

City of Orange, Texas



Comprehensive Annual Financial Report For the Fiscal Year Ended September 30, 2019



City of Orange, Texas

Comprehensive Annual Financial Report

For the Fiscal Year Ended September 30, 2019

Michael Kunst, City Manager

Prepared by:
City of Orange Finance Department
Cheryl Zeto, Director of Finance
Sherry Jackson, Accounting Manager



CITY OF ORANGE, TEXAS
Comprehensive Annual Financial Report
For the Fiscal Year Ended September 30, 2019

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INTRODUCTORY SECTION







March 29, 2020

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

The Comprehensive Annual Financial Report (CAFR) of the City of Orange for the fiscal year ended September 30, 2019 is submitted herewith in accordance with Article III, Section 3.14 of the Charter of the City of Orange. 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 of Orange. Consequently, management assumes full responsibility for the completeness and reliability for all of the information presented in this report. To provide a reasonable basis for making these representations, management of the City of Orange 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 of Orange's financial statements in conformity with Generally Accepted Accounting Principles (GAAP). Because the cost of internal controls should not outweigh their benefits, the City of Orange'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 of Orange'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 was to provide reasonable assurance that the financial statements of the City of Orange for the fiscal year ended September 30, 2019, 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 of Orange's financial statements for the fiscal year ended September 30, 2019, are fairly presented in conformity with GAAP. The independent auditor's

report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of the City of Orange was 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 185 through 188.

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 of Orange’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 in the area 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 of Orange currently occupies a land area of 21.4 square miles and serves a population of 18,595. The City of Orange is empowered to levy a property tax on both real and personal properties located within its boundaries. It also is empowered by state statute to extend its corporate limits by annexation, which occurs periodically when deemed appropriate by the governing council.

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

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

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

The City of Orange 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 of Orange is financially

accountable for the legally separate Orange Economic Development Corporation which is reported separately within the City of Orange's financial statements. Additional information on this legally separate entity can be found in the notes to the financial statements (See Note 1.A). The City of Orange 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 of Orange's financial planning and control. All departments of the City of Orange are required to submit requests for appropriations to the City Manager during the annual budget process. The City Manager uses these requests as the basis for developing a proposed budget. The City Manager then presents this proposed budget to the City Council for review forty-five days prior to the beginning of each budget year. The Council is required to hold a public hearing on the proposed budget and to adopt a final budget by no later than the 27th day of the last month of the fiscal year (September 27th). The appropriated budget is prepared by fund and department (e.g. police), character (e.g. personnel cost), and object (e.g. salaries). Department heads may request the transfer of funds between object codes within their departments. These transfers are submitted to the City Council for final approval by the City Manager. The City Manager may at any time, with the approval of the City Council, transfer any unencumbered appropriation, between general classification of expenditures within any department or agency of the City.

Budget to actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund these comparisons are presented on page 42 as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund and major Governmental Funds, with appropriated annual budgets, this comparison is presented in the governmental fund subsection of this report, which starts on page 132.

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

On September 19, 2019 Tropical Storm Imelda made landfall in Southeast Texas. This storm was only rainmaker and certain areas did receive a large amount of rainfall. The City did not sustain any damages to City property, but a small number of citizens did receive flood damage. As a result, additional funding was made available from State and Federal sources. The City is currently applying for several grants. Funding is also available for mitigation for citizens that qualify. The City is assisting citizens in the application process and will administer the grants.

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

Sales tax collections have varied widely over the last ten fiscal years. In the fiscal year following a major hurricane, the City saw large spikes in the collections of sales tax due to repairs. These then declined to a more normal level over time. In fiscal year 2009 the City

saw a 35.43% jump in sales tax. The City then saw the sales tax fall (18.64%) in fiscal year 2010, (6.54%) in fiscal year 2011 and (3.41%) in fiscal year 2012. In the last three fiscal years the City saw both increases and a slight decrease in 2016. Following the impact of Tropical Storm Harvey, the City predicted a spike in sales tax revenue for fiscal year 2018 and possible return to normal revenue levels for fiscal year 2019. This has proven to be the case, as the City saw an increase in sales tax revenue of 29.74% over the prior year. As expected, the sales tax revenue collected has returned to a normal range for fiscal year 2019 and for fiscal year 2020.

Long-term financial planning.

Industrial District Contracts (IDCs) provided 37.17% of the operating revenue for the City's general fund in fiscal year 2019. The City presently has sixteen IDCs in place. In fiscal year 2012 four of the IDCs came up for renewal. During the renewal process the City was able to renegotiate seven IDCs for a new longer term of 15 years. These renewals included the four that were up for renewal and three others that wanted to take advantage of the new contracts that were being offered. The new contracts are set at 93% of the ad valorem tax rate.

The remainder of the IDCs were negotiated in fiscal year 2015. All of the City's IDCs now have the longer term. In the future all the City IDCs will expire at the same time.

In fiscal year 2015 the City negotiated a Chapter 380 Economic Development Program Agreement with one of the local industries. This agreement replaced an expiring IDC. This Chapter 380 agreement has a 15-year term.

In prior years the City's ad valorem tax rate had remained constant, at \$0.74500/\$100, from fiscal year 2008 to fiscal year 2012. During budget preparations it was always a high priority of the Council to lower the tax rate. When the new Industrial District Contracts were being negotiated it was part of the discussion that any additional funds would, in part, help offset the ad valorem tax rate. The City was able to lower the ad valorem tax rate to \$0.70000/\$100 in fiscal year 2013, \$0.69000/\$100 in fiscal year 2014 and \$0.68131/\$100 in fiscal year 2015. In fiscal year 2016 the ad valorem tax rate was raised to \$0.70000/\$100, but it was still below the effective rate of \$0.71342/\$100. In the subsequent years, the City has adopted slight increases to the tax rate. For the fiscal year 2019, the rate was increased to \$0.80510/\$100 and for fiscal year 2020 the adopted rate was \$0.80690/\$100.

The taxable property values were affected by Tropical Storm Harvey for fiscal year 2019. City staff and the City Council continue to review the property and industrial values on an annual basis as part of the budget process and due diligence in setting tax rates.

The Orange Economic Development Corporation (EDC) continues to pursue the development of the City. The goals of the EDC are to assist the development retail growth, promote housing development and help businesses with the retention of jobs. The establishment of the Downtown Master Plan had the goal of revitalizing and developing the downtown area of Orange as a priority.

Relevant Financial Policies

With the location of the City along the Gulf Coast, the possibility of hurricane activities is always present yearly. The City of Orange 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 Orange City Council has always taken a conservative approach to budgeting.

The Orange City Council had a long-standing policy to keep a 20% operational cushion of

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

Major Initiatives

In fiscal year 2012, the City of Orange was awarded a grant from the Texas General Land Office (GLO) for the purpose of drainage improvements for Cooper's Gully and for security lighting at Central Fire Station. The total amount of the grant award was \$3,532,892. The City has completed the security lighting upgrades, as well as, required environmental and archaeological studies necessary for the Cooper's Gully lining project. The City filed an application for a permit with the U.S. Army Corps of Engineers and received approval in November of 2017 to proceed with the drainage project. The project was completed in fiscal year 2019.

The Texas Department of Transportation's Interstate Highway 10 (IH-10) widening and rebuilding project is in progress. The IH-10 project will create opportunities for commercial development along the interstate. As a result of this project, a national restaurant has announced its intention to build at the corner of IH-10 and 16th street in Orange. The City of Orange and the Orange Economic Development Corporation will continue work to promote future commercial development in this area along IH-10.

AWARDS AND ACKNOWLEDGMENTS

The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to the City of Orange for its comprehensive annual financial report (CAFR) for the fiscal year ended September 30, 2018. This was the 27th consecutive year (1992-2018) that the government has received this prestigious award. In order to be awarded a Certificate of Achievement, the government published an easily readable and efficiently organized CAFR. This 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 CAFR continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

The preparation of this report could not be accomplished without the efficient and dedicated services of the entire staff of the Finance Department. I would like to express appreciation to all members of the department and other City Officials and 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 Comprehensive Annual
Financial Report
for the Fiscal Year Ended

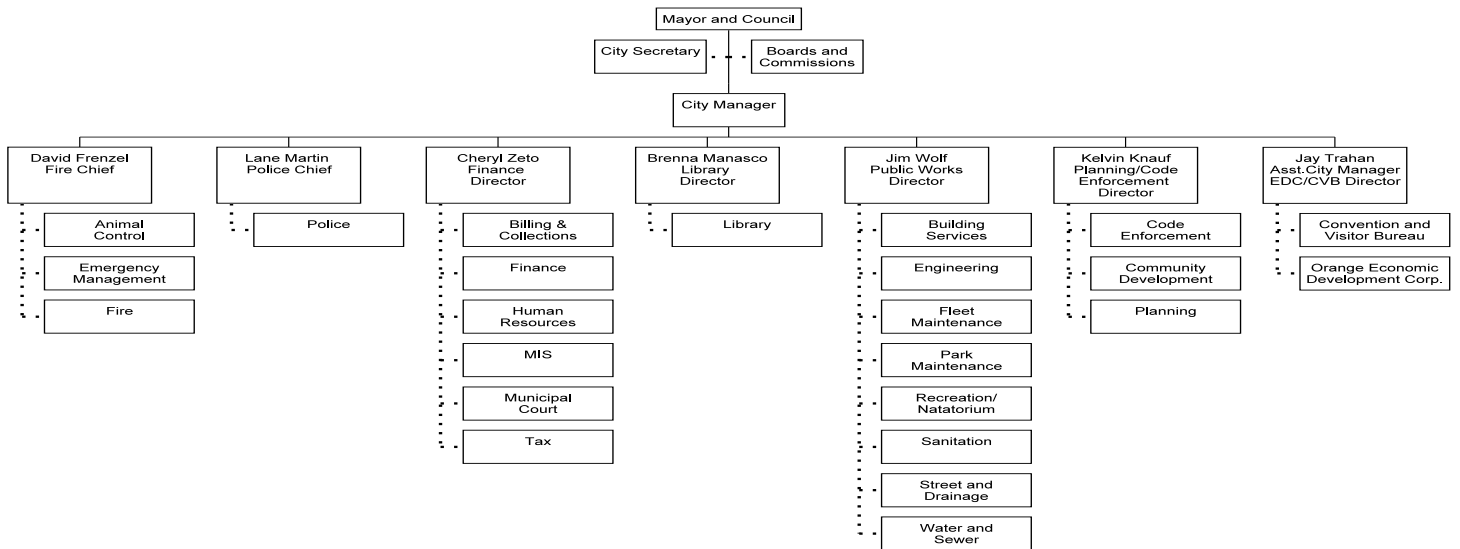
September 30, 2018

Christopher P. Morill

Executive Director/CEO

City of Orange, Texas

Organizational Chart



City of Orange, Texas

City Council

Larry Spears Jr., Mayor
Patrick A. Pullen, Mayor Pro-Tem - 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 - Council Member at Large Position 6

City Manager

Michael Kunst

Directors

Cheryl Zeto, Director of Finance
David Frenzel, Fire Chief
Kelvin Knauf, Director of Planning and Community Development
Brenna Manasco, Library Director
Lane Martin, Police Chief
Jay Trahan, Assistant City Manager/EDC/CVB Director
James Wolf, Director of Public Works

City Secretary

Patricia Anderson

FINANCIAL SECTION







INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City of Orange, Texas (the "City") as of and for the year ended September 30, 2019, and the related notes to the financial statements, which collectively comprise the City's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

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

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the discretely presented component unit, each major fund, and the aggregate remaining fund information of the City, as of September 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the general fund for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion, schedule of changes in net pension liability and related ratios, schedule of employee contributions to pension plan, and OPEB schedule of funding progress, 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 29, 2020 on our consideration of the City's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements, and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the City's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the City's internal control over financial reporting and compliance.

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, flowing script.

BrooksWatson & Co., PLLC
14950 Heathrow Forest Pkwy | Ste 530
Certified Public Accountants
Houston, Texas
March 29, 2020



CITY OF ORANGE, TEXAS
Management's Discussion and Analysis (MD&A)
September 30, 2019

As management of the City of Orange, we offer readers of the City of Orange's financial statements this narrative overview and analysis of the financial activities of the City of Orange for the fiscal year ended September 30, 2019. 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 3 to 7 of this report.

Financial Highlights

- The assets of the City exceeded its liabilities at the close of the most recent fiscal year by \$68,867,500 (net position). The net position is composed (1) net investment in capital assets of \$64,424,441, (2) restricted for debt service of \$393,870, (3) restricted for other purposes of \$2,342,474 and (4) unrestricted of \$1,706,715. The 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 \$3,466,075, which is a 5.30% increase for the fiscal year. Governmental activities had an increase in total net position of \$2,970,775, which is a 13.22% increase from the prior fiscal year. The business type activities had an increase in total net position of \$495,300, which is a 1.15% increase from the prior fiscal year.
- The largest component of change in net position was an increase in the net investment in capital assets. The net investment in capital assets increased by \$2,212,852.
- The other components of net position also changed within the fiscal year. The restricted portion of net position increased by \$68,301 and the unrestricted portion increased by \$1,184,922.
- As of the close of the current fiscal year, the City's governmental funds reported combined ending fund balances of \$21,038,453, an increase of \$8,528,294 in comparison with the prior year. Of the total amount, \$11,263,925 is available for spending at the government's discretion (unassigned fund balance). The largest fund balance change was in the capital projects fund for an increase of \$6,903,272.
- The general fund revenues were over budget by \$904,815 and expenditures were under budget by \$1,019,855.
- The most significant components of additional revenue were an additional \$846,032 in payments in lieu of taxes revenue, an additional \$233,065 in taxes, primarily sales tax, and an additional \$196,880 in investment income due to a change in the banking strategy.
- Within the general fund there were savings in the general government, non-departmental and public works line items. The budget savings were \$360,893, \$350,520 and \$298,215 respectively.
- Unassigned fund balance for the General Fund was \$11,291,929 or 51.49% of total general fund expenditures at September 30, 2019.
- The City's total long-term bonded debt increased by \$6,235,000 due to an issue of Certificated of Obligation in 2019. There were routine bond payments of \$875,000 in Governmental Activities. There were routine bond payments of \$675,000 in the Business-Type Activities.
- In fiscal year 2012 the City was once awarded Supplemental Disaster Recovery Funds (Round 2.2) from the Texas General Land Office (GLO), in the amount of \$3,532,892. This grant was awarded to fund additional concrete lining of Cooper's Gully and security lighting at Central Fire Station. A time extension was approved for this grant through June 30, 2019. The City expended \$2,540,688 in the fiscal year ending September 30, 2019.
- On September 19, 2019 Tropical Storm Imelda made landfall in Southeast Texas. This storm was only a rainmaker and certain areas did receive a large amount of rainfall. The City did not sustain any damages to City property, but a small number of citizens did receive flood damage. As a result, additional funding was made available from State and Federal sources. The City is currently

CITY OF ORANGE, TEXAS
Management's Discussion and Analysis, Continued
September 30, 2019

applying for several grants. Funding is also available for mitigation for citizens that qualify. The City is assisting citizens in the application process and will administer the grants.

- The City also had ongoing expenditures related to recurring federal grants such as the Department of Housing and Urban Development Community Development Block Grant Entitlements in the amount of \$326,437, and the Department of Homeland Security Emergency Management Grant.
- The City was also awarded a State grant from the Texas Forest Service, TIFMAS Grant in the amount of \$2,967 for training tuition assistance. These funds were expended in fiscal year 2019.
- Several City special revenue funds also received additional grants and donations to fund various projects.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to the City of Orange's basic financial statements. The City of Orange's basic financial statements are comprised of three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-Wide Financial Statements

The government-wide financial statements are designed to provide readers with a broad overview of the City of Orange's finances, in a manner similar to a private-sector business.

The statement of net position presents information on all of the City's assets and liabilities, with the difference between the two reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of the City is improving or deteriorating.

The statement of activities presents information showing how the City's net position changed during the most recent fiscal year. All changes in net position are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation and sick leave).

Both of the government-wide financial statements distinguish functions of the City of Orange 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 of Orange include general government, cultural and recreation, public safety, and public works. The business-type activities of the City of Orange include the water and sewer activities and sanitation activities.

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

The government-wide financial statements can be found on pages 36 and 37 of this report.

CITY OF ORANGE, TEXAS
Management's Discussion and Analysis, Continued
September 30, 2019

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 of Orange, 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 of Orange 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 evaluating a government's near-term financial requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financial decisions. Both the governmental 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 fund and governmental activities.

The City maintains twenty-three (23) individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, debt service fund, and capital projects fund. Data from the other twenty (20) governmental funds are combined into a single, aggregated presentation. The City did not have any special revenue funds that qualified for inclusion as a major fund in fiscal year 2019. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The City of Orange adopts an annual appropriated budget for its general fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 38 to 41 of this report.

Proprietary funds. The City of Orange maintains two different 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 enterprise funds to account for its water and sewer activities and the sanitation activity. Internal service funds are an accounting device used to accumulate and allocate costs internally among the City's various functions. The City of Orange uses an internal service fund to account for its workers' compensation insurance. Because this service predominantly benefits governmental rather than business-type functions, it has been included within governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only

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in more detail. The proprietary fund financial statements provide separate information for the Water and Sewer Fund and the Sanitation Fund, both of which are considered to be major funds of the City. Conversely, the internal service fund is combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service fund is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found on pages 43 to 45 of this report.

Fiduciary funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statement 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.

The basic fiduciary fund financial statement can be found on page 46 of this report.

Notes to the financial statements. The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found on pages 47 to 106 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning the City's progress in funding its obligation to provide pension benefits to its employees. Required supplementary information can be found on pages 107 to 111 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented following the Schedule of Revenues, Expenditures, and Changes in Fund Balance for the Debt Service Fund and the Capital Projects Fund. Combining and individual fund statements and schedules can be found on pages 123 to 151 of this report.

Government-Wide Financial Analysis

As noted earlier, net position may serve over time as a useful indicator of a government's financial position. In the case of the City of Orange, assets and deferred outflows exceeded liabilities and deferred inflows by \$68,867,500 at the close of the most recent fiscal year.

Statement of Net Position:

The following table reflects the condensed Statement of Net Position:

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	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Current and other assets	\$26,343,009	\$15,846,568	\$8,960,591	\$8,572,949	\$35,303,600	\$24,419,516
Capital assets, net	32,754,995	29,632,133	49,026,985	49,689,262	81,781,980	79,321,395
Total assets	59,098,004	45,478,701	57,987,576	58,262,211	117,085,580	103,740,911
Deferred outflow of resources	9,764,257	1,114,770	773,984	230,989	10,538,241	1,345,759
Current liabilities	2,514,842	1,230,475	1,235,845	1,438,061	3,750,687	2,668,536
Long-term liabilities	38,834,429	19,410,718	13,880,741	13,518,416	52,715,170	32,929,135
Total liabilities	41,349,271	20,641,193	15,116,586	14,956,477	56,465,857	35,597,671
Deferred inflow of resources	2,106,472	3,487,945	212,581	599,631	2,319,053	4,087,576
Net position:						
Net investment in capital assets	\$27,309,838	\$24,556,626	\$37,114,603	\$37,654,963	\$64,424,441	\$62,211,589
Restricted	2,622,496	2,529,941	141,855	138,102	2,764,351	2,668,043
Unrestricted	(4,525,815)	(4,622,234)	6,175,934	5,144,027	1,650,119	521,793
Total net position	\$25,406,519	\$22,464,333	\$43,432,392	\$42,937,092	\$68,838,911	\$65,401,425

By far, the largest portion of the City of Orange's net position reflects its investment in capital assets (e.g., land, buildings, infrastructure, vehicles, machinery and equipment), less any related debt used to acquire those assets that is still outstanding. The City of Orange uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the City of Orange'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 capital assets themselves cannot be used to liquidate these liabilities.

An additional portion of the City of Orange's net position, \$2,764,351 (4.02%) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, the City of Orange is able to report positive balances in all three categories of net position when the government is taken as a whole. The governmental activities had a negative unrestricted net position at the end of the current fiscal year, primarily due to the reporting requirements of GASB 68.

As reflected in the following table the City's net position increased by \$3,437,485 during the current fiscal

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year. Net position for the governmental activities increased \$2,942,185 and net position for the business-type activities increased \$495,300.

Statement of Activities:

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

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Revenues:						
Program revenues:						
Charges for services	\$1,759,097	\$1,761,068	\$9,859,120	\$10,051,471	\$11,618,217	\$11,812,539
Operating grants and contributions	3,535,173	831,138	144,189	3,564,799	3,679,362	4,395,937
Capital grants and contributions	102,868	67,431	0	573,284	102,868	640,715
General revenues:						
Property taxes	7,954,550	7,853,374	0	0	7,954,550	7,853,374
Sales tax	3,406,770	3,618,034	0	0	3,406,770	3,618,034
Other taxes	606,348	807,577	0	0	606,348	807,577
Franchise taxes	334,324	291,156	0	0	334,324	291,156
Payment-in-lieu of taxes	8,699,042	6,882,340	0	0	8,699,042	6,882,340
Investment earnings	274,781	28,541	112,086	12,337	386,867	40,878
Insurance proceeds	10,096	457,367	0	95,864	10,096	553,231
Other revenue	108,609	190,431	9,528	29,004	118,137	219,435
Total revenues	26,791,658	22,788,457	10,124,923	14,326,759	36,916,581	37,115,216
Expenses:						
General government	3,505,832	2,677,375	0	0	3,505,832	2,677,375
Cultural and recreation	1,871,636	1,735,516	0	0	1,871,636	1,735,516
Public safety	13,848,928	11,956,509	0	0	13,848,928	11,956,509
Public works	4,137,174	3,893,417	0	0	4,137,174	3,893,417

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Interest on long-term debt	485,903	178,291	0	0	485,903	178,291
Water and sewer	0	0	7,662,368	5,199,862	7,662,368	5,199,862
Sanitation	0	0	1,967,255	6,820,643	1,967,255	6,820,643
Total expenses	23,849,473	20,441,108	9,629,623	12,020,505	33,479,096	32,461,613
Change in net position before transfers	2,942,185	2,347,349	495,300	2,306,254	3,437,485	4,653,603
Transfers	0	(27,155)	0	27,155	0	0
Total transfers	0	(27,155)	0	27,155	0	0
Change in net position	2,942,185	2,320,194	495,300	2,333,409	3,437,485	4,653,603
Beginning net position	22,464,333	20,144,139	42,937,092	40,603,683	65,401,425	60,747,822
Ending net position	\$25,406,518	\$22,464,333	\$43,432,392	\$42,937,092	\$68,838,910	\$65,401,425

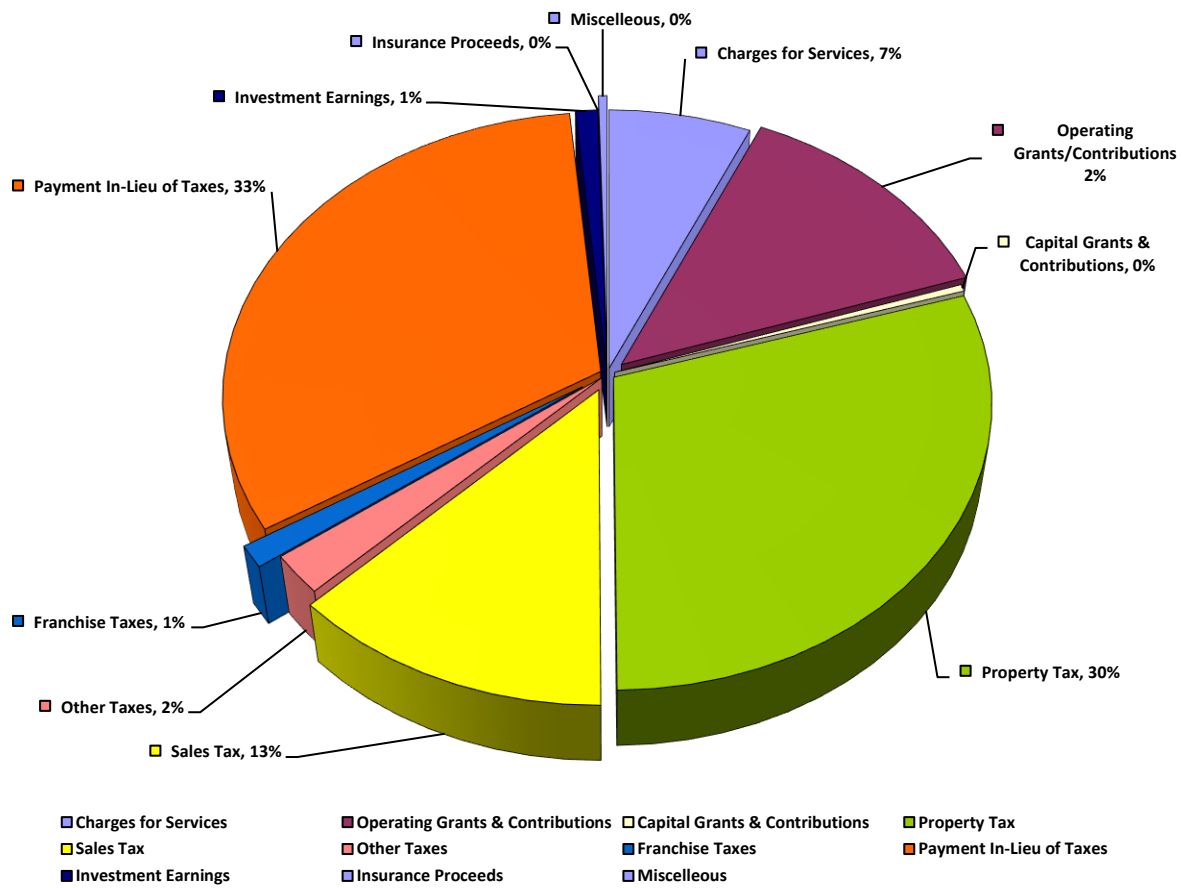
Governmental activities: Governmental activities increased the City of Orange's net position by \$2,942,185.

Unrestricted net position increased by \$96,418. Some of the contributing factors were:

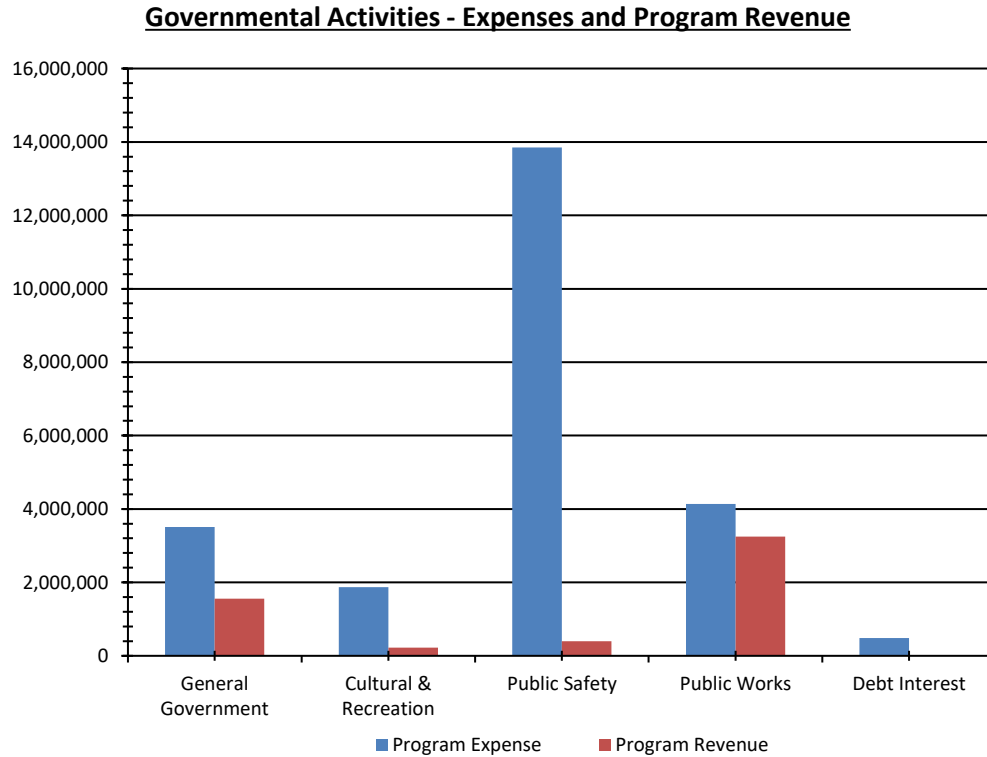
- The City charter authorizes the establishment of a 2% contingency fund to be used for unforeseen emergencies during the year. Within the non-department account for this purpose the City had \$175,998 remaining.
- Sales tax decreased by (\$211,263).
- Property taxes increased by \$101,176.
- Other taxes increased by \$201,229.
- Investment earnings increased by 246,240.
- Insurance proceeds decreased by (\$447,271).

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Governmental Activities - Revenues by Source



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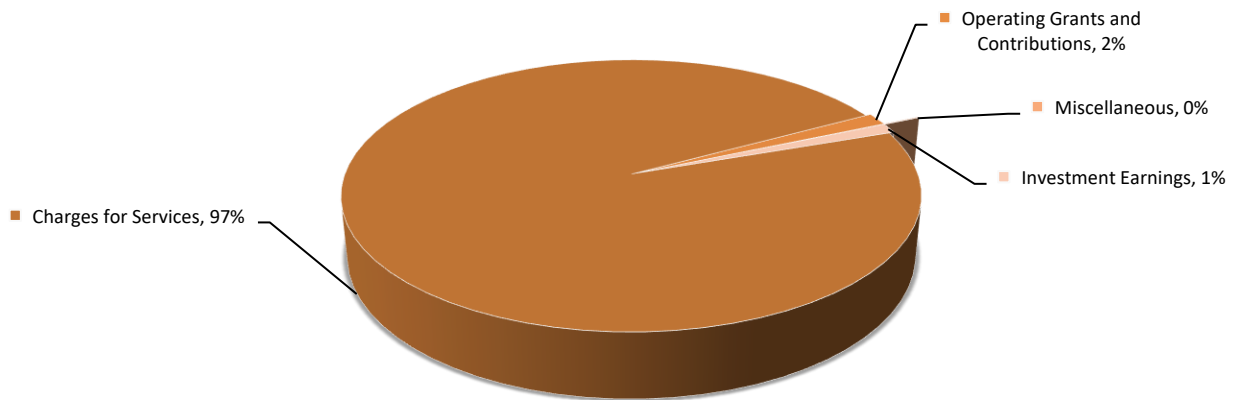
Business-type activities: Business-type activities increased the City of Orange's net position by \$495,300.

Unrestricted net position increased by \$1,031,907, some of the contributing factors include:

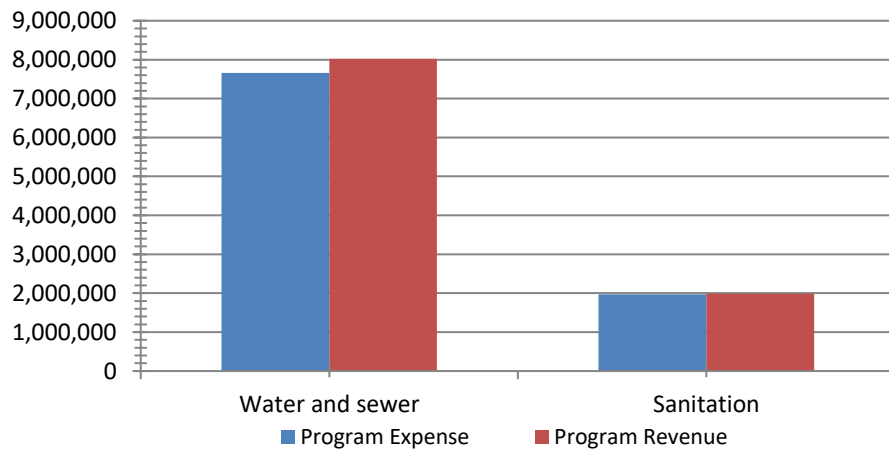
- The contracted sanitation rates to the City increased by 8.2%, due to a change in service to an automated truck. Sanitation rates for citizens increased by the same 8.2% for this new service. Rates also increased an additional \$2.50 per location to fund the purchase and operation of an additional grapple truck for limb and debris removal.
- Water consumption decreased by 6.1% from last year.
- Water and sewer charges for services decreased by (\$321,545).
- Sanitation charges for services increased by \$129,194.
- Investment earnings increased by \$99,749.
- Total costs for business-type activities decreased by (\$2,390,883).
- Sanitation expenses decreased by \$4,853,388 due to the debris removal costs from Tropical Storm Harvey which were included in the prior year.

