

Annual Comprehensive Financial Report



City of West Orange, Texas

**Fiscal Year Ended
September 30, 2021**

Annual Comprehensive Financial Report

of the

City of West Orange, Texas

**Fiscal Year Ended
September 30, 2021**



Officials Issuing Report

**Randy Branch
Mayor**

**Theresa Van Meter
City Secretary**

CITY OF WEST ORANGE, TEXAS
ANNUAL COMPREHENSIVE FINANCIAL REPORT
FOR THE YEAR ENDED SEPTEMBER 30, 2021

TABLE OF CONTENTS

<u>Exhibit</u>	<u>Page</u>
 <u>INTRODUCTORY SECTION</u>	
Letter of Transmittal	i
Certificate of Achievement for Excellence in Financial Reporting	v
Organizational Chart	vi
Principal Officials	vii
 <u>FINANCIAL SECTION</u>	
Independent Auditor's Report	1
Management's Discussion and Analysis	3
 <u>Basic Financial Statements</u>	
Government-Wide Statements:	
A-1 Statement of Net Position	10
B-1 Statement of Activities	11
Governmental Fund Financial Statements:	
C-1 Balance Sheet	12
C-2 Reconciliation of the Governmental Funds Balance Sheet to the Statement of Net Position	13
C-3 Statement of Revenues, Expenditures, and Changes in Fund Balance	14
C-4 Reconciliation of the Governmental Funds Statement of Revenues, Expenditures, and Changes in Funds Balances to the Statement of Activities	15
Notes to the Financial Statements	16
 <u>Required Supplementary Information</u>	
D-1 Schedule of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	30
Notes to Required Supplementary Information	31
D-2 Schedule of Changes in Net Pension Liability and Related Ratios - Texas Municipal Retirement System	32
D-3 Schedule of Contributions - Texas Municipal Retirement System	34
 <u>Combining and Individual Fund Statements and Schedules</u>	
Nonmajor Governmental Funds:	
E-1 Combining Balance Sheet - Nonmajor Governmental Funds	37
E-2 Combining Statement of Revenues, Expenditures, and Changes in Fund Balances - Nonmajor Governmental Funds	39
E-3 Comparative Balance Sheet - Prior Year and Current Year - General Fund	41
E-4 Statement of Revenues, Expenditures and Changes in Fund Balance - Budget and Actual - General Fund	42

STATISTICAL SECTION

S-1	Net Position by Component	44
S-2	Changes in Net Position	46
S-3	Governmental Activities Tax Revenues by Source	48
S-4	Fund Balances of Governmental Funds	50
S-5	Changes in Fund Balances of Governmental Funds	52
S-6	General Governmental Tax Revenues by Source	54
S-7	Gross Sales by Category	56
S-8	Assessed Value and Estimated Actual Value of Taxable Property	58
S-9	Property Tax Rates - Direct and Overlapping Governments	59
S-10	Principal Property Taxpayers	60
S-11	Property Tax Levies and Collections	61
S-12	Ratios of Outstanding Debt by Type	62
S-13	Direct and Overlapping Governmental Activities Debt	63
S-14	Legal Debt Margin Information	64
S-15	Demographic and Economic Statistics	66
S-16	Principal Employers	67
S-17	Full-Time Equivalent City Government Employees by Function	68
S-18	Operating Indicators by Function	69
S-19	Capital Assets Statistics by Function	70

FEDERAL SECTION

Report on Compliance and Internal Control Over Financial Reporting Based on an audit of Financial Statements Performed in Accordance with <i>Government Auditing Standards</i>	71
Report on Compliance with Requirements Applicable to Each Major Program and Internal Control over Compliance in Accordance with OMB Circular A-133	73
Schedule of Findings and Questioned Costs	75
Schedule of Status of Prior Findings	76
Corrective Action Plan	77
Schedule of Expenditures of Federal Awards	78
Notes to Schedule of Expenditures of Federal Awards	79

INTRODUCTORY SECTION



City of West Orange, Texas

2700 Western Avenue * West Orange, Texas 77630-6136

Ph (409)883-3468 * Fax (409)882-0652

February 8, 2022

Citizens and 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 annual comprehensive financial report of the City of West Orange, Texas (the "City") for the fiscal year ended September 30, 2021, 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 **Keri Michutka, 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, 2021, 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, 2021, 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 3,294. 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 17.60% 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 \$147.0 million for fiscal year 2021, which is an increase of approximately \$12.7 million from the previous fiscal year.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund amounted to \$3,281,773 as of September 30, 2021. 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 are not to 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") awards 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, 2020. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting. As of the date of this report, this award is still pending final processing by the GFOA.

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. 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,

Randy Branch
Mayor

CITY OF WEST ORANGE, TEXAS
CERTIFICATE OF ACHIEVEMENT FOR EXCELLENCE IN
FINANCIAL REPORTING

September 30, 2020 (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, 2020

Christopher P. Morrell

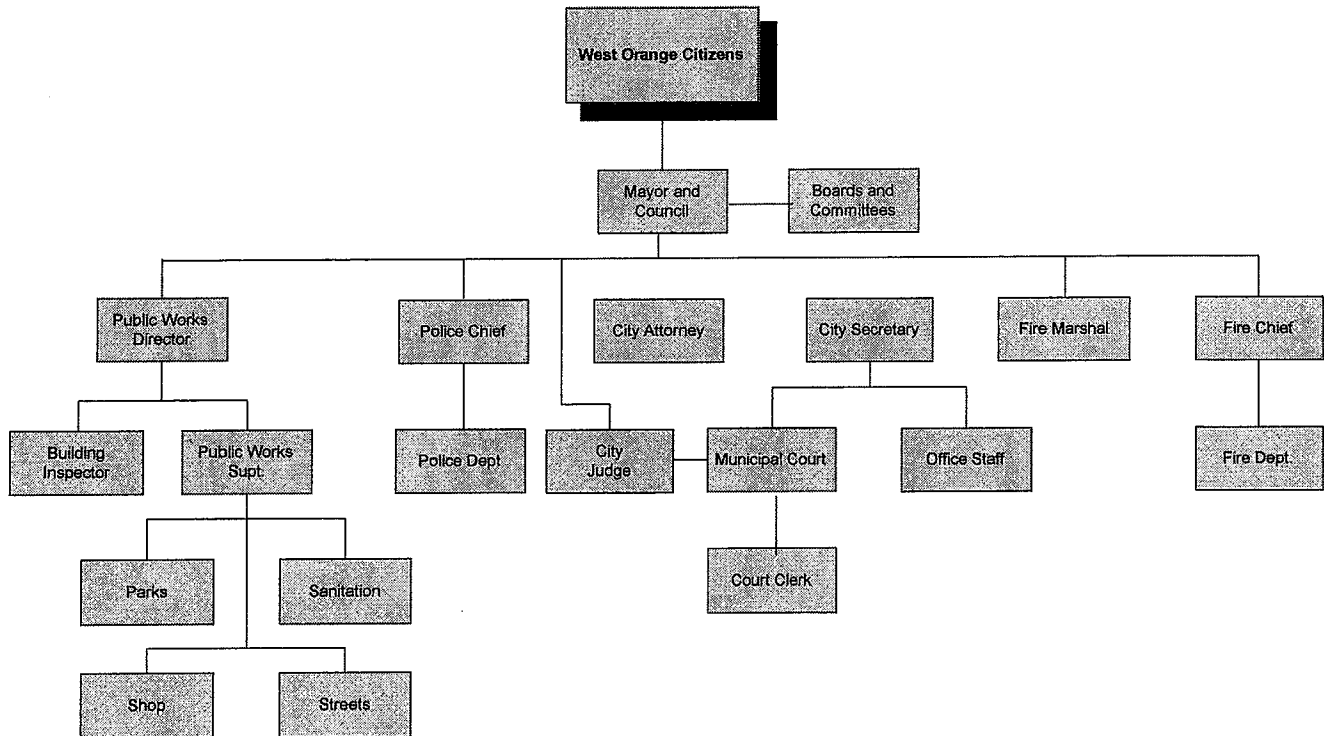
Executive Director/CEO

Pending final processing by GFOA

CITY OF WEST ORANGE, TEXAS

ORGANIZATIONAL CHART

Fiscal Year 2020-2021



CITY OF WEST ORANGE, TEXAS

PRINCIPAL OFFICIALS

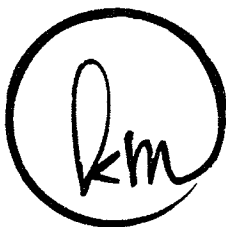
September 30, 2021

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Randy Branch	Mayor	2023
Meritta Kennedy	Council Member (Mayor Pro Tem)	2023
Shirley Bonnin	Council Member	2022
Dale Dardeau	Council Member	2022
Brent Dearing	Council Member	2023
Mike Shugart	Council Member	2022

<u>Key Staff</u>	<u>Position</u>
Theresa Van Meter	City Secretary *
Christopher Leavins	City Attorney *
Michael Stelly	Police Chief *
David Roberts	Fire Chief *
Carl Thibodeaux	City Judge *
Jon Sherwin	Director of Public Works *

* - City Council Appointive Position

FINANCIAL SECTION



keri michutka
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

Mayor and City Council
City of West Orange, Texas

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of the City of West Orange, Texas, as of and for the year ended September 30, 2021 and the related notes to the financial statements, which collectively comprise the City'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

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free 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, we 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. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of the City of West Orange, Texas, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof 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 (MD&A) on pages 3 to 9, the budgetary comparison information on page 30, and the TMRS required pension schedules on pages 32 to 35 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Orange's basic financial statements. The introductory section, combining nonmajor and individual fund financial statements, and other 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 37-42 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, we do not express an opinion or provide any assurance on them.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 8, 2022, on our consideration of the City of West Orange, Texas' internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City of West Orange Texas' internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City of West Orange, Texas' internal control over financial reporting and compliance.



