

Comprehensive Annual Financial Report

of the

City of West Orange, Texas

**Fiscal Year Ended
September 30, 2012**



Officials Issuing Report

**Roy McDonald
Mayor**

**Theresa Van Meter
City Secretary**

CITY OF WEST ORANGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2012

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page(s)</u>
<u>INTRODUCTORY SECTION</u>		
Letter of Transmittal		i-iv
Certificate of Achievement for Excellence in Financial Reporting		v
Organizational Chart		vi
Principal Officials		vii
<u>FINANCIAL SECTION</u>		
Independent Auditors' Report		3-4
Management's Discussion and Analysis		5-11
<u>Basic Financial Statements</u>		
Government-Wide Financial Statements:		
Statement of Net Assets	A-1	15
Statement of Activities	A-2	16-17
Fund Financial Statements:		
Balance Sheet - Governmental Funds	A-3	18
Statement of Revenues, Expenditures, and Changes in Fund Balances - Governmental Funds	A-4	19
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	A-5	21
Notes to Financial Statements	A-6	23-35
<u>Required Supplementary Information</u>		
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	B-1	38
Notes to Required Supplementary Information	B-2	39
Texas Municipal Retirement System - Schedule of Funding Progress	B-3	40
<u>Combining and Individual Fund Statements and Schedules</u>		
Combining Balance Sheet - Nonmajor Governmental Funds	C-1	44-45
Combining Statement of Revenues, Expenditures and Changes in Fund Balance - Nonmajor Governmental Funds	C-2	46-47
Comparative Balance Sheets - General Fund	C-3	48
Schedule of Revenues, Expenditures, and Changes in Fund Balance - Budget and Actual - General Fund	C-4	49-51

CITY OF WEST ORANGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2012

TABLE OF CONTENTS

	<u>Exhibit</u>	<u>Page(s)</u>
<u>STATISTICAL SECTION</u>	<u>Table</u>	
Net Assets by Component	1	54-55
Changes in Net Assets	2	56-59
Governmental Activities Tax Revenues by Source	3	60-61
Fund Balances of Governmental Funds	4	62-63
Changes in Fund Balances of Governmental Funds	5	64-65
General Governmental Tax Revenues by Source	6	66-67
Taxable Sales By Category	7	68-69
Assessed Value and Estimated Actual Value of Taxable Property	8	70
Property Tax Rates - Direct and Overlapping Governments	9	71
Principal Property Taxpayers	10	72
Property Tax Levies and Collectons	11	73
Ratios of Outstanding Debt by Type	12	74
Direct and Overlapping Governmental Activities Debt	13	75
Legal Debt Margin Information	14	76-77
Demographic and Economic Statistics	15	78
Principal Employers	16	79
Full-time Equivalent City Governmental Employees by Function	17	80
Operating Indicators by Function	18	82-83
Capital Assets Statistics by Function	19	84

January 18, 2013

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, 2012, 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, 2012, 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, 2012, 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 15.3% 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 \$119.8 million for fiscal year 2012, which is an increase of approximately \$2.7 million from the previous fiscal year.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund amounted to \$2,038,150 as of September 30, 2012. 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 to continue to rebuild and repair damages left from Hurricane IKE. 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, 2011. 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 fifteenth 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, 2011 (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, 2011

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.



Christopher P. Merrill

President

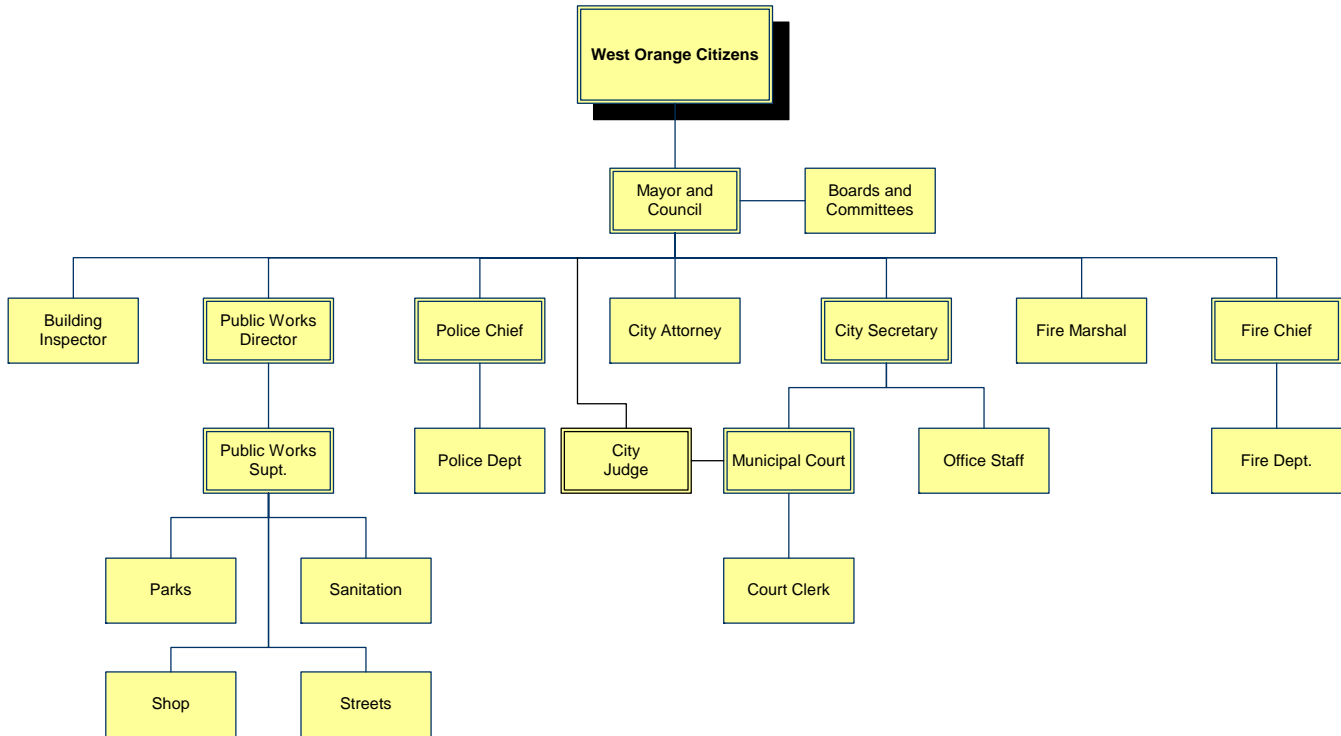
Jeffrey R. Enos

Executive Director

CITY OF WEST ORANGE, TEXAS

ORGANIZATIONAL CHART

Fiscal Year 2011-2012



CITY OF WEST ORANGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2012

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Roy McDonald	Mayor	2013
Shirley Bonnin	Council Member (Mayor Pro Tem)	2014
Dale Dardeau	Council Member	2014
Mike Trahan	Council Member	2013
Charles Winter	Council Member	2013
Mike Shugart	Council Member	2014

<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

(This Page Intentionally Left Blank)

FINANCIAL SECTION

(This Page Intentionally Left Blank)



130 Industrial Blvd, Suite 130 • Sugar Land, Texas 77478 • 281/242-3232 • fax 281/242-3252 • www.sktx.com

INDEPENDENT AUDITORS' REPORT

To the Honorable Mayor and
Members of the 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, as of and for the year ended September 30, 2012, which collectively comprise the City of West Orange, Texas' basic financial statements as listed in the table of contents. These financial statements are the responsibility of the City of West Orange, Texas' management. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund and the aggregate remaining fund information of the City of West Orange Texas, as of September 30, 2012, 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.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5 through 11, 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 of West Orange, Texas' financial statements as a whole. The introductory section, combining and individual nonmajor fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the financial statements. The combining and individual nonmajor fund financial statements 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, appearing to read "Sugar Land & Co.", is positioned above the typed text.

