

City of Orange, Texas



**Annual Comprehensive Financial Report For
the Fiscal Year Ended September 30, 2021**



***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of Orange, Texas

**For the Year Ended
September 30, 2021**

Prepared by

Cheryl Zeto
Director of
Finance



City of Orange, Texas

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INTRODUCTORY SECTION





May 2, 2022

Honorable Mayor Larry Spears Jr. and Members of the Orange City Council

The Annual Comprehensive Financial Report of the City of Orange (the City) for the fiscal year ended September 30, 2021, is submitted herewith in accordance with Article III, Section 3.14 of the City's Charter. This report is submitted by the City to provide financial information to the citizens of Orange, state and federal agencies, investors and other interested parties. We believe the information, as presented, is accurate in all material aspects, that it is presented in a manner designed to set forth fairly, in all material respects, the financial position and results of operations of the City as measured and reported by the financial activity of its various funds; and that all disclosures necessary to enable the reader to gain an adequate understanding of the City's financial position have been included.

This report consists of management's representations concerning the finances of the City. Consequently, management assumes full responsibility for the completeness and reliability for all the information presented in this report. To provide a reasonable basis for making these representations, management of the City has established a comprehensive internal control framework that is designed both to protect the government'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 Generally Accepted Accounting Principles (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 misstatements. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

The City's financial statements have been audited by BrooksWatson & Co., PLLC a firm of licensed certified public accountants and consultants. The goal of the independent audit is to provide reasonable assurance that the financial statements of the City for the fiscal year ended September 30, 2021, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an

unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2021, are fairly presented in conformity with GAAP. An unmodified opinion is the most favorable opinion for an audit. It means that the auditor found no material misstatements and that the financial statements do comply with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City is part of a broader, federally mandated "Single Audit" designed to meet the special needs of federal grantor agencies.

The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available on pages 191 through 192.

GAAP requires that management provide a narrative, introduction, overview, and analysis to accompany the basic financial statements in the form of the Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement the MD&A and should be read in conjunction with it. The City's MD&A can be found immediately following the report of the independent auditor.

PROFILE OF THE GOVERNMENT

The City of Orange is located in the southeastern corner of Texas, which is known as the "Golden Triangle". The City is in the eastern section of the Beaumont-Orange-Port Arthur metropolitan statistical area (MSA), situated on the Intracoastal Waterway. The City is the county seat of Orange County which was created and organized in 1852. The City currently occupies a land area of 21.4 square miles and serves a population of 19,324. 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 the governing council.

The City is a home-rule municipal government operating under the "council-manager" form of government since 1914. Policy making and legislative authority are vested in a governing council consisting of the mayor and six other members. The number of council members was changed from four to six by special election on May 8, 2010. The governing council is responsible, among other things, for passing ordinances and resolutions, adopting the budget, appointing committees, and hiring the government's City Manager, City Secretary, City Attorney and City Judge.

The council is elected on a non-partisan basis. Two council members and the mayor are elected by the city at-large. Four council members are elected by the qualified voters residing in single-member districts. The City began a redistricting process in fiscal year 2011 and it was completed in December 2011. The mayor and council members are elected to serve three-year staggered terms. No member of the Council can hold office for more than five consecutive terms.

The City Manager is responsible for carrying out the policies and ordinances of the governing council, for overseeing the day-to-day operations of the government, and for appointing the heads of the various departments.

The City provides a full range of services, including police and fire protection; the construction and maintenance of highways, streets, and other infrastructure; water, sewer, and sanitation services; and recreational activities and cultural events. The City is financially accountable for the legally separate Orange Economic Development Corporation which is reported separately within the City's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (See Note 1.A). The City is not financially accountable for any of the other area entities within its jurisdiction such as school districts or other non-profit or for-profit corporations.

The annual budget serves as the foundation for the City's financial planning and control. All departments of the City are required to submit requests for appropriations to the City Manager during the annual budget process. The City Manager uses these requests as the basis for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review forty-five days prior to the beginning of each budget year. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than the 27th day of the last month of the fiscal year (September 27th). The appropriated budget is prepared by fund and department (e.g., police), character (e.g., personnel cost), and object (e.g., salaries). Department heads may request the transfer of funds between object codes within their departments. These transfers are submitted to the City Council for final approval by the City Manager. The City Manager may at any time, with the approval of the City Council, transfer any unencumbered appropriation, between general classification of expenditures within any department or agency of the City.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, these comparisons are presented on pages 98 and 99. For governmental funds other than the General Fund and major governmental funds, the comparison is presented in the governmental fund subsection of this report, which starts on page 122.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which the City of Orange operates.

Local economy

Due to the City's proximity to the Gulf Coast, the City has been affected by several hurricanes and tropical storms in recent years. The City recognizes the potential threats from the Gulf of Mexico and prepares for such threats each year.

Looking forward to the future, the City has applied for grants to provide mitigation measures to reduce the number of potential damages from future hurricanes, tropical storms, and flood events. The City has identified mitigation measures for public facilities and programs that benefit residents. The City is working closely with State and Federal agencies to determine eligibility of projects, and to convey the need for the mitigation measures for the City and for its residents. The City is assisting citizens in the application process and will administer the grants.

The COVID-19 pandemic has affected some City processes, procedures, and staffing levels, but it has not adversely impacted the City's revenue as a whole. The City has made concessions for various fees and fines, but sales tax revenue has remained strong.

Sales tax collections have increased by 21.44% over the prior year. With the number of new retail businesses in Orange, the City expects to see further increases in sales tax revenue.

Long-term financial planning.

Industrial District Contracts (IDCs) accounted for approximately 38% of the operating revenue for the City's general fund in fiscal year 2020. There are currently sixteen industrial contracts in place and one chapter 380 agreement. The City expects the revenue from these contracts and agreements to remain constant. Most of the contracts have seven years remaining to their contract terms. Nevertheless, factors such as the economy or state legislation could affect future contracts.

Many factors, including hurricanes, pandemics, and new state legislation, affect property values. City staff and the City Council review property values annually during the budget process and the setting of the property tax rates. The adopted property tax rate for fiscal year 2022 was \$0.80590/\$100. Despite a pandemic and a hurricane, the City was able to keep the property tax rate the same for fiscal year 2022, at \$0.80590/\$100.

The Orange Economic Development Corporation (EDC) continues to pursue development opportunities for the City. The goals of the EDC are to assist the development of retail growth, promote housing development and help businesses with the retention of jobs. Through hard work and due diligence, the EDC has attracted many new businesses to Orange, included several new residential subdivisions. The EDC has continued to support and help local entrepreneurs with valuable information, resources, and financial incentives.

Relevant Financial Policies

With the location of the City along the Gulf Coast, the possibility of hurricane activity is always an annual concern. The City Charter established that estimated expenditures shall not exceed estimated resources, which includes available reserves. Although the expenditure of reserve funds is allowed by the charter, the City Council has always taken a conservative approach to budgeting.

The Orange City Council had a long-standing policy to keep a 20% operational cushion of available reserves in the General Fund and Water, Sewer and Sanitation Enterprise Funds. This was increased to approximately 33% of operating expenses for the fiscal year 2020. The reserves are reviewed annually when the City budget is formulated. This policy places the City in a good position when economic conditions have changed suddenly or when hurricane repairs were needed immediately.

Major Initiatives

The Texas Department of Transportation's Interstate Highway 10 (IH-10) widening, and rebuilding project is still ongoing. The IH-10 project will create opportunities for commercial development along the interstate. As a result of this project in conjunction with the EDC's efforts, two national restaurants built new locations on the corner of IH-10 and 16th street in Orange. The City of Orange and the Orange Economic Development Corporation will continue work to promote future commercial development in this area along IH-10.

The City has many major projects in various stages of completion at this time to enhance the community for the citizens. Recently completed projects include a new modern, safe playground at Lions Den Park, a new multi-purpose pavilion located by the City boat ramp, drainage improvements, as well as improvements for many City streets. Currently, a new City Recreation Center is under construction and is expected to open in the summer of 2022.

public safety, extension of the Coopers Gully concrete lining for improved drainage in that area of the City, rehabilitation of water towers and acquisition grants to assist citizens who have been repeatedly affected by flooding.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange for its comprehensive annual financial report for the fiscal year ended September 30, 2020. This was the 29th consecutive year (1992-2020) that the City has received this prestigious award. To be awarded a Certificate of Achievement, a municipality must publish an easily readable and efficiently organized annual comprehensive financial report. The City's report satisfied both GAAP and applicable legal requirements.

A Certificate of Achievement is valid for a period of one year only. We believe that our current financial report will continue to meet the Certificate of Achievement Program's requirements and it will be submitted to the GFOA for determination of eligibility for another certificate.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire finance department staff. We would like to express appreciation to all members of this department and other City employees who contributed to its preparation.

Respectfully submitted,



Michael Kunst
City Manager



Cheryl Zeto
Director of Finance



Government Finance Officers Association

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

Presented to

**City of Orange
Texas**

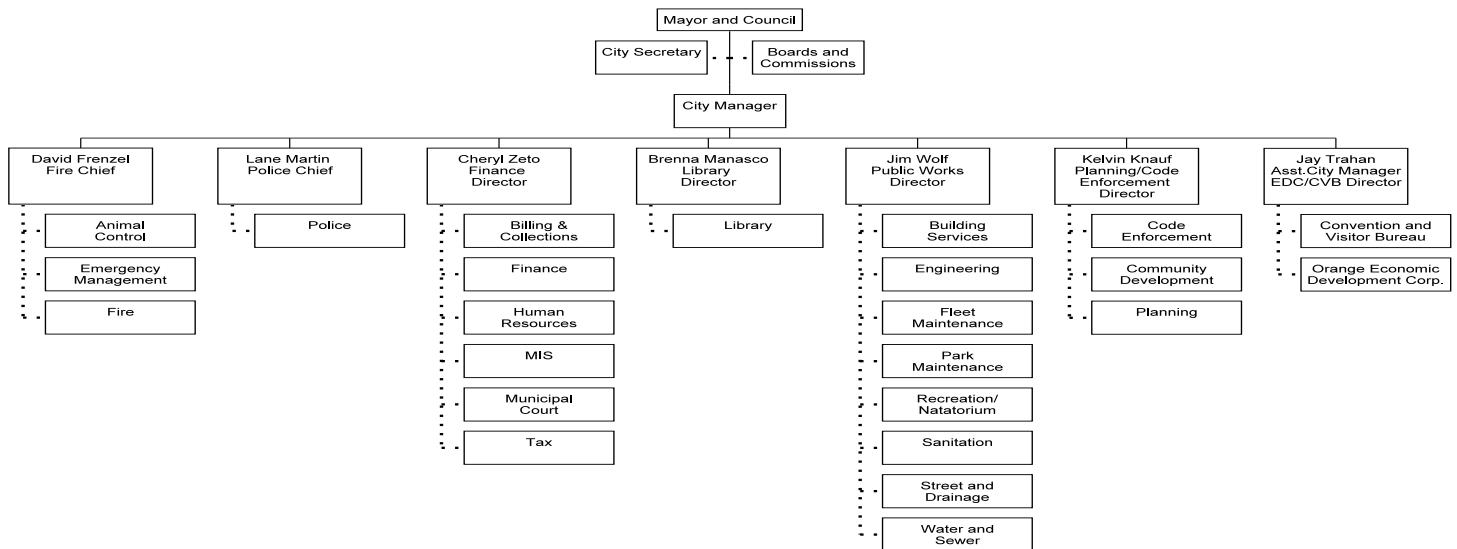
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2020

Christopher P. Monell

Executive Director/CEO

City of Orange, Texas Organizational Chart



City of Orange, Texas

City Council

Larry Spears Jr., Mayor

David Bailey - Council Member District 1

Brad Childs - Council Member District 2

Terrie Salter - Council Member District 3

Mary McKenna - Council Member District 4

Caroline Hennigan - Council Member at Large Position 5

Paul Burch, Mayor Pro-Tem - Council Member at Large Position 6

City Manager

Michael Kunst

Directors

Cheryl Zeto, Director of Finance

David Frenzel, Fire Chief

Kelvin Knauf, Director of Planning and Community Development

Brenna Manasco, Library Director

Lane Martin, Police Chief

Jay Trahan, Assistant City Manager/EDC/CVB Director

James Wolf, Director of Public Works

City Secretary

Patricia Anderson



INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Orange, Texas (the "City") as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2021, and the respective changes in financial position and, where applicable, cash flows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Emphasis of Matter

As discussed in Note V.G. to the financial statements, the City restated its beginning net position within governmental activities, fiduciary funds, and the economic development corporation to correct accounting errors in the prior year and adopt GASB 84. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis, schedule of changes in net pension liability and related ratios, schedule of employer contributions to pension plan, schedule of changes in other postemployment benefits liability and related ratios, and budgetary comparison information be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the City's basic financial statements. The combining and individual nonmajor fund financial statements are presented for purposes of additional analysis and are not a required part of the basic financial statements.

This accompanying supplementary 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. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the accompanying supplementary information is fairly stated, in all material respects, in relation to the basic financial statements as a whole.

The introductory and statistical sections have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated May 2, 2022 on our consideration of the City's 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's 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's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brooks Watson & Co." The signature is fluid and cursive, with "Brooks" and "Watson" connected by a single stroke, and "& Co." written in a smaller, separate stroke.

BrooksWatson & Co., PLLC
Certified Public Accountants
Houston, Texas
May 2, 2022



***MANAGEMENT'S DISCUSSION
AND ANALYSIS***



City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2021

As management of the City of 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 fiscal year ended September 30, 2021. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal, which can be found on pages i-v of this report.

Financial Highlights

- The assets and deferred outflows of the City exceeded its liabilities and deferred inflows (net position) at September 30, 2021 by \$79,936,237. Of this amount, \$6,607,542 (unrestricted net position) may be used to meet the government's ongoing obligations to citizens and creditors.
- The City's total net position increased by \$9,184,356. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$24,145,344 at September 30, 2021, an increase of \$3,473,828 from the prior fiscal year; this includes an increase of \$1,743,189 in the general fund, a decrease of \$96,849 in the debt service fund, a decrease of \$2,757,612 in the capital projects fund, an increase of \$4,144,676 in the US Treasury American Rescue fund, a decrease of \$668,151 in the TXDOT Grants fund, and an increase of \$1,108,575 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$16,068,652 or 69% of total general fund expenditures.
- The City's total debt showed a net decrease of \$1,086,382. The total governmental bonds payable at the close of the fiscal year was \$10,350,000. Self-supporting debt of the proprietary fund was \$9,875,000.

Overview of the Financial Statements

The discussion and analysis provided here are intended to serve as an introduction to the City's basic financial statements. The City's basic financial statements consist of three components: 1) government-wide financial statements, 2) fund financial statements, and 3) the notes to financial statements. This report also includes supplementary information intended to furnish additional detail to support the basic financial statements themselves.

Government-Wide 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.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

The *statement of net position* presents information on all of the City's assets and liabilities. The difference between the two is 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. Other non-financial factors, such as the City's property tax base and the condition of the City's infrastructure, need to be considered in order to assess the overall health of the City.

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 for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the City that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the City include general government, public safety, public works, and culture and recreation. The business-type activities of the City include water and sewer and sanitation operations.

The government-wide financial statements include not only the City itself (known as the *primary government*), but also the legally separate Orange Economic Development Corporation for which the City is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself.

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. All of the funds of the City can be divided into three categories: governmental funds, proprietary funds, and fiduciary funds.

Governmental Funds

Governmental funds are used to account for essentially the same functions 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 assessing a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for *governmental funds* with similar

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

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 financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, capital projects fund, and TX Division of Emergency Grants Fund, which are considered to be major funds. The City's other special revenue funds are considered nonmajor for reporting purposes.

The City adopts an annual appropriated budget for its general fund, debt service fund, capital projects fund, and most of the special revenue funds. A budgetary comparison statement has been provided for each fund to demonstrate compliance with the budget.

Proprietary Funds

The City maintains two types of proprietary funds. *Enterprise funds* are used to report the same functions presented as *business-type activities* in the government-wide financial statements. The City uses two enterprise funds to account for its water and sewer and sanitation operations. All activities associated with providing such services are accounted for in these funds, including personnel, administration, operation, repairs/maintenance, debt service, capital improvements, meter maintenance, billing and collection. The City's intent is that costs of providing the services to the general public on a continuing basis is financed through user charges in a manner similar to a private enterprise. *Internal service funds* are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City uses internal service funds to account for workers' compensation insurance.

Proprietary financial statements provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the water and sewer fund and sanitation fund, as they are considered major funds of the City.

Fiduciary Funds

Fiduciary funds are used to account for resources held for the benefit of parties outside of the government. Fiduciary funds are not reported in the government-wide financial statements because the resources of those funds are not available to support the City's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

The City maintains three fiduciary funds. The *Agency funds* reports resources held by the City in a custodial capacity for individuals, private organizations and other governments.

Component Unit

The City maintains the accounting and financial statements for four component units. The Orange Economic Development Corporation is reported as a discrete component unit on the government-wide financial statements.

Notes to Financial Statements

The notes provide additional information that is necessary to acquire a full understanding of the data provided in the government-wide and fund financial statements.

Other Information

In addition to the basic financial statements and accompanying notes, this report also presents *required supplementary information* concerning the City's progress in funding its obligation to provide pension benefits to its employees and budgetary comparison for the general fund.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted previously, net position may serve over time as a useful indicator of the City's financial position. For the City of Orange, assets and deferred outflows exceed liabilities and deferred inflows by \$79,936,237 as of September 30, 2021 in the primary government.

The largest portion of the City's net position, \$65,200,174, reflects its investments in capital assets (e.g., land, buildings, infrastructure, vehicles, machinery and equipment, as well as the public works facilities), less any debt used to acquire those assets that are still outstanding. The City uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the assets themselves cannot be used to liquidate these liabilities.

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2021

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2021			2020		
	Governmental		Business-Type	Governmental		Business-Type
	Activities	Activities	Total	Activities	Activities	Total
Current and other assets	\$ 29,278,916	\$ 8,567,026	\$ 37,845,942	\$ 26,011,539	\$ 8,303,828	\$ 34,315,367
Long-term assets	38,736,324	47,281,123	86,017,447	35,040,477	48,122,887	83,163,364
Total Assets	68,015,240	55,848,149	123,863,389	61,052,016	56,426,715	117,478,731
Total Deferred Outflows	1,519,761	199,834	1,719,595	1,462,706	221,742	1,684,448
Current liabilities	4,839,328	1,941,652	6,780,980	4,211,728	2,037,534	6,249,262
Long-term liabilities	23,002,269	10,184,402	33,186,671	25,451,345	11,259,469	36,710,814
Total Liabilities	27,841,597	12,126,054	39,967,651	29,663,073	13,297,003	42,960,076
Total Deferred Inflows	5,296,875	382,221	5,679,096	4,931,092	520,130	5,451,222
Net Position:						
Net investment in capital assets	28,298,493	36,901,681	65,200,174	26,859,226	36,910,875	63,770,101
Restricted	7,976,662	151,859	8,128,521	2,918,536	145,620	3,064,156
Unrestricted	121,374	6,486,168	6,607,542	(1,857,205)	5,774,829	3,917,624
Total Net Position	\$ 36,396,529	\$ 43,539,708	\$ 79,936,237	\$ 27,920,557	\$ 42,831,324	\$ 70,751,881

Total current and other assets increased by \$3,530,575 primarily due to the American Rescue Plan grant of \$4,144,676. Governmental activities long-term assets increased by \$3,695,847 due to capital asset additions during the year. Total long-term liabilities decreased \$3,524,143 due to decreases in debt from principal payments during the year, and a decrease in pension liabilities of \$2,109,697 primarily due to strong investment earnings on pension assets.

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2021

Statement of Activities:

The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2021			For the Year Ended September 30, 2020		
	Total		Primary	Total		Primary
	Governmental Activities	Business-Type Activities		Governmental Activities	Business-Type Activities	
Revenues						
Program revenues:						
Charges for services	\$ 969,339	\$ 9,951,057	\$ 10,920,396	\$ 781,022	\$ 9,516,590	\$ 10,297,612
Operating grants	1,162,633	-	1,162,633	1,131,840	-	1,131,840
Capital grants	5,592,050	-	5,592,050	808,258	-	808,258
General revenues:						
Property taxes	8,721,294	-	8,721,294	8,667,211	-	8,667,211
Payment-in-lieu of taxes	9,579,727	-	9,579,727	9,355,820	-	9,355,820
Sales taxes	4,585,829	-	4,585,829	3,776,174	-	3,776,174
Hotel occupancy taxes	950,924	-	950,924	748,711	-	748,711
Franchise and local taxes	1,062,264	-	1,062,264	1,104,445	-	1,104,445
Investment income	6,413	320	6,733	136,580	37,098	173,678
Other revenues	4,521	-	4,521	7,783	-	7,783
Gain on sale - cap. assets	488,402	105,128	593,530	159,529	11,568	171,097
Total Revenues	33,123,396	10,056,505	43,179,901	26,677,373	9,565,256	36,242,629
Expenses						
General government	4,250,633	-	4,250,633	3,560,714	-	3,560,714
Public safety	12,281,464	-	12,281,464	13,677,136	-	13,677,136
Public works	5,487,081	-	5,487,081	4,537,509	-	4,537,509
Culture and recreation	2,116,135	-	2,116,135	1,819,438	-	1,819,438
Interest and fiscal chgs.	346,388	302,152	648,540	366,039	321,897	687,936
Water & Sewer	-	7,013,365	7,013,365	-	7,680,519	7,680,519
Sanitation	-	2,198,327	2,198,327	-	2,163,909	2,163,909
Total Expenses	24,481,701	9,513,844	33,995,545	23,960,836	10,166,325	34,127,161
Change in Net Position						
Before Transfers	8,641,695	542,661	9,184,356	2,716,537	(601,069)	2,115,468
Transfers	(165,723)	165,723	-	-	-	-
Change in Net Position	8,475,972	708,384	9,184,356	2,716,537	(601,069)	2,115,468
Beginning Net Position	27,920,557	42,831,324	70,751,881	25,204,020	43,432,393	68,636,413
Ending Net Position	\$ 36,396,529	\$ 43,539,708	\$ 79,936,237	\$ 27,920,557	\$ 42,831,324	\$ 70,751,881

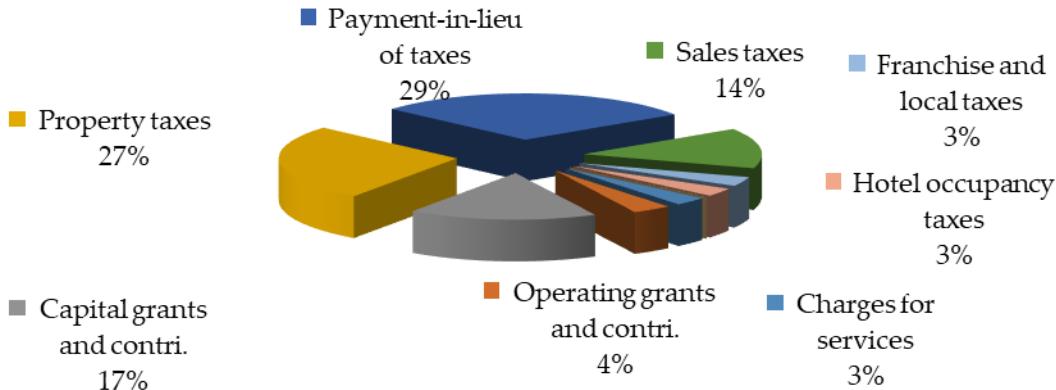
City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

Graphic presentations of selected data from the summary tables are displayed below to assist in the analysis of the City's activities.

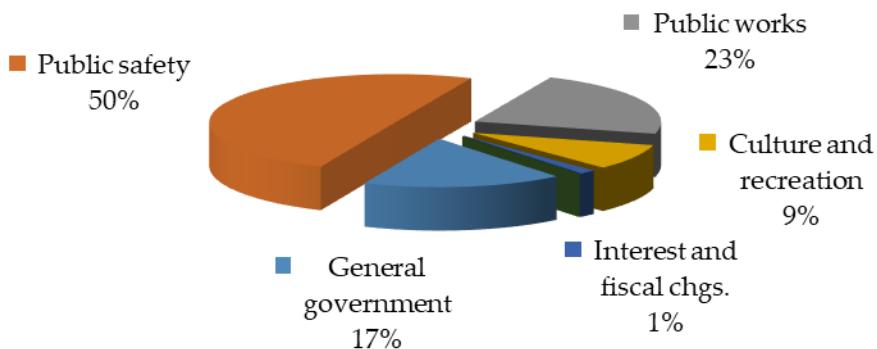
Governmental Activities - Revenues



For the year ended September 30, 2021, revenues from governmental activities totaled \$33,123,396. Property taxes, payment-in-lieu of taxes, grants and contributions, and sales taxes are the City's largest general revenue sources. Overall revenue increased \$6,446,023 or 24% compared to the prior year. Grants and contributions increased by \$4,814,585 or 248% primarily due to receipt of the American Rescue Plan grant in the current year. Sales taxes increased by \$809,655 or 21% due to the economic recovery occurring after the COVID-19 pandemic. Hotel occupancy taxes increased by \$202,213 or 27% primarily as a result of the recovery in the current year. Investment income decreased by \$130,167 or 95% due primarily to the realization of lower interest rates. Gain on sale of capital assets increased by \$328,873 or 206% due to more capital assets sold in the current year relative to prior year.

This graph shows the governmental function expenses of the City:

Governmental Activities - Expenses



For the year ended September 30, 2021, expenses for governmental activities totaled \$24,481,701. This represents a relatively small increase of \$520,865 or 2% from the prior year. The City's largest functional expense is public safety of \$12,281,464, a decrease of \$1,395,672 or 10% from prior year. The

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

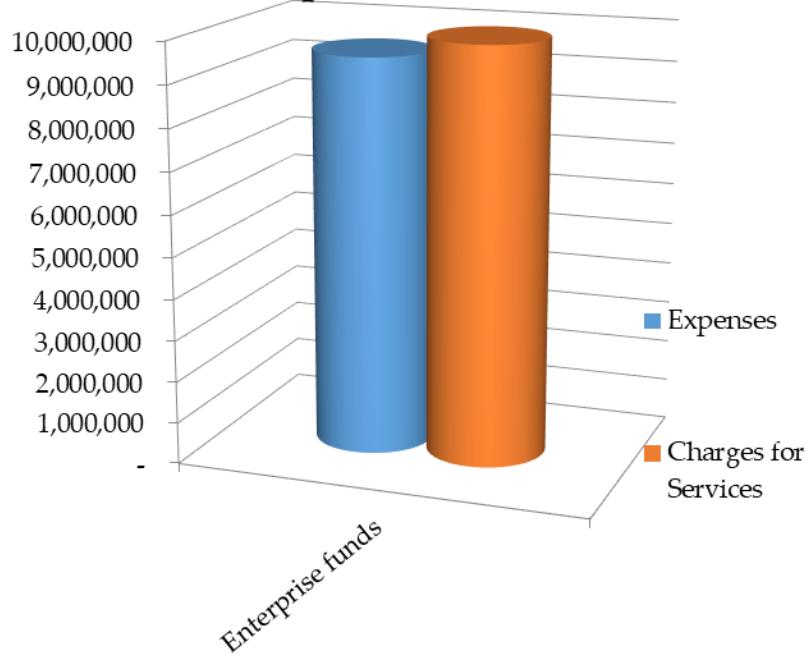
September 30, 2021

decrease was primarily due to a decrease in pension expense in the current year. General government expenses increased by \$689,919 or 19% due primarily to increases in special services, and personnel expenses in the current year. Public works increased by 949,572 or 21% primarily due to nonrecurring street maintenance and special services expenses in the current year. Culture and recreation increased by \$296,697 or 16% due primarily to increases in maintenance and personnel expenses in the current year.

Business-type activities are shown comparing operating costs to revenues generated by related services.

Business-Type Activities - Revenues and

Expenses



For the year ended September 30, 2021, charges for services by business-type activities totaled \$9,951,057. This is an increase of \$434,467 or 5% from the previous year. The increase was primarily due to increased water and sewer consumption by the local citizens.