Bridge City, Texas
February 8, 2022

CITY OF WEST ORANGE, TEXAS

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, 2021.

FINANCIAL HIGHLIGHTS

- The assets and deferred outflows of resources of the City exceeded its liabilities and deferred inflows of resources at the close of the most recent fiscal year by \$7,068,287 (net position).
- As of September 30, 2021, the City's governmental funds reported an ending fund balance of \$6,348,039.
- The City's cash balance as of September 30, 2021, was \$6,691,767, representing an increase of \$866,763 from September 30, 2020.
- The City had expenses net of program revenues of \$2,558,564 and general revenues of \$3,256,362, resulting in a net increase in net position of \$697,798 for the year ended September 30, 2021.
- As of September 30, 2021, unassigned fund balance for the General Fund was \$3,281,773, or 99.4 percent of total General Fund expenditures.

OVERVIEW OF THE FINANCIAL STATEMENTS

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

GOVERNMENT-WIDE FINANCIAL STATEMENTS

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

The *statement of net position* presents information on all of the City's assets, deferred outflows of resources, liabilities and deferred inflows of resources with the difference between the four 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 10 through 11 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 12 through 15 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 16 through 29 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 30 through 35 of this report.

THE CITY AS A WHOLE - 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 and deferred outflows exceeded liabilities and deferred inflows by \$7,068,287 as of September 30, 2021.

The largest portion of the City's net position (43.4 percent) represents restricted financial resources to be used for tourism, municipal court, road maintenance and public safety.

Additionally, a portion of the City's net position (32.5 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.

Lastly, a portion of the City's net position (24.1 percent) represents unrestricted financial resources available for future operations.

SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2021 and 2020

	Governmental Activities	
	2021	2020
Current and Other Assets	\$ 6,970,561	\$ 6,250,626
Capital Assets, Net	2,295,993	2,357,179
Total Assets	9,266,554	8,607,805
Deferred Outflow - Pension Plan	189,056	232,315
Total Deferred Outflows	189,056	232,315
Long-Term Liabilities	1,534,432	1,577,072
Other Liabilities	488,675	312,642
Total Liabilities	2,023,107	1,889,714
Deferred Inflow - Pension Plan	364,216	579,917
Total Deferred Inflows	364,216	579,917
Net Position:		
Investment in Capital Assets	2,295,993	2,357,179
Restricted	3,064,679	2,859,843
Unrestricted	1,707,615	1,153,467
Total Net Position	\$ 7,068,287	\$ 6,370,489

As of September 30, 2021, deferred outflows of resources decreased by \$43,259 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, 2021, long-term liabilities decreased by \$42,640 from the prior year. This decrease can be attributed to a decrease in the City's net pension liability.

As of September 30, 2021, deferred inflows of resources decreased by \$215,701 from the prior year. This decrease can be attributed to differences between expected and actual economic experiences, relating to pension activities.

As of September 30, 2021, restricted net position increased by \$204,836 from the prior year. This increase can mainly be attributed to an increase in the restricted road maintenance bank account, due to less road maintenance than was anticipated in fiscal year 2021.

Net position of the City, all of which relates to governmental activities, increased by \$697,798. Key elements of the increase are as follows:

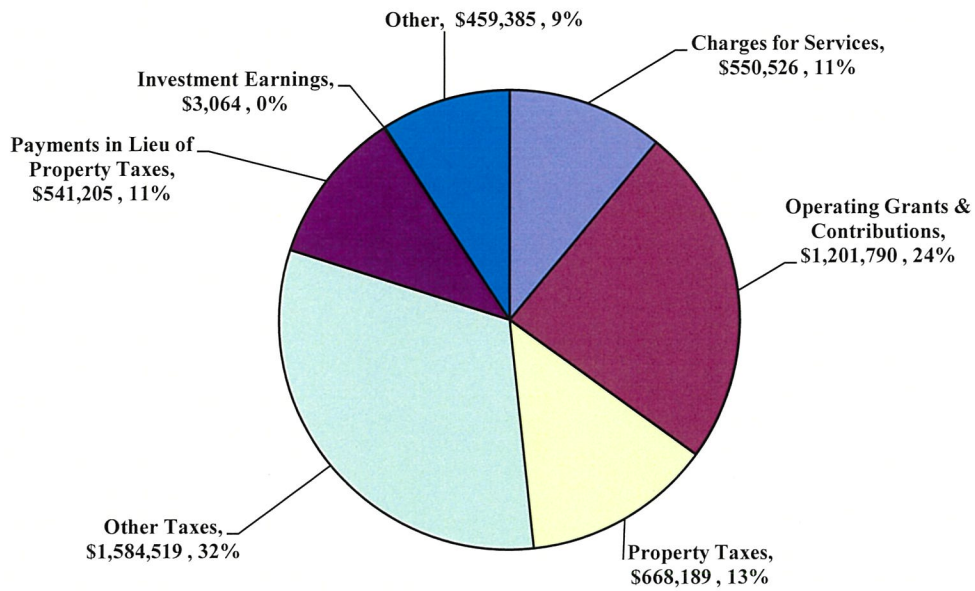
CHANGES IN NET POSITION		
For the Fiscal Years Ended September 30, 2021 and 2020		
	Governmental Activities	
	2021	2020
Revenues		
Program revenues:		
Charges for services	\$ 550,526	\$ 529,652
Operating grants and contributions	1,201,790	631,558
General revenues:		
Property taxes	668,189	621,493
Other taxes	1,584,519	1,443,841
Payments in lieu of property taxes	541,205	609,355
Investment earnings	3,064	34,018
Other	459,385	121,746
Total Revenues	<u>5,008,678</u>	<u>3,991,663</u>
Expenses		
General government	638,919	555,997
Public safety	1,627,102	1,641,290
Public works	1,000,500	1,246,769
Health and safety	1,044,359	355,684
Total Expenses	<u>4,310,880</u>	<u>3,799,740</u>
Change in Net Position	697,798	191,923
Net Position, Beginning	<u>6,370,489</u>	<u>6,178,566</u>
Net Position, Ending	<u>\$ 7,068,287</u>	<u>\$ 6,370,489</u>

During the 2021 fiscal year, operating grants and contributions increased by \$570,232 primarily due to grant funds that were received in the current fiscal year for drainage and street improvement projects.

During the 2021 fiscal year, health and safety expenses increased by \$688,675 primarily due to grant funds that were expended on drainage and street improvement projects in the current fiscal year.

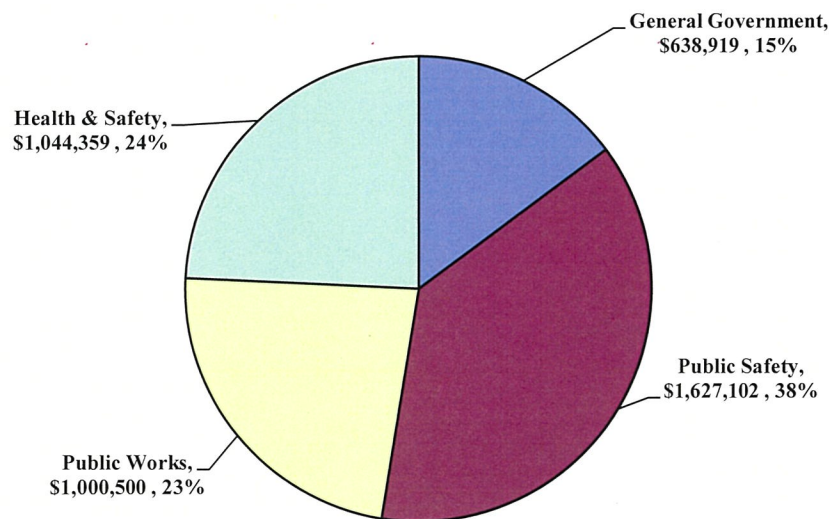
Graphic presentations of selected current year data from the changes in net position table follow in order to assist in the analysis of the City's activities.

GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2021, revenues from governmental activities totaled \$5,008,678.

GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2021, expenses from governmental activities totaled \$4,310,880, the largest portions of which relate to public safety (38%) and health and safety (24%).

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, 2021, the City's governmental funds, which consist of a General Fund and Special Revenue Funds, reported an ending fund balance of \$6,348,039, which is an increase of \$539,247 from last year's total of \$5,808,792. The General Fund, the City's main operating fund, had an ending fund balance of \$6,114,417, a \$536,257 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 \$467,000, as well as actual expenditures in various departments being significantly less than budgeted amounts in the 2021 fiscal year. Revenues in excess of amounts budgeted for sales taxes, other taxes, licenses and permits, and intergovernmental revenue and grants account for approximately \$357,000 of this excess and can be attributed to increased economic growth and grant income during the 2021 fiscal year. Significant differences between final budgeted amounts and actual expenditures in various departments are discussed in the following paragraph.

In fiscal year 2021, the City planned for a decrease in fund balance in the General Fund of \$792,527, however, the actual change in fund balance was an increase of \$536,257. For the 2021 fiscal year, City Sanitation expenditures were less than final budgeted amounts by \$158,730, which can be attributed to open positions that were budgeted but unfilled (including benefits). For the 2021 fiscal year, Police actual expenditures were less than final budgeted amounts by \$102,337, which is due to less overtime paid than was anticipated and actual vacation buyback was less than anticipated. Streets actual expenditures in fiscal year 2021 were less than budgeted amounts by \$322,037, which can be attributed to Street maintenance expenditures being approximately \$190,000 less than budgeted, due to projected hurricane recovery funds paying for these expenses through grants.

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 99 percent of total General Fund expenditures. The nonmajor Special Revenue Funds reported an ending fund balance of \$233,622.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's net investment in capital assets as of September 30, 2021, amounts to \$2,295,993 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, machinery and equipment and infrastructure.