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Business-Type Activities - Revenues By Source



Business-Type Activities - Expenses and Program Revenues



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Financial Analysis of the Government's Funds

As noted earlier, the City of Orange uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the governmental funds reported combined ending fund balances of \$21,038,453, an increase of \$8,528,294 in comparison with the prior year. The unassigned fund balance total was \$11,263,925 which is 53.54% of total fund balance. The unassigned fund balance is available for spending at the government's discretion.

Nonspendable:		
	Inventories	\$86,150
	Prepays	205,384
Restricted for:		
	Cultural and recreation	145,456
	Debt service	45,543
	Public safety	659,730
	Public works	34,258
	Tourism and promotion	1,531,035
Assigned to:		
	Capital outlay	7,064,624
	Economic Development	2,348
Unassigned		
	Unassigned	<u>11,263,925</u>
	Total fund balance	<u>\$21,038,453</u>

The General Fund is the chief operating fund of the City of Orange. At the end of fiscal year 2019 the General Fund had an unassigned fund balance of \$11,291,929, which is \$1,576,899 more than the prior fiscal year. The unassigned fund balance is 51.49% of the total expenditures of the General Fund for fiscal year 2019.

The change in unassigned fund balance was composed of:

- The General Fund's total revenue increased by \$1,787,516.
- The City saw a decrease of (\$255,646), (2.42%), in general fund tax collections. The City saw an increase of \$1,816,702 in IDC contract payments. The changes were the results of tax rate and property values. The ad valorem property tax rate went from \$0.71774/\$100 in fiscal year 2018 to \$0.80510/\$100 in fiscal year 2019. The certified property tax values decreased 8.80%. The IDC certified contract values increased slightly.

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- General Fund expenditures increased overall by \$1,568,294, which is a 7.70% increase. The General Fund saw changes in various categories of expenditures.
- Capital expenditures increased by \$628,447 for the fiscal year. The increase was primarily due to the rehabilitation expenses for the new City Hall campus and various street repairs.
- The City was able to give a 2.25% cost of living salary increase to all full time and part time employees. The City's medical insurance renewal came in with only a slight increase. Therefore, the insurance coverage remained the same with a slight increase to the City's portion and to the employees. Overall General Fund wages and benefits increased by \$421,079, which is a 3.0% increase.

The Debt Service Fund had a fund balance of \$45,544 which is restricted for debt service payments. This is a decrease of (\$59,178) and represents the fluctuation in property tax collection for the fiscal year.

The Capital Projects Fund was established to account for funds that are to be used for general capital improvement projects of the City and has a fund balance of \$7,064,623 which is assigned to capital outlay. This is an increase of \$6,903,272 from the prior year. The increase is due to the issuance of certificates of obligation bonds in 2019 for the funding of various City projects. These projects include street improvements, construction of a pavilion at the City's boat ramp, construction of a recreation center, purchase of a generator for City Hall, and purchase of a new fire truck.

The Other Governmental Funds are all Special Revenue Funds and as such are legally restricted or assigned to the established use of the fund. The Other Governmental Funds had fund balances totaling \$2,348,640. This is an increase of \$126,190 from the prior year. None of the City's Special Revenue Funds qualified as major funds for fiscal year 2019.

Proprietary funds. The City of Orange's proprietary fund financial statements provide the same type of information found in the government-wide financial statements, but in more detail. The total net position of the proprietary funds increased by \$495,300.

Net investment in capital assets decreased by (\$540,360).

The amount restricted for debt service increased by \$3,753.

Unrestricted net position increased by \$1,031,907. Some of the major items contributing to the increase were:

- The water and sewer rates remained the same for this fiscal year. The sanitation rates increased 8.2% due to an increase in the contracted rate. The sanitation rates also increase \$2.50 per location for fund the purchase and operation of an additional grapple truck. The City's utility revenue was down slightly overall. Water consumption stayed fairly consistent with a (6.1%) decrease from last year.
- Overall operating expenses increased by \$857,803 during the fiscal year.
- Sanitation expenses decreased by \$4,853,388 due to the debris removal costs from Tropical Storm Harvey, which were incurred in fiscal year 2018.
- The City was able to give a 2.25% cost of living salary increase to all full time and part time employees. The City's medical insurance renewal came in with only a slight increase. Therefore,

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the insurance coverage remained the same with a slight increase to the City's portion and to the employees. Overall Proprietary Funds wages and benefits increased by \$38,735 which is an 1.71% increase.

- There were deferred outflows of resources related to pension liabilities of \$756,786 at September 30, 2019.
- There were deferred inflows of resources related to pension liabilities of \$212,581 at September 30, 2019.
- There was also a net deferred outflow of resources on bond refunding of \$17,198 at September 30, 2019.

General Fund Budgetary Highlights

There were two budget amendments that affected the General Fund for fiscal year 2019. The amendments amounted to \$1,129,906 in additional appropriations.

Amendment #1	\$208,068	To amend the street and drainage department budget for the completion of the Sunset Drive road repaving projects, which is a carryforward from the prior year.
Amendment #2	\$215,427	To amend the budget to increase both revenue and expenses related to Tropical Storm Harvey, for cost of improvements to new City Hall and cost to replace the boiler equipment at the police department.
Total	<u>\$423,495</u>	

The amendments were funded in part by the receipt of additional revenue for \$706,411 and use of unassigned fund balance of \$423,495.

Final budget comparison to actual results - The most significant differences between the actual budgeted expenditures and actual expenditures were as follows:

	<u>Original Budget</u>	<u>Amended Budget</u>	<u>Actual Expenditures</u>	<u>Variance</u>
Maintenance & services	\$6,203,774	\$6,282,530	\$5,412,606	\$876,812
Personnel services	\$14,639,278	\$14,609,046	\$14,428,829	\$180,217
Supplies	\$499,807	\$555,315	\$472,628	\$83,025
Capital outlay	\$345,533	\$1,371,407	\$1,462,259	(\$90,852)

Maintenance and services – major variances

- The City, by Charter, can establish a 2% contingency fund during the budget process. At the end

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of the fiscal year the City has \$175,998 remaining in this account.

- Due to lower fuel costs during the year the City had a \$30,832 savings in petroleum purchases.
- Several other items were under budget due to price or usage (1) other maintenance and services \$290,633 (2) special services \$191,385 (3) electricity expense \$111,509 (4) machinery maintenance \$61,174 and (5) chapter 380 economic development program reimbursements \$27,522.

Capital outlay – major variances

- Street construction was \$75,689 under budget. The amount was carried forward to the 2020 budget, to complete the resurfacing of some City streets.
- Several other items were under budget due to project completion, purchases or usage (1) other capital outlay \$92,405 and (2) machinery \$14,330.
- Buildings was over budget \$282,707 due to the rehabilitation and remodeling of the new City Hall campus.

Capital Assets and Debt Administration

Capital Assets - The City of Orange's investments in capital assets for its governmental and business - type activities, as of September 30, 2019, amounts to \$81,781,980 (net of accumulated depreciation). The investment in capital assets includes land, buildings, furniture, fixtures and books, improvements other than buildings, machinery and equipment, streets, transportation vehicles, and construction in progress.

Capital assets in the governmental activities increased by \$3,122,862, 10.54%, in this fiscal year. Capital assets in the business-type activities decreased by (\$662,276), (1.33%).

The following table provides a summary of the City's capital assets, net of depreciation:

	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Land	\$1,915,563	\$1,915,563	\$785,122	\$733,122	\$2,700,685	\$2,648,685
Buildings	17,490,564	18,214,594	1,067,316	516,501	18,557,880	18,731,095
Furniture, fixtures and books	639,513	566,329	0	0	639,513	566,329
Improvements other than buildings	0	0	45,596,950	37,153,756	45,596,950	37,153,756
Machinery, equipment, vehicles and improvements	8,019,986	5,301,016	941,431	991,419	8,961,417	6,292,435
Vehicles	0	0	96,295	197,815	96,295	197,815

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Streets	3,085,030	2,824,870	0	0	3,085,030	2,824,870
Leased equipment	357,992	452,830	389,416	238,990	747,408	691,820
Construction in progress	1,246,347	356,931	150,455	9,857,658	1,396,802	10,214,589
Total Capital Assets, net of depreciation	\$32,754,995	\$29,632,133	\$49,026,985	\$49,689,261	\$81,781,980	\$79,321,394

Major capital asset events during the current fiscal year included the following:

- Books for the library totaling \$12,213
- Repairs and improvements to buildings totaling \$30,554
- Construction in progress for the Coopers Gulley lining project totaling \$2,746,475
- Investment in new playground equipment totaling \$99,193
- Construction in progress for street repairs \$1,079,517
- Construction in progress for prepayment of 2019 fire truck \$589,962
- Rehabilitation and remodel of new City Hall campus \$283,005
- Purchase two lawn mowers for parks department \$18,670
- Purchase of software for ticket writers \$20,800
- Purchase of three police patrol units \$100,227
- Construction in progress for water and sewer improvements totaling \$147,145
- Replacement of various water well and pump equipment for water system totaling \$144,060
- Purchase of new radio read water meters totaling \$114,832
- Investment in sewer line extensions totaling \$91,601
- Replacement of various equipment for the sewer system \$58,096
- Repairs to the wastewater treatment plant \$225,868

More detailed information about the City of Orange'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 of Orange has total bonded debt outstanding of \$22,935,000. All the outstanding debt is backed by the full faith and credit of the government. There is a minimal Water and Sewer System revenue pledge of \$16,000 from the Series 2015 Tax and Revenue Certificates of Obligation and \$17,000 from the Series 2016 Tax and Revenue Certificates of Obligation.

The following table provides a summary of the City's long-term debt:

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	Governmental Activities		Business-Type Activities		Total	
	2019	2018	2019	2018	2019	2018
Certificates of Obligation	\$7,785,000	\$0	\$8,485,000	\$8,890,000	\$16,270,000	\$8,890,000
General Obligation Bonds	3,875,000	4,750,000	2,790,000	3,060,000	6,665,000	7,810,000
Total long-term debt	\$11,660,000	\$4,750,000	\$11,275,000	\$11,950,000	\$22,935,000	\$16,700,000

The City's total bonded debt increased by \$6,235,000, 37.34%, during the current fiscal year.

The government activities total bonded debt increased by \$6,910,000, 145.47%, during the current fiscal year, due to the issue of the Series 2019, tax and revenue certificates of obligation.

- The certificate of obligation bonds of the governmental activities increased by \$7,785,000 due to the issue of the Series 2019, tax and revenue certificates of obligation bonds.
- The general obligation bonds of the governmental activities decreased by (\$875,000), which represents the debt principal payments for the fiscal year.

The business-type activities total bonded debt decreased by (\$675,000), (5.65%), during the current fiscal year.

- The certificates of obligation bonds for the business-type activities decreased by (\$405,000) which represents debt principal payments for the fiscal year.
- The general obligation bonds for the business-type activities decreased by (\$270,000) which represents debt principal payments for the fiscal year.

General Obligation Ratings

On the Series 2016 Tax and Revenue Certificates of Obligation, the City was assigned an 'AA-' from Standard & Poor's Global Ratings. Standard & Poor's Global rating affirms the 'AA-' rating on \$9.29M in outstanding parity debt.

On the Series 2015 Tax and Revenue Certificates of Obligation, the City was assigned an 'AA-' rating from Standard & Poor's Investment Services. Standard & Poor's affirmed its 'AA-' underlying rating on the City's general obligation debt outstanding.

On the Series 2019, Tax and Revenue Certificates of Obligation, the City was assigned an 'AA-' rating from Standard & Poor's Global Ratings. Standard & Poor's affirmed its 'AA-' rating on the City's general obligation (GO) debt outstanding.

On the Series 2014 General Obligation Refunding Bonds that refunded Series 2007 Water and Sewer Revenue Bonds, the City was assigned an 'Aa3' rating by Moody's. The Moody's rating affirms the "Aa3"

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rating on \$11.2M in outstanding parity debt.

On the Series 2013 General Obligation Refunding Bonds, that refunded Series 2008 Tax and Revenue Certificates of Obligation, the City was assigned an 'Aa3' by Moody's. The Moody's 'Aa3' rating affects \$14.9M in outstanding parity debt, inclusive of the current sale.

More detailed information about the City of Orange's long-term debt is presented in note IV. F to the financial statements.

Economic Factors and Next Year's Budget and Rates

Economic factors for fiscal year 2019-

- Sales tax collections (net of reimbursements for the Chapter 380 Agreement) decreased (3.84%). The City had experienced a spike in sales tax revenue after Tropical Storm Harvey, and as expected there has been a subsequent reduction to a more typical revenue level. Collections went from \$3,356,175 in fiscal year 2018 (post TS Harvey) to \$3,227,397 in fiscal year 2019. The Chapter 380 Agreement went into effect during the 2016 fiscal year. The sales tax remitted by the entity is reimbursed on a quarterly basis. The figures and percentages above are net of these reimbursements. In addition, the sales tax figures above have also been adjusted for the sales tax collections for economic development which are collected for the City's Component Unit the Orange Economic Development Corporation.
- The sales tax collections for all of Orange County decreased by (0.43%) for the period of October 1, 2018 to September 30, 2019. The City has seen a 0.20% increase in sales tax collections for the first quarter of fiscal year 2020.
- Hotel occupancy tax collections decreased in fiscal year 2019 by (23.41%). Collections went from \$743,333 in fiscal year 2018 to \$569,338 in fiscal year 2019.
- The unemployment rate for the Beaumont-Port Arthur metropolitan area (in which Orange is grouped) remained above the state and national average. At September 2019 the unemployment rate was 5.3% while the statewide rate was 3.4% and the national rate was 3.5% (according to the US Bureau of Labor Statistics). The unemployment rate for the local metropolitan area is down from the prior year rate of 5.9%.

Economic factors budgeted fiscal year 2020 -

- The ad valorem tax certified taxable values for the new 2020 budget year increased by 7.67% over the prior fiscal year. The certified taxable values went from \$1,013,426,589 in January 2018 to \$1,091,199,949 in January 2019. The City Council set the tax rate at \$0.80690 per \$100 for fiscal year 2020, which was below the rollback rate
- The Industrial District certified values increased by 11.09% for fiscal year 2020. The values went from \$1,248,080,056 in January 2018 to \$1,386,465,361 in January 2019.
- Sales tax decreased (3.84%) in fiscal year 2019. The City budgeted \$3,000,000 (net of Chapter 380 Agreement reimbursements) in fiscal year 2020, which projects the sales tax collection level to be slightly above the fiscal year 2019 level.

CITY OF ORANGE, TEXAS
Management's Discussion and Analysis, Continued
September 30, 2019

Next year's budgetary information and rates -

- Due to new legislation which limits a municipality's ability to raise taxes by lowering the maximum tax rate allowed without an election, the ad valorem tax rate was increased to \$0.80690/\$100. This rate is slightly more than the effective rate of \$.75150/100 and less than the rollback rate of \$.80691/100.
- In fiscal year 2015 the City completed the renegotiation of all Industrial District Contracts. All contracts are now for a longer term and all expire in at the same time in the future. Most contracts are 15 years and 93% of the ad valorem tax rate. The IDC rate is equivalent to \$0.75042/\$100 for fiscal year 2020.
- The water and sewer rates were not adjusted in fiscal year 2020. The current rate structure was adequate for budgetary purposes.
- The sanitation rates were increased twice in 2019. The first increase was 8.2%, based on the Waste Management cost increase for a new automated truck service. The second increase was \$2.50 per location to fund the purchase of an additional grapple truck, to enhance the brush, limb and debris removal services.
- The City has negotiated a one-year contract with the Orange Municipal Police Association. This group received a 3.00% cost of living increase for fiscal year 2020.
- The City has negotiated a one-year contract with the International Association of Firefighters Local 1432. This group received a 3.00% cost of living increase for fiscal year 2020.
- The City granted a 3.00% cost of living increase for non-union employees for fiscal year 2020.
- The City budgeted step increases for non-union employees who have not reached their top step.
- For fiscal year 2020 the City decided to remain with Blue Cross Blue Shield of Texas for medical insurance. The City works with a consulting firm to negotiate with medical insurance providers. For fiscal year 2020, the City received an unprecedented 8% decrease in the rates. The City passed a portion of the savings on to the employees. Dental and vision insurance were renewed with a slight increase in premiums.

Request for Information

The financial report is designed to provide a general overview of the City of Orange's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional financial information should be addressed to the City of Orange, Finance Department, P. O. Box 520, Orange, TX 77631. A copy of the Comprehensive Annual Finance Report is available on the City's website at orangetexas.net.

BASIC FINANCIAL STATEMENTS



City of Orange, Texas
Statement of Net Position
September 30, 2019

	Primary Government			Component Units
	Governmental Activities	Business-type Activities	Total	Orange Economic Development Corporation
ASSETS				
Cash and cash equivalents	\$ 14,851,259	\$ 6,516,884	\$ 21,368,143	\$ 2,365,324
Investments	245,000	-	245,000	245,000
Receivables (net of allowance for uncollectibles)	3,130,620	1,261,386	4,392,006	287,687
Internal balances	(99,706)	99,706	-	-
Inventories	86,150	155,171	241,321	-
Prepays	206,285	36,019	242,304	149,277
Cash and cash equivalents, restricted	7,449,741	891,425	8,341,166	461,057
Grant receivable	473,660	-	473,660	-
Capital assets not being depreciated:				
Land	1,915,563	785,122	2,700,685	871,059
Construction in progress	1,246,347	150,455	1,396,802	309,784
Capital assets, net of accumulated depreciation:				
Buildings	17,490,564	1,067,316	18,557,880	-
Furniture, fixtures, books	639,513	-	639,513	-
Improvements other than buildings	-	45,596,950	45,596,950	5,865,661
Machinery, equipment, vehicles & improvements	8,019,986	941,431	8,961,417	-
Vehicles	-	96,295	96,295	-
Streets	3,085,030	-	3,085,030	-
Leased equipment	357,992	389,416	747,408	-
Total assets	<u>59,098,004</u>	<u>57,987,576</u>	<u>117,085,580</u>	<u>10,554,849</u>
DEFERRED OUTFLOWS OF RESOURCES				
Pension contributions	1,111,311	172,442	1,283,753	-
Pension assumption changes	5,035,209	3,276	5,038,485	-
Pension investment returns	3,540,468	581,068	4,121,536	-
Deferred charges on refunding	77,269	17,198	94,467	-
Total deferred outflows of resources	<u>9,764,257</u>	<u>773,984</u>	<u>10,538,241</u>	<u>-</u>
LIABILITIES				
Account payable and other current liabilities	2,453,566	1,183,221	3,636,787	58,680
Accrued interest payable	61,276	52,624	113,900	27,355
Noncurrent liabilities:				
Compensated absences, current	1,249,717	52,275	1,301,992	-
Compensated absences, noncurrent	1,529,775	55,757	1,585,532	-
Debt, current	782,074	808,129	1,590,203	369,872
Debt, noncurrent	11,643,763	11,168,917	22,812,680	5,095,000
Net pension liabilities	22,841,725	1,635,762	24,477,487	-
OPEB liability	787,375	159,900	947,275	-
Total liabilities	<u>41,349,271</u>	<u>15,116,585</u>	<u>56,465,856</u>	<u>5,550,907</u>
DEFERRED INFLOWS OF RESOURCES				
Pension experience	2,106,472	212,581	2,319,053	-
Total deferred inflows of resources	<u>2,106,472</u>	<u>212,581</u>	<u>2,319,053</u>	<u>-</u>
NET POSITION				
Net investment in capital assets	27,309,838	37,114,603	64,424,441	1,596,504
Restricted for:				
Debt service payments	252,015	141,855	393,870	433,702
Other purposes	2,370,481	-	2,370,481	-
Unrestricted	(4,525,815)	6,175,934	1,650,119	2,973,736
Total net position	<u>\$ 25,406,519</u>	<u>\$ 43,432,392</u>	<u>\$ 68,838,911</u>	<u>\$ 5,003,942</u>

The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

City of Orange, Texas
Statement of Activities
For the Year Ended September 30, 2019

		Net (Expense) Revenue and Changes in Net Position							
		Program Revenues				Primary Government			Component Unit
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activities	Total	Orange Economic Development Corporation	
Primary government:									
Governmental activities:									
General government	\$ 3,505,832	\$ 1,374,621	\$ 179,384	\$ -	\$ (1,951,827)	\$ -	\$ (1,951,827)	\$ -	
Culture - recreation	1,871,636	45,884	71,242	102,868	(1,651,642)	-	(1,651,642)	-	
Public safety	13,848,928	272,759	99,888	-	(13,476,281)	-	(13,476,281)	-	
Public works	4,137,174	65,833	3,184,659	-	(886,682)	-	(886,682)	-	
Interest on long-term debt	485,903	-	-	-	(485,903)	-	(485,903)	-	
Total governmental activities	23,849,473	1,759,097	3,535,173	102,868	(18,452,335)	-	(18,452,335)	-	
Business-type activities:									
Water and sewer	7,662,368	7,877,629	140,349	-	-	355,610	355,610	-	
Sanitation	1,967,255	1,981,491	3,840	-	-	18,076	18,076	-	
Total business-type activities	9,629,623	9,859,120	144,189	-	-	373,686	373,686	-	
Total primary government	\$ 33,479,096	\$ 11,618,217	\$ 3,679,362	\$ 102,868	(18,452,335)	373,686	(18,078,649)	-	
Component units:									
Economic Development Corporation	\$ 1,788,410	\$ -	\$ 12,281	\$ -				(1,776,129)	
Total component units	\$ 1,788,410	\$ -	\$ 12,281	\$ -				(1,776,129)	
General revenues:									
Property taxes					7,954,550	-	7,954,550	-	
Sales taxes					3,406,770	-	3,406,770	1,703,378	
Other taxes					606,348	-	606,348	-	
Franchise taxes					334,324	-	334,324	-	
Payment in-lieu of taxes					8,699,042	-	8,699,042	-	
Investment earnings					274,781	112,086	386,867	56,887	
Gain (loss) on sale of assets					48,609	9,528	58,137	-	
Insurance proceeds					10,096	-	10,096	-	
Miscellaneous					60,000	-	60,000	-	
Total general revenues, special items, and transfers					21,394,520	121,614	21,516,134	1,760,265	
Change in net position					2,942,185	495,300	3,437,485	(15,864)	
Net position - beginning					22,464,333	42,937,092	65,401,425	5,019,806	
Net position - ending					\$ 25,406,518	\$ 43,432,392	\$ 68,838,910	\$ 5,003,942	

The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

**City of Orange, Texas
Balance Sheet
Governmental Funds
September 30, 2019**

	General Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds
ASSETS					
Cash and cash equivalents	\$ 11,255,921	\$ -	\$ 161,010	\$ 2,323,189	\$ 13,740,120
Investments	245,000	-	-	-	245,000
Taxes receivable (net of allowance for uncollectibles)	1,109,334	206,472	-	-	1,315,806
Accounts receivable (net of allowance for uncollectibles)	1,138,665	-	203	608,304	1,747,172
Due from other funds	306,806	-	-	-	306,806
Due from others	34,089	4,033	-	-	38,122
Grant receivable	473,660	-	-	-	473,660
Inventories, at cost	86,150	-	-	-	86,150
Prepays	201,567	-	-	4,718	206,285
Cash and cash equivalents - restricted	-	41,511	7,408,230	-	7,449,741
Total assets	<u>\$ 14,851,192</u>	<u>\$ 252,016</u>	<u>\$ 7,569,443</u>	<u>\$ 2,936,211</u>	<u>\$ 25,608,862</u>
LIABILITIES					
Accounts payable	\$ 1,643,085	\$ -	\$ 504,819	\$ 280,913	\$ 2,428,817
Partial payment of taxes	1,565	-	-	-	1,565
Due to other funds	-	-	-	278,654	278,654
Liability for municipal court	14,505	-	-	-	14,505
Total liabilities	<u>1,659,155</u>	<u>-</u>	<u>504,819</u>	<u>559,567</u>	<u>2,723,541</u>
DEFERRED INFLOWS OF RESOURCES					
Unavailable revenue-property tax	1,109,334	206,472	-	-	1,315,806
Grant revenue	473,660	-	-	28,003	501,663
Municipal court revenue	29,396	-	-	-	29,396
Total deferred inflow of resources	<u>1,612,390</u>	<u>206,472</u>	<u>-</u>	<u>28,003</u>	<u>1,846,865</u>
FUND BALANCES (DEFICITS)					
Nonspendable					
Inventory	86,150	-	-	-	86,150
Prepays	201,567	-	-	3,817	205,384
Restricted					
Cultural and recreation	-	-	-	145,456	145,456
Debt Service	-	45,543	-	-	45,543
Public safety	-	-	-	659,730	659,730
Public works	-	-	-	34,258	34,258
Tourism and promotion	-	-	-	1,531,035	1,531,035
Assigned					
Capital outlay	-	-	7,064,624	-	7,064,624
Economic development	-	-	-	2,348	2,348
Unassigned	11,291,929	-	-	(28,004)	11,263,925
Total fund balances (deficits)	<u>11,579,646</u>	<u>45,543</u>	<u>7,064,624</u>	<u>2,348,640</u>	<u>21,038,453</u>
Total liabilities, deferred inflows of resources, and fund balances (deficits)	<u>\$ 14,851,191</u>	<u>\$ 252,015</u>	<u>\$ 7,569,443</u>	<u>\$ 2,936,210</u>	<u>\$ 25,608,859</u>

The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

City of Orange, Texas
Reconciliation of Balance Sheet of Governmental Funds
To the Statement of Net Position
September 30, 2019

Fund balances of governmental funds	\$21,038,454
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Amounts reported for governmental activities in the statement of net position are different because:

Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds.	32,754,995
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Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.	1,846,865
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Long-term liabilities, including bonds payable and net pension liabilities are not due and payable in the current period and, therefore are not reported in the funds.	(31,237,919)
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Internal service funds are used by management to charge the costs of workers' compensation and medical insurance to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.	1,004,123
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Net position of governmental activities	<hr/> <u>\$25,406,518</u>
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The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

City of Orange, Texas
Statement of Revenues, Expenditures and Changes in Fund Balances
Governmental Funds
For the Year Ended September 30, 2019

	General	Fund	Debt Service Fund	Capital Projects Fund	Total Nonmajor Funds	Total Governmental Funds				
REVENUES										
Taxes	\$	10,325,108	\$	1,005,932	\$	569,864	\$	11,900,904		
Payment in lieu of taxes		8,699,042	-	-	-	8,699,042				
Franchises		334,324	-	-	-	334,324				
Licenses and permits		289,724	-	-	-	289,724				
Intergovernmental		55,706	-	-	-	55,706				
Charges for services		3,264,271	-	-	-	3,264,271				
Donations		-	-	-	117,310	117,310				
Grant income		47,497	-	-	2,891,128	2,938,625				
Investment income		211,880	2,784	6,197	37,914	258,775				
Program income		-	-	-	34,147	34,147				
Forfeitures		-	-	-	33,200	33,200				
Miscellaneous		174,883	-	-	-	174,883				
Total revenues		23,402,435	1,008,716	6,197	3,683,563	28,100,911				
EXPENDITURES										
Current:										
General government		1,694,855	-	-	10,168	1,705,023				
Culture - recreation		1,160,846	-	-	499,582	1,660,428				
Public safety		10,410,846	-	-	81,541	10,492,387				
Public works		3,343,800	-	-	256,720	3,600,520				
Non-departmental		3,703,715	-	-	-	3,703,715				
Debt service:										
Interest and fiscal charges		14,763	192,894	-	-	207,657				
Principal		114,783	875,000	-	-	989,783				
Debt issuance costs		-	-	217,926	-	217,926				
Capital outlay:										
Capital outlay - books		10,470	-	-	1,743	12,213				
Capital outlay - buildings		313,261	-	44,200	-	357,461				
Capital outlay - machinery and equipment		85,649	-	17,685	-	103,334				
Capital outlay - other		676,573	-	-	167,773	844,346				
Capital outlay - street construction		207,379	-	454,819	-	662,198				
Capital outlay - storm sewer construction		-	-	-	2,539,848	2,539,848				
Capital outlay - vehicles		168,926	-	589,962	-	758,888				
Capital outlay - leased equipment		24,077	-	-	-	24,077				
Total expenditures		21,929,943	1,067,894	1,324,592	3,557,375	27,879,804				
Excess (deficiency) of revenues over expenditures		1,472,492	(59,178)	(1,318,395)	126,188	221,107				
OTHER FINANCING SOURCES (USES)										
Gain (loss) on capital asset disposition		51,349	-	-	-	51,349				
Insurance proceeds		10,096	-	-	-	10,096				
Net present value of minimum lease payments		24,077	-	-	-	24,077				
Proceeds from bond issue		-	-	7,785,000	-	7,785,000				
Premium from bond issue		-	-	436,666	-	436,666				
Total other financing sources (uses)		85,522	-	8,221,666	-	8,307,188				
Net change in fund balances		1,558,014	(59,178)	6,903,271	126,188	8,528,295				
Fund balances - beginning		10,021,634	104,722	161,352	2,222,451	12,510,159				
Fund balances - ending	\$	11,579,648	\$	45,544	\$	7,064,623	\$	2,348,639	\$	21,038,454

The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

City of Orange, Texas
Reconciliation of the Statement of Revenues, Expenditures and Changes in
Fund Balances of Governmental Funds to the Statement of Activities
For the Year Ended September 30, 2019

Net change in fund balances - total governmental funds	\$	8,528,295
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Amounts reported for governmental activities in the statement of net position are different because:

Net affect of various transactions involving capital assets.		3,122,862
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Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		541,230
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The issuance of long-term debt (e.g., bond, leases) 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 has any effect on net assets. Also, governmental funds report the effect of insurance costs, premiums, discounts, and similar items when debt is 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.		(7,316,280)
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Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		(2,119,690)
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Internal service funds are used by management to charge the cost of workers' compensation and medical insurance to individual funds.		185,768
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Change in net position of governmental activities (page 37)	\$	2,942,185
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The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
General Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 10,092,043	\$ 10,092,043	\$ 10,325,108	\$ 233,065
Payment in lieu of taxes	7,853,010	7,853,010	8,699,042	846,032
Franchises	275,000	275,000	334,324	59,324
Licenses and permits	255,100	255,100	289,724	34,624
Intergovernmental	45,000	45,000	55,706	10,706
Charges for services	3,139,707	3,139,707	3,264,271	124,564
Investment income	15,000	15,000	211,880	196,880
Grant income	-	677,760	47,497	(630,263)
Miscellaneous	145,000	145,000	174,883	29,883
Total revenues	<u>21,819,860</u>	<u>22,497,620</u>	<u>23,402,435</u>	<u>904,815</u>
EXPENDITURES				
Current:				
General government	1,916,988	2,055,748	1,694,855	360,893
Culture - recreation	1,208,485	1,211,138	1,160,846	50,292
Public safety	10,526,355	10,484,355	10,410,846	73,509
Public works	3,573,090	3,642,015	3,343,800	298,215
Non-departmental	4,118,541	4,054,235	3,703,715	350,520
Total current	<u>21,343,459</u>	<u>21,447,491</u>	<u>20,314,062</u>	<u>1,133,429</u>
Debt Service:				
Interest	-	-	14,763	(14,763)
Principal	131,500	131,500	114,783	16,717
Total debt service	<u>131,500</u>	<u>131,500</u>	<u>129,546</u>	<u>1,954</u>
Capital outlay:				
Capital outlay - books	10,000	10,500	10,470	30
Capital outlay - buildings	5,854	39,654	313,261	(273,607)
Capital outlay - machinery and equipment	99,979	99,979	85,649	14,330
Capital outlay - other	-	768,378	676,573	91,805
Capital outlay - street construction	75,000	283,068	207,379	75,689
Capital outlay - vehicles	154,100	169,228	168,926	302
Capital outlay - leased equipment	-	-	24,077	(24,077)
Total capital outlay	<u>344,933</u>	<u>1,370,807</u>	<u>1,486,335</u>	<u>(115,528)</u>
Total expenditures	<u>21,819,892</u>	<u>22,949,798</u>	<u>21,929,943</u>	<u>1,019,855</u>
Excess (deficiency) of revenues over expenditures	<u>(32)</u>	<u>(452,178)</u>	<u>1,472,492</u>	<u>1,924,670</u>
OTHER FINANCING SOURCES (USES)				
Gain (loss) on capital asset disposition	-	13,128	51,349	38,221
Insurance proceeds	-	15,523	10,096	(5,427)
Net present value of minimum lease payments	-	-	24,077	24,077
Total other financing sources (uses)	<u>-</u>	<u>28,651</u>	<u>85,522</u>	<u>56,871</u>
Net change in fund balances	(32)	(423,527)	1,558,014	1,981,541
Fund balances - beginning	<u>10,021,634</u>	<u>10,021,634</u>	<u>10,021,634</u>	<u>-</u>
Fund balances - ending	<u>\$ 10,021,602</u>	<u>\$ 9,598,107</u>	<u>\$ 11,579,648</u>	<u>\$ 1,981,541</u>

The notes to financial statements are an integral part of this statement.
See note III. A. Budgetary information.
Totals may not foot due to rounding differences.

