



# **Comprehensive Annual Financial Report**

**City of West Orange, Texas**

**For the Fiscal Year Ended  
September 30, 2017**



# **Comprehensive Annual Financial Report**

of the

**City of West Orange, Texas**

**Fiscal Year Ended  
September 30, 2017**



## **Officials Issuing Report**

**Roy McDonald  
Mayor**

**Theresa Van Meter  
City Secretary**



# **CITY OF WEST ORANGE, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2017**

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# **CITY OF WEST ORANGE, TEXAS**

## **COMPREHENSIVE ANNUAL FINANCIAL REPORT**

**Year Ended September 30, 2017**

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# City of West Orange

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West Orange, Texas 77630-6136

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[www.cityofwestorange.com](http://www.cityofwestorange.com)

February 15, 2018

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, 2017, 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 statements 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 **Curtis T. Craig, CPA**. 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, 2017, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the year ended September 30, 2017, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

Management's Discussion and Analysis ("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 auditor.

## **PROFILE OF THE GOVERNMENT**

The City, incorporated in 1954, is located in the eastern part of the state, currently occupies a land area of 3.2 square miles and serves a population of 3,454. 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 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 City 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 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 11.4% 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 \$141.4 million for fiscal year 2017, which is an increase of approximately \$14.6 million from the previous fiscal year.

## **LONG-TERM FINANCIAL PLANNING**

Unassigned fund balance in the General Fund amounted to \$2,240,827 as of September 30, 2017. The City plans on continuing to increase fund balance in order to finance future capital projects as they arise.



## **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 an annual budget every fiscal year for the General Fund. The budget is 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, 2016. 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 twentieth 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,

A handwritten signature in black ink that reads "Roy McDonald". The signature is written in a cursive, flowing style.

Roy McDonald  
Mayor

**CITY OF WEST ORANGE, TEXAS**

**CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN  
FINANCIAL REPORTING**

**September 30, 2016 (Prior Fiscal Year)**



Government Finance Officers Association

**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, 2016**

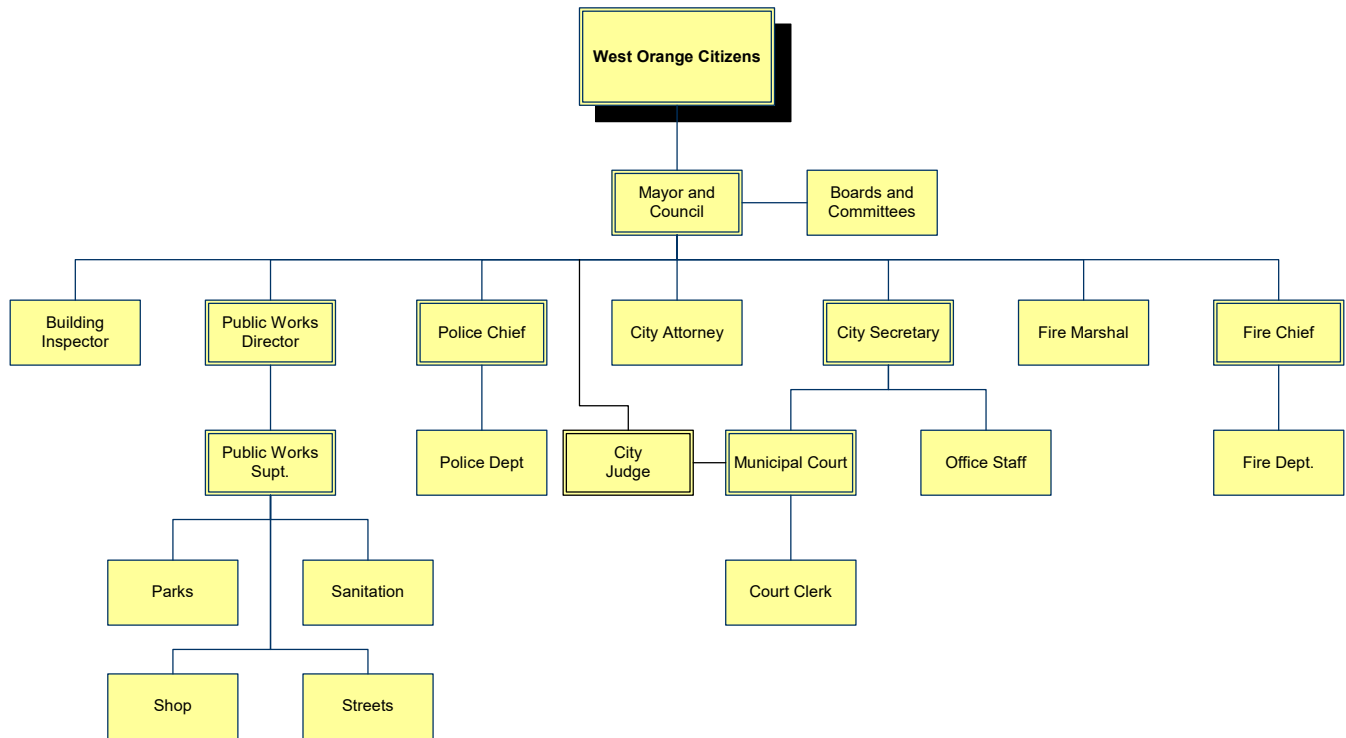


Executive Director/CEO

# CITY OF WEST ORANGE, TEXAS

## ORGANIZATIONAL CHART

Fiscal Year 2016-2017



# **CITY OF WEST ORANGE, TEXAS**

## **PRINCIPAL OFFICIALS**

**September 30, 2017**

<b><u>City Officials</u></b>	<b><u>Elective Position</u></b>	<b><u>Term Expires</u></b>
Roy McDonald	Mayor	2019
Shirley Bonnin	Council Member (Mayor Pro Tem)	2018
Dale Dardeau	Council Member	2018
Frances Drodgy-Lopez	Council Member	2019
Carl Thibodeaux	Council Member	2019
Mike Shugart	Council Member	2018

<b><u>Key Staff</u></b>	<b><u>Position</u></b>
Theresa Van Meter	City Secretary *
Rex Peveto	City Attorney *
Michael Stelly	Police Chief *
Terry Veitch	Fire Chief *
Ralph “Gene” Roberts	City Judge *
Dean Fuller	Fire Marshal/Building Inspector *
Michael Stelly	Director of Public Works *

\* - City Council Appointive Position

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## **FINANCIAL SECTION**

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### **Independent Auditor's Report**

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

I 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, 2017, and the related notes to the financial statements, which collectively comprise the City of West Orange, Texas's basic financial statements as listed in the table of contents.

#### **Management's Responsibility for the Financial Statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

#### **Auditor's Responsibility**

My responsibility is to express opinions on these financial statements based on my audit. I conducted my audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that I plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, I express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinions.

#### **Opinion**

In my 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, 2017, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

## **Other Matters**

### *Required Supplementary Information*

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 5-11, budgetary information on pages 40-41 and pension information on pages 42-46 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. I 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 my inquiries, the basic financial statements, and other knowledge I obtained during my audit of the basic financial statements. I do not express an opinion or provide any assurance on the information because the limited procedures do not provide me with sufficient evidence to express an opinion or provide any assurance.

### *Other Information*

My audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Orange, Texas's basic financial statements. The introductory section, combining nonmajor and individual fund financial statements, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements.

The combining nonmajor and individual fund financial statements and schedules on pages 50 to 57 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In my opinion, the combining nonmajor and individual fund financial statements and schedules are fairly stated, in all material respects, in relation to the basic 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, I do not express an opinion or provide any assurance on them.

*Curtis T. Craig, CPA*

Rosenberg, Texas  
February 15, 2018

## 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, 2017.

### **FINANCIAL HIGHLIGHTS**

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,192,750 (net position).
- As of September 30, 2017, the City's governmental funds reported an ending fund balance of \$4,247,543.
- The City's cash balance as of September 30, 2017, was \$4,290,313, representing an increase of \$312,630 from September 30, 2016.
- The City had expenses net of program revenues of \$2,733,141 and general revenues of \$2,701,307, resulting in a net decrease in net position of \$31,834 for the year ended September 30, 2017.
- As of September 30, 2017, unassigned fund balance for the General Fund was \$2,240,827, or 76.4 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 position* presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The *statement of activities* presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. 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 through 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 governmental fund financial statements can be found on pages 18 through 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 38 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 40 through 46 of this report.

## **GOVERNMENT-WIDE FINANCIAL ANALYSIS**

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City, assets exceeded liabilities by \$5,192,750 as of September 30, 2017.

The largest portion of the City's net position (52.2 percent) reflects its net investment in capital assets (e.g. land, buildings, machinery and equipment, and infrastructure), 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 it serves; consequently, these assets are not available for future spending.

Additionally, a portion of the City's net position (38.6 percent) represents restricted financial resources to be used for tourism, municipal court, road maintenance, public safety and public works.

Lastly, a portion of the City's net position (9.2 percent) represents unrestricted financial resources available for future operations.

**SUMMARY OF STATEMENT OF NET POSITION**  
**As of September 30, 2017 and 2016**

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
Current and other assets	\$ 4,526,459	\$ 4,218,490
Capital assets, net	2,707,708	2,842,982
<b>Total Assets</b>	<b>7,234,167</b>	<b>7,061,472</b>
Deferred outflows of resources	582,300	704,798
<b>Total Deferred Outflows of Resources</b>	<b>582,300</b>	<b>704,798</b>
Long-term liabilities	2,418,080	2,450,275
Other liabilities	168,532	122,167
<b>Total Liabilities</b>	<b>2,586,612</b>	<b>2,572,442</b>
Deferred inflows of resources		
<b>Total Deferred Inflows of Resources</b>	<b>37,105</b>	<b>18,910</b>
<b>Net Position:</b>		
Net investment in capital assets	2,707,708	2,892,648
Restricted	2,005,743	1,775,123
Unrestricted	479,299	556,813
<b>Total Net Position</b>	<b>\$ 5,192,750</b>	<b>\$ 5,224,584</b>

As of September 30, 2017, deferred outflows of resources decreased by \$122,498 from the prior year. This decrease can be attributed to differences between projected and actual investment earnings and changes in assumptions, relating to pension activities.

As of September 30, 2017, other liabilities increased by \$46,365 from the prior year. This increase can be attributed to an increase in payroll liabilities in September 2017, resulting from a significant amount of overtime during the aftermath of Hurricane Harvey, which struck the Texas gulf coast at the end of August 2017.

As of September 30, 2017, deferred inflows of resources increased by \$18,195 from the prior year. This increase can be attributed to differences between expected and actual economic experiences, relating to pension activities.