Sugar Land, Texas
January 18, 2013

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, 2012.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,905,217 (net assets).
- As of September 30, 2012, the City's governmental funds reported an ending fund balance of \$2,267,937.
- The City's cash balance at September 30, 2012 was \$2,298,389, representing an increase of \$354,961 from September 30, 2011.
- The City had expenses net of program revenue of \$2,280,513 and general revenues of \$2,336,233, resulting in a net increase in net assets of \$55,720 for the year ended September 30, 2012.
- At the end of the fiscal year, unassigned fund balance for the General Fund was \$2,038,150, or 77.6 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 35 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 \$5,905,217 as of September 30, 2012.

The largest portion of the City's net assets (64.4 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 (3.9 percent) represents restricted financial resources to be used for public safety and public works.

Lastly, a portion of the City's net assets (31.7 percent) represents unrestricted financial resources available for future operations.

SUMMARY OF STATEMENT OF NET ASSETS
As of September 30, 2012 and 2011

	Governmental	
	Activities	
	<u>2012</u>	<u>2011</u>
Current and other assets	\$ 2,480,587	\$ 2,215,371
Capital assets, net	3,803,822	4,057,823
Total Assets	<u>6,284,409</u>	<u>6,273,194</u>
Long-term liabilities	244,493	219,869
Other liabilities	134,699	203,828
Total Liabilities	<u>379,192</u>	<u>423,697</u>
Net Assets:		
Invested in capital assets	3,803,822	4,057,823
Restricted	229,196	233,152
Unrestricted	1,872,199	1,558,522
Total Net Assets	<u>\$ 5,905,217</u>	<u>\$ 5,849,497</u>

Net assets of the City, all of which relate to governmental activities, increased by \$55,720. Key elements of the increase are as follows:

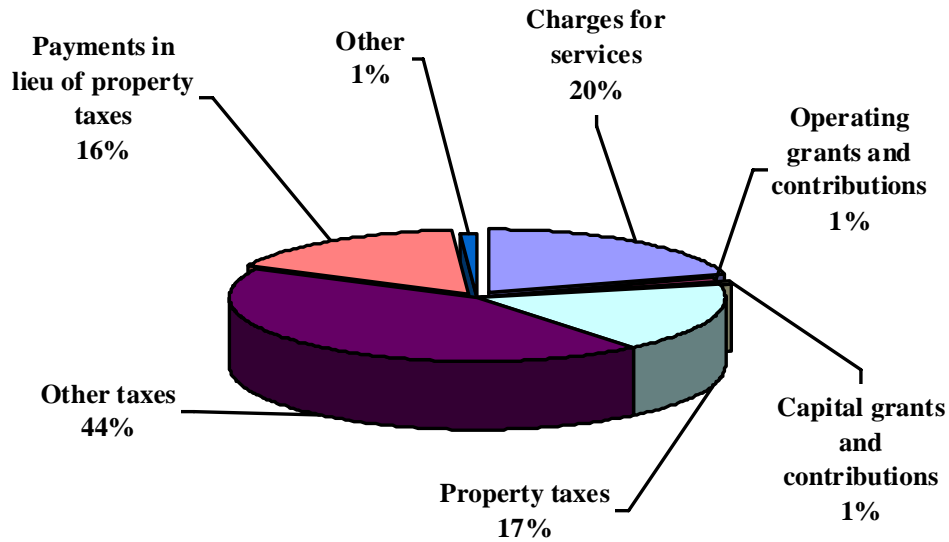
CHANGES IN NET ASSETS
For the Fiscal Years Ended September 30, 2012 and 2011

	Governmental Activities	
	2012	2011
Revenues		
Program revenues:		
Charges for services	\$ 596,472	\$ 566,176
Operating grants and contributions	35,236	1,168,315
Capital grants and contributions	18,127	
General revenues:		
Property taxes, penalties and interest	518,419	502,498
Other taxes	1,296,358	1,299,651
Payments in lieu of property taxes	486,420	518,600
Investment income	1,592	2,385
Other	33,444	55,894
Total Revenues	2,986,068	4,113,519
Expenses		
General government	517,725	599,431
Public safety	1,299,211	1,223,177
Public works	1,113,412	2,428,384
Total Expenses	2,930,348	4,250,992
Change in Net Assets	55,720	(137,473)
Net Assets, Beginning	5,849,497	5,986,970
Net Assets, Ending	\$ 5,905,217	\$ 5,849,497

This \$55,720 increase in net assets is primarily a result of decreased public works expenses. In the prior fiscal year, the City had increased public works expenses due to street repairs which were subsequently reimbursed by federal grant monies.

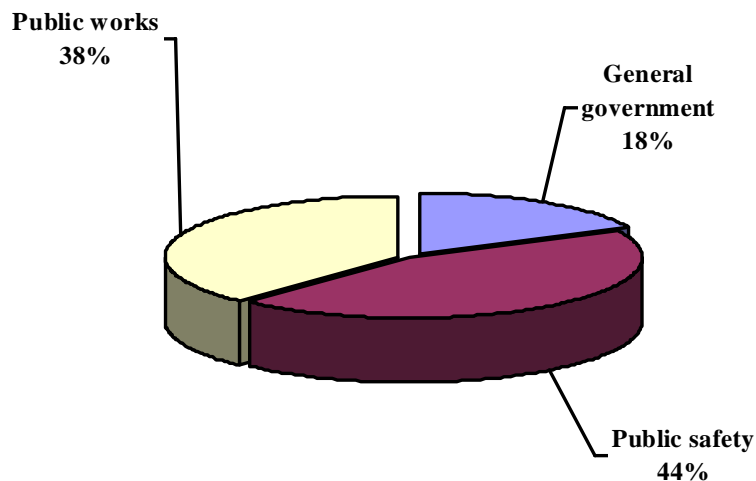
Graphic presentations of selected current year data from the changes in net assets table follow in order to assist in the analysis of the City's activities.

GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2012, revenue from governmental activities totaled \$2,986,068.

GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2012 expenses from governmental activities totaled \$2,930,348, the largest portions of which relate to public safety (44%) and public works (38%).

