

# City of Orange, Texas



Comprehensive Annual Financial Report  
For the Fiscal Year Ended September 30, 2023

***ANNUAL COMPREHENSIVE  
FINANCIAL REPORT***

of the

**City of Orange, Texas**

**For the Year Ended  
September 30, 2023**

**Prepared by**

Cheryl Zeto  
Director of  
Finance



# City of Orange, Texas

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## *INTRODUCTORY SECTION*





March 31, 2024

To the Honorable Mayor Larry Spears Jr., Members of the City Council, and Citizens of the City of Orange:

The Annual Comprehensive Financial Report of the City of Orange (the City) for the fiscal year ended September 30, 2023, 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, 2023, 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, 2023, 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 193 through 195.

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.

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.B). 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 27<sup>th</sup> day of the last month of the fiscal year (September 27<sup>th</sup>). 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 127.

## **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 28.95% over the prior year. The City may 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, which is in very close proximity to the City.

### **Long-term financial planning.**

Industrial District Contracts (IDCs) accounted for approximately 35.2% of the operating revenue

for the City's general fund in fiscal year 2023. There are currently sixteen industrial contracts in place and one chapter 380 agreement. In late 2023, two of the industries with agreements announced closures. The City is already having internal discussion on how to compensate for an approximate eight percent (8%) reduction in the revenue from the industrial district contracts and the Chapter 380 agreement. The majority of the IDC contracts expire on December 31, 2027, and negotiations for renewals are projected to begin in 2025. Besides negotiations, 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 2023 was \$0.78300/\$100. Fortunately, the City was able to reduce the property tax rate for fiscal year 2024 to \$0.75950/\$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 16<sup>th</sup> 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.

## 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 annual comprehensive financial report for the fiscal year ended September 30, 2022. This was the 31st consecutive year (1992-2022) 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**

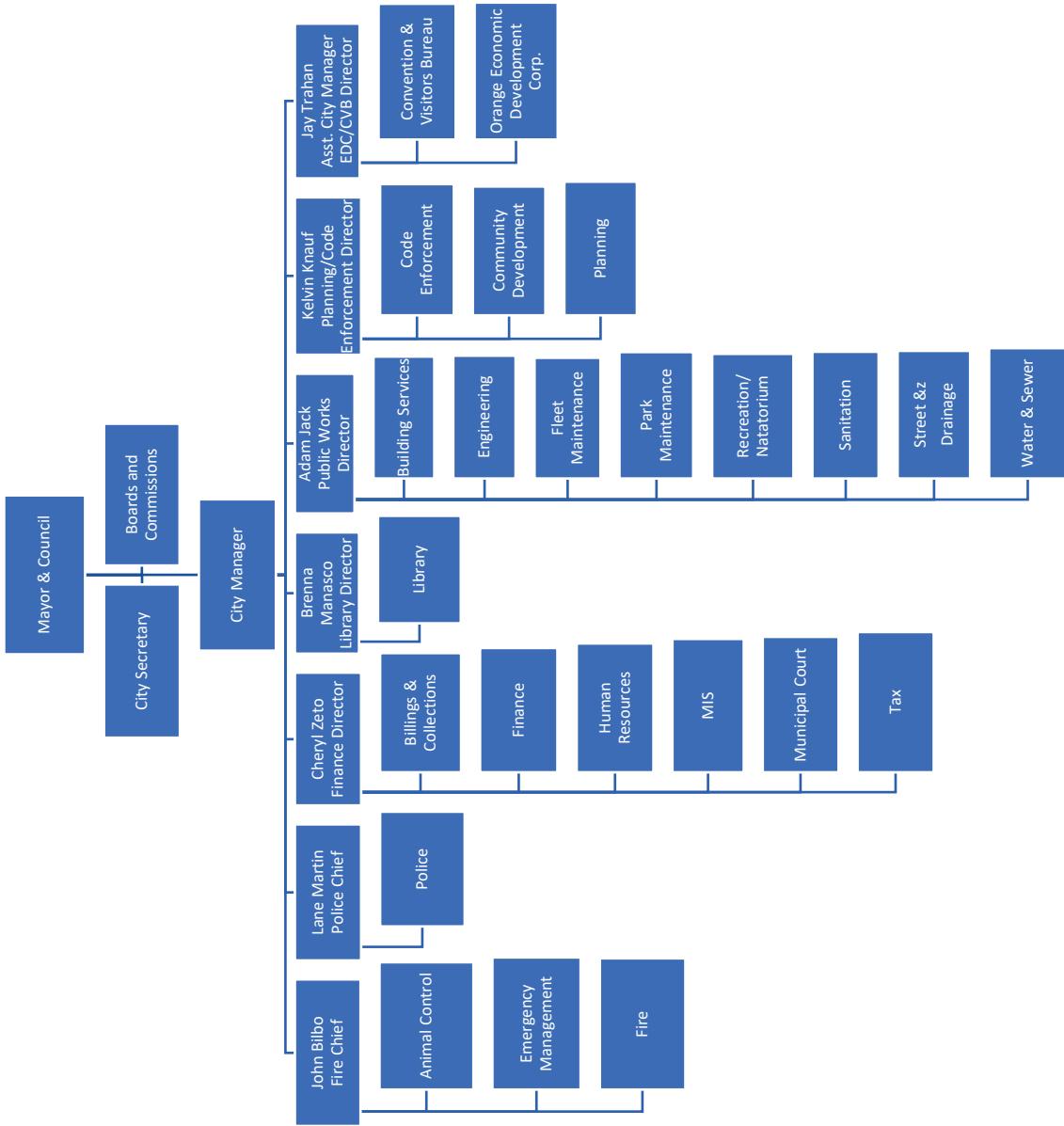
For its Annual Comprehensive  
Financial Report  
For the Fiscal Year Ended

September 30, 2022

*Christopher P. Monell*

Executive Director/CEO

# City of Orange, Texas Organizational Chart



## **City of Orange, Texas**

### **City Council**

**Larry Spears Jr., Mayor**

**David Bailey - Council Member District 1**

**Brad Childs - Council Member District 2**

**Terrie Salter - Council Member District 3**

**Mary McKenna - Council Member District 4**

**Caroline Hennigan - Council Member at Large Position 5**

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

### **City Manager**

**Michael Kunst**

### **Directors**

**Cheryl Zeto, Director of Finance**

**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, 2023, 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, 2023, and the respective changes in financial position and, where applicable, cashflows thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

***Basis for Opinions***

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. 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.

## ***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, 2024 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.*

BrooksWatson & Co.  
Certified Public Accountants  
Houston, Texas  
March 31, 2024

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



# **City of Orange, Texas**

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

### **September 30, 2023**

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, 2023. 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, 2023 by \$95,922,514. Of this amount, \$14,406,964 (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 \$7,072,762. 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 \$23,716,442 at September 30, 2023, a decrease of \$1,953,614 from the prior fiscal year; this includes an increase of \$2,353,544 in the general fund, a decrease of \$351,594 in the Texas GLO grant fund, a decrease of \$3,930,015 in the US Treasury American Rescue fund, a change of \$0 in the TXDOT Grants fund, and a decrease of \$25,549 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$18,668,037 or 71% of total general fund expenditures.
- The City's total debt showed a net decrease of \$1,721,390. The total governmental bonds payable at the close of the fiscal year was \$8,945,000. Self-supporting debt of the proprietary fund was \$8,405,000.

#### **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, 2023

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, 2023

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-six 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, US Treasury AM Rescue Plan fund, and TXDOT grants Fund, which are considered to be major funds. The City's debt service fund, capital projects 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, 2023**

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/OPEB 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 \$95,922,514 as of September 30, 2023 in the primary government.

The largest portion of the City's net position, \$74,827,487, 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, 2023**

**Statement of Net Position:**

The following table reflects the condensed Statement of Net Position:

|                                  | 2023                 |                      |                      | 2022                 |                      |                      |
|----------------------------------|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
|                                  | Governmental         |                      | Business-Type        | Governmental         |                      | Business-Type        |
|                                  | Activities           | Activities           | Total                | Activities           | Activities           | Total                |
| Current and other assets         | \$ 31,030,159        | \$ 11,373,259        | \$ 42,403,418        | \$ 31,388,558        | \$ 7,539,889         | \$ 38,928,447        |
| Capital assets, net              | 46,110,267           | 48,648,428           | 94,758,695           | 41,214,131           | 48,962,825           | 90,176,956           |
| <b>Total Assets</b>              | <b>77,140,426</b>    | <b>60,021,687</b>    | <b>137,162,113</b>   | <b>72,602,689</b>    | <b>56,502,714</b>    | <b>129,105,403</b>   |
| <b>Total Deferred Outflows</b>   | <b>8,660,178</b>     | <b>1,354,387</b>     | <b>10,014,565</b>    | <b>2,476,968</b>     | <b>397,425</b>       | <b>2,874,393</b>     |
| Other liabilities                | 6,243,771            | 2,339,861            | 8,583,632            | 4,368,067            | 2,026,581            | 6,394,648            |
| Long-term liabilities            | 30,281,591           | 10,259,423           | 40,541,014           | 19,217,497           | 9,137,446            | 28,354,943           |
| <b>Total Liabilities</b>         | <b>36,525,362</b>    | <b>12,599,284</b>    | <b>49,124,646</b>    | <b>23,585,564</b>    | <b>11,164,027</b>    | <b>34,749,591</b>    |
| <b>Total Deferred Inflows</b>    | <b>2,110,572</b>     | <b>18,946</b>        | <b>2,129,518</b>     | <b>7,542,961</b>     | <b>837,492</b>       | <b>8,380,453</b>     |
| Net Position:                    |                      |                      |                      |                      |                      |                      |
| Net investment in capital assets | 35,193,615           | 39,633,872           | 74,827,487           | 30,327,041           | 39,078,022           | 69,405,063           |
| Restricted                       | 6,374,128            | 313,935              | 6,688,063            | 10,518,925           | 208,938              | 10,727,863           |
| Unrestricted                     | 5,596,927            | 8,810,037            | 14,406,964           | 3,105,166            | 5,611,660            | 8,716,826            |
| <b>Total Net Position</b>        | <b>\$ 47,164,670</b> | <b>\$ 48,757,844</b> | <b>\$ 95,922,514</b> | <b>\$ 43,951,132</b> | <b>\$ 44,898,620</b> | <b>\$ 88,849,752</b> |

Current and other assets for business-type activities increased by \$3,833,370 primarily due to greater cash on hand, resulting from operating surpluses. Governmental activities capital assets increased by \$4,896,136 primarily due to storm water improvements, street rehabilitation, and contributed assets from the EDC outweighing depreciation during the year. Governmental activities other liabilities increased by \$1,875,704 primarily due to greater payables outstanding for capital improvements and timing of payments subsequent to yearend.

**City of Orange, Texas**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**  
**September 30, 2023**

**Statement of Activities:**

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

|                               | For the Year Ended September 30, 2023 |                          |                      | For the Year Ended September 30, 2022 |                          |                      |
|-------------------------------|---------------------------------------|--------------------------|----------------------|---------------------------------------|--------------------------|----------------------|
|                               | Total                                 |                          | Primary              | Total                                 |                          | Primary              |
|                               | Governmental Activities               | Business-Type Activities |                      | Governmental Activities               | Business-Type Activities |                      |
| <b>Revenues</b>               |                                       |                          |                      |                                       |                          |                      |
| Program revenues:             |                                       |                          |                      |                                       |                          |                      |
| Charges for services          | \$ 1,239,492                          | \$ 11,382,095            | \$ 12,621,587        | \$ 1,041,826                          | \$ 10,181,470            | \$ 11,223,296        |
| Operating grants              | 202,370                               | -                        | 202,370              | 266,417                               | -                        | 266,417              |
| Capital grants                | 4,255,495                             | -                        | 4,255,495            | 7,480,950                             | -                        | 7,480,950            |
| General revenues:             |                                       |                          |                      |                                       |                          |                      |
| Property taxes                | 9,602,930                             | -                        | 9,602,930            | 9,045,388                             | -                        | 9,045,388            |
| Payment-in-lieu of taxes      | 10,528,852                            | -                        | 10,528,852           | 8,980,249                             | -                        | 8,980,249            |
| Sales taxes                   | 6,232,621                             | -                        | 6,232,621            | 4,833,405                             | -                        | 4,833,405            |
| Hotel occupancy taxes         | 786,833                               | -                        | 786,833              | 719,574                               | -                        | 719,574              |
| Franchise and local taxes     | 1,061,904                             | -                        | 1,061,904            | 1,053,316                             | -                        | 1,053,316            |
| Investment income             | 1,028,731                             | 295,411                  | 1,324,142            | 5,694                                 | 426                      | 6,120                |
| Other revenues                | 161,973                               | 1,159,053                | 1,321,026            | 5,500                                 | -                        | 5,500                |
| Gain on sale - cap. assets    | -                                     | 26,630                   | 26,630               | -                                     | 34,613                   | 34,613               |
| <b>Total Revenues</b>         | <b>35,101,201</b>                     | <b>12,863,189</b>        | <b>47,964,390</b>    | <b>33,432,319</b>                     | <b>10,216,509</b>        | <b>43,648,828</b>    |
| <b>Expenses</b>               |                                       |                          |                      |                                       |                          |                      |
| General government            | 4,568,339                             | -                        | 4,568,339            | 3,980,709                             | -                        | 3,980,709            |
| Public safety                 | 15,223,993                            | -                        | 15,223,993           | 11,951,959                            | -                        | 11,951,959           |
| Public works                  | 7,591,194                             | -                        | 7,591,194            | 6,285,129                             | -                        | 6,285,129            |
| Culture and recreation        | 3,099,344                             | -                        | 3,099,344            | 2,264,290                             | -                        | 2,264,290            |
| Interest and fiscal chgs.     | 296,005                               | 267,668                  | 563,673              | 319,259                               | 288,133                  | 607,392              |
| Water & Sewer                 | -                                     | 7,258,220                | 7,258,220            | -                                     | 7,388,033                | 7,388,033            |
| Sanitation                    | -                                     | 2,586,865                | 2,586,865            | -                                     | 2,257,801                | 2,257,801            |
| <b>Total Expenses</b>         | <b>30,778,875</b>                     | <b>10,112,753</b>        | <b>40,891,628</b>    | <b>24,801,346</b>                     | <b>9,933,967</b>         | <b>34,735,313</b>    |
| <b>Change in Net Position</b> |                                       |                          |                      |                                       |                          |                      |
| Before Transfers              | 4,322,326                             | 2,750,436                | 7,072,762            | 8,630,973                             | 282,542                  | 8,913,515            |
| Transfers                     | (1,108,788)                           | 1,108,788                | -                    | (1,076,370)                           | 1,076,370                | -                    |
| <b>Change in Net Position</b> | <b>3,213,538</b>                      | <b>3,859,224</b>         | <b>7,072,762</b>     | <b>7,554,603</b>                      | <b>1,358,912</b>         | <b>8,913,515</b>     |
| Beginning Net Position        | 43,951,132                            | 44,898,620               | 88,849,752           | 36,396,529                            | 43,539,708               | 79,936,237           |
| <b>Ending Net Position</b>    | <b>\$ 47,164,670</b>                  | <b>\$ 48,757,844</b>     | <b>\$ 95,922,514</b> | <b>\$ 43,951,132</b>                  | <b>\$ 44,898,620</b>     | <b>\$ 88,849,752</b> |

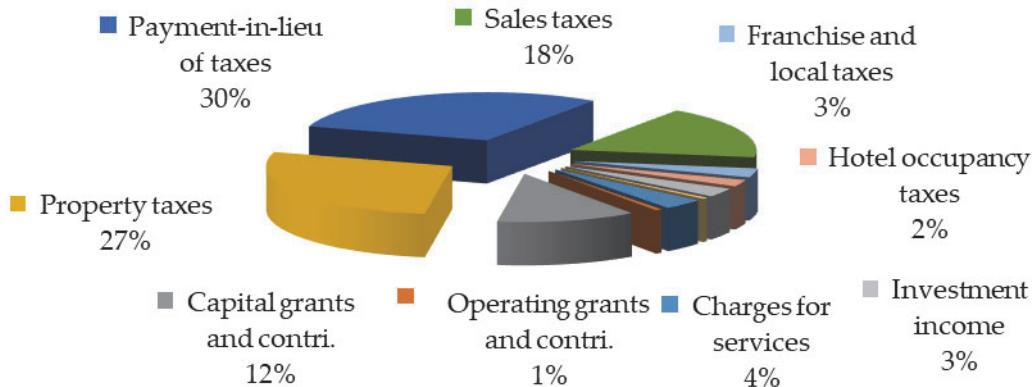
# City of Orange, Texas

## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

### September 30, 2023

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

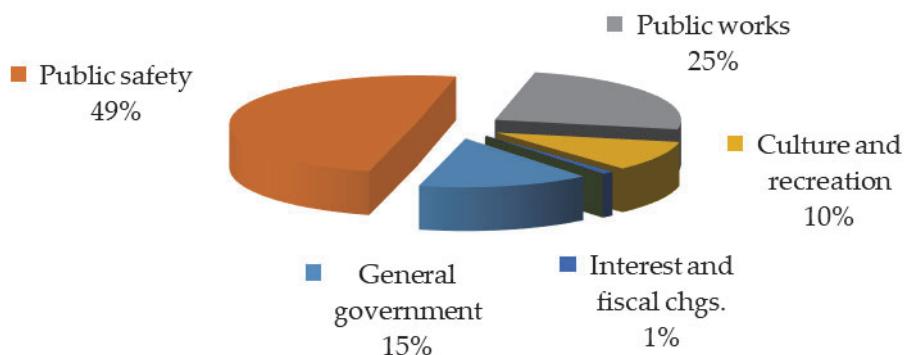
## Governmental Activities - Revenues



For the year ended September 30, 2023, revenues from governmental activities totaled \$35,101,201. Property taxes, payment-in-lieu of taxes, and sales taxes are the City's largest general revenue sources. Overall revenue increased \$1,668,882 or 5% compared to the prior year. Charges for services increased by \$197,666 or 19% mainly due to greater rescue standby services in the current year. Grants and contributions decreased by \$3,289,502 or 42% primarily due to nonrecurring infrastructure grant funds received in the prior year. Payment-in-lieu of taxes increased by \$1,548,603 or 17% due to greater property values within the industrial district compared to the prior year. Sales taxes increased by \$1,399,216 or 29% due to economic growth fueled by local purchases. Investment income increased by \$1,023,037 or over 100% due to greater interest-bearing accounts and realization of higher interest rates.

This graph shows the governmental function expenses of the City:

## Governmental Activities - Expenses



For the year ended September 30, 2023, expenses for governmental activities totaled \$30,778,875. This represents an increase of \$5,977,529 or 24% from the prior year. The City's largest functional expense is

# City of Orange, Texas

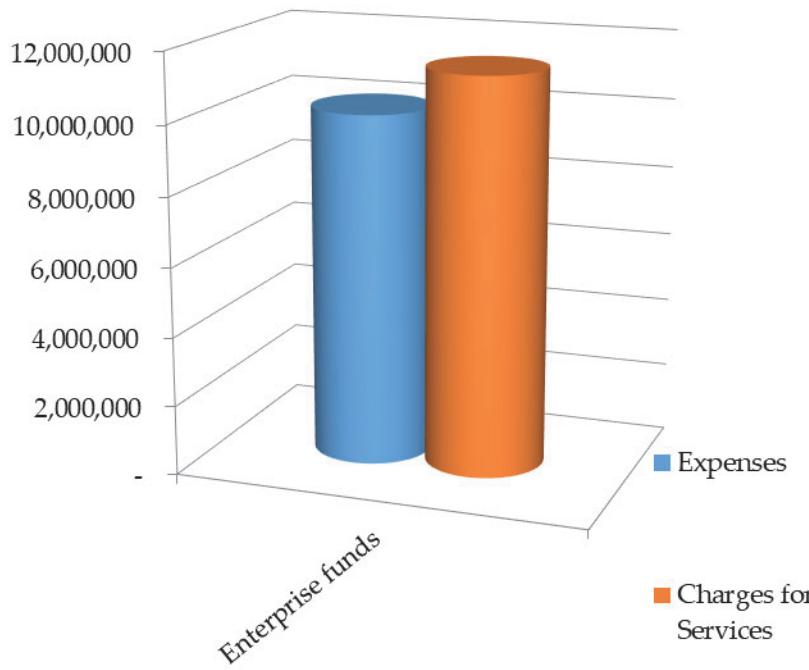
## MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2023

public safety of \$15,223,993, and increased by \$3,272,034 or 27% from prior year. This increase is primarily a result of greater personnel costs due to the actuarial valuation changes in the City's net pension liability. The City recognized a net pension asset in the prior year. In addition, electricity and liability insurance costs were on the rise over the course of the year. General government expenses increased by \$587,630 or 15% due to greater personnel costs, resulting from the aforementioned actuarial valuation changes to the City's net pension liability. Public works expenses increased by \$1,306,065 or 21% due primarily to current new hires, greater asset depreciation, increased electricity costs, and nonrecurring vehicle maintenance in the current year. Culture and recreation increased by \$835,054 or 37% due primarily to greater personnel costs, new local events 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



For the year ended September 30, 2023, charges for services by business-type activities totaled \$11,382,095. This is an increase of \$1,200,625 or 12% from the previous year, which is primarily due to greater service rates charged to customers, increased customer base, and fewer account adjustments in the current year.

# City of Orange, Texas

## *MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*

### September 30, 2023

Total expenses increased \$178,786 or 2%, to a total of \$10,112,753. Sanitation expenses experienced the largest expense increase of \$329,064 or 15% primarily due to greater personnel costs, resulting from a new hire, and greater contract fees charged by Waste Management over the course of the 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, 2023, the City's governmental funds reported combined fund balances of \$23,716,442, a decrease of \$1,953,614 in comparison with the prior year. Approximately 71% of this amount, \$16,850,156, 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, \$360,151, 2) assigned for particular purpose, \$131,925, or 3) restricted for particular purposes, \$6,374,210.

As of the end of the year the general fund reflected a total fund balance of \$18,980,187. Of this, \$312,150 is considered nonspendable and \$18,668,037 is unassigned. The general fund balance increased by \$2,353,544 compared to the budgeted decrease of \$10,805. The fund's increase was primarily due to less than anticipated expenditures.

Revenues for the general fund in the current year were \$28,624,736 compared to \$23,885,315 in the prior year. This increase is a direct result of greater property taxes, payment-in-lieu of taxes, sales taxes, and investment income.

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 72% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$18,668,037 is 71% of total general fund expenditures.

The Texas GLO grant fund had an ending deficit fund balance of \$974,833 at September 30, 2023, a decrease of \$351,594. The decrease was a result of current year capital outlay expenditures exceeding intergovernmental revenues and less than anticipated grant revenues received during the year.

The US Treasury American Rescue Plan fund had an ending fund balance of \$2,937,204, a decrease of \$3,930,015. The decrease is a result of significant capital outlay expenditures and no new grant funds received in the current year.

# City of Orange, Texas

## *MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)*

### September 30, 2023

The TXDOT fund had an ending deficit fund balance of \$829,505. The fund did not record revenues or expenditures during the course of the year.

Nonmajor governmental funds had a total ending fund balance of \$3,603,389, a slight decrease of \$25,549, which is considered minimal.

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 \$46,437,854 and \$2,186,835, respectively. Unrestricted net position of the enterprise funds at the close of the fiscal year amounted to \$8,676,882. Total net position increased \$3,869,225. The funds had a total net investment in capital assets of \$39,633,872.

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

- Total operational expenses, excluding depreciation and amortization were \$7,927,214.
- Total cash and cash equivalents in the enterprise funds was \$8,690,422 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 \$1,326,553 to be retained for future risk.

## GENERAL FUND BUDGETARY HIGHLIGHTS

There were several amendments approved during the fiscal year. Total original budgeted expenditures increased by \$1,274,579 compared to the final budget. The increase was primarily due to additional capital spending, public works, and public safety expenses anticipated. Total original budgeted revenues increased by \$1,191,225 compared to the final budget. This increase was due to the City's anticipation of more property taxes, charges for services, and investment income. There was a negative variance of \$570,430 for budgeted general fund revenues. The negative variance was primarily due to less than anticipated charges for services received during the year.

The following are additional comments regarding appropriations:

- There was a total positive variance of \$2,764,194 in budgeted expenditure appropriations. The variance was primarily due to a decrease in police department, fire department, planning, code enforcement, streets/drainage, and fleet maintenance compared to estimates used for the budget.
- \$2,193,764 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 \$2,364,349.

# **City of Orange, Texas**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)**

### **September 30, 2023**

#### **CAPITAL ASSETS**

As of the end of the year, the City's governmental activities funds had invested \$46,110,267 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$48,648,428 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:

- Gardenia Street pipe & line improvements for \$1,260,800.
- Greenway storm water drainage improvements for \$2,711,390.
- Roadway improvements at Eagle Point parkway for \$1,788,752.
- Improvements to Beagle Rd lift station for \$825,291.
- Coopers gully (phase 2) improvements for \$692,307.
- Parking lot paving improvements at Lion's Den Park for \$189,992.
- Floating dock at boat ramp for \$130,000.
- New land purchases totaling \$280,917.
- Purchased land for Eagle Point Parkway for \$77,440.
- Purchased new portable radios for police officers and fire fighters totaling \$557,450.
- Purchased new vehicles for sewer operations totaling \$118,031.
- SCADA process control upgrades totaling \$189,685.
- Rehabilitation improvements of aeration basin at treatment plant for \$134,950.
- Rehabilitation improvements of 4 clarifiers at treatment for \$196,999.

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 \$17,350,000. Of this amount, \$8,405,000 is self-supporting through revenues collected from the rates of the City's utility fund. All of the City's debt is backed by a full-faith credit pledge of property taxes with a limited pledge of revenues of the enterprise/utility system. The City monitors its debt obligations and callable bonds for refinancing opportunities with market conditions. More detailed information about the City's long-term liabilities is presented in note IV. D and E to the financial statements.

#### **ECONOMIC FACTORS AND NEXT YEAR'S BUDGET**

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

# **City of Orange, Texas**

## ***MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)***

**September 30, 2023**

### **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](http://orangetexas.net).

## *FINANCIAL STATEMENTS*

**City of Orange, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**September 30, 2023**

|   | <b>Primary Government</b>                   |                                 |                     |                      |
|---|---|---------------------------------|---------------------|----------------------|
|   | <b>Governmental Activities</b>              | <b>Business-Type Activities</b> | <b>Total</b>        |                      |
|   |   |                                 |                     |                      |
| <b>Assets</b>                           |   |                                 |                     |                      |
| Current assets:                         |   |                                 |                     |                      |
| Cash and cash equivalents               | \$ 21,201,426                               | \$ 7,799,487                    | \$ 29,000,913       |                      |
| Restricted cash                         | 3,767,719                                   | 890,935                         | 4,658,654           |                      |
| Investments                             | 250,540                                     | -                               | 250,540             |                      |
| Receivables, net                        | 5,583,478                                   | 2,257,449                       | 7,840,927           |                      |
| Due from primary government             | -   | -                               | -                   |                      |
| Inventory                               | 88,191                                      | 219,462                         | 307,653             |                      |
| Prepays                                 | 271,960                                     | 72,771                          | 344,731             |                      |
| Internal balances                       | (133,155)                                   | 133,155                         | -                   |                      |
|   | <b>Total Current Assets</b>                 | <b>31,030,159</b>               | <b>11,373,259</b>   | <b>42,403,418</b>    |
| Capital assets:                         |   |                                 |                     |                      |
| Non-depreciable                         | 5,412,396                                   | 1,048,982                       | 6,461,378           |                      |
| Net depreciable capital assets          | 40,697,871                                  | 47,599,446                      | 88,297,317          |                      |
|   | <b>Noncurrent Assets</b>                    | <b>46,110,267</b>               | <b>48,648,428</b>   | <b>94,758,695</b>    |
|   | <b>Total Assets</b>                         | <b>77,140,426</b>               | <b>60,021,687</b>   | <b>137,162,113</b>   |
| <b>Deferred Outflows of Resources</b>   |   |                                 |                     |                      |
| Pension outflows - TMRS                 | 6,800,409                                   | 1,318,514                       | 8,118,923           |                      |
| Pension outflows - Fireman's Retirement | 1,686,717                                   | -                               | 1,686,717           |                      |
| OPEB outflows                           | 132,871                                     | 26,390                          | 159,261             |                      |
| Deferred charge on refunding            | 40,181                                      | 9,483                           | 49,664              |                      |
|   | <b>Total Deferred Outflows of Resources</b> | <b>\$ 8,660,178</b>             | <b>\$ 1,354,387</b> | <b>\$ 10,014,565</b> |

**Component Unit**

**Orange**  
**EDC**

|    |                  |
|----|------------------|
| \$ | 4,010,040        |
|    | 143,147          |
|    | 250,540          |
|    | 17,006           |
|    | 523,254          |
|    | -                |
|    | 91,768           |
|    | -                |
|    | <u>5,035,755</u> |

|                   |
|-------------------|
| 1,301,228         |
| <u>4,665,754</u>  |
| <u>5,966,982</u>  |
| <u>11,002,737</u> |

|                  |
|------------------|
| -                |
| -                |
| -                |
| 23,975           |
| <u>\$ 23,975</u> |

**City of Orange, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**September 30, 2023**

|  | <b>Primary Government</b>      |                                 |                      |  |  |
|--|--------------------------------|---------------------------------|----------------------|--|--|
|  | <b>Governmental Activities</b> | <b>Business-Type Activities</b> |                      |  |  |
|  |                                | <b>Total</b>                    |                      |  |  |
| <b>Liabilities</b>                           |                                |                                 |                      |  |  |
| Current liabilities:                         |                                |                                 |                      |  |  |
| Accounts payable                             |                                |                                 |                      |  |  |
| and accrued liabilities                      | \$ 2,493,689                   | \$ 745,554                      | \$ 3,239,243         |  |  |
| Due to fiduciary fund                        | -                              | 435                             | 435                  |  |  |
| Accrued interest payable                     | 46,742                         | 40,932                          | 87,674               |  |  |
| Customer deposits                            | 1,289                          | 536,069                         | 537,358              |  |  |
| Due to component unit                        | 523,254                        | -                               | 523,254              |  |  |
| Compensated absences, current                | 2,246,207                      | 87,929                          | 2,334,136            |  |  |
| Long term debt due within one year           | 932,590                        | 928,942                         | 1,861,532            |  |  |
| <b>Total Current Liabilities</b>             | <b>6,243,771</b>               | <b>2,339,861</b>                | <b>8,583,632</b>     |  |  |
| Noncurrent liabilities:                      |                                |                                 |                      |  |  |
| Compensated absences, noncurrent             | 1,539,634                      | 60,270                          | 1,599,904            |  |  |
| Long-term debt due in more than one year     | 8,788,335                      | 8,089,047                       | 16,877,382           |  |  |
| Net pension liability - TMRS                 | 10,040,507                     | 1,946,727                       | 11,987,234           |  |  |
| OPEB liability                               | 822,613                        | 163,379                         | 985,992              |  |  |
| Net pension liability - Fireman's Retirement | 9,090,502                      | -                               | 9,090,502            |  |  |
| <b>Noncurrent Liabilities</b>                | <b>30,281,591</b>              | <b>10,259,423</b>               | <b>40,541,014</b>    |  |  |
| <b>Total Liabilities</b>                     | <b>36,525,362</b>              | <b>12,599,284</b>               | <b>49,124,646</b>    |  |  |
| <b>Deferred Inflows of Resources</b>         |                                |                                 |                      |  |  |
| Pension inflows - Fireman's Retirement       | 2,015,169                      | -                               | 2,015,169            |  |  |
| OPEB inflows                                 | 95,403                         | 18,946                          | 114,349              |  |  |
| <b>Total Deferred Inflows of Resources</b>   | <b>2,110,572</b>               | <b>18,946</b>                   | <b>2,129,518</b>     |  |  |
| <b>Net Position</b>                          |                                |                                 |                      |  |  |
| Net investment in capital assets             | 35,193,615                     | 39,633,872                      | 74,827,487           |  |  |
| Restricted for:                              |                                |                                 |                      |  |  |
| Debt service                                 | 19,493                         | 313,935                         | 333,428              |  |  |
| Culture and recreation                       | 157,386                        | -                               | 157,386              |  |  |
| Public safety                                | 733,986                        | -                               | 733,986              |  |  |
| Public works                                 | 55,565                         | -                               | 55,565               |  |  |
| Tourism and promotion                        | 2,470,576                      | -                               | 2,470,576            |  |  |
| Capital improvements                         | 2,937,122                      | -                               | 2,937,122            |  |  |
| Economic development                         | -                              | -                               | -                    |  |  |
| Unrestricted                                 | 5,596,927                      | 8,810,037                       | 14,406,964           |  |  |
| <b>Total Net Position</b>                    | <b>\$ 47,164,670</b>           | <b>\$ 48,757,844</b>            | <b>\$ 95,922,514</b> |  |  |

See Notes to Financial Statements.

