

Annual Comprehensive Financial Report



City of West Orange, Texas

**Fiscal Year Ended
September 30, 2024**

Annual Comprehensive Financial Report

of the

City of West Orange, Texas

**Fiscal Year Ended
September 30, 2024**



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, 2024

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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 23, 2025

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, 2024, 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, 2024, 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, 2024, 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 3,459. The City is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by City Council.

The City has adopted a Mayor-Council form of government. The Council, vested with policy-making and legislative authority, is comprised of a Mayor and five Council members. The Mayor and Council members are all elected at large for a two-year term, with no term limits. The Mayor and two Council members are elected on one rotation (every odd year), and the three remaining Council members are on a separate rotation (elected in even years). City Council is responsible, among other things, for passing ordinances, adopting the budget and the hiring of the City's management and attorney.

The City provides a full range of municipal services: public safety (police and fire protection), public improvements, sanitation, repair and maintenance of infrastructure, recreation and general administrative services. As an independent political subdivision of the State of Texas governed by an elected Mayor and Council, the City is considered a primary government. In accordance with standards established by the Governmental Accounting Standards Board, the City reports all funds for which the City, as the primary government, is accountable.

The annual budget serves as the foundation for the City's financial planning and control. Department heads are required to submit requests for appropriation to the Mayor in June or July of each year. The Mayor then presents the proposed budget to Council for review. The Council is required to hold a public hearing on the proposed final budget and to adopt a final budget by no later than September 30, the close of the City's fiscal year. The appropriated budget is prepared by fund, function (e.g. public safety) and department (e.g. police). Department heads make transfers of appropriations within a department. Transfers of appropriations between departments, however, require the approval of City Council. Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. The City has adopted a budget for the General Fund, but not the Special Revenue Funds. The City also utilizes an encumbrance accounting system to aid in accomplishing budgetary control. Unencumbered amounts lapse at year-end. As demonstrated by the statements and schedules included in the financial section of this report, the City continues to meet its responsibility for sound financial management.

LOCAL ECONOMY

The City is home to a small group of industries. Major industries and business activities in the area include healthcare, metals, oil and gas services and a variety of general retail operations. The top two taxpayers account for 11.27% 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 \$207.2 million for fiscal year 2024, which is an increase of approximately \$24.8 million from the previous fiscal year.

LONG-TERM FINANCIAL PLANNING

Unassigned fund balance in the General Fund amounted to \$2,928,220 as of September 30, 2024. 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, 2023. 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 Annual Comprehensive Financial Report, whose contents conform to program standards. Such Annual Comprehensive 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-seventh 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,

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, 2023

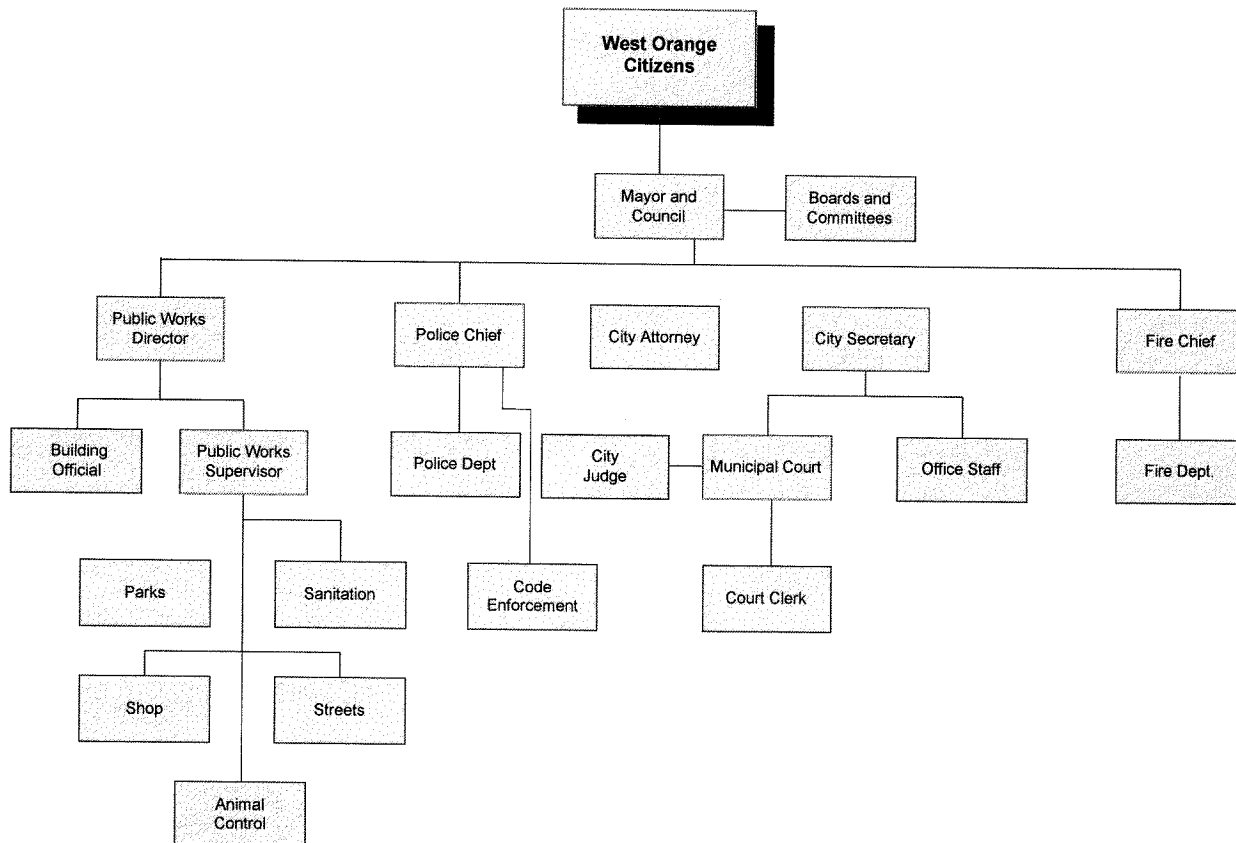
Christopher P. Morrell

Executive Director/CEO

CITY OF WEST ORANGE, TEXAS

ORGANIZATIONAL CHART

Fiscal Year 2023-2024



CITY OF WEST ORANGE, TEXAS

PRINCIPAL OFFICIALS

September 30, 2024

<u>City Officials</u>	<u>Elective Position</u>	<u>Term Expires</u>
Randy Branch	Mayor	2025
Meritta Kennedy	Council Member (Mayor Pro Tem)	2025
Lanie Brown	Council Member	2026
Brent Dearing	Council Member	2025
Jay Odom	Council Member	2026
Mike Shugart	Council Member	2026

<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



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, 2024, 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, 2024, 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.

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 34, and the TMRS required pension schedules on pages 36 to 39 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 23, 2025, 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 23, 2025

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, 2024.

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 \$8,152,067 (net position).
- As of September 30, 2024, the City's governmental funds reported an ending fund balance of \$6,832,606.
- The City's cash balance as of September 30, 2024, was \$7,071,109, representing an increase of \$163,846 from September 30, 2023.
- The City had expenses net of program revenues of \$3,155,458 and general revenues of \$3,531,963, resulting in a net decrease in net position of \$376,505 for the year ended September 30, 2024.
- As of September 30, 2024, unassigned fund balance for the General Fund was \$2,928,220, or 71.3 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 11 through 12 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 13 through 18 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 19 through 33 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 34 through 39 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 \$8,152,067 as of September 30, 2024.

The largest portion of the City's net position (47.8 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 (30.1 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 (22.1 percent) represents unrestricted financial resources available for future operations.

SUMMARY OF STATEMENT OF NET POSITION
As of September 30, 2024 and 2023

	Governmental Activities	
	2024	2023
Current and Other Assets	\$ 7,412,295	\$ 7,192,055
Capital Assets, Net	2,450,940	2,531,411
Total Assets	9,863,235	9,723,466
Deferred Outflow - Pension Plan	525,310	949,269
Total Deferred Outflows	525,310	949,269
Long-Term Liabilities	1,496,733	2,422,855
Other Liabilities	442,611	418,981
Total Liabilities	1,939,344	2,841,836
Deferred Inflow - Pension Plan	297,134	55,337
Total Deferred Inflows	297,134	55,337
Net Position:		
Investment in Capital Assets	2,450,940	2,531,411
Restricted	3,892,692	3,397,500
Unrestricted	1,808,435	1,846,651
Total Net Position	\$ 8,152,067	\$ 7,775,562

As of September 30, 2024, deferred outflows of resources decreased by \$423,959 from the prior year. This decrease can be attributed to differences between projected and actual excess investment returns, relating to pension activities.

As of September 30, 2024, long-term liabilities increased by \$926,122 from the prior year. This decrease can be attributed to a decrease in the City's net pension liability.

As of September 30, 2024, deferred inflows of resources increased by \$241,797 from the prior year. This decrease can be attributed to differences between expected and actual experiences and assumptions, relating to pension activities.

As of September 30, 2024, restricted net position increased by \$495,192 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 2024.

Net position of the City, all of which relates to governmental activities, increased by \$376,505. Key elements of the increase are as follows:

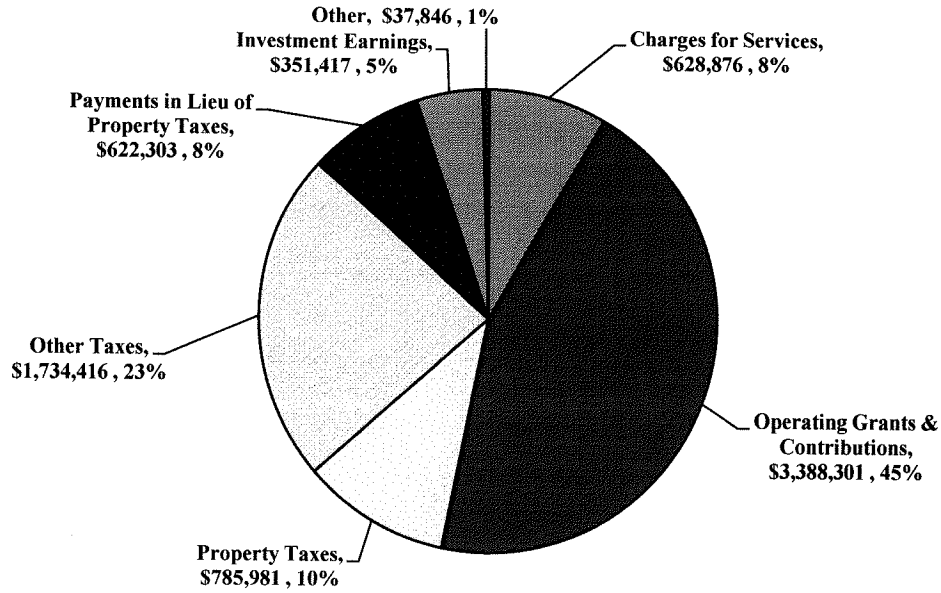
CHANGES IN NET POSITION		
For the Fiscal Years Ended September 30, 2024 and 2023		
	Governmental Activities	
	2024	2023
Revenues		
Program revenues:		
Charges for services	\$ 628,876	\$ 561,668
Operating grants and contributions	3,388,301	2,688,812
Capital grants and contributions	-	-
General revenues:		
Property taxes	785,981	765,179
Other taxes	1,734,416	1,735,814
Payments in lieu of property taxes	622,303	588,917
Investment earnings	351,417	101,170
Other	37,846	333,218
Total Revenues	<u>7,549,140</u>	<u>6,774,778</u>
Expenses		
General government	674,160	670,472
Public safety	2,119,878	2,255,120
Public works	3,239,436	1,465,799
Health and safety	1,139,161	2,439,091
Total Expenses	<u>7,172,635</u>	<u>6,830,482</u>
Change in Net Position	376,505	(55,704)
Net Position, Beginning	<u>7,775,562</u>	<u>7,831,266</u>
Net Position, Ending	<u>\$ 8,152,067</u>	<u>\$ 7,775,562</u>

During the 2024 fiscal year, operating grants and contributions increased by \$699,489 primarily due to grant funds received in the current fiscal year for drainage and street improvement projects.

