

Comprehensive Annual Financial Report

of the

City of West Orange, Texas

**Fiscal Year Ended
September 30, 2011**



Officials Issuing Report

**Roy McDonald
Mayor**

**Theresa Van Meter
City Secretary**

CITY OF WEST ORANGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2011

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CITY OF WEST ORANGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2011

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City of West Orange

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www.cityofwestorange.com

February 8, 2012

Honorable Members of the City Council
City of West Orange, Texas

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles ("GAAP") and audited in accordance with U.S. generally accepted auditing standards by a firm of licensed certified public accountants. Pursuant to that requirement, the comprehensive annual financial report of the City of West Orange, Texas (the "City") for the fiscal year ended September 30, 2011, is hereby submitted.

The responsibility for both the accuracy of the data and the completeness and fairness of the presentation, including all disclosures, rests with the City's management. The report consists of management's representations concerning the finances of the City. To provide a reasonable basis for making these representations, the City has established a comprehensive internal control framework that is designed to protect the City's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of the City's financial in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, the City's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we believe the enclosed data to be accurate in all material respects and reported in a manner designed to present fairly the financial position and results of operations of the various funds of the City. All disclosures necessary to enable the reader to gain an understanding of the City's financial activities have been included.

The City's financial statements have been audited by **Sandersen Knox & Co., L.L.P.**, a firm of licensed certified public accountants. The goal of the independent audit was to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2011, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon on the audit, that there was a reasonable basis for rendering an unqualified opinion that the City's financial statements for the year ended September 30, 2011, are fairly presented in conformity with GAAP. The independent auditors' report is presented as the first component of the financial section of this report.

The MD&A is a narrative introduction, overview, and analysis to accompany the basic financial statements. This letter of transmittal is designed to complement and should be read in conjunction with the MD&A. The City's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

The City, incorporated in 1954, is located in the eastern part of the state, currently occupies a land area 3.2 square miles and serves a population of 3,549. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council.

The City of West Orange has adopted a Mayor-Council form of government. The Council, vested with policy-making and legislative authority, is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term, with no term limits. The Mayor and two Council members are elected on one rotation (every odd year), and the three remaining Council members are on a separate rotation (elected in even years). City Council is responsible, among other things, for passing ordinances, adopting the budget and the hiring of the City's management and attorney.

The City provides a full range of municipal services: public safety (police and fire protection), public improvements, sanitation, repair and maintenance of infrastructure, recreation and general administrative services. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds for which the City, as the primary government, is accountable.

The annual budget serves as the foundation for the City's financial planning and control. Department heads are required to submit requests for appropriation to the Mayor in June or July of each year. The Mayor then presents the proposed budget to Council for review. The Council is required to hold a public hearing on the proposed final budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety) and department (e.g. police). Department heads make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of Council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The City has adopted a budget for the General Fund, but not the Special Revenue Funds. The City also utilizes an encumbrance accounting system to aid in accomplishing budgetary control. Unencumbered amounts lapse at year end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY

The City of West Orange is home to a small group of industries. Major industries and business activities in the area include healthcare, metals, oil and gas services and a variety of general retail operations. The top two taxpayers account for approximately 14.6% of assessed valuation in the City.

The City is also a major retail trade area for building materials, general merchandise, food stores and restaurants.

Net taxable value for all residential and commercial property in the City was approximately \$110.9 million for fiscal year 2011, which is an increase of approximately \$.7 million from the previous fiscal year.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund amounted to \$1,961,939 as of September 30, 2011. The City plans on continuing to build up fund balance in order to finance future capital projects as they arise.

RELEVANT FINANCIAL POLICIES

During the current fiscal year, the City received federal monies due to damage and expenditures incurred from a recent hurricane. The City, its residents and local businesses continue their recovery efforts from the impact of Hurricane IKE in 2008. It is the City's policy that these monies not be used for current operating purposes, but to use the monies to make necessary repairs for the damages incurred from this hurricane.

ACCOUNTING SYSTEMS AND BUDGETING CONTROL

Accounting Systems

The City's accounting records for general governmental operations are maintained on a modified accrual basis with the revenues recorded when available and measurable and expenditures recorded when the services and goods are received and the liabilities are incurred. The City has no proprietary activities, which are maintained on the accrual basis of accounting.

Consideration of adequate internal accounting controls has been made in designing the City's accounting system. Internal accounting controls, instituted by the Mayor and Council as part of the accounting system, are designed to provide reasonable assurances that assets are properly safeguarded against loss from unauthorized use or disposition, that financial records used in preparation of the financial statements are reliable, and that accountability for the City's assets is maintained. The concept of reasonable assurance in relation to internal controls recognizes that the cost of a control process should not exceed the benefits derived from the performance of related procedures and that the City's management must make estimates and judgments in evaluating the cost and benefit relationships relating to internal control processes and procedures that become a part of the City's accounting system.

Budgetary Compliance

Because budgetary compliance is significant in managing governmental activities, budgetary compliance controls are critical. The objective of these controls is to ensure compliance with legal spending limits in annual or project appropriated budgets approved by City Council. The City Charter provides that the City Council shall adopt annual or project budgets every fiscal year for all City funds. The budgets are prepared and maintained by City management.

The objective of budgetary controls is to ensure compliance with legal provisions contained in the annual appropriated budget approved by the City Council. Annual appropriated budgets are adopted for the General Fund. The original budget is adopted by the City Council prior to the beginning of the fiscal year. Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget.

Budgetary Controls

During the year, expenditure controls are maintained by each department with review of the budget provided by the Mayor and overall control exercised by the Mayor and Council. Constant review of revenue and expenditure estimates is performed to assure the integrity of the adopted budget and to assure funds are available to meet current obligations. As a result of this review, it is possible to exercise administrative budgetary controls throughout the year. As demonstrated by the financial statements presented in this report, the City continues to meet its responsibility for sound financial management.

AWARDS AND ACKNOWLEDGEMENTS

The Government Finance Officers Association of the United States and Canada ("GFOA") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Comprehensive Annual Financial Report for the fiscal year ended September 30, 2010. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting principles and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year. This was the thirteenth consecutive year that the City has received this prestigious award. We believe our current report continues to conform to the Certificate of Achievement program requirements, and we are submitting it to the GFOA for its review.

In closing, without the dedication of the employees and the direction of the members of the City Council, preparation of this report would not have been possible. As Mayor, I want to express my sincere appreciation to our employees, who have continually demonstrated their professionalism and abilities in the management of the finance function. I also want to thank the Members of the City Council for their support in planning and conducting the financial operations of the City in a responsible and progressive manner.

Respectfully submitted,

Roy McDonald
Mayor

CITY OF WEST ORANGE, TEXAS

CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN FINANCIAL REPORTING

September 30, 2010 (Prior Fiscal Year)

Certificate of Achievement for Excellence in Financial Reporting

Presented to

City of West Orange
Texas

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
September 30, 2010

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



Linda C. Danison

President

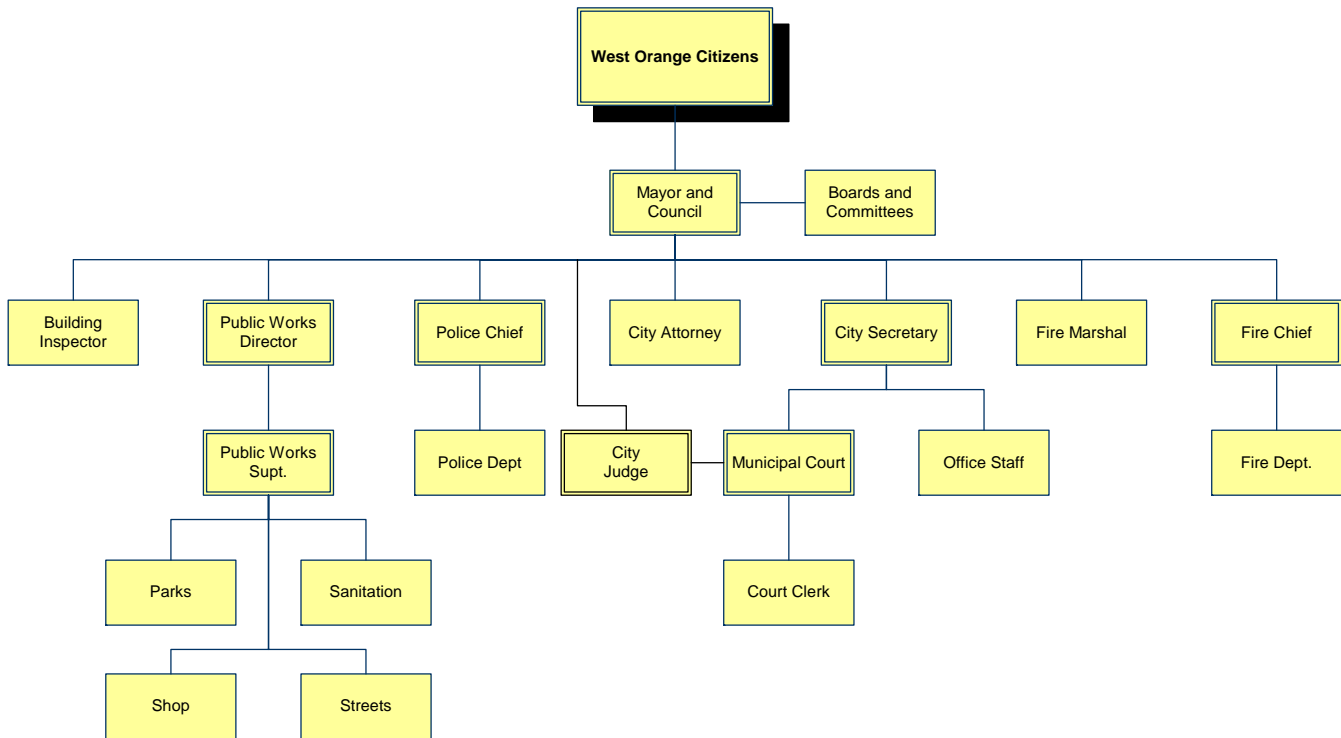
Jeffrey R. Erwin

Executive Director

CITY OF WEST ORANGE, TEXAS

ORGANIZATIONAL CHART

Fiscal Year 2010-2011



CITY OF WEST ORANGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2011

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Roy McDonald	Mayor	2013
Shirley Bonnin	Council Member (Mayor Pro Tem)	2012
Dale Dardeau	Council Member	2012
Mike Trahan	Council Member	2013
Charles Winter	Council Member	2013
Mike Shugart	Council Member	2012

<u>Key Staff</u>	<u>Position</u>
Theresa Van Meter	City Secretary *
Joe Alford	City Attorney *
Michael Stelly	Police Chief *
Randy Veitch	Fire Chief *
Ralph "Gene" Roberts	City Judge *
Dean Fuller	Fire Marshal/Building Inspector *
Michael Stelly	Interim Director of Public Works *

* - City Council Appointive Position

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FINANCIAL SECTION

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INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of City Council
City of West Orange, Texas

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of West Orange, Texas, (the "City") as of and for the year ended September 30, 2011, which collectively comprise the City's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City as of September 30, 2011, and the respective changes in financial position for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2012, on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, the budgetary comparison information on page 38 and pension information on page 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of

management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's financial statements as a whole. The introductory section, combining nonmajor fund financial statements, individual fund financial statements, budgetary comparison schedule and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining nonmajor fund financial statements, individual fund financial statements and budgetary comparison schedule are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on them.

