

City of Orange, Texas



Annual Comprehensive Financial Report

For the Fiscal Year Ended September 30, 2024

***ANNUAL COMPREHENSIVE
FINANCIAL REPORT***

of the

City of Orange, Texas

**For the Year Ended
September 30, 2024**

Prepared by

Cheryl Zeto
Director of
Finance



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City of Orange, Texas

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INTRODUCTORY SECTION



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March 31, 2025

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, 2024, 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, 2024, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unmodified opinion that the City's financial statements for the fiscal year ended September

30, 2024, 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 199 through 202.

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 27th day of the last month of the fiscal year (September 27th). The appropriated budget is prepared by fund and department (e.g., police), character (e.g., personnel cost), and object (e.g., salaries). Department heads may request the transfer of funds between object codes within their departments. These transfers are submitted to the City Council for final approval by the City Manager. The City Manager may at any time, with the approval of the City Council, transfer any unencumbered appropriation, between general classification of expenditures within any department or agency of the City.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. These comparisons for the General Fund and the Texas GLO Grant Fund are presented in the required supplementary information section on pages 96 to 99. 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 recognizes the potential threats from the Gulf 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 the 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 decreased by approximately 22% from the prior year primarily due to the overall economy. The City has already experienced an increase in sales tax revenue in 2025 due to many factors including new retail businesses, new restaurants, and more City events for citizens. The rise in sales tax revenue can also be attributed to the 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 Agreements (or Contracts) accounted for approximately 38.8% of the operating revenue for the City's general fund in fiscal year 2024. There are currently sixteen industrial contracts in place and one chapter 380 agreement. The majority of the industrial district agreements expire on December 31, 2027, and negotiations for renewals are projected to begin in the summer of 2025.

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 2024 was \$0.75950/\$100. For the fiscal year 2025, a rate of \$0.79700/\$100 was adopted.

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 City's financial policy requires an operating reserve for the General Fund and the Water, Sewer, and Sanitation Enterprise Funds, which is a minimum of 30% of operating expenses. Since 2020, the City Manager has encouraged a 50% reserve for the General Fund and other funds as much as possible.

Tax Abatements

In an effort to provide a new and improved health care opportunities for Orange County, the City approved a property tax abatement for an emergency hospital and professional building. In the immediate area of the new medical complex, investors and developers have seen economic opportunities, which has resulted in the opening of a new hotel, a credit union and a third project underway.

The City also had a Chapter 380 agreement with a local business, which began in 2015 and terminated in 2024. The agreement provided for reimbursement of the property taxes and sales taxes.

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. The City, in conjunction with the City's Economic Development Corporation, has already seen economic growth along the IH-10 corridor, and interest remains high for interested developers in this area.

In the last few years, the City has provided its citizens with additional amenities such as the Cove recreational area, improved playgrounds, and development of sporting programs at the City of Orange 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, 2023. This was the 32nd consecutive year (1992-2023) 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**

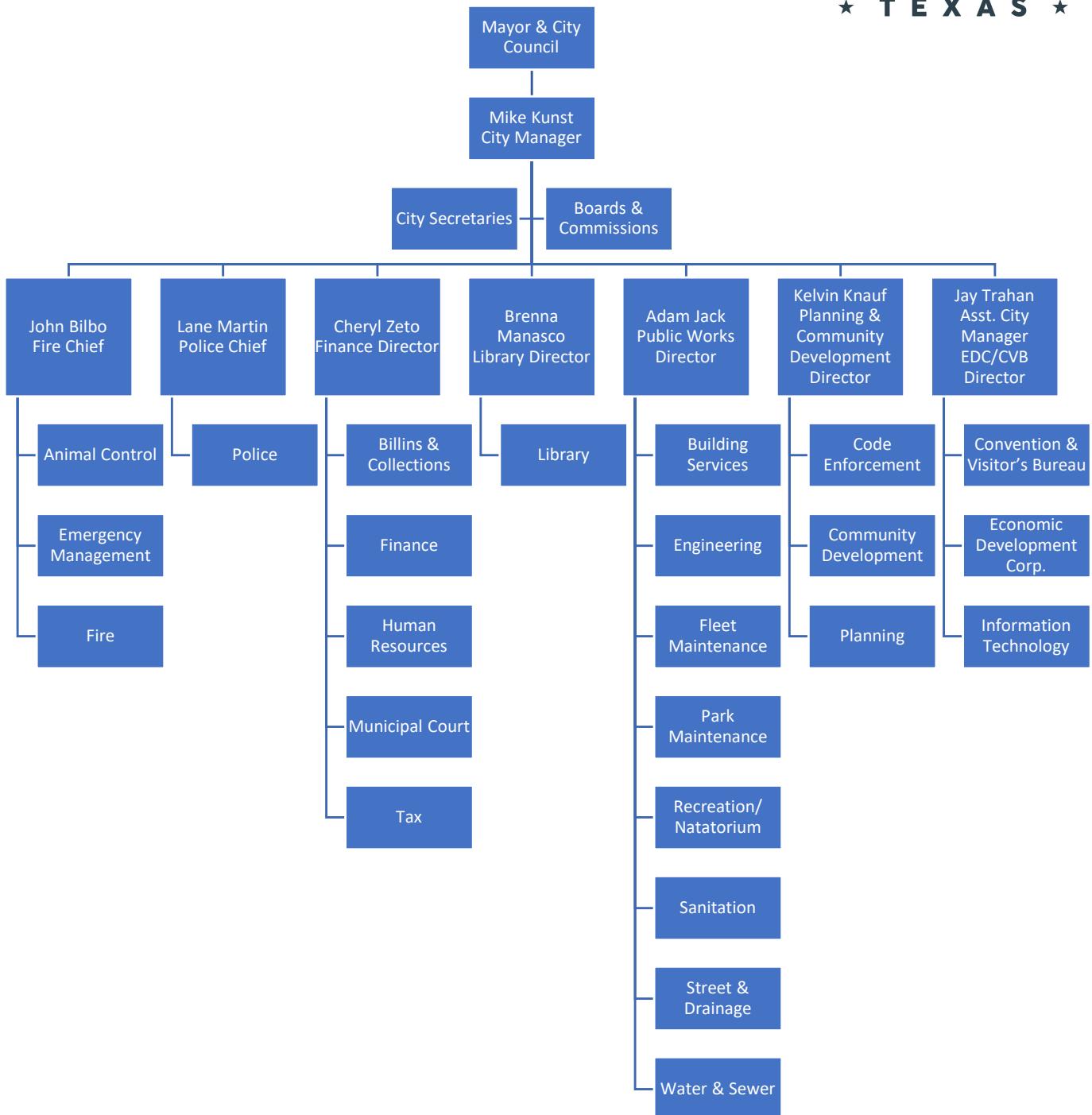
For its Annual Comprehensive
Financial Report
For the Fiscal Year Ended

September 30, 2023

Christopher P. Monell

Executive Director/CEO

City Organizational Chart



City of Orange, Texas

City Council

Larry Spears Jr., Mayor

Matt Chandler - 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, 2024, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

In our opinion, the 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, 2024, 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, 2025 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, 2025

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



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City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS

September 30, 2024

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, 2024. 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, 2024 by \$100,879,356. Of this amount, \$16,563,755 (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 \$4,956,842. The majority of the City's net position is invested in capital assets and restricted for specific purposes.
- The City's governmental funds reported combined ending fund balances of \$24,271,710 at September 30, 2024, an increase of \$555,268 from the prior fiscal year; this includes an increase of \$1,366,193 in the general fund, an increase of \$847,477 in the Texas GLO grant fund, and a decrease of \$1,658,402 in the nonmajor governmental funds.
- At the end of the fiscal year, unassigned fund balance for the general fund was \$20,052,147 or 74% of total general fund expenditures.
- The City's total debt showed a net decrease of \$1,059,960. The total governmental bonds payable at the close of the fiscal year was \$8,205,000. Self-supporting debt of the proprietary fund was \$7,635,000.

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, 2024

The *statement of net position* presents information on all of the City's assets plus deferred outflows of resources and liabilities plus deferred inflows of resources. The difference between assets plus deferred outflows of resources and liabilities plus deferred inflows of resources 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.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

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 information presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The City maintains twenty-five individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund and Texas GLO grant 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, 2024

The City maintains three fiduciary funds. The *Custodial 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 \$100,879,356 as of September 30, 2024 in the primary government.

The largest portion of the City's net position, \$80,333,533, 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, 2024

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

	2024			2023		
	Governmental		Business-Type	Governmental		Business-Type
	Activities	Activities	Total	Activities	Activities	Total
Current and other assets	\$ 28,940,560	\$ 12,479,504	\$ 41,420,064	\$ 31,030,159	\$ 11,373,259	\$ 42,403,418
Capital assets, net	49,126,742	49,560,302	98,687,044	46,110,267	48,648,428	94,758,695
Total Assets	78,067,302	62,039,806	140,107,108	77,140,426	60,021,687	137,162,113
Total Deferred Outflows	4,951,973	686,924	5,638,897	8,660,178	1,354,387	10,014,565
Other liabilities	5,634,117	2,435,343	8,069,460	6,243,771	2,339,861	8,583,632
Long-term liabilities	25,668,853	8,831,517	34,500,370	30,281,591	10,259,423	40,541,014
Total Liabilities	31,302,970	11,266,860	42,569,830	36,525,362	12,599,284	49,124,646
Total Deferred Inflows	2,206,958	89,861	2,296,819	2,110,572	18,946	2,129,518
Net Position:						
Net investment in capital assets	39,362,764	40,970,769	80,333,533	35,193,615	39,633,872	74,827,487
Restricted	3,754,574	227,494	3,982,068	6,374,128	313,935	6,688,063
Unrestricted	6,392,009	10,171,746	16,563,755	5,596,927	8,810,037	14,406,964
Total Net Position	\$ 49,509,347	\$ 51,370,009	\$ 100,879,356	\$ 47,164,670	\$ 48,757,844	\$ 95,922,514

Current and other assets for governmental activities decreased by \$2,089,599 primarily due to a decrease in cash on hand and receivables. During the year, the City received the GLO infrastructure grant funds previously booked as a receivable. In addition, the City spent the ARPA funds received in prior year. Current and other assets for business-type activities increased by \$1,106,245 primarily due to greater cash on hand, resulting from operating surpluses. Governmental activities capital assets increased by \$3,016,475 primarily due to land purchase and drainage and street improvements. Total long-term liabilities for the primary government decreased by \$6,040,644 primarily due to a significant decrease in the City's net pension liability. Total deferred outflows decreased \$4,375,668 primarily due to deferred pension investment gains that will be amortized and recognized over the next 5 years.

City of Orange, Texas
MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)
September 30, 2024

Statement of Activities:

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

	For the Year Ended September 30, 2024			For the Year Ended September 30, 2023		
	Governmental Activities		Total Primary	Governmental Activities		Total Primary
	Business-Type Activities	Government	Business-Type Activities	Government	Business-Type Activities	Government
Revenues						
Program revenues:						
Charges for services	\$ 948,904	\$ 11,848,183	\$ 12,797,087	\$ 1,239,492	\$ 11,382,095	\$ 12,621,587
Operating grants	354,700	-	354,700	202,370	-	202,370
Capital grants	3,192,035	352,424	3,544,459	4,255,495	-	4,255,495
General revenues:						
Property taxes	10,254,801	-	10,254,801	9,602,930	-	9,602,930
Payment-in-lieu of taxes	10,785,342	-	10,785,342	10,528,852	-	10,528,852
Sales taxes	4,835,026	-	4,835,026	6,232,621	-	6,232,621
Hotel occupancy taxes	769,415	-	769,415	786,833	-	786,833
Franchise and local taxes	1,042,456	-	1,042,456	1,061,904	-	1,061,904
Investment income	1,272,848	457,904	1,730,752	1,028,731	295,411	1,324,142
Other revenues	23,291	65,697	88,988	161,973	1,159,053	1,321,026
Gain on sale - cap. assets	-	-	-	-	26,630	26,630
Total Revenues	33,478,818	12,724,208	46,203,026	35,101,201	12,863,189	47,964,390
Expenses						
General government	4,925,072	-	4,925,072	4,568,339	-	4,568,339
Public safety	14,830,651	-	14,830,651	15,223,993	-	15,223,993
Public works	7,386,485	-	7,386,485	7,591,194	-	7,591,194
Culture and recreation	3,028,704	-	3,028,704	3,099,344	-	3,099,344
Interest	277,379	248,053	525,432	296,005	267,668	563,673
Water & Sewer	-	7,780,743	7,780,743	-	7,258,220	7,258,220
Sanitation	-	2,769,097	2,769,097	-	2,586,865	2,586,865
Total Expenses	30,448,291	10,797,893	41,246,184	30,778,875	10,112,753	40,891,628
Change in Net Position						
Before Transfers	3,030,527	1,926,315	4,956,842	4,322,326	2,750,436	7,072,762
Transfers	(685,850)	685,850	-	(1,108,788)	1,108,788	-
Change in Net Position	2,344,677	2,612,165	4,956,842	3,213,538	3,859,224	7,072,762
Beginning Net Position	47,164,670	48,757,844	95,922,514	43,951,132	44,898,620	88,849,752
Ending Net Position	\$ 49,509,347	\$ 51,370,009	\$ 100,879,356	\$ 47,164,670	\$ 48,757,844	\$ 95,922,514

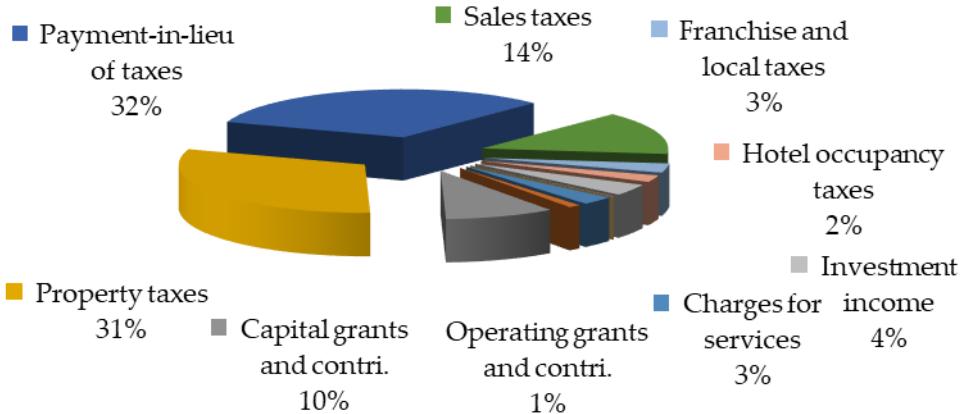
City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

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, 2024, revenues from governmental activities totaled \$33,478,818. Property taxes, payment-in-lieu of taxes, and sales taxes are the City's largest general revenue sources. Overall revenue decreased by \$1,622,383 or 5% compared to the prior year, primarily due to a decrease in sales tax. Charges for services decreased by \$290,588 or 23% mainly due to nonrecurring municipal court, property rental, and miscellaneous income received in the prior year. Grants and contributions decreased by \$911,130 or 20% primarily due to nonrecurring public safety related capital contributions received in the prior year. Property taxes increased by \$651,871 or 7% primarily due to greater appraised values in the current year. Sales taxes decreased by \$1,397,595 or 22% due to a decline in local economic activity over the course of the year. Investment income increased by \$244,117 or 24% due to greater interest-bearing accounts and realization of higher interest rates. Other revenues decreased by \$138,682 or 86% primarily due to nonrecurring opioid settlement funds received in the prior year.

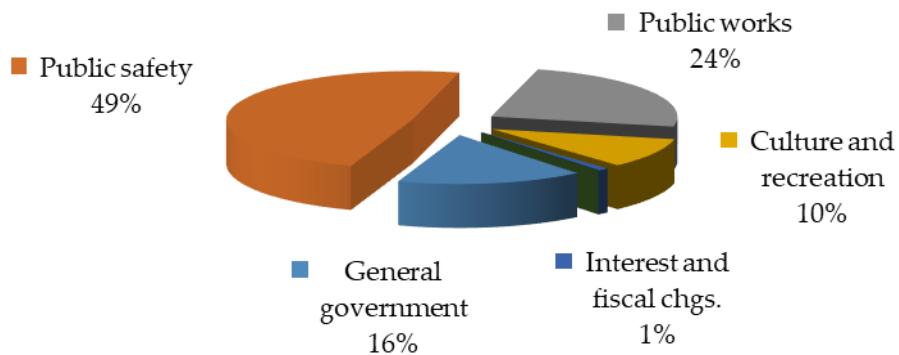
City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

This graph shows the governmental function expenses of the City:

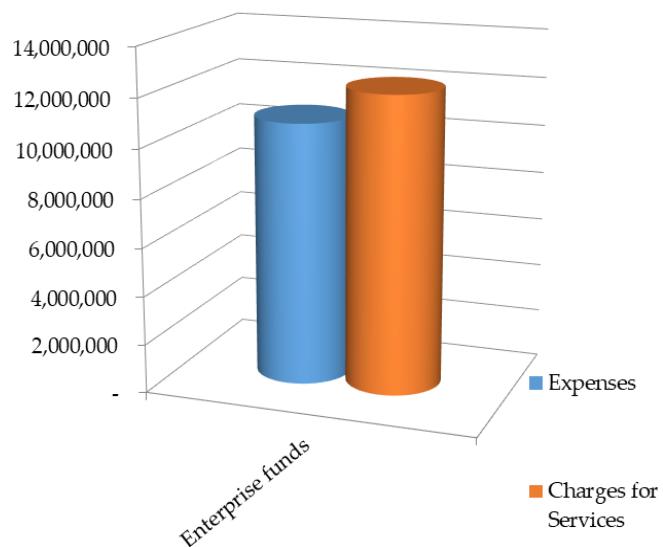
Governmental Activities - Expenses



For the year ended September 30, 2024, expenses for governmental activities totaled \$30,448,291. This represents a slight increase of \$330,584 from the prior year. The City's largest functional expense is public safety of \$14,830,651, and decreased by \$393,342 or 3% from prior year, which is considered minimal. General government expenses increased by \$356,733 or 8% due to greater personnel costs, resulting from new hires and department restructures. In addition, the City had nonrecurring banking fees, radio, and computer costs in the prior year.

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

Business-Type Activities - Revenues and Expenses



City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

For the year ended September 30, 2024, charges for services by business-type activities totaled \$11,848,183. This is an increase of \$466,088 or 4% from the previous year, which is primarily due to greater water service rates charged to customers.

Total expenses increased \$685,140 or 7%, to a total of \$10,797,893. Water and sewer expenses experienced the largest expense increase of \$522,523 or 7% primarily due to greater rental and consulting costs in the current year. In addition, the increase is due to nonrecurring machinery and water system maintenance in the current year.

FINANCIAL ANALYSIS OF THE CITY'S FUNDS

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

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, 2024, the City's governmental funds reported combined fund balances of \$24,271,710, an increase of \$555,268 in comparison with the prior year. Approximately 82% of this amount, \$19,900,614, 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, \$362,572, 2) assigned for particular purpose, \$253,950, or 3) restricted for particular purposes, \$3,754,574.

As of the end of the year the general fund reflected a total fund balance of \$20,346,380. Of this, \$294,233 is considered nonspendable and \$20,052,147 is unassigned. The general fund balance increased by \$1,366,193 compared to the budgeted decrease of \$151,639. The fund's increase was primarily due to less than anticipated expenditures.

Revenues for the general fund in the current year were \$27,751,426 compared to \$28,624,736 in the prior year. This decrease is a direct result of a decrease in sales taxes, charges for services, and franchise and local taxes.

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 75% of total general fund expenditures. The unassigned (the amount available for spending) fund balance of the general fund of \$20,052,147 is 74% of total general fund expenditures.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

The Texas GLO grant fund had an ending deficit fund balance of \$127,356 at September 30, 2024, an increase of \$847,477. The increase was a result of current year grants and donations received exceeding capital outlay expenditures during the year.

Nonmajor governmental funds had a total ending fund balance of \$4,052,686, a decrease of \$1,658,402, primarily due to current year capital outlay and debt service expenditures exceeding grants and donations and hotel occupancy taxes received.

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 \$48,906,917 and \$2,357,521, respectively. Unrestricted net position of the enterprise funds at the close of the fiscal year amounted to \$10,066,175. Total net position increased \$2,639,749. The funds had a total net investment in capital assets of \$40,970,769.

