



Comprehensive Annual Financial Report

City of West Orange, Texas

**For the Fiscal Year Ended
September 30, 2018**

Comprehensive Annual Financial Report

of the

City of West Orange, Texas

**Fiscal Year Ended
September 30, 2018**



Officials Issuing Report

**Roy McDonald
Mayor**

**Theresa Van Meter
City Secretary**

CITY OF WEST ORANGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2018

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CITY OF WEST ORANGE, TEXAS

COMPREHENSIVE ANNUAL FINANCIAL REPORT

Year Ended September 30, 2018

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City of West Orange, Texas

2700 Western Avenue * West Orange, Texas 77630-6136
Ph (409)883-3468 * Fax (409)882-0652

February 20, 2019

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, 2018, 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, 2018, 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, 2018, 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 3,419. 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 \$134.5 million for fiscal year 2018, which is a decrease of approximately \$6.8 million from the previous fiscal year.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund amounted to \$2,797,863 as of September 30, 2018. 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, 2017. 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 twenty-first 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, 2017 (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, 2017

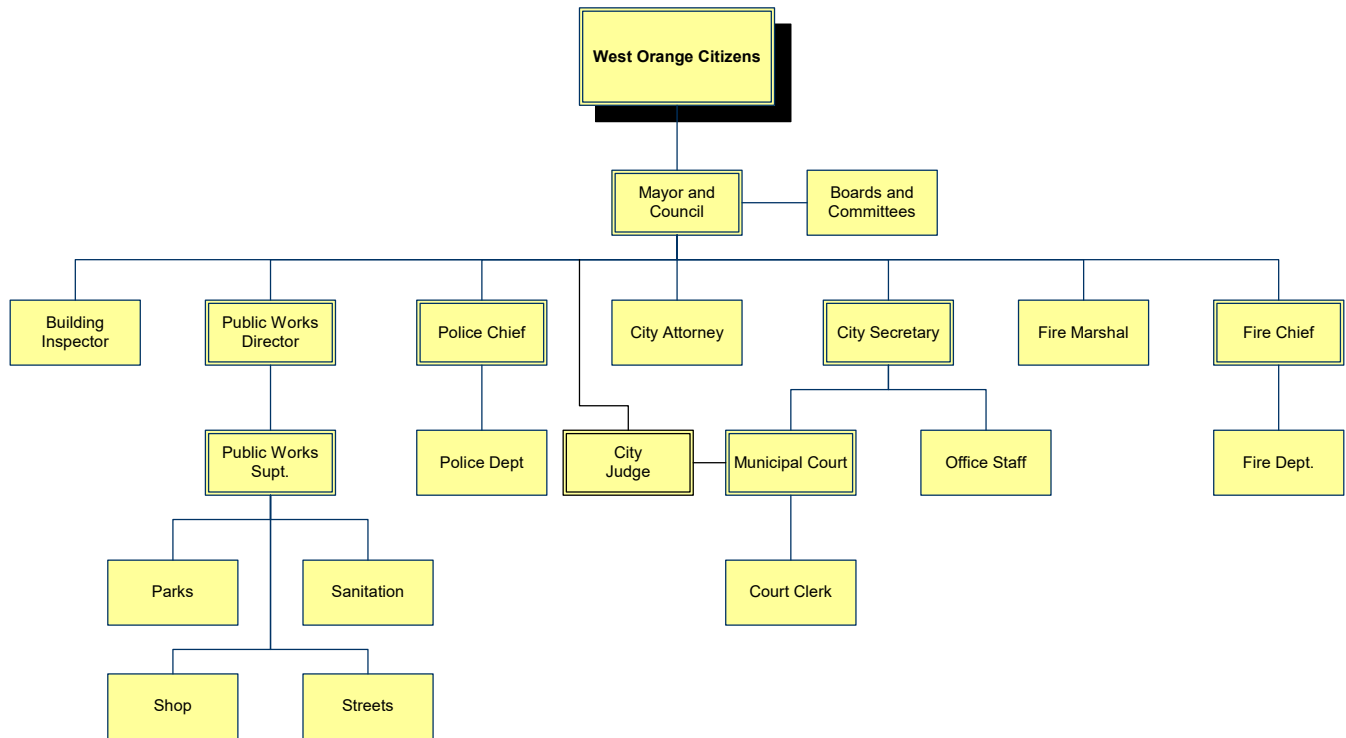
Christopher P. Morill

Executive Director/CEO

CITY OF WEST ORANGE, TEXAS

ORGANIZATIONAL CHART

Fiscal Year 2017-2018



CITY OF WEST ORANGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2018

| City Officials | Elective Position | Term Expires |
|-----------------------|--------------------------------|---------------------|
| Roy McDonald | Mayor | 2019 |
| Shirley Bonnin | Council Member (Mayor Pro Tem) | 2020 |
| Dale Dardeau | Council Member | 2020 |
| Frances Drodgy-Lopez | Council Member | 2019 |
| Randy Branch | Council Member | 2019 |
| Mike Shugart | Council Member | 2020 |

| Key Staff | Position |
|-------------------|-----------------------------------|
| Theresa Van Meter | City Secretary * |
| Rex Peveto | City Attorney * |
| Michael Stelly | Police Chief * |
| Terry Veitch | Fire Chief * |
| Carl Thibodeaux | 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, 2018, 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, 2018, 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 20, 2019

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, 2018.

FINANCIAL HIGHLIGHTS

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$5,797,145 (net position).
- As of September 30, 2018, the City's governmental funds reported an ending fund balance of \$5,082,537.
- The City's cash balance as of September 30, 2018, was \$5,085,007, representing an increase of \$794,694 from September 30, 2017.
- The City had expenses net of program revenues of \$2,315,696 and general revenues of \$2,919,181, resulting in a net increase in net position of \$603,485 for the year ended September 30, 2018.
- As of September 30, 2018, unassigned fund balance for the General Fund was \$2,797,863, or 104.1 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 \$5,797,145 as of September 30, 2018.

The largest portion of the City's net position (44.7 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 (39.4 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 (15.9 percent) represents unrestricted financial resources available for future operations.

SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2018 and 2017

| | Governmental Activities | |
|---|------------------------------------|---------------------|
| | 2018 | 2017 |
| Current and other assets | \$ 5,342,928 | \$ 4,526,459 |
| Capital assets, net | 2,589,006 | 2,707,708 |
| Total Assets | 7,931,934 | 7,234,167 |
| Deferred outflows of resources | 198,046 | 582,300 |
| Total Deferred Outflows of Resources | 198,046 | 582,300 |
| Long-term liabilities | 1,938,606 | 2,418,080 |
| Other liabilities | 146,162 | 168,532 |
| Total Liabilities | 2,084,768 | 2,586,612 |
| Deferred inflows of resources | 248,067 | 37,105 |
| Total Deferred Inflows of Resources | 248,067 | 37,105 |
| Net Position: | | |
| Net investment in capital assets | 2,589,006 | 2,707,708 |
| Restricted | 2,283,893 | 2,006,653 |
| Unrestricted | 924,246 | 479,299 |
| Total Net Position | \$ 5,797,145 | \$ 5,193,660 |

As of September 30, 2018, current and other assets increased by \$816,469 from the prior year. This increase can mainly be attributed to an increase in cash and cash equivalents balances in the General Fund resulting from an excess of revenues over budgeted amounts as well as expenditures for the fiscal year being less than amounts budgeted.

As of September 30, 2018, deferred outflows of resources decreased by \$384,254 from the prior year. This decrease can be attributed to differences between projected and actual investment earnings, relating to pension activities.

As of September 30, 2018, long-term liabilities decreased by \$479,474 from the prior year. This decrease can be attributed to a decrease in the net pension liability resulting from higher than projected investment earnings in the City's pension plan.

As of September 30, 2018, deferred inflows of resources increased by \$210,962 from the prior year. This increase can be attributed to differences between projected and actual investment earnings, relating to pension activities.

Net position of the City, all of which relates to governmental activities, increased by \$603,485. Key elements of the increase are as follows:

CHANGES IN NET POSITION
For the Fiscal Years Ended September 30, 2018 and 2017

| | Governmental Activities | |
|--|------------------------------------|---------------------|
| | 2018 | 2017 |
| Revenues | | |
| Program revenues: | | |
| Charges for services | \$ 493,234 | \$ 500,973 |
| Operating grants and contributions | 743,203 | 51,042 |
| General revenues: | | |
| Property taxes, penalties and interest | 624,499 | 609,669 |
| Other taxes | 1,517,231 | 1,403,658 |
| Payments in lieu of property taxes | 637,013 | 624,797 |
| Investment earnings | 82,197 | 26,811 |
| Other | 58,241 | 36,372 |
| Total Revenues | 4,155,618 | 3,253,322 |
| Expenses | | |
| General government | 566,878 | 602,122 |
| Public safety | 1,778,147 | 1,653,767 |
| Public works | 914,805 | 992,942 |
| Health and safety | 292,303 | 35,415 |
| Total Expenses | 3,552,133 | 3,284,246 |
| Change in Net Position | 603,485 | (30,924) |
| Net Position, Beginning | 5,193,660 | 5,224,584 |
| Net Position, Ending | \$ 5,797,145 | \$ 5,193,660 |

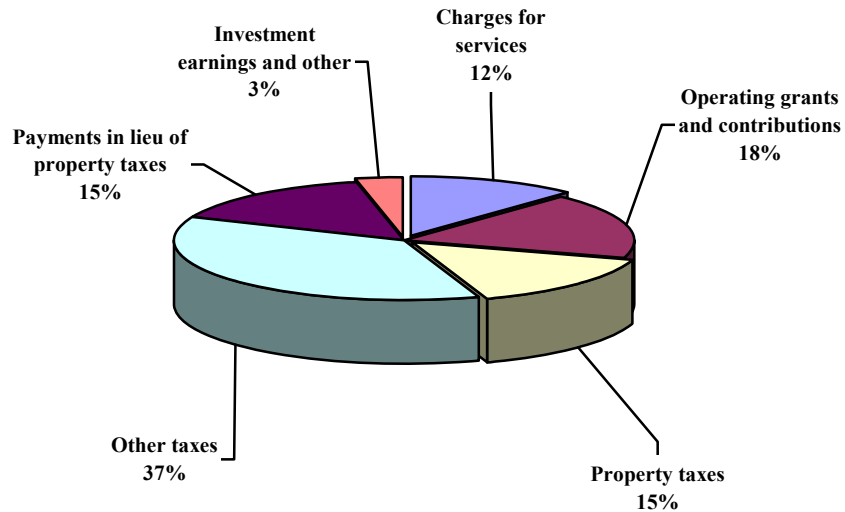
During the 2018 fiscal year, operating grants and contributions increased by \$692,161 due to grant funds that were received for disaster assistance related to Hurricane Harvey and a water improvement project.

