and expend \$30,000.

**EMPLOYEE SEPARATION RESERVE FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Beginning Balance	\$ -	\$ -	\$ -	\$ -
Sources:				
Contributions	-	-	-	48,000
Interest	-	-	-	-
Total Sources	-	-	-	48,000
Total Available	-	-	-	48,000
Expenditures	-	-	-	30,000
Ending Balance	\$ -	\$ -	\$ -	\$ 18,000

THE METRO GRANT FUND

The Metro Grant Funds was created in 2005 to account for the proceeds a multi-year transportation grant from METRO. In 2005 the City will receive \$259,000, which is budgeted to be transferred to the Infrastructure Replacement Fund.

**METRO GRANT FUND
STATEMENT OF REVENUES AND EXPENDITURES**

	2002 Actual	2003 Actual	2004 Estimated	2005 Budget
Beginning Balance	\$ -	\$ -	\$ -	\$ -
Sources:				
METRO Grant	-	-	-	259,000
Interest	-	-	-	-
Total Sources	-	-	-	259,000
Total Available	-	-	-	259,000
Transfer to Infrastructure	-	-	-	259,000
Ending Balance	\$ -	\$ -	\$ -	\$ -

APPENDIX A BONDED DEBT

Most cities use long-term debt to finance the construction or purchase of major capital assets. Since its incorporation 1925, the City has used debt to finance the construction of streets, drainage, water and sewer assets.

As the City became "built out" in the 1950s the need for new debt declined and by 1983 the City had only \$1.1 million in outstanding bonded debt. Even so, the City was on the brink of momentous change. In 1983 the assessed value of taxable property in the City totaled \$424,360,000.

Twenty years later in 2003, assessed values have increased by more than **\$2 billion** to \$2,725,000,000. This tremendous increase in value came as the result of an economic and social trend - that is still underway.

West University Place's assessed values shot up because it was attractive to managers and professionals who wished to be closer to their work. The City's low crime rate, trees, good public transportation, and convenient access to both the Medical Center and downtown triggered a building boom similar to a new developing City. Older homes were torn down and replaced with new structures at an astonishing rate.

The City began to experience problems similar to those experienced in developing areas. Streets and drainage systems that were already approaching the end of their useful lives were taxed to the breaking point. In 1982 the citizens approved \$3.3 million in bonds to be issued to construct a new police station and reconstruct the most deteriorated street, water, and sewer assets. This bond issue was the first since 1976.

The City's next bond sale wasn't until 1992. The need to reconstruct the City's infrastructure was becoming acute. This bond sale marked the beginning of the current program.

Currently the City is following a plan approved by the citizens in November 1995. This plan

calls for long-term debt to be used in reconstructing the City's entire infrastructure by the year 2006. This program called for the City to issue \$63 million of bonds. All of the proceeds of these bonds were to be applied to infrastructure. In addition to the original \$63 million the City issued \$9.9 million of Certificates of Obligation to complete the funding of the infrastructure replacement.

The debt issued to finance this plan is supported by *ad-valorem* taxes and net revenues from the water and sewer utility.

The need to improve drainage in Priority Area 2 became clear after extensive flooding during tropical storm Allison. These improvements could add up to \$7 million to the total cost of infrastructure improvements. The *2005 Operating Budget* took the first steps towards funding this project by creating the Drainage Improvement Fund, which will be used to account for the proceeds of a future bond sale - probably in 2006.

Outstanding Bonded Indebtedness December 31, 2004	
Bonded Indebtedness Payable from Ad Valorem Taxes	
1996 Permanent Imp Bonds	\$ 2,550,000
1998 Permanent Imp Bonds	12,615,000
2000 Permanent Imp Bonds	20,335,000
2002 Permanent Imp Bonds	26,620,000
2002 YMCA Certificates	3,150,000
2003 Certificates of Obligation	9,900,000
Bonded Indebtedness Payable from Ad Valorem Tax	75,170,000
Bonded Indebtedness Payable from Water and Sewer Revenues	
1996B Waterworks and Sewer System Imp. Bonds	1,150,000
1996A Waterworks and Sewer System Imp. Bonds	3,615,000
1998 Revenue Bonds	4,315,000
2001A Waterworks and Sewer System Imp Bonds	3,485,000
2001B Waterworks and Sewer System Imp Bonds	2,890,000
Bonded Indebtedness Payable from Water and Sewer	15,455,000
Total Bonded Indebtedness	\$ 90,625,000

The City Charter limits the City's bonded debt to 5% of the assessed value. Since the projected assessed value for the City in 2001 is \$2.725 billion, the current debt limit under this provision is \$136,250,000. As of January 1, 2005 the City will owe a total of \$90,625,000 to bondholders. Of this total amount, the amount to be financed

by the Debt Service Fund using property taxes will be \$75,170,000.

