

# **Annual Comprehensive Financial Report**

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**City of West Orange, Texas**

**Fiscal Year Ended  
September 30, 2022**

**Annual Comprehensive  
Financial Report**

of the

**City of West Orange, Texas**

**Fiscal Year Ended  
September 30, 2022**



**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, 2022

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## INTRODUCTORY SECTION



# City of West Orange, Texas

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

January 13, 2023

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, 2022, 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, 2022, 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, 2022, 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 16.01% 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 \$161.8 million for fiscal year 2022, which is an increase of approximately \$14.7 million from the previous fiscal year.

## **LONG-TERM FINANCIAL PLANNING**

Unassigned fund balance in the General Fund amounted to \$3,127,841 as of September 30, 2022. 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") awarded a Certificate of Achievement for Excellence in Financial Reporting to the City for its Annual Comprehensive Financial Report for the fiscal year ended September 30, 2021. The Certificate of Achievement is the highest form of recognition for excellence in state and local government financial reporting.

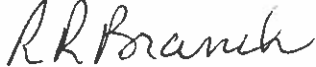
In order to be awarded a Certificate of Achievement, a governmental unit must publish an easily readable and efficiently organized Comprehensive Annual Financial Report, whose contents conform to program standards. Such Comprehensive Annual Financial Reports must satisfy both generally accepted accounting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



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

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

Respectfully submitted,

A handwritten signature in cursive script, appearing to read "R R Branch".

Randy Branch  
Mayor



Government Finance Officers Association

**Certificate of  
Achievement  
for Excellence  
in Financial  
Reporting**

Presented to

**City of West Orange  
Texas**

For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2021

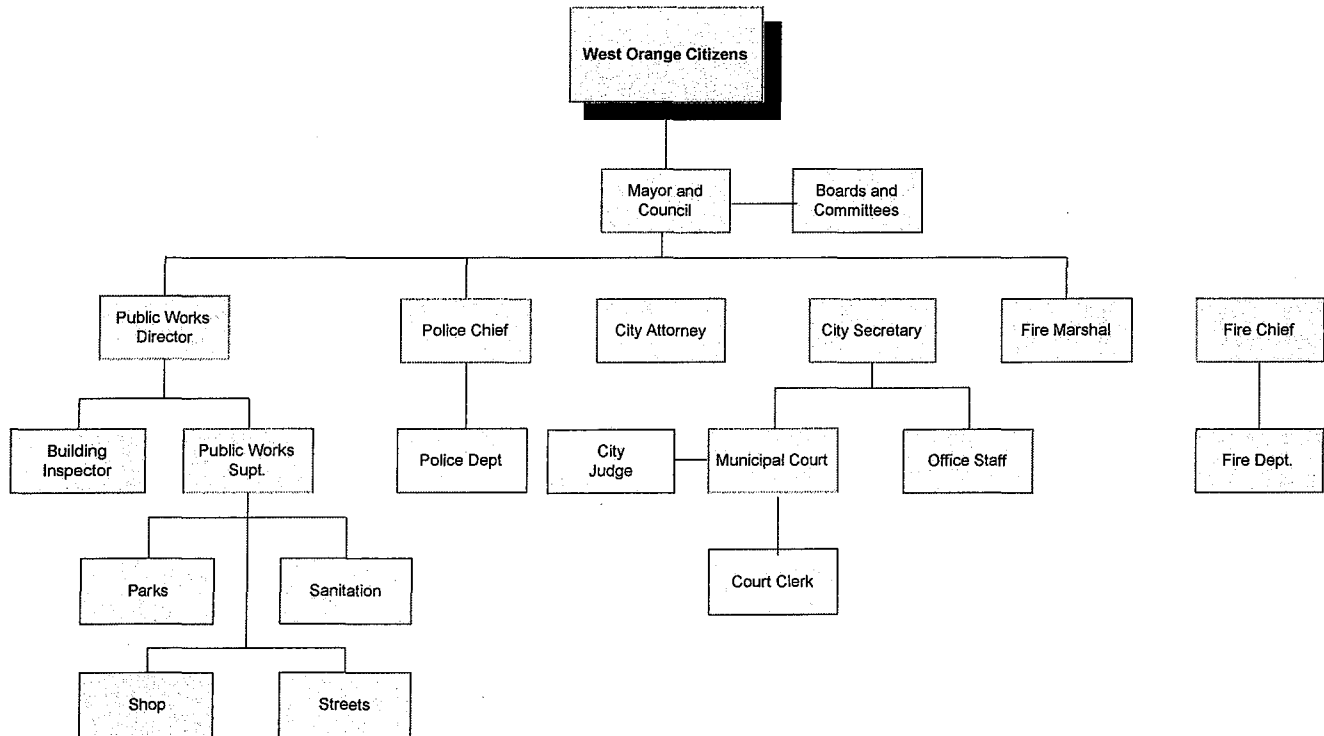
*Christopher P. Morrill*

Executive Director/CEO

# CITY OF WEST ORANGE, TEXAS

## ORGANIZATIONAL CHART

Fiscal Year 2021-2022



# CITY OF WEST ORANGE, TEXAS

## PRINCIPAL OFFICIALS

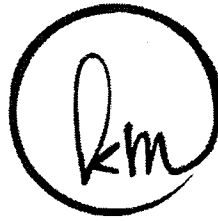
September 30, 2022

| <u>City Officials</u> | <u>Elective Position</u>       | <u>Term Expires</u> |
|-----------------------|--------------------------------|---------------------|
| Randy Branch          | Mayor                          | 2023                |
| Meritta Kennedy       | Council Member (Mayor Pro Tem) | 2023                |
| Lanie Brown           | Council Member                 | 2024                |
| Brent Dearing         | Council Member                 | 2023                |
| Jay Odom              | Council Member                 | 2024                |
| Mike Shugart          | Council Member                 | 2024                |

| <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 Audit of the Financial Statements**

***Opinions***

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, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

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, 2022, 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.

***Basis for Opinions***

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. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the City of West Orange, Texas and to meet our other ethical responsibilities, in accordance with the relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

***Change in Accounting Principle***

As discussed in Note I to the financial statements, during the year ended September 30, 2022, the City adopted new accounting guidance, GASB Statement No. 87, Leases. Our opinions are not modified with respect to this matter.

***Responsibility of Management 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Orange, Texas' ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with generally accepted auditing standards and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with generally accepted auditing standards and *Government Auditing Standards*, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 City of West Orange, Texas' internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City of West Orange, Texas' ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

### ***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 4 to 10, the budgetary comparison information on page 35, and the TMRS required pension schedules on pages 37 to 40 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

### ***Supplementary Information***

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City of West Orange, Texas' basic financial statements. The accompanying combining and individual nonmajor fund financial statements and schedule of expenditures of federal awards, as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, are presented for purposes of additional analysis and are not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The 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 our opinion, the combining and individual nonmajor fund financial statements and the schedule

of expenditures of federal awards are fairly stated, in all material respects, in relation to the basic financial statements as a whole.

***Other Information***

Management is responsible for the other information included in the annual report. The other information comprises the introductory and statistical sections but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

***Other Reporting Required by Government Auditing Standards***

In accordance with *Government Auditing Standards*, we have also issued our report dated January 13, 2023, 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  
January 13, 2023



## 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, 2022.

#### 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 \$7,831,266 (net position).
- As of September 30, 2022, the City's governmental funds reported an ending fund balance of \$6,492,309.
- The City's cash balance as of September 30, 2022, was \$6,584,784, representing a decrease of \$106,983 from September 30, 2021.
- The City had expenses net of program revenues of \$2,408,826 and general revenues of \$3,171,805, resulting in a net increase in net position of \$762,979 for the year ended September 30, 2022.
- As of September 30, 2022, unassigned fund balance for the General Fund was \$3,127,841, or 86.3 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 14 through 19 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 20 through 34 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 35 through 40 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 \$7,831,266 as of September 30, 2022.

The largest portion of the City's net position (42.9 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 (33.5 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 (23.6 percent) represents unrestricted financial resources available for future operations.

SUMMARY OF STATEMENT OF NET POSITION  
As of September 30, 2022 and 2021

|                                 | Governmental Activities |              |
|---------------------------------|-------------------------|--------------|
|                                 | 2022                    | 2021         |
| Current and Other Assets        | \$ 7,211,894            | \$ 6,970,561 |
| Capital Assets, Net             | 2,622,485               | 2,295,993    |
| Total Assets                    | 9,834,379               | 9,266,554    |
| Deferred Outflow - Pension Plan | 321,631                 | 189,056      |
| Total Deferred Outflows         | 321,631                 | 189,056      |
| Long-Term Liabilities           | 1,042,551               | 1,534,432    |
| Other Liabilities               | 591,165                 | 488,675      |
| Total Liabilities               | 1,633,716               | 2,023,107    |
| Deferred Inflow - Pension Plan  | 691,028                 | 364,216      |
| Total Deferred Inflows          | 691,028                 | 364,216      |
| Net Position:                   |                         |              |
| Investment in Capital Assets    | 2,622,485               | 2,295,993    |
| Restricted                      | 3,363,289               | 3,064,679    |
| Unrestricted                    | 1,845,492               | 1,707,615    |
| Total Net Position              | \$ 7,831,266            | \$ 7,068,287 |

As of September 30, 2022, deferred outflows of resources increased by \$132,575 from the prior year. This decrease can be attributed to differences between projected and actual economic experience, relating to pension activities.

As of September 30, 2022, long-term liabilities decreased by \$491,881 from the prior year. This decrease can be attributed to a decrease in the City's net pension liability.

As of September 30, 2022, deferred inflows of resources increased by \$326,812 from the prior year. This decrease can be attributed to differences between expected and actual investment earnings, relating to pension activities.

As of September 30, 2022, restricted net position increased by \$298,610 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 2022.

Net position of the City, all of which relates to governmental activities, increased by \$762,979. Key elements of the increase are as follows:

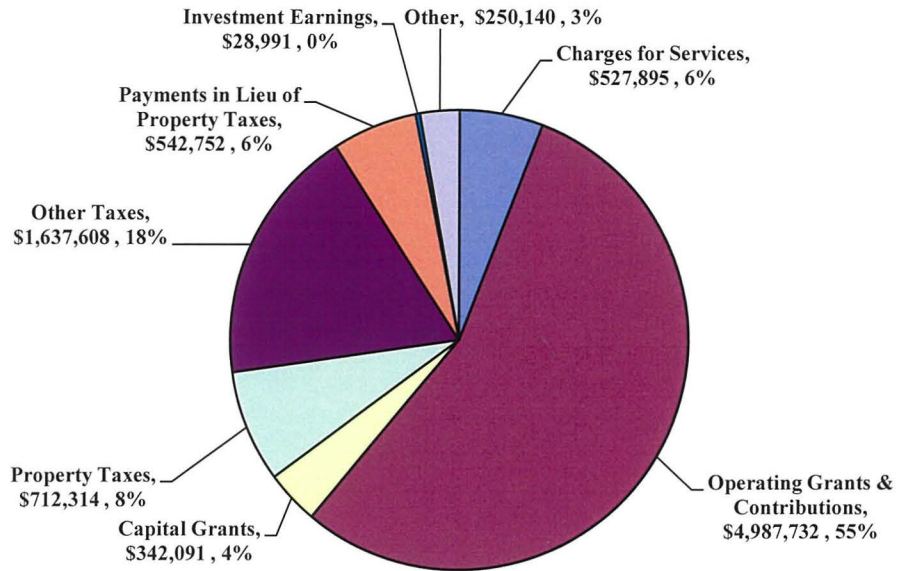
| CHANGES IN NET POSITION                                |                            |                     |
|--|----------------------------|---------------------|
| For the Fiscal Years Ended September 30, 2022 and 2021 |                            |                     |
|  | Governmental<br>Activities |                     |
|  | 2022                       | 2021                |
| Revenues   |                            |                     |
| Program revenues:                                      |                            |                     |
| Charges for services                                   | \$ 527,895                 | \$ 550,526          |
| Operating grants and contributions                     | 4,987,732                  | 1,201,790           |
| Capital grants and contributions                       | 342,091                    | -                   |
| General revenues:                                      |                            |                     |
| Property taxes   | 712,314                    | 668,189             |
| Other taxes  | 1,637,608                  | 1,584,519           |
| Payments in lieu of property taxes                     | 542,752                    | 541,205             |
| Investment earnings                                    | 28,991                     | 3,064               |
| Other  | 250,140                    | 459,385             |
| Total Revenues   | <u>9,029,523</u>           | <u>5,008,678</u>    |
| Expenses   |                            |                     |
| General government                                     | 592,526                    | 638,919             |
| Public safety  | 1,783,475                  | 1,627,102           |
| Public works   | 979,908                    | 1,000,500           |
| Health and safety                                      | 4,910,635                  | 1,044,359           |
| Total Expenses   | <u>8,266,544</u>           | <u>4,310,880</u>    |
| Change in Net Position                                 | 762,979                    | 697,798             |
| Net Position, Beginning                                | <u>7,068,287</u>           | <u>6,370,489</u>    |
| Net Position, Ending                                   | <u>\$ 7,831,266</u>        | <u>\$ 7,068,287</u> |

During the 2022 fiscal year, operating grants and contributions increased by \$3,785,942 primarily due to grant funds that were received in the current fiscal year for drainage and street improvement projects.

During the 2022 fiscal year, health and safety expenses increased by \$3,866,276 primarily due to grant funds that were expended on drainage and street improvement projects in the current fiscal year.