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

- Total operational expenses, excluding depreciation and amortization were \$8,550,211.
- Total cash and cash equivalents in the enterprise funds was \$9,470,712 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 \$1,142,464 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 \$243,418 compared to the final budget. The increase was primarily due to additional capital spending, general government, and public safety expenses anticipated. Total original budgeted revenues increased by \$74,448 compared to the final budget. This increase was due to the City's anticipation of more charges for services and investment income. There was a negative variance of \$1,523,336 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 \$2,469,559 in budgeted expenditure appropriations. The variance was primarily due to a decrease in nondepartmental, street and drainage, fleet maintenance, and police department compared to estimates used for the budget.
- \$946,223 is the budget surplus of revenues over expenditures before other financing sources (uses).

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

- There was a total budget surplus after other financing sources (uses) of \$1,517,832.

CAPITAL ASSETS

As of the end of the year, the City's governmental activities funds had invested \$49,126,742 in a variety of capital assets and infrastructure, net of accumulated depreciation. The City's business-type activities funds had invested \$49,560,302 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:

- Purchased land off of Rosewood and Simmons Drive for \$345,296
- Made improvements to the Cove Recreation area for \$165,832.
- Purchased body cameras and dock stations for \$102,238.
- Made improvements to Coopers Gully drainage pump stations for \$2,789,281.
- Purchased police and fire equipment totaling \$199,682.
- Purchased signs for the Wayfinder playground for \$105,963.
- Purchased six police vehicles totaling \$283,423.
- Made improvements to Meeks Dr. ground storage for \$1,486,653.
- Made repairs and rehabilitated multiple lift stations for \$1,667,067.
- Financed ten Ram trucks for \$235,975.
- Entered into a software subscription for \$155,299.
- Made street improvements totaling \$538,348.
- Made sewer line improvements totaling \$558,924.
- Purchased two freightliners for \$441,200.
- Purchased four WWTP clarifiers for \$661,770.
- Purchased water meters totaling \$215,040.
- Financed seven Ram trucks for water and sewer operations totaling \$160,441.

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 \$15,840,000. Of this amount, \$7,635,000 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.

City of Orange, Texas

MANAGEMENT'S DISCUSSION AND ANALYSIS (Continued)

September 30, 2024

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

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

CONTACTING THE CITY'S FINANCIAL MANAGEMENT

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

FINANCIAL STATEMENTS

City of Orange, Texas
STATEMENT OF NET POSITION (Page 1 of 2)
September 30, 2024

	Primary Government			
	Governmental Activities	Business-Type Activities	Total	
Assets				
Current assets:				
Cash and cash equivalents	\$ 24,847,648	\$ 9,470,712	\$ 34,318,360	
Restricted cash	185,825	822,175	1,008,000	
Investments	250,000	-	250,000	
Receivables, net	3,397,867	1,793,060	5,190,927	
Due from primary government	-	-	-	
Inventory	53,547	208,171	261,718	
Prepays	311,244	79,815	391,059	
Internal balances	(105,571)	105,571	-	
	Total Current Assets	28,940,560	12,479,504	41,420,064
Capital assets:				
Non-depreciable	7,012,975	1,707,442	8,720,417	
Net depreciable capital assets	42,113,767	47,852,860	89,966,627	
	Noncurrent Assets	49,126,742	49,560,302	98,687,044
	Total Assets	78,067,302	62,039,806	140,107,108
Deferred Outflows of Resources				
Pension outflows - TMRS	3,595,551	672,661	4,268,212	
Pension outflows - Fireman's Retirement	1,289,680	-	1,289,680	
OPEB outflows	35,833	6,709	42,542	
Deferred charge on refunding	30,909	7,554	38,463	
	Total Deferred Outflows of Resources	\$ 4,951,973	\$ 686,924	\$ 5,638,897

Component Unit

Orange
EDC

\$ 4,701,152
90,208
250,000

439,621

-
75,176

5,556,157

1,236,758

4,396,666

5,633,424

11,189,581

-

-

-

21,311

\$ 21,311

City of Orange, Texas
STATEMENT OF NET POSITION (Page 2 of 2)
September 30, 2024

	Primary Government		
	Governmental Activities	Business-Type Activities	Total
<u>Liabilities</u>			
Current liabilities:			
Accounts payable			
and accrued liabilities	\$ 1,542,770	\$ 765,256	\$ 2,308,026
Due to fiduciary fund	-	425	425
Accrued interest payable	41,551	37,349	78,900
Customer deposits	1,289	557,332	558,621
Due to component unit	439,621	-	439,621
Compensated absences, current	2,514,734	84,524	2,599,258
OPEB liability, current	70,857	13,266	84,123
Long term debt due within one year	1,023,295	977,191	2,000,486
Total Current Liabilities	5,634,117	2,435,343	8,069,460
Noncurrent liabilities:			
Compensated absences, noncurrent	1,568,392	52,716	1,621,108
Long-term debt due in more than one year	8,226,843	7,451,625	15,678,468
Net pension liability - TMRS	6,377,011	1,193,040	7,570,051
OPEB liability	716,439	134,136	850,575
Net pension liability - Fireman's Retirement	8,780,168	-	8,780,168
Noncurrent Liabilities	25,668,853	8,831,517	34,500,370
Total Liabilities	31,302,970	11,266,860	42,569,830
<u>Deferred Inflows of Resources</u>			
Pension inflows - TMRS	440,898	82,485	523,383
Pension inflows - Fireman's Retirement	1,726,663	-	1,726,663
OPEB Inflows - Retiree Healthcare	39,397	7,376	46,773
Total Deferred Inflows of Resources	2,206,958	89,861	2,296,819
<u>Net Position</u>			
Net investment in capital assets	39,362,764	40,970,769	80,333,533
Restricted for:			
Debt service	186,737	227,494	414,231
Culture and recreation	232,710	-	232,710
Public safety	816,776	-	816,776
Public works	55,381	-	55,381
Tourism and promotion	2,280,492	-	2,280,492
Capital improvements	182,478	-	182,478
Economic development	-	-	-
Unrestricted	6,392,009	10,171,746	16,563,755
Total Net Position	\$ 49,509,347	\$ 51,370,009	\$ 100,879,356

Component Unit

Orange	\$ 45,553
EDC	-
	20,413
	-
	-
	27,978
	-
	315,000
	<hr/> <u>408,944</u>

3,109	3,109
3,173,931	-
	-
	-
	3,177,040
	<hr/> <u>3,585,984</u>
	-
	-
	-
	<hr/> <u>-</u>

2,130,913

69,795	69,795
	-
	-
	-
	-
	-
5,424,200	5,424,200
	-
	<hr/> <u>\$ 7,624,908</u>

City of Orange, Texas

STATEMENT OF ACTIVITIES

For the Year Ended September 30, 2024

Functions/Programs	Expenses	Program Revenues			Capital Grants and Contributions
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Primary Government					
Governmental Activities					
General government	\$ 4,925,072	\$ 501,538	\$ 6,555	\$ -	
Public safety	14,830,651	47,741	264,122	49,588	
Public works	7,386,485	156,284	84,023	3,142,447	
Culture and recreation	3,028,704	243,341	-	-	
Interest	277,379	-	-	-	
Total Governmental Activities	30,448,291	948,904	354,700	3,192,035	
Business-Type Activities					
Water and sewer	8,028,796	9,033,009	-	352,424	
Sanitation	2,769,097	2,815,174	-	-	
Total Business-Type Activities	10,797,893	11,848,183	-	352,424	
Total Primary Government	\$ 41,246,184	\$ 12,797,087	\$ 354,700	\$ 3,544,459	
Component Unit					
Orange Economic					
Development Corporation	\$ 2,142,475	\$ -	\$ 17,565	\$ -	
Total Component Unit	\$ 2,142,475	\$ -	\$ 17,565	\$ -	

General Revenues:

Taxes

- Property taxes
- Payment-in-lieu of taxes
- Sales taxes
- Other taxes
- Franchise and local taxes
- Investment income
- Other revenues

Transfers

Total General Revenues and Transfers

Change in Net Position

- Beginning Net Position
- Ending Net Position

See Notes to Financial Statements.

Net (Expense) Revenue and Changes in Net Position

Primary Government		Component Unit	
Governmental Activities	Business-Type Activities	Total	Orange EDC
\$ (4,416,979)	\$ -	\$ (4,416,979)	\$ -
(14,469,200)	- -	(14,469,200)	- -
(4,003,731)	- -	(4,003,731)	- -
(2,785,363)	- -	(2,785,363)	- -
(277,379)	- -	(277,379)	- -
<u>(25,952,652)</u>	<u>- -</u>	<u>(25,952,652)</u>	<u>- -</u>
- -	1,356,637	1,356,637	- -
<u>- -</u>	<u>46,077</u>	<u>46,077</u>	<u>- -</u>
<u>(25,952,652)</u>	<u>1,402,714</u>	<u>1,402,714</u>	<u>- -</u>
<u>(25,952,652)</u>	<u>1,402,714</u>	<u>(24,549,938)</u>	<u>- -</u>
		<u>(2,124,910)</u>	
		<u>(2,124,910)</u>	

10,254,801	- -	10,254,801	- -
10,785,342	- -	10,785,342	- -
4,835,026	- -	4,835,026	2,417,513
769,415	- -	769,415	- -
1,042,456	- -	1,042,456	- -
1,272,848	457,904	1,730,752	229,241
23,291	65,697	88,988	- -
(685,850)	685,850	- -	- -
<u>28,297,329</u>	<u>1,209,451</u>	<u>29,506,780</u>	<u>2,646,754</u>
2,344,677	2,612,165	4,956,842	521,844
47,164,670	48,757,844	95,922,514	7,103,064
<u>\$ 49,509,347</u>	<u>\$ 51,370,009</u>	<u>\$ 100,879,356</u>	<u>\$ 7,624,908</u>

City of Orange, Texas

BALANCE SHEET (Page 1 of 2)

GOVERNMENTAL FUNDS

September 30, 2024

	General	Texas GLO Grant Fund	Nonmajor Governmental Funds
Assets			
Cash and cash equivalents	\$ 19,568,164	\$ -	\$ 4,098,108
Investments	250,000	-	-
Restricted cash	-	-	185,825
Taxes receivable, net	1,322,147	-	187,203
Accounts receivable, net	1,565,302	125,365	168,774
Due from other funds	132,562	-	-
Due from others	25,844	-	3,232
Inventories, at cost	53,547	-	-
Prepays	240,686	-	70,558
Total Assets	<u>\$ 23,158,252</u>	<u>\$ 125,365</u>	<u>\$ 4,713,700</u>
Liabilities			
Accounts payable and accrued liabilities	\$ 1,004,641	\$ 100,602	\$ 368,097
Partial payment of taxes	1,185	-	-
Liability for municipal court	29,333	-	-
Customer deposits	1,289	-	-
Due to other funds	-	104,149	28,413
Due to component unit	439,621	-	-
Total Liabilities	<u>1,476,069</u>	<u>204,751</u>	<u>396,510</u>
Deferred Inflows of Resources			
Unavailable revenue -			
Property taxes	1,322,088	-	187,203
Fines receivable, net	13,715	-	-
Grants	-	47,970	77,301
Total Deferred Inflows	<u>1,335,803</u>	<u>47,970</u>	<u>264,504</u>

**Total
Governmental
Funds**

\$	23,666,272
	250,000
	185,825
	1,509,350
	1,859,441
	132,562
	29,076
	53,547
	311,244
\$	<hr/> <u>27,997,317</u>

\$	1,473,340
	1,185
	29,333
	1,289
	132,562
	439,621
	<hr/> <u>2,077,330</u>

	1,509,291
	13,715
	125,271
	<hr/> <u>1,648,277</u>

City of Orange, Texas

BALANCE SHEET (Page 2 of 2)

GOVERNMENTAL FUNDS

September 30, 2024

	General	Texas GLO Grant Fund	Nonmajor Governmental Funds
<u>Fund Balances</u>			
Nonspendable for:			
Inventory	\$ 53,547	\$ -	\$ -
Prepays	240,686	-	68,339
Restricted for:			
Debt service	-	-	186,737
Capital improvements	-	-	182,478
Culture and recreation	-	-	232,710
Public safety	-	-	816,776
Public works	-	-	55,381
Tourism and promotion	-	-	2,280,492
Assigned for:			
Capital improvements	-	-	251,360
Economic development	-	-	2,590
Unassigned	20,052,147	(127,356)	(24,177)
Total Fund Balances	20,346,380	(127,356)	4,052,686
Total Liabilities, Deferred Inflows, and Fund Balances	\$ 23,158,252	\$ 125,365	\$ 4,713,700

See Notes to Financial Statements.

**Total
Governmental
Funds**

\$ 53,547
309,025

186,737
182,478
232,710
816,776
55,381
2,280,492

251,360
2,590
19,900,614

24,271,710

\$ 27,997,317



City of Orange, Texas

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

September 30, 2024

Fund Balances - Fund Balances - Total Governmental Funds \$ 24,271,710

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	7,012,975
Capital assets - net depreciable	42,113,767

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

Property tax receivable	1,509,291
Fines receivable	13,715
Grant receivables	125,271

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	30,909
Pension Outflows - TMRS	3,595,551
Pension Inflows - TMRS	(440,898)
Pension Outflows - Fireman's Retirement	1,289,680
Pension Inflows - Fireman's Retirement	(1,726,663)
OPEB Outflows - Retiree Healthcare	35,833
OPEB Inflows - Retiree Healthcare	(39,397)

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. 1,036,893

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

Compensated absences	(4,083,126)
Accrued interest	(41,551)
Bond premium	(305,668)
Non-current liabilities due in one year	(1,023,295)
Non-current liabilities due in more than one year	(7,921,175)
Net pension liability - TMRS	(6,377,011)
Net pension liability - Firemen's Relief and Retirement Fund	(8,780,168)
OPEB liability - Healthcare	(787,296)

Net Position of Governmental Activities \$ 49,509,347

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, 2024

	Texas GLO Grant Fund		Nonmajor Governmental Funds		Total Governmental Funds	
	General	Fund	Funds	Funds	Funds	Funds
Revenues						
Property tax	\$ 8,931,462	\$ -	\$ 1,174,056	\$ 10,105,518		
Payment-in-lieu of taxes	10,785,342	-	-	-	10,785,342	
Sales tax	4,835,026	-	-	-	4,835,026	
Franchise and local taxes	1,042,456	-	-	-	1,042,456	
Other taxes	53,169	-	-	-	53,169	
Hotel occupancy taxes	-	-	716,246	716,246		
Charges for services	746,808	-	5,323	752,131		
License, permits and fees	199,412	-	-	-	199,412	
Intergovernmental	111,109	-	-	-	111,109	
Investment income	1,040,416	-	170,888	1,211,304		
Grants and donations	-	3,436,627	1,489,095	4,925,722		
Other revenue	6,226	-	-	-	6,226	
Total Revenues	27,751,426	3,436,627	3,555,608	34,743,661		
Expenditures						
Current:						
General government	2,153,750	-	-	-	2,153,750	
Public safety	12,729,725	1,850	88,371	12,819,946		
Culture - recreation	1,552,596	-	786,100	2,338,696		
Public works	4,506,798	48,557	439,525	4,994,880		
Nondepartmental	4,242,170	-	-	-	4,242,170	
Debt Service:						
Principal	238,479	-	765,000	1,003,479		
Interest	26,683	-	268,448	295,131		
Capital outlay	1,523,322	2,538,743	2,980,486	7,042,551		
Total Expenditures	26,973,523	2,589,150	5,327,930	34,890,603		
Excess (Deficiency) of Revenues	\$ 777,903	\$ 847,477	\$ (1,772,322)	\$ (146,942)		

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, 2024

	Texas GLO General	Texas GLO Grant Fund	Nonmajor Governmental Funds	Total Governmental Funds
Other Financing Sources (Uses)				
Insurance recoveries	\$ 17,065	\$ -	\$ -	\$ 17,065
Note payable issuance	399,226	-	-	399,226
SBITA issuance	155,299	-	-	155,299
Sale of capital assets	16,700	-	-	16,700
Transfers in	-	-	113,920	113,920
Total Other Financing Sources (Uses)	588,290	-	113,920	702,210
Net Change in Fund Balances	1,366,193	847,477	(1,658,402)	555,268
Beginning fund balances	18,980,187	(974,833)	5,711,088	23,716,442
Ending Fund Balances	\$ 20,346,380	\$ (127,356)	\$ 4,052,686	\$ 24,271,710

See Notes to Financial Statements.



ORANGE
★ TEXAS ★

City of Orange, Texas

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

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

Net changes in fund balances - total governmental funds \$ 555,268

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	7,061,840
Depreciation expense	(3,309,683)
Capital contributions from EDC	110,358
Adjustment for disposal of capital assets	(46,270)
Capital assets contributed to business-type activities	(799,770)

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

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

Compensated absences	(297,285)
Accrued interest	5,191
Pension expense - TMRS	17,740
Pension expense - Firemen's Relief and Retirement Fund	201,803
OPEB expense	(5,715)

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	(399,226)
SBITA issuance	(155,299)
Amortization of debt premium	21,833
Amortization of deferred charge on refunding	(9,272)
Principal payments on long-term debt	1,003,479

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

Change in Net Position of Governmental Activities

\$ 2,344,677

See Notes to Financial Statements.