Future Activity - In 2003 the final debt issuance needed to complete the infrastructure replacement program were sold. There are future projects in planning stages, but these projects are not expected to move from the planning phase to the financing phase until 2005 and it is not likely

that bonds will be sold until 2006. Accordingly, the property tax rate dedicated to debt service is expected to be stable for next five years. Water and sewer supported debt service is also expected to remain stable for the next several years and rate increases implemented in 2004 are projected to provide sufficient net revenue to provide funding.

Debt Service To Maturity		
	Tax Supported	Revenue Supported
2005	6,448,495	1,279,225
2006	6,762,154	1,282,575
2007	6,764,571	1,280,585
2008	6,768,082	1,277,550
2009	6,768,771	1,277,685
After 2009	74,789,299	16,553,526
Total	108,301,372	22,951,146

APPENDIX B REVENUE SOURCES

The City relies on four major sources of revenue to finance its activities.

PROPERTY TAXES:

Property (*ad valorem*) taxes attach as an enforceable lien on property as of each January 1 for all real and business personal property located within the City. Taxes are levied when the City Council adopts a budget for the next year, but no earlier than October 1. Taxes are due January 31 and are considered delinquent after that date.

Property tax revenues are based on three major factors: assessed or estimated value, the rate of collection of outstanding balances, and the property tax rate.

The Harris County Appraisal District (HCAD) is responsible for appraising the values of property sited within Harris County. State law requires HCAD to appraise all property in its jurisdiction at least every five years at 100% of the estimated market value. The oversight of this process is vested in the Appraisal Review Board. Residential property accounts more than 98% of all property value in the City.

The ratio of residential property value to total value has grown steadily for the past five years, while commercial and utility property values continue to decline as a component of total value. This trend will continue into the future.

The City establishes the tax rate, assesses, and levies the tax. State law provides that if the City raises the rate more than 8% (after certain adjustments) above the previous year's rate, the voters can petition for an

election to determine whether to limit the tax rate to no more than 8% above last year's rate. Taxes are applicable to the year subsequent to the one in which they are levied.

Fiscal Year	General Fund	Debt Service Fund	Total Tax Rate
1996	0.2100	0.1600	0.3700
1997	0.2100	0.1700	0.3800
1998	0.2100	0.1900	0.4000
1999	0.2100	0.2100	0.4200
2000	0.2000	0.2100	0.4100
2001	0.2050	0.2150	0.4200
2002	0.1950	0.2250	0.4200
2003	0.1900	0.2400	0.4300
2004	0.1976	0.2500	0.4476
2005	0.2000	0.2400	0.4400

The City's property tax policies has been to decrease the amount of property taxes dedicated to maintenance and operations and increase the portion dedicated to paying debt service. Since 1991 when the debt service component of property taxes

amounted to less than 25% of the total tax rate, debt service payments have risen to consume more than 55% of total tax revenues. Tax revenues dedicated to debt service has reached \$6.7 million annually and is expected to remain stable into the foreseeable future.

The City's 2004 property tax revenue is based on an estimated assessed value of \$2,725,000 and a 99% collection rate. The estimated market value of taxable property has grown explosively (58.42%) since 2000. In the past five years the taxable value of property has grown almost \$1 billion. The property tax rate in 2005 will be \$0.44000 per \$100 valuation, .07 cents below last year's rate. Increased assessed values and stable debt service allowed this decrease.

Tax Rate Comparison	
Jurisdiction	Tax Rate
Bellaire	0.4800
Houston	0.6500
Southside Place	0.2153
Jersey Village	0.6750
Spring Valley	0.4066
Sea Brook	0.6000

UTILITY FEES:

Water and sewer service fees: The City provides water and sewer services to approximately 5,880 customers. Of this total, about 97% are residential and 3% are commercial.

The City increased its water and sewer rates in 2004 and expects that further increases will be

	Residential Rates	
	Water	Sewer
0 - 3,000 gallons	\$2.00 per 1,000 gallons	\$1.95 per \$1,000 gallons
3001 - 15,000 gallons	\$2.18 per 1000 gallons	\$1.95 per \$1,000 gallons
15,001 gallons and up	\$2.37 per 1,000 gallons	\$1.95 per \$1,000 gallons

needed in 2005. These increases are driven by dramatic increases in debt service expenditures since 1998.