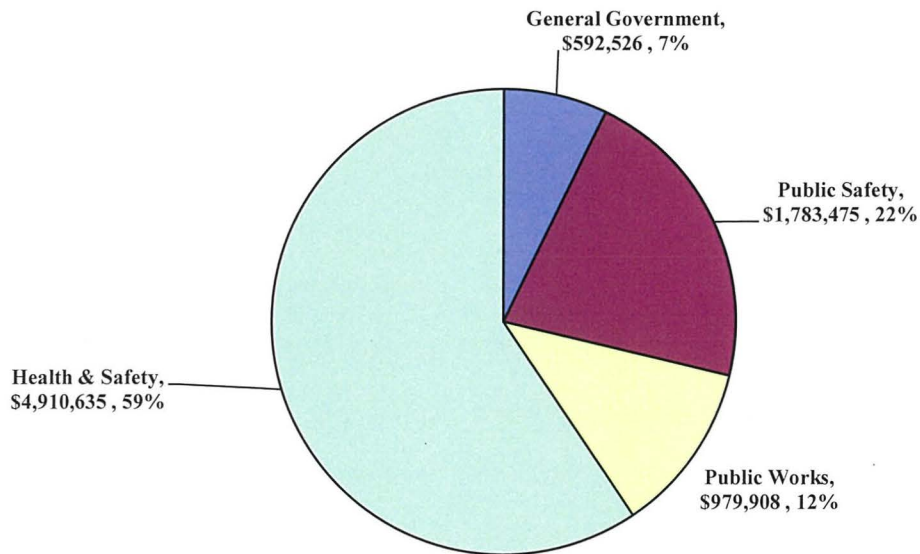
Graphic presentations of selected current year data from the changes in net position table follow in order to assist in the analysis of the City's activities.

## GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2022, revenues from governmental activities totaled \$9,029,523.

## GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2022, expenses from governmental activities totaled \$8,266,544, the largest portions of which relate to health and safety (59%) and public safety (22%).

## 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, 2022, the City's governmental funds, which consist of a General Fund and Special Revenue Funds, reported an ending fund balance of \$6,492,309, which is an increase of \$144,270 from last year's total of \$6,348,039. The General Fund, the City's main operating fund, had an ending fund balance of \$6,213,804, a \$99,387 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 \$419,000, as well as actual expenditures in various departments being significantly less than budgeted amounts in the 2022 fiscal year. Revenues in excess of amounts budgeted for sales taxes, other taxes, licenses and permits, and intergovernmental revenue and grants account for approximately \$303,000 of this excess and can be attributed to increased economic growth and grant income during the 2022 fiscal year. Significant differences between final budgeted amounts and actual expenditures in various departments are discussed in the following paragraph.

In fiscal year 2022, the City planned for a decrease in fund balance in the General Fund of \$1,426,349, however, the actual change in fund balance was an increase of \$99,387. For the 2022 fiscal year, the Fire Department expenditures were less than final budgeted amounts by \$342,672, which can be attributed to the CDBG Disaster Recovery Program grant paying for a portion of the new fire truck. For the 2022 fiscal year, Police actual expenditures were less than final budgeted amounts by \$120,982, which is due to less overtime paid than was anticipated and actual vacation buyback was less than anticipated. Streets actual expenditures in fiscal year 2022 were less than budgeted amounts by \$260,174, which can be attributed to grant funds paying for these projects.

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 86.3 percent of total General Fund expenditures. The nonmajor Special Revenue Funds reported an ending fund balance of \$278,505.

## CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's net investment in capital assets as of September 30, 2022, amounts to \$2,622,485 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, machinery and equipment and infrastructure.

### CAPITAL ASSETS SCHEDULE

|                                | Governmental<br>Activities |                     |
|--------------------------------|----------------------------|---------------------|
|                                | 2022                       | 2021                |
| Land                           | \$ 642,848                 | \$ 671,798          |
| Buildings                      | 1,596,654                  | 1,596,654           |
| Machinery and equipment        | 2,365,824                  | 1,855,684           |
| Infrastructure                 | 4,798,303                  | 4,798,303           |
| Less: accumulated depreciation | (6,781,144)                | (6,626,446)         |
| Total Capital Assets, Net      | <u>\$ 2,622,485</u>        | <u>\$ 2,295,993</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, 2022, the City's long-term liabilities consisted of compensated absences which amounted to \$327,073, and the City's net pension liability which amounted to \$715,477. The City has established a separate bank account in which money is being accumulated for the payment of compensated absences. As of September 30, 2022, this bank account had a balance of \$175,712.

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 decreased to \$3,127,841 during the 2022 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, 2022

EXHIBIT A-1

|   | Primary Government         |
|---|----------------------------|
|   | Governmental<br>Activities |
| <hr/>   |                            |
| <b>ASSETS</b>                                     |                            |
| Cash and Cash Equivalents                         | \$ 3,500,000               |
| Cash and Cash Equivalents - Restricted            | 3,084,784                  |
| Taxes Receivable, Net                             | 279,333                    |
| Accounts Receivable                               | 4,507                      |
| Due from Other Governments                        | 342,091                    |
| Prepaid Items                                     | 1,179                      |
| Capital Assets:                                   |                            |
| Land Purchase and Improvements                    | 642,848                    |
| Infrastructure, Net                               | 462,961                    |
| Buildings, Net                                    | 534,852                    |
| Furniture and Equipment, Net                      | 981,824                    |
| Total Assets                                      | <u>9,834,379</u>           |
| <br><b>DEFERRED OUTFLOWS OF RESOURCES</b>         |                            |
| Deferred Outflow Related to Pension Plan          | 321,631                    |
| Total Deferred Outflows of Resources              | <u>321,631</u>             |
| <br><b>LIABILITIES</b>                            |                            |
| Accounts Payable                                  | 32,459                     |
| Wages and Salaries Payable                        | 55,712                     |
| Unearned Revenues                                 | 487,896                    |
| Other Current Liabilities                         | 15,098                     |
| Noncurrent Liabilities:                           |                            |
| Due Within One Year                               | 32,707                     |
| Due in More Than One Year:                        |                            |
| Compensated Absences                              | 294,367                    |
| Net Pension Liability                             | 715,477                    |
| Total Liabilities                                 | <u>1,633,716</u>           |
| <br><b>DEFERRED INFLOWS OF RESOURCES</b>          |                            |
| Deferred Inflow Related to Pension Plan           | 691,028                    |
| Total Deferred Inflows of Resources               | <u>691,028</u>             |
| <br><b>NET POSITION</b>                           |                            |
| Net Investment in Capital Assets and Lease Assets | 2,622,485                  |
| Restricted:                                       |                            |
| Restricted for Road Maintenance                   | 2,897,518                  |
| Restricted for Public Safety                      | 278,505                    |
| Restricted for Municipal Court                    | 123,031                    |
| Restricted for Tourism                            | 64,235                     |
| Unrestricted Net Position                         | 1,845,492                  |
| Total Net Position                                | <u>\$ 7,831,266</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, 2022

|                                 |                     | Program Revenues     |                                    |
|---------------------------------|---------------------|----------------------|------------------------------------|
|                                 | Expenses            | Charges for Services | Operating Grants and Contributions |
| <b>Primary Government:</b>      |                     |                      |                                    |
| GOVERNMENTAL ACTIVITIES:        |                     |                      |                                    |
| General Administration          | \$ 449,579          | \$ 40,286            | \$ -                               |
| Fire Marshal                    | 74,252              | -                    | -                                  |
| Fire Department                 | 119,329             | -                    | 24,155                             |
| Sanitation                      | 449,446             | 384,132              | -                                  |
| Humane                          | 60,849              | -                    | -                                  |
| Police                          | 1,529,045           | -                    | 104,041                            |
| Municipal Court                 | 142,947             | 103,277              | -                                  |
| Street                          | 385,955             | 200                  | 2,000                              |
| Parks and Facilities            | 73,247              | -                    | -                                  |
| Maintenance                     | 71,260              | -                    | -                                  |
| Health and safety               | 4,910,635           | -                    | 4,857,536                          |
| <b>TOTAL PRIMARY GOVERNMENT</b> | <b>\$ 8,266,544</b> | <b>\$ 527,895</b>    | <b>\$ 4,987,732</b>                |

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes

General Sales and Use Taxes

Road Maintenance Tax

Mixed Beverage Tax

Hotel/Motel Occupancy Tax

Payments in Lieu of Property Taxes

Franchise Tax

Penalty and Interest on Taxes

Grants and Contributions

Miscellaneous Revenue

Investment Earnings

Total General Revenues

Change in Net Position

Net Position - Beginning

Net Position - Ending

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

| Net (Expense) Revenue and<br>Changes in Net Position |                                    |
|--|------------------------------------|
| Capital<br>Grants and<br>Contributions               | Primary Government<br>Governmental |
| \$ -   | \$ (409,293)                       |
| -  | (74,252)                           |
| 342,091  | 246,917                            |
| -  | (65,314)                           |
| -  | (60,849)                           |
| -  | (1,425,004)                        |
| -  | (39,670)                           |
| -  | (383,755)                          |
| -  | (73,247)                           |
| -  | (71,260)                           |
| -  | (53,099)                           |
| <u>\$ 342,091</u>                                    | <u>(2,408,826)</u>                 |

|                     |
|---------------------|
| 712,314             |
| 1,088,813           |
| 272,199             |
| 6,221               |
| 11,211              |
| 542,752             |
| 259,164             |
| 29,629              |
| 152,106             |
| 68,405              |
| 28,991              |
| <u>3,171,805</u>    |
| 762,979             |
| <u>7,068,287</u>    |
| <u>\$ 7,831,266</u> |

## GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF WESTORANGE, TEXAS  
BALANCESHEET  
GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

|   | General<br>Fund     | GLO<br>Infrastructure<br>Grant | TDEM/<br>COVID-19<br>Relief Grant |
|---|---------------------|--------------------------------|-----------------------------------|
| <b>ASSETS</b>                                       |                     |                                |                                   |
| Cash and Cash Equivalents                           | \$ 2,733,599        | \$ -                           | \$ 487,896                        |
| Cash and Cash Equivalents - Restricted              | 3,084,784           | -                              | -                                 |
| Taxes Receivable                                    | 279,333             | -                              | -                                 |
| Accounts Receivable                                 | 4,507               | -                              | -                                 |
| Due from Other Governments                          | -                   | 342,091                        | -                                 |
| Due from Other Funds                                | 342,091             | -                              | -                                 |
| Prepaid Items                                       | 1,179               | -                              | -                                 |
| Total Assets  | <u>\$ 6,445,493</u> | <u>\$ 342,091</u>              | <u>\$ 487,896</u>                 |
| <b>LIABILITIES</b>                                  |                     |                                |                                   |
| Accounts Payable                                    | \$ 32,459           | \$ -                           | \$ -                              |
| Wages and Salaries Payable                          | 55,712              | -                              | -                                 |
| Due to Other Funds                                  | -                   | 342,091                        | -                                 |
| Unearned Revenues                                   | -                   | -                              | 487,896                           |
| Other Current Liabilities                           | 15,098              | -                              | -                                 |
| Total Liabilities                                   | <u>103,269</u>      | <u>342,091</u>                 | <u>487,896</u>                    |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                     |                                |                                   |
| Unavailable Revenue - Property Taxes                | 128,420             | -                              | -                                 |
| Total Deferred Inflows of Resources                 | <u>128,420</u>      | <u>-</u>                       | <u>-</u>                          |
| <b>FUND BALANCES</b>                                |                     |                                |                                   |
| Nonspendable Fund Balance                           | 1,179               | -                              | -                                 |
| Restricted Fund Balance                             | 3,084,784           | -                              | -                                 |
| Unassigned Fund Balance                             | 3,127,841           | -                              | -                                 |
| Total Fund Balances                                 | <u>6,213,804</u>    | <u>-</u>                       | <u>-</u>                          |
| Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 6,445,493</u> | <u>\$ 342,091</u>              | <u>\$ 487,896</u>                 |

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

|                |                | Total        |                  |
|----------------|----------------|--------------|------------------|
| Other          |                | Governmental |                  |
| Funds          |                | Funds        |                  |
| \$             | 278,505        | \$           | 3,500,000        |
|                | -              |              | 3,084,784        |
|                | -              |              | 279,333          |
|                | -              |              | 4,507            |
|                | -              |              | 342,091          |
|                | -              |              | 342,091          |
|                | -              |              | 1,179            |
| <u>\$</u>      | <u>278,505</u> | <u>\$</u>    | <u>7,553,985</u> |
|                |                |              |                  |
| \$             | -              | \$           | 32,459           |
|                | -              |              | 55,712           |
|                | -              |              | 342,091          |
|                | -              |              | 487,896          |
|                | -              |              | 15,098           |
|                | -              |              | 933,256          |
|                |                |              |                  |
|                | -              |              | 128,420          |
|                | -              |              | 128,420          |
|                |                |              |                  |
|                | -              |              | 1,179            |
| 278,505        |                |              | 3,363,289        |
|                | -              |              | 3,127,841        |
| <u>278,505</u> |                |              | <u>6,492,309</u> |
| <u>\$</u>      | <u>278,505</u> | <u>\$</u>    | <u>7,553,985</u> |

CITY OF WEST ORANGE, TEXAS  
 RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE  
 STATEMENT OF NET POSITION  
 SEPTEMBER 30, 2022

|  |                     |
|--|---------------------|
| <b>Total Fund Balances - Governmental Funds</b>  | <b>\$ 6,492,309</b> |
| 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. | 1,981,439           |
| 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 2022 capital outlays is to increase net position.   | 623,415             |
| 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 \$321,631, a deferred resource inflow in the amount of \$691,028, and a net pension liability in the amount of \$715,477. This resulted in a decrease in net position.   | (1,084,874)         |
| The 2022 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.   | (296,923)           |
| 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.   | 115,900             |
| <b>Net Position of Governmental Activities</b>   | <b>\$ 7,831,266</b> |