A handwritten signature in black ink that reads "Sam Karp & Co." with a stylized flourish at the end.

Sugar Land, Texas
February 8, 2012

Management's Discussion and Analysis

As management of the City of West Orange, Texas (the City), we offer readers of the City's financial statements this narrative overview and analysis of the financial activities of the City for the year ended September 30, 2011.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,849,497 (net assets).
- As of September 30, 2011, the City's governmental funds reported an ending fund balance of \$1,935,387.
- The City's cash balance at September 30, 2011 was \$1,943,428, representing an increase of \$264,856 from September 30, 2010.
- The City had expenses net of program revenue of \$2,516,501 and general revenues of \$2,379,028, resulting in a net decrease in net assets of \$137,473 for the year ended September 30, 2011.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$1,701,093, or 53.2 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

The discussion and analysis is intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements include three components: 1) government-wide financial statements, 2) fund financial statements, and 3) notes to the financial statements.

GOVERNMENT-WIDE FINANCIAL STATEMENTS

The *government-wide financial statements* are designed to provide readers with a broad overview of the City's finances, in a manner similar to a private-sector business.

The *statement of net assets* presents information on all of the City's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., depreciation and earned but unused vacation leave).

The government-wide financial statements present functions of the City that are provided from funding sources (governmental activities). The government-wide financial statements can be found on pages 15-17 of this report.

FUND FINANCIAL STATEMENTS

A *fund* is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. The City, like other state and local governments, uses

fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The funds of the City consist solely of governmental funds (the General Fund and Special Revenue Funds).

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

Because the focus of the governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented in the governmental funds with similar information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental funds balance sheet and the governmental funds statement of revenues, expenditures, and changes in fund balances provide an adjustments column to facilitate this comparison between the governmental funds and *governmental activities*. The basic governmental fund financial statements can be found on pages 18-21 of this report.

NOTES TO THE FINANCIAL STATEMENTS

The notes to the financial statements provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 23 through 36 of this report.

OTHER INFORMATION

In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's General Fund budget and the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 38-40 of this report.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$5,849,497 as of September 30, 2011.

The largest portion of the City's net assets (69.4 percent) reflects its investment in capital assets (e.g. land, buildings, vehicles, furniture and equipment), less any related debt used to acquire those assets that is still outstanding. The City uses these capital assets to provide services to the individuals we serve; consequently, these assets are not available for future spending.

Additionally, a portion of the City's net assets (4.0 percent) represents restricted financial resources to be used for public safety.

Lastly, a portion of the City's net assets (26.6 percent) represents unrestricted financial resources available for future operations.

SUMMARY OF STATEMENT OF NET ASSETS
As of September 30, 2011 and 2010

	Governmental	
	Activities	
	2011	2010
Current and other assets	\$ 2,215,371	\$ 2,378,852
Capital assets, net	4,057,823	3,948,436
Total Assets	6,273,194	6,327,288
Long-term liabilities	219,869	195,857
Other liabilities	203,828	144,461
Total Liabilities	423,697	340,318
Net Assets:		
Invested in capital assets	4,057,823	3,948,436
Restricted	233,152	208,549
Unrestricted	1,558,522	1,829,985
Total Net Assets	\$ 5,849,497	\$ 5,986,970

Net assets of the City, all of which relate to governmental activities, decreased by \$137,473. Key elements of the decrease are as follows:

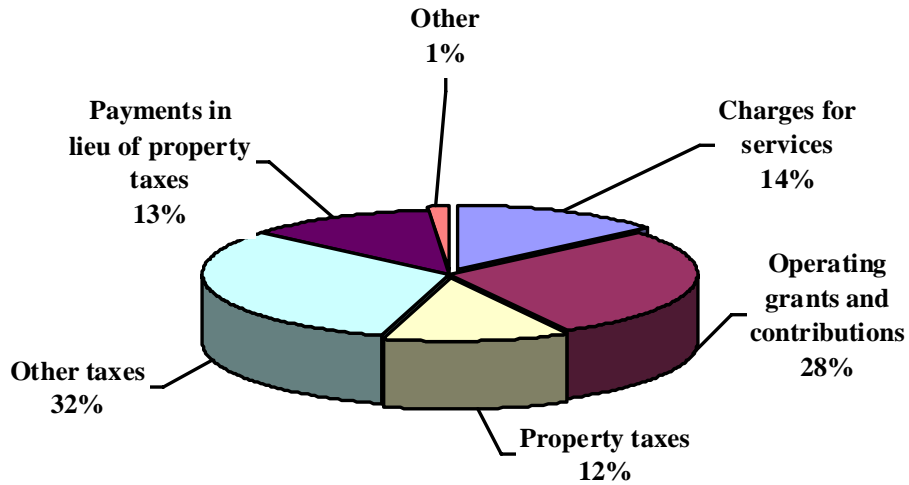
CHANGES IN NET ASSETS
For the Fiscal Years Ended September 30, 2011 and 2010

	Governmental Activities	
	2011	2010
Revenues		
Program revenues:		
Charges for services	\$ 566,176	\$ 595,808
Operating grants and contributions	1,168,315	214,272
General revenues:		
Property taxes, penalties and interest	502,498	473,271
Other taxes	1,299,651	1,225,425
Payments in lieu of property taxes	518,600	514,354
Investment income	2,385	2,558
Other	55,894	212,856
Total Revenues	4,113,519	3,238,544
Expenses		
General government	599,431	536,671
Public safety	1,223,177	1,158,390
Public works	2,428,384	1,255,019
Total Expenses	4,250,992	2,950,080
Change in Net Assets	(137,473)	288,464
Net assets, beginning	5,986,970	5,698,506
Net Assets, Ending	\$ 5,849,497	\$ 5,986,970

This \$137,473 decrease in net assets is primarily a result of a planned reduction in net assets. For the 2011 fiscal year, the City planned for a decrease in net assets of approximately \$808,000. Therefore the actual decrease was approximately \$670,000 less than originally planned.

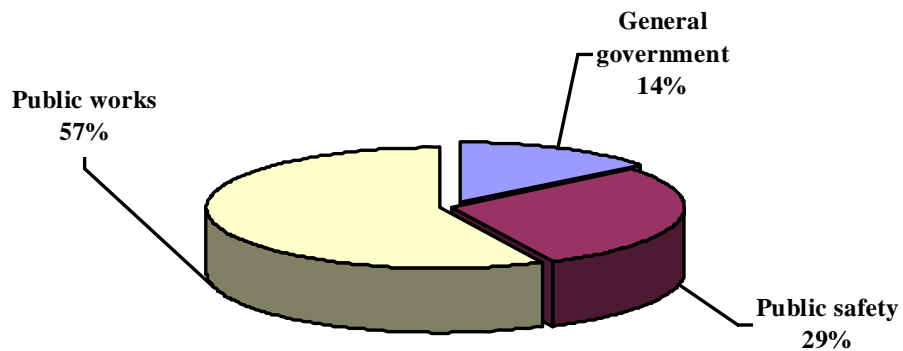
Graphic presentations of selected current year data from the changes in net assets table follow in order to assist in the analysis of the City's activities.

GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2011, revenue from governmental activities totaled \$4,113,519.

GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2011 expenses from governmental activities totaled \$4,250,992, the largest portions of which relate to public works (57%) and public safety (29%).

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As previously noted, the City uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. The City's governmental funds are discussed below:

Governmental Funds - The focus of the City's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, fund balances may serve as a useful measure of a government's net resources available for spending for program purposes at the end of the fiscal year.

As of September 30, 2011, the City's governmental funds, which consist of a general fund and special revenues funds, reported an ending fund balance of \$1,935,387, which is a decrease of \$235,101 from last year's total of \$2,170,488. The General Fund, the City's main operating fund, had an ending fund balance of \$1,702,235, a \$259,704 decrease from the prior year. For the 2011 fiscal year, the City planned for a decrease in fund balance of approximately \$808,000. Therefore the actual decrease was approximately \$548,000 less than originally planned. As a measure of the General Fund's liquidity, it may be useful to compare unassigned fund balance to total fund expenditures. Unassigned fund balance represents 53.2 percent of total General Fund expenditures. The nonmajor Special Revenue Funds reported an ending fund balance of \$233,152.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets as of September 30, 2011, amounts to \$4,057,823 (net of accumulated depreciation). This investment in capital assets includes land, buildings, machinery and equipment, infrastructure, and construction in progress as applicable.

CAPITAL ASSETS SCHEDULE

	Governmental Activities	
	2011	2010
Land	\$ 573,061	\$ 573,061
Buildings	1,596,654	1,596,654
Machinery and equipment	1,550,678	1,288,252
Infrastructure	4,798,287	4,798,287
Less: accumulated depreciation	(4,460,857)	(4,307,818)
Total Capital Assets, Net	\$ 4,057,823	\$ 3,948,436

Additional information on the City's capital assets can found in Note 5 in the Notes to Financial Statements.

LONG-TERM DEBT

As of September 30, 2011, the City's long-term debt was comprised solely of compensated absences, which amounted to \$219,869. The City has established a separate bank account in which money is being

accumulated for the payment of compensated absences. As of September 30, 2011, this bank account has a balance of \$66,819.

Additional information on the City's long-term debt can be found in Note 6 in the Notes to Financial Statements.

GENERAL FUND ENDING FUND BALANCE

- Unassigned fund balance in the General Fund decreased to \$1,701,093. It is intended that, if necessary, the use of available fund balance will avoid the need to raise taxes during the 2012 fiscal year.

REQUESTS FOR INFORMATION

The financial report is designed to provide a general overview of West Orange, Texas' finances for all those with an interest in the City's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to West Orange, Texas: Roy McDonald, Mayor, 2700 Western Avenue, West Orange, Texas 77630.

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BASIC FINANCIAL STATEMENTS

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CITY OF WEST ORANGE, TEXAS

Exhibit A-1

STATEMENT OF NET ASSETS

September 30, 2011

	Governmental Activities
<u>Assets</u>	
Cash and cash equivalents	\$ 1,943,428
Receivables	270,801
Prepaid expenses	1,142
Capital assets:	
Land	573,061
Buildings	1,024,067
Machinery and equipment	678,683
Infrastructure	1,782,012
Total Assets	6,273,194
<u>Liabilities</u>	
Accounts payable and other current liabilities	203,828
Noncurrent liabilities:	
Due within one year	21,987
Due in more than one year	197,882
Total Liabilities	423,697
<u>Net Assets</u>	
Invested in capital assets	4,057,823
Restricted for:	
Public safety	233,152
Unrestricted	1,558,522
Total Net Assets	\$ 5,849,497

See Notes to Financial Statements.

