

City of Orange, Texas



**Annual Comprehensive Financial Report For
the Fiscal Year Ended September 30, 2022**



***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of Orange, Texas

**For the Year Ended
September 30, 2022**

Prepared by

Cheryl Zeto
Director of
Finance



City of Orange, Texas

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INTRODUCTORY SECTION





March 31, 2023

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, 2022, 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 of 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, 2022, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September 30, 2022, 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 193.

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 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. These comparisons for the General Fund, TXDOT Fund, Texas GLO Grant Fund and the US Treasury AM Rescue Plan fund are presented in the required supplementary information section on pages 98 to 103. For governmental funds with appropriated budgets other than the General Fund and major governmental funds, the comparisons are presented in the other supplementary information section of this report, beginning on page 124.

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 mitigation measures for the City and for its residents. The City is assisting citizens in the application process and will administer the grants.

Sales tax collections have increased by 5.4% over the prior year. The City expects to see further increases in sales tax revenue due to many factors including new retail businesses, new restaurants, and more City events for citizens. There is also an expected increase in traffic and new residents due to the construction of a new major petrochemical plant in the City's extraterritorial jurisdiction.

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 2022. 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. The majority of the IDC contracts expire on December 31, 2027. 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 during the setting of the property tax rates. The adopted property tax rate for fiscal year 2022 was \$0.80590/\$100. Fortunately, the City was able to reduce the property tax rate for fiscal year 2023 to \$0.78300/\$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, including 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. In addition, this year the EDC has approved funding for another franchise restaurant and a franchise car wash. The City of Orange and the Orange Economic Development Corporation will continue work to promote future commercial development in this area along IH-10 and throughout the City.

In the past couple of years, the City has provided for the citizens such amenities as a new modern, safe playground at Lions Den Park, a new multi-purpose pavilion located by the City boat ramp, drainage improvements, improvements for many City streets and a brand-new Recreation Center.

The City has also been awarded many new grants for projects such as a new radio tower for public safety, extension of the Coopers Gully concrete lining for improved drainage in that area of the City, rehabilitation of water towers, water & sewer improvements and acquisition grants to assist citizens who have been repeatedly affected by flooding.

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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, 2021. This was the 30th consecutive year (1992-2021) 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**

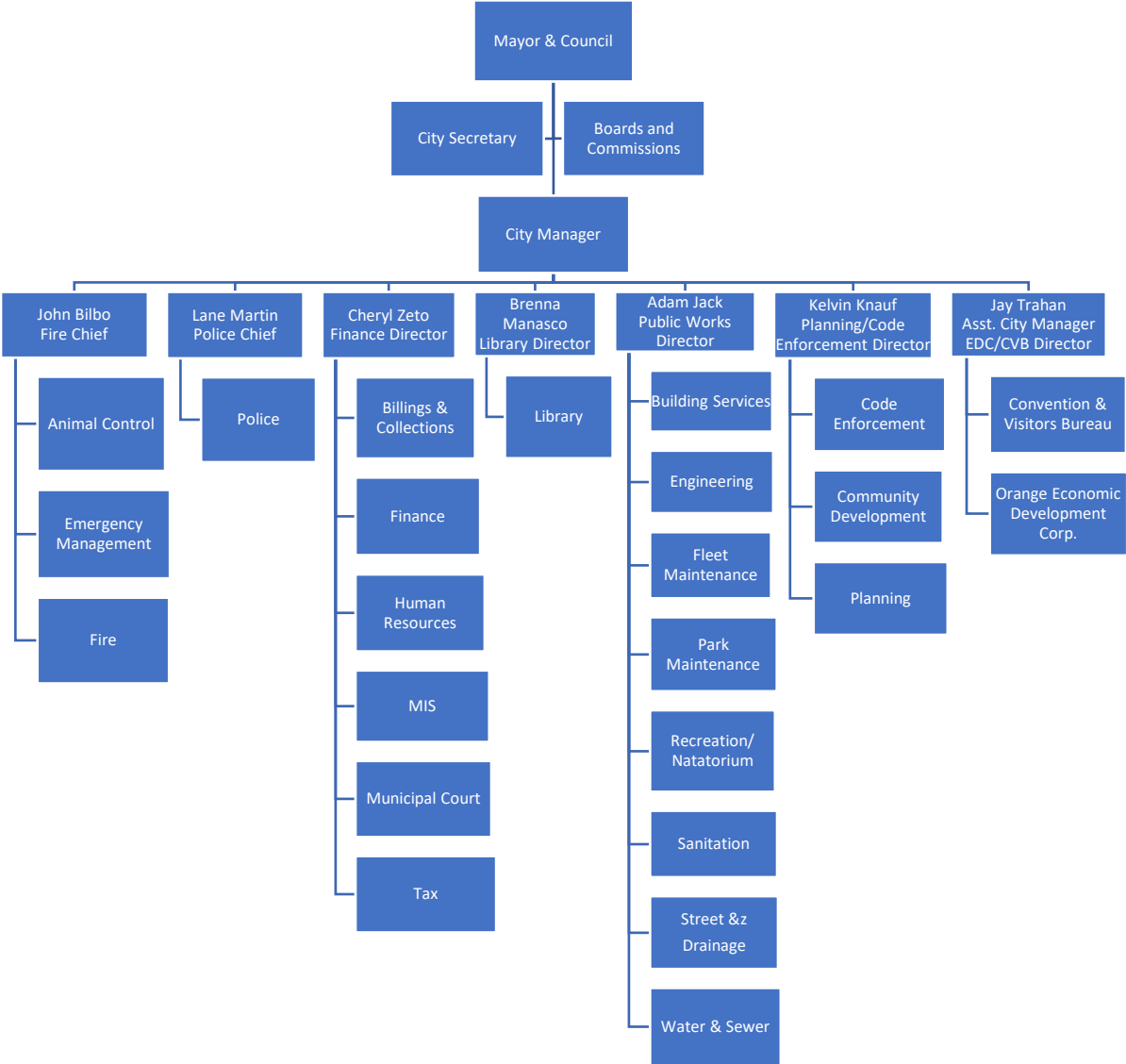
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2021

Christopher P. Morill

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
John Bilbo, 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
Adam Jack, 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 Audit of the Financial Statements

Opinions

We have audited the accompanying financial statements of the governmental activities, 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, 2022, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the accompanying financial statements 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 of Orange, Texas, as of September 30, 2022, and the respective changes in financial position for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinions

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

Responsibilities of Management for the Financial Statements

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

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for one year after the date that the financial statements are issued.

Auditor's Responsibilities for the Audit of the Financial Statements

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

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the City's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about the City's ability to continue as a going concern for a reasonable period of time.

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

Emphasis of Matter

As discussed in Note V.G. to the financial statements, due to the implementation of GASB Statement No. 87, *Leases*, the City restated capital assets and long-term liabilities for business-type activities, sanitation and water & sewer funds. 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 March 31, 2023 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.

Brooks Watson & Co.

Brooks Watson & Co.
Certified Public Accountants
Houston, Texas
March 31, 2023

*MANAGEMENT'S DISCUSSION
AND ANALYSIS*



City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2022

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, 2022. 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, 2022 by \$88,849,752. Of this amount, \$9,052,593 (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 \$8,913,515. 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 \$25,670,056 at September 30, 2022, an increase of \$1,524,712 from the prior fiscal year; this includes an increase of \$284,494 in the general fund, a decrease of \$251,090 in the Texas GLO grant fund, an increase of \$2,722,543 in the US Treasury American Rescue fund, a decrease of \$108,686 in the TXDOT Grants fund, and a decrease of \$1,122,549 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$16,334,119 or 70% of total general fund expenditures.
- The City's total debt showed a net decrease of \$1,878,377. The total governmental bonds payable at the close of the fiscal year was \$9,660,000. Self-supporting debt of the proprietary fund was \$9,150,000.

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, 2022

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, 2022

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-seven 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, Texas GLO grant fund, capital projects fund, US Treasury AM Rescue Plan fund, and TXDOT grants Fund, which are considered to be major funds. The City's debt service fund and 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, 2022

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 \$88,849,752 as of September 30, 2022 in the primary government.

The largest portion of the City's net position, \$69,405,063, 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, 2022

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2022			2021		
	Governmental	Business-Type	Total	Governmental	Business-Type	Total
	Activities	Activities		Activities	Activities	
Current and other assets	\$ 31,388,558	\$ 7,539,889	\$ 38,928,447	\$ 29,403,736	\$ 8,567,026	\$ 37,970,762
Capital assets, net	41,214,131	48,962,825	90,176,956	38,611,504	47,281,123	85,892,627
Total Assets	72,602,689	56,502,714	129,105,403	68,015,240	55,848,149	123,863,389
Total Deferred Outflows	2,476,968	397,425	2,874,393	1,519,761	199,834	1,719,595
Other liabilities	4,368,067	2,026,581	6,394,648	4,839,328	1,941,652	6,780,980
Long-term liabilities	19,217,497	9,137,446	28,354,943	23,002,269	10,184,402	33,186,671
Total Liabilities	23,585,564	11,164,027	34,749,591	27,841,597	12,126,054	39,967,651
Total Deferred Inflows	7,542,961	837,492	8,380,453	5,296,875	382,221	5,679,096
Net Position:						
Net investment in capital assets	30,327,041	39,078,022	69,405,063	28,298,493	36,901,681	65,200,174
Restricted	10,236,679	155,417	10,392,096	7,976,662	151,859	8,128,521
Unrestricted	3,387,412	5,665,181	9,052,593	121,374	6,486,168	6,607,542
Total Net Position	\$ 43,951,132	\$ 44,898,620	\$ 88,849,752	\$ 36,396,529	\$ 43,539,708	\$ 79,936,237

Current and other assets for governmental activities increased by \$1,984,822 primarily due to greater cash on hand, resulting from operating surpluses. Primary government capital assets increased by \$4,284,329 due to capital asset investments outweighing depreciation during the year. Primary government long-term liabilities decreased \$4,831,728 primarily due to principal payments made during the year and a significant change in the City's pension obligations. At the end of the prior year, the City recognized a net pension liability for TMRS. At the end of the current year, the City recognized a net pension asset, primarily due to strong investment earnings on pension assets.

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2022

Statement of Activities:

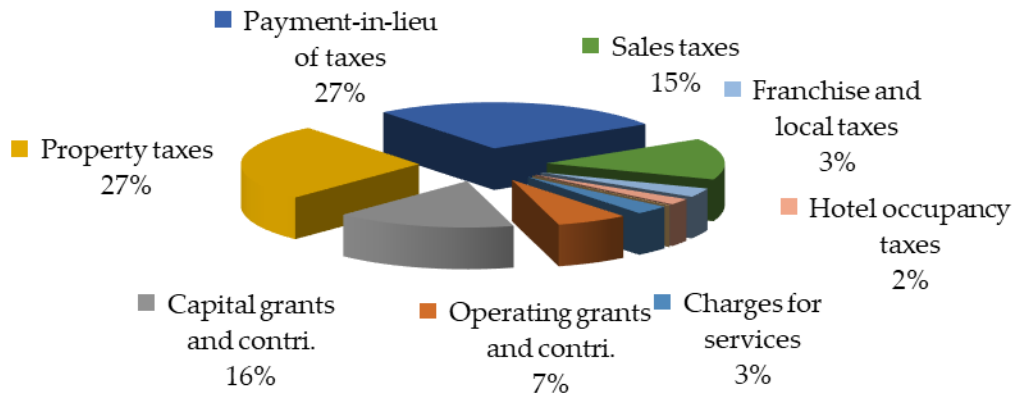
The following table provides a summary of the City's changes in net position:

	For the Year Ended September 30, 2022			For the Year Ended September 30, 2021		
	Total			Total		
	Governmental	Business-Type	Primary	Governmental	Business-Type	Primary
	Activities	Activities	Government	Activities	Activities	Government
Revenues						
Program revenues:						
Charges for services	\$ 1,041,826	\$ 10,181,470	\$ 11,223,296	\$ 969,339	\$ 9,951,057	\$ 10,920,396
Operating grants	266,417	-	266,417	1,162,633	-	1,162,633
Capital grants	7,480,950	-	7,480,950	5,592,050	-	5,592,050
General revenues:						
Property taxes	9,045,388	-	9,045,388	8,721,294	-	8,721,294
Payment-in-lieu of taxes	8,980,249	-	8,980,249	9,579,727	-	9,579,727
Sales taxes	4,833,405	-	4,833,405	4,585,829	-	4,585,829
Hotel occupancy taxes	719,574	-	719,574	950,924	-	950,924
Franchise and local taxes	1,053,316	-	1,053,316	1,062,264	-	1,062,264
Investment income	5,694	426	6,120	6,413	320	6,733
Other revenues	5,500	-	5,500	4,521	-	4,521
Gain on sale - cap. assets	-	34,613	34,613	488,402	105,128	593,530
Total Revenues	33,432,319	10,216,509	43,648,828	33,123,396	10,056,505	43,179,901
Expenses						
General government	3,980,709	-	3,980,709	4,250,633	-	4,250,633
Public safety	11,951,959	-	11,951,959	12,281,464	-	12,281,464
Public works	6,285,129	-	6,285,129	5,487,081	-	5,487,081
Culture and recreation	2,264,290	-	2,264,290	2,116,135	-	2,116,135
Interest and fiscal chgs.	319,259	288,133	607,392	346,388	302,152	648,540
Water & Sewer	-	7,388,033	7,388,033	-	7,013,365	7,013,365
Sanitation	-	2,257,801	2,257,801	-	2,198,327	2,198,327
Total Expenses	24,801,346	9,933,967	34,735,313	24,481,701	9,513,844	33,995,545
Change in Net Position						
Before Transfers	8,630,973	282,542	8,913,515	8,641,695	542,661	9,184,356
Transfers	(1,076,370)	1,076,370	-	(165,723)	165,723	-
Change in Net Position	7,554,603	1,358,912	8,913,515	8,475,972	708,384	9,184,356
Beginning Net Position	36,396,529	43,539,708	79,936,237	27,920,557	42,831,324	70,751,881
Ending Net Position	\$ 43,951,132	\$ 44,898,620	\$ 88,849,752	\$ 36,396,529	\$ 43,539,708	\$ 79,936,237

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2022

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

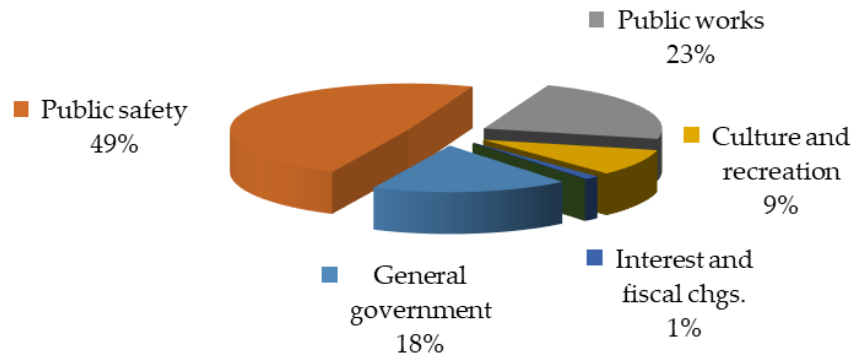


For the year ended September 30, 2022, revenues from governmental activities totaled \$33,432,319. Property taxes, payment-in-lieu of taxes, grants and contributions, and sales taxes are the City's largest general revenue sources. Overall revenue increased \$308,923 or 1% compared to the prior year. Charges for services increased by \$72,487 or 7% mainly due to an increase in property rental income. Grants and contributions increased by \$992,684 or 15% primarily due to nonrecurring GLO infrastructure grant funds received in the current year. Payment-in-lieu of taxes decreased by \$599,478 or 6% due to a reduction in distributions received from the industrial district contract. Sales taxes increased by \$247,576 or 5% due to economic growth fueled by local purchases. Hotel occupancy taxes decreased by \$231,350 or 24% primarily as a result of greater hotel stays in the prior year due to extreme weather experienced in the surrounding areas. In addition, more construction workers utilized the local hotels due to a greater number of ongoing projects in the prior year. The hotel occupancy revenues for the current year ended are more in line with historical levels. Gain on sale of capital assets decreased by \$488,402 or 100% due to no sales of capital assets in the current year.

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2022

This graph shows the governmental function expenses of the City:

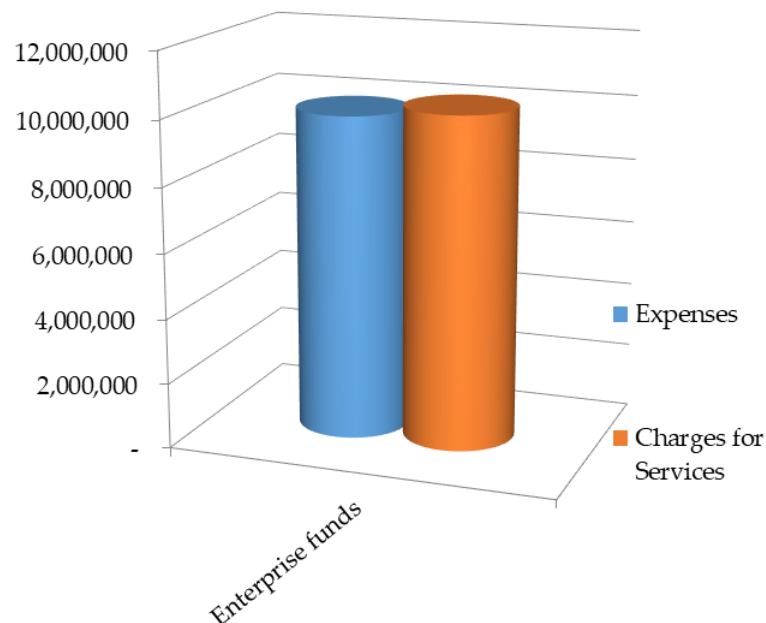
Governmental Activities - Expenses



For the year ended September 30, 2022, expenses for governmental activities totaled \$24,801,346. This represents a relatively small increase of \$319,645 or 1% from the prior year. The City's largest functional expense is public safety of \$11,951,959, and decreased slightly by \$329,505 or 3% from prior year. Culture and recreation increased by \$148,155 or 7% due primarily to new local events (i.e. Orangetober and Mardi Gras) held during the year and nonrecurring tourism promotion expenses.

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

Business-Type Activities - Revenues and Expenses



City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2022

For the year ended September 30, 2022, charges for services by business-type activities totaled \$10,181,470. This is an increase of \$230,413 or 2% from the previous year, which is considered minimal.

Total expenses increased \$420,123 or 4%, to a total of \$9,933,967. Water and sewer expenses experienced the largest expense increase of \$374,668 or 5% primarily due to greater personnel costs due to higher insurance rates and a new position created during the year. In addition, the department recognized more sewer line/machinery maintenance expenses and contract fees compared to the prior 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.

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, 2022, the City's governmental funds reported combined fund balances of \$25,670,056, an increase of \$1,524,712 in comparison with the prior year. Approximately 58% of this amount, \$14,864,180, 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, \$326,708, 2) assigned for particular purpose, \$125,380, or 3) restricted for particular purposes, \$10,353,788.

As of the end of the year the general fund reflected a total fund balance of \$16,626,643. Of this, \$292,524 is considered nonspendable and \$16,334,119 is unassigned. The general fund balance increased by \$284,494 compared to the budgeted decrease of \$1,397,475. The fund's increase was primarily due to less than anticipated expenditures.

Expenditures for the general fund in the current year were \$23,334,017 compared to \$23,298,157 in the prior year. This change is considered relatively consistent with the prior year. In addition, annual revenues for the general fund remained consistent year to 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 71% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$16,334,119 is 70% of total general fund expenditures.

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2022

The Texas GLO grant fund had an ending deficit fund balance of \$623,239 at September 30, 2022, a decrease of \$251,090. The decrease was a result of current year capital outlay expenditures exceeding intergovernmental revenues and less than anticipated revenues during the year.

The US Treasury American Rescue Plan fund had an ending fund balance of \$6,867,219, an increase of \$2,722,543. The increase is a direct result of less than expected expenditures over the course of the year.