City of Orange, Texas

STATEMENT OF NET POSITION (Page 1 of 2)
PROPRIETARY FUNDS
September 30, 2024

<u>Assets</u>	<u>Business-Type Activities</u>			<u>Governmental Activities</u>	
				<u>Internal Service Fund</u>	
	<u>Water & Sewer</u>	<u>Sanitation</u>	<u>Total</u>		
Current Assets					
Cash and cash equivalents	\$ 7,246,187	\$ 2,224,525	\$ 9,470,712	\$ 1,181,376	
Restricted cash	822,175	-	822,175		-
Receivables, net	1,490,876	302,184	1,793,060		-
Prepays	35,882	43,933	79,815		-
Inventory	208,171	-	208,171		-
Total Current Assets	9,803,291	2,570,642	12,373,933		1,181,376
Noncurrent Assets					
Capital assets:					
Non-depreciable	1,707,442	-	1,707,442		-
Net depreciable capital assets	47,529,636	323,224	47,852,860		-
Total Noncurrent Assets	49,237,078	323,224	49,560,302		-
Total Assets	59,040,369	2,893,866	61,934,235		1,181,376
Deferred Outflows of Resources					
Pension contributions	203,553	19,224	222,777		-
Pension investment returns	308,394	29,126	337,520		-
Pension differences in experience	102,668	9,696	112,364		-
OPEB differences in experience	6,130	579	6,709		-
Deferred charge on refunding	7,554	-	7,554		-
Total Deferred Outflows	\$ 628,299	\$ 58,625	\$ 686,924		\$ -

City of Orange, Texas

STATEMENT OF NET POSITION (Page 2 of 2) PROPRIETARY FUNDS September 30, 2024

	Business-Type Activities			Governmental Activities	
	Water & Sewer		Sanitation	Total	Internal Service Fund
	Liabilities				
Current Liabilities					
Accounts payable and accrued liabilities	\$ 575,345	\$ 189,911	\$ 765,256	\$ 38,912	
Accrued interest	37,349	-	37,349	-	
Customer deposits	557,332	-	557,332	-	
Due to custodial fund	-	425	425	-	
Compensated absences, current	63,875	20,649	84,524	-	
OPEB liability, current	12,122	1,144	13,266	-	
Debt obligations, current	911,102	66,089	977,191	-	
Total Current Liabilities	2,157,125	278,218	2,435,343		38,912
Noncurrent Liabilities					
Compensated absences, noncurrent	43,366	9,350	52,716	-	
Debt obligations, noncurrent	7,266,498	185,127	7,451,625	-	
OPEB liability	122,568	11,568	134,136	-	
Net pension liability	1,090,087	102,953	1,193,040	-	
Total Noncurrent Liabilities	8,522,519	308,998	8,831,517		-
Total Liabilities	10,679,644	587,216	11,266,860		38,912
Deferred Inflows of Resources					
Pension Inflows - TMRS	75,367	7,118	82,485	-	
OPEB changes in assumptions	6,740	636	7,376	-	
Total Deferred Inflows	82,107	7,754	89,861		-
Net Position					
Net investment in capital assets	40,898,761	72,008	40,970,769	-	
Restricted for debt service	227,494	-	227,494	-	
Unrestricted	7,780,662	2,285,513	10,066,175	1,142,464	
Total Net Position	\$ 48,906,917	\$ 2,357,521	\$ 51,264,438		\$ 1,142,464
Adjustment to report the cumulative internal balance for the net effect of the activity between the internal service fund and the proprietary funds			105,571		
Net position of business-type activities			\$ 51,370,009		

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, 2024

	Business-Type Activities			Governmental Activities	
	Water & Sewer		Sanitation	Total	Internal Service Fund
<u>Operating Revenues</u>					
Water revenue	\$ 2,849,921	\$ -	\$ 2,849,921	\$ -	
Sewer revenue	5,449,932	-	5,449,932	-	
Sanitation revenue	-	2,659,439	2,659,439	-	
Other services	328,335	-	328,335	-	
Franchise fees	-	152,834	152,834	-	
Interfund billing & collection	187,664	-	187,664	-	
Other revenues	217,157	2,901	220,058	-	
Total Operating Revenues	9,033,009	2,815,174	11,848,183		
<u>Operating Expenses</u>					
Personnel services	1,692,640	185,897	1,878,537	-	
Employee benefits	797,975	99,958	897,933	-	
Contractual services	2,136,225	1,862,954	3,999,179	-	
Utilities	20,262	-	20,262	-	
Administrative	742,043	515,203	1,257,246	178,265	
Supplies	495,622	1,432	497,054	-	
Premiums paid	-	-	-	67,368	
Depreciation	1,858,109	93,932	1,952,041	-	
Total Operating Expenses	7,742,876	2,759,376	10,502,252		245,633
Operating Income (Loss)	1,290,133	55,798	1,345,931		(245,633)

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, 2024

	Business-Type Activities			Governmental Activities	
	Water & Sewer		Sanitation	Total	Internal Service Fund
Nonoperating Revenues (Expenses)					
Investment income	\$ 341,516	\$ 116,388	\$ 457,904	\$ 61,544	
Interest expense	(245,553)	(2,500)	(248,053)	-	
Insurance proceeds	64,697	1,000	65,697	-	
Loss on sale of capital assets	(20,004)	-	(20,004)	-	
Total Nonoperating Revenues (Expenses)	140,656	114,888	255,544	61,544	
Income Before Transfers and Capital Contributions					
	1,430,789	170,686	1,601,475	(184,089)	
Capital contributions from governmental activities	799,770	-	799,770	-	
Capital contributions from EDC	352,424	-	352,424	-	
Transfers (out)	(113,920)	-	(113,920)	-	
Total Transfers and Capital Contributions	1,038,274	-	1,038,274	-	
Change in Net Position	2,469,063	170,686	2,639,749	(184,089)	
Beginning net position	46,437,854	2,186,835	48,624,689	1,326,553	
Ending Net Position	\$ 48,906,917	\$ 2,357,521	\$ 51,264,438	\$ 1,142,464	
Adjustment for the net effect of the current year activity between internal service fund and the proprietary funds					
				(27,584)	
Change in Net Position			\$ 2,612,165		

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, 2024

Business-Type Activities			
	Water & Sewer	Sanitation	Total
<u>Cash Flows from Operating Activities</u>			
Receipts from customers	\$ 9,534,520	\$ 2,799,315	\$ 12,333,835
Payments to suppliers	(3,372,921)	(2,376,881)	(5,749,802)
Payments to employees	(2,534,353)	(286,291)	(2,820,644)
Net Cash Provided (Used) by Operating Activities	3,627,246	136,143	3,763,389
<u>Cash Flows from Capital and Related Financing Activities</u>			
Capital purchases	(1,350,685)	-	(1,350,685)
Insurance proceeds	64,697	1,000	65,697
Principal paid on debt	(892,201)	(60,402)	(952,603)
Interest paid on debt	(264,817)	(2,500)	(267,317)
Net Cash (Used for) Capital and Related Financing Activities	(2,443,006)	(61,902)	(2,504,908)
<u>Cash Flows from Investing Activities</u>			
Interest on investments	341,516	116,388	457,904
Net Cash Provided (Used) by Investing Activities	341,516	116,388	457,904
Net (Decrease) Increase in Cash and Cash Equivalents	1,411,836	190,629	1,602,465
Beginning cash and cash equivalents	6,656,526	2,033,896	8,690,422
Ending Cash and Cash Equivalents	\$ 8,068,362	\$ 2,224,525	\$ 10,292,887

See Notes to Financial Statements.

**Governmental
Activities**

**Internal
Service
Fund**

\$ -
(252,439)

(252,439)

-
-
-
-

61,544

61,544

(190,895)

1,372,271

\$ 1,181,376

City of Orange, Texas
STATEMENT OF CASH FLOWS
PROPRIETARY FUNDS (Page 2 of 2)
For the Year Ended September 30, 2024

Business-Type Activities				
	Water & Sewer	Sanitation	Total	
Reconciliation of Operating Income (Loss)				
to Net Cash Provided (Used) by Operating Activities				
Operating Income (Loss)	\$ 1,290,133	\$ 55,798	\$ 1,345,931	
Adjustments to reconcile operating income to net cash provided:				
Depreciation	1,858,109	93,932	1,952,041	
Changes in Operating Assets and Liabilities:				
(Increase) Decrease in:				
Accounts receivable	480,248	(15,859)	464,389	
Inventory	11,291	-	11,291	
Prepays	(6,666)	(378)	(7,044)	
Due from other funds	-	-	-	
Increase (Decrease) in:				
Accounts payable and accrued liabilities	16,606	3,096	19,702	
Compensated absences	(11,805)	846	(10,959)	
Customer deposits	21,263	-	21,263	
Due to other funds	-	(10)	(10)	
Deferred inflows - OPEB liability	30,916	(953)	29,963	
Deferred outflows - pension liability	(115,243)	(11,325)	(126,568)	
Deferred outflows - OPEB liability	(23,487)	1,635	(21,852)	
Deferred inflows - pension liability	783,280	71,626	854,906	
OPEB liability	(14,984)	(993)	(15,977)	
Net pension liability (asset)	(692,415)	(61,272)	(753,687)	
Net Cash Provided (Used) by Operating Activities	\$ 3,627,246	\$ 136,143	\$ 3,763,389	

Schedule of Noncash Capital and Related

Financing Activities:

Capital assets financed in the current year	\$ 160,441	\$ 220,599	\$ 381,040
Contribution of capital assets from EDC	352,424	-	352,424
Contribution of capital assets from governmental activities	799,770	-	799,770
	\$ 1,312,635	\$ 220,599	\$ 1,533,234

See Notes to Financial Statements.

Governmental

Activities

Internal

Service

Fund

\$ (245,633)

-

-

-

(6,806)

-

-

-

-

-

\$ (252,439)

\$

-

-

\$

-

City of Orange, Texas
STATEMENT OF FIDUCIARY NET POSITION
FIDUCIARY FUNDS
September 30, 2024

	Custodial Funds	Employee Benefit Trust Fund
Assets		
Cash and cash equivalents	\$ 25,769	\$ 591,182
Total Assets	25,769	591,182
Liabilities		
Accounts payable accrued liabilities	- -	- -
Total Liabilities	- -	- -
Net Position		
Net position restricted for others	9,455	-
Net position held in trust for employees	- -	591,182
Net position restricted for employee benefits	16,314	-
Total Net Position	25,769	591,182
Total Liabilities and Net Position	\$ 25,769	\$ 591,182

See Notes to Financial Statements.

City of Orange, Texas
STATEMENT OF CHANGES IN NET POSITION
FIDUCIARY FUNDS
For the Year Ended September 30, 2024

	Custodial Funds	Employee Benefit Trust Fund
Additions:		
Contributions from employees	\$ 18,775	\$ 4,062,252
Interest earned	-	3,926
Total Additions	\$ 18,775	\$ 4,066,178
Deductions:		
Administrative expenses	\$ 15,245	\$ 4,002,721
Total Deductions	\$ 15,245	\$ 4,002,721
Increase (decrease) in net position	3,530	63,457
Net position, beginning of year	22,239	527,725
Net position, end of year	\$ 25,769	\$ 591,182

See Notes to Financial Statements.



City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS

September 30, 2024

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, 2024

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, 2024

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.

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.

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.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 leases are reported as other financing sources.

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

The proprietary, pension and other postemployment benefit trust, and private-purpose trust funds are reported using the *economic resources measurement focus* and the *accrual basis of accounting*. Custodial funds use the economic resources measurement focus and the *accrual basis of accounting* for reporting its assets and liabilities.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 CDBG Home program, Texas Loan Star Library Grant, TXDOT Grant, and Federal Seizure funds.

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 Balance or Net Position

1. Deposits and Investments

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

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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% of outstanding property taxes as of September 30, 2024.

4. Inventories and Prepaid Items

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2024

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
SBITA	5 years

6. Deferred outflows/inflows of resources

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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

7. Net Position Flow Assumptions

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

8. Fund Balance Flow Assumptions

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

9. Fund Balance Policies

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 \$8,092,057 at September 30, 2024, based on 30% of annual budgeted expenditures. The unassigned fund balance for the general fund at September 30, 2024 was \$20,052,147.

10. Long-Term Obligations

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

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

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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. Subscription Based Information Technology Arrangements (“SBITA”)

The City has adopted the provision of Governmental Accounting Standard Board (GASB) Statement No. 96, entitled Subscription-Based Information Technology Arrangements (“SBITA”). The City has noncancellable contracts with SBITA vendors for the right to use information technology (IT) software, alone or in combination with tangible capital assets (the underlying IT assets). The City recognizes a subscription liability, reported with long-term debt, and a right-to-use subscription asset (an intangible asset), reported with other capital assets, in the government-wide financial statements. The City recognizes subscription liabilities with an initial, individual value of \$5,000 or more.

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

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

- The City uses the interest rate charged by the SBITA vendor as the discount rate. When the interest rate charged by the SBITA vendor is not provided, the City generally uses its estimated incremental borrowing rate as the discount rate for SBITAs.
- The subscription term includes the noncancelable period of the SBITA.
- Subscription payments included in the measurement of the subscription liability are composed of fixed payments, variable payments fixed in substance or that depend on an index or a rate, termination penalties if the City is reasonably certain to exercise such options, subscription contract incentives receivable from the SBITA vendor, and any other payments that are reasonably certain of being required based on an assessment of all relevant factors.

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

13. Pensions

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Texas Municipal Retirement System (TMRS) and additions to/deductions from TMRS's Fiduciary Net Position have been determined on the same basis as they are reported by TMRS. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. Also, for purposes of measuring the net pension liability (asset), deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the Fiduciary Net Position of the Orange Firemen's Relief and Retirement Fund additions to/deductions from the plan's Fiduciary Net Position have been determined on the same basis as they are reported by the plan's actuary. For this purpose, plan contributions are recognized in the period that compensation is reported for the employee, which is when contributions are legally due. Benefit payments and refunds are recognized when due and payable in accordance with the benefit terms. Investments are reported at fair value. The general fund typically has been used in prior years to liquidate pension liabilities.

14. 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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

15. 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 lease asset is initially measured as the initial amount of the lease liability, adjusted for lease payments made at or before the lease commencement date, plus certain initial direct costs. Subsequently, the lease asset is amortized on a straight-line basis over its useful life.

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

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

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

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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.

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

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

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between net changes in fund balances – total governmental funds and changes in net position of governmental funds that, “the issuance of long-term debt (e.g., bonds) provides current financial resources to governmental funds, while the repayment of 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 most special revenue funds. In fiscal year 2024 annual budgets were adopted for all funds except for the CDBG Home program, Texas Loan Star Library Grant, TXDOT Grant, and Federal Seizure funds.

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.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

A. Excess of Expenditures Over Appropriations

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

Court Technology Fund:	
Capital outlay	\$ 25,000
Opioid Settlement Fund:	
Public safety	\$ 3,858

B. Deficit Fund Balances

As of September 30, 2024, 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 \$127,356, \$430, and \$23,747 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, 2024, 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, 2024

The City had the following investments at year end:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposits	\$ 250,000	0.87
Total	\$ 250,000	
Portfolio weighted average maturity		0.87

The Orange EDC had the following investments at year end:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposits	\$ 250,000	0.87
Total	\$ 250,000	
Portfolio weighted average maturity		0.87

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

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

Credit risk The City's investment policy limits the type of allowable investments to (1) collateralized bank certificates of deposit as per the City's depository contract, (2) direct obligations of the Federal government, (3) direct obligations of Federal agencies and instrumentalities, (4) investments in certificates of deposit at Federally insured banks or savings and loan associations, (5) collateralized savings accounts at the City's depository banks, or (6) Texpool. The City's policy is more restrictive than present State Law. As of September 30, 2024, the City's investments consisted solely of bank certificates of deposit.

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

deposits. As of September 30, 2024, the market values of pledged securities and FDIC insurance exceeded bank balances of the primary government and discretely presented component unit.

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

B. Receivables

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

	Nonmajor			
	Texas GLO	Govt	Funds	Total
General	Grant Fund			
Property taxes	\$ 1,403,224	\$ -	\$ 195,023	\$ 1,598,247
Fines	936,707	-	-	936,707
Sales taxes	1,424,353	-	-	1,424,353
Franchise taxes	122,524	-	-	122,524
Grants	-	125,365	168,776	294,141
Other	19,611	-	3,230	22,841
Allowance	(993,126)	-	(7,820)	(1,000,946)
	<u>\$ 2,913,293</u>	<u>\$ 125,365</u>	<u>\$ 359,209</u>	<u>\$ 3,397,867</u>

	Water &		
	Sewer	Sanitation	Total
Accounts	\$ 1,694,336	\$ 318,654	\$ 2,012,990
Allowance	(203,460)	(16,470)	(219,930)
	<u>\$ 1,490,876</u>	<u>\$ 302,184</u>	<u>\$ 1,793,060</u>

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

	Orange
	EDC
Sales tax (owed from primary government)	\$ 439,621
Total	<u>\$ 439,621</u>

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

C. Capital Assets

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 2,366,985	\$ 345,296	\$ -	\$ 2,712,281
Construction in progress	3,045,411	2,800,341	(1,545,058)	4,300,694
Total capital assets not being depreciated	<u>5,412,396</u>	<u>3,145,637</u>	<u>(1,545,058)</u>	<u>7,012,975</u>
Capital assets, being depreciated:				
Buildings	31,243,923	5,262	-	31,249,185
Furniture and fixtures	5,915,585	262,065	52,982	6,230,632
Machinery, equipment, and vehicles	27,222,216	2,829,617	665,306	30,717,139
Infrastructure	14,273,110	433,985	104,358	14,811,453
Financed equipment	1,405,495	235,975	(218,151)	1,423,319
SBITA	-	155,299	-	155,299
Total capital assets being depreciated	<u>80,060,329</u>	<u>3,922,203</u>	<u>604,495</u>	<u>84,587,027</u>
Less accumulated depreciation:				
Buildings	(13,027,291)	(1,107,569)	-	(14,134,860)
Furniture and fixtures	(4,042,120)	(239,285)	-	(4,281,405)
Machinery, equipment, and vehicles	(13,749,077)	(1,279,318)	27,000	(15,001,395)
Infrastructure	(7,579,474)	(460,170)	-	(8,039,644)
Financed equipment	(964,496)	(205,223)	171,881	(997,838)
SBITA	-	(18,118)	-	(18,118)
Total accumulated depreciation	<u>(39,362,458)</u>	<u>(3,309,683)</u>	<u>198,881</u>	<u>(42,473,260)</u>
Net capital assets being depreciated	40,697,871	612,520	803,376	42,113,767
Total Capital Assets	<u>\$ 46,110,267</u>	<u>\$ 3,758,157</u>	<u>\$ (741,682)</u>	<u>\$ 49,126,742</u>

Depreciation was charged to governmental functions as follows:

General government	\$ 166,811
Public safety	952,314
Public works	1,759,633
Culture and recreation	430,925
Total Governmental Activities Depreciation Expense	<u>\$ 3,309,683</u>

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The net book value of assets acquired through notes payable was \$425,481 and the net book value of subscription-based information technology arrangements ("SBITA") was \$37,181 as of September 30, 2024.

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 822,127	\$ -	\$ -	\$ 822,127
Construction in progress	226,855	661,770	(3,310)	885,315
Total capital assets not being depreciated	<u>1,048,982</u>	<u>661,770</u>	<u>(3,310)</u>	<u>1,707,442</u>
Capital assets, being depreciated:				
Buildings	1,354,687	-	-	1,354,687
Improvements other than buildings	83,453,254	534,231	1,115,504	85,102,989
Machinery and equipment	4,087,668	154,684	40,000	4,282,352
Financed vehicles	468,511	381,040	(121,382)	728,169
Right to use vehicles	388,443	-	-	388,443
Vehicles	947,940	-	-	947,940
Total capital assets being depreciated	<u>90,700,503</u>	<u>1,069,955</u>	<u>1,034,122</u>	<u>92,804,580</u>
Less accumulated depreciation:				
Buildings	(293,530)	(25,462)	-	(318,992)
Improvements other than buildings	(38,774,084)	(1,497,828)	-	(40,271,912)
Machinery and equipment	(2,748,082)	(216,077)	-	(2,964,159)
Financed vehicles	(302,676)	(74,592)	101,378	(275,890)
Right to use vehicles	(155,378)	(77,688)	-	(233,066)
Vehicles	(827,307)	(60,394)	-	(887,701)
Total accumulated depreciation	<u>(43,101,057)</u>	<u>(1,952,041)</u>	<u>101,378</u>	<u>(44,951,720)</u>
Net capital assets being depreciated	47,599,446	(882,086)	1,135,500	47,852,860
Total Capital Assets	<u>\$ 48,648,428</u>	<u>\$ (220,316)</u>	<u>\$ 1,132,190</u>	<u>\$ 49,560,302</u>

Depreciation was charged to business-type functions as follows:

Water and sewer	\$ 1,858,109
Street and sanitation	93,932
Total Business-Type Activities Depreciation Expense	<u>\$ 1,952,041</u>

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

The net book value of business-type activity assets acquired through notes payable was \$452,279 and the net book value of lease assets was \$155,377 as of September 30, 2024.