Net position of the City, all of which relates to governmental activities, decreased by \$31,834. Key elements of the decrease are as follows:

	<b>Governmental Activities</b>	
	<b>2017</b>	<b>2016</b>
<b>Revenues</b>		
Program revenues:		
Charges for services	\$ 500,973	\$ 533,923
Operating grants and contributions	51,042	254,319
General revenues:		
Property taxes, penalties and interest	609,669	550,888
Other taxes	1,403,658	1,431,039
Payments in lieu of property taxes	624,797	620,050
Investment earnings	26,811	9,410
Other	36,372	28,190
<b>Total Revenues</b>	<b>3,253,322</b>	<b>3,427,819</b>
<b>Expenses</b>		
General government	602,122	526,660
Public safety	1,654,677	1,519,944
Public works	992,942	1,099,024
Health and safety	35,415	230,848
<b>Total Expenses</b>	<b>3,285,156</b>	<b>3,376,476</b>
<b>Change in Net Position</b>	<b>(31,834)</b>	<b>51,343</b>
<b>Net Position, Beginning</b>	<b>5,224,584</b>	<b>5,173,241</b>
<b>Net Position, Ending</b>	<b>\$ 5,192,750</b>	<b>\$ 5,224,584</b>

During the 2017 fiscal year, operating grants and contributions decreased by \$203,277 due to grant funds that were received for a sewer improvement project in fiscal year 2016, but not in the 2017 fiscal year.

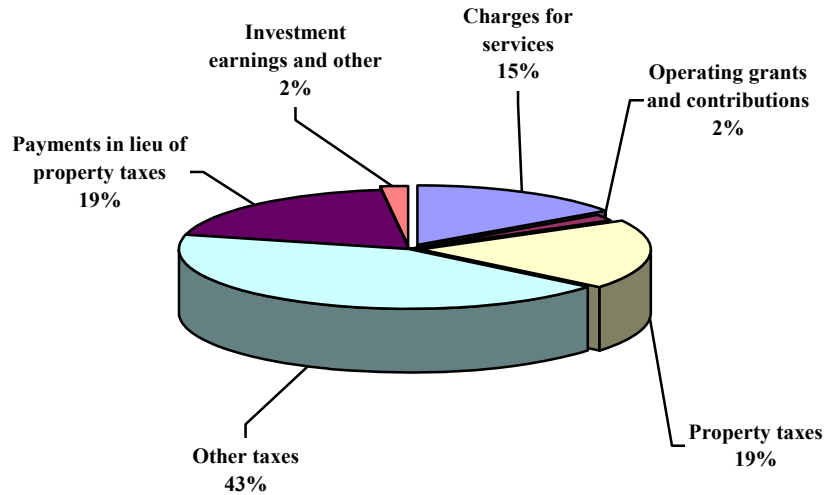
During the 2017 fiscal year, investment earnings increased by \$17,401 due to higher interest earnings on all interest-bearing accounts.

During the 2017 fiscal year, public safety expenses increased by \$134,733 due to approximately \$98,000 of overtime paid during the aftermath of Hurricane Harvey, which struck the Texas gulf coast in August 2017. In addition, approximately \$25,000 for compensated absences was paid to an employee who retired during the 2017 fiscal year.

During the 2017 fiscal year, health and safety expenses decreased by \$195,433 due to grant funds expended on a sewer improvement project in the 2016 fiscal year, but not in the 2017 fiscal year.

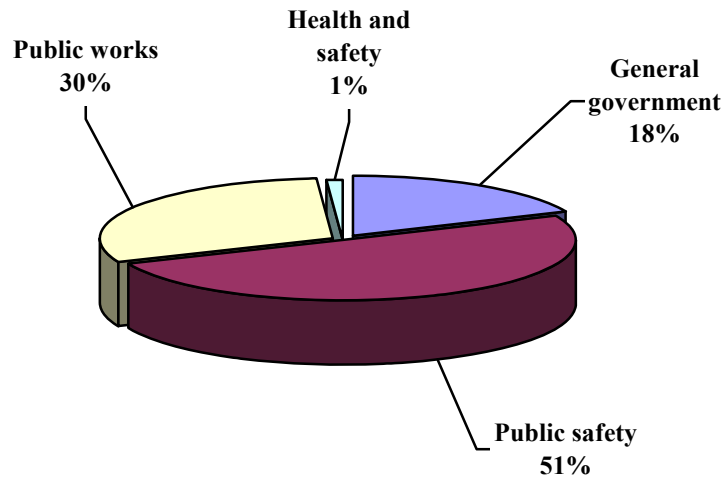
Graphic presentations of selected current year data from the changes in net position table follow in order to assist in the analysis of the City's activities.

### GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2017, revenues from governmental activities totaled \$3,253,322.

### GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2017, expenses from governmental activities totaled \$3,285,156, the largest portions of which relate to public safety (50.4%) and public works (30.2%).

## **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, 2017, the City's governmental funds, which consist of a general fund and special revenues funds, reported an ending fund balance of \$4,247,543, which is an increase of \$253,344 from last year's total of \$3,994,199. The General Fund, the City's main operating fund, had an ending fund balance of \$4,044,559, a \$269,821 increase from the prior year. This increase in fund balance can mainly be attributed to various actual revenues in excess of budgeted amounts of approximately \$168,000, as well as actual expenditures in various departments being significantly less than budgeted amounts in the 2017 fiscal year. Revenues in excess of amounts budgeted for property taxes, sales taxes and road maintenance taxes account for approximately \$116,000 of this excess and can be attributed to increased property tax valuations and economic growth during the 2017 fiscal year. Significant differences between final budgeted amounts and actual expenditures in various departments are discussed in the following paragraph.

In fiscal year 2017, the City planned for a decrease in fund balance in the General Fund of \$688,582, however, the actual change in fund balance was an increase of \$269,821. For the 2017 fiscal year, City Administration expenditures were less than final budgeted amounts by \$41,175, which can be attributed to actual personnel expenditures being less than anticipated. For the 2017 fiscal year, Sanitation actual expenditures were less than final budgeted amounts by \$148,782, which is due to vacant employee positions. Streets actual expenditures in 2017 were less than budgeted amounts by \$475,935, which can be attributed to two vacant employee positions, significantly less street repair and maintenance than was anticipated, as well as the City not purchasing a slope mower that was budgeted for in the 2017 fiscal year.

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 76.4 percent of total General Fund expenditures. The nonmajor Special Revenue Funds reported an ending fund balance of \$202,984.

## **CAPITAL ASSETS AND DEBT ADMINISTRATION**

**Capital Assets** - The City's net investment in capital assets as of September 30, 2017, amounts to \$2,707,708 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, machinery and equipment and infrastructure.



## CAPITAL ASSETS SCHEDULE

	Governmental Activities	
	2017	2016
Land	\$ 671,798	\$ 671,798
Buildings	1,596,654	1,596,654
Machinery and equipment	1,643,732	1,576,936
Infrastructure	4,798,303	4,798,303
Less: accumulated depreciation	(6,002,779)	(5,751,043)
<b>Total Capital Assets, Net</b>	<b>\$ 2,707,708</b>	<b>\$ 2,892,648</b>

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

### LONG-TERM LIABILITIES

As of September 30, 2017, the City's long-term liabilities consisted of compensated absences which amounted to \$225,867, and the City's net pension liability which amounted to \$2,192,213. The City has established a separate bank account in which money is being accumulated for the payment of compensated absences. As of September 30, 2017, this bank account had a balance of \$143,048.

Additional information on the City's long-term liabilities 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 \$2,240,827 during the 2017 fiscal year. It is intended that, if necessary, the use of available fund balance will avoid the need to raise taxes during the 2018 fiscal year.

### REQUESTS FOR INFORMATION

This financial report is designed to provide a general overview of the City of West Orange, Texas's 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 The City of West Orange, Texas: Roy McDonald, Mayor, 2700 Western Avenue, West Orange, Texas 77630.

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## **BASIC FINANCIAL STATEMENTS**

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# **CITY OF WEST ORANGE, TEXAS**

Exhibit A-1

## **STATEMENT OF NET POSITION**

**September 30, 2017**

	<b>Governmental Activities</b>
<b><u>Assets</u></b>	
Cash and cash equivalents	\$ 2,487,554
Receivables	235,173
Prepaid expenses	973
Restricted cash and cash equivalents	1,802,759
Capital assets not being depreciated	671,798
Capital assets net of depreciation	2,035,910
<b>Total Assets</b>	<b>7,234,167</b>
<b><u>Deferred Outflows of Resources</u></b>	
Deferred pension items	582,300
<b>Total Deferred Outflows of Resources</b>	<b>582,300</b>
<b><u>Liabilities</u></b>	
Accounts payable and other current liabilities	168,532
Noncurrent liabilities:	
Due within one year	22,587
Due in more than one year	2,395,493
<b>Total Liabilities</b>	<b>2,586,612</b>
<b><u>Deferred Inflows of Resources</u></b>	
Deferred pension items	37,105
<b>Total Deferred Inflows of Resources</b>	<b>37,105</b>
<b><u>Net Position</u></b>	
Net investment in capital assets	2,707,708
Restricted for:	
Tourism	34,280
Municipal court	100,619
Road maintenance	1,667,860
Public safety	190,363
Public works	12,621
Unrestricted	479,299
<b>Total Net Position</b>	<b>\$ 5,192,750</b>

See Notes to Financial Statements.

# **CITY OF WEST ORANGE, TEXAS**

## **STATEMENT OF ACTIVITIES**

**For the Year Ended September 30, 2017**

<b>Functions/Programs</b>	<b>Expenses</b>	<b><u>Program Revenues</u></b>
		<b><u>Charges for Services</u></b>
<b>Governmental Activities:</b>		
General government	\$ 602,122	\$ 17,032
Public safety	1,654,677	120,598
Public works	992,942	363,343
Health and safety	35,415	
<b>Total Governmental Activities</b>	<b>\$ 3,285,156</b>	<b>\$ 500,973</b>
<b>General Revenues:</b>		
Property taxes		
Sales taxes		
Road maintenance taxes		
Franchise taxes		
Mixed beverage taxes		
Hotel/motel occupancy taxes		
Payments in lieu of property taxes		
Investment earnings		
Other		
<b>Total General Revenues</b>		
Change in Net Position		
<b>Net Position - Beginning</b>		
<b>Net Position - Ending</b>		

See Notes to Financial Statements.

<b>Program Revenues</b>	<b>Net (Expense) Revenue and Change in Net Position</b>
<b>Operating</b>	<b>Governmental</b>
<b>Grants and</b>	<b>Activities</b>
<b>Contributions</b>	<b>(Totals)</b>
\$	\$
12,137	(585,090)
3,490	(1,521,942)
35,415	(626,109)
\$ 51,042	\$ (2,733,141)

609,669
908,301
227,073
257,653
5,285
5,346
624,797
26,811
36,372
2,701,307
(31,834)
5,224,584
\$ 5,192,750

# CITY OF WEST ORANGE, TEXAS

Exhibit A-3

## BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2017

	<u>General Fund</u>	<u>Other Governmental Funds</u>	<u>Totals Governmental Funds</u>
<b><u>Assets</u></b>			
Cash and cash equivalents	\$ 2,285,070	\$ 202,484	\$ 2,487,554
Receivables:			
Taxes	223,665		223,665
Accounts	11,508		11,508
Due from other funds		500	500
Prepaid items	973		973
Restricted cash and cash equivalents	1,802,759		1,802,759
<b>Total Assets</b>	<u>\$ 4,323,975</u>	<u>\$ 202,984</u>	<u>\$ 4,526,959</u>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balances</u></b>			
<b><u>Liabilities</u></b>			
Accounts payable and accrued liabilities	168,532		168,532
Due to other funds	500		500
<b>Total Liabilities</b>	<u>169,032</u>		<u>169,032</u>
<b><u>Deferred Inflows of Resources</u></b>			
Unavailable revenues - property taxes	110,384		110,384
<b>Total Deferred Inflows of Resources</b>	<u>110,384</u>		<u>110,384</u>
<b><u>Fund Balances</u></b>			
Nonspendable	973		973
Restricted	1,802,759	202,984	2,005,743
Unassigned	2,240,827		2,240,827
<b>Total Fund Balances</b>	<u>4,044,559</u>	<u>202,984</u>	<u>4,247,543</u>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balances</b>	<u>\$ 4,323,975</u>	<u>\$ 202,984</u>	
Amounts reported for governmental activities in the statement of net position are different because:			
Capital assets used in governmental activities are not financial resources and, therefore, are not reported in the funds.			\$ 2,707,708
Long-term liabilities, consisting of accrued compensated absences, are not due and payable in the current period and are therefore not reported in the funds.			(225,867)
Deferred outflows of resources related to pension items (\$582,300) and deferred inflows of resources related to pension items (\$-37,105) are not due and payable in the current period and are therefore not reported in the funds.			545,195
The net pension liability is not due and payable in the current period and is therefore not reported in the funds.			(2,192,213)
Revenues that do not provide current financial resources are reported as unavailable in the funds.			110,384
<b>Net Position of Governmental Activities</b>			<u>\$ 5,192,750</u>

See Notes to Financial Statements.