CITY OF WEST ORANGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2011

Functions/Programs	Expenses	Program
		Charges for Services
Governmental Activities:		
General government	\$ 599,431	\$ 27,331
Public safety	1,223,177	170,007
Public works	2,428,384	368,838
Total Governmental Activities	<u>\$ 4,250,992</u>	<u>\$ 566,176</u>
General Revenues:		
Property taxes		
Sales taxes		
Road maintenance taxes		
Franchise taxes		
Mixed beverage taxes		
Hotel/motel occupancy taxes		
Payments in lieu of property taxes		
Investment income		
Other		
Total General Revenues		
Change in Net Assets		
Net Assets - beginning		
Net Assets - Ending		

Exhibit A-2

<u>Revenues</u>	<u>Net (Expense) Revenue and Change in Net Assets</u>
<u>Operating Grants and Contributions</u>	<u>Governmental Activities (Total)</u>
\$	\$ (572,100)
24,770	(1,028,400)
1,143,545	(916,001)
<u>\$ 1,168,315</u>	<u>\$ (2,516,501)</u>
	502,498
	804,830
	201,302
	281,831
	6,827
	4,861
	518,600
	2,385
	55,894
	<u>2,379,028</u>
	(137,473)
	5,986,970
	<u>\$ 5,849,497</u>

CITY OF WEST ORANGE, TEXAS

Exhibit A-3

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2011

	<u>General</u>	<u>2008 Disaster Recovery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>				
Cash and cash equivalents	\$ 1,710,276	\$	\$ 233,152	\$ 1,943,428
Receivables:				
Taxes	154,244			154,244
Accounts	18,089			18,089
Intergovernmental		98,468		98,468
Prepaid items	1,142			1,142
Total Assets	<u>\$ 1,883,751</u>	<u>\$ 98,468</u>	<u>\$ 233,152</u>	<u>\$ 2,215,371</u>
<u>Liabilities and Fund Balances</u>				
<u>Liabilities</u>				
Accounts payable and accrued liabilities	\$ 105,360	\$ 98,468	\$	\$ 203,828
Deferred revenue	76,156			76,156
Total Liabilities	<u>181,516</u>	<u>98,468</u>		<u>279,984</u>
<u>Fund Balances</u>				
Fund Balances:				
Nonspendable	1,142			1,142
Restricted			233,152	233,152
Unassigned	1,701,093			1,701,093
Total Fund Balances	<u>1,702,235</u>		<u>233,152</u>	<u>1,935,387</u>
Total Liabilities and Fund Balances	<u>\$ 1,883,751</u>	<u>\$ 98,468</u>	<u>\$ 233,152</u>	

Amounts reported for governmental activities in the statement of net assets are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds. \$ 4,057,823

Long-term liabilities, including accrued compensated absences (\$219,869) are not due and payable in the current period and are therefore not reported in the funds. (219,869)

Revenues that do not provide current financial resources are reported as deferred in the funds. 76,156

Net Assets of Governmental Activities **\$ 5,849,497**

CITY OF WEST ORANGE, TEXAS

Exhibit A-4

**STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS**

For the Year Ended September 30, 2011

	<u>General</u>	<u>2008 Disaster Recovery</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>				
Taxes	\$ 1,789,896	\$	\$	\$ 1,789,896
Payments in lieu of property taxes	518,600			518,600
Licenses and permits	17,463			17,463
Fines and forfeitures	161,372		450	161,822
Fees and charges for services	378,665			378,665
Intergovernmental	15,778	1,104,737	56,768	1,177,283
Investment earnings	2,211		174	2,385
Other	54,202		950	55,152
Total Revenues	<u>2,938,187</u>	<u>1,104,737</u>	<u>58,342</u>	<u>4,101,266</u>
<u>Expenditures</u>				
Current:				
General government	569,375			569,375
Public safety	1,214,280		751	1,215,031
Public works	1,414,236	1,104,737	32,988	2,551,961
Total Expenditures	<u>3,197,891</u>	<u>1,104,737</u>	<u>33,739</u>	<u>4,336,367</u>
Net Change in Fund Balance	(259,704)		24,603	(235,101)
Fund balances - Beginning	<u>1,961,939</u>		<u>208,549</u>	<u>2,170,488</u>
Fund Balances - Ending	<u>\$ 1,702,235</u>	<u>\$</u>	<u>\$ 233,152</u>	<u>\$ 1,935,387</u>

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CITY OF WEST ORANGE, TEXAS

Exhibit A-5

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

For the Year Ended September 30, 2011

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

Net change in fund balances - total governmental funds	\$ (235,101)
Governmental funds report capital outlays as expenditures. However in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlay (\$465,603) exceeded depreciation (\$356,216) in the current period.	109,387
Revenues in the statement of activities that do not provide current financial resources are not reported as revenue in the funds. This adjustment reflects the net change in property taxes receivable on the accrual basis of accounting.	12,253
Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in governmental funds. This adjustment reflects the net change in accrued compensated absences.	<u>(24,012)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ (137,473)</u></u>

See Notes to Financial Statements.

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CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of West Orange, Texas (the City), was incorporated on August 10, 1954, under the provisions of Title 28 of the Revised Civil Statutes of Texas, 1925. On May 19, 1956, the City adopted a Home Rule Charter. The City now operates under a mayor-council form of government.

The City Council is the principal legislative body of the City. The Mayor presides at meetings of the City Council.

The City provides the following services: public safety to include police and fire, highways and streets, sanitation, recreation, public improvements, and general administration.

A. Reporting Entity

The City is an independent political subdivision of the State of Texas governed by an elected council and a mayor and is considered a primary government. As required by generally accepted accounting principles, these financial statements have been prepared based on considerations regarding the potential for inclusion of other entities, organizations or functions as part of the City's financial reporting entity. Additionally, as the City is considered a primary government for financial reporting purposes, its activities are not considered a part of any other governmental or other type of reporting entity.

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

B. Financial Statement Presentation

These financial statements include implementation of Governmental Accounting Standards Board (GASB) Statement No. 34 – Basic Financial Statements-and Management's Discussion and Analysis-for State and Local Governments.

Certain of the significant changes in the Statement include the following:

- A Management's Discussion and Analysis (MD&A) section providing an analysis of the City's overall financial position and changes in financial position.
- Government-wide financial statements prepared using the accrual basis of accounting for all of the City's governmental and business-type activities.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

- Fund financial statements focusing on the major funds.

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

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

C. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) report information about the City as a whole. For the most part, the effect of interfund activity has been removed from these statements. Direct expenses are not eliminated from the various functional categories in the process of consolidation.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include 1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements or a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds. Major individual governmental funds are reported as separate columns in the fund financial statements.

D. Measurement Focus and Basis of Accounting

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fund financial statements of the City are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditure/expenses.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, license, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

The government reports the following major governmental funds:

General Fund

The General Fund accounts for the resources used to finance the fundamental operations of the City. The principal sources of revenue of the General Fund are property taxes, sales and use taxes, franchise taxes, fines and forfeitures, permits and fees, and sanitation. Expenditures are for general government, public safety and public works.

2008 Disaster Recovery Fund

The 2008 Disaster Recovery Fund accounts for monies received from the General Land Office, which are to be used in the recovery efforts of devastation resulting from a major natural disaster (Hurricane Ike).

E. Encumbrances

Encumbrance accounting, under which purchase orders, contracts, and other commitments for the expenditure of funds are recorded in order to reserve that portion of the applicable appropriation, is employed in the governmental funds. No encumbrances were outstanding at year-end.

F. Cash and Cash Equivalents

Cash and cash equivalents include cash and temporary investments that are generally available for the City's disbursement needs and have a maturity of three months or less from the date of acquisition.

G. Receivables

All receivables are reported at their gross value and, where appropriate, are reduced by the estimated portion that is expected to be uncollectible.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

H. Inventories

Inventories are stated at cost. The City uses the FIFO method of accounting for inventories. Inventories consist of expendable supplies held for consumption, and the cost thereof is recorded as an expense/expenditure at the time the inventory items are issued (consumption method). No inventory was on hand at year-end.

I. Interfund Receivables and Payables

During the course of operations, transactions occur between individual funds for specified purposes. These receivables and payables are, for the most part, eliminated from the government-wide Statement of Net Assets and are classified as "due from other funds" or "due to other funds" in the fund financial statements, when applicable.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, sidewalks, and similar items), are reported in the applicable governmental column in the government-wide financial statements. Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure is capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects as constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	31.5 years
Building improvements	31.5 years
Public domain infrastructure	40 years
System infrastructure	40 years
Vehicles	7 years
Police vehicles	5 years
Machinery and equipment	7 years
Computer equipment	5 years

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

K. Compensated Employee Absences

The City's employees earn vacation and sick leave which may either be taken or accumulated, up to certain amounts, until paid upon termination or retirement. However, only accumulated sick days are paid upon termination from employment. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

The City accrues vacation and sick leave based on criteria established by the Governmental Accounting Standards Board. For all funds, this liability reflects amounts attributable to cumulative employee services previously rendered, where the payment is probable and can be reasonably estimated.

L. Reclassifications

Certain reclassifications to prior year balances have been made to conform to current year presentation. Such reclassifications have had no effect on the excess of revenues over expenditures.

M. Date of Management's Review

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 8, 2012, the date that the financial statements were available to be issued.

N. Estimates

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

NOTE 2 - DEPOSITS

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to state statutes. The depository bank deposits, for safekeeping and trust with the City's agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation (FDIC) Insurance.

Cash and Cash Equivalents

The City's cash and cash equivalents consist of cash on hand and demand deposits. The City's cash and cash equivalents at September 30, 2011, are shown as follows.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash	\$ 1,943,428	\$ 1,943,428
Total Cash and Cash Equivalents	<u>\$ 1,943,428</u>	<u>\$ 1,943,428</u>

Custodial Credit Risk - Deposits

For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Collateral is required for all bank deposits at 102% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State and its municipalities and school districts. Collateral pledged to cover the City's deposits is required to be held in the City's name by the trust department of a bank other than the pledging bank (the City's agent). Collateral securities must bear a Baa-1 or better rating to qualify for use in securing uninsured depository balances. Deposits at year-end are representative of the types of deposits maintained by the City during the year.

The City's cash deposits, at September 30, 2011, were entirely guaranteed by FDIC insurance or by pledged collateral held by the City's agent bank.

NOTE 3 - PROPERTY TAXES

The City's property taxes are levied annually in October on the basis of the Appraisal District's assessed values as of January 1 of that calendar year. Appraised values are established by the Appraisal District at market value and assessed at 100% of appraised value. The City's property taxes are billed and collected by the Orange County Tax Assessor/Collector. Such taxes are applicable to the fiscal year in which they are levied and become delinquent with an enforceable lien on property on February 1 of the subsequent calendar year.