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

	Beginning Balances	Increases	Decreases/ Reclassifications	Ending Balances
Capital assets, not being depreciated:				
Land	\$ 871,059	\$ -	\$ -	\$ 871,059
Construction in progress	430,169	392,312	(456,782)	365,699
Total capital assets not being depreciated	<u>1,301,228</u>	<u>392,312</u>	<u>(456,782)</u>	<u>1,236,758</u>
Capital assets, being depreciated:				
Buildings	1,181,943	-	-	1,181,943
Infrastructure	6,565,582	-	-	6,565,582
Leasehold improvements	11,374	7,479	-	18,853
Total capital assets being depreciated	<u>7,758,899</u>	<u>7,479</u>	<u>-</u>	<u>7,766,378</u>
Less accumulated depreciation:				
Buildings	(575,854)	(59,097)	-	(634,951)
Infrastructure	(2,515,666)	(214,599)	-	(2,730,265)
Leasehold improvements	(1,625)	(2,871)	-	(4,496)
Total accumulated depreciation	<u>(3,093,145)</u>	<u>(276,567)</u>	<u>-</u>	<u>(3,369,712)</u>
Net capital assets being depreciated	4,665,754	(269,088)	-	4,396,666
Total Capital Assets	<u>\$ 5,966,982</u>	<u>\$ 123,224</u>	<u>\$ (456,782) *</u>	<u>\$ 5,633,424</u>

*Represents capital assets transferred to governmental and business-type activities.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

D. Compensated Absences

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due Within One Year
Governmental Activities:					
Compensated Absences	\$ 3,785,841	\$ 3,704,542	\$ (3,407,257)	\$ 4,083,126	\$ 2,514,734
Total Governmental Activities	<u>\$ 3,785,841</u>	<u>\$ 3,704,542</u>	<u>\$ (3,407,257)</u>	<u>\$ 4,083,126</u>	<u>\$ 2,514,734</u>
Other Long-term Liabilities Due in More than One Year					
				<u>\$ 1,568,392</u>	
Business-Type Activities:					
Compensated Absences	\$ 148,199	\$ 122,420	\$ (133,379)	\$ 137,240	\$ 84,524
Total Business-Type Activities	<u>\$ 148,199</u>	<u>\$ 122,420</u>	<u>\$ (133,379)</u>	<u>\$ 137,240</u>	<u>\$ 84,524</u>
Other Long-term Liabilities Due in More than One Year					
				<u>\$ 52,716</u>	
Component Unit Activities - Orange EDC:					
Compensated Absences	\$ 21,061	\$ 28,980	\$ (18,954)	\$ 31,087	\$ 27,978
Total Component Unit Activities	<u>\$ 21,061</u>	<u>\$ 28,980</u>	<u>\$ (18,954)</u>	<u>\$ 31,087</u>	<u>\$ 27,978</u>
Other Long-term Liabilities Due in More than One Year					
				<u>\$ 3,109</u>	

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

E. Long-term Debt

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

	Beginning Balance	Additions	Reductions	Ending Balance	Amounts Due within One Year
Governmental Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 2,260,000	\$ -	\$ (430,000)	\$ 1,830,000	\$ 440,000
Certificates of Obligation	6,685,000	-	(310,000)	6,375,000	325,000
Notes payable	448,424	399,226	(237,830)	609,820	231,158
SBITA	-	155,299	(25,649)	129,650	27,137
Premiums	<u>327,501</u>	<u>-</u>	<u>(21,833)</u>	<u>305,668</u>	<u>-</u>
Total Governmental Activities	<u>\$ 9,720,925</u>	<u>\$ 554,525</u>	<u>\$ (1,025,312)</u>	<u>\$ 9,250,138</u>	<u>\$ 1,023,295</u>
Long-term liabilities due in more than one year				<u>\$ 8,226,843</u>	
Business-Type Activities:					
Bonds, notes and other payables:					
General Obligation Bonds	\$ 1,640,000	\$ -	\$ (310,000)	\$ 1,330,000	\$ 315,000
Certificates of Obligation	6,765,000	-	(460,000)	6,305,000	470,000
Premium	218,463	-	(17,610)	200,853	-
Notes payable	159,898	381,040	(102,122)	438,816	109,229
Other liabilities:					
Lease liabilities	<u>234,628</u>	<u>-</u>	<u>(80,481)</u>	<u>154,147</u>	<u>82,962</u>
Total Business-Type Activities	<u>\$ 9,017,989</u>	<u>\$ 381,040</u>	<u>\$ (970,213)</u>	<u>\$ 8,428,816</u>	<u>\$ 977,191</u>
Long-term liabilities due in more than one year				<u>\$ 7,451,625</u>	

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

	<u>Beginning Balance</u>		<u>Additions</u>		<u>Reductions</u>	<u>Ending Balance</u>	<u>Amounts Due within One Year</u>
Component Unit Activities:							
Bonds, notes and other payables:							
Sales Tax Refunding Bonds	\$ 3,320,000	\$	-	\$ (300,000)	\$ 3,020,000	\$ 315,000	
Premiums	<u>527,547</u>	<u>-</u>	<u>(58,616)</u>	<u>468,931</u>			-
Total Component Unit Activities	<u>3,847,547</u>	<u>\$</u>	<u>-</u>	<u>\$ (358,616)</u>	<u>\$ 3,488,931</u>	<u>\$ 315,000</u>	
Long-term liabilities due in more than one year					<u>\$ 3,173,931</u>		

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

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

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

Description	Maturity Date	Interest Rates	Original Balance	Current Balance
Governmental Activities:				
2013 General Obligation Refunding Bonds	2 / 2028	0.5%-2.5%	\$ 5,440,000	\$ 1,830,000
			Total General Obligation Bonds	5,440,000
				1,830,000
2019 Combination Tax & Revenue Certificates	2 / 2039	3.00-5.00%	7,785,000	6,375,000
			Total Certificates of Obligation	7,785,000
				6,375,000
2020 Gradall XL 3100 Excavator	12 / 2025	2.29%	369,112	152,677
4 Vehicles	7 / 2029	5.78%	163,251	163,250
Enterprise Vehicles	3 / 2023	3.69%-5.92%	624,000	293,893
			Total Notes Payable	1,156,363
				609,820
SBITA	10/1/2023	5.80%	155,299	129,650
			Total Governmental Activities	\$ 14,536,662
				\$ 8,944,470
Business-type Activities:				
2014 General Obligation Refunding Bonds	8 / 2028	2.00-3.00%	\$ 3,900,000	\$ 1,330,000
			Total General Obligation Bonds	3,900,000
				1,330,000
2015 Combination Tax & Revenue Certificates	2 / 2035	2.00-4.00%	4,845,000	2,985,000
2016 Combination Tax & Revenue Certificates	2 / 2036	2.00-3.00%	5,045,000	3,320,000
			Total Certificates of Obligation	9,890,000
				6,305,000
KS State Bank - Truck & Sweeper	12 / 2026 & 10 / 2025	3.17-3.373%	388,443	154,147
Enterprise Vehicles	6 / 2027	3.69%-5.92%	296,906	218,217
Grapple Truck	8 / 2029	5.78%	220,599	220,599
			Total Notes/Lease Liabilities	685,349
				592,963
Total Business-Type Activities			\$ 14,475,349	\$ 8,227,963
Total Long-Term Debt				
General Obligation Refunding Bonds			\$ 9,340,000	\$ 3,160,000
Certificates of Obligation			17,675,000	12,680,000
Notes and Leases			1,841,712	1,202,783
SBITA			155,299	129,650
			Total Primary Government	\$ 29,012,011
				\$ 17,172,433

Description	Maturity Date	Interest Rates	Original Balance	Current Balance
Component Unit Activities:				
2021 Sales Tax Refunding Bonds	9 / 2032	2.0%-5.0%	\$ 3,480,000	\$ 3,020,000
			Total Sales Tax Refunding Bonds	\$ 3,480,000
				\$ 3,020,000

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

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

Governmental Activities					
Year ending September 30,	General Obligation Bonds		Certificates of Obligation		
	Principal	Interest	Principal	Interest	
2025	\$ 440,000	\$ 38,115	\$ 325,000	\$ 203,875	
2026	450,000	28,210	345,000	187,125	
2027	465,000	17,455	360,000	171,300	
2028	475,000	5,938	375,000	156,600	
2029	-	-	385,000	143,325	
2030	-	-	400,000	131,550	
2031	-	-	410,000	119,400	
2032	-	-	425,000	106,875	
2033	-	-	435,000	93,975	
2034	-	-	450,000	80,700	
2035	-	-	465,000	66,875	
2036	-	-	480,000	52,800	
2037	-	-	490,000	38,250	
2038	-	-	505,000	23,325	
2039	-	-	525,000	7,875	
Total	\$ 1,830,000	\$ 89,718	\$ 6,375,000	\$ 1,583,850	

Notes Payable and Lease Liabilities

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

Year ending September 30,	Governmental Activities			Business-Type Activities	
	Notes Payable		Leases & Notes payable		
	Principal	Interest	Principal	Interest	
2025	\$ 231,158	\$ 27,135	\$ 192,191	\$ 30,044	
2026	188,834	18,042	175,116	20,317	
2027	106,302	9,461	113,704	11,140	
2028	54,691	4,350	62,740	5,762	
2029	28,835	2,105	49,212	2,844	
Total	\$ 609,820	\$ 61,093	\$ 592,963	\$ 70,107	

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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

Business-Type Activities					
Year ending September 30,	General Obligation Bonds			Certificates of Obligation	
	Principal	Interest	Principal	Interest	
2025	\$ 315,000	\$ 39,900	\$ 470,000	\$ 182,138	
2026	325,000	30,450	485,000	169,063	
2027	340,000	20,700	500,000	156,494	
2028	350,000	10,500	510,000	143,275	
2029	-	-	525,000	129,719	
2030	-	-	535,000	114,825	
2031	-	-	555,000	97,813	
2032	-	-	575,000	79,450	
2033	-	-	590,000	60,463	
2034	-	-	610,000	40,513	
2035	-	-	635,000	19,425	
2036	-	-	315,000	4,331	
Total	\$ 1,330,000	\$ 101,550	\$ 6,305,000	\$ 1,197,506	

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

Orange EDC			
Year ending September 30,	Sales Tax Refunding Bonds		
	Principal	Interest	
2025	\$ 315,000	\$ 125,200	
2026	335,000	109,450	
2027	350,000	92,700	
2028	370,000	75,200	
2029	385,000	56,700	
2030	405,000	37,450	
2031	425,000	17,200	
Thereafter	435,000	8,700	
Total	\$ 3,020,000	\$ 522,600	

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2024

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 \$30,909 and \$7,554, 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 \$21,311. Current year amortization expense for component unit activities totaled \$2,664.

G. Interfund Transactions

Transfers between the primary government funds during the 2024 year were as follows:

Transfers Out:	Transfers In:		
	Nonmajor Governmental	Water & Sewer	Total
Water & sewer	\$ 113,920	\$ -	\$ 113,920
Governmental Activities	-	799,770	799,770
Total	\$ 113,920	\$ 799,770	\$ 913,690

Transfers from the water and sewer fund to nonmajor governmental fund were made to reimburse capital improvements occurring in the prior year. 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 \$456,782 during the year.

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

Due to (Payable fund):	Due from	
	General	Total
TX GLO grant fund	\$ 104,149	\$ 104,149
Nonmajor governmental	28,413	28,413
Total	\$ 132,562	\$ 132,562

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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:

	Governmental Funds	Governmental Net Position	Business Type Net Position
Restricted for:			
Debt service	\$ 186,737	\$ 186,737	\$ 227,494
Capital improvements	182,478	182,478	-
Culture and recreation	232,710	232,710	-
* Public safety	816,776	816,776	-
Public works	55,381	55,381	-
* Tourism and promotion	2,280,492	2,280,492	-
Total Restricted	\$ 3,754,574	\$ 3,754,574	\$ 227,494
Assigned for:			
Economic development	\$ 2,590	\$ -	\$ -
Capital improvements	251,360	- -	- -
	\$ 253,950	\$ -	\$ -

* 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, 2024

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, 2024, the Workers' Compensation Fund has a designated balance for insurance claim liability of \$323,217 and an undesignated balance of \$819,247. 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 \$1,142,464. 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, 2024

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

	Beginning of Fiscal Year	Current Year		Claims		Balance at Fiscal Year
		Liability	Claims and Changes in Estimates	Payments and Liability	Expensed	
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		
2023-2024	\$ 329,389	\$ 166,541	\$ (172,713)	\$ 323,217		
<u>Claim Liability Expensed</u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2020-2021</u>	<u>2019-2020</u>	
Unpaid claim liability at beginning of year	\$ 45,718	\$ 91,501	\$ 84,174	\$ 17,524	\$ 7,000	
Claims incurred in current year	123,537	121,758	48,773	139,931	43,013	
Increase (decrease) in provision for insured events of prior year	46,515	(42,640)	69,832	165,344	7,923	
Claim payments attributable to current year claims	(84,625)	(76,040)	42,728	(55,757)	(25,489)	
Claim payments attributable to prior year claims	(92,234)	(48,861)	(154,006)	(182,868)	(14,923)	
Total unpaid claim liability expensed at end of year	<u>\$ 38,911</u>	<u>\$ 45,718</u>	<u>\$ 91,501</u>	<u>\$ 84,174</u>	<u>\$ 17,524</u>	
<u>Designated for Catastrophic Claim</u>	<u>2023-2024</u>	<u>2022-2023</u>	<u>2021-2022</u>	<u>2020-2021</u>	<u>2019-2020</u>	
Designated for future catastrophic claims - beginning of year	\$ 329,389	\$ 394,295	\$ 369,478	\$ 301,729	\$ 322,150	
Increase (decrease) in reserve	(6,172)	(64,906)	24,817	67,749	(20,421)	
Total designated for future catastrophic claims - end of year	<u>\$ 323,217</u>	<u>\$ 329,389</u>	<u>\$ 394,295</u>	<u>\$ 369,478</u>	<u>\$ 301,729</u>	

C. Defined Benefit Pension Plans

1. Texas Municipal Retirement Systems

Plan Description

The City of Orange participates as one of 934 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

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

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

Benefits Provided

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

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

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

	<u>Plan Year 2022</u>	<u>Plan Year 2023</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

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Employees covered by benefit terms

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

Inactive employees or beneficiaries currently receiving benefits	158
Inactive employees entitled to but not yet receiving benefits	59
Active employees	167
Total	384

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 16.03% and 14.88% in calendar years 2024 and 2023, respectively. The City's contributions to TMRS for the year ended September 30, 2024, were \$1,814,129, and were equal to the required contributions.

Net Pension Liability

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

Actuarial assumptions:

The Total Pension Liability in the December 31, 2023 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.60 to 11.85%, including inflation
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, 2024

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 16 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 period ending December 31, 2023. They were adopted in 2022 and first used in the December 31, 2023 actuarial valuation. The post-retirement mortality assumption for Annuity Purchase Rates (APRs) is based on the Mortality Experience Investigation Study covering 2009 through 2027 and dated December 31, 2013. Plan assets are managed on a total return basis with an emphasis on both capital appreciation as well as the production of income in order to satisfy the short-term and long-term funding needs of TMRS.

The long-term expected rate of return on pension plan investments was determined using a building-block method in which best estimate ranges of expected future real rates of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. These ranges are combined to produce the long-term expected rate of return by weighting the expected future real rates of return by the target asset allocation percentage and by adding expected inflation. 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). The target allocation and best estimates of real rates of return for each major asset class in fiscal year 2024 are summarized in the following table:

Asset Class	Target Allocation	Long-Term Expected Real Rate of Return (Arithmetic)
Global Public Equity	35.0%	6.70%
Core Fixed Income	6.0%	4.70%
Non-Core Fixed Income	20.0%	8.00%
Other Public/Private Markets	12.0%	8.00%
Real Estate	12.0%	7.60%
Hedge Funds	5.0%	6.40%
Private Equity	10.0%	11.60%
Total	100.0%	

City of Orange, Texas
NOTES TO FINANCIAL STATEMENTS, Continued
September 30, 2024

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.

Changes in the Net Pension Liability (Asset):

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a) – (b)
Balance at 12/31/22	\$ 87,965,976	\$ 75,978,742	\$ 11,987,234
Changes for the year:			
Service Cost	1,928,368	-	1,928,368
Interest	5,852,755	-	5,852,755
Difference between expected and actual experience	(302,869)	-	(302,869)
Changes of assumptions	(691,673)	-	(691,673)
Contributions – employer	-	1,686,897	(1,686,897)
Contributions – employee	-	793,567	(793,567)
Net investment income	-	8,779,634	(8,779,634)
Benefit payments, including refunds of emp. contributions	(4,445,347)	(4,445,347)	-
Administrative expense	-	(55,943)	55,943
Other changes	-	(391)	391
Net changes	2,341,234	6,758,417	(4,417,183)
Balance at 12/31/23	\$ 90,307,210	\$ 82,737,159	\$ 7,570,051

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

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

1% Decrease	Current Single Rate	1% Increase
5.75%	Assumption 6.75%	7.75%
\$ 19,042,696	\$ 7,570,051	\$ (1,953,021)

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2024

Pension Plan Fiduciary Net Position:

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

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

For the year ended September 30, 2024, the City recognized pension expense of \$1,775,829.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Contributions subsequent to the measurement date	\$ 1,413,252	\$ -
Difference in experience	713,335	-
Changes in actuarial assumptions		523,383
Pension investment earnings	2,141,625	-
Total	\$ 4,268,212	\$ 523,383

The City reported \$1,413,252 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, 2025. Other amounts reported as deferred outflows and inflows of resources related to pensions will be recognized in pension expense as follows:

Year ended		
December 31:		
2024	\$ 976,827	
2025	704,949	
2026	1,406,277	
2027	(756,476)	
2028	-	
Thereafter	-	
		Total <u><u>\$ 2,331,577</u></u>

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2024

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.gov. The plan's annual financial report can be obtained on by request at Finance Department, 812 N 16th Street Orange, TX 77631.

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 (expressed as age / years of service)	50/20	50/20
DROP retirement eligibility	53/23	53/23
Annuity increase (to retirees)	Amendment required	Amendment required

Employees covered by benefit terms

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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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 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	2.5% 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

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

(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.

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, 2023 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%
\$ 10,842,352	\$ 8,780,168	\$ 7,061,739

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

Changes in the Net Pension Liability:

	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (a) – (b)
Balance at 12/31/2022	\$ 17,493,239	\$ 8,402,737	\$ 9,090,502
Changes for the year:			
Service Cost	333,431	-	333,431
Interest	1,337,753	-	1,337,753
Difference between expected and actual experience	-	-	-
Contributions – employer	-	546,075	(546,075)
Contributions – employee	-	400,842	(400,842)
Net investment income	-	1,084,211	(1,084,211)
Benefit payments, including refunds of emp. contributions	(1,130,683)	(1,130,683)	-
Administrative expense	-	(49,610)	49,610
Net changes	540,501	850,835	(310,334)
Balance at 12/31/2023	\$ 18,033,740	\$ 9,253,572	\$ 8,780,168

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, 2024, the City recognized pension expense of \$360,755.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
Contributions subsequent to the measurement date	\$ 432,659	\$ -
Difference in experience	-	(1,155,801)
Changes in actuarial assumptions	-	(570,862)
Pension investment earnings	857,021	-
Total	\$ 1,289,680	\$ (1,726,663)

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2024

The City reported \$432,659 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:		
2025	\$	(1,316,082)
2026		142,383
2027		422,730
2028		(118,673)
2029		-
Thereafter		-
Total	\$	(869,642)

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, 2024

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 benefited 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, 2024

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 three (3) retirees receiving this benefit and there are no more employees eligible. The present cost to the City is \$126 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, 2024 valuation and rolled forward using a measurement date of September 30, 2024, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	12
Inactive employees entitled to but not yet receiving benefits	0
Active employees & family members	195
Total	207

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 \$92,245. The City of Orange does not presently have a policy that requires funding contributions above the amount required to pay for the ongoing cost of the present retiree incentives. The City will not have any ongoing incentive

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, Continued

September 30, 2024

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

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of September 30, 2024 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, 2024 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall payroll growth	3.5%
Discount rate	4.06%
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 4.06%, 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 (3.06%) or 1-percentage-point higher (5.06%) than the current rate:

1% Decrease (3.06%)	Current Single Rate Assumption 4.06%	1% Increase (5.06%)
\$ 1,022,786	\$ 934,698	\$ 856,568

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

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

1% Decrease	Current Single Rate	1% Increase
(3.50%)	Assumption 4.50%	(5.50%)
\$ 839,500	\$ 934,698	\$ 1,048,781

Changes in the Total OPEB Liability:

Total OPEB Liability	
Balance at 9/30/2023	\$ 985,992
Changes for the year:	
Service Cost	24,409
Interest	46,366
Difference between expected and actual experience	(101,774)
Changes of assumptions	56,449
Benefit payments	(76,744)
Net changes	(51,294)
Balance at 9/30/2024	<hr/> \$ 934,698

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

For the year ended September 30, 2024, the City recognized OPEB expense of \$74,587.

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

	Deferred Outflows of Resources	Deferred (Inflows) of Resources
	of Resources	of Resources
Difference in experience	\$ 42,542	\$ -
Changes in actuarial assumptions	-	(46,773)
Total	\$ 42,542	\$ (46,773)

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, 2025.