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, 2012, the City's governmental funds, which consist of a general fund and special revenues funds, reported an ending fund balance of \$2,267,937, which is an increase of \$332,550 from last year's total of \$1,935,387. The General Fund, the City's main operating fund, had an ending fund balance of \$2,038,741, a \$336,506 increase from the prior year. For the 2012 fiscal year, the City planned for a decrease in fund balance of approximately \$475,000. 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 77.6 percent of total General Fund expenditures. The nonmajor Special Revenue Funds reported an ending fund balance of \$229,196.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's investment in capital assets as of September 30, 2012, amounts to \$3,803,822 (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	
	2012	2011
Land	\$ 573,061	\$ 573,061
Buildings	1,614,781	1,596,654
Machinery and equipment	1,566,728	1,550,678
Infrastructure	4,798,287	4,798,287
Less: accumulated depreciation	<u>(4,749,035)</u>	<u>(4,460,857)</u>
Total Capital Assets, Net	<u>\$ 3,803,822</u>	<u>\$ 4,057,823</u>

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, 2012, the City's long-term debt was comprised solely of compensated absences, which amounted to \$244,493. The City has established a separate bank account in which money is being

accumulated for the payment of compensated absences. As of September 30, 2012, this bank account has a balance of \$66,865.

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 increased to \$2,038,150. It is intended that, if necessary, the use of available fund balance will avoid the need to raise taxes during the 2013 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.

(This Page Intentionally Left Blank)

BASIC FINANCIAL STATEMENTS

(This Page Intentionally Left Blank)

CITY OF WEST ORANGE, TEXAS

Exhibit A-1

STATEMENT OF NET ASSETS

September 30, 2012

	<u>Governmental Activities</u>
<u>Assets</u>	
Cash and cash equivalents	\$ 2,298,389
Receivables	181,607
Prepaid expenses	591
Capital assets:	
Land	573,061
Buildings	996,737
Machinery and equipment	571,928
Infrastructure	1,662,096
Total Assets	<u>6,284,409</u>
<u>Liabilities</u>	
Accounts payable and other current liabilities	134,699
Noncurrent liabilities:	
Due within one year	24,449
Due in more than one year	220,044
Total Liabilities	<u>379,192</u>
<u>Net Assets</u>	
Invested in capital assets, net of related debt	3,803,822
Restricted for:	
Public safety	225,538
Public works	3,658
Unrestricted	1,872,199
Total Net Assets	<u>\$ 5,905,217</u>

See Notes to Financial Statements.

CITY OF WEST ORANGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2012

Functions/Programs	Expenses	Charges for Services
Governmental Activities:		
General government	\$ 517,725	\$ 28,608
Public safety	1,299,211	188,592
Public works	1,113,412	379,272
Total Governmental Activities	\$ 2,930,348	\$ 596,472
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		

Program Revenues		Net (Expense) Revenue and Change in Net Assets
Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities (Total)
\$	\$ 18,127	\$ (470,990)
4,914		(1,105,705)
30,322		(703,818)
<u>\$ 35,236</u>	<u>\$ 18,127</u>	<u>\$ (2,280,513)</u>
		518,419
		821,544
		204,525
		260,722
		5,068
		4,499
		486,420
		1,592
		33,444
		<u>2,336,233</u>
		55,720
		5,849,497
		<u>\$ 5,905,217</u>

CITY OF WEST ORANGE, TEXAS

Exhibit A-3

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Assets</u>			
Cash and cash equivalents	\$ 2,069,193	\$ 229,196	\$ 2,298,389
Receivables:			
Taxes	158,087		158,087
Accounts	23,520		23,520
Prepaid items	591		591
Total Assets	\$ 2,251,391	\$ 229,196	\$ 2,480,587
<u>Liabilities and Fund Balances</u>			
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 134,699	\$	\$ 134,699
Deferred revenue	77,951		77,951
Total Liabilities	212,650		212,650
<u>Fund Balances</u>			
Fund Balances:			
Nonspendable	591		591
Restricted		229,196	229,196
Unassigned	2,038,150		2,038,150
Total Fund Balances	2,038,741	229,196	2,267,937
Total Liabilities and Fund Balances	\$ 2,251,391	\$ 229,196	

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.	\$ 3,803,822
Long-term liabilities, including accrued compensated absences (\$244,493) are not due and payable in the current period and are therefore not reported in the funds.	(244,493)
Revenues that do not provide current financial resources are reported as deferred in the funds.	77,951
Net Assets of Governmental Activities	\$ 5,905,217

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, 2012

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total Governmental Funds</u>
<u>Revenues</u>			
Property taxes	\$ 516,624	\$	\$ 516,624
Other taxes	1,296,358		1,296,358
Payments in lieu of property taxes	486,420		486,420
Licenses and permits	18,018		18,018
Fines and forfeitures	180,482		180,482
Fees and charges for services	391,517		391,517
Intergovernmental		2,340	2,340
Investment earnings	1,454	138	1,592
Other	72,795		72,795
Total Revenues	<u>2,963,668</u>	<u>2,478</u>	<u>2,966,146</u>
<u>Expenditures</u>			
Current:			
General government	512,643		512,643
Public safety	1,207,569	3,596	1,211,165
Public works	906,950	2,838	909,788
Total Expenditures	<u>2,627,162</u>	<u>6,434</u>	<u>2,633,596</u>
Net Change in Fund Balance	336,506	(3,956)	332,550
Fund Balances - Beginning	<u>1,702,235</u>	<u>233,152</u>	<u>1,935,387</u>
Fund Balances - Ending	<u>\$ 2,038,741</u>	<u>\$ 229,196</u>	<u>\$ 2,267,937</u>

See Notes to Financial Statements.

(This Page Intentionally Left Blank)

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, 2012

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

Net change in fund balances - total governmental funds	\$ 332,550
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 depreciation (\$338,873) exceeded capital outlay (\$84,872) in the current period.	(254,001)
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.	1,795
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>(24,624)</u>
Change in Net Assets of Governmental Activities	<u><u>\$ 55,720</u></u>

See Notes to Financial Statements.

(This Page Intentionally Left Blank)

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 of 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 fund:

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.

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.

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.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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 are 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

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

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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 January 18, 2013, 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, 2012, are shown as follows.

	Carrying Amount	Fair Value
Cash	\$ 2,298,389	\$ 2,298,389
Total Cash and Cash Equivalents	\$ 2,298,389	\$ 2,298,389

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

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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, 2012, 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 \$0.42500 per \$100 of assessed valuation. The resulting adjusted tax levy was \$509,021 for operations on the total adjusted taxable valuation of \$119,769,621 for the 2011 tax year.