During the 2018 fiscal year, investment earnings increased by \$55,386 due to higher interest earnings on all interest-bearing accounts.

During the 2018 fiscal year, health and safety expenses increased by \$256,888 due to grant funds expended on a water improvement project.

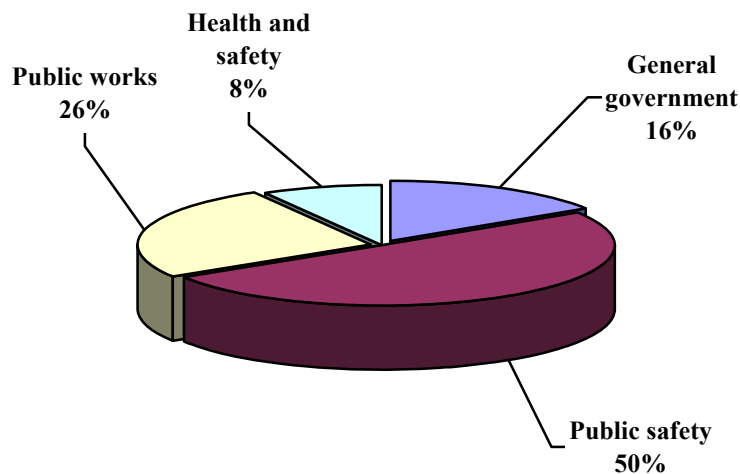
Graphic presentations of selected current year data from the changes in net position table follow in order to assist in the analysis of the City's activities.

GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2018, revenues from governmental activities totaled \$4,155,618.

GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2018, expenses from governmental activities totaled \$3,552,133, the largest portions of which relate to public safety (50.1%) and public works (25.8%).

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, 2018, the City's governmental funds, which consist of a general fund and special revenues funds, reported an ending fund balance of \$5,082,537, which is an increase of \$834,084 from last year's total of \$4,248,453. The General Fund, the City's main operating fund, had an ending fund balance of \$4,882,659, a \$838,100 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 \$446,000, as well as actual expenditures in various departments being significantly less than budgeted amounts in the 2018 fiscal year. Revenues in excess of amounts budgeted for sales taxes, road maintenance taxes, intergovernmental revenues and investment earnings account for approximately \$378,000 of this excess and can be attributed to increased economic growth, increased intergovernmental grant revenues and higher interest earnings on all interest-bearing accounts during the 2018 fiscal year. Significant differences between final budgeted amounts and actual expenditures in various departments are discussed in the following paragraph.

In fiscal year 2018, the City planned for a decrease in fund balance in the General Fund of \$527,672, however, the actual change in fund balance was an increase of \$838,100. For the 2018 fiscal year, Police expenditures were less than final budgeted amounts by \$255,022, which can be attributed to vacant employee positions as well as two new vehicles that were budgeted for but only one was purchased. For the 2018 fiscal year, Sanitation actual expenditures were less than final budgeted amounts by \$149,536, which is due to vacant employee positions and less spent on the City's sanitation contract than was budgeted. Streets actual expenditures in FY 2018 were less than budgeted amounts by \$372,596, which can be attributed to vacant employee positions and budgeted street maintenance amounts that were not spent during the 2018 fiscal year. The City has been recovering from a recent hurricane, and therefore, street maintenance projects were delayed.

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 104.1 percent of total General Fund expenditures. The nonmajor Special Revenue Funds reported an ending fund balance of \$199,878.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's net investment in capital assets as of September 30, 2018, amounts to \$2,589,006 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, machinery and equipment and infrastructure.

CAPITAL ASSETS SCHEDULE

| | Governmental Activities | |
|----------------------------------|----------------------------|---------------------|
| | 2018 | 2017 |
| Land | \$ 671,798 | \$ 671,798 |
| Buildings | 1,596,654 | 1,596,654 |
| Machinery and equipment | 1,721,634 | 1,643,732 |
| Infrastructure | 4,798,303 | 4,798,303 |
| Less: accumulated depreciation | (6,199,383) | (6,002,779) |
| Total Capital Assets, Net | \$ 2,589,006 | \$ 2,707,708 |

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, 2018, the City's long-term liabilities consisted of compensated absences which amounted to \$284,728, and the City's net pension liability which amounted to \$1,653,878. The City has established a separate bank account in which money is being accumulated for the payment of compensated absences. As of September 30, 2018, this bank account had a balance of \$150,532.

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 \$2,797,863 during the 2018 fiscal year. The City plans on continuing to increase fund balance in order to finance future capital projects as they arise.

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, 2018

| | Governmental Activities |
|--|------------------------------------|
| <u>Assets</u> | |
| Cash and cash equivalents | \$ 3,000,992 |
| Receivables | 257,140 |
| Prepaid expenses | 781 |
| Restricted cash and cash equivalents | 2,084,015 |
| Capital assets not being depreciated | 671,798 |
| Capital assets net of depreciation | 1,917,208 |
| Total Assets | 7,931,934 |
| <u>Deferred Outflows of Resources</u> | |
| Deferred pension items | 198,046 |
| Total Deferred Outflows of Resources | 198,046 |
| <u>Liabilities</u> | |
| Accounts payable and other current liabilities | 146,162 |
| Noncurrent liabilities: | |
| Due within one year | 28,473 |
| Due in more than one year | 1,910,133 |
| Total Liabilities | 2,084,768 |
| <u>Deferred Inflows of Resources</u> | |
| Deferred pension items | 248,067 |
| Total Deferred Inflows of Resources | 248,067 |
| <u>Net Position</u> | |
| Net investment in capital assets | 2,589,006 |
| Restricted for: | |
| Tourism | 32,975 |
| Municipal court | 107,390 |
| Road maintenance | 1,943,650 |
| Public safety | 186,214 |
| Public works | 13,664 |
| Unrestricted | 924,246 |
| Total Net Position | \$ 5,797,145 |

See Notes to Financial Statements.

CITY OF WEST ORANGE, TEXAS

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2018

| Functions/Programs | Expenses | <u>Program Revenues</u> |
|--------------------------------------|---------------------|------------------------------------|
| | | <u>Charges for Services</u> |
| Governmental Activities: | | |
| General government | \$ 566,878 | \$ 28,846 |
| Public safety | 1,778,147 | 105,886 |
| Public works | 914,805 | 358,502 |
| Health and safety | 292,303 | |
| Total Governmental Activities | \$ 3,552,133 | \$ 493,234 |
| General Revenues: | | |
| Property taxes | | |
| Sales taxes | | |
| Road maintenance taxes | | |
| Franchise taxes | | |
| Mixed beverage taxes | | |
| Hotel/motel occupancy taxes | | |
| Payments in lieu of property taxes | | |
| Investment earnings | | |
| Other | | |
| Total General Revenues | | |
| Change in Net Position | | |
| Net Position - Beginning | | |
| Net Position - Ending | | |

See Notes to Financial Statements.

| Program Revenues | Net (Expense) Revenue and Change in Net Position |
|-------------------------|---|
| Operating | Governmental |
| Grants and | Activities |
| Contributions | (Totals) |
| \$ 21,218 | \$ (516,814) |
| 125,866 | (1,546,395) |
| 303,816 | (252,487) |
| 292,303 | |
| <u>\$ 743,203</u> | <u>\$ (2,315,696)</u> |

| |
|---------------------|
| 624,499 |
| 993,957 |
| 248,487 |
| 260,080 |
| 6,669 |
| 8,038 |
| 637,013 |
| 82,197 |
| 58,241 |
| <u>2,919,181</u> |
| 603,485 |
| 5,193,660 |
| <u>\$ 5,797,145</u> |

CITY OF WEST ORANGE, TEXAS

Exhibit A-3

BALANCE SHEET GOVERNMENTAL FUNDS

September 30, 2018

| | <u>General Fund</u> | <u>Other Governmental Funds</u> | <u>Totals Governmental Funds</u> |
|--|-------------------------|---|--|
| <u>Assets</u> | | | |
| Cash and cash equivalents | \$ 2,801,114 | \$ 199,878 | \$ 3,000,992 |
| Receivables: | | | |
| Taxes | 240,645 | | 240,645 |
| Accounts | 5,181 | | 5,181 |
| Intergovernmental | | 11,314 | 11,314 |
| Prepaid items | 781 | | 781 |
| Restricted cash and cash equivalents | 2,084,015 | | 2,084,015 |
| Total Assets | <u>\$ 5,131,736</u> | <u>\$ 211,192</u> | <u>\$ 5,342,928</u> |
| <u>Liabilities, Deferred Inflows of Resources and Fund Balances</u> | | | |
| <u>Liabilities</u> | | | |
| Accounts payable and accrued liabilities | 134,848 | 11,314 | 146,162 |
| Total Liabilities | <u>134,848</u> | <u>11,314</u> | <u>146,162</u> |
| <u>Deferred Inflows of Resources</u> | | | |
| Unavailable revenues - property taxes | 114,229 | | 114,229 |
| Total Deferred Inflows of Resources | <u>114,229</u> | | <u>114,229</u> |
| <u>Fund Balances</u> | | | |
| Nonspendable | 781 | | 781 |
| Restricted | 2,084,015 | 199,878 | 2,283,893 |
| Unassigned | 2,797,863 | | 2,797,863 |
| Total Fund Balances | <u>4,882,659</u> | <u>199,878</u> | <u>5,082,537</u> |
| Total Liabilities, Deferred Inflows of Resources and Fund Balances | <u>\$ 5,131,736</u> | <u>\$ 211,192</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. | | | \$ 2,589,006 |
| 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. | | | (284,728) |
| Deferred outflows of resources related to pension items (\$198,046) and deferred inflows of resources related to pension items (\$-248,067) are not due and payable in the current period and are therefore not reported in the funds. | | | (50,021) |
| The net pension liability is not due and payable in the current period and is therefore not reported in the funds. | | | (1,653,878) |
| Revenues that do not provide current financial resources are reported as unavailable in the funds. | | | 114,229 |
| Net Position of Governmental Activities | | | <u>\$ 5,797,145</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, 2018

| | General Fund | Other Governmental Funds | Totals Governmental Funds |
|------------------------------------|-------------------------|---|--|
| <u>Revenues</u> | | | |
| Property taxes | \$ 620,654 | \$ | \$ 620,654 |
| Other taxes | 1,517,231 | | 1,517,231 |
| Payments in lieu of property taxes | 637,013 | | 637,013 |
| Licenses and permits | 17,276 | | 17,276 |
| Fines and forfeitures | 92,732 | | 92,732 |
| Fees and charges for services | 374,816 | | 374,816 |
| Intergovernmental | 117,260 | 621,862 | 739,122 |
| Investment earnings | 78,760 | 3,437 | 82,197 |
| Other | 70,733 | | 70,733 |
| Total Revenues | 3,526,475 | 625,299 | 4,151,774 |
| <u>Expenditures</u> | | | |
| Current: | | | |
| General government | 520,794 | | 520,794 |
| Public safety | 1,342,371 | 337,012 | 1,679,383 |
| Health and safety | | 292,303 | 292,303 |
| Public works | 825,210 | | 825,210 |
| Total Expenditures | 2,688,375 | 629,315 | 3,317,690 |
| Net Change in Fund Balances | 838,100 | (4,016) | 834,084 |
| Fund Balances - Beginning | 4,044,559 | 203,894 | 4,248,453 |
| Fund Balances - Ending | \$ 4,882,659 | \$ 199,878 | \$ 5,082,537 |