City of Orange, Texas

NOTES TO FINANCIAL STATEMENTS, *Continued* September 30, 2024

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

Year ended		
September 30:		
2025	\$	3,815
2026		3,493
2027		1,517
2028		168
2029		(6,420)
Thereafter		(6,804)
Total	\$	(4,231)

E. Construction commitments

The government has active construction projects as of September 30, 2024. 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:

Beagle Rd Lift Station	\$	5,690
Coopers Gully -Phase 2b		24,641
HMGP Flood Mitigation Grant Application		9,300
Hwy. 105 Box Culverts		21,715
Meeks Dr. Ground Water Storage Tank Replacement (ARPA Grant)		52,226
MKL / Hwy. 87 Lift Station Improvements (ARPA Grant)		237,980
New Effluent Pump Base for WWTP (ARPA Grant)		16,100
Sikes and Barkins LS Rehab (ARPA Grant)		71,041
Sunset		81,900
Westside Water Line Extension Phase II (ARPA Grant)		162,987
WWTP Dewatering Building		6,300
Total	\$	689,881

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NOTES TO FINANCIAL STATEMENTS, *Continued*

September 30, 2024

F. Tax Abatement Disclosures

The City enters into economic development agreements to provide financial incentives for the purposes of stimulating the local economic development and business and commercial activity in the City. These agreements are authorized under Chapter 380 of the Texas Local Government Code. The City has entered into one (1) Chapter 380 agreement that calls for rebates of property taxes of 100% on assessed values and of 100% of sales tax collections received by the City for 15 years. In exchange for the fifteen-year tax abatements, the agreement calls for payments to the City in the amount of \$330,662 for the first three years beginning in 2015 and a schedule of slight increases every two years thereafter with the final payment due on February 28, 2030. Property taxes equal to \$2,022,964 were rebated in 2024. Sales Tax is rebated on a quarterly basis, and the total rebated for 2024 was \$52,089. The sales tax abatement agreement ended in January of 2024. The City has also entered into a property tax abatement agreement with a medical center through year 2030, with a tax abatement percentage ranging from 100%-20% in year 10. During the current fiscal year, approximately \$147,886 of property tax was abated under this agreement.

G. Related Party Transactions

During the year ended September 30, 2024, 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 \$350,000.

H. Subsequent Events

There were no material subsequent events through March 31, 2025, 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, 2024

					Variance with Final Budget
	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>		Positive (Negative)
Revenues					
Property tax	\$ 9,165,109	\$ 9,165,109	\$ 8,931,462		\$ (233,647)
Payment-in-lieu of taxes	10,812,838	10,812,838	10,785,342		(27,496)
Sales tax	5,750,000	5,750,000	4,835,026		(914,974)
Franchise and local taxes	1,025,000	1,025,000	1,042,456		17,456
Other taxes	50,000	50,000	53,169		3,169
Charges for services	1,862,867	1,882,727	746,808		(1,135,919)
License, permits and fees	178,500	178,500	199,412		20,912
Intergovernmental	50,000	50,000	111,109		61,109
Investment income	300,000	352,527	1,040,416		687,889
Other revenue	6,000	8,061	6,226		(1,835)
Total Revenues	29,200,314	29,274,762	27,751,426		(1,523,336)
Expenditures					
Current:					
General government:					
City council	132,757	138,083	67,108		70,975
City manager	390,627	390,843	276,076		114,767
City secretary	292,765	272,981	186,644		86,337
Human resources	176,842	176,959	159,934		17,025
Finance	791,485	811,993	683,136		128,857
Tax	148,356	149,071	149,070		1
Mgmt. Info. Systems	325,250	825,599	631,782		193,817
Public safety:					
Police department	7,604,109	7,452,614	7,196,840		255,774
Fire department	4,926,154	5,068,445	4,988,200		80,245
EMS	12,550	12,550	6,196		6,354
Animal control	295,734	294,681	230,336		64,345
Municipal court	323,208	323,999	308,153		15,846
Culture - recreation:					
Library	535,595	534,999	498,855		36,144
Recreation	345,133	347,694	252,446		95,248
Parks maintenance	936,593	957,323	801,295		156,028

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, 2024

<u>Expenditures</u>	<u>Original Budget</u>	<u>Final Budget</u>	<u>Actual</u>	Variance with Final Budget
				Positive
Current:				(Negative)
Public works				
Engineering	\$ 184,339	\$ 166,767	\$ 127,122	\$ 39,645
Planning	326,570	322,144	228,814	93,330
Code enforcement	1,110,810	1,104,085	1,047,601	56,484
Building services	580,995	574,912	439,861	135,051
Street & drainage	1,584,827	1,545,357	1,344,320	201,037
Public works admin.	388,828	384,183	284,848	99,335
Fleet maintenance	1,226,553	1,256,166	1,034,232	221,934
Nondepartmental	4,933,307	4,501,734	4,242,170	259,564
Debt service:				
Principal	308,270	282,031	238,479	43,552
Interest	-	26,683	26,683	-
Capital outlay	1,318,007	1,521,186	1,523,322	(2,136)
Total Expenditures	29,199,664	29,443,082	26,973,523	2,469,559
Revenues Over (Under)				
Expenditures	650	(168,320)	777,903	946,223
Other Financing Sources (Uses)				
Insurance recoveries	-	16,681	17,065	384
Note payable issuance	-	-	399,226	399,226
SBITA issuance	-	-	155,299	155,299
Sale of capital assets	-	-	16,700	16,700
Total Other Financing Sources (Uses)	-	16,681	588,290	571,609
Net Change in Fund Balance	\$ 650	\$ (151,639)	\$ 1,366,193	\$ 1,517,832
Beginning fund balance			18,980,187	
Ending Fund Balance			\$ 20,346,380	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants and donations	\$ 5,684,000	\$ 5,711,750	\$ 3,436,627	\$ (2,275,123)
Total Revenues	5,684,000	5,711,750	3,436,627	(2,275,123)
Expenditures				
Public safety	1,850	1,850	1,850	-
Public works	2,582,150	2,159,900	48,557	2,111,343
Capital outlay	3,100,000	3,550,000	2,538,743	1,011,257
Total Expenditures	5,684,000	5,711,750	2,589,150	3,122,600
Revenues Over (Under) Expenditures	-	-	847,477	(5,397,723)
Net Change in Fund Balance	\$ -	\$ -	847,477	\$ 847,477
Beginning fund balance			(974,833)	
Ending Fund Balance			\$ (127,356)	

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:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total pension liability				
Service cost	\$ 1,928,368	\$ 1,793,754	\$ 1,700,927	\$ 1,690,536
Interest	5,852,755	5,578,558	5,288,621	5,093,124
Differences between expected and actual experience	(302,869)	1,072,015	1,595,783	(26,735)
Changes of assumptions	(691,673)	-	-	-
Benefit payments, including refunds of participant contributions	(4,445,347)	(4,453,547)	(4,219,227)	(3,512,501)
Net change in total pension liability	2,341,234	3,990,780	4,366,104	3,244,424
Total pension liability - beginning	\$ 87,965,976	\$ 83,975,196	\$ 79,609,092	\$ 76,364,668
Total pension liability - ending (a)	\$ 90,307,210	\$ 87,965,976	\$ 83,975,196	\$ 79,609,092
Plan fiduciary net position				
Contributions - employer	\$ 1,686,897	\$ 1,520,309	\$ 1,474,200	\$ 1,509,332
Contributions - members	793,567	739,039	699,148	696,923
Net investment income	8,779,634	(6,148,317)	9,960,131	5,485,271
Benefit payments, including refunds of participant contributions	(4,445,347)	(4,453,547)	(4,219,227)	(3,512,501)
Administrative expenses	(55,943)	(53,256)	(46,109)	(35,512)
Other	(391)	63,551	314	(1,386)
Net change in plan fiduciary net position	6,758,417	(8,332,221)	7,868,457	4,142,127
Plan fiduciary net position - beginning	75,978,742	84,310,963	76,442,506	72,300,379
Plan fiduciary net position - ending	\$ 82,737,159	\$ 75,978,742	\$ 84,310,963	\$ 76,442,506
Fund's net pension liability (asset) - ending	\$ 7,570,051	\$ 11,987,234	\$ (335,767)	\$ 3,166,586
Plan fiduciary net position				
as a percentage of the total pension	91.62%	86.37%	100.40%	96.02%
Covered payroll	\$ 11,336,672	\$ 10,557,707	\$ 9,987,825	\$ 9,956,044
Fund's net position				
as a percentage of covered payroll	66.77%	113.54%	-3.36%	31.81%

	12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
\$	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:

	9/30/2024	9/30/2023	9/30/2022
Actuarially determined employer contributions	\$ 1,814,129	\$ 1,650,770	\$ 1,504,699
Contributions in relation to			
the actuarially determined contribution	<u>\$ 1,814,129</u>	<u>\$ 1,650,770</u>	<u>\$ 1,504,699</u>
Contribution deficiency (excess)	\$ -	\$ -	\$ -
Annual covered payroll	\$ 11,511,322	\$ 11,177,036	\$ 10,389,073
Employer contributions as			
a percentage of covered payroll	15.76%	14.77%	14.48%

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	22 years
Asset Valuation Method	10 Year smoothed market; 12% soft corridor
Inflation	2.5%
Salary Increases	3.60% to 11.85% 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 2023 valuation pursuant to an experience study of the period ending 2022.

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>9/30/2021</u>	<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>
\$ 1,527,235	\$ 1,503,799	\$ 1,425,431	\$ 1,475,144	\$ 1,542,873	\$ 1,552,490	\$ 1,586,949
<u>\$ 1,527,235</u>	<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>
<u>\$ -</u>						
\$ 10,274,078	\$ 9,811,817	\$ 8,869,572	\$ 8,716,606	\$ 8,856,832	\$ 8,506,325	\$ 8,166,972
14.86%	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:

	12/31/2023	12/31/2022	12/31/2021	12/31/2020
Total pension liability				
Service cost	\$ 333,431	\$ 309,449	\$ 315,386	\$ 292,702
Interest	1,337,753	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	(1,130,683)	(1,580,162)	(1,048,176)	(1,122,958)
Net change in total pension liability	540,501	(180,462)	576,100	(367,999)
Total pension liability - beginning	\$ 17,493,239	\$ 17,673,701	\$ 17,097,601	\$ 17,465,600
Total pension liability - ending	\$ 18,033,740	\$ 17,493,239	\$ 17,673,701	\$ 17,097,601
Plan fiduciary net position				
Contributions - employer	\$ 546,075	\$ 522,904	\$ 511,512	\$ 450,317
Contributions - members	400,842	383,834	375,471	357,534
Net investment income	1,084,211	(1,818,181)	1,422,346	1,183,255
Benefit payments, including refunds of participant contributions	(1,130,683)	(1,580,162)	(1,048,176)	(1,122,958)
Administrative expenses	(49,610)	(14,737)	(117,584)	(24,153)
Other	-	-	-	-
Net change in plan fiduciary net position	850,835	(2,506,342)	1,143,569	843,995
Plan fiduciary net position - beginning	\$ 8,402,737	\$ 10,909,079	\$ 9,765,510	\$ 8,921,515
Plan fiduciary net position - ending	\$ 9,253,572	\$ 8,402,737	\$ 10,909,079	\$ 9,765,510
Fund's net pension liability - ending	\$ 8,780,168	\$ 9,090,502	\$ 6,764,622	\$ 7,332,091
Plan fiduciary net position				
as a percentage of the total pension	51.31%	48.03%	61.72%	57.12%
Covered payroll	\$ 2,904,654	\$ 2,781,405	\$ 2,720,808	\$ 2,750,133
Fund's net position				
as a percentage of covered payroll	302.28%	326.83%	248.63%	266.61%

12/31/2019	12/31/2018	12/31/2017	12/31/2016	12/31/2015	12/31/2014
\$ 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)
959,782	(1,060,162)	867,221	(158,505)	(996,136)	(285,504)
7,961,733	9,021,895	8,154,674	8,313,179	9,309,315	9,594,819
\$ 8,921,515	\$ 7,961,733	\$ 9,021,895	\$ 8,154,674	\$ 8,313,179	\$ 9,309,315
\$ 8,544,085	\$ 14,786,956	\$ 7,604,037	\$ 11,189,384	\$ 8,370,351	\$ 7,035,974
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>9/30/2024</u>	<u>9/30/2023</u>	<u>9/30/2022</u>	<u>9/30/2021</u>
Actuarially determined employer contributions	\$ 562,560	\$ 544,368	512,044	\$ 528,810
Contributions in relation to				
the actuarially determined contribution	\$ 562,560	\$ 544,368	512,044	\$ 528,810
Contribution deficiency (excess)	\$ -	\$ -	-	\$ -
Annual covered payroll	\$ 2,992,339	\$ 2,895,572	2,723,639	\$ 2,833,299
Employer contributions as				
a percentage of covered payroll	18.80%	18.80%	18.80%	18.66%

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	2.5%
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>9/30/2020</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>
\$ 419,453	\$ 359,238	\$ 341,117	\$ 327,516	\$ 313,275	\$ 308,591
<u>\$ 419,453</u>	<u>\$ 359,238</u>	<u>\$ 341,117</u>	<u>\$ 327,516</u>	<u>\$ 313,275</u>	<u>\$ 308,591</u>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
\$ 2,729,163	\$ 2,479,044	\$ 2,399,228	\$ 2,339,397	\$ 2,237,677	\$ 2,204,221
15.37%	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,

	2024	2023	2022
Total OPEB liability			
Service cost	\$ 24,409	\$ 24,409	\$ 42,768
Interest	46,366	47,018	22,017
Changes in benefit terms	-	-	-
 Differences between expected and actual experience	 (101,774)	 -	 261,035
Changes of assumptions	56,449	-	(206,823)
Benefit payments, including refunds of participant contributions	(76,744)	(93,471)	(93,471)
Net change in total OPEB liability	(51,294)	(22,044)	25,526
Total OPEB liability - beginning	\$ 985,992	\$ 1,008,036	\$ 982,510
Total OPEB liability - ending	\$ 934,698	\$ 985,992	\$ 1,008,036
 Covered employee payroll	 \$ 12,506,454	 \$ 10,431,734	 \$ 10,815,402
Fund's net position as a percentage of covered employee payroll	7.47%	9.45%	9.32%

Notes to schedule:

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

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

2021	2020	2019
\$ 42,768	\$ 34,121	\$ 34,121
22,271	38,644	36,569
-	-	-
-	(60,774)	-
-	76,537	-
<u>(59,166)</u>	<u>(59,166)</u>	<u>(48,250)</u>
<u>5,873</u>	<u>29,362</u>	<u>22,440</u>
<u>\$ 976,637</u>	<u>\$ 947,275</u>	<u>\$ 924,835</u>
<u>\$ 982,510</u>	<u>\$ 976,637</u>	<u>\$ 947,275</u>
 \$ 10,815,402	 \$ 10,815,402	 \$ 10,315,629
 9.08%	 9.03%	 9.18%



OTHER SUPPLEMENTARY INFORMATION

NONMAJOR GOVERNMENTAL FUNDS

ORANGE DEVELOPMENT FUND

This fund is used to account for funds set aside for specified economic development activities of the City.

ORANGE ECONOMIC DEVELOPMENT FUND

This fund is used to account for funds set aside for specified economic development activities of the City.

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.

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.

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.

BUREAU OF JUSTICE GRANT

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

POLICE DONATION FUND

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

STARK FOUNDATION GRANT FUND

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

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.

NONMAJOR GOVERNMENTAL FUNDS (Continued)

STATE HOMELAND SECURITY GRANT PROGRAM

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

LIBRARY DONATION FUND

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

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.

TEXAS LONE STAR LIBRARY GRANT FUND

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

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 fund is used to track funds from the Texas Department of Transportation to be spent on street projects.

FEDERAL SEIZURE FUND

This fund is used to account for federal seizures for use in the Police Department.

CAPITAL PROJECTS FUND

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

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.



City of Orange, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Orange Development Fund	Economic Development Fund	CDBG Fund	CDBG Home Program	Parks Donation Fund
Assets					
Cash and cash equivalents	\$ 2,220,542	\$ 2,590	\$ 46,861	\$ 9,903	\$ 128,297
Restricted cash	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-
Receivables, net	82,082	-	568	-	-
Due from others	-	-	-	-	-
Prepays	67,623	-	716	-	-
Total Assets	\$ 2,370,247	\$ 2,590	\$ 48,145	\$ 9,903	\$ 128,297
Liabilities					
Accounts payable	\$ 22,797	\$ -	\$ 1,951	\$ -	\$ -
Due to other funds	-	-	-	-	-
Total Liabilities	22,797	-	1,951	-	-
Deferred Inflows of Resources					
Property taxes	-	-	-	-	-
Grant revenue	-	-	-	-	-
Total Deferred Inflows of Resources	-	-	-	-	-
Fund Balances					
Nonspendable:					
Prepays	67,623	-	716	-	-
Restricted:					
Debt service	-	-	-	-	-
Culture and recreation	-	-	-	-	128,297
Public safety	-	-	-	-	-
Public works	-	-	45,478	9,903	-
Tourism and promotion	2,279,827	-	-	-	-
Capital improvements	-	-	-	-	-
Assigned					
Economic development	-	2,590	-	-	-
Capital improvements	-	-	-	-	-
Unassigned	-	-	-	-	-
Total Fund Balances	2,347,450	2,590	46,194	9,903	128,297
Total Liabilities, Deferred Inflows and Fund Balances	\$ 2,370,247	\$ 2,590	\$ 48,145	\$ 9,903	\$ 128,297

City of Orange, Texas
COMBINING BALANCE SHEET
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Law Enforcement Seizures	Court Technology Fund	Bureau of Justice Grant	Police Donation Fund	Stark Foundation Grant Fund
Assets					
Cash and cash equivalents	\$ 451,395	\$ 11,359	\$ -	\$ 34,112	\$ 10,130
Restricted cash	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-
Receivables, net	-	-	430	-	-
Due from others	-	-	-	-	-
Prepays	-	-	-	-	-
Total Assets	\$ 451,395	\$ 11,359	\$ 430	\$ 34,112	\$ 10,130
Liabilities					
Accounts payable	\$ 33,406	\$ -	\$ -	\$ -	\$ -
Due to other funds	-	-	430	-	-
Total Liabilities	33,406	-	430	-	-
Deferred Inflows of Resources					
Property taxes	-	-	-	-	-
Grant revenue	-	-	430	-	-
Total Deferred Inflows of Resources	-	-	430	-	-
Fund Balances					
Nonspendable:					
Prepays	-	-	-	-	-
Restricted:					
Debt service	-	-	-	-	-
Culture and recreation	-	-	-	-	-
Public safety	417,989	11,359	-	34,112	10,130
Public works	-	-	-	-	-
Tourism and promotion	-	-	-	-	-
Capital improvements	-	-	-	-	-
Assigned					
Economic development	-	-	-	-	-
Capital improvements	-	-	-	-	-
Unassigned	-	-	(430)	-	-
Total Fund Balances	417,989	11,359	(430)	34,112	10,130
Total Liabilities, Deferred Inflows and Fund Balances	\$ 451,395	\$ 11,359	\$ 430	\$ 34,112	\$ 10,130

Confined Space Rescue Fund	Fire Dept. Donation Fund	Animal Shelter Donation Fund	Homeland Security Program	Library Donation Fund	TX Forest Service Grants
\$ 164,794	\$ 19,782	\$ 24,938	\$ -	\$ 101,549	\$ 665
-	-	-	-	-	-
-	-	-	-	-	-
5,500	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
\$ 170,294	\$ 19,782	\$ 24,938	\$ -	\$ 101,549	\$ 665
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
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170,294	19,782	24,938	-	101,549	-
-	-	-	-	-	-
-	-	-	-	-	665
-	-	-	-	-	-
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170,294	19,782	24,938	-	101,549	665
<hr/>	<hr/>	<hr/>	<hr/>	<hr/>	<hr/>
\$ 170,294	\$ 19,782	\$ 24,938	\$ -	\$ 101,549	\$ 665

City of Orange, Texas
COMBINING BALANCE SHEET (Continued)
NONMAJOR GOVERNMENTAL FUNDS
September 30, 2024

	Opioid Settlement	Texas Loan Star Library Grant	US Treasury AM Rescue Plan Fund	TXDOT Grants Fund	Federal Seizure Fund
Assets					
Cash and cash equivalents	\$ 84,948	\$ 1,539	\$ 490,202	\$ -	\$ 43,224
Restricted cash	-	-	-	-	-
Taxes receivable, net	-	-	-	-	-
Receivables, net	-	1,325	-	78,869	-
Due from others	-	-	-	-	-
Prepays	-	-	2,219	-	-
Total Assets	\$ 84,948	\$ 2,864	\$ 492,421	\$ 78,869	\$ 43,224
Liabilities					
Accounts payable	\$ -	\$ -	\$ 309,943	\$ -	\$ -
Due to other funds	-	-	-	25,745	-
Total Liabilities	-	-	309,943	25,745	-
Deferred Inflows of Resources					
Property taxes	-	-	-	-	-
Grant revenue	-	-	-	76,871	-
Total Deferred Inflows of Resources	-	-	-	76,871	-
Fund Balances					
Nonspendable:					
Prepays	-	-	-	-	-
Restricted:					
Debt service	-				
Culture and recreation	-	2,864	-	-	-
Public safety	84,948	-	-	-	43,224
Public works	-	-	-	-	-
Tourism and promotion	-	-	-	-	-
Capital improvements	-	-	182,478		
Assigned					
Economic development	-	-	-	-	-
Capital improvements	-	-	-	-	-
Unassigned	-	-	-	(23,747)	
Total Fund Balances	84,948	2,864	182,478	(23,747)	43,224
Total Liabilities, Deferred Inflows and Fund Balances	\$ 84,948	\$ 2,864	\$ 492,421	\$ 78,869	\$ 43,224