City of Orange, Texas
Statement of Net Position
Proprietary Funds
September 30, 2019

	Business-type Activities		Governmental Activities	
	Water and Sewer Funds	Sanitation Fund	Total Enterprise Funds	Internal Service Funds
ASSETS				
Current assets:				
Cash and cash equivalents	\$ 4,534,332	\$ 1,982,552	\$ 6,516,884	\$ 1,094,140
Accounts receivable (net of allowance for uncollectibles)	1,019,513	241,873	1,261,386	1,368
Due from others	-	-	-	-
Inventories, at cost	155,171	-	155,171	-
Prepays	32,059	3,960	36,019	-
Cash with fiscal agent	-	-	-	17,000
Cash and cash equivalents - restricted	891,425	-	891,425	-
Total current assets	<u>6,632,500</u>	<u>2,228,385</u>	<u>8,860,885</u>	<u>1,112,508</u>
Noncurrent assets:				
Land	785,122	-	785,122	-
Buildings	1,067,316	-	1,067,316	-
Improvements other than buildings	45,596,950	-	45,596,950	-
Machinery and equipment	941,431	-	941,431	-
Transportation vehicles	29,110	67,185	96,295	-
Construction in progress	150,455	-	150,455	-
Leased equipment	224,373	165,042	389,415	-
Total noncurrent assets	<u>48,794,757</u>	<u>232,227</u>	<u>49,026,984</u>	<u>-</u>
Total assets	<u>55,427,257</u>	<u>2,460,612</u>	<u>57,887,869</u>	<u>1,112,508</u>
DEFERRED OUTFLOWS OF RESOURCES				
Deferred charges on refunding	17,198	-	17,198	-
Pension contributions	157,936	14,506	172,442	-
Pension investment returns	532,187	48,881	-	-
Pension assumption changes	3,000	276	3,276	-
Total deferred outflows of resources	<u>710,321</u>	<u>63,663</u>	<u>192,916</u>	<u>-</u>
Total assets and deferred outflows of resources	<u>56,137,578</u>	<u>2,524,275</u>	<u>58,080,785</u>	<u>1,112,508</u>
LIABILITIES				
Current liabilities:				
Accounts payable	997,429	157,641	1,155,070	8,678
Due to other funds	28,152	-	28,152	-
Accrued interest payable	52,624	-	52,624	-
Compensated absences - current	46,421	5,854	47,514	-
Bonds payable - current	707,610	-	707,610	-
Lease obligation payable - current	65,212	35,308	100,520	-
Total current liabilities	<u>1,897,448</u>	<u>198,803</u>	<u>2,091,490</u>	<u>8,678</u>
Noncurrent liabilities:				
Compensated absences - noncurrent	45,924	9,833	55,757	-
Bonds payable	10,856,292	-	10,856,292	-
Net pension liability	1,498,156	137,606	1,635,762	-
OPEB liability	146,449	13,451	159,900	-
Lease obligation payable	163,247	149,378	312,625	-
Total noncurrent liabilities	<u>12,710,068</u>	<u>310,268</u>	<u>13,020,336</u>	<u>-</u>
Total liabilities	<u>14,607,516</u>	<u>509,071</u>	<u>15,111,826</u>	<u>8,678</u>
DEFERRED INFLOWS OF RESOURCES				
Pension experience	194,698	17,883	212,581	-
Total deferred inflows of resources	<u>194,698</u>	<u>17,883</u>	<u>212,581</u>	<u>-</u>
Total liabilities and deferred inflows of resources	<u>14,802,214</u>	<u>526,954</u>	<u>15,324,407</u>	<u>8,678</u>
NET POSITION				
Net investment in capital assets	36,882,376	232,227	37,114,603	-
Restricted for:				
Debt service payments	141,855	-	141,855	-
Unrestricted	4,311,133	1,765,095	6,076,228	1,103,829
Total net position	<u>\$ 41,335,364</u>	<u>\$ 1,997,322</u>	<u>43,332,686</u>	<u>\$ 1,103,829</u>
Adjustments to report the cumulative internal balance for the net effect of the activity between the internal service funds and the enterprise funds over time			99,706	
Net position of business-type activities			<u>\$ 43,432,392</u>	

The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

City of Orange, Texas
Statement of Revenues, Expenses, and Changes in Net Position
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities			Governmental Activities
	Water and Sewer Funds	Sanitation Fund	Total Enterprise Funds	Internal Service Funds
OPERATING REVENUES				
Charges for services:				
Water	\$ 2,390,712	\$ -	\$ 2,390,712	\$ -
Sewer	5,144,705	-	5,144,705	-
Sanitation	-	1,981,491	1,981,491	-
Other services	342,212	-	342,212	269,306
Total operating revenues	<u>7,877,629</u>	<u>1,981,491</u>	<u>9,859,120</u>	<u>269,306</u>
OPERATING EXPENSES				
Personnel services	1,420,451	125,540	1,545,991	-
Employee benefits	649,244	108,330	757,574	-
Contractual services	1,786,295	1,209,840	2,996,135	-
Supplies	198,867	2,404	201,271	-
Utilities	502,038	-	502,038	-
Depreciation	1,724,136	91,683	1,815,819	-
Administrative expense	1,076,759	342,131	1,418,890	25,421
Premiums	-	-	-	41,756
Total operating expenses	<u>7,357,790</u>	<u>1,879,928</u>	<u>9,237,718</u>	<u>67,177</u>
Operating income (loss)	<u>519,839</u>	<u>101,563</u>	<u>621,402</u>	<u>202,129</u>
NONOPERATING REVENUES (EXPENSES)				
Investment income	79,806	32,280	112,086	16,006
Interest expense	(329,486)	(1,276)	(330,762)	-
Gain (loss) on capital asset disposition	9,528	-	9,528	-
Grant proceeds	140,349	3,840	144,189	-
Disaster recovery costs	-	(93,510)	(93,510)	-
Total nonoperating revenues (expenses)	<u>(99,803)</u>	<u>(58,666)</u>	<u>(158,469)</u>	<u>16,006</u>
Income (loss) before contributions and transfers	420,036	42,897	462,933	218,135
Transfers in	-	-	-	-
Transfers out	-	-	-	-
Change in net position	420,036	42,897	462,933	218,135
Total net position - beginning	<u>40,915,329</u>	<u>1,954,425</u>		<u>885,694</u>
Total net position - ending	<u>\$ 41,335,365</u>	<u>\$ 1,997,322</u>		<u>\$ 1,103,829</u>
Adjustment for the net effect of the current year activity between the internal service fund and the enterprise funds			<u>32,367</u>	
Changes in net position of business-type activities (page 37)			<u>\$ 495,300</u>	

The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

City of Orange, Texas
Statement of Cash Flows
Proprietary Funds
For the Year Ended September 30, 2019

	Business-type Activities			Governmental Activities
	Water and Sewer Funds	Sanitation Fund	Total Enterprise Funds	Internal Service Funds
CASH FLOWS FROM OPERATING ACTIVITIES				
Cash receipts from customers	\$ 7,960,937	\$ 2,248,851	\$ 10,209,788	\$ 278,385
Payments to suppliers	(2,579,642)	(1,191,502)	(3,771,144)	(96,066)
Payments to employees	(2,156,555)	(192,118)	(2,348,673)	-
Payments for interfund services used	(1,076,759)	(342,131)	(1,418,890)	-
Net cash provided (used) by operating activities	<u>2,147,981</u>	<u>523,100</u>	<u>2,671,081</u>	<u>182,319</u>
CASH FLOWS FROM NONCAPITAL FINANCING ACTIVITIES				
Harvey cleanup payments	-	(93,510)	(93,510)	-
Operating grant proceeds	-	3,840	3,840	-
Net cash provided (used) by noncapital financing activities	<u>-</u>	<u>(89,670)</u>	<u>(89,670)</u>	<u>-</u>
CASH FLOWS FROM CAPITAL AND RELATED FINANCING ACTIVITIES				
Purchase of capital assets	(916,082)	-	(916,082)	-
Proceeds from sale of capital assets	9,528	-	9,528	-
Principal paid on capital debt	(675,000)	-	(675,000)	-
Principal paid on capital leases	(58,708)	(5,747)	(64,455)	-
Interest paid on capital debt	(347,368)	(1,276)	(348,644)	-
Net cash provided (used) by capital and related financing activities	<u>(1,987,630)</u>	<u>(7,023)</u>	<u>(1,994,653)</u>	<u>-</u>
CASH FLOWS FROM INVESTING ACTIVITIES				
Interest and dividends received	79,806	32,280	112,086	16,006
Net cash provided (used) by investing activities	<u>79,806</u>	<u>32,280</u>	<u>112,086</u>	<u>16,006</u>
Net increase (decrease) in cash and cash equivalents	240,157	458,687	698,844	198,325
Cash and cash equivalents - beginning of year	<u>5,185,601</u>	<u>1,523,865</u>	<u>6,709,466</u>	<u>895,814</u>
Cash and cash equivalents - end of year	<u>\$ 5,425,758</u>	<u>\$ 1,982,552</u>	<u>\$ 7,408,310</u>	<u>\$ 1,094,139</u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:				
Operating Income	<u>\$ 519,839</u>	<u>\$ 101,562</u>	<u>\$ 621,401</u>	<u>\$ 202,129</u>
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:				
Depreciation	1,724,136	91,683	1,815,819	-
Changes in operating assets and liabilities:				
(Increase) decrease in accounts receivable	83,308	267,360	350,668	9,080
(Increase) decrease in cash with fiscal agent	-	-	-	(2,000)
(Increase) decrease in inventory	(4,564)	-	(4,564)	-
(Increase) decrease in prepaids	(856)	(1,680)	(2,536)	-
Increase (decrease) in accounts payable	(83,398)	23,733	(59,665)	(26,889)
(Increase) decrease in liability for employee benefits	1,611	4,231	5,842	-
Increase (decrease) in deferred outflows- exp vs assumptions	(905,440)	(62,677)	(968,117)	-
Increase (decrease) in deferred outflows- contributions	30,350	(4,004)	26,346	-
Increase (decrease) in deferred inflows - earnings	9,383	415	9,798	-
Increase (decrease) in net pension liability	789,657	98,088	887,745	-
Increase (decrease) in OPEB liability	(16,045)	4,388	(11,657)	-
Total Adjustments	<u>1,628,142</u>	<u>421,537</u>	<u>2,049,679</u>	<u>(19,809)</u>
Net cash provided (used) by operating activities	<u>\$ 2,147,981</u>	<u>\$ 523,099</u>	<u>\$ 2,671,080</u>	<u>\$ 182,320</u>
Schedule of non-cash capital and related financing activities:				
Capital leases issued for capital assets	\$ (53,656)	\$ (190,433)	\$ (244,089)	\$ -
Principal lease reduction by lessor	\$ (6,629)	\$ -	\$ -	\$ -

The notes to financial statements are an integral part of this statement.
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City of Orange, Texas
Statement of Fiduciary Net Position
September 30, 2019

	<u>Agency Fund</u>
ASSETS	
Cash and cash equivalents	\$ 14,766
Due from other funds	<u>777</u>
Total assets	<u><u>\$ 15,543</u></u>
LIABILITIES	
Accounts payable	\$ 8,640
Other liabilities	<u>6,903</u>
Total liabilities	<u><u>\$ 15,543</u></u>
NET POSITION	

The notes to financial statements are an integral part of this statement.
Totals may not foot due to rounding differences.

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

I. Summary of Significant Accounting Policies

A. Reporting Entity

The City of Orange, Texas (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 accompanying financial statements present the government and its component units, entities for which the government is considered to be financially accountable. The discretely presented component unit is reported in a separate column in the government-wide financial statements (see note below for description) to emphasize that it is a legally separate entity from the government.

Discretely presented component unit. The 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 14. Complete financial statements for the individual component unit may be obtained from the City's Finance Department.

B. Government-wide and fund financial statements

The government-wide financial statements (*i.e., the statement of net position and the statement of activities*) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities, which normally are supported by taxes and intergovernmental revenues, are reported separately from business-type activities, which rely to a significant extent on fees and charges for support. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function or segment. Program revenues include (1) charges to customers or applicants who purchase, use or directly benefit from goods, services, or privileges provided by a given function or segment and (2) grants and contributions that are restricted to meeting the operational or capital requirement of a particular function or segment. Taxes and other items not

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

properly included among program revenues are reported instead as general revenues.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds and major individual enterprise funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting and Basis of Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary fund and fiduciary fund financial statements. 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.

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 judgements, are recorded only when payment is due.

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

Agency fiduciary fund financial statements are reported on the accrual basis of accounting for the recognition of receivable and payables.

The government reports the following major governmental funds at September 30, 2018:

The **general fund** is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The **debt service fund** accounts for the resources accumulated and payments made for

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

principal and interest on long-term general obligation debt of governmental funds.

The **capital projects fund** accounts for the acquisition and construction of major capital facilities funded through the transfer of funds.

The government reports the following major proprietary funds:

The **water and sewer fund** accounts for the revenue and expenses associated with providing 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, and billing and collection.

The **sanitation fund** accounts for the revenue and expenses associated with providing solid waste services to the citizens of the City.

Additionally, the government reports the following fund types:

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

The **agency funds** are used to account for resources legally held by the Municipal Court Escrow, the Employee Flex Plan and the Orange Employee Benefit Trust Funds on behalf of others.

The **special revenue funds** are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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 of charges between the government's water and sewer function and various other functions of the government and payment for administrative charges between the general fund and the various other functions of the government. Elimination of these charges would distort the direct costs and program revenues reported for various functions concerned.

Amounts reported as program revenue include (1) charges to customers or applicants for goods, services, or privileges provided, (2) operating grants and contributions, and (3) capital grant and contributions. Internally dedicated resources are reported as general revenues rather than as program revenues. Likewise, general revenues include all taxes.

Proprietary funds distinguish operating revenues and expenses from nonoperating items.

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

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 enterprise fund, of the Sanitation enterprise fund and the government's internal service funds are charges to customers for sales and services. The Water and Sewer enterprise 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 funds and internal service funds include the cost of sales and services, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

When both restricted and unrestricted resources are available for use, it is the City's policy to use restricted resources first, then unrestricted resources as they are needed.

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources and Net Position

1. 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.

2. Deposits and Investments

The City's cash balances are pooled and invested. Statutes of the State of Texas and policies mandated by the City Council authorize the City to invest in direct obligations of the federal government, agencies or instrumentalities, Texpool investment pool, and certificates of deposit. The demand portion of the balances are held in interest bearing depository bank accounts and non-demand monies are invested in authorized investments. Interest earned on pooled cash is allocated monthly to each participating fund based upon each fund's month-end equity balance. Negative balances in equity, in pooled cash and investments, incurred by a fund are classified as "due to other funds". The negative balances are assessed a charge against previous related earnings based upon effective rates at the time of the negative balance.

The City uses the criteria as established by GASB Statement 9 for inclusion or exclusion of investments for cash flow reporting purposes. The City included any highly liquid, easily convertible investments, with an original maturity date no more than three months after the date of purchase, as cash equivalents.

The carry value of investments is reported at cost which approximates fair value.

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

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 Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either “due to/from other funds” (*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”. 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, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All trade and property tax receivables are shown net of allowance for uncollectibles. Delinquent accounts receivable in excess of 180 days comprise the trade accounts receivable allowance for uncollectibles. The property tax receivable allowance is equal to 2.74% of outstanding property taxes at September 30, 2018.

4. Property Taxes

Property taxes are levied annually by October 1 on the basis of the Orange County Appraisal District’s assessed values as of January 1 of that calendar year, in conformity with Subtitle E, Texas Property Tax Code. Taxes are applicable to the fiscal year in which they are levied. They become delinquent, with an enforceable lien on property, on February 1 of the subsequent calendar year. The City contracts with the Orange County Tax Department for the billing and collection of all current and delinquent property taxes.

Property taxes which are measurable and available (receivable within the current period and collected within 60 days thereafter to be used to pay liabilities of current period) are recognized as revenue in the year of levy.

5. Pension

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

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

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. 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.

6. Other Postemployment Benefits ("OPEB")

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

7. Inventories and Prepaid Items

Material inventory items are valued at cost using the first-in/first-out (FIFO) method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Non-material inventory items are recorded as expenditures when purchased.

In the government-wide and fund financial statements items which would result in a prepayment of expenditures are monitored at year end and any such items are recorded as prepaid items. The prepaid amounts are accounted for using the consumption method.

8. Restricted Assets

Certain assets of the governmental activities and business-type activities are classified as restricted

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

assets on the balance sheet because their use is restricted by bond covenant, debt service requirements, construction contracts, insurance requirements or City Council authorization. These funds also include amounts with fiscal agents.

9. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (*i.e., roads, bridges, 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 City as assets with an initial, individual cost of more than \$5,000. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets, donated works of art and similar items, and capital assets received in a service concession arrangement are recorded at acquisition value.

The capitalization threshold was changed from \$1,000 to \$5,000 in fiscal year 2011. The change in the capitalization threshold did not affect any prior fixed assets.

The cost of normal maintenance and repairs that do not add to the value of the asset or materially extend assets lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as the projects are constructed. Interest incurred during the construction phase of capital assets of business-type activities is included as part of the capitalized value of the assets constructed.

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

<u>Assets</u>	<u>Years</u>
Roads/Bridges	50
Buildings	50
Utility System	50
Water Meters	33
Other Equipment, Furniture & Fixtures	10
Transportation Equipment	5
Leased Equipment	5

10. Deferred Outflows/Inflows of Resources

In addition to assets, the statement of financial position will sometimes report a separate section

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (*expense/expenditures*) until then. The government had two items that qualified for reporting in this category. (1) The deferred charge on refunding reported in the government -wide statement of net position and the proprietary funds 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. (2) The deferred outflow of pension liability is reported in the government-wide statement of net position and the proprietary funds statement of net position. A deferred outflow of pension liability can result from contributions subsequent to the measurement date or differences between projected or actual assumptions, economic experience or investment earnings. Contributions subsequent to the measurement date are deferred and reported in the next account period. Other deferred pension liability outflows are deferred and recognized as expenses over future periods as determined by the actuarial report of the pension.

In addition to liabilities, the statement of financial position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has two types of items that are reported under this section. (1) The deferred inflow of pension liability is reported in the government-wide statement of net position and the proprietary funds statement of net position. A deferred inflow of pension liability results from differences between projected and actual assumptions, economic experience or investment earnings. These amounts are deferred and recognized as expense over future periods as determined by the actuarial report of the pension. (2) Under a modified accrual basis of accounting, the item, unavailable revenue, is reported only in the governmental funds balance sheet. The governmental funds report unavailable revenues from property taxes. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

11. Compensated Absences

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

A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements. All vacation pay is accrued when incurred in the government-wide and proprietary fund financial statements.

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

12. Long-Term Obligations

In the government-wide financial statements, and for proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities, business-type activities, or proprietary fund type statement of net position. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the effective interest method. Bonds payable are reported net of the applicable bond premium or discount.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond issuance costs, during the current period. The face amount of debt issued is reported as other financial sources while discounts on debt issuances are reported as other financial uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

In fiscal year 2015 the City implemented GASB 68 on the Accounting and Financial Report for Pensions. Net pension liabilities are now shown in the government-wide financial statements, and for proprietary fund types in the fund financial statements and long-term obligations.

13. Revenues and Expenditures/Expenses

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.

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 cover the cost of connecting new customers to the system. All revenues and expenses not meeting this definition are reported as nonoperating revenues and expenses.

14. Fund Equity

In February 2009 the Governmental Accounting Standards Board (GASB) issued Statement No.

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54 on “*Fund Balance Reporting and Governmental Fund Type Definitions*”. The City of Orange implemented Statement No. 54 during fiscal year 2011.

The components of funds balance under GASB 54 are:

Nonspendable - portion of fund balance that cannot be spent because of their form or because they must be maintained intact. These funds are either long term receivables or inventories.

Restricted for - portion of fund balance that has external limitation on the use. Limitations may be imposed by creditors, grantors, contributors, or laws and regulations of other governments. They may also be imposed by law.

By resolution the City Council approves the acceptance of grant funding or other special revenue sources received and restricted to a specific purpose. By ordinance, the sale of any City bonded debt also sets out the specific legal requirement for the accumulation and payment of debt service funds.

Sometimes the government will fund outlays for a particular purpose from both restricted 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.

Committed to - portion of fund balance that has self-imposed limitations set in place by the City Council. Committed funds must be assigned for a specific purpose by an action of the City Council which may include motions, resolutions or ordinances. It would also take the same Council action to change or cancel the authorized purpose.

Assigned to - portion of fund balance that has limitation because of the intended use. The segregation of funds within a specific governmental fund established the intended use of the funds by the City Council. The segregation of these funds is established during the budgetary process or may be accomplished by specific funds transfers during the year. The Budget is established by resolution adopted by the City Council prior to the start of the new fiscal year. Fund transfers are approved by resolution during the fiscal year. It takes another formal Council action to changes the fund designation of any balances.

Unassigned - the portion of fund balance that is in excess of nonspendable, restricted, committed and assigned funds. Unassigned balances will only arise in the general fund.

Sometimes the government will fund outlays for a particular purpose from both restricted and

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unrestricted resources. 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.

The City's policy is to maintain a minimum 20% 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 included within the unassigned general fund balance is \$4,289,498 at September 30, 2019. The unassigned fund balance for the general fund at September 30, 2019 was \$11,291,929.

The City of Orange has the following fund balance components at the end of the fiscal year:

Nonspendable	Inventory
Restricted for:	Cultural and recreation
	Debt service
	Hurricane recovery
	Public safety
	Public works
	Tourism and promotion
Assigned to:	Capital outlay
	Economic development
Unassigned	

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 a 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 "Capital assets used in governmental activities are not financial resources and, therefore, are deferred in the funds." The details of the \$32,754,995 are as follows:

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Capital assets	\$64,387,360
Less: Accumulated depreciation	<u>(31,632,365)</u>
Net adjustment to increase fund balances - total governmental funds to arrive at net position - governmental funds.	<u>\$32,754,995</u>

Another element of that reconciliation explains that “Other long-term assets are not available to pay for current-period expenditures and, therefore, are deferred in the funds.” The details of the \$1,846,865 are as follows:

Accrued property tax revenue	\$1,315,806
Grants receivable	501,663
Municipal court receivable	<u>29,396</u>
Net adjustment to increase fund balances - total governmental funds to arrive at net position - governmental funds.	<u>\$1,846,865</u>

Another element of that reconciliation explains that “long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.” The details of the (\$31,237,919) difference are as follows:

Bonds payable	(\$12,074,833)
Deferred outflows on refundings	77,269
Accrued interest payable	(61,276)
Other post-employment benefits	(787,375)
Compensated absences	(2,779,492)
Net pension liabilities and deferrals	(15,261,209)
Lease obligations payable	<u>(351,003)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net position - governmental funds	<u>(\$31,237,919)</u>

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Another element of that reconciliation explains that “Internal service funds are used by management to charge the costs of health insurance and workers’ compensation to individual funds. The assets and liabilities of the internal service funds are included in governmental activities in the statement of net position.” The details of this \$1,004,123 are as follows:

Net position of the internal service funds	\$1,103,829
Plus: Internal receivable representing charges less than cost to business-type activities - prior years	(31,258)
Less: Internal receivable representing charges more than cost to business-type activities - current year	<u>(68,448)</u>
Net adjustment to increase fund balances - total governmental funds to arrive at net position - governmental funds.	<u>\$1,004,123</u>

B. Explanation of certain differences between the governmental fund statement of revenues, expenditures, and changes in fund balances and the governmental-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 government-wide statement of activities. One element of that reconciliation explains that “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.” The details of this \$3,122,862 difference are as follows:

Capital outlay	\$5,302,365
Assets disposed of during year	(14,812)
Depreciation expense	<u>(2,164,691)</u>

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Net adjustment to decrease net changes in fund balances - total governmental fund to arrive at changes in net position of governmental activities	<u>\$3,122,862</u>
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Another element of that reconciliation states that “Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.” The details of this (\$541,230) difference are as follows:

Grant revenue	\$471,125
Property tax revenue	66,764
Municipal court revenue	<u>3,341</u>
Net adjustment to increase net changes in fund balances - total governmental fund to arrive at changes in net position of governmental activities.	<u>\$541,230</u>

Another element of that reconciliation states that “the issuance of long-term debt (e.g., bonds, leases) 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 issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities.” The details of this (\$7,316,286) difference are as follows:

Debt issued	(\$8,221,668)
Amortization of debt premiums	21,830
Bonds paid	875,000
Deferred outflow on refundings	(38,934)
Change in interest payable	(43,220)

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Capital leases issued	(24,077)
Capital lease obligations paid	<u>114,783</u>
Net adjustment to increase net changes in fund balances - total government funds to arrive at changes in net position of governmental funds	<u>(\$7,316,286)</u>

Another element of that reconciliation states that “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.” The details of this (\$2,119,690) difference are as follows:

Compensated absences	(\$202,215)
Other post-employment benefits	(34,099)
Net pension expense	<u>(1,883,376)</u>
Net adjustment to decrease net changes in fund balances - total government funds to arrive at changes in net position of governmental funds	<u>(\$2,119,690)</u>

Another element of that reconciliation states that “The net revenues and expenses of certain activities of the internal service funds are reported with governmental activities.” The details of this \$185,768 difference are as follows:

Workers’ compensation internal service fund	<u>\$185,768</u>
Net adjustment to decrease net changes in fund balances- total government funds to arrive at changes in net position of governmental funds	<u>\$185,768</u>

III. Stewardship, Compliance, and Accountability

A. Budgetary Information

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Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for the general, debt service, capital projects, special revenue, water & sewer, and sanitation funds. In fiscal year 2019 annual budgets were adopted for all funds except the Home Program, the Economic Development Fund, the Texas Department of Transportation (TXDOT) Grant Fund, the Bureau of Justice Grant Fund, Homeland Security Grant Program and the Texas Water Development Board Grant Fund.

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

The City Council approved several supplemental budgetary appropriations throughout the year, including:

<u>Amendment #1</u>	General Fund	\$208,068	Increased costs in the Street and Drainage department for the completion of the Sunset Drive road repaving project, which is a carryforward from the prior year.
	Water and Sewer Fund	\$244,016	Increased revenues for an increase in septic station fees and interest earnings. Increased costs for unforeseen repairs to water and sewer lines, lift stations, machinery and equipment. Increased costs for replacement of submersible pump and water well motor.
	Water and Sewer CIP Fund	\$17,900	Increased cost for a regional lift station study for future water and sewer utility infrastructure needs.
	Special Revenue Funds	\$12,148	Increased cost for Fire Department Donation Fund to purchase equipment.
<u>Amendment #2</u>	General Fund	\$215,427	Increased revenues and costs in various line items during the fiscal year primarily for insurance proceeds and FEMA receipts relating to Tropical Storm Harvey damages. Increased costs for improvements to new City Hall and Police department boiler equipment.

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Debt Service Fund	\$86,320	Increased costs for interest payment due on the 2019 Tax and Revenue Certificate of Obligation Bond issue.
Capital Improvement Fund	(\$3,704)	Increased revenues for proceeds from bond issue and costs for project expenditures for the 2019 Tax and Revenue Certificate of Obligation Bond issue.
Water and Sewer Fund	\$138,541	Increase revenue for an increase in septic station fees. Increased costs for unforeseen repairs to water and sewer lines, machinery, equipment and for completion of the SCADA system.
Water and Sewer Bond Construction Fund	\$116,336	Increase costs to expend the remaining 2016 bond construction funds.
Water & Sewer CIP Fund	\$8,000	Increased cost for a regional lift station study for future water and sewer utility infrastructure needs.
Special Revenue Funds	\$100,793	Increased revenue and costs for various projects for the Orange Development Fund, CDBG Fund, State OPD Fund, Law Enforcement Seizure Fund, Municipal Court Technology Fund, Bureau of Justice Grant Fund, Texas Forest Service Grant Fund and the Fire Department Donation Fund.

Annual appropriations lapse at the close of the fiscal year. Any outstanding obligation are then re-encumbered against funds of the succeeding year. Accordingly, there was not a reservation for encumbrances at September 30, 2019.

B. Excess of Expenditures Over Appropriations

For the year ended September 30, 2019, expenditures exceeded appropriations at the legal level of control as follows:

General Fund	
Fire Department	\$28,305
Capital Projects Fund	
Non-Budgeted Expenses	\$217,926
Orange Development Fund	

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Tourism & Cultural Affairs	\$58,633
Home Consortium Administration	
Home Consortium Administration	\$5,300
Parks Donation Fund	
Park and Recreation Donation	\$2,500
Bureau of Justice Grant Fund	
Bureau Justice Bullet Proof Vest	\$2,218

The fire department was over budget slightly in the personnel category. The capital projects fund's non budgeted expense over budget situation was caused by the bond issuance costs from the certificates of obligation issued in 2019. The tourism and cultural affairs department was over budget in the special services account due to new community events that were funded from the reserves. The home consortium administration department was over budget due to an additional unexpected payment was received and therefore it was remitted to HUD. The parks and recreation donation department was over budget due to a last-minute prepayment deposit for the talent for an upcoming event. The donation funds were received in fiscal year 2020. The bureau justice bullet proof vest department was over budget due to the purchase of bullet proof vests from the reserves.

C. Excess of Appropriations over Expenditures

For the year ended September 30, 2019, appropriations exceeded expenditures as follows:

General Fund	
General government	\$360,893
Culture – recreation	\$50,292
Public safety	\$73,509
Public works	\$298,215
Non departmental	\$350,520
Debt Service Fund	
Interest	\$221
Special Revenue Funds	
Public safety	\$189,614
Public works	\$177,273
Tourism	\$81,762
Capital outlay	\$386,945
Water and Sewer Fund	\$522,635
Water and Sewer Bond Construction Fund	\$428,863
Sanitation Fund	\$16,712

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For the year ended September 30, 2019 most funds were under budget in various line items. Most notably would be capital projects that were not completed during the year and will carry forward to the next fiscal year.

D. Deficit Fund Balance

At September 30, 2019 the City of Orange had one fund with a deficit fund balance. The special revenue Texas Department of Public Safety Emergency Management Grant Fund had a (\$28,004) deficit fund balance due to the timing of the activity in the fund.

IV. Detailed Notes on All Funds

A. Deposits and Investments

Cash Deposits - Cash balances for most individual funds are maintained in a pooled cash account, except where the City is legally required to maintain separate cash accounts. The earnings on the pooled cash account are prorated to the individual funds. For accounting purposes, the cash balances for each fund related to the pooled cash account are maintained as if they were separate cash accounts and displayed on the statement of net position within the financial statement caption Cash and Cash Equivalents. Any overdraft balances for pooled cash accounts of individual funds are accounted for as a current liability. The FDIC coverage and additional collateral at the local depository are used to cover the cash accounts of the City.

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, 2019, the City's investments consisted solely of bank certificates of deposit.

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Concentration of credit risk. The government's investment policy limits the investment in any one type of investment to the following: 20% in collateralized bank certificates of deposit (per the City's depository contract), 100% in direct obligations of the Federal government, 50% in direct obligations of Federal agencies and instrumentalities, 20% in certificates of deposit at Federally insured banks or savings and loans, 100% in collateralized savings accounts at the City's depository bank, 20% in collateralized savings accounts at other Federally insured banks or savings and loan associations, and 5% in Texpool.

Custodial credit risk - deposits. In the case of deposits, this is the risk that in the event of a bank failure, the government's deposits may not be returned to it. State statutes require that all deposits in financial institutions be insured or fully collateralized by U.S. government obligations or its agencies and instrumentalities or direct obligations of Texas or its agencies and instrumentalities that have a market value of not less than the principal amount of the deposits. The City and the Economic Development Corporation, a discretely presented component unit, did not have custodial credit risk on deposits at September 30, 2019. The City investment policy and depository contract requires that the cash, savings accounts and certificates of deposit are covered by collateralized securities that are held by the City's agent, a third-party institution, in the City's name.