Property taxes are levied for operations and based on rates adopted for the year of the levy. For the current year, the City levied property taxes of \$0.41934 per \$100 of assessed valuation. The resulting adjusted tax levy was \$491,063 for operations on the total adjusted taxable valuation of \$117,103,813 for the 2010 tax year.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Property taxes receivable, at September 30, 2011, consists of the following:

<u>Tax Year</u>	<u>General Fund</u>
2010	\$ 25,797
2009	13,593
2008	9,755
2007	5,919
2006	4,857
2005 and prior	22,443
	<u>\$ 82,364</u>

NOTE 4 - RECEIVABLES

Receivables as of year-end for the government's individual major and nonmajor funds, including the applicable allowances for uncollectible accounts, are as follows:

	<u>General</u>	<u>2008 Disaster Recovery</u>	<u>Total</u>
Receivables:			
Taxes	\$ 160,452	\$	\$ 160,452
Accounts	18,089		18,089
Intergovernmental		98,468	98,468
Gross receivables	178,541	98,468	277,009
Less: allowance for uncollectibles	(6,208)		(6,208)
Net Total Receivables	<u>\$ 172,333</u>	<u>\$ 98,468</u>	<u>\$ 270,801</u>

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. At the end of the current fiscal year, the various components of deferred revenue reported in the governmental funds were as follows:

	<u>Unavailable</u>	<u>Unearned</u>
Delinquent property taxes receivable - General Fund	<u>\$ 76,156</u>	<u>\$</u>

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2011:

	<u>Balance Oct. 1, 2010</u>	<u>Increases</u>	<u>(Decreases)</u>	<u>Balance Sept. 30, 2011</u>
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 573,061	\$	\$	\$ 573,061
Total capital assets not being depreciated	573,061			573,061
Capital assets being depreciated:				
Buildings	1,596,654			1,596,654
Machinery and equipment	1,288,252	465,603	(203,177)	1,550,678
Infrastructure	4,798,287			4,798,287
Total capital assets being depreciated	7,683,193	465,603	(203,177)	7,945,619
Less accumulated depreciation for:				
Buildings	(513,074)	(59,513)		(572,587)
Machinery and equipment	(906,882)	(168,290)	203,177	(871,995)
Infrastructure	(2,887,862)	(128,413)		(3,016,275)
Total accumulated depreciation	(4,307,818)	(356,216)	203,177	(4,460,857)
Total capital assets being depreciated, net	3,375,375	109,387		3,484,762
Governmental activities capital assets, net	<u>\$ 3,948,436</u>	<u>\$ 109,387</u>	<u>\$</u>	<u>\$ 4,057,823</u>

Depreciation was charged to functions of the primary government as follows:

Governmental Activities:			
General government		\$	27,175
Public safety			102,901
Public works			226,140
Total Depreciation Expense - Governmental Activities		<u>\$</u>	<u>356,216</u>

NOTE 6 - LONG-TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2011, is as follows:

	<u>Balance Oct. 1, 2010</u>	<u>Additions</u>	<u>(Reductions)</u>	<u>Balance Sept. 30, 2011</u>	<u>Due within One Year</u>
Governmental Activities:					
Compensated absences	\$ 195,857	\$ 34,613	\$ (10,601)	\$ 219,869	\$ 21,987
Total	<u>\$ 195,857</u>	<u>\$ 34,613</u>	<u>\$ (10,601)</u>	<u>\$ 219,869</u>	<u>\$ 21,987</u>

For governmental activities, compensated absences are generally liquidated by the General Fund.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 7 – FUND BALANCES

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* (GASB 54). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following five fund balance categories:

Nonspendable:

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed:

To indicate fund balance that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority). City Council must place an item on the Council's agenda, followed by a formal action to approve such, in order to establish, modify or rescind a fund balance commitment.

Assigned:

To indicate fund balance to be used for specific purposes but do not meet the criteria to be classified as restricted or committed. Currently, only City Council has the authority to assign fund balances.

Unassigned:

To indicate the residual classification of fund balance in the General Fund and includes all spendable amounts not contained in the other classifications.

In circumstances where an expenditure is made for a purpose for which amounts are available in multiple fund balance classifications, fund balance is generally depleted in the order of restricted, committed, assigned and unassigned.

Fund balances for all the major and nonmajor governmental funds as of September 30, 2011, were distributed as follows:

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

	<u>General</u>	<u>2008 Disaster Recovery</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:				
Prepays	\$ 1,142	\$	\$	\$ 1,142
Subtotal	<u>1,142</u>			<u>1,142</u>
Restricted for:				
Public safety			229,497	229,497
Public works			<u>3,655</u>	<u>3,655</u>
Subtotal			<u>233,152</u>	<u>233,152</u>
Unassigned	1,701,093			1,701,093
Total	<u>\$ 1,702,235</u>	<u>\$</u>	<u>\$ 233,152</u>	<u>\$ 1,935,387</u>

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The City does not currently have any such policies.

NOTE 8 - EMPLOYEE RETIREMENT SYSTEM

Texas Municipal Retirement System

Plan Description

The City provides pension benefits for all of its full-time employees through a non-traditional, joint contributory, hybrid defined benefit plan in the state-wide Texas Municipal Retirement System (TMRS), an agent multiple-employer public employee retirement system. The plan provisions that have been adopted by the City are within the options available in the governing state statutes of TMRS.

TMRS issues a publicly available comprehensive annual financial report that includes financial statements and required supplementary information (RSI) for TMRS; the report also provides detailed explanations of the contributions, benefits and actuarial methods and assumptions used by the System. This report may be obtained by writing to TMRS, P.O. Box 149153, Austin, TX 78714-9153 or by calling 800-924-8677; in addition, the report is available on TMRS's website at www.TMRS.com.

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

	Plan Year 2010	Plan Year 2011
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age/years of service)	60/10, 0/20	60/10, 0/20
Updated service credit	100% Repeating	100% Repeating
Annuity increase	70% of CPI Repeating	70% of CPI Repeating

Contributions

Under the state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Projected Unit Credit actuarial cost method. This rate consists of the normal cost contributions rate and the prior service cost contribution rate, which is calculated to be a level percent of payroll from year to year. The normal cost contribution rate finances the portion of an active member's projected benefit allocated annually; the prior service contribution rate amortizes the unfunded (overfunded) actuarial liability (asset) over the applicable period for that city. Both the normal cost and prior service contribution rates include recognition of the projected impact of annually repeating benefits, such as Updated Service Credits and Annuity Increases.

The City contributes to TMRS at an actuarially determined rate. Both the employees and the City make contributions monthly. Since the City needs to know its contribution rate in advance for budgetary purposes, there is a one-year delay between the actuarial valuation that is the basis for the rate and the calendar year when the rate goes into effect.

Three year trend information is presented below:

	2011	2010	2009
Annual Required Contributions(ARC)	\$ 258,110	\$ 251,734	\$ 225,123
Percentage of ARC Contributed	100%	100%	100%
Net Pension Obligation at the End of Year	\$ 0	\$ 0	\$ 0

Because the actuary determines contribution rates on an annual basis and the City pays the calculated rate each month, the City will always have a net pension obligation (NPO) of zero at the beginning and end of the period, and the annually required contributions (ARC) will always equal contributions made.

The required contribution rates for the 2011 fiscal year were determined as part of the December 31, 2008 and 2009 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2010, follows.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

	<u>Valuation Date</u>			
	<u>12/31/08</u>	<u>12/31/09</u>	<u>12/31/10 - Prior to Restructuring</u>	<u>12/31/10 - Restructured</u>
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	30 Years; Closed Period	27.9 Years; Closed Period	26.9 Years; Closed Period	26.9 Years; Closed Period
Amortization Period for new Gains/Losses	30 Years	30 Years	30 Years	30 Years
Asset Valuation Method	Amortized Cost	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:				
Investment Rate of Return *	7.5%	7.5%	7.5%	7.0%
Projected Salary Increases *	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
* - Includes Inflation at Cost-of-Living Adjustments	3.00%	3.00%	3.00%	3.00%
	2.1%	2.1%	2.1%	2.1%

Funded Status and Funding Progress

In June, 2011, SB 350 was enacted by the Texas Legislature, resulting in a restructure of the TMRS funds. This legislation provided for the actuarial valuation to be completed, as if restructuring had occurred on December 31, 2010. In addition, the actuarial assumptions were updated for the new fund structure, based on an actuarial experience study that was adopted by the TMRS Board at their May, 2011 meeting (the review compared actual to expected experience for the four-year period of January 1, 2006 through December 31, 2009). For a complete description of the combined impact of the legislation and new actuarial assumptions, including the effects on TMRS city rates and funding ratios, please see the December 31, 2010 TMRS Comprehensive Annual Financial Report (CAFR).

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

The funded status as of December 31, 2010, under the two separate actuarial valuations, is presented as follows:

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Funded Ratio</u>	<u>Unfunded AAL (UAAL)</u>	<u>Covered Payroll</u>	<u>UAAL as a Percentage of Covered Payroll</u>
(1)	(2)	(3)	(4)	(5)	(6)	(7)
			(1) / (2)	(3) - (4)		(6) / (5)
12/31/10 *	\$2,792,257	\$4,880,929	57.2 %	\$2,088,672	\$1,166,325	179.1 %
12/31/10**	\$4,972,898	\$6,650,679	74.8 %	\$1,677,781	\$1,166,325	143.9 %

* Actuarial valuation performed under the original fund structure.

** Actuarial valuation performed under the new fund structure.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future. Actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future.

Actuarial calculations are based on the benefits provided under the terms of the substantive plan in effect at the time of each valuation, and reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets. The schedule of funding progress, presented as Required Supplementary Information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability of benefits.

NOTE 9 - DEFERRED COMPENSATION PLAN

The City maintains, for its employees, a tax-deferred compensation plan meeting the requirements of Internal Revenue Code Section 457. The plan was established in September 1996 by City Ordinance, and Nationwide Retirement Solutions was appointed as plan administrator. The deferred compensation is not available to employees until termination, retirement, death, or unforeseen emergency. The plan's trust arrangements are established to protect deferred compensation amounts of employees under the plan from any other use other than intended under the plan (eventual payment to employees deferring the compensation) in accordance with federal tax laws. Amounts of compensation deferred by employees under plan provisions are disbursed monthly by the City to a third party administrator. The third party administrator handles all funds in the plan and makes investment decisions and disburses funds to employees in accordance with plan provisions.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 10 - RESTRICTED FUND BALANCES

Fund balances in the non-major special revenue funds totaling \$233,152 are restricted for public safety and public works.

NOTE 11 - RISK MANAGEMENT

The City is exposed to various risks of loss related to tort; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. Significant losses are covered by commercial insurance for all major programs. The City has not significantly reduced insurance coverage or had settlements, which exceeded coverage amounts for the past three fiscal years.

The City had no material unpaid claims liabilities at the end of the current or prior year.

NOTE 12 - INTERLOCAL AGREEMENT

The City has applied, and been awarded, two Community Development Fund Grants for sewer service connections. These funds are made available from appropriations for the Community Development Block Grant Program of the United States Department of Housing and Urban Development. The programs are administered for the State of Texas by the Texas Department of Rural Affairs through the Texas Community Development Block Grant (TxCDBG) Program. These grant funds have been applied for, and accepted by, the City on behalf of the Orange County Water Control & Improvements District No. 2. The City has entered into an interlocal agreement with Orange County Water Control & Improvements District No. 2, to perform all services related to the sewer service connections and to provide all local matching funds required by the grant.