The TXDOT fund had an ending deficit fund balance of \$829,505, a decrease of \$108,686 and consistent with the planned budgeted expenditures. No revenues were recognized within the fund during the year.

Nonmajor governmental funds had a total ending fund balance of \$3,628,938, a decrease of \$1,122,549. The decrease was primarily due to capital outlay expenditures for the capital projects fund 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 \$42,720,224 and \$2,035,240, respectively. Unrestricted net position of the enterprise funds at the close of the fiscal year amounted to \$5,522,025. Total net position increased \$1,356,724. The funds had a total net investment in capital assets of \$39,078,022.

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

- Total operational expenses, excluding depreciation and amortization were \$7,787,238.
- Total cash and cash equivalents in the enterprise funds was \$5,667,234 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 \$1,393,301 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 \$650,673 compared to the final budget. The increase was primarily due to additional capital spending and public safety expenses anticipated. Total original budgeted revenues remained consistent with the final budget. There was a positive variance of \$1,026,074 for budgeted general fund revenues. The positive variance was due to sales tax exceeding budget for the year.

The following are additional comments regarding appropriations:

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2022

- There was a total positive variance of \$870,738 in budgeted expenditure appropriations. The variance was primarily due to a decrease in police department, recreation, code enforcement, and building services compared to estimates used for the budget.
- \$1,896,812 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 \$1,681,969.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$41,214,131 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$48,909,304 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 recreation center for \$1,668,974.
- Lift Station improvements for \$388,240.
- Water line improvements for \$117,846.
- Strickland Water Tower improvements \$133,652.
- Public Safety Radio Tower \$223,768.
- Engineering projects totaling \$329,134.
- Walking track at Northway Park \$278,414.
- Purchased land for Eagle Point Parkway for \$77,440.
- Purchased a 2021 Ford F150 for \$32,865.
- Coopers Gully phase two concrete lining totaling \$2,172,847.
- Drainage and ditch improvements on Meeks Dr. for \$75,768.
- Purchased Skytrak Forklift for \$57,370.
- Purchased CAT Backhoe for \$94,601.
- Purchased six 2022 Chevy Tahoes totaling \$257,941.
- Relocation of water lines at I10 and Adams Bayou for \$108,686.
- Water line extension projects totaling \$661,945.
- Purchase of water meter supplies for \$123,485.
- Improvements to the Strickland Water Tower for \$487,194.
- Sunset Park Neighborhood improvements totaling \$121,545.
- Purchased a 2021 Freightliner for \$282,480.
- Purchased a street sweeper for \$105,962.
- Purchased two pumps for WWTP totaling \$94,786.
- Purchased a 2022 CAT Backhoe for \$94,602.
- Purchased a pump and control station for the Tejas Lift Station for \$48,188.
- Purchased new equipment for the 11th and Burton Lift Station totaling \$76,288.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2022

- Purchased a jet rodder for \$75,755.
- Purchased a 2022 Freightliner Grapple Truck for \$189,922.

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 \$18,810,000. Of this amount, \$9,150,000 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.

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, 2022

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Assets</u>			
Current assets:			
Cash and cash equivalents	\$ 19,181,041	\$ 4,882,570	\$ 24,063,611
Restricted cash	7,396,897	784,664	8,181,561
Investments	248,298	-	248,298
Receivables, net	4,124,930	1,437,223	5,562,153
Due from primary government	-	-	-
Inventory	69,100	192,358	261,458
Prepays	257,608	71,512	329,120
Internal balances	(171,562)	171,562	-
Total Current Assets	31,106,312	7,539,889	38,646,201
Noncurrent assets:			
Net pension asset	282,246	53,521	335,767
Capital assets:			
Non-depreciable	3,371,768	1,026,983	4,398,751
Net depreciable capital assets	37,842,363	47,882,321	85,724,684
Noncurrent Assets	41,496,377	48,962,825	90,459,202
Total Assets	72,602,689	56,502,714	129,105,403
<u>Deferred Outflows of Resources</u>			
Pension contributions	1,360,661	183,170	1,543,831
Pension differences in experience	873,772	165,690	1,039,462
Pension changes in assumptions	34,981	6,634	41,615
OPEB differences in experience	158,101	30,519	188,620
Deferred charge on refunding	49,453	11,412	60,865
Total Deferred Outflows of Resources	\$ 2,476,968	\$ 397,425	\$ 2,874,393

Component Unit
Orange
EDC

\$	2,836,045
	95,840
	248,298
	-
	408,425
	-
	104,126
	-
	3,692,734

	-
	3,052,046
	4,950,859
	8,002,905
	11,695,639

	-
	-
	-
	-
	26,639
\$	26,639

City of Orange, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2022

	Primary Government		
	Governmental	Business-Type	
	Activities	Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable			
and accrued liabilities	\$ 1,462,728	\$ 406,899	\$ 1,869,627
Due to fiduciary fund	-	459	459
Accrued interest payable	50,950	44,397	95,347
Customer deposits	250	584,850	585,100
Due to component unit	408,425	-	408,425
Compensated absences, current	1,504,773	77,661	1,582,434
Long term debt due within one year	940,941	912,315	1,853,256
Total Current Liabilities	4,368,067	2,026,581	6,394,648
Noncurrent liabilities:			
Compensated absences, noncurrent	1,931,271	43,966	1,975,237
Long-term debt due in more than one year	9,676,668	8,930,380	18,607,048
OPEB liability	844,936	163,100	1,008,036
Net pension liability - Fireman's Retirement	6,764,622	-	6,764,622
Noncurrent Liabilities	19,217,497	9,137,446	28,354,943
Total Liabilities	23,585,564	11,164,027	34,749,591
<u>Deferred Inflows of Resources</u>			
Pension investment returns	5,369,619	815,897	6,185,516
Pension differences in experience	1,075,736	-	1,075,736
Pension changes in assumptions	985,728	-	985,728
OPEB changes in assumptions	111,878	21,595	133,473
Total Deferred Inflows of Resources	7,542,961	837,492	8,380,453
<u>Net Position</u>			
Net investment in capital assets	30,327,041	39,078,022	69,405,063
Restricted for:			
Debt service	83,481	155,417	238,898
Culture and recreation	155,948	-	155,948
Public safety	603,128	-	603,128
Public works	39,394	-	39,394
Tourism and promotion	2,604,618	-	2,604,618
Capital improvements	6,750,110	-	6,750,110
Economic development	-	-	-
Unrestricted	3,387,412	5,665,181	9,052,593
Total Net Position	\$ 43,951,132	\$ 44,898,620	\$ 88,849,752

See Notes to Financial Statements.

Component Unit
Orange
EDC

\$	101,736
	-
	24,110
	-
	-
	17,233
	285,000
	428,079
	1,915
	3,906,163
	-
	-
	3,908,078
	4,336,157
	-
	-
	-
	-
	-
	-
	-
	3,759,684
	71,730
	-
	-
	-
	-
	-
	3,554,707
	-
\$	7,386,121

City of Orange, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2022

Functions/Programs	Expenses	Program Revenues		
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions
Primary Government				
Governmental Activities				
General government	\$ 3,980,709	\$ 674,908	\$ 85,736	\$ -
Public safety	11,951,959	154,950	116,035	240,213
Public works	6,285,129	201,384	9,315	7,147,604
Culture and recreation	2,264,290	10,584	55,331	93,133
Interest and fiscal charges	319,259	-	-	-
Total Governmental Activities	<u>24,801,346</u>	<u>1,041,826</u>	<u>266,417</u>	<u>7,480,950</u>
Business-Type Activities				
Water and sewer	7,676,166	7,906,767	-	-
Sanitation	2,257,801	2,274,703	-	-
Total Business-Type Activities	<u>9,933,967</u>	<u>10,181,470</u>	<u>-</u>	<u>-</u>
Total Primary Government	<u>\$ 34,735,313</u>	<u>\$ 11,223,296</u>	<u>\$ 266,417</u>	<u>\$ 7,480,950</u>
Component Unit				
Orange Economic Development Corporation	\$ 1,734,425	\$ -	\$ 348,439	\$ -
Total Component Unit	<u>\$ 1,734,425</u>	<u>\$ -</u>	<u>\$ 348,439</u>	<u>\$ -</u>

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
\$ (3,220,065)	\$ -	\$ (3,220,065)	\$ -
(11,440,761)	-	(11,440,761)	-
1,073,174	-	1,073,174	-
(2,105,242)	-	(2,105,242)	-
(319,259)	-	(319,259)	-
<u>(16,012,153)</u>	<u>-</u>	<u>(16,012,153)</u>	<u>-</u>
-	230,601	230,601	-
-	16,902	16,902	-
<u>-</u>	<u>247,503</u>	<u>247,503</u>	<u>-</u>
<u>(16,012,153)</u>	<u>247,503</u>	<u>(15,764,650)</u>	<u>-</u>
			(1,385,986)
			<u>(1,385,986)</u>
9,045,388	-	9,045,388	-
8,980,249	-	8,980,249	-
4,833,405	-	4,833,405	2,416,702
719,574	-	719,574	-
1,053,316	-	1,053,316	-
5,694	426	6,120	686
5,500	-	5,500	500
-	34,613	34,613	-
<u>(1,076,370)</u>	<u>1,076,370</u>	<u>-</u>	<u>-</u>
<u>23,566,756</u>	<u>1,111,409</u>	<u>24,678,165</u>	<u>2,417,888</u>
7,554,603	1,358,912	8,913,515	1,031,902
36,396,529	43,539,708	79,936,237	6,354,219
<u>\$ 43,951,132</u>	<u>\$ 44,898,620</u>	<u>\$ 88,849,752</u>	<u>\$ 7,386,121</u>

City of Orange, Texas

BALANCE SHEET (Page 1 of 2)

GOVERNMENTAL FUNDS

September 30, 2022

	General	Texas GLO Grant Fund	US Treasury AM Rescue Plan Fund
<u>Assets</u>			
Cash and cash equivalents	\$ 14,123,734	\$ -	\$ -
Investments	248,298	-	-
Restricted cash	-	-	7,197,494
Taxes receivable, net	1,100,542	-	-
Accounts receivable, net	1,494,661	293,847	-
Due from other funds	1,533,747	-	-
Due from others	13,621	-	-
Inventories, at cost	69,100	-	-
Prepays	223,424	-	-
Total Assets	\$ 18,807,127	\$ 293,847	\$ 7,197,494
<u>Liabilities</u>			
Accounts payable and accrued liabilities	\$ 603,707	\$ 137,483	\$ 330,275
Partial payment of taxes	1,185	-	-
Liability for municipal court	19,285	-	-
Customer deposits	250	-	-
Due to other funds	28,406	674,165	-
Due to component unit	408,425	-	-
Total Liabilities	1,061,258	811,648	330,275
<u>Deferred Inflows of Resources</u>			
Unavailable revenue -			
Property taxes	1,100,542	-	-
Fines receivable, net	18,684	-	-
Grants	-	105,438	-
Total Deferred Inflows	1,119,226	105,438	-

TXDOT Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 3,572,505	\$ 17,696,239
-	-	248,298
-	199,403	7,396,897
-	186,434	1,286,976
895,333	139,076	2,822,917
-	-	1,533,747
-	1,416	15,037
-	-	69,100
-	34,184	257,608
<u>\$ 895,333</u>	<u>\$ 4,133,018</u>	<u>\$ 31,326,819</u>

\$ 2,000	\$ 277,291	\$ 1,350,756
-	-	1,185
-	-	19,285
-	-	250
840,207	19,375	1,562,153
-	-	408,425
<u>842,207</u>	<u>296,666</u>	<u>3,342,054</u>

-	186,434	1,286,976
-	-	18,684
882,631	20,980	1,009,049
<u>882,631</u>	<u>207,414</u>	<u>2,314,709</u>

City of Orange, Texas

BALANCE SHEET (Page 2 of 2)

GOVERNMENTAL FUNDS

September 30, 2022

	General	Texas GLO Grant Fund	US Treasury AM Rescue Plan Fund
<u>Fund Balances</u>			
Nonspendable for:			
Inventory	\$ 69,100	\$ -	\$ -
Prepays	223,424	-	-
Restricted for:			
Debt service	-	-	-
Capital improvements	-	-	6,867,219
Culture and recreation	-	-	-
Public safety	-	-	-
Public works	-	-	-
Tourism and promotion	-	-	-
Assigned for:			
Capital improvements	-	-	-
Economic development	-	-	-
Unassigned	16,334,119	(623,239)	-
Total Fund Balances	<u>16,626,643</u>	<u>(623,239)</u>	<u>6,867,219</u>
 Total Liabilities, Deferred Inflows, and Fund Balances	 <u>\$ 18,807,127</u>	 <u>\$ 293,847</u>	 <u>\$ 7,197,494</u>

See Notes to Financial Statements.

TXDOT Grants Fund	Nonmajor Governmental Funds	Total Governmental Funds
-	\$ -	\$ 69,100
-	34,184	257,608
-	83,481	83,481
-	-	6,867,219
-	155,948	155,948
-	603,128	603,128
-	39,394	39,394
-	2,604,618	2,604,618
-	123,020	123,020
-	2,360	2,360
(829,505)	(17,195)	14,864,180
<u>(829,505)</u>	<u>3,628,938</u>	<u>25,670,056</u>
<u>\$ 895,333</u>	<u>\$ 4,133,018</u>	<u>\$ 31,326,819</u>



City of Orange, Texas

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

September 30, 2022

Fund Balances	Fund Balances - Total Governmental Funds	\$ 25,670,056
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Adjustments for the Statement of Net Position:

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

Capital assets - non-depreciable	3,371,768
Capital assets - net depreciable	37,842,363
Net pension asset - TMRS	282,246

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

Property tax receivable	1,286,976
Fines receivable	18,684
Grant receivables	1,009,049

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	49,453
Pension contributions	1,360,661
Pension changes in assumptions	34,981
Pension changes in assumptions	(985,728)
Pension investment returns	(5,369,619)
Pension differences in experience	(1,075,736)
Pension differences in experience	873,772
OPEB assumption changes	(111,878)
OPEB difference in experience	158,101

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.

1,250,144

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

Accrued interest	(50,950)
Bond premium	(349,334)
Compensated absences	(3,436,044)
Non-current liabilities due in one year	(940,941)
Non-current liabilities due in more than one year	(9,327,334)
Net pension liability - Firemen's Relief and Retirement Fund	(6,764,622)
OPEB liability - Healthcare	(844,936)

Net Position of Governmental Activities	\$ 43,951,132
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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, 2022

	General	Texas GLO Grant Fund	US Treasury AM Rescue Plan Fund	TXDOT Grants Fund
<u>Revenues</u>				
Property tax	\$ 7,941,009	\$ -	\$ -	\$ -
Payment-in-lieu of taxes	8,980,249	-	-	-
Sales tax	4,833,405	-	-	-
Franchise and local taxes	1,053,316	-	-	-
Other taxes	52,931	-	-	-
Hotel occupancy taxes	-	-	-	-
Charges for services	651,084	-	-	-
License, permits and fees	208,775	-	-	-
Intergovernmental	79,211	-	-	-
Program income	-	-	-	-
Investment income	298	-	3,502	-
Grants and donations	79,537	2,284,877	4,144,610	-
Other revenue	5,500	-	-	-
Total Revenues	23,885,315	2,284,877	4,148,112	-
<u>Expenditures</u>				
Current:				
General government	1,566,324	-	-	-
Public safety	11,886,771	-	-	-
Culture - recreation	1,269,158	-	-	-
Public works	3,846,943	139,351	400,548	-
Nondepartmental	3,433,215	-	-	-
Debt Service:				
Principal	276,040	-	-	-
Interest and fiscal charges	22,443	-	-	-
Capital outlay	1,033,123	2,396,616	1,025,021	108,686
Total Expenditures	23,334,017	2,535,967	1,425,569	108,686
Excess (Deficiency) of Revenues	\$ 551,298	\$ (251,090)	\$ 2,722,543	\$ (108,686)

Nonmajor Governmental Funds	Total Governmental Funds
\$ 1,088,954	\$ 9,029,963
-	8,980,249
-	4,833,405
-	1,053,316
-	52,931
666,643	666,643
47,438	698,522
-	208,775
-	79,211
14,178	14,178
1,894	5,694
901,645	7,410,669
-	5,500
<u>2,720,752</u>	<u>33,039,056</u>
-	1,566,324
217,851	12,104,622
603,339	1,872,497
442,796	4,829,638
-	3,433,215
690,000	966,040
318,625	341,068
1,945,724	6,509,170
<u>4,218,335</u>	<u>31,622,574</u>
\$ (1,497,583)	\$ 1,416,482

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, 2022

	General	Texas GLO Grant Fund	US Treasury AM Rescue Plan Fund	TXDOT Grants Fund
<u>Other Financing Sources (Uses)</u>				
Insurance recoveries	\$ 14,612	\$ -	\$ -	\$ -
Issuance of note payable	32,865	-	-	-
Sale of capital assets	50,244	-	-	-
Transfers (out)	(364,525)	-	-	-
Transfers in	-	-	-	-
Total Other Financing Sources (Uses)	(266,804)	-	-	-
Net Change in Fund Balances	284,494	(251,090)	2,722,543	(108,686)
Beginning fund balances	16,342,149	(372,149)	4,144,676	(720,819)
Ending Fund Balances	\$ 16,626,643	\$ (623,239)	\$ 6,867,219	\$ (829,505)

See Notes to Financial Statements.

Nonmajor Governmental Funds	Total Governmental Funds
\$ -	\$ 14,612
-	32,865
10,509	60,753
-	(364,525)
364,525	364,525
375,034	108,230
(1,122,549)	1,524,712
4,751,487	24,145,344
\$ 3,628,938	\$ 25,670,056



City of Orange, Texas

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

For the Year Ended September 30, 2022

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

Net changes in fund balances - total governmental funds	\$ 1,524,712
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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	6,509,169
Depreciation expense	(2,698,338)
Adjustment for disposal of capital assets	(131,834)
Capital assets contributed to business-type activities	(1,076,370)

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	250,477
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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	(40,543)
Accrued interest	4,042
Pension expense - TMRS	1,680,187
Pension expense - Firemen's Relief and Retirement Fund	548,895
OPEB expense	26,054

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.

Current year lease liabilities	(32,865)
Amortization of debt premium	21,833
Amortization of deferred charge on refunding	(9,272)
Principal payments on long-term debt	966,040

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.	12,416
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Change in Net Position of Governmental Activities	\$ 7,554,603
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See Notes to Financial Statements.

City of Orange, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2022

	Business-Type Activities			Governmental
	Water & Sewer	Sanitation	Total	Internal Service Fund
<u>Assets</u>				
<u>Current Assets</u>				
Cash and cash equivalents	\$ 3,055,113	\$ 1,827,457	\$ 4,882,570	\$ 1,484,802
Restricted cash	784,664	-	784,664	-
Receivables, net	1,184,258	252,965	1,437,223	-
Due from other funds	28,406	-	28,406	-
Prepays	27,957	43,555	71,512	-
Inventory	192,358	-	192,358	-
Total Current Assets	5,272,756	2,123,977	7,396,733	1,484,802
<u>Noncurrent Assets</u>				
Net pension asset	49,223	4,298	53,521	-
Capital assets:				
Non-depreciable	1,026,983	-	1,026,983	-
Net depreciable capital assets	47,588,501	293,820	47,882,321	-
Total Noncurrent Assets	48,664,707	298,118	48,962,825	-
Total Assets	53,937,463	2,422,095	56,359,558	1,484,802
<u>Deferred Outflows of Resources</u>				
Pension contributions	168,461	14,709	183,170	-
Pension changes in assumptions	6,101	533	6,634	-
Pension differences in experience	152,385	13,305	165,690	-
OPEB differences in experience	28,067	2,452	30,519	-
Deferred charge on refunding	11,412	-	11,412	-
Total Deferred Outflows	\$ 366,426	\$ 30,999	\$ 397,425	\$ -

City of Orange, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
PROPRIETARY FUNDS
September 30, 2022

	Business-Type Activities			Governmental Activities
	Water & Sewer	Sanitation	Total	Internal Service Fund
<u>Liabilities</u>				
<u>Current Liabilities</u>				
Accounts payable and accrued liabilities	\$ 250,653	\$ 156,246	\$ 406,899	\$ 91,501
Accrued interest	44,397	-	44,397	-
Customer deposits	584,850	-	584,850	-
Due to agency fund	-	459	459	-
Compensated absences, current	60,576	17,085	77,661	-
Debt obligations, current	847,347	64,968	912,315	-
Total Current Liabilities	1,787,823	238,758	2,026,581	91,501
<u>Noncurrent Liabilities</u>				
Compensated absences, noncurrent	36,245	7,721	43,966	-
Debt obligations, noncurrent	8,839,361	91,019	8,930,380	-
OPEB liability	149,996	13,104	163,100	-
Total Noncurrent Liabilities	9,025,602	111,844	9,137,446	-
Total Liabilities	10,813,425	350,602	11,164,027	91,501
<u>Deferred Inflows of Resources</u>				
Pension investment returns	750,380	65,517	815,897	-
OPEB changes in assumptions	19,860	1,735	21,595	-
Total Deferred Inflows	770,240	67,252	837,492	-
<u>Net Position</u>				
Net investment in capital assets	38,940,189	137,833	39,078,022	-
Restricted for debt service	155,417	-	155,417	-
Unrestricted	3,624,618	1,897,407	5,522,025	1,393,301
Total Net Position	\$ 42,720,224	\$ 2,035,240	44,755,464	\$ 1,393,301
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the proprietary funds			143,156	
Net position of business-type activities			\$ 44,898,620	

See Notes to Financial Statements.