During the 2024 fiscal year, public works expenses increased by \$1,773,637 primarily due to grant funds that were expended on drainage and street improvement projects in the current fiscal year.

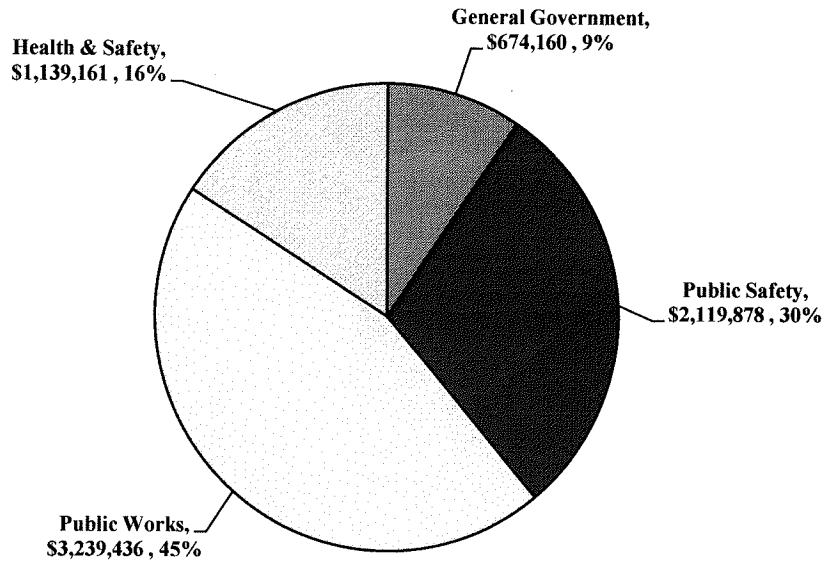
Graphic presentations of selected current year data from the changes in net position table follow in order to assist in the analysis of the City's activities.

GOVERNMENTAL REVENUES



For the fiscal year ended September 30, 2024, revenues from governmental activities totaled \$7,549,140.

GOVERNMENTAL FUNCTIONAL EXPENSES



For the fiscal year ended September 30, 2024, expenses from governmental activities totaled \$7,172,635, the largest portions of which relate to public works (45%) and public safety (30%).

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, 2024, the City's governmental funds, which consist of a General Fund and Special Revenue Funds, reported an ending fund balance of \$6,832,606, which is an increase of \$188,624 from last year's total of \$6,643,982. The General Fund, the City's main operating fund, had an ending fund balance of \$6,459,464, a \$119,982 increase from the prior year. This increase in fund balance can be attributed to increased investment earnings compared to the prior year. During the current year, the City increased the investments in TexPool, which yields much higher interest than the checking accounts.

In fiscal year 2024, the City planned for a decrease in fund balance in the General Fund of \$1,192,739, however, the actual change in fund balance was an increase of \$119,982. For the 2024 fiscal year, the Sanitation Department expenditures were less than final budgeted amounts by \$177,166, which can, in part, be attributed to an unfilled employee position and less than anticipated costs for contractual services. For the 2024 fiscal year, Police actual expenditures were less than final budgeted amounts by \$318,613, which is due to less overtime and vacation buy-back paid than was anticipated, as well as less Capital Expenditures made than budgeted. Streets actual expenditures in fiscal year 2024 were less than budgeted amounts by \$254,607, due in large part to less-than-budgeted street repairs funded by the City's Street Maintenance Tax.

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 71.3 percent of total General Fund expenditures. The nonmajor Special Revenue Funds reported an ending fund balance of \$362,259.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets - The City's net investment in capital assets as of September 30, 2024, amounts to \$2,450,940 (net of accumulated depreciation). This net investment in capital assets includes land, buildings, machinery and equipment and infrastructure.

CAPITAL ASSETS SCHEDULE

	Governmental Activities	
	2024	2023
Land	\$ 642,848	\$ 642,848
Buildings	1,617,862	1,596,654
Machinery and equipment	2,876,596	2,570,697
Infrastructure	4,798,303	4,798,303
Less: accumulated depreciation	(7,484,669)	(7,077,091)
Total Capital Assets, Net	<u>\$ 2,450,940</u>	<u>\$ 2,531,411</u>

LONG-TERM LIABILITIES

As of September 30, 2024, the City's long-term liabilities consisted of compensated absences which amounted to \$356,230, and the City's net pension liability which amounted to \$1,140,503. The City has established a separate bank account in which money is being accumulated for the payment of compensated absences. As of September 30, 2024, this bank account had a balance of \$198,115.

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 \$2,928,220 during the 2024 fiscal year. The City plans 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, 2024

EXHIBIT A-1

	Primary Government
	Governmental Activities
ASSETS	
Cash and Cash Equivalents	\$ 3,540,676
Cash and Cash Equivalents - Restricted	3,530,433
Taxes Receivable, Net	284,499
Accounts Receivable	1,950
Due from Other Governments	53,926
Prepaid Items	811
Capital Assets:	
Land Purchase and Improvements	642,848
Infrastructure, Net	223,129
Buildings, Net	472,633
Machinery and Equipment, Net	1,112,330
Total Assets	<u>9,863,235</u>
DEFERRED OUTFLOWS OF RESOURCES	
Deferred Outflow Related to Pension Plan	525,310
Total Deferred Outflows of Resources	<u>525,310</u>
LIABILITIES	
Accounts Payable	30,134
Wages and Salaries Payable	80,048
Unearned Revenues	310,482
Other Current Liabilities	21,947
Noncurrent Liabilities:	
Due Within One Year	35,623
Due in More Than One Year:	
Compensated Absences	320,607
Net Pension Liability	1,140,503
Total Liabilities	<u>1,939,344</u>
DEFERRED INFLOWS OF RESOURCES	
Deferred Inflow Related to Pension Plan	297,134
Total Deferred Inflows of Resources	<u>297,134</u>
NET POSITION	
Net Investment in Capital Assets and Lease Assets	2,450,940
Restricted:	
Restricted for Road Maintenance	3,333,052
Restricted for Public Safety	362,259
Restricted for Municipal Court	118,910
Restricted for Tourism	78,471
Unrestricted Net Position	1,808,435
Total Net Position	<u>\$ 8,152,067</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, 2024

EXHIBIT B-1

		Program Revenues		Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	Primary Gov. Governmental Activities
Primary Government:				
GOVERNMENTAL ACTIVITIES:				
General Administration	\$ 497,289	\$ 85,209	\$ -	\$ (412,080)
Fire Marshal	98,367	-	-	(98,367)
Fire Department	224,041	-	16,533	(207,508)
Sanitation	560,461	396,301	-	(164,160)
Humane	72,622	-	1,479	(71,143)
Police	1,724,848	-	178,912	(1,545,936)
Municipal Court	176,871	147,146	-	(29,725)
Streets	2,515,060	220	2,081,259	(433,581)
Parks and Facilities	88,151	-	-	(88,151)
Maintenance	75,764	-	-	(75,764)
Health and safety	1,139,161	-	1,110,118	(29,043)
TOTAL PRIMARY GOVERNMENT	\$ 7,172,635	\$ 628,876	\$ 3,388,301	(3,155,458)

General Revenues:

Taxes:

Property Taxes, Levied for General Purposes	785,981
General Sales and Use Taxes	1,176,345
Road Maintenance Tax	294,089
Mixed Beverage Tax	6,125
Hotel/Motel Occupancy Tax	9,568
Payments in Lieu of Property Taxes	622,303
Franchise Tax	248,289
Penalty and Interest on Taxes	20,201
Miscellaneous Revenue	17,645
Investment Earnings	351,417
Total General Revenues	3,531,963

Change in Net Position	376,505
Net Position - Beginning	7,775,562
Net Position - Ending	\$ 8,152,067

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

GOVERNMENTAL FUND FINANCIAL STATEMENTS

CITY OF WEST ORANGE, TEXAS
BALANCE SHEET
GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	General Fund	TDEM/ Covid-19 Relief Grant	GLO D324 Grant Fund
ASSETS			
Cash and Cash Equivalents	\$ 2,857,052	\$ 321,365	\$ -
Cash and Cash Equivalents - Restricted	3,530,433	-	-
Taxes Receivable	284,499	-	-
Accounts Receivable	1,950	-	-
Due from Other Governments	53,926	-	-
Prepaid Items	811	-	-
Total Assets	<u>\$ 6,728,671</u>	<u>\$ 321,365</u>	<u>\$ -</u>
LIABILITIES			
Accounts Payable	\$ 30,134	\$ -	\$ -
Wages and Salaries Payable	80,048	-	-
Unearned Revenues	-	310,482	-
Other Current Liabilities	21,947	-	-
Total Liabilities	<u>132,129</u>	<u>310,482</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	137,078	-	-
Total Deferred Inflows of Resources	<u>137,078</u>	<u>-</u>	<u>-</u>
FUND BALANCES			
Nonspendable Fund Balance	811	-	-
Restricted Fund Balance	3,530,433	-	-
Unassigned Fund Balance	2,928,220	10,883	-
Total Fund Balances	<u>6,459,464</u>	<u>10,883</u>	<u>-</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,728,671</u>	<u>\$ 321,365</u>	<u>\$ -</u>

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

Other Funds		Total Governmental Funds	
\$	362,259	\$	3,540,676
	-		3,530,433
	-		284,499
	-		1,950
	-		53,926
	-		811
<u>\$</u>	<u>362,259</u>	<u>\$</u>	<u>7,412,295</u>
\$	-	\$	30,134
	-		80,048
	-		310,482
	-		21,947
	-		442,611
	-		137,078
	-		137,078
	-		811
	362,259		3,892,692
	-		2,939,103
	362,259		6,832,606
<u>\$</u>	<u>362,259</u>	<u>\$</u>	<u>7,412,295</u>

CITY OF WEST ORANGE, TEXAS
RECONCILIATION OF THE GOVERNMENTAL FUNDS BALANCE SHEET TO THE
STATEMENT OF NET POSITION
SEPTEMBER 30, 2024

EXHIBIT C-2

Total Fund Balances - Governmental Funds	\$ 6,832,606
Capital assets used in governmental activities are not financial resources and therefore are not reported in governmental funds. In addition, long-term liabilities, including compensated absences payable, are not due and payable in the current period, and, therefore are not reported as liabilities in the funds. The net effect of including the beginning balances for capital assets (net of depreciation) and long-term liabilities in the governmental activities is to increase net position.	2,143,175
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 2024 capital outlays is to increase net position.	327,107
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 \$525,310, a deferred resource inflow in the amount of \$297,134, and a net pension liability in the amount of \$1,140,503. This resulted in a decrease in net position.	(912,327)
The 2024 depreciation expense increases accumulated depreciation. The net effect of the current year's depreciation is to decrease net position.	(407,578)
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.	169,084
Net Position of Governmental Activities	\$ 8,152,067