CAPITAL ASSETS SCHEDULE

	Governmental Activities	
	2021	2020
Land	\$ 671,798	\$ 671,798
Buildings	1,596,654	1,596,654
Machinery and equipment	1,855,684	1,642,225
Infrastructure	4,798,303	4,798,303
Less: accumulated depreciation	(6,626,446)	(6,351,801)
Total Capital Assets, Net	<u>\$ 2,295,993</u>	<u>\$ 2,357,179</u>

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

LONG-TERM LIABILITIES

As of September 30, 2021, the City's long-term liabilities consisted of compensated absences which amounted to \$314,554, and the City's net pension liability which amounted to \$1,219,878. The City has established a separate bank account in which money is being accumulated for the payment of compensated absences. As of September 30, 2021, this bank account had a balance of \$169,907.

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

GENERAL FUND ENDING FUND BALANCE

Unassigned fund balance in the General Fund increased to \$3,281,773 during the 2021 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: Randy Branch, Mayor, 2700 Western Avenue, West Orange, Texas 77630.

BASIC FINANCIAL STATEMENTS

GOVERNMENT-WIDE STATEMENTS

CITY OF WEST ORANGE, TEXAS
STATEMENT OF NET POSITION
SEPTEMBER 30, 2021

EXHIBIT A-1

	Primary Government
	Governmental Activities
<hr/>	
ASSETS	
Cash and Cash Equivalents	\$ 3,860,710
Cash and Cash Equivalents - Restricted	2,831,057
Taxes Receivable, Net	269,468
Accounts Receivable	7,739
Prepaid Items	1,587
Capital Assets:	
Land Purchase and Improvements	671,798
Infrastructure, Net	582,876
Buildings, Net	576,566
Machinery and Equipment, Net	464,753
Total Assets	<u>9,266,554</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	189,056
Total Deferred Outflows of Resources	<u>189,056</u>
LIABILITIES	
Accounts Payable	29,770
Wages and Salaries Payable	49,240
Unearned Revenues	399,307
Other Current Liabilities	10,358
Noncurrent Liabilities:	
Due Within One Year	31,455
Due in More Than One Year:	
Compensated Absences	283,099
Net Pension Liability	1,219,878
Total Liabilities	<u>2,023,107</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	364,216
Total Deferred Inflows of Resources	<u>364,216</u>
NET POSITION	
Net Investment in Capital Assets	2,295,993
Restricted:	
Road Maintenance	2,660,656
Public Safety	233,622
Municipal Court	117,662
Tourism	52,739
Unrestricted Net Position	1,707,615
Total Net Position	<u><u>\$ 7,068,287</u></u>

The notes to the financial statements are an integral part of this statement.

CITY OF WEST ORANGE, TEXAS
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2021

EXHIBIT B-1

Net (Expense)
Revenue and
Changes in Net
Position

Primary Gov.
Governmental
Activities

Program Revenues

Expenses

Charges for
Services

Operating
Grants and
Contributions

Primary Government:

GOVERNMENTAL ACTIVITIES:

General Administration	\$ 513,257	\$ 63,532	\$ -	\$ (449,725)
Fire Marshal	32,008	-	-	(32,008)
Fire Department	66,597	-	-	(66,597)
Sanitation	486,557	384,497	-	(102,060)
Humane	39,116	-	-	(39,116)
Police	1,489,381	-	110,745	(1,378,636)
Municipal Court	125,662	101,237	-	(24,425)
Street	383,141	1,260	46,686	(335,195)
Parks and Facilities	64,332	-	-	(64,332)
Maintenance	66,470	-	-	(66,470)
Health and Safety	1,044,359	-	1,044,359	-
TOTAL PRIMARY GOVERNMENT	\$ 4,310,880	\$ 550,526	\$ 1,201,790	(2,558,564)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	668,189
General Sales and Use Taxes	1,067,393
Road Maintenance Tax	266,848
Mixed Beverage Tax	5,296
Hotel/Motel Occupancy Tax	8,783
Payments in Lieu of Property Taxes	541,205
Franchise Tax	236,199
Penalty and Interest on Taxes	21,406
Grants and Contributions	284,717
Miscellaneous Revenue	149,262
Investment Earnings	3,064
Gain on Disposal of Assets	4,000
Total General Revenues and Transfers	3,256,362

Change in Net Position

Net Position-- Beginning

Net Position - Ending

697,798

6,370,489

\$ 7,068,287

The notes to the financial statements are an integral part of this statement.

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF WEST ORANGE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2021

	General Fund	TDEM/ COVID-19 Relief Grant	Other Funds	Total Governmental Funds
ASSETS				
Cash and Cash Equivalents	\$ 3,227,781	\$ 399,307	\$ 233,622	\$ 3,860,710
Cash and Cash Equivalents - Restricted	2,831,057	-	-	2,831,057
Taxes Receivable	269,468	-	-	269,468
Accounts Receivable	7,739	-	-	7,739
Prepaid Items	1,587	-	-	1,587
Total Assets	<u>\$ 6,337,632</u>	<u>\$ 399,307</u>	<u>\$ 233,622</u>	<u>\$ 6,970,561</u>
LIABILITIES				
Accounts Payable	\$ 29,770	\$ -	\$ -	\$ 29,770
Wages and Salaries Payable	49,240	-	-	49,240
Unearned Revenues	-	399,307	-	399,307
Other Current Liabilities	10,358	-	-	10,358
Total Liabilities	<u>89,368</u>	<u>399,307</u>	<u>-</u>	<u>488,675</u>
DEFERRED INFLOWS OF RESOURCES				
Unavailable Revenue - Property Taxes	133,847	-	-	133,847
Total Deferred Inflows of Resources	<u>133,847</u>	<u>-</u>	<u>-</u>	<u>133,847</u>
FUND BALANCES				
Nonspendable Fund Balance	1,587	-	-	1,587
Restricted Fund Balance	2,831,057	-	233,622	3,064,679
Unassigned Fund Balance	3,281,773	-	-	3,281,773
Total Fund Balances	<u>6,114,417</u>	<u>-</u>	<u>233,622</u>	<u>6,348,039</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,337,632</u>	<u>\$ 399,307</u>	<u>\$ 233,622</u>	<u>\$ 6,970,561</u>

The notes to the financial statements are an integral part of this statement.

CITY OF WEST ORANGE, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
 STATEMENT OF NET POSITION
 SEPTEMBER 30, 2021

Total Fund Balances - Governmental Funds	\$ 6,348,039
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including compensated absences payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term liabilities in the governmental activities is to increase net position.	2,069,551
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of including the 2021 capital outlays is to increase net position.	238,562
Included in the items related to debt is the recognition of the City's TMRS net pension liability required by GASB 68. The net position related to TMRS includes a deferred resource outflow in the amount of \$189,056, a deferred resource inflow in the amount of \$364,216, and a net pension liability in the amount of \$1,219,878. This resulted in a decrease in net position.	(1,395,038)
The 2021 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(299,748)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, eliminating interfund transactions, and recognizing the liabilities associated with compensated absences. The net effect of these reclassifications and recognitions is to increase net position.	106,921
Net Position of Governmental Activities	\$ 7,068,287

The notes to the financial statements are an integral part of this statement.

CITY OF WEST ORANGE, TEXAS
STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	General Fund	TDEM/ COVID-19 Relief Grant	Other Funds	Total Governmental Funds
REVENUES:				
Taxes:				
Property Taxes	\$ 663,534	\$ -	\$ -	\$ 663,534
General Sales and Use Taxes	1,067,393	-	-	1,067,393
Franchise Tax	236,199	-	-	236,199
Other Taxes	280,927	-	-	280,927
Penalty and Interest on Taxes	21,406	-	-	21,406
Payments in Lieu of Property Taxes	541,205	-	-	541,205
Licenses and Permits	63,532	-	-	63,532
Intergovernmental Revenue and Grants	145,947	148,632	1,191,928	1,486,507
Charges for Services	385,757	-	-	385,757
Fines	101,237	-	-	101,237
Investment Earnings	2,955	-	109	3,064
Other Revenue	149,262	-	-	149,262
Total Revenues	3,659,354	148,632	1,192,037	5,000,023
EXPENDITURES:				
General Administration	507,296	-	-	507,296
Fire Marshal	36,378	-	-	36,378
Fire Department	56,896	-	-	56,896
Sanitation	638,451	-	-	638,451
Humane	41,284	-	-	41,284
Police	1,559,096	-	65,121	1,624,217
Municipal Court	135,368	-	-	135,368
Street	184,199	-	54,758	238,957
Parks and Facilities	68,542	-	-	68,542
Maintenance	73,028	-	-	73,028
Health and Safety	-	9,862	1,034,497	1,044,359
Total Expenditures	3,300,538	9,862	1,154,376	4,464,776
Excess of Revenues Over Expenditures	358,816	138,770	37,661	535,247
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	4,000	-	-	4,000
Transfers In	181,513	-	8,072	189,585
Transfers Out (Use)	(8,072)	(175,613)	(5,900)	(189,585)
Total Other Financing Sources (Uses)	177,441	(175,613)	2,172	4,000
Net Change in Fund Balances	536,257	(36,843)	39,833	539,247
Fund Balance - October 1 (Beginning)	5,578,160	36,843	193,789	5,808,792
Fund Balance - September 30 (Ending)	\$ 6,114,417	\$ -	\$ 233,622	\$ 6,348,039

The notes to the financial statements are an integral part of this statement.