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, 2022

|   | General<br>Fund | GLO<br>Infrastructure<br>Grant | TDEM/<br>COVID-19<br>Relief Grant |
|---|-----------------|--------------------------------|-----------------------------------|
| <b>REVENUES:</b>                                  |                 |                                |                                   |
| Taxes:  |                 |                                |                                   |
| Property Taxes                                    | \$ 717,741      | \$ -                           | \$ -                              |
| General Sales and Use Taxes                       | 1,088,813       | -                              | -                                 |
| Franchise Tax                                     | 259,164         | -                              | -                                 |
| Other Taxes                                       | 289,632         | -                              | -                                 |
| Penalty and Interest on Taxes                     | 29,629          | -                              | -                                 |
| Payments in Lieu of Property Taxes                | 542,751         | -                              | -                                 |
| Licenses and Permits                              | 40,286          | -                              | -                                 |
| Intergovernmental Revenue and Grants              | 171,571         | 4,136,654                      | 312,296                           |
| Charges for Services                              | 384,332         | -                              | -                                 |
| Fines   | 103,277         | -                              | -                                 |
| Investment Earnings                               | 27,831          | -                              | -                                 |
| Contributions & Donations from Private Sources    | 150             | -                              | -                                 |
| Other Revenue                                     | 62,227          | -                              | -                                 |
| Total Revenues                                    | 3,717,404       | 4,136,654                      | 312,296                           |
| <b>EXPENDITURES:</b>                              |                 |                                |                                   |
| General Administration                            | 439,850         | -                              | -                                 |
| Fire Marshal                                      | 80,812          | -                              | -                                 |
| Fire Department                                   | 328,802         | 342,091                        | -                                 |
| Sanitation  | 477,888         | -                              | -                                 |
| Humane  | 65,470          | -                              | -                                 |
| Police  | 1,652,646       | -                              | -                                 |
| Municipal Court                                   | 155,281         | -                              | -                                 |
| Street  | 251,151         | -                              | -                                 |
| Parks and Facilities                              | 90,949          | -                              | -                                 |
| Maintenance                                       | 80,400          | -                              | -                                 |
| Health and safety                                 | -               | 3,794,563                      | 312,296                           |
| Total Expenditures                                | 3,623,249       | 4,136,654                      | 312,296                           |
| Excess (Deficiency) of Revenues Over Expenditures | 94,155          | -                              | -                                 |
| <b>OTHER FINANCING SOURCES (USES):</b>            |                 |                                |                                   |
| Sale of Real and Personal Property                | 93,519          | -                              | -                                 |
| Transfers In                                      | -               | -                              | -                                 |
| Transfers Out (Use)                               | (88,287)        | -                              | -                                 |
| Total Other Financing Sources (Uses)              | 5,232           | -                              | -                                 |
| Net Change in Fund Balances                       | 99,387          | -                              | -                                 |
| Fund Balance - October 1 (Beginning)              | 6,114,417       | -                              | -                                 |
| Fund Balance - September 30 (Ending)              | \$ 6,213,804    | \$ -                           | \$ -                              |

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

| Other<br>Funds | Total<br>Governmental<br>Funds |
|----------------|--------------------------------|
| \$             | \$                             |
| -              | 717,741                        |
| -              | 1,088,813                      |
| -              | 259,164                        |
| -              | 289,632                        |
| -              | 29,629                         |
| -              | 542,751                        |
| -              | 40,286                         |
| 856,718        | 5,477,239                      |
| -              | 384,332                        |
| -              | 103,277                        |
| 1,160          | 28,991                         |
| 4,540          | 4,690                          |
| 6,178          | 68,405                         |
| 868,596        | 9,034,950                      |
| -              | 439,850                        |
| -              | 80,812                         |
| -              | 670,893                        |
| -              | 477,888                        |
| -              | 65,470                         |
| 94,576         | 1,747,222                      |
| -              | 155,281                        |
| 2,000          | 253,151                        |
| -              | 90,949                         |
| -              | 80,400                         |
| 815,424        | 4,922,283                      |
| 912,000        | 8,984,199                      |
| (43,404)       | 50,751                         |
| -              | 93,519                         |
| 88,287         | 88,287                         |
| -              | (88,287)                       |
| 88,287         | 93,519                         |
| 44,883         | 144,270                        |
| 233,622        | 6,348,039                      |
| \$             | \$                             |
| 278,505        | 6,492,309                      |

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, 2022

|   |                   |
|---|-------------------|
| <b>Total Net Change in Fund Balances - Governmental Funds</b>   | <b>\$ 144,270</b> |
| 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 2022 capital outlays is to increase the change in net position.   | 623,415           |
| 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 \$203,818. 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 \$81,615. Finally, the proportionate share of the TMRS pension expense on the plan as a whole has to be recorded. The net pension expense increased the change in net position by \$24,731. The net result is an increase in the change in net position. | 310,164           |
| 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.   | (296,923)         |
| 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.  | (17,947)          |
| <b>Change in Net Position of Governmental Activities</b>  | <b>\$ 762,979</b> |

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, 2022

**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.

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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.

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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.

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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 assets that applies to future periods 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 assets that applies to future periods 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.



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**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.

**O. IMPLEMENTATION OF NEW ACCOUNTING STANDARD**

During the year the City implemented Governmental Accounting Standards Board Statement No. 87 - Leases ("GASB 87"). The objective of GASB 87 is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions in the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities.

In the year of implementation, GASB 87 requires a retroactive restatement of prior periods to reflect the effect on net position as if the standard had been in effect in prior years. However, the City has no material leased assets that are required to be recorded as a right to use leased asset. Therefore, a restatement was not required, but for the year ended September 30, 2022, and prospectively, the City will be recording any material, applicable lease in accordance with GASB 87.

**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.

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**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, 2022, are shown as follows:

|                                 | Carrying<br>Amount  | Fair<br>Value       |
|---------------------------------|---------------------|---------------------|
| Cash                            | \$ 3,500,000        | \$ 3,500,000        |
| Cash - Restricted               | <u>3,084,784</u>    | <u>3,084,784</u>    |
| Total Cash and Cash Equivalents | <u>\$ 6,584,784</u> | <u>\$ 6,584,784</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.

The City's cash deposits, as of September 30, 2022, 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 \$0.44490 per \$100 of assessed valuation. The resulting adjusted tax levy was \$721,065 for operations on the total adjusted taxable valuation of \$162,073,500 for the 2021 tax year.

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Property taxes receivable, as of September 30, 2022, consists of the following:

| Tax Year       | General<br>Fund   |
|----------------|-------------------|
| 2021           | \$ 36,047         |
| 2020           | 23,101            |
| 2019           | 20,158            |
| 2018           | 13,656            |
| 2017           | 9,132             |
| 2016 and prior | 40,595            |
|                | <u>\$ 142,689</u> |

**C. INTERFUND BALANCES AND TRANSFERS**

As of September 30, 2022, the City's interfund balances were as follows:

| Receivable Fund | Payable Fund             | Amount     |
|-----------------|--------------------------|------------|
| General Fund    | GLO Infrastructure Grant | \$ 342,091 |

The amount due to the General Fund is to reimburse the General Fund for the portion of the new fire truck that was funded by the CDBG Disaster Recovery Program.

Interfund transfers for the year ended September 30, 2022, consisted of the following individual amounts:

| Fund                             | General Fund       | HMGP<br>DR4466<br>Grant | GLO<br>D324<br>Grant | Totals      |
|----------------------------------|--------------------|-------------------------|----------------------|-------------|
| Transfer In - General Fund       |                    | 50,000                  | 38,287               | 88,287      |
| Transfer Out - HMGP DR4466 Grant | (50,000)           |                         |                      | (50,000)    |
| Transfer Out - GLO D324 Grant    | (38,287)           |                         |                      | (38,287)    |
| Totals Transfers In/(Out)        | <u>\$ (88,287)</u> | <u>\$ 50,000</u>        | <u>\$ 38,287</u>     | <u>\$ -</u> |

The transfers from the General Fund to the HMGP DR4466 Grant and GLO D324 Grant were for the City's match for the projects per grant requirements.

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**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<br>Fund   | Totals            |
|------------------------------------|-------------------|-------------------|
| Receivables:                       |                   |                   |
| Taxes                              | \$ 293,602        | \$ 293,602        |
| Accounts                           | 4,507             | 4,507             |
| Gross Receivables                  | 298,109           | 298,109           |
| Less: Allowance for Uncollectibles | (14,269)          | (14,269)          |
| Net Total Receivables              | <u>\$ 283,840</u> | <u>\$ 283,840</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     \$ 128,420

**E. CAPITAL ASSETS**

Capital asset activity for the City for the year ended September 30, 2022, was as follows:

|   | Primary Government   |                   |                    |                     |
|---|----------------------|-------------------|--------------------|---------------------|
|   | Beginning<br>Balance | Additions         | Retirements        | Ending<br>Balance   |
| Governmental Activities:                    |                      |                   |                    |                     |
| Capital assets not being depreciated:       |                      |                   |                    |                     |
| Land  | \$ 671,798           | \$                | \$ (28,950)        | \$ 642,848          |
| Total capital assets not being depreciated  | <u>671,798</u>       | <u></u>           | <u>(28,950)</u>    | <u>642,848</u>      |
| Capital assets being depreciated:           |                      |                   |                    |                     |
| Buildings                                   | 1,596,654            |                   |                    | 1,596,654           |
| Machinery and equipment                     | 1,855,684            | 680,281           | (170,141)          | 2,365,824           |
| Infrastructure                              | 4,798,303            |                   |                    | 4,798,303           |
| Total capital assets being depreciated      | <u>8,250,641</u>     | <u>680,281</u>    | <u>(170,141)</u>   | <u>8,760,781</u>    |
| Less accumulated depreciation for:          |                      |                   |                    |                     |
| Buildings                                   | (1,020,088)          | (41,714)          |                    | (1,061,802)         |
| Machinery and equipment                     | (1,390,931)          | (135,294)         | 142,225            | (1,384,000)         |
| Infrastructure                              | (4,215,427)          | (119,915)         |                    | (4,335,342)         |
| Total accumulated depreciation              | <u>(6,626,446)</u>   | <u>(296,923)</u>  | <u>142,225</u>     | <u>(6,781,144)</u>  |
| Total capital assets being depreciated, net | <u>1,624,195</u>     | <u>383,358</u>    | <u>(27,916)</u>    | <u>1,979,637</u>    |
| Governmental Activities capital assets, net | <u>\$ 2,295,993</u>  | <u>\$ 383,358</u> | <u>\$ (56,866)</u> | <u>\$ 2,622,485</u> |

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Depreciation expense was charged to governmental functions as follows:

|                            |                   |
|----------------------------|-------------------|
| General Government         | \$ 23,496         |
| Fire Department            | 15,749            |
| Police Department          | 85,203            |
| Sanitation                 | 21,974            |
| Streets                    | 149,351           |
| Parks                      | <u>1,150</u>      |
| Total Depreciation Expense | <u>\$ 296,923</u> |

#### F. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2022 was as follows:

|                                | Beginning<br>Balance | Additions           | Reductions            | Ending<br>Balance   | Due Within<br>One Year |
|--------------------------------|----------------------|---------------------|-----------------------|---------------------|------------------------|
| <b>Governmental Activities</b> |                      |                     |                       |                     |                        |
| Net Pension Liability          | \$ 1,219,878         | \$ 1,220,489        | \$ (1,724,890)        | \$ 715,477          | \$ -                   |
| Compensated Absences           | <u>314,554</u>       | <u>137,419</u>      | <u>(124,900)</u>      | <u>327,073</u>      | <u>32,707</u>          |
| Total Governmental Activities  | <u>\$ 1,534,432</u>  | <u>\$ 1,357,908</u> | <u>\$ (1,849,790)</u> | <u>\$ 1,042,550</u> | <u>\$ 32,707</u>       |
| Long-term Liabilities          |                      |                     |                       |                     |                        |

Within governmental funds, contributions toward the liquidation of the net pension liability and compensated absences are made from the General Fund.

#### 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.

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*Assigned:*

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

*Unassigned:*

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

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

Fund balances for the major and nonmajor governmental funds as of September 30, 2022, were distributed as follows:

|                           | General<br>Fund     | Other<br>Governmental<br>Funds | Total               |
|---------------------------|---------------------|--------------------------------|---------------------|
| <b>Nonspendable:</b>      |                     |                                |                     |
| Prepays                   | \$ 1,179            | \$ -                           | \$ 1,179            |
| Total Nonspendable        | 1,179               | -                              | 1,179               |
| <b>Restricted for:</b>    |                     |                                |                     |
| Tourism                   | 64,235              |                                | 64,235              |
| Municipal Court           | 123,031             |                                | 123,031             |
| Road Maintenance          | 2,897,518           |                                | 2,897,518           |
| Public Safety             |                     | 278,505                        | 278,505             |
| Total Restricted          | 3,084,784           | 278,505                        | 3,363,289           |
| <b>Unassigned</b>         | 3,127,841           |                                | 3,127,841           |
| <b>Total Fund Balance</b> | <u>\$ 6,213,804</u> | <u>\$ 278,505</u>              | <u>\$ 6,492,309</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.

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**H. DEFINED BENEFIT PENSION PLAN**

**Plan Description**

The City of West Orange participates as one of 901 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](http://tmrs.com).

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

**Benefits Provided**

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

At retirement, the benefit is calculated as if the sum of the employee's contributions, with interest, and the city financed monetary credits with interest were used to purchase an annuity. Members may choose to receive their retirement benefit in one of seven 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, 2021 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    | 18        |
| Active employees   | <u>24</u> |
|  | 60        |

**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 18.43% and 18.80% in calendar years 2021 and 2022, respectively. The city's contributions to TMRS for the year ended September 30, 2022, were \$285,434, and were equal to the required contributions.

**Net Pension Liability**

The City's Net Pension Liability (NPL) was measured as of December 31, 2021, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

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***Actuarial assumptions:***

The Total Pension Liability in the December 31, 2021 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 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. The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

| Asset Class                    | Target Allocation | Long-Term Expected Real Rate<br>of Return (Arithmetic) |
|--------------------------------|-------------------|--|
| Global Public Equity           | 35%               | 7.55%  |
| Core Fixed Income              | 6%                | 2.00%  |
| Non-Core Fixed Income          | 20%               | 5.68%  |
| Other Public & Private Markets | 12%               | 7.22%  |
| Real Estate                    | 12%               | 6.85%  |
| Hedge Funds                    | 5%                | 5.35%  |
| Private Equity                 | 10%               | 10.00%   |
| Total                          | 100%              |  |



CITY OF WEST ORANGE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022

***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.

***Changes in Net Pension Liability***

|   | Total Pension<br>Liability<br>(a) | Increase (Decrease)<br>Plan Fiduciary<br>Net Position<br>(b) | Net Pension<br>Liability<br>(a) - (b) |
|---|-----------------------------------|--|---------------------------------------|
| Balance at 12/31/20   | \$ 11,586,322                     | \$ 10,366,444  | \$ 1,219,878                          |
| Changes for the Year:                                       |                                   |  |                                       |
| Service Cost  | 248,788                           | -  | 248,788                               |
| Interest  | 776,397                           | -  | 776,397                               |
| Change of benefit terms                                     | -                                 | -  | -                                     |
| Difference between expected and actual experience           | 189,051                           | -  | 189,051                               |
| Changes of assumptions                                      | -                                 | -  | -                                     |
| Contributions - employer                                    | -                                 | 270,671  | (270,671)                             |
| Contributions - employee                                    | -                                 | 102,805  | (102,805)                             |
| Net investment income                                       | -                                 | 1,351,371  | (1,351,371)                           |
| Benefit payments, including refunds of employee contributor | (417,077)                         | (417,077)  | -                                     |
| Administrative expense                                      | -                                 | (6,253)  | 6,253                                 |
| Other changes   | -                                 | 43   | (43)                                  |
| Net changes   | 797,159                           | 1,301,560  | (504,401)                             |
| Balance at 12/31/2021                                       | <u>\$ 12,383,481</u>              | <u>\$ 11,668,004</u>   | <u>\$ 715,477</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<br>Discount Rate (5.75%) | Discount Rate (6.75%) | 1% Increase in<br>Discount Rate (7.75%) |
|------------------------------|---|-----------------------|---|
| City's Net Pension Liability | \$ 2,303,578                            | \$ 715,477            | \$ (609,511)                            |

***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.

CITY OF WEST ORANGE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022

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

For the year ended September 30, 2022 the city recognized pension expense (income) of \$(24,731).