# **CITY OF WEST ORANGE, TEXAS**

Exhibit A-4

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

**For the Year Ended September 30, 2017**

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Totals Governmental Funds</b>
<b><u>Revenues</u></b>			
Property taxes	\$ 601,409	\$	\$ 601,409
Other taxes	1,403,658		1,403,658
Payments in lieu of property taxes	624,797		624,797
Licenses and permits	7,907		7,907
Fines and forfeitures	109,262		109,262
Fees and charges for services	377,260		377,260
Intergovernmental	7,006	40,057	47,063
Investment earnings	25,601	1,210	26,811
Other	46,895		46,895
<b>Total Revenues</b>	<b>3,203,795</b>	<b>41,267</b>	<b>3,245,062</b>
<b><u>Expenditures</u></b>			
<b>Current:</b>			
General government	561,538		561,538
Public safety	1,574,140	22,329	1,596,469
Health and safety		35,415	35,415
Public works	798,296		798,296
<b>Total Expenditures</b>	<b>2,933,974</b>	<b>57,744</b>	<b>2,991,718</b>
<b>Net Change in Fund Balances</b>	<b>269,821</b>	<b>(16,477)</b>	<b>253,344</b>
<b>Fund Balances - Beginning</b>	<b>3,774,738</b>	<b>219,461</b>	<b>3,994,199</b>
<b>Fund Balances - Ending</b>	<b>\$ 4,044,559</b>	<b>\$ 202,984</b>	<b>\$ 4,247,543</b>

See Notes to Financial Statements.

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# **CITY OF WEST ORANGE, TEXAS**

Exhibit A-5

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

**For the Year Ended September 30, 2017**

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

Net change in fund balances - total governmental funds	\$ 253,344
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 expense (\$284,043) exceeded capital outlay (\$99,103) in the current period.	(184,940)
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.	8,260
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 the net pension liability (\$10,358), deferred outflows of resources (\$-122,498), deferred inflows of resources (\$-18,195) and accrued compensated absences (\$21,837).	<u>(108,498)</u>
<b>Change in Net Position of Governmental Activities</b>	<b><u><u>\$ (31,834)</u></u></b>

See Notes to Financial Statements.

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# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

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

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

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

#### **A. Reporting Entity**

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

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additional 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 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 position and a statement of activities. It requires the reclassification of net position into three components – net investment in capital assets; restricted; and unrestricted. These classifications are defined as follows:

- Net investment in capital assets – This component of net position 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 position consists of constraints placed on net position 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 – This component of net position consists of net position that do not meet the definition of “restricted” or “net investment in capital assets.”

### **C. Government-Wide and Fund Financial Statements**

The government-wide financial statements (i.e., the statement of net position and the statement of activities) 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, deferred inflows of resources, fund equity, revenues,

# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

and expenditures. 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, licenses, 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 and Prepaid Items**

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. Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items.

# **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 Position 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, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

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:

<b><u>Asset Description</u></b>	<b><u>Estimated Useful Life</u></b>
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. Deferred Inflows/Outflows of Resources**

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an inflow of resources (revenue) until that time. The City has two items that qualify for reporting in this category.



# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

- Deferred inflows of resources for unavailable revenues - Reported only in the governmental funds balance sheet, unavailable revenues from property taxes arise under the modified accrual basis of accounting. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.
- Deferred inflows of resources for pension activities - Reported in the government-wide financial statement of net position, these deferred inflows result primarily from differences between expected and actual actuarial experiences.

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position or fund balance that applies to a future period(s) and thus, will not be recognized as an outflow of resources (expense/expenditure) until then. The City has one item that qualifies for reporting in this category.

- Deferred outflows of resources for pension activities - Reported in the government-wide financial statement of net position, this deferred outflow results from pension plan contributions made after the measurement date of the net pension liability, changes in actuarial assumptions, and differences between expected and actual investment earnings.

### **L. Pensions**

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System ("TMRS") and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Information regarding the City's Total Pension Liability is obtained from TMRS through a report prepared for the City by TMRS consulting actuary, Gabriel Roeder Smith & Company, in compliance with Governmental Accounting Standards Board Statement No. 68, *Accounting and Financial Reporting for Pensions*.

### **M. Compensated Employee Absences**

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

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

# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **N. 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.

### **O. Date of Management's Review**

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 15, 2018, the date that the financial statements were available to be issued.

### **P. 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, 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 as of September 30, 2017, are shown as follows:

	<b><u>Carrying Amount</u></b>	<b><u>Fair Value</u></b>
Cash	\$ 4,290,313	\$ 4,290,313
<b>Total Cash and Cash Equivalents</b>	<b>\$ 4,290,313</b>	<b>\$ 4,290,313</b>

### **Custodial Credit Risk - Deposits**

For deposits, this is the risk that in the event of bank failure, the City's deposits may not be returned to it. The City does not have a deposit policy for custodial credit risk. Collateral is required for all bank deposits at 102% of deposits not covered by federal depository insurance. Obligations that may be pledged as collateral are obligations of the United States and its agencies and obligations of the State of Texas 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 OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

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, as of September 30, 2017, 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 Orange County 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 \$600,814 for operations on the total adjusted taxable valuation of \$141,368,038 for the 2016 tax year.

Property taxes receivable, as of September 30, 2017, consists of the following:

<b><u>Tax Year</u></b>	<b><u>General Fund</u></b>
2016	\$ 26,039
2015	19,948
2014	14,415
2013	12,015
2012	10,238
2011 and prior	38,660
	<u>\$ 121,315</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:

	<b>General Fund</b>	<b>Totals</b>
Receivables:		
Taxes	\$ 234,596	\$ 234,596
Accounts	27,876	27,876
Gross receivables	262,472	262,472
Less: allowance for uncollectibles	(27,299)	(27,299)
<b>Net Total Receivables</b>	<b>\$ 235,173</b>	<b>\$ 235,173</b>

Governmental funds report deferred inflows of resources 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 inflows of resources reported in the governmental funds were as follows:

Delinquent property taxes receivable - General Fund	<u>\$ 110,384</u>
---	-------------------

### NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2017:

	<b>Balances Oct. 1, 2016</b>	<b>Increases</b>	<b>Decreases</b>	<b>Balances Sept. 30, 2017</b>
<b>Governmental Activities:</b>				
Capital assets not being depreciated:				
Land	\$ 671,798	\$	\$	\$ 671,798
Total capital assets not being depreciated	671,798			671,798
Capital assets being depreciated:				
Buildings	1,596,654			1,596,654
Machinery and equipment	1,576,936	99,103	(32,307)	1,643,732
Infrastructure	4,798,303			4,798,303
Total capital assets being depreciated	7,971,893	99,103	(32,307)	8,038,689
Less accumulated depreciation for:				
Buildings	(805,857)	(44,668)		(850,525)
Machinery and equipment	(1,329,334)	(119,461)	32,307	(1,416,488)
Infrastructure	(3,615,852)	(119,914)		(3,735,766)
Total accumulated depreciation	(5,751,043)	(284,043)	32,307	(6,002,779)
Total capital assets being depreciated, net	2,220,850	(184,940)		2,035,910
Governmental activities capital assets, net	<u>\$ 2,892,648</u>	<u>\$ (184,940)</u>	<u>\$</u>	<u>\$ 2,707,708</u>

# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

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

<b>Governmental Activities:</b>		
General government	\$	28,177
Public safety		75,923
Public works		179,943
<b>Total Depreciation Expense - Governmental Activities</b>	<b>\$</b>	<b>284,043</b>

### **NOTE 6 - LONG-TERM LIABILITIES**

#### **Changes in Long-Term Liabilities**

Long-term liability activity for the year ended September 30, 2017, is as follows:

	<b>Balances</b>			<b>Balances</b>	<b>Amount</b>
	<b>Oct. 1, 2016</b>	<b>Increases</b>	<b>(Decreases)</b>	<b>Sept. 30, 2017</b>	<b>Due Within</b>
					<b>One Year</b>
<b>Governmental Activities:</b>					
Compensated absences	\$ 247,704	\$ 28,829	\$ (50,666)	\$ 225,867	\$ 22,587
Net pension liability	2,202,571		(10,358)	2,192,213	
<b>Totals</b>	<b>\$ 2,450,275</b>	<b>\$ 28,829</b>	<b>\$ (61,024)</b>	<b>\$ 2,418,080</b>	<b>\$ 22,587</b>

For governmental activities, compensated absences and the net pension liability are typically liquidated by the General Fund.

### **NOTE 7 – FUND EQUITY**

In the fund financial statements, the City restricts portions of fund equity in the governmental fund financial statements. The unassigned fund balance for governmental funds represents the amount available for budgeting future operations. The restricted fund balances for governmental funds represent the amount that has been legally identified for specific purposes.

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.

# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

*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.

*Assigned:*

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

*Unassigned:*

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

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

Fund balances for the major and nonmajor governmental funds as of September 30, 2017, were distributed as follows:

	<b>General Fund</b>	<b>Other Governmental Funds</b>	<b>Totals</b>
<b>Nonspendable:</b>			
Prepays	\$ 973	\$	\$ 973
Subtotal	973		973
<b>Restricted for:</b>			
Tourism	34,280		34,280
Municipal court	100,619		100,619
Road maintenance	1,667,860		1,667,860
Public safety		190,363	190,363
Public works		12,621	12,621
Subtotal	1,802,759	202,984	2,005,743
<b>Unassigned</b>	2,240,827		2,240,827
<b>Totals</b>	<u>\$ 4,044,559</u>	<u>\$ 202,984</u>	<u>\$ 4,247,543</u>

GASB 54 requires disclosure of any formally adopted minimum fund balance policies. The City does not currently have a formally adopted fund balance policy at this time, however, the City strives to maintain at least a 90-day operating reserve.

# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **NOTE 8 – DEFINED BENEFIT PENSION PLAN**

#### **Plan Description**

The City of West Orange, Texas, participates as one of 872 plans in the nontraditional, joint contributory, hybrid defined benefit plan administered by the Texas Municipal Retirement System (“TMRS”). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (“the TMRS Act”) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS’s defined benefit pension plan is a tax-qualified plan under Section 401(a) of the Internal Revenue Code. TMRS issues a publicly available comprehensive annual financial report (“CAFR”) that can be obtained at [www.tmrs.com](http://www.tmrs.com).

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

#### **Benefits Provided**

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

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

Plan provisions adopted by the City are as follows:

Employee deposit rate	7%
Municipal current matching ratio	2-1
Updated service credit:	
Rate (%)	100
Year effective	2003R
Increased benefits to retirees:	
Rate (%)	70
Year effective	2003R
Military service credit effective date	11-89
Buyback effective date	
Vesting	10 yrs
Service retirement eligibilities	10 yrs/age 60, 20 yrs/any age
Restricted prior service credit effective date	10/95
Supplemental death benefits	None
Statutory maximum (%)	Removed

# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### ***Employees covered by benefit terms.***

At the December 31, 2016, valuation and measurement date, the following employees were covered by the benefit terms:

	<b><u>2016</u></b>
Inactive employees or beneficiaries currently receiving benefits	19
Inactive employees entitled to but not yet receiving benefits	12
Active employees	<u>24</u>
Totals	<u><u>55</u></u>

### **Contributions**

The contribution rates for employees in TMRS are either 5%, 6% or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the city. Under state law governing TMRS, the contribution rate for each city is determined annually by the actuary, using the Entry Age Normal ("EAN") actuarial cost method. The actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of West Orange, Texas, were required to contribute 7.0% of their annual gross earnings during the fiscal year. The contribution rates for the City of West Orange, Texas, were 20.22% and 20.33% in calendar years 2016 and 2017, respectively. The City's contributions to TMRS for the year ended September 30, 2017, were \$287,979, and were equal to the required contributions.

### **Net Pension Liability**

The City's Net Pension Liability ("NPL") was measured as of December 31, 2016, and the Total Pension Liability ("TPL") used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

### ***Actuarial assumptions:***

The Total Pension Liability in the December 31, 2016, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3.0% per year
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender-district RP2000 Combined Healthy Mortality Table with Blue Collar Adjustment, with male rates multiplied by 109% and female rates multiplied by 103%. The rates are projected on a fully generational basis by scale BB to account for future mortality



# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality Tables with Blue Collar Adjustment are used with male rates multiplied by 109% and female rates multiplied by 103% with a 3-year set-forward for both males and females. In addition, a 3% minimum mortality rate is applied to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements subject to the 3% floor.

Actuarial assumptions used in the December 31, 2016, valuation were based on the results of actuarial experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011, and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal ("EAN") actuarial cost method. Assumptions are reviewed annually. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income, in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. In determining their best estimate of a recommended investment return assumption under the various alternative asset allocation portfolios, GRS focused on the area between (1) arithmetic mean (aggressive) without an adjustment for time (conservative) and (2) the geometric mean (conservative) with an adjustment for time (aggressive). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2017 are summarized in the following table:

<b><u>Asset Class</u></b>	<b><u>Target Allocation</u></b>	<b><u>Long-Term Expected Real Rate of Return (Arithmetic)</u></b>
Domestic Equity	17.5%	4.55%
International Equity	17.5%	6.35%
Core Fixed Income	10.0%	1.00%
Non-Core Fixed Income	20.0%	4.15%
Real Return	10.0%	4.15%
Real Estate	10.0%	4.75%
Absolute Return	10.0%	4.00%
Private Equity	5.0%	7.75%
Total	100.0%	

### ***Discount Rate***

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net

# CITY OF WEST ORANGE, TEXAS

Exhibit A-6

## NOTES TO FINANCIAL STATEMENTS

Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

### *Changes in the Net Pension Liability*

	<u>Increase (Decrease)</u>		
	<u>Total Pension Liability</u>	<u>Plan Fiduciary Net Position</u>	<u>Net Pension Liability</u>
	<u>(a)</u>	<u>(b)</u>	<u>(a) - (b)</u>
<b>Balance at 12/31/15</b>	\$ 9,346,880	\$ 7,144,309	\$ 2,202,571
Changes for the year:			
Service cost	233,927		233,927
Interest (on the Total Pension Liability)	625,802		625,802
Change of benefit terms			
Difference between expected and actual experience	(22,744)		(22,744)
Changes of assumptions			
Contributions - employer		275,002	(275,002)
Contributions - employee		95,203	(95,203)
Net investment income		482,885	(482,885)
Benefit payments, including refunds of employee contributions	(385,419)	(385,419)	
Administrative expense		(5,453)	5,453
Other changes		(294)	294
Net changes	<u>\$ 451,566</u>	<u>\$ 461,924</u>	<u>\$ (10,358)</u>
<b>Balance at 12/31/16</b>	<u><u>\$ 9,798,446</u></u>	<u><u>\$ 7,606,233</u></u>	<u><u>\$ 2,192,213</u></u>

### *Sensitivity of the Net Pension Liability to Changes in the Discount Rate*

The following presents the net pension liability of the City, calculated using the discount rate of 6.75%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1-percentage-point lower (5.75%) or 1-percentage-point higher (7.75%) than the current rate:

	<u>1% Decrease in</u>		<u>1% Increase in</u>
	<u>Discount Rate (5.75%)</u>	<u>Discount Rate (6.75%)</u>	<u>Discount Rate (7.75%)</u>
City's net pension liability	<u><u>\$ 3,524,697</u></u>	<u><u>\$ 2,192,213</u></u>	<u><u>\$ 1,090,233</u></u>

### *Pension Plan Fiduciary Net Position*

Detailed information about the pension plan's Fiduciary Net Position is available in a separately-issued TMRS financial report. That report may be obtained on the Internet at [www.tmrs.com](http://www.tmrs.com).

# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

### **Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

For the year ended September 30, 2017, the City recognized pension expense of \$418,314.

At September 30, 2017, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	<b>Deferred Outflows of Resources</b>	<b>Deferred Inflows of Resources</b>
Differences between expected and actual economic experience	\$	\$ 37,105
Changes in actuarial assumptions	33,819	
Difference between projected and actual investment earnings	327,478	
Contributions subsequent to the measurement date	221,003	
<b>Totals</b>	<b>\$ 582,300</b>	<b>\$ 37,105</b>

\$221,003 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2018. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

<b>Year Ended Dec 31:</b>	<b>Net Deferred Outflows (Inflows) of Resources</b>
2017	\$ 123,196
2018	107,846
2019	93,278
2020	(128)
2021	
Thereafter	
	<b>\$ 324,192</b>

### **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

# **CITY OF WEST ORANGE, TEXAS**

**Exhibit A-6**

## **NOTES TO FINANCIAL STATEMENTS**

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 balance in the General Fund was restricted for tourism (\$34,280), municipal court (\$100,619) and road maintenance (\$1,667,860). These restrictions are due to legislative requirements.

Fund balances in the non-major special revenue funds are restricted for public safety (\$190,363) and public works (\$12,621). These restrictions are due to legislative and grant funding requirements.

### **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 – RESTATEMENT OF BEGINNING NET POSITION**

Beginning net position of governmental activities was restated from \$5,174,918 to \$5,224,584. During the annual review of capital asset records and values, the City made various adjustments to these records resulting in an increase to the beginning net position of governmental activities in the amount of \$49,666.

## **REQUIRED SUPPLEMENTARY INFORMATION**

# **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, 2017**

	<b>Budgeted Amounts</b>		<b>Actual</b>	<b>Variance Positive (Negative)</b>
	<b>Original</b>	<b>Final</b>		
<b><u>Revenues</u></b>				
Property taxes	\$ 541,000	\$ 541,000	\$ 601,409	\$ 60,409
Other taxes	1,325,650	1,325,650	1,403,658	78,008
Payments in lieu of property taxes	624,797	624,797	624,797	
Licenses and permits	8,950	8,950	7,907	(1,043)
Fines and forfeitures	128,950	128,950	109,262	(19,688)
Fees and charges for services	383,425	383,425	377,260	(6,165)
Intergovernmental			7,006	7,006
Investment earnings	6,000	6,000	25,601	19,601
Other	16,620	16,620	46,895	30,275
<b>Total Revenues</b>	<b>3,035,392</b>	<b>3,035,392</b>	<b>3,203,795</b>	<b>168,403</b>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
General government	637,310	637,310	561,538	75,772
Public safety	1,628,770	1,628,770	1,574,140	54,630
Public works	1,457,894	1,457,894	798,296	659,598
<b>Total Expenditures</b>	<b>3,723,974</b>	<b>3,723,974</b>	<b>2,933,974</b>	<b>790,000</b>
<b>Net Change in Fund Balance</b>	<b>(688,582)</b>	<b>(688,582)</b>	<b>269,821</b>	<b>958,403</b>
<b>Fund Balance - Beginning</b>	<b>3,774,738</b>	<b>3,774,738</b>	<b>3,774,738</b>	
<b>Fund Balance - Ending</b>	<b>\$ 3,086,156</b>	<b>\$ 3,086,156</b>	<b>\$ 4,044,559</b>	<b>\$ 958,403</b>

# **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.

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, City Council may make emergency appropriations to meet a pressing need for public expenditure in order to protect the public health, safety, or welfare. City 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 City 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, when applicable.

### **B. Excess of Expenditures over Appropriations**

For the year ended September 30, 2017, expenditures exceeded appropriations in the Police department (the legal level of budgetary control) of the General Fund in the amount of \$4,054. These expenditures in excess of appropriations were funded by greater than anticipated revenues in the General Fund.

# CITY OF WEST ORANGE, TEXAS

## TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS

### Last Ten Years\*

	<u>2016</u>	<u>2015</u>	<u>2014</u>	<u>2013</u>
<b>Total Pension Liability</b>				
Service cost	\$ 233,927	\$ 217,004	\$ 189,272	\$ N/A
Interest (on the total pension liability)	625,802	616,052	578,003	N/A
Changes of benefit terms				N/A
Difference between expected and actual experience	(22,744)	(78,873)	84,378	N/A
Change of assumptions		73,605		N/A
Benefit payments, including refunds of employee contributions	(385,419)	(346,287)	(297,650)	N/A
<b>Net Change in Total Pension Liability</b>	451,566	481,501	554,003	N/A
<b>Total Pension Liability - Beginning</b>	9,346,880	8,865,379	8,311,376	N/A
<b>Total Pension Liability - Ending (a)</b>	<u>\$ 9,798,446</u>	<u>\$ 9,346,880</u>	<u>\$ 8,865,379</u>	<u>\$ N/A</u>
<b>Plan Fiduciary Net Position</b>				
Contributions - employer	\$ 275,002	\$ 255,152	\$ 242,989	\$ N/A
Contributions - employee	95,203	91,453	86,870	N/A
Net investment income	482,885	10,536	384,861	N/A
Benefit payments, including refunds of employee contributions	(385,419)	(346,287)	(297,650)	N/A
Administrative expense	(5,453)	(6,417)	(4,018)	N/A
Other	(294)	(317)	(330)	N/A
<b>Net Change in Plan Fiduciary Net Position</b>	461,924	4,120	412,722	N/A
<b>Plan Fiduciary Net Position - Beginning</b>	7,144,309	7,140,189	6,727,467	N/A
<b>Plan Fiduciary Net Position - Ending (b)</b>	<u>\$ 7,606,233</u>	<u>\$ 7,144,309</u>	<u>\$ 7,140,189</u>	<u>\$ N/A</u>
<b>Net Pension Liability - Ending (a) - (b)</b>	<u>\$ 2,192,213</u>	<u>\$ 2,202,571</u>	<u>\$ 1,725,190</u>	<u>\$ N/A</u>
<b>Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b>	77.63%	76.44%	80.54%	N/A
<b>Covered Payroll</b>	\$ 1,360,043	\$ 1,306,467	\$ 1,241,005	\$ N/A
<b>Net Pension Liability as a Percentage of Covered Payroll</b>	161.19%	168.59%	139.02%	N/A

\* GASB 68 requires ten years of data to be provided in this schedule, however, only three years are currently available.