CITY OF WEST ORANGE, TEXAS
 RECONCILIATION OF THE GOVERNMENTAL FUNDS STATEMENT OF REVENUES, EXPENDITURES,
 AND CHANGES IN FUND BALANCES TO THE STATEMENT OF ACTIVITIES
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

Total Net Change in Fund Balances - Governmental Funds	\$ 539,247
Current year capital outlays are expenditures in the fund financial statements, but they should be shown as increases in capital assets in the government-wide financial statements. The net effect of removing the 2021 capital outlays is to increase the change in net position.	238,562
GASB 68 required that certain plan expenditures be de-expended and recorded as deferred resource outflows. These contributions made after the measurement date of the plan caused the change in ending net position to increase by \$189,056. Contributions made before the measurement date and during the previous fiscal year were also expended and recorded as a reduction in net pension liability. This caused an increase in net position totaling \$82,254. Finally, the proportionate share of the TMRS pension expense on the plan as a whole has to be recorded. The net pension expense decreased the change in net position by \$29,302. The net result is an increase in the change in net position.	242,008
Depreciation is not recognized as an expense in governmental funds since it does not require the use of current financial resources. The net effect of the current year's depreciation is to decrease the change in net position.	(299,748)
Various other reclassifications and eliminations are necessary to convert from the modified accrual basis of accounting to accrual basis of accounting. These include recognizing deferred revenue as revenue, adjusting current year revenue to show the revenue earned from the current year's tax levy, eliminating interfund transactions, and recognizing the liabilities associated with compensated absences. The net effect of these reclassifications and recognitions is to decrease the change in net position.	(22,271)
Change in Net Position of Governmental Activities	\$ 697,798

The notes to the financial statements are an integral part of this statement.

NOTES TO THE FINANCIAL STATEMENTS

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

I. 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.
- 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.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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, 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.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

The City reports the following major governmental funds:

1. **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.

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.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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 Improvement	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.

- 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, this deferred inflow results from differences between expected and actual actuarial experiences.

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

- Deferred outflows of resources for pension activities - Reported in the government-wide financial statement of net position, these deferred outflows result from pension plan contributions made after the measurement date of the net pension liability and differences between projected and actual investment earnings.

L. PENSIONS

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

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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.

N. ESTIMATES

The preparation of financial statements, in conformity with generally accepted accounting principles, requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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.

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. 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, 2021, are shown as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash	\$ 3,860,710	\$ 3,860,710
Cash - Restricted	<u>2,831,057</u>	<u>2,831,057</u>
Total Cash and Cash Equivalents	<u>\$ 6,691,767</u>	<u>\$ 6,691,767</u>

Custodial Credit Risk - Deposits

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

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

The City's cash deposits, as of September 30, 2021, were entirely guaranteed by FDIC insurance or by pledged collateral held by the City's agent bank.

B. 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 \$0.47000 per \$100 of assessed valuation. The resulting adjusted tax levy was \$671,951 for operations on the total adjusted taxable valuation of \$142,968,298 for the 2020 tax year.

Property taxes receivable, as of September 30, 2021, consists of the following:

Tax Year	General Fund
2020	\$ 35,289
2019	29,406
2018	16,708
2017	11,598
2016	10,367
2015 and prior	45,352
	<u>\$ 148,719</u>

C. INTERFUND BALANCES AND TRANSFERS

There are no interfund balances at September 30, 2021.

Interfund transfers for the year ended September 30, 2021, consisted of the following individual amounts:

Fund	General Fund	TDEM/ COVID-19 Relief Grant	Disaster Recovery Grant	TDA/ CDBG Grant	Totals
Transfer In - TDEM/COVID-19 Relief Fund	175,613				175,613
Transfer Out - General Fund		(175,613)			(175,613)
Transfer In - Disaster Recovery Grant	5,900				5,900
Transfer Out - General Fund			(5,900)		(5,900)
Transfer In - General Fund				8,072	8,072
Transfer Out - TDA/CDBG Grant	(8,072)				(8,072)
Totals Transfers In/(Out)	<u>\$ 173,441</u>	<u>\$ (175,613)</u>	<u>\$ (5,900)</u>	<u>\$ 8,072</u>	<u>\$ -</u>

These transfers to the General Fund were grant reimbursements for expenses paid from the General Fund. The transfer to the TDA/CDBG Grant was for the City's match for the project per grant requirements.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

D. 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	Totals
Receivables:		
Taxes	\$ 284,340	\$ 284,340
Accounts	<u>7,739</u>	<u>7,739</u>
Gross Receivables	292,079	292,079
Less: Allowance for Uncollectibles	<u>(14,872)</u>	<u>(14,872)</u>
Net Total Receivables	<u>\$ 277,207</u>	<u>\$ 277,207</u>

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 \$ 133,847

E. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2021, was as follows:

	Primary Government			
	Beginning Balance	Additions	Retirements	Ending Balance
Governmental Activities:				
Capital assets not being depreciated:				
Land	\$ 671,798	\$	\$	\$ 671,798
Total capital assets not being depreciated	<u>671,798</u>			<u>671,798</u>
Capital assets being depreciated:				
Buildings	1,596,654			1,596,654
Machinery and equipment	1,642,225	238,562	(25,103)	1,855,684
Infrastructure	<u>4,798,303</u>			<u>4,798,303</u>
Total capital assets being depreciated	<u>8,037,182</u>	<u>238,562</u>	<u>(25,103)</u>	<u>8,250,641</u>
Less accumulated depreciation for:				
Buildings	(978,374)	(41,714)		(1,020,088)
Machinery and equipment	(1,277,915)	(138,119)	25,103	(1,390,931)
Infrastructure	<u>(4,095,512)</u>	<u>(119,915)</u>		<u>(4,215,427)</u>
Total accumulated depreciation	<u>(6,351,801)</u>	<u>(299,748)</u>	<u>25,103</u>	<u>(6,626,446)</u>
Total capital assets being depreciated, net	<u>1,685,381</u>	<u>(61,186)</u>	<u>-</u>	<u>1,624,195</u>
Governmental Activities capital assets, net	<u>\$ 2,357,179</u>	<u>\$ (61,186)</u>	<u>\$ -</u>	<u>\$ 2,295,993</u>

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

Depreciation expense was charged to governmental functions
as follows:

General Government	\$ 23,496
Fire Department	9,701
Police Department	92,386
Sanitation	21,974
Streets	<u>152,191</u>
Total Depreciation Expense	<u>\$ 299,748</u>

F. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2021 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Governmental Activities					
Net Pension Liability	\$ 1,289,444	\$ 1,082,579	\$ (1,152,145)	\$ 1,219,878	\$ -
Compensated Absences	<u>287,628</u>	<u>127,197</u>	<u>(100,271)</u>	<u>314,554</u>	<u>31,455</u>
Total Governmental Activities	<u>\$ 1,577,072</u>	<u>\$ 1,209,776</u>	<u>\$ (1,252,416)</u>	<u>\$ 1,534,432</u>	<u>\$ 31,455</u>
Long-term Liabilities					

G. 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.

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.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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, 2021, were distributed as follows:

	General Fund	Other Governmental Funds	Total
Nonspendable:			
Prepays	\$ 1,587	\$ -	\$ 1,587
Total Nonspendable	1,587	-	1,587
Restricted for:			
Tourism	52,739		52,739
Municipal Court	117,662		117,662
Road Maintenance	2,660,656		2,660,656
Public Safety		233,622	233,622
Total Restricted	2,831,057	233,622	3,064,679
Unassigned	3,281,773		3,281,773
Total Fund Balance	<u>\$ 6,114,417</u>	<u>\$ 233,622</u>	<u>\$ 6,348,039</u>

These fund balance restrictions are due to legislative and grant funding requirements.

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.

H. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of West Orange participates as one of 895 plans in the defined benefit cash-balance plan administered by the Texas Municipal Retirement System (TMRS). TMRS is a statewide public retirement plan 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 employees of Texas participating cities. The TMRS Act places the general administration and management of TMRS with a six-member, Governor-appointed Board of Trustees; however, TMRS is not fiscally dependent on the State of Texas. TMRS issues a publicly available Comprehensive Annual Financial Report (Annual Report) that can be obtained at tmrs.com.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

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 payments 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.

Employees covered by benefit terms.

At the December 31, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	18
Inactive employees entitled to but not yet receiving benefits	15
Active employees	<u>24</u>
	57

Contributions

Member contribution rates in TMRS are either 5%, 6% or 7% of the Member's total compensation, and the city matching percentages are either 100%, 150% or 200%, both as adopted by the governing body of the city. Under the 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 city's contribution rate is based on the liabilities created from the benefit plan options selected by the city and any changes in benefits or actual experience over time.

Employees for the City of West Orange were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City were 20.02% and 18.43% in calendar years 2020 and 2021, respectively. The city's contributions to TMRS for the year ended September 30, 2021, were \$271,309, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2020, 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, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75% per year, adjusted down for population declines, if any
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 are based on the PUB(10) mortality tables with the Public Safety tables used for males and the General Employee table used for females. Mortality rates for health retirees and beneficiaries were based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for health retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of experience of TMRS over the four period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for healthy annuitants and Annuity Purchase Rates (APRs) are based on the Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. 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 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	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 Member 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 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.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/2019	\$ 10,877,448	\$ 9,588,004	\$ 1,289,444
Changes for the Year:			
Service Cost	263,031	-	263,031
Interest	730,658	-	730,658
Change of benefit terms	-	-	-
Difference between expected and actual experience	83,997	-	83,997
Changes of assumptions	-	-	-
Contributions - employer	-	314,569	(314,569)
Contributions - employee	-	109,989	(109,989)
Net investment income	-	727,587	(727,587)
Benefit payments, including refunds of employee contribution	(368,812)	(368,812)	-
Administrative expense	-	(4,709)	4,709
Other changes	-	(184)	184
Net changes	<u>708,874</u>	<u>778,440</u>	<u>(69,566)</u>
Balance at 12/31/2020	<u>\$ 11,586,322</u>	<u>\$ 10,366,444</u>	<u>\$ 1,219,878</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	\$ 2,722,456	\$ 1,219,878	\$ (31,818)

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in the Schedule of Changes in Fiduciary Net Position, by Participating City. That report may be obtained at trms.com.