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, 2018

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

| | |
|---|---------------------------------|
| Net change in fund balances - total governmental funds | \$ 834,084 |
| 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 (\$265,232) exceeded capital outlay (\$146,530) in the current period. | (118,702) |
| 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. | 3,845 |
| 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 (\$538,335), deferred outflows of resources (\$-384,254), deferred inflows of resources (\$-210,962) and accrued compensated absences (\$-58,861). | <u>(115,742)</u> |
| Change in Net Position of Governmental Activities | <u><u>\$ 603,485</u></u> |

See Notes to Financial Statements.

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CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

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

A. Reporting Entity

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

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. 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:

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

K. 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 and differences between expected and actual investment earnings.

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 and changes in actuarial assumptions.

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. 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 20, 2019, 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, 2018, are shown as follows:

| | <u>Carrying Amount</u> | <u>Fair Value</u> |
|--|-----------------------------------|------------------------------|
| Cash | \$ 5,085,007 | \$ 5,085,007 |
| Total Cash and Cash Equivalents | \$ 5,085,007 | \$ 5,085,007 |

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, 2018, 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 \$0.45000 per \$100 of assessed valuation. The resulting adjusted tax levy was \$605,470 for operations on the total adjusted taxable valuation of \$134,548,890 for the 2017 tax year.

Property taxes receivable, as of September 30, 2018, consists of the following:

| <u>Tax Year</u> | <u>General Fund</u> |
|------------------------|--------------------------------|
| 2017 | \$ 26,655 |
| 2016 | 17,870 |
| 2015 | 15,691 |
| 2014 | 11,934 |
| 2013 | 10,237 |
| 2012 and prior | 42,773 |
| | <u>\$ 125,160</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 and other governmental funds, including the applicable allowances for uncollectible accounts, are as follows:

| | General Fund | Other Governmental Funds | Totals |
|---------------------------------------|-------------------------|---|-------------------|
| Receivables: | | | |
| Taxes | \$ 251,576 | \$ | \$ 251,576 |
| Accounts | 5,181 | | 5,181 |
| Intergovernmental | | 11,314 | 11,314 |
| Gross receivables | 256,757 | 11,314 | 268,071 |
| Less: allowance for uncollectibles | (10,931) | | (10,931) |
| Net Total Receivables | \$ 245,826 | \$ 11,314 | \$ 257,140 |

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>\$ 114,229</u> |
|---|-------------------|

NOTE 5 - CAPITAL ASSETS

The following is a summary of changes in capital assets for the year ended September 30, 2018:

| | Balances Oct. 1, 2017 | Increases | Decreases | Balances Sept. 30, 2018 |
|---|----------------------------------|---------------------|------------------|------------------------------------|
| Governmental Activities: | | | | |
| 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 | 1,643,732 | 146,530 | (68,628) | 1,721,634 |
| Infrastructure | 4,798,303 | | | 4,798,303 |
| Total capital assets being depreciated | 8,038,689 | 146,530 | (68,628) | 8,116,591 |
| Less accumulated depreciation for: | | | | |
| Buildings | (850,525) | (44,421) | | (894,946) |
| Machinery and equipment | (1,416,488) | (100,895) | 68,628 | (1,448,755) |
| Infrastructure | (3,735,766) | (119,916) | | (3,855,682) |
| Total accumulated depreciation | (6,002,779) | (265,232) | 68,628 | (6,199,383) |
| Total capital assets being depreciated, net | 2,035,910 | (118,702) | | 1,917,208 |
| Governmental activities capital assets, net | <u>\$ 2,707,708</u> | <u>\$ (118,702)</u> | <u>\$</u> | <u>\$ 2,589,006</u> |

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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

| | |
|---|-------------------|
| Governmental Activities: | |
| General government | \$ 28,177 |
| Public safety | 76,493 |
| Public works | 160,562 |
| Total Depreciation Expense - Governmental Activities | \$ 265,232 |

NOTE 6 - LONG-TERM LIABILITIES

Changes in Long-Term Liabilities

Long-term liability activity for the year ended September 30, 2018, is as follows:

| | Balances | | | Balances | Amount |
|---------------------------------|---------------------|-------------------|---------------------|-----------------------|-------------------|
| | Oct. 1, 2017 | Increases | (Decreases) | Sept. 30, 2018 | Due Within |
| | | | | | One Year |
| Governmental Activities: | | | | | |
| Compensated absences | \$ 225,867 | \$ 125,839 | \$ (66,978) | \$ 284,728 | \$ 28,473 |
| Net pension liability | 2,192,213 | | (538,335) | 1,653,878 | |
| Totals | \$ 2,418,080 | \$ 125,839 | \$ (605,313) | \$ 1,938,606 | \$ 28,473 |

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. The General Fund is the only governmental fund that reports a positive unassigned fund balance amount. In other governmental funds, it is not appropriate to report a positive unassigned fund balance amount unless expenditures incurred for specific purposes exceed the amounts that are restricted, committed or assigned to those purposes in which case it may be necessary to report a negative unassigned fund balance in those funds.

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, 2018, were distributed as follows:

| | General Fund | Other Governmental Funds | Totals |
|------------------------|-------------------------|---|---------------------|
| Nonspendable: | | | |
| Prepays | \$ 781 | \$ | \$ 781 |
| Subtotal | 781 | | 781 |
| Restricted for: | | | |
| Tourism | 32,975 | | 32,975 |
| Municipal court | 107,390 | | 107,390 |
| Road maintenance | 1,943,650 | | 1,943,650 |
| Public safety | | 186,214 | 186,214 |
| Public works | | 13,664 | 13,664 |
| Subtotal | 2,084,015 | 199,878 | 2,283,893 |
| Unassigned | 2,797,863 | | 2,797,863 |
| Totals | <u>\$ 4,882,659</u> | <u>\$ 199,878</u> | <u>\$ 5,082,537</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.

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, 2017, valuation and measurement date, the following employees were covered by the benefit terms:

| | <u>2017</u> |
|--|--------------------|
| Inactive employees or beneficiaries currently receiving benefits | 20 |
| Inactive employees entitled to but not yet receiving benefits | 12 |
| Active employees | <u>21</u> |
| Totals | <u><u>53</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 20.33% and 19.99% in calendar years 2017 and 2018, respectively. The City's contributions to TMRS for the year ended September 30, 2018, were \$246,248, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability ("NPL") was measured as of December 31, 2017, 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, 2017, 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 improvements. For disabled annuitants, the gender-distinct RP2000 Combined Healthy Mortality

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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, 2017, 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 2018 are summarized in the following table:

| <u>Asset Class</u> | <u>Target Allocation</u> | <u>Long-Term Expected Real Rate of Return (Arithmetic)</u> |
|---------------------------|---------------------------------|---|
| 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 Position was projected to be available to make all projected future benefit payments of current active

CITY OF WEST ORANGE, TEXAS

Exhibit A-6

NOTES TO FINANCIAL STATEMENTS

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

| | Increase (Decrease) | | |
|---|------------------------------------|--|----------------------------------|
| | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability |
| | (a) | (b) | (a) - (b) |
| Balance at 12/31/16 | \$ 9,798,446 | \$ 7,606,233 | \$ 2,192,213 |
| Changes for the year: | | | |
| Service cost | 237,452 | | 237,452 |
| Interest (on the Total Pension Liability) | 656,717 | | 656,717 |
| Change of benefit terms | | | |
| Difference between expected and actual experience | (3,251) | | (3,251) |
| Changes of assumptions | | | |
| Contributions - employer | | 283,133 | (283,133) |
| Contributions - employee | | 97,488 | (97,488) |
| Net investment income | | 1,054,373 | (1,054,373) |
| Benefit payments, including refunds of employee contributions | (376,053) | (376,053) | |
| Administrative expense | | (5,463) | 5,463 |
| Other changes | | (278) | 278 |
| Net changes | \$ 514,865 | \$ 1,053,200 | \$ (538,335) |
| Balance at 12/31/17 | <u>\$ 10,313,311</u> | <u>\$ 8,659,433</u> | <u>\$ 1,653,878</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:

| | 1% Decrease in Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in Discount Rate (7.75%) |
|------------------------------|---|------------------------------|---|
| City's net pension liability | <u>\$ 3,047,930</u> | <u>\$ 1,653,878</u> | <u>\$ 499,610</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.

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, 2018, the City recognized pension expense of \$303,130.

At September 30, 2018, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Differences between expected and actual economic experience | \$ | \$ 27,845 |
| Changes in actuarial assumptions | 13,926 | |
| Difference between projected and actual investment earnings | | 220,222 |
| Contributions subsequent to the measurement date | 184,120 | |
| Totals | \$ 198,046 | \$ 248,067 |

\$184,120 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, 2019. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ended Dec 31: | Net Deferred Outflows (Inflows) of Resources |
|---------------------------|---|
| 2018 | \$ (1,220) |
| 2019 | (15,788) |
| 2020 | (108,941) |
| 2021 | (108,192) |
| 2022 | |
| Thereafter | <u>\$ (234,141)</u> |

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 (\$32,975), municipal court (\$107,390) and road maintenance (\$1,943,650). These restrictions are due to legislative requirements.