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, 2024

	General Fund	TDEM/ Covid-19 Relief Grant	GLO D324 Grant Fund
REVENUES:			
Taxes:			
Property Taxes	\$ 777,995	\$ -	\$ -
General Sales and Use Taxes	1,176,345	-	-
Franchise Tax	248,289	-	-
Other Taxes	309,783	-	-
Penalty and Interest on Taxes	20,201	-	-
Payments in Lieu of Property Taxes	622,303	-	-
Licenses and Permits	85,209	-	-
Intergovernmental Revenue and Grants	169,447	-	1,960,659
Charges for Services	396,521	-	-
Fines	147,146	-	-
Investment Earnings	335,981	10,883	-
Contributions & Donations from Private Sources	7,479	-	-
Other Revenue	17,644	-	-
Total Revenues	4,314,343	10,883	1,960,659
EXPENDITURES:			
General Administration	493,048	-	-
Fire Marshal	103,534	-	-
Fire Department	163,951	-	-
Sanitation	556,532	-	-
Humane	77,386	-	-
Police	2,024,223	-	-
Municipal Court	190,469	-	-
Streets	321,741	-	1,960,659
Parks and Facilities	96,654	-	-
Maintenance	81,823	-	-
Health and Safety	-	-	-
Total Expenditures	4,109,361	-	1,960,659
Excess (Deficiency) of Revenues Over (Under) Expenditures	204,982	10,883	-
OTHER FINANCING SOURCES (USES):			
Transfers In	-	-	-
Transfers Out (Use)	(85,000)	-	-
Total Other Financing Sources (Uses)	(85,000)	-	-
Net Change in Fund Balances	119,982	10,883	-
Fund Balance - October 1 (Beginning)	6,339,482	-	-
Fund Balance - September 30 (Ending)	\$ 6,459,464	\$ 10,883	\$ -

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

Other Funds	Total Governmental Funds
\$ -	\$ 777,995
-	1,176,345
-	248,289
-	309,783
-	20,201
-	622,303
-	85,209
1,250,716	3,380,822
-	396,521
-	147,146
4,553	351,417
-	7,479
-	17,644
<u>1,255,269</u>	<u>7,541,154</u>
-	493,048
-	103,534
-	163,951
-	556,532
-	77,386
22,749	2,046,972
-	190,469
120,600	2,403,000
-	96,654
-	81,823
<u>1,139,161</u>	<u>1,139,161</u>
<u>1,282,510</u>	<u>7,352,530</u>
<u>(27,241)</u>	<u>188,624</u>
85,000	85,000
-	<u>(85,000)</u>
<u>85,000</u>	-
57,759	188,624
<u>304,500</u>	<u>6,643,982</u>
<u>\$ 362,259</u>	<u>\$ 6,832,606</u>

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, 2024

Total Net Change in Fund Balances - Governmental Funds	\$ 188,624
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 2024 capital outlays is to increase the change in net position.	327,107
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 \$235,115. 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 \$87,457. Finally, the proportionate share of the TMRS pension expense on the plan as a whole has to be recorded. The net pension expense decreased the change in net position by \$94,212. The net result is an increase in the change in net position.	228,360
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.	(407,578)
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 increase the change in net position.	39,992
Change in Net Position of Governmental Activities	\$ 376,505

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, 2024

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The City of West Orange, Texas (the “City”), was incorporated on August 10, 1954, under the provisions of Title 28 of the Revised Civil Statutes of Texas, 1925. On May 19, 1956, the City adopted a Home Rule Charter. The City now operates under a mayor-council form of government. The City Council is the principal legislative body of the City. The Mayor presides at meetings of the City Council. The City provides the following services: public safety to include police and fire, highways and streets, sanitation, recreation, public improvements, and general administration.

A. REPORTING ENTITY

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

Considerations regarding the potential for inclusion of other entities, organizations or functions in the City's financial reporting entity are based on criteria prescribed by generally accepted accounting principles. These same criteria are evaluated in considering whether the City is a part of any other governmental or other type of reporting entity. The overriding elements associated with prescribed criteria considered in determining that the City's financial reporting entity status is that of a primary government are that it has a separately elected governing body; it is legally separate; and it is fiscally independent of other state and local governments. Additional prescribed criteria under generally accepted accounting principles include considerations pertaining to organizations for which the primary government is financially accountable; and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

B. FINANCIAL STATEMENT PRESENTATION

These financial statements include implementation of Governmental Accounting Standards Board (“GASB”) Statement No. 34 – Basic Financial Statements, and Management’s Discussion and Analysis, for State and Local Governments.

Certain of the significant changes in the Statement include the following:

- A Management’s Discussion and Analysis (“MD&A”) section providing an analysis of the City’s overall financial position and changes in financial position.
- Government-wide financial statements prepared using the accrual basis of accounting for all of the City’s governmental activities.
- Fund financial statements focusing on the major funds.

Statement No. 34 established standards for external financial reporting for all state and local governmental entities, which includes a statement of net position and a statement of activities. It requires the reclassification of net position into three components – net investment in capital assets; restricted; and unrestricted.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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 balance, revenues, and expenditures. Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they are both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues in the current fiscal period. All other revenue items are considered to be measurable and available only when the cash is received by the government.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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.
2. **TDEM/Covid-19 Relief Grant** – The TDEM/Covid-19 Relief Grant Fund is used to account for grant fund received due to the Coronavirus pandemic.
3. **GLO D324 Grant Fund** – The GLO D324 Grant Fund is used to account for Community Development Block Grant Funds - Disaster Recovery Program due to Hurricane Harvey. These funds are used for flood and drainage improvements.

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.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

Capital assets, other than infrastructure items, are defined by the government as assets with an initial, individual cost of more than \$5,000 and an estimated useful life in excess of one year. Infrastructure is not held to the \$5,000 limit; all infrastructure is capitalized regardless of cost. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, and equipment of the primary government are depreciated using the straight-line method over the following estimated useful lives:

<u>Asset Description</u>	<u>Estimated Useful Life</u>
Buildings	31.5 years
Building 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. RIGHT-TO-USE LEASE ASSETS AND LIABILITIES

A right-to-use lease is defined as a contract that conveys control of another entity's nonfinancial asset as specified in the contract for a period of time in an exchange or exchange-like transaction. To be accounted for as a lease, the lease must meet the definition of a "long-term" lease provided in GASB 87 and must meet the capitalization level of \$50,000 set by the Board. The right-to-use lease liability is reported in the government-wide statements. The lease liability is calculated as the present value of the reasonably certain expected payments to be made over the term of the lease and the interest included in the lease payment is recorded as an expense.

With GASB 87, the initial measure of a new right-to-use lease arrangement is reported in governmental fund types as an other source during the current period. Monthly payments are reported as principal and interest payments during the reporting period in the fund level statements.

L. 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

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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.

M. 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.

N. 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.

O. 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.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

II. DETAILED NOTES ON ALL FUNDS AND ACCOUNT GROUPS

A. DEPOSITS

The City's funds are required to be deposited and invested under the terms of a depository contract pursuant to state statutes. The depository bank deposits, for safekeeping and trust with the City's agent bank, approved pledged securities in an amount sufficient to protect City funds on a day-to-day basis during the period of the contract. The pledge of approved securities is waived only to the extent of the depository bank's dollar amount of Federal Deposit Insurance Corporation ("FDIC") Insurance.

Cash and Cash Equivalents

The City's cash and cash equivalents consist of cash on hand and demand deposits. The City's cash and cash equivalents as of September 30, 2024, are shown as follows:

	<u>Carrying Amount</u>	<u>Fair Value</u>
Cash	\$ 3,540,676	\$ 3,540,676
Cash - Restricted	<u>3,530,433</u>	<u>3,530,433</u>
Total Cash and Cash Equivalents	<u>\$ 7,071,109</u>	<u>\$ 7,071,109</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, 2024, 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 \$0.38400 per \$100 of assessed valuation. The resulting adjusted tax levy was \$795,834 for operations on the total adjusted taxable valuation of \$207,248,438 for the 2023 tax year.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

Property taxes receivable, as of September 30, 2024, consists of the following:

Tax Year	General Fund
2023	\$ 45,049
2022	27,751
2021	16,358
2020	12,891
2019	11,307
2018 and prior	38,953
	<u>\$ 152,308</u>

C. INTERFUND BALANCES AND TRANSFERS

There were no interfund balances as of September 30, 2024.

Interfund transfers for the year ended September 30, 2024, consisted of the following individual amounts:

Fund	General Fund	HMGP DR4466 Grant	Totals
Transfer (Out)	(85,000)		(85,000)
Transfer In		85,000	85,000
Totals Transfers In/(Out)	<u>\$ (85,000)</u>	<u>\$ 85,000</u>	<u>\$ -</u>

The transfer from the General Fund to the HMGP DR 4466 Grant fund was for the City's grant match.

D. RECEIVABLES

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

	General Fund	Totals
Receivables:		
Taxes	\$ 299,730	\$ 299,730
Accounts	1,950	1,950
Gross Receivables	301,680	301,680
Less: Allowance for Uncollectibles	(15,231)	(15,231)
Net Total Receivables	<u>\$ 286,449</u>	<u>\$ 286,449</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 \$ 137,078

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

E. CAPITAL ASSETS

Capital asset activity for the City for the year ended September 30, 2024, was as follows:

	Primary Government		
	Beginning Balance	Additions	Ending Balance
Governmental Activities:			
Capital assets not being depreciated:			
Land	\$ 642,848	\$	\$ 642,848
Total capital assets not being depreciated	642,848		642,848
Capital assets being depreciated:			
Buildings	1,596,654	21,208	1,617,862
Machinery and equipment	2,570,697	305,899	2,876,596
Infrastructure	4,798,303		4,798,303
Total capital assets being depreciated	8,965,654	327,107	9,292,761
Less accumulated depreciation for:			
Buildings	(1,103,515)	(41,714)	(1,145,229)
Machinery and equipment	(1,518,318)	(245,948)	(1,764,266)
Infrastructure	(4,455,258)	(119,916)	(4,575,174)
Total accumulated depreciation	(7,077,091)	(407,578)	(7,484,669)
Total capital assets being depreciated, net	1,888,563	(80,471)	1,808,092
Governmental Activities capital assets, net	\$ 2,531,411	\$ (80,471)	\$ 2,450,940

Depreciation expense was charged to governmental functions as follows:

General Government	\$ 23,149
Fire Department	103,109
Police Department	97,405
Sanitation	21,974
Streets	159,369
Parks	2,572
Total Depreciation Expense	\$ 407,578

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

F. CHANGES IN LONG-TERM LIABILITIES

Long-term liability activity for the year ended September 30, 2024 was as follows:

	Beginning Balance	Additions	Reductions	Ending Balance	Due Within One Year
Governmental Activities					
Net Pension Liability	\$ 2,034,619	\$ 1,129,828	\$ (2,023,944)	\$ 1,140,503	\$ -
Compensated Absences	388,236	147,079	(179,085)	356,230	35,623
Total Governmental Activities	<u>\$ 2,422,855</u>	<u>\$ 1,276,907</u>	<u>\$ (2,203,029)</u>	<u>\$ 1,496,733</u>	<u>\$ 35,623</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 BALANCE

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

The Governmental Accounting Standards Board has issued Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* ("GASB 54"). This Statement defines the different types of fund balances that a governmental entity must use for financial reporting purposes. GASB 54 requires the fund balance amounts to be properly reported within one of the following five fund balance categories:

Nonspendable:

To indicate fund balance associated with inventories, prepaids, long-term loans and notes receivable and property held for resale (unless the proceeds are restricted, committed or assigned).