At September 30, 2022, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred Inflows<br>of Resources |
|---|-----------------------------------|----------------------------------|
| Differences between expected and actual economic experience | \$ 117,813                        | \$ -                             |
| Changes in actuarial assumptions                            | -                                 | 140                              |
| Difference between projected and actual investment earnings | -                                 | 690,888                          |
| Contributions subsequent of the measurement date            | <u>203,818</u>                    | <u>-</u>                         |
| Total   | <u>\$ 321,631</u>                 | <u>\$ 691,028</u>                |

\$203,818 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, 2023. 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:

|            |                     |
|------------|---------------------|
| 2022       | \$ (102,150)        |
| 2023       | (218,989)           |
| 2024       | (121,752)           |
| 2025       | (130,324)           |
| 2026       | -                   |
| Thereafter | -                   |
|            | <u>\$ (573,215)</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.

CITY OF WEST ORANGE, TEXAS  
NOTES TO THE FINANCIAL STATEMENTS  
YEAR ENDED SEPTEMBER 30, 2022

**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.

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

**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 2022.

During the current fiscal year, the City received Coronavirus Relief Funds from the Texas Department of Emergency Management (TDEM). A portion of these funds will be spent in the next fiscal year and any unspent funds must be returned to TDEM. Unearned Revenue at September 30, 2022, is \$487,896.

**L. SUBSEQUENT EVENTS**

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 13, 2023, 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, 2022

|  | Budgeted Amounts |              | Actual<br>Amounts<br>(GAAP BASIS) | Variance With<br>Final Budget<br>Positive or<br>(Negative) |
|--|------------------|--------------|-----------------------------------|--|
|  | Original         | Final        |                                   |  |
| <b>REVENUES:</b>                                     |                  |              |                                   |  |
| Taxes:   |                  |              |                                   |  |
| Property Taxes                                       | \$ 705,000       | \$ 705,000   | \$ 717,741                        | \$ 12,741  |
| General Sales and Use Taxes                          | 950,000          | 950,000      | 1,088,813                         | 138,813  |
| Franchise Tax  | 210,000          | 210,000      | 259,164                           | 49,164   |
| Other Taxes  | 250,500          | 250,500      | 289,632                           | 39,132   |
| Penalty and Interest on Taxes                        | 14,000           | 14,000       | 29,629                            | 15,629   |
| Payments in Lieu of Property Taxes                   | 560,642          | 560,642      | 542,751                           | (17,891)   |
| Licenses and Permits                                 | 25,005           | 25,005       | 40,286                            | 15,281   |
| Intergovernmental Revenue and Grants                 | 110,800          | 110,800      | 171,571                           | 60,771   |
| Charges for Services                                 | 378,500          | 378,500      | 384,332                           | 5,832  |
| Fines  | 55,000           | 55,000       | 103,277                           | 48,277   |
| Investment Earnings                                  | 3,500            | 3,500        | 27,831                            | 24,331   |
| Contributions & Donations from Private Sources       | -                | -            | 150                               | 150  |
| Other Revenue  | 35,299           | 35,299       | 62,227                            | 26,928   |
| Total Revenues                                       | 3,298,246        | 3,298,246    | 3,717,404                         | 419,158  |
| <b>EXPENDITURES:</b>                                 |                  |              |                                   |  |
| General Administration                               | 529,159          | 529,159      | 439,850                           | 89,309   |
| Fire Marshal   | 179,024          | 179,024      | 80,812                            | 98,212   |
| Fire Department                                      | 225,474          | 671,474      | 328,802                           | 342,672  |
| Sanitation   | 652,919          | 652,919      | 477,888                           | 175,031  |
| Humane   | 65,494           | 65,494       | 65,470                            | 24   |
| Police   | 1,773,628        | 1,773,628    | 1,652,646                         | 120,982  |
| Municipal Court                                      | 171,056          | 171,056      | 155,281                           | 15,775   |
| Street   | 511,325          | 511,325      | 251,151                           | 260,174  |
| Parks and Facilities                                 | 97,773           | 97,773       | 90,949                            | 6,824  |
| Maintenance  | 82,743           | 82,743       | 80,400                            | 2,343  |
| Total Expenditures                                   | 4,288,595        | 4,734,595    | 3,623,249                         | 1,111,346  |
| Excess (Deficiency) of Revenues Over<br>Expenditures | (990,349)        | (1,436,349)  | 94,155                            | 1,530,504  |
| <b>OTHER FINANCING SOURCES (USES):</b>               |                  |              |                                   |  |
| Sale of Real and Personal Property                   | 10,000           | 10,000       | 93,519                            | 83,519   |
| Transfers Out (Use)                                  | -                | -            | (88,287)                          | (88,287)   |
| Total Other Financing Sources (Uses)                 | 10,000           | 10,000       | 5,232                             | (4,768)  |
| Net Change   | (980,349)        | (1,426,349)  | 99,387                            | 1,525,736  |
| Fund Balance - October 1 (Beginning)                 | 6,114,417        | 6,114,417    | 6,114,417                         | -  |
| Fund Balance - September 30 (Ending)                 | \$ 5,134,068     | \$ 4,688,068 | \$ 6,213,804                      | \$ 1,525,736   |

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.

CITY OF WEST ORANGE, TEXAS  
SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

|  | FY 2022<br>Plan Year 2021 | FY 2021<br>Plan Year 2020 | FY 2020<br>Plan Year 2019 |
|--|---------------------------|---------------------------|---------------------------|
| <b>A. Total Pension Liability</b>  |                           |                           |                           |
| Service Cost   | \$ 248,788                | \$ 263,031                | \$ 223,439                |
| Interest (on the Total Pension Liability)  | 776,397                   | 730,658                   | 708,643                   |
| Changes of Benefit Terms   | -                         | -                         | -                         |
| Difference between Expected and Actual Experience                                | 189,051                   | 83,997                    | (254,691)                 |
| Changes of Assumptions   | -                         | -                         | (632)                     |
| Benefit Payments, Including Refunds of Employee Contributions                    | (417,077)                 | (368,812)                 | (372,002)                 |
| Net Change in Total Pension Liability  | \$ 797,159                | \$ 708,874                | \$ 304,757                |
| Total Pension Liability - Beginning  | 11,586,322                | 10,877,448                | 10,572,691                |
| Total Pension Liability - Ending   | \$ 12,383,481             | \$ 11,586,322             | \$ 10,877,448             |
| <b>B. Total Fiduciary Net Position</b>   |                           |                           |                           |
| Contributions - Employer   | \$ 270,671                | \$ 314,569                | \$ 263,263                |
| Contributions - Employee   | 102,805                   | 109,989                   | 92,004                    |
| Net Investment Income  | 1,351,371                 | 727,587                   | 1,287,268                 |
| Benefit Payments, Including Refunds of Employee Contributions                    | (417,077)                 | (368,812)                 | (372,002)                 |
| Administrative Expense   | (6,253)                   | (4,709)                   | (7,272)                   |
| Other  | 43                        | (184)                     | (219)                     |
| Net Change in Plan Fiduciary Net Position  | \$ 1,301,560              | \$ 778,440                | \$ 1,263,042              |
| Plan Fiduciary Net Position - Beginning  | 10,366,444                | 9,588,004                 | 8,324,962                 |
| Plan Fiduciary Net Position - Ending   | \$ 11,668,004             | \$ 10,366,444             | \$ 9,588,004              |
| <b>C. Net Pension Liability</b>  | \$ 715,477                | \$ 1,219,878              | \$ 1,289,444              |
| <b>D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability</b> | 94.22%                    | 89.47%                    | 88.15%                    |
| <b>E. Covered Payroll</b>  | \$ 1,468,645              | \$ 1,571,272              | \$ 1,314,347              |
| <b>F. Net Pension Liability as a Percentage of Covered Payroll</b>               | 48.72%                    | 77.64%                    | 98.11%                    |

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented for the time period covered by the measurement date rather than the governmental entity's current fiscal year.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

| FY 2019<br>Plan Year 2018 |            | FY 2017<br>Plan Year 2016 |            | FY 2016<br>Plan Year 2015 |           | FY 2015<br>Plan Year 2014 |           | FY 2014<br>Plan Year 2013 |           |
|---------------------------|------------|---------------------------|------------|---------------------------|-----------|---------------------------|-----------|---------------------------|-----------|
| \$                        | 211,537    | \$                        | 237,452    | \$                        | 233,927   | \$                        | 217,004   | \$                        | 189,272   |
|                           | 689,498    |                           | 656,717    |                           | 625,802   |                           | 616,052   |                           | 578,003   |
|                           | -          |                           | -          |                           | -         |                           | -         |                           | -         |
|                           | (233,068)  |                           | (3,251)    |                           | (22,744)  |                           | (78,873)  |                           | 84,378    |
|                           | -          |                           | -          |                           | -         |                           | 73,605    |                           | -         |
|                           | (408,587)  |                           | (376,053)  |                           | (385,419) |                           | (346,287) |                           | (297,650) |
| \$                        | 259,380    | \$                        | 514,865    | \$                        | 451,566   | \$                        | 481,501   | \$                        | 554,003   |
|                           | 10,313,311 |                           | 9,798,446  |                           | 9,346,880 |                           | 8,865,379 |                           | 8,311,376 |
| \$                        | 10,572,691 | \$                        | 10,313,311 | \$                        | 9,798,446 | \$                        | 9,346,880 | \$                        | 8,865,379 |
|                           |            |                           |            |                           |           |                           |           |                           |           |
| \$                        | 250,955    | \$                        | 283,133    | \$                        | 275,002   | \$                        | 255,152   | \$                        | 242,989   |
|                           | 87,879     |                           | 97,488     |                           | 95,203    |                           | 91,453    |                           | 86,870    |
|                           | (259,444)  |                           | 1,054,373  |                           | 482,885   |                           | 10,536    |                           | 384,861   |
|                           | (408,587)  |                           | (376,053)  |                           | (385,419) |                           | (346,287) |                           | (297,650) |
|                           | (5,013)    |                           | (5,463)    |                           | (5,453)   |                           | (6,417)   |                           | (4,018)   |
|                           | (261)      |                           | (278)      |                           | (294)     |                           | (317)     |                           | (330)     |
| \$                        | (334,471)  | \$                        | 1,053,200  | \$                        | 461,924   | \$                        | 4,120     | \$                        | 412,722   |
|                           | 8,659,433  |                           | 7,606,233  |                           | 7,144,309 |                           | 7,140,189 |                           | 6,727,467 |
| \$                        | 8,324,962  | \$                        | 8,659,433  | \$                        | 7,606,233 | \$                        | 7,144,309 | \$                        | 7,140,189 |
| \$                        | 2,247,729  | \$                        | 1,653,878  | \$                        | 2,192,213 | \$                        | 2,202,571 | \$                        | 1,725,190 |
|                           |            |                           |            |                           |           |                           |           |                           |           |
|                           | 78.74%     |                           | 83.96%     |                           | 77.63%    |                           | 76.44%    |                           | 80.54%    |
|                           |            |                           |            |                           |           |                           |           |                           |           |
| \$                        | 1,255,411  | \$                        | 1,392,680  | \$                        | 1,360,043 | \$                        | 1,306,467 | \$                        | 1,241,005 |
|                           | 179.04%    |                           | 118.76%    |                           | 161.19%   |                           | 168.59%   |                           | 139.02%   |



CITY OF WEST ORANGE, TEXAS  
SCHEDULE OF CONTRIBUTIONS  
TEXAS MUNICIPAL RETIREMENT SYSTEM  
FOR THE FISCAL YEAR 2022

|   | 2022         | 2021         | 2020         |
|---|--------------|--------------|--------------|
| Actuarially Determined Contribution                                   | \$ 285,434   | \$ 271,309   | \$ 298,511   |
| Contributions in Relation to the Actuarially Determined Contributions | 285,434      | 271,309      | 298,511      |
| Contribution Deficiency (Excess)                                      | \$ -         | \$ -         | \$ -         |
| Covered Payroll   | \$ 1,526,980 | \$ 1,436,662 | \$ 1,490,896 |
| Contributions as a Percentage of Covered Payroll                      | 18.69%       | 18.88%       | 20.02%       |

Note: GASB Codification, Vol. 2, P20.146 requires that the data in this schedule be presented as of the governmental entity's respective fiscal years as opposed to the time periods covered by the measurement dates ending December 31 for the respective fiscal years.

As required by GASB 68, this schedule will be built prospectively as the information becomes available until 10 years of information is presented.

| 2019         | 2018         | 2017         | 2016         | 2015         | 2014         | 2013         |
|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| \$ 263,903   | \$ 246,248   | \$ 287,979   | \$ 279,974   | \$ 252,975   | \$ 240,164   | \$ 239,240   |
| 263,903      | 246,248      | 287,979      | 279,974      | 252,975      | 240,164      | 239,240      |
| \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         | \$ -         |
| \$ 1,318,205 | \$ 1,226,668 | \$ 1,418,315 | \$ 1,397,212 | \$ 1,294,403 | \$ 1,228,333 | \$ 1,239,313 |
| 20.02%       | 20.07%       | 20.30%       | 20.04%       | 19.54%       | 19.55%       | 19.30%       |

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.