**Component Unit**

Orange

EDC

\$ 26,713

- 22,859

-

- 23,876

300,000

373,448

2,653

3,547,547

-

-

-

3,550,200

3,923,648

-

-

-

2,143,410

120,288

-

-

-

-

4,839,366

-

\$ 7,103,064

# City of Orange, Texas

## STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2023

| Functions/Programs                    | Expenses             | Program Revenues     |                                    |                                  |  |
|---------------------------------------|----------------------|----------------------|------------------------------------|----------------------------------|--|
|                                       |                      | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions |  |
| <b>Primary Government</b>             |                      |                      |                                    |                                  |  |
| <b>Governmental Activities</b>        |                      |                      |                                    |                                  |  |
| General government                    | \$ 4,568,339         | \$ 666,280           | \$ -                               | \$ -                             |  |
| Public safety                         | 15,223,993           | 217,403              | 167,754                            | 1,076,400                        |  |
| Public works                          | 7,591,194            | 338,343              | -                                  | 3,049,095                        |  |
| Culture and recreation                | 3,099,344            | 17,466               | 34,616                             | 130,000                          |  |
| Interest and fiscal charges           | 296,005              | -                    | -                                  | -                                |  |
| <b>Total Governmental Activities</b>  | <b>30,778,875</b>    | <b>1,239,492</b>     | <b>202,370</b>                     | <b>4,255,495</b>                 |  |
| <b>Business-Type Activities</b>       |                      |                      |                                    |                                  |  |
| Water and sewer                       | 7,525,888            | 8,757,096            | -                                  | -                                |  |
| Sanitation                            | 2,586,865            | 2,624,999            | -                                  | -                                |  |
| <b>Total Business-Type Activities</b> | <b>10,112,753</b>    | <b>11,382,095</b>    | <b>-</b>                           | <b>-</b>                         |  |
| <b>Total Primary Government</b>       | <b>\$ 40,891,628</b> | <b>\$ 12,621,587</b> | <b>\$ 202,370</b>                  | <b>\$ 4,255,495</b>              |  |
| <b>Component Unit</b>                 |                      |                      |                                    |                                  |  |
| Orange Economic                       |                      |                      |                                    |                                  |  |
| Development Corporation               | \$ 3,551,031         | \$ -                 | \$ 16,659                          | \$ -                             |  |
| <b>Total Component Unit</b>           | <b>\$ 3,551,031</b>  | <b>\$ -</b>          | <b>\$ 16,659</b>                   | <b>\$ -</b>                      |  |

### 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**

| <b>Primary Government</b>      |                                 |                      | <b>Component Unit</b> |            |
|--------------------------------|---------------------------------|----------------------|-----------------------|------------|
| <b>Governmental Activities</b> | <b>Business-Type Activities</b> | <b>Total</b>         | <b>Orange</b>         | <b>EDC</b> |
| \$ (3,902,059)                 | \$ -                            | \$ (3,902,059)       | \$ -                  |            |
| (13,762,436)                   | -                               | (13,762,436)         | -                     |            |
| (4,203,756)                    | -                               | (4,203,756)          | -                     |            |
| (2,917,262)                    | -                               | (2,917,262)          | -                     |            |
| (296,005)                      | -                               | (296,005)            | -                     |            |
| <u>(25,081,518)</u>            | <u>-</u>                        | <u>(25,081,518)</u>  | <u>-</u>              |            |
|                                |                                 |                      |                       |            |
|                                | 1,231,208                       | 1,231,208            | -                     |            |
|                                | 38,134                          | 38,134               | -                     |            |
|                                | <u>1,269,342</u>                | <u>1,269,342</u>     | <u>-</u>              |            |
|                                | <u>(25,081,518)</u>             | <u>1,269,342</u>     | <u>(23,812,176)</u>   | <u>-</u>   |
|                                |                                 |                      |                       |            |
|                                |                                 |                      | (3,534,372)           |            |
|                                |                                 |                      | <u>(3,534,372)</u>    |            |
|                                |                                 |                      |                       |            |
| 9,602,930                      | -                               | 9,602,930            | -                     |            |
| 10,528,852                     | -                               | 10,528,852           | -                     |            |
| 6,232,621                      | -                               | 6,232,621            | 3,116,310             |            |
| 786,833                        | -                               | 786,833              | -                     |            |
| 1,061,904                      | -                               | 1,061,904            | -                     |            |
| 1,028,731                      | 295,411                         | 1,324,142            | 135,005               |            |
| 161,973                        | 1,159,053                       | 1,321,026            | -                     |            |
| -                              | 26,630                          | 26,630               | -                     |            |
| <u>(1,108,788)</u>             | <u>1,108,788</u>                | <u>-</u>             | <u>-</u>              |            |
| <u>28,295,056</u>              | <u>2,589,882</u>                | <u>30,884,938</u>    | <u>3,251,315</u>      |            |
|                                |                                 |                      |                       |            |
| 3,213,538                      | 3,859,224                       | 7,072,762            | (283,057)             |            |
| 43,951,132                     | 44,898,620                      | 88,849,752           | 7,386,121             |            |
| <u>\$ 47,164,670</u>           | <u>\$ 48,757,844</u>            | <u>\$ 95,922,514</u> | <u>\$ 7,103,064</u>   |            |

# City of Orange, Texas

## BALANCE SHEET (Page 1 of 2)

### GOVERNMENTAL FUNDS

September 30, 2023

|  | General              | Texas GLO<br>Grant<br>Fund | US Treasury<br>AM Rescue<br>Plan Fund |
|--|----------------------|----------------------------|---------------------------------------|
| <b>Assets</b>                            |                      |                            |                                       |
| Cash and cash equivalents                | \$ 16,342,038        | \$ -                       | \$ -                                  |
| Investments                              | 250,540              | -                          | -                                     |
| Restricted cash                          | -                    | -                          | 3,749,959                             |
| Taxes receivable, net                    | 1,190,452            | -                          | -                                     |
| Accounts receivable, net                 | 2,044,117            | 1,040,185                  | -                                     |
| Due from other funds                     | 1,670,636            | -                          | -                                     |
| Due from others                          | 24,651               | -                          | -                                     |
| Inventories, at cost                     | 88,191               | -                          | -                                     |
| Prepays                                  | 223,959              | -                          | -                                     |
| <b>Total Assets</b>                      | <b>\$ 21,834,584</b> | <b>\$ 1,040,185</b>        | <b>\$ 3,749,959</b>                   |
| <b>Liabilities</b>                       |                      |                            |                                       |
| Accounts payable and accrued liabilities | \$ 1,098,144         | \$ 408,768                 | \$ 812,755                            |
| Partial payment of taxes                 | 1,185                | -                          | -                                     |
| Liability for municipal court            | 23,778               | -                          | -                                     |
| Customer deposits                        | 1,289                | -                          | -                                     |
| Due to other funds                       | -                    | 776,699                    | -                                     |
| Due to component unit                    | 523,254              | -                          | -                                     |
| <b>Total Liabilities</b>                 | <b>1,647,650</b>     | <b>1,185,467</b>           | <b>812,755</b>                        |
| <b>Deferred Inflows of Resources</b>     |                      |                            |                                       |
| Unavailable revenue -                    |                      |                            |                                       |
| Property taxes                           | 1,190,393            | -                          | -                                     |
| Fines receivable, net                    | 16,354               | -                          | -                                     |
| Grants                                   | -                    | 829,551                    | -                                     |
| <b>Total Deferred Inflows</b>            | <b>1,206,747</b>     | <b>829,551</b>             | <b>-</b>                              |

| TXDOT<br>Grants<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------|-----------------------------------|--------------------------------|
| \$ -                    | \$ 3,487,117                      | \$ 19,829,155                  |
| -                       | -                                 | 250,540                        |
| -                       | 17,760                            | 3,767,719                      |
| -                       | 169,615                           | 1,360,067                      |
| 882,631                 | 229,783                           | 4,196,716                      |
| -                       | -                                 | 1,670,636                      |
| -                       | 2,044                             | 26,695                         |
| -                       | -                                 | 88,191                         |
| -                       | 48,001                            | 271,960                        |
| <b>\$ 882,631</b>       | <b>\$ 3,954,320</b>               | <b>\$ 31,461,679</b>           |

|                |                |                  |
|----------------|----------------|------------------|
| \$ -           | \$ 103,341     | \$ 2,423,008     |
| -              | -              | 1,185            |
| -              | -              | 23,778           |
| -              | -              | 1,289            |
| 829,505        | 64,432         | 1,670,636        |
| -              | -              | 523,254          |
| <b>829,505</b> | <b>167,773</b> | <b>4,643,150</b> |

|                |                |                  |
|----------------|----------------|------------------|
| -              | 169,615        | 1,360,008        |
| -              | -              | 16,354           |
| <b>882,631</b> | <b>13,543</b>  | <b>1,725,725</b> |
| <b>882,631</b> | <b>183,158</b> | <b>3,102,087</b> |

# City of Orange, Texas

## BALANCE SHEET (Page 2 of 2)

### GOVERNMENTAL FUNDS

September 30, 2023

|   | Texas GLO            | US Treasury         |                     |
|---|----------------------|---------------------|---------------------|
|   | Grant                | AM Rescue           |                     |
|   | General              | Fund                | Plan Fund           |
| <b><u>Fund Balances</u></b>                                   |                      |                     |                     |
| Nonspendable for:   |                      |                     |                     |
| Inventory   | \$ 88,191            | \$ -                | \$ -                |
| Prepays   | 223,959              | -                   | -                   |
| Restricted for:   |                      |                     |                     |
| Debt service  | -                    | -                   | -                   |
| Capital improvements  | -                    | -                   | 2,937,204           |
| Culture and recreation  | -                    | -                   | -                   |
| Public safety   | -                    | -                   | -                   |
| Public works  | -                    | -                   | -                   |
| Tourism and promotion   | -                    | -                   | -                   |
| Assigned for:   |                      |                     |                     |
| Capital improvements  | -                    | -                   | -                   |
| Economic development  | -                    | -                   | -                   |
| Unassigned  | 18,668,037           | (974,833)           | -                   |
| <b>Total Fund Balances</b>                                    | <b>18,980,187</b>    | <b>(974,833)</b>    | <b>2,937,204</b>    |
| <b>Total Liabilities, Deferred Inflows, and Fund Balances</b> | <b>\$ 21,834,584</b> | <b>\$ 1,040,185</b> | <b>\$ 3,749,959</b> |

See Notes to Financial Statements.

| TXDOT<br>Grants<br>Fund | Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-------------------------|-----------------------------------|--------------------------------|
| -                       | \$ -                              | \$ 88,191                      |
| -                       | 48,001                            | 271,960                        |
| -                       | 19,493                            | 19,493                         |
| -                       | -                                 | 2,937,204                      |
| -                       | 157,386                           | 157,386                        |
| -                       | 733,986                           | 733,986                        |
| -                       | 55,565                            | 55,565                         |
| -                       | 2,470,576                         | 2,470,576                      |
| -                       | 129,461                           | 129,461                        |
| -                       | 2,464                             | 2,464                          |
| (829,505)               | (13,543)                          | 16,850,156                     |
| <u>(829,505)</u>        | <u>3,603,389</u>                  | <u>23,716,442</u>              |
| <u>\$ 882,631</u>       | <u>\$ 3,954,320</u>               | <u>\$ 31,461,679</u>           |



# City of Orange, Texas

**RECONCILIATION OF THE BALANCE SHEET TO THE STATEMENT OF NET POSITION  
GOVERNMENTAL FUNDS**  
September 30, 2023

**Fund Balances Fund Balances - Total Governmental Funds** \$ 23,716,442

### 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 | 5,412,396  |
| Capital assets - net depreciable | 40,697,871 |

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

|                         |           |
|-------------------------|-----------|
| Property tax receivable | 1,360,008 |
| Fines receivable        | 16,354    |
| Grant receivables       | 1,725,725 |

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            | 40,181      |
| Pension contributions                   | 1,489,634   |
| Pension changes in assumptions          | (1,068,485) |
| Pension investment returns              | 5,661,548   |
| Pension outflows - Fireman's Retirement | 389,260     |
| OPEB assumption changes                 | (95,403)    |
| OPEB difference in experience           | 132,871     |

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.

1,193,398

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

|  |              |
|--|--------------|
| Accrued interest   | (46,742)     |
| Bond premium   | (327,501)    |
| Compensated absences   | (3,785,841)  |
| Non-current liabilities due in one year                      | (932,590)    |
| Non-current liabilities due in more than one year            | (8,460,834)  |
| Net pension liability - TMRS                                 | (10,040,507) |
| Net pension liability - Firemen's Relief and Retirement Fund | (9,090,502)  |
| OPEB liability - Healthcare                                  | (822,613)    |

### Net Position of Governmental Activities

\$ 47,164,670

#### 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, 2023**

|  | General             | Texas GLO<br>Grant<br>Fund | US Treasury<br>AM Rescue<br>Plan Fund | TXDOT<br>Grants<br>Fund |
|--|---------------------|----------------------------|---------------------------------------|-------------------------|
| <b>Revenues</b>                        |                     |                            |                                       |                         |
| Property tax                           | \$ 8,722,984        | \$ -                       | \$ -                                  | \$ -                    |
| Payment-in-lieu of taxes               | 10,528,852          | -                          | -                                     | -                       |
| Sales tax                              | 6,232,621           | -                          | -                                     | -                       |
| Franchise and local taxes              | 1,061,904           | -                          | -                                     | -                       |
| Other taxes                            | 52,415              | -                          | -                                     | -                       |
| Hotel occupancy taxes                  | -                   | -                          | -                                     | -                       |
| Charges for services                   | 933,165             | -                          | -                                     | -                       |
| License, permits and fees              | 180,296             | -                          | -                                     | -                       |
| Intergovernmental                      | 83,127              | -                          | -                                     | -                       |
| Investment income                      | 818,404             | -                          | 6,998                                 | -                       |
| Grants and donations                   | 1,421               | 1,167,592                  | -                                     | -                       |
| Other revenue                          | 9,547               | -                          | -                                     | -                       |
| <b>Total Revenues</b>                  | <b>28,624,736</b>   | <b>1,167,592</b>           | <b>6,998</b>                          | <b>-</b>                |
| <b>Expenditures</b>                    |                     |                            |                                       |                         |
| Current:                               |                     |                            |                                       |                         |
| General government                     | 1,698,106           | -                          | -                                     | -                       |
| Public safety                          | 12,255,980          | 1,435                      | -                                     | -                       |
| Culture - recreation                   | 1,520,396           | -                          | -                                     | -                       |
| Public works                           | 4,486,447           | 173,147                    | 220,976                               | -                       |
| Nondepartmental                        | 4,558,185           | -                          | -                                     | -                       |
| Debt Service:                          |                     |                            |                                       |                         |
| Principal                              | 228,564             | -                          | -                                     | -                       |
| Interest and fiscal charges            | 18,899              | -                          | -                                     | -                       |
| Capital outlay                         | 1,606,131           | 1,344,604                  | 3,716,037                             | -                       |
| <b>Total Expenditures</b>              | <b>26,372,708</b>   | <b>1,519,186</b>           | <b>3,937,013</b>                      | <b>-</b>                |
| <b>Excess (Deficiency) of Revenues</b> | <b>\$ 2,252,028</b> | <b>\$ (351,594)</b>        | <b>\$ (3,930,015)</b>                 | <b>\$ -</b>             |

| Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------|--------------------------------|
| \$ 806,914                        | \$ 9,529,898                   |
| -                                 | 10,528,852                     |
| -                                 | 6,232,621                      |
| -                                 | 1,061,904                      |
| -                                 | 52,415                         |
| 734,418                           | 734,418                        |
| 72,904                            | 1,006,069                      |
| -                                 | 180,296                        |
| -                                 | 83,127                         |
| 152,930                           | 978,332                        |
| 565,754                           | 1,734,767                      |
| 100,692                           | 110,239                        |
| <hr/> 2,433,612                   | <hr/> 32,232,938               |

|                 |                  |
|-----------------|------------------|
| -               | 1,698,106        |
| 91,617          | 12,349,032       |
| 723,680         | 2,244,076        |
| 364,953         | 5,245,523        |
| -               | 4,558,185        |
| 715,000         | 943,564          |
| 293,875         | 312,774          |
| 405,036         | 7,071,808        |
| <hr/> 2,594,161 | <hr/> 34,423,068 |
| \$ (160,549)    | \$ (2,190,130)   |

# 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, 2023**

|  | General              | Texas GLO<br>Grant<br>Fund | US Treasury<br>AM Rescue<br>Plan Fund | TXDOT<br>Grants<br>Fund |
|--|----------------------|----------------------------|---------------------------------------|-------------------------|
| <b><u>Other Financing Sources (Uses)</u></b> |                      |                            |                                       |                         |
| Insurance recoveries                         | \$ 11,276            | \$ -                       | \$ -                                  | \$ -                    |
| Note payable issuance                        | 68,713               | -                          | -                                     | -                       |
| Sale of capital assets                       | 156,527              | -                          | -                                     | -                       |
| Transfers in                                 | -                    | -                          | -                                     | -                       |
| Transfers (out)                              | <u>(135,000)</u>     | <u>-</u>                   | <u>-</u>                              | <u>-</u>                |
| <b>Total Other Financing Sources (Uses)</b>  | <b>101,516</b>       | <b>-</b>                   | <b>-</b>                              | <b>-</b>                |
| <b>Net Change in Fund Balances</b>           | <b>2,353,544</b>     | <b>(351,594)</b>           | <b>(3,930,015)</b>                    | <b>-</b>                |
| Beginning fund balances                      | 16,626,643           | (623,239)                  | 6,867,219                             | (829,505)               |
| <b>Ending Fund Balances</b>                  | <b>\$ 18,980,187</b> | <b>\$ (974,833)</b>        | <b>\$ 2,937,204</b>                   | <b>\$ (829,505)</b>     |

See Notes to Financial Statements.

| Nonmajor<br>Governmental<br>Funds | Total<br>Governmental<br>Funds |
|-----------------------------------|--------------------------------|
| \$ -                              | \$ 11,276                      |
| -                                 | 68,713                         |
| -                                 | 156,527                        |
| 135,000                           | 135,000                        |
| -                                 | (135,000)                      |
| <hr/>                             | <hr/>                          |
| 135,000                           | 236,516                        |
| <hr/>                             | <hr/>                          |
| (25,549)                          | (1,953,614)                    |
| 3,628,938                         | 25,670,056                     |
| <hr/>                             | <hr/>                          |
| \$ 3,603,389                      | \$ 23,716,442                  |



# 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, 2023**

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

Net changes in fund balances - total governmental funds \$ (1,953,614)

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   | 7,072,449   |
| Depreciation expense                                   | (2,930,208) |
| Capital contributions from EDC                         | 1,788,752   |
| Adjustment for disposal of capital assets              | (116,069)   |
| Capital assets contributed to business-type activities | (1,108,788) |

The effect of capital assets contributed to the City during the current year. 190,000

Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. 787,378

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                                   | (349,797)   |
| Accrued interest                                       | 4,208       |
| Pension expense - TMRS                                 | (1,094,393) |
| Pension expense - Firemen's Relief and Retirement Fund | 79,386      |
| OPEB expense   | 13,568      |

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.

|  |          |
|--|----------|
| Note issuances                               | (68,713) |
| Amortization of debt premium                 | 21,833   |
| Amortization of deferred charge on refunding | (9,272)  |
| Principal payments on long-term debt         | 943,564  |

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. (56,746)

**Change in Net Position of Governmental Activities**

\$ 3,213,538

See Notes to Financial Statements.

**City of Orange, Texas**  
**STATEMENT OF NET POSITION (Page 1 of 2)**  
**PROPRIETARY FUNDS**  
**September 30, 2023**

| <b>Assets</b>                         | <b>Business-Type Activities</b> |                   |                     | <b>Governmental Activities</b> |  |
|---------------------------------------|---------------------------------|-------------------|---------------------|--------------------------------|--|
|                                       |                                 |                   |                     | <b>Internal Service Fund</b>   |  |
|                                       | <b>Water &amp; Sewer</b>        | <b>Sanitation</b> | <b>Total</b>        |                                |  |
| <b>Current Assets</b>                 |                                 |                   |                     |                                |  |
| Cash and cash equivalents             | \$ 5,765,591                    | \$ 2,033,896      | \$ 7,799,487        | \$ 1,372,271                   |  |
| Restricted cash                       | 890,935                         | -                 | 890,935             | -                              |  |
| Receivables, net                      | 1,971,124                       | 286,325           | 2,257,449           | -                              |  |
| Prepays                               | 29,216                          | 43,555            | 72,771              | -                              |  |
| Inventory                             | 219,462                         | -                 | 219,462             | -                              |  |
| <b>Total Current Assets</b>           | <b>8,876,328</b>                | <b>2,363,776</b>  | <b>11,240,104</b>   | <b>1,372,271</b>               |  |
| <b>Noncurrent Assets</b>              |                                 |                   |                     |                                |  |
| Capital assets:                       |                                 |                   |                     |                                |  |
| Non-depreciable                       | 1,048,982                       | -                 | 1,048,982           | -                              |  |
| Net depreciable capital assets        | 47,402,889                      | 196,557           | 47,599,446          | -                              |  |
| <b>Total Noncurrent Assets</b>        | <b>48,451,871</b>               | <b>196,557</b>    | <b>48,648,428</b>   | <b>-</b>                       |  |
| <b>Total Assets</b>                   | <b>57,328,199</b>               | <b>2,560,333</b>  | <b>59,888,532</b>   | <b>1,372,271</b>               |  |
| <b>Deferred Outflows of Resources</b> |                                 |                   |                     |                                |  |
| Pension contributions                 | 190,573                         | 17,558            | 208,131             | -                              |  |
| Pension changes in assumptions        | 405                             | 37                | 442                 | -                              |  |
| Pension investment returns            | 779,540                         | 71,820            | 851,360             | -                              |  |
| Pension differences in experience     | 236,767                         | 21,814            | 258,581             | -                              |  |
| OPEB differences in experience        | 24,176                          | 2,214             | 26,390              | -                              |  |
| Deferred charge on refunding          | 9,483                           | -                 | 9,483               | -                              |  |
| <b>Total Deferred Outflows</b>        | <b>\$ 1,240,944</b>             | <b>\$ 113,443</b> | <b>\$ 1,354,387</b> | <b>\$ -</b>                    |  |

**City of Orange, Texas**  
**STATEMENT OF NET POSITION (Page 2 of 2)**  
**PROPRIETARY FUNDS**  
**September 30, 2023**

|   | Business-Type Activities |                     |                      | Governmental Activities |                       |
|---|--------------------------|---------------------|----------------------|-------------------------|-----------------------|
|   | Water & Sewer            |                     | Sanitation           | Total                   | Internal Service Fund |
|   | Liabilities              |                     |                      |                         |                       |
| <b>Current Liabilities</b>  |                          |                     |                      |                         |                       |
| Accounts payable and accrued liabilities  | \$ 558,739               | \$ 186,815          | \$ 745,554           | \$ 45,718               |                       |
| Accrued interest  | 40,932                   | -                   | 40,932               | -                       |                       |
| Customer deposits   | 536,069                  | -                   | 536,069              | -                       |                       |
| Due to agency fund  | -                        | 435                 | 435                  | -                       |                       |
| Compensated absences, current   | 67,856                   | 20,073              | 87,929               | -                       |                       |
| Debt obligations, current   | 868,540                  | 60,402              | 928,942              | -                       |                       |
| <b>Total Current Liabilities</b>  | <b>2,072,136</b>         | <b>267,725</b>      | <b>2,339,861</b>     | <b>45,718</b>           |                       |
| <b>Noncurrent Liabilities</b>   |                          |                     |                      |                         |                       |
| Compensated absences, noncurrent  | 51,190                   | 9,080               | 60,270               | -                       |                       |
| Debt obligations, noncurrent  | 8,058,430                | 30,617              | 8,089,047            | -                       |                       |
| OPEB liability  | 149,674                  | 13,705              | 163,379              | -                       |                       |
| Net pension liability   | 1,782,502                | 164,225             | 1,946,727            | -                       |                       |
| <b>Total Noncurrent Liabilities</b>   | <b>10,041,796</b>        | <b>217,627</b>      | <b>10,259,423</b>    | <b>-</b>                |                       |
| <b>Total Liabilities</b>  | <b>12,113,932</b>        | <b>485,352</b>      | <b>12,599,284</b>    | <b>45,718</b>           |                       |
| <b>Deferred Inflows of Resources</b>  |                          |                     |                      |                         |                       |
| OPEB changes in assumptions   | 17,357                   | 1,589               | 18,946               | -                       |                       |
| <b>Total Deferred Inflows</b>   | <b>17,357</b>            | <b>1,589</b>        | <b>18,946</b>        | <b>-</b>                |                       |
| <b>Net Position</b>   |                          |                     |                      |                         |                       |
| Net investment in capital assets  | 39,528,334               | 105,538             | 39,633,872           | -                       |                       |
| Restricted for debt service   | 313,935                  | -                   | 313,935              | -                       |                       |
| Unrestricted  | 6,595,585                | 2,081,297           | 8,676,882            | 1,326,553               |                       |
| <b>Total Net Position</b>   | <b>\$ 46,437,854</b>     | <b>\$ 2,186,835</b> | <b>48,624,689</b>    | <b>\$ 1,326,553</b>     |                       |
| Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the proprietary funds |                          |                     | 133,155              |                         |                       |
| Net position of business-type activities  |                          |                     | <b>\$ 48,757,844</b> |                         |                       |

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, 2023**

|                                  | Business-Type Activities |                  |                   | Governmental Activities |                       |
|----------------------------------|--------------------------|------------------|-------------------|-------------------------|-----------------------|
|                                  | Water & Sewer            |                  | Sanitation        | Total                   | Internal Service Fund |
|                                  |                          |                  |                   |                         |                       |
| <b><u>Operating Revenues</u></b> |                          |                  |                   |                         |                       |
| Water revenue                    | \$ 2,750,213             | \$ -             | \$ 2,750,213      | \$ -                    |                       |
| Sewer revenue                    | 5,486,055                | -                | 5,486,055         | -                       |                       |
| Sanitation revenue               | -                        | 2,468,130        | 2,468,130         | -                       |                       |
| Other services                   | 314,941                  | -                | 314,941           | -                       |                       |
| Franchise fees                   | -                        | 150,450          | 150,450           | -                       |                       |
| Interfund billing & collection   | 193,869                  | -                | 193,869           | -                       |                       |
| Other revenues                   | 12,018                   | 6,419            | 18,437            | -                       |                       |
| <b>Total Operating Revenues</b>  | <b>8,757,096</b>         | <b>2,624,999</b> | <b>11,382,095</b> |                         |                       |
| <b><u>Operating Expenses</u></b> |                          |                  |                   |                         |                       |
| Personnel services               | 1,685,098                | 175,372          | 1,860,470         | -                       |                       |
| Employee benefits                | 925,969                  | 107,656          | 1,033,625         | -                       |                       |
| Contractual services             | 1,983,114                | 1,722,316        | 3,705,430         | -                       |                       |
| Utilities                        | 14,226                   | -                | 14,226            | -                       |                       |
| Administrative                   | 470,035                  | 476,165          | 946,200           | 71,063                  |                       |
| Supplies                         | 364,128                  | 3,135            | 367,263           | -                       |                       |
| Premiums paid                    | -                        | -                | -                 | 54,966                  |                       |
| Depreciation                     | 1,810,607                | 97,263           | 1,907,870         | -                       |                       |
| <b>Total Operating Expenses</b>  | <b>7,253,177</b>         | <b>2,581,907</b> | <b>9,835,084</b>  |                         | <b>126,029</b>        |
| <b>Operating Income (Loss)</b>   | <b>1,503,919</b>         | <b>43,092</b>    | <b>1,547,011</b>  |                         | <b>(126,029)</b>      |

# 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, 2023**

|  | Business-Type Activities |                     |                      | Governmental Activities |                       |
|--|--------------------------|---------------------|----------------------|-------------------------|-----------------------|
|  | Water & Sewer            |                     | Sanitation           | Total                   | Internal Service Fund |
|  |                          |                     |                      |                         |                       |
| <b>Nonoperating Revenues (Expenses)</b>  |                          |                     |                      |                         |                       |
| Investment income  | \$ 200,450               | \$ 94,961           | \$ 295,411           | \$ 59,281               |                       |
| Interest expense   | (262,710)                | (4,958)             | (267,668)            |                         | -                     |
| Insurance proceeds   | 1,159,053                | -                   | 1,159,053            |                         | -                     |
| Gain on sale of capital assets   | 8,130                    | 18,500              | 26,630               |                         | -                     |
| <b>Total Nonoperating Revenues (Expenses)</b>  | <b>1,104,923</b>         | <b>108,503</b>      | <b>1,213,426</b>     |                         | <b>59,281</b>         |
| <b>Income Before Capital Contributions</b>   | <b>2,608,842</b>         | <b>151,595</b>      | <b>2,760,437</b>     |                         | <b>(66,748)</b>       |
| Capital contributions from governmental activities   | 1,108,788                | -                   | 1,108,788            |                         | -                     |
| <b>Change in Net Position</b>  | <b>3,717,630</b>         | <b>151,595</b>      | <b>3,869,225</b>     |                         | <b>(66,748)</b>       |
| Beginning net position   | 42,720,224               | 2,035,240           | 44,755,464           |                         | 1,393,301             |
| <b>Ending Net Position</b>   | <b>\$ 46,437,854</b>     | <b>\$ 2,186,835</b> | <b>\$ 48,624,689</b> |                         | <b>\$ 1,326,553</b>   |
| Adjustment for the net effect of the current year activity between internal service fund and the proprietary funds |                          |                     |                      |                         |                       |
|  |                          |                     |                      | (10,001)                |                       |
| <b>Change in Net Position</b>  |                          |                     |                      | <b>\$ 3,859,224</b>     |                       |

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, 2023**

|  | <b>Business-Type Activities</b> |                     |                     |
|--|---------------------------------|---------------------|---------------------|
|  | <b>Water &amp;<br/>Sewer</b>    | <b>Sanitation</b>   | <b>Total</b>        |
| <b><u>Cash Flows from Operating Activities</u></b>                     |                                 |                     |                     |
| Receipts from customers  | \$ 7,921,449                    | \$ 2,591,639        | \$ 10,513,088       |
| Payments to suppliers  | (2,523,374)                     | (2,171,071)         | (4,694,445)         |
| Payments to employees  | (2,386,769)                     | (257,664)           | (2,644,433)         |
| <b>Net Cash Provided (Used) by Operating Activities</b>                | <b>3,011,306</b>                | <b>162,904</b>      | <b>3,174,210</b>    |
| <b><u>Cash Flows from Capital and Related Financing Activities</u></b> |                                 |                     |                     |
| Capital purchases  | (629,003)                       | -                   | (629,003)           |
| Disposals of capital assets  | 175,000                         | -                   | 175,000             |
| Insurance proceeds   | 1,159,053                       | -                   | 1,159,053           |
| Proceeds from sale of capital assets                                   | 41,958                          | 18,500              | 60,458              |
| Principal paid on debt   | (860,159)                       | (64,968)            | (925,127)           |
| Interest paid on debt  | (281,856)                       | (4,958)             | (286,814)           |
| <b>Net Cash (Used for) Capital and Related Financing Activities</b>    | <b>(395,007)</b>                | <b>(51,426)</b>     | <b>(446,433)</b>    |
| <b><u>Cash Flows from Investing Activities</u></b>                     |                                 |                     |                     |
| Interest on investments  | 200,450                         | 94,961              | 295,411             |
| <b>Net Cash Provided (Used) by Investing Activities</b>                | <b>200,450</b>                  | <b>94,961</b>       | <b>295,411</b>      |
| <b>Net (Decrease) Increase in Cash and Cash Equivalents</b>            | <b>2,816,749</b>                | <b>206,439</b>      | <b>3,023,188</b>    |
| Beginning cash and cash equivalents                                    | 3,839,777                       | 1,827,457           | 5,667,234           |
| <b>Ending Cash and Cash Equivalents</b>                                | <b>\$ 6,656,526</b>             | <b>\$ 2,033,896</b> | <b>\$ 8,690,422</b> |

See Notes to Financial Statements.