Restricted:

To indicate fund balance that can be spent only for the specific purposes stipulated by constitution, external resource providers or through enabling legislation.

Committed:

To indicate fund balance that can be used only for the specific purposes determined by a formal action of the City Council (the City's highest level of decision-making authority). City Council must place an item on the Council's agenda, followed by a majority vote to approve such, in order to establish, modify or rescind a fund balance commitment.

Assigned:

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

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,

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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, 2024, were distributed as follows:

	General Fund	TDEM/ Covid-19 Relief Grant	Other Governmental Funds	Total
Nonspendable:				
Prepays	\$ 811	\$ -	\$ -	\$ 811
Total Nonspendable	811	-	-	811
Restricted for:				
Tourism	78,471			78,471
Municipal Court	118,910			118,910
Road Maintenance	3,333,052			3,333,052
Public Safety			362,259	362,259
Total Restricted	3,530,433	-	362,259	3,892,692
Unassigned	2,928,220	10,883	-	2,939,103
Total Fund Balance	<u>\$ 6,459,464</u>	<u>\$ 10,883</u>	<u>\$ 362,259</u>	<u>\$ 6,832,606</u>

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

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

H. DEFINED BENEFIT PENSION PLAN

Plan Description

The City of West Orange participates as one of 934 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 Annual Comprehensive Financial Report (Annual Report) that can be obtained at tmrs.com.

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

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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 total member contributions and interest.

Employees covered by benefit terms.

At the December 31, 2023 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	16
Inactive employees entitled to but not yet receiving benefits	19
Active employees	<u>24</u>
	59

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 19.01% and 18.10% in calendar years 2023 and 2024, respectively. The city's contributions to TMRS for the year ended September 30, 2024, were \$322,571, and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 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 110% of the Public Safety tables used for males and 100% of 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. Male rates are multiplied by 103% and female rates are multiplied by 105%. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by the most recent Scale MP-2021 to account for future mortality improvements. For disabled annuitants, the same mortality tables for health retirees are used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5%

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

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 MP-2021 to account for future mortality improvements subject to the 3% floor.

The actuarial assumptions were developed primarily from the actuarial investigation of experience of TMRS over the four period from December 31, 2018 to December 31, 2022. They were adopted in 2023 and first used in the December 31, 2023 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 by best estimate ranges of expected returns for each major asset class. The long-term expected rate of return is determined by weighting the expected return for each major asset class by the respective target asset allocation percentage.

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	35%	6.70%
Core Fixed Income	6%	4.70%
Non-Core Fixed Income	20%	8.00%
Other Public & Private Markets	12%	8.00%
Real Estate	12%	7.60%
Hedge Funds	5%	6.40%
Private Equity	10%	11.60%
Total	100%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 6.75%. The projection of cash flows used to determine the discount rate assumed that Member and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active and inactive employees. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the Total Pension Liability.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

Changes in Net Pension Liability

	Total Pension Liability (a)	Increase (Decrease) Plan Fiduciary Net Position (b)	Net Pension Liability (a) - (b)
Balance at 12/31/22	\$ 12,831,276	\$ 10,796,657	\$ 2,034,619
Changes for the Year:			
Service Cost	262,205	-	262,205
Interest	859,618	-	859,618
Change of benefit terms	-	-	-
Difference between expected and actual experience	(273,018)	-	(273,018)
Changes of assumptions	(99,749)	-	(99,749)
Contributions - employer	-	293,553	(293,553)
Contributions - employee	-	108,094	(108,094)
Net investment income	-	1,249,530	(1,249,530)
Benefit payments, including refunds of employee contributor	(454,596)	(454,596)	-
Administrative expense	-	(7,950)	7,950
Other changes	-	(55)	55
Net changes	<u>294,460</u>	<u>1,188,576</u>	<u>(894,116)</u>
Balance at 12/31/2023	<u>\$ 13,125,736</u>	<u>\$ 11,985,233</u>	<u>\$ 1,140,503</u>

Sensitivity of the net pension liability to changes in the discount rate:

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

	1% Decrease in Discount Rate (5.75%)	Discount Rate (6.75%)	1% Increase in Discount Rate (7.75%)
City's Net Pension Liability	\$ 2,747,285	\$ 1,140,503	\$ (209,105)

Pension Plan Fiduciary Net Position

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

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

For the year ended September 30, 2024 the city recognized pension expense of \$94,212.

CITY OF WEST ORANGE, TEXAS
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED SEPTEMBER 30, 2024

At September 30, 2024, the city reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	\$ -	\$ 232,021
Changes in actuarial assumptions	-	65,113
Difference between projected and actual investment earnings	290,195	-
Contributions subsequent of the measurement date	<u>235,115</u>	<u>-</u>
Total	<u>\$ 525,310</u>	<u>\$ 297,134</u>

\$235,115 reported as deferred outflows of resources related to pensions resulting from contributions made subsequent to the measurement date but before the end of the City's reporting period will be recognized as a reduction of the net pension liability in the subsequent fiscal period rather than in the current fiscal period. 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:

2024	\$ (101,512)
2025	(24,969)
2026	223,690
2027	(104,148)
2028	-
Thereafter	<u>-</u>
	<u>\$ (6,939)</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, 2024

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 RELIEF FUNDS

During the current fiscal year, the City did not spend any of the Coronavirus Relief Funds received in a prior year from the Texas Department of Emergency Management (TDEM). The remaining funds will be spent in the next fiscal year and any unspent funds must be returned to TDEM. Unearned Revenue at September 30, 2024, is \$310,482.

L. SUBSEQUENT EVENTS

In preparing the financial statements, the City has evaluated events and transactions for potential recognition or disclosure through January 23, 2025, 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, 2024

EXHIBIT D-1

	Budgeted Amounts		Actual Amounts (GAAP BASIS)	Variance With Final Budget Positive or (Negative)
	Original	Final		
REVENUES:				
Taxes:				
Property Taxes	\$ 775,367	\$ 775,367	\$ 777,995	\$ 2,628
General Sales and Use Taxes	1,050,000	1,050,000	1,176,345	126,345
Franchise Tax	240,500	240,500	248,289	7,789
Other Taxes	266,000	266,000	309,783	43,783
Penalty and Interest on Taxes	19,000	19,000	20,201	1,201
Payments in Lieu of Property Taxes	622,303	622,303	622,303	-
Licenses and Permits	31,250	31,250	85,209	53,959
Intergovernmental Revenue and Grants	-	150,000	169,447	19,447
Charges for Services	397,250	397,250	396,521	(729)
Fines	123,995	123,995	147,146	23,151
Investment Earnings	125,000	125,000	335,981	210,981
Contributions & Donations from Private Sources	-	-	7,479	7,479
Other Revenue	16,925	16,925	17,644	719
Total Revenues	3,667,590	3,817,590	4,314,343	496,753
EXPENDITURES:				
General Administration	508,724	513,659	493,048	20,611
Fire Marshal	163,571	163,571	103,534	60,037
Fire Department	205,998	205,998	163,951	42,047
Sanitation	702,737	733,698	556,532	177,166
Humane	83,242	83,242	77,386	5,856
Police	1,934,902	2,342,836	2,024,223	318,613
Municipal Court	196,533	196,533	190,469	6,064
Streets	574,373	576,348	321,741	254,607
Parks and Facilities	105,652	105,652	96,654	8,998
Maintenance	88,792	88,792	81,823	6,969
Total Expenditures	4,564,524	5,010,329	4,109,361	900,968
Excess (Deficiency) of Revenues Over Expenditures	(896,934)	(1,192,739)	204,982	1,397,721
OTHER FINANCING SOURCES (USES):				
Transfers Out (Use)	-	-	(85,000)	(85,000)
Total Other Financing Sources (Uses)	-	-	(85,000)	(85,000)
Net Change	(896,934)	(1,192,739)	119,982	1,312,721
Fund Balance - October 1 (Beginning)	6,339,482	6,339,482	6,339,482	-
Fund Balance - September 30 (Ending)	\$ 5,442,548	\$ 5,146,743	\$ 6,459,464	\$ 1,312,721

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.

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, 2024

	FY 2024 Plan Year 2023	FY 2023 Plan Year 2022	FY 2022 Plan Year 2021
A. Total Pension Liability			
Service Cost	\$ 262,205	\$ 259,347	\$ 248,788
Interest (on the Total Pension Liability)	859,618	830,609	776,397
Changes of Benefit Terms	-	-	-
Difference between Expected and Actual Experience	(273,018)	(226,496)	189,051
Changes of Assumptions	(99,749)	-	-
Benefit Payments, Including Refunds of Employee Contributions	(454,596)	(415,665)	(417,077)
Net Change in Total Pension Liability	\$ 294,460	\$ 447,795	\$ 797,159
Total Pension Liability - Beginning	12,831,276	12,383,481	11,586,322
Total Pension Liability - Ending	\$ 13,125,736	\$ 12,831,276	\$ 12,383,481
B. Total Fiduciary Net Position			
Contributions - Employer	\$ 293,553	\$ 287,483	\$ 270,671
Contributions - Employee	108,094	107,042	102,805
Net Investment Income	1,249,530	(851,632)	1,351,371
Benefit Payments, Including Refunds of Employee Contributions	(454,596)	(415,665)	(417,077)
Administrative Expense	(7,950)	(7,370)	(6,253)
Other	(55)	8,795	43
Net Change in Plan Fiduciary Net Position	\$ 1,188,576	\$ (871,347)	\$ 1,301,560
Plan Fiduciary Net Position - Beginning	10,796,657	11,668,004	10,366,444
Plan Fiduciary Net Position - Ending	\$ 11,985,233	\$ 10,796,657	\$ 11,668,004
C. Net Pension Liability	\$ 1,140,503	\$ 2,034,619	\$ 715,477
D. Plan Fiduciary Net Position as a Percentage of Total Pension Liability	91.31%	84.14%	94.22%
E. Covered Payroll	\$ 1,544,197	\$ 1,529,166	\$ 1,468,645
F. Net Pension Liability as a Percentage of Covered Payroll	73.86%	133.05%	48.72%

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.