**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.

**HMGP DR4466 Grant Fund** – This fund is used to account for monies received from the Hazard Mitigation Grant Program (DR4466 – Hurricane Imelda) for a generator for City Hall.

**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.

CITY OF WEST ORANGE, TEXAS  
COMBINING BALANCE SHEET  
NONMAJOR GOVERNMENTAL FUNDS  
SEPTEMBER 30, 2022

|                                     | Police -<br>Public<br>Safety | Police -<br>Seizure &<br>Forfeiture | Police -<br>State<br>Education | Police -<br>Federal Asset<br>Forfeiture |
|-------------------------------------|------------------------------|-------------------------------------|--------------------------------|---|
| <hr/>                               |                              |                                     |                                |   |
| ASSETS                              |                              |                                     |                                |   |
| Cash and Cash Equivalents           | \$ 136,918                   | \$ 13,838                           | \$ 2,962                       | \$ 13,065                               |
| Total Assets                        | <u>\$ 136,918</u>            | <u>\$ 13,838</u>                    | <u>\$ 2,962</u>                | <u>\$ 13,065</u>                        |
| FUND BALANCES                       |                              |                                     |                                |   |
| Restricted Fund Balance:            |                              |                                     |                                |   |
| Restricted Fund Balance             | 136,918                      | 13,838                              | 2,962                          | 13,065                                  |
| Total Fund Balances                 | <u>136,918</u>               | <u>13,838</u>                       | <u>2,962</u>                   | <u>13,065</u>                           |
| Total Liabilities and Fund Balances | <u>\$ 136,918</u>            | <u>\$ 13,838</u>                    | <u>\$ 2,962</u>                | <u>\$ 13,065</u>                        |

| Police -<br>Federal Treas<br>Asset Forfeit | TDEM/<br>HMGP<br>Grant | TDA/<br>CDBG<br>Grant | HMGP<br>DR4466<br>Grant | GLO<br>D324<br>Grant | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|------------------------|-----------------------|-------------------------|----------------------|--|
| \$ 88,182                                  | \$ -                   | \$ -                  | \$ 23,540               | \$ -                 | \$ 278,505                                 |
| <u>\$ 88,182</u>                           | <u>\$ -</u>            | <u>\$ -</u>           | <u>\$ 23,540</u>        | <u>\$ -</u>          | <u>\$ 278,505</u>                          |
| 88,182                                     | -                      | -                     | 23,540                  | -                    | 278,505                                    |
| <u>88,182</u>                              | <u>-</u>               | <u>-</u>              | <u>23,540</u>           | <u>-</u>             | <u>278,505</u>                             |
| <u>\$ 88,182</u>                           | <u>\$ -</u>            | <u>\$ -</u>           | <u>\$ 23,540</u>        | <u>\$ -</u>          | <u>\$ 278,505</u>                          |

CITY OF WEST ORANGE, TEXAS  
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN  
FUND BALANCES - NONMAJOR GOVERNMENTAL FUNDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

|  | Police -<br>Public<br>Safety | Police -<br>Seizure &<br>Forfeiture | Police -<br>State<br>Education | Police -<br>Federal Asset<br>Forfeiture |
|--|------------------------------|-------------------------------------|--------------------------------|---|
| <b>REVENUES:</b>   |                              |                                     |                                |   |
| Intergovernmental Revenue and Grants                         | \$ 103,101                   | \$ -                                | \$ 940                         | \$ -                                    |
| Investment Earnings  | 613                          | 64                                  | 17                             | 60                                      |
| Contributions & Donations from Private                       | 4,540                        | -                                   | -                              | -                                       |
| Other Revenue  | -                            | 6,178                               | -                              | -                                       |
| Total Revenues   | <u>108,254</u>               | <u>6,242</u>                        | <u>957</u>                     | <u>60</u>                               |
| <b>EXPENDITURES:</b>   |                              |                                     |                                |   |
| Police   | 89,512                       | 1,583                               | 3,481                          | -                                       |
| Street   | -                            | -                                   | -                              | -                                       |
| Health and safety  | -                            | -                                   | -                              | -                                       |
| Total Expenditures   | <u>89,512</u>                | <u>1,583</u>                        | <u>3,481</u>                   | <u>-</u>                                |
| Excess (Deficiency) of Revenues Over (Under)<br>Expenditures | <u>18,742</u>                | <u>4,659</u>                        | <u>(2,524)</u>                 | <u>60</u>                               |
| <b>OTHER FINANCING SOURCES (USES):</b>                       |                              |                                     |                                |   |
| Transfers In   | -                            | -                                   | -                              | -                                       |
| Total Other Financing Sources (Uses)                         | <u>-</u>                     | <u>-</u>                            | <u>-</u>                       | <u>-</u>                                |
| Net Change in Fund Balance                                   | 18,742                       | 4,659                               | (2,524)                        | 60                                      |
| Fund Balance - October 1 (Beginning)                         | <u>118,176</u>               | <u>9,179</u>                        | <u>5,486</u>                   | <u>13,005</u>                           |
| Fund Balance - September 30 (Ending)                         | <u>\$ 136,918</u>            | <u>\$ 13,838</u>                    | <u>\$ 2,962</u>                | <u>\$ 13,065</u>                        |

| Police -<br>Federal Treas<br>Asset Forfeit | TDEM/<br>HMGP<br>Grant | TDA/<br>CDBG<br>Grant | HMGP<br>DR4466<br>Grant | GLO<br>D324<br>Grant | Total<br>Nonmajor<br>Governmental<br>Funds |
|--|------------------------|-----------------------|-------------------------|----------------------|--|
| \$ -                                       | \$ 687,693             | \$ 2,000              | \$ 9,225                | \$ 53,759            | \$ 856,718                                 |
| 406  | -                      | -                     | -                       | -                    | 1,160                                      |
| -  | -                      | -                     | -                       | -                    | 4,540                                      |
| -  | -                      | -                     | -                       | -                    | 6,178                                      |
| 406  | 687,693                | 2,000                 | 9,225                   | 53,759               | 868,596                                    |
| -  | -                      | -                     | -                       | -                    | 94,576                                     |
| -  | -                      | 2,000                 | -                       | -                    | 2,000                                      |
| -  | 687,693                | -                     | 35,685                  | 92,046               | 815,424                                    |
| -  | 687,693                | 2,000                 | 35,685                  | 92,046               | 912,000                                    |
| 406  | -                      | -                     | (26,460)                | (38,287)             | (43,404)                                   |
| -  | -                      | -                     | 50,000                  | 38,287               | 88,287                                     |
| -  | -                      | -                     | 50,000                  | 38,287               | 88,287                                     |
| 406  | -                      | -                     | 23,540                  | -                    | 44,883                                     |
| 87,776                                     | -                      | -                     | -                       | -                    | 233,622                                    |
| \$ 88,182                                  | \$ -                   | \$ -                  | \$ 23,540               | \$ -                 | \$ 278,505                                 |



CITY OF WEST ORANGE, TEXAS  
BALANCE SHEET  
PRIOR YEAR AND CURRENT YEAR - GENERAL FUND  
SEPTEMBER 30, 2022

|   | Current<br>Year     | Prior<br>Year       | Variance          |
|---|---------------------|---------------------|-------------------|
| <b>ASSETS</b>                                       |                     |                     |                   |
| Cash and Cash Equivalents                           | \$ 2,733,599        | \$ 3,227,781        | \$ (494,182)      |
| Cash and Cash Equivalents - Restricted              | 3,084,784           | 2,831,057           | 253,727           |
| Taxes Receivable                                    | 279,333             | 269,468             | 9,865             |
| Accounts Receivable                                 | 4,507               | 7,739               | (3,232)           |
| Due from Other Funds                                | 342,091             | -                   | 342,091           |
| Prepaid Items                                       | 1,179               | 1,587               | (408)             |
| Total Assets  | <u>\$ 6,445,493</u> | <u>\$ 6,337,632</u> | <u>\$ 107,861</u> |
| <b>LIABILITIES</b>                                  |                     |                     |                   |
| Accounts Payable                                    | \$ 32,459           | \$ 29,770           | \$ 2,689          |
| Wages and Salaries Payable                          | 55,712              | 49,240              | 6,472             |
| Other Current Liabilities                           | 15,098              | 10,358              | 4,740             |
| Total Liabilities                                   | <u>103,269</u>      | <u>89,368</u>       | <u>13,901</u>     |
| <b>DEFERRED INFLOWS OF RESOURCES</b>                |                     |                     |                   |
| Unavailable Revenue - Property Taxes                | <u>128,420</u>      | <u>133,847</u>      | <u>(5,427)</u>    |
| Total Deferred Inflows of Resources                 | <u>128,420</u>      | <u>133,847</u>      | <u>(5,427)</u>    |
| <b>FUND BALANCES</b>                                |                     |                     |                   |
| Nonspendable Fund Balance                           | 1,179               | 1,587               | (408)             |
| Restricted Fund Balance                             | 3,084,784           | 2,831,057           | 253,727           |
| Unassigned Fund Balance                             | <u>3,127,841</u>    | <u>3,281,773</u>    | <u>(153,932)</u>  |
| Total Fund Balances                                 | <u>6,213,804</u>    | <u>6,114,417</u>    | <u>99,387</u>     |
| Total Liabilities, Deferred Inflows & Fund Balances | <u>\$ 6,445,493</u> | <u>\$ 6,337,632</u> | <u>\$ 107,861</u> |

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, 2022

|   | Budgeted Amounts |              | Actual       | Variance With | 2021         |
|---|------------------|--------------|--------------|---------------|--------------|
|   | Original         | Final        | GAAP BASIS   | Final Budget  | Prior Year   |
|   |                  |              | (See Note)   | Positive or   | Actual       |
|   |                  |              |              | (Negative)    | GAAP Basis   |
| <b>REVENUES:</b>                                  |                  |              |              |               |              |
| Taxes:  |                  |              |              |               |              |
| Property Taxes                                    | \$ 705,000       | \$ 705,000   | \$ 717,741   | \$ 12,741     | \$ 663,534   |
| General Sales and Use Taxes                       | 950,000          | 950,000      | 1,088,813    | 138,813       | 1,067,393    |
| Franchise Tax                                     | 210,000          | 210,000      | 259,164      | 49,164        | 236,199      |
| Other Taxes                                       | 250,500          | 250,500      | 289,632      | 39,132        | 280,927      |
| Penalty and Interest on Taxes                     | 14,000           | 14,000       | 29,629       | 15,629        | 21,406       |
| Payments in Lieu of Property Taxes                | 560,642          | 560,642      | 542,751      | (17,891)      | 541,205      |
| Licenses and Permits                              | 25,005           | 25,005       | 40,286       | 15,281        | 63,532       |
| Intergovernmental Revenue and Grants              | 110,800          | 110,800      | 171,571      | 60,771        | 145,947      |
| Charges for Services                              | 378,500          | 378,500      | 384,332      | 5,832         | 385,757      |
| Fines   | 55,000           | 55,000       | 103,277      | 48,277        | 101,237      |
| Investment Earnings                               | 3,500            | 3,500        | 27,831       | 24,331        | 2,955        |
| Contributions & Donations from Private            | -                | -            | 150          | 150           | -            |
| Other Revenue                                     | 35,299           | 35,299       | 62,227       | 26,928        | 149,262      |
| Total Revenues                                    | 3,298,246        | 3,298,246    | 3,717,404    | 419,158       | 3,659,354    |
| <b>EXPENDITURES:</b>                              |                  |              |              |               |              |
| Health and safety:                                |                  |              |              |               |              |
| General Administration                            | 529,159          | 529,159      | 439,850      | 89,309        | 507,296      |
| Fire Marshal                                      | 179,024          | 179,024      | 80,812       | 98,212        | 36,378       |
| Fire Department                                   | 225,474          | 671,474      | 328,802      | 342,672       | 56,896       |
| Sanitation  | 652,919          | 652,919      | 477,888      | 175,031       | 638,451      |
| Humane  | 65,494           | 65,494       | 65,470       | 24            | 41,284       |
| Police  | 1,773,628        | 1,773,628    | 1,652,646    | 120,982       | 1,559,096    |
| Municipal Court                                   | 171,056          | 171,056      | 155,281      | 15,775        | 135,368      |
| Street  | 511,325          | 511,325      | 251,151      | 260,174       | 184,199      |
| Parks and Facilities                              | 97,773           | 97,773       | 90,949       | 6,824         | 68,542       |
| Maintenance                                       | 82,743           | 82,743       | 80,400       | 2,343         | 73,028       |
| Total Expenditures                                | 4,288,595        | 4,734,595    | 3,623,249    | 1,111,346     | 3,300,538    |
| Excess (Deficiency) of Revenues Over Expenditures | (990,349)        | (1,436,349)  | 94,155       | 1,530,504     | 358,816      |
| <b>OTHER FINANCING SOURCES (USES):</b>            |                  |              |              |               |              |
| Sale of Real and Personal Property                | 10,000           | 10,000       | 93,519       | 83,519        | 4,000        |
| Transfers In                                      | -                | -            | -            | -             | 181,513      |
| Transfers Out (Use)                               | -                | -            | (88,287)     | (88,287)      | (8,072)      |
| Total Other Financing Sources (Uses)              | 10,000           | 10,000       | 5,232        | (4,768)       | 177,441      |
| Change in Fund Balance                            | (980,349)        | (1,426,349)  | 99,387       | 1,525,736     | 536,257      |
| Fund Balance - October 1                          | 6,114,417        | 6,114,417    | 6,114,417    | -             | 5,578,160    |
| Fund Balance - September 30                       | \$ 5,134,068     | \$ 4,688,068 | \$ 6,213,804 | \$ 1,525,736  | \$ 6,114,417 |

## STATISTICAL SECTION

**CITY OF WEST ORANGE, TEXAS**  
**UNAUDITED STATISTICAL SECTION**

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

| <b>Contents</b>   | <b>Pages</b> |
|---|--------------|
| <b>Financial Trends</b><br><i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>   | 49-58        |
| <b>Revenue Capacity</b><br><i>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.</i>                                  | 59-66        |
| <b>Debt Capacity</b><br><i>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.</i>                            | 67-70        |
| <b>Demographic and Economic Information</b><br><i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>                                    | 71-72        |
| <b>Operating Information</b><br><i>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.</i> | 73-75        |

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

CITY OF WEST ORANGE, TEXAS  
NET POSITION BY COMPONENT  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)  
(Unaudited)

|  | <u>2013</u>         | <u>2014</u>         | <u>2015</u>         | <u>2016*</u>        |
|--|---------------------|---------------------|---------------------|---------------------|
| Governmental Activities                    |                     |                     |                     |                     |
| Net investment in capital assets           | \$ 3,555,213        | \$ 3,306,841        | \$ 3,076,327        | \$ 2,842,982        |
| Restricted                                 | 249,523             | 253,019             | 250,735             | 1,775,123           |
| Unrestricted                               | <u>2,144,441</u>    | <u>2,595,749</u>    | <u>1,810,388</u>    | <u>556,813</u>      |
| Total Governmental Activities Net Position | <u>\$ 5,949,177</u> | <u>\$ 6,155,609</u> | <u>\$ 5,137,450</u> | <u>\$ 5,174,918</u> |
| <br>Primary Government                     |                     |                     |                     |                     |
| Net investment in capital assets           | \$ 3,555,213        | \$ 3,306,841        | \$ 3,076,327        | \$ 2,842,982        |
| Restricted                                 | 249,523             | 253,019             | 250,735             | 1,775,123           |
| Unrestricted                               | <u>2,144,441</u>    | <u>2,595,749</u>    | <u>1,810,388</u>    | <u>556,813</u>      |
| Total Governmental Activities Net Position | <u>\$ 5,949,177</u> | <u>\$ 6,155,609</u> | <u>\$ 5,137,450</u> | <u>\$ 5,174,918</u> |

2016\* - The decrease in unrestricted net position is due to the implementation of GASB Statement No. 68.