Property taxes receivable, at September 30, 2012, consists of the following:

<u>Tax Year</u>	<u>General Fund</u>
2011	\$ 27,544
2010	16,923
2009	9,889
2008	4,851
2007	4,112
2006 and prior	21,227
	<u>\$ 84,546</u>

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 4 - RECEIVABLES

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

	General	Total
Receivables:		
Taxes	\$ 164,682	\$ 164,682
Accounts	23,520	23,520
Gross receivables	188,202	188,202
Less: allowance for uncollectibles	(6,595)	(6,595)
Net Total Receivables	\$ 181,607	\$ 181,607

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:

	Unavailable	Unearned
Delinquent property taxes receivable - General Fund	\$ 77,951	\$

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2012:

	Balance Oct. 1, 2011	Increases	(Decreases)	Balance Sept. 30, 2012
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	18,127		1,614,781
Machinery and equipment	1,550,678	66,745	(50,695)	1,566,728
Infrastructure	4,798,287			4,798,287
Total capital assets being depreciated	7,945,619	84,872	(50,695)	7,979,796
Less accumulated depreciation for:				
Buildings	(572,587)	(45,457)		(618,044)
Machinery and equipment	(871,995)	(173,500)	50,695	(994,800)
Infrastructure	(3,016,275)	(119,916)		(3,136,191)
Total accumulated depreciation	(4,460,857)	(338,873)	50,695	(4,749,035)
Total capital assets being depreciated, net	3,484,762	(254,001)		3,230,761
Governmental activities capital assets, net	\$ 4,057,823	\$ (254,001)	\$	\$ 3,803,822

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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

Governmental Activities:	
General government	\$ 26,112
Public safety	101,942
Public works	210,819
Total Depreciation Expense - Governmental Activities	\$ 338,873

NOTE 6 - LONG-TERM DEBT

Changes in Long-term Liabilities

Long-term liability activity for the year ended September 30, 2012, is as follows:

	Balance Oct. 1, 2011	Additions	(Reductions)	Balance Sept. 30, 2012	Due within One Year
Governmental Activities:					
Compensated absences	\$ 219,869	\$ 53,950	\$ (29,326)	\$ 244,493	\$ 24,449
Total	\$ 219,869	\$ 53,950	\$ (29,326)	\$ 244,493	\$ 24,449

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

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 majority vote to approve such, in order to establish, modify or rescind a fund balance commitment.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

Assigned:

To indicate fund balance to be used for specific purposes but do 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, 2012, were distributed as follows:

	<u>General</u>	<u>Other Governmental Funds</u>	<u>Total</u>
Nonspendable:			
Prepays	\$ 591	\$	\$ 591
Subtotal	591		591
Restricted for:			
Public safety		225,538	225,538
Public works		3,658	3,658
Subtotal		229,196	229,196
Unassigned	2,038,150		2,038,150
Total	\$ 2,038,741	\$ 229,196	\$ 2,267,937

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

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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:

	<u>Plan Year 2011</u>	<u>Plan Year 2012</u>
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 form 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:

	<u>2012</u>	<u>2011</u>	<u>2010</u>
Annual Required Contributions(ARC)	\$ 240,111	\$ 258,110	\$ 251,734
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 2012 fiscal year were determined as part of the December 31, 2009 and 2010 actuarial valuations. Additional information as of the latest actuarial valuation, December 31, 2011, follows.

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

	Valuation Date		
	12/31/09	12/31/10	12/31/11
Actuarial Cost Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit
Amortization Method	Level Percent of Payroll	Level Percent of Payroll	Level Percent of Payroll
GASB 25 Equivalent Single Amortization Period	27.9 Years; Closed Period	26.9 Years; Closed Period	25.9 Years; Closed Period
Amortization Period for new Gains/Losses	30 Years	30 Years	30 Years
Asset Valuation Method	10-year Smoothed Market	10-year Smoothed Market	10-year Smoothed Market
Actuarial Assumptions:			
Investment Rate of Return *	7.5%	7.0%	7.0%
Projected Salary Increases *	Varies by Age and Service	Varies by Age and Service	Varies by Age and Service
* - Includes Inflation at	3.00%	3.00%	3.00%
Cost-of-Living Adjustments	2.1%	2.1%	2.1%

Funded Status and Funding Progress

The funded status as of December 31, 2011, the most recent actuarial valuation date, is presented as follows:

Actuarial Valuation Date	Actuarial Value of Assets	Actuarial Accrued Liability (AAL)	Funded Ratio	Unfunded AAL (UAAL)	Covered Payroll	UAAL as a Percentage of Covered Payroll
(1)	(2)	(3)	(4)	(5)	(6)	(7)
12/31/11	\$5,420,140	\$7,091,211	(1) / (2) 76.4 %	(2) - (1) \$1,671,071	\$1,169,677	(4) / (5) 142.9 %

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

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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.

NOTE 10 - RESTRICTED FUND BALANCES

Fund balances in the non-major special revenue funds totaling \$229,196 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 &

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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.

(This Page Intentionally Left Blank)

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, 2012

	<u>Budgeted Amounts</u>		<u>Actual</u>	<u>Variance Over (Under)</u>
	<u>Original</u>	<u>Final</u>		
<u>Revenues</u>				
Property taxes	\$ 514,563	\$ 514,563	\$ 516,624	\$ 2,061
Other taxes	1,199,500	1,199,500	1,296,358	96,858
Payments in lieu of property taxes	518,000	518,000	486,420	(31,580)
Licenses and permits	11,000	11,000	18,018	7,018
Fines and forfeitures	167,750	167,750	180,482	12,732
Fees and charges for services	337,800	337,800	391,517	53,717
Investment earnings	1,300	1,300	1,454	154
Other	15,275	15,275	72,795	57,520
Total Revenues	<u>2,765,188</u>	<u>2,765,188</u>	<u>2,963,668</u>	<u>198,480</u>
<u>Expenditures</u>				
Current:				
General government	520,026	520,026	512,643	7,383
Public safety	1,323,503	1,323,503	1,207,569	115,934
Public works	1,396,678	1,396,678	906,950	489,728
Total Expenditures	<u>3,240,207</u>	<u>3,240,207</u>	<u>2,627,162</u>	<u>613,045</u>
Net Change in Fund Balance	(475,019)	(475,019)	336,506	811,525
Fund Balance - Beginning	<u>1,702,235</u>	<u>1,702,235</u>	<u>1,702,235</u>	
Fund Balance - Ending	<u>\$ 1,227,216</u>	<u>\$ 1,227,216</u>	<u>\$ 2,038,741</u>	<u>\$ 811,525</u>

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, 2012, expenditures exceeded appropriations in the Municipal Court department (the legal level of budgetary control) of the General Fund by \$18,996. 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.

Actuarial Valuation Date	Actuarial Value of Plan Assets	Actuarial Accrued Liability (AAL)	Percentage Funded	Unfunded AAL (UAAL)	Annual Covered Payroll	UAAL As A Percentage of Covered Payroll
12/31/2009	\$ 2,513,204	\$ 4,543,068	55.3%	\$ 2,029,864	\$ 1,114,254	182.2%
12/31/2010	4,972,898	6,650,679	74.8%	1,677,781	1,166,325	143.9%
12/31/2011	5,420,140	7,091,211	76.4%	1,671,071	1,169,677	142.9%

COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES

(This Page Intentionally Left Blank)

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.