City of Orange, Texas

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

PROPRIETARY FUNDS (Page 1 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities			Governmental Activities
	Water & Sewer	Sanitation	Total	Internal Service Fund
<u>Operating Revenues</u>				
Water revenue	\$ 2,476,879	\$ -	\$ 2,476,879	\$ -
Sewer revenue	4,940,224	-	4,940,224	-
Sanitation revenue	-	2,114,717	2,114,717	-
Other services	184,611	-	184,611	-
Workers' compensation services	-	-	-	149,434
Franchise fees	-	149,638	149,638	-
Interfund billing & collection	167,369	-	167,369	-
Other revenues	137,684	10,348	148,032	-
Total Operating Revenues	7,906,767	2,274,703	10,181,470	149,434
<u>Operating Expenses</u>				
Personnel services	1,528,677	156,350	1,685,027	-
Employee benefits	456,675	57,277	513,952	-
Contractual services	2,405,872	1,521,918	3,927,790	-
Utilities	574,036	-	574,036	-
Administrative	380,123	423,057	803,180	99,953
Supplies	282,322	931	283,253	-
Premiums paid	-	-	-	34,876
Depreciation	1,769,851	90,933	1,860,784	-
Total Operating Expenses	7,397,556	2,250,466	9,648,022	134,829
Operating Income (Loss)	509,211	24,237	533,448	14,605

City of Orange, Texas

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

PROPRIETARY FUNDS (Page 2 of 2)

For the Year Ended September 30, 2022

	Business-Type Activities			Governmental Activities
	Water & Sewer	Sanitation	Total	Internal Service Fund
<u>Nonoperating Revenues (Expenses)</u>				
Investment income	\$ 426	\$ -	\$ 426	\$ -
Interest expense	(280,798)	(7,335)	(288,133)	-
Gain on sale of capital assets	34,613	-	34,613	-
Total Nonoperating Revenues (Expenses)	(245,759)	(7,335)	(253,094)	-
Income Before Capital Contributions	263,452	16,902	280,354	14,605
Capital contributions from governmental activities	1,076,370	-	1,076,370	-
Change in Net Position	1,339,822	16,902	1,356,724	14,605
Beginning net position	41,380,402	2,018,338		1,378,696
Ending Net Position	\$ 42,720,224	\$ 2,035,240		\$ 1,393,301
Adjustment for the net effect of the current year activity between internal service fund and the proprietary funds			2,188	
Change in Net Position			\$ 1,358,912	

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, 2022

	Business-Type Activities		
	Water & Sewer	Sanitation	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 7,760,043	\$ 2,280,827	\$ 10,040,870
Receipts from interfund services used	-	-	-
Payments to suppliers	(3,664,017)	(1,943,978)	(5,607,995)
Payments to employees	(2,227,693)	(240,980)	(2,468,673)
Net Cash Provided (Used) by Operating Activities	1,868,333	95,869	1,964,202
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	(1,843,921)	(189,922)	(2,033,843)
Proceeds from sale of capital assets	44,304	-	44,304
Principal paid on debt	(843,171)	(62,589)	(905,760)
Interest paid on debt	(299,673)	(7,335)	(307,008)
Net Cash (Used for) Capital and Related Financing Activities	(2,942,461)	(259,846)	(3,202,307)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	426	-	426
Net Cash Provided (Used) by Investing Activities	426	-	426
Net (Decrease) Increase in Cash and Cash Equivalents	(1,073,702)	(163,977)	(1,237,679)
Beginning cash and cash equivalents	4,913,479	1,991,434	6,904,913
Ending Cash and Cash Equivalents	\$ 3,839,777	\$ 1,827,457	\$ 5,667,234

See Notes to Financial Statements.

Governmental
Activities
<hr/>
Internal
Service
Fund
<hr/>

\$	-
	154,407
	(170,018)
	-
	<hr/>
	(15,611)
	<hr/>

	-
	-
	-
	-
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	-
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	-
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	-
	<hr/>

	(15,611)
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	1,500,413
	<hr/>

\$	1,484,802
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City of Orange, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2022

	Business-Type Activities		
	Water & Sewer	Sanitation	Total
<u>Reconciliation of Operating Income (Loss)</u>			
<u>to Net Cash Provided (Used) by Operating Activities</u>			
Operating Income	\$ 509,211	\$ 24,237	\$ 533,448
Adjustments to reconcile operating income to net cash provided:			
Depreciation	1,769,851	90,933	1,860,784
Changes in Operating Assets and Liabilities:			
(Increase) Decrease in:			
Accounts receivable	(171,013)	6,124	(164,889)
Inventory	(14,091)	-	(14,091)
Prepays	(776)	(192)	(968)
Due from other funds	(28,406)	-	(28,406)
Increase (Decrease) in:			
Accounts payable and accrued liabilities	21,609	2,266	23,875
Compensated absences	(16,912)	1,020	(15,892)
Customer deposits	24,289	-	24,289
Due to other funds	-	(146)	(146)
Deferred inflows - OPEB liability	(33,979)	1,149	(32,830)
Deferred outflows - pension liability	(12,320)	827	(11,493)
Deferred outflows - OPEB liability	27,305	(1,715)	25,590
Deferred inflows - pension liability	256,130	18,354	274,484
OPEB liability	15,097	(258)	14,839
Net pension liability (asset)	(477,662)	(46,730)	(524,392)
Net Cash Provided (Used) by Operating Activities	\$ 1,868,333	\$ 95,869	\$ 1,964,202
 <u>Schedule of Noncash Capital and Related</u>			
<u>Financing Activities:</u>			
Contribution of capital assets from governmental activities	\$ 1,076,370	\$ -	\$ 1,076,370
	\$ 1,076,370	\$ -	\$ 1,076,370

See Notes to Financial Statements.

Governmental
Activities
<hr/>
Internal
Service
Fund
<hr/>

\$	14,605
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-

4,973

-

-

-

(35,189)

-

-

-

-

-

-

-

-

-

<hr/>	\$	(15,611)
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\$	-
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City of Orange, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2022

	Custodial Funds	Employee Benefit Trust Fund
<u>Assets</u>		
Cash and cash equivalents	\$ 23,014	\$ 416,928
Total Assets	23,014	416,928
<u>Net Position</u>		
Net position restricted for others	11,594	-
Net position held in trust for employees	-	416,928
Net position restricted for employee benefits	11,420	-
Total Net Position	23,014	416,928
Total Liabilities and Net Position	\$ 23,014	\$ 416,928

See Notes to Financial Statements.

City of Orange, Texas
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2022

	Custodial Funds	Employee Benefit Trust Fund
<u>Additions:</u>		
Contributions from offenders	\$ 4,504	\$ -
Contributions from employees	13,778	3,407,604
Total Additions	\$ 18,282	\$ 3,407,604
<u>Deductions:</u>		
Benefit payments	\$ 15,946	\$ 3,369,967
Total Deductions	\$ 15,946	\$ 3,369,967
 Increase (decrease) in net position	 2,336	 37,637
 Net position beginning of year	 20,678	 379,291
Net position end of year	\$ 23,014	\$ 416,928

See Notes to Financial Statements.



City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2022

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, 2022

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
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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.

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.

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.

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

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

related debt service, billing, and collection. All costs are financed through charges to utility customers.

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

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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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.

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.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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.

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, 2022

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 3.83% of outstanding property taxes as of September 30, 2022.

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, 2022

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 assets 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, 2022

In addition to liabilities, the statement of financial position will sometimes report a separate section for *deferred inflows of resources*. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets that applies to 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, 2022

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 \$7,748,622 at September 30, 2022, based on 30% of annual budgeted expenditures. The unassigned fund balance for the general fund at September 30, 2022 was \$16,344,119.

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, 2022

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 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, 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

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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. Leases

Lessee: The City are lessees for noncancellable leases of machinery and equipment. The City recognizes a lease liability and an intangible right-to-use lease asset (lease asset) in the full-accrual financial statements. The City recognizes lease liabilities with an initial, individual value of \$5,000 or more.

At the commencement of a lease, the City initially measures the lease liability at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made. The leased asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

Key estimates and judgments related to leases include how the City determines (1) the discount rate it uses to discount the expected lease payments to present value, (2) lease term, and (3) lease payments.

- The City uses the interest rate charged by the lessor as the discount rate. When the interest rate charged by the lessor is not provided, the City uses its estimated incremental borrowing rate as the discount rate for leases.
- The lease term includes the noncancellable period of the lease. Lease payments included in the measurement of the lease liability are composed of fixed payments and purchase option price that the City is reasonably certain to exercise.

The City monitors changes in circumstances that would require a remeasurement of its lease and will remeasure the lease asset and liability if certain changes occur that are expected to significantly affect the amount of the lease liability.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Lease assets are reported with other capital assets and lease liabilities are reported with long-term debt on the statement of net position.

15. New Accounting Pronouncements

During the current year, the City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 87, entitled *Leases*. Due to the implementation of GASB 87 in the current year, the City recorded right to use assets and lease liabilities.

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.

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.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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 states that, “the issuance of long-term debt (e.g., bonds) 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. 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, and special revenue funds. In fiscal year 2022 annual budgets were adopted for all funds except and the Orange Economic Development fund.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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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:	
City manager	\$42,326
Public safety:	
Fire department	\$60,525
Culture - recreation:	
Library	\$362
Nondepartmental	\$65,322
Other financing (uses):	
Transfers (out)	\$223,405
Capital outlay	\$127,547

US Treasury AM Rescue Plan Fund:

General government	\$100,548
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Fire Department Donation Fund:

Public safety	\$9,426
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Homeland Security Grant fund:

Public safety	\$34,834
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TX Forest Service Grants fund:

Culture and recreation	\$220
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B. Deficit Fund Balances

As of September 30, 2022, the City of Orange had five funds with a deficit fund balance. The Texas GLO Grant, CDBG Recovery, Bureau of Justice Grant, TX Forest Service Grants, and

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

TXDOT Grant funds had a deficit fund balance of \$623,239, \$3,295, \$13,760, \$140, and \$829,505, 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, 2022, the City's only investments were certificates of deposits with maturities greater than three months.

The City had the following investments at year end:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposits	\$ 248,298	0.87
Total	\$ 248,298	
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	\$ 248,298	0.87
Total	\$ 248,298	
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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

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, 2022, 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 deposits. As of September 30, 2022, 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	Texas GLO Grant Fund	TXDOT Grants Fund	Nonmajor Govt Funds	Total
Property taxes	\$ 1,157,994	\$ -	\$ -	\$ 194,821	\$ 1,352,815
Fines	804,854	-	-	-	804,854
Sales taxes	1,224,236	-	-	-	1,224,236
Franchise taxes	138,827	-	-	-	138,827
Grants	-	293,847	895,333	74,205	1,263,385
Other	112,915	-	-	65,100	178,015
Allowance	(830,002)	-	-	(7,200)	(837,202)
	<u>\$ 2,608,824</u>	<u>\$ 293,847</u>	<u>\$ 895,333</u>	<u>\$ 326,926</u>	<u>\$ 4,124,930</u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

	Water & Sewer	Sanitation	Total
Accounts	\$ 1,250,134	\$ 262,901	\$ 1,513,035
Allowance	(65,876)	(9,936)	(75,812)
	<u>\$ 1,184,258</u>	<u>\$ 252,965</u>	<u>\$ 1,437,223</u>

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

	Orange EDC
Sales tax (owed from primary government)	\$ 408,196

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	\$ 2,008,628	\$ 77,440	\$ -	\$ 2,086,068
Construction in progress	4,991,974	1,551,271	(5,257,545)	1,285,700
Total capital assets not being depreciated	<u>7,000,602</u>	<u>1,628,711</u>	<u>(5,257,545)</u>	<u>3,371,768</u>
Capital assets, being depreciated:				
Buildings	27,650,109	1,678,360	1,915,454	31,243,923
Furniture and fixtures	4,982,017	436,993	(21,302)	5,397,708
Machinery, equipment, and vehicles	20,721,250	2,732,240	1,120,530	24,574,020
Infrastructure	12,278,388	-	205,970	12,484,358
Equipment	1,459,734	32,865	-	1,492,599
Total capital assets being depreciated	<u>67,091,498</u>	<u>4,880,458</u>	<u>3,220,652</u>	<u>75,192,608</u>
Less accumulated depreciation:				
Buildings	(11,487,623)	(960,100)	527,782	(11,919,941)
Furniture and fixtures	(3,697,750)	(176,540)	33,115	(3,841,175)
Machinery, equipment, and vehicles	(12,836,768)	(910,383)	267,792	(13,479,359)
Infrastructure	(6,810,966)	(382,070)	-	(7,193,036)
Equipment	(647,489)	(269,245)	-	(916,734)
Total accumulated depreciation	<u>(35,480,596)</u>	<u>(2,698,338)</u>	<u>828,689</u>	<u>(37,350,245)</u>
Net capital assets being depreciated	31,610,902	2,182,120	4,049,341	37,842,363
Total Capital Assets	<u><u>\$ 38,611,504</u></u>	<u><u>\$ 3,810,831</u></u>	<u><u>\$ (1,208,204)</u></u>	<u><u>\$ 41,214,131</u></u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Depreciation was charged to governmental functions as follows:

General government	\$ 134,364
Public safety	902,470
Public works	1,264,094
Culture and recreation	397,410
Total Governmental Activities Depreciation Expense	\$ 2,698,338

The net book value of assets acquired through notes payable was \$575,865 as of September 30, 2022.

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	\$ 822,127	\$ -	\$ -	\$ 822,127
Construction in progress	152,140	121,546	(68,830)	204,856
Total capital assets not being depreciated	<u>974,267</u>	<u>121,546</u>	<u>(68,830)</u>	<u>1,026,983</u>
Capital assets, being depreciated:				
Buildings	1,354,687	-	-	1,354,687
Improvements other than buildings	79,865,550	1,272,625	1,071,341	82,209,516
Machinery and equipment	3,320,421	449,752	73,859	3,844,032
Leased equipment	573,814	-	(89,594)	484,220
Right to use assets	388,443	-	-	388,443
Vehicles	1,096,469	189,920	(83,193)	1,203,196
Total capital assets being depreciated	<u>86,599,384</u>	<u>1,912,297</u>	<u>972,413</u>	<u>89,484,094</u>
Less accumulated depreciation:				
Buildings	(242,606)	(25,462)	-	(268,068)
Improvements other than buildings	(35,869,033)	(1,433,303)	-	(37,302,336)
Machinery and equipment	(2,377,009)	(192,663)	-	(2,569,672)
Leased equipment	(323,113)	(97,868)	79,903	(341,078)
Right to use assets	-	(77,689)	-	(77,689)
Vehicles	(1,092,324)	(33,799)	83,193	(1,042,930)
Total accumulated depreciation	<u>(39,904,085)</u>	<u>(1,860,784)</u>	<u>163,096</u>	<u>(41,601,773)</u>
Net capital assets being depreciated	46,695,299	51,513	1,135,509	47,882,321
Total Capital Assets	<u><u>\$ 47,669,566</u></u>	<u><u>\$ 173,059</u></u>	<u><u>\$ 1,066,679</u></u>	<u><u>\$ 48,909,304</u></u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,769,851
Street and sanitation	90,933
Total Business-Type Activities Depreciation Expense	\$ 1,860,784

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	495,382	1,685,605	-	2,180,987
Total capital assets not being depreciated	<u>1,366,441</u>	<u>1,685,605</u>	<u>-</u>	<u>3,052,046</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	(457,660)	(59,097)	-	(516,757)
Infrastructure	(2,034,072)	(245,837)	-	(2,279,909)
Total accumulated depreciation	<u>(2,491,732)</u>	<u>(304,934)</u>	<u>-</u>	<u>(2,796,666)</u>
Net capital assets being depreciated	<u>5,255,793</u>	<u>(304,934)</u>	<u>-</u>	<u>4,950,859</u>
Total Capital Assets	<u><u>\$ 6,622,234</u></u>	<u><u>\$ 1,380,671</u></u>	<u><u>\$ -</u></u>	<u><u>\$ 8,002,905</u></u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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	\$ 3,395,501	\$ 3,092,648	\$ (3,052,105)	\$ 3,436,044	\$ 1,504,773
Total Governmental Activities	<u>\$ 3,395,501</u>	<u>\$ 3,092,648</u>	<u>\$ (3,052,105)</u>	<u>\$ 3,436,044</u>	<u>\$ 1,504,773</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 1,931,271</u>	
Business-Type Activities:					
Compensated Absences	\$ 137,519	\$ 107,875	\$ (123,767)	\$ 121,627	\$ 77,661
Total Business-Type Activities	<u>\$ 137,519</u>	<u>\$ 107,875</u>	<u>\$ (123,767)</u>	<u>\$ 121,627</u>	<u>\$ 77,661</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 43,966</u>	
Component Unit Activities - Orange EDC:					
Compensated Absences	\$ 18,640	\$ 17,284	\$ (16,776)	\$ 19,148	\$ 17,233
Total Component Unit Activities	<u>\$ 18,640</u>	<u>\$ 17,284</u>	<u>\$ (16,776)</u>	<u>\$ 19,148</u>	<u>\$ 17,233</u>
Other Long-term Liabilities Due in More than One Year				<u>\$ 1,915</u>	

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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	\$ 3,090,000	\$ -	\$ (410,000)	\$ 2,680,000	\$ 420,000
Certificates of Obligation	7,260,000	-	(280,000)	6,980,000	295,000
Notes payable	851,450	32,865	(276,040)	608,275	225,941
Premiums	371,167	-	(21,833)	349,334	-
Total Governmental Activities	\$ 11,572,617	\$ 32,865	\$ (987,873)	\$ 10,617,609	\$ 940,941
Long-term liabilities due in more than one year				\$ 9,676,668	
Business-Type Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 2,230,000	\$ -	\$ (290,000)	\$ 1,940,000	\$ 300,000
Certificates of Obligation	7,645,000	-	(435,000)	7,210,000	445,000
Premium	253,682	-	(17,609)	236,073	-
Notes payable	248,939	-	(105,020)	143,919	89,239
Other liabilities:					
Lease liabilities	388,443	-	(75,740)	312,703	78,076
Total Business-Type Activities	\$ 10,766,064	\$ -	\$ (923,369)	\$ 9,842,695	\$ 912,315
Long-term liabilities due in more than one year				\$ 8,930,380	