Fund balances in the non-major special revenue funds are restricted for public safety (\$186,214) and public works (\$13,664). 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 FUND BALANCE AND NET POSITION

The beginning fund balance of governmental funds and the beginning net position of governmental activities was restated from \$4,247,543 to \$4,248,453 and \$5,192,750 to \$5,193,660, respectively. During the 2018 fiscal year, the City received a refund for legal services that were paid for in the 2017 fiscal year.

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, 2018

| | <u>Budgeted Amounts</u> | | <u>Actual</u> | <u>Variance Positive (Negative)</u> |
|------------------------------------|-------------------------|---------------------|---------------------|---|
| | <u>Original</u> | <u>Final</u> | | |
| <u>Revenues</u> | | | | |
| Property taxes | \$ 600,000 | \$ 600,000 | \$ 620,654 | \$ 20,654 |
| Other taxes | 1,298,400 | 1,298,400 | 1,517,231 | 218,831 |
| Payments in lieu of property taxes | 636,800 | 636,800 | 637,013 | 213 |
| Licenses and permits | 9,025 | 9,025 | 17,276 | 8,251 |
| Fines and forfeitures | 123,150 | 123,150 | 92,732 | (30,418) |
| Fees and charges for services | 377,500 | 377,500 | 374,816 | (2,684) |
| Intergovernmental | | | 117,260 | 117,260 |
| Investment earnings | 8,000 | 8,000 | 78,760 | 70,760 |
| Other | 26,970 | 26,970 | 70,733 | 43,763 |
| Total Revenues | <u>3,079,845</u> | <u>3,079,845</u> | <u>3,526,475</u> | <u>446,630</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| General government | 596,016 | 596,016 | 520,794 | 75,222 |
| Public safety | 1,642,568 | 1,642,568 | 1,342,371 | 300,197 |
| Public works | 1,365,933 | 1,368,933 | 825,210 | 543,723 |
| Total Expenditures | <u>3,604,517</u> | <u>3,607,517</u> | <u>2,688,375</u> | <u>919,142</u> |
| Net Change in Fund Balance | (524,672) | (527,672) | 838,100 | 1,365,772 |
| Fund Balance - Beginning | <u>4,044,559</u> | <u>4,044,559</u> | <u>4,044,559</u> | |
| Fund Balance - Ending | <u>\$ 3,519,887</u> | <u>\$ 3,516,887</u> | <u>\$ 4,882,659</u> | <u>\$ 1,365,772</u> |

CITY OF WEST ORANGE, TEXAS

Exhibit B-2

NOTES TO REQUIRED SUPPLEMENTARY INFORMATION

A. Budgets and Budgetary Accounting

An annual appropriated budget is adopted for the General Fund on a basis consistent with generally accepted accounting principles. All annual appropriations lapse at fiscal year-end.

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.

CITY OF WEST ORANGE, TEXAS

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

Last Ten Years*

| | <u>2017</u> | <u>2016</u> | <u>2015</u> | <u>2014</u> |
|---|----------------------|---------------------|---------------------|---------------------|
| Total Pension Liability | | | | |
| Service cost | \$ 237,452 | \$ 233,927 | \$ 217,004 | \$ 189,272 |
| Interest (on the total pension liability) | 656,717 | 625,802 | 616,052 | 578,003 |
| Changes of benefit terms | | | | |
| Difference between expected and actual experience | (3,251) | (22,744) | (78,873) | 84,378 |
| Change of assumptions | | | 73,605 | |
| Benefit payments, including refunds of employee contributions | (376,053) | (385,419) | (346,287) | (297,650) |
| Net Change in Total Pension Liability | 514,865 | 451,566 | 481,501 | 554,003 |
| Total Pension Liability - Beginning | 9,798,446 | 9,346,880 | 8,865,379 | 8,311,376 |
| Total Pension Liability - Ending (a) | <u>\$ 10,313,311</u> | <u>\$ 9,798,446</u> | <u>\$ 9,346,880</u> | <u>\$ 8,865,379</u> |
| Plan Fiduciary Net Position | | | | |
| Contributions - employer | \$ 283,133 | \$ 275,002 | \$ 255,152 | \$ 242,989 |
| Contributions - employee | 97,488 | 95,203 | 91,453 | 86,870 |
| Net investment income | 1,054,373 | 482,885 | 10,536 | 384,861 |
| Benefit payments, including refunds of employee contributions | (376,053) | (385,419) | (346,287) | (297,650) |
| Administrative expense | (5,463) | (5,453) | (6,417) | (4,018) |
| Other | (278) | (294) | (317) | (330) |
| Net Change in Plan Fiduciary Net Position | 1,053,200 | 461,924 | 4,120 | 412,722 |
| Plan Fiduciary Net Position - Beginning | 7,606,233 | 7,144,309 | 7,140,189 | 6,727,467 |
| Plan Fiduciary Net Position - Ending (b) | <u>\$ 8,659,433</u> | <u>\$ 7,606,233</u> | <u>\$ 7,144,309</u> | <u>\$ 7,140,189</u> |
| Net Pension Liability - Ending (a) - (b) | <u>\$ 1,653,878</u> | <u>\$ 2,192,213</u> | <u>\$ 2,202,571</u> | <u>\$ 1,725,190</u> |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 83.96% | 77.63% | 76.44% | 80.54% |
| Covered Payroll | \$ 1,392,680 | \$ 1,360,043 | \$ 1,306,467 | \$ 1,241,005 |
| Net Pension Liability as a Percentage of Covered Payroll | 118.76% | 161.19% | 168.59% | 139.02% |

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

Exhibit B-3

| 2013 | | 2012 | | 2011 | | 2010 | | 2009 | | 2008 | |
|------|-----|------|-----|------|-----|------|-----|------|-----|------|-----|
| \$ | 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

| | <u>2018</u> | <u>2017</u> | <u>2016</u> | <u>2015</u> |
|--|--------------------------|--------------------------|--------------------------|--------------------------|
| Actuarially Determined Contributions | \$ 246,248 | \$ 287,979 | \$ 279,974 | \$ 252,975 |
| Contributions in Relation to the Actuarially Determined Contributions | <u>\$ 246,248</u> | <u>\$ 287,979</u> | <u>\$ 279,974</u> | <u>\$ 252,975</u> |
| Contribution Deficiency (Excess) | \$ | \$ | \$ | \$ |
| Covered Payroll | \$ 1,226,668 | \$ 1,418,315 | \$ 1,397,212 | \$ 1,294,403 |
| Contributions as a Percentage of Covered Payroll | 20.07% | 20.30% | 20.04% | 19.54% |

Exhibit B-4

| 2014 | 2013 | 2012 | 2011 | 2010 | 2009 |
|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 240,164 | \$ 239,240 | \$ 240,112 | \$ 258,110 | \$ 251,734 | \$ 225,123 |
| \$ 240,164 | \$ 239,240 | \$ 240,112 | \$ 258,110 | \$ 251,734 | \$ 225,123 |
| \$ | \$ | \$ | \$ | \$ | \$ |
| \$ 1,228,333 | \$ 1,239,313 | \$ 1,214,844 | \$ 1,153,932 | \$ 1,113,515 | \$ 1,104,882 |
| 19.55% | 19.30% | 19.76% | 22.37% | 22.61% | 20.38% |

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 | 28 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.

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, 2018

| | Special Revenue Funds | | | |
|--|----------------------------------|--|---------------------------------------|--|
| | Police- Public Safety Fund | Police- Seizure & Forfeiture Fund | Police- State Education Fund | Police- Federal Asset Forfeiture Fund |
| <u>Assets</u> | | | | |
| Cash and cash equivalents | \$ 64,589 | \$ 11,065 | \$ 8,330 | \$ 16,894 |
| Receivables: | | | | |
| Intergovernmental | | | | |
| Total Assets | \$ 64,589 | \$ 11,065 | \$ 8,330 | \$ 16,894 |
| <u>Liabilities</u> | | | | |
| Accounts payable | | | | |
| Total Liabilities | | | | |
| <u>Fund Balances</u> | | | | |
| Restricted | 64,589 | 11,065 | 8,330 | 16,894 |
| Total Fund Balances | 64,589 | 11,065 | 8,330 | 16,894 |
| Total Liabilities and Fund Balances | \$ 64,589 | \$ 11,065 | \$ 8,330 | \$ 16,894 |

| Police- Federal Treasury Asset Forfeiture Fund | Demolition Grant Fund | Disaster Recovery Grant Fund | Water Improvements Grant Fund | Totals Non-Major Governmental Funds |
|---|----------------------------------|---|--|--|
| \$ 85,336 | \$ 7,934 | \$ 5,730 | \$ | \$ 199,878 |
| | | 11,314 | | 11,314 |
| <u>\$ 85,336</u> | <u>\$ 7,934</u> | <u>\$ 17,044</u> | <u>\$</u> | <u>\$ 211,192</u> |
| | | 11,314 | | 11,314 |
| | | 11,314 | | |
| <u>85,336</u> | <u>7,934</u> | <u>5,730</u> | | <u>199,878</u> |
| <u>85,336</u> | <u>7,934</u> | <u>5,730</u> | | <u>199,878</u> |
| <u>\$ 85,336</u> | <u>\$ 7,934</u> | <u>\$ 17,044</u> | <u>\$</u> | <u>\$ 211,192</u> |