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, 2012

	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	\$ 71,370	\$ 12,204	\$ 11,519	\$ 16,448
Total Assets	\$ 71,370	\$ 12,204	\$ 11,519	\$ 16,448
<u>Liabilities</u>				
Accounts payable				
<u>Fund Balances</u>				
Restricted	71,370	12,204	11,519	16,448
Total Fund Balances	71,370	12,204	11,519	16,448
Total Liabilities and Fund Balances	\$ 71,370	\$ 12,204	\$ 11,519	\$ 16,448

Exhibit C-1

Police- Federal Treasury Asset Forfeiture Fund	Demolition Grant Fund	Total Non-Major Governmental Funds
\$ 113,997	\$ 3,658	\$ 229,196
<u>\$ 113,997</u>	<u>\$ 3,658</u>	<u>\$ 229,196</u>
<u>113,997</u>	<u>3,658</u>	<u>229,196</u>
<u>113,997</u>	<u>3,658</u>	<u>229,196</u>
<u>\$ 113,997</u>	<u>\$ 3,658</u>	<u>\$ 229,196</u>

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

Year Ended September 30, 2012

	<u>Special Revenue Funds</u>			
	<u>Police- Public Safety Fund</u>	<u>Police- Seizure & Forfeiture Fund</u>	<u>Police- State Education Fund</u>	<u>Police- Federal Asset Forfeiture Fund</u>
<u>Revenues</u>				
Intergovernmental revenue	\$	\$	\$	\$
Investment earnings	49	9	8	11
Total Revenues	<u>49</u>	<u>9</u>	<u>8</u>	<u>11</u>
<u>Expenditures</u>				
Current:				
Public safety		2,806	790	
Public works				
Total Expenditures		<u>2,806</u>	<u>790</u>	
Net Change in Fund Balances	49	(2,797)	(782)	11
Fund Balances, Beginning of Year	<u>71,321</u>	<u>15,001</u>	<u>12,301</u>	<u>16,437</u>
Fund Balances, End of Year	<u>\$ 71,370</u>	<u>\$ 12,204</u>	<u>\$ 11,519</u>	<u>\$ 16,448</u>

Exhibit C-2

Police- Federal Treasury Asset Forfeiture Fund	Demolition Grant Fund	Total Non-Major Governmental Funds
\$ 2,340	\$	\$ 2,340
58	3	138
<u>2,398</u>	<u>3</u>	<u>2,478</u>
		3,596
2,838		<u>2,838</u>
<u>2,838</u>		<u>6,434</u>
(440)	3	(3,956)
<u>114,437</u>	<u>3,655</u>	<u>233,152</u>
<u>\$ 113,997</u>	<u>\$ 3,658</u>	<u>\$ 229,196</u>

CITY OF WEST ORANGE, TEXAS

Exhibit C-3

COMPARATIVE BALANCE SHEETS
GENERAL FUND

September 30, 2012 and 2011

	<u>2012</u>	<u>2011</u>
<u>Assets</u>		
Cash and cash equivalents	\$ 2,069,193	\$ 1,710,276
Receivables:		
Taxes	158,087	154,244
Accounts	23,520	18,089
Prepaid items	591	1,142
	<u>591</u>	<u>1,142</u>
Total Assets	<u>\$ 2,251,391</u>	<u>\$ 1,883,751</u>
<u>Liabilities and Equity</u>		
<u>Liabilities</u>		
Accounts payable and accrued liabilities	\$ 134,699	\$ 105,360
Deferred revenue	77,951	76,156
	<u>77,951</u>	<u>76,156</u>
Total Liabilities	<u>212,650</u>	<u>181,516</u>
<u>Equity</u>		
Fund Balance:		
Nonspendable	591	1,142
Unassigned	2,038,150	1,701,093
	<u>2,038,150</u>	<u>1,701,093</u>
Total Equity	<u>2,038,741</u>	<u>1,702,235</u>
Total Liabilities and Equity	<u>\$ 2,251,391</u>	<u>\$ 1,883,751</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, 2012

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

	2012			2011 Actual
	Budget	Actual	Over (Under)	
Revenues				
Property taxes	\$ 514,563	\$ 516,624	\$ 2,061	\$ 490,245
Other taxes	1,199,500	1,296,358	96,858	1,299,651
Payments in lieu of property taxes	518,000	486,420	(31,580)	518,600
Intergovernmental				15,778
Licenses and permits	11,000	18,018	7,018	17,463
Fines and forfeitures	167,750	180,482	12,732	161,372
Fees and charges for services	337,800	391,517	53,717	378,665
Investment earnings	1,300	1,454	154	2,211
Other	15,275	72,795	57,520	54,202
Total Revenues	2,765,188	2,963,668	198,480	2,938,187
Expenditures				
City Administration:				
Personnel services	158,548	132,015	26,533	120,233
Supplies and repairs	8,750	6,972	1,778	7,017
Contractual services	12,425	8,977	3,448	12,952
Other services and charges	181,805	165,314	16,491	276,033
Capital outlay	5,000	26,871	(21,871)	4,240
Total City Administration	366,528	340,149	26,379	420,475
Municipal Court:				
Personnel services	83,268	78,441	4,827	75,531
Supplies	1,700	1,271	429	1,656
Repairs and maintenance	2,500	1,620	880	2,111
Other services and charges	66,030	90,223	(24,193)	69,602
Capital outlay		939	(939)	
Total Municipal Court	153,498	172,494	(18,996)	148,900
Total General Government	520,026	512,643	7,383	569,375

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, 2012

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

	2012		Variance Over (Under)	2011 Actual
	Budget	Actual		
Expenditures (continued)				
Public Safety:				
Animal Control:				
Personnel services	59,790	59,140	650	54,183
Supplies	7,900	7,751	149	9,087
Repairs and maintenance	350	179	171	72
Other services and charges	4,725	2,415	2,310	2,453
Total Animal Control	72,765	69,485	3,280	65,795
Police:				
Personnel services	947,489	914,258	33,231	866,956
Supplies	29,450	28,483	967	27,124
Repairs and maintenance	22,000	16,989	5,011	16,172
Other services and charges	62,763	46,693	16,070	48,555
Capital outlay	60,000	33,327	26,673	94,972
Total Police	1,121,702	1,039,750	81,952	1,053,779
Fire:				
Personnel services	305	205	100	227
Supplies	9,200	5,424	3,776	6,150
Repairs and maintenance	3,100	1,695	1,405	1,823
Other services and charges	23,280	17,633	5,647	16,857
Capital outlay		1,500	(1,500)	
Total Fire	35,885	26,457	9,428	25,057
Fire Marshal:				
Personnel services	64,559	65,088	(529)	62,616
Supplies	750	787	(37)	970
Repairs and maintenance	1,000	842	158	631
Other services and charges	26,842	5,160	21,682	5,432
Total Fire Marshal	93,151	71,877	21,274	69,649
Total Public Safety	1,323,503	1,207,569	115,934	1,214,280