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

	<u>Beginning</u> <u>Balance</u>	<u>Additions</u>	<u>Refunding</u>	<u>Reductions</u>	<u>Ending</u> <u>Balance</u>	<u>Amounts</u> <u>Due within</u> <u>One Year</u>
Component Unit Activities:						
Bonds, notes and other payables:						
Sales Tax Refunding Bonds	\$ 4,735,000	\$ 3,480,000	\$ (4,300,000)	\$ (310,000)	\$ 3,605,000	\$ 285,000
Premiums	-	644,779	-	(58,616)	586,163	-
Total Component Unit						
Activities	<u>\$ 4,735,000</u>	<u>\$ 4,124,779</u>	<u>\$ (4,300,000)</u>	<u>\$ (368,616)</u>	<u>\$ 4,191,163</u>	<u>\$ 285,000</u>
Long-term liabilities due in more than one year					<u>\$ 3,906,163</u>	

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. 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, 2022

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	\$ 2,680,000
Total General Obligation Bonds			<u>5,440,000</u>	<u>2,680,000</u>
2019 Combination Tax & Revenue Certificates	2 / 2039	3.00-5.00%	7,785,000	6,980,000
Total Certificates of Obligation			<u>7,785,000</u>	<u>6,980,000</u>
2020 Gradall XL 3100 Excavator	12 / 2025	2.29%	369,112	298,593
Enterprise Leasing	3 / 2023	4.35%-5.92%	568,042	309,682
Total Notes Payable			<u>1,359,860</u>	<u>608,275</u>
Total Governmental Activities			<u>\$ 14,584,860</u>	<u>\$ 10,268,275</u>
Business-type Activities:				
2014 General Obligation Refunding Bonds	8 / 2028	2.00-3.00%	\$ 3,900,000	\$ 1,940,000
Total General Obligation Bonds			<u>3,900,000</u>	<u>1,940,000</u>
2015 Combination Tax & Revenue Certificates	2 / 2035	2.00-4.00%	4,845,000	3,430,000
2016 Combination Tax & Revenue Certificates	2 / 2036	2.00-3.00%	5,045,000	3,780,000
Total Certificates of Obligation			<u>9,890,000</u>	<u>7,210,000</u>
KS State Bank - Truck & Sweeper	12 / 2026 & 10 / 2025	3.17-3.373%	388,443	307,545
Bancorpsouth Finance - 2019 Grapple Truck	7 / 2024	4.05%	190,433	74,332
Enterprise Leasing	3 / 2024	4.35%-6.04%	471,815	74,745
Total Lease Liabilities			<u>1,050,691</u>	<u>456,622</u>
Total Business-Type Activities			<u>\$ 14,840,691</u>	<u>\$ 9,606,622</u>
Total Long-Term Debt				
General Obligation Refunding Bonds			\$ 9,340,000	\$ 4,620,000
Certificates of Obligation			17,675,000	14,190,000
Notes and Leases			2,410,551	1,064,897
Total Primary Government			<u>\$ 29,425,551</u>	<u>\$ 19,874,897</u>

Description	Maturity Date	Interest Rates	Original Balance	Current Balance
Component Unit Activities:				
2021 Sales Tax Refunding Bonds	9 / 2032	2.0%-5.0%	\$ 3,480,000	\$ 3,385,000
2016 Sales Tax Refunding Bonds	8 / 2023	1.11%-2.01%	1,640,000	220,000
Total Sales Tax Refunding Bonds			<u>\$ 5,120,000</u>	<u>\$ 3,605,000</u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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
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	\$ 2,680,000	\$ 195,815	\$ 6,980,000	\$ 2,038,475

Notes Payable and Lease Liabilities

The annual requirements to amortize the primary government's notes payable and lease liabilities outstanding at year end were as follows:

Year ending September 30,	Governmental Activities		Business-Type Activities	
	Notes Payable		Leases & Notes payable	
	Principal	Interest	Principal	Interest
2023	\$ 225,941	\$ 16,563	\$ 167,315	\$ 13,987
2024	177,747	9,259	132,226	8,273
2025	128,147	4,360	85,896	4,734
2026	76,440	1,782	61,692	2,138
2027	-	-	9,493	284
Total	\$ 608,275	\$ 31,964	\$ 456,622	\$ 29,416

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

The City entered into leases to finance the use of equipment. The property is classified as right to use asset with a total carrying value as of yearend for business-type activities of \$310,754.

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
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	\$ 1,940,000	\$ 208,950	\$ 7,210,000	\$ 1,601,019

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
2023	\$ 285,000	\$ 147,872
2024	300,000	140,200
2025	315,000	125,200
2026	335,000	109,450
2027	350,000	92,700
Thereafter	2,020,000	195,250
Total	\$ 3,605,000	\$ 810,672

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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 \$49,453 and \$11,412, respectively. Current year amortization expense for governmental activities and business-type activities totaled \$9,272 and \$1,929, respectively.

Deferred charges resulting from the issuance of the 2021 sales tax 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 component unit activities totaled \$26,639. Current year amortization expense for component unit activities totaled \$2,664.

G. Interfund Transactions

Transfers between the primary government funds during the 2022 year were as follows:

Transfers Out	Transfers In			
	Capital Projects	Nonmajor Govt.	Water & Sewer	Total
General	\$ 331,220	\$ 33,305	\$ -	\$ 364,525
Governmental Activities	-	-	1,076,370	1,076,370
Total	\$ 331,220	\$ 33,305	\$ 1,076,370	\$ 1,440,895

Transfers from the general fund to the capital projects fund were made for construction projects. The transfer from governmental activities to the water and sewer fund was a transfer of capital assets. This is recorded as a capital contribution in the proprietary fund statements.

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

Due to (Payable fund):	Due from (Receivable fund):		Total
	General	Water & Sewer	
General	\$ -	\$ 28,406	\$ 28,406
TX GLO grant fund	674,165	-	674,165
TXDOT grants fund	840,207	-	840,207
Nonmajor governmental	19,375	-	19,375
Total	\$ 1,533,747	\$ 28,406	\$ 1,562,153

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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

	<u>Governmental Funds</u>	<u>Governmental Net Position</u>	<u>Business Type Net Position</u>
Restricted for:			
Debt service	\$ 83,481	\$ 83,481	\$ 155,417
Capital improvements	6,867,219	6,750,110	-
Culture and recreation	155,948	155,948	-
* Public safety	603,128	603,128	-
Public works	39,394	39,394	-
* Tourism and promotion	2,604,618	2,604,618	-
Total Restricted	<u>\$ 10,353,788</u>	<u>\$ 10,236,679</u>	<u>\$ 155,417</u>
Assigned for:			
Economic development	\$ 2,360	\$ -	\$ -
Capital improvements	123,020	-	-
	<u>\$ 125,380</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

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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.

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, 2022, the Workers' Compensation Fund has a designated balance for insurance claim liability of \$394,295 and an undesignated balance of \$999,006. 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 \$1,393,301. 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, 2022

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

		Current Year	Claims		
	Beginning of	Claims and	Payments	Balance at	
	Fiscal Year	Changes in	and Liability	Fiscal Year	
	Liability	Estimates	Expensed	End	
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	
2021-2022	\$ 369,478	\$ 106,422	\$ (81,605)	\$ 394,295	

<u>Claim Liability Expensed</u>	<u>2021-2022</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>
Unpaid claim liability at beginning of year	\$ 84,174	\$ 17,524	\$ 7,000	\$ 22,747	\$ 86,649
Claims incurred in current year	48,773	139,931	43,013	34,231	70,718
Increase (decrease) in provision for insured events of prior year	69,832	165,344	7,923	(32,443)	7,265
Claim payments attributable to current year claims	(42,728)	(55,757)	(25,489)	(27,231)	(47,971)
Claim payments attributable to prior year claims	(154,006)	(182,868)	(14,923)	9,696	(93,914)
Total unpaid claim liability expensed at end of year	<u>\$ 6,045</u>	<u>\$ 84,174</u>	<u>\$ 17,524</u>	<u>\$ 7,000</u>	<u>\$ 22,747</u>

<u>Designated for Catastrophic Claim</u>	<u>2021-2022</u>	<u>2020-2021</u>	<u>2019-2020</u>	<u>2018-2019</u>	<u>2017-2018</u>
Designated for future catastrophic claims - beginning of year	\$ 369,478	\$ 301,729	\$ 322,150	\$ 341,130	\$ 444,741
Increase (decrease) in reserve	24,817	67,749	(20,421)	(18,980)	(103,611)
Total designated for future catastrophic claims - end of year	<u>\$ 394,295</u>	<u>\$ 369,478</u>	<u>\$ 301,729</u>	<u>\$ 322,150</u>	<u>\$ 341,130</u>

C. Defined Benefit Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of Orange participates as one of 920 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement

City of Orange, Texas

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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.tmr.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 2021</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
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Employees covered by benefit terms

At the December 31, 2021 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	151
Inactive employees entitled to but not yet receiving benefits	54
Active employees	156
Total	361

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 14.40% and 14.76% in calendar years 2022 and 2021, respectively. The City's contributions to TMRS for the year ended September 30, 2022, were \$1,504,699, and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

The Total Pension Liability in the December 31, 2021 actuarial valuation was determined using the following actuarial assumptions:

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

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, *Continued*
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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 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
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The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2022 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	7.55%
Core Fixed Income	6.0%	2.00%
Non-Core Fixed Income	20.0%	5.68%
Other Public/Private Markets	12.0%	7.22%
Real Estate	12.0%	6.85%
Hedge Funds	5.0%	5.35%
Private Equity	10.0%	10.00%
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 5.75%	Current Single Rate Assumption 6.75%	1% Increase 7.75%
\$ 10,575,618	\$ (335,767)	\$ (9,379,092)

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
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Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/20	\$ 79,609,092	\$ 76,442,506	\$ 3,166,586
Changes for the year:			
Service Cost	1,700,927	-	1,700,927
Interest	5,288,621	-	5,288,621
Difference between expected and actual experience	1,595,783	-	1,595,783
Contributions – employer	-	1,474,200	(1,474,200)
Contributions – employee	-	699,148	(699,148)
Net investment income	-	9,960,131	(9,960,131)
Benefit payments, including refunds of emp. contributions	(4,219,227)	(4,219,227)	-
Administrative expense	-	(46,109)	46,109
Other changes	-	314	(314)
Net changes	4,366,104	7,868,457	(3,502,353)
Balance at 12/31/21	\$ 83,975,196	\$ 84,310,963	\$ (335,767)

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.tmr.com.

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

For the year ended September 30, 2022, the City recognized pension income of \$436,893.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Contributions subsequent to the measurement date	\$ 1,149,120	\$ -
Difference in experience	1,039,462	-
Changes in actuarial assumptions	41,615	-
Pension investment earnings	-	(5,118,551)
Total	\$ 2,230,197	\$ (5,118,551)

The City reported \$1,149,120 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, 2023. 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:	
2022	\$ (596,697)
2023	(1,800,513)
2024	(684,192)
2025	(956,072)
2026	-
Thereafter	-
Total	\$ (4,037,474)

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, 2022

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, 2021 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
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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, 2022

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, 2021 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Domestic Equity Large Cap Growth	21.00%	7.50%
Domestic Equity Large Cap Value	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	19.00%	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 6.75%	Current Single Rate Assumption 7.75%	1% Increase 8.75%
\$ 8,698,798	\$ 6,764,622	\$ 5,148,336

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 9/30/2021	\$ 17,097,601	\$ 9,765,510	\$ 7,332,091
Changes for the year:			
Service Cost	315,386	-	315,386
Interest	1,308,890	-	1,308,890
Difference between expected and actual experience	-	-	-
Contributions – employer	-	511,512	(511,512)
Contributions – employee	-	375,471	(375,471)
Net investment income	-	1,422,346	(1,422,346)
Benefit payments, including refunds of emp. contributions	(1,048,176)	(1,048,176)	-
Administrative expense	-	(117,584)	117,584
Net changes	576,100	1,143,569	(567,469)
Balance at 9/30/2022	\$ 17,673,701	\$ 10,909,079	\$ 6,764,622

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, 2022, the City recognized pension income of \$36,850.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Contributions subsequent to the measurement date	\$ 394,711	\$ -
Difference in experience	-	(1,075,736)
Changes in actuarial assumptions	-	(985,728)
Pension investment earnings	-	(1,066,965)
Total	\$ 394,711	\$ (3,128,429)

The City reported \$394,711 as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date that will be recognized as a

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

reduction of the net pension liability for the year ending September 30, 2023. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended	
September 30:	
2023	\$ (476,071)
2024	(715,643)
2025	(1,714,697)
2026	(256,233)
2027	24,114
Thereafter	10,101
Total	\$ (3,128,429)

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

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NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2022

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.

Pension Plans Summary Table:

	TMRS	Orange Firemen's	
	Defined Benefit	Relief and	
	Pension Plan	Retirement	
	Fund	Fund	Total
Pension expense (income)	\$ (436,893)	\$ (36,850)	\$ (473,743)
Net pension liability (asset)	\$ (282,246)	\$ 6,764,622	\$ 6,482,376
Deferred outflows	\$ 2,230,197	\$ 394,711	\$ 2,624,908
Deferred inflows	\$ (5,118,551)	\$ (3,128,429)	\$ (8,246,980)

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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.

Actuarial Valuation

CapRisk Consulting Group summarizes the results of the OPEB valuation. Thornthwaite & Co. was retained by CapRisk Consulting Group, on behalf of the City to perform a valuation of its postretirement welfare plan benefits in accordance with GASB Statement No. 75. The information contained in the valuation report was prepared for the internal use of the City of Orange and its auditors. It is not intended for, or necessarily suitable for, other purposes. A stand-alone financial report is not available.

Employees covered by benefit terms

At the September 30, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	13
Inactive employees entitled to but not yet receiving benefits	0
Active employees & family members	187
Total	200

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NOTES TO FINANCIAL STATEMENTS, *Continued*

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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, 2022, 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, 2022 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5%
Discount rate	4.77%
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-2021.

Discount Rate:

The discount rate used to measure the Total OPEB Liability was 4.77%. The discount rate was calculated as a (2.27%) 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 4.77%, as well as what the City's total OPEB liability would be if it were calculated using a

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

1% Decrease (3.77%)	Current Single Rate Assumption 4.77%	1% Increase (5.77%)
\$ 1,084,140	\$ 1,008,036	\$ 939,730

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 (3.50%)	Current Single Rate Assumption 4.50%	1% Increase (5.50%)
\$ 929,154	\$ 1,008,036	\$ 1,100,207

Changes in the Total OPEB Liability:

	Total OPEB Liability
Balance at 9/30/2021	\$ 982,510
Changes for the year:	
Service Cost	42,768
Interest	22,017
Difference between expected and actual experience	261,035
Changes of assumptions	(206,823)
Benefit payments	(93,471)
Net changes	25,526
Balance at 9/30/2022	\$ 1,008,036

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

For the year ended September 30, 2022, the City recognized OPEB expense of \$75,018.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

At September 30, 2022, 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	\$ 188,620	\$ -
Changes in actuarial assumptions	-	(133,473)
Total	\$ 188,620	\$ (133,473)

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, 2023.

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:	
2023	\$ 10,233
2024	10,233
2025	10,233
2026	10,233
2027 and after	14,215
Total	\$ 55,147

E. Construction commitments

The government has active construction projects as of September 30, 2022. The projects include street construction and improvements, recreation and pavilion, and other projects.

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

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

Scada Control Upgrade	\$ 14,685
Public Safety Radio Tower	646,254
Beagle Road Lift Station Improvements	369,928
Hwy 105 Box Culverts	21,715
MKL/Hwy 87 Lift Station Improvements	6,787
Drainage Projects-Meeks Drive	-
Waterside Water Line Extension	23,962
New Effluent Pump Base	16,100
Sikes Rd Lift Station Improvements	17,012
Greenway Park Storm Water Improvements	23,166
Barkins Rd Lift Station Improvements	5,367
Cove Lift Station Improvements	950
	<u>\$ 1,197,526</u>

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 \$1,755,182 were rebated in 2022. Sales Tax is rebated on a quarterly basis, and the total rebated for 2022 was 210,229.

G. Restatement

Due to the implementation of GASB Statement No. 87, *Leases*, the City restated capital assets and long-term liabilities for business-type activities as follows:

	Business-Type Activities	Water and Sewer	Sanitation
Prior year ending net position/fund balance, as reported	\$ 43,539,708	\$ 41,380,402	\$ 2,018,338
Adoption of GASB 87 (lessee) - right-to-use assets	388,443	282,481	105,962
Adoption of GASB 87 (lessee) - lease liabilities	(388,443)	(282,481)	(105,962)
Restated beginning net position/fund balance	<u>\$ 43,539,708</u>	<u>\$ 41,380,402</u>	<u>\$ 2,018,338</u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2022

H. Related Party Transactions

During the year ended September 30, 2022, 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 \$5,100.

I. Subsequent Events

There were no other material subsequent events through March 31, 2023, 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, 2022

	Original Budget	Final Budget	2022 Actual	Variance with Final Budget Positive (Negative)
Revenues				
Property tax	\$ 7,919,246	\$ 7,919,246	\$ 7,941,009	\$ 21,763
Payment-in-lieu of taxes	8,997,476	8,997,476	8,980,249	(17,227)
Sales tax	4,100,000	4,100,000	4,833,405	733,405
Franchise and local taxes	1,082,000	1,082,000	1,053,316	(28,684)
Other taxes	35,000	35,000	52,931	17,931
Charges for services	563,514	563,514	651,084	87,570
License, permits and fees	102,500	102,500	208,775	106,275
Intergovernmental	50,000	53,505	79,211	25,706
Investment income	-	-	298	298
Grants and donations	-	-	79,537	79,537
Other revenue	6,000	6,000	5,500	(500)
Total Revenues	22,855,736	22,859,241	23,885,315	1,026,074
Expenditures				
Current:				
General government:				
City council	122,925	122,925	81,766	41,159
City manager	169,549	169,549	211,875	(42,326) *
City secretary	247,992	247,992	177,823	70,169
Human resources	143,242	134,292	133,996	296
Finance	560,426	569,376	563,322	6,054
Tax	145,000	145,000	141,506	3,494
Mgmt. Info. Systems	245,487	256,587	256,036	551
Public safety:				
Police department	6,910,880	7,125,161	6,863,137	262,024
Fire department	4,476,040	4,477,766	4,538,291	(60,525) *
EMS	21,500	21,500	20,935	565
Animal control	220,906	220,906	185,877	35,029
Municipal court	287,558	287,558	278,531	9,027
Culture - recreation:				
Library	471,292	471,292	471,654	(362) *
Recreation	207,822	207,822	63,409	144,413
Parks maintenance	728,925	774,074	734,095	39,979

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, 2022

<u>Expenditures</u>				Variance with Final Budget Positive (Negative)
Current:		Final	2022	
Public works	Original Budget	Budget	Actual	
Engineering	\$ 112,290	\$ 109,790	\$ 104,952	\$ 4,838
Planning	204,653	207,881	147,054	60,827
Code enforcement	796,968	826,371	642,489	183,882
Building services	500,883	590,883	482,316	108,567
Street & drainage	1,374,466	1,375,466	1,278,395	97,071
Public works admin.	285,234	316,462	293,790	22,672
Fleet maintenance	889,223	959,223	897,947	61,276
Nondepartmental	3,425,121	3,367,893	3,433,215	(65,322) *
Debt service:				
Principal	313,410	290,967	276,040	14,927
Interest	-	22,443	22,443	-
Capital outlay	692,290	905,576	1,033,123	(127,547) *
Total Expenditures	23,554,082	24,204,755	23,334,017	870,738
Revenues Over (Under)				
Expenditures	(698,346)	(1,345,514)	551,298	1,896,812
Other Financing Sources (Uses)				
Insurance recoveries	-	-	14,612	14,612
Issuance of note payable	-	-	32,865	32,865
Transfers (out)	-	(141,120)	(364,525)	(223,405) *
Sale of capital assets	-	89,159	50,244	(38,915)
Total Other Financing Sources				
(Uses)	-	(51,961)	(266,804)	(214,843)
Net Change in Fund Balance	\$ (698,346)	\$ (1,397,475)	284,494	\$ 1,681,969
Beginning fund balance			16,342,149	
Ending Fund Balance			\$ 16,626,643	