Total expenses decreased \$652,481 or 6%, to a total of \$9,513,844, due primarily to a decrease in personnel costs in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

As noted earlier, fund accounting is used to demonstrate and ensure compliance with finance-related legal requirements.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

Governmental Funds - The focus of the City's governmental funds is to provide information of near-term inflows, outflows and balances of spendable resources. Such information is useful in assessing the City's financing requirements. In particular, unassigned fund balance may serve as a useful measure of the City's net resources available for spending at the end of the year.

At September 30, 2021, the City's governmental funds reported combined fund balances of \$24,145,344, an increase of \$3,473,828 in comparison with the prior year. Approximately 62% of this amount, \$14,889,730, constitutes *unassigned fund balance*, which is available for spending at the government's discretion. The remainder of the fund balance is either *nonspendable*, *assigned*, or *restricted* to indicate that it is 1) not in spendable form, \$296,386, 2) assigned for particular purpose, \$221,242, or 3) restricted for particular purposes, \$8,737,986.

As of the end of the year the general fund reflected a total fund balance of \$16,342,149. Of this, \$296,386 is considered nonspendable and \$16,068,652 is unassigned. The general fund balance increased by \$1,743,189 compared to the budgeted decrease of \$2,096,579. The fund's increase was primarily due to revenues exceeding budget.

Expenditures for the general fund in the current year were \$23,298,157 compared to \$20,099,945 in the prior year. The increase was primarily due to increases in general government, public safety, public works, and capital outlay of \$771,268, \$518,359, \$716,064, and \$473,445, respectively. The increase in general government, public safety, and public works was primarily due to increases in personnel costs from payroll increases during the year. The increase in capital outlay was the result of an increase in capital asset additions during the current year.

As a measure of the general fund's liquidity, it may be useful to compare total fund balance to total fund expenditures. The total fund balance of general fund is 70% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$16,068,652 is 69% of total general fund expenditures.

The debt service fund had an ending fund balance of \$2,543 at September 30, 2021, a decrease of \$96,849. The decrease was a result of current year debt service expenditures exceeding property tax revenues.

The capital projects fund had an ending fund balance of \$1,566,019, a decrease of \$2,757,612. The decrease is primarily due to current year capital outlay expenditures exceeding investment income. During the year, the City expended \$3,092,400 on various projects, utilizing funds designated for capital projects.

The US Treasury American Rescue Plan fund had an ending fund balance of \$4,144,676, an increase of \$4,144,676, as fiscal year 2021 was the initial year for this fund. The increase is a result of the underlying grant being received in the current year.

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2021

The TXDOT fund had an ending deficit fund balance of \$720,819, a decrease of \$668,151 due to expenditures exceeding grant revenues during the current year.

Nonmajor governmental funds had a total ending fund balance of \$2,810,776, an increase of \$1,108,575. The increase was due to surpluses by the majority of funds during the year.

Proprietary Funds - The City's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail. Net position in the water and sewer and sanitation fund totaled \$41,380,402 and \$2,018,338, respectively. Unrestricted net position of the enterprise funds at the close of the fiscal year amounted to \$6,345,200. Total net position increased \$699,376. The funds had a total net investment in capital assets of \$36,901,681.

The following are additional comments regarding operations of the enterprise funds:

- Total operational expenses excluding depreciation and amortization were \$7,420,853.
- Total cash and cash equivalents in the enterprise funds was \$6,904,913 at fiscal yearend.

An internal service fund was established for the purpose of tracking and allocating expenses for employee workers' compensation insurance. Revenue consists of budgeted contributions from the general and water and sewer funds. Expenses consist of premiums, administrative charges, and claims paid for workers' compensation insurance. The fund had an ending fund balance of \$1,378,696 to be retained for future risk.

GENERAL FUND BUDGETARY HIGHLIGHTS

There were several amendments approved during the fiscal year. Total original budgeted expenditures increased by \$1,872,160 compared to the final budget. The increase was due to additional capital spending anticipated. Total original budgeted revenues decreased by \$40,213 when preparing the final budget. There was a positive variance of \$2,094,507 for budgeted general fund revenues. The positive variance was primarily due to sales tax and payment in lieu of taxes exceeding expectations.

The following are additional comments regarding appropriations:

- There was a total positive variance of \$831,027 in budgeted expenditure appropriations. The variance was primarily due to a decrease in capital outlay expenses compared to estimates used for the budget.
- \$2,925,534 is the budget surplus of revenues over expenditures before other financing sources (uses).
- There was a total budget surplus after other financing sources (uses) of \$3,839,768.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$38,611,504 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$47,281,123 in a variety of capital assets and infrastructure, net of accumulated depreciation. This investment in capital assets includes land, buildings, vehicles, equipment, park improvements, and infrastructure.

Major capital asset events during the current year include the following:

- New pavilion at Lion's Den Park for \$92,812.
- Meeks Drive drainage improvements for \$264,366.
- Recreation center construction in progress for \$1,389,535.
- Riverside pavilion restrooms, drainage improvements, and fencing for \$606,651.
- Utility relocation – TXDOT (I-10) for \$668,151.
- Lion's Den Park playground equipment for \$489,344.
- City vehicles totaling \$1,752,481.
- Street improvements totaling \$282,618.
- SCADA upgrade for \$80,000.
- Sewage collection lines for \$303,163.
- Cove water tank rehabilitation for \$272,652.
- Water meters for \$157,250.
- Sewer operations equipment for \$112,607.

More detailed information about the City's capital assets is presented in note IV. C to the financial statements.

LONG-TERM DEBT

At the end of the current fiscal year, the City had total bonded debt obligations of \$20,225,000. Of this amount, \$9,875,000 is self-supporting through revenues collected from the rates of the City's utility fund. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions. More detailed information about the City's long-term liabilities is presented in note IV. D and E to the financial statements.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

The Mayor and City Council are committed to maintaining and improving the overall wellbeing of the City of Orange and improving services provided to their citizens. The City budgeted for growth in the upcoming year.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2021

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

The financial report is designed to provide our citizens, customers, investors and creditors with a general overview of the City's finances. If you have questions about this report or need any additional information, contact the City of Orange, Finance Department, P.O. Box 520, Orange, TX 77631. A copy of the Annual Comprehensive Financial Report is available on the City's website at orangetexas.net.

FINANCIAL STATEMENTS

City of Orange, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2021

	Primary Government			
	Governmental Activities		Business-Type Activities	
			Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 18,542,789	\$ 6,147,584	\$ 24,690,373	
Restricted cash	6,632,676	757,329	7,390,005	
Investments	248,000	-	248,000	
Receivables, net	3,700,033	1,272,334	4,972,367	
Due from primary government	-	-	-	
Inventory	66,914	178,267	245,181	
Prepays	229,472	70,544	300,016	
Internal balances	(140,968)	140,968	-	
	Total Current Assets	29,278,916	8,567,026	37,845,942
Noncurrent assets:				
Grant receivable	124,820	-	124,820	
Capital assets:				
Non-depreciable	7,000,602	974,268	7,974,870	
Net depreciable capital assets	31,610,902	46,306,855	77,917,757	
	Noncurrent Assets	38,736,324	47,281,123	86,017,447
	Total Assets	68,015,240	55,848,149	123,863,389
Deferred Outflows of Resources				
Pension contributions	1,346,459	166,339	1,512,798	
Pension changes in assumptions	68,536	11,972	80,508	
OPEB changes in assumptions	46,041	8,182	54,223	
Deferred charge on refunding	58,725	13,341	72,066	
	Total Deferred Outflows of Resources	\$ 1,519,761	\$ 199,834	\$ 1,719,595

Component Unit

Orange

EDC

\$ 3,331,984

459,657

248,000

-

411,307

-

118,569

-

4,569,517

-

1,366,441

5,255,793

6,622,234

11,191,751

-

-

-

-

\$ -

City of Orange, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2021

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable			
and accrued liabilities	\$ 1,545,125	\$ 383,024	\$ 1,928,149
Due to fiduciary fund	-	605	605
Accrued interest payable	54,992	47,592	102,584
Customer deposits	-	560,561	560,561
Due to component unit	411,307	-	411,307
Compensated absences, current	1,867,503	102,239	1,969,742
Long term debt due within one year	960,401	847,631	1,808,032
Total Current Liabilities	4,839,328	1,941,652	6,780,980
Noncurrent liabilities:			
Compensated absences, noncurrent	1,527,998	35,280	1,563,278
Long-term debt due in more than one year	10,612,216	9,529,990	20,142,206
OPEB liability	834,249	148,261	982,510
Net pension liabilities	10,027,806	470,871	10,498,677
Noncurrent Liabilities	23,002,269	10,184,402	33,186,671
Total Liabilities	27,841,597	12,126,054	39,967,651
<u>Deferred Inflows of Resources</u>			
Pension investment returns	2,547,273	305,253	2,852,526
Pension differences in experience	1,812,354	70,470	1,882,824
Pension changes in assumptions	900,689	-	900,689
OPEB differences in experience	36,559	6,498	43,057
Total Deferred Inflows of Resources	5,296,875	382,221	5,679,096
<u>Net Position</u>			
Net investment in capital assets	28,298,493	36,901,681	65,200,174
Restricted for:			
Debt service	588,356	151,859	740,215
Culture and recreation	105,387	-	105,387
Public safety	616,131	-	616,131
Public works	45,301	-	45,301
Tourism and promotion	2,476,811	-	2,476,811
Capital improvements	4,144,676	-	4,144,676
Economic development	-	-	-
Unrestricted	121,374	6,486,168	6,607,542
Total Net Position	\$ 36,396,529	\$ 43,539,708	\$ 79,936,237

Component Unit

Orange

EDC

\$ 58,641

-
25,251

-
16,776

365,000

465,668

1,864
4,370,000

-
4,371,864
4,837,532

-
-
-
-
-
-
1,887,234

434,406

-
-
-
-
-
-
4,032,579

\$ 6,354,219

City of Orange, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
Primary Government						
Governmental Activities						
General government	\$ 4,250,633	\$ 617,141	\$ 218,712	\$ 102,728		
Public safety	12,281,464	177,088	906,270	100		
Public works	5,487,081	130,443	36,867	5,467,214		
Culture and recreation	2,116,135	44,667	784	22,008		
Interest and fiscal charges	346,388	-	-	-		
Total Governmental Activities	24,481,701	969,339	1,162,633	5,592,050		
Business-Type Activities						
Water and sewer	7,315,517	7,724,257	-	-		
Sanitation	2,198,327	2,226,800	-	-		
Total Business-Type Activities	9,513,844	9,951,057	-	-		
Total Primary Government	\$ 33,995,545	\$ 10,920,396	\$ 1,162,633	\$ 5,592,050		
Component Unit						
Orange Economic						
Development Corporation	\$ 1,972,185	\$ -	\$ -	\$ -		
Total Component Unit	\$ 1,972,185	\$ -	\$ -	\$ -		

General Revenues:

- Taxes
 - Property taxes
 - Payment-in-lieu of taxes
 - Sales taxes
 - Other taxes
 - Franchise and local taxes
- Investment income
- Other revenues
- Gain on sale of capital assets
- Transfers

Total General Revenues and Transfers

Change in Net Position

Beginning Net Position

Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government			Component Unit	
Governmental Activities	Business-Type Activities	Total	Orange	EDC
\$ (3,312,052)	\$ -	\$ (3,312,052)	\$ -	
(11,198,006)	-	(11,198,006)	-	
147,443	-	147,443	-	
(2,048,676)	-	(2,048,676)	-	
(346,388)	-	(346,388)	-	
<u>(16,757,679)</u>	<u>-</u>	<u>(16,757,679)</u>	<u>-</u>	
-	408,740	408,740	-	
-	28,473	28,473	-	
<u>-</u>	<u>437,213</u>	<u>437,213</u>	<u>-</u>	
<u>(16,757,679)</u>	<u>437,213</u>	<u>(16,320,466)</u>	<u>-</u>	
			(1,972,185)	
			<u>(1,972,185)</u>	

8,721,294	-	8,721,294	-
9,579,727	-	9,579,727	-
4,585,829	-	4,585,829	2,309,925
950,924	-	950,924	-
1,062,264	-	1,062,264	-
6,413	320	6,733	625
4,521	-	4,521	-
488,402	105,128	593,530	-
(165,723)	165,723	-	-
<u>25,233,651</u>	<u>271,171</u>	<u>25,504,822</u>	<u>2,310,550</u>
8,475,972	708,384	9,184,356	338,365
27,920,557	42,831,324	70,751,881	6,015,854
<u>\$ 36,396,529</u>	<u>\$ 43,539,708</u>	<u>\$ 79,936,237</u>	<u>\$ 6,354,219</u>

City of Orange, Texas

BALANCE SHEET (Page 1 of 2) GOVERNMENTAL FUNDS September 30, 2021

	General	Debt Service	Capital Projects	US Treasury AM Rescue Plan Fund
Assets				
Cash and cash equivalents	\$ 13,612,944	\$ -	\$ 218,882	\$ -
Investments	248,000	-	-	-
Restricted cash	-	452,495	2,035,505	4,144,676
Taxes receivable, net	1,084,746	186,805	-	-
Accounts receivable, net	1,444,057	-	-	-
Grant receivable	124,820	-	-	-
Due from other funds	1,639,229	-	-	-
Due from others	37,258	4,048	-	-
Inventories, at cost	66,914	-	-	-
Prepays	206,583	-	-	-
Total Assets	\$ 18,464,551	\$ 643,348	\$ 2,254,387	\$ 4,144,676
Liabilities				
Accounts payable and accrued liabilities	\$ 588,661	\$ -	\$ 688,368	\$ -
Partial payment of taxes	1,185	-	-	-
Liability for municipal court	17,518	-	-	-
Due to other funds	-	454,000	-	-
Due to component unit	411,307	-	-	-
Total Liabilities	1,018,671	454,000	688,368	-
Deferred Inflows of Resources				
Unavailable revenue -				
Property taxes	1,084,746	186,805	-	-
Fines receivable, net	18,985	-	-	-
Grants	-	-	-	-
Total Deferred Inflows	1,103,731	186,805	-	-

TXDOT Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ 6,112	\$ 3,204,438	\$ 17,042,376
-	-	248,000
-	-	6,632,676
-	-	1,271,551
721,048	217,098	2,382,203
-	-	124,820
-	-	1,639,229
-	-	41,306
-	-	66,914
-	22,889	229,472
\$ 727,160	\$ 3,444,425	\$ 29,678,547

\$ 29,417	\$ 93,286	\$ 1,399,732
-	-	1,185
-	-	17,518
697,514	487,715	1,639,229
-	-	411,307
726,931	581,001	3,468,971

-	-	1,271,551
-	-	18,985
721,048	52,648	773,696
721,048	52,648	2,064,232

City of Orange, Texas

BALANCE SHEET (Page 2 of 2)

GOVERNMENTAL FUNDS

September 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>US Treasury</u>
				<u>AM Rescue Plan Fund</u>
<u>Fund Balances</u>				
Nonspendable for:				
Inventory	\$ 66,914	\$ -	\$ -	\$ -
Prepays	206,583	-	-	-
Restricted for:				
Debt service	-	2,543	-	-
Capital improvements	-	-	1,347,137	4,144,676
Culture and recreation	-	-	-	-
Public safety	-	-	-	-
Public works	-	-	-	-
Tourism and promotion	-	-	-	-
Assigned for:				
Capital improvements	-	-	218,882	-
Economic development	-	-	-	-
Unassigned	16,068,652	-	-	-
Total Fund Balances	16,342,149	2,543	1,566,019	4,144,676
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 18,464,551	\$ 643,348	\$ 2,254,387	\$ 4,144,676

See Notes to Financial Statements.

TXDOT Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
	\$ -	\$ 66,914
-	22,889	229,472
-	-	2,543
-	-	5,491,813
	105,387	105,387
	616,131	616,131
-	45,301	45,301
-	2,476,811	2,476,811
-	-	218,882
-	2,360	2,360
(720,819)	(458,103)	14,889,730
<u>(720,819)</u>	<u>2,810,776</u>	<u>24,145,344</u>
<u>\$ 727,160</u>	<u>\$ 3,444,425</u>	<u>\$ 29,678,547</u>



City of Orange, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION GOVERNMENTAL FUNDS

September 30, 2021

Fund Balances Fund Balances - Total Governmental Funds	\$	24,145,344
--	----	------------

Adjustments for Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	7,000,602
Capital assets - net depreciable	31,610,902

Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the governmental funds.

Property tax receivable	1,271,551
Fines receivable	18,985
Grant receivables	773,696

Deferred outflows (inflows) of resources represent a consumption (acquisition) of net position that applies to a future period(s) and is not recognized as an outflow (inflows) of resources (expense/expenditure)/(revenue) until then.

Deferred charge on refunding	58,725
Pension contributions	1,346,459
Pension changes in assumptions	68,536
Pension changes in assumptions	(900,689)
Pension investment returns	(2,547,273)
Pension differences in experience	(1,812,354)
OPEB assumption changes	46,041
OPEB difference in experience	(36,559)

Internal service funds are used by management to charge the cost of insurance to individual departments and funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.

1,237,728

Some liabilities, including bonds payable, premiums, other long-term liabilities and deferred charges, are not reported as liabilities in the governmental funds.

Accrued interest	(54,992)
Bond premium	(371,167)
Compensated absences	(3,395,501)
Non-current liabilities due in one year	(960,401)
Non-current liabilities due in more than one year	(10,241,049)
Net pension liability - TMRS	(2,695,715)
Net pension liability - Firemen's Relief and Retirement Fund	(7,332,091)
OPEB liability - Healthcare	(834,249)

Net Position of Governmental Activities \$ 36,396,529

See Notes to Financial Statements.

City of Orange, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 1 of 2)
For the Year Ended September 30, 2021

	General	Debt Service	Capital Projects	US Treasury AM Rescue Plan Fund
Revenues				
Property tax	\$ 7,812,844	\$ 915,142	\$ -	\$ -
Payment-in-lieu of taxes	9,579,727	-	-	-
Sales tax	4,585,829	-	-	-
Franchise and local taxes	1,062,264	-	-	-
Other taxes	47,739	-	-	-
Hotel occupancy taxes	-	-	-	-
Charges for services	552,338	-	-	-
License, permits and fees	126,236	-	-	-
Intergovernmental	217,169	-	-	-
Program income	-	-	-	-
Investment income	625	509	5,198	81
Grants and donations	161,687	-	-	4,144,610
Other revenue	4,521	-	-	-
Total Revenues	24,150,979	915,651	5,198	4,144,691
Expenditures				
Current:				
General government	1,504,226	-	-	15
Public safety	11,402,866	-	-	-
Culture - recreation	1,274,204	-	-	-
Public works	3,728,019	-	-	-
Nondepartmental	3,767,692	-	-	-
Debt Service:				
Principal	200,421	670,000	-	-
Interest and fiscal charges	19,085	342,500	-	-
Capital outlay	1,401,644	-	3,092,400	-
Total Expenditures	23,298,157	1,012,500	3,092,400	15
Excess (Deficiency) of Revenues	\$ 852,822	\$ (96,849)	\$ (3,087,202)	\$ 4,144,676

TXDOT Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$	\$	\$
	-	8,727,986
	-	9,579,727
-	-	4,585,829
-	-	1,062,264
	-	47,739
	931,428	931,428
-	41,379	593,717
-	-	126,236
-	-	217,169
-	16,414	16,414
-	-	6,413
-	2,530,616	6,836,913
-	-	4,521
<hr/>	<hr/>	<hr/>
-	<u>3,519,837</u>	<u>32,736,356</u>

-	-	1,504,241
-	167,635	11,570,501
-	415,877	1,690,081
-	502,046	4,230,065
-	-	3,767,692
-	-	870,421
-	-	361,585
668,151	1,325,704	6,487,899
<hr/>	<hr/>	<hr/>
<u>668,151</u>	<u>2,411,262</u>	<u>30,482,485</u>

\$ (668,151) \$ 1,108,575 \$ 2,253,871

City of Orange, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE
GOVERNMENTAL FUNDS (Page 2 of 2)
For the Year Ended September 30, 2021

	<u>General</u>	<u>Debt Service</u>	<u>Capital Projects</u>	<u>US Treasury AM Rescue Plan Fund</u>
<u>Other Financing Sources (Uses)</u>				
Insurance recoveries	389,855	-	-	-
Capital lease issuances	655,560	-	-	-
Sale of capital assets	174,542	-	-	-
Transfers (out)	(329,590)	-	-	-
Transfers in	-	-	329,590	-
Total Other Financing Sources (Uses)	890,367	-	329,590	-
Net Change in Fund Balances	1,743,189	(96,849)	(2,757,612)	4,144,676
Beginning fund balances	14,598,960	99,392	4,323,631	-
Ending Fund Balances	\$ 16,342,149	\$ 2,543	\$ 1,566,019	\$ 4,144,676

See Notes to Financial Statements.

TXDOT Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
-	-	389,855
-	-	655,560
-	-	174,542
-	-	(329,590)
-	-	329,590
<hr/>		<hr/>
-	-	1,219,957
<hr/>		<hr/>
(668,151)	1,108,575	3,473,828
(52,668)	1,702,201	20,671,516
<hr/>	<hr/>	<hr/>
\$ (720,819)	\$ 2,810,776	\$ 24,145,344



City of Orange, Texas

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

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

Net changes in fund balances - total governmental funds \$ 3,473,828

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	6,387,900
Depreciation expense	(2,538,288)
Adjustment for disposal of capital assets	(75,995)
Transfer of capital assets to business-type activities	(165,723)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(167,253)
Accrued interest	2,636
Pension expense - TMRS	1,238,135
Pension expense - Firemen's Relief and Retirement Fund	392,450
OPEB expense	(18,400)

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas,

these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Issuance of capital lease	(655,560)
Amortization of debt premium	21,833
Amortization of deferred charge on refunding	(9,272)
Principal payments on long-term debt	870,421

Internal service funds are used by management to charge the cost of health insurance to individual funds. The net revenue of certain activities of internal service funds is reported with governmental activities.

Change in Net Position of Governmental Activities

\$ 8,475,972

See Notes to Financial Statements.

City of Orange, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2021

Assets	Business-Type Activities			Governmental Activities	
				Internal Service Fund	
	Water & Sewer	Sanitation	Total		
Current Assets					
Cash and cash equivalents	\$ 4,156,150	\$ 1,991,434	\$ 6,147,584	\$ 1,500,413	
Restricted cash	757,329	-	757,329	-	
Receivables, net	1,013,245	259,089	1,272,334	4,973	
Prepays	27,181	43,363	70,544	-	
Inventory	178,267	-	178,267	-	
Total Current Assets	6,132,172	2,293,886	8,426,058	1,505,386	
Noncurrent Assets					
Capital assets:					
Non-depreciable	974,268	-	974,268	-	
Net depreciable capital assets	46,217,986	88,869	46,306,855	-	
Total Noncurrent Assets	47,192,254	88,869	47,281,123	-	
Total Assets	53,324,426	2,382,755	55,707,181	1,505,386	
Deferred Outflows of Resources					
Pension contributions	151,349	14,990	166,339	-	
Pension changes in assumptions	10,893	1,079	11,972	-	
OPEB assumption changes	7,445	737	8,182	-	
Deferred charge on refunding	13,341	-	13,341	-	
Total Deferred Outflows	\$ 183,028	\$ 16,806	\$ 199,834	\$ -	

City of Orange, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2021

	Business-Type Activities			Governmental Activities	
	Water & Sewer		Sanitation	Total	Internal Service Fund
	Liabilities				
Current Liabilities					
Accounts payable and accrued liabilities	\$ 229,044	\$ 153,980	\$ 383,024	\$ 126,690	
Accrued interest	47,592	-	47,592	-	
Customer deposits	560,561	-	560,561	-	
Due to agency fund	-	605	605	-	
Compensated absences, current	85,598	16,641	102,239	-	
Debt obligations, current	809,349	38,282	847,631	-	
Total Current Liabilities	1,732,144	209,508	1,941,652	126,690	
Noncurrent Liabilities					
Compensated absences, noncurrent	28,135	7,145	35,280	-	
Debt obligations, noncurrent	9,455,658	74,332	9,529,990	-	
OPEB liability	134,899	13,362	148,261	-	
Net pension liability	428,439	42,432	470,871	-	
Total Noncurrent Liabilities	10,047,131	137,271	10,184,402	-	
Total Liabilities	11,779,275	346,779	12,126,054	126,690	
Deferred Inflows of Resources					
Pension differences in experience	64,120	6,350	70,470	-	
Pension investment returns	277,745	27,508	305,253	-	
OPEB differences in experience	5,912	586	6,498	-	
Total Deferred Inflows	347,777	34,444	382,221	-	
Net Position					
Net investment in capital assets	36,925,426	(23,745)	36,901,681	-	
Restricted for debt service	151,859	-	151,859	-	
Unrestricted	4,303,117	2,042,083	6,345,200	1,378,696	
Total Net Position	\$ 41,380,402	\$ 2,018,338	\$ 43,398,740	\$ 1,378,696	
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the proprietary funds			140,968		
Net position of business-type activities			\$ 43,539,708		

See Notes to Financial Statements.



City of Orange, Texas

STATEMENT OF REVENUES, EXPENSES, AND CHANGES IN FUND NET POSITION PROPRIETARY FUNDS

For the Year Ended September 30, 2021

	Business-Type Activities			Governmental Activities
	Water & Sewer		Sanitation	Internal Service Fund
	Water	Sewer	Sanitation	Total
<u>Operating Revenues</u>				
Water revenue	\$ 2,479,652	\$ -	\$ 2,479,652	\$ -
Sewer revenue	4,903,298	-	4,903,298	-
Sanitation revenue	-	2,091,441	2,091,441	-
Other services	119,937		119,937	-
Workers' compensation services	-	-	-	293,776
Franchise fees	-	119,881	119,881	-
Interfund billing & collection	161,489	-	161,489	
Other revenues	59,881	15,478	75,359	-
Total Operating Revenues	7,724,257	2,226,800	9,951,057	293,776
<u>Operating Expenses</u>				
Personnel services	1,384,131	156,320	1,540,451	-
Employee benefits	379,127	71,406	450,533	-
Contractual services	2,164,129	1,486,638	3,650,767	-
Utilities	603,541	-	603,541	-
Administrative	503,052	416,242	919,294	191,922
Supplies	254,400	1,867	256,267	-
Premiums paid	-	-	-	40,151
Depreciation	1,739,365	60,482	1,799,847	-
Total Operating Expenses	7,027,745	2,192,955	9,220,700	232,073
Operating Income (Loss)	696,512	33,845	730,357	61,703
<u>Nonoperating Revenues (Expenses)</u>				
Investment income	320	-	320	-
Interest expense	(296,780)	(5,372)	(302,152)	-
Gain on sale of capital assets	105,128	-	105,128	-
Total Nonoperating Revenues (Expenses)	(191,332)	(5,372)	(196,704)	
Income Before Capital Contributions and Transfers				
	505,180	28,473	533,653	61,703
Transfers in	165,723	-	165,723	-
Change in Net Position	670,903	28,473	699,376	61,703
Beginning net position	40,709,499	1,989,865		1,316,993
Ending Net Position	\$ 41,380,402	\$ 2,018,338		\$ 1,378,696
Adjustment for the net effect of the current year activity between internal service fund and the proprietary funds			9,008	
Change in Net Position			\$ 708,384	

See Notes to Financial Statements.

City of Orange, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 1 of 2)
For the Year Ended September 30, 2021

	Business-Type Activities		
	Water & Sewer	Sanitation	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 7,757,226	\$ 2,231,657	\$ 9,988,883
Receipts from interfund services used	-	-	-
Payments to suppliers	(3,610,413)	(2,020,492)	(5,630,905)
Payments to employees	(2,059,766)	(244,543)	(2,304,309)
Net Cash Provided (Used) by Operating Activities	2,087,047	(33,378)	2,053,669
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	(803,475)	-	(803,475)
Proceeds from sale of capital assets	134,677	-	134,677
Principal paid on debt	(813,747)	(36,765)	(850,512)
Interest paid on debt	(315,242)	(5,372)	(320,614)
Net Cash (Used for) Capital and Related Financing Activities	(1,797,787)	(42,137)	(1,839,924)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	320	-	320
Net Cash Provided (Used) by Investing Activities	320	-	320
Net (Decrease) Increase in Cash and Cash Equivalents	289,580	(75,515)	214,065
Beginning cash and cash equivalents	4,623,899	2,066,949	6,690,848
Ending Cash and Cash Equivalents	\$ 4,913,479	\$ 1,991,434	\$ 6,904,913

See Notes to Financial Statements.