Capital Projects		Debt		Total
Fund	Service	Nonmajor	Governmental	
\$ 251,278	\$ -	\$ 4,098,108		
82	185,743		185,825	
-	187,203		187,203	
-	-		168,774	
-	3,232		3,232	
-	-		70,558	
\$ 251,360	\$ 376,178	\$ 4,713,700		
\$ -	\$ -	\$ 368,097		
-	2,238		28,413	
-	2,238	396,510		
-	187,203		187,203	
-	-	77,301		
-	187,203	264,504		
-	-	68,339		
186,737		186,737		
-	-	232,710		
-	-	816,776		
-	-	55,381		
-	-	2,280,492		
-	-	182,478		
-	-	2,590		
251,360	-	251,360		
-	-	(24,177)		
251,360	186,737	4,052,686		
\$ 251,360	\$ 376,178	\$ 4,713,700		



ORANGE
★ TEXAS ★

City of Orange, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	Orange Development Fund	Economic Development Fund	CDBG Fund	CDBG Home Program	Parks Donation Fund
<u>Revenues</u>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	716,246	-	-	-	-
Grants & contributions	-	-	398,007	-	-
Charges for services	-	-	-	-	-
Other income	-	-	-	-	-
Investment income	115,452	126	-	-	4,495
Donations	6,555	-	-	-	70,000
Total Revenues	838,253	126	398,007	-	74,495
<u>Expenditures</u>					
Culture and recreation	771,979	-	-	-	12,594
Public safety	-	-	-	-	-
Public works	-	-	232,294	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	236,225	-	165,832	-	-
Total Expenditures	1,008,204	-	398,126	-	12,594
Revenues Over (Under) Expenditures	(169,951)	126	(119)	-	61,901
<u>Other Financing Sources (Uses)</u>					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	(169,951)	126	(119)	-	61,901
Beginning fund balances	2,517,401	2,464	46,313	9,903	66,396
Ending Fund Balances	\$ 2,347,450	\$ 2,590	\$ 46,194	\$ 9,903	\$ 128,297

City of Orange, Texas
COMBINING STATEMENT OF REVENUES, EXPENDITURES,
AND CHANGES IN FUND BALANCES
NONMAJOR GOVERNMENTAL FUNDS
For the Year Ended September 30, 2024

	Law Enforcement Seizures	Court Technology Fund	Bureau of Justice Grant	Police Donation Fund	Stark Foundation Grant Fund
<u>Revenues</u>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-	-
Grants & contributions	-	-	26,920	-	-
Charges for services	-	5,323	-	-	-
Other income	-	-	-	-	-
Investment income	21,784	1,094	-	1,654	490
Donations	27,404	-	-	-	-
Total Revenues	49,188	6,417	26,920	1,654	490
<u>Expenditures</u>					
Culture and recreation	-	-	-	-	-
Public safety	5,847	10,307	2,328	-	-
Public works	-	-	-	-	-
Debt service:					
Principal	-	25,000	-	-	-
Interest	-	-	-	-	-
Capital outlay	-	-	11,479	-	-
Total Expenditures	5,847	35,307	13,807	-	-
Revenues Over (Under) Expenditures	43,341	(28,890)	13,113	1,654	490
<u>Other Financing Sources (Uses)</u>					
Transfers in	-	-	-	-	-
Total Other Financing Sources (Uses)	-	-	-	-	-
Net Change in Fund Balances	43,341	(28,890)	13,113	1,654	490
Beginning fund balances	374,648	40,249	(13,543)	32,458	9,640
Ending Fund Balances	\$ 417,989	\$ 11,359	\$ (430)	\$ 34,112	\$ 10,130

Confined Space Rescue Fund	Fire Dept. Donation Fund	Animal Shelter Donation Fund	Homeland Security Program	Library Donation Fund	TX Forest Service Grants
\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
-	-	-	-	-	-
-	-	-	47,603	3,839	2,800
-	-	-	-	-	-
-	-	-	-	0	-
7,314	938	1,167	-	4,741	-
24,750	6,750	1,916	-	5,248	-
<u>32,064</u>	<u>7,688</u>	<u>3,083</u>	<u>47,603</u>	<u>13,828</u>	<u>2,800</u>
-	-	-	-	1,527	-
6,186	890	-	47,603	-	2,660
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	203	-
<u>6,186</u>	<u>890</u>	<u>-</u>	<u>47,603</u>	<u>1,730</u>	<u>2,660</u>
<u>25,878</u>	<u>6,798</u>	<u>3,083</u>	<u>-</u>	<u>12,098</u>	<u>140</u>
25,878	6,798	3,083	-	12,098	140
<u>144,416</u>	<u>12,984</u>	<u>21,855</u>	<u>-</u>	<u>89,451</u>	<u>525</u>
<u>\$ 170,294</u>	<u>\$ 19,782</u>	<u>\$ 24,938</u>	<u>\$ -</u>	<u>\$ 101,549</u>	<u>\$ 665</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, 2024

	Opioid Settlement	Texas Loan Star Library Grant	US Treasury AM Rescue Plan Fund	TXDOT Grants Fund	Federal Seizure Fund
<u>Revenues</u>					
Property taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Hotel occupancy taxes	-	-	-	-	-
Grants & contributions	19,014	1,325		691,838	42,626
Charges for services	-	-	-	-	-
Other income	-	-	-	-	-
Investment income	-	-	-	-	598
Donations	-	-	-	-	-
Total Revenues	19,014	1,325	-	691,838	43,224
<u>Expenditures</u>					
Culture and recreation	-	-		-	-
Public safety	12,550	-	-	-	-
Public works	-	-	207,231	-	-
Debt service:					
Principal	-	-	-	-	-
Interest	-	-	-	-	-
Capital outlay	19,252	-	2,547,495	-	-
Total Expenditures	31,802	-	2,754,726	-	-
Revenues Over (Under) Expenditures	(12,788)	1,325	(2,754,726)	691,838	43,224
<u>Other Financing Sources (Uses)</u>					
Transfers in	-	-	-	113,920	-
Total Other Financing Sources (Uses)	-	-	-	113,920	-
Net Change in Fund Balances	(12,788)	1,325	(2,754,726)	805,758	43,224
Beginning fund balances	97,736	1,539	2,937,204	(829,505)	-
Ending Fund Balances	\$ 84,948	\$ 2,864	\$ 182,478	\$ (23,747)	\$ 43,224

Capital Projects Fund	Debt Service	Total Nonmajor Governmental
\$ -	\$ 1,174,056	\$ 1,174,056
-	-	716,246
112,500	-	1,346,472
-	-	5,323
-	-	-
9,399	1,636	170,888
-	-	142,623
<u>121,899</u>	<u>1,175,692</u>	<u>3,555,608</u>
 - -	 - -	 786,100
- -	- -	88,371
- -	- -	439,525
 - -	 740,000	 765,000
- -	268,448	268,448
<u>- -</u>	<u>-</u>	<u>2,980,486</u>
<u>- -</u>	<u>1,008,448</u>	<u>5,327,930</u>
 <u>121,899</u>	 <u>167,244</u>	 <u>(1,772,322)</u>
 - -	 - -	 113,920
 - -	 - -	 113,920
 121,899	 167,244	 (1,658,402)
 <u>129,461</u>	 <u>19,493</u>	 <u>5,711,088</u>
<u>\$ 251,360</u>	<u>\$ 186,737</u>	<u>\$ 4,052,686</u>



City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
DEBT SERVICE FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Property tax	\$ 1,181,433	\$ 1,195,433	\$ 1,174,056	\$ (21,377)
Investment income	800	800	1,636	836
Total Revenues	<u>1,182,233</u>	<u>1,196,233</u>	<u>1,175,692</u>	<u>(20,541)</u>
Expenditures				
Debt service:				
Principal	740,000	740,000	740,000	-
Interest	268,448	268,448	268,448	-
Total Expenditures	<u>1,008,448</u>	<u>1,008,448</u>	<u>1,008,448</u>	<u>-</u>
Net Change in Fund Balance	<u>\$ 173,785</u>	<u>\$ 187,785</u>	<u>167,244</u>	<u>\$ (20,541)</u>
Beginning fund balance			19,493	
Ending Fund Balance			<u>\$ 186,737</u>	

Notes to Other Supplementary Information

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

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CAPITAL PROJECTS FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
<u>Revenues</u>				
Grants and contributions	\$ -	\$ 112,500	\$ 112,500	\$ -
Investment income	\$ -	\$ -	\$ 9,399	\$ 9,399
Total Revenues	-	112,500	121,899	9,399
<u>Expenditures</u>				
Capital outlay	- -	112,500	- -	112,500
Total Expenditures	- -	112,500	- -	112,500
Net Change in Fund Balance	\$ -	\$ -	121,899	\$ 121,899
Beginning fund balance			129,461	
Ending Fund Balance			\$ 251,360	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Hotel occupancy taxes	\$ 650,000	\$ 650,000	\$ 716,246	\$ 66,246
Investment income	70,000	95,000	115,452	20,452
Donations	5,000	5,000	6,555	1,555
Total Revenues	725,000	750,000	838,253	88,253
Expenditures				
Culture and recreation	743,169	799,089	771,979	27,110
Capital outlay	435,000	517,769	236,225	281,544
Total Expenditures	1,178,169	1,316,858	1,008,204	308,654
Net Change in Fund Balance	\$ (453,169)	\$ (566,858)	(169,951)	\$ 396,907
Beginning fund balance			2,517,401	
Ending Fund Balance			\$ 2,347,450	

Notes to Other Supplementary Information

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

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
PARKS DONATION FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Donations	\$ -	\$ 70,000	\$ 70,000	\$ -
Investment income	1,600	1,600	4,495	2,895
Total Revenues	1,600	71,600	74,495	2,895
Expenditures				
Culture and recreation	-	99,250	12,594	86,656
Capital outlay	-	20,375	-	20,375
Total Expenditures	-	119,625	12,594	107,031
Net Change in Fund Balance	\$ 1,600	\$ (48,025)	61,901	\$ 109,926
Beginning fund balance			66,396	
Ending Fund Balance			\$ 128,297	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants & contributions	\$	42,626	\$ 27,404	\$ (15,222)
Investment income	\$ 8,000	\$ 16,300	\$ 21,784	\$ 5,484
Total Revenues	8,000	58,926	49,188	(9,738)
Expenditures				
Public safety	-	5,847	5,847	-
Total Expenditures	-	5,847	5,847	-
Net Change in Fund Balance	\$ 8,000	\$ 53,079	43,341	\$ (9,738)
Beginning fund balance			374,648	
Ending Fund Balance			\$ 417,989	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
<u>Revenues</u>				
Investment income	\$ 700	\$ 700	\$ 1,654	\$ 954
Total Revenues	700	700	1,654	954
Net Change in Fund Balance	\$ 700	\$ 700	1,654	\$ 954
Beginning fund balance			32,458	
Ending Fund Balance			\$ 34,112	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants & contributions	\$ 2,500	\$ 13,979	\$ 26,920	\$ 12,941
Total Revenues	2,500	13,979	26,920	12,941
Expenditures				
Public safety	2,500	2,500	2,328	172
Capital outlay	-	11,479	11,479	-
Total Expenditures	2,500	13,979	13,807	172
Net Change in Fund Balance	\$ -	\$ -	13,113	\$ 13,113
Beginning fund balance			(13,543)	
Ending Fund Balance			\$ (430)	

Notes to Other Supplementary Information

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

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
COURT TECHNOLOGY FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants & contributions	\$ 6,750	\$ 6,750	\$ 5,323	\$ (1,427)
Investment income	1,000	1,000	1,094	94
Total Revenues	7,750	7,750	6,417	(1,333)
Expenditures				
Public safety	15,000	10,307	10,307	-
Principal payment	-	-	25,000	(25,000)
Total Expenditures	15,000	10,307	35,307	(25,000)
Net Change in Fund Balance	\$ (7,250)	\$ (2,557)	(28,890)	\$ (26,333)
Beginning fund balance			40,249	
Ending Fund Balance			\$ 11,359	

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
CDBG FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants & contributions	\$ 316,764	\$ 432,178	\$ 398,007	\$ (34,171)
Charges for services	5,000	5,000	-	(5,000)
Total Revenues	321,764	437,178	398,007	(39,171)
Expenditures				
Public works	217,145	247,737	232,294	15,443
Capital outlay	100,000	184,822	165,832	18,990
Total Expenditures	317,145	432,559	398,126	34,433
Net Change in Fund Balance	\$ 4,619	\$ 4,619	(119)	\$ (4,738)
Beginning fund balance			46,313	
Ending Fund Balance			\$ 46,194	

Notes to Other Supplementary Information

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

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
CONFINED SPACE RESCUE FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants and donations	\$ 20,000	\$ 20,000	\$ 24,750	\$ 4,750
Investment income	3,000	3,000	7,314	4,314
Total Revenues	23,000	23,000	32,064	9,064
Expenditures				
Public safety	38,000	38,000	6,186	31,814
Total Expenditures	38,000	38,000	6,186	31,814
Net Change in Fund Balance	\$ (15,000)	\$ (15,000)	25,878	\$ 40,878
Beginning fund balance			144,416	
Ending Fund Balance			\$ 170,294	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants and donations	\$ 3,000	\$ 3,000	\$ 6,750	\$ 3,750
Investment income	200	200	938	738
Total Revenues	3,200	3,200	7,688	4,488
Expenditures				
Public safety	14,000	14,000	890	13,110
Total Expenditures	14,000	14,000	890	13,110
Net Change in Fund Balance	\$ (10,800)	\$ (10,800)	6,798	\$ 17,598
Beginning fund balance			12,984	
Ending Fund Balance			\$ 19,782	

Notes to Other Supplementary Information

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

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
ANIMAL SHELTER DONATION FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Grants and donations	\$ 300	\$ 300	\$ 1,916	\$ 1,616
Investment income	500	500	1,167	667
Total Revenues	800	800	3,083	2,283
Expenditures				
Public safety	10,000	10,000	-	10,000
Total Expenditures	10,000	10,000	-	10,000
Net Change in Fund Balance	\$ (9,200)	\$ (9,200)	3,083	\$ 12,283
Beginning fund balance			21,855	
Ending Fund Balance			\$ 24,938	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Grants	\$ -	\$ -	\$ 3,839	\$ 3,839
Donations	4,000	4,000	5,248	1,248
Investment income	2,000	2,000	4,741	2,741
Total Revenues	6,000	6,000	13,828	7,828
<u>Expenditures</u>				
Culture and recreation	6,300	6,300	1,527	4,773
Capital outlay	5,000	10,850	203	10,647
Total Expenditures	11,300	17,150	1,730	15,420
Net Change in Fund Balance	\$ (5,300)	\$ (11,150)	12,098	\$ 23,248
Beginning fund balance			89,451	
Ending Fund Balance			\$ 101,549	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Investment income	\$ 100	\$ 100	\$ 490	\$ 390
Total Revenues	100	100	490	390
Expenditures				
Public safety	2,000	2,000	-	2,000
Total Expenditures	2,000	2,000	-	2,000
Net Change in Fund Balance	\$ (1,900)	\$ (1,900)	490	\$ 2,390
Beginning fund balance			9,640	
Ending Fund Balance			\$ 10,130	

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, 2024

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

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
OPIOID SETTLEMENT
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants	\$ -	\$ 19,014	\$ 19,014	\$ -
Total Revenues	-	19,014	19,014	-
Expenditures				
Public safety	- -	8,692	12,550	(3,858)
Capital outlay	- -	19,252	19,252	- -
Total Expenditures	- -	27,944	31,802	(3,858)*
Net Change in Fund Balance	\$ -	\$ (8,930)	(12,788)	\$ (3,858)
Beginning fund balance			97,736	
Ending Fund Balance			\$ 84,948	

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
US TREASURY AM RESCUE PLAN FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
Revenues				
Investment income	\$ 5,000	\$ 5,000	\$ -	\$ (5,000)
Total Revenues	5,000	5,000	-	(5,000)
Expenditures				
Public works	200,000	207,230	207,231	(1)
Capital outlay	3,300,000	3,292,770	2,547,495	745,275
Total Expenditures	3,500,000	3,500,000	2,754,726	745,274
Net Change in Fund Balance	\$ (3,495,000)	\$ (3,495,000)	(2,754,726)	\$ 740,274
Beginning fund balance			2,937,204	
Ending Fund Balance			\$ 182,478	

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
ECONOMIC DEVELOPMENT FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
<u>Revenues</u>				
Investment income	\$ 50	\$ 50	\$ 126	\$ 76
Total Revenues	50	50	126	76
Net Change in Fund Balance	\$ 50	\$ 50	126	\$ 76
Beginning fund balance			2,464	
Ending Fund Balance			\$ 2,590	

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, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget
				Positive (Negative)
<u>Revenues</u>				
Grants	\$ 58,986	\$ 58,986	\$ -	\$ (58,986)
Total Revenues	58,986	58,986	-	(58,986)
<u>Expenditures</u>				
Capital outlay	58,986	58,986	-	58,986
Total Expenditures	58,986	58,986	-	58,986
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance				-
Ending Fund Balance	\$ -			

Notes to Other Supplementary Information

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

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HUD HOME CONSORTIUM FUND
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
Revenues				
Grants	\$ 5,300	\$ 5,300	\$ -	\$ (5,300)
Total Revenues	5,300	5,300	-	(5,300)
Expenditures				
General government	5,300	5,300	-	5,300
Total Expenditures	5,300	5,300	-	5,300
Net Change in Fund Balance	\$ -	\$ -	-	\$ -
Beginning fund balance				-
Ending Fund Balance	\$ -			

Notes to Other Supplementary Information

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

City of Orange, Texas
SCHEDULE OF REVENUES, EXPENDITURES, AND CHANGES
IN FUND BALANCE - BUDGET AND ACTUAL
HOMELAND SECURITY GRANT PROGRAM
For the Year Ended September 30, 2024

	Original Budget	Final Budget	Actual	Variance with Final Budget Positive (Negative)
<u>Revenues</u>				
Grants	\$ -	\$ 47,949	\$ 47,603	\$ (346)
Total Revenues	-	47,949	47,603	(346)
<u>Expenditures</u>				
Public safety	- -	47,959	47,603	356
Total Expenditures	- -	47,959	47,603	356
Net Change in Fund Balance	\$ -	\$ (10)	-	\$ 10
Beginning fund balance				-
Ending Fund Balance	\$ -			

Notes to Other Supplementary Information

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

City of Orange, Texas
BALANCE SHEET
DISCRETELY PRESENTED COMPONENT UNIT
September 30, 2024

	Orange EDC
Assets	
Cash and cash equivalents	\$ 4,701,152
Restricted cash	90,208
Investments	250,000
Receivables, net	439,621
Prepays	75,176
	Total Assets
	5,556,157
Liabilities	
Current Liabilities	
Accounts payable and accrued liabilities	45,553
	Total Liabilities
	45,553
Fund Balances	
Nonspendable for:	
Prepays	75,176
Restricted for:	
Economic development	5,345,220
Debt service	90,208
	Total Fund Balance
	5,510,604
	Total Liabilities and Fund Balance
	\$ 5,556,157

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, 2024

Fund Balance	\$ 5,510,604
---------------------	--------------

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	1,236,758
Capital assets - net depreciable	4,396,666

Deferred outflows of resources, represent a consumption of net assets that applies to a future period(s) and is not recognized as an outflow of resources (expenditure) until then.