## EXHIBIT S-1

| <u>2017</u>         | <u>2018</u>         | <u>2019</u>         | <u>2020</u>         | <u>2021</u>         | <u>2022</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 2,707,708        | \$ 2,589,006        | \$ 2,572,959        | \$ 2,357,179        | \$ 2,295,993        | \$ 2,622,485        |
| 2,005,743           | 2,283,893           | 2,592,142           | 2,859,843           | 3,064,679           | 3,363,289           |
| <u>479,299</u>      | <u>924,246</u>      | <u>1,013,465</u>    | <u>1,153,467</u>    | <u>1,707,615</u>    | <u>1,845,492</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>\$ 7,831,266</u> |

|                     |                     |                     |                     |                     |                     |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 2,707,708        | \$ 2,589,006        | \$ 2,572,959        | \$ 2,357,179        | \$ 2,295,993        | \$ 2,622,485        |
| 2,005,743           | 2,283,893           | 2,592,142           | 2,859,843           | 3,064,679           | 3,363,289           |
| <u>479,299</u>      | <u>924,246</u>      | <u>1,013,465</u>    | <u>1,153,467</u>    | <u>1,707,615</u>    | <u>1,845,492</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>\$ 7,831,266</u> |

CITY OF WEST ORANGE, TEXAS  
CHANGES IN NET POSITION  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)  
(Unaudited)

|  | 2013                  | 2014                  | 2015                  | 2016                  |
|--|-----------------------|-----------------------|-----------------------|-----------------------|
| Expenses   |                       |                       |                       |                       |
| Governmental Activities                            |                       |                       |                       |                       |
| General Government                                 | \$ 529,454            | \$ 502,674            | \$ 526,326            | \$ 526,660            |
| Public Safety                                      | 1,327,678             | 1,323,532             | 1,386,884             | 1,519,944             |
| Public Works                                       | 1,142,952             | 1,089,369             | 1,017,670             | 1,099,024             |
| Health and Safety                                  | -                     | -                     | -                     | 230,848               |
| Total Governmental Activities Expenses             | <u>3,000,084</u>      | <u>2,915,575</u>      | <u>2,930,880</u>      | <u>3,376,476</u>      |
| Total Primary Government Expenses                  | <u>\$ 3,000,084</u>   | <u>\$ 2,915,575</u>   | <u>\$ 2,930,880</u>   | <u>\$ 3,376,476</u>   |
| Program Revenues                                   |                       |                       |                       |                       |
| Governmental Activities                            |                       |                       |                       |                       |
| Charges for Services:                              |                       |                       |                       |                       |
| General Government                                 | \$ 20,316             | \$ 22,852             | \$ 59,122             | \$ 17,548             |
| Public Safety                                      | 143,744               | 124,884               | 131,983               | 143,780               |
| Public Works                                       | 373,575               | 376,822               | 364,568               | 372,595               |
| Operating Grants and Contributions                 | 9,033                 | 10,272                | 2,732                 | 254,319               |
| Capital Grants and Contributions                   | -                     | -                     | -                     | -                     |
| Total Governmental Activities Program Revenues     | <u>546,668</u>        | <u>534,830</u>        | <u>558,405</u>        | <u>788,242</u>        |
| Total Primary Government Program Revenues          | <u>\$ 546,668</u>     | <u>\$ 534,830</u>     | <u>\$ 558,405</u>     | <u>\$ 788,242</u>     |
| Net (Expense)/Revenue                              |                       |                       |                       |                       |
| Governmental Activities                            | <u>\$ (2,453,416)</u> | <u>\$ (2,380,745)</u> | <u>\$ (2,372,475)</u> | <u>\$ (2,588,234)</u> |
| Total Primary Government Net Expense               | <u>\$ (2,453,416)</u> | <u>\$ (2,380,745)</u> | <u>\$ (2,372,475)</u> | <u>\$ (2,588,234)</u> |
| General Revenues and Other Changes in Net Position |                       |                       |                       |                       |
| Governmental Activities                            |                       |                       |                       |                       |
| Taxes  |                       |                       |                       |                       |
| Property Taxes                                     | \$ 532,357            | \$ 548,194            | \$ 543,935            | \$ 550,888            |
| Other Taxes  | 1,290,586             | 1,345,893             | 1,405,445             | 1,431,039             |
| Payments in Lieu of Property Taxes                 | 598,246               | 633,334               | 665,531               | 620,050               |
| Investment Earnings                                | 1,945                 | 1,329                 | 914                   | 9,410                 |
| Other  | 74,242                | 58,427                | 149,182               | 28,190                |
| Total Governmental Activities                      | <u>2,497,376</u>      | <u>2,587,177</u>      | <u>2,765,007</u>      | <u>2,639,577</u>      |
| Total Primary Government                           | <u>\$ 2,497,376</u>   | <u>\$ 2,587,177</u>   | <u>\$ 2,765,007</u>   | <u>\$ 2,639,577</u>   |
| Change in Net Position                             |                       |                       |                       |                       |
| Governmental Activities                            | <u>\$ 43,960</u>      | <u>\$ 206,432</u>     | <u>\$ 392,532</u>     | <u>\$ 51,343</u>      |
| Total Primary Government                           | <u>\$ 43,960</u>      | <u>\$ 206,432</u>     | <u>\$ 392,532</u>     | <u>\$ 51,343</u>      |

| <u>2017</u>           | <u>2018</u>           | <u>2019</u>           | <u>2020</u>           | <u>2021</u>           | <u>2022</u>           |
|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|-----------------------|
| \$ 602,122            | \$ 566,878            | \$ 544,958            | \$ 555,997            | \$ 638,919            | \$ 592,526            |
| 1,654,677             | 1,778,147             | 1,536,246             | 1,641,290             | 1,627,102             | 1,783,475             |
| 992,942               | 914,805               | 1,048,229             | 1,246,769             | 1,000,500             | 979,908               |
| 35,415                | 292,303               | 56,800                | 355,684               | 1,044,359             | 4,910,635             |
| <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>8,266,544</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>\$ 8,266,544</u>   |
|                       |                       |                       |                       |                       |                       |
| \$ 17,032             | \$ 28,846             | \$ 34,069             | \$ 71,871             | \$ 63,532             | \$ 40,286             |
| 120,598               | 105,886               | 103,335               | 70,453                | 101,237               | 103,277               |
| 363,343               | 358,502               | 361,380               | 387,328               | 385,757               | 384,332               |
| 51,042                | 743,203               | 154,084               | 631,558               | 1,201,790             | 4,987,732             |
| -                     | -                     | -                     | -                     | -                     | 342,091               |
| <u>552,015</u>        | <u>1,236,437</u>      | <u>652,868</u>        | <u>1,161,210</u>      | <u>1,752,316</u>      | <u>5,857,718</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>\$ 5,857,718</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>\$ (2,408,826)</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>\$ (2,408,826)</u> |
|                       |                       |                       |                       |                       |                       |
| \$ 609,669            | \$ 624,499            | \$ 631,232            | \$ 621,493            | \$ 668,189            | \$ 712,314            |
| 1,403,658             | 1,517,231             | 1,451,426             | 1,443,841             | 1,584,519             | 1,637,608             |
| 624,797               | 637,013               | 600,515               | 609,355               | 541,205               | 542,752               |
| 26,811                | 82,197                | 121,123               | 34,018                | 3,064                 | 28,991                |
| 36,372                | 58,241                | 110,490               | 121,746               | 459,385               | 250,140               |
| <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>3,171,805</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>\$ 3,171,805</u>   |
|                       |                       |                       |                       |                       |                       |
| \$ (31,834)           | \$ 603,485            | \$ 381,421            | \$ 191,923            | \$ 697,798            | \$ 762,979            |
| <u>\$ (31,834)</u>    | <u>\$ 603,485</u>     | <u>\$ 381,421</u>     | <u>\$ 191,923</u>     | <u>\$ 697,798</u>     | <u>\$ 762,979</u>     |



CITY OF WEST ORANGE, TEXAS  
GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)  
(Unaudited)

|                           | <u>2013</u>         | <u>2014</u>         | <u>2015</u>         | <u>2016</u>         |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| Property Taxes            | \$ 532,357          | \$ 548,194          | \$ 543,935          | \$ 550,888          |
| Sales Tax                 | 804,340             | 855,967             | 903,523             | 924,039             |
| Mixed Beverage Tax        | 5,023               | 6,269               | 6,679               | 6,356               |
| Road Maintenance Tax      | 201,085             | 213,449             | 224,623             | 231,011             |
| Hotel/Motel Occupancy Tax | 4,258               | 5,123               | 5,691               | 4,761               |
| Franchise Tax             | <u>275,880</u>      | <u>265,085</u>      | <u>264,929</u>      | <u>264,872</u>      |
| Total Tax Revenues        | <u>\$ 1,822,943</u> | <u>\$ 1,894,087</u> | <u>\$ 1,949,380</u> | <u>\$ 1,981,927</u> |

| <u>2017</u>         | <u>2018</u>         | <u>2019</u>         | <u>2020</u>         | <u>2021</u>         | <u>2022</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 609,669          | \$ 624,499          | \$ 631,232          | \$ 621,493          | \$ 668,189          | \$ 712,314          |
| 908,301             | 993,957             | 935,988             | 949,185             | 1,067,393           | 1,088,813           |
| 5,285               | 6,669               | 6,817               | 5,746               | 5,296               | 6,221               |
| 227,073             | 248,487             | 233,996             | 237,296             | 266,848             | 272,199             |
| 5,346               | 8,038               | 9,044               | 7,801               | 8,783               | 11,211              |
| <u>257,653</u>      | <u>260,080</u>      | <u>265,581</u>      | <u>243,813</u>      | <u>236,199</u>      | <u>259,164</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>\$ 2,349,922</u> |

CITY OF WEST ORANGE, TEXAS  
FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)  
(Unaudited)

|                                    | <u>2013</u>         | <u>2014</u>         | <u>2015</u>         | <u>2016</u>         |
|------------------------------------|---------------------|---------------------|---------------------|---------------------|
| General Fund                       |                     |                     |                     |                     |
| Nonspendable                       | \$ 1,368            | \$ 1,065            | \$ 936              | \$ 850              |
| Restricted                         | 28,364              | 33,501              | 1,316,564           | 1,555,662           |
| Unassigned                         | <u>2,304,014</u>    | <u>2,760,263</u>    | <u>2,100,370</u>    | <u>2,218,226</u>    |
| Total General Fund                 | <u>\$ 2,333,746</u> | <u>\$ 2,794,829</u> | <u>\$ 3,417,870</u> | <u>\$ 3,774,738</u> |
|                                    |                     |                     |                     |                     |
| All Other Governmental Funds       |                     |                     |                     |                     |
| Restricted                         | \$ 221,159          | \$ 219,518          | \$ 216,884          | \$ 219,461          |
| Total All Other Governmental Funds | <u>\$ 221,159</u>   | <u>\$ 219,518</u>   | <u>\$ 216,884</u>   | <u>\$ 219,461</u>   |

| <u>2017</u>         | <u>2018</u>         | <u>2019</u>         | <u>2020</u>         | <u>2021</u>         | <u>2022</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 973              | \$ 781              | \$ 1,532            | \$ 3,126            | \$ 1,587            | \$ 1,179            |
| 1,802,759           | 2,084,015           | 2,379,009           | 2,629,211           | 2,831,057           | 3,084,784           |
| <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>3,127,841</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> | <u>\$ 6,213,804</u> |
|                     |                     |                     |                     |                     |                     |
| \$ 202,984          | \$ 199,878          | \$ 213,133          | \$ 230,632          | \$ 233,622          | \$ 278,505          |
| <u>\$ 202,984</u>   | <u>\$ 199,878</u>   | <u>\$ 213,133</u>   | <u>\$ 230,632</u>   | <u>\$ 233,622</u>   | <u>\$ 278,505</u>   |