Governmental Activities

Internal Service Fund

\$	293,776
	(118,414)
<hr/>	
	175,362

175,362
1,325,051

\$ 1,500,413

City of Orange, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2021

Business-Type Activities				
	Water & Sewer	Sanitation	Total	
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities				
Operating Income	\$ 696,512	\$ 33,845	\$ 730,357	
Adjustments to reconcile operating income to net cash provided:				
Depreciation	1,739,365	60,482	1,799,847	
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	19,858	4,857	24,715	
Inventory	(26,697)	-	(26,697)	
Prepays	1,881	(40,024)	(38,143)	
Due from other funds	-	-	-	
Increase (Decrease) in:				
Accounts payable and accrued liabilities	(60,475)	(75,549)	(136,024)	
Compensated absences	(6,195)	2,982	(3,213)	
Customer deposits	13,111	-	13,111	
Due to other funds	-	(172)	(172)	
Deferred inflows - OPEB liability	(1,839)	(115)	(1,954)	
Deferred outflows - pension liability	17,359	159	17,518	
Deferred outflows - OPEB liability	2,316	146	2,462	
Deferred inflows - pension liability	(127,412)	(8,543)	(135,955)	
OPEB liability	(10,913)	177	(10,736)	
Net pension liability	(169,824)	(11,623)	(181,447)	
Net Cash Provided (Used) by Operating Activities	\$ 2,087,047	\$ (33,378)	\$ 2,053,669	

**Schedule of Noncash Capital and Related
Financing Activities:**

Capital lease financing	\$ 18,434	\$ -	\$ 18,434
Transfer in of capital assets	\$ 165,723	\$ -	\$ 165,723
	\$ 184,157	\$ -	\$ 184,157

See Notes to Financial Statements.

Governmental

Activities

Internal

Service

Fund

\$ 61,703

-

-

-

8,913

104,746

-

-

-

-

-

-

\$ 175,362

\$ -

\$ -

\$ -

City of Orange, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2021

	Custodial Funds	Employee Benefit Trust Fund
Assets		
Cash and cash equivalents	\$ 20,678	\$ 392,905
	Total Assets	20,678
	20,678	392,905
Liabilities		
Accounts payable accrued liabilities	- -	13,614
	Total Liabilities	- -
	- -	13,614
Net Position		
Net position restricted for others	7,090	-
Net position held in trust for employees	- -	379,291
Net position restricted for employee benefits	13,588	-
	Total Net Position	20,678
	20,678	379,291
	Total Liabilities and Net Position	\$ 20,678
	\$ 20,678	\$ 392,905

See Notes to Financial Statements.

City of Orange, Texas
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2021

	Custodial Funds	Employee Benefit Trust Fund
Additions:		
Contributions from offenders	\$ 18,570	\$ -
Contributions from employees	-	3,333,190
Total Additions	\$ 18,570	\$ 3,333,190
Deductions:		
Benefit payments	\$ 18,302	\$ 2,957,820
Refunds paid to offenders	149	-
Total Deductions	\$ 18,451	\$ 2,957,820
 Increase in net position	 119	 375,370
Net position beginning of year	20,559	3,921
Net position end of year	\$ 20,678	\$ 379,291

See Notes to Financial Statements.



City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2021

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Description of Government-wide Financial Statements

The government-wide financial statements (i.e., the statement of net position and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. All fiduciary activities are reported only in the fund financial statements. Governmental activities, which normally are supported by taxes, intergovernmental revenues, and other nonexchange transactions, are reported separately from business-type activities, which rely to a significant extent on fees and charges to external customers for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

B. Reporting Entity

The City of Orange, Texas (the "City") is chartered as a Home Rule City under the laws of the State of Texas. The current charter, adopted January 12, 1960 and amended by special election August 9, 1986, January 20, 1996, May 7, 2005 and May 8, 2010, provides for a Council-Manager form of government. The City Council is composed of an elected mayor and a six-member council. The City provides a full range of municipal services including public safety, public works, culture and recreation, and general administrative services. In addition, the City provides water and sewer service, and sanitation service as an enterprise function of the City.

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 basic 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. The Orange Economic Development Corporation (the "OEDC") is legally separate and presented as a discretely presented component unit. No other entities have been included in the City's 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 is fiscally independent of other state and local governments. Additionally, prescribed criteria under generally accepted accounting

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

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.

Discretely Presented Component Unit

Orange Economic Development Corporation

The Orange Economic Development Corporation is responsible for the administration of the City's 4B Sales Tax receipts and related expenditures. The Economic Development Corporation is covered under the provisions of the State of Texas, Development Corporation Act of 1979. Under the Act members of the board serve at the pleasure of the governing body and must conduct meetings within the City's boundaries. The Act also establishes that prior to pursuing a project the Economic Development Corporation Board is required to obtain City Council approval of the project. These provisions meet the criteria for inclusion established by GASB 61. Complete financial statements for the individual component unit may be obtained from the City's Finance Department.

C. Basis of Presentation - Government-Wide Financial Statements

While separate government-wide and fund financial statements are presented, they are interrelated. The governmental activities column incorporates data from governmental funds while business-type activities incorporate data from the government's enterprise funds. Separate financial statements are provided for governmental funds and the proprietary funds.

As a general rule, the effect of interfund activity has been eliminated from the government-wide financial statements. Exceptions to this general rule are payments in lieu of taxes where the amounts are reasonably equivalent in value to the interfund services provided and other charges between the government's water and transit functions and various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for the various functions concerned.

D. Basis of Presentation - Fund Financial Statements

The fund financial statements provide information about the government's funds, including its fiduciary funds and component units. Separate statements for each fund category; governmental and proprietary are presented. The emphasis of fund financial statements is on major governmental and enterprise funds, each displayed in a separate column. All remaining governmental and enterprise funds are aggregated and reported as nonmajor

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

funds. Major individual governmental and enterprise funds are reported as separate columns in the fund financial statements.

The government reports the following major governmental funds:

General Fund

The general fund is used to account for all financial transactions not properly includable in other funds. The principal sources of revenues include local property taxes, sales and franchise taxes, hotel occupancy taxes, grants and donations, licenses and permits, fines and forfeitures, and charges for services. Expenditures include general government, police department, fire department, municipal court, public works, parks and recreation, library, animal control, and code enforcement.

Debt Service Fund

The debt service fund is used to account for the payment of interest and principal on all general obligation bonds and other long-term debt of governmental funds. The primary source of revenue for debt service is local property taxes.

Capital Projects Fund

The capital projects fund accounts for the acquisition and construction of the government's major capital facilities, other than those financed by proprietary funds.

US Treasury American Rescue Plan Fund

This special revenue fund is used to account for grants and expenditures from the federal government through the American Rescue Plan Act.

TXDOT Grants Fund

This special revenue fund is used to account for grants and expenditures from the state of Texas government Department of Transportation.

The government reports the following major enterprise funds:

Water & Sewer Fund

This fund is used to account for the provision of water and sewer services to the residents of the City. All activities necessary to provide such services are accounted for in this fund, including, but not limited to, administration, operations maintenance, financing and related debt service, billing, and collection. All costs are financed through charges to utility customers.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

Sanitation Fund

This fund is used to account for the revenue and expenses associated with providing solid waste services to the citizens of the City.

Additionally, the City reports for the following fund types:

Special Revenue Funds

The City accounts for resources restricted to, or designated for, specific purposes in a special revenue fund.

Internal Service Funds

The internal service fund accounts for partially self-funded workers' compensation insurance provided to other departments of the government.

Fiduciary Funds

The fiduciary funds are used to account for resources legally held by the Municipal Court Escrow and Employee Flex Plan ("Custodial Funds"), and the Orange Employee Benefit Trust Fund ("Employee Benefit Trust Fund") on behalf of others.

During the course of operations, the government has activity between funds for various purposes. Any residual balances outstanding at year end are reported as due from/to other funds and advances to/from other funds. While these balances are reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Balances between the funds included in governmental activities (i.e., the governmental and internal service funds) are eliminated so that only the net amount is included as internal balances in the governmental activities column. Similarly, balances between the funds included in business-type activities (i.e., the enterprise funds) are eliminated so that only the net amount is included as internal balances in the business-type activities column.

Further, certain activity occurs during the year involving transfers of resources between funds. In fund financial statements these amounts are reported at gross amounts as transfers in/out. While reported in fund financial statements, certain eliminations are made in the preparation of the government-wide financial statements. Transfers between the funds included in governmental activities are eliminated so that only the net amount is included as transfers in the governmental activities column. Similarly, balances between the funds included in business-type activities are eliminated so that only the net amount is included as transfers in the business-type activities column.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

E. Measurement focus and basis of accounting

The accounting and financial reporting treatment is determined by the applicable measurement focus and basis of accounting. Measurement focus indicates the type of resources being measured such as *current financial resources* or *economic resources*. The basis of accounting indicates the timing of transactions or events for recognition in the financial statements.

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.

The 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, as well as expenditures related to compensated absences, and claims and judgments, are recorded only when payment is due. General capital asset acquisitions are reported as expenditures in governmental funds. Issuance of long-term debt and acquisitions under capital leases are reported as other financing sources.

Property taxes, sales 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 of the current fiscal period. Entitlements are recorded as revenues when all eligibility requirements are met, including any time requirements, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). Expenditure-driven grants are recognized as revenue when the qualifying expenditures have been incurred and all other eligibility requirements have been met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Agency funds have no measurement focus but utilize the *accrual basis of accounting* for reporting its assets and liabilities.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

F. Budgetary Information

1. Budgetary Basis of Accounting

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, capital projects, special revenue, water & sewer, and sanitation funds. In the current year, annual budgets were adopted for all funds, with the exception of the Orange Economic Development Fund.

Forty-five (45) days prior to the end of the fiscal year the City Manager submits the proposed annual budget and explanatory budget message to the City Council. The budget must be adopted by the twenty-seventh (27th) day of September or the budget, as submitted by the City Manager, will be deemed to have been adopted. The City Charter requires that the budget set out the proposed expenditures by function, department, and activity, by character and object. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the department level. The department level would include the departments within a fund, such as the finance department or water operations department.

Appropriations in all budgeted funds lapse at the end of the fiscal year.

G. Assets, Liabilities, and Fund Equity or Net Position

1. Deposits and Investments

The City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. For the purpose of the statement of cash flows, the proprietary fund types consider temporary investments with maturity of three months or less when purchased to be cash equivalents.

In accordance with GASB Statement No. 31, *Accounting and Reporting for Certain Investments and External Investment Pools*, the City reports all investments at fair value, except for "money market investments" and "2a7-like pools." Money market investments, which are short-term highly liquid debt instruments that may include U.S. Treasury and agency obligations, are reported at amortized costs. Investment positions in external investment pools that are operated in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940, such as TexPool, are reported using the pools' share price.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

The City has adopted a written investment policy regarding the investment of its funds as defined in the Public Funds Investment Act, Chapter 2256, of the Texas Governmental Code. In summary, the City is authorized to invest in the following:

- Direct obligations of the U.S. Government
- Fully collateralized certificates of deposit and money market accounts
- Statewide investment pools

2. Fair Value Measurement

The City has applied Governmental Accounting Standards Board ("GASB") Statement No. 72, Fair Value Measurement and Application. GASB Statement No. 72 provides guidance for determining a fair value measurement for reporting purposes and applying fair value to certain investments and disclosures related to all fair value measurements.

3. Receivables and Interfund Transactions

Transactions between funds that are representative of lending/borrowing arrangements outstanding at the end of the year are referred to as either "interfund receivables/payables" (i.e., the current portion of interfund loans) or "advances to/from other funds" (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as "due to/from other funds" in the fund financial statements. If the transactions are between the primary government and its component unit, these receivables and payables are classified as "due to/from component unit/primary government." Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as "internal balances."

Advances between funds are offset by a nonspendable fund balance account in the applicable governmental fund to indicate they are not available for appropriation and are not expendable available financial resources.

All trade receivables are shown net of any allowance for uncollectible amounts. Delinquent accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 2.76% of outstanding property taxes as of September 30, 2021.

4. Inventories and Prepaid Items

The costs of governmental fund type inventories are recorded as expenditures when the related liability is incurred, (i.e., the purchase method). Inventories of supplies to be used internally are valued at cost using the first-in/first-out method. Inventories to be resold are valued at the lower of cost or market, and removed using the first-in/first-out method.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

Certain payments to vendors reflect costs applicable to future accounting periods (prepaid expenditures) are recognized as expenditures when utilized.

5. 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 or business-type activities columns in the government-wide financial statements. Capital assets 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. 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 on the date of donation. Major outlays for capital assets and improvements are capitalized as projects are constructed. Interest costs incurred in connection with construction of enterprise fund capital assets are capitalized when the effects of capitalization materially impact the financial statements.

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.

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful years.

Asset Description	Estimated Useful Life
Roads/Bridges	50 years
Utility system	50 years
Buildings and improvements	50 years
Water meters	33 years
Equipment, furniture, and fixtures	10 years
Transportation and leased equipment	5 years

6. Deferred outflows/inflows of resources

In addition to assets, the statement of financial position will sometimes report a separate section for deferred outflows / inflows of resources. This separate financial statement element, *deferred outflows of resources*, represents a consumption of net position that applies to a future period(s) and so will *not* be recognized as an outflow of resources (expense/expenditure) until then. The government only has three items that qualify for reporting in this category. One example is the deferred charge on refunding reported in the government-wide statement of net position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has only one type of item, which arises only under a modified accrual basis of accounting that qualifies for reporting in this category. Accordingly, the item, *unavailable revenue*, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes, fines, grants, and hotel taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available. Deferred inflows of resources can also occur at the government wide level due to differences between investment gains and losses realized on pension investments compared to assumption used within the pension actuarial valuation model.

7. Net Position Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted (e.g., restricted bond or grant proceeds) and unrestricted resources. In order to calculate the amounts to report as restricted – net position and unrestricted – net position in the government-wide and proprietary fund financial statements, a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted – net position to have been depleted before unrestricted – net position is applied.

8. Fund Balance Flow Assumptions

Sometimes the government will fund outlays for a particular purpose from both restricted and unrestricted resources (the total of committed, assigned, and unassigned fund balance). In order to calculate the amounts to report as restricted, committed, assigned, and unassigned fund balance in the governmental fund financial statements a flow assumption must be made about the order in which the resources are considered to be applied. It is the government's policy to consider restricted fund balance to have been depleted before using any of the components of unrestricted fund balance. Further, when the components of unrestricted fund balance can be used for the same purpose, committed fund balance is depleted first, followed by assigned fund balance. Unassigned fund balance is applied last.

9. Fund Balance Policies

Fund balance of governmental funds is reported in various categories based on the nature of any limitations requiring the use of resources for specific purposes. The government itself can establish limitations on the use of resources through either a commitment (committed fund balance) or an assignment (assigned fund balance).

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

The committed fund balance classification includes amounts that can be used only for the specific purposes determined by a formal action of the government's highest level of decision-making authority. The governing council is the highest level of decision-making authority for the government that can, by adoption of an ordinance prior to the end of the fiscal year, commit fund balance. Once adopted, the limitation imposed by the ordinance remains in place until a similar action is taken (the adoption of another ordinance) to remove or revise the limitation.

Amounts in the assigned fund balance classification are intended to be used by the government for specific purposes but do not meet the criteria to be classified as committed. The governing body (council) has by resolution authorized the finance director to assign fund balance. The council may also assign fund balance as it does when appropriating fund balance to cover a gap between estimated revenue and appropriations in the subsequent year's appropriated budget. Unlike commitments, assignments generally only exist temporarily. In other words, an additional action does not normally have to be taken for the removal of an assignment. Conversely, as discussed above, an additional action is essential to either remove or revise a commitment.

The City's policy is to maintain a minimum 30% fund balance of the annual budgeted operating expenditures in the general fund. This amount is reaffirmed annually during the City's budget process. The amount of minimum fund balance required within the unassigned general fund balance is \$6,989,000 at September 30, 2021 based on 30% of annual budgeted expenditures. The unassigned fund balance for the general fund at September 30, 2021 was \$16,068,652.

10. Long-Term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net position. The long-term debt consists primarily of bonds payable and lease obligations.

Long-term debt for governmental funds is not reported as liabilities in the fund financial statements until due. The debt proceeds are reported as other financing sources, net of the applicable premium or discount and payments of principal and interest reported as expenditures. In the governmental fund types, issuance costs, even if withheld from the actual net proceeds received, are reported as debt service expenditures. However, claims and judgments paid from governmental funds are reported as a liability in the fund financial statements only for the portion expected to be financed from expendable available financial resources.

Long-term debt and other obligations, financed by proprietary funds, are reported as liabilities in the appropriate funds. For proprietary fund types, bond premiums, discounts and issuance costs are deferred and amortized over the life of the bonds using the straight-

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

line method, if material. Bonds payable are reported net of the applicable bond premium or discount. Issuance costs are expensed as incurred.

Assets acquired under the terms of capital leases are recorded as liabilities and capitalized in the government-wide financial statements at the present value of net minimum lease payments at inception of the lease. In the year of acquisition, capital lease transactions are recorded as other financing sources and as capital outlay expenditures in the general fund. Lease payments representing both principal and interest are recorded as expenditures in the general fund upon payment with an appropriate reduction of principal recorded in the government-wide financial statements.

11. 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenditures/expenses during the reporting period. Actual results could differ from those estimates.

12. 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. Also, for purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Orange Firemen's Relief and Retirement Fund additions to/deductions from the plan's Fiduciary Net Position have been determined on the same basis as they are reported by the plan's actuary. 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. The general fund typically has been used in prior years to liquidate pension liabilities.

13. Other Postemployment Benefits ("OPEB")

The City has implemented GASB Statement No. 75, Accounting and Financial Reporting for Postemployment Benefits Other Than Pensions. This statement applies to the City of Orange

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

Retiree Health Care Plan. The retiree health care plan covers both active and retiree benefits with no segregation of assets, therefore doesn't meet the definition of a trust under GASB No. 75 (i.e., no assets are accumulated for OPEB) as such the plan is considered to be an unfunded OPEB plan. For purposes of reporting under GASB 75, the retiree portion of the plan is not considered a cost sharing plan and is instead considered a single employer, defined benefit OPEB plan. The retired employees can participate in the City's health care plan by paying the full amount of the premiums. GASB No. 75 requires the liability of employers and nonemployer contributing entities to employees for defined benefit OPEB (net OPEB liability) to be measured as the portion of the present value of projected benefit payments to be provided to current active and inactive employees that is attributed to those employees' past periods of service (total OPEB liability), less the amount of the OPEB plan's fiduciary net position. The general fund typically has been used in prior years to liquidate OPEB liabilities.

14. New Accounting Pronouncements

During fiscal year 2021, the City adopted GASB Statement No. 84, "Fiduciary Activities". GASB Statement No. 84 improves guidance regarding the identification of fiduciary activities for accounting and financial reporting purposes and how those activities should be reported. The table showing the net effect of the restatement on the prior year statement of net position for the fiduciary funds is shown within footnote V.G.

H. Revenues and Expenditures/Expenses

1. Program Revenues

Amounts reported as program revenues include 1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function or segment and 2) grants and contributions (including special assessments) that are restricted to meeting the operational or capital requirements of a particular function or segment. All taxes, including those dedicated for specific purposes, and other internally dedicated resources are reported as general revenues rather than as program revenues.

2. Property Taxes

Property taxes are levied by October 1 on the assessed value listed as of the prior January 1 for all real and business personal property in conformity with Subtitle E, Texas Property Tax Code. Taxes are due on receipt of the tax bill and are delinquent if not paid before February 1 of the year following the year in which imposed. Under state law, property taxes levied on real property constitute a lien on the real property which cannot be forgiven without specific approval of the State Legislature. The lien expires at the end of twenty years. Taxes levied on personal property can be deemed uncollectible by the City.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

3. Compensated Absences

The City's employees earn vacation and sick leave, all of which may either be taken or accumulated, up to set limitations. At termination or retirement general government employees are paid for 18 months of accrual on vacation, but sick leave is not paid at termination. Civil service employees are also paid for 18 months of accrual on vacation and are paid for sick leave up to the prescribed contract limits. Civil service employees are also paid for any holiday leave accrual at 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. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

4. Proprietary Funds Operating and Nonoperating Revenues and Expenses

Proprietary funds distinguish operating revenues and expenses from nonoperating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with a proprietary fund's principal ongoing operations. The principal operating revenues of the water and sewer fund are charges to customers for sales and services. The water and sewer fund also recognizes as operating revenue the portion of tap fees intended to recover the cost of connecting new customers to the system. Operating expenses for enterprise fund includes the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide statement of net position.

The governmental fund balance sheet includes reconciliation between *fund balance-total governmental funds* and *net position-governmental activities* as reported in the government-wide statement of net position. One element of that reconciliation explains that long-term liabilities, including bonds, are not due and payable in the current period and, therefore, are not reported in the funds.

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the government-wide statement of activities.

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental funds that, "the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

the principal of long-term debt consumes the current financial resources of governmental funds. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, capital projects, special revenue, water & sewer, and sanitation funds. In fiscal year 2021 annual budgets were adopted for all funds except the American Rescue Plan Grant fund and the Orange Economic Development fund.

Forty-five (45) days prior to the end of the fiscal year the City Manager submits the proposed annual budget and explanatory budget message to the City Council. The budget must be adopted by the twenty-seventh (27th) day of September or the budget, as submitted by the City Manager, will be deemed to have been adopted. The City Charter requires that the budget set out the proposed expenditures by function, department, and activity, by character and object. The legal level of budgetary control (i.e. the level at which expenditures may not legally exceed appropriations) is at the department level. The department level would include the departments within a fund, such as the finance department or water operations department.

A. Excess of Expenditures Over Appropriations

For the current year ended, actual expenditures exceeded appropriations at the legal level of control as follows:

General Fund:

General government:	
Human resources	\$ 4,659
Public safety:	
Fire department	34,785
Culture - recreation:	
Parks maintenance	124,904
Public works:	
Street & drainage	9,047
Nondepartmental:	161,896

Emergency Management Grants fund:

Public safety	11,317
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City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2021

For the current year ended, actual expenditures exceeded appropriations at the legal level of control as follows (continued):

Homeland Security Grant fund:	
Public safety	13,245
Parks Donation fund:	
Capital outlay	44,945
Bureau of Justice Grant fund:	
Public safety	1,175
TX Forest Service Grants fund:	
Culture and recreation	1,545

B. Deficit Fund Balances

As of September 30, 2021, the City of Orange had five funds with a deficit fund balance. The Texas GLO Grant, Bureau of Justice Grant, Emergency Management Grant, TX Forest Service Grants, TX Water Development Grants, and TXDOT Grant funds had a deficit fund balances of \$372,149, \$3,835, \$46,755, \$4,125, \$31,239, and \$720,819, respectively, due to expenditures exceeding revenues on a continued basis. The deficits are due to the timing of the grant activities and the receipt of grant funds. The deficits will be relieved when the grant funds are received.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

As stated in I.G.1., the City's cash and cash equivalents are considered to be cash on hand, demand deposits and short-term investments with original maturities of three months or less from the date of acquisition. As of September 30, 2021, the City's only investments were certificates of deposits with maturities greater than three months.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

The City had the following investments at year end:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposits	\$ 248,000	0.87
Total	\$ 248,000	
Portfolio weighted average maturity		0.87

The Orange EDC had the following investments at year end:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposits	\$ 248,000	0.87
Total	\$ 248,000	
Portfolio weighted average maturity		0.87

Interest rate risk In accordance with its investment policy, the government manages its exposure to declines in interest rate by limiting the maximum maturities on investments by type as listed below:

Collateralized certificates of deposit	1 year
Direct obligation of Federal Government	2 years
Direct obligations of Federal agencies or instrumentalities	1 year
Certificates of deposit at federally insured banks or savings and loans associations	1 year

Credit risk The City's investment policy limits the type of allowable investments to (1) collateralized bank certificates of deposit as per the City's depository contract, (2) direct obligations of the Federal government, (3) direct obligations of Federal agencies and instrumentalities, (4) investments in certificates of deposit at Federally insured banks or savings and loan associations, (5) collateralized savings accounts at the City's depository banks, or (6) Texpool. The City's policy is more restrictive than present State Law. As of September 30, 2021, the City's investments consisted solely of bank certificates of deposit.

Custodial credit risk – deposits In the case of deposits, this is the risk that in the event of a bank failure, the City's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

deposits. As of September 30, 2021, the market values of pledged securities and FDIC insurance exceeded bank balances of the primary government and discretely presented component unit.

Custodial credit risk – investments For an investment, this is the risk that, in the event of the failure of the counterparty, the City will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. The City's investment policy requires that it will seek to safekeeping securities at financial institutions, avoiding physical possession. Further, all trades, where applicable, are executed by delivery versus payment to ensure that securities are deposited in the City's safekeeping account prior to the release of funds.