Solid Waste Fees: The City collects and disposes of solid waste for its citizens. This service is provided twice weekly at curbside. Additionally, the City operates a curbside recycling program for the benefit of its citizens. A \$15.75 monthly fee funds these services for citizens under 65 years of age. The monthly fee is \$8.00 per month for citizens over 65 years of age. These fees have been stable since 2001 and are expected to generate \$910,000 in 2005.

SALES TAX:

The sales tax in the City of West University Place is currently 8.25% of goods and services sold within the City. The tax is collected by businesses making the sale and remitted to the State

Comptroller of Public Accounts. Of the 8.25%, the State retains 6.25% and, distributes 1% to the Metropolitan Transit Authority, and 1% to the City.

FRANCHISE FEES:

The City maintains non-exclusive franchise agreements with utility companies that use the City's roadway rights-of-way to conduct their businesses. Besides defining the responsibilities of the utilities in maintaining their assets, the agreements contain a franchise fee clause requiring the utilities to compensate the City for the use of the rights-of-way. Generally, these fees are based on a percentage of the utilities gross receipts generated by services provided to customers located within the City's corporate limits. Franchise fees are expected to generate \$930,000 in 2004 and \$953,000 in 2005.

Historical and Projected Revenues (not including utility services)						
	2000	2001	2002	2003	2004	2005
Property Taxes	\$ 7,376,687	\$ 8,532,873	\$ 9,717,905	\$ 11,481,442	\$ 11,627,950	\$ 11,951,230
Sales Tax	824,614	896,958	877,185	777,290	640,000	663,000
Franchise Fees	786,672	533,646	939,577	873,649	930,000	953,000
Licenses and Permits	496,677	472,081	386,124	432,144	484,600	475,340
Fines and Forfeitures	274,001	276,815	319,388	256,074	250,000	273,400
Charges for Services	914,686	901,544	1,074,335	1,102,552	627,550	746,840
Intergovernmental	1,055,425	259,000	277,769	498,965	897,000	870,000
Investment Income	1,015,579	1,720,839	655,918	515,414	485,500	400,000
Other Revenues	478,268	389,693	603,217	159,582	368,400	211,690
Total	\$13,222,609	\$13,983,449	\$14,851,418	\$ 16,097,112	\$ 16,311,000	\$ 16,546,505

GLOSSARY OF TERMS

-A- ACCOUNT: A term used to identify an individual asset, liability, expenditure control, revenue control, encumbrance, or fund balance.

ACCOUNTS PAYABLE: A liability account reflecting amounts on open account owing to private persons or organizations for goods and services received by a government but not including amounts due to other funds of the same government or to other governments.

ACCOUNTS RECEIVABLE: An asset account reflecting amounts owing to open accounts from private persons or organizations for goods and services furnished by a government.

AD VALOREM: Latin for "value of". Refers to the tax assessed against real (land and buildings) and personal (equipment and furniture) property.

APPROPRIATION: A legal authorization granted by a legislative body (City Council) to make expenditures and incur obligations for designated purposes.

ASSESSED VALUATION: A valuation set upon real estate or other property by a government as a basis for levying taxes.

-B- BALANCE SHEET: The basic financial statement which discloses the assets, liabilities, and equities of an entity at a specified date in conformity with GAAP.

BASIS OF ACCOUNTING: The modified accrual basis of accounting is followed by Governmental funds, Expendable Trust funds and Agency funds. Under the modified accrual basis of accounting, revenues are recorded when susceptible to accrual, i.e., both measurable and available. Available means collectible within the current period or soon enough thereafter to be used to pay liabilities of the current period. Expenditures are recorded when the liability is incurred, if measurable, except for principal and interest on general long-term debt, which are recorded when due, and compensated absences, which are recorded when payable from currently available financial resources.

Substantially all revenues are considered to be susceptible to accrual. In applying the susceptible to accrual concept to intergovernmental revenues, the legal and contractual requirements of the numerous individual programs are used for guidance. Intergovernmental revenues are reflected as revenues at the time of receipt or earlier if the susceptible to accrual criteria are met.

The City's Proprietary fund is accounted for using the accrual basis of accounting, under which revenues are recorded when earned and expenses are recorded when liabilities are incurred.

BOND: A written promise, generally under seal, to pay a specific amount of money, called the face value, at a fixed time in the future, called the maturity date, and carrying interest at fixed rate, usually paid periodically.

BUDGET: A plan of financial operation embodying an estimate of proposed expenditures for a given period and the proposed means of financing them.

BUDGET ORDINANCE: The official enactment by the City Council establishing the legal authority for city officials to obligate and expend funds.