Custodial credit risk - investments. For an investment, this is the risk that, in the event of the failure of the counter party, the government 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 investments are executed as delivery versus payment and held by a separate custodial institution. On the investment in governmental securities the City did not have custodial credit risk exposure although the related securities are uninsured and unregistered, they are being held by the separate custodial trust department in the City's name.

A reconciliation of cash and investments as shown on the Statement of Net position for the primary government follows:

Carrying amount of deposits - cash and cash equivalents	\$29,724,075
Fair value of investments – bank certificate of deposit	<u>245,000</u>
Total	<u>\$29,969,075</u>
 Cash and cash equivalents	 \$21,368,143

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Investments – bank certificates of deposit	245,000
Cash and cash equivalents - temporarily restricted	8,341,166
Cash and cash equivalents - fiduciary fund	<u>14,766</u>
Total	<u>\$29,969,075</u>

As of September 30, 2019, the primary government had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	<u>245,000</u>	.87
Total value	<u><u>245,000</u></u>	
Portfolio weighted average maturity		.87

At September 30, 2019, the component unit had the following investments:

Investment Type	Value	Weighted Average Maturity (Years)
Certificates of deposit	<u>245,000</u>	.87
Total value	<u><u>245,000</u></u>	
Portfolio weighted average maturity		.87

B. Receivables

Receivables as of year end, including the applicable allowances for uncollectible accounts for governmental activities, business-type activities and the Orange Economic Development Corporation are as follows:

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	Governmental Activities	Business-Type Activities	Total	Orange Economic Development Corporation
Receivables:				
Taxes	\$1,378,674	\$0	\$1,378,674	\$283,834
Municipal court	851,188	0	851,188	0
Accounts	1,757,465	1,279,848	3,037,313	3,853
Due from others	<u>38,121</u>	<u>0</u>	<u>38,121</u>	<u>0</u>
Subtotal	4,025,448	1,279,848	5,305,296	287,687
Less: allowance for uncollectible	<u>(894,828)</u>	<u>(18,462)</u>	<u>(913,290)</u>	<u>0</u>
Net total receivables	<u>\$3,130,620</u>	<u>\$1,261,386</u>	<u>\$4,392,006</u>	<u>\$287,687</u>

Government wide revenues are reported net of uncollectible amounts. Total uncollectible amounts related to revenues of the current period are as follows.

Uncollectibles related to:

Ad valorem taxes - General	\$53,003
Municipal court – General	821,792
Ad valorem taxes - Debt Service	9,865
Hotel occupancy taxes – Special Revenue	10,168
Water and Sewer	15,921
Sanitation fees	<u>2,541</u>
Total uncollectibles of the current fiscal year	<u>\$913,290</u>

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C. Capital Assets

Capital asset activity for the year ended September 30, 2019 was as follows:

Primary Government

	Balance at <u>9/30/18</u>	<u>Increases</u>	<u>(Decreases) /</u> <u>Reclasses</u>	Balance at <u>9/30/19</u>
Governmental Activities:				
Capital assets, not being depreciated:				
Land	\$1,915,563	\$0	\$0	\$1,915,563
Construction in progress	<u>356,931</u>	<u>1,246,347</u>	<u>(356,931)</u>	<u>1,246,347</u>
Total capital assets, not being depreciated	<u>2,272,494</u>	<u>1,246,347</u>	<u>(356,931)</u>	<u>3,161,910</u>
Capital assets, being depreciated:				
Buildings	27,037,152	156,615	0	27,193,767
Office furniture, fixtures and books	4,164,605	158,526	0	4,323,131
Machinery, equipment, vehicles and improvements	16,550,367	3,545,193	(267,398)	19,828,162
Infrastructure	8,749,249	528,538	0	9,277,787
Leased equipment	<u>578,523</u>	<u>24,077</u>	<u>0</u>	<u>602,600</u>
Total assets being depreciated	<u>57,079,896</u>	<u>4,412,949</u>	<u>(267,398)</u>	<u>61,225,447</u>
Less accumulated depreciation for:				
Buildings	(8,822,559)	(880,644)	0	(9,703,203)
Office furniture, fixtures and books	(3,598,271)	(85,347)	0	(3,683,618)
Machinery, equipment, vehicles and improvements	(11,243,351)	(811,410)	252,585	(11,802,176)
Infrastructure	(5,924,381)	(268,376)	0	(6,192,757)

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Primary Government

	Balance at 9/30/18	Increases	<u>(Decreases) / Reclasses</u>	Balance at 9/30/19
Leased equipment	<u>(131,693)</u>	<u>(118,915)</u>	<u>0</u>	<u>(250,608)</u>
Total accumulated depreciation	<u>(29,720,255)</u>	<u>(2,164,692)</u>	<u>252,585</u>	<u>(31,632,362)</u>
Total capital assets, being depreciated, net	<u>27,359,641</u>	<u>2,248,257</u>	<u>(14,813)</u>	<u>29,593,085</u>
Governmental activities capital assets, net	<u>\$29,632,135</u>	<u>\$3,494,604</u>	<u>(\$371,744)</u>	<u>\$32,754,995</u>

Business-type Activities:

Capital assets, not being depreciated:

Land	\$733,122	\$52,000	\$0	\$785,122
Construction in progress	<u>9,857,658</u>	<u>147,145</u>	<u>(9,854,348)</u>	<u>150,455</u>
Total capital assets, not being depreciated	<u>10,590,780</u>	<u>199,145</u>	<u>(9,854,348)</u>	<u>935,577</u>

Capital assets, being depreciated:

Buildings	683,297	576,000	0	1,259,297
Improvements - other than buildings	68,791,000	9,842,168	0	78,633,168
Machinery & equipment	2,720,737	147,872	0	2,868,609
Leased equipment	285,368	244,089	(6,629)	522,828
Vehicles	<u>1,198,074</u>	<u>5,246</u>	<u>(51,653)</u>	<u>1,151,667</u>
Total capital assets, being depreciated	<u>73,678,476</u>	<u>10,815,375</u>	<u>(58,282)</u>	<u>84,435,569</u>

Less: accumulated depreciation for:

Buildings	(166,795)	(25,186)	0	(191,981)
Improvements other than buildings	(31,637,244)	(1,398,974)	0	(33,036,218)

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Primary Government

	Balance at 9/30/18	Increases	(Decreases) / Reclasses	Balance at 9/30/19
Machinery & equipment	(1,729,319)	(197,859)	0	(1,927,178)
Leased equipment	(46,378)	(87,034)	0	(133,412)
Vehicles	<u>(1,000,259)</u>	<u>(106,766)</u>	<u>51,653</u>	<u>(1,055,372)</u>
Total accumulated depreciation	<u>(34,579,995)</u>	<u>(1,815,819)</u>	<u>51,653</u>	<u>(36,344,161)</u>
Total capital assets, being depreciated, net	<u>39,098,481</u>	<u>8,999,556</u>	<u>(6,629)</u>	<u>48,091,408</u>
Business-type activities capital assets, net	<u>\$49,689,261</u>	<u>\$9,198,701</u>	<u>(\$9,860,977)</u>	<u>\$49,026,985</u>

Depreciation expense was charged to functions/programs of the primary government as follows:

Government activities:

General government	\$141,700
Cultural and recreation	291,785
Public safety	1,011,004
Public works	<u>720,203</u>
Total depreciation expense - governmental activities	<u>\$2,164,692</u>

Business-type activities:

Water and Sewer	\$1,749,527
Sanitation	<u>66,292</u>
Total depreciation expense - business-type activities	<u>\$1,815,819</u>

Construction commitments

Construction in progress capital assets consists of the following as of September 30, 2019:

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Governmental Activities

Cove water tower rehabilitation	\$1,634
Generator for City Hall	17,685
2019 Fire Truck pre-payment	589,962
Riverfront pavilion	44,200
Repairs to Owens Road and Culvert	138,047
Street improvements	<u>454,819</u>
Total Governmental Activities	<u>\$1,246,347</u>

Business-Type Activities

15 Street Utility Relocation	\$3,310
East clarifier rehabilitation at JSWWTP	26,591
Tulane Road – southside force main	18,600
Sikes Road sewer repairs	63,000
Cover water tank	23,864
West side water	<u>15,090</u>
Total Business Type Activities	<u>\$150,455</u>

D. Interfund Receivables, Payables and Transfers

The City had five short term interfund payables/receivables of cash within the governmental funds at year end which resulted from the way the City pools cash for investment purposes. The City had one short term interfund payables/receivables between the governmental funds and the proprietary funds for allocation of expenditures as year end.

The composition of interfund balances as of September 30, 2019 is as follows:

CITY OF ORANGE, TEXAS
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<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Governmental Funds:		
General Fund	Community Development Block Grant (CDBG)	\$7,066
General Fund	Bureau of Justice Grant	1,827
General Fund	Special Revenue - Texas Forrest Service TIFMAS Grant	2,580
General Fund	Special Revenue - Texas Department of Public Safety Emergency Management Grant	26,827
General Fund	Special Revenue - Texas General Land Office GLO	<u>240,354</u>
Total Governmental Funds		<u>278,654</u>
Proprietary Funds:		
General Fund	Water and Sewer Fund	<u>28,152</u>
Total between governmental and proprietary funds		<u>28,152</u>
Total interfund receivables, payables and transfers		<u>\$306,806</u>

E. Leases

Governmental Activities -

Capital Lease – Vehicles

In fiscal year 2017, the City of Orange entered into a lease agreement, as lessee, for financing the acquisition of a fire truck. In fiscal year 2018, the City of Orange began entering into lease agreements with a fleet leasing company for use of motor vehicles to be utilized in various departments within the City. These lease agreements are treated as capital leases for accounting purposes and therefore, are recorded at the present value of the future minimum lease payments in the government-wide statements. The general fund records the lease payments as capital outlay expenditures for leased equipment and records the interest expenditures. The City has applied

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lease accounting per Statement No. 87 of the Governmental Accounting Standards Board. The lease terms and interest rates vary per lease contract. These leases are all secured by the underlying assets being leased. In the event of a potential default by the City, the lessor could take back possession of the assets.

Leased asset – vehicles:

<u>Asset Description</u>	<u>Asset Number</u>	<u>Lease Term (months)</u>	<u>Value</u>	<u>Accumulated Depreciation</u>	<u>Net Asset Value</u>	<u>Residual Value per Lease Agreement</u>
2017 Ferrara Fire Truck	2017-0002	60	\$422,706	\$197,263	225,443	\$0
2018 Ford F150 XLT	2018-0047	60	29,735	9,416	20,319	7,967
2018 Ford Explorer	2018-0048	60	24,125	7,640	16,486	6,771
2018 Ford F250 XL	2018-0049	60	28,562	9,045	19,518	7,955
2018 Ford F150 XLT	2018-0050	60	23,791	7,930	15,860	6,517
2018 Ford F250 XL	2018-0051	60	25,813	8,174	17,639	6,996
2018 Ford F150 XLT	2018-0052	60	23,791	7,930	15,860	6,517
2019 Ford F150 XL	2019-0063	60	<u>24,077</u>	<u>3,210</u>	<u>20,867</u>	<u>6,625</u>
			<u>\$602,600</u>	<u>\$250,608</u>	<u>\$351,992</u>	<u>\$49,348</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

Lease obligations – 60 month term

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	120,240	11,272	131,512
2020-2021	124,462	7,050	131,512
2021-2022	83,627	2,884	86,511
2022-2023	20,630	526	21,156
2023-2024	<u>2,045</u>	<u>28</u>	<u>2,073</u>
	<u>\$351,004</u>	<u>\$21,760</u>	<u>\$372,764</u>

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Business-type Activities –

Capital Lease – Vehicles

In fiscal year 2017 the City of Orange began entering into lease agreements with a fleet leasing company for use of motor vehicles to be utilized in the water and sewer fund. These lease agreements are treated as capital leases and therefore, are recorded at the present value of the future minimum lease payments in the Water and Sewer Fund. The City has applied lease accounting per Statement No. 87 of the Governmental Accounting Standards Board. The lease terms range from forty-eight (48) months to sixty (60) months. The rate of interest varies with each lease contract. In fiscal year 2019, the City of Orange entered into a lease agreement, as lessee, for financing the acquisition of a grapple truck for the sanitation department. These leases are all secured by the underlying assets being leased. In the event of a potential default by the City, the lessor could take back possession of the assets.

Leased asset - vehicles:

<u>Asset Description</u>	<u>Asset Number</u>	<u>Lease Term (months)</u>	<u>Value</u>	<u>Accumulated Depreciation</u>	<u>Net Asset Value</u>	<u>Residual Value per Lease Agreement</u>
2017 Ford F150 XL	2017-0057	60	\$22,364	\$5,964	\$16,400	\$6,390
2017 Ford F150 XL	2017-0059	60	22,364	11,928	10,436	6,390
2017 Ford F150 XL	2017-0060	60	22,365	11,928	10,437	6,390
2017 Ford Explorer	2017-0061	48	22,501	15,001	7,500	7,675
2018 Ford F250	2018-0053	60	27,445	7,319	20,126	7,601
2018 Ford F250	2018-0055	60	27,397	8,219	19,178	7,362
2018 Ford F450	2018-0057	60	55,404	14,774	40,630	16,041
2018 Ford F350	2018-0058	60	32,400	10,236	22,164	10,916
2018 Ford F150 XL	2018-0060	60	24,275	8,090	16,185	5,886
2018 Ford F150 XL	2018-0061	60	22,224	7,408	14,816	6,079
2019 Ford F350 XL	2019-0065	60	29,579	3,944	25,635	8,116

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2019 Ford F150 XL	2019-0064	60	24,077	3,210	20,867	6,625
2020 Peterbilt grapple trk	2019-0066	60	<u>190,433</u>	<u>25,391</u>	<u>165,042</u>	<u>0</u>
			<u>\$522,828</u>	<u>\$133,412</u>	<u>\$389,416</u>	<u>\$95,471</u>

The future minimum lease obligations and the net present value of these minimum lease payments as of September 30, 2019 were as follows:

Lease obligations – 48 month term

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	5,932	281	6,213
2020-2021	<u>2,432</u>	<u>29</u>	<u>2,461</u>
	<u>\$8,364</u>	<u>\$310</u>	<u>\$8,674</u>

Lease obligations – 60 month term

	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	94,588	18,027	112,615
2020-2021	99,519	13,096	112,615
2021-2022	95,657	8,012	103,669
2022-2023	75,650	3,440	79,090
2023-2024	<u>39,367</u>	<u>714</u>	<u>40,081</u>
	<u>\$404,781</u>	<u>\$43,289</u>	<u>\$448,070</u>

F. Compensated Absences

The City's compensated absences are liquidated from the corresponding employing activity. For governmental activities this would be the general fund or the corresponding special revenue fund. For business-type activities this would be either water and sewer or sanitation proprietary funds,

CITY OF ORANGE, TEXAS
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depending on employment.

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

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Compensated absences	<u>\$2,577,277</u>	<u>\$314,854</u>	<u>(\$112,639)</u>	<u>\$2,779,492</u>	<u>\$1,249,717</u>
Total governmental activities	<u>\$2,577,277</u>	<u>\$314,854</u>	<u>(\$112,639)</u>	<u>\$2,779,492</u>	<u>\$1,249,717</u>
<u>Business-type activities:</u>					
Compensated absences	<u>\$102,191</u>	<u>\$9,271</u>	<u>(\$3,429)</u>	<u>\$108,033</u>	<u>\$52,275</u>
Total business-type activities	<u>\$102,191</u>	<u>\$9,271</u>	<u>(\$3,429)</u>	<u>\$108,033</u>	<u>\$52,275</u>

G. Long-Term Debt

General Obligation Bonds/Certificates of Obligation

The government issues general obligation bonds and certificates of obligation to provide funds for the acquisition and construction of major capital facilities. General obligation bonds, certificates of obligation and tax notes have been issued for both governmental and business-type activities. The original amount of general obligation bonds, certificates of obligation and tax notes issued in prior years was \$28,995,000.

General obligation, certificates of obligation, and tax notes are direct obligations and pledge the full faith and credit of the government. General obligation bonds and certificates of obligation generally are issued as twenty (20) year serial bonds with varying amounts of principal maturing each year. It is the intent of the City to pay for general obligation bonds and certificates of obligation issued for business-type activities out of the revenues of the activity. General obligation bonds and tax and revenue certificates of obligation currently outstanding are as follows:

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<u>Purpose</u>	<u>Interest Rates</u>	<u>Original Issue</u>	<u>Outstanding</u>
Governmental Activities:			
General Obligation Refunding Bonds Series 2013	0.5% - 2.5%	\$5,440,000	\$3,875,000
General Obligation Refunding Bonds Series 2015	0.6% - 1.6%	1,980,000	0
Tax and Revenue Certificates of Obligation, Series 2019	3.0% - 5.0%	7,785,000	7,785,000
Business-type Activities:			
General Obligation Refunding Series 2014	2.0% - 3.0%	3,900,000	2,790,000
Tax and Revenue Certificates of Obligation, Series 2015	2.0% - 4.0%	4,845,000	4,060,000
Tax and Revenue Certificates of Obligation, Series 2016	2.0% - 3.0%	<u>5,045,000</u>	<u>4,425,000</u>
		<u>\$28,995,000</u>	<u>\$22,935,000</u>

Annual individual debt service requirements to maturity for the governmental activities and business-type activities bonds are as follows:

Governmental Activities -

General Obligation Refunding Bonds Series 2013

<u>Year Ending September 30, 2019</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	385,000	88,512	473,512
2020-2021	400,000	78,700	478,700
2021-2022	410,000	68,575	478,575
2022-2023	420,000	58,200	478,200
2023-2024	<u>430,000</u>	<u>47,898</u>	<u>477,898</u>
2024-2028	<u>1,830,000</u>	<u>89,717</u>	<u>1,919,717</u>
	<u>\$3,875,000</u>	<u>\$431,602</u>	<u>\$4,306,602</u>

CITY OF ORANGE, TEXAS
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Tax and Revenue Certificates of Obligation Bonds Series 2019

Year Ending September 30, 2019	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	\$255,000	\$276,125	\$531,125
2020-2021	270,000	263,000	533,000
2021-2022	280,000	249,250	529,250
2022-2023	295,000	234,875	529,875
2023-2024	310,000	219,750	529,750
2024-2029	1,790,000	862,225	2,652,225
2029-2034	2,120,000	532,500	2,652,500
2034-2039	<u>2,465,000</u>	<u>189,125</u>	<u>2,654,125</u>
	<u>\$7,785,000</u>	<u>\$2,826,850</u>	<u>\$10,611,850</u>

Business-type Activities -

General Obligation Advance Refunding Series 2014

Year Ending September 30, 2019	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	275,000	80,950	355,950
2020-2021	285,000	75,450	360,450
2021-2022	290,000	66,900	356,900
2022-2023	300,000	58,200	358,200
2023-2024	310,000	49,200	359,200
2024-2028	<u>1,330,000</u>	<u>101,550</u>	<u>1,431,550</u>
	<u>\$2,790,000</u>	<u>\$432,250</u>	<u>\$3,222,250</u>

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Tax and Revenue Certificates of Obligation Series 2015

Year Ending September 30, 2019	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	205,000	127,550	332,550
2020-2021	210,000	123,400	333,400
2021-2022	215,000	119,150	334,150
2022-2023	220,000	114,250	334,250
2023-2024	225,000	108,688	333,688
2024-2029	1,220,000	440,125	1,660,125
2029-2034	1,440,000	212,937	1,652,937
2034-2035	<u>325,000</u>	<u>6,500</u>	<u>331,500</u>
	<u>\$4,060,000</u>	<u>\$1,252,600</u>	<u>\$5,312,600</u>

Tax and Revenue Certificates of Obligation Series 2016

Year Ending September 30, 2019	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	210,000	110,113	320,113
2020-2021	215,000	105,863	320,863
2021-2022	220,000	100,413	320,413
2022-2023	225,000	93,738	318,738
2023-2024	235,000	86,838	321,838
2024-2029	1,270,000	340,563	1,610,563
2029-2034	1,425,000	180,125	1,605,125
2034-2036	<u>625,000</u>	<u>17,253</u>	<u>642,253</u>
	<u>\$4,425,000</u>	<u>\$1,034,906</u>	<u>\$5,459,906</u>

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Annual Debt Service

Annual debt service requirements to maturity for all general obligation bonds, tax notes and certificates of obligation are as follows:

Year Ending September 30, 2019	<u>Governmental Activities</u>			<u>Business-type Activities</u>		
	<u>Principal</u>	<u>Interest</u>	<u>Total</u>	<u>Principal</u>	<u>Interest</u>	<u>Total</u>
2019-2020	640,000	364,637	1,004,637	690,000	318,613	1,008,613
2020-2021	670,000	341,700	1,011,700	710,000	304,713	1,014,713
2021-2022	690,000	317,825	1,007,825	725,000	286,463	1,011,463
2022-2023	715,000	293,075	1,008,075	745,000	266,188	1,011,188
2023-2024	740,000	267,648	1,007,648	770,000	244,726	1,014,726
2024-2029	3,620,000	951,942	4,571,942	3,820,000	882,238	4,702,238
2029-2034	2,120,000	532,500	2,652,500	2,865,000	393,062	3,258,062
2034-2039	<u>2,465,000</u>	<u>189,125</u>	<u>2,654,125</u>	<u>950,000</u>	<u>23,753</u>	<u>973,753</u>
	<u>\$11,660,000</u>	<u>\$3,258,452</u>	<u>\$14,918,452</u>	<u>\$11,275,000</u>	<u>\$2,719,756</u>	<u>\$13,994,756</u>

Long-term liability activity for the year ended September 30, 2019 was as follows:

	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
<u>Governmental activities:</u>					
Bonds payable:					
General obligation bonds and certificates of obligation	\$4,750,000	\$7,785,000	(\$875,000)	\$11,660,000	\$640,000

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	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>	<u>Due Within One Year</u>
Certificates of obligation bond premium	<u>0</u>	<u>436,666</u>	<u>(21,833)</u>	<u>414,833</u>	<u>21,833</u>
Total bonds payable	4,750,000	8,221,666	(896,833)	12,074,833	661,833
Net pension liabilities	10,888,454	11,953,271	0	22,841,725	0
Other post-employment benefits	753,278	34,097	0	787,375	0
Lease obligation payable	<u>441,710</u>	<u>24,077</u>	<u>(114,783)</u>	<u>351,004</u>	<u>120,240</u>
	<u>\$16,833,442</u>	<u>\$20,233,111</u>	<u>(\$1,011,616)</u>	<u>\$36,054,937</u>	<u>\$782,073</u>

Business-type activities:

Bonds payable:

General obligation bonds and certificates of obligation

	\$11,950,000	\$0	(\$675,000)	\$11,275,000	\$690,000
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Certificate of obligation bond premium

	<u>306,511</u>	<u>0</u>	<u>(17,610)</u>	<u>288,901</u>	<u>17,611</u>
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Total bonds payable	12,256,511	0	(692,610)	11,563,901	707,610
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Other post-employment benefits	171,557	0	(11,657)	159,900	0
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Lease obligation payable	240,140	244,089	(71,084)	413,145	100,520
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Net pension liability	<u>748,017</u>	<u>887,744</u>	<u>0</u>	<u>1,635,761</u>	<u>0</u>
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	<u>\$13,416,225</u>	<u>\$1,131,833</u>	<u>(\$775,351)</u>	<u>\$13,772,707</u>	<u>\$808,130</u>
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The City's other post-employment benefits are funded through the General Fund and allocated to the appropriate funds.

The City of Orange has long-term deferred outflows/inflows that are related to the City's long-term liabilities. These deferred outflow/inflows are the result of refunding or advance refunding of City bond issues and the activity in the pension plans. These deferred outflows/inflows are listed below:

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<u>Governmental activities:</u>	<u>Beginning Balance</u>	<u>Additions</u>	<u>Reductions</u>	<u>Ending Balance</u>
Deferred outflows of resources:				
Refunding of bond issues	\$116,203	\$0	(\$38,934)	\$77,269
Contributions subsequent to measurement date	1,118,745	0	(7,434)	1,111,311
Change in actuarial assumptions for pensions	0	5,035,209	0	5,035,209
Difference in projected and actual investment Earnings on pension plans	<u>0</u>	<u>3,540,468</u>	<u>0</u>	<u>3,540,468</u>
Total of deferred outflows of resources	<u>\$1,234,948</u>	<u>\$8,575,677</u>	<u>(\$46,368)</u>	<u>\$9,764,257</u>
Deferred inflows of resources:				
Difference in expected and actual economic experience for pension plans	(\$1,984,814)	(\$121,658)	\$0	(\$2,106,472)
Difference in projected and actual investment earnings on pension plans	(1,503,130)	0	1,503,130	0
Change in actuarial assumptions for pensions	<u>(120,178)</u>	<u>0</u>	<u>120,178</u>	<u>0</u>
Total of deferred inflows of resources	<u>(\$3,608,122)</u>	<u>(\$121,658)</u>	<u>\$1,623,308</u>	<u>(\$2,106,472)</u>
Net deferred inflows and outflows of resources	<u>(\$2,373,174)</u>	<u>\$8,454,019</u>	<u>\$1,576,940</u>	<u>\$7,657,785</u>
<u>Business-type activities:</u>				
Deferred outflows of resources:				
Refunding of bond issues	\$19,127	\$0	(\$1,929)	\$17,198
Contributions subsequent to measurement date	198,788	0	(26,346)	172,442
Change in actuarial assumptions for pensions	13,075	0	(9,799)	3,276
Difference in projected and actual investment Earnings for pension plans	<u>0</u>	<u>581,068</u>	<u>0</u>	<u>581,068</u>

CITY OF ORANGE, TEXAS
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Total of deferred outflows of resources	<u>\$230,990</u>	<u>\$581,068</u>	<u>(\$38,074)</u>	<u>\$773,984</u>
Deferred inflows of resources:				
Difference in expected and actual economic experience for pension plans	(\$289,523)	\$0	\$76,942	(\$212,581)
Difference in projected and actual investment earnings for pension plans	<u>(310,108)</u>	<u>0</u>	<u>310,108</u>	<u>0</u>
Total deferred inflows of resources	<u>(\$599,631)</u>	<u>\$0</u>	<u>387,050</u>	<u>(\$212,581)</u>
Net deferred inflows and outflows of resources	<u>(\$368,641)</u>	<u>\$581,068</u>	<u>\$348,976</u>	<u>\$561,403</u>

The City's long-term bond liabilities and net pension obligations are liquidated out of the applicable funds. The City's long-term other post-employment benefits are liquidated out of the general fund and allocated to the appropriate funds.

H. Utility Revenue Pledged

Series 2015 Tax and Revenue Certificates of Obligation -

In 2015 the City issued \$4,485,000 in Series 2015 Tax and Revenue Certificates of Obligation. The certificates were issued to fund construction of repairs, replacement, improvements or rehabilitation of the water system, water plant, wastewater system and wastewater treatment plant of the City. The final maturity date of the certificates is 2035.

The certificates contained a limited pledge of net revenues of the water and sewer utility system. The limited pledge is in an amount not to exceed \$1,000 for the payment of principal and interest on the certificates.

In fiscal year 2019 the interest payment on this issue was \$131,600 and \$1,000, of this amount would have come from pledged revenue. The \$1,000 is 0.0127% of the Water and Sewer annual operating revenue of \$7,877,629. At September 30, 2019 the Water and Sewer Enterprise Fund had future pledged revenues in the amount \$16,000.

Series 2016 Tax and Revenue Certificates of Obligation –

In 2016 the City issued \$5,045,000 in Series 2016 Tax and Revenue Certificates of Obligation.

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The certificates were issued to fund construction of repairs, replacement, improvements or rehabilitation of the water system, water plant, wastewater system and wastewater treatment plant of the City. The final maturity date of the certificates is 2036.

The certificates contained a limited pledge of net revenues of the water and sewer utility system. The limited pledge is an amount not to exceed \$1,000 for the payment of principal and interest on the certificates.

In fiscal year 2019 the interest payment on this issue was \$114,263 and \$1,000 of this amount would have come from pledged revenue. The \$1,000 is 0.0127% of the Water and Sewer annual operating revenue of \$7,877,629. At September 30, 2019 the Water and Sewer Enterprise Fund has future pledged revenues in the amount \$17,000.

Series 2019 Tax and Revenue Certificates of Obligation –

In 2019 the City issued \$7,785,000 in Series 2019 Tax and Revenue Certificates of Obligation. The certificates were issued for the purpose of paying, in whole or in part, contractual obligations to be incurred for design, construction, repair, replacement, improvement or rehabilitation and equipping of public works including (i) streets, roads, sidewalks, alleys, including bridges and intersections, street overlay, landscaping, street scaping, lighting, signalization, traffic safety and operational improvements, culverts and related storm drainage and utility relocation, and the acquisition of land or interest in land as necessary therefore, (ii) acquisition of emergency services and other vehicles and equipment, (iii) park and recreational facility and infrastructure improvements, (iv) renovations and improvements to the City municipal center building (collectively the “Projects”), (v) professional services for engineering, surveying, geotechnical, auditing, financial advisory, bond counsel, legal counsel and (vi) cost of issuance of the Certificates. The final maturity date of the certificates is 2039.

The Certificates shall be payable from the ad valorem tax levied, within the limits prescribed by law, on taxable property located within the City and from a pledge of Surplus Revenues (as defined by City Ordinance) of the City’s sanitation system (the “System”) remaining after payment of all operation and maintenance expenses of the System and all debt service reserve or other requirements in connection with any City revenue bonds or other obligations now or hereafter outstanding, which are payable from all or any part of the Surplus Revenue of the System.

In fiscal year 2019 the interest payment on this issue was \$86,319.

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I. Restricted Net Position

The balances of the restricted net position accounts are as follows:

Governmental activities:

Debt service payments	\$252,015
Cultural and recreation	145,456
Public safety	592,048
Public works	34,258
Tourism and promotion	1,531,035
Municipal court technology/security	<u>¹67,684</u>
Total governmental activities	<u>\$2,622,496</u>

Business-type activities:

Debt service payments	<u>141,855</u>
Total business-type activities	<u>\$141,855</u>

¹ Restricted by enabling legislation

V. Other Information

A. Risk Management

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

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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, 2019, the Workers' Compensation Fund has a designated balance for insurance claim liability of \$322,150 and an undesignated balance of \$781,679. 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 \$1,103,829. 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.

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

	Beginning of Fiscal Year <u>Liability</u>	Current Year Claims and Changes in <u>Estimates</u>	Claims Payments and Liability <u>Expensed</u>	Balance at Fiscal Year <u>End</u>
2014-2015	\$369,785	\$179,067	(\$142,078)	\$406,774

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2015-2016	\$406,774	(\$35,672)	(\$11,687)	\$359,415
2016-2017	\$359,415	\$281,865	(\$196,539)	\$444,741
2017-2018	\$444,741	(\$104,213)	\$602	\$341,130
2018-2019	\$341,130	(\$2,606)	(\$16,374)	\$322,150

	<u>2018-2019</u>	<u>2017-2018</u>	<u>2016-2017</u>	<u>2015-2016</u>	<u>2014-2015</u>
<u>Claim Liability Expensed</u>					
Unpaid claim liability beginning of year	\$22,747	\$86,649	\$39,153	\$82,620	\$38,432
Claims incurred in current year	34,231	70,718	112,794	90,695	173,889
Increase (decrease) in provision for insured events of prior year	(32,443)	7,265	204,267	(76,172)	(28,370)
Claim payments attributable to current year claims	(27,231)	(47,971)	(26,145)	(51,542)	(91,269)
Claim payments attributable to prior year claims	<u>9,696</u>	<u>(93,914)</u>	<u>(243,420)</u>	<u>(6,448)</u>	<u>(10,062)</u>
Total unpaid claim liability expensed at end of year	<u>\$7,000</u>	<u>\$22,747</u>	<u>\$86,649</u>	<u>\$39,153</u>	<u>\$82,620</u>

Designated for Catastrophic Claim

Designated for future catastrophic claims - beginning of year	\$341,130	\$444,741	\$359,415	\$406,774	\$369,785
Increase (decrease) in reserve	<u>(18,980)</u>	<u>(103,611)</u>	<u>85,326</u>	<u>(47,359)</u>	<u>36,989</u>
Total designated for future catastrophic claims - end of year	<u>\$322,150</u>	<u>\$341,130</u>	<u>\$444,741</u>	<u>\$359,415</u>	<u>\$406,774</u>

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B. Subsequent Events

Due to Federal, State and Local mandates for a State of Emergency in relation to the COVID-19 pandemic, there is a potential for emergency related costs to the City. At the time of this report, the City has not incurred any significant costs related to the COVID-19 pandemic or mandates. However, it is foreseeable that costs, including overtime for personnel, may be incurred, which were not budgeted. Subsequent events were evaluated through the issuance date, March 29, 2020.