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

For the year ended September 30, 2021 the city recognized pension expense of \$29,302.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

At September 30, 2021, 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	\$ -	\$ 93,785
Changes in actuarial assumptions	-	304
Difference between projected and actual investment earnings	-	270,127
Contributions subsequent of the measurement date	<u>189,056</u>	<u>-</u>
Total	<u>\$ 189,056</u>	<u>\$ 364,216</u>

\$189,056 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, 2021. 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:

2021	\$ (178,056)
2022	(26,620)
2023	(143,459)
2024	(16,081)
2025	-
Thereafter	-
	<u>\$ (364,216)</u>

I. DEFERRED COMPENSATION PLAN

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

J. 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.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2021

K. COVID-19

On March 11, 2020, the World Health Organization declared the novel strain of coronavirus (COVID-19) a global pandemic and recommended containment and mitigation measures worldwide. The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. As such, it is uncertain as to the full magnitude that the pandemic will have on the City's financial condition, liquidity, and future results of operations. Management is actively monitoring the global situation on its financial condition, liquidity, operations, suppliers, industry, and workforce. Given the daily evolution of the COVID-19 outbreak and the global responses to curb its spread, the City is not able to estimate the effects of the COVID-19 outbreak on its results of operations or financial condition for fiscal year 2021.

On August 24, 2021, the City received \$399,307 in Coronavirus Relief Funds from the Texas Department of Emergency Management (TDEM). These funds will be spent in the next fiscal year and any unspent funds must be returned to TDEM. Unearned Revenue at September 30, 2021, is \$399,307.

L. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through February 8, 2022, the date that the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

CITY OF WEST ORANGE, TEXAS
SCHEDULE OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE -
BUDGET AND ACTUAL - GENERAL FUND
FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 632,000	\$ 632,000	\$ 663,534	\$ 31,534
General Sales and Use Taxes	900,000	900,000	1,067,393	167,393
Franchise Tax	220,000	220,000	236,199	16,199
Other Taxes	211,500	211,500	280,927	69,427
Penalty and Interest on Taxes	14,000	14,000	21,406	7,406
Payments in Lieu of Property Taxes	566,186	566,186	541,205	(24,981)
Licenses and Permits	29,005	29,005	63,532	34,527
Intergovernmental Revenue and Grants	115,500	115,500	145,947	30,447
Charges for Services	378,050	378,050	385,757	7,707
Fines	69,200	69,200	101,237	32,037
Investment Earnings	43,500	43,500	2,955	(40,545)
Other Revenue	12,500	12,500	149,262	136,762
Total Revenues	3,191,441	3,191,441	3,659,354	467,913
EXPENDITURES:				
General Administration	462,028	462,028	507,296	(45,268)
Fire Marshal	77,652	77,652	36,378	41,274
Fire Department	171,041	171,041	56,896	114,145
Sanitation	797,181	797,181	638,451	158,730
Humane	63,312	63,312	41,284	22,028
Police	1,661,433	1,661,433	1,559,096	102,337
Municipal Court	153,722	153,722	135,368	18,354
Street	506,236	506,236	184,199	322,037
Parks and Facilities	78,884	78,884	68,542	10,342
Maintenance	77,779	77,779	73,028	4,751
Total Expenditures	4,049,268	4,049,268	3,300,538	748,730
Excess (Deficiency) of Revenues Over (Under) Expenditures	(857,827)	(857,827)	358,816	1,216,643
OTHER FINANCING SOURCES (USES):				
Sale of Real and Personal Property	65,000	65,000	4,000	(61,000)
Transfers In	-	-	181,513	181,513
Transfers Out (Use)	-	-	(8,072)	(8,072)
Total Other Financing Sources (Uses)	65,000	65,000	177,441	112,441
Net Change	(792,827)	(792,827)	536,257	1,329,084
Fund Balance - October 1 (Beginning)	5,578,160	5,578,160	5,578,160	-
Fund Balance - September 30 (Ending)	\$ 4,785,333	\$ 4,785,333	\$ 6,114,417	\$ 1,329,084

CITY OF WEST ORANGE, TEXAS
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.

FY 2018 Plan Year 2017		FY 2017 Plan Year 2016		FY 2016 Plan Year 2015		FY 2015 Plan Year 2014	
\$	237,452	\$	233,927	\$	217,004	\$	189,272
	656,717		625,802		616,052		578,003
	-		-		-		-
	(3,251)		(22,744)		(78,873)		84,378
	-		-		73,605		-
	(376,053)		(385,419)		(346,287)		(297,650)
\$	514,865	\$	451,566	\$	481,501	\$	554,003
	9,798,446		9,346,880		8,865,379		8,311,376
\$	10,313,311	\$	9,798,446	\$	9,346,880	\$	8,865,379
\$	283,133	\$	275,002	\$	255,152	\$	242,989
	97,488		95,203		91,453		86,870
	1,054,373		482,885		10,536		384,861
	(376,053)		(385,419)		(346,287)		(297,650)
	(5,463)		(5,453)		(6,417)		(4,018)
	(278)		(294)		(317)		(330)
\$	1,053,200	\$	461,924	\$	4,120	\$	412,722
	7,606,233		7,144,309		7,140,189		6,727,467
\$	8,659,433	\$	7,606,233	\$	7,144,309	\$	7,140,189
\$	1,653,878	\$	2,192,213	\$	2,202,571	\$	1,725,190
	83.96%		77.63%		76.44%		80.54%
\$	1,392,680	\$	1,360,043	\$	1,306,467	\$	1,241,005
	118.76%		161.19%		168.59%		139.02%

2018	2017	2016	2015	2014	2013	2012
\$ 246,248	\$ 287,979	\$ 279,974	\$ 252,975	\$ 240,164	\$ 239,240	\$ 240,112
246,248	287,979	279,974	252,975	240,164	239,240	240,112
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,226,668	\$ 1,418,315	\$ 1,397,212	\$ 1,294,403	\$ 1,228,333	\$ 1,239,313	\$ 1,214,844
20.07%	20.30%	20.04%	19.54%	19.55%	19.30%	19.76%

**COMBINING AND INDIVIDUAL FUND
STATEMENTS AND SCHEDULES**

CITY OF WEST ORANGE, TEXAS
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 donations and fines when State 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.

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.

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

Wastewater Treatment Plant - EDA Grant Fund - This fund is used to account for monies received for improvements to the wastewater treatment plant within the City. These monies are restricted for the use of improvements to the wastewater treatment plant within the City.

TDEM/HMGP Grant Fund - This fund is used to account for monies received from Texas Department of Emergency Management for hazard mitigation projects.

TDA Community Development Block Grant Fund - This fund is used to account for monies received from the Texas Department of Agriculture for a street improvement project.

GLO Infrastructure Grant Fund - This fund is used to account for monies received from the General Land Office for grants awarded for infrastructure damages or improvements.

Police - Federal Treas Asset Forfeit	Disaster Recovery Grant	Sewer Improvements Grant	WWTP - EDA Grant	TDEM/ HMGP Grant	TDA/ CDBG Grant	GLO Infrastructur Grant	Total Nonmajor Governmental Funds
\$ 87,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,622
<u>\$ 87,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,622</u>
87,776	-	-	-	-	-	-	233,622
<u>87,776</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>233,622</u>
<u>\$ 87,776</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 233,622</u>

Police - Federal Treas Asset Forfeit	Disaster Recovery Grant	Sewer Improvements Grant	WWTP - EDA Grant	TDEM/ HMGP Grant	TDA/ CDBG Grant	GLO Infrastructur Grant	Total Nonmajor Governmental Funds
\$ -	\$ -	\$ 26,361	\$ 445,184	\$ 164,727	\$ 46,686	\$ 398,225	\$ 1,191,928
44	-	-	-	-	-	-	109
44	-	26,361	445,184	164,727	46,686	398,225	1,192,037
-	-	-	-	-	-	-	65,121
-	-	-	-	-	54,758	-	54,758
-	-	26,361	445,184	164,727	-	398,225	1,034,497
-	-	26,361	445,184	164,727	54,758	398,225	1,154,376
44	-	-	-	-	(8,072)	-	37,661
-	-	-	-	-	8,072	-	8,072
-	(5,900)	-	-	-	-	-	(5,900)
-	(5,900)	-	-	-	8,072	-	2,172
44	(5,900)	-	-	-	-	-	39,833
87,732	5,900	-	-	-	-	-	193,789
\$ 87,776	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 233,622

CITY OF WEST ORANGE, TEXAS
BALANCE SHEET
PRIOR YEAR AND CURRENT YEAR - GENERAL FUND
SEPTEMBER 30, 2021

	Current Year	Prior Year	Variance
ASSETS			
Cash and Cash Equivalents	\$ 3,227,781	\$ 2,965,161	\$ 262,620
Cash and Cash Equivalents - Restricted	2,831,057	2,629,211	201,846
Taxes Receivable	269,468	240,251	29,217
Accounts Receivable	7,739	8,339	(600)
Prepaid Items	1,587	3,126	(1,539)
Total Assets	<u>\$ 6,337,632</u>	<u>\$ 5,846,088</u>	<u>\$ 491,544</u>
LIABILITIES			
Accounts Payable	\$ 29,770	\$ 64,697	\$ (34,927)
Wages and Salaries Payable	49,240	38,442	10,798
Due to Other Funds	-	34,213	(34,213)
Other Current Liabilities	10,358	1,384	8,974
Total Liabilities	<u>89,368</u>	<u>138,736</u>	<u>(49,368)</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	133,847	129,192	4,655
Total Deferred Inflows of Resources	<u>133,847</u>	<u>129,192</u>	<u>4,655</u>
FUND BALANCES			
Nonspendable Fund Balance	1,587	3,126	(1,539)
Restricted Fund Balance	2,831,057	2,629,211	201,846
Unassigned Fund Balance	3,281,773	2,945,823	335,950
Total Fund Balances	<u>6,114,417</u>	<u>5,578,160</u>	<u>536,257</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,337,632</u>	<u>\$ 5,846,088</u>	<u>\$ 491,544</u>