B. Receivables

The following tables comprise the receivable balances of the primary government at year end:

	General	Debt Service	Nonmajor Governmental Funds	TXDOT Grants Fund	Internal Service Fund
Property taxes	\$ 1,152,793	\$ 192,107	\$ -	\$ -	\$ -
Fines	855,430	-	-	-	-
Sales taxes	1,233,921	-	-	-	-
Franchise taxes	150,063	-	-	-	-
Grants	-	-	217,098	721,048	-
Other	165,908	4,048	-	-	4,973
Allowance	<u>(867,234)</u>	<u>(5,302)</u>	<u>-\$ -</u>	<u>-\$ -</u>	<u>-\$ -</u>
	<u>\$ 2,690,881</u>	<u>\$ 190,853</u>	<u>\$ 217,098</u>	<u>\$ 721,048</u>	<u>\$ 4,973</u>

	Water &		
	Sewer	Sanitation	Total
Accounts	\$ 1,097,258	\$ 280,760	\$ 1,378,018
Allowance	<u>(84,013)</u>	<u>(21,671)</u>	<u>(105,684)</u>
	<u>\$ 1,013,245</u>	<u>\$ 259,089</u>	<u>\$ 1,272,334</u>

The following comprise receivables balances of the City's discretely presented component unit at year end:

	Orange	
	EDC	Total
Sales tax (owed from primary government)	\$ 411,307	\$ 411,307
	<u>\$ 411,307</u>	<u>\$ 411,307</u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

C. Capital Assets

A summary of changes in governmental activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 1,960,628	\$ 48,000	\$ -	\$ 2,008,628
Construction in progress	4,294,081	3,977,938	(3,280,045)	4,991,974
Total capital assets not being depreciated	<u>6,254,709</u>	<u>4,025,938</u>	<u>(3,280,045)</u>	<u>7,000,602</u>
Capital assets, being depreciated:				
Buildings	27,271,109	379,000	-	27,650,109
Furniture and fixtures	4,476,901	618,746	(113,630)	4,982,017
Machinery, equipment, and vehicles	20,601,927	418,537	(299,214)	20,721,250
Infrastructure	9,482,281	282,619	2,513,488	12,278,388
Leased equipment	796,674	663,060	-	1,459,734
Total capital assets being depreciated	<u>62,628,892</u>	<u>2,361,962</u>	<u>2,100,644</u>	<u>67,091,498</u>
Less accumulated depreciation:				
Buildings	(10,592,705)	(894,918)	-	(11,487,623)
Furniture and fixtures	(3,699,738)	(112,938)	114,926	(3,697,750)
Machinery, equipment, and vehicles	(12,653,868)	(1,005,657)	822,757	(12,836,768)
Infrastructure	(6,536,051)	(274,915)	-	(6,810,966)
Leased equipment	(397,629)	(249,860)	-	(647,489)
Total accumulated depreciation	<u>(33,879,991)</u>	<u>(2,538,288)</u>	<u>937,683</u>	<u>(35,480,596)</u>
Net capital assets being depreciated	28,748,901	(176,326)	3,038,327	31,610,902
Total Capital Assets	<u>\$ 35,003,610</u>	<u>\$ 3,849,612</u>	<u>\$ (241,718)</u>	<u>\$ 38,611,504</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 157,046
Public safety	1,035,950
Public works	1,054,501
Culture and recreation	290,791
Total Governmental Activities Depreciation Expense	<u>\$ 2,538,288</u>

The net book value of leased capital assets was \$812,246 as of September 30, 2021.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

A summary of changes in business-type activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 785,122	\$ 37,005	\$ -	\$ 822,127
Construction in progress	132,174	109,050	(89,084)	152,140
Total capital assets not being depreciated	<u>917,296</u>	<u>146,055</u>	<u>(89,084)</u>	<u>974,267</u>
Capital assets, being depreciated:				
Buildings	1,340,897	13,790	-	1,354,687
Improvements other than buildings	79,079,721	531,023	254,806	79,865,550
Machinery and equipment	3,207,814	112,607	-	3,320,421
Leased equipment	610,784	18,434	(55,404)	573,814
Vehicles	1,135,215	-	(38,746)	1,096,469
Total capital assets being depreciated	<u>85,374,431</u>	<u>675,854</u>	<u>160,656</u>	<u>86,210,941</u>
Less accumulated depreciation:				
Buildings	(217,167)	(25,439)	-	(242,606)
Improvements other than buildings	(34,451,196)	(1,417,837)	-	(35,869,033)
Machinery and equipment	(2,152,305)	(224,704)	-	(2,377,009)
Leased equipment	(245,411)	(103,557)	25,855	(323,113)
Vehicles	(1,102,761)	(28,310)	38,747	(1,092,324)
Total accumulated depreciation	<u>(38,168,840)</u>	<u>(1,799,847)</u>	<u>64,602</u>	<u>(39,904,085)</u>
Net capital assets being depreciated	<u>47,205,591</u>	<u>(1,123,993)</u>	<u>225,258</u>	<u>46,306,856</u>
Total Capital Assets	<u>\$ 48,122,887</u>	<u>\$ (977,938)</u>	<u>\$ 136,174</u>	<u>\$ 47,281,123</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,739,365
Street and sanitation	60,482
Total Business-Type Activities Depreciation Expense	<u>\$ 1,799,847</u>

The net book value of leased capital assets was \$230,470 as of September 30, 2021.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

A summary of changes in component unit activities capital assets for the year end was as follows:

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 871,059	\$ -	\$ -	\$ 871,059
Construction in progress	472,542	22,840	-	495,382
Total capital assets not being depreciated	<u>1,343,601</u>	<u>22,840</u>	<u>-</u>	<u>1,366,441</u>
Capital assets, being depreciated:				
Buildings	1,181,943	-	-	1,181,943
Infrastructure	6,565,582	-	-	6,565,582
Total capital assets being depreciated	<u>7,747,525</u>	<u>-</u>	<u>-</u>	<u>7,747,525</u>
Less accumulated depreciation:				
Buildings	(398,563)	(59,097)	-	(457,660)
Infrastructure	(1,788,235)	(245,837)	-	(2,034,072)
Total accumulated depreciation	<u>(2,186,798)</u>	<u>(304,934)</u>	<u>-</u>	<u>(2,491,732)</u>
Net capital assets being depreciated	5,560,727	(304,934)	-	5,255,793
Total Capital Assets	<u>\$ 6,904,328</u>	<u>\$ (282,094)</u>	<u>\$ -</u>	<u>\$ 6,622,234</u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

D. Compensated Absences

The following summarizes the changes in the compensated absences balances of the primary government and component unit during the year. In general, the City uses the general and water and sewer funds to liquidate compensated absences.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 3,228,248	\$ 3,072,677	\$ (2,905,424)	\$ 3,395,501	\$ 1,867,503
Total Governmental Activities	<u>\$ 3,228,248</u>	<u>\$ 3,072,677</u>	<u>\$ (2,905,424)</u>	<u>\$ 3,395,501</u>	<u>\$ 1,867,503</u>
Other Long-term Liabilities Due in More than One Year					
				<u>\$ 1,527,998</u>	
Business-Type Activities:					
Compensated Absences	\$ 140,732	\$ 123,446	\$ (126,659)	\$ 137,519	\$ 102,239
Total Business-Type Activities	<u>\$ 140,732</u>	<u>\$ 123,446</u>	<u>\$ (126,659)</u>	<u>\$ 137,519</u>	<u>\$ 102,239</u>
Other Long-term Liabilities Due in More than One Year					
				<u>\$ 35,280</u>	
Component Unit Activities - Orange EDC:					
Compensated Absences	\$ 18,336	\$ 16,806	\$ (16,502)	\$ 18,640	\$ 16,776
Total Component Unit Activities	<u>\$ 18,336</u>	<u>\$ 16,806</u>	<u>\$ (16,502)</u>	<u>\$ 18,640</u>	<u>\$ 16,776</u>
Other Long-term Liabilities Due in More than One Year					
				<u>\$ 1,864</u>	

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

E. Long-term Debt

The following is a summary of changes in the City's total governmental long-term liabilities for the year ended. In general, the City uses the debt service fund to liquidate governmental long-term liabilities.

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 3,490,000	\$ -	\$ (400,000)	\$ 3,090,000	\$ 410,000
Certificates of Obligation	7,530,000	-	(270,000)	7,260,000	280,000
Capital leases	396,311	655,560	(200,421)	851,450	270,401
Premiums	393,000	-	(21,833)	371,167	-
Total Governmental Activities	<u>\$ 11,809,311</u>	<u>\$ 655,560</u>	<u>\$ (892,254)</u>	<u>\$ 11,572,617</u>	<u>\$ 960,401</u>
Long-term liabilities due in more than one year				<u>\$ 10,612,216</u>	
Business-Type Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 2,515,000	\$ -	\$ (285,000)	\$ 2,230,000	\$ 290,000
Certificates of Obligation	8,070,000	-	(425,000)	7,645,000	435,000
Premium	271,292	-	(17,610)	253,682	17,610
Capital leases	371,017	18,434	(140,512)	248,939	105,021
Total Business-Type Activities	<u>\$ 11,227,309</u>	<u>\$ 18,434</u>	<u>\$ (868,122)</u>	<u>\$ 10,377,621</u>	<u>\$ 847,631</u>
Long-term liabilities due in more than one year				<u>\$ 9,529,990</u>	
Component Unit Activities:					
Bonds payable:					
Sales Tax Refunding Bonds	\$ 5,095,000	\$ -	\$ (360,000)	\$ 4,735,000	\$ 365,000
Total Component Unit Activities	<u>\$ 5,095,000</u>	<u>\$ -</u>	<u>\$ (360,000)</u>	<u>\$ 4,735,000</u>	<u>\$ 365,000</u>
Long-term liabilities due in more than one year				<u>\$ 4,370,000</u>	

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

Long-term liabilities applicable to the City's governmental activities are not due and payable in the current period and accordingly, are not reported as fund liabilities in the governmental funds. Interest on long-term debt is not accrued in governmental funds, but rather is recognized as an expenditure when due. The City intends to retire all of its general long-term liabilities, plus accrued interest, from property taxes and other current revenues from the debt service fund as has been done in prior years. The proprietary fund type long-term debt will be repaid, plus accrued interest, from operating revenues of the water and sewer fund. Capital leases are secured by the underlying asset. In the event of default, the lender may demand immediate payment or take possession of the asset.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

Long-term debt at year end was comprised of the following debt issues:

Description	Maturity Date	Interest Rates	Original Balance	Current Balance
Governmental Activities:				
2013 General Obligation Refunding Bonds	2 / 2028	0.5%-2.5%	\$ 5,440,000	\$ 3,090,000
			Total General Obligation Bonds	5,440,000
				3,090,000
2019 Combination Tax & Revenue Certificates	2 / 2039	3.00-5.00%	7,785,000	7,260,000
			Total Certificates of Obligation	7,785,000
				7,260,000
Bancorpsouth Finance - 2017 Ferrara Truck	3 / 2022	2.49%	422,706	44,675
2020 Gradall XL 3100 Excavator	12 / 2025	2.29%	369,112	369,112
Enterprise Leasing	3 / 2023	4.35%-5.92%	568,042	437,664
			Total Capital Leases	1,359,860
			Total Governmental Activities	\$ 14,584,860
				\$ 11,201,451
Business-type Activities:				
2014 General Obligation Refunding Bonds	8 / 2028	2.00-3.00%	\$ 3,900,000	\$ 2,230,000
			Total General Obligation Bonds	3,900,000
				2,230,000
2015 Combination Tax & Revenue Certificates	2 / 2035	2.00-4.00%	4,845,000	3,645,000
2016 Combination Tax & Revenue Certificates	2 / 2036	2.00-3.00%	5,045,000	4,000,000
			Total Certificates of Obligation	9,890,000
				7,645,000
Bancorpsouth Finance - 2019 Grapple Truck	7 / 2024	4.05%	190,433	112,614
Enterprise Leasing	3 / 2024	4.35%-6.04%	471,815	136,325
			Total Capital Leases	662,248
			Total Business-Type Activities	\$ 14,452,248
				\$ 10,123,939
Total Long-Term Debt				
General Obligation Refunding Bonds			\$ 9,340,000	\$ 5,320,000
Certificates of Obligation			17,675,000	14,905,000
Capital Leases			2,022,108	1,100,390
			Total Primary Government	\$ 29,037,108
				\$ 21,325,390
Component Unit Activities:				
2012 Sales Tax Refunding Bonds	8 / 2032	2.125%-4.0%	\$ 5,520,000	\$ 4,300,000
2016 Sales Tax Refunding Bonds	8 / 2023	1.11%-2.01%	1,640,000	435,000
			Total General Obligation Bonds	7,160,000
				4,735,000

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

The annual requirements to amortize governmental activities debt issues outstanding at year ending were as follows:

Governmental Activities					
Year ending September 30,	General Obligation Bonds			Certificates of Obligation	
	Principal	Interest		Principal	Interest
2022	\$ 410,000	\$ 68,575		\$ 280,000	\$ 249,250
2023	420,000	58,200		295,000	234,875
2024	430,000	47,898		310,000	219,750
2025	440,000	38,115		325,000	203,875
2026	450,000	28,210		345,000	187,125
2027	465,000	17,455		360,000	171,300
2028	475,000	5,938		375,000	156,600
2029	-	-		385,000	143,325
2030	-	-		400,000	131,550
2031	-	-		410,000	119,400
2032	-	-		425,000	106,875
2033	-	-		435,000	93,975
2034	-	-		450,000	80,700
2035	-	-		465,000	66,875
2036	-	-		480,000	52,800
2037	-	-		490,000	38,250
2038	-	-		505,000	23,325
2039	-	-		525,000	7,875
Total	\$ 3,090,000	\$ 264,390		\$ 6,230,000	\$ 2,256,525

Capital Lease Obligations

The annual requirements to amortize the primary government's capital lease obligations outstanding at year end were as follows:

Year ending September 30,	Governmental Activities			Business-Type Activities	
	Capital Leases			Capital Leases	
	Principal	Interest		Principal	Interest
2022	\$ 270,401	\$ 24,685		\$ 105,020	\$ 9,210
2023	214,812	15,653		89,239	4,403
2024	169,482	8,665		51,745	1,097
2025	119,554	4,094		2,934	39
2026	77,203	1,768		-	-
Total	\$ 851,452	\$ 54,865		\$ 248,938	\$ 14,749

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

The annual requirements to amortize business-type activities debt issues outstanding at year ending were as follows:

Business-Type Activities					
Year ending September 30,	General Obligation Bonds			Certificates of Obligation	
	Principal	Interest	Principal	Interest	
2022	\$ 290,000	\$ 66,900	\$ 435,000	\$ 219,563	
2023	300,000	58,200	445,000	207,988	
2024	310,000	49,200	460,000	195,525	
2025	315,000	39,900	470,000	182,138	
2026	325,000	30,450	485,000	169,063	
2027	340,000	20,700	500,000	156,494	
2028	350,000	10,500	510,000	143,275	
2029	-	-	525,000	129,719	
2030	-	-	535,000	114,825	
2031	-	-	555,000	97,813	
2032	-	-	575,000	79,450	
2033	-	-	590,000	60,463	
2034	-	-	610,000	40,513	
2035	-	-	635,000	19,425	
2036	-	-	315,000	4,331	
Total	\$ 2,230,000	\$ 275,850	\$ 7,645,000	\$ 1,820,581	

The annual requirements to amortize the discretely presented component unit's debt outstanding at year ending were as follows:

Orange EDC			
Year ending September 30,	Sales Tax Refunding Bonds		
	Principal	Interest	
2022	\$ 365,000	\$ 154,869	
2023	375,000	147,560	
2024	390,000	139,650	
2025	400,000	127,950	
Thereafter	3,205,000	506,400	
Total	\$ 4,735,000	\$ 1,076,429	

F. Deferred Charge on Refunding

Deferred charges resulting from the issuance of the 2013 general obligation refunding bonds and 2014 general obligation refunding bonds has been recorded as a deferred outflow of resources and is being amortized to interest expense over the term of the refunded debt. Current year balances for governmental activities and business-type activity totaled \$58,725

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

and \$13,341, respectively. Current year amortization expense for governmental activities and business-type activities totaled \$9,272 and \$1,928, respectively.

G. Interfund Transfers

Transfers between the primary government funds during the 2021 year were as follows:

Transfers Out	Transfers In	
	Capital Projects	Water & Sewer
General	\$ 329,590	\$ -
Governmental Activities	-	165,723
Total	\$ 329,590	\$ 165,723

Transfers from the general fund to the capital projects fund were made for construction projects.

The transfer from governmental activities to the water sewer fund was a transfer of capital assets.

The compositions of interfund balances as of year end were as follows:

Due to other funds (Payable fund):	Due from others	
	General	
Debt service fund	\$	454,000
Bureau of justice fund		11,265
Emergency management grant fund		46,186
TX Forest service grant fund		4,125
TX GLO grant fund		372,149
CDBG grant fund		17,437
CDBG recovery fund		5,314
TXDOT grants fund		697,514
TX division of emergency mgmt. grant fund		31,239
TOTAL	\$	1,639,229

H. Restricted Net Position / Fund Balance

The City records restricted net position / fund balance to indicate that a portion is legally restricted for a specific future use.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

The following is a list of restricted, committed, and assigned fund balance of the City:

	Governmental Funds	Governmental Net Position	Business Type Net Position
Restricted for:			
Debt service	\$ 2,543	\$ 588,356	\$ 151,859
Capital improvements	5,491,813	4,144,676	-
Culture and recreation	105,387	105,387	-
* Public safety	616,131	616,131	-
Public works	45,301	45,301	-
* Tourism and promotion	2,476,811	2,476,811	-
Total Restricted	<u>\$ 8,737,986</u>	<u>\$ 7,976,662</u>	<u>\$ 151,859</u>
Assigned for:			
Economic development	\$ 2,360	\$ -	\$ -
Capital improvements	218,882	- -	- -
	<u>\$ 221,242</u>	<u>\$ -</u>	<u>\$ -</u>

* Restricted by enabling legislation

V. OTHER INFORMATION

A. Risk Management

The City is exposed to various risks of loss related to torts; theft of, damage to and destruction of assets, errors and omissions; and natural disasters for which the City participates along with over 2,800 other entities in the Texas Municipal League's Intergovernmental Risk Pools. The Pool purchases commercial insurance at group rates for participants in the Pool. The City has no additional risk or responsibility to the Pool outside of the payment of insurance premiums. The City has not significantly reduced insurance coverage or had settlements which exceeded coverage amounts for the past three years.

B. Contingent Liabilities

The City is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City maintained general liability and property coverage through the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain risks of loss exceeding deductibles. The City did not have any significant reduction in the amount of insurance coverage for this fiscal year. Liabilities are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. No insurance claims of the City have exceeded insurance coverage for the last three fiscal years.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

The City provides medical insurance for its employees through Blue Cross Blue Shield of Texas and dental insurance for its employees through Met Life. The City does not have any risk of loss in regard to the medical insurance through Blue Cross Blue Shield of Texas or the dental insurance through Met Life.

The City's Workers' Compensation Plan under the Texas Municipal League Intergovernmental Risk Pool (TML) contains a retention amount of \$100,000 per claim. The City retains the risk of loss up to this retention amount and TML serves as a claims payment servicing pool for the City until the retention amount is reached. After the retention amount is reached TML would serve in a standard insurance claims processing capacity. Settled claims have not exceeded the standard insurance coverage provided, by TML, in the past three fiscal years.

The City bases contributions to the Workers' Compensation Fund on the standard premium for fiscal year 2001. The City has experienced several years of moderate claims and for this reason the premium amounts have not been adjusted. These contributions are used to pay administration fees, claims, and claims process fees. There is always a potential risk in this situation.

In prior years the claims liability of the fund was established using two components. These were (1) present claim reserves outstanding and (2) prior year information for a catastrophic portion of claims liability. Beginning with fiscal year 1999 the City has recognized the present claims reserve outstanding as claims expense of the current year. These reserves stem from existing claims and are reasonable estimates of the actual cost the City may have to pay.

As of September 30, 2021, the Workers' Compensation Fund has a designated balance for insurance claim liability of \$369,748 and an undesignated balance of \$1,008,948. This insurance claim liability amount was established using prior claims information to establish a catastrophic claim estimate. The total unrestricted net position of the Workers' Compensation Fund was \$1,378,696. The designation for catastrophic claims is not a legal requirement but is an estimation used to project the future needs of the fund and to aid the City in the setting of rates in future periods.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

Change in funds claims liability amount for the last five fiscal years were:

	Beginning of Fiscal Year	Current Year		Claims	
		Liability	Claims and Changes in Estimates	Payments and Liability	Balance at End
2016-2017	\$ 359,415	\$ 281,865	\$ (196,539)	\$ 444,741	
2017-2018	\$ 444,741	\$ (104,213)	\$ 602	\$ 341,130	
2018-2019	\$ 341,130	\$ (2,606)	\$ (16,374)	\$ 322,150	
2019-2020	\$ 322,150	\$ 24,295	\$ (44,716)	\$ 301,729	
2020-2021	\$ 301,729	\$ 255,926	\$ (188,177)	\$ 369,478	

Claim Liability Expensed	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Unpaid claim liability at beginning of year	\$ 17,524	\$ 7,000	\$ 22,747	\$ 86,649	\$ 39,153
Claims incurred in current year	139,931	43,013	34,231	70,718	112,794
Increase (decrease) in provision for insured events of prior year	165,344	7,923	(32,443)	7,265	204,267
Claim payments attributable to current year claims	(55,757)	(25,489)	(27,231)	(47,971)	(26,145)
Claim payments attributable to prior year claims	(182,868)	(14,923)	9,696	(93,914)	(243,420)
Total unpaid claim liability expensed at end of year	<u>\$ 84,174</u>	<u>\$ 17,524</u>	<u>\$ 7,000</u>	<u>\$ 22,747</u>	<u>\$ 86,649</u>
Designated for Catastrophic Claim	2020-2021	2019-2020	2018-2019	2017-2018	2016-2017
Designated for future catastrophic claims - beginning of year	\$ 301,729	\$ 322,150	\$ 341,130	\$ 444,741	\$ 359,415
Increase (decrease) in reserve	67,749	(20,421)	(18,980)	(103,611)	85,326
Total designated for future catastrophic claims - end of year	<u>\$ 369,478</u>	<u>\$ 301,729</u>	<u>\$ 322,150</u>	<u>\$ 341,130</u>	<u>\$ 444,741</u>

C. Defined Benefit Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of Orange participates as one of 888 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

System (TMRS). TMRS is an agency created by the State of Texas and administered in accordance with the TMRS Act, Subtitle G, Title 8, Texas Government Code (the TMRS Act) as an agent multiple-employer retirement system for municipal employees in the State of Texas. The TMRS Act places the general administration and management of the System with a six-member Board of Trustees. Although the Governor, with the advice and consent of the Senate, appoints the Board, TMRS is not fiscally dependent on the State of Texas. TMRS's defined benefit pension plan is a tax-qualified plan under Section 401 (a) of the Internal Revenue Code. TMRS issues a publicly available annual comprehensive financial report (ACFR) that can be obtained at www.tmrs.com.

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

Benefits Provided

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS.

Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2019</u>
Employee deposit rate	7.0%	7.0%
Matching ratio (city to employee)	2 to 1	2 to 1
Years required for vesting	10	10
Service retirement eligibility (expressed as age / years of service)	60/10, 0/20	60/10, 0/20
Updated service credit	100% Repeating Transfers	100% Repeating Transfers
Annuity increase (to retirees)	70% of CPI	70% of CPI

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	144
Inactive employees entitled to but not yet receiving benefits	57
Active employees	154
Total	355

Contributions

The contribution rates for employees in TMRS are either 5%, 6%, or 7% of employee gross earnings, and the city matching percentages are either 100%, 150%, or 200%, both as adopted by the governing body of the City. Under 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 actuarially determined rate is the estimated amount necessary to finance the cost of benefits earned by employees during the year, with an additional amount to finance any unfunded accrued liability.

Employees for the City of Orange were required to contribute 7% of their annual gross earnings during the fiscal year. The contribution rates for the City of Orange were 14.76% and 15.16% in calendar years 2021 and 2020, respectively. The City's contributions to TMRS for the year ended September 30, 2021, were \$1,503,799, and were equal to the required contributions.

Net Pension Liability

The city's Net Pension Liability (NPL) was measured as of December 31, 2020, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total Pension Liability in the December 31, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	2.75%
Investment Rate of Return	6.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members are based on the PUB(10) mortality tables with the Public Safety table used for males and the

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

General Employee table used for females. Mortality rates for healthy retirees and beneficiaries are based on the Gender-distinct 2019 Municipal Retirees of Texas mortality tables. The rates for actives, healthy retirees and beneficiaries are projected on a fully generational basis by Scale UMP to account for future mortality improvements. For disabled annuitants, the same mortality tables for healthy retirees is used with a 4-year set-forward for males and a 3-year set-forward for females. In addition, a 3.5% and 3.0% minimum mortality rate is applied, for males and females respectively, to reflect the impairment for younger members who become disabled. The rates are projected on a fully generational basis by Scale UMP to account for future mortality improvements subject to the floor.

The actuarial assumptions were developed primarily from the actuarial investigation of the experience of TMRS over the four-year period from December 31, 2014 to December 31, 2018. They were adopted in 2019 and first used in the December 31, 2019 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is 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. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Equity	30.0%	5.30%
Core Fixed Income	10.0%	1.25%
Non-Core Fixed Income	20.0%	4.14%
Real Return	10.0%	3.85%
Real Estate	10.0%	4.00%
Absolute Return	10.0%	3.48%
Private Equity	10.0%	7.75%
Total	100.0%	

Discount Rate:

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

Sensitivity of the Net Pension Liability (Asset) 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 (asset) 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	Current Single Rate	1% Increase
5.75%	Assumption 6.75%	7.75%
<hr/> \$ 13,597,198 <hr/>	<hr/> \$ 3,166,586 <hr/>	<hr/> \$ (5,474,305) <hr/>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/19	\$ 76,364,668	\$ 72,300,379	\$ 4,064,289
Changes for the year:			
Service Cost	1,690,536	-	1,690,536
Interest	5,093,124	-	5,093,124
Difference between expected and actual experience	(26,735)	-	(26,735)
Contributions – employer	-	1,509,332	(1,509,332)
Contributions – employee	-	696,923	(696,923)
Net investment income	-	5,485,271	(5,485,271)
Benefit payments, including refunds of emp. contributions	(3,512,501)	(3,512,501)	-
Administrative expense	-	(35,512)	35,512
Other changes	-	(1,386)	1,386
Net changes	3,244,424	4,142,127	(897,703)
Balance at 12/31/20	<u>\$ 79,609,092</u>	<u>\$ 76,442,506</u>	<u>\$ 3,166,586</u>

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2021, the City recognized pension expense/(income) of \$(10,782).

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Contributions subsequent to the measurement date	\$ 1,118,620	\$ -
Difference in experience	- -	(473,909)
Changes in actuarial assumptions	80,508	- -
Pension investment earnings	- -	(2,052,807)
Total	<u>\$ 1,199,128</u>	<u>\$ (2,526,716)</u>

The City reported \$1,118,620 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended		
December 31:		
2021	\$ (1,051,113)	
2022	(34,597)	
2023	(1,238,409)	
2024	(122,089)	
2025	- -	
Thereafter	- -	
		Total
		<u>\$ (2,446,208)</u>

2. Orange Firemen's Relief and Retirement Fund

Plan Description

The Orange Firemen's Relief and Retirement Fund, a single-employer defined benefit pension plan, is established under the authority of the Texas Local Fire Fighter's Retirement Act (TLFFRA). The fund is administered by a Board of Trustees. The Board is made up of three members elected from and by fund members, two representatives of the City and two citizen members. Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued Annual Comprehensive Financial Report, which can be obtained on the internet at www.orangetexas.net. The plan's annual financial report can be obtained on the internet at www.orangetexasfd.com.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2021

All eligible fire department employees of the City are required to participate in the Orange Firemen's Relief and Retirement Fund.

Benefits Provided

The fund provides retirement, disability, and death benefits. The plan document may be amended as provided in Section 7 of the Texas Fire Fighters' Retirement Act (Article 6243e V.T.C.S.). Amending the plan requires approval of any proposed change by (a) an eligible actuary and (b) a majority of the participating members of the fund. The fund was most recently amended effective January 21, 2014.

Plan provisions for the City were as follows:

	<u>Plan Year 2020</u>	<u>Plan Year 2021</u>
Employee deposit rate	12.80%	13.80%
Employer deposit rate	15.80%	18.80%
Years required for vesting	20	20
Service retirement eligibility (expressed as age / years of service)	50/20	50/20
DROP retirement eligibility	53/23	53/23
Annuity increase (to retirees)	Amendment required	Amendment required

Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	39
Inactive employees entitled to but not yet receiving benefits	1
Active employees	36
Total	76

Contributions

Effective October 1, 2010, the City began contributing at a rate of 14% of each member's total pay (including regular, longevity, and overtime pay, but excluding lump sum distributions for unused sick leave or vacation). This contribution rate was increased on January 28, 2020 to the rate of 15.80%, and to the current rate of 18.80% on October 1, 2020.

Effective October 1, 2016, members began contributing to the fund at a rate of 12% of each member's total pay. This contribution rate was increased January 28, 2020 to the rate of 12.80%, and to the current rate of 13.80% on October 1, 2020. The definition of pay for the

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2021

purposes of employee contributions is the same as the definition of pay for employer contributions. Employee contributions are “picked-up” by the City, as permitted under Section 414(h) (2) of the Internal Revenue Code. For this reason, a member’s contributions are excluded from taxable income when paid in the fund.

Net Pension Liability

The City’s Net Pension Liability (NPL) was measured as of January 1, 2021, 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 January 1, 2021 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.0% per year
Overall payroll growth	2.5% per year
Investment Rate of Return	7.75%, net of pension plan investment expense, including inflation

Salary increases are based on a service-related table. Mortality rates for active members, retirees, disabled members, contingent survivors, and deceased members are based on the PubS-2010 mortality tables. The mortality assumptions for all participants are sex distinct with mortality improvement projected 5 years beyond the valuation date using scale MP-2018 and a base year of 2010.

The Long-Term Expected Rate of Return on Pension Plan investments was determined using a building-block method in which best-estimate ranges of expected future real rates of return (expected returns, Net of Pension Plan investment expenses and inflation) are developed for each major asset class.

These ranges are combined to produce the Long-Term Expected Rate of Return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

Best estimates of geometric real rates of return for each major asset class included in the Pension Plan's target asset allocation as of December 31, 2020 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity All Cap	21.25%	7.50%
Domestic Equity Large Cap	20.00%	7.50%
Domestic Equity Small Cap	10.00%	7.50%
International Equity	20.00%	8.50%
Private Real Estate	10.00%	4.50%
Domestic Fixed Income	18.75%	2.50%
Total	100.0%	

Discount Rate:

The discount rate used to measure the Total Pension Liability was 7.75%. The projection of cash flows used to determine the discount rate assumed that employee and employer contributions will be made at the rates specified in statute. Based on that assumption, the pension plan's Fiduciary Net Position was projected to be available to make all projected future benefit payments of current active 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.