**Governmental  
Activities**  

---

**Internal  
Service  
Fund**

---

\$ -  
(171,812)  

---

**(171,812)**

-  
-  
-  
-  
-  

---

---

  
-

**59,281**  

---

**59,281**

(112,531)

**1,484,802**  

---

**\$ 1,372,271**  

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**City of Orange, Texas**  
**STATEMENT OF CASH FLOWS**  
**PROPRIETARY FUNDS (Page 2 of 2)**  
**For the Year Ended September 30, 2023**

| <b>Business-Type Activities</b>                                 |                              |                   |                     |
|---|------------------------------|-------------------|---------------------|
|   | <b>Water &amp;<br/>Sewer</b> | <b>Sanitation</b> | <b>Total</b>        |
| <b>Reconciliation of Operating Income (Loss)</b>                |                              |                   |                     |
| <b>to Net Cash Provided (Used) by Operating Activities</b>      |                              |                   |                     |
| Operating Income  | \$ 1,503,919                 | \$ 43,092         | \$ 1,547,011        |
| Adjustments to reconcile operating income to net cash provided: |                              |                   |                     |
| Depreciation  | 1,810,607                    | 97,263            | 1,907,870           |
| <b>Changes in Operating Assets and Liabilities:</b>             |                              |                   |                     |
| <b>(Increase) Decrease in:</b>                                  |                              |                   |                     |
| Accounts receivable   | (786,866)                    | (33,360)          | (820,226)           |
| Inventory   | (27,104)                     | -                 | (27,104)            |
| Prepays   | (1,259)                      | -                 | (1,259)             |
| Due from other funds  | 28,406                       | -                 | 28,406              |
| <b>Increase (Decrease) in:</b>                                  |                              |                   |                     |
| Accounts payable and accrued liabilities                        | 308,086                      | 30,569            | 338,655             |
| Compensated absences  | 22,225                       | 4,347             | 26,572              |
| Customer deposits   | (48,781)                     | -                 | (48,781)            |
| Due to other funds  | -                            | (24)              | (24)                |
| Deferred inflows - OPEB liability                               | (44,036)                     | (146)             | (44,182)            |
| Deferred outflows - pension liability                           | (16,416)                     | (2,353)           | (18,769)            |
| Deferred outflows - OPEB liability                              | 45,424                       | 238               | 45,662              |
| Deferred inflows - pension liability                            | (1,614,302)                  | (145,846)         | (1,760,148)         |
| OPEB liability  | (322)                        | 601               | 279                 |
| Net pension liability (asset)                                   | 1,831,725                    | 168,523           | 2,000,248           |
| <b>Net Cash Provided (Used) by Operating Activities</b>         | <b>\$ 3,011,306</b>          | <b>\$ 162,904</b> | <b>\$ 3,174,210</b> |

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

|   |                     |             |                     |
|---|---------------------|-------------|---------------------|
| Capital assets financed in the current year                 | \$ 118,031          | \$ -        | \$ 118,031          |
| Contribution of capital assets from governmental activities | 1,108,788           | -           | 1,108,788           |
|   | <b>\$ 1,226,819</b> | <b>\$ -</b> | <b>\$ 1,226,819</b> |

See Notes to Financial Statements.

**Governmental**

**Activities**

**Internal**

**Service**

**Fund**

\$ (126,029)

-

-

-

(45,783)

-

-

-

-

-

-

\$ (171,812)

\$ -

-

\$ -

**City of Orange, Texas**  
**STATEMENT OF FIDUCIARY NET POSITION**  
**FIDUCIARY FUNDS**  
**September 30, 2023**

|   | Custodial<br>Funds | Employee<br>Benefit<br>Trust Fund |
|---|--------------------|-----------------------------------|
| <b>Assets</b>                                 |                    |                                   |
| Cash and cash equivalents                     | \$ 22,239          | \$ 220,769                        |
| Due from other governments                    | -                  | 306,956                           |
| <b>Total Assets</b>                           | <b>22,239</b>      | <b>527,725</b>                    |
| <b>Liabilities</b>                            |                    |                                   |
| Accounts payable<br>accrued liabilities       | -                  | 14,778                            |
| <b>Total Liabilities</b>                      | <b>-</b>           | <b>14,778</b>                     |
| <b>Net Position</b>                           |                    |                                   |
| Net position restricted for others            | 9,717              | -                                 |
| Net position held in trust for employees      | -                  | 512,947                           |
| Net position restricted for employee benefits | 12,522             | -                                 |
| <b>Total Net Position</b>                     | <b>22,239</b>      | <b>512,947</b>                    |
| <b>Total Liabilities and Net Position</b>     | <b>\$ 22,239</b>   | <b>\$ 527,725</b>                 |

See Notes to Financial Statements.

**City of Orange, Texas**  
**STATEMENT OF CHANGES IN NET POSITION**  
**FIDUCIARY FUNDS**  
**For the Year Ended September 30, 2023**

|                                     | <b>Custodial<br/>Funds</b> | <b>Employee<br/>Benefit<br/>Trust Fund</b> |
|-------------------------------------|----------------------------|--|
| <b>Additions:</b>                   |                            |  |
| Contributions from offenders        | \$ 17,854                  | \$ -                                       |
| Contributions from employees        | 12,129                     | 3,719,402                                  |
| Interest earned                     | -                          | 2,758                                      |
| <b>Total Additions</b>              | <b>\$ 29,983</b>           | <b>\$ 3,722,160</b>                        |
| <b>Deductions:</b>                  |                            |  |
| Administrative expenses             | \$ 30,758                  | \$ 3,626,141                               |
| <b>Total Deductions</b>             | <b>\$ 30,758</b>           | <b>\$ 3,626,141</b>                        |
| Increase (decrease) in net position | (775)                      | 96,019                                     |
| Net position, beginning of year     | 23,014                     | 416,928                                    |
| <b>Net position, end of year</b>    | <b>\$ 22,239</b>           | <b>\$ 512,947</b>                          |

See Notes to Financial Statements.



# **City of Orange, Texas**

## **NOTES TO FINANCIAL STATEMENTS**

### **September 30, 2023**

#### **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, 2023**

principles include considerations pertaining to organizations for which the primary government is financially accountable, and considerations pertaining to organizations for which the nature and significance of their relationship with the primary government are such that exclusion would cause the reporting entity's financial statements to be misleading or incomplete.

### **Discretely Presented Component Unit**

#### Orange Economic Development Corporation

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

### **C. Basis of Presentation - Government-Wide Financial Statements**

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

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

### **D. Basis of Presentation - Fund Financial Statements**

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

# **City of Orange, Texas**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**September 30, 2023**

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.

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

# **City of Orange, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2023**

### **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.

### **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.

### **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. Cash resources deposited into these funds do not belong to the City. Regarding the Employee Flex Plan fund, monies deposited solely relate to the City and employee portion of the required healthcare benefit plan contributions.

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.

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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

### 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

# **City of Orange, Texas**

## **NOTES TO FINANCIAL STATEMENTS, Continued**

**September 30, 2023**

met, and the amount is received during the period or within the availability period for this revenue source (within 60 days of year end). All other revenue items are considered to be measurable and available only when cash is received by the government.

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

### **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

# **City of Orange, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2023**

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.

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 4.15% of outstanding property taxes as of September 30, 2023.

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

### 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. 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/

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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.

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.

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

### 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).

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 \$7,911,812 at September 30, 2023, based on 30% of annual budgeted expenditures. The unassigned fund balance for the general fund at September 30, 2023 was \$18,668,037.

### 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

# **City of Orange, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2023**

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-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

# **City of Orange, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2023**

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 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.

# **City of Orange, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2023**

- 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.

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

## **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, 2023

### 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 2023 annual budgets were adopted for all funds except for the Homeland Security Grant program fund and the Texas Loan Star Library Grant fund.

# **City of Orange, Texas**

## **NOTES TO FINANCIAL STATEMENTS, *Continued***

**September 30, 2023**

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:

|                               |           |
|-------------------------------|-----------|
| Orange Development Fund:      |           |
| Capital outlay                | \$ 52,982 |
| Bureau of Justice Grant Fund: |           |
| Public safety                 | \$ 3,061  |
| CDBG Recovery Fund:           |           |
| Public works                  | \$ 14,999 |

### **B. Deficit Fund Balances**

As of September 30, 2023, the City of Orange had three funds with a deficit fund balance. The Texas GLO Grant, Bureau of Justice Grant, and TXDOT Grant funds had a deficit fund balance of \$974,833, \$13,543, 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, 2023, the City's only investments were certificates of deposits with maturities greater than three months.

**City of Orange, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

The City had the following investments at year end:

| <b>Investment Type</b>              | <b>Value</b>      | <b>Weighted Average Maturity (Years)</b> |
|-------------------------------------|-------------------|--|
| Certificates of deposits            | \$ 250,540        | 0.87                                     |
| <b>Total</b>                        | <b>\$ 250,540</b> |  |
| Portfolio weighted average maturity |                   | 0.87                                     |

The Orange EDC had the following investments at year end:

| <b>Investment Type</b>              | <b>Value</b>      | <b>Weighted Average Maturity (Years)</b> |
|-------------------------------------|-------------------|--|
| Certificates of deposits            | \$ 250,540        | 0.87                                     |
| <b>Total</b>                        | <b>\$ 250,540</b> |  |
| Portfolio weighted average maturity |                   | 0.87                                     |

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

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

*Credit risk* The City's investment policy limits the type of allowable investments to (1) collateralized bank certificates of deposit as per the City's depository contract, (2) direct obligations of the Federal government, (3) direct obligations of Federal agencies and instrumentalities, (4) investments in certificates of deposit at Federally insured banks or savings and loan associations, (5) collateralized savings accounts at the City's depository banks, or (6) Texpool. The City's policy is more restrictive than present State Law. As of September 30, 2023, 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, 2023, the market values of pledged securities and FDIC

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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           |                   | TXDOT<br>Grants<br>Fund | Nonmajor<br>Govt<br>Funds | Total     |
|-----------------|---------------------|---------------------|-------------------|-------------------------|---------------------------|-----------|
|                 |                     | Grant Fund          | Fund              |                         |                           |           |
| Property taxes  | \$ 1,266,646        | \$ -                | \$ -              | \$ 179,003              | \$ 1,445,649              |           |
| Fines           | 849,923             | -                   | -                 | -                       | -                         | 849,923   |
| Sales taxes     | 1,569,763           | -                   | -                 | -                       | -                         | 1,569,763 |
| Franchise taxes | 158,583             | -                   | -                 | -                       | -                         | 158,583   |
| Grants          | -                   | 1,040,185           | 882,631           | 207,976                 | 2,130,792                 |           |
| Other           | 307,129             | -                   | -                 | 21,806                  | 328,935                   |           |
| Allowance       | (892,824)           | -                   | -                 | (7,343)                 | (900,167)                 |           |
|                 | <u>\$ 3,259,220</u> | <u>\$ 1,040,185</u> | <u>\$ 882,631</u> | <u>\$ 401,442</u>       | <u>\$ 5,583,478</u>       |           |

|           | Water &             |                   |                     |
|-----------|---------------------|-------------------|---------------------|
|           | Sewer               | Sanitation        | Total               |
| Accounts  | \$ 2,072,785        | \$ 298,170        | \$ 2,370,955        |
| Allowance | (101,661)           | (11,845)          | (113,506)           |
|           | <u>\$ 1,971,124</u> | <u>\$ 286,325</u> | <u>\$ 2,257,449</u> |

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

|  | Orange<br>EDC     |
|--|-------------------|
| Sales tax (owed from primary government) | \$ 523,254        |
| Other                                    | 17,006            |
| Total                                    | <u>\$ 540,260</u> |

**City of Orange, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

**C. Capital Assets**

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

|  | <b>Beginning<br/>Balances</b> | <b>Increases</b>           | <b>Decreases/<br/>Reclassifications</b> | <b>Ending<br/>Balances</b>  |
|--|-------------------------------|----------------------------|---|-----------------------------|
| Capital assets, not being depreciated:     |                               |                            |   |                             |
| Land                                       | \$ 2,086,068                  | \$ 280,917                 | \$ -                                    | \$ 2,366,985                |
| Construction in progress                   | 1,285,700                     | 4,494,294                  | (2,734,583)                             | 3,045,411                   |
| Total capital assets not being depreciated | <u>3,371,768</u>              | <u>4,775,211</u>           | <u>(2,734,583)</u>                      | <u>5,412,396</u>            |
| Capital assets, being depreciated:         |                               |                            |   |                             |
| Buildings                                  | 31,243,923                    | -                          | -                                       | 31,243,923                  |
| Furniture and fixtures                     | 5,397,708                     | 517,877                    | -                                       | 5,915,585                   |
| Machinery, equipment, and vehicles         | 24,574,020                    | 1,900,648                  | 747,548                                 | 27,222,216                  |
| Infrastructure                             | 12,484,358                    | -                          | 1,788,752                               | 14,273,110                  |
| Equipment                                  | 1,492,599                     | 68,713                     | (155,817)                               | 1,405,495                   |
| Total capital assets being depreciated     | <u>75,192,608</u>             | <u>2,487,238</u>           | <u>2,380,483</u>                        | <u>80,060,329</u>           |
| Less accumulated depreciation:             |                               |                            |   |                             |
| Buildings                                  | (11,919,941)                  | (1,107,350)                | -                                       | (13,027,291)                |
| Furniture and fixtures                     | (3,841,175)                   | (200,945)                  | -                                       | (4,042,120)                 |
| Machinery, equipment, and vehicles         | (13,479,359)                  | (1,044,088)                | 774,370                                 | (13,749,077)                |
| Infrastructure                             | (7,193,036)                   | (386,438)                  | -                                       | (7,579,474)                 |
| Equipment                                  | (916,734)                     | (191,387)                  | 143,625                                 | (964,496)                   |
| Total accumulated depreciation             | <u>(37,350,245)</u>           | <u>(2,930,208)</u>         | <u>917,995</u>                          | <u>(39,362,458)</u>         |
| Net capital assets being depreciated       | 37,842,363                    | (442,970)                  | 3,298,478                               | 40,697,871                  |
| <b>Total Capital Assets</b>                | <b><u>\$ 41,214,131</u></b>   | <b><u>\$ 4,332,241</u></b> | <b><u>\$ 563,895</u></b>                | <b><u>\$ 46,110,267</u></b> |

Depreciation was charged to governmental functions as follows:

|   |                            |
|---|----------------------------|
| General government  | \$ 132,835                 |
| Public safety   | 860,137                    |
| Public works  | 1,526,887                  |
| Culture and recreation                                    | 410,349                    |
| <b>Total Governmental Activities Depreciation Expense</b> | <b><u>\$ 2,930,208</u></b> |

The net book value of assets acquired through notes payable was \$440,999 as of September 30, 2023.

**City of Orange, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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

|  | <b>Beginning<br/>Balances</b> | <b>Increases</b>      | <b>Decreases/<br/>Reclassifications</b> | <b>Ending<br/>Balances</b> |
|--|-------------------------------|-----------------------|---|----------------------------|
| Capital assets, not being depreciated:     |                               |                       |   |                            |
| Land                                       | \$ 822,127                    | \$ -                  | \$ -                                    | \$ 822,127                 |
| Construction in progress                   | 204,856                       | 196,999               | (175,000)                               | 226,855                    |
| Total capital assets not being depreciated | <u>1,026,983</u>              | <u>196,999</u>        | <u>(175,000)</u>                        | <u>1,048,982</u>           |
| Capital assets, being depreciated:         |                               |                       |   |                            |
| Buildings                                  | 1,354,687                     | -                     | -                                       | 1,354,687                  |
| Improvements other than buildings          | 82,209,516                    | 134,950               | 1,108,788                               | 83,453,254                 |
| Machinery and equipment                    | 3,844,032                     | 297,054               | (53,418)                                | 4,087,668                  |
| Leased equipment                           | 484,220                       | 118,031               | (133,740)                               | 468,511                    |
| Right to use assets                        | 388,443                       | -                     | -                                       | 388,443                    |
| Vehicles                                   | 1,203,196                     | -                     | (255,256)                               | 947,940                    |
| Total capital assets being depreciated     | <u>89,484,094</u>             | <u>550,035</u>        | <u>666,374</u>                          | <u>90,700,503</u>          |
| Less accumulated depreciation:             |                               |                       |   |                            |
| Buildings                                  | (268,068)                     | (25,462)              | -                                       | (293,530)                  |
| Improvements other than buildings          | (37,302,336)                  | (1,471,748)           | -                                       | (38,774,084)               |
| Machinery and equipment                    | (2,569,672)                   | (210,665)             | 32,255                                  | (2,748,082)                |
| Leased equipment                           | (341,078)                     | (82,673)              | 121,075                                 | (302,676)                  |
| Right to use assets                        | (77,689)                      | (77,689)              | -                                       | (155,378)                  |
| Vehicles                                   | (1,042,930)                   | (39,633)              | 255,256                                 | (827,307)                  |
| Total accumulated depreciation             | <u>(41,601,773)</u>           | <u>(1,907,870)</u>    | <u>408,586</u>                          | <u>(43,101,057)</u>        |
| Net capital assets being depreciated       | <u>47,882,321</u>             | <u>(1,357,835)</u>    | <u>1,074,960</u>                        | <u>47,599,446</u>          |
| <b>Total Capital Assets</b>                | <b>\$ 48,909,304</b>          | <b>\$ (1,160,836)</b> | <b>\$ 899,960</b>                       | <b>\$ 48,648,428</b>       |

Depreciation was charged to business-type functions as follows:

|  |                     |
|--|---------------------|
| Water and sewer  | \$ 1,810,607        |
| Street and sanitation                                      | 97,263              |
| <b>Total Business-Type Activities Depreciation Expense</b> | <b>\$ 1,907,870</b> |

**City of Orange, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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

|  | <b>Beginning<br/>Balances</b> | <b>Increases</b>           | <b>Decreases/<br/>Reclassifications</b> | <b>Ending<br/>Balances</b> |
|--|-------------------------------|----------------------------|---|----------------------------|
| Capital assets, not being depreciated:     |                               |                            |   |                            |
| Land                                       | \$ 871,059                    | \$ -                       | \$ -                                    | \$ 871,059                 |
| Construction in progress                   | 2,180,987                     | 37,934                     | (1,788,752)                             | 430,169                    |
| Total capital assets not being depreciated | <u>3,052,046</u>              | <u>37,934</u>              | <u>(1,788,752)</u>                      | <u>1,301,228</u>           |
| Capital assets, being depreciated:         |                               |                            |   |                            |
| Buildings                                  | 1,181,943                     | -                          | -                                       | 1,181,943                  |
| Infrastructure                             | 6,565,582                     | -                          | -                                       | 6,565,582                  |
| Leasehold improvements                     | -                             | 11,374                     | -                                       | 11,374                     |
| Total capital assets being depreciated     | <u>7,747,525</u>              | <u>11,374</u>              | <u>-</u>                                | <u>7,758,899</u>           |
| Less accumulated depreciation:             |                               |                            |   |                            |
| Buildings                                  | (516,757)                     | (59,097)                   | -                                       | (575,854)                  |
| Infrastructure                             | (2,279,909)                   | (235,757)                  | -                                       | (2,515,666)                |
| Leasehold improvements                     | -                             | (1,625)                    | -                                       | (1,625)                    |
| Total accumulated depreciation             | <u>(2,796,666)</u>            | <u>(296,479)</u>           | <u>-</u>                                | <u>(3,093,145)</u>         |
| Net capital assets being depreciated       | 4,950,859                     | (285,105)                  | -                                       | 4,665,754                  |
| <b>Total Capital Assets</b>                | <b><u>\$ 8,002,905</u></b>    | <b><u>\$ (247,171)</u></b> | <b><u>\$ (1,788,752)</u></b> *          | <b><u>\$ 5,966,982</u></b> |

\*Represents capital assets transferred to governmental activities.

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

### 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<br>Balance       | Additions                  | Reductions                   | Ending<br>Balance          | Amounts<br>Due Within<br>One Year |
|--|----------------------------|----------------------------|------------------------------|----------------------------|-----------------------------------|
| <b>Governmental Activities:</b>                              |                            |                            |                              |                            |                                   |
| Compensated Absences   | \$ 3,436,044               | \$ 3,442,237               | \$ (3,092,440)               | \$ 3,785,841               | \$ 2,246,207                      |
| <b>Total Governmental Activities</b>                         | <b><u>\$ 3,436,044</u></b> | <b><u>\$ 3,442,237</u></b> | <b><u>\$ (3,092,440)</u></b> | <b><u>\$ 3,785,841</u></b> | <b><u>\$ 2,246,207</u></b>        |
| <b>Other Long-term Liabilities Due in More than One Year</b> |                            |                            |                              |                            |                                   |
|  |                            |                            |                              | <u>\$ 1,539,634</u>        |                                   |
| <b>Business-Type Activities:</b>                             |                            |                            |                              |                            |                                   |
| Compensated Absences   | \$ 121,627                 | \$ 136,037                 | \$ (109,465)                 | \$ 148,199                 | \$ 87,929                         |
| <b>Total Business-Type Activities</b>                        | <b><u>\$ 121,627</u></b>   | <b><u>\$ 136,037</u></b>   | <b><u>\$ (109,465)</u></b>   | <b><u>\$ 148,199</u></b>   | <b><u>\$ 87,929</u></b>           |
| <b>Other Long-term Liabilities Due in More than One Year</b> |                            |                            |                              |                            |                                   |
|  |                            |                            |                              | <u>\$ 60,270</u>           |                                   |
| <b>Component Unit Activities - Orange EDC:</b>               |                            |                            |                              |                            |                                   |
| Compensated Absences   | \$ 19,148                  | \$ 19,145                  | \$ (11,764)                  | \$ 26,529                  | \$ 23,876                         |
| <b>Total Component Unit Activities</b>                       | <b><u>\$ 19,148</u></b>    | <b><u>\$ 19,145</u></b>    | <b><u>\$ (11,764)</u></b>    | <b><u>\$ 26,529</u></b>    | <b><u>\$ 23,876</u></b>           |
| <b>Other Long-term Liabilities Due in More than One Year</b> |                            |                            |                              |                            |                                   |
|  |                            |                            |                              | <u>\$ 2,653</u>            |                                   |

**City of Orange, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
September 30, 2023

**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.

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>         | <b>Reductions</b>          | <b>Ending<br/>Balance</b>  | <b>Amounts<br/>Due within<br/>One Year</b> |
|--|------------------------------|--------------------------|----------------------------|----------------------------|--|
| <b>Governmental Activities:</b>                        |                              |                          |                            |                            |  |
| Bonds, notes and other<br>payables:                    |                              |                          |                            |                            |  |
| General Obligation Bonds                               | \$ 2,680,000                 | \$ -                     | \$ (420,000)               | \$ 2,260,000               | \$ 430,000                                 |
| Certificates of Obligation                             | 6,980,000                    | -                        | (295,000)                  | 6,685,000                  | 310,000                                    |
| Notes payable  | 608,275                      | 68,713                   | (228,564)                  | 448,424                    | 192,590                                    |
| Premiums   | 349,334                      | -                        | (21,833)                   | 327,501                    | -  |
| <b>Total Governmental<br/>Activities</b>               | <b><u>\$ 10,617,609</u></b>  | <b><u>\$ 68,713</u></b>  | <b><u>\$ (965,397)</u></b> | <b><u>\$ 9,720,925</u></b> | <b><u>\$ 932,590</u></b>                   |
| <b>Long-term liabilities due in more than one year</b> |                              |                          |                            | <b><u>\$ 8,788,335</u></b> |  |
| <b>Business-Type Activities:</b>                       |                              |                          |                            |                            |  |
| Bonds, notes and other<br>payables:                    |                              |                          |                            |                            |  |
| General Obligation Bonds                               | \$ 1,940,000                 | \$ -                     | \$ (300,000)               | \$ 1,640,000               | \$ 310,000                                 |
| Certificates of Obligation                             | 7,210,000                    | -                        | (445,000)                  | 6,765,000                  | 460,000                                    |
| Premium  | 236,073                      | -                        | (17,610)                   | 218,463                    | -  |
| Notes payable  | 143,919                      | 118,031                  | (102,052)                  | 159,898                    | 78,460                                     |
| Other liabilities:                                     |                              |                          |                            |                            |  |
| Lease liabilities                                      | 312,703                      | -                        | (78,075)                   | 234,628                    | 80,482                                     |
| <b>Total Business-Type<br/>Activities</b>              | <b><u>\$ 9,842,695</u></b>   | <b><u>\$ 118,031</u></b> | <b><u>\$ (942,737)</u></b> | <b><u>\$ 9,017,989</u></b> | <b><u>\$ 928,942</u></b>                   |
| <b>Long-term liabilities due in more than one year</b> |                              |                          |                            | <b><u>\$ 8,089,047</u></b> |  |

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

|  | <b>Beginning<br/>Balance</b> | <b>Additions</b>   | <b>Reductions</b>          | <b>Ending<br/>Balance</b>  | <b>Amounts</b>                 |          |  |  |  |  |
|--|------------------------------|--------------------|----------------------------|----------------------------|--------------------------------|----------|--|--|--|--|
|  |                              |                    |                            |                            | <b>Due within<br/>One Year</b> |          |  |  |  |  |
| <b>Component Unit Activities:</b>                      |                              |                    |                            |                            |                                |          |  |  |  |  |
| Bonds, notes and other<br>payables:                    |                              |                    |                            |                            |                                |          |  |  |  |  |
| Sales Tax Refunding Bonds                              | \$ 3,605,000                 | \$ -               | \$ (285,000)               | \$ 3,320,000               | \$ 300,000                     |          |  |  |  |  |
| Premiums   | <u>586,163</u>               | <u>-</u>           | <u>(58,616)</u>            | <u>527,547</u>             |                                | <u>-</u> |  |  |  |  |
| <b>Total Component Unit<br/>Activities</b>             | <b><u>4,191,163</u></b>      | <b><u>\$ -</u></b> | <b><u>\$ (343,616)</u></b> | <b><u>\$ 3,847,547</u></b> | <b><u>\$ 300,000</u></b>       |          |  |  |  |  |
| <b>Long-term liabilities due in more than one year</b> |                              |                    |                            | <b><u>\$ 3,547,547</u></b> |                                |          |  |  |  |  |

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, 2023**

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

| Description                                 | Maturity Date         | Interest Rates | Original Balance                        | Current Balance      |
|---|-----------------------|----------------|---|----------------------|
| <b>Governmental Activities:</b>             |                       |                |   |                      |
| 2013 General Obligation Refunding Bonds     | 2 / 2028              | 0.5%-2.5%      | \$ 5,440,000                            | \$ 2,260,000         |
|   |                       |                | <b>Total General Obligation Bonds</b>   | <b>5,440,000</b>     |
|   |                       |                |   | <b>2,260,000</b>     |
| 2019 Combination Tax & Revenue Certificates | 2 / 2039              | 3.00-5.00%     | 7,785,000                               | 6,685,000            |
|   |                       |                | <b>Total Certificates of Obligation</b> | <b>7,785,000</b>     |
|   |                       |                |   | <b>6,685,000</b>     |
| 2020 Gradall XL 3100 Excavator              | 12 / 2025             | 2.29%          | 369,112                                 | 226,461              |
| Enterprise Leasing                          | 3 / 2023              | 4.35%-5.92%    | 568,042                                 | 221,963              |
|   |                       |                | <b>Total Notes Payable</b>              | <b>1,359,860</b>     |
|   |                       |                | <b>Total Governmental Activities</b>    | <b>\$ 14,584,860</b> |
|   |                       |                |   | <b>\$ 9,393,424</b>  |
| <b>Business-type Activities:</b>            |                       |                |   |                      |
| 2014 General Obligation Refunding Bonds     | 8 / 2028              | 2.00-3.00%     | \$ 3,900,000                            | \$ 1,640,000         |
|   |                       |                | <b>Total General Obligation Bonds</b>   | <b>3,900,000</b>     |
|   |                       |                |   | <b>1,640,000</b>     |
| 2015 Combination Tax & Revenue Certificates | 2 / 2035              | 2.00-4.00%     | 4,845,000                               | 3,210,000            |
| 2016 Combination Tax & Revenue Certificates | 2 / 2036              | 2.00-3.00%     | 5,045,000                               | 3,555,000            |
|   |                       |                | <b>Total Certificates of Obligation</b> | <b>9,890,000</b>     |
|   |                       |                |   | <b>6,765,000</b>     |
| KS State Bank - Truck & Sweeper             | 12 / 2026 & 10 / 2025 | 3.17-3.373%    | 388,443                                 | 228,470              |
| Bancorpsouth Finance - 2019 Grapple Truck   | 7 / 2024              | 4.05%          | 190,433                                 | 34,471               |
| Enterprise Leasing                          | 6 / 2027              | 4.35%-8.68%    | 471,815                                 | 131,585              |
|   |                       |                | <b>Total Notes/Lease Liabilities</b>    | <b>1,050,691</b>     |
|   |                       |                | <b>Total Business-Type Activities</b>   | <b>\$ 14,840,691</b> |
|   |                       |                |   | <b>\$ 8,799,526</b>  |
| <b>Total Long-Term Debt</b>                 |                       |                |   |                      |
| General Obligation Refunding Bonds          |                       |                | \$ 9,340,000                            | \$ 3,900,000         |
| Certificates of Obligation                  |                       |                | 17,675,000                              | 13,450,000           |
| Notes and Leases                            |                       |                | 2,410,551                               | 842,950              |
|   |                       |                | <b>Total Primary Government</b>         | <b>\$ 29,425,551</b> |
|   |                       |                |   | <b>\$ 18,192,950</b> |

| Description                       | Maturity Date | Interest Rates | Original Balance                       | Current Balance     |
|-----------------------------------|---------------|----------------|--|---------------------|
| <b>Component Unit Activities:</b> |               |                |  |                     |
| 2021 Sales Tax Refunding Bonds    | 9 / 2032      | 2.0%-5.0%      | \$ 3,480,000                           | \$ 3,320,000        |
|                                   |               |                | <b>Total Sales Tax Refunding Bonds</b> | <b>\$ 5,120,000</b> |
|                                   |               |                |  | <b>\$ 3,320,000</b> |

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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

| <b>Governmental Activities</b>             |                                 |                   |                     |                                   |  |
|--|---------------------------------|-------------------|---------------------|-----------------------------------|--|
| <b>Year ending</b><br><b>September 30,</b> | <b>General Obligation Bonds</b> |                   |                     | <b>Certificates of Obligation</b> |  |
|  | <b>Principal</b>                | <b>Interest</b>   | <b>Principal</b>    | <b>Interest</b>                   |  |
| 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                             |  |
| <b>Total</b>                               | <b>\$ 2,260,000</b>             | <b>\$ 137,615</b> | <b>\$ 6,685,000</b> | <b>\$ 1,803,600</b>               |  |

### 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:

| <b>Year ending</b><br><b>September 30,</b> | <b>Governmental Activities</b> |                  |                                   | <b>Business-Type Activities</b> |  |
|--|--------------------------------|------------------|-----------------------------------|---------------------------------|--|
|  | <b>Notes Payable</b>           |                  | <b>Leases &amp; Notes payable</b> |                                 |  |
|  | <b>Principal</b>               | <b>Interest</b>  | <b>Principal</b>                  | <b>Interest</b>                 |  |
| 2024                                       | \$ 192,590                     | \$ 13,951        | \$ 158,942                        | \$ 16,283                       |  |
| 2025                                       | 146,169                        | 7,676            | 114,999                           | 10,356                          |  |
| 2026                                       | 98,670                         | 3,595            | 93,396                            | 5,159                           |  |
| 2027                                       | 10,995                         | 320              | 27,189                            | 776                             |  |
| <b>Total</b>                               | <b>\$ 448,424</b>              | <b>\$ 25,542</b> | <b>\$ 394,526</b>                 | <b>\$ 32,574</b>                |  |

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 \$233,065.

**City of Orange, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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

| <b>Business-Type Activities</b>      |                                 |                   |                     |                                   |  |
|--------------------------------------|---------------------------------|-------------------|---------------------|-----------------------------------|--|
| <b>Year ending<br/>September 30,</b> | <b>General Obligation Bonds</b> |                   |                     | <b>Certificates of Obligation</b> |  |
|                                      | <b>Principal</b>                | <b>Interest</b>   | <b>Principal</b>    | <b>Interest</b>                   |  |
| 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                             |  |
| <b>Total</b>                         | <b>\$ 1,640,000</b>             | <b>\$ 150,750</b> | <b>\$ 6,765,000</b> | <b>\$ 1,393,031</b>               |  |

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

| <b>Orange EDC</b>                    |                                  |                   |          |
|--------------------------------------|----------------------------------|-------------------|----------|
| <b>Year ending<br/>September 30,</b> | <b>Sales Tax Refunding Bonds</b> |                   |          |
|                                      | <b>Principal</b>                 | <b>Interest</b>   | <b> </b> |
| 2024                                 | \$ 300,000                       | \$ 140,200        |          |
| 2025                                 | 315,000                          | 125,200           |          |
| 2026                                 | 335,000                          | 109,450           |          |
| 2027                                 | 350,000                          | 92,700            |          |
| 2028                                 | 370,000                          | 75,200            |          |
| Thereafter                           | 1,650,000                        | 120,050           |          |
| <b>Total</b>                         | <b>\$ 3,320,000</b>              | <b>\$ 662,800</b> |          |

**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 \$40,181

**City of Orange, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

and \$9,483, 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 \$23,975. Current year amortization expense for component unit activities totaled \$2,664.