Deferred charge on refunding	21,311
------------------------------	--------

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

Accrued interest	(20,413)
Compensated absences	(31,087)
Non-current liabilities due in one year	(315,000)
Non-current liabilities due in more than one year	(3,173,931)
Net Position of the Discretely Presented Component Unit	<u>\$ 7,624,908</u>

City of Orange, Texas

STATEMENT OF REVENUES, EXPENDITURES, AND CHANGES IN FUND BALANCES

DISCRETELY PRESENTED COMPONENT UNIT

For the Year Ended September 30, 2024

	Orange EDC
<u>Revenues</u>	
Sales taxes	\$ 2,417,513
Donations	17,565
Investment income	229,241
Other revenues	0
Total Revenues	2,664,319
<u>Expenditures</u>	
Economic development	986,947
Personnel	335,469
Debt service:	
Principal	300,000
Interest and fiscal charges	140,550
Capital outlay	399,791
Total Expenditures	2,162,757
Excess of Revenues Over (Under) Expenditures	501,562
Net Change in Fund Balances	501,562
Beginning fund balances	5,009,042
Ending Fund Balances	\$ 5,510,604

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	\$ 501,562
------------------------------	------------

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	399,791
Depreciation expense	(276,567)
Transfer of capital assets to primary government	(456,782)

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	(4,558)
Accrued interest	2,446

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	300,000
Change in Net Position of Governmental Activities	\$ 521,844



ORANGE
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***COMBINING STATEMENTS
FIDUCIARY FUNDS***

City of Orange, Texas
COMBINING STATEMENT OF FIDUCIARY NET POSITION
CUSTODIAL FUNDS
September 30, 2024

	Municipal	Employee	Total
	Court	Flex	
	Bond Escrow	Plan	
<u>Assets</u>			
Cash and cash equivalents	\$ 9,455	\$ 16,314	\$ 25,769
Total Assets	\$ 9,455	\$ 16,314	\$ 25,769

Net Position

Restricted for:

Others	9,455	-	9,455
Employee benefits	-	16,314	16,314
Total Net Position	9,455	16,314	25,769
Total Net Position and Liabilities	\$ 9,455	\$ 16,314	\$ 25,769

City of Orange, Texas
COMBINING STATEMENT OF CHANGES IN FIDUCIARY NET POSITION
CUSTODIAL FUNDS
For the Year Ended September 30, 2024

	Municipal Court Bond Escrow	Employee Flex Plan	Total
Additions			
Contributions from employees	-	18,775	18,775
Total Additions	-	18,775	18,775
Deductions			
Benefit payments	262	14,983	15,245
Total Deductions	262	14,983	15,245
Net Change in Net Position	(262)	3,792	3,530
Beginning Net Position	9,717	12,522	22,239
Ending Net Position	\$ 9,455	\$ 16,314	\$ 25,769



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STATISTICAL SECTION

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

Contents	Page
Financial Trends	158
<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	170
<i>These schedules contain information to help the reader assess the City's most significant local revenue source, property tax.</i>	
Debt Capacity	176
<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	185
<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	188
<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

	2015 (a)	2016	2017	2018 (b)
Government activities				
Net investment in capital assets	\$ 23,174,811	\$ 23,352,038	\$ 24,957,665	\$ 24,556,626
Restricted	91,495	90,042	81,826	2,529,941
Unrestricted	(1,142,628)	(1,516,824)	(4,206,781)	(4,622,234)
Total government activities net position	<u><u>\$ 22,123,678</u></u>	<u><u>\$ 21,925,256</u></u>	<u><u>\$ 20,832,710</u></u>	<u><u>\$ 22,464,333</u></u>
Business-type activities				
Net investment in capital assets	\$ 35,994,034	\$ 37,447,602	\$ 37,379,002	\$ 37,654,963
Restricted	777,587	66,923	135,868	138,102
Unrestricted	1,492,412	2,274,530	3,256,371	5,144,027
Total business-type activities net position	<u><u>\$ 38,264,033</u></u>	<u><u>\$ 39,789,055</u></u>	<u><u>\$ 40,771,241</u></u>	<u><u>\$ 42,937,092</u></u>
Primary government				
Net investment in capital assets	\$ 59,168,845	\$ 60,799,640	\$ 62,336,667	\$ 62,211,589
Restricted	869,082	156,965	217,694	2,668,043
Unrestricted	349,784	757,706	(950,410)	521,793
Total primary government net position	<u><u>\$ 60,387,711</u></u>	<u><u>\$ 61,714,311</u></u>	<u><u>\$ 61,603,951</u></u>	<u><u>\$ 65,401,425</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

2019	2020	2021	2022	2023	2024
\$ 27,309,838	\$ 26,859,226	\$ 28,298,493	\$ 30,327,041	\$ 35,193,615	\$ 39,362,764
2,594,489	2,918,536	7,976,662	10,518,925	6,374,128	3,754,574
(4,497,983)	(1,857,205)	121,374	3,105,166	5,596,927	6,392,009
<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>	<u>\$ 49,509,347</u>
\$ 37,114,603	\$ 36,910,875	\$ 36,901,681	\$ 39,078,022	\$ 39,633,872	\$ 40,970,769
141,855	145,620	151,859	208,938	313,935	227,494
6,175,935	5,774,829	6,486,168	5,611,660	8,810,037	10,171,746
<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>	<u>\$ 51,370,009</u>
\$ 64,424,441	\$ 63,770,101	\$ 65,200,174	\$ 69,405,063	\$ 74,827,487	\$ 80,333,533
2,736,344	3,064,156	8,128,521	10,727,863	6,688,063	3,982,068
1,677,952	3,917,624	6,607,542	8,716,826	14,406,964	16,563,755
<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>	<u>\$ 100,879,356</u>

City of Orange, Texas

CHANGES IN NET POSITION Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

Table 2

	2015	2016	2017	2018
Expenses				
Governmental Activities				
General government	\$ 1,362,420	\$ 1,704,725	\$ 3,421,279	\$ 2,677,375
Public safety	10,843,357	11,700,880	12,925,242	11,956,509
Public works	3,808,559	4,471,129	4,195,377	3,893,417
Cultural and recreation	1,571,047	1,746,315	2,292,791	1,735,516
Interest on long-term debt	199,043	190,032	179,684	178,291
Total governmental activities	<u>17,784,426</u>	<u>19,813,081</u>	<u>23,014,373</u>	<u>20,441,108</u>
Business-type activities				
Sanitation	1,706,452	1,750,708	2,280,761	5,199,862
Water and Sewer	6,794,993	6,722,558	7,098,876	6,820,644
Total business-type activities	<u>8,501,445</u>	<u>8,473,266</u>	<u>9,379,637</u>	<u>12,020,506</u>
Total primary government	<u>26,285,871</u>	<u>28,286,347</u>	<u>32,394,010</u>	<u>32,461,614</u>
Program Revenues				
Governmental activities				
Charges for services				
General government	1,307,982	1,209,346	1,973,385	1,357,437
Public safety	406,569	349,818	296,656	284,804
Public works	114,950	79,100	70,292	71,078
Cultural and recreation	50,620	59,249	61,636	47,749
Operating grants and contributions				
General government	97,436	116,460	236,439	177,140
Public safety	80,673	147,791	428,674	64,417
Public works	248,688	572,738	284,487	587,615
Cultural and recreation	15,290	1,443	3,605	1,966
Capital grants and contributions				
General government	-	-	-	-
Cultural and recreation	1,074	59,817	134,922	62,431
Public safety	330,162	10,000	-	5,000
Public works	<u>1,034,726</u>	<u>100,000</u>	<u>-</u>	<u>-</u>
Total governmental activities				
program revenues	<u>3,688,170</u>	<u>2,705,762</u>	<u>3,490,096</u>	<u>2,659,637</u>

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

2019	2020	2021	2022	2023	2024
\$ 3,534,422	\$ 3,560,714	\$ 4,250,633	\$ 3,980,709	\$ 4,568,339	4,925,072
13,848,928	13,677,136	12,281,464	11,951,959	15,223,993	14,830,651
4,137,174	4,537,509	5,487,081	6,285,129	7,591,194	7,386,485
1,871,636	1,819,438	2,116,135	2,264,290	3,099,344	3,028,704
485,903	366,039	346,388	319,259	296,005	277,379
<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>	<u>30,448,291</u>
1,967,255	2,163,909	2,198,327	2,257,801	2,586,865	8,028,796
7,662,367	8,002,416	7,315,517	7,676,166	7,525,888	2,769,097
<u>9,629,622</u>	<u>10,166,325</u>	<u>9,513,844</u>	<u>9,933,967</u>	<u>10,112,753</u>	<u>10,797,893</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>	<u>41,246,184</u>
1,400,502	465,320	617,141	674,908	666,280	501,538
272,759	146,996	177,088	154,950	217,403	47,741
65,833	125,348	130,443	201,384	338,343	156,284
45,884	43,358	44,667	10,584	17,466	243,341
181,919	78,717	218,712	85,736	-	6,555
99,888	1,038,851	906,270	116,035	167,754	264,122
3,184,659	13,529	36,867	9,315	-	84,023
71,242	743	784	55,331	34,616	-
-	102,730	102,728	-	-	-
102,868	23,675	22,008	93,133	130,000	-
-	73,033	100	240,213	1,076,400	49,588
-	608,820	5,467,214	7,147,604	3,049,095	3,142,447
<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>	<u>4,495,639</u>

City of Orange, Texas

CHANGES IN NET POSITION (Continued)

Last Ten Fiscal Years (Unaudited)

(accrual basis of accounting)

	2015	2016	2017	2018
Business-type activities				
Charges for services				
Sanitation	\$ 1,824,743	\$ 1,883,292	\$ 2,292,420	\$ 1,852,297
Water and Sewer	7,752,710	7,847,869	7,777,959	8,199,174
Operating grants and contributions				
Sanitation	-	-	53,428	3,535,986
Water and Sewer	-	-	-	28,813
Capital grants and contributions				
Water and Sewer	37,715	256,155	134,708	573,284
Total business-type activities program revenues	<u>17,367,878</u>	<u>17,835,185</u>	<u>10,258,515</u>	<u>14,189,554</u>
Total primary government program revenues	<u>21,056,048</u>	<u>20,540,947</u>	<u>13,748,611</u>	<u>16,849,191</u>
Net (expense)/revenue				
Governmental activities	(14,096,256)	(17,107,319)	(19,524,277)	(17,781,471)
Business-type activities	8,866,433	9,361,919	878,878	2,169,048
Total primary government net expense	<u>\$ (5,229,823)</u>	<u>\$ (7,745,400)</u>	<u>\$ (18,645,399)</u>	<u>\$ (15,612,423)</u>
General Revenues and Other Changes in Net Position				
Governmental Activities				
Property taxes	\$ 5,869,937	\$ 6,144,835	\$ 7,485,595	\$ 7,853,374
Payment in-lieu of taxes	6,933,803	7,050,656	6,883,769	6,882,340
Sales taxes	2,592,886	2,720,011	2,958,567	3,618,034
Other taxes	694,827	688,170	696,977	807,577
Franchise taxes	307,093	281,390	287,290	291,156
Unrestricted investment earnings	21,843	23,835	17,427	28,541
Gain (loss) on sale of assets	-	-	(80)	70,431
Transfers	-	-	-	(27,155)
Insurance	-	-	-	457,367
Miscellaneous	-	-	102,181	120,000
Total governmental activities	<u>16,420,389</u>	<u>16,908,897</u>	<u>18,431,726</u>	<u>20,101,665</u>
Business-type activities				
Unrestricted investment earnings	7,866	10,972	13,288	12,337
Gain (loss) on sale of assets	-	-	8,016	29,005
Transfers	-	-	-	27,155
Miscellaneous	-	-	82,002	95,864
Total business-type activities	<u>7,866</u>	<u>10,972</u>	<u>103,306</u>	<u>164,361</u>
Total primary government	<u>\$ 16,428,255</u>	<u>\$ 16,919,869</u>	<u>\$ 18,535,032</u>	<u>\$ 20,266,026</u>
Change in Net Position				
Governmental activities	2,324,133	(198,422)	(1,092,551)	2,320,194
Business-type activities	8,874,299	9,372,891	982,184	2,333,409
Total primary government	<u>\$ 11,198,432</u>	<u>\$ 9,174,469</u>	<u>\$ (110,367)</u>	<u>\$ 4,653,603</u>

2019	2020	2021	2022	2023	2024
\$ 1,981,491 7,877,629	\$ 2,154,034 7,362,556	\$ 2,226,800 7,724,257	\$ 2,274,703 7,906,767	\$ 2,624,999 8,757,096	9,033,009 2,815,174
3,840 140,349	- -	- -	- -	- -	- 352,424
- -	- -	- -	- -	- -	- -
10,003,309	9,516,590	9,951,057	10,181,470	11,382,095	12,200,607
15,428,863	12,237,710	17,675,079	18,970,663	17,079,452	16,696,246
(18,452,509) 373,687	(21,239,716) (649,735)	(16,757,679) 437,213	(16,012,153) 247,503	(25,081,518) 1,269,342	(25,952,652) 1,402,714
<u>\$ (18,078,822)</u>	<u>\$ (21,889,451)</u>	<u>\$ (16,320,466)</u>	<u>\$ (15,764,650)</u>	<u>\$ (23,812,176)</u>	<u>\$ (24,549,938)</u>
\$ 7,954,550 8,699,042 3,406,770 606,348 334,324 274,781 48,609 - 10,096 60,000 21,394,520	\$ 8,667,211 9,355,820 3,776,174 748,711 1,104,445 136,580 159,529 - - 7,783	\$ 8,721,294 9,579,727 4,585,829 950,924 1,062,264 6,413 488,402 (165,723) - 4,521	\$ 9,045,388 8,980,249 4,833,405 719,574 1,053,316 5,694 - (1,076,370) - 5,500	\$ 9,602,930 10,528,852 6,232,621 786,833 1,061,904 1,028,731 51,734 (1,108,788) - 12,503	10,254,801 10,785,342 4,835,026 769,415 1,042,456 1,272,848 - - 97,736 23,291
112,086 9,528 - - 121,614 \$ 21,516,134	37,098 11,568 - - 48,666 \$ 24,004,919	320 105,128 165,723 - 271,171	426 34,613 1,076,370 - 1,111,409	295,411 26,630 1,108,788 1,159,053 2,589,882 \$ 30,884,938	457,904 - - - 523,601 \$ 29,506,780
2,942,011 495,301 \$ 3,437,312	2,716,537 (601,069) \$ 2,115,468	8,475,972 708,384 \$ 9,184,356	7,554,603 1,358,912 \$ 8,913,515	3,213,538 3,859,224 \$ 7,072,762	3,030,527 1,926,315 \$ 4,956,842



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>
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
2024	\$10,254,801	\$4,835,026	\$769,415	\$1,042,456	\$16,901,698

Source: City Audited Financial Statements.

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

	2015	2016	2017	2018
General Fund				
Nonspendable:				
Inventories	\$ 89,271	\$ 85,495	\$ 80,387	\$ 85,568
Prepays	147,243	156,840	201,177	221,037
Assigned for:				
Unassigned	6,956,414	8,029,694	7,666,234	9,715,030
Total general fund	\$ 7,192,928	\$ 8,272,029	\$ 7,947,798	\$ 10,021,635
All Other Governmental Funds				
Nonspendable	\$ 8,087	\$ 3,131	\$ 3,920	\$ 5,706
Assigned for:				
Capital project funds	-	163,239	161,021	161,352
Economic development	2,297	2,301	2,304	2,309
Restricted for:				
Debt service	115,384	114,104	103,568	104,722
Capital projects	-	-	-	-
Cultural and recreation	114,953	103,272	100,222	78,186
Public safety	787,368	758,132	709,523	622,973
Public works	64,796	61,386	51,146	35,566
Tourism and promotion	1,297,103	1,472,484	1,164,896	1,477,710
Unassigned	-	-	-	-
Total all other governmental funds	\$ 2,389,988	\$ 2,678,049	\$ 2,296,600	\$ 2,488,524

2019	2020	2021	2022	2023	2024
\$ 86,150	\$ 47,325	\$ 66,914	\$ 69,100	\$ 88,191	\$ 53,547
201,567	201,166	206,583	223,424	223,959	240,686
\$ 11,291,931	\$ 14,350,469	\$ 16,068,652	\$ 16,334,119	\$ 18,668,037	\$ 20,052,147
<u>\$ 11,579,648</u>	<u>\$ 14,598,960</u>	<u>\$ 16,342,149</u>	<u>\$ 16,626,643</u>	<u>\$ 18,980,187</u>	<u>\$ 20,346,380</u>
\$ 3,817	\$ -	\$ 22,889	\$ 34,184	\$ 48,001	\$ 68,339
-	651,384	218,882	123,020	129,461	251,360
2,348	2,360	2,360	2,360	2,464	2,590
45,543	99,392	2,543	83,481	19,493	186,737
7,064,624	3,672,247	5,491,813	6,867,219	2,937,204	182,478
145,456	100,813	105,387	155,948	157,386	232,710
659,730	606,041	616,131	603,128	733,986	816,776
34,258	9,903	45,301	39,394	55,565	55,381
1,531,035	1,934,970	2,476,811	2,604,618	2,470,576	2,280,492
(28,179)	(1,004,554)	(1,178,922)	(1,469,939)	(1,817,881)	(151,533)
<u>\$ 9,458,632</u>	<u>\$ 6,072,556</u>	<u>\$ 7,803,195</u>	<u>\$ 9,043,413</u>	<u>\$ 4,736,255</u>	<u>\$ 3,925,330</u>

City of Orange, Texas

CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS

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

Table 5

	2015	2016	2017	2018
Revenues				
Taxes	\$9,337,233	\$9,517,837	\$11,028,449	\$12,332,972
Payments in lieu of taxes	6,933,803	7,050,656	6,883,769	6,882,340
Franchise tax	1,205,744	1,186,241	287,290	291,156
Charges for services	2,238,147	2,157,279	3,648,552	3,263,651
Licenses and permits	416,556	356,816	262,785	273,925
Intergovernmental	98,843	239,484	522,907	54,517
Investment income	21,843	23,835	16,486	26,865
Grants and donations	1,359,504	747,415	671,467	707,532
Program income	31,833	14,448	28,462	16,802
Forfeitures	6,750	12,768	-	13,093
Miscellaneous	505,056	217,847	210,130	247,022
Total revenues	<u>22,155,312</u>	<u>21,524,626</u>	<u>23,560,297</u>	<u>24,109,875</u>
Expenditures				
General government	1,413,910	1,429,906	1,528,445	1,555,917
Public safety	9,413,635	9,556,865	9,880,982	10,158,254
Cultural and recreation	1,459,846	1,583,184	2,104,903	1,661,719
Public works	3,272,269	3,693,035	3,540,026	3,464,663
Non departmental	1,889,829	2,040,987	3,654,994	3,421,372
Debt Service				
Principal	800,000	845,000	840,000	952,899
Interest	190,326	146,030	137,083	135,938
Capital Outlay	1,529,310	1,558,920	3,147,657	1,313,919
Total expenditures	<u>19,969,125</u>	<u>20,853,927</u>	<u>24,834,090</u>	<u>22,664,681</u>
Excess of revenues over (under)	2,186,187	670,699	(1,273,793)	1,445,194
Other financing sources (uses)				
Transfers in	257,500	-	-	-
Transfers (out)	(257,500)	-	-	-
Insurance proceeds	-	-	-	560,749
Sale of capital assets	5,610	76,447	42,784	27,915
Refunding bonds issued	1,980,000	-	-	-
Premium on debt issue	-	-	-	-
Payment to refunded bond escrow account	(1,977,910)	-	-	-
Grant proceeds	-	-	-	76,086
Lease liabilities	-	-	382,762	155,817
Debt issuance	-	-	-	-
Total other financing sources and uses	<u>7,700</u>	<u>76,447</u>	<u>425,546</u>	<u>820,567</u>
Net changes in fund balances	<u>\$ 2,193,887</u>	<u>\$ 747,146</u>	<u>\$ (848,247)</u>	<u>\$ 2,265,761</u>
Debt service as a percentage of noncapital expenditures	5.37%	5.14%	4.51%	5.10%