C. Contingent Liabilities

The City is a defendant in various lawsuits arising in the ordinary course of its municipal and enterprise activities. In the opinion of City management, the outcome of all pending litigation will not materially affect the financial position of the City.

Amounts received or receivable from grantor agencies are subject to audit and adjustment by grantor agencies, principally the federal government. Any disallowed claims, including amounts already collected, may constitute a liability of the applicable funds. The amount, if any, of expenditures which may be disallowed by the grantor cannot be determined at this time although the City expects such amount, if any, to be immaterial.

D. Other Post-Employment Benefits

Plan Description

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

Retiree Life Insurance

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

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

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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.

Employees Covered by Benefit Terms

At the September 30, 2019 valuation and measurement date, the following employees were covered by the benefit terms:

Active employees	186
Inactive employees or beneficiaries currently receiving benefits	9
Inactive employees entitled to receive future benefits	<u>0</u>
Total	<u>195</u>

Funding Policy

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

Total OPEB Liability

The City's Postemployment Benefits Other Than Pensions Liability (OPEB) was measured as of September 30, 2019, and the Total OPEB Liability was determined by an actuarial valuation as of that date.

Actuarial Methods and Assumptions

The Total OPEB Liability in the September 30, 2019 actuarial valuation was determined using the following actuarial assumptions:

Inflation rate	3.0% per year
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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 by the City 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-2018.

Discount Rate

The discount rate used to measure the Total OPEB Liability was 4.06%. The discount rate was calculated as a 1.06% real rate of return plus a 3.00% for inflation.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate

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%)
\$1,031,629	\$947,275	\$871,322

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance at 09/30/2018	\$924,835
Changes for the year:	
Service cost	34,121
Interest	36,569
Benefit payments	(48,250)
Net changes	<u>22,440</u>
Balance at 09/30/2019	<u>\$947,275</u>

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

For the year ended September 30, 2019, the City recognized OPEB expense of \$70,690.

At September 30, 2019, there were no deferred outflows of resources or deferred inflows of resources related to the OPEB liability to report.

E. Employee Retirement Systems and Pension Plans

Texas Municipal Retirement System Defined Benefit Pension Plan

Plan Description

The City of Orange participates as one of 887 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) 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 comprehensive annual financial report (CAFR) than can be obtained at www.tmr.com.

All eligible employees of the City are required to participate in TMRS. The City of Orange provides pension benefits for all of its full-time employees, except for those employees participating in the Orange Firemen's Relief and Retirement Fund.

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.

Plan provisions for the City were as follows:

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	<u>Plan Year 2019</u>	<u>Plan Year 2018</u>
Employee Deposit Rate	7%	7%
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 repeating	70% of CPI repeating

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 payment 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.

At the December 31, 2018 valuation and measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	134
Inactive employees entitled to but not yet receiving benefits	64
Active employees	<u>148</u>
Total	<u>346</u>

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.

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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 16.80% and 15.80% in calendar years 2018 and 2019 respectively. The City's contributions to TMRS for the year ended September 30, 2019 were \$1,425,431 and were equal to the required contributions.

Net Pension Liability

The City's Net Pension Liability (NPL) was measured as of December 31, 2018, 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, 2018, actuarial valuation was determined using the following actuarial assumptions:

Inflation	2.5% per year
Overall Payroll Growth	3% per year
Investment Rate of Return	6.75% net of pension plan investment expense, including inflation

Salary increases were based on a service-related table. Mortality rates for active members, retirees, and beneficiaries were based on the gender distinct RP2000 Combined Healthy Mortality Table, with male rates multiplied by 109% and female rates by 103%. Based on the size of the city, rates are multiplied by a factor of 100%. The rates are projected on a fully generational basis by scale BB to account for future mortality improvements. For disabled annuitants, the gender-distinct RP 2000 Disable Retiree Mortality Table is used, with slight adjustments.

Actuarial assumptions, used in the December 31, 2018 valuation, were based on the results of actual experience studies. The experience study in TMRS was for the period December 31, 2010 through December 31, 2014, first used in the December 31, 2015 valuation. Healthy post-retirement mortality rates and annuity purchase rates were updated based on a Mortality Experience Investigation Study covering 2009 through 2011 and dated December 31, 2013. These assumptions were first used in the December 31, 2013 valuation, along with a change to the Entry Age Normal (EAN) actuarial cost method. Assumptions are reviewed annually. No additional changes were made for the 2015 valuation.

The long-term expected rate of return on pension plan investments is 6.75%. The pension plan's

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policy in regard to the allocation of invested assets is established and may be amended by the TMRS Board of Trustees. 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. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Domestic Equity	17.5%	4.80%
International Equity	17.5%	6.05%
Core Fixed Income	30.0%	1.50%
Non-Core Fixed Income	10.0%	3.50%
Real Return	5.0%	1.75%
Real Estate	10.0%	5.25%
Absolute Return	5.0%	4.25%
Private Equity	<u>5.0%</u>	8.50%
Total	100.0%	

Discount Rate

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

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Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balance at 12/31/2017	\$70,658,593	\$66,626,159	\$4,032,434
Changes for the current year:			
Service cost	1,558,928	--	1,558,928
Interest	4,717,745	--	4,717,745
Changes in benefit terms	--	--	--
Difference between expected and actual experience	(564,152)	--	(564,152)
Changes in assumptions	--	--	--
Benefit payments, including refunds of employee contributions	(3,091,068)	(3,091,068)	--
Contributions - employer	--	1,475,488	(1,475,488)
Contributions - employee	--	614,788	(614,788)
Net investment income	--	(1,995,265)	1,995,265
Administrative Fees	--	(38,572)	38,572
Other changes	--	<u>(2,015)</u>	<u>2,015</u>
Net changes	<u>2,621,453</u>	<u>(3,036,644)</u>	<u>5,658,097</u>
Balance at 12/31/2018	<u>\$73,280,046</u>	<u>\$63,589,515</u>	<u>\$9,690,531</u>

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

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

	1% Decrease (5.75%)	Current Discount Rate (6.75%)	1% Increase (7.75%)
City's net pension liability	\$19,395,116	\$9,690,531	\$1,669,034

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, 2019, the City recognized pension expense of \$1,769,170.

At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Differences between expected and actual economic experience	--	\$1,259,369
Change in actuarial assumptions	19,408	--
Difference between projected and actual investment earnings	3,442,346	--
Contributions subsequent to the measurement date	<u>1,021,577</u>	--
Total	<u>\$4,483,331</u>	<u>\$1,259,369</u>

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The \$1,021,577 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2020. 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:	Net Deferred Outflows (Inflows) of Resources
2019	\$664,660
2020	38,384
2021	241,410
2022	1,257,930
2023	--
Thereafter	==
Total	<u>\$2,202,384</u>

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 Comprehensive Annual Financial Report, which can be obtained on the internet at www.orangetexas.net. The plan's annual financial report can be obtained on the internet at www.orangetexasfd.com.

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

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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 2019</u>	<u>Plan Year 2018</u>
Employee Deposit Rate	12.50%	12.25%
Employer Deposit Rate	14.50%	14.25%
Years Required for Vesting	20	20
Service Retirement Eligibility (expressed as age/years of service)	50/20	50/20
DROP Retirement Eligibility (expressed as age/years of service)	53/23	53/23
Annuity Increase (to retirees)	requires amendment to plan	requires amendment to plan

At retirement, the benefit is calculated as (a) 2.6% of the member's highest 60-month average salary (calculated as 2.167 times the average of the highest 130 biweekly pay periods out of the 208 biweekly pay period immediately prior to the member's date of termination of service) multiplied by his or her number of year of service not to exceed 20 years and (b) equals \$91.00 per month for each year of service in excess of 20 years.

Members may also elect to receive their benefits under one or more options listed below:

DROP - Qualifying members (age 53 with 23 years of service) may elect to receive a portion of their benefit as a single DROP payment. The DROP benefit calculation date is the date 36 months prior to the member's date of retirement.

Social Security Leveling - The retiree may elect to receive a larger monthly benefit until age 62. At age 62 the monthly amount is reduced. The amount of monthly benefits is set so as to produce an approximately level total benefit when Social Security is taken into account.

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At the December 31, 2018 measurement date, the following employees were covered by the benefit terms:

Inactive employees or beneficiaries currently receiving benefits	40
Inactive employees entitled to but not yet receiving benefits	1
Active employees	<u>37</u>
Total	78

Contributions

Effective October 1, 2006, 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 October 1, 2018 to the current rate of 14.50%.

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 October 1, 2018 to the current rate of 12.50%. 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 December 31, 2018, 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 actuarial valuation was determined using the following actuarial assumptions:

Inflation	2% per year
Overall Payroll Growth	2.5% per year
Cost of Living	None
Salary Increases	Service based
Investment Rate of Return	7.75% net of pension plan investment expense, including inflation

The assumed rate of return on the actuarial value of assets is the same as last year which was at

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7.75% per annum. The actuarial value of assets is reported at fair market value, which is a change from the prior year.

The assumed retirement age for active members was changed from 57 to a retirement table developed based on the fund's experience with respect to retirement. The rate at which active members' salary is assumed to increase each year was changed from 4% per year to a table based on a member's years of service. The table was developed based on the fund's experience with respect to salary increases.

The mortality table used for the valuation was changed from the Employee and Health Annuitant Combined Rates from the RP-2000 Mortality Table, projected to 2024 using Scale AA, with separate rates for males and females to the PubS-2010 (amount-weighted) tables. Disability rates and termination rates were not changed from prior year.

The individual entry age normal actuarial cost method was used for both the 2018 valuation and the previous valuation.

<u>Asset Class</u>	<u>Target Allocation</u>	<u>Long-Term Expected Real Rate of Return (Arithmetic)</u>
Cash & short-term fixed income	0.00%	0%
Domestic fixed income	35.0%	2.70%
Equities -		
Domestic large-cap growth	12.0%	7.10%
Domestic large-cap value	12.0%	7.10%
Domestic smid-cap	9.0%	7.95%
International equity	22.0%	6.70%
Emerging markets	<u>10.0%</u>	9.30%
Total	100.0%	

Discount Rate

The discount rate used to measure the Total Pension Liability was 5.11%. 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 contract. Based on that assumption, the pension plan's Fiduciary

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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 period of projected benefit payment to determine the Total Pension Liability.

Changes in Net Pension Liability

	Increase (Decrease)		
	Total Pension Liability (A)	Plan Fiduciary Net Position (B)	Net Pension Liability (A) - (B)
Balance at 12/31/2017	\$16,625,932	\$9,021,895	\$7,604,037
Changes for the current year:			
Service cost	300,705	--	300,705
Interest	1,267,117	--	1,267,117
Changes in benefit terms	2,645	--	2,645
Difference between expected and actual economic experience	(534,208)	--	(534,208)
Changes in assumptions	6,239,981	--	6,239,981
Benefit payments, including refunds of employee contributions	(1,153,483)	(1,153,483)	--
Contributions - employer	--	342,963	(342,963)
Contributions - employee	--	295,031	(295,031)
Net investment income	--	(519,608)	519,608
Administrative Fees	--	(25,065)	25,065
Other changes	--	--	--
Net changes	<u>6,122,757</u>	<u>(1,060,162)</u>	<u>7,182,919</u>
Balance at 12/31/2018	<u>\$22,748,689</u>	<u>\$7,961,733</u>	<u>\$14,786,956</u>

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

The following presents the net pension liability of the City, calculated using the discount rate of 5.11%, as well as what the City's net pension liability would be if it were calculated using a discount rate that is 1 percentage point lower (4.11%) or 1 percentage point higher (6.11%) than the current rate:

	1% Decrease <u>(4.11%)</u>	Current Discount Rate <u>(5.11%)</u>	1% Increase <u>(6.11%)</u>
City's net pension liability	\$17,839,600	\$14,786,956	\$12,297,531

Pension Plan Fiduciary Net Position

Detailed information about the pension plan's Fiduciary Net Position is available in a separately issued Annual Financial Report. The report for the period ended December 31, 2018 can be obtained by writing the City of Orange Firemen's Relief and Retirement Fund, P. O. Box 520, Orange, Texas 77631-0520.

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

For the year ended September 30, 2019, the City recognized pension expense of 1,854,649. At September 30, 2019, the City reported deferred outflows of resources and deferred inflows of resources related to pension from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Differences between expected and actual economic experience	--	\$1,059,684
Change in actuarial assumptions	5,019,077	--
Difference between projected and actual investment earnings	679,190	--
Contributions subsequent to the measurement date	<u>262,176</u>	--
Total	<u>\$5,960,443</u>	<u>\$1,059,684</u>

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The \$262,176 reported as deferred outflows of resources related to pensions resulting from contributions subsequent to the measurement date will be recognized as a reduction of the net pension liability for the year ending September 30, 2019. 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:	Net Deferred Outflow (Inflow) of <u>Resources</u>
2020	1,133,482
2021	958,160
2022	913,657
2023	1,094,799
2024	855,227
Thereafter	<u>(316,742)</u>
Total	<u>\$4,638,583</u>

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

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

Orange Firemen's Relief and Retirement Board. Based on recommendations from the new actuarial firm, the board approved changes to some of the actuarial assumptions. The assumptions changed include changes to the valuation method for assets, a decrease in the inflation rate, a decrease in the rate of deferred retirement option plan (DROP) election, and a decrease in the discount rate. As predicted by the actuary, the amortization period increased to 69.3 years as of December 31, 2016. The Pension Review Board notified the Board that the Plan was out of compliance. A second, revised FSRP was submitted on February 12, 2018 with the provisions of a .25 percent member contribution increase and a .25 percent City contribution increase for fiscal years 2017 and 2018, a more aggressive management of the investments, and a possible benefit change. Thus, the amortization period of the Orange Firemen's Relief and Retirement Fund is expected to be below 40 years in less than the ten years called for by Section 802.2015. As of April 18, 2018, the City received notice from the Texas State Pension Review Board that the plan is currently in compliance.

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. Negotiations will begin for fiscal year 2020 in April.

The Plan was notified by the PRB of the Plan's noncompliance based on the latest actuarial report indicating an infinite amortization period. The Plan is preparing another revised FSRP to update the PRB on all the strides that the pension board and the Plan have made towards lowering the amortization period. The FSRP will be submitted to the PRB by the deadline in April 2020.

A full valuation of the plan by the actuary will be prepared for the period ending December 31, 2019. Once the plan receives the new valuation report and the new calculated amortization period,

CITY OF ORANGE, TEXAS
Notes to the Financial Statements
September 30, 2019

the plan will submit another revised FSRP to the PRB.

Employee Retirement Systems and Pension Plans – September 30, 2019

	Texas Municipal Retirement System (TMRS) Defined Benefit <u>Pension Plan</u>	Orange Firemen's Relief and Retirement <u>Fund</u>	<u>Total</u>
Plan fiduciary net position	\$63,589,515	\$7,961,766	\$71,551,248
Net pension liability	\$9,690,531	\$14,786,956	\$24,477,487
Deferred outflows of resources:			
Contributions subsequent to measurement date	\$1,021,577	\$262,176	\$1,283,753
Change in actuarial assumptions	19,408	5,019,077	5,038,485
Difference in projected and actual investment earnings	<u>3,442,346</u>	<u>679,190</u>	<u>4,121,536</u>
Total deferred outflows of resources	<u>\$4,483,331</u>	<u>\$5,960,443</u>	<u>\$10,443,774</u>
Deferred inflows of resources:			
Difference in expected and actual economic experience	<u>\$1,259,369</u>	<u>\$1,059,684</u>	<u>\$2,319,053</u>
Total deferred inflows of resources	<u>\$1,259,369</u>	<u>\$1,059,684</u>	<u>\$2,319,053</u>
Pension expense	\$1,769,170	\$1,854,649	\$3,623,819

F. Tax Abatement Disclosure

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. The Chapter 380 agreement amount for the fiscal year 2019 was \$341,925. Property taxes equal to \$1,832,920 were rebated in 2019. Sales Tax is rebated on a quarterly basis, and the total rebated for 2019 was \$305,690.

Required Supplementary Information

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 Year Ended:

	09/31/2018	09/31/2019
Total OPEB liability		
Service Cost	¹ \$ 32,790	\$ 34,121
Interest	37,025	36,569
Changes in benefit terms	-	-
Differences between expected and actual experience	-	-
Changes in assumptions	-	-
Benefit payments, including refund of participant contributions	(48,250)	(48,250)
Net changes in total OPEB liability	21,565	22,440
Total OPEB liability - beginning	903,270	924,835
Total OPEB liability - ending (a)	² \$ 924,835	\$ 947,275
 Covered payroll	 10,315,629	 10,315,629
City's total OPEB liability as a percentage of covered payroll	8.97%	9.18%

Notes to schedule:

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

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

Required Supplementary Information

**City of Orange, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Texas Municipal Retirement System
Last 10 Years**

	<u>2006-2013 (1)</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
A. Total Pension Liability						
1. Service Cost	\$0	\$1,390,815	\$1,473,198	\$1,525,181	\$1,576,087	\$1,558,928
2. Interest (on the Total Pension Liability)	0	4,331,921	4,436,802	4,435,496	4,583,484	4,717,745
3. Changes of benefit terms	0	0	0	0	0	0
4. Difference between expected and actual experience	0	(1,354,539)	(854,615)	(639,862)	(1,035,886)	(564,152)
5. Change of assumptions	0	0	223,703	0	0	0
6. Benefit payments, including refunds of employee contributions	0	(3,015,050)	(2,807,118)	(3,146,697)	(3,161,024)	(3,091,068)
7. Net Change in Total Pension Liability	0	1,353,147	2,471,970	2,174,118	1,962,661	2,621,453
8. Total Pension Liability - Beginning	0	62,696,697	64,049,844	66,521,814	68,695,932	70,658,593
9. Total Pension Liability - Ending	<u>\$0</u>	<u>\$64,049,844</u>	<u>\$66,521,814</u>	<u>\$68,695,932</u>	<u>\$70,658,593</u>	<u>\$73,280,046</u>
B. Plan Fiduciary Net Position						
1. Contributions - employer	\$0	\$1,657,797	\$1,587,598	\$1,527,744	\$1,530,851	\$1,475,488
2. Contributions - employee	0	585,795	576,111	598,445	620,857	614,788
3. Net investment income	0	3,143,530	84,535	3,830,094	8,237,619	(1,995,265)
4. Benefit payments, including refunds of employee contributions	0	(3,015,050)	(2,807,118)	(3,146,697)	(3,161,024)	(3,091,068)
5. Administrative expense	0	(32,822)	(51,492)	(43,260)	(42,696)	(38,572)
6. Other	0	(2,699)	(2,544)	(2,331)	(2,164)	(2,015)
7. Net Change in Plan Fiduciary Net Position	0	2,336,551	(612,910)	2,763,995	7,183,443	(3,036,644)
8. Plan Fiduciary Net Position - Beginning	0	54,955,080	57,291,631	56,678,721	59,442,716	66,626,159
9. Plan Fiduciary Net Position - Ending	<u>\$0</u>	<u>\$57,291,631</u>	<u>\$56,678,721</u>	<u>\$59,442,716</u>	<u>\$66,626,159</u>	<u>\$63,589,515</u>
C. Net Pension Liability (A.9. - B.9.)	<u>\$0</u>	<u>\$6,758,213</u>	<u>\$9,843,093</u>	<u>\$9,253,216</u>	<u>\$4,032,434</u>	<u>\$9,690,531</u>
D. Plan Fiduciary Net Position as a percentage of the Total Pension Liability (B.9. / A.9.)	--	89.45%	85.20%	86.53%	94.29%	86.78%
E. Covered Employee Payroll	\$0	\$8,368,497	\$8,230,155	\$8,549,219	\$8,869,371	\$8,782,691
F. Net Pension Liability as a percentage of Covered Employee Payroll (C / E)	--	80.76%	119.60%	108.23%	45.46%	110.34%

Notes to Schedule:
N/A

(1) Prior to implementation of GASB 68. Information not available in required format.

Required Supplementary Information

City of Orange, Texas Schedule of Contributions Texas Municipal Retirement System Last 10 Fiscal Years

	<u>FY 2007 - FY 2014 (1)</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Actuarially Determined Contribution	\$0	\$1,586,949	\$1,552,490	\$1,542,873	\$1,475,144	\$1,425,431
Contributions in relation to the actuarially determined contribution	0	1,586,949	1,552,490	1,542,873	1,475,144	1,425,431
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$0	\$8,166,972	\$8,506,325	\$8,856,832	\$8,716,606	\$8,869,572
Contributions as a percentage of covered employee payroll	--	19.43%	18.25%	17.42%	16.92%	16.07%

Notes to Schedule of Contributions

Valuation Date: December 31, 2018
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	27 years
Asset Valuation Method	10 Year smoothed market, 15% soft corridor
Inflation	2.50%
Salary Increase	3.50% to 10.50% including inflation
Investment Rate of Return	6.75%
Retirement Age	Experience-based table of rates that are specific to the City's plan of benefits. Last updated for the 2015 valuation pursuant to an experience study of the period 2010-2014.
Mortality	RP2000 Combined Mortality Table with Blue Collar Adjustment with male rates multiplied by 109% and female rate multiplied by 103% and projected on a fully generational basis with scale BB.

Other Information:

Notes There were no benefit changes during the year.

(1) Prior to implementation of GASB 68. Information not available in required format.

Required Supplementary Information

**City of Orange, Texas
Schedule of Changes in Net Pension Liability and Related Ratios
Orange Firemen's Relief and Retirement Fund
Last 10 Years**

	<u>2006-2013 (1)</u>	<u>12/31/2014</u>	<u>12/31/2015</u>	<u>12/31/2016</u>	<u>12/31/2017</u>	<u>12/31/2018</u>
A. Total Pension Liability						
1. Service Cost	\$0	\$256,176	\$266,423	\$275,111	\$421,632	\$300,705
2. Interest (on the Total Pension Liability)	0	1,240,296	1,235,592	1,256,298	1,154,891	1,267,117
3. Changes of benefit terms	0	0	0	10,200	2,088	2,645
4. Difference between expected and actual experience	0	(455,247)	0	(513,493)	0	(534,208)
5. Change of assumptions	0	587,758	173,418	2,748,186	(3,193,483)	6,239,981
6. Benefit payments, including refunds of employee contributions	0	(1,084,609)	(1,337,192)	(1,115,774)	(1,103,254)	(1,153,483)
7. Net Change in Total Pension Liability	0	544,374	338,241	2,660,528	(2,718,126)	6,122,757
8. Total Pension Liability - Beginning	0	15,800,915	16,345,289	16,683,530	19,344,058	16,625,932
9. Total Pension Liability - Ending	<u>\$0</u>	<u>\$16,345,289</u>	<u>\$16,683,530</u>	<u>\$19,344,058</u>	<u>\$16,625,932</u>	<u>\$22,748,689</u>
B. Plan Fiduciary Net Position						
1. Contributions - employer	\$0	\$319,060	\$307,304	\$318,457	\$333,259	\$342,963
2. Contributions - employee	0	250,694	244,464	264,331	285,780	295,031
3. Net investment income	0	746,106	(186,511)	393,147	1,380,383	(519,608)
4. Benefit payments, including refunds of employee contributions	0	(494,593)	(1,337,192)	(1,115,774)	(1,103,254)	(1,153,483)
5. Administrative expense	0	(1,084,609)	(24,201)	(18,666)	(28,947)	(25,065)
6. Other	0	(22,162)	0	0	0	0
7. Net Change in Plan Fiduciary Net Position	0	(285,504)	(996,136)	(158,505)	867,221	(1,060,162)
8. Plan Fiduciary Net Position - Beginning		9,594,819	9,309,315	8,313,179	8,154,674	9,021,895
9. Plan Fiduciary Net Position - Ending	<u>\$0</u>	<u>\$9,309,315</u>	<u>\$8,313,179</u>	<u>\$8,154,674</u>	<u>\$9,021,895</u>	<u>\$7,961,733</u>
C. Net Pension Liability (A.9. - B.9.)	<u>\$0</u>	<u>\$7,035,974</u>	<u>\$8,370,351</u>	<u>\$11,189,384</u>	<u>\$7,604,037</u>	<u>\$14,786,956</u>
D. Plan Fiduciary Net Position as a percentage of the Total Pension Liability (B.9. / A.9.)	--	56.95%	49.83%	42.16%	54.26%	35.00%
E. Covered Employee Payroll	\$0	\$2,279,000	\$2,195,029	\$2,274,689	\$2,373,912	\$2,396,549
F. Net Pension Liability as a percentage of Covered Employee Payroll (C / E)	--	308.73%	381.33%	491.91%	320.32%	617.01%

Notes to Schedule:
N/A

(1) Prior to implementation of GASB 68. Information not available in required format.

Required Supplementary Information

City of Orange, Texas Schedule of Contributions Orange Firemen's Relief and Retirement Fund Last 10 Fiscal Years

	<u>FY 2007 - FY 2014 (1)</u>	<u>FY 2015</u>	<u>FY 2016</u>	<u>FY 2017</u>	<u>FY 2018</u>	<u>FY 2019</u>
Actuarially Determined Contribution	\$0	\$308,591	\$313,275	\$327,516	\$341,117	\$359,238
Contributions in relation to the actuarially determined contribution	0	308,591	313,275	327,516	341,117	359,238
Contribution deficiency (excess)	\$0	\$0	\$0	\$0	\$0	\$0
Covered employee payroll	\$0	\$2,204,221	\$2,237,677	\$2,339,397	\$2,399,228	\$2,479,044
Contributions as a percentage of covered employee payroll	--	14.00%	14.00%	14.00%	14.22%	14.49%

Notes to Schedule of Contributions

Valuation Date: December 31, 2018
Notes Actuarially determined contribution rates for 2017-2018 were based on the contracted contribution rates.

Methods and Assumptions Used to Determine Contribution Rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Percentage of Pay, Open
Remaining Amortization Period	69.3 years
Asset Valuation Method	Fair Market Value
Inflation	2.00%
Salary Increase	2.5% - 10.0%
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.
Discount Rate	5.11%

Other Information:

Notes There have been no benefit changes since the December 31, 2014 valuation date. The discount rate was reduced from 7.75% to 5.11% due to failure of the single discount rate test in the December 31, 2018 actuarial valuation.

(1) Prior to implementation of GASB 68. Information is not available in required format.



Major Governmental Funds

General Fund - The general fund is used to account for most of the day to day operations of the City which are financed by taxes and other general revenues.

Debt Service Fund - To account for the debt paid by levies of ad valorem taxes on property. This fund accounts for principal and interest payments on the Series 2013 General Obligation Refunding Bonds and the Series 2019 Tax and Revenue Certificates of Obligation Bonds.

Capital Projects Fund - The capital projects fund is used to account for the acquisition and construction of major capital facilities funded through the bonded debt and transfer of funds. This fund accounts for major capital acquisition and construction of governmental funds.

Required Supplementary Information

City of Orange, Texas
Schedule of Revenues, Expenditures and Changes in Fund Balance Division Level - Budget and Actual
General Fund
For the Year Ending September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 10,092,043	\$ 10,092,043	\$ 10,325,108	\$ 233,065
Payment in lieu of taxes	7,853,010	7,853,010	8,699,042	846,032
Franchises	275,000	275,000	334,324	59,324
Licenses and permits	255,100	255,100	289,724	34,624
Intergovernmental	45,000	45,000	55,706	10,706
Charges for services	3,139,707	3,139,707	3,264,271	124,564
Investment income	15,000	15,000	211,880	196,880
Grant income	-	677,760	47,497	(630,263)
Miscellaneous	145,000	145,000	174,883	29,883
Total revenues	<u>21,819,860</u>	<u>22,497,620</u>	<u>23,402,435</u>	<u>904,815</u>
EXPENDITURES				
<u>City Council</u>				
Personnel services	10,542	10,542	10,622	(80)
Supplies	3,250	4,620	3,685	935
Other services and charges	255,500	367,334	70,470	296,864
Total - city council	<u>269,292</u>	<u>382,496</u>	<u>84,777</u>	<u>297,719</u>
<u>City Manager</u>				
Personnel services	251,019	265,325	259,762	5,563
Supplies	3,050	2,550	1,968	582
Other services and charges	49,005	28,755	21,161	7,594
Total - city manager	<u>303,074</u>	<u>296,630</u>	<u>282,891</u>	<u>13,739</u>
<u>City Secretary</u>				
Personnel services	171,478	171,478	167,488	3,990
Supplies	16,700	21,479	20,310	1,169
Other services and charges	17,650	14,871	11,355	3,517
Total - city secretary	<u>205,828</u>	<u>207,828</u>	<u>199,153</u>	<u>8,675</u>
<u>Municipal Court</u>				
Personnel services	137,475	137,475	130,742	6,733
Supplies	9,000	9,000	4,278	4,722
Other services and charges	110,264	110,264	103,922	6,342
Total - municipal court	<u>256,739</u>	<u>256,739</u>	<u>238,942</u>	<u>17,797</u>
<u>Human Resources</u>				
Personnel services	87,268	87,268	91,252	(3,984)
Supplies	22,400	52,820	45,598	7,222
Other services and charges	33,300	32,880	29,502	3,378
Total - human resources	<u>142,968</u>	<u>172,968</u>	<u>166,352</u>	<u>6,616</u>

(continued)

Required Supplementary Information

City of Orange, Texas
Schedule of Revenues, Expenditures and Changes in Fund Balance Division Level - Budget and Actual
General Fund
For the Year Ending September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Finance</u>				
Personnel services	452,769	452,769	452,031	738
Supplies	70,000	62,200	53,022	9,178
Other services and charges	58,350	66,150	62,718	3,432
Total - finance	581,119	581,119	567,771	13,348
<u>Tax</u>				
Other services and charges	110,694	110,694	110,691	3
Total - tax	110,694	110,694	110,691	3
<u>MIS</u>				
Personnel services	30,274	30,274	30,441	(167)
Supplies	7,000	7,000	5,354	1,646
Other services and charges	10,000	10,000	8,483	1,517
Total - MIS	47,274	47,274	44,278	2,996
<u>Non Budgeted</u>				
Non budgeted expenses	-	-	38,840	(38,840)
Total - non budgeted	-	-	38,840	(38,840)
Total - general government	1,916,988	2,055,748	1,733,695	322,053
<u>Library</u>				
Personnel services	406,904	406,904	398,259	8,645
Supplies	11,400	11,400	10,362	1,038
Other services and charges	29,900	29,400	27,438	1,962
Total - library	448,204	447,704	436,060	11,644
<u>Natatorium</u>				
Supplies	8,250	8,250	-	8,250
Other services and charges	11,170	11,170	6,049	5,121
Total - natatorium	19,420	19,420	6,049	13,371
<u>Recreation</u>				
Supplies	3,400	3,400	2,852	548
Total - recreation	3,400	3,400	2,852	548
<u>Park Maintenance</u>				
Personnel services	680,311	680,311	677,370	2,941
Supplies	17,050	23,581	14,374	9,207
Other services and charges	40,100	36,722	24,141	12,581
Total - park maintenance	737,461	740,614	715,885	24,729
Total cultural and recreation	1,208,485	1,211,138	1,160,846	50,292
<u>Police</u>				
Personnel services	6,019,118	6,009,118	6,005,653	3,465
Supplies	130,740	127,740	109,295	18,445
Other services and charges	216,500	209,500	156,534	52,966
Total - police	6,366,358	6,346,358	6,271,482	74,876
<u>Emergency Management</u>				
Supplies	12,800	12,800	11,455	1,345
Other services and charges	5,450	5,450	3,957	1,493
Total - emergency management	18,250	18,250	15,411	2,839

(continued)

Required Supplementary Information

City of Orange, Texas
Schedule of Revenues, Expenditures and Changes in Fund Balance Division Level - Budget and Actual
General Fund
For the Year Ending September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Fire</u>				
Personnel services	3,764,973	3,744,973	3,777,415	(32,442)
Supplies	100,500	100,500	108,778	(8,278)
Other services and charges	97,500	95,500	83,085	12,415
Total - fire	3,962,973	3,940,973	3,969,278	(28,305)
<u>Animal Control</u>				
Personnel services	157,174	157,174	143,162	14,012
Supplies	15,300	15,300	7,667	7,633
Other services and charges	6,300	6,300	3,846	2,454
Total - animal control	178,774	178,774	154,675	24,099
Total - public safety	10,526,355	10,484,355	10,410,846	73,509
<u>Planning</u>				
Personnel services	132,389	117,851	6,145	111,706
Supplies	4,475	7,438	5,284	2,154
Other services and charges	8,350	19,925	15,169	4,756
Total - planning	145,214	145,214	26,597	118,617
<u>Code Enforcement</u>				
Personnel services	324,190	324,190	326,261	(2,071)
Supplies	4,592	5,332	3,980	1,352
Other services and charges	37,100	36,360	29,946	6,414
Total - code enforcement	365,882	365,882	360,187	5,695
<u>Building Services</u>				
Personnel services	343,476	343,476	336,575	6,901
Supplies	16,200	13,336	9,826	3,510
Other services and charges	159,300	167,714	154,221	13,493
Total - building services	518,976	524,526	500,622	23,904
<u>Street & Drainage</u>				
Personnel services	1,053,928	1,053,928	1,013,015	40,913
Supplies	17,100	24,542	19,033	5,509
Other services and charges	262,050	263,556	212,129	51,427
Total - street & drainage	1,333,078	1,342,026	1,244,176	97,850
<u>Public Works Administration</u>				
Personnel services	207,986	207,986	208,491	(505)
Supplies	4,600	4,600	3,860	740
Other services and charges	7,650	6,650	2,526	4,124
Total - public works administration	220,236	219,236	214,877	4,359
<u>Fleet Maintenance</u>				
Personnel services	315,525	315,525	307,977	7,548
Supplies	15,500	29,927	27,107	2,820
Other services and charges	553,900	593,900	569,121	24,779
Total - fleet maintenance	884,925	939,352	904,205	35,147

(continued)

Required Supplementary Information

City of Orange, Texas

Schedule of Revenues, Expenditures and Changes in Fund Balance Division Level - Budget and Actual

General Fund

For the Year Ending September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
<u>Engineering</u>				
Personnel services	92,479	92,479	86,169	6,310
Supplies	6,500	7,500	4,539	2,961
Other services and charges	5,200	5,200	2,428	2,772
Total - engineering	104,179	105,179	93,136	12,043
Total - public works	3,572,490	3,641,415	3,343,800	297,615
<u>Non-Departmental</u>				
Other services and charges	4,118,541	4,054,235	3,703,715	350,520
Total - non-departmental	4,118,541	4,054,235	3,703,715	350,520
<u>Capital Outlay</u>				
Capital outlay	477,033	1,502,907	1,577,042	(74,135)
Total - capital outlay	477,033	1,502,907	1,577,042	(74,135)
Total expenditures	21,819,892	22,949,798	21,929,945	1,019,853
Excess (deficiency) of revenues over expenditures	(32)	(452,178)	1,472,490	(1,924,668)
OTHER FINANCING SOURCES (USES)				
Gain (loss) on capital asset disposition	-	13,128	51,349	(38,221)
Insurance proceeds	-	15,523	10,096	5,427
Net present value of minimum lease payments	-	-	24,077	(24,077)
Total other financing sources (uses)	-	28,651	85,522	(56,871)
Net change in fund balances	(32)	(423,527)	1,558,012	(1,981,539)
Fund balance - beginning	10,021,634	10,021,634	10,021,634	-
Fund balance - ending	\$ 10,021,602	\$ 9,598,107	\$ 11,579,646	\$ (1,981,539)

Totals may not foot due to rounding differences.