CITY OF WEST ORANGE, TEXAS

COMBINING STATEMENT OF REVENUES,

EXPENDITURES AND CHANGES IN FUND BALANCES

NON-MAJOR GOVERNMENTAL FUNDS

Year Ended September 30, 2018

| | Special Revenue Funds | | | |
|---|----------------------------------|--|---------------------------------------|--|
| | Police- Public Safety Fund | Police- Seizure & Forfeiture Fund | Police- State Education Fund | Police- Federal Asset Forfeiture Fund |
| <u>Revenues</u> | | | | |
| Intergovernmental revenue | \$ 31,500 | \$ | \$ 1,144 | \$ |
| Investment earnings | 1,255 | 197 | 142 | 283 |
| Total Revenues | <u>32,755</u> | <u>197</u> | <u>1,286</u> | <u>283</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Public safety | 38,127 | 1,000 | 970 | |
| Health and safety | | | | |
| Total Expenditures | <u>38,127</u> | <u>1,000</u> | <u>970</u> | |
| Net Change in Fund Balances | (5,372) | (803) | 316 | 283 |
| Fund Balances, Beginning of Year | <u>69,961</u> | <u>11,868</u> | <u>8,014</u> | <u>16,611</u> |
| Fund Balances, End of Year | <u>\$ 64,589</u> | <u>\$ 11,065</u> | <u>\$ 8,330</u> | <u>\$ 16,894</u> |

| Police- Federal Treasury Asset Forfeiture Fund | Demolition Grant Fund | Disaster Recovery Grant Fund | Water Improvements Grant Fund | Totals Non-Major Governmental Funds |
|---|----------------------------------|---|--|--|
| \$ | \$ | \$ 296,915 | \$ 292,303 | \$ 621,862 |
| 1,427 | 133 | | | 3,437 |
| 1,427 | 133 | 296,915 | 292,303 | 625,299 |
| | | 296,915 | | 337,012 |
| | | | 292,303 | 292,303 |
| | | 296,915 | 292,303 | 629,315 |
| 1,427 | 133 | | | (4,016) |
| 83,909 | 7,801 | 5,730 | | 203,894 |
| \$ 85,336 | \$ 7,934 | \$ 5,730 | \$ | \$ 199,878 |

CITY OF WEST ORANGE, TEXAS

Exhibit C-3

COMPARATIVE BALANCE SHEETS **GENERAL FUND**

September 30, 2018 and 2017

| | <u>2018</u> | <u>2017</u> |
|---|---------------------|---------------------|
| <u>Assets</u> | | |
| Cash and cash equivalents | \$ 2,801,114 | \$ 2,285,070 |
| Receivables: | | |
| Taxes | 240,645 | 223,665 |
| Accounts | 5,181 | 11,508 |
| Prepaid items | 781 | 973 |
| Restricted cash and cash equivalents | 2,084,015 | 1,802,759 |
| Total Assets | \$ 5,131,736 | \$ 4,323,975 |
| <u>Liabilities, Deferred Inflows of Resources and Fund Balance</u> | | |
| <u>Liabilities</u> | | |
| Accounts payable and accrued liabilities | \$ 134,848 | \$ 168,532 |
| Due to other funds | | 500 |
| Total Liabilities | 134,848 | 169,032 |
| <u>Deferred Inflows of Resources</u> | | |
| Unavailable revenues - property taxes | 114,229 | 110,384 |
| Total Deferred Inflows of Resources | 114,229 | 110,384 |
| <u>Fund Balance</u> | | |
| Nonspendable | 781 | 973 |
| Restricted | 2,084,015 | 1,802,759 |
| Unassigned | 2,797,863 | 2,240,827 |
| Total Fund Balance | 4,882,659 | 4,044,559 |
| Total Liabilities, Deferred Inflows of Resources and Fund Balance | \$ 5,131,736 | \$ 4,323,975 |

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, 2018

with Comparative Actual Balances for the Year Ended September 30, 2017

| | 2018 | | Variance Positive (Negative) | 2017 Actual |
|------------------------------------|------------------|------------------|------------------------------------|------------------|
| | Budget | Actual | | |
| <u>Revenues</u> | | | | |
| Property taxes | \$ 600,000 | \$ 620,654 | \$ 20,654 | \$ 601,409 |
| Other taxes | 1,298,400 | 1,517,231 | 218,831 | 1,403,658 |
| Payments in lieu of property taxes | 636,800 | 637,013 | 213 | 624,797 |
| Licenses and permits | 9,025 | 17,276 | 8,251 | 7,907 |
| Fines and forfeitures | 123,150 | 92,732 | (30,418) | 109,262 |
| Fees and charges for services | 377,500 | 374,816 | (2,684) | 377,260 |
| Intergovernmental | | 117,260 | 117,260 | 7,006 |
| Investment earnings | 8,000 | 78,760 | 70,760 | 25,601 |
| Other | 26,970 | 70,733 | 43,763 | 46,895 |
| Total Revenues | 3,079,845 | 3,526,475 | 446,630 | 3,203,795 |
| <u>Expenditures</u> | | | | |
| City Administration: | | | | |
| Personnel services | 180,917 | 155,793 | 25,124 | 152,731 |
| Supplies and repairs | 9,100 | 7,117 | 1,983 | 7,057 |
| Contractual services | 30,450 | 27,434 | 3,016 | 16,179 |
| Other services and charges | 202,459 | 193,580 | 8,879 | 218,184 |
| Total City Administration | 422,926 | 383,924 | 39,002 | 394,151 |
| Municipal Court: | | | | |
| Personnel services | 101,472 | 100,095 | 1,377 | 97,936 |
| Supplies | 4,760 | 1,276 | 3,484 | 2,295 |
| Repairs and maintenance | 2,500 | 2,078 | 422 | 1,991 |
| Other services and charges | 64,358 | 33,421 | 30,937 | 65,165 |
| Total Municipal Court | 173,090 | 136,870 | 36,220 | 167,387 |
| Total General Government | 596,016 | 520,794 | 75,222 | 561,538 |

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, 2018

with Comparative Actual Balances for the Year Ended September 30, 2017

| | 2018 | | Variance Positive (Negative) | 2017 Actual |
|---------------------------------|------------------|------------------|------------------------------------|------------------|
| | Budget | Actual | | |
| Expenditures (continued) | | | | |
| Public Safety: | | | | |
| Animal Control: | | | | |
| Personnel services | 74,798 | 68,709 | 6,089 | 72,278 |
| Supplies | 6,600 | 4,951 | 1,649 | 4,575 |
| Repairs and maintenance | 2,350 | 2,342 | 8 | 270 |
| Other services and charges | 3,815 | 2,451 | 1,364 | 4,122 |
| Total Animal Control | <u>87,563</u> | <u>78,453</u> | <u>9,110</u> | <u>81,245</u> |
| Police: | | | | |
| Personnel services | 1,204,132 | 1,016,441 | 187,691 | 1,233,390 |
| Supplies | 30,950 | 23,914 | 7,036 | 17,303 |
| Repairs and maintenance | 20,900 | 18,917 | 1,983 | 13,535 |
| Other services and charges | 64,880 | 43,435 | 21,445 | 53,241 |
| Capital outlay | 77,000 | 40,133 | 36,867 | 70,450 |
| Total Police | <u>1,397,862</u> | <u>1,142,840</u> | <u>255,022</u> | <u>1,387,919</u> |
| Fire: | | | | |
| Personnel services | 374 | 387 | (13) | 392 |
| Supplies | 33,200 | 3,723 | 29,477 | 4,952 |
| Repairs and maintenance | 4,500 | 7,389 | (2,889) | 2,287 |
| Other services and charges | 19,925 | 25,992 | (6,067) | 16,632 |
| Total Fire | <u>57,999</u> | <u>37,491</u> | <u>20,508</u> | <u>24,263</u> |
| Fire Marshal: | | | | |
| Personnel services | 76,434 | 76,970 | (536) | 73,947 |
| Supplies | 1,400 | 633 | 767 | 527 |
| Repairs and maintenance | 1,150 | 903 | 247 | 1,335 |
| Other services and charges | 20,160 | 5,081 | 15,079 | 4,904 |
| Total Fire Marshal | <u>99,144</u> | <u>83,587</u> | <u>15,557</u> | <u>80,713</u> |
| Total Public Safety | <u>1,642,568</u> | <u>1,342,371</u> | <u>300,197</u> | <u>1,574,140</u> |

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, 2018

with Comparative Actual Balances for the Year Ended September 30, 2017

| | 2018 | | | |
|--|---------------------|---------------------|---|------------------------|
| | Budget | Actual | Variance Positive (Negative) | 2017 Actual |
| <u>Expenditures (continued)</u> | | | | |
| Public Works: | | | | |
| Sanitation: | | | | |
| Personnel services | 243,973 | 156,846 | 87,127 | 158,261 |
| Supplies | 46,000 | 20,012 | 25,988 | 15,274 |
| Repairs and maintenance | 5,200 | 4,275 | 925 | 6,783 |
| Other services and charges | 280,850 | 245,354 | 35,496 | 271,067 |
| Capital outlay | 73,000 | 73,000 | | |
| Total Sanitation | 649,023 | 499,487 | 149,536 | 451,385 |
| Streets: | | | | |
| Personnel services | 274,007 | 132,151 | 141,856 | 154,562 |
| Supplies | 13,450 | 8,691 | 4,759 | 7,820 |
| Repairs and maintenance | 235,000 | 15,008 | 219,992 | 11,552 |
| Other services and charges | 15,465 | 12,976 | 2,489 | 13,043 |
| Capital outlay | 30,000 | 26,500 | 3,500 | 8,099 |
| Total Streets | 567,922 | 195,326 | 372,596 | 195,076 |
| Maintenance Shop: | | | | |
| Personnel services | 67,884 | 62,077 | 5,807 | 62,668 |
| Supplies | 2,700 | 275 | 2,425 | 1,932 |
| Other services and charges | 5,670 | 2,285 | 3,385 | 2,202 |
| Total Maintenance Shop | 76,254 | 64,637 | 11,617 | 66,802 |
| Parks and Facilities: | | | | |
| Personnel services | 40,749 | 38,175 | 2,574 | 49,392 |
| Supplies | 9,450 | 5,883 | 3,567 | 5,820 |
| Repairs and maintenance | 21,500 | 17,683 | 3,817 | 25,651 |
| Other services and charges | 4,035 | 4,019 | 16 | 4,170 |
| Total Parks and Facilities | 75,734 | 65,760 | 9,974 | 85,033 |
| Total Public Works | 1,368,933 | 825,210 | 543,723 | 798,296 |
| Total Expenditures | 3,607,517 | 2,688,375 | 919,142 | 2,933,974 |
| Net Change in Fund Balance | (527,672) | 838,100 | 1,365,772 | 269,821 |
| Fund Balance - Beginning | 4,044,559 | 4,044,559 | | 3,774,738 |
| Fund Balance - Ending | \$ 3,516,887 | \$ 4,882,659 | \$ 1,365,772 | \$ 4,044,559 |

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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.

| Contents | Pages |
|--|--------------|
| Financial Trends 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 |
| Revenue Capacity 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 |
| Debt Capacity 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 |
| Demographic and Economic Information 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 |
| Operating Information 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)