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate

The following presents the net pension liability of the City, calculated using the discount rate of 7.75%, as well as what the City's net pension liability (asset) would be if it were calculated using a discount rate that is 1-percentage-point lower (6.75%) or 1-percentage-point higher (8.75%) than the current rate:

1% Decrease	Current Single Rate	1% Increase
6.75%	Assumption 7.75%	8.75%
<u>\$ 9,228,346</u>	<u>\$ 7,332,091</u>	<u>\$ 5,746,144</u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 9/30/2020	\$ 17,465,600	\$ 8,921,515	\$ 8,544,085
Changes for the year:			
Service Cost	292,702	-	292,702
Interest	1,332,754	-	1,332,754
Difference between expected and actual experience	(870,497)	-	(870,497)
Contributions – employer	-	450,317	(450,317)
Contributions – employee	-	357,534	(357,534)
Net investment income	-	1,183,255	(1,183,255)
Benefit payments, including refunds of emp. contributions	(1,122,958)	(1,122,958)	-
Administrative expense	-	(24,153)	24,153
Net changes	(367,999)	843,995	(1,211,994)
Balance at 9/30/2021	\$ 17,097,601	\$ 9,765,510	\$ 7,332,091

Pension Plan Fiduciary Net Position:

Detailed information about the pension plan's Fiduciary Net Position is available from the City of Orange. That report may be obtained by contacting the finance director at the City of Orange.

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

For the year ended September 30, 2021, the City recognized pension expense of \$136,630.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Contributions subsequent to the measurement date	\$ 394,178	\$ -
Difference in experience	-	(1,408,915)
Changes in actuarial assumptions	-	(900,689)
Pension investment earnings	-	(799,718)
Total	\$ 394,178	\$ (3,109,322)

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2021

The City reported \$394,178 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the net pension liability for the year ending September 30, 2022. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended		
September 30:		
2022	\$	(521,949)
2023		(340,807)
2024		(580,379)
2025		(1,579,433)
2026		(120,969)
Thereafter		34,215
Total	\$	(3,109,322)

Other Information - Texas House Bill (HB) 3310

Legislation, passed by the 84th Texas Legislature, amended Chapter 802 of the Texas Government Code to expand and update the reporting requirements for public retirement systems. Texas HB 3310 established a Funding Soundness Restoration Plan (FSRP) requirement for certain public retirement systems. The certain public retirement systems are plans that have had (1) three consecutive valuations with amortization period over 40 years or (2) two consecutive valuations, if the system conducts actuarial valuations every two or three years, with amortization period over 40 years.

Chapter 802 of the Texas Government Code will now require the development of a FSRP plan in conjunction with the associated governmental entity. There are also other requirements once the FSRP is in place. The Orange Firemen's Relief and Retirement Fund submitted a Funding Soundness Restoration Plan to the Texas State Pension Review Board (PRB) on October 17, 2016. The FSRP provisions included the increase of the employees' contribution of 1 percent, which reduced the fund's amortization period to slightly less than 47.4 years. A fund's amortization period decreases by one year for each passing year. In 2016, a new actuary was chosen by the Orange Firemen's Relief and Retirement Board. Based on recommendations from the new actuarial firm, the board approved changes to some of the actuarial assumptions. The assumptions changed include changes to the valuation method for assets, a decrease in the inflation rate, a decrease in the rate of deferred retirement option plan (DROP) election, and a decrease in the discount rate. As predicted by the actuary, the amortization period increased to 69.3 years as of December 31, 2016. The Pension Review Board notified the Board that the Plan was out of compliance. A second, revised FSRP was submitted on February 12, 2018 with the provisions of a .25 percent member contribution increase and a .25 percent City contribution increase for fiscal years

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

2017 and 2018, a more aggressive management of the investments, and a possible benefit change.

In May of 2018, the plan was notified that the Pension Review Board would be performing an intensive review of the plan. After reviewing the information submitted by the plan, the PRB determined that the plan was out of compliance due to the amortization period to service pension outflows exceeding 40 years, and recommended the following: (1) increase contribution rates (2) adjust benefits (3) increase investment earnings and (4) reduce investment fees paid to the advisor. The plan acknowledged the recommendations and is actively working to improve the plan's position. To date, the pension board and the plan have made strides towards improving the plan's position. The pension board issued a request for proposal for investment services. The board chose a new investment advisor and a new investment structure. The plan now contracts with a financial advisor, a custodian for the funds and the fund managers. This structure allows for transparency, more control, and lower costs. With the implantation of the new investment structure and advisor, the board expects to increase the earnings and asset values of the plan. In addition, the contribution rates were increased to provide more funding for the plan.

City contributions to the fund are controlled by a contract between the International Association of Firefighters, Local 1432 and the City of Orange. The 2019 negotiations were delayed and ultimately a mediator was utilized. The City agreed to a 1.30% increase, effective January 2020. The firefighter members voted for a member contribution increase of .30%, effective January 2020.

In November 2020 the City submitted its revised FSRP to the PRB. This plan went over the strong market returns during 2020 that benefitted the plan's net position, and further increases to contribution rates effective October 1, 2020. The City and members agreed to increase their contribution rates to 18.80% and 13.80% of salaries, respectively. The City's actuary estimates that these developments result in an amortization period of approximately 35 years with all other factors remaining equal. The PRB approved the revised plan and indicated the plan as in compliance in December 2020. The City is required to submit their next actuarial valuation effective 1/1/21 to the PRB, as well as notify them if the amortization period exceeds 40 years in the future.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

Pension Plans Summary Table:

	TMRS	Orange Firemen's Relief and Retirement		
	Defined Benefit Pension Plan	Fund		Total
Pension expense	\$ (10,782)	\$ 136,630	\$	125,848
Net pension liability	\$ 3,166,586	\$ 7,332,091	\$	10,498,677
Deferred outflows	\$ 1,199,128	\$ 394,178	\$	1,593,306
Deferred inflows	\$ 2,526,716	\$ 3,109,323	\$	5,636,039

D. Other Post-Employment Benefits

Plan Description

The City of Orange Retiree Health Care Plan is a single-employer defined benefit healthcare plan administered by the City of Orange. The net position of the Plan is reported within the City of Orange Annual Financial Report as Fiduciary Net Position. This plan provides the following retiree insurance:

Retiree Life Insurance

Prior to January 31, 1990 the City supplied a \$5,000 life insurance policy to each City retiree. On that date the City decided to discontinue this policy. All employees that were either retired or eligible to retire, as of this date, were to continue to receive this benefit. The benefit was discontinued for all other employees.

The City now has ten (10) retirees receiving this benefit and there are no more employees eligible. The present cost to the City is \$384 annually. This cost is funded out of the General Fund revenues on a pay-as-you-go annual basis.

Retiree Medical Insurance

The City of Orange allows retirees of the City to remain on the City's medical insurance until age 65. The retirees are required to pay all of their retiree insurance.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2021

Employees covered by benefit terms

At the September 30, 2020 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	8
Inactive employees entitled to but not yet receiving benefits	0
Active employees & family members	191
Total	199

Funding Policy

The City of Orange has traditionally paid for a portion the retiree's medical insurance, authorized under prior incentive programs, on an annual basis. The last employee who qualified for any incentive stopped receiving the incentive during fiscal year 2015. The present annual cost for retiree insurance was \$48,250. The City of Orange does not presently have a policy that requires funding contributions above the amount required to pay for the ongoing cost of the present retiree incentives. The City will not have any ongoing incentive in future years.

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of September 30, 2020, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial assumptions:

The Total OPEB Liability in the September 30, 2020 actuarial valuation was determined using the following actuarial assumptions:

Inflation	3.0% per year
Overall payroll growth	3.5%
Discount rate	2.25%
Retirees' share of benefit-related costs	Retirees pay the full contribution rate for coverage
Administrative expenses	All administrative expenses are paid through the Pension Trust and accounted for under reporting requirements under GASB Statement No. 68

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the RPH-2014 Total Table with Projection MP-2019.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 2.25%. The discount rate was calculated as a (0.25%) real rate of return plus a 2.50% for inflation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate and Healthcare Trends

The following presents the total OPEB liability of the City, calculated using the discount rate of 2.25%, as well as what the City's total OPEB liability would be if it were calculated using a discount rate that is 1-percentage-point lower (1.25%) or 1-percentage-point higher (3.25%) than the current rate:

1% Decrease	Current Single Rate	1% Increase
(1.25%)	Assumption 2.25%	(3.25%)
<u>\$ 1,065,506</u>	<u>\$ 982,510</u>	<u>\$ 906,772</u>

The following presents the total OPEB liability of the City, calculated using the healthcare expense increase trend rate of 4.50%, as well as what the City's total OPEB liability would be if it were calculated using a rate that is 1-percentage-point lower (3.50%) or 1-percentage-point higher (5.50%) than the current rate:

1% Decrease	Current Single Rate	1% Increase
(3.50%)	Assumption 4.50%	(5.50%)
<u>\$ 882,977</u>	<u>\$ 982,510</u>	<u>\$ 1,101,615</u>

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 9/30/2020	\$ 976,637
Changes for the year:	
Service Cost	42,768
Interest	22,271
Benefit payments	(59,166)
Net changes	5,873
Balance at 9/30/2021	<u>\$ 982,510</u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources Related to OPEB

For the year ended September 30, 2021, the City recognized OPEB expense of \$67,336.

At September 30, 2021, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Difference in experience	\$ -	\$ (43,057)
Changes in actuarial assumptions	54,223	-
Total	\$ 54,223	\$ (43,057)

The City reported \$0 as deferred outflows of resources related to OPEB resulting from contributions subsequent to the measurement date that will be recognized as a reduction of the OPEB liability for the year ending September 30, 2022.

Other amounts reported as deferred outflows and inflows of resources related to OPEB will be recognized in OPEB expense as follows:

Year ended		
September 30:		
2022	\$ 2,297	
2023	2,297	
2024	2,297	
2025	2,297	
2026	1,978	
Total	\$ 11,166	

E. Construction commitments

The government has active construction projects as of September 30, 2021. The projects include street construction and improvements, recreation and pavilion, and other projects.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

At year end the government's commitments with contractors are as follows:

Northtrack Improvements	\$ 277,817
Strickland Drive water tower rehabilitation	59,626
Cooper's Gully-Phase II	64,091
Hwy 105 Box Culverts	21,715
TXDOT I-10 Utility Relocation	8,640
Drainage Projects-Meeks Drive	67,854
Recreation Center	1,535,291
Riverside Pavilion	23,738

F. Tax Abatement Disclosures

The City enters into economic development agreements to provide financial incentives for the purposes of stimulating the local economic development and business and commercial activity in the City. These agreements are authorized under Chapter 380 of the Texas Local Government Code. The City has entered into one (1) Chapter 380 agreement that calls for rebates of property taxes of 100% on assessed values and of 100% of sales tax collections received by the City for 15 years. In exchange for the fifteen year tax abatements, the agreement calls for payments to the City in the amount of \$330,662 for the first three years beginning in 2015 and a schedule of slight increases every two years thereafter with the final payment due on February 28, 2030. Property taxes equal to \$1,845,508 were rebated in 2021. Sales Tax is rebated on a quarterly basis, and the total rebated for 2021 was 222,343.

G. Restatement

The City restated beginning net position within governmental activities due to an error concerning compensated absences in the prior year. The restatement of beginning net position is as follows:

Governmental Activities	
Prior year ending net position/fund balance, as reported	\$ 28,122,881
Correction to compensated absences liability	<u>(202,324)</u>
Restated beginning net position/fund balance	<u><u>\$ 27,920,557</u></u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2021

The City restated beginning net position within component unit activities due to an error concerning capital assets in the prior year. The restatement of beginning net position is as follows:

	Orange
	EDC
Prior year ending net position, as reported	\$ 5,884,323
Correction to capital assets	131,531
Restated beginning net position	<u><u>\$ 6,015,854</u></u>

The City restated beginning net position within fiduciary funds due to the adoption of GASB #84. The restatement of beginning net position is as follows:

	Custodial	Employee Benefit Trust Fund
	Funds	Trust Fund
Prior year ending net position, as reported	\$ -	\$ -
Adjustment from adoption of GASB #84	20,559	3,921
Restated beginning net position	<u><u>\$ 20,559</u></u>	<u><u>\$ 3,921</u></u>

H. Related Party Transactions

During the year ended September 30, 2021, the City had the following transactions with related parties of the City:

- Councilmember Brad Childs, who is the owner of Childs Manufacturing and Building Supply, was approved for a grant from the EDC for infrastructure improvements for \$300,000.
- Councilmember Mary McKenna, who is the owner of a hospice company, was approved for a CDBG grant for \$5,000.
- President of the EDC Michael Smith, who is the owner of Water Tree Orange, was approved for a grant from the EDC for infrastructure improvements for \$95,000.

I. Subsequent Events

On October 13, 2021, the Orange Economic Development Corporation issued a \$3,480,000 sales tax refunding bond to refund a prior bond outstanding. The bond issued bears interest at 2% to 5% and has a final maturity date in 2032.

There were no other material subsequent events through May 2, 2022, the date the financial statements were available to be issued.

REQUIRED SUPPLEMENTARY INFORMATION

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 1 of 2)
For the Year Ended September 30, 2021

	<u>Original Budget</u>	<u>Final Budget</u>	<u>2021 Actual</u>	<u>Variance with Final Budget</u>
	<u>Original Budget</u>	<u>Final Budget</u>	<u>2021 Actual</u>	<u>Positive (Negative)</u>
<u>Revenues</u>				
Property tax	\$ 7,736,695	\$ 7,736,695	\$ 7,812,844	\$ 76,149
Payment-in-lieu of taxes	9,139,501	9,139,501	9,579,727	440,226
Sales tax	3,300,000	3,300,000	4,585,829	1,285,829
Franchise and local taxes	1,090,000	1,090,000	1,062,264	(27,736)
Other taxes	25,000	25,000	47,739	22,739
Charges for services	648,989	608,776	552,338	(56,438)
License, permits and fees	86,500	86,500	126,236	39,736
Intergovernmental	54,000	54,000	217,169	163,169
Investment income	10,000	10,000	625	(9,375)
Grants and donations	-	-	161,687	161,687
Other revenue	6,000	6,000	4,521	(1,479)
Total Revenues	22,096,685	22,056,472	24,150,979	2,094,507
<u>Expenditures</u>				
Current:				
General government:				
City council	97,275	117,275	97,204	20,071
City manager	224,739	242,094	202,081	40,013
City secretary	261,790	261,790	169,133	92,657
Human resources	127,725	154,551	159,210	(4,659) *
Finance	550,955	583,884	519,964	63,920
Tax	136,122	136,341	136,341	-
Mgmt. Info. Systems	210,687	234,714	220,293	14,421
Public safety:				
Police department	6,613,197	6,595,283	6,564,193	31,090
Fire department	4,254,313	4,339,872	4,374,657	(34,785) *
EMS	19,750	20,750	11,300	9,450
Animal control	173,041	206,845	193,665	13,180
Municipal court	271,307	271,307	259,051	12,256
Culture - recreation:				
Library	450,232	450,232	448,992	1,240
Recreation	178,476	178,476	-	178,476
Parks maintenance	637,651	700,308	825,212	(124,904) *

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
GENERAL FUND (Page 2 of 2)
For the Year Ended September 30, 2021

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>2021 Actual</u>	<u>Variance with Final Budget</u>
	\$	\$	\$	Positive (Negative)
Current:				
Public works				
Engineering	\$ 102,332	\$ 102,332	\$ 94,814	\$ 7,518
Planning	177,928	197,395	184,139	13,256
Code enforcement	564,992	572,492	539,986	32,506
Building services	507,335	536,142	524,939	11,203
Street & drainage	1,340,342	1,324,531	1,333,578	(9,047) *
Public works administration	285,850	305,000	204,483	100,517
Fleet maintenance	822,390	966,498	846,080	120,418
Nondepartmental	2,920,257	3,605,796	3,767,692	(161,896) *
Debt service:				
Principal	319,588	240,577	200,421	40,156
Interest	-	19,085	19,085	-
Capital outlay	1,008,750	1,765,614	1,401,644	363,970
Total Expenditures	22,257,024	24,129,184	23,298,157	831,027
Revenues Over (Under)				
Expenditures	(160,339)	(2,072,712)	852,822	2,925,534
<u>Other Financing Sources (Uses)</u>				
Insurance recoveries	-	372,376	389,855	17,479
Capital lease issuances	-	-	655,560	655,560
Transfers (out)	-	(504,448)	(329,590)	174,858
Sales of capital assets	-	108,205	174,542	66,337
Total Other Financing Sources (Uses)	-	(23,867)	890,367	914,234
Net Change in Fund Balance	\$ (160,339)	\$ (2,096,579)	\$ 1,743,189	\$ 3,839,768
Beginning fund balance			14,598,960	
Ending Fund Balance			\$ 16,342,149	

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).
- * 2. Expenditures exceeded appropriations at the legal level of control.



City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TXDOT FUND
For the Year Ended September 30, 2021

	Original & Final Budget	2021 Actual	Variance with Final Budget
	Positive (Negative)		
Revenues			
Grants and donations	\$ 1,245,305	\$ -	\$ (1,245,305)
Total Revenues	<u>1,245,305</u>	<u>-</u>	<u>(1,245,305)</u>
Expenditures			
Capital outlay	1,245,305	668,151	577,154
Total Expenditures	<u>1,245,305</u>	<u>668,151</u>	<u>577,154</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>(668,151)</u>	<u>(1,822,459)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>(668,151)</u>	<u>\$ (668,151)</u>
Beginning fund balance		(52,668)	
Ending Fund Balance	<u>\$ (720,819)</u>		

Notes to Required Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas

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

Years Ended:

	12/31/2020	12/31/2019	12/31/2018
Total pension liability			
Service cost	\$ 1,690,536	\$ 1,542,782	\$ 1,558,928
Interest	5,093,124	4,893,352	4,717,745
Differences between expected and actual experience	(26,735)	(395,129)	(564,152)
Changes of assumptions	-	158,294	-
Benefit payments, including refunds of participant contributions	(3,512,501)	(3,114,677)	(3,091,068)
Net change in total pension liability	3,244,424	3,084,622	2,621,453
Total pension liability - beginning	\$ 76,364,668	\$ 73,280,046	\$ 70,658,593
Total pension liability - ending (a)	\$ 79,609,092	\$ 76,364,668	\$ 73,280,046
Plan fiduciary net position			
Contributions - employer	\$ 1,509,332	\$ 1,424,660	\$ 1,475,488
Contributions - members	696,923	631,179	614,788
Net investment income	5,485,271	9,826,919	(1,995,265)
Benefit payments, including refunds of participant contributions	(3,512,501)	(3,114,677)	(3,091,068)
Administrative expenses	(35,512)	(55,549)	(38,572)
Other	(1,386)	(1,668)	(2,015)
Net change in plan fiduciary net position	4,142,127	8,710,864	(3,036,644)
Plan fiduciary net position - beginning	72,300,379	63,589,515	66,626,159
Plan fiduciary net position - ending (b)	\$ 76,442,506	\$ 72,300,379	\$ 63,589,515
Fund's net pension liability - ending (a) - (b)	\$ 3,166,586	\$ 4,064,289	\$ 9,690,531
Plan fiduciary net position			
as a percentage of the total pension liability	96.02%	94.68%	86.78%
Covered payroll	\$ 9,956,044	\$ 9,016,846	\$ 8,782,691
Fund's net position			
as a percentage of covered payroll	31.81%	45.07%	110.34%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a fund is compiled, only available information is shown.

	12/31/2017		12/31/2016		12/31/2015		12/31/2014	¹
\$	1,576,087	\$	1,525,181	\$	1,473,198	\$	1,390,815	
	4,583,484		4,435,496		4,436,802		4,331,921	
	(1,035,886)		(639,862)		(854,615)		(1,354,539)	
	-		-		223,703		-	
	(3,161,024)		(3,146,697)		(2,807,118)		(3,015,050)	
	1,962,661		2,174,118		2,471,970		1,353,147	
\$	68,695,932	\$	66,521,814	\$	64,049,844	\$	62,696,697	
\$	70,658,593	\$	68,695,932	\$	66,521,814	\$	64,049,844	
	1,530,851	\$	1,527,744	\$	1,587,598	\$	1,657,797	
	620,857		598,445		576,111		585,795	
	8,237,619		3,830,094		84,535		3,143,530	
	(3,161,024)		(3,146,697)		(2,807,118)		(3,015,050)	
	(42,696)		(43,260)		(51,492)		(32,822)	
	(2,164)		(2,331)		(2,544)		(2,699)	
	7,183,443		2,763,995		(612,910)		2,336,551	
	59,442,716		56,678,721		57,291,631		54,955,080	
\$	66,626,159	\$	59,442,716	\$	56,678,721	\$	57,291,631	
\$	4,032,434	\$	9,253,216	\$	9,843,093	\$	6,758,213	
	94.29%		86.53%		85.20%		89.45%	
\$	8,869,371	\$	8,549,219	\$	8,230,155	\$	8,368,497	
	45.46%		108.23%		119.60%		80.76%	

ull ten-year trend

City of Orange, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined employer contributions	\$ 1,527,235	\$ 1,503,799	\$ 1,425,431	\$ 1,475,144
Contributions in relation to				
the actuarially determined contribution	\$ 1,527,235	\$ 1,503,799	\$ 1,425,431	\$ 1,475,144
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 10,274,078	\$ 9,811,817	\$ 8,869,572	\$ 8,716,606
Employer contributions as				
a percentage of covered payroll	14.86%	15.33%	16.07%	16.92%

¹This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes	Actuarially determined contribution rates are calculated as of December 31 and become effective in January 13 months later.
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Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Closed
Remaining Amortization Period	26 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.50% to 11.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018

Mortality	Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP. Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.
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Other Information:

Notes	There were no benefit changes during the year.
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<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	¹
\$ 1,542,873	\$ 1,552,490	\$ 1,586,949	
<u>\$ 1,542,873</u>	<u>\$ 1,552,490</u>	<u>\$ 1,586,949</u>	
\$ -	\$ -	\$ -	
\$ 8,856,832	\$ 8,506,325	\$ 8,166,972	
17.42%	18.25%	19.43%	

City of Orange, Texas

SCHEDULE OF CHANGES IN NET PENSION LIABILITY AND RELATED RATIOS ORANGE FIREMEN'S RELIEF AND RETIREMENT FUND

Years Ended:

	9/30/2021	9/30/2020	9/30/2019
Total pension liability			
Service cost	\$ 292,702	\$ 529,546	\$ 300,705
Interest	1,332,754	1,158,392	1,267,117
Changes in benefit terms	-	906	2,645
Differences between expected and actual experience	(870,497)	-	(534,208)
Changes of assumptions	-	(5,749,694)	6,239,981
Benefit payments, including refunds of participant contributions	(1,122,958)	(1,222,239)	(1,153,483)
Net change in total pension liability	(367,999)	(5,283,089)	6,122,757
Total pension liability - beginning	\$ 17,465,600	\$ 22,748,689	\$ 16,625,932
Total pension liability - ending (a)	\$ 17,097,601	\$ 17,465,600	\$ 22,748,689
Plan fiduciary net position			
Contributions - employer	\$ 450,317	\$ 365,943	\$ 342,963
Contributions - members	357,534	315,469	295,031
Net investment income	1,183,255	1,548,036	(519,608)
Benefit payments, including refunds of participant contributions	(1,122,958)	(1,222,239)	(1,153,483)
Administrative expenses	(24,153)	(47,427)	(25,065)
Other	-	-	-
Net change in plan fiduciary net position	843,995	959,782	(1,060,162)
Plan fiduciary net position - beginning	\$ 8,921,515	\$ 7,961,733	\$ 9,021,895
Plan fiduciary net position - ending (b)	\$ 9,765,510	\$ 8,921,515	\$ 7,961,733
Fund's net pension liability - ending (a) - (b)	\$ 7,332,091	\$ 8,544,085	\$ 14,786,956
Plan fiduciary net position			
as a percentage of the total pension liability	57.12%	51.08%	35.00%
Covered payroll	\$ 2,750,133	\$ 2,523,746	\$ 2,396,549
Fund's net position			
as a percentage of covered payroll	266.61%	338.55%	617.01%

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a final is compiled, only available information is shown.

	9/30/2018		9/30/2017		9/30/2016		9/30/2015	¹
\$	421,632	\$	275,111	\$	266,423	\$	256,176	
	1,154,891		1,256,298		1,235,592		1,240,296	
	2,088		10,200		-		-	
	-		(513,493)		-		(455,247)	
	(3,193,483)		2,748,186		173,418		587,758	
	(1,103,254)		(1,115,774)		(1,337,192)		(1,084,609)	
	(2,718,126)		2,660,528		338,241		544,374	
\$	19,344,058	\$	16,683,530	\$	16,345,289	\$	15,800,915	
\$	16,625,932	\$	19,344,058	\$	16,683,530	\$	16,345,289	
\$	333,259	\$	318,457	\$	307,304	\$	319,060	
	285,780		264,331		244,464		250,694	
	1,380,383		393,147		(186,511)		746,106	
	(1,103,254)		(1,115,774)		(1,337,192)		(494,593)	
	(28,947)		(18,666)		(24,201)		(1,084,609)	
	-		-		-		(22,162)	
	867,221		(158,505)		(996,136)		(285,504)	
	8,154,674		8,313,179		9,309,315		9,594,819	
\$	9,021,895	\$	8,154,674	\$	8,313,179	\$	9,309,315	
\$	7,604,037	\$	11,189,384	\$	8,370,351	\$	7,035,974	
	54.26%		42.16%		49.83%		56.95%	
\$	2,373,912	\$	2,274,689	\$	2,195,029	\$	2,279,000	
	320.32%		491.91%		381.33%		308.73%	

ull ten-year trend

City of Orange, Texas
SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN
ORANGE FIREMEN'S RELIEF AND RETIREMENT FUND

Years Ended:

	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>	<u>9/30/2018</u>
Actuarially determined employer contributions	\$ 528,810	\$ 419,453	\$ 359,238	\$ 341,117
Contributions in relation to				
the actuarially determined contribution	\$ 528,810	\$ 419,453	\$ 359,238	\$ 341,117
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 2,833,299	\$ 2,729,163	\$ 2,479,044	\$ 2,399,228
Employer contributions as				
a percentage of covered payroll	18.66%	15.37%	14.49%	14.22%

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year period is compiled, only available information is shown.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

Notes 1/1/2019
 Actuarially determined contribution rates
 were based on the contracted
 contribution rates.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Payroll, Open
Remaining Amortization Period	68.3 years
Asset Valuation Method	Fair Market Value
Inflation	2.00%
Salary Increases	Service based
Investment Rate of Return	7.75%
Retirement Age	Experience-based table of rates that are specific to the fund.
Mortality	Employee and Healthy Annuitant Combined Rates from PubS-2010 Mortality (amount -weighted) tables.

Other Information:

Notes There have been no benefit changes since the December 31, 2014 valuation date.

<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u>	¹
\$ 327,516	\$ 313,275	\$ 308,591	
<u>\$ 327,516</u>	<u>\$ 313,275</u>	<u>\$ 308,591</u>	
<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	
\$ 2,339,397	\$ 2,237,677	\$ 2,204,221	
14.00%	14.00%	14.00%	

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City of Orange, Texas

SCHEDULE OF CHANGES IN POSTEMPLOYMENT BENEFITS OTHER THAN PENSIONS (OPEB) LIABILITY AND RELATED RATIOS

CITY OF ORANGE RETIREE HEALTH CARE PLAN

Years Ended September 30,

	2021	2020	2019	1
Total OPEB liability				
Service cost	\$ 42,768	\$ 34,121	\$ 34,121	
Interest	22,271	38,644	36,569	
Changes in benefit terms	-	-	-	
Differences between expected and actual experience	-	(60,774)	-	
Changes of assumptions	-	76,537	-	
Benefit payments, including refunds of participant contributions	(59,166)	(59,166)	(48,250)	
Net change in total OPEB liability	5,873	29,362	22,440	
Total OPEB liability - beginning	\$ 976,637	\$ 947,275	\$ 924,835	
Total OPEB liability - ending	\$ 982,510	\$ 976,637	\$ 947,275	2
 Covered payroll	 \$ 10,815,402	 \$ 10,815,402	 \$ 10,315,629	
Fund's net position as a percentage of covered payroll	9.08%	9.03%	9.18%	

Notes to schedule:

¹ This schedule is presented to illustrate the requirement to show information for ten years. However, until a full ten-year trend is compiled, only available information is shown.