REQUIRED SUPPLEMENTARY INFORMATION
OTHER THAN MANAGEMENT'S
DISCUSSION AND ANALYSIS (UNAUDITED)

CITY OF WEST ORANGE, TEXAS

Exhibit B-1

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

Year Ended September 30, 2011

	Budgeted Amounts		Actual	Variance Over (Under)
	Original	Final		
<u>Revenues</u>				
Taxes	\$ 1,714,063	\$ 1,714,063	\$ 1,789,896	\$ 75,833
Payments in lieu of property taxes	518,000	518,000	518,600	600
Intergovernmental			15,778	15,778
Licenses and permits	11,000	11,000	17,463	6,463
Fines and forfeitures	167,750	167,750	161,372	(6,378)
Fees and charges for services	337,800	337,800	378,665	40,865
Investment earnings	1,300	1,300	2,211	911
Other	15,275	15,275	54,202	38,927
Total Revenues	2,765,188	2,765,188	2,938,187	172,999
<u>Expenditures</u>				
Current:				
General government	520,026	520,026	569,375	(49,349)
Public safety	1,323,503	1,323,503	1,214,280	109,223
Public works	1,396,678	1,729,533	1,414,236	315,297
Total Expenditures	3,240,207	3,573,062	3,197,891	375,171
(Deficiency) of Revenues (Under) Expenditures	(475,019)	(807,874)	(259,704)	548,170
Net Change in Fund Balance	(475,019)	(807,874)	(259,704)	548,170
Fund balance - Beginning	1,961,939	1,961,939	1,961,939	
Fund Balance - Ending	\$ 1,486,920	\$ 1,154,065	\$ 1,702,235	\$ 548,170

CITY OF WEST ORANGE, TEXAS

Exhibit B-2

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. Budgets and Budgetary Accounting

An annual appropriated budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year end. Project length budgets are adopted for the Special Revenue Funds.

Expenditures may not legally exceed budgeted appropriations at the department level. Expenditure requests, which would require an increase in total budgeted appropriations, must be approved by City Council through a formal budget amendment. At any time in the fiscal year, the Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. The Council has the power to transfer any unencumbered funds allocated by the budget from one activity, function, or department, to another activity, function, or department, to re-estimate revenues and expenditures, and to amend the budget. Management has the authority to transfer available funds allocated by the budget from one function or activity to another function or activity within the same department.

In cooperation with the department heads of the City, the Mayor prepares an annual budget for the General Fund for the ensuing fiscal year, in a form and style as deemed desirable by Council. The budget, as adopted, must set forth the appropriations for services, functions, and activities of the various City departments and agencies, and shall meet all fund requirements provided by law and required by applicable bond covenants.

B. Excess of Expenditures over Appropriations

For the year ended September, 30, 2011, expenditures exceeded appropriations in the City Administration department (the legal level of budgetary control) of the General Fund by \$53,947. These overexpenditures were funded by greater than anticipated revenues in the General Fund.

CITY OF WEST ORANGE, TEXAS

Exhibit B-3

TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF FUNDING PROGRESS (UNAUDITED)

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

<u>Actuarial Valuation Date</u>	<u>Actuarial Value of Plan Assets</u>	<u>Actuarial Accrued Liability (AAL)</u>	<u>Percentage Funded</u>	<u>Unfunded AAL (UAAL)</u>	<u>Annual Covered Payroll</u>	<u>UAAL As A Percentage of Covered Payroll</u>
12/31/2008	\$ 2,183,433	\$ 4,329,849	50.4%	\$ 2,146,416	\$ 1,155,789	185.7%
12/31/2009	2,513,204	4,543,068	55.3%	2,029,864	1,114,254	182.2%
12/31/2010*	2,792,257	4,880,929	57.2%	2,088,672	1,166,325	179.1%
12/31/2010**	4,972,898	6,650,679	74.8%	1,677,781	1,166,325	143.9%

* Actuarial valuation performed under the original fund structure.

** Actuarial valuation performed under the new fund structure.

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

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NON-MAJOR GOVERNMENTAL FUNDS
SPECIAL REVENUE FUNDS

Special revenue funds are used to account for specific revenues that are legally restricted to expenditures for specified purposes. The City's nonmajor special revenue funds include the following:

Police-Public Safety Fund - This fund is used to account for monies received through fines and fees when Texas Department of Public Safety officers issue traffic citations within the City limits. These monies are restricted for the use of unbudgeted law enforcement expenditures.

Police-Seizure and Forfeiture Fund - This fund accounts for monies received from police seizure and forfeiture revenues. These monies are restricted for the use of unbudgeted law enforcement expenditures.

Police-State Education Fund - This fund accounts for monies received from the State of Texas, based on the number of police officers employed by the City, and are restricted for law enforcement education.

Police-Federal Asset Forfeiture Fund - This fund accounts for monies received from the federal government relating to federal forfeiture revenues. These monies are restricted for the use of unbudgeted law enforcement expenditures.

Police-Federal Treasury Asset Forfeiture Fund - This fund accounts for monies received from the federal government relating to federal forfeiture revenues. These monies are restricted for the use of unbudgeted law enforcement expenditures.

FY 2008 Sewer Improvement Grant Fund - This fund accounts for monies received from the Texas Department of Rural Affairs, which are restricted for the use of providing sewer line replacements citywide for low to moderate income citizens.

FY 2009 Sewer Improvement Grant Fund - This fund accounts for monies received from the Texas Department of Rural Affairs, which are restricted for the use of providing sewer line replacements citywide for low to moderate income citizens.

Demolition Grant Fund - This fund is used to account for monies received from the property owners of structures that had initially been demolished at the expense of the City and subsequently reimbursed by grant monies received from the Stark Foundation. These monies are restricted for the use of future demolitions within the City.

CITY OF WEST ORANGE, TEXAS

COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS

September 30, 2011

	Special Revenue Funds			
	Police- Public Safety Fund	Police- Seizure & Forfeiture Fund	Police- State Education Fund	Police- Federal Asset Forfeiture Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 71,321	\$ 15,001	\$ 12,301	\$ 16,437
Total Assets	\$ 71,321	\$ 15,001	\$ 12,301	\$ 16,437
<u>Liabilities</u>				
Accounts payable				
<u>Fund Balances</u>				
Restricted	71,321	15,001	12,301	16,437
Total Fund Balances	71,321	15,001	12,301	16,437
Total Liabilities and Fund Balances	\$ 71,321	\$ 15,001	\$ 12,301	\$ 16,437

<u>Police- Federal Treasury Asset Forfeiture Fund</u>	<u>FY 2008 Sewer Improvement Grant Fund</u>	<u>FY 2009 Sewer Improvement Grant Fund</u>	<u>Demolition Grant Fund</u>	<u>Total Non-Major Governmental Funds</u>
\$ 114,437	\$	\$	\$ 3,655	\$ 233,152
<u>\$ 114,437</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,655</u>	<u>\$ 233,152</u>
114,437			3,655	233,152
114,437			3,655	233,152
<u>\$ 114,437</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,655</u>	<u>\$ 233,152</u>

CITY OF WEST ORANGE, TEXAS
COMBINING STATEMENT OF REVENUES,
EXPENDITURES AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2011

	Special Revenue Funds			
	Police- Public Safety Fund	Police- Seizure & Forfeiture Fund	Police- State Education Fund	Police- Federal Asset Forfeiture Fund
<u>Revenues</u>				
Fines and forfeitures	\$ 450	\$	\$	\$
Intergovernmental revenue			1,175	107
Investment earnings	75	16	13	17
Other				
Total Revenues	525	16	1,188	124
<u>Expenditures</u>				
Current:				
Public safety			751	
Public works				
Total Expenditures			751	
 Net Change in Fund Balances	 525	 16	 437	 124
Fund Balances, Beginning of year	70,796	14,985	11,864	16,313
Fund Balances, End of Year	\$ 71,321	\$ 15,001	\$ 12,301	\$ 16,437

Police- Federal Treasury Asset Forfeiture Fund	FY 2008 Sewer Improvement Grant Fund	FY 2009 Sewer Improvement Grant Fund	Demolition Grant Fund	Total Non-Major Governmental Funds
\$	\$	\$	\$	\$
22,498	23,000	9,988		450
50			3	56,768
			950	174
<u>22,548</u>	<u>23,000</u>	<u>9,988</u>	<u>953</u>	<u>950</u>
				751
	23,000	9,988		32,988
	<u>23,000</u>	<u>9,988</u>		<u>33,739</u>
22,548			953	24,603
91,889			2,702	208,549
<u>\$ 114,437</u>	<u>\$</u>	<u>\$</u>	<u>\$ 3,655</u>	<u>\$ 233,152</u>

CITY OF WEST ORANGE, TEXAS

Exhibit C-3

COMPARATIVE BALANCE SHEETS
GENERAL FUND

September 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 1,710,276	\$ 1,999,735
Receivables:		
Taxes	154,244	142,216
Accounts	18,089	26,982
Prepaid items	1,142	1,370
	<u>1,883,751</u>	<u>2,170,303</u>
Total Assets	<u>\$ 1,883,751</u>	<u>\$ 2,170,303</u>
<u>Liabilities and Equity</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 105,360	\$ 144,461
Deferred revenue	76,156	63,903
	<u>181,516</u>	<u>208,364</u>
Total Liabilities	<u>181,516</u>	<u>208,364</u>
<u>Equity</u>		
Fund Balance:		
Nonspendable	1,142	1,370
Unassigned	1,701,093	1,960,569
	<u>1,702,235</u>	<u>1,961,939</u>
Total Equity	<u>1,702,235</u>	<u>1,961,939</u>
Total Liabilities and Equity	<u>\$ 1,883,751</u>	<u>\$ 2,170,303</u>

CITY OF WEST ORANGE, TEXAS

Exhibit C-4 Page 1 of 3

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

Year Ended September 30, 2011
with Comparative Actual Balances for the Year Ended September 30, 2010