CITY OF WEST ORANGE, TEXAS  
CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS  
LAST TEN FISCAL YEARS  
(Modified accrual basis of accounting)  
(Unaudited)

|  | <u>2013</u>       | <u>2014</u>       | <u>2015</u>       | <u>2016</u>       |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>REVENUES</b>  |                   |                   |                   |                   |
| Taxes  | \$ 1,810,783      | \$ 1,890,891      | \$ 1,949,380      | \$ 1,976,692      |
| Payments in lieu of property taxes                         | 598,246           | 633,334           | 665,531           | 620,050           |
| Licenses and permits                                       | 12,918            | 15,564            | 49,313            | 10,464            |
| Fines and forfeitures                                      | 137,449           | 118,975           | 125,935           | 130,982           |
| Fees and charges for services                              | 385,716           | 384,692           | 376,682           | 387,501           |
| Intergovernmental  | 7,509             | 5,486             | 1,164             | 242,569           |
| Investment earnings  | 1,945             | 1,329             | 975               | 9,410             |
| Other revenues   | 77,318            | 68,540            | 150,850           | 44,916            |
| Total Revenues   | <u>3,031,884</u>  | <u>3,118,811</u>  | <u>3,319,830</u>  | <u>3,422,584</u>  |
| <b>EXPENDITURES</b>  |                   |                   |                   |                   |
| General government   | 504,579           | 477,646           | 501,069           | 494,873           |
| Public safety  | 1,307,301         | 1,294,740         | 1,363,340         | 1,444,401         |
| Health and safety  | -                 | -                 | -                 | 230,848           |
| Public works   | 933,036           | 886,983           | 821,139           | 893,017           |
| Total Expenditures   | <u>2,744,916</u>  | <u>2,659,369</u>  | <u>2,685,548</u>  | <u>3,063,139</u>  |
| Excess of Revenues Over Expenditures                       | <u>286,968</u>    | <u>459,442</u>    | <u>634,282</u>    | <u>359,445</u>    |
| <b>OTHER FINANCING SOURCES (USES)</b>                      |                   |                   |                   |                   |
| Sale of real and personal property                         | -                 | -                 | -                 | -                 |
| Transfers in   | -                 | -                 | -                 | -                 |
| Transfers out (use)  | -                 | -                 | -                 | -                 |
| Total Other Financing Sources (Uses)                       | <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>-</u>          |
| Net Change in Fund Balances                                | <u>\$ 286,968</u> | <u>\$ 459,442</u> | <u>\$ 634,282</u> | <u>\$ 359,445</u> |
| Debt service as a percentage<br>of noncapital expenditures | 0.00%             | 0.00%             | 0.00%             | 0.00%             |

| <u>2017</u>       | <u>2018</u>       | <u>2019</u>       | <u>2020</u>       | <u>2021</u>       | <u>2022</u>       |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 2,005,067      | \$ 2,137,885      | \$ 2,082,387      | \$ 2,067,462      | \$ 2,248,053      | \$ 2,355,350      |
| 624,797           | 637,013           | 600,515           | 609,355           | 541,205           | 542,751           |
| 7,907             | 17,276            | 22,069            | 71,871            | 63,532            | 40,286            |
| 109,262           | 92,732            | 92,113            | 70,453            | 101,237           | 103,277           |
| 377,260           | 374,816           | 376,841           | 387,328           | 385,757           | 384,332           |
| 47,063            | 739,122           | 151,284           | 710,397           | 1,486,507         | 5,477,239         |
| 26,811            | 82,197            | 121,123           | 34,018            | 3,064             | 28,991            |
| 46,895            | 70,733            | 111,051           | 38,715            | 170,668           | 102,724           |
| <u>3,245,062</u>  | <u>4,151,774</u>  | <u>3,557,383</u>  | <u>3,989,599</u>  | <u>5,000,023</u>  | <u>9,034,950</u>  |
| 561,538           | 520,794           | 514,373           | 583,243           | 642,664           | 595,131           |
| 1,596,469         | 1,679,383         | 1,449,090         | 1,751,502         | 1,758,775         | 2,564,397         |
| 35,415            | 292,303           | 56,800            | 355,684           | 1,044,359         | 4,922,283         |
| <u>798,296</u>    | <u>825,210</u>    | <u>1,037,653</u>  | <u>1,111,897</u>  | <u>1,018,978</u>  | <u>902,388</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>8,984,199</u>  |
| <u>253,344</u>    | <u>834,084</u>    | <u>499,467</u>    | <u>187,273</u>    | <u>535,247</u>    | <u>50,751</u>     |
| -                 | -                 | -                 | 39,515            | 4,000             | 93,519            |
| -                 | -                 | -                 | 49,613            | 189,585           | 88,287            |
| <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>(49,613)</u>   | <u>(189,585)</u>  | <u>(88,287)</u>   |
| <u>-</u>          | <u>-</u>          | <u>-</u>          | <u>39,515</u>     | <u>4,000</u>      | <u>93,519</u>     |
| <u>\$ 253,344</u> | <u>\$ 834,084</u> | <u>\$ 499,467</u> | <u>\$ 226,788</u> | <u>\$ 539,247</u> | <u>\$ 144,270</u> |
| 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             | 0.00%             |

CITY OF WEST ORANGE, TEXAS  
GENERAL GOVERNMENT TAX REVENUES BY SOURCE  
LAST TEN FISCAL YEARS  
(Accrual basis of accounting)  
(Unaudited)

|                           | <u>2013</u>         | <u>2014</u>         | <u>2015</u>         | <u>2016</u>         |
|---------------------------|---------------------|---------------------|---------------------|---------------------|
| Property Taxes            | \$ 520,197          | \$ 544,998          | \$ 543,935          | \$ 550,888          |
| Sales Tax                 | 804,340             | 855,967             | 903,523             | 924,039             |
| Mixed Beverage Tax        | 5,023               | 6,269               | 6,679               | 6,356               |
| Road Maintenance Tax      | 201,085             | 213,449             | 224,623             | 231,011             |
| Hotel/Motel Occupancy Tax | 4,258               | 5,123               | 5,691               | 4,761               |
| Franchise Tax             | <u>275,880</u>      | <u>265,085</u>      | <u>264,929</u>      | <u>264,872</u>      |
| Total Tax Revenues        | <u>\$ 1,810,783</u> | <u>\$ 1,890,891</u> | <u>\$ 1,949,380</u> | <u>\$ 1,981,927</u> |

| <u>2017</u>         | <u>2018</u>         | <u>2019</u>         | <u>2020</u>         | <u>2021</u>         | <u>2022</u>         |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|
| \$ 609,669          | \$ 620,654          | \$ 630,961          | \$ 623,621          | \$ 663,534          | \$ 717,741          |
| 908,301             | 993,957             | 935,988             | 949,185             | 1,067,393           | 1,088,813           |
| 5,285               | 6,669               | 6,817               | 5,746               | 5,296               | 6,222               |
| 227,073             | 248,487             | 233,996             | 237,296             | 266,848             | 272,199             |
| 5,346               | 8,038               | 9,044               | 7,801               | 8,783               | 11,211              |
| <u>257,653</u>      | <u>260,080</u>      | <u>265,581</u>      | <u>243,813</u>      | <u>236,199</u>      | <u>259,164</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> | <u>\$ 2,355,350</u> |



CITY OF WEST ORANGE, TEXAS  
GROSS SALES BY CATEGORY  
LAST TEN FISCAL YEARS  
(Unaudited)

|                            | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> |
|----------------------------|-------------|-------------|-------------|-------------|
| Manufacturing              | 2,683,365   | 5,354,248   | 5,536,985   | 2,344,915   |
| Construction               | 797,778     | 2,235,763   | 1,448,909   | 9,084,692   |
| Wholesale Trade            | 137,568     |             |             |             |
| Retail Trade               | 168,941,862 | 177,190,218 | 181,463,627 | 183,668,969 |
| Finance/Insurance          |             | 64,503      |             |             |
| Real Estate/Rental/Leasing |             | 177,775     | 178,706     | 186,397     |
| Professional/Technical     | 424,530     |             |             |             |
| Entertainment/Recreation   |             | 207,604     | 215,090     | 158,890     |
| Accommodation/Food Service | 7,312,086   | 8,631,776   | 9,654,090   | 10,046,928  |
| Other Services             | 4,653,668   | 5,620,305   | 5,188,361   | 5,129,147   |
| Other                      |             |             |             |             |
| City Direct Sales Tax Rate | 0.0012500%  | 0.0012500%  | 0.0012500%  | 0.0012500%  |

Source - Texas Comptroller of Public Accounts

\* Represents the first two quarters of the 2022 fiscal year. The third and fourth quarters are not currently available.

| 2017        | 2018        | 2019        | 2020        | 2021        | 2022*       |
|-------------|-------------|-------------|-------------|-------------|-------------|
| 388,448     | 315,873     | 261,123     | 476,124     | 796,810     | 197,436     |
| 7,481,819   | 7,365,087   | 4,563,825   | 4,994,252   | 6,998,896   | 3,787,128   |
|             |             | 489,494     | 166,555     | 90,695      |             |
| 199,175,784 | 205,558,353 | 189,443,591 | 203,618,174 | 221,405,777 | 117,302,257 |
|             |             | 203,832     | 192,791     | 196,541     | 51,696      |
|             |             | 13,824      | 71,876      | 55,256      |             |
| 350,215     | 428,468     | 360,710     | 673,973     | 678,119     | 321,328     |
| 9,496,722   | 6,773,698   | 7,838,176   | 8,495,509   | 8,566,588   | 3,994,372   |
| 4,980,123   | 5,732,888   | 5,454,782   | 5,734,752   | 5,748,989   | 3,533,972   |
|             |             | 807,581     | 1,096,353   | 1,794,280   | 1,248,318   |
| 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)

| Fiscal Year<br>Ended<br>Sept. 30, | Residential<br>Property | Commercial<br>Property | Personal<br>Property | Less:<br>Tax-Exempt<br>Real Property | Total Taxable<br>Assessed<br>Value* | Total<br>Direct<br>Tax Rate |
|-----------------------------------|-------------------------|------------------------|----------------------|--------------------------------------|-------------------------------------|-----------------------------|
| 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                     |
| 2022                              | 110,087,356             | 48,018,009             | 51,477,276           | 47,798,687                           | 161,783,954                         | 0.44490                     |

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<br>Year | Tax<br>Year | Direct Rate                                    | Overlapping Rates (1)   |                      | Totals  |
|----------------|-------------|--|-------------------------|----------------------|---------|
|                |             | City of<br>West Orange (3)<br>Maintenance Rate | West Orange<br>Cove ISD | Orange<br>County (2) |         |
| 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 |
| 2022           | 2021        | 0.444900                                       | 1.290600                | 0.682480             | 2.41798 |

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                       | 2022                         |      |  | 2013                         |      |  |
|--------------------------------|------------------------------|------|--|------------------------------|------|--|
|                                | Taxable<br>Assessed<br>Value | Rank | % of<br>Total Taxable<br>Assessed<br>Value | Taxable<br>Assessed<br>Value | Rank | % of<br>Total Taxable<br>Assessed<br>Value |
| Suez WTS USA, Inc.             | 18,888,760                   | 1    | 11.68%                                     |                              |      |  |
| Wal-Mart Store #00777          | 7,015,570                    | 2    | 4.34%                                      | 10,684,340                   | 1    | 8.66%                                      |
| Granger Chevrolet              | 5,653,853                    | 3    | 3.49%                                      | 2,868,731                    | 5    | 2.32%                                      |
| MRP Orange LLC                 | 5,098,004                    | 4    | 3.15%                                      |                              |      |  |
| Eagle Railcar Services LLC     | 4,793,960                    | 5    | 2.96%                                      |                              |      |  |
| Wal-Mart Stores Inc.           | 4,763,658                    | 6    | 2.94%                                      | 8,049,267                    | 2    | 6.52%                                      |
| Entergy Texas, Inc.            | 3,965,340                    | 7    | 2.45%                                      |                              |      |  |
| EAN Holdings, LLC              | 3,656,223                    | 8    | 2.26%                                      | 1,734,791                    | 7    | 1.41%                                      |
| Union Pacific Railroad Company | 2,803,580                    | 9    | 1.73%                                      | 1,506,110                    | 8    | 1.22%                                      |
| STI Group, Inc.                | 2,195,950                    | 10   | 1.36%                                      |                              |      |  |
| G E Betz-Betz Dearborn         |                              |      |  | 7,726,470                    | 3    | 6.26%                                      |
| Albanese Real Estate           |                              |      |  | 3,976,908                    | 4    | 3.22%                                      |
| Entergy Gulf State, Inc.       |                              |      |  | 2,054,080                    | 6    | 1.66%                                      |
| Metal Depot, Inc.              |                              |      |  | 1,364,668                    | 9    | 1.11%                                      |
| TWE-Advance Newhouse           |                              |      |  | 1,015,510                    | 10   | 0.82%                                      |
| Subtotal                       | 58,834,898                   |      | 36.37%                                     | 40,980,875                   |      | 33.21%                                     |
| Other taxpayers                | 102,949,056                  |      | 63.63%                                     | 82,411,821                   |      | 66.79%                                     |
| Totals                         | \$ 161,783,954               |      | 100.00%                                    | \$ 123,392,696               |      | 100.00%                                    |

Source - Tax assessor/collector's records

CITY OF WEST ORANGE, TEXAS  
PROPERTY TAX LEVIES AND COLLECTIONS  
LAST TEN FISCAL YEARS  
(Unaudited)

| Fiscal<br>Year | Tax<br>Rate | Total<br>Tax Levy<br>and Adjust. | Collected within the<br>Fiscal Year of the Levy |              | Collections<br>in Subsequent<br>Years | Total Collections to Date |              |
|----------------|-------------|----------------------------------|---|--------------|---------------------------------------|---------------------------|--------------|
|                |             |                                  | Amount  | % of<br>Levy |                                       | Amount                    | % of<br>Levy |
| 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        | 28,737                                | 664,956                   | 99.02        |
| 2022           | 0.44490     | 721,065                          | 680,441   | 94.37        | 35,044                                | 715,485                   | 99.23        |