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, 2022

	Original & Final Budget	2022 Actual	Variance with Final Budget Positive (Negative)
<u>Expenditures</u>			
Capital outlay	\$ 116,000	\$ 108,686	\$ 7,314
Total Expenditures	116,000	108,686	7,314
Revenues Over (Under) Expenditures	(116,000)	(108,686)	(7,314)
Net Change in Fund Balance	\$ (116,000)	(108,686)	\$ 7,314
Beginning fund balance		(720,819)	
Ending Fund Balance		\$ (829,505)	

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 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL TEXAS GLO GRANT FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	2022 Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Grants and donations	\$ 9,166,186	\$ 13,920,367	\$ 2,284,877	\$ (11,635,490)
Total Revenues	<u>9,166,186</u>	<u>13,920,367</u>	<u>2,284,877</u>	<u>(11,635,490)</u>
<u>Expenditures</u>				
Public works	\$ 3,151,772	3,482,547	\$ 139,351	\$ 3,343,196
Capital outlay	6,014,414	10,065,672	2,396,616	7,669,056
Total Expenditures	<u>9,166,186</u>	<u>13,548,219</u>	<u>2,535,967</u>	<u>11,012,252</u>
Revenues Over (Under) Expenditures	<u>-</u>	<u>372,148</u>	<u>(251,090)</u>	<u>(22,647,742)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ 372,148</u>	<u>(251,090)</u>	<u>\$ (623,238)</u>
Beginning fund balance			(372,149)	
Ending Fund Balance			<u>\$ (623,239)</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 REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCE - BUDGET AND ACTUAL US TREASURY AM RESCUE PLAN FUND For the Year Ended September 30, 2022

	Original & Final Budget	2022 Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants and donations	\$ 4,144,610	\$ 4,144,610	\$ -
Investment income	-	3,502	3,502
Total Revenues	<u>4,144,610</u>	<u>4,148,112</u>	<u>3,502</u>
<u>Expenditures</u>			
General government	300,000	\$ 400,548	\$ (100,548) *
Capital outlay	6,889,218	1,025,021	5,864,197
Total Expenditures	<u>7,189,218</u>	<u>1,425,569</u>	<u>5,763,649</u>
Revenues Over (Under) Expenditures	<u>(3,044,608)</u>	<u>2,722,543</u>	<u>(5,760,147)</u>
Net Change in Fund Balance	<u>\$ (3,044,608)</u>	<u>2,722,543</u>	<u>\$ 5,767,151</u>
Beginning fund balance		4,144,676	
Ending Fund Balance		<u>\$ 6,867,219</u>	

Notes to Required Supplementary Information

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

City of Orange, Texas

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

Years Ended:

	12/31/2021	12/31/2020	12/31/2019
Total pension liability			
Service cost	\$ 1,700,927	\$ 1,690,536	\$ 1,542,782
Interest	5,288,621	5,093,124	4,893,352
Differences between expected and actual experience	1,595,783	(26,735)	(395,129)
Changes of assumptions	-	-	158,294
Benefit payments, including refunds of participant contributions	(4,219,227)	(3,512,501)	(3,114,677)
Net change in total pension liability	4,366,104	3,244,424	3,084,622
Total pension liability - beginning	\$ 79,609,092	\$ 76,364,668	\$ 73,280,046
Total pension liability - ending (a)	\$ 83,975,196	\$ 79,609,092	\$ 76,364,668
Plan fiduciary net position			
Contributions - employer	\$ 1,474,200	\$ 1,509,332	\$ 1,424,660
Contributions - members	699,148	696,923	631,179
Net investment income	9,960,131	5,485,271	9,826,919
Benefit payments, including refunds of participant contributions	(4,219,227)	(3,512,501)	(3,114,677)
Administrative expenses	(46,109)	(35,512)	(55,549)
Other	314	(1,386)	(1,668)
Net change in plan fiduciary net position	7,868,457	4,142,127	8,710,864
Plan fiduciary net position - beginning	76,442,506	72,300,379	63,589,515
Plan fiduciary net position - ending (b)	\$ 84,310,963	\$ 76,442,506	\$ 72,300,379
Fund's net pension liability (asset) - ending (a) - (b)	\$ (335,767)	\$ 3,166,586	\$ 4,064,289
 Plan fiduciary net position			
as a percentage of the total pension liability	100.40%	96.02%	94.68%
Covered payroll	\$ 9,987,825	\$ 9,956,044	\$ 9,016,846
Fund's net position			
as a percentage of covered payroll	-3.36%	31.81%	45.07%

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.

<u>12/31/2018</u>	<u>12/31/2017</u>	<u>12/31/2016</u>	<u>12/31/2015</u>	<u>12/31/2014</u>	¹
\$ 1,558,928	\$ 1,576,087	\$ 1,525,181	\$ 1,473,198	\$ 1,390,815	
4,717,745	4,583,484	4,435,496	4,436,802	4,331,921	
(564,152)	(1,035,886)	(639,862)	(854,615)	(1,354,539)	
-	-	-	223,703	-	
(3,091,068)	(3,161,024)	(3,146,697)	(2,807,118)	(3,015,050)	
2,621,453	1,962,661	2,174,118	2,471,970	1,353,147	
\$ 70,658,593	\$ 68,695,932	\$ 66,521,814	\$ 64,049,844	\$ 62,696,697	
\$ 73,280,046	\$ 70,658,593	\$ 68,695,932	\$ 66,521,814	\$ 64,049,844	
\$ 1,475,488	\$ 1,530,851	\$ 1,527,744	\$ 1,587,598	\$ 1,657,797	
614,788	620,857	598,445	576,111	585,795	
(1,995,265)	8,237,619	3,830,094	84,535	3,143,530	
(3,091,068)	(3,161,024)	(3,146,697)	(2,807,118)	(3,015,050)	
(38,572)	(42,696)	(43,260)	(51,492)	(32,822)	
(2,015)	(2,164)	(2,331)	(2,544)	(2,699)	
(3,036,644)	7,183,443	2,763,995	(612,910)	2,336,551	
66,626,159	59,442,716	56,678,721	57,291,631	54,955,080	
\$ 63,589,515	\$ 66,626,159	\$ 59,442,716	\$ 56,678,721	\$ 57,291,631	
\$ 9,690,531	\$ 4,032,434	\$ 9,253,216	\$ 9,843,093	\$ 6,758,213	
86.78%	94.29%	86.53%	85.20%	89.45%	
\$ 8,782,691	\$ 8,869,371	\$ 8,549,219	\$ 8,230,155	\$ 8,368,497	
110.34%	45.46%	108.23%	119.60%	80.76%	

City of Orange, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

TEXAS MUNICIPAL RETIREMENT SYSTEM

Years Ended:

	9/30/2022	9/30/2021	9/30/2020
Actuarially determined employer contributions	\$ 1,504,699	\$ 1,527,235	\$ 1,503,799
Contributions in relation to			
the actuarially determined contribution	\$ 1,504,699	\$ 1,527,235	\$ 1,503,799
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 10,389,073	\$ 10,274,078	\$ 9,811,817
Employer contributions as			
a percentage of covered payroll	14.48%	14.86%	15.33%

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.

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.

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

Other Information:

Notes

There were no benefit changes during the year.

<u>9/30/2019</u>	<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$ 1,425,431	\$ 1,475,144	\$ 1,542,873	\$ 1,552,490	\$ 1,586,949
<u>\$ 1,425,431</u>	<u>\$ 1,475,144</u>	<u>\$ 1,542,873</u>	<u>\$ 1,552,490</u>	<u>\$ 1,586,949</u>
\$ -	\$ -	\$ -	\$ -	\$ -
\$ 8,869,572	\$ 8,716,606	\$ 8,856,832	\$ 8,506,325	\$ 8,166,972
16.07%	16.92%	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:

	9/30/2022	9/30/2021	9/30/2020
Total pension liability			
Service cost	\$ 315,386	\$ 292,702	\$ 529,546
Interest	1,308,890	1,332,754	1,158,392
Changes in benefit terms	-	-	906
Differences between expected and actual experience	-	(870,497)	-
Changes of assumptions	-	-	(5,749,694)
Benefit payments, including refunds of participant contributions	(1,048,176)	(1,122,958)	(1,222,239)
Net change in total pension liability	576,100	(367,999)	(5,283,089)
Total pension liability - beginning	\$ 17,097,601	\$ 17,465,600	\$ 22,748,689
Total pension liability - ending (a)	\$ 17,673,701	\$ 17,097,601	\$ 17,465,600
Plan fiduciary net position			
Contributions - employer	\$ 511,512	\$ 450,317	\$ 365,943
Contributions - members	375,471	357,534	315,469
Net investment income	1,422,346	1,183,255	1,548,036
Benefit payments, including refunds of participant contributions	(1,048,176)	(1,122,958)	(1,222,239)
Administrative expenses	(117,584)	(24,153)	(47,427)
Other	-	-	-
Net change in plan fiduciary net position	1,143,569	843,995	959,782
Plan fiduciary net position - beginning	9,765,510	8,921,515	7,961,733
Plan fiduciary net position - ending (b)	\$ 10,909,079	\$ 9,765,510	\$ 8,921,515
Fund's net pension liability - ending (a) - (b)	\$ 6,764,622	\$ 7,332,091	\$ 8,544,085
Plan fiduciary net position as a percentage of the total pension liability	61.72%	57.12%	51.08%
Covered payroll	\$ 2,720,808	\$ 2,750,133	\$ 2,523,746
Fund's net position as a percentage of covered payroll	248.63%	266.61%	338.55%

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.

9/30/2019	9/30/2018	9/30/2017	9/30/2016	9/30/2015 ¹
\$ 300,705	\$ 421,632	\$ 275,111	\$ 266,423	\$ 256,176
1,267,117	1,154,891	1,256,298	1,235,592	1,240,296
2,645	2,088	10,200	-	-
(534,208)	-	(513,493)	-	(455,247)
6,239,981	(3,193,483)	2,748,186	173,418	587,758
(1,153,483)	(1,103,254)	(1,115,774)	(1,337,192)	(1,084,609)
6,122,757	(2,718,126)	2,660,528	338,241	544,374
\$ 16,625,932	\$ 19,344,058	\$ 16,683,530	\$ 16,345,289	\$ 15,800,915
\$ 22,748,689	\$ 16,625,932	\$ 19,344,058	\$ 16,683,530	\$ 16,345,289
\$ 342,963	\$ 333,259	\$ 318,457	\$ 307,304	\$ 319,060
295,031	285,780	264,331	244,464	250,694
(519,608)	1,380,383	393,147	(186,511)	746,106
(1,153,483)	(1,103,254)	(1,115,774)	(1,337,192)	(494,593)
(25,065)	(28,947)	(18,666)	(24,201)	(1,084,609)
-	-	-	-	(22,162)
(1,060,162)	867,221	(158,505)	(996,136)	(285,504)
9,021,895	8,154,674	8,313,179	9,309,315	9,594,819
\$ 7,961,733	\$ 9,021,895	\$ 8,154,674	\$ 8,313,179	\$ 9,309,315
\$ 14,786,956	\$ 7,604,037	\$ 11,189,384	\$ 8,370,351	\$ 7,035,974
35.00%	54.26%	42.16%	49.83%	56.95%
\$ 2,396,549	\$ 2,373,912	\$ 2,274,689	\$ 2,195,029	\$ 2,279,000
617.01%	320.32%	491.91%	381.33%	308.73%

City of Orange, Texas

SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN ORANGE FIREMEN'S RELIEF AND RETIREMENT FUND

Years Ended:

	<u>9/30/2022</u>	<u>9/30/2021</u>	<u>9/30/2020</u>	<u>9/30/2019</u>
Actuarially determined employer contributions	\$ 512,044	\$ 528,810	\$ 419,453	\$ 359,238
Contributions in relation to				
the actuarially determined contribution	<u>\$ 512,044</u>	<u>\$ 528,810</u>	<u>\$ 419,453</u>	<u>\$ 359,238</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -	\$ -
Annual covered payroll	\$ 2,723,639	\$ 2,833,299	\$ 2,729,163	\$ 2,479,044
Employer contributions as				
a percentage of covered payroll	18.80%	18.66%	15.37%	14.49%

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.

NOTES TO SCHEDULE OF EMPLOYER CONTRIBUTIONS TO PENSION PLAN

Valuation Date:

1/1/2021

Notes

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	20.7 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

Since the previous valuation, the member and city contribution rates were increased from 12.50% and 14.50% to 12.80% and 15.80%, respectively, effective January 28, 2020. The member and city contribution rates were further increased to 13.80% and 18.80% effective October 1, 2020.

<u>9/30/2018</u>	<u>9/30/2017</u>	<u>9/30/2016</u>	<u>9/30/2015</u> ¹
\$ 341,117	\$ 327,516	\$ 313,275	\$ 308,591
<u>\$ 341,117</u>	<u>\$ 327,516</u>	<u>\$ 313,275</u>	<u>\$ 308,591</u>
\$ -	\$ -	\$ -	\$ -
\$ 2,399,228	\$ 2,339,397	\$ 2,237,677	\$ 2,204,221
14.22%	14.00%	14.00%	14.00%

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,

	2022	2021	2020	2019 ¹
Total OPEB liability				
Service cost	\$ 42,768	\$ 42,768	\$ 34,121	\$ 34,121
Interest	22,017	22,271	38,644	36,569
Changes in benefit terms	-	-	-	-
Differences between expected and actual experience	261,035	-	(60,774)	-
Changes of assumptions	(206,823)	-	76,537	-
Benefit payments, including refunds of participant contributions	(93,471)	(59,166)	(59,166)	(48,250)
Net change in total OPEB liability	25,526	5,873	29,362	22,440
Total OPEB liability - beginning	\$ 982,510	\$ 976,637	\$ 947,275	\$ 924,835
Total OPEB liability - ending	\$ 1,008,036	\$ 982,510	\$ 976,637	\$ 947,275 ²
 Covered payroll	 \$ 10,815,402	 \$ 10,815,402	 \$ 10,815,402	 \$ 10,315,629
 Fund's net position as a percentage of covered payroll	 9.32%	 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)

DEBT SERVICE FUND

This 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.

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.

CAPITAL PROJECTS FUND

This fund is used to track capital projects for governmental activities.

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.

FEMA FIRE ACT GRANT FUND

This fund is used to account for funds received from FEMA Fire Act grants.

TEXAS LONE STAR LIBRARY GRANT FUND

This fund is used to account for funds received from Texas Lone Star library grants.

FIRE DEPARTMENT DONATION FUND

This fund is used to track donations for the fire department.

ANIMAL SHELTER DONATION FUND

This fund is used to track donations for the animal shelter.

STARK FOUNDATION GRANT FUND

This fund is used to track grants from the Stark Foundation.

TEXAS FOREST SERVICES GRANT FUND

This fund is used to track grants from the Texas Forest Services Grant.

City of Orange, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

	Orange Development Fund	Economic Development Fund	CDBG Fund	CDBG Home Program	CDBG Recovery Fund
<u>Assets</u>					
Cash and cash equivalents	\$ 2,602,566	\$ 2,360	\$ -	\$ 9,903	\$ -
Restricted cash	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-
Receivables, net	64,871	-	49,013	-	4,772
Due from others	229	-	-	-	-
Prepays	33,533	-	651	-	-
Total Assets	\$ 2,701,199	\$ 2,360	\$ 49,664	\$ 9,903	\$ 4,772
<u>Liabilities</u>					
Accounts payable	\$ 63,048	\$ -	\$ 5,315	\$ -	\$ 3,294
Due to other funds	-	-	10,281	-	1,479
Total Liabilities	63,048	-	15,596	-	4,773
<u>Deferred Inflows of Resources</u>					
Property taxes	-	-	-	-	-
Grant revenue	-	-	3,926	-	3,294
Total Deferred Inflows of Resources	-	-	3,926	-	3,294
<u>Fund Balances</u>					
Nonspendable:					
Prepays	33,533	-	651	-	-
Restricted:					
Debt service	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	29,491	9,903	-
Tourism and promotion	2,604,618	-	-	-	-
Assigned					
Economic development	-	2,360	-	-	-
Capital improvements	-	-	-	-	-
Unassigned	-	-	-	-	(3,295)
Total Fund Balances	2,638,151	2,360	30,142	9,903	(3,295)
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,701,199	\$ 2,360	\$ 49,664	\$ 9,903	\$ 4,772

Debt Service	Parks Donation Fund	Law Enforcement Seizures	Court Technology Fund	Bureau of Justice Grant	Police Donation Fund	Emergency Management Grant Fund
\$ -	\$ 71,467	\$ 399,061	\$ 46,795	\$ -	\$ 31,086	\$ -
82,294	-	-	-	-	-	-
186,434	-	-	-	-	-	-
-	-	-	-	13,760	-	-
1,187	-	-	-	-	-	-
-	-	-	-	-	-	-
<u>\$ 269,915</u>	<u>\$ 71,467</u>	<u>\$ 399,061</u>	<u>\$ 46,795</u>	<u>\$ 13,760</u>	<u>\$ 31,086</u>	<u>\$ -</u>
\$ -	\$ -	\$ 42,054	\$ -	\$ 12,945	\$ -	\$ -
-	-	-	-	815	-	-
<u>-</u>	<u>-</u>	<u>42,054</u>	<u>-</u>	<u>13,760</u>	<u>-</u>	<u>-</u>
186,434	-	-	-	-	-	-
-	-	-	-	13,760	-	-
<u>186,434</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>13,760</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	-
83,481	-	-	-	-	-	-
-	71,467	-	-	-	-	-
-	-	357,007	46,795	-	31,086	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	-	-	-
-	-	-	-	(13,760)	-	-
<u>83,481</u>	<u>71,467</u>	<u>357,007</u>	<u>46,795</u>	<u>(13,760)</u>	<u>31,086</u>	<u>-</u>
<u>\$ 269,915</u>	<u>\$ 71,467</u>	<u>\$ 399,061</u>	<u>\$ 46,795</u>	<u>\$ 13,760</u>	<u>\$ 31,086</u>	<u>\$ -</u>

City of Orange, Texas
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2022

	Stark Foundation Grant Fund	Confined Space Rescue Fund	Fire Dept. Donation Fund	Animal Shelter Donation Fund	Homeland Security Program
<u>Assets</u>					
Cash and cash equivalents	\$ 9,232	\$ 130,302	\$ 9,742	\$ 18,964	\$ -
Restricted cash	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-
Receivables, net	-	-	-	-	4,000
Due from others	-	-	-	-	-
Prepays	-	-	-	-	-
Total Assets	\$ 9,232	\$ 130,302	\$ 9,742	\$ 18,964	\$ 4,000
<u>Liabilities</u>					
Accounts payable	\$ -	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	-	-	4,000
Total Liabilities	-	-	-	-	4,000
<u>Deferred Inflows of Resources</u>					
Property taxes	-	-	-	-	-
Grant revenue	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
<u>Fund Balances</u>					
Nonspendable:					
Prepays	-	-	-	-	-
Restricted:					
Debt service	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	9,232	130,302	9,742	18,964	-
Public works	-	-	-	-	-
Tourism and promotion	-	-	-	-	-
Assigned					
Economic development	-	-	-	-	-
Capital improvements	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	9,232	130,302	9,742	18,964	-
Total Liabilities, Deferred Inflows and Fund Balances	\$ 9,232	\$ 130,302	\$ 9,742	\$ 18,964	\$ 4,000

Library Donation Fund	TX Forest Service Grants	TX Water Development Grants	FEMA Fire Act Grant	Texas Loan Star Library Grant	Capital Projects Fund	Total Nonmajor Governmental
\$ 81,928	\$ -	\$ -	\$ -	\$ 2,804	\$ 156,295	\$ 3,572,505
-	-	-	-	-	117,109	199,403
-	-	-	-	-	-	186,434
-	2,660	-	-	-	-	139,076
-	-	-	-	-	-	1,416
-	-	-	-	-	-	34,184
<u>\$ 81,928</u>	<u>\$ 2,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,804</u>	<u>\$ 273,404</u>	<u>\$ 4,133,018</u>
\$ 5	\$ -	\$ -	\$ -	\$ 246	\$ 150,384	\$ 277,291
-	2,800	-	-	-	-	19,375
<u>5</u>	<u>2,800</u>	<u>-</u>	<u>-</u>	<u>246</u>	<u>150,384</u>	<u>296,666</u>
-	-	-	-	-	-	186,434
-	-	-	-	-	-	20,980
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>207,414</u>
-	-	-	-	-	-	34,184
-	-	-	-	-	-	83,481
81,923	-	-	-	2,558	-	155,948
-	-	-	-	-	-	603,128
-	-	-	-	-	-	39,394
-	-	-	-	-	-	2,604,618
-	-	-	-	-	-	2,360
-	-	-	-	-	123,020	123,020
-	(140)	-	-	-	-	(17,195)
<u>81,923</u>	<u>(140)</u>	<u>-</u>	<u>-</u>	<u>2,558</u>	<u>123,020</u>	<u>3,628,938</u>
<u>\$ 81,928</u>	<u>\$ 2,660</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,804</u>	<u>\$ 273,404</u>	<u>\$ 4,133,018</u>