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, 2012

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

	2012		Variance Over (Under)	2011 Actual
	Budget	Actual		
<u>Expenditures (continued)</u>				
Public Works:				
Sanitation:				
Personnel services	247,399	185,568	61,831	195,280
Supplies	25,050	21,951	3,099	22,677
Repairs and maintenance	9,000	5,864	3,136	6,097
Other services and charges	295,996	261,239	34,757	274,647
Capital outlay	40,000	20,834	19,166	67,504
Total Sanitation	617,445	495,456	121,989	566,205
Streets:				
Personnel services	307,742	219,310	88,432	204,991
Supplies	19,400	12,561	6,839	15,485
Repairs and maintenance	237,500	30,917	206,583	181,758
Other services and charges	17,390	13,305	4,085	13,551
Capital outlay	43,500	3,342	40,158	306,637
Total Streets	625,532	279,435	346,097	722,422
Maintenance Shop:				
Personnel services	69,384	60,732	8,652	58,427
Supplies	2,750	2,217	533	2,210
Other services and charges	4,365	2,716	1,649	4,132
Total Maintenance Shop	76,499	65,665	10,834	64,769
Parks and Facilities:				
Personnel services	49,809	45,958	3,851	46,419
Supplies	8,200	6,424	1,776	3,054
Repairs and maintenance	12,000	11,077	923	6,486
Other services and charges	7,193	2,935	4,258	4,881
Total Parks and Facilities	77,202	66,394	10,808	60,840
Total Public Works	1,396,678	906,950	489,728	1,414,236
Total Expenditures	3,240,207	2,627,162	613,045	3,197,891
Net Change in Fund Balance	(475,019)	336,506	811,525	(259,704)
Fund Balance - Beginning	1,702,235	1,702,235		1,961,939
Fund Balance - Ending	\$ 1,227,216	\$ 2,038,741	\$ 811,525	\$ 1,702,235

(This Page Intentionally Left Blank)

UNAUDITED 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 Nine Fiscal Years *
(accrual basis of accounting)
(Unaudited)

	<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 nine years are available at this time.

Table 1

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 4,262,919	\$ 4,082,383	\$ 3,948,436	\$ 4,057,823	\$ 3,803,822
83,960	164,549	208,549	233,152	229,196
<u>458,009</u>	<u>1,451,574</u>	<u>1,829,985</u>	<u>1,558,522</u>	<u>1,872,199</u>
<u>\$ 4,804,888</u>	<u>\$ 5,698,506</u>	<u>\$ 5,986,970</u>	<u>\$ 5,849,497</u>	<u>\$ 5,905,217</u>

\$ 4,262,919	\$ 4,082,383	\$ 3,948,436	\$ 4,057,823	\$ 3,803,822
83,960	164,549	208,549	233,152	229,196
<u>458,009</u>	<u>1,451,574</u>	<u>1,829,985</u>	<u>1,558,522</u>	<u>1,872,199</u>
<u>\$ 4,804,888</u>	<u>\$ 5,698,506</u>	<u>\$ 5,986,970</u>	<u>\$ 5,849,497</u>	<u>\$ 5,905,217</u>

CITY OF WEST ORANGE, TEXAS

CHANGES IN NET ASSETS

Last Nine Fiscal Years *
(accrual basis of accounting)
(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Expenses				
Governmental Activities				
General government	\$ 388,361	\$ 427,659	\$ 654,920	\$ 449,332
Public safety	868,797	848,174	937,934	938,344
Public works	997,977	1,071,183	950,714	1,623,646
Interest and fiscal agent fees on long-term debt	507	2,867	544	547
Total Governmental Activities Expenses	<u>2,255,642</u>	<u>2,349,883</u>	<u>2,544,112</u>	<u>3,011,869</u>
Total Primary Government Expenses	<u>\$ 2,255,642</u>	<u>\$ 2,349,883</u>	<u>\$ 2,544,112</u>	<u>\$ 3,011,869</u>
Program Revenues				
Governmental Activities				
Charges for services				
General government	\$ 7,260	\$ 11,580	\$ 9,788	\$ 12,065
Public safety	148,232	216,462	229,327	197,240
Public works	239,812	261,876	257,041	318,011
Operating grants and contributions	70,373	41,858	263,763	328,547
Capital grants and contributions			278,578	4,664
Total Governmental Activities Program Revenues	<u>465,677</u>	<u>531,776</u>	<u>1,038,497</u>	<u>860,527</u>
Total Primary Government Program Revenues	<u>\$ 465,677</u>	<u>\$ 531,776</u>	<u>\$ 1,038,497</u>	<u>\$ 860,527</u>
Net (Expense)/Revenue				
Governmental activities	\$ (1,789,965)	\$ (1,818,107)	\$ (1,505,615)	\$ (2,151,342)
Total Primary Government Net Expense	<u>\$ (1,789,965)</u>	<u>\$ (1,818,107)</u>	<u>\$ (1,505,615)</u>	<u>\$ (2,151,342)</u>

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

Table 2 (Page 1 of 2)

2008	2009	2010	2011	2012
\$ 508,617	\$ 499,640	\$ 536,671	\$ 599,431	\$ 517,725
1,293,321	1,097,427	1,158,390	1,223,177	1,299,211
1,295,535	1,282,500	1,255,019	2,428,384	1,113,412
<u>3,097,473</u>	<u>2,879,567</u>	<u>2,950,080</u>	<u>4,250,992</u>	<u>2,930,348</u>
<u>\$ 3,097,473</u>	<u>\$ 2,879,567</u>	<u>\$ 2,950,080</u>	<u>\$ 4,250,992</u>	<u>\$ 2,930,348</u>
\$ 14,149	\$ 28,597	\$ 29,170	\$ 27,331	\$ 28,608
215,446	190,867	200,650	170,007	188,592
353,959	327,212	365,988	368,838	379,272
153,114	711,273	214,272	1,168,315	35,236
59,210				18,127
<u>795,878</u>	<u>1,257,949</u>	<u>810,080</u>	<u>1,734,491</u>	<u>649,835</u>
<u>\$ 795,878</u>	<u>\$ 1,257,949</u>	<u>\$ 810,080</u>	<u>\$ 1,734,491</u>	<u>\$ 649,835</u>
\$ (2,301,595)	\$ (1,621,618)	\$ (2,140,000)	\$ (2,516,501)	\$ (2,280,513)
<u>\$ (2,301,595)</u>	<u>\$ (1,621,618)</u>	<u>\$ (2,140,000)</u>	<u>\$ (2,516,501)</u>	<u>\$ (2,280,513)</u>

CITY OF WEST ORANGE, TEXAS

CHANGES IN NET ASSETS

Last Nine Fiscal Years *
(accrual basis of accounting)
(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
General Revenues and Other Changes in Net Assets				
Governmental Activities				
Taxes				
Property taxes	\$ 401,781	\$ 411,706	\$ 443,488	\$ 447,726
Other taxes	1,075,490	1,061,171	1,207,680	1,201,385
Payments in lieu of property taxes	302,118	290,241	331,480	343,689
Investment earnings	9,343	21,328	57,554	44,104
Other				17,802
Total Governmental Activities	<u>1,788,732</u>	<u>1,784,446</u>	<u>2,040,202</u>	<u>2,054,706</u>
Total Primary Government	<u>\$ 1,788,732</u>	<u>\$ 1,784,446</u>	<u>\$ 2,040,202</u>	<u>\$ 2,054,706</u>
Change in Net Assets				
Governmental activities	\$ (1,233)	\$ (33,661)	\$ 534,587	\$ (96,636)
Total Primary Government	<u>\$ (1,233)</u>	<u>\$ (33,661)</u>	<u>\$ 534,587</u>	<u>\$ (96,636)</u>