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| Governmental Activities | | | | |
| Net investment in capital assets | \$ 4,082,383 | \$ 3,948,436 | \$ 4,057,823 | \$ 3,803,822 |
| Restricted | 164,549 | 208,549 | 233,152 | 229,196 |
| Unrestricted | <u>1,451,574</u> | <u>1,829,985</u> | <u>1,558,522</u> | <u>1,872,199</u> |
| Total Governmental Activities Net Position | <u>\$ 5,698,506</u> | <u>\$ 5,986,970</u> | <u>\$ 5,849,497</u> | <u>\$ 5,905,217</u> |
| Primary Government | | | | |
| Net investment in capital assets | \$ 4,082,383 | \$ 3,948,436 | \$ 4,057,823 | \$ 3,803,822 |
| Restricted | 164,549 | 208,549 | 233,152 | 229,196 |
| Unrestricted | <u>1,451,574</u> | <u>1,829,985</u> | <u>1,558,522</u> | <u>1,872,199</u> |
| Total Primary Government Net Position | <u>\$ 5,698,506</u> | <u>\$ 5,986,970</u> | <u>\$ 5,849,497</u> | <u>\$ 5,905,217</u> |

Table 1

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 3,555,213 | \$ 3,306,841 | \$ 3,076,327 | \$ 2,842,982 | \$ 2,707,708 | \$ 2,589,006 |
| 249,523 | 253,019 | 250,735 | 1,775,123 | 2,005,743 | 2,283,893 |
| 2,144,441 | 2,595,749 | 1,810,388 | 556,813 | 479,299 | 924,246 |
| <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> | <u>\$ 5,797,145</u> |

| | | | | | |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 3,555,213 | \$ 3,306,841 | \$ 3,076,327 | \$ 2,842,982 | \$ 2,707,708 | \$ 2,589,006 |
| 249,523 | 253,019 | 250,735 | 1,775,123 | 2,005,743 | 2,283,893 |
| 2,144,441 | 2,595,749 | 1,810,388 | 556,813 | 479,299 | 924,246 |
| <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> | <u>\$ 5,797,145</u> |

CITY OF WEST ORANGE, TEXAS

CHANGES IN NET POSITION

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses | | | | |
| Governmental Activities | | | | |
| General government | \$ 499,640 | \$ 536,671 | \$ 599,431 | \$ 517,725 |
| Public safety | 1,097,427 | 1,158,390 | 1,223,177 | 1,299,211 |
| Public works | 1,282,500 | 1,255,019 | 2,428,384 | 1,113,412 |
| Health and safety | | | | |
| Total Governmental Activities Expenses | <u>2,879,567</u> | <u>2,950,080</u> | <u>4,250,992</u> | <u>2,930,348</u> |
| Total Primary Government Expenses | <u>\$ 2,879,567</u> | <u>\$ 2,950,080</u> | <u>\$ 4,250,992</u> | <u>\$ 2,930,348</u> |
| Program Revenues | | | | |
| Governmental Activities | | | | |
| Charges for services: | | | | |
| General government | \$ 28,597 | \$ 29,170 | \$ 27,331 | \$ 28,608 |
| Public safety | 190,867 | 200,650 | 170,007 | 188,592 |
| Public works | 327,212 | 365,988 | 368,838 | 379,272 |
| Operating grants and contributions | 711,273 | 214,272 | 1,168,315 | 35,236 |
| Capital grants and contributions | | | | 18,127 |
| Total Governmental Activities Program Revenues | <u>1,257,949</u> | <u>810,080</u> | <u>1,734,491</u> | <u>649,835</u> |
| Total Primary Government Program Revenues | <u>\$ 1,257,949</u> | <u>\$ 810,080</u> | <u>\$ 1,734,491</u> | <u>\$ 649,835</u> |
| Net (Expense)/Revenue | | | | |
| Governmental activities | \$ (1,621,618) | \$ (2,140,000) | \$ (2,516,501) | \$ (2,280,513) |
| Total Primary Government Net Expense | <u>\$ (1,621,618)</u> | <u>\$ (2,140,000)</u> | <u>\$ (2,516,501)</u> | <u>\$ (2,280,513)</u> |

Table 2 (Page 1 of 2)

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 529,454 | \$ 502,674 | \$ 526,326 | \$ 526,660 | \$ 602,122 | \$ 566,878 |
| 1,327,678 | 1,323,532 | 1,386,884 | 1,519,944 | 1,654,677 | 1,778,147 |
| 1,142,952 | 1,089,369 | 1,017,670 | 1,099,024 | 992,942 | 914,805 |
| | | | 230,848 | 35,415 | 292,303 |
| 3,000,084 | 2,915,575 | 2,930,880 | 3,376,476 | 3,285,156 | 3,552,133 |
| <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> | <u>\$ 3,552,133</u> |
| | | | | | |
| \$ 20,316 | \$ 22,852 | \$ 59,122 | \$ 17,548 | \$ 17,032 | \$ 28,846 |
| 143,744 | 124,884 | 131,983 | 143,780 | 120,598 | 105,886 |
| 373,575 | 376,822 | 364,568 | 372,595 | 363,343 | 358,502 |
| 9,033 | 10,272 | 2,732 | 254,319 | 51,042 | 743,203 |
| 546,668 | 534,830 | 558,405 | 788,242 | 552,015 | 1,236,437 |
| <u>\$ 546,668</u> | <u>\$ 534,830</u> | <u>\$ 558,405</u> | <u>\$ 788,242</u> | <u>\$ 552,015</u> | <u>\$ 1,236,437</u> |
| | | | | | |
| \$ (2,453,416) | \$ (2,380,745) | \$ (2,372,475) | \$ (2,588,234) | \$ (2,733,141) | \$ (2,315,696) |
| <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> | <u>\$ (2,315,696)</u> |

CITY OF WEST ORANGE, TEXAS

CHANGES IN NET POSITION

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| General Revenues and Other Changes in Net Position | | | | |
| Governmental Activities | | | | |
| Taxes | | | | |
| Property taxes | \$ 495,404 | \$ 473,271 | \$ 502,498 | \$ 518,419 |
| Other taxes | 1,340,378 | 1,225,425 | 1,299,651 | 1,296,358 |
| Payments in lieu of property taxes | 566,809 | 514,354 | 518,600 | 486,420 |
| Investment earnings | 3,840 | 2,558 | 2,385 | 1,592 |
| Other | 108,805 | 212,856 | 55,894 | 33,444 |
| Total Governmental Activities | <u>2,515,236</u> | <u>2,428,464</u> | <u>2,379,028</u> | <u>2,336,233</u> |
| Total Primary Government | <u>\$ 2,515,236</u> | <u>\$ 2,428,464</u> | <u>\$ 2,379,028</u> | <u>\$ 2,336,233</u> |
| Change in Net Position | | | | |
| Governmental activities | \$ 893,618 | \$ 288,464 | \$ (137,473) | \$ 55,720 |
| Total Primary Government | <u>\$ 893,618</u> | <u>\$ 288,464</u> | <u>\$ (137,473)</u> | <u>\$ 55,720</u> |

Table 2 (Page 2 of 2)

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 532,357 | \$ 548,194 | \$ 543,935 | \$ 550,888 | \$ 609,669 | \$ 624,499 |
| 1,290,586 | 1,345,893 | 1,405,445 | 1,431,039 | 1,403,658 | 1,517,231 |
| 598,246 | 633,334 | 665,531 | 620,050 | 624,797 | 637,013 |
| 1,945 | 1,329 | 914 | 9,410 | 26,811 | 82,197 |
| 74,242 | 58,427 | 149,182 | 28,190 | 36,372 | 58,241 |
| <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>2,919,181</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>\$ 2,919,181</u> |
| \$ 43,960 | \$ 206,432 | \$ 392,532 | \$ 51,343 | \$ (31,834) | \$ 603,485 |
| <u>\$ 43,960</u> | <u>\$ 206,432</u> | <u>\$ 392,532</u> | <u>\$ 51,343</u> | <u>\$ (31,834)</u> | <u>\$ 603,485</u> |

CITY OF WEST ORANGE, TEXAS

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

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

| Function | 2009 | 2010 | 2011 | 2012 |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| Property taxes | \$ 495,404 | \$ 473,271 | \$ 502,498 | \$ 518,419 |
| Sales taxes | 931,126 | 753,422 | 804,830 | 821,544 |
| Mixed beverage taxes | 5,072 | 5,397 | 6,827 | 5,068 |
| Road maintenance taxes | 232,205 | 245,475 | 201,302 | 204,525 |
| Hotel/motel occupancy taxes | 7,600 | 4,046 | 4,861 | 4,499 |
| Franchise taxes | 177,047 | 217,085 | 281,831 | 260,722 |
| Totals | \$ 1,848,454 | \$ 1,698,696 | \$ 1,802,149 | \$ 1,814,777 |

Table 3

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 532,357 | \$ 548,194 | \$ 543,935 | \$ 550,888 | \$ 609,669 | \$ 624,499 |
| 804,340 | 855,967 | 903,523 | 924,039 | 908,301 | 993,957 |
| 5,023 | 6,269 | 6,679 | 6,356 | 5,285 | 6,669 |
| 201,085 | 213,449 | 224,623 | 231,011 | 227,073 | 248,487 |
| 4,258 | 5,123 | 5,691 | 4,761 | 5,346 | 8,038 |
| 275,880 | 265,085 | 264,929 | 264,872 | 257,653 | 260,080 |
| <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> | <u>\$ 2,141,730</u> |

CITY OF WEST ORANGE, TEXAS

FUND BALANCES OF GOVERNMENTAL FUNDS

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|----------------------------|----------------------------|----------------------------|----------------------------|
| General Fund | | | | |
| Nonspendable | \$ | \$ 1,370 | \$ 1,142 | \$ 591 |
| Restricted | | | | |
| Unassigned | <u>1,589,178</u> | <u>1,960,569</u> | <u>1,701,093</u> | <u>2,038,150</u> |
| Total General Fund | <u><u>\$ 1,589,178</u></u> | <u><u>\$ 1,961,939</u></u> | <u><u>\$ 1,702,235</u></u> | <u><u>\$ 2,038,741</u></u> |
| All Other Governmental Funds | | | | |
| Restricted | <u>\$ 164,549</u> | <u>\$ 208,549</u> | <u>\$ 233,152</u> | <u>\$ 229,196</u> |
| Total All Other Governmental Funds | <u><u>\$ 164,549</u></u> | <u><u>\$ 208,549</u></u> | <u><u>\$ 233,152</u></u> | <u><u>\$ 229,196</u></u> |