² No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB statement No. 75 to pay related benefits.

OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

ORANGE DEVELOPMENT FUND

This fund is used to account for revenues and expenditures of the hotel/motel tax receipts as specified by state statute.

ORANGE ECONOMIC DEVELOPMENT FUND

This fund is used to account for funds set aside for specified economic development

PARKS DEVELOPMENT FUND

This fund is used to account for donations received for use in the City's parks and recreation activities.

LAW ENFORCEMENT SEIZURES

This fund is used to account for proceeds from law enforcement seizures. Expenditures are restricted to qualified law enforcement activities.

POLICE DONATION FUND

This fund is used to account for donations received for use in the Police Department.

BUREAU OF JUSTICE GRANT

This fund is used to account for received from the Bureau of Justice for various public safety expenditures.

COURT TECHNOLOGY FUND

This fund is used to account for funds collected in association with the portion of the court fees which are restricted for use on court technology and security.

CDBG FUND

To account for federal funds received from the U. S. Department of Housing and Urban Renewal for activities that benefit low to moderate income individuals and prevent inner city blight.

CDBG HOME PROGRAM FUND

This fund is used to account for funds received from the Texas Department of Housing and Community Affairs for rehabilitation of owner occupied or investor owned properties.

CDBG RECOVERY FUND

This fund is used to account for funds received from the Texas Department of Housing and Community Affairs for rehabilitation of properties adversely impacted from natural disasters.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

TEXAS GLO GRANT FUND

This fund is used to account for funds received from the General Land Office (formerly the Texas Department of Rural Affairs TDRA) for related grant expenditures. Grants are for hurricane disaster recovery projects.

EMERGENCY MANAGEMENT GRANT FUND

This fund is used to account for funds received from the Texas Department of Public Safety for emergency management program activities.

CONFINED SPACE RESCUE FUND

This fund is used to account for donations received from local industries for the Fire Department's confined space rescue activities.

FIRE DEPARTMENT DONATION FUND

This fund is used to account for donations received for the use of the City's Fire Department.

ANIMAL SHELTER DONATION FUND

This fund is used to account for donations received for the use of the City's Animal Shelter.

STATE HOMELAND SECURITY GRANT PROGRAM

This fund is used to account for funds received from Homeland Security for various qualified public safety expenditures.

TXDOT FUND

This fund is used to account for funds received from the Texas Department of Transportation to fund public works grant projects within the City.

LIBRARY DONATION FUND

This fund is used to account for donations received for the use of the Orange Public Library.

TEXAS WATER DEVELOPMENT BOARD GRANT FUND

This fund is used to account for grants from the Texas Water Development Board.

STARK FOUNDATION GRANT FUND

This fund is used to account for funds received from the Stark Foundation for various local projects.

City of Orange, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Orange Development Fund	Economic Development Fund	CDBG Fund	CDBG Home Program	CDBG Recovery Fund
Assets					
Cash and cash equivalents	\$ 2,435,490	\$ 2,360	\$ -	\$ 9,903	\$ -
Receivables	81,264	-	56,535	-	15,221
Prepays	22,271	-	618	-	-
Total Assets	<u>\$ 2,539,025</u>	<u>\$ 2,360</u>	<u>\$ 57,153</u>	<u>\$ 9,903</u>	<u>\$ 15,221</u>
Liabilities					
Accounts payable	\$ 39,943	\$ -	\$ 3,700	\$ -	\$ 9,907
Due to other funds	-	-	17,437	-	5,314
Total Liabilities	<u>39,943</u>	<u>-</u>	<u>21,137</u>	<u>-</u>	<u>15,221</u>
Deferred Inflows of Resources					
Grant revenue	-	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund Balances					
Nonspendable:					
Prepays	22,271	-	618	-	-
Restricted:					
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	35,398	9,903	-
Tourism and promotion	2,476,811	-	-	-	-
Assigned					
Economic development	-	2,360	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	<u>2,499,082</u>	<u>2,360</u>	<u>36,016</u>	<u>9,903</u>	<u>-</u>
total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 2,539,025</u>	<u>\$ 2,360</u>	<u>\$ 57,153</u>	<u>\$ 9,903</u>	<u>\$ 15,221</u>

Texas GLO Grant Fund	Parks Donation Fund	Law Enforcement Seizures	Court Technology Fund	Bureau of Justice Grant	Police Donation Fund	Emergency Management Grant Fund
\$ -	\$ 26,467	\$ 384,593	\$ 48,367	\$ -	\$ 31,086	\$ 2
-	-	-	-	11,265	-	13,449
-	-	-	-	-	-	-
\$ -	\$ 26,467	\$ 384,593	\$ 48,367	\$ 11,265	\$ 31,086	\$ 13,451
\$ -	\$ -	\$ 39,018	\$ -	\$ -	\$ -	\$ 571
372,149	-	-	-	11,265	-	46,186
372,149	-	39,018	-	11,265	-	46,757
-	-	-	-	3,835	-	13,449
-	-	-	-	3,835	-	13,449
-	26,467	-	-	-	-	-
-	-	345,575	48,367	-	31,086	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
(372,149)	-	-	-	(3,835)	-	(46,755)
(372,149)	26,467	345,575	48,367	(3,835)	31,086	(46,755)
\$ -	\$ 26,467	\$ 384,593	\$ 48,367	\$ 11,265	\$ 31,086	\$ 13,451

City of Orange, Texas
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2021

	Stark Foundation Grant Fund	Confined Space Rescue Fund	Fire Dept. Donation Fund	Animal Shelter Donation Fund
<u>Assets</u>				
Cash and cash equivalents	\$ 9,232	\$ 120,086	\$ 33,468	\$ 24,317
Receivables	-	4,000	-	-
Prepays	-	-	-	-
Total Assets	<u>9,232</u>	<u>124,086</u>	<u>33,468</u>	<u>24,317</u>
<u>Liabilities</u>				
Accounts payable	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-
Total Liabilities	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Deferred Inflows of Resources</u>				
Grant revenue	-	-	-	-
Total Deferred Inflows of Resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>Fund Balances</u>				
Nonspendable:				
Prepays	-	-	-	-
Restricted:				
Culture and recreation	-	-	-	-
Public safety	9,232	124,086	33,468	24,317
Public works	-	-	-	-
Tourism and promotion	-	-	-	-
Assigned				
Economic development	-	-	-	-
Unassigned	-	-	-	-
Total Fund Balances	<u>9,232</u>	<u>124,086</u>	<u>33,468</u>	<u>24,317</u>
Total Liabilities, Deferred Inflows and Fund Balances	<u>\$ 9,232</u>	<u>\$ 124,086</u>	<u>\$ 33,468</u>	<u>\$ 24,317</u>

Homeland Security Program	Library Donation Fund	TX Forest Service Grants	TX Division Emergency Mgmt Grant	TX Water Development Grants	Total Nonmajor Governmental
\$ -	\$ 79,067	\$ -	\$ -	\$ -	\$ 3,204,438
-	-	4,125	-	31,239	217,098
-	-	-	-	-	22,889
\$ -	\$ 79,067	\$ 4,125	\$ -	\$ 31,239	\$ 3,444,425
\$ -	\$ 147	\$ -	\$ -	\$ -	\$ 93,286
-	-	4,125	-	31,239	487,715
-	147	4,125	-	31,239	581,001
-	-	4,125	-	31,239	52,648
-	-	4,125	-	31,239	52,648
-	-	-	-	-	22,889
-	78,920	-	-	-	105,387
-	-	-	-	-	616,131
-	-	-	-	-	45,301
-	-	-	-	-	2,476,811
-	-	-	-	-	2,360
-	-	(4,125)	-	(31,239)	(458,103)
-	78,920	(4,125)	-	(31,239)	2,810,776
\$ -	\$ 79,067	\$ 4,125	\$ -	\$ 31,239	\$ 3,444,425

City of Orange, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Orange Development Fund	Economic Development Fund	CDBG Fund	CDBG Home Program	CDBG Recovery Fund
<u>Revenues</u>					
Hotel occupancy taxes	\$ 931,428	\$ -	\$ -	\$ -	\$ -
Grants & contributions	- -	- -	472,253	- -	113,669
Charges for services	41,379	- -	- -	- -	- -
Program income	- -	- -	6,611	- -	- -
Donations	5,535	- -	- -	- -	- -
Total Revenues	<u>978,342</u>	<u>-</u>	<u>478,864</u>	<u>-</u>	<u>113,669</u>
<u>Expenditures</u>					
Culture and recreation	414,230	- -	- -	- -	- -
Public safety	- -	- -	- -	- -	- -
Public works	- -	- -	241,418	- -	79,948
Capital outlay	- -	- -	200,495	- -	- -
Total Expenditures	<u>414,230</u>	<u>-</u>	<u>441,913</u>	<u>-</u>	<u>79,948</u>
Revenues Over (Under) Expenditures	<u>564,112</u>	<u>-</u>	<u>36,951</u>	<u>-</u>	<u>33,721</u>
Net Change in Fund Balances	<u>564,112</u>	<u>-</u>	<u>36,951</u>	<u>-</u>	<u>33,721</u>
Beginning fund balances	1,934,970	2,360	(935)	9,903	(33,721)
Ending Fund Balances	<u>\$ 2,499,082</u>	<u>\$ 2,360</u>	<u>\$ 36,016</u>	<u>\$ 9,903</u>	<u>\$ -</u>

Texas GLO Grant Fund	Parks Donation Fund	Law Enforcement Seizures	Court Technology Fund	Bureau of Justice Grant	Police Donation Fund	Emergency Management Grant Fund
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
728,782	-	-	-	14,275	-	13,449
-	-	-	-	-	-	-
-	-	-	6,446	-	-	-
-	144,045	21,274	-	-	100	-
<u>728,782</u>	<u>144,045</u>	<u>21,274</u>	<u>6,446</u>	<u>14,275</u>	<u>100</u>	<u>13,449</u>
 - 900	 - 12,145	 - 6,966	 - 18,110	 - 33,304	 - 100	 - 19,855
149,695	-	-	-	-	-	-
951,236	144,045	-	-	-	-	-
<u>1,100,931</u>	<u>144,945</u>	<u>12,145</u>	<u>6,966</u>	<u>18,110</u>	<u>-</u>	<u>33,304</u>
 (372,149)	 (900)	 9,129	 (520)	 (3,835)	 100	 (19,855)
(372,149)	(900)	9,129	(520)	(3,835)	100	(19,855)
 - 27,367	 \$ 336,446	 48,887	 -	 30,986	 (\$ 31,086)	 (\$ 26,900)
<u>\$ (372,149)</u>	<u>\$ 26,467</u>	<u>\$ 345,575</u>	<u>\$ 48,367</u>	<u>\$ (3,835)</u>	<u>\$ 31,086</u>	<u>\$ (46,755)</u>

City of Orange, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES (Continued)
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2021

	Stark Foundation Grant Fund	Confined Space Rescue Fund	Fire Dept. Donation Fund	Animal Shelter Donation Fund
<u>Revenues</u>				
Hotel occupancy taxes	\$ -	\$ -	\$ -	\$ -
Grants	- -	- -	- -	- -
Charges for services	- -	- -	- -	- -
Program income	- -	- -	- -	- -
Donations	- -	28,000	3,750	91
Total Revenues	<u>-</u>	<u>28,000</u>	<u>3,750</u>	<u>91</u>
<u>Expenditures</u>				
Culture and recreation	- -	- -	- -	- -
Public safety	- -	16,382	- -	4,078
Public works	- -	- -	- -	- -
Capital outlay	- -	10,000	- -	- -
Total Expenditures	<u>-</u>	<u>26,382</u>	<u>-</u>	<u>4,078</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>1,618</u>	<u>3,750</u>	<u>(3,987)</u>
Net Change in Fund Balances	<u>-</u>	<u>1,618</u>	<u>3,750</u>	<u>(3,987)</u>
Beginning fund balances	9,232	122,468	29,718	28,304
Ending Fund Balances	<u>\$ 9,232</u>	<u>\$ 124,086</u>	<u>\$ 33,468</u>	<u>\$ 24,317</u>

Homeland Security Program	Library Donation Fund	TX Forest Service Grants	TX Division Emergency Mgmt Grant	TX Water Development Grants	Total Nonmajor Governmental
\$ -	\$ -	\$ -	\$ -	\$ -	\$ 931,428
13,245	784	-	829,268	120,088	2,305,813
-	-	-	-	-	41,379
-	3,357	-	-	-	16,414
-	22,008	-	-	-	224,803
13,245	26,149	-	829,268	120,088	3,519,837
 - 747	 - 4,125	 - 59,280	 - 30,985	 - 30,985	 415,877 167,635 502,046 1,325,704 2,411,262
13,245	-	4,125	59,280	30,985	167,635
-	-	-	-	30,985	502,046
-	19,928	-	-	-	1,325,704
13,245	20,675	4,125	59,280	30,985	2,411,262
 - 5,474	 - (4,125)	 769,988	 89,103	 89,103	 1,108,575 1,108,575
-	5,474	(4,125)	769,988	89,103	1,108,575
-	73,446	-	(769,988)	(120,342)	1,702,201
\$ -	\$ 78,920	\$ (4,125)	\$ -	\$ (31,239)	\$ 2,810,776

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
	<u>Positive (Negative)</u>		
<u>Revenues</u>			
Property tax	\$ 902,187	\$ 915,142	\$ 12,955
Investment income	300	509	209
	Total Revenues	902,487	915,651
			13,164
<u>Expenditures</u>			
Debt service:			
Principal	670,000	670,000	-
Interest	341,700	341,700	-
Fiscal charges	400	800	(400)
	Total Expenditures	1,012,100	1,012,500
			(400)
	Revenues Over (Under) Expenditures	(109,613)	(96,849)
			13,564
	Net Change in Fund Balance	\$ (109,613)	\$ (96,849)
Beginning fund balance			99,392
			\$ 2,543
			Ending Fund Balance

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
<u>Revenues</u>			
Grants and donations	\$ 4,300	\$ -	\$ (4,300)
Investment income	- -	5,198	5,198
Total Revenues	4,300	5,198	898
<u>Expenditures</u>			
Capital outlay	4,716,201	3,092,400	1,623,801
Total Expenditures	4,716,201	3,092,400	1,623,801
<u>Other Financing Sources (Uses)</u>			
Transfer in	504,448	329,590	(174,858)
Net Change in Fund Balance	\$ (4,207,453)	(2,757,612)	\$ 1,449,841
Beginning fund balance		4,323,631	
Ending Fund Balance		\$ 1,566,019	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ORANGE DEVELOPMENT FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
Revenues			
Hotel occupancy taxes	\$ 500,000	\$ 931,428	\$ 431,428
Charges for services	42,284	41,379	(905)
Investment income	1,500	-	(1,500)
Donations	3,000	5,535	2,535
Total Revenues	546,784	978,342	431,558
Expenditures			
Culture and recreation	574,385	414,230	160,155
Total Expenditures	574,385	414,230	160,155
Net Change in Fund Balance	\$ (27,601)	564,112	\$ 591,713
Beginning fund balance		1,934,970	
Ending Fund Balance		\$ 2,499,082	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PARKS DONATION FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Investment income	\$ 20	\$ 20	\$ -	\$ (20)
Donations	- -	100,000	144,045	44,045
Total Revenues	20	100,020	144,045	44,025
Expenditures				
Culture and recreation	- -	900	900	- -
Capital outlay	- -	99,100	144,045	(44,945)*
Total Expenditures	- -	100,000	144,945	(44,945)
Net Change in Fund Balance	\$ 20	\$ 20	(900)	\$ (920)
Beginning fund balance			27,367	
Ending Fund Balance			\$ 26,467	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LAW ENFORCEMENT SEIZURES
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
<u>Revenues</u>				
Grants & contributions	\$ -	\$ -	\$ 21,274	\$ 21,274
Investment income	510	510	-	(510)
Total Revenues	510	510	21,274	20,764
<u>Expenditures</u>				
Public safety	-	125,574	12,145	113,429
Capital outlay	10,000	11,512	-	11,512
Total Expenditures	10,000	137,086	12,145	124,941
Net Change in Fund Balance	\$ (9,490)	\$ (136,576)	9,129	\$ 145,705
Beginning fund balance			336,446	
Ending Fund Balance			\$ 345,575	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
POLICE DONATION FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Investment income	\$ 30	\$ 30	\$ -	\$ (30)
Donations	- -	- -	100	100
Total Revenues	30	30	100	70
Expenditures				
Capital outlay	5,000	5,000	- -	5,000
Total Expenditures	5,000	5,000	- -	5,000
Net Change in Fund Balance	\$ (4,970)	\$ (4,970)	100	\$ 5,070
Beginning fund balance			30,986	
Ending Fund Balance			\$ 31,086	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
BUREAU OF JUSTICE GRANT
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
<u>Revenues</u>				
Grants & contributions	\$ 2,500	\$ 16,935	\$ 14,275	\$ (2,660)
Total Revenues	2,500	16,935	14,275	(2,660)
<u>Expenditures</u>				
Public safety	2,500	16,935	18,110	(1,175) *
Total Expenditures	2,500	16,935	18,110	(1,175)
Net Change in Fund Balance	\$ -	\$ -	(3,835)	\$ (3,835)
Beginning fund balance				-
Ending Fund Balance	\$ (3,835)			

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants & contributions	\$ 9,000	\$ 9,000	\$ 6,446	\$ (2,554)
Investment income	100	100	-	(100)
Total Revenues	9,100	9,100	6,446	(2,654)
Expenditures				
Public safety	10,000	10,000	6,966	3,034
Total Expenditures	10,000	10,000	6,966	3,034
Net Change in Fund Balance	\$ (900)	\$ (900)	(520)	\$ 380
Beginning fund balance			48,887	
Ending Fund Balance			\$ 48,367	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CDBG FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants & contributions	\$ 523,994	\$ 695,350	\$ 472,253	\$ (223,097)
Charges for services	5,000	5,000	6,611	1,611
Total Revenues	528,994	700,350	478,864	(221,486)
Expenditures				
Public works	293,747	303,702	241,418	62,284
Capital outlay	237,777	399,148	200,495	198,653
Total Expenditures	531,524	702,850	441,913	260,937
Net Change in Fund Balance	\$ (2,530)	\$ (2,500)	36,951	\$ 39,451
Beginning fund balance			(935)	
Ending Fund Balance			\$ 36,016	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CDBG RECOVERY FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
<u>Revenues</u>				
Grants and contributions	\$ 119,471	\$ 204,227	\$ 113,669	\$ (90,558)
Total Revenues	119,471	204,227	113,669	(90,558)
<u>Expenditures</u>				
Public works	119,471	204,227	79,948	124,279
Total Expenditures	119,471	204,227	79,948	124,279
Net Change in Fund Balance	\$ -	\$ -	33,721	\$ 33,721
Beginning fund balance			(33,721)	
Ending Fund Balance			\$ -	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TEXAS GLO GRANT FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants and contributions	\$ 6,701,462	\$ 6,701,462	\$ 728,782	\$ (5,972,680)
Total Revenues	6,701,462	6,701,462	728,782	(5,972,680)
Expenditures				
Public works	3,319,642	3,399,824	149,695	3,250,129
Capital outlay	3,381,820	3,301,638	951,236	2,350,402
Total Expenditures	6,701,462	6,701,462	1,100,931	5,600,531
Net Change in Fund Balance	\$ -	\$ -	(372,149)	\$ (372,149)
Beginning fund balance				-
Ending Fund Balance				\$ (372,149)

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
EMERGENCY MANAGEMENT GRANT FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
<u>Revenues</u>			
Grants and donations	\$ 21,987	\$ 13,449	\$ (8,538)
Total Revenues	21,987	13,449	(8,538)
<u>Expenditures</u>			
Public safety	21,987	33,304	(11,317) *
Total Expenditures	21,987	33,304	(11,317)
Net Change in Fund Balance	\$ -	(19,855)	\$ (19,855)
Beginning fund balance			(26,900)
Ending Fund Balance	\$ (46,755)		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CONFINED SPACE RESCUE FUND
For the Year Ended September 30, 2021

	<u>Original & Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget</u>
			<u>Positive (Negative)</u>
<u>Revenues</u>			
Grants and donations	\$ 20,000	\$ 28,000	\$ 8,000
Investment income	100	-	(100)
Total Revenues	20,100	28,000	7,900
<u>Expenditures</u>			
Public safety	35,000	16,382	18,618
Capital outlay	10,000	10,000	-
Total Expenditures	45,000	26,382	18,618
Net Change in Fund Balance	\$ (24,900)	1,618	\$ 26,518
Beginning fund balance		122,468	
Ending Fund Balance		\$ 124,086	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
FIRE DEPARTMENT DONATION FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
Revenues			
Grants and donations	\$ 4,000	\$ 3,750	\$ (250)
Investment income	20	-	(20)
Total Revenues	4,020	3,750	(270)
Expenditures			
Public safety	14,000	-	14,000
Total Expenditures	14,000	-	14,000
Net Change in Fund Balance	\$ (9,980)	3,750	\$ 13,730
Beginning fund balance		29,718	
Ending Fund Balance	\$ 33,468		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ANIMAL SHELTER DONATION FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
	Positive (Negative)		
Revenues			
Grants and donations	\$ 20	\$ 91	\$ 71
Total Revenues	20	91	71
Expenditures			
Public safety	10,000	4,078	5,922
Total Expenditures	10,000	4,078	5,922
Net Change in Fund Balance	\$ (9,980)	(3,987)	\$ 5,993
Beginning fund balance		28,304	
Ending Fund Balance	\$ 24,317		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOMELAND SECURITY GRANT PROGRAM FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
<u>Revenues</u>			
Grants and donations	\$ -	\$ 13,245	\$ 13,245
Total Revenues	<hr/> -	<hr/> 13,245 <hr/>	<hr/> 13,245 <hr/>
<u>Expenditures</u>			
Public safety	\$ -	\$ 13,245	\$ (13,245) *
Total Expenditures	<hr/> -	<hr/> 13,245 <hr/>	<hr/> (13,245) <hr/>
Net Change in Fund Balance	<hr/> \$ -	-	<hr/> \$ -
Beginning fund balance			-
Ending Fund Balance	<hr/> \$ -		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
LIBRARY DONATION FUND
For the Year Ended September 30, 2021

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Charges for services	\$ 1,000	\$ 1,000	\$ 3,357	\$ 2,357
Grants	-	-	784	784
Donations	4,500	22,217	22,008	(209)
Investment income	100	100	-	(100)
Total Revenues	5,600	23,317	26,149	2,832
Expenditures				
Culture and recreation	5,300	5,300	747	4,553
Capital outlay	5,000	22,717	19,928	2,789
Total Expenditures	10,300	28,017	20,675	7,342
Net Change in Fund Balance	\$ (4,700)	\$ (4,700)	5,474	\$ 10,174
Beginning fund balance			73,446	
Ending Fund Balance			\$ 78,920	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TEXAS WATER DEVELOPMENT BOARD GRANT FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
<u>Revenues</u>			
Grants	\$ 124,354	\$ 120,088	\$ (4,266)
	<u>124,354</u>	<u>120,088</u>	<u>(4,266)</u>
<u>Total Revenues</u>			
<u>Expenditures</u>			
Public works	124,354	30,985	93,369
	<u>124,354</u>	<u>30,985</u>	<u>93,369</u>
<u>Total Expenditures</u>			
<u>Net Change in Fund Balance</u>	<u>\$ -</u>	<u>89,103</u>	<u>\$ 89,103</u>
Beginning fund balance			
<u>Ending Fund Balance</u>	<u><u>\$ (120,342)</u></u>	<u><u>\$ (31,239)</u></u>	<u><u>\$ (31,239)</u></u>

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
STARK FOUNDATION GRANT FUND
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
<u>Revenues</u>			
Investment income	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<u>Expenditures</u>			
Public safety	- -	- -	- -
Total Expenditures	- -	- -	- -
Net Change in Fund Balance	\$ -	-	\$ -
Beginning fund balance		9,232	
Ending Fund Balance	\$ 9,232		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CDBG HOME PROGRAM
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
<u>Revenues</u>			
Grants	\$ 5,300	\$ -	\$ (5,300)
	Total Revenues	5,300	(5,300)
<u>Expenditures</u>			
Capital outlay	5,300	-	5,300
	Total Expenditures	5,300	-
	Net Change in Fund Balance	\$ -	\$ (5,300)
Beginning fund balance		9,903	
		\$ 9,903	

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TX FOREST SERVICE GRANTS
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
			Positive (Negative)
<u>Revenues</u>			
Grants	\$ 2,580	\$ -	\$ (2,580)
Total Revenues	2,580	-	(2,580)
<u>Expenditures</u>			
Culture and recreation	2,580	4,125	(1,545) *
Total Expenditures	2,580	4,125	(1,545)
Net Change in Fund Balance	\$ -	(4,125)	\$ (4,125)
Beginning fund balance			-
Ending Fund Balance	\$ (4,125)		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

* 2. Expenditures exceeded appropriations at the legal level of control.

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
TX DIVISION OF EMERGENCY MANAGEMENT GRANT
For the Year Ended September 30, 2021

	Original & Final Budget	Actual	Variance with Final Budget
		Positive (Negative)	
<u>Revenues</u>			
Grants	\$ 310,000	\$ 829,268	\$ 519,268
Total Revenues	310,000	829,268	519,268
<u>Expenditures</u>			
General government	310,000	59,280	250,720
Total Expenditures	310,000	59,280	250,720
Net Change in Fund Balance	\$ -	769,988	\$ 769,988
Beginning fund balance		(769,988)	
Ending Fund Balance	\$ -		

Notes to Other Supplementary Information

1. Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP).

City of Orange, Texas
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
September 30, 2021

	Orange EDC
Assets	
Cash and cash equivalents	\$ 3,331,984
Restricted cash	459,657
Investments	248,000
Receivables, net	411,307
Prepaids	118,569
	Total Current Assets
	4,569,517
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	58,641
	Total Liabilities
	58,641
Fund Balances	
Nonspendable for:	
Prepaids	118,569
Restricted for:	
Economic development	3,932,650
Debt service	459,657
	Total Fund Balance
	4,510,876
	Total Liabilities and Fund Balance
	\$ 4,569,517

See Notes to Financial Statements.

City of Orange, Texas

RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION DISCRETELY PRESENTED COMPONENT UNIT

September 30, 2021

Fund Balance	\$ 4,510,876
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Adjustments for the Statement of Net Position:

Capital assets used in governmental activities are not current financial resources and, therefore, not reported in the governmental funds.

Capital assets - non-depreciable	1,366,441
Capital assets - net depreciable	5,255,793

Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.

Accrued interest	(25,251)
Compensated absences	(18,640)
Non-current liabilities due in one year	(365,000)
Non-current liabilities due in more than one year	(4,370,000)

Net Position of the Discretely Presented Component Unit \$ 6,354,219

City of Orange, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2021

	Orange EDC
<u>Revenues</u>	
Sales taxes	\$ 2,309,925
Investment income	625
	Total Revenues
	2,310,550
<u>Expenditures</u>	
Economic development	1,527,366
Debt service:	
Principal	360,000
Interest and fiscal charges	163,508
	Total Expenditures
	2,050,874
	Excess of Revenues Over (Under) Expenditures
	259,676
	Net Change in Fund Balances
Beginning fund balances	4,251,200
	Ending Fund Balances
	\$ 4,510,876

See Notes to Financial Statements.

City of Orange, Texas

RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES OF THE DISCRETELY PRESENTED COMPONENT UNIT TO THE STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2021

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

Net changes in fund balances	\$ 259,676
------------------------------	------------

Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense.

Capital outlay	22,840
Depreciation expense	(304,934)

Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.

Compensated absences	(1,321)
Accrued interest	2,104

The issuance of long-term debt (e.g., bonds, leases, certificates of obligation) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when they are first issued; whereas, these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.