Exhibit B-3

2012		2011		2010		2009		2008		2007	
\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
	N/A		N/A		N/A		N/A		N/A		N/A
\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A
\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A
	N/A		N/A		N/A		N/A		N/A		N/A
\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A	\$	N/A
	N/A		N/A		N/A		N/A		N/A		N/A

# **CITY OF WEST ORANGE, TEXAS**

## **TEXAS MUNICIPAL RETIREMENT SYSTEM - SCHEDULE OF EMPLOYER CONTRIBUTIONS**

### **Last Ten Years**

	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>2015</u></b>	<b><u>2014</u></b>
<b>Actuarially Determined Contributions</b>	\$ 287,979	\$ 279,974	\$ 252,975	\$ 240,164
<b>Contributions in Relation to the Actuarially Determined Contributions</b>	<u>\$ 287,979</u>	<u>\$ 279,974</u>	<u>\$ 252,975</u>	<u>\$ 240,164</u>
<b>Contribution Deficiency (Excess)</b>	\$	\$	\$	\$
<b>Covered Payroll</b>	\$ 1,418,315	\$ 1,397,212	\$ 1,294,403	\$ 1,228,333
<b>Contributions as a Percentage of Covered Payroll</b>	20.30%	20.04%	19.54%	19.55%

**Exhibit B-4**

<b>2013</b>	<b>2012</b>	<b>2011</b>	<b>2010</b>	<b>2009</b>	<b>2008</b>
\$ 239,240	\$ 240,112	\$ 258,110	\$ 251,734	\$ 225,123	\$ 186,050
\$ 239,240	\$ 240,112	\$ 258,110	\$ 251,734	\$ 225,123	\$ 186,050
\$	\$	\$	\$	\$	\$
\$ 1,239,313	\$ 1,214,844	\$ 1,153,932	\$ 1,113,515	\$ 1,104,882	\$ 1,110,861
19.30%	19.76%	22.37%	22.61%	20.38%	16.75%

# **CITY OF WEST ORANGE, TEXAS**

Exhibit B-5

## **TEXAS MUNICIPAL RETIREMENT SYSTEM - NOTES TO THE SCHEDULE OF EMPLOYER CONTRIBUTIONS**

### **Valuation Date:**

Notes Actuarially determined contribution rates are calculated as of December 31 and become effective in January, 13 months later.

### **Methods and Assumptions Used to Determine Contribution Rates:**

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	29 Years
Asset Valuation Method	10 Year smoothed market; 15% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experienced-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010 - 2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rates multiplied by 103% and projected on a fully generational basis with scale BB.

### **Other Information:**

Notes There were no benefit changes during the year.

**COMBINING AND INDIVIDUAL FUND**  
**STATEMENTS AND SCHEDULES**

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## **NON-MAJOR GOVERNMENTAL FUNDS**

### **SPECIAL REVENUE FUNDS**

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

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

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

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

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

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

**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.

**Sewer Improvements Grant Fund** - This fund is used to account for monies received for improvements to the sanitary sewer system within the City. These monies are restricted for the use of improvements to the sanitary sewer system within the City.

**Disaster Recovery Grant Fund** - This fund is used to account for monies received for repairs to City streets damaged by Hurricane Ike flood waters and to demolish homes abandoned after Hurricane Ike which were damaged beyond repair. These monies are restricted for the use of street repairs and the demolition of homes.

**Water Improvements Grant Fund** - This fund is used to account for monies received for improvements to the water system within the City. These monies are restricted for the use of improvements to the water system within the City.

**CITY OF WEST ORANGE, TEXAS**

**COMBINING BALANCE SHEET**

**NON-MAJOR GOVERNMENTAL FUNDS**

**September 30, 2017**

	Special Revenue Funds			
	Police- Public Safety Fund	Police- Seizure & Forfeiture Fund	Police- State Education Fund	Police- Federal Asset Forfeiture Fund
<b><u>Assets</u></b>				
Cash and cash equivalents	\$ 69,961	\$ 11,868	\$ 7,514	\$ 16,611
Due from other funds			500	
<b>Total Assets</b>	<b>\$ 69,961</b>	<b>\$ 11,868</b>	<b>\$ 8,014</b>	<b>\$ 16,611</b>
<b><u>Liabilities</u></b>				
Accounts payable				
<b><u>Fund Balances</u></b>				
Restricted	69,961	11,868	8,014	16,611
<b>Total Fund Balances</b>	<b>69,961</b>	<b>11,868</b>	<b>8,014</b>	<b>16,611</b>
<b>Total Liabilities and Fund Balances</b>	<b>\$ 69,961</b>	<b>\$ 11,868</b>	<b>\$ 8,014</b>	<b>\$ 16,611</b>



<b>Police- Federal Treasury Asset Forfeiture Fund</b>	<b>Demolition Grant Fund</b>	<b>Sewer Improvements Grant Fund</b>	<b>Disaster Recovery Grant Fund</b>	<b>Water Improvements Grant Fund</b>	<b>Totals Non-Major Governmental Funds</b>
\$ 83,909	\$ 7,801	\$	\$ 4,820	\$	\$ 202,484 500
<u>\$ 83,909</u>	<u>\$ 7,801</u>	<u>\$</u>	<u>\$ 4,820</u>	<u>\$</u>	<u>\$ 202,984</u>
<u>83,909</u>	<u>7,801</u>		<u>4,820</u>		<u>202,984</u>
<u>83,909</u>	<u>7,801</u>		<u>4,820</u>		<u>202,984</u>
<u>\$ 83,909</u>	<u>\$ 7,801</u>	<u>\$</u>	<u>\$ 4,820</u>	<u>\$</u>	<u>\$ 202,984</u>

**CITY OF WEST ORANGE, TEXAS**

**COMBINING STATEMENT OF REVENUES,**

**EXPENDITURES AND CHANGES IN FUND BALANCES**

**NON-MAJOR GOVERNMENTAL FUNDS**

**Year Ended September 30, 2017**

	Special Revenue Funds			
	Police- Public Safety Fund	Police- Seizure & Forfeiture Fund	Police- State Education Fund	Police- Federal Asset Forfeiture Fund
<b><u>Revenues</u></b>				
Intergovernmental revenue	\$	\$	\$ 1,152	\$
Investment earnings	420	71	60	100
<b>Total Revenues</b>	<u>420</u>	<u>71</u>	<u>1,212</u>	<u>100</u>
<b><u>Expenditures</u></b>				
<b>Current:</b>				
Public safety	2,445		3,084	
Health and safety				
<b>Total Expenditures</b>	<u>2,445</u>	<u></u>	<u>3,084</u>	<u></u>
 <b>Net Change in Fund Balances</b>	 (2,025)	 71	 (1,872)	 100
 <b>Fund Balances, Beginning of Year</b>	 <u>71,986</u>	 <u>11,797</u>	 <u>9,886</u>	 <u>16,511</u>
 <b>Fund Balances, End of Year</b>	 <u>\$ 69,961</u>	 <u>\$ 11,868</u>	 <u>\$ 8,014</u>	 <u>\$ 16,611</u>

<b>Police- Federal Treasury Asset Forfeiture Fund</b>	<b>Demolition Grant Fund</b>	<b>Sewer Improvements Grant Fund</b>	<b>Disaster Recovery Grant Fund</b>	<b>Water Improvements Grant Fund</b>	<b>Totals Non-Major Governmental Funds</b>
\$	\$	\$ 3,000	\$ 3,490	\$ 32,415	\$ 40,057
512	47				1,210
512	47	3,000	3,490	32,415	41,267
13,310			3,490		22,329
		3,000		32,415	35,415
13,310		3,000	3,490	32,415	57,744
(12,798)	47				(16,477)
96,707	7,754		4,820		219,461
\$ 83,909	\$ 7,801	\$	\$ 4,820	\$	\$ 202,984

# **CITY OF WEST ORANGE, TEXAS**

Exhibit C-3

## **COMPARATIVE BALANCE SHEETS** **GENERAL FUND**

**September 30, 2017 and 2016**

	<b><u>2017</u></b>	<b><u>2016</u></b>
<b><u>Assets</u></b>		
Cash and cash equivalents	\$ 2,285,070	\$ 2,202,560
Receivables:		
Taxes	223,665	230,963
Accounts	11,508	8,994
Prepaid items	973	850
Restricted cash and cash equivalents	1,802,759	1,555,662
<b>Total Assets</b>	<b>\$ 4,323,975</b>	<b>\$ 3,999,029</b>
<b><u>Liabilities, Deferred Inflows of Resources and Fund Balance</u></b>		
<b><u>Liabilities</u></b>		
Accounts payable and accrued liabilities	\$ 168,532	\$ 122,167
Due to other funds	500	
<b>Total Liabilities</b>	<b>169,032</b>	<b>122,167</b>
<b><u>Deferred Inflows of Resources</u></b>		
Unavailable revenues - property taxes	110,384	102,124
<b>Total Deferred Inflows of Resources</b>	<b>110,384</b>	<b>102,124</b>
<b><u>Fund Balance</u></b>		
Nonspendable	973	850
Restricted	1,802,759	1,555,662
Unassigned	2,240,827	2,218,226
<b>Total Fund Balance</b>	<b>4,044,559</b>	<b>3,774,738</b>
<b>Total Liabilities, Deferred Inflows of Resources and Fund Balance</b>	<b>\$ 4,323,975</b>	<b>\$ 3,999,029</b>

# **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, 2017**

**with Comparative Actual Balances for the Year Ended September 30, 2016**

	<b>2017</b>		<b>Variance</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>Actual</b>
<b><u>Revenues</u></b>				
Property taxes	\$ 541,000	\$ 601,409	\$ 60,409	\$ 545,653
Other taxes	1,325,650	1,403,658	78,008	1,431,039
Payments in lieu of property taxes	624,797	624,797		620,050
Licenses and permits	8,950	7,907	(1,043)	10,464
Fines and forfeitures	128,950	109,262	(19,688)	130,982
Fees and charges for services	383,425	377,260	(6,165)	387,501
Intergovernmental		7,006	7,006	
Investment earnings	6,000	25,601	19,601	8,910
Other	16,620	46,895	30,275	44,916
<b>Total Revenues</b>	<b>3,035,392</b>	<b>3,203,795</b>	<b>168,403</b>	<b>3,179,515</b>
<b><u>Expenditures</u></b>				
<b>City Administration:</b>				
Personnel services	189,073	152,731	36,342	148,934
Supplies and repairs	8,900	7,057	1,843	7,185
Contractual services	34,600	16,179	18,421	18,523
Other services and charges	202,753	218,184	(15,431)	161,590
<b>Total City Administration</b>	<b>435,326</b>	<b>394,151</b>	<b>41,175</b>	<b>336,232</b>
<b>Municipal Court:</b>				
Personnel services	99,210	97,936	1,274	95,796
Supplies	2,460	2,295	165	1,864
Repairs and maintenance	2,750	1,991	759	2,074
Other services and charges	97,564	65,165	32,399	58,907
<b>Total Municipal Court</b>	<b>201,984</b>	<b>167,387</b>	<b>34,597</b>	<b>158,641</b>
<b>Total General Government</b>	<b>637,310</b>	<b>561,538</b>	<b>75,772</b>	<b>494,873</b>