FY 2021 Plan Year 2020	FY 2020 Plan Year 2019	FY 2019 Plan Year 2018	FY 2018 Plan Year 2017	FY 2017 Plan Year 2016	FY 2016 Plan Year 2015	FY 2015 Plan Year 2014
\$ 263,031	\$ 223,439	\$ 211,537	\$ 237,452	\$ 233,927	\$ 217,004	\$ 189,272
730,658	708,643	689,498	656,717	625,802	616,052	578,003
-	-	-	-	-	-	-
83,997	(254,691)	(233,068)	(3,251)	(22,744)	(78,873)	84,378
-	(632)	-	-	-	73,605	-
(368,812)	(372,002)	(408,587)	(376,053)	(385,419)	(346,287)	(297,650)
\$ 708,874	\$ 304,757	\$ 259,380	\$ 514,865	\$ 451,566	\$ 481,501	\$ 554,003
10,877,448	10,572,691	10,313,311	9,798,446	9,346,880	8,865,379	8,311,376
\$ 11,586,322	\$ 10,877,448	\$ 10,572,691	\$ 10,313,311	\$ 9,798,446	\$ 9,346,880	\$ 8,865,379
\$ 314,569	\$ 263,263	\$ 250,955	\$ 283,133	\$ 275,002	\$ 255,152	\$ 242,989
109,989	92,004	87,879	97,488	95,203	91,453	86,870
727,587	1,287,268	(259,444)	1,054,373	482,885	10,536	384,861
(368,812)	(372,002)	(408,587)	(376,053)	(385,419)	(346,287)	(297,650)
(4,709)	(7,272)	(5,013)	(5,463)	(5,453)	(6,417)	(4,018)
(184)	(219)	(261)	(278)	(294)	(317)	(330)
\$ 778,440	\$ 1,263,042	\$ (334,471)	\$ 1,053,200	\$ 461,924	\$ 4,120	\$ 412,722
9,588,004	8,324,962	8,659,433	7,606,233	7,144,309	7,140,189	6,727,467
\$ 10,366,444	\$ 9,588,004	\$ 8,324,962	\$ 8,659,433	\$ 7,606,233	\$ 7,144,309	\$ 7,140,189
\$ 1,219,878	\$ 1,289,444	\$ 2,247,729	\$ 1,653,878	\$ 2,192,213	\$ 2,202,571	\$ 1,725,190
89.47%	88.15%	78.74%	83.96%	77.63%	76.44%	80.54%
\$ 1,571,272	\$ 1,314,347	\$ 1,255,411	\$ 1,392,680	\$ 1,360,043	\$ 1,306,467	\$ 1,241,005
77.64%	98.11%	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 2024

	2024	2023	2022
Actuarially Determined Contribution	\$ 322,571	\$ 289,763	\$ 285,434
Contributions in Relation to the Actuarially Determined Contributions	322,571	289,763	285,434
Contribution Deficiency (Excess)	\$ -	\$ -	\$ -
Covered Payroll	\$ 1,759,029	\$ 1,529,180	\$ 1,526,980
Contributions as a Percentage of Covered Payroll	18.34%	18.95%	18.69%

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.

2021	2020	2019	2018	2017	2016	2015
\$ 271,309	\$ 298,511	\$ 263,903	\$ 246,248	\$ 287,979	\$ 279,974	\$ 252,975
271,309	298,511	263,903	246,248	287,979	279,974	252,975
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 1,436,662	\$ 1,490,896	\$ 1,318,205	\$ 1,226,668	\$ 1,418,315	\$ 1,397,212	\$ 1,294,403
18.88%	20.02%	20.02%	20.07%	20.30%	20.04%	19.54%

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.

GLO Acquisitions Grant Fund - This fund is used to account for CDBG-DR monies received from the General Land Office to purchase properties in qualifying target areas prone to flooding events and demolishes the structures on the properties to create park amenities, open space, or flood storage/overflow areas.

GLO Infrastructure Grant Fund - This fund is used to account for CDBG-DR monies received from the General Land Office to rehabilitate streets and make drainage improvements throughout the City.

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.

Opioid Settlement Fund - This fund is used to account for monies received from the state of Texas to address opioid-related prevention and treatment programs.

Drainage & Street Improvement Fund - This fund is used to account for monies received from the General Land Office for grants awarded for drainage and street improvements.

CITY OF WEST ORANGE, TEXAS
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
SEPTEMBER 30, 2024

	Police - Public Safety	Police - Seizure & Forfeiture	Police - State Education	Police - Federal Asset Forfeiture
ASSETS				
Cash and Cash Equivalents	\$ 135,041	\$ 14,232	\$ 2,362	\$ 11,874
Total Assets	<u>\$ 135,041</u>	<u>\$ 14,232</u>	<u>\$ 2,362</u>	<u>\$ 11,874</u>
FUND BALANCES				
Restricted Fund Balance:				
Restricted Fund Balance	135,041	14,232	2,362	11,874
Total Fund Balances	<u>135,041</u>	<u>14,232</u>	<u>2,362</u>	<u>11,874</u>
Total Liabilities and Fund Balances	<u>\$ 135,041</u>	<u>\$ 14,232</u>	<u>\$ 2,362</u>	<u>\$ 11,874</u>

Police - Federal Treas Asset Forfeit	TDEM/ HMGP Grant	GLO Acquisitions Grant	GLO Infrastructur Grant	HMGP DR4466 Grant	Opioid Settlement Fund	Drainage & Street Improv Fund	Total Nonmajor Governmental Funds
\$ 87,166	\$ -	\$ -	\$ -	\$ 96,485	\$ 15,099	\$ -	\$ 362,259
<u>\$ 87,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,485</u>	<u>\$ 15,099</u>	<u>\$ -</u>	<u>\$ 362,259</u>
87,166	-	-	-	96,485	15,099	-	362,259
<u>87,166</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>96,485</u>	<u>15,099</u>	<u>-</u>	<u>362,259</u>
<u>\$ 87,166</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 96,485</u>	<u>\$ 15,099</u>	<u>\$ -</u>	<u>\$ 362,259</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, 2024

	Police - Public Safety	Police - Seizure & Forfeiture	Police - State Education	Police - Federal Asset Forfeiture
REVENUES:				
Intergovernmental Revenue and Grants	\$ 15,000	\$ -	\$ 2,405	\$ -
Investment Earnings	2,407	255	34	177
Total Revenues	<u>17,407</u>	<u>255</u>	<u>2,439</u>	<u>177</u>
EXPENDITURES:				
Police	15,000	-	2,179	1,500
Streets	-	-	-	-
Health and Safety	-	-	-	-
Total Expenditures	<u>15,000</u>	<u>-</u>	<u>2,179</u>	<u>1,500</u>
Excess (Deficiency) of Revenues Over (Under) Expenditures	<u>2,407</u>	<u>255</u>	<u>260</u>	<u>(1,323)</u>
OTHER FINANCING SOURCES (USES):				
Transfers In	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balance	2,407	255	260	(1,323)
Fund Balance - October 1 (Beginning)	<u>132,634</u>	<u>13,977</u>	<u>2,102</u>	<u>13,197</u>
Fund Balance - September 30 (Ending)	<u>\$ 135,041</u>	<u>\$ 14,232</u>	<u>\$ 2,362</u>	<u>\$ 11,874</u>

Police - Federal Treas Asset Forfeit	TDEM/ HMGP Grant	GLO Acquisitions Grant	GLO Infrastructur Grant	HMGP DR4466 Grant	Opioid Settlement Fund	Drainage & Street Improv Fund	Total Nonmajor Governmental Funds
\$ -	\$ 287,774	\$ 6,000	\$ 718,727	\$ 97,617	\$ 2,593	\$ 120,600	\$ 1,250,716
1,569	-	-	-	-	111	-	4,553
1,569	287,774	6,000	718,727	97,617	2,704	120,600	1,255,269
3,470	-	-	-	-	600	-	22,749
-	-	-	-	-	-	120,600	120,600
-	287,774	6,000	718,727	126,660	-	-	1,139,161
3,470	287,774	6,000	718,727	126,660	600	120,600	1,282,510
(1,901)	-	-	-	(29,043)	2,104	-	(27,241)
-	-	-	-	85,000	-	-	85,000
-	-	-	-	85,000	-	-	85,000
(1,901)	-	-	-	55,957	2,104	-	57,759
89,067	-	-	-	40,528	12,995	-	304,500
\$ 87,166	\$ -	\$ -	\$ -	\$ 96,485	\$ 15,099	\$ -	\$ 362,259

CITY OF WEST ORANGE, TEXAS
BALANCE SHEET
PRIOR YEAR AND CURRENT YEAR - GENERAL FUND
SEPTEMBER 30, 2024

EXHIBIT E-3

	Current Year	Prior Year	Variance
ASSETS			
Cash and Cash Equivalents	\$ 2,857,052	\$ 3,197,164	\$ (340,112)
Cash and Cash Equivalents - Restricted	3,530,433	3,093,000	437,433
Taxes Receivable	284,499	280,049	4,450
Accounts Receivable	1,950	4,160	(2,210)
Due from Other Governments	53,926	-	53,926
Due from Other Funds	-	10,383	(10,383)
Prepaid Items	811	583	228
Total Assets	<u>\$ 6,728,671</u>	<u>\$ 6,585,339</u>	<u>\$ 143,332</u>
LIABILITIES			
Accounts Payable	\$ 30,134	\$ 41,486	\$ (11,352)
Wages and Salaries Payable	80,048	64,946	15,102
Other Current Liabilities	21,947	10,333	11,614
Total Liabilities	<u>132,129</u>	<u>116,765</u>	<u>15,364</u>
DEFERRED INFLOWS OF RESOURCES			
Unavailable Revenue - Property Taxes	<u>137,078</u>	<u>129,092</u>	<u>7,986</u>
Total Deferred Inflows of Resources	<u>137,078</u>	<u>129,092</u>	<u>7,986</u>
FUND BALANCES			
Nonspendable Fund Balance	811	583	228
Restricted Fund Balance	3,530,433	3,093,000	437,433
Unassigned Fund Balance	<u>2,928,220</u>	<u>3,245,899</u>	<u>(317,679)</u>
Total Fund Balances	<u>6,459,464</u>	<u>6,339,482</u>	<u>119,982</u>
Total Liabilities, Deferred Inflows & Fund Balances	<u>\$ 6,728,671</u>	<u>\$ 6,585,339</u>	<u>\$ 143,332</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, 2024

	Budgeted Amounts		Actual	Variance With	2023
	Original	Final	GAAP BASIS (See Note)	Final Budget Positive or (Negative)	Prior Year Actual GAAP Basis
REVENUES:					
Taxes:					
Property Taxes	\$ 775,367	\$ 775,367	\$ 777,995	\$ 2,628	\$ 764,507
General Sales and Use Taxes	1,050,000	1,050,000	1,176,345	126,345	1,165,133
Franchise Tax	240,500	240,500	248,289	7,789	262,715
Other Taxes	266,000	266,000	309,783	43,783	307,966
Penalty and Interest on Taxes	19,000	19,000	20,201	1,201	22,310
Payments in Lieu of Property Taxes	622,303	622,303	622,303	-	588,917
Licenses and Permits	31,250	31,250	85,209	53,959	37,436
Intergovernmental Revenue and Grants	-	150,000	169,447	19,447	133,504
Charges for Services	397,250	397,250	396,521	(729)	399,228
Fines	123,995	123,995	147,146	23,151	125,004
Investment Earnings	125,000	125,000	335,981	210,981	98,694
Contributions & Donations from Private	-	-	7,479	7,479	5,490
Other Revenue	16,925	16,925	17,644	719	97,513
Total Revenues	3,667,590	3,817,590	4,314,343	496,753	4,008,417
EXPENDITURES:					
Health and safety:					
General Administration	508,724	513,659	493,048	20,611	454,090
Fire Marshal	163,571	163,571	103,534	60,037	149,495
Fire Department	205,998	205,998	163,951	42,047	222,332
Sanitation	702,737	733,698	556,532	177,166	536,289
Humane	83,242	83,242	77,386	5,856	72,371
Police	1,934,902	2,342,836	2,024,223	318,613	1,668,450
Municipal Court	196,533	196,533	190,469	6,064	179,552
Streets	574,373	576,348	321,741	254,607	600,464
Parks and Facilities	105,652	105,652	96,654	8,998	101,622
Maintenance	88,792	88,792	81,823	6,969	78,878
Total Expenditures	4,564,524	5,010,329	4,109,361	900,968	4,063,543
Excess (Deficiency) of Revenues Over Expenditures	(896,934)	(1,192,739)	204,982	1,397,721	(55,126)
OTHER FINANCING SOURCES (USES):					
Sale of Real and Personal Property	-	-	-	-	27,123
Transfers In	-	-	-	-	156,909
Transfers Out (Use)	-	-	(85,000)	(85,000)	(3,228)
Total Other Financing Sources (Uses)	-	-	(85,000)	(85,000)	180,804
Change in Fund Balance	(896,934)	(1,192,739)	119,982	1,312,721	125,678
Fund Balance - October 1	6,339,482	6,339,482	6,339,482	-	6,213,804
Fund Balance - September 30	\$ 5,442,548	\$ 5,146,743	\$ 6,459,464	\$ 1,312,721	\$ 6,339,482

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.