CITY OF WEST ORANGE, TEXAS
 STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCE
 BUDGET AND ACTUAL - GENERAL FUND
 FOR THE YEAR ENDED SEPTEMBER 30, 2021

	Budgeted Amounts		Actual	Variance With	2020
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)	Prior Year Actual GAAP Basis
REVENUES:					
Taxes:					
Property Taxes	\$ 632,000	\$ 632,000	\$ 663,534	\$ 31,534	\$ 606,801
General Sales and Use Taxes	900,000	900,000	1,067,393	167,393	949,185
Franchise Tax	220,000	220,000	236,199	16,199	243,813
Other Taxes	211,500	211,500	280,927	69,427	250,843
Penalty and Interest on Taxes	14,000	14,000	21,406	7,406	16,820
Payments in Lieu of Property Taxes	566,186	566,186	541,205	(24,981)	609,355
Licenses and Permits	29,005	29,005	63,532	34,527	71,871
Intergovernmental Revenue and Grants	115,500	115,500	145,947	30,447	78,839
Charges for Services	378,050	378,050	385,757	7,707	387,328
Fines	69,200	69,200	101,237	32,037	70,453
Investment Earnings	43,500	43,500	2,955	(40,545)	32,812
Other Revenue	12,500	12,500	149,262	136,762	38,715
Total Revenues	3,191,441	3,191,441	3,659,354	467,913	3,356,835
EXPENDITURES:					
Health and safety:					
General Administration	462,028	462,028	507,296	(45,268)	442,905
Fire Marshal	77,652	77,652	36,378	41,274	96,776
Fire Department	171,041	171,041	56,896	114,145	141,746
Sanitation	797,181	797,181	638,451	158,730	513,585
Humane	63,312	63,312	41,284	22,028	22,792
Police	1,661,433	1,661,433	1,559,096	102,337	1,447,427
Municipal Court	153,722	153,722	135,368	18,354	132,184
Street	506,236	506,236	184,199	322,037	200,633
Parks and Facilities	78,884	78,884	68,542	10,342	68,451
Maintenance	77,779	77,779	73,028	4,751	70,949
Total Expenditures	4,049,268	4,049,268	3,300,538	748,730	3,137,448
Excess (Deficiency) of Revenues Over Expenditures	(857,827)	(857,827)	358,816	1,216,643	219,387
OTHER FINANCING SOURCES (USES):					
Sale of Real and Personal Property	65,000	65,000	4,000	(61,000)	39,515
Transfers In	-	-	181,513	181,513	-
Transfers Out (Use)	-	-	(8,072)	(8,072)	(49,613)
Total Other Financing Sources (Uses)	65,000	65,000	177,441	112,441	(10,098)
Change in Fund Balance	(792,827)	(792,827)	536,257	1,329,084	209,289
Fund Balance - October 1	5,578,160	5,578,160	5,578,160	-	5,368,871
Fund Balance - September 30	\$ 4,785,333	\$ 4,785,333	\$ 6,114,417	\$ 1,329,084	\$ 5,578,160

STATISTICAL SECTION

**CITY OF WEST ORANGE, TEXAS
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.	44-53
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.	54-61
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.	62-65
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.	66-68
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.	69-70

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

<u>2016*</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 2,842,982	\$ 2,707,708	\$ 2,589,006	\$ 2,572,959	\$ 2,357,179	\$ 2,295,993
1,775,123	2,005,743	2,283,893	2,592,142	2,859,843	3,064,679
<u>556,813</u>	<u>479,299</u>	<u>924,246</u>	<u>1,013,465</u>	<u>1,153,467</u>	<u>1,707,615</u>
<u>\$ 5,174,918</u>	<u>\$ 5,192,750</u>	<u>\$ 5,797,145</u>	<u>\$ 6,178,566</u>	<u>\$ 6,370,489</u>	<u>\$ 7,068,287</u>

\$ 2,842,982	\$ 2,707,708	\$ 2,589,006	\$ 2,572,959	\$ 2,357,179	\$ 2,295,993
1,775,123	2,005,743	2,283,893	2,592,142	2,859,843	3,064,679
<u>556,813</u>	<u>479,299</u>	<u>924,246</u>	<u>1,013,465</u>	<u>1,153,467</u>	<u>1,707,615</u>
<u>\$ 5,174,918</u>	<u>\$ 5,192,750</u>	<u>\$ 5,797,145</u>	<u>\$ 6,178,566</u>	<u>\$ 6,370,489</u>	<u>\$ 7,068,287</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 526,660	\$ 602,122	\$ 566,878	\$ 544,958	\$ 555,997	\$ 638,919
1,519,944	1,654,677	1,778,147	1,536,246	1,641,290	1,627,102
1,099,024	992,942	914,805	1,048,229	1,246,769	1,000,500
230,848	35,415	292,303	56,800	355,684	1,044,359
<u>3,376,476</u>	<u>3,285,156</u>	<u>3,552,133</u>	<u>3,186,233</u>	<u>3,799,740</u>	<u>4,310,880</u>
<u>\$ 3,376,476</u>	<u>\$ 3,285,156</u>	<u>\$ 3,552,133</u>	<u>\$ 3,186,233</u>	<u>\$ 3,799,740</u>	<u>\$ 4,310,880</u>
\$ 17,548	\$ 17,032	\$ 28,846	\$ 34,069	\$ 71,871	\$ 63,532
143,780	120,598	105,886	103,335	70,453	101,237
372,595	363,343	358,502	361,380	387,328	385,757
254,319	51,042	743,203	154,084	631,558	1,201,790
-	-	-	-	-	-
<u>788,242</u>	<u>552,015</u>	<u>1,236,437</u>	<u>652,868</u>	<u>1,161,210</u>	<u>1,752,316</u>
<u>\$ 788,242</u>	<u>\$ 552,015</u>	<u>\$ 1,236,437</u>	<u>\$ 652,868</u>	<u>\$ 1,161,210</u>	<u>\$ 1,752,316</u>
<u>\$ (2,588,234)</u>	<u>\$ (2,733,141)</u>	<u>\$ (2,315,696)</u>	<u>\$ (2,533,365)</u>	<u>\$ (2,638,530)</u>	<u>\$ (2,558,564)</u>
<u>\$ (2,588,234)</u>	<u>\$ (2,733,141)</u>	<u>\$ (2,315,696)</u>	<u>\$ (2,533,365)</u>	<u>\$ (2,638,530)</u>	<u>\$ (2,558,564)</u>
\$ 550,888	\$ 609,669	\$ 624,499	\$ 631,232	\$ 621,493	\$ 668,189
1,431,039	1,403,658	1,517,231	1,451,426	1,443,841	1,584,519
620,050	624,797	637,013	600,515	609,355	541,205
9,410	26,811	82,197	121,123	34,018	3,064
28,190	36,372	58,241	110,490	121,746	459,385
<u>2,639,577</u>	<u>2,701,307</u>	<u>2,919,181</u>	<u>2,914,786</u>	<u>2,830,453</u>	<u>3,256,362</u>
<u>\$ 2,639,577</u>	<u>\$ 2,701,307</u>	<u>\$ 2,919,181</u>	<u>\$ 2,914,786</u>	<u>\$ 2,830,453</u>	<u>\$ 3,256,362</u>
\$ 51,343	\$ (31,834)	\$ 603,485	\$ 381,421	\$ 191,923	\$ 697,798
<u>\$ 51,343</u>	<u>\$ (31,834)</u>	<u>\$ 603,485</u>	<u>\$ 381,421</u>	<u>\$ 191,923</u>	<u>\$ 697,798</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 550,888	\$ 609,669	\$ 624,499	\$ 631,232	\$ 621,493	\$ 668,189
924,039	908,301	993,957	935,988	949,185	1,067,393
6,356	5,285	6,669	6,817	5,746	5,296
231,011	227,073	248,487	233,996	237,296	266,848
4,761	5,346	8,038	9,044	7,801	8,783
<u>264,872</u>	<u>257,653</u>	<u>260,080</u>	<u>265,581</u>	<u>243,813</u>	<u>236,199</u>
<u>\$ 1,981,927</u>	<u>\$ 2,013,327</u>	<u>\$ 2,141,730</u>	<u>\$ 2,082,658</u>	<u>\$ 2,065,334</u>	<u>\$ 2,252,708</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 850	\$ 973	\$ 781	\$ 1,532	\$ 3,126	\$ 1,587
1,555,662	1,802,759	2,084,015	2,379,009	2,629,211	2,831,057
<u>2,218,226</u>	<u>2,240,827</u>	<u>2,797,863</u>	<u>2,988,330</u>	<u>2,945,823</u>	<u>3,281,773</u>
<u>\$ 3,774,738</u>	<u>\$ 4,044,559</u>	<u>\$ 4,882,659</u>	<u>\$ 5,368,871</u>	<u>\$ 5,578,160</u>	<u>\$ 6,114,417</u>
\$ 219,461	\$ 202,984	\$ 199,878	\$ 213,133	\$ 230,632	\$ 233,622
<u>\$ 219,461</u>	<u>\$ 202,984</u>	<u>\$ 199,878</u>	<u>\$ 213,133</u>	<u>\$ 230,632</u>	<u>\$ 233,622</u>