# 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, 2017

with Comparative Actual Balances for the Year Ended September 30, 2016

	2017			
	Budget	Actual	Variance Positive (Negative)	2016 Actual
<b>Expenditures (continued)</b>				
<b>Public Safety:</b>				
<b>Animal Control:</b>				
Personnel services	75,120	72,278	2,842	69,084
Supplies	6,600	4,575	2,025	4,391
Repairs and maintenance	350	270	80	236
Other services and charges	4,104	4,122	(18)	3,854
<b>Total Animal Control</b>	<b>86,174</b>	<b>81,245</b>	<b>4,929</b>	<b>77,565</b>
<b>Police:</b>				
Personnel services	1,189,656	1,233,390	(43,734)	1,096,037
Supplies	30,950	17,303	13,647	17,222
Repairs and maintenance	20,900	13,535	7,365	17,002
Other services and charges	69,359	53,241	16,118	56,859
Capital outlay	73,000	70,450	2,550	67,830
<b>Total Police</b>	<b>1,383,865</b>	<b>1,387,919</b>	<b>(4,054)</b>	<b>1,254,950</b>
<b>Fire:</b>				
Personnel services	338	392	(54)	612
Supplies	10,200	4,952	5,248	2,486
Repairs and maintenance	4,500	2,287	2,213	188
Other services and charges	20,890	16,632	4,258	17,780
Capital outlay	25,000		25,000	
<b>Total Fire</b>	<b>60,928</b>	<b>24,263</b>	<b>36,665</b>	<b>21,066</b>
<b>Fire Marshal:</b>				
Personnel services	74,260	73,947	313	73,687
Supplies	2,000	527	1,473	537
Repairs and maintenance	1,150	1,335	(185)	460
Other services and charges	20,393	4,904	15,489	6,492
<b>Total Fire Marshal</b>	<b>97,803</b>	<b>80,713</b>	<b>17,090</b>	<b>81,176</b>
<b>Total Public Safety</b>	<b>1,628,770</b>	<b>1,574,140</b>	<b>54,630</b>	<b>1,434,757</b>

# **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, 2017**

**with Comparative Actual Balances for the Year Ended September 30, 2016**

	<b>2017</b>		<b>Variance</b>	<b>2016</b>
	<b>Budget</b>	<b>Actual</b>	<b>Positive (Negative)</b>	<b>Actual</b>
<b><u>Expenditures (continued)</u></b>				
<b>Public Works:</b>				
<b>Sanitation:</b>				
Personnel services	271,137	158,261	112,876	220,489
Supplies	42,000	15,274	26,726	13,027
Repairs and maintenance	5,200	6,783	(1,583)	7,753
Other services and charges	281,830	271,067	10,763	275,739
<b>Total Sanitation</b>	<b>600,167</b>	<b>451,385</b>	<b>148,782</b>	<b>517,008</b>
<b>Streets:</b>				
Personnel services	256,228	154,562	101,666	177,962
Supplies	13,450	7,820	5,630	6,530
Repairs and maintenance	235,000	11,552	223,448	53,813
Other services and charges	16,333	13,043	3,290	13,791
Capital outlay	150,000	8,099	141,901	
<b>Total Streets</b>	<b>671,011</b>	<b>195,076</b>	<b>475,935</b>	<b>252,096</b>
<b>Maintenance Shop:</b>				
Personnel services	78,153	62,668	15,485	51,711
Supplies	2,700	1,932	768	689
Other services and charges	3,891	2,202	1,689	3,079
<b>Total Maintenance Shop</b>	<b>84,744</b>	<b>66,802</b>	<b>17,942</b>	<b>55,479</b>
<b>Parks and Facilities:</b>				
Personnel services	58,103	49,392	8,711	53,267
Supplies	11,200	5,820	5,380	6,706
Repairs and maintenance	23,000	25,651	(2,651)	5,105
Other services and charges	4,669	4,170	499	3,356
Capital outlay	5,000		5,000	
<b>Total Parks and Facilities</b>	<b>101,972</b>	<b>85,033</b>	<b>16,939</b>	<b>68,434</b>
<b>Total Public Works</b>	<b>1,457,894</b>	<b>798,296</b>	<b>659,598</b>	<b>893,017</b>
<b>Total Expenditures</b>	<b>3,723,974</b>	<b>2,933,974</b>	<b>790,000</b>	<b>2,822,647</b>
<b>Net Change in Fund Balance</b>	<b>(688,582)</b>	<b>269,821</b>	<b>958,403</b>	<b>356,868</b>
<b>Fund Balance - Beginning</b>	<b>3,774,738</b>	<b>3,774,738</b>		<b>3,417,870</b>
<b>Fund Balance - Ending</b>	<b>\$ 3,086,156</b>	<b>\$ 4,044,559</b>	<b>\$ 958,403</b>	<b>\$ 3,774,738</b>

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## **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.

<b>Contents</b>	<b>Pages</b>
<b>Financial Trends</b> These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.	60-71
<b>Revenue Capacity</b> 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.	72-79
<b>Debt Capacity</b> 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.	80-83
<b>Demographic and Economic Information</b> These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.	84-86
<b>Operating Information</b> 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.	88-90

**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 POSITION BY COMPONENT**

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

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
<b>Governmental Activities</b>				
Net investment in capital assets	\$ 4,262,919	\$ 4,082,383	\$ 3,948,436	\$ 4,057,823
Restricted	83,960	164,549	208,549	233,152
Unrestricted	458,009	1,451,574	1,829,985	1,558,522
<b>Total Governmental Activities Net Position</b>	<b><u>\$ 4,804,888</u></b>	<b><u>\$ 5,698,506</u></b>	<b><u>\$ 5,986,970</u></b>	<b><u>\$ 5,849,497</u></b>
 <b>Primary Government</b>				
Net investment in capital assets	\$ 4,262,919	\$ 4,082,383	\$ 3,948,436	\$ 4,057,823
Restricted	83,960	164,549	208,549	233,152
Unrestricted	458,009	1,451,574	1,829,985	1,558,522
<b>Total Primary Government Net Position</b>	<b><u>\$ 4,804,888</u></b>	<b><u>\$ 5,698,506</u></b>	<b><u>\$ 5,986,970</u></b>	<b><u>\$ 5,849,497</u></b>

**Table 1**

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 3,803,822	\$ 3,555,213	\$ 3,306,841	\$ 3,076,327	\$ 2,842,982	\$ 2,707,708
229,196	249,523	253,019	250,735	1,775,123	2,005,743
1,872,199	2,144,441	2,595,749	1,810,388	556,813	479,299
<u>\$ 5,905,217</u>	<u>\$ 5,949,177</u>	<u>\$ 6,155,609</u>	<u>\$ 5,137,450</u>	<u>\$ 5,174,918</u>	<u>\$ 5,192,750</u>

\$ 3,803,822	\$ 3,555,213	\$ 3,306,841	\$ 3,076,327	\$ 2,842,982	\$ 2,707,708
229,196	249,523	253,019	250,735	1,775,123	2,005,743
1,872,199	2,144,441	2,595,749	1,810,388	556,813	479,299
<u>\$ 5,905,217</u>	<u>\$ 5,949,177</u>	<u>\$ 6,155,609</u>	<u>\$ 5,137,450</u>	<u>\$ 5,174,918</u>	<u>\$ 5,192,750</u>

# CITY OF WEST ORANGE, TEXAS

## CHANGES IN NET POSITION

Last Ten Fiscal Years  
(accrual basis of accounting)  
(Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Expenses</b>				
<b>Governmental Activities</b>				
General government	\$ 508,617	\$ 499,640	\$ 536,671	\$ 599,431
Public safety	1,293,321	1,097,427	1,158,390	1,223,177
Public works	1,295,535	1,282,500	1,255,019	2,428,384
Health and safety				
<b>Total Governmental Activities Expenses</b>	<u>3,097,473</u>	<u>2,879,567</u>	<u>2,950,080</u>	<u>4,250,992</u>
<b>Total Primary Government Expenses</b>	<u>\$ 3,097,473</u>	<u>\$ 2,879,567</u>	<u>\$ 2,950,080</u>	<u>\$ 4,250,992</u>
<b>Program Revenues</b>				
<b>Governmental Activities</b>				
Charges for services:				
General government	\$ 14,149	\$ 28,597	\$ 29,170	\$ 27,331
Public safety	215,446	190,867	200,650	170,007
Public works	353,959	327,212	365,988	368,838
Operating grants and contributions	153,114	711,273	214,272	1,168,315
Capital grants and contributions	59,210			
<b>Total Governmental Activities Program Revenues</b>	<u>795,878</u>	<u>1,257,949</u>	<u>810,080</u>	<u>1,734,491</u>
<b>Total Primary Government Program Revenues</b>	<u>\$ 795,878</u>	<u>\$ 1,257,949</u>	<u>\$ 810,080</u>	<u>\$ 1,734,491</u>
<b>Net (Expense)/Revenue</b>				
Governmental activities	\$ (2,301,595)	\$ (1,621,618)	\$ (2,140,000)	\$ (2,516,501)
<b>Total Primary Government Net Expense</b>	<u>\$ (2,301,595)</u>	<u>\$ (1,621,618)</u>	<u>\$ (2,140,000)</u>	<u>\$ (2,516,501)</u>

Table 2 (Page 1 of 2)

2012	2013	2014	2015	2016	2017
\$ 517,725	\$ 529,454	\$ 502,674	\$ 526,326	\$ 526,660	\$ 602,122
1,299,211	1,327,678	1,323,532	1,386,884	1,519,944	1,654,677
1,113,412	1,142,952	1,089,369	1,017,670	1,099,024	992,942
				230,848	35,415
2,930,348	3,000,084	2,915,575	2,930,880	3,376,476	3,285,156
<u>\$ 2,930,348</u>	<u>\$ 3,000,084</u>	<u>\$ 2,915,575</u>	<u>\$ 2,930,880</u>	<u>\$ 3,376,476</u>	<u>\$ 3,285,156</u>
\$ 28,608	\$ 20,316	\$ 22,852	\$ 59,122	\$ 17,548	\$ 17,032
188,592	143,744	124,884	131,983	143,780	120,598
379,272	373,575	376,822	364,568	372,595	363,343
35,236	9,033	10,272	2,732	254,319	51,042
18,127					
649,835	546,668	534,830	558,405	788,242	552,015
<u>\$ 649,835</u>	<u>\$ 546,668</u>	<u>\$ 534,830</u>	<u>\$ 558,405</u>	<u>\$ 788,242</u>	<u>\$ 552,015</u>
\$ (2,280,513)	\$ (2,453,416)	\$ (2,380,745)	\$ (2,372,475)	\$ (2,588,234)	\$ (2,733,141)
<u>\$ (2,280,513)</u>	<u>\$ (2,453,416)</u>	<u>\$ (2,380,745)</u>	<u>\$ (2,372,475)</u>	<u>\$ (2,588,234)</u>	<u>\$ (2,733,141)</u>