Contents	Pages
Financial Trends <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>	48-57
Revenue Capacity <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>	58-65
Debt Capacity <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>	66-69
Demographic and Economic Information <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>	70-71
Operating Information <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>	72-74

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>2015</u>	<u>2016*</u>	<u>2017</u>	<u>2018</u>
Governmental Activities				
Net investment in capital assets	\$ 3,076,327	\$ 2,842,982	\$ 2,707,708	\$ 2,589,006
Restricted	250,735	1,775,123	2,005,743	2,283,893
Unrestricted	<u>1,810,388</u>	<u>556,813</u>	<u>479,299</u>	<u>924,246</u>
Total Governmental Activities Net Position	<u>\$ 5,137,450</u>	<u>\$ 5,174,918</u>	<u>\$ 5,192,750</u>	<u>\$ 5,797,145</u>
 Primary Government				
Net investment in capital assets	\$ 3,076,327	\$ 2,842,982	\$ 2,707,708	\$ 2,589,006
Restricted	250,735	1,775,123	2,005,743	2,283,893
Unrestricted	<u>1,810,388</u>	<u>556,813</u>	<u>479,299</u>	<u>924,246</u>
Total Governmental Activities Net Position	<u>\$ 5,137,450</u>	<u>\$ 5,174,918</u>	<u>\$ 5,192,750</u>	<u>\$ 5,797,145</u>

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

EXHIBIT S-1

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 2,572,959	\$ 2,357,179	\$ 2,295,993	\$ 2,622,485	\$ 2,531,411	\$ 2,450,940
2,592,142	2,859,843	3,064,679	3,363,289	3,397,500	3,892,692
<u>1,013,465</u>	<u>1,153,467</u>	<u>1,707,615</u>	<u>1,845,492</u>	<u>1,846,651</u>	<u>1,808,435</u>
<u>\$ 6,178,566</u>	<u>\$ 6,370,489</u>	<u>\$ 7,068,287</u>	<u>\$ 7,831,266</u>	<u>\$ 7,775,562</u>	<u>\$ 8,152,067</u>

\$ 2,572,959	\$ 2,357,179	\$ 2,295,993	\$ 2,622,485	\$ 2,531,411	\$ 2,450,940
2,592,142	2,859,843	3,064,679	3,363,289	3,397,500	3,892,692
<u>1,013,465</u>	<u>1,153,467</u>	<u>1,707,615</u>	<u>1,845,492</u>	<u>1,846,651</u>	<u>1,808,435</u>
<u>\$ 6,178,566</u>	<u>\$ 6,370,489</u>	<u>\$ 7,068,287</u>	<u>\$ 7,831,266</u>	<u>\$ 7,775,562</u>	<u>\$ 8,152,067</u>

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

	2015	2016	2017	2018
Expenses				
Governmental Activities				
General Government	\$ 526,326	\$ 526,660	\$ 602,122	\$ 566,878
Public Safety	1,386,884	1,519,944	1,654,677	1,778,147
Public Works	1,017,670	1,099,024	992,942	914,805
Health and Safety	-	230,848	35,415	292,303
Total Governmental Activities Expenses	<u>2,930,880</u>	<u>3,376,476</u>	<u>3,285,156</u>	<u>3,552,133</u>
Total Primary Government Expenses	<u>\$ 2,930,880</u>	<u>\$ 3,376,476</u>	<u>\$ 3,285,156</u>	<u>\$ 3,552,133</u>
Program Revenues				
Governmental Activities				
Charges for Services:				
General Government	\$ 59,122	\$ 17,548	\$ 17,032	\$ 28,846
Public Safety	131,983	143,780	120,598	105,886
Public Works	364,568	372,595	363,343	358,502
Operating Grants and Contributions	2,732	254,319	51,042	743,203
Capital Grants and Contributions	-	-	-	-
Total Governmental Activities Program Revenues	<u>558,405</u>	<u>788,242</u>	<u>552,015</u>	<u>1,236,437</u>
Total Primary Government Program Revenues	<u>\$ 558,405</u>	<u>\$ 788,242</u>	<u>\$ 552,015</u>	<u>\$ 1,236,437</u>
Net (Expense)/Revenue				
Governmental Activities	<u>\$ (2,372,475)</u>	<u>\$ (2,588,234)</u>	<u>\$ (2,733,141)</u>	<u>\$ (2,315,696)</u>
Total Primary Government Net Expense	<u>\$ (2,372,475)</u>	<u>\$ (2,588,234)</u>	<u>\$ (2,733,141)</u>	<u>\$ (2,315,696)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Taxes				
Property Taxes	\$ 543,935	\$ 550,888	\$ 609,669	\$ 624,499
Other Taxes	1,405,445	1,431,039	1,403,658	1,517,231
Payments in Lieu of Property Taxes	665,531	620,050	624,797	637,013
Investment Earnings	914	9,410	26,811	82,197
Other	149,182	28,190	36,372	58,241
Total Governmental Activities	<u>2,765,007</u>	<u>2,639,577</u>	<u>2,701,307</u>	<u>2,919,181</u>
Total Primary Government	<u>\$ 2,765,007</u>	<u>\$ 2,639,577</u>	<u>\$ 2,701,307</u>	<u>\$ 2,919,181</u>
Change in Net Position				
Governmental Activities	<u>\$ 392,532</u>	<u>\$ 51,343</u>	<u>\$ (31,834)</u>	<u>\$ 603,485</u>
Total Primary Government	<u>\$ 392,532</u>	<u>\$ 51,343</u>	<u>\$ (31,834)</u>	<u>\$ 603,485</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 544,958	\$ 555,997	\$ 638,919	\$ 592,526	\$ 670,472	\$ 674,160
1,536,246	1,641,290	1,627,102	1,783,475	2,255,120	2,119,878
1,048,229	1,246,769	1,000,500	979,908	1,465,799	3,239,436
56,800	355,684	1,044,359	4,910,635	2,439,091	1,139,161
<u>3,186,233</u>	<u>3,799,740</u>	<u>4,310,880</u>	<u>8,266,544</u>	<u>6,830,482</u>	<u>7,172,635</u>
<u>\$ 3,186,233</u>	<u>\$ 3,799,740</u>	<u>\$ 4,310,880</u>	<u>\$ 8,266,544</u>	<u>\$ 6,830,482</u>	<u>\$ 7,172,635</u>
\$ 34,069	\$ 71,871	\$ 63,532	\$ 40,286	\$ 37,436	\$ 85,209
103,335	70,453	101,237	103,277	125,004	147,146
361,380	387,328	385,757	384,332	399,228	396,521
154,084	631,558	1,201,790	4,987,732	2,688,812	3,388,301
-	-	-	342,091	-	-
<u>652,868</u>	<u>1,161,210</u>	<u>1,752,316</u>	<u>5,857,718</u>	<u>3,250,480</u>	<u>4,017,177</u>
<u>\$ 652,868</u>	<u>\$ 1,161,210</u>	<u>\$ 1,752,316</u>	<u>\$ 5,857,718</u>	<u>\$ 3,250,480</u>	<u>\$ 4,017,177</u>
\$ (2,533,365)	\$ (2,638,530)	\$ (2,558,564)	\$ (2,408,826)	\$ (3,580,002)	\$ (3,155,458)
<u>\$ (2,533,365)</u>	<u>\$ (2,638,530)</u>	<u>\$ (2,558,564)</u>	<u>\$ (2,408,826)</u>	<u>\$ (3,580,002)</u>	<u>\$ (3,155,458)</u>
\$ 631,232	\$ 621,493	\$ 668,189	\$ 712,314	\$ 765,179	\$ 785,981
1,451,426	1,443,841	1,584,519	1,637,608	1,735,814	1,734,416
600,515	609,355	541,205	542,752	588,917	622,303
121,123	34,018	3,064	28,991	101,170	351,417
110,490	121,746	459,385	250,140	333,218	37,846
<u>2,914,786</u>	<u>2,830,453</u>	<u>3,256,362</u>	<u>3,171,805</u>	<u>3,524,298</u>	<u>3,531,963</u>
<u>\$ 2,914,786</u>	<u>\$ 2,830,453</u>	<u>\$ 3,256,362</u>	<u>\$ 3,171,805</u>	<u>\$ 3,524,298</u>	<u>\$ 3,531,963</u>
\$ 381,421	\$ 191,923	\$ 697,798	\$ 762,979	\$ (55,704)	\$ 376,505
<u>\$ 381,421</u>	<u>\$ 191,923</u>	<u>\$ 697,798</u>	<u>\$ 762,979</u>	<u>\$ (55,704)</u>	<u>\$ 376,505</u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property Taxes	\$ 543,935	\$ 550,888	\$ 609,669	\$ 624,499
Sales Tax	903,523	924,039	908,301	993,957
Mixed Beverage Tax	6,679	6,356	5,285	6,669
Road Maintenance Tax	224,623	231,011	227,073	248,487
Hotel/Motel Occupancy Tax	5,691	4,761	5,346	8,038
Franchise Tax	<u>264,929</u>	<u>264,872</u>	<u>257,653</u>	<u>260,080</u>
Total Tax Revenues	<u>\$ 1,949,380</u>	<u>\$ 1,981,927</u>	<u>\$ 2,013,327</u>	<u>\$ 2,141,730</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 631,232	\$ 621,493	\$ 668,189	\$ 712,314	\$ 765,179	\$ 785,981
935,988	949,185	1,067,393	1,088,813	1,165,133	1,176,345
6,817	5,746	5,296	6,221	6,167	6,125
233,996	237,296	266,848	272,199	291,296	294,089
9,044	7,801	8,783	11,211	10,503	9,568
<u>265,581</u>	<u>243,813</u>	<u>236,199</u>	<u>259,164</u>	<u>262,715</u>	<u>248,289</u>
<u>\$ 2,082,658</u>	<u>\$ 2,065,334</u>	<u>\$ 2,252,708</u>	<u>\$ 2,349,922</u>	<u>\$ 2,500,993</u>	<u>\$ 2,520,397</u>