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

Table 2 (Page 2 of 2)

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 480,972	\$ 495,404	\$ 473,271	\$ 502,498	\$ 518,419
1,185,703	1,340,378	1,225,425	1,299,651	1,296,358
489,623	566,809	514,354	518,600	486,420
19,837	3,840	2,558	2,385	1,592
28,265	108,805	212,856	55,894	33,444
<u>2,204,400</u>	<u>2,515,236</u>	<u>2,428,464</u>	<u>2,379,028</u>	<u>2,336,233</u>
<u>\$ 2,204,400</u>	<u>\$ 2,515,236</u>	<u>\$ 2,428,464</u>	<u>\$ 2,379,028</u>	<u>\$ 2,336,233</u>
\$ (97,195)	\$ 893,618	\$ 288,464	\$ (137,473)	\$ 55,720
<u>\$ (97,195)</u>	<u>\$ 893,618</u>	<u>\$ 288,464</u>	<u>\$ (137,473)</u>	<u>\$ 55,720</u>

CITY OF WEST ORANGE, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Nine Fiscal Years **
(accrual basis of accounting)
(Unaudited)

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 nine years are available at this time.

Table 3

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 480,972	\$ 495,404	\$ 473,271	\$ 502,498	\$ 518,419
811,862	931,126	753,422	804,830	821,544
3,587	5,072	5,397	6,827	5,068
203,508	232,205	245,475	201,302	204,525
6,139	7,600	4,046	4,861	4,499
160,607	177,047	217,085	281,831	260,722
<u>\$ 1,666,675</u>	<u>\$ 1,848,454</u>	<u>\$ 1,698,696</u>	<u>\$ 1,802,149</u>	<u>\$ 1,814,777</u>

CITY OF WEST ORANGE, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

Last Nine Fiscal Years *
(modified accrual basis of accounting)
(Unaudited)

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

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

Table 4

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$	\$	\$ 1,370	\$ 1,142	\$ 591
588,986	1,589,178	1,960,569	1,701,093	2,038,150
<u>\$ 588,986</u>	<u>\$ 1,589,178</u>	<u>\$ 1,961,939</u>	<u>\$ 1,702,235</u>	<u>\$ 2,038,741</u>
\$ 83,960	\$ 164,549	\$ 208,549	\$ 233,152	\$ 229,196
<u>\$ 83,960</u>	<u>\$ 164,549</u>	<u>\$ 208,549</u>	<u>\$ 233,152</u>	<u>\$ 229,196</u>

CITY OF WEST ORANGE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Nine Fiscal Years *
(modified accrual basis of accounting)
(Unaudited)

	<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 nine years are available at this time.

Table 5

2008	2009	2010	2011	2012
\$ 1,657,610	\$ 1,853,477	\$ 1,689,430	\$ 1,789,896	\$ 1,812,982
489,623	566,809	514,354	518,600	486,420
14,149	28,597	21,099	17,463	18,018
205,775	183,461	191,011	161,822	180,482
363,630	336,218	377,048	378,665	391,517
28,265	439,921	269,012	1,177,283	2,340
19,837	3,840	2,558	2,385	1,592
212,324	369,886	164,765	55,152	72,795
<u>2,991,213</u>	<u>3,782,209</u>	<u>3,229,277</u>	<u>4,101,266</u>	<u>2,966,146</u>
467,756	458,783	470,343	569,375	512,643
1,271,756	1,095,305	1,169,263	1,215,031	1,211,165
1,187,258	995,819	1,169,438	2,551,961	909,788
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>	<u>2,633,596</u>
43,211	1,080,781	416,761	(235,101)	332,550
<u>\$ 43,211</u>	<u>\$ 1,080,781</u>	<u>\$ 416,761</u>	<u>\$ (235,101)</u>	<u>\$ 332,550</u>
0.0%	0.0%	0.0%	0.0%	0.0%

CITY OF WEST ORANGE, TEXAS

GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE

Last Nine Fiscal Years **
(modified accrual basis of accounting)
(Unaudited)

<u>Function</u>	<u>2004*</u>	<u>2005*</u>	<u>2006*</u>	<u>2007</u>
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 nine years are available at this time.

Table 6

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 811,862	\$ 931,126	\$ 753,422	\$ 804,830	\$ 821,544
471,907	490,380	464,005	490,245	516,624
3,587	5,072	5,397	6,827	5,068
203,508	232,205	245,475	201,302	204,525
6,139	7,600	4,046	4,861	4,499
160,607	177,047	217,085	281,831	260,722
<u>\$ 1,657,610</u>	<u>\$ 1,843,430</u>	<u>\$ 1,689,430</u>	<u>\$ 1,789,896</u>	<u>\$ 1,812,982</u>

CITY OF WEST ORANGE, TEXAS

TAXABLE SALES BY CATEGORY

Last Nine Fiscal Years *

(Unaudited)

	<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					
Real Estate/Rental/Leasing					
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 nine years are available at this time.

** Represents the first three quarters of the 2012 fiscal year. The fourth quarter is not currently available.

Table 7

	2008	2009	2010	2011	2012**
\$	2,360,088	\$ 1,247,677	\$ 688,074	\$ 1,467,960	\$ 1,575,471
	1,024,439	1,593,535	597,788		
				114,627	137,283
	139,379,899	160,095,485	144,246,606	150,736,064	124,100,304
	58,366			35,440	121,563
					221,872
	610,401	366,945	905,597	313,497	915,290
		15,229			
	94,214	11,120			
	6,365,083	6,474,788	7,133,549	6,963,120	5,453,991
	2,860,780	3,594,254	3,048,709	4,771,400	4,411,426
	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %

CITY OF WEST ORANGE, TEXAS
ASSESSED VALUE AND ESTIMATED VALUE
OF TAXABLE PROPERTY

Table 8

Last Ten Fiscal Years
(Unaudited)

<u>Fiscal Year</u> <u>Ended</u> <u>Sept. 30,</u>	<u>Residential</u> <u>Property</u>	<u>Commercial</u> <u>Property</u>	<u>Personal</u> <u>Property</u>	<u>Less:</u> <u>Tax-Exempt</u> <u>Real Property</u>	<u>Total Taxable</u> <u>Assessed</u> <u>Value (1)</u>	<u>Total</u> <u>Direct</u> <u>Tax Rate</u>
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
2012	82,372,794	34,555,133	32,510,208	29,668,514	119,769,621	0.42500

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 (Unaudited)

<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>		
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	
2012	2011	0.42500	1.28600	0.64006	2.35106	

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 Nine Years Ago
(Unaudited)

Taxpayer	2012			2003*		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Wal-Mart Store #00777	\$ 10,218,405	1	8.53 %	\$ 7,302,350	1	7.91 %
G E Betz-Betz Dearborn	8,087,120	2	6.75	8,053,090	2	8.72
Wal-Mart Stores Inc.	7,650,506	3	6.39	6,617,500	3	7.17
Albanese Real Estate	3,963,428	4	3.31			
Entergy Texas, Inc.	2,114,510	5	1.77	1,657,560	5	1.80
Granger Chevrolet	2,112,195	6	1.76			
EAN Holdings, LLC	1,764,768	7	1.47			
Metal Depot, Inc.	1,512,543	8	1.26			
Union Pacific Railroad Company	1,358,950	9	1.13			
Dupont Employees Rec Assn.	956,410	10	0.80	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	39,738,835		33.18	32,728,990		35.45
Other taxpayers	80,030,786		66.82	59,599,230		64.55
Total	<u>\$ 119,769,621</u>		<u>100.00</u>	<u>\$ 92,328,220</u>		<u>100.00</u>

Source - Tax assessor/collector's records.