# **CITY OF WEST ORANGE, TEXAS**

## **CHANGES IN NET POSITION**

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

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
<b>General Revenues and Other Changes in Net Position</b>				
<b>Governmental Activities</b>				
Taxes				
Property taxes	\$ 480,972	\$ 495,404	\$ 473,271	\$ 502,498
Other taxes	1,185,703	1,340,378	1,225,425	1,299,651
Payments in lieu of property taxes	489,623	566,809	514,354	518,600
Investment earnings	19,837	3,840	2,558	2,385
Other	28,265	108,805	212,856	55,894
<b>Total Governmental Activities</b>	<b><u>2,204,400</u></b>	<b><u>2,515,236</u></b>	<b><u>2,428,464</u></b>	<b><u>2,379,028</u></b>
<b>Total Primary Government</b>	<b><u>\$ 2,204,400</u></b>	<b><u>\$ 2,515,236</u></b>	<b><u>\$ 2,428,464</u></b>	<b><u>\$ 2,379,028</u></b>
 <b>Change in Net Position</b>				
Governmental activities	\$ (97,195)	\$ 893,618	\$ 288,464	\$ (137,473)
<b>Total Primary Government</b>	<b><u>\$ (97,195)</u></b>	<b><u>\$ 893,618</u></b>	<b><u>\$ 288,464</u></b>	<b><u>\$ (137,473)</u></b>

Table 2 (Page 2 of 2)

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 518,419	\$ 532,357	\$ 548,194	\$ 543,935	\$ 550,888	\$ 609,669
1,296,358	1,290,586	1,345,893	1,405,445	1,431,039	1,403,658
486,420	598,246	633,334	665,531	620,050	624,797
1,592	1,945	1,329	914	9,410	26,811
33,444	74,242	58,427	149,182	28,190	36,372
<u>2,336,233</u>	<u>2,497,376</u>	<u>2,587,177</u>	<u>2,765,007</u>	<u>2,639,577</u>	<u>2,701,307</u>
<u>\$ 2,336,233</u>	<u>\$ 2,497,376</u>	<u>\$ 2,587,177</u>	<u>\$ 2,765,007</u>	<u>\$ 2,639,577</u>	<u>\$ 2,701,307</u>
\$ 55,720	\$ 43,960	\$ 206,432	\$ 392,532	\$ 51,343	\$ (31,834)
<u>\$ 55,720</u>	<u>\$ 43,960</u>	<u>\$ 206,432</u>	<u>\$ 392,532</u>	<u>\$ 51,343</u>	<u>\$ (31,834)</u>

# **CITY OF WEST ORANGE, TEXAS**

## **GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE**

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

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



**Table 3**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 518,419	\$ 532,357	\$ 548,194	\$ 543,935	\$ 550,888	\$ 609,669
821,544	804,340	855,967	903,523	924,039	908,301
5,068	5,023	6,269	6,679	6,356	5,285
204,525	201,085	213,449	224,623	231,011	227,073
4,499	4,258	5,123	5,691	4,761	5,346
260,722	275,880	265,085	264,929	264,872	257,653
<u>\$ 1,814,777</u>	<u>\$ 1,822,943</u>	<u>\$ 1,894,087</u>	<u>\$ 1,949,380</u>	<u>\$ 1,981,927</u>	<u>\$ 2,013,327</u>

# **CITY OF WEST ORANGE, TEXAS**

## **FUND BALANCES OF GOVERNMENTAL FUNDS**

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

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>General Fund</b>				
Nonspendable	\$	\$	\$ 1,370	\$ 1,142
Restricted				
Unassigned	<u>588,986</u>	<u>1,589,178</u>	<u>1,960,569</u>	<u>1,701,093</u>
<b>Total General Fund</b>	<u><u>\$ 588,986</u></u>	<u><u>\$ 1,589,178</u></u>	<u><u>\$ 1,961,939</u></u>	<u><u>\$ 1,702,235</u></u>
 <b>All Other Governmental Funds</b>				
Restricted	<u>\$ 83,960</u>	<u>\$ 164,549</u>	<u>\$ 208,549</u>	<u>\$ 233,152</u>
<b>Total All Other Governmental Funds</b>	<u><u>\$ 83,960</u></u>	<u><u>\$ 164,549</u></u>	<u><u>\$ 208,549</u></u>	<u><u>\$ 233,152</u></u>

Table 4

<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>
\$ 591	\$ 1,368	\$ 1,065	\$ 936	\$ 850	\$ 973
	28,364	33,501	1,316,564	1,555,662	1,802,759
<u>2,038,150</u>	<u>2,304,014</u>	<u>2,760,263</u>	<u>2,100,370</u>	<u>2,218,226</u>	<u>2,240,827</u>
<u><u>\$ 2,038,741</u></u>	<u><u>\$ 2,333,746</u></u>	<u><u>\$ 2,794,829</u></u>	<u><u>\$ 3,417,870</u></u>	<u><u>\$ 3,774,738</u></u>	<u><u>\$ 4,044,559</u></u>
\$ 229,196	\$ 221,159	\$ 219,518	\$ 216,884	\$ 219,461	\$ 202,984
<u>\$ 229,196</u>	<u>\$ 221,159</u>	<u>\$ 219,518</u>	<u>\$ 216,884</u>	<u>\$ 219,461</u>	<u>\$ 202,984</u>

# CITY OF WEST ORANGE, TEXAS

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

### Last Ten Fiscal Years (modified accrual basis of accounting) (Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
<b>Revenues</b>				
Taxes	\$ 1,657,610	\$ 1,853,477	\$ 1,689,430	\$ 1,789,896
Payments in lieu of property taxes	489,623	566,809	514,354	518,600
Licenses and permits	14,149	28,597	21,099	17,463
Fines and forfeitures	205,775	183,461	191,011	161,822
Fees and charges for services	363,630	336,218	377,048	378,665
Intergovernmental	28,265	439,921	269,012	1,177,283
Investment earnings	19,837	3,840	2,558	2,385
Other revenues	212,324	369,886	164,765	55,152
<b>Total Revenues</b>	<u>2,991,213</u>	<u>3,782,209</u>	<u>3,229,277</u>	<u>4,101,266</u>
<b>Expenditures</b>				
General government	467,756	458,783	470,343	569,375
Public safety	1,271,756	1,095,305	1,169,263	1,215,031
Health and safety				
Public works	1,187,258	995,819	1,169,438	2,551,961
Non-departmental	21,232	151,521	3,472	
Debt service				
Principal				
Interest and fiscal charges				
<b>Total Expenditures</b>	<u>2,948,002</u>	<u>2,701,428</u>	<u>2,812,516</u>	<u>4,336,367</u>
<b>Net Change in Fund Balances</b>	<u>\$ 43,211</u>	<u>\$ 1,080,781</u>	<u>\$ 416,761</u>	<u>\$ (235,101)</u>
Debt service as a percentage of noncapital expenditures	0.0%	0.0%	0.0%	0.0%

Table 5

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 1,812,982	\$ 1,810,783	\$ 1,890,891	\$ 1,949,380	\$ 1,976,692	\$ 2,005,067
486,420	598,246	633,334	665,531	620,050	624,797
18,018	12,918	15,564	49,313	10,464	7,907
180,482	137,449	118,975	125,935	130,982	109,262
391,517	385,716	384,692	376,682	387,501	377,260
2,340	7,509	5,486	1,164	242,569	47,063
1,592	1,945	1,329	975	9,410	26,811
72,795	77,318	68,540	150,850	44,916	46,895
<u>2,966,146</u>	<u>3,031,884</u>	<u>3,118,811</u>	<u>3,319,830</u>	<u>3,422,584</u>	<u>3,245,062</u>
512,643	504,579	477,646	501,069	494,873	561,538
1,211,165	1,307,301	1,294,740	1,363,340	1,444,401	1,596,469
				230,848	35,415
909,788	933,036	886,983	821,139	893,017	798,296
<u>2,633,596</u>	<u>2,744,916</u>	<u>2,659,369</u>	<u>2,685,548</u>	<u>3,063,139</u>	<u>2,991,718</u>
<u>\$ 332,550</u>	<u>\$ 286,968</u>	<u>\$ 459,442</u>	<u>\$ 634,282</u>	<u>\$ 359,445</u>	<u>\$ 253,344</u>
0.0%	0.0%	0.0%	0.0%	0.0%	0.0%

# **CITY OF WEST ORANGE, TEXAS**

## **GENERAL GOVERNMENTAL TAX REVENUES BY SOURCE**

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

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

**Table 6**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 821,544	\$ 804,340	\$ 855,967	\$ 903,523	\$ 924,039	\$ 908,301
516,624	520,197	544,998	543,935	550,888	609,669
5,068	5,023	6,269	6,679	6,356	5,285
204,525	201,085	213,449	224,623	231,011	227,073
4,499	4,258	5,123	5,691	4,761	5,346
260,722	275,880	265,085	264,929	264,872	257,653
<u>\$ 1,812,982</u>	<u>\$ 1,810,783</u>	<u>\$ 1,890,891</u>	<u>\$ 1,949,380</u>	<u>\$ 1,981,927</u>	<u>\$ 2,013,327</u>

# **CITY OF WEST ORANGE, TEXAS**

## **TAXABLE SALES BY CATEGORY**

### **Last Ten Fiscal Years** **(Unaudited)**

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>
Manufacturing	\$ 2,360,088	\$ 1,247,677	\$ 688,074	\$ 1,467,960
Construction	1,024,439	1,593,535	597,788	
Wholesale Trade				114,627
Retail Trade	139,379,899	160,095,485	144,246,606	150,736,064
Finance/Insurance	58,366			35,440
Real Estate/Rental/Leasing				
Professional/Technical	610,401	366,945	905,597	313,497
Admin/Waste Management		15,229		
Entertainment/Recreation	94,214	11,120		
Accommodation/Food Service	6,365,083	6,474,788	7,133,549	6,963,120
Other Services	2,860,780	3,594,254	3,048,709	4,771,400
City Direct Sales Tax Rate	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %

**Source** - Texas Comptroller of Public Accounts.

\* Represents the first three quarters of the 2017 fiscal year. The fourth quarter is not currently available.