City of Orange, Texas

COMBINING STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES NONMAJOR GOVERNMENTAL FUNDS

For the Year Ended September 30, 2022

	Orange Development Fund	Economic Development Fund	CDBG Fund	CDBG Home Program	CDBG Recovery Fund
<u>Revenues</u>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	666,643	-	-	-	-
Grants & contributions	-	-	464,095	-	98,746
Charges for services	47,438	-	-	-	-
Program income	-	-	4,439	-	-
Other income	-	-	-	-	-
Donations	10,030	-	-	-	-
Total Revenues	<u>724,111</u>	<u>-</u>	<u>468,534</u>	<u>-</u>	<u>98,746</u>
<u>Expenditures</u>					
Culture and recreation	585,042	-	-	-	-
Public safety	-	-	-	-	-
Public works	-	-	340,755	-	102,041
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	-	133,653	-	-
Total Expenditures	<u>585,042</u>	<u>-</u>	<u>474,408</u>	<u>-</u>	<u>102,041</u>
Revenues Over (Under) Expenditures	<u>139,069</u>	<u>-</u>	<u>(5,874)</u>	<u>-</u>	<u>(3,295)</u>
<u>Other Financing Sources (Uses)</u>					
Transfers in	-	-	-	-	-
Proceeds from sale of assets	-	-	-	-	-
Total Other Financing Sources (Uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net Change in Fund Balances	139,069	-	(5,874)	-	(3,295)
Beginning fund balances	2,499,082	2,360	36,016	9,903	-
Ending Fund Balances	<u>\$ 2,638,151</u>	<u>\$ 2,360</u>	<u>\$ 30,142</u>	<u>\$ 9,903</u>	<u>\$ (3,295)</u>

Debt Service	Parks Donation Fund	Law Enforcement Seizures	Court Technology Fund	Bureau of Justice Grant	Police Donation Fund	Emergency Management Grant Fund
\$ 1,088,954	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-	-
-	-	-	-	5,150	-	13,450
-	-	-	-	-	-	-
-	-	-	6,608	-	-	-
609	-	-	-	-	-	-
-	45,000	15,584	-	-	24,283	-
<u>1,089,563</u>	<u>45,000</u>	<u>15,584</u>	<u>6,608</u>	<u>5,150</u>	<u>24,283</u>	<u>13,450</u>
-	-	-	-	-	-	-
-	-	4,152	8,180	15,075	-	-
-	-	-	-	-	-	-
690,000	-	-	-	-	-	-
318,625	-	-	-	-	-	-
-	-	-	-	-	24,283	-
<u>1,008,625</u>	<u>-</u>	<u>4,152</u>	<u>8,180</u>	<u>15,075</u>	<u>24,283</u>	<u>-</u>
80,938	45,000	11,432	(1,572)	(9,925)	-	13,450
-	-	-	-	-	-	33,305
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
-	-	-	-	-	-	33,305
80,938	45,000	11,432	(1,572)	(9,925)	-	46,755
2,543	26,467	345,575	48,367	(3,835)	31,086	(46,755)
<u>\$ 83,481</u>	<u>\$ 71,467</u>	<u>\$ 357,007</u>	<u>\$ 46,795</u>	<u>\$ (13,760)</u>	<u>\$ 31,086</u>	<u>\$ -</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, 2022

	Stark Foundation Grant Fund	Confined Space Rescue Fund	Fire Dept. Donation Fund	Animal Shelter Donation Fund	Homeland Security Program
<u>Revenues</u>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-	-
Grants & contributions	-	-	-	-	34,834
Charges for services	-	-	-	-	-
Program income	-	-	-	-	-
Other revenue	-	-	-	-	-
Donations	-	20,002	8,800	1,006	-
Total Revenues	-	20,002	8,800	1,006	34,834
<u>Expenditures</u>					
Culture and recreation	-	-	-	-	-
Public safety	-	13,925	32,526	6,359	34,834
Public works	-	-	-	-	-
Debt service:					
Principal	-	-	-	-	-
Interest and fiscal charges	-	-	-	-	-
Capital outlay	-	10,370	-	-	-
Total Expenditures	-	24,295	32,526	6,359	34,834
Revenues Over (Under) Expenditures	-	(4,293)	(23,726)	(5,353)	-
<u>Other Financing Sources (Uses)</u>					
Transfers in	-	-	-	-	-
Proceeds from sale of assets	-	10,509	-	-	-
Total Other Financing Sources (Uses)	-	10,509	-	-	-
Net Change in Fund Balances	-	6,216	(23,726)	(5,353)	-
Beginning fund balances	9,232	124,086	33,468	24,317	-
Ending Fund Balances	\$ 9,232	\$ 130,302	\$ 9,742	\$ 18,964	\$ -

Library Donation Fund	TX Forest Service Grants	TX Water Development Grants	FEMA Fire Act Grant	Texas Loan Star Library Grant	Capital Projects Fund	Total Nonmajor Governmental
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,088,954
-	-	-	-	-	-	666,643
-	6,785	30,985	100,000	17,864	-	771,909
-	-	-	-	-	-	47,438
3,131	-	-	-	-	-	14,178
-	-	254	-	-	1,031	1,894
5,031	-	-	-	-	-	129,736
<u>8,162</u>	<u>6,785</u>	<u>31,239</u>	<u>100,000</u>	<u>17,864</u>	<u>1,031</u>	<u>2,720,752</u>
2,991	-	-	-	15,306	-	603,339
-	2,800	-	100,000	-	-	217,851
-	-	-	-	-	-	442,796
-	-	-	-	-	-	690,000
-	-	-	-	-	-	318,625
2,168	-	-	-	-	1,775,250	1,945,724
<u>5,159</u>	<u>2,800</u>	<u>-</u>	<u>100,000</u>	<u>15,306</u>	<u>1,775,250</u>	<u>4,218,335</u>
3,003	3,985	31,239	-	2,558	(1,774,219)	(1,497,583)
-	-	-	-	-	331,220	364,525
<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>10,509</u>
-	-	-	-	-	331,220	375,034
3,003	3,985	31,239	-	2,558	(1,442,999)	(1,122,549)
78,920	(4,125)	(31,239)	-	-	1,566,019	4,751,487
<u>\$ 81,923</u>	<u>\$ (140)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 2,558</u>	<u>\$ 123,020</u>	<u>\$ 3,628,938</u>

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, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Property tax	\$ 1,091,704	\$ 1,088,954	\$ (2,750)
Investment income	250	609	359
Total Revenues	<u>1,091,954</u>	<u>1,089,563</u>	<u>(2,391)</u>
<u>Expenditures</u>			
Debt service:			
Principal	690,000	690,000	-
Interest	317,825	317,825	-
Fiscal charges	800	800	-
Total Expenditures	<u>1,008,625</u>	<u>1,008,625</u>	<u>-</u>
Revenues Over (Under) Expenditures	<u>83,329</u>	<u>80,938</u>	<u>(2,391)</u>
Net Change in Fund Balance	<u>\$ 83,329</u>	<u>80,938</u>	<u>\$ (2,391)</u>
Beginning fund balance		2,543	
Ending Fund Balance		<u>\$ 83,481</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 CAPITAL PROJECTS FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Investment income	\$ 1,000	\$ 1,000	\$ 1,031	\$ 31
Total Revenues	<u>1,000</u>	<u>1,000</u>	<u>1,031</u>	<u>31</u>
<u>Expenditures</u>				
Capital outlay	407,709	2,337,702	1,775,250	562,452
Total Expenditures	<u>407,709</u>	<u>2,337,702</u>	<u>1,775,250</u>	<u>562,452</u>
<u>Other Financing Sources (Uses)</u>				
Transfer in	-	-	331,220	331,220
Net Change in Fund Balance	<u>\$ (406,709)</u>	<u>\$ (2,336,702)</u>	<u>(1,442,999)</u>	<u>\$ 893,703</u>
Beginning fund balance			1,566,019	
Ending Fund Balance			<u>\$ 123,020</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 ORANGE DEVELOPMENT FUND For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Hotel occupancy taxes	\$ 750,000	\$ 666,643	\$ (83,357)
Charges for services	46,014	47,438	1,424
Donations	3,000	10,030	7,030
Total Revenues	799,014	724,111	(74,903)
<u>Expenditures</u>			
Culture and recreation	717,994	585,042	132,952
Total Expenditures	717,994	585,042	132,952
Net Change in Fund Balance	\$ 81,020	139,069	\$ 58,049
Beginning fund balance		2,499,082	
Ending Fund Balance		\$ 2,638,151	

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Donations	\$ -	\$ 45,000	\$ 45,000	\$ -
Total Revenues	-	45,000	45,000	-
<u>Expenditures</u>				
Culture and recreation	-	45,000	-	45,000
Total Expenditures	-	45,000	-	45,000
Net Change in Fund Balance	\$ -	\$ -	45,000	\$ 45,000
Beginning fund balance			26,467	
Ending Fund Balance			\$ 71,467	

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 LAW ENFORCEMENT SEIZURES For the Year Ended September 30, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Grants & contributions	\$ -	\$ 15,584	\$ 15,584
Total Revenues	<u>-</u>	<u>15,584</u>	<u>15,584</u>
<u>Expenditures</u>			
Public safety	117,000	4,152	112,848
Capital outlay	10,000	-	10,000
Total Expenditures	<u>127,000</u>	<u>4,152</u>	<u>122,848</u>
Net Change in Fund Balance	<u>\$ (127,000)</u>	11,432	<u>\$ 138,432</u>
Beginning fund balance		345,575	
Ending Fund Balance		<u>\$ 357,007</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 POLICE DONATION FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Donations	\$ -	\$ 24,283	\$ 24,283	\$ -
Total Revenues	-	24,283	24,283	-
<u>Expenditures</u>				
Capital outlay	5,000	29,283	24,283	5,000
Total Expenditures	5,000	29,283	24,283	5,000
Net Change in Fund Balance	\$ (5,000)	\$ (5,000)	-	\$ 5,000
Beginning fund balance			31,086	
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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Grants & contributions	\$ 2,500	\$ 15,445	\$ 5,150	\$ (10,295)
Total Revenues	<u>2,500</u>	<u>15,445</u>	<u>5,150</u>	<u>(10,295)</u>
<u>Expenditures</u>				
Public safety	2,500	15,445	15,075	370
Total Expenditures	<u>2,500</u>	<u>15,445</u>	<u>15,075</u>	<u>370</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ -</u>	(9,925)	<u>\$ (9,925)</u>
Beginning fund balance			(3,835)	
Ending Fund Balance			<u>\$ (13,760)</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 COURT TECHNOLOGY FUND For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Grants & contributions	\$ 7,500	\$ 7,500	\$ 6,608	\$ (892)
Total Revenues	<u>7,500</u>	<u>7,500</u>	<u>6,608</u>	<u>(892)</u>
<u>Expenditures</u>				
Public safety	10,000	13,325	8,180	5,145
Total Expenditures	<u>10,000</u>	<u>13,325</u>	<u>8,180</u>	<u>5,145</u>
Net Change in Fund Balance	<u>\$ (2,500)</u>	<u>\$ (5,825)</u>	(1,572)	<u>\$ 4,253</u>
Beginning fund balance			48,367	
Ending Fund Balance			<u>\$ 46,795</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 CDBG FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Grants & contributions	\$ 362,159	\$ 632,612	\$ 464,095	\$ (168,517)
Charges for services	5,000	5,000	4,439	(561)
Total Revenues	<u>367,159</u>	<u>637,612</u>	<u>468,534</u>	<u>(169,078)</u>
<u>Expenditures</u>				
Public works	242,439	376,485	340,755	35,730
Capital outlay	124,720	263,592	133,653	129,939
Total Expenditures	<u>367,159</u>	<u>640,077</u>	<u>474,408</u>	<u>165,669</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>\$ (2,465)</u>	(5,874)	<u>\$ (3,409)</u>
Beginning fund balance			36,016	
Ending Fund Balance			<u>\$ 30,142</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 CDBG RECOVERY FUND

For the Year Ended September 30, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Grants and contributions	\$ -	\$ 209,319	\$ 98,746	\$ (110,573)
Total Revenues	-	209,319	98,746	(110,573)
<u>Expenditures</u>				
Public works	-	209,319	102,041	107,278
Total Expenditures	-	209,319	102,041	107,278
Net Change in Fund Balance	\$ -	\$ -	(3,295)	\$ (3,295)
Beginning fund balance			-	
Ending Fund Balance			\$ (3,295)	

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, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants and donations	\$ 22,896	\$ 13,450	\$ (9,446)
Total Revenues	22,896	13,450	(9,446)
<u>Expenditures</u>			
Public safety	22,896	-	22,896
Total Expenditures	22,896	-	22,896
<u>Other Financing Sources (Uses)</u>			
Transfer in	-	33,305	33,305
Net Change in Fund Balance	\$ -	46,755	\$ 46,755
Beginning fund balance		(46,755)	
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 CONFINED SPACE RESCUE FUND For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants and donations	\$ 20,000	\$ 20,002	\$ 2
Total Revenues	20,000	20,002	2
<u>Expenditures</u>			
Public safety	83,063	13,925	69,138
Capital outlay	11,000	10,370	630
Total Expenditures	94,063	24,295	69,768
<u>Other Financing Sources (Uses)</u>			
Proceeds from sale of assets	-	10,509	10,509
Net Change in Fund Balance	\$ (74,063)	6,216	\$ 80,279
Beginning fund balance		124,086	
Ending Fund Balance		\$ 130,302	

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, 2022

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Grants and donations	\$ 4,000	\$ 8,250	\$ 8,800	\$ 550
Total Revenues	<u>4,000</u>	<u>8,250</u>	<u>8,800</u>	<u>550</u>
<u>Expenditures</u>				
Public safety	14,000	23,100	32,526	(9,426) *
Total Expenditures	<u>14,000</u>	<u>23,100</u>	<u>32,526</u>	<u>(9,426)</u>
Net Change in Fund Balance	<u>\$ (10,000)</u>	<u>\$ (14,850)</u>	(23,726)	<u>\$ (8,876)</u>
Beginning fund balance			33,468	
Ending Fund Balance			<u>\$ 9,742</u>	

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
ANIMAL SHELTER DONATION FUND
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants and donations	\$ -	\$ 1,006	\$ 1,006
Total Revenues	<u>-</u>	<u>1,006</u>	<u>1,006</u>
<u>Expenditures</u>			
Public safety	10,000	6,359	3,641
Total Expenditures	<u>10,000</u>	<u>6,359</u>	<u>3,641</u>
Net Change in Fund Balance	<u>\$ (10,000)</u>	<u>(5,353)</u>	<u>\$ 4,647</u>
Beginning fund balance		24,317	
Ending Fund Balance		<u>\$ 18,964</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
HOMELAND SECURITY GRANT PROGRAM FUND
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants and donations	\$ -	\$ 34,834	\$ 34,834
Total Revenues	<u>-</u>	<u>34,834</u>	<u>34,834</u>
<u>Expenditures</u>			
Public safety	\$ -	\$ 34,834	\$ (34,834) *
Total Expenditures	<u>-</u>	<u>34,834</u>	<u>(34,834)</u>
Net Change in Fund Balance	<u>\$ -</u>	<u>-</u>	<u>\$ -</u>
Beginning fund balance		-	
Ending Fund Balance		<u>\$ -</u>	

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, 2022

	<u>Final Budget</u>	<u>Actual</u>	<u>Variance with Final Budget Positive (Negative)</u>
<u>Revenues</u>			
Charges for services	\$ 1,000	\$ 3,131	\$ 2,131
Donations	4,000	5,031	1,031
Total Revenues	<u>5,000</u>	<u>8,162</u>	<u>3,162</u>
<u>Expenditures</u>			
Culture and recreation	5,300	2,991	2,309
Capital outlay	5,000	2,168	2,832
Total Expenditures	<u>10,300</u>	<u>5,159</u>	<u>5,141</u>
Net Change in Fund Balance	<u>\$ (5,300)</u>	3,003	<u>\$ 8,303</u>
Beginning fund balance		78,920	
Ending Fund Balance		<u>\$ 81,923</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
TEXAS WATER DEVELOPMENT BOARD GRANT FUND
For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants	\$ -	\$ 30,985	\$ 30,985
Investment income	-	254	254
Total Revenues	-	31,239	31,239
<u>Expenditures</u>			
Public works	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	\$ -	31,239	\$ 31,239
Beginning fund balance		(31,239)	
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 STARK FOUNDATION GRANT FUND For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Expenditures</u>			
Public safety	2,000	-	2,000
Total Expenditures	2,000	-	2,000
 Net Change in Fund Balance	 \$ (2,000)	 -	 \$ 2,000
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, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants	\$ -	\$ -	\$ -
Total Revenues	-	-	-
<u>Expenditures</u>			
Capital outlay	-	-	-
Total Expenditures	-	-	-
Net Change in Fund Balance	\$ -	-	\$ -
Beginning fund balance		9,903	
Ending Fund Balance		\$ 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, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants	\$ 2,580	\$ 6,785	\$ 4,205
Total Revenues	<u>2,580</u>	<u>6,785</u>	<u>4,205</u>
<u>Expenditures</u>			
Culture and recreation	2,580	2,800	(220) *
Total Expenditures	<u>2,580</u>	<u>2,800</u>	<u>(220)</u>
Net Change in Fund Balance	<u>\$ -</u>	3,985	<u>\$ 3,985</u>
Beginning fund balance		(4,125)	
Ending Fund Balance		<u>\$ (140)</u>	

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 FEMA FIRE ACT GRANT FUND For the Year Ended September 30, 2022

	Original & Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>			
Grants	\$ 100,000	\$ 100,000	\$ -
Total Revenues	100,000	100,000	-
<u>Expenditures</u>			
Public safety	100,000	100,000	-
Total Expenditures	100,000	100,000	-
Net Change in Fund Balance	\$ -	-	\$ -
Beginning fund balance		-	
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, 2022

	Orange EDC
<u>Assets</u>	
Cash and cash equivalents	\$ 2,836,045
Restricted cash	95,840
Investments	248,298
Receivables, net	408,425
Prepays	104,126
Total Current Assets	3,692,734
<u>Liabilities</u>	
<u>Current Liabilities</u>	
Accounts payable and accrued liabilities	101,736
Total Liabilities	101,736
<u>Fund Balances</u>	
Nonspendable for:	
Prepays	104,126
Restricted for:	
Economic development	3,391,032
Debt service	95,840
Total Fund Balance	3,590,998
Total Liabilities and Fund Balance	\$ 3,692,734

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, 2022

Fund Balance	\$ 3,590,998
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	3,052,046
Capital assets - net depreciable	4,950,859
Deferred outflows of resources, represent a consumption of net position that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.	
Deferred charge on refunding	26,639
Some liabilities, including bonds payable and deferred charges, are not reported as liabilities in the governmental funds.	
Accrued interest	(24,110)
Compensated absences	(19,148)
Non-current liabilities due in one year	(285,000)
Non-current liabilities due in more than one year	(3,906,163)
Net Position of the Discretely Presented Component Unit	\$ 7,386,121

City of Orange, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2022

	Orange EDC
<u>Revenues</u>	
Sales taxes	\$ 2,416,702
Donations	348,439
Investment income	686
Other revenues	500
Total Revenues	2,766,327
<u>Expenditures</u>	
Economic development	2,555,641
Personnel	326,382
Debt service:	
Principal	310,000
Interest and fiscal charges	127,422
Bond issuance costs	162,236
Total Expenditures	3,481,681
Excess of Revenues Over (Under) Expenditures	(715,354)
<u>Other Financing Sources (Uses)</u>	
Bond issuance	3,480,000
Premium on bond issuance	644,779
Payment to refunding agent	(4,329,303)
Total Other Financing Sources (Uses)	(204,524)
Net Change in Fund Balances	(919,878)
Beginning fund balances	4,510,876
Ending Fund Balances	\$ 3,590,998

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, 2022

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

Net changes in fund balances	\$	(919,878)
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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		1,685,605
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		(508)
Accrued interest		1,141

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.