CITY OF WEST ORANGE, TEXAS

Table 11

PROPERTY TAX LEVIES AND COLLECTIONS

Last Ten Fiscal Years
(Unaudited)

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
2003	\$ 0.42939	\$ 398,420	\$ 383,142	96.17 %	\$ 13,241	\$ 396,383	99.49 %
2004	0.42939	390,622	378,308	96.85	10,057	388,365	99.42 %
2005	0.42939	399,439	381,878	95.60	15,218	397,096	99.41
2006	0.42939	435,919	418,785	96.07	13,736	432,521	99.22
2007	0.42939	437,003	423,872	97.00	10,844	434,716	99.48
2008	0.42939	464,095	445,096	95.91	15,879	460,975	99.33
2009	0.42939	483,758	465,330	96.19	18,739	484,069	100.06
2010	0.42939	472,811	438,942	92.84	15,920	454,862	96.20
2011	0.41934	491,063	466,700	95.04	7,440	474,140	96.55
2012	0.42500	509,021	480,809	94.46		480,809	94.46

Source - Tax assessor/collector's records.

CITY OF WEST ORANGE, TEXAS

Table 12

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Nine Fiscal Years *
(Unaudited)

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	***	***	***	***
2012	***	***	***	***

* The requirement for statistical data is ten years; only nine 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, 2012

(Unaudited)

<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	\$ 62,773,666	10.60 %	\$ 6,654,009
Subtotal, overlapping debt			6,654,009
City Direct Debt			<hr/>
Total Direct and Overlapping Debt			\$ 6,654,009 <hr/> <hr/>

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 Nine Fiscal Years *
(Unaudited)

	<u>2004</u>	<u>2005</u>	<u>2006</u>	<u>2007</u>
Debt limit	\$ 9,348,406	\$ 10,268,361	\$ 10,152,061	\$ 10,177,289
Total net debt applicable to limit				
Legal debt margin	<u>\$ 9,348,406</u>	<u>\$ 10,268,361</u>	<u>\$ 10,152,061</u>	<u>\$ 10,177,289</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%

**Legal Debt Margin Calculation
by Fiscal Year**

Assessed value	\$ 93,484,060	\$ 102,683,607	\$ 101,520,608	\$ 101,772,890
Debt limit (10% of assessed value)	<u>9,348,406</u>	<u>10,268,361</u>	<u>10,152,061</u>	<u>10,177,289</u>
Legal debt margin	<u>\$ 9,348,406</u>	<u>\$ 10,268,361</u>	<u>\$ 10,152,061</u>	<u>\$ 10,177,289</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 nine fiscal years.

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

Table 14

<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
\$ 10,207,162	\$ 11,266,162	\$ 11,011,230	\$ 11,710,381	\$ 11,976,962
<u>\$ 10,207,162</u>	<u>\$ 11,266,162</u>	<u>\$ 11,011,230</u>	<u>\$ 11,710,381</u>	<u>\$ 11,976,962</u>
0.00%	0.00%	0.00%	0.00%	0.00%
\$ 102,071,624	\$ 112,661,624	\$ 110,112,304	\$ 117,103,813	\$ 119,769,621
10,207,162	11,266,162	11,011,230	11,710,381	11,976,962
<u>\$ 10,207,162</u>	<u>\$ 11,266,162</u>	<u>\$ 11,011,230</u>	<u>\$ 11,710,381</u>	<u>\$ 11,976,962</u>

CITY OF WEST ORANGE, TEXAS

Table 15

DEMOGRAPHIC AND ECONOMIC STATISTICS

Last Ten Fiscal Years
(Unaudited)

Fiscal Year Ended Sept. 30,	Population (1) (3)	Personal Income (3)	Per Capita Personal Income (3)	Median Age (1)	School Enrollment (2)	Unemployment Rate
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
2012	3,443	58,259,003	16,921	41	2,472	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 Five Years Ago
(Unaudited)

Employer	2012			2007*		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Wal Mart	384	1	18.21%	368	1	22.33%
WOCCISD	115	2	5.45%	205	2	12.44%
Granger Chevrolet	59	3	2.80%	35	6	2.12%
GE Water & Process Technology	44	4	2.09%	45	4	2.73%
Akrotex, Inc.	42	5	1.99%	46	3	2.79%
STS Bus Service	40	6	1.90%			
City of West Orange	26	7	1.23%	25	7	1.52%
Sonic Drive-In	15	8	0.71%	24	8	1.46%
Little Giant/TMRX	11	9	0.52%	16	10	0.97%
Burke's Outlet	11	10	0.52%			
Laidlaw Transit				44	5	2.67%
Goody's				21	9	1.27%
Total	747		35.42%	829		50.30%

Source - City records.

* The requirement for statistical data is for nine years prior; only five 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
(Unaudited)

Function	Full-time Equivalent Employees as of September 30									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
General government	6	6	6	6	6	6	5	5	5	5
Public safety										
Police										
Officers	9	8	9	9	9	8	8	9	9	9
Civilians	1	1	1	1	1	1	2	2	2	2
Public works										
Streets and sanitation	4	4	4	5	5	8	10	8	8	7
Maintenance and operations	2	2	2	3	3	2	1	1	1	1
Total	22	21	22	24	24	25	26	25	25	24

Source - City personnel records.

(This Page Intentionally Left Blank)

CITY OF WEST ORANGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Nine Fiscal Years *
(Unaudited)

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 nine years are available at this time.

Table 18

<u>2009</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>
591	721	621	669
89	53	58	51
1,099	1,931	1,562	1,284
796	827	703	1,269
3,391	3,721	2,895	3,255
24	11	34	16
23	21	10	15
3	20	11	10
10	15	18	9

CITY OF WEST ORANGE, TEXAS

Table 19

CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years
(Unaudited)

Function	Fiscal Year									
	2003	2004	2005	2006	2007	2008	2009	2010	2011	2012
Public safety										
Police										
Stations	1	1	1	0*	1	1	1	1	1	1
Patrol units	8	8	9	9	9	8	6	6	7	7
Fire										
Stations	1	1	1	0*	1	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.