**G. Interfund Transactions**

Transfers between the primary government funds during the 2023 year were as follows:

| <b>Transfers Out:</b>   | <b>Transfers In:</b>    |                              |                     |
|-------------------------|-------------------------|------------------------------|---------------------|
|                         | <b>Debt<br/>Service</b> | <b>Water &amp;<br/>Sewer</b> | <b>Total</b>        |
| General                 | \$ 135,000              | \$ -                         | \$ 135,000          |
| Governmental Activities | -                       | 1,108,788                    | 1,108,788           |
| <b>Total</b>            | <b>\$ 135,000</b>       | <b>\$ 1,108,788</b>          | <b>\$ 1,243,788</b> |

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 EDC transferred assets with a book value of \$1,788,752 during the year.

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

| <b>Due to (Payable fund):</b> | <b>Due from</b>     |                     |
|-------------------------------|---------------------|---------------------|
|                               | <b>General</b>      | <b>Total</b>        |
| TX GLO grant fund             | \$ 776,699          | \$ 776,699          |
| TXDOT grants fund             | 829,505             | 829,505             |
| Nonmajor governmental         | 64,432              | 64,432              |
| <b>Total</b>                  | <b>\$ 1,670,636</b> | <b>\$ 1,670,636</b> |

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2023

### 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:

|                         | <b>Governmental<br/>Funds</b> | <b>Governmental<br/>Net Position</b> | <b>Business Type<br/>Net Position</b> |
|-------------------------|-------------------------------|--------------------------------------|---------------------------------------|
| <b>Restricted for:</b>  |                               |                                      |                                       |
| Debt service            | \$ 19,493                     | \$ 19,493                            | \$ 313,935                            |
| Capital improvements    | 2,937,204                     | 2,937,122                            | -                                     |
| Culture and recreation  | 157,386                       | 157,386                              | -                                     |
| * Public safety         | 733,986                       | 733,986                              | -                                     |
| Public works            | 55,565                        | 55,565                               | -                                     |
| * Tourism and promotion | 2,470,576                     | 2,470,576                            | -                                     |
| <b>Total Restricted</b> | <b>\$ 6,374,210</b>           | <b>\$ 6,374,128</b>                  | <b>\$ 313,935</b>                     |
| <b>Assigned for:</b>    |                               |                                      |                                       |
| Economic development    | \$ 2,464                      | \$ -                                 | \$ -                                  |
| Capital improvements    | 129,461                       | -                                    | -                                     |
|                         | <b>\$ 131,925</b>             | <b>\$ -</b>                          | <b>\$ -</b>                           |

\* Restricted by enabling legislation

## V. OTHER INFORMATION

### A. Risk Management

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

### B. Contingent Liabilities

The City is exposed to various risks of loss related to tort; theft of, damage to and destruction of assets; errors and omissions; and natural disasters for which the City carries insurance. The City maintained general liability and property coverage through the Texas Municipal League Intergovernmental Risk Pool (TML). The City pays an annual premium to TML for such coverage. TML purchases reinsurance and the City does not retain risks of loss exceeding deductibles. The City did not have any significant reduction in the amount of

# **City of Orange, Texas**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**September 30, 2023**

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, 2023, the Workers' Compensation Fund has a designated balance for insurance claim liability of \$329,389 and an undesignated balance of \$997,164. 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 \$1,326,553. 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, 2023**

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

|  | Beginning of<br>Fiscal Year | Current Year      |                                       | Claims                                |                                  |
|--|-----------------------------|-------------------|---------------------------------------|---------------------------------------|----------------------------------|
|  |                             | Liability         | Claims and<br>Changes in<br>Estimates | Payments<br>and Liability<br>Expensed | Balance at<br>Fiscal Year<br>End |
|  | 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                            |                                  |
| 2022-2023  | \$ 394,295                  | \$ 2,080          | \$ (66,986)                           | \$ 329,389                            |                                  |
| <b>Claim Liability Expensed</b>                                      |                             | <b>2022-2023</b>  | <b>2021-2022</b>                      | <b>2020-2021</b>                      | <b>2019-2020</b>                 |
| Unpaid claim liability at<br>beginning of year                       | \$ 91,501                   | \$ 84,174         | \$ 17,524                             | \$ 7,000                              | \$ 22,747                        |
| Claims incurred in current year                                      | 121,758                     | 48,773            | 139,931                               | 43,013                                | 34,231                           |
| Increase (decrease) in provision for<br>insured events of prior year | -                           | 69,832            | 165,344                               | 7,923                                 | (32,443)                         |
| Claim payments attributable<br>to current year claims                | 76,040                      | (42,728)          | (55,757)                              | (25,489)                              | (27,231)                         |
| Claim payments attributable<br>to prior year claims                  | (48,860)                    | (154,006)         | (182,868)                             | (14,923)                              | 9,696                            |
| Total unpaid claim liability<br>expensed at end of year              | <u>\$ 240,439</u>           | <u>\$ 6,045</u>   | <u>\$ 84,174</u>                      | <u>\$ 17,524</u>                      | <u>\$ 7,000</u>                  |
| <b>Designated for Catastrophic Claim</b>                             | <b>2022-2023</b>            | <b>2021-2022</b>  | <b>2020-2021</b>                      | <b>2019-2020</b>                      | <b>2018-2019</b>                 |
| Designated for future catastrophic<br>claims - beginning of year     | \$ 394,295                  | \$ 369,478        | \$ 301,729                            | \$ 322,150                            | \$ 341,130                       |
| Increase (decrease) in reserve                                       | (64,906)                    | 24,817            | 67,749                                | (20,421)                              | (18,980)                         |
| Total designated for future<br>catastrophic claims - end of year     | <u>\$ 329,389</u>           | <u>\$ 394,295</u> | <u>\$ 369,478</u>                     | <u>\$ 301,729</u>                     | <u>\$ 322,150</u>                |

**C. Defined Benefit Pension Plans**

**1. Texas Municipal Retirement Systems**

**Plan Description**

The City of Orange participates as one of 919 plans in the nontraditional, joint contributory, hybrid defined benefit pension plan administered by the Texas Municipal Retirement 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)

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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

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

### **Benefits Provided**

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

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

The plan provisions are adopted by the governing body of the City, within the options available in the state statutes governing TMRS. Plan provisions for the City were as follows:

|  | <u>Plan Year 2021</u>    | <u>Plan Year 2022</u>    |
|--|--------------------------|--------------------------|
| Employee deposit rate  | 7.0%                     | 7.0%                     |
| Matching ratio (city to employee)                                    | 2 to 1                   | 2 to 1                   |
| Years required for vesting   | 10                       | 10                       |
| Service retirement eligibility (expressed as age / years of service) | 60/10, 0/20              | 60/10, 0/20              |
| Updated service credit   | 100% Repeating Transfers | 100% Repeating Transfers |
| Annuity increase (to retirees)                                       | 70% of CPI               | 70% of CPI               |

# City of Orange, Texas

## *NOTES TO FINANCIAL STATEMENTS, Continued*

### September 30, 2023

#### **Employees covered by benefit terms**

At the December 31, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

|  |     |
|--|-----|
| Inactive employees or beneficiaries currently receiving benefits | 159 |
| Inactive employees entitled to but not yet receiving benefits    | 54  |
| Active employees   | 164 |
| Total  | 377 |

#### **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 14.88% and 14.40% in calendar years 2023 and 2022, respectively. The City's contributions to TMRS for the year ended September 30, 2023, were \$1,650,770, and were equal to the required contributions.

#### **Net Pension Liability**

The city's Net Pension Liability (NPL) was measured as of December 31, 2022, 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, 2022 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*

September 30, 2023

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**  
**September 30, 2023**

The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2023 are summarized in the following table:

| Asset Class                  | Target Allocation | Long-Term Expected Real Rate of Return (Arithmetic) |
|------------------------------|-------------------|---|
| Global Public Equity         | 35.0%             | 7.70%   |
| Core Fixed Income            | 6.0%              | 4.90%   |
| Non-Core Fixed Income        | 20.0%             | 8.70%   |
| Other Public/Private Markets | 12.0%             | 8.10%   |
| Real Estate                  | 12.0%             | 5.80%   |
| Hedge Funds                  | 5.0%              | 6.90%   |
| Private Equity               | 10.0%             | 11.80%  |
| Total                        | 100.0%            |   |

**Discount Rate:**

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

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

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

| 1% Decrease          | Current Single Rate     | 1% Increase         |
|----------------------|-------------------------|---------------------|
| <b>5.75%</b>         | <b>Assumption 6.75%</b> | <b>7.75%</b>        |
| <b>\$ 23,372,654</b> | <b>\$ 11,987,234</b>    | <b>\$ 2,560,140</b> |

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

### Changes in the Net Pension Liability (Asset):

|  | Total Pension<br>Liability (a) | Plan Fiduciary Net<br>Position (b) | Net Pension<br>Liability (Asset)<br>(a) – (b) |
|--|--------------------------------|------------------------------------|---|
| <b>Balance at 12/31/21</b>                                   | \$ 83,975,196                  | \$ 84,310,963                      | \$ (335,767)                                  |
| Changes for the year:  |                                |                                    |   |
| Service Cost   | 1,793,754                      | -                                  | 1,793,754                                     |
| Interest   | 5,578,558                      | -                                  | 5,578,558                                     |
| Difference between expected and<br>actual experience         | 1,072,015                      | -                                  | 1,072,015                                     |
| Contributions – employer                                     | -                              | 1,520,309                          | (1,520,309)                                   |
| Contributions – employee                                     | -                              | 739,039                            | (739,039)                                     |
| Net investment income  | -                              | (6,148,317)                        | 6,148,317                                     |
| Benefit payments, including<br>refunds of emp. contributions | (4,453,547)                    | (4,453,547)                        | -   |
| Administrative expense                                       | -                              | (53,256)                           | 53,256  |
| Other changes  | -                              | 63,551                             | (63,551)                                      |
| Net changes  | 3,990,780                      | (8,332,221)                        | 12,323,001                                    |
| <b>Balance at 12/31/22</b>                                   | <b><u>\$ 87,965,976</u></b>    | <b><u>\$ 75,978,742</u></b>        | <b><u>\$ 11,987,234</u></b>                   |

### Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2023, the City recognized pension expense of \$2,968,504.

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

### September 30, 2023

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|  | Deferred Outflows<br>of Resources | Deferred (Inflows)<br>of Resources |
|--|-----------------------------------|------------------------------------|
| Contributions subsequent to the measurement date | \$ 1,281,591                      | \$ -                               |
| Difference in experience                         | 1,592,246                         | -                                  |
| Changes in actuarial assumptions                 | 2,721                             | -                                  |
| Pension investment earnings                      | 5,242,365                         | -                                  |
| <b>Total</b>                                     | <b><u>\$ 8,118,923</u></b>        | <b><u>\$ -</u></b>                 |

The City reported \$1,281,591 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, 2024. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

| <b>Year ended</b>   |                            |  |
|---------------------|----------------------------|--|
| <b>December 31:</b> |                            |  |
| 2023                | \$ 832,700                 |  |
| 2024                | 1,949,021                  |  |
| 2025                | 1,677,142                  |  |
| 2026                | 2,378,469                  |  |
| 2027                | -                          |  |
| Thereafter          | -                          |  |
| <b>Total</b>        | <b><u>\$ 6,837,332</u></b> |  |

## 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](http://www.orangetexas.net). The plan's annual financial report can be obtained on the internet at [www.orangetexasfd.com](http://www.orangetexasfd.com).

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2023

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 2023</u> | <u>Plan Year 2022</u> |
|--|-----------------------|-----------------------|
| Employee deposit rate  | 13.80%                | 13.80%                |
| Employer deposit rate  | 18.80%                | 18.80%                |
| Years required for vesting   | 20                    | 20                    |
| Service retirement eligibility<br>(expressed as age / years of<br>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, 2022 valuation and measurement date, the following employees were covered by the benefit terms:

|  |    |
|--|----|
| Inactive employees or beneficiaries currently receiving benefits | 37 |
| Inactive employees entitled to but not yet receiving benefits    | 3  |
| Active employees   | 36 |
| Total  | 76 |

### **Contributions**

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

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

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

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, 2023, and the Total Pension Liability (TPL) used to calculate the Net Pension Liability was determined by an actuarial valuation as of that date.

### Actuarial Assumptions

The Total Pension Liability in the January 1, 2023 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, 2023

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   | Current Single Rate | 1% Increase  |
|---------------|---------------------|--------------|
| 6.75%         | Assumption 7.75%    | 8.75%        |
| \$ 11,106,308 | \$ 9,090,502        | \$ 7,410,000 |

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2023

### Changes in the Net Pension Liability:

|  | Total Pension<br>Liability (a) | Plan Fiduciary Net<br>Position (b) | Net Pension<br>Liability (a) – (b) |
|--|--------------------------------|------------------------------------|------------------------------------|
| <b>Balance at 9/30/2022</b>                                  | \$ 17,673,701                  | \$ 10,909,079                      | \$ 6,764,622                       |
| Changes for the year:  |                                |                                    |                                    |
| Service Cost   | 309,449                        | -                                  | 309,449                            |
| Interest   | 1,332,463                      | -                                  | 1,332,463                          |
| Difference between expected and<br>actual experience         | (242,212)                      | -                                  | (242,212)                          |
| Contributions – employer                                     | -                              | 522,904                            | (522,904)                          |
| Contributions – employee                                     | -                              | 383,834                            | (383,834)                          |
| Net investment income  | -                              | (1,818,181)                        | 1,818,181                          |
| Benefit payments, including<br>refunds of emp. contributions | (1,580,162)                    | (1,580,162)                        | -                                  |
| Administrative expense                                       | -                              | (14,737)                           | 14,737                             |
| Net changes  | (180,462)                      | (2,506,342)                        | 2,325,880                          |
| <b>Balance at 9/30/2023</b>                                  | <b><u>\$ 17,493,239</u></b>    | <b><u>\$ 8,402,737</u></b>         | <b><u>\$ 9,090,502</u></b>         |

### 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, 2023, the City recognized pension expense of \$464,982.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

|   | Deferred Outflows<br>of Resources | Deferred (Inflows)<br>of Resources |
|---|-----------------------------------|------------------------------------|
| Contributions subsequent to the<br>measurement date | \$ 416,174                        | \$ -                               |
| Difference in experience                            | -                                 | (944,405)                          |
| Changes in actuarial assumptions                    | -                                 | (1,070,764)                        |
| Pension investment earnings                         | 1,270,543                         | -                                  |
| <b>Total</b>  | <b><u>\$ 1,686,717</u></b>        | <b><u>\$ (2,015,169)</u></b>       |

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2023

The City reported \$416,174 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, 2024. 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: |           |                  |
| 2024          | \$        | (228,618)        |
| 2025          |           | (1,227,672)      |
| 2026          |           | 230,792          |
| 2027          |           | 511,139          |
| 2028          |           | (30,267)         |
| Thereafter    |           | -                |
| <b>Total</b>  | <b>\$</b> | <b>(744,626)</b> |

### Other Information - Texas House Bill (HB) 3310

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

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

# **City of Orange, Texas**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**September 30, 2023**

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

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

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

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

### **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:

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2023

### 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 rolled forward using a measurement date of September 30, 2023, 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 |

### **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

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2023

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 rolled forward to September 30, 2023, 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 (rolled forward to September 30, 2023) 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 discount rate that is 1-percentage-point lower (3.77%) or 1-percentage-point higher (5.77%) than the current rate:

| 1% Decrease<br>(3.77%) | Current Single Rate<br>Assumption 4.77% | 1% Increase<br>(5.77%) |
|------------------------|---|------------------------|
| \$ 1,060,432           | \$ 985,992                              | \$ 919,180             |

**City of Orange, Texas**  
**NOTES TO FINANCIAL STATEMENTS, Continued**  
**September 30, 2023**

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:

| <b>1% Decrease</b> | <b>Current Single Rate</b> | <b>1% Increase</b>  |
|--------------------|----------------------------|---------------------|
| <b>(3.50%)</b>     | <b>Assumption 4.50%</b>    | <b>(5.50%)</b>      |
| <b>\$ 908,835</b>  | <b>\$ 985,992</b>          | <b>\$ 1,076,147</b> |

**Changes in the Total OPEB Liability:**

|  | <b>Total OPEB<br/>Liability</b> |
|--|---------------------------------|
| <b>Balance at 9/30/2022</b>                          | <b>\$ 1,008,036</b>             |
| Changes for the year:                                |                                 |
| Service Cost   | 24,409                          |
| Interest   | 47,018                          |
| Difference between expected and<br>actual experience | -                               |
| Changes of assumptions                               | -                               |
| Benefit payments                                     | (93,471)                        |
| Net changes  | (22,044)                        |
| <b>Balance at 9/30/2023</b>                          | <b>\$ 985,992</b>               |

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

For the year ended September 30, 2023, the City recognized OPEB expense of \$81,660.

At September 30, 2023, the City reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

|                                  | <b>Deferred Outflows<br/>of Resources</b> | <b>Deferred (Inflows)<br/>of Resources</b> |
|----------------------------------|---|--|
| Difference in experience         | \$ 159,261                                | \$ -                                       |
| Changes in actuarial assumptions | -<br>\$ 159,261                           | (114,349)<br>\$ (114,349)                  |
| <b>Total</b>                     | <b>\$ 159,261</b>                         | <b>\$ (114,349)</b>                        |

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, 2024.

# City of Orange, Texas

## NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2023

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

| <b>Year ended</b>    |           |               |
|----------------------|-----------|---------------|
| <b>September 30:</b> |           |               |
| 2024                 | \$        | 10,233        |
| 2025                 |           | 10,233        |
| 2026                 |           | 9,917         |
| 2027                 |           | 7,936         |
| 2028                 |           | 6,593         |
| <b>Total</b>         | <b>\$</b> | <b>44,912</b> |

### E. Construction commitments

The government has active construction projects as of September 30, 2023. The projects include street construction and improvements, recreation and pavilion, and other projects.

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

|  |              |
|--|--------------|
| WayFinder Signs                        | \$ 52,982    |
| Coopers Gully - Phase 2b               | 2,296,530    |
| Hwy 105 Box Culverts                   | 21,715       |
| MKL/Hwy 87 Lift Station Improvements   | 5,587        |
| Meeks Dr. Ground Water Storage Tank    | 1,355,038    |
| Westside Water Line Extension          | 23,692       |
| New Effluent Pump Base                 | 16,100       |
| Cove Lift Station Improvements         | 950          |
| Treatment plant dewatering building    | 6,300        |
| Rehab of clarifiers at treatment plant | 899,996      |
|  | <hr/>        |
|  | \$ 4,678,890 |

### 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

# **City of Orange, Texas**

## ***NOTES TO FINANCIAL STATEMENTS, Continued***

**September 30, 2023**

payment due on February 28, 2030. Property taxes equal to \$1,889,097 were rebated in 2023. Sales Tax is rebated on a quarterly basis, and the total rebated for 2023 was 227,694.

### **G. Related Party Transactions**

During the year ended September 30, 2023, 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 (and extended) 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 \$7,000.

### **H. Subsequent Events**

There were no other material subsequent events through March 31, 2024, 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, 2023**

|                           |                   |                   |                   |              | Variance with<br>Final Budget |
|---------------------------|-------------------|-------------------|-------------------|--------------|-------------------------------|
|                           | Original Budget   | Final<br>Budget   | Actual            |              | Positive<br>(Negative)        |
| <b>Revenues</b>           |                   |                   |                   |              |                               |
| Property tax              | \$ 8,741,623      | \$ 8,831,623      | \$ 8,722,984      | \$ (108,639) |                               |
| Payment-in-lieu of taxes  | 10,545,020        | 10,545,020        | 10,528,852        |              | (16,168)                      |
| Sales tax                 | 5,500,000         | 5,600,000         | 6,232,621         |              | 632,621                       |
| Franchise and local taxes | 1,020,000         | 1,039,000         | 1,061,904         |              | 22,904                        |
| Other taxes               | 50,000            | 50,000            | 52,415            |              | 2,415                         |
| Charges for services      | 1,912,298         | 2,104,523         | 933,165           |              | (1,171,358)                   |
| License, permits and fees | 175,500           | 184,500           | 180,296           |              | (4,204)                       |
| Intergovernmental         | 53,500            | 83,000            | 83,127            |              | 127                           |
| Investment income         | -                 | 750,000           | 818,404           |              | 68,404                        |
| Grants and donations      | -                 | -                 | 1,421             |              | 1,421                         |
| Other revenue             | 6,000             | 7,500             | 9,547             |              | 2,047                         |
| <b>Total Revenues</b>     | <b>28,003,941</b> | <b>29,195,166</b> | <b>28,624,736</b> |              | <b>(570,430)</b>              |
| <b>Expenditures</b>       |                   |                   |                   |              |                               |
| Current:                  |                   |                   |                   |              |                               |
| General government:       |                   |                   |                   |              |                               |
| City council              | 128,014           | 128,014           | 90,197            |              | 37,817                        |
| City manager              | 296,458           | 329,220           | 261,833           |              | 67,387                        |
| City secretary            | 278,687           | 278,687           | 202,399           |              | 76,288                        |
| Human resources           | 183,663           | 160,363           | 142,066           |              | 18,297                        |
| Finance                   | 702,495           | 739,312           | 646,745           |              | 92,567                        |
| Tax                       | 148,470           | 148,470           | 144,335           |              | 4,135                         |
| Mgmt. Info. Systems       | 294,341           | 285,650           | 210,531           |              | 75,119                        |
| Public safety:            |                   |                   |                   |              |                               |
| Police department         | 7,240,462         | 7,361,724         | 7,160,843         |              | 200,881                       |
| Fire department           | 4,824,970         | 4,824,644         | 4,607,175         |              | 217,469                       |
| EMS                       | 11,500            | 11,500            | 11,031            |              | 469                           |
| Animal control            | 236,073           | 236,073           | 199,562           |              | 36,511                        |
| Municipal court           | 305,799           | 305,799           | 277,369           |              | 28,430                        |
| Culture - recreation:     |                   |                   |                   |              |                               |
| Library                   | 506,765           | 507,465           | 500,509           |              | 6,956                         |
| Recreation                | 297,578           | 302,578           | 237,793           |              | 64,785                        |
| Parks maintenance         | 888,800           | 902,792           | 782,094           |              | 120,698                       |

**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, 2023**

| <u>Expenditures</u>                         | <u>Original Budget</u>     | <u>Final Budget</u> | <u>Actual</u>        | <u>Variance with Final Budget</u> |
|---|----------------------------|---------------------|----------------------|-----------------------------------|
|   | <u>Positive (Negative)</u> |                     |                      |                                   |
| Current:                                    |                            |                     |                      |                                   |
| Public works                                | <u>Original Budget</u>     | <u>Final Budget</u> | <u>Actual</u>        | <u>Positive (Negative)</u>        |
| Engineering                                 | \$ 125,027                 | \$ 125,027          | \$ 115,691           | \$ 9,336                          |
| Planning                                    | 471,775                    | 519,873             | 312,842              | 207,031                           |
| Code enforcement                            | 1,049,903                  | 1,195,403           | 961,581              | 233,822                           |
| Building services                           | 522,835                    | 567,596             | 499,556              | 68,040                            |
| Street & drainage                           | 1,780,080                  | 1,783,172           | 1,388,629            | 394,543                           |
| Public works admin.                         | 408,592                    | 425,652             | 245,800              | 179,852                           |
| Fleet maintenance                           | 1,184,283                  | 1,187,019           | 962,348              | 224,671                           |
| Nondepartmental                             | 4,708,926                  | 4,701,711           | 4,558,185            | 143,526                           |
| Debt service:                               |                            |                     |                      |                                   |
| Principal                                   | 258,111                    | 247,712             | 228,564              | 19,148                            |
| Interest                                    | -                          | 18,899              | 18,899               | -                                 |
| Capital outlay                              | 1,008,716                  | 1,842,547           | 1,606,131            | 236,416                           |
| <b>Total Expenditures</b>                   | <b>27,862,323</b>          | <b>29,136,902</b>   | <b>26,372,708</b>    | <b>2,764,194</b>                  |
| <b>Revenues Over (Under) Expenditures</b>   | <b>141,618</b>             | <b>58,264</b>       | <b>2,252,028</b>     | <b>2,193,764</b>                  |
| <b>Other Financing Sources (Uses)</b>       |                            |                     |                      |                                   |
| Insurance recoveries                        | -                          | -                   | 11,276               | 11,276                            |
| Note payable issuance                       | -                          | -                   | 68,713               | 68,713                            |
| Transfers (out)                             | (125,000)                  | (196,000)           | (135,000)            | 61,000                            |
| Sale of capital assets                      | -                          | 126,931             | 156,527              | 29,596                            |
| <b>Total Other Financing Sources (Uses)</b> | <b>(125,000)</b>           | <b>(69,069)</b>     | <b>101,516</b>       | <b>170,585</b>                    |
| <b>Net Change in Fund Balance</b>           | <b>\$ 16,618</b>           | <b>\$ (10,805)</b>  | <b>2,353,544</b>     | <b>\$ 2,364,349</b>               |
| Beginning fund balance                      |                            |                     | 16,626,643           |                                   |
| <b>Ending Fund Balance</b>                  |                            |                     | <b>\$ 18,980,187</b> |                                   |

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***  
***TXDOT FUND***  
**For the Year Ended September 30, 2023**

|   | Original &<br>Final Budget | Actual           | Variance with<br>Final Budget |
|---|----------------------------|------------------|-------------------------------|
|   |                            |                  | Positive<br>(Negative)        |
| <b><u>Expenditures</u></b>                |                            |                  |                               |
| Capital outlay                            | \$ -                       | \$ -             | \$ -                          |
| <b>Total Expenditures</b>                 | <u>-</u>                   | <u>-</u>         | <u>-</u>                      |
| <b>Revenues Over (Under) Expenditures</b> | <u>-</u>                   | <u>-</u>         | <u>-</u>                      |
| <b>Net Change in Fund Balance</b>         | <u>\$ -</u>                | <u>-</u>         | <u>\$ -</u>                   |
| Beginning fund balance                    |                            | <u>(829,505)</u> |                               |
| <b>Ending Fund Balance</b>                | <u>\$ (829,505)</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**  
**TEXAS GLO GRANT FUND**  
**For the Year Ended September 30, 2023**

|                                   | <u>Original<br/>Budget</u> | <u>Final Budget</u> | <u>Actual</u>       | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|----------------------------|---------------------|---------------------|---------------------------------------|
|                                   |                            |                     |                     | <b>Positive<br/>(Negative)</b>        |
| <b>Revenues</b>                   |                            |                     |                     |                                       |
| Grants and donations              | \$ 4,300,000               | \$ 4,300,000        | \$ 1,167,592        | \$ (3,132,408)                        |
| <b>Total Revenues</b>             | <u>4,300,000</u>           | <u>4,300,000</u>    | <u>1,167,592</u>    | <u>(3,132,408)</u>                    |
| <b>Expenditures</b>               |                            |                     |                     |                                       |
| Public safety                     | \$ 1,435                   | \$ 1,435            | \$ 1,435            | \$ -                                  |
| Public works                      | 1,298,565                  | 1,509,637           | 173,147             | 1,336,490                             |
| Capital outlay                    | 3,000,000                  | 2,788,928           | 1,344,604           | 1,444,324                             |
| <b>Total Expenditures</b>         | <u>4,300,000</u>           | <u>4,300,000</u>    | <u>1,519,186</u>    | <u>2,780,814</u>                      |
| <b>Revenues Over (Under)</b>      |                            |                     |                     |                                       |
| <b>Expenditures</b>               | <u>-</u>                   | <u>-</u>            | <u>(351,594)</u>    | <u>(5,913,222)</u>                    |
| <b>Net Change in Fund Balance</b> | <u>\$ -</u>                | <u>\$ -</u>         | <u>(351,594)</u>    | <u>\$ (351,594)</u>                   |
| Beginning fund balance            |                            |                     | (623,239)           |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <u>\$ (974,833)</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, 2023**

|                                   | <b>Original<br/>Budget</b>   | <b>Final Budget</b>          | <b>Actual</b>              | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|------------------------------|------------------------------|----------------------------|---------------------------------------|
|                                   |                              |                              |                            | <b>Positive<br/>(Negative)</b>        |
| <b>Revenues</b>                   |                              |                              |                            |                                       |
| Investment income                 | \$ -                         | \$ 8,000                     | \$ 6,998                   | \$ (1,002)                            |
| <b>Total Revenues</b>             | <b><u>-</u></b>              | <b><u>8,000</u></b>          | <b><u>6,998</u></b>        | <b><u>(1,002)</u></b>                 |
| <b>Expenditures</b>               |                              |                              |                            |                                       |
| General government                | 102,000                      | 673,067                      | 220,976                    | 452,091                               |
| Capital outlay                    | 4,886,185                    | 6,386,185                    | 3,716,037                  | 2,670,148                             |
| <b>Total Expenditures</b>         | <b><u>4,988,185</u></b>      | <b><u>7,059,252</u></b>      | <b><u>3,937,013</u></b>    | <b><u>3,122,239</u></b>               |
| <b>Revenues Over (Under)</b>      |                              |                              |                            |                                       |
| <b>Expenditures</b>               | <b><u>(4,988,185)</u></b>    | <b><u>(7,051,252)</u></b>    | <b><u>(3,930,015)</u></b>  | <b><u>(3,123,241)</u></b>             |
| <b>Net Change in Fund Balance</b> | <b><u>\$ (4,988,185)</u></b> | <b><u>\$ (7,051,252)</u></b> | <b><u>(3,930,015)</u></b>  | <b><u>\$ 3,121,237</u></b>            |
| Beginning fund balance            |                              |                              | 6,867,219                  |                                       |
| <b>Ending Fund Balance</b>        |                              |                              | <b><u>\$ 2,937,204</u></b> |                                       |

Notes to Required Supplementary Information

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

# City of Orange, Texas

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

**Years Ended:**

|  | <b>12/31/2022</b>    | <b>12/31/2021</b>    | <b>12/31/2020</b>    |
|--|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>                                 |                      |                      |                      |
| Service cost   | \$ 1,793,754         | \$ 1,700,927         | \$ 1,690,536         |
| Interest   | 5,578,558            | 5,288,621            | 5,093,124            |
| <br>Differences between expected and actual experience         | 1,072,015            | 1,595,783            | (26,735)             |
| Changes of assumptions   | -                    | -                    | -                    |
| Benefit payments, including refunds                            |                      |                      |                      |
| of participant contributions                                   | (4,453,547)          | (4,219,227)          | (3,512,501)          |
| <b>Net change in total pension liability</b>                   | <b>3,990,780</b>     | <b>4,366,104</b>     | <b>3,244,424</b>     |
| <b>Total pension liability - beginning</b>                     | <b>\$ 83,975,196</b> | <b>\$ 79,609,092</b> | <b>\$ 76,364,668</b> |
| <b>Total pension liability - ending (a)</b>                    | <b>\$ 87,965,976</b> | <b>\$ 83,975,196</b> | <b>\$ 79,609,092</b> |
| <br><b>Plan fiduciary net position</b>                         |                      |                      |                      |
| Contributions - employer                                       | \$ 1,520,309         | \$ 1,474,200         | \$ 1,509,332         |
| Contributions - members  | 739,039              | 699,148              | 696,923              |
| Net investment income  | (6,148,317)          | 9,960,131            | 5,485,271            |
| Benefit payments, including refunds                            |                      |                      |                      |
| of participant contributions                                   | (4,453,547)          | (4,219,227)          | (3,512,501)          |
| Administrative expenses  | (53,256)             | (46,109)             | (35,512)             |
| Other  | 63,551               | 314                  | (1,386)              |
| <b>Net change in plan fiduciary net position</b>               | <b>(8,332,221)</b>   | <b>7,868,457</b>     | <b>4,142,127</b>     |
| <b>Plan fiduciary net position - beginning</b>                 | <b>84,310,963</b>    | <b>76,442,506</b>    | <b>72,300,379</b>    |
| <b>Plan fiduciary net position - ending (b)</b>                | <b>\$ 75,978,742</b> | <b>\$ 84,310,963</b> | <b>\$ 76,442,506</b> |
| <b>Fund's net pension liability (asset) - ending (a) - (b)</b> | <b>\$ 11,987,234</b> | <b>\$ (335,767)</b>  | <b>\$ 3,166,586</b>  |
| <br><b>Plan fiduciary net position</b>                         |                      |                      |                      |
| as a percentage of the total pension liability                 | 86.37%               | 100.40%              | 96.02%               |
| <b>Covered payroll</b>   | <b>\$ 10,557,707</b> | <b>\$ 9,987,825</b>  | <b>\$ 9,956,044</b>  |
| <br><b>Fund's net position</b>                                 |                      |                      |                      |
| as a percentage of covered payroll                             | 113.54%              | -3.36%               | 31.81%               |

### **Notes to schedule:**

<sup>1</sup> 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.

|    | <b>12/31/2019</b> | <b>12/31/2018</b> | <b>12/31/2017</b> | <b>12/31/2016</b> | <b>12/31/2015</b> | <b>12/31/2014</b> | <sup>1</sup> |
|----|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| \$ | 1,542,782         | \$ 1,558,928      | \$ 1,576,087      | \$ 1,525,181      | \$ 1,473,198      | \$ 1,390,815      |              |
|    | 4,893,352         | 4,717,745         | 4,583,484         | 4,435,496         | 4,436,802         | 4,331,921         |              |
|    | (395,129)         | (564,152)         | (1,035,886)       | (639,862)         | (854,615)         | (1,354,539)       |              |
|    | 158,294           | -                 | -                 | -                 | 223,703           | -                 |              |
|    | (3,114,677)       | (3,091,068)       | (3,161,024)       | (3,146,697)       | (2,807,118)       | (3,015,050)       |              |
|    | 3,084,622         | 2,621,453         | 1,962,661         | 2,174,118         | 2,471,970         | 1,353,147         |              |
| \$ | 73,280,046        | \$ 70,658,593     | \$ 68,695,932     | \$ 66,521,814     | \$ 64,049,844     | \$ 62,696,697     |              |
| \$ | 76,364,668        | \$ 73,280,046     | \$ 70,658,593     | \$ 68,695,932     | \$ 66,521,814     | \$ 64,049,844     |              |
|    | 1,424,660         | \$ 1,475,488      | \$ 1,530,851      | \$ 1,527,744      | \$ 1,587,598      | \$ 1,657,797      |              |
|    | 631,179           | 614,788           | 620,857           | 598,445           | 576,111           | 585,795           |              |
|    | 9,826,919         | (1,995,265)       | 8,237,619         | 3,830,094         | 84,535            | 3,143,530         |              |
|    | (3,114,677)       | (3,091,068)       | (3,161,024)       | (3,146,697)       | (2,807,118)       | (3,015,050)       |              |
|    | (55,549)          | (38,572)          | (42,696)          | (43,260)          | (51,492)          | (32,822)          |              |
|    | (1,668)           | (2,015)           | (2,164)           | (2,331)           | (2,544)           | (2,699)           |              |
|    | 8,710,864         | (3,036,644)       | 7,183,443         | 2,763,995         | (612,910)         | 2,336,551         |              |
|    | 63,589,515        | 66,626,159        | 59,442,716        | 56,678,721        | 57,291,631        | 54,955,080        |              |
| \$ | 72,300,379        | \$ 63,589,515     | \$ 66,626,159     | \$ 59,442,716     | \$ 56,678,721     | \$ 57,291,631     |              |
| \$ | 4,064,289         | \$ 9,690,531      | \$ 4,032,434      | \$ 9,253,216      | \$ 9,843,093      | \$ 6,758,213      |              |
|    | 94.68%            | 86.78%            | 94.29%            | 86.53%            | 85.20%            | 89.45%            |              |
| \$ | 9,016,846         | \$ 8,782,691      | \$ 8,869,371      | \$ 8,549,219      | \$ 8,230,155      | \$ 8,368,497      |              |
|    | 45.07%            | 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:**

|   | <u>9/30/2023</u> | <u>9/30/2022</u> | <u>9/30/2021</u> |
|---|------------------|------------------|------------------|
| Actuarially determined employer contributions | \$ 1,650,770     | \$ 1,504,699     | \$ 1,527,235     |
| Contributions in relation to                  |                  |                  |                  |
| the actuarially determined contribution       | \$ 1,650,770     | \$ 1,504,699     | \$ 1,527,235     |
| Contribution deficiency (excess)              | \$ -             | \$ -             | \$ -             |
| Annual covered payroll                        | \$ 11,177,036    | \$ 10,389,073    | \$ 10,274,078    |
| Employer contributions as                     |                  |                  |                  |
| a percentage of covered payroll               | 14.77%           | 14.48%           | 14.86%           |

<sup>1</sup>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 | 23 years  |
| Asset Valuation Method        | 10 Year smoothed market; 12% soft corridor  |
| Inflation                     | 2.5%  |
| Salary Increases              | 3.50% to 11.50% including inflation   |
| Investment Rate of Return     | 6.75%   |
| Retirement Age                | Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2019 valuation pursuant to an experience study of the period 2014 - 2018 |

#### Mortality

Post-retirement: 2019 Municipal Retirees of Texas Mortality Tables. The rates are projected on a fully generational basis with scale UMP.