Principal payments on long-term debt	360,000
	<hr/>
	\$ 338,365
	<hr/>



STATISTICAL SECTION

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

Contents	Page
Financial Trends	150
<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>	
Revenue Capacity	162
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	168
<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>	
Demographic and Economic Information	177
<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>	
Operating Information	180
<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>	

City of Orange, Texas
NET POSITION BY COMPONENT
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)
Table 1

	2012	2013 (b)	2014 (c)	2015 (c)
Government activities				
Net investment in capital assets	\$ 18,716,218	\$ 19,963,533	\$ 23,215,863	\$ 23,174,811
Restricted	14,862	155,728	76,887	91,495
Unrestricted	6,266,247	6,880,845	(3,493,205)	(1,142,628)
Total government activities net position	<u><u>\$ 24,997,327</u></u>	<u><u>\$ 27,000,106</u></u>	<u><u>\$ 19,799,545</u></u>	<u><u>\$ 22,123,678</u></u>
Business-type activities				
Net investment in capital assets	\$ 32,196,379	\$ 32,963,175	\$ 35,152,332	\$ 35,994,034
Restricted	1,434,849	1,488,660	1,457,546	777,587
Unrestricted	2,357,075	2,736,025	532,566	1,492,412
Total business-type activities net position	<u><u>\$ 35,988,303</u></u>	<u><u>\$ 37,187,860</u></u>	<u><u>\$ 37,142,444</u></u>	<u><u>\$ 38,264,033</u></u>
Primary government				
Net investment in capital assets	\$ 50,912,597	\$ 52,926,708	\$ 58,368,195	\$ 59,168,845
Restricted	1,449,711	1,644,388	1,534,433	869,082
Unrestricted	8,623,322	9,616,870	(2,960,639)	349,784
Total primary government net position	<u><u>\$ 60,985,630</u></u>	<u><u>\$ 64,187,966</u></u>	<u><u>\$ 56,941,989</u></u>	<u><u>\$ 60,387,711</u></u>

(a) In fiscal year 2010 there was a prior period adjustment related to a negative net pension obligation. Fiscal year 2009 was restated in the government wide financial statements.

(b) In fiscal year 2013 there was a prior period adjustment related to the implementation of GASB Statement No. 65 for debt issuance costs occurring in prior fiscal years. The beginning net position was restated for the costs that occurred in prior fiscal years.

Governmental activities had a prior period adjustment of (\$131,486) and the business-type activities had a prior period adjustment of (\$234,497).

(c) In fiscal year 2015 there was a prior period adjustment related to the implementation of GASB Statement No. 68 for Accounting and Financial Report for Pensions. The beginning net position was restated for the net position liability at September 30, 2014.

Governmental activities had a prior period adjustment of (\$10,912,644) and the business-type activities had a prior period adjustment of (\$1,352,774).

(d) In fiscal year 2018, the restricted portion of net position in the government wide statement of net position was adjusted to include the restricted amounts of the non major

2016	2017	2018 (d)	2019	2020	2021
\$ 23,352,038	\$ 24,957,665	\$ 24,556,626	\$ 27,309,838	\$ 26,859,226	\$ 28,298,493
90,042	81,826	2,529,941	2,594,489	2,918,536	7,998,933
(1,516,824)	(4,206,781)	(4,622,234)	(4,497,983)	(1,857,205)	99,103
\$ 21,925,256	\$ 20,832,710	\$ 22,464,333	\$ 25,406,344	\$ 27,920,557	\$ 36,396,529
\$ 37,447,602	\$ 37,379,002	\$ 37,654,963	\$ 37,114,603	\$ 36,910,875	\$ 36,901,681
66,923	135,868	138,102	141,855	145,620	151,859
2,274,530	3,256,371	5,144,027	6,175,935	5,774,829	6,486,168
\$ 39,789,055	\$ 40,771,241	\$ 42,937,092	\$ 43,432,393	\$ 42,831,324	\$ 43,539,708
\$ 60,799,640	\$ 62,336,667	\$ 62,211,589	\$ 64,424,441	\$ 63,770,101	\$ 65,200,174
156,965	217,694	2,668,043	2,736,344	3,064,156	8,150,792
757,706	(950,410)	521,793	1,677,952	3,917,624	6,585,271
\$ 61,714,311	\$ 61,603,951	\$ 65,401,425	\$ 68,838,737	\$ 70,751,881	\$ 79,936,237

City of Orange, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 2

	2012	2013	2014	2015
Expenses				
Governmental Activities				
General government	\$ 1,449,759	\$ 1,686,907	\$ 1,155,305	\$ 1,362,420
Cultural and recreation	1,506,522	1,721,378	1,636,053	1,571,047
Public safety	10,124,888	10,244,710	10,666,744	10,843,357
Public works	4,294,614	3,593,133	4,323,317	3,808,559
Interest on long-term debt	426,512	299,216	281,198	199,043
Total governmental activities	<u>17,802,295</u>	<u>17,545,344</u>	<u>18,062,617</u>	<u>17,784,426</u>
Business-type activities				
Sanitation	1,629,934	1,661,963	1,691,352	1,706,452
Water and Sewer	6,633,507	7,167,489	6,951,782	6,794,993
Total business-type activities	<u>8,263,441</u>	<u>8,829,452</u>	<u>8,643,134</u>	<u>8,501,445</u>
Total primary government	<u>26,065,736</u>	<u>26,374,796</u>	<u>26,705,751</u>	<u>26,285,871</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	1,139,522	1,086,293	1,141,978	1,307,982
Cultural and recreation	22,777	23,817	22,961	50,620
Public safety	319,280	341,031	183,055	406,569
Public works	54,690	49,164	125,919	114,950
Operating grants and contributions				
General government	112,093	106,590	137,756	97,436
Cultural and recreation	3,019	6,160	46,708	15,290
Public safety	262,965	254,898	84,408	80,673
Public works	1,032,602	353,633	268,082	248,688
Capital grants and contributions				
General government	34,959	473	-	-
Cultural and recreation	3,187	1,704	1,637	1,074
Public safety	6,155,476	138,848	32,386	330,162
Public works	<u>611,356</u>	<u>1,775,080</u>	<u>4,190,783</u>	<u>1,034,726</u>
Total governmental activities program revenues	<u>9,751,926</u>	<u>4,137,691</u>	<u>6,235,673</u>	<u>3,688,170</u>

2016	2017	2018	2019	2020	2021
\$ 1,704,725	\$ 3,421,279	\$ 2,677,375	\$ 3,534,422	\$ 3,560,714	\$ 4,250,633
1,746,315	2,292,791	1,735,516	1,871,636	1,819,438	2,116,135
11,700,880	12,925,242	11,956,509	13,848,928	13,677,136	12,281,464
4,471,129	4,195,377	3,893,417	4,137,174	4,537,509	5,487,081
190,032	179,684	178,291	485,903	366,039	346,388
<u>19,813,081</u>	<u>23,014,373</u>	<u>20,441,108</u>	<u>23,878,063</u>	<u>23,960,836</u>	<u>24,481,701</u>
1,750,708	2,280,761	5,199,862	1,967,255	2,163,909	2,198,327
6,722,558	7,098,876	6,820,644	7,662,367	8,002,416	7,315,517
<u>8,473,266</u>	<u>9,379,637</u>	<u>12,020,506</u>	<u>9,629,622</u>	<u>10,166,325</u>	<u>9,513,844</u>
<u>28,286,347</u>	<u>32,394,010</u>	<u>32,461,614</u>	<u>33,507,685</u>	<u>34,127,161</u>	<u>33,995,545</u>
1,209,346	1,973,385	1,357,437	1,400,502	465,320	617,141
59,249	61,636	47,749	45,884	43,358	44,667
349,818	296,656	284,804	272,759	146,996	177,088
79,100	70,292	71,078	65,833	125,348	130,443
116,460	236,439	177,140	181,919	78,717	218,712
1,443	3,605	1,966	71,242	743	784
147,791	428,674	64,417	99,888	1,038,851	906,270
572,738	284,487	587,615	3,184,659	13,529	36,867
-	-	-	-	102,730	102,728
59,817	134,922	62,431	102,868	23,675	22,008
10,000	-	5,000	-	73,033	100
<u>100,000</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>608,820</u>	<u>5,467,214</u>
<u>2,705,762</u>	<u>3,490,096</u>	<u>2,659,637</u>	<u>5,425,554</u>	<u>2,721,120</u>	<u>7,724,022</u>

City of Orange, Texas
CHANGES IN NET POSITION (Continued)
Last Ten Fiscal Years (Unaudited)
(accrual basis of accounting)

	2012	2013	2014	2015
Business-type activities				
Charges for services				
Sanitation	\$ 1,625,639	\$ 1,768,833	\$ 1,800,741	\$ 1,824,743
Water and Sewer	6,248,903	7,713,632	7,317,749	7,752,710
Operating grants and contributions				
Sanitation	-	-	-	-
Water and Sewer	-	-	-	-
Capital grants and contributions				
Water and Sewer	72,611	772,900	821,987	37,715
Total business-type activities program revenues	<u>14,196,056</u>	<u>17,968,997</u>	<u>17,258,226</u>	<u>17,367,878</u>
Total primary government program revenues	<u>23,947,982</u>	<u>22,106,688</u>	<u>23,493,899</u>	<u>21,056,048</u>
Net (expense)/revenue				
Governmental activities	(8,050,369)	(13,407,653)	(11,826,944)	(14,096,256)
Business-type activities	900,653	1,425,913	1,297,343	8,866,433
Total primary government net expense	<u><u>\$ (7,149,716)</u></u>	<u><u>\$ (11,981,740)</u></u>	<u><u>\$ (10,529,601)</u></u>	<u><u>\$ (5,229,823)</u></u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property taxes	\$ 6,096,780	\$ 5,868,244	\$ 6,044,783	\$ 5,869,937
Sales taxes	2,229,480	2,309,982	2,358,053	2,592,886
Other taxes	553,828	603,799	622,747	694,827
Franchise taxes	306,524	282,092	298,172	307,093
Payment in-lieu of taxes	5,162,155	6,457,311	6,201,387	6,933,803
Unrestricted investment earnings	22,267	20,490	13,885	21,843
Gain (loss) on sale of assets	-	-	-	-
Transfers	(26,186)	-	-	-
Insurance	-	-	-	-
Miscellaneous	-	-	-	-
Total governmental activities	<u>14,344,848</u>	<u>15,541,918</u>	<u>15,539,027</u>	<u>16,420,389</u>
Business-type activities				
Unrestricted investment earnings	18,516	9,141	10,015	7,866
Gain (loss) on sale of assets	-	-	-	-
Transfers	26,186	-	-	-
Miscellaneous	-	-	-	-
Total business-type activities	<u>44,702</u>	<u>9,141</u>	<u>10,015</u>	<u>7,866</u>
Total primary government	<u><u>\$ 14,389,550</u></u>	<u><u>\$ 15,551,059</u></u>	<u><u>\$ 15,549,042</u></u>	<u><u>\$ 16,428,255</u></u>
Change in Net Position				
Governmental activities	6,294,479	2,134,265	3,712,083	2,324,133
Business-type activities	945,355	1,435,054	1,307,358	8,874,299
Total primary government	<u><u>\$ 7,239,834</u></u>	<u><u>\$ 3,569,319</u></u>	<u><u>\$ 5,019,441</u></u>	<u><u>\$ 11,198,432</u></u>

(a) Licenses and permits split among governmental activities under charges for service.

2016	2017	2018	2019	2020	2021
\$ 1,883,292 7,847,869	\$ 2,292,420 7,777,959	\$ 1,852,297 8,199,174	\$ 1,981,491 7,877,629	\$ 2,154,034 7,362,556	\$ 2,226,800 7,724,257
-	53,428	3,535,986	3,840	-	-
-	-	28,813	140,349	-	-
<u>256,155</u>	<u>134,708</u>	<u>573,284</u>	<u>-</u>	<u>-</u>	<u>-</u>
<u>17,835,185</u>	<u>10,258,515</u>	<u>14,189,554</u>	<u>10,003,309</u>	<u>9,516,590</u>	<u>9,951,057</u>
<u>20,540,947</u>	<u>13,748,611</u>	<u>16,849,191</u>	<u>15,428,863</u>	<u>12,237,710</u>	<u>17,675,079</u>
(17,107,319) 9,361,919	(19,524,277) 878,878	(17,781,471) 2,169,048	(18,452,509) 373,687	(21,239,716) (649,735)	(16,757,679) 437,213
<u>\$ (7,745,400)</u>	<u>\$ (18,645,399)</u>	<u>\$ (15,612,423)</u>	<u>\$ (18,078,822)</u>	<u>\$ (21,889,451)</u>	<u>\$ (16,320,466)</u>

\$ 6,144,835	\$ 7,485,595	\$ 7,853,374	\$ 7,954,550	\$ 8,667,211	\$ 8,721,294
2,720,011	2,958,567	3,618,034	3,406,770	3,776,174	4,585,829
688,170	696,977	807,577	606,348	748,711	950,924
281,390	287,290	291,156	334,324	1,104,445	1,062,264
7,050,656	6,883,769	6,882,340	8,699,042	9,355,820	9,579,727
23,835	17,427	28,541	274,781	136,580	6,413
-	(80)	70,431	48,609	159,529	488,402
-	-	(27,155)	-	-	(165,723)
-	-	457,367	10,096	-	-
-	102,181	120,000	60,000	7,783	4,521
16,908,897	18,431,726	20,101,665	21,394,520	23,956,253	25,233,651
10,972	13,288	12,337	112,086	37,098	320
-	8,016	29,005	9,528	11,568	105,128
-	-	27,155	-	-	165,723
-	82,002	95,864	-	-	-
10,972	103,306	164,361	121,614	48,666	271,171
\$ 16,919,869	\$ 18,535,032	\$ 20,266,026	\$ 21,516,134	\$ 24,004,919	\$ 25,504,822
(198,422)	(1,092,551)	2,320,194	2,942,011	2,716,537	8,475,972
9,372,891	982,184	2,333,409	495,301	(601,069)	708,384
\$ 9,174,469	\$ (110,367)	\$ 4,653,603	\$ 3,437,312	\$ 2,115,468	\$ 9,184,356



City of Orange, Texas

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 3

<u>Fiscal Year</u>	<u>Property</u>	<u>Sales Tax</u>	<u>Other Tax</u>	<u>Franchise Tax</u>	<u>Total</u>
2012	\$6,096,780	\$2,229,480	\$553,480	\$306,524	\$9,186,264
2013	\$5,868,244	\$2,309,982	\$603,799	\$282,092	\$9,064,117
2014	\$6,044,783	\$2,358,053	\$622,747	\$298,172	\$9,323,755
2015	\$5,869,937	\$2,592,886	\$694,827	\$307,093	\$9,464,743
2016	\$6,144,835	\$2,720,011	\$688,170	\$281,390	\$9,834,406
2017	\$7,485,595	\$2,958,567	\$696,977	\$287,290	\$11,428,429
2018	\$7,853,374	\$3,618,034	\$807,577	\$291,156	\$12,570,141
2019	\$7,954,550	\$3,406,770	\$606,348	\$334,324	\$12,301,992
2020	\$8,667,211	\$3,776,174	\$748,711	\$1,104,445	\$14,296,541
2021	\$8,721,294	\$4,585,829	\$950,924	\$1,062,264	\$15,320,311

City of Orange, Texas
FUND BALANCES OF GOVERNMENTAL FUNDS
Last Ten Fiscal Years (Unaudited)
(modified accrual basis of accounting)
Table 4

	2012	2013	2014	2015
General Fund				
Nonspendable:				
Inventories	\$ 124,361	\$ 101,349	\$ 103,939	\$ 89,271
Prepays	120,742	131,434	140,293	147,243
Assigned for:				
Unassigned	4,049,277	4,977,270	5,531,403	6,956,414
Total general fund	\$ 4,294,380	\$ 5,210,053	\$ 5,775,635	\$ 7,192,928
All Other Governmental Funds				
Nonspendable	\$ -	\$ 4,014	\$ 609	\$ 8,087
Assigned for:				
Economic development	2,280	2,285	2,292	2,297
Capital project funds	-	-	-	-
Restricted for:				
Debt service	76,094	155,728	114,126	115,384
Public safety	867,861	903,373	827,899	787,368
Public works	46,509	53,120	69,615	64,796
Tourism and promotion	1,036,102	976,036	1,082,085	1,297,103
Cultural and recreation	115,275	115,583	104,655	114,953
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 2,144,121	\$ 2,210,139	\$ 2,201,281	\$ 2,389,988

2016	2017	2018	2019	2020	2021
\$ 85,495	\$ 80,387	\$ 85,568	\$ 86,150	\$ 47,325	\$ 66,914
156,840	201,177	221,037	201,567	201,166	206,583
\$ 8,029,694	\$ 7,666,234	\$ 9,715,030	\$ 11,291,931	\$ 14,350,469	\$ 16,068,652
<u>\$ 8,272,029</u>	<u>\$ 7,947,798</u>	<u>\$ 10,021,635</u>	<u>\$ 11,579,648</u>	<u>\$ 14,598,960</u>	<u>\$ 16,342,149</u>
\$ 3,131	\$ 3,920	\$ 5,706	\$ 3,817	\$ -	\$ 22,889
2,301	2,304	2,309	2,348	2,360	2,360
163,239	161,021	161,352	-	651,384	218,882
114,104	103,568	104,722	45,543	99,392	2,543
758,132	709,523	622,973	659,730	606,041	616,131
61,386	51,146	35,566	34,258	9,903	45,301
1,472,484	1,164,896	1,477,710	1,531,035	1,934,970	2,476,811
103,272	100,222	78,186	145,456	100,813	105,387
-	-	-	7,064,624	3,672,247	5,491,813
-	-	-	(28,179)	(1,004,554)	(1,178,922)
<u>\$ 2,678,049</u>	<u>\$ 2,296,600</u>	<u>\$ 2,488,524</u>	<u>\$ 9,458,632</u>	<u>\$ 6,072,556</u>	<u>\$ 7,803,195</u>

City of Orange, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

Table 5

	2012	2013	2014	2015
Revenues				
Taxes	\$8,616,255	\$8,662,858	\$8,902,775	\$9,337,233
Payments in lieu of taxes	5,162,155	6,457,311	6,201,387	6,933,803
Franchise tax	1,243,862	1,190,589	1,199,098	1,205,744
Licenses and permits	375,209	321,067	372,001	416,556
Intergovernmental	1,226,800	498,561	340,410	98,843
Charges for services	1,864,230	1,946,848	2,173,072	2,238,147
Donations	67,498	31,042	33,043	30,581
Grant income	6,776,309	2,086,515	4,289,863	1,328,923
Investment income	22,267	20,490	13,885	21,843
Program income	23,449	17,766	27,783	31,833
Forfeitures	56,774	67,229	32,386	6,750
Miscellaneous	77,191	206,859	112,644	505,056
Total revenues	<u>25,511,999</u>	<u>21,507,135</u>	<u>23,698,347</u>	<u>22,155,312</u>
Expenditures				
General government	1,380,066	1,382,697	1,358,661	1,413,910
Cultural and recreation	1,352,473	1,615,702	1,543,962	1,459,846
Public safety	8,676,928	8,759,130	8,991,222	9,413,635
Public works	4,176,623	3,274,625	3,342,105	3,272,269
Non departmental Hurricane	312,925	-	-	-
Non departmental	1,780,323	1,804,513	1,921,167	1,889,829
Debt Service				
Principal	895,000	670,000	755,000	800,000
Interest and fiscal charges	391,278	289,028	253,638	190,326
Capital Outlay	7,472,353	2,711,531	5,281,322	1,529,310
Total expenditures	<u>26,437,969</u>	<u>20,507,226</u>	<u>23,447,077</u>	<u>19,969,125</u>
Excess of revenues over (under) expenditures	(925,970)	999,909	251,270	2,186,187
Other financing sources (uses)				
Transfers in	-	-	-	257,500
Transfers (out)	-	-	-	(257,500)
Insurance proceeds	29,868	-	-	-
Sale of capital assets	60,463	473	274,985	5,610
Refunding bonds issued	-	5,440,000	-	1,980,000
Discount on refunding bonds	-	(31,855)	-	-
Premium on debt issue	-	204,641	-	-
Payment to refunded bond escrow account	-	(5,662,786)	-	(1,977,910)
Grant proceeds	-	-	-	-
Capital lease issuance	-	-	-	-
Debt issuance	-	-	-	-
Total other financing sources and uses	<u>90,331</u>	<u>(49,527)</u>	<u>274,985</u>	<u>7,700</u>
Net changes in fund balances	<u>(835,639)</u>	<u>950,382</u>	<u>526,255</u>	<u>2,193,887</u>
Debt service as a percentage of noncapital expenditures	6.86%	5.43%	5.55%	5.37%

2016	2017	2018	2019	2020	2021
\$9,517,837	\$11,028,449	\$12,332,972	\$11,900,904	\$13,201,416	\$14,292,982
7,050,656	6,883,769	6,882,340	8,699,042	9,355,820	9,579,727
1,186,241	287,290	291,156	334,324	1,104,445	1,062,264
356,816	262,785	273,925	289,724	121,141	126,236
239,484	522,907	54,517	55,706	83,192	217,169
2,157,279	3,648,552	3,263,651	3,264,271	584,674	593,717
34,092	39,601	41,755	117,310	-	-
713,323	631,866	665,777	2,938,625	1,285,473	6,836,913
23,835	16,486	26,865	258,775	130,941	6,413
14,448	28,462	16,802	34,147	-	16,414
12,768	-	13,093	33,200	-	-
217,847	210,130	247,022	174,708	7,783	4,521
<u>21,524,626</u>	<u>23,560,297</u>	<u>24,109,875</u>	<u>28,100,736</u>	<u>25,874,885</u>	<u>32,736,356</u>
1,429,906	1,528,445	1,555,917	1,705,023	992,009	1,822,572
1,583,184	2,104,903	1,661,719	1,660,428	1,389,826	1,845,968
9,556,865	9,880,982	10,158,254	10,492,387	11,678,259	11,239,935
3,693,035	3,540,026	3,464,663	3,600,520	3,465,562	4,230,065
-	-	-	-	-	-
2,040,987	3,654,994	3,421,372	3,703,715	3,376,351	3,767,692
845,000	840,000	952,899	989,783	788,766	870,421
146,030	137,083	135,938	425,583	382,248	361,585
1,558,920	3,147,657	1,313,919	5,302,365	4,585,101	6,344,247
<u>20,853,927</u>	<u>24,834,090</u>	<u>22,664,681</u>	<u>27,879,804</u>	<u>26,658,122</u>	<u>30,482,485</u>
670,699	(1,273,793)	1,445,194	220,932	(783,237)	2,253,871
-	-	-	-	-	329,590
-	-	-	-	-	(329,590)
-	-	560,749	10,096	143,720	389,855
76,447	42,784	27,915	51,349	78,679	174,542
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	436,666	-	-
-	-	-	-	-	-
-	-	76,086	-	-	-
-	382,762	155,817	24,077	194,074	655,560
-	-	-	7,785,000	-	-
<u>76,447</u>	<u>425,546</u>	<u>820,567</u>	<u>8,307,188</u>	<u>416,473</u>	<u>1,219,957</u>
<u>747,146</u>	<u>(848,247)</u>	<u>2,265,761</u>	<u>8,528,120</u>	<u>(366,764)</u>	<u>3,473,828</u>
5.14%	4.51%	5.10%	5.30%	5.31%	5.10%

City of Orange, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY *Last Ten Fiscal Years (Unaudited)*

Table 6

<u>Fiscal</u>	<u>Tax</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u> <u>Assessed</u>	<u>Total</u> <u>Direct</u> <u>Tax Rate</u>
		<u>Year</u>	<u>Value</u>	<u>Percent</u>	<u>Value</u>	<u>Percent</u>	
2012	2011	631,241,805	78.06%	177,369,499	21.94%	808,611,304	\$0.74500
2013	2012	618,576,246	76.25%	192,627,347	23.75%	811,203,593	\$0.70000
2014	2013	670,869,190	76.18%	209,713,720	23.82%	880,582,910	\$0.69000
2015	2014	675,778,484	75.36%	221,007,368	24.64%	896,785,852	\$0.68131
2016	2015	664,463,537	75.79%	212,285,034	24.21%	876,748,571	\$0.70000
2017	2016	826,796,905	78.98%	220,075,517	21.02%	1,046,872,422	\$0.70940
2018	2017	863,394,360	79.09%	228,286,425	20.91%	1,091,680,785	\$0.71774
2019	2018	802,198,213	80.96%	188,666,568	19.04%	990,864,781	\$0.80510
2020	2019	892,211,421	84.27%	166,539,624	15.73%	1,058,751,045	\$0.80690
2021	2020	905,779,173	84.57%	165,255,386	15.43%	1,071,034,559	\$0.80590

(a) Certified Tax Roll - Orange County Appraisal District

(b) Net Taxable Less Frozen - Certification of Tax Roll - beginning Tax year

Est. True <u>Value</u>	Percentage of Total Assessed Value to <u>True Value</u>
808,611,304	100.00%
811,203,593	100.00%
880,582,910	100.00%
896,785,852	100.00%
876,748,571	100.00%
1,046,872,422	100.00%
1,091,680,785	100.00%
990,864,781	100.00%
1,058,751,045	100.00%
1,071,034,559	100.00%

City of Orange, Texas

Property Tax Rates

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (Unaudited)

Table 7

Fiscal Year	City of Orange			Bridge City School District	Little Cypress Mauriceville School District	Orangefield School District
	General Fund	Debt Service	Total Tax Rate			
2012	\$0.58278	\$0.16222	\$0.74500	\$1.19000	\$1.15567	\$1.17000
2013	\$0.56708	\$0.13292	\$0.70000	\$1.19000	\$1.58350	\$1.17000
2014	\$0.57408	\$0.11592	\$0.69000	\$1.19000	\$1.16521	\$1.17000
2015	\$0.56813	\$0.11318	\$0.68131	\$1.19000	\$1.41000	\$1.17000
2016	\$0.58412	\$0.11588	\$0.70000	\$1.19000	\$1.43000	\$1.30000
2017	\$0.61535	\$0.09405	\$0.70940	\$1.18000	\$1.43000	\$1.29575
2018	\$0.62759	\$0.09015	\$0.71774	\$1.17000	\$1.43000	\$1.27997
2019	\$0.70098	\$0.10412	\$0.80510	\$1.17000	\$1.56000	\$1.28000
2020	\$0.70691	\$0.09999	\$0.80690	\$1.10000	\$1.36000	\$1.17835
2021	\$0.72025	\$0.08565	\$0.80590	\$1.07640	\$1.34010	\$1.15167

- (a) Total for taxpayers living in the Bridge City School District.
- (b) Total for taxpayers living in the Little Cypress Mauriceville School District.
- (c) Total for taxpayers living in the Orangefield School District.
- (d) Total for taxpayers living in the West Orange Cove School District.