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
General Fund				
Nonspendable	\$ 936	\$ 850	\$ 973	\$ 781
Restricted	1,316,564	1,555,662	1,802,759	2,084,015
Unassigned	<u>2,100,370</u>	<u>2,218,226</u>	<u>2,240,827</u>	<u>2,797,863</u>
Total General Fund	<u>\$ 3,417,870</u>	<u>\$ 3,774,738</u>	<u>\$ 4,044,559</u>	<u>\$ 4,882,659</u>
 All Other Governmental Funds				
Restricted	\$ 216,884	\$ 219,461	\$ 202,984	\$ 199,878
Unassigned	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total All Other Governmental Funds	<u>\$ 216,884</u>	<u>\$ 219,461</u>	<u>\$ 202,984</u>	<u>\$ 199,878</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 1,532	\$ 3,126	\$ 1,587	\$ 1,179	\$ 583	\$ 811
2,379,009	2,629,211	2,831,057	3,084,784	3,093,000	3,530,433
<u>2,988,330</u>	<u>2,945,823</u>	<u>3,281,773</u>	<u>3,127,841</u>	<u>3,245,899</u>	<u>2,928,220</u>
<u>\$ 5,368,871</u>	<u>\$ 5,578,160</u>	<u>\$ 6,114,417</u>	<u>\$ 6,213,804</u>	<u>\$ 6,339,482</u>	<u>\$ 6,459,464</u>
\$ 213,133	\$ 230,632	\$ 233,622	\$ 278,505	\$ 304,500	\$ 362,259
-	-	-	-	-	10,883
<u>\$ 213,133</u>	<u>\$ 230,632</u>	<u>\$ 233,622</u>	<u>\$ 278,505</u>	<u>\$ 304,500</u>	<u>\$ 373,142</u>

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

	2015	2016	2017	2018
REVENUES				
Taxes	\$ 1,949,380	\$ 1,976,692	\$ 2,005,067	\$ 2,137,885
Payments in lieu of property taxes	665,531	620,050	624,797	637,013
Licenses and permits	49,313	10,464	7,907	17,276
Fines and forfeitures	125,935	130,982	109,262	92,732
Fees and charges for services	376,682	387,501	377,260	374,816
Intergovernmental	1,164	242,569	47,063	739,122
Investment earnings	975	9,410	26,811	82,197
Other revenues	150,850	44,916	46,895	70,733
Total Revenues	<u>3,319,830</u>	<u>3,422,584</u>	<u>3,245,062</u>	<u>4,151,774</u>
EXPENDITURES				
General government	501,069	494,873	561,538	520,794
Public safety	1,363,340	1,444,401	1,596,469	1,679,383
Health and safety	-	230,848	35,415	292,303
Public works	821,139	893,017	798,296	825,210
Total Expenditures	<u>2,685,548</u>	<u>3,063,139</u>	<u>2,991,718</u>	<u>3,317,690</u>
Excess of Revenues Over Expenditures	<u>634,282</u>	<u>359,445</u>	<u>253,344</u>	<u>834,084</u>
OTHER FINANCING SOURCES (USES)				
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>\$ 634,282</u>	<u>\$ 359,445</u>	<u>\$ 253,344</u>	<u>\$ 834,084</u>
Debt service as a percentage of noncapital expenditures	0.00%	0.00%	0.00%	0.00%

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 2,082,387	\$ 2,067,462	\$ 2,248,053	\$ 2,355,350	\$ 2,500,321	\$ 2,512,412
600,515	609,355	541,205	542,751	588,917	622,303
22,069	71,871	63,532	40,286	37,436	85,209
92,113	70,453	101,237	103,277	125,004	147,146
376,841	387,328	385,757	384,332	399,228	396,521
151,284	710,397	1,486,507	5,477,239	2,867,124	3,380,822
121,123	34,018	3,064	28,991	101,170	351,417
111,051	38,715	170,668	102,724	125,313	45,324
<u>3,557,383</u>	<u>3,989,599</u>	<u>5,000,023</u>	<u>9,034,950</u>	<u>6,744,513</u>	<u>7,541,154</u>
514,373	583,243	642,664	595,131	633,642	683,517
1,449,090	1,751,502	1,758,775	2,564,397	2,232,447	2,391,843
56,800	355,684	1,044,359	4,922,283	2,439,091	1,139,161
1,037,653	1,111,897	1,018,978	902,388	1,317,253	3,138,009
<u>3,057,916</u>	<u>3,802,326</u>	<u>4,464,776</u>	<u>8,984,199</u>	<u>6,622,433</u>	<u>7,352,530</u>
<u>499,467</u>	<u>187,273</u>	<u>535,247</u>	<u>50,751</u>	<u>122,080</u>	<u>188,624</u>
-	39,515	4,000	93,519	29,593	-
-	49,613	189,585	88,287	160,137	85,000
-	(49,613)	(189,585)	(88,287)	(160,137)	(85,000)
-	39,515	4,000	93,519	29,593	-
<u>\$ 499,467</u>	<u>\$ 226,788</u>	<u>\$ 539,247</u>	<u>\$ 144,270</u>	<u>\$ 151,673</u>	<u>\$ 188,624</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>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Property Taxes	\$ 543,935	\$ 550,888	\$ 609,669	\$ 620,654
Sales Tax	903,523	924,039	908,301	993,957
Mixed Beverage Tax	6,679	6,356	5,285	6,669
Road Maintenance Tax	224,623	231,011	227,073	248,487
Hotel/Motel Occupancy Tax	5,691	4,761	5,346	8,038
Franchise Tax	<u>264,929</u>	<u>264,872</u>	<u>257,653</u>	<u>260,080</u>
Total Tax Revenues	<u>\$ 1,949,380</u>	<u>\$ 1,981,927</u>	<u>\$ 2,013,327</u>	<u>\$ 2,137,885</u>

<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 630,961	\$ 623,621	\$ 663,534	\$ 717,741	\$ 764,507	\$ 777,995
935,988	949,185	1,067,393	1,088,813	1,165,133	1,176,345
6,817	5,746	5,296	6,222	6,167	6,125
233,996	237,296	266,848	272,199	291,296	294,090
9,044	7,801	8,783	11,211	10,503	9,568
<u>265,581</u>	<u>243,813</u>	<u>236,199</u>	<u>259,164</u>	<u>262,715</u>	<u>248,289</u>
<u>\$ 2,082,387</u>	<u>\$ 2,067,462</u>	<u>\$ 2,248,053</u>	<u>\$ 2,355,350</u>	<u>\$ 2,500,321</u>	<u>\$ 2,512,412</u>

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

	2015	2016	2017	2018
Manufacturing	5,536,985	2,344,915	388,448	315,873
Construction	1,448,909	9,084,692	7,481,819	7,365,087
Wholesale Trade				
Retail Trade	181,463,627	183,668,969	199,175,784	205,558,353
Finance/Insurance				
Real Estate/Rental/Leasing	178,706	186,397		
Professional/Technical				
Entertainment/Recreation	215,090	158,890	350,215	428,468
Accommodation/Food Service	9,654,090	10,046,928	9,496,722	6,773,698
Other Services	5,188,361	5,129,147	4,980,123	5,732,888
Other				
City Direct Sales Tax Rate	0.0012500%	0.0012500%	0.0012500%	0.0012500%

Source - Texas Comptroller of Public Accounts

* Represents the first three quarters of the 2024 fiscal year. The fourth quarter is not currently available.

2019	2020	2021	2022	2023	2024*
261,123	476,124	796,810	294,040	200,275	112,680
4,563,825	4,994,252	6,998,896	7,879,204	8,098,192	6,117,160
489,494	166,555	90,695	346,347		
189,443,591	203,618,174	221,405,777	243,180,401	239,507,763	179,552,604
203,832	192,791	196,541	51,696		
13,824	71,876	55,256			28,244
360,710	673,973	678,119	650,115	647,865	485,400
7,838,176	8,495,509	8,566,588	8,191,484	9,174,447	7,185,997
5,454,782	5,734,752	5,748,989	6,478,633	7,376,343	4,675,406
807,581	1,096,353	1,794,280	2,277,871	2,611,395	2,147,105
0.0012500%	0.0012500%	0.0012500%	0.0012500%	0.0012500%	0.0012500%

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

<u>Fiscal Year Ended Sept. 30,</u>	<u>Residential Property</u>	<u>Commercial Property</u>	<u>Personal Property</u>	<u>Less: Tax-Exempt Real Property</u>	<u>Total Taxable Assessed Value*</u>	<u>Total Direct Tax Rate</u>
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
2023	123,531,426	54,677,465	54,514,387	50,290,449	182,432,829	0.42280
2024	133,982,577	73,307,221	58,405,162	58,446,522	207,248,438	0.38400

Source - Tax assessor/collector's records

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

CITY OF WEST ORANGE, TEXAS
PROPERTY TAX RATES -
DIRECT AND OVERLAPPING GOVERNMENTS
LAST TEN FISCAL YEARS
(Unaudited)

Fiscal Year	Tax Year	Direct Rate	Overlapping Rates (1)		Totals
		City of West Orange (3) Maintenance Rate	West Orange Cove ISD	Orange County (2)	
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
2023	2022	0.422800	1.271300	0.671820	2.36592
2024	2023	0.384000	1.056700	0.661183	2.10188

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	2024			2015		
	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value	Taxable Assessed Value	Rank	% of Total Taxable Assessed Value
Veolia (formerly Betz)	14,584,340	1	7.04%			
Wal-Mart Stores, Inc.	8,768,850	2	4.23%	6,362,970	3	5.06%
Wal-Mart Store #00777	6,694,498	3	3.23%	9,625,316	1	7.66%
MRP Orange LLC (formerly Albanese)	6,299,072	4	3.04%			
Granger Chevrolet	5,405,164	5	2.61%	4,147,159	4	3.30%
Eagle Railcar Services LLC	5,172,350	6	2.50%			
Entergy Texas, Inc.	4,411,340	7	2.13%	2,420,720	6	1.93%
EAN Holdings, LLC	3,375,472	8	1.63%	1,672,844	8	1.33%
Union Pacific Railroad Company	3,368,450	9	1.63%	1,843,710	7	1.47%
PSC Group LLC	2,376,212	10	1.15%			
G E Betz-Betz Dearborn				7,995,120	2	6.36%
Albanese Real Estate				3,947,108	5	3.14%
Metal Depot, Inc.				1,123,348	10	0.89%
TWE-Advance Newhouse				1,137,320	9	0.91%
Subtotal	60,455,748		29.17%	40,275,615		32.06%
Other taxpayers	146,792,690		70.83%	85,356,209		67.94%
Totals	\$ 207,248,438		100.00%	\$ 125,631,824		100.00%

Source - Tax assessor/collector's records

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

Fiscal Year	Tax Rate	Total Tax Levy and Adjust.	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
			Amount	% of Levy		Amount	% of Levy
2015	0.42500	\$ 533,935	\$ 510,518	95.61	\$ 20,267	\$ 530,785	99.41
2016	0.42500	538,942	510,673	94.75	23,902	534,575	99.19
2017	0.42500	600,814	574,775	95.67	20,855	595,630	99.14
2018	0.45000	605,470	578,815	95.60	20,358	599,173	98.96
2019	0.47000	617,624	589,258	95.41	19,142	608,400	98.51
2020	0.47000	631,805	589,865	93.36	30,633	620,498	98.21
2021	0.47000	671,508	636,219	94.74	22,398	658,617	98.08
2022	0.44490	721,065	680,441	94.37	24,265	704,706	97.73
2023	0.42280	766,536	726,197	94.74	12,588	738,785	96.38
2024	0.38400	787,941	742,892	94.28	-	742,892	94.28