Other Supplementary Information

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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 1,024,436	\$ 1,024,436	\$ 1,005,932	\$ (18,504)
Investment income	210	210	2,784	2,574
Total revenues	<u>1,024,646</u>	<u>1,024,646</u>	<u>1,008,716</u>	<u>(15,930)</u>
EXPENDITURES				
Principal retirement	875,000	875,000	875,000	-
Interest and fiscal charges	<u>106,795</u>	<u>193,115</u>	<u>192,894</u>	<u>221</u>
Total expenditures	<u>981,795</u>	<u>1,068,115</u>	<u>1,067,894</u>	<u>221</u>
Excess (deficiency) of revenues over expenditures	42,851	(43,469)	(59,179)	15,710
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balance	42,851	(43,469)	(59,179)	15,710
Fund balance - beginning	<u>104,722</u>	<u>104,722</u>	<u>104,722</u>	<u>-</u>
Fund balance - ending	<u><u>\$ 147,573</u></u>	<u><u>\$ 61,253</u></u>	<u><u>\$ 45,543</u></u>	<u><u>\$ 15,710</u></u>

Totals may not foot due to rounding differences.

Other Supplementary Information

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, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment income	\$ 150	\$ 150	\$ 6,197	\$ 6,047
Total revenues	<u>150</u>	<u>150</u>	<u>6,197</u>	<u>6,047</u>
EXPENDITURES				
<u>Capital outlay</u>				
Capital outlay	-	8,000,000	1,106,666	6,893,334
Total - capital outlay	<u>-</u>	<u>8,000,000</u>	<u>1,106,666</u>	<u>6,893,334</u>
<u>Non - Budgeted</u>				
Non - budgeted	-	-	217,926	(217,926)
Total - non - budgeted	<u>-</u>	<u>-</u>	<u>217,926</u>	<u>(217,926)</u>
Total expenditures	<u>-</u>	<u>8,000,000</u>	<u>1,324,592</u>	<u>6,675,408</u>
Excess (deficiency) of revenues over expenditures	<u>150</u>	<u>(7,999,850)</u>	<u>(1,318,395)</u>	<u>(6,681,455)</u>
OTHER FINANCING SOURCES (USES)				
Premium from debt issue	-	-	436,666	436,666
Proceeds from debt issue	<u>-</u>	<u>8,003,704</u>	<u>7,785,000</u>	<u>(218,704)</u>
Total other financing sources (uses)	<u>-</u>	<u>8,003,704</u>	<u>8,221,666</u>	<u>217,962</u>
Net change in fund balance	150	3,854	6,903,271	6,899,417
Fund balance - beginning	<u>161,352</u>	<u>161,352</u>	<u>161,352</u>	<u>-</u>
Fund balance - ending	<u>\$ 161,502</u>	<u>\$ 165,206</u>	<u>\$ 7,064,623</u>	<u>\$ 6,899,417</u>

Totals may not foot due to rounding differences.



Nonmajor Governmental Funds Special Revenue Funds

Special revenue funds are used to account for specific revenues that are legally restricted to expenditure for particular purposes.

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

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

Community Development Block Grant (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.

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.

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

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

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.

HUD Home Consortium Fund - This fund is used to account for transactions resulting from prior commitments under the HUD Home Consortium Program. The City of Orange is no longer a part of the Home Consortium.

Law Enforcement Seizure Fund - This fund is used to account for proceeds from law enforcement seizures. Expenditures are restricted to qualified law enforcement activities.

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

Municipal 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.

Nelda C and HJ Lutcher Stark Foundation Grant Fund - This fund is used to account for funds received from the Stark Foundation for various local projects.

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

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

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

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

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

Texas Department of Forest Services (TIFMAS) Grant Fund - This fund is used to account for grant funds received from the Texas Forest Service for related grant expenditures. Grant was for training, tuition and bunker gear for the Fire Department.

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

Texas General Land Office (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.

Other Supplementary Information

City of Orange, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Special Revenue				
	Animal Shelter Donation Fund	Bureau of Justice Grant Fund	Community Development Block Grant Fund	Confined Space Rescue Fund	Economic Development Fund
ASSETS					
Cash and cash equivalents	\$ 30,243	\$ -	\$ -	\$ 112,628	\$ 2,345
Accounts receivable (net of allowance for uncollectibles)	38	1,827	43,524	6,135	3
Prepays	-	-	1,123	-	-
Total assets	<u>30,281</u>	<u>1,827</u>	<u>44,647</u>	<u>118,763</u>	<u>2,348</u>
LIABILITIES					
Accounts payable	-	-	12,507	640	-
Due to other funds	-	1,827	7,067	-	-
Total liabilities	<u>-</u>	<u>1,827</u>	<u>19,574</u>	<u>640</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES					
Deferred inflows - FEMA	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)					
Nonspendable					
Prepays	-	-	1,123	-	-
Restricted					
Cultural and recreation	-	-	-	-	-
Public safety	30,281	-	-	118,123	-
Public works	-	-	23,950	-	-
Tourism and promotion	-	-	-	-	-
Assigned					
Economic development	-	-	-	-	2,348
Unassigned					
Unassigned	-	-	-	-	-
Total fund balances (deficits)	<u>30,281</u>	<u>-</u>	<u>25,073</u>	<u>118,123</u>	<u>2,348</u>
Total liabilities and fund balances (deficits)	<u>\$ 30,281</u>	<u>\$ 1,827</u>	<u>\$ 44,647</u>	<u>\$ 118,763</u>	<u>\$ 2,348</u>

(continued)

Total may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Special Revenue					
	Fire Department Donation Fund	Home Program Fund	Law Enforcement Seizure Fund	Library Donation Fund	Municipal Court Technology Fund	Nelda C & HJ Lutcher Stark Foundation Grant Fund
ASSETS						
Cash and cash equivalents	\$ 27,787	\$ 9,903	\$ 364,014	\$ 66,784	\$ 68,098	\$ 10,184
Accounts receivable (net of allowance for uncollectibles)	35	-	460	1,326	86	13
Prepays	-	-	-	-	-	-
Total assets	<u>27,822</u>	<u>9,903</u>	<u>364,474</u>	<u>68,110</u>	<u>68,184</u>	<u>10,197</u>
LIABILITIES						
Accounts payable	-	-	500	497	500	-
Due to other funds	-	-	-	-	-	-
Total liabilities	<u>-</u>	<u>-</u>	<u>500</u>	<u>497</u>	<u>500</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - FEMA	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable						
Prepays	-	-	-	-	-	-
Restricted						
Cultural and recreation	-	-	-	67,614	-	-
Public safety	27,822	-	363,974	-	67,684	10,197
Public works	-	9,903	-	-	-	-
Tourism and promotion	-	-	-	-	-	-
Assigned						
Economic development	-	-	-	-	-	-
Unassigned						
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>27,822</u>	<u>9,903</u>	<u>363,974</u>	<u>67,614</u>	<u>67,684</u>	<u>10,197</u>
Total liabilities and fund balances (deficits)	<u>\$ 27,822</u>	<u>\$ 9,903</u>	<u>\$ 364,474</u>	<u>\$ 68,111</u>	<u>\$ 68,184</u>	<u>\$ 10,197</u>

(continued)

Total may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Special Revenue					
	Orange Development Fund	Parks Donation Fund	Police Donation Fund	State Homeland Security Grant Fund	Texas Dept. of Transportation (TXDOT) Grant Fund	Texas Dept. of Forest Services (TIFMAS) Grant Fund
ASSETS						
Cash and cash equivalents	\$ 1,512,517	\$ 76,845	\$ 30,789	\$ 10,823	\$ 229	\$ -
Accounts receivable (net of allowance for uncollectibles)	59,300	97	39	-	-	-
Prepays	2,695	900	-	-	-	-
Total assets	<u>1,574,512</u>	<u>77,842</u>	<u>30,828</u>	<u>10,823</u>	<u>229</u>	<u>-</u>
LIABILITIES						
Accounts payable	40,783	-	-	-	-	(2,580)
Due to other funds	-	-	-	-	-	2,580
Total liabilities	<u>40,783</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
DEFERRED INFLOWS OF RESOURCES						
Deferred inflows - FEMA	-	-	-	-	-	-
Total deferred inflows of resources	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
FUND BALANCES (DEFICITS)						
Nonspendable						
Prepays	2,694	-	-	-	-	-
Restricted						
Cultural and recreation	-	77,842	-	-	-	-
Public safety	-	-	30,828	10,823	-	-
Public works	-	-	-	-	229	-
Tourism and promotion	1,531,035	-	-	-	-	-
Assigned						
Economic development	-	-	-	-	-	-
Unassigned						
Unassigned	-	-	-	-	-	-
Total fund balances (deficits)	<u>1,533,729</u>	<u>77,842</u>	<u>30,828</u>	<u>10,823</u>	<u>229</u>	<u>-</u>
Total liabilities and fund balances (deficits)	<u>\$ 1,574,512</u>	<u>\$ 77,842</u>	<u>\$ 30,828</u>	<u>\$ 10,823</u>	<u>\$ 229</u>	<u>\$ -</u>

(continued)

Total may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Combining Balance Sheet
Nonmajor Governmental Funds
September 30, 2019

	Special Revenue		
	Texas Dept. Public Safety Emerg. Mgmt. Grant Fund	Texas General Land Office (GLO) Grant Fund	Total Nonmajor Governmental Funds
ASSETS			
Cash and cash equivalents	\$ -	\$ -	\$ 2,323,189
Accounts receivable (net of allowance for uncollectibles)	28,003	467,418	608,304
Prepays	-	-	4,718
Total assets	<u>28,003</u>	<u>467,418</u>	<u>2,936,211</u>
LIABILITIES			
Accounts payable	1,177	226,889	280,913
Due to other funds	<u>26,827</u>	<u>240,353</u>	<u>278,654</u>
Total liabilities	<u>28,004</u>	<u>467,242</u>	<u>559,567</u>
DEFERRED INFLOWS OF RESOURCES			
Deferred inflows - FEMA	<u>28,003</u>	-	<u>28,003</u>
Total deferred inflows of resources	<u>28,003</u>	-	<u>28,003</u>
FUND BALANCES (DEFICITS)			
Nonspendable			
Prepays	-	-	3,817
Restricted			
Cultural and recreation	-	-	145,456
Public safety	-	-	659,732
Public works	-	175	34,257
Tourism and promotion	-	-	1,531,035
Assigned			
Economic development	-	-	2,348
Unassigned			
Unassigned	<u>(28,004)</u>	-	<u>(28,004)</u>
Total fund balances (deficits)	<u>(28,004)</u>	<u>175</u>	<u>2,348,641</u>
Total liabilities and fund balances (deficits)	<u>\$ 28,003</u>	<u>\$ 467,417</u>	<u>\$ 2,936,211</u>

Total may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019**

	Special Revenue				
	Animal Shelter Donation Fund	Bureau of Justice Grant Fund	Community Development Block Grant Fund	Confined Space Rescue Fund	Economic Development Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	102	-	-	22,000	-
Grant income	-	4,092	326,437	-	-
Investment income	527	-	-	1,672	39
Program income	-	-	2,872	-	-
Forfeitures	-	-	-	-	-
Total revenues	<u>629</u>	<u>4,092</u>	<u>329,309</u>	<u>23,672</u>	<u>39</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Culture - Recreation	-	-	-	-	-
Public Safety	3,380	4,092	-	5,368	-
Public Works	-	-	245,766	-	-
Capital outlay:					
Capital outlay - Books	-	-	-	-	-
Capital outlay - machinery and equipment	-	-	-	-	-
Capital outlay - other	-	-	99,828	-	-
Capital outlay - storm sewer construction	-	-	-	-	-
Capital outlay - vehicles	-	-	-	-	-
Total expenditures	<u>3,380</u>	<u>4,092</u>	<u>345,594</u>	<u>5,368</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(2,751)	-	(16,285)	18,304	39
OTHER FINANCING SOURCES (USES)					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(2,751)	-	(16,285)	18,304	39
Fund balances - beginning	33,032	-	41,358	99,819	2,309
Fund balances - ending	<u>\$ 30,281</u>	<u>\$ -</u>	<u>\$ 25,073</u>	<u>\$ 118,123</u>	<u>\$ 2,348</u>

(Continued)

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019**

	Special Revenue				
	Fire Department Donation Fund	Home Program Fund	HUD Home Consortium Fund	Law Enforcement Seizure Fund	Library Donation Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	16,798	-	-	-	4,675
Grant income	-	-	-	-	1,242
Investment income	522	-	-	6,200	1,118
Program income	-	-	10,600	-	-
Forfeitures	-	-	-	33,200	-
Total revenues	<u>17,320</u>	<u>-</u>	<u>10,600</u>	<u>39,400</u>	<u>7,035</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Culture - Recreation	-	-	-	-	5,871
Public Safety	15,968	-	-	15,097	-
Public Works	-	-	10,600	-	-
Capital outlay:					
Capital outlay - Books	-	-	-	-	1,743
Capital outlay - machinery and equipment	-	-	-	-	-
Capital outlay - other	-	-	-	10,400	-
Capital outlay - storm sewer construction	-	-	-	-	-
Capital outlay - vehicles	-	-	-	-	-
Total expenditures	<u>15,968</u>	<u>-</u>	<u>10,600</u>	<u>25,497</u>	<u>7,614</u>
Excess (deficiency) of revenues over expenditures	1,352	-	-	13,903	(579)
OTHER FINANCING SOURCES (USES)					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	1,352	-	-	13,903	(579)
Fund balances - beginning	26,469	9,903	-	350,071	68,192
Fund balances - ending	<u>\$ 27,821</u>	<u>\$ 9,903</u>	<u>\$ -</u>	<u>\$ 363,974</u>	<u>\$ 67,613</u>

(Continued)

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019**

	Special Revenue				
	Municipal Court Technology Fund	Nelda C & HJ Lutcher Stark Foundation Grant Fund	Orange Development Fund	Parks Donation Fund	Police Donation Fund
REVENUES					
Taxes	\$ -	\$ -	\$ 569,864	\$ -	\$ -
Donations	-	-	3,735	70,000	-
Grant income	-	-	-	-	-
Investment income	1,172	169	25,636	348	511
Program income	9,852	-	-	-	-
Forfeitures	-	-	-	-	-
Total revenues	<u>11,024</u>	<u>169</u>	<u>599,235</u>	<u>70,348</u>	<u>511</u>
EXPENDITURES					
Current:					
General Government	-	-	10,168	-	-
Culture - Recreation	-	-	491,211	2,500	-
Public Safety	6,180	-	-	-	-
Public Works	-	-	-	-	-
Capital outlay:					
Capital outlay - Books	-	-	-	-	-
Capital outlay - machinery and equipment	-	-	-	-	-
Capital outlay - other	10,400	-	47,145	-	-
Capital outlay - storm sewer construction	-	-	-	-	-
Capital outlay - vehicles	-	-	-	-	-
Total expenditures	<u>16,580</u>	<u>-</u>	<u>548,524</u>	<u>2,500</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	(5,556)	169	50,711	67,848	511
OTHER FINANCING SOURCES (USES)					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(5,556)	169	50,711	67,848	511
Fund balances - beginning	73,240	10,028	1,483,018	9,994	30,317
Fund balances - ending	<u>\$ 67,684</u>	<u>\$ 10,197</u>	<u>\$ 1,533,729</u>	<u>\$ 77,842</u>	<u>\$ 30,828</u>

(Continued)

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019**

	Special Revenue				
	State Homeland Security Grant	Texas Dept. of Transportation (TXDOT) Grant Fund	Texas Dept. of Forest Service (TIFMAS) Grant Fund	Texas Dept. of Public Safety Emerg. Mgmt. Grant Fund	Texas General Land Office (GLO) Grant Fund
REVENUES					
Taxes	\$ -	\$ -	\$ -	\$ -	\$ -
Donations	-	-	-	-	-
Grant income	-	-	2,967	-	2,556,390
Investment income	-	-	-	-	-
Program income	10,823	-	-	-	-
Forfeitures	-	-	-	-	-
Total revenues	<u>10,823</u>	<u>-</u>	<u>2,967</u>	<u>-</u>	<u>2,556,390</u>
EXPENDITURES					
Current:					
General Government	-	-	-	-	-
Culture - Recreation	-	-	-	-	-
Public Safety	-	-	2,967	28,003	486
Public Works	-	-	-	-	354
Capital outlay:					
Capital outlay - Books	-	-	-	-	-
Capital outlay - machinery and equipment	-	-	-	-	-
Capital outlay - other	-	-	-	-	-
Capital outlay - storm sewer construction	-	-	-	-	2,539,848
Capital outlay - vehicles	-	-	-	-	-
Total expenditures	<u>-</u>	<u>-</u>	<u>2,967</u>	<u>28,003</u>	<u>2,540,688</u>
Excess (deficiency) of revenues over expenditures	10,823	-	-	(28,003)	15,702
OTHER FINANCING SOURCES (USES)					
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	10,823	-	-	(28,003)	15,702
Fund balances - beginning	-	229	-	(1)	(15,527)
Fund balances - ending	<u>\$ 10,823</u>	<u>\$ 229</u>	<u>\$ -</u>	<u>\$ (28,004)</u>	<u>\$ 175</u>

(Continued)

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Combining Statement of Revenues, Expenditures and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended September 30, 2019**

	<u>Special Revenue</u>
	Total Nonmajor Special Revenue Funds
REVENUES	
Taxes	\$ 569,864
Donations	117,310
Grant income	2,891,128
Investment income	37,914
Program income	34,147
Forfeitures	<u>33,200</u>
Total revenues	<u>3,683,563</u>
EXPENDITURES	
Current:	
General Government	10,168
Culture - Recreation	499,582
Public Safety	81,541
Public Works	256,720
Capital outlay:	-
Capital outlay - Books	1,743
Capital outlay - machinery and equipment	-
Capital outlay - other	167,773
Capital outlay - storm sewer construction	2,539,848
Capital outlay - vehicles	<u>-</u>
Total expenditures	<u>3,557,375</u>
Excess (deficiency) of revenues over expenditures	126,188
OTHER FINANCING SOURCES (USES)	
Total other financing sources (uses)	<u>-</u>
Net change in fund balances	126,188
Fund balances - beginning	2,222,451
Fund balances - ending	<u>\$ 2,348,639</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Animal Shelter Donation Fund
For the Year Ended September 30, 2019**

	Budgeted Amounts			
	Original	Final	Actual	Variance with Final Budget
REVENUES				
Donations	\$ -	\$ -	\$ 102	\$ 102
Investment income	50	50	527	477
Total revenues	<u>50</u>	<u>50</u>	<u>629</u>	<u>579</u>
EXPENDITURES				
Current:				
Public safety	10,000	10,000	3,380	6,620
Total expenditures	<u>10,000</u>	<u>10,000</u>	<u>3,380</u>	<u>6,620</u>
Excess (deficiency) of revenues over expenditures	(9,950)	(9,950)	(2,751)	7,199
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(9,950)	(9,950)	(2,751)	7,199
Fund balances - beginning	33,032	33,032	33,032	-
Fund balances - ending	<u>\$ 23,082</u>	<u>\$ 23,082</u>	<u>\$ 30,281</u>	<u>\$ 7,199</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Bureau of Justice Grant Fund
For the Year Ended September 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Grant income	\$ -	\$ 1,874	\$ 4,092	\$ 2,218
Total revenues	<u>-</u>	<u>1,874</u>	<u>4,092</u>	<u>2,218</u>
EXPENDITURES				
Current:				
Public safety	-	1,874	4,092	(2,218)
Total expenditures	<u>-</u>	<u>1,874</u>	<u>4,092</u>	<u>(2,218)</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Community Development Block Grant (CDBG)] Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Grant income	\$ 620,300	\$ 620,300	\$ 326,437	\$ (293,863)
Program income	500	500	2,872	2,372
Total revenues	<u>620,800</u>	<u>620,800</u>	<u>329,309</u>	<u>(291,491)</u>
EXPENDITURES				
Current:				
Public works	328,264	359,229	245,766	113,463
Capital outlay:				
Capital outlay - other	<u>285,096</u>	<u>285,096</u>	<u>99,828</u>	<u>185,268</u>
Total expenditures	<u>613,360</u>	<u>644,325</u>	<u>345,594</u>	<u>298,731</u>
Excess (deficiency) of revenues over expenditures	7,440	(23,525)	(16,285)	7,240
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	7,440	(23,525)	(16,285)	7,240
Fund balances - beginning	<u>41,358</u>	<u>41,358</u>	<u>41,358</u>	<u>-</u>
Fund balances - ending	<u>\$ 48,798</u>	<u>\$ 17,833</u>	<u>\$ 25,073</u>	<u>\$ 7,240</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Confined Space Rescue Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Donations	\$ 20,000	\$ 20,000	\$ 22,000	\$ 2,000
Investment income	100	100	1,672	1,572
Total revenues	20,100	20,100	23,672	3,572
EXPENDITURES				
Current:				
Public safety	45,000	45,000	5,368	39,632
Total expenditures	45,000	45,000	5,368	39,632
Excess (deficiency) of revenues over expenditures	(24,900)	(24,900)	18,305	43,205
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(24,900)	(24,900)	18,305	43,205
Fund balances - beginning	99,818	99,818	99,818	-
Fund balances - ending	\$ 74,918	\$ 74,918	\$ 118,123	\$ 43,205

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Economic Development Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment income	\$ -	\$ -	\$ 39	\$ 39
Total revenues	<u>-</u>	<u>-</u>	<u>39</u>	<u>39</u>
EXPENDITURES				
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	39	39
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	39	39
Fund balances - beginning	<u>2,309</u>	<u>2,309</u>	<u>2,309</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 2,309</u></u>	<u><u>\$ 2,309</u></u>	<u><u>\$ 2,348</u></u>	<u><u>\$ 39</u></u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Fire Department Donation Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Donations	\$ 2,500	\$ 15,649	\$ 16,798	\$ 1,149
Investment income	30	30	522	492
Total revenues	<u>2,530</u>	<u>15,679</u>	<u>17,321</u>	<u>1,642</u>
EXPENDITURES				
Current:				
Public safety	<u>14,000</u>	<u>26,148</u>	<u>15,968</u>	<u>10,180</u>
Total expenditures	<u>14,000</u>	<u>26,148</u>	<u>15,968</u>	<u>10,180</u>
Excess (deficiency) of revenues over expenditures	(11,470)	(10,469)	1,353	11,822
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(11,470)	(10,469)	1,353	11,822
Fund balances - beginning	<u>26,469</u>	<u>26,469</u>	<u>26,469</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 14,999</u></u>	<u><u>\$ 16,000</u></u>	<u><u>\$ 27,822</u></u>	<u><u>\$ 11,822</u></u>

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Home Program Fund
For the Year Ended September 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	\$ 9,903	\$ 9,903	\$ 9,903	\$ -
Fund balances - ending	\$ 9,903	\$ 9,903	\$ 9,903	\$ -

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
HUD Home Consortium Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Program income	\$ 5,300	\$ 5,300	\$ 10,600	\$ 5,300
Total revenues	<u>5,300</u>	<u>5,300</u>	<u>10,600</u>	<u>5,300</u>
EXPENDITURES				
Current:				
Public works	5,300	5,300	10,600	(5,300)
Total expenditures	<u>5,300</u>	<u>5,300</u>	<u>10,600</u>	<u>(5,300)</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Law Enforcement Seizure Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment income	\$ 460	\$ 1,195	\$ 6,200	\$ 5,005
Forfeitures	-	35,000	33,200	(1,800)
Total revenues	<u>460</u>	<u>36,195</u>	<u>39,400</u>	<u>3,205</u>
EXPENDITURES				
Current:				
Public safety	112,000	119,500	15,097	104,403
Capital outlay:				
Capital outlay - buildings	10,000	10,000	-	10,000
Capital outlay - other	-	30,606	10,400	20,206
Total expenditures	<u>122,000</u>	<u>160,106</u>	<u>25,497</u>	<u>134,609</u>
Excess (deficiency) of revenues over expenditures	(121,540)	(123,911)	13,903	137,814
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(121,540)	(123,911)	13,903	137,814
Fund balances - beginning	<u>350,071</u>	<u>350,071</u>	<u>350,071</u>	<u>-</u>
Fund balances - ending	<u>\$ 228,531</u>	<u>\$ 226,160</u>	<u>\$ 363,974</u>	<u>\$ 137,814</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Library Donation Fund
For the Year Ended September 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Donations	\$ 5,000	\$ 5,000	\$ 4,675	\$ (325)
Grant income	-	-	1,242	1,242
Investment income	110	110	1,118	1,008
Program income	1,000	1,000	-	(1,000)
Total revenues	<u>6,110</u>	<u>6,110</u>	<u>7,035</u>	<u>925</u>
EXPENDITURES				
Current:				
Culture - recreation	7,800	7,800	5,871	1,929
Capital outlay:				
Capital outlay - books	5,000	5,000	1,743	3,257
Total expenditures	<u>12,800</u>	<u>12,800</u>	<u>7,614</u>	<u>5,186</u>
Excess (deficiency) of revenues over expenditures	(6,690)	(6,690)	(578)	6,112
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(6,690)	(6,690)	(578)	6,112
Fund balances - beginning	68,192	68,192	68,192	-
Fund balances - ending	<u>\$ 61,502</u>	<u>\$ 61,502</u>	<u>\$ 67,614</u>	<u>\$ 6,112</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Municipal Court Technology Fund
For the Year Ended September 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment income	\$ 100	\$ 100	\$ 1,172	\$ 1,072
Program income	9,000	9,000	9,852	852
Total revenues	<u>9,100</u>	<u>9,100</u>	<u>11,024</u>	<u>1,924</u>
EXPENDITURES				
Current:				
Public safety	18,000	18,000	6,180	11,820
Capital outlay:				
Capital outlay - other	<u>-</u>	<u>30,606</u>	<u>10,400</u>	<u>20,206</u>
Total expenditures	<u>18,000</u>	<u>48,606</u>	<u>16,580</u>	<u>32,026</u>
Excess (deficiency) of revenues over expenditures	(8,900)	(39,506)	(5,556)	33,950
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(8,900)	(39,506)	(5,556)	33,950
Fund balances - beginning	<u>73,240</u>	<u>73,240</u>	<u>73,240</u>	<u>-</u>
Fund balances - ending	<u>\$ 64,340</u>	<u>\$ 33,734</u>	<u>\$ 67,684</u>	<u>\$ 33,950</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Nelda C and HJ Lutcher Stark Foundation Grant Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Grant income	\$ -	\$ -	\$ -	\$ -
Investment income	12	12	169	157
Total revenues	12	12	169	157
EXPENDITURES				
Current:				
Public safety	1,881	1,881	-	1,881
Total expenditures	1,881	1,881	-	1,881
Excess (deficiency) of revenues over expenditures	(1,869)	(1,869)	169	2,038
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	(1,869)	(1,869)	169	2,038
Fund balances - beginning	10,028	10,028	10,028	-
Fund balances - ending	\$ 8,159	\$ 8,159	\$ 10,197	\$ 2,038

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Orange Development Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Taxes	\$ 650,000	\$ 650,000	\$ 569,864	\$ (80,136)
Donations	3,500	3,500	3,735	235
Investment income	1,800	1,800	25,636	23,836
Total revenues	655,300	655,300	599,235	(56,065)
EXPENDITURES				
Current:				
General government	-	-	10,168	(10,168)
Culture - recreation	583,448	583,448	491,211	92,237
Capital outlay:				
Capital outlay - other	-	50,000	47,145	2,855
Total expenditures	583,448	633,448	548,524	84,924
Excess (deficiency) of revenues over expenditures	71,852	21,852	50,710	28,858
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	71,852	21,852	50,710	28,858
Fund balances - beginning	1,483,018	1,483,018	1,483,018	-
Fund balances - ending	\$ 1,554,870	\$ 1,504,870	\$ 1,533,728	\$ 28,858

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Parks Donation Fund
For the Year Ended September 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Donations	\$ -	\$ -	\$ 70,000	\$ 70,000
Investment income	15	15	348	333
Total revenues	<u>15</u>	<u>15</u>	<u>70,348</u>	<u>70,333</u>
EXPENDITURES				
Current:				
Culture - recreation	-	-	2,500	2,500
Total expenditures	<u>-</u>	<u>-</u>	<u>2,500</u>	<u>2,500</u>
Excess (deficiency) of revenues over expenditures	15	15	67,848	72,833
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	15	15	67,848	72,833
Fund balances - beginning	<u>9,994</u>	<u>9,994</u>	<u>9,994</u>	<u>-</u>
Fund balances - ending	<u><u>\$ 10,009</u></u>	<u><u>\$ 10,009</u></u>	<u><u>\$ 77,842</u></u>	<u><u>\$ 72,833</u></u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Police Donation Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Investment income	\$ 40	\$ 40	\$ 511	\$ 471
Total revenues	<u>40</u>	<u>40</u>	<u>511</u>	<u>471</u>
EXPENDITURES				
Current:				
Public safety	5,000	5,000	-	5,000
Total expenditures	<u>5,000</u>	<u>5,000</u>	<u>-</u>	<u>5,000</u>
Excess (deficiency) of revenues over expenditures	(4,960)	(4,960)	511	5,471
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(4,960)	(4,960)	511	5,471
Fund balances - beginning	<u>30,317</u>	<u>30,317</u>	<u>30,317</u>	<u>-</u>
Fund balances - ending	<u>\$ 25,357</u>	<u>\$ 25,357</u>	<u>\$ 30,828</u>	<u>\$ 5,471</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
State Homeland Security Grant
For the Year Ended September 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Program income	\$ -	\$ -	\$ 10,823	\$ 10,823
Total revenues	<u>-</u>	<u>-</u>	<u>10,823</u>	<u>10,823</u>
EXPENDITURES				
Current:				
Public safety	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Total expenditures	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Excess (deficiency) of revenues over expenditures	-	-	10,823	10,823
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	10,823	10,823
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 10,823</u>	<u>\$ 10,823</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Texas Department of Transportation (TXDOT) Grant Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Total revenues	\$ -	\$ -	\$ -	\$ -
EXPENDITURES				
Total expenditures	-	-	-	-
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	-	-	-	-
Net change in fund balances	-	-	-	-
Fund balances - beginning	229	229	229	-
Fund balances - ending	\$ 229	\$ 229	\$ 229	\$ -

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Texas Department of Forest Services (TIFMAS) Grant Fund
For the Year Ended September 30, 2019**

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Grant income	\$ 2,500	\$ 3,000	\$ 2,967	\$ (33)
Total revenues	<u>2,500</u>	<u>3,000</u>	<u>2,967</u>	<u>(33)</u>
EXPENDITURES				
Current:				
Public safety	<u>2,500</u>	<u>3,000</u>	<u>2,967</u>	<u>33</u>
Total expenditures	<u>2,500</u>	<u>3,000</u>	<u>2,967</u>	<u>33</u>
Excess (deficiency) of revenues over expenditures	-	-	-	-
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	-	-	-
Fund balances - beginning	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances - ending	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Texas Department of Public Safety, Emergency Management Grant Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Grant income	\$ 30,318	\$ 30,318	\$ -	\$ (30,318)
Total revenues	<u>30,318</u>	<u>30,318</u>	<u>-</u>	<u>(30,318)</u>
EXPENDITURES				
Current:				
Public safety	30,266	30,266	28,003	2,263
Total expenditures	<u>30,266</u>	<u>30,266</u>	<u>28,003</u>	<u>2,263</u>
Excess (deficiency) of revenues over expenditures	52	52	(28,003)	(28,055)
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	52	52	(28,003)	(28,055)
Fund balances - beginning	<u>(1)</u>	<u>(1)</u>	<u>(1)</u>	<u>-</u>
Fund balances - ending	<u>\$ 51</u>	<u>\$ 51</u>	<u>\$ (28,004)</u>	<u>\$ (28,055)</u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Fund Balances – Budget and Actual
Texas General Land Office (GLO) Grant Fund
For the Year Ended September 30, 2019

	Budgeted Amounts			Variance with
	Original	Final	Actual	Final Budget
REVENUES				
Grant income	\$ 2,764,882	\$ 2,764,882	\$ 2,556,390	\$ (208,492)
Total revenues	<u>2,764,882</u>	<u>2,764,882</u>	<u>2,556,390</u>	<u>(208,492)</u>
EXPENDITURES				
Current:				
Public works	69,950	69,950	840	69,110
Capital outlay:				
Capital outlay - storm sewer construction	<u>2,695,001</u>	<u>2,695,001</u>	<u>2,539,848</u>	<u>155,153</u>
Total expenditures	<u>2,764,951</u>	<u>2,764,951</u>	<u>2,540,688</u>	<u>224,263</u>
Excess (deficiency) of revenues over expenditures	(69)	(69)	15,702	15,771
OTHER FINANCING SOURCES (USES)				
Total other financing sources (uses)	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Net change in fund balances	(69)	(69)	15,702	15,771
Fund balances - beginning	<u>(15,527)</u>	<u>(15,527)</u>	<u>(15,527)</u>	<u>-</u>
Fund balances - ending	<u>\$ (15,596)</u>	<u>\$ (15,596)</u>	<u>\$ 175</u>	<u>\$ 15,771</u>

Totals may not foot due to rounding differences.