Pre-retirement: PUB(10) mortality tables, with the Public Safety table used for males and the General Employee table used for females. The rates are projected on a fully generational basis with scale UMP.

#### **Other Information:**

|       |  |
|-------|--|
| Notes | There were no benefit changes during the year. |
|-------|--|

| <u>9/30/2020</u>    | <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>    | <sup>1</sup> |
|---------------------|---------------------|---------------------|---------------------|---------------------|---------------------|--------------|
| \$ 1,503,799        | \$ 1,425,431        | \$ 1,475,144        | \$ 1,542,873        | \$ 1,552,490        | \$ 1,586,949        |              |
| <u>\$ 1,503,799</u> | <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> |              |
| \$ -                | \$ -                | \$ -                | \$ -                | \$ -                | \$ -                |              |
| \$ 9,811,817        | \$ 8,869,572        | \$ 8,716,606        | \$ 8,856,832        | \$ 8,506,325        | \$ 8,166,972        |              |
| 15.33%              | 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:**

|  | <b>12/31/2022</b>    | <b>12/31/2021</b>    | <b>12/31/2020</b>    |
|--|----------------------|----------------------|----------------------|
| <b>Total pension liability</b>                         |                      |                      |                      |
| Service cost   | \$ 309,449           | \$ 315,386           | \$ 292,702           |
| Interest   | 1,332,463            | 1,308,890            | 1,332,754            |
| Changes in benefit terms                               | -                    | -                    | -                    |
| Differences between expected and actual experience     | (242,212)            | -                    | (870,497)            |
| Changes of assumptions                                 | -                    | -                    | -                    |
| Benefit payments, including refunds                    |                      |                      |                      |
| of participant contributions                           | (1,580,162)          | (1,048,176)          | (1,122,958)          |
| <b>Net change in total pension liability</b>           | <b>(180,462)</b>     | <b>576,100</b>       | <b>(367,999)</b>     |
| <b>Total pension liability - beginning</b>             | <b>\$ 17,673,701</b> | <b>\$ 17,097,601</b> | <b>\$ 17,465,600</b> |
| <b>Total pension liability - ending (a)</b>            | <b>\$ 17,493,239</b> | <b>\$ 17,673,701</b> | <b>\$ 17,097,601</b> |
| <b>Plan fiduciary net position</b>                     |                      |                      |                      |
| Contributions - employer                               | \$ 522,904           | \$ 511,512           | \$ 450,317           |
| Contributions - members                                | 383,834              | 375,471              | 357,534              |
| Net investment income                                  | (1,818,181)          | 1,422,346            | 1,183,255            |
| Benefit payments, including refunds                    |                      |                      |                      |
| of participant contributions                           | (1,580,162)          | (1,048,176)          | (1,122,958)          |
| Administrative expenses                                | (14,737)             | (117,584)            | (24,153)             |
| Other  | -                    | -                    | -                    |
| <b>Net change in plan fiduciary net position</b>       | <b>(2,506,342)</b>   | <b>1,143,569</b>     | <b>843,995</b>       |
| <b>Plan fiduciary net position - beginning</b>         | <b>\$ 10,909,079</b> | <b>\$ 9,765,510</b>  | <b>\$ 8,921,515</b>  |
| <b>Plan fiduciary net position - ending (b)</b>        | <b>\$ 8,402,737</b>  | <b>\$ 10,909,079</b> | <b>\$ 9,765,510</b>  |
| <b>Fund's net pension liability - ending (a) - (b)</b> | <b>\$ 9,090,502</b>  | <b>\$ 6,764,622</b>  | <b>\$ 7,332,091</b>  |
| <b>Plan fiduciary net position</b>                     |                      |                      |                      |
| as a percentage of the total pension liability         | 48.03%               | 61.72%               | 57.12%               |
| <b>Covered payroll</b>                                 | <b>\$ 2,781,405</b>  | <b>\$ 2,720,808</b>  | <b>\$ 2,750,133</b>  |
| <b>Fund's net position</b>                             |                      |                      |                      |
| as a percentage of covered payroll                     | 326.83%              | 248.63%              | 266.61%              |

### **Notes to schedule:**

<sup>1</sup> 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.

| 12/31/2019           | 12/31/2018           | 12/31/2017           | 12/31/2016           | 12/31/2015           | 12/31/2014           | <sup>1</sup> |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|--------------|
| \$ 529,546           | \$ 300,705           | \$ 421,632           | \$ 275,111           | \$ 266,423           | \$ 256,176           |              |
| 1,158,392            | 1,267,117            | 1,154,891            | 1,256,298            | 1,235,592            | 1,240,296            |              |
| 906                  | 2,645                | 2,088                | 10,200               | -                    | -                    |              |
| -                    | (534,208)            | -                    | (513,493)            | -                    | (455,247)            |              |
| (5,749,694)          | 6,239,981            | (3,193,483)          | 2,748,186            | 173,418              | 587,758              |              |
| <u>(1,222,239)</u>   | <u>(1,153,483)</u>   | <u>(1,103,254)</u>   | <u>(1,115,774)</u>   | <u>(1,337,192)</u>   | <u>(1,084,609)</u>   |              |
| <u>(5,283,089)</u>   | <u>6,122,757</u>     | <u>(2,718,126)</u>   | <u>2,660,528</u>     | <u>338,241</u>       | <u>544,374</u>       |              |
| <u>\$ 22,748,689</u> | <u>\$ 16,625,932</u> | <u>\$ 19,344,058</u> | <u>\$ 16,683,530</u> | <u>\$ 16,345,289</u> | <u>\$ 15,800,915</u> |              |
| <u>\$ 17,465,600</u> | <u>\$ 22,748,689</u> | <u>\$ 16,625,932</u> | <u>\$ 19,344,058</u> | <u>\$ 16,683,530</u> | <u>\$ 16,345,289</u> |              |
| \$ 365,943           | \$ 342,963           | \$ 333,259           | \$ 318,457           | \$ 307,304           | \$ 319,060           |              |
| 315,469              | 295,031              | 285,780              | 264,331              | 244,464              | 250,694              |              |
| 1,548,036            | (519,608)            | 1,380,383            | 393,147              | (186,511)            | 746,106              |              |
| (1,222,239)          | (1,153,483)          | (1,103,254)          | (1,115,774)          | (1,337,192)          | (494,593)            |              |
| (47,427)             | (25,065)             | (28,947)             | (18,666)             | (24,201)             | (1,084,609)          |              |
| -                    | -                    | -                    | -                    | -                    | (22,162)             |              |
| <u>959,782</u>       | <u>(1,060,162)</u>   | <u>867,221</u>       | <u>(158,505)</u>     | <u>(996,136)</u>     | <u>(285,504)</u>     |              |
| <u>7,961,733</u>     | <u>9,021,895</u>     | <u>8,154,674</u>     | <u>8,313,179</u>     | <u>9,309,315</u>     | <u>9,594,819</u>     |              |
| <u>\$ 8,921,515</u>  | <u>\$ 7,961,733</u>  | <u>\$ 9,021,895</u>  | <u>\$ 8,154,674</u>  | <u>\$ 8,313,179</u>  | <u>\$ 9,309,315</u>  |              |
| <u>\$ 8,544,085</u>  | <u>\$ 14,786,956</u> | <u>\$ 7,604,037</u>  | <u>\$ 11,189,384</u> | <u>\$ 8,370,351</u>  | <u>\$ 7,035,974</u>  |              |
| 51.08%               | 35.00%               | 54.26%               | 42.16%               | 49.83%               | 56.95%               |              |
| \$ 2,523,746         | \$ 2,396,549         | \$ 2,373,912         | \$ 2,274,689         | \$ 2,195,029         | \$ 2,279,000         |              |
| 338.55%              | 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>9/30/2023</u> | <u>9/30/2022</u> | <u>9/30/2021</u> | <u>9/30/2020</u> |
|---|------------------|------------------|------------------|------------------|
| Actuarially determined employer contributions | \$ 544,368       | 512,044          | \$ 528,810       | \$ 419,453       |
| Contributions in relation to                  |                  |                  |                  |                  |
| the actuarially determined contribution       | \$ 544,368       | 512,044          | \$ 528,810       | \$ 419,453       |
| Contribution deficiency (excess)              | \$ -             | -                | \$ -             | \$ -             |
| Annual covered payroll                        | \$ 2,895,572     | 2,723,639        | \$ 2,833,299     | \$ 2,729,163     |
| Employer contributions as                     |                  |                  |                  |                  |
| a percentage of covered payroll               | 18.80%           | 18.80%           | 18.66%           | 15.37%           |

<sup>1</sup> 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:**

1/1/2023

## 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 Methods and assumptions used to determine contribution rates can be found in the January 1, 2023 Actuarial Valuation for the Orange Firemen's Relief and Retirement Fund prepared by Foster & Foster Actuaries and Consultants.

| <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>  | <sup>1</sup> |
|-------------------|-------------------|-------------------|-------------------|-------------------|--------------|
| \$ 359,238        | \$ 341,117        | \$ 327,516        | \$ 313,275        | \$ 308,591        |              |
| <u>\$ 359,238</u> | <u>\$ 341,117</u> | <u>\$ 327,516</u> | <u>\$ 313,275</u> | <u>\$ 308,591</u> |              |
| <u>\$ -</u>       |              |
| \$ 2,479,044      | \$ 2,399,228      | \$ 2,339,397      | \$ 2,237,677      | \$ 2,204,221      |              |
| 14.49%            | 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,**

|   | <b>2023</b>         | <b>2022</b>         | <b>2021</b>       | <b>2020</b>       |
|---|---------------------|---------------------|-------------------|-------------------|
| Total OPEB liability  |                     |                     |                   |                   |
| Service cost  | \$ 24,409           | \$ 42,768           | \$ 42,768         | \$ 34,121         |
| Interest  | 47,018              | 22,017              | 22,271            | 38,644            |
| Changes in benefit terms  | -                   | -                   | -                 | -                 |
| Differences between expected and<br>actual experience                 | -                   | 261,035             | -                 | (60,774)          |
| Changes of assumptions  | -                   | (206,823)           | -                 | 76,537            |
| Benefit payments, including refunds<br>of participant contributions   | (93,471)            | (93,471)            | (59,166)          | (59,166)          |
| <b>Net change in total OPEB liability</b>                             | <b>(22,044)</b>     | <b>25,526</b>       | <b>5,873</b>      | <b>29,362</b>     |
| <b>Total OPEB liability - beginning</b>                               | <b>\$ 1,008,036</b> | <b>\$ 982,510</b>   | <b>\$ 976,637</b> | <b>\$ 947,275</b> |
| <b>Total OPEB liability - ending</b>                                  | <b>\$ 985,992</b>   | <b>\$ 1,008,036</b> | <b>\$ 982,510</b> | <b>\$ 976,637</b> |
| <br><b>Covered payroll</b>  | <br>\$ 10,431,734   | <br>\$ 10,815,402   | <br>\$ 10,815,402 | <br>\$ 10,815,402 |
| <br><b>Fund's net position as a percentage of<br/>covered payroll</b> | <br>9.45%           | <br>9.32%           | <br>9.08%         | <br>9.03%         |

**Notes to schedule:**

<sup>1</sup> 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.

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

**2019**

<sup>1</sup>

\$ 34,121  
36,569

-

-

-

(48,250)

22,440

\$ 924,835  
\$ 947,275 <sup>2</sup>

\$ 10,315,629

9.18%



## ***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 activities of the City.

### ***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.

### ***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.

## ***NONMAJOR GOVERNMENTAL FUNDS (Continued)***

### ***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.

### ***OPIOID SETTLEMENT FUND***

This fund is used to track funds from the Texas Opioid settlement to be spent on drug overdose treatment, prevention and education.

**City of Orange, Texas**  
**COMBINING BALANCE SHEET**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2023**

|  | Orange<br>Development<br>Fund | Economic<br>Development<br>Fund | CDBG<br>Fund     | CDBG<br>Home<br>Program | CDBG<br>Recovery<br>Fund |
|--|-------------------------------|---------------------------------|------------------|-------------------------|--------------------------|
| <b>Assets</b>  |                               |                                 |                  |                         |                          |
| Cash and cash equivalents                                    | \$ 2,379,907                  | \$ 2,464                        | \$ 35,653        | \$ 9,903                | \$ -                     |
| Restricted cash  | -                             | -                               | -                | -                       | -                        |
| Taxes receivable, net  | -                             | -                               | -                | -                       | -                        |
| Receivables, net   | 122,514                       | -                               | 13,233           | -                       | 36,926                   |
| Due from others  | 229                           | -                               | -                | -                       | -                        |
| Prepays  | 47,350                        | -                               | 651              | -                       | -                        |
| <b>Total Assets</b>  | <b>\$ 2,550,000</b>           | <b>\$ 2,464</b>                 | <b>\$ 49,537</b> | <b>\$ 9,903</b>         | <b>\$ 36,926</b>         |
| <b>Liabilities</b>   |                               |                                 |                  |                         |                          |
| Accounts payable   | \$ 32,599                     | \$ -                            | \$ 3,224         | \$ -                    | \$ 24,079                |
| Due to other funds   | -                             | -                               | -                | -                       | 12,847                   |
| <b>Total Liabilities</b>                                     | <b>32,599</b>                 | <b>-</b>                        | <b>3,224</b>     | <b>-</b>                | <b>36,926</b>            |
| <b>Deferred Inflows of Resources</b>                         |                               |                                 |                  |                         |                          |
| Property taxes   | -                             | -                               | -                | -                       | -                        |
| Grant revenue  | -                             | -                               | -                | -                       | -                        |
| <b>Total Deferred Inflows of Resources</b>                   | <b>-</b>                      | <b>-</b>                        | <b>-</b>         | <b>-</b>                | <b>-</b>                 |
| <b>Fund Balances</b>   |                               |                                 |                  |                         |                          |
| Nonspendable:  |                               |                                 |                  |                         |                          |
| Prepays  | 47,350                        | -                               | 651              | -                       | -                        |
| Restricted:  |                               |                                 |                  |                         |                          |
| Debt service   | -                             | -                               | -                | -                       | -                        |
| Culture and recreation                                       | -                             | -                               | -                | -                       | -                        |
| Public safety  | -                             | -                               | -                | -                       | -                        |
| Public works   | -                             | -                               | 45,662           | 9,903                   | -                        |
| Tourism and promotion  | 2,470,051                     | -                               | -                | -                       | -                        |
| Assigned   |                               |                                 |                  |                         |                          |
| Economic development   | -                             | 2,464                           | -                | -                       | -                        |
| Capital improvements   | -                             | -                               | -                | -                       | -                        |
| Unassigned   | -                             | -                               | -                | -                       | -                        |
| <b>Total Fund Balances</b>                                   | <b>2,517,401</b>              | <b>2,464</b>                    | <b>46,313</b>    | <b>9,903</b>            | <b>-</b>                 |
| <b>Total Liabilities, Deferred Inflows and Fund Balances</b> | <b>\$ 2,550,000</b>           | <b>\$ 2,464</b>                 | <b>\$ 49,537</b> | <b>\$ 9,903</b>         | <b>\$ 36,926</b>         |

| Debt Service      | Parks<br>Donation Fund | Law Enforcement<br>Seizures | Court Technology<br>Fund | Bureau of Justice Grant | Police Donation Fund | Emergency Management<br>Grant Fund |
|-------------------|------------------------|-----------------------------|--------------------------|-------------------------|----------------------|------------------------------------|
| \$ -              | \$ 66,396              | \$ 417,752                  | \$ 40,249                | \$ -                    | \$ 32,458            | \$ -                               |
| 17,678            | -                      | -                           | -                        | -                       | -                    | -                                  |
| 169,615           | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | -                           | -                        | 14,147                  | -                    | -                                  |
| 1,815             | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | -                           | -                        | -                       | -                    | -                                  |
| <b>\$ 189,108</b> | <b>\$ 66,396</b>       | <b>\$ 417,752</b>           | <b>\$ 40,249</b>         | <b>\$ 14,147</b>        | <b>\$ 32,458</b>     | <b>\$ -</b>                        |
| <br>              | <br>                   | <br>                        | <br>                     | <br>                    | <br>                 | <br>                               |
| \$ -              | \$ -                   | \$ 43,104                   | \$ -                     | \$ -                    | \$ -                 | \$ -                               |
| -                 | -                      | -                           | -                        | 14,147                  | -                    | -                                  |
| -                 | -                      | 43,104                      | -                        | 14,147                  | -                    | -                                  |
| <br>              | <br>                   | <br>                        | <br>                     | <br>                    | <br>                 | <br>                               |
| 169,615           | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | -                           | -                        | 13,543                  | -                    | -                                  |
| <b>169,615</b>    | <b>-</b>               | <b>-</b>                    | <b>-</b>                 | <b>13,543</b>           | <b>-</b>             | <b>-</b>                           |
| <br>              | <br>                   | <br>                        | <br>                     | <br>                    | <br>                 | <br>                               |
| 19,493            | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | 66,396                 | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | 374,648                     | 40,249                   | -                       | 32,458               | -                                  |
| -                 | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | -                           | -                        | -                       | -                    | -                                  |
| -                 | -                      | -                           | -                        | -                       | -                    | -                                  |
| <b>19,493</b>     | <b>66,396</b>          | <b>374,648</b>              | <b>40,249</b>            | <b>(13,543)</b>         | <b>32,458</b>        | <b>-</b>                           |
| <b>\$ 189,108</b> | <b>\$ 66,396</b>       | <b>\$ 417,752</b>           | <b>\$ 40,249</b>         | <b>\$ 14,147</b>        | <b>\$ 32,458</b>     | <b>\$ -</b>                        |

**City of Orange, Texas**  
**COMBINING BALANCE SHEET (Continued)**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**September 30, 2023**

|  | Stark<br>Foundation<br>Grant Fund | Confined<br>Space Rescue<br>Fund | Fire Dept.<br>Donation<br>Fund | Animal<br>Shelter<br>Donation<br>Fund | Homeland<br>Security<br>Program |
|--|-----------------------------------|----------------------------------|--------------------------------|---------------------------------------|---------------------------------|
| <b>Assets</b>  |                                   |                                  |                                |                                       |                                 |
| Cash and cash equivalents                                    | \$ 9,640                          | \$ 139,751                       | \$ 12,984                      | \$ 21,855                             | \$ -                            |
| Restricted cash  | -                                 | -                                | -                              | -                                     | -                               |
| Taxes receivable, net  | -                                 | -                                | -                              | -                                     | -                               |
| Receivables, net   | -                                 | 5,000                            | -                              | -                                     | 35,303                          |
| Due from others  | -                                 | -                                | -                              | -                                     | -                               |
| Prepays  | -                                 | -                                | -                              | -                                     | -                               |
| <b>Total Assets</b>  | <b>\$ 9,640</b>                   | <b>\$ 144,751</b>                | <b>\$ 12,984</b>               | <b>\$ 21,855</b>                      | <b>\$ 35,303</b>                |
| <b>Liabilities</b>   |                                   |                                  |                                |                                       |                                 |
| Accounts payable   | \$ -                              | \$ 335                           | \$ -                           | \$ -                                  | \$ -                            |
| Due to other funds   | -                                 | -                                | -                              | -                                     | 35,303                          |
| <b>Total Liabilities</b>                                     | <b>-</b>                          | <b>335</b>                       | <b>-</b>                       | <b>-</b>                              | <b>35,303</b>                   |
| <b>Deferred Inflows of Resources</b>                         |                                   |                                  |                                |                                       |                                 |
| Property taxes   | -                                 | -                                | -                              | -                                     | -                               |
| Grant revenue  | -                                 | -                                | -                              | -                                     | -                               |
| <b>Total Deferred Inflows of Resources</b>                   | <b>-</b>                          | <b>-</b>                         | <b>-</b>                       | <b>-</b>                              | <b>-</b>                        |
| <b>Fund Balances</b>   |                                   |                                  |                                |                                       |                                 |
| Nonspendable:  |                                   |                                  |                                |                                       |                                 |
| Prepays  | -                                 | -                                | -                              | -                                     | -                               |
| Restricted:  |                                   |                                  |                                |                                       |                                 |
| Debt service   | -                                 | -                                | -                              | -                                     | -                               |
| Culture and recreation                                       | -                                 | -                                | -                              | -                                     | -                               |
| Public safety  | 9,640                             | 144,416                          | 12,984                         | 21,855                                | -                               |
| Public works   | -                                 | -                                | -                              | -                                     | -                               |
| Tourism and promotion  | -                                 | -                                | -                              | -                                     | -                               |
| Assigned   |                                   |                                  |                                |                                       |                                 |
| Economic development   | -                                 | -                                | -                              | -                                     | -                               |
| Capital improvements   | -                                 | -                                | -                              | -                                     | -                               |
| Unassigned   | -                                 | -                                | -                              | -                                     | -                               |
| <b>Total Fund Balances</b>                                   | <b>9,640</b>                      | <b>144,416</b>                   | <b>12,984</b>                  | <b>21,855</b>                         | <b>-</b>                        |
| <b>Total Liabilities, Deferred Inflows and Fund Balances</b> | <b>\$ 9,640</b>                   | <b>\$ 144,751</b>                | <b>\$ 12,984</b>               | <b>\$ 21,855</b>                      | <b>\$ 35,303</b>                |

| Library<br>Donation<br>Fund | TX Forest<br>Service<br>Grants | Opiod<br>Settlement | Texas Loan<br>Star Library<br>Grant | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental |
|-----------------------------|--------------------------------|---------------------|-------------------------------------|-----------------------------|-----------------------------------|
| \$ 89,451                   | \$ -                           | \$ 97,736           | \$ 1,539                            | \$ 129,379                  | \$ 3,487,117                      |
| -                           | -                              | -                   | -                                   | 82                          | 17,760                            |
| -                           | -                              | -                   | -                                   | -                           | 169,615                           |
| -                           | 2,660                          | -                   | -                                   | -                           | 229,783                           |
| -                           | -                              | -                   | -                                   | -                           | 2,044                             |
| -                           | -                              | -                   | -                                   | -                           | 48,001                            |
| <b>\$ 89,451</b>            | <b>\$ 2,660</b>                | <b>\$ 97,736</b>    | <b>\$ 1,539</b>                     | <b>\$ 129,461</b>           | <b>\$ 3,954,320</b>               |
| <br>                        | <br>                           | <br>                | <br>                                | <br>                        | <br>                              |
| \$ -                        | \$ -                           | \$ -                | \$ -                                | \$ -                        | \$ 103,341                        |
| -                           | 2,135                          | -                   | -                                   | -                           | 64,432                            |
| <b>-</b>                    | <b>2,135</b>                   | <b>-</b>            | <b>-</b>                            | <b>-</b>                    | <b>167,773</b>                    |
| <br>                        | <br>                           | <br>                | <br>                                | <br>                        | <br>                              |
| -                           | -                              | -                   | -                                   | -                           | 169,615                           |
| -                           | -                              | -                   | -                                   | -                           | 13,543                            |
| <b>-</b>                    | <b>-</b>                       | <b>-</b>            | <b>-</b>                            | <b>-</b>                    | <b>183,158</b>                    |
| <br>                        | <br>                           | <br>                | <br>                                | <br>                        | <br>                              |
| -                           | -                              | -                   | -                                   | -                           | 48,001                            |
| -                           | -                              | -                   | -                                   | -                           | 19,493                            |
| 89,451                      | -                              | -                   | 1,539                               | -                           | 157,386                           |
| -                           | -                              | 97,736              | -                                   | -                           | 733,986                           |
| -                           | -                              | -                   | -                                   | -                           | 55,565                            |
| -                           | 525                            | -                   | -                                   | -                           | 2,470,576                         |
| <br>                        | <br>                           | <br>                | <br>                                | <br>                        | <br>                              |
| -                           | -                              | -                   | -                                   | -                           | 2,464                             |
| -                           | -                              | -                   | -                                   | 129,461                     | 129,461                           |
| -                           | -                              | -                   | -                                   | -                           | (13,543)                          |
| <b>89,451</b>               | <b>525</b>                     | <b>97,736</b>       | <b>1,539</b>                        | <b>129,461</b>              | <b>3,603,389</b>                  |
| <br>                        | <br>                           | <br>                | <br>                                | <br>                        | <br>                              |
| <b>\$ 89,451</b>            | <b>\$ 2,660</b>                | <b>\$ 97,736</b>    | <b>\$ 1,539</b>                     | <b>\$ 129,461</b>           | <b>\$ 3,954,320</b>               |