	2011			2010 Actual
	Budget	Actual	Over (Under)	
Revenues				
Property taxes	\$ 514,563	\$ 490,245	\$ (24,318)	\$ 464,004
Other taxes	1,199,500	1,299,651	100,151	1,225,426
Industrial payments in lieu of taxes	518,000	518,600	600	514,354
Intergovernmental		15,778	15,778	51,291
Licenses and permits	11,000	17,463	6,463	21,099
Fines and forfeitures	167,750	161,372	(6,378)	190,919
Fees and charges for services	337,800	378,665	40,865	377,048
Investment earnings	1,300	2,211	911	2,332
Other	15,275	54,202	38,927	160,496
Total Revenues	<u>2,765,188</u>	<u>2,938,187</u>	<u>172,999</u>	<u>3,006,969</u>
Expenditures				
City Administration:				
Personnel services	158,548	120,233	38,315	121,169
Supplies and repairs	8,750	7,017	1,733	6,490
Contractual services	12,425	12,952	(527)	7,762
Other services and charges	181,805	276,033	(94,228)	152,973
Capital outlay	5,000	4,240	760	1,193
Total City Administration	<u>366,528</u>	<u>420,475</u>	<u>(53,947)</u>	<u>289,587</u>
Municipal Court:				
Personnel services	83,268	75,531	7,737	74,580
Supplies	1,700	1,656	44	1,738
Repairs and maintenance	2,500	2,111	389	2,248
Other services and charges	66,030	69,602	(3,572)	102,190
Total Municipal Court	<u>153,498</u>	<u>148,900</u>	<u>4,598</u>	<u>180,756</u>
Total General Government	<u>520,026</u>	<u>569,375</u>	<u>(49,349)</u>	<u>470,343</u>

CITY OF WEST ORANGE, TEXAS

Exhibit C-4 Page 2 of 3

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

Year Ended September 30, 2011
with Comparative Actual Balances for the Year Ended September 30, 2010

	2011		Variance	2010
	Budget	Actual	Over (Under)	Actual
<u>Expenditures (continued)</u>				
Public Safety:				
Animal Control:				
Personnel services	59,790	54,183	5,607	56,467
Supplies	7,900	9,087	(1,187)	6,968
Repairs and maintenance	350	72	278	143
Other services and charges	4,725	2,453	2,272	2,955
Total Animal Control	72,765	65,795	6,970	66,533
Police:				
Personnel services	947,489	866,956	80,533	834,002
Supplies	29,450	27,124	2,326	23,943
Repairs and maintenance	22,000	16,172	5,828	17,341
Other services and charges	62,763	48,555	14,208	48,920
Capital outlay	60,000	94,972	(34,972)	73,358
Total Police	1,121,702	1,053,779	67,923	997,564
Fire:				
Personnel services	305	227	78	54
Supplies	9,200	6,150	3,050	5,168
Repairs and maintenance	3,100	1,823	1,277	2,548
Other services and charges	23,280	16,857	6,423	23,612
Total Fire	35,885	25,057	10,828	31,382
Fire Marshal:				
Personnel services	64,559	62,616	1,943	61,629
Supplies	750	970	(220)	626
Repairs and maintenance	1,000	631	369	74
Other services and charges	26,842	5,432	21,410	5,267
Total Fire Marshal	93,151	69,649	23,502	67,596
Total Public Safety	1,323,503	1,214,280	109,223	1,163,075

CITY OF WEST ORANGE, TEXAS

Exhibit C-4 Page 3 of 3

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

**Year Ended September 30, 2011
with Comparative Actual Balances for the Year Ended September 30, 2010**

	2011		Variance Over (Under)	2010 Actual
	Budget	Actual		
<u>Expenditures (continued)</u>				
Public Works:				
Sanitation:				
Personnel services	247,399	195,280	52,119	195,823
Supplies	25,050	22,677	2,373	19,971
Repairs and maintenance	9,000	6,097	2,903	3,993
Other services and charges	295,996	274,647	21,349	277,177
Capital outlay	110,000	67,504	42,496	
Total Sanitation	687,445	566,205	121,240	496,964
Streets:				
Personnel services	307,742	204,991	102,751	240,151
Supplies	19,400	15,485	3,915	14,160
Repairs and maintenance	237,500	181,758	55,742	55,829
Other services and charges	17,390	13,551	3,839	15,658
Capital outlay	306,355	306,637	(282)	16,507
Total Streets	888,387	722,422	165,965	342,305
Maintenance Shop:				
Personnel services	69,384	58,427	10,957	57,981
Supplies	2,750	2,210	540	1,699
Other services and charges	4,365	4,132	233	3,511
Total Maintenance Shop	76,499	64,769	11,730	63,191
Parks and Facilities:				
Personnel services	53,809	46,419	7,390	47,953
Supplies	4,200	3,054	1,146	3,335
Repairs and maintenance	12,000	6,486	5,514	33,985
Other services and charges	7,193	4,881	2,312	9,585
Total Parks and Facilities	77,202	60,840	16,362	94,858
Total Public Works	1,729,533	1,414,236	315,297	997,318
Non-Departmental-Hurricane Ike Recovery				3,472
Total Expenditures	3,573,062	3,197,891	375,171	2,634,208
Net Change in Fund Balance	(807,874)	(259,704)	548,170	372,761
Fund Balance - Beginning	1,961,939	1,961,939		1,589,178
Fund Balance - Ending	\$ 1,154,065	\$ 1,702,235	\$ 548,170	\$ 1,961,939

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STATISTICAL SECTION

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

Contents	Page
Financial Trends	54
These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	
Revenue Capacity	66
These schedules contain information to help the reader assess the City's most significant local revenue source, the sales tax, and another significant local source, the property tax.	
Debt Capacity	74
These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.	
Demographic and Economic Information	78
These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities takes place.	
Operating Information	82
These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.	

Sources - Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial report for the relevant year.

CITY OF WEST ORANGE, TEXAS

NET ASSETS BY COMPONENT

Last Eight Fiscal Years *
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Governmental Activities				
Invested in capital assets, net of related debt	\$ 3,596,135	\$ 3,538,495	\$ 3,807,713	\$ 4,412,386
Restricted	36,889	48,920	54,394	66,699
Unrestricted	864,769	876,717	1,136,612	422,998
Total Governmental Activities Net Assets	<u>\$ 4,497,793</u>	<u>\$ 4,464,132</u>	<u>\$ 4,998,719</u>	<u>\$ 4,902,083</u>
Primary Government				
Invested in capital assets, net of related debt	\$ 3,596,135	\$ 3,538,495	\$ 3,807,713	\$ 4,412,386
Restricted	36,889	48,920	54,394	66,699
Unrestricted	864,769	876,717	1,136,612	422,998
Total Primary Government Net Assets	<u>\$ 4,497,793</u>	<u>\$ 4,464,132</u>	<u>\$ 4,998,719</u>	<u>\$ 4,902,083</u>

* The requirement for statistical data is ten years; only eight years are available at this time.

Table 1

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 4,262,919	\$ 4,082,383	\$ 3,948,436	\$ 4,057,823
83,960	164,549	208,549	233,152
<u>458,009</u>	<u>1,451,574</u>	<u>1,829,985</u>	<u>1,558,522</u>
<u>\$ 4,804,888</u>	<u>\$ 5,698,506</u>	<u>\$ 5,986,970</u>	<u>\$ 5,849,497</u>

\$ 4,262,919	\$ 4,082,383	\$ 3,948,436	\$ 4,057,823
83,960	164,549	208,549	233,152
<u>458,009</u>	<u>1,451,574</u>	<u>1,829,985</u>	<u>1,558,522</u>
<u>\$ 4,804,888</u>	<u>\$ 5,698,506</u>	<u>\$ 5,986,970</u>	<u>\$ 5,849,497</u>

CITY OF WEST ORANGE, TEXAS

CHANGES IN NET ASSETS

Last Eight Fiscal Years *
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Expenses			
Governmental Activities			
General government	\$ 388,361	\$ 427,659	\$ 654,920
Public safety	868,797	848,174	937,934
Public works	997,977	1,071,183	950,714
Interest and fiscal agent fees on long-term debt	507	2,867	544
Total Governmental Activities Expenses	<u>2,255,642</u>	<u>2,349,883</u>	<u>2,544,112</u>
Total Primary Government Expenses	<u>\$ 2,255,642</u>	<u>\$ 2,349,883</u>	<u>\$ 2,544,112</u>
Program Revenues			
Governmental Activities			
Charges for services			
General government	\$ 7,260	\$ 11,580	\$ 9,788
Public safety	148,232	216,462	229,327
Public works	239,812	261,876	257,041
Operating grants and contributions	70,373	41,858	263,763
Capital grants and contributions			278,578
Total Governmental Activities Program Revenues	<u>465,677</u>	<u>531,776</u>	<u>1,038,497</u>
Total Primary Government Program Revenues	<u>\$ 465,677</u>	<u>\$ 531,776</u>	<u>\$ 1,038,497</u>
Net (Expense)/Revenue			
Governmental activities	\$ (1,789,965)	\$ (1,818,107)	\$ (1,505,615)
Total Primary Government Net Expense	<u>\$ (1,789,965)</u>	<u>\$ (1,818,107)</u>	<u>\$ (1,505,615)</u>

* The requirement for statistical data is ten years; only eight years are available at this time.

Table 2 (Page 1 of 2)

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 449,332	\$ 508,617	\$ 499,640	\$ 536,671	\$ 599,431
938,344	1,293,321	1,097,427	1,158,390	1,223,177
1,623,646	1,295,535	1,282,500	1,255,019	2,428,384
547				
<u>3,011,869</u>	<u>3,097,473</u>	<u>2,879,567</u>	<u>2,950,080</u>	<u>4,250,992</u>
<u>\$ 3,011,869</u>	<u>\$ 3,097,473</u>	<u>\$ 2,879,567</u>	<u>\$ 2,950,080</u>	<u>\$ 4,250,992</u>
\$ 12,065	\$ 14,149	\$ 28,597	\$ 29,170	\$ 27,331
197,240	215,446	190,867	200,650	170,007
318,011	353,959	327,212	365,988	368,838
328,547	153,114	711,273	214,272	1,168,315
4,664	59,210			
<u>860,527</u>	<u>795,878</u>	<u>1,257,949</u>	<u>810,080</u>	<u>1,734,491</u>
<u>\$ 860,527</u>	<u>\$ 795,878</u>	<u>\$ 1,257,949</u>	<u>\$ 810,080</u>	<u>\$ 1,734,491</u>
\$ (2,151,342)	\$ (2,301,595)	\$ (1,621,618)	\$ (2,140,000)	\$ (2,516,501)
<u>\$ (2,151,342)</u>	<u>\$ (2,301,595)</u>	<u>\$ (1,621,618)</u>	<u>\$ (2,140,000)</u>	<u>\$ (2,516,501)</u>

CITY OF WEST ORANGE, TEXAS

CHANGES IN NET ASSETS

Last Eight Fiscal Years *
(accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>
General Revenues and Other Changes in Net Assets			
Governmental Activities			
Taxes			
Property taxes	\$ 401,781	\$ 411,706	\$ 443,488
Other taxes	1,075,490	1,061,171	1,207,680
Payments in lieu of property taxes	302,118	290,241	331,480
Investment earnings	9,343	21,328	57,554
Other			
Total Governmental Activities	<u>1,788,732</u>	<u>1,784,446</u>	<u>2,040,202</u>
Total Primary Government	<u>\$ 1,788,732</u>	<u>\$ 1,784,446</u>	<u>\$ 2,040,202</u>
Change in Net Assets			
Governmental activities	\$ (1,233)	\$ (33,661)	\$ 534,587
Total Primary Government	<u>\$ (1,233)</u>	<u>\$ (33,661)</u>	<u>\$ 534,587</u>

* The requirement for statistical data is ten years; only eight years are available at this time.