Table 4

| <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 1,368 | \$ 1,065 | \$ 936 | \$ 850 | \$ 973 | \$ 781 |
| 28,364 | 33,501 | 1,316,564 | 1,555,662 | 1,802,759 | 2,084,015 |
| 2,304,014 | 2,760,263 | 2,100,370 | 2,218,226 | 2,240,827 | 2,797,863 |
| <u>\$ 2,333,746</u> | <u>\$ 2,794,829</u> | <u>\$ 3,417,870</u> | <u>\$ 3,774,738</u> | <u>\$ 4,044,559</u> | <u>\$ 4,882,659</u> |
| <u>\$ 221,159</u> | <u>\$ 219,518</u> | <u>\$ 216,884</u> | <u>\$ 219,461</u> | <u>\$ 202,984</u> | <u>\$ 199,878</u> |
| <u>\$ 221,159</u> | <u>\$ 219,518</u> | <u>\$ 216,884</u> | <u>\$ 219,461</u> | <u>\$ 202,984</u> | <u>\$ 199,878</u> |

CITY OF WEST ORANGE, TEXAS

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|--|---------------------|-------------------|---------------------|-------------------|
| Revenues | | | | |
| Taxes | \$ 1,853,477 | \$ 1,689,430 | \$ 1,789,896 | \$ 1,812,982 |
| Payments in lieu of property taxes | 566,809 | 514,354 | 518,600 | 486,420 |
| Licenses and permits | 28,597 | 21,099 | 17,463 | 18,018 |
| Fines and forfeitures | 183,461 | 191,011 | 161,822 | 180,482 |
| Fees and charges for services | 336,218 | 377,048 | 378,665 | 391,517 |
| Intergovernmental | 439,921 | 269,012 | 1,177,283 | 2,340 |
| Investment earnings | 3,840 | 2,558 | 2,385 | 1,592 |
| Other revenues | 369,886 | 164,765 | 55,152 | 72,795 |
| Total Revenues | <u>3,782,209</u> | <u>3,229,277</u> | <u>4,101,266</u> | <u>2,966,146</u> |
| Expenditures | | | | |
| General government | 458,783 | 470,343 | 569,375 | 512,643 |
| Public safety | 1,095,305 | 1,169,263 | 1,215,031 | 1,211,165 |
| Health and safety | | | | |
| Public works | 995,819 | 1,169,438 | 2,551,961 | 909,788 |
| Non-departmental | 151,521 | 3,472 | | |
| Debt service | | | | |
| Principal | | | | |
| Interest and fiscal charges | | | | |
| Total Expenditures | <u>2,701,428</u> | <u>2,812,516</u> | <u>4,336,367</u> | <u>2,633,596</u> |
| Net Change in Fund Balances | <u>\$ 1,080,781</u> | <u>\$ 416,761</u> | <u>\$ (235,101)</u> | <u>\$ 332,550</u> |
| Debt service as a percentage of noncapital expenditures | 0.0% | 0.0% | 0.0% | 0.0% |

Table 5

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 1,810,783 | \$ 1,890,891 | \$ 1,949,380 | \$ 1,976,692 | \$ 2,005,067 | \$ 2,137,885 |
| 598,246 | 633,334 | 665,531 | 620,050 | 624,797 | 637,013 |
| 12,918 | 15,564 | 49,313 | 10,464 | 7,907 | 17,276 |
| 137,449 | 118,975 | 125,935 | 130,982 | 109,262 | 92,732 |
| 385,716 | 384,692 | 376,682 | 387,501 | 377,260 | 374,816 |
| 7,509 | 5,486 | 1,164 | 242,569 | 47,063 | 739,122 |
| 1,945 | 1,329 | 975 | 9,410 | 26,811 | 82,197 |
| 77,318 | 68,540 | 150,850 | 44,916 | 46,895 | 70,733 |
| <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> | <u>4,151,774</u> |
| 504,579 | 477,646 | 501,069 | 494,873 | 561,538 | 520,794 |
| 1,307,301 | 1,294,740 | 1,363,340 | 1,444,401 | 1,596,469 | 1,679,383 |
| | | | 230,848 | 35,415 | 292,303 |
| 933,036 | 886,983 | 821,139 | 893,017 | 798,296 | 825,210 |
| <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>3,317,690</u> |
| <u>\$ 286,968</u> | <u>\$ 459,442</u> | <u>\$ 634,282</u> | <u>\$ 359,445</u> | <u>\$ 253,344</u> | <u>\$ 834,084</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)

| Function | 2009 | 2010 | 2011 | 2012 |
|-----------------------------|---------------------|---------------------|---------------------|---------------------|
| Sales taxes | \$ 931,126 | \$ 753,422 | \$ 804,830 | \$ 821,544 |
| Property taxes | 490,380 | 464,005 | 490,245 | 516,624 |
| Mixed beverage taxes | 5,072 | 5,397 | 6,827 | 5,068 |
| Road maintenance taxes | 232,205 | 245,475 | 201,302 | 204,525 |
| Hotel/motel occupancy taxes | 7,600 | 4,046 | 4,861 | 4,499 |
| Franchise taxes | 177,047 | 217,085 | 281,831 | 260,722 |
| Totals | \$ 1,843,430 | \$ 1,689,430 | \$ 1,789,896 | \$ 1,812,982 |

Table 6

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 804,340 | \$ 855,967 | \$ 903,523 | \$ 924,039 | \$ 908,301 | \$ 993,957 |
| 520,197 | 544,998 | 543,935 | 550,888 | 609,669 | 620,654 |
| 5,023 | 6,269 | 6,679 | 6,356 | 5,285 | 6,669 |
| 201,085 | 213,449 | 224,623 | 231,011 | 227,073 | 248,487 |
| 4,258 | 5,123 | 5,691 | 4,761 | 5,346 | 8,038 |
| 275,880 | 265,085 | 264,929 | 264,872 | 257,653 | 260,080 |
| <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> | <u>\$ 2,137,885</u> |

CITY OF WEST ORANGE, TEXAS

TAXABLE SALES BY CATEGORY

Last Ten Fiscal Years **(Unaudited)**

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|----------------------------|--------------------|--------------------|--------------------|--------------------|
| Manufacturing | \$ 1,247,677 | \$ 688,074 | \$ 1,467,960 | \$ 1,922,426 |
| Construction | 1,593,535 | 597,788 | | |
| Wholesale Trade | | | 114,627 | 137,283 |
| Retail Trade | 160,095,485 | 144,246,606 | 150,736,064 | 165,893,897 |
| Finance/Insurance | | | 35,440 | 149,544 |
| Real Estate/Rental/Leasing | | | | |
| Professional/Technical | 366,945 | 905,597 | 313,497 | 915,290 |
| Admin/Waste Management | 15,229 | | | |
| Entertainment/Recreation | 11,120 | | | |
| Accommodation/Food Service | 6,474,788 | 7,133,549 | 6,963,120 | 7,282,013 |
| Other Services | 3,594,254 | 3,048,709 | 4,771,400 | 5,873,484 |
| 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 2018 fiscal year. The fourth quarter is not currently available.

Table 7

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018* |
|--------------|--------------|--------------|--------------|-------------|--------------|
| \$ 2,683,365 | \$ 5,354,248 | \$ 5,536,985 | \$ 2,344,915 | \$ 388,448 | \$ 242,472 |
| 797,778 | 2,235,763 | 1,448,909 | 9,084,692 | 7,481,819 | 5,870,312 |
| 137,568 | | | | | |
| 168,941,862 | 177,190,218 | 181,463,627 | 183,668,969 | 199,175,784 | 157,499,201 |
| | 64,503 | | | | |
| | 177,775 | 178,706 | 186,397 | | |
| 424,530 | | | | | |
| | 207,604 | 215,090 | 158,890 | 350,215 | 318,171 |
| 7,312,086 | 8,631,776 | 9,654,090 | 10,046,928 | 9,496,722 | 4,866,284 |
| 4,653,668 | 5,620,305 | 5,188,361 | 5,129,147 | 4,980,123 | 4,364,261 |
| | | | | | |
| 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)**

| Fiscal Year Ended Sept. 30, | Residential Property | Commercial Property | Personal Property | Less: Tax-Exempt Real Property | Total Taxable Assessed Value (1) | Total Direct Tax Rate |
|--|---------------------------------|--------------------------------|------------------------------|---|---|--------------------------------------|
| 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 |
| 2018 | 86,622,805 | 42,255,827 | 38,022,903 | 32,352,645 | 134,548,890 | 0.45000 |

Source - Tax assessor/collector's records.

(1) Property is assessed at actual value; therefore, the assessed values are equal to actual value.
Tax rates are per \$100 of assessed value.

CITY OF WEST ORANGE, TEXAS

Table 9

PROPERTY TAX RATES - DIRECT AND OVERLAPPING GOVERNMENTS

Last Ten Fiscal Years (Unaudited)

| <u>Fiscal Year</u> | <u>Tax Year</u> | <u>Direct Rate</u> | <u>Overlapping Rates (1)</u> | | <u>Totals</u> |
|-------------------------------|----------------------------|--|---|-------------------------------------|----------------------|
| | | <u>City of West Orange (3) Maintenance Rate</u> | <u>West Orange Cove CISD</u> | <u>Orange County (2)</u> | |
| 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 |
| 2018 | 2017 | 0.45000 | 1.42500 | 0.66056 | 2.53556 |

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.

(3) The City of West Orange only has a maintenance tax rate. The City has not levied a debt service tax in the last ten fiscal years.