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 1,976,692	\$ 2,005,067	\$ 2,137,885	\$ 2,082,387	\$ 2,067,462	\$ 2,248,053
620,050	624,797	637,013	600,515	609,355	541,205
10,464	7,907	17,276	22,069	71,871	63,532
130,982	109,262	92,732	92,113	70,453	101,237
387,501	377,260	374,816	376,841	387,328	385,757
242,569	47,063	739,122	151,284	710,397	1,486,507
9,410	26,811	82,197	121,123	34,018	3,064
44,916	46,895	70,733	111,051	78,230	174,668
<u>3,422,584</u>	<u>3,245,062</u>	<u>4,151,774</u>	<u>3,557,383</u>	<u>4,029,114</u>	<u>5,004,023</u>
494,873	561,538	520,794	514,373	583,243	642,664
1,444,401	1,596,469	1,679,383	1,449,090	1,751,502	1,758,775
230,848	35,415	292,303	56,800	355,684	1,044,359
893,017	798,296	825,210	1,037,653	1,111,897	1,018,978
<u>3,063,139</u>	<u>2,991,718</u>	<u>3,317,690</u>	<u>3,057,916</u>	<u>3,802,326</u>	<u>4,464,776</u>
<u>\$ 359,445</u>	<u>\$ 253,344</u>	<u>\$ 834,084</u>	<u>\$ 499,467</u>	<u>\$ 226,788</u>	<u>\$ 539,247</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 550,888	\$ 609,669	\$ 620,654	\$ 630,961	\$ 623,621	\$ 663,534
924,039	908,301	993,957	935,988	949,185	1,067,393
6,356	5,285	6,669	6,817	5,746	5,296
231,011	227,073	248,487	233,996	237,296	266,848
4,761	5,346	8,038	9,044	7,801	8,783
<u>264,872</u>	<u>257,653</u>	<u>260,080</u>	<u>265,581</u>	<u>243,813</u>	<u>236,199</u>
<u>\$ 1,981,927</u>	<u>\$ 2,013,327</u>	<u>\$ 2,137,885</u>	<u>\$ 2,082,387</u>	<u>\$ 2,067,462</u>	<u>\$ 2,248,053</u>

2016	2017	2018	2019	2020	2021*
2,344,915	388,448	315,873	261,123	476,124	470,109
9,084,692	7,481,819	7,365,087	4,563,825	4,994,252	3,869,234
			489,494	166,555	
183,668,969	199,175,784	205,558,353	189,443,591	203,618,174	105,992,614
			203,832	192,791	90,129
186,397			13,824	71,876	55,256
158,890	350,215	428,468	360,710	673,973	340,374
10,046,928	9,496,722	6,773,698	7,838,176	8,495,509	4,290,428
5,129,147	4,980,123	5,732,888	5,454,782	5,734,752	3,350,447
			807,581	1,096,353	596,305
0.0012500%	0.0012500%	0.0012500%	0.0012500%	0.0012500%	0.0012500%

CITY OF WEST ORANGE, TEXAS
 ASSESSED VALUE AND ESTIMATED ACTUAL VALUE
 OF TAXABLE PROPERTY
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Fiscal Year Ended Sept. 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Real Property</u>	<u>Total Taxable Assessed Value*</u>	<u>Total Direct Tax Rate</u>
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
2019	83,589,418	48,591,320	39,123,659	39,895,035	131,409,362	0.47000
2020	91,629,416	47,460,525	38,286,816	42,999,875	134,376,882	0.47000
2021	92,347,171	46,756,589	46,819,438	38,839,951	147,083,247	0.47000

Source - Tax assessor/collector's records

*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
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Tax Year	Direct Rate	Overlapping Rates (1)		Totals
		City of West Orange (3) Maintenance Rate	West Orange Cove ISD	Orange County (2)	
2012	2011	0.425000	1.286000	0.640060	2.35106
2013	2012	0.425000	1.427740	0.544000	2.39674
2014	2013	0.425000	1.427740	0.544000	2.39674
2015	2014	0.425000	1.427740	0.659050	2.51179
2016	2015	0.425000	1.425000	0.658910	2.50891
2017	2016	0.425000	1.425000	0.662820	2.51282
2018	2017	0.450000	1.425000	0.660560	2.53556
2019	2018	0.470000	1.425000	0.681010	2.57601
2020	2019	0.470000	1.323350	0.680460	2.47381
2021	2020	0.470000	1.309700	0.685350	2.46505

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
 PRINCIPAL PROPERTY TAXPAYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Taxpayer	2021			2012		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Suez WTS USA, Inc.	18,525,040	1	12.59%			
Wal-Mart Store #00777	7,367,804	2	5.01%	10,218,405	1	8.53%
Granger Chevrolet	5,361,569	3	3.65%	2,112,195	6	1.76%
Wal-Mart Stores Inc.	4,699,262	4	3.19%	7,650,506	3	6.39%
Albanese Real Estate	4,562,591	5	3.10%	3,963,428	4	3.31%
Entergy Texas, Inc.	3,024,450	6	2.06%	2,114,510	5	1.77%
Union Pacific Railroad Company	2,622,070	7	1.78%	1,358,950	9	1.13%
EAN Holdings, LLC	2,567,301	8	1.75%	1,764,768	7	1.47%
STI Group, Inc.	2,057,020	9	1.40%			
3121EBD Ocean LLC	1,214,352	10	0.83%			
G E Betz-Betz Dearborn				8,087,120	2	6.75%
Metal Depot, Inc.				1,512,543	8	1.26%
Dupont Employees Rec Assn.				956,410	10	0.80%
Subtotal	52,001,459		35.36%	39,738,835		33.18%
Other taxpayers	95,081,788		64.64%	80,030,786		66.82%
Totals	<u>\$ 147,083,247</u>		<u>100.00%</u>	<u>\$ 119,769,621</u>		<u>100.00%</u>

Source - Tax assessor/collector's records

CITY OF WEST ORANGE, TEXAS
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
2012	0.42500	\$ 509,021	\$ 481,477	94.59	\$ 23,548	\$ 505,025	99.21
2013	0.42500	524,419	496,513	94.68	22,775	519,288	99.02
2014	0.42500	535,798	509,163	95.03	20,339	529,502	98.82
2015	0.42500	533,935	510,518	95.61	15,907	526,425	98.59
2016	0.42500	538,942	510,673	94.75	18,957	529,630	98.27
2017	0.42500	600,814	574,775	95.67	15,284	590,059	98.21
2018	0.45000	605,470	578,815	95.60	14,656	593,471	98.02
2019	0.47000	617,624	589,258	95.41	10,785	600,043	97.15
2020	0.47000	631,805	589,865	93.36	9,003	598,868	94.79
2021	0.47000	671,508	636,219	94.74	-	636,219	94.74

Source - Tax assessor/collector's records

CITY OF WEST ORANGE, TEXAS
RATIOS OF OUTSTANDING DEBT BY TYPE
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Governmental Activities		Total Primary Government	% of Personal Income	Per Capita*
	Capital Leases				
2012	\$ -	\$ -	-	-	\$ -
2013	-	-	-	-	-
2014	-	-	-	-	-
2015	-	-	-	-	-
2016	-	-	-	-	-
2017	-	-	-	-	-
2018	-	-	-	-	-
2019	-	-	-	-	-
2020	-	-	-	-	-
2021	-	-	-	-	-

* See the Schedule of Demographic and Economic Statistics (S-15) for personal income and population data.

** The City had no outstanding debt

CITY OF WEST ORANGE, TEXAS
DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT
SEPTEMBER 30, 2021
(Unaudited)

Governmental Unit	Debt Outstanding	Estimated Percentage Applicable (1)	City of West Orange Share of Debt
West Orange Cove ISD	\$ 64,767,069	7.2249%	\$ 4,679,355
Orange County	4,563,856	2.4120%	<u>110,079</u>
Subtotal, overlapping debt			4,789,434
City Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 4,789,434</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.

<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
\$ 12,680,988	\$ 14,136,804	\$ 13,454,889	\$ 13,140,936	\$ 13,437,688	\$ 14,708,325
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 12,680,988</u>	<u>\$ 14,136,804</u>	<u>\$ 13,454,889</u>	<u>\$ 13,140,936</u>	<u>\$ 13,437,688</u>	<u>\$ 14,708,325</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 126,809,883	\$ 141,368,038	\$ 134,548,890	\$ 131,409,362	\$ 134,376,882	\$ 147,083,247
<u>12,680,988</u>	<u>14,136,804</u>	<u>13,454,889</u>	<u>13,140,936</u>	<u>13,437,688</u>	<u>14,708,325</u>
<u>\$ 12,680,988</u>	<u>\$ 14,136,804</u>	<u>\$ 13,454,889</u>	<u>\$ 13,140,936</u>	<u>\$ 13,437,688</u>	<u>\$ 14,708,325</u>

CITY OF WEST ORANGE, TEXAS
 DEMOGRAPHIC AND ECONOMIC STATISTICS
 LAST YEN FISCAL YEARS
 (Unaudited)

<u>Fiscal Year Ended Sept. 30,</u>	<u>Population (1)</u>	<u>Personal Income (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate</u>
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
2019	3,419	n/a	31,744	36	2,488	n/a
2020	3,294	n/a	n/a	40	2,512	n/a
2021	3,459	n/a	31,901	35	2,135	n/a

n/a - information not available

Data sources:

- (1) Orange County EDC
- (2) U.S. Census Bureau

CITY OF WEST ORANGE, TEXAS
 PRINCIPAL EMPLOYERS
 CURRENT YEAR AND NINE YEARS AGO
 (Unaudited)

Employer	2021			2012		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
WOCCISD	360	1	24.11%	115	2	5.45%
Walmart	190	2	12.73%	384	1	18.21%
Granger Chevrolet	68	3	4.55%	59	3	2.80%
Suez Water Tech	54	4	3.62%			
West Orange Bus Service	30	5	2.01%			
City of West Orange	24	6	1.61%	26	7	1.23%
STI	15	7	1.00%			
Akrotex Inc.	15	8	1.00%	42	5	1.99%
Burke's Outlet	11	9	0.74%	11	10	0.52%
Metal Depot	10	10	0.67%			
Little Giant/TMRS			0.00%	11	9	0.52%
STS Bus Service			0.00%	40	6	1.90%
GE Water & Process Technology			0.00%	44	4	2.09%
Sonic Drive-In			<u>0.00%</u>	<u>15</u>	8	<u>0.71%</u>
Total	<u>777</u>		<u>52.04%</u>	<u>747</u>		<u>35.42%</u>