-C- CAPITAL OUTLAYS: Expenditures which result in the acquisition of or addition to fixed assets which are individually priced more than \$1000.

CAPITAL IMPROVEMENTS PROGRAM: A plan for capital expenditures to be incurred each year over a fixed period of several years setting forth each capital project and the amount and method of financing.

CENTRAL APPRAISAL DISTRICT: A county-wide district formed by legislature to provide appraisals of property located within the county. These county-wide appraisals are provided to the county, school districts, cities and municipal utility districts for basis of taxation.

CURRENT ASSETS: Those assets which are available or can be made readily available to finance current operations or to pay current liabilities. Those assets which will be used up or converted into cash within one year. Some examples are cash, temporary investments and taxes receivable which will be collected within one year.

CURRENT LIABILITIES: Debt or other legal obligation arising out of transactions in the past which must be liquidated, renewed or refunded within one year.

-D- DEBT SERVICE: A cost category which typically reflects the repayment of general long-term debt principle and interest.

DELINQUENT TAXES: Property taxes remaining unpaid at the end of the current fiscal year. Although taxes become delinquent and accrue penalties and interest on February 1 of each year, they are carried as current taxes receivable during the current fiscal year.

-E- EFFECTIVE INTEREST RATE: The property tax rate set necessary to generate the same tax dollars as the previous tax year.

ENCUMBRANCES: Obligations in the form of purchase orders or contracts charged to an appropriation which reserves the funds until it is necessary to pay the bill.

-F- FISCAL YEAR: A twelve month period at the end of which the City determines its financial condition and the results of its operations and closes its books.

FIXED ASSETS: Assets of a long-term character which are intended to continue to be held or used, such as land, buildings, machinery and equipment.

FRANCHISE: A special privilege granted by a government permitting the continuing use of public property, such as city streets, and usually involving the elements of monopoly and regulation.

FUND: A fiscal and accounting entity with a self-balancing set of accounts recording cash and other financial resources, together with all related liabilities and residual equities or balances and changes therein, which are segregated for the purpose of carrying on specific activities or attaining certain objectives in accordance with special regulations, restrictions or limitations.

FUND BALANCE: The difference between governmental fund assets and liabilities, also referred to as fund equity.

-G- GENERAL LEDGER: A book, file or other device which contains the accounts needed to reflect the financial position and the results of operations of an entity. In double-entry bookkeeping, the debits and credits in the general ledger are equal; therefore, the debit balances equal the credit balances.

GENERAL OBLIGATION BONDS: Bonds for the payment of which the full faith and credit of the issuing government are pledged. In issuing its general obligation bonds, the City of West

University place pledges to levy whatever property tax is needed to repay the bonds for any particular year. Bonds cannot be issued without voter approval and are usually issued with maturities of between 15 and 30 years.

GOVERNMENTAL FUNDS: Those funds through which most governmental functions typically are financed. The acquisition, use and financial resources and the related current liabilities are accounted for through governmental funds (General, Special Revenue, Capital Projects and Debt Service Funds).

-M- MODIFIED ACCRUAL BASIS: This accounting technique is a combination of cash and accrual accounting since expenditures are immediately incurred as a liability and which revenues are not recorded until they are both measurable and available.

-O- ORDINANCE: A formal legislative enactment by the governing board of a municipality. If it is not in conflict with any higher form of law, such as a state statute or constitutional provision, it has the full force and effect of law within the boundaries of the municipality to which it applies. The difference between an ordinance and a resolution is that the latter requires less legal formality and has a lower legal status. Revenue raising measures, such as the imposition of taxes, special assessments and service charges, universally require ordinances.

-P- PERSONAL SERVICES: The costs associated with compensating employees for their labor.

PURCHASE ORDER: A document which authorizes the delivery of specified merchandise or the rendering of certain services and the making of a charge for them.

-R- REVENUES: Increases in governmental fund type net current assets from other than expenditure refunds and residual equity transfers.

-S- SPECIAL REVENUE FUND: A fund used to account for the proceeds of specific revenue sources that are legally restricted to expenditures for specified purposes.

-T- TAXES: Compulsory charges levied by a government for the purpose of financing services performed for the common benefit. This term does not include specific charges made against particular persons or property for current or permanent benefits such as special assessments. Neither does the term include charges for services rendered only to those paying such charges as, for example, sewer service charges.

TAX RATE: The amount of tax levied for each \$100 of assessed valuation.

-U- USER FEES: The payment of a fee for a direct receipt of a public service by the party benefiting from the service.

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