Refunding bond issuance		(3,480,000)
Bond premium on current year issuance		(644,779)
Deferred charge on refunding		29,303
Amortization of bond premium		58,616
Amortization of deferred charges		(2,664)
Principal payments on long-term debt		310,000
Current year refunding		4,300,000
Change in Net Position of Governmental Activities	\$	<u>1,031,902</u>

***COMBINING STATEMENTS
FIDUCIARY FUNDS***

City of Orange, Texas
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
September 30, 2022

	Municipal Court Bond Escrow	Employee Flex Plan	Total
<u>Assets</u>			
Cash and cash equivalents	\$ 11,594	\$ 11,420	\$ 23,014
Total Assets	\$ 11,594	\$ 11,420	\$ 23,014
<u>Net Position</u>			
Restricted for:			
Others	11,594	-	11,594
Employee benefits	-	11,420	11,420
Total Net Position	11,594	11,420	23,014
Total Net Position and Liabilities	\$ 11,594	\$ 11,420	\$ 23,014

See Notes to Financial Statements.

City of Lockhart, Texas

COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION CUSTODIAL FUNDS

For the Year Ended September 30, 2022

	Municipal Court Bond Escrow	Employee Flex Plan	Total
<u>Additions</u>			
Contributions from offenders	\$ 4,504	\$ -	\$ 4,504
Contributions from employees	-	13,778	13,778
Total Additions	4,504	13,778	18,282
<u>Deductions</u>			
Benefit payments	-	15,946	15,946
Total Deductions	-	15,946	15,946
Net Change in Net Position	4,504	(2,168)	2,336
Beginning Net Position	7,090	13,588	20,678
Ending Net Position	\$ 11,594	\$ 11,420	\$ 23,014

See Notes to Financial Statements.



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.

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Financial Trends	154
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These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.

Revenue Capacity	166
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These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.

Debt Capacity	172
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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.

Demographic and Economic Information	181
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These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.

Operating Information	184
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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.

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

	2013 (b)	2014 (c)	2015 (c)	2016
Government activities				
Net investment in capital assets	\$ 19,963,533	\$ 23,215,863	\$ 23,174,811	\$ 23,352,038
Restricted	155,728	76,887	91,495	90,042
Unrestricted	6,880,845	(3,493,205)	(1,142,628)	(1,516,824)
Total government activities net position	<u>\$ 27,000,106</u>	<u>\$ 19,799,545</u>	<u>\$ 22,123,678</u>	<u>\$ 21,925,256</u>
Business-type activities				
Net investment in capital assets	\$ 32,963,175	\$ 35,152,332	\$ 35,994,034	\$ 37,447,602
Restricted	1,488,660	1,457,546	777,587	66,923
Unrestricted	2,736,025	532,566	1,492,412	2,274,530
Total business-type activities net position	<u>\$ 37,187,860</u>	<u>\$ 37,142,444</u>	<u>\$ 38,264,033</u>	<u>\$ 39,789,055</u>
Primary government				
Net investment in capital assets	\$ 52,926,708	\$ 58,368,195	\$ 59,168,845	\$ 60,799,640
Restricted	1,644,388	1,534,433	869,082	156,965
Unrestricted	9,616,870	(2,960,639)	349,784	757,706
Total primary government net position	<u>\$ 64,187,966</u>	<u>\$ 56,941,989</u>	<u>\$ 60,387,711</u>	<u>\$ 61,714,311</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 funds.

<u>2017</u>	<u>2018 (d)</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 24,957,665	\$ 24,556,626	\$ 27,309,838	\$ 26,859,226	\$ 28,298,493	\$ 30,327,041
81,826	2,529,941	2,594,489	2,918,536	7,976,662	10,236,679
(4,206,781)	(4,622,234)	(4,497,983)	(1,857,205)	121,374	3,387,412
<u>\$ 20,832,710</u>	<u>\$ 22,464,333</u>	<u>\$ 25,406,344</u>	<u>\$ 27,920,557</u>	<u>\$ 36,396,529</u>	<u>\$ 43,951,132</u>
\$ 37,379,002	\$ 37,654,963	\$ 37,114,603	\$ 36,910,875	\$ 36,901,681	\$ 39,078,022
135,868	138,102	141,855	145,620	151,859	155,417
3,256,371	5,144,027	6,175,935	5,774,829	6,486,168	5,665,181
<u>\$ 40,771,241</u>	<u>\$ 42,937,092</u>	<u>\$ 43,432,393</u>	<u>\$ 42,831,324</u>	<u>\$ 43,539,708</u>	<u>\$ 44,898,620</u>
\$ 62,336,667	\$ 62,211,589	\$ 64,424,441	\$ 63,770,101	\$ 65,200,174	\$ 69,405,063
217,694	2,668,043	2,736,344	3,064,156	8,128,521	10,392,096
(950,410)	521,793	1,677,952	3,917,624	6,607,542	9,052,593
<u>\$ 61,603,951</u>	<u>\$ 65,401,425</u>	<u>\$ 68,838,737</u>	<u>\$ 70,751,881</u>	<u>\$ 79,936,237</u>	<u>\$ 88,849,752</u>

City of Orange, Texas

CHANGES IN NET POSITION

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 2

	2013	2014	2015	2016
Expenses				
Governmental Activities				
General government	\$ 1,686,907	\$ 1,155,305	\$ 1,362,420	\$ 1,704,725
Cultural and recreation	1,721,378	1,636,053	1,571,047	1,746,315
Public safety	10,244,710	10,666,744	10,843,357	11,700,880
Public works	3,593,133	4,323,317	3,808,559	4,471,129
Interest on long-term debt	299,216	281,198	199,043	190,032
Total governmental activities	17,545,344	18,062,617	17,784,426	19,813,081
Business-type activities				
Sanitation	1,661,963	1,691,352	1,706,452	1,750,708
Water and Sewer	7,167,489	6,951,782	6,794,993	6,722,558
Total business-type activities	8,829,452	8,643,134	8,501,445	8,473,266
Total primary government	26,374,796	26,705,751	26,285,871	28,286,347
Program Revenues				
Governmental activities				
Charges for services				
General government	1,086,293	1,141,978	1,307,982	1,209,346
Cultural and recreation	23,817	22,961	50,620	59,249
Public safety	341,031	183,055	406,569	349,818
Public works	49,164	125,919	114,950	79,100
Operating grants and contributions				
General government	106,590	137,756	97,436	116,460
Cultural and recreation	6,160	46,708	15,290	1,443
Public safety	254,898	84,408	80,673	147,791
Public works	353,633	268,082	248,688	572,738
Capital grants and contributions				
General government	473	-	-	-
Cultural and recreation	1,704	1,637	1,074	59,817
Public safety	138,848	32,386	330,162	10,000
Public works	1,775,080	4,190,783	1,034,726	100,000
Total governmental activities program revenues	4,137,691	6,235,673	3,688,170	2,705,762

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

2017	2018	2019	2020	2021	2022
\$ 3,421,279	\$ 2,677,375	\$ 3,534,422	\$ 3,560,714	\$ 4,250,633	\$ 3,980,709
2,292,791	1,735,516	1,871,636	1,819,438	2,116,135	2,264,290
12,925,242	11,956,509	13,848,928	13,677,136	12,281,464	11,951,959
4,195,377	3,893,417	4,137,174	4,537,509	5,487,081	6,285,129
179,684	178,291	485,903	366,039	346,388	319,259
23,014,373	20,441,108	23,878,063	23,960,836	24,481,701	24,801,346
2,280,761	5,199,862	1,967,255	2,163,909	2,198,327	2,257,801
7,098,876	6,820,644	7,662,367	8,002,416	7,315,517	7,676,166
9,379,637	12,020,506	9,629,622	10,166,325	9,513,844	9,933,967
32,394,010	32,461,614	33,507,685	34,127,161	33,995,545	34,735,313
1,973,385	1,357,437	1,400,502	465,320	617,141	674,908
61,636	47,749	45,884	43,358	44,667	10,584
296,656	284,804	272,759	146,996	177,088	154,950
70,292	71,078	65,833	125,348	130,443	201,384
236,439	177,140	181,919	78,717	218,712	85,736
3,605	1,966	71,242	743	784	55,331
428,674	64,417	99,888	1,038,851	906,270	116,035
284,487	587,615	3,184,659	13,529	36,867	9,315
-	-	-	102,730	102,728	-
134,922	62,431	102,868	23,675	22,008	93,133
-	5,000	-	73,033	100	240,213
-	-	-	608,820	5,467,214	7,147,604
3,490,096	2,659,637	5,425,554	2,721,120	7,724,022	8,789,193

City of Orange, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2013	2014	2015	2016
Business-type activities				
Charges for services				
Sanitation	\$ 1,768,833	\$ 1,800,741	\$ 1,824,743	\$ 1,883,292
Water and Sewer	7,713,632	7,317,749	7,752,710	7,847,869
Operating grants and contributions				
Sanitation	-	-	-	-
Water and Sewer	-	-	-	-
Capital grants and contributions				
Water and Sewer	772,900	821,987	37,715	256,155
Total business-type activities program revenues	17,968,997	17,258,226	17,367,878	17,835,185
Total primary government program revenues	22,106,688	23,493,899	21,056,048	20,540,947
Net (expense)/revenue				
Governmental activities	(13,407,653)	(11,826,944)	(14,096,256)	(17,107,319)
Business-type activities	1,425,913	1,297,343	8,866,433	9,361,919
Total primary government net expense	<u>\$ (11,981,740)</u>	<u>\$ (10,529,601)</u>	<u>\$ (5,229,823)</u>	<u>\$ (7,745,400)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property taxes	\$ 5,868,244	\$ 6,044,783	\$ 5,869,937	\$ 6,144,835
Sales taxes	2,309,982	2,358,053	2,592,886	2,720,011
Other taxes	603,799	622,747	694,827	688,170
Franchise taxes	282,092	298,172	307,093	281,390
Payment in-lieu of taxes	6,457,311	6,201,387	6,933,803	7,050,656
Unrestricted investment earnings	20,490	13,885	21,843	23,835
Gain (loss) on sale of assets	-	-	-	-
Transfers	-	-	-	-
Insurance	-	-	-	-
Miscellaneous	-	-	-	-
Total governmental activities	<u>15,541,918</u>	<u>15,539,027</u>	<u>16,420,389</u>	<u>16,908,897</u>
Business-type activities				
Unrestricted investment earnings	9,141	10,015	7,866	10,972
Gain (loss) on sale of assets	-	-	-	-
Transfers	-	-	-	-
Miscellaneous	-	-	-	-
Total business-type activities	<u>9,141</u>	<u>10,015</u>	<u>7,866</u>	<u>10,972</u>
Total primary government	<u>\$ 15,551,059</u>	<u>\$ 15,549,042</u>	<u>\$ 16,428,255</u>	<u>\$ 16,919,869</u>
Change in Net Position				
Governmental activities	2,134,265	3,712,083	2,324,133	(198,422)
Business-type activities	1,435,054	1,307,358	8,874,299	9,372,891
Total primary government	<u>\$ 3,569,319</u>	<u>\$ 5,019,441</u>	<u>\$ 11,198,432</u>	<u>\$ 9,174,469</u>

2017	2018	2019	2020	2021	2022
\$ 2,292,420	\$ 1,852,297	\$ 1,981,491	\$ 2,154,034	\$ 2,226,800	\$ 2,274,703
7,777,959	8,199,174	7,877,629	7,362,556	7,724,257	7,906,767
53,428	3,535,986	3,840	-	-	-
-	28,813	140,349	-	-	-
134,708	573,284	-	-	-	-
10,258,515	14,189,554	10,003,309	9,516,590	9,951,057	10,181,470
13,748,611	16,849,191	15,428,863	12,237,710	17,675,079	18,970,663
(19,524,277)	(17,781,471)	(18,452,509)	(21,239,716)	(16,757,679)	(16,012,153)
878,878	2,169,048	373,687	(649,735)	437,213	247,503
\$ (18,645,399)	\$ (15,612,423)	\$ (18,078,822)	\$ (21,889,451)	\$ (16,320,466)	\$ (15,764,650)
\$ 7,485,595	\$ 7,853,374	\$ 7,954,550	\$ 8,667,211	\$ 8,721,294	\$ 9,045,388
2,958,567	3,618,034	3,406,770	3,776,174	4,585,829	4,833,405
696,977	807,577	606,348	748,711	950,924	719,574
287,290	291,156	334,324	1,104,445	1,062,264	1,053,316
6,883,769	6,882,340	8,699,042	9,355,820	9,579,727	8,980,249
17,427	28,541	274,781	136,580	6,413	5,694
(80)	70,431	48,609	159,529	488,402	-
-	(27,155)	-	-	(165,723)	(1,076,370)
-	457,367	10,096	-	-	-
102,181	120,000	60,000	7,783	4,521	5,500
18,431,726	20,101,665	21,394,520	23,956,253	25,233,651	23,566,756
13,288	12,337	112,086	37,098	320	426
8,016	29,005	9,528	11,568	105,128	34,613
-	27,155	-	-	165,723	1,076,370
82,002	95,864	-	-	-	-
103,306	164,361	121,614	48,666	271,171	1,111,409
\$ 18,535,032	\$ 20,266,026	\$ 21,516,134	\$ 24,004,919	\$ 25,504,822	\$ 24,678,165
(1,092,551)	2,320,194	2,942,011	2,716,537	8,475,972	7,554,603
982,184	2,333,409	495,301	(601,069)	708,384	1,358,912
\$ (110,367)	\$ 4,653,603	\$ 3,437,312	\$ 2,115,468	\$ 9,184,356	\$ 8,913,515



City of Orange, Texas

GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 3

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Sales</u> <u>Tax</u>	<u>Other</u> <u>Tax</u>	<u>Franchise</u> <u>Tax</u>	<u>Total</u>
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
2022	\$9,029,963	\$4,833,405	\$719,574	\$1,053,316	\$15,636,258

City of Orange, Texas

FUND BALANCES OF GOVERNMENTAL FUNDS

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

Table 4

	2013	2014	2015	2016
General Fund				
Nonspendable:				
Inventories	\$ 101,349	\$ 103,939	\$ 89,271	\$ 85,495
Prepays	131,434	140,293	147,243	156,840
Assigned for:				
Unassigned	4,977,270	5,531,403	6,956,414	8,029,694
Total general fund	\$ 5,210,053	\$ 5,775,635	\$ 7,192,928	\$ 8,272,029
All Other Governmental Funds				
Nonspendable	\$ 4,014	\$ 609	\$ 8,087	\$ 3,131
Assigned for:				
Economic development	2,285	2,292	2,297	2,301
Capital project funds	-	-	-	163,239
Restricted for:				
Debt service	155,728	114,126	115,384	114,104
Public safety	903,373	827,899	787,368	758,132
Public works	53,120	69,615	64,796	61,386
Tourism and promotion	976,036	1,082,085	1,297,103	1,472,484
Cultural and recreation	115,583	104,655	114,953	103,272
Capital projects	-	-	-	-
Unassigned	-	-	-	-
Total all other governmental funds	\$ 2,210,139	\$ 2,201,281	\$ 2,389,988	\$ 2,678,049

<u>2017</u>	<u>2018</u>	<u>2019</u>	<u>2020</u>	<u>2021</u>	<u>2022</u>
\$ 80,387	\$ 85,568	\$ 86,150	\$ 47,325	\$ 66,914	\$ 69,100
201,177	221,037	201,567	201,166	206,583	223,424
7,666,234	9,715,030	11,291,931	14,350,469	16,068,652	16,334,119
<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>	<u>\$ 16,626,643</u>
\$ 3,920	\$ 5,706	\$ 3,817	\$ -	\$ 22,889	\$ 34,184
2,304	2,309	2,348	2,360	2,360	2,360
161,021	161,352	-	651,384	218,882	123,020
103,568	104,722	45,543	99,392	2,543	83,481
709,523	622,973	659,730	606,041	616,131	603,128
51,146	35,566	34,258	9,903	45,301	39,394
1,164,896	1,477,710	1,531,035	1,934,970	2,476,811	2,604,618
100,222	78,186	145,456	100,813	105,387	155,948
-	-	7,064,624	3,672,247	5,491,813	6,867,219
-	-	(28,179)	(1,004,554)	(1,178,922)	(1,469,939)
<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>	<u>\$ 9,043,413</u>

City of Orange, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

Last Ten Fiscal Years (Unaudited)

(modified accrual basis on accounting)

Table 5

	2013	2014	2015	2016	2017
Revenues					
Taxes	\$8,662,858	\$8,902,775	\$9,337,233	\$9,517,837	\$11,028,449
Payments in lieu of taxes	6,457,311	6,201,387	6,933,803	7,050,656	6,883,769
Franchise tax	1,190,589	1,199,098	1,205,744	1,186,241	287,290
Licenses and permits	321,067	372,001	416,556	356,816	262,785
Intergovernmental	498,561	340,410	98,843	239,484	522,907
Charges for services	1,946,848	2,173,072	2,238,147	2,157,279	3,648,552
Donations	31,042	33,043	30,581	34,092	39,601
Grant income	2,086,515	4,289,863	1,328,923	713,323	631,866
Investment income	20,490	13,885	21,843	23,835	16,486
Program income	17,766	27,783	31,833	14,448	28,462
Forfeitures	67,229	32,386	6,750	12,768	-
Miscellaneous	206,859	112,644	505,056	217,847	210,130
Total revenues	<u>21,507,135</u>	<u>23,698,347</u>	<u>22,155,312</u>	<u>21,524,626</u>	<u>23,560,297</u>
Expenditures					
General government	1,382,697	1,358,661	1,413,910	1,429,906	1,528,445
Cultural and recreation	1,615,702	1,543,962	1,459,846	1,583,184	2,104,903
Public safety	8,759,130	8,991,222	9,413,635	9,556,865	9,880,982
Public works	3,274,625	3,342,105	3,272,269	3,693,035	3,540,026
Non departmental Hurricane	-	-	-	-	-
Non departmental	1,804,513	1,921,167	1,889,829	2,040,987	3,654,994
Debt Service					
Principal	670,000	755,000	800,000	845,000	840,000
Interest and fiscal charges	289,028	253,638	190,326	146,030	137,083
Capital Outlay	<u>2,711,531</u>	<u>5,281,322</u>	<u>1,529,310</u>	<u>1,558,920</u>	<u>3,147,657</u>
Total expenditures	<u>20,507,226</u>	<u>23,447,077</u>	<u>19,969,125</u>	<u>20,853,927</u>	<u>24,834,090</u>
Excess of revenues over (under) expenditures	999,909	251,270	2,186,187	670,699	(1,273,793)
Other financing sources (uses)					
Transfers in	-	-	257,500	-	-
Transfers (out)	-	-	(257,500)	-	-
Insurance proceeds	-	-	-	-	-
Sale of capital assets	473	274,985	5,610	76,447	42,784
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	-	-	-	-	382,762
Lease liabilities	-	-	-	-	-
Debt issuance	-	-	-	-	-
Total other financing sources and uses	<u>(49,527)</u>	<u>274,985</u>	<u>7,700</u>	<u>76,447</u>	<u>425,546</u>
Net changes in fund balances	<u>950,382</u>	<u>526,255</u>	<u>2,193,887</u>	<u>747,146</u>	<u>(848,247)</u>
Debt service as a percentage of noncapital expenditures	5.43%	5.55%	5.37%	5.14%	4.51%