Source - Tax assessor/collector's records

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

Fiscal Year	Governmental Activities		Total Primary Government	% of Personal Income	Per Capita*	
	Capital Leases					
2015	\$	-	\$	-	\$	-
2016		-		-		-
2017		-		-		-
2018		-		-		-
2019		-		-		-
2020		-		-		-
2021		-		-		-
2022		-		-		-
2023		-		-		-
2024		-		-		-

* 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, 2024
(Unaudited)

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable (1)</u>	<u>City of West Orange Share of Debt</u>
West Orange Cove ISD	\$ 66,250,000	7.5146%	\$ 4,978,449
Orange County	3,334,669	2.3556%	<u>78,551</u>
Subtotal, overlapping debt			5,056,999
City Direct Debt			<u>-</u>
Total Direct and Overlapping Debt			<u>\$ 5,056,999</u>

Sources - West Orange Cove CISD, Orange County

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

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

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

	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>
Debt limit	\$ 12,563,177	\$ 12,680,988	\$ 14,136,804	\$ 13,454,889
Total net debt applicable to limit	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Legal debt margin	<u>\$ 12,563,177</u>	<u>\$ 12,680,988</u>	<u>\$ 14,136,804</u>	<u>\$ 13,454,889</u>
Total net debt applicable to the limit as a percentage of debt limit	0.00%	0.00%	0.00%	0.00%
Legal Debt Margin Calculation by Fiscal Year				
Assessed Value	\$ 125,631,766	\$ 126,809,883	\$ 141,368,038	\$ 134,548,890
Debt limit (10% of assessed value)	<u>12,563,177</u>	<u>12,680,988</u>	<u>14,136,804</u>	<u>13,454,889</u>
Legal debt margin	<u>\$ 12,563,177</u>	<u>\$ 12,680,988</u>	<u>\$ 14,136,804</u>	<u>\$ 13,454,889</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>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>	<u>2023</u>	<u>2024</u>
\$ 13,140,936	\$ 13,437,688	\$ 14,708,325	\$ 16,178,395	\$ 18,243,283	\$ 20,724,844
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>\$ 13,140,936</u>	<u>\$ 13,437,688</u>	<u>\$ 14,708,325</u>	<u>\$ 16,178,395</u>	<u>\$ 18,243,283</u>	<u>\$ 20,724,844</u>
0.00%	0.00%	0.00%	0.00%	0.00%	0.00%
\$ 131,409,362	\$ 134,376,882	\$ 147,083,247	\$ 161,783,954	\$ 182,432,829	\$ 207,248,438
<u>13,140,936</u>	<u>13,437,688</u>	<u>14,708,325</u>	<u>16,178,395</u>	<u>18,243,283</u>	<u>20,724,844</u>
<u>\$ 13,140,936</u>	<u>\$ 13,437,688</u>	<u>\$ 14,708,325</u>	<u>\$ 16,178,395</u>	<u>\$ 18,243,283</u>	<u>\$ 20,724,844</u>

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

<u>Fiscal Year Ended Sept. 30,</u>	<u>Population (2)</u>	<u>Personal Income (2)</u>	<u>Per Capita Personal Income (2)</u>	<u>Median Age (2)</u>	<u>School Enrollment (2)</u>	<u>Unemployment Rate (1)</u>
2015	3,455	\$ 75,895,985	\$ 21,967	38	2,417	6.6%
2016	3,458	94,026,478	27,191	41	2,446	7.1%
2017	3,454	107,761,346	31,199	39	2,386	8.6%
2018	3,419	n/a	n/a	n/a	2,481	5.5%
2019	3,419	n/a	31,744	36	2,488	5.1%
2020	3,294	n/a	n/a	40	2,512	11.1%
2021	3,459	n/a	31,901	35	2,135	7.9%
2022	3,459	94,899,840	27,436	40	2,598	5.3%
2023	3,459	84,333,970	24,381	30	2,210	5.3%
2024	3,459	81,449,961	23,547	30	2,265	5.3%

n/a - information not available

Data sources:

- (1) Workforce Solutions SETX
- (2) U.S. Census Bureau

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

Employer	2024			2015		
	Employees	Rank	% of Total City Employment	Employees	Rank	% of Total City Employment
Walmart	386	1	36.83%	370	1	17.54%
WOCCISD	89	2	8.49%	86	2	4.08%
Granger Chevrolet	70	3	6.68%	67	3	3.18%
STI	52	4	4.96%			
West Orange Bus Service	39	5	3.72%			
Sonic Drive-In	27	6	2.58%	16	8	0.76%
City of West Orange	26	7	2.48%	23	7	1.09%
Akrotex Inc.	19	8	1.81%	34	6	1.61%
Little Giant/TMRX	7	9	0.67%	7	9	0.33%
STS Bus Service	6	10	0.57%	34	5	1.61%
Burke's Outlet				6	10	0.28%
GE Water & Process Technology				48	4	2.28%
Total	<u>721</u>		<u>68.80%</u>	<u>691</u>		<u>32.76%</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									
	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
General Government	5	5	5	5	5	4	4	4	6	6
Public Safety										
Police										
Officers	9	9	8	7	8	10	10	10	10	11
Civilians	2	2	2	2	2	2	2	2	2	2
Fire										
Firefighters	-	-	-	-	-	-	-	-	-	-
Civilians	-	-	-	-	-	-	-	-	-	-
Public Works										
Streets and Sanitation	7	6	5	5	6	6	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>23</u>	<u>21</u>	<u>20</u>	<u>22</u>	<u>23</u>	<u>23</u>	<u>23</u>	<u>25</u>	<u>26</u>

Source - City personnel records

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

<u>Function</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>	<u>2023</u>	<u>2024</u>
Police										
Arrests	521	479	368	237	213	81	231	277	260	464
Accident reports	71	66	56	35	49	28	53	19	52	61
Citations	1,131	1,194	854	768	633	292	524	319	371	459
Offense reports	626	592	497	359	417	458	625	689	483	494
Calls for service	3,501	3,802	3,999	3,350	4,361	4,377	5,085	5,640	5,068	5,809
Fire										
Emergency responses	29	14	31	76	64	21	35	17	80	117
Fire incidents	10	8	16	14	14	21	16	57	62	21
Service calls and other calls	13	16	12	49	42	19	29	68	41	75
Automatic aid, mutual aid giver	5	7	4	13	7	15	22	8	20	21

Source - Various City departments

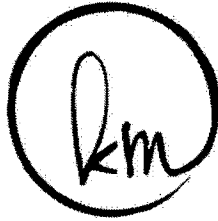
CITY OF WEST ORANGE, TEXAS
CAPITAL ASSETS STATISTICS BY FUNCTION
LAST TEN FISCAL YEARS
(Unaudited)

Function	2015	2016	2017	2018	2019	2020	2021	2022	2023	2024
Public Safety										
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	7	7	8	9	9	9	9	7	7	8
Staff units	-	-	-	-	-	-	-	3	3	4
Fire										
Stations	1	1	1	1	1	1	1	1	1	1
Public Works										
Collection trucks	3	3	3	2	2	2	2	1	1	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, 2024 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 23, 2025.

Report on 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.

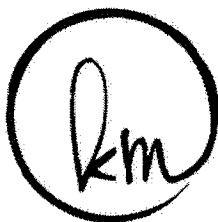
Report on Compliance and Other Matters

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.

Bridge City, Texas
January 23, 2025



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

Opinion on Each Major Federal Program

We have audited the City of West Orange, Texas' 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, 2024. The City of West Orange, Texas' major federal programs are identified in the summary of auditor's results section of the accompanying schedule of findings and questioned costs.

In our opinion, the City of West Orange, Texas 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, 2024.

Basis for Opinion on Each Major Federal Program

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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance 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 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 opinion on compliance for each major federal program. Our audit does not provide a legal determination of the City of West Orange, Texas' compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to City West Orange, Texas' federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on the City of West Orange, Texas' compliance based on our audit. 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, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about the City of West Orange, Texas' compliance with the requirements of each major federal program as a whole.

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

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material noncompliance, 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 City of West Orange, Texas' compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- Obtain an understanding of the City of West Orange, Texas' internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 the City of West Orange, Texas' internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 a 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that were not identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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 23, 2025

CITY OF WEST ORANGE, TEXAS
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

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 | FAL 14.228 CDBG Disaster Recovery Program – Hurricane Harvey
Flood & Drainage Improvement |
| 8. Dollar threshold used to distinguish between Type A and Type B programs | \$750,000 |
| 9. Auditee qualified as low-risk auditee? | Yes |

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, 2024

No prior findings.

CITY OF WEST ORANGE, TEXAS
CORRECTIVE ACTION PLAN
FOR THE YEAR ENDED SEPTEMBER 30, 2024

No corrective action is necessary for the City during the year ended September 30, 2024.

CITY OF WEST ORANGE, TEXAS
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
FOR THE YEAR ENDED SEPTEMBER 30, 2024

Federal Grantor/Pass-Through:	Federal Assistance Listing No.	Federal Expenditures
U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		
<u>Passed through Texas General Land Office</u>		
CDBG Disaster Recovery Program - Hurricane Harvey - Acquisition Program	14.228	\$ 6,000
CDBG Disaster Recovery Program - Hurricane Harvey - Local Infrastructure	14.228	718,727
CDBG Disaster Recovery Program - Hurricane Harvey - Flood & Drainage Imprc	14.228	1,960,659
CDBG Disaster Recovery Program - Hurricane Harvey - Drainage & Street Imprc	14.228	120,600
Subtotal FAL 14.228		2,805,986
Total Passed through Texas General Land Office		2,805,986
TOTAL U.S. DEPARTMENT OF HOUSING & URBAN DEVELOPMENT		2,805,986
U.S. DEPARTMENT OF JUSTICE		
<u>Direct Grants</u>		
Bulletproof Vest Partnership Program	16.607	2,078
Public Safety Partnership and Community Policing Grant	16.710	141,560
Total Direct Grants		143,638
<u>Passed through Office of the Governor - Criminal Justice Division</u>		
Edward Byrne Memorial Justice Assistance Grant Program	16.738	15,000
Total Passed through Office of the Governor - Criminal Justice Division		15,000
TOTAL U.S. DEPARTMENT OF JUSTICE		158,638
U.S. DEPARTMENT OF HOMELAND SECURITY		
<u>Passed through Texas Division of Emergency Management</u>		
Hazard Mitigation Grant - Water District Generators	97.039	111,605
Hazard Mitigation Grant - City Hall Generator	97.039	97,617
Subtotal FAL 97.039		209,222
Total Passed through Texas Division of Emergency Management		209,222
TOTAL U.S. DEPARTMENT OF HOMELAND SECURITY		209,222
TOTAL EXPENDITURES OF FEDERAL AWARDS		\$ 3,173,845

CITY OF WEST ORANGE, TEXAS
NOTES ON ACCOUNTING POLICIES FOR FEDERAL AWARDS
YEAR ENDED SEPTEMBER 30, 2024

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.