**City of Orange, Texas**  
**COMBINING STATEMENT OF REVENUES, EXPENDITURES,**  
**AND CHANGES IN FUND BALANCES**  
**NONMAJOR GOVERNMENTAL FUNDS**  
**For the Year Ended September 30, 2023**

|   | <b>Orange<br/>Development<br/>Fund</b> | <b>Economic<br/>Development<br/>Fund</b> | <b>CDBG<br/>Fund</b> | <b>CDBG<br/>Home<br/>Program</b> | <b>CDBG<br/>Recovery<br/>Fund</b> |
|---|--|--|----------------------|----------------------------------|-----------------------------------|
| <b><u>Revenues</u></b>                          |  |  |                      |                                  |                                   |
| Property taxes                                  | \$ -                                   | \$ -                                     | \$ -                 | \$ -                             | \$ -                              |
| Hotel occupancy taxes                           | 734,418                                | -  | -                    | -                                | -                                 |
| Grants & contributions                          | -                                      | -  | 325,648              | -                                | 110,573                           |
| Charges for services                            | 53,727                                 | -  | 13,198               | -                                | -                                 |
| Other income                                    | -                                      | -  | -                    | -                                | -                                 |
| Investment income                               | 108,935                                | 104                                      | -                    | -                                | -                                 |
| Donations                                       | 7,950                                  | -  | -                    | -                                | -                                 |
| <b>Total Revenues</b>                           | <b>905,030</b>                         | <b>104</b>                               | <b>338,846</b>       | <b>-</b>                         | <b>110,573</b>                    |
| <b><u>Expenditures</u></b>                      |  |  |                      |                                  |                                   |
| Culture and recreation                          | 707,049                                | -  | -                    | -                                | -                                 |
| Public safety                                   | -                                      | -  | -                    | -                                | -                                 |
| Public works                                    | -                                      | -  | 257,675              | -                                | 107,278                           |
| Debt service:                                   |  |  |                      |                                  |                                   |
| Principal                                       | -                                      | -  | -                    | -                                | -                                 |
| Interest and fiscal charges                     | -                                      | -  | -                    | -                                | -                                 |
| Capital outlay                                  | 318,731                                | -  | 65,000               | -                                | -                                 |
| <b>Total Expenditures</b>                       | <b>1,025,780</b>                       | <b>-</b>                                 | <b>322,675</b>       | <b>-</b>                         | <b>107,278</b>                    |
| <b>Revenues Over<br/>(Under) Expenditures</b>   | <b>(120,750)</b>                       | <b>104</b>                               | <b>16,171</b>        | <b>-</b>                         | <b>3,295</b>                      |
| <b><u>Other Financing Sources (Uses)</u></b>    |  |  |                      |                                  |                                   |
| Transfers in                                    | -                                      | -  | -                    | -                                | -                                 |
| <b>Total Other Financing<br/>Sources (Uses)</b> | <b>-</b>                               | <b>-</b>                                 | <b>-</b>             | <b>-</b>                         | <b>-</b>                          |
| <b>Net Change in Fund Balances</b>              | <b>(120,750)</b>                       | <b>104</b>                               | <b>16,171</b>        | <b>-</b>                         | <b>3,295</b>                      |
| Beginning fund balances                         | 2,638,151                              | 2,360                                    | 30,142               | 9,903                            | (3,295)                           |
| <b>Ending Fund Balances</b>                     | <b>\$ 2,517,401</b>                    | <b>\$ 2,464</b>                          | <b>\$ 46,313</b>     | <b>\$ 9,903</b>                  | <b>\$ -</b>                       |

| Debt Service         | Parks<br>Donation<br>Fund | Law<br>Enforcement<br>Seizures | Court<br>Technology<br>Fund | Bureau of<br>Justice Grant | Police<br>Donation<br>Fund | Emergency<br>Management<br>Grant Fund |
|----------------------|---------------------------|--------------------------------|-----------------------------|----------------------------|----------------------------|---------------------------------------|
| \$ 806,914           | \$ -                      | \$ -                           | \$ -                        | \$ -                       | \$ -                       | \$ -                                  |
| -                    | -                         | -                              | -                           | -                          | -                          | -                                     |
| -                    | -                         | -                              | -                           | 17,927                     | -                          | -                                     |
| -                    | -                         | -                              | 5,979                       | -                          | -                          | -                                     |
| -                    | -                         | -                              | -                           | -                          | -                          | -                                     |
| 2,973                | 2,921                     | 17,641                         | 1,616                       | -                          | 1,372                      | -                                     |
| -                    | 25,000                    | -                              | -                           | -                          | -                          | -                                     |
| <u>809,887</u>       | <u>27,921</u>             | <u>17,641</u>                  | <u>7,595</u>                | <u>17,927</u>              | <u>1,372</u>               | <u>-</u>                              |
| <br>- 12,617         | <br>- -                   | <br>- -                        | <br>- -                     | <br>- -                    | <br>- -                    | <br>- -                               |
| -                    | -                         | -                              | 14,141                      | 17,710                     | -                          | -                                     |
| -                    | -                         | -                              | -                           | -                          | -                          | -                                     |
| 715,000              | -                         | -                              | -                           | -                          | -                          | -                                     |
| 293,875              | -                         | -                              | -                           | -                          | -                          | -                                     |
| -                    | 20,375                    | -                              | -                           | -                          | -                          | -                                     |
| <u>1,008,875</u>     | <u>32,992</u>             | <u>-</u>                       | <u>14,141</u>               | <u>17,710</u>              | <u>-</u>                   | <u>-</u>                              |
| <br><u>(198,988)</u> | <br><u>(5,071)</u>        | <br><u>17,641</u>              | <br><u>(6,546)</u>          | <br><u>217</u>             | <br><u>1,372</u>           | <br><u>-</u>                          |
| <br>135,000          | <br>- -                   | <br>- -                        | <br>- -                     | <br>- -                    | <br>- -                    | <br>- -                               |
| 135,000              | -                         | -                              | -                           | -                          | -                          | -                                     |
| (63,988)             | (5,071)                   | 17,641                         | (6,546)                     | 217                        | 1,372                      | -                                     |
| <br>83,481           | <br>71,467                | <br>357,007                    | <br>46,795                  | <br>(13,760)               | <br>31,086                 | <br>-                                 |
| <u>\$ 19,493</u>     | <u>\$ 66,396</u>          | <u>\$ 374,648</u>              | <u>\$ 40,249</u>            | <u>\$ (13,543)</u>         | <u>\$ 32,458</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, 2023**

|   | Stark<br>Foundation<br>Grant Fund | Confined<br>Space Rescue<br>Fund | Fire Dept.<br>Donation<br>Fund | Animal<br>Shelter<br>Donation<br>Fund | Homeland<br>Security<br>Program |
|---|-----------------------------------|----------------------------------|--------------------------------|---------------------------------------|---------------------------------|
| <b>Revenues</b>                                 |                                   |                                  |                                |                                       |                                 |
| Property taxes                                  | \$ -                              | \$ -                             | \$ -                           | \$ -                                  | \$ -                            |
| Hotel occupancy taxes                           | -                                 | -                                | -                              | -                                     | -                               |
| Grants & contributions                          | -                                 | -                                | -                              | -                                     | 35,303                          |
| Charges for services                            | -                                 | -                                | -                              | -                                     | -                               |
| Other income                                    | -                                 | -                                | -                              | -                                     | -                               |
| Investment income                               | 408                               | 5,418                            | 492                            | 886                                   | -                               |
| Donations                                       | -                                 | 30,499                           | 2,750                          | 2,005                                 | -                               |
| <b>Total Revenues</b>                           | <b>408</b>                        | <b>35,917</b>                    | <b>3,242</b>                   | <b>2,891</b>                          | <b>35,303</b>                   |
| <b>Expenditures</b>                             |                                   |                                  |                                |                                       |                                 |
| Culture and recreation                          | -                                 | -                                | -                              | -                                     | -                               |
| Public safety                                   | -                                 | 21,803                           | -                              | -                                     | 35,303                          |
| Public works                                    | -                                 | -                                | -                              | -                                     | -                               |
| Debt service:                                   |                                   |                                  |                                |                                       |                                 |
| Principal                                       | -                                 | -                                | -                              | -                                     | -                               |
| Interest and fiscal charges                     | -                                 | -                                | -                              | -                                     | -                               |
| Capital outlay                                  | -                                 | -                                | -                              | -                                     | -                               |
| <b>Total Expenditures</b>                       | <b>-</b>                          | <b>21,803</b>                    | <b>-</b>                       | <b>-</b>                              | <b>35,303</b>                   |
| <b>Revenues Over<br/>(Under) Expenditures</b>   | <b>408</b>                        | <b>14,114</b>                    | <b>3,242</b>                   | <b>2,891</b>                          | <b>-</b>                        |
| <b>Other Financing Sources (Uses)</b>           |                                   |                                  |                                |                                       |                                 |
| Transfers in                                    | -                                 | -                                | -                              | -                                     | -                               |
| <b>Total Other Financing<br/>Sources (Uses)</b> | <b>-</b>                          | <b>-</b>                         | <b>-</b>                       | <b>-</b>                              | <b>-</b>                        |
| <b>Net Change in Fund Balances</b>              | <b>408</b>                        | <b>14,114</b>                    | <b>3,242</b>                   | <b>2,891</b>                          | <b>-</b>                        |
| Beginning fund balances                         | 9,232                             | 130,302                          | 9,742                          | 18,964                                | -                               |
| <b>Ending Fund Balances</b>                     | <b>\$ 9,640</b>                   | <b>\$ 144,416</b>                | <b>\$ 12,984</b>               | <b>\$ 21,855</b>                      | <b>\$ -</b>                     |

| Library<br>Donation<br>Fund | TX Forest<br>Service<br>Grants | Opiod<br>Settlement | Texas Loan<br>Star Library<br>Grant | Capital<br>Projects<br>Fund | Total<br>Nonmajor<br>Governmental |
|-----------------------------|--------------------------------|---------------------|-------------------------------------|-----------------------------|-----------------------------------|
| \$ -                        | \$ -                           | \$ -                | \$ -                                | \$ -                        | \$ 806,914                        |
|                             |                                |                     |                                     |                             | 734,418                           |
|                             | 3,325                          | -                   | 869                                 | -                           | 493,645                           |
|                             | -                              | -                   | -                                   | -                           | 72,904                            |
| 2,956                       | -                              | 97,736              | -                                   | -                           | 100,692                           |
| 3,723                       | -                              | -                   | -                                   | 6,441                       | 152,930                           |
| 3,905                       | -                              | -                   | -                                   | -                           | 72,109                            |
| <b>10,584</b>               | <b>3,325</b>                   | <b>97,736</b>       | <b>869</b>                          | <b>6,441</b>                | <b>2,433,612</b>                  |
| 2,126                       | -                              | -                   | 1,888                               | -                           | 723,680                           |
| -                           | 2,660                          | -                   | -                                   | -                           | 91,617                            |
| -                           | -                              | -                   | -                                   | -                           | 364,953                           |
| -                           | -                              | -                   | -                                   | -                           | 715,000                           |
| -                           | -                              | -                   | -                                   | -                           | 293,875                           |
| 930                         | -                              | -                   | -                                   | -                           | 405,036                           |
| <b>3,056</b>                | <b>2,660</b>                   | <b>-</b>            | <b>1,888</b>                        | <b>-</b>                    | <b>2,594,161</b>                  |
| 7,528                       | 665                            | 97,736              | (1,019)                             | 6,441                       | (160,549)                         |
| -                           | -                              | -                   | -                                   | -                           | 135,000                           |
| -                           | -                              | -                   | -                                   | -                           | 135,000                           |
| 7,528                       | 665                            | 97,736              | (1,019)                             | 6,441                       | (25,549)                          |
| 81,923                      | (140)                          | -                   | 2,558                               | 123,020                     | 3,628,938                         |
| <b>\$ 89,451</b>            | <b>\$ 525</b>                  | <b>\$ 97,736</b>    | <b>\$ 1,539</b>                     | <b>\$ 129,461</b>           | <b>\$ 3,603,389</b>               |



**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, 2023**

|  | <u>Original &amp;<br/>Final Budget</u>      | <u>Actual</u>      | <u>Variance with<br/>Final Budget</u> |
|--|---|--------------------|---------------------------------------|
|  | <u>Positive<br/>(Negative)</u>              |                    |                                       |
| <b><u>Revenues</u></b>                       |   |                    |                                       |
| Property tax                                 | \$ 807,088                                  | \$ 806,914         | \$ (174)                              |
| Investment income                            | 800   | 2,973              | 2,173                                 |
|  | <b>Total Revenues</b>                       | <b>807,888</b>     | <b>1,999</b>                          |
| <b><u>Expenditures</u></b>                   |   |                    |                                       |
| Debt service:                                |   |                    |                                       |
| Principal                                    | 715,000                                     | 715,000            | -                                     |
| Interest and fiscal charges                  | 293,875                                     | 293,875            | -                                     |
|  | <b>Total Expenditures</b>                   | <b>1,008,875</b>   | <b>-</b>                              |
|  | <b>Revenues Over (Under) Expenditures</b>   | <b>(200,987)</b>   | <b>(198,988)</b>                      |
|  |   |                    | <b>1,999</b>                          |
| <b><u>Other Financing Sources (Uses)</u></b> |   |                    |                                       |
| Transfers in                                 | 125,000                                     | 135,000            | (10,000)                              |
|  | <b>Total Other Financing Sources (Uses)</b> | <b>125,000</b>     | <b>(10,000)</b>                       |
|  | <b>Net Change in Fund Balance</b>           | <b>\$ (75,987)</b> | <b>\$ (63,988)</b>                    |
| Beginning fund balance                       |   | 83,481             |                                       |
|  | <b>Ending Fund Balance</b>                  | <b>\$ 19,493</b>   |                                       |

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, 2023**

|                                   | Original &<br>Final Budget | Actual     | Variance with<br>Final Budget |
|-----------------------------------|----------------------------|------------|-------------------------------|
|                                   |                            |            | Positive<br>(Negative)        |
| <b><u>Revenues</u></b>            |                            |            |                               |
| Investment income                 | \$ -                       | \$ 6,441   | \$ 6,441                      |
| <b>Total Revenues</b>             | <hr/>                      | <hr/>      | <hr/>                         |
|                                   | - - -                      | 6,441      | 6,441                         |
| <b><u>Expenditures</u></b>        |                            |            |                               |
| Capital outlay                    | 316,105                    | - - -      | 316,105                       |
| <b>Total Expenditures</b>         | <hr/>                      | <hr/>      | <hr/>                         |
|                                   | 316,105                    | - - -      | 316,105                       |
| <b>Net Change in Fund Balance</b> | <hr/>                      | <hr/>      | <hr/>                         |
| Beginning fund balance            | \$ (316,105)               | 6,441      | \$ 322,546                    |
| <b>Ending Fund Balance</b>        | <hr/>                      | <hr/>      | <hr/>                         |
|                                   | 123,020                    | \$ 129,461 | <hr/>                         |

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, 2023**

|                                   | Original<br>Budget | Final Budget        | Actual              | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|---------------------|---------------------|---|
| <b>Revenues</b>                   |                    |                     |                     |   |
| Hotel occupancy taxes             | \$ 720,000         | \$ 720,000          | \$ 734,418          | \$ 14,418   |
| Charges for services              | 53,727             | 53,727              | 53,727              | -   |
| Donations                         | 4,000              | 4,000               | 7,950               | 3,950   |
| <b>Total Revenues</b>             | <b>777,727</b>     | <b>818,352</b>      | <b>905,030</b>      | <b>86,678</b>   |
| <b>Expenditures</b>               |                    |                     |                     |   |
| Culture and recreation            | 766,432            | 766,432             | 707,049             | 59,383  |
| Capital outlay                    | -                  | 265,749             | 318,731             | (52,982) *  |
| <b>Total Expenditures</b>         | <b>766,432</b>     | <b>1,032,181</b>    | <b>1,025,780</b>    | <b>6,401</b>  |
| <b>Net Change in Fund Balance</b> | <b>\$ 11,295</b>   | <b>\$ (213,829)</b> | <b>(120,750)</b>    | <b>\$ 93,079</b>  |
| Beginning fund balance            |                    |                     | 2,638,151           |   |
| <b>Ending Fund Balance</b>        |                    |                     | <b>\$ 2,517,401</b> |   |

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**  
**PARKS DONATION FUND**  
**For the Year Ended September 30, 2023**

|                                   | Original<br>Budget | Final Budget       | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|--------------------|------------------|---|
| <b>Revenues</b>                   |                    |                    |                  |   |
| Donations                         | \$ -               | \$ 25,000          | \$ 25,000        | \$ -  |
| Investment income                 | -                  | 2,200              | 2,921            | 721   |
| <b>Total Revenues</b>             | <b>-</b>           | <b>27,200</b>      | <b>27,921</b>    | <b>721</b>  |
| <b>Expenditures</b>               |                    |                    |                  |   |
| Culture and recreation            | -                  | 49,625             | 12,617           | 37,008  |
| Capital outlay                    | -                  | 20,375             | 20,375           | -   |
| <b>Total Expenditures</b>         | <b>-</b>           | <b>70,000</b>      | <b>32,992</b>    | <b>37,008</b>   |
| <b>Net Change in Fund Balance</b> | <b>\$ -</b>        | <b>\$ (42,800)</b> | <b>(5,071)</b>   | <b>\$ 37,729</b>  |
| Beginning fund balance            |                    |                    | 71,467           |   |
| <b>Ending Fund Balance</b>        |                    |                    | <b>\$ 66,396</b> |   |

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, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>     | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|-------------------|---------------------------------------|
|                                   |                            |                     |                   | <b>Positive<br/>(Negative)</b>        |
| <b>Revenues</b>                   |                            |                     |                   |                                       |
| Investment income                 | \$ -                       | \$ 10,000           | \$ 17,641         | \$ 7,641                              |
| <b>Total Revenues</b>             | <b>-</b>                   | <b>10,000</b>       | <b>17,641</b>     | <b>7,641</b>                          |
| <b>Expenditures</b>               |                            |                     |                   |                                       |
| Public safety                     | 117,000                    | 115,488             | -                 | 115,488                               |
| Capital outlay                    | 10,000                     | 11,512              | -                 | 11,512                                |
| <b>Total Expenditures</b>         | <b>127,000</b>             | <b>127,000</b>      | <b>-</b>          | <b>127,000</b>                        |
| <b>Net Change in Fund Balance</b> | <b>\$ (127,000)</b>        | <b>\$ (117,000)</b> | <b>17,641</b>     | <b>\$ 134,641</b>                     |
| Beginning fund balance            |                            |                     | 357,007           |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ 374,648</b> |                                       |

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, 2023**

|                                   | Original<br>Budget | Final Budget      | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|-------------------|------------------|---|
| <b>Revenues</b>                   |                    |                   |                  |   |
| Investment income                 | \$ -               | \$ 1,000          | \$ 1,372         | \$ 372  |
| <b>Total Revenues</b>             | <b>-</b>           | <b>1,000</b>      | <b>1,372</b>     | <b>372</b>  |
| <b>Expenditures</b>               |                    |                   |                  |   |
| Capital outlay                    | 5,000              | 5,000             | -                | 5,000   |
| <b>Total Expenditures</b>         | <b>5,000</b>       | <b>5,000</b>      | <b>-</b>         | <b>5,000</b>  |
| <b>Net Change in Fund Balance</b> | <b>\$ (5,000)</b>  | <b>\$ (4,000)</b> | <b>1,372</b>     | <b>\$ 5,372</b>   |
| Beginning fund balance            |                    |                   | 31,086           |   |
| <b>Ending Fund Balance</b>        |                    |                   | <b>\$ 32,458</b> |   |

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, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>      | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|--------------------|---------------------------------------|
|                                   |                            |                     |                    | <b>Positive<br/>(Negative)</b>        |
| <b>Revenues</b>                   |                            |                     |                    |                                       |
| Grants & contributions            | \$ -                       | \$ 27,594           | \$ 17,927          | \$ (9,667)                            |
| <b>Total Revenues</b>             | <b>-</b>                   | <b>27,594</b>       | <b>17,927</b>      | <b>(9,667)</b>                        |
| <b>Expenditures</b>               |                            |                     |                    |                                       |
| Public safety                     | - -                        | 14,649              | 17,710             | (3,061) *                             |
| <b>Total Expenditures</b>         | <b>- -</b>                 | <b>14,649</b>       | <b>17,710</b>      | <b>(3,061)</b>                        |
| <b>Net Change in Fund Balance</b> | <b>\$ -</b>                | <b>\$ 12,945</b>    | <b>217</b>         | <b>\$ (12,728)</b>                    |
| Beginning fund balance            |                            |                     | (13,760)           |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ (13,543)</b> |                                       |

Notes to Other Supplementary Information

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

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

**City of Orange, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**COURT TECHNOLOGY FUND**  
**For the Year Ended September 30, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>    | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|------------------|---------------------------------------|
|                                   |                            |                     |                  | <b>Positive<br/>(Negative)</b>        |
| <b><u>Revenues</u></b>            |                            |                     |                  |                                       |
| Grants & contributions            | \$ 7,000                   | \$ 7,000            | \$ 5,979         | \$ (1,021)                            |
| Investment income                 | -                          | 1,250               | 1,616            | 366                                   |
| <b>Total Revenues</b>             | <b>7,000</b>               | <b>8,250</b>        | <b>7,595</b>     | <b>(655)</b>                          |
| <b><u>Expenditures</u></b>        |                            |                     |                  |                                       |
| Public safety                     | 7,000                      | 15,653              | 14,141           | 1,512                                 |
| <b>Total Expenditures</b>         | <b>7,000</b>               | <b>15,653</b>       | <b>14,141</b>    | <b>1,512</b>                          |
| <b>Net Change in Fund Balance</b> | <b>\$ -</b>                | <b>\$ (7,403)</b>   | <b>(6,546)</b>   | <b>\$ 857</b>                         |
| Beginning fund balance            |                            |                     | 46,795           |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ 40,249</b> |                                       |

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, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>    | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|------------------|---------------------------------------|
|                                   |                            |                     |                  | <b>Positive<br/>(Negative)</b>        |
| <b><u>Revenues</u></b>            |                            |                     |                  |                                       |
| Grants & contributions            | \$ 329,414                 | \$ 430,749          | \$ 325,648       | \$ (105,101)                          |
| Charges for services              | 2,000                      | 2,000               | 13,198           | 11,198                                |
| <b>Total Revenues</b>             | <b>331,414</b>             | <b>432,749</b>      | <b>338,846</b>   | <b>(93,903)</b>                       |
| <b><u>Expenditures</u></b>        |                            |                     |                  |                                       |
| Public works                      | 232,729                    | 334,064             | 257,675          | 76,389                                |
| Capital outlay                    | 100,000                    | 165,000             | 65,000           | 100,000                               |
| <b>Total Expenditures</b>         | <b>332,729</b>             | <b>499,064</b>      | <b>322,675</b>   | <b>176,389</b>                        |
| <b>Net Change in Fund Balance</b> | <b>\$ (1,315)</b>          | <b>\$ (66,315)</b>  | <b>16,171</b>    | <b>\$ 82,486</b>                      |
| Beginning fund balance            |                            |                     | 30,142           |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ 46,313</b> |                                       |

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, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>  | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|----------------|---------------------------------------|
|                                   |                            |                     |                | <b>Positive<br/>(Negative)</b>        |
| <b><u>Revenues</u></b>            |                            |                     |                |                                       |
| Grants and contributions          | \$ -                       | \$ 63,337           | \$ 110,573     | \$ 47,236                             |
| <b>Total Revenues</b>             | <b>-</b>                   | <b>63,337</b>       | <b>110,573</b> | <b>47,236</b>                         |
| <b><u>Expenditures</u></b>        |                            |                     |                |                                       |
| Public works                      | - -                        | 92,279              | 107,278        | (14,999) *                            |
| <b>Total Expenditures</b>         | <b>-</b>                   | <b>92,279</b>       | <b>107,278</b> | <b>(14,999)</b>                       |
| <b>Net Change in Fund Balance</b> | <b>\$ -</b>                | <b>\$ (28,942)</b>  | <b>3,295</b>   | <b>\$ 32,237</b>                      |
| Beginning fund balance            |                            |                     | (3,295)        |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ -</b>    |                                       |

Notes to Other Supplementary Information

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

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

**City of Orange, Texas**  
**SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES**  
**IN FUND BALANCE - BUDGET AND ACTUAL**  
**CONFINED SPACE RESCUE FUND**  
**For the Year Ended September 30, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>     | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|-------------------|---------------------------------------|
|                                   |                            |                     |                   | <b>Positive<br/>(Negative)</b>        |
| <b>Revenues</b>                   |                            |                     |                   |                                       |
| Grants and donations              | \$ 20,000                  | \$ 20,000           | \$ 30,499         | \$ 10,499                             |
| Investment income                 | -                          | 4,000               | 5,418             | 1,418                                 |
| <b>Total Revenues</b>             | <b>20,000</b>              | <b>24,000</b>       | <b>35,917</b>     | <b>11,917</b>                         |
| <b>Expenditures</b>               |                            |                     |                   |                                       |
| Public safety                     | 50,500                     | 50,500              | 21,803            | 28,697                                |
| <b>Total Expenditures</b>         | <b>50,500</b>              | <b>50,500</b>       | <b>21,803</b>     | <b>28,697</b>                         |
| <b>Net Change in Fund Balance</b> | <b>\$ (30,500)</b>         | <b>\$ (26,500)</b>  | <b>14,114</b>     | <b>\$ 40,614</b>                      |
| Beginning fund balance            |                            |                     | 130,302           |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ 144,416</b> |                                       |

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, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>    | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|------------------|---------------------------------------|
|                                   |                            |                     |                  | <b>Positive<br/>(Negative)</b>        |
| <b><u>Revenues</u></b>            |                            |                     |                  |                                       |
| Grants and donations              | \$ -                       | \$ 2,250            | \$ 2,750         | \$ 500                                |
| Investment income                 | - -                        | 375                 | 492              | 117                                   |
| <b>Total Revenues</b>             | <b>-</b>                   | <b>2,625</b>        | <b>3,242</b>     | <b>617</b>                            |
| <b>Net Change in Fund Balance</b> | <b>\$ -</b>                | <b>\$ 2,625</b>     | <b>3,242</b>     | <b>\$ 617</b>                         |
| Beginning fund balance            |                            |                     | 9,742            |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ 12,984</b> |                                       |

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, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>    | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|------------------|---------------------------------------|
|                                   |                            |                     |                  | <b>Positive<br/>(Negative)</b>        |
| <b>Revenues</b>                   |                            |                     |                  |                                       |
| Grants and donations              | \$ -                       | \$ 2,000            | \$ 2,005         | \$ 5                                  |
| Investment income                 | - -                        | 600                 | 886              | 286                                   |
| <b>Total Revenues</b>             | <b>-</b>                   | <b>2,600</b>        | <b>2,891</b>     | <b>291</b>                            |
| <b>Expenditures</b>               |                            |                     |                  |                                       |
| Public safety                     | 10,000                     | 10,000              | -                | 10,000                                |
| <b>Total Expenditures</b>         | <b>10,000</b>              | <b>10,000</b>       | <b>-</b>         | <b>10,000</b>                         |
| <b>Net Change in Fund Balance</b> | <b>\$ (10,000)</b>         | <b>\$ (7,400)</b>   | <b>2,891</b>     | <b>\$ 10,291</b>                      |
| Beginning fund balance            |                            |                     | 18,964           |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ 21,855</b> |                                       |

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**  
**LIBRARY DONATION FUND**  
**For the Year Ended September 30, 2023**

|                                   | Original<br>Budget | Final Budget      | Actual           | Variance with<br>Final Budget<br>Positive<br>(Negative) |
|-----------------------------------|--------------------|-------------------|------------------|---|
| <b>Revenues</b>                   |                    |                   |                  |   |
| Charges for services              | \$ 1,000           | \$ 2,500          | \$ 2,956         | \$ 456  |
| Donations                         | 4,000              | 4,000             | 3,905            | (95)  |
| <b>Total Revenues</b>             | <b>5,000</b>       | <b>9,300</b>      | <b>10,584</b>    | <b>1,284</b>  |
| <b>Expenditures</b>               |                    |                   |                  |   |
| Culture and recreation            | 6,300              | 6,300             | 2,126            | 4,174   |
| Capital outlay                    | 5,000              | 5,000             | 930              | 4,070   |
| <b>Total Expenditures</b>         | <b>11,300</b>      | <b>11,300</b>     | <b>3,056</b>     | <b>8,244</b>  |
| <b>Net Change in Fund Balance</b> | <b>\$ (6,300)</b>  | <b>\$ (2,000)</b> | <b>7,528</b>     | <b>\$ 9,528</b>   |
| Beginning fund balance            |                    |                   | 81,923           |   |
| <b>Ending Fund Balance</b>        |                    |                   | <b>\$ 89,451</b> |   |

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, 2023**

|                                   | <b>Original<br/>Budget</b> | <b>Final Budget</b> | <b>Actual</b>   | <b>Variance with<br/>Final Budget</b> |
|-----------------------------------|----------------------------|---------------------|-----------------|---------------------------------------|
|                                   |                            |                     |                 | <b>Positive<br/>(Negative)</b>        |
| <b>Revenues</b>                   |                            |                     |                 |                                       |
| Investment income                 | \$ -                       | \$ 300              | \$ 408          | \$ 108                                |
| <b>Total Revenues</b>             | <b>-</b>                   | <b>300</b>          | <b>408</b>      | <b>108</b>                            |
| <b>Expenditures</b>               |                            |                     |                 |                                       |
| Public safety                     | 2,000                      | 2,000               | -               | 2,000                                 |
| <b>Total Expenditures</b>         | <b>2,000</b>               | <b>2,000</b>        | <b>-</b>        | <b>2,000</b>                          |
| <b>Net Change in Fund Balance</b> | <b>\$ (2,000)</b>          | <b>\$ (1,700)</b>   | <b>408</b>      | <b>\$ 2,108</b>                       |
| Beginning fund balance            |                            |                     | 9,232           |                                       |
| <b>Ending Fund Balance</b>        |                            |                     | <b>\$ 9,640</b> |                                       |

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, 2023**

|                                   | <u>Original &amp;<br/>Final Budget</u> | <u>Actual</u> | <u>Variance with<br/>Final Budget</u> |
|-----------------------------------|--|---------------|---------------------------------------|
|                                   |  |               | <u>Positive<br/>(Negative)</u>        |
| <b><u>Revenues</u></b>            |  |               |                                       |
| Grants                            | \$ -                                   | \$ -          | \$ -                                  |
| <b>Total Revenues</b>             | <u>-</u>                               | <u>-</u>      | <u>-</u>                              |
| <b><u>Expenditures</u></b>        |  |               |                                       |
| Capital outlay                    | - -                                    | - -           | - -                                   |
| <b>Total Expenditures</b>         | <u>-</u>                               | <u>-</u>      | <u>-</u>                              |
| <b>Net Change in Fund Balance</b> | <u>\$ -</u>                            | <u>-</u>      | <u>\$ -</u>                           |
| Beginning fund balance            |  | 9,903         |                                       |
| <b>Ending Fund Balance</b>        | <u>\$ 9,903</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**  
**TX FOREST SERVICE GRANTS**  
**For the Year Ended September 30, 2023**

|                                   | Original &<br>Final Budget | Actual       | Variance with<br>Final Budget |
|-----------------------------------|----------------------------|--------------|-------------------------------|
|                                   | (Negative)                 |              |                               |
| <b><u>Revenues</u></b>            |                            |              |                               |
| Grants                            | \$ 2,800                   | \$ 3,325     | \$ 525                        |
| <b>Total Revenues</b>             | <b>2,800</b>               | <b>3,325</b> | <b>525</b>                    |
| <b><u>Expenditures</u></b>        |                            |              |                               |
| Culture and recreation            | 2,800                      | 2,660        | 140                           |
| <b>Total Expenditures</b>         | <b>2,800</b>               | <b>2,660</b> | <b>140</b>                    |
| <b>Net Change in Fund Balance</b> | <b>\$ -</b>                | <b>665</b>   | <b>\$ 665</b>                 |
| Beginning fund balance            |                            | (140)        |                               |
| <b>Ending Fund Balance</b>        | <b>\$ 525</b>              |              |                               |

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, 2023**

|  | <b>Orange</b>                             | <b>EDC</b>          |
|--|---|---------------------|
| <b>Assets</b>                            |   |                     |
| Cash and cash equivalents                | \$ 4,010,040                              |                     |
| Restricted cash                          | 143,147                                   |                     |
| Investments                              | 250,540                                   |                     |
| Receivables, net                         | 540,260                                   |                     |
| Prepaids                                 | 91,768                                    |                     |
|  | <b>Total Current Assets</b>               | <b>5,035,755</b>    |
| <b>Liabilities</b>                       |   |                     |
| <b>Current Liabilities</b>               |   |                     |
| Accounts payable and accrued liabilities | 26,713                                    |                     |
|  | <b>Total Liabilities</b>                  | <b>26,713</b>       |
| <b>Fund Balances</b>                     |   |                     |
| Nonspendable for:                        |   |                     |
| Prepaids                                 | 91,768                                    |                     |
| Restricted for:                          |   |                     |
| Economic development                     | 4,774,127                                 |                     |
| Debt service                             | 143,147                                   |                     |
|  | <b>Total Fund Balance</b>                 | <b>5,009,042</b>    |
|  | <b>Total Liabilities and Fund Balance</b> | <b>\$ 5,035,755</b> |

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, 2023

|                     |              |
|---------------------|--------------|
| <b>Fund Balance</b> | \$ 5,009,042 |
|---------------------|--------------|

**Adjustments for the Statement of Net Position:**

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

|                                  |           |
|----------------------------------|-----------|
| Capital assets - non-depreciable | 1,301,228 |
| Capital assets - net depreciable | 4,665,754 |

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 | 23,975 |
|------------------------------|--------|

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

|  |                     |
|--|---------------------|
| Accrued interest   | (22,859)            |
| Compensated absences   | (26,529)            |
| Non-current liabilities due in one year                        | (300,000)           |
| Non-current liabilities due in more than one year              | (3,547,547)         |
| <b>Net Position of the Discretely Presented Component Unit</b> | <b>\$ 7,103,064</b> |

# City of Orange, Texas

## *STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES*

### *DISCRETELY PRESENTED COMPONENT UNIT*

For the Year Ended September 30, 2023

|                             | Orange<br>EDC                                       |
|-----------------------------|---|
| <b><u>Revenues</u></b>      |   |
| Sales taxes                 | \$ 3,116,310  |
| Donations                   | 16,659  |
| Investment income           | 135,005   |
|                             | <b>Total Revenues</b>                               |
|                             | <b><u>3,267,974</u></b>                             |
| <b><u>Expenditures</u></b>  |   |
| Economic development        | 940,890   |
| Personnel                   | 427,361   |
| Debt service:               |   |
| Principal                   | 285,000   |
| Interest and fiscal charges | 147,371   |
| Capital outlay              | 49,308  |
|                             | <b>Total Expenditures</b>                           |
|                             | <b><u>1,849,930</u></b>                             |
|                             | <b>Excess of Revenues Over (Under) Expenditures</b> |
|                             | <b><u>1,418,044</u></b>                             |
|                             | <b>Net Change in Fund Balances</b>                  |
|                             | <b>1,418,044</b>                                    |
| Beginning fund balances     | <u>3,590,998</u>                                    |
|                             | <b>Ending Fund Balances</b>                         |
|                             | <b><u>\$ 5,009,042</u></b>                          |

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, 2023

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

|                              |              |
|------------------------------|--------------|
| Net changes in fund balances | \$ 1,418,044 |
|------------------------------|--------------|

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                                   | 49,308      |
| Depreciation expense                             | (296,479)   |
| Transfer of capital assets to primary government | (1,788,752) |

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 | (7,381) |
| Accrued interest     | 1,251   |

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.

|  |                     |
|--|---------------------|
| Amortization of bond premium                             | 58,616              |
| Amortization of deferred charges                         | (2,664)             |
| Principal payments on long-term debt                     | 285,000             |
| <b>Change in Net Position of Governmental Activities</b> | <b>\$ (283,057)</b> |