2018	2019	2020	2021	2022
\$12,332,972	\$11,900,904	\$13,201,416	\$14,292,982	\$14,582,942
6,882,340	8,699,042	9,355,820	9,579,727	8,980,249
291,156	334,324	1,104,445	1,062,264	1,053,316
273,925	289,724	121,141	126,236	208,775
54,517	55,706	83,192	217,169	2,364,088
3,263,651	3,264,271	584,674	593,717	698,522
41,755	117,310	-	-	-
665,777	2,938,625	1,285,473	6,836,913	5,048,352
26,865	258,775	130,941	6,413	5,694
16,802	34,147	-	16,414	14,178
13,093	33,200	-	-	-
247,022	174,708	7,783	4,521	82,940
24,109,875	28,100,736	25,874,885	32,736,356	33,039,056
1,555,917	1,705,023	992,009	1,822,572	1,960,097
1,661,719	1,660,428	1,389,826	1,845,968	1,872,497
10,158,254	10,492,387	11,678,259	11,239,935	12,104,622
3,464,663	3,600,520	3,465,562	4,230,065	4,435,866
-	-	-	-	-
3,421,372	3,703,715	3,376,351	3,767,692	3,433,215
952,899	989,783	788,766	870,421	966,040
135,938	425,583	382,248	361,585	341,068
1,313,919	5,302,365	4,585,101	6,344,247	6,509,169
22,664,681	27,879,804	26,658,122	30,482,485	31,622,574
1,445,194	220,932	(783,237)	2,253,871	1,416,482
-	-	-	329,590	364,525
-	-	-	(329,590)	(364,525)
560,749	10,096	143,720	389,855	14,612
27,915	51,349	78,679	174,542	60,753
-	-	-	-	-
-	-	-	-	-
-	436,666	-	-	-
-	-	-	-	-
76,086	-	-	-	-
155,817	24,077	194,074	655,560	-
-	-	-	-	32,865
-	7,785,000	-	-	-
820,567	8,307,188	416,473	1,219,957	108,230
2,265,761	8,528,120	(366,764)	3,473,828	1,524,712
5.10%	5.30%	5.31%	5.10%	5.20%

City of Orange, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Table 6

<u>Fiscal</u> <u>Year</u>	<u>Tax</u> <u>Year</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u>	<u>Total</u>
		<u>Assessed</u> <u>Value</u>	<u>Percent</u>	<u>Assessed</u> <u>Value</u>	<u>Percent</u>	<u>Assessed</u> <u>Value (a) (b)</u>	<u>Direct</u> <u>Tax Rate</u>
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
2022	2021	960,443,215	85.85%	158,365,417	14.15%	1,118,808,632	\$0.80590

(a) Certified Tax Roll - Orange County Appraisal District

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

Est. True Value	Percentage of Total Assessed Value to True Value
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%
1,118,808,632	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	Little Cypress Mauriceville	Orangefield
	General Fund	Debt Service	Total Tax Rate	School District	School District	School District
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
2022	\$0.70661	\$0.09929	\$0.80590	\$1.01390	\$1.34260	\$1.11100

- (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				
\$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
\$1.29060	\$0.54200	\$0.13410	\$0.00638	\$2.50228	\$2.83098	\$2.59938	\$2.77898

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

<u>Name</u>	FY 2022 (a)			FY 2013 (b)		
	Assessed Value		Percent of Total Assessed Value	Assessed Value		Percent of Total Assessed Value
Inland-Orange	\$216,923,570	1	13.3754%			
Entergy Texas, Inc.	\$20,441,950	2	1.2604%	\$12,711,520	4	1.5756%
Conrad Orange Shipyard	\$13,592,290	4	0.8381%			
Westport Orange Shipyard, LLC	\$12,601,130	3	0.7770%			
TRQ Oakwood Village, LP	\$6,500,000	5	0.4008%			
Bludworth Marine, Inc.	\$6,048,040	6	0.3729%			
TX Majestic, Ltd.	\$5,838,365	7	0.3600%			
Orange Medical Office Bldg.	\$5,766,238	8	0.3555%			
Union Pacific Railroad Company	\$5,269,920	9	0.3249%			
Home Depot USA 8419	\$5,107,662	10	0.3149%			
Signal International Texas, LP				\$39,522,000	1	4.8988%
Exxonmobil Chemical Co.				\$16,525,060	2	2.0483%
Orange Shipbuilding, Inc.				\$16,361,425	3	2.0280%
Kirby Inland Marine				\$10,300,380	5	1.2768%
Firestone				\$9,671,690	6	1.1988%
Invista SARL				\$8,399,530	8	1.0411%
Honeywell (Allied)				\$9,361,350	7	1.1604%
Webco Industries, Inc.				\$6,816,410	9	0.8449%
Cloeren Company				\$5,707,630	10	0.7075%
	<u>\$298,089,165</u>		<u>18.38%</u>	<u>\$135,376,995</u>		<u>16.78%</u>

(a) Tax roll for Fiscal Year 2022, tax year 2021.

(b) Tax roll for Fiscal Year 2013, tax year 2012.

City of Orange, Texas
PROPERTY TAX LEVIES AND COLLECTIONS
Last Ten Fiscal Years (Unaudited)
Table 9

Fiscal Year	Total Adj. Tax Levy For Fiscal Year (a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2013	\$5,830,881	\$5,544,045	95.08%	\$235,934	\$5,779,979	99.13%
2014	\$5,880,536	\$5,669,884	96.42%	\$154,797	\$5,824,681	99.05%
2015	\$5,930,412	\$5,739,169	96.78%	\$132,722	\$5,871,891	99.01%
2016	\$6,084,688	\$5,828,534	95.79%	\$186,922	\$6,015,456	98.86%
2017	\$7,363,131	\$7,059,506	95.88%	\$223,301	\$7,282,807	98.91%
2018	\$7,693,724	\$7,489,506	97.35%	\$113,871	\$7,603,377	98.83%
2019	\$7,943,135	\$7,586,657	95.51%	\$255,199	\$7,841,856	98.72%
2020	\$8,488,118	\$8,242,222	97.10%	\$130,246	\$8,372,468	98.64%
2021	\$8,572,439	\$8,336,152	97.24%	\$68,230	\$8,404,382	98.04%
2022	\$8,960,845	\$8,617,239	96.17%	\$0	\$8,617,239	96.17%

(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

Fiscal Year	Government Activities			
	General	Certificates of	Notes	
	Obligation	Obligation	Payable	
	<u>Bonds & Notes</u>			
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	851,450	
2022	2,680,000	7,329,334	608,275	

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					Total	Percentage	
Obligation	Certificates of	Revenue	Notes	Lease	Primary	of Personal	Per
<u>Bonds</u>	<u>Obligation</u>	<u>Bonds</u>	<u>Payable</u>	<u>Liabilities</u>	<u>Government</u>	<u>Income (1)</u>	<u>Capita (1)</u>
\$ 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	-	248,939	388,443	22,338,681	n/a	1,156.01
1,940,000	7,446,073	-	143,919	312,703	20,460,304	n/a	1,058.80

City of Orange, Texas
RATIOS OF NET GENERAL BONDED DEBT OUTSTANDING
Last Ten Fiscal Years (Unaudited)
Table 11

Fiscal Year	General Obligation Debt		Less: Amounts Available for Debt Service	Total	Percentage of Estimated Actual Taxable Value of	
	Governmental Activities	Business-Type Activities			Property (a)	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
2022	10,009,334	9,386,073	82,294	19,313,113	1.73%	999.44

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, 2022 (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	\$10,197,918 (a)	100.00%	\$ 10,197,918
Bridge City ISD	\$15,660,000 (b)	2.78% (c)	435,348
Little Cypress Mauriceville ISD	\$63,140,000 (b)	45.29% (c)	28,596,106
Orange County	\$3,745,000 (b)	16.58% (c)	620,921
Orangefield ISD	\$6,190,000 (b)	5.10% (c)	315,690
West Orange Cove CISD	\$61,890,000 (b)	23.65% (c)	14,636,985
Subtotal Overlapping Debt	<u>150,625,000</u>		<u>44,605,050</u>
Total Direct and Overlapping Debt	<u>\$160,822,918</u>		<u>\$ 54,802,968</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 2022.

City of Orange, Texas

LEGAL DEBT MARGIN INFORMATION

Last Ten Fiscal Years (Unaudited)

Table 13

	2013	2014	2015	2016
Debt Limit	\$ 102,470,872	\$ 110,459,971	\$ 112,325,508	\$ 110,824,452
Total net debt applicable to limit	\$8,584,272	\$7,908,113	\$7,290,000	\$6,445,000
Legal debt margin	\$ 93,886,600	\$ 102,551,858	\$ 105,035,508	\$ 104,379,452
Total net debt applicable to the limit as a percentage of debt limit	9.14%	7.71%	6.94%	6.17%

Legal Debt Margin Calculation For Fiscal Year 2021

Total assessed value (a)	\$1,621,917,835
Debt limit 10% of assessed value (b)	\$162,191,784
Amount of debt applicable to debt margin:	
Total bonded debt	\$18,810,000
Less:	
Assets available in governmental debt service fund b	\$0
Self supported bonds and certificates (c)	\$9,150,000
Total amount of debt applicable to debt limit (d)	\$9,660,000
Legal debt limit	\$152,531,784

(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 \$1,940,000; the 2015 Tax and Revenue Certificates of Obligation of \$3,430,000; and the 2016 Tax and Revenue Certificates of Obligation of \$3,780,000.

(d) This includes the 2013 General Obligation Refunding Bonds of \$2,680,000; and the 2019 Certificates of Obligation Bonds of \$6,980,000.

2017	2018	2019	2020	2021	2022
\$ 132,754,956	\$ 142,305,557	\$ 141,925,868	\$ 150,758,840	\$ 162,191,784	\$ 162,191,784
\$5,605,000	\$4,750,000	\$11,660,000	\$11,020,000	\$9,660,000	\$9,660,000
\$ 127,149,956	\$ 137,555,557	\$ 130,265,868	\$ 139,738,840	\$ 152,531,784	\$ 152,531,784
4.41%	3.45%	8.95%	7.89%	6.33%	6.33%

City of Orange, Texas
PLEDGED-REVENUE COVERAGE
Last Ten Fiscal Years (Unaudited)
Table 14

Fiscal Year	Water and Sewer			2007 WS System Revenue Bonds			2001 GO Refunding Bonds (c)	
	Charges and Other (a)	Operating Expenses (b)	Net 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	--	--	--	--	--
2022	7,906,767	5,627,705	2,279,062	--	--	--	--	--

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
--	--	290,000	66,900	215,000	119,150	220,000	100,413



City of Orange, Texas
DEMOGRAPHIC AND ECONOMIC STATISTICS
Last Ten Fiscal Years (Unaudited)
Table 15

<u>Fiscal</u>		Personal	Per Capita		% Completing	Unemployment
<u>Year</u>	<u>Population (a)</u>	<u>Income (b)</u>	<u>Personal</u>	<u>Median</u>	<u>High School or</u>	<u>Rate (c)</u>
			<u>Income (a) (b)</u>	<u>Age (a)</u>	<u>Higher (a)</u>	
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%
2022	19,324	n/a	\$30,833 (a)	37.7	89.80%	6.3%

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>	2022 (a)		
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment (b)</u>
Dow Sabine River Operations	950	1	2.50%
Invista	700	2	1.84%
International Paper	550	3	1.45%
Little Cypress-Mauriceville ISD	511	4	1.34%
Orange County	500	5	1.32%
Kellog - Brown & Root	420	6	1.11%
West Orange Cove CISD	407	7	1.07%
Arlanxeo	350	8	0.92%
Lamar State College - Orange	274	9	0.72%
Orangefield ISD	257	10	0.68%
Cloeren Company, Inc.	250	11	0.66%
Lion Elastomers	200	12	0.53%
City of Orange	200	13	0.53%
Chevron Phillips Chemical Co.	180	14	0.47%
Texas Polymer Services, Inc.	130	15	0.34%
Conrad Industries	120	16	0.32%
Westport Marine	90	17	0.24%
Sienna	75	18	0.20%
	<u>6,164</u>		<u>16.2%</u>

(a) Greater Orange Area Chamber of Commerce, local school districts. Updated by City staff in FY 2023, only information for 18 employers was available.

(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. Updated by City staff in FY 2013.

2013 (c)			
	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total City Employment (d)</u>
El 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%
	<u>6,619</u>		<u>17.43%</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>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</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	5	5	5	5	5
Recreation	0	0	0	0	0
Police	57	57.75	57.75	58	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	9	9	9	9
Orange Development	1	1	1	1	2
Community Development	2	2	2	1	1
Police Special Revenue	1	0.25	0.25	0.7	1
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
Sanitation	1	1	1	1	2
Street Sweeping	1	1	1	1	1
Total	<u>193</u>	<u>194</u>	<u>194</u>	<u>194</u>	<u>195</u>

Source: City Annual Budget

2018	2019	2020	2021	2022
1	1	1	1	1
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
4	5	6	6	6
0	0	2	1.5	1.5
2	2	2	3	3
5	5	5	5	5
0	0	0	0	2
58	58	58	58	58
38	38	39	38	38
1	1	1	1	1
1	1	1	1	1
3	3	5	5	5
4	4	5	5	4
15	15	16	15	13
2	2	3	3	3
4	4	4	4	4
9	9	9	10	10
2	2	3	2.5	2.5
1	1	1	1	1
1	1	1	1	1
0	0	0	0	0
9	11	11	11	10
8	8	8	8	8
8	0	0	0	1
4	3	3	3	3
5	5	6	5	5
3	3	3	3	3
2	3	3	3	3
1	1	2	1	1
195	190	201	200	199

City of Orange, Texas
OPERATING INDICATORS BY FUNCTIONS/PROGRAM
Last Ten Fiscal Years
Table 18

<u>Function</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>
Police				
Physical arrests	1,577	1,239	1,252	1,252
Parking violations	14	12	14	10
Traffic violations	2,320	2,083	2,539	2,736
Fire				
Number of calls answered	2,819	3,168	3,196	3,487
Inspections	323	305	474	817
Street & Drainage				
Street resurfacing (miles)	8.0	1.5	2.1	2.0
Potholes repaired	5,800	6,000	11,900	10,085
Culture and recreation				
Recreation center (use fees)	385	250	40	20
Natatorium patrons (use fees)	8,779	8,833	0	10,639
Library patrons (use fees)	14,653	13,878	14,480	13,590
Water				
New connections	18	30	34	21
Water main breaks	530	766	632	462
Average daily consumption (thousands of gallons)	1,614	1,500	1,493	1,524
Wastewater				
Average daily sewage treatment (thousands of gallons)	2,427	2,423	2,522	3,422

Source: Various city departments

2017	2018	2019	2020	2021	2022
1,088	1,223	1,238	455	891	705
11	25	23	10	5	1
2,273	2,605	2,319	849	1,239	1,310
3,603	3,485	3,511	4,101	3,816	3,564
923	812	904	509	469	637
0.0	1	5.5	5	0.8	0
14,000	24,849	26,980	21,112	17,311	21,219
30	0	0	0	0	0
5,404	0	0	0	0	0
13,746	12,749	10,834	5,108	6,417	7,124
30	38	28	20	9	31
420	482	408	514	438	462
1,509	1,542	1,447	1,421	1,554	1,575
3,694	3,266	4,130	4,279	3,578	4,300

City of Orange, Texas

CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM

Last Ten Fiscal Years

Table 19

<u>Function</u>	2013	2014	2015	2016	2017	2018
Police						
Stations	1	1	1	1	1	1
Patrol units	28	28	28	28	28	28
Personnel & officers	57	57.75	57.75	58	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	(a) 284	284	284	284	284
Parks	19	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	4	4	4
Recreation centers	0	0	0	0	0	0
Basketball Courts	0	0	0	2	2	2
Splash Pad	0	0	0	1	1	1
Water						
Water mains (miles)	156	156	156	163	170	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	6,934	6,991	6,991	7,216	6,835	6,867
Wastewater						
Sanitary sewers (miles)	149	149	149	155	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	6,690	6,750	6,750	7,000	6,611	6,621

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

Source: Various city departments

2019	2020	2021	2022
1	1	1	1
28	28	28	28
58	58	58	58
3	3	3	3
6	6	6	6
38	39	38	38
3	3	3	3
162	162	162	164
1,562	1,562	1,562	1,562
7	7	7	13
284	284	284	284
19	19	19	19
1	1	1	1
1	1	0	0
4	4	4	4
0	0	0	1
2	2	2	2
1	1	1	1
170	170	175	180
726	726	775	790
10,613	10,613	10,613	10,613
6,932	6,913	6,994	7,025
155	155	160	165
72	72	80	85
7,000	7,000	7,000	7,000
1	1	1	1
6,707	66,884	6,765	6,779

City of Orange, Texas

OPERATIONAL STATISTICS FOR WATER AND SEWER ENTERPRISE FUND

Last Ten Fiscal Years (Unaudited)

Table 20

	2013	2014	2015	2016	2017
Water Consumption					
October	57,752	51,796	44,039	46,302	49,499
November	49,813	48,167	43,736	42,331	48,172
December	47,117	50,242	41,742	45,073	43,060
January	47,380	50,752	43,629	46,564	44,081
February	39,852	48,802	38,829	42,243	39,698
March	41,891	41,573	38,754	43,968	41,346
April	46,081	38,077	43,414	47,228	44,091
May	45,561	40,841	42,131	42,457	46,010
June	53,492	44,663	47,219	48,275	49,920
July	55,236	40,176	49,333	47,671	47,976
August	52,150	43,828	61,251	56,231	48,432
September	52,920	48,716	50,802	47,900	48,431
Total	589,245	547,633	544,879	556,243	550,716
Water Rates					
Minimum 3/4"	10.56	10.56	10.92	10.92	10.92
Minimum 1"	12.88	12.88	13.32	13.32	13.32
Minimum 1 1/2"	18.64	18.64	19.28	19.28	19.28
Minimum 2"	25.56	25.56	26.43	26.43	26.43
Minimum 3"	41.64	41.64	43.06	43.06	43.06
Minimum 4"	64.67	64.67	66.87	66.87	66.87
Minimum 6"	122.22	122.22	126.38	126.38	126.38
Minimum 8"	191.30	191.30	197.81	197.81	197.81
Minimum 10"	271.85	271.85	281.10	281.10	281.10
Minimum 12"	363.97	363.97	376.35	376.35	376.35
Over 1,000 gallon minimum	2.51	2.51	2.60	2.60	2.60
Sewer Rates					
Minimum	13.26	13.26	13.71	13.71	13.71
Over 1,000 gallon minimum	8.66	8.66	8.96	8.96	8.96

Source: Various city departments

2018	2019	2020	2021	2022
48,396	46,723	43,836	52,527	46,996
42,124	44,466	41,409	43,142	41,518
40,177	41,972	40,674	53,033	41,867
46,726	45,014	43,906	42,463	57,486
45,188	39,857	39,143	41,212	40,725
39,860	38,418	38,778	58,425	40,784
41,464	44,451	44,907	45,940	38,523
48,338	44,144	43,254	45,960	42,317
56,263	44,713	39,397	46,716	71,892
51,660	48,433	51,160	46,581	49,207
54,970	45,057	46,994	46,025	50,732
47,619	44,971	45,155	45,045	52,670
562,785	528,219	518,613	567,069	574,717

10.92	10.92	10.92	10.92	11.24
13.32	13.32	13.32	13.32	13.71
19.28	19.28	19.28	19.28	19.85
26.43	26.43	26.43	26.43	27.22
43.06	43.06	43.06	43.06	44.35
66.87	66.87	66.87	66.87	68.87
126.38	126.38	126.38	126.38	130.17
197.81	197.81	197.81	197.81	203.74
281.10	281.10	281.10	281.10	289.53
376.35	376.35	376.35	376.35	387.64
2.60	2.60	2.60	2.60	2.67

13.71	13.71	13.71	13.71	14.12
8.96	8.96	8.96	8.96	9.22



OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION





**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, 2022, 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 March 31, 2023.

Report on 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.

Report on 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." in a cursive, flowing script.

BrooksWatson & Co., PLLC
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
March 31, 2023

City of Orange, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2022

I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:

None.

City of Orange, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2022

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.