Source - Tax assessor/collector's records

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

| Fiscal<br>Year | Governmental<br>Activities<br>Capital<br>Leases | Total<br>Primary<br>Government | % of<br>Personal<br>Income | Per<br>Capita* |
|----------------|---|--------------------------------|----------------------------|----------------|
| 2013           | \$ -  | \$ -                           | -                          | \$ -           |
| 2014           | -   | -                              | -                          | -              |
| 2015           | -   | -                              | -                          | -              |
| 2016           | -   | -                              | -                          | -              |
| 2017           | -   | -                              | -                          | -              |
| 2018           | -   | -                              | -                          | -              |
| 2019           | -   | -                              | -                          | -              |
| 2020           | -   | -                              | -                          | -              |
| 2021           | -   | -                              | -                          | -              |
| 2022           | -   | -                              | -                          | -              |

\* 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<br>Percentage<br>Applicable (1) | City of<br>West Orange<br>Share<br>of Debt |
|-----------------------------------|------------------|---|--|
| West Orange Cove ISD              | \$ 61,890,000    | 6.9761%                                   | \$ 4,317,496                               |
| Orange County                     | 4,167,594        | 2.3807%                                   | 99,218                                     |
| Subtotal, overlapping debt        |                  |   | 4,416,714                                  |
| City Direct Debt                  |                  |   | -  |
| Total Direct and Overlapping Debt |                  |   | \$ 4,416,714                               |

Sources - West Orange Cove CISD, Orange County

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

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



CITY OF WEST ORANGE, TEXAS  
LEGAL DEBT MARGIN INFORMATION  
LAST TEN FISCAL YEARS  
(Unaudited)

|   | <u>2013</u>          | <u>2014</u>          | <u>2015</u>          | <u>2016</u>          |
|---|----------------------|----------------------|----------------------|----------------------|
| Debt limit  | \$ 12,339,271        | \$ 12,607,012        | \$ 12,563,177        | \$ 12,680,988        |
| Total net debt applicable to limit                                      | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             |
| Legal debt margin   | <u>\$ 12,339,270</u> | <u>\$ 12,607,009</u> | <u>\$ 12,563,177</u> | <u>\$ 12,680,988</u> |
| Total net debt applicable to the limit<br>as a percentage of debt limit | 0.00%                | 0.00%                | 0.00%                | 0.00%                |
| Legal Debt Margin Calculation<br>by Fiscal Year                         |                      |                      |                      |                      |
| Assessed Value  | \$ 123,392,706       | \$ 126,070,118       | \$ 125,631,766       | \$ 126,809,883       |
| Debt limit (10% of assessed value)                                      | <u>12,339,271</u>    | <u>12,607,012</u>    | <u>12,563,177</u>    | <u>12,680,988</u>    |
| Legal debt margin   | <u>\$ 12,339,271</u> | <u>\$ 12,607,012</u> | <u>\$ 12,563,177</u> | <u>\$ 12,680,988</u> |

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

| <u>2017</u>          | <u>2018</u>          | <u>2019</u>          | <u>2020</u>          | <u>2021</u>          | <u>2022</u>          |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 14,136,804        | \$ 13,454,889        | \$ 13,140,936        | \$ 13,437,688        | \$ 14,708,325        | \$ 16,178,395        |
| <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</u>             | <u>-</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>\$ 16,178,395</u> |
| 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                | 0.00%                |
| <br>                 |                      |                      |                      |                      |                      |
| \$ 141,368,038       | \$ 134,548,890       | \$ 131,409,362       | \$ 134,376,882       | \$ 147,083,247       | \$ 161,783,954       |
| <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>16,178,395</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>\$ 16,178,395</u> |

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

| <u>Fiscal Year<br/>Ended<br/>Sept. 30,</u> | <u>Population (1)</u> | <u>Personal<br/>Income (1)</u> | <u>Per Capita<br/>Personal<br/>Income (1)</u> | <u>Median<br/>Age (1)</u> | <u>School<br/>Enrollment (2)</u> | <u>Unemployment<br/>Rate</u> |
|--|-----------------------|--------------------------------|---|---------------------------|----------------------------------|------------------------------|
| 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                          |
| 2022                                       | 3,459                 | 94,899,840                     | 27,436  | 40                        | 2,598                            | 8.95%                        |

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                      | 2022       |      |                                  | 2013       |      |                                  |
|-------------------------------|------------|------|----------------------------------|------------|------|----------------------------------|
|                               | Employees  | Rank | % of<br>Total City<br>Employment | Employees  | Rank | % of<br>Total City<br>Employment |
| Walmart                       | 320        | 1    | 30.53%                           | 370        | 1    | 17.54%                           |
| WOCCISD                       | 93         | 2    | 8.87%                            | 92         | 2    | 4.36%                            |
| Granger Chevrolet             | 75         | 3    | 7.16%                            | 75         | 3    | 3.56%                            |
| Suez Water Tech               | 60         | 4    | 5.73%                            |            |      |                                  |
| STI                           | 29         | 5    | 2.77%                            |            |      |                                  |
| Burke's Outlet                | 25         | 6    | 2.39%                            | 10         | 10   | 0.47%                            |
| West Orange Bus Service       | 24         | 7    | 2.29%                            |            |      |                                  |
| City of West Orange           | 23         | 8    | 2.19%                            | 25         | 7    | 1.19%                            |
| GE Water & Process Technology | 22         | 9    | 2.10%                            | 44         | 4    | 2.09%                            |
| Akrotex Inc.                  | 21         | 10   | 2.00%                            | 34         | 6    | 1.61%                            |
| Little Giant/TMRX             |            |      |                                  | 10         | 9    | 0.47%                            |
| STS Bus Service               |            |      |                                  | 40         | 5    | 1.90%                            |
| GE Water & Process Technology |            |      |                                  |            |      |                                  |
| Sonic Drive-In                |            |      |                                  | 17         | 8    | 0.81%                            |
| Total                         | <u>692</u> |      | <u>66.03%</u>                    | <u>717</u> |      | <u>34.00%</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 |           |           |           |           |           |           |           |           |           |
|----------------------------|---|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
|                            | 2013  | 2014      | 2015      | 2016      | 2017      | 2018      | 2019      | 2020      | 2021      | 2022      |
| General Government         | 5   | 5         | 5         | 5         | 5         | 5         | 5         | 4         | 4         | 4         |
| Public Safety              |   |           |           |           |           |           |           |           |           |           |
| Police                     |   |           |           |           |           |           |           |           |           |           |
| Officers                   | 9   | 9         | 9         | 9         | 8         | 7         | 8         | 10        | 10        | 10        |
| Civilians                  | 2   | 2         | 2         | 2         | 2         | 2         | 2         | 2         | 2         | 2         |
| Fire                       |   |           |           |           |           |           |           |           |           |           |
| Firefighters               | -   | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Civilians                  | -   | -         | -         | -         | -         | -         | -         | -         | -         | -         |
| Public Works               |   |           |           |           |           |           |           |           |           |           |
| Streets and Sanitation     | 7   | 7         | 7         | 6         | 5         | 5         | 6         | 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>23</u> | <u>21</u> | <u>20</u> | <u>22</u> | <u>23</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>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> | <u>2022</u> |
|---------------------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Police                          |             |             |             |             |             |             |             |             |             |             |
| Arrests                         | 595         | 593         | 521         | 479         | 368         | 237         | 213         | 81          | 231         | 277         |
| Accident reports                | 48          | 62          | 71          | 66          | 56          | 35          | 49          | 28          | 53          | 19          |
| Citations                       | 1,218       | 994         | 1,131       | 1,194       | 854         | 768         | 633         | 292         | 524         | 319         |
| Offense reports                 | 708         | 6,611       | 626         | 592         | 497         | 359         | 417         | 458         | 625         | 689         |
| Calls for service               | 2,472       | 3,274       | 3,501       | 3,802       | 3,999       | 3,350       | 4,361       | 4,377       | 5,085       | 5,640       |
| Fire                            |             |             |             |             |             |             |             |             |             |             |
| Emergency responses             | 25          | 14          | 29          | 14          | 31          | 76          | 64          | 21          | 35          | 17          |
| Fire incidents                  | 11          | 15          | 10          | 8           | 16          | 14          | 14          | 21          | 16          | 57          |
| Service calls and other calls   | 26          | 27          | 13          | 16          | 12          | 49          | 42          | 19          | 29          | 68          |
| Automatic aid, mutual aid giver | 8           | 11          | 5           | 7           | 4           | 13          | 7           | 15          | 22          | 8           |

Source - Various City departments

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

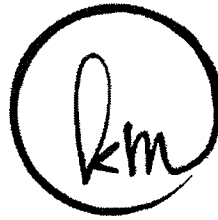
| <u>Function</u>   | <u>2013</u> | <u>2014</u> | <u>2015</u> | <u>2016</u> | <u>2017</u> | <u>2018</u> | <u>2019</u> | <u>2020</u> | <u>2021</u> | <u>2022</u> |
|-------------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|-------------|
| Public Safety     |             |             |             |             |             |             |             |             |             |             |
| Police            |             |             |             |             |             |             |             |             |             |             |
| Stations          | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Patrol units      | 7           | 7           | 7           | 7           | 8           | 9           | 9           | 9           | 7           | 7           |
| Staff units       | -           | -           | -           | -           | -           | -           | -           | -           | 3           | 3           |
| Fire              |             |             |             |             |             |             |             |             |             |             |
| Stations          | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           | 1           |
| Public Works      |             |             |             |             |             |             |             |             |             |             |
| Collection trucks | 3           | 3           | 3           | 3           | 3           | 2           | 2           | 2           | 2           | 1           |
| 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, 2022 and the related notes to the financial statements, which collectively comprise the City's basic financial statements, and have issued our report thereon dated January 13, 2023.

**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.

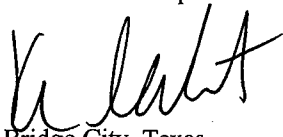
Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not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

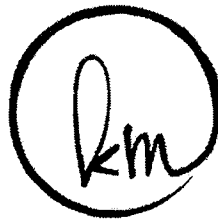
As part of obtaining reasonable assurance about whether the City of West Orange's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct 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 be 'K. L. A.', is written over the printed text of the signature block.

Bridge City, Texas  
January 13, 2023



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, 2022. 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, 2022.

## 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  
January 13, 2023

CITY OF WEST ORANGE, TEXAS  
SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

**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<br>Covid-19 Coronavirus Relief Program |
| 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, 2022

No prior findings.

CITY OF WEST ORANGE, TEXAS  
CORRECTIVE ACTION PLAN  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

No corrective action is necessary for the City during the year ended September 30, 2022.

CITY OF WEST ORANGE, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| Federal Grantor/Pass-Through:  | Federal<br>Assistance<br>Listing No. | Federal<br>Expenditures |
|--|--------------------------------------|-------------------------|
| <b>U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>                    |                                      |                         |
| <u>Passed through Texas General Land Office</u>                              |                                      |                         |
| CDBG Disaster Recovery Program - Hurricane Harvey                            | 14.228                               | \$ 3,794,563            |
| CDBG Disaster Recovery Program - Hurricane Harvey                            | 14.228                               | 53,759                  |
| Total Passed through Texas General Land Office                               |                                      | <u>3,848,322</u>        |
| <u>Passed through Texas Department of Agriculture</u>                        |                                      |                         |
| CDBG Disaster Recovery Program - Hurricane Harvey                            | 14.228                               | 2,000                   |
| Total Passed through Texas Department of Agriculture                         |                                      | <u>2,000</u>            |
| Subtotal FAL 14.228  |                                      | <u>3,850,322</u>        |
| <b>TOTAL U.S. DEPARTMENT OF HOUSING &amp; URBAN DEVELOPMENT</b>              |                                      | <u>3,850,322</u>        |
| <b>U.S. DEPARTMENT OF JUSTICE</b>  |                                      |                         |
| <u>Passed through Office of Attorney General - Criminal Justice Division</u> |                                      |                         |
| Bulletproof Vest Partnership Program   | 16.607                               | 797                     |
| Public Safety Partnership and Community Policing Grant                       | 16.710                               | 114,271                 |
| Edward Byrne Memorial Justice Assistance Grant Program                       | 16.738                               | 53,427                  |
| Total Passed through Office of Attorney General - Criminal Justice Division  |                                      | <u>168,495</u>          |
| <b>TOTAL U.S. DEPARTMENT OF JUSTICE</b>                                      |                                      | <u>168,495</u>          |
| <b>U.S. DEPARTMENT OF THE TREASURY</b>                                       |                                      |                         |
| <u>Passed through Texas Division of Emergency Management</u>                 |                                      |                         |
| Covid-19 - Coronavirus Relief Fund   | 21.027                               | 312,296                 |
| Total Passed through Texas Division of Emergency Management                  |                                      | <u>312,296</u>          |
| <b>TOTAL U.S. DEPARTMENT OF THE TREASURY</b>                                 |                                      | <u>312,296</u>          |
| <b>U.S. GENERAL SERVICES ADMINISTRATION</b>                                  |                                      |                         |
| Donation of Federal Surplus Personal Property                                | 39.003                               | 13,239                  |
| <b>TOTAL U.S. GENERAL SERVICES ADMINISTRATION</b>                            |                                      | <u>13,239</u>           |



CITY OF WEST ORANGE, TEXAS  
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS  
FOR THE YEAR ENDED SEPTEMBER 30, 2022

| Federal Grantor/Pass-Through:                                | Federal<br>Assistance<br>Listing No. | Federal<br>Expenditures |
|--|--------------------------------------|-------------------------|
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>                  |                                      |                         |
| <u>Passed through Texas Division of Emergency Management</u> |                                      |                         |
| Disaster Grant - Public Assistance - Hurricane Laura         | 97.036                               | 19,110                  |
| Hazard Mitigation Grant - Water District Generators          | 97.039                               | 363,366                 |
| Hazard Mitigation Grant - City Hall Generator                | 97.039                               | 9,225                   |
| Subtotal FAL 97.039  |                                      | 372,591                 |
| Homeland Security Grant - Tactical Team Equipment            | 97.067                               | 37,674                  |
| Total Passed through Texas Division of Emergency Management  |                                      | 429,374                 |
| <b>TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY</b>            |                                      | 429,374                 |
| <b>TOTAL EXPENDITURES OF FEDERAL AWARDS</b>                  |                                      | <b>\$ 4,773,727</b>     |

CITY OF WEST ORANGE, TEXAS  
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS  
YEAR ENDED SEPTEMBER 30, 2022

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. The City has elected not to use the 10-percent de minimis indirect cost rate allowed under the Uniform Guidance.