2019	2020	2021	2022	2023	2024
\$11,900,904	\$13,201,416	\$14,292,982	\$14,582,942	\$16,549,352	15,709,959
8,699,042	9,355,820	9,579,727	8,980,249	10,528,852	10,785,342
334,324	1,104,445	1,062,264	1,053,316	1,061,904	1,042,456
3,264,271	584,674	593,717	698,522	1,006,069	752,131
289,724	121,141	126,236	208,775	180,296	199,412
55,706	83,192	217,169	2,364,088	83,127	111,109
258,775	130,941	6,413	5,694	978,332	1,211,304
3,055,935	1,285,473	6,836,913	5,048,352	1,734,767	4,925,722
34,147	-	16,414	14,178	-	-
33,200	-	-	-	-	-
174,708	7,783	4,521	82,940	110,239	6,226
<u>28,100,736</u>	<u>25,874,885</u>	<u>32,736,356</u>	<u>33,039,056</u>	<u>32,232,938</u>	<u>34,743,661</u>
1,705,023	992,009	1,822,572	1,960,097	1,698,106	2,153,750
10,492,387	11,678,259	11,239,935	12,104,622	12,685,013	12,819,946
1,660,428	1,389,826	1,845,968	1,872,497	2,244,076	2,338,696
3,600,520	3,465,562	4,230,065	4,435,866	5,246,958	4,994,880
3,703,715	3,376,351	3,767,692	3,433,215	4,558,185	4,242,170
989,783	788,766	870,421	966,040	943,564	1,003,479
425,583	382,248	361,585	341,068	312,774	295,131
5,302,365	4,585,101	6,344,247	6,509,169	6,734,392	7,042,551
<u>27,879,804</u>	<u>26,658,122</u>	<u>30,482,485</u>	<u>31,622,574</u>	<u>34,423,068</u>	<u>34,890,603</u>
220,932	(783,237)	2,253,871	1,416,482	(2,190,130)	(146,942)
-	-	329,590	364,525	135,000	113,920
-	-	(329,590)	(364,525)	(135,000)	-
10,096	143,720	389,855	14,612	11,276	17,065
51,349	78,679	174,542	60,753	156,527	16,700
-	-	-	-	-	-
436,666	-	-	-	-	-
-	-	-	-	-	-
-	-	-	-	-	-
24,077	194,074	655,560	32,865	-	-
7,785,000	-	-	-	68,713	554,525
<u>8,307,188</u>	<u>416,473</u>	<u>1,219,957</u>	<u>108,230</u>	<u>236,516</u>	<u>702,210</u>
<u>\$ 8,528,120</u>	<u>\$ (366,764)</u>	<u>\$ 3,473,828</u>	<u>\$ 1,524,712</u>	<u>\$ (1,953,614)</u>	<u>\$ 555,268</u>

5.30%

5.31%

5.10%

5.20%

4.59%

4.67%

City of Orange, Texas

ASSESSED VALUE AND ESTIMATED ACTUAL VALUE OF TAXABLE PROPERTY

Last Ten Fiscal Years (Unaudited)

Table 6

<u>Fiscal</u>	<u>Tax</u>	<u>Real Property</u>		<u>Personal Property</u>		<u>Total</u> <u>Assessed</u>	<u>Total</u> <u>Direct</u> <u>Tax Rate</u>
		<u>Year</u>	<u>Value</u>	<u>Percent</u>	<u>Value</u>	<u>Percent</u>	
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
2024	2023	1,159,194,921	85.36%	198,788,906	14.64%	1,357,983,827	\$0.75950

(a) Certified Tax Roll - Orange County Appraisal District

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

Est. True <u>Value</u>	Percentage of Total Assessed Value to <u>True Value</u>
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%
1,357,983,827	100.00%

City of Orange, Texas

Property Tax Rates

DIRECT AND OVERLAPPING PROPERTY TAX RATES

Last Ten Fiscal Years (Unaudited)

Table 7

Fiscal Year	City of Orange			Bridge City School District	Mauriceville School District	Little Cypress Mauriceville School District	Orangefield School District
	General Fund	Debt Service	Total Tax Rate				
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
2024	\$0.67124	\$0.08826	\$0.75950	\$1.01440	\$1.06120		\$0.86820

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

West Orange Cove School District	Orange County				Total (a)	Total (b)	Total (c)	Total (d)
	County + (Lateral Road)	Drainage District	Port and Navigation District	Total				
\$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	
\$1.05670	\$0.52200	\$0.13410	\$0.00508	\$2.43508	\$2.48188	\$2.28888	\$2.47738	

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

Table 8

<u>Name</u>	FY 2024 (a)		FY 2015 (b)	
	Assessed Value	Percent of Total Assessed Value	Assessed Value	Percent of Total Assessed Value
Inland-Orange	\$265,052,690	1 13.4937%	- -	- -
Entergy Texas, Inc.	\$28,578,260	2 1.4549%	\$13,117,740 4	1.1678%
Conrad Orange Shipyard	\$13,169,310	3 0.6704%	\$30,633,290 3	2.7272%
Westport Orange Shipyard, LLC	\$12,075,700	4 0.6148%		
Exxonmobil Chemical Co.	\$10,053,180	5 0.5118%	\$37,510,760 2	3.3395%
Home Depot USA 8419	\$6,976,331	6 0.3552%		
TRQ Oakwood Village, LP	\$6,909,923	7 0.3518%		
QRH Prop Two, LLC	\$6,815,474	8 0.3470%		
Union Pacific Railroad Company	\$6,262,880	9 0.3188%		
Webco Industries, Inc.	\$6,121,360	10 0.3116%	\$8,441,480 6	6.0000%
Signal International Texas, LP	-	-	\$51,907,100 1	4.6211%
Honeywell (Allied)	-	-	\$12,613,920 5	1.1230%
Stemco USA, Inc.	-	-	\$6,988,950 7	0.6222%
TX Majestic, Ltd.	-	-	\$5,640,710 8	0.5022%
Cloeren Company	-	-	\$5,550,930 9	0.4942%
Crowley Marine Services, Inc.	-	-	\$5,249,780 10	0.4674%
	-	-		
	-	-		
	<u>\$362,015,108</u>	<u>18.43%</u>	<u>\$177,654,660</u>	<u>15.816%</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 <u>Year</u>	Total Adj. Tax Levy For Fiscal <u>Year (a)</u>	Collected within the Fiscal Year of the Levy			Total Collections to Date	
		Percentage <u>Amount</u>	of Levy	Collections in <u>Subsequent Years</u>	Amount	Percentage <u>of Levy</u>
2015	\$5,922,548	\$5,739,169	96.78%	\$138,992	\$5,878,161	99.25%
2016	\$6,072,821	\$5,828,534	95.98%	\$197,692	\$6,026,227	99.23%
2017	\$7,351,727	\$7,059,506	96.03%	\$236,114	\$7,295,620	99.24%
2018	\$7,680,032	\$7,489,506	97.52%	\$131,583	\$7,621,089	99.23%
2019	\$7,941,457	\$7,586,657	95.53%	\$278,072	\$7,864,730	99.03%
2020	\$8,488,602	\$8,242,222	97.10%	\$159,164	\$8,401,386	98.97%
2021	\$8,527,696	\$8,336,152	97.75%	\$137,283	\$8,473,435	99.36%
2022	\$8,890,776	\$8,617,239	96.92%	\$231,194	\$8,848,433	99.52%
2023	\$9,478,281	\$9,108,886	96.10%	\$124,880	\$9,233,766	97.42%
2024	\$10,185,169	\$9,776,731	95.99%	-	\$9,776,731	95.99%

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

City of Orange, Texas

RATIOS OF OUTSTANDING DEBT BY TYPE

Last Ten Fiscal Years (Unaudited)

Table 10

Government Activities					
Fiscal	General				
	Year	Obligation	Certificates of	Notes	SBITA
		Bonds & Notes	Obligation	Payable	
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	-
2024		1,830,000	6,680,668	609,820	129,650

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

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

**Business-Type
Activities**

General Obligation Bonds	Certificates of Obligation	Notes Payable	Lease Liabilities	Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
\$ 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
1,330,000	6,505,852	438,816	15,417	17,169,549	n/a	889

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

Fiscal <u>Year</u>	General Obligation Debt		Less: Amounts		Percentage of Estimated Actual Taxable		
	Governmental <u>Activities</u>	Business-Type <u>Activities</u>	Available for <u>Debt Service</u>	Total	Value of <u>Property (a)</u>	Per Capita <u>(b)</u>	
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	
2024	8,510,668	7,835,852	-	16,346,520	1.20%	845.92	

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, 2024 (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	\$ 9,250,138 (a)	100%	9,250,138
Bridge City ISD	85,659,991 (b)	2.78% (c)	2,381,348
Little Cypress Mauriceville ISD	57,115,000 (b)	45.29% (c)	25,867,384
Orange County	3,065,000 (b)	16.58% (c)	508,177
Orangetield ISD	38,635,000 (b)	5.10% (c)	1,970,385
West Orange Cove CISD	70,870,000 (b)	23.65% (c)	16,760,755
Subtotal Overlapping Debt	<u>255,344,991</u>		<u>47,488,048</u>
Total Direct and Overlapping Debt	<u>\$264,595,129</u>		<u>\$ 56,738,186</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

	2015	2016	2017	2018
Debt Limit	\$ 112,325,508	\$ 110,824,452	\$ 132,754,956	\$ 142,305,557
Total net debt applicable to limit	\$7,290,000	\$6,445,000	\$5,605,000	\$4,750,000
Legal debt margin	\$ 105,035,508	\$ 104,379,452	\$ 127,149,956	\$ 137,555,557
Total net debt applicable to the limit as a percentage of debt limit	6.94%	6.17%	4.41%	3.45%

Legal Debt Margin Calculation
For Fiscal Year 2024

Total assessed value (a)	\$1,964,185,786
Debt limit 10% of assessed value (b)	\$196,418,579
Amount of debt applicable to debt margin:	
Total bonded debt	\$15,840,000
Less:	
Assets available in governmental debt service fund	\$0
Self supported bonds and certificates (c)	<u>\$7,635,000</u>
Total amount of debt applicable debt limit (d)	\$8,205,000
Legal debt limit	\$188,213,579

(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.

2019	2020	2021	2022	2023	2024
\$ 141,925,868	\$ 150,758,840	\$ 153,414,670	\$ 162,191,784	\$ 175,162,143	\$ 196,418,579
\$11,660,000	\$11,020,000	\$10,350,000	\$9,660,000	\$8,405,000	\$8,205,000
\$ 130,265,868	\$ 139,738,840	\$ 143,064,670	\$ 152,531,784	\$ 166,217,146	\$ 188,213,579
8.95%	7.89%	7.23%	6.33%	5.06%	4.36%

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	2007 WS System Revenue Bonds			Principal	Interest	
				Principal	Interest	Coverage			
2015	\$ 7,757,844	\$ 5,047,447	\$ 2,710,397	\$ 215,000	\$ 7,698	12	--	--	--
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	--	--	--	--	--	--
2024	8,969,704	5,884,767	3,084,937	--	--	--	--	--	--

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

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

2010 Go Refunding Bonds (d),(e)		2014 GO Refunding Bonds (f),(g)		2015 Certificates of Obligation (h)		2016 Certificates of Obligation (i)	
Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
\$ 1,395,000	\$ 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
--	--	310,000	49,200	225,000	108,688	235,000	86,838



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

Table 15

Fiscal Year	Population (a)	Per Capita			% Completing	
		Personal Income (b)	Personal Income (a) (b)	Median Age (a)	High School or Higher (a)	Unemployment Rate (c)
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%
2024	19,324	n/a	\$31,580 (a)	34.3	90.70%	6.00%

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>	<u>Employees</u>	<u>Rank</u>	<u>Percentage of Total County Employment (b)</u>
Dow Sabine River Operations	950	1	2.50%
Invista	700	2	1.84%
International Paper	550	3	1.45%
Little Cypress-Mauriceville ISD	511	4	1.34%
Orange County	500	5	1.32%
Kellog - Brown & Root	420	6	1.11%
West Orange Cove CISD	407	7	1.07%
Arlanxeo	350	8	0.92%
Lamar State College - Orange	274	9	0.72%
Orangetield 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%
<hr/>			
		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.

	2015 (c)		
			Percentage of Total City
	<u>Employees</u>	<u>Rank</u>	<u>Employment (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%
	6,619		17.43%

City of Orange, Texas

FULL-TIME EQUIVALENT CITY GOVERNMENT EMPLOYEES BY FUNCTION/PROGRAM

Last Ten Fiscal Years (Unaudited)

Table 17

<u>Employer</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</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	5
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	58	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	2	2	2
Community Development	2	1	1	1	1
Police Special Revenue	0.25	0.7	1	1	1
Fire Special Revenue	0	0	0	0	0
Sewer Operations	9	9	9	9	11
Water Operations	8	8	8	8	8
Wastewater Treatment Plant	8	8	8	8	0
Water Productions	4	4	4	4	3
Customer Service	5	5	5	5	5
Meter Readers	3	3	3	3	3
Sanitation	1	1	2	2	3
Street Sweeping	1	1	1	1	1
Total	<u><u>194</u></u>	<u><u>194</u></u>	<u><u>195</u></u>	<u><u>195</u></u>	<u><u>190</u></u>

Source: City Annual Budget

2020	2021	2022	2023	2024
1	1	1	1	2
2	2	2	2	2
2	2	2	2	2
1	1	1	1	1
6	6	6	6	6
2	1.5	1.5	1.5	1
2	3	3	3	3
5	5	5	5	5
0	0	2	2	2
58	58	58	59	59
39	38	38	38	38
1	1	1	1	1
1	1	1	1	2
5	5	5	5	5
5	5	4	4	4
16	15	13	16	16
3	3	3	3	3
4	4	4	4	4
9	10	10	10	10
3	2.5	2.5	2.5	2
1	1	1	2	1
1	1	1	1	2
0	0	0	0	0
11	11	10	11	11
8	8	8	8	8
0	0	1	2	2
3	3	3	3	3
6	5	5	6	6
3	3	3	3	3
3	3	3	3	3
2	1	1	1	1
201	200	199	206	207

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

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

Source: Various city departments

2019	2020	2021	2022	2023	2024
1,238	455	891	705	768	705
23	10	5	1	3	1
2,319	849	1,239	1,310	1,137	1,230
3,511	4,101	3,816	3,564	3,346	3,097
904	509	469	637	811	1,993
5.5	5	0.8	0	0	1
26,980	21,112	17,311	21,219	21,520	29,060
0	0	0	0	4,569	27,269
0	0	0	0	0	0
10,834	5,108	6,417	7,124	8,340	8,687
28	20	9	31	33	12
408	514	438	462	592	477
1,447	1,421	1,554	1,575	1,555	1,508
4,130	4,279	3,578	4,300	3,538	3,812

City of Orange, Texas
CAPITAL ASSET STATISTICS BY FUNCTION/PROGRAM
Last Ten Fiscal Years
Table 19

Function	2015	2016	2017	2018	2019
Police					
Stations	1	1	1	1	1
Patrol units	28	28	28	28	28
Personnel & officers	57.75	58	58	58	58
Fire					
Fire stations	3	3	3	3	3
Fire trucks	6	6	6	6	6
Personnel & officers	38	38	38	38	38
Sanitation					
Collection Trucks	2	2	2	2	3
Street and Drainage					
Streets (miles)	162	162	162	162	162
Streetlights	1,562	1562	1,562	1,562	1,562
Traffic Signals	7	7	7	7	7
Cultural and Recreation					
Parks acreage	284	284	284	284	284
Parks	19	19	19	19	19
Library	1	1	1	1	1
Swimming Pools	1	1	1	1	1
Tennis courts	6	4	4	4	4
Recreation centers	0	0	0	0	0
Basketball Courts	0	2	2	2	2
Splash Pad	0	1	1	1	1
Water					
Water mains (miles)	156	163	170	170	170
Fire hydrants	726	726	726	726	726
Maximum daily capacity (thousand of gallons)	10,613	10,613	10,613	10,613	10,613
Service connections	6,991	7,216	6,835	6,867	6,932
Wastewater					
Sanitary sewers (miles)	149	155	155	155	155
Storm sewers (miles)	72	72	72	72	72
Maximum daily treatment capacity (thousands of gallons)	7,000	7,000	7,000	7,000	7,000
Treatment plants	1	1	1	1	1
Service connections	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	2024
1	1	1	1	1
28	28	28	28	28
58	58	58	59	59
3	3	3	3	3
6	6	6	6	6
39	38	38	38	38
3	3	3	3	3
162	162	164	164	164
1,562	1,562	1,562	1,562	1,562
7	7	13	13	13
284	284	284	284	284
19	19	19	19	19
1	1	1	1	1
1	0	0	0	0
4	4	4	4	4
0	0	1	1	1
2	2	2	2	2
1	1	1	1	1
170	175	180	182	183
726	775	790	798	798
10,613	10,613	10,613	10,613	10,613
6,913	6,994	7,025	7,014	7,034
155	160	165	167	168
72	80	85	86	87
7,000	7,000	7,000	7,000	7,000
1	1	1	1	1
66,884	6,765	6,779	6,800	6,893

City of Orange, Texas

OPERATIONAL STATISTICS FOR WATER AND SEWER ENTERPRISE FUND

Last Ten Fiscal Years (Unaudited)

Table 20

	2015	2016	2017	2018
Water Consumption (gallons)				
October	44,039	46,302	49,499	48,396
November	43,736	42,331	48,172	42,124
December	41,742	45,073	43,060	40,177
January	43,629	46,564	44,081	46,726
February	38,829	42,243	39,698	45,188
March	38,754	43,968	41,346	39,860
April	43,414	47,228	44,091	41,464
May	42,131	42,457	46,010	48,338
June	47,219	48,275	49,920	56,263
July	49,333	47,671	47,976	51,660
August	61,251	56,231	48,432	54,970
September	50,802	47,900	48,431	47619
Total	544,879	556,243	550,716	562,785
Water Rates				
Minimum 3/4"	\$ 10.92	\$ 10.92	\$ 10.92	\$ 10.92
Minimum 1"	13.32	13.32	13.32	13.32
Minimum 1 1/2"	19.28	19.28	19.28	19.28
Minimum 2"	26.43	26.43	26.43	26.43
Minimum 3"	43.06	43.06	43.06	43.06
Minimum 4"	66.87	66.87	66.87	66.87
Minimum 6"	126.38	126.38	126.38	126.38
Minimum 8"	197.81	197.81	197.81	197.81
Minimum 10"	281.10	281.10	281.10	281.10
Minimum 12"	376.35	376.35	376.35	376.35
Over 1,000 gallon minimum	2.60	2.60	2.60	2.60
Sewer Rates				
Minimum	\$ 13.71	\$ 13.71	\$ 13.71	\$ 13.71
Over 1,000 gallon minimum	8.96	8.96	8.96	8.96

Source: Various city departments

2019	2020	2021	2022	2023	2024
46,723	43,836	52,527	46,996	44,719	46,567
44,466	41,409	43,142	41,518	43,259	42,585
41,972	40,674	53,033	41,867	40,789	46,575
45,014	43,906	42,463	57,486	54,247	45,147
39,857	39,143	41,212	40,725	39,525	48,571
38,418	38,778	58,425	40,784	40,631	40,909
44,451	44,907	45,940	38,523	44,958	40,992
44,144	43,254	45,960	42,317	42,777	46,746
44,713	39,397	46,716	71,892	53,561	45,392
48,433	51,160	46,581	49,207	47,969	48,016
45,057	46,994	46,025	50,732	59,276	51,640
44,971	45,155	45,045	52,670	55,782	47,225
528,219	518,613	567,069	574,717	567,493	550,365

\$ 10.92	\$ 10.92	\$ 10.92	\$ 11.24	\$ 12.32	\$ 12.57
13.32	13.32	13.32	13.71	15.04	15.34
19.28	19.28	19.28	19.85	21.77	22.21
26.43	26.43	26.43	27.22	29.85	30.45
43.06	43.06	43.06	44.35	48.65	49.62
66.87	66.87	66.87	68.87	75.54	77.05
126.38	126.38	126.38	130.17	142.78	145.64
197.81	197.81	197.81	203.74	223.49	227.96
281.10	281.10	281.10	289.53	317.59	323.94
376.35	376.35	376.35	387.64	425.21	433.71
2.60	2.60	2.60	2.67	2.93	2.99

\$ 13.71	\$ 13.71	\$ 13.71	\$ 14.12	\$ 14.54	\$ 14.54
8.96	8.96	8.96	9.22	9.49	9.49



ORANGE
★ TEXAS ★

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, 2024, 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, 2025.

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, 2025

City of Orange, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2024

I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:

Audit Finding Reference: Finding 2023-001

Status of Prior Finding: Planned corrective action completed this fiscal year.

City of Orange, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2024

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.