Internal Service Funds

Internal service funds are used to account for the financing of good or services provided by one department or agency to other departments or agencies of the government and to other governmental units, on a cost reimbursement basis.

Workers' Compensation Insurance Fund - This fund is used to account for funds collected to provide workers' compensation insurance to the various funds of the City. The City is partially self-insured with specific stop loss coverage.

Other Supplementary Information

**City of Orange, Texas
Combining Statement of Net Position
Nonmajor Internal Service Fund
September 30, 2019**

	Workers' Compensation Insurance Fund
ASSETS	
Cash and cash equivalents	\$ 1,094,140
Cash with fiscal agent	17,000
Receivables (net of allowance for uncollectibles)	1,368
Total assets	<u>1,112,508</u>
LIABILITIES	
Accounts payable	<u>8,679</u>
Total liabilities	<u>8,679</u>
NET POSITION	
Unrestricted	1,103,829
Total net position	<u><u>\$ 1,103,829</u></u>

Totals may not foot due to rounding differences.

Other Supplementary Information

**City of Orange, Texas
Statement of Revenues, Expenditures, and Changes in Net Position
Internal Service Fund
For the Year Ended September 30, 2019**

	Workers' Compensation Insurance Fund
OPERATING REVENUES	
Other services	\$ 269,306
Total operating revenues	<u>269,306</u>
OPERATING EXPENSES	
Administrative expense	25,421
Premiums	<u>41,756</u>
Total operating expenses	<u>67,177</u>
Operating income (loss)	<u>202,129</u>
NONOPERATING REVENUES (EXPENSES)	
Investment income	<u>16,006</u>
Total nonoperating revenues (expenses)	<u>16,006</u>
Change in net position	218,135
Total net position - beginning	<u>885,694</u>
Total net position - ending	<u><u>\$ 1,103,829</u></u>

Totals may not foot due to rounding differences.

Other Supplementary Information

City of Orange, Texas
Statement of Cash Flows
Internal Service Fund
For the Year Ended September 30, 2019

	Workers' Compensation Insurance Fund
CASH FLOWS FROM OPERATING ACTIVITIES	
Cash receipts from customers	\$ 278,385
Payments to suppliers	(96,065)
Net cash provided (used) by operating activities	<u>182,320</u>
CASH FLOWS FROM INVESTING ACTIVITIES	
Interest and dividends received	16,006
Net cash provided (used) by investing activities	<u>16,006</u>
Net increase (decrease) in cash and cash equivalents	198,326
Balances - beginning of year	<u>895,814</u>
Balances - end of the year	<u><u>\$ 1,094,140</u></u>
Reconciliation of operating income (loss) to net cash provided (used) by operating activities:	
Operating Income	\$ 202,129
Adjustments to reconcile operating income (loss) to net cash provided (used) by operating activities:	
Changes in assets and liabilities:	
(Increase) decrease in accounts receivable	9,080
(Increase) decrease in cash with fiscal agent	(2,000)
Increase (decrease) in accounts payable	(26,889)
Total adjustments	<u>(19,809)</u>
Net cash provided (used) by operating activities	<u><u>\$ 182,320</u></u>

Totals may not foot due to rounding differences.

Fiduciary Funds

Fiduciary funds are used to account for resources legally held in trust by the City.

Municipal Court Escrow Agency Fund - This fund is used to account for bonds collected by the City Municipal Court.

Employee Flex Plan Agency Fund - This fund is used to account for funds in accordance with the City of Orange Flexible Benefit Plan.

City of Orange “Orange Employee Benefit” Trust Fund - This fund is used to account for funds collected to pay premiums under the City’s health insurance programs for the City employees.

Other Supplementary Information

City of Orange, Texas
Statement of Fiduciary Net Position
Agency Funds
September 30, 2019

	Municipal Court Escrow Fund	Employee Flex Plan Fund	Orange Employee Benefit Trust Fund	Total Agency Funds
ASSETS				
Cash and cash equivalents	\$ 4,375	\$ 10,267	\$ 125	\$ 14,767
Due from other funds	-	-	777	777
Total assets	<u>4,375</u>	<u>10,267</u>	<u>902</u>	<u>15,544</u>
LIABILITIES				
Accounts payable	-	-	8,640	8,640
Other liabilities	<u>4,375</u>	<u>10,267</u>	<u>(7,738)</u>	<u>6,904</u>
Total liabilities	<u>4,375</u>	<u>10,267</u>	<u>902</u>	<u>15,544</u>

Totals may not foot due to rounding differences.

City of Orange, Texas
Combining Statement of Changes in Fiduciary Assets and Liabilities
For the Year Ended September 30, 2019

	Municipal Court Escrow Agency Fund 10/1/2018	Additions	Deletions	Municipal Court Escrow Agency Fund 9/30/2019
Cash and cash equivalents	\$ 6,502	\$ 13,506	\$ 15,633	\$ 4,375
Total assets	<u>6,502</u>	<u>13,506</u>	<u>15,633</u>	<u>4,375</u>
Other Liabilities - held in trust for municipal court bonds	6,502	-	2,127	4,375
Total liabilities	<u>\$ 6,502</u>	<u>\$ -</u>	<u>\$ 2,127</u>	<u>\$ 4,375</u>
	Employee Flex Plan Agency Fund 10/1/2018	Additions	Deletions	Employee Flex Plan Agency Fund 9/30/2019
Cash and cash equivalents	\$ 8,939	\$ 13,630	\$ 12,302	\$ 10,267
Total assets	<u>8,939</u>	<u>13,630</u>	<u>12,302</u>	<u>10,267</u>
Other Liabilities - held in trust for flexible spending accounts	8,939	13,630	12,302	10,267
Total liabilities	<u>\$ 8,939</u>	<u>\$ 13,630</u>	<u>\$ 12,302</u>	<u>\$ 10,267</u>
	Orange Employee Benefit Trust Fund 10/1/2018	Additions	Deletions	Orange Employee Benefit Trust Fund 9/30/2019
Cash and cash equivalents	\$ 296,046	\$ 3,171,879	\$ 3,467,800	\$ 125
Receivable (net of allowance for uncollectibles)	23	-	23	-
Due to other funds	777	-	-	777
Total assets	<u>296,846</u>	<u>3,171,879</u>	<u>3,467,823</u>	<u>902</u>
Accounts payable	13,135	3,692,760	3,697,255	8,640
Other Liabilities - held in trust for employee insurance costs	283,711	3,158,226	3,449,674	(7,737)
Total liabilities	<u>\$ 296,846</u>	<u>\$ 6,850,986</u>	<u>\$ 7,146,929</u>	<u>\$ 903</u>
	Total Fiduciary Funds 10/1/2018	Additions	Deletions	Total Fiduciary Funds 9/30/2019
Cash and cash equivalents	\$ 311,487	\$ 3,199,015	\$ 3,495,735	\$ 14,767
Receivable (net of allowance for uncollectibles)	23	-	23	-
Due from other funds	777	-	-	777
Total assets	<u>312,287</u>	<u>3,199,015</u>	<u>3,495,758</u>	<u>15,544</u>
Accounts payable	13,135	3,692,760	3,697,255	8,640
Other liabilities - held in trust for municipal court bonds	6,502	-	2,127	4,375
Other liabilities - held in trust for flexible spending accounts	8,939	13,630	12,302	10,267
Other liabilities - held in trust for employee insurance costs	283,711	3,158,226	3,449,674	(7,737)
Total liabilities	<u>\$ 312,287</u>	<u>\$ 6,864,616</u>	<u>\$ 7,161,358</u>	<u>\$ 15,545</u>

Totals may not foot due to rounding differences.



STATISTICAL SECTION

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

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Financial Trends	
These schedules contain trend information to help the reader understand how the government’s financial performance and well-being have changed over time.	162
Revenue Capacity	
These schedules contain information to help the reader assess the government’s most significant local revenue source, the property tax.	168
Debt Capacity	
These schedules present information to help the reader assess the affordability of the government’s current levels of outstanding debt and the government’s ability to issue additional debt in the future.	172
Demographic and Economic Information	
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government’s financial activities take place.	177
Operating Information	
These schedules contain service and infrastructure data to help the reader understand how the information in the government’s financial report related to the services the government provides and the activities it performs.	179

Table 1

City of Orange, Texas
Net Position by Component
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010 (a)</u>	<u>2011</u>	<u>2012</u>	<u>2013 (b)</u>	<u>2014 (c)</u>	<u>2015 (c)</u>	<u>2016</u>	<u>2017</u>	<u>2018 (d)</u>	<u>2019</u>
Government activities										
Net investment in capital assets	\$8,955,990	\$11,874,957	\$18,716,218	\$19,963,533	\$23,215,863	\$23,174,811	\$23,352,038	\$24,957,665	\$24,556,626	\$27,309,838
Restricted	71,058	65,900	14,862	155,728	76,887	91,495	90,042	81,826	2,529,941	2,622,496
Unrestricted	7,296,187	6,761,991	6,266,247	6,880,845	(3,493,205)	(1,142,628)	(1,516,824)	(4,206,781)	(4,622,234)	(4,525,815)
Total government activities net position	16,323,235	18,702,848	24,997,327	27,000,106	19,799,545	22,123,678	21,925,256	20,832,710	22,464,333	25,406,519
Business-type activities										
Net investment in capital assets	30,776,406	31,493,491	32,196,379	32,963,175	35,152,332	35,994,034	37,447,602	37,379,002	37,654,963	37,114,603
Restricted	1,443,873	1,428,684	1,434,849	1,488,660	1,457,546	777,587	66,923	135,868	138,102	141,855
Unrestricted	1,973,799	2,120,773	2,357,075	2,736,025	532,566	1,492,412	2,274,530	3,256,371	5,144,027	6,175,934
Total business-type activities net position	34,194,078	35,042,948	35,988,303	37,187,860	37,142,444	38,264,033	39,789,055	40,771,241	42,937,092	43,432,392
Primary government										
Net investment in capital assets	39,732,396	43,368,448	50,912,597	52,926,708	58,368,195	59,168,845	60,799,640	62,336,667	62,211,589	64,424,441
Restricted	1,514,931	1,494,584	1,449,711	1,644,388	1,534,433	869,082	156,965	217,694	2,668,043	2,764,351
Unrestricted	9,269,986	8,882,764	8,623,322	9,616,870	(2,960,639)	349,784	757,706	(950,410)	521,793	1,650,119
Total primary government net position	\$50,517,313	\$53,745,796	\$60,985,630	\$64,187,966	\$56,941,989	\$60,387,711	\$61,714,311	\$61,603,951	\$65,401,425	\$68,838,911

- (a) In fiscal year 2010 there was a prior period adjustment related to a negative net pension obligation. Fiscal year 2009 was restated in the government wide financial statements.
- (b) In fiscal year 2013 there was a prior period adjustment related to the implementation of GASB Statement No. 65 for debt issuance costs occurring in prior fiscal years. The beginning net position was restated for the costs that occurred in prior fiscal years. Governmental activities had a prior period adjustment of (\$131,486) and the business-type activities had a prior period adjustment of (\$234,497).
- (c) In fiscal year 2015 there was a prior period adjustment related to the implementation of GASB Statement No. 68 for net position was restated for the net position liability at September 30, 2014. Governmental activities had a prior period adjustment of (\$10,912,644) and the business-type activities had a prior period adjustment of (\$1,352,774).
- (d) In fiscal year 2018, the restricted portion of net position in the government wide statement of net position was adjusted to include the restricted amounts of the non major funds.

Table 2
City of Orange, Texas
Changes in Net Position
Last Ten Fiscal Years
(accrual basis of accounting)

	<u>2010 (b), (c)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Expenses										
Governmental Activities										
General government	\$1,338,566	\$1,382,505	\$1,449,759	\$1,686,907	\$1,155,305	\$1,362,420	\$1,704,725	\$3,421,279	\$2,677,375	\$3,505,832
Cultural and recreation	1,702,697	1,597,544	1,506,522	1,721,378	1,636,053	1,571,047	1,746,315	2,292,791	1,735,516	1,871,636
Public safety	9,870,932	9,807,217	10,124,888	10,244,710	10,666,744	10,843,357	11,700,880	12,925,242	11,956,509	13,848,928
Public works	4,694,527	4,195,605	4,294,614	3,593,133	4,323,317	3,808,559	4,471,129	4,195,377	3,893,417	4,137,174
Interest on long-term debt	493,648	460,991	426,512	299,216	281,198	199,043	190,032	179,684	178,291	485,903
Total governmental activities	18,100,370	17,443,862	17,802,295	17,545,344	18,062,617	17,784,426	19,813,081	23,014,373	20,441,108	23,849,473
Business-type activities										
Sanitation	1,582,983	1,659,430	1,629,934	1,661,963	1,691,352	1,706,452	1,750,708	2,280,761	5,199,862	1,967,255
Water and Sewer	6,722,574	7,063,797	6,633,507	7,167,489	6,951,782	6,794,993	6,722,558	7,098,876	6,820,644	7,662,368
Total business-type activities	8,305,557	8,723,227	8,263,441	8,829,452	8,643,134	8,501,445	8,473,266	9,379,637	12,020,506	9,629,623
Total primary government	26,405,927	26,167,089	26,065,736	26,374,796	26,705,751	26,285,871	28,286,347	32,394,010	32,461,614	33,479,096
Program Revenues										
Governmental activities										
Charges for services										
General government	1,134,214	1,112,058	1,139,522	1,086,293	1,141,978	1,307,982	1,209,346	1,973,385	1,357,437	1,374,621
Cultural and recreation	27,011	36,020	22,777	23,817	22,961	50,620	59,249	61,636	47,749	45,884
Public safety	270,964	199,371	319,280	341,031	183,055	406,569	349,818	296,656	284,804	272,759
Public works	98,552	102,228	54,690	49,164	125,919	114,950	79,100	70,292	71,078	65,833
Operating grants and contributions										
General government	83,547	88,459	112,093	106,590	137,756	97,436	116,460	236,439	177,140	179,384
Cultural and recreation	16,752	18,763	3,019	6,160	46,708	15,290	1,443	3,605	1,966	71,242
Public safety	395,027	247,351	262,965	254,898	84,408	80,673	147,791	428,674	64,417	99,888
Public works	1,412,616	1,007,070	1,032,602	353,633	268,082	248,688	572,738	284,487	587,615	3,184,659
Capital grants and contributions										
General government	0	0	34,959	473	0	0	0	0	0	0
Cultural and recreation	8,185	126,979	3,187	1,704	1,637	1,074	59,817	134,922	62,431	102,868
Public safety	663,321	2,316,708	6,155,476	138,848	32,386	330,162	10,000	0	5,000	0
Public works	222,996	1,289,006	611,356	1,775,080	4,190,783	1,034,726	100,000	0	0	0
revenues	4,333,185	6,544,013	9,751,926	4,137,691	6,235,673	3,688,170	2,705,762	3,490,096	2,659,637	5,397,138

(Continued)

Table 2 (Continued)

	2010 (b), (c)	2011	2012	2013	2014	2015	2016	2017	2018	2019
Business-type activities										
Charges for services										
Sanitation	1,678,957	1,724,816	1,625,639	1,768,833	1,800,741	1,824,743	1,883,292	2,292,420	1,852,297	1,981,491
Water and Sewer	6,699,147	7,144,155	6,248,903	7,713,632	7,317,749	7,752,710	7,847,869	7,777,959	8,199,174	7,877,629
Operating grants and contributions										
Sanitation	150,089	0	0	0	0	0	0	53,428	3,535,986	3,840
Water and Sewer	21,920	0	0	0	0	0	0	0	28,813	140,349
Capital grants and contributions										
Sanitation	39,505	0	0	0	0	0	0	0	0	0
Water and Sewer	339,014	84,246	72,611	772,900	821,987	37,715	256,155	134,708	573,284	0
Total business-type activities program revenues	15,649,699	16,097,372	14,196,056	17,968,997	17,258,226	17,367,878	17,835,185	10,258,515	14,189,554	10,003,309
Total primary government program revenues	19,982,884	22,641,385	23,947,982	22,106,688	23,493,899	21,056,048	20,540,947	13,748,611	16,849,191	15,400,447
Net (expense)/revenue										
Governmental activities	(13,767,185)	(10,899,849)	(8,050,369)	(13,407,653)	(11,826,944)	(14,096,256)	(17,107,319)	(19,524,277)	(17,781,471)	(18,452,335)
Business-type activities	623,075	229,990	900,653	1,425,913	1,297,343	8,866,433	9,361,919	878,878	2,169,048	373,686
Total primary government net expense	(13,144,110)	(10,669,859)	(7,149,716)	(11,981,740)	(10,529,601)	(5,229,823)	(7,745,400)	(18,645,399)	(15,612,423)	(18,078,649)
General Revenues and Other Changes in Net Position										
Governmental Activities										
Property taxes	5,666,502	5,874,034	6,096,780	5,868,244	6,044,783	5,869,937	6,144,835	7,485,595	7,853,374	7,954,550
Sales taxes	2,469,558	2,308,088	2,229,480	2,309,982	2,358,053	2,592,886	2,720,011	2,958,567	3,618,034	3,406,770
Other taxes	497,900	474,895	553,828	603,799	622,747	694,827	688,170	696,977	807,577	606,348
Franchise taxes	329,673	342,136	306,524	282,092	298,172	307,093	281,390	287,290	291,156	334,324
Payment in-lieu of taxes	4,503,987	4,871,157	5,162,155	6,457,311	6,201,387	6,933,803	7,050,656	6,883,769	6,882,340	8,699,042
Licenses and permits	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)	(a)
Unrestricted investment earnings	26,853	20,396	22,267	20,490	13,885	21,843	23,835	17,427	28,541	274,781
Gain (loss) on sale of assets	0	0	0	0	0	0	0	(80)	70,431	48,609
Transfers	(682,404)	(611,194)	(26,186)	0	0	0	0	0	(27,155)	0
Insurance	0	0	0	0	0	0	0	0	457,367	10,096
Miscellaneous	0	0	0	0	0	0	0	102,181	120,000	60,000
Total governmental activities	12,812,069	13,279,512	14,344,848	15,541,918	15,539,027	16,420,389	16,908,897	18,431,726	20,101,665	21,394,520
Business-type activities										
Unrestricted investment earnings	6,602	7,686	18,516	9,141	10,015	7,866	10,972	13,288	12,337	112,086
Gain (loss) on sale of assets	0	0	0	0	0	0	0	8,016	29,005	9,528
Transfers	682,404	611,194	26,186	0	0	0	0	0	27,155	0
Miscellaneous	0	0	0	0	0	0	0	82,002	95,864	0
Total business-type activities	689,006	618,880	44,702	9,141	10,015	7,866	10,972	103,306	164,361	121,614
Total primary government	13,501,075	13,898,392	14,389,550	15,551,059	15,549,042	16,428,255	16,919,869	18,535,032	20,266,026	21,516,134
Change in Net Position										
Governmental activities	(955,116)	2,379,663	6,294,479	2,134,265	3,712,083	2,324,133	(198,422)	(1,092,551)	2,320,194	2,942,185
Business-type activities	1,312,081	848,870	945,355	1,435,054	1,307,358	8,874,299	9,372,891	982,184	2,333,409	495,300
Total primary government	\$356,965	\$3,228,533	\$7,239,834	\$3,569,319	\$5,019,441	\$11,198,432	\$9,174,469	(\$110,367)	\$4,653,603	\$3,437,485

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

(b) Starting in fiscal year 2010 the deferred bond issuance costs are shown as a deferred asset. Fiscal year 2009 was restated in the government wide financial statements.

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

Table 3
City of Orange, Texas
Governmental Activities Tax Revenues by Source
Last Ten Fiscal Years
(accrual basis of accounting)

<u>Fiscal</u> <u>Year</u>	<u>Property</u> <u>Tax</u>	<u>Sales</u> <u>Tax</u>	<u>Other</u> <u>Tax</u>	<u>Franchise</u> <u>Tax</u>	<u>Total</u>
2010	\$5,666,502	\$2,469,558	\$497,900	\$329,673	\$8,963,633
2011	\$5,874,034	\$2,308,088	\$474,895	\$342,136	\$8,999,153
2012	\$6,096,780	\$2,229,480	\$553,480	\$306,524	\$9,186,264
2013	\$5,868,244	\$2,309,982	\$603,799	\$282,092	\$9,064,117
2014	\$6,044,783	\$2,358,053	\$622,747	\$298,172	\$9,323,755
2015	\$5,869,937	\$2,592,886	\$694,827	\$307,093	\$9,464,743
2016	\$6,144,835	\$2,720,011	\$688,170	\$281,390	\$9,834,406
2017	\$7,485,595	\$2,958,567	\$696,977	\$287,290	\$11,428,429
2018	\$7,853,374	\$3,618,034	\$807,577	\$291,156	\$12,570,141
2019	\$7,954,550	\$3,406,770	\$606,348	\$334,324	\$12,301,992

Table 4

City of Orange, Texas
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(accrual basis on accounting)

	<u>2010 (a)</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
General fund										
Nonspendable:										
Inventory	\$0	\$66,951	\$124,361	\$101,349	\$103,939	\$89,271	\$85,495	\$80,387	\$85,568	\$86,150
Prepays	0	0	120,742	131,434	140,293 (b)	147,243	156,840	201,177	221,037	201,567
Assigned to:										
Capital outlay	0	369,593	0	0	0	0	0	0	0	0
Hurricane recovery	0	249,752	0	0	0	0	0	0	0	0
Unassigned	0	4,340,641	4,049,277	4,977,270	5,531,403 (b)	6,956,414	8,029,694	7,666,234	9,715,030	11,291,929
Total general fund	<u>\$0</u>	<u>\$5,026,937</u>	<u>\$4,294,380</u>	<u>\$5,210,053</u>	<u>\$5,775,635</u>	<u>\$7,192,928</u>	<u>\$8,272,029</u>	<u>\$7,947,798</u>	<u>\$10,021,635</u>	<u>\$11,579,646</u>
Debt service										
Restricted for:										
Debt service	\$0	\$114,024	\$76,094	\$155,728	\$114,126	\$115,384	\$114,104	\$103,568	104,722	45,543
Total debt service	<u>\$0</u>	<u>\$114,024</u>	<u>\$76,094</u>	<u>\$155,728</u>	<u>\$114,126</u>	<u>\$115,384</u>	<u>\$114,104</u>	<u>\$103,568</u>	<u>104,722</u>	<u>45,543</u>
Capital projects										
Assigned to:										
Capital projects	\$0	\$98,789	\$93,908	\$62,599	\$32,130	\$620,017	\$163,239	\$161,021	\$161,352	\$7,064,624
Total capital projects	<u>\$0</u>	<u>\$98,789</u>	<u>\$93,908</u>	<u>\$62,599</u>	<u>\$32,130</u>	<u>\$620,017</u>	<u>\$163,239</u>	<u>\$161,021</u>	<u>\$161,352</u>	<u>\$7,064,624</u>
Other governmental funds										
Special revenue funds										
Nonspendable:										
Prepays	\$0	\$0	\$0	\$4,014	\$609 (b)	\$8,087	\$3,131	\$3,920	5,706	3,817
Restricted for:										
Cultural and recreation	0	114,391	115,275	115,583	104,655 (b)	114,953	103,272	100,222	78,186	145,456
Hurricane recovery	0	246,134	0	0	0	0	0	0	0	0
Public safety	0	877,088	867,861	903,373	827,899 (b)	787,368	758,132	709,523	622,973	659,730
Public works	0	53,137	46,509	53,120	69,615 (b)	64,796	61,386	51,146	35,566	34,258
Tourism and promotion	0	835,280	1,036,102	976,036	1,082,085 (b)	1,297,103	1,472,484	1,164,896	1,477,710	1,531,035
Assigned to:										
Economic development	0	2,268	2,280	2,285	2,292	2,297	2,301	2,304	2,309	2,348
Unassigned	0	0	0	0	0	0	0	0	0	-28,004
Total all other governmental funds	<u>\$0</u>	<u>\$2,128,298</u>	<u>\$2,068,027</u>	<u>\$2,054,411</u>	<u>\$2,087,155</u>	<u>\$2,274,604</u>	<u>\$2,400,706</u>	<u>\$2,032,011</u>	<u>\$2,222,450</u>	<u>\$2,348,640</u>

(a) Prior to implementation of GASB 54 information not available in requested format.

(b) Prior to fiscal year 2014 prepaids were included in unassigned or restricted balances in Governmental Funds. These restated have been correct for comparison purposes for this table.