Source - City records

CITY OF WEST ORANGE, TEXAS
 FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION
 LAST TEN FISCAL YEARS
 (Unaudited)

Function	Full-time Equivalent Employees as of September 30									
	2012	2013	2014	2015	2016	2017	2018	2019	2020	2021
General Government	5	5	5	5	5	5	5	5	4	4
Public Safety										
Police										
Officers	9	9	9	9	9	8	7	8	10	10
Civilians	2	2	2	2	2	2	2	2	2	2
Fire										
Firefighters	-	-	-	-	-	-	-	-	-	-
Civilians	-	-	-	-	-	-	-	-	-	-
Public Works										
Streets and Sanitation	7	7	7	7	6	5	5	6	6	6
Maintenance and Operations	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>1</u>
Totals	<u>24</u>	<u>24</u>	<u>24</u>	<u>24</u>	<u>23</u>	<u>21</u>	<u>20</u>	<u>22</u>	<u>23</u>	<u>23</u>

Source - City personnel records

CITY OF WEST ORANGE, TEXAS
 OPERATING INDICATORS BY FUNCTION
 LAST TEN FISCAL YEARS
 (Unaudited)

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Police										
Arrests	669	595	593	521	479	368	237	213	81	231
Accident reports	51	48	62	71	66	56	35	49	28	53
Citations	1,284	1,218	994	1,131	1,194	854	768	633	292	524
Offense reports	1,269	708	6,611	626	592	497	359	417	458	625
Calls for service	3,255	2,472	3,274	3,501	3,802	3,999	3,350	4,361	4,377	5,085
Fire										
Emergency responses	16	25	14	29	14	31	76	64	21	35
Fire incidents	15	11	15	10	8	16	14	14	21	16
Service calls and other calls	10	26	27	13	16	12	49	42	19	29
Automatic aid, mutual aid giver	9	8	11	5	7	4	13	7	15	22

Source - Various City departments

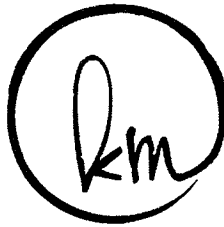
CITY OF WEST ORANGE, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	7	7	7	8	9	9	9	7
Staff units	-	-	-	-	-	-	-	-	-	3
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Collection trucks	3	3	3	3	3	3	2	2	2	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.

FEDERAL SECTION



keri michutka
CERTIFIED PUBLIC ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Mayor and City Council
City of West Orange, Texas

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the 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, 2021 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated February 8, 2022.

Internal Control Over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of West Orange's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of West Orange's internal control. Accordingly, we do not express an opinion on the effectiveness of the City's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

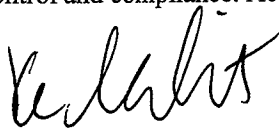
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

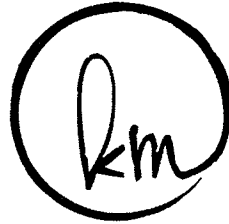
As part of obtaining reasonable assurance about whether the City of West Orange's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose

A handwritten signature in black ink, appearing to read "K. L. Hitt", is positioned above the typed text.

Bridge City, Texas
February 8, 2022



keri michutka
CERTIFIED PUBLIC ACCOUNTANT

**INDEPENDENT AUDITOR'S REPORT ON COMPLIANCE FOR EACH MAJOR PROGRAM AND ON
INTERNAL CONTROL OVER COMPLIANCE REQUIRED BY THE UNIFORM GUIDANCE**

Mayor and City Council
City of West Orange, Texas

Report on Compliance for Each Major Federal Program

We have audited the City of West Orange's compliance with the types of compliance requirements described in the *OMB Compliance Supplement* that could have a direct and material effect on each of the City of West Orange's major federal programs for the year ended September 30, 2021. The City of West Orange's major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of the City of West Orange's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about the City of West Orange's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of the City of West Orange's compliance.

Opinion on Each Major Federal Program

In our opinion, the City of West Orange complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended September 30, 2021.

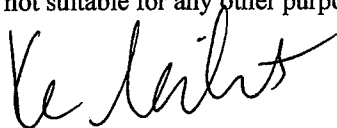
Report on Internal Control Over Compliance

Management of the City of West Orange is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered the City of West Orange's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with the Uniform Guidance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the City of West Orange's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A *material weakness in internal control over compliance* is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A *significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.



Bridge City, Texas
February 8, 2022

CITY OF WEST ORANGE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

I. Summary of the Auditor's Results

Financial Statements

- | | |
|--|---------------|
| 1. Type of auditor's report issued | Unmodified |
| 2. Internal control over financial reporting: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 3. Noncompliance material to the financial statements noted? | No |

Federal Awards

- | | |
|---|---|
| 4. Internal control over major programs: | |
| a. Material weakness(es) identified? | No |
| b. Significant deficiency(ies) identified that are not considered to be material weaknesses? | None reported |
| 5. Type of auditor's report issued on compliance with major programs | Unmodified |
| 6. Any audit findings disclosed that are required to be reported in accordance with Title 2 U.S. Code of Federal Regulations (CFR) Part 200.516(a)? | No |
| 7. Identification of major programs | CDBG Disaster Recovery Program – Hurricane Harvey |
| 8. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | No |

II. Findings Related to the Financial Statements

None reported

III. Findings and Questioned Costs Related to Federal Awards

None reported

CITY OF WEST ORANGE, TEXAS
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

No prior findings.

CITY OF WEST ORANGE, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2021

No corrective action is necessary for the City during the year ended September 30, 2021.

CITY OF WEST ORANGE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2021

Federal Grantor/Pass-Through:	Federal Assistance Listing No.	Federal Expenditures
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
<u>Passed through Texas General Land Office</u>		
CDBG Disaster Recovery Program - Hurricane Harvey	14.228	\$ 398,225
Total Passed through Texas General Land Office		<u>398,225</u>
<u>Passed through Texas Department of Agriculture</u>		
CDBG Disaster Recovery Program - Hurricane Harvey	14.228	220,592
CDBG Disaster Recovery Program - Hurricane Harvey	14.228	<u>26,361</u>
Total Passed through Texas Department of Agriculture		246,954
Subtotal FAL 14.228		<u>645,178</u>
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		<u>645,178</u>
U.S. DEPARTMENT OF JUSTICE		
<u>Passed through Office of Attorney General - Criminal Justice Division</u>		
Coronavirus Emergency Supplemental Funding	16.034	25,652
Bulletproof Vest Partnership Program	16.607	783
Public Safety Partnership and Community Policing Grants	16.710	95,448
Edward Byrne Memorial Justice Assistance Grant Program	16.738	<u>11,000</u>
Total Passed through Office of Attorney General - Criminal Justice Division		<u>132,882</u>
TOTAL U.S. DEPARTMENT OF JUSTICE		<u>132,882</u>
U.S. DEPARTMENT OF THE TREASURY		
<u>Passed through Texas Division of Emergency Management</u>		
Coronavirus Relief Fund	21.019	<u>148,632</u>
Total Passed through Texas Division of Emergency Management		<u>148,632</u>
TOTAL U.S. DEPARTMENT OF THE TREASURY		<u>148,632</u>
U.S. DEPARTMENT OF HOMELAND SECURITY		
<u>Passed through Texas Division of Emergency Management</u>		
Disaster Grant, Public Assistance, 3540, Hurricane Laura	97.036	95,549
Homeland Security Grant Program	97.067	<u>17,223</u>
Total Passed through Texas Division of Emergency Management		<u>112,772</u>
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		<u>112,772</u>
TOTAL EXPENDITURES OF FEDERAL AWARDS		<u>\$ 1,039,465</u>

CITY OF WEST ORANGE, TEXAS
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2021

1. The City uses the fund types specified by the Governmental Accounting Standards Board. Special revenue funds are used to account for resources restricted to, or designated for, specific purposes. Federal and state financial assistance generally is accounted for in a Special Revenue Fund because it is restricted for specific purposes.
2. The accounting and financial reporting treatment applied to a fund is determined by its measurement focus. The Governmental Fund types are accounted for using a current financial resources measurement focus called the modified accrual basis of accounting. Nearly all Federal grant funds were accounted for in a Special Revenue Fund which is a Governmental Fund type. With this measurement focus, only current assets and current liabilities and the fund balance are included on the balance sheet. Operating statements of these funds present increases and decreases in net current assets.

The modified accrual basis of accounting recognizes revenues in the accounting period in which they become susceptible to accrual, i.e., both measurable and available, and expenditures in the accounting period in which the fund liability is incurred, if measurable, except for unmatured interest on General Long-Term Debt, which is recognized when due, and certain compensated absences and claims and judgments, which are recognized when the obligations are expected to be liquidated with expendable available financial resources.

Usually, Federal grant funds are considered to be earned to the extent of expenditures made under the provisions of the grant. When Federal grant funds are received before related expenditures are made, they are recorded as deferred revenues.

3. The period of availability for federal grant funds for the purpose of liquidation of outstanding obligations made on or before the ending date of the federal project period extends 30 days beyond the federal project period ending date, in accordance with provisions in Section H, Period of Availability of Federal Funds, Part 3, OMB Circular A-133 Compliance Statement.
4. After a presidentially declared disaster, FEMA provides Disaster Grants – Public Assistance (Presidentially Declared Disasters) (CFDA 97.036) to reimburse eligible costs for labor, equipment, and materials associated with first responder sheltering. The federal government makes reimbursements in the form of cost-shared grants that require matching funds. As of September 30, 2021, \$55,833 approved eligible expenditures related to Hurricane Laura were incurred in the prior fiscal year and are included in SEFA.