***COMBINING STATEMENTS  
FIDUCIARY FUNDS***

**City of Orange, Texas**  
**COMBINING STATEMENT OF FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**September 30, 2023**

|                           | Municipal          | Employee         | <b>Total</b>     |
|---------------------------|--------------------|------------------|------------------|
|                           | Court              | Flex             |                  |
|                           | <b>Bond Escrow</b> | <b>Plan</b>      |                  |
| <b><u>Assets</u></b>      |                    |                  |                  |
| Cash and cash equivalents | \$ 9,717           | \$ 12,522        | \$ 22,239        |
| <b>Total Assets</b>       | <b>\$ 9,717</b>    | <b>\$ 12,522</b> | <b>\$ 22,239</b> |

**Net Position**

Restricted for:

|   |                 |                  |                  |
|---|-----------------|------------------|------------------|
| Others                                    | 9,717           | -                | 9,717            |
| Employee benefits                         | -               | 12,522           | 12,522           |
| <b>Total Net Position</b>                 | <b>9,717</b>    | <b>12,522</b>    | <b>22,239</b>    |
| <b>Total Net Position and Liabilities</b> | <b>\$ 9,717</b> | <b>\$ 12,522</b> | <b>\$ 22,239</b> |

**City of Orange, Texas**  
**COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION**  
**CUSTODIAL FUNDS**  
**For the Year Ended September 30, 2023**

|                                   | Municipal<br>Court<br>Bond Escrow | Employee<br>Flex<br>Plan | Total            |
|-----------------------------------|-----------------------------------|--------------------------|------------------|
| <b><u>Additions</u></b>           |                                   |                          |                  |
| Contributions from offenders      | \$ 17,854                         | \$ -                     | \$ 17,854        |
| Contributions from employees      | - -                               | 12,129                   | 12,129           |
| <b>Total Additions</b>            | <b>17,854</b>                     | <b>12,129</b>            | <b>29,983</b>    |
| <b><u>Deductions</u></b>          |                                   |                          |                  |
| Benefit payments                  | 19,731                            | 11,027                   | 30,758           |
| <b>Total Deductions</b>           | <b>19,731</b>                     | <b>11,027</b>            | <b>30,758</b>    |
| <b>Net Change in Net Position</b> | <b>(1,877)</b>                    | <b>1,102</b>             | <b>(775)</b>     |
| Beginning Net Position            | 11,594                            | 11,420                   | 23,014           |
| <b>Ending Net Position</b>        | <b>\$ 9,717</b>                   | <b>\$ 12,522</b>         | <b>\$ 22,239</b> |



## STATISTICAL SECTION

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

| Contents  | Page |
|---|------|
| Financial Trends  | 154  |
| <i>These schedules contain trend information to help the reader understand how the City's financial performance and well-being have changed over time.</i>  |      |
| Revenue Capacity  | 166  |
| <i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>  |      |
| Debt Capacity   | 172  |
| <i>These schedules present information to help the reader assess the affordability of the City's current levels of outstanding debt and the City's ability to issue additional debt in the future.</i>                    |      |
| Demographic and Economic Information  | 181  |
| <i>These schedules offer demographic and economic indicators to help the reader understand the environment within which the City's financial activities take place.</i>   |      |
| Operating Information   | 184  |
| <i>These schedules contain service and infrastructure data to help the reader understand how the information in the City's financial report relates to the services the City provides and the activities it performs.</i> |      |

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

**Table 1**

|   | <b>2014 (a)</b>             | <b>2015 (a)</b>             | <b>2016</b>                 | <b>2017</b>                 |
|---|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| <b>Government activities</b>                |                             |                             |                             |                             |
| Net investment in capital assets            | \$ 23,215,863               | \$ 23,174,811               | \$ 23,352,038               | \$ 24,957,665               |
| Restricted                                  | 76,887                      | 91,495                      | 90,042                      | 81,826                      |
| Unrestricted                                | (3,493,205)                 | (1,142,628)                 | (1,516,824)                 | (4,206,781)                 |
| Total government activities net position    | <u><u>\$ 19,799,545</u></u> | <u><u>\$ 22,123,678</u></u> | <u><u>\$ 21,925,256</u></u> | <u><u>\$ 20,832,710</u></u> |
| <b>Business-type activities</b>             |                             |                             |                             |                             |
| Net investment in capital assets            | \$ 35,152,332               | \$ 35,994,034               | \$ 37,447,602               | \$ 37,379,002               |
| Restricted                                  | 1,457,546                   | 777,587                     | 66,923                      | 135,868                     |
| Unrestricted                                | 532,566                     | 1,492,412                   | 2,274,530                   | 3,256,371                   |
| Total business-type activities net position | <u><u>\$ 37,142,444</u></u> | <u><u>\$ 38,264,033</u></u> | <u><u>\$ 39,789,055</u></u> | <u><u>\$ 40,771,241</u></u> |
| <b>Primary government</b>                   |                             |                             |                             |                             |
| Net investment in capital assets            | \$ 58,368,195               | \$ 59,168,845               | \$ 60,799,640               | \$ 62,336,667               |
| Restricted                                  | 1,534,433                   | 869,082                     | 156,965                     | 217,694                     |
| Unrestricted                                | (2,960,639)                 | 349,784                     | 757,706                     | (950,410)                   |
| Total primary government net position       | <u><u>\$ 56,941,989</u></u> | <u><u>\$ 60,387,711</u></u> | <u><u>\$ 61,714,311</u></u> | <u><u>\$ 61,603,951</u></u> |

(a) 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).

(b) 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.

| 2018 (b)             | 2019                 | 2020                 | 2021                 | 2022                 | 2023                 |
|----------------------|----------------------|----------------------|----------------------|----------------------|----------------------|
| \$ 24,556,626        | \$ 27,309,838        | \$ 26,859,226        | \$ 28,298,493        | \$ 30,327,041        | \$ 35,193,615        |
| 2,529,941            | 2,594,489            | 2,918,536            | 7,976,662            | 10,518,925           | 6,374,128            |
| (4,622,234)          | (4,497,983)          | (1,857,205)          | 121,374              | 3,105,166            | 5,596,927            |
| <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> | <u>\$ 47,164,670</u> |
| <br>                 | <br>                 | <br>                 | <br>                 | <br>                 | <br>                 |
| \$ 37,654,963        | \$ 37,114,603        | \$ 36,910,875        | \$ 36,901,681        | \$ 39,078,022        | \$ 39,633,872        |
| 138,102              | 141,855              | 145,620              | 151,859              | 208,938              | 313,935              |
| 5,144,027            | 6,175,935            | 5,774,829            | 6,486,168            | 5,611,660            | 8,810,037            |
| <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> | <u>\$ 48,757,844</u> |
| <br>                 | <br>                 | <br>                 | <br>                 | <br>                 | <br>                 |
| \$ 62,211,589        | \$ 64,424,441        | \$ 63,770,101        | \$ 65,200,174        | \$ 69,405,063        | \$ 74,827,487        |
| 2,668,043            | 2,736,344            | 3,064,156            | 8,128,521            | 10,727,863           | 6,688,063            |
| 521,793              | 1,677,952            | 3,917,624            | 6,607,542            | 8,716,826            | 14,406,964           |
| <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> | <u>\$ 95,922,514</u> |

# City of Orange, Texas

## CHANGES IN NET POSITION

### Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 2

|  | 2014              | 2015              | 2016              | 2017              |
|--|-------------------|-------------------|-------------------|-------------------|
| <b>Expenses</b>                                |                   |                   |                   |                   |
| Governmental Activities                        |                   |                   |                   |                   |
| General government                             | \$ 1,155,305      | \$ 1,362,420      | \$ 1,704,725      | \$ 3,421,279      |
| Cultural and recreation                        | 1,636,053         | 1,571,047         | 1,746,315         | 2,292,791         |
| Public safety                                  | 10,666,744        | 10,843,357        | 11,700,880        | 12,925,242        |
| Public works                                   | 4,323,317         | 3,808,559         | 4,471,129         | 4,195,377         |
| Interest on long-term debt                     | 281,198           | 199,043           | 190,032           | 179,684           |
| Total governmental activities                  | <u>18,062,617</u> | <u>17,784,426</u> | <u>19,813,081</u> | <u>23,014,373</u> |
| Business-type activities                       |                   |                   |                   |                   |
| Sanitation                                     | 1,691,352         | 1,706,452         | 1,750,708         | 2,280,761         |
| Water and Sewer                                | 6,951,782         | 6,794,993         | 6,722,558         | 7,098,876         |
| Total business-type activities                 | <u>8,643,134</u>  | <u>8,501,445</u>  | <u>8,473,266</u>  | <u>9,379,637</u>  |
| Total primary government                       | <u>26,705,751</u> | <u>26,285,871</u> | <u>28,286,347</u> | <u>32,394,010</u> |
| <b>Program Revenues</b>                        |                   |                   |                   |                   |
| Governmental activities                        |                   |                   |                   |                   |
| Charges for services                           |                   |                   |                   |                   |
| General government                             | 1,141,978         | 1,307,982         | 1,209,346         | 1,973,385         |
| Cultural and recreation                        | 22,961            | 50,620            | 59,249            | 61,636            |
| Public safety                                  | 183,055           | 406,569           | 349,818           | 296,656           |
| Public works                                   | 125,919           | 114,950           | 79,100            | 70,292            |
| Operating grants and contributions             |                   |                   |                   |                   |
| General government                             | 137,756           | 97,436            | 116,460           | 236,439           |
| Cultural and recreation                        | 46,708            | 15,290            | 1,443             | 3,605             |
| Public safety                                  | 84,408            | 80,673            | 147,791           | 428,674           |
| Public works                                   | 268,082           | 248,688           | 572,738           | 284,487           |
| Capital grants and contributions               |                   |                   |                   |                   |
| General government                             | -                 | -                 | -                 | -                 |
| Cultural and recreation                        | 1,637             | 1,074             | 59,817            | 134,922           |
| Public safety                                  | 32,386            | 330,162           | 10,000            | -                 |
| Public works                                   | <u>4,190,783</u>  | <u>1,034,726</u>  | <u>100,000</u>    | <u>-</u>          |
| Total governmental activities program revenues | <u>6,235,673</u>  | <u>3,688,170</u>  | <u>2,705,762</u>  | <u>3,490,096</u>  |

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

| 2018              | 2019              | 2020              | 2021              | 2022              | 2023              |
|-------------------|-------------------|-------------------|-------------------|-------------------|-------------------|
| \$ 2,677,375      | \$ 3,534,422      | \$ 3,560,714      | \$ 4,250,633      | \$ 3,980,709      | \$ 4,568,339      |
| 1,735,516         | 1,871,636         | 1,819,438         | 2,116,135         | 2,264,290         | 3,099,344         |
| 11,956,509        | 13,848,928        | 13,677,136        | 12,281,464        | 11,951,959        | 15,223,993        |
| 3,893,417         | 4,137,174         | 4,537,509         | 5,487,081         | 6,285,129         | 7,591,194         |
| 178,291           | 485,903           | 366,039           | 346,388           | 319,259           | 296,005           |
| <u>20,441,108</u> | <u>23,878,063</u> | <u>23,960,836</u> | <u>24,481,701</u> | <u>24,801,346</u> | <u>30,778,875</u> |
| 5,199,862         | 1,967,255         | 2,163,909         | 2,198,327         | 2,257,801         | 2,586,865         |
| 6,820,644         | 7,662,367         | 8,002,416         | 7,315,517         | 7,676,166         | 7,525,888         |
| 12,020,506        | 9,629,622         | 10,166,325        | 9,513,844         | 9,933,967         | 10,112,753        |
| <u>32,461,614</u> | <u>33,507,685</u> | <u>34,127,161</u> | <u>33,995,545</u> | <u>34,735,313</u> | <u>40,891,628</u> |
| 1,357,437         | 1,400,502         | 465,320           | 617,141           | 674,908           | 666,280           |
| 47,749            | 45,884            | 43,358            | 44,667            | 10,584            | 17,466            |
| 284,804           | 272,759           | 146,996           | 177,088           | 154,950           | 217,403           |
| 71,078            | 65,833            | 125,348           | 130,443           | 201,384           | 338,343           |
| 177,140           | 181,919           | 78,717            | 218,712           | 85,736            | -                 |
| 1,966             | 71,242            | 743               | 784               | 55,331            | 34,616            |
| 64,417            | 99,888            | 1,038,851         | 906,270           | 116,035           | 167,754           |
| 587,615           | 3,184,659         | 13,529            | 36,867            | 9,315             | -                 |
| -                 | -                 | 102,730           | 102,728           | -                 | -                 |
| 62,431            | 102,868           | 23,675            | 22,008            | 93,133            | 130,000           |
| 5,000             | -                 | 73,033            | 100               | 240,213           | 1,076,400         |
| -                 | -                 | 608,820           | 5,467,214         | 7,147,604         | 3,049,095         |
| <u>2,659,637</u>  | <u>5,425,554</u>  | <u>2,721,120</u>  | <u>7,724,022</u>  | <u>8,789,193</u>  | <u>5,697,357</u>  |

# City of Orange, Texas

## CHANGES IN NET POSITION (Continued)

### Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

|   | 2014                   | 2015                  | 2016                  | 2017                   |
|---|------------------------|-----------------------|-----------------------|------------------------|
| Business-type activities                                  |                        |                       |                       |                        |
| Charges for services                                      |                        |                       |                       |                        |
| Sanitation  | \$ 1,800,741           | \$ 1,824,743          | \$ 1,883,292          | \$ 2,292,420           |
| Water and Sewer   | 7,317,749              | 7,752,710             | 7,847,869             | 7,777,959              |
| Operating grants and contributions                        |                        |                       |                       |                        |
| Sanitation  | -                      | -                     | -                     | 53,428                 |
| Water and Sewer   | -                      | -                     | -                     | -                      |
| Capital grants and contributions                          |                        |                       |                       |                        |
| Water and Sewer   | 821,987                | 37,715                | 256,155               | 134,708                |
| Total business-type activities program revenues           | <u>17,258,226</u>      | <u>17,367,878</u>     | <u>17,835,185</u>     | <u>10,258,515</u>      |
| Total primary government program revenues                 | <u>23,493,899</u>      | <u>21,056,048</u>     | <u>20,540,947</u>     | <u>13,748,611</u>      |
| Net (expense)/revenue                                     |                        |                       |                       |                        |
| Governmental activities                                   | (11,826,944)           | (14,096,256)          | (17,107,319)          | (19,524,277)           |
| Business-type activities                                  | 1,297,343              | 8,866,433             | 9,361,919             | 878,878                |
| Total primary government net expense                      | <u>\$ (10,529,601)</u> | <u>\$ (5,229,823)</u> | <u>\$ (7,745,400)</u> | <u>\$ (18,645,399)</u> |
| <b>General Revenues and Other Changes in Net Position</b> |                        |                       |                       |                        |
| Governmental Activities                                   |                        |                       |                       |                        |
| Property taxes  | \$ 6,044,783           | \$ 5,869,937          | \$ 6,144,835          | \$ 7,485,595           |
| Sales taxes   | 2,358,053              | 2,592,886             | 2,720,011             | 2,958,567              |
| Other taxes   | 622,747                | 694,827               | 688,170               | 696,977                |
| Franchise taxes   | 298,172                | 307,093               | 281,390               | 287,290                |
| Payment in-lieu of taxes                                  | 6,201,387              | 6,933,803             | 7,050,656             | 6,883,769              |
| Unrestricted investment earnings                          | 13,885                 | 21,843                | 23,835                | 17,427                 |
| Gain (loss) on sale of assets                             | -                      | -                     | -                     | (80)                   |
| Transfers   | -                      | -                     | -                     | -                      |
| Insurance   | -                      | -                     | -                     | -                      |
| Miscellaneous   | -                      | -                     | -                     | 102,181                |
| Total governmental activities                             | <u>15,539,027</u>      | <u>16,420,389</u>     | <u>16,908,897</u>     | <u>18,431,726</u>      |
| Business-type activities                                  |                        |                       |                       |                        |
| Unrestricted investment earnings                          | 10,015                 | 7,866                 | 10,972                | 13,288                 |
| Gain (loss) on sale of assets                             | -                      | -                     | -                     | 8,016                  |
| Transfers   | -                      | -                     | -                     | -                      |
| Miscellaneous   | -                      | -                     | -                     | 82,002                 |
| Total business-type activities                            | <u>10,015</u>          | <u>7,866</u>          | <u>10,972</u>         | <u>103,306</u>         |
| Total primary government                                  | <u>\$ 15,549,042</u>   | <u>\$ 16,428,255</u>  | <u>\$ 16,919,869</u>  | <u>\$ 18,535,032</u>   |
| <b>Change in Net Position</b>                             |                        |                       |                       |                        |
| Governmental activities                                   | 3,712,083              | 2,324,133             | (198,422)             | (1,092,551)            |
| Business-type activities                                  | 1,307,358              | 8,874,299             | 9,372,891             | 982,184                |
| Total primary government                                  | <u>\$ 5,019,441</u>    | <u>\$ 11,198,432</u>  | <u>\$ 9,174,469</u>   | <u>\$ (110,367)</u>    |

| 2018   | 2019  | 2020   | 2021   | 2022   | 2023  |
|--|---|--|--|--|---|
| \$ 1,852,297<br>8,199,174  | \$ 1,981,491<br>7,877,629   | \$ 2,154,034<br>7,362,556  | \$ 2,226,800<br>7,724,257  | \$ 2,274,703<br>7,906,767  | \$ 2,624,999<br>8,757,096   |
| 3,535,986<br>28,813  | 3,840<br>140,349  | -<br>-   | -<br>-   | -<br>-   | -<br>-  |
| 573,284  | -   | -  | -  | -  | -   |
| 14,189,554   | 10,003,309  | 9,516,590  | 9,951,057  | 10,181,470   | 11,382,095  |
| 16,849,191   | 15,428,863  | 12,237,710   | 17,675,079   | 18,970,663   | 17,079,452  |
| (17,781,471)<br>2,169,048  | (18,452,509)<br>373,687   | (21,239,716)<br>(649,735)  | (16,757,679)<br>437,213  | (16,012,153)<br>247,503  | (25,081,518)<br>1,269,342   |
| \$ (15,612,423)  | \$ (18,078,822)   | \$ (21,889,451)  | \$ (16,320,466)  | \$ (15,764,650)  | \$ (23,812,176)   |
|  |   |  |  |  |   |
| \$ 7,853,374<br>3,618,034<br>807,577<br>291,156<br>6,882,340<br>28,541<br>70,431<br>(27,155)<br>457,367<br>120,000<br>20,101,665 | \$ 7,954,550<br>3,406,770<br>606,348<br>334,324<br>8,699,042<br>274,781<br>48,609<br>-<br>-<br>10,096<br>60,000<br>21,394,520 | \$ 8,667,211<br>3,776,174<br>748,711<br>1,104,445<br>9,355,820<br>136,580<br>159,529<br>-<br>-<br>-<br>7,783<br>23,956,253 | \$ 8,721,294<br>4,585,829<br>950,924<br>1,062,264<br>9,579,727<br>6,413<br>488,402<br>(165,723)<br>-<br>-<br>4,521<br>25,233,651 | \$ 9,045,388<br>4,833,405<br>719,574<br>1,053,316<br>8,980,249<br>5,694<br>-<br>(1,076,370)<br>-<br>-<br>5,500<br>23,566,756 | \$ 9,602,930<br>6,232,621<br>786,833<br>1,061,904<br>10,528,852<br>1,028,731<br>51,734<br>(1,108,788)<br>97,736<br>12,503<br>28,295,056 |
| 12,337<br>29,005<br>27,155<br>95,864<br>164,361<br>\$ 20,266,026   | 112,086<br>9,528<br>-<br>-<br>121,614<br>\$ 21,516,134  | 37,098<br>11,568<br>-<br>-<br>48,666<br>\$ 24,004,919  | 320<br>105,128<br>165,723<br>-<br>271,171<br>\$ 25,504,822   | 426<br>34,613<br>1,076,370<br>-<br>1,111,409<br>\$ 24,678,165  | 295,411<br>26,630<br>1,108,788<br>1,159,053<br>2,589,882<br>\$ 30,884,938   |
| 2,320,194<br>2,333,409<br>\$ 4,653,603   | 2,942,011<br>495,301<br>\$ 3,437,312  | 2,716,537<br>(601,069)<br>\$ 2,115,468   | 8,475,972<br>708,384<br>\$ 9,184,356   | 7,554,603<br>1,358,912<br>\$ 8,913,515   | 3,213,538<br>3,859,224<br>\$ 7,072,762  |



# City of Orange, Texas

## GOVERNMENTAL ACTIVITIES TAX REVENUES BY SOURCE

**Last Ten Fiscal Years (Unaudited)**

(accrual basis of accounting)

Table 3

| <u>Fiscal Year</u> | <u>Property Tax</u> | <u>Sales Tax</u> | <u>Other Tax</u> | <u>Franchise Tax</u> | <u>Total</u> |
|--------------------|---------------------|------------------|------------------|----------------------|--------------|
| 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               | \$9,045,388         | \$4,833,405      | \$719,574        | \$1,053,316          | \$15,651,683 |
| 2023               | \$9,602,930         | \$6,232,621      | \$786,833        | \$1,061,904          | \$17,684,288 |

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

|   | <b>2014</b>         | <b>2015</b>         | <b>2016</b>         | <b>2017</b>         |
|---|---------------------|---------------------|---------------------|---------------------|
| <b>General Fund</b>                       |                     |                     |                     |                     |
| Nonspendable:                             |                     |                     |                     |                     |
| Inventories                               | \$ 103,939          | \$ 89,271           | \$ 85,495           | \$ 80,387           |
| Prepays                                   | 140,293             | 147,243             | 156,840             | 201,177             |
| Assigned for:                             |                     |                     |                     |                     |
| Unassigned                                | 5,531,403           | 6,956,414           | 8,029,694           | 7,666,234           |
| <b>Total general fund</b>                 | <b>\$ 5,775,635</b> | <b>\$ 7,192,928</b> | <b>\$ 8,272,029</b> | <b>\$ 7,947,798</b> |
| <b>All Other Governmental Funds</b>       |                     |                     |                     |                     |
| Nonspendable                              | \$ 609              | \$ 8,087            | \$ 3,131            | \$ 3,920            |
| Assigned for:                             |                     |                     |                     |                     |
| Economic development                      | 2,292               | 2,297               | 2,301               | 2,304               |
| Capital project funds                     | -                   | -                   | 163,239             | 161,021             |
| Restricted for:                           |                     |                     |                     |                     |
| Debt service                              | 114,126             | 115,384             | 114,104             | 103,568             |
| Public safety                             | 827,899             | 787,368             | 758,132             | 709,523             |
| Public works                              | 69,615              | 64,796              | 61,386              | 51,146              |
| Tourism and promotion                     | 1,082,085           | 1,297,103           | 1,472,484           | 1,164,896           |
| Cultural and recreation                   | 104,655             | 114,953             | 103,272             | 100,222             |
| Capital projects                          | -                   | -                   | -                   | -                   |
| Unassigned                                | -                   | -                   | -                   | -                   |
| <b>Total all other governmental funds</b> | <b>\$ 2,201,281</b> | <b>\$ 2,389,988</b> | <b>\$ 2,678,049</b> | <b>\$ 2,296,600</b> |

| 2018                        | 2019                        | 2020                        | 2021                        | 2022                        | 2023                        |
|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|-----------------------------|
| \$ 85,568<br>221,037        | \$ 86,150<br>201,567        | \$ 47,325<br>201,166        | \$ 66,914<br>206,583        | \$ 69,100<br>223,424        | \$ 88,191<br>223,959        |
| <u><u>9,715,030</u></u>     | <u><u>11,291,931</u></u>    | <u><u>14,350,469</u></u>    | <u><u>16,068,652</u></u>    | <u><u>16,334,119</u></u>    | <u><u>18,668,037</u></u>    |
| <u><u>\$ 10,021,635</u></u> | <u><u>\$ 11,579,648</u></u> | <u><u>\$ 14,598,960</u></u> | <u><u>\$ 16,342,149</u></u> | <u><u>\$ 16,626,643</u></u> | <u><u>\$ 18,980,187</u></u> |
| <br>                        | <br>                        | <br>                        | <br>                        | <br>                        | <br>                        |
| \$ 5,706                    | \$ 3,817                    | \$ -                        | \$ 22,889                   | \$ 34,184                   | \$ 48,001                   |
| 2,309<br>161,352            | 2,348<br>-                  | 2,360<br>651,384            | 2,360<br>218,882            | 2,360<br>123,020            | 2,464<br>129,461            |
| 104,722                     | 45,543                      | 99,392                      | 2,543                       | 83,481                      | 19,493                      |
| 622,973                     | 659,730                     | 606,041                     | 616,131                     | 603,128                     | 733,986                     |
| 35,566                      | 34,258                      | 9,903                       | 45,301                      | 39,394                      | 55,565                      |
| 1,477,710                   | 1,531,035                   | 1,934,970                   | 2,476,811                   | 2,604,618                   | 2,470,576                   |
| 78,186                      | 145,456                     | 100,813                     | 105,387                     | 155,948                     | 157,386                     |
| -                           | 7,064,624                   | 3,672,247                   | 5,491,813                   | 6,867,219                   | 2,937,204                   |
| -                           | (28,179)                    | (1,004,554)                 | (1,178,922)                 | (1,469,939)                 | (1,817,881)                 |
| <u><u>\$ 2,488,524</u></u>  | <u><u>\$ 9,458,632</u></u>  | <u><u>\$ 6,072,556</u></u>  | <u><u>\$ 7,803,195</u></u>  | <u><u>\$ 9,043,413</u></u>  | <u><u>\$ 4,736,255</u></u>  |

# City of Orange, Texas

## CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

**Table 5**

|   | <b>2014</b>       | <b>2015</b>         | <b>2016</b>       | <b>2017</b>         |
|---|-------------------|---------------------|-------------------|---------------------|
| <b>Revenues</b>   |                   |                     |                   |                     |
| Taxes   | \$8,902,775       | \$9,337,233         | \$9,517,837       | \$11,028,449        |
| Payments in lieu of taxes                               | 6,201,387         | 6,933,803           | 7,050,656         | 6,883,769           |
| Franchise tax   | 1,199,098         | 1,205,744           | 1,186,241         | 287,290             |
| Licenses and permits                                    | 372,001           | 416,556             | 356,816           | 262,785             |
| Intergovernmental                                       | 340,410           | 98,843              | 239,484           | 522,907             |
| Charges for services                                    | 2,173,072         | 2,238,147           | 2,157,279         | 3,648,552           |
| Donations   | 33,043            | 30,581              | 34,092            | 39,601              |
| Grant income  | 4,289,863         | 1,328,923           | 713,323           | 631,866             |
| Investment income                                       | 13,885            | 21,843              | 23,835            | 16,486              |
| Program income  | 27,783            | 31,833              | 14,448            | 28,462              |
| Forfeitures   | 32,386            | 6,750               | 12,768            | -                   |
| Miscellaneous   | 112,644           | 505,056             | 217,847           | 210,130             |
| Total revenues  | <u>23,698,347</u> | <u>22,155,312</u>   | <u>21,524,626</u> | <u>23,560,297</u>   |
| <b>Expenditures</b>                                     |                   |                     |                   |                     |
| General government                                      | 1,358,661         | 1,413,910           | 1,429,906         | 1,528,445           |
| Cultural and recreation                                 | 1,543,962         | 1,459,846           | 1,583,184         | 2,104,903           |
| Public safety   | 8,991,222         | 9,413,635           | 9,556,865         | 9,880,982           |
| Public works  | 3,342,105         | 3,272,269           | 3,693,035         | 3,540,026           |
| Non departmental  | 1,921,167         | 1,889,829           | 2,040,987         | 3,654,994           |
| Debt Service  |                   |                     |                   |                     |
| Principal   | 755,000           | 800,000             | 845,000           | 840,000             |
| Interest and fiscal charges                             | 253,638           | 190,326             | 146,030           | 137,083             |
| Capital Outlay  | <u>5,281,322</u>  | <u>1,529,310</u>    | <u>1,558,920</u>  | <u>3,147,657</u>    |
| Total expenditures                                      | <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            | 251,270           | 2,186,187           | 670,699           | (1,273,793)         |
| <b>Other financing sources (uses)</b>                   |                   |                     |                   |                     |
| Transfers in  | -                 | 257,500             | -                 | -                   |
| Transfers (out)   | -                 | (257,500)           | -                 | -                   |
| Insurance proceeds                                      | -                 | -                   | -                 | -                   |
| Sale of capital assets                                  | 274,985           | 5,610               | 76,447            | 42,784              |
| Refunding bonds issued                                  | -                 | 1,980,000           | -                 | -                   |
| Discount on refunding bonds                             | -                 | -                   | -                 | -                   |
| Premium on debt issue                                   | -                 | -                   | -                 | -                   |
| Payment to refunded bond escrow account                 | -                 | (1,977,910)         | -                 | -                   |
| Grant proceeds  | -                 | -                   | -                 | -                   |
| Lease liabilities                                       | -                 | -                   | -                 | 382,762             |
| Debt issuance   | -                 | -                   | -                 | -                   |
| Total other financing sources and uses                  | <u>274,985</u>    | <u>7,700</u>        | <u>76,447</u>     | <u>425,546</u>      |
| Net changes in fund balances                            | <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 | 5.55%             | 5.37%               | 5.14%             | 4.51%               |

| 2018                | 2019                | 2020                | 2021                | 2022                | 2023                  |
|---------------------|---------------------|---------------------|---------------------|---------------------|-----------------------|
| \$12,332,972        | \$11,900,904        | \$13,201,416        | \$14,292,982        | \$14,582,942        | \$16,549,352          |
| 6,882,340           | 8,699,042           | 9,355,820           | 9,579,727           | 8,980,249           | 10,528,852            |
| 291,156             | 334,324             | 1,104,445           | 1,062,264           | 1,053,316           | 1,061,904             |
| 273,925             | 289,724             | 121,141             | 126,236             | 208,775             | 180,296               |
| 54,517              | 55,706              | 83,192              | 217,169             | 2,364,088           | 83,127                |
| 3,263,651           | 3,264,271           | 584,674             | 593,717             | 698,522             | 1,006,069             |
| 41,755              | 117,310             | -                   | -                   | -                   | 72,109                |
| 665,777             | 2,938,625           | 1,285,473           | 6,836,913           | 5,048,352           | 1,662,658             |
| 26,865              | 258,775             | 130,941             | 6,413               | 5,694               | 978,332               |
| 16,802              | 34,147              | -                   | 16,414              | 14,178              | -                     |
| 13,093              | 33,200              | -                   | -                   | -                   | -                     |
| 247,022             | 174,708             | 7,783               | 4,521               | 82,940              | 110,239               |
| <b>24,109,875</b>   | <b>28,100,736</b>   | <b>25,874,885</b>   | <b>32,736,356</b>   | <b>33,039,056</b>   | <b>32,232,938</b>     |
| 1,555,917           | 1,705,023           | 992,009             | 1,822,572           | 1,960,097           | 1,698,106             |
| 1,661,719           | 1,660,428           | 1,389,826           | 1,845,968           | 1,872,497           | 2,244,076             |
| 10,158,254          | 10,492,387          | 11,678,259          | 11,239,935          | 12,104,622          | 12,685,013            |
| 3,464,663           | 3,600,520           | 3,465,562           | 4,230,065           | 4,435,866           | 5,246,958             |
| 3,421,372           | 3,703,715           | 3,376,351           | 3,767,692           | 3,433,215           | 4,558,185             |
| 952,899             | 989,783             | 788,766             | 870,421             | 966,040             | 943,564               |
| 135,938             | 425,583             | 382,248             | 361,585             | 341,068             | 312,774               |
| 1,313,919           | 5,302,365           | 4,585,101           | 6,344,247           | 6,509,169           | 6,734,392             |
| <b>22,664,681</b>   | <b>27,879,804</b>   | <b>26,658,122</b>   | <b>30,482,485</b>   | <b>31,622,574</b>   | <b>34,423,068</b>     |
| 1,445,194           | 220,932             | (783,237)           | 2,253,871           | 1,416,482           | (2,190,130)           |
| -                   | -                   | -                   | 329,590             | 364,525             | 135,000               |
| -                   | -                   | -                   | (329,590)           | (364,525)           | (135,000)             |
| 560,749             | 10,096              | 143,720             | 389,855             | 14,612              | 11,276                |
| 27,915              | 51,349              | 78,679              | 174,542             | 60,753              | 156,527               |
| -                   | -                   | -                   | -                   | -                   | -                     |
| -                   | -                   | -                   | -                   | -                   | -                     |
| -                   | 436,666             | -                   | -                   | -                   | -                     |
| -                   | -                   | -                   | -                   | -                   | -                     |
| 76,086              | -                   | -                   | -                   | -                   | -                     |
| 155,817             | 24,077              | 194,074             | 655,560             | 32,865              | -                     |
| -                   | 7,785,000           | -                   | -                   | -                   | 68,713                |
| <b>820,567</b>      | <b>8,307,188</b>    | <b>416,473</b>      | <b>1,219,957</b>    | <b>108,230</b>      | <b>236,516</b>        |
| <b>\$ 2,265,761</b> | <b>\$ 8,528,120</b> | <b>\$ (366,764)</b> | <b>\$ 3,473,828</b> | <b>\$ 1,524,712</b> | <b>\$ (1,953,614)</b> |