Table 2 (Page 2 of 2)

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 447,726	\$ 480,972	\$ 495,404	\$ 473,271	\$ 502,498
1,201,385	1,185,703	1,340,378	1,225,425	1,299,651
343,689	489,623	566,809	514,354	518,600
44,104	19,837	3,840	2,558	2,385
17,802	28,265	108,805	212,856	55,894
<u>2,054,706</u>	<u>2,204,400</u>	<u>2,515,236</u>	<u>2,428,464</u>	<u>2,379,028</u>
<u>\$ 2,054,706</u>	<u>\$ 2,204,400</u>	<u>\$ 2,515,236</u>	<u>\$ 2,428,464</u>	<u>\$ 2,379,028</u>
\$ (96,636)	\$ (97,195)	\$ 893,618	\$ 288,464	\$ (137,473)
<u>\$ (96,636)</u>	<u>\$ (97,195)</u>	<u>\$ 893,618</u>	<u>\$ 288,464</u>	<u>\$ (137,473)</u>

CITY OF WEST ORANGE, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Eight Fiscal Years **
(accrual basis of accounting)

Function	2004*	2005*	2006*	2007
Property taxes	\$ 401,781	\$ 411,706	\$ 443,488	\$ 447,726
Sales taxes	1,075,490	1,061,171	1,207,680	812,296
Mixed beverage taxes				2,766
Road maintenance taxes				202,624
Hotel/motel occupancy taxes				7,553
Franchise taxes				176,146
Total	<u>\$ 1,477,271</u>	<u>\$ 1,472,877</u>	<u>\$ 1,651,168</u>	<u>\$ 1,649,111</u>

* Mixed beverage taxes, road maintenance taxes, hotel/motel occupancy taxes and franchise taxes were all reported as sales taxes. Beginning in 2007, these taxes are reported separately.

** The requirement for statistical data is ten years; only eight years are available at this time.

Table 3

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 480,972	\$ 495,404	\$ 473,271	\$ 502,498
811,862	931,126	753,422	804,830
3,587	5,072	5,397	6,827
203,508	232,205	245,475	201,302
6,139	7,600	4,046	4,861
<u>160,607</u>	<u>177,047</u>	<u>217,085</u>	<u>281,831</u>
<u>\$ 1,666,675</u>	<u>\$ 1,848,454</u>	<u>\$ 1,698,696</u>	<u>\$ 1,802,149</u>

CITY OF WEST ORANGE, TEXAS
FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years *
(modified accrual basis of accounting)

	2004	2005	2006	2007
General Fund				
Nonspendable	\$	\$	\$	\$
Unassigned	984,994	996,472	1,264,452	563,036
Total General Fund	\$ 984,994	\$ 996,472	\$ 1,264,452	\$ 563,036
 All Other Governmental Funds				
Restricted	\$ 36,889	\$ 48,920	\$ 54,394	\$ 66,699
Total All Other Governmental Funds	\$ 36,889	\$ 48,920	\$ 54,394	\$ 66,699

* The requirement for statistical data is ten years; only eight years are available at this time.

Table 4

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$	\$	\$ 1,370	\$ 1,142
588,986	1,589,178	1,960,569	1,701,093
<u>\$ 588,986</u>	<u>\$ 1,589,178</u>	<u>\$ 1,961,939</u>	<u>\$ 1,702,235</u>
<u>\$ 83,960</u>	<u>\$ 164,549</u>	<u>\$ 208,549</u>	<u>\$ 233,152</u>
<u>\$ 83,960</u>	<u>\$ 164,549</u>	<u>\$ 208,549</u>	<u>\$ 233,152</u>

CITY OF WEST ORANGE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Eight Fiscal Years *
(modified accrual basis of accounting)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Revenues				
Taxes	\$ 1,479,133	\$ 1,470,840	\$ 1,648,541	\$ 1,649,692
Payments in lieu of property taxes	302,118	290,241	331,480	343,689
Licenses and permits	7,260	11,580	9,788	12,065
Fines and forfeitures	136,909	203,928	218,811	186,825
Fees and charges for services	251,135	274,410	267,557	328,426
Intergovernmental	44,924	33,625	280,885	217,692
Investment earnings	9,343	21,328	57,554	44,104
Other revenues	25,449	8,233	261,456	133,321
Total Revenues	<u>2,256,271</u>	<u>2,314,185</u>	<u>3,076,072</u>	<u>2,915,814</u>
Expenditures				
General government	360,226	409,248	534,690	425,863
Public safety	867,704	857,429	915,181	1,649,768
Public works	917,552	915,850	809,856	1,498,318
Non-departmental	36,508	93,062	527,775	3,140
Debt service				
Principal	14,572	14,572	14,572	27,289
Interest and fiscal charges	507	515	544	547
Total Expenditures	<u>2,197,069</u>	<u>2,290,676</u>	<u>2,802,618</u>	<u>3,604,925</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	59,202	23,509	273,454	(689,111)
Other Financing Sources				
Capital leases	66,851			
Total Other Financing Sources	<u>66,851</u>			
Net Change in Fund Balances	<u>\$ 126,053</u>	<u>\$ 23,509</u>	<u>\$ 273,454</u>	<u>\$ (689,111)</u>
Debt service as a percentage of noncapital expenditures	0.7%	0.7%	0.7%	0.8%

* The requirement for statistical data is ten years; only eight years are available at this time.

Table 5

2008	2009	2010	2011
\$ 1,657,610	\$ 1,853,477	\$ 1,689,430	\$ 1,789,896
489,623	566,809	514,354	518,600
14,149	28,597	21,099	17,463
205,775	183,461	191,011	161,822
363,630	336,218	377,048	378,665
28,265	439,921	269,012	1,177,283
19,837	3,840	2,558	2,385
212,324	369,886	164,765	55,152
<u>2,991,213</u>	<u>3,782,209</u>	<u>3,229,277</u>	<u>4,101,266</u>
467,756	458,783	470,343	569,375
1,271,756	1,095,305	1,169,263	1,215,031
1,187,258	995,819	1,169,438	2,551,961
21,232	151,521	3,472	
<u>2,948,002</u>	<u>2,701,428</u>	<u>2,812,516</u>	<u>4,336,367</u>
43,211	1,080,781	416,761	(235,101)
<u>43,211</u>	<u>1,080,781</u>	<u>416,761</u>	<u>(235,101)</u>
0.0%	0.0%	0.0%	0.0%

CITY OF WEST ORANGE, TEXAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Eight Fiscal Years **
(modified accrual basis of accounting)

Function	2004*	2005*	2006*	2007
Sales taxes	\$ 1,075,490	\$ 1,061,171	\$ 1,207,680	\$ 812,296
Property taxes	403,643	409,669	440,861	448,307
Mixed beverage taxes				2,766
Road maintenance taxes				202,624
Hotel/motel occupancy taxes				7,553
Franchise taxes				176,146
Total	<u>\$ 1,479,133</u>	<u>\$ 1,470,840</u>	<u>\$ 1,648,541</u>	<u>\$ 1,649,692</u>

* Mixed beverage taxes, road maintenance taxes, hotel/motel occupancy taxes and franchise taxes were all reported as sales taxes. Beginning in 2007, these taxes are reported separately.

** The requirement for statistical data is ten years; only eight years are available at this time.

Table 6

2008	2009	2010	2011
\$ 811,862	\$ 931,126	\$ 753,422	\$ 804,830
471,907	490,380	464,005	490,245
3,587	5,072	5,397	6,827
203,508	232,205	245,475	201,302
6,139	7,600	4,046	4,861
160,607	177,047	217,085	281,831
<u>\$ 1,657,610</u>	<u>\$ 1,843,430</u>	<u>\$ 1,689,430</u>	<u>\$ 1,789,896</u>

CITY OF WEST ORANGE, TEXAS

TAXABLE SALES BY CATEGORY

Last Eight Fiscal Years *

	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Manufacturing	\$ 2,232,372	\$ 2,037,933	\$ 2,775,076	\$ 476,586	\$ 1,089,115
Construction	283,066	388,667	565,939	2,222,413	2,620,885
Wholesale trade	109,233	351,777			
Retail trade	111,438,524	113,542,086	114,803,032	136,575,905	128,286,420
Finance/Insurance					
Professional/Technical		85,447		928,597	1,400,178
Admin/Waste management	55,455	25,298	46,316		36,666
Entertainment/Recreation			112,915	68,984	257,763
Accommodation/Food service	4,825,351	5,248,775	4,374,253	4,419,669	4,635,875
Other services	3,009,467	2,145,446	1,185,065	2,875,973	2,707,876
Other	19,200	7,034			
City direct sales tax rate	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %

Source - Texas Comptroller of Public Accounts.

* The requirement for statistical data is ten years; only eight years are available at this time.

** Represents the first three quarters of the 2011 fiscal year. The fourth quarter is not currently available.

CITY OF WEST ORANGE, TEXAS

Table 8

**ASSESSED VALUE AND ESTIMATED VALUE
OF TAXABLE PROPERTY**

Last Ten Fiscal Years

Fiscal Year Ended Sept. 30,	Residential Property	Commercial Property	Personal Property	Less: Tax-Exempt Real Property	Total Taxable Assessed Value (1)	Total Direct Tax Rate
2002	\$ 35,280,580	\$ 48,866,620	\$ 27,860,050	\$ 18,886,850	\$ 93,120,400	\$ 0.42939
2003	37,147,770	46,994,680	27,616,040	19,430,270	92,328,220	0.42939
2004	54,705,410	29,460,790	28,390,220	19,072,360	93,484,060	0.42939
2005	61,716,230	37,570,796	30,807,762	27,411,181	102,683,607	0.42939
2006	64,801,373	27,840,318	32,208,093	23,329,176	101,520,608	0.42939
2007	65,883,811	28,158,211	30,807,762	23,076,894	101,772,890	0.42939
2008	63,076,601	27,610,188	29,765,086	12,369,582	108,082,293	0.42939
2009	70,224,400	32,121,493	31,431,568	21,115,837	112,661,624	0.42939
2010	69,132,700	31,851,112	32,970,969	23,842,477	110,112,304	0.42939
2011	82,404,231	34,572,997	30,599,836	30,473,251	117,103,813	0.41934

Source - Tax assessor/collector's records.

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.

Tax rates are per \$100 of assessed value.

CITY OF WEST ORANGE, TEXAS

Table 9

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Tax Year</u>	<u>Direct Rate</u>		<u>Overlapping Rates (1)</u>		<u>Total</u>
		<u>City of West Orange</u>	<u>West Orange Cove CISD</u>	<u>Orange County (2)</u>		
2002	2001	\$ 0.42939	\$ 1.55786	\$ 0.64125	\$ 2.62850	
2003	2002	0.42939	1.54609	0.66994	2.64542	
2004	2003	0.42939	1.57357	0.67972	2.68268	
2005	2004	0.42939	1.58926	0.71886	2.73751	
2006	2005	0.42939	1.58265	0.68542	2.69746	
2007	2006	0.42939	1.46040	0.56227	2.45206	
2008	2007	0.42939	1.13175	0.54261	2.10375	
2009	2008	0.42939	1.43204	0.56469	2.42612	
2010	2009	0.42939	1.43204	0.57075	2.43218	
2011	2010	0.41934	1.35270	0.64260	2.41464	

Source - Tax Department records of the various taxing authorities.