CITY OF WEST ORANGE, TEXAS

Table 10

PRINCIPAL PROPERTY TAXPAYERS

Current Year and Nine Years Ago
(Unaudited)

| Taxpayer | 2018 | | | 2009 | | |
|--------------------------------|------------------------|------|-----------------------------------|------------------------|------|-----------------------------------|
| | Taxable Assessed Value | Rank | % of Total Taxable Assessed Value | Taxable Assessed Value | Rank | % of Total Taxable Assessed Value |
| Suez WTS USA, Inc. | \$ 8,949,300 | 1 | 6.65 % | \$ | | % |
| Wal-Mart Store #00777 | 6,365,684 | 2 | 4.73 | 7,429,102 | 2 | 6.59 |
| Wal-Mart Stores Inc. | 5,750,590 | 3 | 4.27 | 7,100,937 | 3 | 6.30 |
| Granger Chevrolet | 5,290,670 | 4 | 3.93 | 1,008,048 | 9 | 0.89 |
| EAN Holdings, LLC | 3,747,553 | 5 | 2.79 | | | |
| Albanese Real Estate | 3,683,093 | 6 | 2.74 | 3,865,745 | 4 | 3.43 |
| Entergy Texas, Inc. | 2,525,770 | 7 | 1.88 | | | |
| STI Group, Inc. | 2,386,270 | 8 | 1.77 | | | |
| Union Pacific Railroad Company | 2,223,210 | 9 | 0.87 | 1,013,190 | 8 | 0.90 |
| Orange Building, LLC | 1,167,217 | 10 | 1.65 | | | |
| G E Betz-Betz Dearborn | | | | 10,779,020 | 1 | 9.57 |
| Enterprise Leasing Company | | | | 2,635,931 | 5 | 2.34 |
| Entergy Gulf States, Inc. | | | | 1,852,380 | 6 | 1.64 |
| Metal Depot, Inc. | | | | 1,490,599 | 7 | 1.32 |
| Dupont Employees Rec Assn. | | | | 981,532 | 10 | 0.87 |
| Subtotal | 42,089,357 | | 31.28 | 38,156,484 | | 33.87 |
| Other taxpayers | 92,459,533 | | 68.72 | 74,505,198 | | 66.13 |
| Totals | <u>\$ 134,548,890</u> | | <u>100.00</u> | <u>\$ 112,661,682</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 |
| 2009 | 0.42939 | \$ 483,758 | \$ 465,330 | 96.19 | \$ 15,513 | \$ 480,843 | 99.40 |
| 2010 | 0.42939 | 472,811 | 438,942 | 92.84 | 30,065 | 469,007 | 99.20 |
| 2011 | 0.41934 | 491,063 | 466,700 | 95.04 | 18,786 | 485,486 | 98.86 |
| 2012 | 0.42500 | 509,021 | 481,477 | 94.59 | 19,249 | 500,726 | 98.37 |
| 2013 | 0.42500 | 524,419 | 496,513 | 94.68 | 19,365 | 515,878 | 98.37 |
| 2014 | 0.42500 | 535,798 | 509,163 | 95.03 | 16,398 | 525,561 | 98.09 |
| 2015 | 0.42500 | 533,935 | 510,518 | 95.61 | 11,483 | 522,001 | 97.76 |
| 2016 | 0.42500 | 538,942 | 510,673 | 94.75 | 12,578 | 523,251 | 97.09 |
| 2017 | 0.42500 | 600,814 | 574,775 | 95.67 | 8,169 | 582,944 | 97.03 |
| 2018 | 0.45000 | 605,470 | 578,815 | 95.60 | | 578,815 | 95.60 |

Source - Tax assessor/collector's records.

CITY OF WEST ORANGE, TEXAS

Table 12

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years **(Unaudited)**

| Fiscal Year Ended Sept. 30, | Governmental Activities Capital Leases | Total Primary Government | % of Personal Income * | Per Capita * |
|--|---|---|---------------------------------------|-------------------------|
| 2009 | \$ ** | \$ ** | ** | ** |
| 2010 | ** | ** | ** | ** |
| 2011 | ** | ** | ** | ** |
| 2012 | ** | ** | ** | ** |
| 2013 | ** | ** | ** | ** |
| 2014 | ** | ** | ** | ** |
| 2015 | ** | ** | ** | ** |
| 2016 | ** | ** | ** | ** |
| 2017 | ** | ** | ** | ** |
| 2018 | ** | ** | ** | ** |

* 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, 2018

(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 | \$ 48,068,689 | 6.3075% % | \$ 3,031,933 |
| Subtotal, overlapping debt | | | 3,031,933 |
| City Direct Debt | | | |
| Total Direct and Overlapping Debt | | | <u>\$ 3,031,933</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>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> |
|---|----------------------|----------------------|----------------------|----------------------|
| Debt limit | \$ 11,266,168 | \$ 11,011,225 | \$ 11,710,378 | \$ 11,976,965 |
| Total net debt applicable to limit | | | | |
| Legal debt margin | <u>\$ 11,266,162</u> | <u>\$ 11,011,230</u> | <u>\$ 11,710,381</u> | <u>\$ 11,976,962</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 | \$ 112,661,682 | \$ 110,112,253 | \$ 117,103,783 | \$ 119,769,648 |
| Debt limit (10% of assessed value) | <u>11,266,168</u> | <u>11,011,225</u> | <u>11,710,378</u> | <u>11,976,965</u> |
| Legal debt margin | <u>\$ 11,266,168</u> | <u>\$ 11,011,225</u> | <u>\$ 11,710,378</u> | <u>\$ 11,976,965</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

| 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 12,339,271 | \$ 12,607,012 | \$ 12,563,177 | \$ 12,680,988 | \$ 14,136,804 | \$ 13,454,889 |
| | | | | | |
| \$ 12,339,270 | \$ 12,607,009 | \$ 12,563,177 | \$ 12,680,988 | \$ 14,136,804 | \$ 13,454,889 |
| | | | | | |
| 0.00% | 0.00% | 0.00% | 0.00% | 0.00% | 0.00% |
| | | | | | |
| \$ 123,392,706 | \$ 126,070,118 | \$ 125,631,766 | \$ 126,809,883 | \$ 141,368,038 | \$ 134,548,890 |
| 12,339,271 | 12,607,012 | 12,563,177 | 12,680,988 | 14,136,804 | 13,454,889 |
| \$ 12,339,271 | \$ 12,607,012 | \$ 12,563,177 | \$ 12,680,988 | \$ 14,136,804 | \$ 13,454,889 |

CITY OF WEST ORANGE, TEXAS
DEMOGRAPHIC AND ECONOMIC STATISTICS

Table 15

Last Ten Fiscal Years
(Unaudited)

| Fiscal Year Ended Sept. 30, | Population (1) | Personal Income (1) | Per Capita Personal Income (1) | Median Age (1) | School Enrollment (2) | Unemployment Rate |
|--|-----------------------|--------------------------------|---|---------------------------|----------------------------------|------------------------------|
| 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 |
| 2018 | 3,419 | n/a | n/a | n/a | 2,481 | 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 | 2018 | | | 2009 | | |
|-------------------------|------------|------|----------------------------------|------------|------|----------------------------------|
| | Employees | Rank | % of Total City Employment | Employees | Rank | % of Total City Employment |
| Wal-Mart | 323 | 1 | 20.61% | 415 | 1 | 19.68% |
| WOCCISD | 89 | 2 | 5.68% | 186 | 2 | 8.82% |
| Granger Chevrolet | 68 | 3 | 4.34% | 35 | 6 | 1.66% |
| Suez Water Tech | 60 | 4 | 3.83% | | | |
| STI | 56 | 5 | 3.57% | | | |
| Akrotex, Inc. | 38 | 6 | 2.43% | 42 | 5 | 1.99% |
| West Orange Bus Service | 26 | 7 | 1.66% | | | |
| Sonic Drive-In | 25 | 8 | 1.60% | 20 | 8 | 0.95% |
| City of West Orange | 20 | 9 | 1.28% | 26 | 7 | 1.23% |
| Burke's Outlet | 20 | 10 | 1.28% | 17 | 10 | 0.81% |
| Betz Laboratories | | | | 45 | 3 | 2.13% |
| STS Bus Service | | | | 43 | 4 | 2.04% |
| Little Giant/TMRX | | | | 18 | 9 | 0.85% |
| Total | 725 | | 46.27% | 847 | | 40.16% |

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 | | | | | | | | | |
|----------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| | 2009 | 2010 | 2011 | 2012 | 2013 | 2014 | 2015 | 2016 | 2017 | 2018 |
| General government | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 | 5 |
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Officers | 8 | 9 | 9 | 9 | 9 | 9 | 9 | 9 | 8 | 7 |
| Civilians | 2 | 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 | 10 | 8 | 8 | 7 | 7 | 7 | 7 | 6 | 5 | 5 |
| Maintenance and operations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Totals | <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> | <u>20</u> |

Source - City personnel records.

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CITY OF WEST ORANGE, TEXAS

OPERATING INDICATORS BY FUNCTION

Last Ten Fiscal Years **(Unaudited)**

| | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> |
|---------------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Function: | | | | | |
| Police | | | | | |
| Arrests | 591 | 721 | 621 | 669 | 595 |
| Accident reports | 89 | 53 | 58 | 51 | 48 |
| Citations | 1,099 | 1,931 | 1,562 | 1,284 | 1,218 |
| Offense reports | 796 | 827 | 703 | 1,269 | 708 |
| Calls for service | 3,391 | 3,721 | 2,895 | 3,255 | 2,472 |
| Fire | | | | | |
| Emergency responses | 24 | 11 | 34 | 16 | 25 |
| Fire incidents | 23 | 21 | 10 | 15 | 11 |
| Service calls and other calls | 3 | 20 | 11 | 10 | 26 |
| Automatic aid, mutual aid given | 10 | 15 | 18 | 9 | 8 |

Source - Various City departments.

Table 18

| 2014 | 2015 | 2016 | 2017 | 2018 |
|-------------|-------------|-------------|-------------|-------------|
| 593 | 521 | 479 | 368 | 237 |
| 62 | 71 | 66 | 56 | 35 |
| 994 | 1,131 | 1,194 | 854 | 768 |
| 611 | 626 | 592 | 497 | 359 |
| 3,274 | 3,501 | 3,802 | 3,999 | 3,350 |
| 14 | 29 | 14 | 31 | 76 |
| 15 | 10 | 8 | 16 | 14 |
| 27 | 13 | 16 | 12 | 49 |
| 11 | 5 | 7 | 4 | 13 |

CITY OF WEST ORANGE, TEXAS

Table 19

CAPITAL ASSETS STATISTICS BY FUNCTION

Last Ten Fiscal Years **(Unaudited)**

| <u>Function</u> | <u>2009</u> | <u>2010</u> | <u>2011</u> | <u>2012</u> | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> |
|------------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|--------------------|
| Public safety | | | | | | | | | | |
| Police | | | | | | | | | | |
| Stations | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 | 1 |
| Patrol units | 6 | 6 | 7 | 7 | 7 | 7 | 7 | 7 | 8 | 9 |
| 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 | 2 |
| 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.