West Orange Cove School District	Orange County				Total (a)	Total (b)	Total (c)	Total (d)
	County + (Lateral Road)	Drainage District	Port and Navigation District	Total				
				(a)				
\$1.28600	\$0.52990	\$0.10195	\$0.00821	\$2.57506	\$2.54073	\$2.55506	\$2.67106	
\$1.45660	\$0.52990	\$0.10726	\$0.00811	\$2.53527	\$2.92877	\$2.51527	\$2.80187	
\$1.42774	\$0.54400	\$0.10726	\$0.00790	\$2.53916	\$2.51437	\$2.51916	\$2.77690	
\$1.42774	\$0.54400	\$0.10726	\$0.00779	\$2.53036	\$2.75036	\$2.51036	\$2.76810	
\$1.42500	\$0.54400	\$0.10726	\$0.00765	\$2.54891	\$2.78891	\$2.65891	\$2.78391	
\$1.42500	\$0.54400	\$0.11126	\$0.00756	\$2.55222	\$2.80222	\$2.66797	\$2.79722	
\$1.42500	\$0.54200	\$0.11126	\$0.00730	\$2.54830	\$2.80830	\$2.65827	\$2.80330	
\$1.42500	\$0.54200	\$0.13160	\$0.00741	\$2.65611	\$3.04611	\$2.76611	\$2.91111	
\$1.32335	\$0.54200	\$0.13160	\$0.00686	\$2.58736	\$2.84736	\$2.66571	\$2.81071	
\$1.30970	\$0.54200	\$0.13670	\$0.00665	\$2.56765	\$2.83135	\$2.64292	\$2.80095	

City of Orange, Texas
PRINCIPAL PROPERTY TAX PAYERS
Current and Nine Years Ago (Unaudited)
Table 8

<u>Name</u>	FY 2021 (a)		FY 2012 (b)	
	Assessed Value	Percent of Total Assessed Value	Assessed Value	Percent of Total Assessed Value
Inland-Orange	\$228,131,600	1 14.8707%		
Entergy Texas, Inc.	\$17,616,870	2 1.1484%		
Westport Orange Shipyard, LLC	\$14,339,600	3 0.9347%		
Conrad Orange Shipyard	\$14,179,760	4 0.9243%	\$12,711,520	4 1.5720%
Honeywell (Allied)	\$8,861,250	5 0.5776%	\$9,361,350	7 1.1577%
TRQ Oakwood Village, LP	\$7,052,804	6 0.4597%		
Orange Navy, LP	\$6,187,731	7 0.4033%		
Orange Medical Office Bldg.	\$5,766,238	8 0.3759%		
Cloeren Company	\$5,179,700	9 0.3376%	\$5,707,630	10 0.7059%
Cypresswood Crossing II, LP	\$5,026,480	10 0.3277%		
Signal International Texas, LP			\$39,522,000	1 4.8876%
Exxonmobil Chemical Co.			\$16,525,060	2 2.0436%
Orange Shipbuilding, Inc.			\$16,361,425	3 2.0234%
Kirby Inland Marine			\$10,300,380	5 1.2738%
Firestone			\$9,671,690	6 1.1961%
Invista SARL			\$8,399,530	8 1.0388%
Webco Industries, Inc.			\$6,816,410	9 0.8430%
	<u>\$312,342,033</u>	<u>20.7100%</u>	<u>\$135,376,995</u>	<u>13.6060%</u>

(a) Tax roll for Fiscal Year 2021, tax year 2020.

(b) Tax roll for Fiscal Year 2012, tax year 2011.

City of Orange, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)

Table 9

Fiscal	Total Adj. Tax Levy		Collected within the Fiscal Year of the Levy		Total Collections to Date		
	For Fiscal	<u>Year</u>	<u>Year (a)</u>	Percentage	Collections in <u>Subsequent Years</u>	<u>Amount</u>	<u>of Levy</u>
2012	\$5,887,255		\$5,622,255	95.50%	\$211,512	\$5,833,767	99.09%
2013	\$5,830,881		\$5,544,045	95.08%	\$230,217	\$5,774,262	99.03%
2014	\$5,880,536		\$5,669,884	96.42%	\$148,621	\$5,818,505	98.95%
2015	\$5,930,412		\$5,739,169	96.78%	\$127,738	\$5,866,908	98.93%
2016	\$6,084,688		\$5,828,534	95.79%	\$181,255	\$6,009,789	98.77%
2017	\$7,363,131		\$7,059,506	95.88%	\$211,274	\$7,270,780	98.75%
2018	\$7,693,724		\$7,489,506	97.35%	\$96,600	\$7,586,106	98.60%
2019	\$7,943,135		\$7,586,657	95.51%	\$223,075	\$7,809,732	98.32%
2020	\$8,488,118		\$8,242,222	97.10%	\$79,577	\$8,321,799	98.04%
2021	\$8,572,439		\$8,336,152	97.24%	\$0	\$8,336,152	97.24%

(a) Tax levy adjusted for adjustments or supplements in subsequent years.

City of Orange, Texas
RATIOS OF OUTSTANDING DEBT BY TYPE
Last Ten Fiscal Years (Unaudited)
Table 10

Government Activities					
Fiscal Year	General		Certificates of Obligation		Capital Leases
	Obligation	Bonds & Notes	Obligation	Bonds & Notes	
2012	\$	9,125,000	\$	-	\$ -
2013		8,740,000		-	-
2014		7,985,000		-	-
2015		7,290,000		-	-
2016		6,445,000		-	-
2017		5,605,000		-	382,761
2018		4,750,000		-	441,710
2019		3,875,000		8,199,833	351,004
2020		3,490,000		7,923,000	396,311
2021		3,090,000		7,631,167	787,001

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(1) See the Schedule of Demographic and Economic Statistics, within the statistical section, for personal income and population data.

**Business-Type
Activities**

General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Capital Leases	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 5,500,000	\$ -	\$ 4,370,000	\$ 29,981	\$ 14,654,981	n/a	\$ 788.11
4,180,000	-	4,170,000	-	12,920,000	n/a	694.81
6,700,000	-	215,000	-	14,685,000	n/a	789.73
5,275,000	5,022,884	-	-	17,587,884	n/a	945.84
3,590,000	4,813,915	-	-	14,848,915	n/a	798.54
3,330,000	9,596,511	-	99,410	19,013,682	n/a	1,022.52
3,060,000	9,196,511	-	240,140	17,688,361	n/a	951.24
2,790,000	8,773,901	-	413,145	24,402,883	n/a	1,312.34
2,515,000	8,341,292	-	371,017	23,036,620	n/a	1,238.86
2,230,000	7,898,682	-	248,938	21,885,788	n/a	1,132.57

City of Orange, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)

Table 11

Fiscal <u>Year</u>	General Obligation Debt		Less: Amounts		Percentage of Estimated Actual Taxable		
	Governmental	Business-Type	Available for <u>Debt Service</u>	Total	Value of <u>Property (a)</u>	Per Capita (b)	
2012	\$ 9,125,000	\$ 5,500,000	\$ 1,449,711	\$ 13,175,289	1.63%	\$ 708.54	
2013	8,740,000	4,180,000	1,644,388	11,275,612	1.39%	606.38	
2014	7,985,000	6,700,000	1,534,433	13,150,567	1.49%	707.21	
2015	7,290,000	10,120,000	869,082	16,540,918	1.84%	889.54	
2016	6,445,000	8,235,000	156,965	14,523,035	1.66%	781.02	
2017	5,605,000	12,952,762	217,694	18,340,068	1.75%	986.29	
2018	4,750,000	12,256,511	471,281	16,535,230	1.51%	889.23	
2019	12,074,833	11,563,902	393,870	23,244,865	2.35%	1,250.06	
2020	11,413,000	10,856,292	97,406	22,171,886	2.09%	1,192.36	
2021	10,721,167	10,128,682	452,495	20,397,354	1.90%	1,055.55	

Note: Details regarding the City's outstanding debt can be found in the notes to the financial statements.

(a) See Assessed Value & Estimated Actual Value of Taxable Property within the statistical section for Actual Taxable assessed value.

(b) See Demographic and Economic Statistics, within the statistical section, for Population information.

City of Orange, Texas

DIRECT AND OVERLAPPING GOVERNMENTAL ACTIVITIES DEBT

As of September 30, 2021 (Unaudited)

Table 12

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Orange	\$11,572,617 (a)	100.00%	\$ 11,572,617
Bridge City ISD	\$12,267,771 (b)	2.52% (c)	309,148
Little Cypress Mauriceville ISD	\$61,770,000 (b)	45.10% (c)	27,858,270
Orange County	\$4,055,000 (b)	18.19% (c)	737,605
Orangetield ISD	\$6,655,000 (b)	2.99% (c)	198,985
West Orange Cove CISD	\$64,767,069 (b)	28.99% (c)	18,775,973
Subtotal Overlapping Debt	<u>149,514,840</u>		<u>47,879,980</u>
Total Direct and Overlapping Debt	<u>\$161,087,457</u>		<u>\$ 59,452,597</u>

Source: Debt outstanding data provided by overlapping entities and compiled by Municipal Advisory Council of Texas (Texas MAC).

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 of Orange. This process recognizes that, when considering the government's ability to issue and repay long-term debt, the entire debt burden born 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.

(a) Excluding general obligation bonds or CO's reported in the enterprise funds.

(b) Information from the Municipal Advisory Council of Texas (Texas MAC) used for debt outstanding from other entities.

(c) Information from the Municipal Advisory Council of Texas (Texas MAC) used for overlapping % information in 2021.

City of Orange, Texas
LEGAL DEBT MARGIN INFORMATION
Last Ten Fiscal Years (Unaudited)

Table 13

	2012	2013	2014	2015
Debt Limit	\$ 102,608,008	\$ 102,470,872	\$ 110,459,971	\$ 112,325,508
Total net debt applicable to limit	\$9,050,421	\$8,584,272	\$7,908,113	\$7,290,000
Legal debt margin	\$ 93,557,587	\$ 93,886,600	\$ 102,551,858	\$ 105,035,508
Total net debt applicable to the limit as a percentage of debt limit	9.67%	9.14%	7.71%	6.94%

Legal Debt Margin Calculation
For Fiscal Year 2021

Total assessed value (a)	\$1,534,146,704
Debt limit 10% of assessed value (b)	\$153,414,670
Amount of debt applicable to debt margin:	
Total bonded debt	\$20,225,000
Less:	
Assets available in governmental debt service fund balance	\$0
Self supported bonds and certificates (c)	<u>\$9,875,000</u>
Total amount of debt applicable to debt limit (d)	\$10,350,000
Legal debt limit	\$143,064,670

(a) The assessed value is the certified value from Orange County Appraisal District upon which the City Council established the City Tax Rate.

(b) Article 1331.051 for the State of Texas, Government Code, prescribes a legal debt limit of 10% of the assessed valuation of property applicable to cities with a population of six hundred thousand or more according to the latest federal census. Therefore, this limitation does not apply. This information is provided for comparison purposes only.

(c) This includes the 2014 General Obligation Refunding Bonds of \$2,230,000; the 2015 Tax and Revenue Certificates of Obligation of \$3,645,000; and the 2016 Tax and Revenue Certificates of Obligation of \$4,000,000.

(d) This includes the 2013 General Obligation Refunding Bonds of \$3,090,000; and the 2019 Certificates of Obligation Bonds of \$7,260,000.

2016	2017	2018	2019	2020	2021
\$ 110,824,452	\$ 132,754,956	\$ 142,305,557	\$ 141,925,868	\$ 150,758,840	\$ 153,414,670
\$6,445,000	\$5,605,000	\$4,750,000	\$11,660,000	\$11,020,000	\$10,350,000
\$ 104,379,452	\$ 127,149,956	\$ 137,555,557	\$ 130,265,868	\$ 139,738,840	\$ 143,064,670
6.17%	4.41%	3.45%	8.95%	7.89%	7.23%

City of Orange, Texas
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years (Unaudited)

Table 14

Water and Sewer

Fiscal Year	Net			2007 WS System Revenue Bonds			2001 GO Refunding Bonds (c)	
	Charges and Other (a)	Operating Expenses (b)	Available Revenue	Principal	Interest	Coverage	Principal	Interest
2012	\$ 7,338,732	\$ 4,889,715	\$ 2,449,017	\$ 190,000	\$ 186,207	\$ 7	\$ -	\$ -
2013	7,720,675	4,972,511	2,748,164	200,000	179,846	7.23	--	--
2014	7,325,005	5,273,728	2,051,277	205,000	93,207	6.88	--	--
2015	7,757,844	5,047,447	2,710,397	215,000	7,698	12.17	--	--
2016	7,856,260	5,096,554	2,759,706	--	--	--	--	--
2017	7,871,369	5,331,641	2,539,728	--	--	--	--	--
2018	8,211,418	4,983,293	3,228,125	--	--	--	--	--
2019	7,957,435	5,633,654	2,323,781	--	--	--	--	--
2020	7,388,621	5,952,732	1,435,889	--	--	--	--	--
2021	7,724,257	5,289,739	2,434,518	--	--	--	--	--

Note: Details regarding the government's outstanding debt can be found in the notes in the financial statements.

- (a) Water and Sewer Charges and Other also includes interest earnings.
- (b) Operating expenses do not include depreciation or amortization.
- (c) Historically the City has paid the GO Advance Refunding Bonds, Series 2001 from surplus revenues of the City's Water and Sewer System.
- (d) The GO Advance Refunding, Series 2010 refunded the GO Advance Refunding Bonds, Series 2001.
- (e) The GO Advance Refunding, Series 2010 is being paid from surplus revenues of the City's Water and Sewer System.
- (f) The GO Refunding, Series 2014 refunded \$3,750,000 of the Series 2007 WS System Revenue Bonds.
- (g) The GO Refunding, Series 2014 is being paid from surplus revenues of the City's Water and Sewer System.
- (h) The Certificates of Obligation, Series 2015 is being paid from surplus revenues of the City's Water and Sewer System.
- (i) The Certificates of Obligation, Series 2016 is being paid from surplus revenues of the City's Water and Sewer System.

2010 Go Refunding Bonds (d),(e)		2014 GO Refunding Bonds (f),(g)		2015 Certificates of Obligation (h)		2016 Certificates of Obligation (i)	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,290,000	\$ 160,318	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1,320,000	135,125	--	--	--	--	--	--
1,355,000	96,714	25,000	38,510	--	--	--	--
1,395,000	57,952	30,000	119,287	--	19,389	--	--
1,430,000	14,455	255,000	84,484	200,000	116,969	--	--
--	--	260,000	96,502	190,000	10,893	205,000	103,015
--	--	270,000	91,270	195,000	135,314	205,000	118,409
--	--	270,000	85,870	200,000	131,348	205,000	113,994
--	--	275,000	80,950	205,000	127,550	210,000	110,113
--	--	285,000	75,450	210,000	123,400	215,000	105,863



City of Orange, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)

Table 15

Fiscal Year	Population (a)	Personal Income (b)	Per Capita		% Completing	
			Personal Income (a) (b)	Median Age (a)	High School or Higher (a)	Unemployment Rate (c)
2012	18,595	n/a	\$23,155 (a)	39.1	85.80%	9.8%
2013	18,595	n/a	\$23,155 (a)	39.1	85.80%	9.7%
2014	18,595	n/a	\$23,155 (a)	39.1	85.80%	7.4%
2015	18,595	n/a	\$23,155 (a)	39.1	85.80%	6.4%
2016	18,595	n/a	\$23,155 (a)	39.1	85.80%	7.2%
2017	18,595	n/a	\$23,155 (a)	39.1	85.80%	8.2%
2018	18,595	n/a	\$23,155 (a)	37.4	88.70%	5.9%
2019	18,595	n/a	\$23,155 (a)	37.4	88.70%	5.3%
2020	18,595	n/a	\$28,980 (a)	37.4	88.50%	12.3%
2021	19,324	n/a	\$26,905 (a)	38.4	89.80%	8.6%

Data Sources

- (a) Bureau of the Census, year 2010 uses Census for Orange County.
- (b) US Department of Commerce, Bureau of Economic Analysis
- (c) US Department of Labor, Bureau of Labor Statistics by State and Metropolitan Area.

City of Orange, Texas

PRINCIPAL EMPLOYERS

Current Year and Nine Years Ago

Table 16

<u>Employer</u>	2021 (a)		
	<u>Employees</u>	<u>Rank</u>	Percentage of Total County Employment (b)
EI Dupont de Nemours & Co.	920	1	2.42%
Invista	732	2	1.93%
Little Cypress-Mauriceville ISD	584	3	1.54%
Orange County	500	4	1.32%
West Orange Cove Consolidated ISD	450	5	1.18%
International Paper	412	6	1.08%
Kellog - Brown & Root	420	7	1.11%
Lanxess, Inc.	390	8	1.03%
Lamar State College - Orange	274	9	0.72%
Cloeren Company, Inc.	250	10	0.66%
Orangefield ISD	249	11	0.66%
Firestone Polymers	200	12	0.53%
Memorial Hermann Baptist Orange	194	13	0.51%
City of Orange	193	14	0.51%
Signal International	180	15	0.47%
Chevron Phillips Chemical Co.	180	16	0.47%
Printpack, Inc.	141	17	0.37%
Texas Polymer Services, Inc.	130	18	0.34%
Orange Shipbuilding & Dry Dock, Inc.	120	19	0.32%
Beacon Maritime, Inc.	100	20	0.26%
	6,619		17.4%

(a) Greater Orange Area Chamber of Commerce, local school districts. Updated by City staff in FY 2013.

(b) In labor force, population 16 years and over, per Southeast Texas Workforce Development Board 2011 - 37,995.

(c) Greater Orange Area Chamber of Commerce - Greater Orange Area. Report last updated by City staff in FY2011.

	2012 (c)		
			Percentage of Total City
	<u>Employees</u>	<u>Rank</u>	<u>Employment (d)</u>
EI Dupont de Nemours & Co.	950	1	2.50%
Little Cypress-Mauriceville ISD	625	2	1.64%
Orange County	584	3	1.54%
West Orange Cove Consolidated ISD	500	4	1.32%
Invista	450	5	1.18%
International Paper	400	6	1.05%
Lanxess, Inc.	350	7	0.92%
Firestone Polymers	300	8	7.90%
Kellog - Brown & Root	274	9	0.72%
Lamar State College - Orange	250	10	0.66%
Cloeren Company, Inc.	249	11	0.66%
Orangefield ISD	215	12	0.57%
Memorial Hermann Baptist Orange	194	13	0.51%
City of Orange	193	14	0.51%
Signal International	180	15	0.47%
Printpack, Inc.	143	16	0.38%
Chevron Phillips Chemical Co.	141	17	0.37%
Texas Polymer Services, Inc.	130	18	0.34%
Orange Shipbuilding & Dry Dock, Inc.	120	19	0.32%
Beacon Maritime, Inc.	100	20	0.26%
	<u>6,348</u>		<u>23.8%</u>

City of Orange, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Table 17

<u>Employer</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
City Manager	1	1	1	1	1
City Secretary	2	2	2	2	2
Municipal Court	2	2	2	2	2
Personnel	1	1	1	1	1
Finance	4	4	4	4	4
MIS	0	0	0	0	0
Animal Control	2	2	2	2	2
Library	6	5	5	5	5
Police	55	57	57.75	57.75	58
Fire	38	38	38	38	38
Engineering	1	1	1	1	1
Planning	1	1	1	1	1
Inspections	3	3	3	3	3.3
Building Services	4	4	4	4	4
Street & Drainage	15	15	15	15	15
Public Works Administration	2	2	2	2	2
Fleet Maintenance	4	4	4	4	4
Park Maintenance	8	8	9	9	9
Orange Development	1	1	1	1	1
Community Development	2	2	2	2	1
Police Special Revenue	1	1	0.25	0.25	0.7
Fire Special Revenue	0	0	0	0	0
Sewer Operations	9	9	9	9	9
Water Operations	8	8	8	8	8
Wastewater Treatment Plant	8	8	8	8	8
Water Productions	4	4	4	4	4
Customer Service	5	5	5	5	5
Meter Readers	3	3	3	3	3
Saniation	1	1	1	1	1
Street Sweeping	1	1	1	1	1
Total	<u>192</u>	<u>193</u>	<u>194</u>	<u>194</u>	<u>194</u>

Source: City Annual Budget

2017	2018	2019	2020	2021
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
4	4	5	6	6
0	0	0	2	1.5
2	2	2	2	3
5	5	5	5	5
58	58	58	58	58
38	38	38	39	38
1	1	1	1	1
1	1	1	1	1
3	3	3	5	5
4	4	4	5	5
15	15	15	16	15
2	2	2	3	3
4	4	4	4	4
9	9	9	9	10
2	2	2	3	2.5
1	1	1	1	1
1	1	1	1	1
0	0	0	0	0
9	9	11	11	11
8	8	8	8	8
8	8	0	0	0
4	4	3	3	3
5	5	5	6	5
3	3	3	3	3
2	2	3	3	3
1	1	1	2	1
195	195	190	201	200

City of Orange, Texas
OPERATING INDICATORS BY FUNCTIONS/PROGRAM
Last Ten Fiscal Years

Table 18

<u>Function</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>
Police				
Physical arrests	1,583	1,577	1,239	1,252
Parking violations	83	14	12	14
Traffic violations	2,724	2,320	2,083	2,539
Fire				
Number of calls answered	2,822	2,819	3,168	3,196
Inspections	249	323	305	474
Street & Drainage				
Street resurfacing (miles)	2.0	8.0	1.5	2.1
Potholes repaired	6,000	5,800	6,000	11,900
Culture and recreation				
Recreation center (use fees)	685	385	250	40
Natatorium patrons (use fees)	7,158	8,779	8,833	0
Library patrons (use fees)	14,934	14,653	13,878	14,480
Water				
New connections	14	18	30	34
Water main breaks	743	530	766	632
Average daily consumption (thousands of gallons)	1,625	1,614	1,500	1,493
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,308	2,427	2,423	2,522

Source: Various city departments

2016	2017	2018	2019	2020	2021
1,252	1,088	1,223	1,238	455	891
10	11	25	23	10	5
2,736	2,273	2,605	2,319	849	1,239
3,487	3,603	3,485	3,511	4,101	3,816
817	923	812	904	509	469
2.0	0.0	1	5.5	5	1
10,085	14,000	24,849	26,980	21,112	17,311
20	30	0	0	0	0
10,639	5,404	0	0	0	0
13,590	13,746	12,749	10,834	5,108	6,417
21	30	38	28	20	9
462	420	482	408	514	438
1,524	1,509	1,542	1,447	1,421	1,554
3,422	3,694	3,266	4,130	4,279	3,578

City of Orange, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Table 19

<u>Function</u>	2012	2013	2014	2015	2016	2017
Police						
Stations	1	1	1	1	1	1
Patrol units	28	28	28	28	28	28
Personnel & officers	57	57	57.75	57.75	58	58
Fire						
Fire stations	3	3	3	3	3	3
Fire trucks	6	6	6	6	6	6
Personnel & officers	38	38	38	38	38	38
Sanitation						
Collection Trucks	2	2	2	2	2	2
Street and Drainage						
Streets (miles)	162	162	162	162	162	162
Streetlights	1,562	1,562	1,562	1,562	1,562	1,562
Traffic Signals	7	7	7	7	7	7
Cultural and Recreation						
Parks acreage	284	284	(a)	284	284	284
Parks	20	19	19	19	19	19
Library	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1
Tennis courts	6	6	6	6	4	4
Recreation centers	0	0	0	0	0	0
Basketball Courts	0	0	0	0	2	2
Splash Pad	0	0	0	0	1	1
Water						
Water mains (miles)	156	156	156	156	163	170
Fire hydrants	726	726	726	726	726	726
Maximum daily capacity (thousand of gallons)	10,613	10,613	10,613	10,613	10,613	10,613
Service connections	7,046	6,934	6,991	6,991	7,216	6,835
Wastewater						
Sanitary sewers (miles)	149	149	149	149	155	155
Storm sewers (miles)	72	72	72	72	72	72
Maximum daily treatment capacity (thousands of gallons)	7,000	7,000	7,000	7,000	7,000	7,000
Treatment plants	1	1	1	1	1	1
Service connections	6,789	6,690	6,750	6,750	7,000	6,611

(a) In 2013 park acreage reported was corrected for all prior years.

Source: Various city departments

2018	2019	2020	2021
1	1	1	1
28	28	28	28
58	58	58	58
3	3	3	3
6	6	6	6
38	38	39	38
2	3	3	3
162	162	162	162
1,562	1,562	1,562	1,562
7	7	7	7
284	284	284	284
19	19	19	19
1	1	1	1
1	1	1	0
4	4	4	4
0	0	0	0
2	2	2	2
1	1	1	1
170	170	170	175
726	726	726	775
10,613	10,613	10,613	10,613
6,867	6,932	6,913	6,994
155	155	155	160
72	72	72	80
7,000	7,000	7,000	7,000
1	1	1	1
6,621	6,707	66,884	6,765

City of Orange, Texas

OPERATIONAL STATISTICS FOR WATER AND SEWER ENTERPRISE FUND

Last Ten Fiscal Years (Unaudited)

Table 20

	2012	2013	2014	2015
Water Consumption				
October	56,313	57,752	51,796	44,039
November	50,243	49,813	48,167	43,736
December	46,626	47,117	50,242	41,742
January	45,120	47,380	50,752	43,629
February	41,875	39,852	48,802	38,829
March	39,046	41,891	41,573	38,754
April	46,233	46,081	38,077	43,414
May	50,367	45,561	40,841	42,131
June	56,486	53,492	44,663	47,219
July	55,313	55,236	40,176	49,333
August	53,936	52,150	43,828	61,251
September	51,489	52,920	48,716	50,802
Total	<u>593,047</u>	<u>589,245</u>	<u>547,633</u>	<u>544,879</u>
Water Rates				
Minimum 3/4"	10.06	10.56	10.56	10.92
Minimum 1"	12.27	12.88	12.88	13.32
Minimum 1 1/2"	17.70	18.64	18.64	19.28
Minimum 2"	24.34	25.56	25.56	26.43
Minimum 3"	39.66	41.64	41.64	43.06
Minimum 4"	61.59	64.67	64.67	66.87
Minimum 6"	116.40	122.22	122.22	126.38
Minimum 8"	182.19	191.30	191.30	197.81
Minimum 10"	258.90	271.85	271.85	281.10
Minimum 12"	346.64	363.97	363.97	376.35
Over 1,000 gallon minimum	2.39	2.51	2.51	2.60
Sewer Rates				
Minimum	12.63	13.26	13.26	13.71
Over 1,000 gallon minimum	8.25	8.66	8.66	8.96

Source: Various city departments

2016	2017	2018	2019	2020	2021
46,302	49,499	48,396	46,723	43,836	52,527
42,331	48,172	42,124	44,466	41,409	43,142
45,073	43,060	40,177	41,972	40,674	53,033
46,564	44,081	46,726	45,014	43,906	42,463
42,243	39,698	45,188	39,857	39,143	41,212
43,968	41,346	39,860	38,418	38,778	58,425
47,228	44,091	41,464	44,451	44,907	45,940
42,457	46,010	48,338	44,144	43,254	45,960
48,275	49,920	56,263	44,713	39,397	46,716
47,671	47,976	51,660	48,433	51,160	46,581
56,231	48,432	54,970	45,057	46,994	46,025
47,900	48,431	47619	44,971	45,155	45,045
556,243	550,716	562,785	528,219	518,613	567,069

10.92	10.92	10.92	10.92	10.92	10.92
13.32	13.32	13.32	13.32	13.32	13.32
19.28	19.28	19.28	19.28	19.28	19.28
26.43	26.43	26.43	26.43	26.43	26.43
43.06	43.06	43.06	43.06	43.06	43.06
66.87	66.87	66.87	66.87	66.87	66.87
126.38	126.38	126.38	126.38	126.38	126.38
197.81	197.81	197.81	197.81	197.81	197.81
281.10	281.10	281.10	281.10	281.10	281.10
376.35	376.35	376.35	376.35	376.35	376.35
2.60	2.60	2.60	2.60	2.60	2.60

13.71	13.71	13.71	13.71	13.71	13.71
8.96	8.96	8.96	8.96	8.96	8.96



OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION



BW&C
BROOKSWATSON & CO.
CERTIFIED PUBLIC ACCOUNTANTS

**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**

Independent Auditor's Report

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

We have audited, 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, the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange, Texas as of and for the year ended September 30, 2021, and the related notes to the financial statements, which collectively comprise City of Orange, Texas's basic financial statements, and have issued our report thereon dated May 2, 2022.

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Orange, Texas'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 Orange, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Orange, Texas'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 over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Orange, Texas'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.

Respectfully,

A handwritten signature in black ink that reads "Brooks Watson & Co." The signature is fluid and cursive, with "Brooks" and "Watson" connected by a horizontal stroke, and "& Co." following in a smaller, separate flourish.

BrooksWatson & Co., PLLC
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
May 2, 2022

City of Orange, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2021

I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:

None.

City of Orange, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2021

I. SUMMARY OF AUDITOR'S RESULTS:

Financial Statements

Type of auditor's report issued:

The auditor's report on the basic financial statements of the City expresses an unmodified opinion.

Internal control over financial reporting:

Are any material weaknesses identified?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Are any significant deficiencies identified not considered to be material weaknesses?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> None Reported
Is any noncompliance material to financial statements noted?	<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No

II. FINANCIAL STATEMENT FINDINGS:

None.