Table 5
City of Orange, Texas
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis on accounting)

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Revenues										
Taxes	\$8,625,889	\$8,567,376	\$8,616,255	\$8,662,858	\$8,902,775	\$9,337,233	\$9,517,837	\$11,028,449	\$12,332,972	\$11,900,904
Payments in lieu of taxes	4,503,987	4,871,157	5,162,155	6,457,311	6,201,387	6,933,803	7,050,656	6,883,769	6,882,340	8,699,042
Franchises	1,302,854	1,289,831	1,243,862	1,190,589	1,199,098	1,205,744	1,186,241	287,290	291,156	334,324
Licenses and permits	417,235	387,541	375,209	321,067	372,001	416,556	356,816	262,785	273,925	289,724
Intergovernmental	1,448,148	833,590	1,226,800	498,561	340,410	98,843	239,484	522,907	54,517	55,706
Charges for services	1,711,616	1,950,949	1,864,230	1,946,848	2,173,072	2,238,147	2,157,279	3,648,552	3,263,651	3,264,271
Donations	61,207	45,375	67,498	31,042	33,043	30,581	34,092	39,601	41,755	117,310
Grant income	822,476	3,387,878	6,776,309	2,086,515	4,289,863	1,328,923	713,323	631,866	665,777	2,938,625
Investment income	26,855	20,396	22,267	20,490	13,885	21,843	23,835	16,486	26,865	258,775
Program income	50,087	79,576	23,449	17,766	27,783	31,833	14,448	28,462	16,802	34,147
Forfeitures	275,257	57,701	56,774	67,229	32,386	6,750	12,768	0	13,093	33,200
Miscellaneous	21,571	53,350	77,191	206,859	112,644	505,056	217,847	210,130	247,022	174,883
Total revenues	19,267,182	21,544,720	25,511,999	21,507,135	23,698,347	22,155,312	21,524,626	23,560,297	24,109,875	28,100,911
Expenditures										
General government	1,318,867	1,431,652	1,380,066	1,382,697	1,358,661	1,413,910	1,429,906	1,528,445	1,555,917	1,705,023
Cultural and recreation	1,510,032	1,480,747	1,352,473	1,615,702	1,543,962	1,459,846	1,583,184	2,104,903	1,661,719	1,660,428
Public safety	8,601,402	8,730,355	8,676,928	8,759,130	8,991,222	9,413,635	9,556,865	9,880,982	10,158,254	10,492,387
Public works	4,249,819	3,911,497	4,176,623	3,274,625	3,342,105	3,272,269	3,693,035	3,540,026	3,464,663	3,600,520
Non departmental Hurricane	54,093	173,125	312,925	0	0	0	0	0	0	0
Non departmental	1,664,657	1,796,074	1,780,323	1,804,513	1,921,167	1,889,829	2,040,987	3,654,994	3,421,372	3,703,715
Debt Service										
Principal	830,000	865,000	895,000	670,000	755,000	800,000	845,000	840,000	952,899	989,783
Interest and fiscal charges	458,003	425,565	391,278	289,028	253,638	190,326	146,030	137,083	135,938	425,583
Capital Outlay	1,418,833	3,979,351	7,472,353	2,711,531	5,281,322	1,529,310	1,558,920	3,147,657	1,313,919	5,302,365
Total expenditures	20,105,706	22,793,366	26,437,969	20,507,226	23,447,077	19,969,125	20,853,927	24,834,090	22,664,681	27,879,804
Excess of revenues over (under) expenditures	(838,524)	(1,248,646)	(925,970)	999,909	251,270	2,186,187	670,699	(1,273,793)	1,445,194	221,107
Other financing sources (uses)										
Transfers in	0	0	0	0	0	257,500	0	0	0	0
Transfers out	(379,846)	0	0	0	0	(257,500)	0	0	0	0
Insurance proceeds	76,214	690,216	29,868	0	0	0	0	0	560,749	10,096
Sales of fixed asset	1,750	0	60,463	473	274,985	5,610	76,447	42,784	27,915	51,349
Refunding bonds issued	0	0	0	5,440,000	0	1,980,000	0	0	0	0
Discount on refunding bonds	0	0	0	(31,855)	0	0	0	0	0	0
Premium on debt issue	0	0	0	204,641	0	0	0	0	0	436,666
Payment to refunded bond escrow account	0	0	0	(5,662,786)	0	(1,977,910)	0	0	0	0
Grant proceeds	0	0	0	0	0	0	0	0	76,086	0
Net present value of minimum lease payments	0	0	0	0	0	0	0	382,762	155,817	24,077
Proceeds from debt issue	0	0	0	0	0	0	0	0	0	7,785,000
Total other financing sources and uses	(301,882)	690,216	90,331	(49,527)	274,985	7,700	76,447	425,546	820,567	8,307,188
Net changes in fund balances	(1,140,406)	(558,430)	(835,639)	950,382	526,255	2,193,887	747,146	(848,247)	2,265,761	8,528,295
Debt service as a percentage of noncapital expenditures	6.78%	6.64%	6.86%	5.43%	5.55%	5.37%	5.14%	4.51%	5.10%	6.27%
Capital outlay figure from the Notes	1,116,474	3,368,157	7,691,828	2,850,131	5,281,322	1,529,310	1,558,920	3,147,657	1,313,919	5,302,365

Table 6

**City of Orange, Texas
Assessed Value and Estimated Actual Value of Taxable Property
Last Ten Fiscal Years**

Fiscal Year	Tax Year	Real Property		Personal Property		Total Assessed Value (a) (b)	Total Direct Tax Rate	Est. True Value	Percentage of Total Assessed Value to True Value
		Assessed Value	Percent	Assessed Value	Percent				
2010	2009	\$572,672,308	76.97%	\$171,366,286	23.03%	\$744,038,594	\$0.74500	\$744,038,594	100.00%
2011	2010	\$620,990,969	78.37%	\$171,359,393	21.63%	\$792,350,362	\$0.74500	\$792,350,362	100.00%
2012	2011	\$631,241,805	78.06%	\$177,369,499	21.94%	\$808,611,304	\$0.74500	\$808,611,304	100.00%
2013	2012	\$618,576,246	76.25%	\$192,627,347	23.75%	\$811,203,593	\$0.70000	\$811,203,593	100.00%
2014	2013	\$670,869,190	76.18%	\$209,713,720	23.82%	\$880,582,910	\$0.69000	\$880,582,910	100.00%
2015	2014	\$675,778,484	75.36%	\$221,007,368	24.64%	\$896,785,852	\$0.68131	\$896,785,852	100.00%
2016	2015	\$664,463,537	75.79%	\$212,285,034	24.21%	\$876,748,571	\$0.70000	\$876,748,571	100.00%
2017	2016	\$826,796,905	78.98%	\$220,075,517	21.02%	\$1,046,872,422	\$0.70940	\$1,046,872,422	100.00%
2018	2017	\$863,394,360	79.09%	\$228,286,425	20.91%	\$1,091,680,785	\$0.71774	\$1,091,680,785	100.00%
2019	2018	\$802,198,213	80.96%	\$188,666,568	19.04%	\$990,864,781	\$0.80510	\$990,864,781	100.00%

(a) Certified Tax Roll - Orange County Appraisal District

(b) Net Taxable Less Frozen - Certification of Tax Roll - beginning Tax year 2007

Table 7

**City of Orange, Texas
Property Tax Rates
Direct and Overlapping Governments
Last Ten Fiscal Years**

Fiscal Year	City of Orange			Bridge City School District	Little Cypress	Orangefield School District	West Orange Cove School District	Orange County			Total (a)	Total (b)	Total (c)	Total (d)
	General Fund	Debt Service	Total Tax Rate		Mauriceville School District			County + (Lateral Road)	Drainage District	Port and Navigation District				
2010	\$0.57087	\$0.17413	\$0.74500	\$1.29000	\$1.14667	\$1.17000	\$1.43204	\$0.57075	\$0.10770	\$0.00909	\$2.72254	\$2.57921	\$2.60254	\$2.86458
2011	\$0.57930	\$0.16570	\$0.74500	\$1.19000	\$1.15721	\$1.17000	\$1.35270	\$0.53559	\$0.09869	\$0.00832	\$2.57760	\$2.54481	\$2.55760	\$2.74030
2012	\$0.58278	\$0.16222	\$0.74500	\$1.19000	\$1.15567	\$1.17000	\$1.28600	\$0.52990	\$0.10195	\$0.00821	\$2.57506	\$2.54073	\$2.55506	\$2.67106
2013	\$0.56708	\$0.13292	\$0.70000	\$1.19000	\$1.58350	\$1.17000	\$1.45660	\$0.52990	\$0.10726	\$0.00811	\$2.53527	\$2.92877	\$2.51527	\$2.80187
2014	\$0.57408	\$0.11592	\$0.69000	\$1.19000	\$1.16521	\$1.17000	\$1.42774	\$0.54400	\$0.10726	\$0.00790	\$2.53916	\$2.51437	\$2.51916	\$2.77690
2015	\$0.56813	\$0.11318	\$0.68131	\$1.19000	\$1.41000	\$1.17000	\$1.42774	\$0.54400	\$0.10726	\$0.00779	\$2.53036	\$2.75036	\$2.51036	\$2.76810
2016	\$0.58412	\$0.11588	\$0.70000	\$1.19000	\$1.43000	\$1.30000	\$1.42500	\$0.54400	\$0.10726	\$0.00765	\$2.54891	\$2.78891	\$2.65891	\$2.78391
2017	\$0.61535	\$0.09405	\$0.70940	\$1.18000	\$1.43000	\$1.29575	\$1.42500	\$0.54400	\$0.11126	\$0.00756	\$2.55222	\$2.80222	\$2.66797	\$2.79722
2018	\$0.62759	\$0.09015	\$0.71774	\$1.17000	\$1.43000	\$1.27997	\$1.42500	\$0.54200	\$0.11126	\$0.00730	\$2.54830	\$2.80830	\$2.65827	\$2.80330
2019	\$0.70098	\$0.10412	\$0.80510	\$1.17000	\$1.56000	\$1.28000	\$1.42500	\$0.54200	\$0.13160	\$0.00741	\$2.65611	\$3.04611	\$2.76611	\$2.91111

- (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.

Table 8

**City of Orange, Texas
Principal Property Taxpayers
September 30, 2019**

Name	FY 2019 (a)			FY 2010 (b)		
	Assessed Value		Percent of Total Assessed Value	Assessed Value		Percent of Total Assessed Value
Inland-Orange	\$205,608,390	1	14.4904%			
Conrad Orange Shipyard	\$30,579,790	2	2.1551%			
Entergy Texas, Inc.	\$16,295,630	3	1.1484%	\$10,482,710	2	1.4860%
Westport Orange Shipyard, LLC	\$15,552,250	4	1.0961%			
Orange Navy, LP	\$5,697,850	5	0.4016%			
Honeywell (Allied)	\$5,624,620	6	0.3964%			
Orange Medical Office Bldg.	\$5,617,661	7	0.3959%			
Cloeren Company	\$5,194,620	8	0.3661%	\$7,113,910	5	1.0084%
Cypresswood Crossing II, LP	\$5,073,860	9	0.3576%			
Summer Hill Management, LLC	\$5,000,000	10	0.3524%			
Webco Industries, Inc.				\$13,365,810	1	1.8947%
Signal International Texas, LP				\$10,141,310	3	1.4376%
Orange Shipbuilding, Inc.				\$9,911,221	4	1.4050%
Exxonmobil Chemical Co.				\$6,877,030	6	0.9749%
Southwestern Bell Telephone Co.				\$6,295,597	7	0.8924%
Dal Sasso International				\$5,354,625	8	0.7591%
Home Depot USA, Inc.				\$5,335,442	9	0.7563%
TX Majestic, Ltd.				\$5,305,767	10	0.7521%
	<u>\$300,244,671</u>		<u>21.1600%</u>	<u>\$80,183,422</u>		<u>11.3665%</u>

(a) Tax roll for Fiscal Year 2019, tax year 2018.

(b) Tax roll for Fiscal Year 2010, tax year 2009.

Table 9

**City of Orange, Texas
Property Tax Levies and Collections
Last Ten Fiscal Years**

Fiscal Year	Total Adj. Tax Levy For Fiscal Year (a)	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
2010	\$5,545,694	\$5,365,446	96.75%	\$142,627	\$5,508,073	99.32%
2011	\$5,868,751	\$5,657,735	96.40%	\$153,701	\$5,811,437	99.02%
2012	\$5,893,004	\$5,622,255	95.41%	\$200,597	\$5,822,852	98.81%
2013	\$5,835,500	\$5,544,045	95.01%	\$218,284	\$5,762,329	98.75%
2014	\$5,885,077	\$5,669,884	96.34%	\$134,052	\$5,803,936	98.62%
2015	\$5,934,836	\$5,739,169	96.70%	\$111,587	\$5,850,756	98.58%
2016	\$6,090,100	\$5,828,534	95.71%	\$155,967	\$5,984,501	98.27%
2017	\$7,366,532	\$7,059,506	95.83%	\$184,019	\$7,243,525	98.33%
2018	\$7,697,667	\$7,489,506	97.30%	\$57,084	\$7,546,590	98.04%
2019	\$7,948,618	\$7,586,657	95.45%	\$0	\$7,586,657	95.45%

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

Table 10
City of Orange, Texas
Ratios of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	Government Activities			Business-Type Activities				Total Primary Government	Percentage of Personal Income (1)	Per Capita (1)
	General Obligation Bonds & Notes	Certificates of Obligation	Capital Leases	General Obligation Bonds	Certificates of Obligation	Revenue Bonds	Capital Leases			
2010	\$10,885,000	\$0	\$0	\$8,095,000	\$0	\$4,745,000	\$129,765	\$19,109,765	n/a	\$1,027.68
2011	\$10,020,000	\$0	\$0	\$6,790,000	\$0	\$4,560,000	\$80,449	\$16,890,449	n/a	\$908.33
2012	\$9,125,000	\$0	\$0	\$5,500,000	\$0	\$4,370,000	\$29,981	\$14,654,981	n/a	\$788.11
2013	\$8,740,000	\$0	\$0	\$4,180,000	\$0	\$4,170,000	\$0	\$12,920,000	n/a	\$694.81
2014	\$7,985,000	\$0	\$0	\$6,700,000	\$0	\$215,000	\$0	\$14,685,000	n/a	\$789.73
2015	\$7,290,000	\$0	\$0	\$5,275,000	\$5,022,884	\$0	\$0	\$17,587,884	n/a	\$945.84
2016	\$6,445,000	\$0	\$0	\$3,590,000	\$4,813,915	\$0	\$0	\$14,848,915	n/a	\$798.54
2017	\$5,605,000	\$0	\$382,761	\$3,330,000	\$9,596,511	\$0	\$99,410	\$19,013,682	n/a	\$1,022.52
2018	\$4,750,000	\$0	\$441,710	\$3,060,000	\$9,196,511	\$0	\$240,140	\$17,688,361	n/a	\$951.24
2019	\$3,875,000	\$8,199,833	\$351,004	\$2,790,000	\$8,773,901	\$0	\$413,145	\$24,402,883	n/a	\$1,312.34

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, Table 15, for personal income and population data.

Table 11
City of Orange, Texas
Ratios of General Bonded Debt Outstanding
Last Ten Fiscal Years

Fiscal Year	General Obligation Debt		Less: Amounts Available for Debt Service	Total	Percentage of Estimated Actual Taxable Value of Property (a)	Per Capita (b)
	Governmental Activities	Business-Type Activities				
2010	\$10,885,000	\$8,095,000	\$1,514,931	\$17,465,069	2.35%	\$939.23
2011	\$10,020,000	\$6,790,000	\$1,494,584	\$15,315,416	1.93%	\$823.63
2012	\$9,125,000	\$5,500,000	\$1,449,711	\$13,175,289	1.63%	\$708.54
2013	\$8,740,000	\$4,180,000	\$1,644,388	\$11,275,612	1.39%	\$606.38
2014	\$7,985,000	\$6,700,000	\$1,534,433	\$13,150,567	1.49%	\$707.21
2015	\$7,290,000	\$10,120,000	\$869,082	\$16,540,918	1.84%	\$889.54
2016	\$6,445,000	\$8,235,000	\$156,965	\$14,523,035	1.66%	\$781.02
2017	\$5,605,000	\$12,620,000	\$217,694	\$18,007,306	1.72%	\$968.40
2018	\$4,750,000	\$11,950,000	\$471,281	\$16,228,719	1.49%	\$872.75
2019	\$11,660,000	\$11,275,000	\$393,870	\$22,541,130	2.27%	\$1,212.21

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 (Table 6) for Actual Taxable assessed value.

(b) See Demographic and Economic Statistics, Table 15, for Population information.

Table 12
City of Orange, Texas
Direct and Overlapping Governmental Activities Debt

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Overlapping Debt</u>
City of Orange	\$12,011,004 (a)	100.00%	\$12,011,004
Bridge City ISD	\$13,785,960 (b)	2.52% (c)	\$347,406
Little Cypress Mauriceville ISD	\$74,725,000 (b)	45.10% (c)	\$33,700,975
Orange County	\$4,625,000 (b)	18.19% (c)	\$841,288
Orangefield ISD	\$10,740,000 (b)	5.59% (c)	\$600,366
West Orange Cove CISD	\$62,481,560 (b)	28.99% (c)	\$18,113,404
Subtotal Overlapping Debt	<u>\$166,357,520</u>		<u>\$53,603,439</u>
Total Direct and Overlapping Debt	<u>\$178,368,524</u>		<u>\$65,614,443</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 2019.

Table 13
City of Orange, Texas
Legal Debt Margin Information
Last Ten Fiscal Years

	2010	2011	2012	2013	2014	2015	2016	2017	2018	2019
Debt Limit	\$94,533,047	\$100,307,453	\$102,608,008	\$102,470,872	\$110,459,971	\$112,325,508	\$110,824,452	\$132,754,956	\$142,305,557	\$141,925,868
Total net debt applicable to limit	\$10,742,612	\$9,905,976	\$9,050,421	\$8,584,272	\$7,908,113	\$7,290,000	\$6,445,000	\$5,605,000	\$4,750,000	\$11,660,000
Legal debt margin	\$83,790,435	\$90,401,477	\$93,557,587	\$93,886,600	\$102,551,858	\$105,035,508	\$104,379,452	\$127,149,956	\$137,555,557	\$130,265,868
Total net debt applicable to the limit as a percentage of debt limit	12.82%	10.96%	9.67%	9.14%	7.71%	6.94%	6.17%	4.41%	3.45%	8.95%

Legal Debt Margin Calculation
For Fiscal Year 2019

Total assessed value (a)	\$1,419,258,675
Debt limit 10% of assessed value (b)	\$141,925,868
Amount of debt applicable to debt margin:	
Total bonded debt	\$22,935,000
Less:	
Assets available in governmental debt service fund balance	\$0
Self supported bonds and certificates (c)	\$11,275,000
Total amount of debt applicable to	\$11,660,000
Legal debt limit	\$130,265,868

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

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

(c) This includes the 2014 General Obligation Refunding Bonds of \$2,790,000; the 2015 Tax and Revenue Certificates of Obligation of \$4,060,000; and the 2016 Tax and Revenue Certificates of Obligation of \$4,425,000.

(d) This includes the 2013 General Obligation Refunding Bonds of \$3,875,000; and the 2019 Certificates of Obligation Bonds of \$7,785,000.

Table 14

**City of Orange, Texas
Pledged-Revenue Coverage
Last Ten Fiscal Years**

Fiscal Year	Water and Sewer			2007 WS System Revenue			2001 GO Refunding		2010 Go Refunding		2014 GO Refunding		2015 Certificates of		2016 Certificates of	
	Charges and Other (a)	Operating Expenses (b)	Net Available Revenue	Bonds			Bonds (c)		Bonds (d),(e)		Bonds (f),(g)		Obligation (h)		Obligation (i)	
				Principal	Interest	Coverage	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest	Principal	Interest
2010	6,703,436	4,689,281	2,014,155	180,000	202,046	5.27	1,160,000	389,181	--	--	--	--	--	--	--	--
2011	7,149,432	4,898,200	2,251,232	185,000	193,640	5.95	1,047,978	123,075	130,000	147,645	--	--	--	--	--	--
2012	7,338,732	4,889,715	2,449,017	190,000	186,207	6.51	--	--	1,290,000	160,318	--	--	--	--	--	--
2013	7,720,675	4,972,511	2,748,164	200,000	179,846	7.23	--	--	1,320,000	135,125	--	--	--	--	--	--
2014	7,325,005	5,273,728	2,051,277	205,000	93,207	6.88	--	--	1,355,000	96,714	25,000	38,510	--	--	--	--
2015	7,757,844	5,047,447	2,710,397	215,000	7,698	12.17	--	--	1,395,000	57,952	30,000	119,287	0	19,389	--	--
2016	7,856,260	5,096,554	2,759,706	--	--	--	--	--	1,430,000	14,455	255,000	84,484	200,000	116,969	--	--
2017	7,871,369	5,331,641	2,539,728	--	--	--	--	--	--	--	260,000	96,502	190,000	10,893	205,000	103,015
2018	8,211,418	4,983,293	3,228,125	--	--	--	--	--	--	--	270,000	91,270	195,000	135,314	205,000	118,409
2019	7,957,435	5,633,654	2,323,781	--	--	--	--	--	--	--	270,000	85,870	200,000	131,348	205,000	113,994

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.

Table 15
City of Orange, Texas
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal</u>			Per Capita		% Completing	School	Unemployment
<u>Year</u>	<u>Population (a)</u>	<u>Personal</u>	<u>Personal</u>	<u>Median</u>	<u>High School or</u>	<u>Enrollment (a)</u>	<u>Rate (c)</u>
		<u>Income (b)</u>	<u>Income (a) (b)</u>	<u>Age (a)</u>	<u>Higher (a)</u>		
2010	18,595	n/a	\$23,155 (a)	39.1	85.80%	n/a	10.8%
2011	18,595	n/a	\$23,155 (a)	39.1	85.80%	n/a	11.4%
2012	18,595	n/a	\$23,155 (a)	39.1	85.80%	n/a	9.8%
2013	18,595	n/a	\$23,155 (a)	39.1	85.80%	n/a	9.7%
2014	18,595	n/a	\$23,155 (a)	39.1	85.80%	n/a	7.4%
2015	18,595	n/a	\$23,155 (a)	39.1	85.80%	n/a	6.4%
2016	18,595	n/a	\$23,155 (a)	39.1	85.80%	n/a	7.2%
2017	18,595	n/a	\$23,155 (a)	39.1	85.80%	n/a	8.2%
2018	18,595	n/a	\$23,155 (a)	37.4	88.70%	n/a	5.9%
2019	18,595	n/a	\$23,155 (a)	37.4	88.70%	n/a	5.3%

Data Sources

(a) Bureau of the Census, year 2010 uses Census for Orange County.

(b) US Department of Commerce, Bureau of Economic Analysis

(c) US Department of Labor, Bureau of Labor Statistics by State and Metropolitan Area.

Table 16
City of Orange, Texas
Principal Employers
Current Year and Nine Years Ago

Employer	2019 (a)				2010 (c)		
	Employees	Rank	Percentage of Total County Employment (b)		Employees	Rank	Percentage of Total City Employment (d)
El Dupont de Nemours & Co.	920	1	2.42%	El Dupont de Nemours & Co.	866	1	2.23%
Invista	732	2	1.93%	Mundy Industrial Contractors, Inc.	600	2	1.55%
Little Cypress-Mauriceville ISD	584	3	1.54%	Little Cypress-Mauriceville ISD	565	3	1.46%
Orange County	500	4	1.32%	Temple Inland	500	4	1.29%
West Orange Cove Consolidated ISD	450	5	1.18%	Orange County	430	5	1.11%
International Paper	412	6	1.08%	West Orange Cove Consolidated ISD	405	6	1.04%
Kellog - Brown & Root	420	7	1.11%	Invista	400	7	1.03%
Lanxess, Inc.	390	8	1.03%	Lanxess, Inc.	348	8	0.90%
Lamar State College - Orange	274	9	0.72%	Chevron Phillips Chemical Co.	300	9	0.77%
Cloeren Company, Inc.	250	10	0.66%	Cloeren Company, Inc.	300	10	0.77%
Orangefield ISD	249	11	0.66%	Firestone Polymers	300	11	0.77%
Firestone Polymers	200	12	0.53%	Memorial Hermann Baptist Orange	276	12	0.71%
Memorial Hermann Baptist Orange	194	13	0.51%	Lamar State College - Orange	250	13	0.64%
City of Orange	193	14	0.51%	Orangefield ISD	249	14	0.64%
Signal International	180	15	0.47%	City of Orange	192	15	0.50%
Chevron Phillips Chemical Co.	180	16	0.47%	Signal International	180	16	0.46%
Printpack, Inc.	141	17	0.37%	Printpack, Inc.	162	17	0.42%
Texas Polymer Services, Inc.	130	18	0.34%	Texas Polymer Services, Inc.	130	18	0.34%
Orange Shipbuilding & Dry Dock, Inc.	120	19	0.32%	Beacon Maritime, Inc.	100	19	0.26%
Beacon Maritime, Inc.	<u>100</u>	<u>20</u>	<u>0.26%</u>	Orange Shipbuilding & Dry Dock, Inc.	<u>100</u>	20	<u>0.26%</u>
	<u>6,619</u>		<u>17.42%</u>		<u>6,653</u>		<u>17.15%</u>

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

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

(c) Greater Orange Area Chamber of Commerce - Greater Orange Area. Report last revised July 2006.

(d) In labor force, population 16 years and over, per 2000 US Census Bureau - 38,778.

Table 17
City of Orange, Texas
Full-Time Equivalent City Government Employees by Function
Last Ten Fiscal Years

<u>Employer</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
City Manager	1	1	1	1	1	1	1	1	1	1
City Secretary	2	2	2	2	2	2	2	2	2	2
Municipal Court	2	2	2	2	2	2	2	2	2	2
Personnel	1	1	1	1	1	1	1	1	1	1
Finance	4	4	4	4	4	4	4	4	4	5
Animal Control	2	2	2	2	2	2	2	2	2	2
Library	6	6	6	5	5	5	5	5	5	5
Police	55	56	55	57	57.75	57.75	58	58	58	58
Fire	38	38	38	38	38	38	38	38	38	38
Engineering	1	1	1	1	1	1	1	1	1	1
Planning	1	1	1	1	1	1	1	1	1	1
Inspections	3	3	3	3	3	3	3.3	3	3	3
Building Services	4	4	4	4	4	4	4	4	4	4
Street & Drainage	15	15	15	15	15	15	15	15	15	15
Public Works Administration	2	2	2	2	2	2	2	2	2	2
Fleet Maintenance	4	4	4	4	4	4	4	4	4	4
Park Maintenance	8	8	8	8	9	9	9	9	9	9
Orange Development	1	1	1	1	1	1	1	2	2	2
Community Development	2	2	2	2	2	2	1	1	1	1
Police Special Revenue	0	1	1	1	0.25	0.25	0.7	1	1	1
Fire Special Revenue	1	0	0	0	0	0	0	0	0	0
Sewer Operations	9	9	9	9	9	9	9	9	9	11
Water Operations	8	8	8	8	8	8	8	8	8	8
Wastewater Treatment Plant	8	8	8	8	8	8	8	8	8	0
Water Productions	4	4	4	4	4	4	4	4	4	3
Customer Service	5	5	5	5	5	5	5	5	5	5
Meter Readers	3	3	3	3	3	3	3	3	3	3
Sanitation	1	1	1	1	1	1	1	2	2	3
Street Sweeping	1	1	1	1	1	1	1	1	1	1
Total	<u>192.0</u>	<u>193.0</u>	<u>192.0</u>	<u>193.0</u>	<u>194.0</u>	<u>194.0</u>	<u>194.0</u>	<u>195.0</u>	<u>195.0</u>	<u>190.0</u>

Source: City Annual Budget

Table 18
City of Orange, Texas
Operating Indicators by Function
Last Ten Fiscal Years

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police										
Physical arrests	1,764	1,521	1,583	1,577	1,239	1,252	1,252	1,088	1,223	1,238
Parking violations	30	32	83	14	12	14	10	11	25	23
Traffic violations	2,019	2,068	2,724	2,320	2,083	2,539	2,736	2,273	2,605	2,319
Fire										
Number of calls answered	2,725	2,803	2,822	2,819	3,168	3,196	3,487	3,603	3,485	3,511
Inspections	581	64	249	323	305	474	817	923	812	904
Street & Drainage										
Street resurfacing (miles)	0.0	1.2	2.0	8.0	1.5	2.1	2.0	0.0	1	5.5
Potholes repaired	5,060	5,550	6,000	5,800	6,000	11,900	10,085	14,000	24,849	26,980
Culture and recreation										
Recreation center (use fees)	390	360	685	385	250	40	20	30	0	0
Natatorium patrons (use fees)	7,651	4,291	7,158	8,779	8,833	0	10,639	5,404	0	0
Library patrons (use fees)	18,970	17,674	14,934	14,653	13,878	14,480	13,590	13,746	12,749	10,834
Water										
New connections	585	38	14	18	30	34	21	30	38	28
Water main breaks	970	863	743	530	766	632	462	420	482	408
Average daily consumption (thousands of gallons)	1,646	1,719	1,625	1,614	1,500	1,493	1,524	1,509	1,542	1,447
Wastewater										
Average daily sewage treatment (thousands of gallons)	2,770	1,940	2,308	2,427	2,423	2,522	3,422	3,694	3,266	4,130

Source: Various city departments

Table 19
City of Orange, Texas
Capital Asset Statistics by Function
Last Ten Fiscal Years

<u>Function</u>	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Police										
Stations	1	1	1	1	1	1	1	1	1	1
Patrol units	28	28	28	28	28	28	28	28	28	28
Personnel & officers	57	57	57	57	57.75	57.75	58	58	58	58
Fire										
Fire stations	3	3	3	3	3	3	3	3	3	3
Fire trucks	6	6	6	6	6	6	6	6	6	6
Personnel & officers	38	38	38	38	38	38	38	38	38	38
Sanitation										
Collection Trucks	2	2	2	2	2	2	2	2	2	3
Street and Drainage										
Streets (miles)	162	162	162	162	162	162	162	162	162	162
Streetlights	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562	1,562
Traffic Signals	7	7	7	7	7	7	7	7	7	7
Cultural and Recreation										
Parks acreage	284	284	284	284 (a)	284	284	284	284	284	284
Parks	20	20	20	19	19	19	19	19	19	19
Library	1	1	1	1	1	1	1	1	1	1
Swimming Pools	1	1	1	1	1	1	1	1	1	1
Tennis courts	6	6	6	6	6	6	4	4	4	4
Recreation centers	0	0	0	0	0	0	0	0	0	0
Basketball Courts	0	0	0	0	0	0	2	2	2	2
Splash Pad	0	0	0	0	0	0	1	1	1	1
Water										
Water mains (miles)	156	156	156	156	156	156	163	170	170	170
Fire hydrants	726	726	726	726	726	726	726	726	726	726
Maximum daily capacity (thousand of gallons)	10,613	10,613	10,613	10,613	10,613	10,613	10,613	10,613	10,613	10,613
Service connections	6,999	7,041	7,046	6,934	6,991	6,991	7,216	6,835	6,867	6,932
Wastewater										
Sanitary sewers (miles)	149	149	149	149	149	149	155	155	155	155
Storm sewers (miles)	72	72	72	72	72	72	72	72	72	72
Maximum daily treatment capacity (thousands of gallons)	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000	7,000
Treatment plants	1	1	1	1	1	1	1	1	1	1
Service connections	6,763	6,808	6,789	6,690	6,750	6,750	7,000	6,611	6,621	6,707

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

Source: Various city departments

Table 20

City of Orange, Texas
Operational Statistics for Water and Sewer Enterprise Fund
Last Ten Fiscal Years

	<u>2010</u>	<u>2011</u>	<u>2012</u>	<u>2013</u>	<u>2014</u>	<u>2015</u>	<u>2016</u>	<u>2017</u>	<u>2018</u>	<u>2019</u>
Water Consumption										
October	48,724	50,873	56,313	57,752	51,796	44,039	46,302	49,499	48,396	46,723
November	42,087	45,481	50,243	49,813	48,167	43,736	42,331	48,172	42,124	44,466
December	49,571	45,275	46,626	47,117	50,242	41,742	45,073	43,060	40,177	41,972
January	44,805	44,798	45,120	47,380	50,752	43,629	46,564	44,081	46,726	45,014
February	43,222	45,690	41,875	39,852	48,802	38,829	42,243	39,698	45,188	39,857
March	42,894	41,356	39,046	41,891	41,573	38,754	43,968	41,346	39,860	38,418
April	46,106	50,695	46,233	46,081	38,077	43,414	47,228	44,091	41,464	44,451
May	58,221	51,130	50,367	45,561	40,841	42,131	42,457	46,010	48,338	44,144
June	61,731	68,903	56,486	53,492	44,663	47,219	48,275	49,920	56,263	44,713
July	55,648	59,881	55,313	55,236	40,176	49,333	47,671	47,976	51,660	48,433
August	53,234	58,388	53,936	52,150	43,828	61,251	56,231	48,432	54,970	45,057
September	54,534	64,823	51,489	52,920	48,716	50,802	47,900	48,431	47,619	44,971
Total	600,777	627,293	593,047	589,245	547,633	544,879	556,243	550,716	562,785	528,219
Water Rates										
Minimum 3/4"	9.21	9.58	10.06	10.56	10.56	10.92	10.92	10.92	10.92	10.92
Minimum 1"	11.24	11.69	12.27	12.88	12.88	13.32	13.32	13.32	13.32	13.32
Minimum 1 1/2"	16.25	16.90	17.70	18.64	18.64	19.28	19.28	19.28	19.28	19.28
Minimum 2"	22.29	23.18	24.34	25.56	25.56	26.43	26.43	26.43	26.43	26.43
Minimum 3"	36.32	37.77	39.66	41.64	41.64	43.06	43.06	43.06	43.06	43.06
Minimum 4"	56.40	58.66	61.59	64.67	64.67	66.87	66.87	66.87	66.87	66.87
Minimum 6"	106.60	110.86	116.40	122.22	122.22	126.38	126.38	126.38	126.38	126.38
Minimum 8"	166.84	173.51	182.19	191.30	191.30	197.81	197.81	197.81	197.81	197.81
Minimum 10"	237.09	246.57	258.90	271.85	271.85	281.10	281.10	281.10	281.10	281.10
Minimum 12"	317.43	330.13	346.64	363.97	363.97	376.35	376.35	376.35	376.35	376.35
Over 1,000 gallon minimum	2.19	2.28	2.39	2.51	2.51	2.60	2.60	2.60	2.60	2.60
Sewer Rates										
Minimum	11.57	12.03	12.63	13.26	13.26	13.71	13.71	13.71	13.71	13.71
Over 1,000 gallon minimum	7.56	7.86	8.25	8.66	8.66	8.96	8.96	8.96	8.96	8.96

Source: Various city departments

CITY OF ORANGE, TEXAS
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

CITY OF ORANGE, TEXAS
OVERALL COMPLIANCE AND INTERNAL CONTROL SECTION
FOR THE YEAR ENDED SEPTEMBER 30, 2019

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**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, 2019, 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 .

Internal Control over Financial Reporting

In planning and performing our audit of the financial statements, we considered the City of Orange, Texas's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the City of Orange, Texas's internal control. Accordingly, we do not express an opinion on the effectiveness of the City of Orange, Texas's internal control.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control over financial reporting that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether the City of Orange, Texas's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Respectfully,

A handwritten signature in black ink that reads "Brooks Watson & Co." in a cursive, flowing script.

BrooksWatson & Co., PLLC
14950 Heathrow Forest Pkwy | Ste 530
Houston, TX 77032
March 29, 2020

City of Orange, Texas
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended September 30, 2019

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?	<u> </u> Yes	<u> X </u> No
Are any significant deficiencies identified not considered to be material weaknesses?	<u> </u> Yes	<u> X </u> None Reported
Is any noncompliance material to financial statements noted?	<u> </u> Yes	<u> X </u> No

II. FINANCIAL STATEMENT FINDINGS:

None.

City of Orange, Texas
SUMMARY SCHEDULE OF PRIOR AUDIT FINDINGS
For the Year Ended September 30, 2019

I. SUMMARY OF PRIOR YEAR AUDIT FINDINGS:

None.