(1) Overlapping rates are those of local and county governments that apply within the City of West Orange. Not all overlapping rates apply to all City of West Orange property owners (e.g., the rates for special districts apply only to the proportion of the government's property owners whose property is located within the geographic boundaries of the special district).

(2) Orange County tax rate includes Orange County Navigation & Port District, Orange County Drainage District, and Orange County Lateral Roads tax rates.

CITY OF WEST ORANGE, TEXAS

Table 10

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Eight Years Ago

Taxpayer	2011			2003*		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
G E Betz-Betz Dearborn	\$ 8,366,730	1	7.55 %	\$ 8,053,090	1	8.72 %
Wal-Mart Store #00777	7,808,094	2	7.04	7,302,350	2	7.91
Wal-Mart Stores Inc.	7,731,211	3	6.97	6,617,500	3	7.17
Albanese Real Estate	4,009,247	4	3.62			
Entergy Gulf States, Inc.	1,990,970	5	1.80	1,657,560	5	1.80
Granger Chevrolet	1,769,558	6	1.60			
Metal Depot, Inc.	1,683,729	7	1.52			
Union Pacific Railroad Company	1,271,120	8	1.15			
EAN Holdings, LLC	1,256,990	9	1.13			
Dupont Employees Rec Assn.	962,941	10	0.87	1,506,030	7	1.63
West Orange Shopping				2,785,040	4	3.02
Jones Contractors				1,583,540	6	1.72
Staples #565				1,137,610	8	1.23
Laidlaw Transit, Inc.				1,043,620	9	1.13
Enterprise Leasing Co.				1,042,650	10	1.13
Subtotal	36,850,590		33.23	32,728,990		35.45
Other taxpayers	80,253,223		66.77	59,599,230		64.55
Total	<u>\$ 117,103,813</u>		<u>100.00</u>	<u>\$ 92,328,220</u>		<u>100.00</u>

Source - Tax assessor/collector's records.

* The requirement for statistical data is for nine years prior; only eight years prior is available at this time.

CITY OF WEST ORANGE, TEXAS

Table 11

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years

Fiscal Year	Tax Rate	Total Tax Levy and Adjust.	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
2002	\$ 0.42939	\$ 379,721	\$ 368,659	97.09 %	\$ 8,925	\$ 377,584	99.44 %
2003	0.42939	398,420	383,142	96.17	12,615	395,757	99.33 %
2004	0.42939	390,622	378,308	96.85	9,099	387,407	99.18
2005	0.42939	399,439	381,878	95.60	14,304	396,182	99.18
2006	0.42939	435,919	418,785	96.07	12,804	431,589	99.01
2007	0.42939	437,003	423,872	97.00	9,021	432,893	99.06
2008	0.42939	464,095	445,096	95.91	13,485	458,581	98.81
2009	0.42939	483,758	465,330	96.19	15,577	480,907	99.41
2010	0.42939	472,811	438,942	92.84	7,026	445,968	94.32
2011	0.41934	491,063	466,700	95.04		466,700	95.04

Source - Tax assessor/collector's records.

CITY OF WEST ORANGE, TEXAS

Table 12

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Eight Fiscal Years *

Fiscal Year Ended Sept. 30,	Governmental Activities Capital Leases	Total Primary Government	% of Personal Income **	Per Capita **
2004	\$ 52,279	\$ 52,279	0.13%	\$ 13
2005	40,059	40,059	0.01%	10
2006	27,289	27,289	0.07%	7
2007	***	***	***	***
2008	***	***	***	***
2009	***	***	***	***
2010	***	***	***	***
2011	***	***	***	***

* The requirement for statistical data is ten years; only eight years are available at this time.

** See the Schedule of Demographic and Economic Statistics (Table 14) for personal income and population data.

*** The City had no outstanding debt.

CITY OF WEST ORANGE, TEXAS

Table 13

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

September 30, 2011

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>City of West Orange Share of Debt</u>
West Orange Cove CISD	\$ 73,669,137	6.34 %	\$ 4,670,623
Orange County	275,738	2.46	6,783
Subtotal, overlapping debt			4,677,406
City Direct Debt			_____
Total Direct and Overlapping Debt			<u><u>\$ 4,677,406</u></u>

Source - West Orange Cove CISD, Orange County

Note - Overlapping governments are those that coincide, at least in part, with the geographic boundaries of the City. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses of the City. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident, and therefore, responsible for repaying the debt of each overlapping government.

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

CITY OF WEST ORANGE, TEXAS

LEGAL DEBT MARGIN INFORMATION

Last Eight Fiscal Years *

	<u>2004</u>	<u>2005</u>	<u>2006</u>
Debt limit	\$ 9,348,406	\$ 10,268,361	\$ 10,152,061
Total net debt applicable to limit	<u> </u>	<u> </u>	<u> </u>
Legal debt margin	<u>\$ 9,348,406</u>	<u>\$ 10,268,361</u>	<u>\$ 10,152,061</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%

Legal Debt Margin Calculation by Fiscal Year

Assessed value	\$ 93,484,060	\$ 102,683,607	\$ 101,520,608
Debt limit (10% of assessed value)	<u>9,348,406</u>	<u>10,268,361</u>	<u>10,152,061</u>
Legal debt margin	<u>\$ 9,348,406</u>	<u>\$ 10,268,361</u>	<u>\$ 10,152,061</u>

Note - Under state finance law, the City of West Orange's outstanding general obligation debt should not exceed 10 percent of total assessed property value. By law the general obligation debt subject to the limitation may be offset by amounts set aside for repaying general obligation bonds. The City did not have any general obligation debt for the last five fiscal years.

* The requirement for statistical data is ten years; only eight years are available at this time.

Table 14

<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
\$ 10,177,289	\$ 10,207,162	\$ 11,266,162	\$ 11,011,230	\$ 11,710,381
<u>\$ 10,177,289</u>	<u>\$ 10,207,162</u>	<u>\$ 11,266,162</u>	<u>\$ 11,011,230</u>	<u>\$ 11,710,381</u>
0.00%	0.00%	0.00%	0.00%	0.00%
\$ 101,772,890	\$ 102,071,624	\$ 112,661,624	\$ 110,112,304	\$ 117,103,813
10,177,289	10,207,162	11,266,162	11,011,230	11,710,381
<u>\$ 10,177,289</u>	<u>\$ 10,207,162</u>	<u>\$ 11,266,162</u>	<u>\$ 11,011,230</u>	<u>\$ 11,710,381</u>

CITY OF WEST ORANGE, TEXAS

Table 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years

<u>Fiscal Year Ended Sept. 30,</u>	<u>Population (1) (3)</u>	<u>Personal Income (3)</u>	<u>Per Capita Personal Income (3)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate</u>
2002	4,111	\$ n/a	\$ n/a	37	3,328	n/a
2003	4,111	n/a	n/a	37	3,210	n/a
2004	4,111	n/a	n/a	37	2,916	n/a
2005	4,111	n/a	n/a	37	2,924	n/a
2006	4,111	n/a	n/a	37	2,665	n/a
2007	3,983	72,251,620	18,140	37	2,700	n/a
2008	3,983	72,251,620	18,140	37	2,385	n/a
2009	3,983	69,237,938	17,383	37	2,550	n/a
2010	3,549	68,651,856	19,377	36	2,518	n/a
2011	3,443	66,501,545	19,315	41	3,484	n/a

n/a - information not available.

Data sources:

(1) Bureau of the Census

(2) West Orange Cove CISD

(3) Orange County Economic Development Council

CITY OF WEST ORANGE, TEXAS

Table 16

PRINCIPAL EMPLOYERS

Current Year and Four Years Ago

Employer	2011			2007*		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Wal Mart	374	1	17.73%	368	1	22.33%
WOCCISD	127	2	6.02%	205	2	12.44%
Granger Chevrolet	52	3	2.47%	35	6	2.12%
GE Water & Process Technology	44	4	2.09%	45	4	2.73%
STS Bus Service	40	5	1.90%			
Akrotex, Inc.	35	6	1.66%	46	3	2.79%
City of West Orange	28	7	1.33%	25	7	1.52%
Sonic Drive-In	19	8	0.90%	24	8	1.46%
Little Giant/TMRX	14	9	0.66%	16	10	0.97%
Burke's Outlet	10	10	0.47%			
Laidlaw Transit				44	5	2.67%
Goody's				21	9	1.27%
Total	743		35.23%	829		50.30%

Source - City records.

* The requirement for statistical data is for nine years prior; only four years prior is available at this time.

CITY OF WEST ORANGE, TEXAS

Table 17

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION

Last Ten Fiscal Years

Function	Full-time Equivalent Employees as of September 30									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
General government	6	6	6	6	6	6	6	5	5	5
Public safety										
Police										
Officers	9	9	8	9	9	9	8	8	9	9
Civilians	1	1	1	1	1	1	1	2	2	2
Public works										
Streets and sanitation	4	4	4	4	5	5	8	10	8	8
Maintenance and operations	2	2	2	2	3	3	2	1	1	1
Total	22	22	21	22	24	24	25	26	25	25

Source - City personnel records.

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CITY OF WEST ORANGE, TEXAS
OPERATING INDICATORS BY FUNCTION

Last Eight Fiscal Years *

Function	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>	<u>2008</u>
Police					
Arrests	691	769	555	555	543
Accident reports	64	70	76	76	68
Citations	2,219	2,201	2,136	2,136	1,788
Offense reports	1,314	1,383	1,221	1,221	776
Calls for service	4,863	3,515	3,977	3,977	3,794
Fire					
Emergency responses	22	9	8	8	24
Fire incidents	42	37	19	19	16
Service calls and other calls	23	54	26	26	7
Automatic aid, mutual aid given	11	6	2	2	1

Source - Various City departments.

* The requirement for statistical data is ten years; only eight years are available at this time.

Table 18

<u>2009</u>	<u>2010</u>	<u>2011</u>
591	721	621
89	53	58
1,099	1,931	1,562
796	827	703
3,391	3,721	2,895
24	11	34
23	21	10
3	20	11
10	15	18

CITY OF WEST ORANGE, TEXAS

Table 19

CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years

Function	Fiscal Year									
	2002	2003	2004	2005	2006	2007	2008	2009	2010	2011
Public safety										
Police										
Stations	1	1	1	1	0*	1	1	1	1	1
Patrol units	8	8	8	9	9	9	8	6	6	7
Fire										
Stations	1	1	1	1	0*	1	1	1	1	1
Public works										
Collection trucks	3	3	3	3	3	3	3	3	3	3
Streets (miles)	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9	28.9

Source - Various City departments.

Note - No capital asset indicators are available for the general government function.

* - Police and fire stations destroyed in Hurricane Rita. They were re-constructed in the 2007 fiscal year.