Table 7

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017*</b>
\$ 1,922,426	\$ 2,683,365	\$ 5,354,248	\$ 5,536,985	\$ 3,663,061	\$ 3,761,843
	797,778	2,235,763	1,448,909	9,084,692	5,148,109
137,283	137,568				
165,893,897	168,941,862	177,190,218	181,463,627	183,668,969	144,809,340
149,544		64,503			
		177,775	178,706	186,397	186,397
915,290	424,530				
		207,604	215,090	158,890	178,658
7,282,013	7,312,086	8,631,776	9,654,090	10,046,928	7,306,205
5,873,484	4,653,668	5,620,305	5,188,361	5,129,147	3,892,522
0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %	0.0125000 %

# CITY OF WEST ORANGE, TEXAS

Table 8

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

### Last Ten Fiscal Years (Unaudited)

<u>Fiscal Year Ended Sept. 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Real Property</u>	<u>Total Taxable Assessed Value (1)</u>	<u>Total Direct Tax Rate</u>
2008	\$ 73,566,458	\$ 31,006,338	\$ 31,637,432	\$ 28,127,833	\$ 108,082,395	0.42939
2009	75,498,311	33,926,751	31,431,568	28,194,948	112,661,682	0.42939
2010	67,613,949	33,394,771	32,970,969	23,867,436	110,112,253	0.42939
2011	77,160,698	35,012,530	30,550,748	25,620,193	117,103,783	0.41934
2012	78,217,805	36,453,156	30,599,836	25,501,149	119,769,648	0.42500
2013	77,790,391	36,868,109	34,472,526	25,738,320	123,392,706	0.42500
2014	77,658,002	37,148,182	36,336,024	25,072,090	126,070,118	0.42500
2015	78,733,073	36,157,121	35,229,837	24,488,265	125,631,766	0.42500
2016	80,056,160	35,233,354	36,376,238	24,855,869	126,809,883	0.42500
2017	82,840,347	35,964,573	46,719,602	24,156,484	141,368,038	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)**

<b>Fiscal Year</b>	<b>Tax Year</b>	<b>Direct Rate</b>	<b>Overlapping Rates (1)</b>		<b>Totals</b>
		<b>City of West Orange</b>	<b>West Orange Cove CISD</b>	<b>Orange County (2)</b>	
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
2013	2012	0.42500	1.42774	0.54400	2.39674
2014	2013	0.42500	1.42774	0.54400	2.39674
2015	2014	0.42500	1.42774	0.65905	2.51179
2016	2015	0.42500	1.42500	0.65891	2.50891
2017	2016	0.42500	1.42500	0.66282	2.51282

**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	2017			2008		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
G E Betz-Betz Dearborn	\$ 9,371,510	1	6.63 %	\$ 9,885,860	1	9.15 %
Wal-Mart Store #00777	6,824,797	2	4.83	8,459,908	2	7.83
Wal-Mart Stores Inc.	6,005,962	3	4.25	7,041,603	3	6.52
Granger Chevrolet	4,115,641	4	2.91			
Albanese Real Estate	3,900,741	5	2.76	3,831,444	4	3.54
Entergy Texas, Inc.	2,717,980	6	1.92	1,749,080	5	1.62
STI Group, Inc.	2,386,270	7	1.69			
EAN Holdings, LLC	2,288,646	8	1.62			
Union Pacific Railroad Company	2,095,570	9	0.82	862,060	7	0.80
Orange Building, LLC	1,164,597	10	1.48			
Dupont Employees Rec Assn.				1,501,280	6	1.39
Boyett Construction				827,921	9	0.77
Metal Depot, Inc.				847,387	8	0.78
Citadel W.O. Partners, LTD				772,901	10	0.72
Subtotal	40,871,714		28.91	35,779,444		33.10
Other taxpayers	100,496,324		71.09	72,302,951		66.90
Totals	<u>\$ 141,368,038</u>		<u>100.00</u>	<u>\$ 108,082,395</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
2008	0.42939	\$ 464,095	\$ 445,096	95.91	\$ 16,287	\$ 461,383	99.42%
2009	0.42939	483,758	465,330	96.19	15,181	480,511	99.33%
2010	0.42939	472,811	438,942	92.84	29,177	468,119	99.01%
2011	0.41934	491,063	466,700	95.04	17,678	484,378	98.64%
2012	0.42500	509,021	481,477	94.59	18,220	499,697	98.17%
2013	0.42500	524,419	496,513	94.68	17,668	514,181	98.05%
2014	0.42500	535,798	509,163	95.03	14,620	523,783	97.76%
2015	0.42500	533,935	510,518	95.61	9,002	519,520	97.30%
2016	0.42500	538,942	510,673	94.75	8,321	518,994	96.30%
2017	0.42500	600,814	574,775	95.67		574,775	95.67%

**Source** - Tax assessor/collector's records.

# CITY OF WEST ORANGE, TEXAS

Table 12

## RATIOS OF OUTSTANDING DEBT BY TYPE

### Last Ten Fiscal Years (Unaudited)

<b>Fiscal Year Ended Sept. 30,</b>	<b>Governmental Activities Capital Leases</b>	<b>Total Primary Government</b>	<b>% of Personal Income *</b>	<b>Per Capita *</b>
2008	\$ **	\$ **	**	**
2009	**	**	**	**
2010	**	**	**	**
2011	**	**	**	**
2012	**	**	**	**
2013	**	**	**	**
2014	**	**	**	**
2015	**	**	**	**
2016	**	**	**	**
2017	**	**	**	**

\* See the Schedule of Demographic and Economic Statistics (Table 15) 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, 2017

(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	\$ 48,500,000	6.2894 %	\$ 3,050,359
Subtotal, overlapping debt			3,050,359
<b>City Direct Debt</b>			
<b>Total Direct and Overlapping Debt</b>			<u>\$ 3,050,359</u>

**Sources** - 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 Ten Fiscal Years (Unaudited)

	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Debt limit	\$ 10,808,240	\$ 11,266,168	\$ 11,011,225	\$ 11,710,378
Total net debt applicable to limit				
Legal debt margin	<u>\$ 10,207,162</u>	<u>\$ 11,266,162</u>	<u>\$ 11,011,230</u>	<u>\$ 11,710,381</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	\$ 108,082,395	\$ 112,661,682	\$ 110,112,253	\$ 117,103,783
Debt limit (10% of assessed value)	<u>10,808,240</u>	<u>11,266,168</u>	<u>11,011,225</u>	<u>11,710,378</u>
Legal debt margin	<u>\$ 10,808,240</u>	<u>\$ 11,266,168</u>	<u>\$ 11,011,225</u>	<u>\$ 11,710,378</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 ten fiscal years.



**Table 14**

<b>2012</b>	<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
\$ 11,976,965	\$ 12,339,271	\$ 12,607,012	\$ 12,563,177	\$ 12,680,988	\$ 14,136,804
\$ 11,976,962	\$ 12,339,270	\$ 12,607,009	\$ 12,563,177	\$ 12,680,988	\$ 14,136,804
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 119,769,648	\$ 123,392,706	\$ 126,070,118	\$ 125,631,766	\$ 126,809,883	\$ 141,368,038
11,976,965	12,339,271	12,607,012	12,563,177	12,680,988	14,136,804
\$ 11,976,965	\$ 12,339,271	\$ 12,607,012	\$ 12,563,177	\$ 12,680,988	\$ 14,136,804

**CITY OF WEST ORANGE, TEXAS**  
**DEMOGRAPHIC AND ECONOMIC STATISTICS**

Table 15

**Last Ten Fiscal Years**  
**(Unaudited)**

<b>Fiscal Year Ended Sept. 30,</b>	<b>Population (1)</b>	<b>Personal Income (1)</b>	<b>Per Capita Personal Income (1)</b>	<b>Median Age (1)</b>	<b>School Enrollment (2)</b>	<b>Unemployment Rate</b>
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
2013	3,443	58,114,397	16,879	33	2,100	n/a
2014	3,412	61,364,820	17,985	38	3,434	n/a
2015	3,455	75,895,985	21,967	38	2,417	n/a
2016	3,458	94,026,478	27,191	41	2,446	n/a
2017	3,454	107,761,346	31,199	39	2,386	n/a

n/a - information not available.

**Data sources:**

**(1)** Bureau of the Census.

**(2)** West Orange Cove CISD.

# CITY OF WEST ORANGE, TEXAS

Table 16

## PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago  
(Unaudited)

Employer	2017			2008		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Wal-Mart	346	1	22.08%	415	1	25.18%
WOCCISD	123	2	7.85%	193	2	11.71%
Granger Chevrolet	70	3	4.47%	35	6	2.12%
GE Water & Process Technology (formerly Betz Labs)	52	4	3.32%	45	3	2.73%
Akrotex, Inc.	35	5	2.23%	35	4	2.12%
West Orange Bus Service	30	6	1.91%			
Sonic Drive-In	24	7	1.53%	25	8	1.52%
City of West Orange	21	8	1.34%	25	7	1.52%
Burke's Outlet	15	9	0.96%			
Little Giant/TMRX	5	10	0.32%	15	10	0.91%
Laidlaw Transit				35	5	2.12%
Goody's				25	9	1.52%
<b>Total</b>	<b>721</b>		<b>46.01%</b>	<b>848</b>		<b>51.46%</b>

Source - City records.

# 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									
	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
General government	6	5	5	5	5	5	5	5	5	5
Public safety										
Police										
Officers	8	8	9	9	9	9	9	9	9	8
Civilians	1	2	2	2	2	2	2	2	2	2
Fire										
Firefighters	0	0	0	0	0	0	0	0	0	0
Civilians	0	0	0	0	0	0	0	0	0	0
Public works										
Streets and sanitation	8	10	8	8	7	7	7	7	6	5
Maintenance and operations	2	1	1	1	1	1	1	1	1	1
<b>Totals</b>	<u>25</u>	<u>26</u>	<u>25</u>	<u>25</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>23</u>	<u>21</u>

**Source** - City personnel records.

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**CITY OF WEST ORANGE, TEXAS**  
**OPERATING INDICATORS BY FUNCTION**

**Last Ten Fiscal Years**  
**(Unaudited)**

	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>
<b>Function:</b>					
<b>Police</b>					
Arrests	543	591	721	621	669
Accident reports	68	89	53	58	51
Citations	1,788	1,099	1,931	1,562	1,284
Offense reports	776	796	827	703	1,269
Calls for service	3,794	3,391	3,721	2,895	3,255
<b>Fire</b>					
Emergency responses	24	24	11	34	16
Fire incidents	16	23	21	10	15
Service calls and other calls	7	3	20	11	10
Automatic aid, mutual aid given	1	10	15	18	9

**Source** - Various City departments.

**Table 18**

<b>2013</b>	<b>2014</b>	<b>2015</b>	<b>2016</b>	<b>2017</b>
595	593	521	479	368
48	62	71	66	56
1,218	994	1,131	1,194	854
708	611	626	592	497
2,472	3,274	3,501	3,802	3,999
25	14	29	14	31
11	15	10	8	16
26	27	13	16	12
8	11	5	7	4

# **CITY OF WEST ORANGE, TEXAS**

Table 19

## **CAPITAL ASSETS STATISTICS BY FUNCTION**

### **Last Ten Fiscal Years** **(Unaudited)**

<b><u>Function</u></b>	<b><u>2008</u></b>	<b><u>2009</u></b>	<b><u>2010</u></b>	<b><u>2011</u></b>	<b><u>2012</u></b>	<b><u>2013</u></b>	<b><u>2014</u></b>	<b><u>2015</u></b>	<b><u>2016</u></b>	<b><u>2017</u></b>
Public safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	8	6	6	7	7	7	7	7	7	8
Fire										
Stations	1	1	1	1	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.