5.10%

5.30%

5.31%

5.10%

5.20%

4.59%

# City of Orange, Texas

## ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

### Last Ten Fiscal Years (Unaudited)

Table 6

| <u>Fiscal</u> | <u>Tax</u> | <u>Real Property</u> |              | <u>Personal Property</u> |                | <u>Total</u><br><u>Assessed</u> | <u>Total</u><br><u>Value (a) (b)</u> | <u>Total</u><br><u>Direct</u><br><u>Tax Rate</u> |
|---------------|------------|----------------------|--------------|--------------------------|----------------|---------------------------------|--------------------------------------|--|
|               |            | <u>Year</u>          | <u>Value</u> | <u>Assessed</u>          | <u>Percent</u> |                                 |                                      |  |
| 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                            |  |
| 2023          | 2022       | 1,051,112,246        | 86.02%       | 170,858,691              | 13.98%         | 1,221,970,937                   | \$0.78300                            |  |

(a) Certified Tax Roll - Orange County Appraisal District

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

|                            | <b>Percentage<br/>of Total<br/>Assessed</b> |
|----------------------------|---|
| <b>Est. True<br/>Value</b> | <b>Value to<br/>True Value</b>              |
| \$ 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%                                     |
| 1,221,970,937              | 100.00%                                     |

# City of Orange, Texas

## Property Tax Rates

### DIRECT AND OVERLAPPING PROPERTY TAX RATES

#### Last Ten Fiscal Years (Unaudited)

Table 7

| Fiscal<br>Year | City of Orange  |                 |                   | Bridge City<br>School<br>District | Little Cypress<br>Mauriceville<br>School<br>District | Orangefield<br>School<br>District |
|----------------|-----------------|-----------------|-------------------|-----------------------------------|--|-----------------------------------|
|                | General<br>Fund | Debt<br>Service | Total Tax<br>Rate |                                   |  |                                   |
| 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                         |
| 2023           | \$0.71576       | \$0.06724       | \$0.78300         | \$1.05760                         | \$1.29670  | \$1.02983                         |

- (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<br>Cove School<br>District | Orange County                 |                      |                                    |           | Total<br>(a) | Total<br>(b) | Total<br>(c) | Total<br>(d) |
|--|-------------------------------|----------------------|------------------------------------|-----------|--------------|--------------|--------------|--------------|
|  | County +<br>(Lateral<br>Road) | Drainage<br>District | Port and<br>Navigation<br>District | Total     |              |              |              |              |
|  |                               |                      |                                    |           |              |              |              |              |
| \$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    |              |
| \$1.27130                              | \$0.53200                     | \$0.13410            | \$0.00572                          | \$2.51242 | \$2.75152    | \$2.48465    | \$2.72612    |              |

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

| <u>Name</u>                    | FY 2023 (a)                |                                 | FY 2014 (b)                |                                 |
|--------------------------------|----------------------------|---------------------------------|----------------------------|---------------------------------|
|                                | Assessed Value             | Percent of Total Assessed Value | Assessed Value             | Percent of Total Assessed Value |
| Inland-Orange                  | \$277,679,730              | 1                               | 14.269%                    | -                               |
| Entergy Texas, Inc.            | \$26,372,600               | 2                               | 1.3552%                    | \$12,393,780 4 1.1220%          |
| Conrad Orange Shipyard         | \$20,762,300               | 4                               | 1.0669%                    | \$22,851,250 2 2.0687%          |
| Westport Orange Shipyard, LLC  | \$12,278,390               | 3                               | 0.6309%                    | -                               |
| TRQ Oakwood Village, LP        | \$6,773,089                | 5                               | 0.3480%                    | -                               |
| QRH Prop Two, LLC              | \$6,402,835                | 6                               | 0.3290%                    | -                               |
| Home Depot USA 8419            | \$6,088,548                | 7                               | 0.3129%                    | -                               |
| TX Majestic, Ltd.              | \$5,986,317                | 8                               | 0.3076%                    | -                               |
| Bludworth Marine, Inc.         | \$5,924,590                | 9                               | 0.3044%                    | -                               |
| Orange Medical Office Bldg.    | \$5,766,238                | 10                              | 0.2963%                    | -                               |
| Signal International Texas, LP | -                          |                                 | \$50,834,130               | 4.6020%                         |
| Exxonmobil Chemical Co.        | -                          |                                 | \$21,734,400               | 1.9676%                         |
| Honeywell (Allied)             | -                          |                                 | \$11,616,000               | 1.0516%                         |
| Kirby Inland Marine            | -                          |                                 | \$10,778,950               | 0.9758%                         |
| Stemco USA, Inc.               | -                          |                                 | \$8,773,370                | 0.7943%                         |
| Webco Industries, Inc.         | -                          |                                 | \$6,556,460                | 0.5936%                         |
| ISP Elastomers LP              | -                          |                                 | \$5,888,940                | 0.5331%                         |
| Invista SARL                   | -                          |                                 | \$5,856,680                | 0.5302%                         |
|                                | <hr/> <u>\$374,034,637</u> | <hr/> <u>19.22%</u>             | <hr/> <u>\$157,283,960</u> | <hr/> <u>14.239%</u>            |

(a) Tax roll for Fiscal Year 2023, tax year 2022.

(b) Tax roll for Fiscal Year 2014, tax year 2013.

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

Table 9

| Fiscal<br><u>Year</u> | Total Adj.<br>Tax Levy        | Collected within the<br>Fiscal Year of the Levy |                              | Collections in<br><u>Subsequent Years</u> | Total Collections to Date |                              |
|-----------------------|-------------------------------|---|------------------------------|---|---------------------------|------------------------------|
|                       | For Fiscal<br><u>Year (a)</u> | <u>Amount</u>                                   | Percentage<br><u>of Levy</u> |   | <u>Amount</u>             | Percentage<br><u>of Levy</u> |
| 2014                  | \$5,870,004                   | \$5,669,884                                     | 96.42%                       | \$162,441                                 | \$5,832,325               | 99.36%                       |
| 2015                  | \$5,922,548                   | \$5,739,169                                     | 96.78%                       | \$138,992                                 | \$5,878,161               | 99.25%                       |
| 2016                  | \$6,075,839                   | \$5,828,534                                     | 95.79%                       | \$193,938                                 | \$6,022,472               | 99.12%                       |
| 2017                  | \$7,354,998                   | \$7,059,506                                     | 95.88%                       | \$230,487                                 | \$7,289,993               | 99.12%                       |
| 2018                  | \$7,682,445                   | \$7,489,506                                     | 97.35%                       | \$123,126                                 | \$7,612,632               | 99.09%                       |
| 2019                  | \$7,944,427                   | \$7,586,657                                     | 95.51%                       | \$269,270                                 | \$7,855,927               | 98.89%                       |
| 2020                  | \$8,492,227                   | \$8,242,222                                     | 97.10%                       | \$147,158                                 | \$8,389,380               | 98.79%                       |
| 2021                  | \$8,531,076                   | \$8,336,152                                     | 97.72%                       | \$135,215                                 | \$8,471,367               | 99.30%                       |
| 2022                  | \$8,914,753                   | \$8,617,239                                     | 96.66%                       | \$178,500                                 | \$8,795,739               | 98.66%                       |
| 2023                  | \$9,503,118                   | \$9,108,886                                     | 95.85%                       | \$0                                       | \$9,108,886               | 95.85%                       |

(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**

| <b>Government Activities</b> |                           |          |                                   |                      |
|------------------------------|---------------------------|----------|-----------------------------------|----------------------|
| <b>Fiscal Year</b>           | <b>General Obligation</b> |          | <b>Certificates of Obligation</b> | <b>Notes Payable</b> |
|                              | <b>Bonds &amp; Notes</b>  | <b> </b> |                                   |                      |
| 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              |
| 2023                         | 2,260,000                 |          | 7,012,501                         | 448,424              |

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**

| <b>General<br/>Obligation</b> | <b>Certificates of<br/>Bonds</b> |                   | <b>Revenue</b> | <b>Notes<br/>Payable</b> | <b>Lease<br/>Liabilities</b> | <b>Total<br/>Primary<br/>Government</b> | <b>Percentage<br/>of Personal<br/>Income (1)</b> | <b>Per<br/>Capita (1)</b> |
|-------------------------------|----------------------------------|-------------------|----------------|--------------------------|------------------------------|---|--|---------------------------|
|                               | <b>Bonds</b>                     | <b>Obligation</b> | <b>Bonds</b>   |                          |                              |   |  |                           |
| \$ 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                  |
| 1,640,000                     | 6,983,463                        |                   | -              | 159,898                  | 234,628                      | 18,738,914                              | n/a  | 969.72                    |

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

Table 11

| Fiscal<br><u>Year</u> | General Obligation Debt           |                                    | Less: Amounts                        |               |                                 | Percentage<br>of Estimated<br>Actual Taxable |  |  |
|-----------------------|-----------------------------------|------------------------------------|--------------------------------------|---------------|---------------------------------|--|--|--|
|                       | Governmental<br><u>Activities</u> | Business-Type<br><u>Activities</u> | Available for<br><u>Debt Service</u> | Total         | Value of<br><u>Property (a)</u> | Per Capita (b)                               |  |  |
| 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                                       |  |  |
| 2023                  | 9,272,501                         | 8,623,463                          | 17,678                               | 17,878,286    | 1.46%                           | 925.19                                       |  |  |

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, 2023 (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                    | \$9,390,101 (a)         | 100.00%                                | \$ 9,390,101                               |
| Bridge City ISD                   | \$86,884,991 (b)        | 2.78% (c)                              | 2,415,403                                  |
| Little Cypress Mauriceville ISD   | \$60,195,000 (b)        | 45.29% (c)                             | 27,262,316                                 |
| Orange County                     | \$3,415,000 (b)         | 16.58% (c)                             | 566,207                                    |
| Orangefield ISD                   | \$5,705,000 (b)         | 5.10% (c)                              | 290,955                                    |
| West Orange Cove CISD             | \$59,600,000 (b)        | 23.65% (c)                             | 14,095,400                                 |
| Subtotal Overlapping Debt         | <u>215,799,991</u>      |  | <u>44,630,280</u>                          |
| Total Direct and Overlapping Debt | <u>\$225,190,092</u>    |  | <u>\$ 54,020,381</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 2023.

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

Table 13

|  | <b>2014</b>    | <b>2015</b>    | <b>2016</b>    | <b>2017</b>    |
|--|----------------|----------------|----------------|----------------|
| Debt Limit   | \$ 110,459,971 | \$ 112,325,508 | \$ 110,824,452 | \$ 132,754,956 |
| Total net debt applicable to limit   | \$7,908,113    | \$7,290,000    | \$6,445,000    | \$5,605,000    |
| Legal debt margin  | \$ 102,551,858 | \$ 105,035,508 | \$ 104,379,452 | \$ 127,149,956 |
| Total net debt applicable to<br>the limit as a percentage<br>of debt limit | 7.71%          | 6.94%          | 6.17%          | 4.41%          |

**Legal Debt Margin Calculation**  
**For Fiscal Year 2023**

|  |                    |
|--|--------------------|
| Total assessed value (a)                             | \$1,751,621,462    |
| Debt limit 10% of assessed value (b)                 | \$175,162,146      |
| Amount of debt applicable to debt margin:            |                    |
| Total bonded debt                                    | \$17,350,000       |
| Less:  |                    |
| Assets available in governmental debt service fund   | \$0                |
| Self supported bonds and certificates (c )           | <u>\$8,405,000</u> |
| Total amount of debt applicable to<br>debt limit (d) | <u>\$8,945,000</u> |
| Legal debt limit                                     | \$166,217,146      |

(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 \$1,640,000; the 2015 Tax and Revenue Certificates of Obligation of \$3,210,000; and the 2016 Tax and Revenue Certificates of Obligation of \$3,555,000.

(d) This includes the 2013 General Obligation Refunding Bonds of \$2,260,000; and the 2019 Certificates of Obligation Bonds of \$6,685,000.

| 2018           | 2019           | 2020           | 2021           | 2022           | 2023           |
|----------------|----------------|----------------|----------------|----------------|----------------|
| \$ 142,305,557 | \$ 141,925,868 | \$ 150,758,840 | \$ 153,414,670 | \$ 162,191,784 | \$ 175,162,143 |
| \$4,750,000    | \$11,660,000   | \$11,020,000   | \$10,350,000   | \$9,660,000    | \$8,405,000    |
| \$ 137,555,557 | \$ 130,265,868 | \$ 139,738,840 | \$ 143,064,670 | \$ 152,531,784 | \$ 166,217,146 |
| 3.45%          | 8.95%          | 7.89%          | 7.23%          | 6.33%          | 5.06%          |

**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) | Available Revenue | Principal                    | Interest | Coverage | Principal                   | Interest |
|             |                       |                        |                   |                              |          |          |                             |          |
| 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         | --                           | --       | --       | --                          | --       |
| 2023        | 8,757,096             | 5,442,570              | 3,314,526         | --                           | --       | --       | --                          | --       |

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<br>(d),(e) |           | 2014 GO Refunding<br>Bonds (f),(g) |           | 2015 Certificates of<br>Obligation (h) |          | 2016 Certificates of<br>Obligation (i) |          |
|------------------------------------|-----------|------------------------------------|-----------|--|----------|--|----------|
| Principal                          | Interest  | Principal                          | Interest  | Principal                              | Interest | Principal                              | Interest |
| \$ 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  |
| --                                 | --        | 300,000                            | 58,200    | 220,000                                | 114,250  | 225,000                                | 93,738   |



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

Table 15

| <b>Fiscal<br/>Year</b> | <b>Population (a)</b> | <b>Per Capita</b>              |                                    | <b>Median<br/>Age (a)</b> | <b>% Completing<br/>High School or<br/>Higher (a)</b> | <b>Unemployment<br/>Rate (c)</b> |
|------------------------|-----------------------|--------------------------------|------------------------------------|---------------------------|---|----------------------------------|
|                        |                       | <b>Personal<br/>Income (b)</b> | <b>Personal<br/>Income (a) (b)</b> |                           |   |                                  |
| 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%                             |
| 2023                   | 19,324                | n/a                            | \$30,786 (a)                       | 37.7                      | 88.40%  | 5.8%                             |

**Data Sources**

- (a) Bureau of the Census, year 2020 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>                 | 2023 (a)         |             |  |
|---------------------------------|------------------|-------------|--|
|                                 | <u>Employees</u> | <u>Rank</u> | Percentage<br>of Total County<br><u>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%  |
|                                 | 6,164            |             | 16.2%  |

(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 2014.

|                                      | 2014 (c)         |             |                             |
|--------------------------------------|------------------|-------------|-----------------------------|
|                                      |                  |             | Percentage<br>of Total City |
|                                      | <u>Employees</u> | <u>Rank</u> | <u>Employoment (d)</u>      |
| EI Dupont de Nemours & Co.           | 920              | 1           | 2.42%                       |
| Invista                              | 732              | 2           | 1.93%                       |
| Little Cypress-Mauriceville ISD      | 584              | 3           | 1.54%                       |
| Orange County                        | 500              | 4           | 1.32%                       |
| West Orange Cove Consolidated ISD    | 450              | 5           | 1.18%                       |
| International Paper                  | 412              | 6           | 1.08%                       |
| Kellog - Brown & Root                | 420              | 7           | 1.11%                       |
| Lanxess, Inc.                        | 390              | 8           | 1.03%                       |
| Lamar State College - Orange         | 274              | 9           | 0.72%                       |
| Cloeren Company, Inc.                | 250              | 10          | 0.66%                       |
| Orangefield ISD                      | 249              | 11          | 0.66%                       |
| Firestone Polymers                   | 200              | 12          | 0.53%                       |
| Memorial Hermann Baptist Orange      | 194              | 13          | 0.51%                       |
| City of Orange                       | 193              | 14          | 0.51%                       |
| Signal International                 | 180              | 15          | 0.47%                       |
| Chevron Phillips Chemical Co.        | 180              | 16          | 0.47%                       |
| Printpack, Inc.                      | 141              | 17          | 0.37%                       |
| Texas Polymer Services, Inc.         | 130              | 18          | 0.34%                       |
| Orange Shipbuilding & Dry Dock, Inc. | 120              | 19          | 0.32%                       |
| Beacon Maritime, Inc.                | 100              | 20          | 0.26%                       |
|                                      | <b>6,619</b>     |             | <b>17.43%</b>               |

# City of Orange, Texas

## *FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM*

### Last Ten Fiscal Years (Unaudited)

Table 17

| <u>Employer</u>             | <u>2014</u>       | <u>2015</u>       | <u>2016</u>       | <u>2017</u>       | <u>2018</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                      | 57.75             | 57.75             | 58                | 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            | 9                 | 9                 | 9                 | 9                 | 9                 |
| Orange Development          | 1                 | 1                 | 1                 | 2                 | 2                 |
| Community Development       | 2                 | 2                 | 1                 | 1                 | 1                 |
| Police Special Revenue      | 0.25              | 0.25              | 0.7               | 1                 | 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                 |
| Saniation                   | 1                 | 1                 | 1                 | 2                 | 2                 |
| Street Sweeping             | 1                 | 1                 | 1                 | 1                 | 1                 |
| Total                       | <u><u>194</u></u> | <u><u>194</u></u> | <u><u>194</u></u> | <u><u>195</u></u> | <u><u>195</u></u> |

Source: City Annual Budget

| 2019  | 2020 | 2021 | 2022 | 2023 |
|-------|------|------|------|------|
| 1     | 1    | 1    | 1    | 1    |
| 2     | 2    | 2    | 2    | 2    |
| 2     | 2    | 2    | 2    | 2    |
| 1     | 1    | 1    | 1    | 1    |
| 5     | 6    | 6    | 6    | 6    |
| 0     | 2    | 1.5  | 1.5  | 1.5  |
| 2     | 2    | 3    | 3    | 3    |
| 5     | 5    | 5    | 5    | 5    |
| 0     | 0    | 0    | 2    | 2    |
| 58    | 58   | 58   | 58   | 59   |
| 38    | 39   | 38   | 38   | 38   |
| 1     | 1    | 1    | 1    | 1    |
| 1     | 1    | 1    | 1    | 1    |
| 3     | 5    | 5    | 5    | 5    |
| 4     | 5    | 5    | 4    | 4    |
| 15    | 16   | 15   | 13   | 16   |
| 2     | 3    | 3    | 3    | 3    |
| 4     | 4    | 4    | 4    | 4    |
| 9     | 9    | 10   | 10   | 10   |
| 2     | 3    | 2.5  | 2.5  | 2.5  |
| 1     | 1    | 1    | 1    | 2    |
| 1     | 1    | 1    | 1    | 1    |
| 0     | 0    | 0    | 0    | 0    |
| 11    | 11   | 11   | 10   | 11   |
| 8     | 8    | 8    | 8    | 8    |
| 0     | 0    | 0    | 1    | 2    |
| 3     | 3    | 3    | 3    | 3    |
| 5     | 6    | 5    | 5    | 6    |
| 3     | 3    | 3    | 3    | 3    |
| 3     | 3    | 3    | 3    | 3    |
| 1     | 2    | 1    | 1    | 1    |
| <hr/> |      |      |      |      |
| 190   | 201  | 200  | 199  | 206  |
| <hr/> |      |      |      |      |

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

| <b>Function</b>   | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> |
|---|-------------|-------------|-------------|-------------|-------------|
| Police  |             |             |             |             |             |
| Physical arrests  | 1,239       | 1,252       | 1,252       | 1,088       | 1,223       |
| Parking violations  | 12          | 14          | 10          | 11          | 25          |
| Traffic violations  | 2,083       | 2,539       | 2,736       | 2,273       | 2,605       |
| Fire  |             |             |             |             |             |
| Number of calls answered                                    | 3,168       | 3,196       | 3,487       | 3,603       | 3,485       |
| Inspections   | 305         | 474         | 817         | 923         | 812         |
| Street & Drainage   |             |             |             |             |             |
| Street resurfacing (miles)                                  | 1.5         | 2.1         | 2.0         | 0.0         | 1           |
| Potholes repaired   | 6,000       | 11,900      | 10,085      | 14,000      | 24,849      |
| Culture and recreation                                      |             |             |             |             |             |
| Recreation center (use fees)                                | 250         | 40          | 20          | 30          | 0           |
| Natatorium patrons (use fees)                               | 8,833       | 0           | 10,639      | 5,404       | 0           |
| Library patrons (use fees)                                  | 13,878      | 14,480      | 13,590      | 13,746      | 12,749      |
| Water   |             |             |             |             |             |
| New connections   | 30          | 34          | 21          | 30          | 38          |
| Water main breaks   | 766         | 632         | 462         | 420         | 482         |
| Average daily consumption<br>(thousands of gallons)         | 1,500       | 1,493       | 1,524       | 1,509       | 1,542       |
| Wastewater  |             |             |             |             |             |
| Average daily sewage<br>treatment (thousands of<br>gallons) | 2,423       | 2,522       | 3,422       | 3,694       | 3,266       |

Source: Various city departments

| 2019   | 2020   | 2021   | 2022   | 2023   |
|--------|--------|--------|--------|--------|
| 1,238  | 455    | 891    | 705    | 768    |
| 23     | 10     | 5      | 1      | 3      |
| 2,319  | 849    | 1,239  | 1,310  | 1,137  |
|        |        |        |        |        |
| 3,511  | 4,101  | 3,816  | 3,564  | 3,346  |
| 904    | 509    | 469    | 637    | 811    |
|        |        |        |        |        |
| 5.5    | 5      | 0.8    | 0      | 0      |
| 26,980 | 21,112 | 17,311 | 21,219 | 21,520 |
|        |        |        |        |        |
| 0      | 0      | 0      | 0      | 4,569  |
| 0      | 0      | 0      | 0      | 0      |
| 10,834 | 5,108  | 6,417  | 7,124  | 8,340  |
|        |        |        |        |        |
| 28     | 20     | 9      | 31     | 33     |
| 408    | 514    | 438    | 462    | 592    |
|        |        |        |        |        |
| 1,447  | 1,421  | 1,554  | 1,575  | 1,555  |
|        |        |        |        |        |
| 4,130  | 4,279  | 3,578  | 4,300  | 3,538  |

**City of Orange, Texas**  
**CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM**  
**Last Ten Fiscal Years**

**Table 19**

| <b>Function</b>   | <b>2014</b> | <b>2015</b> | <b>2016</b> | <b>2017</b> | <b>2018</b> | <b>2019</b> |
|---|-------------|-------------|-------------|-------------|-------------|-------------|
| Police  |             |             |             |             |             |             |
| Stations  | 1           | 1           | 1           | 1           | 1           | 1           |
| Patrol units  | 28          | 28          | 28          | 28          | 28          | 28          |
| Personnel & officers  | 57.75       | 57.75       | 58          | 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           | 3           |
| Street and Drainage   |             |             |             |             |             |             |
| Streets (miles)   | 162         | 162         | 162         | 162         | 162         | 162         |
| Streetlights  | 1,562       | 1,562       | 1562        | 1,562       | 1,562       | 1,562       |
| Traffic Signals   | 7           | 7           | 7           | 7           | 7           | 7           |
| Cultural and Recreation                                       |             |             |             |             |             |             |
| Parks acreage   | 284         | 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           | 4           | 4           | 4           | 4           |
| Recreation centers  | 0           | 0           | 0           | 0           | 0           | 0           |
| Basketball Courts   | 0           | 0           | 2           | 2           | 2           | 2           |
| Splash Pad  | 0           | 0           | 1           | 1           | 1           | 1           |
| Water   |             |             |             |             |             |             |
| Water mains (miles)   | 156         | 156         | 163         | 170         | 170         | 170         |
| Fire hydrants   | 726         | 726         | 726         | 726         | 726         | 726         |
| Maximum daily capacity<br>(thousand of gallons)               | 10,613      | 10,613      | 10,613      | 10,613      | 10,613      | 10,613      |
| Service connections   | 6,991       | 6,991       | 7,216       | 6,835       | 6,867       | 6,932       |
| Wastewater  |             |             |             |             |             |             |
| Sanitary sewers (miles)                                       | 149         | 149         | 155         | 155         | 155         | 155         |
| Storm sewers (miles)  | 72          | 72          | 72          | 72          | 72          | 72          |
| Maximum daily treatment<br>capacity (thousands of<br>gallons) | 7,000       | 7,000       | 7,000       | 7,000       | 7,000       | 7,000       |
| Treatment plants  | 1           | 1           | 1           | 1           | 1           | 1           |
| Service connections   | 6,750       | 6,750       | 7,000       | 6,611       | 6,621       | 6,707       |

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

Source: Various city departments

| 2020   | 2021   | 2022   | 2023   |
|--------|--------|--------|--------|
| 1      | 1      | 1      | 1      |
| 28     | 28     | 28     | 28     |
| 58     | 58     | 58     | 59     |
| 3      | 3      | 3      | 3      |
| 6      | 6      | 6      | 6      |
| 39     | 38     | 38     | 38     |
| 3      | 3      | 3      | 3      |
| 162    | 162    | 164    | 164    |
| 1,562  | 1,562  | 1,562  | 1,562  |
| 7      | 7      | 13     | 13     |
| 284    | 284    | 284    | 284    |
| 19     | 19     | 19     | 19     |
| 1      | 1      | 1      | 1      |
| 1      | 0      | 0      | 0      |
| 4      | 4      | 4      | 4      |
| 0      | 0      | 1      | 1      |
| 2      | 2      | 2      | 2      |
| 1      | 1      | 1      | 1      |
| 170    | 175    | 180    | 182    |
| 726    | 775    | 790    | 798    |
| 10,613 | 10,613 | 10,613 | 10,613 |
| 6,913  | 6,994  | 7,025  | 7,014  |
| 155    | 160    | 165    | 167    |
| 72     | 80     | 85     | 86     |
| 7,000  | 7,000  | 7,000  | 7,000  |
| 1      | 1      | 1      | 1      |
| 66,884 | 6,765  | 6,779  | 6,800  |

# City of Orange, Texas

## OPERATIONAL STATISTICS FOR WATER AND SEWER ENTERPRISE FUND

### Last Ten Fiscal Years (Unaudited)

Table 20

|                           | 2014           | 2015           | 2016           | 2017           | 2018           |
|---------------------------|----------------|----------------|----------------|----------------|----------------|
| <b>Water Consumption</b>  |                |                |                |                |                |
| October                   | 51,796         | 44,039         | 46,302         | 49,499         | 48,396         |
| November                  | 48,167         | 43,736         | 42,331         | 48,172         | 42,124         |
| December                  | 50,242         | 41,742         | 45,073         | 43,060         | 40,177         |
| January                   | 50,752         | 43,629         | 46,564         | 44,081         | 46,726         |
| February                  | 48,802         | 38,829         | 42,243         | 39,698         | 45,188         |
| March                     | 41,573         | 38,754         | 43,968         | 41,346         | 39,860         |
| April                     | 38,077         | 43,414         | 47,228         | 44,091         | 41,464         |
| May                       | 40,841         | 42,131         | 42,457         | 46,010         | 48,338         |
| June                      | 44,663         | 47,219         | 48,275         | 49,920         | 56,263         |
| July                      | 40,176         | 49,333         | 47,671         | 47,976         | 51,660         |
| August                    | 43,828         | 61,251         | 56,231         | 48,432         | 54,970         |
| September                 | 48,716         | 50,802         | 47,900         | 48,431         | 47619          |
| Total                     | <u>547,633</u> | <u>544,879</u> | <u>556,243</u> | <u>550,716</u> | <u>562,785</u> |
| <b>Water Rates</b>        |                |                |                |                |                |
| Minimum 3/4"              | 10.56          | 10.92          | 10.92          | 10.92          | 10.92          |
| Minimum 1"                | 12.88          | 13.32          | 13.32          | 13.32          | 13.32          |
| Minimum 1 1/2"            | 18.64          | 19.28          | 19.28          | 19.28          | 19.28          |
| Minimum 2"                | 25.56          | 26.43          | 26.43          | 26.43          | 26.43          |
| Minimum 3"                | 41.64          | 43.06          | 43.06          | 43.06          | 43.06          |
| Minimum 4"                | 64.67          | 66.87          | 66.87          | 66.87          | 66.87          |
| Minimum 6"                | 122.22         | 126.38         | 126.38         | 126.38         | 126.38         |
| Minimum 8"                | 191.30         | 197.81         | 197.81         | 197.81         | 197.81         |
| Minimum 10"               | 271.85         | 281.10         | 281.10         | 281.10         | 281.10         |
| Minimum 12"               | 363.97         | 376.35         | 376.35         | 376.35         | 376.35         |
| Over 1,000 gallon minimum | 2.51           | 2.60           | 2.60           | 2.60           | 2.60           |
| <b>Sewer Rates</b>        |                |                |                |                |                |
| Minimum                   | 13.26          | 13.71          | 13.71          | 13.71          | 13.71          |
| Over 1,000 gallon minimum | 8.66           | 8.96           | 8.96           | 8.96           | 8.96           |

Source: Various city departments

| 2019           | 2020           | 2021           | 2022           | 2023           |
|----------------|----------------|----------------|----------------|----------------|
| 46,723         | 43,836         | 52,527         | 46,996         | 44,719         |
| 44,466         | 41,409         | 43,142         | 41,518         | 43,259         |
| 41,972         | 40,674         | 53,033         | 41,867         | 40,789         |
| 45,014         | 43,906         | 42,463         | 57,486         | 54,247         |
| 39,857         | 39,143         | 41,212         | 40,725         | 39,525         |
| 38,418         | 38,778         | 58,425         | 40,784         | 40,631         |
| 44,451         | 44,907         | 45,940         | 38,523         | 44,958         |
| 44,144         | 43,254         | 45,960         | 42,317         | 42,777         |
| 44,713         | 39,397         | 46,716         | 71,892         | 53,561         |
| 48,433         | 51,160         | 46,581         | 49,207         | 47,969         |
| 45,057         | 46,994         | 46,025         | 50,732         | 59,276         |
| 44,971         | 45,155         | 45,045         | 52,670         | 55,782         |
| <b>528,219</b> | <b>518,613</b> | <b>567,069</b> | <b>574,717</b> | <b>567,493</b> |

|        |        |        |        |        |
|--------|--------|--------|--------|--------|
| 10.92  | 10.92  | 10.92  | 11.24  | 12.32  |
| 13.32  | 13.32  | 13.32  | 13.71  | 15.04  |
| 19.28  | 19.28  | 19.28  | 19.85  | 21.77  |
| 26.43  | 26.43  | 26.43  | 27.22  | 29.85  |
| 43.06  | 43.06  | 43.06  | 44.35  | 48.65  |
| 66.87  | 66.87  | 66.87  | 68.87  | 75.54  |
| 126.38 | 126.38 | 126.38 | 130.17 | 142.78 |
| 197.81 | 197.81 | 197.81 | 203.74 | 223.49 |
| 281.10 | 281.10 | 281.10 | 289.53 | 317.59 |
| 376.35 | 376.35 | 376.35 | 387.64 | 425.21 |
| 2.60   | 2.60   | 2.60   | 2.67   | 2.93   |

|       |       |       |       |       |
|-------|-------|-------|-------|-------|
| 13.71 | 13.71 | 13.71 | 14.12 | 14.54 |
| 8.96  | 8.96  | 8.96  | 9.22  | 9.49  |



## ***OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION***



**BW&C**  
**BROOKSWATSON & CO.**  
CERTIFIED PUBLIC ACCOUNTANTS

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

*Independent Auditor's Report*

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

We have audited, in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the business-type activities, discretely presented component units, each major fund, and the aggregate remaining fund information of the City of Orange, Texas as of and for the year ended September 30, 2023, 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, 2024.

*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 "BrooksWatson & Co." The signature is fluid and cursive, with "Brooks" on the first line and "Watson & Co." on the second line.

BrooksWatson & Co., PLLC  
14950 Heathrow Forest Pkwy | Ste 530  
Houston, TX 77032  
March 31, 2024

**City of Orange, Texas**  
***SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS***  
**For the Year Ended September 30, 2023**

**I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:**

**None.**

**City of Orange, Texas**  
***SCHEDULE OF FINDINGS AND QUESTIONED COSTS***  
**For the Year Ended September 30, 2023**

**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.**